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FOREWORD

The 1-19 Unit Apartment Report presents the results of our April survey of 10,265 units in single family rentals, and complexes with fewer than 20 units in King and Snohomish counties. The survey was conducted in April 2001.

Report improvements

This year, the average net rentable square foot (NRSF) per unit data were added where available. It is important to note many buildings do not provide the unit size. As such, these averages are only for those buildings reporting that data.

Also, two tables showing historical rents and annual rent change since 1998 are added for both King and Snohomish counties.

A table depicting who pays water/sewer charges (tenant versus owner) is also provided. This data is presented by building size (single family rentals, 2-4 unit buildings, and 5-19 unit complexes) to make it more meaningful.

Average amounts paid for covered parking are also a new feature with this issue. Those buildings reporting an amount for this amenity are summarized by area.

On-line service

We have also begun an on-line service available only to subscribers to *The 1-19 Unit Apartment Report*. Details how to download the data are provided on page 14.

In addition to having the report in electronic format, on-line subscribers can also download Excel spreadsheets designed to help users analyze long-term rent trends by neighborhood. Although we believe the printed report is a valuable resource, and the electronic version makes it even easier to find and use, having rent and vacancy data in a spreadsheet gives subscribers instant ability to run their own analyses and incorporate our data, with credit, into their reports for clients or partners.

Special thanks

We thank the owners and professional property managers who participate in this survey. Due to their support we are able to provide readers with this detailed analysis of the market.

Major participants (providing data for at least 10 buildings) are listed on page 15. There were hundreds more, and we thank them all.

Sponsors

The report is sponsored by the *Apartment Association of Seattle and King County (AASK)* and by the *Snohomish County Apartment Operators Association (SCAOA)*. We receive funding for this report from subscribers. This research would not be possible without their valuable support.

Patty + Mike

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What we do

Dupre + Scott provides research and consulting advice to private and public clients on apartment investment and housing market issues in the Puget Sound region.

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Apartment Report*

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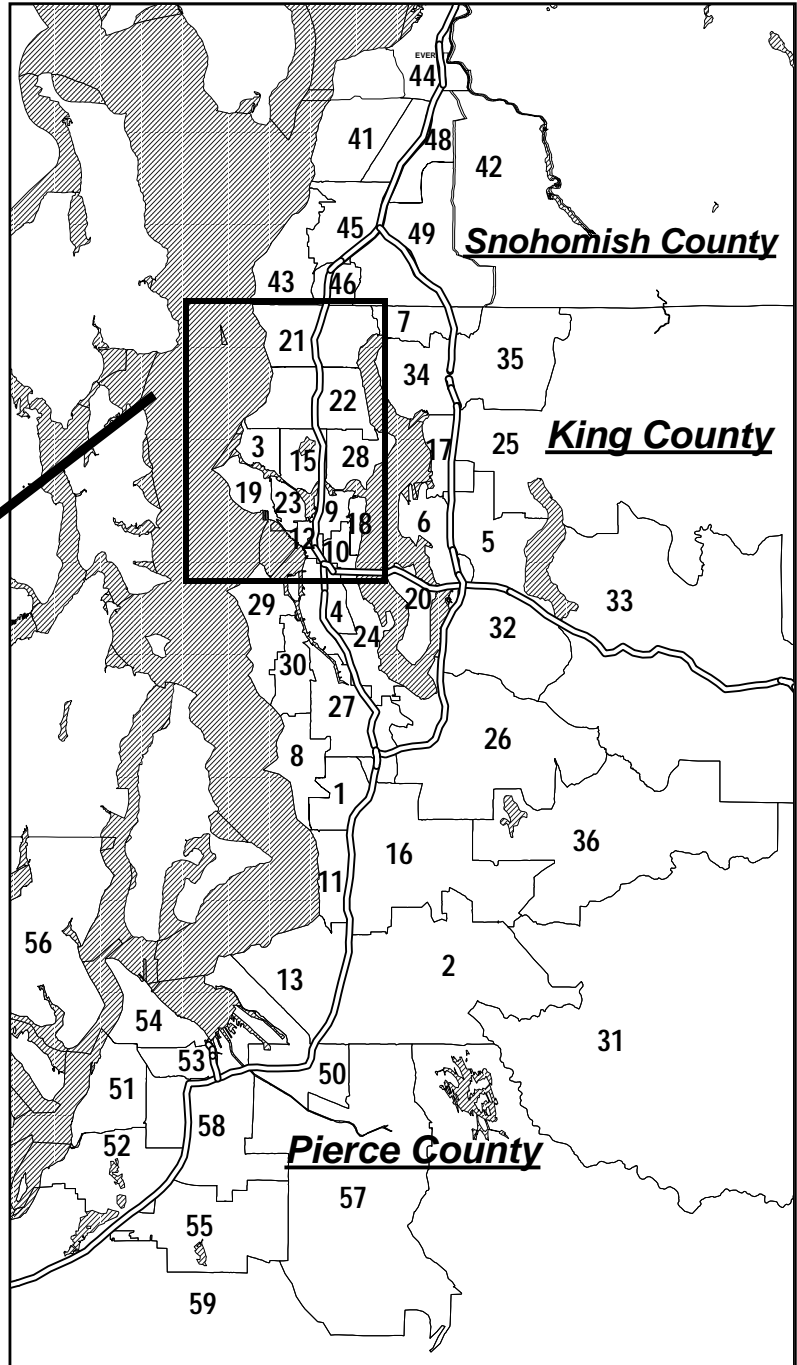
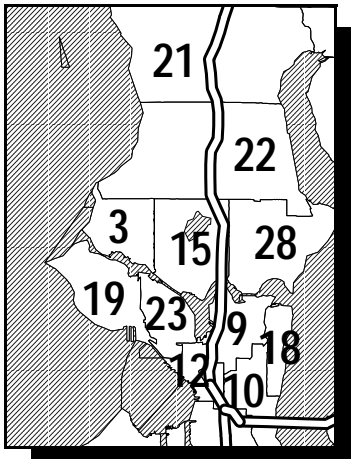
The 1-19 Unit Apartment Report is sold with the understanding that the publisher is not engaged in rendering legal, tax, investment, accounting, or other professional advice through this publication. No statement in this publication is to be construed as a recommendation or as investment or other advice.

NEIGHBORHOOD MAP

These two maps, King County sub-market area table and neighborhood table show the general boundaries of sub-markets and neighborhoods we use for this report.

A detailed, narrative explanation of the streets and/or other boundaries that describe each neighborhood is available on the following pages, as well as at our website. Go directly to:

<http://www.dsaa.com/areas.htm>



King County sub-market areas

<u>Market</u>	<u>Map key</u>
North	3, 15, 21, 22, 28
Central	9, 10, 12, 14, 18, 19, 23
East	5, 6, 7, 17, 20, 25, 32, 33, 34, 35
South	1, 4, 8, 24, 27, 29, 30
Southeast	2, 11, 13, 16, 26, 31, 36

NEIGHBORHOOD KEY

King County	16 KENT	32 FACTORIA	44 CENTRAL EVERETT
1 SEA TAC	17 KIRKLAND	33 ISSAQUAH	45 LYNNWOOD
2 AUBURN	18 MADISON/LESCHI	34 JUANITA	46 MTLKE TERRACE
3 BALLARD	19 MAGNOLIA	35 WOODIN/TOTEM LK	47 N SNOHOMISH CO
4 BEACON HILL	20 MERCER ISLAND	36 MAPLE VALLEY	48 SILVER LAKE
5 BELLEVUE-EAST	21 SHORELINE		49 MILL CREEK
6 BELLEVUE-WEST	22 NORTH SEATTLE		
7 BOTHELL	23 QUEEN ANNE		
8 BURIEN	24 RAINIER VALLEY		
9 CAP HILL/EASTLK	25 REDMOND		
10 CENTRAL	26 RENTON		
11 DES MOINES	27 RIVERTON/TUK		
12 DWTN SEATTLE	28 UNIVERSITY		
13 FEDERAL WAY	29 WEST SEATTLE		
14 FIRST HILL	30 WHITE CENTER		
15 GREENLAKE/WALL	31 ENUMCLAW		
		Pierce County	
		Not covered in this report	
		Snohomish County	
		41 PAINE FIELD	
		42 EAST SNO COUNTY	
		43 EDMONDS	

Rents & Vacancies

*Spring 2001 Survey Of 3,046
1-19 Unit Properties Finds
Vacancies Starting to Climb —
Still, Rents Are Up 5.1%
Compounded Annually Since 1998.*

The average single-family rental home in King and Snohomish counties now rents for \$1,353 a month, up from \$1,237 a year ago. Single-family rents climbed over 9% in the past year. However, increases averaged a more modest 5.1% compounded annually since 1998.

The average multiplex (2-4 unit property) rents for \$833 a month, up 7.3% in a year, and 6.5% compounded annually since 1998.

Apartments in 5-19 unit properties rent for \$739 a month currently, up just 4.4% in the past year, and 5.7% compounded annually since 1998.

That increase compares to trends in 20-unit and larger apartments. Our spring 2001 edition of *The Apartment Vacancy Report* found rents in 20-unit and larger apartments in the Puget Sound region rose 5.3% in the past year. Participants in that survey expect the rate of rent increase to slow in 2001 and 2002, which mirrors the attitudes of participants in this 1-19 unit survey.

Unit types

Generally, the more bedrooms, the greater the rent increase in the past year. Units with fewer than three bedrooms saw rents climb less than 5% in the past year.

However, three-bedroom rents climbed 8.6% and four-bedrooms rose 11.5% since last spring. Five-bedrooms were the exception to the trend, posting a 6.4% increase. There are not a lot of 5-bedroom rental units in the market, so this lower rate of increase may understate actual trends somewhat.

Vacancies

The overall vacancy rate for 1-19 unit properties in King and Snohomish counties is a low 2.5%. That is an increase from last year's 1.8% vacancy rate.

However, we exclude from that total all of the units we survey through the classified ads during April, since those are clearly vacant and would dis-

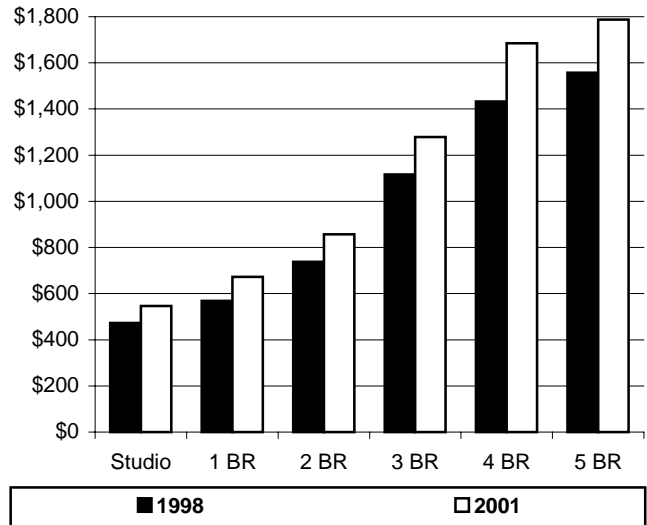
tort results.

So we know there are more vacancies than show up in this report, but overall we do not expect the real vacancy rate to be more than 3% to 3.5%.

Vacancies are highest in single-family rentals, at

King & Snohomish counties rent trend

Single-family, multiplexes, and 5-19 units combined



4.0%, followed by 5-19 unit properties with 2.3%, and then multiplexes with 1.9% of the units vacant. Most of the distortion from our not counting vacancies from our classified ad survey is in the single-family and multiplex categories.

The survey

These are some of the findings of our spring 2001 survey of 10,265 units in 3,046 single-family, multiplexes, and 5-19 unit apartment buildings in King and Snohomish counties.

This survey is sponsored by the *Apartment Association of Seattle and King County (AASK)* and by the *Snohomish County Apartment Operators Association (SCAOA)*.

We began our research of single-family rentals and smaller apartments in 1987. At that time we just surveyed Seattle trends. We added Snohomish County in 1996 and King County in 1998.

This small property survey supplements the 20-unit and larger apartment research we have conducted since 1983, which we publish in *The Apartment Vacancy Report*.

Experts comment

One of our participants commented that, "One of the largest factors affecting the rental market now is the cost of utilities combined with rising costs generally." Our 2001 edition of *The Apartment Expense Report* forecasts operating costs are likely to rise as