

THE STATE OF THE STATE'S HOUSING 2025

SUPPLY AND AFFORDABILITY IN WASHINGTON STATE

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List of Abbreviations

ACS	American Community Survey
AHAR	Annual Homelessness Assessment Report
AMI	Area Median Income
Commerce	Washington State Department of Commerce
CPI	Consumer Price Index
FAR	Floor Area Ratio
FHFA	Federal Housing Finance Agency
GMA	Growth Management Act
HAI	Housing Affordability Index
HB	House Bill
HUD	US Department of Housing and Urban Development
MFTE	Multifamily Housing Property Tax Exemption
OFM	Washington State Office of Financial Management
PIT	Point-in-Time
PSH	Permanent Supportive Housing
PUMS	Public Use Microdata Sample
SB	Senate Bill
TOD	Transit-Oriented Development
WCRER	Washington Center for Real Estate Research

Executive Summary

Housing Needs, Planning, and New Legislation

Washington counties and cities must plan for and accommodate housing affordable to all income levels. Counties must adopt housing need targets based on population growth estimates within a range provided by the Washington State Office of Financial Management (OFM) and divide this among local jurisdictions. Senate Bill (SB) 5587 directs the Washington Center for Real Estate Research (WCRER) to evaluate each county's progress in meeting housing needs and closing gaps at all income levels, including emergency and supportive housing for the homeless. Reports will be published every two years starting in 2026.

In the 2025 legislative session, Washington continued to adopt housing-oriented legislation. House Bill (HB) 1217 places a limit on rent increases, extending the time landlords are required to notify tenants of a rent increase. HB 1491 sets minimum densities near rail and bus stations with significant infrastructure. SB 5148 enables the Washington State Department of Commerce (hereafter referred to as "Commerce") to review cities' and counties' compliance with the housing requirements of the Growth Management Act (GMA). Other legislation allows denser housing in rural areas, simplifies the lot splitting process, and sets a maximum amount of parking that can be required.

Economic and Demographic Trends

Washington's growing population exceeded 8.1 million people as of April 2025. This continued growth puts a strain on the existing housing supply and signals that Washington will need to produce more housing. Household incomes are also rising in the state. In Q2 2025, Washington's median household income reached an estimated \$102,000, up 12% from three years earlier. Meanwhile, the variation in incomes across households of different races or ethnicities is increasing. These diverging incomes by race or ethnicity are driven largely by the rising incomes of Asian households in contrast to more moderate gains for all other groups.

Construction costs initially accelerated sharply during the pandemic and have since flattened as supply chain bottlenecks opened up. This implies an overall moderate increase in construction costs since 2000. New tariffs and immigration enforcement policies may cause costs to increase at faster rates when construction activity picks up.

Homeownership

After a decade of sharp increases, the price of the median house in Washington moderated between 2022 and 2025. This flattening of house prices is likely driven by interest rates rising to levels not seen since the early 2000s.

In spite of this moderation in house price growth, the net effect from 2021 to 2025 has been a decrease in affordability for the median income homebuyer in Washington. Meanwhile, rising interest rates, flat home prices, and high construction costs slowed down single-family permitting activity. There is a large, persistent gap in homeownership by race that has remained relatively unchanged over the last decade. As of 2024, 67% of White households were homeowners, while only 36% of Black households were homeowners.

Rental Housing

A surge in new construction slowed rent growth to an average of 2% annually from 2022 to 2025. Simultaneously, vacancy rates returned to more typical levels, after a brief drop during the pandemic. Multifamily permitting activity peaked during the period from April 2021 to April 2022 and has since slowed. Meanwhile, multifamily annual completions rose from April 2020 to April 2023 but have begun to slow down during the April 2024 to April 2025 period. This reduction is expected to continue because completions typically lag behind permits and the decrease in permitting over the last two years implies the housing stock will grow more slowly next year.

Median household income growth and moderate median rent increases have helped keep affordability for the median-income renter relatively stable over the last decade. However, affordability for WCRER's hypothetical low-income renter household continues to remain mostly unaffordable, though some low-income renters can afford apartments that are below the average rent. Very and extremely low-income renters face high-cost burdens unless they can obtain subsidized housing. Nearly half of all renter households in the state face high-cost burdens, paying more than 30% of income on housing costs, with one-quarter paying more than 50% of income on housing costs.

Homelessness

The estimated number of homeless individuals in Washington varies widely, depending on the measure used. The point-in-time (PIT) counts of persons who are unsheltered or sheltered homeless (i.e., literally homeless) are about one-fifth the "Snapshot" counts that are based on a much broader definition of homelessness. Based on the PIT counts over the past decade, the number of single homeless persons has been growing faster than the number of homeless individuals in families, and the number of unsheltered homeless has been growing faster than the number of sheltered homeless.

Housing Needs, Planning, and New Legislation

Planning for Affordable Housing in Washington

HB 1220, passed in 2021, requires communities in Washington to “plan for and accommodate” housing affordable to all income levels.¹ The bill also requires Commerce to project housing needs for counties based on population growth estimates from OFM. These needs were calculated for the Area Median Income (AMI) categories established for each county by the US Department of Housing and Urban Development (HUD): extremely low income or up to 30% of AMI; very low income or greater than 30% up to 50% of AMI; low income or greater than 50% up to 80% of AMI; moderate income or greater than 80% up to 120% of AMI; and upper income or greater than 120% of AMI.² Needs for emergency housing and permanent supportive housing (PSH) were also projected.

As part of their comprehensive plan updates, counties must choose a 20-year population growth estimate within the range set by OFM. Counties are then responsible for ensuring that all local jurisdictions within the county are planning for enough housing for each income level to meet the county-level target. King, Kitsap, Pierce, and Snohomish counties have completed their comprehensive plan updates and have selected 20-year housing needs targets (see Figure 1). For example, King County must build 12,810 total housing units per year to meet their housing targets. Approximately 40% of these new units must be affordable to households in the up to 30% of AMI category. Deadlines for comprehensive plan updates for the remaining counties are shown in Figure 2.

SB 5587, passed in 2025, directs WCRER, starting October 2026 and then every two years, to conduct an analysis of estimated existing housing units and needs at each income level for each county in Washington. WCRER must identify each county’s progress at closing the gap between estimated existing housing units and existing housing needs at each income level and must also include each county’s progress in developing emergency housing, emergency shelter, and PSH.

¹ Codified in RCW 36.70A.070(2).

² The moderate income category was divided into two parts: greater than 80% up to 100% of AMI, and greater than 100% up to 120% of AMI.

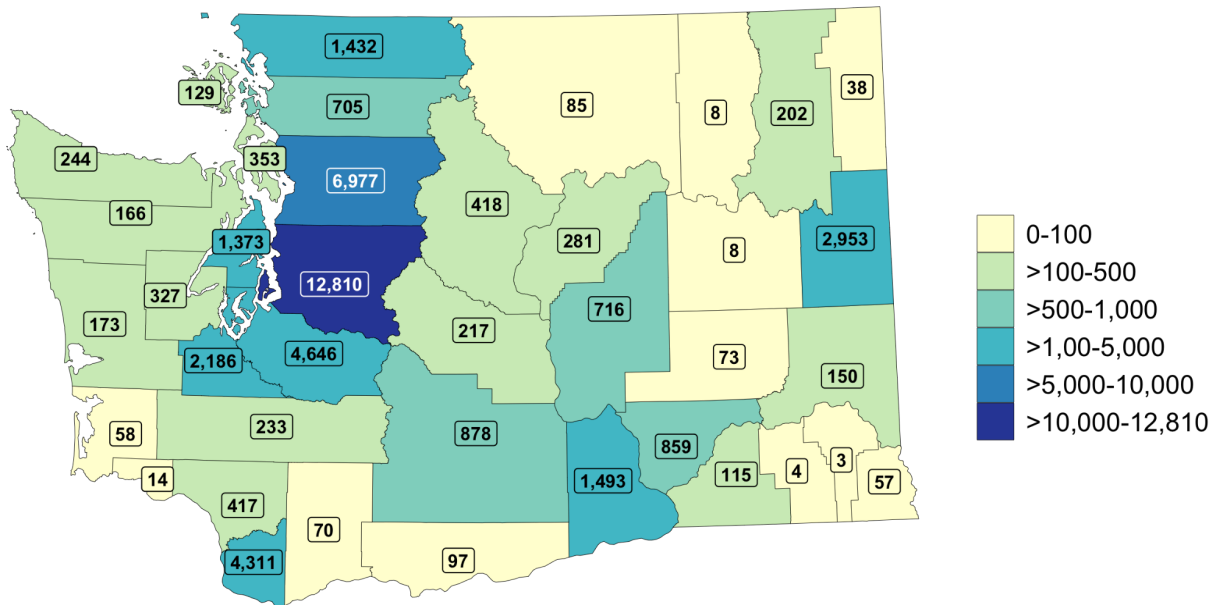


Figure 1: Projected Annual Housing Needs for Washington Counties through 2044

Source: Commerce

Note: The projected needs for King, Kitsap, Pierce, and Snohomish counties are the numbers adopted by those counties, while all other counties are based on OFM's medium population projection.

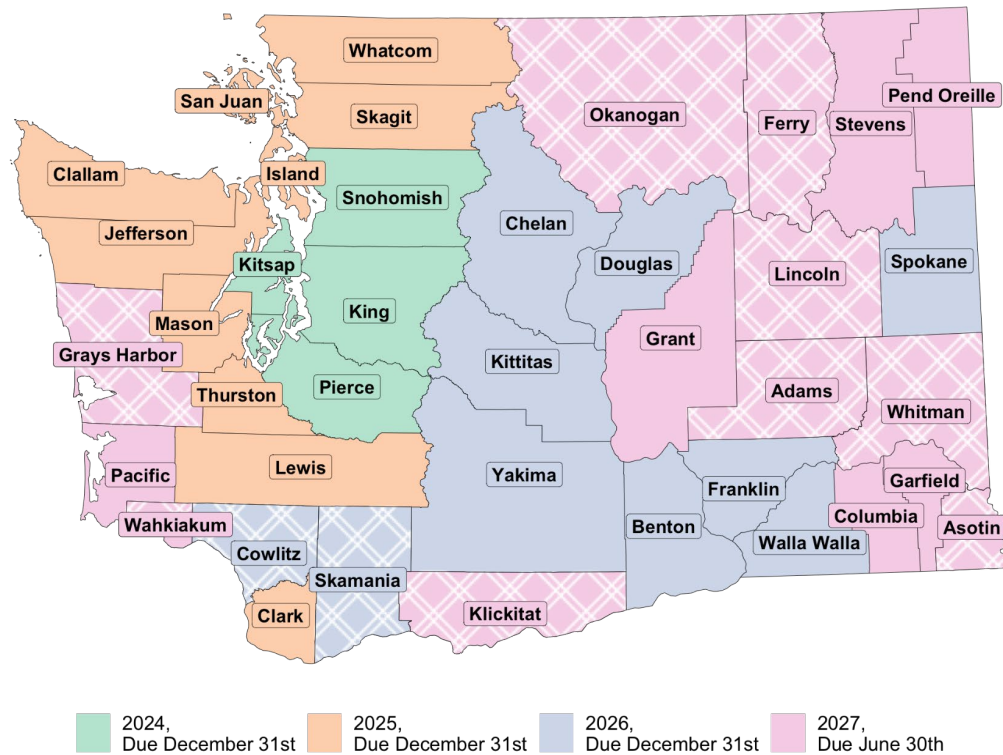


Figure 2: Comprehensive Plan Update Schedule, Washington Counties

Source: Commerce

Note: Cross hatching denotes partially planning counties under the GMA.

Recent State Legislation

In the 2025 legislative session, Washington continued the momentum of state-level housing reform seen in recent years (see Table 1).³ One of the more publicized laws to be enacted is HB 1217, which sets a rent increase limit of the lesser of either 7% plus the increase in the Consumer Price Index (CPI) or 10% each year.⁴ For 2026, this limit is 9.683%.⁵ According to HB 1217, there are a number of exceptions to this cap. For example, buildings less than 12 years old, rentals managed by a public housing authority, or buildings financed with low-income housing tax credits are exempt. An annual rent increase of between 7% and 10% is fairly high and unlikely to be set at these levels for most rental units in most years, making the effect of the legislation on rents and market dynamics muted except in some exceptional cases. One component

³ In addition to the legislation discussed here, other housing-related laws enacted in 2025 (and earlier years) are summarized in Department of Commerce, “Washington State housing laws of 2019 through 2025”; see <https://deptofcommerce.app.box.com/s/jfd6j7vsgpiotketm4c09eekocovd4lc>.

⁴ We use the short versions of bill prefixes (i.e., either HB or SB) but are referring to the final versions of those bills.

⁵ See <https://www.commerce.wa.gov/commerce-announces-9-683-rent-cap-for-2026/>.

of HB 1217 that might be more impactful is an increase in the amount of notice required for a rent increase, from 60 to 90 days.⁶ HB 1217 also includes a provision that requires “parity between lease types” meaning that the landlord may not charge a tenant more than a 5% difference in rent for a unit depending on the type of lease, such as month-to-month versus annual.

Table 1: Washington State Housing Legislation, 2025 Session

Bill	Focus	Key Provisions
HB 1217	Rent stabilization	Rent increases are limited during any 12-month period to the lesser of either 7% plus the increase in the CPI or 10%. Landlords must provide 90 days’ notice of the rent increase. They must ensure a “parity between lease types” meaning that the landlord may not charge a tenant more than a 5% difference in rent depending on the type of lease, such as month-to-month versus annual.
HB 1491	Transit-oriented development	GMA fully-planning cities must allow new residential and mixed-use development at a floor area ratio (FAR) density of 3.5 on average within 0.5 miles from a rail station and a FAR of 2.5 on average within 0.25 miles of a bus station that has certain infrastructure attributes like off-board fare payment and elevated platforms. An additional 1.5 FAR must be allowed for a building in which all units are affordable or workforce housing for at least 50 years. Multifamily housing units with at least three bedrooms are not counted toward FAR limits. Affordable housing requirements for low-income and workforce housing are established for station areas, and a Multifamily Housing Property Tax Exemption (MFTE) program must be offered in those areas. Cities are not allowed to require off-street parking, with limited exceptions, and must reduce impact fees.
SB 5148	Housing element compliance	Counties and cities may voluntarily apply for a Commerce review of compliance with GMA housing requirements. In addition, Commerce may select 10 cities or counties each year for review. If found not in compliance, the city or county has 120 days to amend its housing element and/or housing regulations. Non-compliant jurisdictions cannot deny affordable or moderate-income housing

⁶ Seattle requires landlords to provide 180 days’ notice. Tacoma requires 180 to 210 days’ notice. Spokane requires 120 days’ notice for increases at or below 3%, or 180 days’ notice for increases above 3%. Other cities in Washington also require more than 90 days’ notice for certain rent increases.

Bill	Focus	Key Provisions
		development, or place substantial burdens on such developments. Such jurisdictions also jeopardize their eligibility for certain kinds of infrastructure funding.
SB 5471	Middle housing in unincorporated areas	Counties may authorize up to four residential units per lot on each parcel that permits single-family residence within designated Urban Growth Areas and Limited Areas of More Intensive Rural Development.
HB 1096	Lot splitting	Cities must include in their development regulations an administrative review process for splitting lots. It must be based on clear and objective development standards and cannot require a pre-decision public hearing.
SB 5184	Minimum parking requirements	Cities with populations over 30,000 may not require more than 0.5 parking spaces per multifamily unit or one parking space per single-family unit. These cities may not require more than two parking spaces per 1,000 square feet of commercial space and may not require any parking for some uses.

The legislature also passed HB 1491 which increases the minimum amount of housing allowed near major transit stops while requiring some income-restricted housing and providing a number of incentives for developers. This legislation applies to any lot within a 0.5-mile walking distance from a train station entrance “west of the crest of the Cascade Mountains” in cities with populations greater than 15,000. It also applies to lots within a 0.25-mile walking distance of a high-capacity bus stop with certain kinds of fixed infrastructure such as off-board fare collection and elevated platforms. Cities must establish a minimum FAR of at least 3.5 on average within rail station areas and a FAR of 2.5 on average within bus station areas. This legislation imposes minimum affordability constraints for 50 years: (1) at least 10% of units must be affordable or (2) at least 10% of units must be workforce housing if at least 10% of the units have more than two bedrooms or (3) at least 20% of the rental units must be workforce housing.⁷ One incentive for developers is that units with at least three bedrooms do not

⁷ “Affordable housing” is defined as residential housing whose monthly costs, including utilities other than telephone, do not exceed 30% of the monthly income of a household whose income is equal to 60% AMI for renters or 80% AMI for homeowners, adjusted for household size. “Workforce housing” is defined as rental housing with monthly costs not exceeding 30% of monthly income of a household at or below 80% AMI adjusted for household size.

count towards FAR, effectively enabling them to build even denser buildings which are more profitable.

Additionally, HB 1491 requires cities to establish a Multifamily Housing Property Tax Exemption (MFTE) program that gives developers 20 years of tax exemptions in exchange for preserving affordability for 50 years, according to the transit-oriented development (TOD) affordability requirements. The current 20-year MFTE program requires that units remain affordable for 99 years. Additionally, if all units are affordable or workforce housing for 50 years, or are PSH, these buildings are entitled to an additional FAR of 1.5. If the project participates in the 20-year MFTE program, then it is entitled to a reduction in impact fees for public streets, roads, bicycle and pedestrian facilities of 50%. Further, cities may not require off-street parking near stations, with some exceptions. Lastly, all housing developments within a station area are exempt from the State Environmental Policy Act, which should enable speedier permitting. HB 1491 effectively upzones a number of rail and bus station areas across the state. The legislation includes a number of incentives to streamline development that should help make it more feasible to build. However, it is difficult to predict how market forces, such as interest rates and construction costs, will interact with this legislation to impact development in the future. It is also unclear how the mandatory affordability requirements might affect development.

SB 5148 creates an enforcement mechanism for existing state-level housing policies and regulations. This legislation directs Commerce to determine that city and county housing elements (part of the comprehensive plan) and associated housing development regulations comply with the GMA. Cities and counties may voluntarily request that Commerce determine if their housing element and associated development regulations are in compliance. Additionally, Commerce may select 10 cities or counties each year for review. If found not in compliance, the city or county has 120 days to amend its housing element and regulations. Commerce's decision on compliance can be appealed to the Growth Management Hearings Board, consisting of five members appointed by the governor. Non-compliant jurisdictions cannot deny affordable or moderate-income housing development, or place substantial burdens on such developments. Such developments must be affordable for a 25-year period. The criteria for qualifying developments as affordable or moderate-income are:

- 20% of rental units are affordable at 60% of AMI
- 20% of units are owner-occupied and are affordable at 80% of AMI
- At least 50% of the units are workforce housing
- All the rental units are affordable at 100% of AMI
- All units are owner-occupied and are affordable at 120% of AMI

Non-compliant jurisdictions also jeopardize their eligibility for certain kinds of infrastructure funding. This enforcement mechanism is designed to provide an administrative mechanism to encourage cities and counties to comply with existing housing legislation rather than having to wait for a legal challenge to a deficient housing element or associated development regulations.

SB 5184 prevents Washington cities of more than 30,000 people from requiring more than 0.5 parking spaces per multifamily unit and one parking space per single-family unit. Additionally, cities may not require more than two parking spaces per 1,000 square feet of commercial space. The legislation also prevents cities from requiring any parking for certain kinds of buildings such as small houses below 1,200 square feet and existing buildings changing use from nonresidential to residential. The legislation allows developers to construct more parking than the minimum.

SB 5471 allows counties to permit denser middle housing types (such as duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing) in unincorporated portions of the county that are within Urban Growth Areas or Limited Areas of More Intensive Rural Development. However, no more than four residential units may be authorized per single-family residential lot. These developments may not be subject to standards more stringent than those for detached single-family houses. This legislation complements the middle housing bill from 2023 (HB 1110) that provided for more density within incorporated areas.

HB 1096 requires that cities include in their development regulations an administrative review process for splitting lots. It must be based on clear and objective development standards and cannot require a pre-decision public hearing. Moreover, lot splits can be processed at the same time as the residential building permits. Such lot splits are not subject to appeal under the State Environmental Policy Act. This reduction in the administrative burden and uncertainty for developers should make more kinds of housing development pencil out.

Overall, Washington's legislature continues to make progress towards addressing the housing challenges facing the state. However, some of these new laws will take years to be incorporated into individual county and city comprehensive plans and regulations and to have an impact on development of new housing.

Demographic and Economic Trends

Population

As of April 2025, Washington's population exceeded 8.1 million residents. Since 2020, Washington's population has been growing steadily at a rate of about 1% annually based on population estimates from OFM. Most counties in Washington experienced some population growth from April 2024 to April 2025 (Figure 3). Whitman and King counties grew by 1.4%, followed by Spokane, Clark, and Whatcom counties at around 1.1% each. Garfield, Columbia, and Lincoln counties saw slight population losses over the last year while Ferry, Wahkiakum, and Pacific counties had no population change. King County's growth accounted for 42% of the statewide growth between April 2024 and April 2025. King, Pierce, and Snohomish counties combined made up 60% of statewide growth during that 12-month period.

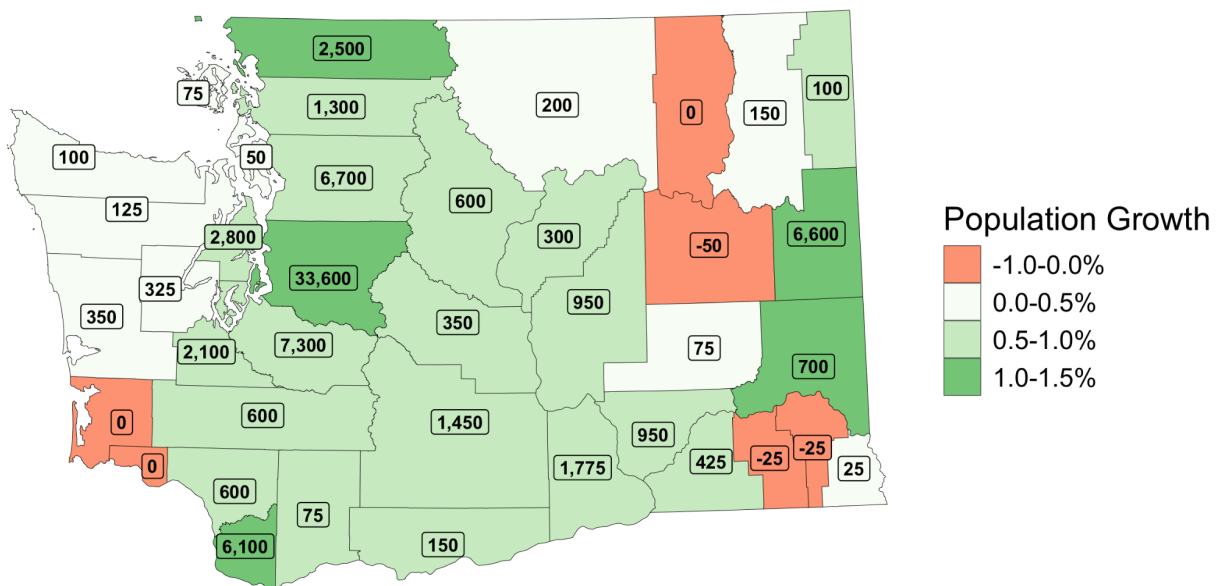


Figure 3: Population Growth in Washington Counties, April 2024 to April 2025

Source: OFM

Migration within Washington declined following the pandemic in 2021 according to estimates from the American Community Survey (ACS). Migration to Washington from other states slowed by 15% from 2022 to 2023. However, migration from abroad rebounded to pre-pandemic levels in 2023. About 15% of Washingtonians were born

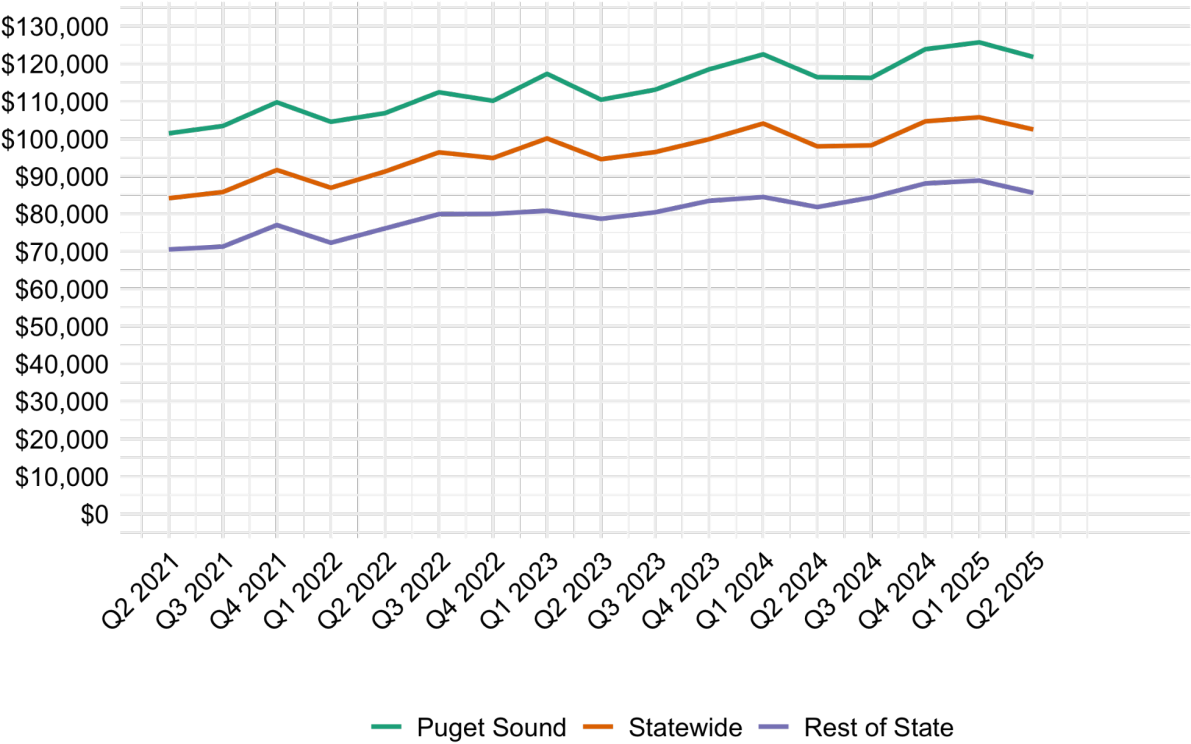


Figure 5: Median Household Income, Washington State and Regions
Source: WCRER estimates based on OFM and US Bureau of Labor Statistics data

Median household income has been increasing for households of all major racial and ethnic groups over the last decade, with the most pronounced effect for Asian households, according to estimates from the ACS (Figure 6). In 2024, Asian households in Washington had the largest median household income at \$143,000, up 52% from 2016. White households in Washington had a median household income of \$100,000 in 2024, up 33% from 2016. Black median household income was \$76,000 in 2023, up 47% from 2015. In 2016, Black household income was 31% less than White household income; by 2024, this gap narrowed to 24%. However, the gap between Asian and other groups’ median household incomes is increasing.

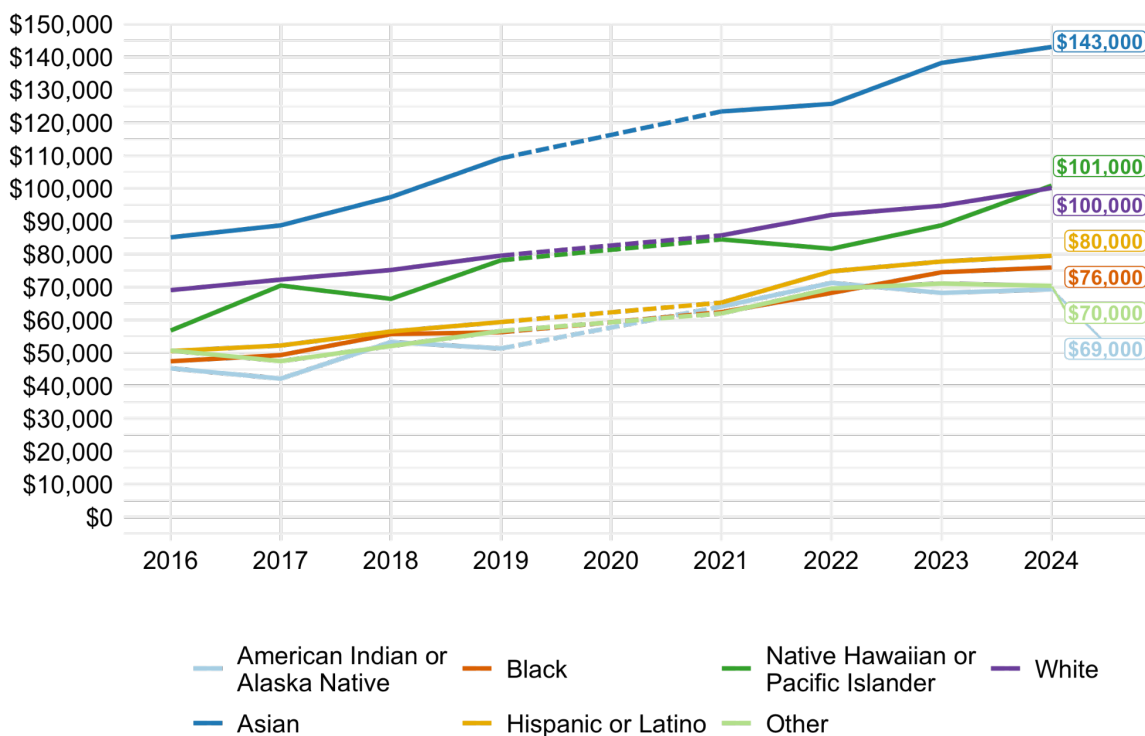


Figure 6: Median Household Income by Race or Ethnicity, Washington State

Source: ACS, 1-year estimates

Note: The US Census Bureau did not release the 2020 ACS 1-year estimates due to low response rates (induced by the Covid-19 pandemic) that did not meet their statistical standards.

Household Structure

From 2019 to 2024, the percentage of non-family households among all households increased slightly, from 13.8% to 14.9% (Figure 7). The bulk of this growth was driven by an increase in single-person households. In 2024, 64% of Washington households consisted of one or two people, leading to an average household size of 2.46 people statewide (Figure 8). Owner-occupied households are slightly larger than renter-occupied households (consisting of 2.63 people and 2.17 people, respectively), according to the most recent data available from the ACS.

During periods of rising housing costs, we would expect households to “double-up” or share housing costs with those that are not their own family as well as see household sizes increase as families move in, or stay, together. A growing share of households living alone is a signal of increasing affordability for at least some subset of Washingtonians.

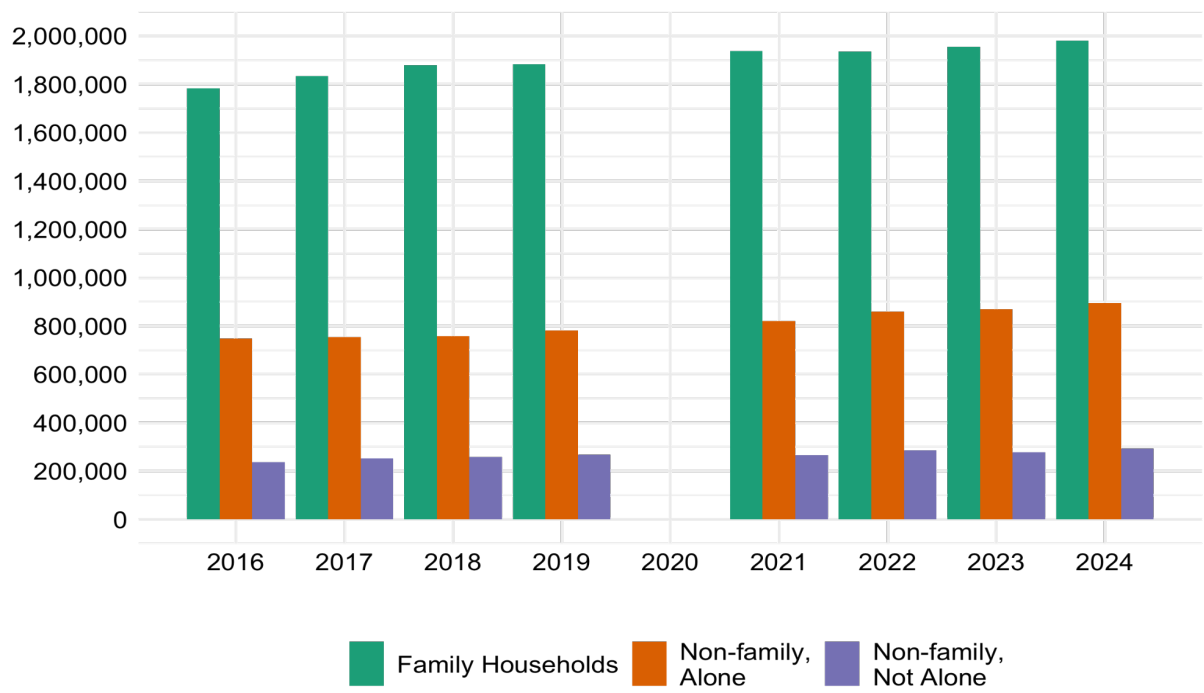


Figure 7: Households by Family Status, Washington State
Source: ACS, 1-year estimates

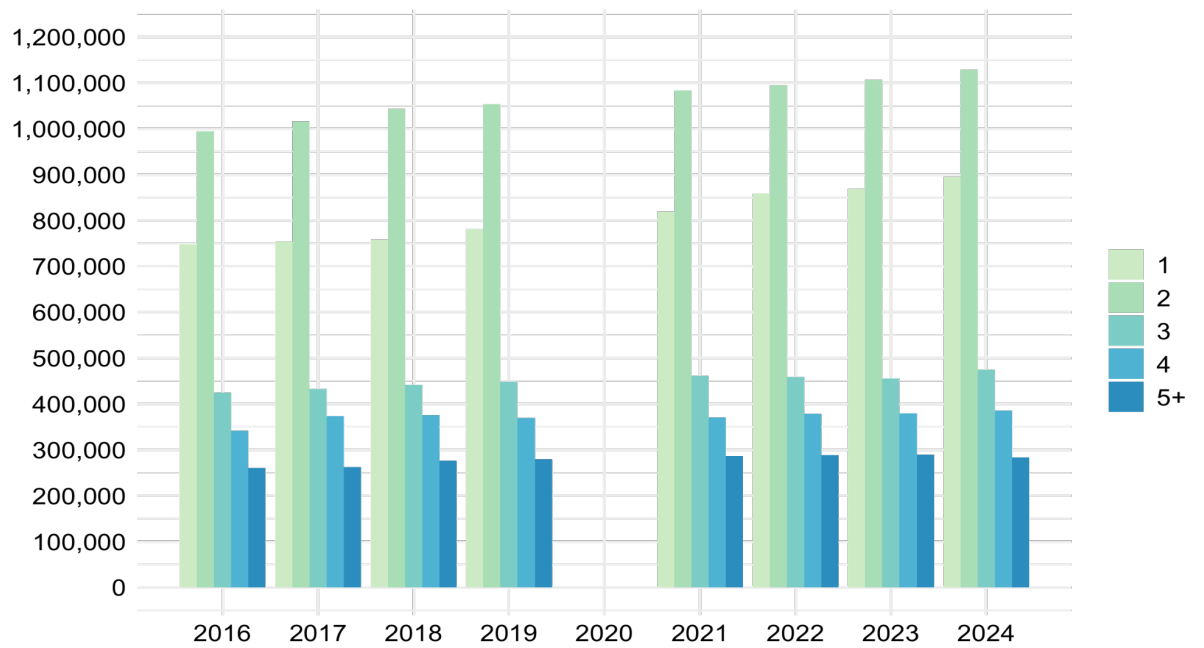


Figure 8: Number of Households by Size, Washington State
Source: ACS, 1-year estimates

Housing Stock

From April 2024 to April 2025, Washington increased its housing stock by 1.4%, according to estimates from OFM (Figure 9).⁸ County-level estimates show that this housing stock growth was distributed widely across Washington and that no county's housing stock decreased.

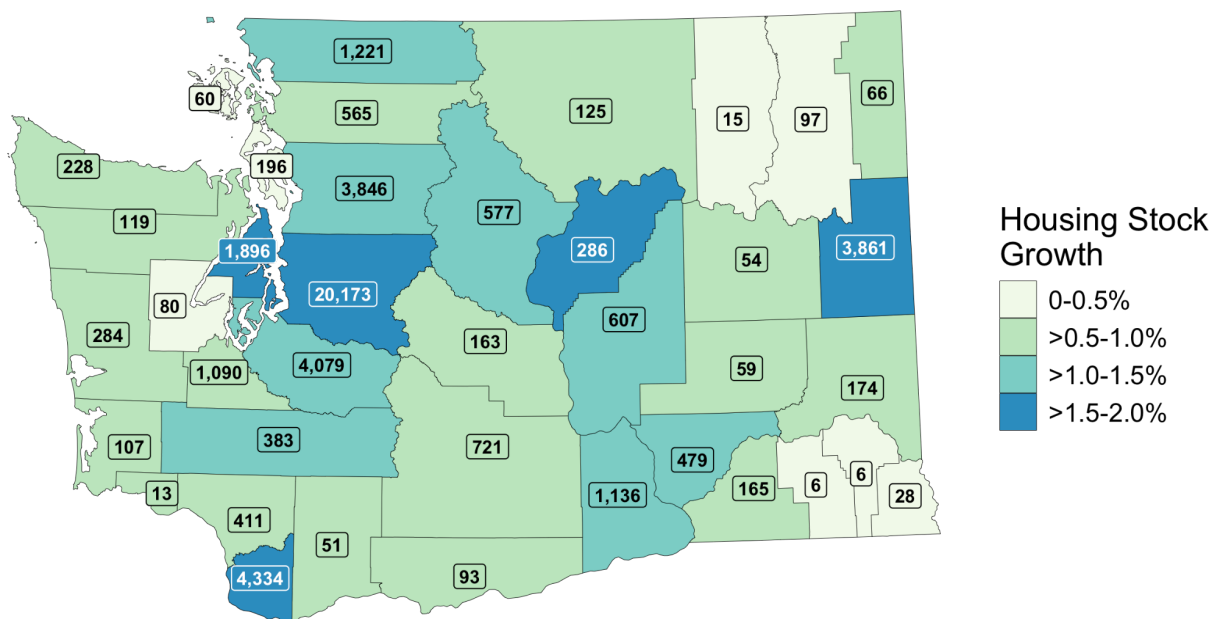


Figure 9: Housing Stock Growth for Washington Counties, April 2024 to April 2025

Source: OFM

Interest Rates

Rising interest rates have made both construction loans and permanent financing for apartment buildings more expensive. As of Q3 2025, the average interest rate on permanent financing of apartment buildings was 7.34% and interim (construction) financing was somewhat higher at 11.04%.⁹ Government-backed loans typically have

⁸ We report housing stock, completions, and permit data as of April 1 each year, consistent with the way OFM reports these data. This aligns with the April 1 date of the decennial census.

⁹ Rates for apartment financing are from RealtyRates.com. Rates for home mortgages are from Freddie Mac. These rates exclude fees or points.

lower rates. High interest rates make housing more expensive to build and thus makes it less likely that a developer will pursue a given project.

For homebuyers, interest rates on a 30-year fixed rate home mortgage increased sharply from a low of 2.65% in Q1 2021 to a high of 7.8% by October 2023. Mortgage interest rates subsequently declined somewhat to 6.8% at the end of June 2025. However, as impactful as this rise in interest rates has been on the market, Q2 2025 rates were below the long-run historical average from Q2 1971 to Q2 2025 of 7.7%. High interest rates increase a borrower's monthly payment thereby driving up the cost of homeownership. Estimates from the Federal Housing Finance Agency (FHFA) show that the median payment on all outstanding mortgages in Washington increased 6.5% from Q1 2024 to Q1 2025, to \$2,136 (Figure 10).

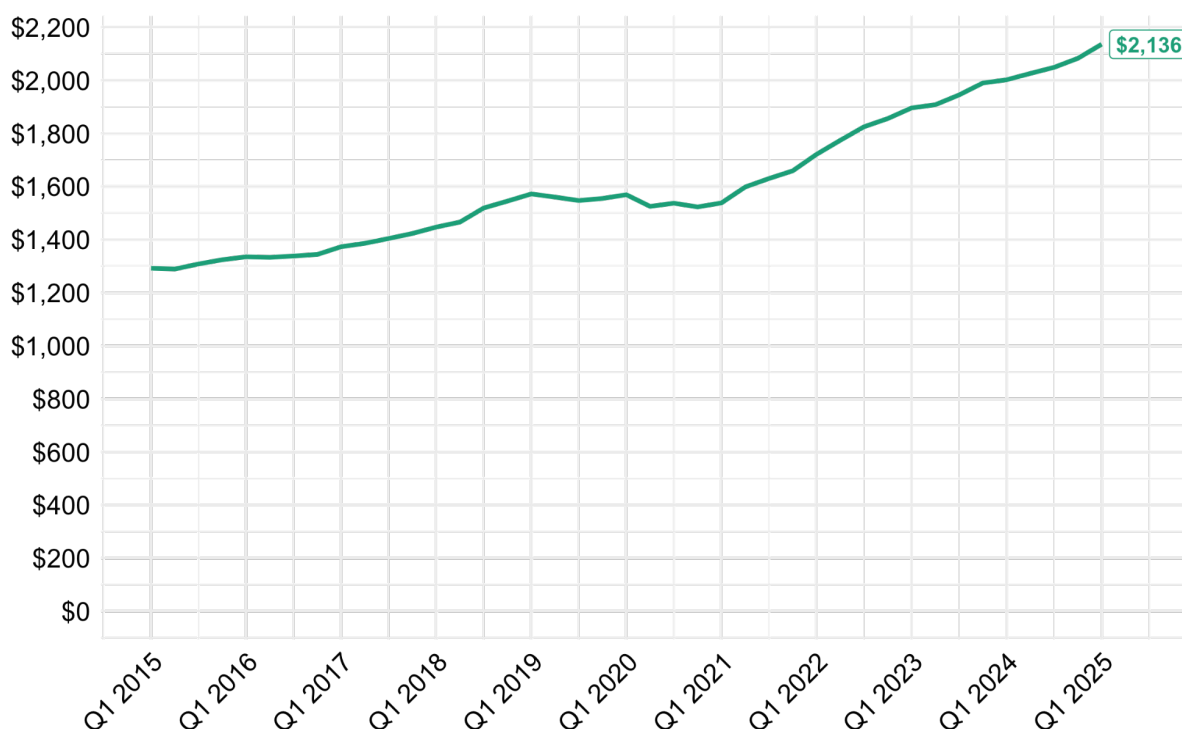


Figure 10: Median Payment on Outstanding Mortgages, Washington State

Source: FHFA

Construction Costs

Construction costs increased sharply in 2021 and 2022 due in part to supply chain problems caused by the COVID-19 pandemic (Figure 11). A spike in household formation and housing development also played a role by increasing the demand for construction labor and materials. As shown in the figure below, construction costs grew

at rates in 2021 and 2022 that far exceeded their recent averages. Since then, they have grown slowly, even declining by over 1% in 2023. In fact, construction costs today are just about where they would have been had they increased in a linear manner over the 2000 to 2025 period shown.

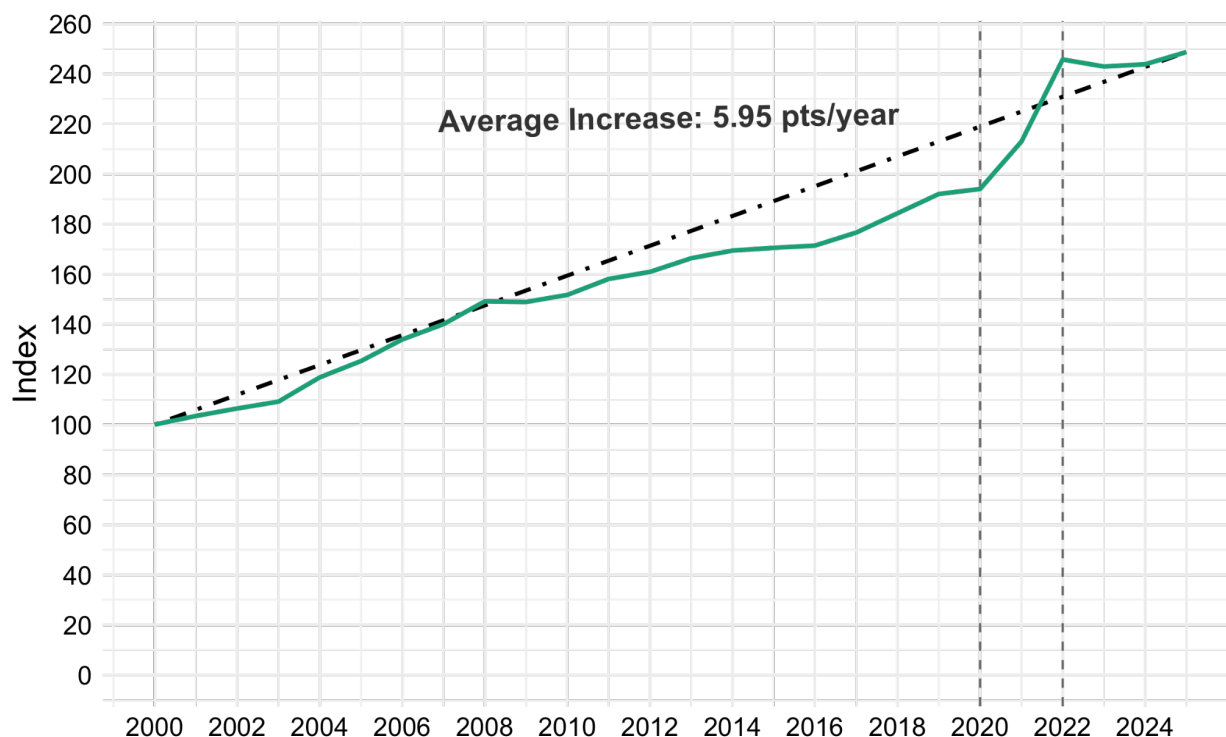


Figure 11: Construction Cost Index, US (2000 = 100)

Source: RS Means

Proposals for new tariffs affecting the cost of construction materials combined with more rigorous controls on immigration have led to dire predictions about further increases in construction costs. One study, published in *The New York Times*, estimated that a particular high-end home in Phoenix would cost 18% more to build because of proposed tariffs and immigration constraints.¹⁰ Yet we have not seen any evidence of this to date in the available statistics or in anecdotal evidence.

Construction costs are important because they affect the cost and viability of new development, as well as the affordability of existing homes and apartments. Higher construction costs may cause proposed new developments to fail to pencil out, and they may make new homes too expensive for prospective buyers. But they also affect the

¹⁰ Ronda Kaysen, "Building homes under the Trump agenda," *The New York Times*, April 2, 2025, p. BU-8.

values of existing buildings, which are determined by depreciated replacement costs. Replacement costs are themselves a function of current construction costs.

Part of the reason we have not seen higher construction costs is undoubtedly reduced construction activity, driven largely by high interest rates and lack of effective demand. Concern about potential construction costs may also be deterring some development. Residential construction in Washington state reached a peak of nearly 57,000 units in 2021, rising from less than 34,000 as recently as 2014. This declined to about 37,500 units last year and is on track to be even lower this year. Significantly reduced demand for construction labor and materials is helping to temper increases in costs that might otherwise occur. If development activity picks up again, perhaps in response to reduced interest rates, we may well see some of the savings from lower financing costs offset by higher construction costs.

Homeownership

Ownership Rates

The homeownership rate in Washington has been fairly constant from 2016 to 2024 (Figure 12). Washington has a rate of 63% which is slightly below the US average of 65%. For comparison, neighboring Idaho has a much higher homeownership rate at 72% while California has a much lower rate at 56%; Oregon has the same rate as Washington. Texas, which has a policy and regulatory environment quite different from that of Washington, nevertheless has nearly the same homeownership rate.

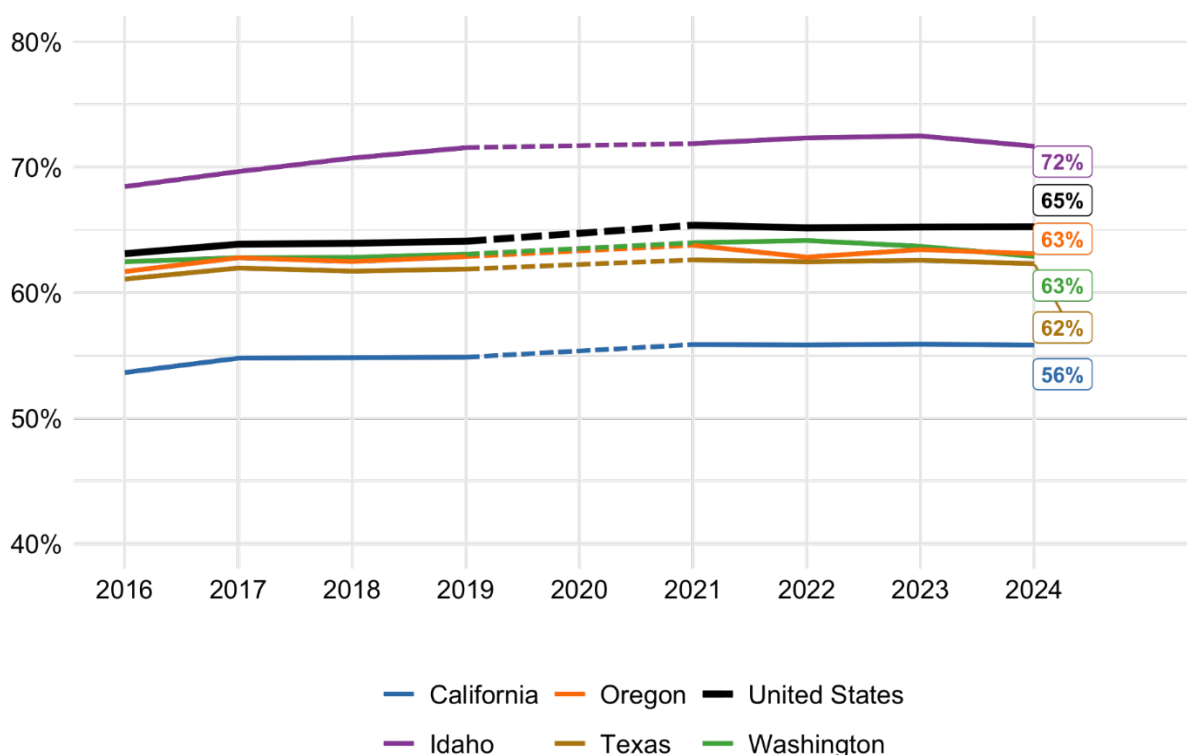


Figure 12: Homeownership Rates, Selected States and US

Source: ACS, 1-year estimates

There are large, persistent differences in homeownership rates by race and ethnicity in Washington (Figure 13). As of 2024, only 36% of Black households in Washington are homeowners compared to 67% of White households. Over the last decade this divide remained remarkably large and unchanging. Asian households' homeownership rate has likewise remained flat in spite of the fact that Asian household income has increased rapidly. These differences in homeownership by race are likely caused by several factors. People of different races and ethnicities are concentrated in different

locations in the state with varying levels of housing affordability, and they have different levels of income and wealth.

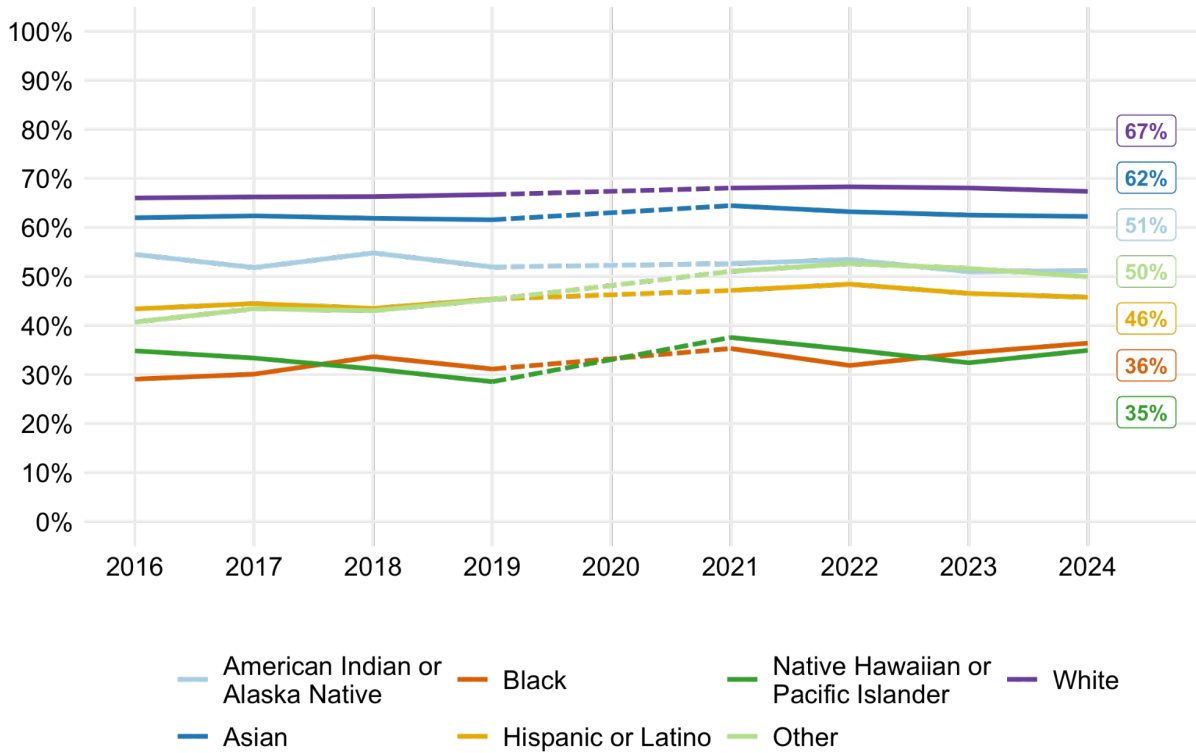


Figure 13: Homeownership Rates by Race or Ethnicity, Washington State

Source: ACS, 1-year estimates

White households are more likely to be located in counties with lower median house prices, contributing to that group's higher rate of homeownership. For example, Cowlitz, Spokane, and Stevens counties are over 80% White and have median house prices below the statewide median house price, according to recent ACS and WCRER data. Hispanic or Latino households are present throughout the state but mostly concentrated in eastern Washington, representing most households in Adams, Franklin, and Yakima counties. The fact that the median house prices in these counties are lower than in the Puget Sound region and that Hispanic or Latino median household income was roughly \$80,000 in 2024 helps explain in part why that group's homeownership rate (46%) was higher than the Black homeownership rate (36%) in 2024.

Asian and Black households are concentrated in the Puget Sound Region where house prices are relatively high. Black median household income (\$76,000) was only 53% of Asian median household income (\$143,000) as of 2024. Relatively low median household income coupled with demographic concentration in high-cost counties explains, in part, the low rates of homeownership for Black households and why Asian homeownership has not surpassed that of White households.

House Prices

The median-priced house in Washington cost approximately \$676,000 in Q2 2025 (Figure 14). The statewide median house price rose by 3.1% from Q2 2023 to Q2 2025, following a previous period of annual 10% increases from 2014 to 2022. As of Q2 2025, the median house price in the Puget Sound region (\$863,000) exceeded the statewide median while the median for the rest of the state (\$498,000) is lower. The statewide flattening of house price trends is reflected in Bellingham, Seattle, Spokane, Tacoma, and Yakima, with the ranking of house prices across cities remaining virtually unchanged (Figure 15).

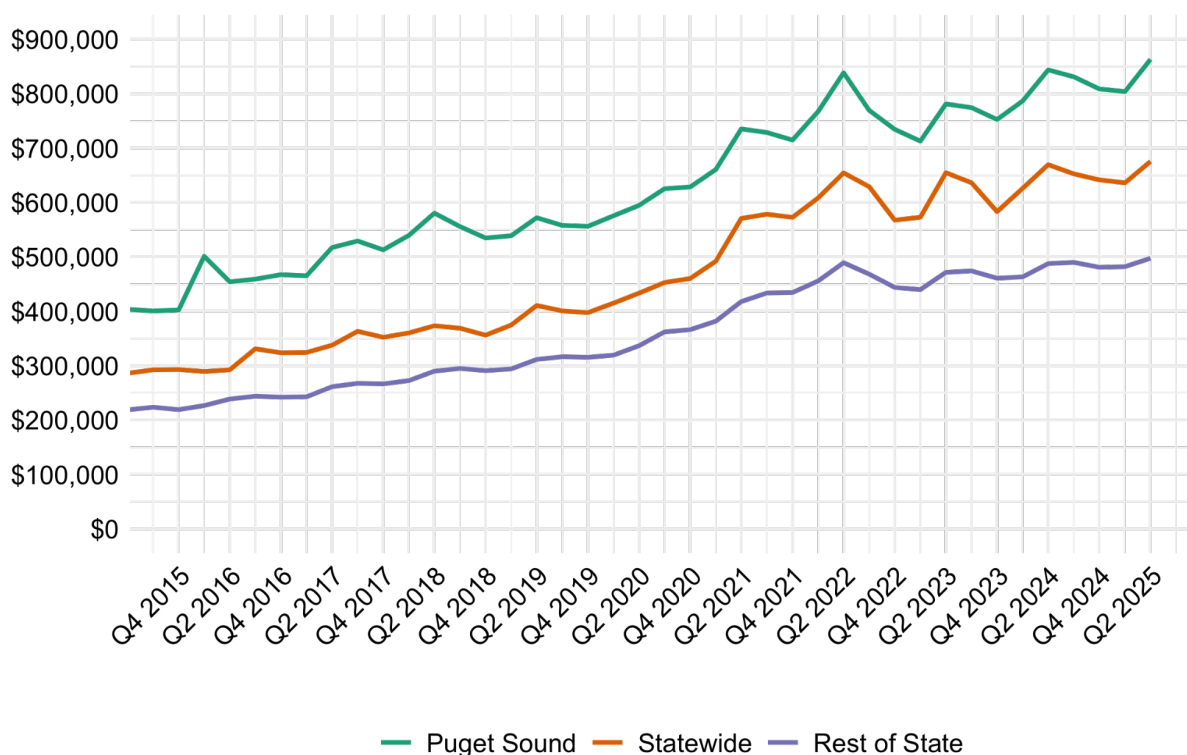


Figure 14: Median House Price by Region, Washington State and Regions
 Sources: WCRER, Multiple Listing Services, and county property assessors

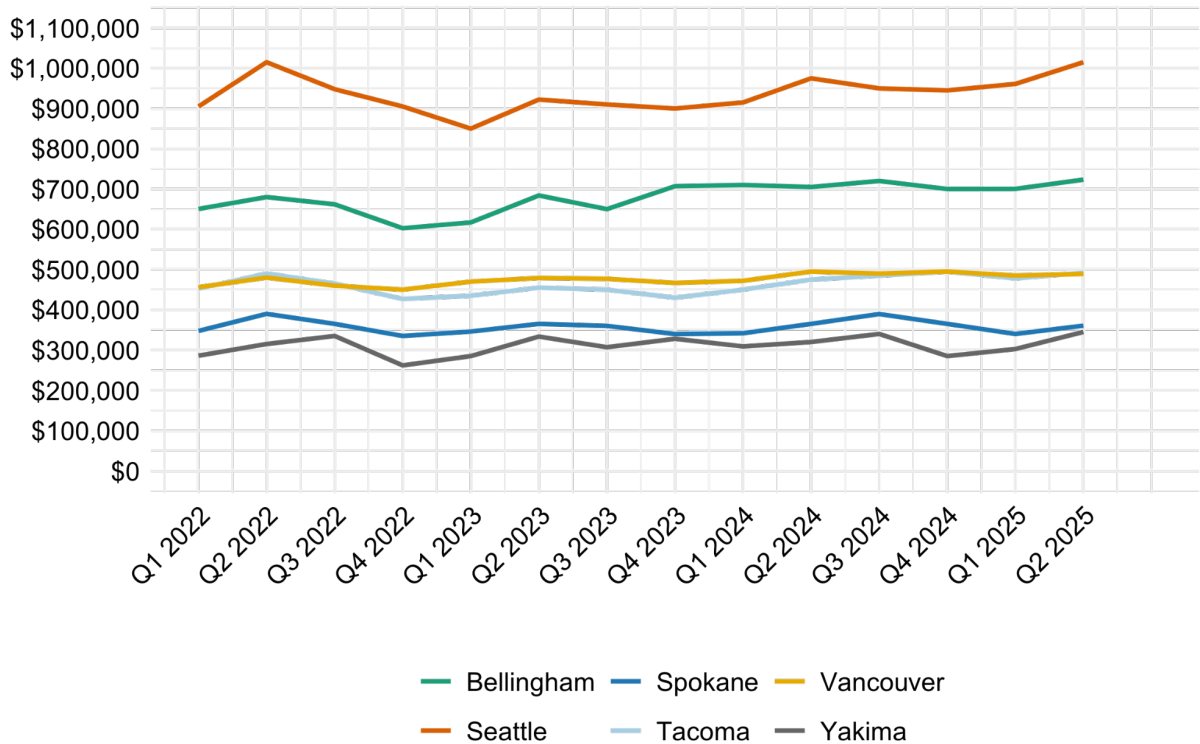


Figure 15: Median Single-Family House Prices, Selected Cities

Sources: WCRER and Cotality

Listings and Sales Transactions

Listings for single-family houses rose 35% from Q2 2022 to Q2 2025 (Figure 16). During the same period, sales of single-family homes declined by 31%. These trends indicate a weakening of the housing market. Listed house prices may be too high given tight access to credit due to relatively high interest rates on new 30-year mortgages.



Figure 16: Single-Family Listings and Sales, Washington State

Source: Multiple Listing Services

Affordability for Buyers

While the trend in home prices has been relatively flat across Washington from 2023 to 2025, the affordability of purchasing a home declined sharply over the last few years (Figure 17). WCRER's median-income buyer Housing Affordability Index (HAI) represents a household with the median income purchasing a median-priced home.¹¹ The index numbers represent median income as a percentage of the income required to afford the median-priced house. Hence, values of 100 or above represent affordability, while values below 100 are unaffordable. Affordability for the median buyer has been dropping for the last decade and crossed into unaffordable territory in Q2 2021. It has been dropping slowly since. Interest rates on a new 30-year fixed-rate mortgage increased sharply beginning in Q4 2021 from 2.9% to a high of 7.3% in Q4 2023 and dropped to 6.8% in Q2 2025.

¹¹ The median-income buyer HAI also assumes a 20% down payment, a 30-year fixed-rate mortgage at the going interest rate, and that the household should spend no more than 25% of income on mortgage payments (principal and interest). The buyer HAIs do not include property taxes, home insurance, and other expenses associated with homeownership that increase the total cost of homeownership.

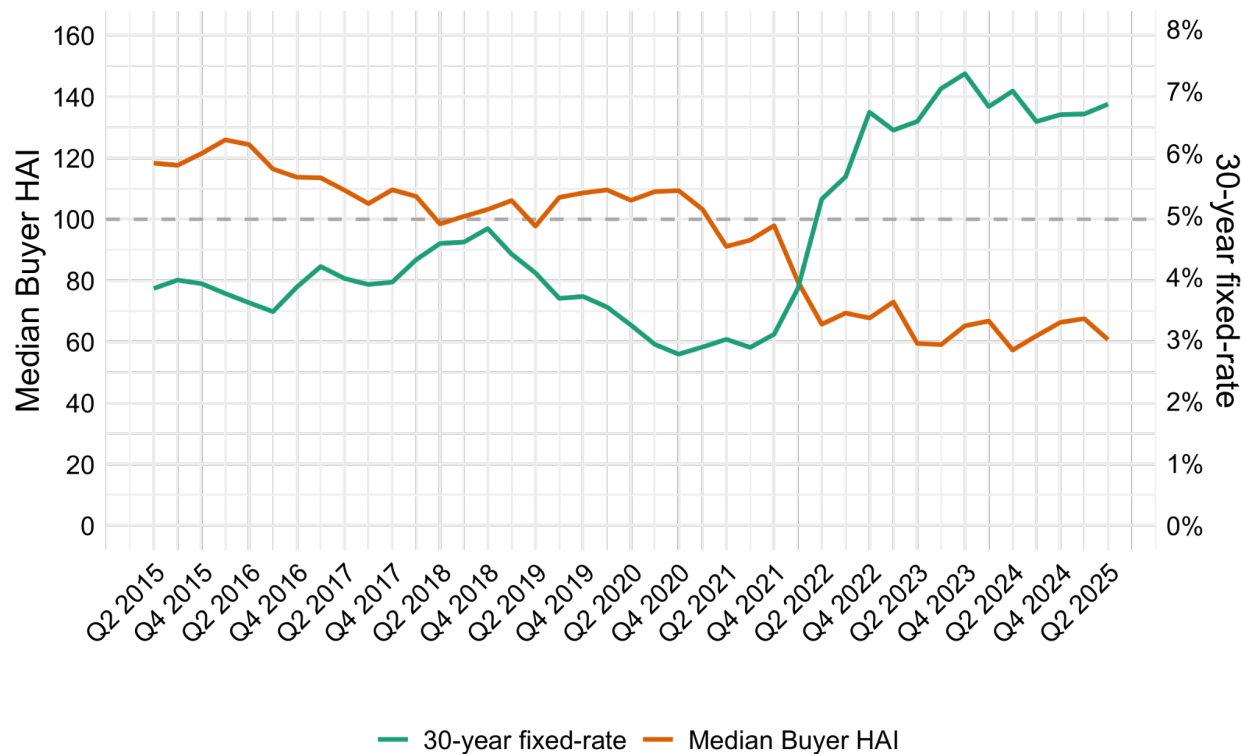


Figure 17: Interest Rates and Affordability in Washington State

Sources: Freddie Mac and WCRER

Home buying has become unaffordable across Washington's major and regional cities (Figure 18). Spokane, Tacoma, Vancouver, and Yakima transitioned from affordable to the median-income buyer in Q2 2020, to unaffordable in Q2 2025. Bellingham and Seattle became even more unaffordable during the same period.

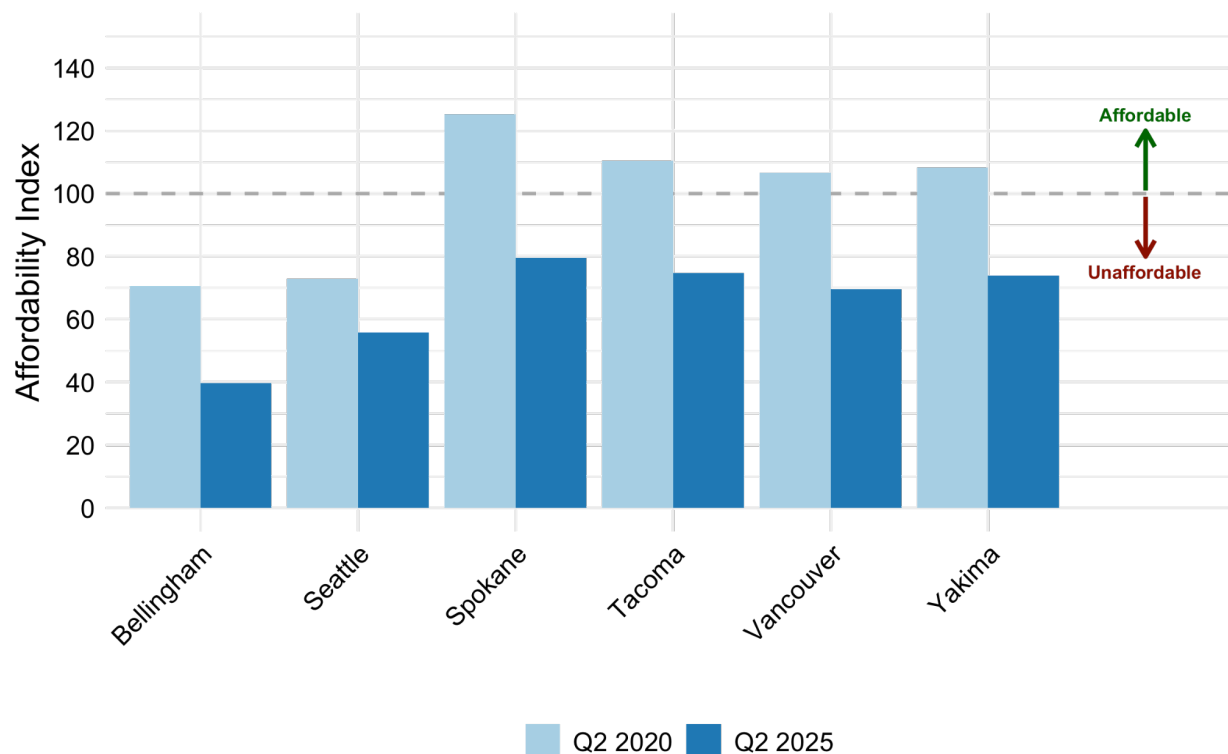


Figure 18: Median-Income Buyer Affordability Index, Selected Cities

Source: WCRER

Approximately 23.4% of Washington homeowners were cost-burdened in 2024, meaning they spent over 30% of their household income on housing costs (Figure 19).¹² Some 13.4% of homeowners spent between 30% and 50% of their income on housing while 10.1% of homeowners spent 50% or more of their income on housing. The overall share of cost burdened homeowners has remained mostly constant statewide from 2016 to 2024, but the share of severely cost-burdened homeowners increased 23% from 2019 to 2024.

¹² Selected owner costs include: utilities, homeowners' association and condo fees, real estate taxes, hazard insurance, mortgage payments, and mobile home fees. For more information: <https://www.census.gov/acs/www/about/why-we-ask-each-question/housing/>.

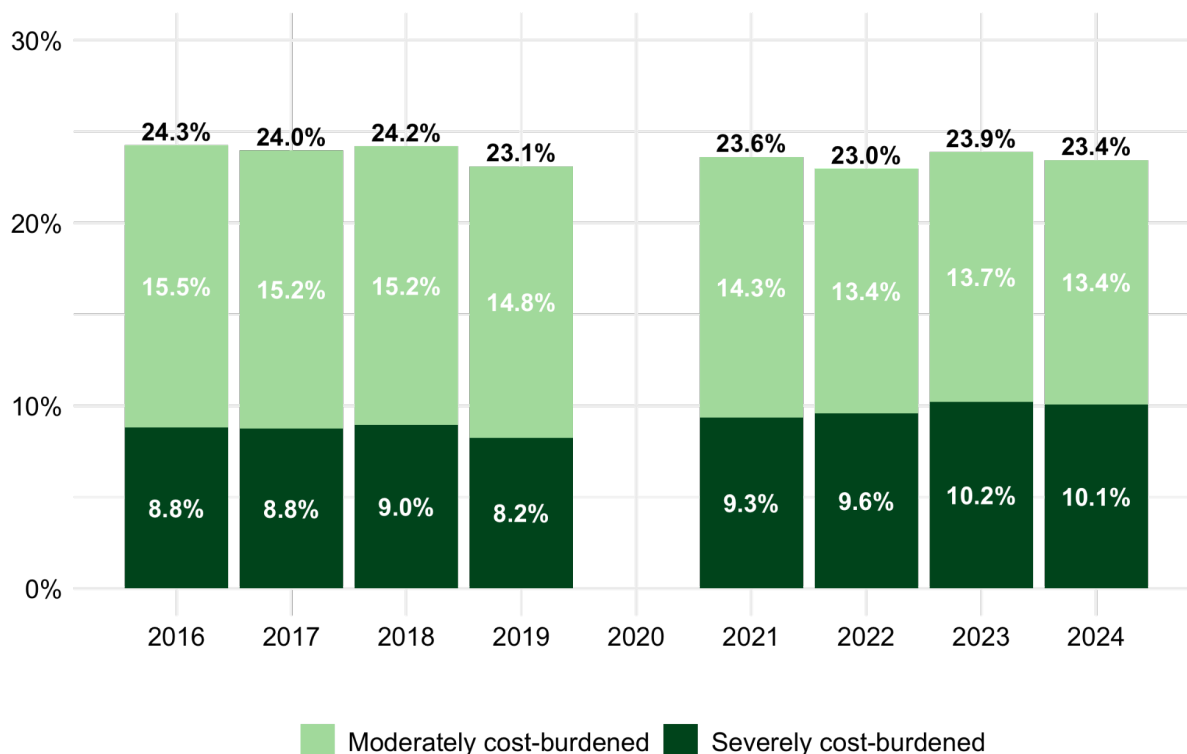


Figure 19: Annual Owner Costs as a Percentage of Household Income, Washington State

Source: ACS, 1-year estimates

A relatively high share of homeowners in the 0% to 30% of AMI category spend more than 30% of their income on housing costs, making them cost-burdened (Figures 20 through 22).¹³ For example, over 80% of these homeowners in King, Pierce, Thurston, and Whatcom counties are cost burdened. We assume that homeowners in the greater than 120% of AMI category are not cost burdened even though a small percentage of them pay more than 30% of their income on housing.¹⁴

¹³ The Public Use Microdata Sample (PUMS) data used to produce the statistics in Figures 20 to 22 and 28 to 30 group smaller counties together to maintain confidentiality and create sufficiently large samples for analysis purposes.

¹⁴ The concept of cost burden is not relevant to households in that income category because they will have enough income to cover other needs even if they spend a high proportion of income on housing costs.

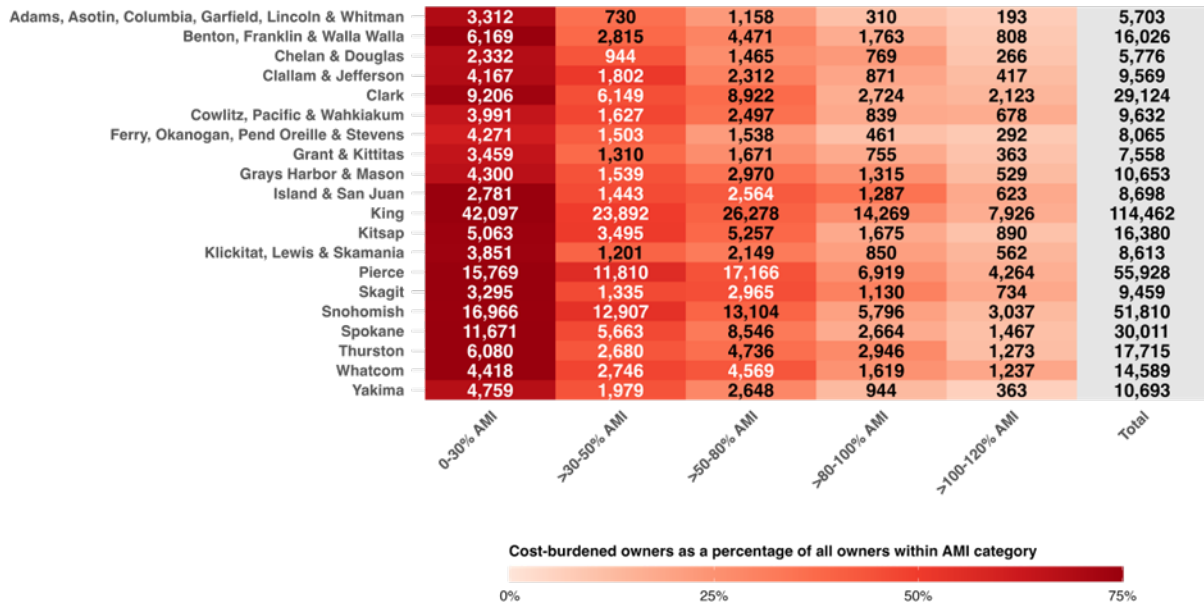


Figure 20: Count of Cost-Burdened Homeowners, Washington State

Source: WCRER calculations based on ACS, 2023 5-year PUMS

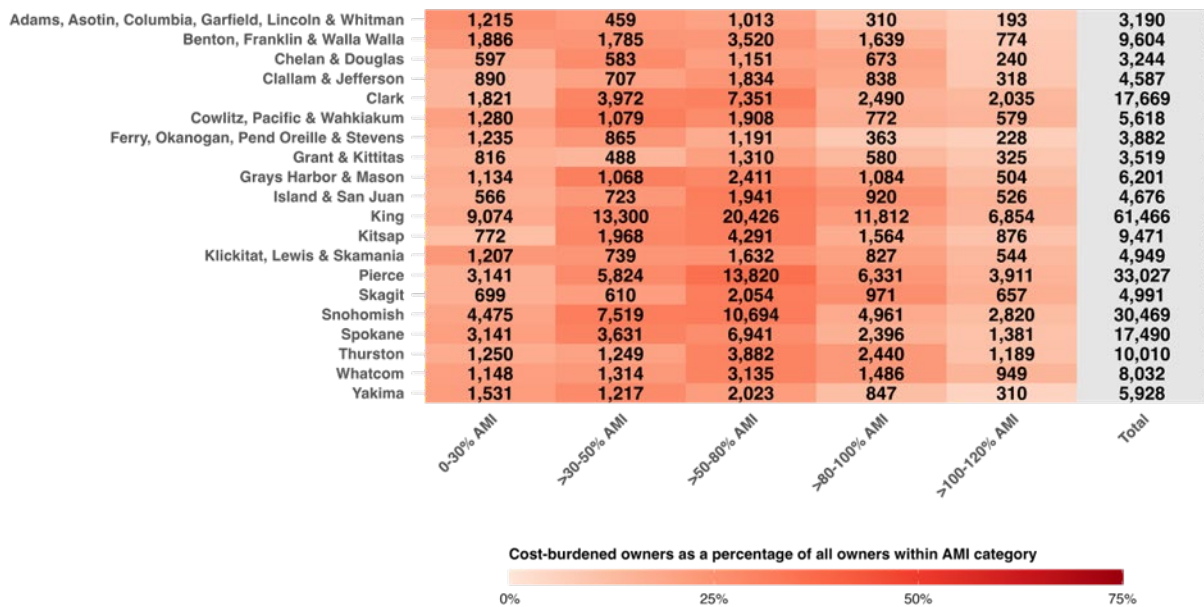


Figure 21: Count of Moderately Cost-Burdened Homeowners, Washington State

Source: WCRER calculations based on ACS, 2023 5-year PUMS

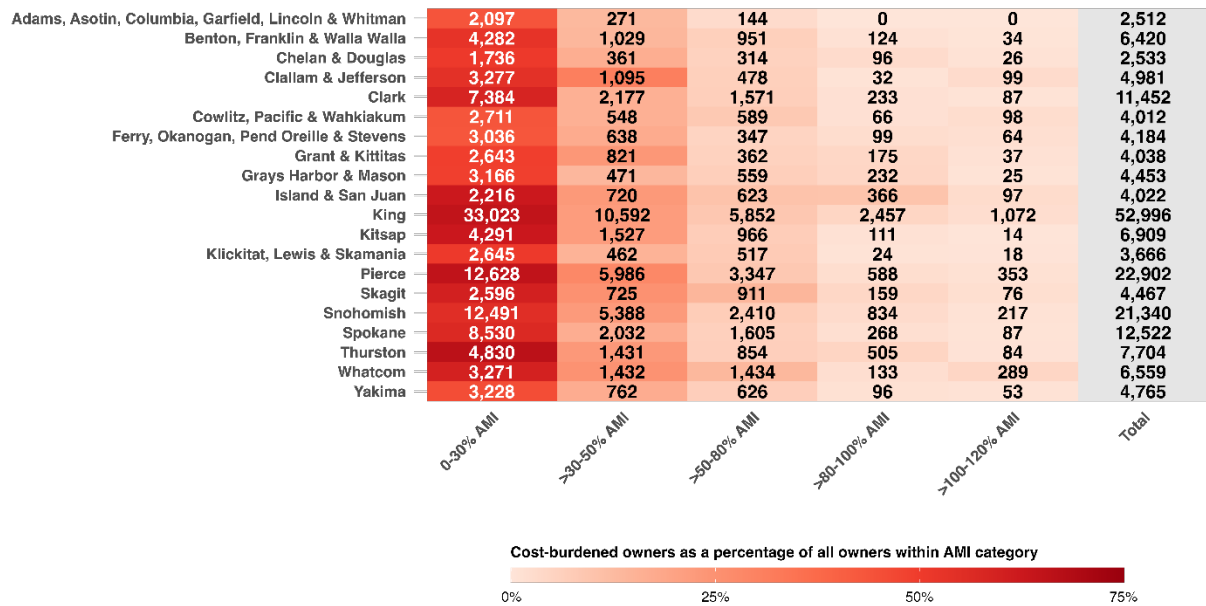


Figure 22: Count of Severely Cost-Burdened Homeowners, Washington State

Source: WCRER calculations based on ACS, 2023 5-year PUMS

In general, the cost burden rates of Washington homeowners broken down by race tend to be similar to those for the US (Table 2). Asian, Hispanic or Latino, and Native Hawaiian and Pacific Islander homeowners in Washington are slightly or somewhat less cost-burdened than the US average, while White, Black, and American Indian and Alaska Native homeowners are slightly more cost-burdened.

Table 2: Owner Cost Burden by Race or Ethnicity, Washington State and US

Race or Ethnicity	Geography	Moderately Cost-Burdened	Severely Cost-Burdened	Cost-Burdened
White	Washington	13.4%	8.6%	22.1%
White	US	11.2%	8.1%	19.3%
Black	Washington	16.7%	13.9%	30.6%
Black	US	15.0%	13.2%	28.2%
American Indian and Alaska Native	Washington	11.5%	9.9%	21.4%
American Indian and Alaska Native	US	11.9%	9.3%	21.2%
Asian	Washington	13.5%	10.3%	23.8%
Asian	US	13.6%	11.5%	25.1%
Native Hawaiian and Pacific Islander	Washington	10.2%	10.5%	20.7%
Native Hawaiian and Pacific Islander	US	14.8%	12.1%	26.9%
Hispanic or Latino	Washington	14.8%	9.6%	24.4%
Hispanic or Latino	US	15.1%	11.4%	26.5%

Source: ACS, 2023 5-year estimates

Single-Family Permits and Completions

Washington permitted about 18,000 new units of single-family housing from April 2024 to April 2025 (Figure 23). The number of new housing units permitted has declined over the last few years, according to data from the US Census Bureau's Building Permit Survey. This trend is also reflected in a national 15% decline from 1.12 million single-family permits during the April 2021 to April 2022 period to 0.97 million from April 2024 to April 2025. In Washington, from April 2021 to April 2025, the annual number of single-family housing units completed declined 25% statewide.

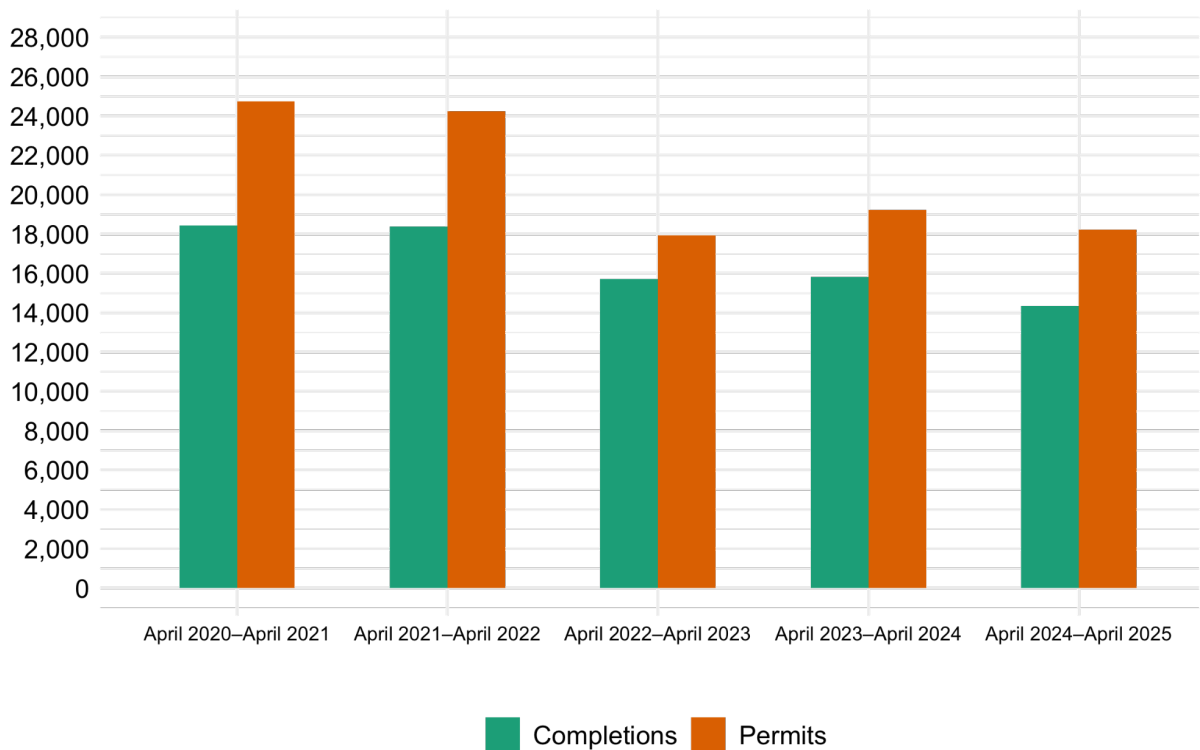


Figure 23: Single-Family Permits and Completions, Annual, Washington State

Source: US Census Bureau Building Permits Survey, and OFM

Rental Housing

Apartment Rents and Vacancy Rates

A surge in new apartment construction helped to slow rent growth to 2.7% annually from Q1 2022 to Q1 2025 (Figure 24). Previously, from Q1 2016 to Q1 2020, statewide rents had been increasing at about 5.9% annually. This accelerated from Q1 2021 to Q2 2022 when statewide median rent spiked approximately 11%, caused by rising incomes and savings that led to an increase in household formation and thus an increased demand for apartments.

Apartment vacancy rates rebounded due to new development activity after a sharp decline early in the pandemic. This rebound and subsequent rise in apartment vacancy above the historic statewide average corresponds with the large volume of new multifamily housing development in the last few years.

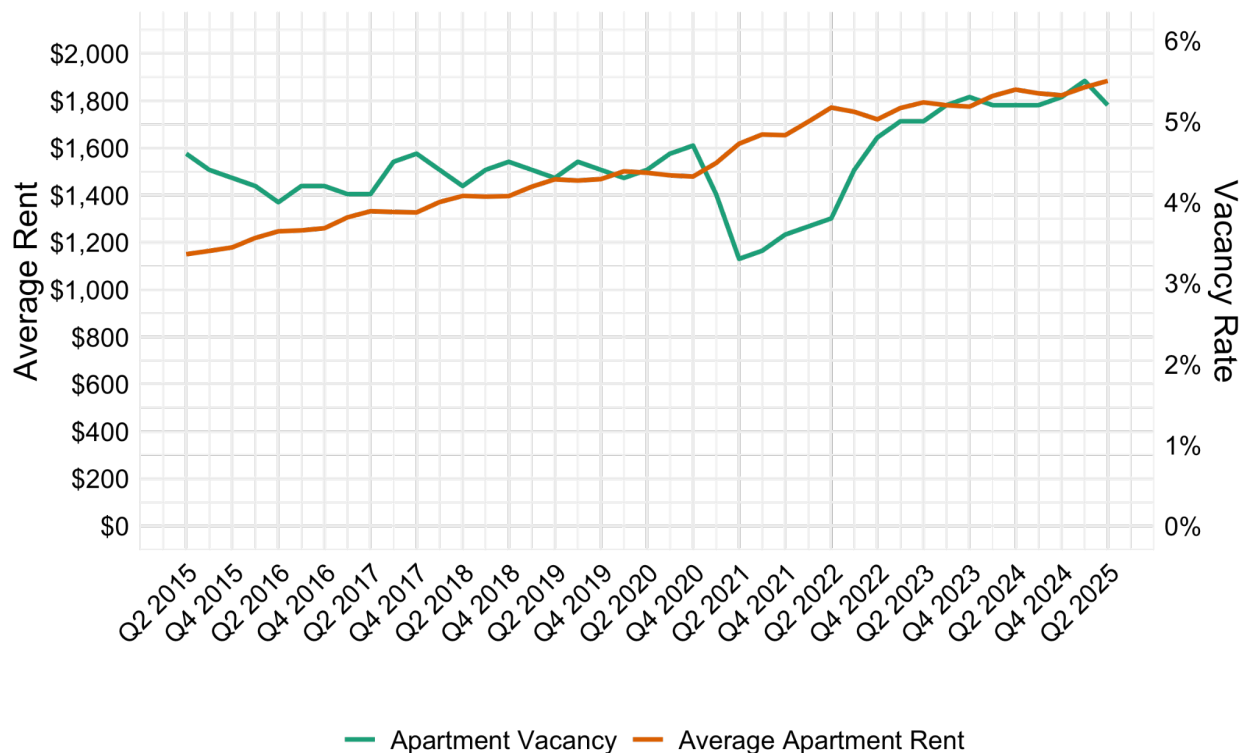


Figure 24: Average Stabilized Apartment Rent and Vacancy, Washington State

Sources: WCRER and CoStar

Note: Stabilized rents and vacancy rates exclude new properties that are still in the lease-up stage.

Densely populated counties have a low share of the rental stock in single-family properties. King and Whitman counties have the lowest proportions, at 20% and 18%,

respectively (Figure 25). Whitman County is a special case due to the presence of Washington State University and associated large student population. More rural counties, such as Columbia and San Juan, tend to have a rental stock mostly consisting of single-family houses (71% and 70%, respectively). We do not have up-to-date rent data for single-family rentals, making it difficult to monitor affordability in that sector.

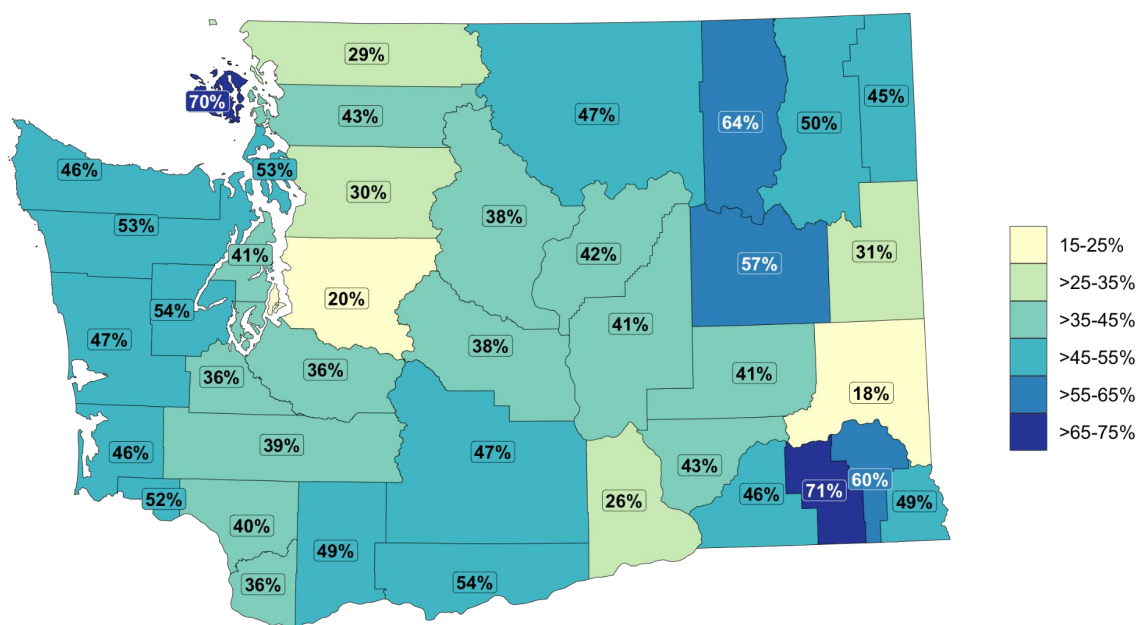


Figure 25: Single-Family Rentals as a Share of All Rentals, Washington Counties

Source: ACS, 2023 5-year estimates

Affordability for Renters

Increases in median household incomes have kept up with average rent increases, meaning that renter affordability for those in the middle of the income distribution has remained relatively stable over the last decade (Figure 26). WCRER's median-income renter HAI represents a household with median income renting an apartment with the average rent for Washington. An index value of 100 indicates that a renter has 100% of the income needed to spend no more than 30% of income on rent.¹⁵ For the median-

¹⁵ Spending 30% of income on housing costs is commonly considered to be the maximum that is affordable. This threshold is generally used by HUD. Of course, households with very low or extremely low incomes (less than or equal to 50% or 30% of AMI, respectively) may not be able to afford 30% and still have enough income left for other necessities.

income renter, rent is considered affordable at the state level. This presents a sharp contrast to the median-income buyer's situation.

WCRER's low-income renter represents a household making 70% of the median income renting the average rent apartment. This renter is near the upper end of the low-income range, which is defined by HUD to be up to 80% of AMI. For most of the last decade, an apartment with average rent has not been affordable for this low-income renter. However, in Q1 2024, Q4 2024, and Q1 2025, this hypothetical low-income renter nudged into an affordability index of 100. It is important to remember that these indexes focus on hypothetical households renting apartments at hypothetical rent levels. The low-income renter could afford somewhat less expensive apartments that are below the median rent.

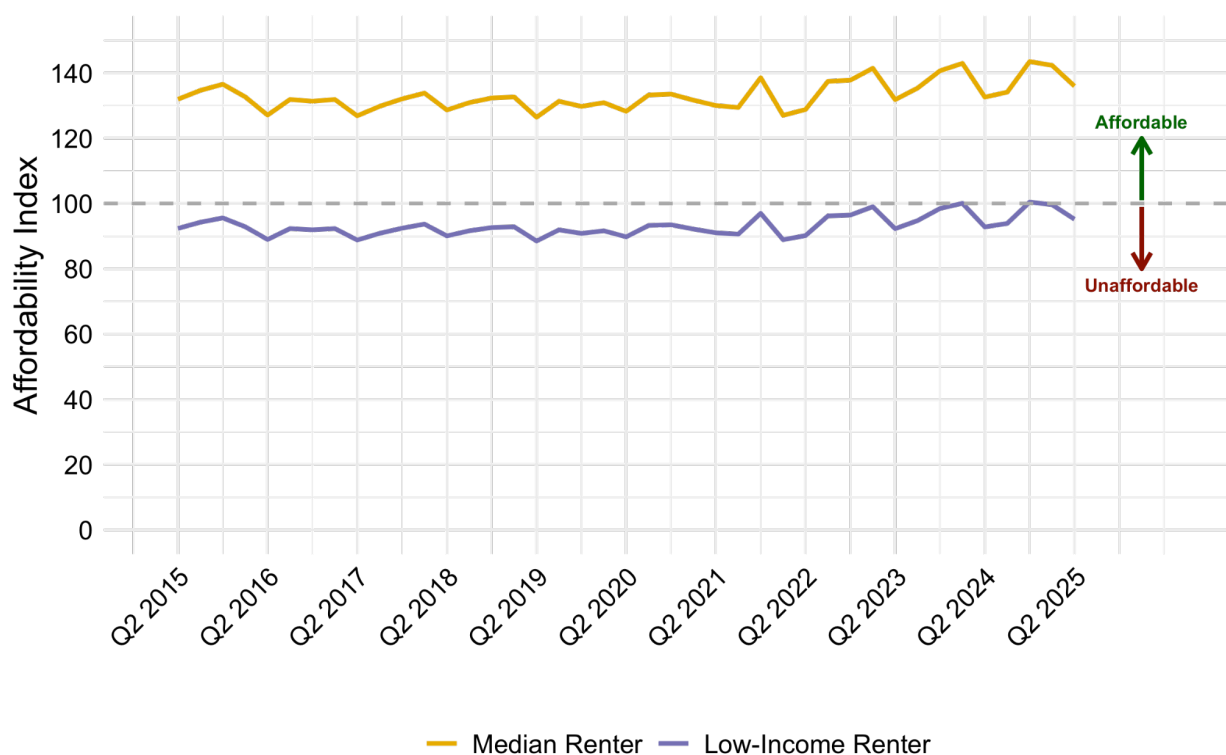


Figure 26: Renter Affordability Indexes, Washington State

Source: WCRER

Households with low incomes, and particularly those with very and extremely low incomes (below 50% and 30% of AMI, respectively) face particular difficulties finding affordable housing. Due to funding limitations, only one out of four eligible renter households receives federal rental assistance.¹⁶ Most federal rental assistance comes

¹⁶ Erik Gartland, "Chart book: funding limitations create widespread unmet need for rental assistance," Washington, DC: Center on Budget and Policy Priorities, February 15, 2022.

in the form of Housing Choice Vouchers, Section 8 Project-Based Rental Assistance, and Public Housing.

In 2024, 48.2% of Washington renters spent at least 30% of their household income on annual gross rent (Figure 27). Some 25.2% of renters spent between 30% and 50% of their household income on gross rent, while 23% of households spent 50% or more of their income on gross rent, making them severely cost-burdened. These high shares of renter cost-burden have been fairly constant over the last decade. Of course, households can choose to spend more of their income on rent for higher quality units, especially higher income households. However, WCRER estimates that most of these cost burdened renters at the 30% affordability level have a median household income below 80% of their area's median. Worse, WCRER estimates that most of the renters spending over 50% of their annual household income on annual gross rent are in the 0% to 30% AMI range. Therefore, the lowest-income households in Washington are spending a disproportionate percentage of their annual household income on annual gross rent.

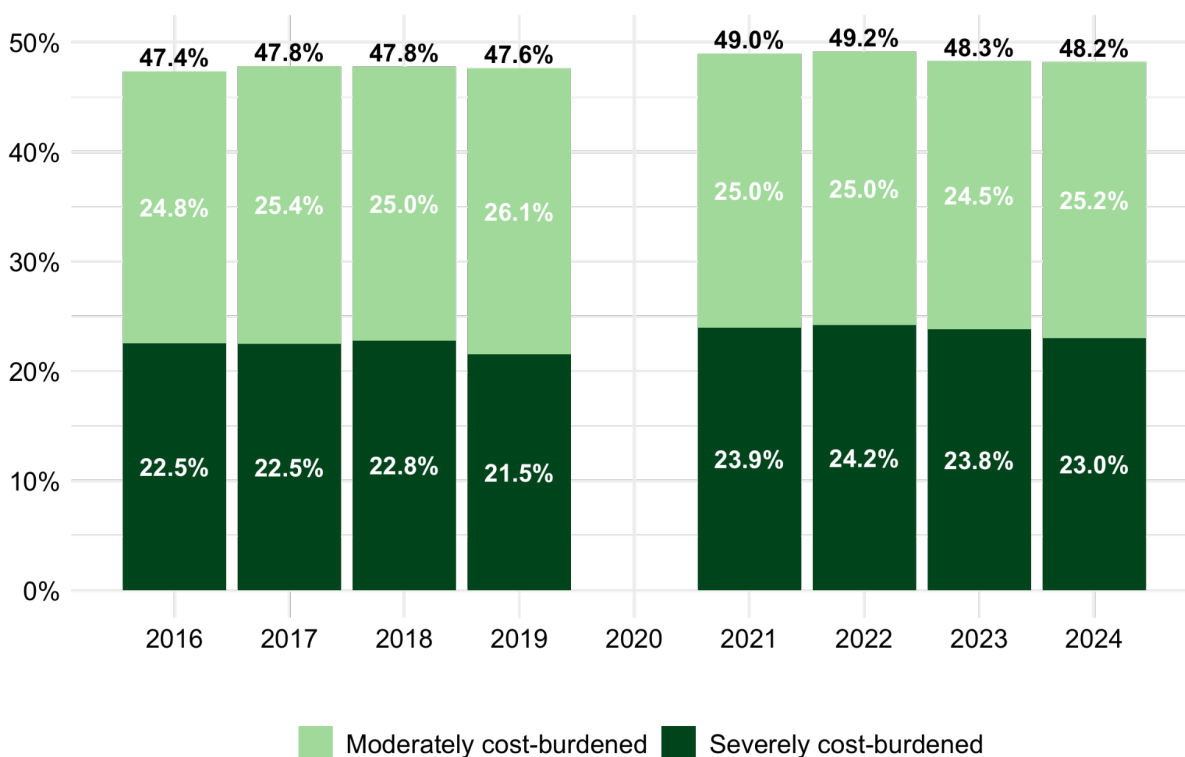


Figure 27: Annual Gross Rent as a Percentage of Household Income, Washington State

Source: ACS, 1-year estimates

For example, in King County, 85% of renters in the up to 30% AMI range spend more than 30% of their income on gross rent (Figures 28 through 30).¹⁷ Almost 69% of King County renters in this category are severely cost burdened, meaning they spend over 50% of their income on gross rent. Renters in the greater than 30% to 50% AMI category face similar levels of cost burden. Notably, there are differences in cost burden depending on the region of Washington. For example, in the northeastern area that includes Ferry, Okanogan, Pend Oreille, and Stevens counties, about 44% of renters in the up to 30% AMI category are cost burdened compared to 82% in the same category in Skagit County.

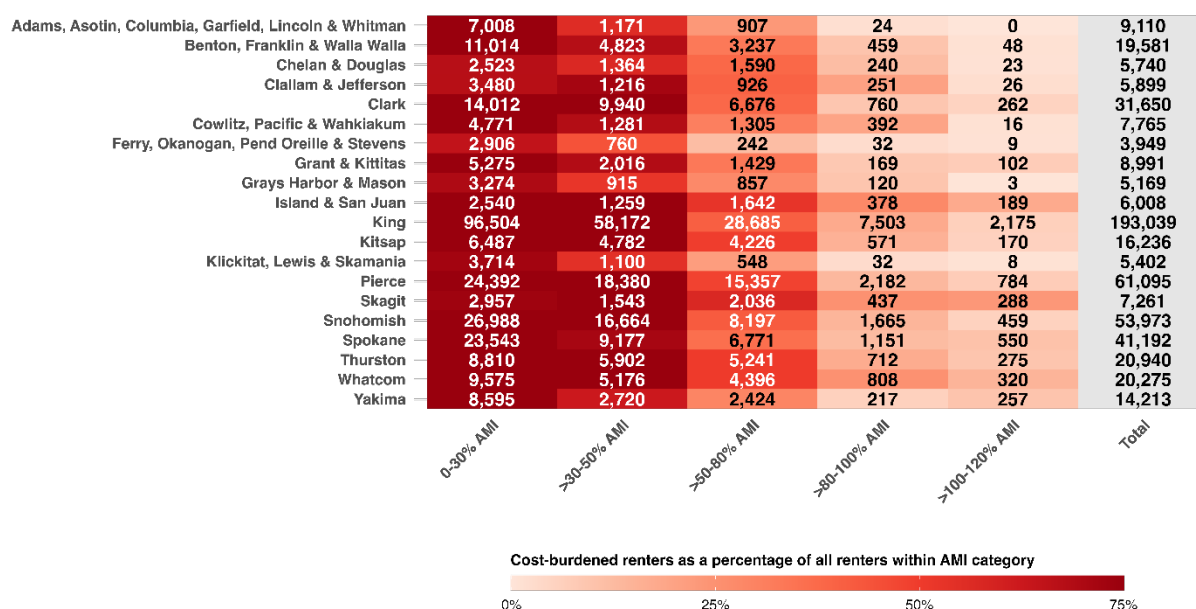


Figure 28: Count of Cost-Burdened Renters, Washington State

Source: WCRER calculations based on ACS, 2023 5-year PUMS

¹⁷ As for homeowners, we assume that renters in the greater than 120% of AMI category are not cost-burdened.

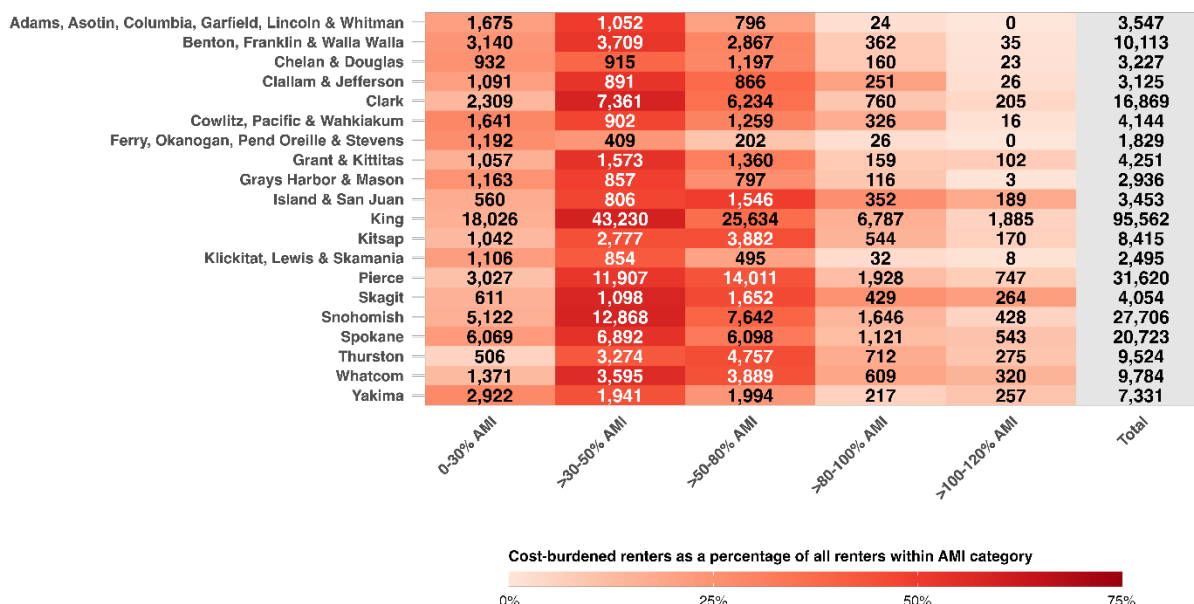


Figure 29: Count of Moderately Cost-Burdened Renters, Washington State

Source: WCRER calculations based on ACS, 5-year PUMS, 2023

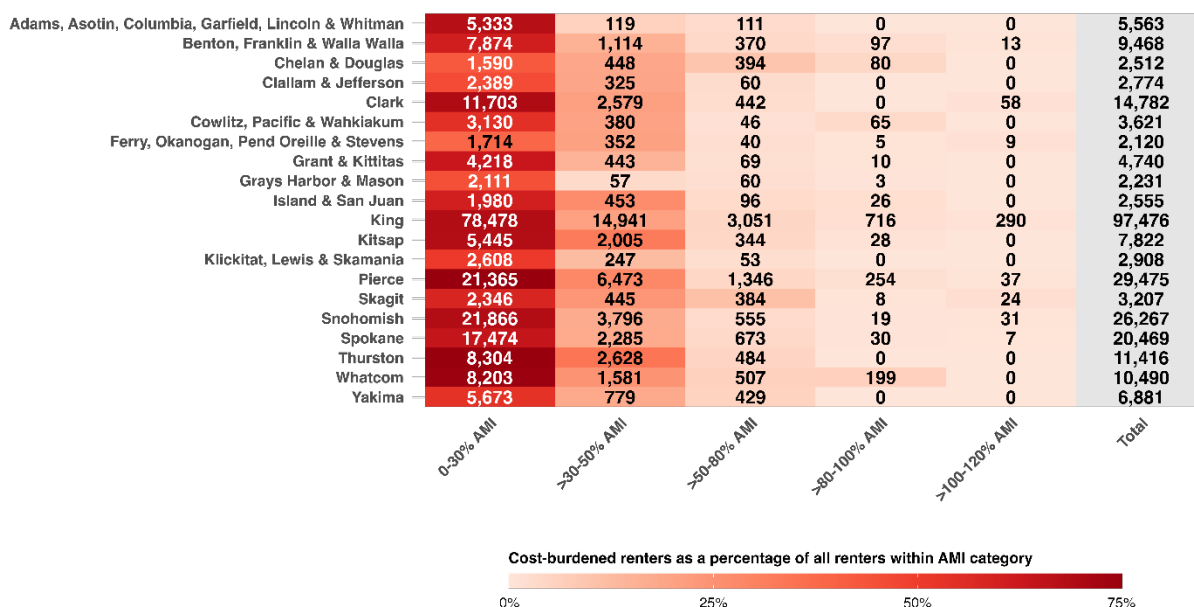


Figure 30: Count of Severely Cost-Burdened Renters, Washington State

Source: WCRER calculations based on ACS, 2023 5-year PUMS

American Indian and Alaska Native, Asian, and Hispanic or Latino renters in Washington are somewhat less cost-burdened than the US average (Table 3). Native Hawaiian and Pacific Islander renters are equally cost-burdened as the US average, while White and Black renters are more cost-burdened. Compared to homeowners, renters are about twice as likely to be cost-burdened than homeowners.

Table 3: Renter Cost Burden by Race or Ethnicity, Washington State and US

Race or Ethnicity	Geography	Moderately Cost-Burdened	Severely Cost-Burdened	Cost-Burdened
White	Washington	24.6%	22.2%	46.9%
White	US	22.8%	22.5%	45.3%
Black	Washington	29.4%	29.3%	58.7%
Black	US	25.3%	29.5%	54.8%
American Indian and Alaska Native	Washington	22.6%	22.2%	44.8%
American Indian and Alaska Native	US	23.5%	24.0%	47.5%
Asian	Washington	19.4%	17.2%	36.6%
Asian	US	19.7%	22.1%	41.8%
Native Hawaiian and Pacific Islander	Washington	28.6%	21.7%	50.3%
Native Hawaiian and Pacific Islander	US	25.2%	25.1%	50.3%
Hispanic or Latino	Washington	27.7%	21.6%	49.3%
Hispanic or Latino	US	26.0%	26.3%	52.3%

Source: ACS, 2023 5-year estimates

Multifamily Permits and Completions

Jurisdictions in Washington state permitted roughly 31,000 multifamily units from April 2021 through April 2022 and only 17,000 from April 2024 through April 2025 (Figure 31). Meanwhile, additions to the multifamily housing stock decreased 8% from the April 2023 through April 2024 period to the April 2024 through April 2025 period. New multifamily permits have declined while completions are starting to decline, in part as a result of a large amount of housing produced in the previous few years. Given the time it takes to go from permit to completion, roughly two to three years, we anticipate that multifamily completions will continue to decline over at least the next year. As the supply of new multifamily units continues to slow, we may see rents start to tick upwards potentially causing a further decline in affordability.

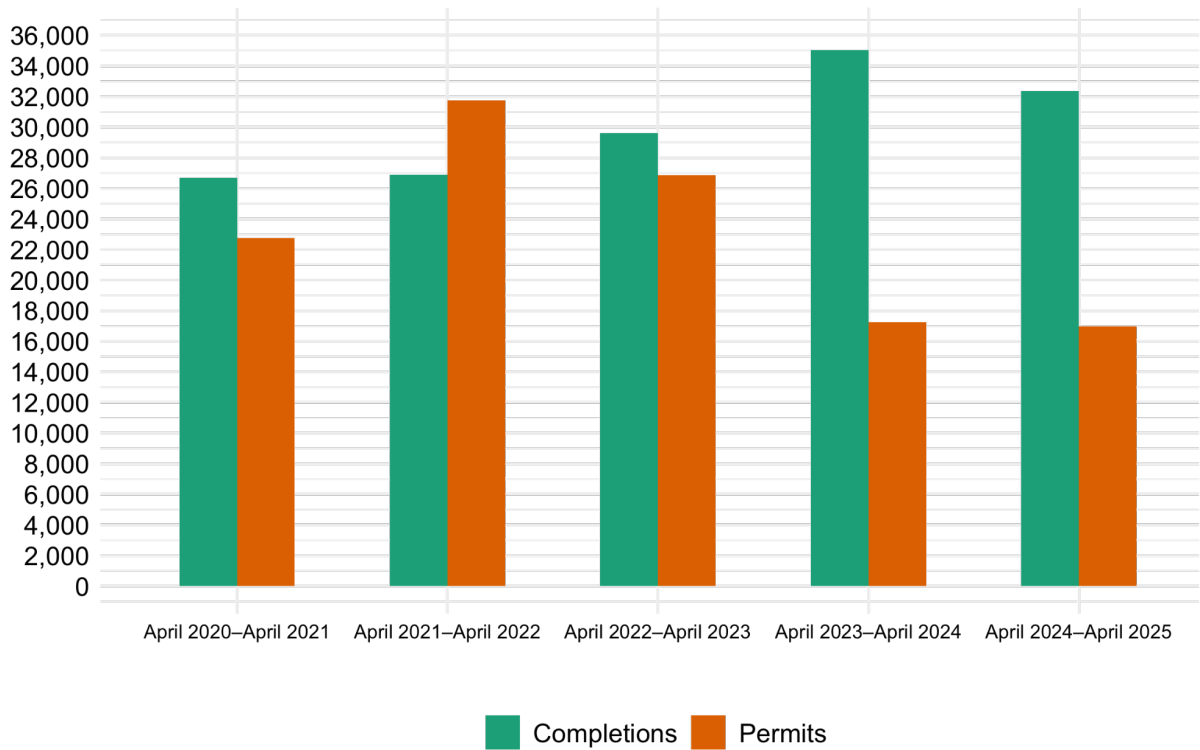


Figure 31: Multifamily Permits and Completions, Washington State

Sources: US Census Bureau Building Permits Survey and OFM

Homelessness

There are two main sources of statistics about the number of homeless in Washington state (Figure 32). One source is the point-in-time (PIT) count that is reported in HUD's Annual Homelessness Assessment Report (AHAR) to the US Congress. The PIT count is a measure of the number of sheltered and unsheltered homeless on a single night in January.¹⁸ The other source is the Snapshot of Homelessness in Washington State Report ("Snapshot"). The Snapshot defines homelessness much more broadly than the PIT count, including a wider range of homeless and unstably housed persons.¹⁹

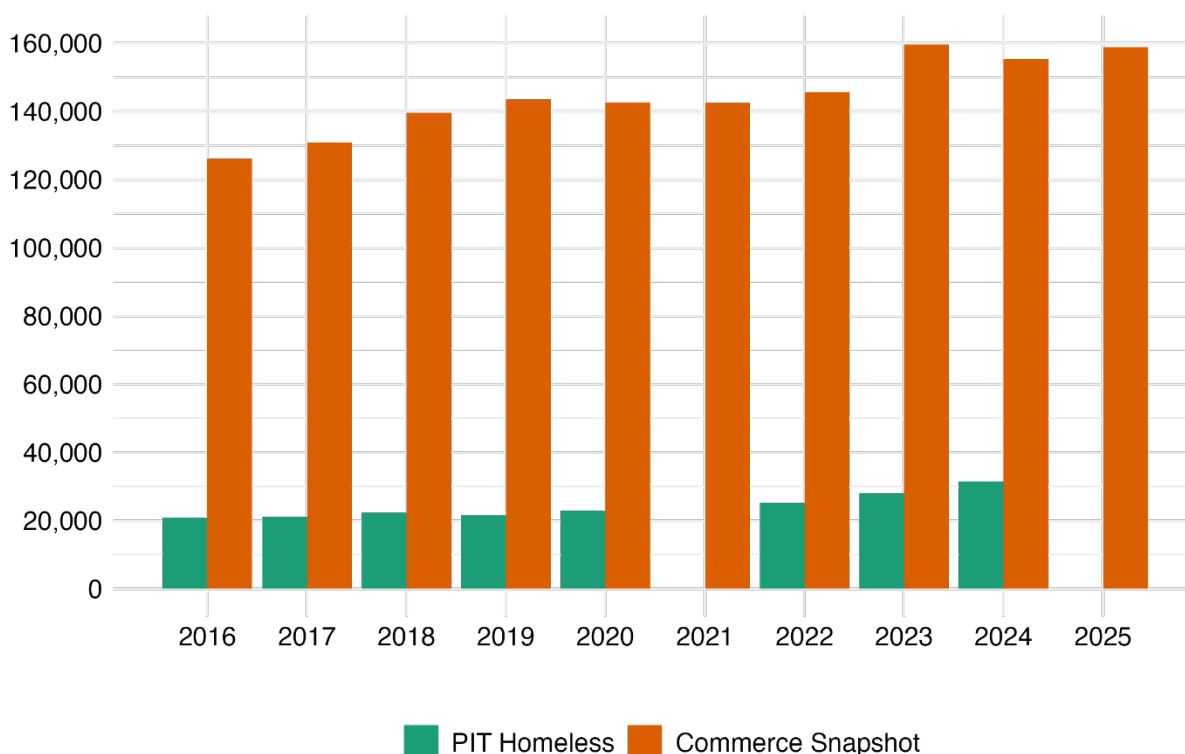


Figure 32: PIT and Snapshot Homeless Counts, Washington State

Sources: HUD AHAR (PIT Homeless) and Commerce (Commerce Snapshot)

¹⁸ Some jurisdictions, such as King County, have opted to use a different method for counting unsheltered homeless on a biennial basis; hence, there was no PIT count of unsheltered homeless in King County in 2023 or 2025. For those years, HUD reports the previous year's unsheltered count. See: US Department of Housing and Urban Development, *The 2023 Annual Homelessness Assessment (AHAR) Report to Congress Part I: Point-in-Time Estimates of Homelessness*, December 2023, p. 8. Note that the 2025 AHAR statistics are not yet available; however, the 2025 PIT counts (excluding unsheltered in King County) are available; see: Washington State Department of Commerce, "Point in Time count, Commerce's Snapshot report both show that homelessness growth rate has slowed," August 20, 2025, <https://www.commerce.wa.gov/point-in-time-count-commerces-snapshot-report-both-show-that-homelessness-growth-rate-has-slowed/>.

¹⁹ The Snapshot statistics shown are as of January each year, like the PIT counts. For a more detailed description of the Snapshot, see Department of Commerce, "Understanding the Snapshot Report," July 2025, <https://deptofcommerce.app.box.com/s/xonalo6msygtcj0hr7ci7qjg8lug7rc/file/1933830157759>.

The PIT and Snapshot counts differ widely, with the latter being over 400% greater than the former in 2024. Clearly, they are best viewed as measuring two different things: literal homelessness, in the case of the PIT numbers, and anyone who is either literally homeless or unstably housed, in the case of the Snapshot.

According to the PIT count, the number of unsheltered homeless doubled over the last decade, accounting for 51% of the homeless population as of 2024, while the number of sheltered homeless has grown more slowly (Figure 33).²⁰ The homeless population in Washington was far more male than female at 63% and 36% respectively, in 2024 (Figure 34).²¹ The number of homeless individuals in families has remained relatively constant over time while the number of homeless individuals on their own has doubled since 2015 (Figure 35).



Figure 33: PIT Estimates of Sheltered and Unsheltered Homeless, Washington State

Sources: HUD AHAR

²⁰ Commerce's Snapshot report does not provide a breakdown of unsheltered and sheltered homeless.

²¹ "Other" includes transgender, non-binary and gender questioning; HUD began collecting statistics on non-binary homeless in 2017 and gender questioning homeless in 2021.

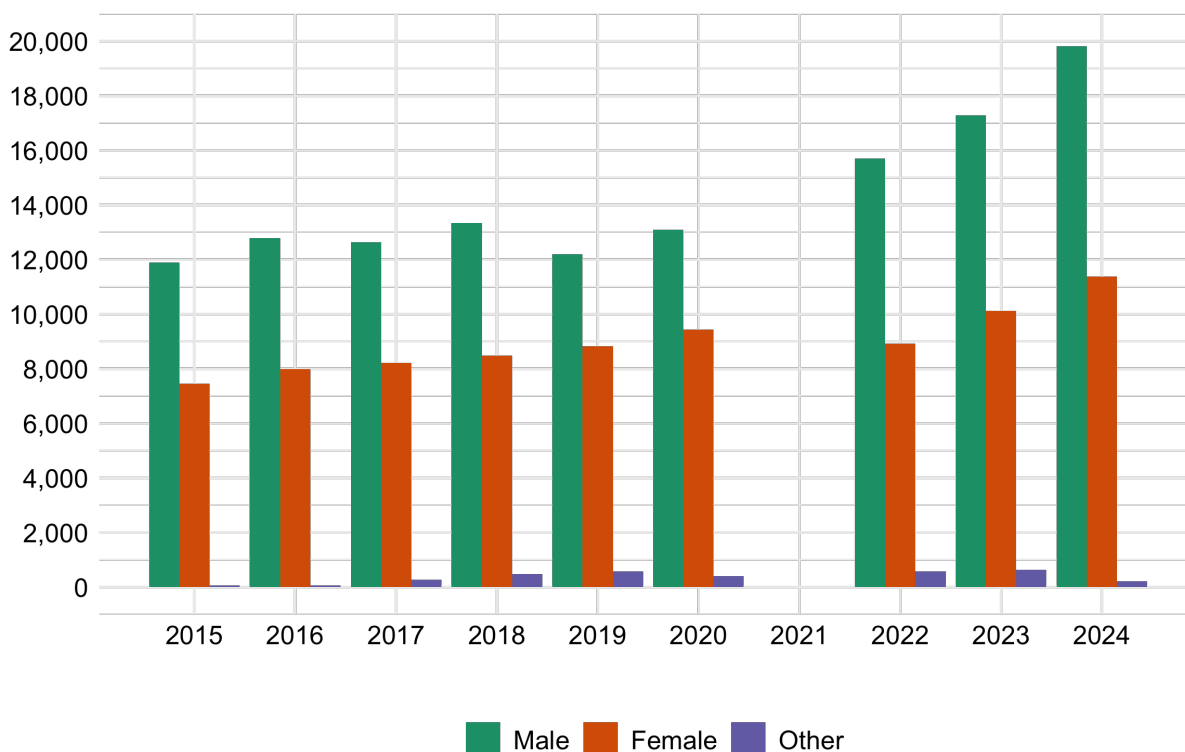


Figure 34: PIT Estimates of Homeless by Gender, Washington State

Source: HUD AHAR

Washington's supply of permanent housing for the homeless, which includes Permanent Supportive Housing (PSH), Rapid Re-housing, and Other Permanent Housing beds, increased 38% from 2019 to 2024 (Figure 36). This supply declined slightly in 2024 due to a drop in the Other Permanent Housing category. The amount of Emergency, Safe Haven, and Transitional housing beds remained mostly constant from 2015 to 2021. From 2021 to 2024, the count of beds in these latter categories increased 27%. When a homeless individual receives permanent housing, they are no longer included as part of the PIT count.

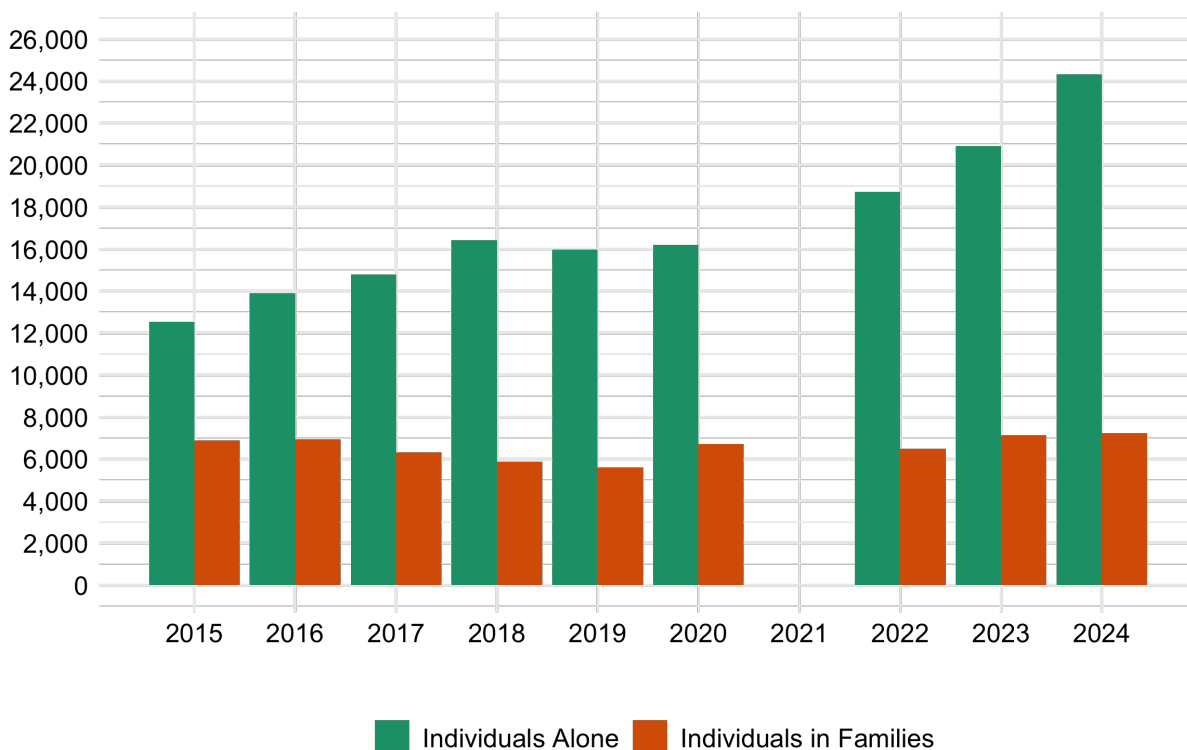


Figure 35: PIT Estimates of Homeless by Family Status, Washington State

Source: HUD AHAR

Homelessness is complex and not something that can be entirely resolved at the local or even state level. The relatively high housing cost burdens experienced by extremely low-income households contribute directly to rising homelessness. The housing needs of the poorest households are fundamentally different from those that can be supplied by the market. To decrease homelessness in Washington, extensive subsidies would be needed to make housing affordable, well above and beyond what is already in place.

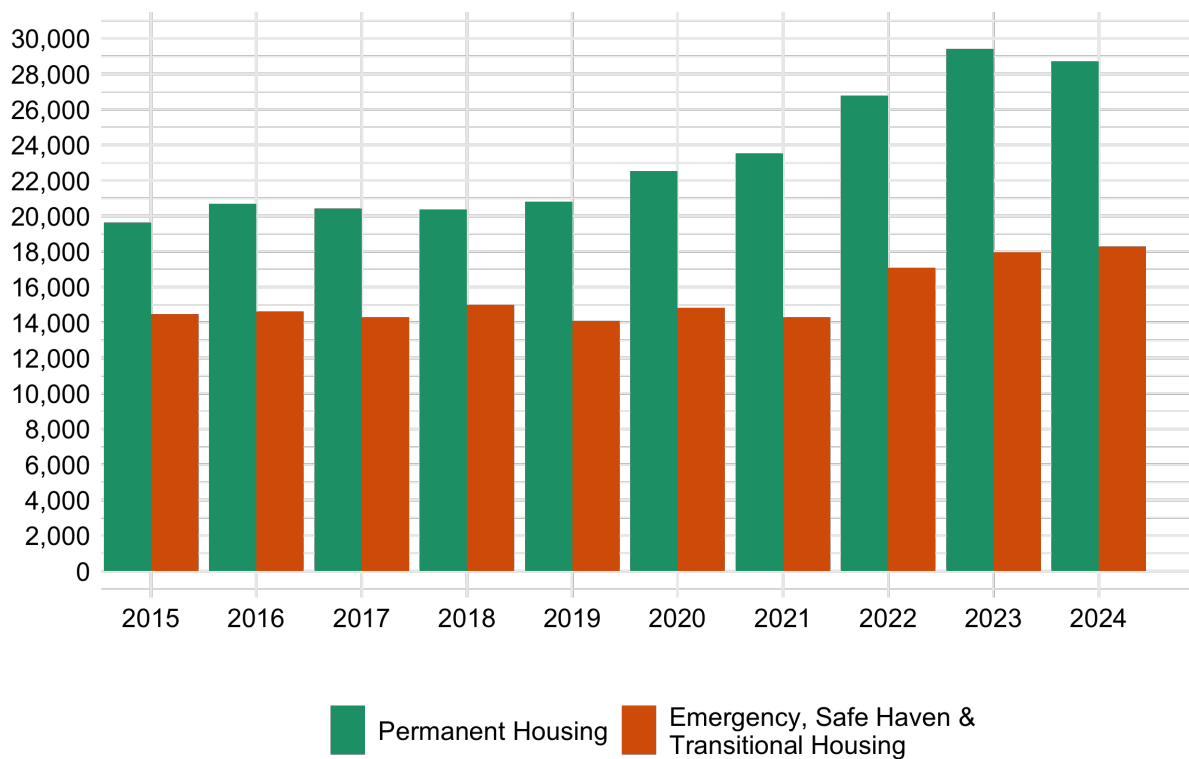


Figure 36: Permanent and Emergency Housing Beds, Washington State

Source: HUD Housing Inventory Count Report

Conclusions

Washington continues to face significant housing affordability challenges. Housing is unaffordable for large portions of the population, especially those with incomes below their area's median. Nearly half of all renter households face high cost burdens, paying more than 30% (and, in many cases, more than 50%) of income on housing costs. Almost a quarter of homeowners are cost burdened. Meanwhile, the homeless population continues to grow.

Rising interest rates have made both construction loans and permanent financing for apartment buildings more expensive. For developers, high interest rates make housing more expensive to build and thus make it less likely that projects will be profitable. For homebuyers, high mortgage interest rates have increased borrower's monthly payments, reducing the affordability of homeownership.

Construction costs increased sharply in 2021 and 2022 due in part to supply chain problems caused by the COVID-19 pandemic. Since then, they have grown slowly, even declining by over 1% in 2023. Construction costs today are just about where they would have been had they increased in a linear manner from 2000 to 2025. Construction costs matter because they affect the cost and viability of new development, as well as the affordability of existing homes and apartments. If development activity picks up again, perhaps in response to reduced interest rates, we may well see some of the savings from lower financing costs offset by higher construction costs.

Annual multifamily housing permits continued to decline from April 2024 to April 2025 due to low rent growth projections, as a result of a large amount of housing produced in the previous few years, and higher costs. Likewise, during the same period, multifamily housing completions began to decline from a peak during the April 2023 to April 2024 period. Given the time it takes to go from permit to completion, we anticipate that multifamily completions will continue to decline over at least the next year or so. As the supply of new multifamily units continues to slow, we may see rents start to tick upwards, potentially causing a further decline in affordability.

In the 2025 legislative session, the Washington state legislature enacted multiple laws intended to increase the supply of affordable housing. Among other things, these laws have: capped rent increases and extended the notice required for rent increases; directed new development near transit with certain affordability requirements; empowered Commerce to review local jurisdiction compliance with the housing requirements of the GMA; and lowered mandatory parking requirements for new developments.

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