



THE Q2 2018 | CENTRAL WASHINGTON
GARDNER
REPORT

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The following analysis of the Central 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.

ECONOMIC OVERVIEW

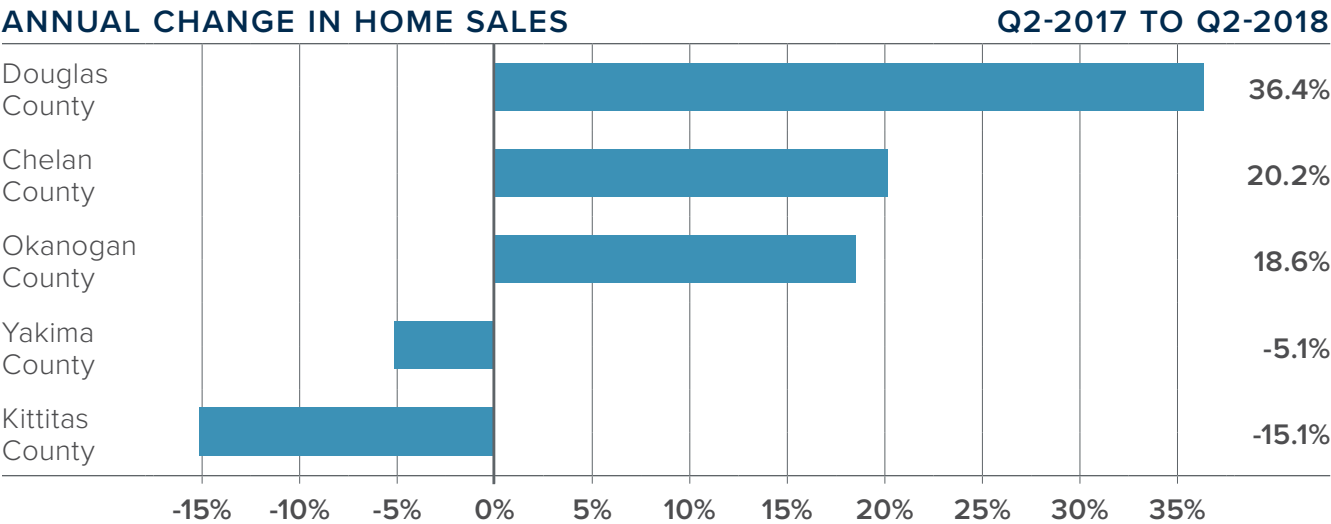
The Washington State economy added 83,900 new jobs over the past 12 months, representing an annual growth rate of 2.5%. This is a slowdown from the last quarter, but employment growth remains well above the national rate of 1.6%. Employment gains continue to be robust in the private sector, which was up by 2.8%. The public sector (government) grew by a more modest 1.1%. Last quarter the state's unemployment rate was 4.7%, down from 4.8% a year ago.

Washington State will continue adding jobs for the balance of the year and I anticipate total job growth for 2018 will be around 80,000, representing a total employment growth rate of 2.4%.

The counties within Central Washington have added 2,709 new jobs over the past 12 months, for a growth rate of 1.2%. The local unemployment rate for the area continued to fall, with a drop from 5.9% to 5.6%.

HOME SALES ACTIVITY

- › Last quarter, home sales throughout Central Washington saw an annual gain; only two of the five counties in this report did not report increases. In total, there were 1,299 home sales in second quarter — an increase of 3.2% from the same period in 2017, and up 51.2% when compared to the first quarter of this year.
- › Sales rose most in Douglas County, which had an impressive 36.4% increase over the second quarter of 2017. Chelan and Okanogan Counties also saw sales rise at a significant pace.
- › The number of pending home sales — an indicator of future closings — was down in two counties, suggesting that third quarter growth in closings may be modest.
- › The shortage of homes for sale remains an issue, although there has been some improvement. Last quarter, inventory levels were only down by a modest 1.3% compared to last year, which means the market may be moving, albeit slowly, toward greater balance.

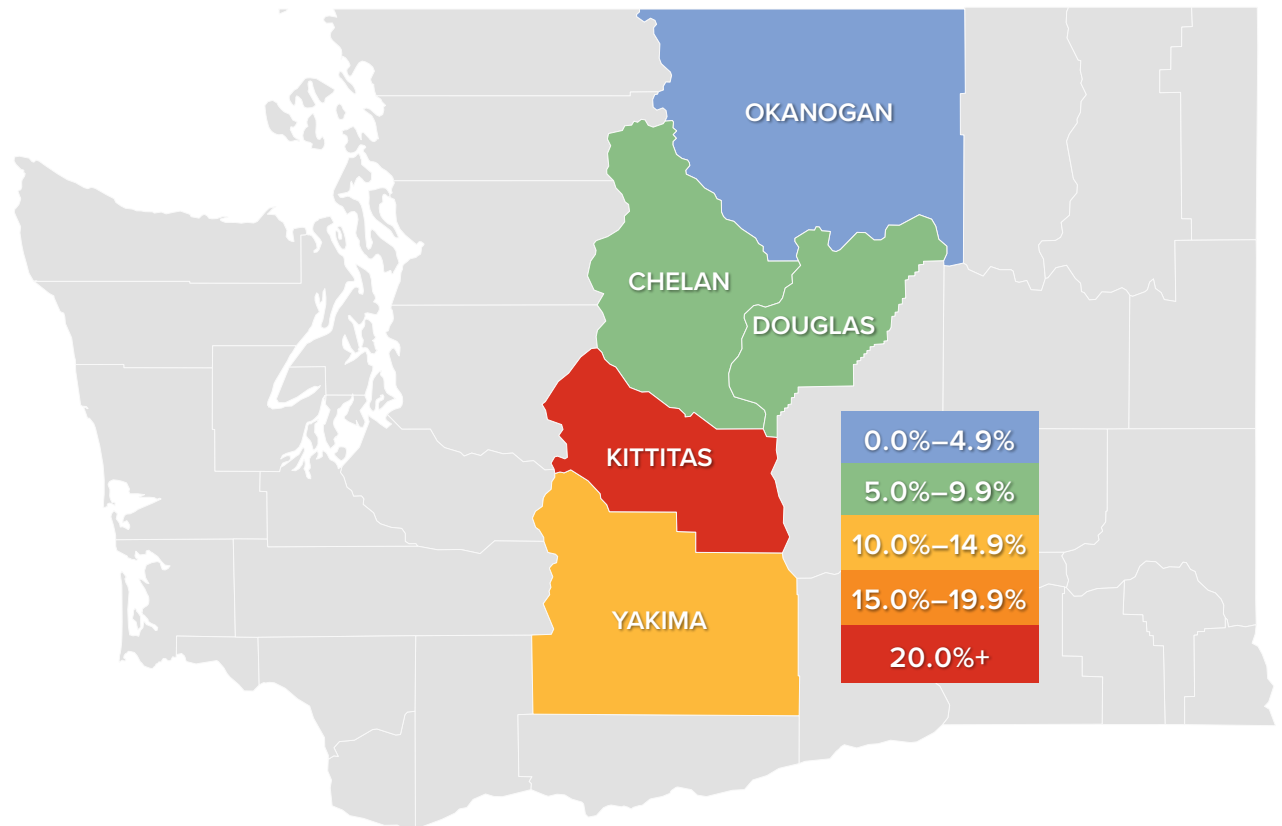
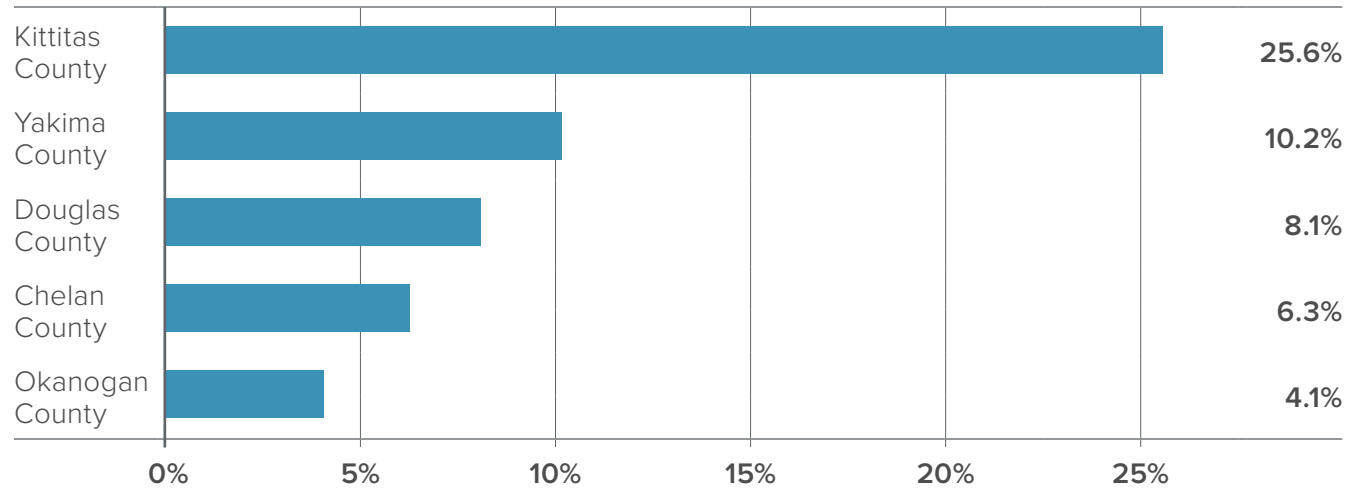


HOME PRICES

- Year-over-year, the average home price in the region rose 12.8% to \$318,189. Price growth picked up again in the second quarter and remains well above the long-term average as demand continues to exceed supply.
- Prices in the remaining four counties — Yakima, Douglas, Chelan and Okanogan — rose between 4 and 10% — still generally above the long-term trend.
- All five counties in this report saw prices rise compared to the second quarter of 2017. Kittitas County stood out with a very substantial increase of 25.6%.
- Home-price growth continues to increase at above-average rates due to supply constraints. I expect this trend to continue through the balance of 2018.

ANNUAL CHANGE IN HOME SALE PRICES

Q2-2017 TO Q2-2018

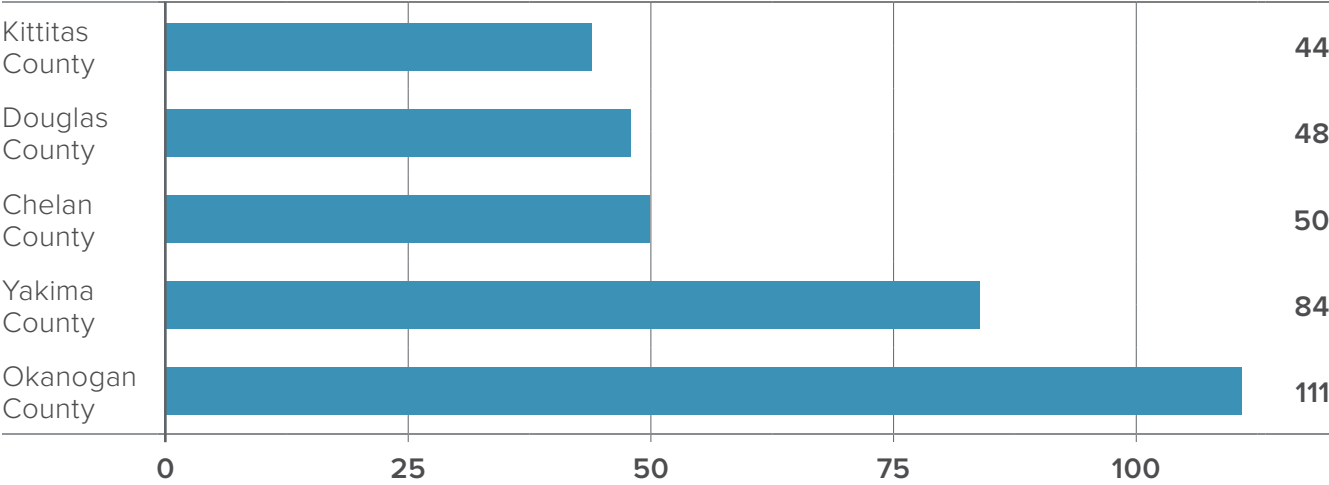


DAYS ON MARKET

- › The average number of days it took to sell a home dropped five days compared to the second quarter of 2017.
- › The average time it took to sell a home in the region was 67 days, down 12 days compared to the first quarter of 2017.
- › All the markets contained in this report, other than Douglas, saw days-on-market drop from the same quarter in 2017.
- › Homes sold fastest in Kittitas County, where it took an average of 44 days to sell a home. The greatest drop in the time it took to sell a home was in Okanogan and Chelan Counties, where it took 15 fewer days than in the second quarter of last year.

AVERAGE DAYS ON MARKET

Q2-2018



CONCLUSIONS



This speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

For the second quarter of 2018, I have moved the needle a little farther in favor of sellers. Although it was good to see inventories increase, the Central Washington market remains tight thanks to low housing supply and high buyer demand.

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.