



FOR IMMEDIATE RELEASE

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Improving supply helps slow escalating home prices in Western Washington

KIRKLAND, Washington (September 7, 2018) – House-hunters in Western Washington can choose from the largest supply of homes in three years, and they are facing fewer bidding wars, according to officials from Northwest Multiple Listing Service.

New statistics from the MLS show prices appear to be moderating (up about 6.7 percent overall), but brokers say they are not bracing for a bubble, or even anticipating a quick shift to a buyers' market.

“There have been incremental increases in listing inventory the past few months,” noted Gary O’Leyar, the designated broker/owner at Berkshire Hathaway HomeServices Signature Properties, but, he added, “By no means have inventory levels reached a point that is deemed to be a balanced market.”

Area-wide, the number of active listings of single family homes and condos (combined) rose 16.2 percent, but 16 counties reported year-over-year drops in inventory; of those, nine had double-digit decreases from twelve months ago. At month end there were 18,580 active listings, the highest level since September 2015 when buyers could choose from 19,724 listings. Compared to July, inventory was up nearly 11 percent.

The latest numbers from Northwest MLS show wide-ranging changes in the volume of active listings when comparing the 23 counties in the report. In Clark County, inventory doubled from a year ago to lead the list based on percentage gains. King County was runner-up with a 74.3 percent increase, rising from 3,329 active listings a year ago to 5,803 at the end of August.

System-wide there is about two months of supply, but less than that in the four-county Puget Sound region – well below the “balanced market” range of four-to-six months.

Supply was replenished in part by the addition of 11,994 new listings during the month, up slightly from the year-ago total of 11,781.

A slower pace of sales also contributed to the boost in supply. Brokers reported 10,109 mutually accepted offers last month, a drop of 14.8 percent from a year ago when they tallied 11,867 pending sales.

“The Puget Sound residential housing market remains positive, though the market has transitioned from a frenzied state to one of strong sales activity,” remarked J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “We are seeing stability in the affordable and mid-price ranges in all market areas,” he said, citing “one of the best job growth markets in the nation” and favorable interest rates as contributing factors.

George Moorhead, designated broker at Bentley Properties, commented on buyers “still sitting on the sidelines despite clear indicators.” He believes, “This is the best time in three years to be aggressive in the marketplace” given rising inventory, a significant increase in the number of cancelled and expired listings, and more incentives being offered by builders. “We are now seeing price reductions in new home communities as builders try to move inventory of completed homes,” he noted.

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With expanding inventories “buyers are definitely taking more time to make a purchase,” stated Mike Grady, president and COO of Coldwell Banker Bain. “This creates a declining curve in pending transactions compared to last year,” he explained. MLS figures show last month’s pending sales in the four-county region were the fewest during August since 2012.

In the four-county Puget Sound region, pending sales were down more than 20 percent, ranging from a 12 percent decline in Pierce County to a drop of more than 23 percent in King County. Referring to King County’s sparse, 1.9 months of supply, Grady emphasized it’s “still a seller-oriented market” with prices continuing to rise at a faster clip than the rate of inflation and the historical 10-year average sales price increase of 3-to 3.5 percent annually.

Unlike most counties, Thurston County nearly matched year-ago levels for both pending and closed sales. “Last month was the second best ever for closed sales in our area,” noted Ken Anderson, president/owner of Coldwell Banker Evergreen in Olympia. He attributes the achievement to the area’s relative affordability. “We continue to present the most affordable options when compared to the other major counties along I-5,” Anderson stated, adding “Demand is very high.”

With more homes on the market in the tri-county area, growth of home prices has slowed, noted OB Jacobi, president of Windermere Real Estate. “Buyers are under less pressure to bid on any home that comes on the market,” he remarked. “Despite what some of the headlines may read, this is no cause for panic; in fact, it’s good news because it’s an indication that we are moving closer to a more balanced market,” he suggested.

The median sales price on the 9,288 completed sales of single family homes and condos during August was \$405,000, up nearly 6.9 percent from the year-ago figure of \$379,000. All but one county reported price gains, including a dozen counties with double-digit increases; the exception (San Juan County) had only a small 1.7 percent decrease.

For single family homes, the median sales price was \$415,000 overall, a 6.4 percent year-over-year increase. Single family homes in King County continue to command the highest price at \$669,000, up 2.9 percent from the year-ago price of \$650,000, but down from May when a countywide median price of \$726,275 was reached, the highest so far this year.

Condo prices also rose by 8.1 percent area wide and 11.3 percent in King County. That segment also experienced a slowdown in sales, with closed transactions off by about 15 percent. Inventory shows signs of improving, with active listings jumping nearly 58 percent, but there was still only about 1.7 months of supply at the end of August.

“The real estate sky isn’t falling,” said Dick Beeson, who acknowledged the “huge increase in inventory the past few months speaks volumes about the anxiety levels sellers have as they try to get all they can before the market crashes, which it won’t. The Northwest still has the best economy in America,” Beeson emphasized.

Why the run-up in listings?, Beeson asked rhetorically. Sellers have read about exorbitant prices and the need for inventory, he explained, adding “I guess we should have schooled them a bit about a phasing in process and not to bunch up at the listing house door.” The velocity of the market is still strong, with well priced and conditioned homes still selling in a matter of days or a few weeks, Beeson stated. “Only now there are just 3-to-5 offers, not 50.”

Several brokers commented on the importance of realistic pricing. “You can’t underprice a home in today’s market, but you can overprice it,” Beeson stated.

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Northwest MLS director John Deely agreed. “Sellers should be careful to avoid overpricing as savvy buyers are wary of properties pushing the upper end of the market. Properly priced properties will still see heavy activity in this market. Sellers of homes that linger on the market are reducing their prices to spur activity.”

Deely also said many buyers are coming back into the market but being more cautious by presenting offers with standard contingencies such as inspection and financing provisions.

“Homes that are priced and presented right are still garnering multiple offers, but unlike the past few years, buyers aren’t having to waive protections with their offers,” Scott said.

“Pricing is becoming increasingly important,” Grady emphasized. According to his analysis, recent listings are averaging 22 cumulative days on the market, while other properties listed prior to August are now averaging almost 50 days of marketing time. “This points to pricing and how sellers may have overpriced their homes in the spring and early summer and now have to adjust their asking price.”

Affordability is an ongoing concern, particularly for first-time buyers wanting to live near job centers. In King County, for example, nearly 60 percent of the current inventory of homes and condos has an asking price of \$750,000 or higher. Despite that challenge, brokers are upbeat about what Scott describes as a more “normal pace” with buyers having greater selection and availability.

“Even with some doom and gloom about sales being down in many counties, inventory doubling in some areas, and appreciation holding at around 8 percent for the year, our market is still very healthy and recovering from the depleted inventory of the past three years,” remarked Moorhead.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership of around 2,200 member offices includes more than 29,000 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		Same mo., year ago
King	4,090	5,803	3,072	3,028	\$728,030	\$610,000	1.92	0.93
Snohomish	1,798	2,357	1,437	1,386	\$500,713	\$461,832	1.70	1.11
Pierce	2,050	2,737	1,867	1,610	\$388,218	\$347,750	1.70	1.45
Kitsap	607	784	517	492	\$447,271	\$345,000	1.59	1.43
Mason	166	333	161	160	\$278,557	\$247,725	2.08	2.35
Skagit	284	504	244	200	\$395,129	\$349,975	2.52	2.26
Grays Harbor	169	457	194	145	\$195,643	\$187,900	3.15	3.65
Lewis	173	330	167	111	\$256,212	\$235,500	2.97	3.02
Cowlitz	203	294	181	153	\$262,436	\$245,000	1.92	2.18
Grant	136	333	115	127	\$229,873	\$207,500	2.62	3.54
Thurston	635	873	647	603	\$347,192	\$315,000	1.45	1.45
San Juan	45	251	39	27	\$702,074	\$525,000	9.30	8.44
Island	239	399	214	184	\$450,037	\$362,925	2.17	2.40
Kittitas	158	287	100	103	\$384,251	\$321,900	2.79	2.75
Jefferson	75	186	80	70	\$408,131	\$377,500	2.66	4.95
Okanogan	61	343	61	49	\$275,540	\$255,000	7.00	6.49
Whatcom	482	774	443	381	\$424,867	\$374,900	2.03	2.37
Clark	130	218	106	96	\$395,369	\$372,750	2.27	2.27
Pacific	59	259	85	64	\$175,807	\$153,000	4.05	4.28
Ferry	11	61	10	9	\$172,878	\$140,000	6.78	7.13
Clallam	151	337	121	105	\$328,140	\$300,000	3.21	3.18
Chelan	126	336	113	82	\$458,041	\$369,950	4.10	3.63
Douglas	82	136	61	57	\$356,356	\$345,000	2.39	1.93
Others	64	188	74	46	\$201,184	\$199,950	4.09	4.15
Total	11,994	18,580	10,109	9,288	\$506,060	\$405,000	2.00	1.55

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	8052	7612	6893				