

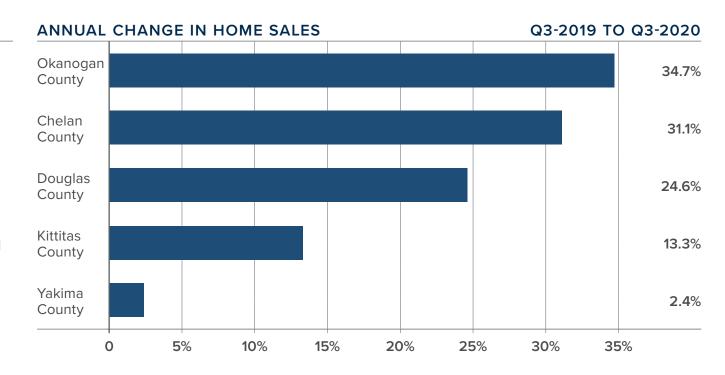
The following analysis of the Central Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please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

ECONOMIC OVERVIEW

Washington State continues to recover from the massive COVID-19-induced decline in employment. Following the loss of 556,000 jobs between February and April, the state has now seen the return of 332,500 workers. That said, Washington employment is still down almost 225,000 jobs. Locally, the Central Washington market area lost just over 12,500 jobs, but I am happy to announce that all but 69 of those jobs have returned! The unemployment rate, which peaked at 14.9%, has now dropped to 9.5% but is still higher than the year-ago rate of 5.6%. Given the job recovery this may appear counterintuitive, but we have seen a significant increase in the labor force and that is holding rates higher. The job recovery that started in May continues, but I am seeing a slowdown in the number of jobs returning. This is not a surprise as it matches the rest of the state as well as the country as a whole. I expect that the pace of jobs returning will increase, but that is not likely until a vaccine for COVID-19 is freely available.

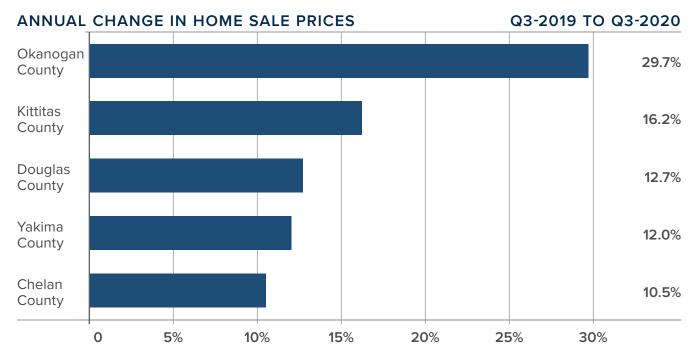
HOME SALES

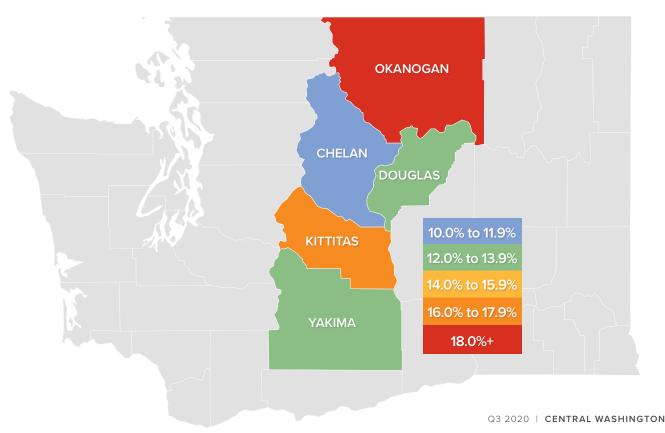
- Home sales in Central Washington were up an impressive 16.5% compared to the same quarter in 2019, with a total of 1,709 transactions occurring.
- Pending home sales in the region were 23.9% higher than in the second quarter, suggesting that the market will see solid growth in the final quarter of 2020.
- Sales activity rose in all counties contained in this report, with significant increases everywhere except Yakima County. Compared to the second quarter of this year, sales were higher by a remarkable 55%.
- The average number of homes for sale in the quarter was 40.6% lower than a year ago, and 10.2% lower than in the second quarter of 2020. Inventory levels remain well below historic averages.



HOME PRICES

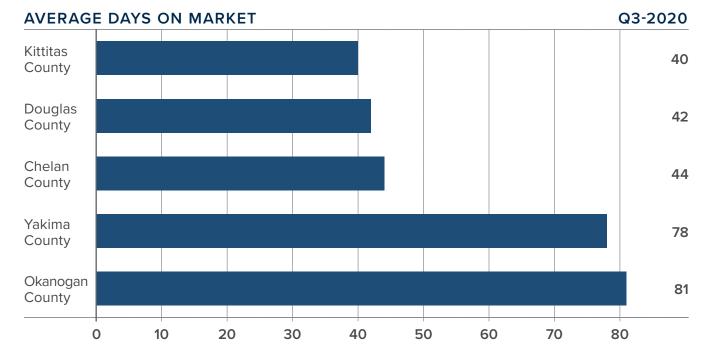
- Year-over-year, the average home price in Central Washington rose a substantial 15.7% to \$417,201. Prices were also 12% higher than in the second guarter of 2020.
- Dow inventory levels remain pervasive and demand is far exceeding supply, which is clearly driving prices higher. Given seasonality, I do not expect to see an increase in the number of homes for sale until 2021, and this is certain to frustrate would-be buyers.
- Every county covered by this report saw double-digit increases in home prices.
 Okanogan County saw very significant growth.
- The takeaway is that average home-price growth in Central Washington remains well above the long-term average and is unlikely to slow down until there is a significant increase in inventory levels.





DAYS ON MARKET

- The average time it took to sell a home in Central Washington in the third quarter of 2020 was 57 days.
- During the third quarter, it took two fewer days to sell a home in Central Washington than it did a year ago.
- Okanogan, Douglas, and Kittitas counties saw the length of time it took to sell a home drop compared to a year ago. Market time rose modestly in Yakima and Chelan counties.
- It took eight fewer days to sell a home in the third guarter of 2020 than it did in the second.



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.

The job market continues to improve, listing activity is low, demand is high, and mortgage rates remain remarkably competitive. This is a perfect recipe for home sellers, so I am moving the needle more in their favor.

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