

○ November | ○ 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 Rents Rise as Vacancy Tightens

By Greg Isaacson, Multi-Housing News

Walker & Dunlop sees a healthy apartment market in the U.S., with demand in the first half of 2019 just below the record level attained in 2018, vacancy tightening and rents grinding upward. Effective rents for institutional properties grew by 3.3 percent year-over-year in the second quarter, up 1.6 percent over the previous quarter, as low unemployment rates and ongoing job growth fueled healthy absorption.

The vacancy rate declined by 20 basis points year-over-year to 5.8 percent, even as apartment stock continues to expand by 2 percent a year, according to a new report by the commercial real estate finance firm. More than 4,400 buildings providing 797,000 units are currently under construction, up by 0.8 percent from the same period last year. Favorable demand fundamentals are expected to offset the active pace of development.

Multifamily sales remain strong, with acquisition volume surging 18.5 percent year-on-year to \$43.2 billion in the second quarter and the trailing fourth-quarter volume rising 13.3 percent year-on-year to \$183 billion. The average cap rate remained relatively unchanged from the past three years at 5.5 percent.

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### Rising Rent Control Leading to Falling Development and Investment

By Journal Staff, MultiHousing Pro

An increasing number of jurisdictions recently have imposed rent control or are seriously considering doing so, leading many market participants to reconsider their investment decisions, according to the NMHC's Quarterly Survey of Apartment Market Conditions, conducted in October 2019. Rent control legislation is continuing to expand with 58 percent of respondents saying that they operate in jurisdictions that have either recently imposed rent control or are seriously considering doing so. Of respondents who operate in these markets, over one-third (34 percent) have already cut back on investment or development, up from 20 percent last quarter, while an additional forty-nine percent are considering doing so going forward.

While rent control has led to increased concerns, the survey found that national market conditions remain strong as the Market Tightness (54), Equity Financing (55), and Debt Financing (75) indexes all came in above the breakeven level (50). The Sales Volume Index (46) indicated a continued softness in property sales.

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# WASHINGTON MULTIFAMILY NEWS

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## As Seattle Grows at a Scorching Pace, Affordable Housing Remains Out of Reach

By Shawna De La Rosa, Bisnow Seattle

Despite increasing construction costs, higher land prices and vast land entitlement waiting periods, Seattle continues its commercial real estate boom, with few signs of slowing down. But one perennial sore spot remains: the region's ongoing struggle to provide enough affordable housing.

Though panelists at Bisnow's State of the Market event last week were bullish about Seattle's economy, they acknowledged that an affordable housing crisis looms over the city like an ominously, and that it is a problem with no easy fix.

Developers feel like they are always under attack when they are trying to build workforce housing, barrientosRYAN's co-owner Maria Barrientos said.

"You have all these silos in the city where people are trying their best to make things better, without any thought to the fact that they are adding millions to the cost of development," she said. "We need to be forward-thinking and create more middle income housing."

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## Seattle Rents Continue Upward for 9th Straight Month

By The Editors, Rental Housing Journal

Seattle rents increased again in September, marking the ninth straight month that the city has seen rent increases after a decline in December of last year, according to the September report from Apartment List.

Over the past month, Seattle rents have increased 0.2 percent, and have increased slightly by 1.4 percent in comparison to the same time last year.

Currently, median rents in Seattle stand at \$1,364 for a one-bedroom apartment and \$1,698 for a two-bedroom. Seattle's year-over-year rent growth lags the state average of 1.7 percent, but is in line with the national average of 1.4 percent. Continue reading [here](#)

## ST Breaks Ground on \$1.5B Redmond Link Extension

By Journal Staff, DJC Seattle

Sound Transit on Wednesday marked the start of construction of the 3.4-mile Downtown Redmond Link Extension with a groundbreaking ceremony. The project will extend light rail 3.4 miles from the existing Redmond Technology Station to downtown Redmond.

"Today we celebrate a milestone in creating a world-class transportation system that will link communities across three counties," said King County Executive Dow Constantine in a news release. "Not only will Redmond, Marymoor Park and Microsoft be accessible by high-capacity rail, but Sound Transit's community investments will help deliver long-needed connections between regional bike trails, making it even easier to get around without a car."

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Vue Issaquah	10/31/2019	906 NE Lilac Street, Issaquah, WA	298	2015	\$124,776,500	Pacific Urban Residential
Golden Given Estates	10/30/2019	1023 74th Street East, Tacoma, WA	65	1987	\$8,343,500	Private Investor
Stanford Arms	10/17/2019	2325 10th Ave East, Seattle, WA	20	1929	\$6,396,500	Base Properties

# OREGON MULTIFAMILY NEWS

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## Portland Rents Declined After Three Months of Increases

By The Editors, Rental Housing Journal

After three straight months of increases, Portland rents declined slightly in October, declining 0.8 percent over the past month, according to Apartment List.

Currently, median rents in Portland are \$1,133 for a one-bedroom apartment and \$1,337 for a two-bedroom.

Portland proper has the least expensive rents in the metro area and Portland's year-over-year rent growth is essentially flat and lags the state and national averages, which both stand at 1.4 percent.

### Rents rising across the Portland metro

While rents have remained flat in the city of Portland proper, cities across the metro have seen a different trend.

Rents have risen in nine of the largest 10 cities in the Portland metro for which Apartment List has data. Here's a look at how rents compare across some of the largest cities in the metro.

- Hillsboro has the most expensive rents in the Portland metro, with a two-bedroom median of \$2,098; the city has also seen rent growth of 3.7 percent over the past year, the fastest in the metro.

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## New Affordable Housing High Rise is Portland's Largest in 50 Years

By Christina Williams, Portland Business Journal

With a party on Thursday, Portland welcomes the largest new affordable housing building to open in the city since 1969.

The 240-unit Louisa Flowers is welcoming new residents who make 60 percent or less of Portland's median income and are moving into 88 studios, 109 one-bedroom units and 43 two-bedroom apartments on Grand Avenue in the transit-connected Lloyd District.

Though far from meeting Portland's gaping need for affordable housing, the Louisa Flowers, named for the matriarch of the first African-American family to settle in Portland, is a notable addition to the portfolio of the region's housing authority, Home Forward.

Continue reading [here](#)

## Planned 24-Story Downtown Building Nets Investment from Opportunity Zone Fund

By Christopher Bjorke, Portland Business Journal

A \$325 million fund has announced an investment in an opportunity zone project in downtown Portland.

Cresset Capital chose the Eleven West project, planned for 1116 S.W. Washington St., as one of three projects it will fund, according to a news release Tuesday.

The building is a project by Downtown Development Group and Gerding Edlin and would have 24 stories with 222 apartments, 116,000 square feet of office space and 7,900 square feet of retail, according to Cresset's website.

Continue reading [here](#)

### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
The Rise Old Town	10/21/2019	4545 SW Angel Ave, Beaverton, OR	87	2017	\$23,230,000	Madison Park Financial
Bridge Creek	10/15/2019	29697 SW Rose Lane, Wilsonville, OR	315	1981	\$55,630,000	TruAmerica
Bel Aire Apartments	9/17/2019	12145 SW Why Worry Lane, Beaverton, OR	68	1961	\$12,950,000	Pendo Investments