

SIMON | ANDERSON MULTIFAMILY TEAM

Washington State Apartment Sales Specialists

# 20 *EASTERN WASHINGTON* APARTMENT MARKET DYNAMICS

Q1 2023

**km** Kidder  
Mathews

# HOW TO USE THIS STUDY



Discover the latest apartment investment sales data for Chelan, Douglas, Kittitas, Yakima, Grant, Lincoln, Adams, Franklin, Benton, Walla Walla, Spokane and Whitman Counties.



Look for our insights in each submarket to help guide your investment decisions.



Contact us to chat about the market, discuss the best times to buy or sell, and request a valuation of your apartment building or land.





# EASTERN WASHINGTON'S APARTMENT EXPERT

## OUR EXPERTISE



5 - 50 UNITS



50+ UNITS



DEVELOPMENT



MICROS

## DOWNLOAD PRIOR RESEARCH REPORTS



Q2 2022 EASTERN  
WASHINGTON REPORT



Q3 2022 EASTERN  
WASHINGTON REPORT



Q4 2022 EASTERN  
WASHINGTON REPORT

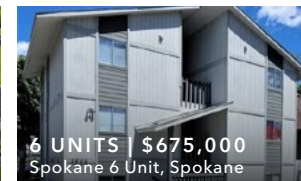
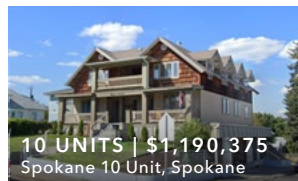
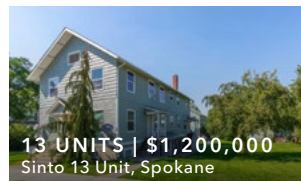
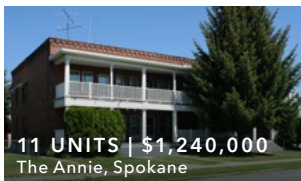
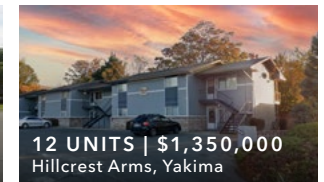
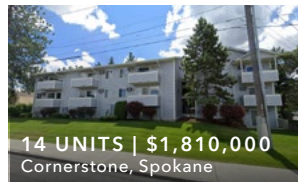
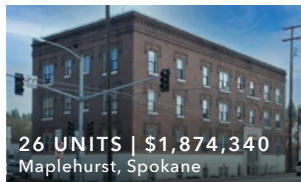
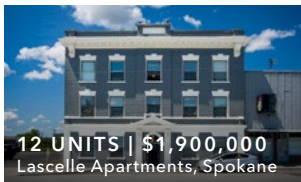
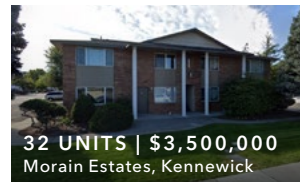
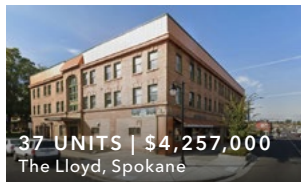
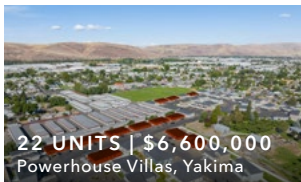
**Max Frame**  
ASSOCIATE VICE  
PRESIDENT



## *Eastern Washington Specialist*

Max is an apartment broker specializing in the sale of apartments in Eastern Washington. Born and raised in the region, Max pairs his local market knowledge and expertise with Kidder Mathews' national outreach and exposure.

## *Recent Notable Sales*



## EASTERN WASHINGTON



While Eastern Washington's 2022 was a record setting year for sales volume (\$624M), the region did experience a notable slowdown in Q4 with just 16 transactions, compared to Q1 with 20 sales, Q2 with 24 sales, and Q3 with 28 sales. Spokane led the charge in number of sales with 48, accounting for 55% of market share, followed by the Tri-Cities (15; 17% of market share), Yakima (12; 14% of market share), Wenatchee/East Wenatchee (5; 6% of market share), Moses Lake (4; 5% of market share), and other areas totalling 4 sales (5% of market share).



It should be no surprise that interest rates are a common theme in conversations with investors. *So, what can we expect from the Federal Reserve in upcoming months?* Brace for another 0.25% interest rate hike mid-to-late March. While there have been little signs of an interest rate slow-down, the current consensus is that we're just a few months away from peak interest rates for this cycle.



In 2022, the majority of buyers valued properties on a price per unit and price per square foot method, which was easily determined through sale comparables. Now, with 3% interest rates in the rear-view mirror, most, if not all, buyers are valuing properties using a capitalization (Cap Rate) method to determine value. Few buyers are willing to purchase a property with negative leverage (*when the operating cap rate is lower than the interest rate of the debt*), so motivated sellers need in-place cap rates to be at or above the market's interest rate.

### INVENTORY

	Units	Buildings
TOTAL	72,195	1,756
5 TO 50-UNITS	20,514	1,388
50+ UNITS	51,681	368
12-MONTH DELIVERIES	1,525	23
AVERAGE UNIT SIZE	893 SF	

### RENT & VACANCY

	12 MONTHS AGO	12-Month Change	90 DAYS AGO	90-Day Change	LAST QUARTER
RENT	Q4 2021 \$1,215	▲ 3%	Q3 2022 \$1,267	▼ 1%	Q4 2022 \$1,247
VACANCY	4.9%	▲ 100 bps	5.4%	▲ 50 bps	5.9%

All building ages, 5+ unit apartment buildings

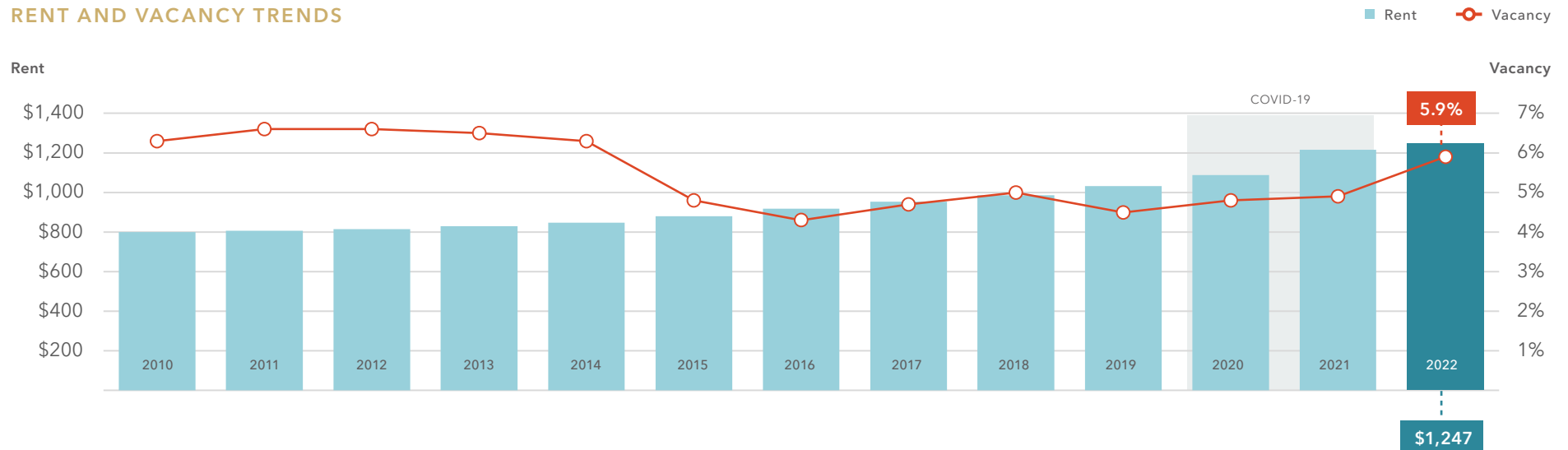
### HISTORICAL SALES TRENDS

	2016	2017	2018	2019	2020	2021	Q4 2021	12-Month Change	Q4 2022	Annual Change	2022
BUILDING SALES	108	86	111	113	116	124	35	▼ 54%	16	▼ 29%	88
SALES VOLUME	\$294M	\$179M	\$372M	\$406M	\$170M	\$529M	\$215M	▼ 68%	\$69M	▲ 18%	\$624M
PRICE/UNIT	\$79K	\$75K	\$95K	\$105K	\$92K	\$146K	\$162K	▼ 17%	\$135K	▼ 7%	\$136K
PRICE/SF	\$86	\$79	\$101	\$108	\$112	\$165	\$167	▲ 26%	\$210	▲ 12%	\$185
CAP RATE	6.9%	6.8%	6.5%	6.4%	6.1%	5.7%	4.7%	▲ 37 bps	5.0%	▼ 71 bps	5.0%

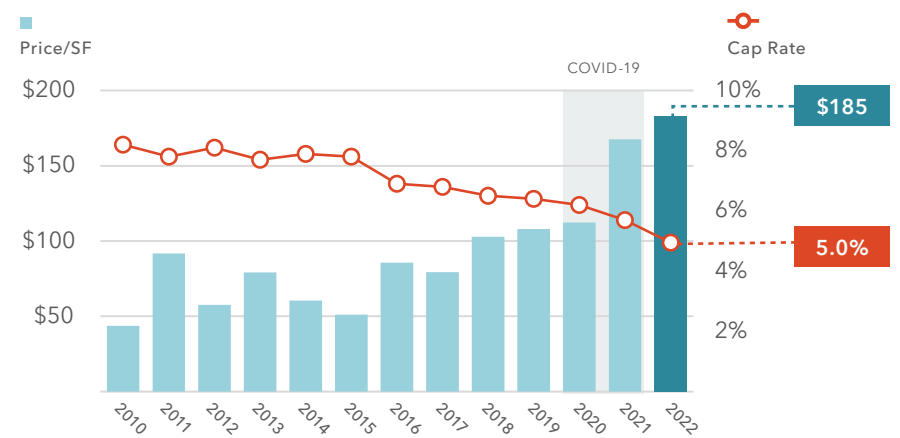
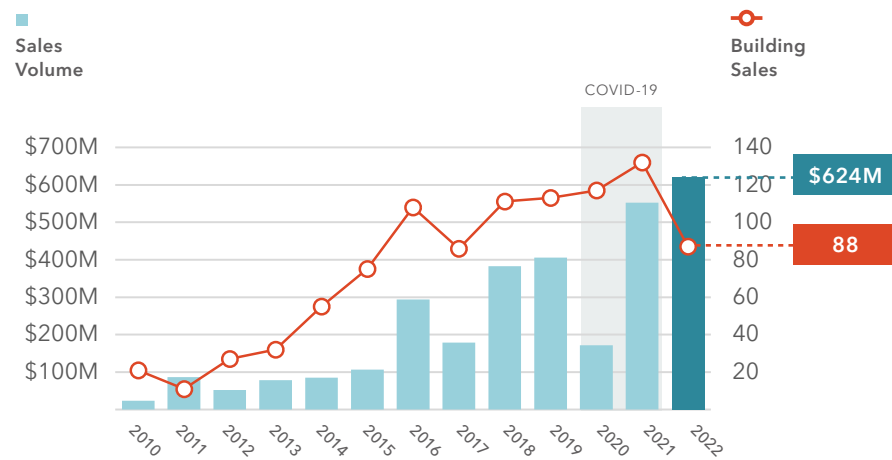
All building ages, 5+ unit apartment buildings

# HISTORIC TRENDS

## RENT AND VACANCY TRENDS



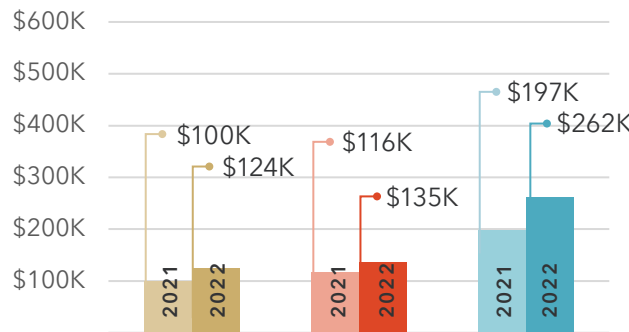
## SALES TRENDS



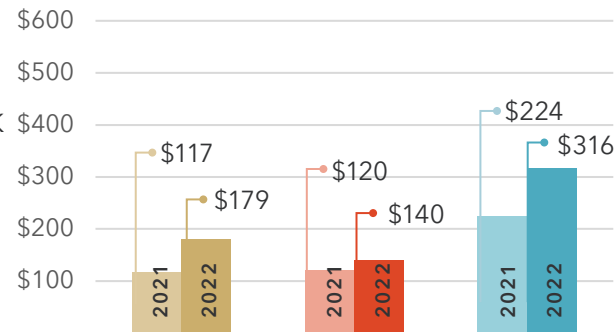
## SALES VELOCITY

## 5 TO 50 UNITS

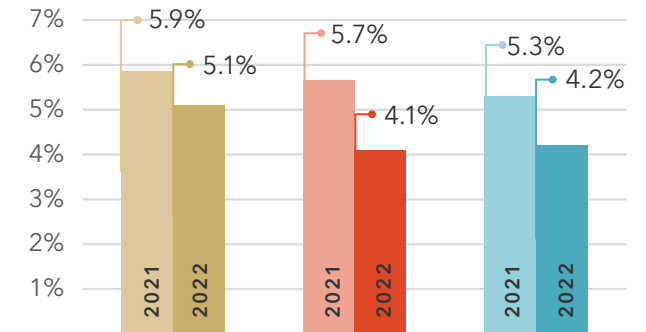
## PRICE PER UNIT



## PRICE PER SQUARE FOOT

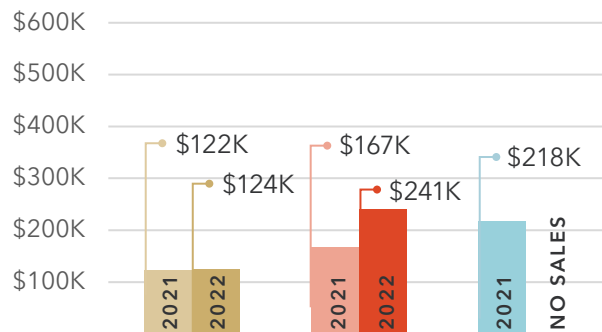


## CAP RATE

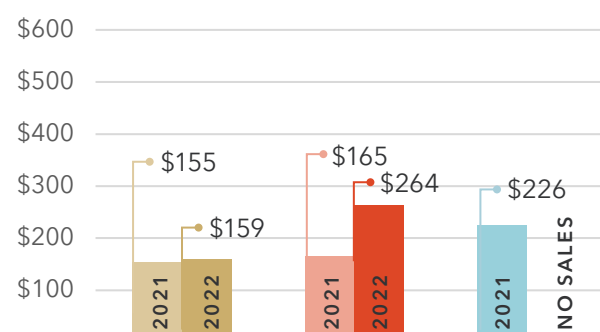


## 50+ UNITS

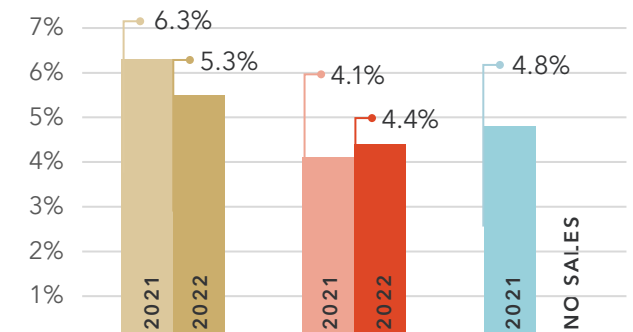
## PRICE PER UNIT



## PRICE PER SQUARE FOOT



## CAP RATE



■ PRE-1990 ■ 1990-2010 ■ 2010-CURRENT

## EASTERN WASHINGTON'S MOST ACTIVE MARKETS

## REGIONAL SALES PRICING VELOCITY

WENATCHEE VALEY  
CHELAN & DOUGLAS COUNTIES

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
BUILDING SALES	1	1	2	1
SALES VOLUME	\$1M	\$5M	\$5M	\$4M
PRICE/UNIT	\$80K	\$154K	\$136K	\$147K
PRICE/SF	\$162	\$297	\$206	\$278
CAP RATE	-	5.2%	5.7%	4.7%

## YAKIMA COUNTY

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
BUILDING SALES	3	4	4	1
SALES VOLUME	\$11M	\$8M	\$8M	\$11M
PRICE/UNIT	\$115K	\$106K	\$111K	\$126K
PRICE/SF	\$146	\$146	\$124	\$158
CAP RATE	5.9%	6.1%	4.9%	6.1%

## GRANT COUNTY

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
BUILDING SALES	-	1	3	1
SALES VOLUME	-	\$1M	\$4M	\$3M
PRICE/UNIT	-	\$110K	\$108K	\$125K
PRICE/SF	-	\$154	\$182	\$297
CAP RATE	-	4.8%	4.3%	-

## SPOKANE COUNTY

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
BUILDING SALES	13	12	14	9
SALES VOLUME	\$38M	\$37M	\$247M	\$42M
PRICE/UNIT	\$115K	\$143K	\$141K	\$147K
PRICE/SF	\$184	\$164	\$205	\$181
CAP RATE	5.3%	4.8%	4.5%	4.4%

TRI-CITIES  
FRANKLIN & BENTON COUNTIES

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
BUILDING SALES	3	6	4	3
SALES VOLUME	\$15M	\$24M	\$155M	\$7M
PRICE/UNIT	\$128K	\$154K	\$202K	\$136K
PRICE/SF	\$115	\$173	\$245	\$247
CAP RATE	4.5%	4.4%	4.7%	6.3%

All building ages, 5+ unit apartment buildings

# TRUSTWORTHY. *STRATEGIC.* INNOVATIVE. RIGOROUS.

## Team Founders

**Dylan Simon**  
EXECUTIVE VICE  
PRESIDENT



**Jerrid Anderson**  
EXECUTIVE VICE  
PRESIDENT



Dylan is a commercial real estate broker who specializes in helping investors buy, sell, and develop apartment buildings in Puget Sound and across Washington State. He has brokered transactions from \$1M to over \$100M.

Jerrid focuses on urban apartment and land sales in the City of Seattle and his clients hire him for pricing outperformance and industry leading successful closing percentage.

**Max Frame**  
ASSOCIATE  
VICE PRESIDENT



**Matt Laird**  
VICE PRESIDENT



**Brandon Lawler**  
VICE PRESIDENT



**Winslow Lee**  
ASSOCIATE  
VICE PRESIDENT



### Specialties

Eastern Washington

Development Land

5+ Unit Apartment Buildings

### Specialties

Puget Sound Region

Development Land

5+ Unit Apartment Buildings

### Specialties

South King County

Pierce County

5+ Unit Apartment Buildings

### Specialties

North King County

Snohomish County

5+ Unit Apartment Buildings

**Jack Counihan**  
FINANCIAL ANALYST



**Cassie Pieters**  
TEAM ASSISTANT



**Ashley Woodliff**  
MARKETING COORDINATOR





## NOTES

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

## DATA SOURCES

### SALES

CoStar

SCOUT - Spokane County

Real Capital Analytics

Simon | Anderson Multifamily Team Research

### RENT, VACANCY & INVENTORY

CoStar

Simon | Anderson Multifamily Team Research

## *Simon/Anderson Multifamily Team*

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