



## VALUE-ADD OPPORTUNITY

2214-2302 W Northwest Blvd & 2208 W Grace Ave, Spokane, WA 99205  
8 apartment units + 1 SFR

**\$850,000**



**FOR MORE INFORMATION:**

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Broker

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## W NORTHWEST BLVD

2214-2302 W Northwest Blvd & 2208 W Grace Ave, Spokane, WA 99205



### BUILDING

<b>Price:</b>	\$850,000
<b>Units:</b>	8 units + SFR
<b>Price/Unit:</b>	\$94,444
<b>Combined Sq Ft:</b>	5,552
<b>Price/Sq Ft:</b>	\$153.10
<b>Cap Rate:</b>	4.97%
<b>Year Built:</b>	1931-1939
<b>Combined Lot Size:</b>	0.48 acres
<b>County:</b>	Spokane

### HIGHLIGHTS

- Value-add opportunity
- Long-term tenants
- Garages provide additional income
- On-site laundry facilities
- Walking distance to parks and shopping
- Close to college campuses
- Three (3) tax lots

### DESCRIPTION

Value-add opportunity with below market rents and long-term tenants. The property is located in the Downriver neighborhood, 1/2 mile from Spokane Falls Community College and 2 miles to Gonzaga University. Amenities include on-site laundry, storage, parking, and garage access. Situated on 3 tax lots, unit mix includes (six) 1 bedrooms, (two) 2 bedrooms, and a 3 bd/2 ba single family home.

Scheduled Monthly Rents

Units	Type	Est. SF	Current Average Rent	Monthly Income	Rent at Market	Monthly Income
6	1 BR + 1 BA	550	\$669	\$4,014	\$825	\$4,950
2	2 BR + 1 BA	720	\$718	\$1,435	\$1,000	\$2,000
1	3 BR + 2 BA House	1,212	\$1,045	\$1,045	\$1,300	\$1,300
<b>9</b>				<b>\$6,494<sup>1</sup></b>		<b>\$8,250</b>
			<b>Scheduled Gross Income</b>	<b>\$77,928</b>		<b>\$99,000</b>
			• Less: Vacancy (5%)	-\$3,896		-\$4,950
			<b>Effective Gross Income</b>	<b>\$74,032</b>		<b>\$94,050</b>
			• Plus: Parking	+\$1,800		+\$1,800
			• Plus: RUBs	+\$3,056		+\$5,400
			• Plus: Other Income	+\$403		+\$500
			<b>Effective Annual Income</b>	<b>\$79,291</b>		<b>\$101,750</b>

Estimated Expenses

	%EGI	Current Per/Unit	Amount	%EGI	Budget Per/Unit	Amount
<sup>2</sup> Taxes	9.44%	\$776	\$6,988	7.43%	\$776	\$6,988
<sup>3</sup> Insurance	2.19%	\$180	\$1,620	1.72%	\$180	\$1,620
<sup>4</sup> Utilities	15.80%	\$1,300	\$11,700	12.44%	\$1,300	\$11,700
<sup>3</sup> Professional Management	8.00%	\$658	\$5,923	8.00%	\$836	\$7,524
<sup>4</sup> Maintenance & Repairs	6.08%	\$500	\$4,500	4.78%	\$500	\$4,500
<sup>4</sup> Turnover Reserves	2.13%	\$175	\$1,575	2.39%	\$250	\$2,250
<sup>4</sup> Landscaping	2.12%	\$174	\$1,570	1.67%	\$174	\$1,570
<sup>3</sup> Capital Reserves	4.25%	\$350	\$3,150	3.35%	\$350	\$3,150
<b>Total Est. Annual Expenses</b>	<b>50.01% of EGI</b>	<b>\$4,114 Per Unit</b>	<b>\$37,026</b>	<b>41.79% of EGI</b>	<b>\$4,367 Per Unit</b>	<b>\$39,302</b>

Investment Summary

	Current	Projected
<b>Net Operating Income (NOI)</b>	<b>\$42,265</b>	<b>\$62,448</b>
<b>Cap Rate</b>	<b>4.97%</b>	<b>7.35%</b>
Debt Service	\$33,066	\$33,066
Cash Flow	\$9,199	\$29,382
<b>Cash Return</b>	<b>3.61%</b>	<b>11.52%</b>

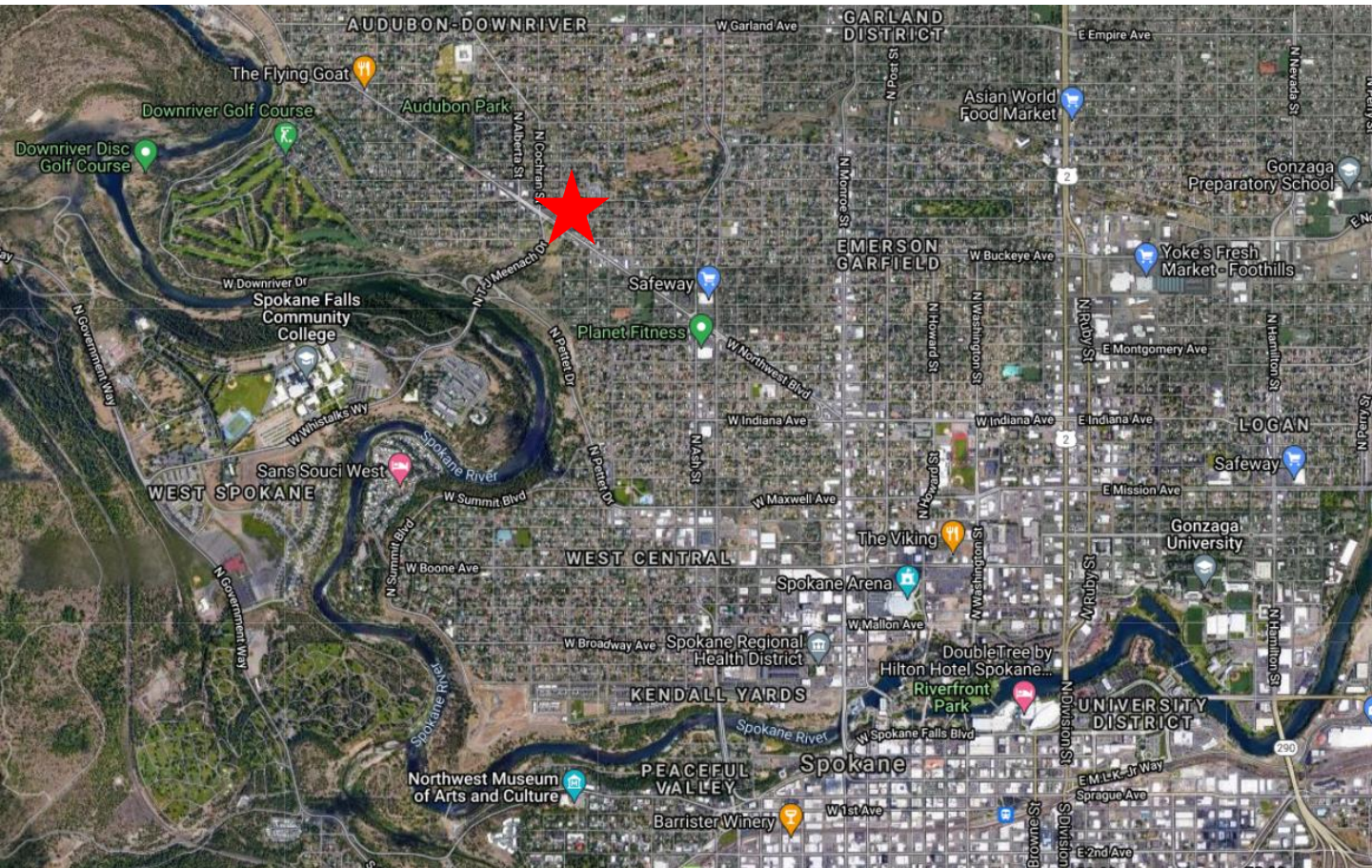
Proposed Financing

<b>Down Payment</b>	\$255,000
<b>Down Payment %</b>	30%
<b>Debt Service</b>	\$33,066
<b>Loan Amount</b>	\$595,000
<b>Interest Rate</b>	3.75%
<b>Term</b>	30 yr. am

Footnotes

1. Current Rent Roll, February 2022.
2. 2022 actual.
3. Market standard.
4. 2021 actuals.





## LOCATION DESCRIPTION

This 9-unit property is a great opportunity to invest in the rapidly growing Spokane market with value-add upside. The property is conveniently located by some of Spokane’s best outdoor amenities including the Centennial Trail (a 100 mile walking and biking path that stretches from west of Spokane to the Idaho/Montana border), Downriver Park and Golf Course, and Riverside State Park which has several hiking trails that run along the Spokane River. During the winter, there are over a hundred miles of snow-shoeing, cross-country skiing, and snowmobile trails nearby and in the summer the Spokane River becomes a destination for swimming, kayaking, and fishing.

The Downriver neighborhood has seen a large increase in amenities over the last decade and is now home to some of Spokane’s best local restaurants. With a bus stop located a two minute walk from the property, tenants are able to travel to the surrounding cities of Spokane Valley, Mead, Cheney, and Liberty Lake with ease. Located just 10 minutes from downtown Spokane, tenants are provided quick access to local sporting events, music/entertainment, and retail establishments. The mix of one, two and three bedrooms fit the needs of today’s renters and are suitable for families, professionals, or students at one of the nearby colleges.









### Overview

#### Spokane Multi-Family

12 Mo. Delivered Units

**862**

12 Mo. Absorption Units

**473**

Vacancy Rate

**4.4%**

12 Mo. Asking Rent Growth

**11.6%**

Spokane's apartment market has seen an increase in demand over the past decade. Vacancies dropped below historical averages, and absorption was historically high during the latter part of 2020 into 2021 as the area benefited from in-migration from larger cities. However, the last part of 2021 saw negative absorption just as new construction added hundreds of units, leading to an increase in the vacancy rate. That said, the vacancy rate is still lower than the long-term average.

Rent growth has seen strong momentum, seeing double-digit year-over-year growth for the past several quarters. This should moderate in the coming quarters and fall closer in line with long-term averages. Higher-end properties have benefited from residents leaving large cities to work remotely in a more affordable market.

These workers typically have higher incomes, allowing these properties to command premium rents.

New construction is providing headwinds to the market. The number of new units has outpaced demand over the past couple of years. The market is seeing strong demand overall, but it may not be enough to keep vacancies at their current level.

Spokane has seen increased interest from investors in recent years, and sales volume was strong over the past year. The market saw record sales volume in 2021. Pricing has increased, and cap rates have contracted slightly, as investors are confident in a secondary market that has benefited from strong population growth.

#### KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	8,810	8.4%	\$1,548	\$1,534	102	0	123
3 Star	14,978	3.6%	\$1,232	\$1,228	(12)	49	836
1 & 2 Star	12,672	2.7%	\$875	\$871	14	0	0
<b>Market</b>	<b>36,460</b>	<b>4.4%</b>	<b>\$1,236</b>	<b>\$1,229</b>	<b>104</b>	<b>49</b>	<b>959</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.0%	5.2%	5.3%	7.8%	2009 Q4	2.9%	2021 Q1
Absorption Units	473	651	350	1,756	2021 Q2	(167)	2012 Q2
Delivered Units	862	689	553	1,846	2005 Q4	0	2012 Q2
Demolished Units	0	11	9	94	2015 Q4	0	2021 Q4
Asking Rent Growth (YOY)	11.6%	2.9%	4.2%	15.9%	2021 Q3	-6.4%	2009 Q4
Effective Rent Growth (YOY)	11.5%	2.9%	4.2%	16.3%	2021 Q3	-6.8%	2009 Q4
Sales Volume	\$249M	\$56.2M	N/A	\$267.8M	2021 Q3	\$0	2006 Q3

Source:  CoStar™  
2/11/2022



## Rent

### Spokane Multi-Family

Spokane saw some of the fastest growing rents in the Pacific Northwest in recent quarters. Average market rents sit at \$1,240/month, compared to the national average of \$1,560/month. Demand has driven up rents due to a number of factors, including an overall increase in housing prices, in-migration from larger cities, and higher costs of new inventory, where most of the availability lies.

Annual rent growth over the past 12 months sits at 11.5%, higher than most other Pacific Northwest markets. This compares to the five-year average rent growth for the market of 6.4%.

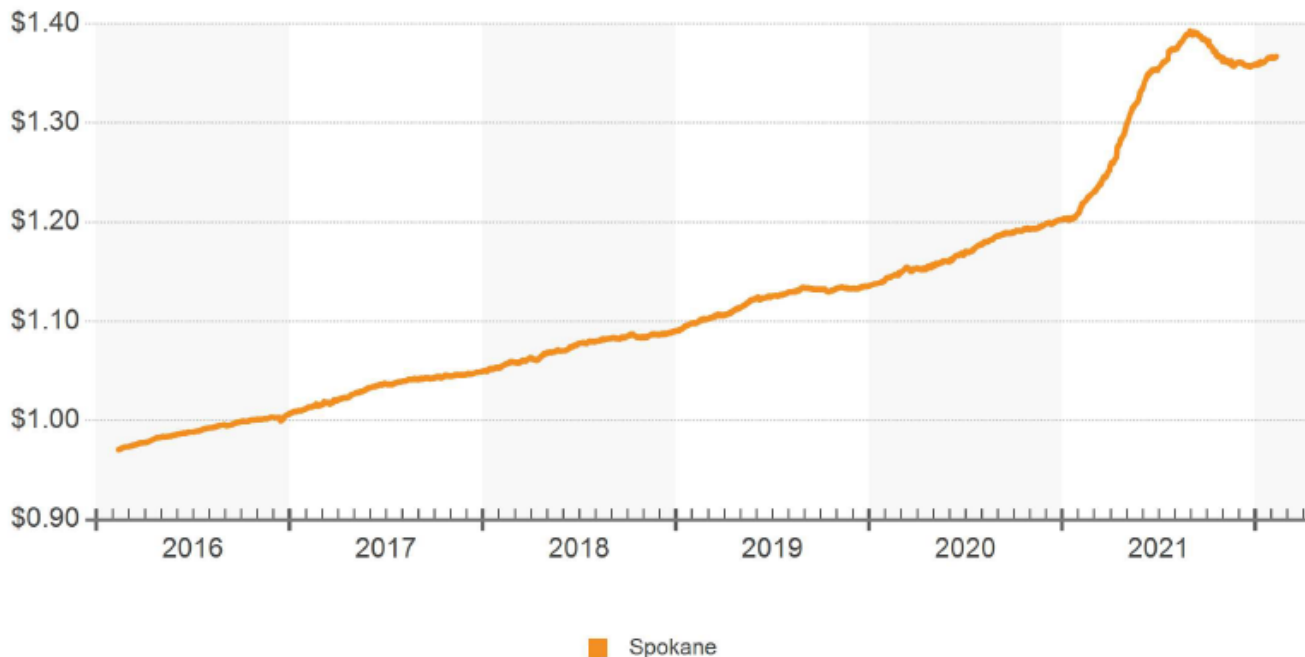
Cumulative rent gains over the past decade in Spokane

amount to 55.6%, well above the national performance of 40.9% over the same period of time.

Although the vacancy rate has risen from its all-time low in 2021, increased absorption has had an impact. Net annual absorption sits at around 470 units, compared to the historical average of 630 units per year.

Rent growth has been strong across most property types. Year-over-year rent growth for 4 & 5 Star properties is 12.2%, compared to 12.9% for 3 Star and 6.6% for 1 & 2 Star properties. Average market rents at 4 & 5 Star properties are significantly higher than average at \$1,550/month. For comparison, 1 & 2 Star rents average only \$880/month in Spokane.

### DAILY ASKING RENT PER SF



Source: CoStar™  
2/11/2022



## Economy

### Spokane Multi-Family

Spokane is the Pacific Northwest's fourth-largest urban area after Seattle, Portland, and Boise. Many workers lost their jobs in the face of the coronavirus pandemic, but the good news is that the state has now reopened and most COVID-19-related business restrictions have been lifted. This should help retail and hospitality, some of the hardest-hit sectors. Job growth is on the rise, and employment is now close to pre-pandemic levels.

The Spokane area has a high exposure to retail and hospitality jobs, which added risk, especially during the beginning of the pandemic. The good news for many laid-off workers, in addition to the state's reopening, is that Amazon has expanded its fulfillment center presence in eastern Washington in recent months, which could help employ thousands of people who lost their jobs. The strongest growth in the past year has been in the retail trade sector, which includes non-store retail establishments such as Amazon.

The metro's incomes are well below the national median, but income growth had been strong prior to the coronavirus outbreak and higher-paid residents have moved to the area during the pandemic.

White-collar employees who can work remotely have moved to the area from larger cities like Seattle, in an attempt to avoid densely populated city centers and save money on housing. Within Spokane, office-using jobs

are on the rise, as well.

While highly exposed to volatile industries, a decent share of the economy is concentrated in sectors that help stabilize a region during downturns. Spokane's workforce is heavily concentrated in government and education and health services, which collectively employ nearly 40% of the metro's non-farm workforce.

The largest employer in the area is Fairchild Air Force Base, which employs 5,300 people, including both non-civilian and civilian government works. Providence Health is also one of the largest employers in the area, with a similar number of employees.

Outside these two employers, several newcomers have added a significant number of jobs in recent years. This includes Amazon, which now has three fulfillment centers near Spokane, including a 1.3 million-SF distribution center completed in October 2021.

Many local institutions of higher education, including Eastern Washington University and Gonzaga University, provide a talent pipeline for local employers like Clearwater Paper, global engineering company Pyrotek, and American energy company Avista. However, many of these students move to other parts of the country, including cities like Portland and Seattle, to pursue higher-paying jobs.

### DEMOGRAPHIC TRENDS

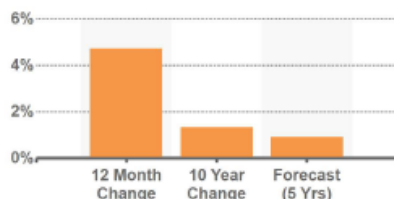
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	605,844	332,715,188	0.6%	0.3%	1.3%	0.6%	0.9%	0.5%
Households	239,051	124,245,141	0.6%	0.2%	1.4%	0.7%	0.8%	0.5%
Median Household Income	\$62,618	\$70,139	6.4%	8.4%	2.7%	3.3%	3.2%	3.7%
Labor Force	285,567	162,368,328	4.7%	1.2%	1.3%	0.5%	0.9%	0.6%
Unemployment	4.0%	4.3%	-2.3%	-2.2%	-0.5%	-0.4%	-	-

Source: Oxford Economics

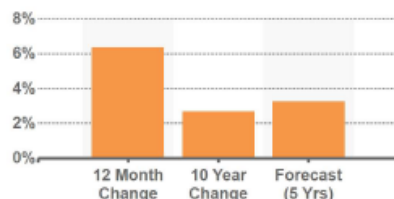
#### POPULATION GROWTH



#### LABOR FORCE GROWTH



#### INCOME GROWTH



Source: Oxford Economics



**973 E 8th Ave  
Spokane, WA 99202**

<b>Sale Date:</b>	<b>Year Built:</b>
5/21/2021	1979
<b>Price:</b>	<b>Cap Rate:</b>
\$835,000	4.00%
<b>Units:</b>	<b>Price/Unit:</b>
9	\$92,778
<b>Sq Ft:</b>	<b>Price/Sq Ft:</b>
11,868	\$70.36



**3222-3224 N Madison St  
Spokane, WA 99205**

<b>Sale Date:</b>	<b>Year Built:</b>
6/11/2021	1994
<b>Price:</b>	<b>Cap Rate:</b>
\$900,000	5.01%
<b>Units:</b>	<b>Price/Unit:</b>
8	\$112,500
<b>Sq Ft:</b>	<b>Price/Sq Ft:</b>
11,782	\$76.39



**2807 E Boone Ave  
Spokane, WA 99202**

<b>Sale Date:</b>	<b>Year Built:</b>
7/1/2021	1979
<b>Price:</b>	<b>Cap Rate:</b>
\$1,525,000	7.00%
<b>Units:</b>	<b>Price/Unit:</b>
15	\$101,667
<b>Sq Ft:</b>	<b>Price/Sq Ft:</b>
13,012	\$117.20



**1010 W Boone Ave  
Spokane, WA 99201**

<b>Sale Date:</b>	<b>Year Built:</b>
7/21/2021	1905
<b>Price:</b>	<b>Cap Rate:</b>
\$1,400,000	
<b>Units:</b>	<b>Price/Unit:</b>
15	\$93,333
<b>Sq Ft:</b>	<b>Price/Sq Ft:</b>
9,690	\$144.48



**506 W Sinto Ave  
Spokane, WA 99201**

<b>Sale Date:</b>	<b>Year Built:</b>
9/15/2021	1907
<b>Price:</b>	<b>Cap Rate:</b>
\$1,200,000	
<b>Units:</b>	<b>Price/Unit:</b>
11	\$109,091
<b>Sq Ft:</b>	<b>Price/Sq Ft:</b>
6,665	\$180.05



**6018 N Ruby  
Spokane, WA 99208**

<b>Sale Date:</b>	<b>Year Built:</b>
12/21/2021	1973
<b>Price:</b>	<b>Cap Rate:</b>
\$913,000	
<b>Units:</b>	<b>Price/Unit:</b>
8	\$114,125
<b>Sq Ft:</b>	<b>Price/Sq Ft:</b>
6,810	\$134.07





**SUBJECT PROPERTY**

	Current Avg Rent	Avg Sq Ft	Rent/Sq Ft
1 BD	\$669	550	\$1.22
2 BD	\$718	720	\$1.00

**930 N Washington St**

	Avg Rent:	Avg Sq Ft:	Rent/Sq Ft:
1 BD	\$885	666	\$1.33
2 BD	\$1,088	983	\$1.11

**2014 W Riverside Ave**

	Avg Rent:	Avg Sq Ft:	Rent/Sq Ft:
1 BD	\$861	550	\$1.57
2 BD	\$1,218	700	\$1.74

**2127 W Buckeye Ave**

	Avg Rent:	Avg Sq Ft:	Rent/Sq Ft:
1 BD	\$783	955	\$0.82
2 BD	\$1,021	1,099	\$0.93

**214 E Nora Ave**

	Avg Rent:	Avg Sq Ft:	Rent/Sq Ft:
1 BD	\$742	512	\$1.45
2 BD	\$1,020	700	\$1.46





**SUBJECT PROPERTY**

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	Current Avg Rent	Avg Sq Ft	Rent/Sq Ft
1 BD	\$669	550	\$1.22
2 BD	\$718	720	\$1.00




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**728 W Maxwell Ave**

	Avg Rent:	Avg Sq Ft:	Rent/Sq Ft:
1 BD	\$825	500	\$1.65




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**507 E Nora Ave**

	Avg Rent:	Avg Sq Ft:	Rent/Sq Ft:
2 BD	\$1,038	700	\$1.48



## AWARDS & RECOGNITIONS

# Joseph Bernard

## INVESTMENT REAL ESTATE

The Professional Approach to Apartment Investing



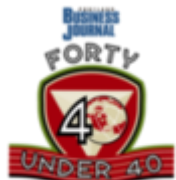
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Fastest Growing Private 100 Companies



Oregon Ethics in Business



Top 40 Business Leader Under 40



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Commercial Real Estate POWERLIST



Top Corporate Philanthropy



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All Star Award for Advertising and Marketing Excellence

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