
LATEST PRESS RELEASE**Shrinking inventory putting “stranglehold” on sales around Western Washington as brokers continue grappling with challenges of multiple offers**

KIRKLAND, Washington (May 4, 2017) – “Frustrating” is how brokers are summarizing the mood of buyers, brokers – and industry professionals – during the current housing market frenzy. New statistics from Northwest Multiple Listing Service show declines in inventory and sales, while prices continue their upward trajectory, but those numbers only tell part of the story.

“The real estate market is going absolutely gangbusters,” remarked OB Jacobi, president of Windermere Real Estate. “The remarkably low number of homes for sale can be blamed for the drop in sales,” he emphasized, adding, “The uptick in interest rates at the end of last year has clearly done nothing to slow things down.”

Inventory fell nearly 25 percent from the volume of active listings being offered a year ago. At the end of April, MLS brokers reported 10,679 homes and condos for sale across a 23-county area, which compares to the year-ago selection of 14,235 listings.

Viewed another way, there is only about 1.5 months of supply (about six weeks), which compares to twelve months ago when supply totaled about 1.85 months. (In general, four-to-six months is considered a balanced market.) There has not been more than two months of supply since September 2016.

MLS members continue to struggle to keep pace with demand. Brokers added 10,648 new listings to their database last month, down from 11,939 during April 2016, and they reported 10,514 pending sales. That total was down 893 transactions for a drop of year-over-year drop of 7.8 percent.

The near-match in new listings and pending sales meant little change in the number of total active listings, although inventory edged up slightly from March, growing from 9,774 listings to 10,679.

“Without a doubt this is the most frustrating market for both buyers and sellers that we’ve experienced in 24 years of business,” stated George Moorhead, designated broker at Bentley Properties. He said the frustration of low inventory is prompting sellers who haven’t been able to find their next home to look into undertaking major remodels instead of moving, thereby putting even more pressure on buyers who are struggling to find a home. Although buyers are being aggressive, Moorhead believes offer prices are starting to plateau. “Educated buyers cannot justify many of the home prices,” he reported.

Prices area-wide shot up 10.4 percent from a year ago, from \$325,990 to \$360,000. The four-county Puget Sound region, which accounted for more than 77 percent of last month’s 7,276 closed sales, reported a price hike of nearly 14.7 percent, led by Snohomish County at 16.7 percent. In Snohomish

County, the median price for single family homes and condos (combined) eclipsed the \$400,000 mark, climbing to \$416,668.

Homes and condos that sold last month in King County fetched a median price of \$550,000, up about 15.8 percent from a year ago. For a single-family home (excluding condos) the median price was \$625,000. That's \$85,000 more than the year-ago figure, and \$25,050 more than the previous month.

Year-over-year condo prices increased more than 12 percent, rising from \$285,000 to \$320,000. King County prices jumped for \$323,500 to \$370,000, a gain of nearly 14.4 percent. There is less than a month's supply of condos in the MLS database.

Escalating prices in King County are prompting house-hunters to head north, noted Diedre Haines, principal managing broker--South Snohomish County for Coldwell Banker Bain. She reported a sharp increase in the number of multiple offers from around 15 per listing at the beginning of the year to just under 20 in the past month. Frustration levels among buyers are on the rise, she said, adding "prices are beginning to increase at unhealthy levels. My fears of a newly developing bubble have not diminished."

The pressure is across county borders and across the price spectrum. "Market mayhem is wreaking havoc for homebuyers," suggested J. Lennox Scott, chairman and CEO of John L. Scott. The inventory shortage is fueling the market and prompting shifts in seller behavior, according to Scott, who described the market as "intense as ever with 80 percent of homes in King County selling within 30 days of being listed."

Scott points to more listings and sales in the luxury price ranges and fewer listings and sales in the more affordable range as triggering the run-up in median home prices.

Scott also detects changes in seller conduct. In a "normal year" real estate cycle, owners who wanted to sell and move during the summer would typically need at least three months but today, "because of our extremely quick, frenzy market, sellers know they have the power to wait," he explained. "There aren't homes for them to transition to," he commented. He also noted sellers are also in the enviable position of being able to ask for concessions such as rent-backs and longer closing times so they can design their own exit strategy from their current home.

"Everything is down except prices," declared Mike Grady, president and COO of Coldwell Banker Bain. Although the pending sales for the first four months of 2017 are lower than the same period a year ago (down about 8.5 percent), new listings are off even more (down 24.3 percent). "That combination is shrinking the available inventory at an unprecedented pace," he remarked. The shrinkage is not an anomaly, he emphasized. "It has a stranglehold on new sales. Additionally, this low supply and high demand continues to put upward pressure on prices," he said.

“Entry level homes are getting harder to find, making life difficult and very competitive for first-time home buyers,” reported Dick Beeson. Commenting on the plunging supply during the past few years he said “No wonder brokers are getting calls from selling brokers an hour after the property is entered in the Northwest MLS system asking, ‘any offers yet?’”

In commenting on the April data, some Northwest MLS brokers expressed both concern and advice: “Once again, I feel the need and obligation to warn buyers that in most cases it is not a good idea to waive protective legal rights to get an offer accepted,” stated Haines. “The same warning goes to sellers: buyers waiving these rights are potentially severely jeopardizing a seller’s after-closing protections. A recent trend by buyers in making their earnest money nonrefundable at mutual acceptance is not advisable,” she emphasized.

Northwest MLS chairman John Deely echoed some of the same concerns. He described the Seattle market as “a tale of overconfident sellers meeting desperate buyers.” Sorting out multiple offers to find the best buyer is very complicated, he explained. “The negotiation strategies include both new and proven techniques. Buyers looking to edge out the competition are being asked to, or are, waiving contingencies intended to protect both parties,” stated Deely, the principal managing broker at Coldwell Banker Bain in Seattle.

“Many negotiations include hidden financing contingencies as buyers risk their earnest money to compete with true cash buyers, and some buyers are agreeing to pay the difference between the appraised value and the sales price. Sellers are pushing the upper boundaries of value and competing buyers are driving prices beyond the reasonable appraised value.”

Competition is also keen in the new construction segment. Moorhead reported builders are releasing only a few homes at a time, drawing offers with escalations that are driving prices even higher. Then the next set of homes is offered with prices set at or near the price that was accepted in the prior increment. “We have seen one floor plan go up in price more than \$25,000 on each limited release – and buyers have to wait a year before the home is completed. In Bothell areas it was rare to see a million dollar home sale; now, with the limited inventory and high demand we are seeing more homes in this price range and even plats starting at \$1 million.”

Beeson hopes programs that encourage entry-level priced development will emerge to ease the situation and help accommodate demand “as more millennials come out of the basements of their parents’ homes.” More entrepreneurship and creative ideas on architecture and lifestyle living at affordable prices are needed, he stressed, while conceding, “The end game for the rest of 2017 is clear: more scarcity, more angst by buyers, more reluctance to sell among sellers because they can’t find their next home.”

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 26,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

Statistical Summary by Counties: Market Activity Summary – April 2017

Single Homes + Fam. Condos	LISTINGS		PENDING SALES	CLOSED SALES			*Months of Inventory	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same month, year ago
King	3,676	2,283	3,637	2,635	\$665,153	\$550,000	0.87	1.12
Snohomish	1,522	1,004	1,527	1,116	\$446,209	\$416,668	0.90	1.21
Pierce	1,762	1,604	1,920	1,289	\$323,146	\$290,500	1.24	1.52
Kitsap	500	588	537	340	\$353,082	\$295,000	1.73	1.83
Mason	178	292	165	110	\$203,766	\$181,500	2.65	3.70
Skagit	246	327	260	183	\$329,593	\$297,000	1.79	2.08
Grays Harbor	166	396	171	95	\$155,985	\$145,000	4.17	6.80
Lewis	156	240	130	96	\$195,061	\$182,500	2.50	4.91
Cowlitz	160	183	170	85	\$229,655	\$215,000	2.15	2.14
Grant	152	323	107	70	\$198,855	\$177,550	4.61	5.01
Thurston	586	606	639	411	\$290,000	\$279,000	1.47	2.07
San Juan	60	221	30	21	\$673,833	\$450,000	10.52	17.88
Island	233	337	199	161	\$365,911	\$335,000	2.09	3.24
Kittitas	135	177	101	54	\$322,019	\$259,000	3.28	4.14
Jefferson	86	204	81	46	\$402,238	\$307,750	4.43	4.40
Okanogan	65	255	37	25	\$223,996	\$180,000	10.20	16.75
Whatcom	474	607	400	272	\$350,979	\$322,500	2.23	2.87
Clark	48	57	37	38	\$359,763	\$303,000	1.50	1.95
Pacific	63	204	56	38	\$182,413	\$174,500	5.37	8.16
Ferry	7	48	11	4	\$137,500	\$85,000	12.00	15.75
Clallam	156	254	124	75	\$268,788	\$260,000	3.39	4.15
Chelan	91	205	101	54	\$339,680	\$307,500	3.80	4.27
Douglas	45	70	37	37	\$288,593	\$279,000	1.89	4.90
Others	81	194	37	21	\$227,152	\$191,000	9.24	5.25
Total	10,648	10,679	10,514	7,276	\$459,216	\$360,000	1.47	1.85

Statistical tables continue on following page.

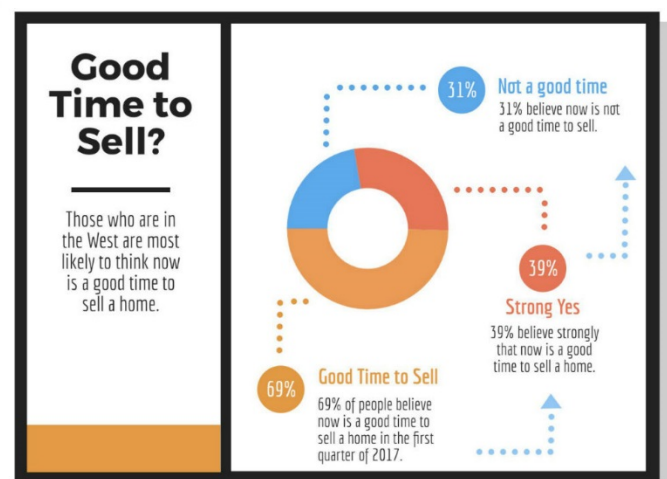
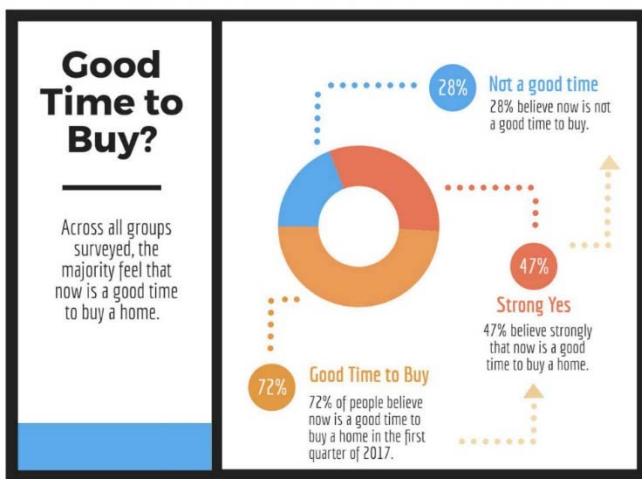
4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(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								

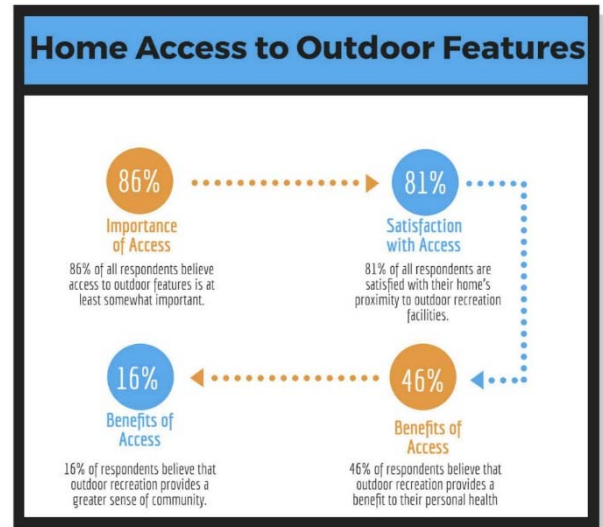
Survey reveals consumer sentiments on housing

Nearly three of every four people believe now is a good time to buy a home, and an even larger number – nearly seven of every 10 – believe now is a good time to sell a home compared to a year ago.



Those statistics are among the latest findings in the Homeownership Opportunities and Market Experience (HOME) survey. The report, a service of the National Association of REALTORS®, is produced quarterly to monitor consumer sentiment about the housing market.

The HOME survey gauges views on housing as a good financial investment, whether homeownership is part of the American Dream, perception of home price changes, financing, and other topics. Findings are presented in both narrative form and as infographics ([full-sized graphic available for download](#)).



Infographics: National Association of Realtors

PSBJ's Crane Watch Tool

Late last month the Puget Sound Business Journal unveiled an interactive, mobile-friendly tool for the curious public to learn more about all the buildings under construction in the Puget Sound region.

Dubbed "[Crane Watch](#)", the tool features a map with icons pinpointing each large project where a crane is situated. Clicking on the icon reveals the project address, description, name of the owner/developer, project cost, status, estimated completion date, and links to stories that have been published by PSBJ.



Currently, Crane Watch encompasses downtown Seattle and Bellevue, but the weekly publication plans to expand to include most Seattle neighborhoods plus other "development hot spots" on the Eastside. The focus is on the largest commercial, industrial, and multi-family projects.

"It's not just fun, though. It's big business," wrote real estate reporter Marc Stiles. He cited a report by the 850 member Washington State chapter of NAIOP, the Commercial Real Estate Development Association summarizing last year's statewide economic impact of commercial development. That group's research indicate real estate development and operations supported 43,130 jobs and contributed \$6.3 billion to the state's gross domestic product. Wages and salaries to workers across the state totaled \$2.1 billion.

Remodelers post strong gains, expect solid growth

Seattle is one of 43 of the nation's 50 largest metropolitan areas where spending on home improvements is expected to increase this year.

Local residents who undertake remodeling projects are projected to spend 6.4 percent more this year than during 2016. In 2015 (the most recent period covered in a new report), per owner spending averaged \$3,520 according to an analysis by the Joint Center for Housing Studies of Harvard University.

JCHS researchers attribute the robust remodeling market to a combination of factors, including rising house prices and incomes, an aging housing stock, and an uptick in household growth. Demographic trends will also boost activity over the next decade, with a growing segment of older homeowners accounting for more than three-quarters of the projected growth.

As part of an ongoing series of reports on America's housing, the Joint Center has released a 40-page study titled "[Demographic Change and the Remodeling Outlook.](#)"

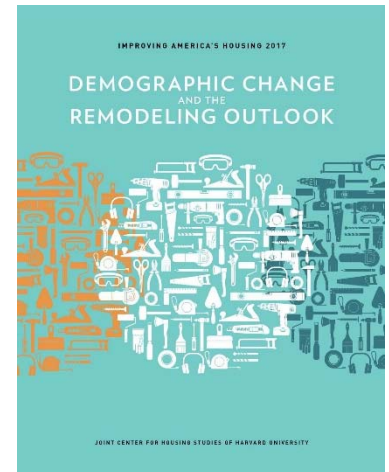
Researchers analyzed spending on both owner-occupied and rental stocks, geographic and demographic differences, challenges for younger households, the industry outlook, and some of the popular upgrades.

According to industry data, the residential remodeling market totaled \$340 billion in 2015, a record high. That figure outgained the previous record set 2007 by 7 percentage points. Spending by owners is expected to increase 2 percent per year on average through 2025. Expenditures include both replacement and discretionary projects.

Joint Center researchers identified several trends and specialty niches that account for much of the spending. Projects focused on energy efficiency, environmental sustainability, and healthy homes are popular and likely to see continued growth. Another emerging area with particular appeal to younger households is home automation, encompassing entertainment and security systems and other "smart home" upgrades.

Retiring baby boomers will also spur business for remodelers as they make accessibility improvements that enable owners to remain safely in their homes as they age.

The Joint Center for Housing Studies is a collaborative unit affiliated with the Harvard Graduate School of Design and the Harvard Kennedy School.



U.S. homeownership rate edging up

For the first time in a decade, new owner households edged out new renters. Household formation also rose slightly during first quarter 2017 compared to the same period a year ago.

Recent figures from the Census Department show strong gains in the homeownership rate among minorities.

Overall American homeownership was at 63.6 percent in this year's first quarter. Although that slipped slightly from the 63.7 percent for the fourth quarter of 2016, the year-over-year figure improved slightly. The homeownership rate had been shrinking since the peak of the housing bubble a decade ago.

The latest Census figures show a gain of 850,000 in the number of new owner households, while renter households increased by 365,000, prompting one well-known economist to describe the magnitude of that spread as "striking."

In an interview with MarketWatch, economist Ralph McLaughlin said the latest figures are "very optimistic news for those who are interested in the homeownership rate." McLaughlin, the chief economist at Trulia, acknowledged one quarter doesn't make a trend, but noted it's "the first sign we may be pivoting away from renting and back toward ownership."

Census figures show homeownership rates among African-Americans rose 1.2 percentage points during this year's first quarter compared to the same timeframe a year ago. Hispanics notched a similar year-over-year gain, rising 1.3 percentage points to 46.6 percent. (While notable, both groups are still well below the 71.8 percent homeownership rate for whites.)

Allen Foundation gives \$30 million toward building facility for homeless

"We should all be alarmed by the growing crisis of homelessness in our community, especially its impact on families," said the CEO of Vulcan, Inc. in an announcement about a \$30 million gift toward developing a facility to house homeless families and children. Funds from that company's affiliated Paul G. Allen Family Foundation will be paired with a \$5 million commitment from the City of Seattle for the project.

Mercy Housing Northwest, one of the nation's largest nonprofit developers of affordable housing, will develop, own, and operate the multi-family complex. Other nonprofit providers are expected to assist in providing services for children and families in the community.

Representatives from the partner organizations said additional details about the design, location, and target opening date for the innovative, supportive building will be released in the coming months.

Vulcan CEO Bill Hilf said addressing the homeless crisis “requires the commitment and creativity of business, government, and the human services community,” adding, “We approached the City of Seattle some months ago to get this project going because we wanted to make a significant impact toward disrupting the cycle of homelessness, and to give homeless families an opportunity to thrive.”

“Paul Allen understands the homelessness crisis requires everyone in our community, particularly our business leaders, to help,” stated Seattle Mayor Ed Murray in a press release.

The mayor’s office reported there are 1,684 families awaiting housing in King County and nearly 3,500 homeless students enrolled in Seattle Public Schools who experienced homelessness during the 2015-2016 school year. The mayor noted an estimated 5,000 people cycle in and out of emergency shelters each year without specific attention given to address the factors that made them homeless in the first place.

The Allen-funded development, using a mix of housing and onsite services, aims to assist homeless families by helping them transition to stable housing and break the cycle of homelessness via the resource hub at the forthcoming facility.

“This remarkable partnership between Paul Allen and the City of Seattle will make lasting opportunities for families most in need,” said Bill Rumpf, President of Mercy Housing Northwest. “We are grateful for the opportunity to create affordable apartments and a family service center where parents and children can get out of homelessness, regain resilience and dignity, and pursue economic mobility.”

Mercy Housing Northwest, established in 1981, has developed and now manages almost 2,400 affordable, service-enriched rental homes throughout the region serving more than 5,500 residents each day. The nonprofit organization has also helped over 100 families build and purchase their homes. It operates 48 properties in Washington state for families, seniors, and people with special needs.

The Paul G. Allen Family Foundation, founded in 1988 by Paul Allen and his sister Jody Allen, has invested nearly half of a billion dollars into improving communities throughout the Pacific Northwest and beyond.

Forterra’s Earth Week projects draw 400 volunteers

Earth Week stewardship events in Everett, Puyallup, Redmond, Seattle, Snoqualmie and Tukwila drew 400 volunteers who removed more than 98,000 square feet of invasive species.

Seattle-based Forterra organized and hosted the event with assistance from the Green City Partnerships. The network currently includes nine cities in the tri-county area that collaborate with

Forterra, community groups, nonprofits, businesses, schools, and volunteers to restore and actively maintain forested parklands and steward other natural open spaces in their neighborhoods.

Forterra (formerly known as Cascade Land Conservancy) considers every day to be Earth Day. It is the state's largest land conservation, stewardship and community building organization dedicated solely to the region. Since its formation Forterra has conserved 250,000 acres in more than 94 communities around Washington state.

News in Brief

- **The Seattle housing market led the way - again - as U.S. homes prices shot up at their fastest pace in nearly three years.** The [Standard & Poor's CoreLogic Case-Shiller national home price index](#) increased 5.8 percent in February, the most in 32 months, as more homebuyers chased fewer available properties. Seattle, Portland, and Dallas reported the highest year-over-year gains among the 20 cities in the index. Seattle led the way with a 12.2 percent year-over-year price increase, followed by Portland, Ore., with 9.7 percent. Dallas replaced Denver in the top three with an 8.8 percent increase. Fifteen cities reported greater price increases in the year ending February 2017 versus the year ending January 2017. New York City, at 3.2 percent, posted the lowest year-over-year price increase. Home sales got off to a strong start this year, and in March reached their highest level in a decade. At the same time, the number of houses for sale has dropped steadily, forcing many would-be buyers into bidding wars.
- **As reported in the *Seattle Times*, *Estatefy* – a local real estate site, broke down our home costs by comparing sales prices for home based on which decade they were built.** Brand-new homes were the priciest, selling for an average of \$845,000 in Seattle. Seattle homes built before 1910 now sell for an average of \$725,000, while homes from the 1920s and 1930s command about \$700,000. By comparison, homes built between 1940 and 1980 cost closer to \$610,000, and those that went up in the '80s and '90s cost about \$665,000 on average. The trend generally holds true even after controlling for the size of the home, and the results were similar for condo sales. Of course, areas in Seattle with older houses tend to be in more desirable neighborhoods. Many of the oldest homes have probably been remodeled and modernized as well, raising their value.
- **The U.S. economy turned in the weakest performance in three years in the January-March quarter as consumers sharply slowed their spending.** The gross domestic product, the total output of goods and services, grew by just 0.7 percent in the first quarter following a

gain of 2.1 percent in the fourth quarter, according to the Commerce Department. The slowdown primarily reflected slower consumer spending, which grew by just 0.3 percent after a 3.5 percent gain in the fourth quarter. Analysts blame in part the unusually warm winter, which meant less spending on utility bills. In addition to warmer weather holding back spending on utility bills, the slowdown also reflected a cutback in restocking of store shelves. The slowdown in inventory rebuilding cut nearly a percentage point from growth in the first quarter. Also acting as a drag was a reduction in government spending, which fell at a 1.7 percent annual rate with both the federal government and state and local governments seeing cuts. Many economists believe growth in the current April-June quarter will rebound to a rate of 3 percent or better as consumer spending, which accounts for two-thirds of economic activity, regains momentum. Job growth was strong in January and February before slowing in March, and the unemployment rate is at a nearly decade-low of 4.5 percent.

- **CareerCast recently analyzed different jobs based on 11 factors, including deadlines, hazards, public scrutiny, physical demands and competition, to come up with a list of the most and least stressful occupations.** The most stressful jobs, ranked in order of most stressful, are: enlisted military personnel, firefighter, airline pilot, police officer, event coordinator, newspaper reporter, senior corporate executive, public relations executive, taxi driver, and broadcaster. The least stressful jobs, ranked in order of least stressful, are: diagnostic medical sonographer, compliance officer, hair stylist, audiologist, tenured university professor, medical records technician, jeweler, operations research analyst, pharmacy technician, and medical lab technician.
- **According to the Puget Sound Regional Council, the central Puget Sound region grew by more than 86,000 people last year, two-thirds of that growth occurred in 10 cities.** The top city by total population change was Seattle, which accounted for 28 percent of the region's population change last year. Seattle likely surpassed 700,000 people in early 2017. Sammamish was second on the list, gaining 11,270 new residents largely due to an annexation of previously unincorporated Klahanie and several adjacent neighborhoods in January 2016. Other top growing cities by total change include: Bellevue, Tacoma, Federal Way, Renton, Everett, Kent, Auburn and Redmond.


Calendar of Events Through May 29, 2017

Dates	Event	Time	Location	Contact
SEATTLE—King County REALTORS®				
5/10/17	Board of Directors	9:30 am – 12:30 pm	SKCR	425-974-1011
5/15-20/17	NAR mid-year meetings		Washington, D.C.	425-974-1011
5/16/17	Affiliate Council	9:30 am – 10:30 am	SKCR	425-974-1011
5/25/17	First Citizen Banquet	6:00 pm – 9:30 pm	Fairmont Hotel	425-974-1011
5/29/17	Holiday/Office Closed			
For updates visit: www.nwrealtor.com and click “events”				