

EASTERN WASHINGTON

APARTMENT

MARKET DYNAMICS

Q2 2024

HOW TO USE THIS STUDY



Discover the latest apartment investment sales, vacancy, and rent data in Eastern Washington.



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.



APARTMENT SALES EXPERTS

OUR EXPERTISE



5 - 50 Units



Development Land



50+ Units



Micros



MAX FRAME

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.

CLIENT TESTIMONIALS

“I truly recommend working with Max for anyone looking to buy or sell their apartment building. Following our initial conversation about selling my apartment buildings, Max introduced me to multiple active buyers. Max's communication and attention to detail helped connect me with the right buyer and sell both my apartment buildings within a week of each other.

MARK A.

“Max had nothing but our best interests in mind from day one until after closing. He consistently kept us apprised of the changing market, of his progress, and tactfully kept us on task with whatever was required. He considered our every suggestion, offered invaluable insight to our real estate selling strategy, and exceeded our expectations.

RANDY S.

“Max and his team are so good that my realtor family has worked with them several times. Max communicated every step of the way, bringing his expertise and advice, while always keeping our best intentions in mind. They time and time again prove to be true market experts.

ROBIN R.

“We work with a lot of brokers, in terms of coordination, organization, and deal volume, Max is one of the best brokers we have worked with.

BLAINE W.

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↓ Q1 2024 REPORT


↓ Q4 2023 REPORT


↓ Q3 2023 REPORT


↓ Q2 2023 REPORT


↓ Q1 2023 REPORT

We are beginning to see the first signs of true cap rate correction.

 **CAP RATES:** In Q1 we experienced our first glimpse of a true rise in cap rates, with an average in-place cap rate at the time of sale at 6.2%, a 90-basis point jump from 12 months ago.

 **EASTERN WA INTEREST:** Although we are still in a volatile market, we continue to see a lot of interest from buyers in expanding their presence in Eastern WA as witnessed in 16 2024 Q1 sales, which is right in line with what we have seen since Q4 of 2022.

 **SALES VOLUME:** While total building sales have stayed relatively strong, where we saw the biggest downfall from the previous quarters is overall sales volume, with 2024's Q1 largest sale being just \$3.6M and overall volume being just \$25M, a 62% decrease from last quarter.

 **INTEREST RATES:** While we had high hopes to see interest rate cuts to start the year, we are continuously seeing the Fed re-forecast, with many now adjusting rate cut expectations to 2025.

 **SPOKANE:** Spokane continues to be Eastern Washington's anchor, compiling 56% of total sales (9), followed by Yakima with 4 sales, Tri-Cities with 2 sales, and Pullman with one sale.

INVENTORY

	Units	Buildings
TOTAL	77,770	1,907
5 TO 50-UNITS	22,723	1,513
50+ UNITS	55,047	394
12-MONTH DELIVERIES	2,795	29
AVERAGE UNIT SIZE	1,896 SF	

RENT & VACANCY

	12 MONTHS AGO	12-Month Change	90 DAYS AGO	90-Day Change	LAST QUARTER
	Q1 2023		Q4 2023		Q1 2024
RENT	\$1,282	▲ 1%	\$1,282	▲ 1%	\$1,299
VACANCY	6.3%	▲ 80 bps	6.9%	▲ 20 bps	7.1%

All building ages, 5+ unit apartment buildings

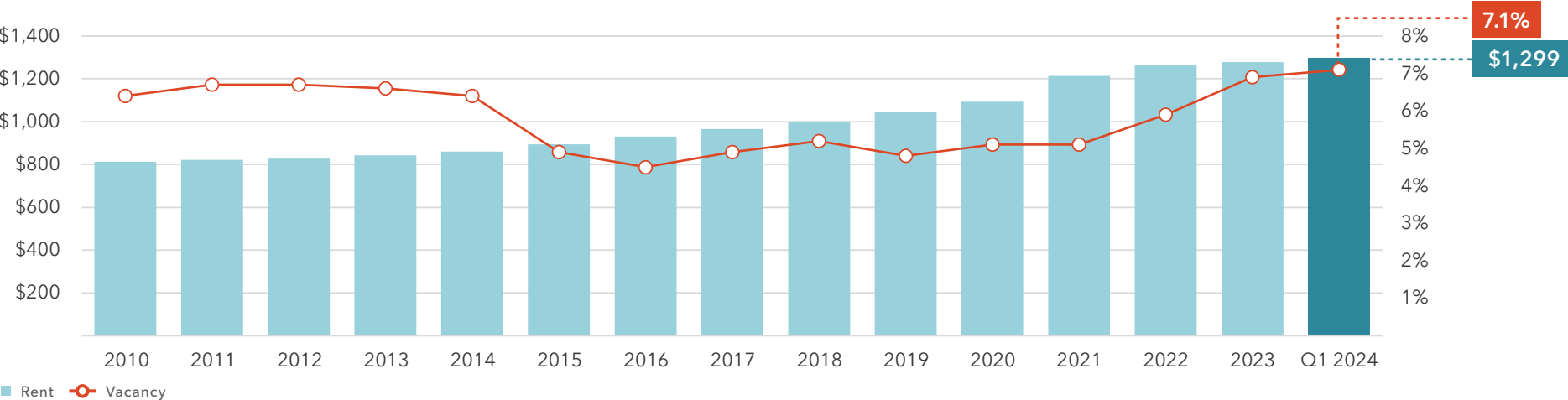
HISTORICAL SALES TRENDS

	2017	2018	2019	2020	2021	2022	2023	Q1 2023	12-Month Change	Q4 2023	90-Day Change	Q1 2024
BUILDING SALES	86	111	113	116	124	88	69	18	▼ 11%	15	▲ 7%	16
SALES VOLUME	\$179M	\$372M	\$406M	\$170M	\$529M	\$624M	\$374M	\$107M	▼ 77%	\$65M	▼ 62%	\$25M
PRICE/UNIT	\$75K	\$95K	\$105K	\$92K	\$146K	\$132K	\$151K	\$154K	▼ 28%	\$153K	▼ 28%	\$110K
PRICE/SF	\$79	\$101	\$108	\$112	\$165	\$184	\$181	\$199	▼ 23%	\$163	▼ 6%	\$153
CAP RATE	6.8%	6.5%	6.4%	6.1%	5.7%	5.0%	5.6%	5.3%	▲ 90 bps	5.5%	▲ 62 bps	6.2%

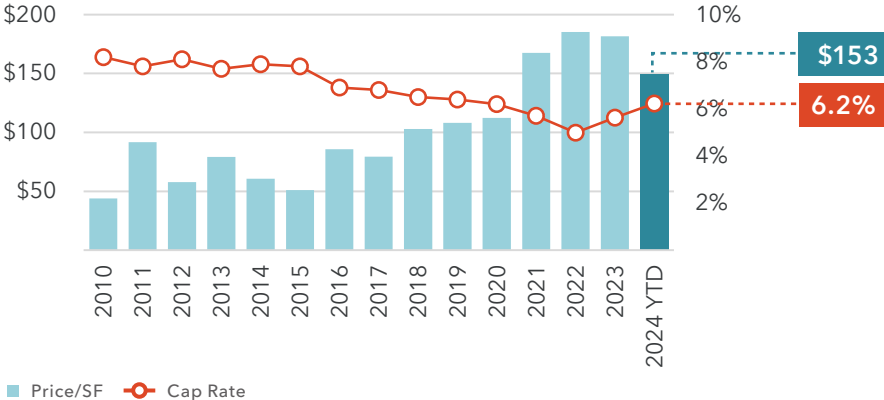
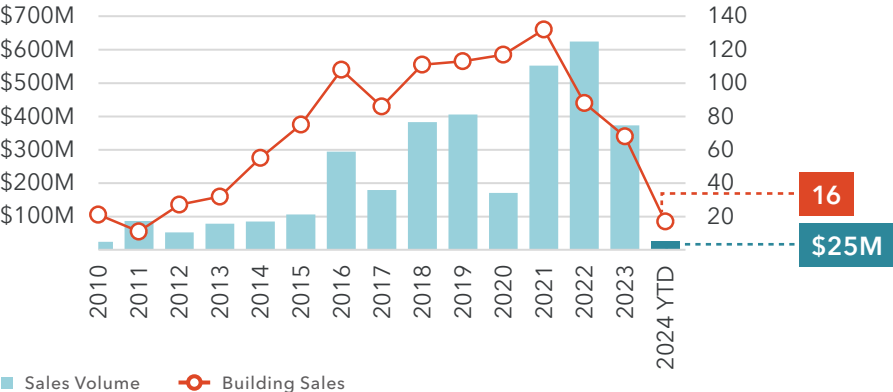
All building ages, 5+ unit apartment buildings

HISTORIC TRENDS

RENT AND VACANCY TRENDS



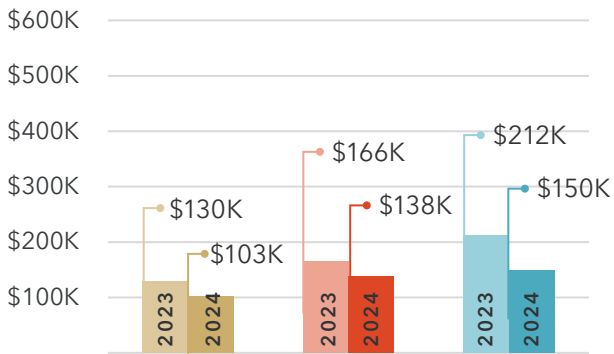
SALES TRENDS



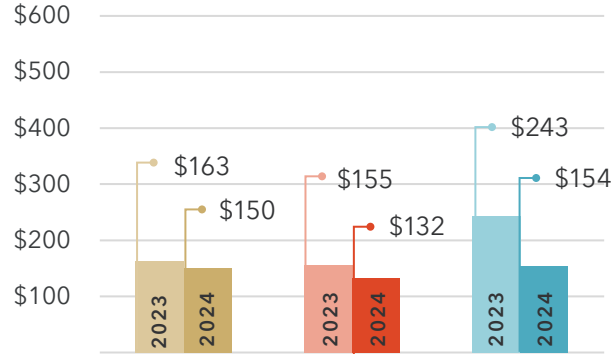
SALES VELOCITY

5 TO 50 UNITS

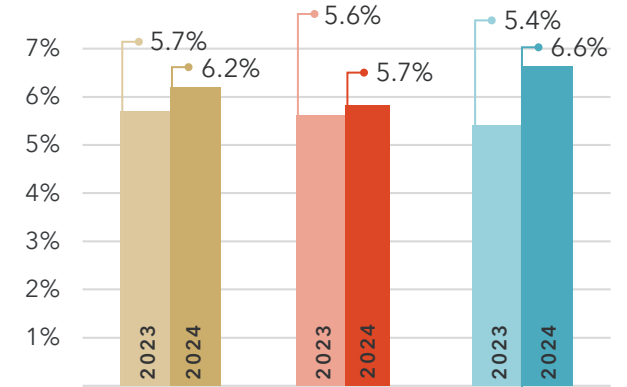
PRICE PER UNIT



PRICE PER SQUARE FOOT

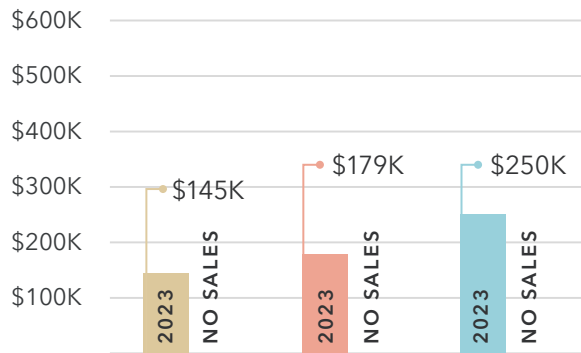


CAP RATE

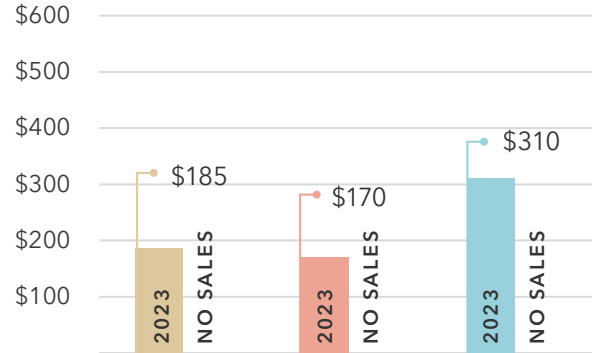


50+ UNITS

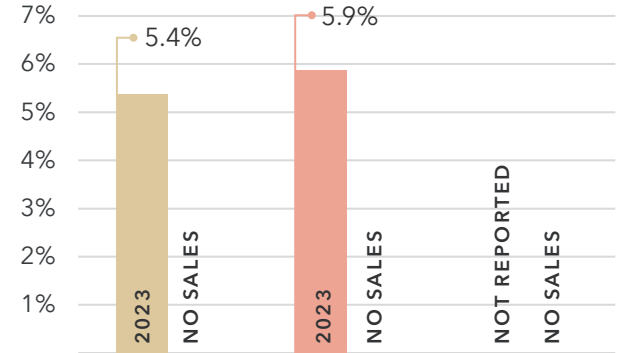
PRICE PER UNIT



PRICE PER SQUARE FOOT



CAP RATE



■ PRE-1980 ■ 1980-2010 ■ 2010-CURRENT

EASTERN WASHINGTON'S MOST ACTIVE MARKETS

REGIONAL SALE PRICING VELOCITY

CHELAN & DOUGLAS COUNTIES (WENATCHEE VALLEY)

	Q2 2023	Q3 2023	Q4 2023	Q1 2024
BUILDING SALES	1	-	1	-
SALES VOLUME	\$2M	-	\$6M	-
PRICE/UNIT	\$79K	-	\$124K	-
PRICE/SF	\$164	-	\$100	-
CAP RATE	-	-	-	-

YAKIMA COUNTY

	Q2 2023	Q3 2023	Q4 2023	Q1 2024
BUILDING SALES	1	-	1	4
SALES VOLUME	\$1M	-	\$700K	\$3.2M
PRICE/UNIT	\$86K	-	\$140K	\$104K
PRICE/SF	\$73	-	\$153	\$137
CAP RATE	-	-	6.2%	5.8%

FRANKLIN & BENTON COUNTIES (TRI-CITIES)

	Q2 2023	Q3 2023	Q4 2023	Q1 2024
BUILDING SALES	4	3	1	2
SALES VOLUME	\$38M	\$75M	\$7M	\$4.7M
PRICE/UNIT	\$173K	\$165K	\$119K	\$132K
PRICE/SF	\$185	\$166	\$126	\$96
CAP RATE	6.2%	6.4%	6.8%	7.0%

GRANT COUNTY

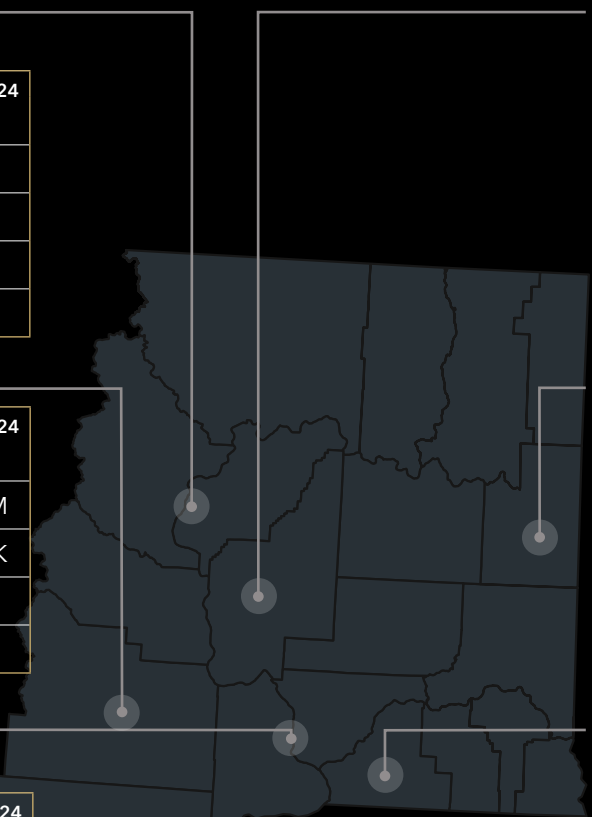
	Q2 2023	Q3 2023	Q4 2023	Q1 2024
BUILDING SALES	-	3	1	-
SALES VOLUME	-	\$4M	\$1M	-
PRICE/UNIT	-	\$129K	\$113K	-
PRICE/SF	-	\$135	\$108	-
CAP RATE	-	5.6%	7.0%	-

SPOKANE COUNTY

	Q2 2023	Q3 2023	Q4 2023	Q1 2024
BUILDING SALES	11	9	10	9
SALES VOLUME	\$29M	\$47M	\$44M	\$14.8M
PRICE/UNIT	\$168K	\$156K	\$166K	\$105K
PRICE/SF	\$180	\$233	\$182	\$175
CAP RATE	6.3%	5.3%	5.2%	6.1%

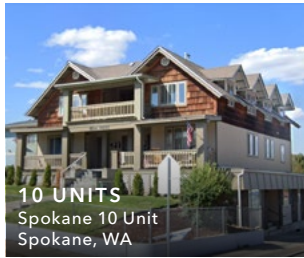
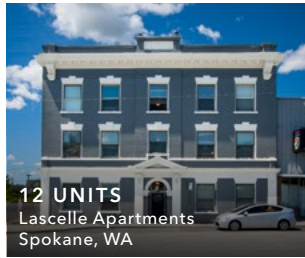
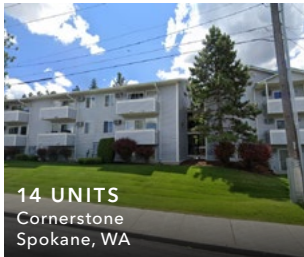
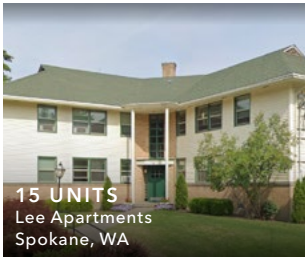
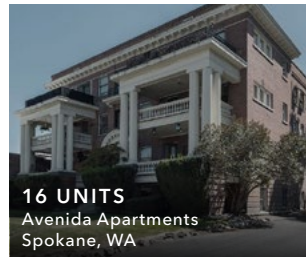
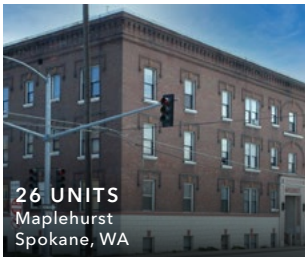
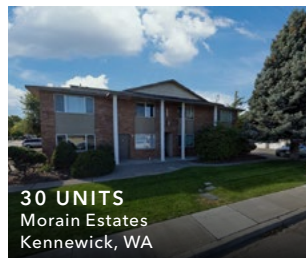
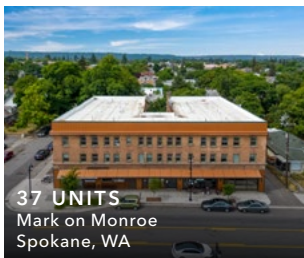
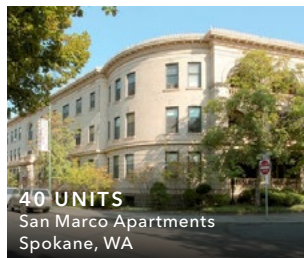
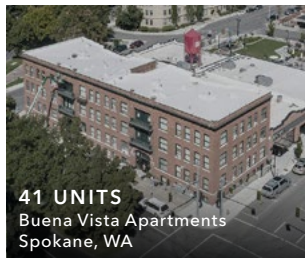
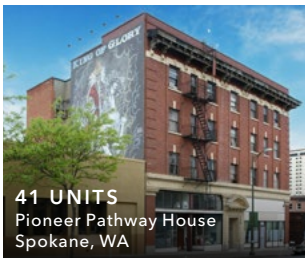
WALLA WALLA COUNTY

	Q2 2023	Q3 2023	Q4 2023	Q1 2024
BUILDING SALES	1	-	1	-
SALES VOLUME	\$3M	-	\$6M	-
PRICE/UNIT	\$106K	-	\$127K	-
PRICE/SF	\$151	-	\$130	-
CAP RATE	-	-	-	-



All building ages, 5+ unit apartment buildings

OUR RECENT EASTERN WA SALES



CASE STUDY - NAVIGATING A DIFFICULT REZONE



Autumn Leaf Apartments

Airway Heights, WA

THE OPPORTUNITY

Our client hired us to sell his apartment building which was being operated as a short-term rental property.

THE CHALLENGE

The land was zoned as hotel/motel, which dwindled the buyer pool, as most buyers preferred to operate this as traditional apartment units.

WHAT WE DID

We took a proactive problem-solving approach and engaged with the Spokane Indian Housing Authority, who was qualified to apply to the Bureau of Indian Affairs to operate the property under a sovereign nation, therefore not restricted by local zoning jurisdictions.

END RESULT

We closed on the sale of the property 53 days after going under contract with a purchase price within 3% of our original asking price.

Simon / Anderson Multifamily Team

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Notes & Sources

Sales data for the Eastern Washington region is inclusive to all market-rate apartment buildings with at least five units in Okanogan, Ferry, Stevens, Pend Oreille, Chelan, Douglas, Lincoln, Spokane, Kittitas, Grant, Adams, Whitman, Yakima, Benton, Franklin, Walla Walla, Columbia, Garfield, Asotin, Klickitat. Sources include: CoStar, SCOUT - Spokane County, Real Capital Analytics and Simon | Anderson Multifamily Team Research.

Vacancy data includes Yakima, Spokane, Benton, Franklin, Chelan, Douglass, Walla Walla, and Kittitas Counties. Sources include: CoStar and Simon | Anderson Multifamily Team Research.