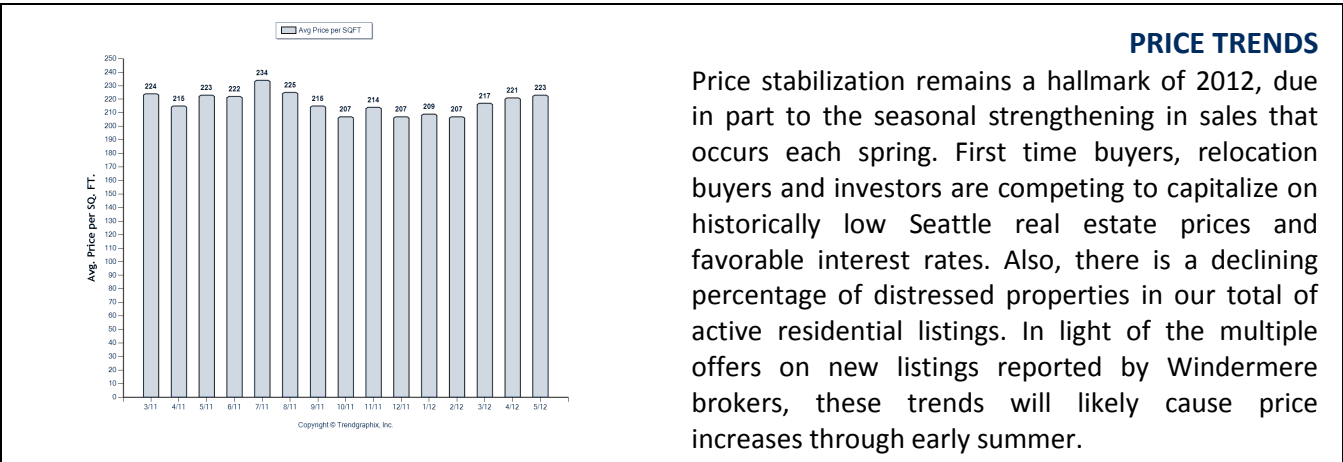


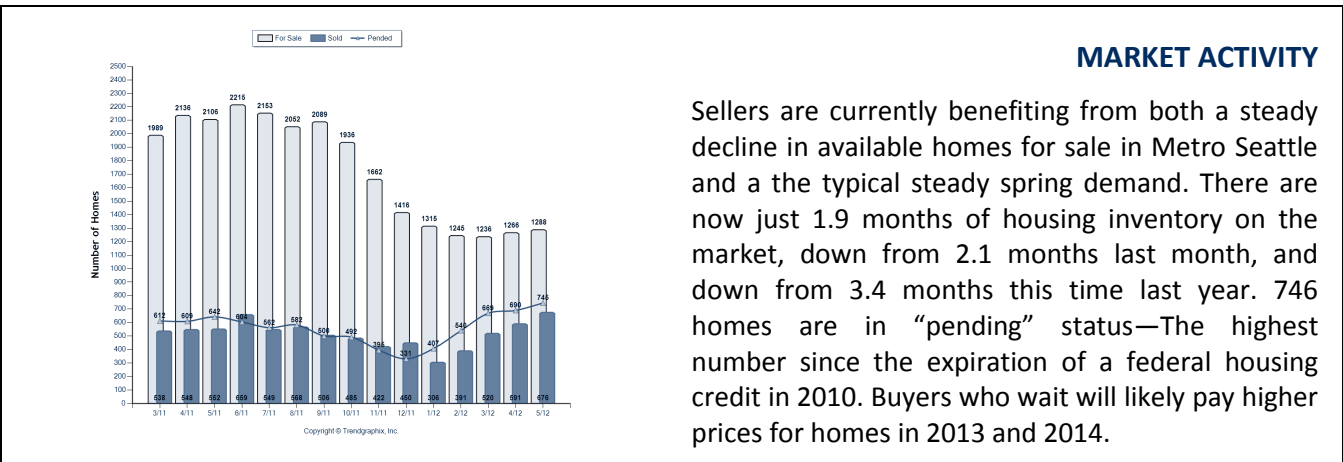
## Metro Seattle Real Estate Market Update - Residential | June 2012

Windermere tracks key performance indicators to determine the current state of the market and to anticipate trends within Metro Seattle: from West Seattle to Lake Washington and north to Shoreline & Kenmore. We trust that this data, combined with our expertise, will help you make sound decisions.



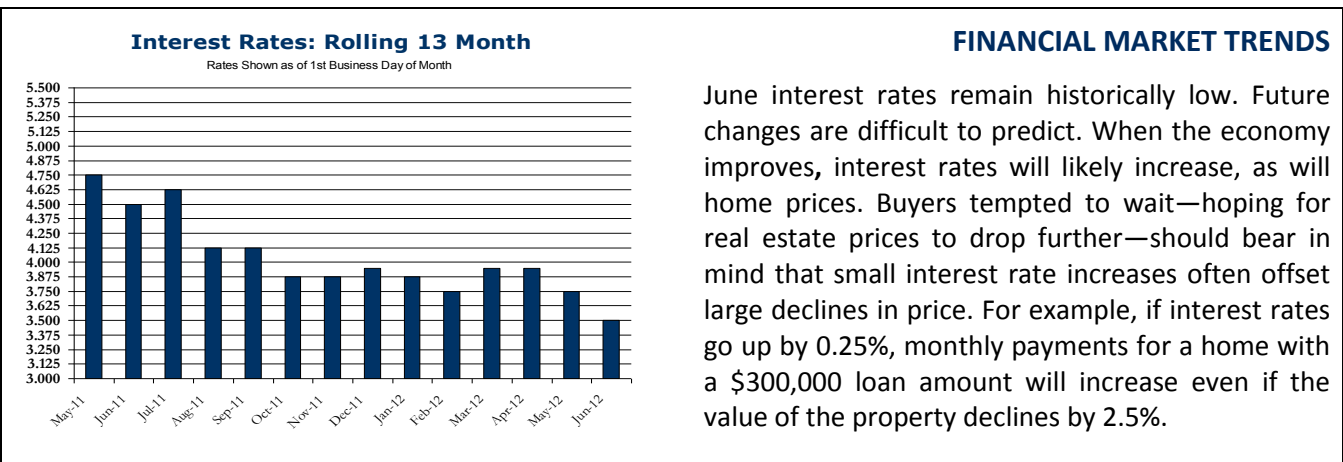
### PRICE TRENDS

Price stabilization remains a hallmark of 2012, due in part to the seasonal strengthening in sales that occurs each spring. First time buyers, relocation buyers and investors are competing to capitalize on historically low Seattle real estate prices and favorable interest rates. Also, there is a declining percentage of distressed properties in our total of active residential listings. In light of the multiple offers on new listings reported by Windermere brokers, these trends will likely cause price increases through early summer.



### MARKET ACTIVITY

Sellers are currently benefiting from both a steady decline in available homes for sale in Metro Seattle and a the typical steady spring demand. There are now just 1.9 months of housing inventory on the market, down from 2.1 months last month, and down from 3.4 months this time last year. 746 homes are in “pending” status—The highest number since the expiration of a federal housing credit in 2010. Buyers who wait will likely pay higher prices for homes in 2013 and 2014.



### FINANCIAL MARKET TRENDS

June interest rates remain historically low. Future changes are difficult to predict. When the economy improves, interest rates will likely increase, as will home prices. Buyers tempted to wait—hoping for real estate prices to drop further—should bear in mind that small interest rate increases often offset large declines in price. For example, if interest rates go up by 0.25%, monthly payments for a home with a \$300,000 loan amount will increase even if the value of the property declines by 2.5%.