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# How Fentanyl & Unsheltered Homelessness Have Transformed Real Estate Fundamentals

*Shaping Spokane and the Inland Northwest Market*

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2026 Real Estate Market Forum  
Spokane Convention Center

## THE PRINCIPLE

# Capital Loves Predictability

### Certainty Over Return

Capital doesn't just seek return — it seeks certainty. Investors commit when the ground beneath them is stable.

### Predictable Environments

When rules are clear, streets are safe, and government is stable — capital flows in. When it isn't, capital leaves.

### The Basic Signals

Credit ratings, property values, vacancy rates — all measure the same thing: how predictable is this place?

*"A health and safety crisis has also become a real estate fundamental — reshaping where capital flows and which communities thrive or decline."*

# Where Predictability Has Collapsed

## A Drug Like No Other

**50x** more powerful than heroin

**\$0.50** per dose on the street

- Creates physical dependence faster than any opioid in history.
- *Price collapsed 90%+ in just a few years.*
- *Arrived alongside COVID.*

**353**

**Overdose deaths  
Spokane County (2024)**

Up from ~80 in 2019

**57.3**

**Deaths per 100K  
Spokane County rate**

National avg: 23.6

**80%**

**Of overdose deaths  
involve fentanyl**

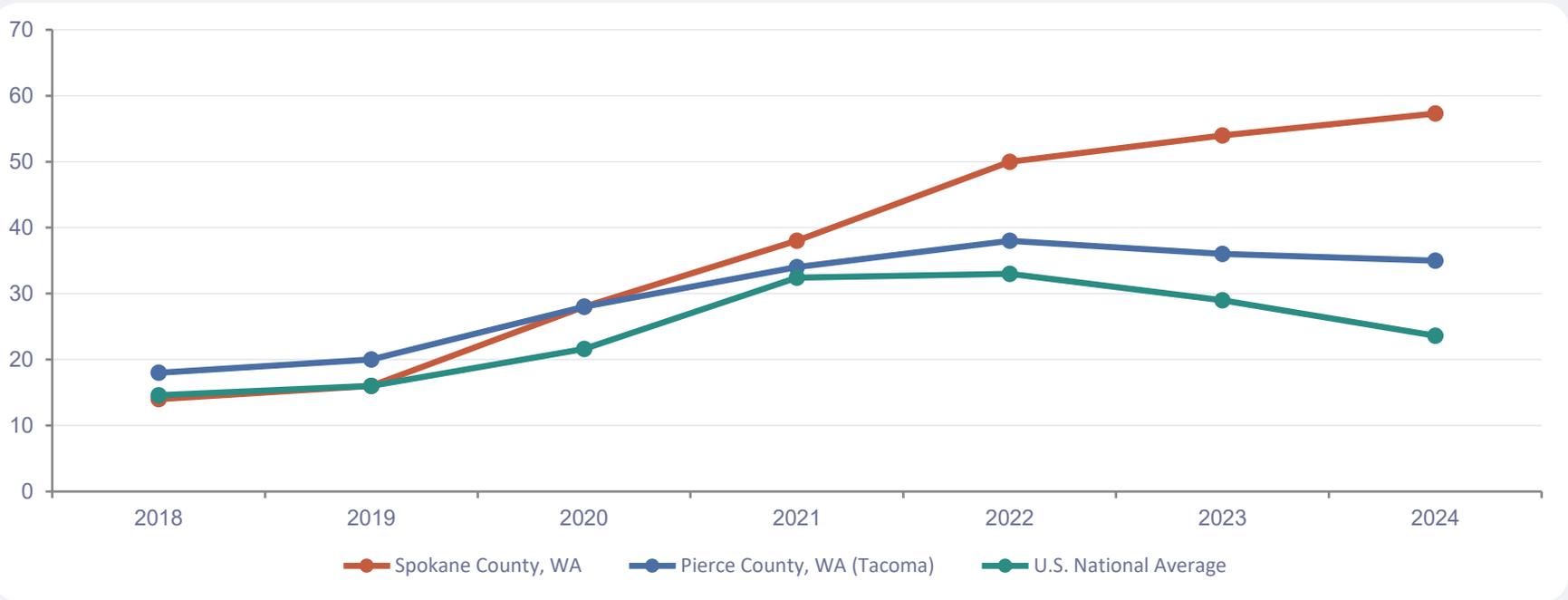
Present in 4 of 5 deaths

*Downtown environments across the country have been transformed into scenes unimaginable a decade ago. The word “apocalyptic” is not an exaggeration.*

BUCKING THE NATIONAL TREND

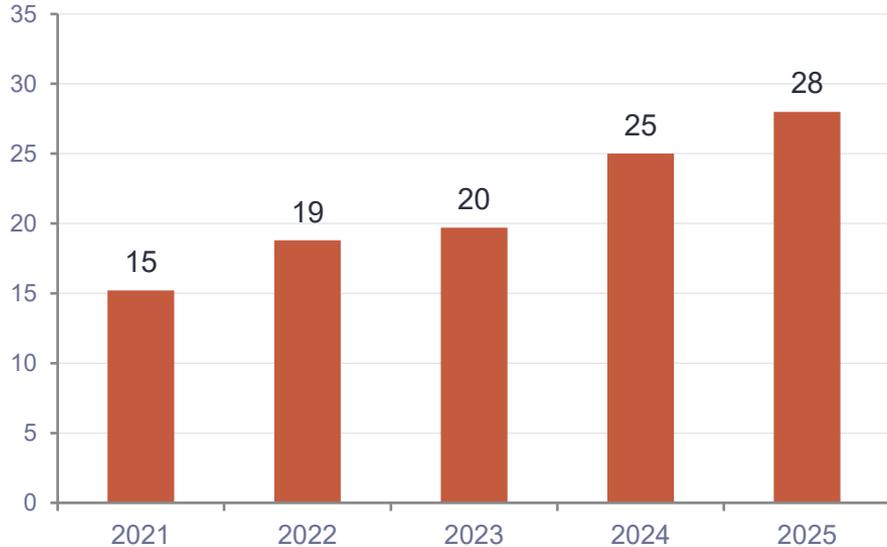
# Overdose Death Rate Per 100,000 Population

Spokane County vs. Pierce County (Tacoma) vs. U.S. National Average



**While overdose deaths nationally dropped 27% in 2024, Spokane County's rate continued to climb.**

# Downtown Spokane: Vacancy at 28%+



## #1 Reason Businesses Leave

Safety & security concerns — ahead of parking and remote work

## Value Collapse

Sterling Bldg sold \$6.2M below appraisal;  
Bank of America lost \$12M in value

## Suburban Outperformance

South Hill vacancy: 3.6%. Valley: 8.0%.  
Downtown: 28%. Capital is migrating.

# Washington vs. Idaho: Tax Competitiveness

WASHINGTON

45th

Tax Competitiveness Rank

Capital Gains: 7% / 9.9%

Estate Tax: Yes (\$3M exemption)

Proposed: Millionaire's tax

**Trend: Taxes increasing**

IDAHO

9th

Tax Competitiveness Rank

Capital Gains: 5.3% (declining)

Estate Tax: None

5th consecutive tax cut session

**Trend: Taxes decreasing**

**Spokane is 30 minutes from the Idaho border. Unlike Seattle — buffered by geography and wealth — we have no moat.**

Source: Tax Foundation 2026 State Tax Competitiveness Index

## THE SOUL OF THE REGION

# When You Lose Downtown, the Entire Region Suffers

### Downtown Spokane is Key to Region's Identity:

Every visitor flies into Spokane Airport and passes through the city

Gonzaga University — national brand, NCAA tournament, campus borders downtown

Hoopfest, Bloomsday, sports economy — hundreds of thousands of annual visitors

Spokane River & Riverfront Park — world-class urban features

8 colleges/universities: Gonzaga, Whitworth, EWU, WSU, UW Medical, SCC, SFCC + more

## THE WARNING

### Detroit

50%+ pop. loss

Poverty: 15% → 33%  
Metro never recovered

### Cleveland

60% pop. loss

"Sprawl dispersed  
a shrinking pie"

### St. Louis

67% pop. loss

City/county split  
accelerated decline

**Not Spokane vs. Idaho — Spokane FOR Idaho. A strong downtown is a rising tide for the entire region.**

## THE REINVENTION

# Downtown Must Reinvent Itself — Again

### An Evolving Downtown Economy

- Restaurants, entertainment, live music, breweries, boutique retail, art galleries
- Commercial to Residential conversion
- Quirky, character-driven commercial spaces
- Mixed-use: living + working + dining + play

### Reinvention requires two things:

1. A clean, safe environment — nobody invests in the experience economy if people don't feel safe
2. Streamlined development — Spokane must become the easiest place in the region to build and invest

➤ *We've done this before — River Park Square (1999), Davenport Hotel (2002). When leadership commits, capital follows.*

# Real Estate Fundamentals for the New Era

01

## Clean & Safe

Relentless, visible daily commitment to downtown cleanliness and public safety.  
Not seasonal — permanent.

02

## Compassionate Enforcement

Use the justice system to push people into treatment.  
The Lurie model: "compassion and accountability."

03

## Streamline Development

Make Spokane the easiest place in the region to build.  
Address housing shortage

04

## Fiscal Credibility

Maintain AA credit rating. Stable finances and Services  
Markets need to trust us.

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# A Strong Downtown Spokane is the Best Thing That Could Happen to the Entire Inland Northwest Real Estate Market

- Not Spokane vs. Idaho — Spokane for Idaho.
- Downtown is the heart of a regional economy.
- We've done it before. We can do it again.

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