



THE Q3 2021 | EASTERN WASHINGTON
GARDNER
REPORT

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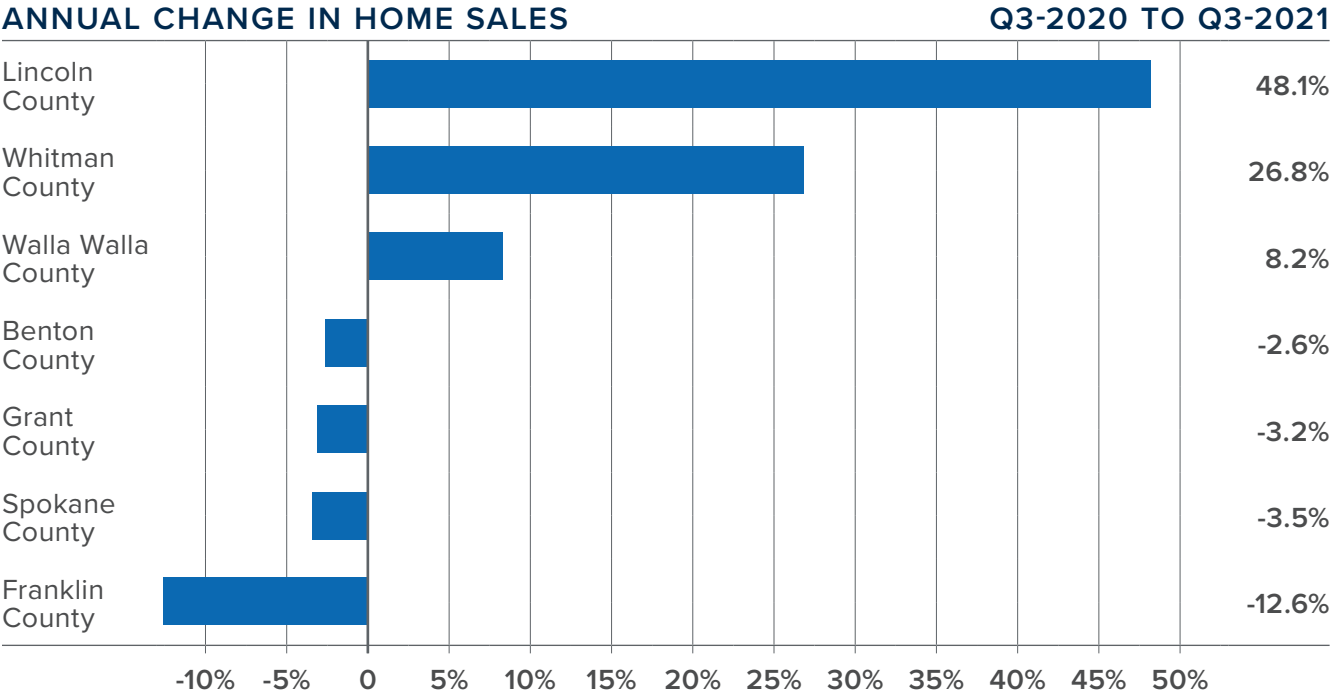
The following analysis of the Eastern Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please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

REGIONAL ECONOMY

The Eastern Washington job market lost more than 47,000 jobs over the pandemic period, but the region has now recovered all of these jobs and added almost 11,000 new positions. Every county except Whitman shows employment levels above their pre-pandemic peak. Of specific note is Spokane County, which met my forecast in the second quarter *Gardner Report* and has now seen a full job recovery. Employment growth has, unsurprisingly, allowed the unemployment rate to drop further, with the region showing just 4.6% of its workforce now without a job. This is down from the pandemic peak of 14.9%.

HOME SALES

- Home sales throughout Eastern Washington fell 2.2% compared to the same quarter in 2020. This is not very informative given that the country was experiencing a massive housing rebound following the outbreak of COVID-19. More useful is that sales rose 13.5% from the second quarter of this year.
- Listing activity was up more than 64% compared to the second quarter of this year, which allowed sales to grow. That said, available inventory is still 13.7% lower than last summer.
- Year over year, sales rose in three counties but fell in the other four. Compared to the second quarter, sales rose in all counties other than Whitman, with significant increases in Lincoln County, where transactions rose more than 48%.
- Pending home sales, which are an indicator of future closings, were 3.1% higher than in the prior quarter. This suggests that closings in the fourth quarter will be positive.

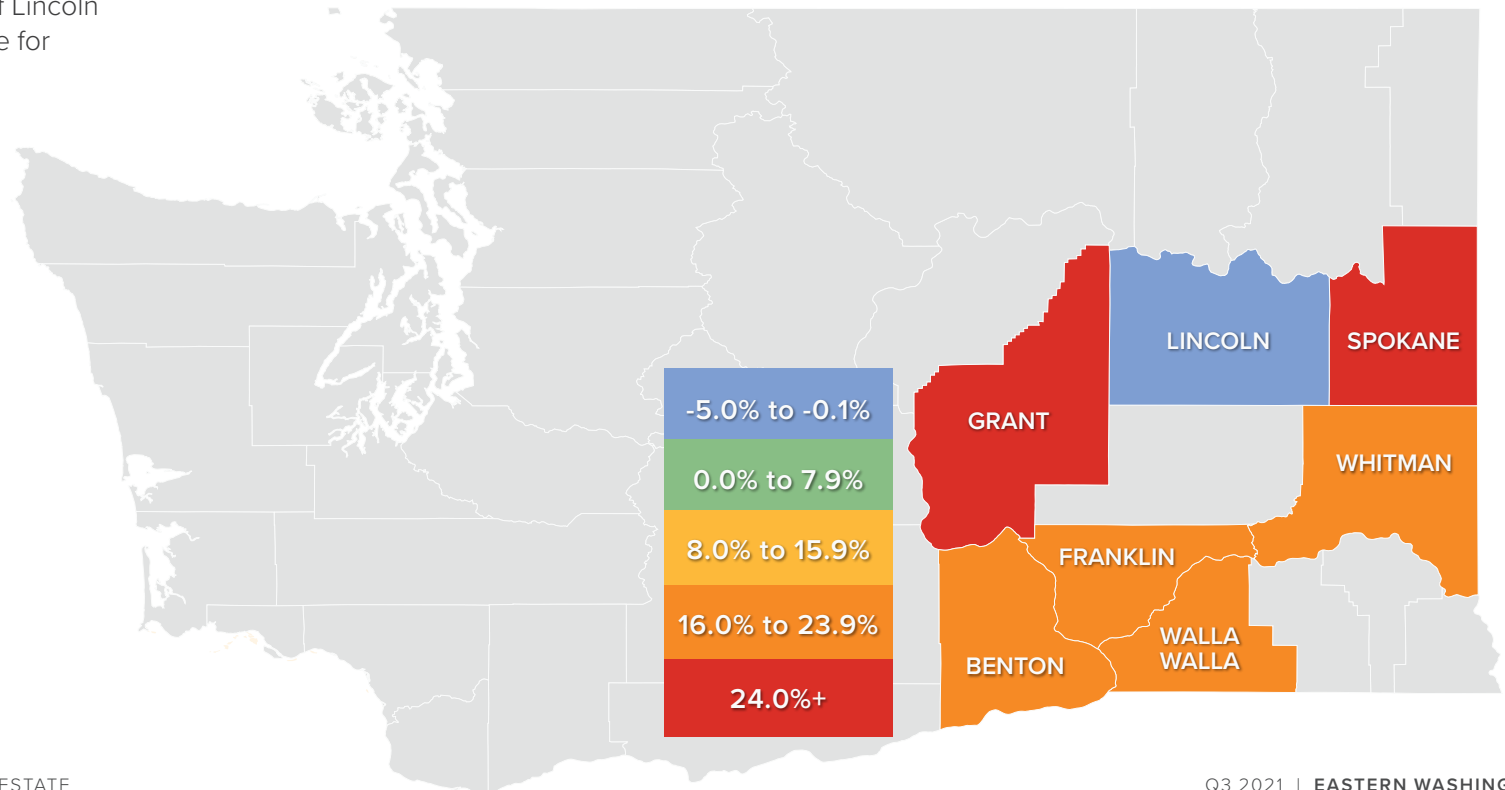
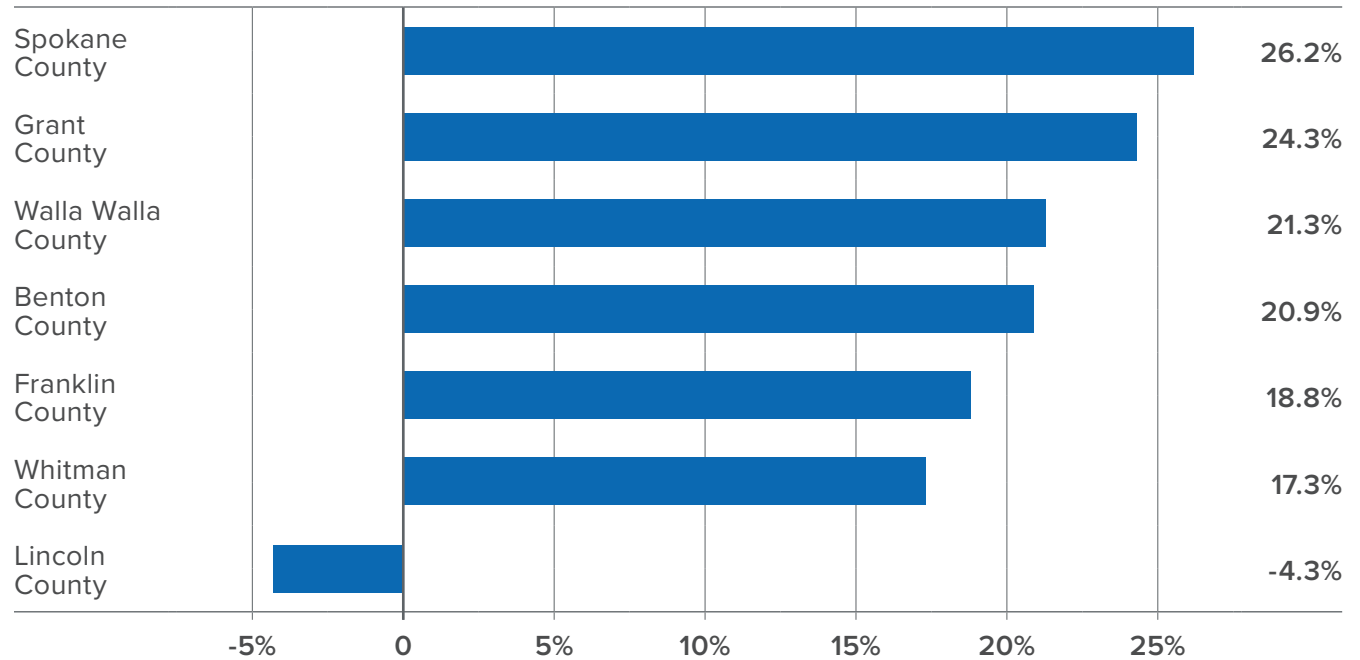


HOME PRICES

- Year over year, the average home price in Eastern Washington rose a very significant 23.7% to \$425,630 and was 3.8% higher than in the second quarter of this year.
- Demand remains strong, as demonstrated by the rising number pending sales, and the increase in the number of homes for sale has not slowed the market.
- Prices rose in every county other than the small Lincoln County market. There were double-digit increases in all other areas.
- Mortgage rates remain very competitive, which has allowed prices to continue rising. However, as I mentioned in the last *Gardner Report*, affordability concerns are starting to rise. Both Spokane and Walla Walla counties are now technically unaffordable for buyers making the median income, and every county in this report—with the exception of Lincoln County—is considered unaffordable for first-time buyers.

ANNUAL CHANGE IN HOME SALE PRICES

Q3-2020 TO Q3-2021

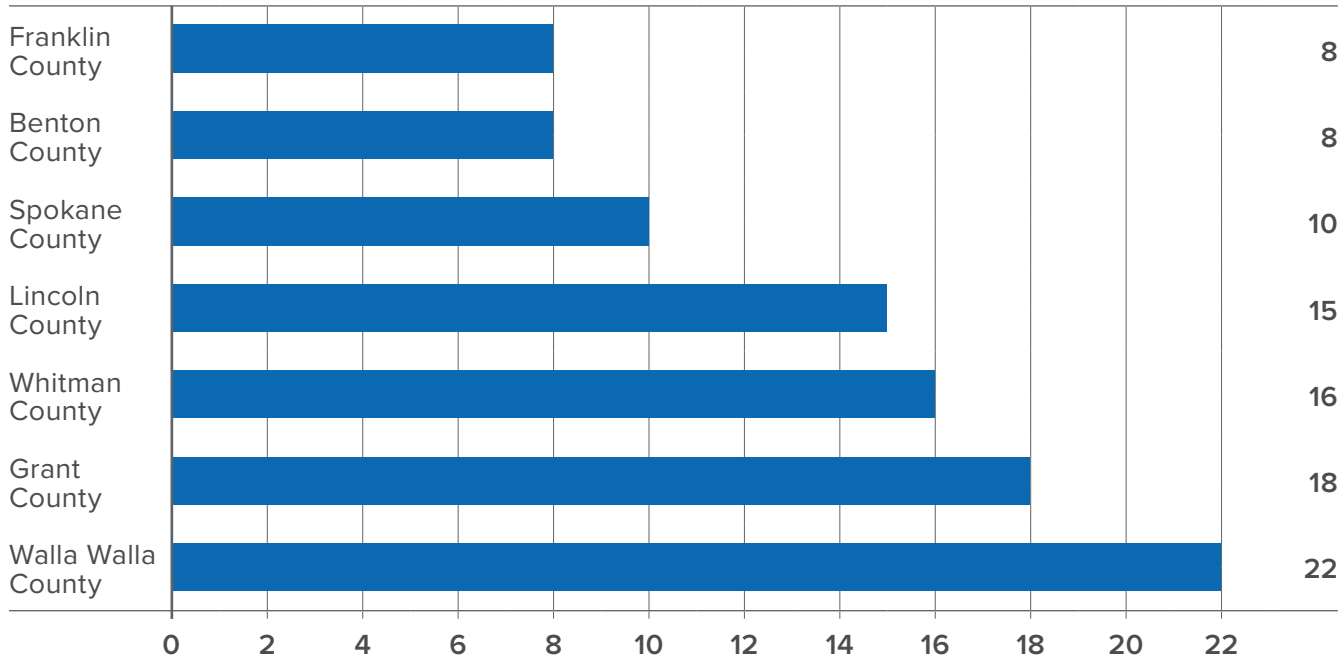


DAYS ON MARKET

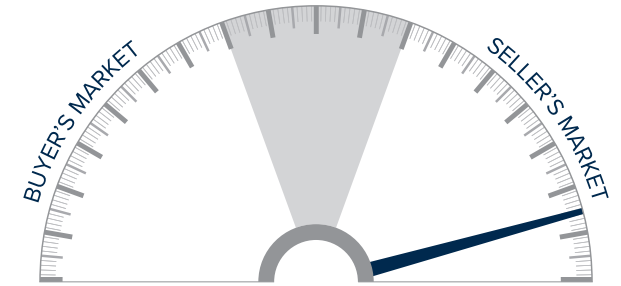
- › The average time it took to sell a home in Eastern Washington in the third quarter of 2021 was 14 days.
- › During the quarter, it took 17 fewer days to sell a home in Eastern Washington than it did a year ago.
- › All markets saw days on market drop compared to the third quarter of 2020, with significant declines in Lincoln County (-29 days), Whitman County (-26 days), and Grant County (-22 days).
- › It took six fewer days to sell a home in the third quarter than it did during the second quarter of this year.

AVERAGE DAYS ON MARKET

Q3-2021



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.

With a full return of the jobs lost to COVID-19 and very favorable mortgage rates, home buyers have been out in force. This, in concert with more choice in the region, caused home sales and prices to rise.

As it stands today, the only thing that's favoring buyers is that there are more homes for sale. But, given the direction of pending sales, prices, and shortening days on market, the region still favors home sellers. As such—and even in the face of affordability issues starting to appear in select markets—I have chosen to move the needle a little more in favor of home 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.