

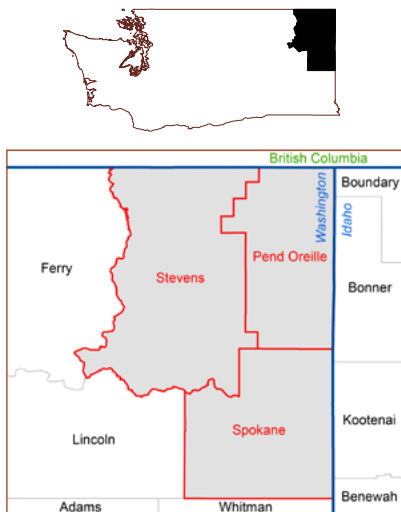


Spokane-Spokane Valley, Washington

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2018



Housing Market Area



The Spokane-Spokane Valley Housing Market Area (HMA) is coterminous with the Spokane-Spokane Valley, WA Metropolitan Statistical Area and consists of Pend Oreille, Spokane, and Stevens Counties in Washington. The HMA, along the border with Idaho, is the largest urban area in eastern Washington. Fairchild Air Force Base, four universities, and five major hospitals form the economic foundation of the HMA.

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Summary

Economy

Economic conditions in the Spokane-Spokane Valley HMA are strong, with total nonfarm payrolls increasing every year since 2011. During the 12 months ending May 2018, nonfarm payrolls increased by 2,600 jobs, or 1.1 percent, to 245,100 jobs while the unemployment rate decreased from 5.9 to 5.6 percent. The main sources of growth during the most recent 12 months were the education and health services, the wholesale and retail trade, and the government sectors. During the 3-year forecast period, payrolls are expected to increase by an average of 3,800 jobs, or 1.5 percent, annually.

Sales Market

The sales housing market in the HMA is currently balanced, with an estimated vacancy rate of 1.5 percent, down from 2.1 percent in April 2010. During the 12 months ending May 2018, 13,600 new and

existing homes sold, up 9 percent from the previous 12 months, and the average sales price increased 10 percent to \$224,000 (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is estimated for 5,400 new homes (Table 1). The 670 homes currently under construction will satisfy some of the demand.

Rental Market

Rental housing market conditions in the HMA currently are balanced, with an estimated rental vacancy rate of 4.0 percent, down from 8.3 percent in April 2010. The apartment market is tight, with an apartment vacancy rate of 2.3 percent in the second quarter of 2018 (Reis, Inc.). During the forecast period, demand is estimated for 3,250 new market-rate rental units (Table 1). The 2,125 units currently under construction will satisfy most of the demand during the first 2 years of the forecast period.

Table 1. Housing Demand in the Spokane-Spokane Valley HMA During the Forecast Period

	Spokane-Spokane Valley HMA	
	Sales Units	Rental Units
Total demand	5,400	3,250
Under construction	670	2,125

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2018. The forecast period is June 1, 2018, to June 1, 2021.

Source: Estimates by analyst

Economic Conditions

Nonfarm payrolls in the Spokane-Spokane Valley HMA have increased each year since 2011 after 2 years of job losses. During 2009 and 2010, because of effects from the national recession, the average number of nonfarm payrolls declined by 7,300 jobs, or 3.1 percent, annually. Approximately 60 percent of the job losses during this period occurred in the goods-producing sectors, despite these sectors consisting of only 12

percent of overall payrolls. The economy of the HMA stabilized in 2011, growing by 200 jobs, or 0.1 percent, and began to accelerate in 2012, adding 1,900 jobs, or 0.9 percent. From 2013 through 2015, payroll growth continued to increase, adding an average of 3,600 jobs, or 1.6 percent, annually. During this period, approximately 80 percent of all job gains occurred in service-providing industries, with the education and health services, the professional and business services, and the wholesale and retail trade sectors accounting for 50 percent of total nonfarm payroll growth. During 2016, nonfarm payroll growth accelerated, increasing by 6,900 jobs, or 2.9 percent; the largest annual payroll increase since 2000. Nonfarm payroll growth slowed during the 12 months ending May 2018, increasing by 2,600 jobs, or 1.1 percent, to 245,100 jobs (Table 2). The unemployment rate decreased from 5.9 to 5.6 percent during the most recent 12-month period, comparable to the prerecession low, which averaged 5.7 percent during the 2-year period of 2006 and 2007. The unemployment rate has decreased each year since 2010 (Figure 1).

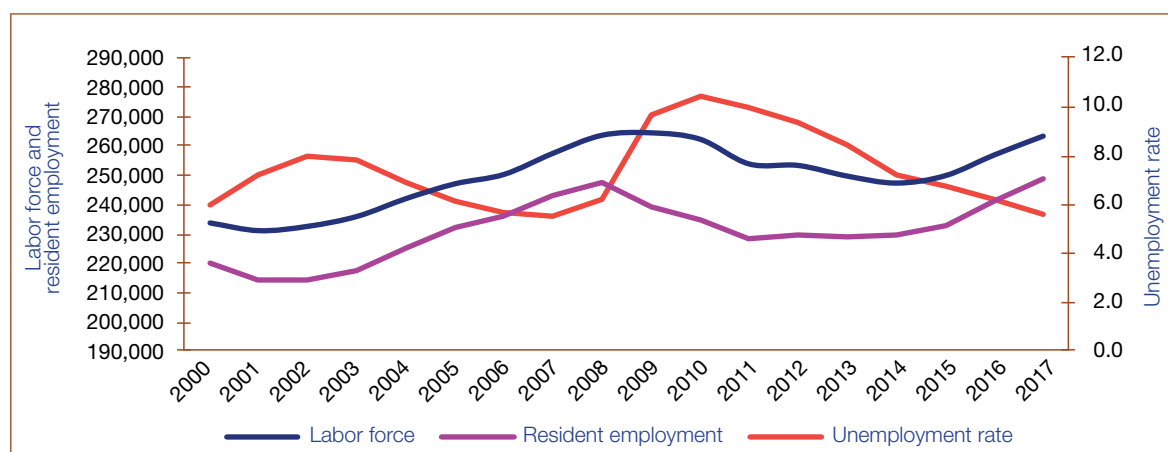
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Spokane-Spokane Valley HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	May 2017	May 2018		
Total nonfarm payroll jobs	242,500	245,100	2,600	1.1
Goods-producing sectors	29,900	30,200	300	1.0
Mining, logging, and construction	12,900	13,100	200	1.6
Manufacturing	17,000	17,100	100	0.6
Service-providing sectors	212,600	214,900	2,300	1.1
Wholesale and retail trade	38,800	39,500	700	1.8
Transportation and utilities	7,200	7,300	100	1.4
Information	3,000	3,000	0	0.0
Financial activities	14,100	14,500	400	2.8
Professional and business services	26,200	26,500	300	1.1
Education and health services	49,400	50,500	1,100	2.2
Leisure and hospitality	22,600	21,700	-900	-4.0
Other services	9,600	9,700	100	1.0
Government	41,700	42,300	600	1.4

Notes: Based on 12-month averages through May 2017 and May 2018. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Spokane-Spokane Valley HMA, 2000 Through 2017

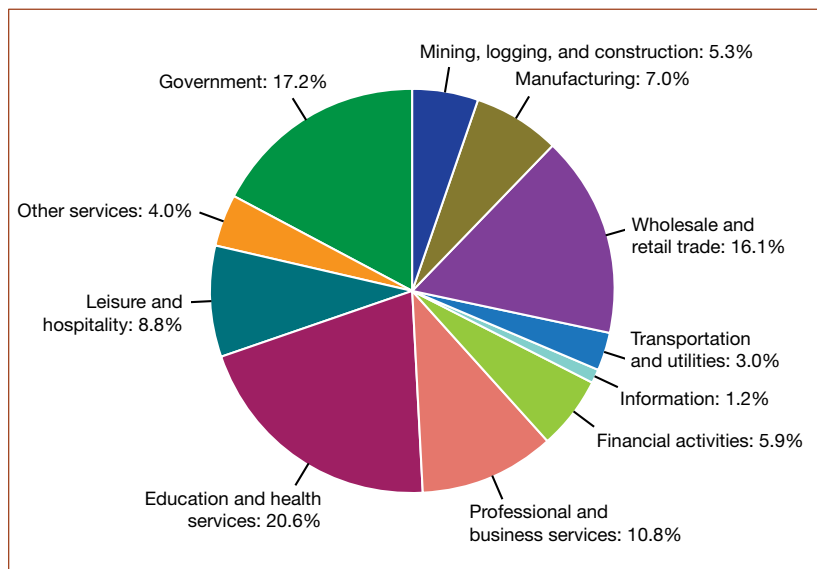


Source: U.S. Bureau of Labor Statistics

Education and health services is the largest sector in the HMA, accounting for more than 20 percent of nonfarm payrolls (Figure 2). This sector has also grown 47 percent since 2000 (Figure 3), the most of any sector, and includes 3 of the 10 largest employers in the HMA (Table 3). During 2011 and 2012, the education and health services sector contracted slightly, losing an average of 200 jobs, or 0.4 percent, annually, despite total nonfarm

payrolls increasing. As the local economic recovery accelerated, the education and health care services sector expanded, adding an average of 600 jobs, or 1.3 percent, annually from 2013 through 2015, and an average of 1,400 jobs, or 3.0 percent, annually during 2016 and 2017. Almost 85 percent of the job growth in this sector during the 2013-through-2017 period occurred in the healthcare and social assistance industry, which comprises approximately 85 percent of the total number of payrolls in the education and health services sector. During this period, Washington State created the Washington Apple Health program, a Medicaid program, which enrolled over 60,000 individuals in the Spokane-Spokane Valley HMA. This expansion, along with an aging population in the HMA, increased demand for healthcare services. The area's largest private employer, Providence Health Care, has been a significant source of job growth since 2013, expanding by approximately 500 full-time equivalent positions in 2016 and 2017 alone (*Spokane Journal of Business*). The education and health services sector continued

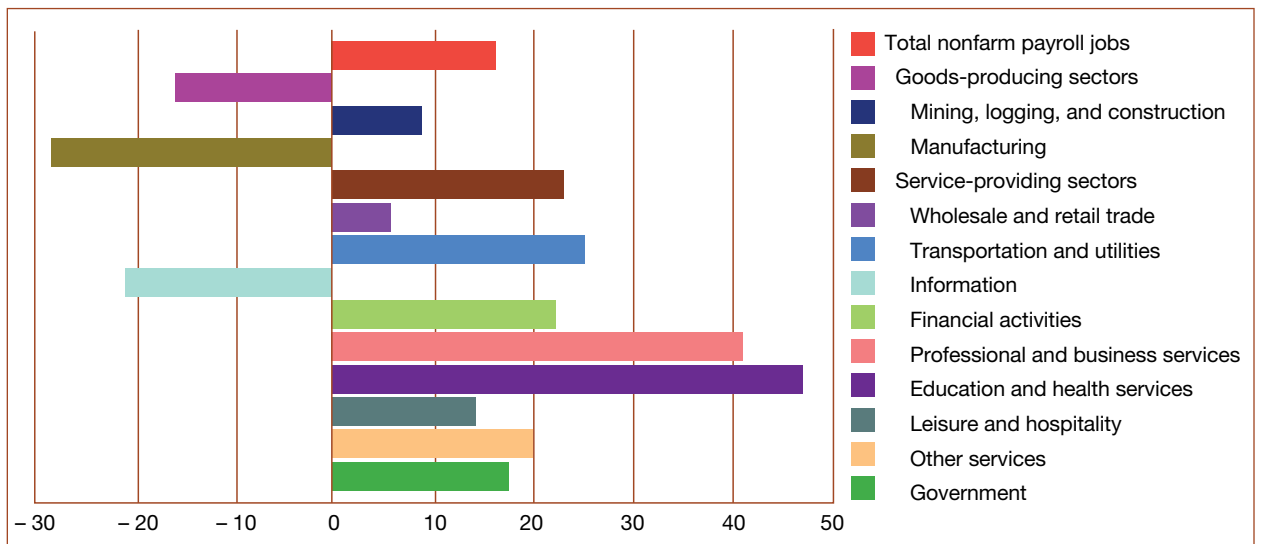
Figure 2. Current Nonfarm Payroll Jobs in the Spokane-Spokane Valley HMA, by Sector



Notes: Based on 12-month averages through March 2018. Numbers may not add to 100 percent due to rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Spokane-Spokane Valley HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through May 2018.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Spokane-Spokane Valley HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fairchild Air Force Base	Government*	5,925
Providence Health Care	Education & health services	5,675
State of Washington	Government*	5,100
Kalispel Tribal Economic Authority/ Northern Quest Resort & Casino	Government	1,800
URM Stores Inc.	Wholesale & retail trade	1,475
Walmart Inc.	Wholesale & retail trade	1,425
Eastern Washington University	Government	1,375
Gonzaga University	Education & health services	1,300
MultiCare Rockwood Clinic	Education & health services	1,150
Avista Corp.	Transportation & utilities	1,150

*Notes: Excludes local school districts and governments. *Data include military personnel, who are generally not included in nonfarm payroll survey data.*

Sources: Spokane Journal of Business Book of Lists 2018; estimates by analyst

to lead job growth during the 12 months ending May 2018, increasing by 1,100 jobs, or 2.2 percent, to 50,500 payrolls. Job growth in this sector is expected to continue: Providence Health is currently building a new behavioral health hospital. This 100-bed hospital is expected to employ 300 people when completed in the fall of 2018.

Of the four universities in the HMA, Gonzaga University and Whitworth University are private schools and are thus included in the education and health services sector. Gonzaga University has an enrollment of approximately 7,500 students and employs 1,300 faculty and staff, and Whitworth University has an enrollment of approximately 2,950 students and employs 485 faculty and staff. Enrollment at Gonzaga University increased approximately 60 percent from 1998 to 2008 but has remained steady since 2008. Since 2015, employment at Gonzaga University has increased by approximately 100 workers, and the university is currently building a \$48 million, 80,000-square-foot science and engineering building that is expected to be completed in 2020.

The remaining two universities in the HMA, Eastern Washington University (EWU) and Washington State University Spokane (WSU-Spokane), are public schools and are in the government sector. EWU has an enrollment of approximately 12,600 students and employs 1,375 faculty and staff. WSU-Spokane, which is devoted to the health sciences, has an enrollment of approximately 1,625 students and employs 630 faculty and staff. Since 2014, enrollment at WSU-Spokane has increased by 175, whereas employment has increased by 60. The creation of the WSU-Spokane Elson S. Floyd College of Medicine is responsible for a large portion of this expansion; the medical school opened in 2017 with an inaugural class of 70.

The largest employer in the HMA, Fairchild Air Force Base (AFB), is also part of the government sector; although active duty military personnel are not included in nonfarm payroll estimates. With 5,925 military and civilian personnel, the base has an estimated annual economic impact of \$423 million in the HMA (Fairchild AFB 2014 economic

impact statement). Government employment was stable from 2012 through 2015, but increased by an average of 900 jobs, or 2.2 percent, annually during 2016 and 2017. All these gains occurred in the local and state government subsectors, which increased by 600 and 300 jobs, or 2.2 and 2.7 percent, respectively. Expanding employment at the Kalispel Tribe's Northern Quest Casino Resort and a 2015 decision by the Washington Supreme Court that significantly increased state funding for public schools caused growth in local government jobs. During the 12 months ending May 2018, the government sector increased by 600 jobs, or 1.4 percent, to 42,300 jobs. Staffing at Fairchild AFB is expected to expand by 400 during the next 3 years with the arrival of 12 additional KC-135 tanker aircraft in 2019.

The wholesale and retail trade sector was the third largest economic sector and the second largest numerical source of job gains during the 12 months ending May 2018, adding 700 jobs, a 1.8-percent increase, to 39,500 jobs. Payrolls in this sector have grown at a consistent rate since

2013, increasing by an average annual 600 jobs, or 1.6 percent, from 2013 through 2017. As it does for the healthcare industry, the HMA acts as a hub for retail trade in the greater eastern Washington and northern Idaho area. Job growth in this sector has been driven by increased retail spending as consumer confidence improves; during 2016 and 2017 retail sales in Spokane County increased by an average annual rate of 5 percent (Washington Department of Revenue). Wholesale and retail trade is expected to be a leading source of growth during the next 3 years. Amazon.com, Inc. is currently building a fulfillment center in Spokane County that is expected to employ 1,500 workers when open in late 2019.

During the 3-year forecast period nonfarm payrolls are expected to increase by an average of 3,800 jobs, or 1.5 percent, annually. The education and health services and wholesale and retail trade sectors are expected to lead growth. Additionally, expected continued high levels of construction will likely support increased payrolls in the construction subsector.

Population and Households

As of June 1, 2018, the estimated population of the Spokane-Spokane Valley HMA was 571,000, an average increase of approximately 5,300, or 1.0 percent, annually from the April 1, 2010 population of 527,753. (Table DP-1 at the end of this report provides information on population growth in the HMA from 2000 to the current date.) Since 2010, net in-migration has accounted for nearly 70 percent of population growth in the HMA

(Figure 4). The city of Spokane has the second largest population in the state of Washington and accounts for approximately 40 percent of the population of the HMA. Pre-recession population growth in the HMA peaked from 2005 to 2007, increasing by an average of 8,825, or 1.8 percent, annually (U.S. Census Bureau July 1 estimates). Population growth slowed to an average annual rate of 6,400 people, or 1.2 percent, from 2007 to 2009 as economic

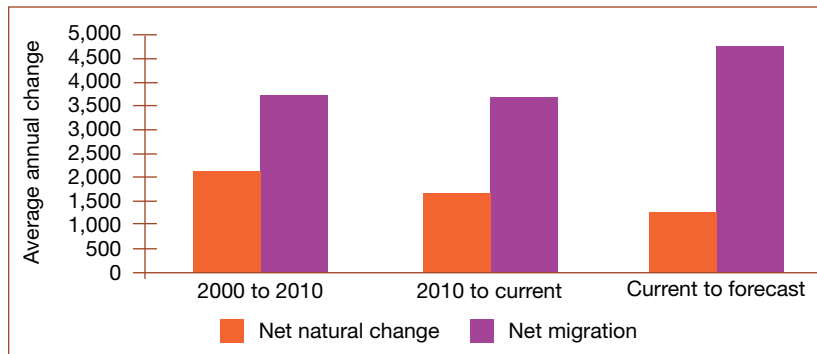
conditions in the HMA weakened. The labor market remained weak in 2010 and 2011, causing fewer people to migrate to the HMA; population growth declined to 3,600 people, or 0.7 percent, from 2009 to 2010 and reached a low of only 1,250 people, or 0.2 percent, from 2010 to 2011. From 2010 to 2011, net out-migration occurred for the first time since before 2000, reflecting the severity of the effects of the economic downturn in the HMA. Nearly two-thirds of the decline in net migration between 2007 and 2011 was caused by increased numbers of people leaving the HMA (Internal Revenue Service migration data). Population growth began to increase in 2012 when the HMA

began to add significant numbers of payrolls. Growth accelerated from an average of 2,425, or 0.5 percent, annually during 2012 and 2013 to an average of 5,500, or 1.0 percent, annually during 2014 and 2015. The increase in population growth during this period was caused entirely by increased net in-migration; net natural change (births minus deaths) has been stable since 2011. Since 2016, population in the Spokane-Spokane Valley HMA has increased at an average annual rate of 8,725, or 1.6 percent, with net in-migration accounting for almost 85 percent of growth.

In addition to job growth, migrants to the HMA are increasingly attracted by lower home prices than in other major metropolitan areas in the Pacific Northwest. Spokane County accounts for approximately 90 percent of the population of the HMA and has accounted for nearly all population growth since 2010. Since 2010, the percentage of the population of the HMA aged 62 or older has increased from 17 to 20 percent (2016 American Community Survey). Because employment growth is expected to continue, the population of the HMA is expected to grow at an average of 6,000, or 1.0 percent, annually during the 3-year forecast period; similar to the average annual rate of growth since 2010.

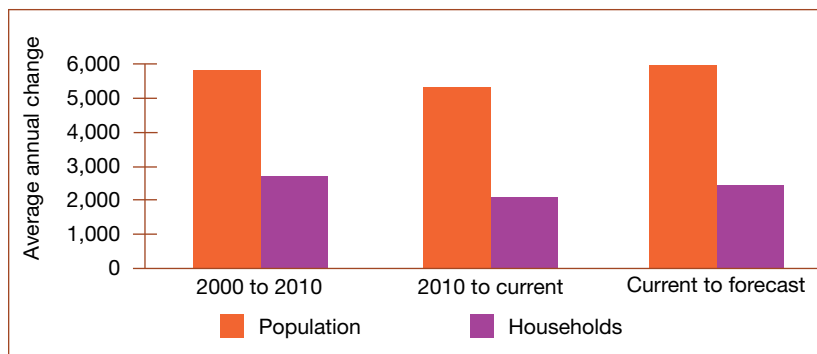
The HMA is home to an estimated 226,900 households, an increase of 2,075 households, or 1.0 percent, annually since 2010 (Figure 5). By comparison, household growth averaged 2,675, or 1.4 percent, annually from 2000 to 2010. The homeownership rate has declined from 65.9 to 63.9 percent since 2010 because of the weak labor market and tight credit market during the first years of

Figure 4. Components of Population Change in the Spokane-Spokane Valley HMA, 2000 to Forecast



*Notes: The current date is June 1 2018. The forecast date is June 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst*

Figure 5. Population and Household Growth in the Spokane-Spokane Valley HMA, 2000 to Forecast

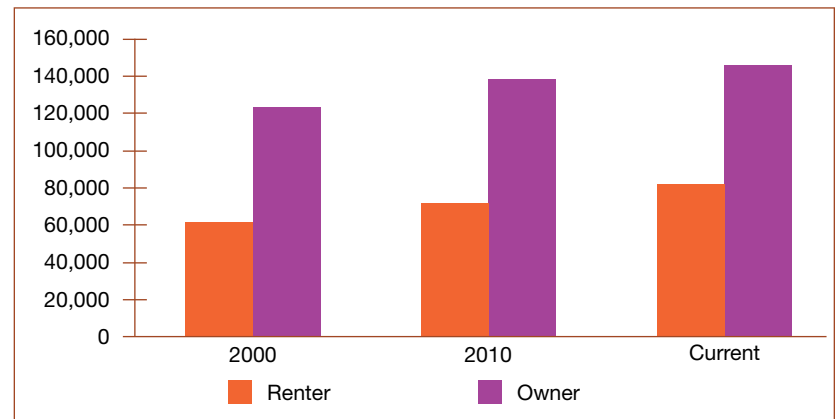


*Notes: The current date is June 1, 2018. The forecast date is June 1 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst*

the decade. Figure 6 shows the number of households by tenure in the HMA in 2000, 2010, and the current date. Renter households accounted for approximately 40 percent of household growth from 2000 to 2010 but increased to more

than 60 percent of household growth since 2010. The number of households in the HMA is expected to grow by an average of 2,425, or 1.1 percent, annually during the next 3 years, to 234,200 households.

Figure 6. Number of Households by Tenure in the Spokane-Spokane Valley HMA, 2000 to Current



Note: The current date is June 1, 2018.

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

Housing Market Trends

Sales Market

The sales housing market in the Spokane-Spokane Valley HMA is balanced, with an estimated sales vacancy rate of 1.5 percent, down from 2.1 percent in 2010. Since 2012, rising job and population growth have increased demand for housing and contributed to the absorption of excess inventory. In May 2018, the HMA had a 1.6-month inventory of unsold, available homes, down from 2.0 months during May 2017 (Spokane Association of Realtors®).

Existing home sales have increased every year since 2012. The number of existing home sales averaged 14,200 annually from 2004 through 2006, then declined by an average of 2,350 homes sold, or 21 percent, annually from 2007

through 2009, to an average of 5,725 homes sold annually during 2010 and 2011 (CoreLogic, Inc., with adjustments by the analyst). The home sales market began to recover in 2012 as substantial job growth returned to the HMA. Existing home sales increased an average of 1,225, or 20 percent, annually during 2012 and 2013. Existing home sales growth slowed in 2014, when the inventory of unsold, available homes dropped below 6 months. From 2014 through 2017, existing home sales increased an average of 1,150, or 12 percent, annually, and increased by 1,225, or 11 percent, during the 12 months ending May 2018.

During 2007 and 2008, the average existing home sales price was \$180,600, but the sales

price declined by an average of \$5,850, or 3 percent, annually from 2009 through 2011, reaching an average low of \$163,600 in 2011 and 2012. By comparison, the average price of an existing home in the state of Washington declined by approximately twice as much during the housing downturn. The modest decline of home prices in Spokane was caused by a relatively low number of foreclosed properties and the relatively low price of homes when compared with other metropolitan areas in the Pacific Northwest. For example, the percentage of loans that were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status peaked at 5.7 percent in September 2012, when the statewide and national rates were 6.6 and 6.7 percent, respectively. Existing home prices began to increase in 2013 and 2014, growing by an average of \$3,725, or 2 percent, annually and accelerating to average annual increases of \$12,400, or 7 percent, from 2015 through 2017. The average existing home sales price was \$218,100 during the 12 months ending May 2018, up 10 percent from the previous 12 months. Despite home prices increasing rapidly since 2015, the HMA has a relatively low cost of living for the Pacific Northwest; average existing home prices are 63, 44, and 18 percent less than in the Seattle, Portland, and Boise metropolitan areas, respectively.

During the 12 months ending May 2018, 910 new homes sold, down 7 percent from the previous 12 months. New home sales peaked in 2005 and 2006, when an average of 1,875 new homes sold annually, then declined by an average of 22 percent annually, from 2007 through 2011, as the home sales market weakened.

The average number of new home sales reached a low of 570 homes sold annually in 2011 and 2012, then increased by an average of 15 percent annually from 2013 through 2016. In the HMA, new home sales have lagged new home sales prices. After reaching a low of \$206,800 in 2010, new home sales prices increased at an average annual rate of 5 percent from 2011 through 2017. During the 12 months ending May 2018, the average new home sales price increased 13 percent to \$296,500.

Single-family home construction activity, as measured by the number of single-family homes permitted, has increased substantially during the past 5 years but is still well below prerecession construction levels (Figure 7). Single-family home construction peaked during 2005 at 3,875 homes permitted and remained high during 2006 and 2007, at an average of 2,750 homes permitted. Building activity decreased sharply in 2008 and 2009, by an average of 780 homes permitted, or 38 percent, annually because of increased unemployment and potential homebuyers' decreased access to credit. Single-family homebuilding activity remained low from 2009 through 2012, averaging 980 homes permitted annually. Since 2013, homebuilding activity has generally increased, although the number of permits issued significantly declined in 2014 and slightly decreased in 2017. Even including these declines, homebuilding activity increased by an average of 11 percent annually from 2013 through 2017 as the inventory of for-sale homes declined and home prices increased. During the 12 months ending May 2018, the number of single-family homes permitted increased by 140, or

Housing Market Trends
Sales Market *continued*

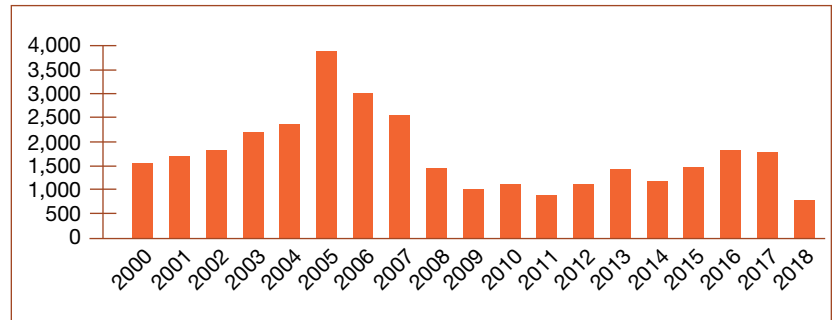
8 percent, from the previous 12 months, to 1,875 homes permitted (preliminary data). Although single-family homebuilding activity is increasing, development activity in the HMA is constrained by a shortage of developable lots within the urban growth boundary of the Spokane County urban area.

Most new home construction is in suburban and unincorporated portions of Spokane County. A typical development is River District in the community of Liberty Lake, east of the city of Spokane. This planned community has sites for approximately 2,000 homes, with three- and four-bedroom homes starting at \$250,000 and \$300,000,

respectively. In Spokane, the 363-home McCarroll East subdivision will consist of single-family homes, townhomes, and duplexes. The first phase of 20 duplex units has entered construction and is expected to be completed in 2019.

During the 3-year forecast period, demand is expected for an estimated 5,400 new homes in the HMA, with constant demand throughout the forecast period (Table 1). The 670 homes currently under construction will satisfy some of the demand. Demand is expected to be greatest in the \$250,000-to-\$349,999 price range. Table 4 shows the estimated demand for market-rate sales housing by price range.

Figure 7. Single-Family Homes Permitted in the Spokane-Spokane Valley HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and analyst estimates; 2017–2018 preliminary data and analyst estimates

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Spokane-Spokane Valley HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	270	5.0
200,000	249,999	970	18.0
250,000	299,999	1,125	21.0
300,000	349,999	1,200	22.0
350,000	399,999	760	14.0
400,000	499,999	700	13.0
500,000	599,999	270	5.0
600,000	and higher	110	2.0

Notes: Numbers may not add to totals because of rounding. The 670 homes currently under construction in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

Rental housing market conditions in the Spokane-Spokane Valley HMA are currently balanced, with an overall vacancy rate of 4.0 percent, down from 8.3 percent in 2010 (Figure 8). The rental market has been balanced for several years because population growth and households' increased propensity to rent have more than offset increases in rental production.

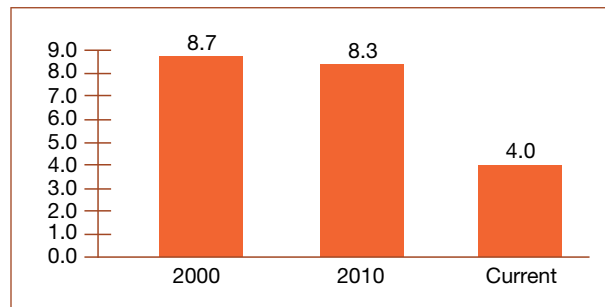
Local universities have a moderate effect on the rental market. Gonzaga University, Whitworth University, and EWU house a combined 6,300 students on campus, which has not changed substantially since 2010, and WSU-Spokane does not offer campus housing. An estimated 18,400 additional university students live off campus, mostly in rental housing, comprising about 8

percent of all renter households in the metropolitan area.

Approximately 55 percent of all renter households in the HMA live in apartments, which have a lower vacancy rate than the overall rental market. The apartment market in the HMA is slightly tight, with a vacancy rate of 2.3 percent during the second quarter of 2018, down from 2.6 percent during the second quarter of 2017 (Reis, Inc.) By comparison, the apartment vacancy rate was 7.0 percent in the first quarter of 2010 but has been below 4.0 percent since 2013. During the second quarter of 2018, the average asking rent increased 4 percent to \$776, compared with the second quarter of 2017, and increased an average of 3 percent annually from 2015 through 2017. As with home prices, rents in the HMA are lower than other major metropolitan areas in the Northwest; average rents are 56, 41, and 15 percent lower than in the Seattle, Portland, and Boise metropolitan areas, respectively. The average asking rents for one-, two-, and three-bedroom units are \$674, \$808, and \$1,030, respectively.

Developers have responded to low vacancy rates and increasing rents by increasing multifamily construction. From 2014 through 2016, multifamily building activity, as measured by the number of units permitted, increased by an average of 530 permits, or 77 percent, a year after averaging only 370 permits annually during 2012 and 2013, the two lowest levels of multifamily permitting since 2000. By comparison, during 2016 and 2017, an average of 1,900 permits were issued annually, the two highest years of multifamily permitting since 2000 (Figure 9). During the 12 months ending May 2018, approximately

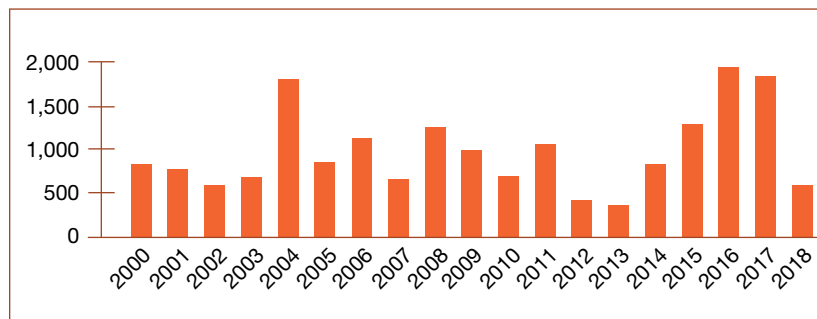
Figure 8. Rental Vacancy Rates in the Spokane-Spokane Valley HMA, 2000 to Current



Note: The current date is June 1, 2018.

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

Figure 9. Multifamily Units Permitted in the Spokane-Spokane Valley HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and analyst estimates; 2017–2018 preliminary data and analyst estimates

Housing Market Trends

Rental Market *continued*

1,125 multifamily permits were issued, down 1,150 permits, or 51 percent, compared with the preceding 12 months. Developers reduced construction activity in response to the large pipeline of apartments under construction; however, permitting activity during the 12 months ending May 2018 was higher than any year from 2009 through 2014. Construction has been concentrated in the urban area in and around the city of Spokane. Since 2010, approximately 60 percent of all multifamily units have been built in either the city of Spokane or the adjacent city of Spokane Valley. Almost all multifamily units are apartments, since 2000 condominiums have accounted for less than 2 percent of total multifamily construction.

An estimated 2,125 multifamily units are currently under construction in the Spokane-Spokane Valley HMA, including both market-rate and affordable apartments. The Ridpath

Club Apartments, a 206-unit redevelopment of the historic Ridpath Hotel in downtown Spokane, is expected to be complete in the fall of 2018. Eighty percent of the units at the Ridpath Club Apartments will be income-restricted with microunits, studios, and one-bedrooms starting at \$495, \$550, and \$550. Another downtown redevelopment project, the M Apartments, is expected to be complete in July 2018. The M Apartments is a redevelopment of a former Macy's store, and rents will start at \$1,300 and \$2,100 for one- and two-bedroom units, respectively.

During the next 3 years, demand is expected for 3,250 new apartment units in the HMA. The 2,125 units currently under construction will meet a portion of this demand during the first two years of the forecast period (Table 1). Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Spokane-Spokane Valley HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
700 to 899	75	750 to 949	400	800 to 999	290	950 to 1,149	95
900 to 1,099	65	950 to 1,149	340	1,000 to 1,199	440	1,150 to 1,349	150
1,100 to 1,299	15	1,150 to 1,349	280	1,200 to 1,399	440	1,350 to 1,549	120
1,300 or more	10	1,350 to 1,549	55	1,400 to 1,599	150	1,550 to 1,749	50
		1,550 or more	55	1,600 to 1,799	75	1,750 to 1,949	50
				1,800 or more	75	1,950 or more	25
Total	160	Total	1,125	Total	1,450	Total	490

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 2,125 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Spokane-Spokane Valley HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	219,894	235,072	247,800	0.7	0.7
Unemployment rate	6.0%	10.4%	5.6%		
Total nonfarm payroll jobs	211,000	221,200	245,100	0.5	1.4
Total population	469,737	527,753	571,000	1.2	1.0
Total households	183,267	209,962	226,900	1.4	1.0
Owner households	122,527	138,469	144,900	1.2	0.6
Percent owner	66.9%	65.9 %	63.9%		
Renter households	60,740	71,493	82,000	1.6	1.7
Percent renter	33.1%	34.1%	36.1%		
Total housing units	199,212	230,526	246,000	1.5	0.8
Sales vacancy rate	2.2%	2.1%	1.5%		
Rental vacancy rate	8.7%	8.3%	4.0%		
Median Family Income	\$43,700	\$60,200	\$62,600	3.3	0.6

Notes: Median Family Incomes are for 1999, 2009, and 2016. Employment data represent annual averages for 2000, 2010, and the 12 months through May 2018.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 6/1/2018—Estimates by the analyst

Forecast period: 6/1/2018–6/1/2021—Estimates by the analyst

The metropolitan statistical area definition noted in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: 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 do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: 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.

Building Permits: 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_SpokaneWA_18.pdf.

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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 the Department.

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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.