

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/Runstad developed a 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/Runstad 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 53 percent. However, individual local market response rates ranged widely. While a 53 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/Runstad 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.

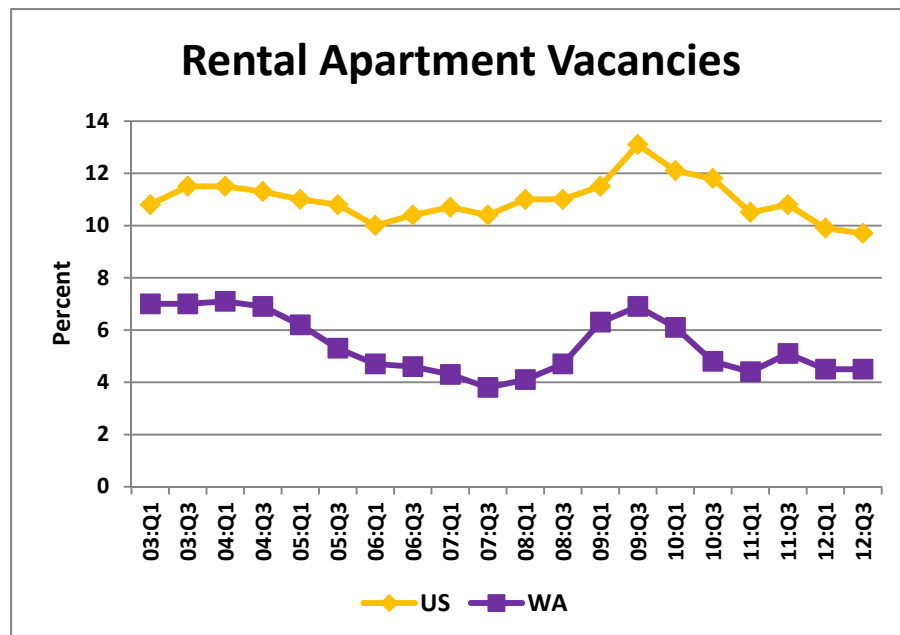
## WCRER/Runstad and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2011 Apartment Construction	2012 Rental Apartments	September 2012 Survey Responses	Response Rate (%)
Benton/Franklin (Tri-Cities)	10,435	2,742	12,650	5,672	45%
Chelan/Douglas (Wenatchee)	3,525	458	3,719	1,062	29%
Clark (Vancouver)	20,500	4,611	24,056	14,242	59%
Cowlitz (Longview/Kelso)	4,808	595	5,246	1,179	22%

County	2000 Apartments (5+ units)	2000-2011 Apartment Construction	2012 Rental Apartments	September 2012 Survey Responses	Response Rate (%)
King (Seattle/Bellevue)	227,735	62,895	249,070	128,109	51%
Kitsap (Bremerton)	12,242	807	12,123	6,498	54%
Kittitas (Ellensburg)	2,538	36	2,522	1,582	63%
Pierce (Tacoma)	48,509	8,436	54,895	37,622	69%
Skagit (Mt. Vernon/Anacortes)	4,065	654	4,538	1,495	33%
Snohomish (Everett)	47,359	9,527	50,571	30,428	60%
Spokane	21,683	10,081	30,176	10,363	34%
Thurston (Olympia)	11,289	2,056	12,918	9,620	74%
Whatcom (Bellingham)	11,919	3,981	14,755	3,658	25%
Whitman (Pullman)	4,270	1,500	5,649	4,593	81%
Yakima	7,441	943	7,948	2,171	27%
<b>STATEWIDE</b>	<b>438,318</b>	<b>109,322</b>	<b>490,836</b>	<b>257,849</b>	<b>53%</b>

## Market Summary

Apartment markets nationwide registered vacancies between 10 and 12 percent during the 2003-early 2009 period before surging to 13 percent during the recession. National vacancies have been declining consistently since that peak. Washington State vacancies have been consistently lower than the national statistic by a significant margin, but have experienced greater volatility. From a tight rental market with less than 4.0 percent vacancy in late 2007, vacant units surged to 6.5 percent of units two years later.



Since that cyclical peak, vacancies have generally declined to 4.5 percent in both of the most recent surveys. In part the decline in vacancy can be explained by population growth and some household creation after the height of the recession. This was reinforced with few newly constructed apartments entering the market. Recent construction activity, however, means additional population and job growth will be required

to prevent increasing vacancy in the years ahead.

Over the past year Skagit and Chelan/Douglas Counties have seen the greatest improvement in the vacancy rate with a considerable drop of 4.2 and 2.4 percent, respectively. Meanwhile, only two counties have seen an increase in vacancy, led by a 1.9 percentage point increase in Yakima County placing that area at 3.3 percent vacancy. The lowest vacancy was 0.4 percent in the Kittitas County market.

Average rents ranged from a low of \$587 in Yakima County to a high of \$1,141 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 \$989 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima. The statewide average rent increased by 2.7 percent in the last year, reflecting the improving market conditions (from the perspective of landlords).

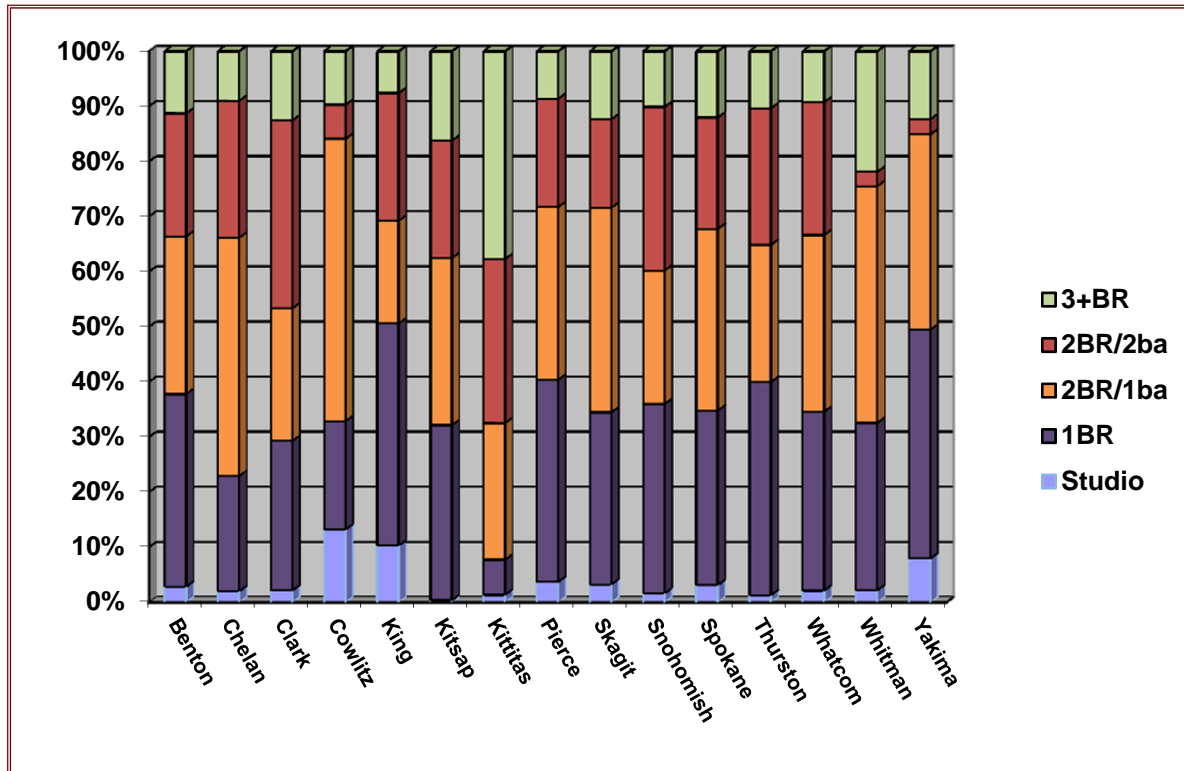
### Summary Apartment Market Statistics—September 2012

Market (County)	Average Size (sq. ft.)	Average Rent (\$)	Number of Units	Number Vacant	Vacancy Rate (%)
Benton/Franklin (Tri-Cities)	850	\$741	5,672	267	4.7
Chelan/Douglas (Wenatchee)	815	\$730	1,062	13	1.2
Clark (Vancouver)	914	\$806	14,242	356	2.5
Cowlitz (Longview/Kelso)	793	\$665	1,179	33	2.8
King (Seattle/Bellevue)	827	\$1,141	128,109	5,381	4.2
Kitsap (Bremerton)	868	\$885	6,498	526	8.1
Kittitas (Ellensburg)	956	\$1,098	1,582	6	0.4
Pierce (Tacoma)	843	\$843	37,622	2,370	6.3
Skagit (Mt. Vernon/Anacortes)	855	\$765	1,495	34	2.3
Snohomish (Everett)	884	\$955	30,428	1,400	4.6
Spokane	838	\$679	10,363	446	4.3
Thurston (Olympia)	853	\$844	9,620	596	6.2
Whatcom (Bellingham)	812	\$801	3,658	62	1.7
Whitman (Pullman)	774	\$729	4,593	32	0.7
Yakima	718	\$587	2,171	72	3.3
<b>STATEWIDE</b>	<b>842</b>	<b>\$989</b>	<b>257,849</b>	<b>11,605</b>	<b>4.5</b>

The WCRER/Runstad 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 718 square feet. The largest apartments are found in Kittitas County where the average apartment is significantly larger at 956 square feet. While these aggregate statistics are dramatically different from last year, 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. One-bedroom apartments are more prevalent in King, Snohomish and Thurston counties, while 2-bedroom/1-bath units are most frequently encountered in the more suburban Chelan, Cowlitz and Kittitas county areas.

## Composition of Apartment Market Selected Washington Communities, September 2012



### 1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 36.9% 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 third quarter of 2012, consistent with the first quarter of 2012. The average rent for 1-bedroom units has increased by about \$35 (4.1%) from last September to \$888. Vacancy rates varied from county to county throughout the state, with only five counties reporting more than 4.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these smaller units was 7.6 percent in Kitsap County. Spokane County, which in third quarter of 2011 had the highest vacancy rate of 6.5%, has seen the greatest improvement, with only 3.1% currently vacant. Average rent also ranged widely from a low of \$526 in Yakima County to \$1,035 in urban King County. The average size for a 1-bedroom unit was 677 square feet. The largest 1-bedroom apartments were found in Clark County where the average size was 693 square feet, while in Whitman County the average 1-bedroom unit was only 569 square feet, roughly 18 percent smaller.

## Apartment Summary Characteristics — September 2012 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	690	\$636	4.9
Chelan/Douglas	631	\$608	0.5
Clark	693	\$687	2.0
Cowlitz	618	\$599	3.4
King	685	\$1,035	3.7
Kitsap	667	\$747	7.6
Kittitas	683	\$547	2.0
Pierce	660	\$713	5.7
Skagit	639	\$678	1.7
Snohomish	688	\$825	4.3
Spokane	659	\$580	3.1
Thurston	664	\$730	5.6
Whatcom	626	\$715	0.8
Whitman	569	\$546	1.0
Yakima	610	\$526	2.0
<b>STATEWIDE</b>	<b>677</b>	<b>\$888</b>	<b>4.0</b>

### 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. Consumer preferences for units which may more easily be shared is making the 2-bedroom/2-bath unit almost as plentiful as the 1-bath model (23.3% of total apartment units). Average rent for a 2-bedroom/1-bath unit was \$865, a \$2 (0.23%) increase from the fall 2011 survey. Average rents for 2-bedroom/1-bath units ranged from \$615 in Yakima County to \$1,069 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 7.2% in Pierce County to a low of 0.5% in Kittitas County. Six additional counties had a shortage of 2-bedroom/1-bath units with vacancy rates less than 3.0 percent. In terms of unit size, Snohomish County had the largest average size in the state (890 sq. ft.), with Skagit and Clark counties close behind. The smallest 2-bedroom/1-bath apartments, on average, were in Kittitas County (768 sq. ft.) and Whitman County (769 sq. ft.).

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

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	873	\$740	4.7
Chelan/Douglas	862	\$726	2.2
Clark	882	\$751	2.7
Cowlitz	839	\$700	2.8
King	869	\$1,069	4.3
Kitsap	861	\$844	7.7
Kittitas	768	\$763	0.5
Pierce	870	\$818	7.2
Skagit	884	\$771	2.2
Snohomish	890	\$899	4.5
Spokane	839	\$664	5.9
Thurston	841	\$816	6.6
Whatcom	867	\$806	2.8

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Whitman	769	\$684	0.6
Yakima	808	\$615	4
<b>STATEWIDE</b>	<b>865</b>	<b>\$900</b>	<b>4.8</b>

## 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 2011 and September 2012 surveys are shown in the following table. The statewide vacancy rate over the last year has decreased by 0.6 percent to 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 \$37 (3.9 percent) in the last year, which may be partially attributed to the relatively limited apartment vacancies over the past year. Only two counties have seen an increase of 0.1 percent and 1.9 percent in the vacancy rate. Meanwhile, there has been great improvement in the vacancy rates in other communities with Skagit County shedding 4.2 percentage points off their total vacancies. Kittitas and Whatcom Counties have seen the greatest increase in rents since fall 2011 with increases of \$389 and \$211 (54.9 and 35.8 percent, respectively). It should be noted that a large property with higher rental rates than others in the market has entered the survey in Kittitas County, and is significantly influencing the aggregate rent statistics in that market.

## Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2011		September 2012	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	5.3%	\$745	4.7%	\$741
Chelan/Douglas	3.6%	\$715	1.2%	\$730
Clark	3.6%	\$803	2.5%	\$806
Cowlitz	3.9%	\$609	2.8%	\$665
King	4.7%	\$1,086	4.2%	\$1,141
Kitsap	9.6%	\$882	8.1%	\$885
Kittitas	2.3%	\$709	0.4%	\$1,098
Pierce	6.2%	\$827	6.3%	\$843
Skagit	6.5%	\$748	2.3%	\$765
Snohomish	5.1%	\$922	4.6%	\$955
Spokane	5.9%	\$689	4.3%	\$679
Thurston	7.4%	\$846	6.2%	\$844
Whatcom	2.2%	\$590	1.7%	\$801
Whitman	1.4%	\$723	0.7%	\$729
Yakima	5.0%	\$583	3.3%	\$587
<b>STATEWIDE</b>	<b>5.1%</b>	<b>\$952</b>	<b>4.5%</b>	<b>\$989</b>

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