



RESIDENTS COALITION of Chelan County

February 18, 2026

Brian Murphy – Principal (brian@berkconsulting.com)

Dawn Couch – Principal (dawn@berkconsulting.com)

BERK Consulting
2200 Sixth Avenue
Seattle, WA 98121

Re: BERK Chelan County Tourism Impact Assessment

Dear Mr. Murphy and Ms. Couch:

BERK Consulting recently completed a Chelan County Tourism Impact Assessment, which was summarized in a report dated February 2026.¹ A portion of this assessment addressed the impact of tourism in Chelan County on housing, including the impact of tourism, and specifically, short-term rentals (STRs), on the affordability and availability of housing. The report made various statements on this issue, including:

While Chelan County community members often link the presence of short-term rentals to housing price increases, the above analysis demonstrates that housing price increases in Chelan County are largely following housing price patterns across Washington. [page 59]

Research on the impact of short-term rentals on housing costs has found positive, but small, impacts. [page 60]

Chelan County has housing affordability challenges; however, the affordability challenge is not significantly driven by tourism. [page 66]

Residents Coalition of Chelan County (RC₃) has spent years reviewing the cost impact of STRs on local housing markets in Chelan County both quantitatively and qualitatively. We are concerned that BERK’s report overly discounts this impact, which will lead to faulty public perceptions and local government policy in those areas that are highly impacted by STRs in Chelan County (e.g., Chelan, Leavenworth, Manson, etc.).

¹ The report can be found at: <https://www.co.chelan.wa.us/files/board-of-commissioners/documents/Tourism%20Study/Chelan%20County%20Tourism%20Impact%20Study%20Report%202026.pdf>.

In 2021, Chelan County implemented a six-percent cap on the density of STRs specifically because (underline for emphasis):

Short-term rental use is a commercial use. Where excess rental units exist in residential communities, it has been shown to be detrimental to the affordable residential housing inventory and adversely affect the residential character of those neighborhoods. [Chelan County code 11.88.290(1)(A)]

BERK's report calls into question the validity of this driving force for creating the county STR code, a code that RC₃ strongly supports. While BERK provides three recommendations for municipalities at the end of the Housing Impacts section of the report, none of them are likely to constrain the overall growth of STRs in municipalities, which will have a detrimental effect on housing availability and affordability.

After reviewing the Housing Impacts section of the BERK report, RC₃ would like to respectfully provide the following information for BERK's consideration and to help further inform the public with additional viewpoints on this significant issue (we intend to share this letter with other parties, including the Chelan County Commissioners).

Assessment Flaws

On page 59 of the BERK report, after presenting a couple of graphs showing median house price trends over the past decade, the following conclusion is made:

While Chelan County community members often link the presence of short-term rentals to housing price increases, the above analysis demonstrates that housing price increases in Chelan County are largely following housing price patterns across Washington.

This is a false assertion for a number of reasons, as the data presented in BERK's report do not lead to the conclusion that the presence of short-term rentals does not result in housing price increases. Median housing prices are affected not only by overall trends in housing prices, but also the types of houses that are being sold quarter to quarter.² For example, if market trends are such that low-end houses are not being sold because lower-wage buyers are becoming cautious or tapped out, but high-end houses are being sold because high-wage buyers are benefiting from a rising stock market, the median sales price will climb even if prices of specific houses are unchanged. As a result, comparing median house prices over time is not always an apples-to-apples comparison.

Further, comparing median house prices from one region of the state to another is also fraught with confounding pressures. Regional economies can vary, driving up prices in one region purely based on job or population growth versus job or population stagnation in another area.

² Note that the data provided are actually the median prices of houses sold during the period indicated, not the median assessed value of all houses in that market.

Therefore, the conclusions drawn on Page 59 regarding the impacts of STRs on housing prices from this type of comparison will most likely be faulty.

That being said, if one were to utilize the data presented purely looking at the STR impact, one might focus on two housing markets in Chelan County itself: Chelan and Wenatchee.

By BERK's own analysis in Exhibit 26, between Q1 2015 and Q1 2025 median house prices rose 203 percent in Chelan but only 126 percent in Wenatchee. Notably, STRs in Chelan comprise nearly 14 percent of the current available housing stock verses only one percent in Wenatchee. On top of that, STR's accounted for about 40 percent of all single-family residential building permits issued over the study period, compared to perhaps one percent or less in Wenatchee. In the absence of any other information, the logical conclusion is that STRs have a significant impact on increases in housing prices.

We also want to point out that the data provided by BERK in Exhibit 26 in the report appears to be different relative to what is currently available through the data resource referenced (Washington Center for Real Estate Research [WCRER]). See Figure 1 (attached) for a comparison of the BERK report data to the currently-available data.

RC₃ checked with WCRER to determine why the data in the BERK assessment is different than what is currently available. WCRER confirmed that they recently re-sourced their city-level median house price data and believe that the current data are more representative and reliable than the older data that BERK used. In fact, the median house price data for Leavenworth do not meet WCRER's current data quality criteria and are no longer available at all on the website.

The low quality of the city-level data used in the BERK assessment is further evidenced by the fact that median house prices in Chelan have definitely not risen three-fold over the ten-year period analyzed by BERK (as confirmed by, among other resources, the newer data). However, when the correct data are used it is still true that the median house price in Chelan has risen much more over that same period than the median house price in Wenatchee.

These facts clearly show that the discounting of the impact of STR's on housing pricing in the BERK report is unwarranted based on the data provided above and in BERK's own assessment.

Literature Findings

There are many studies that have looked at the impact of STRs on housing prices around the world, with most concluding that the proliferation of STRs does further increase housing prices. BERK cites an often-referenced study that suggests on average, across all zip codes in the U.S., STRs account for about one-seventh of the increase in housing prices. However, this is based on the median annual Airbnb growth rate across the U.S. In Chelan, for example, the growth in STRs has been much higher than the national median, with STRs accounting for about 40 percent of new single-family building permits issued over the past decade as noted above. Additionally, across the entire country STRs represent one percent of all housing units, while in

tourist areas like Leavenworth,³ Chelan and Manson, STRs are a much higher percentage. Therefore, STRs in these areas have likely contributed to more than one-seventh of the increase in house prices.

Regardless, even the one-seventh figure is not insignificant. According to the data provided by BERK in Exhibit 26 of the report, the median house price in Chelan increased by over 200 percent over the evaluation period, ending at a median price of \$600,000. This represents an increase of over \$400,000, and one-seventh of that is about \$57,000 (the more recent data from WCRER suggests a slightly higher amount). It is hard to argue that a \$57,000 drop in the price of the median house in Chelan would not be significant to potential buyers and, as described above, it is likely that more than one-seventh of the price increase can be attributed to STRs in areas such as Chelan, Leavenworth, and Manson.

We acknowledge that housing prices will always increase over time and there are many factors that contribute to this. But downplaying the incremental contributions to price increases resulting from the proliferation of STRs in certain areas in Chelan County might cause municipalities to fail to take actions limiting STRs that might keep the increase in housing costs below the rate of income appreciation. This is the key factor in whether housing is becoming more or less affordable over the long term. Perhaps, in some cases, the additional growth in housing prices due to the impact by STRs is the difference between housing becoming more affordable or less affordable in a given area.

Local Research

RC₃ has reviewed local house sales price data in Chelan for STRs and non-STRs. We found that over the period from 2019 to 2025, STRs have held a price premium over comparable non-STRs of between 22 and 65 percent, peaking in roughly 2023 (most recently the premium is a little over 30 percent). Ironically, the peak of this price premium happens to coincide with a significant decline in the construction of STRs in Chelan, though this is expected to pick back up in the near future based on the fact that construction has started on a new STR development.⁴

We believe that the proliferation of STRs in Chelan has excessively driven up construction costs in the Lake Chelan area due to the exceptionally high demand to build new STRs since about 2015, which has increased the cost to build new non-STRs as contractors become flush with work and expect to receive elevated rates regardless of the type of house being built. Chelan is

³ While Leavenworth does not allow STRs within city limits, the areas surrounding Leavenworth have high densities of STRs. These are the areas being referenced when we refer to “Leavenworth”.

⁴ 2023 is also representative of the post-COVID-19 pandemic era, which was known to increase housing prices in popular tourist areas such as Chelan. As such, it is difficult to ascribe the peak in the STR price premium to the slowdown in STR construction, recovery from the impact of the pandemic on housing prices (reversion to the mean), or some combination of both.

known to have unusually high new-home construction costs relative to most areas in central and eastern Washington and there is plenty of information available to support this assertion.

It is well-recognized that an increase in the cost to build new homes also increases the sales prices of existing homes. The “replacement cost principle” establishes that the cost to build a comparable new home sets the upper benchmark for value in a neighborhood. For example, the National Association of Home Builders notes (related to high construction costs; underline for emphasis):

Higher construction costs get passed on to home buyers in the form of higher prices, making it increasingly difficult for people to afford new homes. This can exacerbate existing housing affordability issues and slow down the over housing market.

This effect can be seen in Chelan, even though STRs are only allowed in certain zones within the city.⁵ If STRs are not constrained in some way in Chelan, this additional cost for all residential housing will continue to persist.

Summary

BERK repeatedly concludes in its recently-completed Chelan County Tourism Impact Assessment that STRs do not make a significant contribution to house prices in Chelan County. This is not supported by the area-specific median house price data provided in the report, the literature references cited in the report, or the quantitative and qualitative data collected by RC₃. We believe this does a disservice to communities in Chelan County that are highly impacted by STRs that are struggling to find ways to slow down the appreciation in housing costs.

While the number of STRs have already been limited by code in most areas in Chelan County (some in just the last few years), the city of Chelan is one notable exception. It is not surprising that, according to Exhibit 26 in BERK’s report, this city has shown by far the highest house price appreciation in the county.

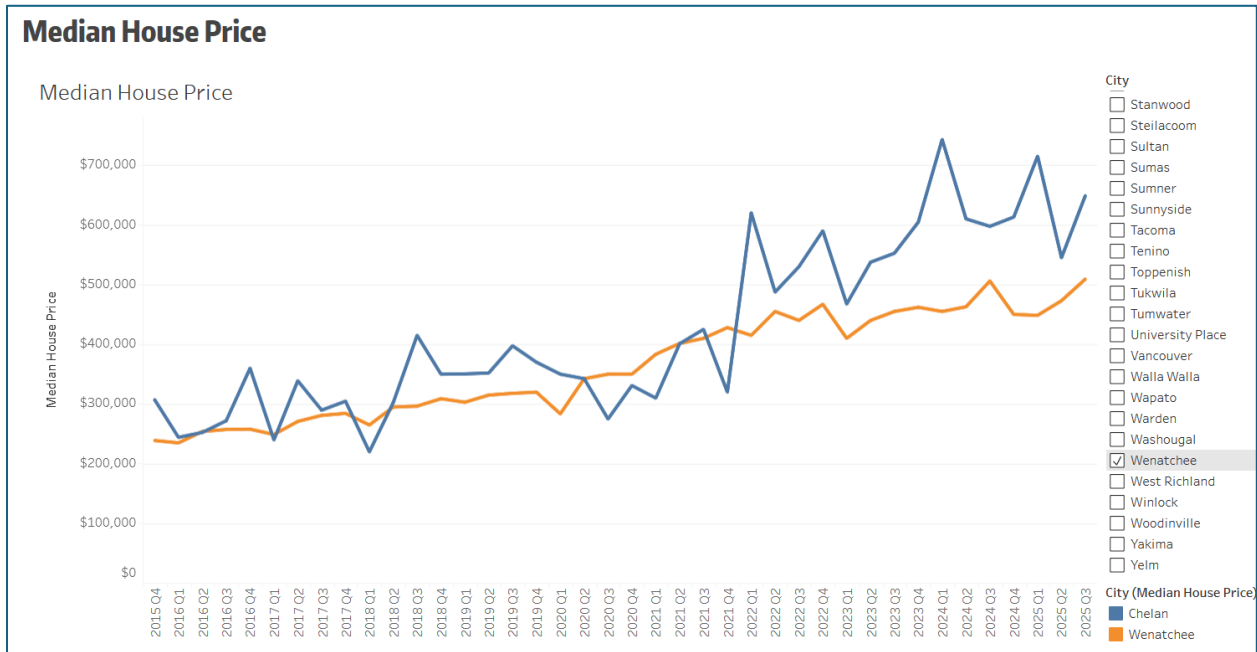
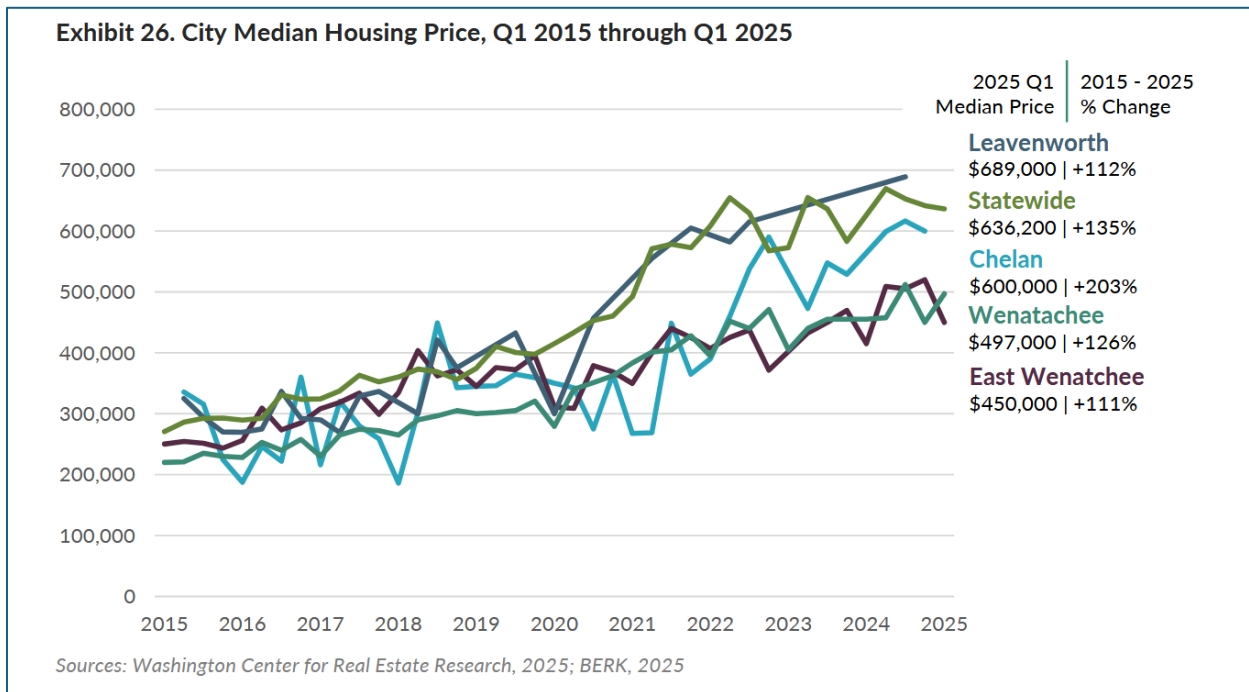
We would like to see BERK amend its assessment report to more accurately acknowledge the reality that the uncontrolled proliferation of STRs in certain areas of Chelan County is likely to have a significant impact on housing affordability in that area as is supported by the information in BERK’s assessment.

Thank you for your consideration of this information. Please contact RC₃ Board Regional Vice President Brian Patterson, Ph.D. (bcpatters@yahoo.com) with any questions or comments.

Residents Coalition of Chelan County Board of Directors

⁵ Note that Chelan has over 1,000 acres of undeveloped land within city limits that allows STRs.

Figure 1. Comparison of BERK Report Exhibit 26 Data to Actual WCRER Data*



City (Median House Price): **Chelan**
 Period (Median House Price): **2025 Q1**
 Median House Price (Median House Price): **\$715,000**

City (Median House Price): **Wenatchee**
 Period (Median House Price): **2025 Q1**
 Median House Price (Median House Price): **\$448,500**

* Washington Center for Real Estate Research (WCRER) data accessed on February 14, 2026 at <https://wcrer.be.uw.edu/dashboards/city-dashboards/>.