



Dec. 4, 2013

**Home sales “chugging along,” as recovery continues,
but brokers expect prices, mortgage rates to rise in 2014**

KIRKLAND, Wash. (Dec. 4, 2013) – Improving inventory, stabilizing prices, fewer short sales, and a healthy local economy are credited with keeping the real estate market “chugging along nicely” around western Washington, according to brokers with the Northwest Multiple Listing Service.

The latest figures from Northwest MLS show year-over-year gains in inventory (up 4.8 percent), pending sales (up nearly 1.6 percent), closed sales (up 5.3 percent) and median selling prices (up 4.86 percent).

Brokers reported 6,624 pending sales (mutually accepted offers) of single family homes and condominiums during November, improving on the year-ago total of 6,522 for a 1.56 percent increase.

Closed sales across the 21 counties in the report outgained the volume of a year ago by 283 transactions, rising from 5,333 completed sales to 5,616 for a gain of 5.3 percent.

The median selling price on last month’s closed sales increased 4.86 percent, from \$258,500 to \$271,061. The condominium portion of those sales had double-digit price gains, jumping 14.2 percent. In King County, where 60 percent of the condominium sales occurred, prices were up 17.4 percent, rising from \$204,500 to \$240,000. Snohomish County condo prices shot up 19.7 percent from twelve months ago.

For single family homes (excluding condominiums), the median sales price was \$280,000 area-wide, up about 4.1 percent. King County’s volume of closings dipped slightly compared to a year ago (down 2.9 percent), but prices increased more than 7.5 percent. The median selling price for single family homes that sold last month in King County was \$414,000; a year ago it was \$385,000.

OB Jacobi, president of Windermere Real Estate, believes the slowing pace of home prices, “is “actually a good thing,” saying, “As we saw in years past, continual double-digit price appreciation leads to boom and bust cycles that none of us want to relive.”

Similarly, fewer distressed sales bode well for the market, according to Northwest MLS director Darin Stenvers. “The real estate industry is supported by reduced rates of short sales and foreclosures, thus returning almost all markets to a healthy position for consumers. Rising home values have helped sellers who wish to avoid the long drawn-out and painful short sale process,” stated Stenvers, the office managing broker at John L. Scott in Bellingham.

In most cases Stenvers said those sellers are able to repair their credit in a short time, and maybe even re-enter the marketplace with more affordable budgets. “Foreclosures and the percent of short sales have sent a clear message to buyers that the market is stable and they can feel confident in their investments,” Stenvers suggested.

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MLS director John Deely agreed. With rising prices, the number of homeowners with negative equity continues to shrink, he noted, citing data from the Case Schiller index. “Many sellers do not realize they have gained back substantial equity and that we are close to the peak values of the Seattle market,” said Deely, the principal managing broker at Coldwell Banker Bain in Seattle.

Commenting on recent activity along with expectations of a holiday season slowdown, some brokers noted there are multiple – and sometimes, unrealized – advantages to buying and selling homes as the year winds down. “Waiting will not provide much benefit,” suggested Mike Gain, CEO and president of Berkshire Hathaway HomeServices Northwest Real Estate in Seattle.

MLS director Frank Wilson agreed. He believes it will be more expensive to buy a home during 2014. “Slow but steady price appreciation, upward pressure on interest rates and increased costs of getting a loan will all work to decrease the buyer’s purchasing power,” said Wilson, the branch managing broker and Kitsap District manager for John L. Scott in Poulsbo.

Deely attributes the threat of interest rate hikes with spurring some activity in the midst of the holidays. “In 2014 the big question is not if interest rates will rise but when. This concern appears to be encouraging buyers to continue their home search during this holiday season, defying the seasonal slowdown,” he observed.

MLS spokespeople also point to inventory shortages in some areas as another challenge for buyers.

“As we approach the holiday season when we typically experience the seasonal slowdown, the housing market is showing signs of stability and resilience,” said Gain, but added, “Even though November’s new listings were up 10.1 from a year ago, and pending sales were up 1.6 percent, the lack of inventory is holding sales down.”

Many Seattle neighborhoods are still experiencing high demand for listings, noted Gary O’Leyar, designated broker and co-owner of Prudential Signature Properties. “Although the pace of the in-city Seattle market has leveled off somewhat, we are still seeing many instances of multiple offers due to high demand in several of the most sought-after neighborhoods,” he commented.

Multiple listing service figures underscore O’Leyar’s report. Most of the MLS map areas comprising Seattle show only around 1.5 months of supply – well below the 4-to-6 months many industry analysts say indicates a “balanced” market.

Tight inventory is not limited to Seattle. “Once again, this year we will be heading into the New Year with shortages and low inventory of homes for sale in the price ranges where 90 percent of the sales activity is taking place,” said Lennox Scott, chairman and CEO of John L. Scott Real Estate.

Scott and others believe sellers who are thinking of selling could benefit by listing now instead of waiting for the expected ramp-up of activity in January. “Traditionally, the number of new listings coming on the market during the holidays declines at a higher rate than buyer demand, thereby making the buyers-to-new-listings ratio advantageous for sellers.”

Mike Gain agreed, referring to a checklist his company uses that outlines advantages of listing a home during the holiday season. Among the benefits it cites are “decked halls look great,” “only serious buyers are out,” and “the process will be quicker.”

“All in all, the real estate market is chugging along nicely thanks in part to the health of our local economy,” observed Jacobi. Rising interest rates are playing a part in motivating buyers as well, he added. It’s typical to see housing sales slow during this time of year because of the holidays, he acknowledged, but even so, he said “sales are still strong.”

Wilson said Kitsap County's momentum is "slowing a bit," but noted cumulative figures for the year show the volume of pending sales is up 14 percent. As for prices, he seemed satisfied with Kitsap's modest increases compared to double-digit jumps elsewhere. "We are happy to let the Seattle market steal that limelight," he declared, noting Kitsap's affordability advantage as a result of the differences.

Looking ahead, brokers tend to agree positive momentum will continue, but hurdles such as unrealistic sellers, new loan regulations, and threats to purchasing power remain.

"The market is poised for another solid year in 2014, but buyers are "out of breath," said Dick Beeson, noting attention is diverted to holidays and national uncertainties. "If we could just get buyers off fences and sellers' expectations in line with 2013 pricing not 2005, we'd be just fine," he quipped. Beeson, the principal managing broker at RE/MAX Professionals in Tacoma, also worries about "the poor job market" in many parts of the state that aren't faring as well as Seattle. "Without a strong job market, housing sales eventually show down," he noted.

New loan regulations are also troublesome, according to Beeson. "If anything will kill a good market, tightening the money supply will," he emphasized.

Asked about his projections, Wilson said he thinks 2014 will be more of the same. "We are in a familiar cycle in which buyers in 2015 will be saying...I wish I would have bought a home back in 2013."

O'Leyar has a similar outlook. "I think the 'wild cards' for the 2014 Greater Seattle real estate market will be the Federal Reserve's policy decisions and stricter lending standards." He believes both factors could shrink the number of buyers. He also expects a leveling off of price appreciation, but continued strong demand due to the robust nature of Puget Sound's vibrant economy.

Stenvers expects 2014 will be another year of stabilization and recovery for home and condo sales around the Pacific Northwest, and points to upticks in new home construction and commercial leasing as positive signs for job creation.

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 21 counties in Washington state.

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Statistical summaries follow.

Statistical Summary by Counties: Market Activity Summary – November 2013

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			MONTHS SUPPLY
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	
King	2,051	4,876	2,617	2,244	\$452,285	\$379,202	1.86
Snohomish	900	2,451	1,010	833	\$308,095	\$288,000	2.43
Pierce	1,042	3,384	1,131	878	\$226,932	\$205,000	2.99
Kitsap	289	1,356	325	255	\$279,993	\$220,000	4.17
Mason	90	650	77	59	\$206,297	\$158,000	8.44
Skagit	132	720	143	138	\$281,745	\$247,750	5.03
Grays Harbor	118	737	76	79	\$123,733	\$122,500	9.70
Lewis	99	669	83	64	\$153,627	\$140,000	8.06
Cowlitz	87	434	92	79	\$154,093	\$140,000	4.72
Grant	81	487	52	47	\$173,182	\$162,225	9.37
Thurston	301	1,176	302	262	\$235,437	\$220,000	3.89
San Juan	15	366	25	21	\$633,405	\$450,000	14.64
Island	106	661	112	99	\$321,670	\$245,000	5.90
Kittitas	58	382	63	53	\$257,200	\$206,750	6.06
Jefferson	46	385	39	49	\$283,883	\$265,000	9.87
Okanogan	26	427	35	25	\$214,150	\$169,500	12.20
Whatcom	200	1,283	236	199	\$294,779	\$260,000	5.44
Clark	50	216	42	51	\$261,352	\$242,000	5.14
Pacific	30	379	34	32	\$118,672	\$84,625	11.15
Ferry	6	64	3	2	\$106,750	\$106,750	21.33
Clallam	44	325	63	66	\$206,891	\$162,625	5.16
Others	82	633	64	81	\$220,263	\$192,000	9.89
MLS TOTAL	5,853	22,061	6,624	5,616	\$334,831	\$271,062	3.33

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	