



FOR IMMEDIATE RELEASE

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Brokers seeing “simple economic recipe for a softening housing market”

KIRKLAND, Washington (July 5, 2018) – Home buyers around many parts of Washington state had more choices and less competition during June, prompting some industry leaders to comment on “a feeling of change in the market.”

“Inventory is up and demand has dropped,” reported Robert Wasser, an officer with the board of directors at Northwest Multiple Listing Service. That combination is “a pretty simple economic recipe for a softening market,” he added in commenting on the latest MLS statistics.

Figures for June show a 5.2 percent improvement in the number of active listings system-wide, coupled with drops in the volume of pending sales (down 8.4 percent) and closed sales (down .07 percent) compared with a year ago. Despite the shift of some indicators favoring buyers, prices area-wide continued to rise, increasing more than 10 percent from twelve months ago.

“There was a feeling of change in the market this June and the numbers supported that feeling,” remarked John Deely, principal managing broker at Coldwell Banker Bain. He noted many brokers also reported an increase in properties going past their offer review date, more price reductions, and an increase in reverse prospecting (a tool that allows the listing broker to view a list of brokers with potential buyers for that listing). “We’re also experiencing a decrease in multiple offers and the number of buyers participating in multiple offers,” added Deely.

Northwest MLS brokers added 13,153 new listings to inventory during June, a drop from both a year ago when they added 13,658, and from May when 14,524 new listings were added. With new listings outgaining sales, total inventory as measured by active listings and months of supply improved.

At month end, Northwest MLS reported 15,234 active listings and 1.5 months of supply. Inventory of single family homes and condos reached its highest level since October. The supply of active listings in King County surged 47 percent from a year ago, boosting the months of supply to just under 1.3 months – the highest level since September 2016 when there was 1.37 months of supply.

“Although still a quick response market, with more new listings coming on the market during the summer months, we experienced dispersed buyer energy due to the greater availability and selection,” stated J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. He estimates sales activity is off 15-to-20 percent for each new listing’s first 30 days on the market. “Now through October will be the best time of year for homebuyers,” he remarked.

“Sellers are becoming more active in the market as they sense buyers pulling back,” suggested George Moorhead, designated broker and owner at Bentley Properties. Improving supply, a marked increase in expired or cancelled listings, and market times almost doubling are factors he mentioned when describing the market as “more than just lackluster” with summer showing no sign of improvement.

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Windermere president OB Jacobi also saw the second straight month with a “pretty significant rise in the number of homes for sale across the Western Washington region” as encouraging. “This is great news for home buyers because not only does it mean more selection, but also less competition.”

Commenting on the steady improvement of supply with more choices for buyers, Mike Grady emphasized “We still remain far below a balanced market of 3-to-5 months of inventory.” The imbalance is reflected by rising prices, up more than 10 percent in King County and nearly 15.5 percent in Snohomish County, he noted. “As long as we are creating 100,000-plus net new jobs annually in the Pacific Northwest and building fewer than 30,000 new single family homes, these trends will continue,” suggested Grady, the president and COO of Coldwell Banker Bain.

Frank Wilson, Kitsap regional manager and branch managing broker at John L. Scott Real Estate in Poulsbo said the market there has slowed “but not to the degree that Seattle has. There are fewer listings coming on the market, to a large degree because potential sellers cannot find a home to buy.”

MLS figures show inventory in Kitsap County is down more than 20 percent from a year ago and pending sales declined 5 percent. Wilson said some potential sellers are opting to stay in their current house and remodel citing rising prices and limited selection as reasons for their decision.

“This market is reaching westward to Jefferson and Clallam counties,” Wilson reported, noting Port Ludlow, Port Townsend and Port Angeles are all feeling a bump in value and shrinking inventory. Jefferson County inventory dropped 32.2 percent year-over-year while prices surged 29.8 percent. The supply in Clallam County shrunk nearly 30 percent, with prices jumping 10.4 percent.

Twenty of the 23 counties covered by the Northwest MLS report had double-digit increases in median sales prices. Grant, Kitsap, and Skagit counties were the exceptions, each with gains under 6 percent.

Of the 29 map areas the MLS tracks within King County, six areas, including Queen Anne/Magnolia and most sub-areas of the Eastside, reported median prices topping \$1 million for sales of single family homes and condos that closed during June.

Despite the overall gains, buyers might be cheered by one notable figure: The median sales price of a single family home (excluding condos) in King County fell from May, at \$726,275, to June, a \$715,000, for a drop of nearly 1.6 percent. That May-to-June decline hasn’t happened since pre-recession, noted MLS director Wasser, owner/broker at Prospera Real Estate in Seattle.

“While home prices are still trending above average rates, the pace is moderately slowing as the housing market becomes less frenetic,” Jacobi stated, adding, “We have a ways to go before we approach anything close to a balanced market, but we’re certainly trending in the right direction.”

The softening was evident in the four-county Puget Sound region where pending sales (mutually accepted offers) were down nearly 11 percent from a year ago. Last month’s 8,052 mutually accepted offers in King, Kitsap, Pierce and Snohomish counties was the lowest total for June since 2014.

Wasser agreed. “It’s still a seller’s market out there, but I’m seeing signs of a more balanced market on the horizon,” he stated.

While year-over-year prices rose in all counties, compared to May they were flat in some areas, including King County where the median price of \$650,000 was unchanged. The overall median of \$425,000 for June’s closed sales was only \$5,000 higher than the previous month.

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Buyers who want to live in King County still face hefty prices for existing inventory. Deely said his analysis of active listings of single family homes revealed more than a third of the choices for single family homes has asking prices of more than \$1 million. And, he added, there are fewer than 80 listings (only about 2 percent) are priced below the US national median sales price of \$313,000.

Escalating prices and depleted inventory in desired neighborhoods are top concerns Moorhead hears from buyers, but “they have another challenge on the list: rising interest rates.” The hikes — with more expected — are pushing buyers into a lower price point, or forcing them to come up with a larger down payment, he added.

Grady also commented on rising mortgage rates, resulting in some buyers being priced out of mortgage qualification. He also suggested the slowdown in pending sales has an international angle. “There have been slightly fewer sales to international buyers as China continues to make taking cash out of China more difficult,” he stated.

Home builders continue to be challenged. Wilson noted builders are “struggling to ramp up production to meet demand” with local regulations and processes being inhibitors.

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 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	4,896	4,503	3,830	3,502	\$784,396	\$650,000	1.29	0.84
Snohomish	1,995	1,831	1,652	1,526	\$518,242	\$485,000	1.20	1.02
Pierce	2,082	2,227	1,982	1,772	\$382,928	\$346,975	1.26	1.36
Kitsap	625	611	588	484	\$429,575	\$350,000	1.26	1.58
Mason	199	291	174	135	\$276,866	\$240,000	2.16	2.18
Skagit	261	437	226	228	\$411,245	\$338,500	1.92	2.01
Grays Harbor	190	424	191	157	\$200,542	\$193,500	2.70	3.41
Lewis	161	273	168	116	\$263,893	\$236,250	2.35	2.91
Cowlitz	199	239	191	144	\$276,885	\$249,450	1.66	1.53
Grant	132	297	124	107	\$233,218	\$198,000	2.78	3.67
Thurston	646	709	683	574	\$351,158	\$325,000	1.24	1.40
San Juan	52	250	34	45	\$844,290	\$580,000	5.56	8.73
Island	254	358	232	221	\$441,943	\$375,000	1.62	2.12
Kittitas	145	251	97	82	\$389,197	\$342,000	3.06	2.52
Jefferson	81	194	76	63	\$441,408	\$400,000	3.08	4.93
Okanogan	90	319	63	51	\$225,726	\$220,000	6.25	7.38
Whatcom	505	689	457	397	\$401,275	\$370,000	1.74	2.09
Clark	113	163	100	86	\$409,937	\$366,500	1.90	2.97
Pacific	97	265	82	65	\$203,984	\$176,800	4.08	6.45
Ferry	11	53	10	7	\$255,786	\$235,000	7.57	10.40
Clallam	120	234	131	114	\$343,767	\$325,750	2.05	3.09
Chelan	153	294	98	99	\$428,341	\$351,000	2.97	2.88
Douglas	79	129	56	65	\$373,221	\$349,000	1.98	1.76
Others	67	193	53	32	\$199,453	\$169,430	6.03	4.05
Total	13,153	15,234	11,298	10,072	\$537,394	\$425,000	1.51	1.44

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	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						