

UNIVERSITY *of* WASHINGTON

WASHINGTON STATE APARTMENT MARKET REPORT

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

2nd Quarter 2024

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 those counties for which data are available. This is a change from our reports for the 4th quarter 2023 and earlier, which included data for only a selected set of counties.

This report also provides, for the first time, a summary of statewide affordability trends.

Apartment rents increased across the state during the 2nd quarter 2024, with the quarterly rate of growth at 1.6%. Average rents increased by 1.7% in the Puget Sound region and 1% in the rest of the state. Vacancy rates have continued to stagnate across the state, averaging 5% statewide, 5.1% in the Puget Sound region, and 4.6% elsewhere in the state.

The average apartment rent statewide across all bedroom types was \$1,829, representing a 1.6% increase from the prior quarter and a 3% increase over a year earlier. For the individual counties reported on, the average rent across all bedroom types was \$1,824, a 2.3% increase over a year earlier. Of these individual counties reported on, King and Snohomish counties continue to have the highest apartment rent levels (\$2,081 and \$1,935 respectively), while Columbia and Pend Oreille counties continue to have the lowest levels (\$584 and \$645). Annual rent growth has been highest in Clallam County (11.8%) and lowest in Clark County (-0.1%).

Vacancy rates are highest in Skamania County (8.4%) and lowest in Asotin County (1.3%). Vacancy rates declined year-over-year in 13 counties (Kitsap, Douglas, Chelan, Skagit, Grays Harbor, Pierce, Klickitat, Skamania, Benton, King, Jefferson, Pacific and San Juan) with the largest year-over-year decline seen in Kitsap (-2.3%) and the smallest year-over-year decline seen in Jefferson, Pacific, and San Juan (-0.1%). Vacancy rates increased in 21 counties; the largest increase was in Pend Oreille County (4.9%) and the lowest increase was seen in Snohomish County (0.1%).

MARKET ANALYSIS

RENT TRENDS

Apartment rents increased in the 2nd quarter 2024 (see Figure 1). Rents increased by 1.6% on average across the state, 1.7% in the Puget Sound region and by 1% in the rest of the state.

The current statewide annual rate of rent growth is 3%; this means that average rent levels for the 2nd quarter 2024 were 3% higher than those for the 2nd quarter 2023. The annual growth rate for the Puget Sound region was 3.2%, while that for the rest of the state was 2.1%.

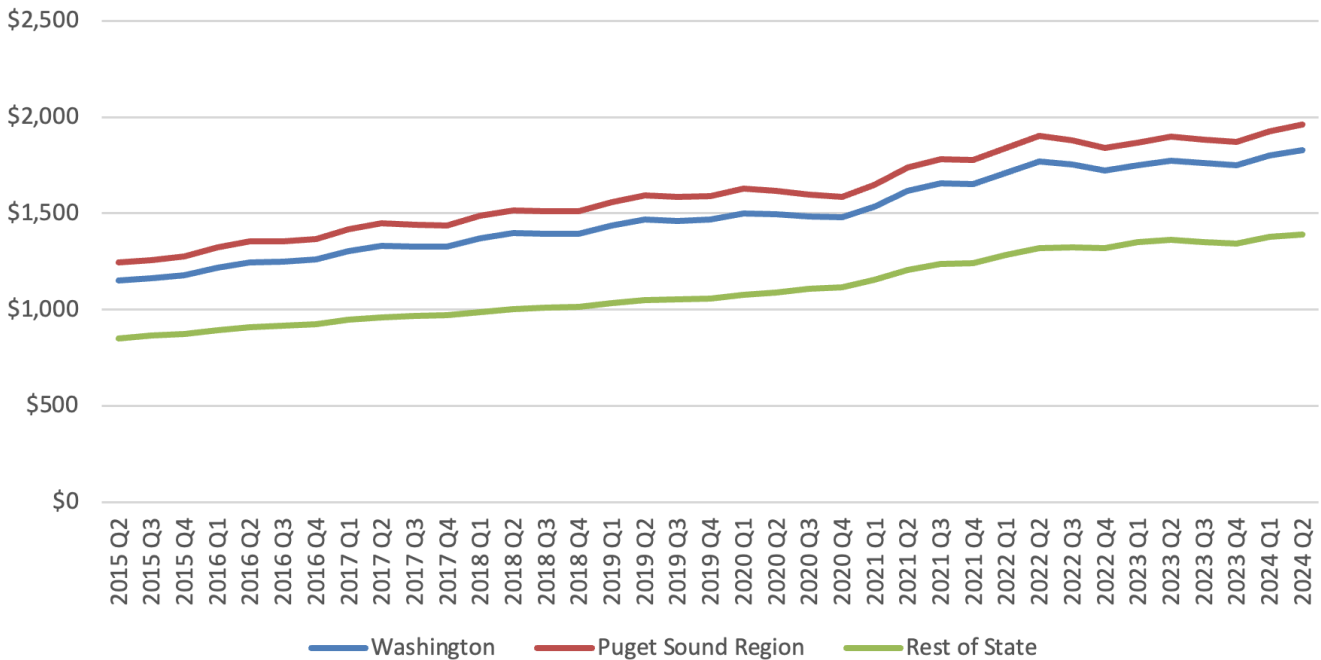


Figure 1. Historical Apartment Rents

VACANCY RATE TRENDS

Figure 2 shows a slight decline in statewide vacancy rates during the 2nd quarter 2024. The current statewide vacancy rate is 5%, which is unchanged from vacancy rates a year earlier and a decrease of 0.2 percentage points from Q1 2024. The gap between the average vacancy rates in the Puget Sound region and the rest of the state has decreased slightly; those regions currently have vacancy rates of 5.1% and 4.6%, 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 decreased 0.1 percentage points in the Puget Sound region and increased 0.5 percentage points elsewhere in the state.

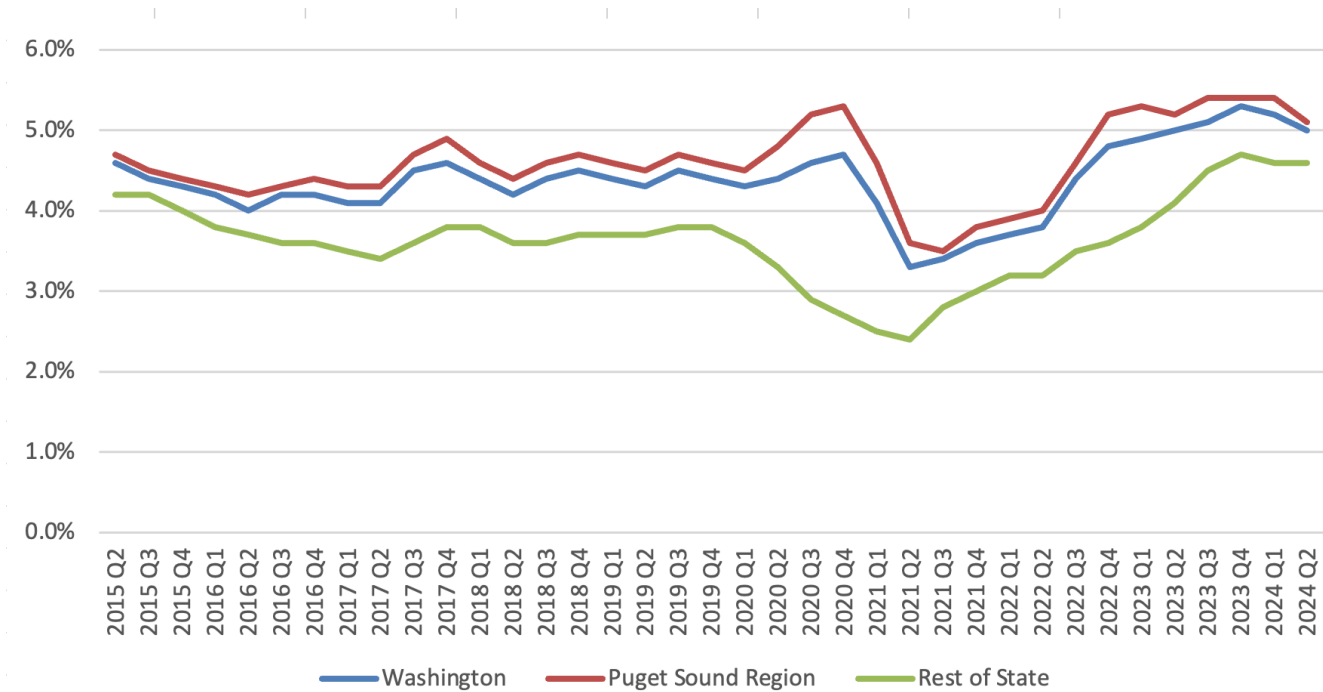


Figure 2. Historical Apartment Vacancy Rates

APARTMENT AFFORDABILITY TRENDS

Figure 3 shows two housing affordability indexes (HAIs), both based on average rents for apartments across the state. One index assumes a moderate-income household with median income, while the other assumes a low-income household with income at 70% of the median. In both cases, it is assumed that a household can afford to spend no more than 30% of income on rent.

As the graphs indicate, an apartment with average rent has consistently been affordable for a household with median income. Such an apartment has generally not been affordable for a household with 70% of the median, although the income gap has not been large for that group. Moreover, the lower-income group can afford less expensive apartments. The relatively consistent affordability levels over time are evidently due to growth in the supply of apartments combined with growth in household incomes.

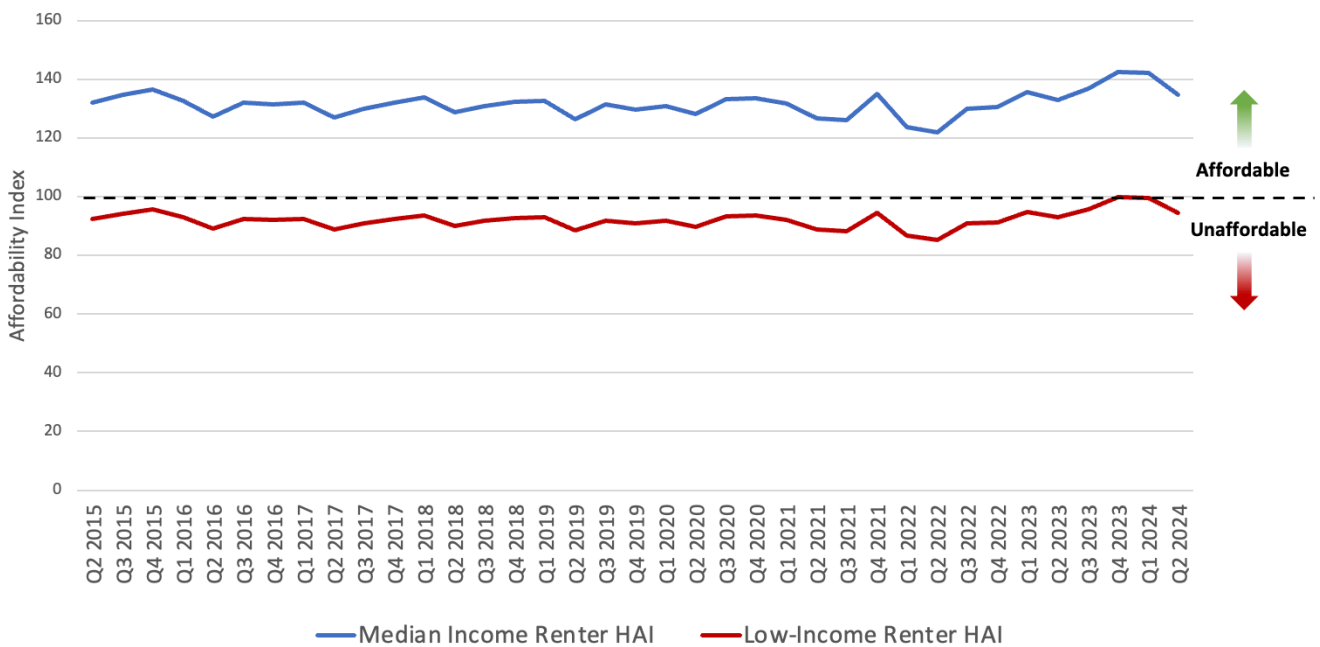


Figure 3. Historical Apartment Affordability Index

STATISTICS BY UNIT TYPE AND COUNTY

Rents across all apartment types averaged \$1,824, ranging from a low of \$584 in Columbia County to a high of \$2,081 in King County (see Table 1). Annual rent growth rates averaged 2.3%, with a low of -0.1% in Clark County and a high of 11.8% in Clallam County. The lowest rents per square foot are in Columbia and Stevens counties (\$0.58/SF and \$0.84/SF respectively), while the highest rents per square foot are in King and Snohomish counties (\$2.68/SF and \$2.17/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
Adams	-	-	-	-	-	-	-	-
Asotin	312	851	\$1,229	\$1.44	7.0%	4	1.3%	0.5%
Benton	12,485	884	\$1,369	\$1.56	2.7%	661	5.4%	-0.2%
Chelan	1,921	790	\$1,620	\$2.00	5.6%	112	5.8%	-1.8%
Clallam	511	878	\$917	\$1.07	11.8%	16	3.2%	0.6%
Clark	35,197	916	\$1,612	\$1.76	-0.1%	1,744	5.0%	0.9%
Columbia	26	1,011	\$584	\$0.58	1.1%	2	7.5%	0.5%
Cowlitz	2,149	798	\$1,259	\$1.55	1.8%	67	3.1%	0.9%
Douglas	561	1,028	\$1,596	\$1.59	2.3%	13	2.5%	-2.2%
Ferry	-	-	-	-	-	-	-	-
Franklin	2,491	950	\$1,252	\$1.32	1.8%	90	3.6%	0.3%
Garfield	-	-	-	-	-	-	-	-
Grant	2,383	920	\$1,215	\$1.33	4.7%	114	4.8%	0.3%
Grays Harbor	914	797	\$925	\$1.12	1.2%	39	4.3%	-0.4%
Island	729	774	\$1,081	\$1.42	0.9%	19	2.7%	0.7%
Jefferson	139	864	\$749	\$0.90	1.1%	7	4.8%	-0.1%
King	257,357	775	\$2,081	\$2.68	2.8%	13,126	5.1%	-0.2%
Kitsap	11,125	848	\$1,652	\$1.95	2.1%	494	4.5%	-2.3%
Kittitas	1,946	871	\$1,257	\$1.44	1.0%	126	6.5%	2.8%
Klickitat	134	802	\$776	\$0.97	1.1%	9	6.9%	-0.3%
Lewis	1,148	877	\$1,023	\$1.15	1.6%	24	2.1%	0.3%
Lincoln	-	-	-	-	-	-	-	-
Mason	288	696	\$808	\$1.30	2.2%	9	3.2%	0.2%
Okanogan	291	838	\$786	\$0.98	5.8%	18	6.2%	0.8%
Pacific	117	916	\$835	\$0.91	1.3%	5	4.2%	-0.1%
Pend Oreille	105	827	\$645	\$0.86	1.0%	8	8.0%	4.9%
Pierce	58,679	848	\$1,619	\$1.92	2.4%	3,269	5.6%	-0.4%
San Juan	91	924	\$1,245	\$1.21	1.1%	5	5.5%	-0.1%
Skagit	2,543	850	\$1,434	\$1.69	3.5%	58	2.3%	-0.7%
Skamania	72	792	\$876	\$1.17	0.9%	6	8.4%	-0.3%
Snohomish	50,082	898	\$1,935	\$2.17	2.5%	2,580	5.2%	0.1%
Spokane	36,504	900	\$1,303	\$1.44	0.9%	1,928	5.3%	0.4%
Stevens	48	833	\$704	\$0.84	1.1%	2	4.8%	1.2%
Thurston	16,920	877	\$1,614	\$1.85	2.2%	908	5.4%	0.8%
Wahkiakum	-	-	-	-	-	-	-	-
Walla Walla	1,142	711	\$1,205	\$1.70	1.5%	95	8.3%	0.8%
Whatcom	9,792	801	\$1,515	\$1.89	2.6%	322	3.3%	0.2%
Whitman	2,755	783	\$1,031	\$1.32	0.7%	194	7.0%	0.7%
Yakima	5,783	851	\$948	\$1.11	2.0%	140	2.4%	0.2%
Total	516,740	826	\$1,824	\$2.24	2.3%	26,214	5.1%	-0.1%

Vacancy rates across these markets averaged 5.1%, ranging from 1.3% in Asotin County to 8.4% in Skamania County. Changes in vacancy rates from a year earlier averaged -0.1 percentage points, ranging from -2.3 percentage points in Kitsap County to 4.9 percentage points in Pend Oreille 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). More rural counties such as Pend Oreille, Columbia, Stevens, and Jefferson consistently have the lowest average rents, while King County has the highest rents. Annual rent growth rates were lowest in Walla Walla County and highest in Clallam County for one-bedroom units (-2.6% and 10.4% respectively). Annual rent growth rates for two-bedroom units were lowest in Clark County (-0.9%) but were highest in Clallam County (12.1%). Vacancy rates for one-bedroom units were lowest in Asotin and Lewis counties (both at 1.4%) and highest in Pend Oreille County (9.8%). For two-bedroom units, vacancy rates were lowest in Asotin County (1.2%) and highest in Walla Walla County (10.2%). Annual changes in vacancy rates for one-bedroom units were lowest in Kitsap County (-2.7 percentage points) and highest in Pend Oreille County (7.3 percentage points). Two-bedroom units saw the lowest annual changes in vacancy rates in Douglas County (-2.6 percentage points) and the highest in Kittitas County (4.3 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
Adams	-	-	-	-	-	-	-	-
Asotin	55	679	\$1,140	\$1.68	4.7%	1	1.4%	0.6%
Benton	4,323	698	\$1,179	\$1.71	2.6%	180	4.2%	-0.3%
Chelan	692	692	\$1,495	\$2.16	4.4%	42	6.1%	-1.8%
Clallam	118	601	\$783	\$1.34	10.4%	4	3.3%	0.6%
Clark	10,186	701	\$1,438	\$2.05	0.6%	507	5.0%	0.6%
Columbia	-	-	-	-	-	-	-	-
Cowlitz	517	611	\$1,051	\$1.53	1.3%	13	2.5%	1.1%
Douglas	56	567	\$1,246	\$2.33	1.3%	2	3.9%	0.1%
Ferry	-	-	-	-	-	-	-	-
Franklin	729	723	\$1,200	\$1.63	1.2%	30	4.1%	0.1%
Garfield	-	-	-	-	-	-	-	-
Grant	635	705	\$1,275	\$1.78	4.9%	32	5.1%	0.3%
Grays Harbor	137	677	\$885	\$1.31	1.6%	8	5.8%	-0.8%
Island	252	624	\$1,066	\$1.79	0.0%	6	2.4%	1.1%
Jefferson	8	716	\$650	\$0.91	1.1%	0	2.1%	0.1%
King	113,589	683	\$1,972	\$2.89	2.9%	5,724	5.1%	-0.3%
Kitsap	3,833	664	\$1,464	\$2.24	1.8%	167	4.4%	-2.7%
Kittitas	556	606	\$905	\$1.52	2.0%	28	5.0%	1.7%
Klickitat	38	577	\$782	\$1.36	1.3%	2	4.5%	-0.1%
Lewis	293	687	\$825	\$1.21	1.3%	4	1.4%	0.2%
Lincoln	-	-	-	-	-	-	-	-
Mason	133	694	\$888	\$1.49	2.5%	5	3.9%	0.1%
Okanogan	75	597	\$742	\$1.34	2.4%	6	8.5%	1.6%
Pacific	21	651	\$647	\$1.00	1.5%	1	6.0%	0.1%
Pend Oreille	33	739	\$586	\$0.79	1.1%	3	9.8%	7.3%
Pierce	21,746	668	\$1,404	\$2.09	2.2%	1,181	5.4%	-0.3%
San Juan	-	-	-	-	-	-	-	-
Skagit	766	631	\$1,323	\$2.15	3.4%	20	2.6%	-0.8%
Skamania	26	646	\$631	\$1.17	0.9%	2	7.5%	-2.2%
Snohomish	17,103	693	\$1,673	\$2.42	1.1%	911	5.3%	0.3%
Spokane	11,722	686	\$1,119	\$1.63	0.9%	701	6.0%	0.5%
Stevens	13	700	\$663	\$0.95	1.1%	1	4.8%	1.2%
Thurston	5,494	679	\$1,430	\$2.11	2.6%	298	5.4%	0.7%
Wahkiakum	-	-	-	-	-	-	-	-
Walla Walla	339	638	\$1,142	\$1.79	-2.6%	25	7.5%	0.5%
Whatcom	3,204	620	\$1,344	\$2.18	3.2%	101	3.2%	0.2%
Whitman	975	588	\$881	\$1.50	1.6%	72	7.4%	0.5%
Yakima	1,935	666	\$855	\$1.25	2.0%	49	2.5%	0.2%
Total	199,602	681	\$1,716	\$2.52	2.4%	10,126	5.1%	-0.1%

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
Adams	-	-	-	-	-	-	-	-
Asotin	219	840	\$1,265	\$1.51	8.4%	3	1.2%	0.4%
Benton	5,897	968	\$1,455	\$1.50	3.0%	280	4.8%	0.0%
Chelan	772	947	\$1,810	\$1.91	5.0%	52	6.7%	-2.1%
Clallam	248	928	\$944	\$1.03	12.1%	9	3.8%	0.7%
Clark	19,327	975	\$1,638	\$1.68	-0.9%	967	5.0%	0.9%
Columbia	9	807	\$419	\$0.52	1.1%	1	7.5%	0.5%
Cowlitz	1,131	885	\$1,430	\$1.64	2.0%	37	3.3%	0.9%
Douglas	359	1,039	\$1,604	\$1.55	1.9%	8	2.4%	-2.6%
Ferry	-	-	-	-	-	-	-	-
Franklin	1,176	1,032	\$1,350	\$1.34	3.6%	40	3.4%	0.3%
Garfield	-	-	-	-	-	-	-	-
Grant	1,009	947	\$1,360	\$1.44	5.2%	50	4.9%	0.3%
Grays Harbor	335	916	\$960	\$1.04	1.0%	13	3.8%	-0.1%
Island	280	814	\$1,107	\$1.40	1.2%	9	3.1%	0.6%
Jefferson	110	823	\$762	\$0.90	1.1%	4	4.1%	-0.2%
King	81,811	983	\$2,407	\$2.45	3.1%	4,037	5.0%	-0.2%
Kitsap	5,368	911	\$1,687	\$1.85	1.8%	232	4.3%	-2.0%
Kittitas	946	847	\$1,201	\$1.41	0.8%	78	8.2%	4.3%
Klickitat	66	877	\$845	\$0.96	1.1%	4	5.9%	-0.8%
Lewis	490	878	\$1,056	\$1.21	1.4%	8	1.8%	0.2%
Lincoln	-	-	-	-	-	-	-	-
Mason	64	850	\$690	\$0.88	1.1%	2	2.8%	0.0%
Okanogan	103	820	\$834	\$1.05	7.9%	6	5.6%	0.8%
Pacific	77	932	\$860	\$0.92	1.2%	2	2.4%	-0.2%
Pend Oreille	29	950	\$798	\$0.83	0.9%	2	6.8%	3.4%
Pierce	27,033	953	\$1,741	\$1.83	2.6%	1,416	5.2%	-0.5%
San Juan	16	885	\$1,142	\$1.37	1.1%	1	4.4%	0.0%
Skagit	1,128	891	\$1,418	\$1.60	3.6%	25	2.2%	-0.7%
Skamania	34	878	\$898	\$1.17	0.9%	2	5.7%	-0.4%
Snohomish	23,982	964	\$2,003	\$2.08	2.9%	1,218	5.1%	0.0%
Spokane	17,899	975	\$1,344	\$1.38	0.8%	899	5.0%	0.4%
Stevens	16	900	\$727	\$0.81	1.1%	1	4.8%	1.2%
Thurston	8,071	954	\$1,691	\$1.77	2.1%	435	5.4%	0.8%
Wahkiakum	-	-	-	-	-	-	-	-
Walla Walla	433	880	\$1,378	\$1.57	1.3%	44	10.2%	1.7%
Whatcom	4,044	902	\$1,623	\$1.80	2.3%	136	3.5%	0.3%
Whitman	1,313	825	\$1,057	\$1.28	0.2%	89	6.7%	0.8%
Yakima	1,890	921	\$1,025	\$1.11	2.3%	39	2.1%	0.1%
Total	205,685	966	\$1,949	\$2.01	2.3%	10,149	5.0%	0.0%

DATA AND METHODS

This report includes data on apartments in multi-family projects with at least 20 units 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 4 (*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 are listed in Tables 1 through 3. Note that Table 1 refers to units of all sizes, ranging from studios to four or more bedrooms. Counties for which no statistics are provided had no units meeting our criteria.

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 77.5% of apartments in the Puget Sound counties (King, Kitsap, Pierce, Snohomish, and Thurston) and 78.6% elsewhere in the state (see Figure 4). The percentage is lower in the Puget Sound region due to the greater proportion of studio apartments.

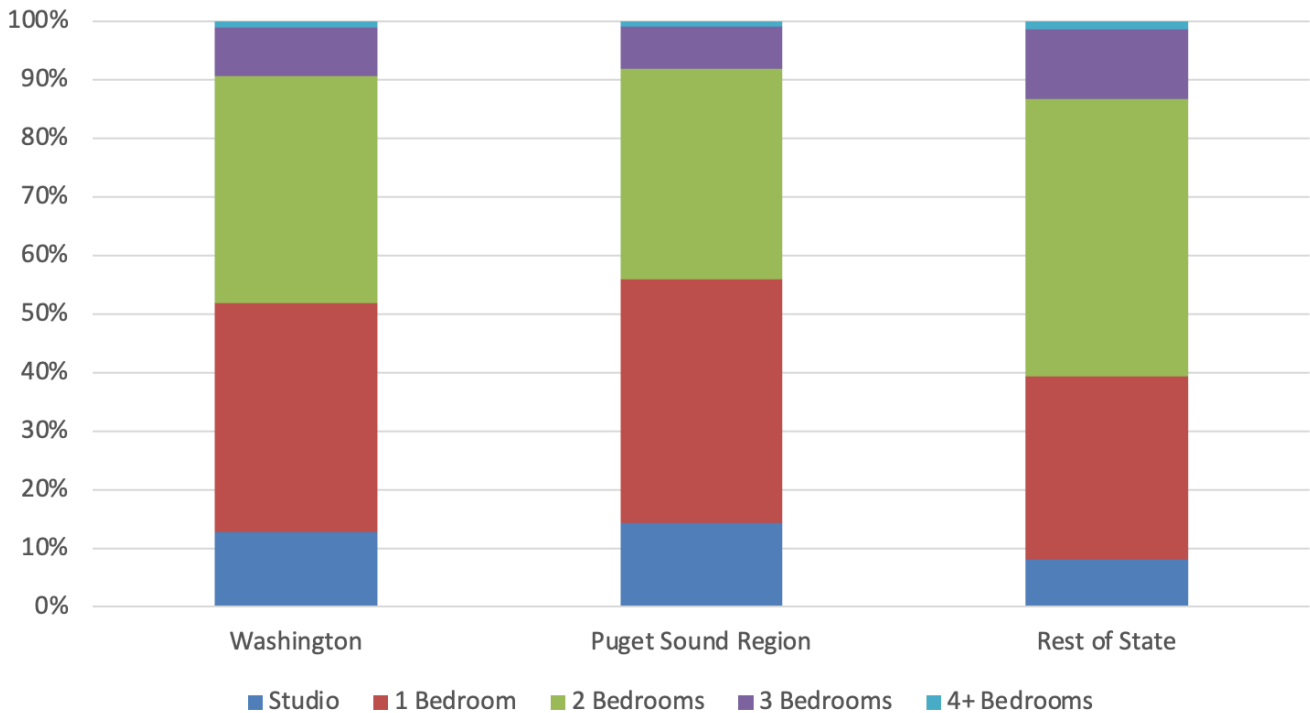


Figure 4. Distribution of Units by Number of Bedrooms

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.

The median household incomes used to calculate the affordability indexes in Figure 3 are based on data from the Washington State Office of Financial Management and the U.S. Bureau of Labor Statistics. The median incomes are revised as more accurate data become available, meaning that the affordability index numbers can change when they are updated.

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).

ACKNOWLEDGMENT

Production of this report is supported by a grant from the Washington State Department of Licensing funded by real estate brokers' licensing fees.



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