

Since 1996 the Washington Center for Real Estate Research (WCRER) has collected, analyzed and published apartment market statistics for each of the 39-counties within the state of Washington. Produced semi-annually by the Runstad Center for Real Estate Studies at the University of Washington, the results provide an estimate of the overall apartment vacancy rate for each county in the state. In addition, an average unit size and corresponding rental rate is calculated, with a particular emphasis on one and two-bedroom apartment units. Data specific to the 5-county's that constitute the Seattle Metropolitan Area is provided with permission from Dupre + Scott (D+S), a prominent real estate research firm whose market attention and analysis is focused exclusively on the Puget Sound region. It is in combination with Dupre + Scott that the WCRER is able to provide the most comprehensive resource of apartment market data on a statewide basis.

## Market Coverage / Response Rates

The current size of the overall Washington State apartment market is established by the total number of rental apartments quantified by the 2010 American Community Survey (ACS). As the base-line statistic, this number is adjusted by the total number of building permits authorized, which is published annually by the U.S. Bureau of the Census. Further, this information is disaggregated down to the county level, which serves as the unit of measurement in this report. The exception occurs within several counties where the level of market activity is relatively small by comparison. In these situations, particularly where the counties are contiguous, they are combined to form a single "market" area.

To generate a response rate for each individual market, the total number of apartment units identified by the completed and returned WCRER survey is compared to the total estimated number of rental apartments in each individual market. Once achieved, response rates from the D+S market research and the research conducted by the WCRER are combined to generate an overall statewide response. The resulting statistic for the combined surveys was 52.75 percent.

While an overall response rate of 53 percent may sound low, the result is due to several contributing factors. First, there is a wide range of variability in the response rate among many of the more local markets with lower levels of inventory. Second, there are a significant number of apartment managers who do not respond to the survey due to the limited numbers of units within their respective projects. (D+S surveys are limited to projects with at least 20 units) Further, there is reluctance among some apartment manager's to share what they believe to be private information for the survey.

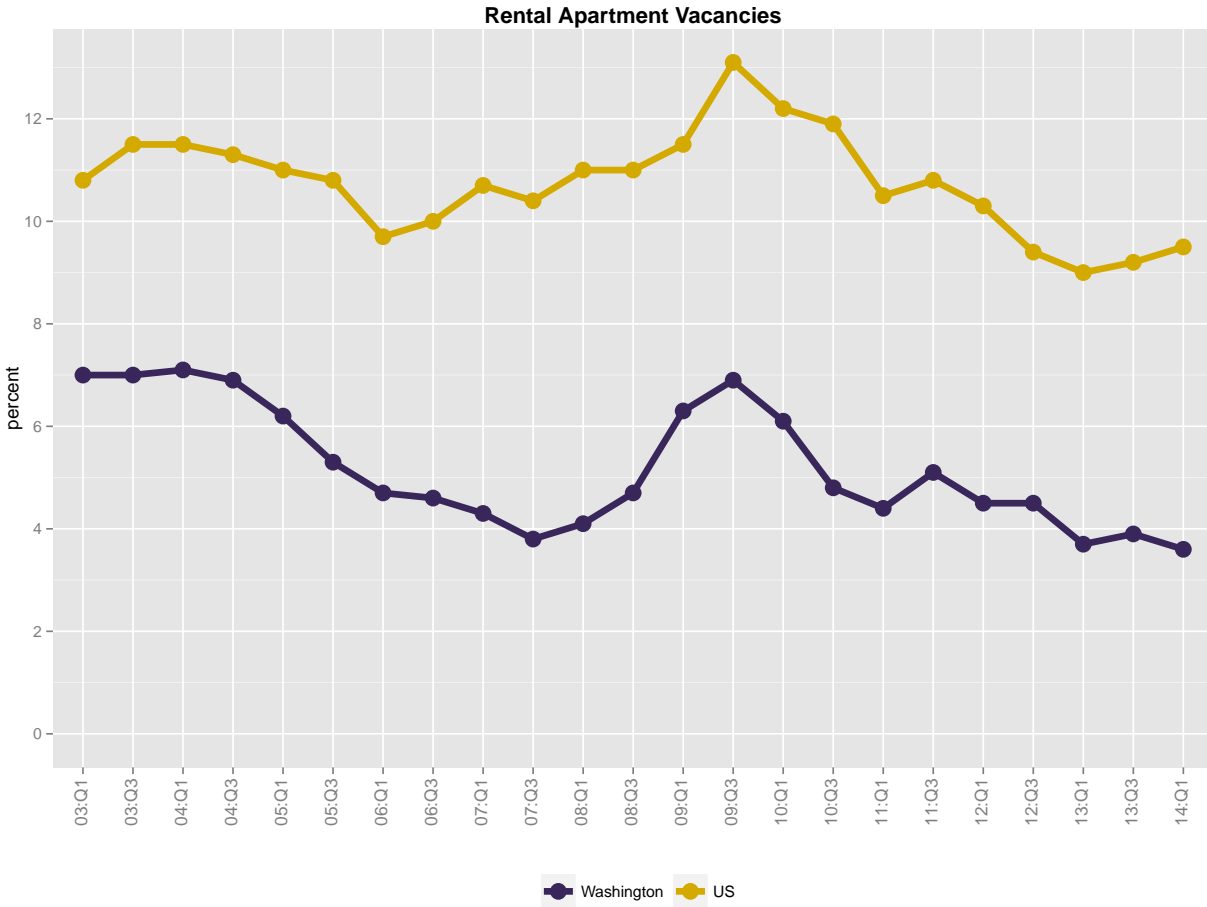
While neither the D+S survey nor the WCRER survey includes government-assisted housing, the total universe of rental units within the state includes both subsidized and market rate properties. This is a significant exception, particularly within the smaller communities where a greater proportion of the multifamily market is dependent on some form of Federal, state or local funding. In combination with all of the above factors, it is often difficult for local response rates to exceed half of the total numbers of 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	2014 Rental Apartments	March 2014 Survey Responses	Response Rate (%)
Benton/Franklin (Tri-Cities)	13,242	1,077	13,987	4,619	33.0
Chelan/Douglas (Wenatchee)	4,518	0	3,986	644	16.2
Clark (Vancouver)	25,551	716	24,570	8,284	33.7
Cowlitz (Longview/Kelso)	5,343	0	5,166	935	18.1
King (Seattle/Bellevue)	272,050	13,828	240,182	137,765	57.4
Kitsap (Bremerton)	14,171	290	13,229	6,195	46.8
Kittitas (Ellensburg)	3,058	0	3,030	772	25.5
Pierce (Tacoma)	53,526	1,555	52,801	38,763	73.4
Skagit (Mt. Vernon/ Anacortes)	5,379	0	5,028	1,059	21.1
Snohomish (Everett)	53,778	2,036	47,369	31,127	65.7
Spokane	35,619	1,923	35,922	11,092	30.9
Thurston (Olympia)	15,620	294	15,770	9,250	58.7
Walla Walla				382	
Whatcom (Bellingham)	18,136	248	16,375	3,170	19.4
Whitman (Pullman)	5,695	293	5,890	4,061	68.9
Yakima	7,849	495	7,946	1,421	17.9
STATEWIDE	533,535	22,755	491,252	259,539	52.8

### Market Summary

Historically, apartment markets nationwide registered record vacancies in the second quarter of 2004. For the next two years national apartment rental markets improved consistently before once again rising slightly due to an increase in multifamily construction. Today, particularly in the nation's major metropolitan areas, the apartment rental market has seen rental vacancies decline to their lowest level in a decade. Similarly, as of the first quarter of 2014 the statewide vacancy rate remains near its lowest, at 3.6 percent—a .3% drop from the previous quarter. Much of the improvement in vacancies can be attributed to an increase in household formations, coupled with a surge in relocations to Washington State as a result of robust job growth.



Over the past year Kitsap County has recorded the greatest improvement in vacancy rate with a considerable drop of 3.8 percent (from 9.4% to 5.6%). Meanwhile, six counties have seen an increase in vacancy, led by a 3.4 percentage point increase in Kittitas County placing that area at seven percent vacancy. The lowest vacancy was 1.7 percent in the Chelan/Douglas county market. The Kittitas County market recorded the highest vacancy, with seven percent of units unrented.

Average rents ranged from a low of \$603 in Walla Walla County to a high of \$1,270 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 \$1,097 is closer to the prevailing level in greater Seattle than it is to the average rent in Walla Walla. The statewide average rent increased by 7.9 percent in the last year, reflecting the improving market conditions (from the perspective of landlords).

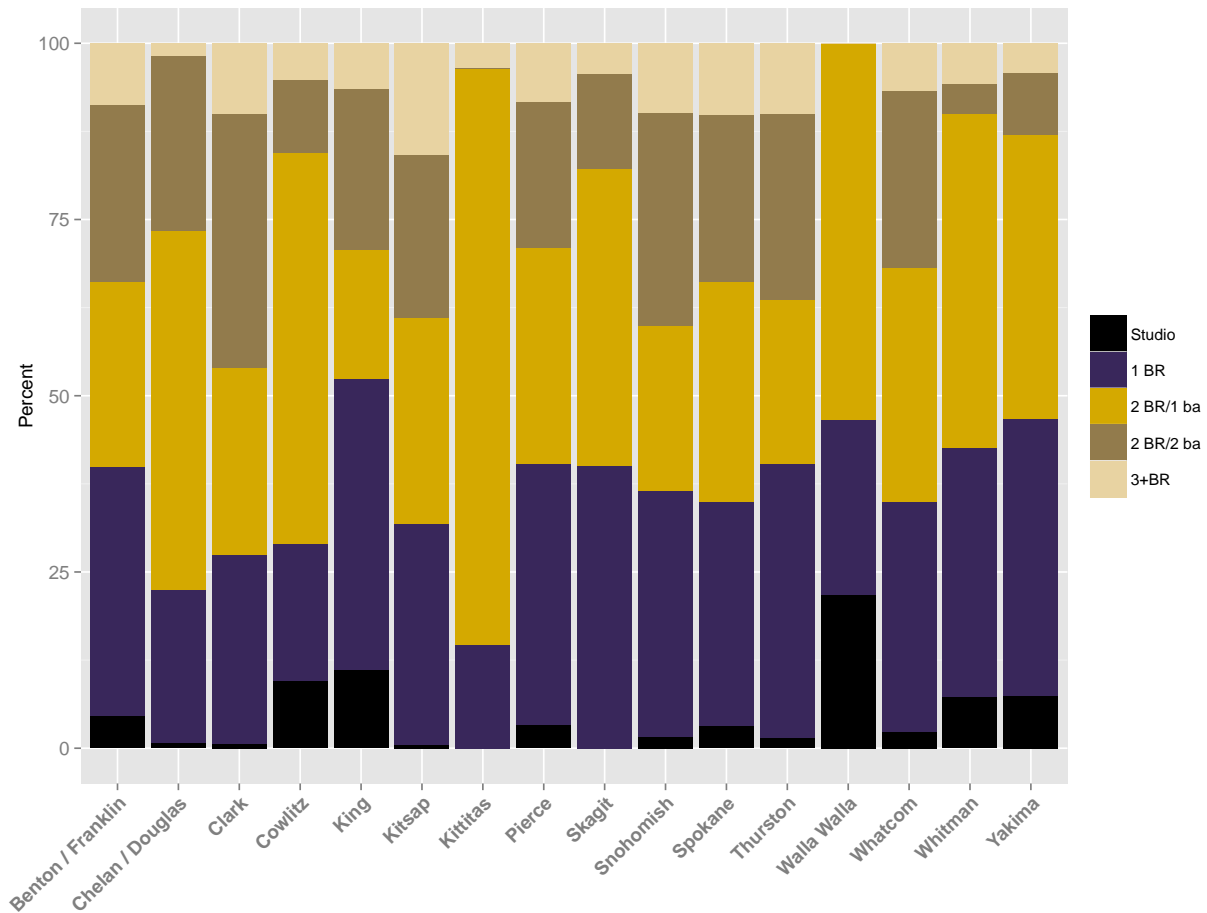
## Summary Apartment Market Statistics—March 2014

County	Average Size (sq. ft.)	Average Rent (\$)	Number of Units	Number Vacant	Vacancy Rate (%)
Benton/Franklin (Tri-Cities)	876	778	4,619	189	4.1
Chelan/Douglas (Wenatchee)	864	769	644	11	1.7
Clark (Vancouver)	920	916	8,284	273	3.3
Cowlitz (Longview/Kelso)	789	701	935	23	2.5
King (Seattle/Bellevue)	819	1,270	137,765	4,684	3.4
Kitsap (Bremerton)	873	917	6,195	347	5.6
Kittitas (Ellensburg)	681	788	772	54	7.0
Pierce (Tacoma)	845	887	38,763	1,551	4.0
Skagit (Mt. Vernon/ Anacortes)	810	810	1,059	35	3.3
Snohomish (Everett)	884	1,043	31,127	1,121	3.6
Spokane	867	749	11,092	377	3.4
Thurston (Olympia)	861	878	9,250	370	4.0
Walla Walla	785	673	382	9	2.4
Whatcom (Bellingham)	804	815	3,170	63	2.0
Whitman (Pullman)	776	763	4,061	211	5.2
Yakima	747	678	1,421	38	2.7
STATEWIDE	838	1,097	259,539	9,357	3.6

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 681 square feet. The largest apartments are found in Clark County where the average apartment is significantly larger at 928 square feet. While these aggregate statistics are interesting, it is important to compare similar types of properties across 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 Walla Walla, King and Cowlitz counties, while 2-bedroom/2-bath units are most frequently encountered in Cowlitz and Chelan/Douglas 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 county, where student renters may choose to share large units to lower their cost of housing. 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 2014



### 1-Bedroom Apartments

One-bedroom apartments are the most popular type of apartment unit in the state, accounting for 37.6 percent 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 3.2 percent in the first quarter of 2014, which is .2 percent lower than the third quarter 2013. Vacancy rates varied from county to county throughout the state, with twelve counties reporting fewer than 3.5 percent of one-bedroom apartments vacant. The highest vacancy rate for these small units was 4.6 percent in Kitsap County, a notable improvement from a year earlier when vacancy rates in Kitsap County were 9.2 percent.

The average rent for one-bedroom units has increased by about \$82 (8.9%) from last March to \$1,002. Average rent also ranged widely from a low of \$562 in Whitman County to \$1,179 in urban King County. The average size for a one-bedroom unit was 677 square feet. The largest 1-bedroom apartments were found in Clark County where the average size was 705 square feet, while in Whitman County the average 1-bedroom unit was only 584 square feet, roughly 19 percent smaller.

## Apartment Summary Characteristics–March 2014 One-Bedroom Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	701	694	3.8
Chelan/Douglas	668	663	2.3
Clark	705	783	3.5
Cowlitz	618	589	0.0
King	681	1,172	3.2
Kitsap	676	784	4.6
Kittitas	595	605	2.0
Pierce	663	749	3.1
Skagit	640	719	2.1
Snohomish	692	907	3.7
Spokane	681	623	3.2
Thurston	664	750	2.9
Walla Walla	677	642	4.9
Whatcom	610	708	1.2
Whitman	584	562	1.7
Yakima	635	592	2.1
STATEWIDE	677	1,002	3.2

### 2-Bedroom/1-Bath Apartments

The second most prevalent unit type in the state was the 2-bedroom/1-bath apartment, which accounted for 22.9 percent of all the units responding to the survey. Average rent for a 2-bedroom/1-bath unit was \$994, a \$66 (7.1%) increase from the spring 2013 survey. Average rents for 2-bedroom/1-bath units ranged from \$720 in Walla Walla County to \$1,194 in King County. The vacancy rate for 2-bedroom/1-bath units throughout the state dropped slightly since last March (.3%), with the current reading of 3.8 percent. Vacancy rates ranged from a high of 8.2 percent in Kittitas County to a low of 1.1 percent in Walla Walla County. Five additional counties had a shortage of 2-bedroom/1-bath units with vacancy rates less than three percent. In terms of unit size, Skagit County had the largest average size in the state (911 sq. ft.). The smallest 2-bedroom/1-bath apartments, on average, were in Kittitas County (680 sq. ft.)

## Apartment Summary Characteristics–March 2014 Two-Bedroom/One Bath Units

County	Average Size (Sq. Ft.)	Average Rent (\$)	Vacancy Rate (%)
Benton/Franklin	884	753	3.8
Chelan/Douglas	823	782	1.6
Clark	878	858	2.8
Cowlitz	814	720	3.5
King	872	1,194	3.4
Kitsap	858	875	4.8
Kittitas	680	800	8.2
Pierce	871	854	4.7
Skagit	911	804	3.0
Snohomish	890	979	3.3
Spokane	851	728	3.3
Thurston	844	844	4.1
Walla Walla	887	720	1.1
Whatcom	868	798	2.8
Whitman	764	737	7.5
Yakima	816	727	2.0
STATEWIDE	866	994	3.8

### 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 that 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 declined slightly to 3.6 percent, a reduction of 0.1 percentage points during the year. Since this rate is significantly below the 5 percent vacancy considered to represent "market equilibrium," where supply and demand are in balance, rent increases and continued apartment construction should be anticipated in the months ahead.

Given this decline in vacancy rates, average rents across markets increased \$80 (7.9%) in the last year. However, six counties have seen an increase in their overall vacancy rates, led by a seven percent vacancy in Kittitas County. Meanwhile, there has been great improvement in the vacancy rates in other communities with Kitsap County shedding 3.8 percentage points off their total vacancies. In terms of rent increases, King County has seen the greatest rise in rental rates since fall 2012 with an increase of \$97 (8.3%).

## Vacancy Rate and Average Rent Comparisons–March Surveys

Market (County)	March 2013		March 2014	
	Vacancy Rate (%)	Average Rent (\$)	Vacancy Rate (%)	Average Rent (\$)
Benton/Franklin (Tri-Cities)	4.6	728	4.1	778
Chelan/Douglas (Wenatchee)	1.7	748	1.7	769
Clark (Vancouver)	2.5	832	3.3	916
Cowlitz (Longview/Kelso)	5.3	677	2.5	701
King (Seattle/Bellevue)	3.3	1,173	3.4	1,270
Kitsap (Bremerton)	9.4	871	5.6	917
Kittitas (Ellensburg)	3.6	1057	7.0	788
Pierce (Tacoma)	4.5	847	4.0	887
Skagit (Mt. Vernon/ Anacortes)	1.9	790	3.3	810
Snohomish (Everett)	3.8	977	3.6	1043
Spokane	3.9	699	3.4	749
Thurston (Olympia)	4.0	854	4.0	878
Walla Walla			2.4	673
Whatcom (Bellingham)	1.8	805	2.0	815
Whitman (Pullman)	2.6	710	5.2	763
Yakima	5.0	598	2.7	678
STATEWIDE	3.7	1,017	3.6	1,097

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