

THE Q2 2021 | CENTRAL WASHINGTON
GARDNER
REPORT

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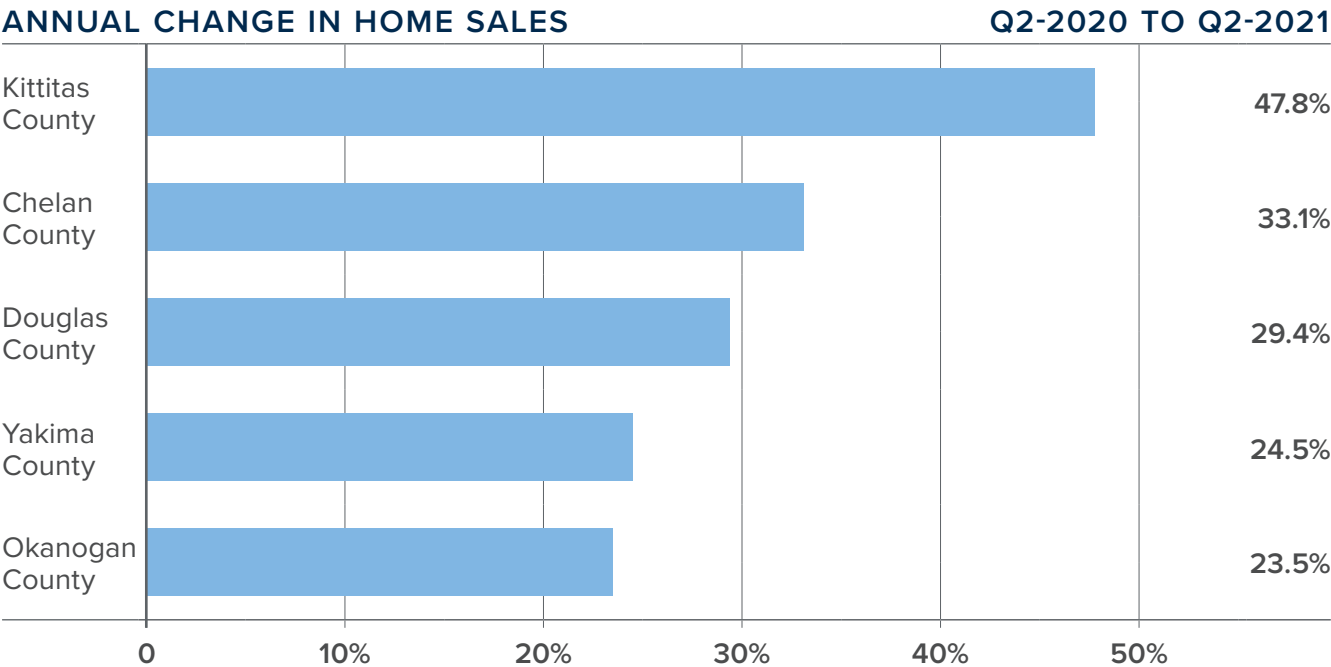
The following analysis of the Central Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please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

ECONOMIC OVERVIEW

I am pleased to report that the Central Washington region has recovered all of the jobs that were lost due to the COVID-19 pandemic. Across the five counties that make up this report, total employment was 220,554, up more than 1,900 jobs from the pre-pandemic peak in March 2020. Given the recovery in the job market, it's not surprising that the unemployment rate dropped to 6.1%, the lowest level since last October and well below the pandemic peak of 15.4%. The total labor force remains lower than a year ago but is starting to rise again, which may lead the contraction in the overall jobless rate to slow, but I do not anticipate it will rise again. I would add that the current jobless rate is actually lower now than it was before the pandemic appeared.

HOME SALES

- Home sales in Central Washington were 30.9% higher than a year ago. Given that the pandemic was starting to grip the region at that time, this statistic is not very informative. However, when comparing sales with the first quarter of this year, it was impressive to see an increase of 56.9%, with a total of 1,473 homes sold.
- Pending sales were up 54.5% from the first quarter, suggesting that closings in the third quarter will show further growth.
- Sales activity rose across the board, with significant increases in Kittitas County and sales in all other markets rising by double-digits.
- Inventory levels were down more than 17% compared to the first quarter and were 30% lower than a year ago. This is disappointing, as many other counties across the state are actually seeing the number of homes for sale start to rise. The local market remains very tight, and this will continue to favor home sellers.

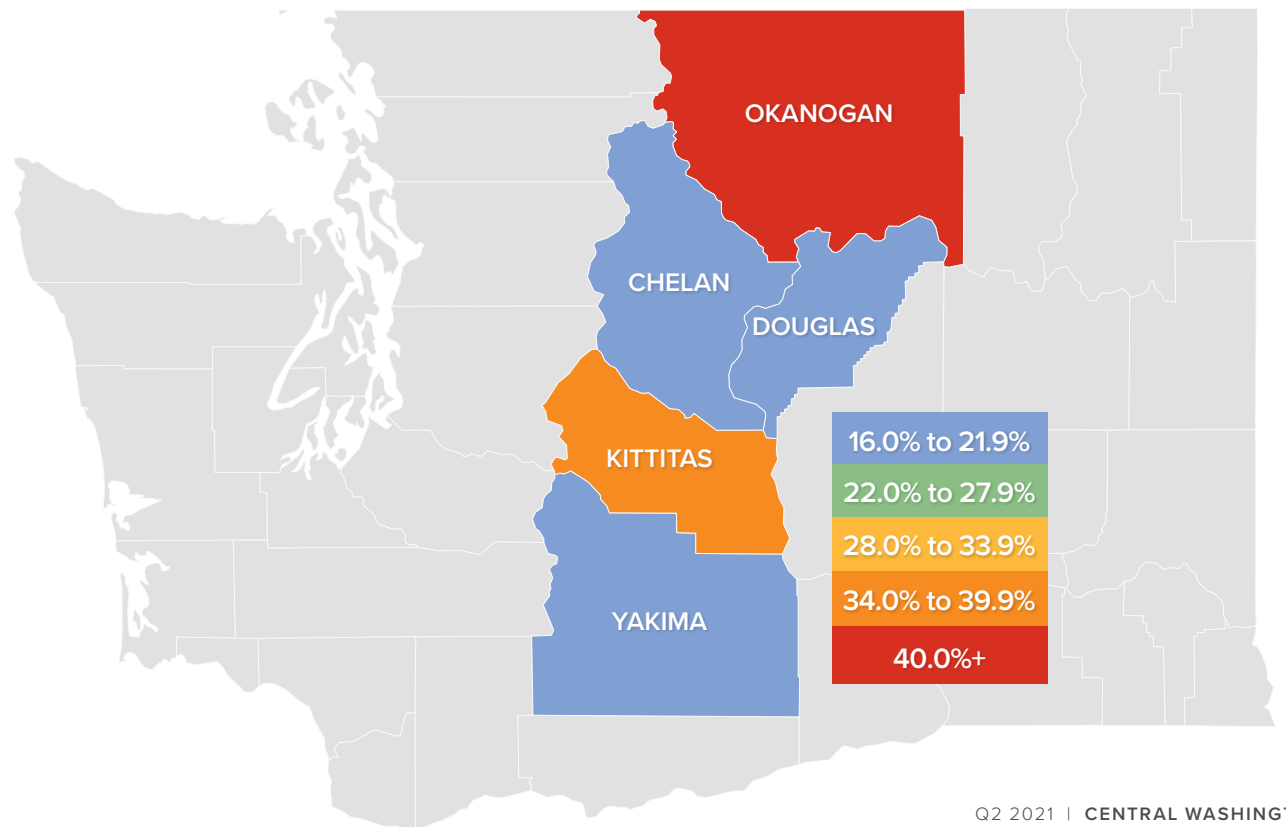
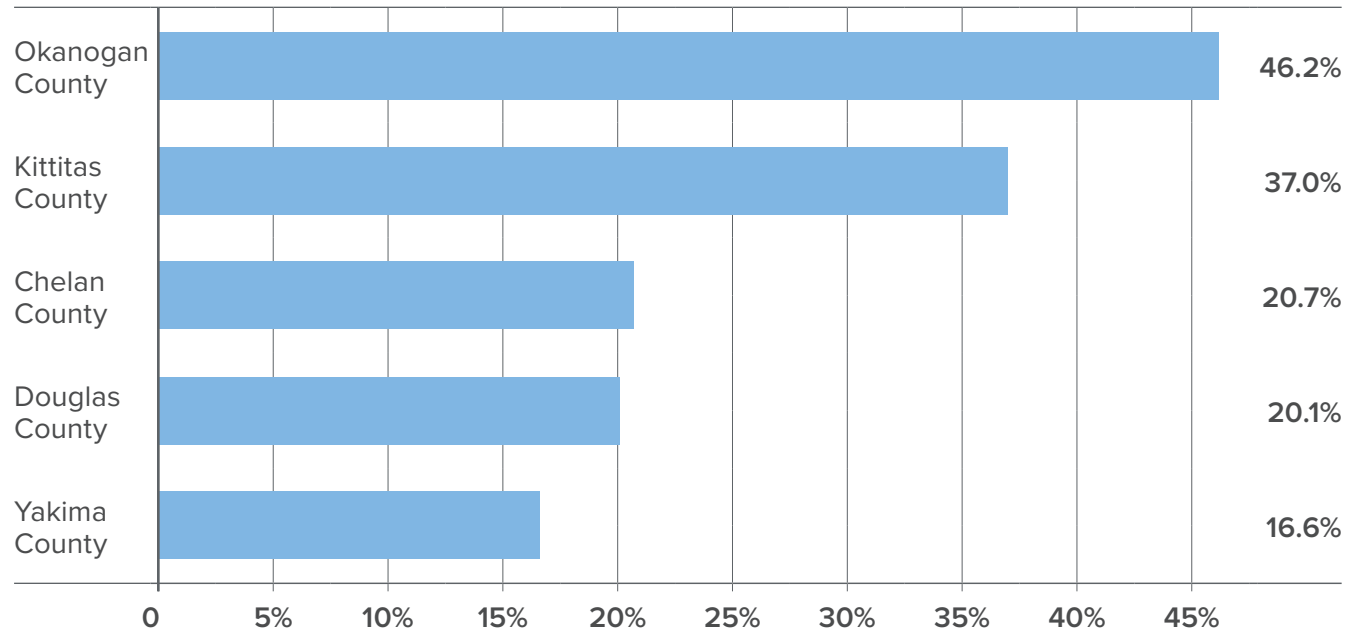


HOME PRICES

- With low levels of inventory and solid demand, the average home price in Central Washington continued to trend higher. Prices were up 26.8% year over year to \$471,858 and were 14% higher than in the prior quarter.
- Mortgage rates rose modestly during the first quarter of this year before pulling back in second quarter. This likely nudged many buyers off the fence. Rising mortgage rates and low supply levels have driven prices up.
- All counties covered by this report experienced significant price increases, with double-digit gains across the board.
- Home-price growth in Central Washington remains well above the long-term average, but affordability is becoming an increasing concern. Douglas and Kittitas counties are now technically unaffordable. As we move through the balance of the year, I expect price growth to continue, but we should see a slowdown in the pace of appreciation.

ANNUAL CHANGE IN HOME SALE PRICES

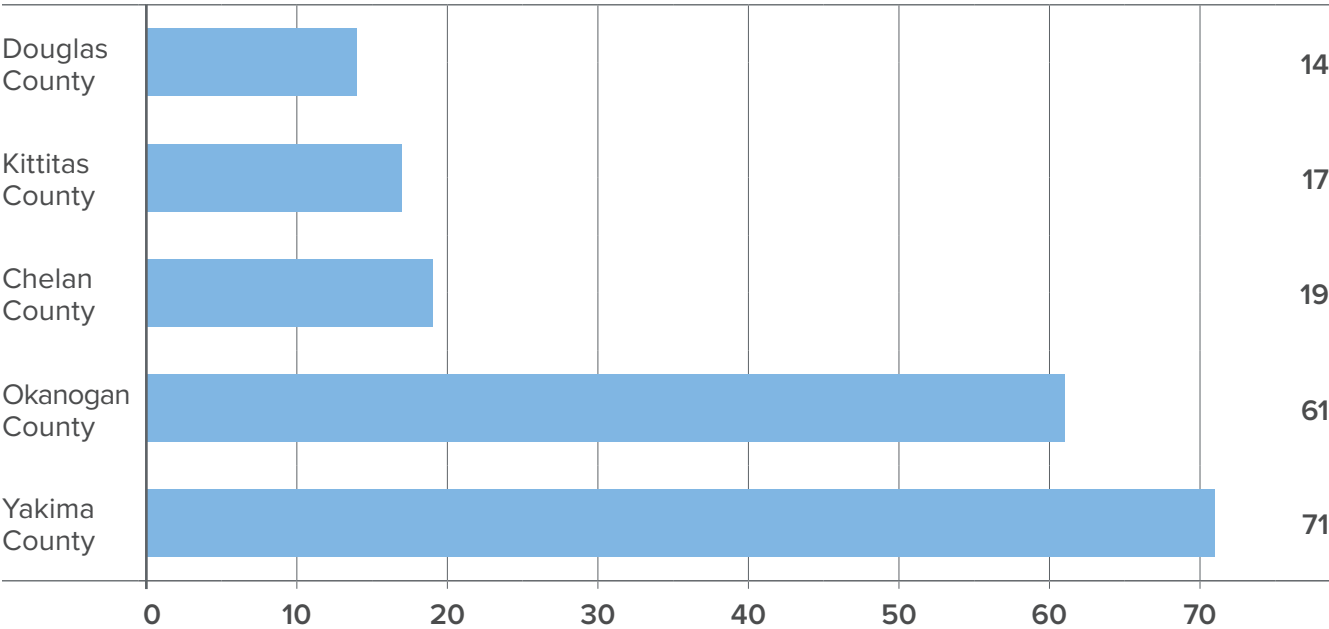
Q2-2020 TO Q2-2021



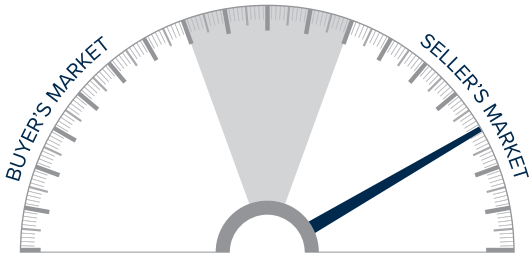
DAYS ON MARKET

- › The average time it took to sell a home in Central Washington in the second quarter of 2021 was 36 days.
- › During the second quarter, it took 28 fewer days to sell a home in Central Washington than it did a year ago.
- › All counties saw the length of time it took to sell a home drop compared to a year ago, with noticeable improvement everywhere other than Yakima County, though market time there dropped by only 8 days.
- › It took 21 fewer days to sell a home in the second quarter than it did in the first quarter of this year.

AVERAGE DAYS ON MARKET



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.

Listing activity has not yet risen to a level that meets buyer demand, and this is impacting home prices, which certainly favors sellers. Assuming the number of homes for sale will not rise significantly in the coming months, prices will continue their upward trajectory. At some point though, affordability will start to act as more of a headwind than is currently being experienced. As such, I am moving the needle a little more in favor of sellers.

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.