

UNIVERSITY *of* WASHINGTON

WASHINGTON STATE APARTMENT MARKET REPORT

WASHINGTON CENTER FOR REAL ESTATE RESEARCH
RUNSTAD DEPARTMENT OF REAL ESTATE
COLLEGE OF BUILT ENVIRONMENTS

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BE BOUNDLESS



EXECUTIVE SUMMARY

NEW LOOK AND CONTENT

Starting with the Fall 2022 Apartment Market Report, the Washington Center for Real Estate Research (WCRER) has updated the format of the report, reorganized the content, and added some new information. The new content includes an Executive Summary as well as data about rent and vacancy rate trends. Also, county-level annual growth percentages for rents and vacancy rates have been included in the statistical tables. Finally, the report will be published on a quarterly (rather than semi-annual) basis going forward, providing more timely data for users.

OVERVIEW

This report provides a summary of rent and vacancy rate trends for the state, the Puget Sound region, and the rest of the state, as well as detailed rent and vacancy rate statistics for 17 counties or pairs of counties that have at least 500 apartment units in projects containing at least 20 units each.

Consistent with what is happening in housing markets more generally, apartment rent growth in Washington state is tapering off, with a decline of nearly 1.2% in the most recent quarter after high rates of growth during the preceding year and a half. Average rents declined by about 1.4% in the Puget Sound region and were stable in the rest of the state. Vacancy rates also continued to trend upwards, particularly in the Puget Sound region. Vacancy rates averaged 5.2% statewide, 5.5% in the Puget Sound region, and 4.3% elsewhere in the state.

The average apartment rent statewide across all bedroom types was \$1,850, representing a 5.1% increase over a year earlier. Of the individual counties or pairs of counties reported on here, King and Snohomish counties have the highest apartment rent levels (\$2,131 and \$1,918, respectively), while Yakima and Walla Walla counties have the lowest levels (\$880 and \$942). Annual rent growth has been highest in Walla Walla and Skagit counties (10.7% and 12.8%) and lowest in Kitsap County (-0.7%).

Vacancy rates are highest in Whitman and Yakima counties (9.1% and 7.3%) and lowest in Skagit and Whatcom counties (1.5% and 1.6%). Vacancy rates declined year over year in Whitman, Cowlitz, and Grant counties (by 2.9, 0.8, and 0.1 percentage points) but increased in the other counties; the largest increase was in Yakima County (4.3 points).

MARKET ANALYSIS

RENT TRENDS

The high rate of rent growth over the previous two years began to taper off in the 3rd quarter 2022 (see Figure 1). During the most recent quarter, rents fell nearly 1.2% on average across the state and about 1.4% in the Puget Sound region. Rents remained relatively flat on average across the rest of the state during that period.

The current statewide annual rate of rent growth is 5.1%; this means that average rent levels for the 3rd quarter 2022 were 5.1% higher than those for the 3rd quarter 2021. The annual rate as of the 2nd quarter 2022 was 9.2%, while each of the preceding three quarters (3rd quarter 2021 through 1st quarter 2022) recorded annual rates close to 11%. As suggested by Figure 1, rental growth rates in the rest of the state have been similar to those in the Puget Sound region.

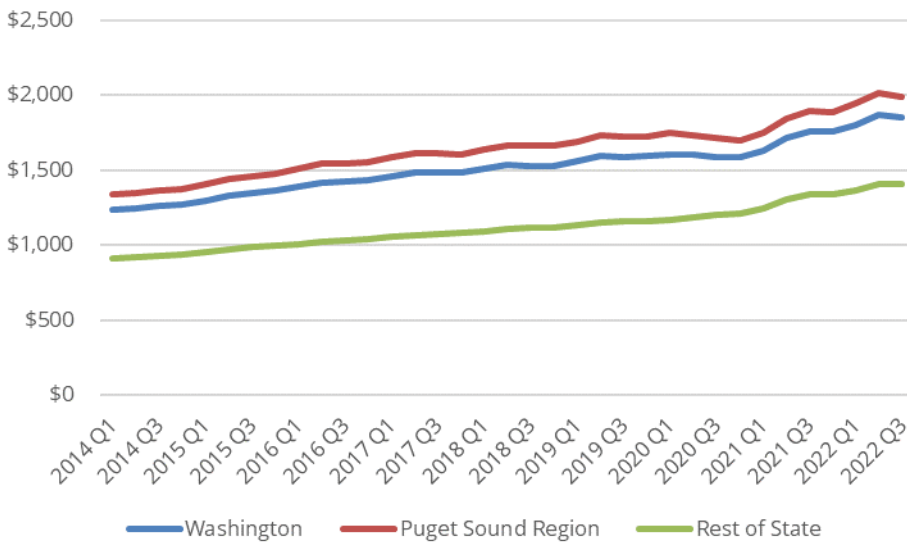


Figure 1. Historical Apartment Rents

VACANCY RATE TRENDS

While the overall trend during the period shown in Figure 2 has been a decline in vacancy rates, they have generally been increasing since the 2nd quarter 2021. The current statewide vacancy rate is 5.2%, which represents an increase of about 0.6 percentage points over a year earlier. There is some divergence between the average rates in the Puget Sound region and the rest of the state, which currently have vacancy rates of 5.5% and 4.3%, respectively. For almost all the period shown, vacancy rates in the Puget Sound region have been higher than elsewhere in the state. Year over year, vacancy rates increased 0.9 percentage points in the Puget Sound region and were stable elsewhere in the state.

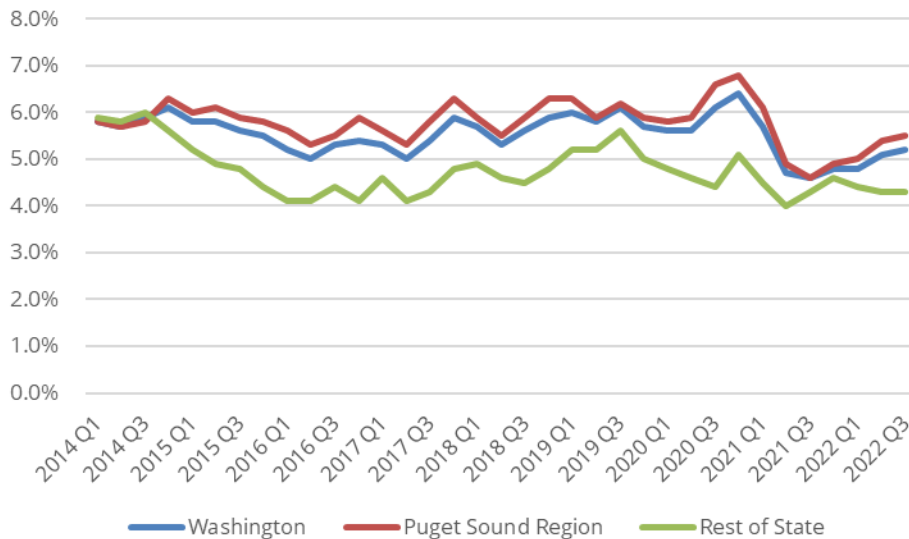


Figure 2. Historical Apartment Vacancy Rates

STATISTICS BY UNIT TYPE AND COUNTY

For the counties covered by WCRER’s survey, rents across all apartment types averaged \$1,866, ranging from a low of \$880 in Yakima County to a high of \$2,131 in King County (see Table 1). Annual rent growth rates averaged 5.7%, with a low of -0.7% in Kitsap County and a high of 12.8% in Skagit County. The lowest rents per square foot are in Yakima and Whitman counties, while the highest rents per square foot are in Snohomish and King counties.

Table 1. Statistics for All Types of Units

County	Number of Units	Average SF	Average Rent	Rent Per SF	Rent Growth/Year	Vacancy Units	Vacancy Percent	Vacancy Growth/Year
Benton-Franklin	10,160	882	\$1,316	\$1.49	4.9%	400	4.0%	1.1%
Chelan-Douglas	1,320	811	\$1,550	\$1.87	5.5%	52	4.1%	1.8%
Clark	23,440	906	\$1,620	\$1.79	6.9%	674	2.9%	0.6%
Cowlitz	1,208	815	\$1,349	\$1.60	4.5%	54	4.5%	-0.8%
Grant	1,204	869	\$1,302	\$1.52	8.5%	45	3.7%	-0.1%
King	188,851	794	\$2,131	\$2.69	5.9%	7,110	4.3%	0.2%
Kitsap	7,713	854	\$1,760	\$2.06	-0.7%	306	4.1%	1.6%
Kittitas	1,222	868	\$1,274	\$1.48	3.2%	46	3.7%	1.6%
Pierce	44,646	839	\$1,607	\$1.92	4.5%	1,661	3.8%	0.7%
Skagit	1,052	808	\$1,513	\$1.87	12.8%	16	1.5%	0.7%
Snohomish	35,575	969	\$1,918	\$2.19	7.6%	1,192	3.6%	0.2%
Spokane	25,002	877	\$1,289	\$1.46	4.5%	909	3.7%	0.6%
Thurston	11,192	837	\$1,562	\$1.87	6.7%	369	3.3%	0.9%
Walla Walla	535	660	\$942	\$1.43	10.7%	16	2.9%	0.8%
Whatcom	5,654	762	\$1,425	\$1.86	5.6%	83	1.6%	0.3%
Whitman	2,099	742	\$1,015	\$1.37	6.0%	190	9.1%	-2.9%
Yakima	2,599	765	\$880	\$1.13	3.8%	189	7.3%	4.3%
Total	363,472	834	\$1,866	\$2.28	5.7%	13,312	4.0%	0.4%

Vacancy rates across these markets averaged 4%, ranging from 1.5% in Skagit County (which also had the highest rental growth rate) to 9.1% in Whitman County. Changes in vacancy rates from a year earlier averaged a positive 0.4%, ranging from -2.9% in Whitman County to 4.3% in Yakima County (which also has the lowest average rents).

Geographical patterns of rents and vacancy rates for one- and two-bedroom units are quite similar to those for all bedroom types as a group (see Tables 2 and 3). Yakima County consistently has the lowest average rents, while King County has the highest rents. Annual rent growth rates were lowest in Kitsap County and highest in Skagit County. Vacancy rates are lowest in Skagit County and highest in Whitman County, while annual changes in vacancy rates were lowest in Whitman County and highest in Yakima County.

Table 2. Statistics for One-Bedroom Units

County	Number of		Average		Rent Growth/Year	Vacancy Units	Vacancy Percent	Vacancy Growth/Year
	Units	Average SF	Rent	Rent Per SF				
Benton-Franklin	4,017	712	\$1,162	\$1.65	4.7%	155	4.0%	1.3%
Chelan-Douglas	602	686	\$1,382	\$2.01	5.0%	24	4.4%	2.0%
Clark	7,907	705	\$1,432	\$2.03	8.4%	218	2.9%	0.5%
Cowlitz	407	600	\$995	\$1.46	6.3%	12	3.0%	-0.8%
Grant	502	716	\$1,217	\$1.67	9.3%	22	4.4%	-0.2%
King	96,209	692	\$1,975	\$2.86	5.3%	3,455	4.2%	0.2%
Kitsap	2,995	669	\$1,568	\$2.37	0.2%	102	3.6%	1.2%
Kittitas	357	614	\$974	\$1.64	5.8%	8	2.3%	0.8%
Pierce	18,929	682	\$1,390	\$2.05	4.8%	689	3.8%	0.7%
Skagit	429	645	\$1,314	\$2.11	11.8%	7	1.6%	0.7%
Snohomish	13,733	937	\$1,674	\$2.41	7.7%	457	3.6%	0.2%
Spokane	9,035	695	\$1,117	\$1.60	4.8%	326	3.7%	0.7%
Thurston	4,829	673	\$1,387	\$2.07	5.6%	153	3.2%	0.8%
Walla Walla	115	653	\$977	\$1.50	8.6%	3	2.8%	0.7%
Whatcom	2,551	615	\$1,230	\$2.02	3.6%	34	1.4%	0.0%
Whitman	910	592	\$839	\$1.43	5.1%	88	9.9%	-3.2%
Yakima	1,240	655	\$813	\$1.20	4.5%	73	5.9%	3.1%
<i>Total</i>	<i>164,767</i>	<i>709</i>	<i>\$1,727</i>	<i>\$2.51</i>	<i>5.5%</i>	<i>5,826</i>	<i>4.0%</i>	<i>0.4%</i>

Table 3. Statistics for Two-Bedroom Units

County	Number of Units	Average SF	Average Rent	Rent Per SF	Rent Growth/Year	Vacancy Units	Vacancy Percent	Vacancy Growth/Year
Benton-Franklin	4,789	988	\$1,396	\$1.41	4.9%	201	4.3%	1.1%
Chelan-Douglas	547	987	\$1,723	\$1.74	5.5%	22	4.0%	1.7%
Clark	12,653	986	\$1,684	\$1.71	5.7%	365	2.9%	0.6%
Cowlitz	590	909	\$1,663	\$1.83	4.0%	30	5.3%	-0.8%
Grant	582	984	\$1,440	\$1.45	8.3%	21	3.6%	-0.2%
King	62,955	980	\$2,424	\$2.48	6.2%	2,334	4.1%	0.2%
Kitsap	3,645	932	\$1,810	\$1.94	-0.9%	146	4.1%	1.6%
Kittitas	597	815	\$1,187	\$1.46	1.2%	33	5.6%	3.7%
Pierce	20,424	950	\$1,734	\$1.83	4.0%	769	3.8%	0.6%
Skagit	446	888	\$1,639	\$1.85	13.8%	6	1.3%	0.5%
Snohomish	17,547	962	\$2,009	\$2.10	7.9%	570	3.5%	0.0%
Spokane	12,643	964	\$1,353	\$1.40	4.6%	426	3.4%	0.6%
Thurston	4,966	956	\$1,663	\$1.74	7.3%	171	3.5%	0.9%
Walla Walla	174	919	\$1,335	\$1.45	17.1%	3	1.5%	0.8%
Whatcom	2,285	905	\$1,559	\$1.72	6.8%	36	1.7%	0.4%
Whitman	916	808	\$1,062	\$1.32	7.3%	72	7.9%	-3.4%
Yakima	732	930	\$987	\$1.06	5.4%	42	5.7%	3.9%
<i>Total</i>	<i>146,491</i>	<i>967</i>	<i>\$2,000</i>	<i>\$2.07</i>	<i>5.8%</i>	<i>5,247</i>	<i>3.8%</i>	<i>0.4%</i>

DATA AND METHODS

This report includes all counties for which there are at least 500 market-rate apartment units in the survey data in properties with 20 or more units. Smaller markets and smaller properties are relatively difficult to track consistently. We combine two pairs of adjacent counties (Benton-Franklin and Chelan-Douglas) due to the fact that most of the data for those counties pertains to urban areas that cross county borders (Tri-Cities and Wenatchee). We limit the county samples to buildings that were constructed at least two years prior to the survey to avoid issues related to the timing of take-up of new units. (Note that this restriction was not applied to the data shown in Figures 1, 2, or 3.) The numbers of units surveyed in each county or pair of counties are listed in Table 4. Note that the All Apartments category includes units of all sizes, ranging from studios to four or more bedrooms.

Table 4. Coverage Statistics

County	All Apartments	One-Bedroom	Two-Bedroom
Benton-Franklin	10,160	4,017	4,789
Chelan-Douglas	1,320	602	547
Clark	23,440	7,907	12,653
Cowlitz	1,208	407	590
Grant	1,204	502	582
King	188,851	96,209	62,955
Kitsap	7,713	2,995	3,645
Kittitas	1,222	357	597
Pierce	44,646	18,929	20,424
Skagit	1,052	429	446
Snohomish	35,575	13,733	17,547
Spokane	25,002	9,035	12,643
Thurston	11,192	4,829	4,966
Walla Walla	535	115	174
Whatcom	5,654	2,551	2,285
Whitman	2,099	910	916
Yakima	2,599	1,240	732
<i>Total</i>	<i>363,472</i>	<i>164,767</i>	<i>146,491</i>

This report focuses on one- and two-bedroom apartments, which make up the majority of the units across the state, as well as all apartment sizes considered as a group. One- and two-bedroom units comprise some 75% of apartments in the Puget Sound counties (King, Kitsap, Pierce, Snohomish, and Thurston) and 80% elsewhere in the state (see Figure 3). The percentage is lower in the Puget Sound region due to the greater proportion of studio apartments. Note that the term Rest of State is used in this report to refer to all counties other than the five in the Puget Sound region, not just those listed in Table 4.

The underlying data analyzed here are sourced from CoStar, a recognized international provider of commercial property data. The data have been compared with our own survey data to verify adequate coverage and to check rents and vacancy rates. Because this report represents a modified approach to data collection and analysis, the statistics presented here cannot be compared directly with statistics from previously published reports.

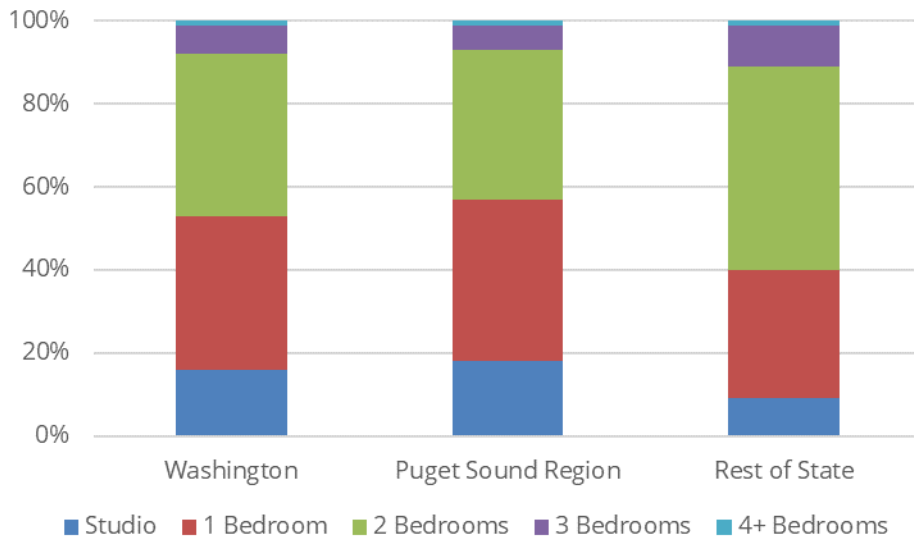


Figure 3. Distribution of Units by Number of Bedrooms

Note that, except for the number of units and the number of vacant units, which are sums, the totals in Tables 1 through 3 are weighted averages, with the weights being the number of units in the survey for each county. The rent growth per year represents a percentage change (i.e., the change in rent levels as a percentage of the rent level a year earlier), while the vacancy growth per year is a percentage *point* change (i.e., the current vacancy rate *minus* the rate a year earlier).

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