

Since 1996 the Washington Center for Real Estate Research (WCRER) at Washington State University, now 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), a 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 the number of rental apartments tallied in the 2010 American Community Survey (ACS) prepared by the Census Bureau, augmented by building permit data also collected by the U.S. Bureau of the Census for the last 3 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 ACS 2010 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 53.1 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 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.

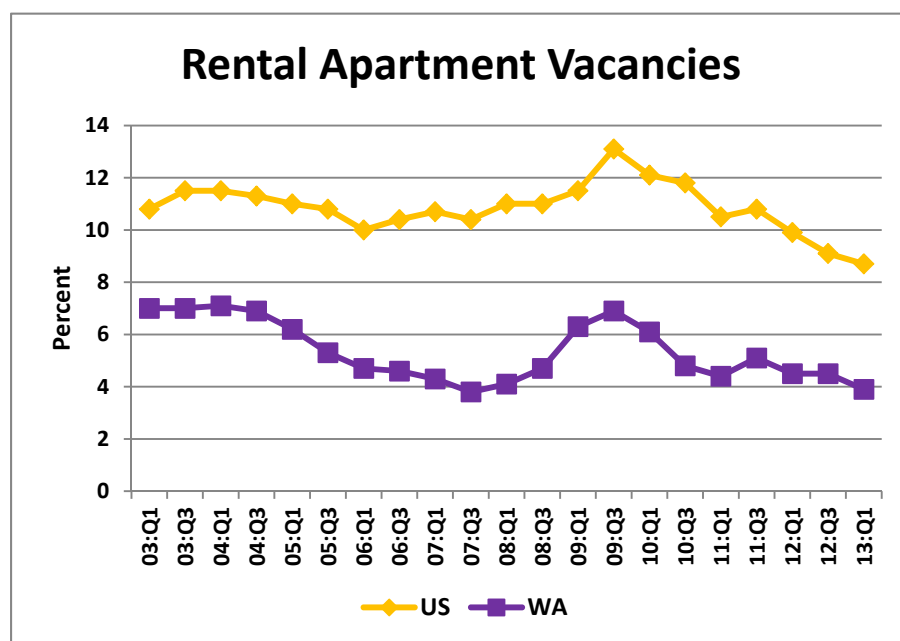
WCRER and Dupre + Scott Apartment Market Surveys Market Coverage

County	2010 Apartments (5+ units)	2010-2012 Apartment Construction	2013 Rental Apartments	March 2013 Survey Responses	Response Rate (%)
Benton/Franklin (Tri-Cities)	13,242	1,077	13,987	5,268	37.7
Chelan/Douglas (Wenatchee)	4,518	0	3,986	932	23.4
Clark (Vancouver)	25,551	716	24,570	13,775	56.1
Cowlitz (Longview/Kelso)	5,343	0	5,166	880	17.0
King	272,050	13,828	240,182	133,240	55.5

County	2010 Apartments (5+ units)	2010-2012 Apartment Construction	2013 Rental Apartments	March 2013 Survey Responses	Response Rate (%)
(Seattle/Bellevue)					
Kitsap (Bremerton)	14,171	290	13,229	6,556	49.6
Kittitas (Ellensburg)	3,058	0	3,030	2,010	66.3
Pierce (Tacoma)	53,526	1,555	52,801	37,658	71.3
Skagit (Mt. Vernon/ Anacortes)	5,379	0	5,028	1,346	26.8
Snohomish (Everett)	53,778	2,036	47,369	30,765	64.9
Spokane	35,619	1,923	35,922	10,452	29.1
Thurston (Olympia)	15,620	294	15,770	9,418	59.7
Whatcom (Bellingham)	18,136	248	16,375	3,432	21.0
Whitman (Pullman)	5,695	293	5,890	3,071	52.1
Yakima	7,849	495	7,946	2,145	27.0
STATEWIDE	533,535	22,755	491,252	260,948	53.1

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 rental vacancies decline to their lowest level in a decade. Similarly, as of the first quarter of 2013 the statewide vacancy rate is near its lowest, at 3.7 percent. 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 Kittitas Counties have seen the greatest improvement in the vacancy rate with a considerable drop of 3.4 and 2.3 percent, respectively. Meanwhile, five counties have seen an increase in vacancy, led by a 1.9 percentage point increase in Cowlitz County

placing that area at 5.3 percent vacancy. The lowest vacancy was 1.7 percent in the Chelan/Douglas county market. The Kitsap County market recorded the highest vacancy, with 9.4 percent of units unrented.

Average rents ranged from a low of \$598 in Yakima County to a high of \$1,173 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 \$1,017 is closer to the prevailing level in greater Seattle than it is to the average rent in Yakima. The statewide average rent increased by 5.9 percent in the last year, reflecting the improving market conditions (from the perspective of landlords).

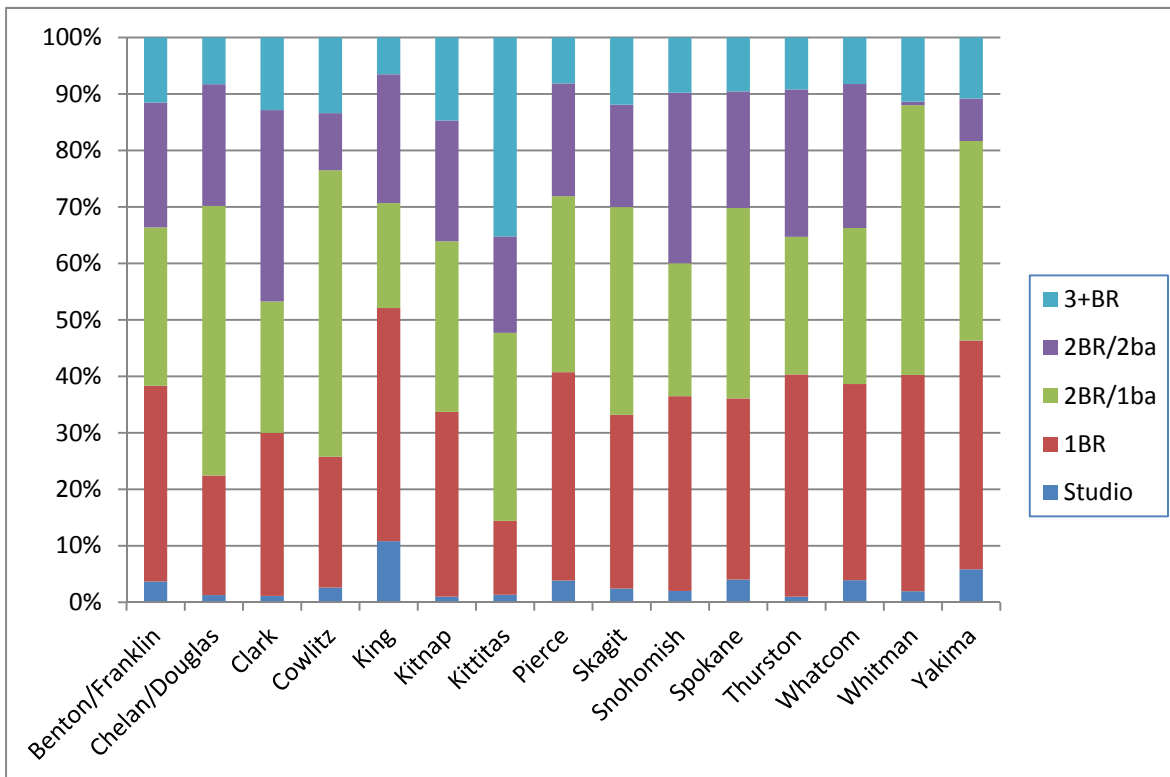
Summary Apartment Market Statistics—March 2013

Market (County)	Average Size (sq. ft.)	Average Rent (\$)	Number of Units	Number Vacant	Vacancy Rate (%)
Benton/Franklin (Tri-Cities)	850	728	5,268	242	4.6
Chelan/Douglas (Wenatchee)	840	748	932	16	1.7
Clark (Vancouver)	915	832	13,775	344	2.5
Cowlitz (Longview/Kelso)	826	677	880	47	5.3
King (Seattle/Bellevue)	815	1,173	133,240	4,397	3.3
Kitsap (Bremerton)	862	871	6,556	616	9.4
Kittitas (Ellensburg)	851	1,057	2,010	72	3.6
Pierce (Tacoma)	839	847	37,658	1,695	4.5
Skagit (Mt. Vernon/Anacortes)	861	790	1,346	26	1.9
Snohomish (Everett)	880	977	30,765	1,169	3.8
Spokane	841	699	10,452	408	3.9
Thurston (Olympia)	854	854	9,418	377	4.0
Whatcom (Bellingham)	807	805	3,432	62	1.8
Whitman (Pullman)	719	710	3,071	80	2.6
Yakima	715	598	2,145	107	5.0
STATEWIDE	834	1,017	260,948	9,657	3.7

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 715 square feet. The largest apartments are found in Clark County where the average apartment is significantly larger at 915 square feet. While these aggregate statistics are interesting, it is important to compare similar types of properties across the markets.

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 Yakima counties, while 2-bedroom/2-bath units are most frequently encountered in Cowlitz and Whitman county areas. One-bedroom units are especially dominant in King, Yakima and Thurston counties, while units with three or more bedrooms are most significant in Kittitas and Kitnap counties, where student renters may choose to share large units to save money. Since 1-bedroom or 2-bedroom units with one bath are most prevalent in virtually all communities, those unit types will be the basis of subsequent comparisons.

Composition of Apartment Market Selected Washington Communities, March 2013



1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37.6% 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 4-year low of 3.5 percent in the first quarter of 2013, similar to first quarter 2008. The average rent for 1-bedroom units has increased by about \$53 (6.1%) from last March to \$920. Vacancy rates varied from county to county throughout the state, with seven counties reporting fewer than 3.5 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 9.2 percent in Kitsap County. Whatcom County, which in first quarter of 2012 had led with a vacancy rate of 1.4%, is now second to Whitman County, despite a decline to 1.3% vacant. Average rent also ranged widely from a low of \$540 in Yakima County to \$1,074 in urban King County. The average size for a 1-bedroom unit was 675 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 520 square feet, roughly 33 percent smaller.

Apartment Summary Characteristics — March 2013 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	689	630	3.2
Chelan/Douglas	659	623	2.0
Clark	694	713	1.7
Cowlitz	617	571	4.4
King	680	1,074	3.1
Kitsap	663	742	9.2

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Kittitas	520	573	6.8
Pierce	665	718	4.3
Skagit	636	687	3.9
Snohomish	691	843	4.0
Spokane	665	595	3.3
Thurston	663	736	2.8
Whatcom	628	717	1.3
Whitman	583	541	1.0
Yakima	607	540	6.6
STATEWIDE	675	920	3.5

2-Bedroom/1-Bath Apartments

The second most prevalent unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 23.4% of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$928, a \$49 (5.6%) increase from the spring 2012 survey. Average rents for 2-bedroom/1-bath units ranged from \$607 in Yakima County to \$1,105 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state dropped slightly since last March, with the current reading 4.1 percent. Vacancy rates ranged from a high of 8.4% in Kitsap County to a low of 1.4% in Skagit County. Two additional counties had a shortage of 2-bedroom/1-bath units with vacancy rates less than 3.0 percent. In terms of unit size, Skagit County had the largest average size in the state (891 sq. ft.), with Clark and Snohomish counties close behind. The smallest 2-bedroom/1-bath apartments, on average, were in Kittitas County (687 sq. ft.).

Apartment Summary Statistics — March 2013 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	869	711	6.8
Chelan/Douglas	865	749	1.6
Clark	881	779	3.1
Cowlitz	833	676	4.3
King	870	1,105	3.6
Kitsap	865	848	8.4
Kittitas	687	734	5.7
Pierce	867	824	4.6
Skagit	891	780	1.4
Snohomish	887	922	3.4
Spokane	848	694	5.2
Thurston	841	816	5.2
Whatcom	873	808	2.6
Whitman	760	731	3.1
Yakima	807	607	3.6
STATEWIDE	864	928	4.1

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 2012 and March 2013 surveys are shown in the following table. The statewide vacancy rate over the last year has decline significantly to 3.7%, a reduction of 0.8 percentage

points during the year. Since this rate is somewhat below the 5.0 percent vacancy most apartment owners' view as optimal, rent increases and continued apartment construction should be anticipated in the months ahead.

Average rents across markets increased \$57 (5.9 percent) in the last year, which may be partially attributed to the relatively limited apartment vacancies over the past year. Five counties have seen an increase in the vacancy rate with Kitsap County's 9.4 percent vacancy leading the way. Meanwhile, there has been great improvement in the vacancy rates in other communities with Skagit County shedding 3.4 percentage points off their total vacancies. Cowlitz County has seen the greatest increase in rents since spring 2012 with an increase of \$72 (11.9 percent).

Vacancy Rate and Average Rent Comparisons—March Surveys

Counties	March 2012		March 2013	
	Vacancy Rate	Average Rent	Vacancy Rate	Average Rent
Benton/Franklin	4.8%	\$728	4.6%	\$728
Chelan/Douglas	3.6%	\$730	1.7%	\$748
Clark	2.9%	\$801	2.5%	\$832
Cowlitz	3.4%	\$605	5.3%	\$677
King	4.1%	\$1,098	3.3%	\$1,173
Kitsap	8.4%	\$879	9.4%	\$871
Kittitas	5.9%	\$1,033	3.6%	\$1,057
Pierce	5.8%	\$828	4.5%	\$847
Skagit	5.3%	\$758	1.9%	\$790
Snohomish	4.6%	\$933	3.8%	\$977
Spokane	5.0%	\$697	3.9%	\$699
Thurston	6.2%	\$845	4.0%	\$854
Whatcom	2.2%	\$782	1.8%	\$805
Whitman	2.2%	\$690	2.6%	\$710
Yakima	3.3%	\$586	5.0%	\$598
STATEWIDE	4.5%	\$960	3.7%	\$1,017

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