

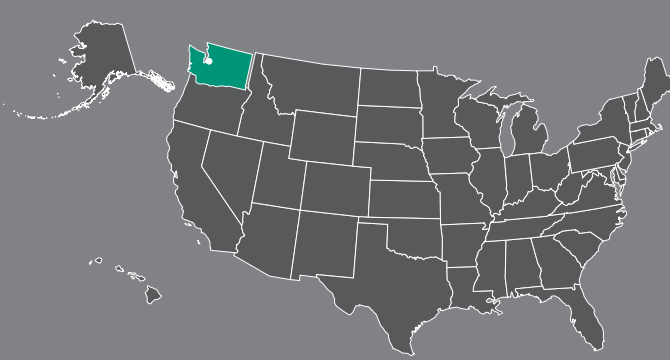
# HUD PD&R Housing Market Profiles

## Seattle-Bellevue-Everett, Washington



### Quick Facts About Seattle-Bellevue-Everett

- **Current sales market conditions: soft.**
- **Current rental market conditions: slightly tight.**
- **The sales housing market is improving, with existing home sales up 13 percent, to 27,000, and new home sales up 37 percent, to 4,800, during the 12 months ending February 2013.**



By Thomas E. Aston | As of March 1, 2013

## Overview

Located along Puget Sound in northwest Washington State, the Seattle-Bellevue-Everett metropolitan area (hereafter, the Seattle metropolitan area) consists of King and Snohomish Counties. The metropolitan area is home to the headquarters of The Boeing Company, Amazon.com Inc., and Microsoft Corporation. The Port of Seattle is the eighth largest seaport in the United States as measured by container volume.

- As of March 1, 2013, the population was estimated at 2.71 million compared with the April 2010 U.S. Census count of 2.64 million.
- Since April 2010, the population has increased at an average annual rate of 0.8 percent, the slowest annual increase since 2000, mainly because of weak labor market conditions in 2009 and 2010.
- Population growth was strongest from July 2005 to July 2008, averaging 1.5 percent, or 37,225 people, a year, mainly because job growth was robust, averaging an annual rate of 2.6 percent a year.



### Nonfarm payrolls by sector in the Seattle area

	3 Months Ending		3-Month Change (2012-13)	
	February 2012 (thousands)	February 2013 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	1,414.8	1,454.8	40.0	2.8
Goods-producing sectors	225.3	235.6	10.3	4.6
Mining, logging, and construction	61.8	65.9	4.1	6.6
Manufacturing	163.4	169.6	6.2	3.8
Service-providing sectors	1,189.6	1,219.2	29.6	2.5
Wholesale and retail trade	209.4	219.7	10.3	4.9
Transportation and utilities	47.3	48.6	1.3	2.7
Information	86.3	84.7	- 1.6	- 1.9
Financial activities	78.7	79.1	0.4	0.5
Professional and business services	208.6	217.3	8.7	4.2
Education and health services	171.9	176.6	4.7	2.7
Leisure and hospitality	131.8	135.5	3.7	2.8
Other services	52.4	53.3	0.9	1.7
Government	203.1	203.6	0.5	0.2

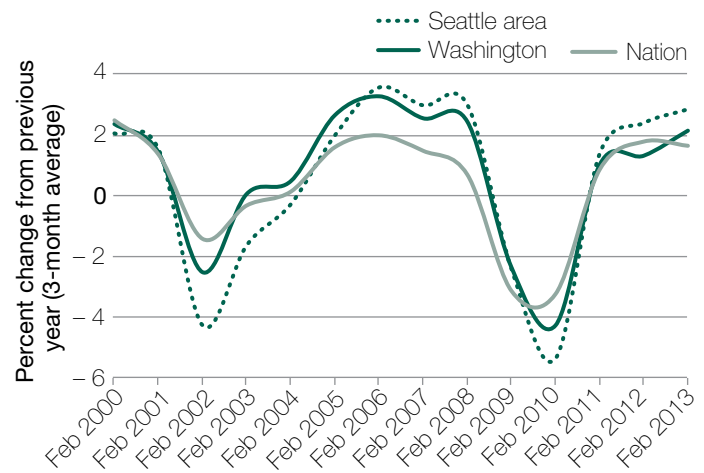
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

The Seattle metropolitan area labor market is currently completing its second year of recovery after the loss of 121,000 nonfarm payroll jobs from June 2008 through January 2011.

- During the 3 months ending February 2013, nonfarm payrolls averaged 1.45 million, an increase of 2.8 percent, or 40,000 jobs, from the 3-month period ending February 2012 compared with the year-over-year increase of 2.4 percent, or 33,000 jobs, during the 3 months ending February 2012.
- Job gains were greatest in the wholesale and retail trade sector, which increased by 10,300 jobs, or 4.9 percent, partly because of hiring by Amazon.com Inc.
- During the 3 months ending February 2013, job growth resulted in a decline in the average unemployment rate to 6.2 percent from 7.7 percent during the corresponding 3-month period a year earlier.
- The Port of Seattle generates approximately 33,000 jobs and \$32 billion of business revenue (according to a 2007 study commissioned by the port).

### Job growth in the Seattle area has outpaced job growth in the nation since early 2011.



Source: U.S. Bureau of Labor Statistics

### Largest employers in the Seattle area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Boeing Company	Manufacturing	76,400
Microsoft Corporation	Professional and business services	40,300
University of Washington	Government	27,900

Note: Excludes local school districts.

Source: King County Economic Development



## Sales Market Conditions

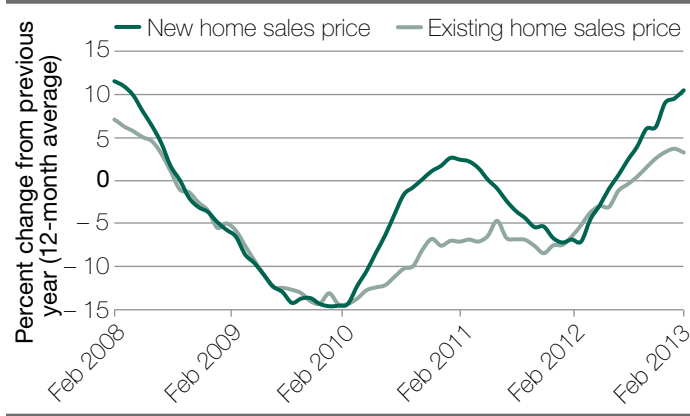
Despite population growth and a recovering labor market, the sales housing market in the Seattle metropolitan area is soft, with a 2-percent vacancy rate, but recent trends indicate improving sales market conditions. During the 12-month period ending February 2013, sales of existing single-family homes, townhomes, and condominiums increased 13 percent, to 27,000 homes, and the average home sales price increased 10 percent, to \$429,150, from the previous 12 months (Hanley Wood, LLC). During the same period, 4,800 new homes sold, a gain of 37 percent, and the average sales price increased 3 percent, to \$392,200. During the 12-month period ending February 2013, REO (Real Estate Owned) sales decreased 36 percent, to 4,700, the fewest REO sales since January 2011.

The average sales price of an REO home during the 12 months ending February 2013 increased 11 percent, to \$276,100.

- During the 12-month period ending February 2013, REO sales comprised 20 percent of existing home sales compared with 36 percent of existing home sales during the previous 12-month period.
- New and existing condominium sales increased 4 percent, to 9,300 homes sold, and the average sales price increased from \$236,800 to \$240,100.
- The inventory of existing homes and condominiums as of February 2013 was 5,375 homes, a decrease of 46 percent from a year ago (Northwest Multiple Listing Service).

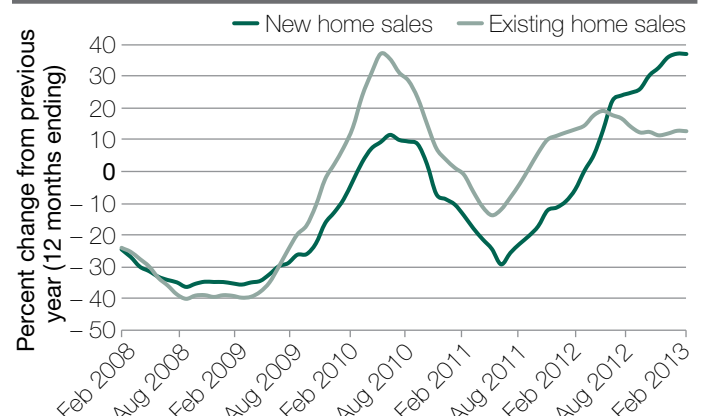
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### New and existing home sales prices have been increasing faster in the Seattle area since mid-2012.



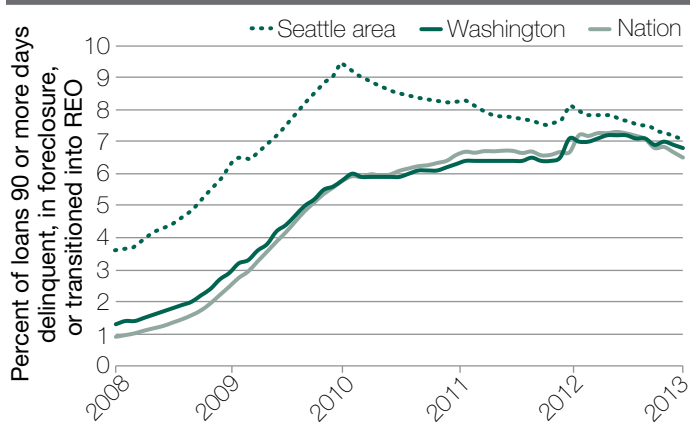
Note: Includes single-family homes, townhomes, and condominiums. Source: Hanley Wood, LLC

### The rate of new home sales is three times the rate of existing home sales in the Seattle area.



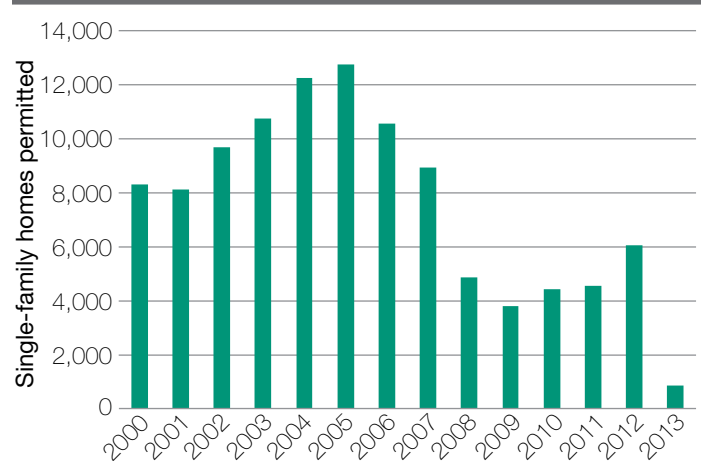
Note: Includes single-family homes, townhomes, and condominiums. Source: Hanley Wood, LLC

### The distressed loan rate in the Seattle area declined to 6.4 percent from 7.2 percent a year ago.



REO = Real Estate Owned. Source: LPS Applied Analytics

### Single-family permitting in the Seattle area has increased since 2009.



Note: Includes data through February 2013. Source: U.S. Census Bureau, Building Permits Survey



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During the 12-month period ending February 2013, increasing new home sales and expectations of an improving economy led to a substantial increase in single-family construction activity, as measured by the number of homes permitted.

- Single-family construction activity in the metropolitan area during the 3 months ending February 2013 increased 40 percent, to

1,370 homes permitted (based on preliminary data), compared with the average of 975 homes permitted during the same 3-month period from 2009 through 2012.

- New construction of single-family homes was most active in the cities of Seattle, Auburn, and Kent (based on preliminary data).

## Rental Market Conditions

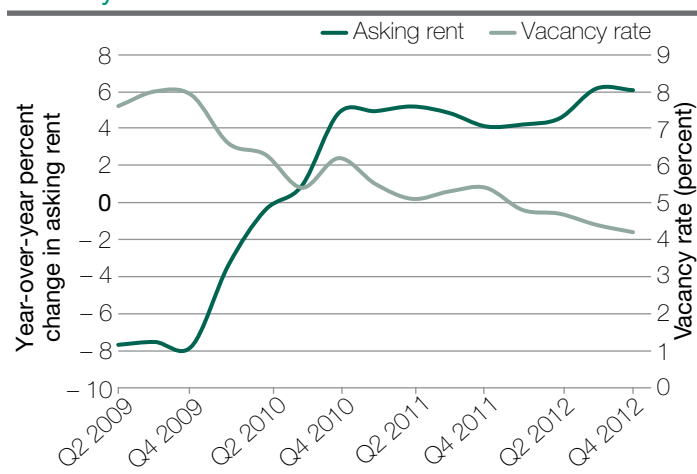
The rental housing market is slightly tight in the Seattle metropolitan area, with a vacancy rate of 4.1 percent.

- During the fourth quarter of 2012, the apartment vacancy rate averaged 4.2 percent compared with the 5.4-percent average rate of a year ago (MPF Research).
- The average apartment rent during the same period was \$1,100, a 6.1-percent increase from the fourth quarter of 2011.
- The average rents by unit type were \$970 for a studio unit, \$975 for a one-bedroom unit, \$1,175 for a two-bedroom unit, and \$1,375 for a three-bedroom unit.

During the 12 months ending February 2013, nearly 7,750 rental units were absorbed and rents increased. As a result, multifamily construction activity, as measured by the number of multifamily units permitted, increased to 9,650 units during the 12-month period ending February 2013 (based on preliminary data).

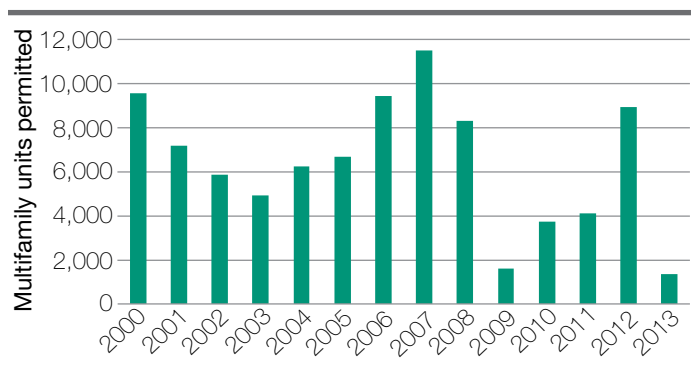
- The number of multifamily units permitted during the 3 months ending February 2013 was 1,746, nearly 80 percent more than for the same period a year ago and more than double the 3-month average of 750 units from 2009 through 2011.
- As of the fourth quarter of 2012, approximately 9,150 apartments were under construction (MPF Research).
- In downtown Seattle, 19 projects consisting of 3,790 units are currently under construction, the largest of which is the 654-unit Via6. The development features two 24-story towers with a 6-story podium in between, and project amenities include a rooftop garden, theater, restaurant, and boutique grocery store.
- Rents at Via6 start at \$1,175 for a studio apartment, \$1,575 for a one-bedroom apartment, and \$2,050 for a two-bedroom apartment.

The nearly 6,000 apartments completed in the Seattle area in 2011 and 2012 did not slow the vacancy rate decline.



Source: MPF Research

Multifamily permitting increased significantly in the Seattle area in 2012.



Note: Includes data through February 2013.  
Source: U.S. Census Bureau, Building Permits Survey

