

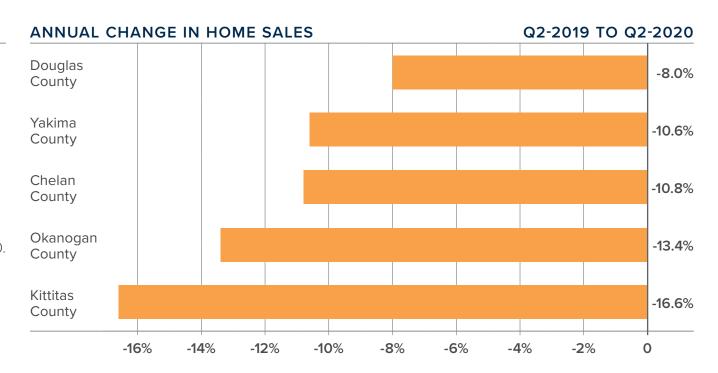
The following analysis of the Central Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.

### **ECONOMIC OVERVIEW**

It appears as if the massive COVID-19-induced contraction in employment Washington State experienced—along with the rest of the nation—is behind us (at least for now). Employment across Washington State started to drop in March, but April was the real shock: total employment dropped almost 460,000 between March and April, a decline of 13%. However, this turned around remarkably quickly, with 52,500 jobs added in May. The Central Washington region lost over 12,500 jobs in March and April, but there has been some recovery with the return of 1,781 jobs in May. This was a reasonable start, but the unemployment rate in Central Washington was still high at 14.1% in May. Although it is certainly too early to say we are out of the woods, we seem to be headed in a positive direction and, assuming we respect the state's mandates regarding social distancing and mask wearing, I remain hopeful that Washington will not have to re-enter any form of lockdown.

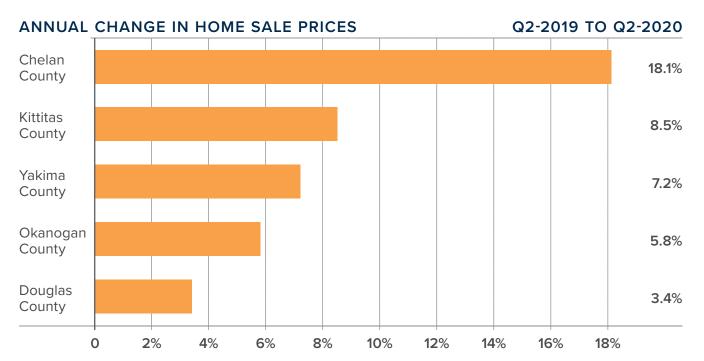
#### **HOME SALES**

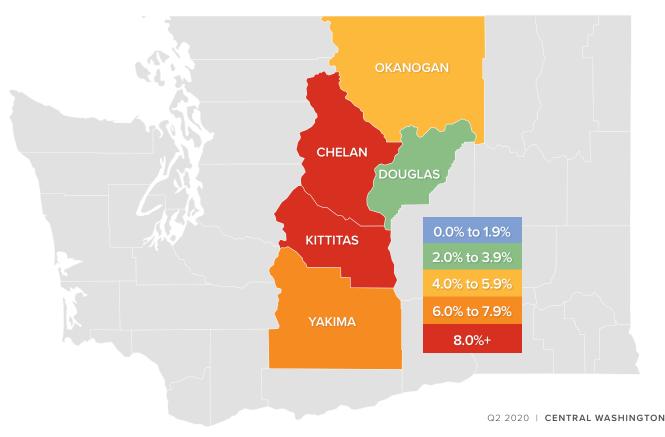
- Home sales in Central Washington were down 11.8% compared to the same quarter in 2019, with a total of 1.102 closed sales.
- Pending home sales in the region were 4.1% higher than in the first quarter of the year, suggesting that closed sales should improve in the third quarter.
- Sales activity dropped in all counties contained in this report, but the largest drop was a relatively modest 148 units. That said, sales were 21% higher than in the first guarter of 2020.
- The average number of homes for sale in the quarter was 26.6% lower than a year ago, but 9.9% higher than in the first quarter of 2020. This is positive, but inventory levels are well below historic averages.



## **HOME PRICES**

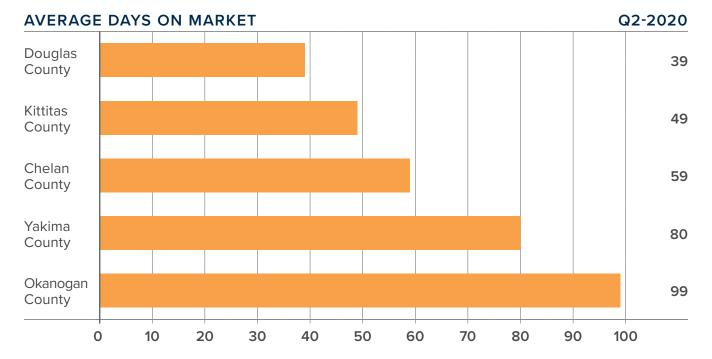
- Year-over-year, the average home price in Central Washington rose a significant 9.6% to \$372,394. Prices were also 8.1% higher than in the first quarter of 2020.
- As mentioned in the previous section, low inventory levels are pervasive and, even with the bump in the second quarter over the first, listing activity is still very low.
- While sale prices rose in every county, Chelan County experienced significant growth. It will be interesting to see how much of this growth was due to people buying vacation homes as a COVID-19 alternative to hotels.
- The takeaways are that average home-price growth in Central Washington remains well above the long-term average and, so far, there have been no real price impacts from COVID-19.





#### DAYS ON MARKET

- It took an average of 65 days to sell a home in Central Washington in the second quarter of 2020.
- During the second quarter, it took four more days to sell a home in Central Washington than it did a year ago.
- All counties other than Douglas saw the length of time it took to sell a home rise compared to the second quarter of 2019.
- It took five fewer days to sell a home in the second guarter than it did in the first.



#### 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 robust demand and historically low interest rates, it certainly remains a seller's market, and I don't expect this to change in the foreseeable future. The overall housing market has exhibited remarkable resilience, and housing demand has rebounded faster than most would have expected. I do not anticipate any drop in demand, but I am watching housing affordability. Prices cannot continue to rise at the pace the market is currently seeing without exacerbating affordability issues. The needle above remains unchanged from the first quarter due to ongoing uncertainty surrounding COVID-19.

# **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.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.