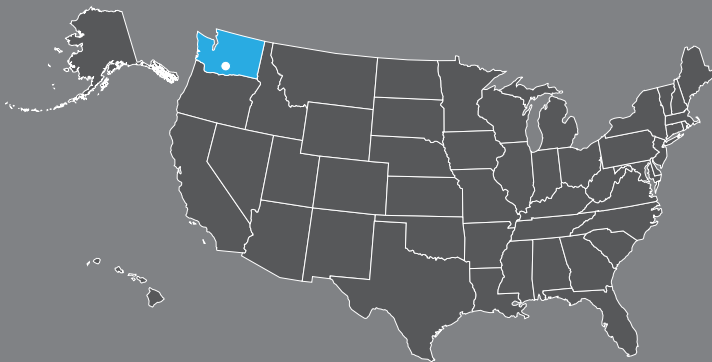


HUD PD&R Housing Market Profiles

Yakima, Washington

Quick Facts About Yakima

- Current sales market conditions: tight
- Current apartment market conditions: tight
- Yakima County leads the nation in hops production, the main ingredient in beer, with nearly three-fourths of nationwide hops production (Washington State University Extension). The area is also a national leader in tree fruit production, with over 55,000 acres of apple orchards, 19,000 acres of vineyards, and 2,500 acres of cherry trees.



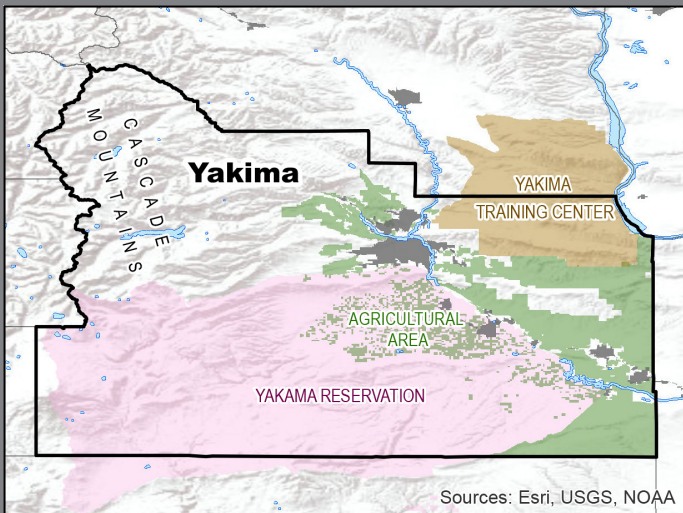
By Marissa Dolin | As of January 1, 2021

Overview

The Yakima metropolitan area in south-central Washington is coterminous with Yakima County. The most populated and economically productive portion of the county, known as the Yakima Valley, averages 300 days of sunshine annually, created by the “rain shadow” effect of the Cascade Mountains on the west side of the county. The ample sunshine and dry weather are ideal for the largest industry in the area, agriculture, specifically tree fruit and hops. To the northeast of the Yakima Valley is the Yakima Training Center, a military training facility affiliated with Joint Base Lewis-McChord that employs 850 military and civilian personnel. The Yakima Training Center had a county-wide economic impact of \$54 million in 2018 (Central Washington University). The Yakama Indian Reservation encompasses the western portion of the Yakima Valley and extends into the Cascade Mountains. The Yakama Nation Government and Yakama Nation Enterprises are the fifth and seventh largest employers in the area, with 2,450 employees.

- The current population is estimated at 251,900, rising at a relatively steady rate of 0.3 percent, or 800 people, annually since 2010. Net natural increase (resident births minus resident deaths) has fallen by an average of 110, or 5 percent, annually since 2010. Net out-migration, which has occurred each year since 2010, slowed in recent years, offsetting the decline in net natural increase.

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- Individuals identifying as American Indian or Alaska Native are 5 percent of the population, a relatively larger share than Washington state and the nation, with 3 and 2 percent, respectively (2019 American Community Survey 1-year data).

Economic Conditions

Economic conditions in the Yakima metropolitan area during the fourth quarter of 2020 were weak, but they had improved from the second and third quarters of 2020. Measures to limit the spread of COVID-19, which have been in effect at varying levels since March 2020, contributed to the currently weak conditions. The metropolitan area has a large share of jobs in essential industries such as food processing, resulting in fewer jobs lost during the second quarter of 2020 and a faster recovery than the state and the nation. Social distancing requirements and business restrictions were strictest during the second quarter of 2020, resulting in a decline of 8,100 jobs from the first to second quarter of 2020. Restrictions eased during the third quarter of 2020, resulting in a quarter-over-quarter gain of 4,700 jobs. A rise in COVID-19 cases in the late fall exhausted local hospital capacity, and countermeasures were reimposed, limiting growth to only 500 jobs from the third to fourth quarters of 2020. For context, from the fourth quarter of 2013 through the fourth quarter of 2019, nonfarm payrolls increased by an average of 1,300 jobs or 1.6 percent annually.

During the fourth quarter of 2020—

- Total nonfarm payrolls averaged 84,600, a decrease of 3,900 jobs, or 4.4 percent, from the same quarter a year

- The share of the population in Yakima County born outside of the United States and its territories increased from 19 percent in 2010 to 21 percent in 2019. The most common foreign place of birth was Latin America.

earlier. By comparison, payrolls in Washington State and the nation were 5.7 and 5.9 percent below the average from the fourth quarter of 2019, respectively.

- The government sector had the largest reduction in jobs, down by 2,000, or 10.6 percent, from a year ago. Measures to limit the spread of COVID-19 reduced consumer spending, leading to a lower amount of sales tax collected and resulting in state, local, and tribal government payroll reductions.
- The manufacturing sector was one of only two sectors to add jobs from a year ago, up by 200 jobs, or 2.3 percent. The gain is partially because approximately two-thirds of the manufacturing jobs are in the non-durable goods-manufacturing subsector, including food processing. Many workers in the industry are considered essential.
- The unemployment rate averaged 7.1 percent, up from 6.3 percent during the same quarter of 2019. Unlike the state and nation, which had rising unemployment and reduced labor force, the Yakima metropolitan area had a 2.4-percent increase in the labor force.

Agricultural production in Yakima County, as measured by the market value of agricultural products, was highest among

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During the fourth quarter in 2020, total nonfarm payrolls in the Yakima metropolitan area were down from a year ago.

	3 Months Ending		Year-Over-Year Change	
	December 2019 (Thousands)	December 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	88.5	84.6	-3.9	-4.4
Goods-Producing Sectors	13.0	13.1	0.1	0.8
Mining, Logging, & Construction	4.4	4.1	-0.3	-6.8
Manufacturing	8.7	8.9	0.2	2.3
Service-Providing Sectors	75.5	71.5	-4.0	-5.3
Wholesale & Retail Trade	15.8	16.1	0.3	1.9
Transportation & Utilities	3.7	3.5	-0.2	-5.4
Professional & Business Services	4.7	4.3	-0.4	-8.5
Education & Health Services	18.5	18.2	-0.3	-1.6
Leisure & Hospitality	8.1	6.2	-1.9	-23.5
Government	18.8	16.8	-2.0	-10.6
Unemployment Rate	6.3%	7.1%		

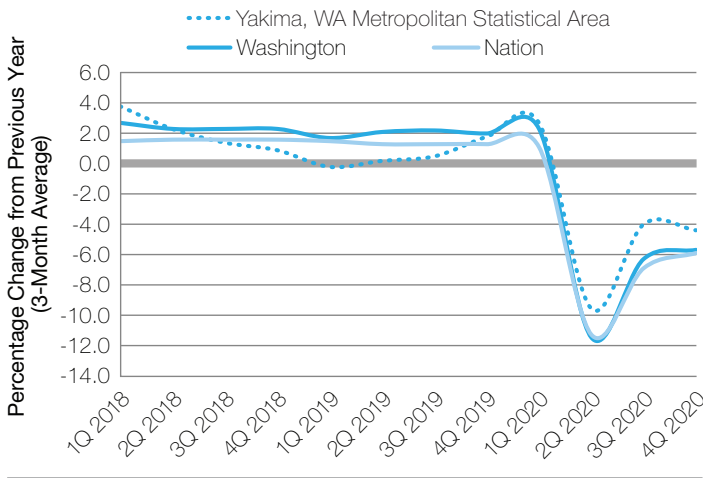
Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



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all counties in Washington State and ranked ninth among all counties in the nation. The total market value of products sold was \$1.99 billion in 2017, up 21 percent from 2012 (USDA Census of Agriculture). Production of fruits, tree nuts, and

In the Yakima metropolitan area during the second, third, and fourth quarters of 2020, nonfarm payrolls had a smaller year-over-year deficit compared with the state and the nation.



Q = quarter.
Source: U.S. Bureau of Labor Statistics

berries was the largest share of the value at \$948 million, followed by milk from cows with a value of \$416 million. Direct agriculture jobs such as growing fruit or crops are not counted in nonfarm payrolls but are reported in covered employment. When considering all covered employment, crop production was the largest industry in the Yakima metropolitan area, with 18,800 jobs, or 16 percent of total covered employment in 2019 (Quarterly Census of Employment and Wages). The natural resources and mining sector, which includes crop production, animal production, and support activities for agriculture and forestry, was the largest sector, with a total of 31,700 jobs, or 27 percent of total covered employment. Jobs in the sector fluctuate year to year depending on crop yields and availability of H-2A temporary agricultural worker visas.

Largest Employers in the Yakima Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Yakima Valley Memorial Hospital	Education & Health Services	2,500
Walmart Inc.	Wholesale & Retail Trade	1,700
Zirkle Fruit Company	Manufacturing	1,500

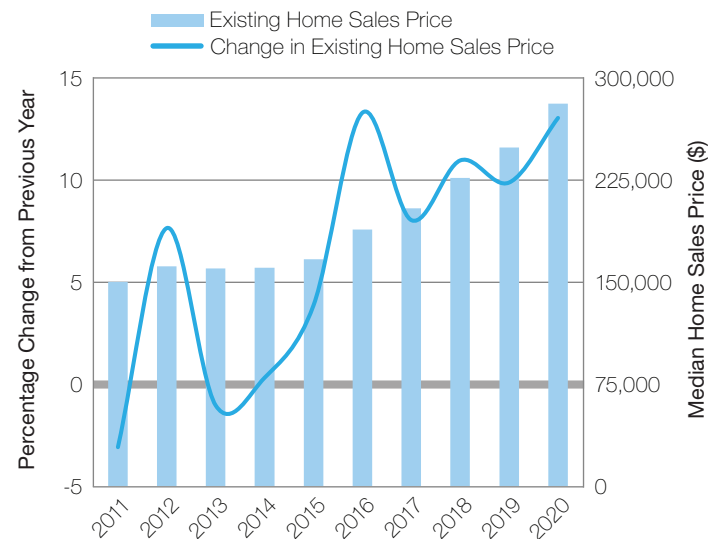
Note: Excludes local school districts.
Source: Yakima County Development Association

Sales Market Conditions

The home sales market in the Yakima metropolitan area is tight, with an estimated vacancy rate of 0.7 percent as of January 1, 2020, down from 1.4 percent in 2010. A low supply of homes for sale contributed to rapid home sales price growth and tight market conditions. The inventory of homes for sale has been declining since 2012 and below a 6-month supply since 2014 (Washington Center for Real Estate Research). In December 2020, there were 1.3 months of for-sale inventory, down from 3.0 months a year ago. Increased use of telework in 2020, especially in nearby higher cost metropolitan areas, is expected to have expanded the number of potential buyers. Public health concerns and the need to house family members affected by the economic downturn have reduced the number of potential sellers. The share of mortgages 90 or more days delinquent, in foreclosure, or transitioned to real estate owned (REO) status was 2.8 percent in December 2020, up from 1.1 percent in December 2019 (CoreLogic Inc.). The number of delinquent mortgages has more than doubled from a year ago, but policies enacted by Congress through the Coronavirus Aid, Relief, and Economic Security (CARES) Act have resulted in relatively few homes entering foreclosure or being made available for REO sale.

- During 2020, existing home sales totaled 2,025, up by 180, or 10 percent, from 2019 compared with average

The median home sales price in the Yakima metropolitan area has been rising at a faster rate in recent years compared with the early 2010s.



Note: Existing single-family homes, townhomes, and condominiums.
Source: Washington Center for Real Estate Research

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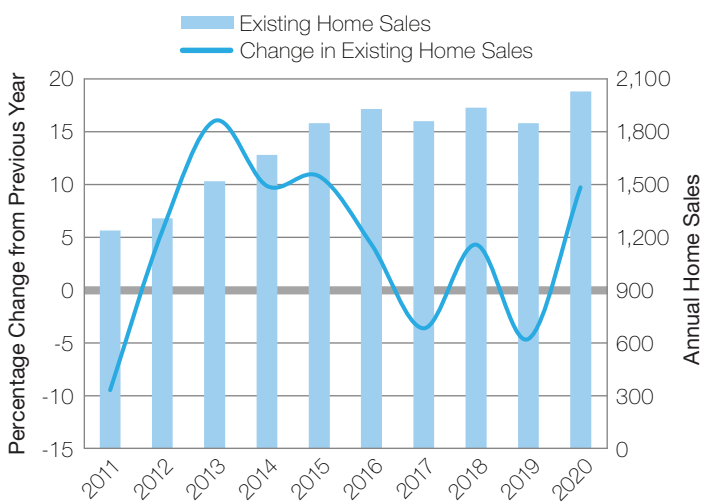
fluctuations of less than 5 percent a year from 2016 through 2019 (Washington Center for Real Estate Research). The rate of increase in sales in 2020 was faster than the 5-percent increase statewide.

- The median home sales price during 2020 was \$281,500, up 13 percent from the median price in 2019, rising faster than the 10-percent average annual increase from 2016 through 2019. Statewide, the median home sales price was up 16 percent from a year ago to \$460,300 in 2020.
- The median price of a larger home increased faster than the median price of a smaller home. During the fourth quarter of 2020, the median price of a four-bedroom home was up 15 percent from a year earlier to \$368,200. By comparison, the median price of two- and three-bedroom homes were up 4 and 11 percent, respectively, to \$167,100 and \$289,200.
- During the 5-year period ending in 2019, new home sales were 6 percent of total home sales, and the average new home price was 30 to 50 percent above the average existing home sales price, with the difference in prices narrowing in more recent years (Core Logic, Inc.). New home sales data for 2020 are limited because of reporting lags.

Single-family homebuilding, as measured by the number of homes permitted, increased each year from 2014 through 2019 but moderated in 2020.

- During 2020, a total of 450 homes were permitted, down from 570 in 2019.
- Single-family homebuilding increased by an average of 45 homes annually from 2014 through 2019, supported by strong economic and population growth each year.

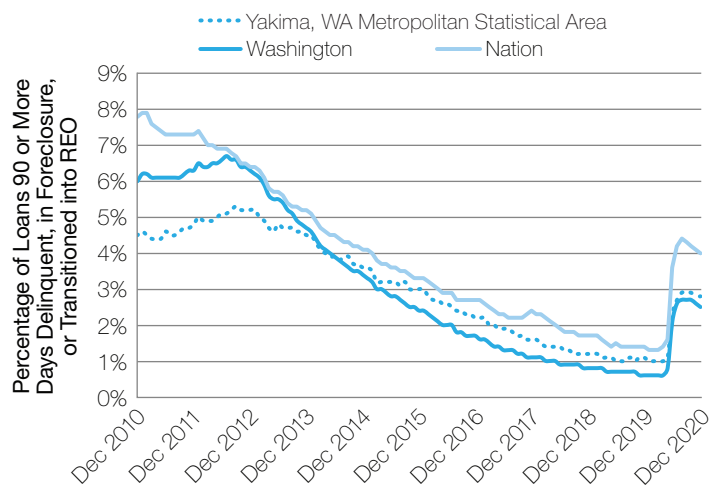
During 2020, existing home sales in the Yakima metropolitan area increased at the fastest rate since 2015.



Note: Existing single-family homes, townhomes, and condominiums. Source: Washington Center for Real Estate Research

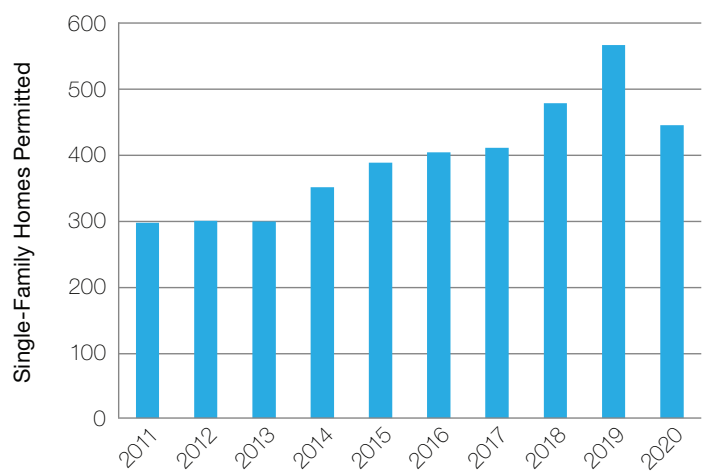
- About one-half of the single-family homes permitted from 2013 through 2019 were in the most populous city, Yakima, and the nearby cities of Selah and Moxee, all of which are in the upper Yakima Valley. In the lower Yakima Valley, which is less populated and has a larger share of agricultural land, permitting is concentrated in the city of Sunnyside, where slightly less than 10 percent of permitting occurred.

In early 2020, the portion of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO increased sharply in the Yakima metropolitan area, but that portion is well below the share for the nation.



REO = real estate owned. Source: CoreLogic, Inc.

Single-family permitting increased each year from 2014 through 2019 but moderated in 2020 in the Yakima metropolitan area.



Note: Includes preliminary data from January 2020 through December 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



Apartment Market Conditions

Apartment market conditions in the Yakima metropolitan area are tight. During the fall of 2020, the apartment vacancy rate, which includes both market-rate and subsidized properties, was 0.6 percent, relatively unchanged from 0.7 percent a year earlier (Washington Center for Real Estate Research). The vacancy rate has generally been declining since 2012. Steady population growth and limited multifamily construction contributed to the tight market conditions. During the 10-year period ending in 2020, rents increased an average of 4 percent annually.

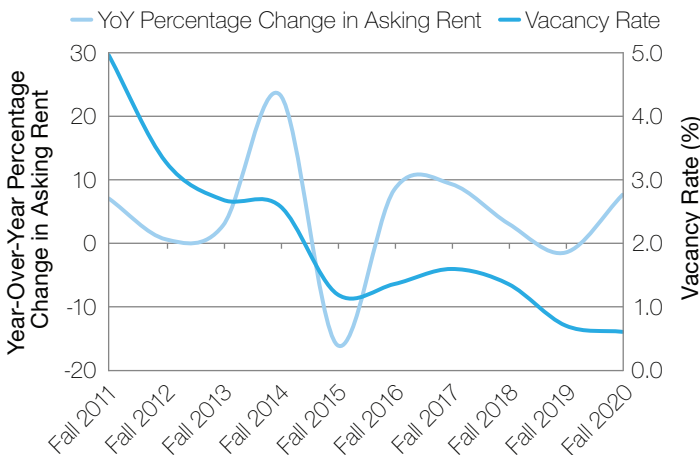
- The average apartment rent during the fall of 2020 was \$818, up 8 percent from a year earlier. Statewide, the average rent was down 4 percent because of declining rent in larger, higher cost areas such as the Seattle metropolitan area, partially offset by rising rent in smaller metropolitan areas in central and eastern Washington, including Wenatchee, Walla Walla, and Kennewick-Richland.
- The average rent for one- and two-bedroom apartments during the fall of 2020 was \$741 and \$918, respectively, up 11 and 12 percent from a year ago.
- The apartment vacancy rate has declined or remained relatively steady each year since 2012 and has been below 2.0 percent since 2015. The current vacancy rate of 0.6 percent is well below the statewide apartment vacancy rate of 4.2 percent.
- Among all surveyed metropolitan areas in the state, the Yakima metropolitan area had the lowest average rent and vacancy rate. The Mount Vernon metropolitan area, a relatively lower cost metropolitan area between the Seattle and Bellingham metropolitan areas, had the next lowest

vacancy rate at 0.7 percent. The Walla Walla metropolitan area, which also has a large agricultural sector, had the next lowest rent at \$832.

Multifamily construction, as measured by the number of multifamily units permitted, was relatively limited during most years of the 2010s but increased sharply in 2019. Nearly all apartment properties built since 2010 are in buildings intended for low- and moderate-income renters.

- From 2013 through 2018, an average of 50 multifamily units were permitted annually. About 55 percent of these units were in small buildings with two- to four- units.
- Multifamily permitting increased dramatically in 2019 to 470 units but fell again in 2020 to 70 units (preliminary data). A portion of the 2019 increase was because two low-income housing tax credit properties and a large multifamily property all began construction in the same year.
- Completed in 2020, Cosecha Court II, Phase II in the city of Granger is an apartment property for seasonal workers utilizing the H-2A visa program. Rent is \$10 per person per night.
- Stonewood Apartments in the city of Yakima, a 60-unit property with units available to households earning 60 percent or less of the area median income, was also completed in 2020. Rents for two-, three-, and four-bedroom units are \$695, \$793, and \$873.
- The most recently built market-rate apartment is The Lodges in West Yakima, which opened in early 2020 in the city of Yakima. The 240-unit property has studio-, one-, two-, and three-bedroom units with rents ranging from \$700 to \$1,300.

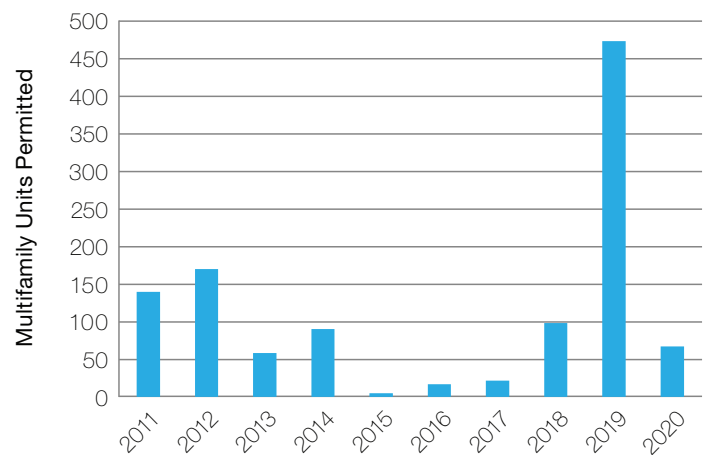
The apartment vacancy rate in the Yakima metropolitan area has generally declined since the early 2010s.



YoY = year-over-year.

Source: Washington Center for Real Estate Research

The first large market-rate apartment in more than 5 years was permitted in 2019, contributing to the above-average number of multifamily units permitted in the Yakima metropolitan area.



Note: Includes preliminary data from January 2020 through December 2020.

Source: U.S. Census Bureau, Building Permits Survey

