

Balance "finally returning" to housing market as buyers welcome more choices

A new report from Northwest MLS shows double-digit increases in inventory in several of the 23 counties it serves, led by a 78 percent year-over-year gain in King County.

System-wide, the month ended with 2.56 months of supply of single family homes and condos, well below the 4-to-6 months analysts use as an indicator of a balanced market between sellers and buyers. The current level is the highest since February 2015 when member-brokers reported 3.56 months of inventory. In King County, supply exceeded two months for the first time since January 2015.

Brokers added 10,458 new listings of single family homes and condos to the MLS database during September, slightly more than the year-ago figure of 10,120. At month end, buyers could choose from 19,526 listings, a 22.9 percent improvement from twelve months ago when selection totaled 15,888 listings.

Commenting on the wider selection, Mike Grady said buyers "are at long last now seeing properties that stay on the market longer." Listings that are priced appropriately, "and not based on the feverish market we saw just a few months ago are still selling quickly, and home prices are still showing 8 percent appreciation year-over-year - more than double the rate of inflation," added Grady, the president and COO of Coldwell Banker Bain.

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, encouraged would-be buyers to "put extra focus on October," which he described as the last great month for new listings until March 2019. "Over the winter, new monthly resale listings will lower by approximately 50 percent compared to summer months." He also noted interest rates, currently in the upper 4 percent, are projected to rise in the coming months.

Pending sales (mutually accepted offers) were down nearly 14 percent area-wide, with about half the counties in the MLS report showing double-digit declines. Members notched 8,913 pending sales last month, a slippage of 1,435 sales when compared to the same month a year ago.

Closed sales also reflected slower activity. Members reported 7,630 completed transactions during September, down 18.6 percent from the year-ago volume of 9,371. Through nine months, this year's closings are down 4.4 percent compared to 2017.

Prices across the 23 counties in the Northwest MLS report are up about 5 percent from a year ago, with ten counties reporting double-digit gains. The median price for last month's completed sales of single family homes and condos system-wide was \$400,000, up from the year-ago median price of \$381,000. Last month's price was down \$15,000 (-3.6 percent) from August and \$25,000 (-5.9 percent) from the year's peak (so far), which occurred in June when the median price was \$425,000.

Market Activity Summary for September 2018

Single Family Homes & Condos	Listings		Pending	Closing Sales		
	New Listings	Total Active		# of Closings	Average Price	Median Price
King	4,247	6,587	2,869	2,331	\$729,083	\$610,000
Snohomish	1,607	2,568	1,307	1,180	\$498,670	\$458,197
Pierce	1,557	2,742	1,612	1,367	\$391,704	\$345,000
Total	7,411	11,897	5,788	4,878	\$539,819	\$471,066

Importance of schools to homebuyers

Schools are sacrosanct for most house-hunters, according to a survey by realtor.com. Seventy-eight percent of buyers who currently live in their preferred school district had to compromise to get there. An even larger number of buyers with children - 91 percent - said that school boundaries were important or very important. Realtor.com surveyed

1,000 people in July who closed on a home earlier this year. "While buyers understand that they're going to have to make some compromises to find a home in today's market, schools remain non-negotiable on their home wish list."

Breakouts! – Residential SOLD Average

September 2018 (King/Snohomish/Pierce County) SOLD Average

Area (Area Code)	Average \$	Average \$	2018 VS
	Sept. 2018	Sept. 2017	2017
Auburn-Federal Way (110-310)	\$ 417,040	\$ 414,093	0.71%
Kent-Maple Valley (320-340)	\$ 516,957	\$ 453,165	14.08%
West Seattle (140)	\$ 678,974	\$ 636,971	6.59%
SODO-Beacon Hill (380-385)	\$ 628,438	\$ 691,996	-9.18%
E.lake-Madison-Capital Hill (390)	\$ 1,104,660	\$ 978,899	12.85%
Queen Anne-Magnolia (700)	\$ 1,359,570	\$ 1,001,153	35.80%
*Belltown-Downtown Seattle(701)	\$ 853,666	\$ 829,041	2.97%
Ballard-Greenlake (705)	\$ 868,036	\$ 798,781	8.67%
North Seattle (710)	\$ 1,071,733	\$ 866,687	23.66%
Shoreline/Richmond Beach (715)	\$ 637,044	\$ 694,807	-8.31%
Bellevue Downtown (520)	\$ 3,438,950	\$ 2,919,999	17.77%
Mercer Island (510)	\$ 1,766,287	\$ 1,678,688	5.22%
Bellevue South-Newcastle (500)	\$ 1,082,068	\$ 1,103,625	-1.95%
Renton Highlands-Downtown (350)	\$ 587,930	\$ 571,347	2.90%
Microsoft-Bellevue East (530)	\$ 975,893	\$ 971,576	0.44%
Kirkland Downtown (560)	\$ 1,381,817	\$ 1,228,928	12.44%
Redmond (550)	\$ 902,565	\$ 860,974	4.83%
Issaquah-Sammamish (540)	\$ 966,505	\$ 948,954	1.85%
Juanita-Bothell-Woodinville (600)	\$ 840,393	\$ 722,334	16.34%
Bothell North-Mill Creek (610)	\$ 719,764	\$ 650,412	10.66%
Edmonds-Lynnwood (730)	\$ 594,360	\$ 581,402	2.23%
Everett-Mukilteo-Snohomish (740)	\$ 495,548	\$ 472,786	4.81%

*Condominium SOLD Average

Mortgage rates jump past 5%, signaling more home price cuts ahead

•The average rate on the 30-year fixed sat just below 4 percent a year ago, after dropping below 3.5 percent in 2016. It just crossed the 5 percent mark, according to Mortgage News Daily.

•While more people think now is a good time to buy a home, according to a monthly sentiment survey from Fannie Mae, more people also think mortgage rates will go up.

•Higher rates could throw cold water on those high home prices, as sellers see demand fall off and their houses sit on the market longer.

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Weekly Primary Mortgage Market Survey® (PMMS®)				
October 9, 2018	30-Yr	30-Yr	15-Yr	5/1
Regional Breakdown	FNMA	FHA	FNMA	ARM
Average Rates	4.75%	4.25%	4.125%	4.25%
Fees & Points	*All loans are with a one point origination fee.			
APR	4.895%	5.221%	4.372%	4.390%

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