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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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Top 10 CRE Investment Predictions for 2020

By Joseph J. Ori, GlobSt.com

At this moment, 2020 looks well positioned for further growth for commercial real estate, albeit perhaps not as much as the pace seen in the last few years. Following are 10 investment predictions for the year that will help shape this year's growth.

1. Rent Control Will Spread in the US

New rent control laws were enacted in Oregon, California and New York in 2019 and will spread to other states in 2020 and beyond. Look for IL, NJ, MD, VA, MA, MN and other states to adopt new and disastrous rent control laws in the next few years. As discussed in **a prior column**, the US apartment market will evolve into two tiers. The A tier will be states without rent control and pro-real estate policies and the B tier will be the states with rent control and anti-real estate policies. Cap rates will rise 1.0%-1.5% in the tier B states due to the negative effects of rent control.

2. Interest Rates Will Increase

Due to the booming economy, low unemployment and higher inflation expectations, long term interest rates will rise. The 10-Year T-Note which is currently 1.84% will increase to 2.75%-3.0% in 2020.

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Multifamily, Best Bet for Investment in 2020

By Kelsi Maree Borland, GlobeSt.com

Multifamily is the safest investment next year, particularly with rising fears of a recession. The asset class is more protected against downturns than any other asset class, making it a safe investment as the cycle matures.

“Multifamily is definitely more protected against economic downturns than any other type of property,” Nat Kunes, SVP of investment management at AppFolio, tells GlobeSt.com. “A shift in the economy doesn't mean people will forgo homes. They might forgo retail experiences, which may force retailers to close up shop—literally—but people will always need homes. It's as simple as that. Yes, the multifamily market might experience subtle shifts, but those shifts are nothing in comparison to the impact felt by investors in other property types.”

Kunes is continually bullish on the apartment market, largely because the asset class has proven to be a strong performer during a downturn. “Multifamily is a safe bet in the real estate investment ecosystem because, historically, it's always been an in-demand asset class,” he says. “Unlike retail property, the value of which might shift dramatically depending on larger, economic factors, multifamily is...”

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WASHINGTON MULTIFAMILY NEWS

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The Scores are in, and Greater Seattle is Officially the Fastest-Growing Major Metro in the Nation

By Bill Conroy, Seattle Business

Seattle tops all metro areas of more than 2 million people nationally in a measure of its economic dynamism and now ranks as the fastest-growing major metro in the nation, according to an analysis just released by Greater Seattle Partners.

The greater Seattle area's economy expanded by \$23 billion in 2018, compared with the prior year, representing a 6.9% growth rate. That means the region's economy expanded 2.3 times faster than the national average over the period, as measured by gross domestic product, or GDP.

The Greater Seattle Partners report is based on an analysis of recently released GDP figures from the federal Bureau of Economic Analysis (BEA).

"Innovation and talent drive growth," says Brian P. McGowan, chief executive officer of Greater Seattle Partners (GSP), a public/private economic-development group seeking to advance growth in the Puget Sound region. "We are overtaking places with far greater populations because our workers and our businesses are some of the most creative and productive in the world."

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\$331M OK'd for housing in Washington

By Journal Staff, DJC Seattle

The Washington State Housing Finance Commission this month and last approved more than \$331 million in financing that it said will build or renovate and preserve more than 1,000 apartments affordable to people with lower incomes in the state.

The projects are financed by federal housing tax credits, combined with tax-exempt bonds or notes and sometimes taxable bonds. Developers can raise capital for apartment construction or rehabilitation by selling the tax credits to investors. In exchange, the investors offset their corporate income taxes and gain equity in the project.

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East Wenatchee Apartments Sell for \$20.9M

By Shawna De La Rosa, Bisnow Seattle

The Rylee Ann Apartments in East Wenatchee was recently sold to a partnership between Richland Spoerl Apartments LLC and Richland Armstrong Apartments LLC for \$20.9M.

The 105-unit site sold at a 5.4% cap rate.

The property is located at 229 Ninth St. NE in East Wenatchee. Rylee Ann LLC was the seller. Ryan Kidwell and Robert Parmar of Summerfield Commercial were the brokers.

The building is a garden-style apartment development with 93 two-bedroom and 12 three-bedroom units with an average size of 1,153 SF. The units include stainless steel appliances, granite counters, balconies and patios...

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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	2015/2016	\$20,900,000	Private Investor
Village Vista & Village East	12/23/2019	928 North 200th Street, Shoreline, WA	36	1966/1970	\$5,675,000	Living Bode
Brookhaven Apartments	12/26/2019	1651 South 308th Street, Federal Way, WA	72	1989	\$16,000,000	Woodspear Properties

Summerfield Commercial Brokered These Transactions

OREGON MULTIFAMILY NEWS

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Economic Trends of the 2010s

By Josh Lehner, Oregon.gov

Economically, the 2010s were a disappointment. Now, the U.S. economy went the full 10 years without a recession, a first in history. However we began the decade at the bottom of the worst recession in a long time. As such much of the decade was about regaining the lost ground. That means we spent most of the decade below potential, with a slack labor market and the like. It is true that today's economy is strong, and that should be celebrated. Rarely has Oregon seen better economic conditions than we do today. However today's strength alone does not negate nearly a decade, actually nearly two decades of general weakness. That's why, when taken as a whole, the 2010s were an economic disappointment.

Beyond the general business cycle fluctuations of starting off the decade in bad shape and ending it in good shape, three trends stand out. I'm submitting these as my Graphs of the Decade to best understand the economy of the 2010s.

First, household incomes are setting new record highs on an inflation-adjusted basis. This is not just about recovering the losses from the Great Recession. Rather the importance is putting Oregon's income gains in perspective relative to the nation and relative to recent history.

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Homes in Multnomah County are More Affordable, but Still Out of Reach for Average Resident

By Christopher Bjorke

Multnomah County was one of the 117 counties in the country where wage growth outpaced housing prices last quarter, according to a recent study. But homes here are still less affordable than historic averages and higher than most can afford.

Attom Data Solutions compared home prices and wages in 486 counties in the U.S. and found that in 344 of them homes were unaffordable for average earners.

That calculation is based on what potential buyers would have to earn to afford mortgage payments, taxes and insurance on a home and keep housing costs under 28 percent of income.

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Portland Rents Continue Decline for 3rd Month

By Journal Staff, Rental Housing Journal

Portland rents have declined 0.5 percent over the past month, but have been relatively flat at 0.4 percent in comparison to the same time last year. Median rents now are \$1,122 for a one-bedroom apartment and \$1,324 for a two-bedroom in Portland.

While rents have remained steady in the city of Portland throughout the past year, 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.

Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Pallas Apartments	12/19/2019	14825 SW Millikan Way, Beaverton, OR	554	1999	\$186,000,000	MG Properties
Green Leaf Riverwalk	12/19/2019	470 Alexander Loop, Eugene, OR	274	2014	\$67,000,000	Kennedy Wilson
ArtHouse Apartments	12/17/2019	33 NW Park Ave, Portland, OR	50	2013	\$20,200,000	PTLA Real Estate Group