

o May | o 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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Fannie Mae Releases April Economic Forecast

By Michael Rudy, Multi-Housing Pro

Fannie Mae recently released their reading on the economy for April, along with an economic forecast for key indicators through the end of 2020.

Recent headwinds

Fannie noted a number of recent negative factors weighing on the economy. These included the sell-off in the stock market at the end of last year, the partial government shutdown in January and continued uncertainty as trade negotiations with China and with the EU continue.

The result of all of these factors was a sharp downturn in consumer spending in December, which recovered only weakly in January. There has also been a slowdown in capital goods orders and a rise in business inventories, all negative for the economy.

The good news

The recent softness in economic indicators has cause the Federal Reserve to take a more accommodative stance. At the end of last year, Fed watchers were predicting that the Fed would raise rates twice during 2019. Since the Fed's March meeting, the consensus view is that there will be no more rate increases this year. Fannie Mae's economic forecast is for a single rate increase to occur in December, 2019.

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A Rent Control Comeback is Breathing Down the Neck of the Apartment Industry

By Dees Stribling, Bisnow National

Though the U.S. apartment industry is still in good shape, the prospect of new rent control measures, some of them at the state level, threaten to put a crimp in future revenue in the longer run.

The effort to enact rent control has gained traction in recent years as apartments in many cities have become increasingly unaffordable, the Wall Street Journal reports, citing Oregon's recently enacted law capping rent increases to 7% plus the local inflation rate, efforts in Colorado to repeal the state's ban on rent control, and a move among New York legislators to cap rent increases. Illinois also just raised (and shut down) a movement to eliminate a ban on rent control.

Major apartment-focused REITs in particular might suffer under new rent control measures. Such measures could cause apartment stocks to underperform, despite positive market fundamentals, Green Street Advisors analyst John Pawlowksi told the WSJ.

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WASHINGTON MULTIFAMILY NEWS

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Washington Legislature Overhauls Real Estate Tax Rates, Condo Rules

By Marc Stiles, Puget Sound Business Journal

A years-long fight by the Washington state real estate industry was won this week when Gov. Jay Inslee signed a bill that will make condominium development less risky.

"This is a huge deal," said Nathan Gorton, government affairs director for Washington Realtors. Passage was the group's No. 1 priority for this year's legislative session, which ended Sunday.

Affordably priced condos often are the first rung on the ladder of homeownership, but the high risk of getting sued has stymied development for years.

The commercial real estate industry was unable to beat back a bill that raises the state real estate excise tax (REET) rate on higher priced sales. The rate will drop for the lowest priced transactions, which account for 80 percent of all sales, said state Rep. Gael Tarleton (D-Seattle).

Washington's rate long has been 1.28 percent. The new rates are 1.1 percent for the portion of the selling price under \$500,000; 2.75 percent for the portion of the price over \$1.5 million up to \$3 million; and 3 percent for the portion of the price over \$3 million. It remains 1.28 percent for sales between \$500,000 and \$1.5 million.

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Washington Ranked Nation's Best State by U.S. News & World Report

By Gene Balk, Seattle Times

Washington is the best state to live in the U.S., and that's not just my opinion.

The Evergreen State just claimed the top spot in the 2019 "Best States" ranking from U.S. News & World Report. More than 70 metrics and thousands of data points go into the rankings, which are meant to show how well each of the 50 states serve their residents.

Washington has done well in these data-driven rankings in the past, placing sixth last year and fifth in 2017, the inaugural year for the report.

But this year, we killed it.

The report is organized around eight major categories, and Washington ranked in the top half for all of them. Even more impressive, we ranked in the Top 5 in four of the categories: Infrastructure (second), economy (third), education (fourth) and health care (fourth).

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Seattle Multifamily Report - Spring 2019

By Alexandra Pacurar, Multi-Housing News

Tech and e-commerce continue to fuel Seattle's economy, keeping the metro among the country's top-performing multifamily markets. Young professionals are boosting housing demand, maintaining healthy absorption amid a slow but steady rent growth deceleration. With the pace of development slowing down, the year-over-year rent growth rate remained almost flat in the last quarter of 2018 and going into 2019, at 2.5 percent as of February.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Somerset Terrace	4/26/2019	13305 SE 19th St, Vancouver, WA	95	1974	\$16,200,000	Vista Investment Group
Evergreen Apartment Homes	4/24/2019	35929 21st Place South, Federal Way, WA	132	1988	\$33,350,000	Prime Group
Old Town Flats	4/17/2019	1000 Astor Street, Bellingham, WA	32	2018	\$7,625,000	Private Investor

Summerfield Commercial Represented the Seller in this Transaction

OREGON MULTIFAMILY NEWS

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Trammell Crow Starts Work on Lake Oswego Project

By Greg Isaacson, Multi-Housing News

Construction is now underway on Mercantile Village, a major mixed-use community near Portland, Ore., that will offer 206 apartments and 50,000 square feet of retail space. High Street Residential, the multifamily arm of Trammell Crow Co., is building the project with retail developer CenterCal Properties and CBRE Global Investors as the investment partner.

The project in Lake Oswego is expected to wrap up in the summer of 2021 and leasing is already underway. Located at 4015 Mercantile Drive, the completed property will feature apartments ranging in size from studios to three-bedroom units and a variety of amenities.

The development team is working with local firms SERA Architects and Deacon Construction on the project, which will replace an existing three-building complex called the Providence Mercantile Center. The City of Lake Oswego gave the final nod to the project last September and the partnership purchased the site in October. Plans call for a four-story apartment building along with a smaller retail structure.

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Columbia Distributing Selects Canby, Oregon for New Metro Area Warehouse

By Journal Staff, PR Newswire

Columbia Distributing, along with partners Meritage and Trammell Crow Company (TCC), announce that Canby, Oregon will become home to Columbia's new Portland Metro Area warehouse. The approx. 530,000-square-foot facility, located at SE 1st Ave. and S. Walnut in Canby, will consolidate the beverage distributor's three current locations situated on Portland's Swan Island, NW Yeon Avenue and NW Guam Street. Completion is scheduled for fall 2020.

"In addition to the optimal space and routing efficiencies Canby offers, we're so impressed with the community, the potential partnership opportunities and the promise for creating great local jobs," said Chris Steffanci, president and CEO at Columbia Distributing. "We see no less than 200 positions working out of this location and we're eager to fill any openings before we relocate next fall. It's an incredibly exciting time for us."

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Portland Rents Declined Moderately Over the Past Month

By The Editors, Rental Housing Journal

Portland rents declined 0.3% in April, but have been relatively flat in comparison to the same time last year, according to the latest report from Apartment List.

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 0.7%, as well as the national average of 1.5%.

Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Stevens Creek	5/1/2019	11360 SE Stevens Road, Clackamas, OR	140	2018	\$38,325,000	GMC Properties
The 206	2/20/2019	2451 NW 206th Ave, Hillsboro, OR	203	2014	\$54,023,677	LivCor
The Matisse	2/8/2019	3939 SW Bond Ave, Portland, OR	293	2009	\$82,800,000	Nuveen Real Estate