



THE Q3 2021 | OREGON & SW WASHINGTON
GARDNER
REPORT

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The following analysis of the Oregon and Southwest 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

Following a significant slowdown in the pace of the job recovery in Oregon this summer, employment growth was picking up until rising COVID infections started to impact the country, which led to lower hiring. Of the more than 285,000 Oregon-based jobs that were shed at the onset of the pandemic, 204,700 have returned. Oregon is still down by almost 81,000 positions.

The Southwest Washington area also saw a similar slowdown, but it is a far smaller market and, therefore, less impacted. In fact, this area has now recovered all but 600 of the more than 22,000 jobs that were lost.

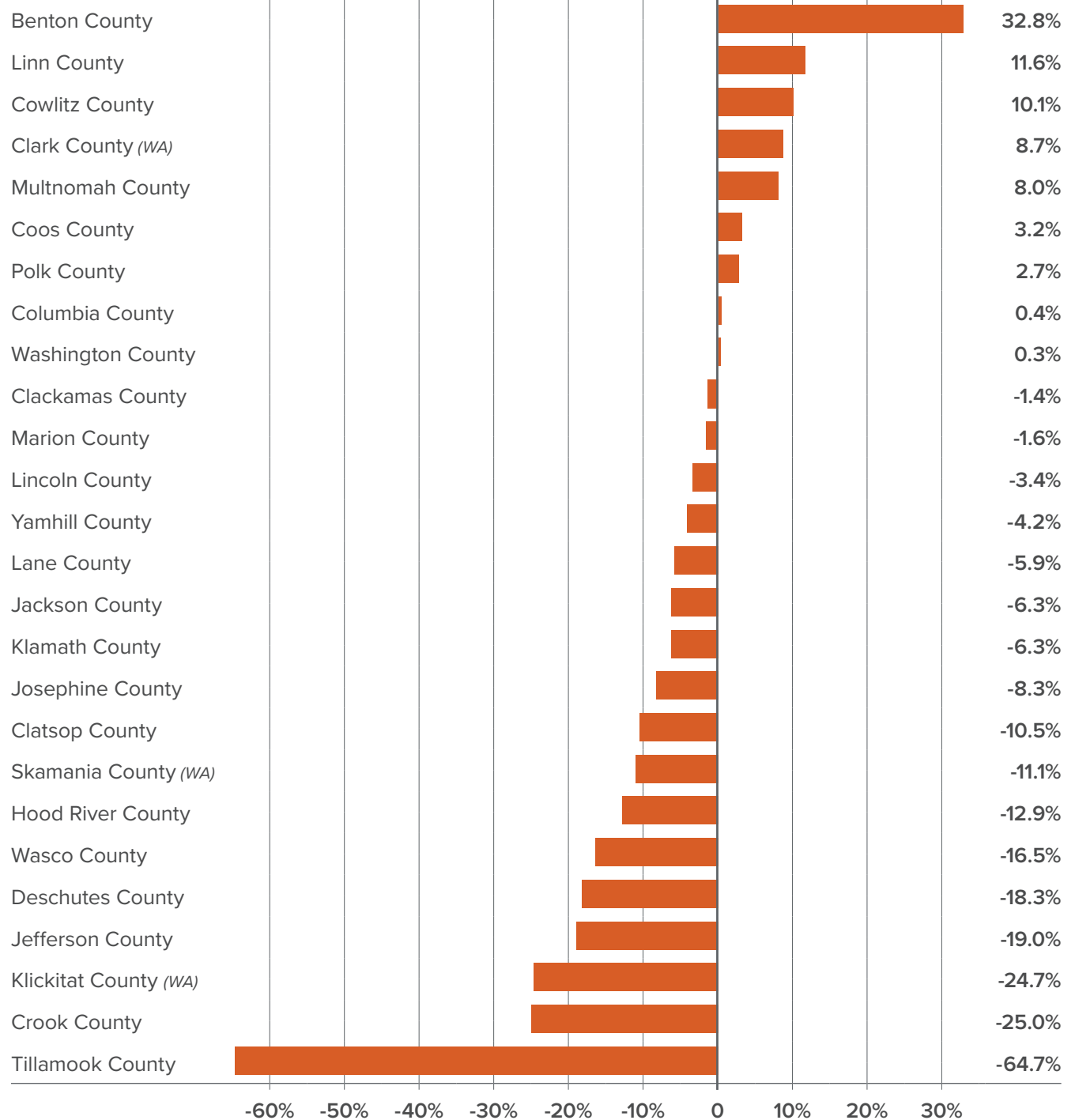
Oregon's unemployment rate has fallen below 5% but remains 1.5% higher than before the pandemic hit. Notably, the jobless rate in Southwest Washington currently stands at 4.7%, only marginally above the pre-pandemic low of 4.3%.

HOME SALES

- ▶ In the third quarter of the year, 21,119 sales occurred, a drop of 1.2% compared to a year ago but 7.4% higher than in the second quarter of this year.
- ▶ Sales were higher in all but five counties compared the second quarter, but the drop in sales was very small in all of these markets.
- ▶ Sales activity was mixed across the region, with sales rising in 9 counties and dropping in 17. Benton, Linn, and Cowlitz counties saw significant increases. The greatest drop in sales was in Tillamook County, but small markets often exhibit significant swings, so this doesn't concern me at the moment.
- ▶ Although demand has softened, low inventory levels have slowed the market modestly. I am hopeful the market will see an uptick in the number of listings, but I do not expect there will be enough to meet demand until next spring.

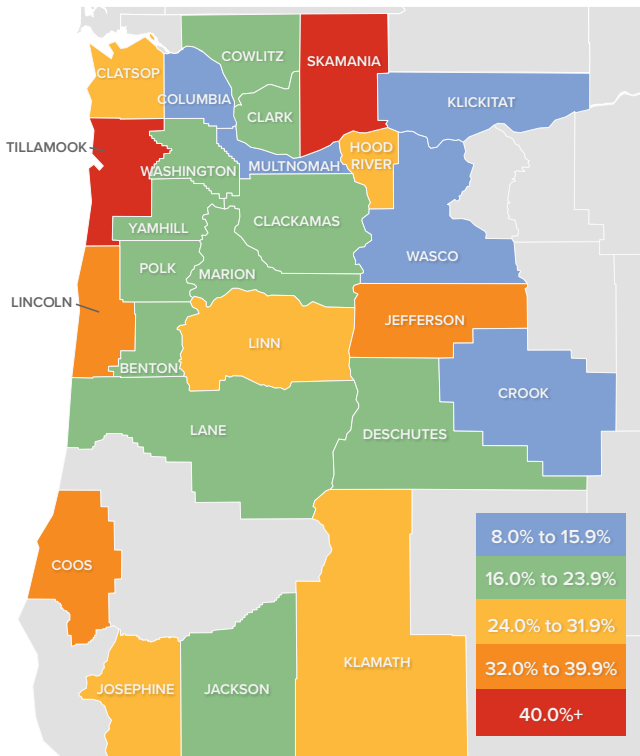
ANNUAL CHANGE IN HOME SALES

Q3-2020 TO Q3-2021



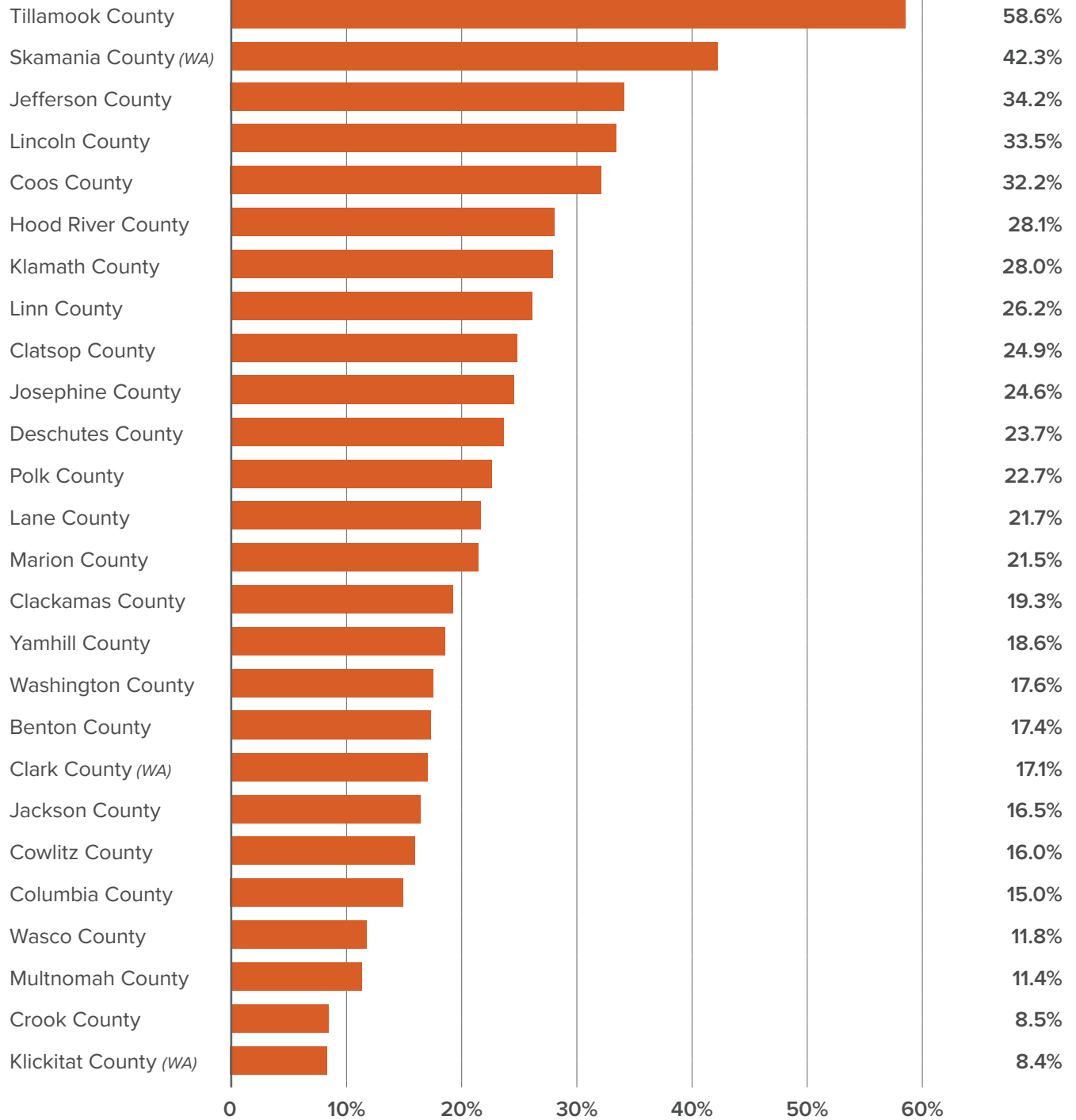
HOME PRICES

- Home price growth slowed very modestly from the pace of the second quarter but was still 18.2% higher than in the third quarter of 2020. Prices were also 2.5% higher than in the second quarter of this year.
- Four counties—Crook, Hood River, Multnomah, and Tillamook—saw home prices drop, but the change was minimal and not a cause for concern.
- All counties contained in this report had higher home prices than a year ago, with very significant increases in Tillamook and Skamania counties. All but two counties saw double-digit appreciation.
- Home prices have been running very hot and must start to cool at some point. While I am forecasting mortgage rates will increase in 2022, it will not be enough to impact prices significantly. However, diminishing housing affordability in many markets will start to slow appreciation, which should come as a relief to home buyers.

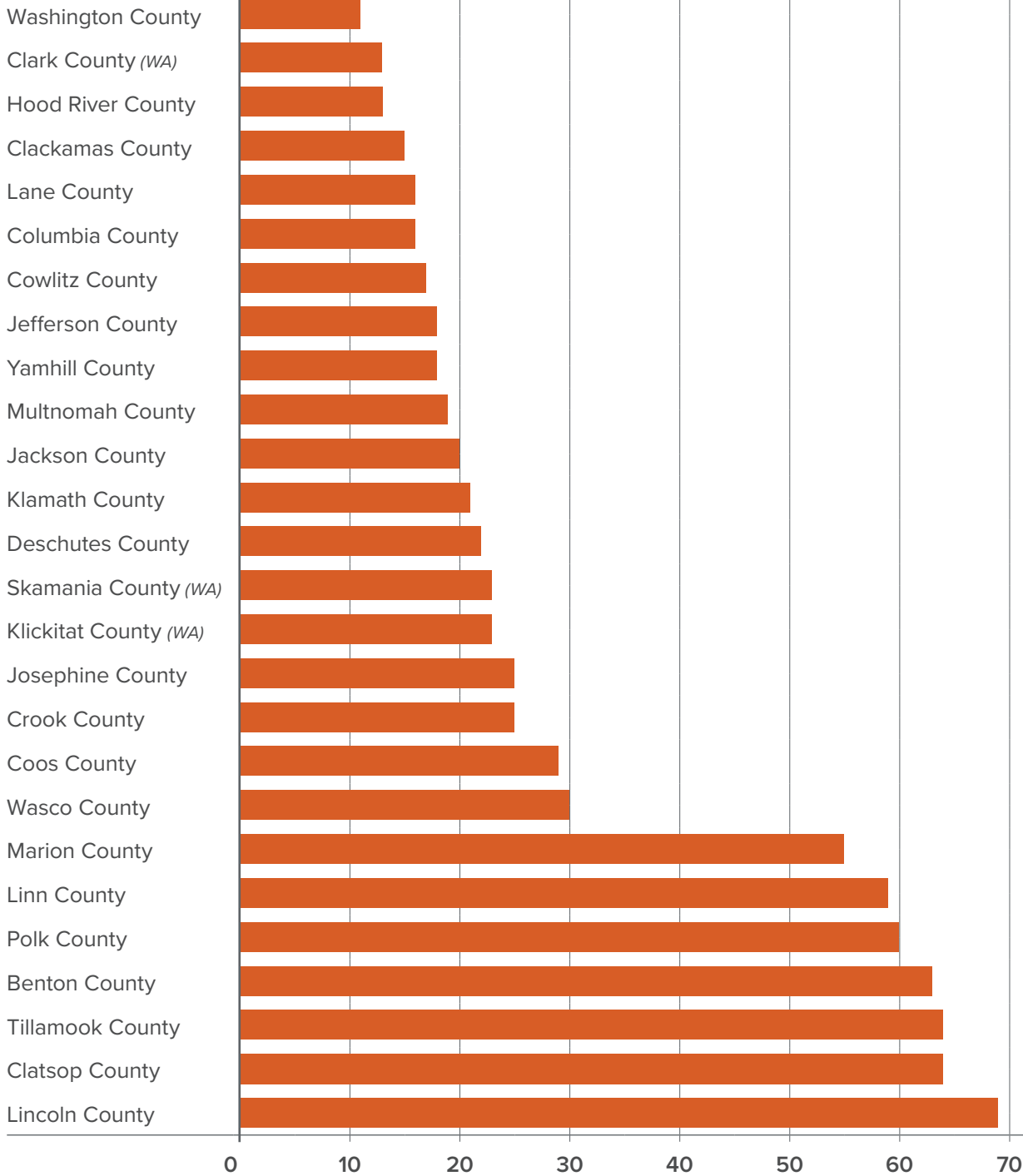


ANNUAL CHANGE IN HOME SALE PRICES

Q3-2020 TO Q3-2021



DAYS ON MARKET

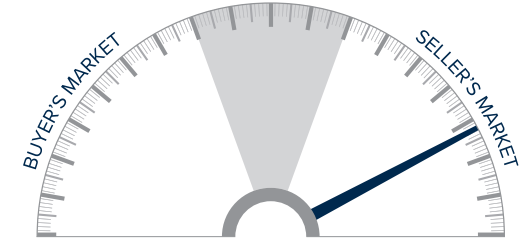


Q3-2021

DAYS ON MARKET

- 11 The average number of days it took to sell a home in the region dropped 29 days compared to the third quarter of 2020. It took 5 fewer days to sell a home compared to the second quarter of this year.
- 13
- 13 The average time it took to sell a home in the third quarter of 2021 was 31 days.
- 15
- 16 All counties saw the length of time it took to sell a home drop compared to a year ago, but half of the counties contained in this report saw market time increase compared to the second quarter of 2021.
- 16
- 17 Homes again sold the fastest in Washington County, where it took an average of only 11 days for a home to sell.
- 18 An additional 17 counties saw average market time drop to below a month.
- 18

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.

The region's housing market is sending mixed messages, with the pace of sales, price growth, and days on market starting to slow in some areas. Overall, the data is still very positive, but buyers continue to be hobbled by low levels of inventory and many simply aren't prepared to pay what is being asked. This is evident given the change in list prices, which have softened in many markets. While the housing market remains staunchly in favor of sellers, I think we are slowly reaching an apex and may start to move toward a more balanced market. However, I don't see that happening until next year, and it's not guaranteed. Home sellers still have the upper hand but, given all the factors described in this report, I am leaving the needle in the same spot as last quarter.

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.