

○ June | ○ 2019

SUMMERFIELD

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

MONTHLY NEWSLETTER

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Multifamily Remains Top Investment Asset Class

By Kelsi Maree Borland, GlobeSt.com

Multifamily continues to be the top target asset class for investors. According to a new report from AppFolio, most investors are planning to allocate capital to multifamily investments this year, followed by office and industrial asset classes. Of the investors surveyed, 68.3% said they are planning to put investment dollars in multifamily, while 45.5% said office and 32.7% will put capital toward industrial assets.

“Right now, we’re experiencing a housing shortage in the US, so there is plenty of demand for multifamily housing,” Nat Kunes, SVP of investment management at AppFolio, tells GlobeSt.com. “Where there is demand, investors follow. It’s a safe choice for them and has a lot of return on capital. There’s also a great deal of incentives for development and investment in the multifamily space, with tax credits for affordable housing and green programs. Multifamily is also something that won’t fluctuate the way that commercial real estate might. When the economy is down and commercial businesses close, people still need places to live, that doesn’t change. Of course there are market swings in multifamily, but there’s generally a demand for it on some level or in some market.”

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Slower Start to the Rent Growth Season

By Bill Johnson, Multi-Housing Pro

Yardi Matrix released its May report on the multifamily housing market. The report describes a market with moderating year-over-year rent growth but still-solid occupancy numbers.

Rents move upward more slowly

Yardi Matrix reported that the average rent nationwide was \$1,442 in May 2019, up \$5 from their April figure. Compared to May 2018, rents were up only 2.5 percent. This is slower than recent rent increase rates. While the majority of rent gains are generally seen in the spring to summer season, the increase in rents appears to be taking place more slowly this year than in recent years and that is reflected in this relatively weak figure.

For reference, the Bureau of Labor Statistics (BLS) reported that the all-items urban consumer price index (CPI-U) in May was up 1.8 percent on a year-over-year basis. The shelter portion of the CPI was up 3.3 percent in the last 12 months. The BLS also reported that average hourly earnings of all employees on private non-farm payrolls in May were up 3.1 percent over the last 12 months.

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WASHINGTON MULTIFAMILY NEWS

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Seattle Apartment Market Made Surprising Turnaround in Q1

By Marc Stiles, Puget Sound Business Journal

The metro Puget Sound region's softening apartment market saw a burst of rental activity during the first three months of 2019, gaining thousands of renters and finishing second nationally, according to a new report by RealPage Inc.

The software and data-analytics company examined what's known in the real estate industry as absorption, or the rate at which apartments are rented in a given time period. RealPage found that about 3,400 more apartments gained residents in the first quarter. It was a big turnaround from the previous quarter, when just 286 units were absorbed.

Yet rent growth will "soften slightly over the next few quarters as developers continue to bring new units to market faster than renters can fill them," the report states.

Seattle demand is stronger than it has been in awhile, according to the report, but remains below elevated supply volumes. It's a pattern that has lasted for the preceding four years. In the year-ending first quarter in 2019, Seattle absorbed just over 10,000 units as 12,250 new apartments were completed.

Continue reading [here](#)

How Bellevue Built a City That Amazon Couldn't Resist

By Shawna De la Rosa, Bisnow Seattle

When Amazon announced it was seeking a destination for its second headquarters, or HQ2, cities across the country jumped at the chance to host the tech giant. Economic development committees touted tax incentives and flaunted infrastructure plans to woo the job-generating powerhouse to their neck of the woods.

The neighboring city of Bellevue was no exception. In October 2017, Bellevue submitted a formal proposal pitch to Amazon in conjunction with King County and the Economic Development Council of Seattle. Wallace Properties President and Chief Operating Officer Kevin Wallace, who was then a Bellevue councilman, told the Bellevue Reporter that he believed Bellevue was in as good as position as any city to score the win.

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Spokane Mayor Seeking to Lure Jobs and Residents to City

By Nicholas Geranios, AP News

As the Seattle area becomes more crowded and more expensive, Spokane Mayor David Condon sees an opportunity to grow the state's second-largest city.

Condon has been visiting the Seattle area recently, selling Spokane as a place with an educated workforce, cheap housing, shorter commutes and lots of amenities.

"We're talking about the value you get in Spokane and the access to talent in Spokane," Condon said recently in a call from Denver, where he was also pitching the merits of the Lilac City.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Brookstone at Edgewater	6/12/2019	7513 177th Street Ct East, Puyallup, WA	147	2012	\$41,350,000	Security Properties
The 205	5/31/2019	1795 NE 205th St, Shoreline, WA	72	2018	\$20,964,000	Latigo Management Inc
Santa Fe Ridge	5/30/2019	1415 NE Santa Fe Lane, Silverdale, WA	240	1991	\$56,500,000	JRK Property Holdings

OREGON MULTIFAMILY NEWS

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Portland Multifamily Report - Spring 2019

By Adina Marcu, Multi-Housing News

Oregon has attracted national attention due to its enactment of statewide rent control limits. The law limits rent increases to 7 percent plus inflation and capital expenses and applies to properties older than 15 years. Although the immediate impact might be slight, the concern is that it will lead to tighter limits down the road. Economic growth is healthy. The metro added 27,500 positions in 2018, a 2.4 percent year-over-year employment growth rate. The construction boom taking place in the metro is supported by the office sector, which has more than 2.4 million square feet of space under construction.

With more than 9,320 units underway and some 6,900 units expected to be delivered this year, there are major concerns about oversupply, but a strong occupancy rate is indicating that there is a rapid absorption of new deliveries and demand for housing outpaces supply. The high occupancy rate and steady rent growth are drawing investors to the metro. With demand high, we expect rents to rise 1.9 percent in 2019.

Continue reading [here](#)

Renter Migration Patterns Show Tech Workers See Portland as Affordable Alternative

By The Editors, Rental Housing Journal

A new report on renter migration patterns shows Portland is seen as an affordable alternative to San Francisco and Seattle according to the report from Apartment List.

The study looked at which parts of the country are retaining their renter populations and which parts renters are fleeing, as well as which metros are doing the best and worst jobs of attracting renters from other parts of the country, according to Chris Salviati, housing economist at Apartment List.

“In some cases, the patterns we observe in this data are intuitive, while in others we unearth surprising insights,” Salviati writes in the report. A new interactive mapping tool from Apartment List uses unique, proprietary data from our user searches to examine where people are looking to make their next home. This data sheds valuable new light on migration patterns that will reshape cities around the country. Continue reading [here](#)

Salem Amazon Center Set to Open

By Journal Staff, Daily Journal of Commerce

Amazon's packing and shipping center in Salem, Oregon, should open in August, with about 1,000 jobs that are expected to pay at least \$15 an hour.

The Statesman Journal reports that hiring for the 1-million-square-foot building begins in in June. Jobs will range from line workers to management positions. The company in January also was advertising management jobs.

Amazon spokeswoman Shevaun Brown said Tuesday the exact headcount is to be determined, but company officials are still tracking toward the 1,000-worker number.

Continue reading [here](#)

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Farmington Townhomes	5/29/2019	18745 SW Farmington Road, Beaverton, OR	62	1974	\$9,900,000	Continental Partners
Village East	5/17/2019	108 Village East Way SE, Salem, OR	112	1993	\$8,750,000	ColRich
Sienna Lofts	5/15/2019	22744 SE Stark Street, Gresham, OR	75	2004	\$14,000,000	Street Properties