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**Key indicators for Western Washington housing still rising,  
but brokers detect slowdown and uncertainty**

KIRKLAND, Washington (November 6, 2017) – Early seasonal snow and questions swirling around the tax plan unveiled last week by House Republicans could make the usual seasonal slowdown more pronounced, say industry leaders from Northwest Multiple Listing Service. For October, however, key indicators trended upwards.

Pending sales rose nearly 8 percent from a year ago, closed sales were up 5.2 percent, and prices jumped about 8.2 percent, with 14 counties reporting double-digit gains. Even the number of new listings improved on the year-ago total.

Northwest MLS figures for the 23 counties it serves show members added 8,466 new listings to inventory during October, outgaining the year-ago total of 7,575 by 11.8 percent. Buyers outnumbered new listings, with 10,586 of them having their offers accepted. That number of pending sales was up nearly 8 percent from the same month a year ago.

“The challenge for buyers actually isn’t lack of choice, it is the rapid pace of sales,” suggested Ken Anderson, president/owner of Coldwell Banker Evergreen Olympic Realty.

“The market in Thurston County has never been better for sellers, and they’re getting the message,” Anderson remarked. His analysis revealed a 10-year high for sellers coming to market during October. “These savvy sellers are not waiting until spring to sell. They are taking advantage of today’s great market and making their move now,” he reported.

Buyers may find themselves in a quandary as the year winds down as they contemplate limited supply, possible upticks in interest rates and tax reform. Last week’s announcement of a provision in a GOP tax proposal to cap the mortgage interest deduction is concerning to buyers, brokers and builders.

“Imagine if the proposed plan to cap the mortgage interest deduction at \$500,000 is approved in a market that is starved for homes and where the median price [for a single family home in King County] is now \$630,000,” said O B Jacobi, president of Windermere Real Estate. “Homeowners may be less likely to sell because they would be giving up their grandfathered tax credit on their current home. That’s fewer homes for sale in a market where we really need them,” he stated, adding, “There could also be a flood of new buyers trying to purchase before the plan is passed, adding to the already hyper-competitive market conditions.”

The president of the National Association of REALTORS® also weighed in, saying details are currently under review, but stated, “Eliminating or nullifying the tax incentives for homeownership puts home values and middle class homeowners at risk, and from a cursory examination this legislation appears to do just that.”

Northwest MLS data show 66 percent of single family homes sold so far this year (Jan. – Oct.) in King County had selling prices of \$500,000 or higher.

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The median sales price system-wide for October was \$373,000, up more than 8.1 percent from twelve months ago when it was \$344,900. All counties in the four-county Puget Sound region notched double-digit gains.

For single family homes (excluding condos), the median sales price for last month's completed transactions was \$381,000. Within King County prices are considerably higher. In Seattle, year-over-year prices jumped 17.6 percent, from \$625,000 to \$735,000. On the Eastside, the median price for a single family home rose 10 percent from a year ago, increasing from \$768,000 to \$845,000. Nevertheless, high prices did not seem to deter many house-hunters.

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, noted October was the "best ever for sales activity in the Puget Sound region."

Northwest MLS brokers reported 7,740 pending sales in the four-county region (King, Snohomish, Pierce and Kitsap), bettering the year ago mark of 7,487 mutually accepted offers. System-wide, pending sales increased from the year-ago total of 9,805 to last month's total of 10,586 (up 7.97 percent).

"With a large buyer pool for each new listing, we saw a higher percentage of new listings sell within the first 30 days of coming on the market," Scott reported, while also noting the seasonal change in housing market dynamics. "As we enter the winter market, the number of new listings being added will be in short supply from now through February," he explained.

Compared to spring months, Scott expects volumes in the next few months will be at 30-to-50 percent of spring totals. "The stage is set once again for a frenzy housing market after the first of the year in the price ranges where there is a shortage of active listings for sale."

Frank Wilson, branch managing broker at John L. Scott's Poulsbo office, also commented on supply, noting in Kitsap County, the number of active listings is down nearly 24 percent from a year ago. "What this means to Kitsap County buyers is that everything is compressed: with lower inventory and higher prices the pressure continues to build for those buyers who need to find a home."

Inventory remains low in many counties in the Northwest MLS system. Overall, there is only 1.5 months of supply of single family homes and condos combined. In King County, it's less than one month. Industry analysts say four to six months typically indicates a balanced (or "normal") market.

Most brokers agree inventory will not grow over the next few months. "Sellers who bring their homes on the market over the next three months will have a lot of interest because of the pent-up demand of buyers who are going to have fewer houses to consider," suggested Wilson.

"Homebuyers in our area are at a real disadvantage right now," commented Wilson, a member of the Northwest MLS board of directors. "They have to be pre-underwritten with their lenders, put forward a conventional or better offer, put down substantial earnest money, and hope that multiple offers do not escalate the price out of their affordability zone." He fears "more and more buyers will be sidelined."

Brokers in Snohomish County are detecting some tapering of activity.

"Buyers are no longer being as aggressive with concessions on homes when making offers and they are unwilling to compete for a home where sellers are being too aggressive with a list price," commented George Moorhead, designated broker and owner at Bentley Properties. He also noted buyers who have been on the sidelines are now more active as they see a slowdown "and an opportunity to finally own a home without the multiple offer competition."

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Diedre Haines, principal managing broker-South Snohomish County at Coldwell Banker Bain in Lynnwood, believes the usual seasonal slowdown is apparent “a bit earlier than usual.” She reported multiple offers are continuing but listings in Snohomish County are experiencing longer market times, fewer above-list price offers, and a noticeable increase in price reductions. “All of this puts an emphasis on how important correct, accurate pricing has become.”

Mike Grady, president and COO of Coldwell Banker Bain, suggested statistics for October “at first blush suggest the lack of listings of single family homes and condos in the region is self-correcting.” As an example, he notes new listings in the tri-county region (King, Snohomish and Pierce) increased 11 percent from a year ago, while year-over-year sales rose only 6 percent. “That implies the shrinking inventory of homes for sale experienced over the past couple of year may be evening out.”

Looking at year-to-date figures tells a different story, according to Grady. His analysis of the three counties shows a 20 percent reduction in active listings. Factoring in strong sales yields a statistic known as months of inventory, which is under two months in the four counties comprising the Puget Sound region.

“The story continues to be in the ‘commuter’ counties, which are experiencing the biggest shrinkage from a year ago,” said Grady. “This reduction of supply will continue to put pressure on rising prices. Bottom line: investment in a home continues to be bullish with no change in sight.”

Northwest MLS board member Robert Wasser said while it may be a difficult time to be a buyer and a positive time to be a seller, the best strategy “regardless of market conditions is to calculate the pros and cons involved and make informed choices.” Wasser, the owner/broker at Prospera Real Estate in Seattle, recommends working with a real estate professional who, among other topics “is equipped to discuss market conditions, financing considerations, historic trends, and buying and selling strategies.”

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 26,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

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Statistical charts follow

**Statistical Summary by Counties: Market Activity Summary – October 2017**

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	3,088	3,108	3,533	3,174	\$676,398	\$565,000	0.98	1.12
Snohomish	1,284	1,476	1,710	1,428	\$450,057	\$415,000	1.03	1.31
Pierce	1,441	2,204	1,934	1,546	\$341,741	\$309,000	1.43	1.90
Kitsap	403	629	563	424	\$391,862	\$324,363	1.48	1.93
Mason	100	344	145	137	\$223,673	\$216,000	2.51	3.90
Skagit	175	462	207	201	\$358,304	\$323,000	2.30	2.54
Grays Harbor	122	409	180	131	\$192,545	\$179,000	3.12	4.51
Lewis	124	333	160	98	\$234,951	\$225,000	3.40	4.43
Cowlitz	161	294	177	144	\$249,280	\$230,000	2.04	2.13
Grant	94	300	100	106	\$216,329	\$204,850	2.83	3.91
Thurston	455	711	560	519	\$299,577	\$278,000	1.37	2.09
San Juan	22	219	46	32	\$674,757	\$567,500	6.84	9.16
Island	165	408	198	177	\$396,711	\$345,000	2.31	2.55
Kittitas	69	237	92	79	\$390,017	\$315,000	3.00	3.44
Jefferson	49	215	77	66	\$352,244	\$320,750	3.26	4.20
Okanogan	37	289	46	43	\$231,624	\$207,000	6.72	8.55
Whatcom	313	782	407	342	\$357,623	\$315,950	2.29	2.69
Clark	65	134	68	47	\$388,764	\$325,000	2.85	1.61
Pacific	44	214	70	67	\$180,051	\$177,500	3.19	4.30
Ferry	4	51	7	5	\$212,200	\$249,000	10.20	13.20
Clallam	85	294	143	91	\$322,215	\$259,880	3.23	4.43
Chelan	75	232	77	53	\$388,537	\$340,000	4.38	3.65
Douglas	45	108	38	35	\$263,043	\$260,000	3.09	2.39
Others	46	227	48	44	\$199,439	\$191,268	5.16	3.24
<b>Total</b>	<b>8,466</b>	<b>13,680</b>	<b>10,586</b>	<b>8,989</b>	<b>\$470,208</b>	<b>\$373,000</b>	<b>1.52</b>	<b>1.84</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>2000</b>	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
<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		