



June 5, 2018

Improving inventory creating long-awaited opportunities for buyers

KIRKLAND, Washington (June 5, 2018) – Member-brokers of Northwest Multiple Listing Service added 14,524 new listings during May, the first time that volume topped 14,000 since May 2008.

“With eyes peeled for potential shifts in a market that’s felt like ‘more of the same,’ the recent uptick in new listings hitting the market catches my eye -- the most new listings in more than a decade,” commented Robert Wasser, owner/broker at Prospera Real Estate in Seattle and an officer with Northwest MLS.

Total active listings snapped a streak of 44 months of negative numbers during May when the year-over-year comparison showed an increase of 3.8 percent. That uptick marked the first time members of Northwest Multiple Listing Service reported a gain for that statistic since August 2014.

King County has more than a month’s supply for the first time since September 2017, and only the third time since October 2016. For the MLS area overall, there is 1.44 months of supply. Only four counties of the 23 counties served by Northwest MLS reported having more than four months of supply, the minimum level most industry experts use as a gauge of a balanced market.

Brokers welcomed the figures showing healthy gains in inventory, but some say they are keeping a watchful eye on rising prices and interest rates, as well as on buyer profiles, including retiring boomers.

New figures from the MLS show slight drops in both pending and closed sales, a likely consequence of persistent inventory shortages. Brokers also cite the market imbalance as a factor in rising prices: compared to a year ago, the median sales price for transactions of single family homes and condos that closed area-wide during May was \$420,000, a jump of nearly 11 percent from the year ago price of \$378,475.

“What we are experiencing is actually a good thing as inventory leans toward a more balanced market,” remarked George Moorhead, designated broker at Bentley Properties. He also reported a shift from move-up and luxury home buyers to more first-time buyers with “a more level playing field between buyers and sellers.”

Moorhead said there “never was a spring market this year” like what was experienced in the past four years. He points to rising interest rates, lack of inventory, increased home prices, frustration with presenting multiple offers without success, requirements for larger down payments, and an increase in the cost of living as reasons.

Unlike recent past years, “buyers will definitely be able to capitalize on a softer summer market this year,” according to Moorhead, who noted expired listings are on the rise.

Last month’s number of new listings was a significant gain from April when members added 11,271 new listings, a gain of nearly 29 percent.

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“It’s the best time of the year for potential home buyers,” proclaimed J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “At this time of year we always see the highest number of new listings come on the market on a monthly basis,” he explained, adding, “More new listings creates more opportunity for home buyers.”

Even with the improving inventory, today’s market “still takes instant response as sales activity remains at a frenzy level for these new listings,” Scott emphasized.

“The good news for home buyers in King County is that compared to last month, there were almost 1,000 more homes for sale,” noted OB Jacobi, president of Windermere Real Estate. “Hopefully,” he added, “this is the beginning of a trend in which we will continue to see inventory levels improve. On the flip side, home prices in the county are up 16 percent year-over-year, which, when combined with rising interest rates, is forcing some buyers to expand their search to Pierce and Snohomish counties so they can find something they can afford to buy.”

Sellers in the 23 counties served by Northwest MLS accepted offers from 12,168 buyers during May, slightly below the number from twelve months ago when pending sales totaled 12,511 (a decline of 2.7 percent). Thirteen counties reported decreases in mutually accepted offers compared to the same month a year ago, with four of them (Cowlitz, Kittitas, Okanogan, and Skagit) tallying double-digit drops.

Closed sales fell slightly, from 9,106 a year ago to 9,011, a drop of just over one percent. Ten counties reported fewer closed sales during May when compared to a year ago. A comparison to April’s completed transactions shows an increase of 1,285 transactions for a gain of 16.6 percent.

Mike Grady, president and COO of Coldwell Banker Bain, said the significant increase in inventory means a slightly easier time for buyers to locate and purchase homes “for the time being.” He said the broader selection enables more buyers to purchase homes regardless of escalating prices, slightly higher interest rates, and fewer cash sales involving Chinese nationals. Grady attributes the dip in Chinese activity to that country’s policies making it more difficult for people to take their cash out of China.

“While there is slightly more inventory available, the market time for most listings is less than a month, and multiple-offer situations occur daily even though there may only be five offers instead of 10 or more,” stated Grady.

Brokers say the continuing bidding wars are helping push prices up. Fifteen counties had double-digit price hikes for single family homes and condos (combined) from a year ago. In the four-county Puget Sound region, Snohomish County has the smallest year-over-year price gain at just under 14 percent, while Kitsap County claimed the largest jump in the region at nearly 17.2 percent.

In King County, the median sales price on all homes rose just over 16 percent, from \$560,000 to \$650,000. The median price for a single family home rose 14.64 percent, from \$633,500 to \$726,275.

The condo market showed signs of improvement with inventory growing by nearly 21.4 percent, boosted by the addition of 1,803 new listings during May (up 11.3 percent from a year ago). Even so, there is less than a month’s supply system-wide.

Brokers reported slightly fewer pending sales and closed sales of condos. Year-over-year prices for condos system-wide rose nearly 17.5 percent, from \$315,000 to \$370,000. In King County, which accounted for 55 percent of last month’s condo sales, the median price of a condo that sold was \$427,000, a \$53,000 increase from a year ago.

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For the luxury market close to job centers, Scott noted sales continue to be extremely strong, especially up to the \$5 million price point, which he attributes in part to the year-over-year increase in luxury listings. Northwest MLS figures show sales of homes and condos priced at \$1 million-plus are up nearly 27 percent from a year ago, rising from 557 sales in May 2017 to last month's total of 706.

As an aside, Grady suggested the recently enacted head tax in Seattle and retiring boomers will be worth watching. If jobs move from Seattle to the Eastside, workers may relocate as well, he speculates. Commenting on the inclination of more homeowners who are willing to list and sell at this time, he is hearing of more boomers and friends planning to move to states where housing costs less. "One good friend decided Seattle was too expensive to live in his retirement, so they're selling their 1,400 sq. ft. \$600,000 home in Lynnwood and retiring in North Carolina where they purchased a 3,000 sq. ft. home for \$300,000," he said adding, "It may be something to watch as our boomer population retires."

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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Next page: Statistical summaries

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	5,251	3,562	4,176	3,194	\$650,000	\$650,000	1.12	0.76
Snohomish	2,157	1,421	1,833	1,427	\$478,615	\$478,615	1.00	0.91
Pierce	2,380	1,929	2,151	1,559	\$350,000	\$350,000	1.24	1.20
Kitsap	693	519	582	421	\$360,000	\$360,000	1.23	1.49
Mason	219	247	183	140	\$255,500	\$255,500	1.76	2.68
Skagit	296	392	263	196	\$348,625	\$348,625	2.00	1.89
Grays Harbor	213	414	185	116	\$184,500	\$184,500	3.57	3.49
Lewis	171	256	141	100	\$221,250	\$221,250	2.56	2.98
Cowlitz	191	209	189	121	\$230,500	\$230,500	1.73	1.56
Grant	146	279	142	110	\$213,928	\$213,928	2.54	3.97
Thurston	807	686	674	484	\$310,000	\$310,000	1.42	1.35
San Juan	70	232	40	23	\$666,500	\$666,500	10.09	9.26
Island	289	308	271	160	\$357,500	\$357,500	1.93	2.58
Kittitas	144	200	106	91	\$350,000	\$350,000	2.20	2.79
Jefferson	106	175	81	72	\$328,000	\$328,000	2.43	4.05
Okanogan	110	294	55	42	\$208,000	\$208,000	7.00	12.60
Whatcom	547	627	499	344	\$374,000	\$374,000	1.82	2.01
Clark	135	142	109	71	\$364,000	\$364,000	2.00	2.03
Pacific	105	240	83	48	\$164,085	\$164,085	5.00	5.27
Ferry	14	51	6	6	\$178,250	\$178,250	8.50	7.71
Clallam	170	237	154	114	\$288,750	\$288,750	2.08	3.05
Chelan	148	254	116	88	\$336,000	\$336,000	2.89	3.85
Douglas	80	103	70	37	\$275,000	\$275,000	2.78	2.42
Others	82	179	59	47	\$173,000	\$173,000	3.81	6.44
Total	14,524	12,956	12,168	9,011	\$420,000	\$420,000	1.44	1.37

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	8742							