

Home sales, prices still rising in Western Washington despite lean inventory and increasing mortgage rates

KIRKLAND, WA (Aug. 6, 2013) – Rising interest rates, rising prices and rising consumer confidence are creating a “positive cyclone of home sales activity,” according to members of the Northwest Multiple Listing Service. A robust job market around the Greater Seattle area is also spurring sales.

Member-brokers reported 9,565 pending sales during July for an increase of more than 13.6 percent from a year ago – the highest year-over-year gain since January. Last month’s mutually accepted offers across 21 counties also marked a slight improvement on June’s total of 9,484 pending sales.

Northwest MLS director John Deely, the principal managing broker at Coldwell Banker Bain in Seattle, said multiple offers are being reported in all price ranges “with properly priced new listings, and we’re still seeing a surprising number of all cash buyers.” He also noted many transactions are conditioned on the closing of a pending sale as move-up sellers enter the market to buy a new property.

The number of closed sales and the prices on those transactions both rose by double digits compared to a year ago. Members recorded 7,772 completed transactions area-wide to outgain the year-ago volume by 27.5 percent. The median price of those closed sales, which included single family homes and condominiums, was \$282,363. That’s up 10.8 percent from the year-ago figure of \$254,900.

“We experienced a mini power surge of sales activity that was touched off by a sudden raise of interest rates during the month of May,” observed J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. Scott attributes part of the surging activity to buyers who rushed forward to purchase a home before rates climb higher. He also reported more sellers are listing their homes “due to the realization that the next home they purchase will be at a higher interest rate.” As these sellers become buyers, they’re contributing to the “positive cyclone of sales activity,” Scott stated.

MLS members added 10,860 new listings to inventory during July to boost the system-wide selection to 25,272 active listings. That is only about 5.5 percent fewer listings than a year ago when inventory stood at 26,747 active listings.

Despite improving inventory overall, supplies remained low, particularly around job centers. Area-wide there is about 2.6 months of supply, which indicates a seller’s market. (In a normal market, a healthy supply level favoring neither buyers nor sellers is around 6 months, according to industry analysts.)

Three counties have less than three months of supply. At the current pace of sales in King County, it would take just 1.5 months to sell the current supply. In Snohomish there is only 1.6 months of supply and in Thurston County the existing supply would be exhausted in about 2.9 months.

Deely said some sellers are testing the waters with aggressive pricing, but they are experiencing longer market times.

MLS director Frank Wilson, representing Kitsap County where there is 3.3 months of supply, expects the seller’s market will continue for at least the next few months. He noted 16 percent more homes in Kitsap County went under contract than the same month a year ago, crediting some of that uptick to the sense of urgency that buyers are feeling because of recent jumps in interest rates.

The average fixed rate on a 30-year mortgage was 4.37 percent last week, up from January’s rate of 3.41, according to Freddie Mac.

Buyers should be aware of interest rates now and lock in a rate, stressed Wilson, the Kitsap District manager and branch managing broker at John L. Scott Real Estate Poulsbo – Kingston. “There is nothing more disappointing than having your offer accepted on a home, then have an interest rate jump disqualify you from the purchase,” he remarked, adding, “If you want to gamble go to Las Vegas; if you want to buy a home lock the rate.”

Brokers believe robust private sector job growth should have a positive impact on sales momentum. “Builders will have to keep up with the influx of families moving to the area for employment in order to sustain our growing need for housing,” remarked Mike Grady, president and COO of Coldwell Banker Bain in Bellevue.

Buyers searching for single family homes may have an easier time than those seeking condominiums.

Northwest MLS figures show the inventory for single family homes is down 4.6 percent from a year ago, while the selection of condo listings has declined about 13.2 percent. Prices on single family homes that closed during July were up about 9.9 percent from a year ago. Condo prices jumped more than 16.8 percent.

Prices for single family homes (excluding condominiums) in King County continue to climb, with last month’s completed transactions commanding a median sales price of \$434,000. That figure reflects an increase of 15.7 percent from a year ago when the median price was \$375,250.

Since January, the median sales price for a single family home in King County has risen by \$84,000, but the escalation hasn’t seemed to crimp activity. Through July, closed sales of single family homes sold with the county have outgained year-ago totals by nearly 17.9 percent. “This is one of the busiest summer markets I have observed in my 30 plus year real estate career,” Deely commented.

Although some economists expect weaker U.S. economic growth for the remaining months of 2013 and moderating home price increases, brokers say investors are active participants in the local housing market.

“It’s a perfect time to be an investor in Kitsap,” said Wilson. “Home price have not yet started to rise substantially and the rental vacancy rate continues to drop as more homeowners become renters due to short sales or foreclosure.”

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.

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

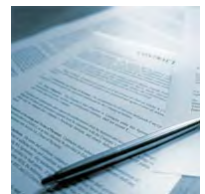
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	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					

Statistical Summary by Counties: Market Activity Summary – July 2013

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			MONTHS SUPPLY
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	
King	4,051	5,728	3,788	3,293	\$466,755	\$398,888	1.51
Snohomish	1,578	2,359	1,470	1,141	\$308,471	\$291,000	1.60
Pierce	1,605	3,495	1,541	1,198	\$243,623	\$220,000	2.27
Kitsap	515	1,542	465	385	\$287,209	\$232,950	3.32
Mason	177	849	115	66	\$199,365	\$177,000	7.38
Skagit	262	855	214	170	\$258,452	\$230,250	4.00
Grays Harbor	195	868	134	86	\$142,313	\$142,500	6.48
Lewis	157	744	101	79	\$138,525	\$146,500	7.37
Cowlitz	162	512	117	113	\$187,489	\$168,000	4.38
Grant	118	592	95	66	\$177,192	\$154,953	6.23
Thurston	486	1,268	441	340	\$240,469	\$228,500	2.88
San Juan	56	444	39	19	\$491,142	\$400,000	11.38
Island	242	899	206	152	\$297,795	\$250,000	4.36
Kittitas	120	503	79	62	\$224,272	\$198,500	6.37
Jefferson	107	535	72	43	\$289,201	\$244,500	7.43
Okanogan	69	503	36	36	\$224,699	\$166,000	13.97
Whatcom	511	1,641	365	323	\$280,667	\$252,000	4.50
Clark	75	190	60	41	\$237,244	\$215,000	3.17
Pacific	81	488	49	32	\$118,981	\$104,950	9.96
Ferry	10	70	4	2	\$157,500	\$157,500	17.50
Clallam	112	487	78	58	\$187,559	\$169,483	6.24
Others	171	700	96	67	\$241,263	\$215,600	7.29
MLS TOTAL	10,860	25,272	9,565	7,772	\$348,291	\$282,363	2.64

Revised Law of Agency Pamphlet Now Available

Amendments to state laws affecting real estate brokerage relationships became effective on July 28. A revised Law of Agency Pamphlet is available on Xpress Forms found on the Northwest MLS website. Brokers are required to give the revised pamphlet to all new clients who are engaged on or after July 28.



The revisions, officially known as the Agency Reform Act (RCW 18.86), include two primary provisions:

1. Clarify that brokers do not owe fiduciary duties to their clients; and
2. Update the terminology in the statute and pamphlet to make it consistent with the license law.

Brokers are not required to provide a copy of the revised pamphlet to existing clients if they already provided a copy prior to the July 28 implementation date.

For more details and to review the revisions, click [here](#).

Homeownership a Top Priority for Renters

Renters are thinking more about owning a home and say homeownership is one of their highest priorities, according to a new survey. The 2013 National Housing Pulse Survey also found that Americans overwhelmingly believe owning a home is a good financial decision.

The poll of 2,000 adults nationwide measured consumers' attitudes and concerns about housing opportunities. Researchers found eight in 10 Americans believe buying a home is a good financial decision. More than two-thirds (68 percent) of respondents said now is a good time to buy.

Compared to 2001 when the last survey was conducted, more renters are now thinking about purchasing a home. The percentage rose from 25 percent to 36 percent, while those who say they prefer to rent dropped from 31 percent to 25 percent.

Other key findings from the latest survey include:

- Half of renters now say that eventually owning a home is one of their highest personal priorities, up 9 points from 2011.
- Respondents expect to see continued improvement in home buying, as 37 percent expect real estate sales to increase in the year ahead.
- Concern over foreclosures showed a steep decline from 2011 when 47 percent characterized distressed properties as “very” or a “fairly big” problem; today only 29 percent say it’s a problem.

While economic uncertainties remain, Americans are more upbeat about real estate sales and home ownership, according to officials with the National Association of Realtors®, which commissioned the study.

Homeownership matters to Americans who consistently realize the many benefits it provides to communities, families and the nation’s economy,” said NAR President Gary Thomas, broker-owner of Evergreen Realty, in Villa Park, Calif. “Due to high housing affordability and today’s interest rates it makes sense for people to consider homeownership over renting. In fact, in many parts of the country it’s cheaper to own a home than to rent one. Therefore, it’s no surprise that renters recognize that owning a home offers tremendous long-term benefits and is an investment in their future.”

For many Americans, the perceived obstacles to homeownership have remained unchanged over the years, according to NAR findings. Low wages, student loan debt, and little savings for a down payment and closing costs continue to make it difficult for many to become homeowners. Researchers said respondents across the board – young and old, college graduates and non-graduates – consider student loan debt to be a large obstacle.

When asked for reasons why homeownership is important, respondents’ top reasons underscored basic American values and freedoms. Building equity, wanting a stable and safe environment, and the freedom to choose where to live were cited as key motives. While these reasons have remained virtually unchanged since 2011, they do vary slightly by demographics.

The top scoring reason for African-Americans and Hispanics was that homeownership provides stability and a safe environment. Women also placed more emphasis on environmental factors than men. Non-college graduates placed stronger emphasis on public schools, owning a home before retirement, and living in a safe and stable environment.

The [2013 National Housing Pulse Survey](#) is conducted by American Strategies and Myers Research & Strategic Services for NAR’s Housing Opportunity Program, which aims to position, educate and help Realtors® promote housing opportunities in their community, in both the rental and homeownership sectors of the market.

Washington No. 4 Among Fastest Growing State Economies

Washington is outpacing most states on growing its economy, thanks in part to international trade.

Using figures from the Bureau of Economic Analysis, a researcher at a federal policy organization ranked Washington 4th among states with the fastest-growing economies. North Dakota tops the list, followed by Texas and Oregon.

U.S. gross domestic product (GDP) grew by 2.5 percent in 2012, up from 1.6 percent in 2011. By comparison, Washington's GDP growth for 2012 was 3.6 percent.

"Washington has made considerable efforts to become a major exporter," noted Jared Bernstein, a senior fellow at the Center on Budget and Policy Priorities. This has allowed the state to become less dependent on U.S. consumers and companies for business, and to "be nimble enough to take products to where the growth is," he remarked.

In addition to exports, Washington's information sector contributed nearly one-third of its GDP growth in 2012, the most of any state. The sector accounted for 9 percent of GDP in 2012, also the most of any state. However, information sector employment has been flat in recent years, with no employment growth recorded in 2012.

Robust growth in Texas and North Dakota was attributed in large part to energy production.

On both federal and state levels, the nonprofit Center on Budget and Policy Priorities conducts research and analysis on budget and tax policies, and works on fiscal policy and public programs that affect low- and moderate-income families and individuals.

NWMLS Member meetings July 2013

Northwest Multiple Listing Service continues to roll out new services and enhance existing offerings in response to member expectations and feedback, as well as ever-changing technologies. At a series of member meetings for brokers and branch managers held in July, MLS staff highlighted updates to Matrix, a new forms platform, and online/cloud storage for transaction files.

Guest speaker Glenn Crellin, associate director for research for the Runstad Center for Real Estate Studies, opened the meetings with updates on current projects at the Washington Center for Real Estate Research. WCRER, formerly located at Washington State University, is now a unit of the Runstad Center for Real Estate Studies at the University of Washington.

Crellin framed his comments around the question "Are you or our clients confused about housing prices?" Using a series of slides, he compared home price statistics and trends tracked by various sources while explaining different methodologies and the strengths and weaknesses of each.

The guest speaker noted WCRER research is specified in state laws (RCWs). Among current projects, Crellin and his associates are researching the state's housing market, analyzing apartment market data, tracking commercial real estate sales, devising a licensee forecasting model, conducting a continuing education "audit," and preparing a licensee profile survey.

Following the economic review, Northwest MLS staff described changes to listing input forms, including new "green" fields, and new construction updates. Brokers can now include up to 25 property photos with their listings, up from the previous maximum of 15.

In August an incomplete listing tool will be unveiled, followed by Matrix 6.3, which will feature Realist map layers, unlimited mapping search results, and client portal notes.

Another significant addition will result from a multi-year agreement with Instanet Solutions to offer a complete range of real estate technology tools. It includes online forms, document management, cloud storage for real estate documents, electronic signatures, and fax to email services.

Northwest MLS started working with Instanet two years ago when it launched the Authentisign product for electronic signatures. Tom Hurdelbrink, president and CEO of Northwest MLS, said the addition of the Instanet forms platform and the suite of document management tools would provide members “with a very efficient and effective way to serve their clients and customers.”

A winter release is anticipated for the new tools, following beta testing, training and importing existing files from other programs.

The member meetings also included a review of recent Listing Agreement changes and changes to Rule 2 affecting the promotion and advertising of listings.

MLS staff also provided a synopsis of the latest member survey to gauge member and subscriber satisfaction with existing services and how current levels compare to findings from a previous survey. The results reflected responses from around 4,200 members and subscribers, who were also polled about future expectations.

Overall, members and subscribers gave Northwest MLS higher marks this year than 1.5 years ago. When measured against the American Customer Satisfaction Index, the MLS fared well. The U.S. average score of major business is 7.7 out of 10, the Northwest MLS earned marks of 8.1 and 8.2, which the research firm said approaches satisfaction levels similar to Google and Nordstrom.

Northwest MLS Selects Supplier for Suite of Tech Tools

Instanet Solutions, an industry leader in promoting and developing paperless and mobile real estate technologies, will provide a complete range of real estate technology tools for members of Northwest Multiple Listing Service. The multi-year agreement, announced in July, includes online forms, document management, cloud storage for real estate documents, electronic signatures, and fax to email services.



Tom Hurdelbrink, president and CEO of Northwest MLS, said the selection of Instanet followed studies and reviews of various suppliers. Referring to an existing relationship with Instanet as the provider of Authentisign, an online e-signature service, Hurdelbrink said, “As a vendor, Instanet has been very responsive and attentive to us.”

Hurdelbrink also noted the integration of the Instanet forms platform, the document management tools, and electronic signatures in one consistent experience would “provide our members with a very efficient and effective way to serve their clients and customers.”

Instanet Solutions has provided its electronic signature solution, Authentisign, to Northwest MLS members for nearly two year. Its latest version, Authentisign2Go, which works on iPads and other tablets, is expected to become available to MLS members soon.

Instanet operates from offices in the United States and Canada. Since 2009, its 400,000-plus licensed, paid users of its tools have processed more than 160 million pages of electronic documents, saving millions of pages of paper.

Documentary Screening Features Discussion on Homelessness, Middle Class Struggles



Three Eastside organizations are co-hosting a free screening of the documentary film “American Winter,” along with a post-viewing community discussion.

Tickets for the August 13 event (scheduled from 6:30 p.m. to 9 p.m.) are available at: <http://americanwintereastside.eventbrite.com/>. The screening will be held at the Bellevue Arts Museum, located at 510 Bellevue Way NE.

Two years in the making and filmed over the course of one winter in Portland, Ore., “American Winter” follows the personal stories of families struggling in the aftermath of the worst economic crisis since the Great Depression. It was produced and directed by Emmy award-winning filmmakers Joe and Harry Gantz, whose prior works include HBO’s “Taxicab Confessions” and “The Defenders.”

The filmmakers said experiences of the families in American Winter are a vivid illustration of what has been happening to families across America, including working families losing their homes, people who remain jobless or underemployed, children going hungry, families getting their heat shut off in the dead of winter, and people with health issues overwhelmed by medical costs.

The community discussion following the screening will be led by five community leaders:

- Meghan Altimore, Director of Housing & Asset Building, Hopelink
- Matt Bott, CEO, Issaquah Chamber of Commerce
- Linda Hall, Director of Housing Development & Operations, YWCA
- Ann Levine, Executive Director, Imagine Housing
- Renee Zimmerman, Executive Director, Eastside Baby Corner
- James Whitfield, president of Leadership Eastside, will moderate the discussion.

The filmmakers said they are developing partnerships with local and national nonprofit organizations that can utilize the film to advance their specific missions. In addition, the film’s social action campaign will focus on channeling the frustrations of struggling Americans into a movement for positive change, while also supporting legislators to pass bills that allow all Americans to have an opportunity to live a comfortable life and a chance at the American Dream.

Did You Know?

Selected articles in Northwest Reporter may be shared on Facebook by members of Northwest MLS and SEATTLE *KingCounty* REALTORS. When viewing the publication, open any article, scroll to end and look for the Facebook icon.



News In Brief ~ March 2013

- Gov. Inslee has chosen state Rep. Marcie Maxwell to serve as an education policy adviser and now works in Inslee's legislative affairs and policy office. Maxwell, a REALTOR® and small business owner, served on the Renton School Board for eight years before being elected to the House in 2008. She has been re-elected twice.
 - First-time homebuyers accounted for 28 percent of existing-home purchases in May-down from 34 percent a year prior, according to the National Association of REALTORS®. Traditionally, first-timers account for four of 10 homebuyers, so their dwindling numbers are alarming some housing analysts and economists. As home prices rise, first-time buyers may increasingly get left on the sidelines. Home prices have posted double-digit gains in the last year in many markets, and average mortgage rates are ticking up above 4 percent. Some buyers may have already missed the prime conditions to jump into home ownership. First-timers are critical to the housing ladder because they help existing-homeowners sell and move up to larger or practical homes. First-timers face competition from investors and tight credit conditions that are making it more difficult to qualify for a home loan. The still looming aftereffects of the recession also represent a problem for some. The recession hit the 25- to 34-year-old age group hardest with high unemployment, coupled with the fact that this age group is also facing high levels of student loan debt-factors that have delayed home ownership for the younger generation.
 - Married same-sex couples in 13 states and Washington, D.C., are now or soon will be eligible for more than 1,100 federal benefits and protections denied to them under the Clinton-era Defense of Marriage Act. A key provision of the federal law, which withheld benefits from gay couples who had been lawfully married in those states that permit it, was struck down last week by the Supreme Court. And, though property rights are set at the state level, the ruling has bearing on a number of real estate-related matters that involve federal law. The ruling may influence how couples decide to hold title on a property. It will also affect the calculation of estate taxes owed when a spouse dies and how much capital gain is exempt from taxes in the sale of a home that is owned in the name of only one member of the couple. While the dismantling of DOMA provides clear-cut benefits for married gay couples who reside in the states they were married in, it creates significant ambiguities in other situations. For example, the immediate future is murky for partners who were legally married in one state but move to a state that does not recognize their union. For now, these people are caught in a confusing tangle of laws.
 - While the number of homes for sale rose 4.3 percent in June to 1.9 million, the highest national level in the past year, Seattle and a few other cities are bucking the trend. According to newly-released housing data from realtor.com, housing inventory is finally reversing course following two years of decline. More homeowners are seeing rising prices and may be more apt to try to sell their homes. However, inventories of homes for sale remain far below last year's level in markets such as Seattle (down 23.2 percent), Boston (down 35.1 percent), Denver (down 30.1 percent), Detroit (down 25.7 percent), and San Francisco (down 21.7 percent). The number of homes for sale has risen the most in the past year in areas that had seen the largest declines, such as Sacramento, Calif. (up 11 percent), Atlanta (up 10.9 percent), Phoenix (up 6.2 percent), and Miami (up 2.2 percent). From May to June, inventories soared by the highest month-over-month amounts in Southern California, with inventories up 51.5 percent in Orange County, 45.7 percent in Los Angeles, and 18.1 percent in San Diego, according to realtor.com. Realtor.com also reported that the median national asking price climbed 0.5 percent in June from May, reaching \$199,900. Median asking prices are up by 5 percent over last year.
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- Home values are expected to rise another 8.6 percent in the Seattle Metro area over the next 12 months, according to the latest Zillow Home Value Forecast. Of the 30 largest metro areas, 29 are expected to show home value appreciation in the next year. The New York metro is expected to fall (-0.8 percent). Seattle's home appreciation was up 3.7 percent from the first quarter of 2013 and 12.1 percent from the first quarter of 2012, Zillow reported. The national housing recovery kicked into high gear in the second quarter as home value appreciation spread and accelerated after a relatively slow start to the year.

Calendar of Events - Through September 11, 2013

Dates	Event	Clock Hours	Time	Location	Contact
SEATTLE-King County REALTORS®					
8/13/13	New Member Orientation		9:30 a.m.-12:30 p.m.	SKCR	(425) 974-1011
8/22/13	RPAC Auction		4 p.m.-8 p.m.	Spitfire, Seat	(425) 974-1011
8/25-27/13	NAR Leadership			Chicago, IL	
9/2/13	Holiday – Office Closed				
9/11/13	Board of Directors		10:30 a.m.-1:30 p.m.	SKCR	(425) 974-1011
For updates visit: www.nwrealtor.com and click “events”					
SNOHOMISH COUNTY-CAMANO ASSOCIATION OF REALTORS®					
For updates visit: www.sccar.com and click “events”					