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What's in Style?

Your Style Your Dream Your Home

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Would-be homebuyers have more buying power, but also more competition for meager inventory

Extremely low interest rates mean would-be home buyers have more buying power, but sparse inventory and increasing home prices in many parts of Washington state are leaving many buyers unable to take advantage of these attractive rates, reported broker Frank Wilson upon reviewing the latest statistical report from Northwest Multiple Listing Service.

The August report from Northwest MLS, which covers 23 counties, shows pending sales surged nearly 25% from a year ago, rising from 10,602 mutually accepted offers to last month's total of 13,224. Within the four-county Puget Sound region encompassing King, Kitsap, Pierce and Snohomish counties, brokers reported 9,179 pending sales. A review of MLS records dating to January 2002 shows that volume was surpassed only once, in May 2017 when brokers notched 9,188 pending sales.

"In order for buyers to be successful in purchasing a home in today's climate, they have to do some pretty illogical things," remarked Wilson, the Kitsap regional manager and branch managing broker at John L. Scott Real Estate in Poulsbo. As examples, he listed waiving inspections, paying more than the house is worth, or agreeing to pay the difference in cash between the lower appraised value and the sales price. "These are counterintuitive to what we used to see with a negotiation process," he lamented.

Brokers added 11,943 new listings to inventory during August, down from July, when they listed 12,514 homes and condominiums, but up from the 10,488 properties they listed during the same month a year ago. Commenting on the dwindling supply, J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, said "For the greatest selection and availability, the next two months of September and October will be the best months until next March.

"At the end of August, the Northwest MLS database included 9,591 total active listings, down almost 43% from a year ago when the selection totaled 16,697 listings. With pending sales (13,224) outpacing new listings (11,943), the months of inventory continues to shrink. Area-wide there is less than one month of inventory (0.97). Nine counties had under a month's supply. Four-to-six months is a common indicator of a balanced market, according to industry experts.

With an insufficient supply, prices are appreciating at double-digit rates in most counties in the NWMLS report. Systemwide, for last month's closed sales, prices increased nearly 14% compared with a year ago. Member-brokers reported 9,847 closed sales, up more than 4.8% from a year ago. That volume was the highest since June 2018 when there were 10,072 completed transactions.

In the four-county Puget Sound region year-over-year (YOY) prices jumped 17%, from $500,000 to $585,000.

Market Activity Summary for August 2020

	Listings		Pending	Closing Sales		
Single Family Homes & Condos	New Listings	Total Active		# of Closings	Average Price	Median Price
King	4,628	4,010	4,420	3,456	$833,821	$680,000
Snohomish	1,766	1,024	2,001	1,492	$582,433	$534,999
Pierce	1,780	1,110	2,094	1,597	$469,338	$425,000
Total	8,174	6,144	8,515	6,545	$628,531	$546,666

Seattle is No.1 for health of real estate market

A new report has found that Seattle ranks No. 1 for the health of its real estate market among all large cities in the U.S. (with more than 300,000 population), based on a wide variety of criteria. The study, by personal finance website WalletHub, also singled out Bellevue, Wash., for being one of the fastest places in the nation to sell real estate, with the average home there remaining on the market for only a few days before it is sold. This year, the housing market is in a unique situation as mortgage rates have hit record lows at a time when many Americans are struggling financially due to the COVID-19 pandemic," the study's authors write. "For those who have extra cash, buying a home now could be a golden opportunity."

Breakouts! – Residential SOLD Average

August 2020 (King/Snohomish County) SOLD Average

Area (Area Code)	Average $ August 2020	Average $ August 2019	2020 VS 2019
Auburn-Federal Way (110-310)	$ 504,933	$ 446,139	13.18%
Kent-Maple Valley (320-340)	$ 570,661	$ 518,986	9.96%
West Seattle (140)	$ 776,333	$ 721,972	7.53%
SODO-Beacon Hill (380-385)	$ 745,060	$ 695,831	7.07%
E.lake-Madison-Capital Hill (390)	$ 1,344,296	$ 1,271,401	5.73%
Queen Anne-Magnolia (700)	$ 1,254,590	$ 1,285,147	-2.38%
*Belltown-Downtown Seattle(701)	$ 795,923	$ 932,346	-14.63%
Ballard-Greenlake (705)	$ 924,632	$ 825,388	12.02%
North Seattle (710)	$ 1,051,448	$ 819,651	28.28%
Shoreline/Richmond Beach (715)	$ 759,815	$ 664,089	14.41%
Bellevue Downtown (520)	$ 3,078,796	$ 3,077,849	0.03%
Mercer Island (510)	$ 2,253,335	$ 1,940,812	16.10%
Bellevue South-Newcastle (500)	$ 1,264,348	$ 1,169,208	8.14%
Renton Highlands-Downtown (350)	$ 661,986	$ 665,444	-0.52%
Microsoft-Bellevue East (530)	$ 1,265,767	$ 1,110,451	13.99%
Kirkland Downtown (560)	$ 1,584,185	$ 1,376,267	15.11%
Redmond (550)	$ 1,120,792	$ 926,161	21.01%
Issaquah-Sammamish (540)	$ 1,080,465	$ 993,947	8.70%
Juanita-Bothell-Woodinville (600)	$ 955,869	$ 859,806	11.17%
Bothell North-Mill Creek (610)	$ 782,811	$ 724,766	8.01%
Edmonds-Lynnwood (730)	$ 741,061	$ 625,217	18.53%
Everett-Mukilteo-Snohomish (740)	$ 601,385	$ 531,489	13.15%

*Condominium SOLD Median

Young adults living with their parents

It was a phenomenon 12 years ago that ended with a huge decline in homeownership among Millennials, and now it is happening, for the same reason to Gen Zas a huge surge in unemployment sends young adults home to live with their parents. The root cause this time, of course, is vastly different; a deadly virus rather than a general slowdown in the economy coupled with mortgage defaults and delinquency.

The Pew Research Center has found that the share of 18- to 29-year-olds living with their parents now constitutes a majority of that age group, surpassing the share in the Great Recession and even topping the previous peak during the Great Depression.

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Weekly Primary Mortgage Market Survey® (PMMS®)				
September 14, 2020 Regional Breakdown	30-Yr FNMA	30-Yr FHA	15-Yr FNMA	5/1 ARM
Average Rates	2.625%	2.75%	2.250%	-
Fees & Points	*All loans are with a one point origination fee.			
APR	2.753%	3.016%	2.484%	-

**** 5/1 ARM's are not pricing right now due to liquidity issues with the Forbearance due to COVID 19
** Owner Occupied / Single Family Residence
740 credit score and 20% down payment for conventional