

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 51.5%. 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. 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)	2000-2004 Apartment Construction	2005 Rental Apartments	September 2005 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,618	11,583	5,619	48.5%
Chelan/Douglas (Wenatchee)	3,525	130	3,370	826	24.5%
Clallam (Port Angeles/Sequim)	2,392	77	2,420	357	14.8%
Clark (Vancouver)	20,500	2,616	22,191	13,574	61.2%
Cowlitz (Longview/Kelso)	4,808	434	5,090	1,139	22.4%
Grant (Moses Lake)	1,976	151	2,053	317	15.4%
Grays Harbor (Aberdeen/Hoquiam)	2,684	129	2,684	253	9.4%

County	2000 Apartments (5+ units)	2000-2004 Apartment Construction	2005 Rental Apartments	September 2005 Survey Responses	Response Rate
Island (Oak Harbor)	2,122	55	1,937	92	4.7%
King (Seattle/Bellevue)	227,735	23,597	216,648	103,294	47.7%
Kitsap (Bremerton)	12,242	115	11,492	5,533	48.1%
Kittitas (Ellensburg)	2,538	0	2,491	1,928	77.4%
Lewis (Centralia/ Chehalis)	1,996	140	2,125	173	8.1%
Pierce (Tacoma)	48,509	3,799	50,477	26,903	53.3%
Skagit (Mt. Vernon/ Anacortes)	4,065	496	4,392	479	10.9%
Snohomish (Everett)	47,359	5,421	47,027	28,226	60.0%
Spokane	21,683	4,003	31,337	9,793	31.3%
Thurston (Olympia)	11,289	529	11,440	6,252	54.7%
Walla Walla	2,470	209	2,623	604	23.0%
Whatcom (Bellingham)	11,919	2,520	13,385	1,369	10.2%
Whitman (Pullman)	4,270	714	4,879	3,997	81.9%
Yakima	7,441	171	7,247	1,754	24.2%
STATEWIDE	430,265	28,999	412,878	212,482	51.5%

Market Summary

The statewide vacancy rate for the fall was 5.3% 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 third quarter of 2005 was 10.8%, the fifth consecutive 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 0.5 percent, a significant difference. The market improvement in Washington has been even more dramatic, declining 1.6 percent from a much lower starting base.

Grant County saw the greatest improvement in the vacancy rate, a drop of 6.1 percent to a very tight 1.6% from the previous position as the greatest vacancy in Washington. Meanwhile, the highest recorded vacancy among the 23 counties studied was 11.2% in Benton/ Franklin counties, which also recorded the largest increase in vacancy. Vacancy was lowest in Kittitas County, where only 1.4% of units were unrented. However, their mostly student population means those units will probably remain vacant until late summer 2006.

Average rents ranged from a low of \$438 in Walla Walla County to a high of \$860 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 \$769 is closer to the prevailing level in Seattle than it is to the average rent in Walla Walla. The statewide average rent increased by 2.1 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 2005.

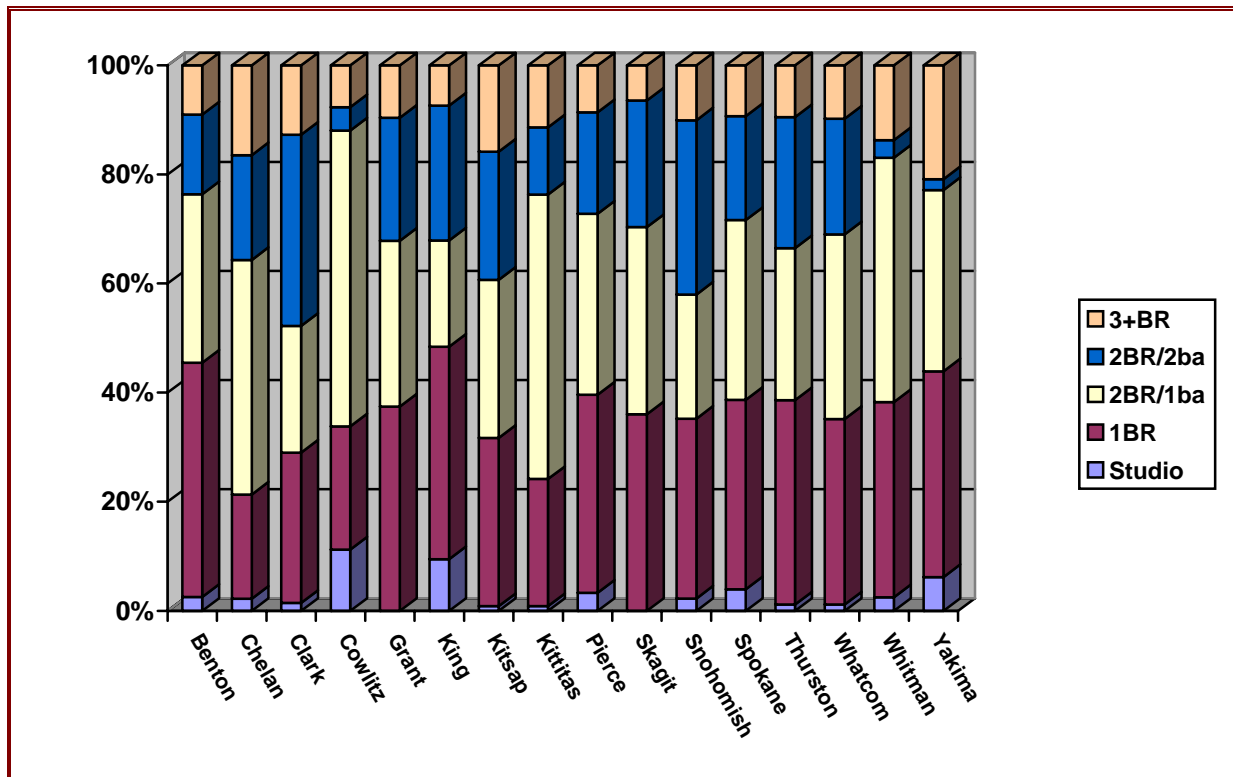
Summary Apartment Market Statistics—September 2005

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	815	\$551	5,319	629	11.2%
Chelan/Douglas (Wenatchee)	831	\$589	826	32	3.9%
Clallam (Port Angeles/Sequim)	700	\$525	357	14	3.9%
Clark (Vancouver)	912	\$681	13,574	665	4.9%
Cowlitz (Longview/Kelso)	805	\$501	1,139	68	6.0%
Grant (Moses Lake)	791	\$497	317	5	1.6%
Grays Harbor (Aberdeen/Hoquiam)	776	\$470	253	7	2.8%
Island (Oak Harbor)	912	\$681	92	4	4.3%
King (Seattle/Bellevue)	n/a	\$860	103,294	5,475	5.3%
Kitsap (Bremerton)	n/a	\$765	5,533	277	5.0%
Kittitas (Ellensburg)	728	\$595	1,928	27	1.4%
Lewis (Centralia/Chehalis)	734	\$501	173	8	4.6%
Pierce (Tacoma)	n/a	\$704	26,903	1,318	4.9%
Skagit (Mt. Vernon/Anacortes)	n/a	\$696	479	34	7.1%
Snohomish (Everett)	n/a	\$762	28,226	1,637	5.8%
Spokane	824	\$559	9,793	402	4.1%
Thurston (Olympia)	n/a	\$714	6,252	275	4.4%
Walla Walla	693	\$438	604	26	4.3%
Whatcom (Bellingham)	n/a	\$701	1,369	45	3.3%
Whitman (Pullman)	707	\$576	3,997	152	3.8%
Yakima	778	\$519	1,754	77	4.4%
STATEWIDE	n/a	\$769	212,482	11,177	5.3%

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 912 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, September 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 Yakima and Chelan counties, where farm workers represent a significant share of renters.

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 4.5 percent, compared to 6.1 percent a year ago. The average rent for 1-bedroom units increased by 18 dollars from last September to \$671. Vacancy rates varied from county to county throughout the state, with six counties reporting fewer than 20 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 9.5 percent in Benton/Franklin County. Average rent also ranged widely from a low of \$391 in Grant County to \$760 in urban King County. The average size for a 1-bedroom unit was 675 square feet. The largest 1-bedroom apartments were found in Snohomish County where the average size was 703 square feet, while in Whitman County the average 1-bedroom unit was only 564 square feet, roughly 20 percent smaller.

Apartment Summary Characteristics — September 2005 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	689	\$482	9.5%
Chelan/Douglas	621	\$480	3.8%
Clallam	595	\$466	3.8%
Clark	693	\$577	3.7%
Cowlitz	596	\$444	1.6%
Grant	584	\$391	1.7%
Grays Harbor	646	\$434	1.2%
King	673	\$760	4.4%
Kitsap	691	\$647	3.9%
Kittitas	613	\$470	0.7%
Lewis	659	\$446	0.9%
Pierce	675	\$591	4.9%
Skagit	621	\$589	3.7%
Snohomish	703	\$640	4.7%
Spokane	657	\$476	4.3%
Thurston	676	\$624	4.5%
Walla Walla	589	\$402	5.7%
Whatcom	674	\$608	3.4%
Whitman	564	\$433	1.7%
Yakima	607	\$445	5.9%
STATEWIDE	675	\$671	4.5%

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 \$714, a \$10 (1.43%) increase from the survey conducted last fall. Average rents for 2-bedroom/1-bath units ranged from \$483 in Grays Harbor County to \$816 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state declined from last September, with the current reading 6.0%. Vacancy rates ranged from a high of 12.7% in Benton/Franklin County to a low of 1.5% in Walla Walla County. In terms of unit size, Island County had the largest average size in the state (911 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (698 sq. ft.).

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

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	866	\$558	12.7%
Chelan/Douglas	862	\$591	4.5%
Clallam	786	\$561	3.8%
Clark	876	\$619	5.8%
Cowlitz	849	\$524	9.2%
Grant	884	\$525	2.0%
Grays Harbor	836	\$483	3.6%
Island	911	\$681	3.0%
King	795	\$816	6.3%
Kitsap	881	\$726	4.4%
Kittitas	698	\$612	1.8%
Lewis	872	\$567	9.6%
Pierce	872	\$690	5.4%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Skagit	812	\$704	6.5%
Snohomish	877	\$715	7.3%
Spokane	837	\$560	4.3%
Thurston	857	\$695	5.0%
Walla Walla	817	\$503	1.5%
Whatcom	866	\$691	4.1%
Whitman	744	\$581	3.6%
Yakima	811	\$545	3.4%
STATEWIDE	831	\$714	6.0%

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 September 2004 and September 2005 surveys are shown in the following table. The statewide vacancy rate over the last year has declined a significant 1.65% while the average rent of apartment units increased by only \$16 (2.1%). Clallam County had the largest increase in rent over the last year with a \$66 increase (14.4%), while the average rent in Benton/Franklin counties declined \$42 (7.1%), reflecting the above-average and surging local vacancy level.

Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2004		September 2005	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	6.1%	\$593	11.2%	\$551
Chelan/Douglas	4.3%	\$564	3.9%	\$589
Clallam	5.1%	\$459	3.9%	\$525
Clark	4.9%	\$672	4.9%	\$681
Cowlitz	5.7%	\$491	6.0%	\$501
Grant	7.7%	\$531	1.6%	\$497
Grays Harbor	3.3%	\$451	2.8%	\$470
King	7.2%	\$841	5.3%	\$860
Kitsap	7.1%	\$735	5.0%	\$765
Kittitas	3.6%	\$585	1.4%	\$595
Lewis	0.0%	\$503	4.6%	\$501
Pierce	8.2%	\$678	4.9%	\$704
Skagit	9.8%	\$688	7.1%	\$696
Snohomish	7.7%	\$744	5.8%	\$762
Spokane	5.3%	\$548	4.1%	\$559
Thurston	6.1%	\$682	4.4%	\$714
Walla Walla	3.0%	\$434	4.3%	\$438
Whatcom	4.3%	\$666	3.3%	\$701
Whitman	1.1%	\$574	3.8%	\$576
Yakima	5.2%	\$468	4.4%	\$519
STATEWIDE	6.9%	\$753	5.3%	\$769