

○ September | ○ 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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Apartment Economy In Oregon and Washington Contribute \$121 Billion Annually

By The Editors, Rental Housing Journal

The apartment economy in Oregon, apartments and their residents, contribute \$41.4 billion each year to the state economy and support 232,000 jobs. Meanwhile in Washington, apartments and their residents contribute the \$80.1 billion to the state economy annually and support 322,000 jobs.

The study also says Oregon needs to build 4,000 new apartment homes each year to meet demand. Apartment construction contributes \$1.8 billion to Oregon's economy annually, creating 10,000 jobs. In addition, Washington needs to build 10,000 new apartment homes each year to meet demand. Apartment construction contributes \$4.2 billion to Washington's economy annually, creating 16,000 jobs.

Overall, apartments contribute \$3.4 trillion to the U.S. economy and support 17.5 million jobs, according to the report.

Resident spending contributes \$3.0 trillion to the U.S. economy, while operations adds \$175.2 billion. New construction contributes \$150.1 billion and renovation and repair adds \$68.8 billion.

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White House Unveils Plan to Privatize the GSEs; Restructure MF Caps

By Holly Dutton, Commercial Property Executive

The Trump administration has released a long-awaited and comprehensive plan that would privatize Fannie Mae and Freddie Mac and also restructure the caps on multifamily lending by the GSEs.

In some ways this is familiar territory for the market—privatizing the GSEs would essentially mean returning them to the status they had before they were taken into conservatorship during the financial crisis. And the Administration has made clear that the backstop would continue after Fannie Mae and Freddie Mac are privatized. Overall, however, the goal of the plan is to limit the GSEs' role in housing finance.

Some elements of the plan could take years to implement, but there are also administrative steps that can be taken right now to nudge things along, according to Alex Pollock, R Street Institute Finance Senior Fellow and former CEO of the Federal Home Loan Bank of Chicago. For example, the capital requirements for Fannie and Freddie could be increased and regulations that especially favor the GSEs over competitors could be removed, he says.

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WASHINGTON MULTIFAMILY NEWS

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Seattle Developers Keep Adding Rental Units, But Demand Still Outpaces Supply

By Shawna De La Rosa, Bisnow Seattle

Approximately 9,990 apartment units will be delivered in 2019, according to a report by Marcus & Millichap.

That figure keeps with a five-year trend of similar rental unit deliveries in the greater Seattle area. In 2018, 10,040 units were delivered.

Despite the high number of units coming on the market, demand continues to outpace supply. The vacancy rate fell to 4.3% this year, while the rent climbed 4.4% to an average of \$1,768 per month for a one-bedroom apartment. This follows a 4.2% increase in rent prices in 2018.

Seattle is considered one of the most active apartment markets in the country, according to the report. Since 2015, more than 46,000 rental units have been added. In the second quarter, 19,500 units were in the pipeline.

Many of these units are centered around high-density employment centers and light-rail transit stops. Developers are beginning to look to Pierce, Snohomish and South King counties since rents are lower in these suburban markets.

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Where a Recession Might Hurt the Puget Sound Region Worst

By Jon Talton, The Seattle Times

Recession fears are loose, and contrary to President Donald Trump's assertions, they are not being fabricated by the media, his political enemies and Federal Reserve Chairman Jay Powell.

...This is also the longest expansion in U.S. history and nobody has repealed the business cycle.

It's a truism that national recessions tend to arrive in Seattle a few months later (as opposed to regional downturns, such as the late 1960s-1970s Boeing Bust). This is a function of our high-end, diverse economy. And some luck: Dreamliner work and Amazon's growth worked counter-cyclically in the Great Recession, for example.

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Amazon Plans to Open Fulfillment Center on West Plains by Mid-2020

By Amy Edelen, The Spokesman Review

Amazon plans to open its fulfillment center on the West Plains by mid-2020, with hiring to begin two months prior to completion of the project, according to an Amazon spokeswoman.

The Seattle-based company publicly revealed its plans for the \$181 million fulfillment center in July 2018, after filing permit applications under "Project Rose" with Spokane County.

The fulfillment center, spanning 2.5 million square feet at 10010 W. Geiger Blvd., was initially anticipated to be completed this month.

The company will hire more than 1,500 workers at a minimum starting wage of \$15 an hour to work alongside Amazon Robotics to pack and ship items such as

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Rainier Continental Apartments	9/9/2019	28623 Military Road South, Federal Way, WA	56	1968	\$8,890,000	The Neiders Company
The Lavonne	8/28/2019	6727 NE Vancouver Mall Drive, Vancouver, WA	75	2019	\$17,062,500	Guardian Real Estate Services
Creekside & Twin Dolphin Portfolio	8/27/2019	1650 Mowry Square, Richland, WA	127	1962/1978	\$8,700,000	Private Investor

Summerfield Commercial Brokered This Transaction

OREGON MULTIFAMILY NEWS

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Stop Raising Rents In Portland

By Micah Perry, Rental Housing Journal

The Portland City Council passed yet another ordinance that will harm the housing market in the city. Landlords will now be required to register all their rental units with the city and pay a \$60 yearly registration fee for each unit.

Any economist, or even a student who has taken Econ 101, can tell you that countries with more regulations are less prosperous than nations that enjoy greater economic freedom. Entrepreneurship, from the opening of a small bakery to the development of an apartment complex, is seriously disincentivized by regulations.

Rules and fees placed on the housing industry cause any would-be entrepreneurs and developers—individuals who could provide a solution to Portland’s housing problem—to think twice and reconsider investment in housing rentals. This new ordinance joins a slew of deterrent regulations on rental housing within Portland.

Raising rents in Portland

Over the past few years, Portland’s City Council has approved policies that restrict or complicate a landlord’s ability to reject a rental applicant for reasons such as criminal background or ability to pay rent, and that require landlords to help pay for a renter’s relocation costs. Those who have already built rental housing may find it more lucrative and safer simply to sell the property they own rather than continue to rent it.

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Amazon Will Hire 400 For Expanded Portland Office

By Mike Rogoway, The Oregonian

Amazon says it will double the size of its downtown tech hub, adding 400 jobs in a new office across the street from its existing site.

The news isn’t a surprise. Amazon leased 84,000 square feet in the new Broadway Tower building last year, making room for a significant expansion.

Still, Wednesday’s announcement is the latest sign of revival in Oregon’s tech sector, even as the broader state economy cools.

Amazon’s Portland operations date to 2015, when it paid \$296 million for Portland startup Elemental Technology. Founded in 2006 by Jesse Rosenzweig, Brian Lewis and by longtime CEO Sam Blackman, Elemental made software to adapt sports, TV shows and other video to stream online. Continue reading [here](#)

New Apartments Coming to a Prominent Pearl District Site

By Jon Bell, Portland Business Journal

A prime Pearl District property that was long home to a Firestone auto shop will become the neighborhood’s newest multifamily project.

Los Angeles-based private equity firm The Resmark Cos., in partnership with LMC, plans to break ground this month on Amara, a 138-unit apartment building at 815 W. Burnside St. The partners acquired the property from Bridgestone Retail Operations LLC in 2017 for \$7 million.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Edgewater at the Cove	8/29/2019	1937 Main Street, Oregon City, OR	244	2018	\$69,000,000	LivCor
Rivage	8/26/2019	2200 NW Front Ave, Portland, OR	260	2017	\$91,000,000	Magnolia Capital
Cedarwest	8/13/2019	825 Watt Way, Bend, OR	121	1998	\$13,675,000	Investors Capital Group