

COMMERCIAL REAL ESTATE REPORT Q4 2023

Kennewick-Richland, WA Metro Area

Select a Metro Area
Kennewick-Richland, WA Metro Ar...

Demographics and Economy

Demographics

1.0%	29.7%	-3.4%	Net Migration in Washington
population growth (2022)	share of renters (2022)	renter household formation (2022)	13,643 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,630 (2022)

Economy

7.3%	3,300	2.6%	-2.7%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$60,950	4.6%	11.4%	International Migration in Washington
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	28,919 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	37,322 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	123,581	130,124	1.5%	\$23	4.4%
2022 Q4	2,432	19,612	5.4%	\$23	5.8%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	8,269,559	0	15,880	\$4.03M	9.2%
2022 Q4	8,253,679	0	33,589	\$7.82M	8.8%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	99	583	2.1%	\$1,351	\$1,339	7.5%
2022 Q4	8	6	3.6%	\$1,324	\$1,316	8.2%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	13,431	16	538		5.7%	
2022 Q4	12,893	0	255		5.2%	

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-107,473	-152,446	4.2%	\$18	4.4%
2022 Q4	-11,711	209,584	4.2%	\$17	3.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	14,614,880	6.9%	\$34.99M	\$846	
2022 Q4	14,573,878	7.0%	\$40.26M	\$115	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	24,540	131,852	2.0%	\$11	2.1%
2022 Q4	-34,049	57,545	6.8%	\$11	1.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	11,985,470	57,000	191,100	7.0%	\$5.37M
2022 Q4	11,794,370	63,304	-120,416	6.4%	\$2.97M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Seattle-Tacoma-Bellevue, WA Metro Area

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Seattle-Tacoma-Bellevue, WA Metr...

Demographics and Economy

Demographics

0.6%	40.2%	4.8%	Net Migration in Washington
population growth (2022)	share of renters (2022)	renter household formation (2022)	13,643 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,630 (2022)

Economy

6.5%	42,300	2.0%	1.8%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$76,360	3.8%	25.4%	International Migration in Washington
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	28,919 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	37,322 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	-703,601	-3,833,799	-0.6%	\$38	14.0%
2022 Q4	-273,967	-1,909,529	0.1%	\$38	10.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	232,225,984	1,592,324	4,741,604	\$98.88M	6.8%
2022 Q4	227,484,380	116,626	696,849	\$274.83M	6.3%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	793	5,736	0.8%	\$1,957	\$1,940	6.9%
2022 Q4	310	6,110	2.6%	\$1,942	\$1,919	6.5%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2023 Q4	381,146	1,382	7,784	4.6%		
2022 Q4	373,362	1,606	11,331	4.2%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	186,793	-406,678	4.2%	\$30	3.0%
2022 Q4	193,451	-86,788	3.5%	\$29	2.8%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	181,494,141	5.8%	\$151.85M	\$332	
2022 Q4	181,521,641	5.8%	\$336.37M	\$349	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-1,014,928	-2,232,454	7.5%	\$15	6.3%
2022 Q4	1,181,831	8,961,348	9.6%	\$14	4.0%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	354,673,513	1,245,101	6,068,888	5.4%	\$96.77M
2022 Q4	348,604,625	1,020,034	8,211,923	5.1%	\$1,475.48M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Spokane-Spokane Valley, WA Metro Area

Select a Metro Area
Spokane-Spokane Valley, WA Metro Area

Demographics and Economy

Demographics

0.8%	34.1%	0.9%	Net Migration in Washington
population growth (2022)	share of renters (2022)	renter household formation (2022)	13,643 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,630 (2022)

Economy

6.6%	9,300	3.5%	3.5%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$63,160	4.0%	15.9%	International Migration in Washington
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	28,919 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	37,322 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	86,132	-205,026	3.3%	\$24	8.5%
2022 Q4	82,891	-161,009	4.3%	\$23	7.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	23,821,835	8,000	-8,056	\$8.69M	9.3%
2022 Q4	23,829,891	17,000	76,447	\$31.29M	8.9%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	4	790	0.5%	\$1,309	\$1,296	7.8%
2022 Q4	107	544	2.9%	\$1,303	\$1,291	5.8%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	40,313	422	1,712		5.9%	
2022 Q4	38,601	171	910		5.5%	

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	38,300	295,168	4.4%	\$16	3.3%
2022 Q4	10,557	-23,845	4.6%	\$16	3.9%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	39,230,395	7.1%	\$10.22M	\$139	
2022 Q4	39,175,923	7.1%	\$44.00M	\$143	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	306,637	719,464	2.1%	\$9	2.8%
2022 Q4	-15,273	753,989	7.1%	\$9	2.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	54,292,586	0	857,397	7.6%	\$17.07M
2022 Q4	53,435,189	38,815	545,373	7.0%	\$34.77M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Yakima, WA Metro Area

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Yakima, WA Metro Area

Demographics and Economy

Demographics

0.4%	37.0%	-2.5%	Net Migration in Washington
population growth (2022)	share of renters (2022)	renter household formation (2022)	13,643 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	32,630 (2022)

Economy

7.4%	600	0.7%	11.3%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$58,270	5.4%	7.6%	International Migration in Washington
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	28,919 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	37,322 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	41,315	53,392	1.2%	\$20	1.9%
2022 Q4	24,057	169,714	3.1%	\$20	3.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	5,711,687	0	-13,986	\$3.85M	9.7%
2022 Q4	5,725,673	0	0	\$0.15M	9.2%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	21.0	134.0	1.3%	\$979	\$973	3.7%
2022 Q4	25.0	102.0	5.0%	\$966	\$962	3.2%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2023 Q4	6,249	0	174	6.9%		
2022 Q4	6,075	0	0	6.3%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-1,523	54,658	4.6%	\$16	1.6%
2022 Q4	65,726	45,265	4.9%	\$15	2.0%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	13,786,148	6.8%	\$10.86M	\$240	
2022 Q4	13,780,948	6.8%	\$4.28M	\$135	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-121,931	-360,617	2.1%	\$8	4.8%
2022 Q4	236,675	-272,742	7.1%	\$8	3.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	25,303,946	0	0	7.6%	\$3.94M
2022 Q4	25,303,946	0	162,192	7.0%	\$13.13M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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