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Northwest MLS housing report for April signals good news for home buyers

KIRKLAND, Washington (May 6, 2019) – Housing activity during April signaled good news for buyers in Western Washington as inventory continued to grow, the rate of price increases was slowing in many areas (and even decreasing in a few counties), and mortgage rates remained low.

Northwest Multiple Listing Service statistics for last month show a 28.5 percent overall increase in active listings compared to the same month a year ago, a 5.8 percent gain in pending sales, and a 2.4 percent rise in median prices for sales of single family homes and condos that closed during April. The volume of closings dipped slightly (down 1.9 percent).

“Listings were popping up like April flowers and the bloom has produced a vibrant and healthy market,” exclaimed MLS director John Deely, principal managing broker at Coldwell Banker Bain. “With an increased supply of listing inventory, low interest rates, and a positive economic climate, buyers are confident that this is a good time to buy,” he reported, while noting a larger number of buyers are opting out of competing with other buyers.

“This year’s buyers and sellers are approaching the market with more caution and a focus on an analytical, versus emotional approach that has ruled the last several years,” Deely said.

Northwest MLS members added 11,697 new listings to inventory during April for a year-over-year gain of nearly 3.8 percent. During the same period, brokers reported 11,188 pending sales (509 fewer than the number of new listings), resulting in net gains in the number of active listings in many counties, but changes in inventory were wide ranging across the 23 counties the MLS serves.

Seven counties had double-digit growth in inventory from a year ago, led by King County (up 78.5 percent) and Snohomish County (up nearly 57 percent). The number of active listings declined in 10 counties, with Jefferson County reporting the biggest drop at 24.8 percent. System-wide inventory at the end of April totaled 12,955 active listings, which represents a 7.8 gain from March.

“The spring market has arrived, bringing new listings and sales,” stated Dean Rebhuhn, owner of Village Homes and Properties in Woodinville. Sellers who have prepared their homes for sale are experiencing brisk activity, and buyers are finding more opportunities to purchase, thanks to low mortgage rates and increased inventory, according to Rebhuhn.

“As we head into the prime buying and selling season, we’re seeing better news for buyers in King County, with statistics showing there’s a bit more time to look and make a decision,” said Mike Grady, president and COO of Coldwell Banker Bain. Pointing to the 78 percent increase in total active listings in King County and the 57 percent jump in inventory in Snohomish County, he described the year-over-year gains as “impressive,” but noted there is still less than two months of inventory in many areas. “Buyers now have three-to-four weeks instead of three-to-four days to make a decision, so it’s still quite a ways from a balanced market,” he emphasized.

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Gary O’Leyar, designated broker/owner at Berkshire Hathaway HomeServices Signature Properties, echoed Grady. “Despite the increase in inventory over last year at this time in King County, we are seeing a very robust spring market laced with multiple offers in many instances,” he stated.

Eight counties had double-digit increases in pending sales versus a year ago. In the four-county Puget Sound region, only King County had a double-digit gain, with a 15.1 percent jump in mutually accepted offers. Pierce County, with a 6.6 percent decrease, was one of seven counties reporting drops in pending sales. Even with mixed sales activity, supply remains tight.

Northwest MLS figures show both King County and its 23-county system have around 1.7 months of supply. “That is still slim compared to the National Association of Realtors’ data showing a national average of 3.9 months of inventory,” remarked O’Leyar.

“We just experienced a strong spring market and are now heading into the pre-summer phase of the housing cycle where more inventory but also more buyer competition is commonplace,” stated J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. He expects momentum will continue “in line with positive job growth, lower interest rates and a strong U.S. economy,” but believes price appreciation will start to level out heading into summer. “All eyes will be on each new listing this summer, a welcome sight for home buyers encountering multiple-offer situations in the more affordable and mid-price ranges,” Scott added.

James Young, director of the Washington Center for Real Estate Research at the University of Washington, said low mortgage rates (averaging 4.4% for a 30-year fixed) are enabling buyers in outlying areas along the I-5 corridor to purchase in areas with cheaper prices, notably Skagit, Cowlitz and Whatcom counties.

“There are two key demographic trends driving prices along with mortgage interest rates,” Young said. “Older householders trading down are competing with first-time buyers along this corridor seeking value.” He used the example of an empty-nester Seattle homeowner deciding to trade down. “If I sell in Seattle to trade down, then I will have significant amounts of cash available from selling my existing home to be able to move to Mount Vernon or Cle Elum with cash left over.” First time buyers may look at the same relatively low priced areas as a place to raise a family. “With these two groups competing for value, this is a perfect storm for house price growth, particularly in regional markets,” Young believes.

Areas adjacent to King County had mixed results.

“Listing activity in Snohomish County rose modestly in April but the rate of growth has slowed,” said NWMLS director David Marder. MLS figures show brokers added 30 more new listings than a year ago (1,746 versus 1,716), with total inventory up 56.8 percent. Pending sales rose 6.9 percent and prices were flat (up 0.84 percent).

Marder, the owner/broker at Windermere Real Estate M2 in Everett, described the jump in pending sales as “significant” and an indicator that there is clearly demand in the market. “We expect that mortgage rates will not move significantly as we move toward summer and that well-positioned and well-priced homes will still see significant interest from potential buyers,” he commented.

Another MLS director, Dick Beeson, principal managing broker at RE/MAX Northwest Realtors in Gig Harbor (in Pierce County), acknowledged the slowing rate of price increases in the Puget Sound region, commenting, “But the direction remains the same: higher prices.” He believes buyer demand and scarce inventory mean buyers need to “be ready to rumble,” since conditions don’t favor “faint-hearted buyers.” For sellers, he advised, “Don’t be stupid, increases can’t go on forever. Get a fair price and move on.”

Home prices for last month's completed sales of single family homes and condos rose 2.4 percent area-wide compared to a year ago, with eight counties reporting double-digit gains. Mason County had the biggest jump, at 24.9 percent, followed by San Juan (up 23.5 percent), Kittitas (up 20.5 percent) and Skagit (up 18.7 percent). Six counties reported year-over-year decreases: Clallam, Clark, Ferry, Island, Jefferson, and King.

Condo prices dipped 3.2 percent as inventory improved (up 75 percent). Pending sales rose 3 percent. "Interestingly, condominium prices in King County continue to fall as the number of properties on the market continues to climb rapidly," remarked Young. MLS figures show prices in King County dropped about 9.6 percent and inventory surged nearly 122 percent compared to twelve months ago.

"Anecdotally, this corresponds with possible regulatory and tax uncertainty signaled for private landlords in Seattle ahead of local government elections. Given this situation and significant supply in the multifamily sector coming online, many smaller landlords may be selling to lock in capital value growth and exit the rental market ahead of the November election," Young suggested.

Some developers of new condo projects are reporting strong activity. First Light, a 459-unit development to be built at 3rd and Virginia in downtown Seattle, has announced more than half the units in the 48-floor tower have been reserved prior to groundbreaking.

Looking ahead, Grady believes, "We are very slowly trending away from a complete seller's market," citing single-digit increases in sales prices, "instead of double-digit increases we saw in 2018," and the lack of inventory. "We believe these two considerations will now move sellers who have been waiting to sell in order to take advantage of equity gains to finally take action."

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	4,365	4,624	3,988	2,739	\$753,845	\$625,000	1.69	0.94
Snohomish	1,746	1,554	1,714	1,201	\$512,566	\$479,000	1.29	0.84
Pierce	1,711	1,502	1,847	1,286	\$386,988	\$355,000	1.17	1.10
Kitsap	547	502	541	343	\$419,895	\$349,500	1.46	0.95
Mason	174	209	133	100	\$290,043	\$273,775	2.09	1.87
Skagit	262	357	257	162	\$427,310	\$377,500	2.20	2.16
Grays	176	346	172	106	\$206,024	\$215,000	3.26	3.06
Lewis	126	186	167	95	\$264,962	\$239,000	1.96	2.11
Cowlitz	147	165	155	108	\$285,621	\$260,250	1.53	1.72
Grant	191	287	128	72	\$226,680	\$212,000	3.99	2.83
Thurston	588	489	639	436	\$345,220	\$328,750	1.12	1.20
San Juan	76	199	36	27	\$686,714	\$590,000	7.37	9.09
Island	232	337	211	152	\$399,171	\$337,500	2.22	2.03
Kittitas	142	188	110	44	\$410,642	\$349,995	4.27	2.75
Jefferson	65	112	61	47	\$437,535	\$362,000	2.38	2.98
Okanogan	70	216	47	25	\$244,612	\$175,000	8.64	10.04
Whatcom	446	586	424	281	\$428,398	\$387,500	2.09	1.90
Clark	110	148	109	92	\$394,971	\$366,650	1.61	1.86
Pacific	73	192	83	49	\$228,599	\$190,000	3.92	4.32
Ferry	14	43	11	5	\$101,960	\$69,900	8.60	11.25
Clallam	131	234	120	63	\$343,521	\$280,000	3.71	2.20
Chelan	133	199	100	74	\$398,955	\$359,750	2.69	2.94
Douglas	76	94	68	31	\$400,872	\$335,000	3.03	1.86
Others	96	186	67	40	\$225,406	\$232,265	4.65	3.75
Total	11,697	12,955	11,188	7,578	\$531,801	\$424,950	1.71	1.30

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
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	4037
2019	5472	4910	7588	8090								