



FOR IMMEDIATE RELEASE

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Home buyers, sellers feel “looming pressure” but Western Washington market stays strong

KIRKLAND, Washington (March 6, 2018) – Interest rates are creeping up, inventory is still squeezed, and some feared revised tax laws would have a chilling effect on home sales, but Northwest Multiple Listing Service leaders say the local market remains competitive.

“It seemed like there would have been a chilling effect on the real estate market at the start of 2018 with the newly revised tax laws limiting mortgage interest deductions,” suggested Gary O’Leyar, designated broker and owner at Berkshire Hathaway HomeServices Signature Properties. “Not only did the revisions not have a chilling effect, if anything, the local market has been even hotter and more competitive than last year at this time,” he added in commenting on new MLS numbers summarizing February activity.

Northwest MLS figures for last month show a slight year-over-year decrease (about 2.8 percent) in overall pending sales, a likely consequence of inventory being down nearly 12.9 percent. Other key indicators of the market – new listings, closed sales, and selling prices – all showed gains in February compared to 12 months ago.

The just-released report from Northwest MLS shows 7,980 pending sales last month, down from the year-ago volume of 8,209 mutually accepted offers for single family homes and condos. Thirteen of the 23 counties in the report had more pending sales than at this time last year.

Closed sales outgained last year’s volume, 5,548 to 5,358, for an increase of nearly 3.6 percent. Median prices on those sales surged almost 14.8 percent area-wide, rising from the year ago figure of \$335,515 to last month’s price of \$385,000.

Among the four Puget Sound area counties, Snohomish had the largest year-over-year price increase at 18.8 percent. Its countywide median price for February’s sales spiked to \$460,000 from \$387,250, but that is \$130,000 below the \$590,000 median price for transactions that closed in King County last month.

For single family homes (excluding condos), prices rose 13.7 percent overall, from \$343,000 to \$390,000. Within King County, the median price was \$649,950, with three areas (Mercer Island, Bellevue west of I-405, and Kirkland-Bridle Trails) reporting median prices of more than \$1 million for single family homes.

“As was the case the last two years, home values spiked in February, thanks to a cyclical low point in supply,” commented Robert Wasser, owner/broker at Prospera Real Estate. Prices are now back around the peak levels of last summer, and cyclically speaking, are headed for additional increases until summer arrives,” commented Wasser, a board member at Northwest MLS.

Brokers added 7,284 new listings of single family homes and condos during February, an improvement of nearly 6.4 percent from a year ago when they added 6,848 new listings. Like many months during 2017, last month’s pending sales (7,980) outgained new listings (7,284), keeping inventory depleted in many areas.

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There is about 1.4 months of supply area-wide, but both King and Snohomish counties have less than a month's supply. For condos, there is only 0.88 months of supply – and even less than that in King, Snohomish, and Kitsap counties.

Many brokers expect inventory levels to improve. “The arrival of daylight savings triggers a burst in new listings,” proclaimed J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “More listings lead to more sales. In real estate, it’s all about the new listing,” he stated.

Scott expects the boost in home price appreciation during the winter market when inventory is reduced will moderate. “Over the second half of the year, as more listings come on the market, home price appreciation tends to flatten out,” he explained while noting small upticks in mortgage interest rates. Such increases have led to slightly higher mortgage payments, Scott said, “but they have not put a damper on the market.”

New construction could also help ease some of the pressure, suggests Mike Grady, president and COO at Coldwell Banker Bain. “Even though Commerce Department data show purchases of newly built single-family homes nationwide fell 7.8 percent in January after dropping 7.6 percent in December, and purchases have declined for four of the past six months, we are not seeing that trend in the Northwest.”

Inventory is improving in some areas, Grady noted, adding, “The hyper job market in the Pacific Northwest continues to outpace almost every metro area in the nation, and thus our housing market is booming; for now, there is no end in sight.”

Ken Anderson, president/owner and designated broker at Coldwell Banker Evergreen in Olympia, noted some buyers are frustrated with what appears to be lack of choice. “The reality is, we have an 8-year high in the number of homes coming to market in Thurston County,” he stated. His analysis of MLS data show the total number of new listings added in that county in the first two months of this year is at the highest level since 2010.

“The challenge is that the number of buyers is near record highs, too,” said Anderson. Given this competition, he believes “The right plan, including help from a skilled broker, can help buyers find success in this fast-paced market.”

“Many buyers and sellers feel looming pressure, and with a mix of doom and elation, both are preparing for a flurry of activity,” reported George Moorhead, designated broker at Bentley Properties. “We have not seen the typical aggressive spring market yet,” he added, noting “Buyers are coming to the harsh reality that high home prices are here to stay” and they need to consider smaller homes or longer than hoped-for drive times.

Moorhead also noted 30-year mortgage rates climbed slightly for the seventh consecutive weekly increase, but he said these small increases “are not yet creating too much of a stir.” Conversations with buyers are “more around the cost of commuting and time away from home versus floor plan and home size.”

For some wage earners in the Seattle area, “Kitsap looks very affordable,” said Northwest MLS board member Frank Wilson. “Kitsap’s real estate market continues at a flurry pace with homes going off the market almost as fast as they come on. Available inventory in our county is down 32 percent compared to a year ago, which continues to put upward pressure on prices and buyer’s nerves,” stated Wilson, the branch managing broker at John L. Scott Real Estate in Poulsbo.

As commuters flock to the more affordable side of the sound, “affordability gets further and further in the rearview mirror for many,” Wilson lamented. MLS statistics for February show year-over-year prices in Kitsap County jumped more than 15.7 percent, with single family home prices up 17.5 percent. Compared to January, last month’s prices for homes and condos in that county rose another \$25,000 (8.3 percent).

“Kingston, Bremerton, and Port Orchard markets are surfing in the wake of the new foot ferry service with attention being paid to those from the east side of Puget Sound seeking affordability to the west,” Wilson reported. In fact, he added, “It is becoming more common in Kitsap to see all cash offers, no inspection contingency, and sellers that are reviewing all offers on a future date.”

Similar practices are occurring elsewhere. Commenting on the competitive market in many parts of the Northwest MLS service area, O’Leyar reported instances of “buyers making offers with zero contingencies and having the seller fill in the sales price!”

“History tells us that the real estate market is cyclical,” acknowledged O’Leyar, who also mentioned the Federal Reserve chairman hinting at further rate increases and possible impacts on the pace of appreciation and the availability of listings. “Hopefully,” he suggested, “Any changes in interest rates will have a moderating effect, easing the extremely difficult times some buyers are having in purchasing real estate in the Greater Seattle/Puget Sound market.”

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	2,549	1,645	2,480	1,864	\$706,518	\$590,000	0.88	0.97
Snohomish	1,100	672	1,215	812	\$487,307	\$460,000	0.83	0.93
Pierce	1,211	1,189	1,617	1,049	\$347,666	\$320,000	1.13	1.44
Kitsap	346	365	413	295	\$396,234	\$325,000	1.24	1.98
Mason	107	184	112	75	\$242,913	\$225,000	2.45	3.21
Skagit	158	282	161	136	\$367,375	\$327,250	2.07	2.23
Grays Harbor	133	335	131	77	\$202,006	\$185,900	4.35	5.23
Lewis	77	213	115	66	\$219,751	\$196,500	3.23	3.42
Cowlitz	100	159	134	98	\$245,988	\$238,000	1.62	1.63
Grant	115	244	103	48	\$192,167	\$190,750	5.08	7.41
Thurston	415	432	495	312	\$318,910	\$294,250	1.38	1.89
San Juan	33	157	24	16	\$478,313	\$405,000	9.81	9.47
Island	155	243	160	131	\$375,360	\$330,000	1.85	2.67
Kittitas	59	109	72	43	\$332,163	\$275,000	2.53	2.33
Jefferson	45	132	46	31	\$382,464	\$365,000	4.26	6.00
Okanogan	41	197	34	19	\$278,436	\$238,000	10.37	9.83
Whatcom	290	489	299	223	\$401,532	\$353,500	2.19	2.72
Clark	66	75	62	48	\$358,794	\$315,750	1.56	2.12
Pacific	43	178	60	19	\$199,127	\$187,500	9.37	4.85
Ferry	4	42	2	4	\$127,225	\$123,450	10.50	54.00
Clallam	91	173	106	74	\$279,145	\$260,000	2.34	3.18
Chelan	74	171	70	44	\$398,137	\$326,250	3.89	4.21
Douglas	34	98	31	30	\$408,083	\$327,500	3.27	4.77
Others	38	137	38	34	\$203,480	\$179,500	4.03	6.59
Total	7,284	7,921	7,980	5,548	\$483,408	\$385,000	1.43	1.70

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										