

○ February | ○ 2020

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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Fannie Mae: 2020 Multifamily Forecast Bright

By Gail Kalinoski, Commercial Property Executive

Driven in part by consumer spending, job growth and low interest rates, the 2020 outlook for the multifamily sector remains positive, according to Fannie Mae researchers.

Fannie Mae notes that as long as job growth holds up, multifamily is expected to remain a favored asset class for commercial real estate investors in 2020, leading to possible further cap rate compression, increased sales and higher origination levels. Commentary provided in the *2020 Multifamily Market Outlook* report notes the Mortgage Bankers' Association is projecting multifamily originations volume may reach \$395 billion in 2020, up from \$364 billion in 2019.

Doug Duncan, Fannie Mae's senior vice president & chief economist, said in a prepared statement Fannie Mae expects consumer demand will re-establish housing construction as a significant contributor to economic growth this year. Despite simmering geopolitical tensions, trade concerns and other issues, Fannie Mae is forecasting full-year 2020 economic growth at 2.1 percent and upgraded full-year 2019 real GDP growth to 2.4 percent due to an unexpectedly strong contribution from net exports. It also expects the Federal Reserve will not raise interest rates this year. Fannie Mae's Economic and Strategic Research group believes in its forecast so strongly it stated Fannie Mae's economic theme for 2020 is: *A resilient economy overcomes risks to drive housing.*

Continue reading [here](#)

MBA Predicts Slow Economy, Stable Rates

By Therese Fitzgerald, Multi-Housing News

This will be a year of slow GDP growth (roughly 1.2 percent) and interest rates will stay in pretty tight range of where they are today. That was the big economic picture offered by the Mortgage Bankers Association CREF/Multifamily Housing Convention & Expo 2020 conference in San Diego.

According to Michael Frantantoni, MBA's chief economist, the projected slowdown (GDP last year was 2.2 percent) is not surprising for an economy that has been so robust for so long. But there are so many more uncertainties this year.

"We're starting from a remarkable place—the longest economic expansion on record," said Frantantoni. *"Economists are fond of saying expansions don't die of old age, but we're certainly at a place now where people are getting a little bit nervous. The last couple of years at this conference we were talking about which inning we were in. This is extra innings by far."*

Domestically, job demand and overtime hours have dropped and there is a leveling of wage growth. Internationally, there is the global manufacturing recession, the recent flareup in tensions with...

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WASHINGTON MULTIFAMILY NEWS

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Downtown Seattle is Experiencing Explosive Economic Growth, Data Shows

By Bill Conroy, Seattle Business

Seattle is in the midst of a boom period not seen since the turn of the 20th century, when the city's population mushroomed from 42,000 residents in 1890 to 250,000 by 1910, and its being driven, in large measure, by the pace of investment and growth in downtown.

That's according to Jon Scholes, head of the Downtown Seattle Association (DSA), who spoke to a packed house at the DSA's annual State of Downtown luncheon event held recently at the Hyatt Recency Seattle.

"Forty percent of the office space downtown and 58% of the residential units [downtown] have been created in the last two decades," Scholes said. "Over the past decade, employment downtown is up 52%. Seattle is one of the five cities in the country that together account for 90% of the tech jobs created over the last 12 years."

Despite all that good news on the growth front, Scholes points out that downtown also confronts challenges with affordability, transportation mobility and the quality of "our public realm," referring, in part, to the rising crime rate in parts of downtown. He said crime is up 30 percent in the last three years in the downtown area bordered by the freeway, Olive Way and Yesler Way and extending down to the waterfront.

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Spokane Housing Market Still Strong

By Journal Staff, DJC Seattle

The housing market in Spokane County continues to be brisk, with a lack of available homes for sale and the median closing price approaching \$275,000.

The Spokesman-Review reports the median closing price for a home in Spokane County increased 16.3% in January to \$273,418. That's compared with \$235,000 in January 2019.

The Spokane Association of Realtors says it is likely more homes sold in the \$300,000 to \$500,000 range, thereby contributing to the area's increase in median home price.

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While Region's Median Home Prices Rose Last Year, King County's Took a Dip - But it Won't Last

By Katherine Khashimova Long, Seattle Times

Western Washington home sales started slow in 2019 and ended with far too few homes on the market to sate stepped-up demand, with South Puget Sound seeing particularly fast-paced activity.

The median price for a home last year across the 23 Western Washington counties that submit home-sales data to the Northwest Multiple Listing Service (NWMLS) was \$435,000, up 6.1% from 2018.

The only major county where prices fell was King County, which saw an infinitesimal 0.7% decrease from the previous year's all-time high, to \$675,000.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Sunset View Apartments	1/13/2020	2101 SW Sunset Blvd, Renton, WA	240	1970	\$49,678,000	Turner Impact Capital
Silver Shadow Apartments	12/27/2019	27606 Pacific Hwy South, Federal Way, WA	132	1986	\$25,660,400	Shelter Resources Inc.
Westview Gardens	12/23/2019	531 South 38th Ave, West Richland, WA	95	1977	\$7,520,925	Private Investor

OREGON MULTIFAMILY NEWS

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Portland's Hipster Vibe Continues to Reel in Tech Types

By Lisa Brown, GlobeSt.com

Portland has come and grown a long way in the last 10 years. The previous decade began in a deep recession and ended with a booming economy. Along the way, the region has been labeled with many bests: economy, place to start a business, food city, commuting city, airport, etc.

For these reasons, the Portland metro is widely revered as a desirable play to live, work and play, according to Cushman & Wakefield's Changing Skyline, which covers development trends and the impact of Portland's commercial real estate sector during the past decade.

"Everywhere you look, it seems there is something new and exciting happening, whether a new project, a new restaurant, another tech startup or simply a new neighbor," said Samuel Hatcher, research analyst at Cushman & Wakefield's Portland office. "Whole new areas of town have been radically transformed over the last decade such as Slabtown, North Williams, Division Street and the Close-In Eastside."

In total, more than 85 million square feet of new commercial development has been delivered to the market in the last 10 years to meet the area's growing population and changing demographics, according to the report.

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Portland Rents Hold Steady in January Stopping Slide Over Last 3 Months

By Christopher Bjorke

Portland's year-over-year rent growth lags the state average of 1.2 percent, as well as the national average of 1.6 percent. After the last increase in September, Portland rents had declined for three months in a row until steadying in January.

Currently, median rents in Portland are \$1,122 for a one-bedroom apartment and \$1,324 for a two-bedroom.

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 8 of the largest 10 cities in the Portland metro for which Apartment List has data.

Continue reading [here](#)

Portland's New F.A.I.R Housing Ordinance

By Journal Staff, Rental Housing Journal

The City Council of Portland is now slated to pass its "Fair Access in Renting" (FAIR.) Act to become law on March 1, 2020. However, Portland landlords should instead understand this new ordinance to read as: "Forcibly Accepting Increased Risk".

This new statute restricts and governs:

1. How tenant screening must be conducted, as well as how vacancies must be advertised and filled, and
2. How much landlords can collect for tenant security deposits and how those funds must be allocated towards damages upon termination, as well as new mandates on handling termination notices (including 72-hour late notifications).

Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Hollycrest Apartments	2/5/2020	700 SW Eastman Parkway, Gresham, OR	100	1992	\$16,500,000	Vista Investment Group
The Terraces	1/18/2020	19000 NW Evergreen Parkway, Hillsboro, OR	373	1986	\$99,025,000	Bridge Investment Group
Barberry Village	1/9/2020	224 SE 188th Ave, Portland, OR	180	1974	\$21,500,000	Cooper Street Capital