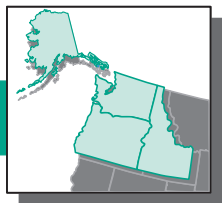


Housing Market Profile

Northwest • HUD Region X



Seattle-Bellevue-Everett, Washington

The Seattle-Bellevue-Everett metropolitan area, located along the Puget Sound in northwest Washington State, consists of King and Snohomish Counties. As of April 2012, the population was estimated at 2.7 million compared with the April 2010 U.S. Census count of 2,644,584. During that 2-year period, population increased at an average annual rate of 1.3 percent compared with an average annual increase of 1.6 percent from April 2007 through April 2010. Net in-migration accounted for approximately 50 percent of the population gain during the past 2 years, when it averaged 16,750 people a year compared with the average of 25,250 people from April 2007 through April 2010. The three largest private employers in the metropolitan area are the Boeing Company, Microsoft Corporation, and Amazon.com Inc., with 70,000, 40,000, and 15,000 employees, respectively. The recent increase in net in-migration is, in part, a response to new job opportunities at Boeing and Amazon.com.

The metropolitan area labor market is currently in its first year of recovery after 2 years of job losses. During the 12-month period ending February 2012, nonfarm payrolls averaged 1.4 million, an increase of 1.9 percent, or 24,400 jobs compared with a decrease of 0.5 percent, or 7,500 jobs, during the previous 12-month period. Job gains were greatest in the manufacturing sector, which increased by 9,200 jobs, or 6.1 percent, mainly because of the addition of 5,000 jobs at Boeing in response to a 40-percent increase in production to be phased in during the next 3 years. The professional and business services sector grew by 7,200 jobs, or 3.8 percent, and the education and health services sector increased by 4,900 jobs, or 2.9 percent. Hiring at Amazon.com during 2011 contributed to the addition of 5,400 jobs, a 2-percent increase, in the trade sector. During the 12 months ending February 2012, job growth resulted in a decline in the average unemployment rate to 8.3 percent from 9 percent during the previous 12 months.

Despite continued population growth and a recovering labor market, the sales housing market in the Seattle-Bellevue-Everett metropolitan area remains soft. During the 12 months ending March 2012, according to Hanley Wood, LLC, sales of new and existing homes in the metropolitan area decreased 1 percent, to 25,550, from the previous 12 months. Sales are down 41 percent from the

average of 43,300 during the comparable periods from 2007 through 2009. The average home sales price fell 8 percent to \$385,800 during the 12 months ending March 2012. In King County, existing home sales increased 2 percent to 16,400 homes and the average home sales price declined 6 percent to \$431,100. New home sales fell 27 percent to 1,925 homes, and the average sales price decreased 7 percent to \$442,200. Snohomish County existing sales increased 3 percent to 5,750 homes, but the average sales price fell 8 percent to \$267,200. New home sales and the average sales price each declined by 2 percent to 1,500 and \$301,200, respectively.

During the 12-month period ending March 2012, REO (Real Estate Owned) sales increased 58 percent to 6,600 homes in King County and 54 percent to 4,025 homes in Snohomish County. The average sales price of an REO home decreased 25 percent to \$223,700 in King County and 7 percent to \$173,500 in Snohomish County. According to LPS Applied Analytics, as of February 2012, 6.1 percent of home loans in King County were 90 or more days delinquent, in foreclosure, or in REO compared with the 6.0-percent rate a year ago; in Snohomish County, the delinquency rate increased to 8.6 percent from 8.4 percent.

Despite the decline in new home sales, expectations of an improving economy led to a slight increase in construction activity, as measured by the number of building permits issued. Based on preliminary data, during the 12 months ending February 2012, single-family construction activity in the metropolitan area increased 8 percent, to 4,575 homes permitted compared with the 4,225 homes permitted during the previous 12 months. In comparison, during the peak years of 2004 through 2006, single-family construction activity averaged 11,550 homes a year.

The rental housing market is balanced in the Seattle-Bellevue-Everett metropolitan area. According to Real Data *Apartment Insights*, during the first quarter of 2012, the apartment vacancy rate averaged 5.2 percent compared with the 5.0-percent rate of a year ago. The average apartment rent was \$1,100, a 5-percent increase from the first quarter of 2011. Average rents by unit type were \$860 for a studio unit, \$970 for a one-bedroom unit, \$1,275 for a two-bedroom unit, and \$1,400 for a three-bedroom unit. Rental concessions averaged \$40 a month during the first quarter of 2012, with 40 percent of properties in King County and 50 percent of properties in Snohomish County offering concessions.

During the 12 months ending March 2012, nearly 3,000 rental units were absorbed and rents increased, resulting



in an increase in multifamily construction activity by nearly 60 percent to 4,625 units permitted during the 12-month period ending February 2012 compared with 2,900 units permitted during the previous 12 months. During the peak years of 2004 through 2006, multifamily construction activity averaged 5,975 units a year, but nearly 50 percent of those units were condominiums. As of the end of 2011, approximately 8,150 multifamily units, all planned as apartments, were under construction. Six projects with a total of 1,624 units are currently under construction in downtown Seattle, the largest of which is the 654-unit Via6 development that features

two 24-story towers with a 6-story podium in between. Apartments at Via6, which is expected to be complete in 2013, will average 700 square feet, and project amenities include a rooftop garden, theatre, restaurant, and boutique grocery store. Also under construction, the Stadium Place West and South Towers are located near the major transit hub for the metropolitan area and CenturyLink Field, home to the National Football League's Seattle Seahawks. The West Tower, with 10 stories and 107 units, is scheduled to open in 2013. The South Tower, with 25 stories and 311 units, is due to open in 2014.