



THE Q2 2020 | WESTERN WASHINGTON GARDNER REPORT

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The following analysis of the Western 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 ECONOMIC OVERVIEW

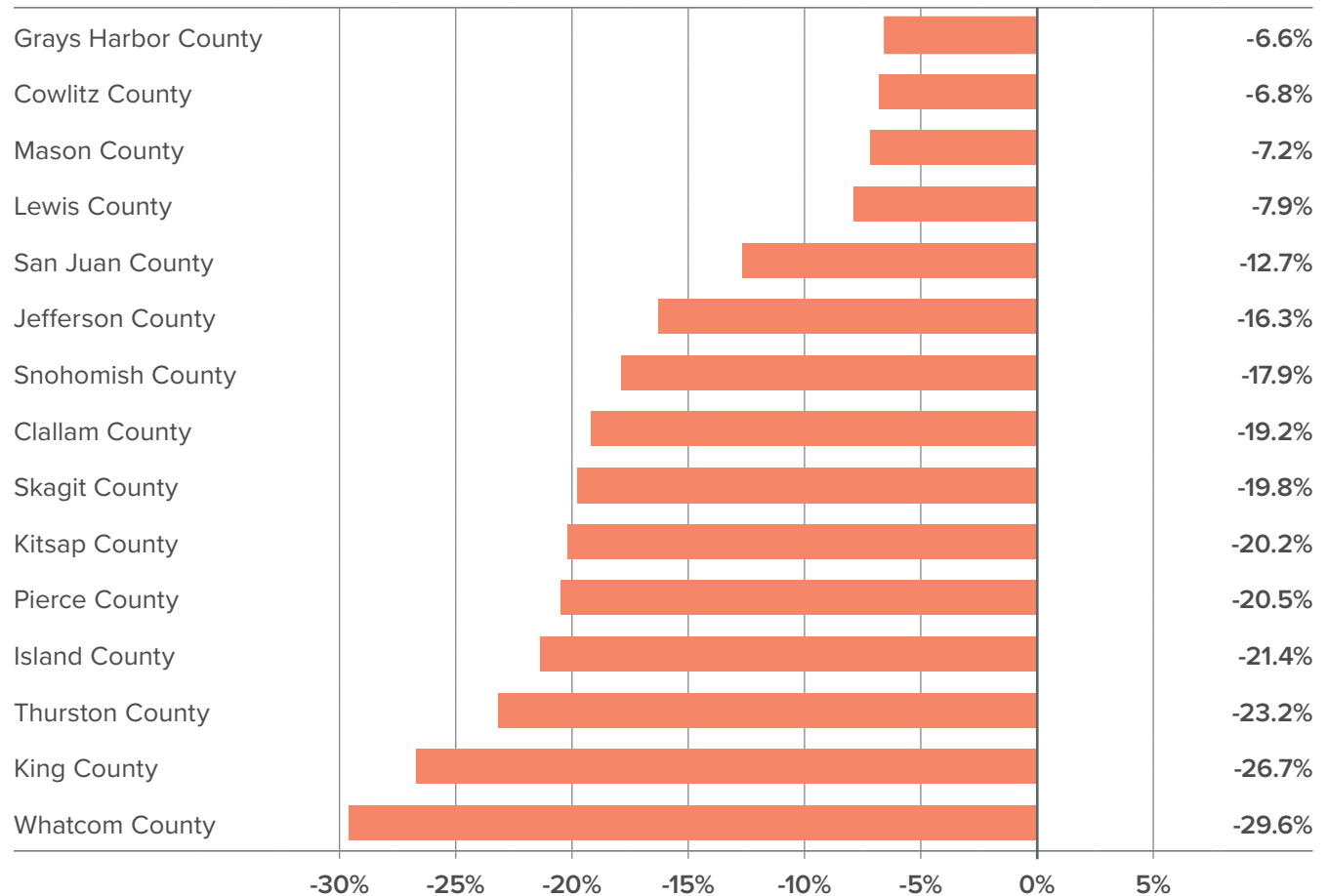
It appears as if the massive COVID-19 induced contraction in employment that Washington State — along with the rest of the nation — experienced this spring is behind us (at least for now). Statewide employment started to drop in March, but April was the real shock: total employment dropped almost 460,000 between March and April, a decline of 13.1%. However, this turned around remarkably quickly, with a solid increase of 52,500 jobs in May. Worthy of note is that, in May alone, Western Washington recovered 43,500 of the 320,000 jobs that were lost in the region the prior month. Although it is certainly too early to categorically state that we are out of the woods, the direction is positive 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

- There were 17,465 home sales during the second quarter of 2020, representing a drop of 22.2% from the same period in 2019, but 30.6% higher than in the first quarter of this year.
- The number of homes for sale was 37% lower than a year ago, but was up 32% compared to the first quarter of the year.
- Given COVID-19's impacts, it's not surprising that sales declined across the board. The greatest drops were in Whatcom and King counties. The smallest declines were in Grays Harbor and Cowlitz counties.
- Pending sales — a good gauge of future closings — rose 35.7% compared to the first quarter of the year, suggesting that third quarter closings will grow as well.

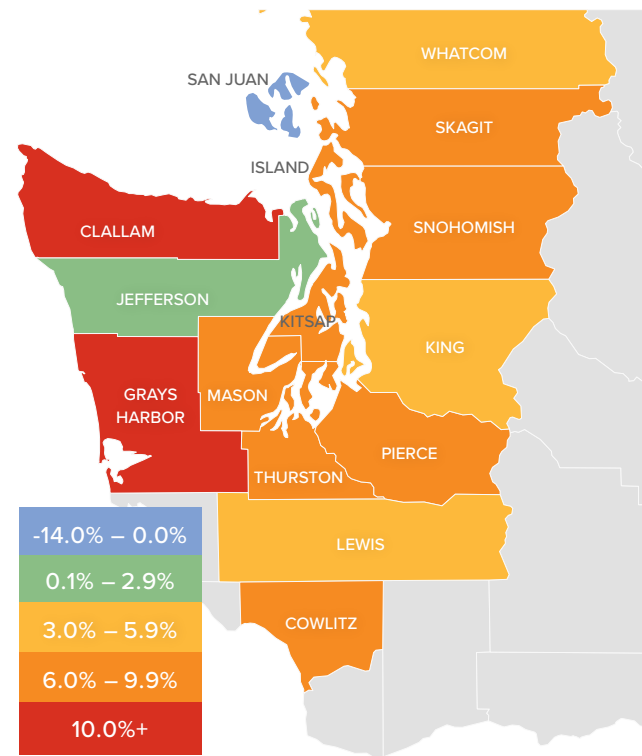
ANNUAL CHANGE IN HOME SALES

Q2-2019 TO Q2-2020



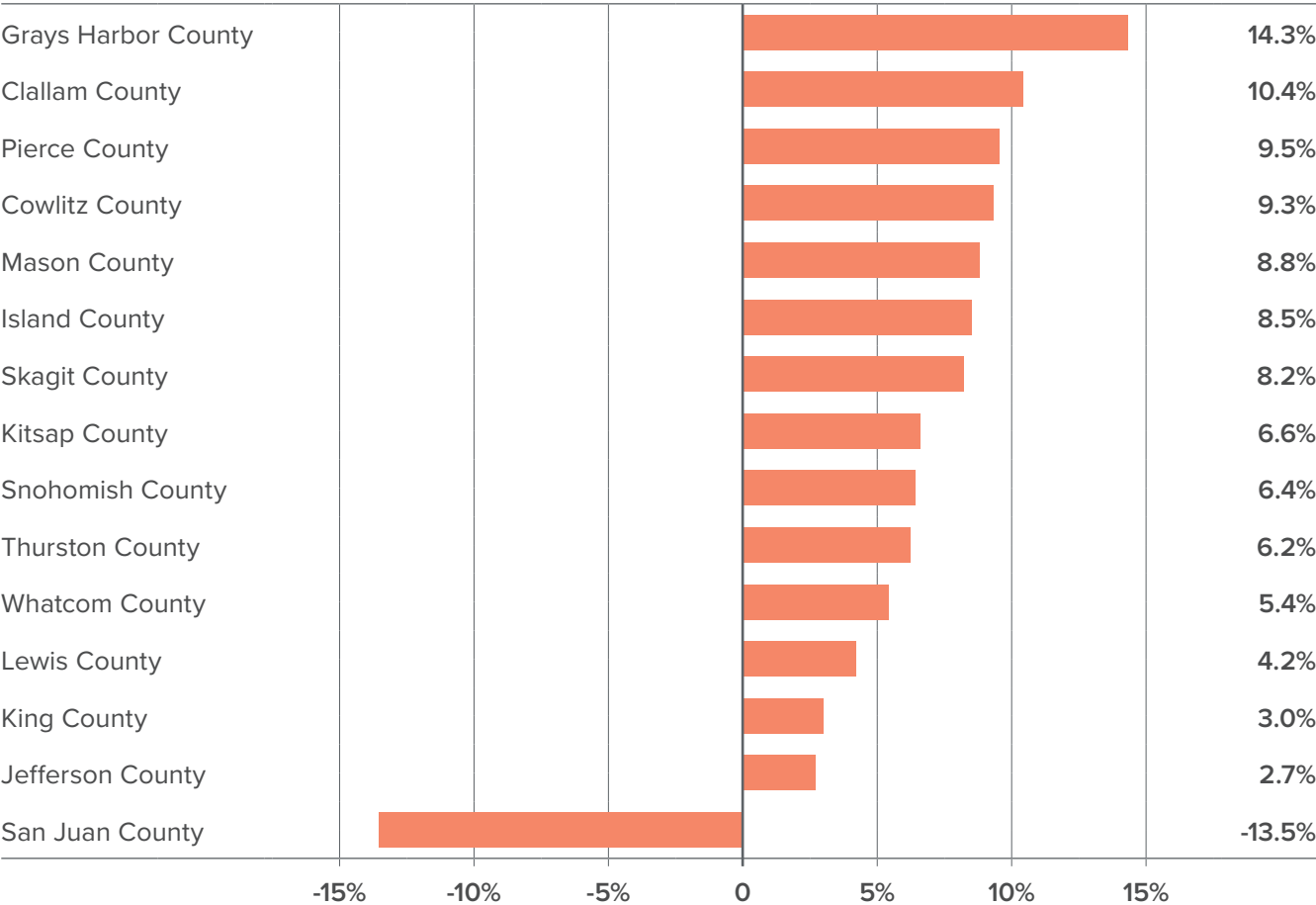
HOME PRICES

- Home-price growth in Western Washington rose by a relatively modest 3.5% compared to a year ago. The average sale price in the second quarter was \$559,194.
- Compared to the same period a year ago, price growth was strongest in Grays Harbor County, where home prices were up 14.3%. Clallam County also saw a double-digit price increase.



- It was interesting to note that prices were up a significant 6.6% compared to the first quarter. This suggests that any concern regarding negative impacts to home values as a function of COVID-19 may be overblown.
- I will be watching for significant price growth in less urbanized areas going forward. If there is, it may be an indication that COVID-19 is affecting where buyers are choosing to live.

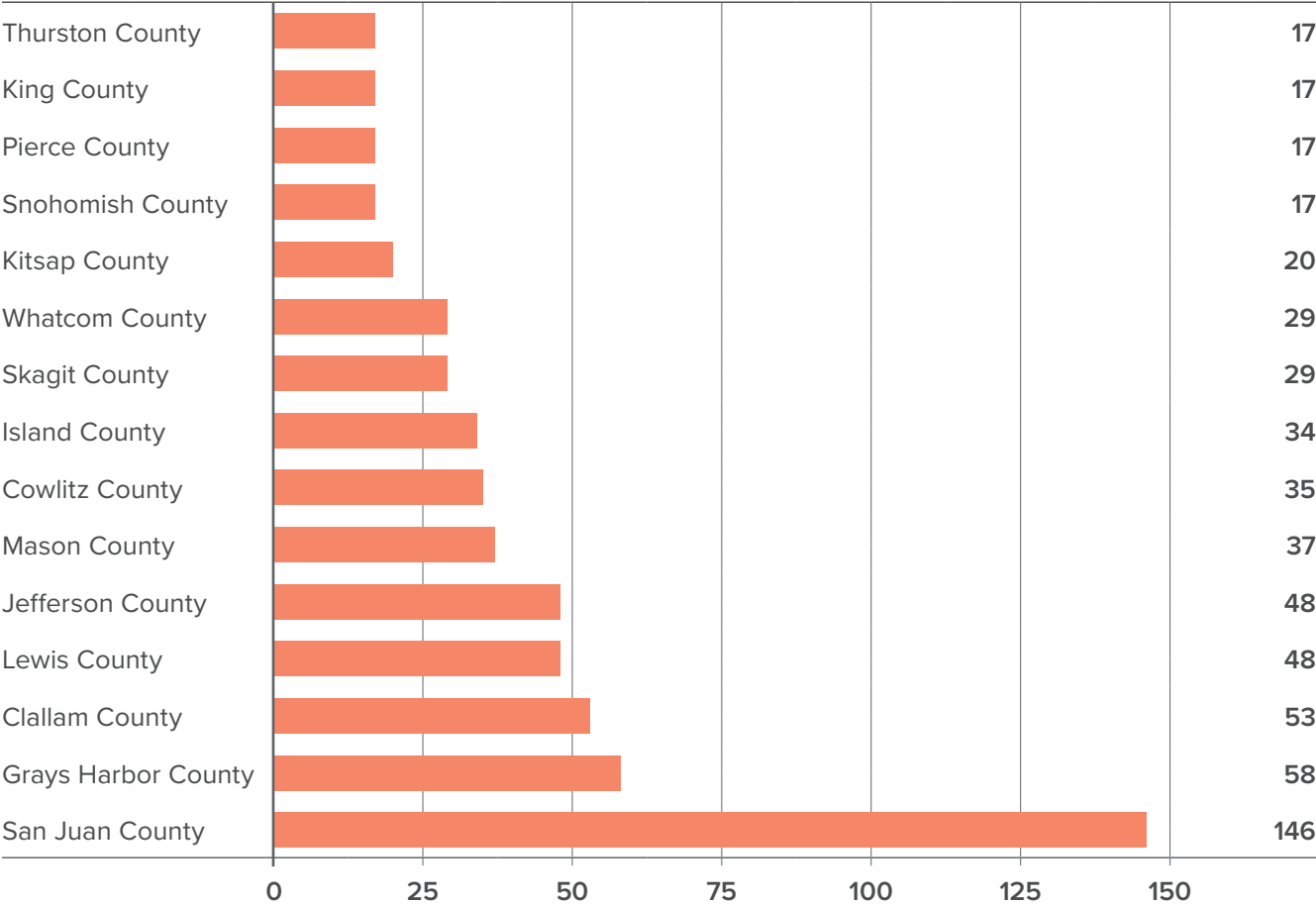
ANNUAL CHANGE IN HOME SALE PRICES Q2-2019 TO Q2-2020



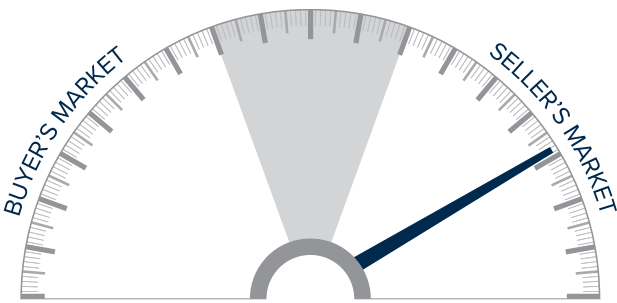
DAYS ON MARKET

- › The average number of days it took to sell a home in the second quarter of this year matched the second quarter of 2019.
- › Thurston, King, Pierce, and Snohomish counties were the tightest markets in Western Washington, with homes taking an average of only 17 days to sell. All but two counties, Grays Harbor and Cowlitz, saw the length of time it took to sell a home drop compared to the same period a year ago.
- › Across the entire region, it took an average of 40 days to sell a home in the second quarter. I would also note that it took an average of 14 fewer days to sell a home than in the first quarter of this year.
- › Market time remains well below the long-term average across the region. This is due to significant increases in demand along with the remarkably low level of inventory available.

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.

What a difference a quarter makes! Given that demand has reappeared remarkably quickly and interest rates remain historically low, 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 anticipate demand to remain robust, but this will cause affordability issues to remain for as long as the new construction housing market remains muted.

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.