



2023 PACIFIC NORTHWEST RETAIL INVESTMENT REPORT

NEWMARK

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Following a record breaking year in 2022, in terms of volume and number of transactions, the retail investment market experienced a shift in 2023 with a contraction of retail investment transactions primarily due to the abrupt climb and volatility in interest rates and lending spreads.

Total retail investment sales volume in 2023 for Washington State declined 68% from 2022 as the market works through a "price discovery" phase and capital continues to be deliberate on both the debt and equity side. 2023 volumes were down nearly 35% from previous 5 years' average, and 68% from 2022 - which was a record year.

Large transactions were essentially non-existent in 2023 with only 12 deals over \$10m, a decrease of 71% from 2022. We are continuing to see strong demand and pricing for quality net lease single and multi-tenant unanchored properties, and this product type comprised majority of the 2023 transaction volumes in Washington State.

Despite the lackluster year for retail investment transactions, the property level fundamentals remained strong throughout 2023 with increasing rents, occupancy levels, and space absorption.

As of press time (1/17/23) there is optimism that inflation has been tamed, Fed rate increases have stalled, and indicators that interest rates may decline throughout 2024. If this optimistic outlook proves to be true than we expect retail investment transactions to increase in 2024.

The following is all of the Washington State Retail Investment transactions for 2023 and a comparison of the data from the same period in 2022.

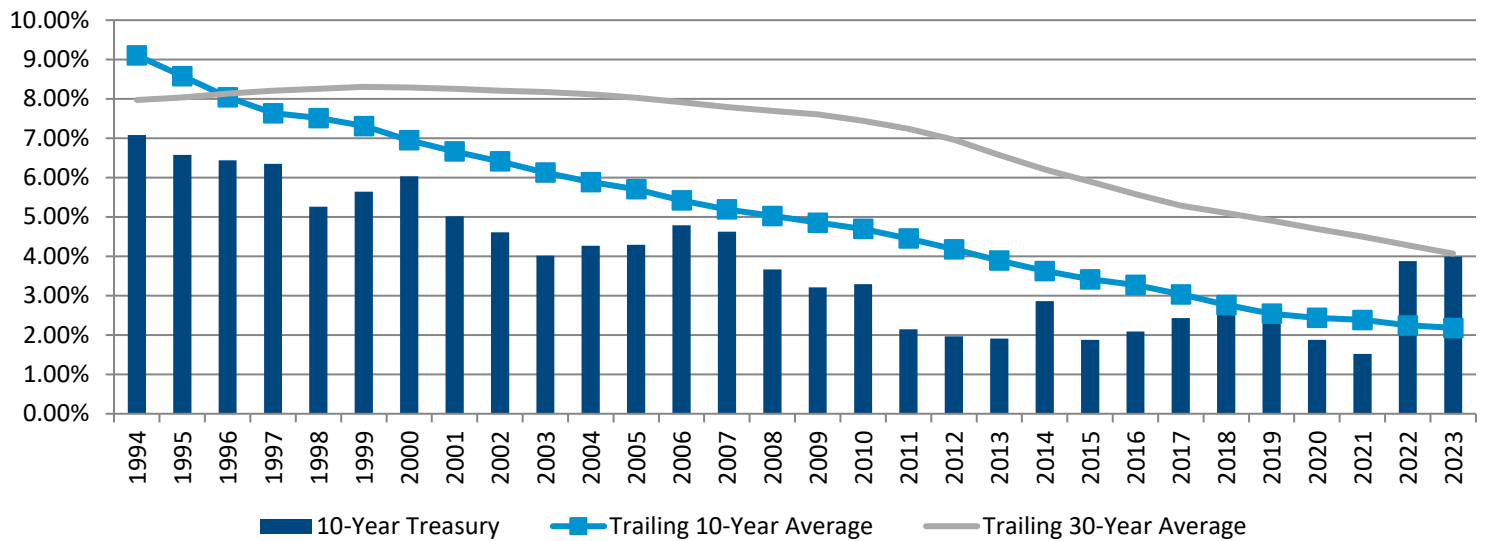
SUMMARY OF 2022-2023 RETAIL INVESTMENT SALES IN WASHINGTON STATE

	2023	2022	% Change 2022 to 2023
Overall Volume	\$608,919,241	\$1,891,506,911	(68%)
Total # of Deals	104	147	(29%)
Grocery Anchored	4	22	(82%)
Grocery Anchored Volume	\$129,775,000	\$844,446,700	(85%)
Single Tenant Deals	53	48	10%
Single Tenant Volume	\$212,770,241	\$255,480,298	(17%)
Total Deals Over \$10M	12	41	(71%)
Total Deals Under \$10M	92	106	(12%)
Multi-Tenant Over \$10M	10	38	(74%)
Multi-Tenant Under \$10M	41	61	(33%)
Multi-Tenant Volume	\$396,149,000	\$1,636,026,613	(76%)

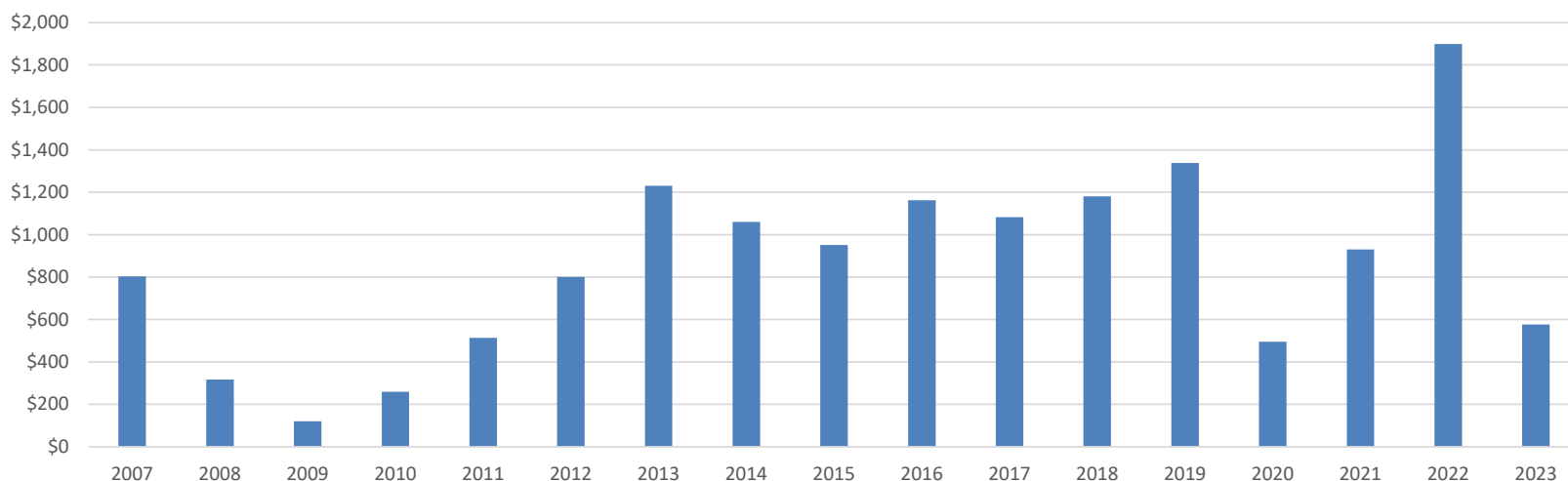
FINANCING

- The 10-Year Treasury peaked at 4.93% in October 2023 and has since declined nearly 100 basis points to 3.98% at press time.
- Lending spreads have been volatile and are property and sponsor specific but spreads are 200 - 225 for 'A' quality assets, and 250 - 300 for 'B' quality assets.
- For value-add and non-core assets the lending environment is difficult with wider spreads, lower LTVs, and higher reserves.
- The cost of capital increased throughout most of 2023 putting upward pressure on cap rates. The recent stability and decrease in interest rates has helped improve pricing and conviction within the retail capital markets.

AVERAGE HISTORIC 10-YEAR TREASURY RATES



INVESTMENT SALES VOLUME IN WASHINGTON STATE (In Millions)



2023 | WASHINGTON STATE RETAIL SALE TRANSACTIONS

Sold	Property Name	City	Sale Price	Bldg. SF	Cap Rate	Price/SF	Details
Nov-23	The Trails at Silverdale	Silverdale	\$71,700,000	225,643	6.34%	\$318	Sprouts, HomeGoods, Sierra, Marshalls, Total Wine & More Loan assumption: 3.28% interest rate; Full term Interest Only; 45% LTV; 8 years remaining
Jan-23	Meridian Place Shopping Center	Puyallup	\$29,375,000	127,429	7.00%	\$231	Grocery Outlet, Michaels Seller financing: 65% LTV; 6% interest rate; Interest Only
Jul-23	Tombari Center	Spokane	\$21,800,000	53,998	N/A	\$404	Mattress Land Sleep Fit, Tot Shots Photo Studio, Spokane Treatment Center
Jun-23	The Farm at Mill Creek	Mill Creek	\$18,500,000	38,112	7.50%	\$485	Amazon Go, Carbon Health, Xfinity, Pure Barre Retail shop buildings part of new multi-family master planned community
Apr-23	Cascade Mall	Burlington	\$18,500,000	446,430	N/A	\$41	T.J. Maxx, AMC, Furniture World 34% occupancy; Repositioning opportunity
Dec-23	Trestle Station	Lake Stevens	\$15,770,000	11,220	6.33	\$1,406	STNL Gas Station & Convenience
Aug-23	Northtown Shopping Center	Bellevue	\$14,500,000	49,767	5.98%	\$291	QFC, Subway, State Farm, Fox Cleaners, Silver Platters 100% Leased
Jun-23	Tahoma Vista Shopping Center	Tacoma	\$14,200,000	116,865	7.90%	\$122	Big Lots, Grocery Outlet, Taco Bell, O'Reilly Auto 100% Leased. Cap rate was reflective of uncertainty of a new anchor tenant opening
Apr-23	Cross Court Plaza	Burlington	\$12,925,000	70,260	7.60%	\$184	Planet Fitness, Dollar Tree Shadow anchored by Target
Jul-23	Seattle Hill Center	Everett	\$12,900,000	29,679	5.90%	\$435	Bartell Drugs, BECU, Taco Bell, Pizza Hut, ABC Learning Center
Nov-23	Haggen	Marysville	\$10,600,000	61,762	5.50%	\$172	Haggen Grocery Single Tenant with 9 years of lease term
Mar-23	Silverdale Tractor Supply Center	Silverdale	\$10,000,000	56,091	6.84%	\$178	Tractor Supply, DEFY 100% leased; Two Tenants
Jul-23	Sullivan Square	Veradale	\$8,890,000	46,698	5.44%	\$190	Walgreens, Dollar Tree
Jun-23	Valley Plaza	Spokane Valley	\$8,500,000	105,901	6.80%	\$80	Ashley Furniture, Great Clips, Cosmoprof, Warhorse Martial Arts Value-Add center with anchor vacancy
Jun-23	Canyon Parkway	Frederickson	\$8,500,000	12,572	5.95%	\$676	MOD Pizza, Heartland Dental, Olympic Sports and Spine New construction
Jul-23	Magnolia Village	Seattle	\$8,100,000	18,480	N/A	\$438	Bartell Drugs, Pet Props, Main Spring Wealth Advisors In Magnolia Village
Sep-23	Big 5 Sporting Goods	Bellevue	\$7,800,000	14,780	N/A	\$528	Big 5 Sporting Goods
Jun-23	Shops at Battle Ground	Battle Ground	\$7,650,000	16,408	6.90%	\$466	MOD Pizza, T-Mobile, Great Clips, Chiro One
Jan-23	Rite Aid	Renton	\$7,590,000	16,280	7.35%	\$466	Rite Aid

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Jan-23	LA-Z-BOY	Tacoma	\$7,250,000	21,920	6.16%	\$331	LA-Z-BOY 7 years lease term
Jun-23	Auburn Retail Center	Auburn	\$7,191,000	14,702	6.54%	\$489	Mattress Firm, T-Mobile, Jersey Mikes, H&R Block Across from Auburn Outlet Collection
Sep-23	Mission Village	Wenatchee	\$7,000,000	32,987	7.66%	\$212	Jimmy John's, H&R Block, GNC, Jiffy Lube
Feb-23	7-Eleven	Federal Way	\$6,975,000	4,219	5.33%	\$1,653	7-Eleven New 15-year lease
Jun-23	Walgreens	Woodinville	\$6,400,000	14,820	5.32%	\$432	Walgreens 13-year lease
Sep-23	7-Eleven	Lacey	\$6,185,000	4,650	5.49%	\$1,330	7-Eleven New 15-year lease
Jun-23	3609 164th St SW	Lynnwood	\$6,100,000	7,000	N/A	\$871	Manor Market, Zip Locksmith, Zen Salon, WOW Teriyaki
Aug-23	519-525 Queen Ave N	Seattle	\$6,000,000	3,560	N/A	\$1,685	Tropical Tan, The Golden Olive, Vacant
Jul-23	Amazon Go	Puyallup	\$6,000,000	6,400	5.07%	\$938	Amazon Go New 10-year lease
Jul-23	Shell Station & Wendy's	Kent	\$6,000,000	4,604	N/A	\$1,303	Shell Food Mart & Wendy's
May-23	Walgreens	Lacey	\$5,890,000	15,120	N/A	\$390	Walgreens
Oct-23	Everett Forum	Everett	\$5,725,000	19,233	7.00%	\$298	Star Produce, Baskin Robbins, FedEx, Mattress Firm
Mar-23	QFC	Everett	\$5,500,000	42,067	5.62%	\$131	QFC Single tenant downtown Everett
May-23	Goodwill	Tacoma	\$5,110,000	24,949	6.34%	\$205	Goodwill 5-year lease renewal
Jan-23	REI	Silverdale	\$5,000,000	23,500	4.80%	\$213	REI
Aug-23	Vernon Village	Lake Stevens	\$4,800,000	7,100	5.48%	\$676	IHOP, Reaction Physical Therapy New long-term leases
Jun-23	Lakewood Pointe	Marysville	\$4,775,000	8,084	6.13%	\$591	Julz Animal House, Hidden Vine Wine Bar, Seven Lakes Dental
Dec-23	Chipotle	College Place	\$4,380,000	4,160	5.09%	\$1,503	Chipotle
Jul-23	Red Robin	Spokane Valley	\$4,225,200	7,042	6.50%	\$600	Red Robin 6 years lease term
Jan-23	Veterinary Emergency Group	Lynnwood	\$4,100,000	5,960	5.24%	\$688	Veterinary Emergency Group New 10-year lease
Jan-23	Forest Park Retail Center	Auburn	\$4,000,000	13,413	N/A	\$298	La Rioja Mexican Cuisine, New Teriyaki & Wok, Subway
Dec-23	Walgreens	Everett	\$3,900,000	13,905	8.21%	\$280	Walgreens
Oct-23	East 72nd Plaza	Tacoma	\$3,750,000	15,177	8.27%	\$247	La Oveja Negra Eatery, Smoke & More, ClassyCuts, Best Teriyaki
Aug-23	Riverstone Marketplace G	Vancouver	\$3,730,000	5,777	5.50%	\$646	Starbucks, Nail Salon, Priority Life Chiropractic 100% Leased

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Jul-23	Popeye's	Kennewick	\$3,703,000	7,003	6.36%	\$529	Popeye's New 20-year lease
Nov-23	Center Plaza	Lakewood	\$3,650,000	21,250	N/A	\$172	VIP Barber, Pho Viet-Thai, Lakewood Dental, Lebron Law Group
Nov-23	Duportail Plaza	Richland	\$3,650,000	10,000	N/A	\$330	The UPS Store, Costa Vida, Stick & Stone Wood Fire Pizza
Mar-23	Chipotle	Tacoma	\$3,650,000	3,530	4.78%	\$1,034	Chipotle New long-term lease
Mar-23	Chipotle	University Place	\$3,595,000	2,325	4.59%	\$1,546	Chipotle New long-term lease
Oct-23	Y Plaza	Vancouver	\$3,575,000	7,650	6.10%	\$467	Y Mart, Design Northwest, Fresh Laundromat, Prime Contractors
May-23	MOD Pizza & Five Guys	Lacey	\$3,575,000	5,270	5.60%	\$678	MOD Pizza & Five Guys New 10-year leases
Dec-23	North Auburn Strip	Auburn	\$3,550,000	8,990	6.09%	\$280	
Sep-23	Chipotle	Lake Stevens	\$3,450,000	2,350	4.76%	\$1,468	Chipotle New 15-year lease
Aug-23	Black Rock Coffee	Battle Ground	\$3,425,000	4,000	5.10%	\$856	Black Rock Coffee
Jul-23	Gentech Dental	Vancouver	\$3,410,000	9,000	6.70%	\$379	Gentech Dental
Apr-23	Popeye's	Frederickson	\$3,400,000	2,333	5.15%	\$1,457	Popeye's
Jul-23	Popeye's	Graham	\$3,300,000	2,333	N/A	\$1,414	Popeye's
Oct-23	Big 5 Sporting Goods	Vancouver	\$3,275,000	20,470	5.90%	\$160	Big 5 Sporting Goods 5 years lease term
Sep-23	Pawn 1	Spokane	\$3,274,562	7,645	6.75%	\$428	Pawn 1
Jan-23	Dr. C Dental	Spokane	\$3,228,000	6,767	6.29%	\$477	Dr. C Dental New 10-year lease
Nov-23	The Weed Building	Seattle	\$3,175,000	5,320	N/A	\$597	Taproot Café & Bar, Electric Cobra Tatto Parlor, Vino Verite, Andaluz
Sep-23	Dollar General	Moses Lake	\$3,152,000	10,640	5.25%	\$296	Dollar General New 15-year lease
Dec-23	Starbucks Center	Wenatchee	\$3,100,000	6,783	5.99%	\$457	Starbucks, FedEx, Love Sushi, Abundant Life Chiropractic
Aug-23	Bank of America	Lynnwood	\$3,100,000	4,400	4.94%	\$705	Bank of America
Jun-23	Opportunity Shopping Center	Spokane	\$3,100,000	25,510	N/A	\$122	Value Village
May-23	902 SE 164th Ave	Vancouver	\$3,000,000	6,500	5.65%	\$462	Zoom+care, Pet Dental Specialists, Nothing Bundt Cakes
Jan-23	67th Plaza	Lynnwood	\$3,000,000	15,946	6.18%	\$188	Donut Factory, Pollos a la Brasa San Fernando, Paris Nails
Apr-23	11510 E Sprague Ave	Spokane	\$2,990,000	25,800	N/A	\$116	Domino's, Next to New Thrift Store, Fish World Spokane, Suds & Swagger Pet Grooming
Apr-23	Chick-fil-A	Marysville	\$2,962,000	4,425	4.22%	\$669	Chick-fil-A 15-year lease

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Dec-23	County Vista Plaza	Liberty Lake	\$2,950,000	8,340	N/A	\$354	Multi-tenant strip
Jul-23	Heartland Dental	Puyallup	\$2,950,000	3,600	5.35%	\$819	Heartland Dental -New construction
Mar-23	2018 E Union St	Seattle	\$2,925,000	12,116	6.32%	\$241	Mind & Body Pilates, 20/20 Cycle, CommuniTea Kombucha
Jun-23	Fairgrounds Strip	Bremerton	\$2,900,000	21,175	N/A	\$137	Burger King, Gyro King, Subway
Feb-23	Creekside Retail Center	Lynnwood	\$2,800,000	15,000	8.20%	\$187	O'Reilly Auto Parts, Galleria Nails & Spa, Good Pho You, Great Food, The Cove Restaurant, Casa Guerrero
Apr-23	O'Reilly Auto Parts	Clarkston	\$2,798,000	7,385	5.10%	\$379	O'Reilly Auto Parts
Mar-23	Burger King	Spanaway	\$2,775,000	3,259	5.67%	\$851	Burger King 12 years of lease term
Nov-23	Arco AM/PM	Lake Stevens	\$2,730,000	3,000	5.41%	\$910	Arco AM/PM New 15-year lease
Jun-23	Red Robin	Bellingham	\$2,700,000	7,200	6.03%	\$375	Red Robin Recent lease extension
Nov-23	Taco Bell	Bremerton	\$2,690,000	2,085	5.20%	\$1,290	Taco Bell 20-year lease
Oct-23	Dairy Queen	Vancouver	\$2,675,000	2,522	5.51%	\$1,061	Dairy Queen New 20-year lease
Jun-23	Holland Ave Retail Center	Spokane	\$2,650,000	10,684	5.25%	\$248	Cole's Bakery, Big Dan's Nutrition, Team Pilates, Jessi Nail
May-23	Totem Triangle Center	Everett	\$2,650,000	15,786	7.70%	\$168	AMP Beauty Boutique, Arch and Blade Brow Studio, Embellished Nail & Spa
Aug-23	Jack in the Box	Auburn	\$2,647,000	2,256	5.25%	\$1,173	Jack in the Box
Apr-23	Northgate Center	Yakima	\$2,538,000	17,512	7.18%	\$145	Papa Murphy's, Ozeki's, Manpower, May's, Farm Country Mercantile
Oct-23	1601 W Meeker St	Kent	\$2,520,000	9,420	5.67%	\$268	Mr. Fresh Barber, Kent Smoke Shop, Modern Beauty Salon, Gym, Downtown Emergency Center
Nov-23	HomeStreet Bank & Buds & Blooms	Federal Way	\$2,427,500	3,872	5.56%	\$627	HomeStreet Bank & Buds & Blooms
Aug-23	Dollar General	Chattaroy	\$2,390,000	10,640	5.25%	\$225	Dollar General New 15-year lease
Apr-23	Dollar General	Elk	\$2,383,000	10,640	5.70%	\$224	Dollar General New 15-year lease
Mar-23	Dollar General	Chewelah	\$2,377,079	10,640	6.00%	\$223	Dollar General New 15-year lease
Aug-23	Violet Meadow Plaza	Tacoma	\$2,330,000	10,241	6.59%	\$228	Subway, Metro by T-Mobile, Pho, Teriyaki & Wok
Jun-23	Starbucks	Shelton	\$2,295,000	2,000	4.88%	\$1,148	Starbucks New lease
Nov-23	Frame Central	Seattle	\$2,250,000	3,864	4.73%	\$582	Frame Central NNN lease expiring in 2025

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Sold	Property Name	City	Sale Price	Bldg. SF	Cap Rate	Price/SF	Details
Apr-23	Dollar General	Loon Lake	\$2,219,500	10,566	5.75%	\$210	Dollar General
Sep-23	Court Street Mall	Pasco	\$2,210,000	17,751	11.65%	\$125	Court Street Laundry, La Cabana Meat Market, H&R Block, Finders Insurance, Pasco Smoke Shop
Sep-23	9629 Evergreen Way	Everett	\$2,200,000	16,320	N/A	\$135	5 Rivers Indian Cuisine, Tamaleria Y Taqueria, Marlen Hair Studio, Mini Health Spa
Feb-23	Jiffy Lube	Monroe	\$2,200,000	4,156	6.00%	\$529	Jiffy Lube
Dec-23	Original Pancake House	Kennewick	\$2,200,000	4,577	6.14%	\$481	Original Pancake House
Nov-23	Dollar General	Goldendale	\$2,175,000	9,026	5.68%	\$241	Dollar General
Jan-23	Wendy's	Shelton	\$2,120,400	3,488	4.53%	\$608	Wendy's 8 years of lease term
Dec-23	O'Reilly Auto Parts	Tacoma	\$2,075,000	7,386	6.36%	\$281	O'Reilly Auto Parts 7 years of lease term
Nov-23	MultiCare	Poulsbo	\$2,070,000	6,600	5.92%	\$314	MultiCare
Jul-23	Taco Bell	Sequim	\$2,023,000	2,290	5.50%	\$883	Taco Bell
Nov-23	Tower Plaza	Pasco	\$2,000,000	8,080	8.50%	\$248	Tower Plaza Cleaners, World Wide Missions Thrift Store, Fade 2 Perfection Salon/Barbershop
Sep-23	800 Dalton	Richland	\$2,000,000	3,840	N/A	\$521	Shogun Teriyaki, vacant, under development
Jul-23	Cedar Street Square	Camas	\$2,000,000	7,050	5.60%	\$284	Edward Jones, Caps & Taps, Paper Maker Pride



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