

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 seven 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. Because of significant condominium development and conversion during the last five years, the rental estimates may be a bit high.

The number of apartment units represented by the responses to the survey is compared to the total 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 48.6%. However, individual local market response rates ranged widely. While a 50% 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 larger 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)	2000-2007 Apartment Construction	2008 Rental Apartments	September 2008 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,921	11,837	5,289	44.7%
Chelan/Douglas (Wenatchee)	3,525	420	3,689	865	23.4%
Clark (Vancouver)	20,500	3,923	23,446	13,371	57.0%
Cowlitz (Longview/Kelso)	4,808	595	5,246	900	17.2%
King (Seattle/Bellevue)	227,735	43,963	234,203	108,890	46.5%
Kitsap (Bremerton)	12,242	504	11,854	5,906	49.8%

County	2000 Apartments (5+ units)	2000-2007 Apartment Construction	2008 Rental Apartments	September 2008 Survey Responses	Response Rate
Kittitas (Ellensburg)	2,538	0	2,492	1,648	66.1%
Pierce (Tacoma)	48,509	6,872	53,443	33,103	61.9%
Skagit (Mt. Vernon/ Anacortes)	4,065	604	4,496	1,255	27.9%
Snohomish (Everett)	47,359	7,620	48,986	28,520	58.2%
Spokane	21,683	6,254	26,736	10,009	37.4%
Thurston (Olympia)	11,289	1,564	12,442	8,311	66.8%
Walla Walla	2,470	227	2,640	438	16.6%
Whatcom (Bellingham)	11,919	3,585	14,372	3,129	21.8%
Whitman (Pullman)	4,270	1,418	5,569	4,305	77.3%
Yakima	7,441	295	7,365	1,957	26.6%
STATEWIDE	430,265	79,765	468,816	227,896	48.6%

Market Summary

The statewide vacancy rate for the fall was 4.7% reflecting some easing in the Washington apartment market. 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 in the last year has resulted in a modest recent increase in rental vacancies. The 10.7 percent national vacancy rate in multifamily projects is substantially above the Washington level. Rental prospects are currently fair, with potential buyers remaining on the sidelines to see if home purchase prices might decline, while others find that tougher mortgage lending requirements and higher mortgage rates make homeownership infeasible at the present time. However, the rapidly expanding recession is forcing households to leave the state or double up. Unsold single-family homes and condominiums in some markets present other options for renters and competition to traditional rental apartments.

Kittitas County saw the greatest improvement in the vacancy rate, a drop of 3.8 percent to 4.0%. Meanwhile, nine counties recorded increased vacancies, led by a 2.6 percent increase in Spokane. The highest recorded vacancy among the 18 counties studied was 5.8% in Snohomish County, while Cowlitz County (Longview) had the least vacancy (1.4%).

Average rents ranged from a low of \$552 in Yakima County to a high of \$1,078 in King County. Since the largest share of apartments is located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$936 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima. The statewide average rent increased by 4.3 percent in the last year— about half the rate seen last fall, but a sharp contrast to the 10.4% decline in the median home sales price over the same period, while home sales prices declined significantly in most markets in Washington.

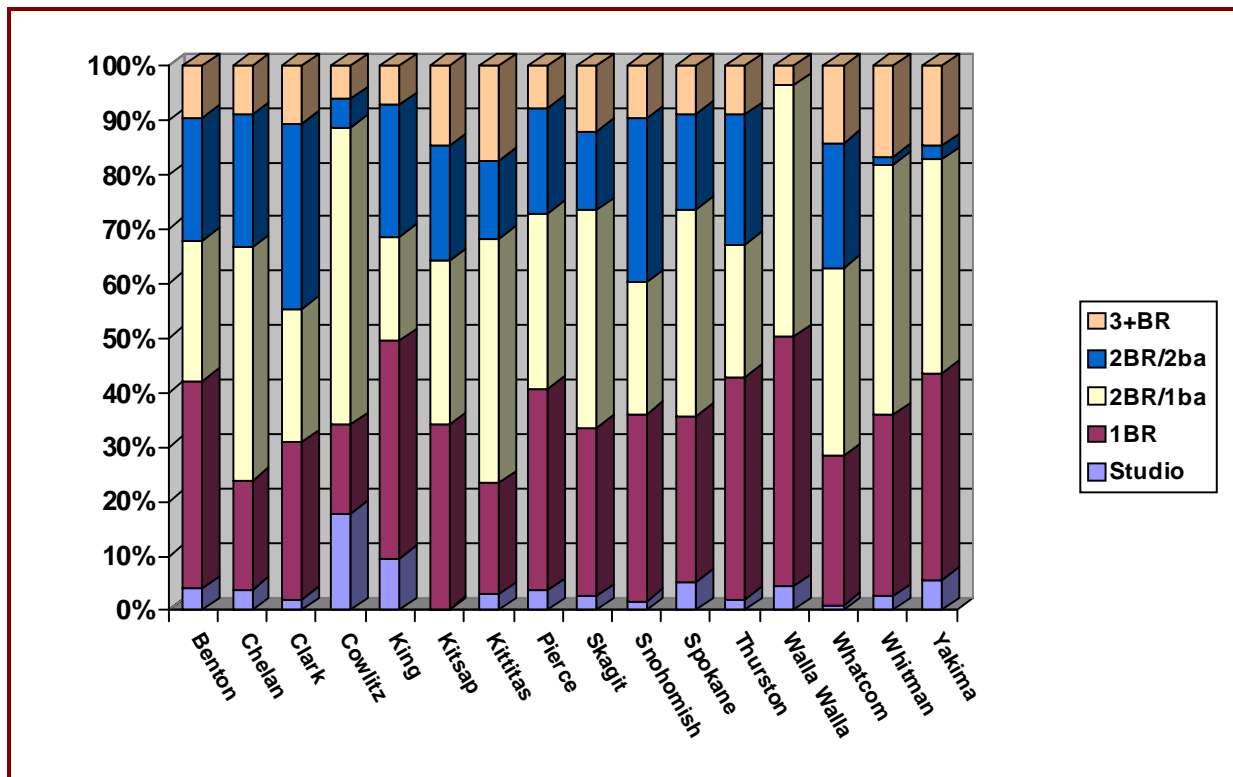
Summary Apartment Market Statistics—September 2008

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	844	\$639	5,829	181	3.1%
Chelan/Douglas (Wenatchee)	844	\$694	865	16	1.8%
Clark (Vancouver)	887	\$756	13,371	522	3.9%
Cowlitz (Longview/Kelso)	791	\$558	900	13	1.4%
King (Seattle/Bellevue)	n/a	\$1,078	108,890	5,227	4.8%
Kitsap (Bremerton)	n/a	\$847	5,906	283	4.8%
Kittitas (Ellensburg)	734	\$688	1,648	66	4.0%
Pierce (Tacoma)	n/a	\$825	33,103	1,490	4.5%
Skagit (Mt. Vernon/Anacortes)	800	\$744	1,255	45	3.6%
Snohomish (Everett)	n/a	\$965	28,520	1,654	5.8%
Spokane	833	\$638	10,009	571	5.7%
Thurston (Olympia)	n/a	\$810	8,311	283	3.4%
Walla Walla	845	\$600	438	7	1.6%
Whatcom (Bellingham)	825	\$759	3,129	79	2.5%
Whitman (Pullman)	699	\$631	4,305	151	3.5%
Yakima	758	\$552	1,957	55	2.8%
STATEWIDE	n/a	\$936	228,436	10,643	4.7%

The WCRER survey includes the average size of units within each apartment complex. The smallest apartment units are found in Whitman County where the average size is 699 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 887 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 Benton/Franklin and Yakima counties, while units with three or more bedrooms are most significant in Kittitas County, where student renters may choose to share large units to save money.

Composition of Apartment Market Selected Washington Communities, September 2008



1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 36.5% of all the units in the WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units increased in September to 4.2 percent, compared to 3.4 percent a year ago. The average rent for 1-bedroom units increased by about 50 dollars from last September to \$789. Vacancy rates varied from county to county throughout the state, with seven counties reporting fewer than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 5.3 percent in Snohomish County. Average rent also ranged widely from a low of \$463 in Walla Walla County to \$968 in urban King County. The average size for a 1-bedroom unit was 686 square feet. The largest 1-bedroom apartments were found in Snohomish County where the average size was 728 square feet, while in Whitman County the average 1-bedroom unit was only 561 square feet, roughly 30 percent smaller.

Apartment Summary Characteristics — September 2008 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	703	\$556	2.2%
Chelan/Douglas	681	\$589	1.2%
Clark	683	\$653	3.8%
Cowlitz	634	\$521	0.0%
King	691	\$968	4.2%
Kitsap	663	\$710	3.8%
Kittitas	597	\$507	2.7%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Pierce	677	\$705	4.8%
Skagit	635	\$685	4.6%
Snohomish	724	\$840	5.3%
Spokane	663	\$536	3.1%
Thurston	672	\$706	3.7%
Walla Walla	601	\$463	1.7%
Whatcom	616	\$660	1.6%
Whitman	558	\$473	2.2%
Yakima	617	\$486	3.0%
STATEWIDE	686	\$836	4.2%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 24.6% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$820, a \$44 (5.7%) increase from the survey conducted last fall. Average rents for 2-bedroom/1-bath units ranged from \$574 in Yakima County to \$1,003 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state increased from last September, with the current reading 4.5%. Vacancy rates ranged from a high of 5.9% in Snohomish County to a low of 1.4% in Yakima County. In terms of unit size, Walla Walla County had the largest average size in the state (973 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (719 sq. ft.).

Apartment Summary Statistics — September 2008 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	891	\$623	4.9%
Chelan/Douglas	871	\$686	1.7%
Clark	863	\$717	4.6%
Cowlitz	810	\$581	1.6%
King	815	\$1,003	4.7%
Kitsap	843	\$801	5.2%
Kittitas	719	\$691	5.7%
Pierce	874	\$796	4.0%
Skagit	847	\$723	3.2%
Snohomish	884	\$911	5.9%
Spokane	842	\$631	4.8%
Thurston	849	\$781	2.9%
Walla Walla	973	\$655	1.6%
Whatcom	849	\$736	2.7%
Whitman	730	\$625	3.5%
Yakima	811	\$574	1.4%
STATEWIDE	841	\$850	4.5%

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 September 2007 and September 2008 surveys are shown in the following table. The statewide vacancy rate over the last year has increased 0.9% while the average rent of apartment units increased by \$58 (4.3%)—less than the increase last year. King County had the largest increase in rent over the last year with a \$77 increase (7.7%). The greatest percentage increase was in

Walla Walla County where the average rent increased 20.7%, reaching \$600. Meanwhile the average rent in Kittitas County declined \$11 (1.6%).

Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2007		September 2008	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	6.1%	\$605	3.1%	\$639
Chelan/Douglas	1.8%	\$661	1.8%	\$694
Clark	2.9%	\$738	3.9%	\$756
Cowlitz	2.9%	\$538	1.4%	\$558
King	3.8%	\$1,001	4.8%	\$1,078
Kitsap	4.4%	\$802	4.8%	\$847
Kittitas	7.8%	\$699	4.0%	\$688
Pierce	3.6%	\$771	4.5%	\$825
Skagit	4.0%	\$725	3.6%	\$744
Snohomish	4.0%	\$912	5.8%	\$965
Spokane	3.1%	\$619	5.7%	\$638
Thurston	3.0%	\$776	3.4%	\$810
Walla Walla	0.4%	\$497	1.6%	\$600
Whatcom	2.0%	\$719	2.5%	\$759
Whitman	5.2%	\$630	3.5%	\$631
Yakima	3.9%	\$533	2.8%	\$552
STATEWIDE	3.8%	\$878	4.7%	\$936

Washington Center for Real Estate Research/Washington State University

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