

Since 1996 the Washington Center for Real Estate Research (WCRER), first at Washington State University, now part of the Runstad Center for Real Estate Studies at the University of Washington, 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 focusing on markets outside the 5-county Seattle area in Washington. 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. Since the 2010 Census contains less information about housing, WCRER is developing new estimate of the inventory of rental apartments and the rental share of the overall apartment market using American Community Survey data.

The number of apartment units represented by the responses to the survey is compared to the total estimated 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 52.1 percent. However, individual local market response rates ranged widely. While a 52 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, but the total number of rental units includes both subsidized and market rate properties. Significantly, in smaller communities greater 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.

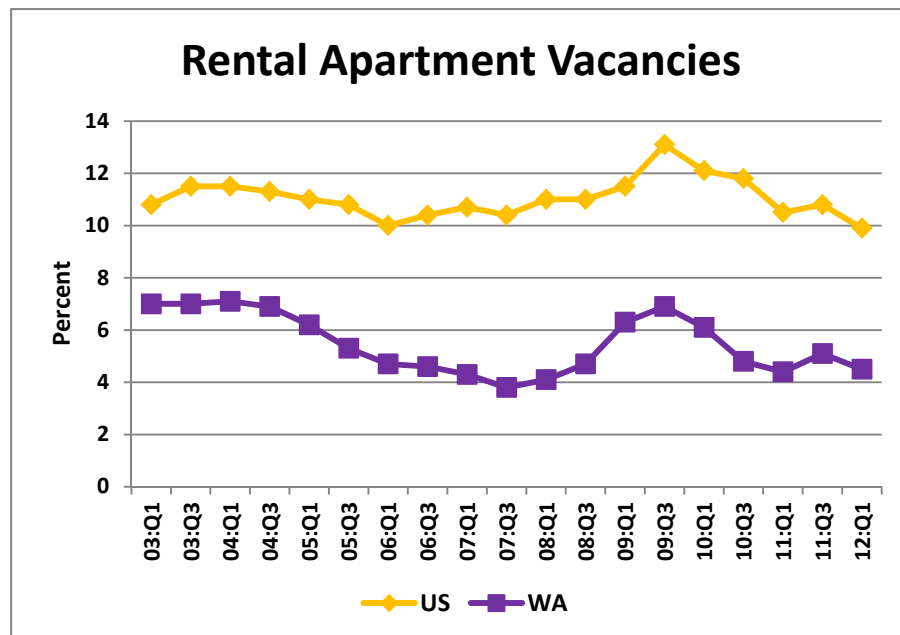
WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2011 Apartment Construction	2012 Rental Apartments	March 2012 Survey Responses	Response Rate (%)
Benton/Franklin (Tri-Cities)	10,435	2,742	12,650	5,958	47%
Chelan/Douglas (Wenatchee)	3,525	458	3,719	997	27%
Clark (Vancouver)	20,500	4,611	24,056	14,279	59%
Cowlitz (Longview/Kelso)	4,808	595	5,246	998	19%

County	2000 Apartments (5+ units)	2000-2011 Apartment Construction	2012 Rental Apartments	March 2012 Survey Responses	Response Rate (%)
King (Seattle/Bellevue)	227,735	62,895	249,070	128,000	51%
Kitsap (Bremerton)	12,242	807	12,123	6,519	54%
Kittitas (Ellensburg)	2,538	36	2,522	1,553	62%
Pierce (Tacoma)	48,509	8,436	54,895	36,239	66%
Skagit (Mt. Vernon/Anacortes)	4,065	654	4,538	1,441	32%
Snohomish (Everett)	47,359	9,527	50,571	30,558	60%
Spokane	21,683	10,081	30,176	10,043	33%
Thurston (Olympia)	11,289	2,056	12,918	9,277	72%
Whatcom (Bellingham)	11,919	3,981	14,755	3,254	22%
Whitman (Pullman)	4,270	1,500	5,649	4,425	78%
Yakima	7,441	943	7,948	1,990	25%
STATEWIDE	438,318	109,322	490,836	255,531	52%

Market Summary

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 increase in rental vacancies. However, most recently the apartment rental market saw a decrease in rental vacancies. As of the first quarter of 2012, the statewide vacancy rate was recorded at 4.5 percent reflecting modest improvement in vacancy since September.



Much of the improvement in vacancies can be attributed to improving job prospects coupled with increased household formations and relocations to Washington.

Over the past year Skagit and Whitman Counties have seen the greatest improvement in the vacancy rate with a considerable drop of 4.5 and 2.2 percent, respectively. Meanwhile, only three counties have seen an increase in vacancy, led by a 3.3

percentage point increase in Kittitas County placing that area at 5.9 percent vacancy. The lowest vacancy was 2.2 percent in the Whatcom County market.

Average rents ranged from a low of \$586 in Yakima County to a high of \$1,098 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 \$960 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima. The statewide average rent increased by 3.7 percent in the last year, reflecting the improving market conditions (from the perspective of landlords).

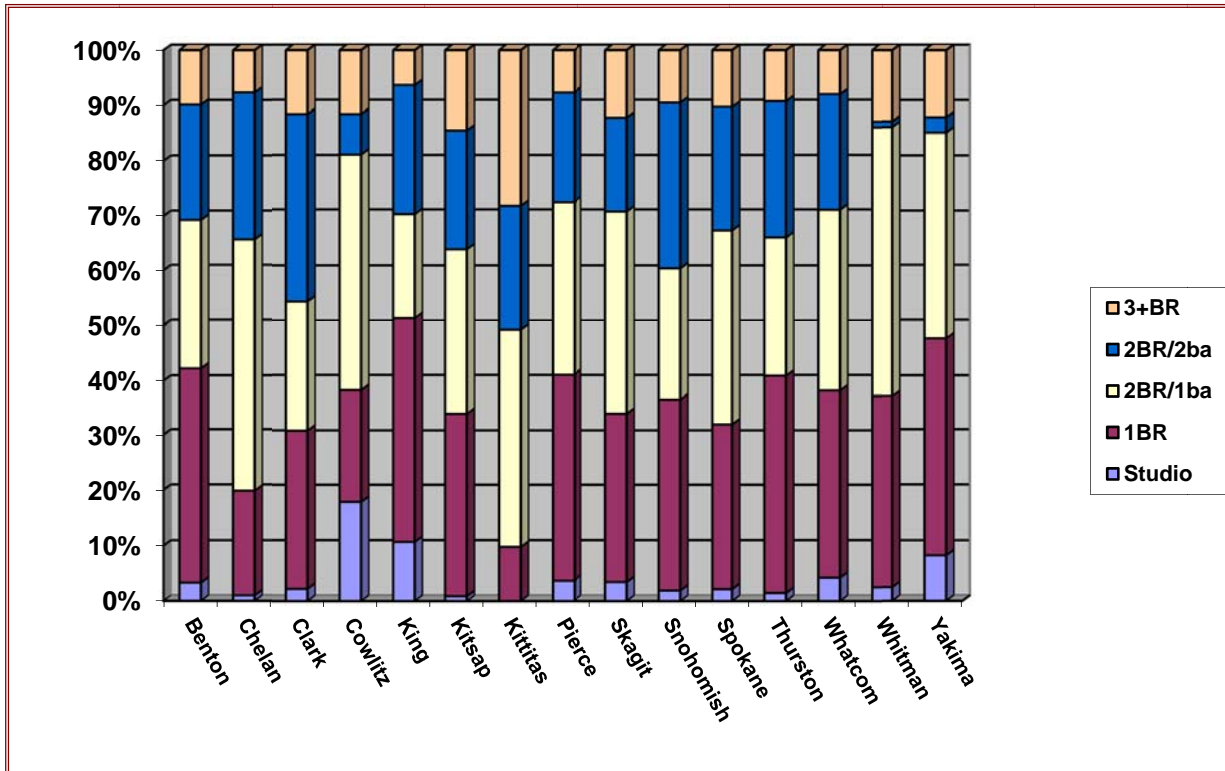
Summary Apartment Market Statistics—March 2012

Market (County)	Average Size (sq. ft.)	Average Rent (\$)	Number of Units	Number Vacant	Vacancy Rate (%)
Benton/Franklin (Tri-Cities)	828	728	5,958	286	4.8
Chelan/Douglas (Wenatchee)	833	730	997	36	3.6
Clark (Vancouver)	914	801	14,279	414	2.9
Cowlitz (Longview/Kelso)	786	605	998	34	3.4
King (Seattle/Bellevue)	826	1,098	128,000	5,248	4.1
Kitsap (Bremerton)	862	879	6,519	548	8.4
Kittitas (Ellensburg)	695	649	1,553	92	5.9
Pierce (Tacoma)	836	828	36,239	2,102	5.8
Skagit (Mt. Vernon/Anacortes)	845	758	1,441	76	5.3
Snohomish (Everett)	880	933	30,558	1,406	4.6
Spokane	852	697	10,043	502	5.0
Thurston (Olympia)	854	845	9,277	575	6.2
Whatcom (Bellingham)	806	782	3,254	72	2.2
Whitman (Pullman)	757	690	4,425	97	2.2
Yakima	710	586	1,990	66	3.3
STATEWIDE	838	960	256,222	11,542	4.5

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 695 square feet. The largest apartments are found in Clark County where the average apartment is significantly larger at 914 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 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, March 2012



1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37.5% of all the units in the combined WCRER and D+S surveys. The statewide vacancy rate for 1-bedroom units has steadily decreased from its peak of 6.5% in third quarter 2009 to a 3-year low of 4.0 percent in the first quarter of 2012, similar to third quarter 2008. The average rent for 1-bedroom units has increased by about \$37 (4.5%) from last March to \$867. Vacancy rates varied from county to county throughout the state, with seven counties reporting fewer than 4.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 6.4 percent in Kitsap County. Skagit County, which in first quarter of 2011 had led with a vacancy rate of 10.1%, has seen the greatest improvement, with only 5.1% currently vacant. Average rent also ranged widely from a low of \$518 in Whitman County to \$1,001 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 697 square feet, while in Kittitas County the average 1-bedroom unit was only 502 square feet, roughly 28 percent smaller.

Apartment Summary Characteristics — March 2012 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	675	634	4.2
Chelan/Douglas	659	611	4.3
Clark	697	683	2.8
Cowlitz	618	557	3.0
King	686	1,001	3.7
Kitsap	664	744	6.4
Kittitas	502	552	2.0

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Pierce	663	703	5.5
Skagit	629	684	5.1
Snohomish	688	812	4.0
Spokane	666	581	4.1
Thurston	666	733	5.2
Whatcom	628	704	1.4
Whitman	571	518	1.6
Yakima	614	535	3.1
STATEWIDE	678	867	4.0

2-Bedroom/1-Bath Apartments

The second most prevalent unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 23.9% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$879, a \$3 (0.34%) increase from the spring 2011 survey. Average rents for 2-bedroom/1-bath units ranged from \$618 in Yakima County to \$1,024 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state remained the same from last March, with the current reading 4.8 percent. Vacancy rates ranged from a high of 8.5% in Kitsap County to a low of 2.3% in Yakima County. Four additional counties had a shortage of 2-bedroom/1-bath units with vacancy rates less than 3.0 percent. In terms of unit size, Clark County had the largest average size in the state (883 sq. ft.), with Skagit and Snohomish counties close behind. The smallest 2-bedroom/1-bath apartments, on average, were in Kittitas County (686 sq. ft.).

Apartment Summary Statistics — March 2012 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	871	731	5.2
Chelan/Douglas	865	704	5.1
Clark	883	742	2.5
Cowlitz	827	629	2.8
King	875	1,024	4.3
Kitsap	863	846	8.5
Kittitas	686	753	4.1
Pierce	869	808	5.9
Skagit	882	759	4.2
Snohomish	880	880	5.1
Spokane	846	680	6.6
Thurston	845	811	6.7
Whatcom	871	770	2.9
Whitman	773	669	2.6
Yakima	813	618	2.3
STATEWIDE	867	879	4.8

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 2011 and March 2012 surveys are shown in the following table. The statewide vacancy rate over the last year has held steady at 4.5%. Since this rate is somewhat below the

5.0 percent vacancy most apartment owners view as optimal, rent increases and increased apartment construction should be anticipated in the months ahead.

Average rents across markets increased \$34 (3.7 percent) in the last year, which may be partially attributed to the relatively limited apartment vacancies over the past year. Seven counties have seen an increase in the vacancy rate with Kitsap County's 8.4 percent vacancy leading the way. Meanwhile, there has been great improvement in the vacancy rates in other communities with Skagit County shedding 4.5 percentage points off their total vacancies. Clark and Skagit Counties have seen the greatest increase in rents since spring 2011 with an increase of \$27 (3.5 and 3.7 percent, respectively).

Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2011		March 2012	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	1.7%	\$778	4.8%	\$728
Chelan/Douglas	3.3%	\$723	3.6%	\$730
Clark	3.4%	\$774	2.9%	\$801
Cowlitz	3.5%	\$602	3.4%	\$605
King	4.3%	\$1,049	4.1%	\$1098
Kitsap	5.1%	\$876	8.4%	\$879
Kittitas	2.6%	\$648	5.9%	\$649
Pierce	5.6%	\$820	5.8%	\$828
Skagit	9.8%	\$731	5.3%	\$758
Snohomish	4.4%	\$879	4.6%	\$933
Spokane	5.1%	\$676	5.0%	\$697
Thurston	5.2%	\$834	6.2%	\$845
Whatcom	2.4%	\$775	2.2%	\$782
Whitman	4.4%	\$686	2.2%	\$690
Yakima	5.2%	\$589	3.3%	\$586
STATEWIDE	4.5%	\$926	4.5%	\$960

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