

o March | o 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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#### Is The Multifamily Asset Class Immune to Economic Shifts?

By Pat Jackson, National Real Estate Investor

Most agree the real estate recovery post-recession has been lengthy and that multifamily has performed well across all stages of our current, mature cycle. At various points in time over the last decade, the other commercial real estate classes haven't all fared as well as apartments, however.

This begs the question. Are apartments counter-cyclical and immune to economic shifts that negatively impact other types of real estate? Will multifamily maintain its position as the darling of the industry?

When examining this past decade, it does appear that demand for rental housing is impervious to economic downturns and other key real estate variables. The fact is that workers always need housing.

Additionally, current trends support constant demand for multifamily units. While older millennials are entering the for-sale marketplace, younger millennials are entering rentals. And on the opposite generational spectrum, many boomers are downsizing their abodes. While some are, in fact, opting to purchase smaller homes, many are exiting homes altogether and re-entering rental units.

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#### Recession Forecasts Grow Amid Coronavirus Uncertainty

By Erika Morphy, GlobeSt.com

Last week the Labor Department announced that the US economy added 273,000 jobs in February—a number that surpassed the 175,000 jobs economists surveyed by Dow Jones had expected. Ordinarily the report would have been met with satisfaction from the business community, a sign that the long-standing economic expansion was continuing. But these are no ordinary days. Economic activity in February provides little insight into how the economy will progress in the near-term amid the uncertainty of the coronavirus. The stock market met the news with indifference on Friday, continuing its week-long rout.

Instead, talk is growing that chances for a recession in the near-term are increasing. Oxford Economics, for example, is now predicting a 35% chance of a recession occurring in the US this year, up from an estimate of 25% it made in early January, according to a *Reuters* report.

Another indication came from Pacific Investment Management Co (PIMCO), which told clients on Sunday the coronavirus outbreak is likely to cause a technical recession, or two consecutive quarters of negative growth, in the US and the euro zone during the first half of 2020, according to another *Reuters* report.

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# WASHINGTON MULTIFAMILY NEWS

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## DSA: Construction In Downtown Seattle Slowed a Bit in 2019, But Pipeline is Big

By Journal Staff, DJC Seattle

The past decade in downtown Seattle was remarkable in development circles — 286 buildings, 4,050 hotel rooms, 17.5 million square feet of office space and 27,209 residential units were built.

That was the takeaway from the Downtown Seattle Association's annual Development Guide released Monday. The 13-page report looks at downtown development activity and construction trends through 2019.

While construction downtown in the decade coming out of the Great Recession was unusually strong, it slowed a bit last year, according to the report. Still, key sectors such as residential, office and hotel were above their historic averages, with a record 4.5 million square feet of office space finished last year and another 4.5 million square feet expected this year and next.

The report says the new office space is supported by 112,000 jobs that were added downtown during the decade.

Those new workers have been driving demand for apartments and condominiums: from a low of 202 units finished in 2011 to a peak of 5,723 units finished in 2017. Last year saw 3,263 units completed and this year will add 3,833. Another record could hit in 2021, when 6,115 units are projected for completion.

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## Spokane Among Four Metro Areas Primed for Growth in Next Decade, According to Redfin

By Amy Edelen, Seattle Time

Spokane is among four metro areas “primed for growth” in the next decade, according to a Seattle-based real-estate brokerage.

Spokane; Las Vegas; Charlotte, North Carolina; and Orlando, Florida, will be the most attractive metros for homebuyers in the next decade because of affordability of land for new construction, according to the recent report from Redfin.

Spokane’s land and homebuilding cost will continue to attract out-of-area homebuyers looking to escape rising home prices in more expensive coastal cities, according to the report.

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## Port of Seattle Investing \$9.5B in Sea-Tac, Marine Terminals Over Next Decade

By Shawna De La Rosa, Bisnow

In what is being called a “once-in-a-generation investment,” the Port of Seattle will spend \$9.5B to make capital improvements at the Seattle-Tacoma International Airport and its marine terminal facilities over the next decade.

“This is a testament to the growth of the region,” Port of Seattle Managing Director of Economic Development David McFadden said. McFadden will be one of the panelists at Bisnow’s Seattle Construction & Development event March 31.

The growth is staggering. Seattle’s population grew by 136,000 people since 2010, a 22% increase in a...

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Aventine Apartments	2/6/2020	211 112th Ave NE, Bellevue, WA	68	2008	\$28,814,500	Stream Real Estate
Sunset View Apartments	1/13/2020	2101 SW Sunset Blvd, Renton, WA	240	1970	\$49,678,000	Turner Impact Capital
Selkirk Lodge	12/19/2019	9295 Coursier Lane, Spokane, WA	96	2005	\$14,726,000	American Capital Realty Group

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## While Portland Changes, Its Vibe Remains a Constant

By Lisa Brown, GlobeSt.com

To be sure, there are shifts taking place in this market across most property types. For the first time in a long while, new industrial supply has outpaced demand. Moreover, new office development in the central business district has caused vacancy to increase from 10.2% two years ago to 11.8% as of fourth quarter 2019, according to a report by Cushman & Wakefield.

On the flip side, inclusionary housing along with state and local new housing policies have slowed down interest in multifamily development. And, albeit relatively stable, retail continues to face pressure from e-commerce.

But for now, the building boom continues in the Rose City.

“Using the popular baseball analogy, people used to ask, ‘what inning are we in?’ to gauge how much time was left in this real estate cycle. No one really asks that anymore, as it just keeps going and going,” says Jim Lewis, senior director of capital markets at Cushman & Wakefield. “We are a far cry from 2010 when there was a lone crane in the downtown skyline casting shadows over Pioneer Square. That project, Park Avenue West, eventually kicked off construction in 2013 and was completed in 2016. Fast forward to today, there are... Continue reading [here](#)

## Life In The O-Zone

By Jonathan Bach, Portland Business Journal

Two years after federal opportunity zones went live, it’s unclear whether the zones have been a meaningful catalyst for development in economically disadvantaged communities. That uncertainty has fed criticism that the program is more tax break than economic development stimulus, in large part because some zones are located in wealthier neighborhoods.

One of those critics, Oregon Democratic Sen. Ron Wyden, introduced legislation in November that would eliminate hundreds of opportunity zones nationwide, including seven in Oregon, according to the Economic Innovation Group, a Washington, D.C.-based public policy organization. A bill in the House would eliminate the zones all together.

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## Oregon Real Estate Association Sues Portland Over FAIR Housing Rules

By Jonathan Bach, Portland Business Journal

Oregon real estate association Multifamily NW is suing the city of Portland in federal court over the city’s fair-housing ordinances that are supposed to go into effect March 1.

In a lawsuit filed Thursday, Multifamily NW and two landlords — Janet Newcomb and Jerry Mason — ask the court to invalidate the new city rules. The city attorney’s office declined to comment on the pending litigation.

The legal action comes after the Portland City Council in June 2019 passed what are called Fair Access in Renting rules, also known as FAIR. Among other provisions, the rules will require landlords to post 72... Continue reading [here](#)

## Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Hidden Village	2/13/2020	4001 Robin Place, West Linn, OR	98	1987	\$17,755,000	Guardian Real Estate Services
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 Pkwy, Hillsboro, OR	373	1986	\$99,025,000	Bridge Investment Group