



Spokane Centers & Corridors Update Study

Market and Development Feasibility Analysis

PREPARED FOR

City of Spokane

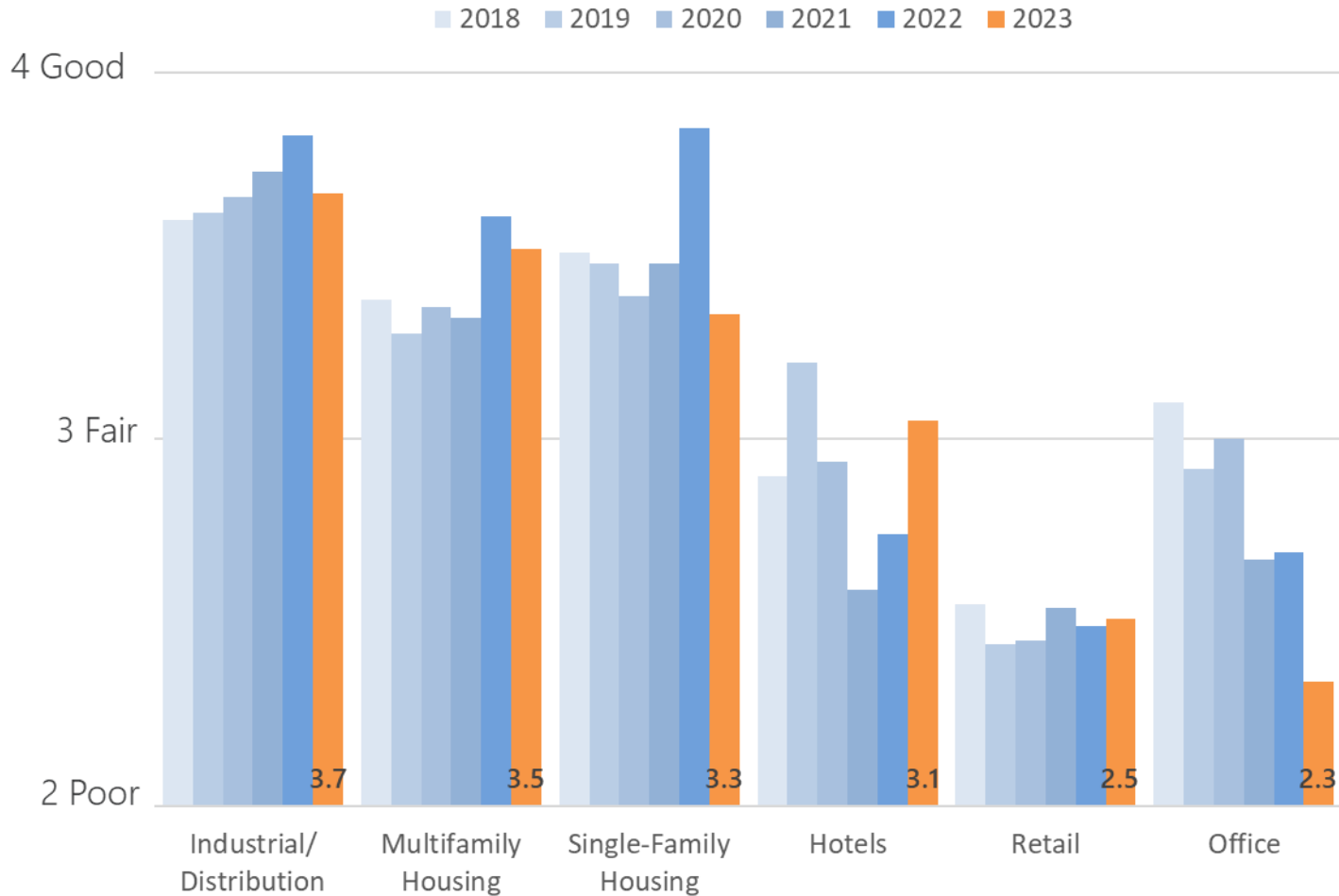
NOVEMBER 8, 2023

PREPARED BY



LELAND CONSULTING GROUP

National Development Prospects



Source: [Emerging Trends in Real Estate](#), Urban Land Institute, 2018-2023.

The amount of development in centers is in part determined by the amount of development regionwide and citywide.

Spokane is seen as an affordable metro area, but with a less robust economy and growth outlook compared to other western metros such as Boise.

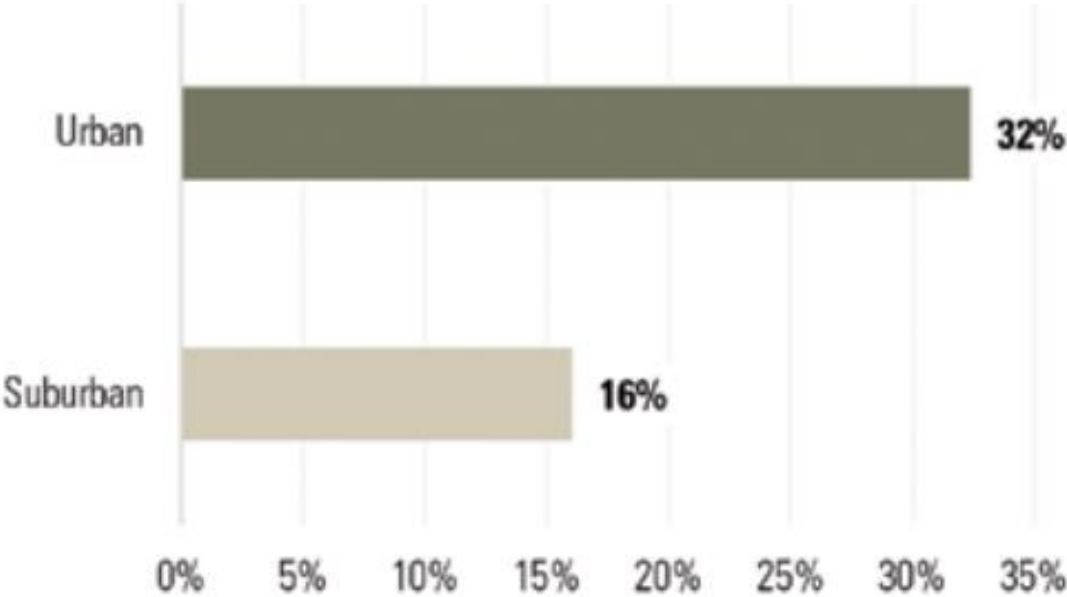
Emerging Trends in Real Estate 2023 Market Categories

Major group	Subgroup	Markets
Magnets	Super Sun Belt	Atlanta Dallas/Fort Worth Houston Miami
	18-Hour Cities	Charlotte Denver Fort Lauderdale Minneapolis
	<u>Supernovas</u>	<u>Austin</u> <u>Boise</u> Jacksonville
The Establishment	Multitalented Producers	Chicago Los Angeles
	Knowledge and Innovation Centers	Boston New York–Manhattan
	Major Market Adjacent	Inland Empire Jersey City Long Island New York–Brooklyn New York–other boroughs Northern New Jersey
Niche	Boutique Markets	Chattanooga Des Moines Greenville, SC Knoxville
	Eds and Meds	Baltimore Columbus Gainesville Madison
	Visitor and Convention Centers	Cape Coral/Fort Myers/Naples Charleston Deltona/Daytona Honolulu
Backbone	<u>The Affordable West</u>	Albuquerque Sacramento <u>Spokane, WA/Coeur d'Alene, ID</u>
	Determined Competitors	Birmingham Indianapolis Kansas City, MO
	Reinventing	Buffalo Cincinnati Cleveland Detroit

Source: *Emerging Trends in Real Estate* surveys; compiled by Nelson Economics.
 Note: **bold** type indicates the 20 highest-rated markets in *Emerging Trends in Real Estate 2023* survey for overall real estate pros

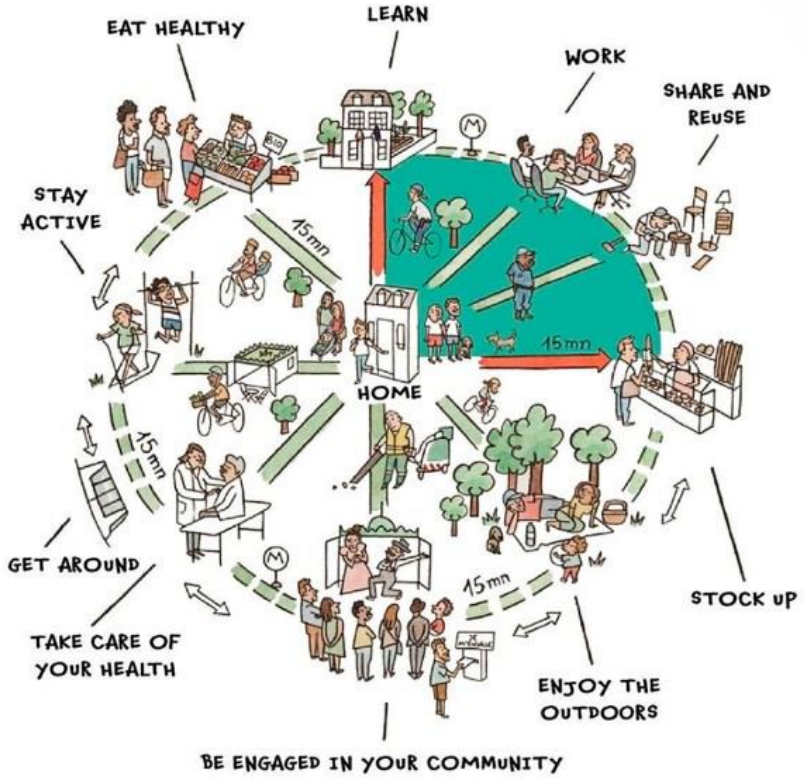
Nationwide, since the great recession, most centers-type development has taken place in walkable, historic neighborhoods rather than mid-century areas.

Growth in Rental Apartment Units, 2010–2017; Top 50 MSAs



Source: [The New Geography of Urban Neighborhoods](#), Urban Land Institute.

We expect demand for well-connected, urban environments to remain strong.



Source: [Foot Traffic Ahead](#), Ranking Walkable Urbanism in America's Largest Metros, Smart Growth America, 2023.

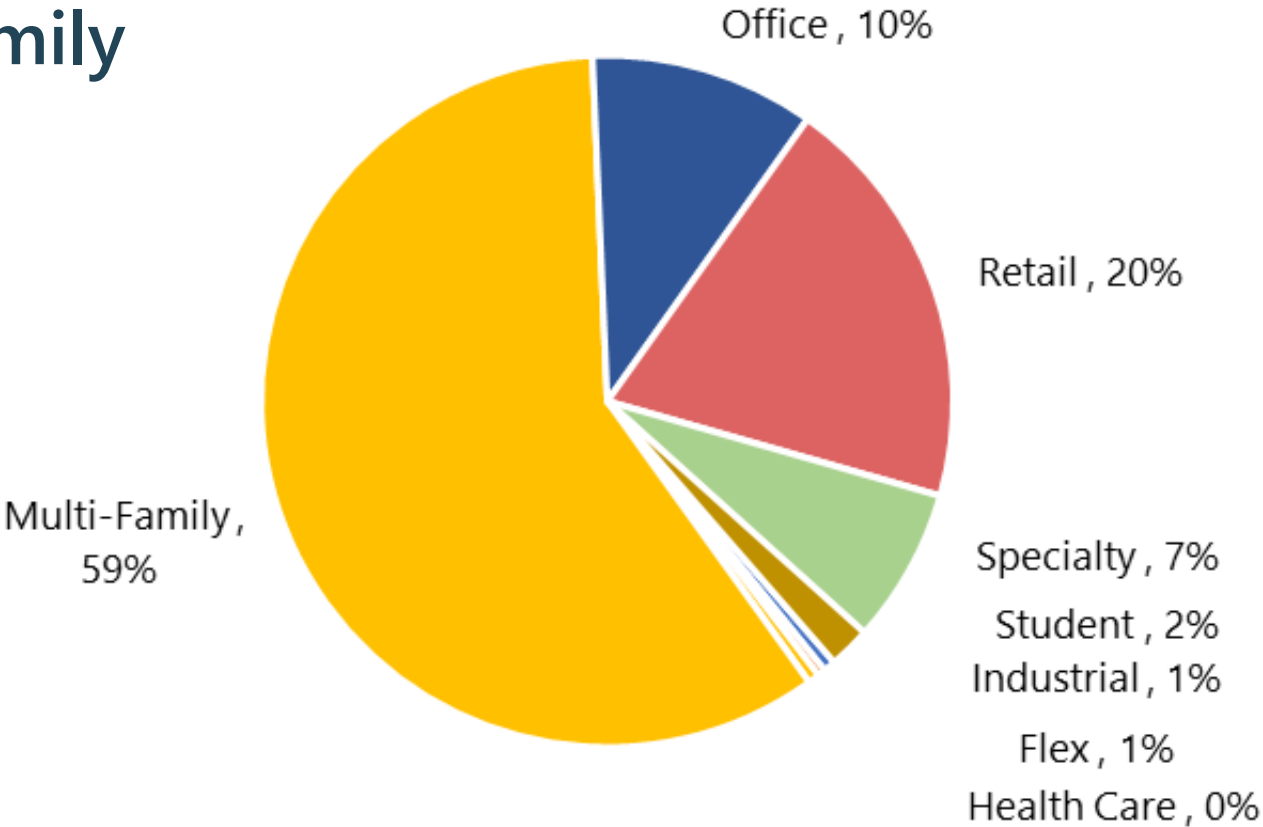
In Spokane, most development has not been in centers

Center/ Corridor Name	Built 2001 to 2023		Built Since 2018 Plus Planned & Under Constr.	
	SF RBA	%	SF RBA	%
57th & Regal	906,940	3%	200,000	2%
Five Mile	141,343	0%	61,080	1%
Lincoln Heights	42,307	0%	21,014	0%
Manito Shopping Center	20,151	0%	6,589	0%
North Town	71,534	0%	-	0%
Shadle	475	0%	-	0%
Southgate	511,947	2%	-	0%
Cannon & Maxwell	5,585	0%	-	0%
East Sprague	71,187	0%	-	0%
Holy Family	259,721	1%	14,560	0%
North Foothills	35,520	0%	25,000	0%
North Nevada	206,672	1%	11,000	0%
Trent & Hamilton	60,662	0%	-	0%
Hamilton	208,066	1%	102,000	1%
Hillyard	67,789	0%	-	0%
Monroe	96,480	0%	104,000	1%
14th & Grand	8,754	0%	-	0%
Garland	-	0%	60,000	1%
SFCC	169,000	1%	29,000	0%
Indian Trail	607,208	2%	245,373	3%
Lincoln & Nevada	170,236	1%	-	0%
South Perry	14,286	0%	-	0%
West Broadway	253,480	1%	-	0%
Centers/Corridors Total	3,929,343	13%	879,616	9%
Other Areas	25,261,548	87%	8,616,972	91%
City of Spokane Total	29,190,891	100%	9,496,588	100%

Source: [CoStar](#), Leland Consulting Group.

Consistent with national trends, most development in Spokane's centers has been multifamily housing.

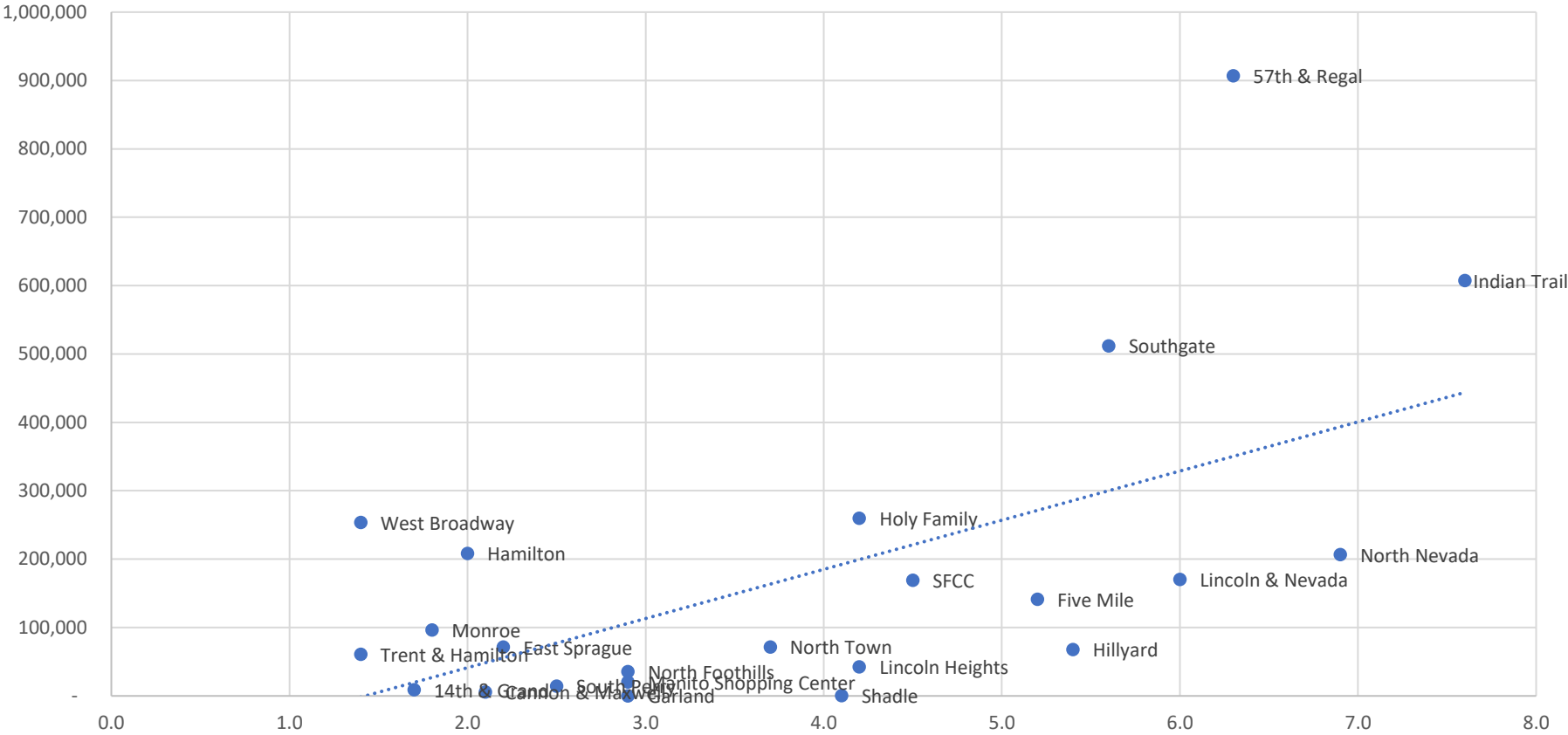
Building Area of Development Types Built in Centers and Corridors, 2001 to 2023



Source: CoStar, Leland Consulting Group.

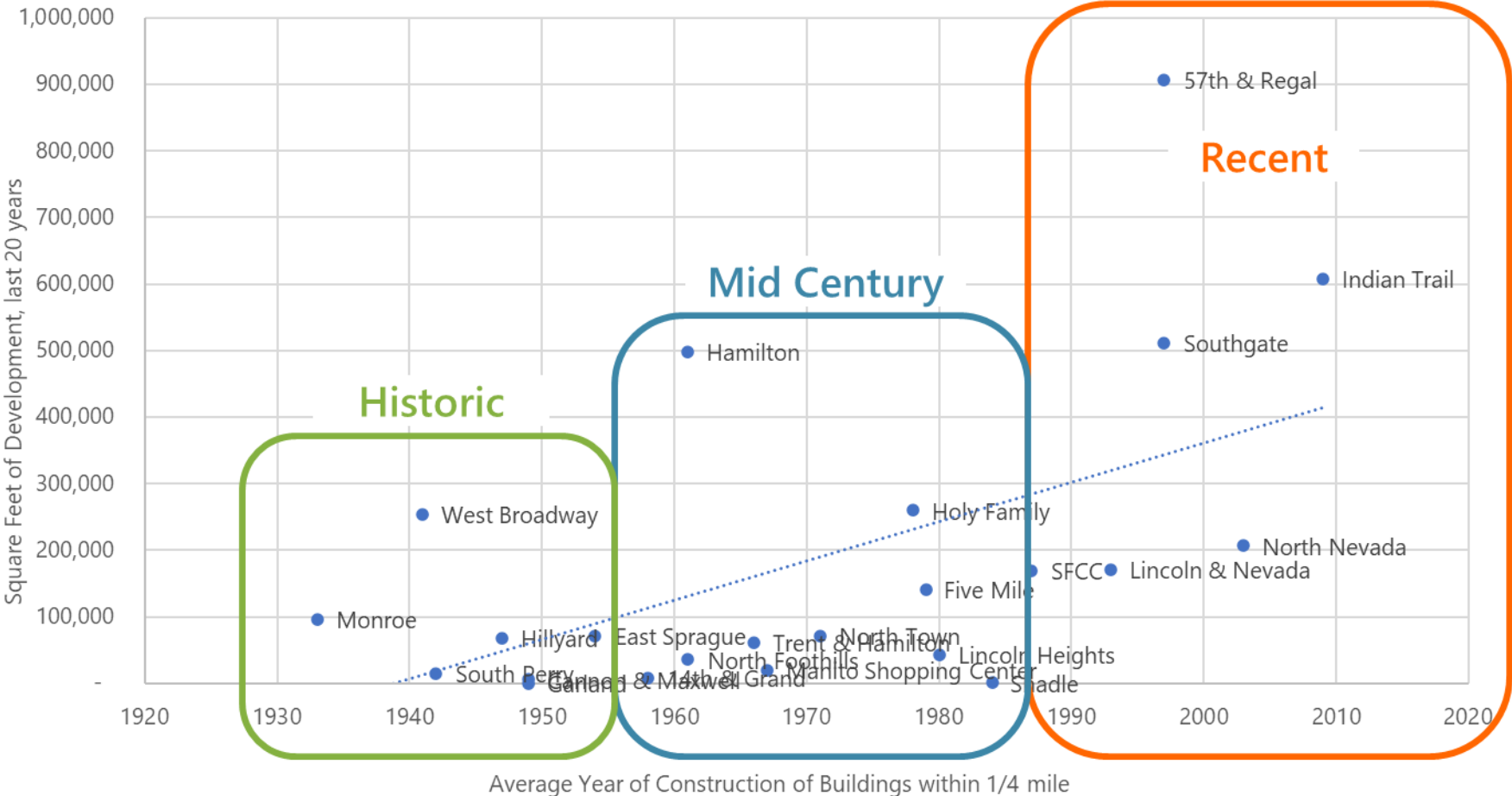
The centers that have seen the most development are those that are on the edges of the city, where vacant land has been more plentiful and less expensive.

Distance from Downtown Spokane and Square Footage of Development, 2001-2023



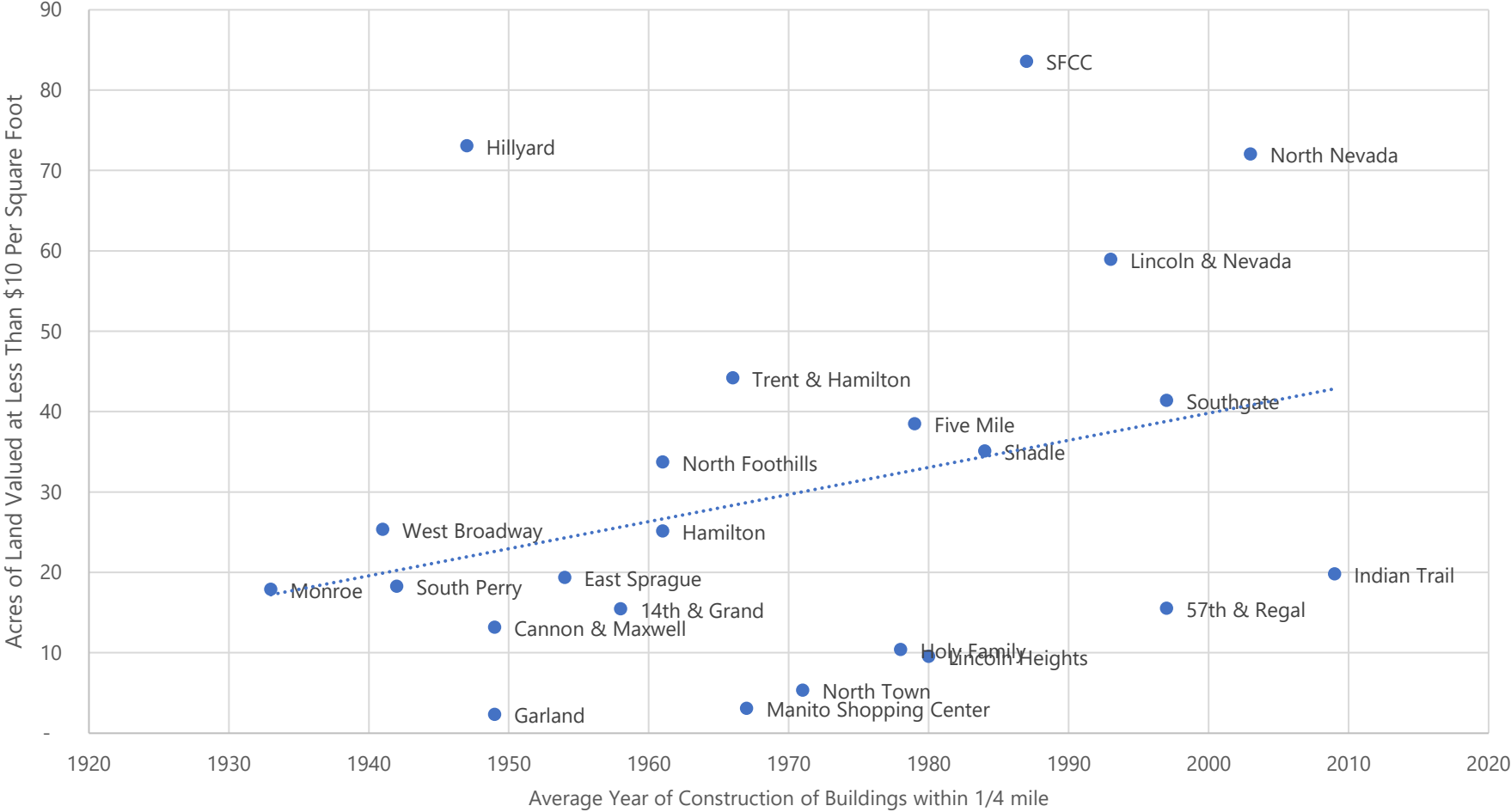
Centers and Corridors can be categorized by the era when most of the development within them occurred: Historic, Mid Century, and Recent. In most historic, walkable centers, relatively little new, ground-up development has occurred.

Year of Average Development vs Square Feet of Development, 2001 to Present

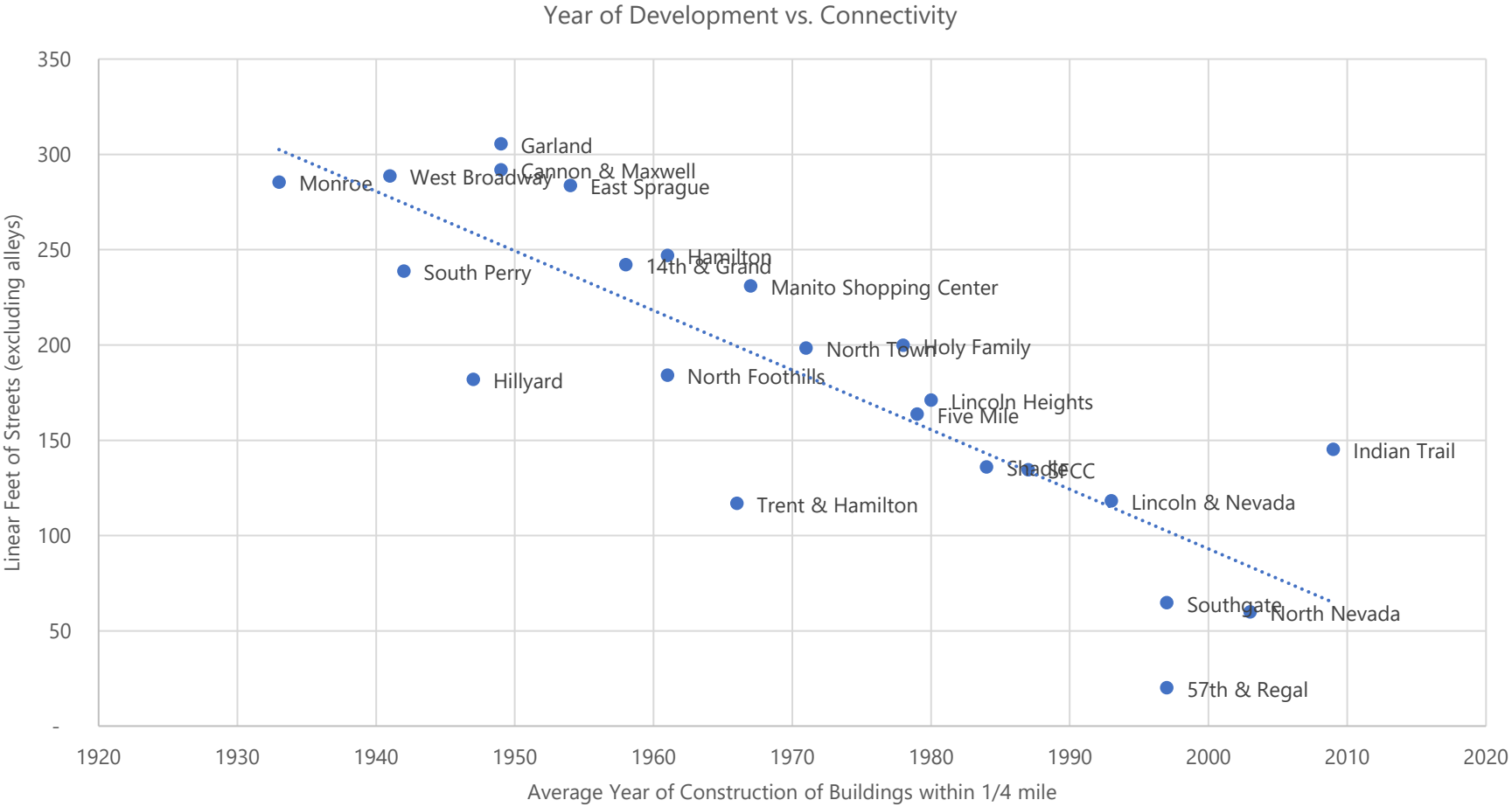


The *supply* (availability) and cost of land is a critical determinant of whether development happens and has very little to do with the amount of *demand* (whether or not the location is desirable to residents and tenants).

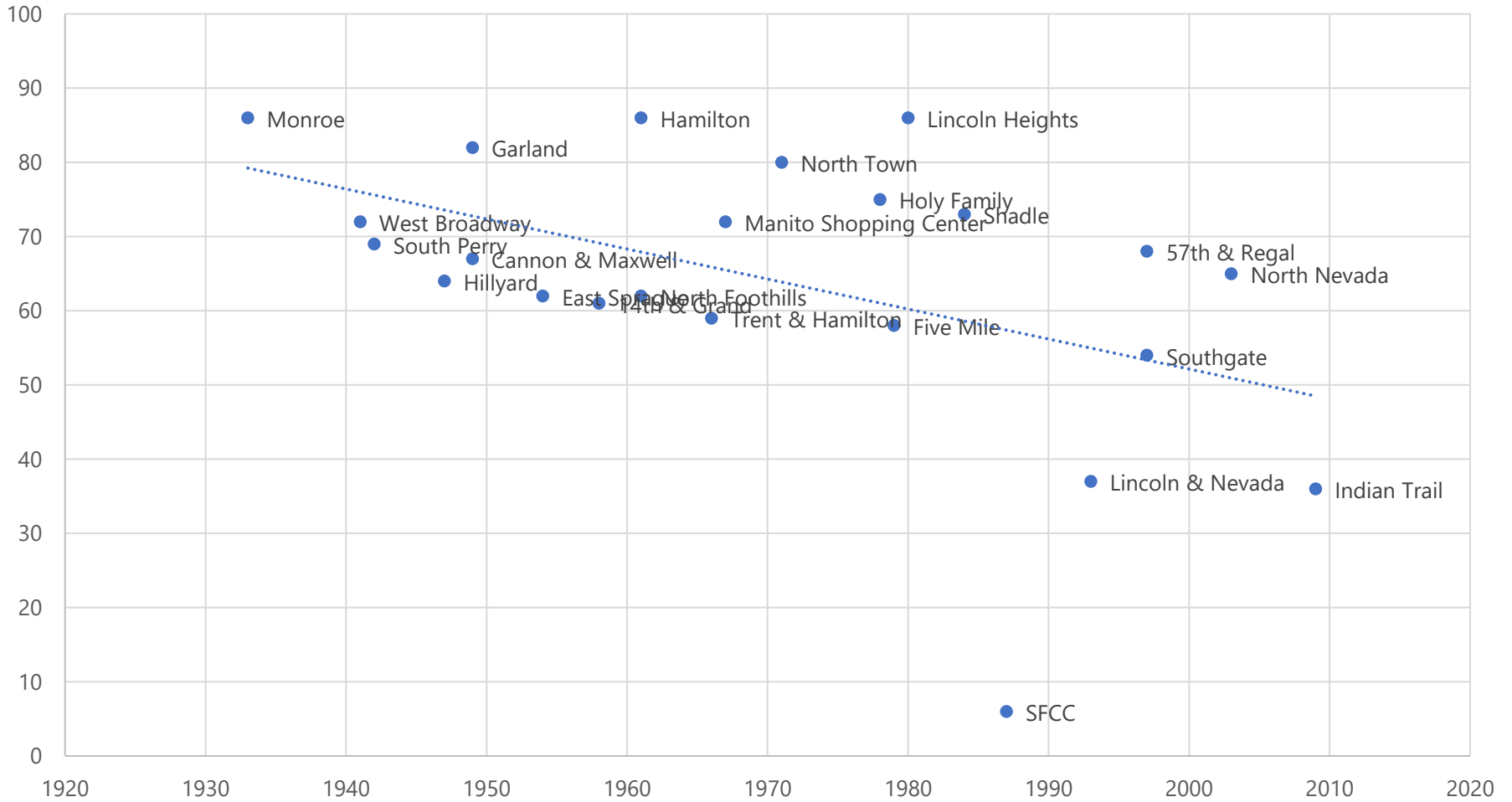
Year of Development vs Acres of Low Value Land



Most development has not been walkable or mixed use.
 In “mid century” or “recent” centers development has taken place but it tends not to be walkable/pedestrian oriented.



Year of Development vs Walk Score



Going forward, most development in Centers is likely to be one of three types.

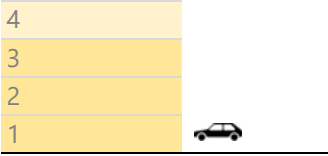
Commercial

- 1**
Renovation
Adaptive Reuse

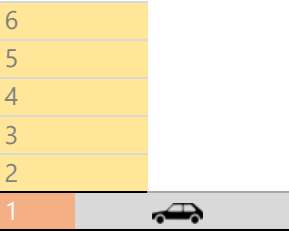


Housing

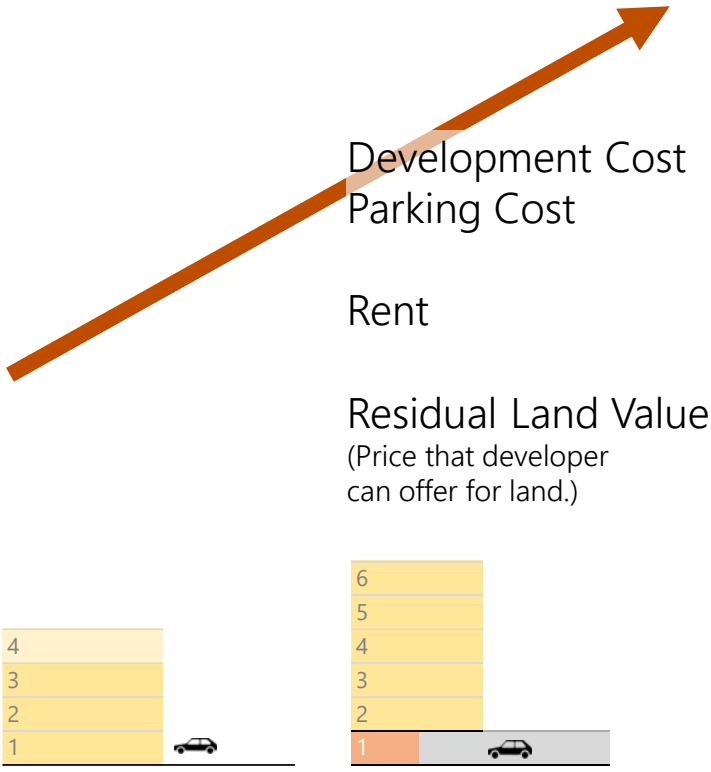
- 2**
Wood Frame
Apartments



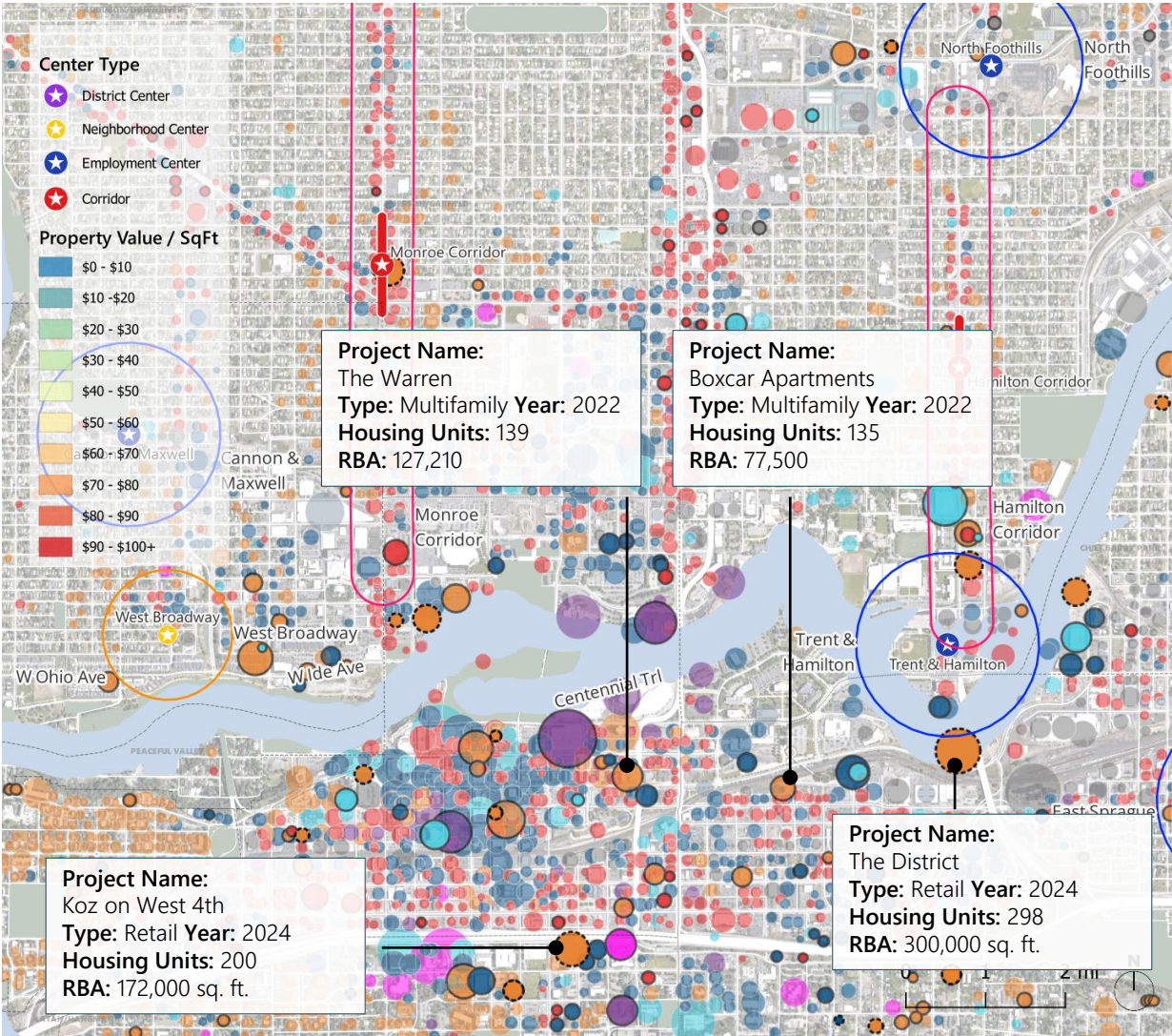
- 3**
Mid-Rise / Mixed-Use / Podium



Denser development types are more feasible in close-in locations because demand and rents are higher there.

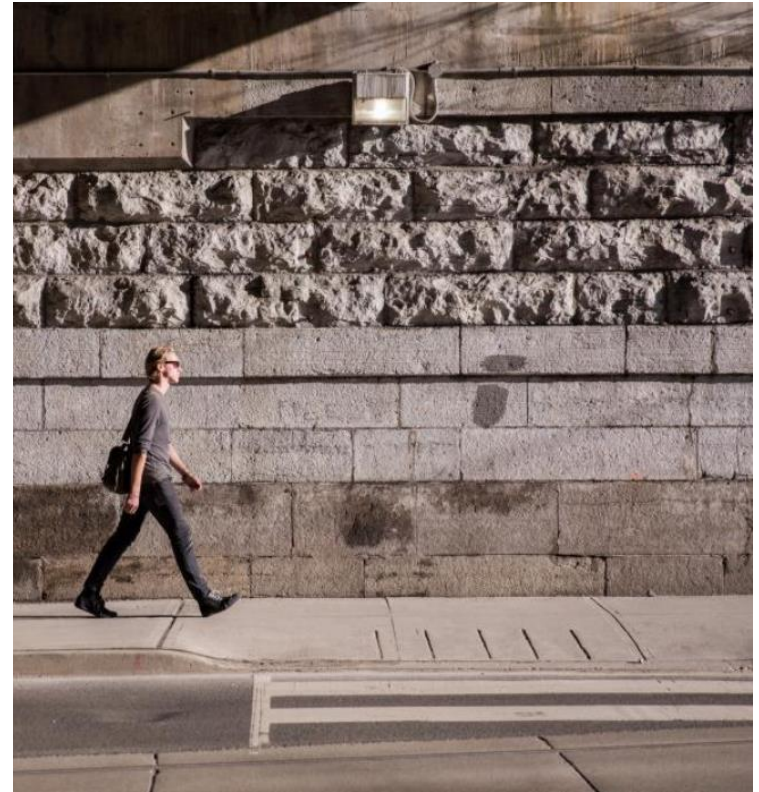


Development is currently being built in multiple locations outside of centers, including the Medical District, U District, and Downtown.



Certain demographics and area attributes drive urban development, particularly market-rate apartments and mixed-use development:

- 1 and 2 person households
- Employed in professional services, white collar jobs, and healthcare
- Middle to higher income
- Students
- Aged 25 to 34
- --
- Proximity to jobs and “urban amenities”



Adaptive Reuse

Before renovation, 2008



After Renovation, 2022: Ladder Coffee Roasters



Adaptive Reuse



Adaptive Reuse



Wood Frame Apartments

Millennium Apartments



Near West Broadway Center

Millennium Monroe



Mid-Rise Apartments: The Warren

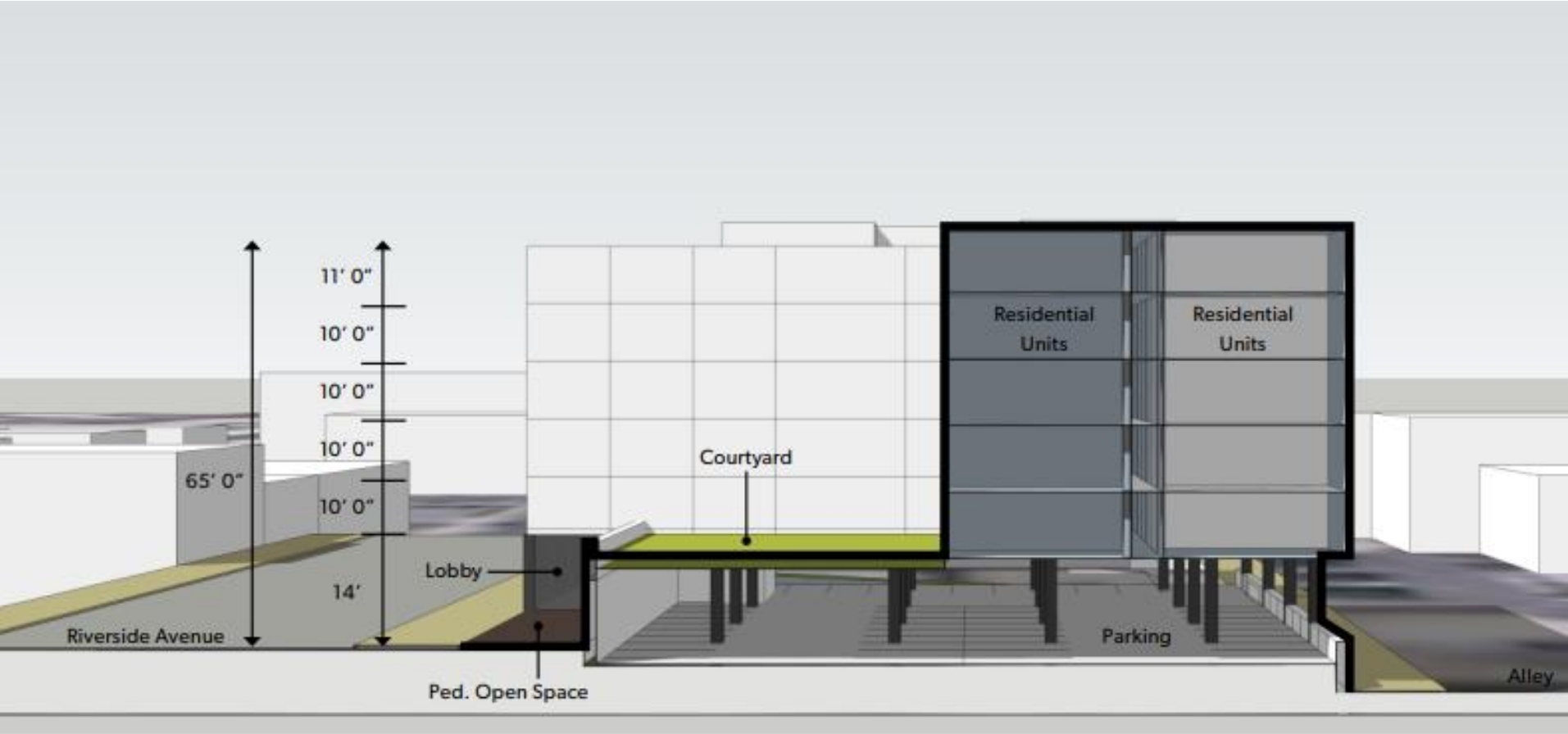
Before, circa 2000



The Warren Apartments, circa 2023

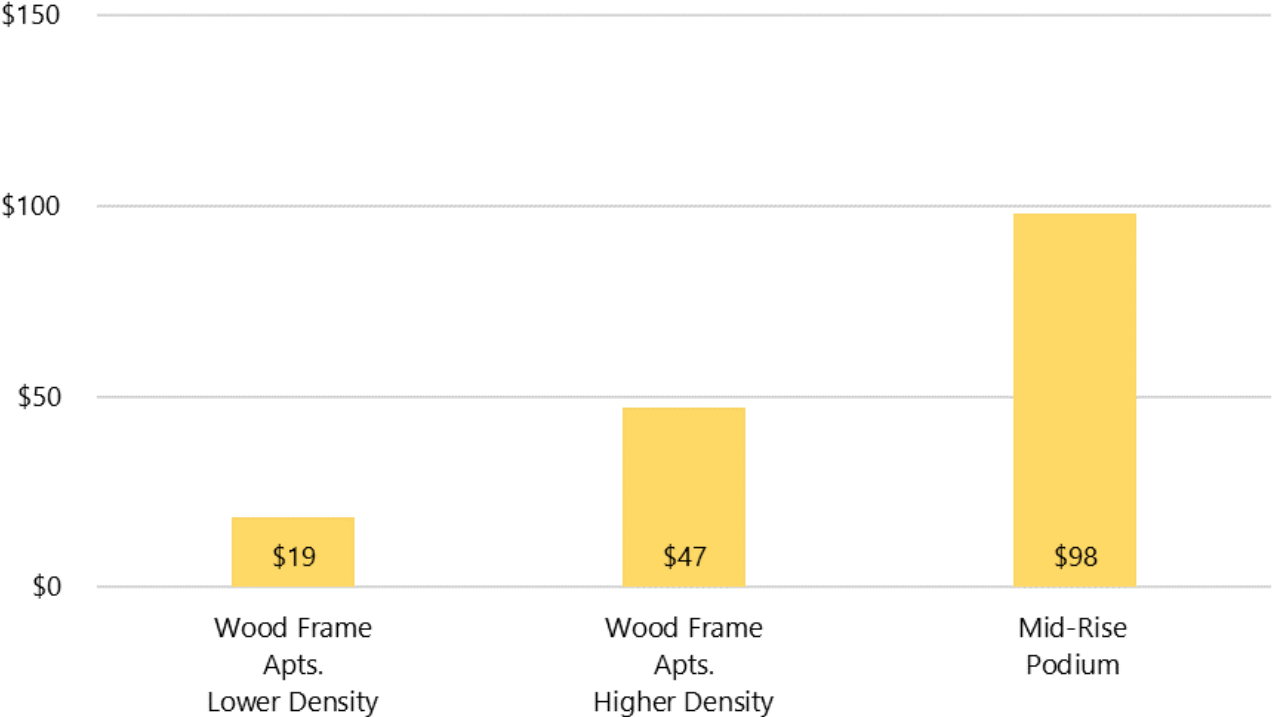


Mid-Rise Apartments: The Warren

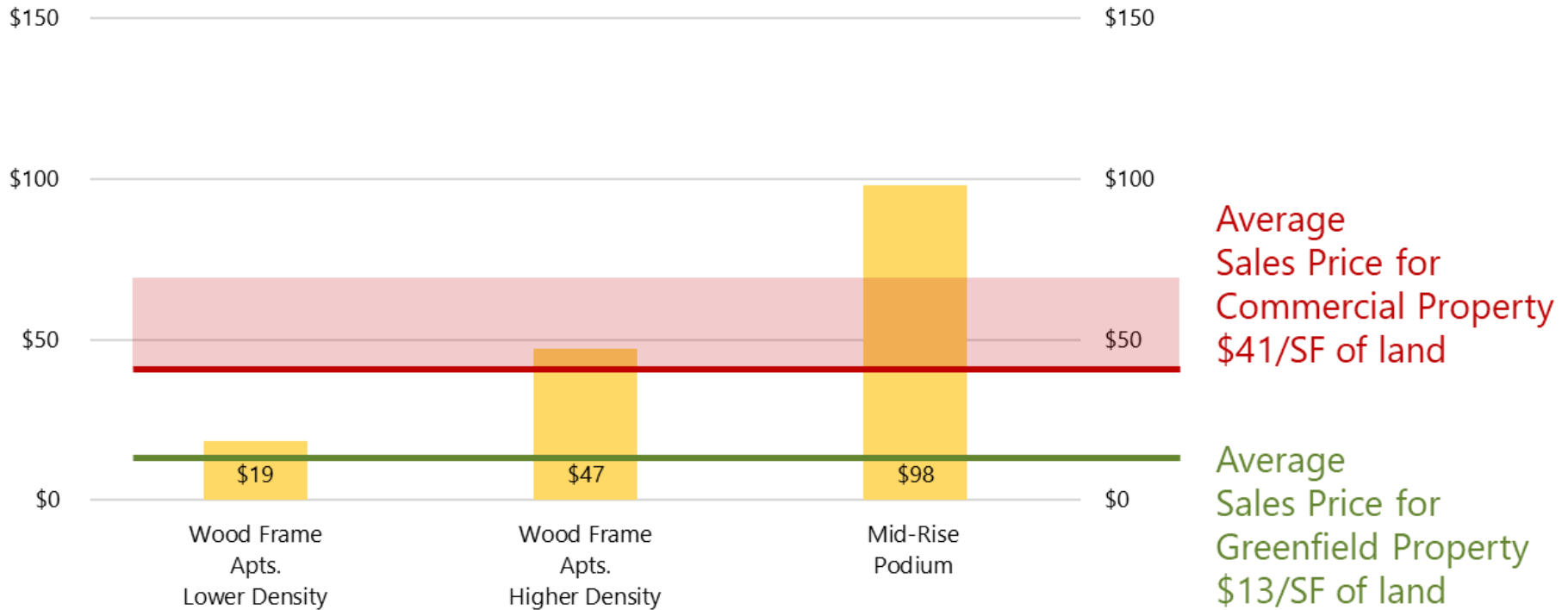


	Millennium Apartments	Millennium Monroe (Phases 1 and 2)	The Warren Apartments
Location	Near West Broadway	In Monroe Corridor	In Downtown East
Year Built	May-19	2023 or Early '24	Oct-22
Stories	3	4	6
Prototype	Wood Frame Apts.	Wood Frame Apts.	Mid-Rise Podium
Parking	Surface	Surface	Structured
Land Area (Acres)	0.67	0.93	0.65
Dwelling Units (du)	27	96	139
Density (du/acres)	40	103	214
Retail Area (SF)	-	-	1,900
Parking Spaces	25	37	60
	0.9	0.4	0.4
Asking Rent/SF/Month, All Units	\$1.77	\$2.00	\$2.50
Effective Rent/SF/Month, All Units	\$1.77	\$2.00	\$2.29

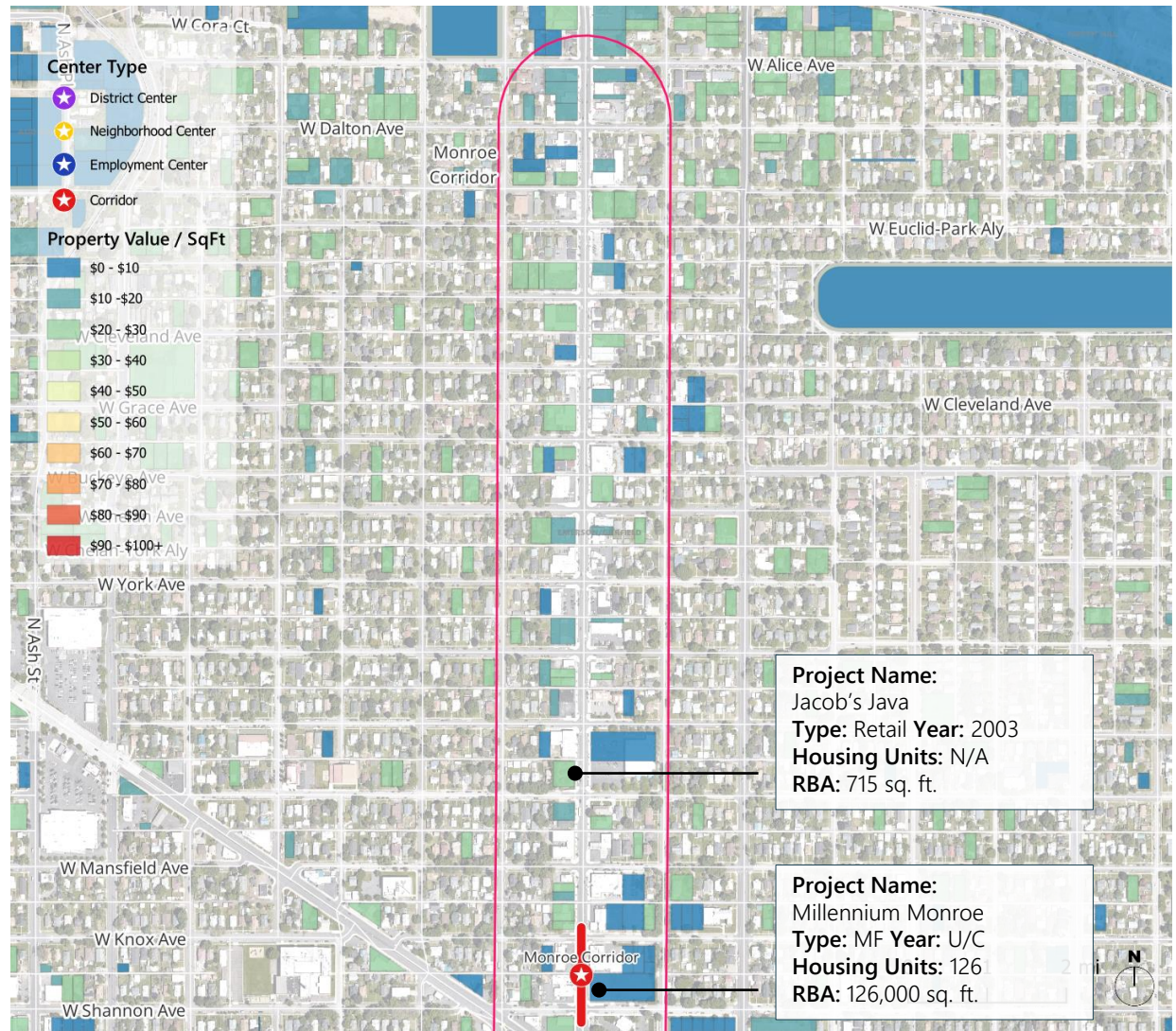
Maximum Land/Building Purchase Price for Wood Frame and Mid-Rise Apartment Projects



Maximum Purchase Price for Apartment Projects Compared to Price of Commercial and Greenfield Sites



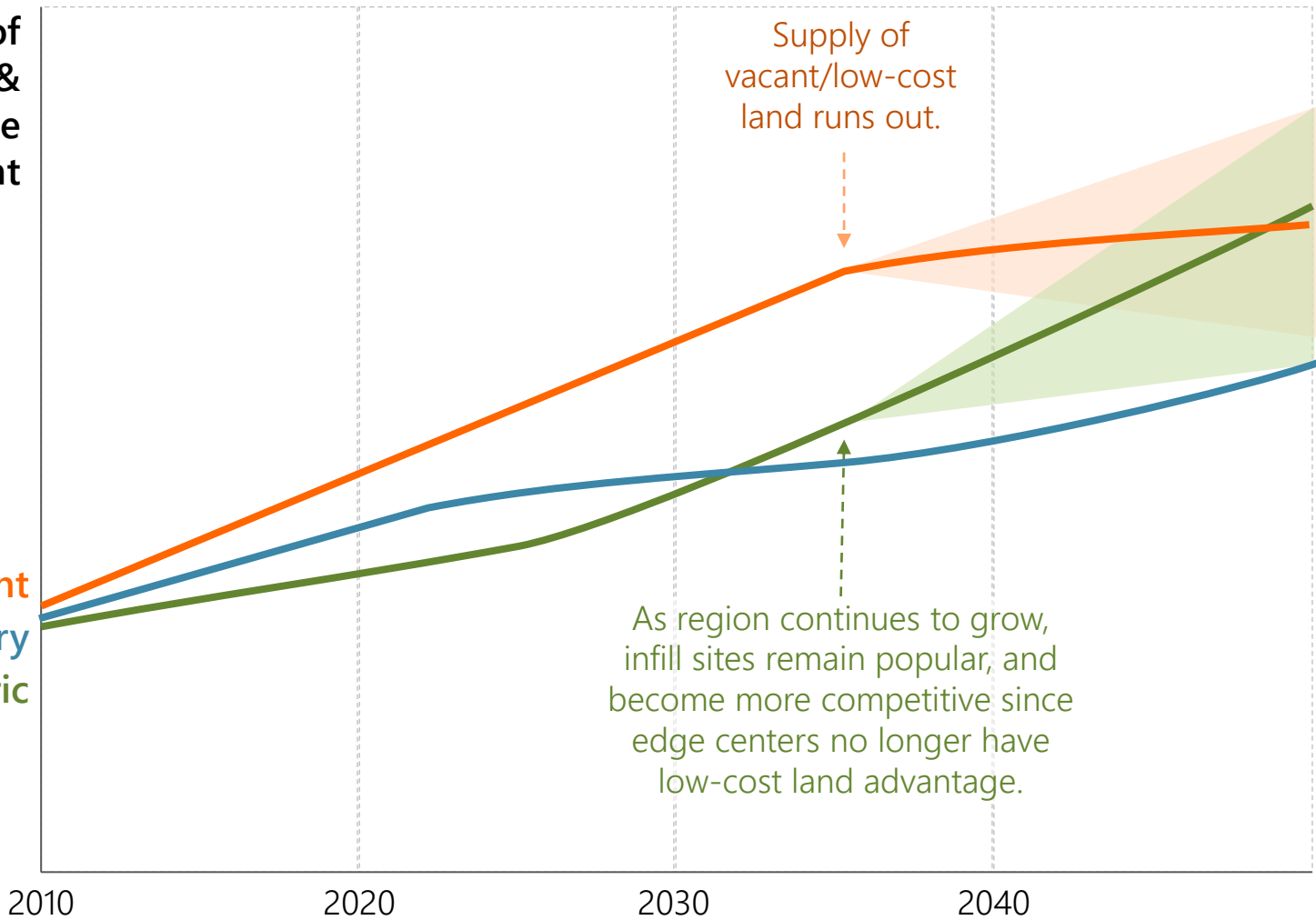
Monroe Corridor - North



Source: Spokane County Assessor, LCG

Amount of Multifamily & Mixed-Use Development

Recent
Mid Century
Historic



Supply of vacant/low-cost land runs out.

As region continues to grow, infill sites remain popular, and become more competitive since edge centers no longer have low-cost land advantage.

Name	Era	Type	Metric: Walk Score, Age of Construction, Connectivity, Distance to Downtown	Metric: Small Households, White Collar Employment	Metric: Per Capita Income	Metric: Development, 2001-2023	Metric: Recent Development, 2018-2026	Low Cost Land (Acres)
Monroe	Historic	Corridor	85	59	51	11	42	27
Garland	Historic	NC	73	54	55	0	24	7
West Broadway	Historic	NC	80	71	63	28	0	28
South Perry	Historic	NC	68	66	60	2	0	22
East Sprague	Historic	EC	66	52	46	8	0	32
Cannon & Maxwell	Historic	EC	70	55	50	1	0	20
Hillyard	Historic	Corridor	55	37	38	7	0	91
Manito Shopping Center	Mid Century	DC	59	79	100	2	3	7
14th & Grand	Mid Century	NC	64	98	88	1	0	22
Lincoln Heights	Mid Century	DC	54	80	61	5	9	20
Hamilton	Mid Century	Corridor	69	59	33	23	42	34
Trent & Hamilton	Mid Century	EC	54	76	27	7	0	56
Shadle	Mid Century	DC	47	61	69	0	0	35
Five Mile	Mid Century	DC	45	54	63	16	25	51
North Town	Mid Century	DC	57	54	46	8	0	10
Holy Family	Mid Century	EC	54	56	48	29	6	13
North Foothills	Mid Century	EC	54	49	48	4	10	19
Indian Trail	Recent	NC	33	66	96	67	100	41
57th & Regal	Recent	DC	33	89	81	100	82	24
Southgate	Recent	DC	33	84	72	56	0	55
Lincoln & Nevada	Recent	NC	33	56	65	19	0	61
SFCC	Recent	NC	27	68	73	19	12	32
North Nevada	Recent	EC	35	56	49	23	4	80

Implementation and Incentives

- Zoning – Make BOCA permanent; potentially other minor modifications.
- Design Review – streamline and simplify.
- Simplify, streamline, and shorten the development review process in Centers.
- MFTE program – retain and refine if necessary.
- Partner with other public agencies, such as the STA TOD program.
- Make streetscape improvements
- Invest in district-wide utility and public works improvements
- Expand the city’s storefront improvement grant program
- Establish Business Improvement Areas (BIAs or BIDs)
- Seek to implement reduced Transportation Impact Fees in Centers
- Consider public sector land acquisitions in Centers
- Market and promote Centers
- Continuing education in best practices in Centers redevelopment strategies



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