

LATEST NEWS RELEASE

Western Washington housing market adjusting to new ways of operating

KIRKLAND, Washington (May 6, 2020) – Residential real estate activity around Western Washington reflected expected declines during April with the impact of the coronavirus pandemic taking its toll. A new report from Northwest Multiple Listing Service shows year-over-year (YOY) drops system-wide in new listings, pending sales and closed sales, but prices increased nearly 6.4%.

“With the first full month of post-COVID-19 data in hand, it’s clear the Puget Sound housing market has been hit but not knocked out,” stated Windermere Chief Economist Matthew Gardener. “The normally active spring market is significantly slower than normal due to COVID-19, but it has not come to a halt,” he observed, adding, “In my opinion, it is responding to the current circumstances exactly as expected.”

Some industry veterans expected more severe declines. “As we look at the numbers for April, typically one of the most active months in regard to new listings, the impact of COVID-19 on the real estate market is now clear, although I personally thought it could have been worse,” remarked Mike Grady, president and COO at Coldwell Banker Bain.

The Northwest MLS report for April shows area-wide inventory fell nearly 21% from a year ago, dropping from 12,955 listings to 10,282. A comparison of the 23 counties in the report shows only four counties with YOY increases (Jefferson at 0.9%, Whatcom at nearly 6%, Douglas at 13.8% and Lewis at 17.7%), while three counties had shrinkages of around 30% or more (King at -29.6%, Clallam at -32.9% and Island at -39.2%).

The volume of new listings added during April was off 34.7% compared to the same month a year ago. Brokers added 7,641 new listings last month, down from both March when 10,291 new listings were added, and April 2019 when brokers added 11,697 new listings.

Despite the slower activity, the months of supply improved only slightly, rising from the March figure of 1.4 months to 1.75 months of inventory at the end of April.

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, described the market as “virtually sold out everywhere locally in the more affordable and mid-price ranges.” Commenting on the local market, he said, “We are seeing buyer demand coming forward. With historically low interest rates, the local market needs additional listings to meet pent-up demand from the backlog of buyers,” he stated.

“We continue to see a shortage of inventory, along with multiple offers on newly listed homes, and we still have a backlog of buyers who line up (virtually) to view new listings,” reported Frank Wilson, branch managing broker at Kitsap regional manager at John L. Scott Real Estate. “With exceptionally low interest rates, there is no change in sight,” he suggested.

Gary O’Leyar, designated broker/owner at Berkshire Hathaway HomeServices Signature Properties, reported seeing “only a slight increase in average market time for some listings,” along with “instances of multiple offers.” Acknowledging it was anyone’s guess as to how the March 25 “Stay Home, Stay Healthy” orders would play out, he suggested the Greater Seattle

real estate market “continued to show its fundamental strength in April.”

In comparing April to March in the tri-county area (King, Pierce and Snohomish counties), economist Gardner noted the total number of active listings rose (up 14,8%), but new listings dropped (down 25.5%), which he said suggests sellers may be waiting until the shelter-in-place order is over. In the same area, home prices were essentially flat, which Gardner said, “This tells me that sellers are having realistic expectations about value and buyers, hoping for deep discounts, are not finding them.”

Wilson agreed, reporting, “We have had quite a few buyers who have come into the market thinking this is a good time to make lower offers on houses, but that is just not the case in Kitsap County.” Northwest MLS figures show the median price for homes and condos that sold last month in Kitsap County rose more than 13% from a year ago, from \$349,500 to \$395,178.

Another broker in Kitsap County, Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale, attributed part of that area’s 35% drop in pending sales to COVID-19 restrictions affecting showings. Nevertheless, his analysis showed more than half the sales in Kitsap County were over the asking price. “The market continues to be very competitive,” he stated.

Eight other counties, like Kitsap, reported double-digit jumps in median sales prices compared to a year ago, while four counties had declines.

In King County, prices rose 4% from a year ago, from \$625,000 to \$650,000. Snohomish County prices were up nearly 6% and Pierce County joined Kitsap with a double-digit gain; prices there increased from \$355,000 to \$397,750 for a 12% gain.

System-wide, prices were up about 6.4%, rising from the year-ago figure of \$424,950 to last month’s figure of \$452,030. Year-to-date prices are up nearly 9.3% compared to twelve months ago.

“With peripheral areas still showing price increases higher than the Seattle area core, April’s figures highlight the trend of migration to outer suburban areas, along freeway corridors,” suggested James Young, director at the Washington Center for Real Estate Research (WCRER). He also believes the figures illustrate “a continued preference for lower density areas given the likely persistence of distancing measures in the future. The virus has refocused many potential buyers, especially for those owning high-density properties in Seattle and elsewhere, on more space and less density. It makes social distancing easier!”

Young expects the trend of households moving to outer counties will likely accelerate in the coming weeks. “Older households in Seattle and other urban centers will be attracted to lower density areas because it is easier to maintain social distance while possibly gaining more space at a lower price point. As long as older householders in urban areas are able to sell, other counties will continue to see increased prices,” he stated.

Changes in lending practices could influence activity according to some market watchers, including Young. “The biggest factors in mortgage markets are first-time buyers, who may not qualify under new criteria, and jumbo markets,” he remarked.

Broker Dean Rebhuhn, owner at Village Homes and Properties, also commented on shifts in financing. “When the pandemic struck, fear came to play with sales under contract. Buyers became concerned, banks became concerned, appraisers became concerned,” according to Rebhuhn. Some buyers terminated their transactions, in some cases even forfeiting deposits. Nationwide lenders tightened their polices, he noted adding, “Jumbo loans became much harder to obtain, as did home equity loans and refinances.”

Rebhuhn said noticeable changes occurred in mid-April. “New lenders saw opportunities in the market-place and filled the space left by the national lenders. Sellers and buyers became more active,” he reported, adding, “It is amazing how resilient the real estate market has become in the face of the new normal.”

Other representatives from Northwest MLS echoed comments by Rebhuhn.

“Buyers are relying more and more on technology and tools to allow for virtual open houses and viewings. Social distancing, face masks, showings by appointment only and only two people in a home at a time with one of them being the broker are the new norm,” stated Wilson. Like WCRER’s Young, he said he could imagine homeowners wanting to change their living conditions to accommodate for more room or more outdoor space. “This could well cause a shift in what buyers are looking for in the future.”

Leach also reported, “Buyers in Kitsap County are very active on the internet and are checking out properties the minute they go on the market,” with corresponding surges in activity at title companies and by lenders. “Virtual tours are getting a lot of attention.” He said homebuilders “are ready to go full steam ahead.”

Grady also observed upticks in activity and optimism. In tracking their company numbers since March 29, he said they’ve averaged about a 10% increase in production (new listings, new transactions, and closed sales) in each subsequent week. He expects activity will continue to increase throughout May and June, which he says, “speaks to a market that is slowly adjusting to new ways of operating.”

“Optimism is rising,” Grady reported. “We have seen a drastic increase in views of virtual tours.” He also believes consumers are gaining confidence around safety measures for touring homes and as brokers become more adept at hosting live stream open houses. “Buyers are utilizing virtual technology, electronic signatures, and remote online notary processes for closing. All in all, we’re getting through this together,” he proclaimed, adding, “We are truly fortunate to live in a region that has navigated this crisis as adeptly as possible.”

Northwest Multiple Listing Service is a not-for-profit, member-owned organization that facilitates cooperation among its member real estate firms. With more than 2,300 member firm offices and 30,000 brokers across Washington state, NWMLS (www.nwmls.com) is the largest full-service MLS in the Northwest. While based in Kirkland, Washington, its service area spans 23 counties and it operates 20 local service centers.

Statistical tables begin on the following page.

April 2020 activity

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	2,707	3,255	2,246	2,073	\$763,176	\$650,000	1.57	1.69
Snohomish	1,224	1,243	1,130	896	\$544,392	\$507,500	1.39	1.29
Pierce	1,258	1,330	1,341	998	\$437,380	\$397,750	1.33	1.17
Kitsap	351	426	349	288	\$458,392	\$395,178	1.48	1.46
Mason	116	171	144	81	\$339,708	\$299,000	2.11	2.09
Skagit	190	301	176	130	\$447,017	\$411,250	2.32	2.20
Grays Harbor	90	287	113	93	\$237,950	\$225,000	3.09	3.26
Lewis	120	219	131	79	\$291,330	\$275,000	2.77	1.96
Cowlitz	113	142	108	88	\$309,991	\$299,999	1.61	1.53
Grant	81	211	84	71	\$274,061	\$235,000	2.97	3.99
Thurston	408	385	436	327	\$371,957	\$351,113	1.18	1.12
San Juan	20	186	16	13	\$780,942	\$499,000	14.31	7.37
Island	141	205	138	111	\$468,356	\$385,000	1.85	2.22
Kittitas	74	138	75	35	\$405,620	\$336,900	3.94	4.27
Jefferson	48	113	50	41	\$409,141	\$363,000	2.76	2.38
Okanogan	39	179	33	39	\$256,201	\$224,000	4.59	8.64
Whatcom	324	621	257	219	\$440,438	\$420,000	2.84	2.09
Clark	66	111	94	55	\$438,801	\$360,000	2.02	1.61
Pacific	35	143	39	29	\$218,401	\$190,000	4.93	3.92
Ferry	3	33	4	4	\$156,750	\$143,500	8.25	8.60
Clallam	67	157	73	74	\$345,941	\$329,000	2.12	3.71
Chelan	74	195	84	50	\$446,516	\$352,950	3.90	2.69
Douglas	50	107	47	33	\$378,416	\$350,000	3.24	3.03
Others	42	124	39	39	\$267,155	\$230,500	3.18	4.65
Total	7,641	10,282	7,207	5,866	\$552,163	\$452,030	1.75	1.71

Tables continue on next 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
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	7612	6893	6235	6367	5328	4037
2019	5472	4910	7588	8090	8597	8231	7773	7345	6896	6797	5788	4183
2020	5352	6078	6477	5066								


Law firm offers resource of evolving Covid-19 information pertaining to real estate

Seattle law firm Helsell Fetterman, whose practice areas include real estate, is monitoring and compiling evolving news about the impact of the Covid-19 pandemic on real estate markets. The [one-stop resource](#) includes an overview of the measures federal, local and state governments are taking to mitigate economic impacts.

The information is organized in three sections: Effects, Mitigation, and Actions.

The section on “Effects” covers evictions, recording of property sales, court matters, permit processing, building codes, and hearings. Some information is specific to Seattle, while other material covers a broader geographic area.

Under “Mitigation” there are sub-sections on SBA loans, insurance, unemployment benefits, deferred tax payments, relief from utility bills, rent assistance, and even grocery assistance.

“Actions” are covered in the third section. It includes recommendations and considerations for employees or contractors not working from home, and for tenants.

Among the attorneys in the firm’s Real Estate, Land Use and Environmental division is Michael Spence, who serves as legal



counsel to Seattle King County REALTORS® and was the recipient of that association's 2019 "Instructor of the Year" award.

Publication date postponed for "State of the Nation's Housing" report

Breaking with a practice that's been in place since 1988, the Joint Center for Housing Studies (JCHS) decided to postpone the traditional June release of its annual State of the Nation's Housing report.

"As the impact of the virus on society, the economy, and the housing market grows by the day it has become abundantly clear that it will be months before we have a clear sense of the state of our nation's housing," stated Chris Herbert, managing director at JCHS.

Concurrent with the announcement to postpone the release of its report, Herbert revealed the creation of a [COVID-19 Housing Resources](#) page on its website. The information includes:

- Government resources
- Eviction & mortgage relief
- JCHS COVID-19 research
- Harvard resources
- News
- Additional resources from a broad range of organizations

Noting "housing is a foundational element of every person's well-being," JCHS also intends to use its blog to discuss the impacts of the pandemic on residential real estate and which households and segments of the industry are most vulnerable and most in need of support.

Market-watchers say housing is often thought of as a leading indicator of economic activity. Nearly one-fifth of U.S. gross domestic product is rooted in housing-related expenditures, "making it critical to the well-being of our broader economy," the JCHS emphasized.

Given the disruption and uncertainty around the coronavirus pandemic, Herbert believes a "strong and well-crafted policy response is needed to ensure that people remain housed and the industries that provide housing remain viable." The Center will do all it can "to provide the information and insights needed to inform the critical work ahead," he added.

Kirkland Council okays amendments to ease restrictions on ADUs

In a series of unanimous votes, Kirkland's City Council approved a code package on March 17 related to "Missing Middle" housing. The action enables the development of cottage, carriage and two/three-unit homes and accessory dwelling units.

Seattle King County REALTORS® supported the effort to amend the city's zoning codes and municipal codes. Its support included testimony by representatives and written comments urging approval.



SKCR Housing Specialist Randy Bannecker attended the meeting and submitted a letter on behalf of the association's 7,000 members in which he emphasized the package under consideration would "make an important contribution to affordability in Kirkland." Continuing, he wrote, the code package would "promote the creation of these smaller units while enabling greater utilization of existing houses and residential lots, without a significant change in community



Randy Bannecker

character. The added units offer important affordable housing opportunities for tenants as well as income for the owner --- easing the owner's mortgage. In addition, missing middle units can offer important housing stability options for "empty nesters" and seniors on a fixed income."

Prior to voting, councilmembers heard a briefing by Senior Planner Dorian Collins who provided an overview of the proposals, which were outlined in a 164-page memorandum. In her remarks she said the amendments were consistent with the recommendations of the Planning Commission, adding they would implement key goals in the Housing Strategy Plan adopted in 2018.

Collins also summarized outreach efforts, identified issues of support and issues of concern, and compared the Planning Commission's recommended changes with existing regulations.

First waterfront condos in 20 years coming to Kirkland



A nine-unit condominium development on Kirkland's waterfront is planned following the sale of an acre of property that fetched \$11.84 million. Five of the homes have been reserved, according to BDR Homes of Bellevue, the homebuilder.

The project, which is in the approval process, will include homes ranging in size from 2,100 to 4,900 square feet. As part of the development, BDR plans to restore 125 linear feet of waterfront that includes a dock. MZA Architecture, with offices in Bellevue and Shanghai, is the designer.

Each 2- or 3-bedroom unit will have indoor-outdoor living spaces with retractable, floor-to-ceiling glass walls and built-in BBQ, heaters, and fire table. Two parking spaces in an underground, secure garage are included with eight of the units; the penthouse receives three parking spots.

Prices will start at \$3 million and will top out at \$10 million, with most of the homes in the \$3.5-to \$6.5 million range.

The site is south of downtown and about a mile from Google's current Kirkland campus. The tech giant is expanding its footprint there and in other nearby cities.

State awards \$15.1 million to preserve nearly 1,000 affordable housing units

Nearly 1,000 affordable housing units at [32 housing preservation projects](#) will receive \$15.1 million in grants and loans to complete preservation work. The money, from the state's Housing Trust Fund, will be used in communities throughout Washington.

Of the 934 multifamily units, nearly half (432) will be occupied by extremely low-income households earning 30 percent or less of the area median income, according to an announcement from the Washington State Department of Commerce. Approximately 70 percent of units currently in the state's Housing Trust Fund portfolio house people with extremely low-incomes and special needs.

Partnerships with private, public, nonprofit and community organizations will enable completion of the preservation work, which is estimated to cost more than \$1 million. Each state dollar invested is expected to leverage about two additional dollars from these other sources.

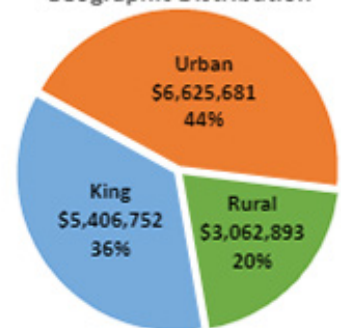


Commerce Director Lisa Brown said maintaining the quality and availability of the current housing inventory serving the state's most vulnerable residents "is a high-priority, cost-effective investment. These funds strengthen communities across the state by preserving safe, decent, affordable housing for those in need," she added.

Lawmakers allocated \$10 million during the 2019 legislative session for competitive funding to preserve existing affordable housing units in the state portfolio. Legislators appropriated an additional \$5 million during this year's session.

Applicants from 33 projects requested \$15.7 million to preserve 1,018 units statewide.

AWARDS: \$15.1 Million
Geographic Distribution



Bothell brokerage included in Money Magazine COVID-19 report

Bothell brokerage Real Living Northwest Realtors was included in a Money magazine report in late March on selling a home without showing it and "how coronavirus is throwing the real estate market into disarray." The article noted the firm had created a "[showing protocol form](#)" requiring prospective buyers and selling brokers to attest to certain qualifying requirements before scheduling an appointment to view the home.

Brokerage owner/designated broker Keoki McCarthy said the form is intended to limit showings to serious buyers rather than "lookie-loos" and to help sellers feel safe selling their home during these challenging times. He has invited other brokers to "feel free to use and edit the form."

 News In Brief

- **The Washington Supreme Court says people are not entitled to make minimum wage for jury duty.** Three citizens who reported for jury duty or who served on juries filed a class-action lawsuit against King County, challenging their \$10-a-day pay. In an 8-1 decision Thursday, the court found that because of the civic obligations involved jury duty is not traditional employment subject to the Minimum Wage Act. The court acknowledged that the failure to pay adequately could make it more difficult for low-income workers to participate in jury duty and that it is one of the reasons people often skip jury duty, but the majority said those are issues for the Legislature.
- **Pierce County Superior Court Judge G. Helen Whitener was appointed last month by Gov. Jay Inslee to the Washington Supreme Court.** Whitener has served on the superior court since being appointed by Inslee in 2015, and previously served as a judge on the Board of Industrial Insurance Appeals. Before becoming a judge, she worked as both a prosecutor and defense attorney. She replaces Justice Charles Wiggins, who retired from the court at the end of last month. She will have to run in the November general election to maintain the seat, and then again in 2022, when Wiggins' term would have ended. Whitener, 55, was born in Trinidad and moved to the U.S. to attend college, earning her bachelor's degree from Baruch College in New York and her law degree from Seattle University School of Law. She's the second recent appointment by Inslee. Justice Raquel Montoya-Lewis, who was sworn in Jan. 6, is the first Native American justice to serve on the state's highest court. The other members of the court are: Chief Justice Debra Stephens, Justices Barbara Madsen, Charles Johnson, Susan Owens, Steven Gonzalez, Sheryl Gordon McCloud, and Mary Yu.
- **The first round of stimulus checks was expected to reach Americans on mid-April, and consumers are already making plans for how they plan to use the funds. More than one in four—or 28%—of about 1,000 Americans surveyed said they'll use their check to cover rent and mortgage costs, according to a survey from Creditful, a personal finance resource.** Millennials are the most likely to use their checks for housing, the survey finds. They plan to use 54% of their checks for essential purchases like housing and utility costs. They were also more likely to use stimulus checks on stocks and investments and student loan debt. Baby boomers, on the other hand, are planning to spend less than half—46%—of their checks on essential expenses like housing and utilities. Instead, they're more likely to use their stimulus check on groceries, health and medical supplies, and clothing. Gen Xers are the most likely to use their stimulus check on bills and utilities, savings, credit card debt, and toiletries and hygiene products, the survey finds. Overall, the majority of respondents say they plan to spend the bulk of their stimulus on groceries or bills and utilities.
- **Dana Ralph, the mayor of Kent, is warning residents that state coronavirus restrictions and closures will soon result in massive layoffs and budget cuts far beyond anything the city experienced during the Great Recession.** Kent, like most cities in Washington, relies on a mix of business and sales taxes to fund city payroll and public services. With shops closed and consumers cutting costs, Ralph said the city was expecting revenue losses of up to \$15 million between now and the end of the year. To close that gap, Ralph said "everything is on the table," including job layoffs, program cutbacks, and construction and maintenance freezes. Ralph said she is asking department heads to propose cuts ranging from 5% of their budgets up to 20%. Ralph said so far, the federal government has declined to provide funding for cities with populations under 500,000 people. University of Washington economist Jacob Vigdor said the city of Kent is not alone in its financial struggles.
- **A vast majority of likely voters in Washington surveyed in a new poll want more protections for renters including statewide limits on rent increases.** The poll, commissioned by the Washington Community Action Network, found 71% of voters want the state to limit rent increases and put into place restrictions on evictions that

require landlords to have a “good cause” to evict tenants. This represents a majority of both Democrats, 88%, and Republicans, 58%, who said they would support these protections. Nearly 80% of young voters were in support of statewide limits on rent increases and 63% of seniors. The poll also found more than three-quarters of respondents think the cost of housing and lack of affordable housing is a crisis or a major problem in the state. The poll was conducted by Greenberg Quinlan Rosner among 800 likely voters in Washington from March 15 to 22. In a news release, the Washington Community Action Network called for the state Legislature to implement policies on evictions and rent increases in the next session, saying the need for them will only increase due to the novel coronavirus pandemic. The organization also said candidates running for office must make these issues part of their campaigns “if they want to win an election.”


Calendar of Events Through May 25, 2020

DATES	EVENT	TIME	LOCATION	CONTACT
Seattle—King County REALTORS® For updates visit http://www.nwrealtor.com/events				
May 13	Affiliate Council	10 am - 11 am	Zoom	425-974-1011
May 14	Gov't Affairs Committee	2:30 pm - 4 pm	SKCR/Zoom	425-974-1011
May 20	Board of Directors	9:30 am - 12 pm	SKCR/Zoom	425-974-1011
May 25	Holiday-Office Closed			