

# A SNAPSHOT OF REGIONAL HOUSING COSTS

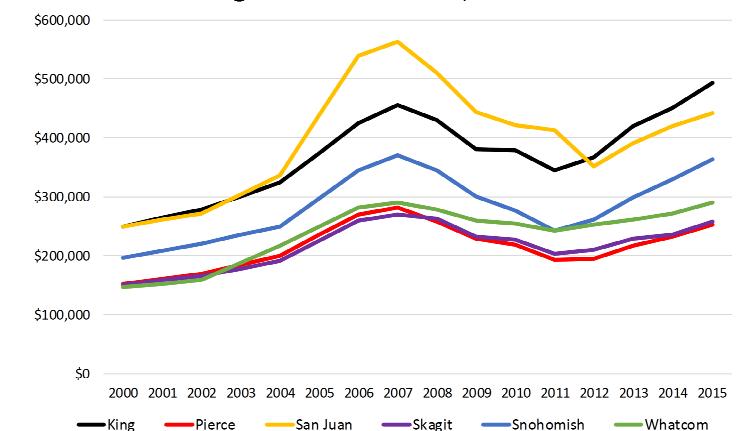
May 2017

Both rents, and prices of for-sale housing, have risen strongly in Bellingham and Whatcom County in recent years. Such increases are similar to those in the state as a whole, and in other counties in the Puget Sound corridor. While local policies can affect affordability, many factors that influence local real estate prices are regional or even national. In addition, modest wage growth in the face of rising housing costs further reduces affordability.

## Median County Home Prices

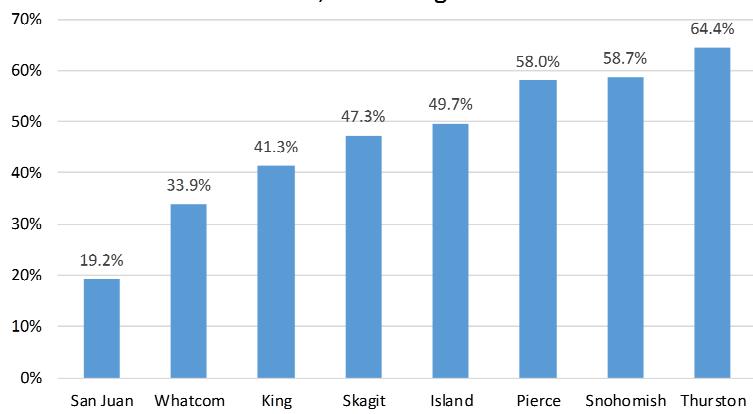
- Median home sale prices in 6 Puget Sound Counties rose over the 2000-2015 period. Price increases were particularly marked in 2004-2007.
- King, San Juan, and Snohomish prices were highest over the period.
- Whatcom, Skagit, and Pierce prices also rose but remained below those of nearby counties. Whatcom prices were quickest to hit pre-recession

**Chart 1.** Median Home Sale Prices, Select Puget Sound Counties, 2000-2015



Source: Runstad Center for Real Estate Research estimates. See <http://realestate.washington.edu/research/wcrer/reports/>

**Chart 2.** Percent of Homes Affordable to a Family at Median Income, Select Puget Sound Counties



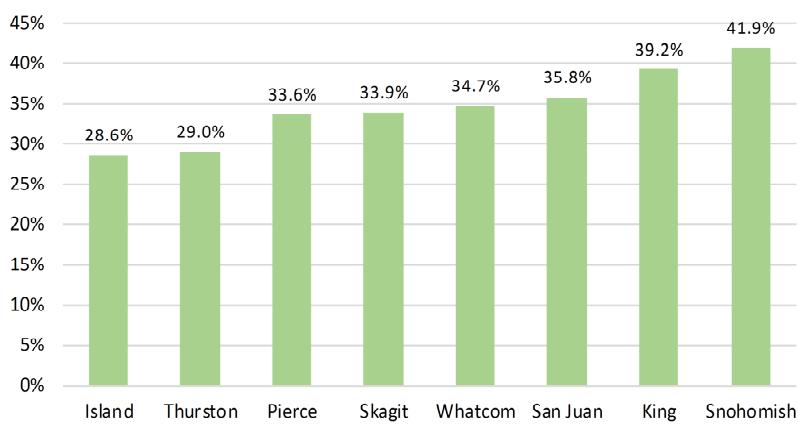
Source: Washington State Department of Commerce, *Housing Needs Assessment*, 2015.

## Home Affordability

- Housing affordability is a function both of prices and local incomes. This chart looks at the percent of homes affordable to a family in the middle of the income spectrum.
- By this measure, Whatcom County is among the least affordable, with only about one-third of homes in the affordable range.

**Notes.** This report uses multiple data sources. Some measures are only available at the County level. Median is the exact middle of a distribution, with half more than, and half less than, that number.

### Chart 3. Percent of Renter Median Income Required to Afford a Two-Bedroom Rental



Source: American Community Survey data, analysis by the National Low Income Housing Coalition, available at: <http://nlihc.org/or/washington>

### Income going to rent

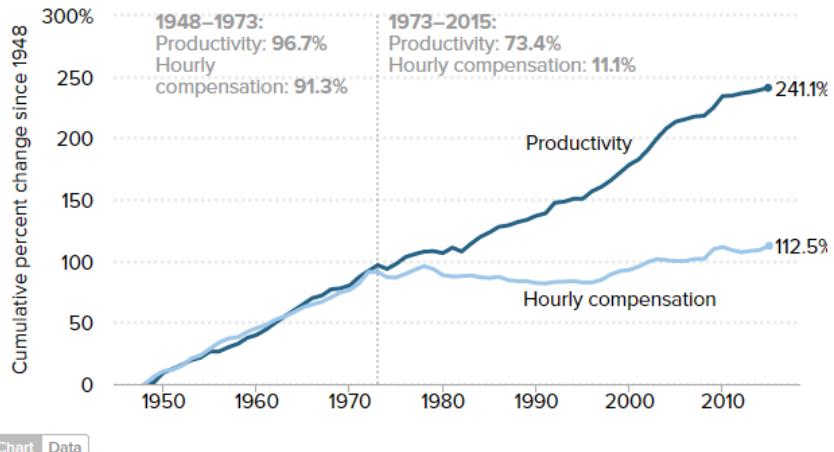
- In 6 of 8 counties shown, a household in the middle of the income spectrum for *renters only* would spend more than 30% of their income for a market-rate two bedroom rental.
- In Whatcom County, a median-income renter would expend 34.7% of income on rent.

### Income Stagnation

- Income stagnation for much of the population is a factor in the housing price squeeze. As the chart indicates, there has been a divergence between labor productivity growth and employee compensation, beginning in the 1970s.
- Income growth issues also play out locally. Data for Whatcom County indicate that median for-sale housing prices grew twice as fast as median hourly wages in the 2000–2015 period.\*

### The gap between productivity and a typical worker's compensation has increased dramatically since 1973

Productivity growth and hourly compensation growth, 1948–2015



**Note:** Data are for average hourly compensation of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services minus depreciation per hour worked.

**Source:** EPI analysis of data from the Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS) (see the technical appendix of Bivens and Mishel 2015 for more detailed information) [\[...\]](#)

Economic Policy Institute

\*Calculated from data from the Washington State Department of Employment Security, and the Runstad Center for Real Estate Research. For wages, see: <https://fortress.wa.gov/esd/employmentdata/reports-publications/economic-reports/median-and-average-hourly-wages>. For housing prices, see: <http://realestate.washington.edu/research/wcrer/reports/>