



SIMON | ANDERSON TEAM

EASTERN WASHINGTON APARTMENT MARKET DYNAMICS

2022
Q2

Max Frame

Associate Vice President



EASTERN WASHINGTON APARTMENT SPECIALIST

Max is an apartment broker specializing in the sale of Eastern Washington apartment buildings.

As we approach the halfway point of 2022, it's becoming clear that the increase in Eastern Washington apartment activity and popularity from investors during the last 24 months is here to stay. What seemed to be an overnight increase in interest rates has disrupted how aggressively buyers look at transactions and the cap rates they're willing to pay. Nevertheless, with the ongoing trends of rent increases, low vacancy rates, and landlord favorability that we're seeing in Eastern Washington compared to other parts of the Pacific Northwest, high buyer demand is expected to continue.

The following report provides a real-time look at rental and vacancy rates and analyzes year-over-year (Y-o-Y) trends. And, while this is a high-level review of the data, our team of apartment brokers also has a more granular understanding of the dynamics of each submarket and neighborhood. In this way, our experts can offer you critical insights to help you make better investment decisions - whether you're planning on buying, selling, or simply needing to operate your apartment building more profitably.

So, use this report to get an initial understanding of how the apartment market has shifted throughout the last year. But, to gain a deeper understanding of both what the data means and how you can use it to your advantage, contact one of our team members.



APARTMENT EXPERTS

OUR EXPERTISE



5 TO 50 UNITS



50+ UNITS



DEVELOPMENT



MICROS

\$1.9B

TOTAL VALUE SOLD & UNDER CONTRACT

11,214

TOTAL UNITS SOLD & UNDER CONTRACT

2M SF

DEVELOPMENT LAND SOLD & UNDER CONTRACT

\$283M

ACTIVE LISTINGS & LISTINGS COMING TO MARKET

CLICK BELOW TO VIEW OUR OTHER RESEARCH REPORTS

Q2 2022
PUGET SOUND REPORT

Q1 2022
PUGET SOUND REPORT

2021
MICRO REPORT

TEAM

Dylan Simon
Executive Vice President



Jerrid Anderson
Executive Vice President



Matt Laird
Vice President



Max Frame
Associate Vice President



Winslow Lee
Associate Vice President



Dylan is a market-leading broker throughout Seattle and the Puget Sound region, specializing in the sale of apartment buildings and development land and with expertise in sales strategies, market knowledge, and industry trends.

Jerrid is the most active apartment broker in Seattle, where he sold 22 apartment buildings in 2021. Jerrid has brokered more than \$1 billion in urban apartment and land sales and holds numerous sales records in Seattle.

Matt is an apartment broker specializing in urban and suburban apartment sales; development land sales; and off-market acquisitions. His attention to detail and excellent client service ensure smooth transactions from marketing through closing.

Max is an apartment broker specializing in the sale of King County development land and Eastern Washington apartment buildings.

Winslow is an apartment broker specializing in sales of apartment buildings and development land across the Puget Sound, with expertise in King & Snohomish Counties.

Brandon Lawler
Associate Vice President



Jack Counihan
Financial Analyst



Ashley Woodliff
Marketing Coordinator



Cassie Pieters
Executive Assistant



Brandon is an apartment broker specializing in the sale of apartment buildings and off-market acquisitions, with expertise in the South Puget Sound market.

Jack specializes in market research, apartment valuations, and sales tracking in the Puget Sound market.

Ashley manages marketing and design for both team and property marketing, ensuring collateral exceeds market expectations.

Cassie provides balance and support through administrative contributions. Her commitment to the betterment of the team results in major goal achievement and long-term success.

EASTERN WASHINGTON

MARKET TRENDS

- While Eastern Washington's sales volume decreased in Q1 2022 compared to Q1 2021, the continued assertiveness from buyers looking to either enter the market or expand their portfolio was apparent in the increased sales prices per square foot, as well as the decreased cap rates.
- With the increase of renters moving to Eastern Washington and the limited supply of housing/apartments, vacancy rates have continued to stay well below the state average.

Rent & Vacancy

	[12-MONTHS AGO]		[90-DAYS AGO]		[LAST QUARTER]
	Q1 2021	12-Month Change	Q4 2021	90-Day Change	Q1 2022
Rent	\$1,102	▲ 10%	\$1,189	▲ 2%	\$1,214
Vacancy	0.9%	▲ 55 bps	1.6%	▼ 15 bps	1.4%

ALL BUILDING AGES, 5+ UNIT APARTMENT BUILDINGS

Sales

	[12-MONTHS AGO]		[90-DAYS AGO]		[LAST QUARTER]
	Q1 2021	12-Month Change	Q4 2021	90-Day Change	Q1 2022
Building Sales	29	▼ 31%	35	▼ 43%	20
Sales Volume	\$80M	▼ 20%	\$215M	▼ 70%	\$64M
Price/Unit	\$135K	▼ 15%	\$162K	▼ 29%	\$115K
Price/SF	\$158	▲ 6%	\$167	No Change	\$167
Cap Rate	5.8%	▼ 48 bps	5.4%	No Change	5.4%

ALL BUILDING AGES, 5+ UNIT APARTMENT BUILDINGS

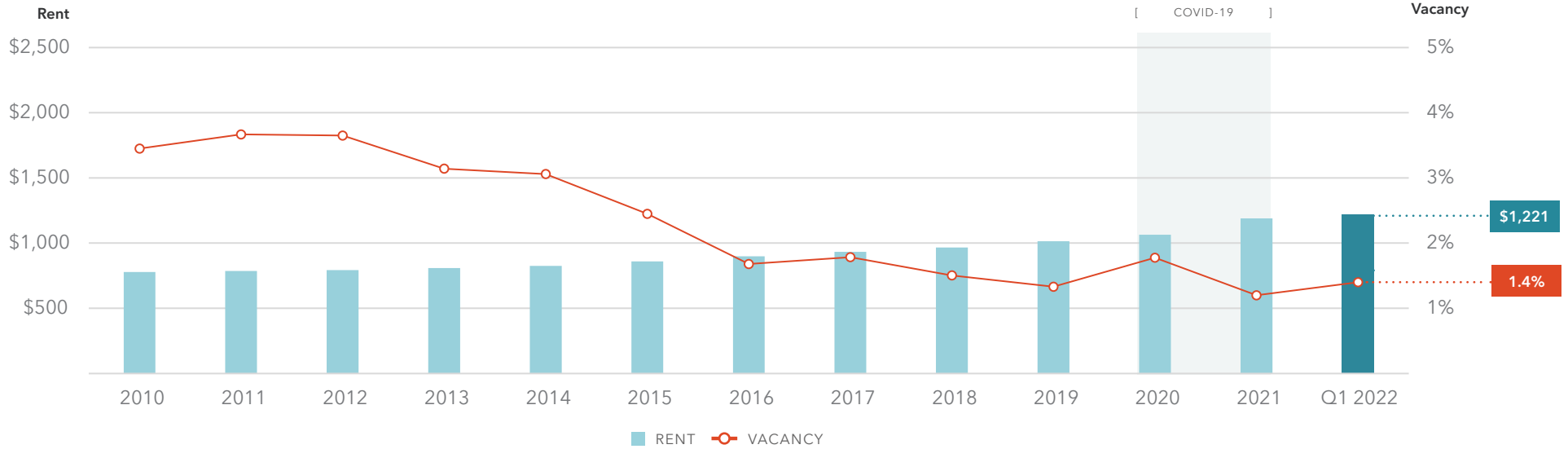


Inventory

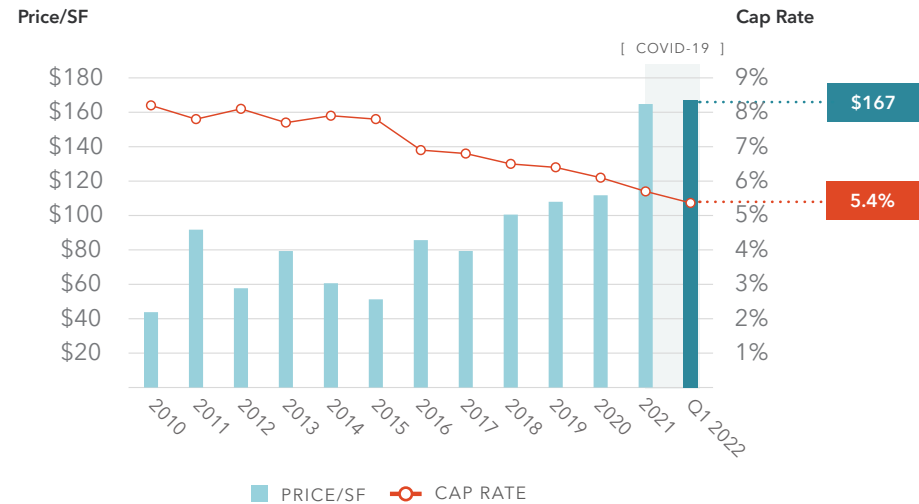
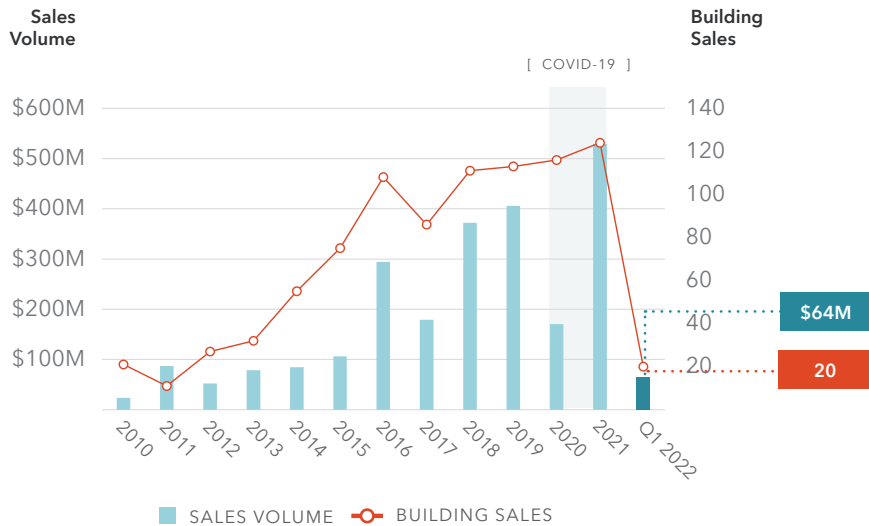
	Units	Buildings
Total	69,271	1,689
5 to 50-Units	19,515	1,336
50+ Units	49,756	353
12-Month Deliveries	1,459	15
Average Unit Size	892 SF	

EASTERN WASHINGTON HISTORICAL TRENDS

Rent & Vacancy Trends



Sales Trends



ALL BUILDING AGES, 5+ UNIT APARTMENT BUILDINGS

EASTERN WASHINGTON
SALES TRENDS

Despite the apparent lack of institutional demand in Q1 2022 with only three sales of buildings with more than 50 units, private capital transactions continue to lead buyer interest.

01

We saw 15 more sales in Q4 2021 compared to Q1 2022 due to Buyer and Seller urgency to get transactions closed before the new year. Still, 2021 Q4 & 2022 Q1 price/SF and cap rates were identical.

02

Q1 2022 proved that the most common vintage we see sold in Eastern Washington is 1970s-era: Half of the apartments sold last quarter were built between 1970 and 1978 .

03

Q1 2022 Sales

	BUILDING SALES	SALES VOLUME	PRICE/UNIT	PRICE/SF	CAP RATE
5 TO 50 UNITS	17 ▼ 35% CHANGE Y-O-Y	\$39M ▲ 130% CHANGE Y-O-Y	\$114K ▲ 20% CHANGE Y-O-Y	\$166 ▲ 37% CHANGE Y-O-Y	5.3% ▼ 28 BPS CHANGE Y-O-Y
50+ UNITS	3 NO CHANGE	\$25.1M ▼ 60% CHANGE Y-O-Y	\$123K ▼ 20% CHANGE Y-O-Y	\$172 NO CHANGE	5.6% ▼ 81 BPS CHANGE Y-O-Y

Historical Sales Trends

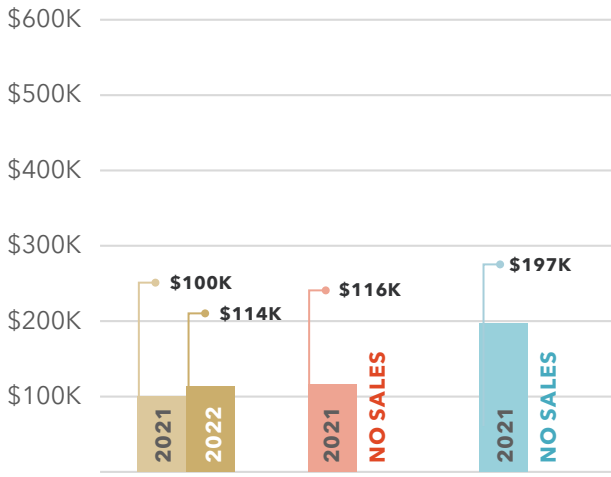
	2016	2017	2018	2019	2020	2021	[12-MONTHS AGO] Q1 2021	12-Month Change	[90-DAYS AGO] Q4 2021	90-day Change	[LAST QUARTER] Q1 2022
Building Sales	108	86	111	113	116	124	29	▼ 31%	35	▼ 43%	20
Sales Volume	\$294M	\$179M	\$372M	\$406M	\$170M	\$529M	\$80M	▼ 20%	\$215M	▼ 70%	\$64M
Price/Unit	\$79K	\$75K	\$95K	\$105K	\$92K	\$146K	\$135K	▼ 15%	\$162K	▼ 29%	\$115K
Price/SF	\$86	\$79	\$101	\$108	\$112	\$165	\$158	▲ 6%	\$167	No Change	\$167
Cap Rate	6.9%	6.8%	6.5%	6.4%	6.1%	5.7%	5.8%	▼ 48 bps	5.4%	No Change	5.4%

ALL BUILDING AGES, 5+ UNIT APARTMENT BUILDINGS

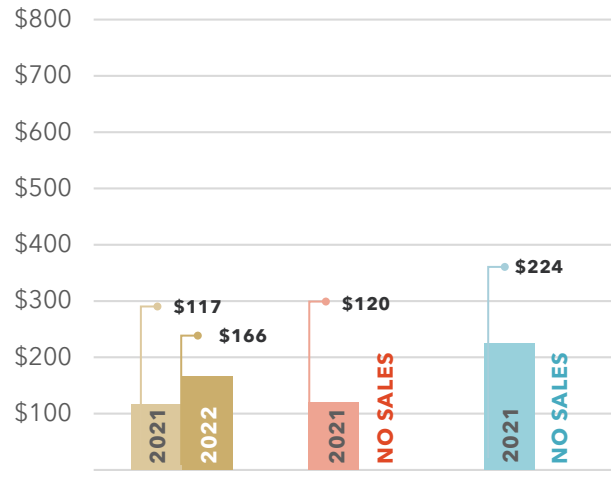
EASTERN WASHINGTON
SALES VELOCITY

5 TO 50-UNITS

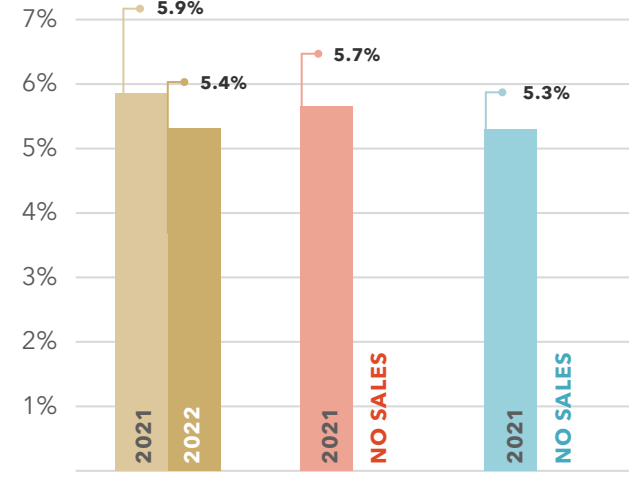
Price/Unit



Price/SF

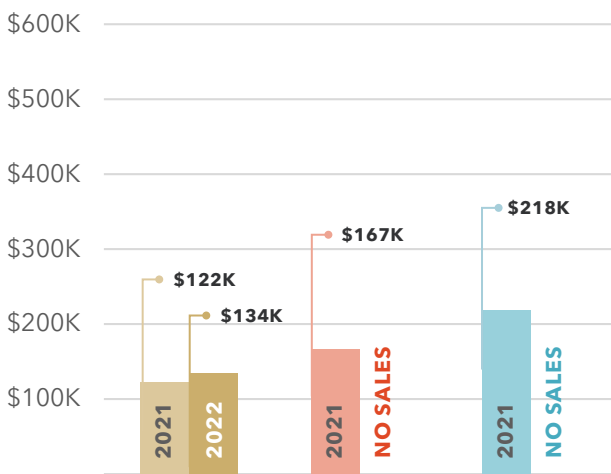


Cap Rate

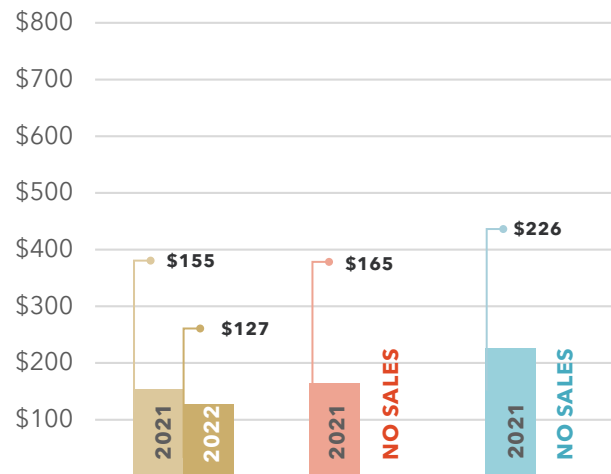


50+ UNITS

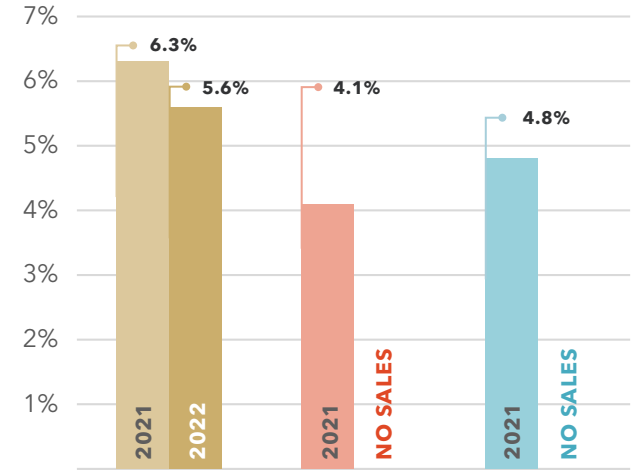
Price/Unit



Price/SF



Cap Rate



■ PRE-1990 ■ 1990-2010 ■ 2010-CURRENT

NOTES & DATA SOURCES

NOTES

EASTERN WASHINGTON

Sales data for the Eastern Washington region is inclusive of all market-rate apartment buildings with at least five units in Yakima, Spokane, Benton, Franklin, Chelan, Douglas, Walla Walla, Grant, Kittitas, and Whitman Counties.

VACANCY DATA

Vacancy data excludes Grant and Whitman Counties.

DATA SOURCES

SALES

CoStar
Real Capital Analytics
Simon | Anderson Multifamily Team Research
SCOUT - Spokane County

RENT, VACANCY, AND INVENTORY

CoStar
Washington Center for Real Estate Research
Simon | Anderson Multifamily Team Research





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