



Buyer Frustration Builds as Inventory Shrinks, Prices Rise

Home prices in King County hit new highs in February as buyers tried to outbid each other for the sparse inventory in much of Western Washington.

"We're in for another crazy spring real estate market," predicts J. Lennox Scott, chairman and CEO of John L. Scott, Inc.

With the number of single family homes for sale in King County down nearly 30 percent from a year ago, prices on last month's sales surged 19.8 percent, jumping from \$429,900 to \$514,975.

Member-brokers added 7,931 listings area-wide to inventory last month for a slight improvement from a year ago when they added 7,852 homes and condominiums to their database. At month end, they reported 12,107 active listings, a sharp drop from a year ago when there were 16,946 properties offered for sale.

Despite the frustration for buyers and brokers, pending sales improved on year-ago figures. Northwest MLS members reported 9,052 pending sales, up 5.3 percent from a year ago when they tallied 8,599 mutually accepted offers.

Scott described current activity as a "Pac-Man" market - "Houses are being gobbled up as soon as they come on the market," he stated.

"The big story this month is the nearly 20 percent jump in King County prices which has brought the median home price to an all-time high," observed OB Jacobi, president of Windermere Real Estate. "Affordability is on the decline in King County which is part of the reason why sales of single family homes are down," he noted, adding, "So where are those priced-out buyers going? The answer for some is condos. With the rent-versus-buy ratio at about two years, many buyers are seeing the wisdom in investing in a condo as a means to take advantage of low interest rates and get into homeownership."

Pending sales of condos increased about 4.8 percent area-wide, despite shrinking inventory. Condo prices in King county jumped 26 percent from a year ago, rising from \$257,000 to \$323,975.

For others, a longer commute is the ticket to homeownership. "Typically people who have a Seattle area job look north or east, but with lack of inventory in those areas and prices that have gone through the roof, they are now considering a ferry commute and shopping for homes in Kitsap." Frank Wilson, the branch managing broker at John L. Scott's Poulsbo office said they're even seeing an increase of activity west of the Hood Canal Bridge with more people looking to Port Ludlow and beyond.

Starting this month, Scott said "We'll start to see an explosion in the amount of sales activity for the next eight months. That's the good news. The bad news? Market conditions still require buyers to make an instant response because there are so many other hungry buyers out there."

Market Activity Summary for February 2016						
Single Family Homes & Condos	Listings		Pending	Closing Sales		
	New Listings	Total Active		# of Closings	Average Price	Median Price
King	2,791	2,431	3,038	1,824	\$550,968	\$439,950
Snohomish	1,272	1,244	1,475	848	\$359,472	\$327,500
Pierce	1,313	1,861	1,707	866	\$277,299	\$249,250
Total	5,376	629	6,220	3,538	\$395,913	\$338,900

How much Downpayment is needed?

Almost half of renters surveyed by Bankrate.com say they haven't purchased a home yet because they believe their credit isn't good

enough to qualify for a mortgage or they can't afford a downpayment, according to a report by mynorthwest.com. Many non-homeowners are under the assumption that they need a higher downpayment to purchase a house than is actually needed. About 20 % of respondents said they need between 11 % to 20 % for a downpayment. Many non-homeowners seem to lack awareness that they can get an FHA loan with just a 3.5 % downpayment or a conventional loan with a 3 % downpayment.

Breakouts! – Residential SOLD Average

Area (Area Code)	Average \$		2016 VS 2015
	Feb. 2016	Feb. 2015	
Auburn-Federal Way (110-310)	\$ 322,140	\$ 281,889	14.28%
Kent-Maple Valley (320-340)	\$ 379,507	\$ 330,422	14.86%
West Seattle (140)	\$ 557,413	\$ 482,495	15.53%
SODO-Beacon Hill (380-385)	\$ 535,776	\$ 461,899	15.99%
E.lake-Madison-Capital Hill (390)	\$ 848,271	\$ 705,808	20.18%
Queen Anne-Magnolia (700)	\$ 969,881	\$ 770,179	25.93%
*Belltown-Downtown Seattle(701)	\$ 762,950	\$ 790,923	-3.54%
Ballard-Greenlake (705)	\$ 689,539	\$ 612,160	12.64%
North Seattle (710)	\$ 751,745	\$ 548,530	37.05%
Shoreline/Richmond Beach (715)	\$ 563,048	\$ 462,797	21.66%
Bellevue Downtown (520)	\$ 2,061,370	\$ 1,588,571	29.76%
Mercer Island (510)	\$ 2,101,571	\$ 1,859,090	13.04%
Bellevue South-Newcastle (500)	\$ 842,369	\$ 766,889	9.84%
Renton Highlands-Downtown (350)	\$ 489,143	\$ 411,241	18.94%
Microsoft-Bellevue East (530)	\$ 837,851	\$ 651,143	28.67%
Kirkland Downtown (560)	\$ 1,111,458	\$ 909,079	22.26%
Redmond (550)	\$ 678,356	\$ 700,652	-3.18%
Issaquah-Sammamish (540)	\$ 756,060	\$ 665,204	13.66%
Juanita-Bothell-Woodinville (600)	\$ 651,989	\$ 565,643	15.27%
Bothell North-Mill Creek (610)	\$ 532,684	\$ 475,298	12.07%
Edmonds-Lynnwood (730)	\$ 452,047	\$ 414,720	9.00%
Everett-Mukilteo-Snohomish (740)	\$ 386,798	\$ 333,975	15.82%

*Condominium SOLD Average

Does Homeownership Counseling Make A Difference?

Freddie Mac and Fannie Mae have long advocated for homebuyer education but as Freddie Mac points out in this month's edition of *Insight and Outlook*, it has been surprisingly difficult to determine how much it actually helps potential homebuyers. "There is **widespread agreement** in the industry that homebuyer counseling can help prevent some of the mistakes made during the housing boom. However, early studies of the impact of counseling produced sometimes conflicting or inconclusive results and raised questions about the effectiveness of borrower education and counseling."

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Weekly Primary Mortgage Market Survey® (PMMS®)				
March 16, 2016	30-Yr	30-Yr	15-Yr	5/1
Regional Breakdown	FNMA	FHA	FNMA	ARM
Average Rates	3.625%	3.250%	2.750%	2.750%
Fees & Points	*All loans are with a one point origination fee.			
APR	3.753%	4.218%	2.973%	2.871%

740 credit score and 20% down payment for conventional
640 credit score and 3.50% down payment for FHA

