

Housing Market Profile

Northwest • HUD Region X



Olympia, Washington

The Olympia metropolitan area consists of Thurston County, which is located approximately 60 miles south of Seattle at the southern tip of the Puget Sound. From 2005 to 2009, the population grew at an average annual rate of 2.4 percent, or by 5,725, with net in-migration accounting for 80 percent of the increase, primarily due to stable employment growth and relatively affordable housing. Because of prolonged weak economic conditions, population growth has slowed to an average of 0.9 percent, or 2,275 people, during the 12 months ending June 2012, with net in-migration accounting for about one-half of the growth. As of July 1, 2012, the population in the metropolitan area was estimated at 258,900. Home to the state capital, the Olympia economy is largely supported by state and local government agencies and the Joint Base Lewis-McChord (JBLM) in Pierce County. The two largest private employers are St. Peter's Hospital, with 2,275 employees, and Xerox Corporation, with 1,000 employees.

Economic conditions in the Olympia metropolitan area began improving a year ago, after losing nearly 5,000 nonfarm payroll jobs from 2009 through 2010. During the 12 months ending May 2012, nonfarm payrolls increased by 1,200 jobs, or 1.2 percent, to a total of 99,400 jobs. The largest payroll increase occurred in the professional and business services sector, which added 400 jobs, or 5.1 percent. The government sector, which accounts for 36 percent of nonfarm payrolls, has continued to decline since 2009, although the rate of job loss has slowed. During the 12 months ending May 2012, the government sector declined by 400 jobs, or 1.1 percent, compared with a decline of 600 jobs, or 1.6 percent, during the previous 12 months. This trend is expected to persist as state and local government agencies continue to face budget difficulties. As the third largest employer in Washington, JBLM has a significant statewide economic impact, estimated at \$6.1 billion in a 2012 study by South Sound Military & Community Partnerships; approximately 13,850 people, or one-third of total base personnel, reside in Thurston County. The unemployment rate averaged 8.0 percent during the 12 months ending May 2012, down from 8.3 percent during the previous 12 months.

Sales housing market conditions in the Olympia metropolitan area are soft. According to Hanley Wood, LLC,

2,325 existing single-family homes sold during the 12 months ending May 2012, a decrease of 10 percent compared with 2,575 homes sold during the previous 12 months. The average home sales price increased 5 percent, from \$223,200 to \$235,300. During the 12 months ending May 2012, 34 percent of existing homes sales were Real Estate Owned (REO) properties, up from 26 percent during the previous 12 months. During the 12 months ending June 2012, the average sales price of an REO property was \$192,300, nearly 20 percent less than a regular resale property. According to LPS Applied Analytics, 7.2 percent of the total home loans in the area were 90 or more days delinquent, in foreclosure, or REO in May 2012, up from 5.7 percent in May 2011. The market for new homes remained soft as sales declined by 28 percent to 675 homes during the 12 months ending May 2012 compared with 940 new homes sold during the previous 12 months and the average home sales price increased nearly 11 percent from \$243,000 to \$268,700.

Homebuilding activity, as measured by the number of single-family building permits issued, continued to decrease because of the soft sales housing market, a trend that began in 2007. Based on preliminary data, 670 single-family building permits were issued during the 12 months ending May 2012, a 14-percent decrease compared with 780 homes permitted during the previous 12 months. By comparison, an average of 2,275 homes was permitted annually from 2004 to 2007.

Rental housing market conditions in the Olympia metropolitan area are balanced, with an estimated vacancy rate of 7 percent as of July 1, 2012, unchanged from the 7-percent rate recorded by the 2010 Census. According to Dupre + Scott Apartment Advisors, Inc., the apartment vacancy rate increased from 5.2 percent in March 2011 to 6.2 percent in March 2012. The average monthly rent increased by 1 percent from the previous year to \$845, and rents averaged \$733 for a one-bedroom unit, \$811 for a two-bedroom and one-bathroom unit, and \$1,048 for a three-bedroom unit. Based on preliminary data, building permits were issued for 95 multifamily units during the 12 months ending May 2012, down from the 130 units permitted during the previous 12 months. Recently opened apartment complexes include the 72-unit Parkview, which opened in 2012, with rents ranging from \$950 to \$1,395, and the 284-unit Woodland Apartments, which opened in 2011, with rents ranging from \$843 to \$1,302.