

○ February | ○ 2019

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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Steady As She Goes For The Multifamily Housing Market

By Michael Rudy, Multi Housing Pro

Yardi Matrix released its January report on the multifamily housing market. The report describes a market with healthy year-over-year rent growth.

Waiting for spring

Yardi Matrix reported that the average rent nationwide was \$1420 in January, 2019, the same level as in August, 2018. This follows the usual annual pattern where rates rise in the spring through summer period and then stagnate for the rest of the year. Compared to January, 2018, rents were up 3.3 percent.

For reference, the Bureau of Labor Statistics reported that the all-items consumer price index was up 1.9 percent on a year-over-year basis in 2018. Clearly, rents are continuing to increase at a slightly faster pace than prices generally. On the other hand, data from Sentier Research indicates that median household income grew at a rate of 5.8 percent in 2018, which indicates that the median household's ability to afford the rent may have improved during the year.

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Job Growth and Millennials Driving Multifamily Demand

By Natalie Dolce, GlobeSt.com

During the digging deeper multifamily market outlook panel at the 2019 NMHC Apartment Strategies Outlook Conference here in San Diego, a panel of expert industry analysts, moderated by Mark Obrinsky, chief economist and SVP of research at NMHC, examined multifamily housing trends leading in to 2019. Topics discussed included which markets are experiencing supply constraints, Millennials, and where there opportunities still are for growth.

THE MILLENNIAL DRIVER

"We have had job growth which has been a big driver and really has helped the multifamily sector," said speaker Kim Betancourt, director of economics and multifamily research at Fannie Mae. "Job growth and millennials have been driving demand for multifamily."

The majority of multifamily renters are Millennials, about 29% of them, she explained. "If you go back to 2005, that number was only about 25%. That number, that percentage has grown."

The same has happened in single family rentals, she added. "We all think they are living in those micro-units, riding their bikes and such, but we have a whole bunch of them that are renting single family."

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WASHINGTON MULTIFAMILY NEWS

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DSA: Downtown Hits a Record 300K Jobs

By Jon Silver, DJC Seattle

The Downtown Seattle Association issued its 2019 economic report on Friday, lauding Seattle's sustained growth after nine straight years of gains in jobs, visitors and residents.

The association held its annual State of Downtown event at the new Hyatt Regency Seattle, the largest hotel in the Pacific Northwest.

The keynote speaker was Peter Calthorpe, a Berkeley, California-based urban planner and co-founder of Congress for the New Urbanism, an advocacy group that promotes sustainable building practices.

The theme of the event was "big ideas and big challenges."

The 56-page economic report has plenty of good news to share. The downtown area has more than 300,000 jobs and 82,000 residents for the first time in its history, and plenty more construction is on the way.

At the same time, downtown Seattle is entering the so-called "period of maximum constraint," a three-year period when major projects such as the waterfront redevelopment, convention center expansion and Center City Connector streetcar line will worsen traffic and test patience.

Other serious challenges include a growing homelessness crisis and a lack of affordable housing. The report notes that between 2010 and 2017, the city added 67,000 jobs but fewer than 23,000 new housing units.

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Multifamily Seattle Report - Winter 2019

By Adina Marcut, Multi-Housing News

In the 12 months ending in September, Seattle added 66,300 jobs for a 3.4 percent expansion, a strong 140 basis points above the national figure. Trade, transportation and utilities led growth, generating 17,400 positions. The metro's \$3.2 billion Lynnwood Link Extension is set to add 8.5 miles of light-rail line connecting Lynnwood to downtown Seattle. Professional and business services and information also expanded, adding a total of 23,900 jobs and further boosting upscale housing demand along the way. The information sector, one of Seattle's main economic drivers, registered the largest year-over-year increase—6.9 percent.

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Closing the Investment Return Gap in Seattle

By Jeffrey Frank, Multi-Housing News

Construction workers building new market-rate housing units in Seattle area neighborhoods typically drive 45 minutes to an hour to get to their jobs because they can't afford to live in the very buildings they are helping build. Unfortunately, the demand for workforce housing (defined as people making between \$40,000 and \$64,000) in the region will not be alleviated by the recent flattening of rental rates and the decline in sales prices for homes in the region. Prior to its recent pledge of \$500 Million to help address the region's housing crisis, Microsoft studied local housing and labor data and concluded 305,000 workforce-housing units are needed to fill the region's affordable housing gap.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
The Marina Club Apartments	1/31/2019	2445 South 222nd Street, Des Moines, WA	77	1987	\$15,623,000	Madison Residential
Hampton Hills Apartments	1/25/2019	900 NE Minnehaha Street, Vancouver, WA	110	1971	\$12,450,000	Metropolitan Land Group
Mark on 8th	1/10/2019	285 8th Ave North, Seattle, WA	174	2016	\$74,100,000	Equity Residential

OREGON MULTIFAMILY NEWS

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Why Portland Investors Need to be Careful with Opportunity Zones

By Jon Bell, Portland Business Journal

In just the past five months or so, new investment funds have launched in Portland looking to raise no less than \$430 million.

One, from Sturgeon Development Partners, is shooting for \$330 million. Another, from Sortis Holdings Corp., is seeking \$100 million. And those are just two of the most prominent ones that have come to light.

What the two funds have in common is that they're both Qualified Opportunity Funds, a new investment vehicle that encourages new investment in low-income areas while also offering generous tax deferments to investors. Just how generous? Investors who invest capital gains into a Qualified Opportunity Fund can postpone capital gains taxes until 2026; in some cases, depending on how long they stay invested in the fund, they may be able to avoid a tax on their original gain altogether.

With such an attractive opportunity now available to investors, it's no surprise that new Qualified Opportunity Funds have sprung up and spurred lots of interest. But amidst all the excitement...

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Portland Rents Increased Moderately Over the Past Month

By The Editors, Rental Housing Journal

Portland rents have increased 0.3% over the past month, but have been relatively flat at 0.1% in comparison to the same time last year, according to the January report from Apartment List.

Currently, median rents in Portland stand at \$1,120 for a one-bedroom apartment and \$1,320 for a two-bedroom. Portland's year-over-year rent growth leads the state average of -1.1%, but trails the national average of 1.0%.

Rents rising across cities in the Portland Metro

Throughout the past year, rents have remained steady in the city of Portland, but other cities across the entire metro have seen rents increase.

Continue reading [here](#)

Intel Preparing to Spend Billions on New Oregon Factory

By Mike Rogoway, The Oregonian/OregonLive

Intel is preparing for a massive buildup in Oregon, according to multiple people familiar with the conversations, potentially spending billions to build and equip a factory for its next generation of computer chips.

People with direct knowledge of the plans say Intel hopes to begin construction by the end of June. It would add an enormous, third section to the cutting-edge Hillsboro research factory known as D1X and add yet another project to Oregon's already overloaded construction sector.

Intel announced expansion plans last month but few...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Cascade View Commons	1/25/2019	1220 SE Oar Ave, Lincoln City, OR	56	2014	\$7,525,000	Marathon
Stone Ridge	1/18/2019	4175 Quest Drive, Eugene, OR	84	2004	\$11,762,500	Hill Properties
Fernwood Apartments	1/4/2019	18713 S Central Point Rd, Oregon City, OR	110	1974	\$17,650,000	Private Investor