



## **Washington homebuyers realizing “market may have reached bottom of cycle”**

KIRKLAND, Wash. (March 5, 2012) – With spring on the horizon and consumer confidence on the rise, members of Northwest Multiple Listing Service are reporting positive gains in activity. Pending sales for February increased more than 27 percent from a year ago, more sellers are listing their homes, and brokers are reporting an uptick in multiple offers.

“Buyers are beginning to realize that we may have seen the bottom of this real estate market,” remarked Frank Wilson, branch managing broker at John L. Scott Real Estate in Poulsbo and a member of the Northwest MLS board of directors. “Waiting to buy may only result in paying a higher interest rate, having fewer houses to choose from, or finding that sellers do not need to give up as much as they have in the past,” he added.

Brokers reported 7,623 pending sales during February, the highest volume since August when they notched 7,632 mutually accepted offers. Last month’s tally jumped 27.4 percent from twelve months ago, with 20 of the 21 counties in the MLS service area reporting double-digit gains.

Within King County, pending sales were particularly robust in the Lake Forest Park/Kenmore neighborhoods (up 73 percent), Kent (up 61 percent), Burien/Normandy Park (up 58 percent) and central Seattle (up 56 percent). The northeast portion of Snohomish County also experienced strong sales (up 63 percent from a year ago).

“The only thing tempering this from being a hot, thriving market are the short sales and foreclosed properties which represent about one-third of the transactions,” Wilson commented.

J. Lennox Scott, CEO and chairman of John L. Scott Real Estate, said the combination of job growth and historic low interest rates is creating a seller’s market through the mid-price ranges and contributing to surging activity close to job centers. “It’s a special moment in time in real estate history,” he observed, adding “We have a backlog of qualified buyers looking for homes to purchase.”

Buyers have fewer homes to consider compared to a year ago, with inventory down 22.5 percent area-wide. At month end, there were 25,510 active listings in the Northwest MLS database; a year ago, there were 32,922 homes and condos listed for sale.

The selection compared to twelve months ago is down sharply in both King County (off 32.3 percent) and Snohomish County (down 38.2 percent). Measured by months of supply, Snohomish has about 2.1 months while King is slightly better at 2.3 months. (Five to six months of supply is considered to be a balanced market, with less than that presumed to be a seller’s market.)

Northwest MLS brokers added 7,390 new listings to inventory during February, about 400 fewer than the same month a year ago.

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Asking prices are comparable to a year ago. System-wide, the median asking price for the current inventory of single family homes and condominiums is \$249,900, about \$5,000 below the year-ago median figure of \$254,950 (down 1.98 percent). Six counties (Ferry, Grant, King, Mason, Snohomish, and Whatcom) reported higher median listing prices in February than 12 months ago.

Northwest MLS members reported 3,846 closed sales last month, up about 25 percent from the year-ago total of 3,080 completed transactions.

Selling prices continued to slip, but the decline was under 9 percent for the first time in nearly a year. The area-wide median price for last month's closed sales of single family homes and condominiums (combined) was \$218,944, down about 8.8 percent from the year-ago figure of \$240,000.

For single family homes only (excluding condominiums), prices were down about 7.7 percent from a year ago. Last month's closed sales fetched a median sales price of \$229,000, which compares to the year-ago price of \$248,000. Five counties (Clallam Ferry, Grant, Lewis and San Juan) reported year-over-year price increases.

Commenting on the market around Kitsap County, where prices dipped nearly 11 percent, Wilson said he expects prices to "stabilize and even reverse as we move further into 2012." With 4.3 months of supply in that county, he believes the market is tilting toward sellers. "We continue to see more multiple offer situations on homes that come on the market correctly priced," he stated.

Wilson also pointed to recently released consumer confidence numbers as a positive indicator. He noted The Conference Board Consumer Confidence Index posted sizeable improvements in February, approaching levels last seen a year ago.

In a statement accompanying the latest report, Lynn Franco, director of The Conference Board Consumer Research Center, said consumers were more optimistic about the short-term outlook than they were a month ago. "Consumers are considerably less pessimistic about current business and labor market conditions than they were in January. And, despite further increases in gas prices, they are more optimistic about the short-term outlook for the economy, job prospects, and their financial situation," she declared.

Nationally, the overall direction for the housing market is positive, according to analysts with the National Association of Realtors (NAR). Its latest figures show the past few months of contract activity are the highest in more than four years outside of the home buyer tax credit impact. In comments accompanying the latest figures, NAR suggested the market isn't as strong as it could be because of overly restrictive lending standards and contract cancellations due in part to appraised values coming in below a negotiated price.

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 22,000 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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