

o June | o 2017

SUMMERFIELD

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SUMMERFIELD COMMERCIAL SPECIALIZES IN THE ACQUISITION AND DISPOSITION OF MULTIFAMILY ASSETS IN THE PACIFIC NORTHWEST.

MONTHLY NEWSLETTER

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Investment Sales Market for Multifamily Begins to Recover After a Pause

By Bendix Anderson, National Real Estate Investor

The year isn't turning out quite the way apartment experts expected it to just a few months ago. In January, it seemed like interest rates would begin an upward climb, which would push cap rates higher for investments in apartment properties.

Instead, interest rates have sagged from their highs at the end of 2016, and cap rates are falling once again.

"Apartment cap rates, and cap rate spreads, are declining," says Jim Costello, senior vice president with Real Capital Analytics (RCA), a New York City-based research firm. "However, deal volume is also down considerably."

This year is likely to be starkly different from 2016 in the volume of apartment properties that are traded. "It is going to be incredibly difficult to surpass the volume of both single asset sales and portfolio transactions we experienced in 2016," says Will Matthews, senior vice president with real estate services firm Colliers International.

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Suburban Renters Outpacing Urban Renters in the US, New Study Finds

By Barbara Eldredge, Curbed.com

With home prices and interest rates rising, many renters feel the American Dream is more out of reach than ever. But that isn't preventing them from moving to the 'burbs. A new analysis from RentCafé found that the number of suburban renters increased faster over urban renters in 19 out of 20 major U.S. metro areas between 2011 and 2015. Remarkably, the suburbs of St. Louis, Atlanta, Boston, and Riverside, CA, each attracted three times the number of new renters than their cities' urban cores.

So what's the deal? The most likely driver of suburban rental growth is the price tag: in 18 of the 20 metro areas studied, rents were cheaper in the suburbs by an average of 11 percent. That translates to a month's rent.

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MULTIFAMILY NEWS

WASHINGTON NEWS

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Seattle Lands \$670M Mixed-Use Project

By Barbra Murray, Commercial Property Executive

214-acre master-planned community will soon take shape in Covington, Wash., now that Oakpointe Communities and Presidio Residential Capital have received a requisite thumbs-up for the development called LakePointe Urban Village. Covington's City Council recently provided the joint venture partners with unanimous approval to move forward with the suburban Seattle waterfront project, which will cost \$670 million to develop.

With a 20-acre lake at its center, LakePointe will sprout up as a social focal-point on a site that had been home to a gravel mine and an asphalt plant. KTG Architecture + Planning is behind the design of the development, which will ultimately feature an 850,000-square-foot regional entertainment and lifestyle center and as many as 1,500 single-family and multifamily residences.

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There are Two 'Overheating' Construction Markets in the World - Seattle is One, Report Says

By Marc Stiles, Puget Sound Business Journal

Seattle is one of the 10 most expensive places in the world to construct buildings — one of just two markets deemed to be overheating.

That's according to Turner & Townsend, a British professional services firm that specializes in program, project and cost management, which issued a new report this week that, among other things, looks at the per-square-meter cost of building.

Seattle's cost of \$3,014 is the third highest in the United States and the sixth highest in the world.

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Seattle Area Needs 98,000 New Units by 2030

By Journal Staff, Seattle DJC

A new report from the National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) says that the greater Seattle area will need over 98,000 units by 2030 to keep up with projected demand.

The study relies in part on research from Axiometrics, which has reported average annual construction of 5,884 units for the past five years. That number would need to increase by about 19 percent.

In a statement, the Washington Multifamily Housing Association's Jim Wiard said, "We're experiencing fundamental shifts in our housing dynamics, as more people are moving away from buying houses and choosing apartments instead..."

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Villages at Beardslee Crossing	6/15/2017	19122 Beardslee Blvd, Bothell, WA	304	2014	\$102,500,000	Holland Partners
Twelve at U District	6/9/2017	4535 12th Ave NE, Seattle, WA	283	2014	\$112,500,000	American Campus Communities
Argyle Apartments	5/17/2017	2517 South 316th Lane, Federal Way, WA	160	1984	\$24,975,000	Pathfinder Partners

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OREGON NEWS

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Portland's Charm

By Adina Marcu, Multi-Housing News

Portland's multifamily demand remains elevated, fueled by a healthy job market and an influx of young people for professional and lifestyle purposes. Affordability remains a concern, and high rents have started to drive some renters to more affordable submarkets outside the city core.

Oregon's Gross Domestic Product grew 4.6 percent as of the third quarter of 2016, placing it in the top 10 fastest-growing states in the nation. Employment is thriving, with more than 28,000 jobs added in 2016, led by mining, logging and construction, and education and health services. The relatively lower cost of doing business compared to other West Coast metros has helped drive hiring, a boost to household formation. To speed delivery to the growing base of consumers in the metro, Amazon will open an 850,000-square-foot fulfillment center in the Port of Portland's Troutdale Reynolds Industrial Park.

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Full Steam Ahead for Vancouver Waterfront Project

By Keith Loria, Commercial Property Executive

The Project:

Block 6 Office will be a seven-story office building, which will complement the six-story residential structure, Block 6 Residential, containing 63 luxury apartment homes. The street level of both buildings will showcase the Shops at Waterfront Way complex of retail and restaurant space.

The mixed-use development is expected to transform the entire metropolitan Vancouver/Portland area. At full build-out, the project will consist of 3,300 new residential units, more than 1.3 million square feet of Class A creative office space, a boutique hotel, flagship restaurants and unique retail spaces....

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Rent Stabilization Dies in Oregon Senate

By Chuck Slothower, DJC Oregon

A bid to end Oregon rules prohibiting local rent control programs is dead after a Senate committee stripped the provision from a broader renters' protections bill.

House Bill 2004 is expected to come to the Senate floor soon with a number of protections for renters, but rent stabilization, or rent control to its critics, will not be part of it.

"I could not find the votes to do that," said Sen. Sara Gelsler, D-Corvallis, who sponsored the bill in the Senate. "I would have personally liked to keep that in, but I want to get something for tenants now, and these are robust protections."

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Cannery Row	5/9/2017	22550 SW Highland Drive, Sherwood, OR	101	2014	\$22,635,000	Madison Park Financial
Britewood Apartments	5/4/2017	1398 East Cleveland Street, Woodburn, OR	53	1979	\$4,100,000	Private Investor
Fremont Apartments	5/3/2017	1430 NW Pettygrove Street, Portland, OR	150	2012	\$22,750,000	Lighthouse Partners

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