

Housing Market back to "Pressure Cooker Situation," But Brokers Remind Sellers "Pricing is Still Important"

Latest Press Release

April 5, 2018

[Current Statistics](#) | [Market Recaps](#) | [Market Snapshot Infographic](#)

KIRKLAND, Washington (April 5, 2018) - Job growth and a recent run-up in mortgage rates has created an "extremely intense market for each new listing," stated J. Lennox Scott, chairman and CEO of John L. Scott Real Estate in commenting on the latest statistics from Northwest Multiple Listing Service.

MLS figures for March show a surge in both new listings and pending sales compared to February as the spring market heats up. Compared to a month ago, pending sales climbed more than 29 percent (from 7,980 in February to 10,311 in March), while the volume of new listings jumped more than 45 percent from February to March.

"What used to be a quick action market for buyers is now, once again, an instant response market, and this has been the case since the first of the year," remarked Scott, adding "This is especially true in the more affordable and mid-price ranges in all markets, and also pertains to luxury properties close to the job centers."

Whether defined as \$1 million or more or \$2 million-plus, Northwest MLS figures confirm sales of luxury homes are surging. A comparison of first quarters show the year-over-year volume of sales of homes priced at \$2 million or more is up 30 percent. Members reported 136 such sales during first quarter 2017; this year, the number is 177. For homes priced at \$1 million or more, sales rose from 941 during first quarter last year to 1,204 this year, a gain of nearly 28 percent.

Prices overall are up about 13.2 percent from a year ago, and even more so in the four-county Puget Sound region. Among these four counties, Kitsap had the largest year-over-year increase at 19 percent, but King County homes are still the priciest. The median price for last month's sales of single family homes and condos combined in King County is \$625,000, up 17.9 percent from a year ago. For single family homes, excluding condos, the median price for last month's sales was \$689,950.

Year-over-year prices are up more than 18 percent in Pierce County and about 14.3 percent in Snohomish County.

Commenting on rising prices, veteran broker Mike Grady said "The market continues to trend hot" with no apparent end in sight. The slight rise in mortgage interest rates since January 1 could mean "some minor impact on non-cash first-time homebuyers," he suggested, adding, "Only time will tell." Grady, the president and COO of Coldwell Banker Bain, said his company's tracking and analysis based on average prices (instead of median prices) shows that "along the I-5 corridor, our average sales price is tracking slightly higher than what the NWMLS median sales prices show."

Northwest MLS member brokers continue to scramble to replenish supply. They added 10,595 new listings during March, slightly more than a year ago when they added 10,321 properties to the

selection. Last month's additions marked a big gain from February when 7,284 new listings were added.

As has been the pattern, pending sales nearly equaled the number of new listings. Brokers reported 10,311 pending sales last month, a slight drop from the year-ago figure of 10,415. Tight inventory may be to blame as the number of total active listings stood at 8,825 at month end, down nearly 9.7 percent from the year-ago total of 9,772. Fourteen of the 23 counties in the Northwest MLS market area reported drops in pending sales.

"We have returned to an extremely intense market for each new listing due to extremely strong job growth and eager buyers who want to purchase before interest rates go higher," Scott reported. "The housing market is back to a pressure cooker situation and we are witnessing high levels of sales activity intensity for each new listing coming on the market," he commented.

Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma, commented on the frustration many would-be homebuyers are experiencing. "I think this last quarter especially, many buyers are feeling like they brought a knife to a gunfight, there's been so much competition to buy a home."

The tri-county area comprised of King, Snohomish and Pierce counties added essentially the same number of new listings during first quarter 2018 as the same period a year ago, Beeson noted, while the actual number of sales dropped slightly. "Why? Because there are too few properties for sale and rental rates are through the roof. People are desperate to find a home," he stated. He likened the situation to Nordstrom not being able to keep their clothing racks filled because customers storm the store each day buying everything that's available.

Housing inventory remains well below "normal" ranges based on a level of 4-to-6 months of supply used as an indicator of a balanced market. Area-wide, Northwest MLS figures show there is about 1.2 months of supply, with four counties reporting less than a month's supply. Snohomish has the sparsest selection at 0.67 months, followed by King (0.83 months), Kitsap (0.95 months), and Pierce (0.99 months).

"Despite the low inventory and sellers' market, proper pricing is still important," emphasized John Deely, principal managing broker at Coldwell Banker Bain in Seattle.

"In March we saw more listings where sellers pushed the price envelope causing the property to go past their offer review date with no offers in hand," Deely reported. "It is not uncommon for buyers to consider a property on the market over 10 days as having something wrong with it," he added.

Nevertheless, Deely said many buyers are returning from taking a break during the winter after having lost out on several attempts to win in the multiple offer competition. "Throwing caution to the wind, these seasoned veterans of the multiple offer bidding wars are pulling out all the stops (contingencies) to win."

Rising interest rates and keen competition are motivating some buyers to make compromises, according to George Moorhead, designated broker at Bentley Properties.

"I was asked recently why some communities are seeing a higher sales volume than last year," Moorhead stated. "I explained this was simple logic with buyers in that instead of competing at their maximum price point in closer in communities and losing out on the perfect home, they compete in a

lesser priced area where they can be more aggressive on the better homes in those areas. They may compromise on schools, public services, and commute times, but the opportunity of ownership increases significantly. The second key reason is that 30-year mortgage interest rates have increased .5% since the beginning of the year which erodes home affordability and pushes some buyers out of market places."

Commenting on the uptick in interest rates, the president of a mortgage firm who trains brokers around the country recently noted, "While \$100 a month might not sound like too much, it might adjust a client's debt-to-loan ratio, which could push the size of a house they can afford down by \$40,000 or \$50,000."

Moorhead dismissed "chatter about a looming real estate bubble" based on prices and what used to be the norm. "The key is to understand the normal cyclical pattern of our real estate market. A healthy market has corrections and booms with a mix of flattening cycles," he stated, noting "Markets without these healthy cycles have catastrophic events much like we experienced in 2007 to 2011."

Instead of competing in today's market, some current owners are opting to remodel. "We are getting more and more requests for quality contractors for current homeowners looking to make updates to their home, instead of trying to move up to a better home or community," Moorhead said. "Just in the last 30 days we know of 12 homeowners starting home improvements in the \$100,000 and up range, more out of sheer frustration that they cannot find or secure a move-up home to purchase. What this means on the larger scale is a continued lack of inventory coming on the market to feed the voracious appetite of the buyers in our marketplace."

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 28,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

Statistical Summary By Counties

[Market Activity Summary and 4-County Puget Sound Region Pending Sales \(PDF\)](#)



[Contact Us](#) | [Speak-Up](#) | [NWMLS Privacy Policy](#) | [DMCA Notice](#) | [Accessibility](#)

Copyright © 2018, NWMLS - All Rights Reserved

Powered by: emxScribe

