

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. 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.

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. 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)	2000-2006 Apartment Construction	2007 Rental Apartments	March 2007 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,720	11,738	5,175	44.1%
Chelan/Douglas (Wenatchee)	3,525	182	3,472	991	28.5%
Clark (Vancouver)	20,500	3,402	23,046	12,408	53.8%
Cowlitz (Longview/Kelso)	4,808	512	5,187	637	12.3%
King (Seattle/Bellevue)	227,735	35,639	229,109	108,131	47.2%
Kitsap (Bremerton)	12,242	414	11,867	6,320	53.3%
Kittitas (Ellensburg)	2,538	0	2,500	2,019	80.8%

<b>County</b>	<b>2000 Apartments (5+ units)</b>	<b>2000-2006 Apartment Construction</b>	<b>2007 Rental Apartments</b>	<b>March 2007 Survey Responses</b>	<b>Response Rate</b>
Pierce (Tacoma)	48,509	5,531	52,332	32,367	61.8%
Skagit (Mt. Vernon/ Anacortes)	4,065	604	4,513	1,240	27.5%
Snohomish (Everett)	47,359	6,764	48,700	28,595	58.7%
Spokane	21,683	5,664	26,163	9,637	36.8%
Thurston (Olympia)	11,289	1,032	11,962	7,663	64.1%
Walla Walla	2,470	219	2,642	340	12.9%
Whatcom (Bellingham)	11,919	3,387	14,320	2,775	19.4%
Whitman (Pullman)	4,270	1,254	5,421	3,945	72.8%
Yakima	7,441	224	7,335	1,244	17.0%
<b>STATEWIDE</b>	<b>430,265</b>	<b>37,896</b>	<b>460,307</b>	<b>223,487</b>	<b>48.6%</b>

## **Market Summary**

The statewide vacancy rate for the spring was 4.3% 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 is currently quite active, it is likely apartment vacancies will continue to increase for the next several months.

Cowlitz County saw the greatest improvement in the vacancy rate, a drop of 2.7 percent to 3.1%. Meanwhile, five counties recorded increased vacancies, led by a 4.2 percent increase in Walla Walla. The highest recorded vacancy among the 18 counties studied was 8.8% in Benton/Franklin counties, while Kittitas County (Ellensburg) had the least vacancy.

Average rents ranged from a low of \$512 in Walla Walla County to a high of \$946 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 \$383 is closer to the prevailing level in Seattle than it is to the average rent in Walla Walla. The statewide average rent increased by 7.0 percent in the last year – double the inflation rate, but still below the increase in median home prices over the same time period.

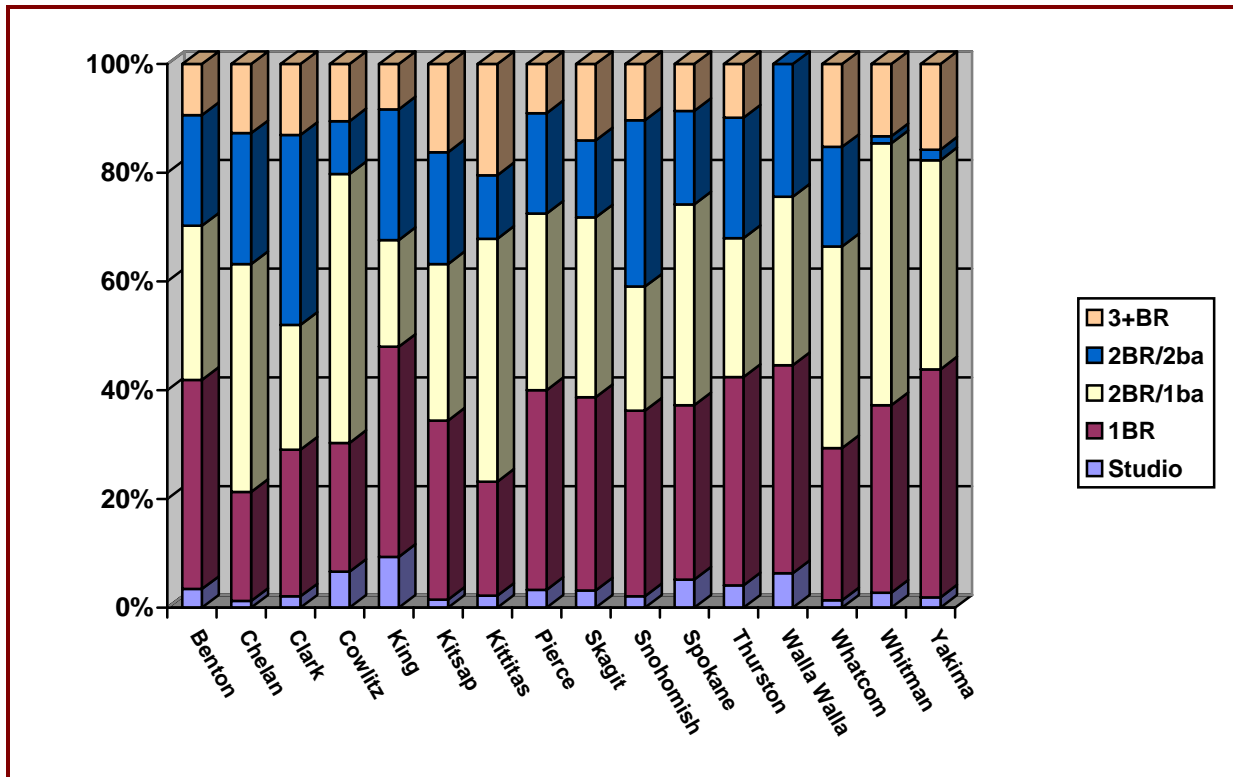
### Summary Apartment Market Statistics—March 2007

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	833	\$567	5,175	455	8.8%
Chelan/Douglas (Wenatchee)	836	\$632	991	30	3.0%
Clark (Vancouver)	904	\$721	12,408	385	3.1%
Cowlitz (Longview/Kelso)	864	\$564	637	20	3.1%
King (Seattle/Bellevue)	n/a	\$946	108,131	4,217	3.9%
Kitsap (Bremerton)	n/a	\$784	6,320	493	7.8%
Kittitas (Ellensburg)	701	\$672	2,019	32	1.6%
Pierce (Tacoma)	n/a	\$750	32,367	1,877	5.8%
Skagit (Mt. Vernon/Anacortes)	793	\$730	1,240	82	6.6%
Snohomish (Everett)	n/a	\$854	28,595	1,144	4.0%
Spokane	827	\$575	9,637	376	3.9%
Thurston (Olympia)	n/a	\$737	7,663	253	3.3%
Walla Walla	805	\$512	340	26	7.6%
Whatcom (Bellingham)	778	\$709	2,775	64	2.3%
Whitman (Pullman)	698	\$583	3,942	229	5.8%
Yakima	762	\$537	1,244	37	3.0%
<b>STATEWIDE</b>	<b>n/a</b>	<b>\$838</b>	<b>223,487</b>	<b>9,720</b>	<b>4.3%</b>

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 904 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 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.

## Composition of Apartment Market Selected Washington Communities, March 2007



### 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 3.8 percent, compared to 4.1 percent a year ago. The average rent for 1-bedroom units increased by 52 dollars from last March to \$740. Vacancy rates varied from county to county throughout the state, with seven counties reporting fewer than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 9.8 percent in Benton/Franklin County. Average rent also ranged widely from a low of \$460 in Whitman County to \$842 in urban King County. The average size for a 1-bedroom unit was 681 square feet. The largest 1-bedroom apartments were found in Walla Walla County where the average size was 758 square feet, while in Whitman County the average 1-bedroom unit was only 558 square feet, roughly 25 percent smaller.

### Apartment Summary Characteristics — March 2007 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	690	\$477	9.8%
Chelan/Douglas	661	\$522	1.5%
Clark	683	\$606	2.2%
Cowlitz	631	\$483	7.3%
King	685	\$842	3.3%
Kitsap	671	\$658	5.8%
Kittitas	679	\$469	0.4%
Pierce	665	\$632	5.8%
Skagit	630	\$674	7.5%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Snohomish	722	\$736	3.2%
Spokane	660	\$489	3.7%
Thurston	670	\$650	2.2%
Walla Walla	758	\$584	2.6%
Whatcom	616	\$606	1.2%
Whitman	558	\$460	4.0%
Yakima	654	\$496	2.7%
<b>STATEWIDE</b>	<b>681</b>	<b>\$740</b>	<b>3.8%</b>

## 2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1bath apartment, which accounted for 24.7% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$776, a \$51 (7.0%) increase from the survey conducted last spring. Average rents for 2-bedroom/1-bath units ranged from \$553 in Yakima County to \$890 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state declined again from last March, with the current reading 4.7%. Vacancy rates ranged from a high of 8.5% in Benton/Franklin County to a low of 0.9% in Kittitas County. In terms of unit size, Walla Walla County had the largest average size in the state (901 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Whitman County (736 sq. ft.).

### Apartment Summary Statistics — March 2007 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	873	\$573	8.5%
Chelan/Douglas	870	\$625	3.4%
Clark	874	\$664	3.0%
Cowlitz	852	\$586	1.3%
King	809	\$890	4.1%
Kitsap	856	\$753	7.3%
Kittitas	797	\$643	0.9%
Pierce	871	\$732	6.0%
Skagit	826	\$735	3.2%
Snohomish	895	\$814	4.2%
Spokane	845	\$584	4.3%
Thurston	843	\$725	3.4%
Walla Walla	901	\$616	7.6%
Whatcom	854	\$701	2.5%
Whitman	736	\$598	7.2%
Yakima	833	\$553	4.4%
<b>STATEWIDE</b>	<b>841</b>	<b>\$776</b>	<b>4.7%</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 variation. Results from the March 2006 and March 2007 surveys are shown in the following table. The statewide vacancy rate over the last year has declined 0.4% while the average rent of apartment units increased by \$55 (7.0%) – double the increase last year. Snohomish County had the largest increase in rent over the last year with a \$81 increase (10.5%). The greatest percentage increase was in Cowlitz County where the average rent increased 11.7%, reaching \$564. Meanwhile the average rent in

Whitman County declined \$23 (3.8%) as owners of older apartments further from campus discounted units which had already been vacant for a full semester.

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

Counties	March 2006		March 2007	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	10.2%	\$570	8.8%	\$567
Chelan/Douglas	5.0%	\$593	3.0%	\$632
Clark	3.6%	\$683	3.1%	\$721
Cowlitz	5.8%	\$505	3.1%	\$564
King	4.7%	\$875	3.9%	\$946
Kitsap	4.0%	\$770	7.8%	\$784
Kittitas	3.7%	\$628	1.6%	\$672
Pierce	4.8%	\$734	5.8%	\$750
Skagit	3.8%	\$686	6.6%	\$730
Snohomish	4.7%	\$773	4.0%	\$854
Spokane	4.8%	\$564	3.9%	\$575
Thurston	4.0%	\$719	3.3%	\$737
Walla Walla	3.4%	\$492	7.6%	\$512
Whatcom	2.5%	\$679	2.3%	\$709
Whitman	4.7%	\$606	5.8%	\$583
Yakima	4.9%	\$489	3.0%	\$537
<b>STATEWIDE</b>	<b>4.7%</b>	<b>\$783</b>	<b>4.3%</b>	<b>\$838</b>

**Washington Center for Real Estate Research/Washington State University**

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