

○ August | ○ 2018

SUMMERFIELD

C O M M E R C I A L

SUMMERFIELD COMMERCIAL SPECIALIZES IN BROKERING THE ACQUISITION AND DISPOSITION OF MULTIFAMILY ASSETS IN THE PACIFIC NORTHWEST.

MONTHLY NEWSLETTER

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Strong First Half for the Multifamily Market

By IvyLee Rosario, Multi-Housing News

The first half of the year for the multifamily market was strong, with rents rising \$12 in June, to the highest amount of \$1,405 for the year. This marks a 20-basis-point increase over the past month. Despite consistent supply growth and the lack of affordability in several major markets, rents increased by \$29 in quarter two, up 2.1 percent for the quarter and 2.6 percent for the first half.

The quarterly increase marks the highest since rents grew 2.3 percent in the second quarter of 2015. As for the first half, that record was beaten in 2016 with a rise of 2.9 percent. There were some doubts in the health of the market, which came from it being in the middle of a four-year period that had 1.2 million units coming online, resulting in a cool-off period for some high performing metros. The other concern was affordability, which has highly effected growth in larger metros such as New York and San Francisco.

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How Washington Could Actually Make Housing More Affordable

By Lydia DePillis, CNN.com

For all the national focus on the increasing cost of healthcare, gas, and Amazon prime memberships, by far the largest share of Americans' paychecks goes toward housing.

Though housing costs have eased slightly over the past year, they dramatically outpaced inflation over the past decade.

Buyers and renters don't have much choice than to pay more: Low-end apartment vacancy rates are as low as they've been since 2001, as developers have piled into the higher-margin luxury market. That creates a drag on economic growth, since job-seekers can't afford to live close enough to where they could find the best work.

About a quarter of average household income in 2016 was used to pay rent or a mortgage, according to the Bureau of Labor Statistics. Housing prices have risen 38% more than inflation since the end of the last recession in 2009.

Meanwhile, federal housing subsidy programs have stagnated, and the federal agencies that back up most of the American mortgage market have been in conservatorship ever since the financial crisis left them insolvent in 2008.

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WASHINGTON MULTIFAMILY NEWS

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Seattle Tops the Nation in Tower Cranes for Third Straight Year as Construction Reaches New Peak

By Mike Rosenberg, Seattle Times

Seattle is the crane capital of America for the third year in a row, as construction across the city has rebounded strongly from a relative lull in early 2018.

Seattle has 65 of the towering construction cranes reshaping its skyline, 25 more than the next U.S. city.

Seattle had held steady at 60 or so cranes over the last few years, but it had dipped to 45 in the last count six months ago, according to Rider Levett Bucknall, which counts cranes in big cities across the world twice a year. That decline, along with other data corroborating a construction slowdown at the beginning of 2018, suggested maybe Seattle development had peaked.

But now the tower-crane numbers are back up, with the most cranes we've seen here since the firm began counting them in 2014.

And Rider Levett Bucknall noted that the outlook for construction for the rest of this year looks optimistic. Continue reading [here](#)

Seattle Limits Rent Hikes for Landlords Receiving Affordable Housing Tax Breaks

By Marc Stiles, Puget Sound Business Journal

City of Seattle officials examine federal data each spring to set limits on rent increases for a program that offers tax breaks to landlords willing to provide low-income housing.

That process is typically drama free. Rent increases under the Multifamily Tax Exemption (MFTE) program averaged 2.1 percent over the last 15 years, set by officials who use U.S. Department of Housing and Urban Development area-median income data.

But last year's rent increase jumped to 6.7 percent, and this year it was going to go up 7.7 percent.

Concerned that two big bumps in a row could displace tenants in the program, the city temporarily froze rents and tweaked the rent-hike calibration, landing on a 4.4 percent...

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104 Bremerton Units Sell for \$8M

By Journal Staff, Seattle DJC

BREMERTON — The Cedar Park Apartments, at 4020 Bledsoe Ave. in Bremerton, have sold for \$8 million, according to Summerfield Commercial, whose Ryan Kidwell and Robert Parmar represented the buyer.

The seller was Bremerton Apartments LLC, which acquired the property in 2011 for \$5.3 million. The latest sale closed in mid-June. Seller representation is unknown.

The buyer was Project S25 LLC, which is associated with George Webb's Stratford Co. The deal was worth about \$76,923 per unit. Summerfield says that Cedar Park has a cap rate of 6.6 percent.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
The Drake	8/7/2018	2220 97th Street South, Tacoma, WA	400	1994	\$29,800,000	Affinity Real Estate Management
Voda	8/1/2018	207 Park Lane, Kirkland, WA	128	2018	\$89,370,000	Low Tide Properties
Sandman IV	7/26/2018	10102 Sales Road South, Lakewood, WA	78	1964	\$6,823,000	The Stratford Company

OREGON MULTIFAMILY NEWS

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Healthy Demographics Push Up Demand in Portland

By Adina Marcu, Multi-Housing News

Portland's strong economy makes it an attractive metro, especially for young professionals looking for high-income jobs. In 2017, the metro added 30,000 people, which coupled with an increased interest from major companies looking to expand or relocate to the area, bolstered multifamily demand. As developers stay focused on the more profitable upscale projects in core submarkets, affordable housing remains an issue.

Education and health services, one of the metro's most important economic drivers, added 14,400 jobs year-over-year through February, for an 8.5 percent increase. Intense development has led to a sharp expansion of the construction sector, which gained 3,100 new positions. Intel's plan to invest \$100 billion over 30 years continues to solidify Portland as a regional tech hub, maintaining the IT giant's anchor status, alongside other powerhouses such as Kaiser Permanente, Nike or Boeing.

More than 2,000 multifamily units were delivered in metro Portland this year through April, and we expect roughly 4,200 units to come online...

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Portland Housing Prices Continue Their Upward Climb

By Jon Bell, Portland Business Journal

Summer home sales in Portland have cooled a bit compared to last year, but prices have continued to heat up.

That's according to the latest Market Action report from the Regional Multiple Listing Service.

In June, 2,946 sales closed, which was a decrease of more than 7.5 percent over the 3,187 closings in June of 2017. The June 2018 number was the lowest its been since June of 2014.

New listings were also down almost 5 percent in June of this year compared to last year, while inventory was up to just over two months.

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Portland Will Require all Landlords to Register Their Apartments - by Late 2020

By Betsy Hammond, The Oregonian

The Portland City Council unanimously enacted new rules this week to require landlords to register the addresses of all rental units in the city each year.

The idea, city officials said, is to create an accurate citywide census of apartments and homes for rent and also make it easy to send communications to all renters and landlords. Landlords will submit the addresses along with their yearly city business tax filings.

That will require an estimated 10,000 or more landlords who haven't been required to file business taxes, because they gross less than \$50,000 a year from their rentals, to begin filing.

Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Acess 15 Apartments	7/20/2018	1500 NE 15th Ave, Portland, OR	202	1996	\$66,000,000	MG Properties Group
Binford	7/17/2018	6905 NE Hancock Street, Portland, OR	182	1949	\$30,729,309	Private Investor
Seasons at Farmington	7/16/2018	61560 Aaron Way, Bend, OR	228	2017	\$45,500,000	Security Properties