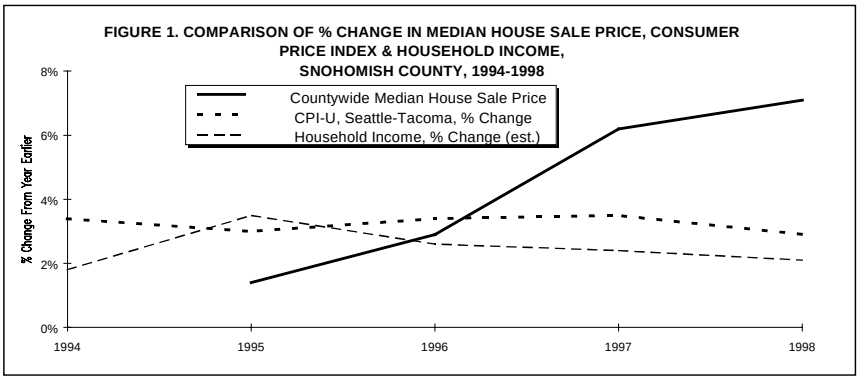
Housing Sales Market: Price Report and Affordability Analysis

Signs of decreasing affordability were evident in the 1998 housing market, a continuation of 1997 trends.

The Growth Monitoring Report (GMR) database indicates 13,020 single family detached homes, condos, townhouses and mobile homes sold in Snohomish County during 1998. The countywide median sales price was $166,000, a 7.1% increase from the 1997 median price of $155,000. The GMR median sales price is within 1.8% of the median single family home and condo sale price calculated by the Northwest Multiple Listing Service (NWMLS). The NWMLS database does not include owner-sold homes (see Housing Methodology section for additional data representativeness and comparison information).

While the county median housing sales price has seen annual increases climb from 1.4% in 1995 to 7.1% in 1998, the median household income annual rate of increase has declined from 3.5% to 2.1% over the same time period (see Employment Growth Trends). In addition, the 1998 median sales price increase was almost 2½ times the overall cost of living rate of increase indicated by the CPI-U factor for the greater Seattle area. This indicates decreasing affordability in the housing market. The graph below illustrates the divergence of housing prices and income growth, which began in 1997.

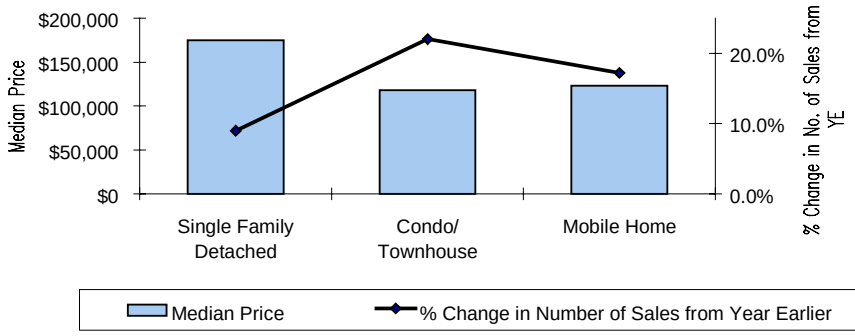


% Change From Year Earlier	1994	1995	1996	1997	1998
Countywide Median House Sale Price		1.4%	2.9%	6.2%	7.1%
CPI-U, Seattle-Tacoma, % Change	3.4%	3.0%	3.4%	3.5%	2.9%
Household Income, % Change (est.)	1.8%	3.5%	2.6%	2.4%	2.1%

As Snohomish County housing prices continued to rise, sales of the most affordable housing types have increased.

84% of all homes sold countywide were single family detached units. Condos/townhouses comprised 12% of total sales and mobile homes comprised 4%. The median price of a single family detached home in the county was $174,900 while the least expensive housing type was condos/townhouses with a median price of $118,000. The median price of mobile homes was $123,050.

FIGURE 2. COMPARISON OF MEDIAN PRICES AND NUMBER OF SALES BY HOUSING UNIT TYPE, SNOHOMISH COUNTY, 1998



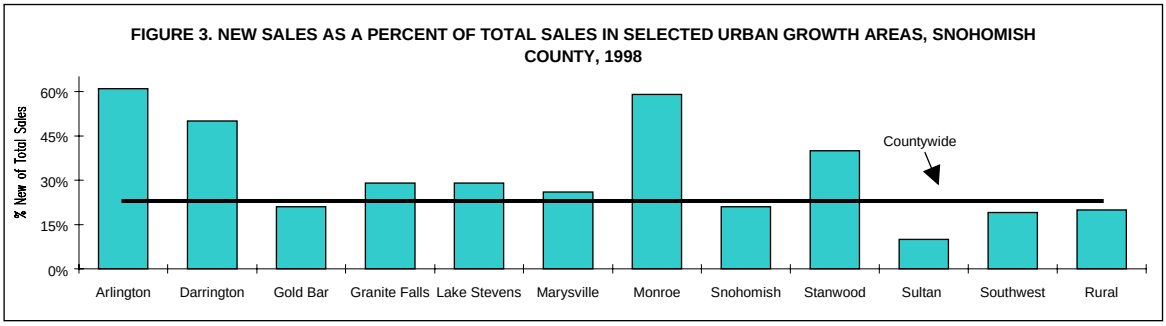
	Single Family Detached	Condo/ Townhouse	Mobile Home
Number of Sales	10,992	1,538	490
% Change in Number of Sales from Year Earlier	9.0%	22.0%	17.2%
Median Price	$174,900	$118,000	$123,050
% Change in Median Price from Year Earlier	9.3%	4.4%	8.9%

Sales of condos/townhouses were up 22% from a year earlier while the number of 1998 mobile home sales rose by 17%. The number of single family detached homes sold in 1998 was 9% higher than in 1997. Both the condo/townhouse and mobile home sub-markets had sale growth exceeding single family detached units in 1997 as well. During 1997 and 1998 median housing sales prices rose by 6.2% and 7.1% respectively, the highest rates of increase since 1994. It appears that as overall housing prices rise, sales of the most affordable housing types have been increasing.

Condos/townhouses comprised a larger proportion of sales in the Southwest Urban Growth Area (UGA) than found in the overall countywide distribution of sales. The Darrington, Gold Bar and Sultan Urban Growth Areas as well as rural parts of the county had the highest proportions of mobile home sales.

Over half of all homes sold in the Arlington and Monroe Urban Growth Areas were new construction, more than double the countywide proportion of new sales.

Approximately one in four housing units sold countywide was a new unit. This distribution is similar to previous years. However, in a few Urban Growth Areas the proportion of newly constructed units sold was much higher including Arlington (61% of sales were new units), Darrington (50%, 14 total sales), Monroe (59%) and Stanwood (40%). In the Sultan UGA only 10% of sales were new units and 19% of sales in the Southwest UGA were new construction. The median countywide price of a new home in 1998 was about 14% higher than the median price of an existing housing unit.



	Arlington	Darrington	Gold Bar	Granite Falls	Lake Stevens	Marysville	Monroe	Snohomish	Stanwood	Sultan	Southwest	Rural	Countywide
% New of Total Sales	61%	50%	21%	29%	29%	26%	59%	21%	40%	10%	19%	20%	23%

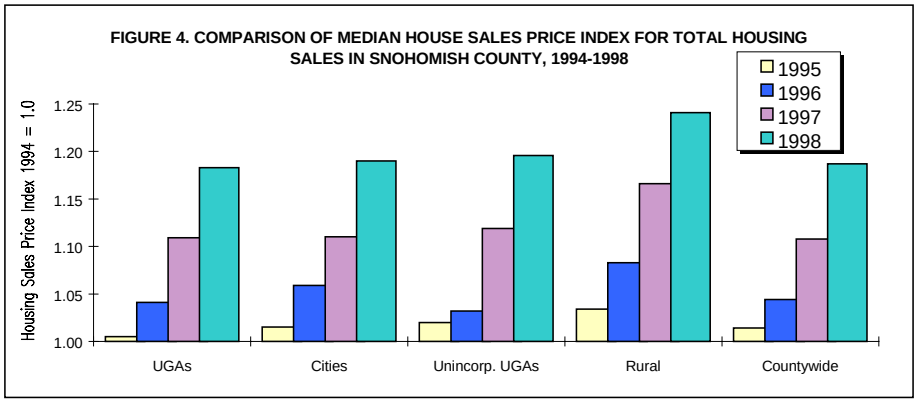
At the countywide level 80% of all housing units sold were on lots less than ½ acre in size while 90% of housing sales in Urban Growth Areas were on lots of the same size. Prices of homes on small lots (less than ½ acre) countywide increased by 6.9% from 1997 while prices for homes on the largest lots (5+ acre) increased by 20%. Only 41 sales out of the total 11,033 Urban Growth Area sales were on large lots of 5 acres or more.

The majority of housing units sold in the county were three bedroom units (62%) followed by two and four+ bedroom units (both at 17% of total sales). The most common housing unit size sold was 1500-2499 square feet (45% of county sales) followed by smaller homes of 1000-1499 SF (29%) and larger homes of 2500+ SF (13%).

Home prices in rural Snohomish County surpassed prices in all Urban Growth Areas.

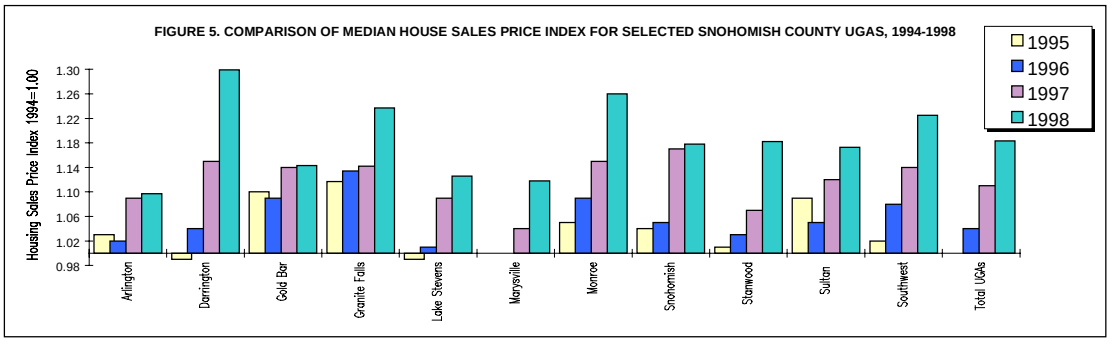
Approximately 85% of all sales countywide occurred in an Urban Growth Area. The median price and distribution of housing types sold in all UGAs closely mirrored countywide numbers in 1998. The number of homes sold within UGA boundaries increased 9.7% from 1997.

Rural sales comprised about 15% of total county sales in 1998 and the annual increase in the number of homes sold was 16.1%. 1998 median sales price in rural areas of Snohomish County was $180,000, $15,100 more than the median sales price ($164,900) of homes in all Urban Growth Areas. In addition, the median rural sales price exceeded all individual UGA sales prices by at least $6,000. Rural home prices also increased faster in 1998 than both the countywide and overall UGA rates of increase.



	UGAs	Cities	Unincorp. UGAs	Rural	Countywide
Median House Sales Price Index					
1994	1.000	1.000	1.000	1.000	1.000
1995	1.005	1.015	1.020	1.034	1.014
1996	1.041	1.059	1.032	1.083	1.044
1997	1.109	1.110	1.119	1.166	1.108
1998	1.183	1.190	1.196	1.241	1.187

Of all Urban Growth Areas, the Darrington, Granite Falls, Monroe and Southwest UGAs had the highest rates of price increase in 1998. The Index UGA also shows a high rate of price increase, but has a very small sample size. The smallest rates of price increase occurred in the Arlington, Marysville and Lake Stevens UGAs. See 1998 Housing Sales Price/Income Ratio and Price Index for all housing price increase data.



	Arlington	Darrington	Gold Bar	Granite Falls	Lake Stevens	Marysville	Monroe	Snohomish	Stanwood	Sultan	Southwest	Total UGAs
Median House Sales Price Index												
1994	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1995	1.03	0.99	1.10	1.12	0.99	1.00	1.05	1.04	1.01	1.09	1.02	1.00
1996	1.02	1.04	1.09	1.13	1.01	1.00	1.09	1.05	1.03	1.05	1.08	1.04
1997	1.09	1.15	1.14	1.14	1.09	1.04	1.15	1.17	1.07	1.12	1.14	1.11
1998	1.10	1.30	1.14	1.24	1.13	1.12	1.26	1.18	1.18	1.17	1.23	1.18

In Arlington, Gold Bar, Lake Stevens, Snohomish and Sultan UGAs, median sales price as a percent of the countywide price decreased from 1997 to 1998. Rural median sales price as a percent of the countywide median price decreased by one percentage point while Southwest UGA median price as a percent of the countywide price remained constant at the 1997 level of 105%. Median sales prices in the Southwest UGA and rural Snohomish County have exceeded 100% of the countywide median price since 1994. The remaining UGAs saw increases in 1998 median prices as a percent of the countywide median, but remained under 100% of countywide median sales price. Prices in Index, Darrington and Gold Bar continue to be the lowest in the county at 61%, 63% and 72% respectively of the countywide median sales price.

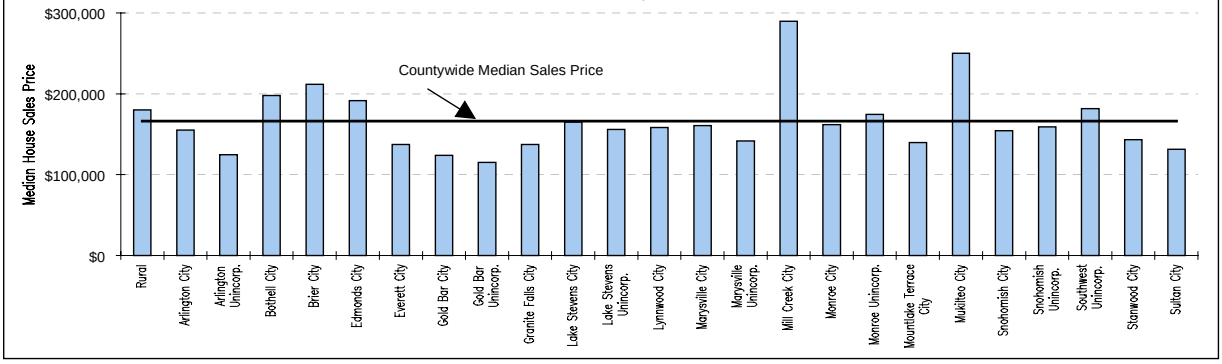
TABLE 1. MEDIAN HOUSE SALES PRICE IN CURRENT DOLLARS, SNOHOMISH COUNTY UGAs AND UNINCORPORATED RURAL, 1994 - 1998

Median Sales Price Current Dollars	Arlington UGA	Darrington UGA	Gold Bar UGA	Granite Falls UGA	Index UGA	Lake Stevens UGA	Marysville UGA	Monroe UGA	Snohomish UGA	Stanwood UGA	Sultan UGA	Southwest UGA	Rural	County-wide
1994	$136,750	$81,000	$105,000	$111,200	NA	$139,900	$135,000	$128,950	$131,450	$120,950	$113,000	$142,000	$145,000	$139,900
1995	$141,500	$80,000	$115,000	$124,200	$76,450	$137,900	$135,000	$134,900	$137,200	$122,400	$123,250	$145,000	$150,000	$141,900
1996	$139,500	$84,000	$114,000	$126,100	$83,000	$141,000	$134,900	$140,000	$137,450	$125,000	$119,000	$153,000	$157,000	$146,000
1997	$149,000	$92,750	$119,900	$127,000	$70,000	$152,200	$139,900	$148,400	$153,600	$129,200	$126,600	$162,000	$169,000	$155,000
1998	$150,000	$105,250	$120,000	$137,500	$101,950	$157,600	$150,900	$162,500	$154,900	$142,950	$132,500	$174,000	$180,000	$166,000
As a % of Co. Median Price														
1994	98%	58%	75%	79%	NA	100%	96%	92%	94%	86%	81%	102%	104%	100%
1995	100%	56%	81%	88%	54%	97%	95%	95%	97%	86%	87%	102%	106%	100%
1996	96%	58%	78%	86%	57%	97%	92%	96%	94%	86%	82%	105%	108%	100%
1997	96%	60%	77%	82%	45%	98%	90%	96%	99%	83%	82%	105%	109%	100%
1998	90%	63%	72%	83%	61%	95%	91%	98%	93%	86%	80%	105%	108%	100%

Median sales prices varied greatly between jurisdictional level geographies within the county. However, when housing type was standardized to reflect a specific market, price variation was considerably less.

Sale price information is reported for both incorporated and unincorporated areas of Urban Growth Areas in the General Profile sections of the Housing Sales Price Report. These geographies were narrowed down based on a determined threshold of 15 total sales, indicating a sufficient number of sales available for analysis. As Figure 6 illustrates, seven of the geographies including the City of Bothell, the City of Brier, the City of Edmonds, the City of Mill Creek, the City of Mountlake Terrace and the City of Mukilteo, have median home sales prices that exceed the countywide median price. Median prices range from a low of $115,000 in unincorporated Gold Bar UGA to $289,500 in the City of Mill Creek.

FIGURE 6. COMPARISON OF MEDIAN HOUSE SALES PRICES FOR SELECTED SNOHOMISH COUNTY GEOGRAPHIES WITH OVER 15 TOTAL SALES, 1998



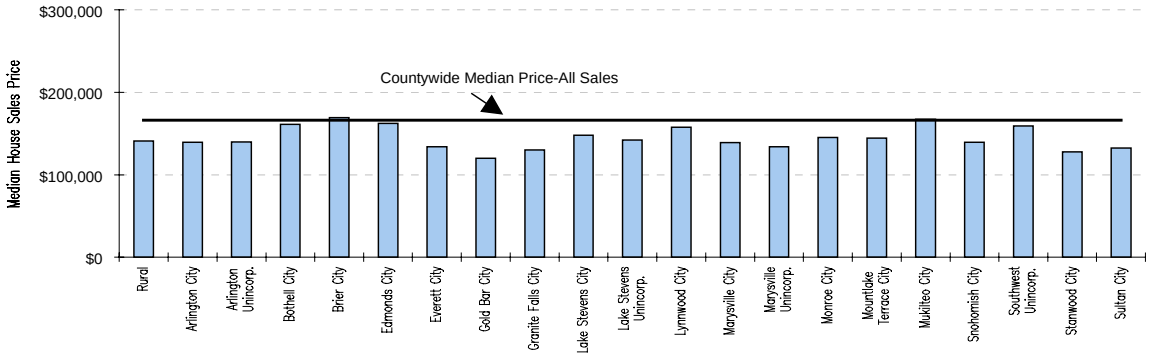
Median Sales Price	Rural	Arlington City	Arlington Unincorp.	Bothell City	Brier City	Edmonds City	Everett City	Gold Bar City	Gold Bar Unincorp.	Granite Falls City	Lake Stevens City	Lake Stevens Unincorp.	Lynnwood City
1998	$180,000	$154,950	$124,700	$197,950	$211,700	$191,500	$137,400	$123,900	$115,000	$137,500	$164,900	$155,900	$158,000
No. of Sales	1,987	360	67	275	134	854	1,513	48	23	63	178	510	564

Median Sales Price	Marysville City	Marysville Unincorp.	Mill Creek City	Monroe City	Monroe Unincorp.	Mountlake Terrace City	Mukilteo City	Snohomish City	Snohomish Unincorp.	Southwest Unincorp.	Stanwood City	Sultan City
1998	$160,550	$141,500	$289,500	$161,850	$174,500	$139,900	$250,000	$154,400	$159,000	$181,500	$142,950	$131,250
No. of Sales	576	513	436	386	30	405	472	190	25	3,205	128	46

The Small Lot Profiles included in the Housing Sales Price Report provide sales price information on certain housing types that are representative of a specific market. Profile #4 is an existing two to three bedroom, medium sized home which would meet the needs of many first time homebuyers with a relatively large number of sales available for analysis. Figure 7 illustrates the distribution of Small Lot Profile #4 median prices for geographies meeting the 15 sales threshold for this housing type. The geographic variation in sale prices is considerably

reduced when housing type is standardized. This suggests that much of the geographic variation in overall housing sales prices is attributable to differences in types of housing sold. Median prices range from $120,000 in the City of Gold Bar to $169,450 in the City of Brier. The median price of Profile #4 in two jurisdictions (City of Brier and City of Mukilteo) exceeds the countywide median price of all sales.

FIGURE 7. COMPARISON OF MEDIAN HOUSE SALES PRICES OF SMALL LOT PROFILE #4 FOR SELECTED SNOHOMISH COUNTY GEOGRAPHIES WITH OVER 15 SALES, 1998



Profile #4 Median Sales Price	Rural	Arlington City	Arlington Unincorp.	Bothell City	Brier City	Edmonds City	Everett City	Gold Bar City	Granite Falls City	Lake Stevens City	Lake Stevens Unincorp.
1998	$141,000	$139,500	$139,900	$160,950	$169,450	$162,400	$134,000	$120,000	$130,000	$147,900	$142,000
No. of Sales	131	19	24	34	16	99	344	23	21	32	111

Profile #4 Median Sales Price	Lynnwood City	Marysville City	Marysville Unincorp.	Monroe City	Mountlake Terrace City	Mukilteo City	Snohomish City	Southwest Unincorp.	Stanwood City	Sultan City
1998	$157,500	$139,000	$134,000	$144,900	$144,500	$167,200	$139,500	$158,950	$127,750	$132,500
No. of Sales	83	101	205	59	91	28	49	484	36	19

Overall, city and unincorporated UGA housing price increases have kept pace with one another. However, within individual UGAs this pattern is not always observed. For example, in the Southwest UGA four out of the nine cities (Edmonds, Everett, Lynnwood and Mountlake Terrace) had slower rates of price increase than unincorporated portions of the Southwest UGA. Everett, Lynnwood and Mountlake Terrace are the only cities in the Southwest UGA with 1998 median sales prices below the countywide median price.

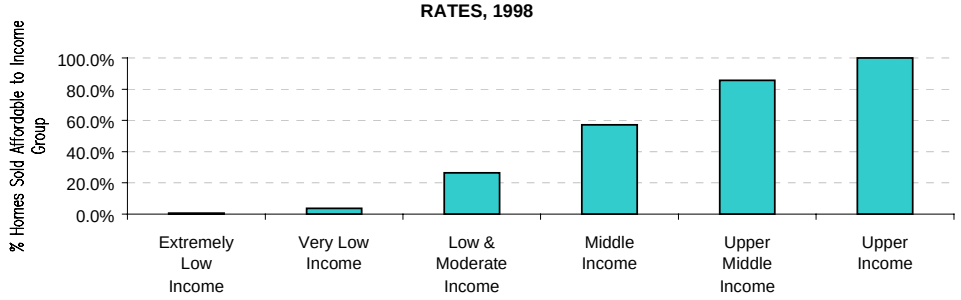
TABLE 2. MEDIAN HOUSE SALES PRICE IN CURRENT DOLLARS, SOUTHWEST UGA CITIES AND UNINCORPORATED UGA, 1994-1998

Median Sales Price Current Dollars	Bothell	Brier	Edmonds	Everett	Lynnwood	Mill Creek	Mountlake Terrace	Mukilteo	Woodway	Unincorp. Southwest
1994	$141,500	$169,000	$156,900	$118,900	$135,000	$225,000	$117,800	$195,000	$435,000	$145,400
1995	$156,600	$174,900	$160,200	$112,000	$136,950	$214,500	$116,900	$206,000	$440,300	$150,000
1996	$162,800	$176,100	$172,000	$112,850	$142,500	$228,000	$119,000	$205,000	$520,750	$158,000
1997	$173,500	$199,900	$175,500	$129,900	$144,500	$260,000	$128,900	$214,000	$300,000	$168,300
1998	$197,950	$211,700	$191,500	$137,400	$158,000	$289,500	$139,900	$250,000	$552,500	$181,500
As a % of Co. Median Price										
1994	101%	121%	112%	85%	96%	161%	84%	145%	311%	104%
1995	110%	123%	113%	85%	97%	151%	82%	139%	310%	106%
1996	112%	121%	118%	88%	98%	156%	82%	140%	194%	108%
1997	112%	129%	113%	84%	93%	168%	83%	138%	357%	109%
1998	119%	128%	115%	83%	95%	174%	84%	151%	333%	109%

26% of all homes sold countywide were affordable to low/moderate income households at 1998 interest rates.

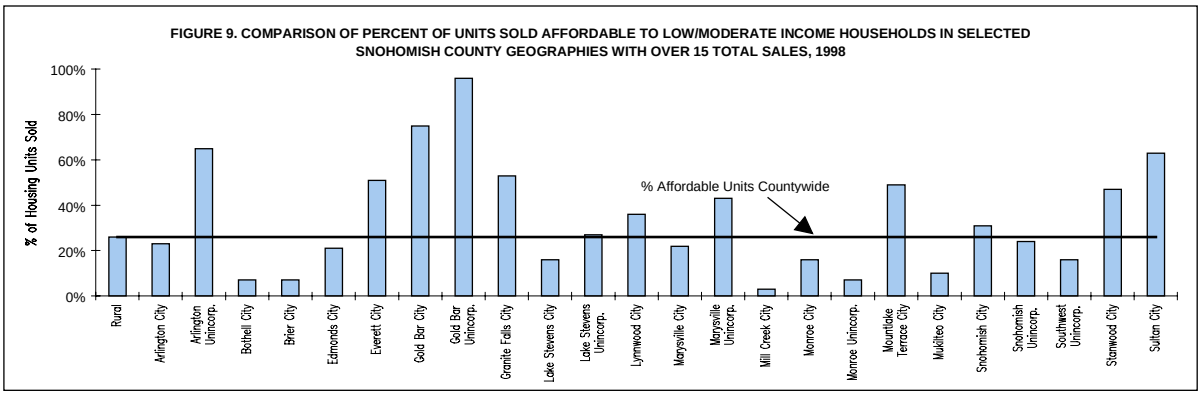
Low/moderate income households are households living on less than 30% to 95% of the county median income (comprised of the categories extremely low, very low and low/moderate income as defined in the 1998 Supply of Affordable Home Owner Housing table). In 1998, 3,439 homes in the county sold that were affordable to buyers earning up to 95% of the median income. 7,423 homes sold, 57% of all sales, at prices affordable to middle income households (less than 30% to 120% of county median income). These distributions are very similar to the percentages of homes affordable to these income groups in Urban Growth Areas overall. 26% of homes sold in rural Snohomish County were affordable to low/moderate income buyers, while only 47% were affordable to middle income buyers, ten percentage points less than countywide.

FIGURE 8. COMPARISON OF PERCENT OF HOMES SOLD IN SNOHOMISH COUNTY THAT ARE AFFORDABLE TO SELECTED HOMEBUYER INCOME GROUPS, 1998 INTEREST RATES, 1998



1998 Current Interest Rates, 6.9%	Extremely Low Income	Very Low Income	Low & Moderate Income	Middle Income	Upper Middle Income	Upper Income
% of Homes Affordable to Income Group	0.5%	3.7%	26.5%	57.1%	85.6%	100%

Figure 9 depicts housing affordability in relation to the countywide affordability level for jurisdictional geographies in the county with over 15 total sales. Twelve of the areas surpass the percentage of homes affordable to low/moderate income households available on a countywide basis. Both the City of Gold Bar and the unincorporated portion of the Gold Bar UGA had the highest proportion of sales affordable to low/moderate income buyers. Bothell, Brier, Mill Creek and the City of Monroe had the lowest proportions of sales affordable to low/moderate income households. The Southwest UGA cities providing the most affordable housing at this income level include Everett and Mountlake Terrace.

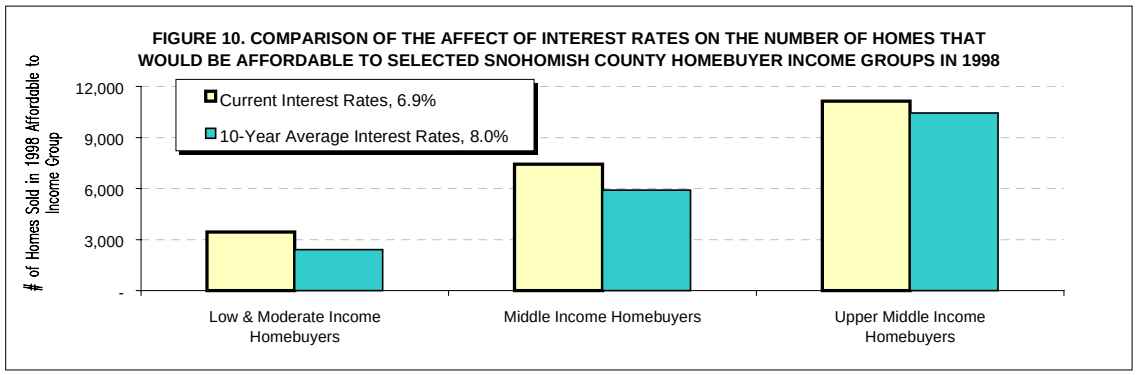


% units sold affordable to low/moderate income HH	Rural	Arlington City	Arlington Unincorp.	Bothell City	Brier City	Edmonds City	Everett City	Gold Bar City	Gold Bar Unincorp.	Granite Falls City	Lake Stevens City	Lake Stevens Unincorp.	Lynnwood City
1998	26%	23%	65%	7%	7%	21%	51%	75%	96%	53%	16%	27%	36%
No. of affordable sales	519	83	44	20	9	180	773	36	22	33	28	136	202

% units sold affordable to low/moderate income HH	Marysville City	Marysville Unincorp.	Mill Creek City	Monroe City	Monroe Unincorp.	Mountlake Terrace City	Mukilteo City	Snohomish City	Snohomish Unincorp.	Southwest Unincorp.	Stanwood City	Sultan City
1998	22%	43%	3%	16%	7%	49%	10%	31%	24%	16%	47%	63%
No. of affordable sales	127	223	15	60	2	199	47	59	6	511	60	29

When interest rates are standardized over the last ten years, the supply of affordable housing has declined every year since 1995.

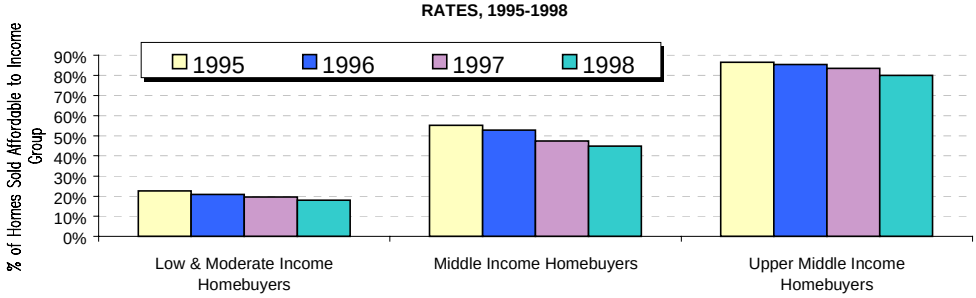
In 1998 the interest rate averaged 6.9%; however, over the past ten years the interest rate has averaged 8.0%. The higher ten-year rate significantly impacts the number of homes in the 1998 sales database that would have been affordable to different income groups. 30% fewer homes were affordable to low/moderate income households at the ten-year rate in 1998 than at current interest rates, 20% fewer homes were affordable to middle income buyers and 6% fewer were affordable to upper middle income buyers.



	Low & Moderate Income Homebuyers	Middle Income Homebuyers	Upper Middle Income Homebuyers
Number of Homes Affordable at:			
Current Interest Rates, 6.9%	3,439	7,423	11,137
10-Year Average Interest Rates, 8.0%	2,407	5,908	10,443
Difference in Number of Homes Affordable at Current vs. 10-Year Average Interest Rates	1,032	1,515	694
% Fewer Homes Affordable at 10-Year Average Interest Rates	-30%	-20%	-6%

Although the absolute number of homes sold each year has been increasing over time, when interest rates are standardized over the last ten years, the supply of affordable housing in the county as a percent of total units sold has decreased annually since 1995. At the ten-year interest rate 23% of homes sold in 1995 were affordable to low/moderate income households compared with 18% in 1998. 55% of sales in 1995 were affordable to middle income buyers compared with 45% in 1998.

FIGURE 11. COMPARISON OF THE PERCENT OF HOMES IN SNOHOMISH COUNTY THAT WOULD BE AFFORDABLE TO SELECTED HOMEBUYER INCOME GROUPS AT 10-YEAR AVERAGE INTEREST RATES, 1995-1998



Number of Homes Affordable at 10-Year Average Interest Rates	Low & Moderate Income Homebuyers		Middle Income Homebuyers		Upper Middle Income Homebuyers	
	% Total Sold	Number of Homes	% Total Sold	Number of Homes	% Total Sold	Number of Homes
1995: 8.4%	23%	1,923	55%	4,700	87%	7,365
1996: 8.2%	21%	2,169	53%	5,500	86%	8,894
1997: 8.2%	20%	2,320	47%	5,578	84%	9,833
1998: 8.0%	18%	2,407	45%	5,908	80%	10,443

A smaller than anticipated number of single family residential building permits were issued in 1998.

The number of single family building permits issued in 1998 decreased by 1.1% from a year earlier, while the 1998 Growth Monitoring Report had predicted a 14.5% increase in permitted units would occur. The annual increase had been 13.3% in 1997 and 12.6% in 1996 with these units most likely still coming on the market in 1998 and 1999. The recent slowdown of supply growth could push sale prices higher in the future. Although, according to Northwest Multiple Listing Service sale information, housing price increases have begun to moderate in mid to late 1999 from the highs reached in 1998. Perhaps strong permitting activity in 1996 and 1997 was sufficient to keep up with demand.

Interest rates continue to edge higher. In the 3rd quarter of 1999 interest rates were up to 7.07% from a low of 6.68% in the 4th quarter of 1998. Although, historically speaking, interest rates remain low. Demand for homes in Snohomish County continues to be affected by Boeing layoffs and an overall slowdown in the regional economy. At the same time, buyers from King County are increasingly looking to Snohomish County for housing opportunities as prices in King County continue to rise. Demand is likely to continue into the future, but at a slower pace than that seen in 1997 and 1998.

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