2025

NAI Black

BLACK REALTY MANAGEMENT INC.

MARKET REPORT
GREATER SPOKANE AND KOOTENAI COUNTY

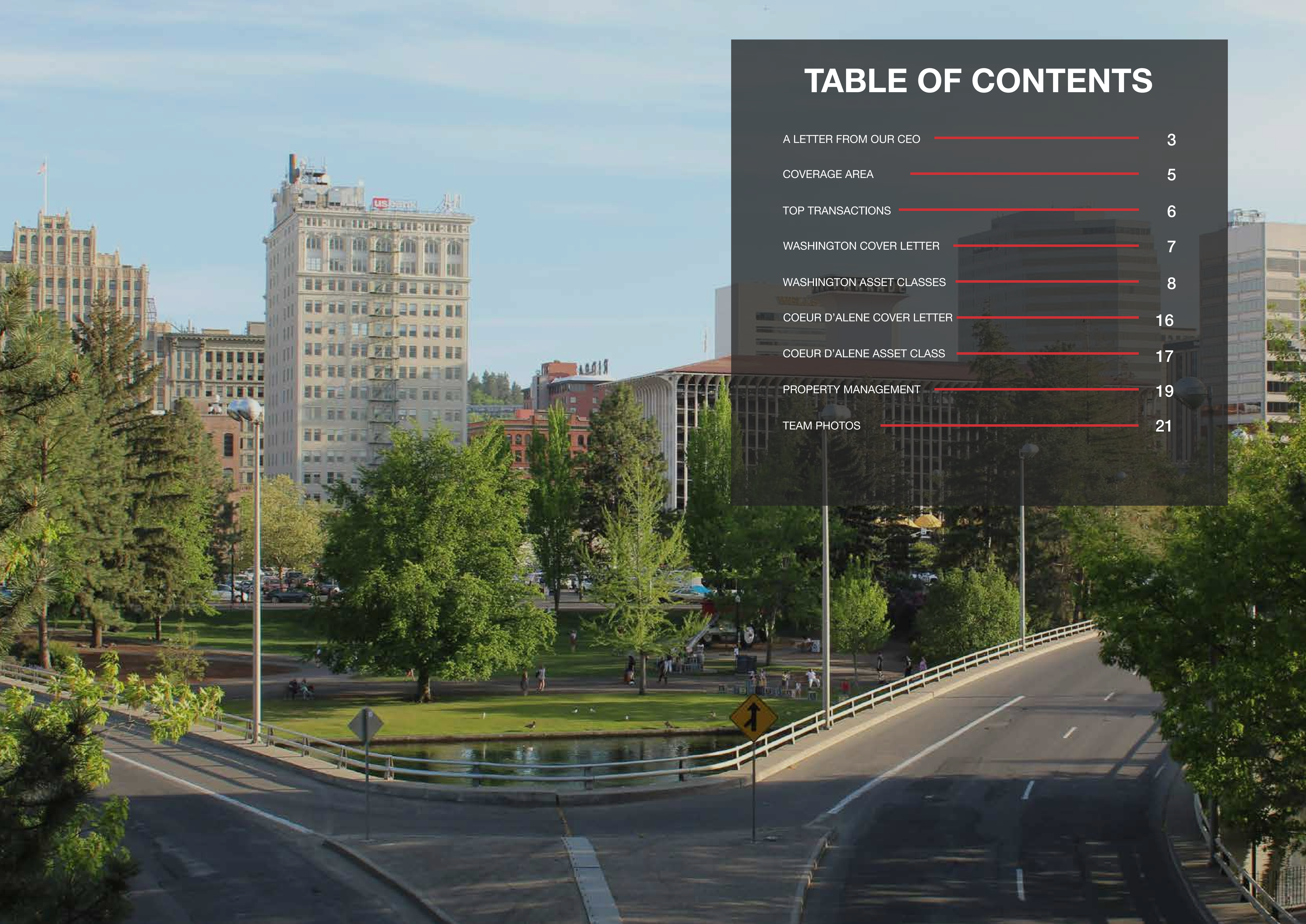


TABLE OF CONTENTS

A LETTER FROM OUR CEO

DAVE BLACK CCIM, SIOR
CEO

2024 was a year of strange trends!

For example, short-term interest rates recently came down a point, but long-term rates went up a point. Interest rates were in the high teens when I started in this business. In 2021 they reached a low point and now they are back up again. The housing market was very slow, and apartment rents leveled out and softened up. Webster defines dichotomy as “Something with seemingly contradictory qualities.”

Some segments of the market were great, and some were very stagnant. It’s impossible to simply state that the market was either good or bad. I have never seen a year quite like 2024 although it seems like we have experienced it all at some time in the past. I have run this company now for over 40 years after starting in the business in 1981. I used to be the youngest person in every room. Now I’m one of the oldest in the room but I still feel young!

We have a large property management company, Black Realty Management, Inc., with amazing clients. We manage over 400 properties for 250 different owners, consisting of approximately 3,500 apartment units and over 10 million square feet of building space. We have about 160 employees in our payroll system. We have the best properties and the best property managers in the market. The property management business is excellent, as our owners net operating income is stable or going up! Kim Sample is the President of this company and specializes in multifamily, and Josh Gutzwiler is the Vice President and specializes in commercial. Each of our property managers specializes in a different niche and we manage everything from apartments to mini storage, to retail, office, and industrial. Between Black Realty Management, Inc. and Black Commercial Inc., we in some way touch almost every retail property in Spokane and North Idaho. Our reach expands to five states and our portfolio continues to grow each year. I’m very excited for the future of this company.

NAI (New America International) is a commercial brokerage network in which we pay a license fee to belong. It is a global network of locally owned companies (including ours) that gives us a national and international presence. We have 25 brokers in our Spokane, Washington office and six in Coeur d’Alene, Idaho. Both offices are in the Chamber of Commerce buildings in Spokane (GSI at Riverside and Post) and downtown Coeur d’Alene overlooking the lake. Our brokers have extensive geographical reach, assisting clients from the Cascades into Montana, as well as south into Oregon and Boise, Idaho. We do a major part of our business in leasing, and the balance in sales for users and investors of all types of Commercial Real Estate. NAI Black is led by Jeff K. Johnson, President and Devin Mecham, Sales Manager. We are very excited to announce that we have started a new Partnership Program with our top brokers. Jon Jeffreys (office and investment) was our top broker in 2024, with Chris Bell (retail and investment) and Darren Slackman (industrial) rounding out the top three brokers in 2024. Ironically, our brokerage company had record years during Covid in 2021 and 2022. We were down a little bit in 2023 and back up in 2024. Our brokers are the most prolific in the area.

One of the things that has changed in our market area is that we have been discovered by national brokerage companies who are trying to do business here either remotely or with small offices in Spokane. We have seen Marcus & Millichap, JLL, Kidder Mathews, and now TOK from Boise, doing business in our market. The importance of our NAI brand gives us a national presence, along with continued local influence and deep market knowledge.

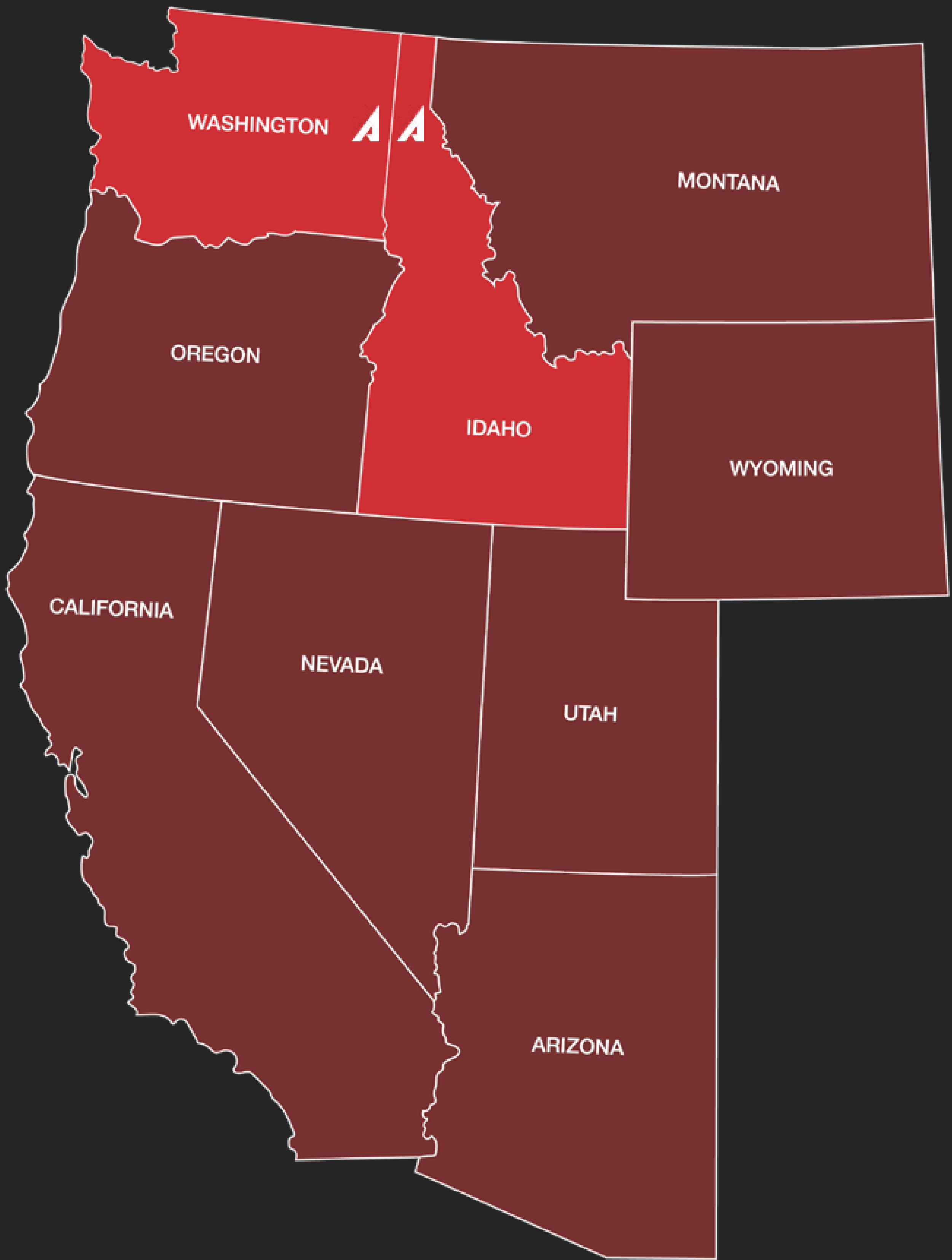
I have expanded my restaurant ownership recently adding CHAPs to the Wave and China Dragon, all of which are leasing real estate in properties that I own. We have almost 100 employees in this endeavor! It’s not an easy business, but I have good partners in Sarah Shore and Colin Sweat.

We continued our development efforts with the final approval of Painted Hills golf course (with conditions we can’t live with and are still fighting to change) after ten years of hearings and expenditures. We also built a Take Five auto lube in Pullman, Washington and at Heritage Shopping Center, as well as finished the Red Band apartments first phase across the street from Spokane Falls Community College. The biggest development deal we are involved in now is the new North 40 store at Highway 2 and Mount Spokane. The walls have been constructed for North 40 and we are getting ready to start a new 7-Eleven on the corner. This will be a fantastic development when it is finished.

Lastly, I have been very involved in trying to encourage our city’s elected leaders to put safety first in Spokane. Our homeless, criminality, and drug problems are negatively affecting real estate in many ways. This issue must be and will be resolved if we are going to have continued success in the real estate business in Washington state. We do not have this problem in Idaho.

We thank all our property management and brokerage clients for their loyalty and their continued business. We also thank all our brokers for their loyalty to our firm and all of our employees who I feel are the best in the business! You all continue to make my job fun and of which I will never retire!

David K. Black



2024 TOP TRANSACTIONS

HRC Ministries SOLD AT $915,000 BROKERS: JIM ORCUTT	KBC Properties LLC SOLD AT $1,175,000 BROKERS: JIM ORCUTT	Forrester Building LLC SOLD AT $600,000 BROKERS: MARK MCLEES	Monroe Court Limited Partnership SOLD AT $11,350,000 BROKERS: JEFF MCGOUGAN	Eucon Corporaton/ Williams Place, LLC SOLD AT $2,500,000 BROKERS: MARK MCLEES, DON JAMIESON/DEVIN MECHAM
SOLD RETAIL	SOLD RETAIL	SALE RETAIL	SOLD OFFICE	SOLD LAND
No-Jeff, LLC SOLD AT $1,100,000 BROKERS: MARK MCLEES	Slick Rock Tanning Spa, LLC = 4,843 SF BROKERS: MARK MCLEES	Wilson - Coghan, LLC/Black Bros Work Hard LLC SOLD AT $4,500,000 BROKERS: ANDREW BLACK, JAMES BLACK, III, CHRIS BELL & DAVE BLACK/JOHN POWERS	Mica Peak Properties LLC/ GVD Commercial Properties SOLD AT $1,165,000 BROKER: DEVIN MECHAM & CLAYTON CROCKETT/STEVE RIDENOUR	Ashley Koch SOLD AT $1,100,000 BROKER: DEVIN MECHAM & CLAYTON CROCKETT
SALE RETAIL	LEASED OFFICE	SALE MULTIFAMILY	SALE OFFICE	SALE RETAIL
Landlord Rep = 39,908 SF BROKERS: JON JEFFREYS & DARREN SLACKMAN	Landlord Rep = 28,487 SF BROKERS: JON JEFFREYS & DARREN SLACKMAN	Landlord Rep SOLD AT $6,950,000 BROKER: JON JEFFREYS	Andy and Cheryl Louie/ Endless Seas, LLC SOLD AT $999,000 BROKER: KAYLA SAUNDERS/ DEVIN MECHAM	Vandervert Developments, LLC SOLD AT $895,000 BROKER: JARED COZZETTO
LEASE OFFICE	LEASE OFFICE	SOLD LAND	SALE INVESTMENT	SALE RETAIL

300+
Active Listings

490
Closings in 2024

$155M
Transaction Volume

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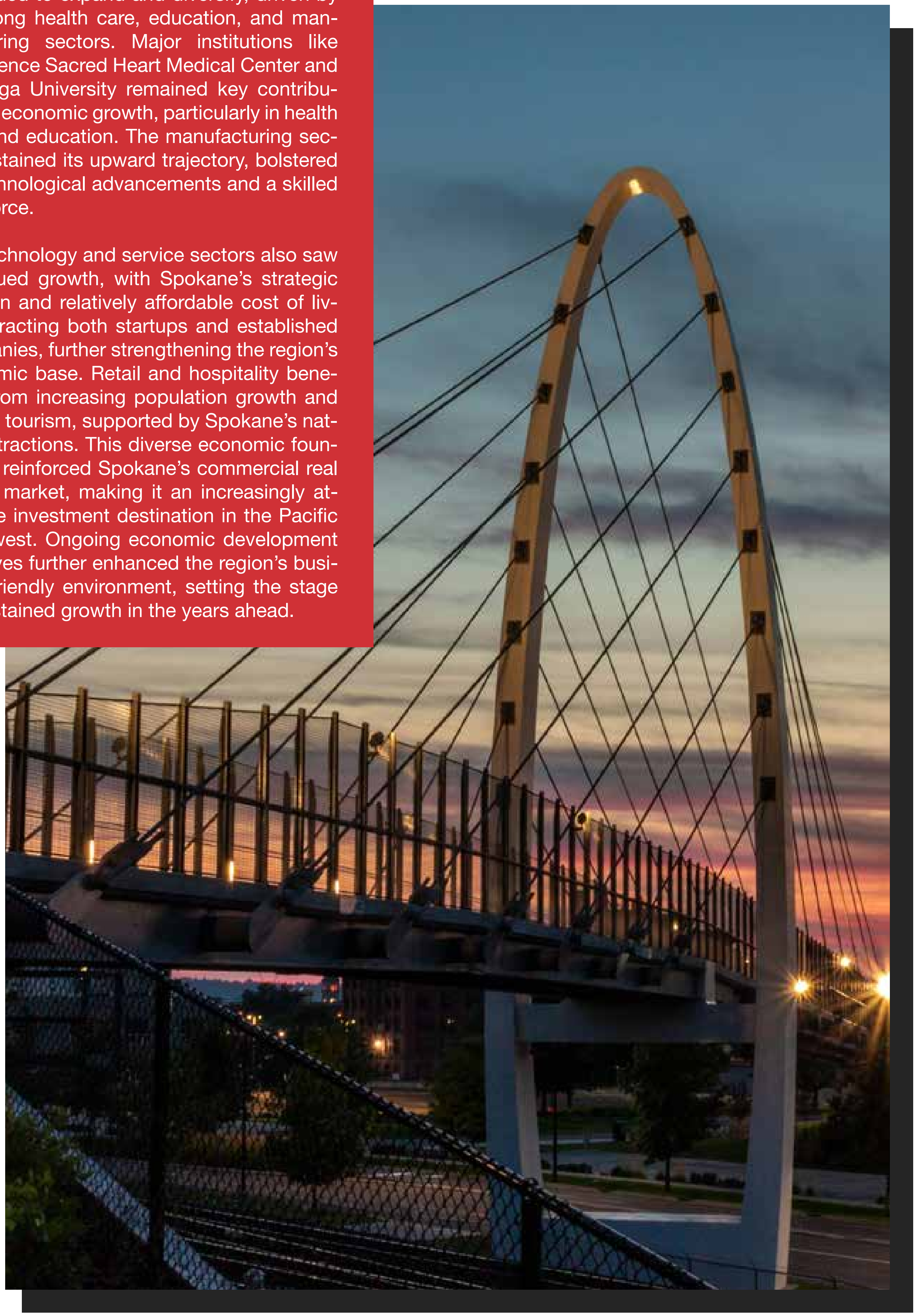
WASHINGTON

In 2024, Spokane, Washington's economy continued to expand and diversify, driven by its strong health care, education, and manufacturing sectors. Major institutions like Providence Sacred Heart Medical Center and Gonzaga University remained key contributors to economic growth, particularly in health care and education. The manufacturing sector sustained its upward trajectory, bolstered by technological advancements and a skilled workforce.

The technology and service sectors also saw continued growth, with Spokane's strategic location and relatively affordable cost of living attracting both startups and established companies, further strengthening the region's economic base. Retail and hospitality benefited from increasing population growth and steady tourism, supported by Spokane's natural attractions. This diverse economic foundation reinforced Spokane's commercial real estate market, making it an increasingly attractive investment destination in the Pacific Northwest. Ongoing economic development initiatives further enhanced the region's business-friendly environment, setting the stage for sustained growth in the years ahead.



RETAIL

SPOKANE | STEPHEN POHL

The Spokane retail market was stable during 2024. With a new Fed policy, business-friendly leadership in Washington DC, and receding inflation the promise of 2025, brings a cautiously optimistic outlook to national and local retailers. While bankruptcies for some large box retailers continue to impact the market, overall availability of retail space is still low due to steady tenant demand. Additionally, construction starts for new retail space have fallen, resulting in higher demand and higher rents for existing space. Successful retailers continue to trim store counts, reduce their store footprints, and fine-tune their omnichannel strategy for serving their customers. National surveys indicate optimism for consumer spending in the coming year.

The North market has seen several relocations, of note. At the Franklin Park Shopping Center the Burlington Department store has downsized to a smaller store format in space previously occupied by Bed Bath and Beyond. The remainder of the Burlington space was leased to Boot Barn and Bath and Body. Safelight Repair has relocated to North Division from their downtown location. O'Reilly Auto Parts has leased the vacant Babies"R"Us store on Division with Dave's Hot Chicken opening on the front pad. Idaho-based Konala Protein Bowl is also opening a new store on Division. Houston's TX Hot Chicken opened their second location at Division and Hawthorn. In Mead, North 40 has tripled its size by relocating to a new store across the Newport Highway.

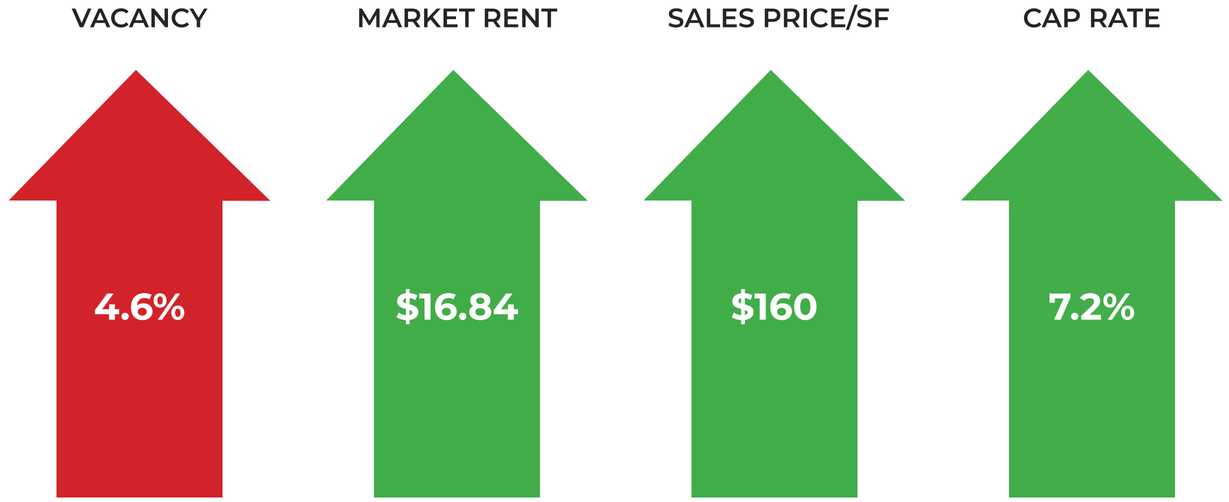
Retail space on Spokane's South Hill remains tight. Xfinity opened a new store during 2024 on the South Hill, and the property previously occupied by ShopKo will open in the summer of 2025 as a new location for Home Depot.

In Spokane Valley, Tractor Supply opened in mid-2024. Downtown retail is continuing its success as River Park Square, Spokane's specialty retail collection of merchants, welcomes Seattle-based Gene Juarez Salons and Spa opening in 2025. The property is 97% leased as downtown retailing continues to attract national caliber tenants.

With the renovation and redevelopment of well-positioned retail centers and re-purposed big box stores like Shopko, the Spokane market is well positioned for new retail growth. The expanding single and multifamily housing supply, along with steady in-migration, continues to support further retail growth in Spokane.

Recent sales and leasing in our market have seen an increased focus on wellness service providers as well as the expansion of national QSRs like Chipotle, Starbucks, Konala Protein Bowl, and Dave's Hot Chicken. Financial service providers such as Numerica and Idaho Central Credit Union have been active in the market as well. In 2025 we expect more "in-store shopping," drawing on both increased physical and digital marketing by traditional retailers who are embracing the use of AI, loyalty programs, Buy-Local, and eco-sustainable branding.

We expect the retail sector to move in a positive direction in 2025 as retailers take advantage of new opportunities that are the result of new business friendly, fiscal policies and a more positive consumer outlook.



INDUSTRIAL

SPOKANE | DARREN SLACKMAN

Class A distribution/warehouse space reached peak vacancy in 2024 of 2 million square feet. At the end of 2024, there was approximately 1.7 million square feet available in the Spokane/CDA market. One of the biggest movers was AT Industrial with the development of a third building on McFarlane Road in the West Plains. AT completed McFarlane III, a 202,000 square foot speculative building sitting between their two previous projects. The other significant transaction in the Class A distribution/warehouse space was a 156,000 square foot lease signed in the fourth quarter by Panattoni and their partner at their West Plains Logistics project. This is the first lease completed at that project, which is comprised of three-buildings totaling over 528,000 square feet.

Many National tenants seeking space over 50,000 square feet who were in the market in early 2024 opted to hit pause due to the inflationary period mid-year, in addition to the political cycle at the end of the year. That long pause quickly shifted the market to favor those tenants as they began reengaging their brokers at the end of 2024. This shift will result in landlords competing for these tenants by offering more incentives in 2025. The lease rate for Class A distribution space dropped in 2024 from the projections of 2023. The average lease rate on deals over 50,000 square feet in Class A warehouse space fell below $0.90/square foot.

As vacancy remained high in big warehouse space, small bay warehouse vacancy remained relatively tight; however, up from the previous year. Village Square Realty, who manages approximately 500,000 square feet of small bay warehouse, continues to keep their vacancy below 2%, which resulted in slight rental increases in 2024. The rates ranged from the lowest of $0.65/square foot, typically found on renewals, to the highest of $0.95/square foot on new deals with minor tenant improvements. The average rental rate was at approximately $0.81/square foot. Other costs are on the rise as well. The net operating costs, or NNN expenses, increased in 2024. The biggest factor affecting this escalation was the increased cost of building insurance.

The other dynamic market is the 15,000 – 30,000 square foot requirement. A few of the new speculative projects do offer this size range, but it comes with a steeper price than dated existing product, mostly because it will offer lower ceiling heights and limited dock-high loading doors. Tenants facing renewals in their current spaces may have difficult decisions to make as Landlords have the upper hand during negotiations. Tenants are experiencing shocking rent increases; some as high as 25%. Tenants would be wise to visit with their real estate brokers to address renewals and option periods as early as possible to help mitigate a significant increase in rental rates.

Looking forward, Class A distribution/warehouse space should see increased absorption late in 2025 and into early 2026. With high vacancy and rising construction costs, there will be limited new construction starts in 2025 which will help fill speculative buildings developed in 2023 and 2024. The slowing of the economy in 2024 did influence small bay warehouse vacancy, raising it slightly. If this continues in 2025, rental rates will flatten out, giving some relief to businesses needing smaller warehouse space.

VACANCY	MARKET RENT	SALES PRICE/SF	CAP RATE
6.6%	$8.83	$105	7.2%

OFFICE/MEDICAL

SPOKANE | JON JEFFREYS

The Spokane office and medical office market saw one of its better years of leasing activity in recent history. Conversely, downtown office space continues to represent the highest percentage of Spokane's vacancies. With little to no new construction on the horizon, office occupancy should continue to improve as businesses continue to push a "back in office" requirement. Class A and new medical office space saw another year of increases in rental rates, while Class B and call center rental rates were flat. Leasing rates should remain stable or increase slightly as 2025 progresses. The cost of office construction seems to have stabilized but shows little signs of receding. With construction costs remaining high, landlords and tenants are both having to step up their contributions in tenant improvement allowances. We see this as a continued trend, along with rental rate increases to offset the added costs to the Landlord.

Sales activity remained slow but steady through most of 2024, while interest rates remained flat. Few sales took place in 2024 as supply is still limited. That said, towards the end of 2024 we saw a few larger office building user sales. The 2025 purchase market is expected to remain stagnant primarily due to a limited supply for sale. As mentioned above, although construction pricing is leveling out, new construction prices are still at record levels. Also, rental rates are not able to support these costs, which will continue to limit new office construction. This lack of new construction will assist in raising rental rates and sale values. It is worth noting that a potential recession with increasing unemployment levels would more than likely reverse rental rate growth if vacancy begins to increase.

The medical office market had another strong year. With vacancy pushing below 5%, existing product rental rates are and will continue to be strong in 2025. This is due to low supply, high interest rates, and little new medical office product coming online. Some submarkets have little to no vacancies of larger square footage space. Due to the limited options and high cost of new construction that we have been seeing, medical users are looking to covert general office buildings as well as retail strip centers. This market should continue to grow as our population increases and medical staffing shortages stabilize. With an extensive regional draw, multiple medical schools, low vacancy rates, and a growing population, medical office will continue to be the darling of the Spokane office market.

Regarding the outlook for 2025, remote/hybrid work models are becoming less and less desired by employers, and tenants seem to be cautiously expanding their space needs. We anticipate positive absorption in the office/medical office market in 2025, barring potential recession risks. Second-generation office and medical space in good condition will continue to see an increase in demand as it did through 2024. We expect that sales will continue to be flat due to a lack of options for investors and users and the high-interest rate market pushing users to look at leasing as a more affordable option.

VACANCY	MARKET RENT	SALES PRICE/SF	CAP RATE
7.7%	$23.71	$125	10%

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MULTIFAMILY

SPOKANE | MITCH SWENSON & KIM SAMPLE

DYNAMIC!

That is the one word that describes the Inland Northwest Multifamily marketplace. 2024 saw a continued slowdown of apartment sales versus the very robust apartment market of 2022 and 2023. This slowdown was mainly due to the increase in interest rates, which went up from a range of 3.5% to 4.5% and up to rates around 6% and above! After the frenzy of 2022/2023, the market cooled. Newer construction projects still garner relatively low cap rates with demand remaining high for quality, well-located units. Current increased vacancy, combined with ever-higher operating costs, has put pressure on net incomes, thereby affecting value. This, combined with higher interest rates, has affected transaction volume.

A bit of a historical snapshot: Apartment transactions sold at $109,000 per unit in 2019. Then, in 2020, prices retreated just a little to $104,000 per unit. But in 2021, they jumped to $135,000, and in 2022, prices went off the chart to an average of $163,000 per unit. 2023 saw this trend continue, with sales averaging $174,000 per unit. In 2024, we have seen a significant decrease in sales price per unit, finishing the year at $125,000 per unit. Despite a lower sale price per unit in 2024, we saw a few notable sales at over $250,000 per unit! Capitalization rates have risen over the last two years due to higher operating costs, which have lowered net income and increased interest rates. The upside is that we have still seen modest overall growth on the rental income side. Hopefully, income growth will not be restricted by a proposal in the Washington State legislature for rent controls.

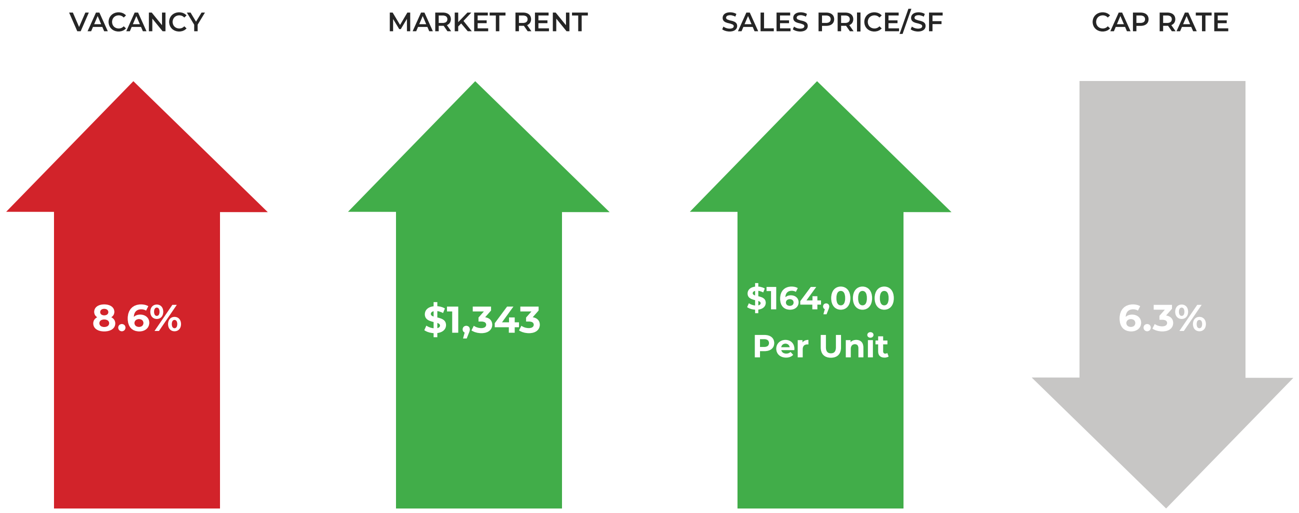
Due to Spokane's steady growth, new investors continue to be attracted to the Spokane marketplace. Spokane also provides an attractive investment alternative for investors looking for better returns than those available in larger metropolitan areas. Apartment vacancy remains at a moderate 5.4%, and we anticipate that there is the potential for rent growth in both value-add and well-located assets.

Competition remains very strong in acquiring quality assets. Most properties do not reach the "listing" stage as many continue to trade "off market." This tells us that there is still a high demand for good real estate, and we foresee that this trend will continue.

So, what does 2025 hold for us in the Inland NW? We anticipate a low inventory of multifamily product for sale, moderate vacancy rates, an overall shortage of housing, slightly lower interest rates, and more investors discovering the Spokane market. This should result in a solid year for the multifamily sector. We will probably not see massive gains in sale price per unit in 2025, but solid transaction activity.

A parting thought: 2025 could present challenges for apartment owners if our State and local governments continue to push against property rights of landlords.

Stay tuned!



Spokane County Multifamily

Finding the Balance

In the past twelve months, just over 2,000 new multifamily apartment units were brought to the market, and with increasing absorption rates, 1,600 of these new construction units were absorbed in 2024. At present, there are 650 new apartments under construction.

With the addition of these new construction apartments, overall vacancy rates are currently at 8.5% for all unit types, styles, and ages. Newer construction and Class A properties are reporting a higher vacancy rate at 11.2% on average, with some submarkets, such as Cheney, experiencing an average vacancy rate of 15.5%.

Year End 2024 – Submarket Vacancy Rates
- Downtown – 8.2%
- North Spokane – 10.4%
- South Spokane – 4.7%
- West Spokane – 9.4%
- Spokane Valley – 6.8%
- Cheney – 15.5%

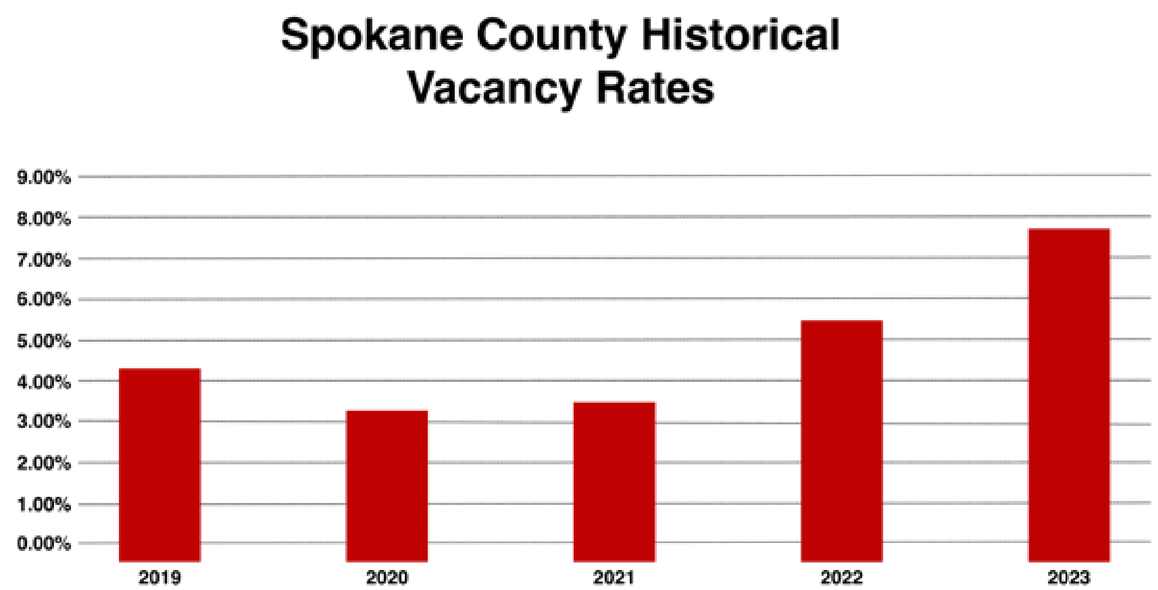
Increased vacancy rates were met with primarily flat line rent growth, with the exception of newer Class A and new construction properties actually reporting a negative rent growth.

As we head into 2025, overall vacancy rates are projected to hover around 7% - 8%; however, with the healthy absorption rate at present, we can expect some slow and gradual rent growth for Spokane County. Pockets of higher vacancy rates among new construction, Class A properties, and the Cheney submarket are projected over the next 12 months.

Kootenai County Multifamily

In the past twelve months, Kootenai County saw 860 new apartment units brought to market, which is a 33% decrease in new construction units being brought online compared to 2023. Approximately 84% of these new construction units have been absorbed.

At present, overall vacancy rates for Kootenai County stand at 14%; however, as we continue to see demand for new housing and a significant reduction in new construction activity, we can expect this vacancy rate to decline over the next 12 months. Projections for year-end 2025 vacancy rates in Kootenai County are estimated in the 9%-10% range. Rent growth for Kootenai County in 2024 was primarily flat, and some retreating in rents were reported as newer Class A properties, much like Spokane County. Going into 2025, we can expect some slow but steady rent growth as new construction units are fully absorbed.



SELF-STORAGE

SPOKANE COUNTY/KOOTENAI COUNTY | JEFF OTTMAR

The Spokane County/Kootenai County Self-Storage market continues to evolve, reflecting the region's economic growth, demographic shifts, and changing consumer needs. The region continues to profit from steady population inflow diversifying its job base, an economic resilience and steadiness that encourages investment, and a tight housing market. All these factors drive demand for self-storage as individuals seek storage during life transitions.

Self-Storage has long been considered "recession-proof" because life transitions happen in expanding and contracting markets. Self-Storage as an investment is also viewed as an inflation hedge because of the ability to easily change rental unit asking rates with the month-to-month nature of the storage customer lease.

That being said, an unprecedented amount of new storage supply has been added to this market and nationally over the last five years, as the supply graph for Spokane County indicates below (Kootenai County statistics closely mirror Spokane County). Cheap borrowing costs and a fast-developing fondness for this real estate sector by local, regional, and national developers have caused an explosion of new facilities and additions to existing facilities in this and most other markets in recent years.

However, this new supply explosion has come to a halt as dramatic interest rate increases beginning in 2022 have negatively affected the underwriting of new developments. In addition, inflationary pressure on construction costs and facility operating costs, in conjunction with borrowing costs, make new development nearly impossible to "pencil out" these days. While there may still be some supply added to the market in 2025 by companies with diversified development plans, such as U-Haul, this should give existing Owners a chance to breathe a bit and recuperate on occupancy and asking rates that have been under pressure for the last several years.

While some supply may still be absorbed into the market, other headwinds for operators and investors may include customer price sensitivity, continuing inflationary pressure on costs, and economic uncertainty in the region. Opportunities for 2025 include the ability for self-storage owners to continue leveraging technology for operational efficiencies, differentiating their product offerings from their competitors, daily/weekly/monthly rate management, and review/challenge expense assumptions regularly.

SPOKANE COUNTY SELF STORAGE 2019

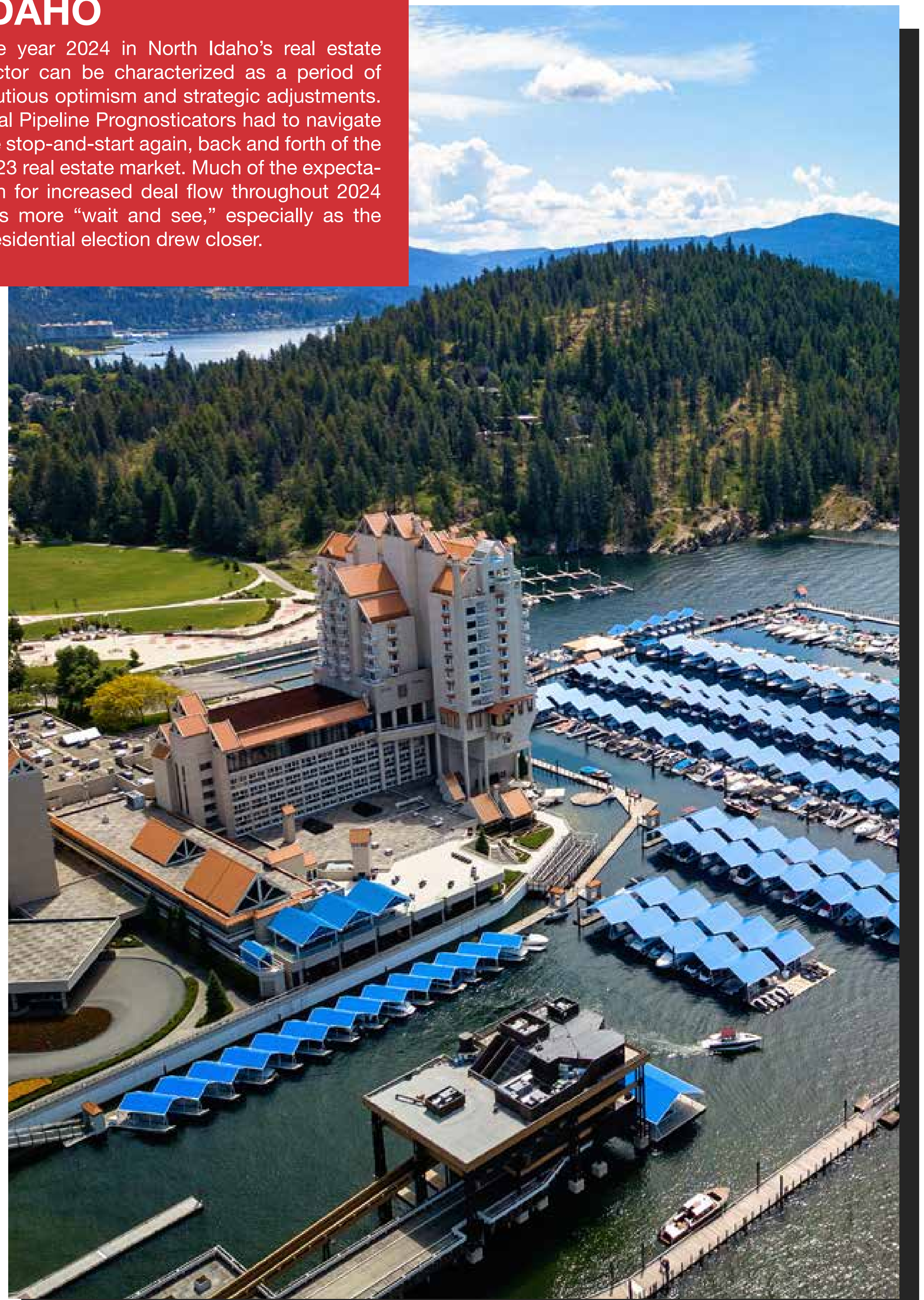
85 FACILITIES
3,770,163 SQ FT
522,231 POPULATION
7.2 SQ FT PER PERSON

SPOKANE COUNTY SELF STORAGE 2024

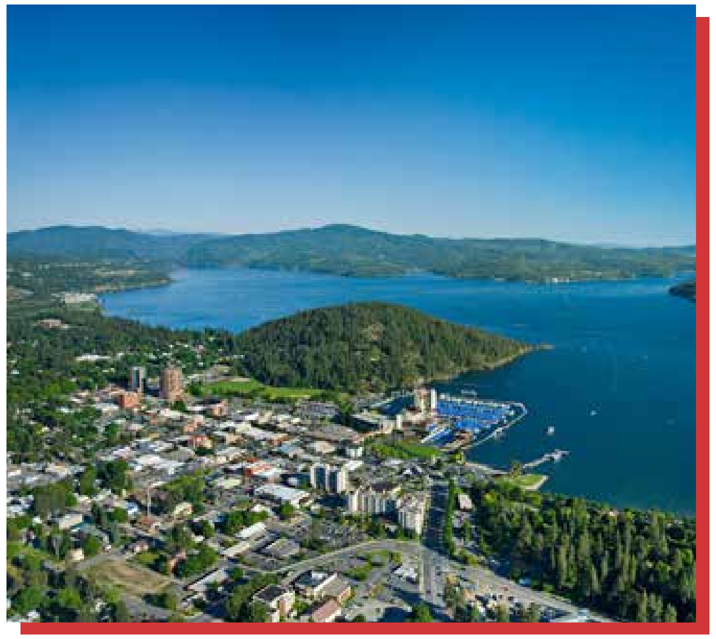
106 FACILITIES (25% INCREASE)
5,072,841 SQ FT (35% INCREASE)
551,455 POPULATION (5.5% INCREASE)
9.2 SQ FT PER PERSON (28% INCREASE)

IDAHO

The year 2024 in North Idaho's real estate sector can be characterized as a period of cautious optimism and strategic adjustments. Deal Pipeline Prognosticators had to navigate the stop-and-start again, back and forth of the 2023 real estate market. Much of the expectation for increased deal flow throughout 2024 was more "wait and see," especially as the presidential election drew closer.



RETAIL
IDAHO | STEVE RIDENOUR & KC REESE



Retail lease rates in North Idaho for new construction have taken a quantum leap upwards due to high construction costs, high interest rates, and a large increase in the cost of development land. This phenomenon has created economic barriers to achieving acceptable returns on projects for investors and developers. There appears to be no relief in sight from the high cost of money, construction, and related governmental costs. These factors resulted in the constriction of retail deal flow in 2024. For new development retail space, an annual rent of $36/square foot NNN is now required for in-line vanilla shell space. Upwards of $55-$60+/ square foot NNN is now required for freestanding pad buildings. That rental range can be higher depending on TI packages and the extent of tenant work letters.

Second-generation retail space is now in higher demand, with rents in the mid-$20/square foot commonplace. Tertiary retail/service space is now approaching $15-$18/square foot NNN, with $12 rents difficult to find. Once again, tenants are facing significant rent increases as well as increased TI costs. There are some exceptions for high net-worth tenancies or national users. It's getting tough for small businesses to adjust to these cost increases. In 2025, local businesses renewing leases or needing new space will most likely be faced with out-sized rent increases if they want to remain in the market.

Northwest Boulevard – Downtown/East Sherman

Retail areas south of I-90 saw well-placed in-fill development in 2024, and we anticipate this trend continuing in 2025. With land values eclipsing $20/square foot, there is renewed interest from well-capitalized developers and investors sensing a need to accelerate land acquisitions before prices become economically unfeasible. The Riverstone area saw occupancy stabilization in 2024, with East Sherman Avenue and 4th Street midtown seeing new development of restaurants and other service businesses supported by integrated residential development. Demolition by the Hagadone Corporation is well underway for an additional hotel project at the NEC of 1st Avenue and Sherman Avenue. The Thomas George Building on Front Street and 2nd Avenue has gone vertical and will boast 18 floors, 40 luxury condo units, commercial retail space, and a to-be-determined restaurant, among other amenities. The question for 2025: Will downtown development persist through high acquisition costs and a possible market correction?

Coeur d'Alene/Hayden – I-90 and North/South Corridors

Many of the most prominent development sites and signalized corners in the Coeur d'Alene and Hayden markets have been acquired by national retailers willing to pay top dollar. The Highway 95 corridor has projects such as the Lake City Marketplace redevelopment at the NEC of Highway 95 and Neider Avenue. This project will begin construction this year, with plans to have tenants open for business in early 2026. A retail project at the NEC of Wilbur Avenue and Highway 95 is nearly complete and will contain a national burger chain and an optical retailer, among others. Each of those locations will involve new construction and land values requiring rental rates commensurate with construction costs. Chad Oakland is close to delivering his mixed-use building off the corner of Appleway Avenue and 4th Street, with commercial units on the first floor and apartments above.

Hayden has had limited activity although a few new buildings are going up. One of those is a multitenant building at the NWC of Hayden Avenue and Government Way, which will feature retail tenants, including a locally-owned national sandwich chain.

Post Falls

The Post Falls retail scene continues to flourish as Wadsworth Development's Point at Post Falls between I-90 and Pointe Parkway experienced retail and service-user growth in 2024. New businesses that opened in 2024 include Starbucks, Nutex Health, Taco Bell, GESA Credit Union, Wendy's, a chiropractor, and a NAPA Auto Parts store.

GVD Commercial Properties' Prairie Crossing at the NEC of Highway 41 and Prairie Avenue, commenced long-anticipated construction, starting with utilities, interior roads, and the roundabout at Zorros and Prairie Avenue. This major grocery-anchored shopping center will set the pace for additional development in the Highway 41 corridor. Next door, the Jacklin Ranch development has started to emerge with the completion of Peak Fitness, Jitterz Coffee, and Kootenai Classical Academy charter school.

A project by developer Jordan Wirsz at the NEC of Poleline and Highway 41 is underway, with Grocery Outlet set to open and 7-11 now open for business. Local Market's construction at the NWC of Hope Avenue and Highway 41 is underway and set to open in 2025. The work on the interchange at Highway 41 and I-90 continues, with hopes for completion by 2026. Other pads and opportunities exist along the Highway 41 corridor. We expect additional buildings to be coming out of the ground this year.

Rathdrum | Athol | Sandpoint

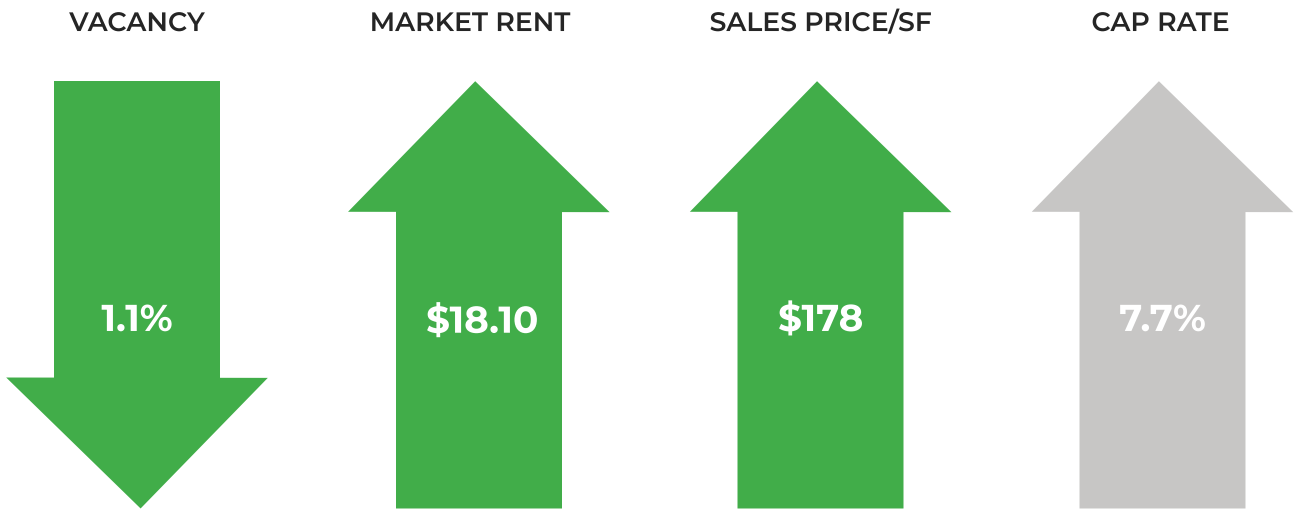
Hughes Investments' Crossings at Athol continues to thrive with Idaho Guns and Dr. Hayden Sharp, DDS opening Athol Dental and Implants in 2025. Only a few parcels remain for development. Athol also now enjoys its very own food truck pavilion on the west side of Highway 95 along Highway 54. The land was sold by our own Steve Ridenour and KC Reese on behalf of Hughes Investments.

The Rathdrum retail corridor remains largely unchanged as there is little opportunity for growth due to market maturity and limited sites. The Lakeland Shopping Center anchored by Bi-Mart has started to revitalize on the north side, and some smaller parcels across from Super 1 Foods to the south are being developed. That development includes an auto parts store and a branch for Idaho Central Credit Union.

The Sandpoint/Bonner area has benefitted from the revitalization of the Bonner Mall, which welcomed T-Mobile and the opening of Harbor Freight. Downtown Sandpoint remains occupied by tourist friendly shops and restaurants with Bonner to the north being the focus of future growth.

Investment Market

Investment-grade retail properties are few and far between, and the investment market itself has screeched to a halt due to inflated interest rates and the uncertain economic and political climate in 2024. There continues to be an expectation gap between sellers' and buyers' perspectives on cap rates. In 2024, there was the expectation of gradual recovery with interest rates stabilizing and cap rates adjusting accordingly but, unfortunately, that never materialized. Hopefully, lower interest rates and positive changes in national politics will get the investment market moving again in 2025!



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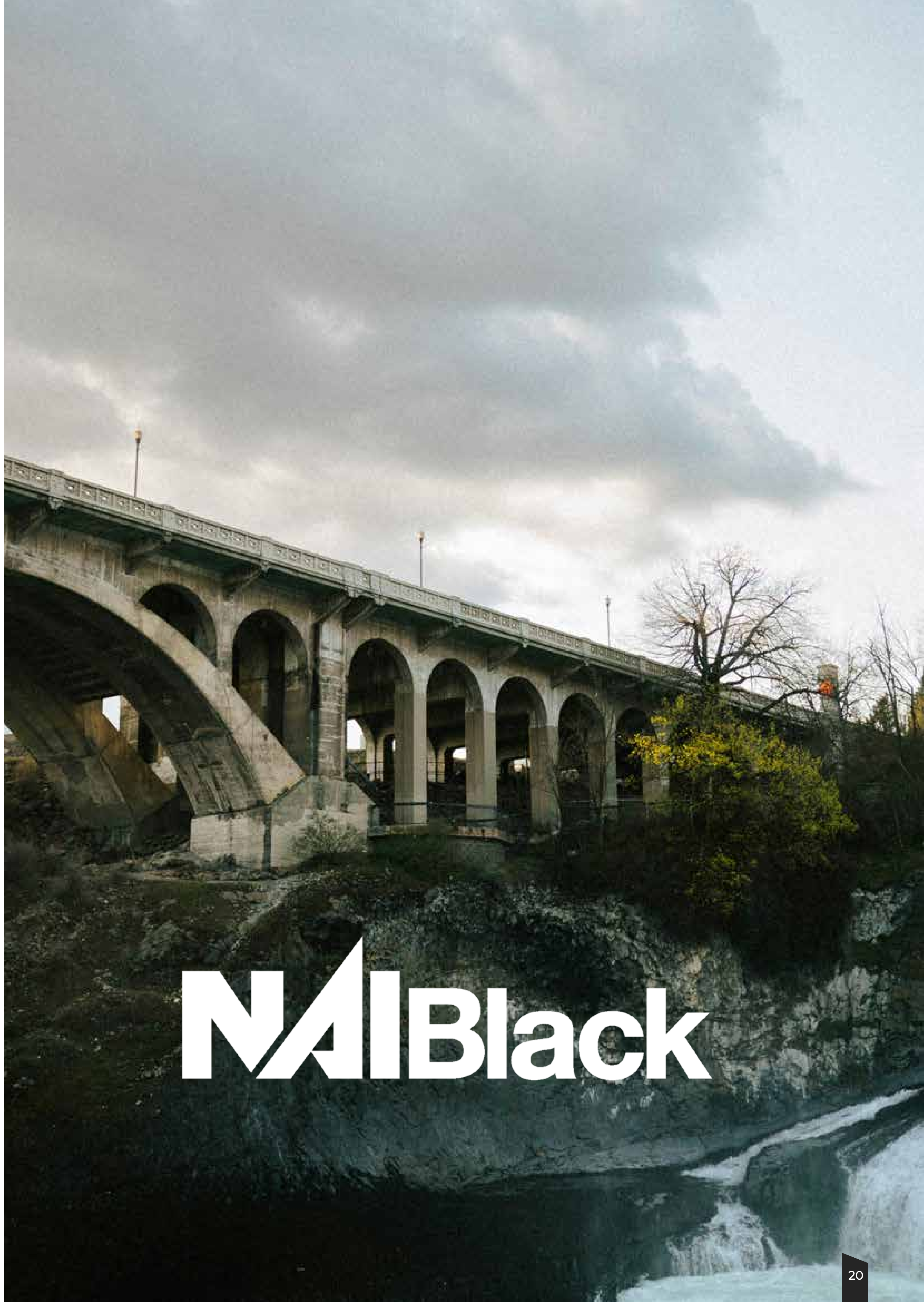

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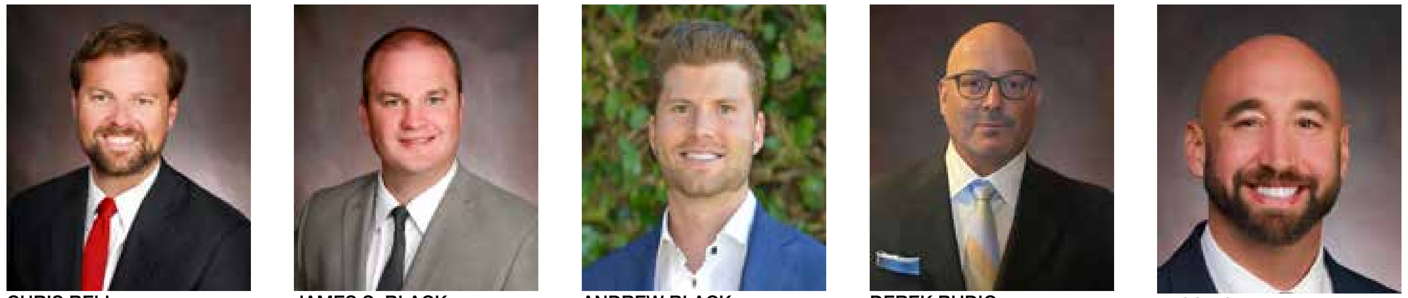

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2025 MARKET REPORT

GREATER SPOKANE AND KOOTENAI COUNTY

NAI Black

BLACK REALTY MANAGEMENT INC.

WASHINGTON

801 W Riverside Ave, Ste 300
Spokane, WA 99201
509.623.1000

IDAHO

105 N 1st St, Ste 300
Coeur d'Alene, ID 83814
208.665.6475

WWW.NAIBLACK.COM