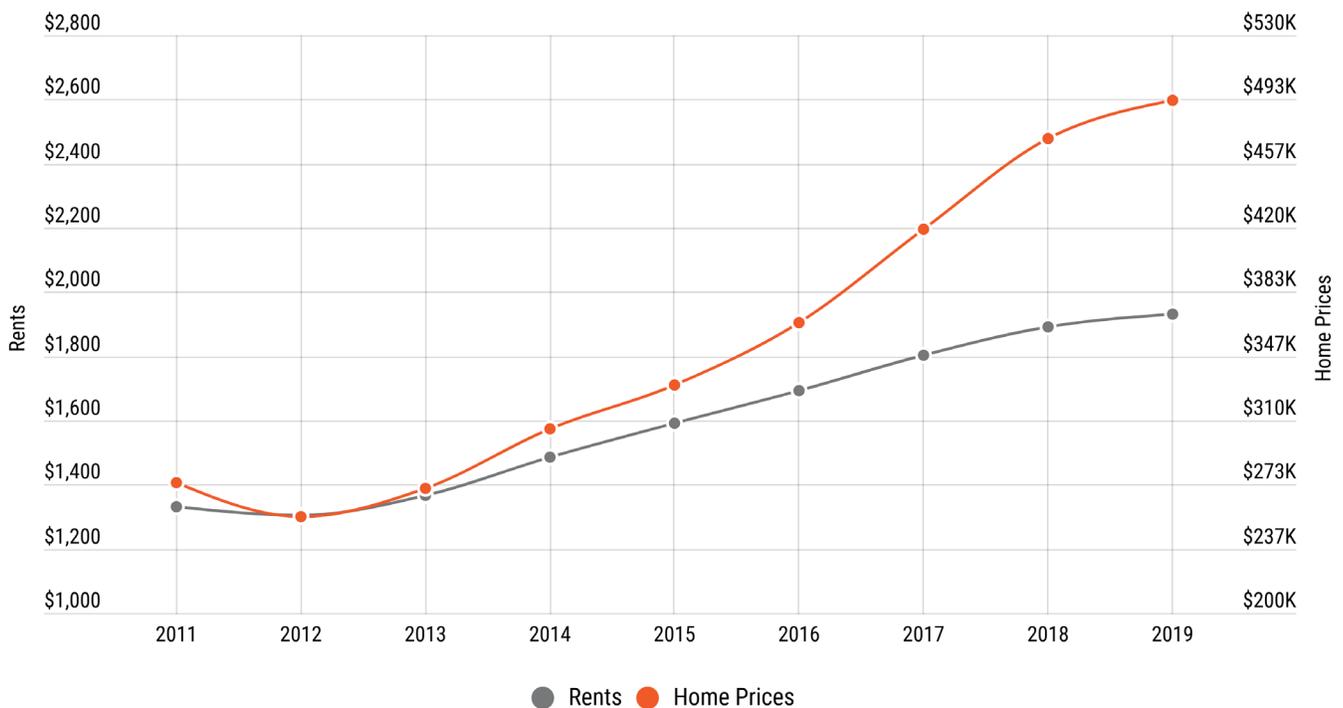


HOUSING AFFORDABILITY

Home prices and rents in the central Puget Sound—which had been rising at some of the fastest rates in the nation over the past few years—have begun to taper at last, offering the region’s home buyers and renters some welcome relief.

The median home price for the Seattle-Tacoma-Bellevue metro area, which had been climbing at double-digit annual rates, increased by just 2.6% over the last year (March 2018 to March 2019) to \$491,800. Median rent increased at a similar rate (2.4%) to \$1,930.

Central Puget Sound Metro Area Home Prices and Rents



Source: Zillow (Zillow.com/data, acquired on 5/13/19)

Note: Data are for the Seattle-Tacoma-Bellevue MSA, which does not include Kitsap County; median home prices are for all homes, including single family homes and condominiums; median rents are for the multifamily (5+ unit) rental stock.

The housing market picture is more varied when looking at individual counties.

A recent **analysis by the Seattle Times** indicates that while the market for homes in the middle price range has cooled, the market for more affordable homes on the lower end of the price range remains quite heated. This is consistent with what county level data on median home prices show.

Median home prices dropped by 1.2% in King County, the region’s most expensive housing market, where buyers had faced double-digit annual increases for six consecutive years. In relatively more affordable Kitsap and Pierce counties, median home prices continued to increase at a robust pace – 9.1% and 7.7%, respectively. Median home price increased by 4.7% in Snohomish County.

Housing Cost and Affordability Indicators

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Median Home Price (all homes)										
King	\$344,500	\$317,000	\$308,200	\$341,400	\$376,900	\$415,000	\$471,300	\$549,700	\$625,900	\$618,300
Kitsap	\$250,900	\$240,500	\$236,200	\$231,600	\$246,300	\$253,300	\$279,900	\$316,200	\$341,200	\$372,300
Pierce	\$230,900	\$215,500	\$197,000	\$200,900	\$221,200	\$235,100	\$257,800	\$288,900	\$324,400	\$349,400
Snohomish	\$284,800	\$244,600	\$232,800	\$253,800	\$286,700	\$312,800	\$351,000	\$400,200	\$449,100	\$470,000
Housing Affordability Index (all buyers)										(2018-Q4)
King	110.5	124.0	131.9	121.9	105.9	103.0	92.3	79.4	66.9	72.7
Kitsap	146.2	153.7	170.7	176.9	165.4	163.0	151.1	133.7	115.3	116.2
Pierce	150.6	175.9	201.0	187.3	165.7	158.8	148.8	130.5	108.8	109.9
Snohomish	137.5	165.6	173.3	158.9	134.6	129.8	124.6	108.9	91.4	93.5
Housing Affordability Index (first time buyers)										(2018-Q4)
King	61.1	66.4	72.7	66.9	59.2	58.5	53.2	46.5	39.8	43.5
Kitsap	88.4	90.0	96.4	103.5	102.9	107.2	104.6	97.1	87.6	90.2
Pierce	86.2	98.4	117.9	100.9	86.9	80.8	73.5	62.6	50.8	50.5
Snohomish	78.2	92.2	98.6	86.8	73.7	71.1	68.4	59.8	50.3	51.5
Median Rent (multifamily 5+ units)										
King	n/a	\$1,369	\$1,381	\$1,462	\$1,593	\$1,717	\$1,851	\$1,942	\$2,004	\$2,037
Kitsap	n/a	\$911	\$1,009	\$944	\$1,025	\$1,117	\$1,188	\$1,274	\$1,345	\$1,446
Pierce	n/a	\$1,148	\$1,105	\$1,103	\$1,193	\$1,206	\$1,251	\$1,346	\$1,434	\$1,482
Snohomish	n/a	\$1,243	\$1,224	\$1,277	\$1,336	\$1,419	\$1,511	\$1,625	\$1,695	\$1,790

Source: WCRER/UW Runstad Center; Zillow (Zillow.com/data, acquired on 5/13/19)

Note: Median home prices are for all homes, including single family homes and condominiums; median rents are for the multifamily (5+ unit) rental stock; median home price and rent estimates are for the month of March. The all buyers affordability index measures the ability of a typical family to make payments on median price resale home; it assumes a 20% down payment and 30-year amortizing mortgage; the first-time buyer affordability index assumes a less expensive home, lower down payment, and lower income; an index of 100.0 indicates balance between home prices and income; a higher index indicates greater affordability, while a lower index indicates less affordability; affordability indices are for the second quarter (Q2) unless noted otherwise.

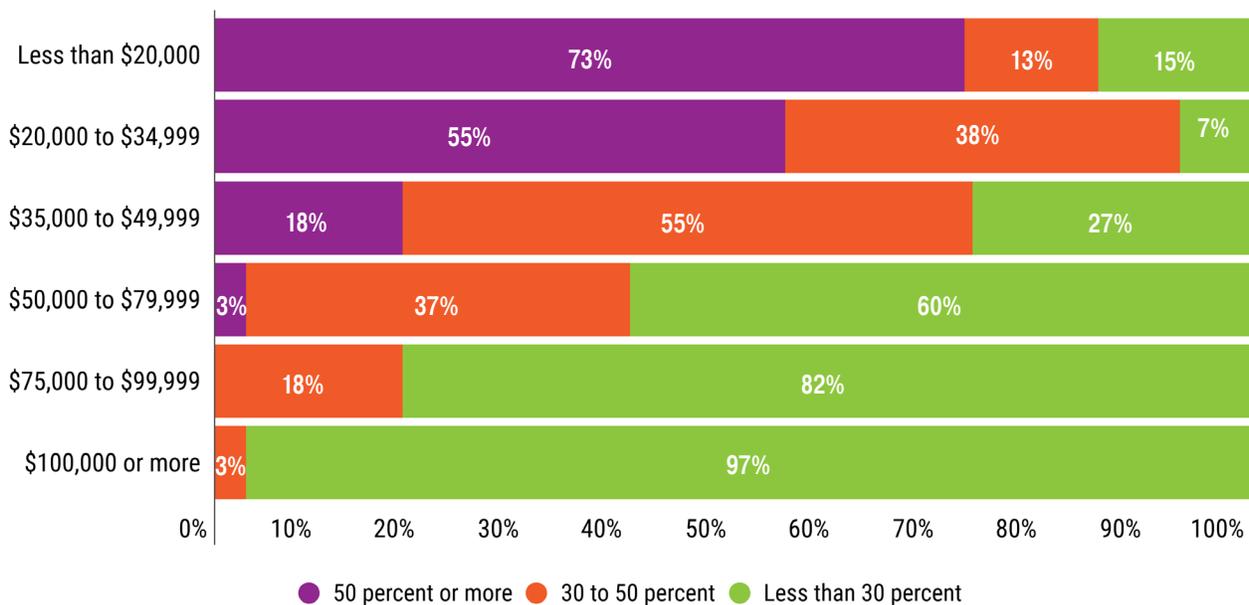
The latest affordability indices (for the fourth quarter of 2018) suggest the slowdown in the housing market may have placed a pause on further erosion of housing affordability across the region. Yet, the typical family remains unable to afford a median priced home in Snohomish County and especially King County. First-time buyers in King, Pierce and Snohomish counties face a severe lack of affordable options to allow them to establish a foothold in the homeownership market.

The rental market in King County continued to slow over the last year as well, with median rent growing by just 1.6%. Rents in Pierce County, which had been quite heated for a couple of years, increased at a noticeably slower rate of 3.3% over the past year. Rents in Snohomish County and especially Kitsap County remain brisk, increasing by 5.6% and 7.5%, respectively.

The rapid and sustained annual increases in rents over the past several years have resulted in serious housing cost burden for many of the region’s renters, with the biggest impact falling on the lowest income households. Households are considered “housing cost burdened” if they spend more than 30% of their gross annual income on housing costs, including utilities. A household is defined as “severely cost burdened” if its housing costs constitute more than 50% of gross annual income.

Central Puget Sound Renter Housing Cost Burden

Percent of households spending more than 30 or 50 percent of income on housing



Source: 2017 ACS 1-Year PUMS

More than one-third of moderate-income renter households earning \$50,000 to \$75,000 per year are housing cost burdened, with 3% experiencing severe cost burden. The proportion of cost burdened and severely cost burdened renters rises dramatically for lower income households.

Housing affordability is a key priority that will be addressed in the update to the region’s VISION 2050 growth strategy.