

UNIVERSITY *of* WASHINGTON

WASHINGTON STATE APARTMENT MARKET REPORT

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

1st Quarter 2023

BE BOUNDLESS



EXECUTIVE SUMMARY

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.

Apartment rents grew across the state during the 1st quarter 2023, reversing the decline of the previous quarter. Average rents grew by about 1.4% in the Puget Sound region and 2.2% in the rest of the state. However, vacancy rates continued to trend upwards across the state. Vacancy rates averaged 5.5% statewide, 5.9% in the Puget Sound region, and 4.3% elsewhere in the state.

The average apartment rent statewide across all bedroom types was \$1,800, representing a 1.6% 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 (\$2,047 and \$1,913, respectively), while Yakima and Whitman counties have the lowest levels (\$942 and \$1,038). Annual rent growth has been highest in Walla Walla County (9.6%) and lowest in Kitsap County (-6.3%).

Vacancy rates are highest in Chelan and Douglas counties (9%) and lowest in Kittitas, Whatcom, and Yakima counties (1.1%, 2.2%, and 2.2%). Vacancy rates declined year over year in Yakima, Grant, and Whitman counties (by 2.7, 0.7, and 0.4 percentage points) but increased in the other counties; the largest increase was in Chelan and Douglas counties (4.8 points).

MARKET ANALYSIS

RENT TRENDS

Apartment rents rebounded in the 1st quarter 2023 (see Figure 1). Rents grew 1.4% on average across the state, about 1.4% in the Puget Sound region and 2.2% in the rest of the state.

The current statewide annual rate of rent growth is 1.6%; this means that average rent levels for the 1st quarter 2023 were 1.6% higher than those for the 1st quarter 2022. The annual growth rate for the Puget Sound region was 1%, while that for the rest of the state was 4.9%.

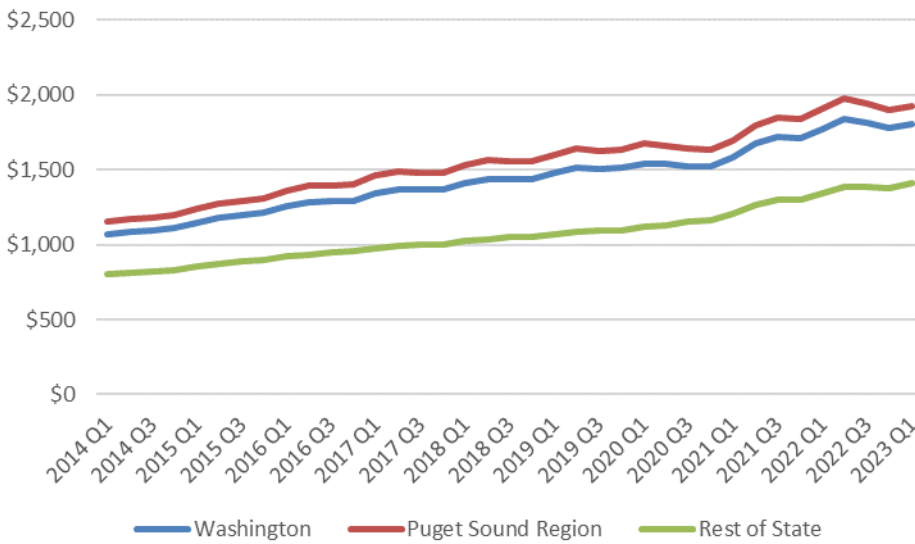


Figure 1. Historical Apartment Rents

VACANCY RATE TRENDS

Figure 2 shows continued growth in vacancy rates during the 1st quarter 2023. The current statewide vacancy rate is 5.5%, which represents an increase of about 1.6 percentage points over a year earlier. There is ongoing divergence between the average rates in the Puget Sound region and the rest of the state, which currently have vacancy rates of 5.9% 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 1.8 percentage points in the Puget Sound region and 1 percentage point elsewhere in the state.

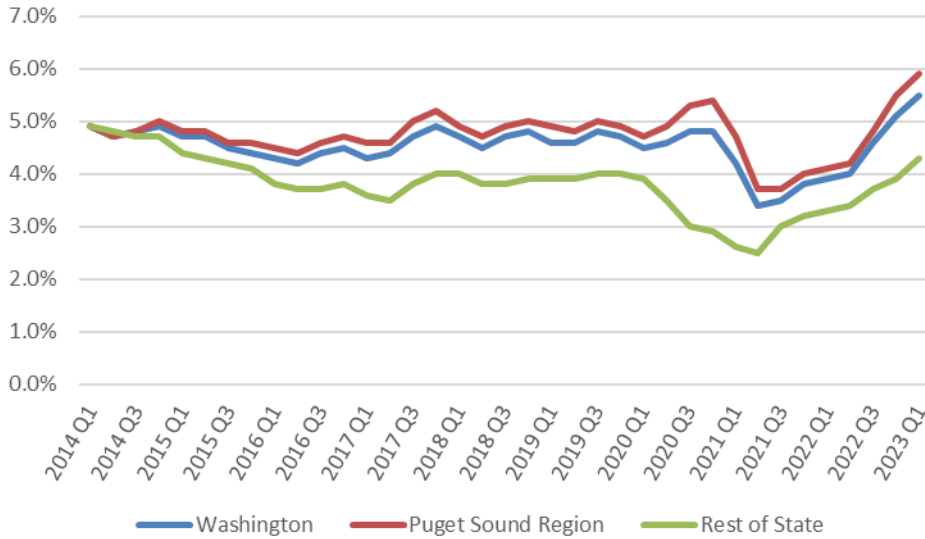


Figure 2. Historical Apartment Vacancy Rates

STATISTICS BY UNIT TYPE AND COUNTY

For the counties covered by WCRER's survey, rents across all apartment types averaged \$1,826, ranging from a low of \$942 in Yakima County to a high of \$2,047 in King County (see Table 1). Annual rent growth rates averaged 1.5%, with a low of -6.3% in Kitsap County and a high of 9.6% in Walla Walla 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		Vacancy	
					Growth/Year	Vacancy Units	Percent	Vacancy Growth/Year
Benton-Franklin	12,724	907	\$1,320	\$1.47	2.3%	554	4.7%	1.1%
Chelan-Douglas	2,213	834	\$1,589	\$1.86	-0.7%	172	9.0%	4.8%
Clark	30,215	938	\$1,643	\$1.78	5.0%	1,092	3.8%	0.8%
Cowlitz	2,303	812	\$1,220	\$1.51	2.9%	75	3.9%	0.3%
Grant	1,372	869	\$1,330	\$1.54	5.2%	50	3.8%	-0.7%
King	238,988	793	\$2,047	\$2.62	0.6%	11,080	6.0%	1.6%
Kitsap	9,134	857	\$1,661	\$1.93	-6.3%	645	7.7%	3.9%
Kittitas	1,562	897	\$1,332	\$1.49	4.5%	18	1.1%	0.0%
Pierce	52,623	860	\$1,596	\$1.86	1.5%	2,825	5.7%	2.0%
Skagit	1,568	871	\$1,484	\$1.69	3.4%	52	3.4%	2.6%
Snohomish	43,570	976	\$1,913	\$2.16	2.7%	2,136	5.8%	2.2%
Spokane	29,597	913	\$1,314	\$1.44	2.6%	1,410	4.9%	1.1%
Thurston	13,522	872	\$1,595	\$1.84	2.4%	694	5.2%	1.8%
Walla Walla	772	701	\$1,126	\$1.61	9.6%	45	6.1%	2.7%
Whatcom	8,684	780	\$1,489	\$1.94	5.8%	152	2.2%	0.9%
Whitman	2,620	761	\$1,038	\$1.36	5.5%	192	7.5%	-0.4%
Yakima	3,715	817	\$942	\$1.15	4.1%	82	2.2%	-2.7%
<i>Total</i>	<i>455,182</i>	<i>843</i>	<i>\$1,826</i>	<i>\$2.23</i>	<i>1.5%</i>	<i>21,274</i>	<i>5.6%</i>	<i>1.6%</i>

Vacancy rates across these markets averaged 5.6%, ranging from 1.1% in Kittitas County to 9% in Chelan and Douglas counties. Changes in vacancy rates from a year earlier averaged a positive 1.6 percentage points, ranging from -2.7 points in Yakima County to 4.8 points in Chelan and Douglas counties.

Geographical patterns of rents 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 Walla Walla County for both one- and two-bedroom units. Vacancy rates were lowest in Kittitas County and highest in Chelan and Douglas counties for both bedroom types. Annual changes in vacancy rates were lowest in Yakima County and highest in Chelan and Douglas counties.

Table 2. Statistics for One-Bedroom Units

County	Number of		Rent			Vacancy		Vacancy Growth/Year
	Units	Average SF	Average Rent	Rent Per SF	Growth/Year	Vacancy Units	Percent	
Benton-Franklin	4,191	717	\$1,175	\$1.66	1.6%	194	4.8%	1.3%
Chelan-Douglas	718	687	\$1,392	\$2.03	-0.5%	58	9.4%	5.4%
Clark	8,927	706	\$1,478	\$2.09	7.7%	315	4.0%	1.0%
Cowlitz	488	606	\$1,031	\$1.50	2.8%	14	3.0%	0.4%
Grant	565	716	\$1,252	\$1.72	-0.4%	22	4.3%	-1.2%
King	101,547	691	\$1,919	\$2.79	0.1%	5,012	6.1%	1.6%
Kitsap	3,244	672	\$1,443	\$2.16	-9.3%	235	7.7%	4.3%
Kittitas	371	611	\$1,043	\$1.77	5.3%	4	1.0%	-0.2%
Pierce	19,703	680	\$1,378	\$2.02	2.0%	1,082	5.8%	2.0%
Skagit	471	644	\$1,361	\$2.18	5.4%	18	3.9%	2.7%
Snohomish	14,378	930	\$1,666	\$2.40	2.2%	745	5.7%	2.1%
Spokane	9,426	697	\$1,117	\$1.61	2.1%	453	4.9%	1.1%
Thurston	4,955	677	\$1,423	\$2.11	3.4%	290	5.9%	2.1%
Walla Walla	128	652	\$1,163	\$1.78	11.0%	8	5.9%	3.0%
Whatcom	3,001	619	\$1,314	\$2.15	6.4%	58	2.3%	1.0%
Whitman	995	593	\$878	\$1.49	6.4%	91	9.3%	-0.4%
Yakima	1,312	665	\$833	\$1.22	3.9%	31	2.3%	-2.4%
<i>Total</i>	<i>174,420</i>	<i>708</i>	<i>\$1,695</i>	<i>\$2.47</i>	<i>1.1%</i>	<i>8,630</i>	<i>5.8%</i>	<i>1.6%</i>

Table 3. Statistics for Two-Bedroom Units

County	Number of		Rent			Vacancy		Vacancy Growth/Year
	Units	Average SF	Average Rent	Rent Per SF	Growth/Year	Vacancy Units	Percent	
Benton-Franklin	6,119	994	\$1,387	\$1.41	2.7%	268	4.6%	0.8%
Chelan-Douglas	992	993	\$1,733	\$1.74	-0.4%	83	8.6%	4.3%
Clark	16,750	982	\$1,658	\$1.69	3.5%	617	3.8%	0.8%
Cowlitz	1,214	884	\$1,383	\$1.59	3.0%	46	4.2%	0.1%
Grant	628	985	\$1,447	\$1.46	8.4%	22	3.5%	-0.9%
King	79,336	989	\$2,356	\$2.39	0.6%	3,630	5.7%	1.7%
Kitsap	4,326	937	\$1,725	\$1.84	-5.3%	317	7.6%	3.8%
Kittitas	828	852	\$1,229	\$1.43	5.9%	10	1.2%	0.2%
Pierce	24,986	958	\$1,694	\$1.77	1.0%	1,373	5.7%	2.0%
Skagit	703	905	\$1,490	\$1.65	2.5%	23	3.6%	3.0%
Snohomish	21,122	972	\$1,980	\$2.06	2.7%	1,090	5.8%	2.3%
Spokane	15,033	982	\$1,350	\$1.37	2.9%	721	4.8%	1.3%
Thurston	6,527	967	\$1,667	\$1.73	1.5%	306	4.8%	1.7%
Walla Walla	319	866	\$1,332	\$1.54	10.4%	19	5.9%	3.5%
Whatcom	3,344	907	\$1,610	\$1.78	6.1%	63	2.2%	0.9%
Whitman	1,240	824	\$1,058	\$1.28	6.0%	79	6.3%	-0.2%
Yakima	1,167	942	\$1,040	\$1.10	4.1%	23	2.0%	-1.4%
<i>Total</i>	<i>184,634</i>	<i>975</i>	<i>\$1,953</i>	<i>\$2.01</i>	<i>1.6%</i>	<i>8,690</i>	<i>5.3%</i>	<i>1.7%</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 analysis 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. Starting with this report (1st quarter 2023), the same restriction also applies to the statewide, Puget Sound, and rest-of-state data shown in Figures 1, 2, and 3 and discussed in the report. The numbers of units surveyed in each county or pair of counties are listed in Tables 1 through 3. Note that the All Apartments category includes units of all sizes, ranging from studios to four or more bedrooms.

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 77.1% 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 the tables.

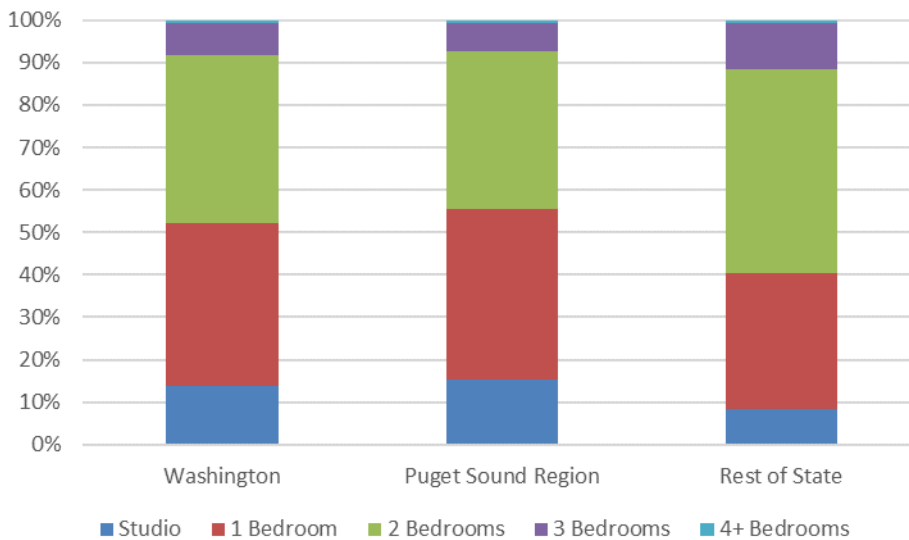


Figure 3. Distribution of Units by Number of Bedrooms

The underlying data analyzed here are sourced from CoStar, a recognized international provider of commercial property data. Because this is a modified approach to data collection and analysis, the statistics presented here cannot be compared directly with statistics in reports published by WCRER prior to the 3rd quarter 2022.

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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