

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 along with conducting research in two 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 was re-estimated in March using data from Census 2000 along with building permit data collected by the U.S. Bureau of the Census for the last two 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 still uses 1990 Census proportions since the Census 2000 data on this topic is not yet available.

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 50.0%, somewhat higher than the Spring survey. However, individual local market response rates ranged widely. While a 50.0% 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. Collectively, these reasons make it difficult for the response rate to exceed 50 percent of the rental units in many local markets.

WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2001 Apartment Construction	2002 Rental Apartments	Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	234	10,290	6,305	61.3%
Chelan/Douglas (Wenatchee)	3,525	47	3,423	1,243	36.3%
Clark (Vancouver)	20,500	841	20,893	12,056	57.7%
Cowlitz (Longview/Kelso)	4,808	267	4,946	1,128	22.8%
Grant (Moses Lake)	1,976	--	1,936	662	34.2%
King (Seattle/Bellevue)	227,735	11,643	217,842	105,653	48.5%
Kitsap	12,242	10	11,626	5,812	50.0%

(Bremerton)					
Kittitas	2,538	--	2,512	1,629	64.8%
(Ellensburg)					
Pierce	48,509	1,840	49,160	29,571	60.2%
(Tacoma)					
Skagit (Mt. Vernon/Anacortes)	4,065	200	4,117	638	15.5%
Snohomish	47,359	3,328	47,363	29,299	61.9%
(Everett)					
Spokane	21,683	1,291	29,873	10,714	35.9%
Thurston	11,289	114	11,140	6,392	57.4%
(Olympia)					
Whatcom	11,919	836	11,981	1,843	15.4%
(Bellingham)					
Whitman	4,270	203	4,345	3,793	87.3
(Pullman)					
Yakima	7,441	65	7,218	2,556	35.4
STATEWIDE	440,294	20,919	438,665	219,294	50.0

Market Summary

The statewide vacancy rate for the fall was 6.6%, identical to the Spring report, but noticeably higher than last fall. Comparison to the year-ago statistic is most meaningful since no seasonal differences should be present. Snohomish County saw the largest increase in the vacancy rate, an increase of 2.9 percent to 8.6%, the highest recorded vacancy among the 18 counties studied. King County's vacancy also increased substantially to 7.4%, but retreated a bit from the springtime. In both of those Central Puget Sound communities, the surge in vacancies can be attributed to new construction entering the effective inventory, reduced levels of job creation and continued pressure from renters taking advantage of low interest rates to become homeowners. At the other extreme, vacancy was lowest in Whitman County where a record enrollment at Washington State University filled apartments quickly. Kittitas County (Ellensburg, Central Washington University) and Whatcom County (Bellingham, Western Washington University) showed similar collegiate strength.

Average rents ranged from a low of \$446 in Yakima County to a high of \$866 in King County. Both averages were lower than a year ago. 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 \$762 is closer to the prevailing level in Seattle than it is to Yakima's average rent.

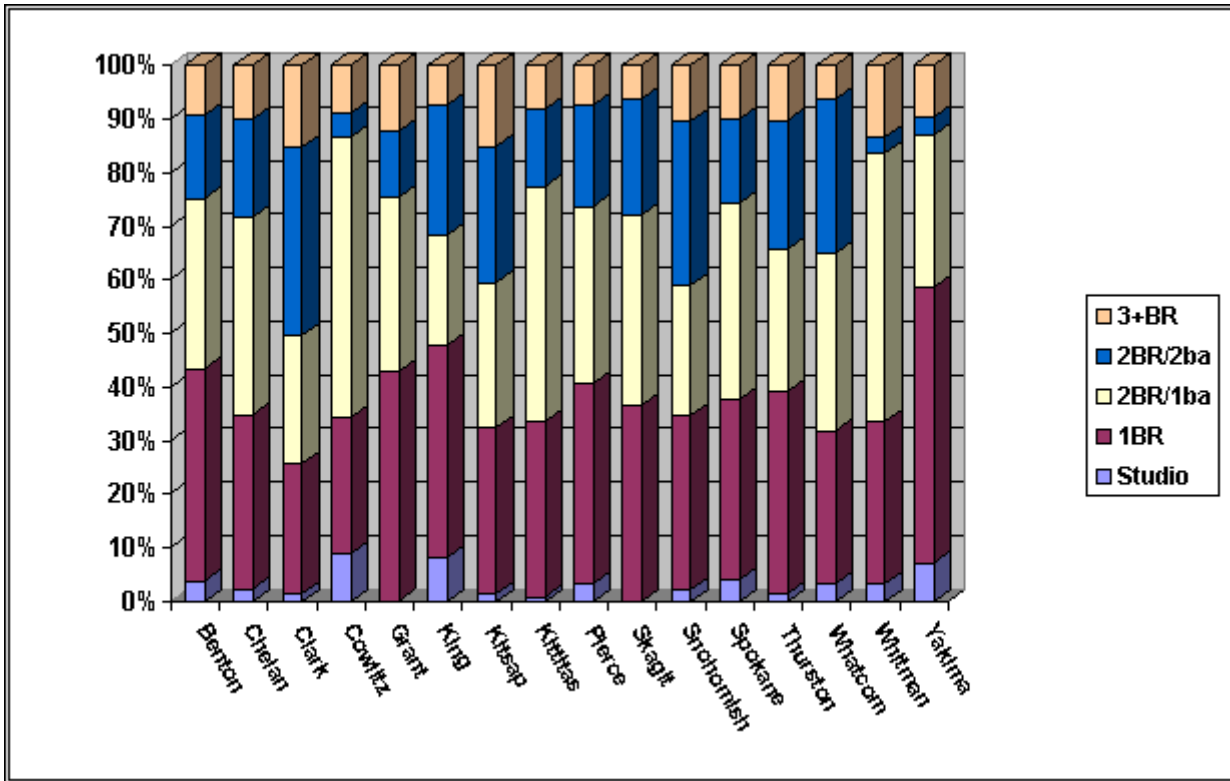
Summary Apartment Market Statistics – September 2002

Market (County)	Average Size	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	777 sq. ft.	\$598	6,305	214	3.4%
Chelan/Douglas (Wenatchee)	788 sq. ft.	\$528	1,243	78	6.3%
Clark (Vancouver)	921 sq. ft.	\$663	12,056	555	4.6%
Cowlitz (Longview/Kelso)	789 sq. ft.	\$497	1,128	67	5.9%
Grant (Moses Lake)	770 sq. ft.	\$471	662	28	4.2%
King (Seattle/Bellevue)	N/A	\$866	105,653	7,818	7.4%
Kitsap (Bremerton)	N/A	\$705	5,812	157	2.7%
Kittitas (Ellensburg)	725 sq. ft.	\$516	1,629	47	2.9%
Pierce (Tacoma)	N/A	\$649	29,571	1,774	6.0%
Skagit (Mt. Vernon/Anacortes)	N/A	\$678	638	20	3.1%
Snohomish (Everett)	N/A	\$795	29,299	2,490	8.5%
Spokane	849 sq. ft.	\$516	10,714	643	6.0%
Thurston (Olympia)	N/A	\$657	6,392	281	4.4%
Whatcom (Bellingham)	N/A	\$654	1,843	48	2.6%
Whitman (Pullman)	749 sq. ft.	\$534	3,793	61	1.6%
Yakima	689 sq. ft.	\$446	2,556	120	4.7%
STATEWIDE	N/A	\$759	219,294	14,401	6.6%

The WCRER survey includes the average size of units within each apartment complex. The smallest apartment units are found in Kittitas County where the average size is 725 sq. ft. The largest apartments are found in Clark

County where the average apartment is a significantly larger 921 sq. ft. While these aggregate statistics are interesting, it is important to compare similar types of properties across the markets. Since most apartments are either 1-bedroom or 2-bedroom, 1-bath units, as illustrated in the accompanying graphic, those unit types will be analyzed in more detail in the concluding pages of this article.

Composition of Apartment Market Selected Washington Communities, September 2002



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 Clark, Kitsap and Whitman counties, but the similarity among those markets is unclear.

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 rose from 4.6% last fall to 6.1% for the current survey. This is somewhat below the Spring 2002 level, however. The average rent for 1-bedroom units was virtually unchanged, declining from \$662 last fall to \$661 in September, 2002. Rents for 1-bedroom apartments are essentially unchanged from six months ago. Vacancy rates varied from county to county throughout the state, with Whitman County having the lowest rate at 0.5%. The highest vacancy rate for these small units was 7.5% in Snohomish County, a level somewhat below six months ago. Average rent also ranged widely from a low of \$360 in Grant County to \$763 in urban King County. The average size for a 1-bedroom unit was 670 sq. ft. The largest 1-bedroom apartments were found in Spokane County where the average size was 762 sq. ft., while in Grant County the average size 1-bedroom unit was a tiny 504 sq. ft.

Apartment Summary Characteristics – September 2002 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	632	\$509	2.0%

Chelan/Douglas	576	\$451	5.2%
Clark	691	\$567	4.1%
Cowlitz	662	\$445	3.1%
Grant	504	\$360	4.2%
King	665	\$763	6.9%
Kitsap	681	\$585	2.3%
Kittitas	603	\$407	5.8%
Pierce	671	\$543	5.4%
Skagit	636	\$586	1.8%
Snohomish	717	\$674	7.5%
Spokane	762	\$434	6.6%
Thurston	671	\$570	4.7%
Whatcom	665	\$548	2.5%
Whitman	550	\$396	0.5%
Yakima	572	\$409	3.2%
STATEWIDE	670	\$661	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 25.3% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$710, a \$7 increase from the survey conducted last fall (1.0%). Average rents for 2-bedroom/1-bath units ranged from \$494 to \$601 in Eastern Washington, and from \$513 to \$839 west of the Cascades. The vacancy rate for 2-bedroom/1-bath units throughout the state rose to 6.6% compared to 4.3% last fall. Vacancy rates ranged from a high of 8.4% in Snohomish County to a low of 1.8% in Kittitas County. In terms of unit size, Benton/Franklin had the largest average size in Eastern Washington (882 sq. ft.) while the largest average size 2- bedroom/1-bath apartment in Western Washington is found in Whatcom County (891 sq. ft.). The smallest 2-bedroom/1-bath apartments were in Kittitas and King counties (732 and 807 sq. ft., respectively).

Apartment Summary Statistics – September 2002 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	882	\$601	4.5%
Chelan/Douglas	836	\$531	7.2%
Clark	886	\$607	4.5%
Cowlitz	834	\$513	6.6%
Grant	852	\$497	4.6%
King	807	\$837	7.6%
Kitsap	866	\$672	3.1%
Kittitas	732	\$552	1.8%
Pierce	879	\$645	6.8%
Skagit	871	\$696	1.8%
Snohomish	878	\$746	8.4%
Spokane	846	\$531	6.5%
Thurston	850	\$635	3.9%
Whatcom	891	\$659	2.0%
Whitman	797	\$547	2.4%
Yakima	807	\$494	6.1%
STATEWIDE	838	\$710	6.6%

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 2001 and September 2002 surveys are shown in the following table. The statewide vacancy rate over the last year has gone up 1.4% while the average rent of apartment units declined \$3. Kitsap County had the largest increase in rent over the last year with a \$58 increase (9.0%), while the average rent in Yakima County declined \$34 (-7.1%) over the past year. The largest increase in the overall vacancy rate was in Snohomish County where the rate jumped from 5.6% to 8.5% over the past year, while Kittitas County exhibited the biggest decline in vacant units.

Vacancy Rate and Average Rent Comparisons – September Surveys

Counties	September 2001		September 2002	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	2.0%	\$576	3.4%	\$598
Chelan/Douglas	7.0%	\$543	6.3%	\$528
Clark	3.4%	\$637	4.6%	\$663
Cowlitz	6.6%	\$491	5.9%	\$497
Grant	7.2%	\$469	4.2%	\$471
King	5.4%	\$880	7.4%	\$866
Kitsap	5.0%	\$647	2.7%	\$705
Kittitas	7.1%	\$499	2.9%	\$516
Pierce	5.2%	\$618	6.0%	\$649
Skagit	3.5%	\$703	3.1%	\$678
Snohomish	5.6%	\$799	8.5%	\$795
Spokane	5.2%	\$522	6.0%	\$516
Thurston	3.3%	\$616	4.4%	\$657
Whatcom	3.2%	\$625	2.6%	\$654
Whitman	3.4%	\$552	1.6%	\$534
Yakima	5.2%	\$480	4.7%	\$446
STATEWIDE	5.1%	\$762	6.6%	\$759

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