

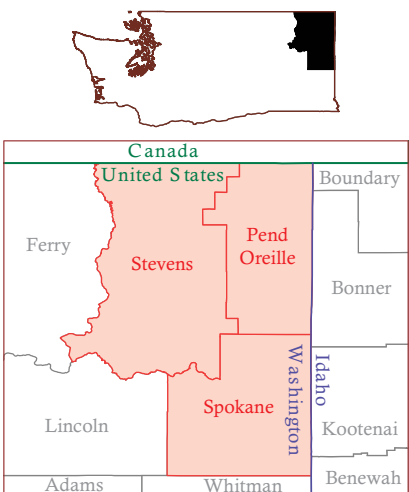


Spokane-Spokane Valley, Washington

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2015



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 Spokane, Stevens, and Pend Oreille 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.

Market Details

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Summary

Economy

Economic conditions in the Spokane-Spokane Valley HMA have improved since 2011 after recording annual declines in payrolls during 2009 and 2010. During the 12 months ending March 2015, nonfarm payrolls increased by 5,100 jobs, or 2.2 percent, to 233,200, and the unemployment rate decreased from 8.0 to 7.3 percent. The HMA's economic recovery has been led by the retail trade subsector and the education and health services sector, which attract customers and patients, respectively, from across the eastern Washington and northern Idaho area. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.5 percent annually.

Sales Market

The sales housing market in the Spokane-Spokane Valley HMA is currently balanced, with an overall estimated sales vacancy rate of 1.9 percent, down from 2.1 percent in 2010. During the 12 months ending March 2015, new and existing home sales increased nearly 8 percent, to 9,125 homes, and the average home sales price increased 4 percent, to \$183,900, from the preceding 12 months (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is expected

for 4,625 new homes (Table 1). The 430 homes currently under construction and a portion of the 13,500 other vacant units, which may reenter the market, will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is currently balanced, with an estimated vacancy rate of 5.0 percent, down from 8.3 percent in 2010. The apartment market in the HMA is tight, with a rental vacancy rate of 2.1 percent in the first quarter of 2015 (Reis, Inc.). During the next 3 years, demand is expected for 2,900 new market-rate rental units (Table 1). The approximately 810 rental units currently under construction will satisfy a portion of that demand.

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

| | Spokane-Spokane Valley HMA | |
|--------------------|----------------------------|--------------|
| | Sales Units | Rental Units |
| Total demand | 4,625 | 2,900 |
| Under construction | 430 | 810 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2015. A portion of the estimated 13,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2017. Source: Estimates by analyst

Economic Conditions

Nonfarm payroll growth in the Spokane-Spokane Valley HMA has accelerated each year since 2011 after 2 years of job losses. During 2009 and 2010, as a result of impacts from the national recession, the average number of nonfarm payrolls declined by 7,300, or 3.1 percent, annually. Approximately 60 percent of the job losses during this period occurred in goods-producing sectors, despite these sectors consisting of only 12 percent of overall payrolls. General Dynamics Itronix, a manufacturer of rugged computers, and

Agilent Technologies, a manufacturer of laboratory devices, closed their Spokane facilities in 2010, resulting in losses of 380 and 200 jobs, respectively. The downturn in manufacturing caused commodity prices to decline steeply; a zinc mine in rural Pend Oreille County employing 220 workers closed in 2010 because zinc prices declined 60 percent. The economy of the HMA stabilized in 2011, growing by 400 jobs, or 0.2 percent, and began to accelerate in 2012, adding 2,100 jobs, or 0.9 percent. Economic growth continued in 2013, when 3,600 jobs were added, an increase of 1.6 percent. During 2012 and 2013, approximately 80 percent of all job gains occurred in service-providing industries, with the professional and business services sector accounting for 26 percent of all job growth and the wholesale and retail trade sector accounting for an additional 23 percent. West Corporation, a telecommunication service and sales provider, hired 250 employees in 2013 at its Spokane call center. During the 12 months ending March 2015, nonfarm payrolls increased by 5,100 jobs, or 2.2 percent, to 233,200 jobs (Table 2). Nonfarm payrolls are still below the peak of 235,700 reached in 2008 and the number of jobs in the goods-providing sectors is approximately 80 percent of its 2008 level. During the 12 months ending March 2015, the unemployment rate decreased from 8.0 to 7.3 percent. The unemployment rate is currently less than the average of 9.9 percent annually from 2009 through 2011 but remains significantly higher than the prerecession low, which averaged 5.7 percent during the 2-year period of 2006 and 2007. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2014.

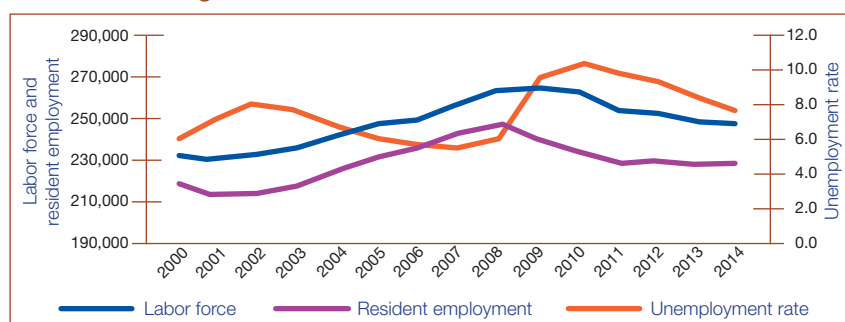
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Spokane-Spokane Valley HMA, by Sector

| | 12 Months Ending | | Absolute Change | Percent Change |
|----------------------------------|------------------|------------|-----------------|----------------|
| | March 2014 | March 2015 | | |
| Total nonfarm payroll jobs | 228,100 | 233,200 | 5,100 | 2.2 |
| Goods-producing sectors | 27,600 | 28,400 | 800 | 2.9 |
| Mining, logging, & construction | 10,900 | 11,400 | 500 | 4.6 |
| Manufacturing | 16,700 | 17,000 | 300 | 1.8 |
| Service-providing sectors | 200,500 | 204,800 | 4,300 | 2.1 |
| Wholesale & retail trade | 37,100 | 37,900 | 800 | 2.2 |
| Transportation & utilities | 7,100 | 7,000 | -100 | -1.4 |
| Information | 3,100 | 3,100 | 0 | 0.0 |
| Financial activities | 13,500 | 14,100 | 600 | 4.4 |
| Professional & business services | 23,700 | 24,000 | 300 | 1.3 |
| Education & health services | 46,900 | 47,900 | 1,000 | 2.1 |
| Leisure & hospitality | 20,400 | 21,100 | 700 | 3.4 |
| Other services | 9,500 | 9,700 | 200 | 2.1 |
| Government | 39,300 | 39,900 | 600 | 1.5 |

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2014 and March 2015. Uniformed military personnel are not included in nonfarm payroll data.

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 2014



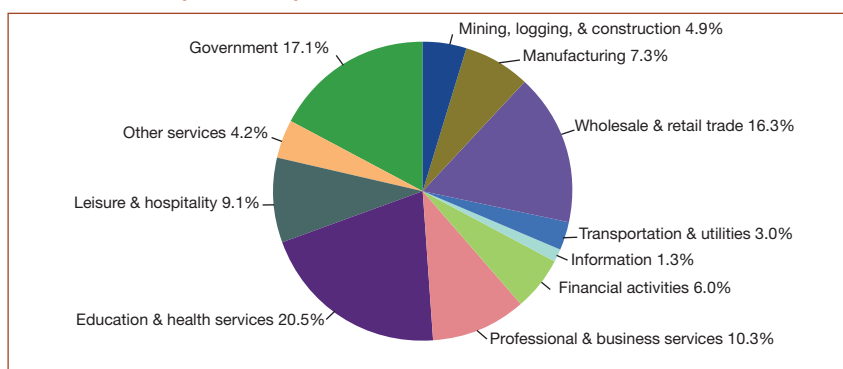
Source: U.S. Bureau of Labor Statistics

The education and health services sector contains more than 20 percent of nonfarm payrolls in the HMA, more than any other sector (Figure 2). This sector has also grown 40 percent since 2000 (Figure 3), the most of any sector, and includes 4 of the 10 largest employers in the HMA (Table 3). Within this sector, approximately 85 percent of all jobs are in the health care and social assistance subsector. The education and health services sector grew rapidly from the end of 2006 through 2009, adding 2,100

jobs, or 5.2 percent, annually. During 2011 and 2012, the education and health services sector contracted slightly, losing an average of 200 jobs, or 0.4 percent, annually. Growth returned in 2013, when 900 jobs were added, an increase of 2.0 percent. A new Providence Health & Services billing facility accounted for 150 of these jobs. During the 12 months ending March 2015, the education and health services sector recorded the greatest numerical job gain, adding 1,000 jobs, or 2.1 percent, to 47,900 jobs. Providence Health & Services, the largest private employer in the metropolitan area, opened a new \$44 million, 132,000-square-foot medical center in 2014.

Of the four universities in the HMA, Gonzaga University and Whitworth University are private schools and included in the education and health services sector. Gonzaga University has an enrollment of approximately 7,500 students and employs 1,188 faculty and staff, and Whitworth University has an enrollment of

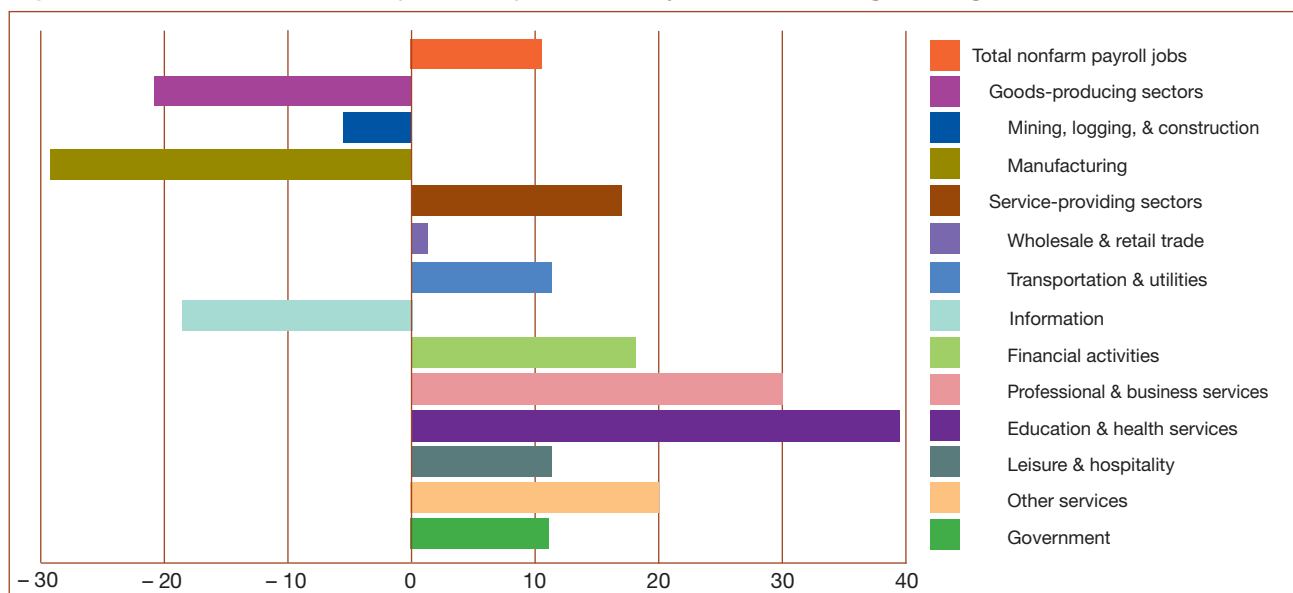
Figure 2. Current Nonfarm Payroll Jobs in the Spokane-Spokane Valley HMA, by Sector



Note: Based on 12-month averages through March 2015.

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 March 2015.

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 | 4,200 |
| Providence Health & Services | Education & health services | 3,715 |
| Wal-Mart Stores, Inc. | Wholesale & retail trade | 1,393 |
| URM Stores, Inc. | Wholesale & retail trade | 1,332 |
| Rockwood Clinic | Education & health services | 1,306 |
| Kallispel Tribal Economic Authority/ Northern Quest Resort and Casino | Government | 1,244 |
| Community College of Spokane | Government | 1,195 |
| Gonzaga University | Education & health services | 1,188 |
| Eastern Washington University | Government | 1,125 |
| Deaconess Hospital | Education & health services | 1,074 |

Notes: Excludes local school districts. Employment figures for Fairchild Air Force Base include active-duty military personnel and civilians.

Sources: 2014 Spokane Journal of Business Market Fact Book; Fairchild Air Force Base Economic Impact Statement

approximately 3,000 and employs 580 faculty and staff. Enrollment at Gonzaga University increased approximately 60 percent from 1998 to 2008 but has remained steady since 2008. Gonzaga University is nearing completion of the John J. Hemmingson Center, a 170,000-square-foot, \$60 million dollar university center, which is expected to open in the fall of 2015.

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 13,500 students and employs 1,125 faculty and staff. EWU has increased enrollment by an average of 440 students, or 3.7 percent, annually since 2009. WSU-Spokane, which is devoted to the health sciences, has an enrollment of approximately 1,450 students and employs 570 faculty and staff. WSU-Spokane is currently planning to open a medical school in Spokane that will have its charter class in 2017 and eventually enroll 80 students annually.

The largest employer in the HMA, Fairchild Air Force Base (AFB), is

also part of the government sector. Fairchild AFB employs approximately 1,300 civilians who are included in nonfarm employment figures and 2,900 active-duty military personnel who are not. During 2012, the most recent year an economic impact study was published, the total economic impact of Fairchild AFB on the HMA was approximately \$442 million, with an estimated 2,200 nonmilitary jobs created outside the base (*Fairchild Air Force Base Economic Impact Statement Fiscal Year 2012*). During the 12 months ending March 2015, the government sector increased by 600 jobs, or 1.5 percent, to 39,900 jobs. The local government subsector, including public schools, accounts for approximately 60 percent of the jobs in this sector. The government sector peaked in 2009 at 40,700 jobs but has subsequently declined because of decreased public revenues.

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 March 2015, adding 800 jobs, a 2.2-percent increase, to 37,900 jobs. Approximately 73 percent of the jobs in this sector are in the retail trade subsector. 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. The wholesale and retail trade sector contracted from the end of 2008 through 2011 by an average of 1,200 jobs, or 3.0 percent, annually, because the weak labor market reduced demand for goods. As the labor market improved and the unemployment rate declined in 2012 and 2013, the wholesale and retail trade sector added 700 jobs, or 1.8 percent, annually. Most of the

job gains in this sector occurred in smaller firms, with the opening of a new Target Corporation store and CarMax dealership in 2014 leading to the creation of 200 and 100 jobs, respectively, as notable exceptions.

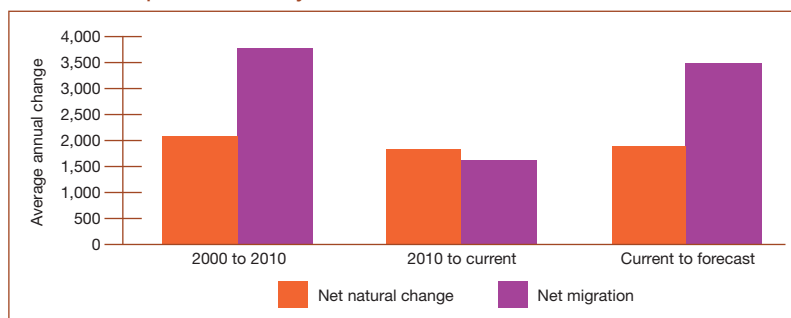
During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 3,500 jobs, or 1.5 percent, annually. Exotic Metals Forming Company LLC, an airplane parts manufacturer, is scheduled to

open a manufacturing plant in late 2015 that is expected to add 150 jobs. Liberty Mutual Insurance is leasing a new, 65,000-square-foot facility and is planning to expand its workforce from 900 to 1,300 by the end of 2015. A 90,000-square-foot addition to the Spokane Convention Center and the adjacent 716-room Davenport Grand Hotel are also scheduled to open by June 2015; the Davenport Grand Hotel is expected to create 300 jobs.

Population and Households

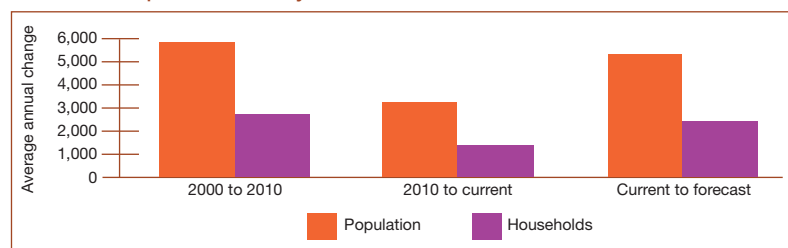
As of April 1, 2015, the estimated population of the Spokane-Spokane Valley HMA was 545,000, an average increase of approximately 3,450, or 0.6 percent, annually from the April 1, 2010 population of 527,753. (Table DP-1 at the end of this report provides information on population growth in the HMA from 2000 to the current date.) 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. Population in the HMA grew at its highest level after 2000 from 2005 to 2007, by an average of 8,825, or 1.8 percent, annually (U.S. Census Bureau July 1 estimates). During those years, net in-migration accounted for approximately 75 percent of the population growth compared with 60 percent from 2000 to 2005. By comparison, population growth averaged 4,750 people, or 1.0 percent, from 2000 to 2005. Population growth declined to an average annual rate of 6,400 people, or 1.2 percent, from 2007 to 2009 as job growth in the HMA

slowed and began to decline and the unemployment rate increased. The labor market remained weak in 2010 and 2011, causing fewer people to migrate to the HMA; population growth declined to 3,675 people, or 0.7 percent, from 2009 to 2010 and reached a low of only 1,350 people, or 0.3 percent, from 2010 to 2011. From 2010 to 2011, net migration became negative for the first time since before 2000, reflecting the severity of the effects of the economic downturn in the HMA. About 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 from 2011 to 2012, when the HMA added a significant number of nonfarm payrolls, to 2,475 people, or 0.5 percent. Growth accelerated from 2012 to 2013 to 3,375 people, or 0.6 percent, and increased to 5,275 people, or 1.0 percent, from 2013 to 2014. Since 2010, net in-migration has accounted for nearly one-half of population growth in the HMA

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

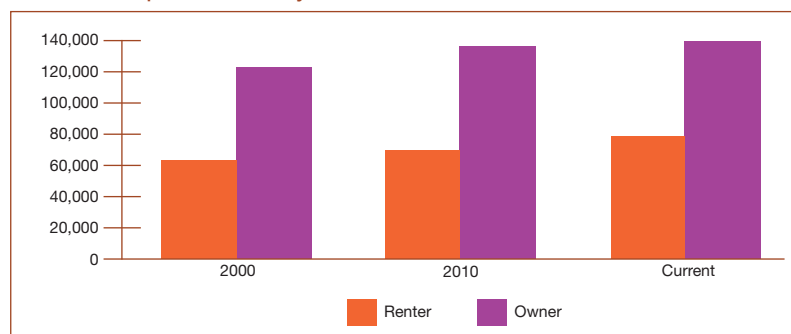
Notes: The current date is April 1, 2015. The forecast date is April 1, 2018.

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 April 1, 2015. The forecast date is April 1, 2018.

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

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

Note: The current date is April 1, 2015.

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

(Figure 4). Spokane County accounts for approximately 90 percent of the population of the HMA and has accounted for nearly all population growth since 2010. Because employment growth is expected to continue, the population of the HMA is expected to grow at an average of 5,275, or 1.0 percent, annually during the 3-year forecast period.

The HMA is home to an estimated 217,250 households, an increase of 1,450 households, or 0.7 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 63.8 percent since 2010 because of the weak labor market and tight credit market during the first years of 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 nearly all household growth since 2010. The number of households in the HMA is expected to grow by 2,275, or 1.0 percent, annually during the next 3 years, to 224,100 households. Nearly 55 percent of the forecast new households are expected to be renter households.

Housing Market Trends

Sales Market

The sales housing market in the Spokane-Spokane Valley HMA is balanced, with an estimated sales vacancy rate of 1.9 percent, down from 2.1 percent in 2010. As of February 2015, the unsold inventory of homes in the HMA totaled 1,975, down approximately 5 percent from a year earlier (Yahoo!-Zillow Real Estate Network). During 2014, the average number of days a home was listed decreased 5 percent, to 101 days.

Existing home sales increased substantially in 2012 and 2013, but growth slowed in 2014. During the 12 months ending March 2015, the number of existing single-family home, townhome, and condominium sales averaged 8,350, an increase of 8 percent from the preceding 12-month period (CoreLogic, Inc., with adjustments by the analyst). The number of existing home sales averaged 14,150 annually from 2004 through 2006, then declined by an average of 2,325 homes sold, or 22 percent, from the end of 2006 through 2009, to an average of 5,650 homes sold annually during 2010 and 2011. The home sales market began to recover in 2012 as substantial job growth returned to the HMA. Existing home sales increased by 880, or 17 percent, during 2012 and by 1,275, or 25 percent, in 2013. Spokane County, which accounts for approximately 88 percent of existing home sales in the HMA, had about a 4.4-month supply of inventory, down from a 5.9-month supply in March 2014 (Spokane Realtors®).

The average existing home sales price was \$177,300 during the 12 months ending March 2015, up 4 percent from the preceding 12 months (CoreLogic, Inc., with adjustments by

the analyst). During 2007 and 2008, the average existing home sales price was \$180,800, but the sales price declined by an average of \$5,500, or 3 percent, annually from the end of 2008 through 2011, reaching a low of \$164,400 in 2011. 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 stability 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 6.2 percent in January 2013, whereas the statewide and national rates were 6.8 and 7.0 percent, respectively. During the 12 months ending March 2015, the average price of a home sold in the HMA was 17, 25, and 59 percent less than the average home sales price in Boise, Tacoma, and Seattle, respectively. The average existing home sales price remained steady in 2012 but was up nearly 3 percent in 2013 as increased population growth and increased demand for homes among existing residents led to a declining inventory of available homes.

During the 12 months ending March 2015, 780 new homes sold, essentially unchanged compared with the number sold in 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 410 homes, or 28 percent, from the end

Housing Market Trends

Sales Market *Continued*

of 2006 through 2009 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 more than 31 percent in 2013, to 780 new homes sold. The number of new homes sold peaked at 13 percent of all home sales in 2006 and 2007, then declined to only 9 percent of all home sales from 2012 through 2014. The average sales price of a new home has increased every year since 2011 and is only 2 percent below the prerecession peak. New home sales prices peaked in 2007 and 2008 at an average of \$256,700, then declined to an average of \$210,100 during 2010 and 2011. The average sales price of a new home was \$250,600 during the 12 months ending March 2015, an increase of \$12,300, or approximately 5 percent, from the preceding 12 months.

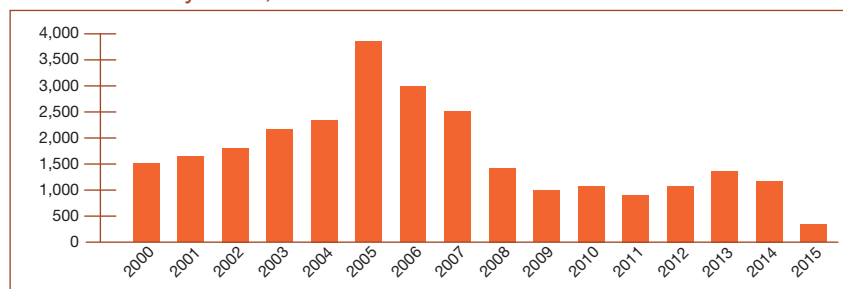
Single-family home construction activity, as measured by the number of single-family homes permitted, is low compared with prerecession construction levels (Figure 7). Single-family home construction peaked during 2005 at 3,875 at homes permitted and remained high during 2006 and 2007, at an average 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, then increased to a postrecession high of 1,400 homes permitted in 2013. During 2014, construction declined to 1,150 homes permitted, still more than in any year from 2009 through 2012. During the 12 months ending March 2015, the number of single-family homes permitted decreased by 75, or 8.0 percent, from the previous 12 months, to 875 homes permitted (preliminary data).

Nearly all single-family development in the HMA is occurring within Spokane County. Approximately 60 percent of all new single-family home construction since 2010 has occurred in the cities of Spokane and Spokane Valley. Eagle Ridge, a subdivision in southwest Spokane, accounted for about 10 percent of new home sales in the HMA during 2014 (Metrostudy, A Hanley Wood Company). A 91-lot ninth phase is currently under construction, with prices for three-bedroom homes beginning at \$170,000 and for four-bedroom homes beginning at \$240,000. Kendall Yards is a walkable, mixed-use development on 78 acres of land in downtown Spokane. Construction began in 2010, and 140 single-family and townhome units have sold to date. When complete, the development is expected to contain an additional 450 single-family homes and townhomes, apartment units, and 700,000 square feet of retail and office space.

During the 3-year forecast period, demand is expected for an estimated

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



Notes: Includes townhomes. Current includes data through March 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market *Continued*

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 | 920 | 20.0 |
| 200,000 | 249,999 | 1,150 | 25.0 |
| 250,000 | 299,999 | 1,150 | 25.0 |
| 300,000 | 349,999 | 550 | 12.0 |
| 350,000 | 399,999 | 460 | 10.0 |
| 400,000 | 449,999 | 230 | 5.0 |
| 450,000 | and higher | 140 | 3.0 |

Notes: The 430 homes currently under construction and a portion of the estimated 13,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

4,625 new homes in the HMA, with increasing demand during the second and third years of the forecast period (Table 1). The 430 homes currently under construction and a portion of the 13,500 other vacant units that may reenter the sales market will satisfy some of the demand. Demand is expected to be greatest in the \$200,000-to-\$299,999 price range.

Table 4 shows the estimated demand for market-rate sales housing by price range.

Rental Market

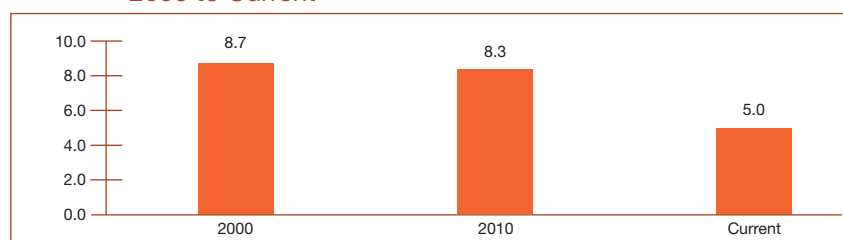
Rental housing market conditions in the Spokane-Spokane Valley HMA are currently balanced, with an overall vacancy rate of 5.0 percent, down from 8.3 percent in 2010 (Figure 8). The rental market has steadily improved since 2010 because of an elevated unemployment rate and stricter lending requirements that have contributed to a decreased homeownership rate and an increased demand for rental housing.

Local universities have a moderate effect on the rental market. Gonzaga University, Whitworth University, and EWU house a combined 6,300 students on campus. EWU opened a new 344-bed dormitory in 2014. An estimated 18,500 additional university students live off campus, mostly in rental housing.

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 vacancy rate in the HMA was 2.1 percent during the first quarter of 2015, down from 2.8 percent during the first quarter of 2014 (Reis, Inc.) By comparison, the apartment vacancy rate was 7.0 percent in the first quarter of 2010. During the first quarter of 2015, the average asking rent was unchanged at \$691 from the first quarter of 2014 but has increased an average annual rate of 2 percent since 2010. The average asking rents for one-, two-, and three-bedroom units are \$592, \$726, and \$934, respectively.

Multifamily building activity, as measured by the number of units permitted, has fluctuated from year to year but has not had any clear upward or downward trend since 2000 (Figure 9). During the 12 months ending March 2015, approximately 490 multifamily units were permitted, up 200 units, or 70 percent, from the previous 12 months (preliminary data). By comparison, an average of 910 units were permitted from 2000 through 2007, when the economy of the HMA was consistently growing,

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



Note: The current date is April 1, 2015.

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

Housing Market Trends

Rental Market *Continued*

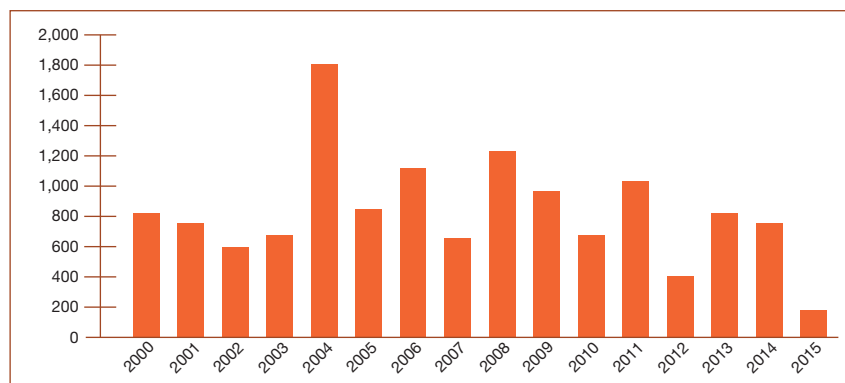
and permitting averaged 990 units from 2008 through 2011, when job growth was very weak or negative. The divergence between construction data from 2000 through 2011 and the past 24 months is mostly because of missing units permitted in the preliminary data (that were reported only in the final data). Construction has concentrated in the urban area in and around the city of Spokane. Since 2010, about one-half of all multifamily units have been built in either the city of Spokane or the adjacent city of Spokane Valley. Most multifamily building activity in the HMA since 2000 has been apartments. From 2000 through 2009, approximately 5 percent of all multifamily units permitted were intended for owner occupancy,

and condominium construction has been nearly nonexistent since 2010.

An estimated 810 multifamily units are currently under construction in the Spokane-Spokane Valley HMA. Mirabolante Apartments, a 234-unit, market-rate apartment complex in the city of Spokane Valley, is expected to open in mid-2015. Rents start at \$740, \$880, and \$1,030 for one-, two-, and three-bedroom apartments, respectively. An above-average level of income- and age-restricted apartment construction activity occurred in the HMA in 2014. Copper Hill, a 216-unit, income-restricted apartment complex west of the city of Spokane, in Airway Heights, was completed in October 2014. Rents start at \$640, \$705, and \$815 for one-, two-, and three-bedroom apartments, respectively. The 61-unit Clare View Seniors Apartments and the 24-unit second phase at Appleway Court were completed, and the 174-unit Lilac Plaza and 124-unit Clare House were remodeled, in 2014.

During the next 3 years, demand is expected for 2,900 new market-rate rental units in the HMA. The 810 units currently under construction will meet a portion of this demand (Table 1). Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

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



Notes: Excludes townhomes. Current includes data through March 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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 Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 600 to 799 | 65 | 650 to 849 | 410 | 700 to 899 | 260 | 850 to 1,049 | 85 |
| 800 to 999 | 65 | 850 to 1,049 | 410 | 900 to 1,099 | 390 | 1,050 to 1,249 | 130 |
| 1,000 or more | 15 | 1,050 or more | 200 | 1,100 to 1,299 | 460 | 1,250 to 1,449 | 130 |
| | | | | 1,300 to 1,499 | 130 | 1,450 to 1,649 | 45 |
| | | | | 1,500 or more | 65 | 1,650 or more | 45 |
| Total | 150 | Total | 1,025 | Total | 1,300 | Total | 440 |

Notes: Numbers may not add to totals because of rounding. The 810 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2015, to April 1, 2018.

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 | 235,071 | 230,600 | 0.7 | – 0.5 |
| Unemployment rate | 6.0% | 10.4% | 7.3% | | |
| Nonfarm payroll jobs | 211,100 | 221,100 | 233,200 | 0.5 | 1.3 |
| Total population | 469,737 | 527,753 | 545,000 | 1.2 | 0.6 |
| Total households | 183,267 | 209,962 | 217,250 | 1.4 | 0.7 |
| Owner households | 122,527 | 138,469 | 138,700 | 1.2 | 0.0 |
| Percent owner | 66.9% | 65.9% | 63.8% | | |
| Renter households | 60,740 | 71,493 | 78,550 | 1.6 | 1.9 |
| Percent renter | 33.1% | 34.1% | 36.2% | | |
| Total housing units | 199,212 | 230,526 | 237,600 | 1.5 | 0.6 |
| Owner vacancy rate | 2.2% | 2.1% | 1.9% | | |
| Rental vacancy rate | 8.7% | 8.3% | 5.0% | | |
| Median Family Income | \$43,700 | \$60,200 | \$62,900 | 3.3 | 1.1 |

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2015. Median Family Incomes are for 1999, 2009, and 2013. The current date is April 1, 2015.

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: 4/1/2015—Analyst's estimates
 Forecast period: 4/1/2015–4/1/2018—Analyst's estimates

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 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 the U.S. Department of Housing and Urban Development's (HUD's) analysis, 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_Spokane-SpokaneValleyWA_15.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 HUD's Economic and Market Analysis Division. 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.