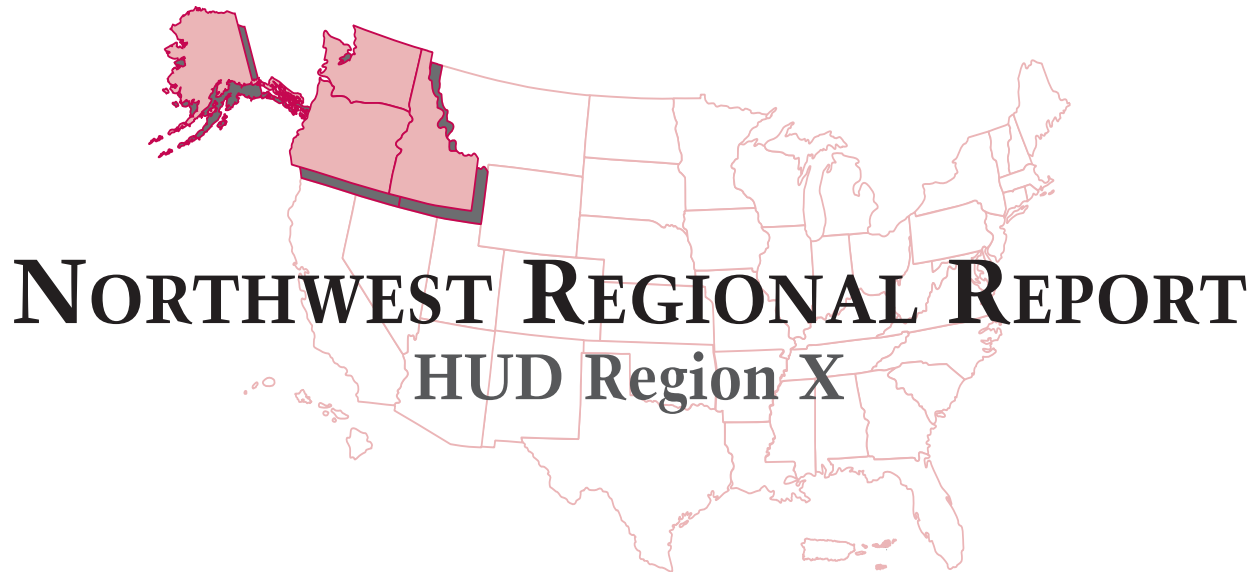




# U.S. Housing Market Conditions



## NORTHWEST REGIONAL REPORT HUD Region X

### 3rd Quarter Activity

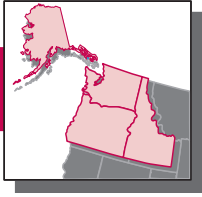
The following summary of the Northwest region's housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The report provides overviews of economic and housing market trends within the Northwest region. The report is based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD's programs.

The weakening economic conditions that began in the Northwest region in 2007 grew worse during the 12 months ending September 2009. During that period, nonfarm employment in the region declined by 186,000 jobs, or 3.3 percent, to an average of 5.5 million jobs compared with the number of jobs recorded during the 12 months ending September 2008. Washington led the regional decline with the loss of 81,000 jobs, a 2.7-percent decrease that brought nonfarm employment to an average of 2.9 million jobs. In Oregon, losses totaled 78,200 jobs, a 4.5-percent decrease that resulted in an average of 1.7 million nonfarm jobs. In Idaho losses amounted to 28,300 jobs, a 4.5-percent decline, resulting in an average of 624,600 nonfarm jobs. In Alaska, employment increased by

1,500 jobs, or 0.5 percent, to average 322,600 nonfarm jobs; the growth was partly due to hiring in energy-related industries.

During the 12 months ending September 2009, the government and the education and health services sectors were the only ones in the region to gain jobs, up 15,000 and 13,000 jobs, respectively. Employment in the government sector increased by 5,300 jobs in Washington, 4,300 in Oregon, 2,400 in Idaho, and 1,100 in Alaska. Employment growth in the education and health services sector totaled 6,000 jobs in Washington, 6,900 in Oregon, 1,000 in Idaho, and 1,000 in Alaska. Despite the gains, the addition of the 28,000 jobs regionwide in the two sectors represented less than 60 percent of the number of jobs added in the same sectors during the 12 months ending September 2008.

Employment declines in the Northwest region occurred in nearly every sector, with three-fourths of the losses recorded in the manufacturing, construction, and trade sectors. Oregon and Washington accounted for most of the 52,600 manufacturing jobs lost in the region, both down by approximately 24,000 jobs due mainly to layoffs at Daimler AG and Intel Corporation in Oregon and at The Boeing Company and related suppliers in Washington. In Idaho, layoffs in the semi-



conductor industry contributed to the loss of 7,000 jobs in the manufacturing sector. The continued slow-down in residential and commercial building in much of the region contributed to a loss of more than 50,000 jobs, a 13-percent decline, in the construction sector. During the 12 months ending September 2009, Washington and Oregon registered the greatest losses in construction jobs, down 24,100 and 15,900 jobs, respectively, compared with the number of construction jobs during the previous 12 months. In the past year, Idaho lost 6,900 construction jobs and Alaska lost 600. In the trade sector, employment declined by 44,400 jobs, or 5 percent, across the region, with most of the losses occurring in Washington, down 20,100 jobs, and Oregon, down 16,900 jobs.

An increase of 250,000 unemployed people caused the regional average unemployment rate to increase from 5.1 to 8.9 percent between the 12 months ending September 2008 and September 2009. During the most recent 12-month period, the average unemployment rate, which increased in every state in the region, was 10.7 percent in Oregon, 8.3 percent in Washington, 7.9 percent in Alaska, and 7.4 percent in Idaho.

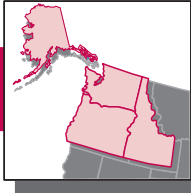
The slow economic conditions continued to negatively affect the sales housing markets in the Northwest region. In Washington, according to the Northwest Multiple Listing Service, during the 12 months ending September 2009, the combined Puget Sound metropolitan areas of Seattle, Tacoma, Bremerton, and Olympia recorded an average sales price decline of 15 percent to \$369,100 and a sales volume decline of 18 percent to 38,000 homes sold compared with the average price and sales volume recorded in the four areas during the previous 12 months. In the Seattle metropolitan area, during the past 12 months, 23,700 homes were sold, a 20-percent decline compared with the number sold during the 12 months ending September 2008. The average price of a home in the Seattle metropolitan area declined by 14 percent to \$433,400, 20 percent below the peak price of nearly \$540,000 recorded during the 12 months ending July 2007. In the Tacoma and Bremerton metropolitan areas, average prices declined by 21 and 12 percent to \$246,000 and \$298,400, respectively. Home sales declined by 17 percent in the Tacoma area and by 11 percent in the Bremerton area. In the Olympia metropolitan area, the average price declined 7 percent to \$273,900 and sales declined 14 percent to 3,500 homes.

Oregon sales market conditions also remained soft during the 12 months ending September 2009. According to data from the local multiple listing services, the number of new and existing single-family homes sold in the 11 largest markets in Oregon totaled 37,100, a 26-percent decline compared with the number sold during the previous 12 months. During the same period, the average price decreased by 17 percent to

\$258,800. In the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, the number of new and existing homes sold totaled 21,700, down 32 percent compared with the number sold during the 12 months ending September 2008, and the average price decreased 15 percent to \$286,200. In Idaho, sales of new and existing homes in the 19 counties covered by the Intermountain Multiple Listing Service declined to 8,500 homes, down 9 percent from the number sold during the 12-month period ending September 2008, and the average price decreased 17 percent to \$174,500. In the Boise metropolitan area, during the 12 months ending September 2009, sales of new and existing homes totaled 6,900 units, an 8-percent decline compared with the number sold during the previous 12 months, and the average price decreased by 19 percent to \$180,000. According to the Alaska Multiple Listing Service, Inc., during the 12 months ending September 2009, the number of new and existing homes sold in Anchorage totaled 2,100, a 9-percent decline from the number sold during the same period a year ago, and the average price decreased 2 percent to \$321,700.

The soft sales housing market conditions throughout the Northwest region continued to cause builders to reduce home construction activity, as measured by the number of single-family building permits issued. Based on preliminary data, during the 12 months ending September 2009, the number of homes permitted in the region declined by 11,800 to 18,600 homes, a 39-percent decrease compared with the number of homes permitted during the 12 months ending September 2008. During the past year, the number of single-family homes permitted in the region totaled 8,900 in Washington, a decline of 6,000 homes, or 38 percent; totaled 3,600 in Idaho, a decline of 2,100 homes, or 37 percent; and totaled 4,600 in Oregon, a decline of 3,400 homes, or 43 percent compared with the number permitted during the previous year. In Alaska, during the 12-month period ending September 2009, single-family construction activity remained relatively stable at 550 homes permitted.

Multifamily construction activity, as measured by the number of units permitted, slowed considerably in the Northwest region during the 12 months ending September 2009. Based on preliminary data, during the period, the number of units permitted in the region totaled 6,800, 63 percent below the number of units permitted during the previous 12 months. Washington, where the number of multifamily units permitted fell by 8,200, or 67 percent, to a total of 4,100 units, accounted for most of the regional decline of 11,400 units. In Oregon, 1,700 multifamily units were permitted, 2,900 fewer than the number permitted during the 12 months ending September 2008, and, in Idaho, multifamily activity declined by 300 units to a total of 700 units permitted. In Alaska, multifamily construction activity totaled 300 units, relatively unchanged com-



pared with the number of units permitted during the 12 months ending September 2008.

Rental housing market conditions softened throughout much of the Northwest region during the past year due to job losses and an increase in the number of sales units entering the rental market. According to data from The Apartment Vacancy Report published by Dupre+Scott Apartment Advisors, Inc., as of September 2009, the apartment rental vacancy rate in the Seattle metropolitan area was 6.8 percent, up from 5.2 percent a year ago, and the average asking rent for apartments was \$990, down 5 percent from the average asking rent recorded as of September 2008. In the Tacoma metropolitan area, the apartment vacancy rate was 9.3 percent, up from 4.5 percent a year earlier, partly due to deployments at Fort Lewis Army Base. The average asking rent of \$815 in the Tacoma area was relatively unchanged from the rent in September 2008. In the Olympia metropolitan area, the apartment vacancy rate increased to 8.6 percent from 3.4 percent, but the average monthly rent remained essentially the same, at \$810. The Bremerton metropolitan area was still balanced, with an apartment vacancy rate of 4.7 percent,

unchanged from a year ago, and the average rent was \$860, a 1-percent increase compared with the rent in September 2008.

In the Portland-Vancouver-Beaverton metropolitan area, rental housing market conditions were soft as of the third quarter of 2009. According to RealFacts, the apartment vacancy rate was 7 percent, up from 5 percent in the third quarter of 2008. The average rent declined 2 percent to \$865 over the same period. Because of limited new apartment construction, rental markets in the Oregon metropolitan areas of Medford, Salem, and Eugene-Springfield remained balanced with apartment vacancy rates of 5 percent, up from 4 percent a year ago. In the Boise metropolitan area, rental housing market conditions were soft during the third quarter of 2009, continuing a trend that began in mid-2007. According to Reis, Inc., as of the third quarter of 2009, the vacancy rate in the Boise Area was 8.7 percent, up from 5.4 percent as of the third quarter of 2008. The average rent was \$690 in the Boise area, representing a decline of 3 percent during the past 12 months.