

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 Apartment Advisors (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 10 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. Because of significant condominium development and conversion during the last decade, the rental estimates may be a bit high.

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 52.0%. However, individual local market response rates ranged widely. While a 52% 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, but the total number of rental units includes both subsidized and market rate properties. 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.

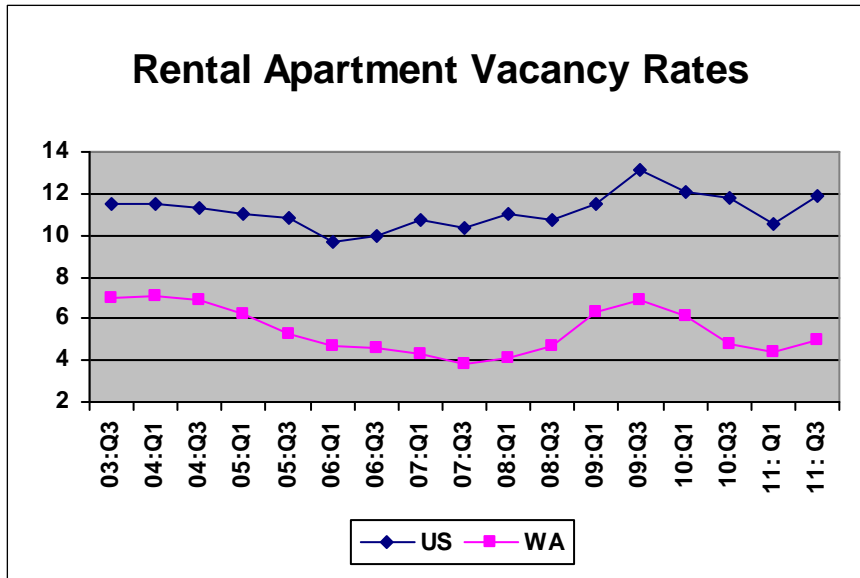
WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2010 Apartment Construction	2011 Rental Apartments	September 2011 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	2,388	12,310	5959	48%
Chelan/Douglas (Wenatchee)	3,525	458	3,719	970	26%
Clark (Vancouver)	20,500	4,346	23,802	14036	59%
Cowlitz (Longview/Kelso)	4,808	595	5,246	1169	22%
King (Seattle/Bellevue)	227,735	59,715	246,201	125618	51%
Kitsap (Bremerton)	12,242	764	12,079	6496	54%

County	2000 Apartments (5+ units)	2000-2010 Apartment Construction	2011 Rental Apartments	September 2011 Survey Responses	Response Rate
Kittitas (Ellensburg)	2,538	36	2,522	1,453	58%
Pierce (Tacoma)	48,509	7,468	53,956	35,839	66%
Skagit (Mt. Vernon/Anacortes)	4,065	654	4,538	1,485	33%
Snohomish (Everett)	47,359	8,897	50,017	30,542	61%
Spokane	21,683	9,100	29,259	10,581	36%
Thurston (Olympia)	11,289	1,895	12,756	9,175	72%
Walla Walla	2,470	227	2,640	444	17%
Whatcom (Bellingham)	11,919	3,837	14,625	3,254	22%
Whitman (Pullman)	4,270	1,444	5,595	4,457	80%
Yakima	7,441	843	7,850	2,016	26%
STATEWIDE	440,788	102,667	487,115	25,3497	52%

Market Summary

The statewide vacancy rate for Fall 2011 was 5.0 percent reflecting an increase from Fall 2010 which registered at 4.8 percent. 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 thereafter resulted in a modest recent increase in rental vacancies. The national vacancy rate in multifamily projects decreased to 11.8 percent in the third quarter of 2010, but then increased slightly to 11.9 in the third quarter of 2011, still substantially above the Washington level. During the worst of the recession, many rental prospects found different ways of saving money, primarily



by adding more roommates per unit or moving in with relatives. As word of the "recovery" spread, and frustration with cramped quarters increased, some of the doubling-up began to unwind, resulting in decreased vacancy in many markets.

Moreover, persistently high foreclosures are forcing former homeowners back to the ranks of renters, often with the intention of remaining a renter long term. These factors have caused decrease in average vacancies, not only across the state but across the

country as well.

Whitman County saw the greatest improvement in the vacancy rate over the last year, a drop from 4.3 percent to 1.4 percent. Meanwhile, nine counties recorded increased vacancies, led by a 4.1 percentage point increase in Thurston County. The highest recorded vacancy among the 18 counties studied was 9.6% in Kitsap County, while Whitman County had the least vacancy (1.4%).

Average rents ranged from a low of \$583 in Yakima County to a high of \$1,086 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 \$952 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima. The statewide average rent increased by 4.3 percent in the last year. These stable rents are consistent with a market which has become more balanced in the last year.

Summary Apartment Market Statistics—September 2011

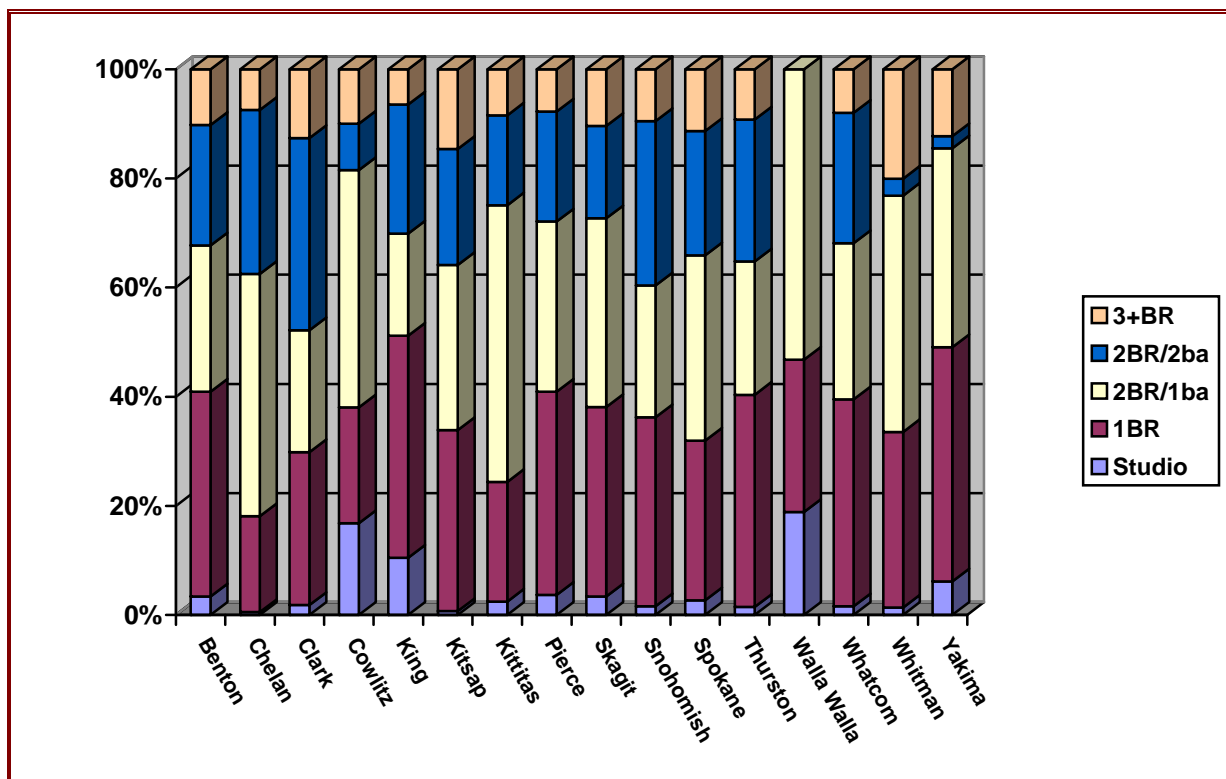
Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	833	\$745	5,959	316	5.3%
Chelan/Douglas (Wenatchee)	833	\$715	970	35	3.6%
Clark (Vancouver)	920	\$803	14,036	505	3.6%
Cowlitz (Longview/Kelso)	794	\$609	1,169	46	3.9%
King (Seattle/Bellevue)	n/a	\$1,086	125,618	5,904	4.7%
Kitsap (Bremerton)	n/a	\$880	6,496	624	9.6%
Kittitas (Ellensburg)	727	\$709	1,453	33	2.3%
Pierce (Tacoma)	n/a	\$827	35,839	2,222	6.2%
Skagit (Mt. Vernon/Anacortes)	848	\$748	1,485	97	6.5%
Snohomish (Everett)	n/a	\$922	30,542	1,558	5.1%
Spokane	845	\$689	10,581	624	5.9%
Thurston (Olympia)	n/a	\$846	9,175	679	7.4%
Walla Walla	793	\$590	444	9	2.0%
Whatcom (Bellingham)	806	\$782	3,254	72	2.2%
Whitman (Pullman)	778	\$723	4,457	62	1.4%
Yakima	723	\$583	2,016	101	5.0%
STATEWIDE	n/a	\$952	253,494	12,790.2	5.0%

The WCRER survey includes the average size of units within each apartment complex. The smallest apartment units are found in Yakima County where the average size is 723 square feet. The largest apartments are found in Clark County where the average apartment is a significantly larger 920 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 following graphic clearly illustrates the differences in the composition of the apartment market from community to community. Studio apartments are more 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 Thurston, King and Yakima counties, while units with three or more bedrooms are most significant in Whitman and Kittitas counties, where student renters may choose to share large units to save money.

Composition of Apartment Market Selected Washington Communities, September 2011



1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37.0% of all the units in the combined WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units in September is unchanged from the vacancy a year ago, which was 4.6 percent. The average rent for 1-bedroom units increased by about 35 dollars from last September to \$853. Vacancy rates varied from county to county throughout the state, with five counties reporting fewer than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 8.0 percent in Kitsap County. Average rent also ranged widely from a low of \$511 in Whitman County to \$983 in urban King County. The average size for a 1-bedroom unit was 678 square feet. The largest 1-bedroom apartments were found in Clark County where the average size was 694 square feet, while in Kittitas County the average 1-bedroom unit was only 564 square feet, roughly 23 percent smaller.

Apartment Summary Characteristics — September 2011 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	678	\$649	5.1%
Chelan/Douglas	670	\$606	2.8%
Clark	694	\$665	3.0%
Cowlitz	618	\$563	3.5%
King	687	\$983	4.1%
Kitsap	662	\$748	8.0%
Kittitas	564	\$550	2.3%
Pierce	664	\$704	5.4%
Skagit	630	\$680	3.8%
Snohomish	691	\$795	5.2%
Spokane	662	\$582	6.5%
Thurston	670	\$730	6.7%
Walla Walla	617	\$514	0.7%
Whatcom	628	\$704	1.4%
Whitman	577	\$511	0.8%
Yakima	612	\$531	4.3%
STATEWIDE	678	\$853	4.6%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 23.7% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$873, a \$14 (1.6%) decrease from the Fall 2010 survey. Average rents for 2-bedroom/1-bath units ranged from \$605 in Yakima County to \$1,019 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state increased from last September, with the current reading 5.5 percent, compared to 5.1 percent last fall. Vacancy rates ranged from a high of 9.7% in Kitsap County to a low of 1.8% in Whitman County. In terms of unit size, Clark County had the largest average size in the state (891 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (708 sq. ft.).

Apartment Summary Statistics — September 2011 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	870	\$754	4.8%
Chelan/Douglas	856	\$706	5.7%
Clark	891	\$725	3.5%
Cowlitz	839	\$626	4.6%
King	871	\$1,019	4.9%
Kitsap	865	\$848	9.7%
Kittitas	708	\$739	2.8%
Pierce	867	\$806	7.4%
Skagit	889	\$752	5.8%
Snohomish	882	\$873	4.6%
Spokane	837	\$668	7.0%
Thurston	849	\$815	8.3%
Walla Walla	825	\$638	2.0%
Whatcom	871	\$770	2.9%
Whitman	770	\$694	1.8%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Yakima	810	\$605	5.2%
STATEWIDE	863	\$873	5.5%

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 2010 and September 2011 surveys are shown in the following table. The statewide vacancy rate over the last year has increased slightly from 4.8 percent to 5.0 percent. In the face of stable vacancies it comes as no surprise that property managers are adjusting asking rents upward to reflect continuing demand. Average rents across markets increased \$39 (4.3%), compared to a 0.3% increase in 2010. Yakima had the largest percentage increase in rent over the last year with a 7.2 percent (\$39) increase. Meanwhile the largest decline in rent came from Benton/Franklin Counties where average rents fell 2.5 percent (\$19). Most analysts agree that multifamily rental housing will remain the strongest segment of the housing market during 2012.

Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2010		September 2011	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	1.5%	\$764	5.3%	\$745
Chelan/Douglas	4.0%	\$718	3.6%	\$715
Clark	3.1%	\$751	3.6%	\$803
Cowlitz	5.8%	\$598	3.9%	\$609
King	4.9%	\$1,033	4.7%	\$1,086
Kitsap	6.4%	\$861	9.6%	\$882
Kittitas	1.2%	\$670	2.3%	\$709
Pierce	5.0%	\$819	6.2%	\$827
Skagit	7.2%	\$741	6.5%	\$748
Snohomish	5.7%	\$871	5.1%	\$922
Spokane	6.5%	\$663	5.9%	\$689
Thurston	3.3%	\$820	7.4%	\$846
Walla Walla	1.1%	\$572	2.0%	\$590
Whatcom	1.6%	\$746	2.2%	\$782
Whitman	4.3%	\$680	1.4%	\$723
Yakima	2.7%	\$544	5.0%	\$583
STATEWIDE	4.8%	\$913	5.0%	\$952

Washington Center for Real Estate Research/Washington State University

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