



A turning point in the economy - What to celebrate and what to worry about.

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A rock and hard place: inflation VS full employment

Heading back to normal? Or headed to a hard landing?

Knock on wood, but could this be it?

Hospital resource use
in the State of
Washington:

Produced by the
Institute of Health
Metrics and
Evaluation (IHME) at
Univ of WA, this is my
go to source for
COVID-19 data and
modeling

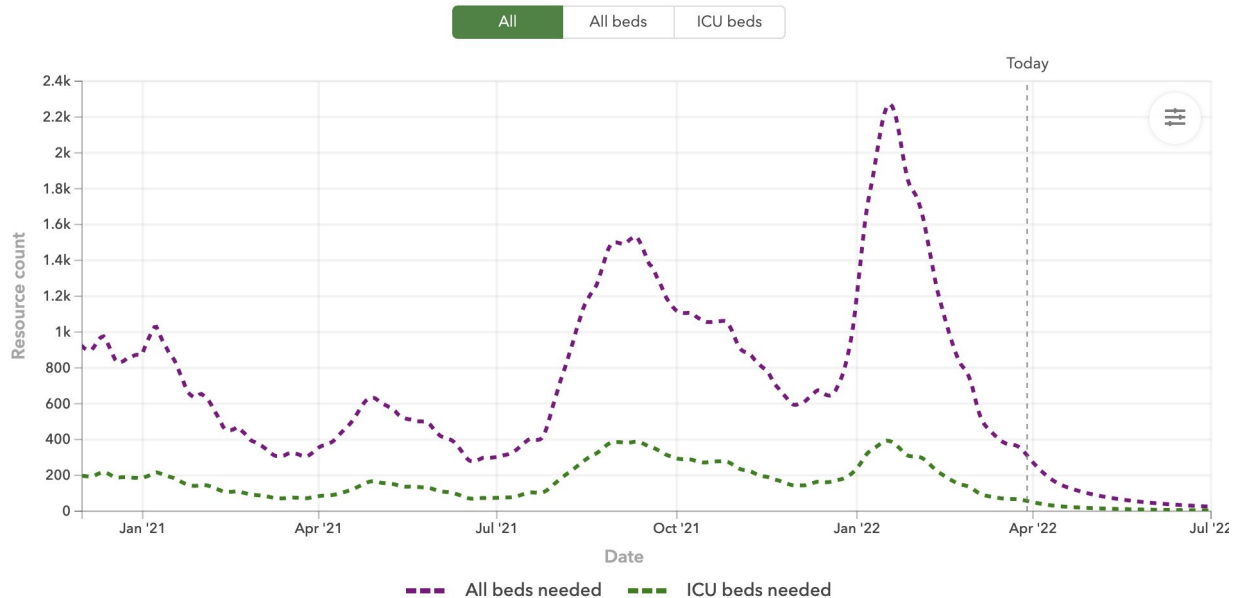
Hospital resource use [↗](#)

[Trend](#)

[Compare](#)

[Map](#)

Hospital resource use indicates how equipped a location is to treat COVID-19 patients for the **Current projection** scenario. Select **All beds** or **ICU beds** for descriptions of each measure.



All resources specific to COVID-19 patients.

Heading back to normal? Or headed to a hard landing?

Not just supply-chain problems any more; inflation widespread

Consumer Price index, CPI:

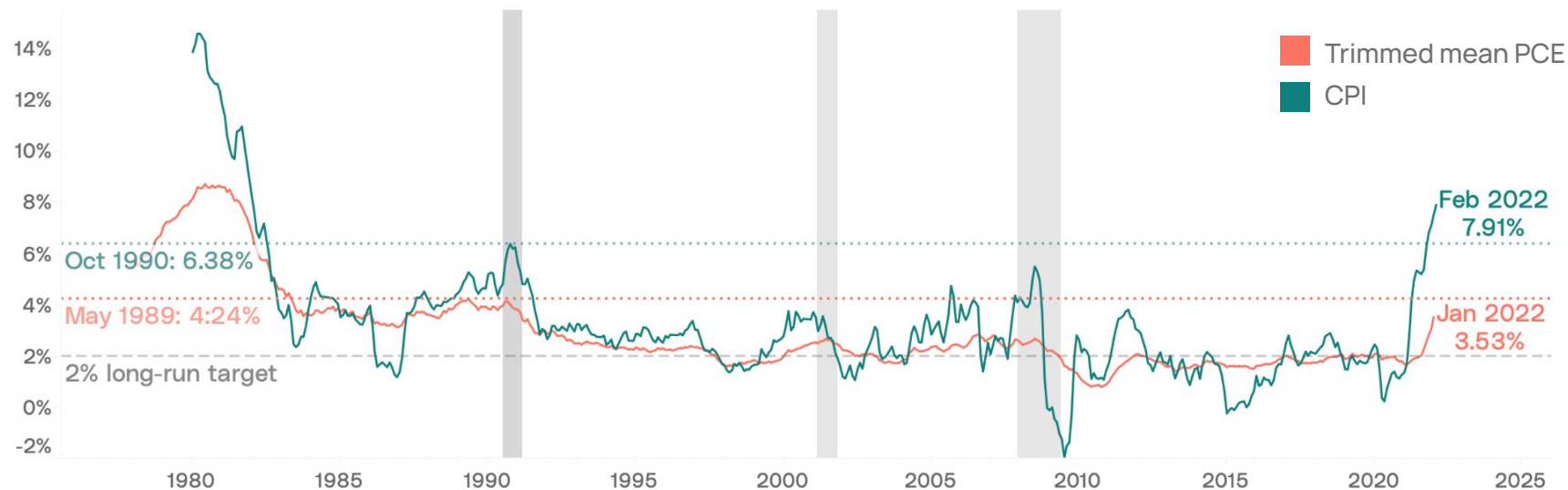
A measurement of prices that fixes the products you buy to track just prices

Personal Consumption Expenditure, PCE:

Like the CPI, but allows you to substitute between similar goods to avoid price spikes.

Trimmed mean PCE:

Like the PCE, but also eliminate the good with the worst price spikes to target core inflation



Source: Reserve balances reported by the Board of Governors of the Federal Reserve System, price indices created by the BLS, BEA, and the Dallas Fed, and mortgage rates created by Freddie Mac with their Primary Mortgage Market Survey (PMMS). All drawn via APIs hosted by FRED.org.

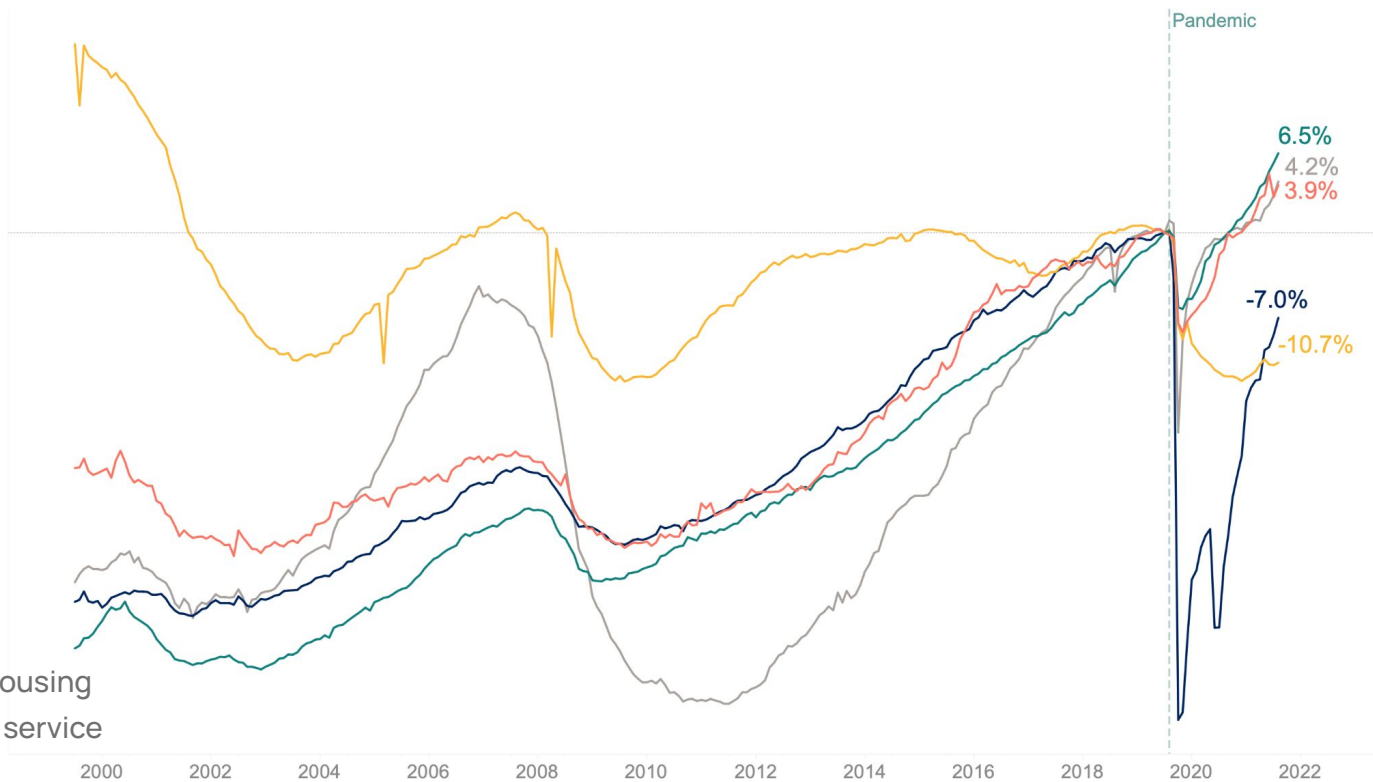
Heading back to normal? Or headed to a hard landing?

Unfortunately not ALL of us are back yet.

Washington
employment since
January 2020:

**Unemployment is
back down to 4.3% in
WA, but that misses
those missing from
the labor force all
together**

- Office-using industries
- Construction
- Transportation & warehousing
- Accommodation & food service
- Manufacturing



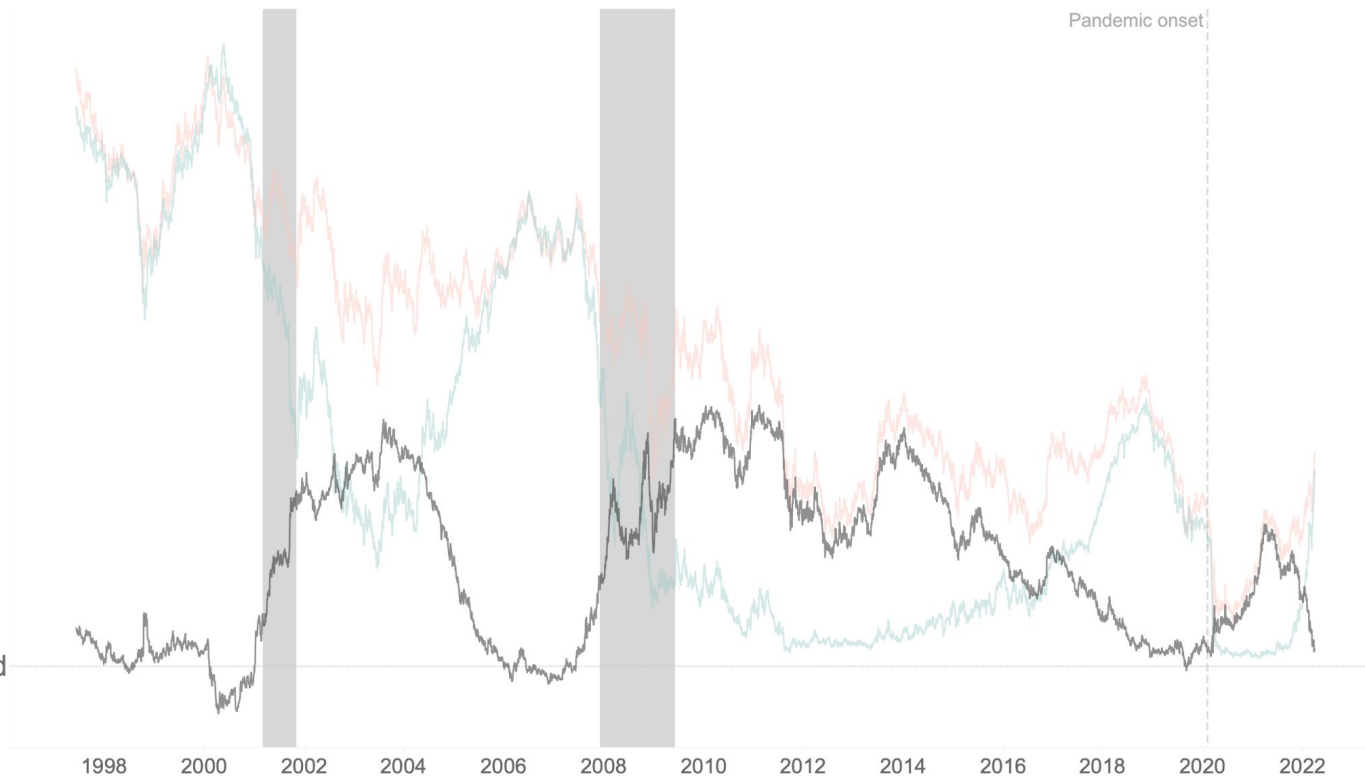
Heading back to normal? Or headed to a hard landing?

The market is starting to reflect fears of recession

10-2 year Treasury spread:

When the 10-2 Treasury spread goes down to zero, that means the market is starting to feel pessimistic about the immediate future.

■ 10-2 year Treasury Spread
■ 10-year Treasury Rate
■ 2-year Treasury Rate



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The housing lens

Heading back to normal? Or headed to a hard landing?

Mortgage rates jumped during January and February

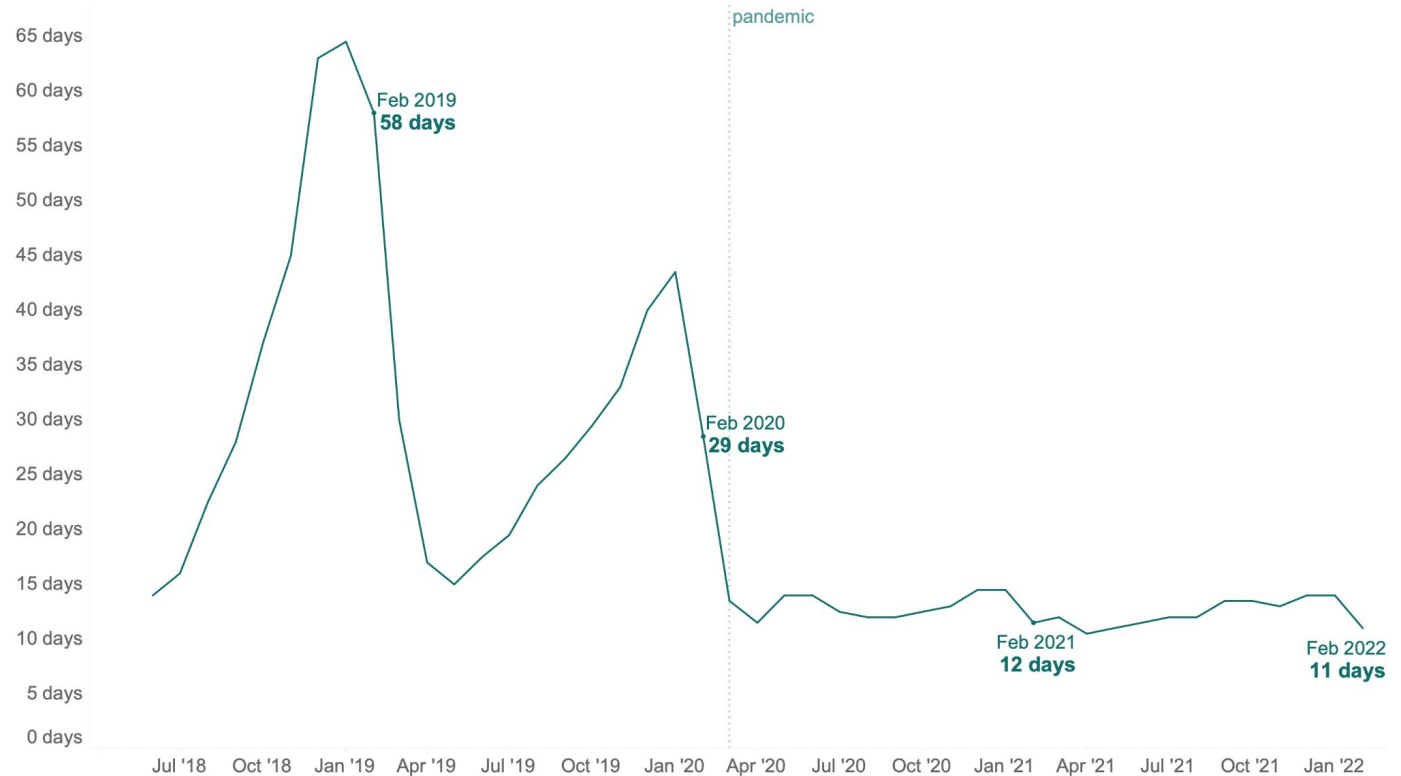
May 2018 to March 2022:
Average mortgage rate
for prime borrowers



New “normal” for time-on-market continues

Time on market in
Bemerton Metro:

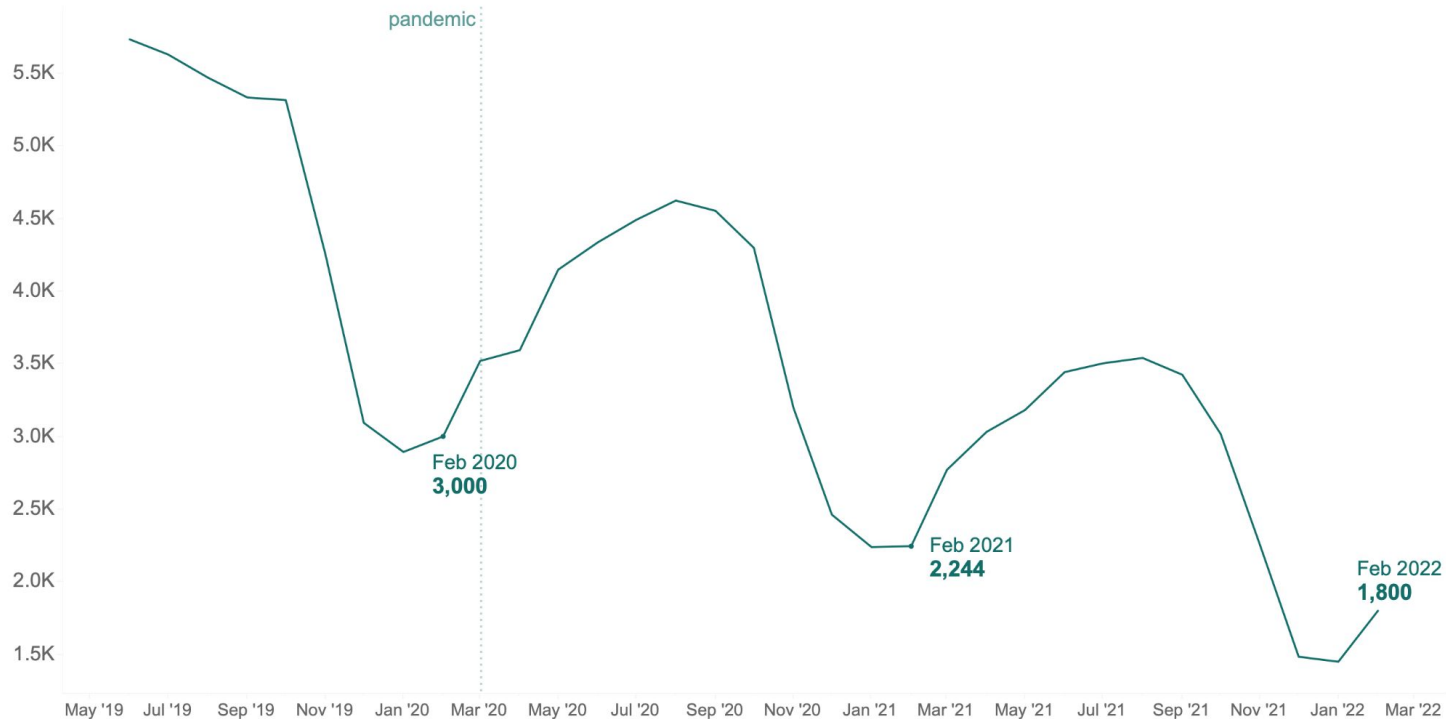
**Fierce demand
snaps up homes
in less than half
the time**



Maybe some slight signs of slowing over February

Daily inventory across
Bremerton metro:

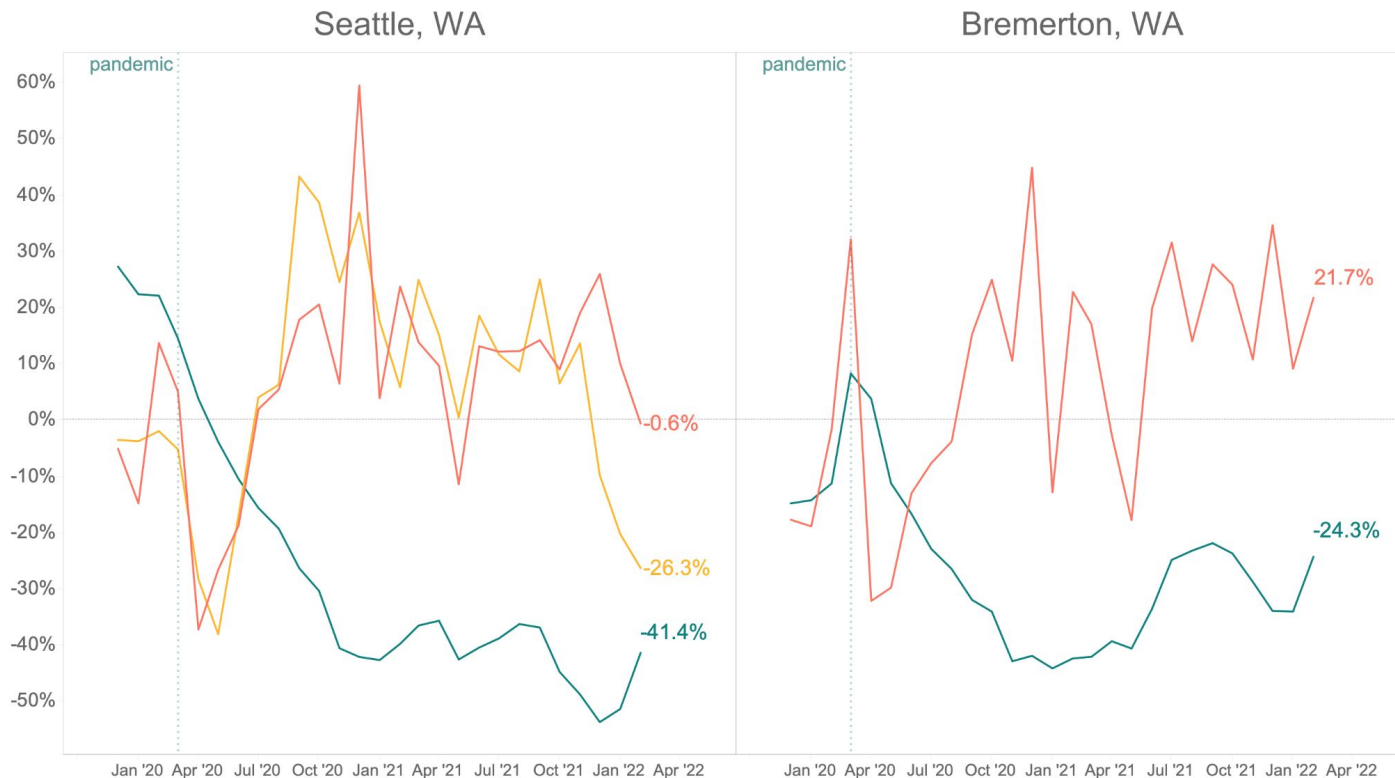
**The pool of homes
available on any
given day driven to
record lows, but
potentially coming
back up as housing
slows down**



New listings in Bremerton avoids interest rate lock-in so far

Watching listing and sales behavior to tease out buyer sentiment

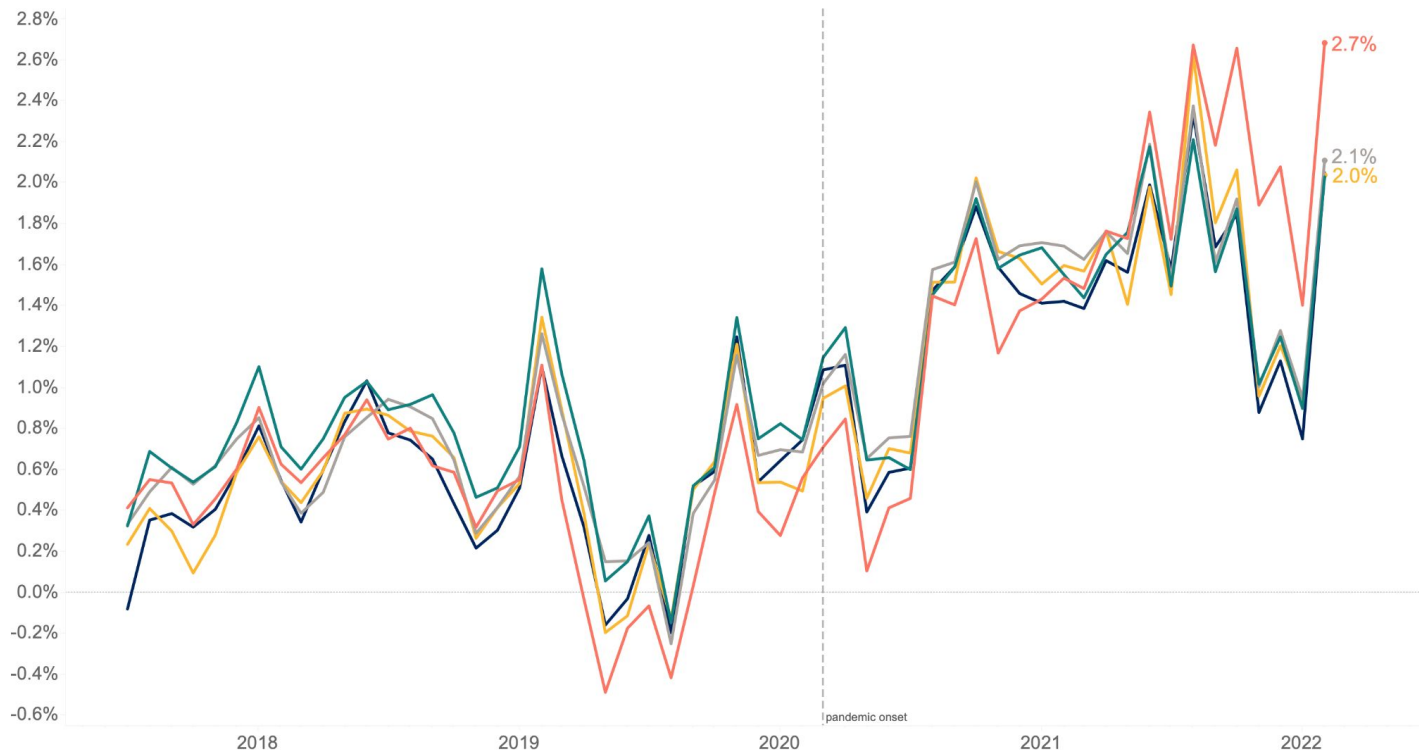
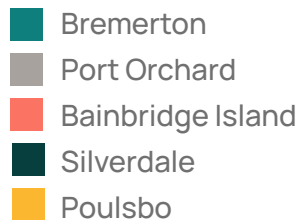
■ New listings
■ Home sales
■ Daily inventory snapshot



Housing demand in Kitsap county cities still charging forward

City level home value appreciation estimates from Zillow:

Clear shift from last year, with Kitsap County cities maintaining their demand



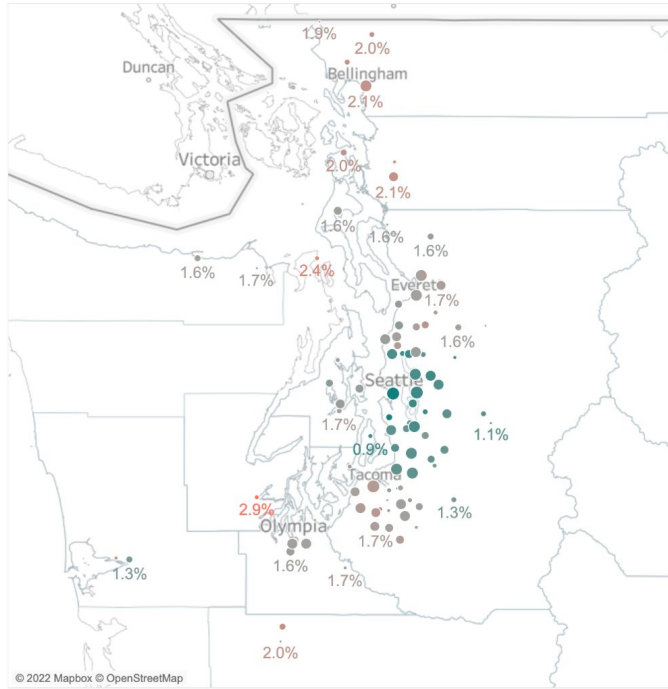
A signal that remote work is waning or the rush of the affluent?

City level home value appreciation estimates from Zillow:

Clear shift from last year, with Kitsap County cities maintaining their demand

Note: 2% monthly annualizes to 26.8%!

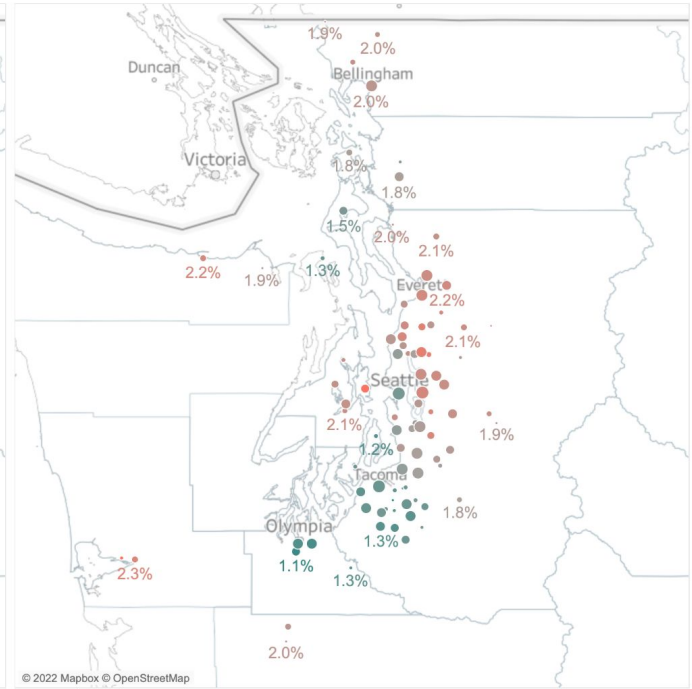
Monthly home value appreciation: February 2021



0.4%

2.9%

Monthly home value appreciation: February 2022



0.8%

2.7%

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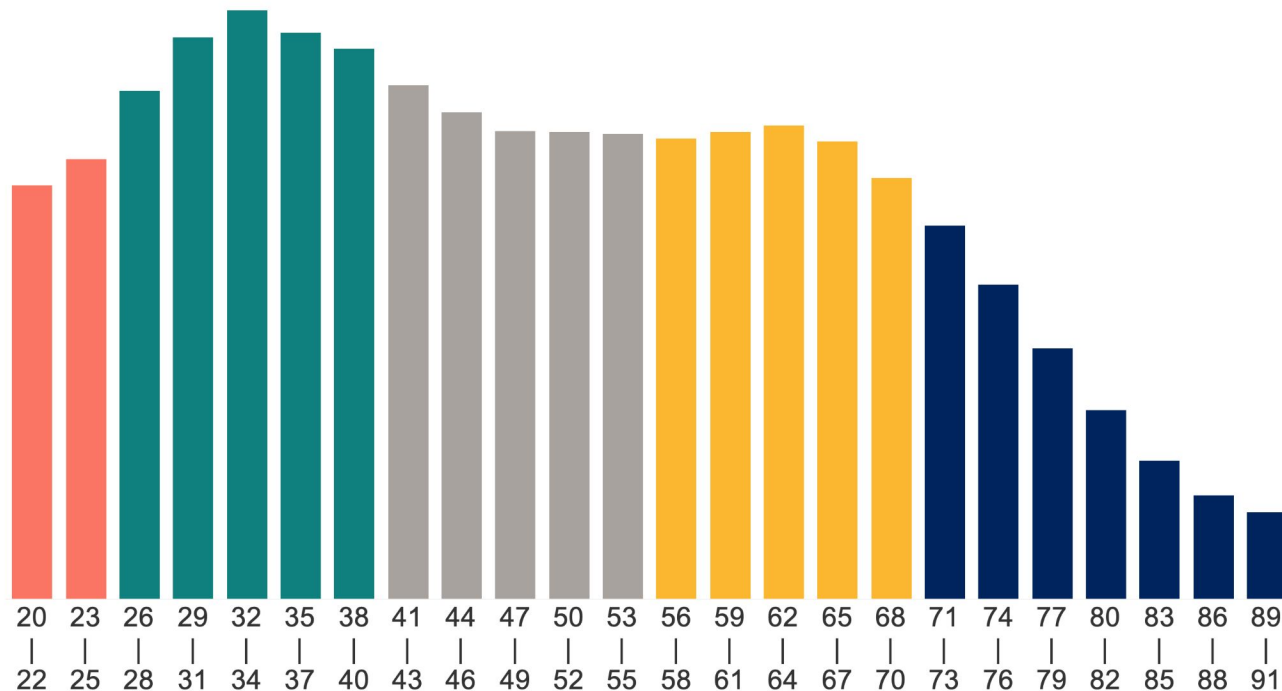
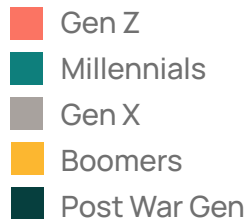
Final Thoughts (yeah, right)

PNW has good legs

Primed to continue attracting people from outside

2019 age distribution
for Washington State:

Each bar gives the
number of residents
in a 3-year age bin.



Decision Center

Tomo Economics' automated data sourcing and visualization dashboards allowing users to interact with critical housing data.

- [New listings forecast and time on market](#)
- [Interactive graphic to help talk about rates rising](#)
- [Interactive graphic to explore U.S. affordability](#)

Thank you from
TOMO Economics

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