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SUMMERFIELD

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

MONTHLY NEWSLETTER

Summerfield Commercial
Newsletter is Provided By

Ryan Kidwell
Managing Broker of
Washington

425-260-6286

rkidwell@smfield.com

Robert Parmar
Principal Broker of
Oregon

541-292-9977

rparmar@smfield.com

Travis Gold
Marketing Director

206-960-6003

tgold@smfield.com

Nate Ward
Analyst

206-960-6024

nward@smfield.com

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18 Commercial Real Estate Trends to Dominate in 2019

By Champaign Williams, Bisnow

Goodbye 2018, hello 2019! As the new year approaches, Bisnow spoke with several industry execs, researchers and economists to uncover the major trends expected to dominate the commercial real estate industry in the coming year. From the rise of opportunity zones to a slowdown in industrial absorption, these are 18 trends experts forecast for 2019.

1. Opportunity Zones Craze to Persist

As investors await finalized guidance from the Department of the Treasury and the IRS regarding the Opportunity Zone program, the hunt is on for assets and investment opportunities in these designated areas that present the strongest upside potential. Investors are lining up to pour billions into Opportunity Zone Funds, with a report from Real Capital Analytics stating there is more than \$6 trillion in unrealized capital gains eligible to be deployed into opportunity zones.

While the program was created through the passing of the Tax Cuts and Jobs Act last year to drive economic development in underserved communities in exchange for a hefty tax break, research reveals many of the census tracts classified as opportunity zones have already attracted a substantial amount of investment prior to the launch of the new federal program. Critics of the program worry it will accelerate investment in areas already experiencing a surge in development activity, leading to a convergence of investment into burgeoning neighborhoods already in high demand, and a lack of investment in otherwise blighted communities.

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Why 1031 Exchange Transaction Volumes Have Surged

By Kelsi Maree Borland, GlobeSt.com

1031 exchange transactions have surged in the last couple of years. As the tax plan overhaul was negotiated, some investors were concerned that 1031 exchange guidelines would change under the new plan. While 1031 exchange opportunities were eliminated for many asset classes, like wine and art, thankfully, real estate was left unchanged. As a result, 1031 exchange transaction volumes should continue to grow in the next year.

“For real estate, the ability to continue to do exchanges remains, and I think that will allow the momentum that exchanges have been driven to lately to continue,” Davin Carey, managing financial advisor at Carey & Hanna, tells GlobeSt.com. “We have seen a massive increase in volume the last several years from people that own traditional real estate and want to exchange into something different. We have been working on a lot of DST-focused real estate investment products, where it allows clients to still have a real estate-to-real estate-qualified transaction.”

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WASHINGTON MULTIFAMILY NEWS

Summerfield Commercial Newsletter is Provided By

Ryan Kidwell
Managing Broker of Washington

425-260-6286

rkidwell@smfield.com

Robert Parmar
Principal Broker of Oregon

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rparmar@smfield.com

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206-960-6003

tgold@smfield.com

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Tech Growth Fuels Leasing and Development in Northwest Washington Submarkets

By Tara Lerman, Bisnow

After keeping cities across the U.S. in suspense for the past year, Amazon announced in November it would split its HQ2 between two East Coast locations: Queens, New York, and Arlington, Virginia.

While the announcement has initiated a number of conversations among investors and developers about the East Coast's role as a hub for tech and e-commerce, the Pacific Northwest continues to attract tech companies.

The Puget Sound region, which includes Seattle, Tacoma, Bellevue, Olympia and several emerging markets, is one of the nation's premier growth economies. The region continues to create more jobs, with employment growth continually outpacing projections, JLL Seattle reports. Since 2010, employment in the Puget Sound has increased 28.1%.

Tech companies are driving the majority of economic growth throughout the region, and industry giants like Amazon, Microsoft, Google and Facebook/Oculus continue to lead the market in leasing activity. Microsoft currently employs 46,000 employees across the Redmond-Bellevue-Seattle metropolitan area, while Amazon's Seattle campus increased...

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Job Growth, Affordable Housing Could Bring Nearly 15,000 New Residents to Spokane-Coeur d'Alene Metro Area in 2019

By Becky Kramer, The Spokesman-Review

Is Spokane starting to feel a bit crowded to you?

About 740,000 people live in the greater Spokane-Coeur d'Alene metro area, and that figure could swell by nearly 15,000 next year if the projected growth pans out.

Moves, not births, are fueling most of the population gains. The surge of new residents means more traffic, more construction and more conversion of open space into urban areas. For longtime local residents, the change can feel jarring, said Grant Forsyth, Avista Corp.'s chief economist.

"For those of us who are 50-plus, the region looks completely different, and it feels different because so many people are moving here," Forsyth said.

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84 Bellingham Units Sell for \$10M

By Journal Staff, DJC Seattle

BELLINGHAM — The Cambridge Square Apartments, at 301 31st St. in Bellingham, sold for \$9.8 million, according to Summerfield Commercial, whose Robert Parmar and Ryan Kidwell brokered both sides of the deal.

The seller was Cambridge Square Apartments LLC. The buyer was PTLA Real Estate Group. The deal was worth about \$116,666 per unit.

Developed in 1979, Cambridge Square has 84 units in four buildings. There are 36 one-bedrooms and 48 two-bedrooms, with an overall average size of 706 square feet. The complex is a little west of Interstate 5, at Exit 252.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Sparc	12/6/2018	1201 121st Ave NE, Bellevue, WA	309	2017	\$150,000,000	Private Investor
Highlander	11/26/2018	16120 36th Ave West, Lynnwood, WA	64	1979	\$10,545,000	MC Investment Partners
Lindell Court	11/20/2018	2808 South Assembly Road, Spokane, WA	103	1995	\$10,500,000	Metropolitan Land Group

OREGON MULTIFAMILY NEWS

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Oregon

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rparmar@smfield.com

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nward@smfield.com

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Big New Development Planned for Prime Columbia River Site

By Jon Bell, Portland Business Journal

Kirkland Development, a Vancouver developer, announced today that it has acquired the site that is currently home to the two restaurants and is planning a 350,000-square-foot mixed-use development.

The 3.5-acre site sits just east of the Interstate Bridge on the banks of the Columbia River at 111/101 S.E. Columbia Way.

In a release, Kirkland detailed the project it has in mind for the property, which would likely include about 300,000 square feet of residential space and 50,000 square feet of retail. The project is still in the design phase, but there's a chance the project could also include office, hotel and restaurant components.

The Columbian reported that Kirkland is in discussions with Who Song & Larry's and Joe's Crab Shack about potentially being part of the new development.

"This is an incredible opportunity to re- envision a key section of Vancouver's waterfront," said Dean Kirkland, chairman of Kirkland Development in a release. "Our goal is to bring new life to this area, and to create a unique..."

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Portland Diamond Project Strikes Deal to Develop Riverfront Stadium at Port Terminal

By Jon Bell and Erik Siemers, Portland Business Journal

The Portland Diamond Project on Thursday announced plans to build a Major League Baseball stadium on the banks of the Willamette River after striking a development deal with the Port of Portland.

The organization also released the first images of the proposed ballpark that it hopes will occupy the port's 45-acre Terminal 2 property on Northwest Front Avenue, just north of the Pearl District and Slabtown neighborhoods. The images are by Portland's TVA Architects and Populous of Kansas City.

"We believe this has the potential to be a transformative landmark project for this city," Craig Cheek, a former top Nike Inc. executive and president of the Portland Diamond Project, said in a news release. "Building an..."

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Bend Tries Easing Rules to Build Affordable Housing

By Journal Staff, DJC Seattle

State regulators have selected Bend for a pilot program that will build hundreds of affordable housing units on the outskirts of the city by doing away with some of the state's strict land-use rules.

Lawmakers in 2016 created the program to allow two cities to develop affordable and market-rate housing outside their urban growth boundaries without going through the normal expansion process, The Bulletin reported Thursday.

Developers and some lawmakers have long said that Oregon's restrictive land use laws worsen the state's...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Andover Park Apartments	11/15/2018	15200 SW Teal Blvd, Beaverton, OR	240	1989	\$58,130,000	Prime Group
Hygge	11/13/2018	620 NE 20th Ave, Portland, OR	59	2018	\$17,300,000	Madison Park Financial
Arbor Creek	11/1/2018	3280 SW 170th Ave, Beaverton, OR	440	1984	\$84,300,000	Security Properties