



Policy Development & Research

# Analysis of the Bellingham, Washington Housing Market

As of October 1, 2003



ECONOMIC RESEARCH

## **Foreword**

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis follows the guidelines developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based upon information available on the "as-of" date from both local and national sources. As such, any findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: 1990 to 2000, 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory, as of the 1990 Census, the 2000 Census, the Current date, and Forecast date. For the purposes of this analysis the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Ms. Sarah E. Bland, the Division's Supervisory Economist in the Seattle HUD Office, based on fieldwork conducted in May 2003. Questions regarding the findings and conclusions of the analysis may be addressed to Ms. Sarah E. Bland at (206) 220-5112 and at [Sarah\\_Bland@hud.gov](mailto:Sarah_Bland@hud.gov).

## **Housing Market Area**

The Bellingham Housing Market Area (HMA) is coterminous with Whatcom County, Washington, and borders Canada. The HMA lies approximately 90 miles north of Seattle and 55 miles south of Vancouver, British Columbia. Bellingham is the central city of the HMA and the location of the area's largest employer, Western Washington University (WWU). As the HMA economy has grown and the area has become increasingly attractive to both families and retirees drawn to its high quality of life, distinct submarkets have evolved in the cities of Bellingham, Blaine, Ferndale, and Lynden, as well as in the unincorporated areas of Whatcom County.

## **Summary**

The Bellingham HMA economy has grown at a fairly consistent, moderate pace since 1990. Steady employment at Western Washington University has helped lessen the effect of declines in employment in the manufacturing sector and of the general economic slowdown. Population growth in the HMA has been fairly strong since 1990 because of the significant in-migration of students, retirees, and families.

Consistent economic growth and net in-migration created a strong sales market in the Bellingham HMA during the 1990s. Between 1990 and 2000, total home sales increased an average of 1 percent annually and the average sales price rose by 4.5 percent annually. Since 2000, both the volume of sales and prices have risen at much higher rates because of increased demand due to strong household growth and low mortgage interest rates.

The Bellingham HMA rental market conditions have been balanced or tight for much of the time since 1990 because of the relatively stable economic conditions and steady demand from Western Washington University students. Rental market conditions have eased somewhat because of new rental units entering the market.

The Bellingham HMA's employment, population, and household growth rates are expected to slow during the first year of the forecast period compared with recent growth rates. In the second year growth rates are expected to increase to a level more consistent with previous trends. The volume of housing production during the 2-year forecast period ending October 1, 2005, that will satisfy anticipated household growth and result in reasonably balanced supply-demand conditions is estimated to be 1,920 units of sales housing and 860 units of rental housing.

## **Economy of the Area**

Employment grew solidly in the Bellingham HMA during the 1990s, with growth concentrated in the services, retail trade, government, and construction sectors. Economic conditions slowed in 2001 because of the national recession, the loss of more than 400 manufacturing jobs in the HMA, and a significant decline in cross-border travel due to national security issues. The steady presence of the state government employment at Western Washington University and a strong construction sector helped the HMA

rebound quickly in 2002 with several thousands jobs added since that time. The trends in employment from 1990 through the Current date are presented in Tables 1, 2a, and 2b.

From 1990 to 2000 total employment increased at a rate of 2 percent annually and nonagricultural employment increased at a 2.6 percent annual rate. Nonagricultural wage and salary employment increased by an average of 2.8 percent each year during the first half of the decade and 2.3 percent annually during the latter half. Total employment grew at the same average annual rate of 2.6 percent during the early 1990s, but at a slower 1.2 percent rate during the 1995 to 2000 period. In the 12 months ending September 2003, nonagricultural wage and salary employment in the Bellingham metropolitan area averaged 72,650 jobs, up 2.5 percent compared with the same period ending September 2002.

Steady population gains and the Bellingham HMA's recreational and geographical amenities have greatly contributed to employment increases in the service and retail trade sectors. Services employment rose by an average of 4.6 percent annually during the 1990s, or a total of nearly 6,000 jobs, while retail trade employment rose by an estimated 10,000 jobs over the same period. Services employment currently accounts for more than 25 percent of nonagricultural wage and salary jobs, and retail trade accounts for 13 percent. The volume of travel through the five Canadian border crossings in the HMA significantly impacts both sectors.

Western Washington University has been a stabilizing factor for the HMA economy, in addition to significantly impacting the local housing market. The university, located in downtown Bellingham, employs a faculty and staff of more than 1,800. As of the fall of 2003, the university enrollment totaled 12,700 students (graduate and undergraduate) and has a projected increase of 150 students annually for the next several years. The university and its students contribute an estimated \$200 million a year to the local economy. One in five nonagricultural wage and salary jobs in the HMA is in state or local government.

A steady demand for housing, along with major commercial projects, has resulted in a substantial increase in construction employment in the HMA. During the 12-month period ending September 2003, the rate of growth in construction employment measured 4 percent. Construction employment is expected to taper slightly over the next 2 years but to remain fairly strong because of residential building and continuing projects at Western Washington University.

Manufacturing employment in the Bellingham HMA increased more modestly than in other sectors during the previous decade, rising at an average annual rate of 1 percent. In 2001, the trend reversed when Georgia-Pacific closed its pulp mill, resulting in the loss of 420 jobs that paid an average of \$52,000 per year. Georgia-Pacific still operates a tissue products plant in the HMA with 330 employees. The trend of decline in manufacturing is expected to continue during the forecast period. Alcoa Intalco Works has announced a reduction of one-third of its workforce, or 200 jobs, at its aluminum smelter by January 2004. In the 12-month period ending September 2003, manufacturing employment rose

by 150 jobs, mainly because of smaller, maritime-related businesses that opened in the area.

The climate, location, and recreational amenities in and near the Bellingham HMA attract retirees and tourists to the area, contributing to growth in the economy and population and the demand for housing of all types. Attributes of the HMA include 13 public golf courses, the Mt. Baker National Forest and Ski Area, numerous lakes and rivers, easy access to the San Juan Islands and Canada, and an Alaska Marine Highway and cruise ship terminal. A joint effort between private and public partners to improve the downtown Bellingham waterfront and increase tourism is in the early planning stages. A long-term effort, the Waterfront Futures Project, includes the possibility of retail, housing, and commercial development on the site of the closed Georgia-Pacific pulp mill.

Based on recent employment trends, the continuing stability of employment and enrollment at WWU, and projections for fairly strong gains in the retail and construction sectors offsetting losses in the manufacturing sector, employment growth over the 2-year forecast period is projected to average 2 percent annually, or 1,475 jobs. The rate of growth during the first half of the forecast period is expected to average 1.6 percent and increase to 2.5 percent during the second year.

## **Household Incomes**

According to HUD's Economic and Market Analysis Division, the median family income in the Bellingham HMA was estimated to be \$55,200 in 2003. Based on the trend in median family income, the rate of increase has been relatively steady, averaging 4 percent annually since 1990.

## **Population**

Between 1990 and 2000, the population of the Bellingham HMA grew by an average annual rate of 3.1 percent, or 3,900 persons annually. This growth rate was relatively high compared with the previous decade when the population grew by 1.9 percent annually. The population of the Bellingham HMA is estimated to be 178,500 as of the Current Date, or an average annual gain of 2 percent since the 2000 Census. The decline in the rate of population growth parallels the more modest increases in employment during the past the past 3 years. The trends in population from 1990 through the Forecast date are presented in Table 3.

The attractiveness of the area as a retirement destination as well as the quality of life and relatively strong economy resulted in a steady in-migration, the main factor in the HMA's population increase between 1990 and 2000. Net in-migration accounted for more than three-fourths of the population gain during this period, averaging 3,100 annually. Since 2000, net migration has declined to an average of 2,600 persons annually. Population growth as a result of net natural change (resident births minus resident deaths) averaged approximately 850 persons each year from 1990 to 2000, and since 2000, has declined to an average of 800 annually.

The students at Western Washington University account for approximately 7 percent of the population of the HMA but have not been a major factor in the area's population growth. Enrollment has risen by approximately 200 students annually since 1990 and totals 12,700 as of the fall of 2003. Students factor significantly in the housing market, however. While approximately 4,000 students reside in dormitories and residence halls, the remaining 8,700 students reside in units in the private market, typically in the rental market.

Population growth is expected to be slightly slower during the forecast period than it was during the past 3.5 years. During the first year of the forecast ending October 2004 population is expected to increase to 181,500. As of the Forecast date, the population of the Bellingham HMA will be an estimated 185,000 persons for an average annual gain of 3,250 persons, or a 1.8 percent increase.

## **Households**

The trends in household growth since 1990 in the Bellingham HMA have been similar to those for the population. Between 1990 and 2000 the average annual rate of growth was 3.3 percent or 1,600 households. An estimated 69,300 households are in the Bellingham HMA as of the Current date, reflecting an average annual increase of 2.2 percent since the 2000 Census, or 1,400 households per year.

Approximately 70 percent of the university's students live off campus in privately owned housing units, a major component of the demand for rental units in the City of Bellingham. The estimated 8,700 WWU students living in the private market account for approximately 5,400 student households. Local sources report that at least 5,000 of these student households reside in the City of Bellingham, occupying an estimated 32 percent of the renter households. Because enrollment is expected to increase by only 150 students annually, student households are not expected to be a major factor in household growth during the forecast period.

Based on current characteristics of household size and the rate of population growth expected as a result of employment increases and projected net in-migration, it is estimated that the number of households in the HMA will increase by an average of 2 percent annually during the 2-year forecast period to 72,150 households as of the Forecast date of October 2005.

## **Housing Inventory**

Similar to the change in population and households, the housing inventory has grown steadily since 1990. The housing inventory increased an average of 1,815 units annually between 1990 and 2000. The inventory of single-family homes increased by 1,000 units annually during the period, or more than half of the total change in the housing inventory. The increase in multifamily housing stock increased by an annual average of 620 units. Manufactured housing accounted for the remainder of the increase. As of the Current date an estimated 79,250 housing units are in the Bellingham HMA, or an average annual

change of 1,550 since the 2000 Census. Trends in housing inventory and vacancy are presented in Table 4.

Reflecting the steady demand for homes over the decade, the HMA's single-family housing inventory increased nearly 10,000 units between 1990 and 2000. Unincorporated areas of the county accounted for 60 percent of the gain. Twenty-five percent of the increase was in the City of Bellingham, 11 percent in Lynden, and 8 percent in Ferndale. Single-family attached units, typically townhouse-style developments, increased in the City of Bellingham by more than 900 units between 1990 and 2000. Pressures on land availability, rising single-family home prices, and the desires of buyers to have low-maintenance units have increased the marketability of this type of housing.

Single-family building permit activity in the Bellingham HMA averaged 1,025 units annually from 1990 through 1999 and increased only marginally from 2000 through 2002 to 1,500 homes annually. Reflecting continued low mortgage interest rates and the area's strong economic performance during the past 12 months, single-family permit activity in the first 9 months of 2003 totaled 1,155 homes. As expected, Whatcom County's unincorporated areas (including the Birch Bay area) accounted for 60 percent of the activity, with 18 percent of the activity in the City of Bellingham and 22 percent in the cities of Lynden, Ferndale, and Blaine. The trends in single-family and multifamily building permit activity from 1992 to 2002 are presented in Table 5.

The Bellingham HMA's multifamily inventory increased by 6,200 units between 1990 and 2000. Approximately 70 percent of the change in the multifamily inventory occurred in the City of Bellingham and totaled just over 400 units annually. Due to substantial increases in prices for single-family homes and the declining supply of buildable sites in the City of Bellingham, multifamily housing is critical to meeting the demand for housing in this part of the HMA. Approximately 10 percent of the multifamily inventory in the City of Bellingham consists of owner-occupied condominiums.

Multifamily building permit activity averaged 750 units annually during the first half of the 1990s and declined to an average of 460 units during the second half. Due to strong economic conditions in the HMA and tight rental market conditions in the City of Bellingham, multifamily permit activity increased to more than 800 units in 2000. In 2001, activity declined in response to the slowing economy. During 2001 and 2002 activity averaged 460 units annually. For 2003 through September, multifamily activity totaled 457 units, 93 percent of which are in the City of Bellingham.

Manufactured housing represents an important component of the HMA's housing market. Between 1990 and 2000, the number of manufactured homes increased by 1,700 units, over half of which occurred in the Birch Bay area. Data from the Northwest Research Group shows manufactured homes have recently represented a smaller portion of new housing added to the HMA, or approximately 130 units annually since 2000, due to reduced manufactured housing-park development, stronger competition from single-family detached homes, and more restrictive regulations governing the placement of homes in many incorporated areas of the HMA.

## **Housing Vacancy**

The trend in vacancy rates in the HMA reflects strong market conditions since 1990. As of 1990 both sales and rental markets were tight, with vacancy rates of 1.2 percent and 4.3 percent respectively. Builders responded to the tight market conditions with increased production. By 2000 the sales vacancy rates had risen to 2.2 percent and to 5.7 percent in the rental market. Strong economic conditions over the past 12 months and continued low mortgage interest rates have resulted in increased demand and tighter market conditions for sales housing. As of October 2003 the vacancy rate for sales housing had declined to 1.5 percent. The rental market has eased slightly because approximately 600 rental units have entered the market in the past 12 months and the rental vacancy rate has increased slightly to an estimated 5.8 percent as of the Current date.

## **Sales Market Conditions**

Demand from a wide variety of market segments has contributed to appreciable gains in housing sales and prices in the Bellingham HMA since 1990. Annual sales of new and existing homes averaged 2,600 during the 1990s, up 37 percent from an average of 1,900 in the previous decade according to data from the Whatcom County Real Estate Research Report. From 1990 through 1994 prices increased an average of 12 percent annually because of steady growth in the economy and in-migration from higher-priced market areas. From 1995 through 2000 sales volume was relatively equal to that during the first half of the decade, while the increase in sales prices dropped significantly to 2.5 percent annually. Despite the slower economic conditions that began in 2001, low mortgage interest rates have supported a continued increase in demand for sales housing, averaging 3,200 annually from 2000 through 2002. Strong market conditions have continued throughout all segments and price ranges according to data from the Bellingham Multiple Listing Service (MLS). Sales for the 12 months ending September 2003 were up 17 percent compared with the previous period, and the average sales price was \$201,200, reflecting an 11 percent increase.

The condominium market always has been an important factor in the sales market in the Bellingham HMA, particularly in the city, where condominiums are popular because of their affordability and convenience. A number of condominium units is purchased by investors or parents for student rental housing. Data from the Whatcom County Real Estate Research Report indicates that condominium sales typically have averaged 385 units annually from 2000 through 2002. The average condominium sales price rose 16 percent between 1990 and 2000 to \$118,500. Over the past 12 months ending September 2003, condominium sales through the Bellingham MLS have risen by 18 percent and the average sales price has increased 10 percent to \$133,850. Approximately 50 percent of the condominium sales are in the City of Bellingham.

Sales of manufactured homes have recently declined due to competition from single-family detached homes, but remain popular in Whatcom County's unincorporated areas, such as Birch Bay. Data from the Northwest Research Group indicate sales of new homes declined 26 percent in 2001 to 126 and then rose slightly to 130 sales in 2002. As of



August 2003, new sales for the year were down 18 percent to 84 homes. The average sales price was approximately \$65,000. Sales of homes on leased land through the Bellingham MLS declined significantly to just 40 units for the 12 months ending September 2003, down from 86 homes sold in the prior comparable period.

## **Rental Market Conditions**

Rental market conditions in the Bellingham HMA have been very strong for more than a decade due to a relatively rapid rate of growth in new renter households and the continued steady demand from WWU students. Conditions were fairly tight at the onset of the 1990s with a rental vacancy rate of 4.3 percent. The vacancy rate rose to an estimated 6.5 percent in 1994 as a result of a large number of new units entering the market. The vacancy rate declined to 5.7 percent as of the 2000 Census. Local sources indicated tighter market conditions with apartment vacancy rates of around 3 percent between 1999 and mid-2003. Because of the number of new rental units entering the market during the past 6 months and the decline in the growth of renter demand due to a shift to homeownership, market conditions have become more balanced. The overall rental vacancy rate was estimated to be 5.8 percent as of the Current date.

New rental complexes include two in downtown Bellingham, an area where no new residential construction had occurred in more than 20 years.

Rents rose steadily in the Bellingham HMA from 1990 through 1999 as a result of the continued demand. The median contract rent rose by an annual average rate of 5.4 percent between 1990 and 2000 to \$555 per month based on census data. As a result of the more balanced market conditions, the rate of increase has declined since 2000, according to the Dupre+Scott Apartment Vacancy report. Average rents reported for apartments of all types in complexes with 20 or more units rose 2.6 percent annually between 2000 and September 2003 to \$673. Current rents as of the fall of 2003 in complexes built after 1993 averaged \$585 for one-bedroom units and \$765 for two-bedroom/two-bath units. The City of Bellingham accounts for 63 percent of the HMA's rental market and commands higher rents than the remainder of Whatcom County. Projects currently proposed or under construction in Bellingham's downtown or sought-after Fairhaven district have rents ranging from \$520 to \$1,500 for units sized between 450 and 1,500 square feet.

Developments financed with low-income housing tax credits are an integral part of the Bellingham HMA rental market and conditions are tighter than in the overall market. Vacancy rates for tax-credit projects currently are averaging 3 percent. Approximately 1,500 rental units serve families, seniors, and farm workers with incomes between 30 and 60 percent of the area median income. The tax-credit stock consists of 1,085 units for families, 340 units for seniors, and 75 for farm workers. Most of these units were constructed after 1990.

The market for assisted rental housing targeted to low- and very-low-income renters is extremely tight in the Bellingham HMA. Occupancy rates of 100 percent and waiting

lists of 1 to 2 years at subsidized projects are typical. The inventory of project-based rental assistance through HUD programs totals 780 units and consists of 557 units for families and 313 units for seniors and persons with disabilities. In addition, 1,693 Section 8 rental vouchers assist renters in the HMA. The U.S. Department of Agriculture's Rural Housing Service currently funds 310 units consisting of 170 units for the elderly 76 units for farm workers, and 64 units for families.

## **Forecast Housing Demand**

During the 2-year forecast period, additional housing will need to be built to meet demand due to household growth and to replace housing units expected to be lost to demolitions, conversions, and other causes. Based on anticipated household growth and current market conditions, estimates indicate a demand for 2,830 new housing units will emerge during the 2-year forecast period ending October 2005. Taking into account sales and rental housing units under construction, as well as a modest tenure shift toward homeownership, the production of 1,920 units of sales housing and 860 market rate rental units will best achieve an acceptable housing demand-supply relationship at the end of the forecast period.

Sales housing demand will be met primarily through construction of an estimated 870 single-family detached homes annually. This level of demand is below the average annual single-family permit volume for the 3 years prior to the Current date. The decline reflects the slower employment growth forecast for the first year of the forecast period and the recent volume of single-family permit activity. Most demand for new homes is expected to be in the \$225,000 to \$325,000 price range. The demand for single-family attached homes is expected to be primarily in the \$130,000 to \$180,000 range.

Condominiums will continue to represent a popular homeownership option, making up 10 percent of the total housing sales demand, with most of the demand being for units priced between \$75,000 and \$150,000. Demand for new manufactured homes will be modest over the forecast period, averaging 100 units annually. Price ranges for manufactured homes are expected to average between \$60,000 and \$80,000, excluding land. Manufactured homes sold in combination with land will range between \$120,000 and \$150,000.

Rental demand during the first year of the forecast period is projected to be lower than the yearly volume of multifamily permit activity recorded in 2001 and 2002. In the second year of the forecast, demand is projected to be similar to recent annual multifamily permit volume as the economy rebounds and renter household growth increases. Demand is expected to support up to 375 new rental units in the first forecast year and 485 units in the second forecast year. Table 6 presents the average annual demand of 430 units by rent range and unit size.

**Table 1**  
**Labor Force and Total Employment**  
**Bellingham HMA**  
**1992 to October 1, 2003**

| Year             | 1992   | 1993   | 1994   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | Prior 12 Mos. | Current 12 Mos. |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|-----------------|
| Labor Force      | 73,400 | 75,200 | 74,100 | 78,200 | 78,500 | 78,700 | 78,900 | 82,300 | 81,600 | 80,300 | 84,700 | 83,500        | 87,500          |
| Total Employment | 67,800 | 69,300 | 68,700 | 72,500 | 72,600 | 74,100 | 74,400 | 78,100 | 76,900 | 74,800 | 79,400 | 78,000        | 82,300          |
| Unemployment     | 5,600  | 5,900  | 5,400  | 5,700  | 5,900  | 4,600  | 4,500  | 4,200  | 4,700  | 5,500  | 5,300  | 5,600         | 5,200           |
| Rate (%)         | 7.6%   | 7.8%   | 7.3%   | 7.3%   | 7.5%   | 5.8%   | 5.7%   | 5.1%   | 5.8%   | 6.3%   | 6.8%   | 6.6%          | 6.0%            |

Sources: Washington State Employment Security  
 Bureau of Labor Statistics

**Table 2a**  
**Nonagricultural Employment**  
**Bellingham HMA**  
**1992 to 2000**

|                                   | <b>1992</b> | <b>1993</b> | <b>1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>2000</b> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nonagricultural Total             | 58,200      | 59,300      | 60,100      | 61,000      | 62,400      | 64,600      | 65,500      | 66,300      | 68,100      |
| Construction & Mining             | 4,200       | 4,400       | 5,300       | 4,900       | 5,000       | 5,800       | 5,900       | 6,700       | 6,300       |
| Manufacturing                     | 8,600       | 8,600       | 8,700       | 9,200       | 9,700       | 9,400       | 9,400       | 9,200       | 9,700       |
| Transportation & Public Utilities | 2,300       | 2,500       | 2,400       | 2,500       | 2,600       | 2,700       | 2,800       | 2,900       | 2,900       |
| Wholesale and Retail Trade        | 17,200      | 17,100      | 16,900      | 16,700      | 16,600      | 17,600      | 17,700      | 18,200      | 18,200      |
| Finance, Insurance, & Real Estate | 2,100       | 2,200       | 2,300       | 2,200       | 2,200       | 2,300       | 2,500       | 2,600       | 2,600       |
| Services                          | 14,000      | 14,700      | 14,400      | 15,000      | 15,500      | 16,100      | 16,400      | 16,500      | 17,800      |
| Government                        | 9,800       | 10,000      | 10,100      | 10,500      | 10,700      | 10,700      | 10,800      | 10,300      | 10,700      |

Note: Data from 1992 through 2000 available only by Standard Industrial Classification (SIC)  
Sources: Washington State Labor Market and Economic Analysis  
Bureau of Labor Statistics

**Table 2b**  
**Nonagricultural Employment (NAICS)**  
**Bellingham HMA**  
**2001 to October 1, 2003**

|  | 2001   | 2002   | Prior 12 Mos. | Current 12 Mos. |
|--|--------|--------|---------------|-----------------|
| Nonagricultural Total                  | 68,200 | 69,900 | 70,900        | 72,700          |
| Total Private                          | 55,800 | 56,800 | 56,300        | 57,500          |
| Goods Producing                        | 14,700 | 14,600 | 14,300        | 14,700          |
| Natural Resources & Mining             | 400    | 400    | 400           | 400             |
| Construction                           | 5,700  | 6,000  | 5,800         | 6,000           |
| Manufacturing                          | 8,600  | 8,200  | 8,100         | 8,300           |
| Durable Goods                          | 4,600  | 4,500  | 4,400         | 4,700           |
| Nondurable Goods                       | 4,000  | 3,700  | 3,700         | 3,600           |
| Food Manufacturing                     | 1,600  | 1,500  | 1,500         | 1,500           |
| Service Providing                      | 53,500 | 55,300 | 56,600        | 58,000          |
| Trade, Transportation, Utilities       | 13,500 | 13,600 | 13,600        | 13,700          |
| Wholesale Trade                        | 2,600  | 2,600  | 2,600         | 2,700           |
| Retail Trade                           | 9,000  | 9,100  | 9,100         | 9,200           |
| Transportation, Warehousing, Utilities | 2,000  | 1,900  | 1,900         | 1,800           |
| Information & Financial Activities     | 4,300  | 4,300  | 4,300         | 4,300           |
| Government                             | 12,400 | 13,000 | 14,700        | 15,200          |
| Federal Government                     | 900    | 900    | 900           | 1,000           |
| State Government                       | 3,500  | 3,500  | 5,300         | 5,300           |
| Local Government                       | 8,100  | 8,600  | 8,500         | 8,800           |

Note: Data from 2001 through Current date available only by North American Industry Classification System (NAICS)  
Sources: Washington State Employment Security  
Bureau of Labor Statistics

**Table 3**  
**Population and Household Trends**  
**Bellingham HMA**  
**April 1, 1990 to October 1, 2005**

|                             | April 1,<br>1990 | April 1,<br>2000 | Current<br>Date | Forecast<br>Date | Average Annual Change |          |                 |          |                     |          |
|-----------------------------|------------------|------------------|-----------------|------------------|-----------------------|----------|-----------------|----------|---------------------|----------|
|                             |                  |                  |                 |                  | 1990 to 2000          |          | 2000 to Current |          | Current to Forecast |          |
|                             |                  |                  |                 |                  | Number                | Rate (%) | Number          | Rate (%) | Number              | Rate (%) |
| <b>Population</b>           |                  |                  |                 |                  |                       |          |                 |          |                     |          |
| Bellingham HMA              | 127,780          | 166,814          | 178,500         | 185,000          | 39,034                | 3.1      | 11,686          | 2.0      | 6,500               | 1.8      |
| City of Bellingham          | 52,179           | 67,171           | 71,500          | 74,000           | 14,992                | 2.9      | 4,329           | 1.8      | 2,500               | 1.7      |
| Remainder of Whatcom<br>Co. | 75,601           | 99,643           | 107,000         | 111,000          | 24,042                | 3.2      | 7,357           | 2.1      | 4,000               | 1.9      |
| <b>Households</b>           |                  |                  |                 |                  |                       |          |                 |          |                     |          |
| Bellingham HMA              | 48,543           | 64,446           | 69,300          | 72,150           | 15,903                | 3.3      | 4,854           | 2.2      | 2,850               | 2.1      |
| City of Bellingham          | 21,189           | 27,999           | 30,100          | 31,300           | 6,810                 | 3.2      | 2,101           | 2.1      | 1,200               | 2.0      |
| Remainder of Whatcom<br>Co. | 27,354           | 36,447           | 39,300          | 40,900           | 9,093                 | 3.3      | 2,853           | 2.2      | 1,600               | 2.0      |

Note: Numbers may not add to totals due to rounding.  
Sources: 1990 and 2000 U.S. Census Bureau  
Current and Forecast—estimates by analyst

**Table 4**  
**Housing Inventory Tenure and Vacancy**  
**Bellingham HMA**  
**1990 to October 1, 2003**

|                         | Bellingham HMA |        |         | City of Bellingham Submarket Area |        |         | Remainder of HMA Submarket Area |        |         |
|-------------------------|----------------|--------|---------|-----------------------------------|--------|---------|---------------------------------|--------|---------|
|                         | 1990           | 2000   | Current | 1990                              | 2000   | Current | 1990                            | 2000   | Current |
| Total housing inventory | 55,742         | 73,893 | 79,250  | 22,114                            | 29,002 | 31,250  | 33,628                          | 44,891 | 48,000  |
| Occupied units          | 48,543         | 64,446 | 69,300  | 21,189                            | 27,999 | 30,100  | 27,354                          | 36,447 | 39,250  |
| Owners                  | 31,237         | 40,876 | 44,500  | 10,793                            | 13,487 | 14,560  | 20,444                          | 27,389 | 29,950  |
| %                       | 64.3           | 63.4   | 64.2    | 50.9                              | 48.2   | 48.4    | 74.7                            | 75.1   | 76.3    |
| Renters                 | 17,306         | 23,570 | 24,800  | 10,396                            | 14,512 | 15,500  | 6,910                           | 9,058  | 9,300   |
| %                       | 35.7           | 36.6   | 35.8    | 49.1                              | 51.8   | 51.6    | 25.3                            | 24.9   | 23.7    |
| Vacant units            | 7,199          | 9,447  | 9,900   | 925                               | 1,475  | 1,630   | 6,274                           | 7,972  | 8,250   |
| Available units         | 1,173          | 2,338  | 2,200   | 506                               | 1,003  | 1,050   | 667                             | 1,335  | 1,150   |
| For sale                | 390            | 915    | 675     | 90                                | 311    | 150     | 300                             | 604    | 530     |
| Rate (%)                | 1.2            | 2.2    | 1.5     | 0.8                               | 2.3    | 1.0     | 1.5                             | 2.2    | 1.8     |
| For rent                | 783            | 1,423  | 1,530   | 416                               | 692    | 900     | 367                             | 731    | 620     |
| Rate (%)                | 4.3            | 5.7    | 5.8     | 3.9                               | 4.6    | 5.5     | 5.0                             | 7.5    | 6.3     |
| Other vacant            | 6,026          | 7,109  | 7,700   | 419                               | 472    | 580     | 5,607                           | 6,637  | 7,120   |

Note: Numbers may not add to totals due to rounding.  
Sources: 1990 and 2000 U.S. Census Bureau  
Current and Forecast—estimates by analyst

**Table 5**  
**Residential Building Permit Activity**  
**Bellingham HMA**  
**1992 to 2002**

|                           | 1992  | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Bellingham HMA</b>     |       |       |       |       |       |       |       |       |       |       |       |
| Total                     | 1,674 | 1,860 | 2,282 | 1,354 | 1,309 | 1,521 | 1,149 | 1,595 | 1,879 | 1,465 | 1,544 |
| Single-family             | 1,049 | 1,274 | 1,188 | 854   | 949   | 907   | 933   | 976   | 1,069 | 981   | 1,101 |
| Multifamily               | 625   | 586   | 1,094 | 500   | 360   | 614   | 216   | 619   | 810   | 484   | 443   |
| <b>City of Bellingham</b> |       |       |       |       |       |       |       |       |       |       |       |
| Total                     | 620   | 640   | 1,212 | 605   | 452   | 501   | 452   | 787   | 893   | 690   | 665   |
| Single-family             | 197   | 204   | 289   | 258   | 307   | 273   | 272   | 276   | 238   | 249   | 249   |
| Multifamily               | 423   | 436   | 923   | 347   | 145   | 228   | 180   | 511   | 655   | 441   | 416   |
| <b>Remainder of HMA</b>   |       |       |       |       |       |       |       |       |       |       |       |
| Total                     | 1,054 | 1,220 | 1,070 | 749   | 857   | 1,020 | 697   | 808   | 986   | 775   | 879   |
| Single-family             | 852   | 1,070 | 899   | 596   | 642   | 634   | 661   | 700   | 831   | 732   | 852   |
| Multifamily               | 202   | 150   | 171   | 153   | 215   | 386   | 36    | 108   | 155   | 43    | 27    |

Sources: U.S. Census Bureau, C40 Series Construction Reports  
 Local permit offices



**Table 6**  
**Estimated Qualitative Annual Demand for New Market Rate Rental Housing**  
**Bellingham HMA**  
**October 1, 2003 to October 1, 2005**

| One Bedroom             |                 | Two Bedrooms            |                 | Three Bedrooms          |                 |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 575                     | 150             | 700                     | 200             | 850                     | 90              |
| 625                     | 130             | 750                     | 160             | 900                     | 70              |
| 725                     | 110             | 850                     | 145             | 1,000                   | 65              |
| 825                     | 95              | 950                     | 125             | 1,100                   | 60              |
| 925                     | 80              | 1,050                   | 100             | 1,200                   | 50              |
| 1,025                   | 65              | 1,150                   | 80              | 1,300                   | 45              |
| 1,125                   | 50              | 1,250                   | 65              | 1,400                   | 40              |
| 1,225                   | 40              | 1,350                   | 50              | 1,500                   | 35              |
| 1,325                   | 30              | 1,450                   | 40              | 1,600                   | 30              |
| 1,425                   | 25              | 1,550                   | 30              | 1,700                   | 20              |
| 1,525                   | 20              | 1,650                   | 25              | 1,800                   | 0               |
| 1,625                   | 10              | 1,750                   | 0               | 1,900                   | 0               |

Note: Distribution above is noncumulative; values less than 10 are shown as 0.  
 Source: Estimates by analyst