



The New Missing Middle: Disappearance of Moderate-Sized Housing Units

The central Puget Sound region faces significant housing challenges related to supply and affordability.

PSRC's [2024 Housing Monitoring Update](#) showed that housing production has been at record-high levels in the last six years and noted that housing development in the region since the 2008 recession switched from primarily single-family housing to primarily multi-family housing.

The region has continued to develop a significant amount of housing, but production trends in tenure mix (owner versus renter) and unit size are creating new gaps in the region's housing market.

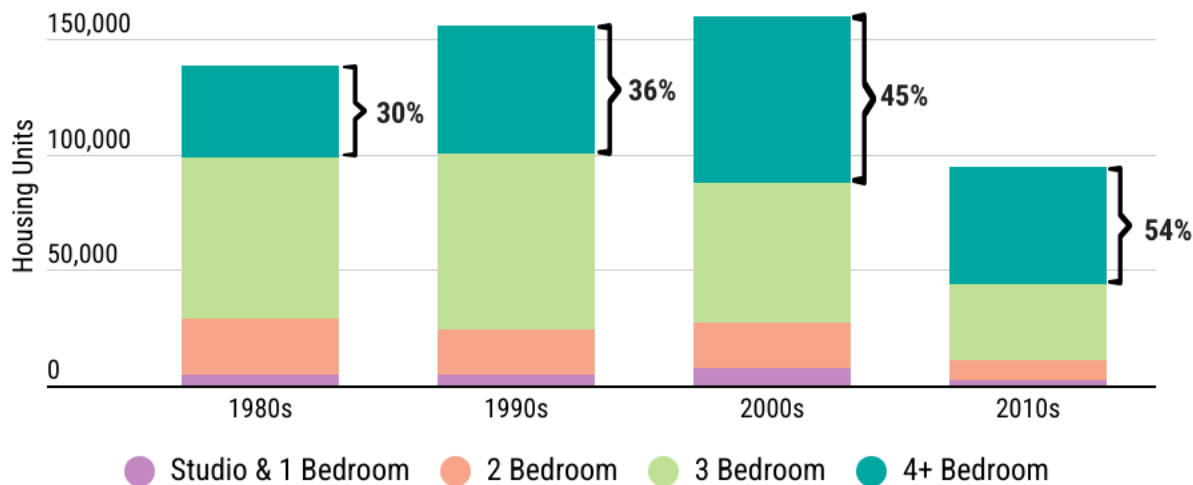
This Trend article explores the change in housing unit size and quantity for rental and ownership units, providing a new lens for considering our housing stock.

Ownership units are getting bigger, but fewer are being built.

The number of bedrooms in for-purchase housing has increased in recent decades. Smaller units (three bedrooms and fewer) made up 70% of housing built in the 1980s but dropped to only 46% of units built in the 2010s. Consequently, over half of the ownership housing built in the 2010s has four or more bedrooms.

This trend appears poised to continue, as post-pandemic housing preferences and the persistence of remote work suggest a continued demand for more bedrooms. However, production of ownership units of any size was significantly lower in the 2010s than in any prior decade going back to the 1980s, with nearly 80,000 fewer ownership units produced in the 2010s, relative to the 2000s.

Ownership Housing Units by Decade, Puget Sound Region



Source: 2023 American Community Survey (ACS) PUMS, 5-Year Estimates

Due to a deficit in ownership housing production and the growth in large (four or more bedrooms) housing units, affordable “starter homes” are nearly non-existent. Increased attention to [middle housing](#) (such as townhomes, cottage housing and duplexes), [accessory dwelling units](#) (ADUs) and [condominium development](#) at the state and local level provides a potential path to smaller-scale, affordable homeownership opportunities within the region.

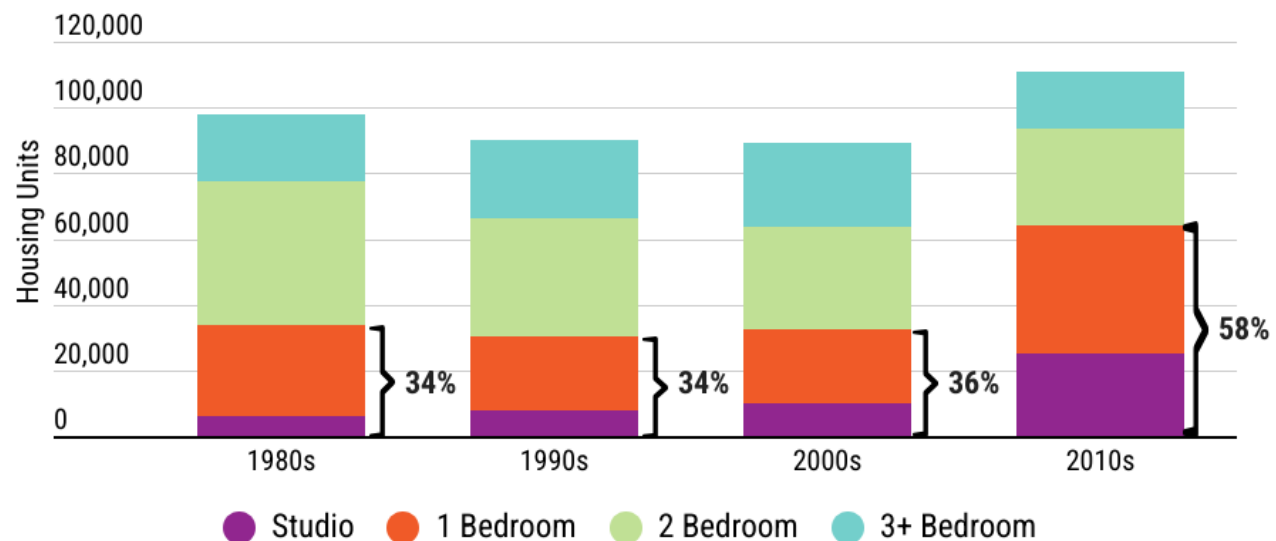
Jurisdictions have some tools to encourage the development of more smaller-scale homes. For instance, in 2019, [Seattle implemented size limits](#) for houses in certain low-density residential zones.

Production of rental units is higher than in previous decades, driven by an increase in studio and one-bedroom units.

For units built in the 80s, 90s and 00s, two- and three-bedroom units made up about 65% of the rental housing stock, while studios and one-bedroom units made up the remaining 35%. In contrast, nearly 60% of units built in the 2010s are studios and one-bedroom units.

This trend is most apparent in King County, which has been home to the majority of rental housing development in recent years.

Rental Housing Units by Decade, Puget Sound Region



Source: 2023 American Community Survey (ACS) PUMS, 5-Year Estimates

In contrast to ownership housing, rental housing development reached a new high in the 2010s, and housing production in the first few years of the 2020s continues this trend.

The expanding role of rental housing as part of the region's housing stock has several important policy implications. First, tenant protections and other measures to promote housing stability will become even more important equity concerns for the region, as suggested by recent state legislative movement to create [rent stabilization](#). Second, incentives and tools to encourage the development of rental units with more bedrooms may be an important focus to provide housing opportunities for larger or multigenerational households.

Both rental and ownership housing play an important role in the region's housing market, and local governments have tools to expand housing opportunities.

The growth of larger ownership units, coupled with more production of smaller multifamily rentals, has left a gap for both owners and renters in search of moderate-sized units. In addition, the underproduction of ownership housing has had a cascading impact on housing prices and rents, exacerbating housing stability concerns and driving increases in homelessness in our region.

Jurisdictions in the central Puget Sound have made significant progress through comprehensive plan updates, accommodating more middle housing and streamlining development regulations. But additional work may be

necessary to make [moderate-scale development](#) likely to occur.

PSRC continues to monitor the region's housing trends and equips local planners and policymakers with the tools to meet the region's housing needs, including our [Housing Innovations Program](#) and the [Housing Opportunities by Place Tool](#).

To learn more about PSRC's housing work, visit <https://www.psrc.org/our-work/housing>.