

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 six Western Washington counties. With permission and encouragement from Dupre + Scott (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 four 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.

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 49.9%. However, individual local market response rates ranged widely. While a 50.0% 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. 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.

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

County	2000 Apartments (5+ units)	2000-2003 Apartment Construction	2004 Rental Apartments	March 2004 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	812	11,229	5,789	51.6%
Chelan/Douglas (Wenatchee)	3,525	119	3,414	453	18.8%
Clallam (Port Angeles/Sequim)	2,392	71	2,381	254	10.7%
Clark (Vancouver)	20,500	2,093	21,780	13,060	60.0%
Cowlitz (Longview/Kelso)	4,808	424	5,102	1,145	22.4%
Grant (Moses Lake)	1,976	95	2,022	354	17.5%
Grays Harbor (Aberdeen/Hoquiam)	2,684	60	2,651	344	13.0%
Island (Oak Harbor)	2,112	55	1,991	179	9.0%

County	2000 Apartments (5+ units)	2000-2003 Apartment Construction	2004 Rental Apartments	March 2004 Survey Responses	Response Rate
King (Seattle/Bellevue)	227,735	19,206	215,333	107,346	49.9%
Kitsap (Bremerton)	12,242	100	11,671	5,925	50.8%
Kittitas (Ellensburg)	2,538	--	2,500	1,682	67.3%
Lewis (Centralia/Chehalis)	1,996	93	2,079	255	12.3%
Pierce (Tacoma)	48,509	2,659	49,531	27,406	55.3%
Skagit (Mt. Vernon/Anacortes)	4,065	466	4,382	544	12.4%
Snohomish (Everett)	47,359	4,709	46,861	29,962	63.9%
Spokane	21,683	2,410	25,066	10,640	42.4%
Thurston (Olympia)	11,289	416	11,366	5,949	52.3%
Walla Walla	2,470	105	2,531	606	23.9%
Whatcom (Bellingham)	11,919	1,853	12,890	1,836	14.2%
Whitman (Pullman)	4,270	501	4,681	4,184	89.4%
Yakima	7,441	94	7,211	2,157	29.9%
<b>STATEWIDE</b>	<b>451,948</b>	<b>28,999</b>	<b>439,825</b>	<b>219,627</b>	<b>49.9%</b>

## Market Summary

The statewide vacancy rate for the fall was 7.1% reflecting the continuing trend of increasing vacancy. Apartment markets nationwide have seen record vacancies as tenants take advantage of the lowest mortgage rates in over 40 years, and become homeowners. In fact, the national apartment vacancy rate for the first quarter of 2004 (11.7%) is a record high. Comparison to the year-ago statistic is most meaningful since no seasonal differences should be present. Kitsap County saw the greatest improvement in the vacancy rate, a drop of 5.4 percent to 3.7%. Meanwhile, the highest recorded vacancy among the 20 counties studied was 9.3 percent in Grant County. The largest jumps in vacancy were observed in Benton/Franklin and Grant counties where the vacancy rate increased by 4.3 percent. Vacancy was lowest in Whitman and Kitsap counties, where student enrollment at WSU and Central Washington kept apartments full.

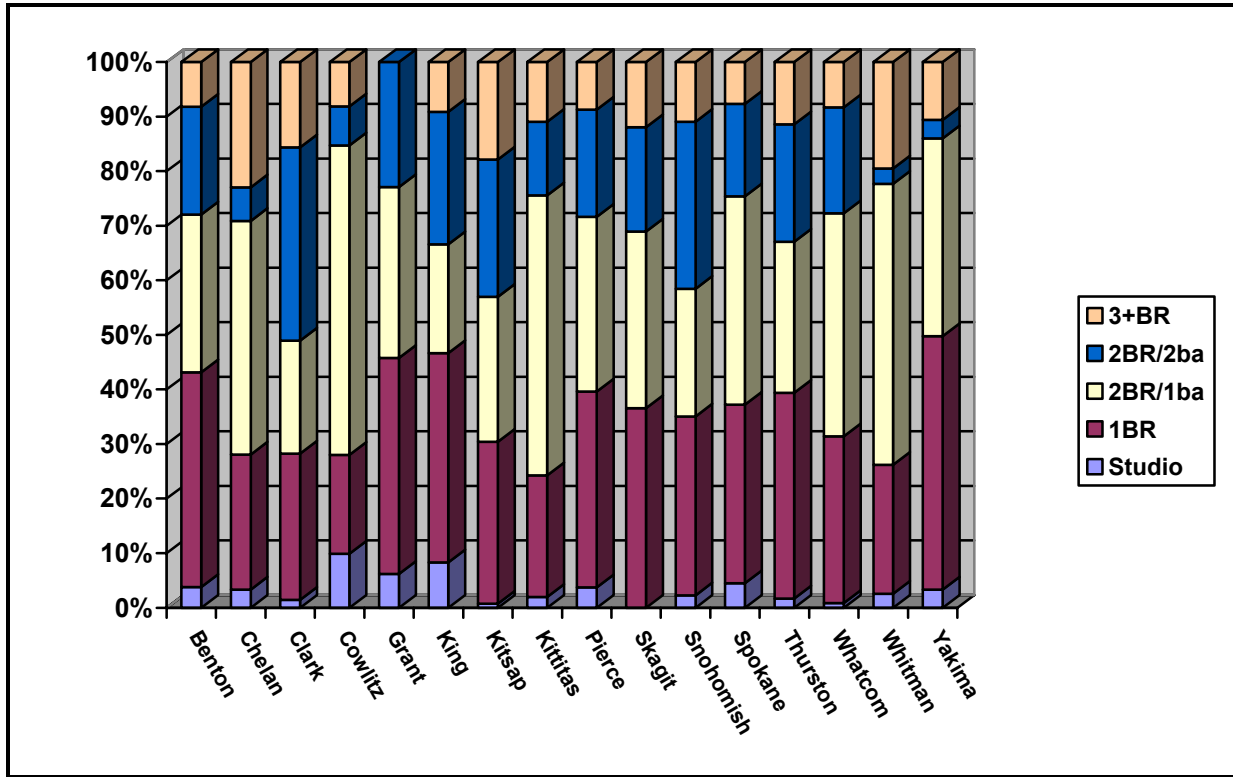
Average rents ranged from a low of \$431 in Lewis County to a high of \$840 in King County. Since the largest share of apartments are located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$751 is closer to the prevailing level in Seattle than it is to Centralia's average rent.

### Summary Apartment Market Statistics—March 2004

Market (County)	Average Size	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	791 sq. ft.	\$603	5,789	478	8.2%
Chelan/Douglas (Wenatchee)	804 sq. ft.	\$522	453	39	6.8%
Clallam (Port Angeles/Sequim)	759 sq. ft.	\$489	254	17	6.7%
Clark (Vancouver)	935 sq. ft.	\$681	13,060	835	6.4%
Cowlitz (Longview/Kelso)	777 sq. ft.	\$487	1,145	87	7.6%
Grant (Moses Lake)	767 sq. ft.	\$474	354	33	9.3%
Grays Harbor (Aberdeen/Hoquiam)	744 sq. ft.	\$444	344	12	3.5%
Island (Oak Harbor)	842 sq. ft.	\$707	179	6	3.4%
King (Seattle/Bellevue)	n/a	\$840	107,346	7,622	7.1%
Kitsap (Bremerton)	n/a	\$731	5,925	332	5.6%
Kittitas (Ellensburg)	725 sq. ft.	\$577	1,682	21	1.2%
Lewis (Centralia/Chehalis)	742 sq. ft.	\$431	255	9	3.5%
Pierce (Tacoma)	n/a	\$674	27,406	2,192	8.0%
Skagit (Mt. Vernon/Anacortes)	n/a	\$701	544	24	4.4%
Snohomish (Everett)	n/a	\$746	29,962	2,544	8.5%
Spokane	819 sq. ft.	\$537	10,197	704	6.9%
Thurston (Olympia)	n/a	\$674	5,949	303	5.1%
Walla Walla	694 sq. ft.	\$442	606	43	7.1%
Whatcom (Bellingham)	n/a	\$664	1,836	75	4.1%
Whitman (Pullman)	775 sq. ft.	\$558	4,184	101	2.4%
Yakima	704 sq. ft.	\$482	2,157	121	5.6%
<b>STATEWIDE</b>	<b>N/A</b>	<b>\$751</b>	<b>219,627</b>	<b>15,598</b>	<b>7.1%</b>

The WCRER survey includes the average size of units within each apartment complex. The smallest apartment units are found in Walla Walla County where the average size is 694 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 935 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 comparison.

## Composition of Apartment Market Selected Washington Communities, March 2004



The graphic also clearly illustrates the differences in the composition of the apartment market from community to community. Studio apartments are most prevalent in Cowlitz and King 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 Yakima County, while units with three or more bedrooms are most significant in Chelan/Douglas, Kitsap and Whitman counties, but the similarity among those markets is unclear.

### 1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 35.5% of all the units in the WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units was steady in March at 6.6 percent, the same as it had been six months ago. The average rent for 1-bedroom units declined \$6 from September to \$655. Vacancy rates varied from county to county throughout the state, with Grays Harbor County reporting no vacant one-bedroom apartments and both Kittitas and Lewis counties reporting fewer than one percent of these units were unoccupied. The highest vacancy rate for these small units was 10.0 percent in Grant County. Average rent also ranged widely from a low of \$406 in Whitman County to \$739 in urban King County. The average size for a 1-bedroom unit was 669 square feet. The largest 1-bedroom apartments were found in Snohomish County where the average size was 705 square feet, while in Grant and Whitman counties the average 1-bedroom unit was 561 square feet, roughly 20 percent smaller.

## Apartment Summary Characteristics—March 2004 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	645	\$524	5.4%
Chelan/Douglas	598	\$451	7.1%
Clallam	659	\$409	6.1%
Clark	693	\$573	8.1%
Cowlitz	605	\$408	8.2%
Grant	561	\$369	10.0%
Grays Harbor	624	\$408	0.0%
Island	n/a	n/a	n/a
King	666	\$739	6.5%
Kitsap	675	\$616	4.8%
Kittitas	565	\$454	0.8%
Lewis	634	\$394	0.8%
Pierce	671	\$567	7.5%
Skagit	616	\$609	4.0%
Snohomish	705	\$626	7.5%
Spokane	667	\$456	6.6%
Thurston	659	\$594	4.5%
Walla Walla	616	\$416	7.4%
Whatcom	663	\$581	2.1%
Whitman	561	\$406	2.8%
Yakima	602	\$430	5.3%
<b>STATEWIDE</b>	<b>669</b>	<b>\$655</b>	<b>6.6%</b>

### 2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1bath apartment, which accounted for 25.1% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$697, a \$1 decline from the survey conducted last fall. Average rents for 2-bedroom/1-bath units ranged from \$469 in Grays Harbor County to \$801 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state increased to 7.7%. Vacancy rates ranged from a high of 12.8% in Benton/Franklin counties to a low of 2.1% in Kittitas County. In terms of unit size, Pierce and Snohomish counties had the largest average size in the state (871 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (706 sq. ft.).

## Apartment Summary Statistics – March 2004 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	821	\$606	12.8%
Chelan/Douglas	769	\$505	6.7%
Clallam	793	\$514	6.2%
Clark	867	\$605	7.2%
Cowlitz	828	\$505	6.9%
Grant	863	\$505	9.0%
Grays Harbor	824	\$469	2.9%
Island	842	\$707	3.8%
King	803	\$801	7.8%
Kitsap	863	\$689	4.6%
Kittitas	706	\$592	2.1%
Lewis	847	\$547	5.9%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Pierce	871	\$668	8.9%
Skagit	848	\$688	4.5%
Snohomish	871	\$705	9.9%
Spokane	837	\$541	6.9%
Thurston	852	\$664	5.7%
Walla Walla	844	\$507	6.9%
Whatcom	863	\$662	5.5%
Whitman	802	\$536	2.6%
Yakima	767	\$500	6.9%
<b>STATEWIDE</b>	<b>831</b>	<b>\$697</b>	<b>7.7%</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 variables. Results from the March 2003 and March 2004 surveys are shown in the following table. The statewide vacancy rate over the last year has gone up 0.1% while the average rent of apartment units declined \$3. Kittitas County had the largest increase in rent over the last year with a \$61 increase (11.8%), while the average rent in Lewis County declined \$77 (15.2%), despite the low vacancy rate.

## Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2003		March 2004	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	3.9%	\$596	8.2%	\$603
Chelan/Douglas	6.8%	\$526	6.8%	\$522
Clallam	n/a	n/a	6.7%	\$489
Clark	4.6%	\$655	6.4%	\$681
Cowlitz	5.6%	\$496	7.6%	\$487
Grant	5.0%	\$494	9.3%	\$474
Grays Harbor	n/a	n/a	3.5%	\$444
Island	n/a	n/a	2.0%	\$707
King	7.5%	\$854	7.4%	\$840
Kitsap	9.1%	\$691	3.7%	\$731
Kittitas	2.7%	\$516	1.2%	\$577
Lewis	2.8%	\$508	2.4%	\$431
Pierce	6.7%	\$674	6.9%	\$674
Skagit	3.9%	\$689	7.7%	\$701
Snohomish	9.0%	\$774	9.0%	\$746
Spokane	6.0%	\$512	4.5%	\$537
Thurston	4.0%	\$662	4.7%	\$674
Walla Walla	3.4%	\$413	6.2%	\$442
Whatcom	3.1%	\$661	6.3%	\$664
Whitman	2.2%	\$548	2.3%	\$558
Yakima	5.5%	\$439	3.6%	\$432
<b>STATEWIDE</b>	<b>7.0%</b>	<b>\$754</b>	<b>7.1%</b>	<b>\$751</b>