

○ January | ○ 2018

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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On The Block: Tax Overhaul is a Jackpot for Commercial Real Estate—But The Market Still Rules

By Brian Miller, DJC Seattle

The Tax Cut and Jobs Act (TCJA) has now passed in Congress, and a White House signing ceremony is expected soon, so here's what we know about the Republican plan and its mostly favorable implications for commercial real estate.

Steven M. Rosenthal of the Urban-Brookings Tax Policy Center told *The Wall Street Journal* that the commercial real estate industry will “hit the jackpot” with this tax overhaul.

Locally, Windermere Real Estate chief economist Matthew Gardner says that in general, “Is it going to be a good thing for commercial real estate? Sure.”

But, he cautions, “I don't think it's going to lead to a panacea of new construction.”

Even if commercial real estate receives favorable new tax rates and rules, as most experts predict, the market still rules. “Tax reform won't offset that,” says Gardner. And if we're nearing the end of this current booming cycle, as he's often warned, that animal is a big, bad bear versus the Bambi of tax reform.

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Lock in Your Bets: 22 Commercial Real Estate Trends to Expect in 2018

By Champaign Williams, Bisnow

If “cautious optimism” best describes this year's commercial real estate environment, expectations for 2018 can best be described in four words: slow-and-steady growth.

From the general economy to individual sector fundamentals and investment activity, commercial real estate industry professionals foresee continued growth in the U.S. market, albeit at a slower pace compared to years past.

Keep watch for these 22 trends in 2018, according to the top brokerages, industry reports and experts.

1. The Economy Will Continue To Expand

As the industry continues to ride the waves of one of the longest economic expansions in the country's history, real estate professionals are cautious about its potential impact on individual sector fundamentals. Still, optimism for 2018 performance is strong.

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WASHINGTON MULTIFAMILY NEWS

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Seattle Last of the Boom Markets to See Rents Moderate

By The Editors, Rental Housing Journal

Seattle is the last of the apartment boom markets to begin to see rents moderate, according to a release from Axiometrics.

Seattle was one of the top major metros for effective rent growth back at the peak of this apartment cycle back in 2014 and 2015. And rent trends in the Emerald City area have remained among the elite as the national market moderated in 2016, Dave Sorter reports for Axiometrics.

Even in October, Seattle had the 11th highest new-lease effective rent growth among major markets – and the highest among what would be considered “primary” markets in the industry, according to Seattle multifamily market reports from Axiometrics, a RealPage company.

In terms of new-lease rent growth, performance has moderated, especially in the past five months. New-lease rent growth in the Seattle apartment market, including Tacoma, has fallen more than five full percentage points since May 2016 to October’s rate of 3.8%. It was as high as 6.2% as recently as April of this year, according to Seattle multifamily market reports.

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Seattle’s Popularity Among Foreign Real Estate Investors Rises as the Bay Area’s Drops

By Marc Stiles, Puget Sound Business Journal

Foreign real estate investors' increasing desire to buy commercial properties in Seattle has put the city in one organization's top 10 list.

It's the first time in the annual ranking's 26 years that Seattle has cracked the top 10, according to a spokeswoman for the organization, Washington, D.C.-based Association of Foreign Investors in Real Estate, which released the list Monday.

Ranked No. 7, Seattle is one of three U.S. cities on the list that's based on the annual survey of members of the Association of Foreign Investors in Real Estate.

London tops AFIRE's list followed by New York, Berlin, Los Angeles, Frankfurt, Paris, Seattle, Shanghai, Sydney and Toronto.

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Tech Scene Continues to Thrive in Seattle

By Adina Marcut, Multi-Housing News

Fueled by the continued expansion of the technology sector and population growth, Seattle’s multifamily market remains healthy. However, the metro is showing signs of slowing, following the robust gains of the last several years. The metro has fallen from the list of top U.S. metros in year-over-year rent growth, and was negative in the most recent three-month period. That could be a short-term blip, but the weight of new supply and declining affordability could signal more moderate growth moving forward.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Helene Apartments	1/4/2018	414 NE Ravenna Blvd, Seattle, WA	62	2016	\$17,000,000	Private Investor
Walden Pond Apartments	12/22/2017	9900 12th Ave West, Everett, WA	316	1991	\$67,700,000	LivCor
Ambassador Gardens	12/20/2017	3700 Southcenter Blvd, Tukwila, WA	56	1969	\$8,530,000	Vibrant Properties

OREGON MULTIFAMILY NEWS

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Oregon Remains a Top Destination, Moving Company Says

By Elliot Njus, The Oregonian

Oregon continues to draw far more residents than it sends elsewhere, according to the companies that haul those newcomers' stuff.

Two moving services ranked Oregon among their top 10 destination states, where more people moved in than away.

United Van Lines said Oregon came in second, with 65 percent of moves being inbound. The St. Louis company said only Vermont saw a greater percentage of inbound moves.

Its competitor, Indiana-based Atlas Van Lines, put Oregon at No. 8, with 57.5 percent of moves being inbound.

In 2015, both companies said Oregon ranked first.

Moving companies frequently release migration data, but their findings represent only a subset of overall migration patterns -- households that hire moving companies.

Continue reading [here](#)

Amazon to Nearly Double Portland Footprint with Big Lease in Broadway Tower

By Jon Bell, Portland Business Journal

Amazon has signed a lease for nearly 85,000 square feet of space inside the under-construction Broadway Tower in a move that nearly doubles the company's footprint in downtown Portland.

The expansion comes just four months after Amazon's AWS Elemental — a developer of video processing technology which Amazon acquired for \$296 million in 2015 — moved into a new headquarters across the street in the 1320 Broadway Building, where it occupies 101,000 square feet.

Rumors have been swirling in Portland's commercial real estate scene for months that Elemental or possibly even parent company Amazon.com Inc. (NASDAQ: AMZN) would be leasing space in the tower.

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Wheeler Defends Strategy for Developing Affordable Housing

By Chuck Slothower, DJC Oregon

Portland Mayor Ted Wheeler told members of the Housing Advisory Commission on Tuesday that affordable housing would be his top priority in 2018.

Wheeler spoke Tuesday at the commission's first meeting since ousting Housing Bureau Director Kurt Creager in December. He offered a broad defense of his administration's approach to affordable housing.

"I am unequivocally highly supportive of the work being done by you and being done by the Housing Bureau," Wheeler told commissioners. "Housing affordability continues to be the top priority of this administration."

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Holgate Manor	1/5/2018	3585 SE Mall Street, Portland, OR	82	1960	\$12,000,000	Pacific Transwest Real Estate Inc.
The Thornton	12/15/2017	1953 NW Overton Street, Portland, OR	123	2016	\$25,500,000	Sentre
Savner Street Flats	12/13/2017	2270 NW Savner Street, Portland, OR	179	2013	\$60,000,000	Kennedy Wilson