

HUD PD&R Regional Reports

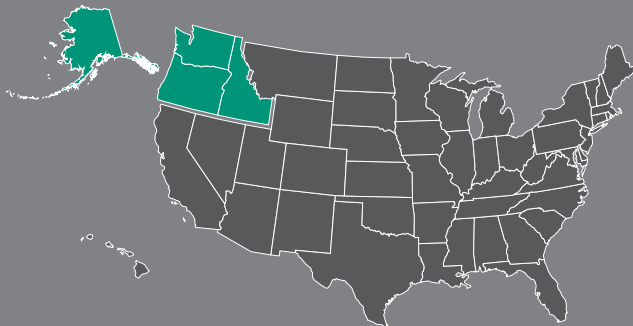
Region X: Northwest



Quick Facts About Region X

Sales market conditions—
First quarter 2013: slightly soft.
Fourth quarter 2012: soft.
First quarter 2012: soft.

Rental market conditions—
First quarter 2013: tight.
Fourth quarter 2012: tight.
First quarter 2012: very tight.



By Thomas E. Aston | 1st quarter 2013

Overview

Job growth in the Northwest region is accelerating. Nonfarm payrolls gained 104,800 jobs, or 2.0 percent, from the first quarter of 2012 to total 5.45 million jobs. By comparison, from the first quarter of 2010 to the first quarter of 2011, payrolls increased by 72,600 jobs, or 1.4 percent. The sales housing market in the region was slightly soft in the first quarter of 2013 but has improved for seven consecutive quarters. Rental housing market conditions were tight in most metropolitan areas in the region, and increases in average rent from the first quarter of 2012 to the first quarter of 2013 ranged from 1 to 6 percent.

- During the first quarter of 2013, average nonfarm payrolls increased from the same quarter a year ago by more than 100,000 jobs for the first time in 5 years.
- Sales of new and existing homes in the region were up 4 percent from a year ago, and the median price of a home sold increased 13 percent.
- In response to tight rental markets in most of the metropolitan areas in Oregon and Washington, multifamily construction activity in the two states increased 142 and 48 percent, respectively.



PD&R

Year-over-year nonfarm payroll growth increased by more than 100,000 jobs in the Northwest region for the first time in 5 years.

	First Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	5,343.2	5,448.0	104.8	2.0
Goods-producing sectors	772.4	792.8	20.4	2.6
Mining, logging, and construction	265.6	272.6	7.0	2.6
Manufacturing	506.8	520.2	13.4	2.6
Service-providing sectors	4,570.8	4,655.0	84.2	1.8
Wholesale and retail trade	828.2	850.6	22.4	2.7
Transportation and utilities	184.5	190.7	6.2	3.4
Information	151.6	151.6	0.0	0.0
Financial activities	272.7	275.5	2.8	1.0
Professional and business services	628.1	646.0	17.9	2.8
Education and health services	755.5	771.0	15.5	2.1
Leisure and hospitality	510.2	523.8	13.6	2.7
Other services	197.4	200.3	2.9	1.5
Government	1,042.6	1,045.3	2.7	0.3

Source: U.S. Bureau of Labor Statistics

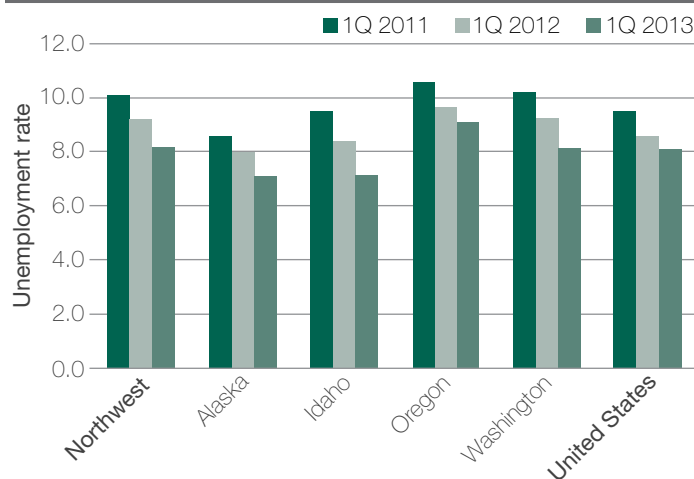
Economic Conditions

In the first quarter of 2013, average nonfarm payrolls in the Northwest region reached their highest level since the first quarter of 2008. Nonfarm payrolls in the region gained 104,800 jobs, or 2.0 percent, from the first quarter of 2012 to total 5.45 million jobs. By comparison, from the first quarter of 2010 to the first quarter of 2011, payrolls increased by 72,600 jobs, or 1.4 percent. Washington led job growth in the region with an increase of 61,800 jobs, or 2.1 percent. Idaho, Oregon, and Alaska recorded increases of 16,900, 21,675, and 1,925 jobs, or 2.3, 1.3, and 0.6 percent, respectively. As of the first quarter of 2013, the average unemployment rate for the region was 8.2 percent compared with the rates of 9.2 percent a year ago and 8.1 percent for the nation.

During the first quarter of 2013—

- Nonfarm payroll job growth was strongest in the professional and business services sector, which increased by 17,900 jobs, or 2.8 percent, from a year ago.
- The professional and business services sector grew fastest in Idaho, where it increased 5.6 percent, or by 4,100 jobs, primarily because of hiring in the employment services industry.
- The wholesale and retail trade sector added the most jobs in the region, increasing by 22,400 jobs, a 2.7-percent gain. More than one-half of the job gain in the wholesale and retail trade sector, 13,900 jobs, occurred in Washington, in part because of hiring by Internet retailers.

Of states in the Northwest region, only Oregon had an unemployment rate higher than the U.S. average of 8.1 percent.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

The sales housing market in the Northwest region was slightly soft in the first quarter of 2013 but improved for the seventh consecutive quarter. In the region, 35,150 new and existing homes sold in the first quarter of 2013, an increase of 4 percent compared with the 33,700 new and existing homes sold in the first quarter of 2012 (Hanley Wood, LLC). The median sales price increased 13 percent, to \$215,300, from the same period a year ago. Existing home sales increased 3 percent, to 31,700 homes sold, compared with the number of sales during the first quarter of 2012, and the median sales price increased 13 percent, from \$181,800 to \$205,800. REO (Real Estate Owned) sales accounted for 17 percent of all existing home sales, down from 31 percent a year ago. The median sales price of an REO home was \$153,300, 29 percent less than the median sales price of a regular resale home. During the first quarter of 2013, 3,450 new homes sold in the region, an increase of 14 percent compared with the number sold during the first quarter of 2012, and the median sales price increased 5 percent, to \$273,800.

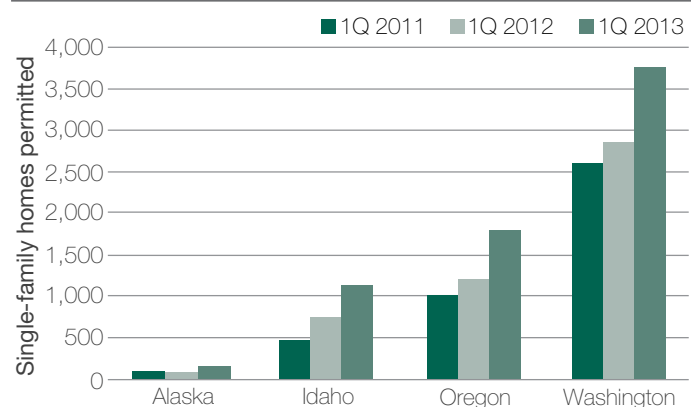
As of March 2013, 6.0 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 6.4 percent in March 2012 (LPS Applied Analytics). The percentage of distressed home loans decreased from 7.0 to 6.7 percent in Washington, from 6.0 to 5.6 percent in Oregon, from 5.5 to 4.7 percent in Idaho, and from 2.7 to 2.6 percent in Alaska.

Based on preliminary data, during the first quarter of 2013—

- Permits were issued for 6,875 single-family homes in the region, 38 percent more than the number of homes permitted in the same period a year ago.

- In Washington, 3,775 single-family homes were permitted, up 31 percent from a year ago.
- Single-family permitting activity increased 48 percent, to 1,800 homes permitted, in Oregon.
- In Idaho and Alaska, permits were issued for 1,150 and 170 single-family homes, reflecting increases of 48 and 60 percent, respectively, from a year ago.

Tight inventories of homes for sale and increasing prices throughout the Northwest region had builders breaking more ground for new home construction.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

Home sales increased at an unusually high rate in Seattle and Spokane, and the median price of a home sold in Boise was up more than 22 percent.

	Quarter	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Anchorage (N&E)	First	1,050	1,125	7.1	MED	255,700	276,700	8.2
Boise (N&E)	First	3,325	3,250	- 2.3	MED	140,600	172,200	22.5
Portland (N&E)	First	5,725	6,250	9.2	MED	207,000	237,600	14.8
Salem (N&E)	First	800	870	8.7	MED	144,700	160,000	10.6
Seattle (N&E)	First	6,075	7,050	16.0	MED	305,600	338,900	10.9
Spokane (N&E)	First	1,050	1,200	14.3	MED	152,500	160,600	5.3
Tacoma (N&E)	First	2,050	2,275	11.0	MED	176,100	198,400	12.7

MED = median. N&E = new and existing.

Source: Hanley Wood, LLC

Rental Market Conditions

Rental housing market conditions in the Northwest region were tight in major metropolitan areas during the first quarter of 2013. The apartment vacancy rate was 4.3 percent in Seattle, down from 4.8 percent during the first quarter of 2012, and the vacancy rate was 3.6 percent in Portland, unchanged from the previous year (MPF Research). Average rent levels in Seattle and Portland increased 6 and 4 percent, to \$1,125 and \$940, respectively.

The apartment vacancy rate during the first quarter of 2013 was 2.3 percent in Anchorage, 3.8 percent in Boise, and 3.6 percent in Spokane, down from 2.9, 4.9, and 5.6 percent, respectively, in the first quarter of 2012 (Reis, Inc.). Average rent levels for these areas increased 3 percent, to \$1,089, 2 percent, to \$732, and 2 percent, to \$679, respectively.

Multifamily construction activity, as measured by the number of units permitted, has grown rapidly in the region during the past 4 years, after reaching a three-decade low in 2009. Approximately 12,450 apartment units were under construction and 19,500 units

were in planning in Seattle as of April 2013 (Dupre+Scott Apartment Advisors, Inc.). Approximately 2,475 apartment units were under construction and 6,875 units were planned or proposed in Portland as of the first quarter of 2013 (Reis, Inc.).

Based on preliminary data, during the first quarter of 2013—

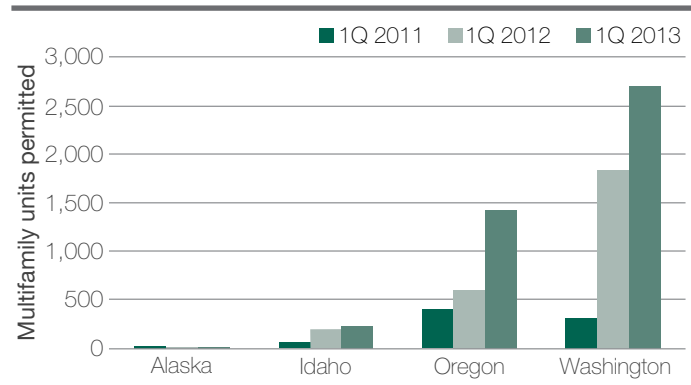
- In response to tight rental markets and substantial rent increases, multifamily permitting and construction activity increased throughout the region for the third consecutive year.
- The number of multifamily units permitted in the region increased by 1,750 units, or 67 percent, to total 4,375 units; by comparison, 2,625 units were permitted in the first quarter of 2012 and 810 units were permitted in the first quarter of 2011.
- Washington led the region in multifamily permitting growth, with an increase of 880 units, or 48 percent, followed by Oregon (up 840 units, or 142 percent), Idaho (up 80 units, or 15 percent), and Alaska (up 10 units, or 100 percent).

Most rental markets are tight in the Northwest region.

Metropolitan Area	Market Condition
Anchorage	Tight
Boise	Slightly tight
Eugene	Tight
Kennewick	Balanced
Portland	Very tight
Seattle	Very tight
Spokane	Tight

Source: HUD, PD&R, Economic and Market Analysis Division

Responding to tight rental markets, apartment developers in Washington and Oregon lead the Northwest region in multifamily construction activity.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey