

Since 1996 the Washington Center for Real Estate Research (WCRER) at Washington State University has been providing valuable apartment market statistics for communities throughout the state of Washington. The main goal of the surveys has been to estimate the vacancy rate for each county in addition to determining the average rent charged to the individuals who occupy these properties. The WCRER has become the largest apartment market researcher in Eastern Washington as well as conducting research in several Western Washington counties. With permission and encouragement from Dupre + Scott Apartment Advisors (D+S), the Seattle-area research firm which conducts apartment research around the Puget Sound, WCRER has positioned itself to facilitate development of consistent, statewide apartment market data—at least in those areas representing a vast majority of the state’s apartments.

### Market Coverage/Response Rates

The size of the overall apartment market is based on data from Census 2000 and building permit data collected by the U.S. Bureau of the Census for the last 10 years. Once the total number of apartment units was tallied for each county, the rental share of those units was calculated. The rental share of apartments is based on Census 2000 data. Since the 2010 Census contains less information about housing, WCRER is developing new estimate of the inventory of rental apartments and the rental share of the overall apartment market using American Community Survey data.

The number of apartment units represented by the responses to the survey is compared to the total estimated number of rental apartments in each market to produce a response rate. Response rates for both the D+S market research and the research conducted by the WCRER are combined to give an overall response rate for all the major counties in the State of Washington. The resulting statistic for the combined surveys was 52.0 percent. However, individual local market response rates ranged widely. While a 52 percent response rate may sound low, there are many contributing factors. Reasons for apartment managers not responding range from their complex not having enough units (D+S surveys are limited to projects with at least 20 units), to a manager’s unwillingness to give out private information for the survey. Neither the D+S survey nor the WCRER survey includes government-assisted housing, but the total number of rental units includes both subsidized and market rate properties. Significantly, in smaller communities greater proportions of the multifamily market are dependent on Federal or state money. Collectively, these reasons often make it difficult for local response rates to exceed half of the rental units. In addition, response rates to surveys generally are declining, regardless of the business value of the aggregated data.

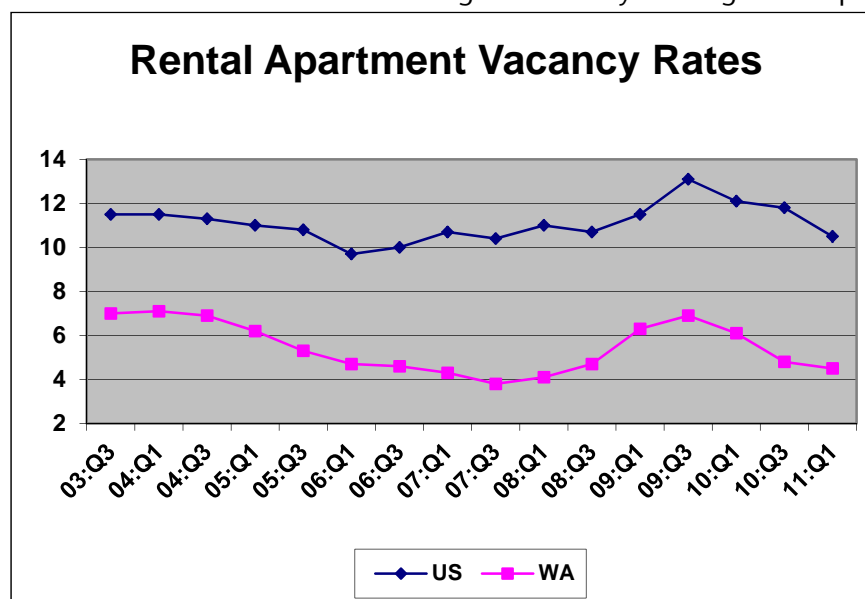
### WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2010 Apartment Construction	2011 Rental Apartments	March 2011 Survey Responses	Response Rate (%)
Benton/Franklin (Tri-Cities)	10,435	2,388	12,310	5,913	48.0
Chelan/Douglas (Wenatchee)	3,525	458	3,719	981	26.4
Clark (Vancouver)	20,500	4,346	23,802	13,384	56.2
Cowlitz (Longview/Kelso)	4,808	595	5,246	1,130	21.5
King (Seattle/Bellevue)	227,735	59,715	246,201	125,204	50.9
Kitsap (Bremerton)	12,242	764	12,079	6,434	53.3

County	2000 Apartments (5+ units)	2000-2010 Apartment Construction	2011 Rental Apartments	March 2011 Survey Responses	Response Rate (%)
Kittitas (Ellensburg)	2,538	36	2,522	1,734	68.8
Pierce (Tacoma)	48,509	7,468	53,956	36,171	67.0
Skagit (Mt. Vernon/ Anacortes)	4,065	654	4,538	1,306	28.8
Snohomish (Everett)	47,359	8,897	50,017	30,245	60.5
Spokane	21,683	9,100	29,259	10,142	34.7
Thurston (Olympia)	11,289	1,895	12,756	9,256	72.6
Whatcom (Bellingham)	11,919	3,837	14,625	3,369	23.0
Whitman (Pullman)	4,270	1,444	5,595	4,507	80.6
Yakima	7,441	843	7,850	2,000	25.5
<b>STATEWIDE</b>	<b>438,318</b>	<b>102,440</b>	<b>484,475</b>	<b>251,776</b>	<b>52.0</b>

## Market Summary

Apartment markets nationwide registered record vacancies in the second quarter of 2004. For the next two years national apartment rental markets improved consistently, but increased multifamily construction thereafter resulted in a modest increase in rental vacancies. However, most recently the apartment rental market saw a decrease in rental vacancies. As of the first quarter of 2011, the statewide vacancy rate was recorded at 4.5 percent reflecting the third consecutive quarterly improvement in vacancies since the fall 2009 which registered the cyclical high of 6.9 percent. Much of the improvement



in vacancies can be attributed to improving job prospects and households which had doubled-up or young people who had returned to their parents' homes creating independent households. Some of the strength also comes from households that lost homes to foreclosure, but many of those have moved to rental single-family homes and are not included in the rental apartment market.

Over the past year Kittitas and Whitman Counties have seen the greatest improvement in the vacancy rate with a considerable drop of 3.6 and

3.5 percent, respectively. Meanwhile, only three counties have seen an increase in vacancy, led by a 2.9 percentage point increase in Skagit County placing that area at a staggering 9.8 percent. The least vacancy was 1.7 percent in the Tri-Cities market which benefitted from government stimulus spending at Hanford throughout 2010.

Average rents ranged from a low of \$589 in Yakima County to a high of \$1,049 in King County. Since the largest share of apartments are located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$926 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima and Cowlitz. The statewide average rent increased by 2.9 percent in the last year, reflecting the improving market conditions (from the perspective of landlords).

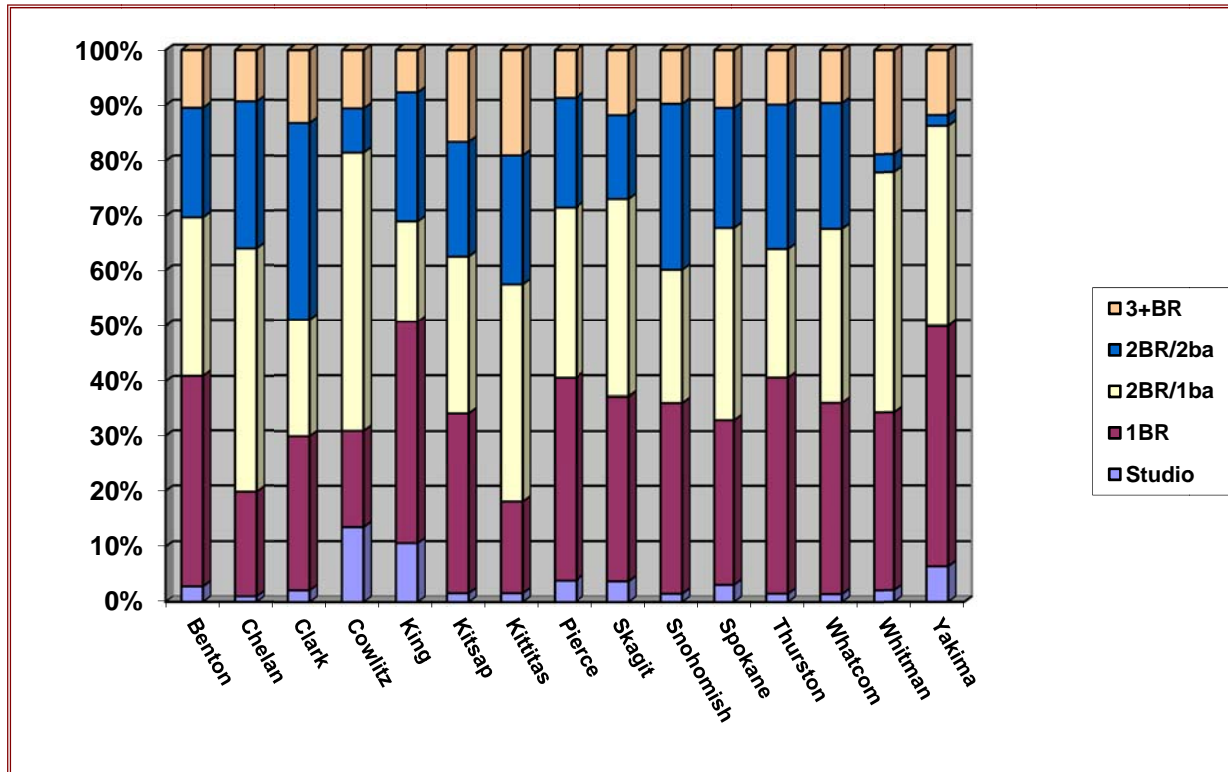
### Summary Apartment Market Statistics—March 2011

Market (County)	Average Size (sq. ft.)	Average Rent (\$)	Number of Units	Number Vacant	Vacancy Rate (%)
Benton/Franklin (Tri-Cities)	834	778	5,913	101	1.7
Chelan/Douglas (Wenatchee)	833	723	981	32	3.3
Clark (Vancouver)	915	774	13,384	455	3.4
Cowlitz (Longview/Kelso)	790	602	1,130	40	3.5
King (Seattle/Bellevue)	n/a	1,049	125,204	5,384	4.3
Kitsap (Bremerton)	n/a	876	6,434	328	5.1
Kittitas (Ellensburg)	796	648	1,734	45	2.6
Pierce (Tacoma)	n/a	820	36,171	2,026	5.6
Skagit (Mt. Vernon/Anacortes)	857	731	1,306	130	9.8
Snohomish (Everett)	n/a	879	30,245	1,331	4.4
Spokane	857	676	10,142	517	5.1
Thurston (Olympia)	n/a	834	9,256	481	5.2
Whatcom (Bellingham)	814	775	3,369	81	2.4
Whitman (Pullman)	774	686	4,507	198	4.4
Yakima	731	589	2,000	104	5.2
<b>STATEWIDE</b>	<b>n/a</b>	<b>926</b>	<b>251,776</b>	<b>11,253</b>	<b>4.5</b>

The WCRER survey includes the average size of units within each apartment complex. The smallest apartment units are found in Yakima County where the average size is 731 square feet. The largest apartments are found in Clark County where the average apartment is significantly larger at 915 square feet. While these aggregate statistics are interesting, it is important to compare similar types of properties across the markets. As illustrated in this graphic, 1-bedroom or 2-bedroom units with one bath are most prevalent in virtually all communities, and will be the basis of subsequent comparisons.

The following graphic clearly illustrates the differences in the composition of the apartment market from community to community. Studio apartments are more prevalent in King and Cowlitz counties, while 2-bedroom/2-bath units are most frequently encountered in the more suburban Clark and Snohomish county areas. One-bedroom units are especially dominant in Thurston, King and Yakima counties, while units with three or more bedrooms are most significant in Whitman and Kittitas counties, where student renters may choose to share large units to save money.

## Composition of Apartment Market Selected Washington Communities, March 2011



### 1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37% of all the units in the combined WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units has steadily decreased from its peak of 6.5% in third quarter 2009 to a 2-year low of 4.3% in the first quarter of 2011, similar to third quarter 2008. The average rent for 1-bedroom units has increased by about \$30 (3.6%) from last March to \$833. Vacancy rates varied from county to county throughout the state, with eight counties reporting fewer than 4.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 10.1 percent in Skagit County. Spokane, which in first quarter of 2010 had led with a vacancy rate of 10.1%, has seen the greatest improvement, with only 4.3% currently vacant. Average rent also ranged widely from a low of \$533 in Yakima County to \$950 in urban King County. The average size for a 1-bedroom unit was 678 square feet. The largest 1-bedroom apartments were found in Clark County where the average size was 692 square feet, while in Whitman County the average 1-bedroom unit was only 576 square feet, roughly 17 percent smaller.

### Apartment Summary Characteristics — March 2011 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	678	677	1.3
Chelan/Douglas	659	616	1.1
Clark	692	653	3.6
Cowlitz	617	555	2.5
King	688	950	4.2
Kitsap	663	736	5.1
Kittitas	618	534	3.8
Pierce	665	698	5.3
Skagit	636	653	10.1
Snohomish	690	759	5.2

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Spokane	669	563	4.3
Thurston	666	726	3.6
Whatcom	631	679	2.8
Whitman	576	502	2.5
Yakima	615	533	4.6
<b>STATEWIDE</b>	<b>678</b>	<b>817</b>	<b>4.3</b>

## 2-Bedroom/1-Bath Apartments

The second most prevalent unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 23.5% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$876, a \$32 (5%) increase from the spring 2010 survey. Average rents for 2-bedroom/1-bath units ranged from \$619 in Cowlitz County to \$977 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state decreased from last March, with the current reading 4.9 percent, compared to 6.6 percent last spring. Vacancy rates ranged from a high of 7.3% in Skagit County to a low of 1.7% in Benton/Franklin Counties. In terms of unit size, Skagit County had the largest average size in the state (899 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (719 sq. ft.).

### Apartment Summary Statistics — March 2011 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	871	758	1.7
Chelan/Douglas	865	710	4.6
Clark	883	717	4.2
Cowlitz	817	619	4.4
King	872	977	4.7
Kitsap	858	841	4.6
Kittitas	719	737	3.8
Pierce	866	797	5.9
Skagit	899	739	7.3
Snohomish	887	834	3.9
Spokane	858	660	6.7
Thurston	848	806	5.7
Whatcom	859	764	2.4
Whitman	774	660	5.6
Yakima	819	620	6.8
<b>STATEWIDE</b>	<b>868</b>	<b>876</b>	<b>4.8</b>

## Time Trends

Consistency is the key to a more complete understanding of the time trends associated with different apartment markets. For example, seasonal patterns vary from community to community (e.g. academic year in Whitman and Kittitas counties; agricultural cycle in Yakima and Chelan/Douglas counties). Both WCRER and D+S conduct surveys in March and September—months which are less subject to seasonal variation. Results from the March 2010 and March 2011 surveys are shown in the following table. The statewide vacancy rate over the last year has declined from 6.1 percent to 4.5 percent, following a national trend of decreasing rates. As the demand for apartment units increases and the vacancy rate continues to fall expect to see further increases in apartment rental rates in upcoming quarters, until new apartments where construction is now underway enter the market. Average rents across markets increased \$27 (3%) in the last year, which has been partially attributed to the decline in apartment vacancies over the past year. Only four counties have seen an increase in the vacancy rate with Skagit County's 9.8 percent vacancy leading the way. As a result the average rental price in Skagit County has slid by around \$22 (3.1%). Meanwhile, there has been great improvement in the vacancy rates in other communities with Kittitas County shedding 3.6 percent off their total vacancies. Benton/Franklin Counties

have seen the greatest increase in rents since spring 2010 with an increase of \$56 (7.8%). This is consistent with the exceptionally low vacancy rate which prevails there.

### Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2010		March 2011	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	1.2%	\$722	1.7%	\$778
Chelan/Douglas	4.9%	\$725	3.3%	\$723
Clark	4.6%	\$739	3.4%	\$774
Cowlitz	3.3%	\$595	3.5%	\$602
King	6.0%	\$1,017	4.3%	\$1,049
Kitsap	7.5%	\$848	5.1%	\$876
Kittitas	6.2%	\$624	2.6%	\$648
Pierce	7.6%	\$811	5.6%	\$820
Skagit	6.9%	\$753	9.8%	\$731
Snohomish	5.7%	\$876	4.4%	\$879
Spokane	7.8%	\$627	5.1%	\$676
Thurston	6.5%	\$805	5.2%	\$834
Whatcom	3.5%	\$733	2.4%	\$775
Whitman	7.9%	\$694	4.4%	\$686
Yakima	3.2%	\$537	5.2%	\$589
<b>STATEWIDE</b>	<b>6.1%</b>	<b>\$899</b>	<b>4.5%</b>	<b>\$926</b>

**Washington Center for Real Estate Research/Washington State University**

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