

○ November | ○ 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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Fannie Mae Releases October Report On The Economy

By Michael Rudy, Multihousing Pro

Fannie Mae's report on the economy paints a generally positive picture of the economy but with a prediction of slowing growth ahead.

Mixed bag for housing

The report notes that multifamily (here defined as 2+ units per structure) production remains strong. Completions for 2018 are expected to come in at 373k units, up from 354k units in 2017. Completions are expected to decline to a still high 341k units in 2019.

Nationally, asking rents for apartment rents rose 0.75 percent in the third quarter to a level of \$1,267. This is a slower pace than in the second quarter when asking rents rose 1.5 percent.

On the other hand, the market for single family homes is going through a soft patch. The weakness was attributed to rising mortgage interest rates and a lack of inventory in many metro area markets.

Other news on the economy

Fannie Mae expects growth to cool from the 4.2 percent annual rate recorded in the second quarter. They forecast a 3.3 percent growth rate in the third quarter (editor's note: on October 26, the US Bureau of Economic Analysis announced their "advance" estimate of third quarter GDP came in at 3.5 percent) and a 3.0 percent rate for 2018 as a whole. In 2019, growth is expected to drop...

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Are Opportunity Zones Really Worth The Tax Break?

By Kelsi Maree Borland, GlobeSt.com

Opportunity Zone Funds may not be the mine of, well, opportunities that the industry expects. Experts at RealShare Apartments said that opportunity zones would be challenging investments to make, and the risk may not offset the tax incentive to invest in these in-need markets. While there was not an official panel on Opportunity Zone Funds, the topic came up frequently during the panel sessions, and the speakers were generally hesitant about the prospect.

Ethan Penner, managing partner at Mosaic Real Estate Investors who opened the conference with a keynote speech on The Transformation of the Multifamily Sector, was the most doubtful about the success of opportunity zone funds or the economic stimulation that they would bring. "Opportunity zones will largely be messy and unfulfilling," he said. "There is generally a reason those markets didn't attract capital. So, they are speculative. It is an artificial inducement to make investments that people would otherwise not make."

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WASHINGTON MULTIFAMILY NEWS

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Seattle's Construction Surge Continues

By Adina Marcu, Multi-Housing News

Seattle's multifamily market remains strong, with robust investor interest and an economy-galvanizing tech industry. After the metro reached a cycle peak in deliveries last year, occupancy in stabilized properties decreased by 50 basis points, to 95.7 percent as of June. A rapid hiring pace sustained by technology companies, along with soaring single-family home prices, maintains a high demand for apartments across the city, especially among young professionals.

The metro added more than 54,000 jobs in the 12 months ending in May, as Seattle continues to boast one of the strongest job markets in the country. Although trade, transportation and utilities led employment growth with more than 14,600 new jobs, the information sector saw the largest year-over-year increase—5.4 percent—with the addition of 5,800 jobs. Seattle's strong commercial real estate market is fueled by Amazon, which holds about 20 percent of the metro's prime office real estate. The company's most significant project underway is the 1.1 million-square-foot Rufus 2.0 Block 20 in Denny Triangle..

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Seattle Considered Gateway City, Just Needs to Fix That Pesky Traffic Problem

By Shawna De la Rosa, Bisnow

Seattle has had a good economic run over the last decade thanks, in part, to tech giants like Amazon and Google. Cranes and construction are everywhere. Offices, apartments and plenty of ground-level retail are filling up every square inch of space in the downtown core.

Many are asking: How long can these good times last?

A slowdown may be inevitable, but citizenM Managing Director Ernest Lee believes Seattle has set itself up for strong long-term growth.

“Seattle is an emerging gateway city,” said Lee, who will be a panelist at Bisnow's Seattle State of the Market event Nov. 13.

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Seattle Construction Boom Means Lots of Empty Apartments, Even Some Cheaper Rents

By Mike Rosenberg, Seattle Times

It's getting easier to find an apartment to rent, and in some neighborhoods it's even getting cheaper.

Seattle-area renters are enjoying the least competitive market since the recession as more and more apartments sit empty and rents have flatlined — a trend that is likely to continue as the ongoing apartment-construction spree delivers an even higher number of new units in 2019.

Rents across the city of Seattle ticked up a mere 1.1 percent in the third quarter compared with a year ago, the smallest bump since the housing bust was in full swing in 2010...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Avana 522	11/1/2018	18101 126th Ave NE, Bothell, WA	558	1994	\$173,000,000	Decron Properties Corp.
Cambridge Square	10/31/2018	301 31st Street, Bellingham, WA	84	1979	\$9,800,000	PTLA
Springtree	10/29/2018	4810 127th Street SW, Lakewood, WA	102	1981	\$8,825,000	Private Investor

Summerfield Commercial Represented the Buyer and Seller in this Transaction

OREGON MULTIFAMILY NEWS

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How 'Smart Growth' Can Help Fill Oregon's 155,000-Unit Housing Gap

By Jon Bell, Portland Business Journal

In the past few years, you'd have been hard-pressed to find many people who would say that the Portland metro region wasn't building enough housing.

New apartments have sprung up in almost every neighborhood. Some 10,000 permits for new units were issued in 2017 alone. There have also been new condo projects and single-family homes rounding out the mix.

Yet despite what appears to have been booming on the surface, the state as a whole has underproduced by about 155,000 units since 2000. That dearth has helped fuel a supply and demand imbalance that, as the population has continued to swell, is exacerbating affordability, homelessness, traffic congestion and other major issues.

In a nutshell, that's the gist of a report this week from Up For Growth, a national research and education nonprofit, and ECONorthwest. The findings in that report, and its recommendations for making up ground over the next 20 years, took center stage at the Mission Theater in Northwest Portland on Tuesday.

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Oregon Measure 102, Statewide Affordable Housing Amendment, Cruises to Approval

By Elliot Njus, The Oregonian

Oregon voters voted Tuesday to amend the state Constitution to give local governments more flexibility to use bond dollars for affordable housing developments.

Measure 102 won 56.7 percent to 43.3 percent. The measure faced no organized opposition, and it even had the support of vocal opponents of an affordable housing bond being put before Portland-area voters.

The measure would let local governments put bond money toward privately owned projects. That means bond proceeds — such as from the \$258 million bond Portland voters approved in 2016 — could be combined with the revenue from selling tax credits in projects belonging to housing nonprofits.

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Portland Rents Continue Decline But Rents Rising In Some Cities Across The Metro

By The Editors, Rental Housing Journal

Portland rents have declined 0.6% over the past month, and are down moderately by 1.1% in comparison to the same time last year, according to a new report.

Currently, median rents in Portland stand at \$1,130 for a one-bedroom apartment and \$1,330 for a two-bedroom. Portland's year-over-year rent growth lags the state average of -0.3%, as well as the national average of 1.1%, according to ApartmentList.com.

Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Arbor Creek	11/1/2018	3280 SW 170th Ave, Beaverton, OR	440	1984	\$84,300,000	Security Properties
Westview Heights	10/31/2018	18301 NW Chemeketa Lane, Portland, OR	198	2009	\$60,500,000	MG Properties
Hygge	11/13/2018	620 NE 20th Ave, Portland, OR	59	2018	\$17,300,000	Madison Park Financial