

○ July | ○ 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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Multifamily Absorption Reaches 5-Year High

By Erika Morphy, GlobeSt.com

US apartment demand spiked during the second quarter of 2019 with product absorption climbing to a five-year high, according to RealPage. It reports that net move-ins totaled 155,515 units in the April-through-June time frame, topping Q2 2018 product absorption by 11%.

There are a number of reasons for the increase, says RealPage Chief Economist Greg Willett. Solid economic growth is encouraging new household formation, while the number of existing renters purchasing homes remains limited compared to historical levels, he says. The time of year also helps, he adds.

“Apartment leasing activity accelerates during the warmer weather months, and demand is proving especially strong in this year’s primary leasing season.”

With demand proving so strong in the second quarter, occupancy tightened despite the delivery of quite a bit of new product. Occupancy climbed to 95.8% in the second quarter, up from 95.4% a year earlier.

Rents for new leases increased 1.8% during the second quarter, which normally is when pricing moves most rapidly during the course of the year. Rents are up 3% from year-ago levels, reaching an average of \$1,390 per month.

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Debt Still Available to Disciplined Multifamily Players

By Mark Stewart, Multi-Housing News

As 2019 surpasses the midway point, methodical apartment developers and owners have to feel good about the availability of debt.

The accessibility no doubt stems in large part from the healthy state of renter demand for multifamily product. According to Yardi Matrix, the national occupancy rate for stabilized apartment communities stood at 94.9 percent in April.

In the National Multifamily Housing Council’s most recent quarterly survey of market conditions, conducted in April, the Debt Financing Index was 81 (a reading above 50 indicates that, on balance, debt finance is more available when compared to three months earlier; a reading below 50 indicates that debt finance is less available). Furthermore, for the first time in the survey’s 20-year history, not a single respondent “reported worsening debt financing conditions,” according to NMHC.

Clearly, lenders remain enthusiastic about the apartment industry.

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WASHINGTON MULTIFAMILY NEWS

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Apple Says it Plans to Turn Seattle into 'Key Engineering Hub' with 2,000 New Workers

By Keerthi Vedantam, Seattle Times

Apple plans to add 2,000 software and hardware jobs in Seattle within the next five years, starting with 200 additional jobs this year, company officials said Monday at a news conference with Mayor Jenny Durkan.

The company is leasing all the office space at 333 Dexter Ave. N., a complex of two 12-story buildings nearing completion at Dexter Avenue and Thomas Street, one block west of the core Amazon campus in South Lake Union.

The office space could accommodate more than 3,000 employees. "If you look at where they've grown elsewhere in the country, their growth has been exponential to what they anticipated," Durkan said. "And so I think it's a really good sign."

Apple announced plans to establish new engineering hubs outside of its Silicon Valley home in 2018, including a new campus in Austin, Texas, and a growing presence in Seattle.

While Amazon was being courted by many cities and states hoping to be the site of its HQ2, dangling big packages of tax breaks and other lures...

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\$300M Development Would Boost Central Tacoma with Sports Village

By Benjamin Minnick, DJC Seattle

A \$300 million development centered around soccer could provide a big kick to the Central Tacoma neighborhood.

Metro Parks Tacoma and the city of Tacoma want to build a 5,500-seat soccer stadium and have the private sector come in to build 520 multifamily units and 70,000 square feet of restaurant and commercial space adjacent to it.

A feasibility study released last week said the stadium would be iconic and provide a world-class facility that exceeds United States Soccer Federation standards.

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Salesforce's Tableau Software Acquisition Builds Seattle's Reputation as a Top Tech Market

By Shawna De La Rosa, Bisnow Seattle

Salesforce's \$15.7B acquisition of Tableau Software further solidifies Seattle's reputation as a top tech talent town.

Bisnow Multifamily Annual Conference Pacific Northwest September 24, 2019 | Register Now Featured Speaker Kevin Daniels President, Daniels Real Estate Kevin Daniels "Seattle will become our second headquarters of Salesforce," Salesforce co-founder and co-CEO Marc Benioff said in a statement. "It's going to be our HQ2, if you will."

For the commercial real estate market, that means another top tech firm is putting down roots in the Seattle market, which may drive the need for more housing in the future. Salesforce already has 1,000 workers in the city. The acquisition of Tableau will give Salesforce a stronger foothold in Seattle.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Homestead Apartments	6/28/2019	29225 Military Road South, Federal Way, WA	134	1987	\$26,370,000	Private Investor
Greenleaf at River Pointe	6/19/2019	3708 NE 109th Ave, Vancouver, WA	388	1994	\$68,681,039	Vista Investment Group
Brookstone at Edgewater	6/12/2019	7513 177th Street Court East, Puyallup, WA	147	2012	\$41,350,000	Security Properties

OREGON MULTIFAMILY NEWS

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Opportunity Zones: The 6 Most Developable Portland-Area Neighborhoods

By Jon Bell and Andy Giegerich, Portland Business Journal

The Portland area has become somewhat of a darling in the eyes of big-time institutional investors and developers in recent years. That happened even before the Opportunity Zone program kicked in.

Now that it has, Portland could become even more popular thanks in part to the appeal of many of the 31 Opportunity Zones that are in the metro region. Some of the most enticing of the zones actually include areas of town that have already seen extensive new development and investment in recent years — think the Pearl District, downtown and the Central Eastside Industrial District.

The Rose City's Opportunity Zones have even gotten some national attention for being both attractive opportunities and, at the same time, head-scratchers in terms of whether or not they'll really help spur helpful development in low-income areas.

We sized up six of the region's higher profile Opportunity Zones to see how they stack up from a demographic standpoint and what their appeal...

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Bill to Eliminate Single-Family Zoning in Oregon Neighborhoods Passes Final Legislative Hurdle

By Elliot Njus, Oregon Live

After a dramatic false start, the Oregon Senate on Sunday gave final legislative approval to a bill that would effectively eliminate single-family zoning in large Oregon cities.

House Bill 2001 passed in a 17-9 vote. It now heads to Gov. Kate Brown desk to be signed into law.

It will allow duplexes, triplexes, fourplexes and "cottage clusters" on land previously reserved for single family houses in cities with more than 25,000 residents, as well as smaller cities in the Portland metro area. Cities with at least 10,000 residents would be required to allow duplexes in single-family zones.

The bill, sponsored by House Speaker Tina Kotek, aims to address rising housing costs by increasing the supply of smaller homes, particularly in desirable neighborhoods.

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Portland Rents Declined in June for Third Straight Year

By Th Editors, Rental Housing Journal

Portland rents have declined 0.1% during June, but have remained steady at 0.4% in comparison to the same time last year, according to the latest report from Apartment List.

Currently, median rents in Portland stand at \$1,120 for a one-bedroom apartment and \$1,330 for a two-bedroom.

This is the third straight month that the city has seen rent decreases after an increase in March.

Portland's year-over-year rent growth lags the state average of 0.9%, as well as the national average of 1.6%.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Sunnyside on Belmont	6/6/2019	4405 SE Belmont, Portland, OR	63	2018	\$16,300,000	Back Nine Apartment Investors
Farmington Townhomes	5/29/2019	18745 SW Farmington Road, Beaverton, OR	62	1974	\$9,900,000	Continental Partners
Beverly Grove	5/28/2019	1820 NE 104th Ave, Portland, OR	74	1987	\$12,750,000	Private Investor