

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 five 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 53.2%. 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. 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. When new communities are added to the surveys it typically takes a few cycles before some owners/managers are comfortable in the knowledge that project-specific information will remain confidential.

WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2004 Apartment Construction	2005 Rental Apartments	March 2005 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,618	11,583	5,714	49.3%
Chelan/Douglas (Wenatchee)	3,525	130	3,370	865	25.7%
Clallam (Port Angeles/Sequim)	2,392	77	2,420	242	10.0%
Clark (Vancouver)	20,500	2,616	22,191	12,831	57.8%
Cowlitz (Longview/Kelso)	4,808	434	5,090	1,210	23.8%
Grant (Moses Lake)	1,976	151	2,053	320	15.6%
Grays Harbor (Aberdeen/Hoquiam)	2,684	129	2,684	341	12.7%

County	2000 Apartments (5+ units)	2000-2004 Apartment Construction	2005 Rental Apartments	March 2005 Survey Responses	Response Rate
Island (Oak Harbor)	2,122	55	1,937	165	8.5%
King (Seattle/Bellevue)	227,735	23,597	216,648	106,849	49.3%
Kitsap (Bremerton)	12,242	115	11,492	5,957	51.8%
Kittitas (Ellensburg)	2,538	0	2,491	1,521	61.1%
Lewis (Centralia/ Chehalis)	1,996	140	2,125	173	8.1%
Pierce (Tacoma)	48,509	3,799	50,477	29,000	57.5%
Skagit (Mt. Vernon/ Anacortes)	4,065	496	4,392	724	16.5%
Snohomish (Everett)	47,359	5,421	47,027	29,034	61.7%
Spokane	21,683	4,003	31,337	9,127	29.1%
Thurston (Olympia)	11,289	529	11,440	6,706	58.6%
Walla Walla	2,470	209	2,623	596	22.7%
Whatcom (Bellingham)	11,919	2,520	13,385	2,639	19.7%
Whitman (Pullman)	4,270	714	4,879	3,927	80.5%
Yakima	7,441	171	7,247	1,808	11.1%
STATEWIDE	430,265	28,999	412,878	219,749	53.2%

Market Summary

The statewide vacancy rate for the spring was 6.2% reflecting an improving overall apartment market. Apartment markets nationwide have similarly stabilized at near-record vacancies as tenants continue to take advantage of the lowest mortgage rates in over 40 years, and become homeowners. The national apartment vacancy rate for the first quarter of 2005 was 11.0%, a reduction from the record high 12.0% set during the second quarter of 2004. Comparison to the year-ago statistic is most meaningful since no seasonal differences should be present. That national comparison reveals a decline in vacancy amounting to 0.7 percent, a significant difference. The market improvement in Washington has been even more dramatic, declining 0.9 percent from a much lower starting base.

Walla Walla County again saw the greatest improvement in the vacancy rate, a drop of 4.1 percent to 3.0%. Meanwhile, the highest recorded vacancy among the 23 counties studied was 8.8 percent in Grant County. The largest increase in vacancy was observed in Grays Harbor County (Aberdeen/Hoquiam), where the vacancy rate increased by 1.4 percent. Vacancy was lowest in Lewis County, with Kittitas County reporting only a few vacant units for their mostly student renters.

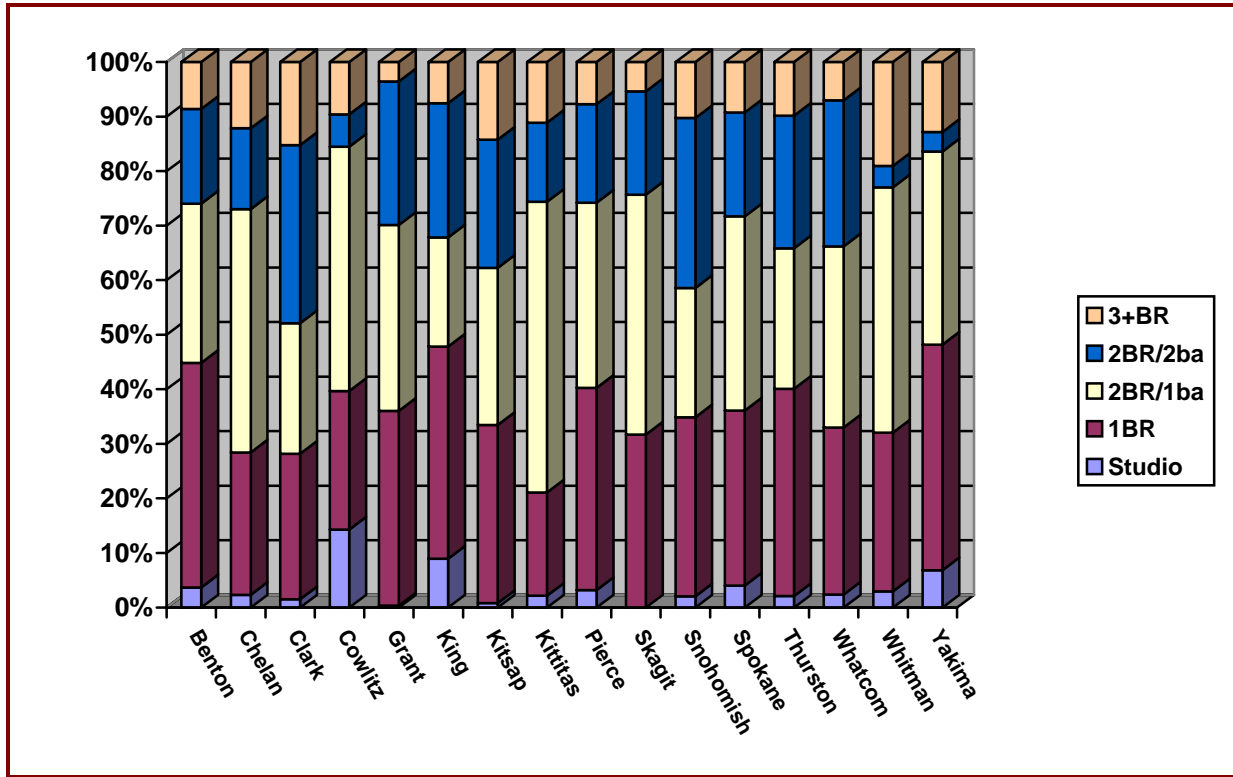
Average rents ranged from a low of \$438 in Walla Walla County to a high of \$845 in King County. Since the largest share of apartments are located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$757 is closer to the prevailing level in Seattle than it is to the average rent in Walla Walla.

Summary Apartment Market Statistics—March 2005

Market (County)	Average Size	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	807 sq. ft.	\$563	5,714	440	7.7%
Chelan/Douglas (Wenatchee)	839 sq. ft.	\$566	865	42	4.9%
Clallam (Port Angeles/Sequim)	742 sq. ft.	\$525	242	12	5.0%
Clark (Vancouver)	914 sq. ft.	\$669	12,831	616	4.8%
Cowlitz (Longview/Kelso)	744 sq. ft.	\$492	1,210	94	7.8%
Grant (Moses Lake)	803 sq. ft.	\$496	320	28	8.8%
Grays Harbor (Aberdeen/Hoquiam)	761 sq. ft.	\$481	341	16	4.7%
Island (Oak Harbor)	853 sq. ft.	\$629	165	7	4.2%
King (Seattle/Bellevue)	n/a	\$845	106,849	7,159	6.7%
Kitsap (Bremerton)	n/a	\$730	5,957	268	
Kittitas (Ellensburg)	727 sq. ft.	\$592	1,521	20	1.3%
Lewis (Centralia/Chehalis)	775 sq. ft.	\$500	173	2	1.2%
Pierce (Tacoma)	n/a	\$685	29,000	1,885	6.5%
Skagit (Mt. Vernon/Anacortes)	n/a	\$694	724	59	8.2%
Snohomish (Everett)	n/a	\$750	29,034	1,829	6.3%
Spokane	843 sq. ft.	\$558	9,127	493	5.4%
Thurston (Olympia)	n/a	\$700	6,706	369	5.5%
Walla Walla	681 sq. ft.	\$438	596	18	3.0%
Whatcom (Bellingham)	n/a	\$675	2,639	108	4.1%
Whitman (Pullman)	745 sq. ft.	\$607	3,927	130	3.3%
Yakima	729 sq. ft.	\$489	1,808	96	5.3%
STATEWIDE	N/A	\$757	219,749	13,691	6.2%

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 681 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 914 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.

Composition of Apartment Market Selected Washington Communities, March 2005



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 Kitsap and Whitman counties, but the similarity between those markets is unclear.

1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 35.9% of all the units in the WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units declined in March to 5.4 percent, compared to 6.6 percent a year ago. The average rent for 1-bedroom units increased by five dollars from September to \$659. Vacancy rates varied from county to county throughout the state, with Clallam and Lewis counties reporting no vacant one-bedroom apartments. The highest vacancy rate for these small units was 7.3 percent in Grant County. Average rent also ranged widely from a low of \$386 in Grant County to \$745 in urban King County. The average size for a 1-bedroom unit was 673 square feet. The largest 1-bedroom apartments were found in Island County where the average size was 800 square feet, while in Kittitas County the average 1-bedroom unit was only 550 square feet, roughly 30 percent smaller.

Apartment Summary Characteristics — March 2005 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	644	\$477	6.6%
Chelan/Douglas	647	\$486	3.1%
Clallam	558	\$440	0.0%
Clark	688	\$572	4.1%
Cowlitz	596	\$441	5.5%
Grant	586	\$386	7.3%
Grays Harbor	652	\$461	4.9%
Island	800	\$600	5.8%
King	674	\$745	5.8%
Kitsap	673	\$611	2.8%
Kittitas	550	\$457	1.7%
Lewis	667	\$445	0.0%
Pierce	669	\$575	6.1%
Skagit	633	\$590	2.2%
Snohomish	708	\$631	5.2%
Spokane	680	\$476	5.2%
Thurston	665	\$606	5.1%
Walla Walla	578	\$408	3.2%
Whatcom	644	\$583	2.1%
Whitman	574	\$428	2.1%
Yakima	580	\$440	5.1%
STATEWIDE	673	\$659	5.4%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1bath apartment, which accounted for 25.0% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$706, a \$9 (1.3%) increase from the survey conducted last spring. Average rents for 2-bedroom/1-bath units ranged from \$494 in Grays Harbor County to \$804 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state declined somewhat from last March, with the current reading 6.9%. Vacancy rates ranged from a high of 11.4% in Grant County to a low of 1.6% in Island and Kittitas counties. In terms of unit size, Island County had the largest average size in the state (917 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (705 sq. ft.).

Apartment Summary Statistics — March 2005 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	851	\$587	8.3%
Chelan/Douglas	858	\$566	4.7%
Clallam	781	\$543	8.1%
Clark	872	\$611	5.0%
Cowlitz	797	\$522	7.9%
Grant	881	\$516	11.4%
Grays Harbor	843	\$494	3.1%
Island	917	\$664	1.6%
King	798	\$804	7.5%
Kitsap	878	\$707	4.8%
Kittitas	705	\$606	1.6%
Lewis	889	\$577	1.9%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Pierce	867	\$677	7.2%
Skagit	860	\$698	10.0%
Snohomish	874	\$708	7.8%
Spokane	852	\$554	6.4%
Thurston	846	\$680	6.5%
Walla Walla	820	\$498	3.3%
Whatcom	854	\$678	5.1%
Whitman	763	\$583	3.5%
Yakima	837	\$519	6.4%
STATEWIDE	833	\$706	6.9%

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 2004 and March 2005 surveys are shown in the following table. The statewide vacancy rate over the last year has declined a significant 0.9% while the average rent of apartment units increased by only \$6. Clallam County had the largest increase in rent over the last year with a \$70 increase (15.4%), while the average rent in Benton/Franklin counties declined \$35 (5.9%), reflecting the above-average local vacancy level.

Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2004		March 2005	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	7.7%	\$598	7.7%	\$563
Chelan/Douglas	7.1%	\$509	4.9%	\$566
Clallam	4.9%	\$455	5.0%	\$525
Clark	6.2%	\$681	4.8%	\$669
Cowlitz	8.2%	\$483	7.8%	\$492
Grant	9.3%	\$475	8.8%	\$496
Grays Harbor	3.3%	\$450	4.7%	\$481
Island	3.4%	\$644	4.2%	\$629
King	7.4%	\$840	6.7%	\$845
Kitsap	3.7%	\$731	4.5%	\$730
Kittitas	1.3%	\$566	1.3%	\$592
Lewis	3.5%	\$466	1.2%	\$500
Pierce	6.9%	\$674	6.5%	\$685
Skagit	7.7%	\$701	8.2%	\$694
Snohomish	9.0%	\$746	6.3%	\$750
Spokane	6.7%	\$544	5.4%	\$558
Thurston	4.7%	\$674	5.5%	\$700
Walla Walla	7.1%	\$442	3.0%	\$438
Whatcom	6.3%	\$664	4.1%	\$675
Whitman	2.6%	\$552	3.3%	\$607
Yakima	5.8%	\$476	5.3%	\$489
STATEWIDE	7.1%	\$751	6.2%	\$757

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