



FOR IMMEDIATE RELEASE

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Home buyers have “window of opportunity” with shift to more balanced market

KIRKLAND, Washington (December 6, 2018) – With more plentiful inventory, recently announced increases in lending limits, and moderating prices, prospective home buyers are finding more options around Western Washington, according to industry experts from Northwest Multiple Listing Service.

“Moderating interest rates over the past few weeks could provide a window of opportunity for buyers this month, even if the Fed is widely expected to raise them again in December,” said Mike Grady, president and COO of Coldwell Banker Bain.

“We are continuing to see a balancing of the market,” Grady stated, citing moderating prices and increasing inventory as contributing factors in comments about the latest figures from Northwest Multiple Listing Service.

House hunters have a much bigger selection than a year ago. Northwest MLS figures for the 23 counties in its report show the year-over-year volume of inventory rose from 11,193 homes and condos to 15,830. The increase in active listings represents a gain of more than 41 percent. Members added 6,399 new listings to inventory last month, up from 6,098 for the same month a year ago.

King County registered the biggest gains, with active inventory surging 135 percent from a year ago. The number of single family homes more than doubled from a year ago, rising from 1,879 to 4,020, while the condo selection more than tripled, jumping from 355 active listings twelve months ago to last month’s total of 1,221. Eight counties reported fewer listings than a year ago.

“Months of inventory is still slim compared to historical norms,” Grady emphasized. Using this metric, both King County and the Northwest MLS market area overall have 2.3 months of supply. While supply is improving, it’s still well below the 4-to-6 month level industry analysts use as a gauge of a balanced market.

The surge in supply is not yet reflected in sales during this typically slower holiday season. Pending sales for November were down 10.4 percent from a year ago. Thirteen of the 23 counties in the report registered drops in pending sales versus a year ago. Compared with October, mutually accepted offers fell 17.5 percent. That was less than the falloff in 2017, when the volume of pending sales from October to November shrunk by 21.5 percent.

Closed sales declined about 15.3 percent from twelve months ago, with 13 counties reporting double-digit drops. Year-over-year prices still rose (up 4.2 percent overall). Ten counties had double-digit appreciation in their median sales price for single family homes and condos (combined).

Condo activity was also mixed. The number of active listings more than doubled area-wide, and more than tripled in King County. Pending and closed sales were weaker than a year ago. Prices rose slightly (1.5 percent), from \$330,000 to \$335,000. The median price in King County, which accounted for 55 percent of last month’s closings, rose 5.2 percent, from \$384,990 a year ago to \$405,000.

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“This massive increase in the number of homes for sale in King County last month means we are officially on our way back to a more balanced market,” remarked OB Jacobi, president of Windermere Real Estate. “This is good news for buyers who just a year ago were in fierce competitions for very limited inventory,” he added.

“Buyers who were forced to look at outlying areas in Pierce or Snohomish counties are now coming back to core communities in King County,” reported George Moorhead, designated broker and owner of Bentley Properties. He said many such buyers are aggressively looking for their next home during the November to January timeframe, knowing they may be able to get concessions that were unavailable the past two years and also that “sellers tend to be more negotiable.”

“This resurgence seems to be gaining momentum,” Moorhead noted, dismissing reports of “our real estate market teetering on a collapse.” Such reports “could not be further from the truth,” he stated.

Moorhead also called the bump up in lending limits for certain types of loans, announced in late November, as long overdue and “great news for buyers of homes in the most popular communities.”

Loan limits for mortgages to be acquired by Fannie Mae and Freddie Mac in 2019 are increasing for both conforming and jumbo loans. The Federal Housing Financing Agency [FHFA] announced the loan limit will rise from \$453,100 to \$484,350; the new ceiling for jumbo loans in high cost areas -- including King, Snohomish, and Pierce counties – will be \$726,525.

Northwest MLS director Dick Beeson said the combination of stabilizing factors, including more inventory and only slightly increased interest rates, coupled with “more receptive and savvy sellers” are resulting in a “more reasoned approach to buying and selling.” As inventory grows, he believes price increases will be “slower and smaller.”

Beeson, the principal managing broker at RE/MAX Northwest in Gig Harbor, suggested South Sound buyers should get ready for steady, sustained price increases, pointing to the wide gap between King County’s median price for a single family home and Pierce County’s.

A comparison of median prices for single family homes in the tri-county region illustrates his point. Since January, the median price in King County is up about 2.5 percent. In Snohomish County, it has climbed about 4.4 percent. But in Pierce County, the median price of a single family home has jumped more than 10 percent since January.

Median prices by county (single family homes only)			
AREA	JAN	NOV	% change, Jan-Nov
King Co total	\$628,388	\$643,913	2.47%
Snoh Co total	\$450,000	\$470,000	4.44%
Pierce Co total	\$312,925	\$344,950	10.23%

The Kitsap County market is also different than Seattle, according to Frank Wilson, Kitsap regional manager and a branch managing broker at John L. Scott Real Estate in Poulsbo.

“Kitsap still has a good deal of pent-up demand, although our listing inventory is beginning to grow,” he stated. Even with a gain in the number of active listings of nearly 16 percent compared with a year ago, the current supply of 624 homes and condos is well below the 1,400 to 1,600 listings that typifies a “normal” market, according to Wilson.

“We still only have about 1.8 months of supply, we continue to see good traffic at our open houses and multiple offers on newly listed homes, and a correctly priced home will still sell in less than 30 days,” reported Wilson, a member of the Northwest MLS board of directors.

Another MLS director, John Deely, said recent increases in listings have led to changes in the Seattle market. “Most notably, buyers are taking more time and not feeling rushed to make quick decisions,” he stated. “Most of the contingencies allowing buyers to perform their due diligence, including financing and inspection, have returned to the purchase and sale agreements,” explained Deely, the principal managing broker at Coldwell Banker Bain.

Deely reported multiple offers on properly priced properties still occur but the escalating prices driven by multiple offers and cash buyers paying crazy “got to have it prices” are giving way to a “more normal and sane market.”

Northwest MLS representatives expect the tilt toward a more balanced market to continue:

- “I expect this trend (to a more balance market) to continue into 2019, which will cause appreciation to slow somewhat, while giving buyers more options,” stated Jacobi. “This does not mean the real estate sky is falling, rather it’s a much-needed shift towards a more sustainable, balanced market,” he emphasized.
- J. Lennox Scott, chairman and CEO at John L. Scott Real Estate, expects slightly higher unsold inventory between now and February “for the first time in years, instead of a market that’s virtually sold out.” Describing 2018 as a “transition year” from an extreme frenzy market to a “strong” housing market, he predicts the holiday backlog of buyers will start searching in January. “We will experience a strong/surge housing market in the spring, which will taper off to a strong market for the remainder of 2019.”
- Wilson forecasts a sellers’ market to start off 2019, and perhaps into the first part of the year. He suggests more areas of Kitsap County, such as Port Orchard, will experience positive effects of the new fast ferry, continuing what is already occurring in Port Orchard and Kingston.
- Moorhead said builders will still bank on continued job growth “even though huge concessions are being offered for completed homes as the yearend nears.” He predicts rising interest rates will have a modest impact on buyers entering or re-entering the market.

The Mortgage Banker Association, Freddie Mac and Realtor.com all expect mortgage interest rates to rise soon to a range of 4.8 percent to 5.1 percent.

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	This month	Same mo., year ago
King	2,196	5,241	2,467	2,258	\$715,067	\$605,000	2.32	0.79
Snohomish	983	2,086	1,160	1,019	\$498,377	\$450,000	2.05	0.89
Pierce	1,036	2,186	1,308	1,207	\$374,775	\$337,000	1.81	1.32
Kitsap	304	624	393	351	\$396,178	\$330,000	1.78	1.25
Mason	94	258	111	98	\$259,175	\$224,150	2.63	2.87
Skagit	140	447	144	151	\$416,614	\$364,100	2.96	2.50
Grays Harbor	122	364	150	109	\$212,609	\$201,000	3.34	3.11
Lewis	88	284	119	84	\$261,578	\$249,450	3.38	2.85
Cowlitz	96	244	135	133	\$278,451	\$249,000	1.83	1.98
Grant	91	278	82	89	\$225,858	\$211,900	3.12	3.31
Thurston	364	706	423	395	\$339,395	\$312,320	1.79	1.30
San Juan	18	194	24	27	\$678,837	\$550,000	7.19	5.75
Island	124	337	144	128	\$406,661	\$351,500	2.63	2.07
Kittitas	42	199	65	61	\$397,467	\$350,000	3.26	2.44
Jefferson	31	133	54	52	\$418,568	\$373,500	2.56	2.85
Okanogan	28	255	40	43	\$285,066	\$210,500	5.93	6.67
Whatcom	281	689	267	239	\$402,734	\$369,400	2.88	2.16
Clark	81	185	70	78	\$367,271	\$343,250	2.37	1.92
Pacific	46	223	48	33	\$209,967	\$170,000	6.76	5.45
Ferry	2	46	1	6	\$143,417	\$119,500	7.67	11.50
Clallam	73	272	67	103	\$313,569	\$289,500	2.64	2.57
Chelan	74	254	83	84	\$449,995	\$382,675	3.02	3.13
Douglas	32	113	36	47	\$339,574	\$319,900	2.40	3.47
Others	53	212	46	42	\$256,271	\$245,750	5.05	3.94
Total	6,399	15,830	7,437	6,837	\$496,810	\$395,000	2.32	1.39

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	6235	6367	5328	

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