

Since 1996 the Washington Center for Real Estate Research (WCRER) at Washington State University, now the Runstad Center for Real Estate Studies at the University of Washington, 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 focusing on markets outside the 5-county Seattle area in Washington. With permission and encouragement from Dupre + Scott Apartment Advisors (D+S), a 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 the number of rental apartments tallied in the 2010 American Community Survey (ACS) prepared by the Census Bureau, augmented by building permit data also collected by the U.S. Bureau of the Census for the last 3 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 ACS 2010 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 54.2 percent. However, individual local market response rates ranged widely. While a 54 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.

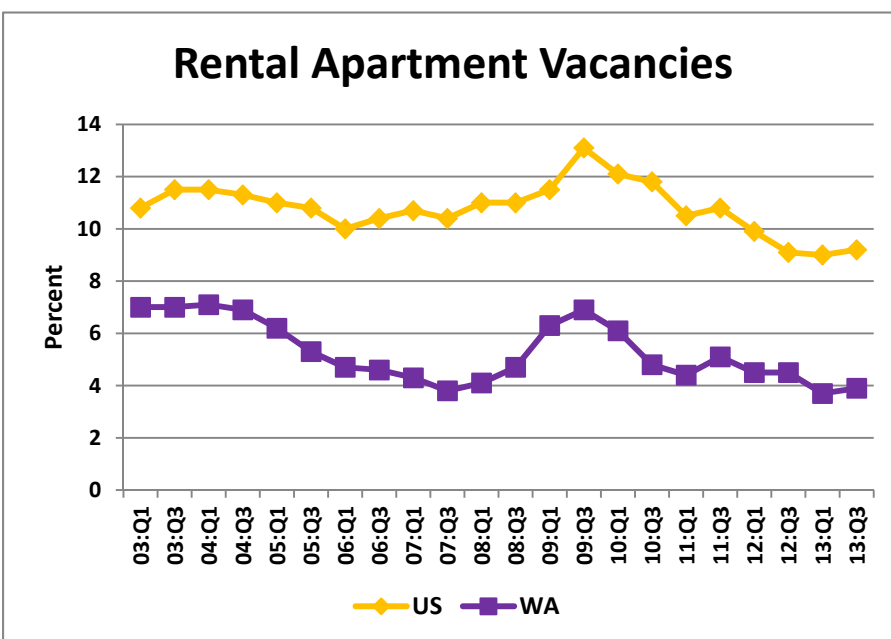
## WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2010 Apartments (5+ units)	2010-2012 Apartment Construction	2013 Rental Apartments	September 2013 Survey Responses	Response Rate (%)
Benton/Franklin (Tri-Cities)	13,242	1,077	13,987	5,564	39.8%
Chelan/Douglas (Wenatchee)	4,518	0	3,986	938	23.5%
Clark (Vancouver)	25,551	716	24,570	14,052	57.2%
Cowlitz (Longview/Kelso)	5,343	0	5,166	987	19.1%
King	272,050	13,828	240,182	134,567	56.0%

County	2010 Apartments (5+ units)	2010-2012 Apartment Construction	2013 Rental Apartments	September 2013 Survey Responses	Response Rate (%)
(Seattle/Bellevue)					
Kitsap (Bremerton)	14,171	290	13,229	6,474	48.9%
Kittitas (Ellensburg)	3,058	0	3,030	2,085	68.8%
Pierce (Tacoma)	53,526	1,555	52,801	37,940	71.9%
Skagit (Mt. Vernon/Anacortes)	5,379	0	5,028	1,358	27.0%
Snohomish (Everett)	53,778	2,036	47,369	30,613	64.6%
Spokane	35,619	1,923	35,922	12,085	33.6%
Thurston (Olympia)	15,620	294	15,770	9,569	60.7%
Walla Walla				440	
Whatcom (Bellingham)	18,136	248	16,375	3,491	21.3%
Whitman (Pullman)	5,695	293	5,890	4,381	74.4%
Yakima	7,849	495	7,946	2,124	26.7%
<b>STATEWIDE</b>	<b>533,535</b>	<b>22,755</b>	<b>491,252</b>	<b>266,228</b>	<b>54.2%</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 rental vacancies decline to their lowest level in a decade. Similarly, as of the third quarter of 2013 the statewide vacancy rate remains near its lowest, at 3.9 percent. Much of the improvement in vacancies can be attributed to improving job prospects coupled with increased household formations and relocations to Washington.

Over the past year Kitsap County has seen the greatest improvement in the vacancy rate with a

considerable drop of 2.1 percent. Meanwhile, four counties have seen an increase in vacancy, led by a 3.0 percentage point increase in Kittitas County placing that area at 3.4 percent vacancy. The lowest vacancy was 1.0 percent in the Chelan/Douglas county market. The Kitsap County market recorded the highest vacancy, with 6.0 percent of units unrented.

Average rents ranged from a low of \$604 in Yakima County to a high of \$1,227 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 \$1,052 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima. The statewide average rent increased by 6.4 percent in the last year, reflecting the improving market conditions (from the perspective of landlords).

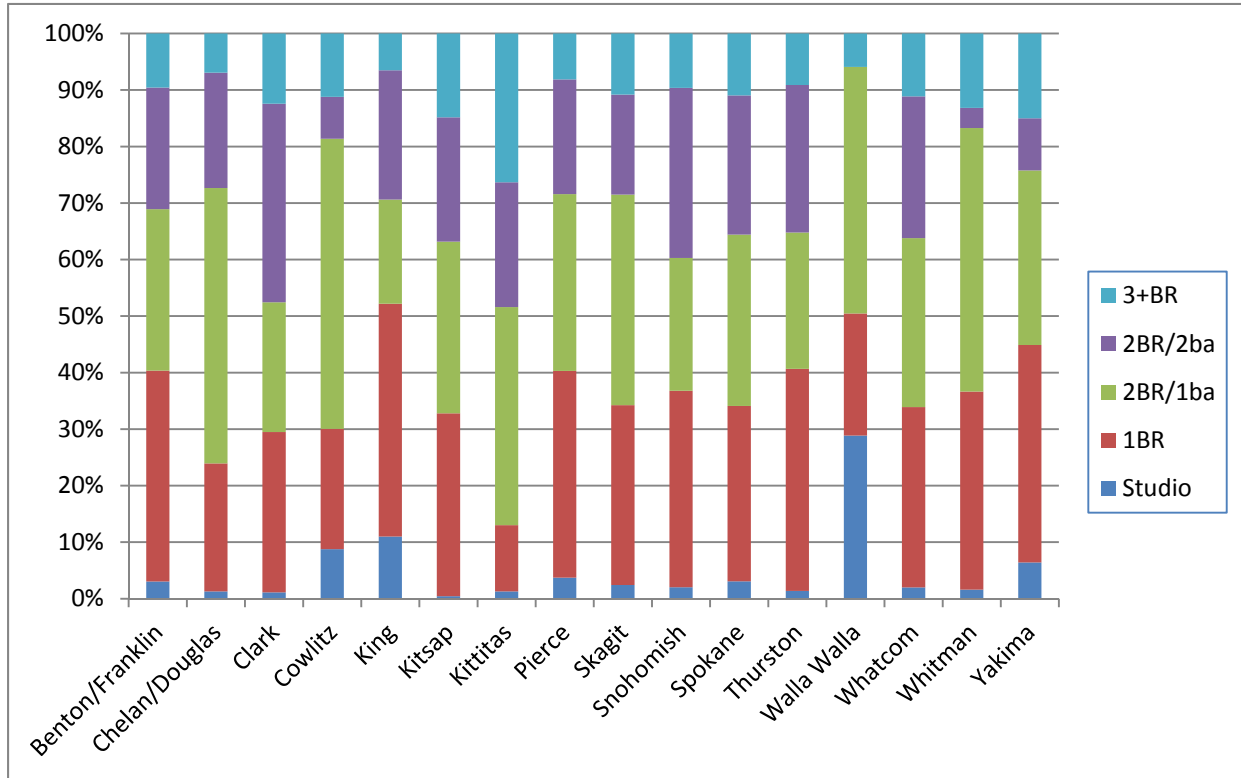
### Summary Apartment Market Statistics—September 2013

Market (County)	Average Size (sq. ft.)	Average Rent (\$)	Number of Units	Number Vacant	Vacancy Rate (%)
Benton/Franklin (Tri-Cities)	849	770	5,564	262	4.7
Chelan/Douglas (Wenatchee)	835	751	938	9	1.0
Clark (Vancouver)	920	864	14,052	323	2.3
Cowlitz (Longview/Kelso)	788	652	987	52	5.3
King (Seattle/Bellevue)	852	1,227	134,567	5,114	3.8
Kitsap (Bremerton)	881	890	6,474	388	6.0
Kittitas (Ellensburg)	869	1,033	2,085	71	3.4
Pierce (Tacoma)	860	869	37,940	1,631	4.3
Skagit (Mt. Vernon/Anacortes)	855	793	1,358	38	2.8
Snohomish (Everett)	909	1,009	30,613	1,286	4.2
Spokane	873	725	12,085	471	3.9
Thurston (Olympia)	867	867	9,569	411	4.3
Walla Walla	831	634	440	7	1.6
Whatcom (Bellingham)	810	822	3,491	42	1.2
Whitman (Pullman)	776	771	4,381	105	2.4
Yakima	766	604	2,124	57	2.7
<b>STATEWIDE</b>	<b>863</b>	<b>1,052</b>	<b>266,668</b>	<b>10,269</b>	<b>3.9</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 766 square feet. The largest apartments are found in Clark County where the average apartment is significantly larger at 920 square feet. While these aggregate statistics are interesting, it is important to compare similar types of properties across the markets.

The following graphic clearly illustrates the differences in the composition of the apartment market from community to community. Studio apartments are more prevalent in Walla Walla, King and Cowlitz counties, while 2-bedroom/2-bath units are most frequently encountered in Cowlitz and Chelan/Douglas county areas. One-bedroom units are especially dominant in King, Yakima and Thurston 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. Since 1-bedroom or 2-bedroom units with one bath are most prevalent in virtually all communities, those unit types will be the basis of subsequent comparisons.

## Composition of Apartment Market Selected Washington Communities, September 2013



### 1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37.2% 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 4-year low of 3.4 percent in the third quarter of 2013, similar to first quarter 2013. The average rent for 1-bedroom units has increased by about \$70 (7.9%) from last September to \$958. Vacancy rates varied from county to county throughout the state, with eight counties reporting fewer than 3.5 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 5.3 percent in Cowlitz. Kitsap County, which in third quarter of 2012 had led with a vacancy rate of 7.6%, has seen the greatest improvement, with only 3.6% currently vacant. Average rent also ranged widely from a low of \$531 in Yakima County to \$1,129 in urban King County. The average size for a 1-bedroom unit was 676 square feet. The largest 1-bedroom apartments were found in Clark County where the average size was 695 square feet, while in Kittitas County the average 1-bedroom unit was only 569 square feet, roughly 18 percent smaller.

### Apartment Summary Characteristics — September 2013 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	678	677	4.2
Chelan/Douglas	659	621	0.5
Clark	695	735	2.3
Cowlitz	618	570	5.3
King	680	1129	3.4
Kitsap	676	764	3.6

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Kittitas	569	580	0.9
Pierce	662	735	3.7
Skagit	643	704	1.2
Snohomish	690	876	4.0
Spokane	686	620	3.8
Thurston	662	748	4.1
Walla Walla	768	625	2.1
Whatcom	629	714	0.5
Whitman	573	544	0.7
Yakima	648	531	2.0
<b>STATEWIDE</b>	<b>676</b>	<b>958</b>	<b>3.4</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 23.2% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$957, a \$57 (6.3%) increase from the fall 2012 survey. Average rents for 2-bedroom/1-bath units ranged from \$630 in Yakima County to \$1,160 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state dropped slightly since last September, with the current reading 4.0 percent. Vacancy rates ranged from a high of 7.2% in Kittitas County to a low of 1.2% in Whatcom County. Three additional counties had a shortage of 2-bedroom/1-bath units with vacancy rates less than 3.0 percent. In terms of unit size, Skagit County had the largest average size in the state (892 sq. ft.), with Clark and Snohomish counties close behind. The smallest 2-bedroom/1-bath apartments, on average, were in Kittitas County (707 sq. ft.)

### Apartment Summary Statistics — September 2013 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	875	758	5.3
Chelan/Douglas	860	766	1.8
Clark	883	803	2.7
Cowlitz	814	669	5.4
King	872	1160	3.7
Kitsap	860	851	5.7
Kittitas	707	777	7.2
Pierce	871	836	4.6
Skagit	892	779	3.4
Snohomish	888	950	4.2
Spokane	853	702	4.8
Thurston	846	829	4.4
Walla Walla	923	694	2.6
Whatcom	874	811	1.2
Whitman	767	713	3.5
Yakima	833	630	2.2
<b>STATEWIDE</b>	<b>866</b>	<b>957</b>	<b>4.0</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 September 2012 and September 2013 surveys are shown in the following table. The statewide vacancy rate over the last year has decline significantly to 3.9%, a reduction of 0.6 percentage points during the year. Since this rate is somewhat below the 5.0 percent vacancy most apartment owners' view as optimal, rent increases and continued apartment construction should be anticipated in the months ahead.

Average rents across markets increased \$63 (6.4 percent) in the last year, which may be partially attributed to the relatively limited apartment vacancies over the past year. Four counties have seen an increase in the vacancy rate with Kitsap County's 6.0 percent vacancy leading the way. Meanwhile, there has been great improvement in the vacancy rates in other communities with Kitsap County shedding 2.1 percentage points off their total vacancies. King County has seen the greatest increase in rents since fall 2012 with an increase of \$86 (7.5 percent).

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

Counties	September 2012		September 2013	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	4.7%	\$741	4.7%	\$770
Chelan/Douglas	1.2%	\$730	1.0%	\$751
Clark	2.5%	\$806	2.3%	\$864
Cowlitz	2.8%	\$665	5.3%	\$652
King	4.2%	\$1,141	3.8%	\$1,227
Kitsap	8.1%	\$885	6.0%	\$890
Kittitas	0.4%	\$1,098	3.4%	\$1,033
Pierce	6.3%	\$843	4.3%	\$869
Skagit	2.3%	\$765	2.8%	\$793
Snohomish	4.6%	\$955	4.2%	\$1,009
Spokane	4.3%	\$679	3.9%	\$725
Thurston	6.2%	\$844	4.3%	\$867
Walla Walla	2.5%	\$611	1.6%	\$634
Whatcom	1.7%	\$801	1.2%	\$822
Whitman	0.7%	\$729	2.4%	\$771
Yakima	3.3%	\$587	2.7%	\$604
<b>STATEWIDE</b>	4.5%	\$989	3.9%	\$1,052

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