



FOR IMMEDIATE RELEASE

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**Home buyer frustration continues due to limited selection
and ongoing increases in prices, interest rates**

KIRKLAND, Washington (Jan. 5, 2017) – Like many other months of 2016, December was frustrating for buyers across Washington state as they encountered depleted inventory and rising prices. Post-election hikes in interest rates – with more on the horizon -- added to would-be homeowners' worries.

Northwest Multiple Listing Service statistics for December show year-over-year drops in new listings, but gains in pending sales, closed sales and prices. Pending sales (mutually accepted offers) in the four-county Puget Sound region reached their highest level since 2005.

"The data just keep telling the same story – low inventory and increasing prices," remarked Mike Grady, president and COO of Coldwell Banker Bain. "As one of our brokers put it, 'Sellers received an awesome Christmas gift in December, but buyers, only a lump of coal.'"

Brokers added 4,217 new listings to the inventory during December to bring the supply up to 10,571 listings. The volume of new listings surpassed the year-ago figure of 4,041, but supply still fell, dropping to only 1.4 months for the Northwest MLS market area covering 23 counties. Both King and Snohomish counties reported less than a month of inventory.

Robert Wasser, owner/broker at Prospera Real Estate in Seattle, said his analysis of the MLS data indicates the supply of single family homes for sale in King County just hit a post-recession low. "The only other time supply fell below one month was around this same time a year ago," noted Wasser, a member of the Northwest MLS board of directors.

At month end, MLS figures show inventory (10,571 listings) was nearly 15.6 percent below year-ago levels (12,522 listings), with about 90 percent of the selection being single family homes.

Seventeen of the 23 counties in the MLS report had double-digit drops in active listings at the end of last month compared to December 2015.

Northwest MLS members reported 6,401 pending sales during December, up from 5,970 for the same month a year ago for a year-over-year gain of 7.2 percent.

"The housing market remains frenzy hot on a seasonal basis," exclaimed J. Lennox Scott. Noting sales activity was substantially higher than the number of new listings, he said such conditions "continue to foster a competitive market where homebuyers are just waiting for the next new listing to come on the market."

Commenting on strong sales in the Central Puget Sound region, Scott noted King County recorded the biggest year-over-year jump in pending sales of single family homes, surging nearly 11.3 percent, well ahead of Kitsap (up 4.5 percent), Pierce (up 4 percent) and Snohomish (up 3.2 percent).

“Buyers pursued homes aggressively all through November and December with little to no slowdown amid fears of rising interest rates and worsening inventory levels,” said MLS director George Moorhead. “Inventory levels have dropped to their lowest level, which makes buyer frenzy even more intense as prices approach double-digit appreciation,” he added. Moorhead, the designated broker at Bentley Properties, calculates buyers have lost \$37,000 in buying power due to interest rate increases. He likens the situation to having two cars, “one going forward, and one going in reverse. The gap is widening too fast for some buyers.”

Closed sales also finished on a strong note with brokers reporting 7,575 completed transactions during December. That’s up more than 6.8 percent from a year ago when members notched 7,091 closed sales.

Prices area-wide also continued trending upward, rising nearly 9.2 percent from a year ago. The overall median price for single family homes and condominiums that sold during December was \$343,950; a year ago it was \$315,000.

King County prices jumped 12.2 percent, from \$450,000 in December 2015 to \$505,000 for last month’s sales. For single family homes (excluding condominiums) the median price for December’s sales was \$550,000, unchanged from October and November. Prices peaked this year in King County in June, reaching \$573,522.

Condo sales slowed compared to a year ago, due at least in part to a sharp drop in inventory (down more than 19 percent). Pending sales were essentially flat (up 0.73 percent). Closed sales for December slipped nearly 6 percent, while prices on last month’s completed sales of condos rose 9.8 percent. The median price on last month’s closed sales of condos was \$280,000. Condo prices in King County jumped more than 12 percent, from \$279,975 a year ago to last month’s sales price of \$314,000.

“Looking ahead to 2017, the Seattle market will continue to perform well, even with the expected interest rate increase,” stated OB Jacobi, president of Windermere Real Estate. The regional economy is in full stride, he noted, adding, “This will continue to create increased demand for housing across the board. Price growth should start to cool a little as inventory levels rise modestly, but overall, 2017 should be another banner year for the housing market.”

Consumers should expect prices to continue edging upward, suggested Moorhead. “NAR indicates we are 70,000 units short of meeting the housing needs in the Puget Sound area. Builders are just flat out running out of urban land to work with,” he said. Moorhead believes rising costs for construction labor are the driving force for price increases. Builder confidence continues to grow, reaching its highest levels since 2005, he noted, but added, “Naturally, some trepidation is heard as some feel this level of growth in the market is completely unsustainable.”

Grady believes the pattern of low inventory and increasing prices will continue. “We believe it is a predictor for what to expect throughout 2017,” he commented. “There’s simply not enough new construction to fill the needs of new employees being hired both locally and new to the state. The key is employment,” Grady continued, saying “There’s no reason to think that a new administration will cause employment to slow down; rather, it’s more likely we’ll see it increase in the Puget Sound region so we’re off to another strong start in 2017,” he stated.

Scott, the chairman and CEO of John L. Scott, expects a higher number of new listings will start to show up in mid-February -- “just in time for the spring housing market rush.”

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership of nearly 2,100 member offices includes more than 25,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

Statistical Summary by Counties: Market Activity Summary – December 2016

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			*Months of Inventory	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	1,329	1,985	2,092	2,701	\$600,324	\$505,000	0.73	0.84
Snohomish	658	1,020	1,104	1,147	\$414,466	\$379,350	0.89	1.13
Pierce	807	1,763	1,201	1,326	\$311,436	\$280,500	1.33	1.76
Kitsap	249	659	330	459	\$335,079	\$279,500	1.44	1.81
Mason	52	320	89	98	\$237,903	\$221,000	3.27	4.33
Skagit	105	343	187	174	\$310,885	\$282,500	1.97	2.69
Grays Harbor	79	429	88	75	\$185,545	\$179,900	5.72	7.26
Lewis	52	262	81	81	\$200,019	\$175,000	3.23	4.96
Cowlitz	75	186	91	115	\$218,191	\$199,000	1.62	2.26
Grant	44	296	59	61	\$197,370	\$175,000	4.85	5.58
Thurston	242	695	339	430	\$296,645	\$275,450	1.62	2.42
San Juan	13	199	26	30	\$717,722	\$390,000	6.63	10.92
Island	78	340	123	137	\$350,647	\$300,000	2.48	2.41
Kittitas	39	194	54	73	\$376,090	\$259,950	2.66	3.27
Jefferson	30	204	36	47	\$311,343	\$295,000	4.34	3.75
Okanogan	26	251	29	31	\$194,329	\$147,000	8.10	16.16
Whatcom	172	564	240	275	\$348,160	\$316,645	2.05	2.67
Clark	24	48	34	53	\$285,670	\$260,000	0.91	2.08
Pacific	28	189	33	52	\$182,150	\$165,000	3.63	7.15
Ferry	2	57	6	2	\$76,250	\$76,250	28.50	12.75
Clallam	43	211	84	88	\$276,801	\$247,750	2.40	4.09
Chelan	38	184	38	72	\$372,257	\$309,500	2.56	4.29
Douglas	19	60	20	25	\$346,785	\$315,000	2.40	2.39
Others	13	112	17	23	\$215,475	\$158,299	4.87	6.70
Total	4,217	10,571	6,401	7,575	\$427,568	\$343,950	1.40	1.77

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
2016	5420	6703	8130	8332	9153	8869	8545	8628	7729	7487	6115	4727

NOTE TO EDITORS: The comprehensive Northwest Multiple Listing Service annual summary of statistical highlights is scheduled for release on Thursday, Jan. 19.