



WINDERMERE REAL ESTATE PRESENTS

THE GARDNER REPORT

OREGON & SOUTHWEST WASHINGTON | FOURTH 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

Oregon added almost 60,000 new jobs in 2016, up from the 55,600 jobs that were created in 2015. Year-over-year, the state increased employment by 3.3%, down slightly from the third quarter's 3.5% increase, but impressive nevertheless.

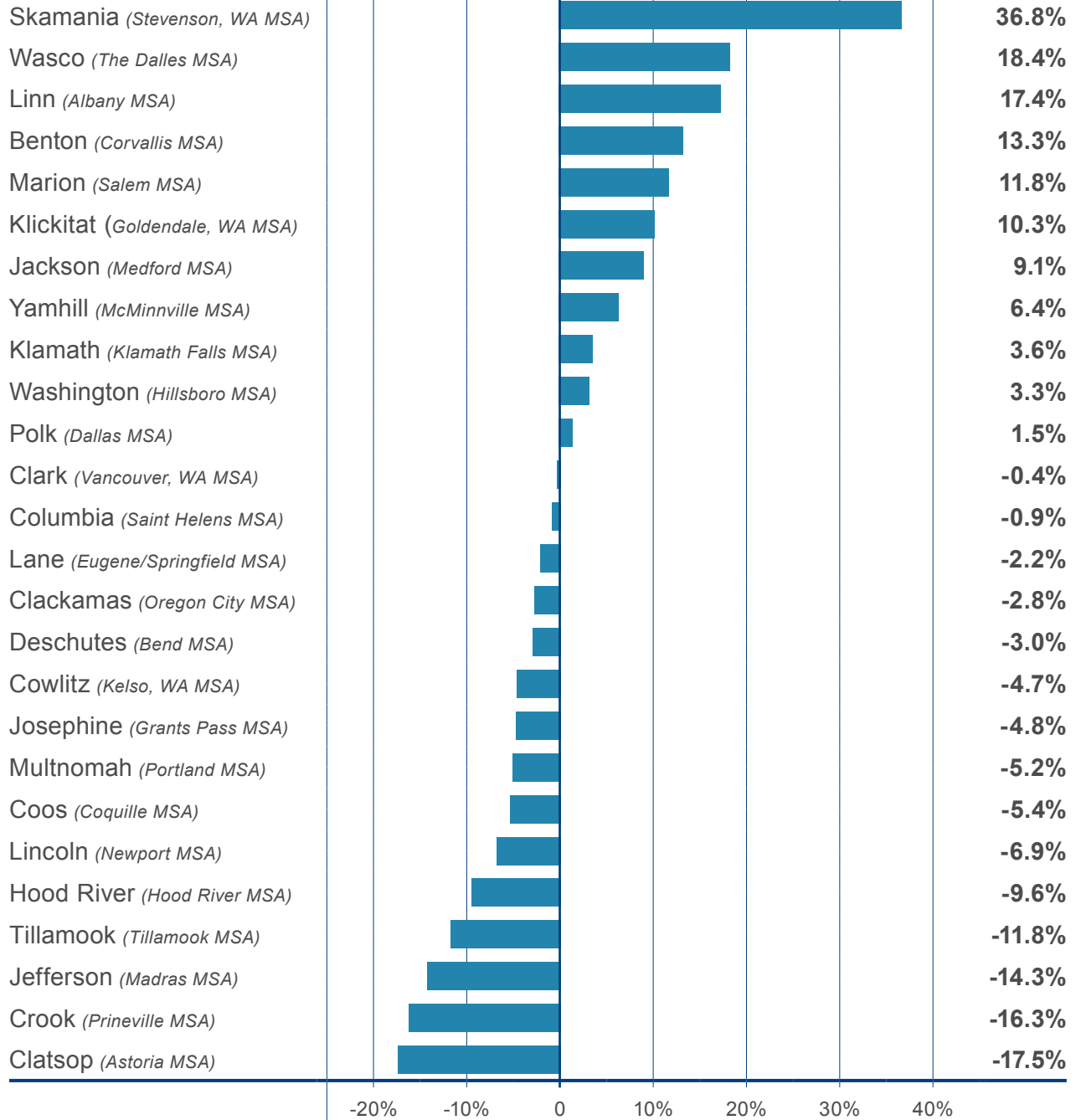
In December, the state unemployment rate was 4.6%, well below the 5.5% rate seen at the end of 2015. Given this substantial growth in jobs, we will certainly see incomes continue to trend higher, which will act as its own economic boost at the regional level.

HOME SALES ACTIVITY

- Home sales continue to slow, with sales up by a marginal 0.1% in the quarter relative to the same period in 2015. In total, there were 15,140 home sales.
- Sales rose at the fastest rate in Skamania County, which saw an annual increase of 36.8%. There were also noticeable sales increases in Wasco and Linn Counties. The greatest declines in sales were seen in Clatsop, Crook/Jefferson, and Tillamook Counties.
- While year-over-year sales rose in 11 counties, 15 counties saw transactions decline.
- Both supply constraints and unrealistic price expectations from some sellers are pushing sales activity lower.

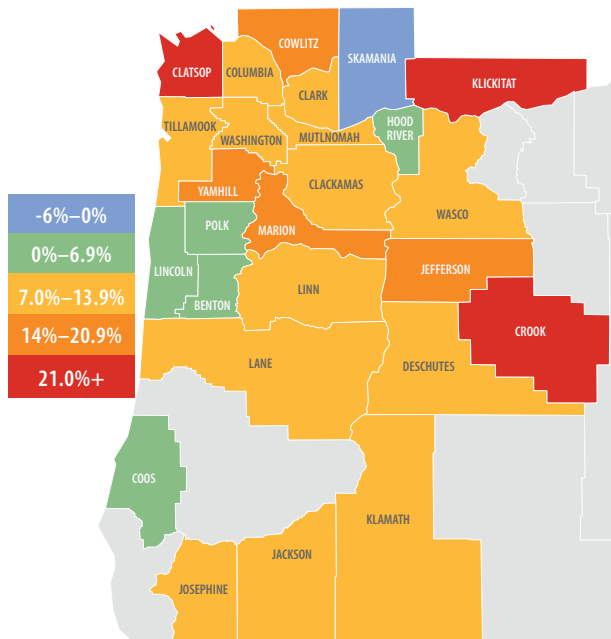
ANNUAL CHANGE IN HOME SALES

Q4-2015 TO Q4-2016



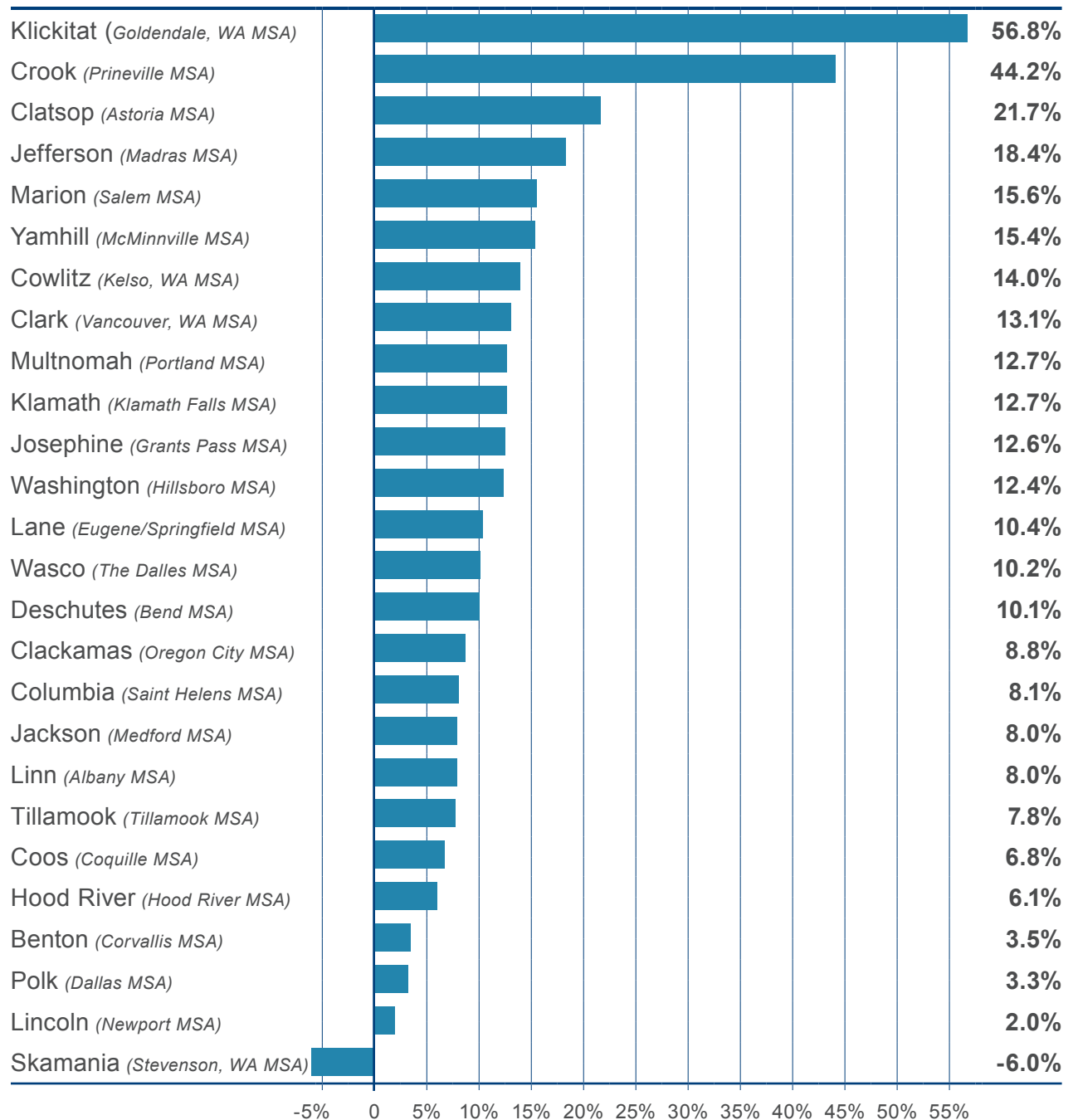
HOME PRICES

- Average prices in the region rose by 10.9% year-over-year to \$332,996. This is up from the annual increase of 8.1% seen in the third quarter of the year.
- Klickitat County saw the greatest annual price growth, with homes selling for 57% higher than a year ago, but this is mostly a function of a market that has very few home sales.
- All but one county saw prices rise when compared to the fourth quarter of 2015, with several counties continuing to exhibit significant increases in average sale prices.
- Home prices remain well above historic averages and are likely to remain that way through 2017.

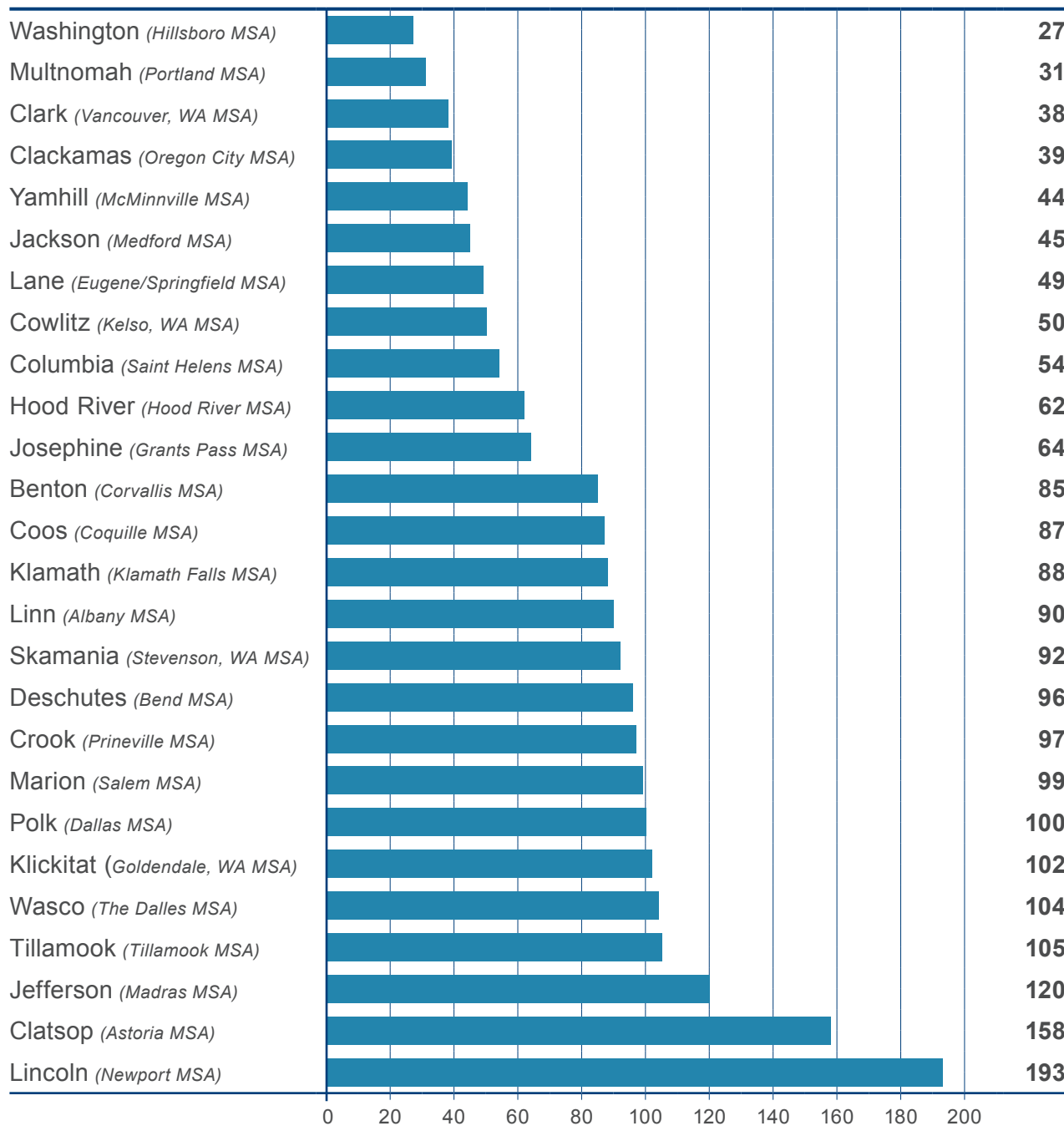


ANNUAL CHANGE IN HOME SALE PRICES

Q4-2015 TO Q4-2016



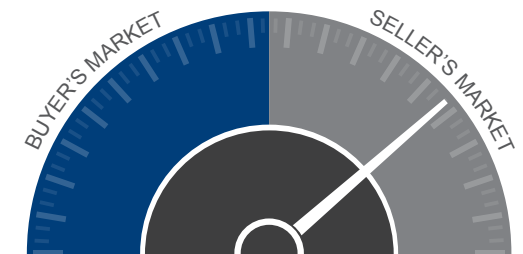
AVERAGE DAYS ON MARKET



DAYS ON MARKET

- The average number of days it took to sell a home in the region dropped by 13 days when compared to the fourth quarter of 2015, and is two days less than the third quarter of this year.
- The average time it took to sell a home during the fourth quarter was 81 days.
- Jackson, Jefferson, and Wasco Counties were the only areas where the average time it took to sell a home rose, but I see no cause for concern at this point.
- Homes sold the fastest in Washington and Multnomah Counties, where it took an average of 27 and 31 days respectively for homes to sell.

CONCLUSIONS



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

Sales activity continues to slow, but this has not adversely affected home prices. The market still clearly favors sellers and, even with recent increases in mortgage rates, this is likely to be the case through 2017. As such, I have left the needle at the same spot as third quarter.