

UNIVERSITY *of* WASHINGTON

# WASHINGTON STATE APARTMENT MARKET REPORT

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

2nd Quarter 2023

***BE BOUNDLESS***



## EXECUTIVE SUMMARY

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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 continued to grow across the state during the 2<sup>nd</sup> quarter 2023, however the rate of growth slowed compared to the previous quarter. Average rents grew by about 1.7% in the Puget Sound region and 0.8% in the rest of the state. Vacancy rate changes have stagnated across the state. Vacancy rates averaged 4.9% statewide, 5.2% in the Puget Sound region, and 3.8% elsewhere in the state.

The average apartment rent statewide across all bedroom types was \$1,773, representing a 0.2% 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 (\$2,017 and \$1,865, respectively), while Yakima and Whitman counties have the lowest levels (\$923 and \$1,036). Annual rent growth has been highest in Walla Walla County (5.1%) and lowest in Kitsap County (-4.5%).

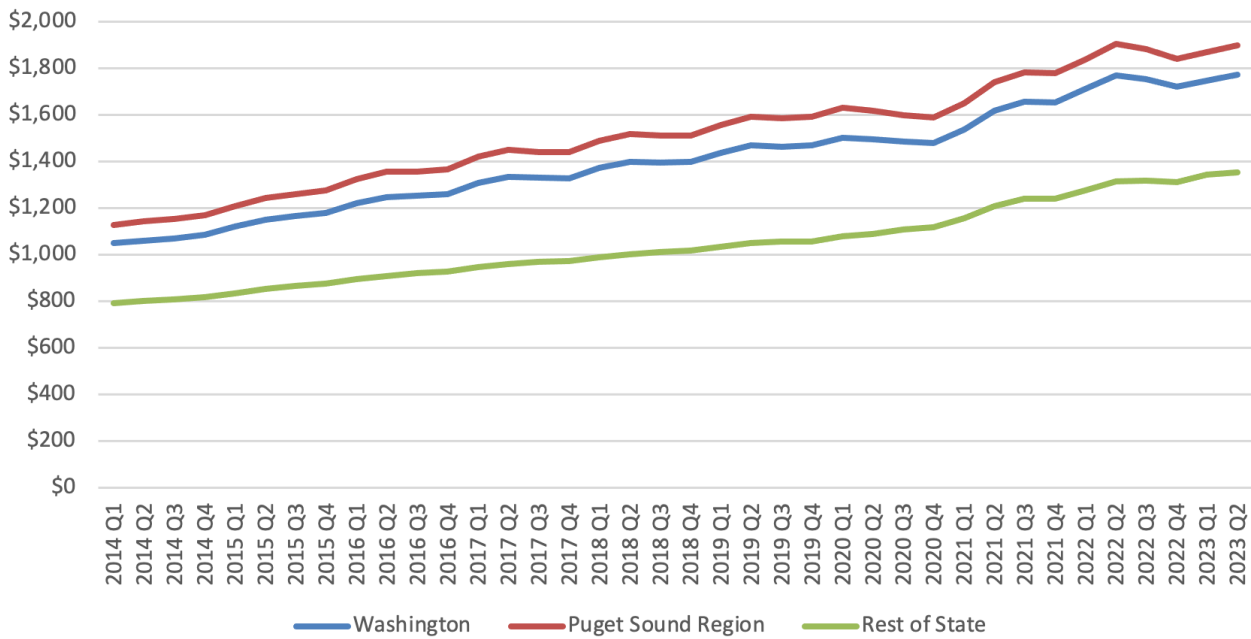
Vacancy rates are highest in Chelan and Douglas counties (8%) and lowest in Kittitas, Yakima, and Whatcom counties (2.0%, 2.3%, and 2.5%). Vacancy rates declined year over year in Yakima, Kittitas, and Cowlitz counties (by 1.5, 1.4, and 0.1 percentage points) but increased in the other counties; the largest increase was in Chelan and Douglas counties (4.1 percentage points).

## MARKET ANALYSIS

### RENT TRENDS

Apartment rents rebounded in the 2<sup>nd</sup> quarter 2023 (see Figure 1). Rents grew 1.5% on average across the state, about 1.7% in the Puget Sound region and 0.8% in the rest of the state.

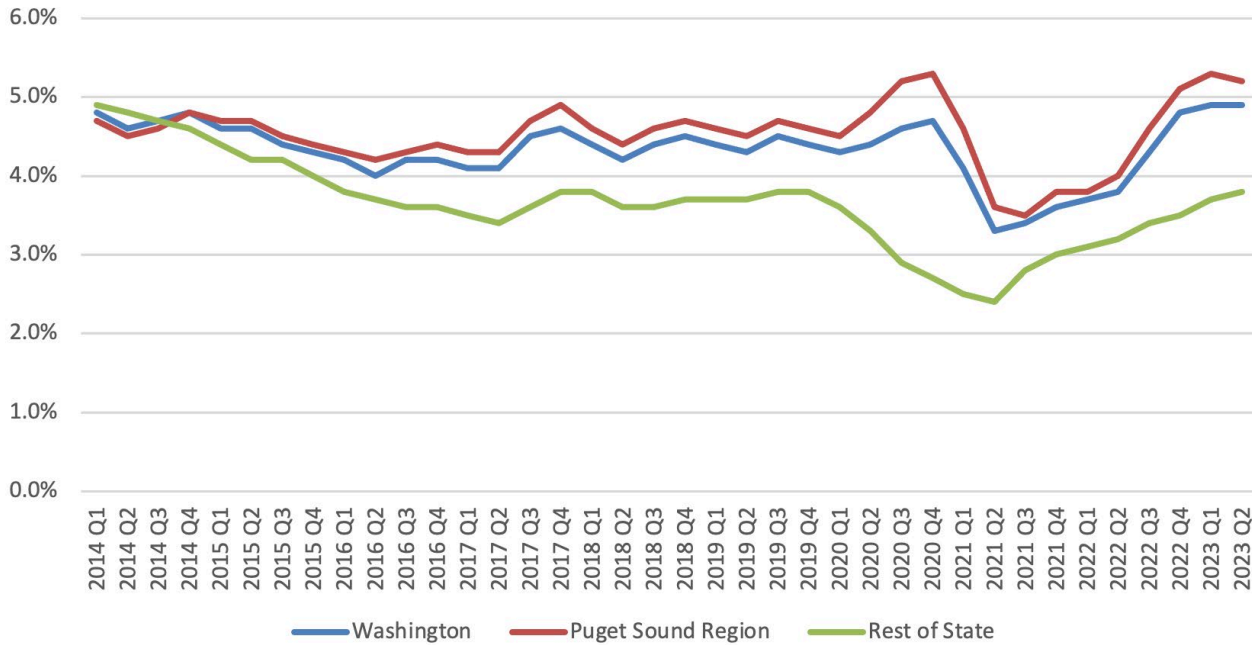
The current statewide annual rate of rent growth is 0.2%; this means that average rent levels for the 2<sup>nd</sup> quarter 2023 were 0.2% higher than those for the 2<sup>nd</sup> quarter 2022. The annual growth rate for the Puget Sound region was -0.3%, while that for the rest of the state was 3.0%.



**Figure 1. Historical Apartment Rents**

## VACANCY RATE TRENDS

Figure 2 shows continued growth in vacancy rates during the 2<sup>nd</sup> quarter 2023. The current statewide vacancy rate is 4.9%, which represents an increase of about 1.1 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 5.2% and 3.8%, respectively. For almost all the periods shown, vacancy rates in the Puget Sound region have been higher than elsewhere in the state. Year over year, vacancy rates increased 1.2 percentage points in the Puget Sound region and 0.6 percentage points 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 \$1,777, ranging from a low of \$923 in Yakima County to a high of \$2,017 in King County (see Table 1). Annual rent growth rates averaged 0.1%, with a low of -4.5% in Kitsap County and a high of 5.1% in Walla Walla County. The lowest rents per square foot are in Yakima and Grant 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	14,541	898	\$1,279	\$1.43	1.9%	518	3.6%	0.1%
Chelan-Douglas	2,348	849	\$1,538	\$1.78	-3.6%	184	8.0%	4.1%
Clark	33,157	915	\$1,591	\$1.74	0.9%	1,142	3.4%	0.6%
Cowlitz	2,118	796	\$1,224	\$1.51	1.9%	57	2.7%	-0.1%
Grant	2,285	920	\$1,164	\$1.27	3.5%	108	4.7%	0.7%
King	249,409	776	\$2,017	\$2.60	-0.8%	13,240	5.3%	1.0%
Kitsap	10,904	845	\$1,606	\$1.89	-4.5%	799	7.4%	3.5%
Kittitas	1,918	868	\$1,239	\$1.42	4.4%	38	2.0%	-1.4%
Pierce	56,415	846	\$1,569	\$1.84	-0.2%	2,877	5.1%	1.4%
Skagit	2,447	860	\$1,329	\$1.55	2.4%	62	2.5%	1.5%
Snohomish	47,317	892	\$1,865	\$2.09	1.1%	2,371	5.0%	1.7%
Spokane	35,161	902	\$1,279	\$1.41	1.9%	1,495	4.3%	0.6%
Thurston	16,174	874	\$1,547	\$1.78	2.0%	702	4.3%	1.1%
Walla Walla	961	712	\$1,087	\$1.53	5.1%	64	6.7%	2.6%
Whatcom	8,832	799	\$1,418	\$1.78	4.2%	220	2.5%	1.2%
Whitman	2,795	783	\$1,036	\$1.33	4.5%	217	7.8%	1.0%
Yakima	5,679	852	\$923	\$1.08	2.8%	129	2.3%	-1.5%
<i>Total</i>	<i>492,461</i>	<i>825</i>	<i>\$1,777</i>	<i>\$2.18</i>	<i>0.1%</i>	<i>24,223</i>	<i>4.9%</i>	<i>1.1%</i>

Vacancy rates across these markets averaged 4.9%, ranging from 2.0% in Kittitas County to 8% in Chelan and Douglas counties. Changes in vacancy rates from a year earlier averaged a positive 1.1 percentage points, ranging from -1.5 percentage points in Yakima County to 4.1 percentage 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 one-bedroom units. Annual rent growth rates for two-bedroom units were also lowest in Kitsap County but were highest in Kittitas County. Vacancy rates for one-bedroom units were lowest in Cowlitz and Kittitas counties and highest in Whitman County. For two-bedroom units, vacancy rates were lowest in Kittitas County and highest in Chelan and Douglas counties. Annual changes in vacancy rates for one-bedroom units were lowest in Yakima County and highest in Chelan and Douglas counties. Two-bedroom units saw the lowest annual changes in vacancy rates in Kittitas County and the highest in Walla Walla County.

**Table 2. Statistics for One-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	4,893	700	\$1,130	\$1.63	1.9%	169	3.5%	0.0%
Chelan-Douglas	644	684	\$1,398	\$2.04	-1.2%	57	8.9%	5.7%
Clark	9,286	699	\$1,402	\$2.01	1.0%	332	3.6%	0.8%
Cowlitz	507	612	\$1,034	\$1.50	1.7%	9	1.8%	0.0%
Grant	564	705	\$1,218	\$1.70	-1.2%	29	5.1%	0.5%
King	109,541	684	\$1,912	\$2.80	-0.6%	5,880	5.4%	1.0%
Kitsap	3,726	661	\$1,423	\$2.16	-6.0%	290	7.9%	4.2%
Kittitas	538	607	\$888	\$1.49	2.8%	10	1.8%	-0.5%
Pierce	21,140	671	\$1,354	\$2.01	-0.3%	1,095	5.2%	1.4%
Skagit	778	633	\$1,237	\$2.00	2.6%	22	2.8%	1.5%
Snohomish	15,997	693	\$1,626	\$2.35	0.4%	777	4.9%	1.4%
Spokane	11,211	685	\$1,084	\$1.58	1.8%	474	4.3%	0.5%
Thurston	5,657	676	\$1,380	\$2.05	0.9%	277	4.9%	1.4%
Walla Walla	183	643	\$1,002	\$1.56	6.3%	11	6.1%	3.1%
Whatcom	2,933	621	\$1,256	\$2.03	4.9%	72	2.5%	1.2%
Whitman	976	588	\$886	\$1.50	6.0%	93	9.6%	1.8%
Yakima	1,733	654	\$810	\$1.22	2.5%	45	2.6%	-1.5%
<i>Total</i>	<i>190,307</i>	<i>681</i>	<i>\$1,669</i>	<i>\$2.45</i>	<i>-0.1%</i>	<i>9,642</i>	<i>5.1%</i>	<i>1.1%</i>

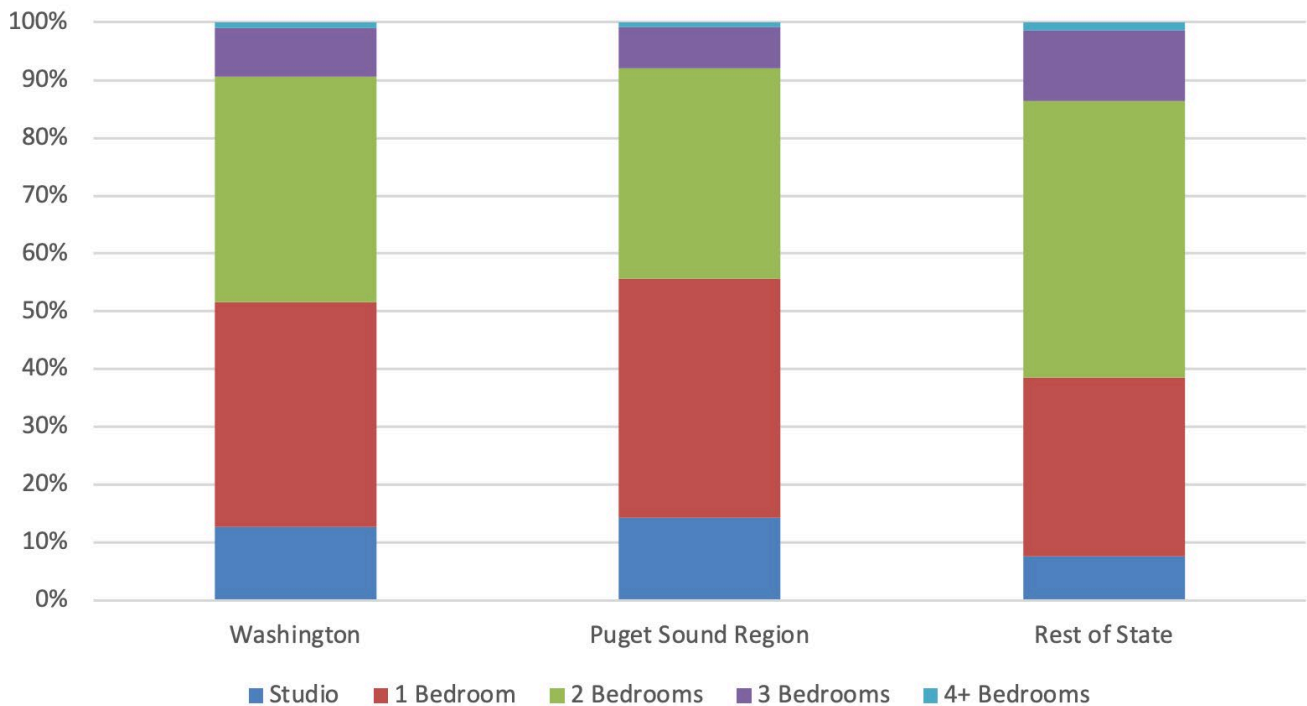
**Table 3. Statistics for Two-Bedroom Units**

County	Number of Units	Average SF	Average Rent	Rent Per SF	Rent Growth/Year	Vacancy Units	Vacancy Percent	Vacancy Growth/Year
Benton-Franklin	6,860	975	\$1,352	\$1.39	1.9%	245	3.6%	0.0%
Chelan-Douglas	1,096	983	\$1,663	\$1.69	-3.9%	92	8.5%	3.6%
Clark	18,383	973	\$1,626	\$1.67	0.3%	621	3.4%	0.5%
Cowlitz	1,109	884	\$1,388	\$1.59	2.1%	31	2.8%	-0.3%
Grant	964	947	\$1,297	\$1.36	4.0%	46	4.8%	0.6%
King	80,139	979	\$2,314	\$2.36	-1.4%	3,966	5.0%	1.0%
Kitsap	5,328	909	\$1,650	\$1.81	-4.2%	384	7.2%	3.2%
Kittitas	936	847	\$1,186	\$1.39	5.9%	14	1.5%	-3.2%
Pierce	26,519	948	\$1,675	\$1.76	-0.4%	1,359	5.1%	1.5%
Skagit	1,074	891	\$1,314	\$1.48	2.7%	29	2.7%	1.8%
Snohomish	23,261	959	\$1,927	\$2.01	1.0%	1,202	5.2%	1.9%
Spokane	17,300	972	\$1,318	\$1.36	1.6%	742	4.3%	0.7%
Thurston	7,725	955	\$1,618	\$1.70	2.6%	317	4.1%	1.1%
Walla Walla	413	864	\$1,257	\$1.45	4.5%	30	7.2%	3.7%
Whatcom	3,780	901	\$1,525	\$1.69	4.5%	93	2.5%	1.2%
Whitman	1,314	825	\$1,055	\$1.28	4.8%	88	6.7%	0.9%
Yakima	1,826	917	\$997	\$1.08	2.8%	36	2.0%	-0.9%
<i>Total</i>	<i>198,027</i>	<i>963</i>	<i>\$1,891</i>	<i>\$1.96</i>	<i>-0.1%</i>	<i>9,295</i>	<i>4.7%</i>	<i>1.1%</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. The same restriction also applies to the statewide, Puget Sound, and rest-of-state data shown and discussed in the report for Figures 1 and 2. However, Figure 3 (*Distribution of Units by Number of Bedrooms*), has no restriction on building construction date to reflect the most accurate unit mix in the market as of the end of the quarter being reported. 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 77.7% of apartments in the Puget Sound counties (King, Kitsap, Pierce, Snohomish, and Thurston) and 78.6% 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 3<sup>rd</sup> 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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