



Housing market still active, with overall direction "positive"

Home sales in Western Washington continued to outpace year-ago activity, but member-brokers at Northwest Multiple Listing Service say persistent inventory shortages are constraining activity.

Despite a sparse selection in many areas, an expected summer slowdown, and "appraisal conundrums," Northwest MLS members notched 11,898 pending sales during August, eclipsing the same month a year ago by 1,295 transactions for a 12.2 percent gain. There were 8,628 pending sales in the four-county Puget Sound region -- the best August for mutually accepted offers since 2005 when members tallied 8,874 sales.

Brokers added 11,411 new listings to the Northwest MLS database during August, but they presented offers for even more buyers (11,898) to keep inventory below two months of supply. At month-end, there were 18,336 active listings in the MLS system, a decrease of 11.6 percent from a year ago, resulting in only 1.9 months of supply. (Four to six months is generally considered to be a "neutral" or balanced market for buyers and sellers.)

"The market remains just as intense as July," observed J. Lennox Scott, chairman and CEO at John L. Scott, Inc. "The best opportunity for homebuyers to find a home will be in the next 60 days," he suggested, explaining the number of new listings coming on the market is likely to drop by 50 percent each month between November and February. "We expect a repeat of conditions from last winter when every available home that came on the market in areas with a shortage of inventory received quick action."

"Buyers in the Seattle area are plentiful in all price ranges, but the entry-level housing demand continues to be the highest," reported John Deely, principal managing broker at Coldwell Banker Bain. As an example, he said a recent open house for a condo listing in the South Lake Union area drew more than 100 visitors in a single day. Tech workers continue to dominate the primary buyer demographic, he said, adding that a significant number of their parents are relocating here to purchase properties close to their children.

Looking ahead, Northwest MLS director Dick Beeson believes "more of the same is on the way," adding, "Buyers are fortunate to have low interest rates" and replenished inventory. OB Jacobi, president of Windermere Real Estate, said even though the market continues to favor sellers, there are signs it is slowly starting to shift. "We're still a far cry from a balanced market, but the overall direction is positive."

Market Activity Summary for August 2016						
Single Family Homes & Condos	Listings		Pending	Closing Sales		
	New Listings	Total Active		# of Closings	Average Price	Median Price
King	3,953	4,211	4,083	3,656	\$601,995	\$499,974
Snohomish	1,826	2,047	1,873	1,538	\$410,691	\$380,000
Pierce	1,975	2,987	2,040	1,576	\$310,029	\$283,225
Total	7,754	9,245	7,996	6,770	\$440,905	\$387,733

Small is happening in a big way

For the first time since the recession, home size is shrinking. Median single-family square floor area fell from the first to the second quarter of this year by 73 feet, according to the National Association of Home Builders (NAHB) and U.S. Census data. That may not sound like a lot, but it is a clear reversal in the trend of builders focusing on the higher-end buyer. The tiny house trend has been growing exponentially,

as technology allows people to trick out small spaces with big amenities. And millennials don't seem to crave size as much as they do a smart, high-functioning, environmentally friendly home. In other words, bigger isn't necessarily better.

Breakouts! – Residential SOLD Average

Area (Area Code)	August 2016 (King/Snohomish/Piece County) SOLD Average		
	Average \$	Average \$	2016 VS
	August 2016	August 2015	2015
Auburn-Federal Way (110-310)	\$ 349,564	\$ 332,323	5.19%
Kent-Maple Valley (320-340)	\$ 410,511	\$ 355,719	15.40%
West Seattle (140)	\$ 599,914	\$ 522,938	14.72%
SODO-Beacon Hill (380-385)	\$ 558,204	\$ 495,717	12.61%
E.lake-Madison-Capital Hill (390)	\$ 863,910	\$ 911,983	-5.27%
Queen Anne-Magnolia (700)	\$ 1,004,572	\$ 869,193	15.58%
*Belltown-Downtown Seattle(701)	\$ 951,759	\$ 731,103	30.18%
Ballard-Greenlake (705)	\$ 675,937	\$ 644,256	4.92%
North Seattle (710)	\$ 735,474	\$ 646,879	13.70%
Shoreline/Richmond Beach (715)	\$ 530,087	\$ 467,488	13.39%
Bellevue Downtown (520)	\$ 2,463,805	\$ 1,913,879	28.73%
Mercer Island (510)	\$ 1,570,450	\$ 1,640,945	-4.30%
Bellevue South-Newcastle (500)	\$ 860,038	\$ 888,857	-3.24%
Renton Highlands-Downtown (350)	\$ 506,062	\$ 432,851	16.91%
Microsoft-Bellevue East (530)	\$ 819,709	\$ 712,314	15.08%
Kirkland Downtown (560)	\$ 981,404	\$ 940,585	4.34%
Redmond (550)	\$ 789,062	\$ 734,554	7.42%
Issaquah-Sammamish (540)	\$ 804,536	\$ 710,841	13.18%
Juanita-Bothell-Woodinville (600)	\$ 674,757	\$ 581,092	16.12%
Bothell North-Mill Creek (610)	\$ 562,229	\$ 510,490	10.14%
Edmonds-Lynnwood (730)	\$ 494,484	\$ 454,689	8.75%
Everett-Mukilteo-Snohomish (740)	\$ 434,386	\$ 394,356	10.15%

*Condominium SOLD Average

Data shows that now is the time to buy

Buyers in the market for a higher end home will have ample options to choose from while those looking to buy a less expensive or entry-level home may find a limited supply and rising prices.

According to a recent Zillow report, home values are appreciating faster than experts anticipated, rising almost 5% over the past year. Plus there are 3.4 percent fewer homes for sale in the U.S. then there were 12 months ago.

Low interest rates, strong wage growth and high demands for homes are pushing up prices across the country, which is forcing the bidding wars.

Waiting to buy may mean you will pay thousands more for a home in the future, lose out on the low rates and sacrifice building equity.

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Weekly Primary Mortgage Market Survey® (PMMS®)				
September 15, 2016	30-Yr	30-Yr	15-Yr	5/1
Regional Breakdown	FNMA	FHA	FNMA	ARM
Average Rates	3.375%	2.75%	2.625%	2.875%
Fees & Points	*All loans are with a one point origination fee.			
APR	3.501%	3.869%	2.847%	2.997%

** Owner Occupied /Single Family Residence
740 credit score and 20% down payment for conventional
640 credit score and 3.50% down payment for FHA

