

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. Beginning in Spring 2007 WCRER extended its survey to Skagit and Whatcom counties, areas previously included in D+S research efforts.

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 eight 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 middle years of this 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 49.5%. 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, 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

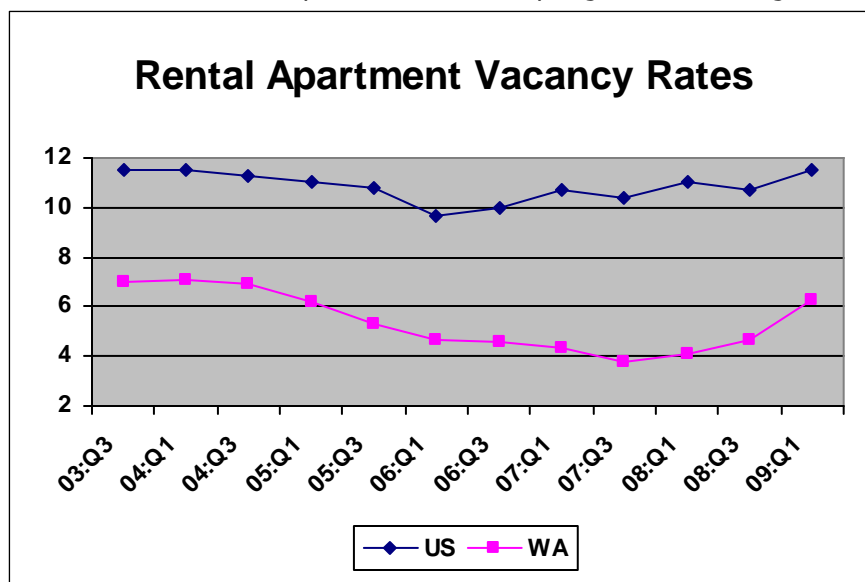
County	2000 Apartments (5+ units)	2000-2008 Apartment Construction	2008 Rental Apartments	March 2009 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,931	11,871	5,839	49.2%
Chelan/Douglas (Wenatchee)	3,525	439	3,706	976	26.3%
Clark (Vancouver)	20,500	4,082	23,599	13,405	57.0%
Cowlitz (Longview/Kelso)	4,808	595	5,246	935	18.0%
King (Seattle/Bellevue)	227,735	50,247	239,065	113,401	47.4%

County	2000 Apartments (5+ units)	2000-2008 Apartment Construction	2008 Rental Apartments	March 2009 Survey Responses	Response Rate
Kitsap (Bremerton)	12,242	588	11,932	6,118	51.3%
Kittitas (Ellensburg)	2,538	18	2,509	1,604	64.0%
Pierce (Tacoma)	48,509	7,096	53,659	33,628	62.7%
Skagit (Mt. Vernon/ Anacortes)	4,065	629	4,520	1,395	31.0%
Snohomish (Everett)	47,359	8,183	49,487	29,638	59.9%
Spokane	21,683	7,353	27,875	10,035	36.0%
Thurston (Olympia)	11,289	1,683	12,583	8,754	69.6%
Walla Walla	2,470	227	2,640	480	18.2%
Whatcom (Bellingham)	11,919	3,704	14,529	3,172	21.8%
Whitman (Pullman)	4,270	1,418	5,569	4,344	78.0%
Yakima	7,441	432	7,495	1,949	26.0%
STATEWIDE	440,788	88,625	476,285	235,673	49.5%

Market Summary

The statewide vacancy rate for the spring was 6.3%, up from 4.1% in the first quarter of last year, reflecting a downturn in the Washington apartment market. Some readers may be surprised that the rental vacancy rate would be increasing during a recession, especially one led by a near-collapse of the single-family sales market and surging delinquencies and foreclosures, forcing residents from their homes. The answer lies in a significant number of new rental units entering the market at a time that migration has slowed. This is coupled with tenants opting for unsold single-family homes rather than apartments,

and groups of renters sharing units rather than renting individually.



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 in the last year has resulted in a modest recent increase in rental vacancies. The 10.7 percent national vacancy rate in multifamily projects is substantially above the Washington level. Rental

prospects are mixed, with potential investors buying up property from the significant decline in prices due to the economic conditions; others find that tougher mortgage lending requirements make homeownership infeasible at the present time. Unsold single-family homes and condominiums in some markets present other options for renters and competition to traditional rental apartments.

Whitman County saw the greatest improvement in the vacancy rate, a drop from 8.2 percent to 4.4 percent. Meanwhile, 13 counties recorded increased vacancies, led by a 4.4 percent increase in Kitsap County. The highest recorded vacancy among the 18 counties studied was 8.6% in Kitsap County, while Cowlitz County (Longview) had the lowest vacancy rate (2.8%).

Average rents ranged from a low of \$506 in Yakima County to a high of \$1,065 in King County. Since the largest share of apartments is located in the more expensive urban communities, it comes as no surprise that the statewide average rent of \$930 is closer to the prevailing level in Seattle than it is to the average rent in Yakima. The statewide average rent increased by 3.7 percent in the last year, easily exceeding the year's inflation rate.

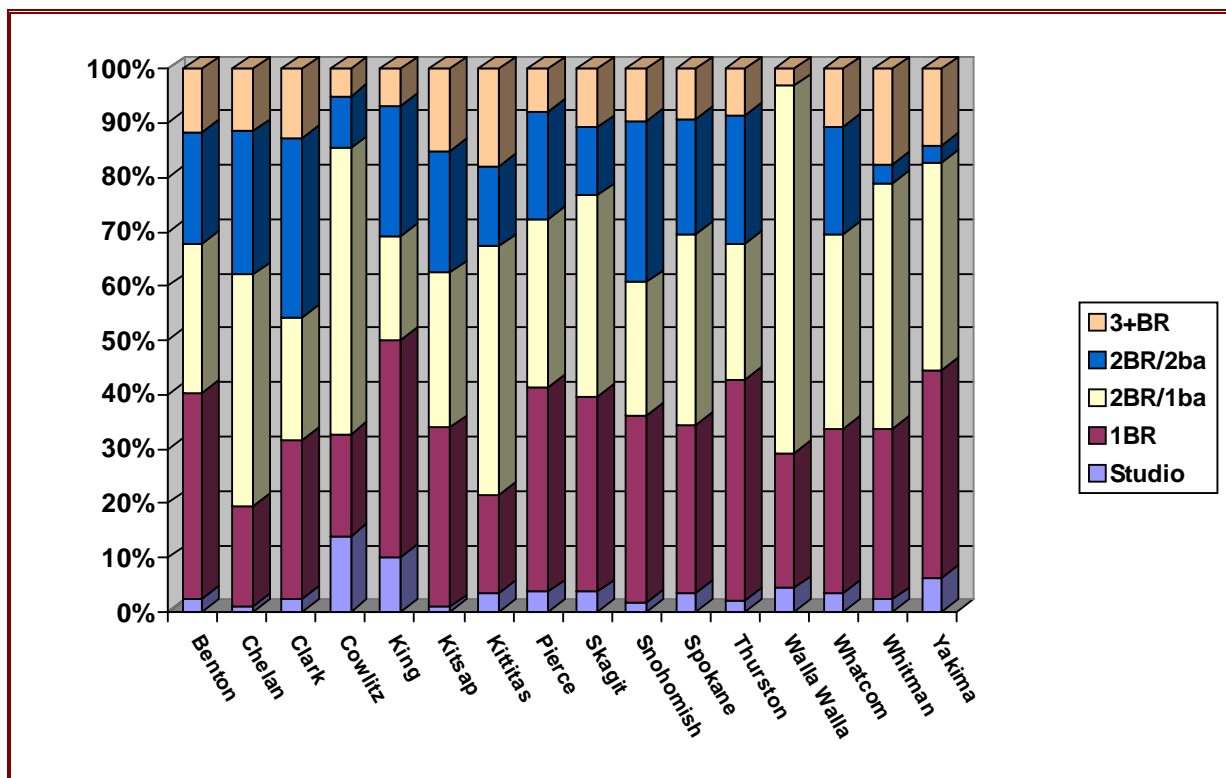
Summary Apartment Market Statistics—March 2009

Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	842	\$656	5,839	169	2.9%
Chelan/Douglas (Wenatchee)	845	\$712	936	43	4.4%
Clark (Vancouver)	887	\$741	13,405	643	4.8%
Cowlitz (Longview/Kelso)	803	\$573	935	26	2.8%
King (Seattle/Bellevue)	n/a	\$1,065	113,401	7,711	6.8%
Kitsap (Bremerton)	n/a	\$851	6,118	526	8.6%
Kittitas (Ellensburg)	746	\$704	1,604	87	5.4%
Pierce (Tacoma)	n/a	\$829	33,628	2,018	6.0%
Skagit (Mt. Vernon/Anacortes)	788	\$728	1,395	95	6.8%
Snohomish (Everett)	n/a	\$949	29,638	2,015	6.8%
Spokane	843	\$639	10,035	552	5.5%
Thurston (Olympia)	n/a	\$826	8,754	464	5.3%
Walla Walla	926	\$624	480	14	2.9%
Whatcom (Bellingham)	813	\$742	3,172	102	3.2%
Whitman (Pullman)	709	\$629	4,344	191	4.4%
Yakima	773	\$506	1,949	92	4.7%
STATEWIDE	n/a	\$930	235,633	14,748	6.3%

The WCRER survey includes the average size of units within each apartment complex. The smallest apartment units are found in Whitman County where the average size is 709 square feet. The largest apartments are found in Walla Walla County where the average apartment is a significantly larger 926 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 King 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 Benton/Franklin, Yakima, King and Thurston counties, while units with three or more bedrooms are most significant in Kittitas and Whitman County, where student renters may choose to share large units to save money.

Composition of Apartment Market Selected Washington Communities, March 2009



1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37.1% of all the units in the combined WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units increased in March to 5.9 percent, compared to 3.6 percent a year ago. The average rent for 1-bedroom units increased by about 40 dollars from last March to \$832. Vacancy rates varied from county to county throughout the state, with only four counties reporting no more than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 8.3 percent in Skagit County. Average rent also ranged widely from a low of \$477 in Whitman County to \$961 in urban King County. The average size for a 1-bedroom unit was 703 square feet. The largest 1-bedroom apartments were found in Snohomish County where the average size was 722 square feet, while in Whitman County the average 1-bedroom unit was only 561 square feet, roughly 22 percent smaller.

Apartment Summary Characteristics — March 2009 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	705	\$578	3.4%
Chelan/Douglas	681	\$599	2.2%
Clark	683	\$635	4.9%
Cowlitz	634	\$503	3.4%
King	686	\$961	6.4%
Kitsap	675	\$715	7.0%
Kittitas	615	\$531	7.6%
Pierce	680	\$707	5.4%
Skagit	626	\$666	8.3%
Snohomish	722	\$823	6.5%
Spokane	673	\$538	5.9%
Thurston	675	\$715	4.3%
Walla Walla	675	\$499	2.8%
Whatcom	615	\$640	2.8%
Whitman	561	\$477	3.0%
Yakima	624	\$505	3.4%
STATEWIDE	703	\$832	5.9%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 24.5% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath apartment was \$855, a \$35 (4.3%) increase from the survey conducted last spring. Average rents for 2-bedroom/1-bath units ranged from \$581 in Yakima County to \$1,003 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state increased from last March, with the current reading 6.3%. Vacancy rates ranged from a high of 8.9% in Kitsap County to a low of 2.4% in Walla Walla and Skagit counties. In terms of unit size, Walla Walla County had the largest average size in the state (908 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (731 sq. ft.).

Apartment Summary Statistics — March 2009 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	886	\$644	2.9%
Chelan/Douglas	871	\$698	6.5%
Clark	867	\$710	5.5%
Cowlitz	810	\$593	3.0%
King	809	\$1,003	6.9%
Kitsap	866	\$805	8.9%
Kittitas	731	\$709	6.4%
Pierce	874	\$804	6.1%
Skagit	848	\$732	2.4%
Snohomish	894	\$903	7.5%
Spokane	858	\$638	5.3%
Thurston	836	\$794	5.3%
Walla Walla	908	\$624	2.4%
Whatcom	849	\$735	3.7%
Whitman	732	\$622	4.4%
Yakima	829	\$581	6.8%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
STATEWIDE	839	\$855	6.3%

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 March 2008 and March 2009 surveys are shown in the following table. The statewide vacancy rate over the last year has increased 2.2% while the average rent of apartment units increased by \$33 (3.7%). Benton/Franklin had the largest increase in rent over the last year with a \$49 increase (8.1%). This 8.1 percent was the largest percentage increase in rent from March 2008 to March 2009 as well. Meanwhile the average rent in Skagit, Whitman, and Yakima counties actually declined.

Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2008		March 2009	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	4.2%	\$607	2.9%	\$656
Chelan/Douglas	3.1%	\$680	4.4%	\$712
Clark	3.7%	\$721	4.8%	\$741
Cowlitz	1.6%	\$534	2.8%	\$573
King	4.1%	\$1,026	6.8%	\$1,065
Kitsap	4.2%	\$815	8.6%	\$851
Kittitas	6.6%	\$673	5.4%	\$704
Pierce	3.9%	\$800	6.0%	\$829
Skagit	2.7%	\$733	6.8%	\$728
Snohomish	4.8%	\$933	6.8%	\$949
Spokane	3.8%	\$622	5.5%	\$639
Thurston	3.2%	\$786	5.3%	\$826
Walla Walla	1.9%	\$582	2.9%	\$624
Whatcom	2.0%	\$730	3.2%	\$742
Whitman	8.2%	\$634	4.4%	\$629
Yakima	2.7%	\$526	4.7%	\$506
STATEWIDE	4.1%	\$897	6.3%	\$930

Washington Center for Real Estate Research/Washington State University

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