

○ October | ○ 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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Multifamily Rents Stagnant in September

By IvyLee Rosario, Multi-Housing News

Following a record high rent increase of \$2 in August, multifamily rents for September have dropped \$1 to \$1,412. With year-over-year growth unchanged at 3 percent, this marks the first time since January that rents have not increased. Despite this decrease, the market outlook is positive, with the average national rent growing to \$42 over the last three quarters, exceeding expectations for the sector.

A major concern for the market was how occupancy rates would hold up against the surplus of new supply. Rates slipped 100 basis points from 2016 to 2017, shortly after deliveries surpassed 300,000 units per year starting in 2015. Following that, rates hit 95 percent in late 2017 and early 2018, but are slowly climbing back up, reaching 95.4 percent currently. Renter-by-Necessity is even higher, at 95.6 percent, showcasing the need for more affordable housing. As of now, deliveries will remain in the 300,000-unit range through the next year.

Taking a look at the top performing metros, Orlando still remains at the top of the list with a rent increase of 6.1 percent, despite its continued decline in recent months. Following that is Las Vegas with a 6 percent rise and Phoenix with 5.4 percent. The lowest performing metro was San Antonio, which only grew by 0.5 percent.

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Risky Business: Investors are on the Hunt for Better Risk-Adjusted Returns in Secondary Markets

By Champaign Williams, Bisnow

Commercial real estate investors on the hunt for solid risk-adjusted returns are bypassing top-tier markets to bet on assets in burgeoning secondary markets.

Though the U.S. economy remains strong with no signs of an immediate downturn on the horizon, key macroeconomic fundamentals — such as population growth, domestic migration and strong employment growth — have favored select secondary metros above primary markets at this late stage in the real estate cycle.

“Employment is growing fastest in secondary and tertiary markets and companies are expanding outside of the gateway markets as affordability concerns have hurt cities such as New York, San Francisco, Los Angeles, Boston and Washington, D.C.,” Yardi Manager of Institutional Research Chris Nebenahl said. “A number of major tech companies are opening offices in Seattle, Denver and Austin.”

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WASHINGTON MULTIFAMILY NEWS

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Seattle is Less Attractive to Real Estate Investors, New Study Finds

By Jasmine Spearing-Bowen, Puget Sound Business Journal

Seattle has lost some of its attractiveness to real estate investors, according to a new study.

The Emerging Trends in Real Estate study ranks investment prospects for U.S. cities by compiling survey responses from 2,400 real estate professionals such as developers, brokers, consultants and advisors. New York-based accounting firm PWC and the nonprofit Urban Land Institute have released the study annually for the past 40 years.

Last year, Seattle was first. This year, it has fallen to 16th.

“While last year it was a top city largely because of the enthusiasm surrounding tech industry and tech job creation, this year investors are looking less exclusively at tech, looking at markets that are more affordable and have more of a diverse job base,” said Mitchell Roschelle, PWC partner and co-author of the study.

Roschelle said all the cities at the top of this year’s list are affordable for residents and businesses.

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‘This is the Eastside’s Time:’ Rents are Skyrocketing as Tech Tenants Head Across the Lake

By Marc Stiles, Puget Sound Business Journal

The Eastside office market has FANGs.

The acronym stands for Facebook, Amazon.com Inc., Apple Inc., Netflix and Google, and all but Netflix have offices in the Seattle area.

In particular, these tech companies are expanding significantly on the Eastside where, according to a report by real estate company The Broderick Group, there is “no end in sight to the steady demand in the ever-tightening Eastside office market.”

With trans-Lake Washington light rail service scheduled to begin in 2023, the Puget Sound region already is seeing...

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UW Tacoma’s Escalating Enrollment Drives Housing Demand

By Shawna De la Rosa, Bisnow

That gritty city to the south of Seattle is becoming hip thanks in part to the University of Washington’s Tacoma branch. The school started out in the early 1990s as a university for commuting juniors and seniors looking to complete their four-year degrees. It is now a full-service university, complete with the need for student housing.

The campus' student population currently sits at about 5,400 students, but is climbing at 4% to 6% a year. By 2023, campus officials expect its size to hit about 7,000. Its downtown location makes it ideal for student commuters, but a growing number of students want to experience campus life, said University of Washington Tacoma...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Alaire Apartments	10/4/2018	510 SW Stevens Ave, Renton, WA	357	1988	\$97,500,000	Rise Properties
Copperline	10/1/2018	5500 North Ruston Way, Ruston, WA	173	2013	\$62,000,000	CWS Capital Partners
The Blake	9/25/2018	13313 East 4th Avenue, Spokane, WA	117	2018	\$16,950,000	GMC Properties

OREGON MULTIFAMILY NEWS

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After Nearly Two Decades, Waterfront Vancouver Comes to Life

By Jon Bell, Portland Business Journal

...In addition to the new restaurants opening, the city of Vancouver will also hold a grand opening celebration of the new Waterfront Vancouver Park and the Grant Street Pier this Saturday. The park and the pier are centering features of the 32-acre development, which Cain has worked on for nearly 20 years.

The development is rising on 20 blocks of property that were once home to a Boise Cascade paper mill. The master plan envisions 3,300 housing units, 10 acres of parks, 1.2 million square feet of office space and 250,000 square feet of retail space.

Several other projects are currently under construction near the two restaurant buildings. Gramor is developing the 63-unit Rediviva apartments, which should open in November, as well as the Murdock Building, a 62,000-square-foot office building that will be anchored by the M.J. Murdock Charitable Trust when it opens in November. Maryhill Winery will open a tasting room next to Twigs later this year, and Barlow Public House will open upstairs sometime next year.

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Ambitious Goose Hollow Project Lands a Global Investor

By Jon Bell, Portland Business Journal

A global real estate investment manager that's been busy in Portland in recent years has joined the team bringing a three-building development to the city's Goose Hollow neighborhood.

Invesco Real Estate, an Atlanta-based firm, will work with Urban Renaissance Group and Security Properties on an eight-story office building in the project known as the Press Blocks. Called Canvas at Press Blocks, the 138,000-square-foot office building will rise from a property at 817 S.W. 17th Ave.

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Portland-Area Real Estate: 15 Places Where Prices are Rising Fastest

By Elliot Njus, OregonLive

Home-price growth in the Portland area has slowed, but they're rising much faster in certain cities and neighborhoods.

We crunched numbers from the Regional Multiple Listing Service to find the 15 places where prices climbed the most from a year earlier. These numbers reflect the second quarter of 2018, from April to June.

Visit our Portland real estate dashboard for a glimpse into the many neighborhoods that make up Portland's real estate market.

1. Battle Ground

In the 98604 ZIP code, there were 183 sales. Homes spent an average of 29 days on the market, and the median...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Jackson Court	9/28/2018	1313 NE 131st Street, Portland, OR	50	1965	\$3,700,000	Private Investor
The Patterson	9/28/2018	1313 Patterson Street, Eugene, OR	100	2014	\$25,000,000	Cardinal Group Investments
The Range	9/18/2018	3001 NW Clearwater, Bend, OR	132	2017	\$30,500,000	Private Investor