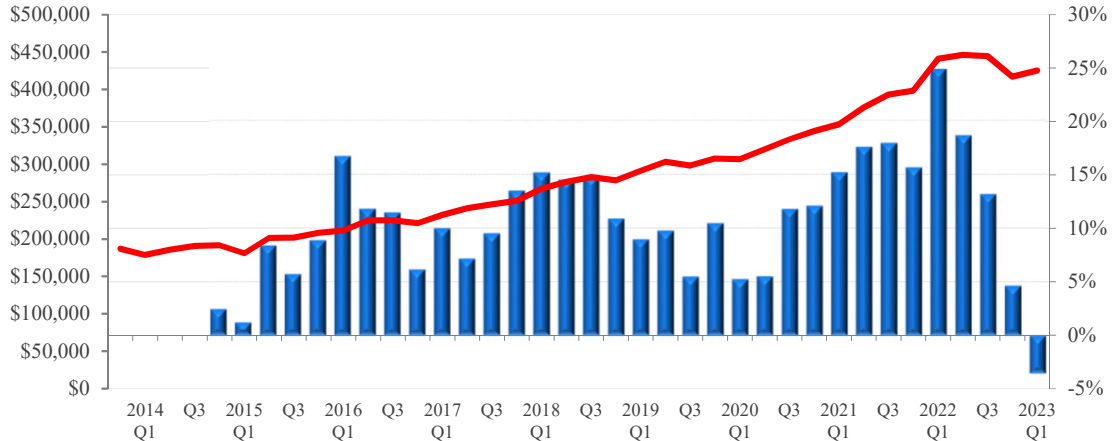


## Kennewick-Richland Area

### Local Market Report, First Quarter 2023

## Today's Market...

**Median Price (Red Line) and One-year Price Growth**



Local Price Trends			
Price Activity	Kennewick	U.S.	Local Trend
Current Median Home Price (2023 Q1)	\$425,400	\$366,733	Year-over-year price growth swung negative this quarter after growing last quarter
1-year (4-quarter) Appreciation (2023 Q1)	-3.5%	0.3%	
3-year (12-quarter) Appreciation (2023 Q1)	38.7%	34.6%	
3-year (12-quarter) Housing Equity Gain*	\$118,600	\$94,267	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$214,200	\$151,000	
9-year (36 quarters) Housing Equity Gain*	\$246,600	\$175,733	

\*Note: Equity gain reflects price appreciation only

	Kennewick	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$472,030	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	59%	not comparable	

Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Kennewick-Richland market is part of region 12 in the NAR governance system, which includes all of Montana, Idaho, Washington, Oregon, and Alaska. The 2023 NAR Regional Vice President representing region 12 is Connie Fogle.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



#### Total Equity Gained\*\* through 2023 Q1 from quarter in which home was of purchased

Price Activity	Kennewick	U.S.	Local Trend
1-year (4-quarter)	\$8,275	\$7,042	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$135,180	\$108,992	
5-year (20-quarter)*	\$180,252	\$143,305	
7-year (28 quarters)*	\$241,932	\$179,328	
9-year (36 quarters)*	\$275,621	\$206,734	

\*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...

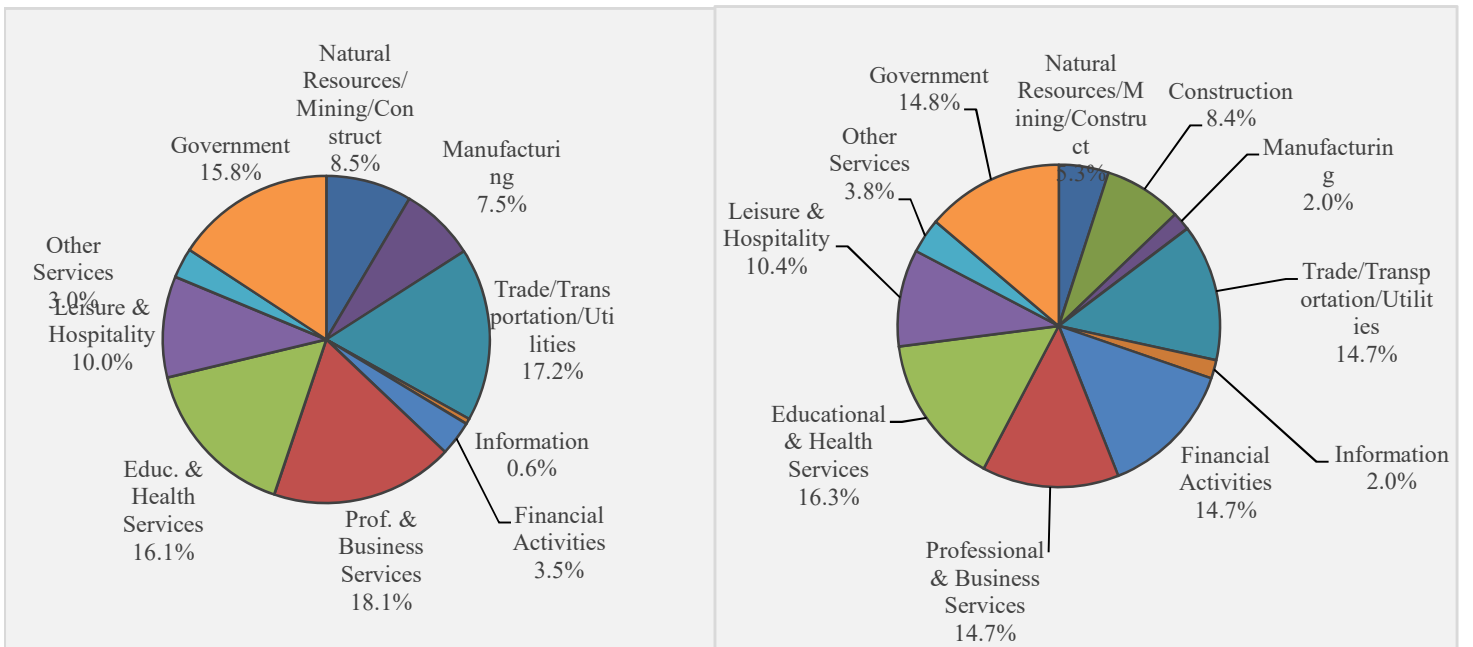


Local Economic Outlook	Kennewick	U.S.	
12-month Job Change (Mar)	4,300	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	4,700	Not Comparable	
36-month Job Change (Mar)	7,300	Not Comparable	Kennewick's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Mar)	5.8%	3.5%	
Year-ago Unemployment Rate	5.7%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	3.5%	3.8%	

## Share of Total Employment by Industry

Kennewick-Richland Area

U.S.



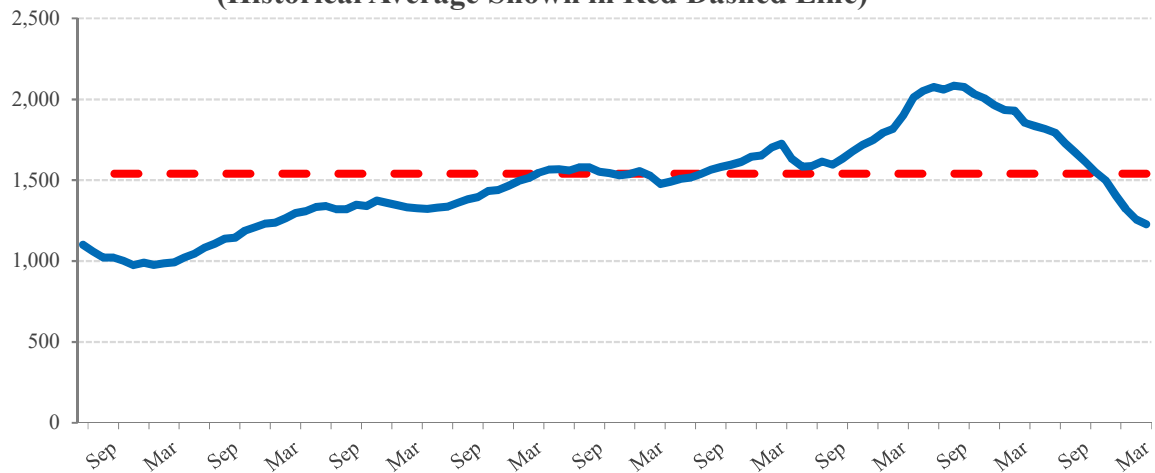
### 12-month Employment Change by Industry (Mar - 2023)

Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	-100	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	1,100
Construction	NA	Educ. & Health Services	900
Manufacturing	1,200	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	200	Government	800

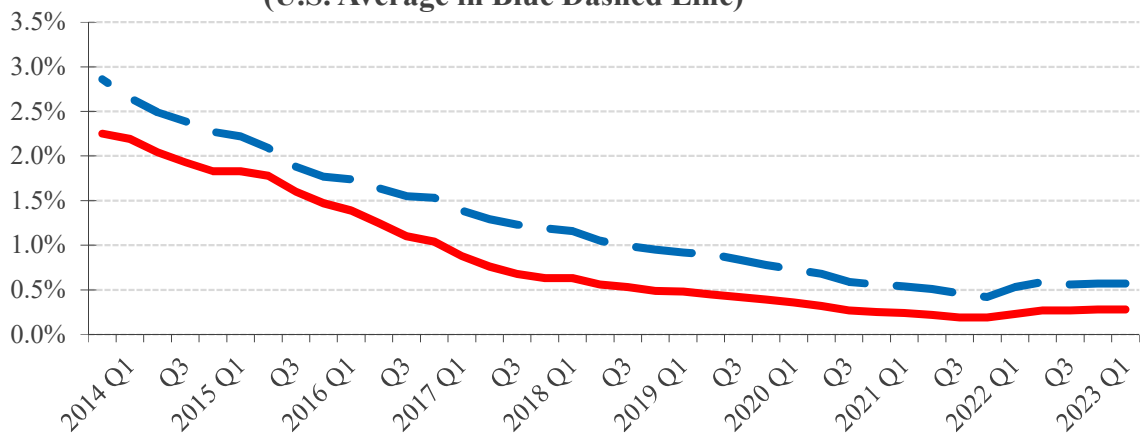
State Economic Activity Index	Washington	U.S.	
12-month change (2023 - Mar)	2.5%	3.8%	Washington's economy is growing, but decelerated from last month's 2.56% change and lags the rest of the nation
36-month change (2023 - Mar)	9.9%	6.7%	

New Housing Construction			
Local Fundamentals	Kennewick	U.S.	
12-month Sum of 1-unit Building Permits through Mar	1,228	not comparable	The current level of construction is 20.3% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,540	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-33.8%	-21.2%	Construction is down from last year, but appears to have bottomed.

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

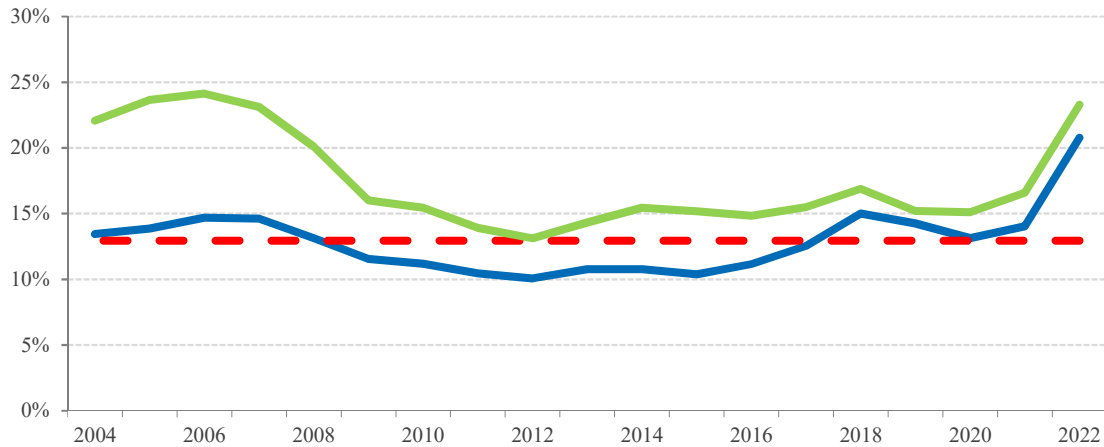


**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



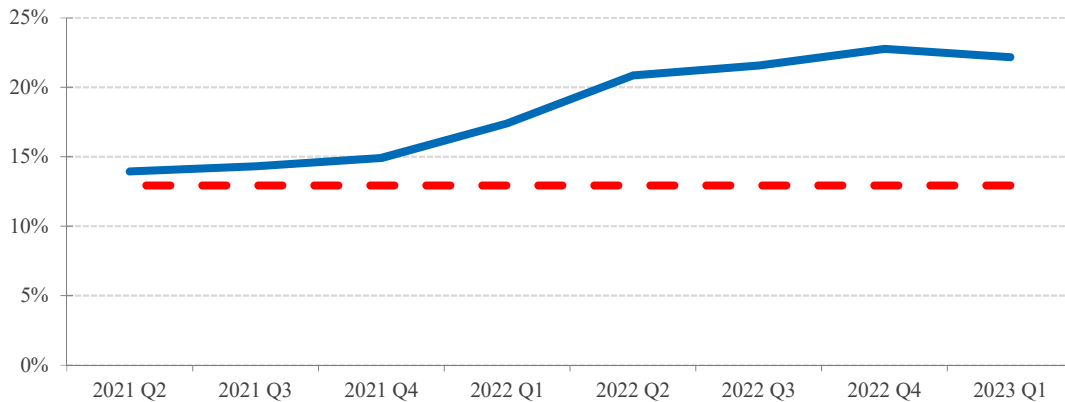
# Affordability

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

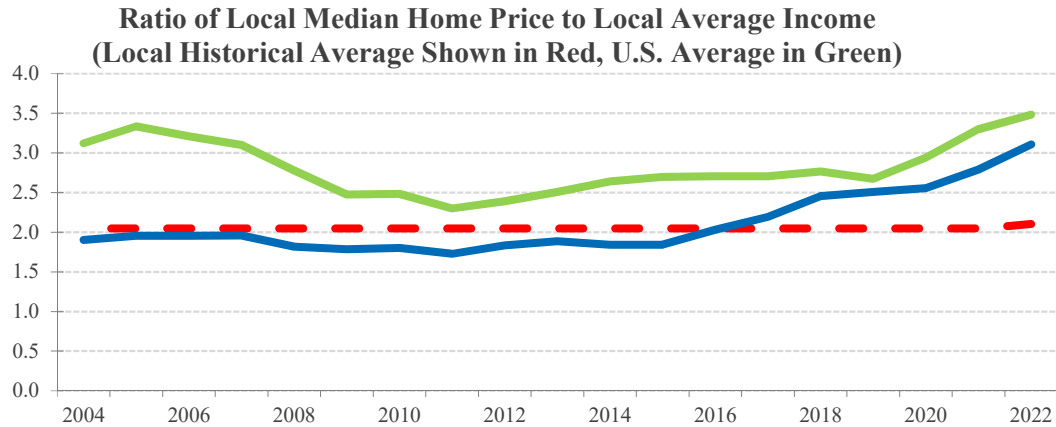


Monthly Mortgage Payment to Income	Kennewick	U.S.	
Ratio for 2022	20.8%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2023 Q1	22.2%	23.3%	
Historical Average	12.9%	17.8%	More affordable than most markets

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



Median Home Price to Income	Kennewick	U.S.	
Ratio for 2022	3.1	3.5	The price-to-income ratio eased, but could be better
Ratio for 2023 Q1	3.0	3.1	
Historical Average	2.1	2.8	Affordable compared to most markets



## The Mortgage Market



After surpassing twice the 7 percent threshold at the end of 2022, mortgage rates fell in the beginning of 2023. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate dropped to 6.36% in the first quarter of 2023 from 6.69% the previous quarter. Nevertheless, rates continue to be 1.7 times higher than the previous year (3.79%). Although rates will continue to fluctuate in the following months, with inflation easing further and the Federal Reserve expected to pause its rate hikes soon, mortgage rates will stabilize near 6% in the second half of the year. NAR forecasts the 30-year fixed mortgage rate to average 6.3% and 6.1% at the second and third quarter of the year, respectively.

## Geographic Coverage for this Report

The Kennewick area referred to in this report covers the geographic area of the Kennewick-Richland 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:

**Benton County and Franklin County**

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

