

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 (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 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.

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 47.0%. 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. 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)	2000-2005 Apartment Construction	2006 Rental Apartments	March 2006 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,720	12,155	6,306	51.9%
Chelan/Douglas (Wenatchee)	3,525	130	3,655	867	23.7%
Clark (Vancouver)	20,500	2,839	23,339	14,466	62.0%
Cowlitz (Longview/Kelso)	4,808	448	5,256	1,334	25.4%
King (Seattle/Bellevue)	227,735	28,374	256,109	106,098	41.4%
Kitsap (Bremerton)	12,242	388	12,630	5,642	44.7%
Kittitas (Ellensburg)	2,538	0	2,538	1,987	78.3%
Pierce (Tacoma)	48,509	4,791	53,300	28,497	53.5%

County	2000 Apartments (5+ units)	2000-2005 Apartment Construction	2006 Rental Apartments	March 2006 Survey Responses	Response Rate
Skagit (Mt. Vernon/ Anacortes)	4,065	531	4,596	724	15.8%
Snohomish (Everett)	47,359	6,017	53,376	28,141	52.7%
Spokane	21,683	4,628	26,311	9,779	37.2%
Thurston (Olympia)	11,289	541	11,830	6,881	58.2%
Walla Walla	2,470	209	2,679	699	26.1%
Whatcom (Bellingham)	11,919	3,184	15,103	2,014	13.3%
Whitman (Pullman)	4,270	1,008	5,278	4,411	83.6%
Yakima	7,441	198	7,639	1,973	25.8%
STATEWIDE	430,265	37,896	468,161	219,819	47.0%

Market Summary

The statewide vacancy rate for the spring was 4.7% reflecting a continuing overall improvement in the apartment market. Apartment markets nationwide have retreated from record vacancies despite the continued strengths of the home purchase market and the resulting competition from rental single-family homes. The national apartment vacancy rate for the first quarter of 2006 was 10.0%, the seventh consecutive quarterly 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 1.0 percent, a significant difference. The market improvement in Washington has been even more dramatic, declining 1.5 percent from a much lower starting base.

Cowlitz and King counties saw the greatest improvement in the vacancy rate, a drop of 2.0 percent to 5.8 and 4.7% respectively. Meanwhile, the highest recorded vacancy among the 18 counties studied was 10.2% in Benton/ Franklin counties. Despite the high vacancy level recorded in the Tri-cities, the rate declined compare to the September survey. Vacancy was lowest in Whatcom County, where only 2.5% of units were unrented.

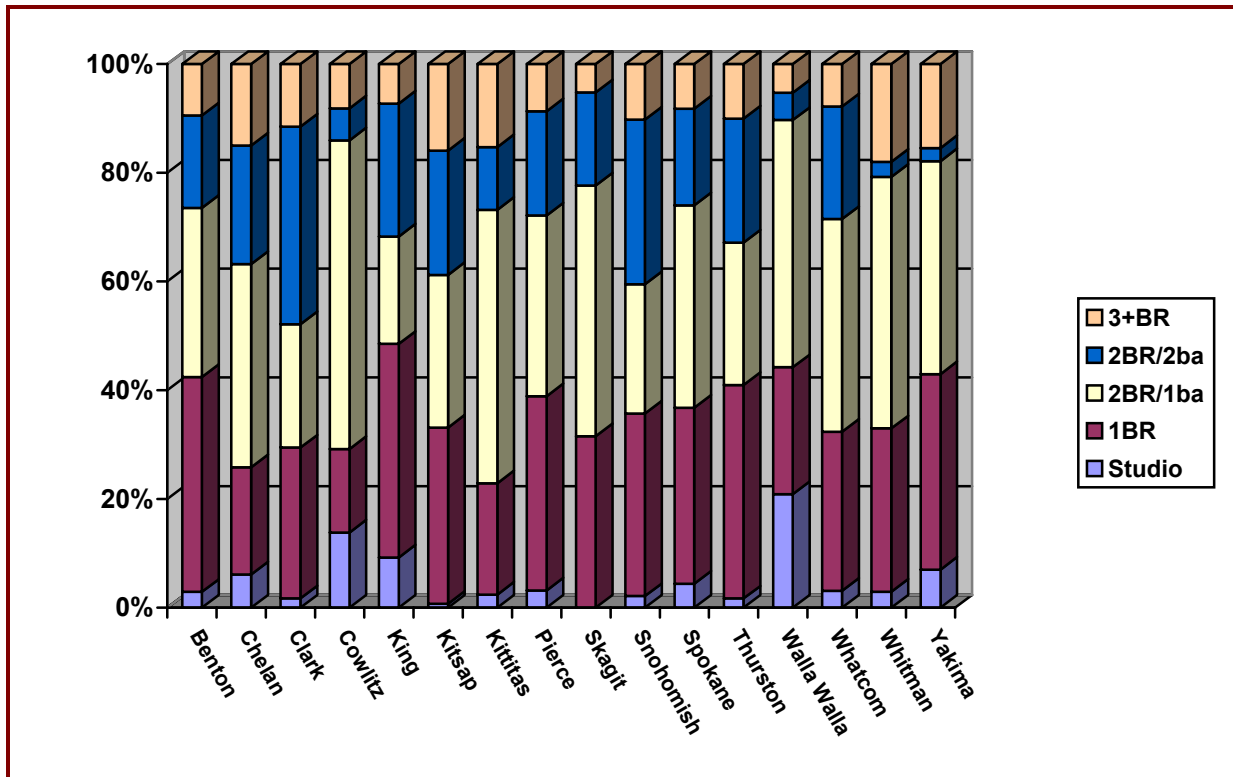
Average rents ranged from a low of \$489 in Yakima County to a high of \$875 in King County. Since the largest share of apartments are located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$783 is closer to the prevailing level in Seattle than it is to the average rent in Yakima. The statewide average rent increased by 3.4 percent in the last year. While this is the most rapid rent jump in some time, it pales by comparison to increases in the sales prices of homes or apartment buildings in the last year.

Summary Apartment Market Statistics—March 2006

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	861	\$570	6,306	643	10.2%
Chelan/Douglas (Wenatchee)	821	\$593	867	43	5.0%
Clark (Vancouver)	909	\$683	14,466	521	3.6%
Cowlitz (Longview/Kelso)	792	\$505	1,334	77	5.8%
King (Seattle/Bellevue)	n/a	\$875	106,098	4,987	4.7%
Kitsap (Bremerton)	n/a	\$770	5,642	226	4.0%
Kittitas (Ellensburg)	710	\$628	1,987	74	3.7%
Pierce (Tacoma)	n/a	\$734	28,497	1,368	4.8%
Skagit (Mt. Vernon/Anacortes)	n/a	\$686	724	28	3.8%
Snohomish (Everett)	n/a	\$773	28,141	1,323	4.7%
Spokane	817	\$564	9,779	469	4.8%
Thurston (Olympia)	n/a	\$719	6,881	275	4.0%
Walla Walla	715	\$492	699	24	3.4%
Whatcom (Bellingham)	n/a	\$679	2,014	50	2.5%
Whitman (Pullman)	733	\$606	4,411	207	4.7%
Yakima	760	\$489	1,973	97	4.9%
STATEWIDE	n/a	\$783	219,819	10,226	4.7%

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 715 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 909 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 2006



The graphic also clearly illustrates the differences in the composition of the apartment market from community to community. Studio apartments are most prevalent in Walla Walla 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 Thurston counties, while units with three or more bedrooms are most significant in Whitman County, where students may choose to share large units to save money.

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 4.1 percent, compared to 5.4 percent a year ago. The average rent for 1-bedroom units increased by 21 dollars from last March to \$680. Vacancy rates varied from county to county throughout the state, with three counties reporting fewer than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 7.9 percent in Benton/Franklin County. Average rent also ranged widely from a low of \$449 in Yakima County to \$776 in urban King County. The average size for a 1-bedroom unit was 680 square feet. The largest 1-bedroom apartments were found in Snohomish County where the average size was 708 square feet, while in Walla Walla County the average 1-bedroom unit was only 57364 square feet, roughly 20 percent smaller.

**Apartment Summary Characteristics — March 2006
One-Bedroom Units**

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	734	\$477	7.9%
Chelan/Douglas	684	\$525	2.9%
Clark	700	\$586	3.8%
Cowlitz	596	\$461	7.3%
King	676	\$776	4.0%
Kitsap	679	\$640	4.3%
Kittitas	524	\$493	2.9%
Pierce	687	\$616	4.3%
Skagit	653	\$598	1.8%
Snohomish	708	\$658	3.9%
Spokane	657	\$479	4.7%
Thurston	675	\$627	3.3%
Walla Walla	573	\$449	3.1%
Whatcom	641	\$594	2.2%
Whitman	584	\$459	4.4%
Yakima	617	\$449	4.2%
STATEWIDE	680	\$688	4.1%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1bath apartment, which accounted for 24.6% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$725, a \$15 (2.7%) increase from the survey conducted last spring. Average rents for 2-bedroom/1-bath units ranged from \$506 in Yakima County to \$829 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state declined from last March, with the current reading 5.2%. Vacancy rates ranged from a high of 11.7% in Benton/Franklin County to a low of 2.7% in Whatcom County. In terms of unit size, Benton/Franklin County had the largest average size in the state (897 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (676 sq. ft.).

**Apartment Summary Statistics — March 2006
Two-Bedroom/One Bath Units**

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	897	\$566	11.7%
Chelan/Douglas	888	\$616	7.4%
Clark	883	\$618	3.8%
Cowlitz	832	\$526	5.3%
King	798	\$829	5.5%
Kitsap	885	\$736	3.6%
Kittitas	676	\$621	5.0%
Pierce	881	\$715	5.0%
Skagit	819	\$685	2.5%
Snohomish	881	\$734	5.2%
Spokane	834	\$569	4.8%
Thurston	856	\$703	4.1%
Walla Walla	829	\$548	3.1%
Whatcom	845	\$665	2.7%
Whitman	749	\$586	4.1%
Yakima	836	\$506	5.6%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
STATEWIDE	836	\$725	5.2%

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 2005 and March 2006 surveys are shown in the following table. The statewide vacancy rate over the last year has declined a significant 1.5% while the average rent of apartment units increased by \$26 (3.4%). Pierce County had the largest increase in rent over the last year with a \$49 increase (7.2%), while the average rent in Skagit County declined \$8 (1.2%).

Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2005		March 2006	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	7.7%	\$563	10.2%	\$570
Chelan/Douglas	4.9%	\$566	5.0%	\$593
Clark	4.8%	\$669	3.6%	\$683
Cowlitz	7.8%	\$492	5.8%	\$505
King	6.7%	\$845	4.7%	\$875
Kitsap	4.5%	\$730	4.0%	\$770
Kittitas	1.3%	\$592	3.7%	\$628
Pierce	6.5%	\$685	4.8%	\$734
Skagit	8.2%	\$694	3.8%	\$686
Snohomish	6.3%	\$750	4.7%	\$773
Spokane	5.4%	\$560	4.8%	\$564
Thurston	5.5%	\$700	4.0%	\$719
Walla Walla	3.0%	\$451	3.4%	\$492
Whatcom	4.1%	\$675	2.5%	\$679
Whitman	3.3%	\$607	4.7%	\$606
Yakima	5.3%	\$489	4.9%	\$489
STATEWIDE	6.2%	\$757	4.7%	\$783

Washington Center for Real Estate Research/Washington State University

Copyright© 2006 WCRER All Rights Reserved