

o July | o 2021

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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Rent Growth, Occupancy, Demand Near Record Levels

By Editorial Staff, National Apartment Association

U.S. apartment rents, occupancy and demand are at highs not seen in decades. According to separate reports from RealPage, all three have surged forward to levels last recorded in at least the early 2000s. The average monthly rent in June hit \$1,513, surpassing \$1,500 for the first time ever.

Asking rents increased 2% in June and are at 6.3% year over year—the largest 12-month growth since 2001. Meanwhile, occupancy is at 96.5%, the highest it has been since the later part of 2000. Second quarter demand also skyrocketed from the same time last year, with the biggest quarterly jump in RealPage's database dating back to the early 1990s.

Of the 150 largest metros reviewed, 113 saw annual rent growth increase at least 5%. Larger locations with at least 100,000 apartment homes—Phoenix, Las Vegas and Atlanta, among others—witnessed double-digit annual rent growth. Boise, Idaho, continued its strong performance, leading all 150 metros with a 21.2% annual increase. While rents continue to increase, some metros like New York and California's Bay Area still report annual rent declines.

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What the Revised Census Numbers Mean for Multifamily Investors

By Bendix Anderson, WealthManagement.com

During the coronavirus pandemic, stories abounded about Americans streaming out of expensive metro areas like New York City and San Francisco. Some moved in with roommates or returned home to live with parents. Others moved to less expensive places—especially the less expensive towns of the Sun Belt states.

Apartments investors have bet millions that the pandemic year was an aberration—and that expensive downtowns in gateway cities like New York will again attract new and returning residents to help fill the vacancies that opened up as well as the thousands of new apartments still rising in luxury towers in places like Manhattan and downtown Brooklyn. (There's some evidence that this is already occurring, including with rents now on the rise in most markets.)

A further question is how the recent roller coaster aligns with longer term population trends. Economists and the annual estimates from the U.S. Census had been pointing to the populations in expensive, gateway cities like New York shrinking in the years before the novel coronavirus arrived in the U.S.—while cities and towns throughout the Sun Belt have been a steady growth trajectory for years.

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WASHINGTON MULTIFAMILY NEWS

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Demand for Apartments Roars Back to Life in Seattle Area

By Marc Stiles, Puget Sound Business Journal

To most lay people, starting construction of apartment buildings last year seemed foolish. With some parts of the economy grinding to a halt and sending the unemployment rate soaring, who would move into the buildings and when?

The rental market in King and Snohomish counties ended 2020 with nearly 7,100 fewer occupied apartments than at the start.

But demand started to boom earlier this year and then accelerated, with renters filling nearly 18,000 existing units plus another 3,000 new ones, according to Commercial Analytics, a Seattle company that surveys landlords to track market trends.

Seattle saw net demand drop by more than 7,800 units in 2020 but then rebound to fill around 11,275 units from January through June.

Commercial Analytics co-founder Brian O'Connor hasn't seen anything like it in his 40 years of data collection. He said it was like capturing two years of traditional demand in six months.

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Spokane Tops the Nation in Real Estate Bidding Wars

By Molly Quinn, The Spokesman Review

...Remote workers and out-of-area buyers have been fleeing larger metro areas to what they consider more affordable cities like Spokane and that has fueled fierce bidding wars.

Spokane's real estate market had the highest bidding war rate of 50 metro areas nationwide in May, according to a Redfin analysis released last month.

The technology-powered real estate brokerage found that 86.7% of offers written by its Spokane agents faced competition in May, followed by Raleigh, North Carolina, at 84.5% and Tucson, Arizona, at 81.8%.

Nationwide, 70.4% of home offers written by Redfin agents faced competition in May, up significantly from 52.7% from the same month in 2020.

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'It's Been a Long Time Coming': Housing Developer Welcomes Tacoma's Growth

By Shawna De La Rosa, Puget Sound Business Journal

...“It's been a long time coming,” he said. With housing costs surging in the Seattle area, “people are realizing they can move down to Pierce County and Tacoma and still keep their jobs in the King County. Especially now that they only have to commute once every week or two.”

Tacoma has a significant number of apartment units in its development pipeline, many of which are clustered around the future light rail line. Tacoma's Hilltop light rail extension is set to open in 2022 and is spurring growth in that section of the city.

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Recent Transactions

| Apartment | Transaction Date | Address | Units | Built | Price | Buyer |
|------------------------|------------------|--------------------------------|-------|-------|--------------|-------------------------|
| Avalon Redmond Place | 6/22/2021 | 8935 160th Ave NE, Redmond, WA | 222 | 1990 | \$97,700,000 | Acacia Capital |
| *Avaya at Town Center* | 6/8/2021 | 10436 SE Carr Road, Renton, WA | 52 | 2012 | \$13,000,000 | Private Investor |
| Parc on 12th | 6/1/2021 | 2232 12th Street, Everett, WA | 108 | 1986 | \$18,213,418 | Auctus Capital Partners |

Summerfield Commercial Brokered This Transaction

OREGON MULTIFAMILY NEWS

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Portland Multifamily Report - Summer 2021

By Anca Gagiuc, Multi-Housing News

Portland is one of the coastal markets that has benefited from pandemic-induced migration patterns, with the area offering a less dense and more affordable environment to residents looking to relocate. The multifamily market responded to the dynamic, with rents up 0.7 percent on a trailing three-month basis through April to \$1,473, outperforming the U.S. average, up 0.5 percent to \$1,417.

The start of the health crisis marked the end of a prosperous decade for Portland, but steadily, the local economy began rebounding in the second half of 2020, pushing the unemployment rate down to 6.3 percent as of March 2021, according to Bureau of Labor Statistics data. The employment market was still well in the red as of February, posting an 8.4 percent year-over-year contraction, behind the -7.2 percent U.S. rate. Still, the metro's largest sector—trade, transportation and utilities—lost just 0.8 percent of its workforce, and the vaccine rollout will likely speed up the recovery. Case in point, Intel announced plans to continue its expansion during the next few years.

Last year was the decade's second best for deliveries in Portland, followed by another 1,542 apartments that came online...

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Oregon Unemployment Rate Drops to 5.6% as State Adds 7,500 Jobs

By Elliot Njus, Oregon Live

Oregon workforce officials said Tuesday the state's unemployment rate dropped in June to 5.6%, down from a 5.8% tally for May that was revised downward.

The state added 7,500 jobs in June, according to the Oregon Employment Department, down from an average of 10,100 in the five months prior.

The numbers show Oregon continues to recover from the COVID-19 recession, but the rapid rebound seen in the recovery's first months has slowed.

The state has recovered only 76% of the jobs it lost in March and April 2020.

Continue reading [here](#)

Senate Bill 278: Additional Tenant Protections (But Appropriate Burdens)

By Brad Kraus, Rental Housing Journal

During nearly every month over the past year, executive or legislative discussions or actions were in motion to change Oregon landlord-tenant law in response to the COVID-19 pandemic. Couple these with the multitude of often different local laws enacted during those same months, and how anyone expected everyday landlords to keep up is unclear.

This past month was no different. The Oregon legislature, deciding the tenant protections they just enacted in Senate Bill 282 were not enough, subsequently passed Senate Bill 278.

Continue reading [here](#)

Recent Transactions

| Apartment | Transaction Date | Address | Units | Built | Price | Buyer |
|-----------------------|------------------|--|-------|-------|--------------|-----------------|
| The Russell | 6/25/2021 | 2605 NE 7th Ave, Portland, OR | 68 | 2016 | \$19,700,000 | Trion Partners |
| Avana at Happy Valley | 6/22/2021 | 8800 SE Causey Loop, Happy Valley, OR | 372 | 1986 | \$93,000,000 | Greystar |
| Preserve at Sunnyside | 6/10/2021 | 13300 SE 122nd Ave, Clackamas, OR | 108 | 1991 | \$28,200,000 | Rise Properties |