

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 seven 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 five years, 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 50.4%. 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.

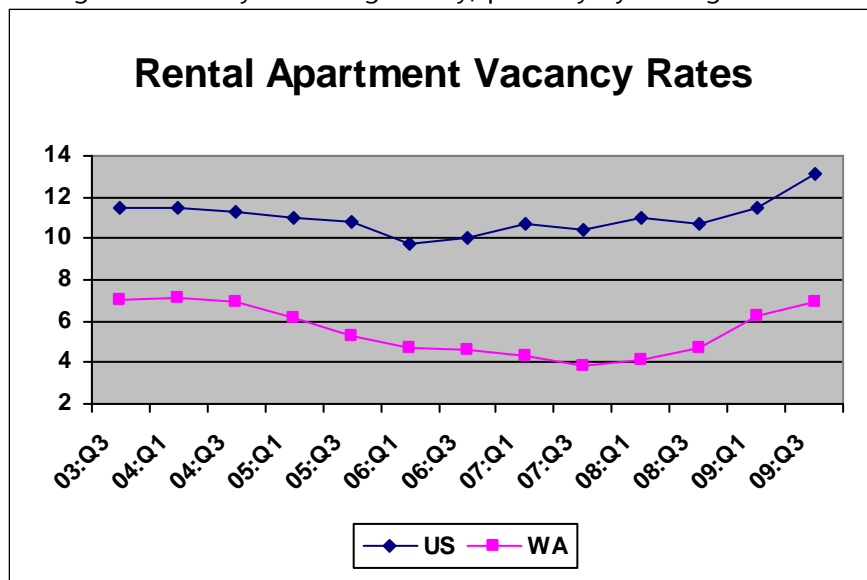
WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2000 Apartments (5+ units)	2000-2008 Apartment Construction	2009 Rental Apartments	September 2009 Survey Responses	Response Rate
Benton/Franklin (Tri-Cities)	10,435	1,931	11,871	5,927	49.9%
Chelan/Douglas (Wenatchee)	3,525	439	3,706	915	24.7%
Clark (Vancouver)	20,500	4,082	23,599	12,266	52.0%
Cowlitz (Longview/Kelso)	4,808	595	5,246	1098	20.9%
King (Seattle/Bellevue)	227,735	50,247	239,065	117,103	49.0%
Kitsap (Bremerton)	12,242	588	11,932	6,397	53.6%

County	2000 Apartments (5+ units)	2000-2008 Apartment Construction	2009 Rental Apartments	September 2009 Survey Responses	Response Rate
Kittitas (Ellensburg)	2,538	18	2,509	1,592	63.5%
Pierce (Tacoma)	48,509	7,096	53,659	34,682	64.6%
Skagit (Mt. Vernon/ Anacortes)	4,065	629	4,520	1,296	28.7%
Snohomish (Everett)	47,359	8,183	49,487	29,938	60.5%
Spokane	21,683	7,353	27,875	10,091	36.2%
Thurston (Olympia)	11,289	1,683	12,583	8,975	71.3%
Walla Walla	2,470	227	2,640	480	18.2%
Whatcom (Bellingham)	11,919	3,704	14,529	3,020	20.8%
Whitman (Pullman)	4,270	1,418	5,569	4,564	82.0%
Yakima	7,441	432	7,495	1,836	24.5%
STATEWIDE	440,788	88,625	476,285	240,180	50.4%

Market Summary

The statewide vacancy rate for Fall 2009 was 6.9 percent reflecting an increase from Fall 2008 which registered at 4.7 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 surged to a record 13.1 percent in the third quarter of 2009, substantially above the Washington level. Due to the economic recession, many rental prospects are finding different ways of saving money, primarily by adding more roommates per unit. As well, with the



Government providing a first-time home buyers tax credit and home prices declining throughout the nation, many renters have decided to purchase homes instead of renting as they have in previous years. In addition, falling single-family home prices and sluggish sales have convinced some homeowners that they are better off renting their properties than selling at distressed prices, increasing the competition for larger rental apartments. These factors have caused increase in average vacancies, not only across the state but

across the country as well.

Benton/Franklin counties saw the greatest improvement in the vacancy rate, a drop from 3.1 percent to 1.9 percent. Meanwhile, fourteen counties recorded increased vacancies, led by a 5.4 percentage point increase in Skagit County. The highest recorded vacancy among the 18 counties studied was 9.3% in Pierce County, while Benton/Franklin counties had the least vacancy (1.9%).

Average rents ranged from a low of \$562 in Yakima and Cowlitz counties to a high of \$1,033 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 \$910 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima and Cowlitz. The statewide average rent decreased by 2.7 percent in the last year—a significant slide from the increase of 4.3 percent that occurred from Fall 2007 to Fall 2008.

Summary Apartment Market Statistics—September 2009

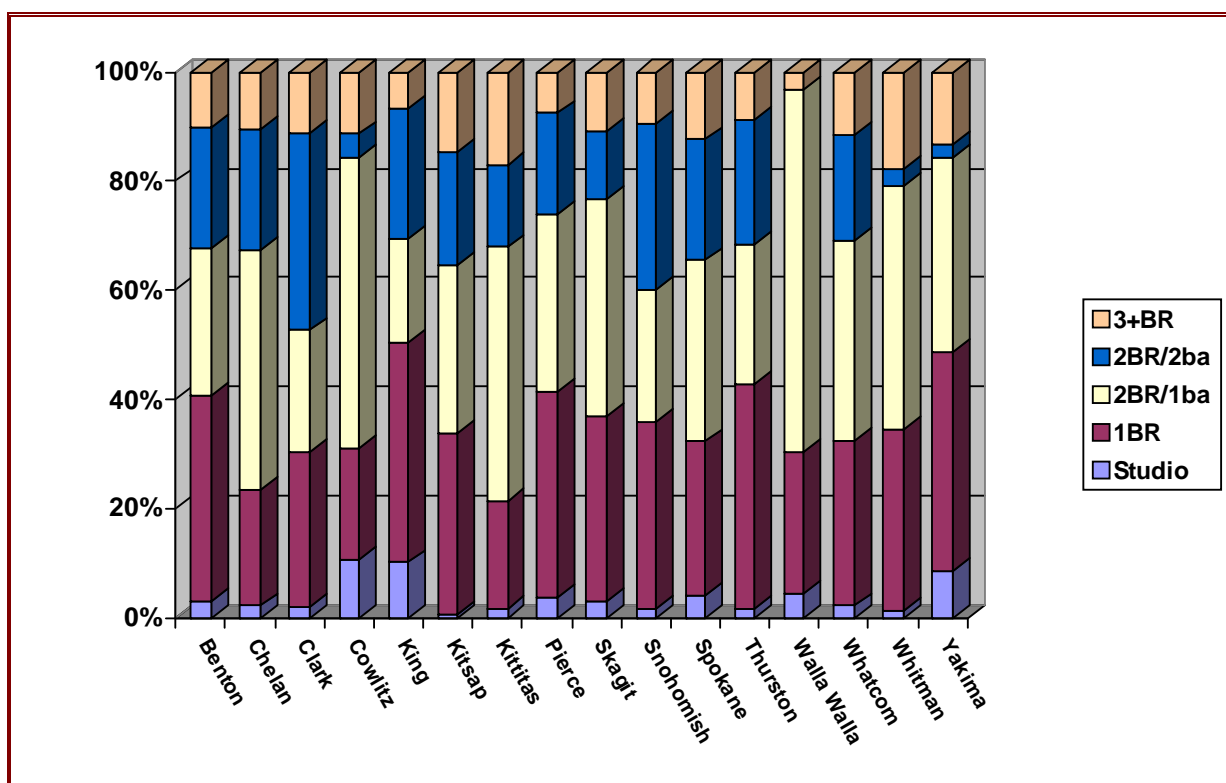
Market (County)	Average Size (sq. ft.)	Average Rent	Number of Units	Number Vacant	Vacancy Rate
Benton/Franklin (Tri-Cities)	844	\$690	5,927	113	1.9%
Chelan/Douglas (Wenatchee)	841	\$699	915	37	4.0%
Clark (Vancouver)	910	\$751	12,266	687	5.6%
Cowlitz (Longview/Kelso)	818	\$562	1,098	55	5.0%
King (Seattle/Bellevue)	n/a	\$1,033	117,103	7,846	6.7%
Kitsap (Bremerton)	n/a	\$858	6,397	301	4.7%
Kittitas (Ellensburg)	760	\$702	1,592	83	5.2%
Pierce (Tacoma)	n/a	\$816	34,682	3,225	9.3%
Skagit (Mt. Vernon/Anacortes)	840	\$732	1,296	117	9.0%
Snohomish (Everett)	n/a	\$898	29,938	2,036	6.8%
Spokane	850	\$651	10,091	727	7.2%
Thurston (Olympia)	n/a	\$813	8,975	772	8.6%
Walla Walla	849	\$619	480	23	4.8%
Whatcom (Bellingham)	802	\$737	3,020	82	2.7%
Whitman (Pullman)	767	\$662	4,564	306	6.7%
Yakima	710	\$562	1,836	46	2.5%
STATEWIDE	n/a	\$910	240,180	10,643	6.9%

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 710 square feet. The largest

apartments are found in Clark County where the average apartment is a significantly larger 910 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, September 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 September to 6.5 percent, compared to 4.2 percent a year ago. The average rent for 1-bedroom units declined by about 25 dollars from last September to \$811. Vacancy rates varied from county to county throughout the state, with six counties reporting fewer than 3.0 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 8.4 percent in Pierce County. Average rent also ranged widely from a low of \$485 in Walla Walla County to \$930 in urban King County. The average size for a 1-bedroom unit was 671 square feet. The largest 1-bedroom apartments were found in Benton/Franklin counties where the average size was 577 square feet, while in Whitman County the average 1-bedroom unit was only 561 square feet, roughly 15 percent smaller.

Apartment Summary Characteristics — September 2009 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	698	\$593	2.3%
Chelan/Douglas	644	\$580	3.1%
Clark	692	\$625	5.7%
Cowlitz	622	\$514	2.7%
King	679	\$930	6.6%
Kitsap	677	\$724	3.3%
Kittitas	596	\$533	2.2%
Pierce	668	\$695	8.4%
Skagit	640	\$670	5.5%
Snohomish	660	\$773	6.7%
Spokane	661	\$542	6.6%
Thurston	655	\$701	7.3%
Walla Walla	632	\$485	5.4%
Whatcom	619	\$634	0.9%
Whitman	577	\$500	2.8%
Yakima	610	\$502	2.2%
STATEWIDE	671	\$811	6.5%

2-Bedroom/1-Bath Apartments

The second most popular unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 24.6% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$843, a \$7 (0.8%) decline from the Fall 2008 survey. Average rents for 2-bedroom/1-bath units ranged from \$622 in Yakima County to \$975 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state increased from last September, with the current reading 7.3 percent, compared to 4.5 percent last fall. Vacancy rates ranged from a high of 9.8% in Thurston County to a low of 1.7% in Benton/Franklin counties. In terms of unit size, Clark County had the largest average size in the state (1,028 sq. ft.) while the smallest 2-bedroom/1-bath apartments were in Kittitas County (691 sq. ft.).

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

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
Benton/Franklin	865	\$669	1.7%
Chelan/Douglas	888	\$706	3.5%
Clark	1,028	\$795	5.1%
Cowlitz	804	\$578	6.2%
King	799	\$975	7.1%
Kitsap	857	\$806	4.4%
Kittitas	691	\$707	6.8%
Pierce	868	\$799	9.4%
Skagit	884	\$719	5.3%
Snohomish	863	\$854	8.0%
Spokane	840	\$636	8.5%
Thurston	826	\$793	9.8%
Walla Walla	870	\$625	4.9%
Whatcom	843	\$740	3.6%
Whitman	773	\$665	8.1%
Yakima	799	\$622	2.5%

County	Average Size (Sq. Ft.)	Average Rent	Vacancy Rate
STATEWIDE	843	\$844	7.3%

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 September 2008 and September 2009 surveys are shown in the following table. The statewide vacancy rate over the last year has increased from 4.7 percent to 6.9 percent, following a national trend of increasing rates. In the face of increasing vacancies it comes as no surprise that property managers are adjusting asking rents in an effort to keep as many units filled as possible. Average rents across markets fell \$26 (2.7%), compared to a 4.3% increase in 2008. Benton/Franklin counties had the largest percentage increase in rent over the last year with an 8.0 percent (\$51) increase. Meanwhile the largest decline in rent came from Snohomish County where average rents fell 6.9 percent (\$67). Trends of average increasing vacancy rates and decreasing rental prices from fall 2008 are largely due to the severe economic recession. With tenants trying to save money, many are adding extra roommates to cut down on rent costs. This is raising vacancy rates and causing property owners to cut costs to try to fill vacant spots.

Vacancy Rate and Average Rent Comparisons—September Surveys

Counties	September 2008		September 2009	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	3.1%	\$639	1.9%	\$690
Chelan/Douglas	1.8%	\$694	4.0%	\$699
Clark	3.9%	\$756	5.6%	\$731
Cowlitz	1.4%	\$558	5.0%	\$562
King	4.8%	\$1,078	6.7%	\$1,033
Kitsap	4.8%	\$847	4.7%	\$858
Kittitas	4.0%	\$688	5.2%	\$702
Pierce	4.5%	\$825	9.3%	\$816
Skagit	3.6%	\$744	9.0%	\$732
Snohomish	5.8%	\$965	6.8%	\$898
Spokane	5.7%	\$638	7.2%	\$651
Thurston	3.4%	\$810	8.6%	\$813
Walla Walla	1.6%	\$600	4.8%	\$619
Whatcom	2.5%	\$759	2.7%	\$737
Whitman	3.5%	\$631	6.7%	\$662
Yakima	2.8%	\$552	2.5%	\$562
STATEWIDE	4.7%	\$936	6.9%	\$910

Washington Center for Real Estate Research/Washington State University

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