

# MARKET SPOTLIGHT

## 2023 Multifamily

### Spokane County

#### 2023 Review

#### 2024 Projections

VACANCY		
2022	5.31%	▲
2023	7.63%	▲
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AVG. MARKET RENT		→
Studio	\$1,009	
1 bedroom	\$1,130	
2 bedroom	\$1,357	
3 bedroom	\$1,735	
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ANNUAL RENT GROWTH	~0%	→
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DELIVERIES	1,695 units	▲
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12 MONTH SALES VOLUME	\$141.35 M	▼
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MARKET CAP RATE	5.97%	▲

VACANCY		
2024 Q3 (PEAK)	9.01%	▲
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DELIVERIES	1,475 units	▼
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MARKET CAP RATE	6.49%	▲

National		
VACANCY		
2022:	6.49%	▲
2023:	7.62%	▲
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AVG. MARKET RENT		
Studio	\$1,515	▼
1 Bedroom	\$1,496	▼
2 Bedroom	\$1,741	▼
3 Bedroom	\$2,143	▼
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ANNUAL RENT GROWTH	-1%	▼
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DELIVERIES	573,077 units	▲
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MARKET CAP RATE	5.85%	▲

National Economy		
UNEMPLOYMENT RATE	3.9%	▼
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CONSUMER PRICE INDEX	3.2%	▲
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POPULATION GROWTH	0.5%	▲
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INTEREST RATE (FED. FUNDS RATE)	15.7%	▼

- ▼ Decrease YOY
- ▲ Increase YOY
- Flat YOY

**SVNC MULTIFAMILY TEAM PRO TIP**

The number #1 amenity that tenants will pay for is *security*. Instead of a complete remodel, consider minor upgrades to improve your property. This will draw the higher quality tenants you want!

- Improved security lighting
- Upgraded entry locks
- Security cameras

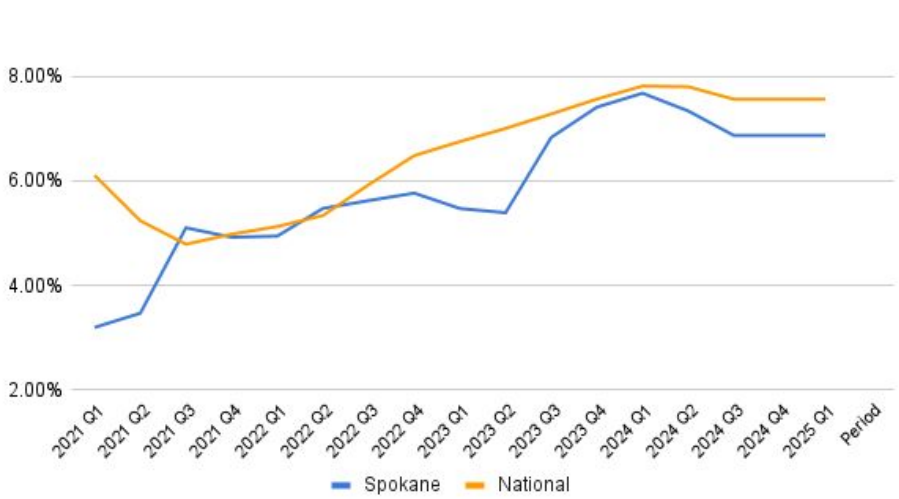
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### Spokane County

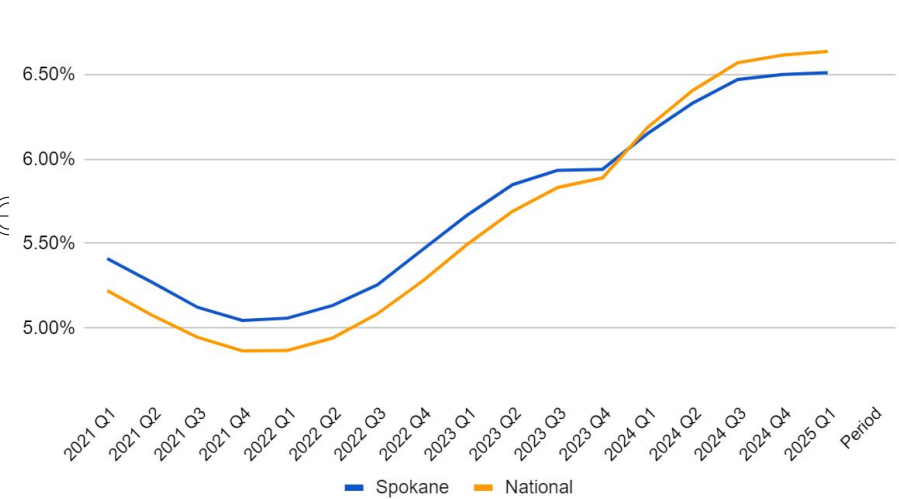
- Vacancy since 2021 has risen consistently. In 2023, vacancy rates have increased from 5.31% to 7.63%.
- We have watched rents go on a roller coaster ride as they appear to be changing in real time faster than is being reported. Currently 1-2 months of free rent and free amenities, that were once an additional fee, are now common concessions not appearing in the reported rents.
- Cap rates steadily increased to 5.97% in 2023.
- Interest rates increased until October of 2023, causing challenges when utilizing traditional financing. We have seen interest rate pressure ease in December of 2023 and the beginning of 2024.
- In 2024, focus is on loan maturities that may affect the market, rising insurance expenses that may affect owner's bottom line, vacancies, and state legislation that has been proposed in both the Senate and the House.
- Deliveries have averaged 967 units in Spokane County the last 10 years, peaked at 1,695 units in 2023, are expected to drop to 1,475 units in 2024, and then significantly drop off to 419 units in 2025.
- 12 month sales volume was \$354M in 2022 and dropped 60% to \$141M in 2023. Expect sales volume to increase in 2024 due to a shrink in the buyer-seller expectation gap.

**VACANCY RATE**



Source: Costar

**MARKET CAP RATE**



Source: Costar

\*The information contained in this publication has been obtained from sources generally regarded to be reliable. However, no representation is made, or warranty given, in respect of the accuracy of this information.