



2023 FIRST HALF
**PACIFIC NORTHWEST
RETAIL INVESTMENT
REPORT**

NEWMARK

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After seeing a record-breaking year in terms of overall volume and number of transactions in 2022, the retail investment market experienced a shift in the first half of 2023 due to the abrupt increase in interest rates and lending spreads.

Total retail investment sales volume for Washington State declined 77% from the same period last year as the market works through a "price discovery" phase and capital continues to be deliberate on both the debt and equity side.

Large transactions were non-existent in the first half of the year with only six deals over \$10m and no deals over \$30m. Meridian Place was the largest transaction and it was structured in 2022, included seller financing, and closing pushed into January 2023. Other than Meridian Place there was only one grocery anchored transaction to close in the first half - Tahoma Vista Shopping Center anchored by Grocery Outlet. Single Tenant net leased transactions remained robust relative to the same period last year.

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

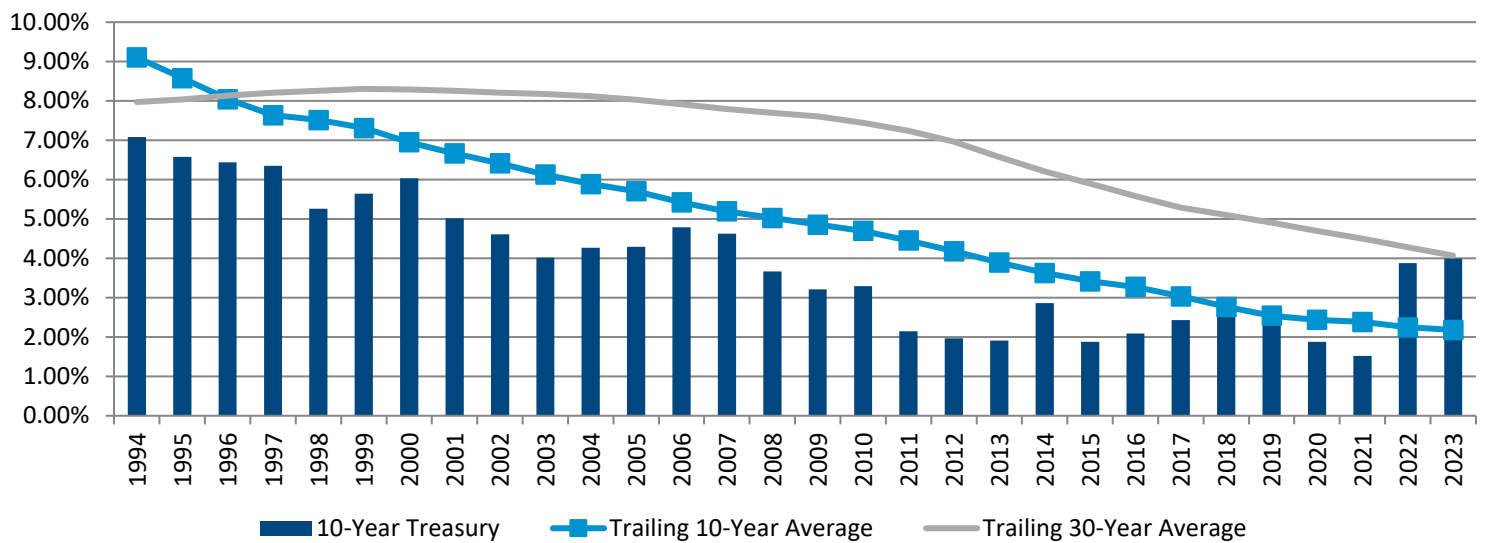
SUMMARY OF 2022-2023 FIRST HALF RETAIL INVESTMENT SALES IN WASHINGTON STATE

	H1 2022	H1 2023	% Change 2022 to 2023
Total # of Deals	87	51	-41%
Overall Volume	\$1,273,970,544	\$292,111,979	-77%
Single Tenant Deals	26	25	-4%
Single Tenant Volume	\$139,332,179	\$98,617,979	-29%
Grocery Anchored	17	2	-88%
Grocery Anchored Volume	\$701,346,700	\$43,575,000	-94%
Total Deals Over \$10M	27	6	-78%
Total Deals Under \$10M	60	45	-25%
Multi-Tenant Over \$10M	25	6	-76%
Multi-Tenant Under \$10M	36	20	-44%

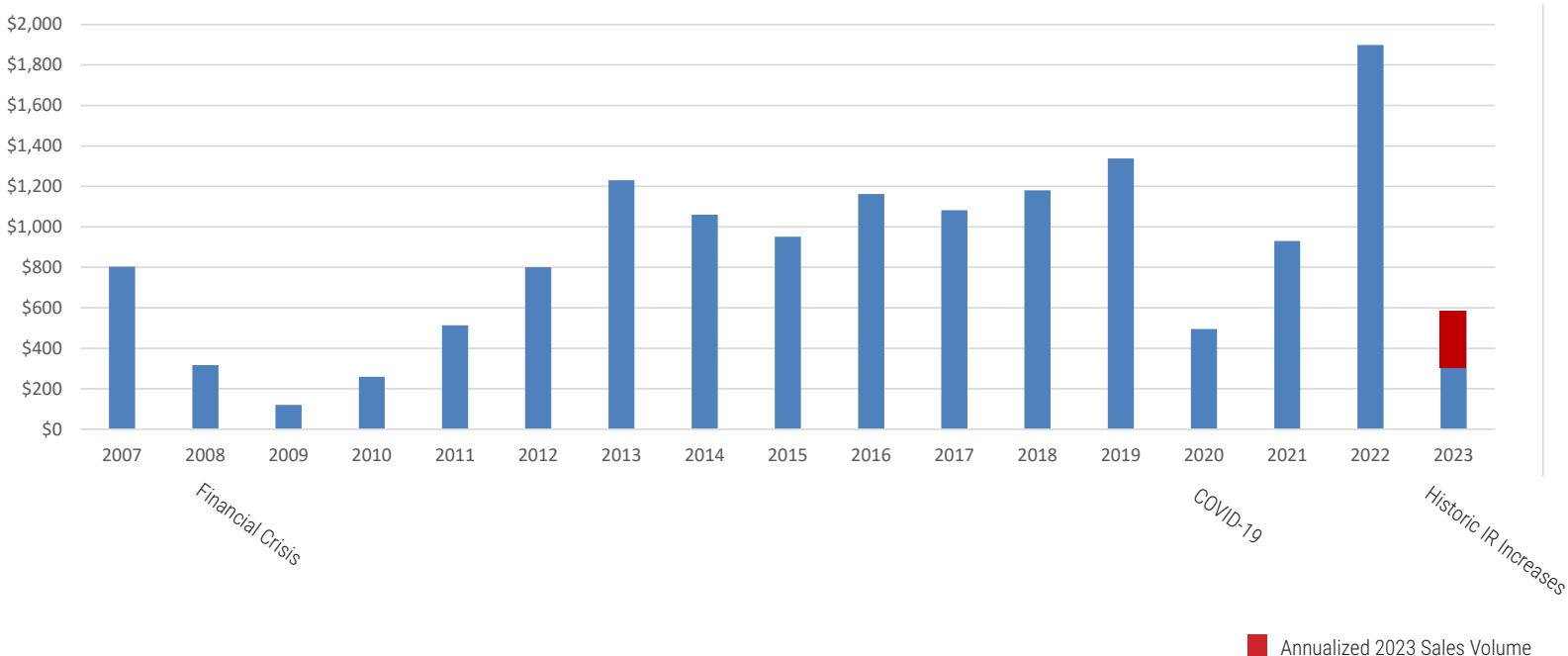
FINANCING

- The 10-Year Treasury has risen 125 basis points over the past year and was 3.81% at the end of H1 2023, after reaching 4% earlier in July.
- Lending spreads have been fluctuating and are property specific but we have seen spreads of approximately 200 - 250 basis points for stabilized retail 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 has increased significantly with higher interest rates, wider spreads, greater reserve requirements and lender scrutiny, putting upward pressure on cap rates.

AVERAGE HISTORIC 10-YEAR TREASURY RATES



INVESTMENT SALES VOLUME IN WASHINGTON STATE (In Millions)



H1 2023 | WASHINGTON STATE RETAIL SALE TRANSACTIONS

Sold	Property Name	City	Sale Price	Bldg. SF	Cap Rate	Price/SF	Major Tenants
Jan-23	Meridian Place Shopping Center	Puyallup	\$29,375,000	127,429	7.00%	\$231	Grocery Outlet, Michaels
Jun-23	The Shops at Mill Creek	Mill Creek	\$18,500,000	38,112	7.17%	\$485	AmazonGo, Carbon Health, Xfinity, Pure Barre
Apr-23	Cascade Mall	Burlington	\$18,500,000	446,430	N/A	\$41	T.J. Maxx, AMC, Furniture World, Chuck E Cheese, Applebee's
Jun-23	Tahoma Vista Shopping Center	Tacoma	\$14,200,000	116,865	N/A	\$122	Big Lots, Grocery Outlet, Taco Bell, O'Reilly Auto
Apr-23	Cross Court Plaza	Burlington	\$12,925,000	70,260	7.60%	\$184	Planet Fitness, Dollar Tree
Mar-23	Silverdale Tractor Supply Center	Silverdale	\$10,000,000	56,091	6.84%	\$178	Tractor Supply, DEFY
Jun-23	Sullivan Square	Veradale	\$8,950,000	45,925	5.43%	\$195	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, Franz Bakery
Jun-23	17513 Canyon Parkway E	Frederickson	\$8,500,000	12,572	5.95%	\$676	MOD Pizza, Heartland Dental, Olympic Sports and Spine
Jun-23	Shops at Millcreek Town Center	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	Single Tenant
Jan-23	LA-Z-BOY	Tacoma	\$7,250,000	21,920	6.16%	\$331	Single Tenant
Jun-23	Auburn Retail Center	Auburn	\$7,191,000	14,775	6.54%	\$487	Mattress Firm, T-Mobile, Jersey Mikes, H&R Block
Feb-23	7-Eleven	Federal Way	\$6,975,000	4,219	5.33%	\$1,653	Single Tenant
Jun-23	Walgreens	Woodinville	\$6,400,000	14,820	5.32%	\$432	Single Tenant
Jun-23	3609 164th St SW	Lynnwood	\$6,100,000	7,000		\$871	Manor Market, Zip Locksmith, Zen Salon, WOW Teriyaki
May-23	Walgreens	Lacey	\$5,890,000	15,120		\$390	Single Tenant
Mar-23	QFC	Everett	\$5,500,000	42,067	5.62%	\$131	Single Tenant
May-23	Goodwill	Tacoma	\$5,110,000	24,949	6.34%	\$205	Single Tenant
Jan-23	REI	Silverdale	\$5,000,000	23,500	4.80%	\$213	Single Tenant
Jun-23	Lakewood Pointe	Marysville	\$4,775,000	8,084	6.13%	\$591	Julz Animal House, Hidden Vine Wine Bar, Seven Lakes Dental, 360 Espresso
Jan-23	Veterinary Emergency Group	Lynnwood	\$4,100,000	5,960	5.24%	\$688	Single Tenant
Jan-23	Forest Park Retail Center	Auburn	\$4,000,000	13,413		\$298	La Rioja Mexican Cuisine, Subway, New Teriyaki and Wok
Mar-23	Chipotle	Tacoma	\$3,650,000	3,530	4.78%	\$1,034	Single Tenant
Mar-23	Chipotle	University Place	\$3,595,000	2,325	4.59%	\$1,546	Single Tenant
May-23	MOD Pizza & Five Guys	Lacey	\$3,575,000	5,270	5.60%	\$678	Mod Pizza & Five Guys
Apr-23	Popeyes	Tacoma	\$3,400,000	2,333	5.15%	\$1,457	Single Tenant

H1 2023 | WASHINGTON STATE RETAIL SALE TRANSACTIONS

Sold	Property Name	City	Sale Price	Bldg. SF	Cap Rate	Price/SF	Major Tenants
Jan-23	Dr. C Dental	Spokane	\$3,228,000	6,767	6.29%	\$477	Single Tenant
Jun-23	Value Village	Spokane	\$3,100,000	25,510		\$122	Single Tenant
Jan-23	5903 196th St SW	Lynnwood	\$3,100,000	5,120	N/A	\$605	Navi's Catering Kitchen, Bindi Yoga Center
May-23	Crossroads at Mill Plain	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, Paris Nails, 67 Market
Jan-23	JoAnn Fabrics	Kennewick	\$3,000,000	16,275	5.97%	\$184	Single Tenant
Apr-23	11510 E Sprague Ave	Spokane	\$2,990,000	25,800		\$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	Single Tenant
Mar-23	2018 E Union St	Seattle	\$2,925,000	12,116	6.32%	\$241	Mind & Body Pilates, 20/20 Cycle, CommuniTea Kombucha, Central Cinema
Jun-23	Fairgrounds Strip	Bremerton	\$2,900,000	21,175		\$137	Burger King, Gyro King, Subway, Mobil
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	Single Tenant
Mar-23	Burger King	Spanaway	\$2,775,000	3,259	5.67%	\$851	Single Tenant
Jun-23	Red Robin	Bellingham	\$2,700,000	7,200	5.91%	\$375	Single Tenant
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
Apr-23	Northgate Center	Yakima	\$2,538,000	17,512	7.18%	\$145	Papa Murphy's, Ozeki's, Manpower, May's, Farm Country Mercantile
Apr-23	Dollar General	Elk	\$2,383,000	10,640	5.70%	\$224	Single Tenant
Mar-23	Dollar General	Chewelah	\$2,377,079	10,640	6.00%	\$223	Single Tenant
Jun-23	Starbucks	Shelton	\$2,295,000	2,000	4.88%	\$1,148	Single Tenant
Apr-23	Dollar General	Loon Lake	\$2,219,500	10,566	5.75%	\$210	Single Tenant
Feb-23	Jiffy Lube	Monroe	\$2,200,000	4,156	6.00%	\$529	Single Tenant
Jan-23	9614-9626 14th Ave SW	Seattle	\$2,200,000	7,600	4.70%	\$289	A Dog's Dream, Northern Lights, 2 new tenants
Jan-23	Wendys	Shelton	\$2,120,400	3,488	4.53%	\$608	Single Tenant
TOTAL			\$292,111,979	1,542,220			

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