

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 four 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 47.5 percent; however, individual local market response rates ranged widely. While a 50 percent 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	September 2007 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,720	11,738	5,576	51.5%
Chelan/Douglas (Wenatchee)	3,525	182	3,472	738	24.8%
Clark (Vancouver)	20,500	3,402	23,046	13,310	57.8%
Cowlitz (Longview/Kelso)	4,808	512	5,187	883	17.0%
King (Seattle/Bellevue)	227,735	35,639	229,109	103,479	45.2%
Kitsap (Bremerton)	12,242	414	11,867	5,763	48.6%
Kittitas (Ellensburg)	2,538	0	2,500	1,545	61.8%

County	2000 Apartments (5+ units)	2000-2006 Apartment Construction	2007 Rental Apartments	September 2007 Survey Responses	Response Rate
Pierce (Tacoma)	48,509	5,531	52,332	30,499	58.3%
Skagit (Mt. Vernon/ Anacortes)	4,065	604	4,513	1,217	11.8%
Snohomish (Everett)	47,359	6,764	48,700	27,436	27.0%
Spokane	21,683	5,664	26,163	10,011	38.3%
Thurston (Olympia)	11,289	1,032	11,962	7,837	65.5%
Walla Walla	2,470	219	2,642	272	10.3%
Whatcom (Bellingham)	11,919	3,387	14,320	2,887	20.2%
Whitman (Pullman)	4,270	1,254	5,421	4,228	78.0%
Yakima	7,441	224	7,335	1,925	26.2%
STATEWIDE	430,265	66,542	462,314	219,613	47.5%

Market Summary

The statewide vacancy rate for the fall of 2007 was 3.8 percent, 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 wave of foreclosures currently plaguing the national housing market is expected to further benefit the rental apartment market. The national apartment vacancy rate for the third quarter of 2007 was 10.4 percent, still representing a relatively high vacancy by historical standards, but below the cyclical high of just under 12 percent from late 2003 through mid-2004. Comparison to the year-ago statistic is most meaningful since no seasonal differences should be present. That national comparison reveals no net change in vacancies. Meanwhile, the apartment market in Washington declined 0.8 percent from a much lower starting base.

On a local level, the vacancy rate improved most in Walla Walla County, which reported a 0.4 percent vacancy, but the number of units participating in the fall survey was significantly fewer than in recent periods. Pierce County saw the vacancy rate decline by 3.8 percent to 3.6 percent of reporting units. On the other extreme, the vacancy rate increased significantly in Kittitas County (Ellensburg) which reported a 7.8 percent vacancy, highest among the reported markets. The next largest vacancy increase was 1.8 percent in Whatcom County.

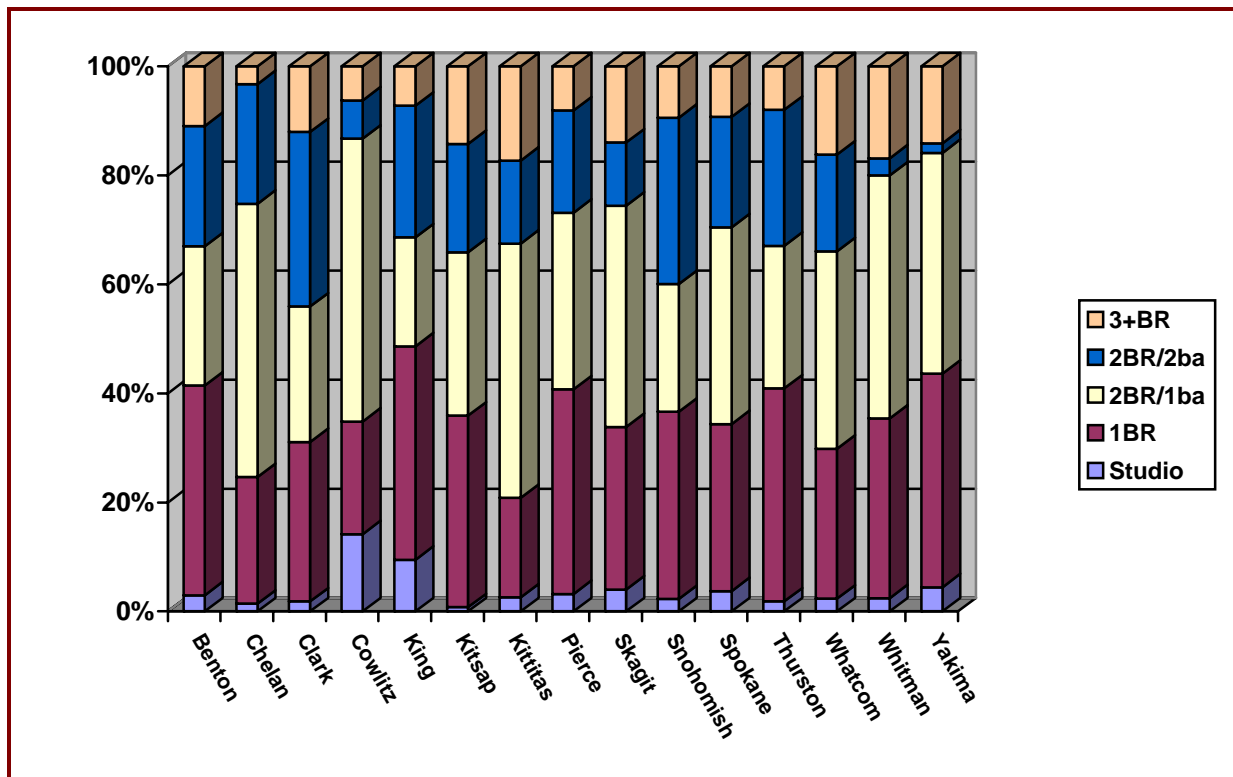
Average rents ranged from a low of \$497 in Walla Walla County to a high of \$1,001 in King County. Since the largest share of apartments are located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$878 is closer to the prevailing level in Seattle than it is to the average rent in Walla Walla. The statewide average rent increased by 8.3 percent in the last year, a considerable rise from the previous two-year increase of 3.7 percent.

Summary Apartment Market Statistics—September 2007

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	850	\$605	5,576	340	6.1%
Chelan/Douglas	856	\$661	738	13	1.8%
Clark (Vancouver)	890	\$738	13,310	385	2.9%
Cowlitz (Longview/Kelso)	840	\$538	883	26	2.9%
King (Seattle/Bellevue)	n/a	\$1,001	103,479	3,932	3.8%
Kitsap (Bremerton)	n/a	\$802	5,763	254	4.4%
Kittitas (Ellensburg)	732	\$699	1,545	120	7.8%
Pierce (Tacoma)	n/a	\$771	30,499	1,098	3.6%
Skagit (Mt. Vernon/Anacortes)	825	\$725	1217	49	4.0%
Snohomish (Everett)	n/a	\$912	27,436	1,097	4.0%
Spokane	828	\$619	10,011	310	3.1%
Thurston (Olympia)	n/a	\$776	7,837	235	3.0%
Walla Walla	763	\$497	272	1	0.4%
Whatcom (Bellingham)	812	\$719	2,887	58	2.0%
Whitman (Pullman)	710	\$630	4,228	220	5.2%
Yakima	772	\$533	1,925	75	3.9%
STATEWIDE	n/a	\$878	217,615	8,338	3.8%

The WCRER survey solicits information about the average size of units within each apartment complex. The smallest apartment units are found in Whitman County where the average size is 710 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 890 square feet. While these aggregate statistics are interesting, it is important to compare similar types of properties across the markets. As illustrated in the following graph, 1-bedroom or 2-bedroom/1-bath units are most prevalent in virtually all communities, and will be the basis of subsequent comparisons.

Composition of Apartment Market Selected Washington Communities, September 2007



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 prevalent in Benton and Thurston counties, while units with three or more bedrooms are most significant in Kitsap and Whitman counties.

1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 36.2% of all the units in the WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units declined in September to 3.4 percent, compared to 4.0 percent a year ago. The average rent for 1-bedroom units increased by 98 dollars from last September to \$777. Vacancy rates varied from county to county throughout the state, with four counties still reporting fewer than 2.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these units was 6.0 percent in Benton/Franklin County. Average rent also ranged widely from a low of \$427 in Yakima County to a high of \$898 in urban King County. The average size 1-bedroom unit was 687 square feet. The largest 1-bedroom apartments were found in Snohomish County where the average size was 727 square feet, while in Whitman County the average 1-bedroom unit was only 546 square feet, roughly 25 percent smaller.

Apartment Summary Characteristics — September 2007 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	704	\$508	6.0%
Chelan/Douglas	681	\$559	0.6%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Clark	687	\$636	2.8%
Cowlitz	638	\$489	5.0%
King	691	\$898	3.4%
Kitsap	664	\$671	3.2%
Kittitas	585	\$499	1.4%
Pierce	679	\$652	3.3%
Skagit	718	\$656	4.4%
Snohomish	727	\$785	4.0%
Spokane	668	\$520	2.6%
Thurston	686	\$679	2.7%
Walla Walla	600	\$435	0.0%
Whatcom	606	\$622	1.9%
Whitman	546	\$462	3.1%
Yakima	554	\$427	3.7%
STATEWIDE	687	\$777	3.4%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1bath apartment, which accounted for 25.1% of all the units covered by survey responses. Average rent for a 2-bedroom/1-bath apartment was \$802, a \$51 (6.8%) increase from the survey conducted last fall. Average rents for 2-bedroom/1-bath units ranged from \$525 in Walla Walla to \$934 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state declined 1.4 percent since last September, with the current level at 3.9%. Vacancy rates ranged from a high of 11.8% in Kittitas County to a low of 0.6% in Walla Walla County. In terms of unit size, Snohomish County had the largest average size in the state (893 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (716 sq. ft.).

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

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	878	\$595	6.9%
Chelan/Douglas	868	\$660	1.2%
Clark	861	\$685	2.4%
Cowlitz	811	\$557	2.2%
King	805	\$934	3.9%
Kitsap	858	\$772	5.2%
Kittitas	716	\$678	11.8%
Pierce	876	\$753	3.7%
Skagit	875	\$706	3.4%
Snohomish	893	\$857	3.6%
Spokane	853	\$617	3.4%
Thurston	846	\$736	3.6%
Walla Walla	816	\$525	0.6%
Whatcom	855	\$694	1.7%
Whitman	729	\$617	5.6%
Yakima	815	\$561	2.8%
STATEWIDE	838	\$802	3.9%

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 September 2006 and September 2007 surveys are shown in the following table. The statewide vacancy rate over the last year has declined a significant 0.8 percentage points while the average rent of apartment units increased by \$67 (8.3%). Snohomish County had the largest increase in rent over the last year with a \$99 increase (12.2%). Walla Walla was the only county to experience a drop in average rent, decreasing by \$8 over the last year (1.6%).

Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2006		September 2007	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	9.8%	\$578	6.9%	\$595
Chelan/Douglas	1.0%	\$633	1.8%	\$661
Clark	3.0%	\$708	2.9%	\$738
Cowlitz	2.3%	\$520	2.9%	\$538
King	4.2%	\$920	3.8%	\$1,001
Kitsap	3.0%	\$768	4.4%	\$802
Kittitas	2.0%	\$634	7.8%	\$699
Pierce	7.4%	\$736	3.6%	\$771
Skagit	7.0%	\$718	4.0%	\$725
Snohomish	3.9%	\$813	4.0%	\$912
Spokane	3.9%	\$579	3.1%	\$619
Thurston	4.6%	\$717	3.0%	\$776
Walla Walla	4.3%	\$505	0.4%	\$497
Whatcom	3.8%	\$694	2.0%	\$719
Whitman	6.4%	\$620	5.2%	\$630
Yakima	2.8%	\$500	3.9%	\$533
STATEWIDE	4.6%	\$811	3.8%	\$878

Washington Center for Real Estate Research/Washington State University

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