

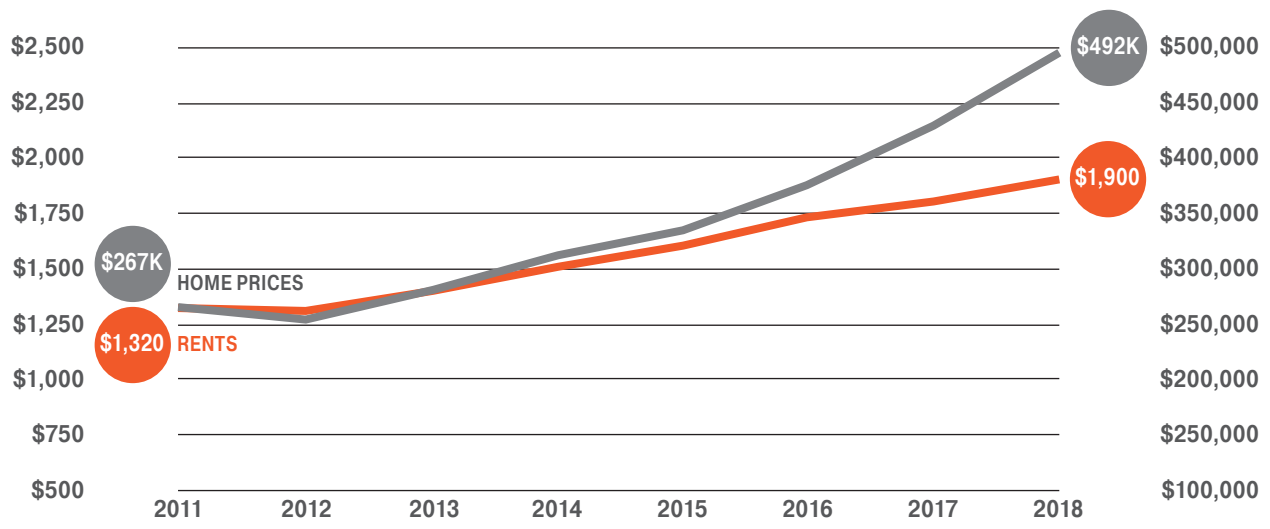
## Housing Affordability

Home prices and rents in the central Puget Sound have been rising at some of the highest rates in the nation over the past few years.

Among the 50 largest U.S. metro areas, the central Puget Sound region experienced the third fastest increase in home prices (15%) and the sixth fastest increase in rents (5%) over the last year (March 2017 to March 2018).

For home price increase, San Jose and Las Vegas came in first and second, respectively. For rent increases, the top five ahead of central Puget Sound were Las Vegas, Sacramento, Richmond (Virginia), Riverside (California), and Atlanta.

**Figure 1. Metro Area Home Prices and Rents, 2011–2018**



Source: Zillow.

Note: Data represent March estimates for the Seattle-Tacoma-Bellevue MSA; median rents are for the multifamily (5+ unit) rental stock; median home prices are for all homes, including single family homes and condominiums.

Robust job and wage growth driven by the region’s technology sector, along with population growth, have created strong housing demand pressures, while historically low inventory of homes for sale has constrained supply.

The combination of these factors together has resulted in a near-doubling of home prices since the last recorded low in early 2012. The median home price for the Seattle-Tacoma-Bellevue metro area has increased by 94% since then to \$492,000.

There is wide variability in home prices among the region’s four counties, with prices in Kitsap and Pierce counties notably lower than the metro area median, while prices in King County are substantially higher.

Housing affordability indices for King County indicate that the price of the typical home surpassed levels affordable to the typical family in early 2016, and affordability has continued to erode since then.

First-time buyers in all four of the region's counties are experiencing significant hurdles to establishing homeownership.

**Figure 2. Housing Cost and Affordability Indicators**

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Median Home Price (all homes)</b>									
King	\$340,100	\$317,000	\$309,600	\$344,100	\$378,500	\$416,400	\$475,000	\$548,700	\$648,000
Kitsap	\$249,000	\$239,800	\$236,100	\$231,600	\$247,000	\$253,500	\$282,100	\$314,300	\$348,200
Pierce	\$224,600	\$209,700	\$194,000	\$201,200	\$220,600	\$234,700	\$258,400	\$288,900	\$329,200
Snohomish	\$273,100	\$239,600	\$232,200	\$256,700	\$288,400	\$313,000	\$353,100	\$399,900	\$460,300
<b>Housing Affordability Index (all buyers)</b>									
King	110.5	124.0	131.9	121.9	105.9	103.0	92.3	79.4	
Kitsap	146.2	153.7	170.7	176.9	165.4	163.0	151.1	133.7	
Pierce	150.6	175.9	201.0	187.3	165.7	158.8	148.8	130.5	
Snohomish	137.5	165.6	173.3	158.9	134.6	129.8	124.6	108.9	
<b>Housing Affordability Index (first time buyers)</b>									
King	61.1	66.4	72.7	66.9	59.2	58.5	53.2	46.5	
Kitsap	88.4	90.0	96.4	103.5	102.9	107.2	104.6	97.1	
Pierce	86.2	98.4	117.9	100.9	86.9	80.8	73.5	62.6	
Snohomish	78.2	92.2	98.6	86.8	73.7	71.1	68.4	59.8	
<b>Median Rent (multifamily 5+ units)</b>									
King	n/a	\$1,380	\$1,390	\$1,470	\$1,610	\$1,730	\$1,870	\$1,960	\$2,020
Kitsap	n/a	\$920	\$1,020	\$950	\$1,030	\$1,120	\$1,190	\$1,280	\$1,350
Pierce	n/a	\$1,160	\$1,120	\$1,120	\$1,200	\$1,220	\$1,260	\$1,360	\$1,440
Snohomish	n/a	\$1,260	\$1,240	\$1,290	\$1,350	\$1,440	\$1,530	\$1,640	\$1,710

Source: WCRER/UW Runstad Center, Zillow.

Note: The all buyers affordability index measures the ability of a typical family to make payments on median price resale home. It assumes a 20% downpayment and 30-year amortizing mortgage. The first-time buyer affordability index assumes a less expensive home, lower downpayment, 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.

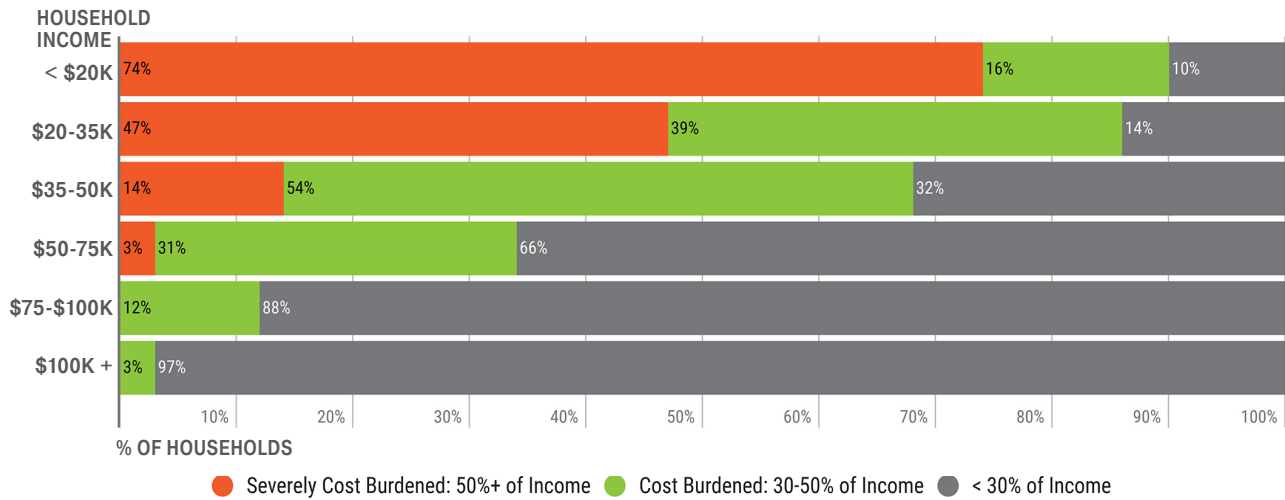
Monthly median rent for the Seattle-Tacoma-Bellevue metro area has increased by 45% to \$1,900 since March 2012.

As with home prices, there is significant variation in median rents and the pace of rent increases between the region's four counties, with median rent in King County substantially more expensive and increasing at a much faster rate.

Multiple data sources suggest that the recent boom in apartment construction has finally produced enough new supply to relieve the demand pressures on rental prices. However, 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 renter households, with the biggest impact falling on lower income renters.

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.

**Figure 3. Renter Housing Cost Burden**



Source: 2016 American Community Survey.

Fully 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 share of cost burdened and severely cost burdened households is much larger for lower income households.

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