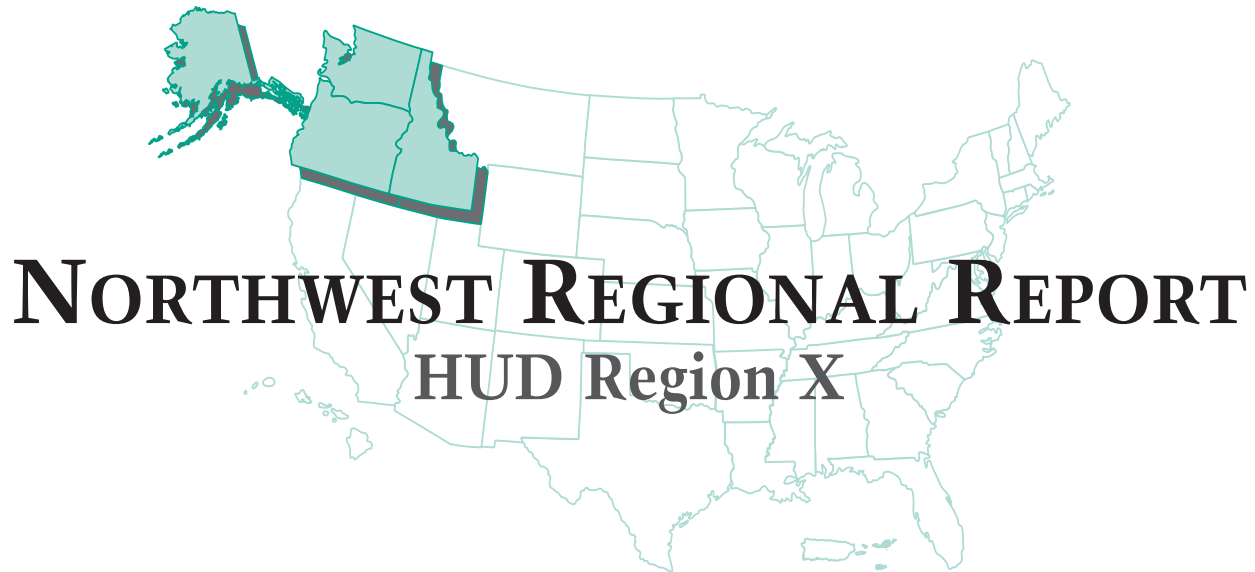




# U.S. Housing Market Conditions



## NORTHWEST REGIONAL REPORT HUD Region X

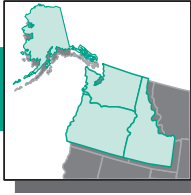
### 1st Quarter Activity

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 Northwest regional economy during the 12 months ending March 2010, registered a 4.7-percent decline in nonfarm jobs to average 5.3 million jobs, down 263,000 jobs compared with the number recorded during the 12 months ending March 2009. Losses in the region during the 12 months ending March 2010 were led by Washington, where nonfarm employment averaged 2.8 million jobs, down 132,900 jobs, or 4.5 percent. Oregon had the second largest decline with 95,000 jobs lost, or 5.6 percent, to an average of 1.6 million nonfarm jobs. In Idaho, losses amounted to 34,700 jobs, a 5.4-percent decline, resulting in an average of 605,800 nonfarm jobs. In Alaska, employment decreased by only 300 jobs, or 0.1 percent, to average 322,100 nonfarm jobs.

Employment declines in the Northwest region were led by the construction and manufacturing sectors. The construction sector declined by 70,500 jobs, or 20 percent, primarily because of soft residential and commercial real estate markets. In Washington, construction employment declined by 40,900 jobs, or 21 percent, followed by the loss of 18,800 jobs in Oregon, also a 21-percent decline. In Idaho, construction sector employment decreased by 9,800 jobs, or 23 percent, but the relatively stable housing market conditions in Alaska limited construction losses to 1,000 jobs, a 6-percent decline. Regionwide, the manufacturing sector declined by 56,000 jobs, or 10.2 percent, with Washington losing 25,000 jobs, or 8.7 percent, and Oregon down by 24,300 jobs for a loss of 12.9 percent. Idaho lost 7,200 manufacturing jobs, down 11.9 percent compared with the number of manufacturing jobs recorded during the previous 12 months. Alaska's manufacturing sector gained 300 jobs, mainly because of oil industry-related hiring.

Regional nonfarm employment gains during the 12 months ending March 2010 occurred primarily in the education and health services sector, which added 17,300 jobs, or 2.5 percent. Employment in this sector increased by 9,000 jobs in Washington, 3,500 jobs in Idaho, 3,100 jobs in Oregon, and 1,700 jobs in Alaska.



Government was the only other sector to increase, but, because of state and local government budget shortfalls, it was up by just 1,000 jobs regionally compared with a gain of 22,600 jobs during the previous 12 months. Every state in the region registered small gains in the government sector, except Washington, which lost 1,400 jobs.

Job losses throughout the Northwest region caused the average regional unemployment rate to increase from 6.7 to 9.2 percent between the 12 months ending March 2009 and the 12 months ending March 2010. The unemployment rate increased in every state in the region and ranged between 8.3 percent in Alaska and 11 percent in Oregon.

Sales housing market conditions were still soft in the Northwest region during the 12 months ending March 2010, but sales increased in most areas because of lower prices and the homebuyer tax credit program. According to Lender Processing Services Mortgage Performance Data, in March 2010, the percentage of mortgage loans in foreclosure, 90 days or more delinquent, or in REO (real estate owned) was 5.9 percent, an increase from the rate of 3.5 percent recorded in March 2009.

In Washington, during the 12 months ending March 2010, according to the Northwest Multiple Listing Service, new and existing home sales totaled 44,800 homes in the combined Puget Sound metropolitan areas of Seattle, Tacoma, Bremerton, and Olympia, 15 percent more than were sold during the previous 12 months. The average sales price of a home sold in the combined Puget Sound metropolitan areas was down 12 percent to \$361,000. In the Seattle metropolitan area during the 12 months ending March 2010, 28,700 homes were sold, a 19-percent increase compared with the number sold during the same period in 2009. The average sales price of a home sold in the Seattle metropolitan area declined by 12 percent to \$421,700. In the Bremerton and Olympia metropolitan areas, the average price declined by 9 percent to \$294,000 and \$259,700, respectively. Home sales increased by 13 percent in the Bremerton area and by 3 percent in the Olympia area. In the Tacoma metropolitan area, home sales increased 9 percent, but the average sales price was down 20 percent to \$235,600 compared with the average price recorded during the same period a year earlier.

In Oregon, during the 12 months ending March 2010, according to data from the local multiple listing services, the number of new and existing single-family homes sold in the 11 largest markets totaled approximately 42,600, a 14-percent increase compared with the number sold during the previous 12 months. During the same 2010 period, the average price decreased by 11 percent to \$249,000. In the Portland-Vancouver-

Beaverton, Oregon-Washington metropolitan area, the number of new and existing homes sold totaled 24,300, up 16 percent compared with the number sold during the 12 months ending March 2009, but the average price decreased 11 percent to \$272,800. In Idaho, sales of new and existing homes in the 19 counties covered by the Intermountain Multiple Listing Service increased to 8,900 homes, up 34 percent, and the average price decreased 17 percent to \$158,600. In the Boise metropolitan area, sales of new and existing homes totaled 7,000 units, a 40-percent increase compared with the total sold in the previous 12 months, but the average price decreased by 21 percent to \$161,900. According to Lender Processing Services Mortgage Performance Data, the percentage of mortgage loans in foreclosure, 90 or more days delinquent, or in REO in Boise was 8.8 percent as of March 2010, up from the 5.6-percent rate recorded in March 2009. Market conditions were relatively stable in Anchorage where, according to the Alaska Multiple Listing Service, Inc., new and existing home sales totaled 2,375, a 2-percent decline; the average price remained relatively unchanged at \$323,620.

Builders have continued to reduce new home construction throughout the Northwest region since 2007, which has been a 3-year trend, but the pace of decline moderated during the past 12 months. During the 12 months ending March 2010, based on preliminary data, single-family building activity, as measured by the number of building permits issued, totaled 21,650 homes, down by 800 homes, or 4 percent, compared with the previous 12-month total. Single-family activity totaled 11,600 homes in Washington and 5,350 in Oregon, declines of 2 and 7 percent, respectively, compared with the number permitted during the previous 12-month period. In Idaho, a decline of 2 percent to 4,090 homes permitted was recorded, and, in Alaska, single-family construction activity declined by 50 homes to 625 homes permitted.

Multifamily construction activity, as measured by the number of units permitted, slowed considerably in the Northwest region during the 12 months ending March 2010. Based on preliminary data, the number of units permitted in the region totaled 5,000, down 62 percent from the number of units permitted during the previous 12-month period. Washington, with a decline of 5,600 units, or 65 percent, to 3,070 units permitted, accounted for most of the regional decline of 8,250 units. In Oregon, 1,285 multifamily units were permitted, 2,160 fewer than the number permitted during the 12 months ending March 2009. In Idaho, multifamily activity declined by 545 units to a total of 380 units permitted. In Alaska, multifamily construction activity totaled 170 units, up by nearly 100 units compared with the number of units permitted during the previous 12 months.



Rental housing market conditions were mostly soft throughout much of the Northwest region during the 12 months ending March 2010 because of job losses, although declining rents and reduced levels of apartment production were starting to put downward pressure on vacancy rates in some market areas. According to data from Dupre+Scott Apartment Advisors, Inc., as of March 2010, the apartment rental vacancy rate in the Seattle metropolitan area was 5.9 percent, down from the 6.8-percent rate recorded in March 2009. The average asking rent for apartments in the Seattle metropolitan area was \$990, down 5 percent from the average asking rent recorded a year earlier. The rate of concessions reported increased approximately 10 percentage points to more than 60 percent of surveyed properties between March 2009 and March 2010. In the Tacoma metropolitan area, the apartment vacancy rate was 7.6 percent, up from the 6.0-percent rate recorded a year earlier, partly because of deployments at Fort Lewis Army Base. The average asking rent of \$811 in the Tacoma area was down 2 percent from the average asking rent a year earlier. On the eastern side of Washington in the Spokane metropolitan area, according to data from Reis, Inc.,

the apartment vacancy rate increased from 4.9 to 7 percent, and the average monthly rent decreased 1 percent to \$630.

In the Portland-Vancouver-Beaverton metropolitan area, rental housing market conditions were slightly soft as of the first quarter of 2010. According to Reis, Inc., the apartment vacancy rate was 6.4 percent, up from the 5.9-percent rate recorded in the first quarter of 2009. The average rent decreased 1 percent to \$815 over the same period. In the Boise metropolitan area, rental housing market conditions were soft during the first quarter of 2010, with an apartment vacancy rate of 8.7 percent, up from the 7.7-percent rate recorded in the same quarter a year earlier. The average rent was \$690 in the Boise area, representing a decline of 2 percent during the past 12 months. In Anchorage, rental market conditions were tight to balanced with an estimated apartment vacancy rate of 4.5 percent, similar to the rate recorded a year earlier based on data from the Alaska Housing Finance Corporation. The average apartment rent in Anchorage increased approximately 4 percent to an estimated \$970.