

UNIVERSITY *of* WASHINGTON

WASHINGTON STATE APARTMENT MARKET REPORT

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

4th 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 declined across the state during the 4th quarter 2023, with the quarterly rate of growth declining to -0.7%. Average rents declined by -0.7% in the Puget Sound region and -0.6% in the rest of the state. Vacancy rates have continued to stagnate across the state, averaging 5.3% statewide, 5.4% in the Puget Sound region, and 4.7% elsewhere in the state.

The average apartment rent statewide across all bedroom types was \$1,748, representing a -0.7% decrease from the prior quarter and a 1.6% increase over a year earlier. Of the individual counties or pairs of counties reported on, King and Snohomish counties continue to have the highest apartment rent levels (\$1,977 and \$1,847, respectively), while Yakima and Whitman counties continue to have the lowest levels (\$938 and \$1,037). Annual rent growth has been highest in Grant County (5.3%) and lowest in Clark County (-2.2%).

Vacancy rates are highest in Walla Walla County (7.9%) and lowest in Yakima, Cowlitz, and Skagit counties (2.4%, 2.8%, and 3%). Vacancy rates declined year over year in Thurston, Yakima, Kitsap, and Grant counties (by -0.5, -0.4, -0.4, and -0.1 percentage points) but increased in the other counties; the largest increase was in Kittitas County (4.4 percentage points).

MARKET ANALYSIS

RENT TRENDS

Apartment rents declined in the 4th quarter 2023 (see Figure 1). Rents fell by -0.7% on average across the state, -0.7% in the Puget Sound region and by -0.6% 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 4th quarter 2023 were 1.6% higher than those for the 4th quarter 2022. The annual growth rate for the Puget Sound region was 1.7%, while that for the rest of the state was 1.6%.

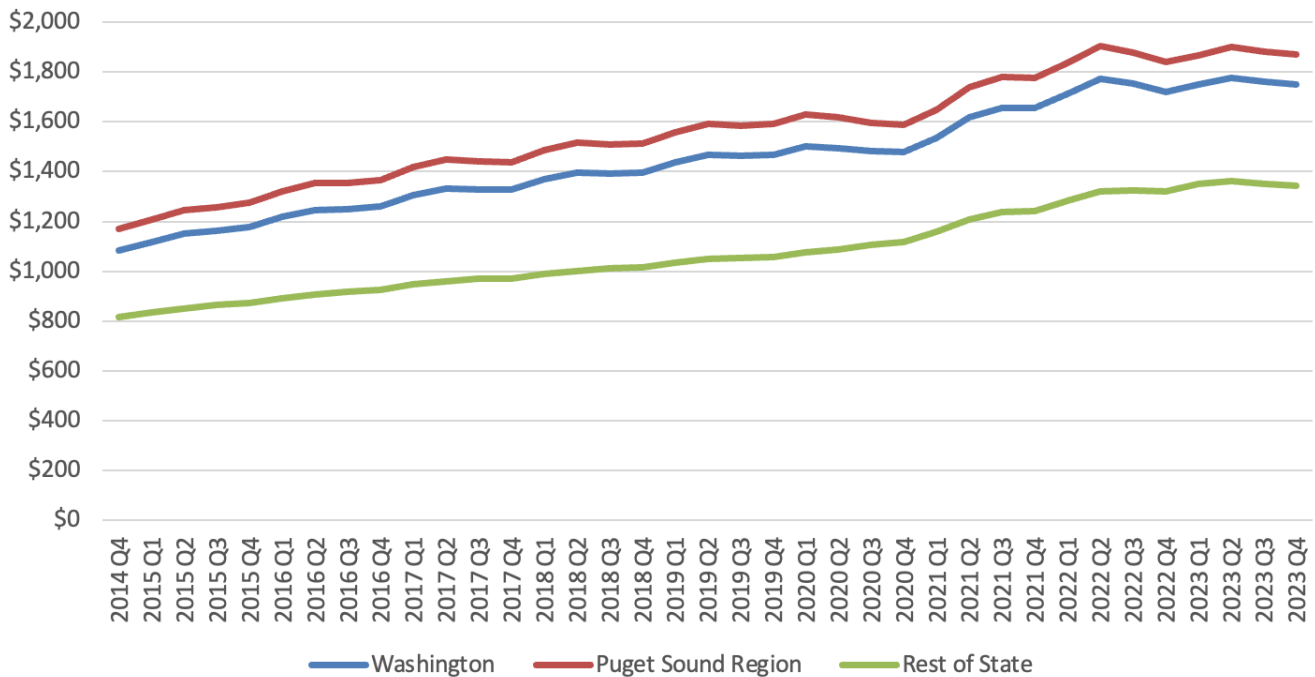


Figure 1. Historical Apartment Rents

VACANCY RATE TRENDS

Figure 2 shows continued growth in vacancy rates during the 4th quarter 2023. The current statewide vacancy rate is 5.3%, which represents an increase of about 0.5 percentage points over a year earlier. The gap between the average vacancy rates in the Puget Sound region and the rest of the state has continued to decrease; those regions currently have vacancy rates of 5.4% and 4.7%, 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 0.2 percentage points in the Puget Sound region and 1.1 percentage points elsewhere in the state.

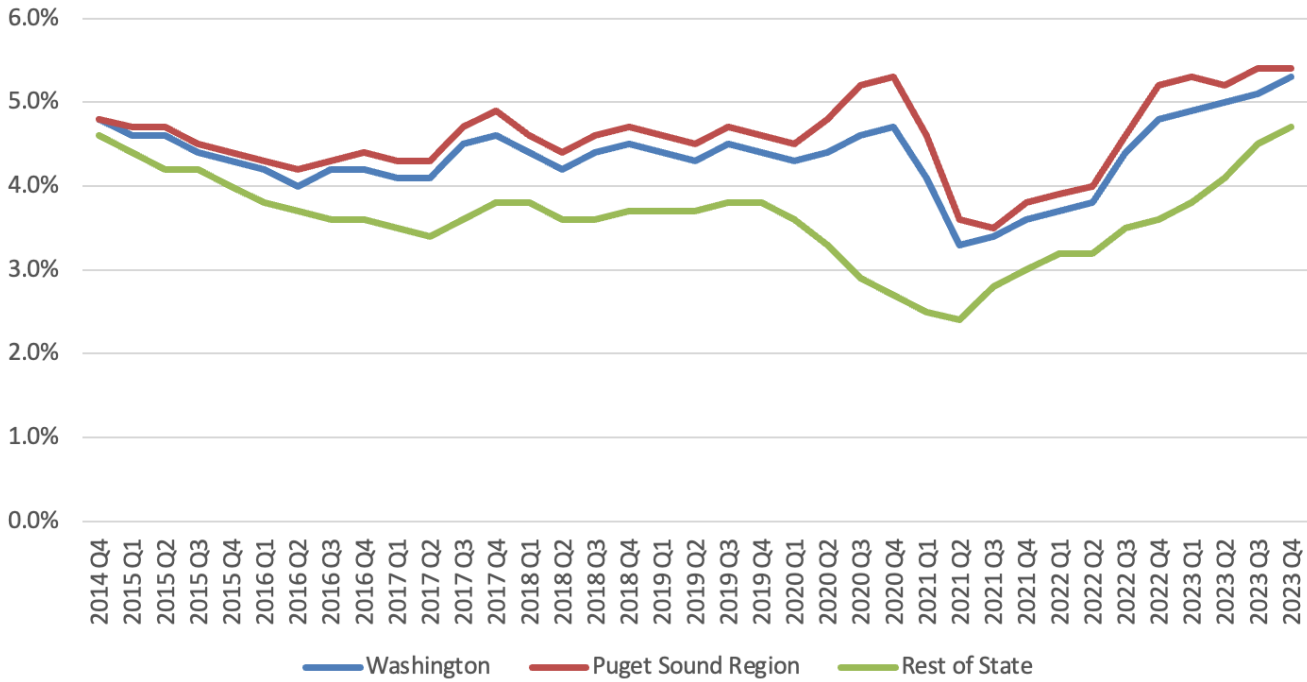


Figure 2. Historical Apartment Vacancy Rates

STATISTICS BY UNIT TYPE AND COUNTY

For the counties covered by WCRER's survey, rents across all apartment types averaged \$1,751, ranging from a low of \$938 in Yakima County to a high of \$1,977 in King County (see Table 1). Annual rent growth rates averaged 1.3%, with a low of -2.2% in Clark County and a high of 5.3% in Grant County. The lowest rents per square foot are in Yakima and Grant counties (\$1.10/SF and \$1.29/SF respectively), while the highest rents per square foot are in King and Snohomish counties (\$2.55/SF and \$2.07/SF respectively).

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	14,562	899	\$1,283	\$1.44	2.5%	710	4.9%	0.4%
Chelan-Douglas	2,345	849	\$1,517	\$1.76	0.4%	158	6.9%	0.7%
Clark	33,354	915	\$1,554	\$1.69	-2.2%	1,535	4.6%	1.3%
Cowlitz	2,118	797	\$1,244	\$1.54	1.7%	58	2.8%	0.6%
Grant	2,333	920	\$1,175	\$1.29	5.3%	88	3.8%	-0.1%
King	249,159	775	\$1,977	\$2.55	1.2%	13,594	5.5%	0.1%
Kitsap	10,833	847	\$1,593	\$1.88	1.6%	629	5.8%	-0.4%
Kittitas	1,914	869	\$1,210	\$1.38	-0.6%	124	6.5%	4.4%
Pierce	57,252	846	\$1,566	\$1.85	1.0%	3,293	5.8%	0.8%
Skagit	2,447	857	\$1,376	\$1.61	4.2%	74	3.0%	0.6%
Snohomish	47,391	892	\$1,847	\$2.07	2.6%	2,569	5.4%	0.5%
Spokane	35,294	901	\$1,261	\$1.39	1.2%	1,835	5.2%	1.0%
Thurston	15,949	874	\$1,564	\$1.80	3.2%	689	4.3%	-0.5%
Walla Walla	961	712	\$1,108	\$1.56	2.8%	76	7.9%	2.8%
Whatcom	9,052	800	\$1,458	\$1.82	2.9%	328	3.7%	2.0%
Whitman	2,755	783	\$1,037	\$1.33	3.1%	181	6.6%	1.5%
Yakima	5,720	855	\$938	\$1.10	2.8%	137	2.4%	-0.4%
<i>Total</i>	<i>493,439</i>	<i>825</i>	<i>\$1,751</i>	<i>\$2.15</i>	<i>1.3%</i>	<i>26,078</i>	<i>5.3%</i>	<i>0.4%</i>

Vacancy rates across these markets averaged 5.3%, ranging from 2.4% in Yakima County to 7.9% in Walla Walla County. Changes in vacancy rates from a year earlier averaged a positive 0.4 percentage points, ranging from -0.5 percentage points in Thurston County to 4.4 percentage points in Kittitas County.

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 Clark County and highest in Skagit County for one-bedroom units (-2% and 5.9% respectively). Annual rent growth rates for two-bedroom units were also lowest in Clark County (-2.8%) but were highest in Whitman County (3.8%). Vacancy rates for one-bedroom units were lowest in Cowlitz and Yakima counties (2% and 2.6% respectively) and highest in Chelan-Douglas counties (6.9%). For two-bedroom units, vacancy rates were lowest in Yakima County (2.1%) and highest in Walla Walla County (9.2%). Annual changes in vacancy rates for one-bedroom units were lowest in Yakima County (-0.8 percentage points) and highest in Kittitas County (3 points). Two-bedroom units saw the lowest annual changes in vacancy rates in Kitsap County (-0.6 points) and the highest in Kittitas County (5.8 points).

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	4,904	699	\$1,140	\$1.64	2.8%	198	4.1%	0.1%
Chelan-Douglas	642	679	\$1,384	\$2.06	0.6%	45	6.9%	-0.3%
Clark	9,378	699	\$1,369	\$1.96	-2.0%	435	4.6%	1.4%
Cowlitz	497	611	\$1,052	\$1.53	1.7%	10	2.0%	0.7%
Grant	609	705	\$1,244	\$1.74	4.4%	22	3.6%	-0.4%
King	109,584	683	\$1,870	\$2.74	1.2%	6,042	5.5%	0.0%
Kitsap	3,735	662	\$1,430	\$2.19	1.5%	214	5.8%	-0.4%
Kittitas	524	606	\$871	\$1.46	-0.3%	25	4.7%	3.0%
Pierce	21,357	669	\$1,355	\$2.02	0.6%	1,197	5.6%	0.6%
Skagit	742	628	\$1,286	\$2.10	5.9%	26	3.5%	0.8%
Snohomish	16,040	693	\$1,604	\$2.32	1.7%	896	5.6%	0.6%
Spokane	11,209	686	\$1,085	\$1.58	1.9%	599	5.4%	1.0%
Thurston	5,423	676	\$1,391	\$2.06	2.3%	234	4.3%	-0.6%
Walla Walla	213	654	\$1,016	\$1.55	0.9%	14	6.7%	2.6%
Whatcom	2,963	616	\$1,290	\$2.12	2.9%	105	3.6%	1.9%
Whitman	975	588	\$868	\$1.48	2.3%	66	6.7%	1.5%
Yakima	1,910	666	\$841	\$1.23	2.0%	49	2.6%	-0.8%
<i>Total</i>	<i>190,705</i>	<i>681</i>	<i>\$1,642</i>	<i>\$2.41</i>	<i>1.2%</i>	<i>10,177</i>	<i>5.3%</i>	<i>0.3%</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	6,895	976	\$1,355	\$1.39	2.8%	300	4.4%	0.5%
Chelan-Douglas	1,088	984	\$1,647	\$1.68	0.6%	82	7.7%	1.3%
Clark	18,407	973	\$1,578	\$1.62	-2.8%	866	4.7%	1.4%
Cowlitz	1,128	884	\$1,410	\$1.62	1.8%	33	2.9%	0.7%
Grant	985	947	\$1,295	\$1.37	3.7%	39	3.9%	-0.2%
King	80,225	979	\$2,270	\$2.32	1.3%	4,281	5.4%	0.3%
Kitsap	5,292	913	\$1,633	\$1.79	2.0%	298	5.6%	-0.6%
Kittitas	946	846	\$1,182	\$1.39	1.1%	73	7.7%	5.8%
Pierce	26,708	949	\$1,677	\$1.76	1.1%	1,548	5.8%	0.9%
Skagit	1,104	889	\$1,349	\$1.52	3.5%	34	3.1%	0.6%
Snohomish	23,404	959	\$1,919	\$2.00	3.3%	1,293	5.5%	0.5%
Spokane	17,357	973	\$1,291	\$1.33	0.5%	922	5.3%	1.2%
Thurston	7,751	953	\$1,639	\$1.72	3.7%	335	4.3%	-0.5%
Walla Walla	383	864	\$1,278	\$1.48	1.5%	35	9.2%	3.8%
Whatcom	3,857	900	\$1,562	\$1.74	2.5%	135	3.6%	2.2%
Whitman	1,314	825	\$1,065	\$1.29	3.8%	82	6.2%	1.4%
Yakima	1,890	921	\$1,007	\$1.09	3.6%	40	2.1%	-0.3%
<i>Total</i>	<i>198,734</i>	<i>964</i>	<i>\$1,867</i>	<i>\$1.93</i>	<i>1.3%</i>	<i>10,396</i>	<i>5.3%</i>	<i>0.6%</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 78.8% 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.

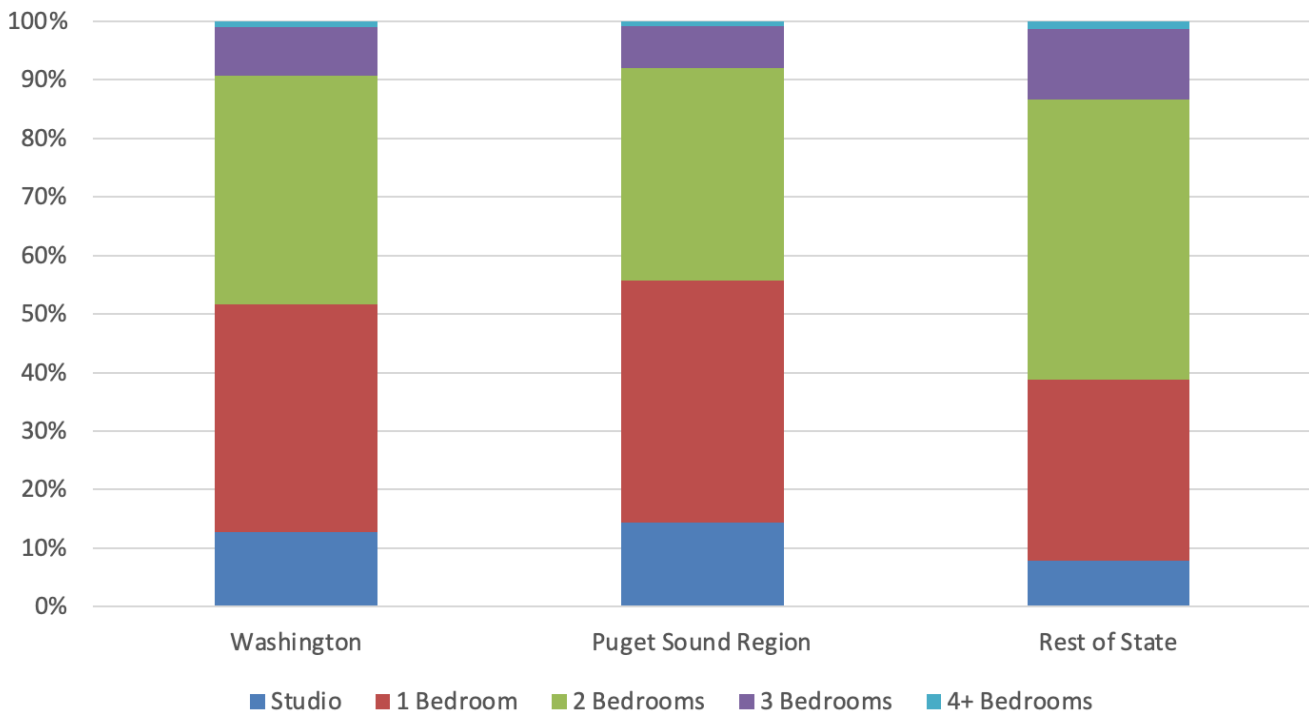


Figure 3. Distribution of Units by Number of Bedrooms

The underlying data analyzed here are sourced from CoStar, a recognized international provider of commercial property data. CoStar's verified data is sourced through primary research, data provided by market participants, public record and data feeds. Among these is CoStar's Apartments.com network, the largest online multi-family marketplace. This multi-faceted, comprehensive approach provides the most robust and current rental market data available. 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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CONTACT US

WCRER staff

Steven C. Bourassa, Director
Mason Virant, Associate Director
Philipp Kunze, Research Assistant
Jackie Burkett, Research Assistant

Street address

Washington Center for Real Estate Research
Runstad Department of Real Estate
University of Washington
3950 University Way NE, Suite 430
Seattle, WA 98105

Postal address

Washington Center for Real Estate Research
Runstad Department of Real Estate
University of Washington
Box 355727
Seattle, WA 98195

Email

wcrer@uw.edu