



THE Q1 2020 | OREGON & SW WASHINGTON

GARDNER

REPORT

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A MESSAGE FROM MATTHEW GARDNER

Needless to say, any discussion about the U.S. economy, state economy, or housing markets in the first quarter of this year is almost meaningless given events surrounding the COVID-19 virus.

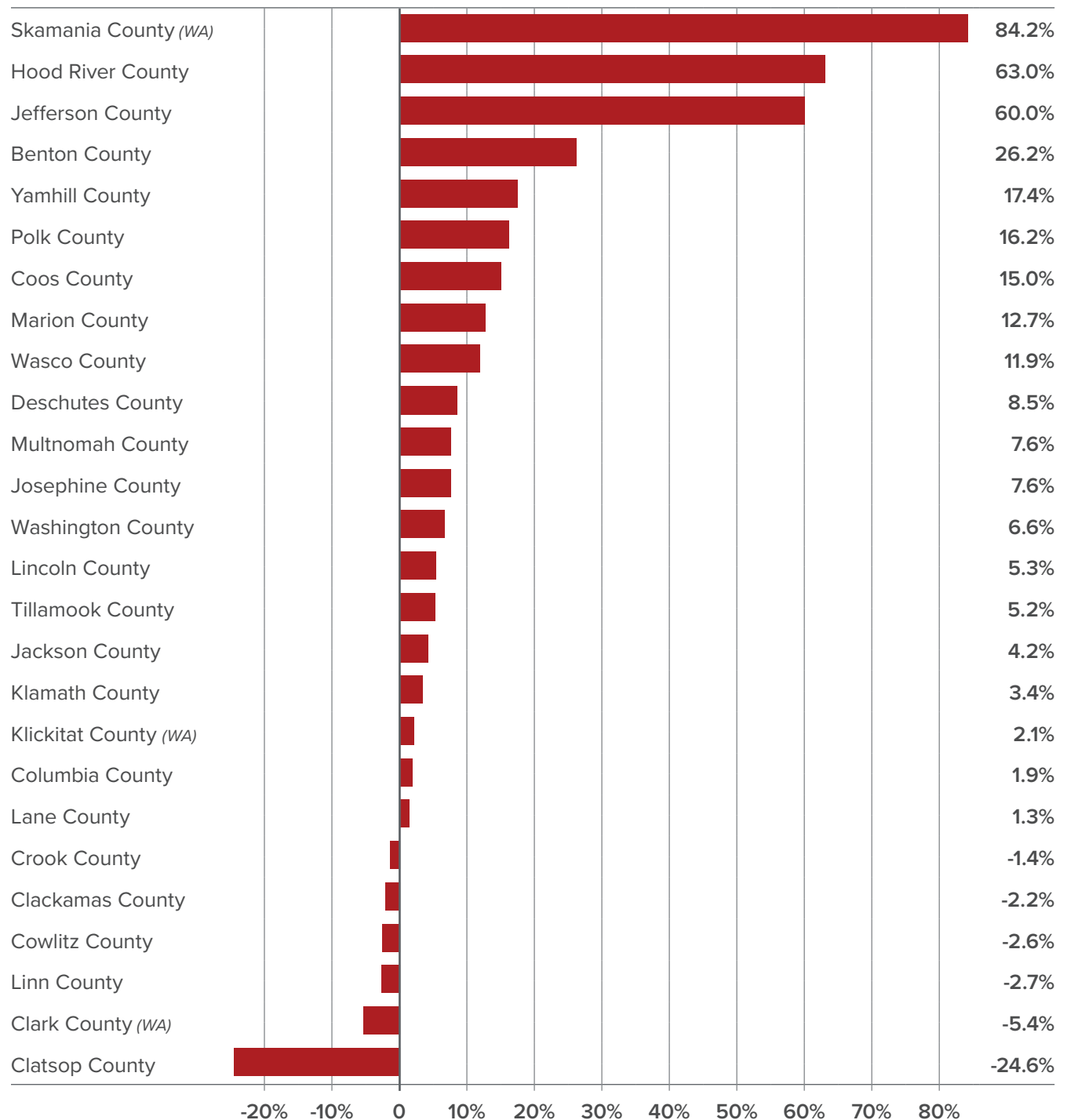
Although you will see below data regarding housing activity in the region, many markets came close to halting transactions in March and many remain in some level of paralysis. As such, drawing conclusions from the data is almost a futile effort. I would say, though, it is my belief that the national and state housing markets were in good shape before the virus hit and will be in good shape again, once we come out on the other side. In a similar fashion, I anticipate the national and regional economies will start to thaw, and that many of the jobs lost will return with relative speed. Of course, all of these statements are wholly dependent on the country seeing a peak in new infections in the relatively near future. I stand by my contention that the housing market will survive the current economic crisis and it is likely we will resume a more normalized pattern of home sales in the second half of the year.

HOME SALES

- First quarter home sales rose 4.6% compared to the same period last year, with a total of 11,950 transactions occurring.
- Sales rose fastest in Skamania County, which saw a massive 84% increase compared to the first quarter of 2019. However, it is a very small market and is subject to massive swings. There were also significant increases in Benton, Jefferson, and Hood River counties. Home sales fell most in Clatsop County but it, too, is a relatively small market.
- Year-over-year sales rose in 20 counties and dropped in the other 6 counties contained in this report.
- Sales in the first quarter dropped 21.4% compared to the fourth quarter of 2019, which can likely be attributed to fallout from COVID-19.

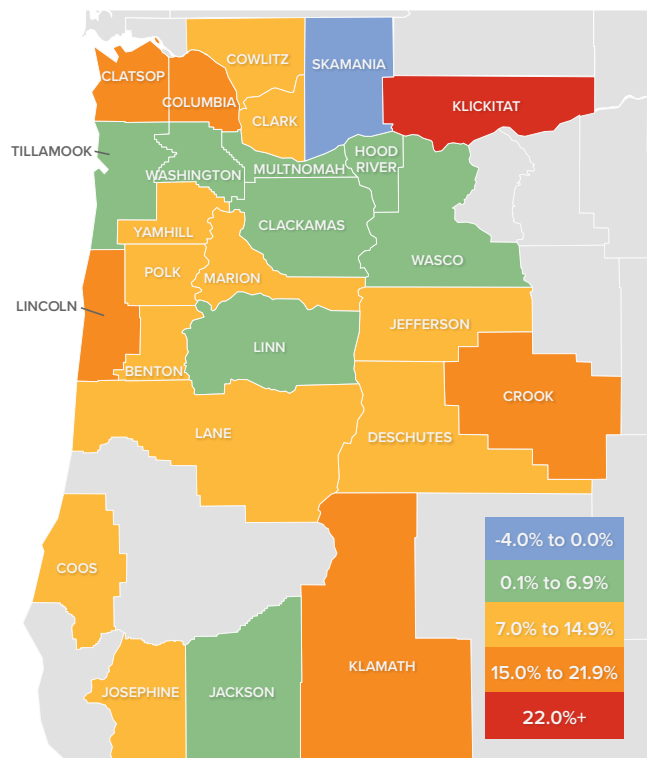
ANNUAL CHANGE IN HOME SALES

Q1-2019 TO Q1-2020



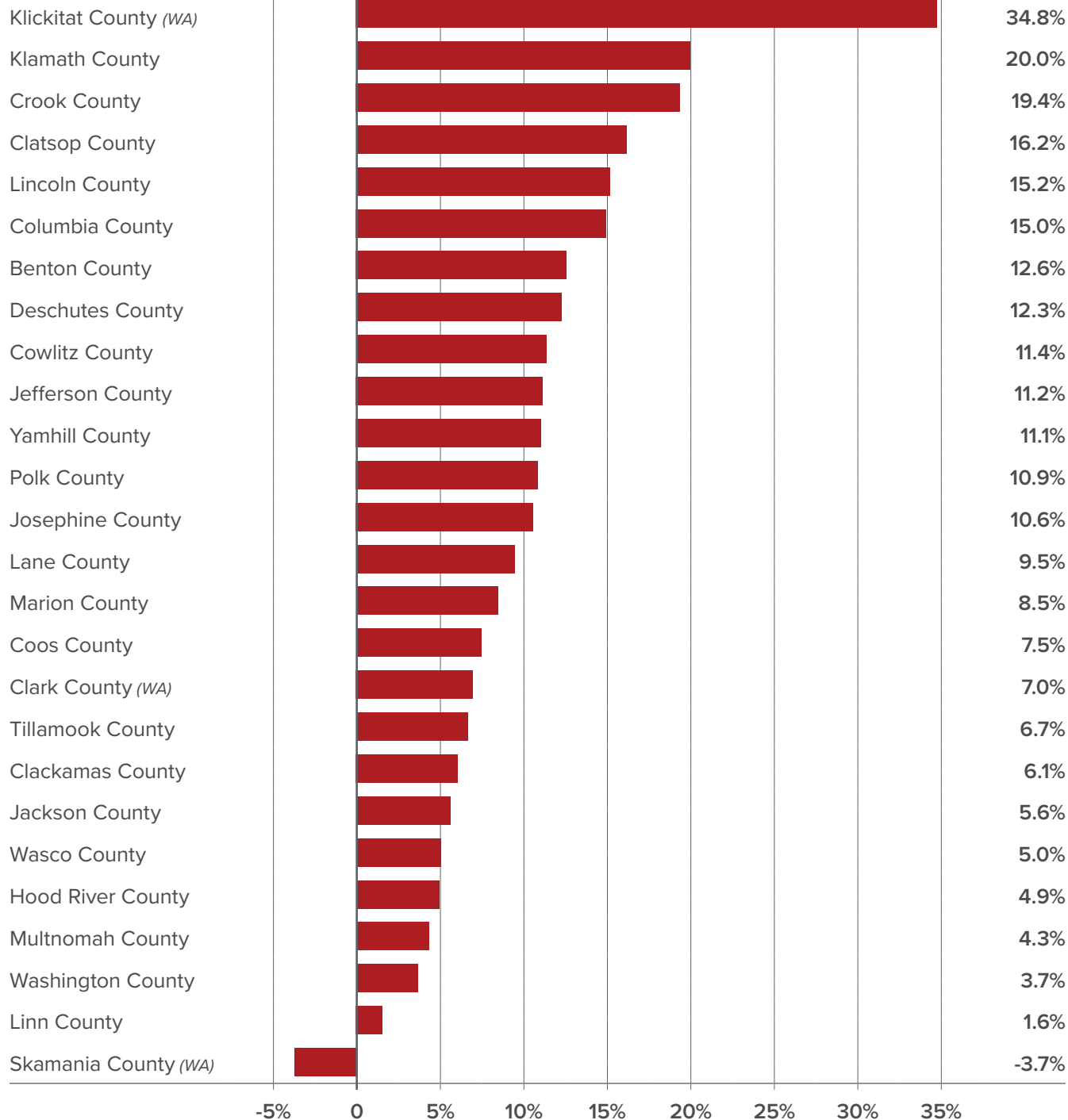
HOME PRICES

- ▶ The average home price in the region rose 7.1% year-over-year to \$399,754, but was 0.2% lower compared to the final quarter of 2019.
- ▶ Klickitat County led the market with the strongest annual price growth. Homes there sold for 34.8% more than a year ago. Prices were lower in Skamania County, but this is a small market that can be prone to significant swings and I am not overly concerned at this time.
- ▶ All but one of the counties contained in this report experienced price growth compared to the first quarter of 2019. Annual price growth has picked back up after having slowed somewhat in the middle of last year.
- ▶ The takeaway from this section is that prices grew year-over-year, but I expect to see volatility for the next two quarters until the market completely recovers from COVID-19.

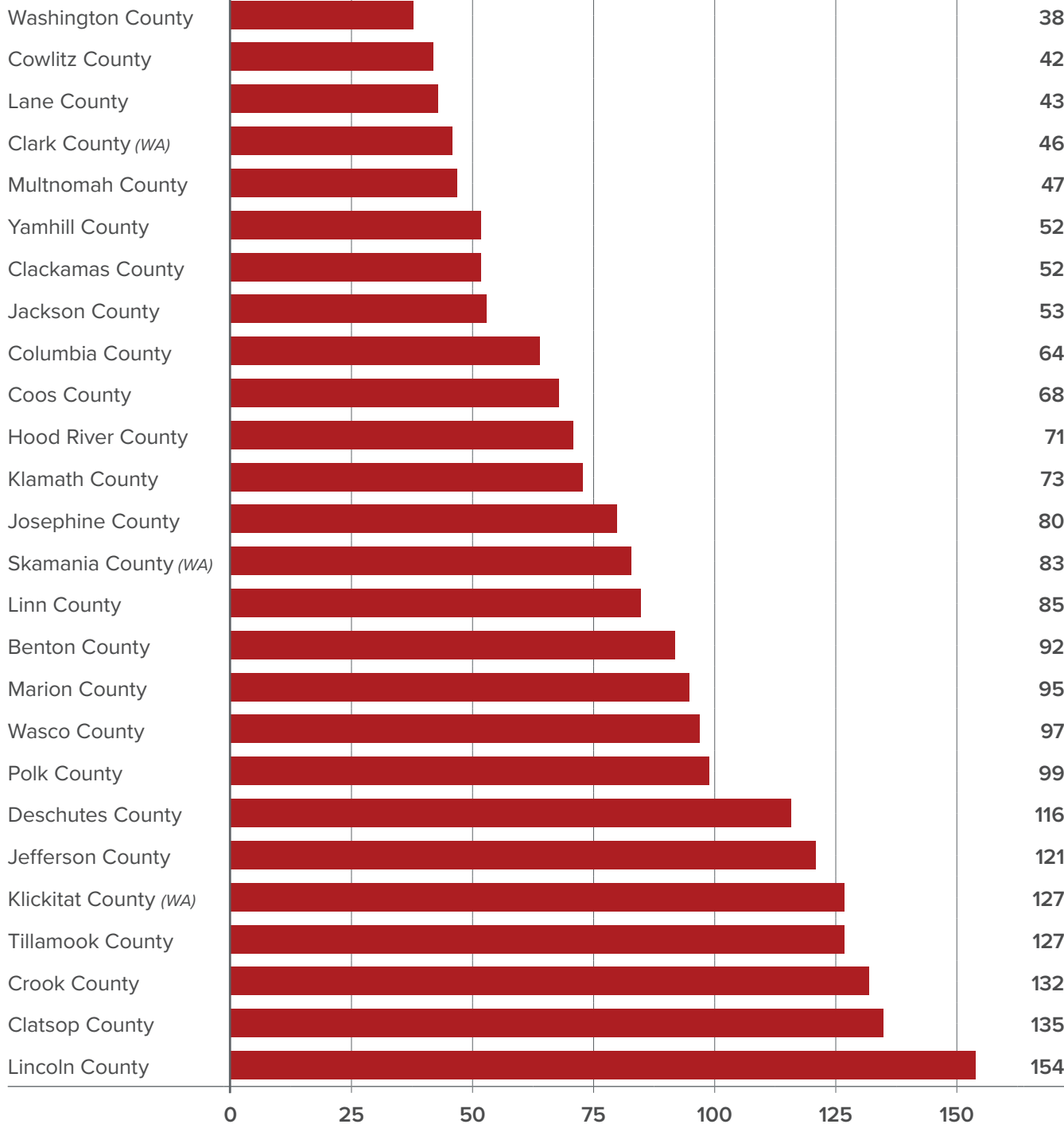


ANNUAL CHANGE IN HOME SALE PRICES

Q1-2019 TO Q1-2020



DAYS ON MARKET

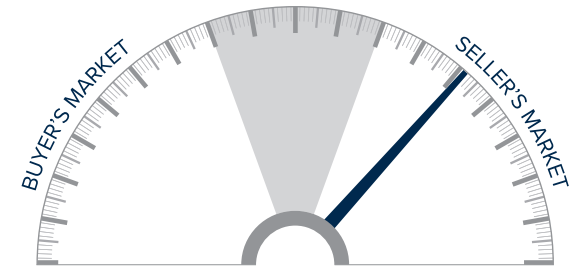


Q1-2020

DAYS ON MARKET

- ▶ The average number of days it took to sell a home in the region dropped one day compared to the first quarter of 2019, but it took ten days longer to sell a home compared to the final quarter of 2019.
- ▶ The average time it took to sell a home in the first quarter was 84 days.
- ▶ Seventeen counties saw the length of time it took to sell a home drop compared to a year ago; nine counties saw market time rise.
- ▶ Homes again sold fastest in Washington (38 days) and Cowlitz (42 days) counties.

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.

Given the current economic environment, I have decided to freeze the needle in place until we see a restart in the economy. Once we have resumed "normal" economic activity, there will be a period of adjustment with regard to housing. Therefore, it is appropriate to wait until later in the year to offer my opinions about any quantitative impact the pandemic will have on the housing market.

ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.