



FOR IMMEDIATE RELEASE

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Housing inventory reaches record low, but brokers expect spring bounce

KIRKLAND, March 6, 2017) – Home buyers are in a spring mood, but sellers are still hibernating, suggested one broker while commenting about the latest statistics from Northwest Multiple Listing Service. Figures for February and feedback from brokers indicate record-low inventory is spurring multiple offers, rising prices, fewer sales, and frustrated house-hunters.

Year over-year pending sales (mutually accepted offers) declined for the first time since March 2016, falling 8.9 percent. Eight counties, including King and Snohomish, reported double-digit drops in pending sales as the volume of new listings couldn't keep pace with demand.

During the past three months, brokers have added 17,572 new listings to inventory, down only 5.7 percent when compared to the same three-month period of a year ago. During the latest December-to-February timeframe, MLS members reported 22,393 pending sales, far outpacing the number of new listings.

“Our robust market has created extreme conditions, and we're seeing frenzy hot activity on each new listing coming on the market,” reported J. Lennox Scott, chairman and CEO of John L. Scott. “We're also experiencing some of the lowest inventory levels on record,” he noted.

In fact, a check of Northwest MLS records dating to 2004 shows no other month when the number of active listings dipped below the 10,000 mark – until last month.

At the end of February, there were 9,091 active listings in the Northwest MLS system, which encompasses 23 counties. That represents a drop of nearly 25 percent from the year-ago total of 12,107.

“Home sellers and buyers are complaining equally about the current market's low inventory,” remarked MLS director George Moorhead, designated broker at Bentley Properties. “Sellers are frustrated when they cannot find another home to match their current needs, or when a home goes off market so fast that the option of a contingent sale is not even considered,” he stated.

Buyers have been grumbling about the market for the past two years, Moorhead said. “That mood has escalated into a panic as other buyers up the ante – at times to a level that even causes real estate professionals to shake their heads,” he remarked.

Brokers believe seasonality is a factor, with several saying they are expecting an uptick in listings.

“For buyers, hope springs eternal, but the sellers are still hibernating,” suggested John Deely, the principal managing broker at Coldwell Banker Bain. “We've been experiencing continued high buyer demand as the spring market takes off early but sellers are on a more traditional schedule as listings slowly ramp up,” he reported, adding, “Sellers that have come to market ahead of the traditional spring market are reaping the benefits of less competition [from others who are selling] and a highly competitive buyer pool.”

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Deely said anecdotal information indicates many sellers are preparing their properties for the more traditional listing time around May.

That expectation was echoed by fellow MLS director Frank Wilson, the branch managing broker at John L. Scott in Poulsbo, and by Lennox Scott.

Scott expects inventory to start rising in March, but he also anticipates the number of buyers will increase too. "It will continue to be a competitive market in the more affordable and mid-price ranges," he predicts.

"The spring market in Kitsap is a little like waiting for the tulips to begin coming up. We have the buyer demand but the inventory has not started springing up yet," commented Wilson. "Open houses have a lot of traffic and we are seeing multiple offers on new listings that are priced correctly."

Wilson noted Kitsap County is seeing an increase in investor type buyers as they anticipate the impact of the new fast ferry system, now in the beginning stages of roll-out. "Access directly to Seattle on a fast foot ferry will have a large impact on Kingston, Bremerton, and Port Orchard, while hopefully reducing the pressure on the Bainbridge Island terminal," he stated.

"What many don't realize is that while a lack of inventory might help a seller get more for their home, it has a downside," according to Wilson. "It can cause potential sellers not to list, appraisals to come in low, buyers to lose out to multiple offers, VA and FHA buyers to take second chair to cash or conventional loans, and a general frustration from lack of choice. A balanced market is always preferable to this unbalanced state of things," he remarked.

Scott agreed, saying, "Some potential sellers are currently parked in a gridlock position because they are afraid to put their home on the market for fear they either won't find a home, or they will find themselves in a multiple offer situation. This has stalled the migration pattern of sellers who would normally be putting their homes on the market."

Moorhead suggested one tactic for buyers, given the historic low levels of inventory, is to start looking below the price point they've been considering. "Getting into a home and then moving up in 3-to-5 years is becoming a more common theme as most buyers cannot secure the home they wish to be in long-term. This is a definite shift in mindset since the average homeowner typically lives in a home 7-to-10 years."

Brokers expect little relief in rising prices.

"Home sellers are benefitting from the perfect storm of market conditions, but as the ongoing low inventory levels and precipitous drop in pending sales indicate, there simply are not enough homes to meet the demand of buyers. All of this is pushing up home prices faster than anywhere else in the country and will continue to do so if we don't see more homes come on the market this spring," said OB Jacobi, president of Windermere Real Estate.

"With less than a two month supply of inventory, we will continue to see price escalation," stated Wilson, who noted prices on closed sales of single family homes and condos in Kitsap County, where his office is situated, are up 10 percent from a year ago. That county has about 1.4 months of supply, third lowest among the 23 counties in the MLS database.

Both King and Snohomish County had less than one month of supply. Area-wide there was about 1.7 months of supply. (In general, four-to-six months of supply is considered balanced.)

Year-over-year prices are up nearly 8.9 percent area-wide, with 13 counties reporting double-digit gains. The median price for last month's 5,374 closed sales of single family homes and condos (combined) was \$335,000. Closed sales volumes rose nearly 6.9 percent from a year ago.

In King County -- one of only four counties where the volume of closed sales fell from a year ago -- prices jumped 14.1 percent, climbing from \$439,950 to \$502,000. Despite the drop, King County's year-to-date total of 3,803 closed sales is running 7.3 percent ahead of the first two months of 2016. System-wide, the number of completed transactions for January and February is up 12.3 percent. Deely believes those figures indicate the "fast pace, high velocity market" will continue to grow in 2017.

For single family homes (excluding condos), the median selling price in King County was \$560,000. That's a gain of more than 8.7 percent from the year-ago figure of \$514,975.

Snohomish County prices spiked more than 18.2 percent, rising from \$327,500 to \$387,250. For single family homes only, prices in that county increased 14.9 percent, from \$359,000 to \$412,500.

"At this point it appears that those seeking to stay in 'commuter counties' that surround the job hub of King County have the best opportunity to do so in Pierce County," suggested Mike Grady, president and COO of Coldwell Banker Bain. "However," he noted, "inventories in Pierce County are shrinking at a high rate as well (down nearly 24 percent), suggesting that demand is pushing southward to Tacoma/Pierce County. That will likely cause sales prices to spike in the future, so this opportunity may not last long."

The median price on last month's sales in Pierce County rose to \$274,950 from \$249,250 for a gain of 10.3 percent. That's about 55 percent of the price in King County (\$502,000), Grady noted. Single family home prices (excluding condos) in Pierce County (\$280,000) were half the price in King County (\$560,000).

Area-wide prices on last month's completed transactions for condo sales rose 6.2 percent from a year ago, increasing from \$275,000 to \$292,000. King County condo prices increased 5.1 percent to \$340,500.

Condo inventory plunged 33.2 percent, most notably in King County where brokers reported a sharp drop, at 41.5 percent. At month end there were only 759 condos listed for sale, down from the year-ago total of 1,136 units.

Sparse inventory of condos system-wide likely contributed to a 14.8 percent decline in pending sales. Brokers reported 1,063 pending sales of condos during February while adding 915 new listings. A year ago, members logged 1,247 pending sales and added 1,099 new listings to condo inventory.

Asked about recent news reports of immigrants backing out of home purchases in reaction to the President's immigration policies, brokers had mixed comments.

"While we're hearing from our brokers about buyer uncertainty related to those holding H-1B work visas (for temporary employees) and those who are undocumented residents, we don't at this point see a significant effect on the market. Until we have clarity around the Trump Administration's executive orders on immigration, it's impossible to know what effect they may have," said Grady.

Moorhead said there is a "distinct ripple being felt," but added, "We do anticipate many buyers with the H-1B visa to start cooling their interest until clarity is given to how this new policy will shake out."

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership of more than 2,200 member offices includes more than 26,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

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Sources quoted and charts of summary statistics - next page

Statistical Summary by Counties: Market Activity Summary – February 2017

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			*Months of Inventory	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	2,389	1,731	2,673	1,793	\$614,587	\$502,000	0.97	1.33
Snohomish	1,083	840	1,296	904	\$413,062	\$387,250	0.93	1.47
Pierce	1,217	1,416	1,616	985	\$299,095	\$274,950	1.44	2.15
Kitsap	319	540	439	273	\$324,544	\$280,781	1.98	2.26
Mason	94	263	120	82	\$212,000	\$190,000	3.21	4.09
Skagit	183	299	229	134	\$320,220	\$275,800	2.23	3.74
Grays Harbor	88	387	122	74	\$149,424	\$144,950	5.23	6.52
Lewis	98	243	136	71	\$171,011	\$155,000	3.42	6.64
Cowlitz	100	143	133	88	\$218,532	\$215,950	1.63	3.03
Grant	59	274	80	37	\$178,653	\$170,000	7.41	10.03
Thurston	379	577	482	306	\$279,528	\$265,000	1.89	2.86
San Juan	28	180	24	19	\$666,468	\$534,000	9.47	12.89
Island	146	280	181	105	\$351,152	\$320,000	2.67	3.50
Kittitas	55	142	63	61	\$327,809	\$262,000	2.33	4.59
Jefferson	43	192	62	34	\$333,844	\$281,500	5.65	7.14
Okanogan	27	236	24	24	\$180,000	\$154,000	9.83	14.83
Whatcom	246	503	278	185	\$357,179	\$319,630	2.72	4.55
Clark	32	53	31	25	\$335,852	\$308,000	2.12	2.50
Pacific	46	189	46	39	\$191,095	\$175,000	4.85	8.11
Ferry	5	54	3	1	\$32,000	\$32,000	54.00	52.00
Clallam	81	194	93	61	\$263,543	\$225,000	3.18	4.80
Chelan	56	181	62	43	\$498,975	\$400,000	4.21	7.67
Douglas	38	62	32	13	\$290,569	\$279,000	4.77	4.41
Others	36	112	22	17	\$142,238	\$159,000	6.59	14.30
Total	6,848	9,091	8,247	5,374	\$421,349	\$335,000	1.69	2.41

Next page: 4-county Puget Sound Region Pending Sales (SFH + Condo combined)

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
2016	5420	6703	8130	8332	9153	8869	8545	8628	7729	7487	6115	4727
2017	5710	6024										

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