

o December | o 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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### Record-Breaker for Multifamily Sales Volume

By Bendix Anderson, Multi-Housing Pro

In the first nine months of 2019, multifamily sales volume has been higher than during any other comparable period in the past 10 years.

Despite concerns about potentially slowing economic growth and new rent control laws around the country, investors continue to go after apartment properties.

The volume of U.S. multifamily acquisitions in the first nine months of 2019 was higher than during any other comparable period since this expansion cycle began a decade ago. In fact, this year might set a record for multifamily sales volume, says Alexis Maltin, manager of analytics with New York City-based research firm Real Capital Analytics (RCA). Investors spent \$130.6 billion on multifamily acquisitions in the first three quarters of 2019, according to RCA.

Investors continue to be drawn to multifamily properties because of strong demand that has kept rents growing and occupancy levels well above 90 percent.

“From a fundamentals demand perspective... there is still a lot of race left in the apartment markets,” says Chicago-based Brian McAuliffe, president of CBRE Capital Markets.

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### Five 2020 Trends to Consider in Multifamily Investment

By Mike Aiken, Multifamily Executive

Cautious optimism is the proverbial tone many multifamily investors are taking as the start of a new decade is only a few weeks away. The whispers of a slowing economy have turned to a dull roar, but according to recent IMF reports, the U.S. economy is expected to steadily grow 2.1% over the next year. As economic pessimism lifts the outlook looks rosier for multifamily investment with continuing job growth. Without indication of a significant downturn, steady pace and predictability will be key performance indicators for multifamily investment as the balance of supply and demand level off and favorable financing conditions continue with the government-sponsored enterprises. Here are five trends to watch with the start of a new decade.

#### 1. Most Compelling Commercial Asset

Considered an oasis of lower volatility investing and a safe haven for market unpredictability, multifamily remains the most reliable bet for commercial investors. Relative to other commercial investing options, the macro demand trends for multifamily are comparatively strong moving into 2020. Coupled with liquidity, a steady stream of diversified renters on short-term leases, and lower capital costs required for upkeep, multifamily means less turbulence in a potentially stormy investment...

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# WASHINGTON MULTIFAMILY NEWS

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## Seattle Ranks as One of the ‘Top Boomtowns’ in the Country Among Large Cities

By Bill Conroy, Seattle Business

A ranking of “boomtowns” in the United States based on factors such as population, economic and business-establishment growth puts Seattle at No. 11, behind primarily smaller cities with populations under 1 million, with the exception of Miami and Denver.

The study by personal-finance platform SmartAsset assessed some 500 cities nationwide using the most recent data available across seven metrics designed to measure employment, economic, business and housing and income growth.

Seattle registered an impressive 11.46% growth in population over the five years ending in 2018; average annual gross domestic product (GDP) growth of 3.41% between 2013-2017; a 6.64% jump in the number of business establishments from 2012 through 2016; and, despite a continuing housing shortage, the city recorded an 11.12% increase in the number of housing units from 2014 through 2018.

“Boomtowns, characterized by prosperity and robust development, are often desirable places to put down roots and take out a mortgage,” the SmartAsset Study states. “Economic growth provides employment opportunities and draws new residents.”

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## Seattle Apartment Projects Have Been Getting Taller

By Journal Staff, DJC Seattle

Your eyes aren't deceiving you: There are a lot more high-rise apartments getting built now in Seattle than in previous decades.

RENTCafe.com said 34 high-rise buildings with primarily apartments were completed in Seattle from 1990 to 2018, with the tallest being Stratus, at 43 floors.

The nationwide apartment search website said 26 of those high-rises were completed in the 2010s while only three were delivered in the 1990s.

The information is part of an analysis RENTCafe.com did on apartment development in the 30 largest cities in the United States. It looked at multifamily buildings with at least 50 apartments, some of which might have a few...

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## Setback in Seattle

By Bill Johnson, Multi-Housing Pro

The Washington State Supreme Court has ruled in favor of the City of Seattle and against property owners who challenged two laws intended to address unconscious bias on the part of landlords. The laws were the First in Time law, requiring landlords to rent a property to the first qualified applicant, and the Fair Chance Housing Ordinance, prohibiting landlords from looking into the criminal backgrounds of potential tenants. The court's actions overturn lower court rulings in favor of the landlords.

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
*Rylee Ann Apartments*	12/17/2019	339 9th Street NE, East Wenatchee, WA	105	2015	\$20,900,000	Private Investor
Sutter's Square	12/5/2019	12221 Airport Road, Everett, WA	94	1989	\$21,105,000	Village Properties
Delridge Crossing	11/19/2019	2425 SW Webster Street, Seattle, WA	75	1988	\$18,825,000	Raymond Capital Advisors

**\*Summerfield Commercial Brokered This Transaction\***

# OREGON MULTIFAMILY NEWS

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## New laws, New Defenses for Tenants - Staying Ahead of the Curve

By Brad Kraus, Rental Housing Journal

The 2019 legislative session brought several tough changes for Portland and Oregon landlords. From rent control to the nearly complete obliteration of no-cause rights, these new laws brought challenges for landlords and decisions related to their property. The new laws also present new causes of action and/or defenses for tenants, often with punitive consequences for landlords who make the slightest misstep. While SB 608 received much of the attention of the past session, not much attention has been paid to HB 2530, scheduled to take effect on January 1, 2020. This new law provides further defenses for tenants related to notices of termination under the Oregon Residential Landlord and Tenant Act (ORLTA) and eviction actions.

HB 2530 amends ORS 105.113, one of the statutes related to eviction actions. It also adds to the ORLTA, although it is unclear on where it will be placed in Chapter 90. The important piece of HB 2530 is that it will require landlords to include with any notice of termination certain information related to veterans assistance.

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## Portland Multifamily Report - Fall 2019

By Adina Marcut, Multi-Housing News

Job gains continued to top national averages and the metro's education and health services sector led growth in the 12 months ending in July (6,000 jobs), followed by leisure and hospitality (5,300 jobs). Meanwhile, Adidas is doubling its footprint in the metro by expanding its headquarters with the construction of a 400,000-square-foot extension set to add some 1,100 new positions to the existing 1,700 jobs.

Despite a shaky start for transactions this year, nearly \$1 billion in multifamily assets traded in the first three quarters of 2019. Although the number of units delivered year-to-date through September decreased compared to last year, Portland still had 8,657 apartments under construction at the end of the third quarter. While the pipeline is slated to remain consistent, employment gains are expected to sustain absorption, keeping rent growth relatively healthy going into 2020.

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## Portland Baseball Group, Port of Portland Extends Talks on Pearl-Area Stadium Site

By Andy Giegerich, Portland Business Journal

...The spot sits between the Willamette River and railroad tracks, which would make access to a waterfront stadium challenging.

PDP envisions a transformational project that could effectively establish a new neighborhood and business district just north of the Fremont Bridge. The group is leading the city's most-organized effort to land a big-league team since MLB steered the Montreal Expos to Washington, D.C. in 2002.

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
George Besaw	11/18/2019	2301 NW Savier Street, Portland, OR	51	2016	\$23,630,000	Kunz Investments
Cascade Ridge	11/8/2019	366 SW M Street, Madras, OR	64	1996	\$5,675,000	Private Investor
Alvista 23	11/4/2019	3181 NE 23rd Street, Gresham, OR	278	1990	\$62,800,000	Phoenix Realty Group