

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. Beginning this Spring WCRER extended its survey to Skagit and Whatcom counties, areas previously included in D+S research efforts.

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 six 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	March 2008 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,921	11,837	5,676	47.9%
Chelan/Douglas (Wenatchee)	3,525	420	3,689	815	22.1%
Clark (Vancouver)	20,500	3,923	23,446	13,356	57.0%
Cowlitz (Longview/Kelso)	4,808	595	5,246	988	18.8%
King (Seattle/Bellevue)	227,735	43,963	234,203	103,439	44.2%

County	2000 Apartments (5+ units)	2000-2007 Apartment Construction	2008 Rental Apartments	March 2008 Survey Responses	Response Rate
Kitsap (Bremerton)	12,242	504	11,854	5,688	48.0%
Kittitas (Ellensburg)	2,538	0	2,492	1,568	62.9%
Pierce (Tacoma)	48,509	6,872	53,443	32,654	61.1%
Skagit (Mt. Vernon/ Anacortes)	4,065	604	4,496	1,545	34.4%
Snohomish (Everett)	47,359	7,620	48,986	27,708	56.6%
Spokane	21,683	6,254	26,736	10,026	37.5%
Thurston (Olympia)	11,289	1,564	12,442	8,066	64.8%
Walla Walla	2,470	227	2,640	365	13.8%
Whatcom (Bellingham)	11,919	3,585	14,372	2,892	20.1%
Whitman (Pullman)	4,270	1,418	5,569	4,251	76.3%
Yakima	7,441	295	7,365	1,960	26.6%
STATEWIDE	430,265	79,765	468,816	220,997	47.1%

Market Summary

The statewide vacancy rate for the spring was 4.1% reflecting a continuing overall improvement 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 strong, 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. Unsold single-family homes and condominiums in some markets present other options for renters and competition to traditional rental apartments. Since multifamily construction remains fairly active, both supply and demand will likely increase throughout 2008, leaving vacancy rates relatively flat.

Walla Walla County saw the greatest improvement in the vacancy rate, a drop of 5.7 percent to 1.9%. Meanwhile, six counties recorded increased vacancies, led by a 5.0 percent increase in Kittitas. The highest recorded vacancy among the 18 counties studied was 8.8% in Whitman County, while Cowlitz County (Longview) had the least vacancy (1.6%).

Average rents ranged from a low of \$526 in Yakima County to a high of \$1,026 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 \$897 is closer to the prevailing level in Seattle than it is to the average rent in Yakima. The statewide average rent increased by 7.0 percent in the last year—double the inflation rate, while home sales prices stagnated in most markets in Washington.

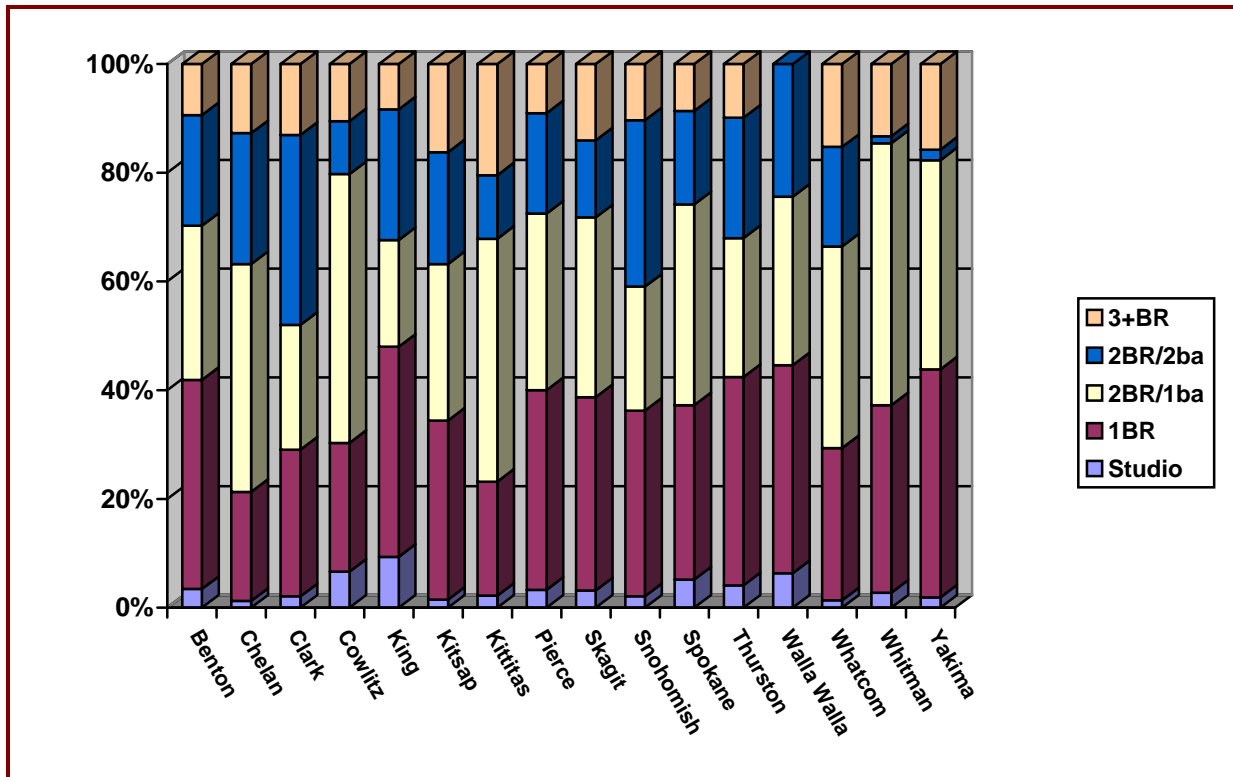
Summary Apartment Market Statistics—March 2008

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	845	\$607	5,676	238	4.2%
Chelan/Douglas (Wenatchee)	837	\$680	815	25	3.1%
Clark (Vancouver)	893	\$721	13,356	494	3.7%
Cowlitz (Longview/Kelso)	797	\$534	988	16	1.6%
King (Seattle/Bellevue)	n/a	\$1,026	103,439	4,241	4.1%
Kitsap (Bremerton)	n/a	\$815	5,688	239	4.2%
Kittitas (Ellensburg)	705	\$673	1,568	104	6.6%
Pierce (Tacoma)	n/a	\$800	32,654	1,274	3.9%
Skagit (Mt. Vernon/Anacortes)	793	\$733	1,545	42	2.7%
Snohomish (Everett)	n/a	\$933	27,708	1,330	4.8%
Spokane	823	\$622	10,026	381	3.8%
Thurston (Olympia)	n/a	\$786	8066	258	3.2%
Walla Walla	880	\$582	365	7	1.9%
Whatcom (Bellingham)	809	\$730	2,892	58	2.0%
Whitman (Pullman)	707	\$634	4,251	349	8.2%
Yakima	761	\$526	1,960	53	2.7%
STATEWIDE	n/a	\$897	220,997	9,109	4.1%

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 698 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 893 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, March 2008



1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 36.1% of all the units in the WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units declined in March to 3.6 percent, compared to 3.8 percent a year ago. The average rent for 1-bedroom units increased by about 50 dollars from last March to \$789. Vacancy rates varied from county to county throughout the state, with six counties reporting fewer than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 6 percent in Whitman County. Average rent also ranged widely from a low of \$466 in Whitman County to \$922 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 — March 2008 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	699	\$524	4.1%
Chelan/Douglas	681	\$574	1.1%
Clark	681	\$643	3.2%
Cowlitz	638	\$489	4.9%
King	688	\$922	3.7%
Kitsap	662	\$675	3.6%
Kittitas	626	\$513	4.9%
Pierce	688	\$681	3.6%
Skagit	631	\$672	2.7%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Snohomish	728	\$808	3.9%
Spokane	663	\$519	3.9%
Thurston	682	\$682	2.5%
Walla Walla	675	\$489	1.1%
Whatcom	611	\$629	1.3%
Whitman	561	\$466	6.0%
Yakima	619	\$481	1.6%
STATEWIDE	686	\$789	3.6%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 24.7% 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 spring. Average rents for 2-bedroom/1-bath units ranged from \$559 in Yakima County to \$957 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state declined again from last March, with the current reading 4.0%. Vacancy rates ranged from a high of 10.1% in Whitman County to a low of 1.6% in Whatcom County. In terms of unit size, Snohomish County had the largest average size in the state (895 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (722 sq. ft.).

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

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	876	\$593	5.5%
Chelan/Douglas	870	\$671	3.7%
Clark	869	\$704	3.8%
Cowlitz	811	\$557	2.2%
King	804	\$957	3.7%
Kitsap	856	\$779	3.6%
Kittitas	722	\$684	8.7%
Pierce	872	\$776	3.7%
Skagit	826	\$742	2.2%
Snohomish	895	\$886	5.2%
Spokane	841	\$609	4.1%
Thurston	851	\$757	2.7%
Walla Walla	887	\$588	2.6%
Whatcom	852	\$717	1.6%
Whitman	731	\$614	10.1%
Yakima	799	\$559	3.0%
STATEWIDE	838	\$820	4.0%

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 2007 and March 2008 surveys are shown in the following table. The statewide vacancy rate over the last year has declined 0.2% while the average rent of apartment units increased by \$59 (7.0%)—matching the increase last year. King County had the largest increase in rent over the last year with a \$80 increase (8.5%). The greatest percentage increase was in Walla Walla County where the average rent increased 13.7%, reaching \$582. Meanwhile the average rent in Cowlitz County declined \$30 (5.6%).

Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2007		March 2008	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	8.8%	\$567	4.2%	\$607
Chelan/Douglas	3.0%	\$632	3.1%	\$680
Clark	3.1%	\$721	3.7%	\$721
Cowlitz	3.1%	\$564	1.6%	\$534
King	3.9%	\$946	4.1%	\$1,026
Kitsap	7.8%	\$784	4.2%	\$815
Kittitas	1.6%	\$672	6.6%	\$673
Pierce	5.8%	\$750	3.9%	\$800
Skagit	6.6%	\$730	2.7%	\$733
Snohomish	4.0%	\$854	4.8%	\$933
Spokane	3.9%	\$575	3.8%	\$622
Thurston	3.3%	\$737	3.2%	\$786
Walla Walla	7.6%	\$512	1.9%	\$582
Whatcom	2.3%	\$709	2.0%	\$730
Whitman	5.8%	\$583	8.2%	\$634
Yakima	3.0%	\$537	2.7%	\$526
STATEWIDE	4.3%	\$838	4.1%	\$897

Washington Center for Real Estate Research/Washington State University

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