



FOR IMMEDIATE RELEASE

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**Sparse supply spurring more competition among motivated home buyers in Western Washington**

KIRKLAND, Washington (November 7, 2019) – “People are moving here, home prices will continue to increase, inventory shortages will occur. That’s our future,” remarked Dick Beeson, principal managing broker at RE/MAX Northwest in Gig Harbor, upon viewing the October statistics from Northwest Multiple Listing Service.

Active listings of homes and condos totaled 14,379, the lowest level since April. Compared to a year ago, last month’s selection declined more than 21% and was down 10% from September, according to the new report from Northwest MLS. The year-over-year and month-to-month volume of new listings also declined last month. On a positive note, MLS figures show system-wide gains in October’s pending sales (up nearly 5.6%), closed sales (up 4.1%) and prices (up nearly 7.7%) compared to a year ago.

Beeson, a member of the Northwest MLS board of directors, and other MLS leaders also commented on inventory shortages, which some refer to as the “new normal.” The sustained, lower levels of supply “drive some buyers crazy as they keep expecting to gain the upper hand,” Beeson reported, adding, “It’s not going to happen any time soon. The market has settled into a circadian rhythm of sorts.”

MLS figures for its 23-county service area show 1.73 months of supply overall. Ten counties, mostly in the Puget Sound area, have less than two months of supply of single family homes and condominiums, whereas 4-to-6 months is a level industry-watchers use as a gauge of a balanced market.

“With only 1.63 months of supply of single family homes (excluding condos), King County’s available listing inventory is notably below the national average of four months, as reported by the National Association of Realtors,” stated Gary O’Leyar, designated broker/owner of Berkshire Hathaway HomeServices Signature Properties in Seattle. The MLS report shows inventory as measured by months of supply was below King County’s figure in six counties.

Condo inventory is only slightly better, at just over two months of inventory, although that could improve with several highrise projects in Seattle and Bellevue in the pipeline. “We are still amid a very robust real estate market,” O’Leyar proclaimed.

Northwest MLS records show the last time the supply of homes and condos exceeded three months was February 2015, when there was just over 3.5 months of supply.

Compared to the same month a year ago, October’s supply of active listings declined by double-digits in 18 of the 23 counties in the NWMLS report. Thurston County had the sharpest decline (down 35.5%), followed by Pierce (down 28.7%) and Kitsap (down nearly 27%).

Despite the slim selection, demand was strong as the volume of pending sales (9,517) outgained the number of new listings added during October (8,394). Nine counties reported double-digit jumps in pending sales compared to 12 months ago.

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“The most recent data certainly appears to bolster the idea of a ‘new normal,’ as we see the same trends continuing,” stated Mike Grady, president and COO of Coldwell Banker Bain. “Inventory is staying between 1.7 and 2.3 months and median sales prices are stabilizing” in many areas, he noted, adding, “Couple this with continuing positive economic news locally -- including a positive forecast for job creation, interest rates at all-time lows, and several new condo projects in the pipeline (instead of apartments) given the legislature’s change this year in the construction defects laws – all these point to a new definition of a ‘balanced market’ of only two months of inventory instead of 4-to-6 months.”

OB Jacobi, president of Windermere Real Estate, also commented on the meager supply. “‘Tis the season for the number of homes for sale to start dropping, and we don’t expect to see a significant influx of new inventory until spring. That said, there are still plenty of buyers out there, so this drop in listings will lead to increased competition and will likely cause home price growth to increase modestly through the end of the year.”

Dean Rebhuhn, owner of Village Homes and Properties in Woodinville, said market hot spots are drawing multiple offers, fueled by the combination of moderating (or lowered) prices and strong job creation. He also noted first-time home buyers are taking advantage of many low down payment loan programs, such as state bonds, HomeReady mortgages by Fannie Mae, and other assistance from FHA, VA, and USDA (US Department of Agriculture). “More flexible underwriting guidelines are also allowing first-time home buyers a better opportunity to buy,” according to Rebhuhn.

Another company leader expects strong price hikes. “As we enter the last two months of the year, we see a pressure cooker developing in the more affordable and mid-price ranges, and we predict strong price appreciation in 2020,” stated J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

With the transition to the winter market, Scott anticipates a “clean-up” of unsold inventory when listings expire and some sellers take their homes off the market over the holidays, with plans to reposition them in the spring. “Each year during the November through February time period, we see the fewest new listings come on the market, resulting in the lowest point of unsold listings occurring after the first of the year,” he explained.

With the backdrop of “extremely strong job growth and interest rates in the threes,” Scott says the extra backlog of buyers will enter the market after the holidays, but new listings won’t show up in larger numbers until March. “Therefore, we predict healthy price appreciation after the first of the year.”

A similar scenario exists in Kitsap County where YOY inventory is down nearly 27%, and broker Frank Wilson believes “come January there will be even fewer homes on the market.” Both pending and closed sales are up in Kitsap County compared to last year, prompting Wilson, the branch managing broker and regional manager at John L. Scott Real Estate in Poulsbo, to suggest, “An end to the housing shortage is nowhere in sight.”

With fewer homes on the market and rising sales prices (up 12.6%) in Kitsap County, but a seasonal shrinkage of buyers, Wilson says sellers are asking if it’s a good time to put their home on the market. “The answer would be yes,” he stated, adding, “There are fewer active listings competing for your home, and active buyers at this time of year are serious.”

Wilson also cited strong traffic at open houses for new listings, multiple offers, and homes selling at list price with few or no seller concessions as further indicators of today’s market. Cash and conventional financing are the leading methods of purchase, he noted.

Northwest MLS figures show sales prices continue to be wide ranging, not only when comparing counties in the report, but also within many counties.

In King County, for example, the median price on last month's 2,757 completed transactions was \$605,000, down about 1.4% from a year ago – one of only two counties where YOY prices slipped. (Clark County reported a drop of 2.75%.) Within King County, where Northwest MLS tracks 30 sub-areas, median sales prices ranged from \$371,000 (in Des Moines/Redondo Beach) to \$1,892,500 (in Bellevue west of I-405).

Year-over-year price changes ranged from a drop of nearly 20% (in Vashon) to a jump of more than 21% (in Bellevue west of I-405).

Beeson said the South Sound market is experiencing sticker shock, citing an analysis published earlier this year by Redfin showing Tacoma outgained other metro areas across the nation with the fastest percentage of home equity increases since 2012. That surge may be moderating, as prices from a year ago are up more than 8.7%. Based on October figures, the median price in Pierce County, at \$360,000, is more affordable than any of the nearby counties of Kitsap (\$385,000), Snohomish (\$475,000), and King (\$605,000).

Northwest MLS members tallied 8,335 closed sales last month, improving on both the previous month (up 4.7%) and same month a year ago (up 4.1%). Through 10 months, closed sales are lagging 2018 totals by 1,140 units (-1.4%).

The area-wide median price on October's completed transactions was \$420,000, matching September and surpassing the year-ago price by nearly 7.7%.

Northwest Multiple Listing Service, founded in 1984, is a not-for-profit, member-owned organization created to facilitate cooperation among its member real estate firms. NWMLS ([www.nwmls.com](http://www.nwmls.com)) provides an array of products, services, support, and training to assist brokers in providing real estate brokerage services to consumers. With more than 2,300 member officers and 30,000 brokers across Washington state, the organization's broad offerings include a property listing system, mobile applications, an online showing appointment scheduling service, statewide public real property database, online forms and electronic signature service, cloud storage, data analytics, keybox services, and 20 service centers.

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Next page: Summary statistics

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	3,013	4,808	3,211	2,757	\$741,621	\$605,000	1.74	2.40
Snohomish	1,316	1,912	1,508	1,268	\$524,503	\$475,000	1.51	2.14
Pierce	1,300	1,764	1,579	1,366	\$400,360	\$360,000	1.29	1.73
Kitsap	391	531	499	427	\$473,847	\$385,000	1.24	1.87
Mason	109	220	156	147	\$316,428	\$290,000	1.50	2.25
Skagit	194	360	231	198	\$411,016	\$373,750	1.82	2.67
Grays Harbor	123	375	177	161	\$213,762	\$215,000	2.33	2.66
Lewis	115	254	134	139	\$289,426	\$260,000	1.83	2.50
Cowlitz	139	223	145	134	\$299,213	\$285,000	1.66	2.08
Grant	88	231	96	97	\$248,043	\$230,000	2.38	2.81
Thurston	416	501	509	467	\$379,295	\$345,000	1.07	1.61
San Juan	27	221	32	34	\$680,090	\$624,999	6.50	5.07
Island	144	319	165	149	\$445,120	\$349,950	2.14	2.78
Kittitas	79	223	64	87	\$450,312	\$355,000	2.56	3.24
Jefferson	62	150	78	47	\$483,614	\$410,000	3.19	2.83
Okanogan	43	254	46	43	\$292,159	\$265,000	5.91	7.00
Whatcom	352	750	373	327	\$434,651	\$406,000	2.29	2.36
Clark	85	193	112	90	\$400,989	\$362,250	2.14	2.19
Pacific	54	191	51	60	\$214,588	\$222,500	3.18	4.25
Ferry	3	42	7	7	\$171,246	\$180,000	6.00	8.17
Clallam	113	269	127	102	\$335,924	\$325,242	2.64	2.62
Chelan	110	297	102	111	\$439,566	\$375,000	2.68	3.28
Douglas	62	107	60	67	\$395,887	\$355,900	1.60	2.57
Others	56	184	55	50	\$284,775	\$264,500	3.68	3.93
<b>Total</b>	<b>8,394</b>	<b>14,379</b>	<b>9,517</b>	<b>8,335</b>	<b>\$525,831</b>	<b>\$420,000</b>	<b>1.73</b>	<b>2.28</b>

**4-county Puget Sound Region Pending Sales (SFH + Condo combined)**

(totals include King, Snohomish, Pierce &amp; Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2001</b>	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
<b>2002</b>	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
<b>2003</b>	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
<b>2004</b>	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
<b>2005</b>	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
<b>2006</b>	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
<b>2007</b>	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
<b>2008</b>	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
<b>2009</b>	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
<b>2010</b>	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
<b>2011</b>	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
<b>2012</b>	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
<b>2013</b>	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
<b>2014</b>	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
<b>2015</b>	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
<b>2016</b>	5420	6703	8130	8332	9153	8869	8545	8628	7729	7487	6115	4727
<b>2017</b>	5710	6024	7592	7621	9188	9042	8514	8637	7441	7740	6094	4460
<b>2018</b>	5484	5725	7373	7565	8742	8052	7612	6893	6235	6367	5328	4037
<b>2019</b>	5472	4910	7588	8090	8597	8231	7773	7345	6896	6797		

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