



WINDERMERE REAL ESTATE PRESENTS

# THE GARDNER REPORT

OREGON & SOUTHWEST WASHINGTON | THIRD QUARTER 2016

The following analysis of the Oregon and Southwest Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.



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**ABOUT MATTHEW GARDNER** Mr. Gardner is the Chief Economist for Windermere Real Estate, specializing in residential market analysis, commercial/industrial market analysis, financial analysis, and land use and regional economics. He is the former Principal of Gardner Economics, and has over 25 years of professional experience both in the U.S. and U.K.



## ECONOMIC OVERVIEW

The labor market in Oregon/Southwest Washington continues to remain robust. During third quarter, the region added 13,800 new jobs, up from the 9,500 jobs that were created in the same period in 2015. Year-over-year, the region has grown at an impressive rate of 3.5%—well above the U.S. rate of 1.7%—and has one of the fastest rates of job creation in the nation.

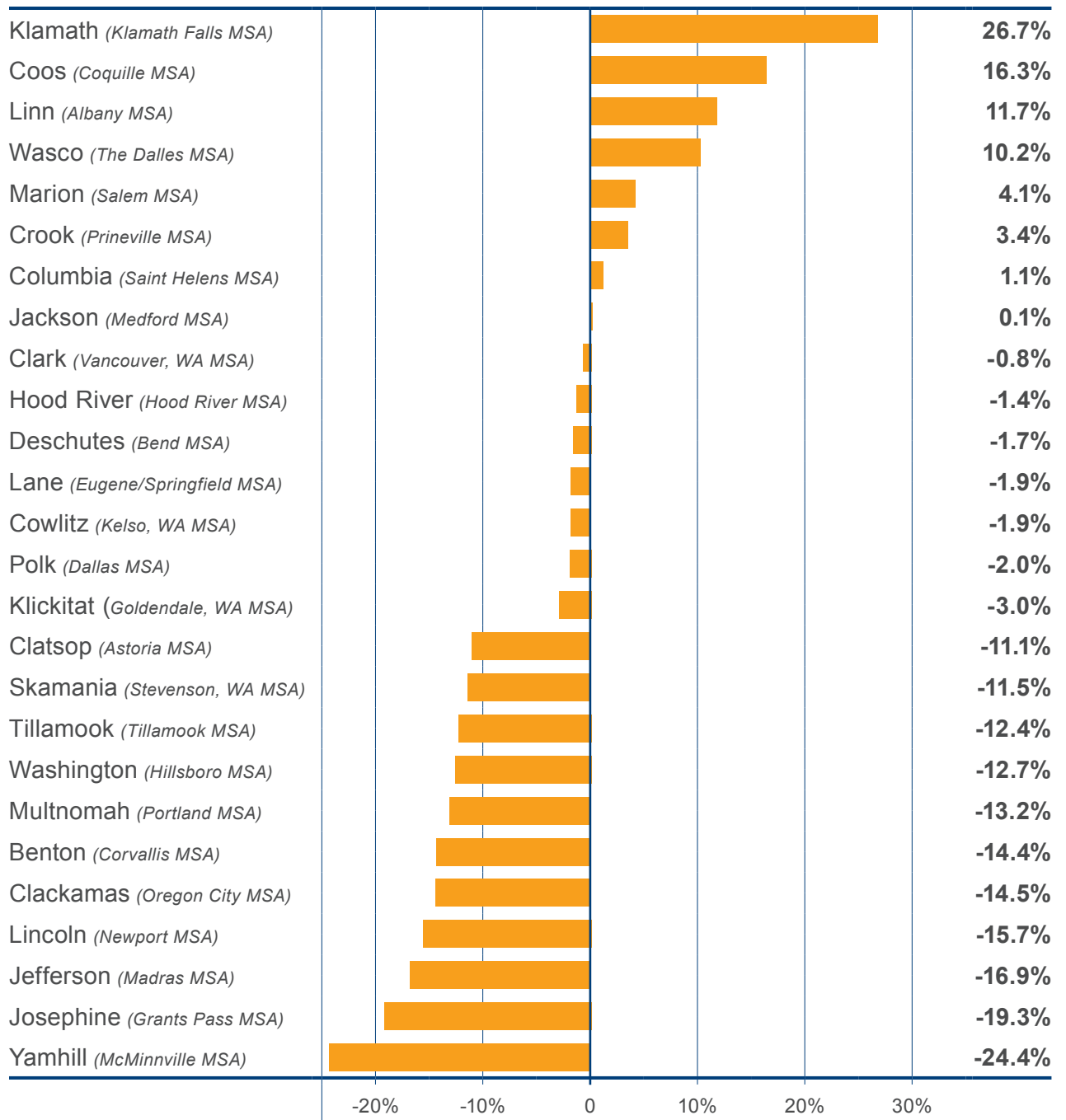
In September the unemployment rate was 5.5%, which is modestly below a year ago when it was 5.7%. I'm not surprised to see the unemployment rate trended lower given the growth in both the labor force as well as the participation rate (the number of people in the economy who are either employed or who are actively looking for work).

## HOME SALES ACTIVITY

- Continuing the trend seen in the second quarter, home sales are down by 7% compared the same quarter in 2016. In total, there were 18,100 home sales.
- Sales rose at the fastest rate in Klamath County, which saw a 26.7% increase over the second quarter of 2015. There were also noticeable increases in transactions seen in Coos, Linn and Wasco Counties. The greatest decline was seen in Yamhill, Josephine, and Jefferson Counties.
- While there were eight counties where sales rose, 18 counties actually saw fewer sales than last year.
- Housing inventory continues to have a negative impact on sales, but it appears that sellers' expectations of home prices may also be playing a role in slowing sales.

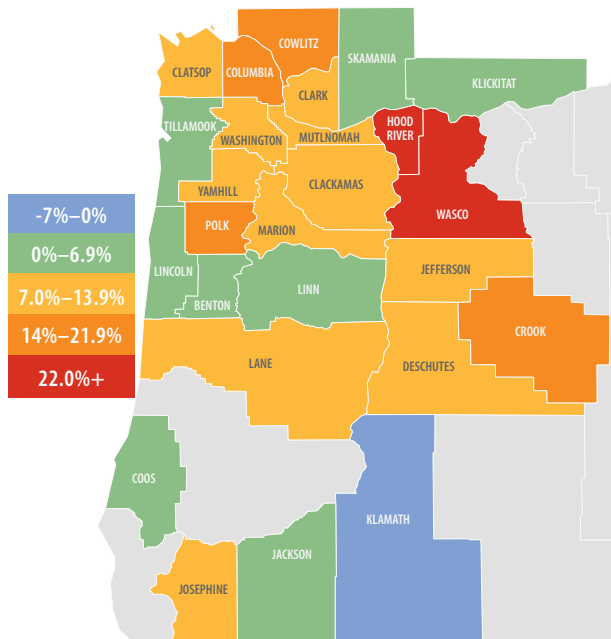
## ANNUAL CHANGE IN HOME SALES

Q3-2015 TO Q3-2016



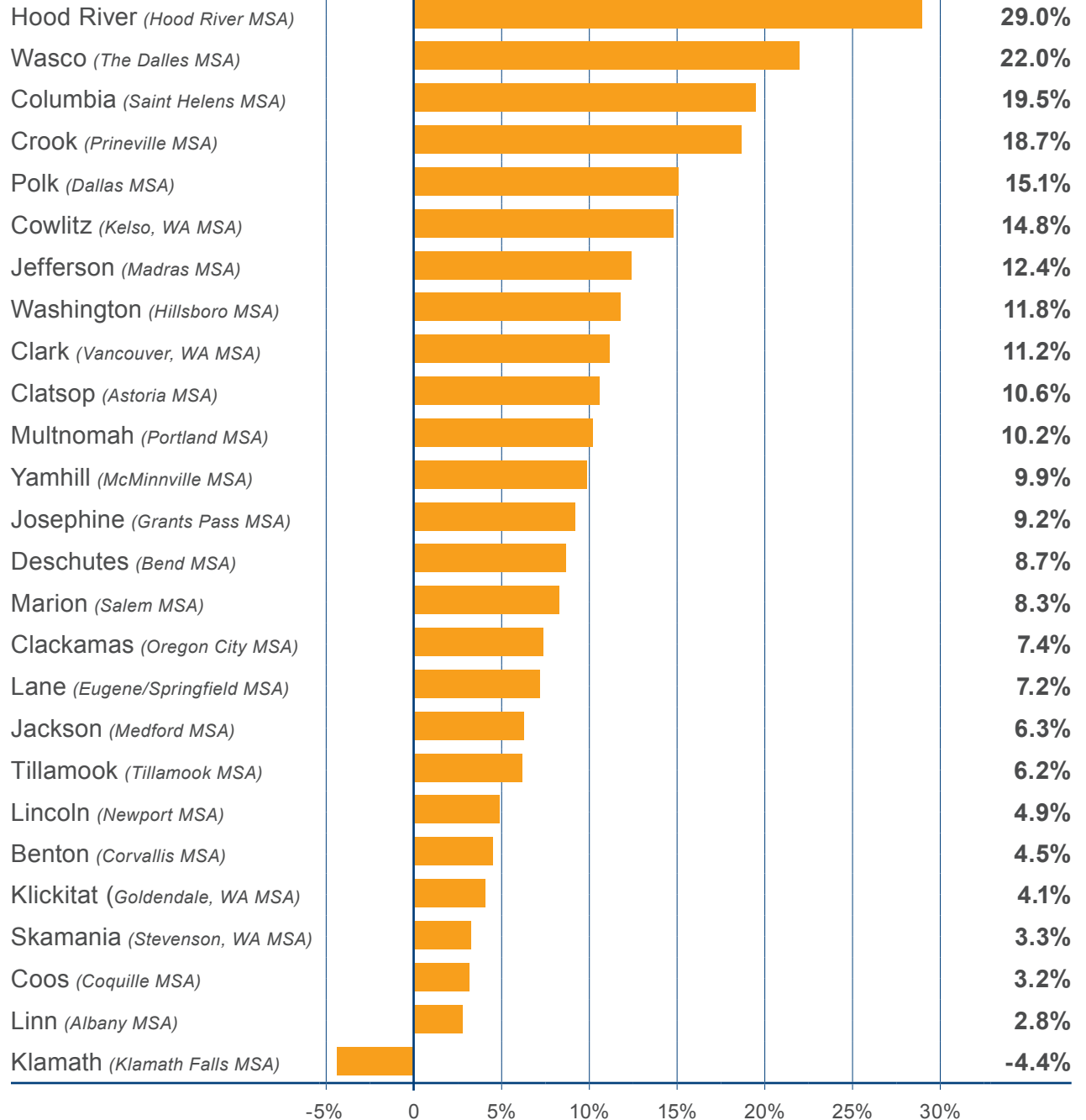
## HOME PRICES

- Average home prices over the past year rose by 8.1% to \$335,000. This is down from 10.5% seen in the second quarter of the year. This may be an indicator that home price growth is beginning to revert toward historic averages.
- When compared to the third quarter of 2015, Hood River took over as the market with the greatest price growth, with homes selling for 29% above that seen a year ago.
- All but one county saw an annual increase in prices, with some counties seeing significant increases in average sale prices. That said, the number of areas where home price appreciation rose by double-digit percentages dropped from 18 to 11.
- The key takeaway here is that home price appreciation is starting to slow but remains well above the historic average.



## ANNUAL CHANGE IN HOME SALE PRICES

Q3-2015 TO Q3-2016



## DAYS ON MARKET

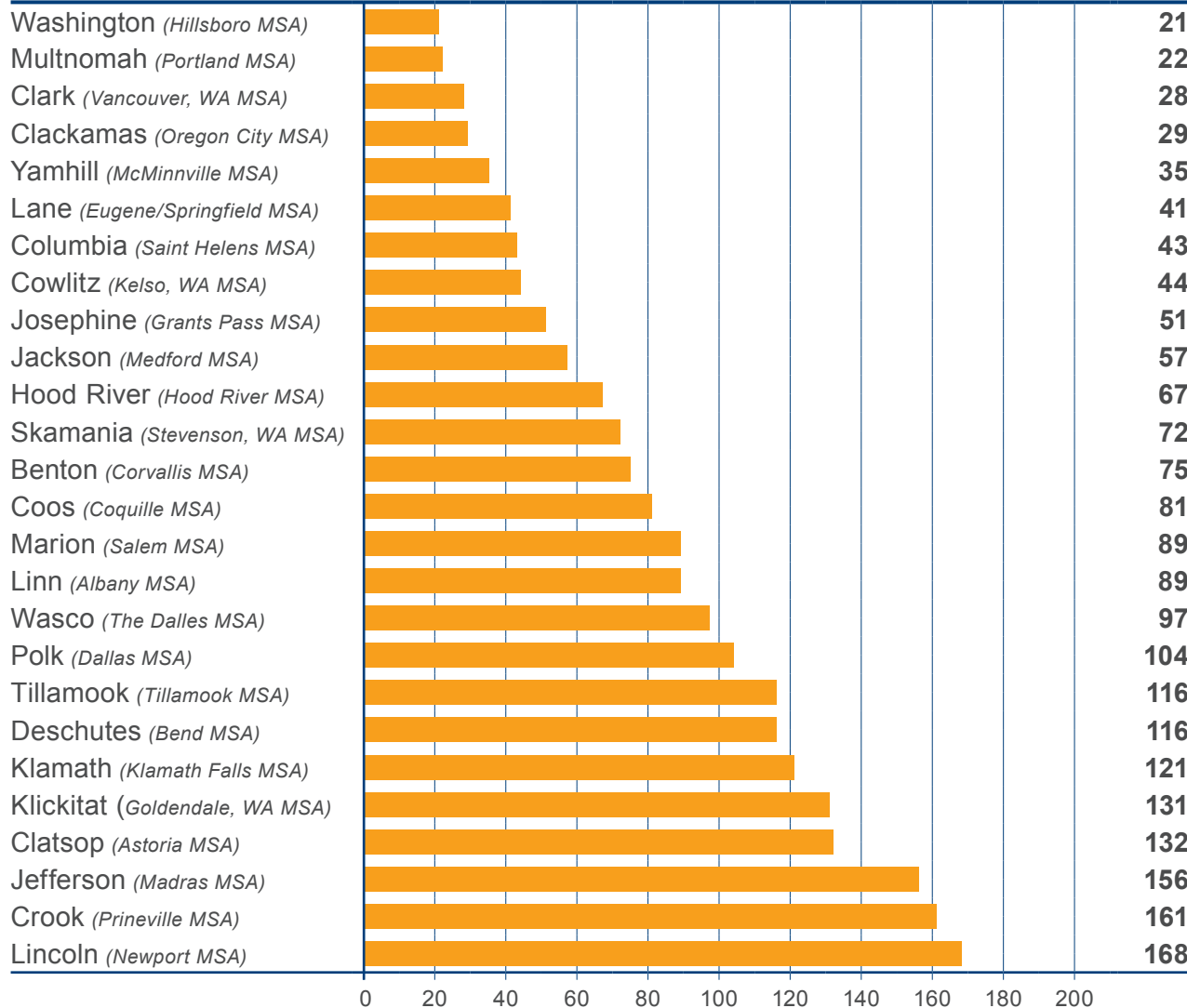
■ The average days it took to sell a home dropped by 14 when compared to the third quarter of 2015, and is 5 days less than last quarter.

■ The average time it took to sell a home in the region was 83 days.  
■ Wasco County was the only area where the average time it takes to sell a home rose (from 88 to 97 days).

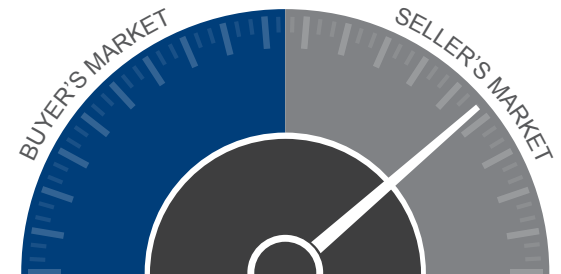
■ Homes sold fastest in Washington and Multnomah Counties, where it took 21 and 22 days respectively on average for homes to sell.

## AVERAGE DAYS ON MARKET

Q3-2016



## CONCLUSIONS



The speedometer reflects the state of the region's housing market using housing inventory, price gains, sales velocities, interest rates, and larger economics factors. Economic growth continues to trend well above the nation, and this region is one of the fastest growing in the country. The housing market continues to benefit greatly from this economic vitality.

That said, the modest decline in home sales and prices is worthy of note. This suggests that peak price growth is now behind us and that we will start to see a slowing in the upward trend of home values. This actually is not a bad thing because tapering home prices will ultimately lead to a rise in the number of home sales, which still remain below historic averages. As such, I have moved the needle a little toward buyers, however, it certainly remains a seller's market.