

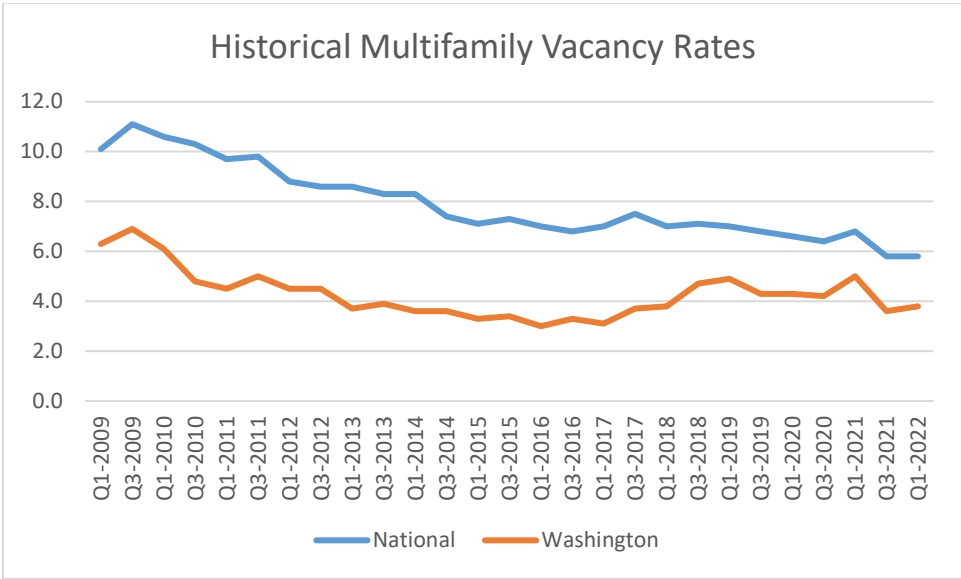
WASHINGTON STATE APARTMENT MARKET REPORT – Spring 2022

Vacancy Summary

The statewide apartment vacancy rate rose from 3.6% in Fall 2021 to 3.8% recorded in Spring 2022. While there is variability among the individual county rates, all of the counties outside of the Puget Sound region included in the survey had vacancy rates below 5% except for the university dominated market of Whitman County (Pullman) and Cowlitz County (Longview). While vacancy rates are falling in the Puget Sound region as the economy opens up from COVID-19 restrictions and increasing stabilized supply, most other counties are seeing continued tightening of the rental market as new rental supply has been slow to materialize and demand has increased sharply.

Market Summary

Apartment markets nationwide have shown declining vacancy rates with a current rate of 5.8%, well below the previous 15-year low of 6.4% recorded in Q3-2019. Washington has shown a more exaggerated trend thanks to inward migration and increased demand for housing, particularly in more urbanized areas of the state. While the statewide vacancy rate stands at 3.9%, this is primarily driven by higher vacancy rates occurring in areas dominated by universities and more urbanized areas of the state, particularly King and Snohomish Counties. As new supply continues to come into the Puget Sound, Spokane, and Clark county markets, this vacancy rate highlights key regional issues in the rental housing market and an increased divergence of residential housing costs within the state.



Source: US Census Bureau, WCRER

Over the past year, Skagit County recorded the greatest decline in vacancy rates over the past year. Skagit County recorded the lowest vacancy rate (0.4%). The highest vacancy rate was recorded in Whitman County with a vacancy rate of 8.4 percent. While this rate is difficult to compare with past periods due to methodological changes as well as COVID-19 influences, this vacancy rate represents a slight decrease based upon previous surveys that recorded vacancy rates averaging between 10 and 14 percent.

Data and Methods

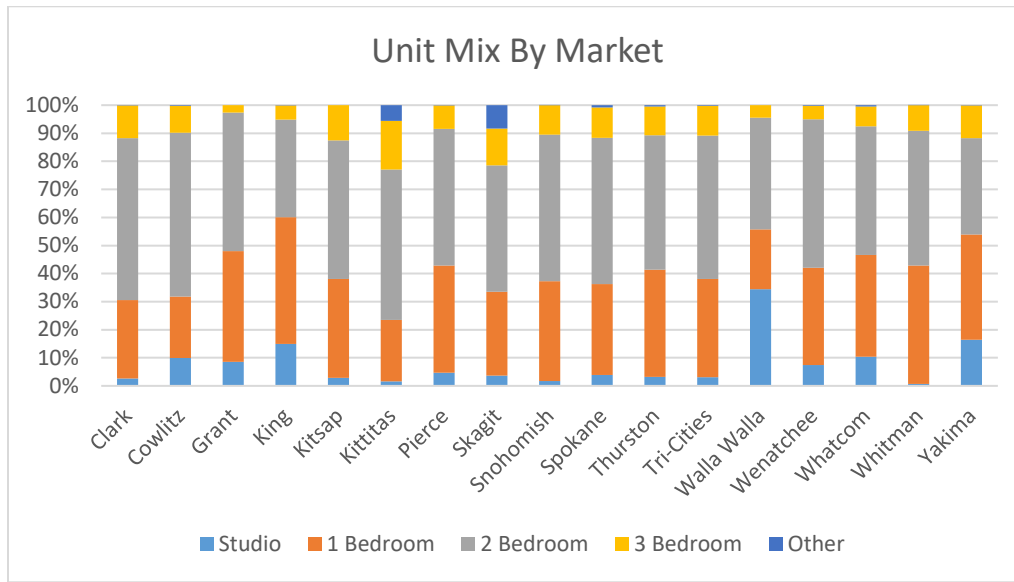
Outside of the Puget Sound region (King, Snohomish, Pierce, Thurston, and Kitsap Counties), the WCRER conducts surveys of apartments in developments with 20 or more units in a single location. Because of difficulties collecting data on individual unit types in smaller markets, survey results have now been condensed into units by bedroom type regardless of bathroom count. This change in survey methodology also allows the WCRER to use CoStar data to compare more rural parts of the state with counties in the Puget Sound region. Survey and field data are cross referenced with other sources (such as appraisers and brokers) in order to provide a reliable base for comparison in relation to geography and unit mix. Surveys are conducted in mid-March and mid-September to minimize seasonality within the data, particularly in markets dominated by universities (such as Whitman and Kittitas Counties).

Caution is advised in using this data for investment decision making, particularly when comparisons are made between the past rental data provided in previous WCRER reports. While all due and reasonable care has been used, response rates differ markedly between the surveys and there are significant sample differences between past WCRER surveys, past D+S surveys of 20+ unit developments, and within developments included in surveys. Specifically, the rental rate data contained in this report for King, Snohomish, Pierce, Kitsap and Thurston counties is not directly comparable with past reports because of a change in data suppliers and data for these counties not being supplied by CoStar. Further, weights in computing statewide averages will vary considerably from past reports because of the relatively high number of multi-family units in the Puget Sound Region and differences in response rates. Methods in surveying rents and vacancies in other counties of the state remain unchanged and data for other areas of the state is comparable between surveys subject to sample and response rate differences.

Coverage Statistics – Apartment Market Surveys

	Total	1 Bedroom	2 Bedroom
Clark	27,206	7,605	15,699
Cowlitz	1,849	406	1,078
Grant	1,246	491	615
King	181,769	81,952	63,253
Kitsap	7,946	2,795	3,924
Kittitas	1,561	341	837
Pierce	47,795	18,273	23,269
Skagit	1,433	429	644
Snohomish	35,623	12,653	18,619
Spokane	26,957	8,731	14,035
Thurston	12,128	4,626	5,816
Tri-Cities	11,051	3,864	5,645
Walla Walla	633	135	252
Wenatchee	1,588	552	839
Whatcom	6,644	2,412	3,045
Whitman	3,258	1,376	1,562
Yakima	2,977	1,118	1,020
TOTAL	371,664	147,759	160,152

While the WCRER survey excludes government-assisted housing, the total universe of rental units within the state includes both subsidized and market rate properties. This is a significant issue particularly within smaller counties where a greater proportion of the multifamily market is dependent on some form of federal, state or local funding. Note that several counties are combined where they are both contiguous and there is urban development to support defining them as a single ‘market area.’ With high levels of development taking place throughout the state, it is important to note units built within the past 2 years are excluded from surveys and analysis to insure measurement of stabilized developments



Summary Statistics by Unit Type

Examining the average floor area of apartments throughout the state reveals significant differences in the price per unit floor area within individual markets. The largest apartment sizes are now found in Clark County with an average unit size of 916 square feet. On average, the smallest units are found in Walla Walla County with an average floor area of 678 square feet.

As noted in the graph above, two-bedroom apartments are the most numerous types of unit in the state, accounting for about 43.1% of all units. One bedroom apartment represent 39.8% of all units throughout the state.

One Bedroom Apartments

While vacancy rates varied throughout the state, most counties outside of the Puget Sound surveyed had vacancy rates below 5% for one-bedroom apartments except for Whitman County (Pullman) and Yakima County. The lowest vacancy rate for one-bedroom apartments was recorded in Skagit County at 0.9%. The highest vacancy rate recorded for one-bedroom apartments was in Whitman County (Pullman) at 9.4% Overall, the one-bedroom vacancy rate is 4.0%

Apartment Summary Statistics – One-Bedroom Apartments

	Units Surveyed	Average Rent	Average Size (SF)	Average Rent/SF	Vacancy Number	Vacancy Rate
Clark	7,605	\$1,300	696	\$1.87	204	2.7%
Cowlitz	406	\$858	569	\$1.51	19	4.7%
Grant	491	\$1,087	695	\$1.56	15	3.1%
King*	81,952	\$1,796	678	\$2.65	3,558	4.3%
Kitsap*	2,795	\$1,429	662	\$2.16	100	3.6%
Kittitas	341	\$746	576	\$1.29	15	4.4%
Pierce*	18,273	\$1,289	662	\$1.95	684	3.7%
Skagit	429	\$939	564	\$1.67	4	0.9%
Snohomish*	12,653	\$1,586	693	\$2.29	489	3.9%
Spokane	8,731	\$976	668	\$1.46	296	3.4%
Thurston*	4,626	\$1,310	650	\$2.02	122	2.6%
Tri-Cities	3,864	\$1,071	689	\$1.56	130	3.4%
Walla Walla	135	\$937	667	\$1.40	4	3.0%
Wenatchee	552	\$1,109	589	\$1.88	20	3.6%
Whatcom	2,412	\$969	577	\$1.68	23	1.0%
Whitman	1,376	\$814	597	\$1.36	130	9.4%
Yakima	1,118	\$725	635	\$1.14	47	4.2%
TOTAL	147,759	\$1,556	673	\$2.31	5,860	4.0%

*Puget Sound region data is sourced from CoStar.

With an average rent of \$1,300, Clark County (Vancouver) recorded the highest rent levels for one-bedroom apartments outside of the Puget Sound region. Yakima County had the lowest rents at \$725 per month. On a floor area basis, the highest rent for one-bedroom units was found in King County at \$2.65 per square foot with the lowest found in Yakima County at \$1.14 per square foot.

Two Bedroom Apartments

With 2-bedroom apartments being the most prevalent type in the state, vacancies and rental rates vary greatly by region. King County had the highest average 2-bedroom unit rent (\$2,257) as well as the highest average rent per square foot (\$2.29). Yakima County recorded the lowest average rent of \$836 and lowest price per square foot (\$0.93). The overall vacancy rate among 2-bedroom apartments is 3.6%.

Apartment Summary Statistics – Two Bedroom Apartments

	Units Surveyed	Average Rent	Average Size (SF)	Average Rent/SF	Vacancy Number	Vacancy Rate
Clark	15,699	\$1,535	978	\$1.57	450	2.9%
Cowlitz	1,078	\$1,259	868	\$1.45	56	5.2%
Grant	615	\$1,325	998	\$1.33	18	2.9%
King*	63,253	\$2,257	984	\$2.29	2,459	3.9%
Kitsap*	3,924	\$1,733	928	\$1.87	161	4.1%
Kittitas	837	\$1,123	830	\$1.35	18	2.2%
Pierce*	23,269	\$1,636	952	\$1.72	904	3.9%
Skagit	644	\$1,317	890	\$1.48	2	0.3%
Snohomish*	18,619	\$1,880	955	\$1.97	680	3.7%
Spokane	14,035	\$1,271	972	\$1.31	476	3.4%
Thurston*	5,816	\$1,585	961	\$1.65	145	2.5%
Tri-Cities	5,645	\$1,288	980	\$1.31	217	3.8%
Walla Walla	252	\$1,127	881	\$1.28	5	2.0%
Wenatchee	839	\$1,679	1003	\$1.67	27	3.2%
Whatcom	3,045	\$1,317	876	\$1.50	36	1.2%
Whitman	1,562	\$965	809	\$1.19	112	7.2%
Yakima	1,020	\$836	898	\$0.93	38	3.7%
TOTAL	160,152	\$1,830	966	\$1.90	5,804	3.6%

* Puget Sound region data is sourced from CoStar

Among two-bedroom apartments, vacancies were highest in the Pullman market area with a vacancy rate of 7.2 percent. This is primarily due to campus closures and online classes related to COVID-19 influencing live class attendance at Washington State University. The lowest vacancy rate outside of the Puget Sound Region was found in Skagit County with a vacancy rate of 0.3%. Extraordinarily low vacancy rates of below 4.0% were noted throughout all counties in the state with the exception of Cowlitz and Whitman Counties.

All Unit Types

Using the sample of all units surveyed, vacancy rates rose slightly to an overall rate of 3.8 percent. Primarily driven by relatively high vacancy rates in the Puget Sound region and the large volume of rental units in comparison to other areas of the state, King County recorded the highest overall vacancy rate in the Puget Sound Region at 4.2% while the lowest was found in Skagit County with a vacancy rate of 0.4%. It should be noted that outside of the Puget Sound Region vacancy rates are below 5.0% in every county except Cowlitz (5.2%) and Whitman (8.4%). With tight rental markets traditionally defined as having vacancy rates below 5%, these figures indicate most markets are experiencing an acute shortage of rental units. Some of the regional variation in vacancy rates is possibly due to both COVID-19 economic reopening occurring simultaneously with statewide eviction moratoria remaining in place during this survey period. This would act to maintain the downward vacancy trends that were occurring prior to the outbreak of the pandemic.

Apartment Summary Statistics – All Apartment Units

	Units Surveyed	Average Rent	Average Size (SF)	Average Rent/SF	Vacancy Number	Vacancy Rate
Clark	27,206	\$1,497	916	\$1.63	762	2.8%
Cowlitz	1,849	\$1,101	768	\$1.43	97	5.2%
Grant	1,246	\$1,171	843	\$1.39	35	2.8%
King*	181,769	\$1,936	776	\$2.50	7,695	4.2%
Kitsap*	7,946	\$1,654	846	\$1.96	308	3.9%
Kittitas	1,561	\$1,166	866	\$1.35	35	2.2%
Pierce*	47,795	\$1,519	843	\$1.80	1,803	3.8%
Skagit	1,433	\$1,233	845	\$1.46	6	0.4%
Snohomish*	35,623	\$1,815	881	\$2.06	1,348	3.8%
Spokane	26,957	\$1,202	890	\$1.35	941	3.5%
Thurston*	12,128	\$1,484	850	\$1.75	309	2.5%
Tri-Cities	11,051	\$1,222	882	\$1.39	387	3.5%
Walla Walla	633	\$894	678	\$1.32	16	2.5%
Wenatchee	1,588	\$1,417	822	\$1.72	52	3.3%
Whatcom	6,644	\$1,166	735	\$1.59	70	1.1%
Whitman	3,258	\$728	692	\$1.05	273	8.4%
Yakima	2,977	\$797	757	\$1.05	137	4.6%
TOTAL	371,664	\$1,695	820	\$2.07	14,274	3.8%

* Puget Sound region data is sourced from CoStar

With all unit types analyzed, the influence of apartment mix plays a significant role in determining the average rent. For example, King, Walla Walla, and Yakima counties have a proportionally high number of 1 bedroom and studio units which will provide downward influence on overall rents compared to places with a high proportion of 3-bedroom units which tend to rent for a higher amount. Given those influences, King county recorded the highest average overall rent as well as the highest rent per unit floor area of \$1,936 and \$2.50 per square foot. Whitman County recorded the lowest average rent of \$728 as well as matching the lowest rent per unit floor area of \$1.05 per square foot found in Yakima County.

Time and Seasonality

The WCRER Apartment Market Report uses March and September data so that seasonal variation between markets is minimized. For example, Whitman and Kittitas counties are greatly influenced by the academic year. Yakima and Chelan/Douglas counties are greatly influenced by agricultural cycles, with the lowest vacancy rates traditionally occurring in the summer and fall. Taking the surveys at 6 monthly intervals incorporating the timing ensures that more accurate reflections of the market are recorded.