



WINDERMERE REAL ESTATE PRESENTS

# THE GARDNER REPORT

EASTERN WASHINGTON | SECOND 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 more than 30 years of professional experience both in the U.S. and U.K.

## ECONOMIC OVERVIEW

Washington State's economy has been expanding at a rapid pace, but we are seeing a slowdown as the state grows closer to full employment. Given the solid growth, I expect income growth to move markedly higher, though this has yet to materialize. I anticipate that we will see faster income growth in the second half of the year and still believe that the state will add around 70,000 jobs in 2017.

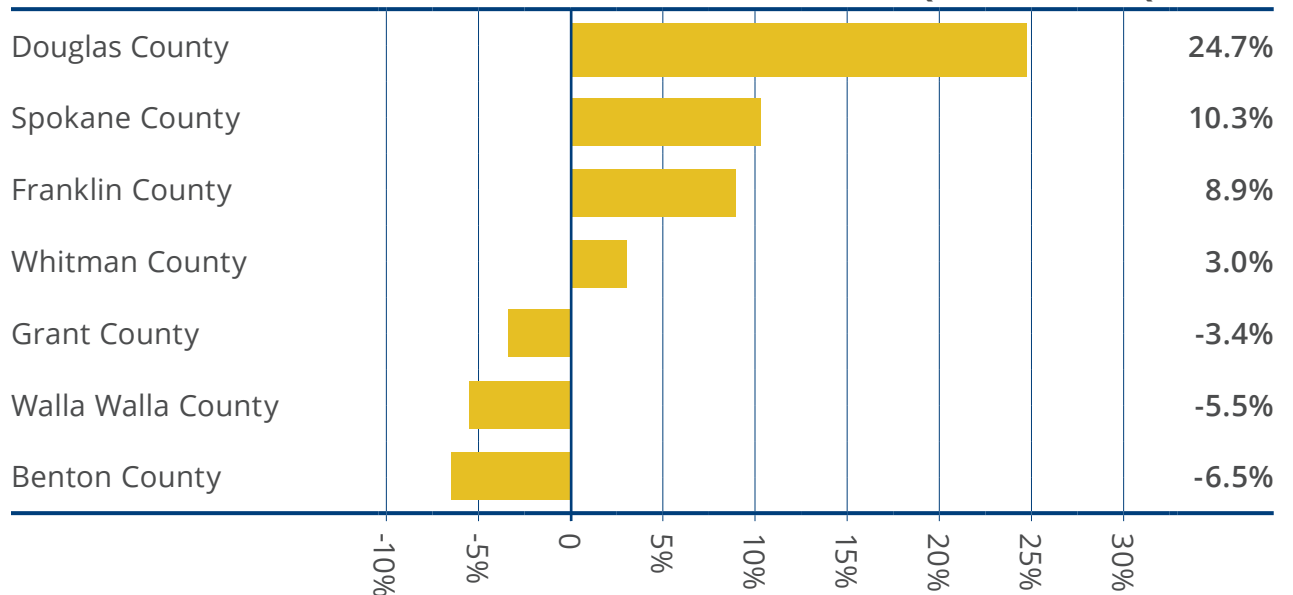
Like much of the rest of the state, Eastern Washington continues to experience modest employment growth, which is driving the unemployment rate lower. I also expect to see continued growth in employment as we move through the balance of the year.

## HOME SALES ACTIVITY

- Home sales throughout Eastern Washington were a mixed bag in the second quarter. Four markets saw home sales rise and three decreased compared to the second quarter of 2016. In total, there were 3,832 home sales in the quarter—an increase of 5.4%.
- Sales rose at the fastest rate in Douglas County, which had a remarkable 24.7% increase over the second quarter of 2016. That said, the market is a small one and sales can fluctuate quite dramatically.
- Interestingly, the number of pending home sales—an indicator of future closings—was up across the board. This is a turnaround from the slowdown in first quarter. As such, I expect to see regional home sales rise as we move through the rest of the summer.
- The supply of homes for sale remains an issue. With the number of homes for sale down by 19.7%, the market is clearly starved of inventory, which continues to push up home prices.

## ANNUAL CHANGE IN HOME SALES

Q2-2016 TO Q2-2017



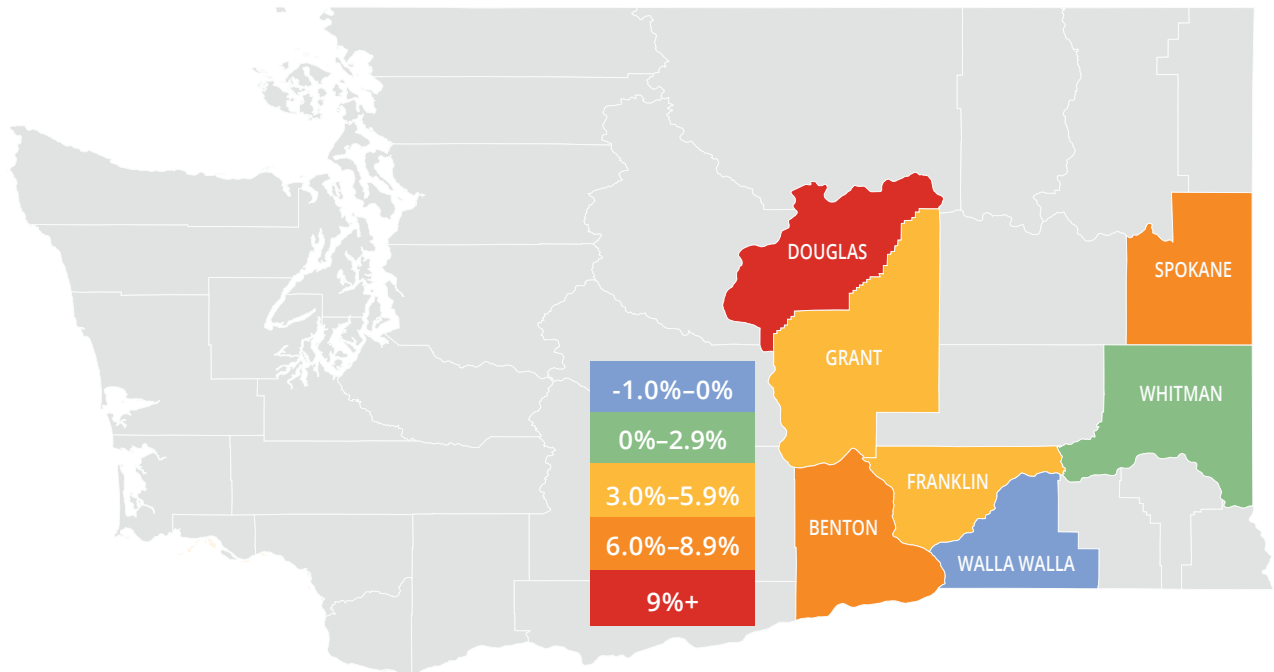
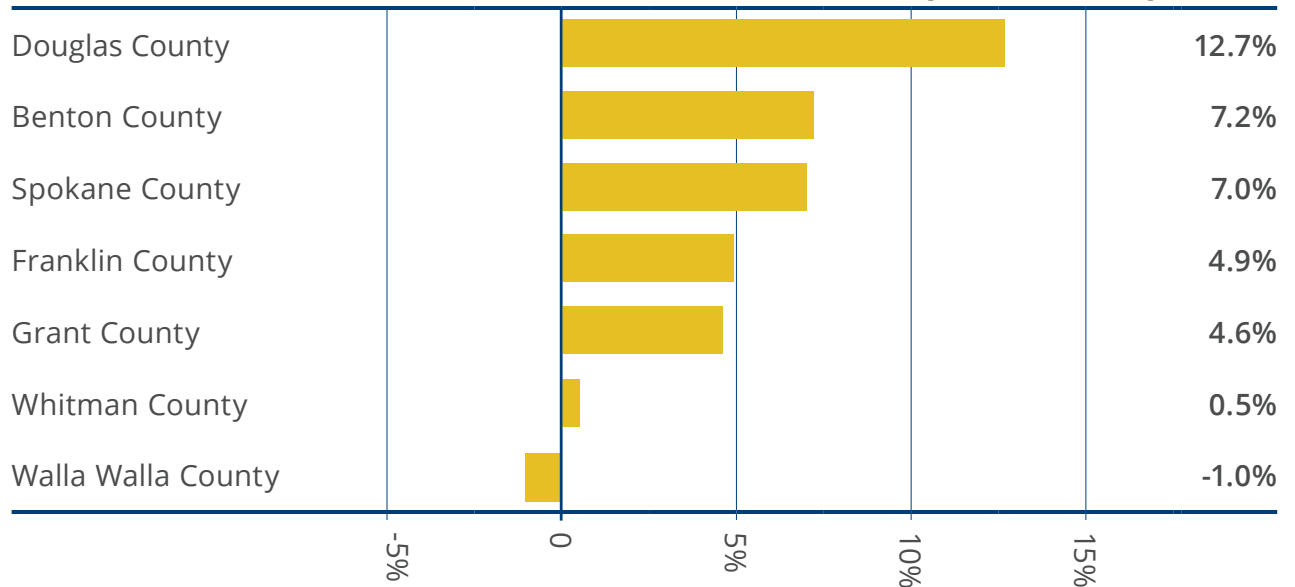


## HOME PRICES

- Year-over-year, the average home price in the region rose by 6.2% to \$242,059. Price growth has been tapering across the region, but several counties are still seeing appreciation well above the average rate.
- Walla Walla County was the only market where prices were lower when compared to the second quarter of 2016. However, the drop was very modest and, given the fact that it is a relatively small market, I am not concerned.
- All but one of the counties in this report saw prices rise when compared to the first quarter of 2016, with Douglas County leading the way with an increase of 12.7%.
- The takeaway here is that home-price growth continues at above-average rates due to very limited supply, but the rate of appreciation has started to taper somewhat.

## ANNUAL CHANGE IN HOME SALE PRICES

Q2-2016 TO Q2-2017

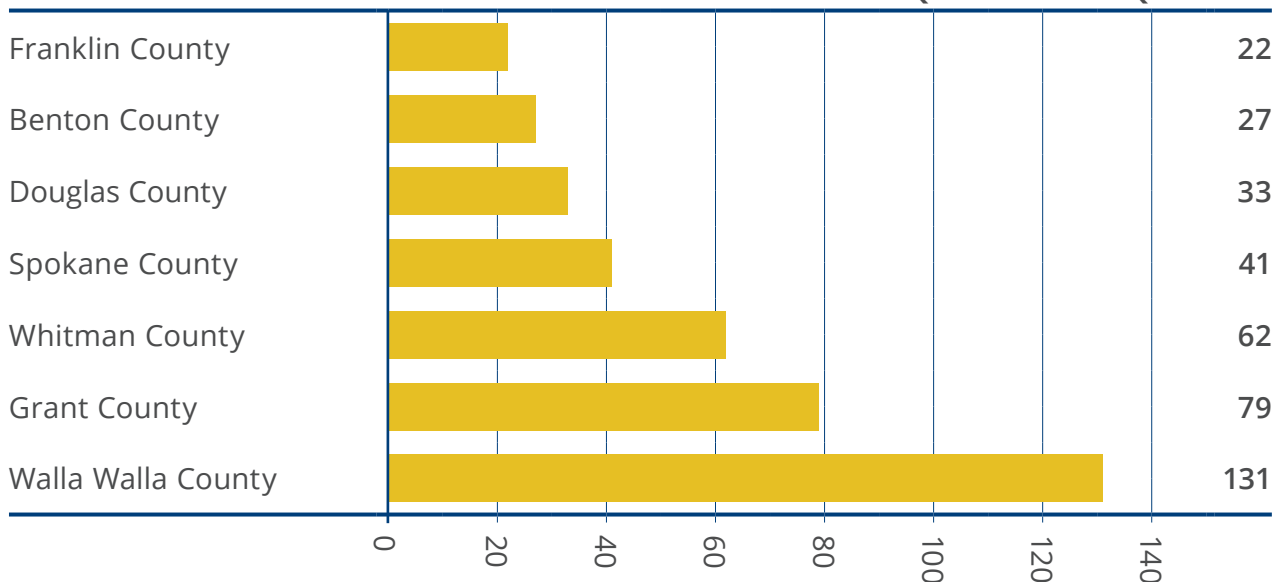


## DAYS ON MARKET

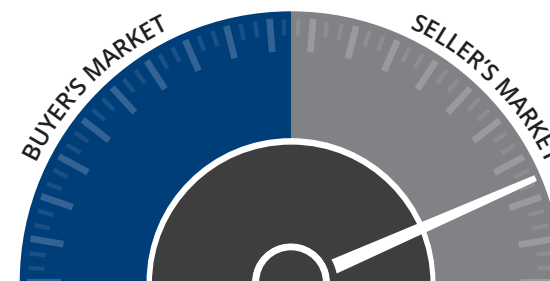
- The average number of days it took to sell a home dropped by six days when compared to the second quarter of 2016.
- The average time it took to sell a home in the region was 57 days.
- All but one of the areas contained in this report saw the time it took to sell a home drop from the same quarter in 2016.
- Similarly to the past two quarters, Franklin and Benton Counties saw homes sell the fastest.

## AVERAGE DAYS ON MARKET

Q2-2016 TO Q2-2017



## 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 second quarter of 2017, I left the needle at the same level. Though prices in several markets are still trending above average, the rate of growth has slowed a little.

I still believe that 2017 will continue favoring sellers and, even with a slowdown in price appreciation, demand will continue to exceed supply.