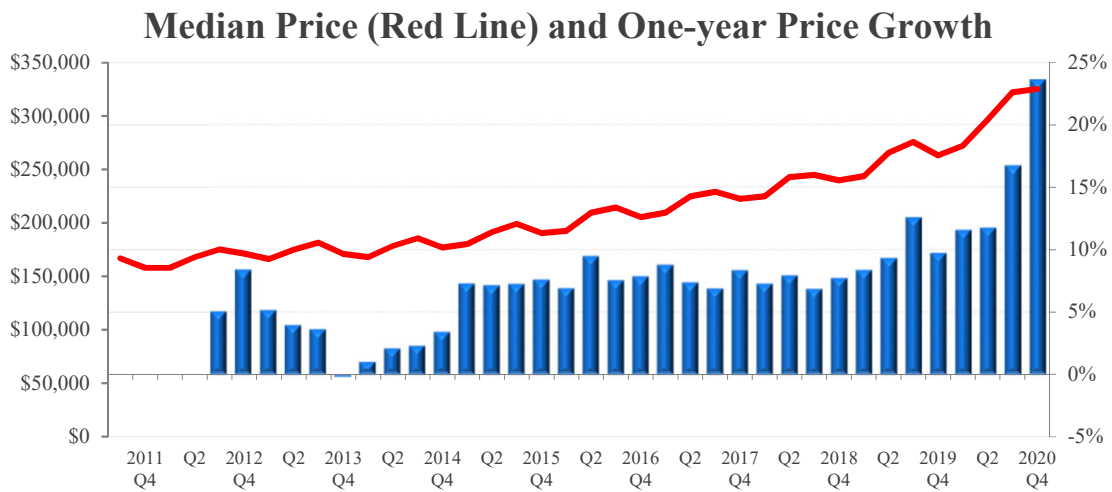


Spokane-Spokane Valley Area

Local Market Report, Fourth Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...



Local Price Trends			
Price Activity	Spokane	U.S.	Local Trend
Current Median Home Price (2020 Q4)	\$325,400	\$311,000	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q4)	23.6%	14.2%	
3-year (12-quarter) Appreciation (2020 Q4)	46.2%	26.1%	
3-year (12-quarter) Housing Equity Gain*	\$102,800	\$64,433	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$154,400	\$114,100	
9-year (36 quarters) Housing Equity Gain*	\$167,400	\$148,667	

*Note: Equity gain reflects price appreciation only

	Spokane	U.S.	
Conforming Loan Limit**	\$510,400	\$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$331,760	\$765,600	
Local Median to Conforming Limit Ratio	64%	not comparable	

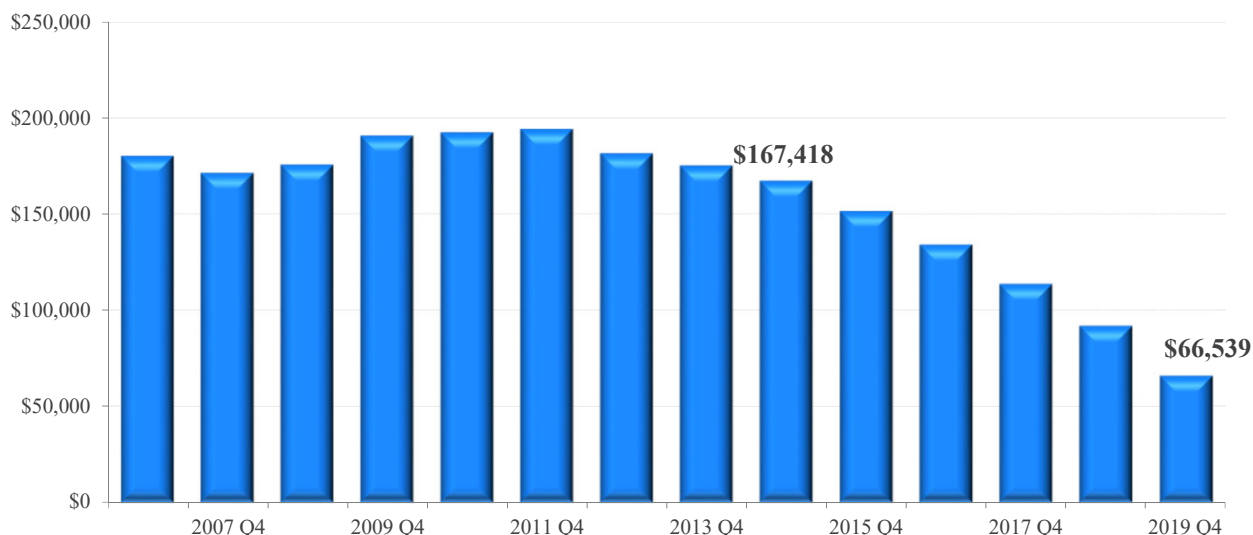
Note: limits are current and include the changes made on January 1st 2020.

Local NAR Leadership

The Spokane-Spokane Valley market is part of region 12 in the NAR governance system, which includes all of Montana, Idaho, Washington, Oregon, and Alaska. The 2021 NAR Regional Vice President representing region 12 is Tiffanie Mai-Ganske.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q4 from quarter in which home was of purchased

Price Activity	Spokane	U.S.	Local Trend
1-year (4-quarter)	\$66,539	\$43,291	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$114,086	\$76,934	
5-year (20-quarter)*	\$151,794	\$109,705	
7-year (28 quarters)*	\$175,189	\$138,037	
9-year (36 quarters)*	\$194,209	\$176,211	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

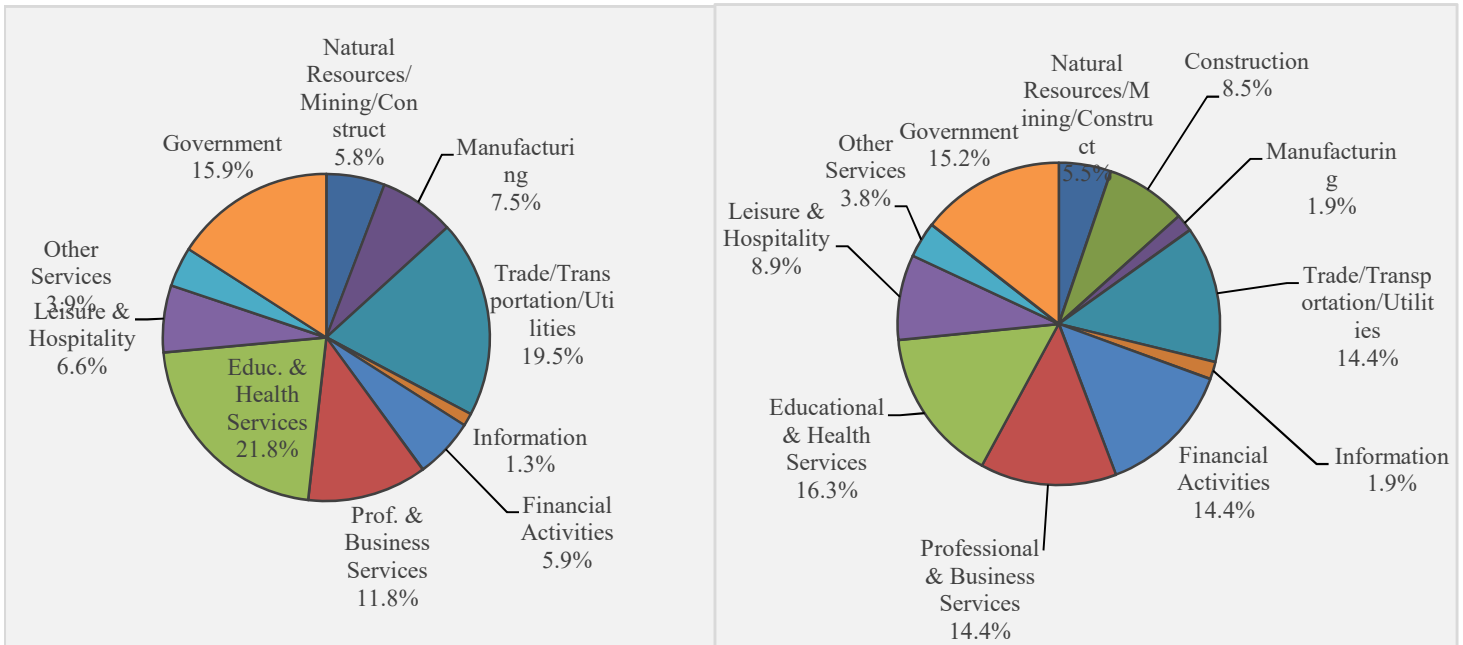


Local Economic Outlook	Spokane	U.S.	
12-month Job Change (Dec)	-22,900	Not Comparable	Employment continues to decline and will weigh on demand in some areas
12-month Job Change (Nov)	-20,200	Not Comparable	
36-month Job Change (Dec)	-11,300	Not Comparable	Spokane's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Dec)	7.5%	6.7%	
Year-ago Unemployment Rate	5.0%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-8.8%	-5.8%	

Share of Total Employment by Industry

Spokane-Spokane Valley Area

U.S.



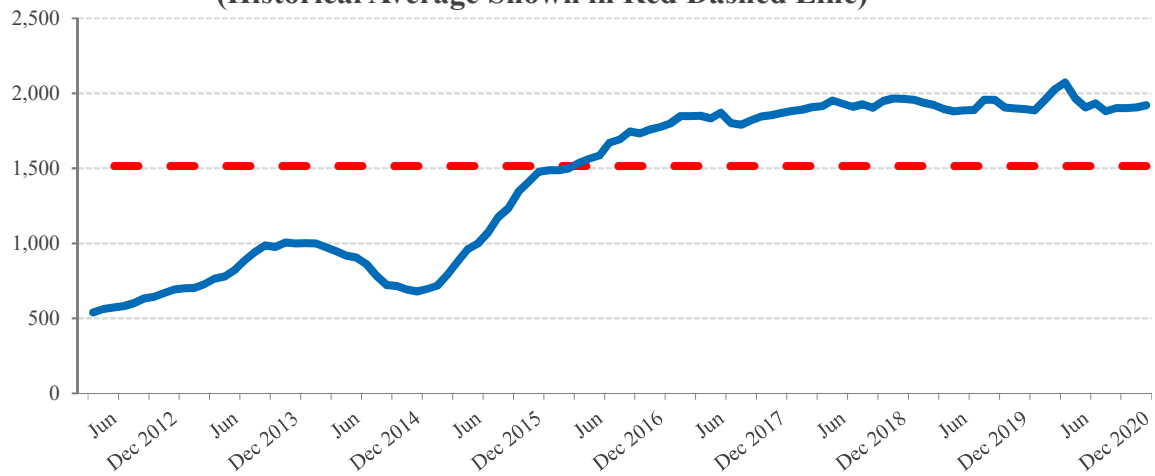
12-month Employment Change by Industry in the Spokane-Spokane Valley Area (Dec - 2020)

Goods Producing	NA	Information	-400
Natural Resources/Mining/Construction	-1,500	Financial Activities	-600
Natural Resources and Mining	NA	Prof. & Business Services	1,100
Construction	NA	Educ. & Health Services	-1,700
Manufacturing	-200	Leisure & Hospitality	-8,200
Service Providing Excluding Government	NA	Other Services	-600
Trade/Transportation/Utilities	-1,800	Government	-6,300

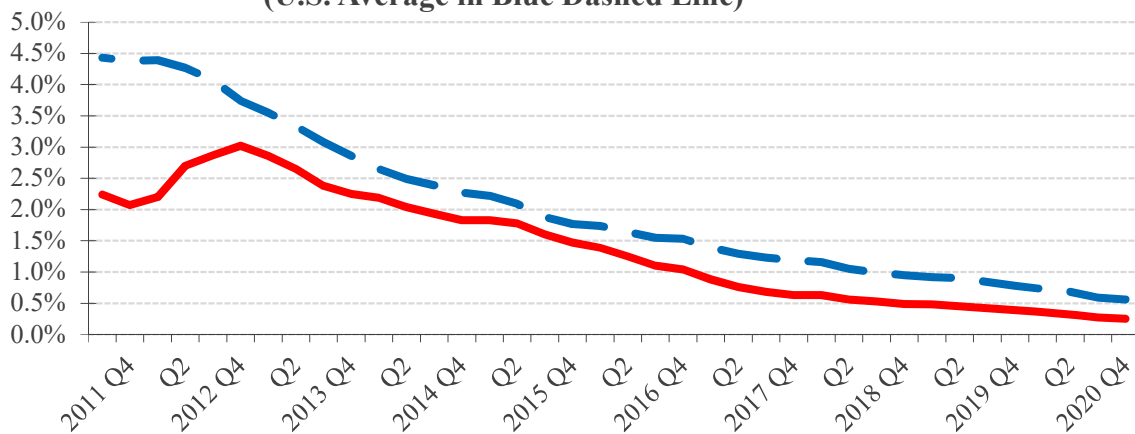
State Economic Activity Index	Washington	U.S.	
12-month change (2020 - Dec)	-4.8%	-4.4%	Washington's economy remains in recession and weakened from last months's -2.06% change
36-month change (2020 - Dec)	2.5%	1.0%	

New Housing Construction			
Local Fundamentals	Spokane	U.S.	
12-month Sum of 1-unit Building Permits through Dec 2020	1,962	not comparable	The current level of construction is 29.5% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,515	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Dec 2020) 12-month sum vs. a year ago	3.9%	14.5%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)

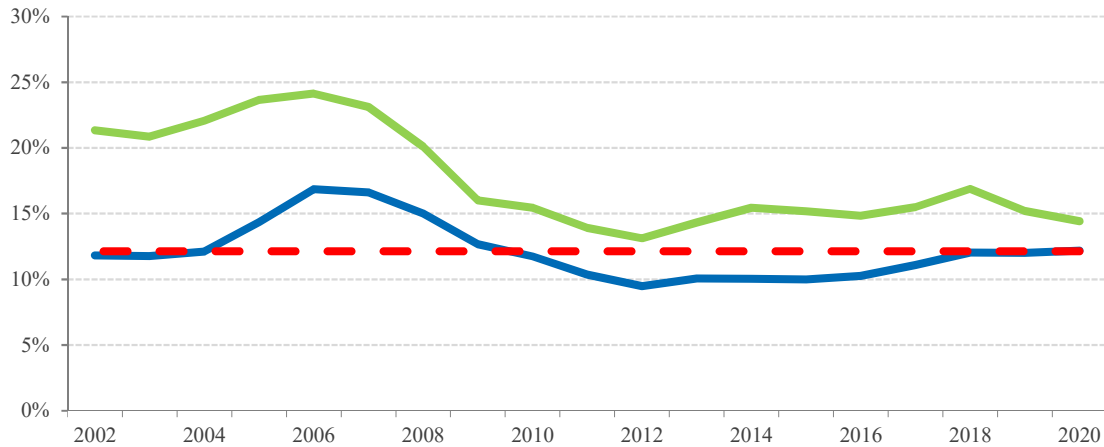


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



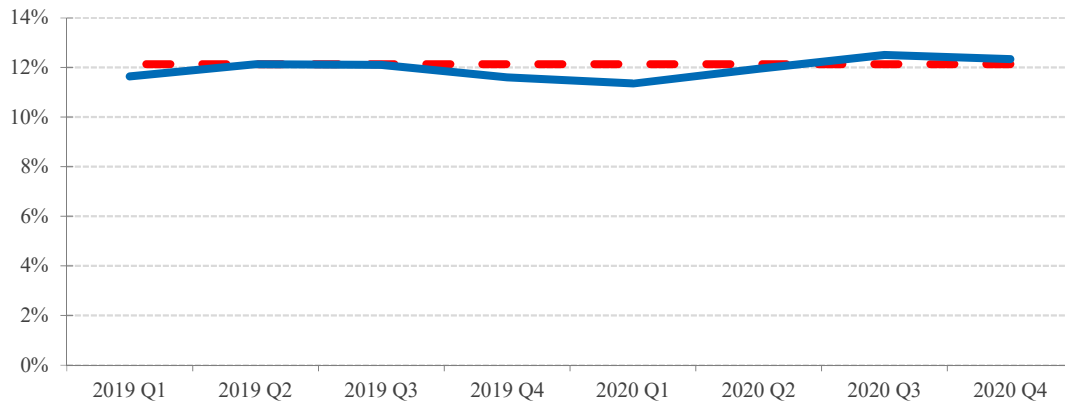
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

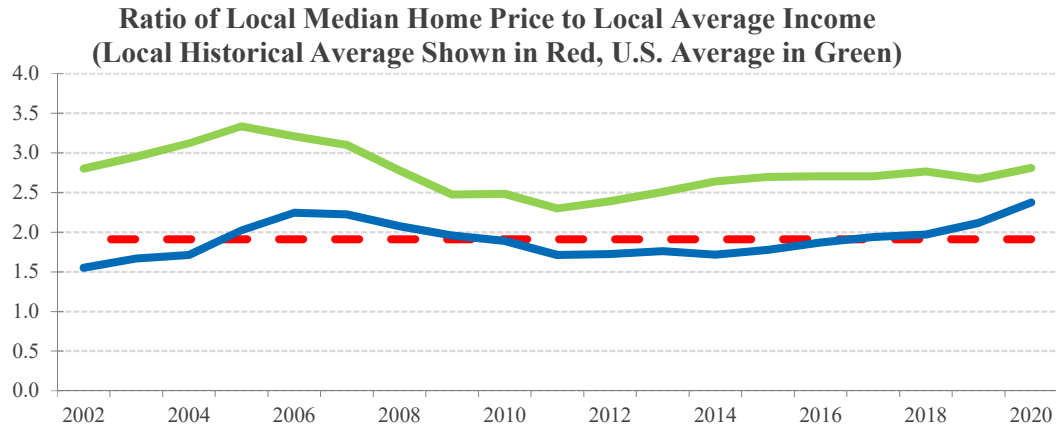


Monthly Mortgage Payment to Income	Spokane	U.S.	
Ratio for 2020	12.2%	14.4%	Weak by local standards, but better than the third quarter of 2020
Ratio for 2020 Q4	12.3%	13.7%	
Historical Average	12.1%	18.0%	More affordable than most markets

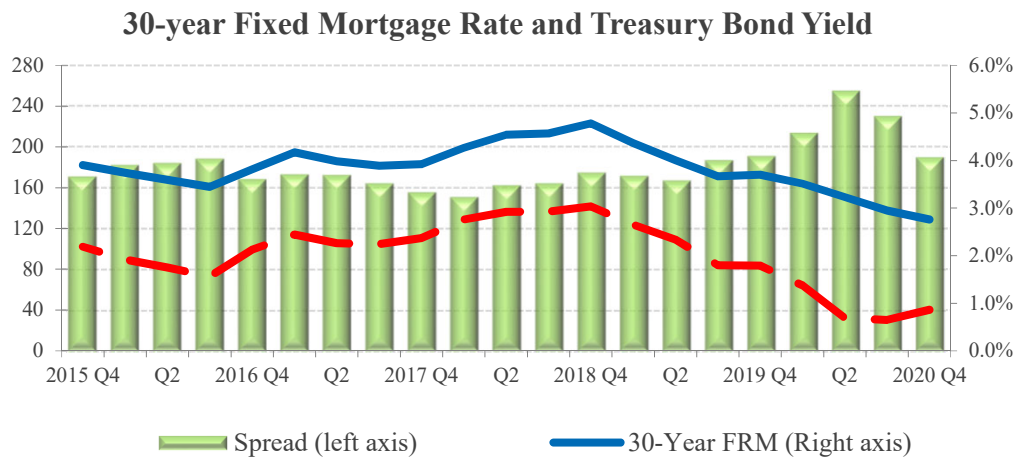
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Spokane	U.S.	
Ratio for 2020	2.4	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q4	2.5	2.8	
Historical Average	1.9	2.7	Affordable compared to most markets



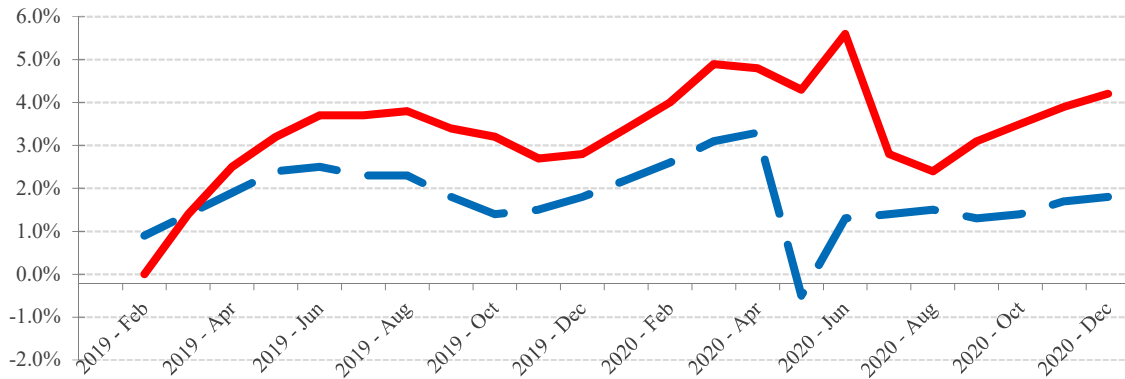
The Mortgage Market



In the fourth quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the pandemic. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.76 percent in Q4 2020 from 3.70 percent a year earlier. However, mortgage rates are expected to rise in 2021. As COVID-19 vaccine becomes widely available and additional policy support is on track, the re-opening of businesses will likely put upward pressure to prices. Following the trend of the 10-year Treasury yield, mortgage rates will also increase, but only slightly. NAR is forecasting the 30-year mortgage rate to average 3.0% for the first half of 2021.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Washington	U.S.	
2020 - Dec	4.0%	2.0%	REALTORS® expect higher price growth in Washington than in the U.S. in the next 12 months but their price expectations for the local market remained at the same level as a year ago.
Prior 12 months	4.0%	2.6%	

Geographic Coverage for this Report

The Spokane area referred to in this report covers the geographic area of the Spokane-Spokane Valley metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Pend Oreille County, Spokane County, Stevens County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/