



**Broker says Western Washington housing market  
“definitely in full recovery mode”**

KIRKLAND, Wash. (Feb. 5, 2014) – Home sales during January may not have been as super as the Seahawks’ performances, but brokers cite several reasons for optimism during 2014. “We are finally going to be looking at the ‘housing crisis’ in the rear view mirror,” said Mike Gain, CEO and president of Berkshire Hathaway HomeServices Northwest Real Estate. “In 2014 we are definitely in full recovery mode,” he added.

Following the usual pause during the holidays, activity picked up during January when members of Northwest Multiple Listing Service reported 7,044 pending sales, about even with the same month a year ago, and a jump of nearly 35 percent from December’s total of 5,224 mutually accepted offers.

Inventory, while improving, continues to be a source of worry.

“Lots of buyers and not enough of the right inventory to satisfy our buyers’ wants and needs,” was how Gain described current conditions. “Following the worst year for inventory I have seen in my 35 years of practicing real estate locally, we are expecting the number of homes for sale to increase in 2014,” Gain added, emphasizing there is pent up demand and “a very active market is anticipated once the number of listings increases.”

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate agreed. “Available inventory remains tight with shortages or low inventory where 90 percent or more of the sales activity is taking place,” he remarked.

Members added 7,342 new listings to inventory during January, improving on the year-ago total of 7,096. With those additions, the selection increased to 19,195 active listings across the 21 counties served by Northwest MLS. That’s up 6.6 percent from the same period a year ago when there were 18,008 listings.

Thirteen counties have more listings than a year ago, but eight counties are reporting declines in total inventory. “We are literally starving for inventory. We need more homes to sell, especially in the most desirable neighborhoods,” Gain stated.

Area-wide there is about 4.5 months of inventory, an amount at the low end of the 4-to-6 month range most analysts deem to be a balanced market. At this time a year ago, there was about 4.2 months of inventory. The tightest supplies are found in King County (less than 2.5 months) and Snohomish County (3.5 months).

*Note to editors/reporters:* Effective with January 2014 reports, Northwest Multiple Listing Service is calculating months of inventory using closed sales, rather than pending sales. While there is rationale for using either method (as well as a 12-month rolling average favored by some analysts), the MLS is switching to closed sales to facilitate comparisons with NAR and some other groups. Figures above for 2013 are also calculated using closed sales.)

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One of the counties with fewer listings is Kitsap, where there is about 5.2 months of supply, down from the year-ago figure of 6.6 months.

Northwest MLS director Frank Wilson, the branch managing broker at John L. Scott in Poulsbo, described overall activity in that market as healthy. "Homes are still coming on the market and buyers are still buying them," he commented, but noted they are starting to see a bit of stratification on prices.

"Homes that are overpriced are sitting on the market a while, but homes that are priced correctly for today's market may receive multiple offers," Wilson explained. Countywide prices are down about 9.4 percent from a year ago. His analysis indicates prices on waterfront listings are lagging, and MLS data indicate prices on condos (a small segment of sales) dropped by double digits compared to a year ago.

Overpriced homes are also a concern in Snohomish County. "Even though we have a nearly 40 percent increase in inventory compared to a year ago, many listings are overpriced, and buyers are not interested in making offers on those properties," reported Diedre Haines, regional managing broker in Snohomish County for Coldwell Banker Bain.

"We are not yet fully recovered from the recession and sellers need to be realistic in expectations of the value of their homes," said Haines, a member of the Northwest MLS board of directors.

The most desirable listings in Snohomish County are still receiving multiple offers, Haines noted, while acknowledging activity is "not as frenzied as a year ago," due in part to lingering doubts about the future of Boeing and other factors. She said new developments are drawing strong interest and traffic. "In some locations reservation agreements are being taken for homes not yet built with many of these developments already getting close to selling out," she reported.

Home prices area-wide increased nearly 6.6 percent from a year ago, but dipped from December. The median price for last month's closed sales of single family homes and condominiums was \$255,055, rising from the year-ago figure of \$239,300. ). In King County, where nearly one of every four closings occurred, the median sales price was \$364,875. That represents an increase of 15.8 percent from the year-ago price of \$315,000.

Single family prices (excluding condos) increased from \$249,200 to \$264,995 (up more than 6.3 percent). Condo prices surged 14.8 percent, from \$169,000 a year ago to \$194,000 for last month's sales.

"Years 2012 and 2013 were fantastic recovery years," said Scott. "We have now experienced two years of positive price appreciation after the five years of market correction," he added.

MLS director George Moorhead said recent fluctuations in interest rates and upticks in online activity are noteworthy. "We have all seen interest rates go up and down, but I have not seen such an immediate response from buyers," he remarked. Moorhead, the branch manager at Bentley Properties in Bothell, also reported a 30 percent increase in online activity in the past few weeks.

Gain expects the rebound to be fueled in part by "repeat move-up buyers" and first-time purchasers. "The first time buyer will return to the marketplace in 2014. With the economy improving they will finally be able to move out of their parents' homes and when comparing renting verses buying, many will choose homeownership," he stated.

Brokers point to recent reports of the state's unemployment rate dropping to 6.6 percent, the lowest in five years, as a positive thrust for home sales, but also cited factors that could hamper activity.

“There are always issues surrounding real estate that erode confidence in the market,” Wilson commented, citing uncertainty on flood insurance. “Until Congress takes action to continue the flood insurance subsidy, people buying in flood-prone areas may suffer sticker shock when they see the premium for coverage,” he believes.

Among other factors brokers mentioned as threats to activity are:

- “The volatility of the roller coaster stock market, the new financing and appraisal rules imposed by Dodd/Frank, and fatigue being felt by many buyers who were unsuccessful in purchasing last year.” (Diedre Haines)
- Rising interest rates and tighter lending requirements. Short sales are waning as buyers encounter long timelines and uncertainties. (George Moorhead)

Mike Grady, president and COO of Coldwell Banker Bain, expects activity to continue picking up until May. “Inventory levels are pretty much the same as they were a year ago. Now we’ll have to wait and see if the sellers come out,” he remarked.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership includes more than 21,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 21 counties in Washington state.

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*Statistical summaries follow.*

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