THE RESIDENTIAL MARKET & PREDICATIONS| "HOW'S THE MARKET?"

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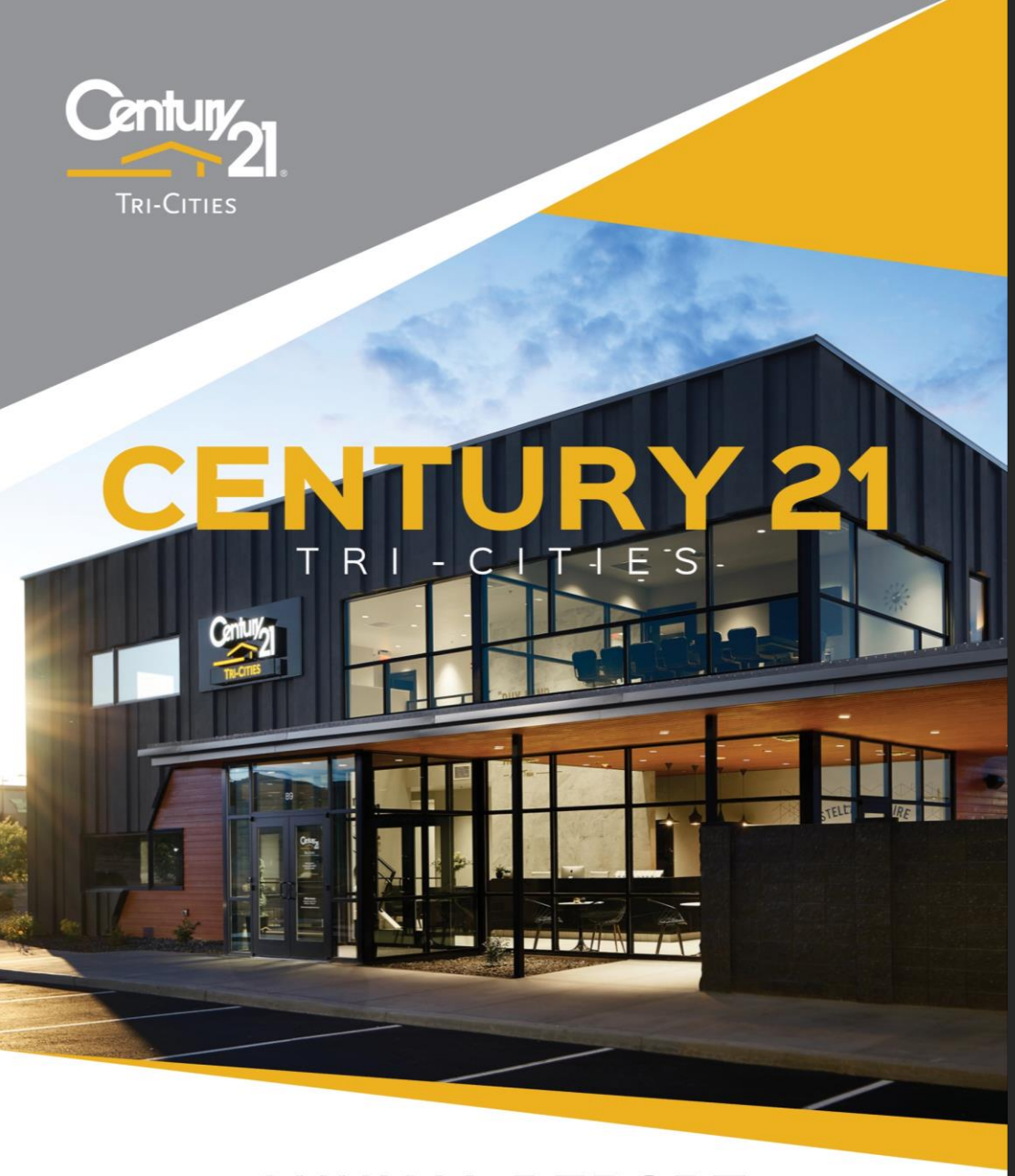
OWNER/DESIGNATED BROKER OF CENTURY 21 TRI-CITIES

PRINCIPLE PARTNER OF NAI TRI-CITIES COMMERCIAL



OUR 2017 MARKET

Housing Demands

2006	1289	3646	180100	160000	9.99
2007	1174	3701	190800	167000	10.13
2008	1210	3023	189900	166000	8.25
2009	925	3357	188800	168000	9.2
2010	922	3293	196418	177000	9.02
2011	1075	2881	198718	174900	7.89
2012	1204	2899	203254	184900	7.94
2013	1097	3296	208772	187000	9.03
2014	901	3506	213091	190000	9.60
2015	598	4153	224699	204000	11.38
2016	459	4423	244035	225000	12.08
2017	498	4414	267051	249900	12.09

2017 TOTAL HOMES SOLD

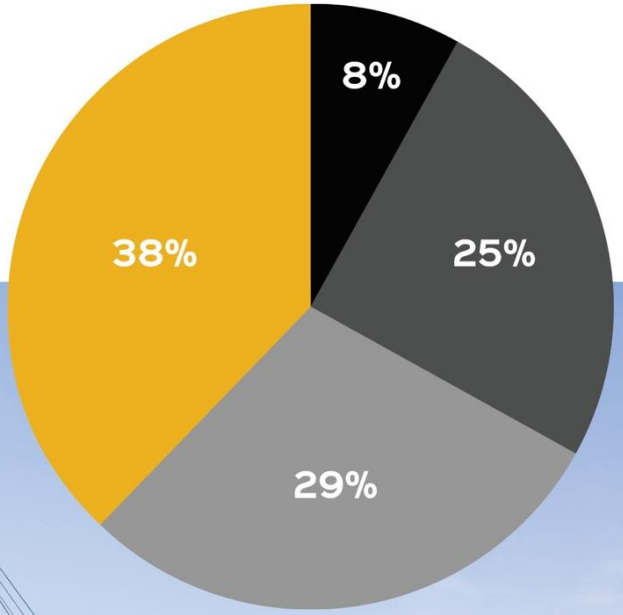
TOTAL 4,182

KENNEWICK 1,586

PASCO 1,198

RICHLAND 1,069

W. RICHLAND 329



HAPPIEST & HEALTHIEST CITIES IN AMERICA
Source: TRIDEC.com 2018

TOP 5 BEST PLACES TO INVEST IN REAL ESTATE IN WA STATE
Source: TRIDEC.com 2018

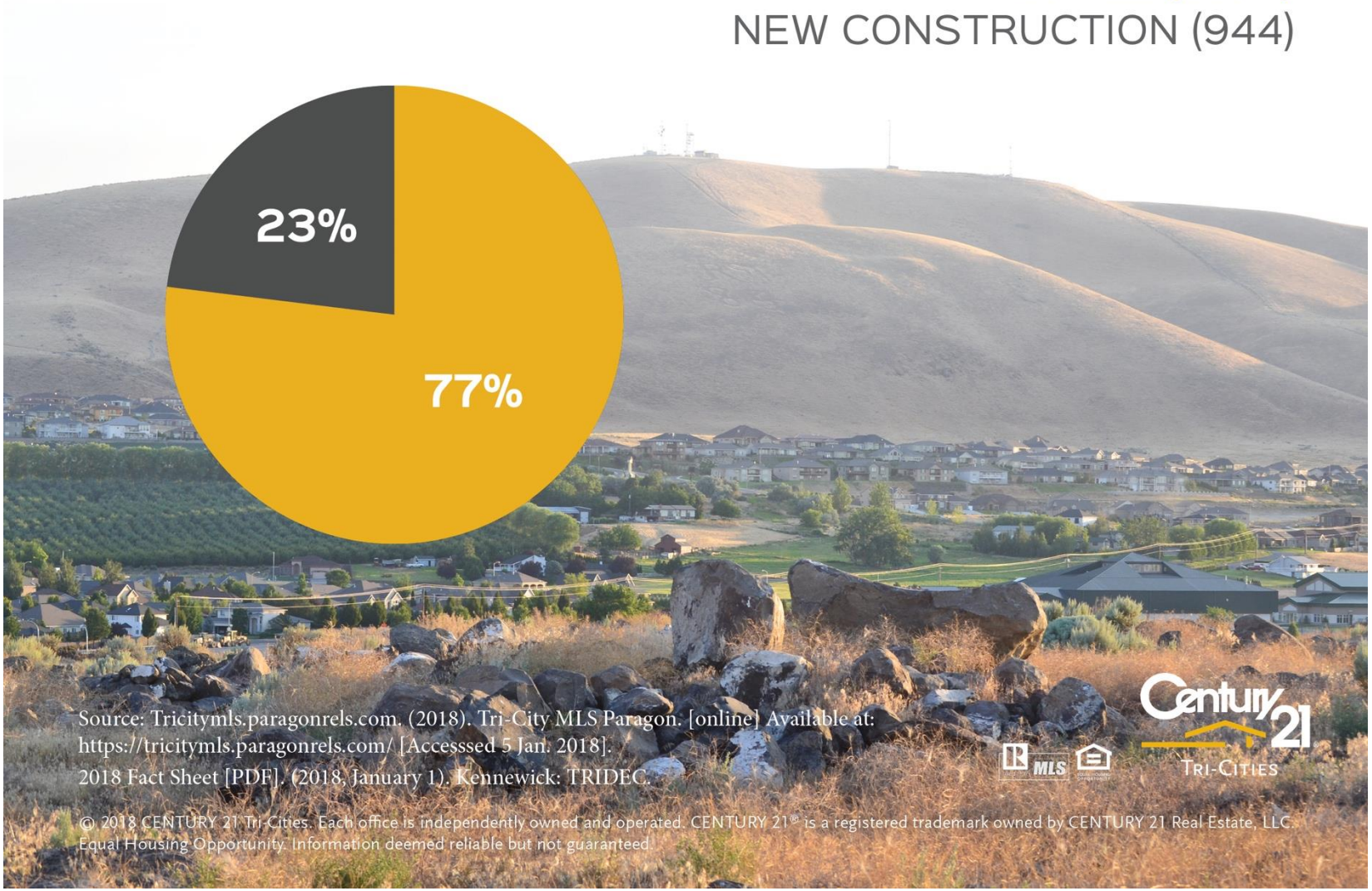
10 Best Cities for STEM jobs.
Source: Forbes.com 2015

Century 21
TRI-CITIES

2017 TOTAL HOMES SOLD

RESALE (3237)

NEW CONSTRUCTION (944)



Source: Tricitymls.paragonrels.com. (2018). Tri-City MLS Paragon. [online] Available at: https://tricitymls.paragonrels.com/ [Accesssed 5 Jan. 2018].
2018 Fact Sheet [PDF]. (2018, January 1). Kennewick: TRIDEC.

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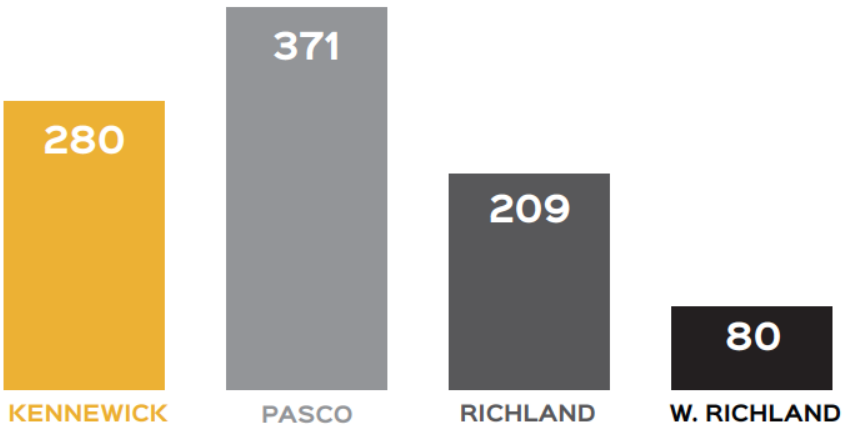
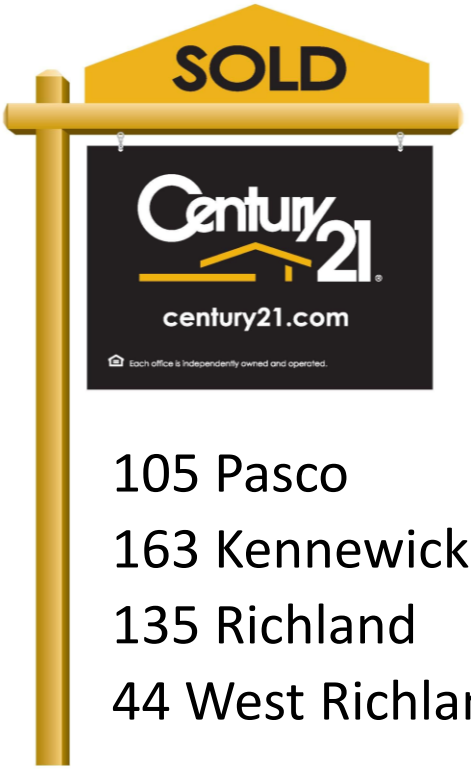
2017 NEW CONSTRUCTION SOLD BY CITY



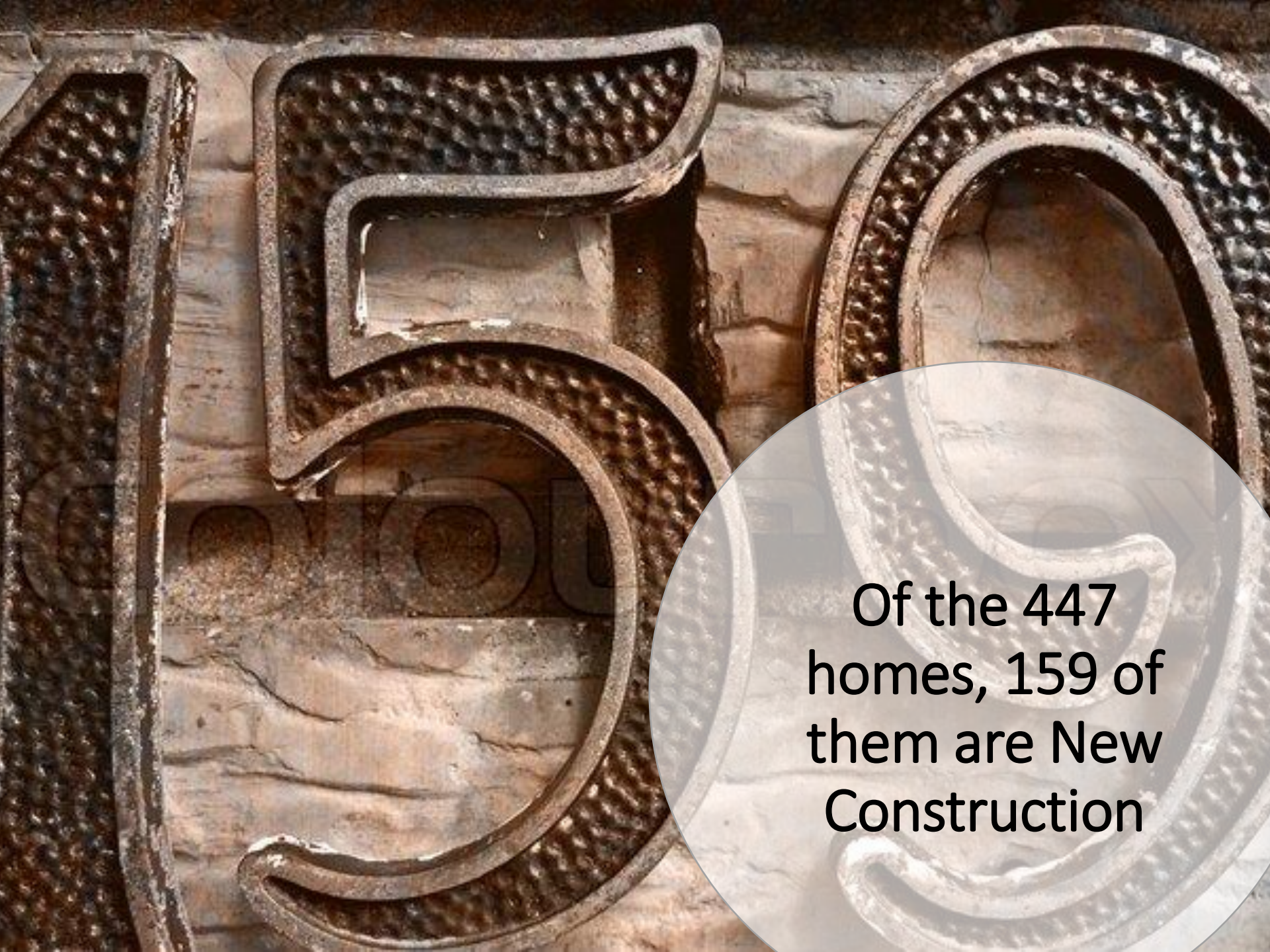
HOUSING INVENTORY LEVELS



105 Pasco
163 Kennewick
135 Richland
44 West Richland

447 Homes are currently on the Market.

Historically, we have approx. 1250 units on the market.


Of the 447 homes, 159 of them are New Construction

Prices will continue to rise in 2018

Increasing Labor, material, and land costs.

Land prices drives the affordability index of homes that can be built. How many of you remember the community named First Place? In 2014 we were selling lots for $40,000, now the final lots are being sold for $65,000. Builders typically will allocate 20% of the overall price for the home for land acquisition. Thus, on a $40,000 lot I can build predictably at $200,000 home. On a $65,000 lot the home will be in the $325,000 range. Of course this is all dependent on size of home and level of finishes.

Median Price in 2017 grew
to $252,800+/- from approx.
$229,900+/- in 2016

Low Apartment Vacancy Rates

CONFORMING LOAN LIMITS MAP| Loan amounts have Increased from $417,000 to $453,100 in Benton and Franklin County

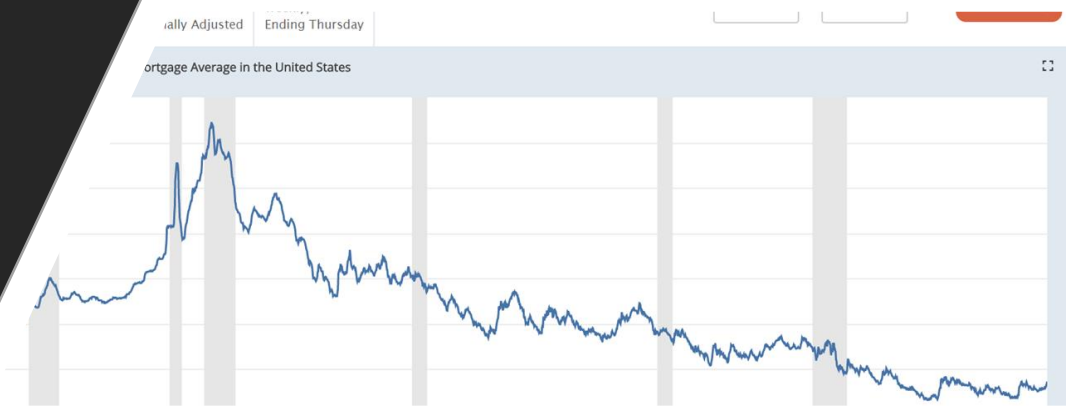
Interest Rates on the Rise

2016 Avg 3.25%

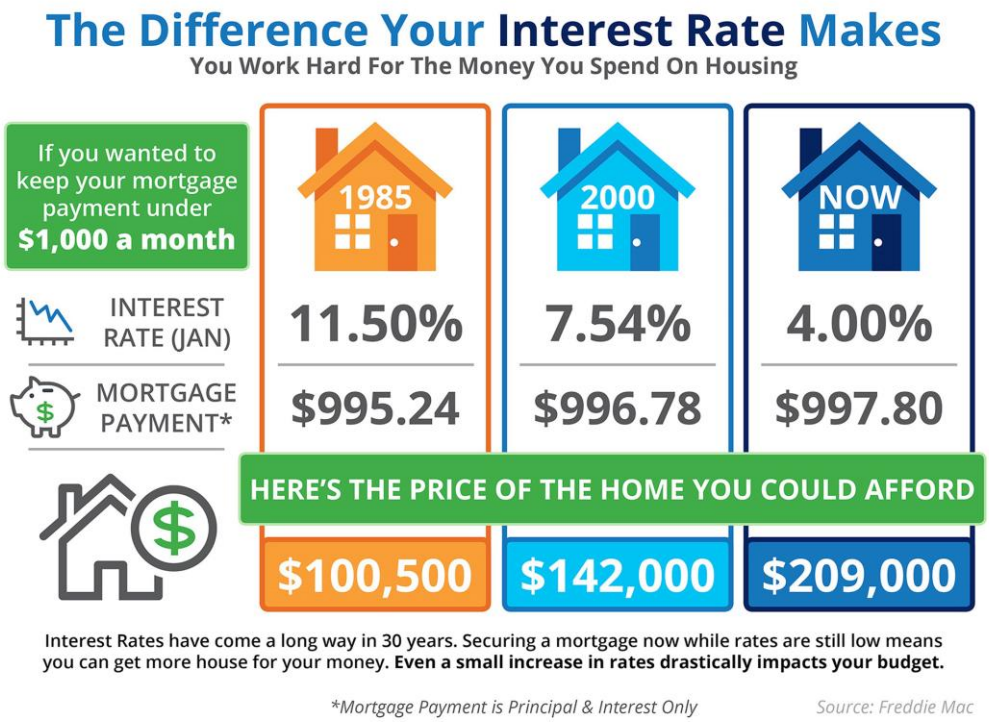
2017 Avg 3.5%

2018 Avg 4.25%++

Historical Avg 8%



Decreased Purchasing Power from 2017|But, far better from prior decades.



2017| New Communities

CITY OF KENNEWICK

Resale: 1,305 New Construction: 281 Total: 1,586

POPULATION
80,280

KEY
- $0 - $150,000
- $151,001 - $300,000
- $301,001 and above

Price Range of Resale Homes

Price Range of New Construction

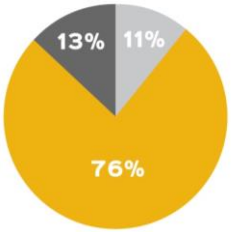
New Communities; Sunrise Estates, Cherry Creek, Apple Valley, Southcliffe, Hansen Park, etc.

CITY OF PASCO

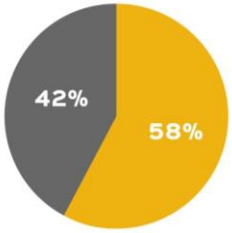
Resale: 824 New Construction: 374 Total: 1,198

POPULATION
71,680

KEY
- $0 - $150,000
- $151,001 - $300,000
- $301,001 and above



Price Range of Resale Homes



Price Range of New Construction

New Communities; Columbia Terrace, Broadmoor Terrace, Riverhawk, Volterra Estates, Linda Lovissa, Madison Park, etc.

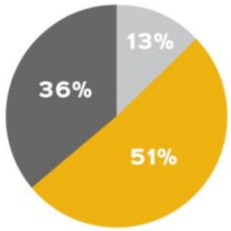
Franklin County; Archer Estates, Spencer Estates, Eaglecrest, etc.

CITY OF RICHLAND

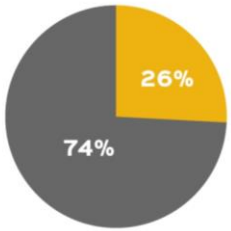
Resale: 860 New Construction: 209 Total: 1,069

POPULATION
54,150

KEY
- $0 - $150,000
- $151,001 - $300,000
- $301,001 and above



Price Range of Resale Homes

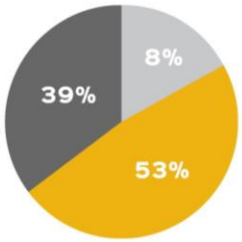


Price Range of New Construction

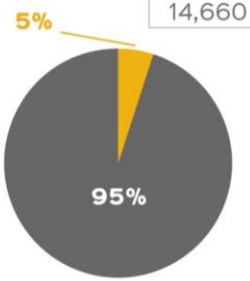
New Communities; Westcliffe, Westcliffe Heights, Jolianna Estates, Grayhawk, Sandpiper, Delacort, West Village, Willowbrook Heights, etc.

CITY OF W. RICHLAND

Resale: 249 New Construction: 80 Total: 329



Price Range of Resale Homes



Price Range of New Construction

New Communities; Lattin Meadows, Sunset Heights, Belmont Estates, Denali Estates, Kingview, etc.

2018 HOUSING
MARKET
PREDICTIONS

Market Predications & Recommendations

- Inventory will still be low
- The overall market shall appreciate by approx. 3.5%-5.5%
- Demand will be even greater since interest rates are on the move
- Even though buyers' Purchasing power will be less
- Raw Land will still be expensive to acquire
- Development infrastructure costs will still be at a high
- Supplier costs will continue to rise due to natural disasters; floods, fires, etc.
- Labor costs will also continue to rise due to minimum wage increases, increased sick pay, etc.

Market Predications & Recommendations

- An abundance of finished lots are coming on now coming on the market- reflective of Summer 2017 pricing. Developers will need to understand that builders will not be in a position to cash out large numbers of lots at once. They will need to get re-accustom with lot take downs. Prices of lots may not start to adjust down until after 2019.
- Builders will still report that their highest level of profit margins were in 2015. Profit margins have eroded ever since that year due to volatile labor and material costs.
- Healthy Spec financing will be available to builders throughout 2018.
- Builders should not purchase an abundance of over priced land/homesites that don't match current absorption demands.

Sources

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