

WINDERMERE REAL ESTATE PRESENTS

THE GARDNER REPORT

EASTERN WASHINGTON | THIRD 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

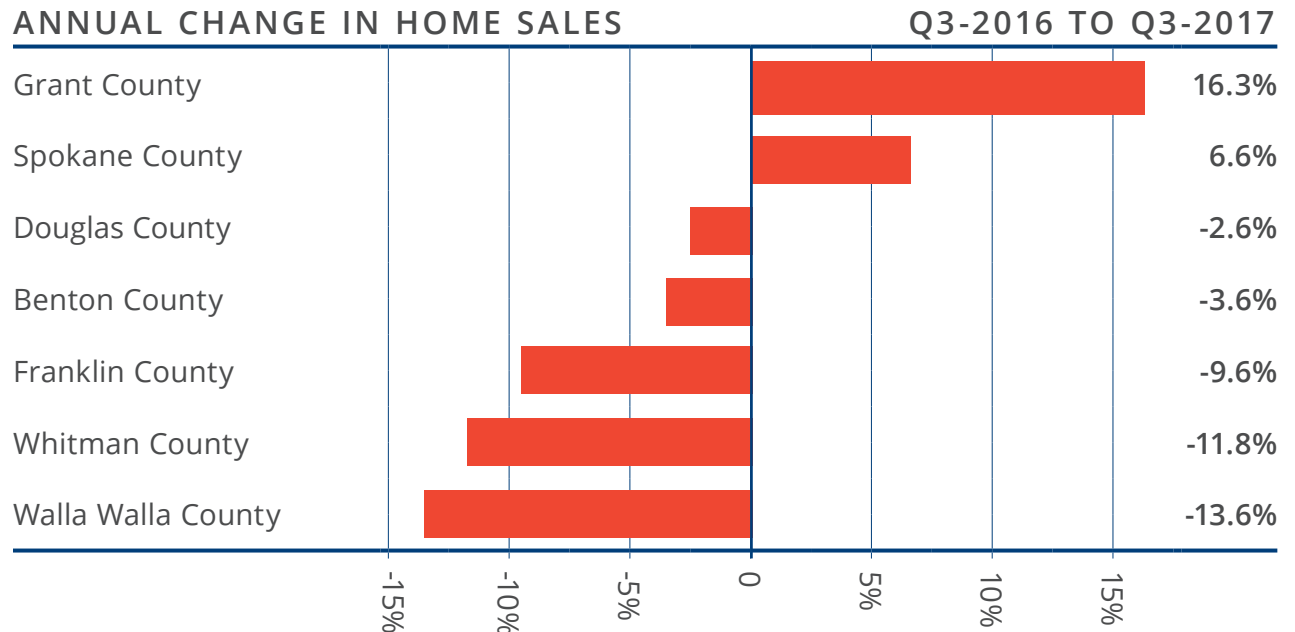
Employment growth in Washington State continues to slow as it moves closer to full employment. The state added 79,600 jobs between August 2016 and August 2017, and I still predict that we will see an additional 70,000 jobs by the end of the year.

Eastern Washington has seen a pickup in employment, with 15,307 jobs added over the past 12 months. The growth rate has slowed to 3.1% and is expected to continue falling through the balance of the year.

HOME SALES ACTIVITY

- Similar to the second quarter, home sales throughout Eastern Washington were a mixed bag. Year-over-year home sales rose in two markets and decreased in five. In total, there were 4,165 home sales in the quarter—an increase of 2.3% over the third quarter of 2016 and 8.7% higher than the second quarter of 2017.
- Sales rose at the fastest rate in Grant County, which increased by 16.3% versus a year ago. That said, the market is relatively small so sales can fluctuate quite dramatically.
- Sales fell in five counties, mainly due to low inventory levels. With the number of pending sales varying across the Eastern Washington region, I expect to see sales fluctuate across all counties in the fourth quarter.
- The number of homes for sale was down by 6.3% year-over-year. Inventory is clearly an issue and will continue to push up home prices (see more, below).

ANNUAL CHANGE IN HOME SALES

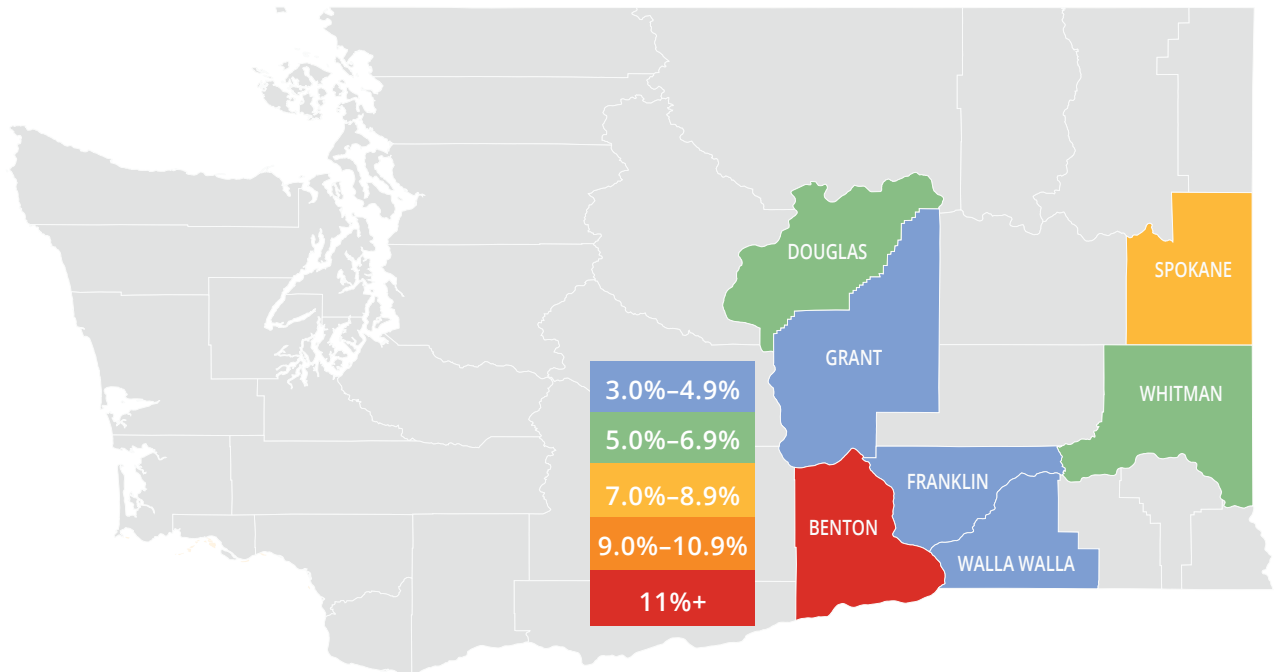
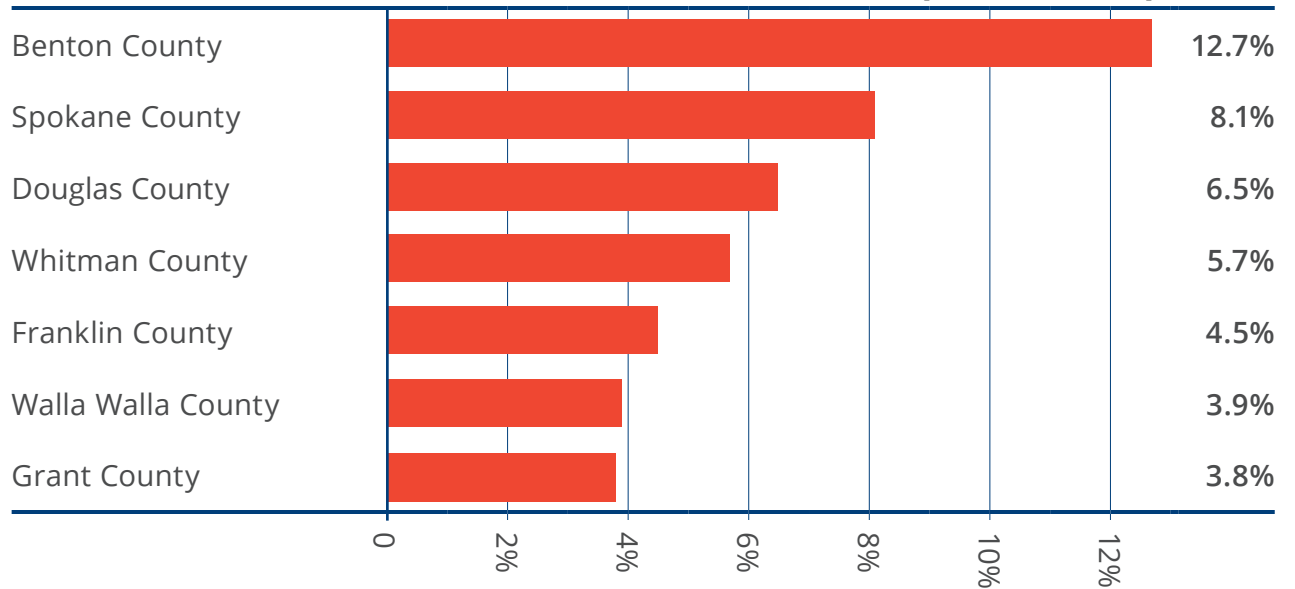


HOME PRICES

- Year-over-year, the average home price in the region rose by 7.8% to \$249,238, and prices were up by 3% compared to last quarter. Price growth has been moderating across the region, but several counties continue to see well-above-average appreciation.
- Limited inventory continues to drive prices higher and this is unlikely to change as we move into the winter months.
- All of the counties in this report saw prices rise when compared to the third quarter of 2016. Benton County led the way with an increase of 12.7%.
- The takeaway here is that home-price growth continues at above-average rates and, as long as mortgage rates remain favorable to would-be buyers, prices will continue to rise.

ANNUAL CHANGE IN HOME SALE PRICES

Q3-2016 TO Q3-2017

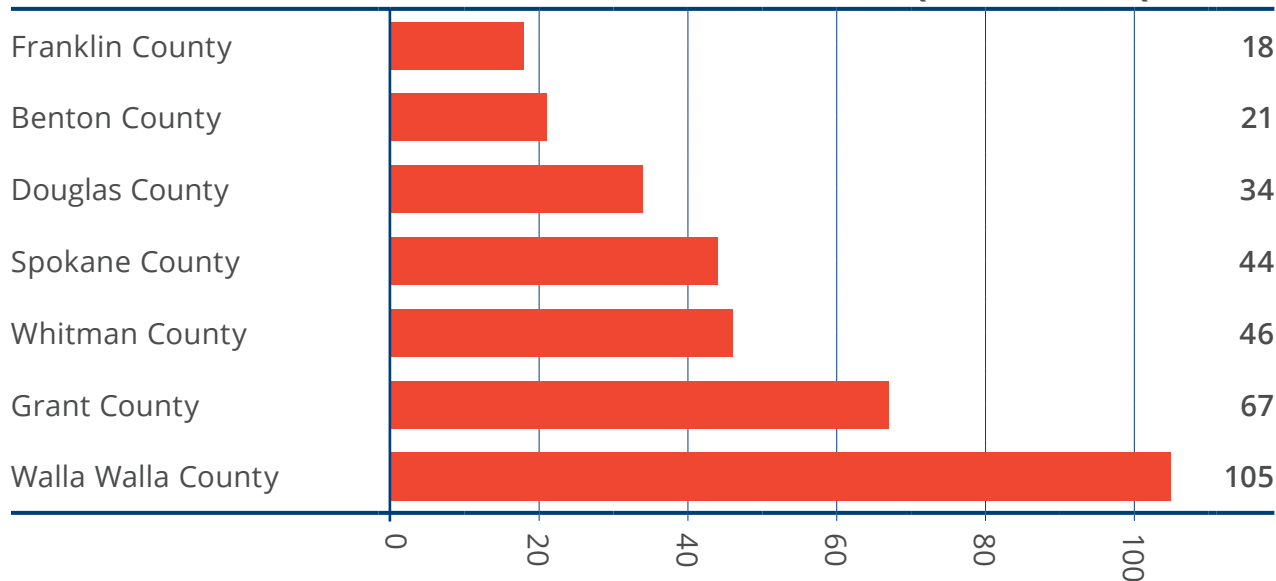


DAYS ON MARKET

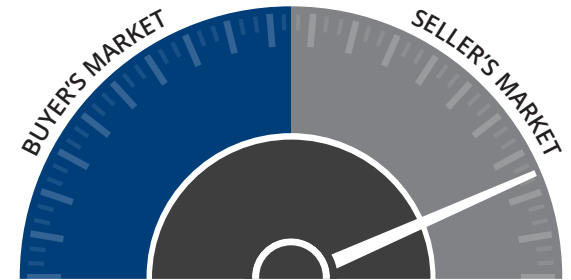
- The average number of days it took to sell a home dropped by 15 days when compared to the third quarter of 2016.
- The average time it took to sell a home in the region was 48 days.
- All areas contained in this report saw the time it took to sell a home drop from the same quarter in 2016.
- Grant and Whitman Counties had the biggest drop in days on market. Homes sold 26 days faster in Grant County and 24 days faster in Whitman County than at this time last year.

AVERAGE DAYS ON MARKET

Q3-2016 TO Q3-2017



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. Given the drop in listings, increase in pending and closed sales, and rising home prices in third quarter, I moved the needle a little more in favor of sellers. The fall and winter months will continue favoring sellers with demand exceeding supply.