

**H**omebuyers Encouraged, "But Still On Edge," While Sellers Face Reality Check

"Home sellers throughout the Seattle region are experiencing a reality check and the days of multiple offers are days of the past," was how one director with Northwest Multiple Listing Service summarized the market upon reviewing the statistical report for July.

New figures from Northwest MLS show year-over-year improvement in inventory (up 6.5 percent), but modest drops on both pending sales (down slightly more than 7 percent) and closed sales (down 3.4 percent). Despite those drops, prices rose 8.64 percent across the MLS service area that spans 23 counties.

Several industry leaders commented on the steadily improving supply. The number of active listings system-wide totaled 16,773 at the end of July, the largest volume since September 2016. System-wide there is 1.8 months of supply, the highest level since October 2016.

King County's number of active listings surged nearly 48 percent from a year ago, rising from 3,465 active listings to 5,116. Snohomish County also had double-digit increases, up nearly 15.8 percent.

George Moorhead, designated broker at Bentley Properties, is noticing an increase in the number of price reductions for actively listed homes as inventory increases, "even in the hotspots in Seattle and the Eastside. We are seeing a continued shift from move-up and luxury home buyers to more first-time buyers, which is consistent with the flattening trends we are seeing in today's market."

MLS statistics show pending sales declined from 11,800 a year ago to last month's total of 10,965 for a drop of about 7.1 percent. New listings eclipsed pending sales by a margin of 1,233 units, easing some of the pressure on inventory.

Closed sales slipped about 3.4 percent from a year ago, declining from 9,707 completed transactions to 9,379. Nevertheless, the median selling price increased \$33,000 (about 8.6 percent) from a year ago, although three counties experienced declines. The median price on last month's completed sales of single family homes and condominiums was \$415,000. Compared to June, the median price dropped \$10,000.

Prices for single family homes only (excluding condos) rose about 8.4 percent, with a dozen counties reporting double-digit gains. Condo prices increased about 10.2 percent. In King County where more than half the condo sales occurred, price jumped about 12 percent from a year ago.

"Getting back to a balanced market creates a healthier and more sustainable market," Moorhead stated. He believes there has not been a better time in the last three years for a buyer to enter this market with more options and less competition.

Market Activity Summary for July 2018						
	Listings		Pending	Closing Sales		
	New	Total		# of Closings	Average Price	Median Price
<b>Single Family</b>						
<b>Homes &amp; Condos</b>	Listings	Active				
<b>King</b>	4,289	5,116	3,374	3,261	\$757,262	\$629,000
<b>Snohomish</b>	1,781	2,036	1,630	1,405	\$506,063	\$465,000
<b>Pierce</b>	1,990	2,413	2,012	1,605	\$387,450	\$348,450
<b>Total</b>	8,060	9,565	7,016	6,271	\$550,258	\$480,817

**K**ing County Out of Reach

According to the 2018 *Out of Reach* report from the National Low Income Housing Coalition (NLIHC), this year's recorded hourly rate needed to live in a two-bedroom rental in the Seattle-Bellevue metro area was \$36.12. Based on the state's minimum wage of \$11.50,

an individual would need to work around 93 hours a week (the equivalent of 2.3 full-time jobs) to afford that rental. For a one-bedroom rental, that worker would need to clock 75 hours.

**B**reakouts! – Residential SOLD Average

July 2018 (King/Snohomish/Pierce County) SOLD Average			
Area (Area Code)	Average \$	Average \$	2018 VS
	July 2018	July 2017	2017
Auburn-Federal Way (110-310)	\$ 420,535	\$ 396,933	5.95%
Kent-Maple Valley (320-340)	\$ 510,069	\$ 450,580	13.20%
West Seattle (140)	\$ 717,037	\$ 645,097	11.15%
SODO-Beacon Hill (380-385)	\$ 692,209	\$ 653,018	6.00%
E.lake-Madison-Capitol Hill (390)	\$ 1,288,031	\$ 1,154,556	11.56%
Queen Anne-Magnolia (700)	\$ 1,239,041	\$ 1,015,940	21.96%
*Belltown-Downtown Seattle(701)	\$ 784,749	\$ 791,480	-0.85%
Ballard-Greenlake (705)	\$ 845,105	\$ 820,914	2.95%
North Seattle (710)	\$ 926,225	\$ 933,433	-0.77%
Shoreline/Richmond Beach (715)	\$ 896,056	\$ 681,210	31.54%
Bellevue Downtown (520)	\$ 3,698,086	\$ 2,551,752	44.92%
Mercer Island (510)	\$ 1,913,576	\$ 1,770,251	8.10%
Bellevue South-Newcastle (500)	\$ 1,161,395	\$ 1,034,935	12.22%
Renton Highlands-Downtown (350)	\$ 660,661	\$ 576,384	14.62%
Microsoft-Bellevue East (530)	\$ 1,018,024	\$ 980,322	3.85%
Kirkland Downtown (560)	\$ 1,421,702	\$ 1,157,182	22.86%
Redmond (550)	\$ 1,003,568	\$ 888,895	12.90%
Issaquah-Sammamish (540)	\$ 983,336	\$ 860,546	14.27%
Juanita-Bothell-Woodinville (600)	\$ 896,325	\$ 765,801	17.04%
Bothell North-Mill Creek (610)	\$ 748,278	\$ 646,652	15.72%
Edmonds-Lynnwood (730)	\$ 618,339	\$ 580,411	6.53%
Everett-Mukilteo-Snohomish (740)	\$ 524,663	\$ 472,203	11.11%

\*Condominium SOLD Average

**S**trong economy

There is optimism from analysts that the economy will continue to grow from here. Even the Federal Reserve Board in their recent statement used the word "strong" to characterize the economy. The question for this week is what could stop or slow down the present rate of growth.

For one thing, higher interest rates are the result of a stronger economy and they are designed to make sure that the economy does not run out of control.

Certainly, we have had higher rates this year. The strong job market could also keep a lid on economic growth if we actually run out of skilled workers to fill positions. We are seeing this somewhat in the real estate sector as there are not enough skilled workers to build homes.

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Weekly Primary Mortgage Market Survey® (PMMS®)				
	30-Yr	30-Yr	15-Yr	5/1
August 17, 2018				
<i>Regional Breakdown</i>	FNMA	FHA	FNMA	ARM
<i>Average Rates</i>	4.375%	3.875%	3.75%	3.875%
<i>Fees &amp; Points</i>	*All loans are with a one point origination fee.			
<i>APR</i>	4.439%	5.021%	3.892%	3.962%

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

