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**Brokers report some good news for home buyers,
but still expect Puget Sound's "frantic market" to continue**

KIRKLAND, Washington (May 7, 2018) – Home buyers may be cheered by an uptick in inventory, but the improving supply is unlikely to reverse rising prices, suggest industry leaders from Northwest Multiple Listing Service.

Commenting on just-released figures for April, which showed the highest level of active listings since August, OB Jacobi, president of Windermere Real Estate said, "For the first time in a long time we had good news for buyers." Noting supply is still lower than year-ago levels (down 5.6 percent), it jumped 14 percent from March, which Jacobi said "is a pretty significant increase even for this time of year."

Northwest MLS brokers added 11,271 new listings to inventory during April, a gain of 6.3 percent when compared to March, and up nearly 5.9 percent versus a year ago. April's pending sales (mutually accepted offers) totaled 10,574, improving on the same month a year ago and the previous month.

At month end, the active listings selection included 10,079 single family homes and condos, eclipsing the total of 8,825 listings at the end of March. The condo segment grew 10.9 percent from March.

Of the 23 counties in the Northwest MLS service area, only six of them reported year-over-year gains in inventory compared to a year ago. King County was the only one in the Puget Sound region to notch a gain, up 13.6 percent from a year ago.

Commenting on the uptick, Mike Grady, president and COO, Coldwell Banker Bain, remarked "We are still WAY below a balanced market of five months of inventory, and this is even with interest rates ticking slightly upward."

Area-wide there is 1.3 months of supply, with 4-to-6 months used as a gauge of a balanced market. Three counties – King, Kitsap, and Snohomish -- reported less than a month of supply. The condo component remains very tight with slightly more than three weeks (0.87 months) of supply.

Prices are still climbing at double-digit rates in most counties. Year-over-year prices for single family homes and condos combined jumped about 15.3 percent overall, from \$360,000 to \$415,000. Within the four-county Puget Sound region, King County notched the biggest gain at nearly 18.2 percent. Prices there rose \$100,000 from a year ago, from \$550,000 to \$650,000.

"There's little reason to think we'll be seeing a change in this frantic market anytime soon," commented Grady, citing double-digit appreciation in many of the most populous counties, expansion plans by Alaska Airlines and Amazon, and other positive economic news as reasons for that expectation.

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“Huge jumps in home prices to the north of us are pushing a lot of people to our county, which is among the most affordable on the Puget Sound,” commented Thurston County broker Ken Anderson.

MLS figures show a median price of \$300,000 for homes and condos that sold in Thurston County last month, slightly less than Pierce County (\$337,950), and significantly lower than both Snohomish County (\$475,000) and King County (\$650,000).

Despite the cost differential favoring Thurston County, Anderson, the president and owner of Coldwell Banker Evergreen Olympic Realty in Tumwater, said sellers are seeing price gains “they didn’t think possible just a couple of years ago.” Prices in that county are up more than 7.5 percent from twelve months ago. He also reported new construction is not keeping up with the population growth. “That alone will ensure prices will continue to rise in the near to intermediate term,” he commented, adding, “Buyers are seeing the trends and jumping into the market before prices and interest rates climb even higher.”

George Moorhead, designated broker at Bentley Properties, said while prices are still increasing, both inventory and the number of expired listings are also rising. He noted the steady climb in King County’s inventory of single family homes, with April rising more than 25 percent from March. Expired listings surged 86 percent from March, which Moorhead said is another example of some flattening in the market.

Moorhead also believes rising interest rates are having a “moderate impact” with buyers, forcing some to look at homes in lower price points. Buyers still want a good home in a good area, he reported, but some are reconsidering just how much they want to pay, saying they don’t want to be “house payment poor.”

Northwest MLS director Frank Wilson is also detecting some shifts in behavior by both buyers and sellers as the market changes. “As King County buyers spill into Kitsap, they realize they have to be more strategic in their offers, and sellers are paying more attention to the details of an offer, and not always taking the first offer presented,” stated Wilson, the Kitsap regional manager and branch managing broker at John L. Scott Real Estate in Poulsbo.

Wilson said multiple offers (often higher than the list price) are becoming more common on new listings in Kitsap County. When that occurs, he said buyers are being asked to make up the difference should the appraisal not match the increased offer price.

Meanwhile, sellers are beginning to realize the amount offered over list price may not be bankable unless buyers are willing to make up the difference. Consequently, Wilson said they are being more discretionary with the offers they consider. Local, proactive lenders, increased earnest money, preferring verifiable cash offers or conventional over VA or FHA, higher down payments, shorter closing times, and setting some future date when they will review all offers are examples he cited.

Wilson noted Kitsap was one of a half-dozen counties in the MLS report where last month’s pending sales surpassed the number of new listings. “This means the listing deficit is deepening,” he remarked.

J. Lennox Scott, chairman and CEO of John L. Scott, joined the chorus of brokers who believe better times are ahead for home buyers. “Eventually, higher interest rates will moderate the rapid home price appreciation,” he stated, but added, “We have not yet arrived at that tipping point.” He expects the Seattle metro area to probably tie and maybe break the 20-month home price appreciation record for the Case-Shiller index. (The latest S&P CoreLogic Case-Shiller Home Price Indices, released late last month for February, shows Seattle’s 12.7 percent increase led the list of 20 cities it compares.)

Commenting on April’s report showing more new listings than pending sales area-wide, Scott said that pattern is consistent with the annual housing cycle. “New listings will continue to spike, providing slight relief for the backlog of home buyers.”

Scott also expects the market for homes in the more affordable and mid-price ranges to remain at a frenzied pace into the summer of 2019. “For luxury listings in the \$1-to-\$2 million range and close to job centers, the market remains extremely competitive,” he predicts.

The competitive market is exposing several misconceptions held by buyers and sellers, according to Wilson, who has worked in the industry since 1990. He listed several including:

- “It’s all about the price.” Wilson says it’s more about the possibility of a successful closing, using the example of an all-cash offer that is 30 percent above list price that doesn’t close, versus a solid, verifiable conventional offer at 5 percent above list price that actually closes;
- “Seller has to take the highest offer” is another myth Wilson listed, explaining a seller can accept any of the offers that are presented.
- Similarly, “if multiple offers are made, the seller has to take or work with the first one first,” is also untrue. A seller can address any of the offers in any order.
- “Cash is always king.” Wilson emphasized if the cash is not verifiable to the seller’s satisfaction, a conventional offer may actually have a better chance of success.
- “Pre-approval with a lender is the same as pre-underwritten,” is another misbelief. The farther down the path a loan application can go, the more likely it is to be approved.

Buying or selling a home can involve nearly two dozen people, Wilson noted, while encouraging buyers and sellers to work with a broker who is well-versed in the process and able to coordinate all the participants to assure a successful closing.

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	3,977	2,281	3,464	2,764	\$768,410	\$650,000	0.94	0.87
Snohomish	1,716	1,004	1,603	1,185	\$512,467	\$475,000	0.84	0.90
Pierce	1,875	1,604	1,977	1,343	\$375,600	\$337,950	1.10	1.24
Kitsap	486	588	521	385	\$403,076	\$335,000	0.95	1.73
Mason	167	292	181	104	\$245,942	\$219,250	1.87	2.65
Skagit	265	327	251	154	\$362,610	\$318,000	2.16	1.79
Grays Harbor	164	396	165	118	\$199,552	\$182,200	3.06	4.40
Lewis	124	240	143	100	\$220,466	\$224,250	2.11	2.50
Cowlitz	174	183	150	113	\$234,503	\$220,000	1.72	2.15
Grant	161	323	132	94	\$226,966	\$200,939	2.83	4.61
Thurston	581	606	613	414	\$325,333	\$300,000	1.20	1.47
San Juan	60	221	30	22	\$538,506	\$477,650	9.09	10.52
Island	224	337	211	147	\$409,326	\$355,000	2.03	2.09
Kittitas	107	177	95	56	\$393,763	\$290,500	2.75	3.28
Jefferson	89	204	86	50	\$396,823	\$409,500	2.98	4.43
Okanogan	88	255	71	23	\$199,159	\$170,000	10.04	10.20
Whatcom	415	607	377	285	\$391,037	\$350,000	1.90	2.23
Clark	90	57	90	57	\$425,956	\$375,000	1.86	1.50
Pacific	78	204	59	47	\$195,199	\$188,500	4.32	5.37
Ferry	14	48	4	4	\$153,475	\$149,950	11.25	12.00
Clallam	138	254	131	94	\$306,775	\$281,950	2.20	3.43
Chelan	144	205	116	78	\$356,938	\$310,950	2.94	3.80
Douglas	68	70	65	49	\$338,914	\$334,900	1.86	1.89
Others	66	194	39	40	\$191,914	\$166,250	3.75	9.24
Total	11,271	10,677	10,574	7,726	\$523,592	\$415,000	1.30	1.47

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	7565								