

WINDERMERE REAL ESTATE PRESENTS

THE GARDNER REPORT

EASTERN WASHINGTON | FOURTH QUARTER 2017



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REAL ESTATE

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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.

ECONOMIC OVERVIEW

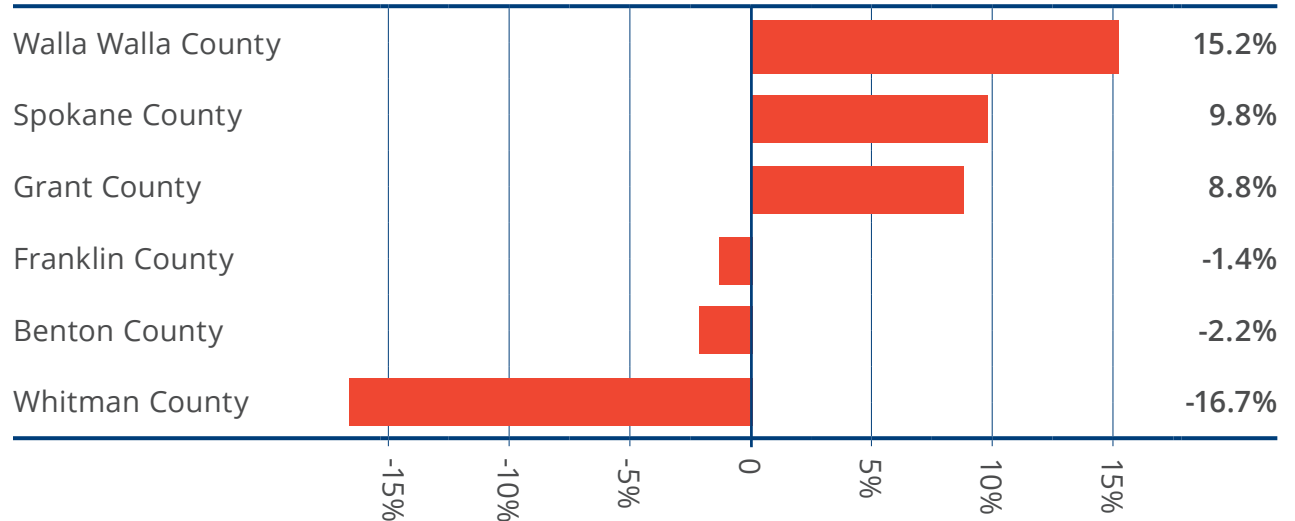
The Washington State economy added 104,600 new jobs over the past 12 months. This impressive growth rate of 3.1% is well above the national rate of 1.4%. Interestingly, the slowdown we experienced through most of the second half of the year reversed in the fall, and we actually saw more robust employment growth. The counties contained in this report added 13,597 new jobs over the past 12 months, representing a respectable employment growth of 2.8%. It should be noted that the rate of growth continues to drop, but this is to be expected as the area approaches full employment.

HOME SALES ACTIVITY

- In aggregate, home sales throughout Eastern Washington performed well in the fourth quarter, with sales rising 6.3% compared to the same quarter of 2016. Year-over-year, home sales rose in three markets and decreased in three. In total, there were 3,469 home sales in the fourth quarter.
- Sales rose at the fastest rate in Walla Walla County, which increased 15.2% over a year ago. That said, the market is relatively small, so a slight shift in sales can dramatically change the numbers.
- Sales fell in half of the counties in this report, mainly as a function of low inventory levels—a problem across the whole of Washington State.
- The number of homes for sale was down 9.3% from last year. Inventory clearly remains an issue and this will continue to push home prices higher.

ANNUAL CHANGE IN HOME SALES

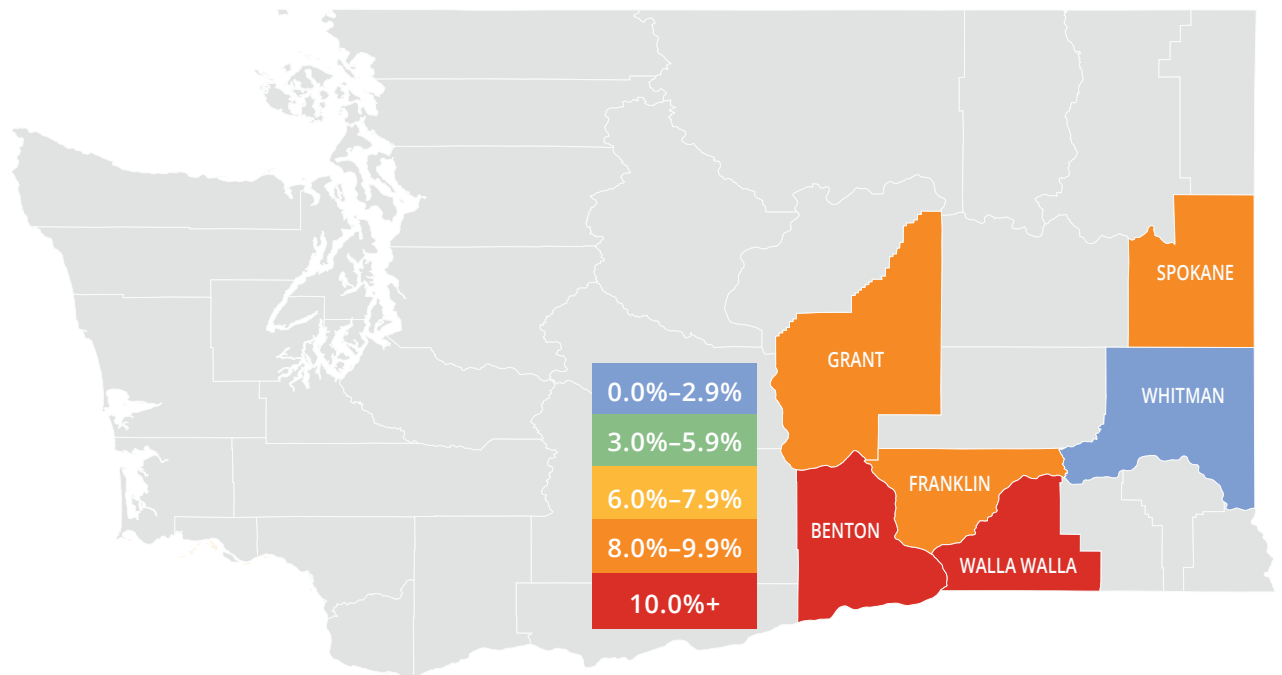
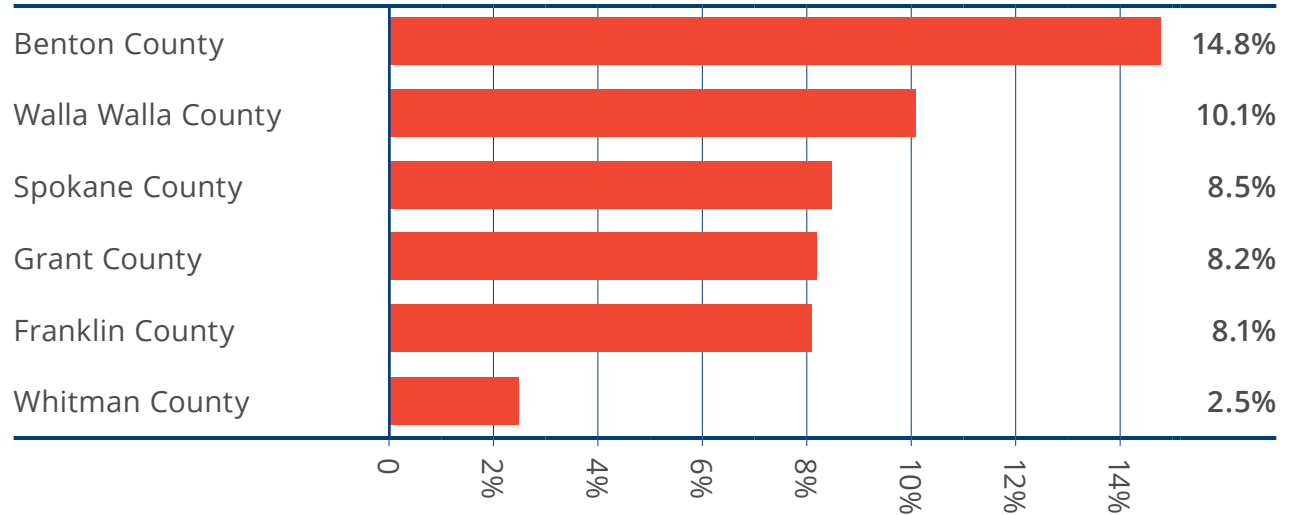
Q4-2016 TO Q4-2017



HOME PRICES

- Year-over-year, the average home price in the region rose 9.5% to \$241,667. Price growth has been moderating across the region, but several counties continue to see well-above-average appreciation.
- Limited inventory continues to drive prices higher. This is unlikely to change as we move into the winter months.
- All of the counties in this report saw prices rise compared to the final quarter of 2016. Benton County led the way again with an increase of 14.8%.
- The takeaway here is that home-price growth continues at above-average rates and, as long as mortgage rates remain favorable to would-be buyers, prices will continue to rise.

ANNUAL CHANGE IN HOME SALE PRICES Q4-2016 TO Q4-2017

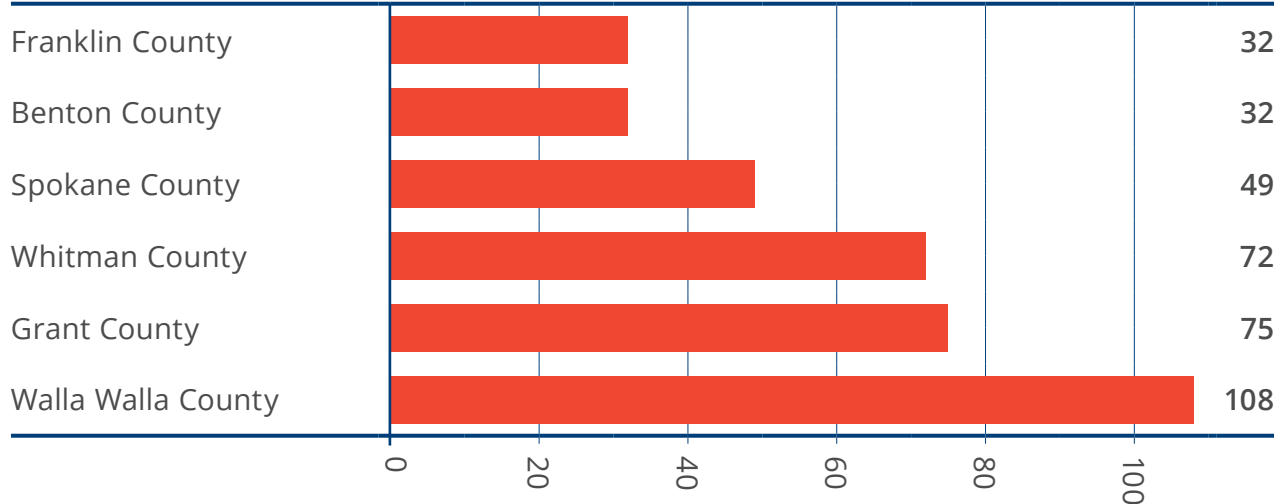


DAYS ON MARKET

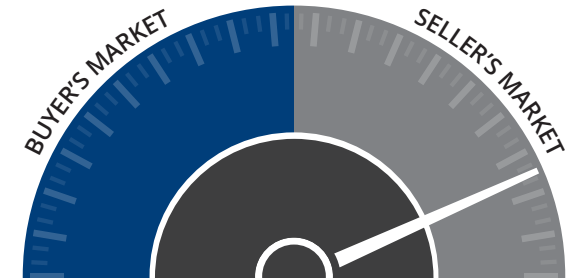
- The average number of days it took to sell a home dropped by two days compared to the fourth quarter of 2016.
- The average time it took to sell a home in the region was 61 days.
- Every county except Grant saw the time it took to sell a home drop from the same quarter in 2016.
- Spokane County had the biggest drop in days on market. The time it took to sell a home there dropped by seven days compared to the fourth quarter of 2016.

AVERAGE DAYS ON MARKET

Q4-2016 TO Q4-2017



CONCLUSIONS



This speedometer reflects the state of the region's housing market using housing inventory, price gains, home sales, interest rates, and larger economic factors. Given the drop in listings, rising pending and closed sales, and climbing home prices, I have nudged the needle just a little more in favor of sellers. We are all hoping for a jump in new listings in the first quarter, which would help would-be buyers. For now, however, the market clearly favors sellers.

ABOUT MATTHEW GARDNER Mr. Gardner is the Chief Economist for Windermere Real Estate, specializing in residential market analysis, commercial/industrial market analysis, financial analysis, and land use and regional economics. He is the former Principal of Gardner Economics, and has more than 30 years of professional experience both in the U.S. and U.K.