

○ September | ○ 2017

# 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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### Long-Term Outlook for Rental Apartments Remains Positive

By Bendix Anderson, National Real Estate Investor

Many of the markets where developers have been doubling down on building new apartment units are likely to have enough renters to fill those apartments over the next decade or so, according to the latest research commissioned by the National Multifamily Housing Council (NMHC) and the National Apartment Association (NAA).

“The analysis suggests that 15 or so metros will lead the way on activity, and they are basically the same 15 or so spots that have accounted for about half of both demand and supply in the current economic cycle to date,” says Greg Willett, chief economist with real estate data firm RealPage Inc., which has reached similar conclusions to NMHC/NAA.

As the percentage of vacant apartments creeps upwards towards 5 percent on average across the country, many industry experts worry about overbuilding and potentially falling rents. But the overall demand for apartments is likely to solve many problems, including propping up occupancy rates even in some of the busiest markets for new construction.

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### August Continues Rent-Gain Streak

By Mallory Bulman, Multi-Housing News

According to Yardi Matrix’s monthly survey of 121 markets, August kept a streak alive during which rents have increased every month this year. Average U.S. monthly rents increased \$1 to \$1,352, while on a year-over-year basis, rents increased 2.4 percent nationwide. “Although overall gains have been slowing during the summer months,” the report states, rents have still increased every month during 2017.

The economy is doing well and multifamily demand has been consistent, so supply has been one of the market’s possible trouble spots. The amount of new luxury residences has been a critical factor in rent growth in 2017. Markets with a large supply pipeline, like Houston, Austin, San Francisco, D.C. and Nashville have experienced rapidly decreasing rent growth. Good news for those markets is that the new supply seems to be slowing. Deliveries averaged 17,700 per month in 2016, but fell to 14,500 during the first quarter of 2017.

Some of the decrease in deliveries may be connected to an increase in project delays. According to the report, one-third of the current 480,000 units under construction in the U.S. are delayed by an average of 7.5 months.

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# MULTIFAMILY NEWS

## WASHINGTON NEWS

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### Robust Development, Insatiable Demand in Seattle

By Alex Girda, Commercial Property  
Executive

Seattle has been one of the strongest rental markets during the current cycle. Over the last five years, average rents have risen nearly \$500 to \$1,770. Development activity has kicked into high gear, leading to the delivery of 23,000 units since the start of 2015. With the rate of completions set to continue, the metro is faced with questions of overbuilding. However, a strong employment market continues to provide jobs at a rate that further drives population growth, generating an insatiable appetite for housing.

Trade, transportation and utilities benefited from the ongoing expansion of the Link light rail network into Federal Way and Redmond. The proposed \$1.6 billion Washington State Convention Center expansion is slated to add 1.2 million square feet of exhibition and meeting space...

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### How Seattle is Focusing on the Future While Preserving What Makes it Unique

By Sydney Parker, Bisnow National

Downtown Seattle is experiencing an unprecedented development boom. The Downtown Seattle Association's 2017 Mid-Year Development Guide indicates a record \$5B in current construction activity downtown. Residential builders are racing to meet demand with more than 30,000 units under construction or in development. Hotels continue to invest in new rooms, and as more employers locate downtown, commercial contractors are in the process of delivering millions of square feet of new office space.

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### Thanks to Amazon, Seattle is now America's Biggest Company Town

By Mike Rosenberg and Angel Gonzalez, Seattle Times

Amazon's extraordinary growth has turned Seattle into the biggest company town in America.

Amazon now occupies a mind-boggling 19 percent of all prime office space in the city, the most for any employer in a major U.S. city, according to a new analysis conducted for The Seattle Times.

Amazon's footprint in Seattle is more than twice as large as any other company in any other big U.S. city, and the e-commerce giant's expansion here is just getting started.

The swarms of 20-somethings crowding into South Lake Union every morning represent an urban campus that is unparalleled in the United States — and they have helped transform

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## Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Summit Apartments	9/1/2017	14820 NE Redmond Way, Redmond, WA	96	1981	\$29,600,000	Coast Real Estate Services
South Park Greens	8/28/2017	1920 SE Larch Lane, Port Orchard, WA	148	1973	\$15,176,280	Fowler Property Acquisitions
8th & Republican	8/18/2017	430 8th Ave North, Seattle, WA	211	2016	\$101,250,000	Essex Property Trust

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## OREGON NEWS

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### Northeast Portland Redevelopment Could Add Hundreds of Housing Units

By Chuck Slothower, DJC Oregon

A Seattle-based developer plans to build up to 1,200 housing units at the site of a PepsiCo facility bottling plant off of Sandy Boulevard, in Northeast Portland.

Security Properties recently announced it purchased the 4.7-acre site from PepsiCo. The property's size gives the developer the flexibility to respond to changing markets during a build-out phase that could last several years.

"In general, we think the property provides an opportunity for a pretty wide variety of uses," said John Marasco, chief development officer at Security Properties.

Housing is a likely focus for the developer, which has built several projects in Portland.

"The housing, we think, is a no-brainer," Marasco said. "That's what we do. We're a housing developer, primarily."

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### Amazon Continues its Oregon Expansion, Plans to Hire Another 1,000

By Jon Bell, Portland Business Journal

Less than three months after officially announcing that it would be hiring at least 1,500 people for a new distribution center in Troutdale, Amazon now says it will also hire another 1,000 for a new fulfillment center in Salem.

The million-square-foot facility, developed by Portland's Capstone Partners and PCCP, comes on the heels of not only the Troutdale facility, but also a 303,360-square-foot sortation center in Hillsboro that started operations in 2016. The latter facility employs 1,000 people.

"We are excited to continue growing in Oregon, creating 1,000 full-time jobs in Salem," said Sanjay Shah, Amazon's.. Continue reading [here](#)

### Home Prices Reportedly up Again in Portland

By Chuck Slothower, DJC Oregon

Portland home prices continue to rise despite a growing inventory for prospective buyers.

The median sale price hit \$395,000 in July. That's up from \$390,000 in June, and represents an 11.3 percent jump from July 2016.

Inventory was at its highest point in 28 months, at 2.1 months. That's still "significantly below a balanced market," said Kerri Hartnett, president of the Portland Metropolitan Association of Realtors.

"It's still a seller's market," she said.

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
The Habitat	8/14/2017	5739 SW Oleson Road, Portland, OR	85	1978	\$15,000,000	Pathfinder Partners
Witham Hill Oaks	7/27/2017	4000 NW Witham Hill Drive, Corvallis, OR	420	1998	\$56,000,000	Private Investor
Red Sunset	7/26/2017	2400 NE Red Sunset Drive, Gresham, OR	104	1990	\$15,350,000	Hamilton Zanze

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