

# **THE REAL ESTATE REPORT**

## **Regional Research on Spokane, Kootenai, Bonner Counties**

**Volume 46, Number 2  
Fall 2022**

**Published semiannually by the  
Spokane-Kootenai Real Estate Research Committee**

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## GENERAL SUMMARY

### OVERVIEW

What are the demographic patterns of the market? What does the inventory look like? What are the characteristics of the labor market and the trends for its income? In the long history of this report, the purpose has been to provide the best public (and occasionally private) information to assist market participants in their decision-making. We aim to provide some answers. This current edition continues that objective.

### RELEVANT NATIONAL FACTORS

Although the U.S. economy continues to recover from the COVID pandemic, the extra burden of higher than anticipated inflation, worsened by the Ukraine war and continued supply chain struggles, has moderated growth expectations. The Federal Reserve's ("the Fed's") current forecast for U.S. GDP growth, released in September 2022, is for 0.2% growth in 2022 and 1.2% in 2023. The Fed's 2022 GDP forecast is sharply lower than its previous forecast of 4% growth made in December 2021. The weaker outlook for GDP accounts for the Fed's interest rate increases, which, in order to slow inflation, they raised faster than they had initially projected for the year. At the time of this writing, the Fed increased its key policy interest rate, the Federal Funds Rate, by a full 0.5% in May 2022, then four consecutive increases of 0.75% in June, July, September, and November; the last time the Fed had increased by as much as 0.5% was May 2000. Because of ongoing supply chain disruptions and the impact of Ukraine war, the Fed's forecast for consumer inflation is higher than projected in June. The Fed's current consumer inflation forecast, as measured by the Personal Consumption Expenditure Index (the Fed's preferred inflation index), is for 4.5% inflation in 2022 and 3.1% in 2023. In comparison, the Fed's December 2021 inflation forecast for 2022 was 2.6%. These forecasts are well above the Fed's 2% long-run inflation target. As of September 2022, financial markets expect the Federal Reserve will steadily increase the Federal Funds Rate to 3.9%–4.6% by year-end, with a range of 3.9%–4.9% in 2023. The Fed's accelerated interest rate increases has caused many private sector forecasters to increase their likelihood of a recession in 2023.

### POPULATION

#### Spokane County

According to the Washington State Office of Financial Management (OFM), annual population growth in Spokane County has remained around 1.5% from 2017 to 2019 yet increased by 330 basis points (to 4.7%) in 2020; growth moderated over 2021, posting only a 0.5% annual gain, then resumed an on-trend pace for 2022, at 1.6%. In its April 2020 Decennial Census, the U.S. Census Bureau reported a population of 539,339 for the county, which matches the OFM figure for that year. The U.S. Census Bureau diverges in 2021, however, posting a more generous figure of approximately 546,040 for the county as of July 2021, reflecting an increase of 1.2% (6,701 people) as compared to the OFM's estimate of 0.5% (or only 2,761 people). The U.S. Census estimates for 2022 are not yet available. According to the OFM, both the City of Spokane and City of Spokane Valley followed the county trend, posting modest gains from 2020 to 2021, then greater gains over 2021 to 2022. The annual percent growth for the year ending April 2021 and April 2022, respectively, was 0.2% and 0.7% for the City of Spokane and 1.5% and 2.5% for the City of Spokane Valley.

#### Kootenai County

The Census Bureau is estimating 179,789 as of July 2021 for Kootenai County, representing an increase of 4.9% over the April 2020 decennial census figure of 171,362. The 2020 population was itself an increase of 3.4% over the prior, July 2019, estimate. These annual increases are well above the average annual increase from 2000 to 2010 (at 2.7%) and from 2010 to 2020 (at 2.4%). Current population projections for the County are estimated to reach 204,100 by 2025, representing annual increases of 3.4%. From 2010 to 2020, the three cities in Kootenai that experienced the greatest growth were Post Falls (at a cumulative 39.6%), Rathdrum (at 34.9%) and Coeur d'Alene (at 23.8%). These and Hayden are among the most populous cities in the county.

With what the Census estimates to be a combined population of over 725,800 people as of 2021, and greater than average growth rates, Spokane and Kootenai Counties constitute a thriving and attractive market.

### Bonner County

The estimated July 2021 population was 49,491, an increase of 5.1% from the 47,110 reported in the decennial 2020 census, and well above the annual average growth of 1.5% from 2010 to 2020. According to the U.S. Census Bureau's American Community Survey, the population in Sandpoint has grown by 2.9-3.6% per year from 2016 to 2020. Current population projections for the County are more modest, anticipating a population of 51,700 by 2025, or annual increases of 1.1% over the estimated 2021 figure.

## **DRIVER LICENSE SURRENDERS**

### Spokane County

Since 2014, annual drivers' license surrenders (in Spokane County) have neared or exceeded 1,000. Of the four states tracked in this report (CA, ID, MT, and OR) the most surrenders have come from California residents, followed by Idaho. Year-over-year, the total number of surrenders in the county increased by 27.0% in 2020, then decreased by 14.4% in 2021. Figures through September 2022 demonstrate an increase of 6.5% over the prior year.

### Kootenai County

New data were previously not available for Idaho, though, with the kind assistance of Jennifer Smock and Katherine Morgan, we have been able to secure current and historical data from the DMV | Idaho Transportation Department and have filled out figures for 2016–2021. Like Spokane County, California continues to lead the migration, followed by Washington. Kootenai gained 24.7% in 2019 (the greatest annual percentage increase since 1992), then another 14.2% in 2020.

### Bonner County

Bonner data demonstrates year-over-year increases in most years since 2011 and has been positive in the past three years (2019 to 2021). Incoming residents are primarily from California or Washington, though the leading state varies and has alternated the last several years. Immigration from California was greatest in 2018 and 2020, while Washington held the lead in 2017, 2019, and 2021. Bonner surrenders increased by 24.2% in 2019, a record annual percentage increase not seen before in the data set (which goes back to 2002).

**RESIDENTIAL ELECTRICAL CUSTOMERS**Spokane County

As of September 2022, there were 229,783 residential meters in Spokane County. This is a 1.1% increase from year-end 2021, and somewhat below the typical annual increase demonstrated over 2018 to 2021.

Kootenai County

As of March 2022, there was a record 86,525 residential electric meter customers in the county, representing an increase of 2.0% over year-end 2021, and below the average annual growth of about 3.3% per year since 2015.

Bonner County

As of September 2022, the residential meter count in Bonner County was 14,734 (Avista and Kootenai Electric only). Avista's meter count increased 1.5% from 14,374 in 2021 to 14,584 in September 2022. Northern Lights has been unable to provide Bonner County data for this report since 2018.

**EMPLOYMENT**Spokane County

Long-time followers of this report will note a variety of changes to the data sets since its inception. One such change occurred in 2003, with the conversion of the industry codes from the Standard Industrial Classification (SIC) to the new North American Industry Classification System (NAICS). Furthermore, in 2013, Stevens and Pend Oreille Counties were added to the Spokane-Spokane Valley Metropolitan Statistical Area.

The expanded data series shows total "non-ag, wage and salary" jobs at 259,800 (average through Q3 2022). Approximately 7% of total non-ag jobs continue to be in the manufacturing sector. However, the job mix is changing dramatically with a greater number of high-paying tech and health care jobs.

The unemployment rate rose from 4.8% in 2007 to a peak of 9.9% in 2010, following the effects of the Great Recession. It then followed a declining trend through 2019, when it reached 5.2%. The COVID-19 pandemic prompted stay-at-home orders in March 2020 and a precipitous drop in employment. Unemployment was as high as 16.7% in April 2020, but lowered to 6.7% as 2020 ended, averaging 8.7% for the year. The figure improved in 2021, with an average of 5.4%. The average through 2022 is 4.5%.

Kootenai County

Kootenai experienced similar trends as Spokane, though with a wider range: its unemployment rate rose from 3.4% in 2007 (below Spokane's) to a peak of 10.9% in 2010 (above Spokane's). While the labor force generally posted annual increases from 2010 through 2019, the unemployment percentage declined over this same timeframe. Like Spokane, the county unemployment rate rose in response to the COVID-19 "Shelter in Place" mandates.

With these business closures, Idaho State unemployment rates went from 2.5% in March to 11.5%, with non-farm payrolls losing 79,500 jobs as of April 2020, per the Idaho State

Department of Labor website. The April 2020 unemployment rate represents an increase of 900 basis points over the month prior and marks an all-time high, exceeding previous record-setting peaks of 10.2% in December 1982, and 9.6% in June 2009, during the Great Recession.

Since then, the civilian labor force and total employment in Kootenai have both increased, precipitating a decline in the unemployment rate. As of September 2022, the Civilian Labor Force for Kootenai County was 85,900 (up 10.1% from 2020), of which 2.8% were unemployed. At the same time, nonfarm wage and salary employment reached 72,300.

### Bonner County

The Idaho Department of Labor reports the Bonner County unemployment rate decreased from 7.1% in 2014 to 4.0% in 2019. However, grappling with the effects of the pandemic-related shutdowns through 2020, the rate increased, settling at 5.9% by year end. The closure of Coldwater Creek (in 2014) and large mills have changed the county's employment landscape since the Great Recession, as entrepreneurial spirit and a growing tech culture replaced traditional industries in the area. At 3.8%, the unemployment rate through September 2022 is below its pre-pandemic figure (of 4.0%).

## **PERSONAL INCOME**

### Spokane County

Total personal income in Spokane County reached \$26.40 billion in 2020. The annual growth rate projected by Global Insight (provided by Avista Corp) averages approximately 3.6% annually over the next 5 years. Per capita personal income reached \$50,038 in 2020 (the most recent data available). In 2020, Spokane County's per capita personal income was 84.60% of U.S. per capita income.

### Kootenai County

Total personal income in Kootenai County reached nearly \$8.4 billion in 2020. Per capita personal income reached \$48,953 in 2020 reflecting a 4.9% increase from 2019. Generally, growth in both total personal and per capita income has been on the rise since 2010.

### Bonner County

Total personal income in Bonner County sits at approximately \$2.1 billion for 2020—the most recent data available. Per capita personal income was \$44,751 in 2020—a 5.9% increase over the year. Growth in both total personal and per capita income has been greater each year since 2009.

## **TAXABLE SALES DATA**

### Spokane County

Taxable retail sales reached a record of \$13.94 billion for 2021. Of that, 16.37% were in Contracting Sales. As of 1st quarter 2022, taxable retail sales were \$3.24 billion.



Kootenai County – 2015 data\*

Taxable sales plateaued in 2013 and had fallen slightly in subsequent years, down to \$1.21 billion by 2015—an approximate 7% decline from pre-recession levels (adjusted for inflation).

Bonner County – 2015 data\*

Since the closure of Coldwater Creek, total taxable retail sales have dropped 9.3% in 2014 from a high of \$353.4 million in 2013. Trends continued to incur incremental declines as expected, dropping another 11.4% in 2015. Despite a number of improved statistics for this market, the sales activity is troubling.

\*This data is no longer available for Kootenai and Bonner Counties.

**FORECLOSURES ON DEEDS OF TRUST**Spokane County

The rate of foreclosures in the county has vacillated since the data set began in 1978. From a low of 70 in 1993, foreclosures rose to 1,152 in 2002, a then-historical high. The yearly figures declined to a low of 269 in 2006, then generally increased again (aside from a dip in 2012) to a new peak of 1,211 in 2013. This has remained the historical high. The number of foreclosures has declined yearly since 2013, except for a slight increase in 2016, and 2021 reached 28, a low not seen since 1979. Through September 2022 there have been 30 foreclosures. If the pace continues at its current rate (an average of 3.3 per month), the total for 2022 would reach 40, not quite as low as 2021, but still well under the 76 in 2020 and on the low end historically. These figures represent completed foreclosures.

Kootenai County

Foreclosure actions have generally been on the decline in Kootenai County since its peak of 2,903 in 2010. The annual figure has been below 1,000 and declining since 2014, posting the lowest number in 2021 at 25. There have been 59 through September of 2022. The data currently used in Kootenai County is based on a much broader definition than in Spokane County, as it includes initial notices. Not all “notice of defaults” may result in actual foreclosure, so is not directly comparable to Spokane.

**RESIDENTIAL BUILDING PERMITS**Spokane County

Following the housing crash during the Great Recession, the number of permits for single family homes dropped 30% to 733 in 2009, its lowest levels since the last double dip recession in the 1980s. Figures remained low through 2012, but by 2013, the number of building permits improved, gaining traction throughout Spokane County. Single family residential permits have remained above 1,000 per year since 2015, with a record of 1,638 in 2021. Data through September suggest a decline of 4.5% year-over-year if the current pace continues through the fourth quarter; though a decrease, this would still be within recent historical levels (since 2015).

Multi-family (2+ units) permit issuance has followed similar trends, though with a greater vacillation among the years. Several large complexes have recently been built and rental rates have been on the rise, reaching unprecedented levels in the height of the pandemic, as workers

from larger cities left them to work remotely in less populated places. With the county's burgeoning population growth, the area could likely sustain continued development for a while, though the pace of development may slow due to labor shortages, the rise in construction costs, and a concern of over-saturating the market.

### Kootenai County

The number of (single and multi-family) residential permits pulled in Kootenai generally increased from 2000 to a peak in 2005, decreased through 2011, then increased again. While the single family market peaked at 2,288 permits in 2005, in 2011 the figure reached a mere 424, a low not seen since before 1990. Multifamily reached its peak a little later with 666 units in 2007, though by 2011 there were only 202 units in 2+ unit structures. Aside from a year-over-year decrease in 2014, the combined annual number of permits for both sectors has steadily grown, to a new peak in 2020—with 2,965 total dwelling unit permits, of which 1,572 were single-family and 1,393 multi-family units, representing new records for each category. While 2021 saw this pace moderate somewhat, the figures were still elevated. Through September 2022, there have been 2,806 total dwelling unit permits—979 single-family and 1,825 multi-family. If maintaining its current pace for the last quarter, the total single-family permits issued would soften by 4.7% year-over-year. For multi-family, the figures through September are a new record at 1,786, units in 5+ unit structures alone. The total multi-family figure through Q3 represents an increase of 31.0% over the prior record from (the full year) 2020.

### Bonner County

Two series of data (one from 1977 through 1997 and the other from 1998 to present) show that Bonner County experienced three separate periods of increased building activity: from 1992–1997, then 2004–2007, and most recently 2017–2022YTD. During the first two 'booms' in building, permits peaked at 1,087 (1994) and 1,384 (2005). Total building location permits declined substantially from 2009 through 2012, reaching as low as 472 in 2012. With this latest uptick in building, the number of building location permits reached a recorded high of 1,683 permits in 2021. As of October 18, 2022, the number of permits has reached 1,285. Currently, there is no available breakdown for how many of these permits are commercial versus residential, or how many are in each residential structure category.

## **LOTS PLATTED**

### Spokane County

Lot production has a somewhat tumultuous history. For many years prior to 2004, lot creation had been limited. However, that changed in the years leading up to the housing bubble. From 2004–2008, lot creation peaked at 3,087 and exceeded the number of single-family building permits. Since 2009, the number of single-family building permits exceeds lot production, which has remained marginal from 2009 to 2015. In 2016, the number of lots created finally broke through the 1,000-threshold and has remained there since. The most recent peak for lot production was in 2020 at 1,545 lots created in the city and county (still about 50% below the historical peak in 2006). Most of the lot production occurred in the southeast section of Spokane County, followed closely by the southwest.

As of 2021, lots platted totaled 1,494 (a 3.3% decrease over the prior year). Of these, 310 were in the City of Spokane, with 1,184 in Spokane County. There have been a total of 1,254 lots platted as of the third quarter 2022.

### Kootenai County

Lot creation in Kootenai peaked at 2,617 in 2005, declined to 209 in 2012, and have generally increased since. Historically, lot production in Kootenai County has been lower than in Spokane County with a few exceptions. Lot production has been quite low from 2009 to 2015, which, combined with an increase in population and demand has driven up prices. Lot production in Kootenai surpassed Spokane in 2017, when Kootenai reached 1,376 and Spokane posted only 1,128. Lots created in 2020 and 2021 neared this recent, 2017, peak, but remain well below the figures from 2005 and 2006. Through September 2022, there have been 861 lots platted in Kootenai County, of which 30.3% were in Coeur d'Alene, 14.3% in Post Falls, and 13.5% in Rathdrum. Were this pace to continue through the end of the year, the total number for the county would be 1,148, or 16.3% below the prior year.

## **RESIDENTIAL SALES**

### Spokane County

According to the MLS data series, sales volume, which had risen from 2000 to a peak of 7,521 in 2005, declined through 2011 to a low of 3,574 that year; sales volume and has since increased, generally gaining momentum each year and reaching a new, record peak of 7,188 in 2021. So far, 4,560 homes were sold in Spokane County through the third quarter of 2022. If this pace were to continue through the final quarter, the total sales volume would fall 15.4% below the prior year—with the number of transactions nearing the volume last seen in 2015. As in preceding years, the largest share of homes sold in the County continues to be in Spokane Valley (30.3%) followed by the northwest quadrant (28.0%).

Average and median prices had peaked in 2007 at \$211,872 and \$185,400, respectively before declining and vacillating in the wake of the Great Recession. By 2015 prices had still not quite reached their 2007 records, but this was to change in 2016 when both the average and median prices rose sharply and surpassed their previous peaks; average prices raised from \$197,630 in 2015 to \$212,144 in 2016. That trend has continued each year through Q3 2022, where the average price has reached \$466,195 with the mean at \$430,000, representing an increase of 16.4% and 16.2% over their respective year-end 2021 figures, and 135.9% and 139.0% over their respective 2015 figures. This equates to an annual average percent change of 19.4% in the average home price, and 19.9% in the mean since 2015. The trend may be dampened somewhat by the rise in mortgage interest rates but will likely remain elevated for the near future as demand continues to outstrip supply.

### Kootenai County

As in Spokane County, the recession crushed residential sales volumes in 2008, which, at 2,077 marked its lowest levels since the 2,039 sales in 2000. The market started rebounding, albeit at a slow pace, until 2013 when sales jumped 23.6%—from 2,509 in 2012, to 3,100 in 2013. Volume increased each year thereafter through 2018, softened slightly in 2019, then peaked at 5,024 in 2020 and posted a solid 4,644 in 2021. As of Q3 2022, there were 2,786 sales—a marked decrease in overall volume. Should the current trajectory hold, the year-end would see about a 20.0% decrease in overall sales volume over the prior year, with a total transaction volume falling just under that of year-end 2015. In the past year, increased mortgage rates, elevated inflation, and the low supply of housing available for sale have throttled market activity.

Average prices increased yearly from a base of \$115,873 in 1996, peaked at \$279,314 in 2007 and subsequently declined to a low of \$199,788 in 2011. Prices have increased each year since,

with the exception of a dip in 2016, and have reached a new, record-breaking peak of \$700,460 in the Q3 2022. This figure equates to a 150% increase over the average 2007 price (for an average of 10.1% per year over that timeframe). The average price increased 24.9% over 2020, 33.2% over 2021, and 11.5% over the third quarter of 2022.

### Bonner County

Sales of single-family homes in Bonner County have been increasing in recent years. Sales volume reached a historical peak of 939 in 2004, then declined to a low of 369 sold in 2009. Volume moderately increased to 407 in 2010, then remained stagnant in 2011, before increasing by 51.1% (to 615) in 2012. Sales volume continued to increase at varying percentages each year through 2018, when it reached a new record of 989. Through 2021, the number of sales vacillated (never quite reaching the 2018 record), while the average and median sales prices have continued to rise. Like Spokane and Kootenai, Bonner experienced a marked decline in overall sales volume through Q3 2022, with only 438 sales; should that pace continue through Q4, the total sales volume for 2022 would be 31.8% lower than the prior year.

Average and median sales prices have reached new record as of Q3 2022, at \$732,155 and \$611,416, respectively. This represents an increase of 174.0% and 205.7% over their respective 2009 lows, and an increase of 117.6% and 144.6% over their prior (2007) peaks. Average days on the market are historically low, at 81 days as of Q3 2022, just under the previous historical low of 82 in 2021.

Historically, the highest share of the sales volume has occurred in the Sandpoint area (68.2% of the Q3 2022 sales), followed by Priest River/Priest Lake (at 25.3%).

Thank you to the Selkirk Association of REALTORS for providing this series, which includes financing information.

## **UNSOLD INVENTORY/RESIDENTIAL ACTIVE LISTINGS**

### Spokane County

This data series shows that 200 newly constructed homes on lots of less than one acre were unsold as of October 1, 2022, at a median listing price of \$522,472. This median price represents a 1.3% increase over the prior year, but a 15.1% decline from the median prices of six months prior. The average days on market for new construction is 66, up from 43 a year ago.

As of October 1, 2022, the number of existing (resale) homes is 869, up from 583 one year prior and 189 six months prior. The average days on the market is 34, compared to 17 last April. Existing homes are offered at a median listing price of \$425,000 (about 10.9% lower than six months prior and even with the year prior). The current average listing price is \$479,476.

### Kootenai County

This data series shows that as of November 17, 2022, there were a total of 235 newly constructed homes listed on the market with a median listing price of \$647,594, and an average of 77 days on market. At the same time, there were 335 existing resale homes with a median listing price of \$595,000, and an average of 63 days on market. Both consider homes on less than one acre and may include some properties with a pending purchase agreement. For both new and existing construction, the number of days on market has lengthened since spring, and the median listing prices have declined. Though the median prices for each have declined from the spring, taking a

year-over-year look at the rates demonstrates a continued (if marginal) gain: The new construction median list price increased 43.2% from October of 2020 to October of 2021, and another 4.5% from October 2021 to November 2022. Median prices for existing homes increased by 31.6%, and 2.8% over that same timeframe.

## **AFFORDABLE HOUSING INDEX**

The Housing Affordability Index measures the ability of median income family to carry the mortgage payments on a median price home. When the index is 100 there is a balance between the cost and the family's ability to pay. Higher index numbers indicate housing is more affordable. All loans are assumed to be 30-year loans. This "all buyer" index assumes a 20% down payment, and that 25% of a family's income can be used for principal and interest payments.

### Spokane County

In Spokane County, 2009 marked a noticeable increase in housing affordability, at 170.4 by the fourth quarter. While the rates vacillated over the years, reaching as high as 218.4 in Q1 2013, Spokane remained well above 100 until Q2 2019, when it reached 101.7. It remained marginally above 100 until Q1 2021, when it landed at an even 100.0, and the rate has steadily declined since. In Q3 2022 (the most recent data available), it reached 67.7, a low not seen for the county in the history of the index (which began in Q2 1994). The Q3 2022 statewide index is 63.7. Concurrently, the affordability crisis is even more acute for first-time homebuyers, with an index rate of 48.2 for the county in Q3 2022, and 45.4 statewide.

### Kootenai County

We have unfortunately lost the ability to update this index for Kootenai County but hope to regain it in the near future.

## **APARTMENT VACANCY SURVEY**

### Spokane County

For Q3 2022, the Washington Center for Real Estate Research (or WCRER, formerly the Runstad Center) has transitioned to a new, third-party source (CoStar) for apartment market data. As such, the data are not directly comparable to the historic surveys retained in this report. These data, include 31,579 units averaging a vacancy of 3.8%. Vacancies are greatest in studio units, and lowest in two-bedroom units. Vacancy by geography yields the highest figure (5.0%) in Spokane Valley and lowest in Veradale.

The most recent historical survey (from March 2022, before the transition to a new data source) showed an overall vacancy rate of 1.8%. This was up 40 basis points from 1.4% in September 2021. Liberty Lake had the highest vacancy rate at 3.1% and Cheney had the lowest at 0.8%. Vacancy rates by bedroom configurations had historically fluctuated, though data of that vintage showed significantly higher in "Studio" units, with the lowest for "Three-Bedroom or more" units.

It is important to note that the sample size of this historical survey, conducted by the WCRER, has varied over the years, sometimes at a point well below a standard representative size. Years with a low sample size (of less than 10,000 units) included much of 2014, all of 2015, the latter half of 2016, all of 2018 and 2019, and the first part of 2020. In fall of 2020, the survey size was increased substantially to over 26,000 units, and had remained over 22,000 units until its end in spring 2022. This survey does not include units built before 1963.

Kootenai County

As is the case with Spokane, the Kootenai data set is now supplied by WCRER, based on CoStar data. For Q3 2022, there were 4,663 units represented, with an overall vacancy of 3.6%. Vacancies are greatest in three-bedroom units, and lowest in units with 4+ bedrooms. Vacancy is 90 basis points lower in Coeur d'Alene (at 3.0%) than in Post Falls (at 3.9%).

For the historical survey (as of March 2022) before the transition to a new data source, Kootenai County had an estimated apartment vacancy rate of 0.6%, 20 basis points below its rate of 0.8% in the fall of 2021. Of the 3,528 units in the survey, all "Studio" space was occupied, and the highest vacancy occurred in the "Two-bedroom" unit type. This survey only includes the Coeur d'Alene and Post Falls areas, and only units built after 1963. As with the Spokane survey, the number of units surveyed has vacillated over the years, between 1,000 and 2,000 for much of 2014 to 2018, and over 3,000 from spring 2018 to the end of the data set in spring 2022.

**OFFICE/RETAIL/INDUSTRIAL OCCUPANCY**Spokane County

This survey is now only updated once a year each fall. The copyrighted data is reprinted here with permission from Valbridge Property Advisors. The current (November 2022) survey of competitive office space suggests that office vacancy in Class A space in the Central Business District (CBD) has increased by 183 basis points to 18.19% from the year prior (October 2021). Lower-grade CBD space showed mixed results, with Class B vacancy at 20.24% (an increase of 149 basis points) and Class C at 9.40% (a decrease of 49 basis points).

Countywide, office vacancy is currently at 12.05%, an increase of 64 basis points from its 2020 rate. The geographic area with the highest vacancy rate is the West, with 18.91%.

Medical office space (no geographic breakdown) reached its highest vacancy since 1994 in the fall of 2014 when vacancy rose to 13.2%. However, it has improved significantly in more recent surveys and the current rate is a low not seen since February 2008. Vacancies have been in the 8%–9% range since 2019. Fall 2022 vacancy is 6.76%.

Retail occupancy has been relatively stable in all geographies. The Periphery, Valley and West areas are the strongest, at only 4.22%, 3.62%, and 3.03% vacancy rates, respectively. The South is 13.29%, and North is 10.39%.

Countywide, industrial vacancies have been declining since 2013, and are relatively low in every geographic area and an overall vacancy of 2.80%.

Kootenai County

This survey is only updated once a year each summer. Office vacancy rates decreased or remained stable in each area of Kootenai County except Coeur d'Alene. Countywide, the total vacant sf for office space equates to 4.47% of the surveyed rentable sf in the market. This is an increase of 204 basis points over the prior year. The data show office space in Coeur d'Alene with a vacancy rate of 5.66%, Post Falls at 0.79%, and Hayden at 1.49%.

Countywide, the surveyed retail vacancy rate was 2.75%, a decrease of 38 basis points from the prior year. The surveyed industrial vacancy rate was 0.78%, or a decrease of 31 basis points from the prior year.