

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 50.3%. 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)	2000-2003 Apartment Construction	2004 Rental Apartments	September 2004 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	812	11,229	5,910	52.6%
Chelan/Douglas (Wenatchee)	3,525	119	3,414	854	25.0%
Clallam (Port Angeles/Sequim)	2,392	71	2,381	234	9.8%
Clark (Vancouver)	20,500	2,093	21,780	12,370	56.8%
Cowlitz (Longview/Kelso)	4,808	424	5,102	1,132	22.2%
Grant (Moses Lake)	1,976	95	2,022	325	16.1%
Grays Harbor (Aberdeen/Hoquiam)	2,684	60	2,651	361	13.6%

County	2000 Apartments (5+ units)	2000-2003 Apartment Construction	2004 Rental Apartments	September 2004 Survey Responses	Response Rate
King (Seattle/Bellevue)	227,735	19,206	215,333	108,597	50.4%
Kitsap (Bremerton)	12,242	100	11,671	6,014	51.5%
Kittitas (Ellensburg)	2,538	0	2,500	1,398	55.9%
Lewis (Centralia/Chehalis)	1,996	93	2,079	203	9.8%
Pierce (Tacoma)	48,509	2,659	49,531	28,941	58.4%
Skagit (Mt. Vernon/Anacortes)	4,065	466	4,382	734	16.8%
Snohomish (Everett)	47,359	4,709	46,861	29,459	62.9%
Spokane	21,683	2,410	25,066	9,931	39.6%
Thurston (Olympia)	11,289	416	11,366	6,193	54.5%
Walla Walla	2,470	105	2,531	559	22.1%
Whatcom (Bellingham)	11,919	1,853	12,890	2,275	17.6%
Whitman (Pullman)	4,270	501	4,681	3,927	83.9%
Yakima	7,441	94	7,211	1,813	25.1%
STATEWIDE	451,948	28,999	439,825	221,230	50.3%

Market Summary

The statewide vacancy rate for the fall was 7.1% reflecting a steady-state 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 third quarter of 2004 was 11.5%, a reduction from the record high 12.0% set during the second quarter, and unchanged from a year ago. Comparison to the year-ago statistic is most meaningful since no seasonal differences should be present.

Walla Walla County saw the greatest improvement in the vacancy rate, a drop of 3.1 percent to 3.0%. Meanwhile, the highest recorded vacancy among the 22 counties studied was 9.8 percent in Skagit County. The largest increase in vacancy was observed in Kitsap County, where the vacancy rate increased by 3.4 percent. Vacancy was lowest in Lewis County, with Whitman County reporting only a few vacant units for their mostly student renters.

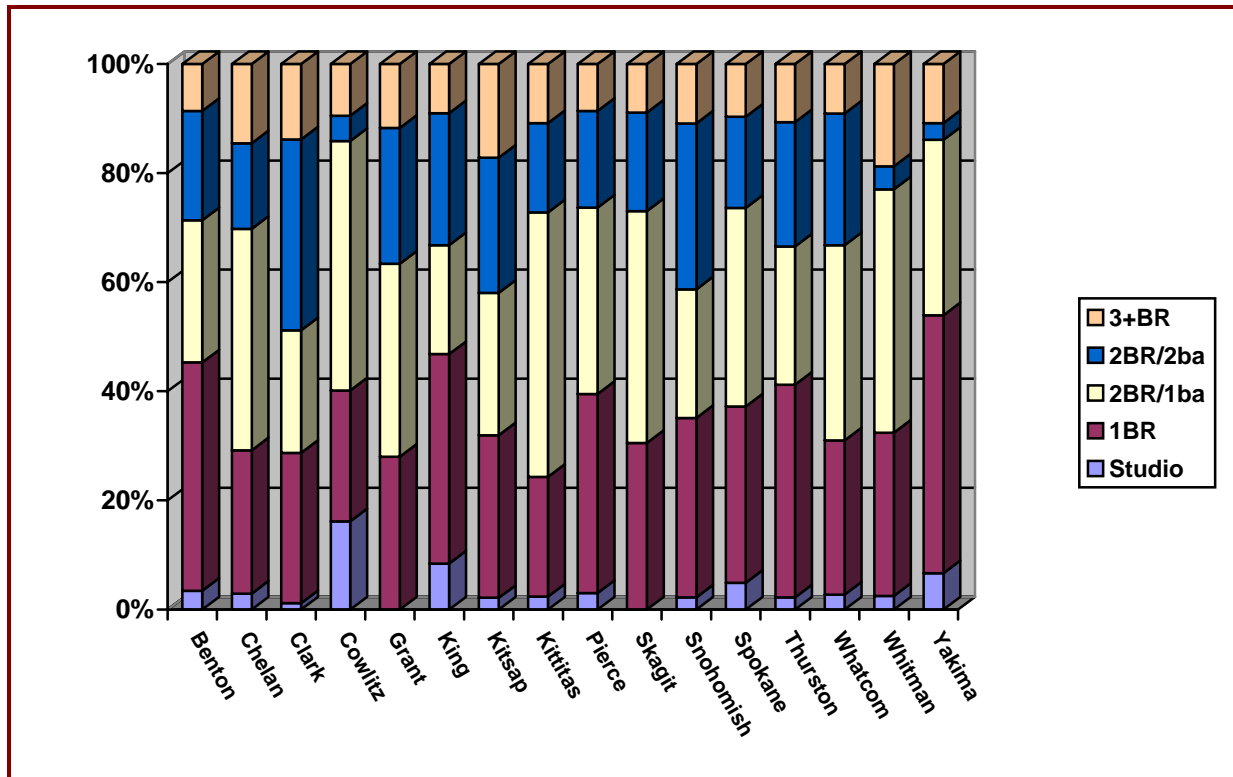
Average rents ranged from a low of \$451 in Grays Harbor County to a high of \$841 in King County. Since the largest share of apartments are located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$753 is closer to the prevailing level in Seattle than it is to the average rent in Aberdeen or Hoquiam.

Summary Apartment Market Statistics—September 2004

Market (County)	Average Size	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	806 sq. ft.	\$593	5,910	361	6.1%
Chelan/Douglas (Wenatchee)	837 sq. ft.	\$564	884	37	4.3%
Clallam (Port Angeles/Sequim)	755 sq. ft.	\$459	234	12	5.1%
Clark (Vancouver)	933 sq. ft.	\$672	12,370	606	4.9%
Cowlitz (Longview/Kelso)	751 sq. ft.	\$491	1,132	65	5.7%
Grant (Moses Lake)	816 sq. ft.	\$531	325	25	7.7%
Grays Harbor (Aberdeen/Hoquiam)	759 sq. ft.	\$451	361	12	3.3%
King (Seattle/Bellevue)	n/a	\$841	108,597	7,819	7.2%
Kitsap (Bremerton)	n/a	\$735	6,014	427	7.1%
Kittitas (Ellensburg)	716 sq. ft.	\$585	1,398	42	3.0%
Lewis (Centralia/Chehalis)	773 sq. ft.	\$503	203	0	0.0%
Pierce (Tacoma)	n/a	\$678	28,941	2,373	8.2%
Skagit (Mt. Vernon/Anacortes)	n/a	\$688	734	72	9.8%
Snohomish (Everett)	n/a	\$744	29,459	2,268	7.7%
Spokane	837 sq. ft.	\$548	9,931	826	5.3%
Thurston (Olympia)	n/a	\$682	6,193	378	6.1%
Walla Walla	693 sq. ft.	\$434	559	17	3.0%
Whatcom (Bellingham)	n/a	\$666	2,275	98	4.3%
Whitman (Pullman)	745 sq. ft.	\$574	3,927	43	1.1%
Yakima	711 sq. ft.	\$468	1,813	94	5.2%
STATEWIDE	N/A	\$753	221,230	15,275	6.9%

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 693 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 933 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 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 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 September to 6.1 percent, compared to 6.6 percent for the last two surveys. The average rent for 1-bedroom units declined another dollar from March to \$654. Vacancy rates varied from county to county throughout the state, with Lewis County reporting no vacant one-bedroom apartments and both Walla Walla and Whitman counties reporting fewer than two percent of these units were unoccupied. The highest vacancy rate for these small units was 7.8 percent in Skagit County. Average rent also ranged widely from a low of \$355 in Grant County to \$736 in urban King County. The average size for a 1-bedroom unit was 667 square feet. The largest 1-bedroom apartments were found in Snohomish and Clark counties where the average size was slightly over 700 square feet, while in Grant County the average 1-bedroom unit was only 480 square feet, roughly 30 percent smaller.

Apartment Summary Characteristics — September 2004 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	643	\$510	5.7%
Chelan/Douglas	641	\$475	2.7%
Clallam	661	\$425	5.0%
Clark	701	\$565	3.7%
Cowlitz	597	\$429	6.6%
Grant	480	\$355	3.3%
Grays Harbor	626	\$401	2.8%
King	665	\$736	6.3%
Kitsap	684	\$621	6.1%
Kittitas	526	\$462	3.6%
Lewis	606	\$408	0.0%
Pierce	666	\$567	7.8%
Skagit	643	\$610	4.5%
Snohomish	703	\$628	6.0%
Spokane	666	\$463	5.0%
Thurston	669	\$599	4.9%
Walla Walla	574	\$391	0.7%
Whatcom	638	\$581	4.2%
Whitman	567	\$425	1.1%
Yakima	590	\$425	3.5%
STATEWIDE	667	\$654	6.1%

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 \$704, a \$7 increase from the survey conducted last spring. Average rents for 2-bedroom/1-bath units ranged from \$467 in Clallam County to \$804 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state was essentially unchanged from March, at 7.6%. Vacancy rates ranged from a high of 12.2% in Grant County to a low of 0.0% in Lewis County. In terms of unit size, Snohomish County had the largest average size in the state (878 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (695 sq. ft.).

Apartment Summary Statistics — September 2004 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	848	\$604	6.5%
Chelan/Douglas	853	\$580	6.3%
Clallam	790	\$467	4.4%
Clark	868	\$597	6.2%
Cowlitz	839	\$527	4.3%
Grant	773	\$532	12.2%
Grays Harbor	842	\$478	2.8%
King	804	\$804	7.8%
Kitsap	874	\$703	7.2%
Kittitas	695	\$602	4.3%
Lewis	847	\$524	0.0%
Pierce	872	\$670	9.7%
Skagit	855	\$682	9.6%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Snohomish	878	\$705	8.9%
Spokane	839	\$536	5.6%
Thurston	840	\$672	5.4%
Walla Walla	816	\$496	1.4%
Whatcom	841	\$654	5.4%
Whitman	758	\$571	1.4%
Yakima	826	\$508	7.7%
STATEWIDE	834	\$704	7.6%

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 September 2003 and September 2004 surveys are shown in the following table. The statewide vacancy rate over the last year has declined a scant 0.1% while the average rent of apartment units declined by \$4. Grant County had the largest increase in rent over the last year with a \$50 increase (10.4%), while the average rent in Snohomish County declined \$18 (2.4%), reflecting the above-average local vacancy level.

Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2003		September 2004	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	5.2%	\$601	6.1%	\$593
Chelan/Douglas	5.4%	\$549	4.3%	\$564
Clallam	5.3%	\$447	5.1%	\$459
Clark	5.1%	\$668	4.9%	\$672
Cowlitz	5.6%	\$489	5.7%	\$491
Grant	6.8%	\$481	7.7%	\$531
Grays Harbor	4.0%	\$436	3.3%	\$451
King	7.4%	\$857	7.2%	\$841
Kitsap	3.7%	\$725	7.1%	\$735
Kittitas	1.2%	\$566	3.6%	\$585
Lewis	2.4%	\$463	0.0%	\$503
Pierce	6.9%	\$675	8.2%	\$678
Skagit	7.7%	\$687	9.8%	\$688
Snohomish	9.0%	\$762	7.7%	\$744
Spokane	4.5%	\$544	5.3%	\$548
Thurston	4.7%	\$670	6.1%	\$682
Walla Walla	6.1%	\$432	3.0%	\$434
Whatcom	6.3%	\$673	4.3%	\$666
Whitman	2.3%	\$541	1.1%	\$574
Yakima	3.8%	\$472	5.2%	\$468
STATEWIDE	7.0%	\$757	6.9%	\$753