



FOR IMMEDIATE RELEASE
FOR INFORMATION*

April 6, 2015

Frenzied market frustrating buyers

KIRKLAND, Washington (April 6, 2015) – Buyer anxiety is rising as the pace of home sales is faster than brokers are able to replenish inventory, according to members of Northwest Multiple Listing Service. Figures just released for March show 11,408 pending sales during the month while only 10,505 sellers listed their homes for sale during the same period.

“The frenzy market has returned and is in full bloom in King and Snohomish counties. Listings are selling as soon as they come on the market for sale,” said J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

The multiple offer market has become commonplace on well-priced new listings, observed John Deely, principal managing broker at Coldwell Banker Bain. However, he cautioned, “Some sellers are pushing pricing boundaries and are not seeing the same action as their well-priced competition.”

Deely, a member of the Northwest MLS board of directors, said buyers are flooding into the Greater Seattle market due to abundant job opportunities. He also attributed the high demand to low interest rates and skyrocketing rents. “Some high demand areas in Seattle have had a doubling of per bedroom rental rates to over \$1,000 per bedroom,” according to Deely.

This market is pushing buyers beyond their comfort level, suggested Northwest MLS director Frank Wilson, the branch managing broker at John L. Scott, Inc. Poulsbo. “They’re being asked to write offers faster, for more money and with less help from the seller and the result is stress. Multiple offers only add to their stress.”

The market imbalance is played out with rising prices, an acute shortage of listings -- particularly in areas close to job centers -- and bidding wars.

The volume of new listings (10,505) added during the month increased 9.4 percent compared to a year ago, but fell short of satisfying demand in many areas. At month end, inventory in the MLS service area that encompasses 23 counties was down almost 14 percent, dropping from 19,736 listings to 17,007. Twelve counties reported double-digit declines from this time a year ago.

Measured by months of supply, there is about 2.5 months of inventory area-wide. In King County there is slightly more than 1.3 months of supply and in Snohomish County supply stands at just under 1.7 months.

“Buyers are feeling the squeeze with the lack of inventory,” reported George Moorhead, designated broker at Bentley Properties. He noted many would-be purchasers are current owners who are unwilling to put their homes on the market until they can secure their next home. “This is becoming a systemic issue which is holding back the inventory truly available in our current market,” said Moorhead, a member of the MLS board of directors.

-more-

Deely agreed. “Sellers are currently experiencing the role of Prince Charming as buyers vie to win the Cinderella title by escalating offer prices above market value, releasing earnest money and waiving contingencies normally used to safeguard the transaction,” he suggested. The less fortunate “stepsisters” are becoming shell-shocked after numerous failed attempts, he stated. In some cases, Deely said disgruntled buyers are dropping out of the market to wait out this cycle only to be replaced by a new wave, or they’re looking to outlying areas where there is somewhat less competition.

Some brokers expect the pressure will continue with Expedia’s announcement of plans to relocate around 3,000 employees from Bellevue to its new headquarters in Seattle. “It has us all wondering how this might impact housing in the neighborhoods surrounding Elliott Bay,” admitted OB Jacobi, president of Windermere Real Estate Co. With an estimated 75 percent of the company’s current employees living on the Eastside, traffic congestion around South Lake Union is expected to worsen. “It stands to reason that as commute times go up, some of these folks will pack up and move west, adding pressure to Seattle’s already highly competitive market,” he commented.

Stiff competition is reflected in part by rising prices – but MLS officials emphasized sellers still need to be realistic.

“A 2.4 month supply of inventory has Kitsap County clearly in a sellers’ market,” acknowledged Frank Wilson. During March, 502 new listings came on the market in that county, but pending sales were reported on 535 homes. Wilson said the tight inventory “does not mean sellers can overprice their homes as the value of a purchase and sale agreement is often offset by the appraisal.”

“Sellers are in the driver’s seat, but only when they price and condition their home correctly,” cautioned Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma. He said buyers’ agents are often up at the crack of dawn scouring new listings, price reductions and the back-on-market properties in search of opportunities for their clients, but fierce competition is leaving many house-hunters disappointed and frustrated.

Northwest MLS figures show prices on last month’s closed sales of single family homes and condos jumped more than 6.7 percent compared to the same month a year ago. The median price on last month’s closed sales area-wide was \$292,500 which compares to the year ago figure of \$274,000.

Home prices were considerably higher in San Juan and King counties. For the 26 completed sales in San Juan County during March, (one more than a year ago), the price jumped 25.5 percent, rising from \$400,000 to \$501,900. King County prices rose about 8.8 percent, increasing from \$378,000 to \$411,200.

Prices on single family homes (excluding condos) rose about 6.8 percent system-wide, increasing from a year-ago figure of \$282,000 to \$301,143. Within the four county Puget Sound region, Snohomish reported the sharpest hike at nearly 8 percent. The median sales price for a home in that county was \$340,000 last month; twelve months ago it was \$314,975. Buyers can expect to pay about 30 percent more in King County where a single family home that sold last month fetched a median price of \$440,250.

MLS members logged 6,769 completed transactions of single family homes and condos during March to outgain the same period a year ago by 1,016 transactions for a 17.7 percent increase. Of that total, condos accounted for about 14 percent of the volume. The median price on last month’s condo sales was \$240,000, which was about 9 percent higher than a year ago. In King County, the median sales price was \$269,600.

Deely said both residential single- and multi-family building permits are up substantially compared to this time last year in the Seattle-Bellevue-Tacoma metro areas, but the gains are not enough to curb demand.

His analysis indicates foreclosures have dropped close to pre-crisis levels. Even so, he said would-be sellers are caught in the same inventory crisis as they too are unable to find suitable move up housing.

Beeson said escalating prices may ease later in the year, when interest rates edge up as the Fed stops buying mortgage-backed securities. “With near full employment levels and still historic low interest rates, it looks like spring and summer housing market will be hot. Buckle your seatbelts,” he suggested.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership includes more than 23,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 23 counties in Washington state.

###

Statistical Summary by Counties: Market Activity Summary – March 2015**

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	3,749	3,578	4,123	2,670	\$493,942	\$411,200	1.34	1.82
Snohomish	1,600	1,780	1,938	1,075	\$358,867	\$320,000	1.66	2.22
Pierce	1,726	2,758	2,052	1,065	\$266,383	\$240,000	2.59	3.48
Kitsap	502	840	535	350	\$305,559	\$240,523	2.40	4.52
Mason	146	469	132	68	\$169,132	\$146,250	6.90	8.51
Skagit	262	491	253	143	\$271,925	\$245,000	3.43	5.55
Grays Harbor	151	592	139	68	\$148,005	\$132,250	8.71	7.42
Lewis	149	538	127	55	\$161,985	\$166,500	9.78	8.00
Cowlitz	166	406	179	102	\$179,028	\$176,900	3.98	6.04
Grant	127	424	126	76	\$161,673	\$156,800	5.58	7.19
Thurston	526	1,059	560	329	\$233,803	\$227,500	3.22	4.44
San Juan	57	271	35	26	\$572,430	\$501,900	10.42	12.48
Island	208	480	211	112	\$265,347	\$244,975	4.29	6.62
Kittitas	114	393	101	59	\$292,268	\$236,000	6.66	8.12
Jefferson	80	307	77	48	\$292,640	\$259,500	6.40	8.76
Okanogan	69	354	39	18	\$199,631	\$160,000	19.67	19.33
Whatcom	462	979	428	260	\$284,110	\$259,000	3.77	5.60
Clark	47	77	65	55	\$243,940	\$223,900	1.40	3.55
Pacific	74	289	69	42	\$135,427	\$116,750	6.88	14.12
Ferry	5	59	3	3	\$64,300	\$54,000	19.67	50.00
Clallam	87	286	88	68	\$205,724	\$204,975	4.21	9.51
Chelan	103	269	67	37	\$284,174	\$255,000	7.27	9.00
Douglas	43	93	33	22	\$264,500	\$255,000	4.23	4.33
Others	52	215	28	18	\$153,792	\$122,100	11.94	11.24
MLS TOTAL	10,505	17,007	11,408	6,769	\$366,055	\$292,500	2.51	3.43

**Please note: 1) Starting January 2015, statistics for Chelan and Douglas counties appear on separate lines, instead of being part of the “Others” data. 2) Months of inventory are calculated using active listings/closed sales.

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									

###