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**Housing market back to “pressure cooker situation,”
but brokers remind sellers “pricing is still important”**

KIRKLAND, Washington (April 5, 2018) – Job growth and a recent run-up in mortgage rates has created an “extremely intense market for each new listing,” stated J. Lennox Scott, chairman and CEO of John L. Scott Real Estate in commenting on the latest statistics from Northwest Multiple Listing Service.

MLS figures for March show a surge in both new listings and pending sales compared to February as the spring market heats up. Compared to a month ago, pending sales climbed more than 29 percent (from 7,980 in February to 10,311 in March), while the volume of new listings jumped more than 45 percent from February to March.

“What used to be a quick action market for buyers is now, once again, an instant response market, and this has been the case since the first of the year,” remarked Scott, adding “This is especially true in the more affordable and mid-price ranges in all markets, and also pertains to luxury properties close to the job centers.”

Whether defined as \$1 million or more or \$2 million-plus, Northwest MLS figures confirm sales of luxury homes are surging. A comparison of first quarters show the year-over-year volume of sales of homes priced at \$2 million or more is up 30 percent. Members reported 136 such sales during first quarter 2017; this year, the number is 177. For homes priced at \$1 million or more, sales rose from 941 during first quarter last year to 1,204 this year, a gain of nearly 28 percent.

Prices overall are up about 13.2 percent from a year ago, and even more so in the four-county Puget Sound region. Among these four counties, Kitsap had the largest year-over-year increase at 19 percent, but King County homes are still the priciest. The median price for last month’s sales of single family homes and condos combined in King County is \$625,000, up 17.9 percent from a year ago. For single family homes, excluding condos, the median price for last month’s sales was \$689,950.

Year-over-year prices are up more than 18 percent in Pierce County and about 14.3 percent in Snohomish County.

Commenting on rising prices, veteran broker Mike Grady said “The market continues to trend hot” with no apparent end in sight. The slight rise in mortgage interest rates since January 1 could mean “some minor impact on non-cash first-time homebuyers,” he suggested, adding, “Only time will tell.” Grady, the president and COO of Coldwell Banker Bain, said his company’s tracking and analysis based on average prices (instead of median prices) shows that “along the I-5 corridor, our average sales price is tracking slightly higher than what the NWMLS median sales prices show.”

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Northwest MLS member brokers continue to scramble to replenish supply. They added 10,595 new listings during March, slightly more than a year ago when they added 10,321 properties to the selection. Last month's additions marked a big gain from February when 7,284 new listings were added.

As has been the pattern, pending sales nearly equaled the number of new listings. Brokers reported 10,311 pending sales last month, a slight drop from the year-ago figure of 10,415. Tight inventory may be to blame as the number of total active listings stood at 8,825 at month end, down nearly 9.7 percent from the year-ago total of 9,772. Fourteen of the 23 counties in the Northwest MLS market area reported drops in pending sales.

"We have returned to an extremely intense market for each new listing due to extremely strong job growth and eager buyers who want to purchase before interest rates go higher," Scott reported. "The housing market is back to a pressure cooker situation and we are witnessing high levels of sales activity intensity for each new listing coming on the market," he commented.

Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma, commented on the frustration many would-be homebuyers are experiencing. "I think this last quarter especially, many buyers are feeling like they brought a knife to a gunfight, there's been so much competition to buy a home."

The tri-county area comprised of King, Snohomish and Pierce counties added essentially the same number of new listings during first quarter 2018 as the same period a year ago, Beeson noted, while the actual number of sales dropped slightly. "Why? Because there are too few properties for sale and rental rates are through the roof. People are desperate to find a home," he stated. He likened the situation to Nordstrom not being able to keep their clothing racks filled because customers storm the store each day buying everything that's available.

Housing inventory remains well below "normal" ranges based on a level of 4-to-6 months of supply used as an indicator of a balanced market. Area-wide, Northwest MLS figures show there is about 1.2 months of supply, with four counties reporting less than a month's supply. Snohomish has the sparsest selection at 0.67 months, followed by King (0.83 months), Kitsap (0.95 months), and Pierce (0.99 months).

"Despite the low inventory and sellers' market, proper pricing is still important," emphasized John Deely, principal managing broker at Coldwell Banker Bain in Seattle.

"In March we saw more listings where sellers pushed the price envelope causing the property to go past their offer review date with no offers in hand," Deely reported. "It is not uncommon for buyers to consider a property on the market over 10 days as having something wrong with it," he added.

Nevertheless, Deely said many buyers are returning from taking a break during the winter after having lost out on several attempts to win in the multiple offer competition. "Throwing caution to the wind, these seasoned veterans of the multiple offer bidding wars are pulling out all the stops (contingencies) to win."

Rising interest rates and keen competition are motivating some buyers to make compromises, according to George Moorhead, designated broker at Bentley Properties.

"I was asked recently why some communities are seeing a higher sales volume than last year," Moorhead stated. "I explained this was simple logic with buyers in that instead of competing at their maximum price point in closer in communities and losing out on the perfect home, they compete in a lesser priced area where they can be more aggressive on the better homes in those areas. They may compromise on schools, public services, and commute times, but the opportunity of ownership increases significantly. The second key reason is that 30-year mortgage interest rates have increased .5% since the beginning of the year which erodes home affordability and pushes some buyers out of market places."

Commenting on the uptick in interest rates, the president of a mortgage firm who trains brokers around the country recently noted, “While \$100 a month might not sound like too much, it might adjust a client’s debt-to-loan ratio, which could push the size of a house they can afford down by \$40,000 or \$50,000.”

Moorhead dismissed “chatter about a looming real estate bubble” based on prices and what used to be the norm. “The key is to understand the normal cyclical pattern of our real estate market. A healthy market has corrections and booms with a mix of flattening cycles,” he stated, noting “Markets without these healthy cycles have catastrophic events much like we experienced in 2007 to 2011.”

Instead of competing in today’s market, some current owners are opting to remodel. “We are getting more and more requests for quality contractors for current homeowners looking to make updates to their home, instead of trying to move up to a better home or community,” Moorhead said. “Just in the last 30 days we know of 12 homeowners starting home improvements in the \$100,000 and up range, more out of sheer frustration that they cannot find or secure a move-up home to purchase. What this means on the larger scale is a continued lack of inventory coming on the market to feed the voracious appetite of the buyers in our marketplace.”

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 28,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

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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	3,885	2,060	3,465	2,479	\$740,5	\$625,000	0.83	0.78
Snohomish	1,576	783	1,578	1,166	\$487,307	\$452,450	0.67	0.76
Pierce	1,767	1,350	1,856	1,369	\$347,666	\$342,500	0.99	1.13
Kitsap	422	354	474	372	\$396,234	\$339,225	0.95	1.36
Mason	153	199	150	91	\$242,913	\$240,000	2.19	2.82
Skagit	235	301	240	157	\$367,375	\$346,150	1.92	1.77
Grays Harbor	186	360	181	103	\$202,006	\$189,000	3.50	4.04
Lewis	119	211	138	105	\$219,751	\$225,000	2.01	2.18
Cowlitz	135	154	159	110	\$245,988	\$242,500	1.40	1.39
Grant	133	239	140	90	\$192,167	\$198,475	2.66	4.85
Thurston	569	469	582	415	\$318,910	\$300,000	1.13	1.38
San Juan	48	175	30	21	\$478,313	\$500,000	8.33	8.50
Island	207	272	207	138	\$375,360	\$339,700	1.97	1.78
Kittitas	107	146	83	59	\$332,163	\$345,000	2.47	3.13
Jefferson	80	139	76	47	\$382,464	\$310,000	2.96	2.92
Okanogan	46	214	25	26	\$278,436	\$216,700	8.23	13.11
Whatcom	390	497	401	277	\$401,532	\$345,000	1.79	1.93
Clark	93	97	81	53	\$358,794	\$339,000	1.83	1.41
Pacific	70	185	61	35	\$199,127	\$155,000	5.29	4.49
Ferry	6	38	8	3	\$127,225	\$190,000	12.67	12.50
Clallam	130	177	130	104	\$279,145	\$283,547	1.70	2.44
Chelan	121	195	109	71	\$398,137	\$325,500	2.75	4.70
Douglas	56	84	70	35	\$408,083	\$342,500	2.40	3.05
Others	61	126	67	34	\$203,480	\$190,950	3.71	4.86
Total	10,595	8,825	10,311	7,360	\$483,408	\$401,761	1.20	1.30

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	7592	7621	9188	9042	8514	8637	7441	7740	6094	4460
2018	5484	5725	7373									