

○ October | ○ 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 Industry and its Residents Contribute Over \$3 Trillion to U.S. Economy

By Symone Garvett, Multifamily Executive

According to a new Hoyt Advisory Services study commissioned by the National Apartment Association and the National Multifamily Housing Council, the apartment industry and its consequent residents contribute more than \$3.4 trillion to the national economy annually, or more than \$9.3 billion daily.

Resident spending represents the largest portion with tenants contributing \$3 trillion, while the other three sectors provide smaller contributions. Industry operations adds \$175.2 billion, new construction adds \$150.1 billion, and renovation and repair adds \$68.8 billion.

“The multifamily industry is an economic engine powering the economy very significantly at the national, state, and local levels,” said Robert Pinnegar, NAA president, in a press release. “This clearly illustrates the tremendous positive impact our apartments have on the communities they serve.”

The report, available at WeAreApartments.org, provides details on how different aspects of the industry positively impact the national, state, and local economies. For example, tax payments associated with apartment operations, as well as tax payments by apartment residents...

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The ‘Incredible’ Flow of Capital into Multifamily is Expected to Increase in 2020

By Jon Banister, Bisnow

The U.S. multifamily sector has emerged as a top investor target during this cycle, and despite concerns of a looming recession, industry leaders expect the flow of investment to only increase next year.

Top capital markets executives, speaking Wednesday at Bisnow’s Multifamily Annual Conference New England, said they expect equity and debt flow into the sector to continue to rise. They said they see institutional investors allocating more money toward multifamily, banks aggressively competing to provide loans for apartment and condo projects, and Fannie Mae and Freddie Mac beginning a new spending cycle next week with a combined \$200B budget.

All of this competition to provide equity and debt for multifamily projects has narrowed the yields on these deals, but with uncertainty in other sectors of the economy, experts believe investors will be happy to accept slightly lower returns.

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WASHINGTON MULTIFAMILY NEWS

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Seattle-Area Apartment Market in Equilibrium for First Time in Years

By Marc Stiles, Puget Sound Business Journal

The rate of apartment rent growth across the four-county metro Puget Sound region area is neither super high or super low, and the vacancy rate is similarly on an even keel.

That's according to Seattle company Commercial Analytics' report, which found that the vacancy rate in March was 2.75 percent while rents grew by 2.28 percent over the preceding six months. During the height of the boom rents were much lower and rent growth was off the charts.

"The market is fundamentally in equilibrium. I haven't seen that since the crash," said appraiser Brian O'Connor of O'Connor Consulting Group, a Commercial Analytics co-founder. "It's like we are in this Goldilocks moment."

The results varied by county, with rent growth ranging from 1.6 percent in Snohomish, for all sizes of apartments. One bedrooms there rented for an average of \$1,379. Overall rents rose 8 percent in Kitsap, where the average rent for one bedrooms was \$1,336.

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Real-Estate Seers Expect a Strong 2020 in Seattle, Though Not so Much for Housing

By Jon Talton, The Seattle Times

Every year, the Urban Land Institute and the consultancy PwC publish their Emerging Trends in Real Estate report. Seattle is back in the top 10 for next year.

The value of the report is the big-picture view, especially for investors and developers. It doesn't drill deep into the future of residential real estate — what might happen with home prices or rents. But real estate is a major part of the economy. More than 133,000 were employed in construction in Seattle-Tacoma-Bellevue as of July; and that's not counting others who work in real-estate related professional services.

For 2020, Seattle (measuring Seattle-Bellevue) ranks No. 10 in overall prospects, with Austin, Texas, first.

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Report: Amazon's Rapid Expansion in Bellevue Could Reach 4.8M Square Feet and Power 'Spectacular' Growth for Seattle Suburb

By Nat Levy, Geek Wire

Amazon spent most of the last decade gobbling up every available piece of real estate in Seattle, helping power a building boom in the city. But with signs pointing to Amazon cooling on its hometown, a new report lays out how the tech giant's expansion in nearby Bellevue could galvanize a level of growth over the next couple years that took decades to achieve in the past.

Just two years after opening its first office in Bellevue, Amazon has leased three additional office projects, and it is planning to build a tower — or two — on a high-profile site it bought earlier this year. Combined, those sites could total nearly 2.9 million square feet for Amazon, per the report...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Pines at Canyon Station	9/30/2019	9626 252nd Street South, Kent, WA	168	1980	\$34,430,000	Latigo Management
Silverdale Ridge	9/18/2019	1501 NW Ambercrest Way, Silverdale, WA	116	2008	\$31,530,000	JRK Property Holdings
The Villas at Kennedy Creek	9/16/2019	1978 Trosper Road SW, Tumwater, WA	118	2008	\$28,750,000	Security Properties

OREGON MULTIFAMILY NEWS

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Can Prosper Portland Deliver on the Redevelopment of the U.S. Post Office Site?

By Jon Bell, Portland Business Journal

The vision was ambitious: 1.5 million square feet of Class A office space, 2,200 housing units, 200,000 square feet of retail, 200 hotel rooms and more than 10 acres of public parks and green space, all of it spread across 33 acres of riverfront property in Portland's South Waterfront owned by the Zidell family.

It would have been one of the biggest transformations to the cityscape since the Pearl District or the first phase of South Waterfront, one that would have fully turned the neighborhood away from its industrial past and positioned it for a more urban future.

It was a prospect so promising that the Zidell family, who had been building barges on that 33-acre property for more than five decades, decided in 2016 that it was time to beach the barge business and shift to developing the site.

An initial agreement with the city's economic development agency, Prosper Portland — then known as the Portland Development Commission — was set to pump nearly \$24 million into the area to help kickstart development... Continue reading [here](#)

Most Oregon Rent Increases Capped at 9.9% in 2020

By Elliot Njus, Oregon Live

Rent increases will be capped at 9.9% through 2020, the first full year Oregon's new rent control law will be in effect, state economists announced Wednesday.

The Oregon Legislature this year passed Senate Bill 608, which imposed the nation's first statewide rent control policy. The law caps rent increases at 7% plus the rate of inflation for the urban West. For 2019, that number came to 10.3%.

Not all rentals are subject to the policy. The rent cap doesn't apply to buildings that are less than 15 years old — an attempt to avoid a damper on housing construction — nor to government-subsidized rents. Landlords may raise rent without any cap if tenants leave of their own accord.

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Portland Rents Continue Upward Trend for Third Straight Month

By Jon Bell, Portland Business Journal

Portland rents rose again in September and continued the upward trend seen for the past three months, according to the September report from Apartment List. The last decline was in June.

Median rents in Portland stand at \$1,142 for a one-bedroom apartment and \$1,347 for a two-bedroom, according to the report.

Despite the recent months' increases, overall Portland's year-over-year rent growth lags the state average of 1.1 percent, as well as the national average of 1.4 percent.

Lately, Beaverton has seen the fastest rising rents in the metro area, with a year-over-year increase of almost 4%.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Slabtown Flats	9/26/2019	1950 NW Raleigh St, Portland, OR	88	2018	\$35,000,000	Giustina Resources
Bel-Aire Court	9/17/2019	12020 SW Why Worry Lane, Beaverton, OR	68	1961	\$12,950,000	Pendo Investments
Edgewater at the Cove	8/29/2019	1937 Main St, Oregon City, OR	244	2018	\$69,000,000	LivCor