



COMPREHENSIVE HOUSING MARKET ANALYSIS

Wenatchee, Washington

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of March 1, 2021



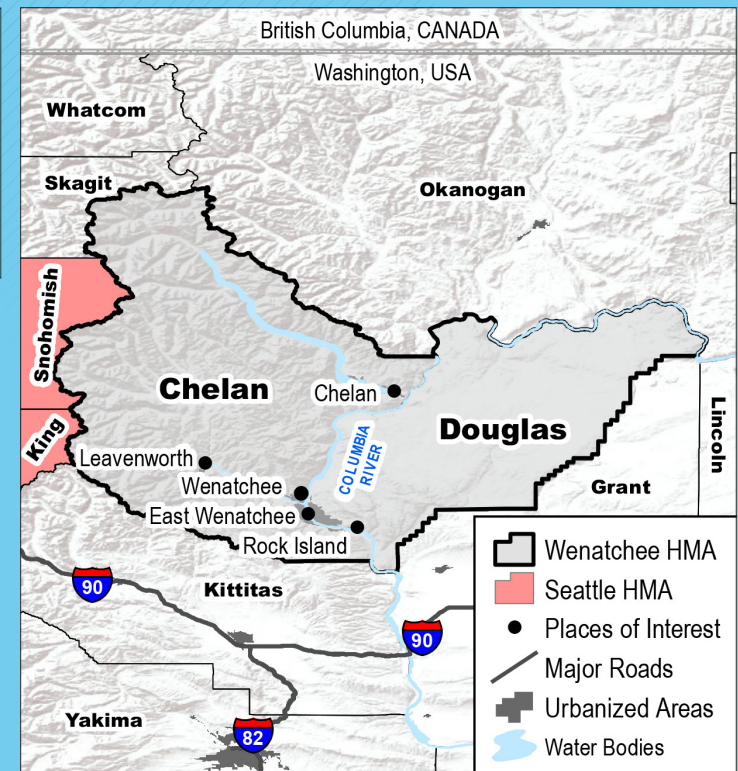
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Executive Summary

Housing Market Area Description

The Wenatchee Housing Market Area (HMA) consists of Chelan and Douglas Counties on the eastern slopes and foothills of the Cascade Mountain range in central Washington and is coterminous with the metropolitan statistical area (MSA) of the same name. The Columbia River, the fourth largest in the nation by streamflow, bisects the HMA north to south, providing ideal conditions for agricultural production, especially tree fruit and grapes. An abundance of recreation opportunities in the HMA attracts an estimated 3.5 million visitors annually.

The population of the Wenatchee HMA is estimated at 125,100 as of March 1, 2021.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for the HMA can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak, but Improving. On a monthly basis, almost 54 percent of the 5,600 nonfarm payroll jobs lost in April 2020—due to measures implemented in March 2020 to slow the spread of COVID-19—were recovered by the end of February 2021 (not seasonally adjusted).

Economic conditions weakened in the HMA during the past year because of efforts to contain the spread of COVID-19, although job growth was slowing a year before the pandemic. During the 12 months ending February 2021, nonfarm payrolls fell year over year by 3,600, or 7.8 percent. By comparison, payrolls increased by 200 jobs, or 0.4 percent, year over year during the 12 months ending February 2020, which was in stark contrast to average annual payroll growth of 1,300 jobs, or 3.0 percent, from 2013 through 2018. The unemployment rate averaged 8.5 percent during the past 12 months—up from 5.0 percent a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.5 percent.

Sales Market



Very Tight. As of February 2021, a 1.1-month supply of homes was available for sale—down from a 2.8-month supply a year ago (Redfin, a national real estate brokerage).

The home sales market in the HMA is currently very tight, largely because of a prolonged shortage of for-sale housing; the inventory of homes for sale has been less than 6 months (typically indicative of a balanced market) since 2015. New and existing home sales totaled 3,300 during the 12 months ending February 2021—up 11 percent from a year ago—and the average home sales price increased almost 5 percent, to \$356,900 (CoreLogic, Inc., with adjustments by the analyst). During the forecast period, demand is expected for 2,025 new homes, and the estimated 280 homes currently under construction will meet a portion of that demand.

Rental Market



Slightly Tight. The overall rental market has an estimated rental vacancy rate of 4.2 percent—down from 6.5 percent in April 2010, when conditions were slightly soft.

Apartment market conditions are very tight, with a 1.0-percent vacancy rate in the spring of 2021—down from 2.2 percent a year ago—and the average rent increased almost 17 percent, to \$1,372, compared with a 2-percent year-over-year increase during the spring of 2020 (University of Washington—Washington Center for Real Estate Research [WCRER]). During the 3-year forecast period, demand is estimated for 980 new rental units; the 300 units currently under construction will meet part of that demand.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Wenatchee HMA		
Total Demand	2,025	980
Under Construction	280	300

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction are as of March 1, 2021. The forecast period is March 1, 2021, to March 1, 2024.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Government

Although the government sector is the largest reporting nonfarm payroll sector in the economy, the nonreported service-providing sectors make up a larger share overall and include jobs that would be considered part of the finance, information, transportation and utilities, professional and business services, wholesale and retail trade, and other services sectors.

Primary Local Economic Factors

The Wenatchee HMA is uniquely positioned in that it offers a small-town atmosphere with all the amenities of an urban center, but it also offers an abundance of recreational opportunities in the surrounding area. Some of the most popular attractions include the outdoor haven and Bavarian-style town of Leavenworth, the city of Chelan on the banks of the 53-mile-long Lake Chelan, and a growing wine industry, with more than 300 acres of vineyards. In addition, two local ski resorts, Mission Ridge Ski & Board Resort and Stevens Pass Ski Area, draw guests to the HMA. Direct travel and tourism spending in the HMA totaled \$422.3 million in 2010 and increased to \$700.8 million in 2018 (chelاندouglastrends.com).

One of the consequences of the growing tourism industry in the HMA is reduced affordability for permanent residents, especially with the rise in short-term rentals (STRs). STRs increase the supply of accommodations for tourists while reducing the amount of available housing for permanent residents, which then increases housing costs. One study estimated that 2,640 STRs were operational

in Chelan County in 2019—up from fewer than 200 in 2014—1,700 of which were in unincorporated areas of the county, and were the focus of the 2020 report *Economic Impact of Short Term Rental Properties in Unincorporated Chelan County* by Michael Luis & Associates (hereafter, MLA). The increase in accommodations during that period was not met with a proportional increase in the infrastructure, such as roads and utilities, or amenities that attract and support tourism, such as hiking trails, resulting in overcrowding during peak months. For example, the Enchantments Wilderness Area—a world-renowned hiking and backpacking destination near Leavenworth—holds a lottery every year for overnight permits; in 2019, more than 24,600 people applied, and fewer than 2,100 permits were issued—up from 2,325 applications in 2012 (U.S. Forest Service). Not all effects are negative; the 1,700 STRs in unincorporated Chelan County in 2019 contributed an estimated \$108 million in direct economic activity and an additional \$45 million in indirect activity (MLA). The same study estimates that STRs generated \$42 million in wages and supported more than 1,400 jobs.

Also important to the economy is agriculture; approximately one-third of covered employment is in agriculture-related sectors. The number of farms in the HMA has been declining for years, but the remaining farms have improved efficiency, largely through increased automation. From 2012 through 2017, the number of farms decreased by 175, whereas the average market value per farm increased 22 percent, to \$269,200 (Census of Agriculture). During the same time, the total market value of agriculture goods sold in the HMA increased 10 percent, to \$444.5 million. Of the more than 2,700 counties in the country producing fruits, tree nuts, and berries, Chelan County ranked 24th in production, and the top crops in acres were apples, pears, sweet cherries, forage, and grapes. Seven of the top employers in the HMA are involved in agriculture-related industries, including the largest employer, Stemilt Growers LLC, with 6,020 employees (Moody's Analytics; Table 1).

Table 1. Major Employers in the Wenatchee HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Stemilt Growers LLC ^a	NA	6,020
Confluence Health	Education & Health Services	3,527
Crunch Pak	Manufacturing	999
McDougall & Sons, Inc.	Manufacturing	900
Alcoa Wenatchee Works	Manufacturing	460
C&O Nursery ^a	NA	457
Oneonta Starr Ranch Growers—Custom Apple Packers, Inc.	Manufacturing	440
Columbia Fruit Packers, Inc.	Manufacturing	277
Walmart Inc. ^b	Wholesale & Retail Trade	272
Wenatchee Valley College	Government	211

NA = not applicable.

a. Direct jobs in agricultural production (growing, harvesting, and so forth) are not included in nonfarm payrolls.

b. Payrolls are included in the nonreported service-providing sector.

Note: Excludes local school districts.

Source: Moody's Economy.com



Nonfarm Payrolls—2005 Through 2019

During the economic expansion from 2005 through 2007, payrolls in the HMA increased by an average of 1,100, or 2.9 percent, annually. In 2008, payroll gains slowed to 300, or 0.8 percent. Subsequently, the HMA lost an average of 1,100 jobs, or 2.6 percent, a year from 2009 through 2010 because of the recession, and then payroll growth resumed every year through 2019. Economic recovery started slow, with jobs increasing by an average of 300, or 0.8 percent, annually, from 2011 through 2012, then growth accelerated to an average annual gain of 1,400 jobs, or 3.5 percent, through 2015. From 2016 through 2019, economic growth slowed, and jobs increased by an average of 900, or 1.9 percent, annually. In 2016, Alcoa Corporation—one of the largest aluminum producers in the world and a top employer in the HMA at the time—closed its aluminum smelter in the HMA, laying off approximately 430 workers (*Wenatchee World*). The closure is estimated to have resulted in more than \$60 million in lost wages and caused the unemployment rate to increase, dampening the previously strong economic expansion.

Current Conditions—Nonfarm Payrolls and Covered Employment

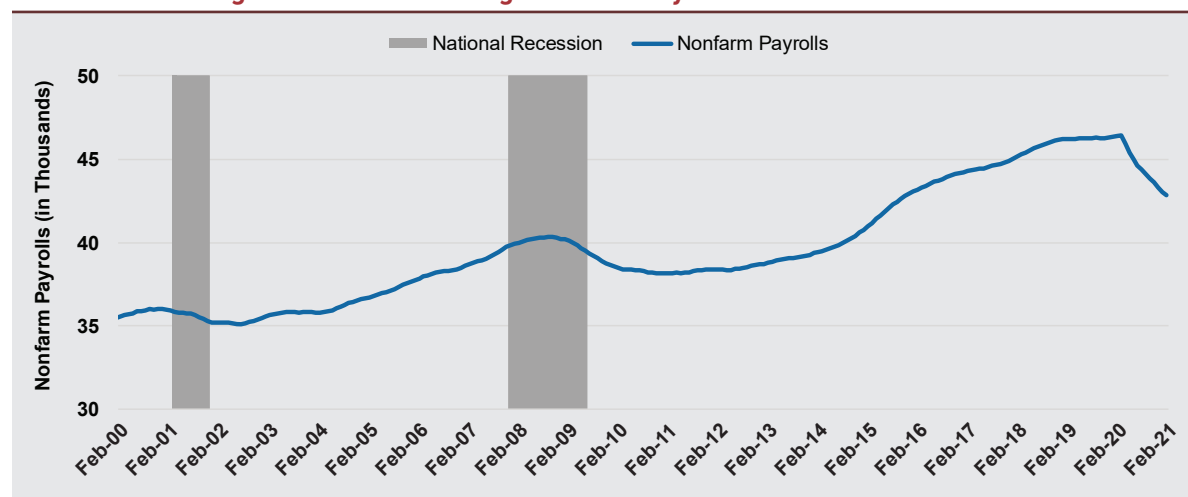
Economic conditions in the Wenatchee HMA deteriorated during the past year (Figure 1), largely because of efforts used to slow the spread of COVID-19, including enforcing social distancing and discouraging

nonessential travel. On a monthly basis, payrolls in February 2021 were 5.8 percent below the prepandemic high in March 2020 (not seasonally adjusted). Approximately 5,600 nonfarm jobs were lost in April 2020, and by August 2020, all but 1,000 of those jobs had been recovered, boosted by increased tourism and fruit tree harvesting during the summer months. Subsequently, monthly payrolls declined through January 2021—a trend that occurs every year as tourism slows and harvest season ends—by 2,000 jobs. Monthly payrolls increased by 400 in February 2021.

During the 12 months ending February 2021, nonfarm payrolls fell by 3,600 jobs, or 7.8 percent, and all sectors lost jobs or were unchanged from a year ago (Table 2). By comparison, payrolls increased by 200 jobs, or 0.2 percent during the 12 months ending February 2020. Direct agriculture jobs, such as growing fruit or crops, are not included in nonfarm payrolls; however, agricultural employment affects nonfarm payrolls through food processing (manufacturing), fresh fruit packaging (wholesale and retail trade), and distribution (transportation and utilities). The latter two sectors are included in the nonreporting service-providing sectors.

The payroll sectors most affected by the countermeasures applied to slow the spread of COVID-19 are those that rely heavily on in-person interactions. More than one-half of all jobs lost during the 12 months ending February 2021 were in the leisure and hospitality sector, which declined by 1,900 jobs, or 27.5 percent. By comparison,

Figure 1. 12-Month Average Nonfarm Payrolls in the Wenatchee HMA



Note: 12-month moving average.

Sources: National Bureau of Economic Research; U.S. Bureau of Labor Statistics



payrolls in the sector increased by 100 jobs, or 1.2 percent, during the 12 months ending February 2020. The second largest source of nonfarm job losses during the past 12 months was the government sector—the largest reporting sector in the economy (Figure 2)—which fell by 700 jobs, or 7.4 percent. By comparison, the number of government payrolls was unchanged during the 12 months ending February 2020. All the declines in government payrolls during the most recent 12 months were in the state and local government subsectors, largely because of the transition to remote learning and budget shortfalls that caused furloughs and layoffs. To put the recent decline in perspective, government payrolls declined by 500 from 2009 through 2013 during the aftermath of the Great Recession.

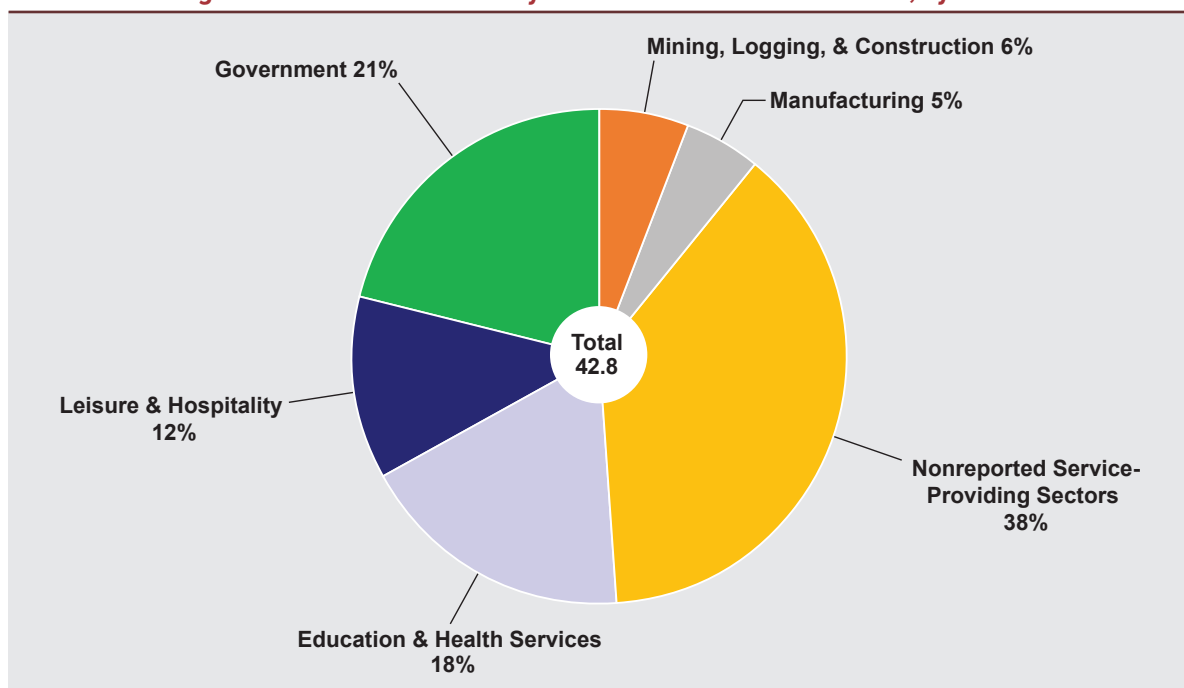
Goods-producing sectors declined by 400 jobs, or 7.3 percent, during the 12 months ending February 2021 compared with a gain of 100 jobs, or 1.1 percent, during the previous 12 months. Public health and safety concerns led to reduced staffing in many manufacturing facilities to maintain social distancing requirements, and payrolls declined by 300, or 11.5 percent, during the past 12 months. Furthermore, the pandemic disrupted many supply chains, causing labor and materials shortages, which slowed the production of goods and the construction of infrastructure that use labor in those sectors. Despite declining by 200 jobs, or 6.7 percent, during the current period, the mining, logging, and construction sector has been the fastest

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Wenatchee HMA, by Sector

	12 Months Ending February 2020	12 Months Ending February 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	46.4	42.8	-3.6	-7.8
Goods-Producing Sectors	5.5	5.1	-0.4	-7.3
Mining, Logging, & Construction	3.0	2.8	-0.2	-6.7
Manufacturing	2.6	2.3	-0.3	-11.5
Service-Providing Sectors	40.9	37.7	-3.2	-7.8
Nonreported Service-Providing Sectors	16.8	16.2	-0.6	-3.6
Education & Health Services	7.7	7.7	0.0	0.0
Leisure & Hospitality	6.9	5.0	-1.9	-27.5
Government	9.5	8.8	-0.7	-7.4

Notes: Based on 12-month averages through February 2020 and February 2021. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics Current Employment Statistics (CES)

Figure 2. Share of Nonfarm Payroll Jobs in the Wenatchee HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through February 2021. Source: U.S. Bureau of Labor Statistics



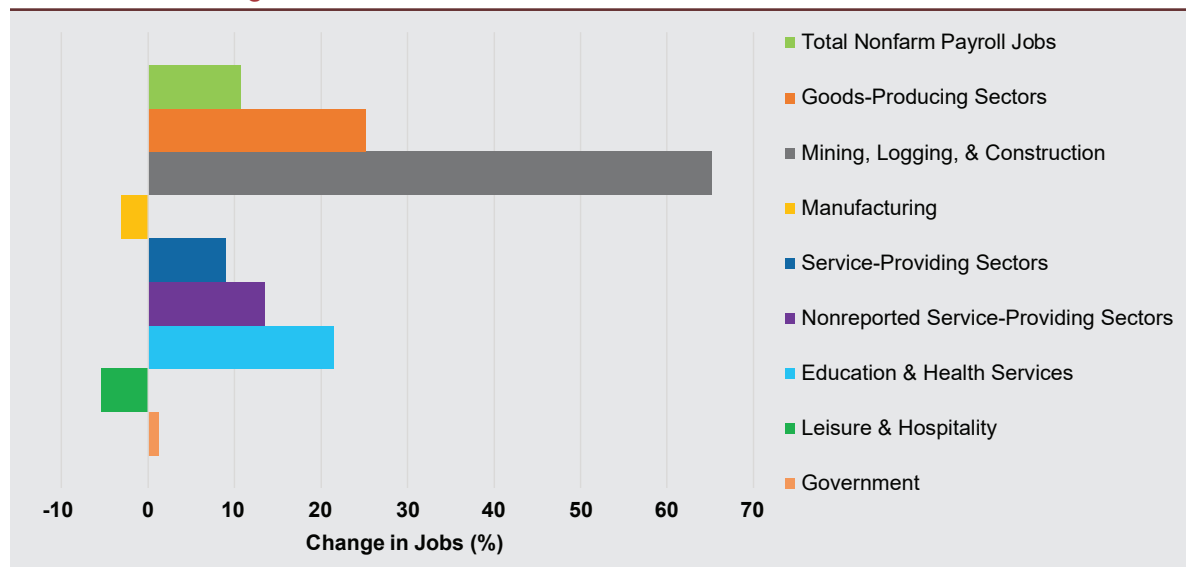
growing sector in the economy since 2013 (Figure 3) because of increased residential and commercial construction when economic recovery transitioned to expansion following the Great Recession.

During the third quarter of 2020, the Quarterly Census of Earnings and Wages (QCEW), which includes direct agriculture jobs, reported a year-over-year decline in covered employment of 5,400, or 8.6 percent, to 57,300. By comparison, covered employment fell by 2,900, or 4.4 percent, from the third quarter of 2018 to the third quarter of 2019. Table 3 displays year-over-year changes in total covered employment and for agriculture-related employment sectors and industries, which account for approximately one-third of all covered employment in the HMA.

Current Conditions— Unemployment

The unemployment rate in the HMA, which reached a 12-month average peak of 8.3 percent from November 2010 through January 2011 because of the Great Recession, averaged 8.5 percent during the 12 months ending February 2021—up from 5.0 percent a year previously (Figure 4). By comparison, the national jobless rate reached a 12-month average peak of 9.7 percent from March through November of 2010 and was 8.5 percent during the 12 months ending February 2021—up from 3.6 percent a year ago. The increase in the rate in the HMA and the nation during the past year is the result of job declines due to the efforts to contain the spread of COVID-19.

Figure 3. Sector Growth in the Wenatchee HMA, 2013 to Current



Note: The current date is March 1, 2021.
Source: U.S. Bureau of Labor Statistics

Table 3. Quarterly Covered Employment (1,000s) in the Wenatchee HMA, by Agriculture-Related Sector

	3rd Quarter 2019	3rd Quarter 2020	Absolute Change	Percentage Change
Total Covered Employment	62.7	57.3	-5.4	-8.6
Agriculture, Forestry, Fishing, & Hunting	17.2	15.2	-2.0	-11.8
Crop Production	11.7	10.4	-1.3	-10.9
Agriculture & Forestry Support Activities	5.4	4.7	-0.7	-13.5
Manufacturing	2.6	2.4	-0.2	-8.3
Food Manufacturing	0.2	0.2	0.0	0.0
Beverage & Tobacco Product Manufacturing	0.6	0.5	-0.1	-21.0
Wholesale Trade	2.8	2.6	-0.2	-7.8
Merchant Wholesalers, Nondurable Goods	2.4	2.2	-0.2	-8.1
Transportation & Warehousing	0.8	0.7	-0.1	-8.3

Notes: Nondurable goods include perishable food products. Numbers will not add to totals because this is not a comprehensive list of covered employment sectors. Data are in thousands.
Sources: Employment Security Department of Washington State; U.S. Bureau of Labor Statistics Quarterly Census of Earnings and Wages (QCEW)

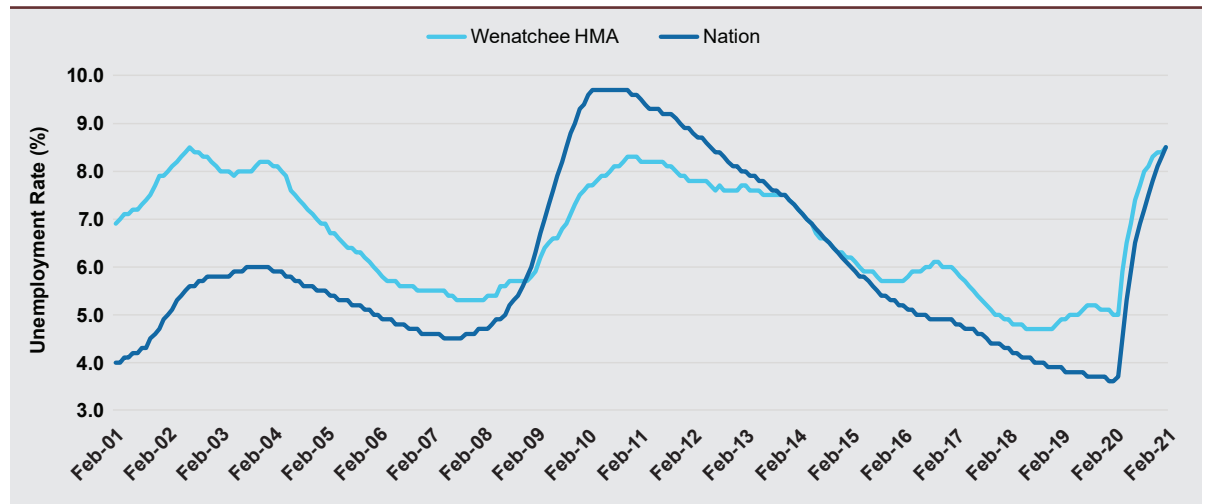
Economic Sectors of Significance

Leisure and Hospitality

Payrolls in the leisure and hospitality sector are seasonal every year, rising and falling with tourism, which swells from late spring through early fall, and the pandemic and countermeasures to quell it exacerbated that pattern (Figure 5). Although the sector accounts for 12 percent of current nonfarm payrolls, it contributed more than one-half of total jobs lost in the HMA during the 12 months ending February 2021. On a monthly basis (not seasonally adjusted), payrolls in the sector fell in April 2020 by 2,400 jobs, or almost 40 percent, and all but 500 jobs were recovered by the end of September 2020, although they remained 7 percent below the September 2019 level. As tourism slowed, monthly payrolls declined through January 2021, and in February 2021, payrolls were down 23 percent from the February 2020 level.

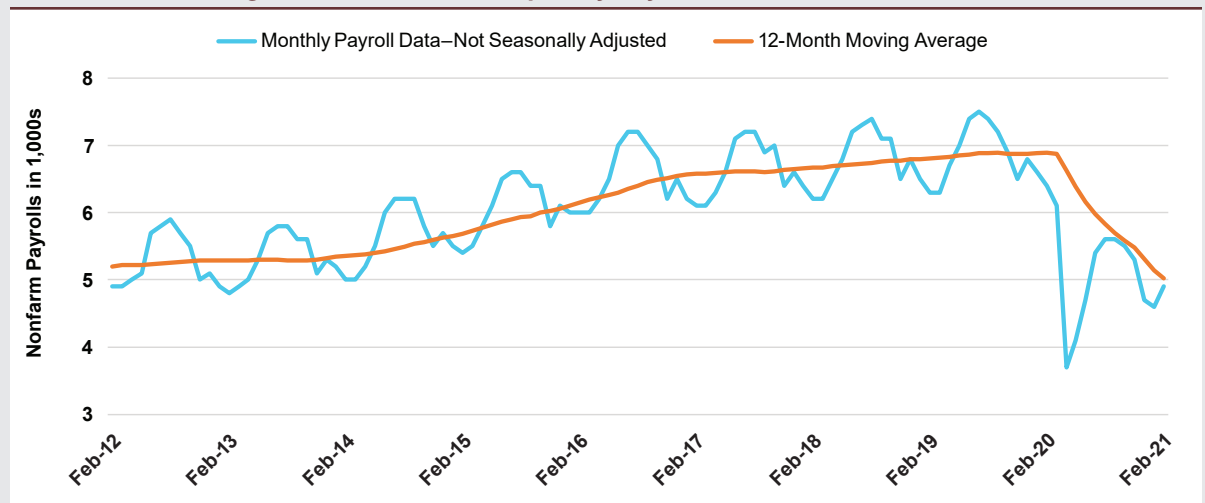
Despite the seasonality of leisure and hospitality jobs, on an annual basis, payrolls in the sector declined only twice from 2000 through 2019: once in 2001 and again in 2009, for a combined loss of 600 jobs. For context, during the economic expansion after the Great Recession, payrolls increased by an average of 200 jobs, or 3.8 percent, annually from 2013 through 2019. Even with the prolonged period of steady job growth, leisure and hospitality payrolls are currently 5.4 percent less than they were in 2012 because of the steep losses in April 2020.

Figure 4. 12-Month Average Unemployment Rate in the Wenatchee HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Figure 5. Leisure and Hospitality Payrolls in the Wenatchee HMA



Note: The current date is March 1, 2021.
Source: U.S. Bureau of Labor Statistics



Agriculture

During the third quarter of 2020, the agriculture, forestry, fishing, and hunting sector—which accounted for more than one-fourth of all covered employment—fell by 2,000, or 11.8 percent, year over year, marking the second consecutive year of job declines in the sector. Those losses reflect a slowdown compared with the third quarter of 2019, however, when employment in the sector fell by 2,875, or 14.4 percent, year over year. Within the sector, employment losses slowed considerably during the third quarter of 2020 in the crop production industry, whereas losses accelerated in the agriculture and forestry support activities industry. Crop production was an industry deemed essential during the pandemic, which likely contributed to the deceleration of job losses. Also contributing to the decline in employment is labor shortages, exacerbated by capacity restrictions placed on farmworker housing—which employers are required to provide—since the onset of the pandemic. Manufacturing employment fell by 200, or 8.3 percent, year over year during the third quarter of 2020, compared with a year-over-year gain of 60, or 2.2 percent, during the third quarter of 2019. The decline in manufacturing employment during the third quarter of 2020 was largely because factories were unable to meet social distancing requirements during the early months of the pandemic, resulting in job losses and layoffs. The food manufacturing industry was unchanged during

the third quarter of 2020, and employment in the beverage and tobacco product manufacturing industry (nearly all employment in this sector is related to the growing wine industry in the HMA) fell by 100 jobs.

For historical context, from 2011 through 2018, the agriculture, forestry, fishing, and hunting sector contributed the most employment gains of all agriculture-related sectors, increasing by an average of 230, or 1.8 percent, annually. During that period, employment growth in the agriculture and forestry support activities industry was responsible for 75 percent of the increase. Employment in the beverage and tobacco product manufacturing industry during the period increased by an average of 40, or 14.0 percent, annually, as wine tourism in the HMA gained momentum. The first winery in the Chelan Valley opened in 2000. In 2009, 24,040 acres along the shore of Lake Chelan were designated as the 11th American Viticulture Area (AVA) in the state (lakechelanwinevalley.com). Currently, the Chelan Valley has 300 acres of wine grapes, more than 30 distinct vineyards, and more than 30 wineries and tasting rooms. In the merchant wholesalers, nondurable goods industry, which includes perishable food products, employment increased by an average of 90, or 4.4 percent, annually, whereas the transportation and warehousing sector fell by an average of 40, or 4.1 percent, a year.

Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.5 percent annually. Stronger job growth is anticipated in the early part of the forecast period as COVID-19 precautions are relaxed and businesses continue to reopen. Nonfarm payrolls are projected to return to prepandemic levels during the second year of the forecast period. Job growth is expected to resume in nearly all sectors of the economy, propelled by strong growth in the leisure and hospitality sector and agriculture-related employment. Hospitality professionals are anticipating the summer of 2021 to be one of the busiest summers for tourism on record, consistent with the summer of 2020, which had massive increases in camping reservations at all state parks and a rise in hotel tax revenues, especially in Chelan and Leavenworth. In addition,

a new Residence Inn is under construction in the city of Wenatchee; the 127-room, \$15.3 million project began in 2019 and is slated for completion by early summer 2021 and will employ at least 30 people (*Wenatchee World*). The 95-room Avid Hotel Wenatchee is also under construction, slated for completion in late 2021. As supply chains recover from the economic disruption, job growth is expected to resume in the mining, logging, and construction and the manufacturing sectors. Specifically, the mining, logging, and construction sector will benefit from a new, \$139.5 million service center under construction through Chelan PUD (Public Utility District). Approximately \$26.7 million was awarded in construction bids to local contractors and suppliers. Agriculture will remain key to the economic health of the HMA, although labor constraints may hinder otherwise faster employment growth in the industries that support it.



Population and Households

Current Population: 125,100

Net in-migration to the HMA has contributed 77 percent of population growth since 2015 compared with 40 percent from 2010 to 2015.

Population Trends

As of March 1, 2021, the population of the Wenatchee HMA was estimated at 125,100, reflecting average annual growth of 1,300 people, or 1.1 percent, since 2010 (Table 4), with 66 percent of the growth coming from net in-migration. Approximately two-thirds of the population reside in Chelan County. Population growth trends in the HMA tend to track economic conditions, with a year or two of lag. As the economy expanded during the buildup to the Great Recession, the population increased by an average of 1,900, or 1.8 percent, a year from 2005 to 2008, and net in-migration averaged 1,225 people a year, accounting for 64 percent of the increase. During the same time, service-related industries, such as healthcare services and government, expanded to serve the increase in population. Net in-migration slowed considerably in 2008 and 2009, averaging 230 a year, as the economy weakened, contributing to average annual population growth of 990 people,

or 0.9 percent. That trend intensified from 2009 to 2011, and net out-migration averaged 190 people annually, slowing population growth to an average of 470, or 0.4 percent, annually (Figure 6).

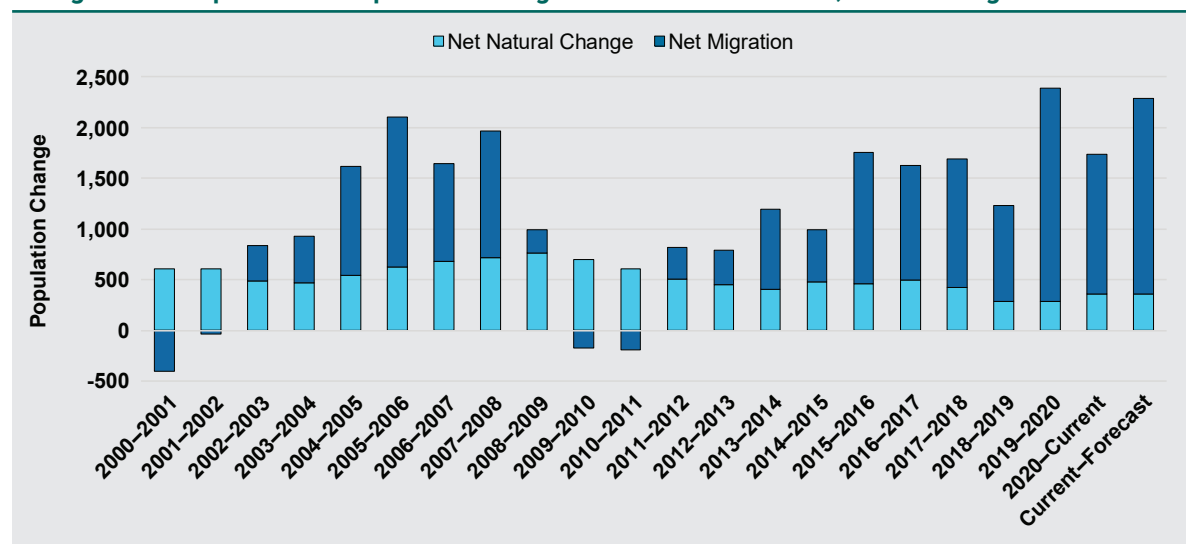
Table 4. Wenatchee HMA Population and Household Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	110,884	125,100	132,000
	Average Annual Change	1,175	1,300	2,275
	Percentage Change	1.1	1.1	1.8
Household Quick Facts	Households	41,721	47,700	50,400
	Average Annual Change	500	550	900
	Percentage Change	1.3	1.2	1.9

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (March 1, 2021) to March 1, 2024.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 6. Components of Population Change in the Wenatchee HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (March 1, 2021) to March 1, 2024. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst



Job growth returned in 2011, albeit at a slow rate, and from 2011 to 2015, population growth averaged 950 people, or 0.8 percent, annually. During that time, net in-migration accounted for 52 percent of the increase. Economic growth accelerated in 2013, and that trend emerged in population growth 2 years later. From 2015 to 2019, population growth averaged 1,575 people, or 1.3 percent, annually, and net in-migration increased to 1,150 a year, contributing 73 percent of the growth. Also aiding the relatively stronger growth during the period was an increase in in-migration from the Seattle-Tacoma-Bellevue MSA (hereafter, Seattle MSA), mainly resulting from the lower cost of living in the HMA, which is expected to continue during the forecast period. From 2019 to the current date, a surge in net in-migration resulted in population growth that averaged 2,125 people, or 1.7 percent, annually. During this time, population growth has been less correlated with economic conditions, which were weakening in 2019. Part of the strong growth is due to an influx of households from higher cost areas in the state and region that benefited from the increased reliance on remote work because of the pandemic. In addition, local experts noted that many households that own second homes in the HMA decided to stay during the pandemic and would likely be counted as permanent residents.

Household Trends

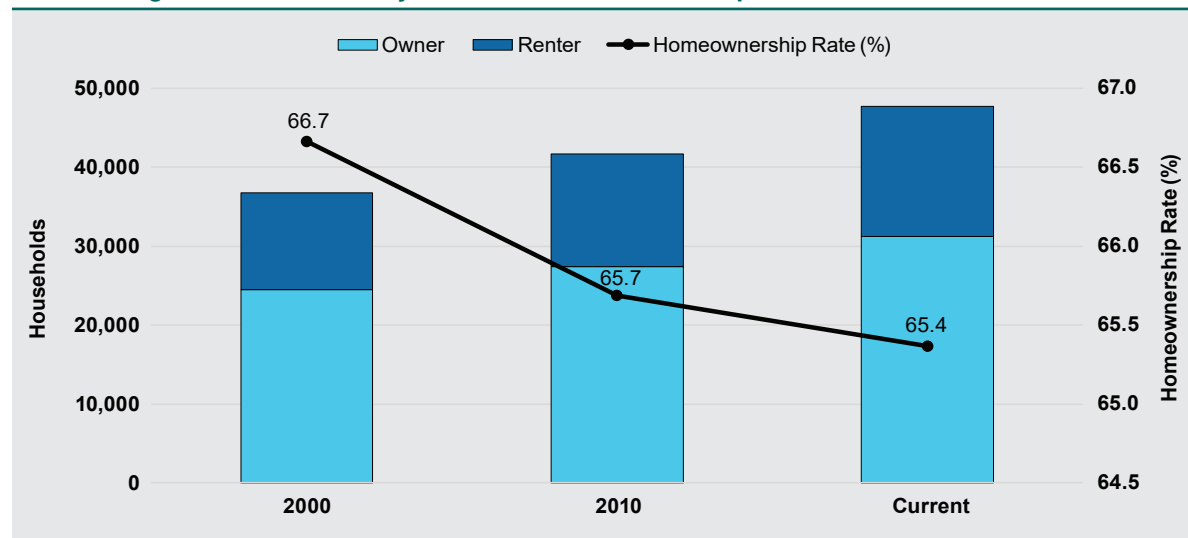
An estimated 47,700 households resided in the HMA as of March 1, 2021, reflecting an average annual increase of 550 households, or 1.2 percent,

since 2010. By comparison, from 2000 to 2010, the number of households increased by an average of 500, or 1.3 percent, annually. An estimated 65.4 percent of current households, or 31,200 households, are homeowners, and the remaining 16,500 are renter households (Figure 7). Corresponding with the national trend of declining homeownership—largely because of the Great Recession—the homeownership rate in the HMA declined from 66.7 percent in 2000 to 65.7 percent in 2010. From 2010 to the current date, the number of owner households has increased at an average annual rate of 1.3 percent, or 380 households, compared with 1.1-percent average annual growth from 2000 to 2010. Renter households have increased at an average annual rate of 1.4 percent, or 220 households, from 2010 to the current date compared with an average annual increase of 1.6 percent from 2000 to 2010.

Migration Trends

The relative affordability of housing and the plethora of recreation offerings in the Wenatchee HMA have enticed in-migrants for decades, a trend that is likely to continue during the forecast as more employers offer remote work opportunities. The HMA borders the Seattle MSA along the summit of the Cascade Mountain range, and the city of Wenatchee is about 150 miles from the city of Seattle. The average sales price of a

Figure 7. Households by Tenure and Homeownership Rate in the Wenatchee HMA



Note: The current date is March 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



home in the Wenatchee HMA was 40 percent less than in the Seattle MSA in 2015, and that difference increased to 45 percent in 2018. As the relative affordability of the HMA increased, so too did in-migration from the Seattle MSA, which contributed to swift home price growth, largely because Seattle-area residents generally have higher incomes. In 2018, the median family incomes in the Tacoma-Lakewood Metropolitan Division and the Seattle-Bellevue-Everett Metropolitan Division (which together make up the Seattle MSA) were \$74,600 and \$103,400, respectively, compared with \$67,100 in the Wenatchee HMA. A net flow of 150 people from the Seattle MSA to the HMA occurred in 2018, although gross migration was more than 1,200 (U.S. Census Metro-to-Metro Migration Flows). Gross migration to the HMA from the Seattle MSA averaged almost 1,000 annually from 2015 to 2018.

Population by Age Range

The largest age cohort in the Wenatchee HMA in 2019 was residents 40 to 64 years of age, constituting approximately 30 percent of the total population—down from 33 percent in 2010 (Figure 8). The share of residents age 18 to 39 was relatively stable during the period, and those 65 years of age and older represent the fastest growing age cohort. From 2010 to 2019, residents 65 years and older increased at an average annual rate of 3.9 percent, constituting more than 19 percent of the total population in 2019—up from 15 percent in 2010. In 2017, Forbes ranked the city of Wenatchee as one of the “25 Best

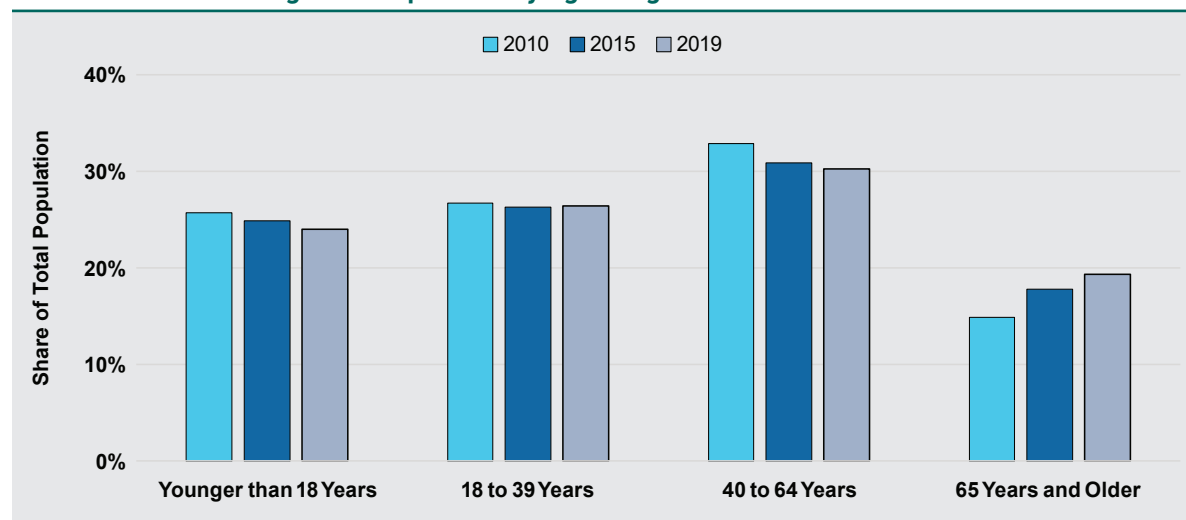
Places to Retire in the U.S.,” noting the relatively dry climate, access to health care, and affordable housing costs as main contributors to the ranking. Growth in this age cohort will support job growth in the healthcare industry and also temper net natural change during the forecast period and beyond. The cohort age 18 to 39 years is anticipated to increase also, as this group is primed to take advantage of the increased use of remote work and attracted to the ample outdoor recreational amenities and active lifestyle offered in the HMA. A Smart Asset study ranked the city of Wenatchee as the fifth best fitness-friendly city in America in 2015.

Forecast

Population growth is expected to continue during the 3-year forecast period at an average annual rate of 1.8 percent, or 2,275 people, annually—slightly faster than the 1.7-percent average annual growth rate since 2019. The HMA will continue to benefit from record-high net in-migration, propelled by increased reliance on remote work and the relative affordability of the HMA. The population is expected to reach 132,000 people by March 1, 2024. Approximately 85 percent of the growth will come from net in-migration.

Based on current and anticipated population growth and economic conditions, households in the HMA during the next 3 years are expected to increase by an average of 900, or 1.9 percent, annually, reaching 50,400 by March 1, 2024. Both owner and renter households are anticipated to increase at average annual rates of 1.8 percent during the 3-year forecast period.

Figure 8. Population by Age Range in the Wenatchee HMA



Source: U.S. Census Bureau



Home Sales Market

Market Conditions: Very Tight

Home sales in the HMA increased 11 percent during the 12 months ending February 2021 compared with a 3-percent decline during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst).

Current Conditions

Sales housing market conditions in the Wenatchee HMA are currently very tight, with an estimated vacancy rate of 1.3 percent (Table 5)—down from 2.4 percent in April 2010. A limited supply of for-sale inventory, in conjunction with strong population and economic growth before the pandemic, increased demand for sales housing and contributed to the decline in the vacancy rate. The inventory of homes for sale has been less than 6 months (typically indicative of a balanced market) since the beginning of 2016 (Redfin, a national real estate brokerage). As of February 2021, a 1.1-month supply of homes was available for sale, compared with 2.8 months of inventory a year ago.

Also contributing to the decline in for-sale inventory has been a rise in the number of homes purchased as second homes and short-term rentals, which reduce the amount of available housing for permanent residents.

Table 5. Home Sales Quick Facts in the Wenatchee HMA

	Wenatchee HMA	Nation
Vacancy Rate	1.3%	NA
Months of Inventory	1.1	1.6
Total Home Sales	3,300	6,894,000
1-Year Change	11%	14%
New Home Sales Price	\$334,500	\$395,600
1-Year Change	11%	4%
Existing Home Sales Price	\$359,100	\$329,100
1-Year Change	4%	17%
Mortgage Delinquency Rate	1.9%	3.7%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending February 2021; and months of inventory and mortgage delinquency data are as of February 2021. The current date is March 1, 2021.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; HMA home sales and prices—CoreLogic, Inc., with adjustments by the analyst; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

Home sales (including new and existing single-family homes, townhomes, and condominiums) totaled 3,300 during the past 12 months—up 11 percent from the 2,975 homes sold a year ago and following a 3-percent decline during the 12 months ending February 2020 (CoreLogic, Inc., with adjustments by the analyst). By comparison, from 2013 through 2018, home sales increased by an average of 290, or 14 percent, annually. The average home sales price increased almost 5 percent, to \$356,900, during the 12 months ending February 2021 compared with a 12-percent increase during the previous 12 months. From 2013 through 2018, the average home sales price rose by an average of \$13,950, or 6 percent, annually. Despite a prolonged period of strong price growth in the HMA, the affordability relative to that of the Seattle MSA has increased; the average sales price in the HMA was 45 percent less than in the Seattle MSA during the 12 months ending February 2021 compared with 40 percent less in 2015, contributing to strong migration to the HMA. Figures 9 and 10 show total sales and average sales prices by sales type, respectively, for the HMA.

New Home Sales and Prices

During the 12 months ending February 2021, 290 new homes sold—up 45 percent from a year ago—accounting for almost 9 percent of total home sales in the HMA (CoreLogic, Inc., with adjustments by the



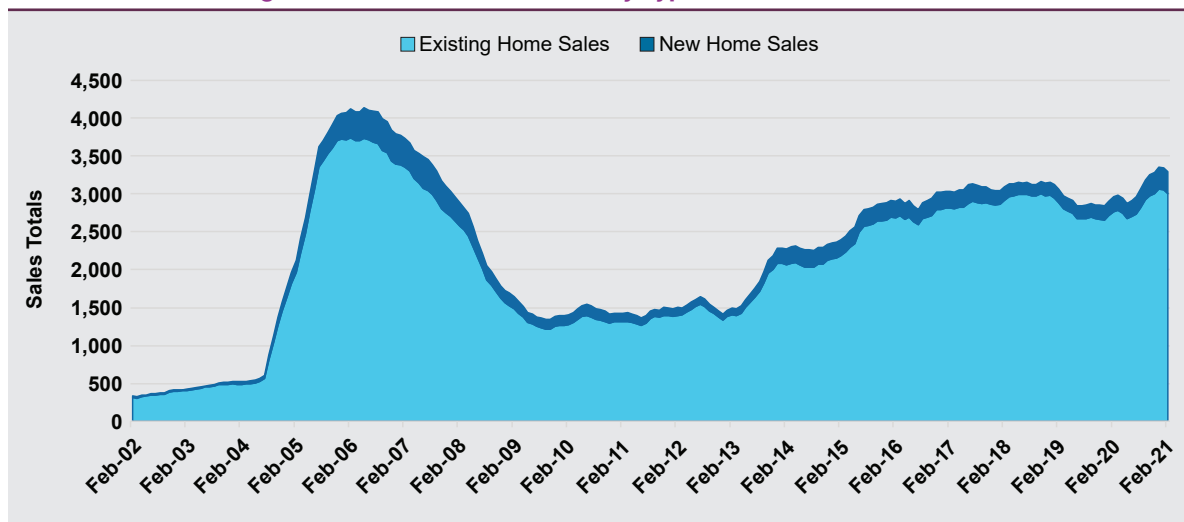
analyst). By comparison, during the previous 12 months, new home sales increased 14 percent year over year. New home sales peaked from 2005 through 2007, during the buildup to the housing market crash, averaging 360 new home sales a year, and subsequently declined from 2008 through 2012 at an average annual rate of 25 percent, to a low of 80 homes sold. As economic conditions strengthened and household finances improved, new home sales increased to an average of 200 annually from 2013 through 2018.

The average new home sales price increased nearly 11 percent during the 12 months ending February 2021, to \$334,500, compared with a 9-percent decrease a year before. The current average new home sales price is 21 percent greater than the pre-crash peak in 2008 and 75 percent higher than the trough in 2012. From 2013 through 2018, new home sales prices increased at an average annual rate of 10 percent, or \$24,450 a year, to \$336,500. The largest concentration of new home sales during the past 12 months has been for homes priced from \$550,000 to \$749,999 (Figure 11).

Existing Home Sales and Prices

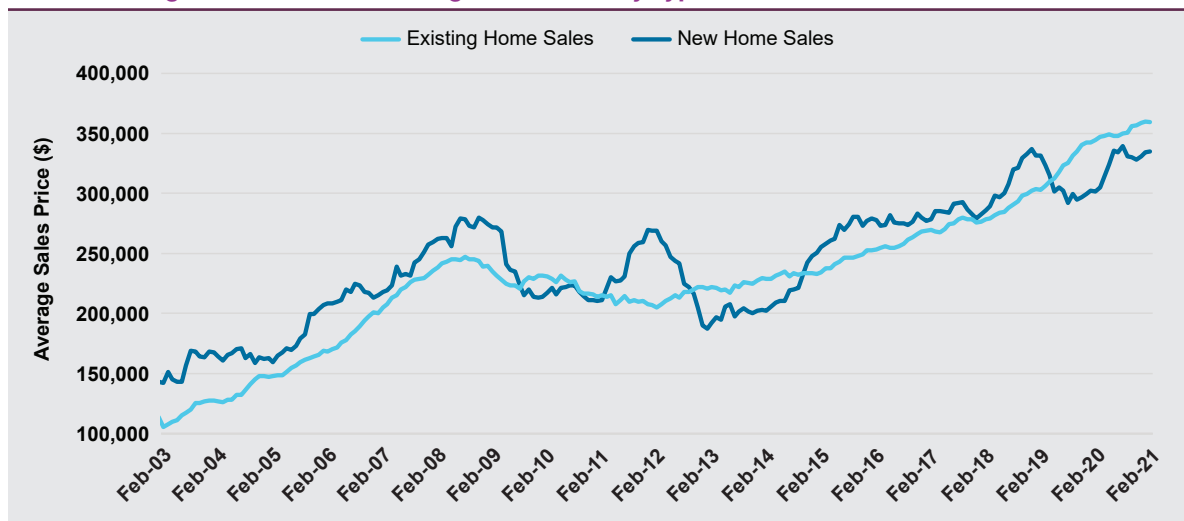
During the 12 months ending February 2021, 3,000 existing homes sold—up 9 percent from a year ago and compared with a 4-percent reduction during the 12 months ending February 2020 (CoreLogic, Inc., with adjustments by the analyst). Existing home sales peaked in 2006 and 2007, when an average of 3,050

Figure 9. 12-Month Sales Totals by Type in the Wenatchee HMA



Source: CoreLogic, Inc., with adjustments by the analyst

Figure 10. 12-Month Average Sales Price by Type of Sale in the Wenatchee HMA



Source: CoreLogic, Inc., with adjustments by the analyst



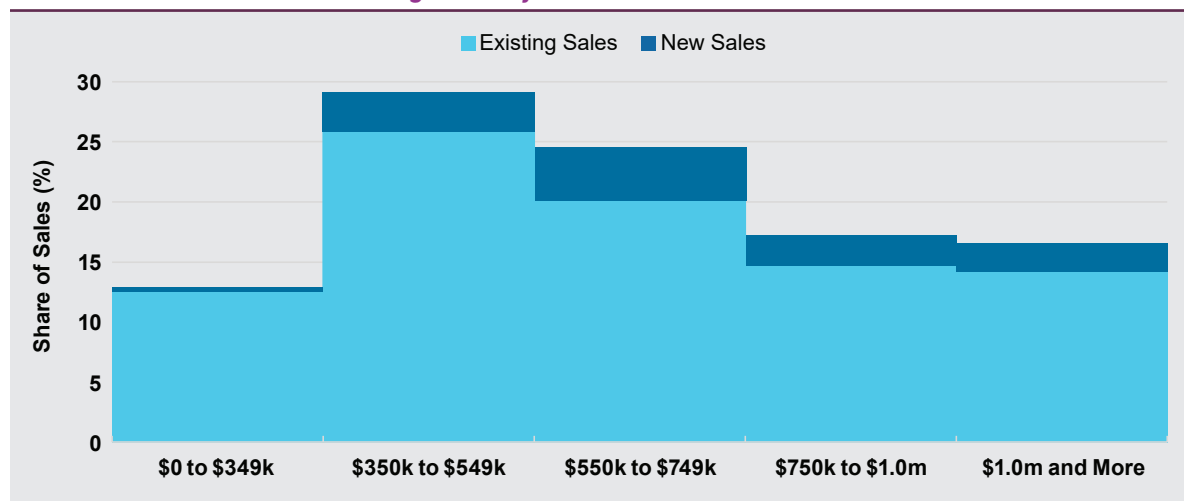
existing homes sold each year. As market conditions worsened, existing home sales fell at an average annual rate of 21 percent from 2008 through 2010, to a trough of 1,275. Growth in existing home sales began in 2011, coinciding with the start of economic recovery, and averaged 1,525 annually through 2013. As economic recovery transitioned to expansion and net in-migration increased, existing home sales rose, averaging 2,575 a year through 2018.

The average sales price of an existing home increased 4 percent in the HMA during the 12 months ending February 2021, to \$359,100, following a 14-percent increase during the 12 months ending February 2020. The current average sales price is 27 percent greater than the prerecession peak in 2007 and more than twice as much as the trough in 2010. The average sales price increased every year from 2011 through 2018, at an average annual rate of 4 percent. The largest concentration of existing home sales during the past 12 months has been for homes priced from \$350,000 to \$549,999.

REO Sales and Delinquent Mortgages

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the HMA has remained well below the national rate since 2000 (CoreLogic, Inc.). In 2012, the rate of seriously delinquent mortgages and REO properties in the HMA peaked at 3.6 percent; the national rate reached a high of 8.6 percent in February 2010. In February 2021, 1.9 percent of mortgages in the

Figure 11. Share of Overall Sales by Price Range During the 12 Months Ending February 2021 in the Wenatchee HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

HMA were seriously delinquent or in REO status—up from 0.4 percent a year earlier but down from a peak of 2.2 percent in July 2020. The increase is attributable to a rise in mortgages 90 or more days delinquent; this category increased more than fivefold from prepandemic levels in February 2020 to the peak in July 2020. During the same time, foreclosures declined by nearly two-thirds and REO properties were relatively unchanged, largely because of mortgage forbearance policies provided through the CARES Act. Nationally, the rate increased from 1.3 percent in February 2020 to 3.9 percent in February 2021 and peaked at 4.4 percent in August 2020.

Short-Term Rentals and Home Sales by Geography

Approximately 2,650 STRs (90 percent of which are the entire unit [BERK Report]) were operational in Chelan County in 2019—up from fewer than 200 in 2014; 1,700 of them are in unincorporated Chelan County (MLA). The conversion of single-family homes to STRs is not being compensated by a similar increase in new construction, effectively reducing the supply of housing for permanent residents and contributing to the tight housing market conditions. For example, in the 98826 ZIP Code, which encompasses most of the city of Leavenworth, new home construction totaled 250 from 2015 to 2019, and 750 homes were converted to STRs during the same period (BERK Report); almost 16 percent of the housing stock in Leavenworth is

STRs. In Chelan, approximately 225 homes were constructed during the period, more than offset by the 275 homes converted to STRs.

Although the impact of STRs and second homes is difficult to isolate, the data clearly show that home sales prices are greater in areas closest to tourist destinations. The median home sales price was \$427,000 in the HMA in February 2021—up almost 30 percent from a year ago (Redfin, a national real estate brokerage). Fewer than 6 percent of STRs in the HMA are in the cities or unincorporated areas of Wenatchee and East Wenatchee, which combine to account for approximately two-thirds of all home sales in the HMA. In February 2021, the median sales prices were \$438,000 and \$385,000, respectively—up 39 and 6 percent year over year. Approximately one-half of all STRs in Chelan County are in Leavenworth (including unincorporated areas), which typically accounts for fewer than 5 percent of home sales in the HMA; the median sales price was \$709,000 in February 2021—up 29 percent from a year ago and 66 percent greater than the HMA median. The second highest concentration of STRs, 25 percent, is in the city and unincorporated areas of Chelan, which generally account for 15 percent of home sales in the HMA. In February 2021, the median sales price in Chelan increased 37 percent year over year, to \$485,000—14 percent higher than the HMA median.

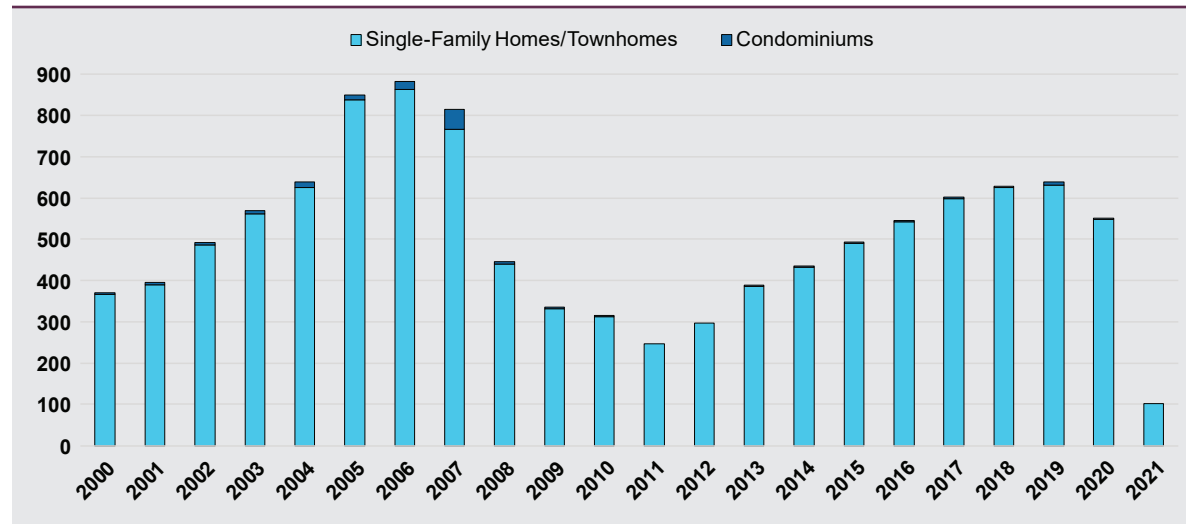
Although converting a single-family home to an STR is estimated to increase the value of a property near the most popular tourist areas in the HMA by \$100,000 or more (Kirvil Skinnarland and Brian

Patterson, *How Short-Term Rentals In Residential Areas Harm Communities*)—with the average nightly charge of \$362—approximately 90 percent of owners of those properties live outside the county, so at least a portion of the economic gains are not realized locally (MLA). To address some of the negative effects of STRs in Chelan County, the Board of County Commissioners enacted a moratorium, effective August 25, 2020, on the designation, permitting, construction, development, expansion, remodeling, creation, location, and siting of STR uses in unincorporated areas of the county (cities such as Leavenworth set their own regulations). Since the enactment, a task force was assembled and several public hearings were held to determine appropriate action; as of February 2021, the ban was still in effect. One idea being considered is restricting new STR development through a lottery system.

Sales Construction Activity

Economic recovery following the Great Recession began in 2011, and the effects were evident in the sales market a year later. Beginning in 2012, homebuilders responded to the improving sales market conditions by increasing new home production. Current new home construction, as measured by the number of sales units permitted (building permits), is well below the levels before the housing collapse and Great Recession but significantly higher than the trough from 2009 through 2012 (Figure 12).

Figure 12. Annual Sales Permitting Activity in the Wenatchee HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through February 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst



During the 12 months ending February 2021, 560 homes were permitted—down 3 percent from a year earlier (preliminary data). New home construction peaked from 2005 through 2007, averaging 850 sales units permitted each year, as population and economic growth were at their highest. Subsequently, economic conditions weakened, household finances suffered, and population growth slowed, causing demand for new housing to drop. New home construction fell by an average of 26 percent annually from 2008 through 2011, to a low of 250 sales units permitted in 2011. From 2012 through 2019, during a period of strong population growth and economic expansion, sales permitting activity increased an average of 13 percent annually, to 640 homes permitted.

New home construction is occurring across the HMA, but the plurality of new home construction is in unincorporated Chelan County, accounting for 45 percent of all new home construction in the

HMA from 2015 through 2020. The cities of Chelan and Wenatchee each accounted for 9 percent of new home construction during the period, followed by Rock Island, Leavenworth, and East Wenatchee, where 3, 2, and 1 percent of new home construction occurred, respectively. New home subdivisions are rather limited in the HMA, which has more infill and single-lot building. One of the most popular subdivisions in the HMA in 2020 was Burch Mountain Estates in Wenatchee, with eight home sales and a median sales price of \$712,500 (Zonda). The Pine Shadow subdivision, also in Wenatchee, had five new home sales with a median sales price of \$562,900; the development contains 37 lots, of which 60 percent have already been built or are under construction.

Forecast

During the next 3 years, demand is estimated for 2,025 new homes (Table 6). The 280 homes currently under construction will meet a portion of the demand during the first year of the forecast. New home construction during the forecast period would have to exceed the 2017-through-2020 annual average to meet expected demand and return the home sales market to balanced conditions. Single-family home development is expected to be focused in unincorporated areas of Chelan County and in smaller, in-fill lots within the city limits of Wenatchee.

Table 6. Demand for New Sales Units in the Wenatchee HMA During the Forecast Period

Sales Units	
Demand	2,025 Units
Under Construction	280 Units

Note: The forecast period is from March 1, 2021, to March 1, 2024.

Source: Estimates by the analyst



Rental Market

Market Conditions: Slightly Tight

Although apartment construction began to increase in 2013, it remains limited, contributing to currently slightly tight rental market conditions. Also contributing to the slightly tight conditions is the increase in STRs, which have reduced the supply of rental units available to permanent residents.

Current Conditions and Recent Trends

Current rental market conditions are slightly tight, with an estimated 4.2-percent vacancy rate—down from 6.5 percent in 2010 (Table 7), when conditions were soft, partly because of elevated net in-migration combined with limited multifamily construction. Approximately 39 percent of renter households in the HMA live in single-family homes compared with 45 percent in 2015 (2015 and 2019 American Community Survey 1-year data). Part of the decline in renter-occupied single-family homes is due to increased apartment construction beginning in 2013. In addition, STRs have become increasingly popular, reducing the number of single-family homes available for rent to year-round residents. Vacancy rates for all types of rental housing remained low during the past year despite the recent economic shock. Federal and state-level eviction protection policies, which were extended through September 2021, likely helped mitigate some of the negative effects from the job losses and reduced income that resulted from measures used to slow the spread of COVID-19.

The overall rental vacancy rate is higher than the single-family rental and apartment market vacancy rates because it includes STRs, which are not available for year-round occupancy. For professionally

managed single-family rentals (excluding STRs) in the HMA, the vacancy rate was 2.2 percent in February 2021 compared with 2.1 percent a year ago (CoreLogic, Inc.). During the same time, the average rent for two-, three- and four-bedroom homes was \$1,852, \$2,118, and \$2,250, respectively—up 12, 8, and 1 percent. For comparison, the single-family rental vacancy rate has been relatively stable since 2012, ranging from a high of 2.4 percent in 2013 and 2014 to a low of 1.9 percent in 2016. Rent growth ranged from 2 to 3 percent from 2013 through 2014 as the economy was slowly recovering from the Great Recession. From 2015 through 2018, rent growth accelerated, averaging 7 to 9 percent annually, as the economy expanded and STRs increased, reducing the supply of available units.

Despite elevated levels of apartment construction since the beginning of 2013—and the recent shock to the economy from the measures to slow the spread of COVID-19—apartment market conditions were very tight during the spring of 2021. The apartment vacancy rate was 1.0 percent in the spring of 2021—down from 2.2 percent a year ago, and the average rent increased almost 17 percent, to \$1,372 (WCRER). A spike in permitting of apartments in 2019, contributed to the strong rent growth, as most of those units have been recently completed and are generally higher-priced. Apartment rent growth averaged less than 3 percent annually from 2012 through 2015, before STRs and net in-migration increased rapidly. Similar to current

Table 7. Rental Market Quick Facts in the Wenatchee HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	6.5	4.2
Occupied Rental Units by Structure	2013 (%)	2019 (%)	
	Single-Family Attached & Detached	45.0	39.0
	Multifamily (2–4 Units)	21.0	18.2
	Multifamily (5+ Units)	22.0	30.0
	Other (Including Mobile Homes)	12.0	12.8

Notes: The current date is March 1, 2021. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey 1-year data



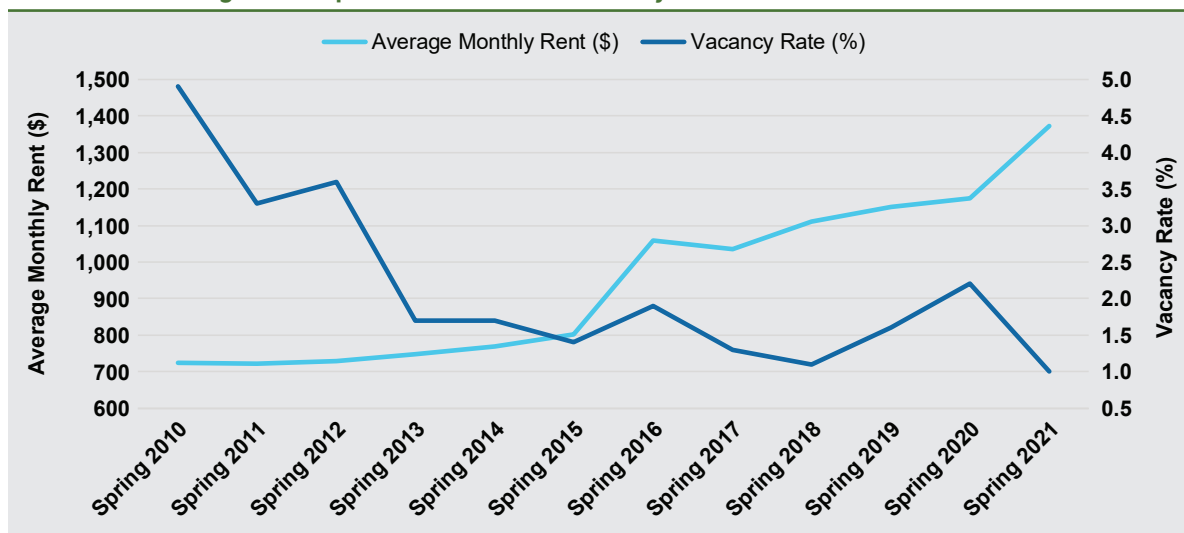
trends, a spike in permitting of apartments in 2013 caused rent growth to increase 32 percent to \$1,058 in 2016, by which point most of the units were completed. Data limitation may also have contributed to the spike in rent growth during the period because three times as many units were surveyed in the spring of 2016 than in the spring of 2015. From 2017 through 2019, rent growth slowed to an average annual increase of 3 percent. The apartment vacancy rate reached a recent high of 3.6 percent in 2012 and remained below 2.0 percent each subsequent year through 2019 (Figure 13).

The prolonged period of generally tight rental market conditions in the HMA led the city of Wenatchee to adjust zoning regulations in 2019 to allow for increased density through the construction of accessory dwelling units (ADUs). Because the regulation changes are relatively new, the impact is uncertain; however, it has resulted in an increase in ADU construction in the city of Wenatchee. In 2018, no ADUs were permitted in the city of Wenatchee, but at least 12 were permitted by October 2020 (*Wenatchee World*). The new ADUs would functionally increase the supply of long-term rental housing in the HMA.

Rental Construction Activity

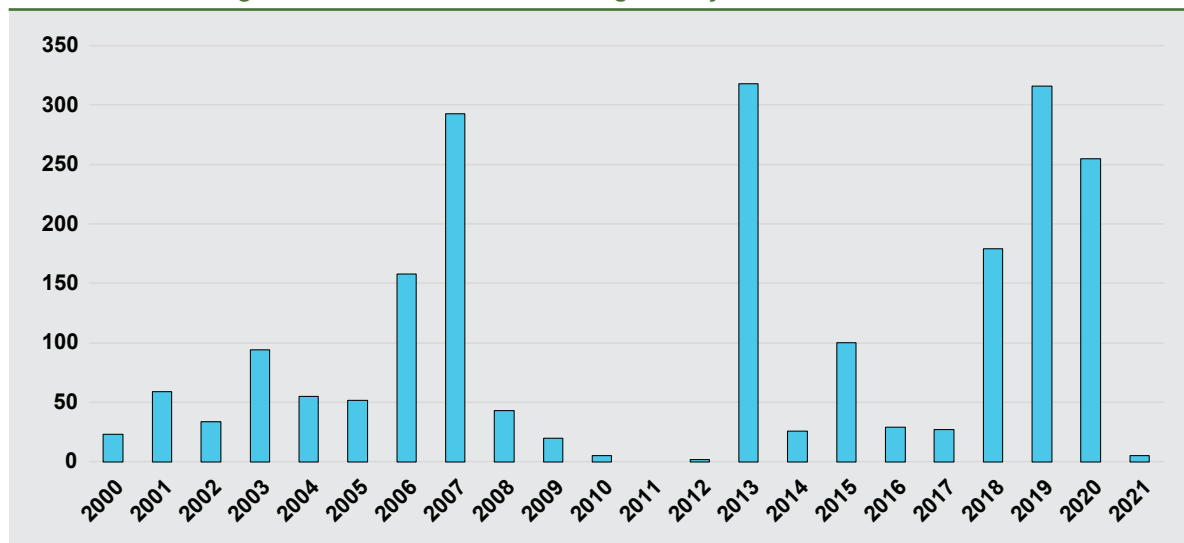
Apartment construction, as measured by the number of rental units permitted, has fluctuated since 2011, when no rental units were permitted (Figure 14); however, the spikes in 2013 and 2019 represent the highest level of apartment

Figure 13. Apartment Rents and Vacancy Rates in the Wenatchee HMA



Source: University of Washington—Washington Center for Real Estate Research

Figure 14. Annual Rental Permitting Activity in the Wenatchee HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through February 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst



construction since at least 1980. Apartment construction fell during 2020, largely because of pandemic-induced obstacles in the construction supply chain that drove up labor and materials costs, and that trend has continued through the current date. During the 12 months ending February 2021, apartment construction totaled 130 units—down from 230 a year ago (preliminary data).

The construction of apartments was rather limited from 2000 through 2011 despite a spike in 2006 and 2007, largely because the period was characterized by loose mortgage lending practices that encouraged homeownership and a subsequent recession. A total of 840 apartments were permitted in the HMA from 2000 through 2011, compared with 1,300 from 2012 through the current date. In 2013, apartment construction spiked again, responding to increased demand as household preferences shifted away from homeownership. Fewer than 30 units were permitted in 2014 as builders waited to see how the market absorbed the surge in new units permitted in 2013. This pattern occurred again in 2015 and 2016. Subsequently, as STRs gained momentum and net in-migration surged, developers responded by increasing apartment construction for several consecutive years; an average of 250 apartment units were permitted each year from 2018 through 2020.

From 2010 through 2014, new apartment construction in the HMA was heavily concentrated in the city of Wenatchee, which accounted for 95 percent of all rental units permitted. Since then, apartment construction has been more spread out, with less than 40 percent occurring in the city of Wenatchee. From 2015 through 2020, almost one-fourth of all rental units permitted in the HMA were in the city of Leavenworth, including the 200-unit Leavenworth Haus Apartment Homes, the largest development in the city to date. Currently, 140 of the units are complete and 60 are still under construction, with expected completion in October 2021. Approximately 92 percent of all units, including those under construction, are currently leased (rents are unavailable). The next largest concentration of apartment construction, 14 percent, was in the city of East Wenatchee, where the 102-unit Sutton Apartments are currently under construction, with completion expected in late 2021. One of the largest and most recently completed developments in the HMA is Altitude, a 96-unit complex in East Wenatchee, completed in October 2020. The development has two- and three-bedroom units with respective monthly rents starting at \$1,770 and \$2,025. Absorption information was unavailable, but the property is currently offering \$600 off for a 12-month lease.

Forecast

During the next 3 years, demand is expected for 980 apartments (Table 8). The 300 apartment units currently under construction will satisfy a portion of the demand. For the rental market to become balanced and meet the demand supported by improving economic conditions and population growth, apartment construction will have to increase significantly from the current level. Demand is expected to increase in the later part of the forecast period as economic conditions improve and net in-migration remains high. Apartment construction is expected to be concentrated in the cities of Wenatchee and East Wenatchee, with smaller developments in the resort towns in the HMA.

Table 8. Demand for New Rental Units in the Wenatchee HMA During the Forecast Period

Rental Units	
Demand	980 Units
Under Construction	300 Units

Note: The forecast period is March 1, 2021, to March 1, 2024.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

<p>Building Permits</p>	<p>Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.</p>
<p>CARES Act</p>	<p>The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The more than \$2 trillion in federal funding provides economic assistance in response to the public health and economic impacts of COVID-19.</p>
<p>Covered Employment</p>	<p>A measure of the number of employed people in a given area, including farm workers, from the Quarterly Census of Earnings and Wages (QCEW) survey by the Bureau of Labor Statistics (BLS).</p>
<p>Demand</p>	<p>The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates exclude demand for second homes and short term rentals. The estimates do not account for units currently under construction or units in the development pipeline.</p>
<p>Forecast Period</p>	<p>3/1/2021–3/1/2024—Estimates by the analyst.</p>
<p>Home Sales/ Home Sales Prices</p>	<p>Includes single-family home, townhome, and condominium sales.</p>



Nonfarm Payroll Jobs	A measure of the number of workers, excluding farm workers, in a given geography from the Current Employment Statistics (CES) survey conducted by BLS.
Nonreported Service-Providing Sectors	A sum of all economic sectors that are not included in detail in BLS nonfarm payroll data. Calculated by subtracting the number of nonfarm payrolls from every sector where data is available from the number of total nonfarm payrolls. The nonreported sectors include the wholesale and retail trade, transportation and utilities, information, finance, professional and business services, and other services sectors.
Other Vacant	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.



C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by HUD.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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