

○ October | ○ 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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#### Apartment Returns Can't Be Beat

By Journal Staff, National Multifamily Housing Council

Not only does the multifamily industry have strong fundamentals for the foreseeable future—research shows that we will have to build 4.6 million new apartments by 2030 just to keep up with the strong demand—but it's got a long history of outperformance. That's the pitch many industry executives have given investors. And now there's some new research to prove it.

During the 2017 NMHC Fall Board of Directors and Advisory Committee Meeting, Dr. Mark Eppli, professor of finance and the Bell Chair in Real Estate at Marquette University, reported some initial findings from a new study on the risk-adjusted returns of apartments against other real estate classes over time and by geography. The study, which will be released later this fall, builds on previous work illustrating the benefits of investing in multifamily and is the first body of work coming out of the NMHC Research Foundation.

The takeaway: Apartments dominate other property classes in terms of risk-adjusted returns. And this holds true regardless of holding period (three, five, seven, 10 or even 15 years), geographic region or metro market tier. This outperformance has also been consistent over a long period of time.

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#### Seattle Retains Title of Hottest Housing Market in the Country with Portland Right Behind

By Nat Levy, Geekwire.com

Seattle home values continue to skyrocket, rising at a rate of more than double the national average in July.

According to the latest installment of the Case-Shiller National Home Price Index, Seattle home prices shot up 13.5 percent on a year-over-year basis. Portland saw the second fastest home price growth at 7.6 percent, according to the report. The national average for July was 5.9 percent.

Seattle has consistently been the hottest housing market in the nation over the last few years, buoyed by the city's thriving technology industry. This summer, Zillow found that Seattle is among the cities with the highest number of \$1 million neighborhoods. Seattle has 38 \$1 million neighborhoods, putting it at seventh among the top 10 cities.

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# WASHINGTON MULTIFAMILY NEWS

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## Seattle's 2016 GDP Growth Ranks Among the Highest for Large US Cities

By David Allison, Puget Sound Business Journal

The Seattle region had the second-highest growth in gross domestic product in 2016 among the 15 largest U.S. cities, the U.S. Bureau of Economic Analysis reported Wednesday.

The Seattle-Tacoma-Bellevue region's GDP grew 4.3 percent in 2016, second among largest U.S. cities after No. 1 San Francisco (5.4 percent GDP growth in 2016).

Seattle's GDP in 2016 was \$330 billion, up from \$311 billion in 2015 (using "chained 2009 dollars"), the bureau said.

To put Seattle's 4.3 percent 2016 GDP growth in perspective, the region's GDP growth was 2.8 percent in 2015, 3.5 percent in 2014, 3.6 percent in 2013, and 2.9 percent in 2012, according to the bureau.

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## Apartment vacancies Climb in Seattle and the Puget Sound Region as New Units Come Online

By Marc Stiles, Puget Sound Business Journal

The apartment vacancy rate in the city of Seattle has hit a seven-year high and is growing faster than anywhere in the Puget Sound region, according to a new report by Dupre + Scott Apartment Advisors of Seattle.

"It's just starting," report author Mike Scott said of the market slowdown. His report analyzed information for 252,552 units in 2,428 properties (with at least 20 units) in a survey that ended Sept. 21.

At 4 percent, the Seattle market vacancy rate (which excludes new properties that are still being leased up) is up from 3.3 percent in March. The gross rate (which includes new units) is 6.8 percent, up from 5.1 percent.

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## What The Seattle Boom Means For Residential Buyers, Lenders, and Developers

By Dees Stribling, Bisnow National

Driving all that growth? Jobs and more jobs. Seattle has now eclipsed the Bay Area in terms of jobs creation, most of which are Downtown, Jones said — a major milestone.

About 30,000 residential units are planned in the city, and there are more construction cranes active in Seattle than any other city. 2019 will be a major year for apartment completion here, but not the last major year — the next decade will be a "juggernaut of residential development," Jones said.

Most of the underway and planned residential development is rental, Jones said. In some recent years, there have been no new condo developments delivered, and only a few hundred units are...

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Highland Crest	10/10/2017	729 Vassault Street South, Tacoma, WA	72	2000	\$9,700,000	Tacoma Housing Authority
Martha Lake Apartments	10/4/2017	16626 6th Ave West, Lynnwood, WA	155	1991	\$34,800,000	Sares Regis Group
Venn at Main	9/28/2017	10333 NE 1st Street, Bellevue, WA	350	2016	\$176,500,000	Equity Residential

# OREGON MULTIFAMILY NEWS

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## Growth Spurt: Suburbs Suddenly Outpacing Cities

By Chuck Slothower, DJC Oregon

...In 2015-16, that wave may have crested. Among the nation's 53 largest metropolitan areas, the suburbs grew at a 0.89 percent annual rate, outpacing cities' 0.82 percent growth. That may not sound like much, but it's a change that bears watching, Frey said.

"The difference isn't very big, but it's a little bit of a tipping point," he said.

Portland was no exception to the national trend. Here, suburban growth outpaced the city itself, with 1.8 percent growth in the suburbs topping 1.4 percent growth in Portland.

...To be sure, the city of Portland remains a popular destination for people looking for urban living. But growth in Portland proper, as in many attractive cities, is restricted by housing supply.

Single-family housing inventory in the Portland-metro area in August was 2.1 months, far below what is considered a balanced market, according to RMLS...

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## Portland City Council Passes Affordable Housing Plan

By Sydney Parker, Bisnow National

Mayor Ted Wheeler's halt to spending Portland's \$258.4 million affordable housing bonds is poised to end.

The City Council unanimously adopted a framework plan Wednesday that sets goals for spending the bond.

The Housing Bureau will issue a request for information and open for bond transactions on Oct. 23, Director Kurt Creager said.

Voters approved the bond in November 2016 amid pleas to ease Portland's housing crisis. But shortly after taking office...

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## Top 10 Portland Apartment Owners

By Razvan Cimpean, Multi-Housing News

Benefiting from significant population growth, housing demand is on the rise in Portland again, following three years of increased development. Rent growth continues to slow and is now on par with the national average. To increase the amount of affordable housing developed in the metro, the Portland City Council last month approved the first three developments to receive tax credits under the Inclusionary Housing Program.

This list highlights the metro's top 10 private, REIT and institutional investor apartment owners, based on unit counts, according to Yardi Matrix data. The total number includes units within projects that are completed, under construction, planned and prospective.

Continue reading [here](#)

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Barclay Village Apartments	9/14/2017	775 Cascade Street, Oregon City, OR	146	1986	\$18,750,000	Virtu Investments
Latitude Apartments	9/13/2017	8411 SE Causey Ave, Happy Valley, OR	232	2015	\$58,000,000	Kennedy Wilson
The Habitat	8/14/2017	5739 SW Oleson Road, Portland, OR	85	1978	\$15,000,000	Pathfinder Partners