



THE Q3 2020 | WESTERN WASHINGTON
GARDNER
REPORT

presented by



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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

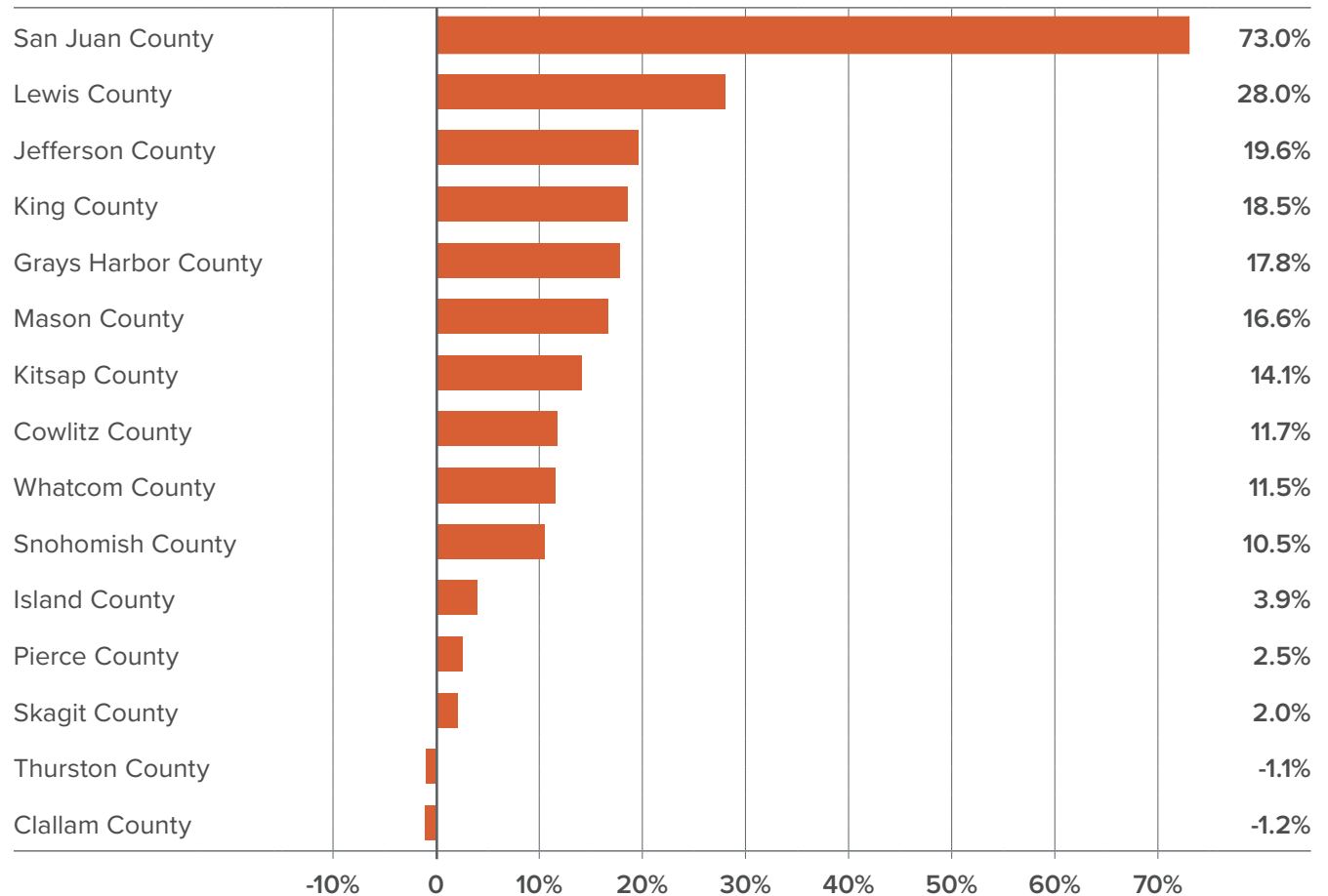
Employment numbers in Western Washington continue to improve following the massive decline caused by COVID-19. For perspective, the area shed more than 373,000 jobs between February and April. However, the recovery has been fairly robust: almost 210,000 of those jobs have returned. Unemployment levels remain elevated; the current rate is 8.2%. That said, it is down from 16.6% in April. The rate, of course, varies across Western Washington counties, with a current low of 7.2% in King County and a high of 11.2% in Grays Harbor County. The economy is healing, but the pace of improvement has slowed somewhat, which is to be expected. That said, I anticipate that jobs will continue to return as long as we do not see another spike in new infections.

HOME SALES

- Sales continued to improve following the COVID-19-related drop in the first quarter of the year. There were 25,477 transactions in the quarter, an increase of 11.6% from the same period in 2019, and 45.9% higher than in the second quarter of this year.
- Listing activity remains woefully inadequate, with total available inventory 41.7% lower than a year ago, but 1.6% higher than in the second quarter of this year.
- Sales rose in all but two counties, though the declines were minimal. The greatest increase in sales was in San Juan County, which leads one to wonder if buyers are actively looking in more isolated markets given ongoing COVID-19-related concerns.
- Pending sales—a good gauge of future closings—rose 29% compared to the second quarter of the year, suggesting that fourth quarter closings will be positive.

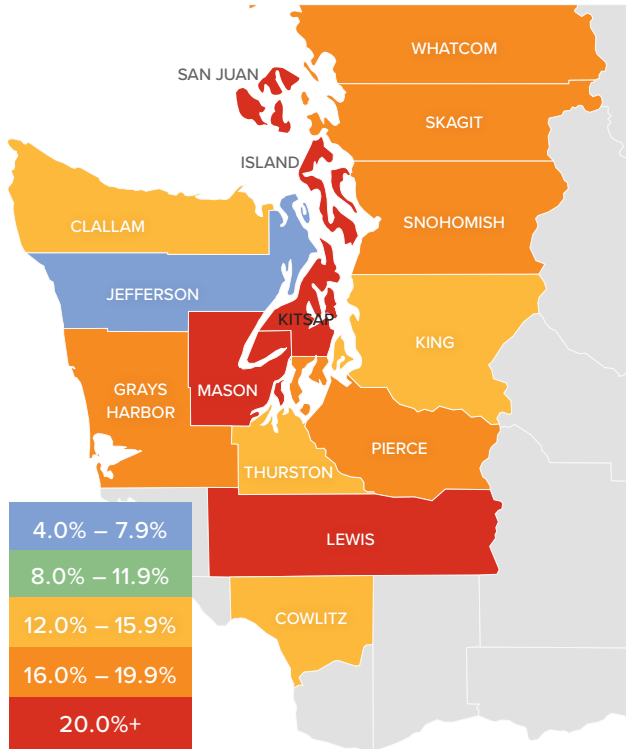
ANNUAL CHANGE IN HOME SALES

Q3-2019 TO Q3-2020



HOME PRICES

- Home-price growth in Western Washington rose a remarkable 17.1% compared to a year ago. The average sale price was \$611,793.
- When compared to the same period a year ago, price growth was strongest in Mason, Island, and San Juan counties. Only one county saw prices rise by less than ten percent.

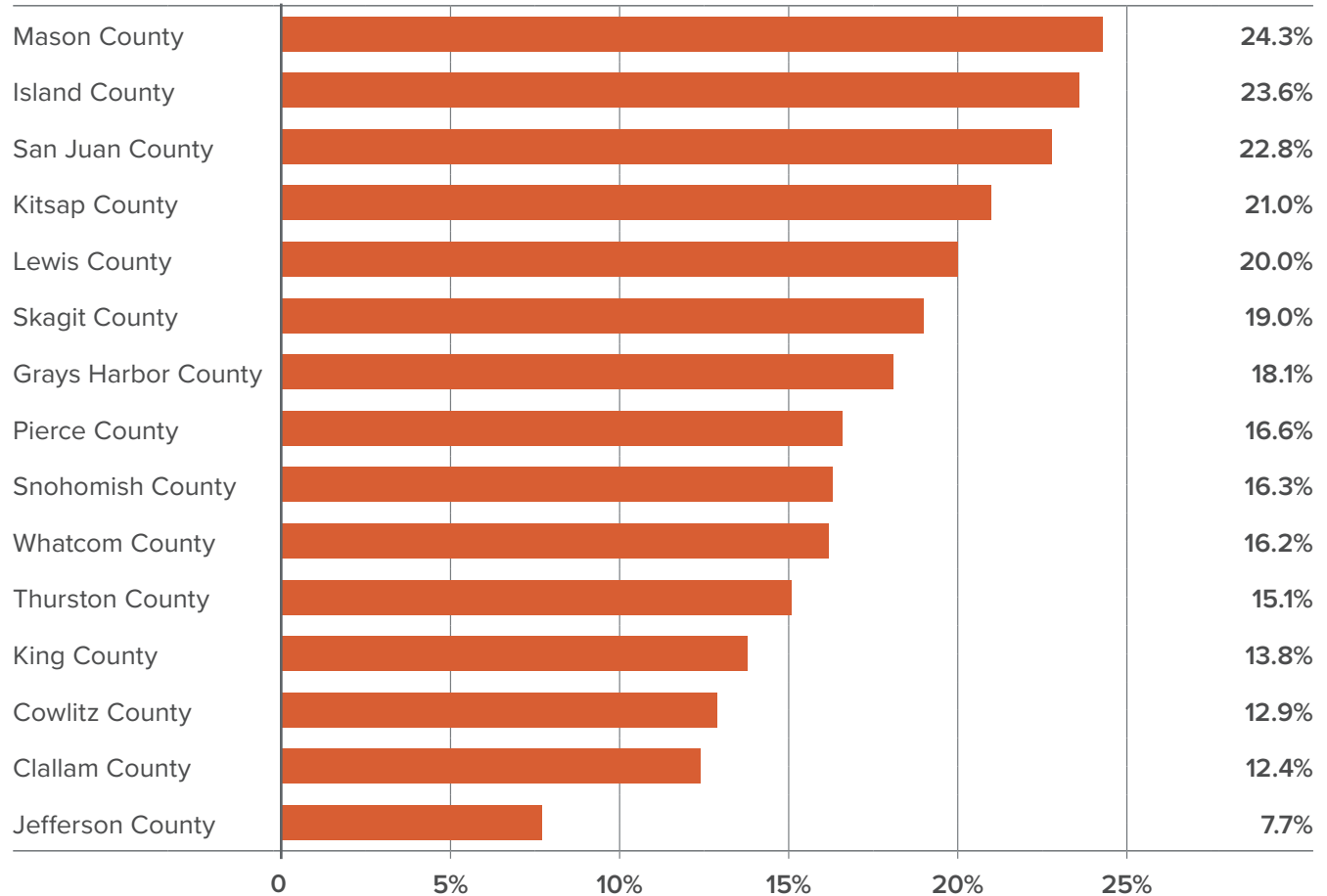


- It was even more impressive to see the region's home prices up by a very significant 9.4% compared to the second quarter of 2020. It is clear that low mortgage rates, combined with limited inventory, are pushing prices up.

- As long as mortgage rates stay low, and there isn't an excessive spike in supply (which is highly unlikely), prices will continue to rise at above-average rates. That said, if this continues for too long, we will start to face affordability issues in many markets.

ANNUAL CHANGE IN HOME SALE PRICES

Q3-2019 TO Q3-2020

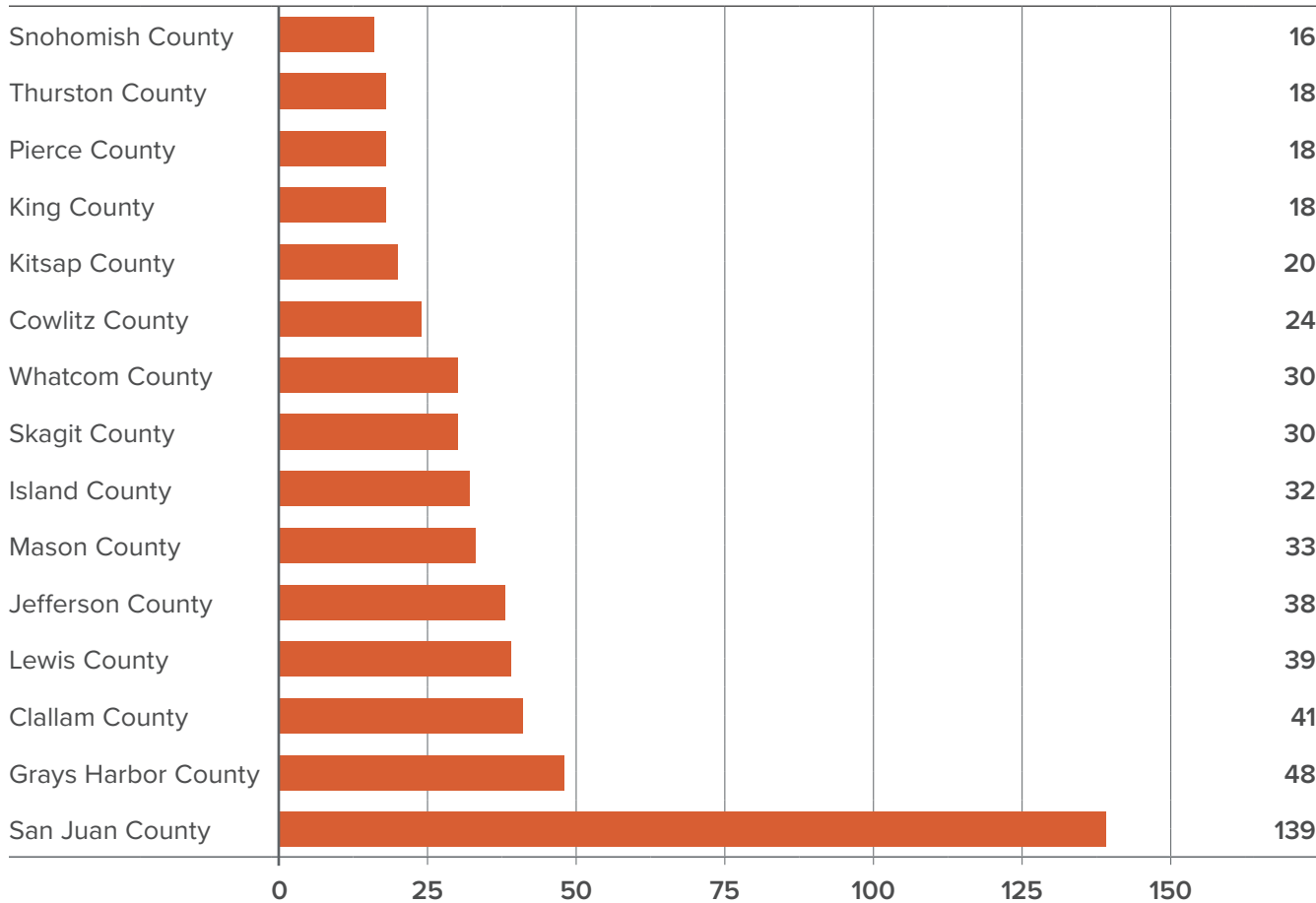


DAYS ON MARKET

- › The average number of days it took to sell a home in the third quarter of this year dropped two days compared to a year ago.
- › Snohomish County was the tightest market in Western Washington, with homes taking an average of only 16 days to sell. All but two counties—Lewis and San Juan—saw the length of time it took to sell a home rise compared to the same period a year ago.

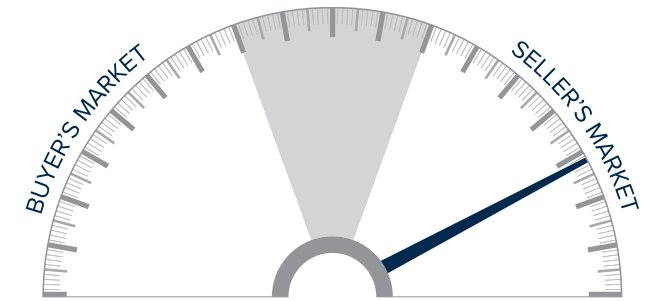
- › Across the region, it took an average of 36 days to sell a home in the quarter. It is also worth noting that it took an average of 4 fewer days to sell a home than in the second quarter of this year.
- › The takeaway here is that significant increases in demand, in concert with remarkably low levels of inventory, continue to drive market time lower.

AVERAGE DAYS ON MARKET



Q3-2020

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.

High demand, favorable interest rates, and low supply clearly point to a seller's market in Western Washington. As such, I am moving the needle even more in favor of sellers.

As I suggested earlier in this report, although the market is remarkably buoyant, I am starting to see affordability issues increase in many areas—not just in the central Puget Sound region—and this is concerning. Perhaps the winter will act to cool the market, but something is telling me we shouldn't count on it.

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.