

FOR IMMEDIATE RELEASE

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Spring market "not waiting for tulips" but limited inventory frustrates homebuyers

KIRKLAND, Washington (Feb. 5, 2015) – Home sales this super bowl season outpaced a year ago as sidelined buyers emerged to compete for limited inventory, according to brokers who commented on January activity.

New figures from Northwest Multiple Listing Service show year-over-year increases in pending sales, closed sales, and prices, while inventory fell by double digits.

"The current inventory of homes available for sale has never been lower in my 22 years as a real estate broker," lamented MLS director George Moorhead, designated broker and owner at Bentley Properties.

The number of active listings of single family homes and condominiums fell from the year-ago figure of 19,195 to 17,082 at the end of January, a decline of 11 percent. Twelve of the 23 counties in the MLS system reported double-digit drops. For the four-county Puget Sound region, the selection was down 12 percent.

When measured by months of supply (the ratio of sales to listings), Northwest MLS figures show it has dipped below four months. In King County, there is only about two months of supply. In general, brokers say four to six months is considered to be healthy balance between supply and demand.

Blame brisk sales, as the number of pending sales, at 7,658, surpassed the number of new listings, which totaled 6,989. A comparison of figures for the four-county region for the past 15 years indicate January's pending sales exceeded any of the prior years (*see chart*).

"We saw sales at a higher pace this super bowl season than last year," remarked J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

Closed sales increased more than 3.7 percent compared to a year ago, rising from 4,306 completed transactions area-wide to last month's total of 4,467.

Scott said multiple offers of most new listings are common. "We are entering February with a severe shortage of homes for sale in the neighborhoods close to the job centers, and we expect that shortage to continue throughout the spring market," he stated. Buyers need to be "buyer ready" so they can react quickly. Brokers recommend getting preapproved for a mortgage, which can give potential buyers an edge in a fast-moving market.

Home prices for single family homes and condos are also tracking ahead of the year-ago pace. The median price on last month's closed sales was \$279,000 system-wide, up about 9.4 percent from the year-ago price of \$255,055. King County reported the highest median price at \$390,000, up 6.9 percent from twelve months ago.

For the 3,880 single family home sales that closed last month, the median price was \$288,000, about 8.7 percent higher that a year ago when the price was \$264,995. Scott said a 4 percent increase is the historical norm.

Condo prices spiked more than 13 percent, rising from \$194,000 area-wide to \$219,900. In King County, which accounted for nearly six of every 10 condo sales, prices rose 6 percent, from \$225,000 to \$238,500.

Moorhead believes inventory shortages are due in part to hesitant sellers. "Sellers who would like to enter the market are holding off for two main reasons," he suggested, adding, "Either they cannot find the next home to move up/down to, or they purchased between 2005 and 2007 and may still be underwater." Sellers who were foreclosed or completed a short sale during the Great Recession are becoming eligible to purchase a home again, Moorhead noted. "This will bring an altogether new segment of buyers who are more savvy and cautious" so they won't repeat past mistakes.

Moorhead also credits new loan programs, revised loan programs, and a general easing of guidelines for buyers with making home buying more attainable. "The only holdback is inventory or credit scores," he suggested.

Northwest MLS director Frank Wilson echoed that notion. "It's almost the perfect storm: low interest rates, low inventory, pent up demand, and a pipeline of sidelines buyers who could not buy because of a past short sale or foreclosure." Their two year to three year waiting period is up and they are looking again, he reported.

Wilson, branch managing broker at John L. Scott in Poulsbo, said the spring market is not waiting for the tulips this year – "spring has already sprung. We are seeing an increase in traffic at our open houses with more buyers out looking at our limited inventory."

Wilson also said brokers in Kitsap County are starting to hear murmurs of the second home market. "We have buyers looking for second homes along Hood Canal, and we fit the parameters of many Puget Sounders not wanting to drive more than three hours to reach their getaway house."

In Snohomish County, where closed sales jumped 11.5 percent from a year ago and prices surged more than 17 percent, broker Diedre Haines reported, "We have buyers in all price ranges out looking and anxious to buy." She credits low interest rates, strong employment and economic conditions and "reasonable as opposed to exorbitant" appreciation with spurring activity.

Despite all the favorable indicators, pending sales in Snohomish County rose only 3.5 percent compared to a year ago, noted Haines, principal managing broker in South Snohomish County at Coldwell Banker Bain. "Why?" she asked rhetorically. "Simple answer: We need more inventory."

"The Seattle housing market is going gangbusters, but we're still starving for inventory," said OB Jacobi, president of Windermere Real Estate. "If open house traffic is any indication, there are LOTS of buyers out there looking for homes, so my message to would-be sellers is: If you're on the fence, it's time to jump off. The market conditions are so much in your favor right now."

Haines agreed. "Potential sellers should talk to their real estate broker and find out if now is the right time for them to sell," she 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 21,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 23 counties in Washington state.

Statistical Summary by Counties: Market Activity Summary - January 2015**

Single Fam.	Ll	STINGS	PENDING CLOSED SALES				*Months of		
Homes +			SALES				Inventory		
Condos	New	Total	# Pending	# Closings	Avg. Price	Median	This	Same mo.,	
	Listings	Active	Sales			Price	month	year ago	
King	2,518	3,536	2,788	1,688	\$487,745	\$390,000	2.09	2.46	
Snohomish	1,083	1,918	1,237	686	\$341,735	\$315,000	2.80	3.50	
Pierce	1,210	2,903	1,363	756	\$246,027	\$217,250	3.84	4.33	
Kitsap	334	843	403	225	\$252,146	\$225,000	3.75	5.20	
Mason	93	443	97	55	\$166,870	\$150,000	8.05	9.55	
Skagit	171	494	179	104	\$257,970	\$233,250	4.75	8.28	
Grays Harbor	118	576	92	57	\$96,469	\$79,000	10.11	10.51	
Lewis	89	521	90	60	\$163,545	\$153,450	8.68	12.10	
Cowlitz	113	399	115	76	\$183,134	\$163,125	5.25	6.32	
Grant	79	413	67	41	\$173,468	\$160,001	10.07	9.67	
Thurston	375	1,028	379	227	\$255,542	\$236,900	4.53	4.55	
San Juan	16	258	22	15	\$462,148	\$326,700	17.20	13.55	
Island	121	444	153	88	\$293,249	\$238,750	5.05	6.37	
Kittitas	58	364	65	31	\$269,864	\$225,000	11.74	8.66	
Jefferson	41	295	52	34	\$224,071	\$202,500	8.68	11.30	
Okanogan	28	349	26	31	\$152,670	\$135,000	11.26	17.89	
Whatcom	269	960	275	165	\$273,051	\$254,000	5.82	7.45	
Clark	48	129	59	30	\$314,133	\$220,450	4.30	5.90	
Pacific	40	307	38	19	\$99,963	\$88,500	16.16	18.22	
Ferry	2	66	2	2	\$78,950	\$78,950	33.00	17.67	
Clallam	52	304	42	29	\$248,990	\$227,000	10.48	7.14	
Chelan	68	237	49	17	\$302,321	\$245,000	13.94	11.17	
Douglas	26	83	28	17	\$219,232	\$220,000	4.88	6.75	
Others	37	212	37	14	\$149,558	\$104,900	15.14	9.86	
MLS TOTAL	6,989	17,082	7,658	4,467	\$349,001	\$279,000	3.82	4.46	

^{**}Please note: 1) Starting this month, 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.

<u>4-county Puget Sound Region Pending Sales (SFH + Condo combined)</u> (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	·		·	·				·		·	