

o June | 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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### Nearly 90% of Apartment Households Made Rent Payments by June 13

By Robert Storce, GlobeSt.com

In an effort to gauge the payment of rents nationally during the COVID-19 crisis, the National Multifamily Housing Council launched a tool—the NMHC Rent Payment Tracker—to provide insight into the housing market during these times.

The NMHC reported this week that 89% of apartment households in the country made a full or partial payment by mid-June. The housing council said it surveyed 11.4 million units of apartments in the country.

The 89% number is similar to the percentage of apartment dwellers who paid rent through June 13, 2019 and similar to those that had paid by May 13. The NMHC reports that there was a 0.1% point increase from the previous year and that the percentage rate for those paying through May 13 was at 87.7%.

Doug Bibby, NMHC president, said the rent numbers were good news.

“Once again, it appears that residents of professionally managed apartments were able to largely pay..”

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### U.S. Economic Growth Expectations Largely Unchanged as Lockdown Restrictions Ease

By News Team, Yield Pro

Despite substantial revisions to the components constituting real GDP, headline growth expectations on a quarterly and full-year basis were only slightly changed compared to last month, according to the latest commentary from the Fannie Mae Economic and Strategic Research (ESR) Group. The ESR Group now expects second quarter 2020 real GDP to fall 37.0 percent annualized, compared to the 36.6 percent decline predicted last month, and full-year 2020 GDP of negative 5.4 percent, one-tenth lower than the prior forecast of negative 5.3 percent. Its forecast for full-year 2021 growth, however, improved by one-tenth to 5.3 percent. The revisions to the underlying components reflect expectations that consumer spending and fixed investment will be stronger than previously forecast but largely offset by weaker net exports and business inventories. Risks to the ESR Group’s macroeconomic forecast are largely balanced, with upside risks including an even faster rebound in consumer spending than currently expected, while a sustained resurgence or second wave of COVID-19 following the recent easing of lockdown restrictions remains the greatest downside risk.

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# WASHINGTON MULTIFAMILY NEWS

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## New Data Reveal Extent of Seattle-Area Commercial Real Estate Sales Decline

By Marc Stiles, Puget Sound Business Journal

Like the rest of the economy, the metro Puget Sound region's commercial real estate investment market ground to a near halt with total sales volume tumbling by nearly \$1.6 billion year-over-year in April. It was an 88% drop.

The industrial market was hit the hardest with sales volume down 97%, which is ironic because that sector is expected rebound the fastest. Sales fell from \$658.2 million to just \$21.1 million, according to new data from the Commercial Brokers Association.

Sales of office buildings fell 86% to \$96.8 million, while multifamily experienced a decline of 85% to \$55 million.

Unexpectedly, brick-and-mortar retail, which was struggling the most before Covid-19 due to online shopping, saw the least severe decline, with sales falling 41% to \$37.4 million.

When things will bounce back remains to be seen as uncertainty rules the day. Barring another wave of infections, the investment market could be back in shape by year's end, according to one broker, while another said the pain might last until 2023.

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## Hundreds of Homes Coming to Sites Near Tukwila, Lynnwood Rail Stations

By Marc Stiles, Puget Sound Business Journal

The pace of transit-oriented development in the Puget Sound region is picking up with two large developments, one in SeaTac and the other in Lynnwood, set to start construction and ultimately deliver nearly 825 units of housing.

Both are being developed under the federal opportunity zone program.

The \$175 million SeaTac project is across the street from Tukwila International Boulevard Station. CAP Acquisitions LLC, an affiliate of Spokane-headquartered Inland Group, will start to demolish buildings next week at the site, 12545 International Blvd. S.

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## Inslee Orders Furloughs as Forecast Shows \$9 Billion Drop in Washington's Revenues

By Austin Jenkins, OPB.org

In a move not seen since the Great Recession, Washington Gov. Jay Inslee on Wednesday canceled pay raises for some state employees and ordered furloughs for many more through at least this fall. The move came the same day a new state revenue forecast projected an \$8.8 billion drop in tax collections over the next three years.

"COVID-19 has hit our state hard and our economy has taken a severe hit as a result," Inslee said in a statement announcing the spending reductions. "These are very difficult decisions but they are necessary to address the financial shortfall that we are facing."

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### Recent Transactions

| Apartment                  | Transaction Date | Address  | Units | Built       | Price        | Buyer              |
|----------------------------|------------------|--|-------|-------------|--------------|--------------------|
| Mount Baker Village        | 6/5/2020         | 2900 South McClellan Street, Seattle, WA 98144 | 144   | 1959 / 2018 | \$7,592,000  | Cadence Capital    |
| Borgata Apartments         | 5/15/2020        | 10227 NE 1st Street, Bellevue, WA 98004        | 71    | 2000        | \$49,590,000 | Stream Real Estate |
| Waterscape Juanita Village | 5/4/2020         | 11728 97th Lane NE, Kirkland, WA 98034         | 196   | 2013        | \$92,730,000 | Stream Real Estate |

# OREGON MULTIFAMILY NEWS

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## Portland Multifamily Report - Spring 2020

By Laura Calugar, Multi-Housing News

Portland's multifamily market began 2020 on a high note, backed by a coveted quality of life and relative affordability compared to other coastal metros. However, the coronavirus lockdown has impacted most aspects of the industry. The average Portland rent increased by only 0.1 percent on a trailing three-month basis as of March, and transaction activity has also slowed down.

Portland gained 23,200 jobs in 2019, but despite topping national averages, the COVID-19 crisis that took hold in March has generated historic unemployment numbers. As financial instability continued to rise across the state, 334,000 Oregonians filed for unemployment benefits in a five-week period, according to the Oregon Employment Department. The planned \$2.8 billion light rail project between downtown Portland and Bridgeport Village is on hold. Meanwhile, work on large projects including the Intel expansion and the Hayward Field renovation is moving forward. In mid-April, state authorities introduced a plan to gradually lift restrictions and reopen businesses.

Developers had 8,824 units under construction in Portland as of March and 435 units were completed in the first quarter of 2020, following five years of consistent deliveries. Apartments in lease up stages...  
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## Pandemic Leads to Rent Decline in Portland

By The Editors, Rental Housing Journal

Portland has seen a rent decline of 0.3 percent in the past month as rents in many places have started to dip during the pandemic, according to the latest report from Apartment List.

Other cities nationwide are also feeling the rent decline, such as Seattle by 0.1 percent and Phoenix by 0.2 percent.

"It's important to note that the magnitudes of these rent decreases are all quite modest, but on the other hand, this may just be the beginning of a prolonged trend," said Chris Salviati, Housing Economist at Apartment List.

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## Oregon's New Employment Department Chief Faces Thousands of Unpaid Jobless Claims, Communications Fiasco, Technology Crisis

By Mike Rogoway, Oregon Live

...Gov. Kate Brown fired Kay Erickson, director of the Oregon Employment Department, on Sunday amid revelations that the state has 200,000 unpaid jobless claims on file – but has no idea how much money it really owes, or to whom.

Interim Director David Gerstenfeld, who has been with the department since 2011, takes over an agency that has stumbled repeatedly during the sharpest economic downturn since the Great Recession and has left thousands of Oregonians without income during the heart of the pandemic.

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| Apartment                        | Transaction Date | Address                                      | Units | Built | Price        | Buyer              |
|----------------------------------|------------------|--|-------|-------|--------------|--------------------|
| Westwood Green                   | 5/21/2020        | 10650 SW 121st Ave,<br>Tigard, OR 97223      | 53    | 1977  | \$8,000,000  | McCloud Properties |
| Willamette Gardens<br>Apartments | 5/20/2020        | 3580 Kinsrow Ave,<br>Eugene, OR 97401        | 240   | 2006  | \$20,230,000 | Redwood-Kairos     |
| Bethany West                     | 3/31/2020        | 16107 NW Brugger Road,<br>Portland, OR 97229 | 82    | 2019  | \$24,500,000 | Private Investor   |