



THE Q1 | WESTERN WASHINGTON GARDNER REPORT

presented by



Windermere
REAL ESTATE

Orcas Island

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 your Windermere agent.

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WINDERMERE BLOG

Category: Western Washington Real Estate Market Update

August, 2021 - Matthew Gardner, Chief Economist, Windermere Real Estate



REGIONAL ECONOMIC OVERVIEW

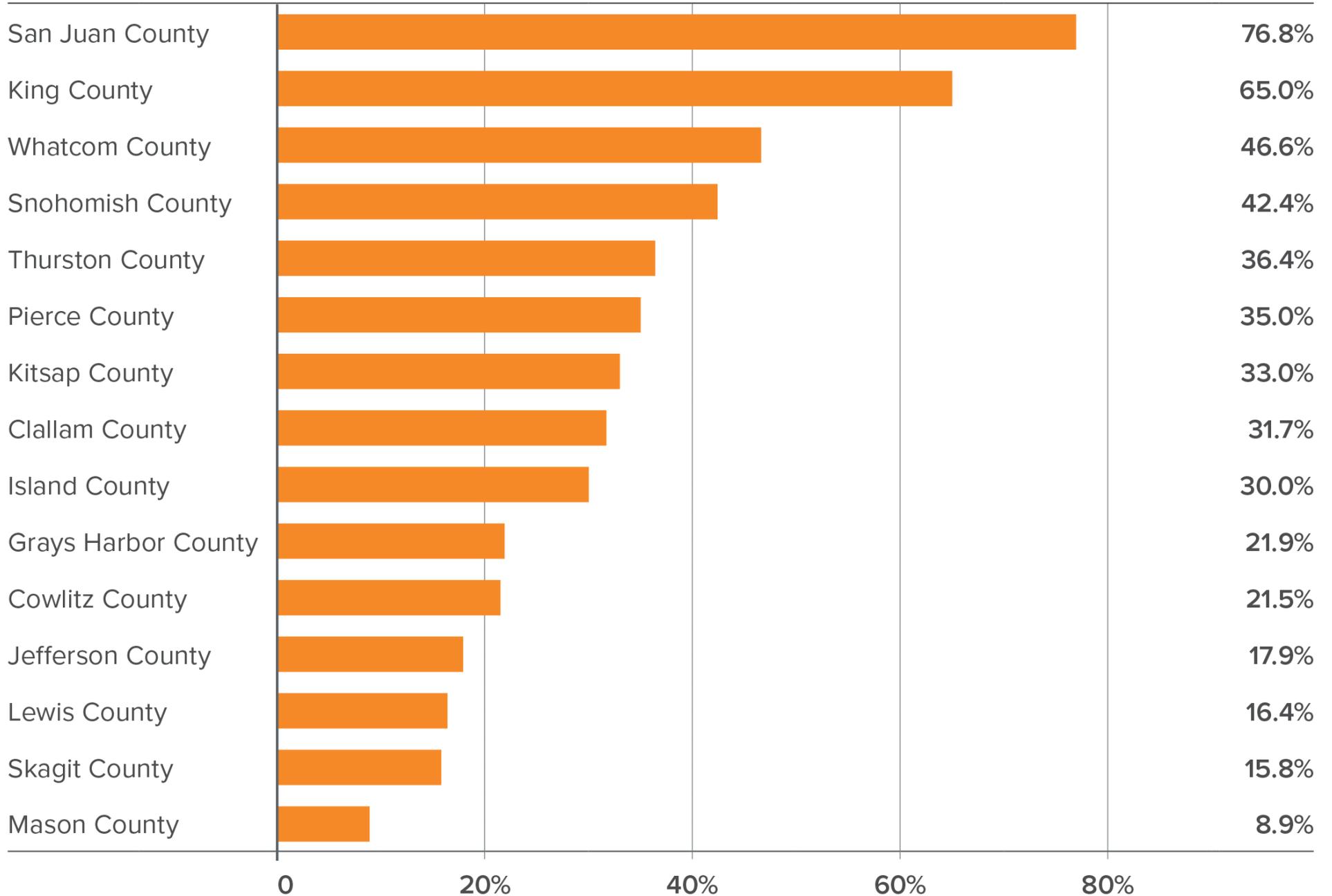
Employment levels in Western Washington picked up in the late spring and early summer months. The region has now recovered 168,800 of the 297,210 jobs that were lost due to the pandemic. Although the recovery is palpable, there are still 128,000 fewer jobs than there were at the pre-COVID peak in February 2020. The most recent data (May) shows the region's unemployment rate at a respectable 5.2%. This is significantly lower than the April 2020 high of 16.8%, but still not close to the 2020 low of 3.7%. The jobless rate was lowest in King County (4.8%) and highest in Grays Harbor County (7.6%). Although unemployment levels continue to drop, we cannot attribute all the improvement to job creation: a shrinking labor force also lowers the jobless rate. In short, job recovery continues but we still have a way to go.

HOME SALES

- Regardless of low levels of supply, sales in the second quarter rose 45.6% year-over year, with a total of 25,640 homes sold. Although comparisons to the same quarter a year ago are not informative due to the pandemic, I was pleased to see sales increase 61.3% from the first quarter of this year.
- Listing activity was 42.8% higher than in the first quarter, which was a pleasant surprise. Listings rose the most in Kitsap, Clallam, Island, and Mason counties, but there were solid increases across the region.
- **Sales were up across the board, with sizable increases in San Juan**, King, Whatcom, and Snohomish counties. Only Mason County experienced sales growth below 10%.
- Pending sales (demand) outpaced active listings (supply) by a factor of 6. Even with the increase in the number of homes for sale, the market is far from being balanced.

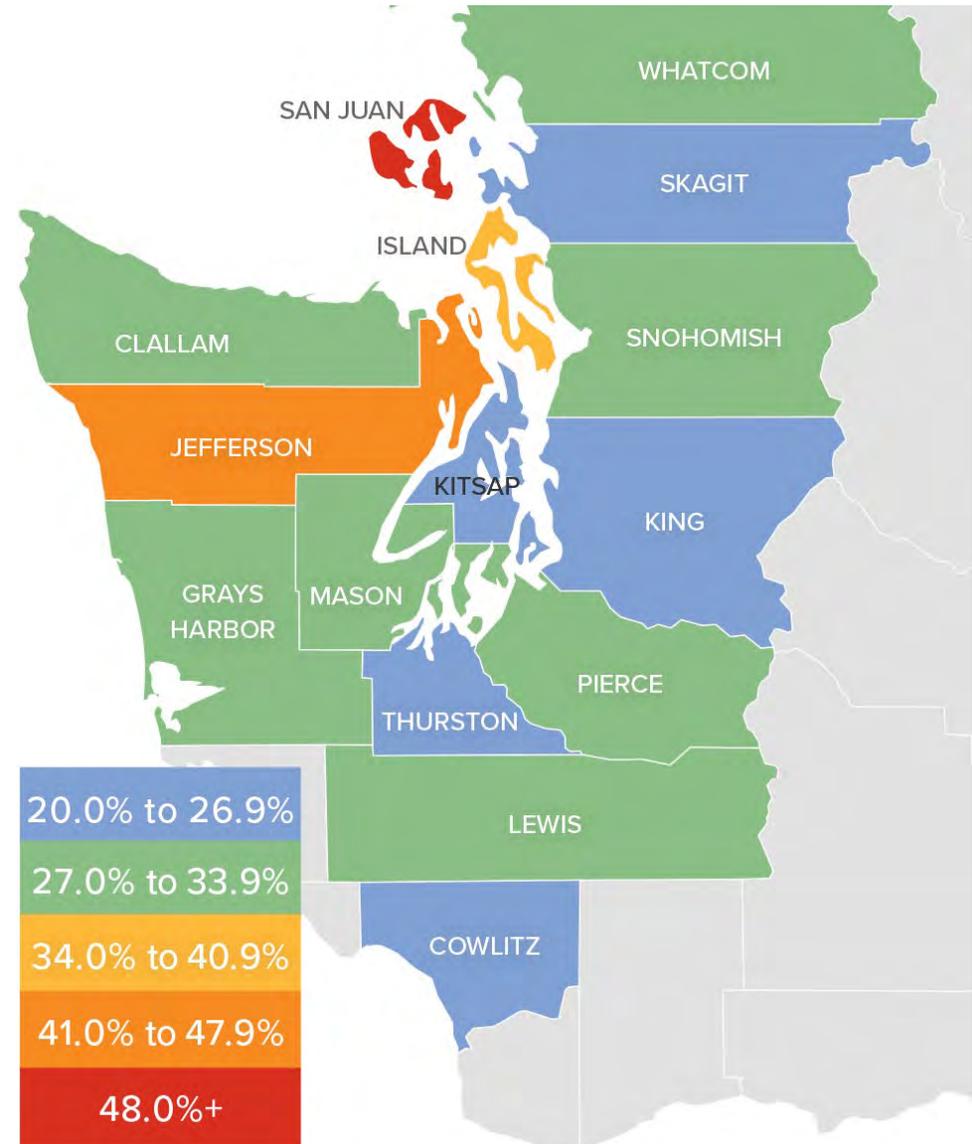
ANNUAL CHANGE IN HOME SALES

Q2-2020 TO Q2-2021



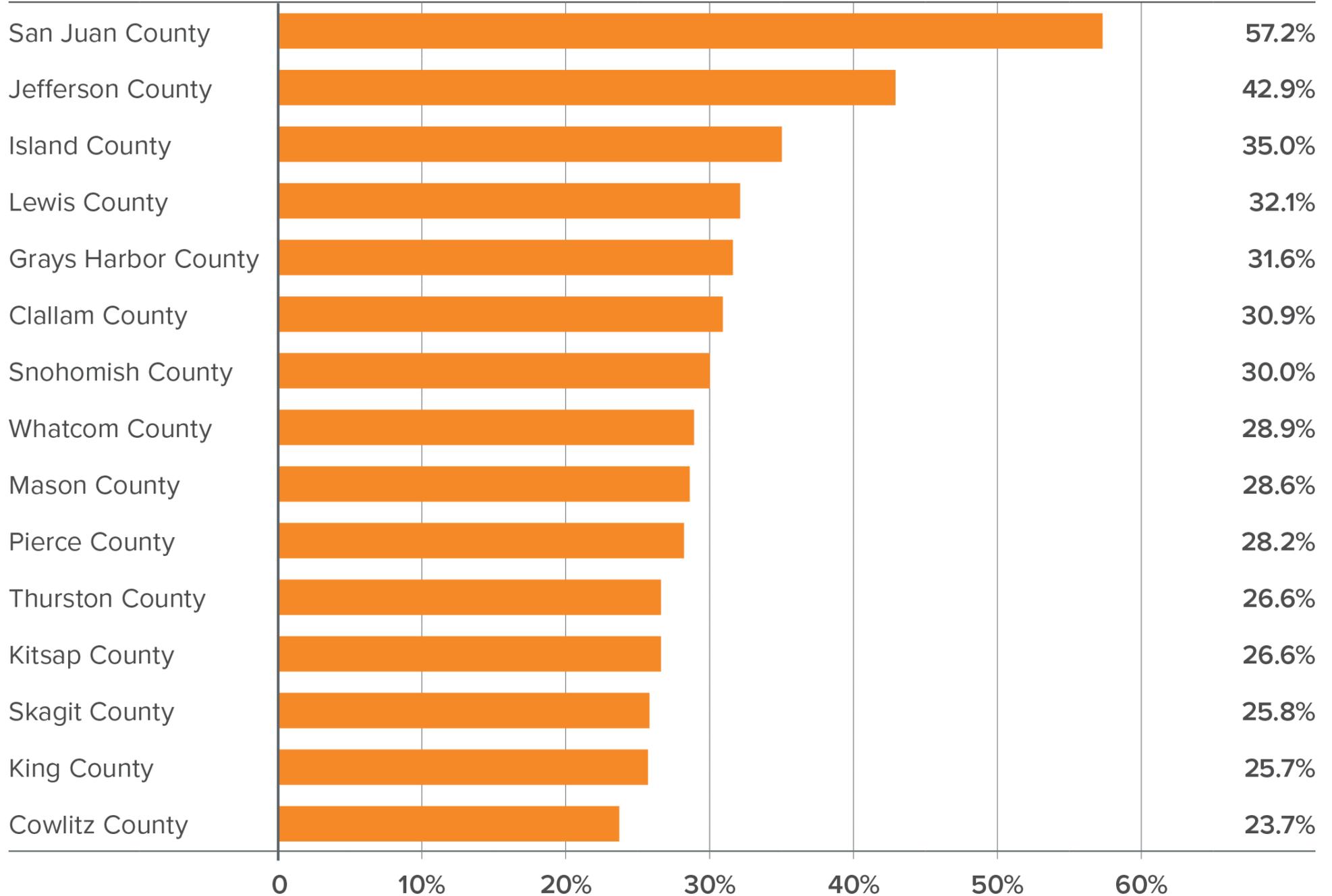
HOME PRICES

- Home price rose 31.4% compared to a year ago. The average sale price was \$734,567—another all-time record.
- **Year-over-year price growth was strongest in San Juan** and Jefferson counties, but all markets saw prices rise more than 23% from a year ago.
- Home prices were a remarkable 15.7% higher than in the first quarter of this year, possibly due in part to the drop in 30-year fixed mortgage rates between the end of the first and second quarters. That said, the modest decline in mortgage rates is certainly not the primary driver of price growth; the culprit remains inadequate supply.
- Relative to the first quarter of the year, **San Juan (+33%)**, Jefferson (+24.7%), and Island (+20.5%) **counties saw the fastest rate of home-price appreciation.**



ANNUAL CHANGE IN HOME SALE PRICES

Q2-2020 TO Q2-2021



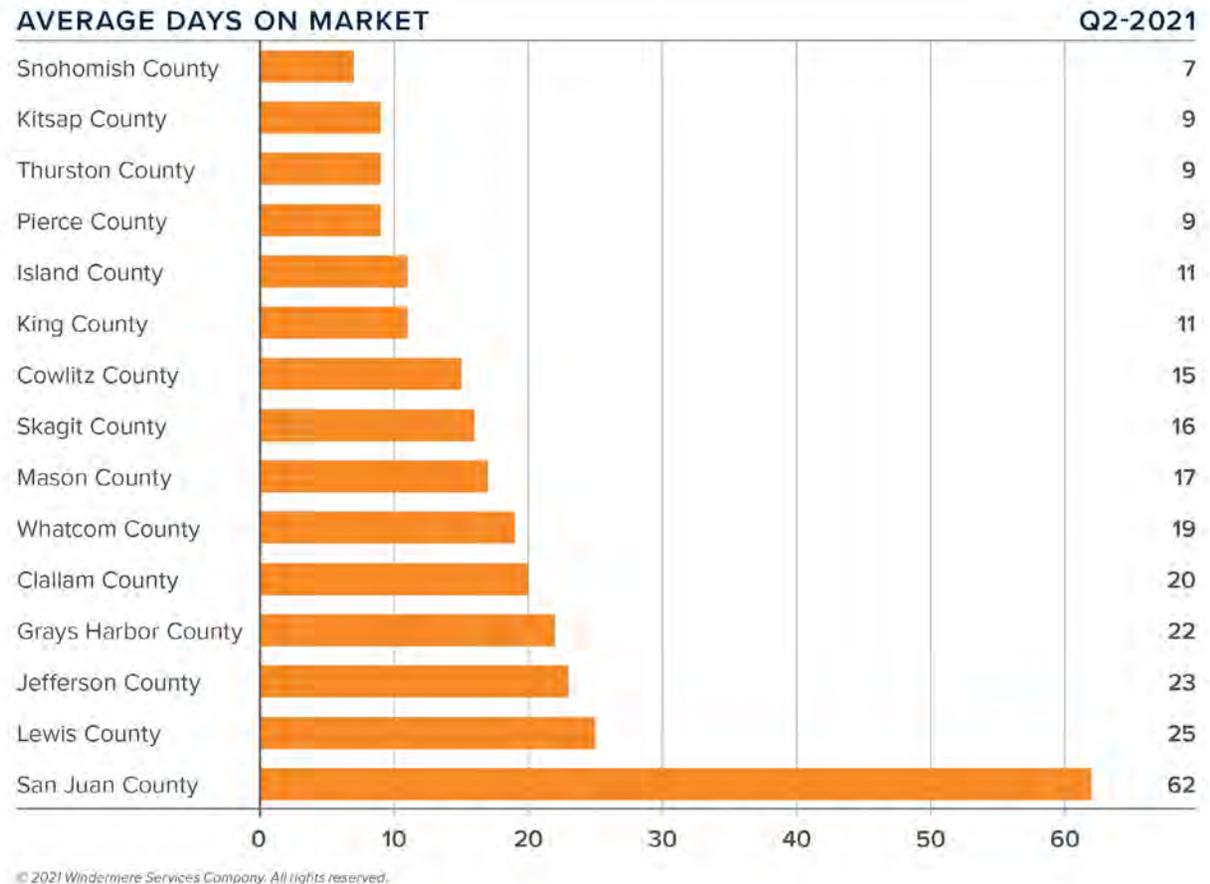
DAYS ON MARKET

- It took an average of only 18 days for a listed home to go pending. This was 22 fewer days than a year ago, and 11 fewer days than in the first quarter of 2021.

- Snohomish, Kitsap, Thurston, and Pierce counties were the tightest markets in Western Washington, with homes taking an average of only 7 days to sell in Snohomish County and 9 days in the other three counties. **The greatest drop in market time compared to a year ago was in San Juan County, where it took 84 fewer days to sell a home.**

- All counties contained in this report saw the average time on market drop from the same period a year ago. The same can be said when comparing market time in the current quarter with the first quarter.

- It's widely known that the area's housing market is very tight and unfortunately, I don't expect the number of listings to increase enough to satisfy demand in the near term. Furthermore, I'm seeing rapid growth in demand in the counties surrounding King County which is likely proof that buyers are willing to move further out given the work-from home paradigm shift.



CONCLUSIONS

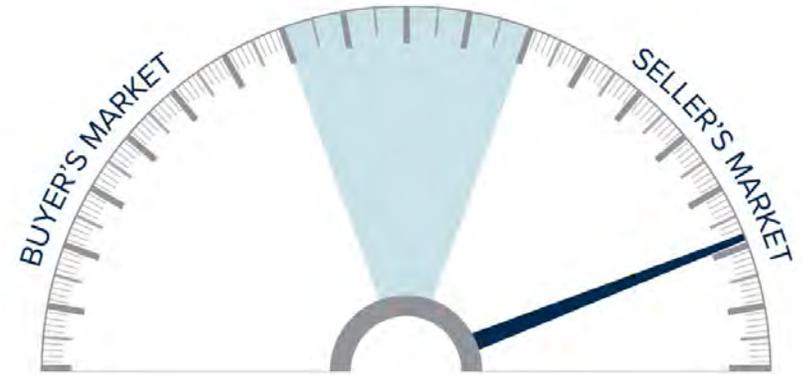
This speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

Demand is maintaining its momentum, and, even with supply levels modestly improving, the market remains extraordinarily tight.

Mortgage rates are still hovering around 3%, but the specter of them starting to rise at some point is clearly motivating buyers. I am very interested to see significant interest outside of the Seattle metro area, although King County is certainly still performing well. I will be monitoring whether this "move to the 'burbs" is endemic, or a temporary phenomenon. My gut tells me that it is the former.

At some point, the remarkable run up in home values will slow. Affordability constraints are becoming more widespread, and even a modest uptick in mortgage rates will start to slow down price increases. It's worth noting that list-price growth is starting to taper in some markets. This is a leading indicator that may point to a market that is starting to lose a little momentum.

The bottom line is that the market still heavily favors sellers and, as such, I am moving the needle even more in their favor.



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.

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SAN JUAN ISLANDS BREAKOUT

August 2021



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NORTHWEST MULTIPLE LISTING SERVICE BREAKOUT - SAN JUAN COUNTY
July 2020 / July 2021

Breakouts: SAN JUAN MAP AREAS						Northwest Multiple Listing Service - JULY 2021									
RES+CONDO	LISTINGS					PENDING SALES			CLOSED SALES						
Map Area	New Jul 2021	New Jul 2020	Ttl Active Jul 2021	Ttl Active Jul 2020	% Change, Ttl Active	Pending Jul 2021	Pending Jul 2020	% Change, Pending	Closed Jul 2021	Closed Jul 2020	% change, Closed	Median \$, Jul 2021	Median \$, Jul 2020	% Chg, Median Price	Months of Inventory
899	0	0	0	1	-100.00%	1	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
900	22	29	36	75	-52.00%	21	30	-30.00%	15	19	-21.05%	\$650,000	\$675,000	-3.70%	2.40
901	15	16	32	57	-43.86%	11	25	-56.00%	9	18	-50.00%	\$880,000	\$622,500	41.37%	3.56
902	10	6	13	13	0.00%	7	9	-22.22%	3	4	-25.00%	\$563,000	\$605,000	-6.94%	4.33
903	4	1	8	9	-11.11%	1	2	-50.00%	1	4	-75.00%	\$146,500	\$395,000	-62.91%	8.00
904	1	0	1	6	-83.33%	1	0	0.00%	1	1	0.00%	\$2,250,000	\$1,200,000	87.50%	1.00
905	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
908	0	3	1	5	-80.00%	0	0	0.00%	1	0	0.00%	\$1,300,000	\$0	0.00%	1.00
All San Co	52	55	91	166	-45.18%	42	66	-36.36%	30	46	-34.78%	\$769,500	\$639,625	20.30%	3.03

Breakouts: SAN JUAN MAP AREAS						Northwest Multiple Listing Service - JULY 2021									
RES ONLY	LISTINGS					PENDING SALES			CLOSED SALES						
Map Area	New Jul 2021	New Jul 2020	Ttl Active Jul 2021	Ttl Active Jul 2020	% Change, Ttl Active	Pending Jul 2021	Pending Jul 2020	% Change, Pending	Closed Jul 2021	Closed Jul 2020	% change, Closed	Median \$, Jul 2021	Median \$, Jul 2020	% Chg, Median Price	Months of Inventory
899	0	0	0	1	-100.00%	1	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
900	17	28	29	64	-54.69%	20	29	-31.03%	12	18	-33.33%	\$869,500	\$675,000	28.81%	2.42
901	13	16	32	54	-40.74%	9	23	-60.87%	7	17	-58.82%	\$925,000	\$645,000	43.41%	4.57
902	10	6	13	13	0.00%	7	9	-22.22%	2	4	-50.00%	\$774,505	\$605,000	28.02%	6.50
903	4	1	8	9	-11.11%	1	2	-50.00%	1	4	-75.00%	\$146,500	\$395,000	-62.91%	8.00
904	1	0	1	6	-83.33%	1	0	0.00%	1	1	0.00%	\$2,250,000	\$1,200,000	87.50%	1.00
905	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
908	0	3	1	5	-80.00%	0	0	0.00%	1	0	0.00%	\$1,300,000	\$0	0.00%	1.00
All San Co	45	54	84	152	-44.74%	39	63	-38.10%	24	44	-45.45%	\$925,000	\$647,500	42.86%	3.50

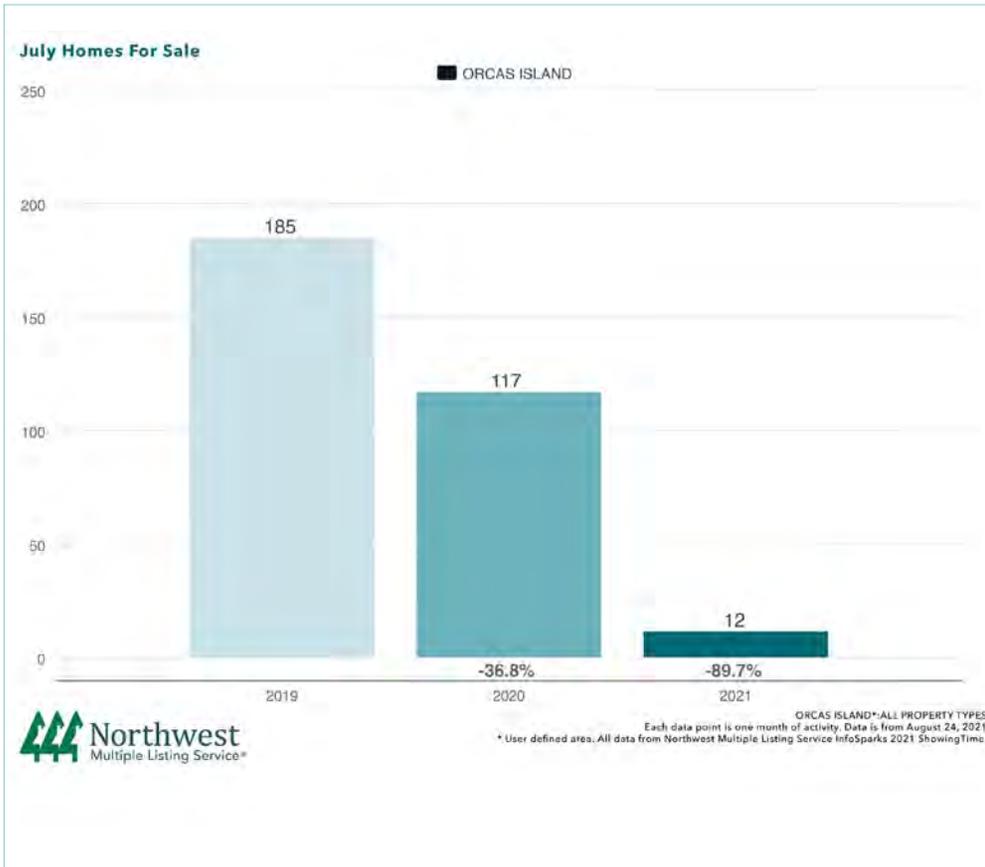
Breakouts: SAN JUAN MAP AREAS						Northwest Multiple Listing Service - JULY 2021									
CONDO ONLY	LISTINGS					PENDING SALES			CLOSED SALES						
Map Area	New Jul 2021	New Jul 2020	Ttl Active Jul 2021	Ttl Active Jul 2020	% Change, Ttl Active	Pending Jul 2021	Pending Jul 2020	% Change, Pending	Closed Jul 2021	Closed Jul 2020	% change, Closed	Median \$, Jul 2021	Median \$, Jul 2020	% Chg, Median Price	Months of Inventory
899	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
900	5	1	7	11	-36.36%	1	1	0.00%	3	1	200.00%	\$375,000	\$323,000	16.10%	2.33
901	2	0	0	3	-100.00%	2	2	0.00%	2	1	100.00%	\$354,999	\$140,000	153.57%	0.00
902	0	0	0	0	0.00%	0	0	0.00%	1	0	0.00%	\$499,000	\$0	0.00%	0.00
903	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
904	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
905	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
908	0	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	\$0	\$0	0.00%	0.00
All San Co	7	1	7	14	-50.00%	3	3	0.00%	6	2	200.00%	\$437,000	\$231,500	88.77%	1.17

JULY YEAR-OVER-YEAR ALL PROPERTY TYPES

ALL PROPERTY TYPES FOR SALE & MEDIAN PRICE PER SQUARE FOOT

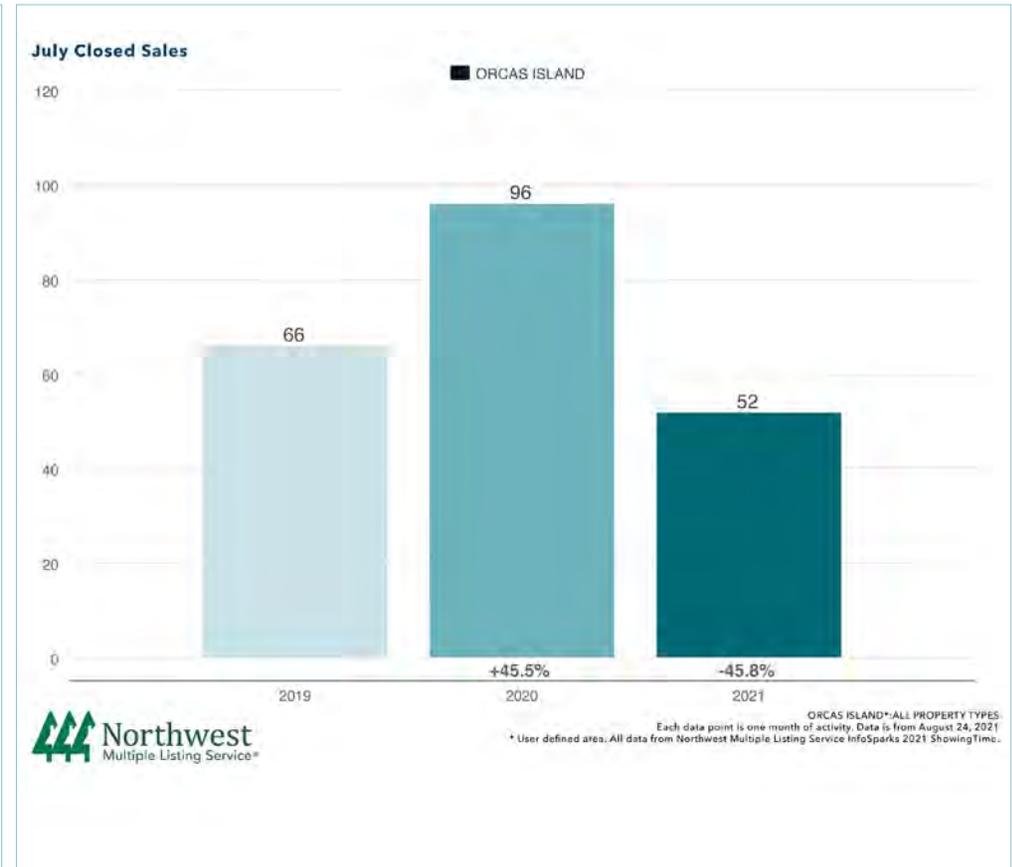
2019 | 2020 | 2021

July For Sale



2019 ● 2020 ● 2021

July Closed Sales



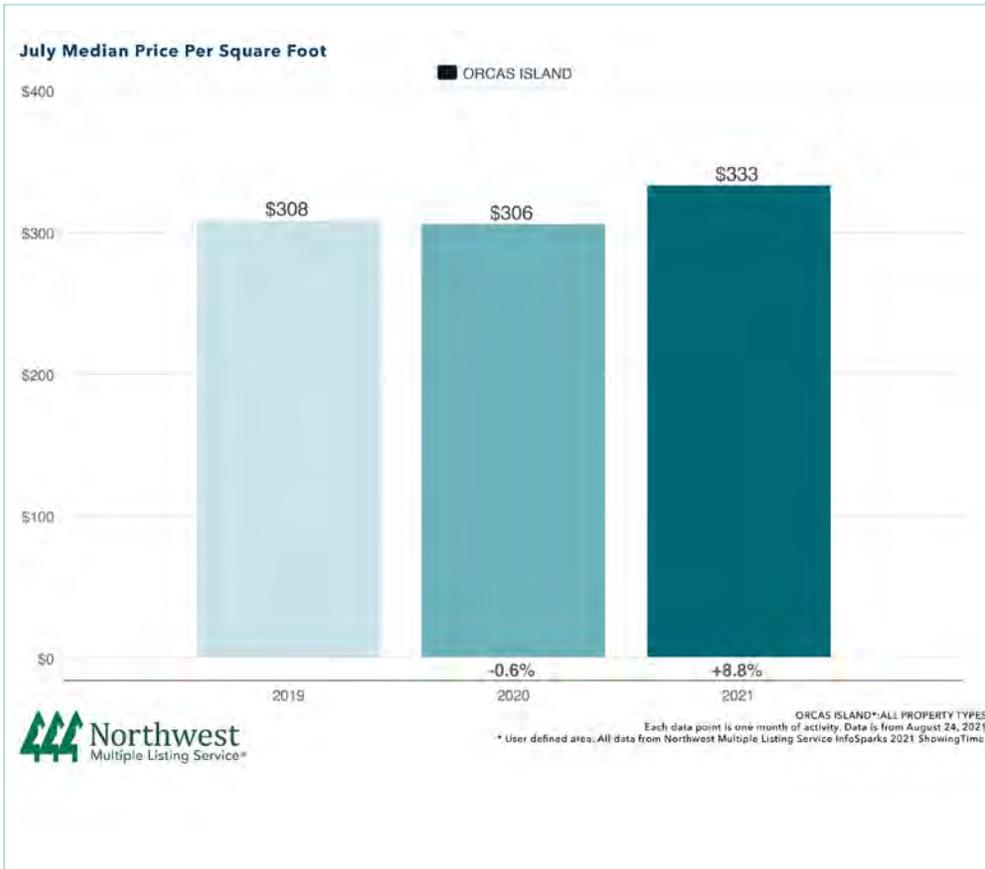
2019 ● 2020 ● 2021

Contact Us for Additional Information on the Orcas Island Real Estate Market and
How Your Property Weighs In with a Complimentary, No-Obligation Market Analysis and/or Real Estate Review

JULY YEAR-OVER-YEAR ALL PROPERTY TYPES FOR SALE & MEDIAN DAYS ON MARKET

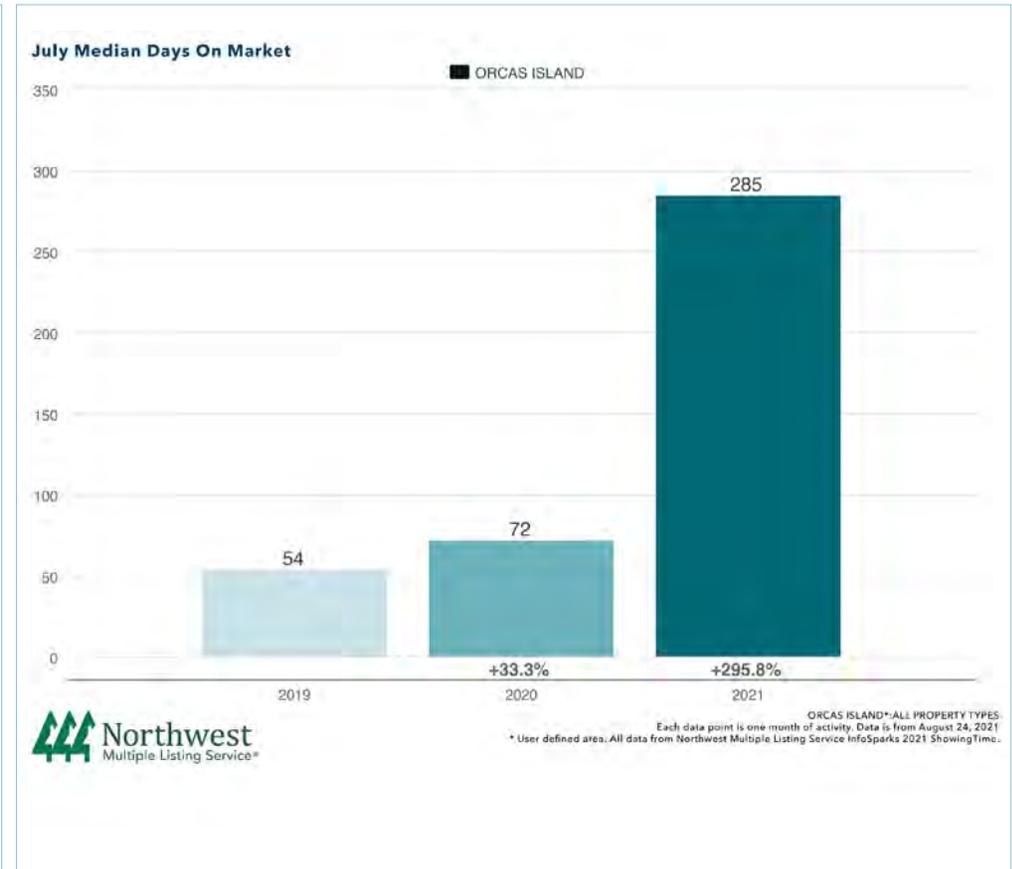
2019 | 2020 | 2021

July Median Price Per Square Foot



2019 ● 2020 ● 2021

July Median Days On Market



2019 ● 2020 ● 2021

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SAN JUAN COUNTY & ORCAS ISLAND -

Q. WHAT HAPPENED TO THE SUPER HOT REAL ESTATE MARKET?
And why is Orcas Island Days on Market (DOM) Up 295.8%?

Some experts claim rapidly rising home prices are negatively impacting demand and, by extension, leading to the recent slow sales activity. However, demand isn't the real issue, San Juan County-wide and nationally, we continue to see high demand for houses and vacant land, with a growing median per-square-foot sold price. The most significant contributor to the decrease in closed sales is still inventory shortages.

Our real estate market continues to feel the impact of a pre-pandemic inventory shortage exacerbated by pandemic-buying influences, work-from-home careers, and our magnificent life in the San Juan Islands. As a result, we continue to experience a lack of listings, not buyers, and there are solid reasons for homebuyers to reach for the dream of homeownership this year.

Whether you're looking to buy or sell, let's connect to discuss your options and why now is still an excellent time to make your move.
Stay safe and healthy,

~ Wally, Laura & Terri / The Wally Gudgell Group



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YOUR PROPERTY IS WORTH?

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