



WINDERMERE REAL ESTATE PRESENTS

# THE GARDNER REPORT

EASTERN WASHINGTON | FIRST QUARTER 2017

The following analysis of the Eastern 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

I'm happy to report that Washington State continues to add jobs at a steady rate. While the rate of growth is tapering, this is because many markets are getting close to "full employment", during which time growth naturally slows. That said, I believe that the state will add around 70,000 jobs in 2017.

Eastern Washington continues to see employment growth, albeit modest in some markets, as well as a decline in unemployment. It is still my expectation that we will continue to see the regional economy improving as we move through the balance of the year.

## HOME SALES

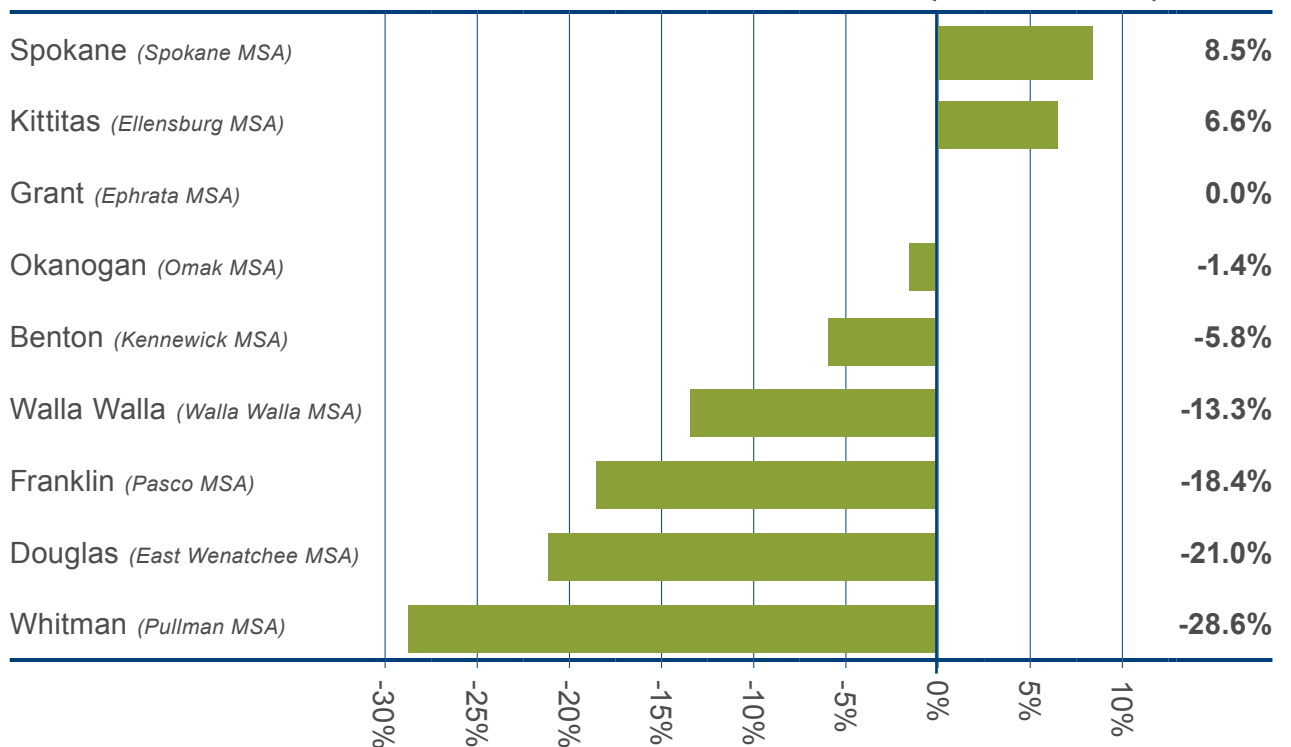
- Home sales throughout Eastern Washington fell very modestly in the first quarter when compared to the same period in 2016. In total, there were 2,383 home sales in the first quarter of this year—a drop of 0.3%.
- Sales rose at the fastest rate in Spokane County, which had an 8.5% increase over the first quarter of 2016. There were also reasonable increases in Kittitas County.
- A majority of counties in the region saw home sales fall relative to the first quarter of

2016, but two counties did experience an increase. The number of pending home sales, which are an indicator of future closings, was down across the board. We are likely to see slower sales until later this spring at the earliest.

- As I suggested in my last report, sales are a product of supply and Eastern Washington is sadly lacking in the number of homes that are on the market. Listing activity is down by 28% from the first quarter of 2016 and the decline in sales is a natural result of this.

## ANNUAL CHANGE IN HOME SALES

Q1-2016 TO Q1-2017



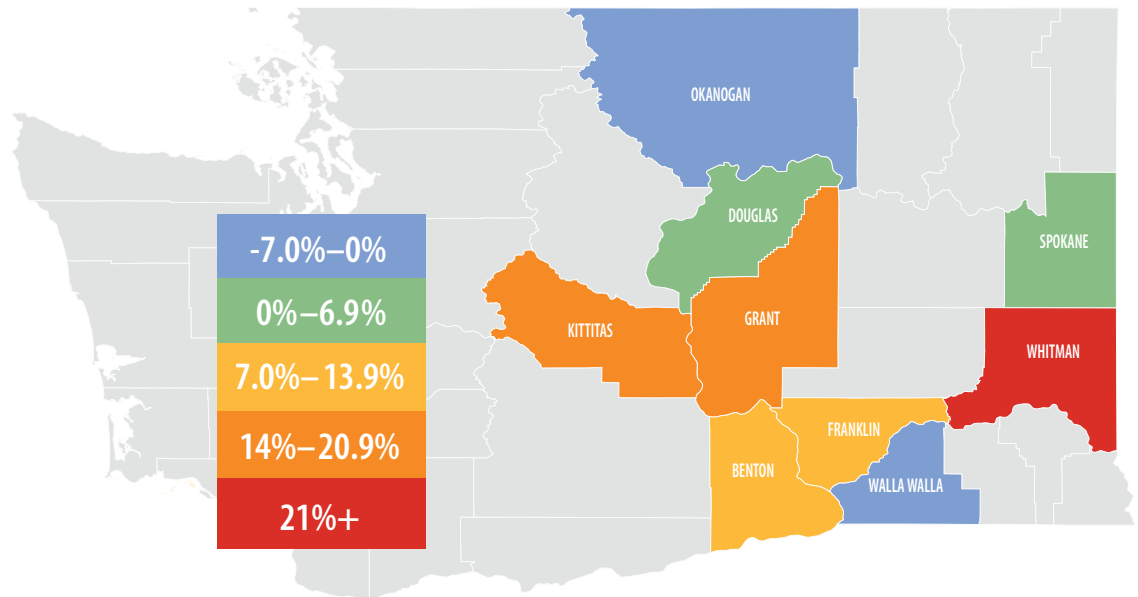
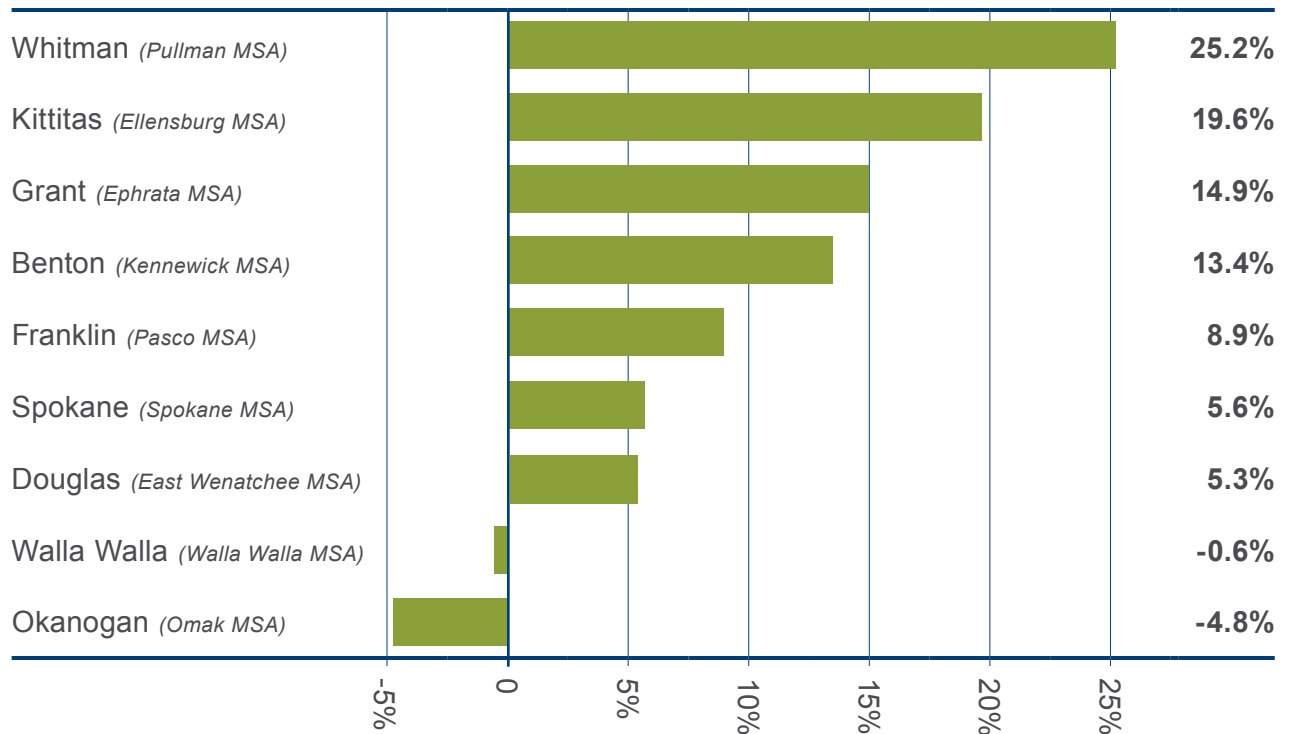


## HOME PRICES

- Year-over-year, average prices in the region rose by 8.3% to \$228,955. Although home prices did fall compared to last quarter, this rate of growth remains well above average.
- Whitman County had the greatest price growth, with homes selling for 25.2% above that seen a year ago.
- All but one of the counties in this report saw prices rise when compared to the first quarter of 2016, with four counties exhibiting price growth over 10%.
- The key takeaway here is that home price growth continues at above-average rates because of very limited supply.

## ANNUAL CHANGE IN HOME SALE PRICES

Q1-2016 TO Q1-2017

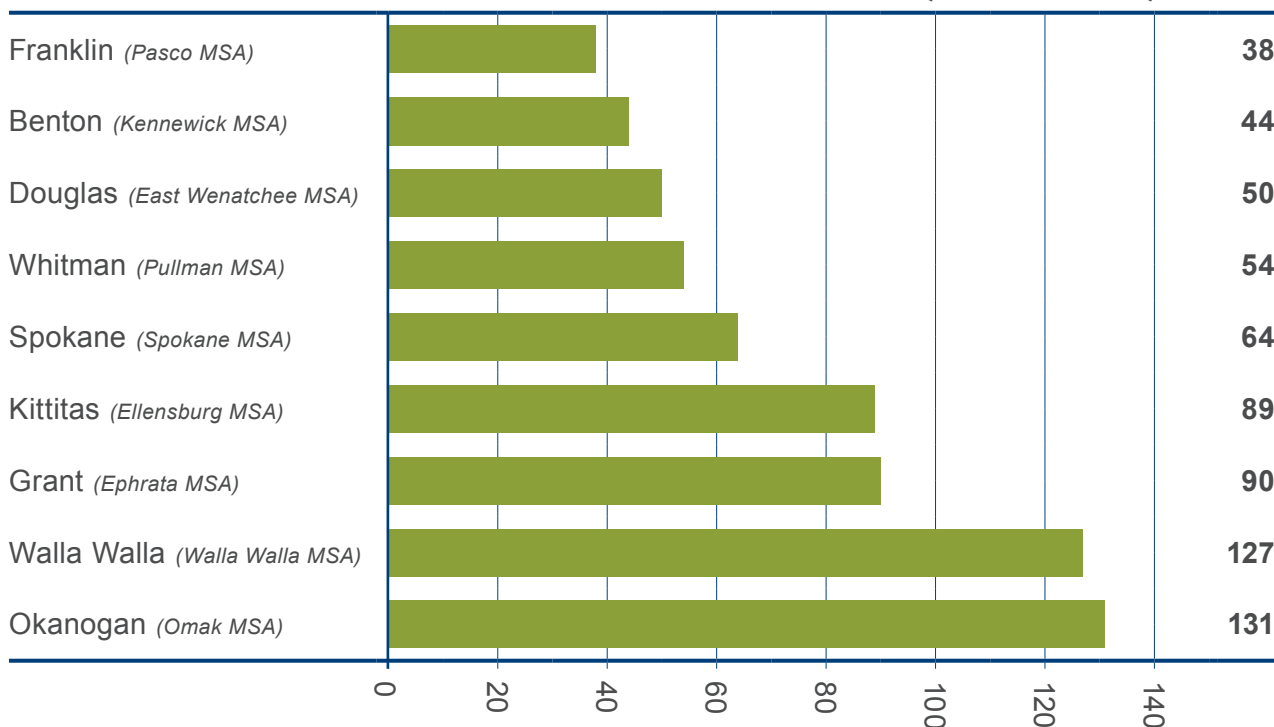


## DAYS ON MARKET

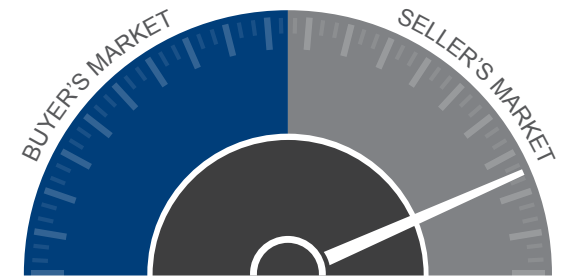
- The average number of days it took to sell a home dropped by 17 days when compared to the first quarter of 2016.
- The average time it took to sell a home in the region was 76 days.
- Okanogan County was the only area where the average days on market rose (from 130 to 131 days).
- Counties where homes sold the fastest were Franklin and Benton—the same two counties that saw the fastest pace of sales last quarter.

## AVERAGE DAYS ON MARKET

Q1-2016 TO Q1-2017



## CONCLUSIONS



This speedometer reflects the state of the region's housing market using housing inventory, price gains, home sales, interest rates, and larger economic factors. For the first quarter of 2017, I moved the needle a little more in favor of sellers. The rapid increase in mortgage rates during the fourth quarter of 2016 has slowed and buyers are clearly out in force.

Home prices continue to increase as the number of homes for sale drops. The market remains staunchly in favor of sellers, and this is unlikely to change in the near- to mid-term.