

2018

ANNUAL REPORT

PACIFIC NORTHWEST MARKET REPORT

PUGET SOUND | SOUTHWEST WASHINGTON | OREGON



Coldwell Banker Bain is the No.1 Coldwell Banker affiliate in the world with over \$5.9 billion in volume in 2018, and has been helping people buy and sell homes in the Pacific Northwest since 1972. With 1,100+ brokers in 32 offices throughout Washington and Oregon, the company provides the full spectrum of services to buyers and sellers, with special expertise in the luxury realm. Additionally, the company has once again earned the national Coldwell Banker Chairman's



Circle designation for outstanding performance in volume for 2018, ranking as a No. 1 network affiliate out of 3,000 offices in 44 countries. The company also provides services in property management, commercial real estate and real estate investment, and relocation management. Coldwell Banker Bain consistently ranks among the Top 20 Real Estate Companies in the nation as cited by Real Trends and RISMedia's Real Estate. For more information, visit coldwellbankerbain.com.





BELLEVUE, WA (Jan. 17, 2019) – Coldwell Banker Bain, a leading provider of real estate brokerage services throughout the Pacific Northwest and a market leader in home sales in 2018,* releases its 2018 annual market report providing a variety of statistics for the sale of homes in neighborhoods and counties throughout the Puget Sound region, as well as for segments including luxury and condos. The report reflects activity between Jan. 1, 2018 and Dec. 31, 2018.*

Reflecting on the 2018 numbers and feedback from brokers, Mike Grady, Coldwell Banker Bain president and COO, said, "This year was truly a tale of two markets—the first half continued the frenzy seen in 2017 with sellers having their say, and the second half saw a balancing of the market where buyers finally had theirs, and said 'enough.'" Specifically, he noted:

- By the third quarter, we witnessed the beginning of "normalization" of our housing market. Inventories grew from 2–3 weeks to 2.5 months. Prices stopped escalating at double-digit rates and properties listed in the second quarter started being overpriced.
- By the 4th quarter we started to see an interesting trend: properties listed in October sold in an average of 25 days,

while the average days on market overall increased to 55–70 days. What this meant was that properties listed in September or August were on the market for much longer because they were overpriced for October. This trend stabilized in December as we saw many price reductions and the days on market held steady at about 2.5 months. We, like many of our colleagues, believe we're now stable with a market still slightly seller-biased and expect this to remain the case throughout 2019.

- Interesting to note that since the 2015 frenzy market started, average sales prices peaked at an increase of 40.3% in April 2018. Even after an average reduction of average sale price of 6.9% since April, our average sales price is up 30.6% since December of 2014. That's an average per annum increase of 10.2%—one of the highest increases in average sales price in the nation over the 3-year period.
- Mortgage rates have dropped after several months of increase, and home values are more stable than they have been for several years. Western Washington and Northwest Oregon remain major employment draws, especially for the tech and airline businesses, which we expect will continue for the next several years."



E.J. Bowlds, Principal Managing Broker of the Coldwell Banker Bain of Bellevue office, said, "In 2018, the Eastside numbers indeed showed a tale of two markets. The first half of the year was a continuation of the 2016 and 2017 markets with low inventory, fierce competition for properties and prices rising faster than anywhere in the U.S. The second half of the year saw Eastside inventory increase from around three weeks to nearly three months. As sellers suspected that we might be near the top of the market for this business cycle, more homes came on the market. This was exacerbated by many buyers leaving the market in late spring and early summer in protest of the feverish pace and price rises of the past few years. Amidst these market pressures was the specter of predicted rising interest rates. By August, pending sales

(sales written but not yet closed) were down over 25% from the same month the year before. The rest of 2018 saw inventory continuing to slowly build, price rises slowing dramatically, and interest rates falling back from just over 5% to around 4.75%. But during the fall months, even with more homes to choose from, moderating interest rates and softening prices the buyers still stayed away with pending sales down around 20% for the period versus 2017. By December there were signs that buyers were coming back into the market with Eastside pending numbers for the month only 15% less than last December. Over the fourth quarter the trend clearly showed more buyers entering the market. We expect that trend to continue into the new year."



Jim Kallerson, Principal Managing Broker for Coldwell Banker Bain of Kirkland, added, “The real estate market is booming in the Kirkland area. Totem Lake, Juanita and downtown Kirkland with the Kirkland Urban project, are all generating a buzz. Kirkland has come from being a sleepy, close-in community of Bellevue, to an up and coming destination in and of itself. The price of the

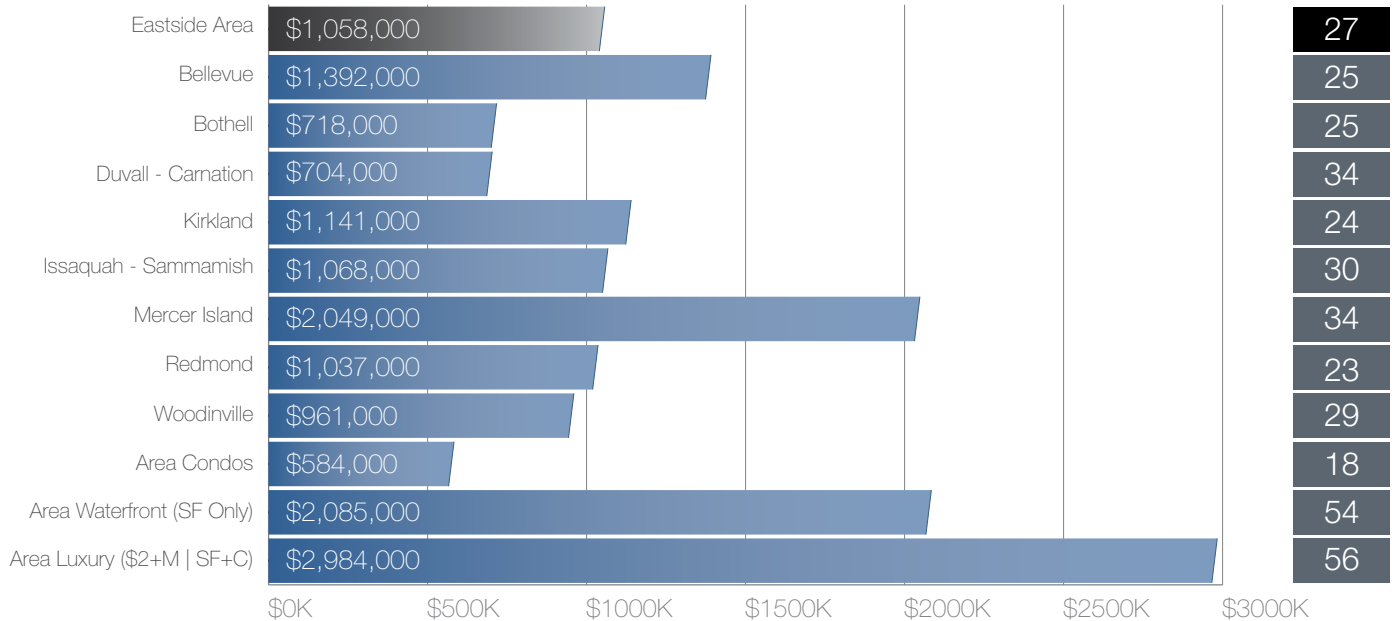
average house in Kirkland has definitely appreciated, and more so than almost any other community on the Eastside at an annual 16% increase. The average sales price is over \$1.1 million with less than 30 days on the market. The tech industry expanding into Kirkland has been the main fuel for this activity and we are watching it continue to grow in scale.”

Bellevue | Bothell | Duvall - Carnation | Kirkland | Issaquah - Sammamish | Mercer Island
Redmond | Woodinville

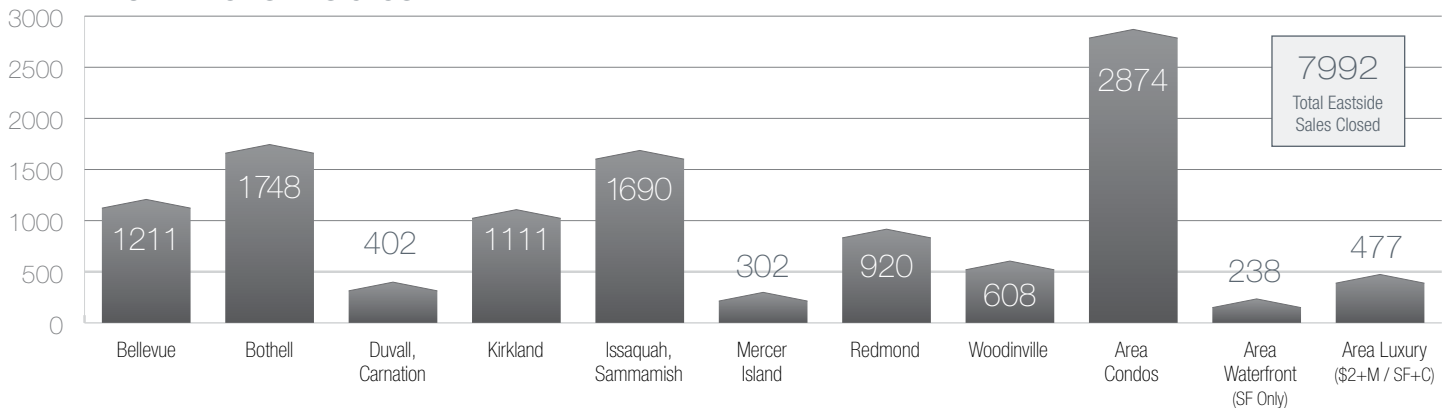
SINGLE FAMILY (SF), CONDO, WATERFRONT & LUXURY

AVERAGE SOLD PRICE (Nearest \$000)

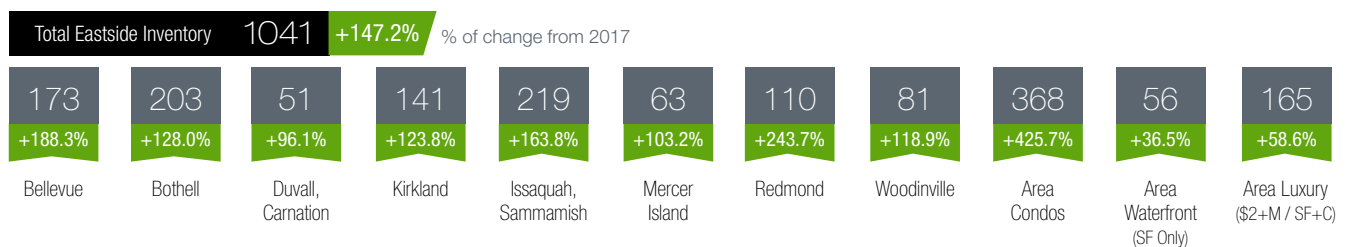
AVERAGE DOM



NUMBER OF SALES CLOSED



INVENTORY IN UNITS - 12/31/2018



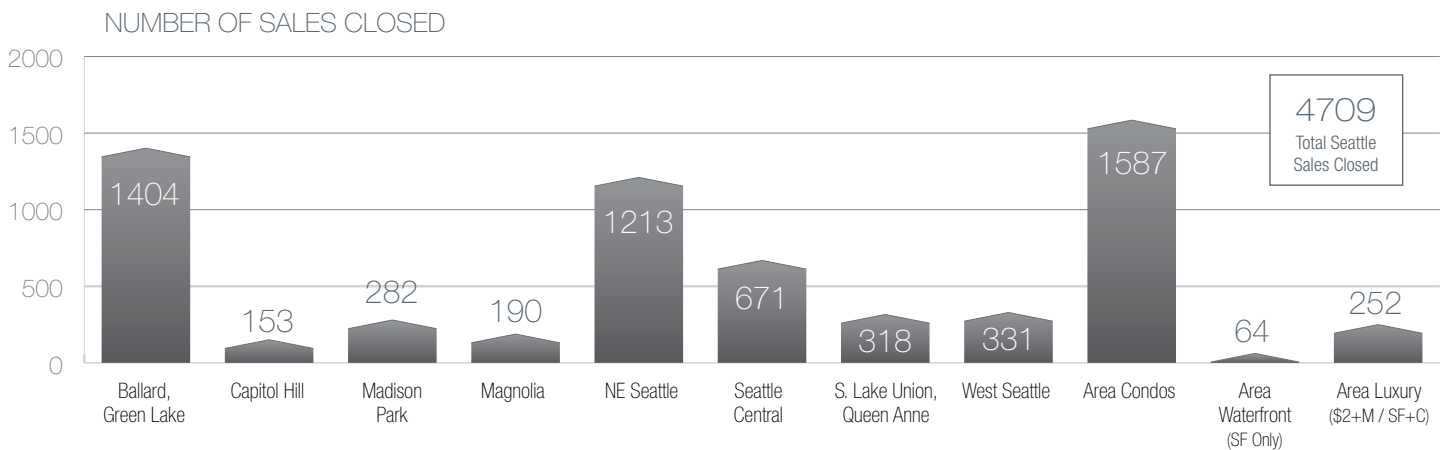
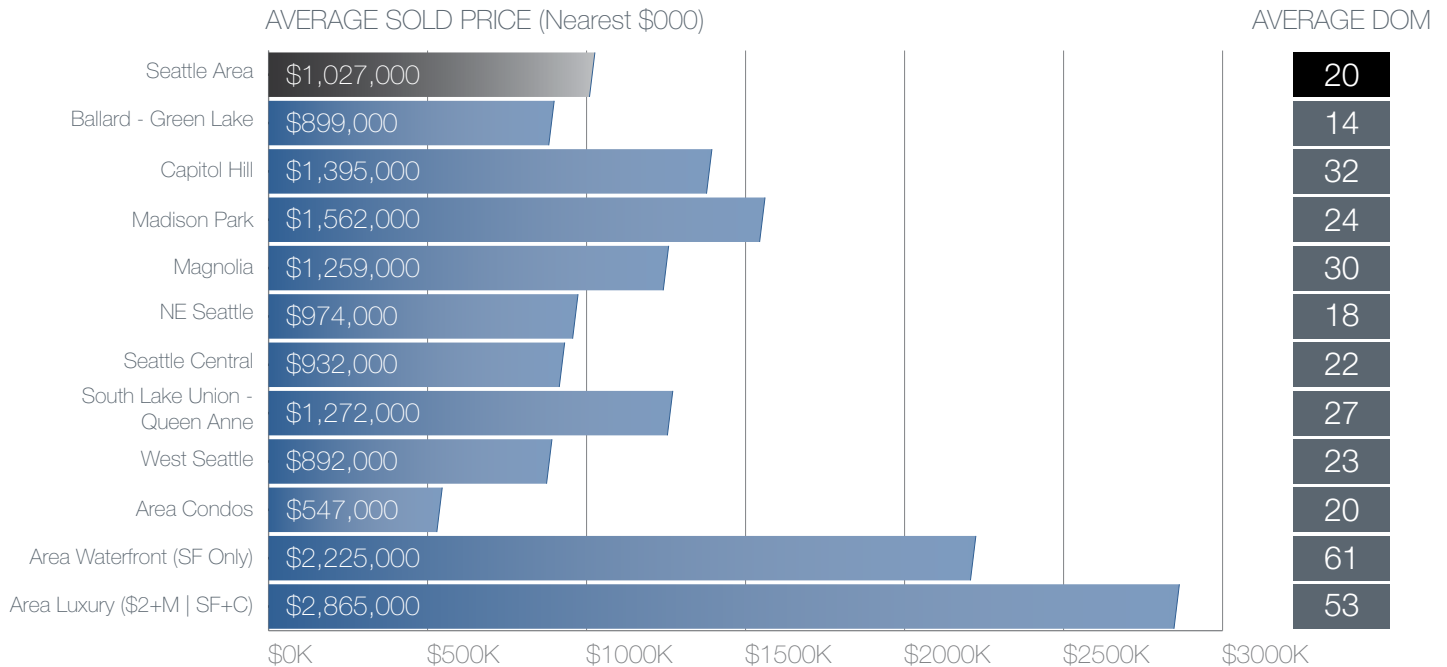


John Deely, Principal Managing Broker for Coldwell Banker Bain's Lake Union, Madison Park and Magnolia offices, said, "With all but one of the Seattle market areas reporting double-digit price growth in 2018, it is still the best place for high buyer demand. We are expecting continued price growth, but at a slightly slower pace than the previous years. This is primarily due to an increase in available inventory at the last part of 2018 continuing into 2019. Even with the average

sale price approaching and over the \$1 million mark, the high wage producing jobs of the Seattle employment markets continue to bring in buyers willing to pay those prices to live close to where they work. The Capitol Hill area had the largest increase in average price at 18.6%, year over year. Seattle waterfront homes topped the 2018 category for the largest average price increase at a change of 41%, year over year."

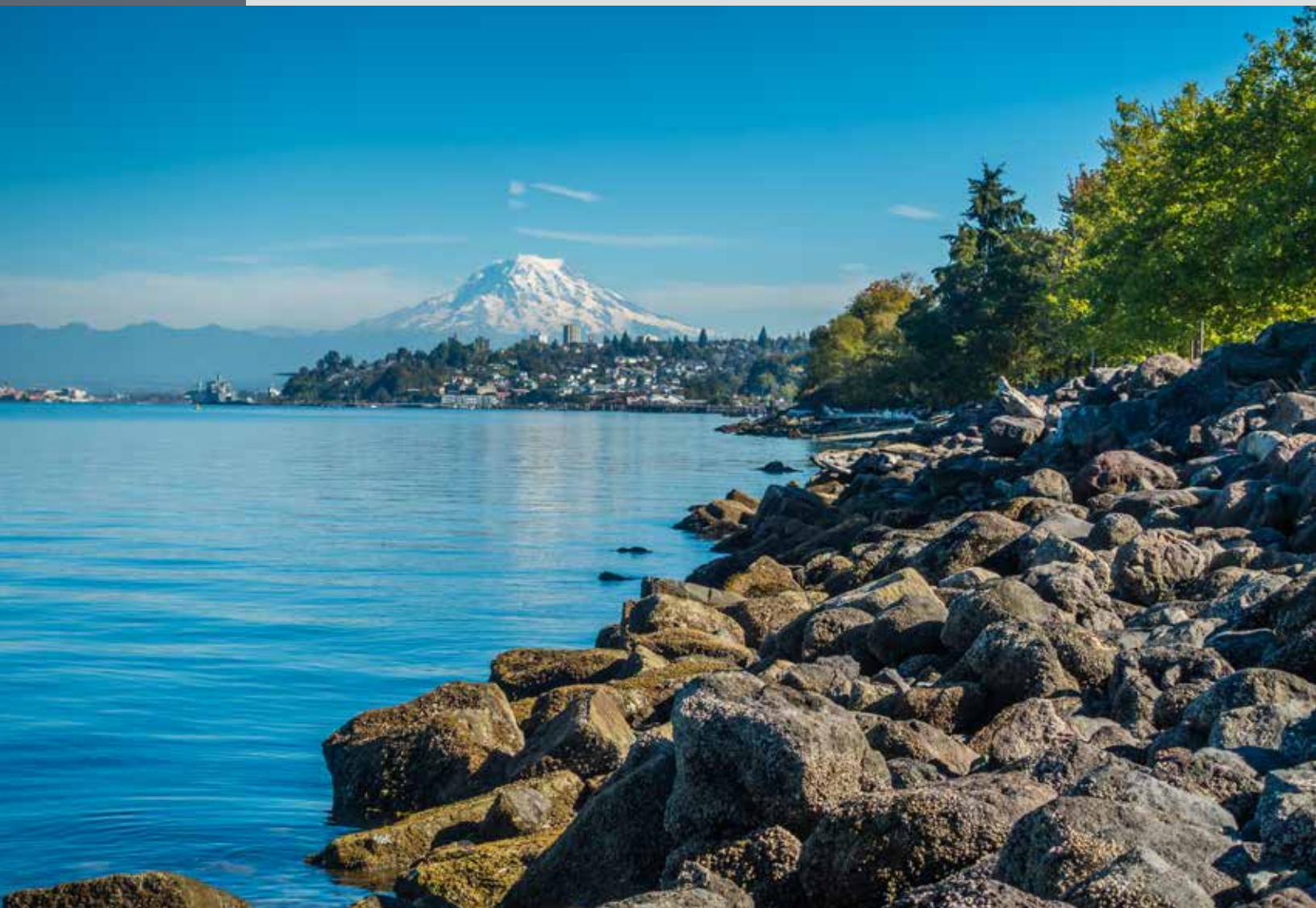
Ballard - Green Lake | Capitol Hill | Madison Park | Magnolia | NE Seattle | Seattle Central
South Lake Union - Queen Anne | West Seattle

SINGLE FAMILY (SF), CONDO, WATERFRONT & LUXURY



INVENTORY IN UNITS - 12/31/2018



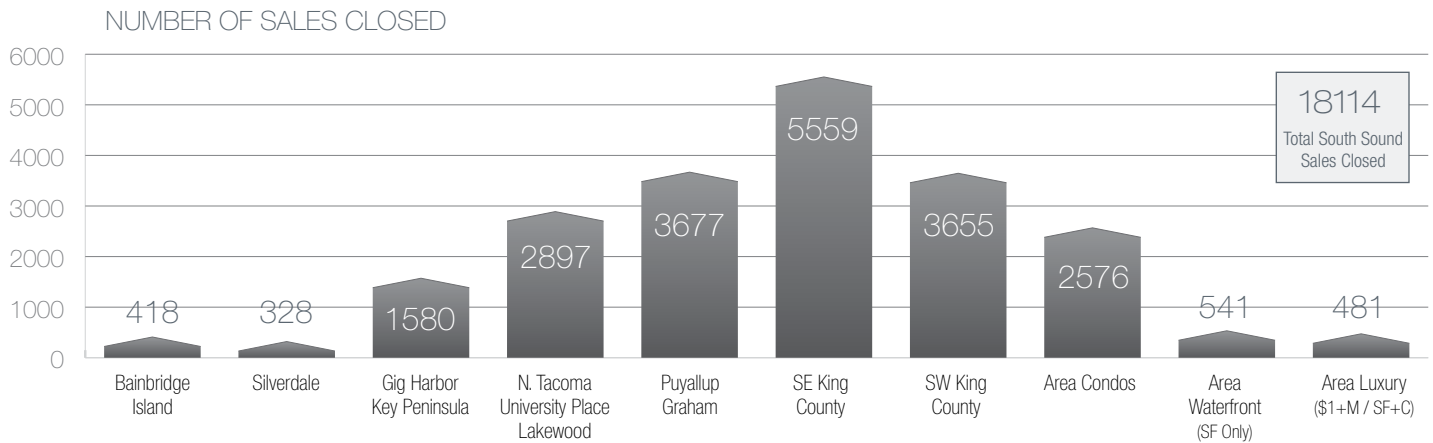
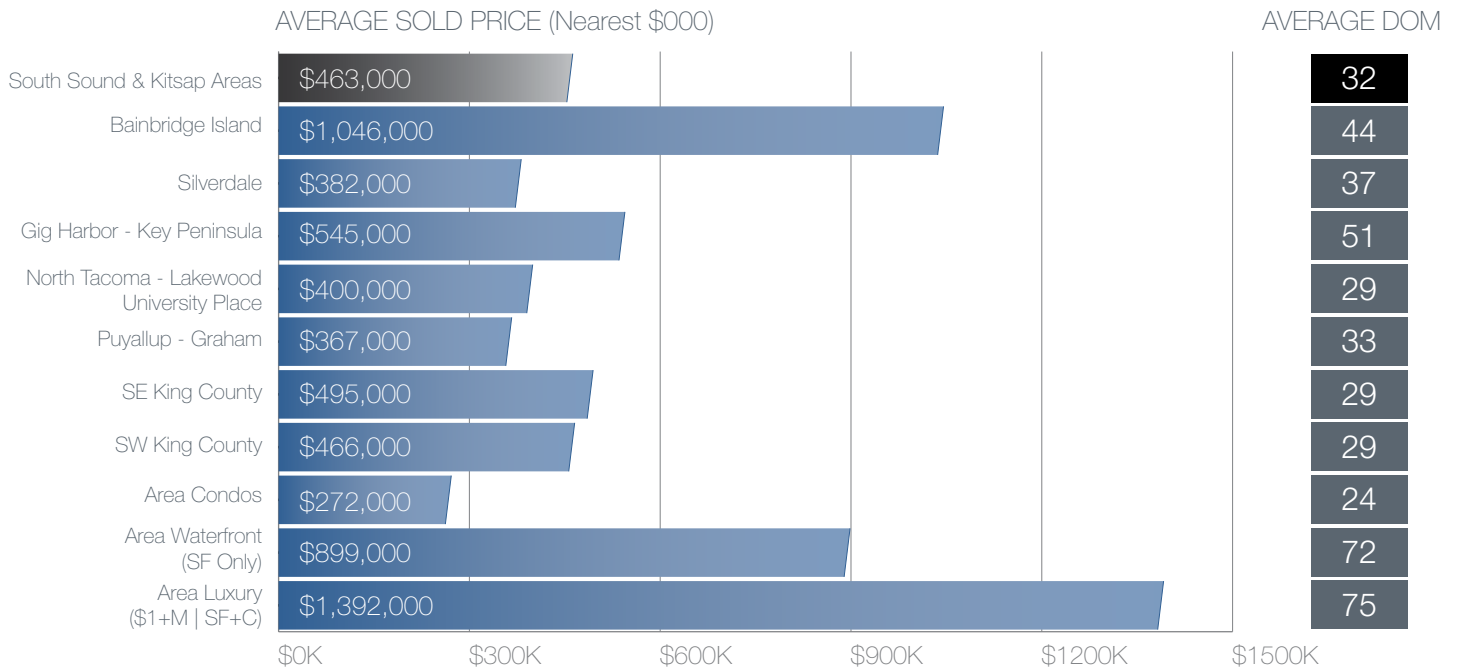


Stephanie Callen, broker in CB Bain's Puyallup office, said, "2018 marked another successful year in the real estate market; North Tacoma, Puyallup and Graham home prices are all up over 11% from 2017. Condos in the area are up 16%. Inventory in north Tacoma is up 18% from last year and Gig Harbor is down 7.5%. In March of this year, the average home price in the county was shy \$350,000. It is now \$383,000! Tacoma, University Place and Lakewood all average \$400,000 for the year. Home prices in Pierce County

as a whole are still moving slightly upward and bloated prices from the first quarter of 2018 are not going to happen in 2019. King County buyers who drove up prices, multiple offers and escalation clause use are sticking closer to Seattle and this will be beneficial for Pierce County buyers. We are expecting a more balanced market with 30 days being the average time on market. The Pierce County seller who recognizes the market has shifted and prices their home accordingly will be the winner."

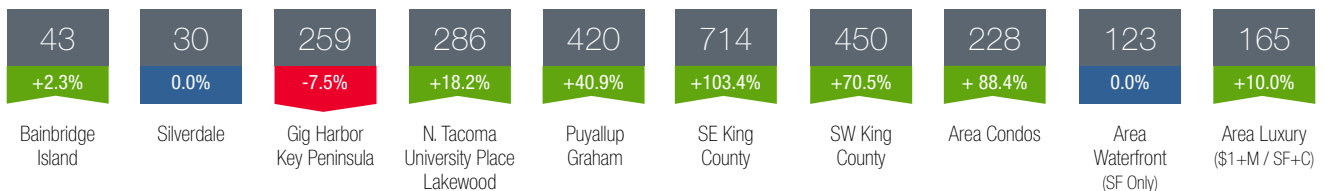
Gig Harbor - Key Peninsula | North Tacoma - Lakewood - University Place | Puyallup - Graham
SE King County | SW King County | Bainbridge Island | Silverdale

SINGLE FAMILY (SF), CONDO, WATERFRONT & LUXURY



Total South Sound Inventory 2202 +46.1% % of change from 2017

INVENTORY IN UNITS - 12/31/2018



Cristian Koch, Principal Managing Broker of Coldwell Banker Bain of Bainbridge Island, said, "2018 was a repeat of a very strong seller market on the island where the average days on market was 44 days. The average sold price sustained itself over the \$1 million mark at \$1,046,000. Competing offers dominated the first quarter. As the second quarter progressed, we saw market stabilization led by buyer price

resistance as inventories dropped by 2.3% from 2017, already historically low following a 50% inventory drop from 2017. The third and fourth quarters experienced a very moderated seller's market ending with 418 homes sold and only 43 homes available at year's end. We are preparing for a similar repeat of the ever-growing demand for the magic of island living only a 30- minute glass of wine from downtown Seattle."

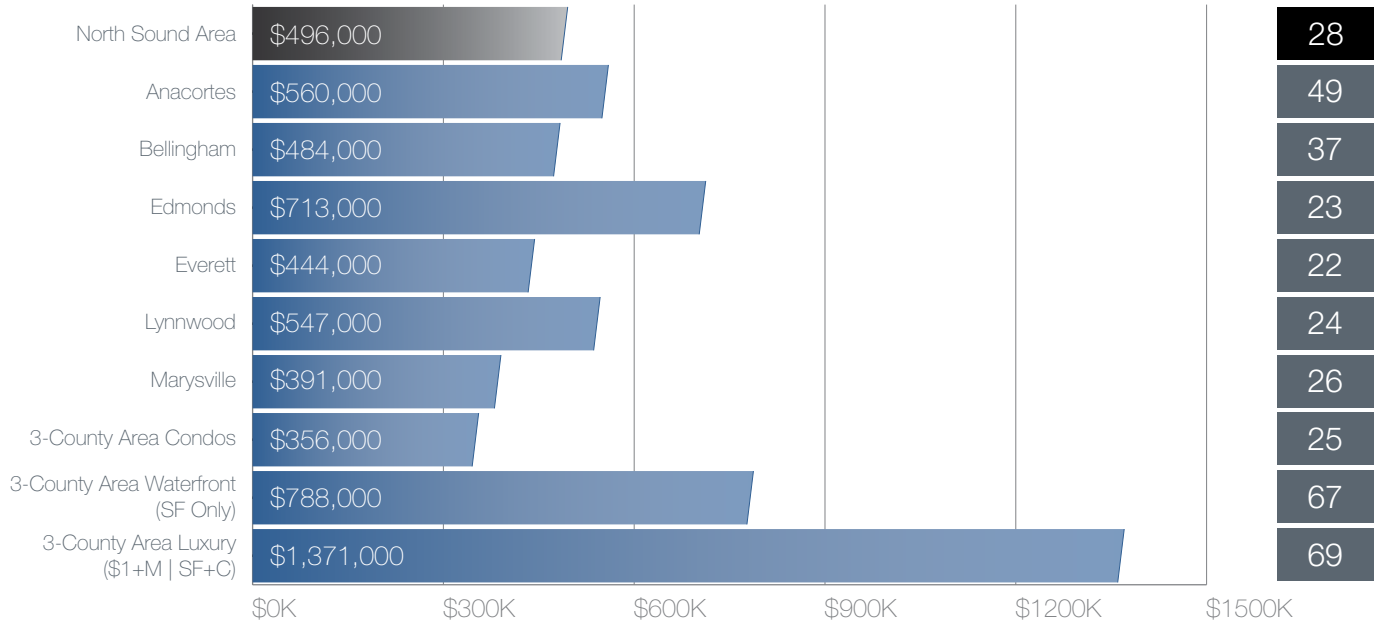


Michelle Van Tassell, Principal Managing Broker for Coldwell Banker Bain of Edmonds and Lynnwood offices, noted, “While Snohomish County adjusts from the relative fast and furious landscape in which 2018 operated, it remains a robust market, despite an inventory uptick of nearly 100% over last year, average time on market is still under one month overall. Sellers of condos in the North Puget Sound region, offering affordable housing options for buyers

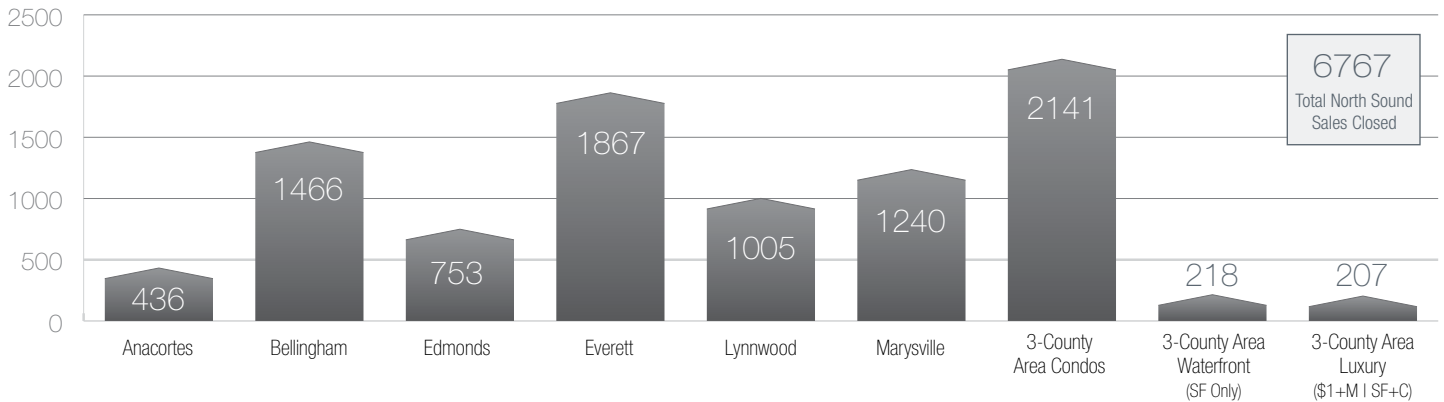
targeting the area, nevertheless enjoyed some of the highest increases in appreciation in our marketplace, averaging in a 15.6% increase in pricing over the previous year. South Snohomish County developers are poised for growth opportunities around light rail planning, with major stations slated in two of our key communities, Lynnwood and Mountlake Terrace. Investors and home buyers alike would be wise to watch these areas carefully.”

AVERAGE SOLD PRICE (Nearest \$000)

AVERAGE DOM



NUMBER OF SALES CLOSED



Total North Sound Inventory 748 +58.8% % of change from 2017

INVENTORY IN UNITS - 12/31/2018



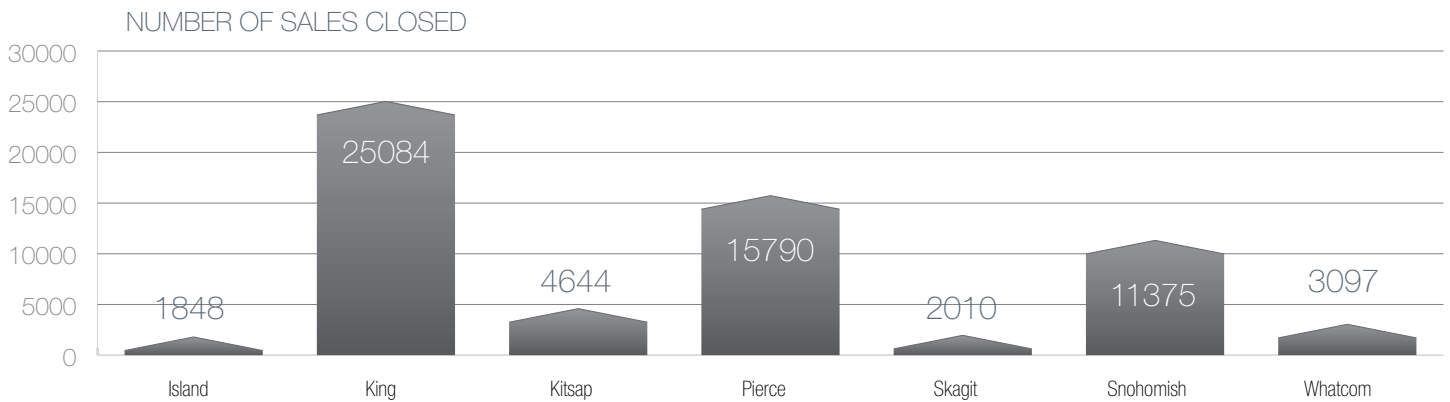
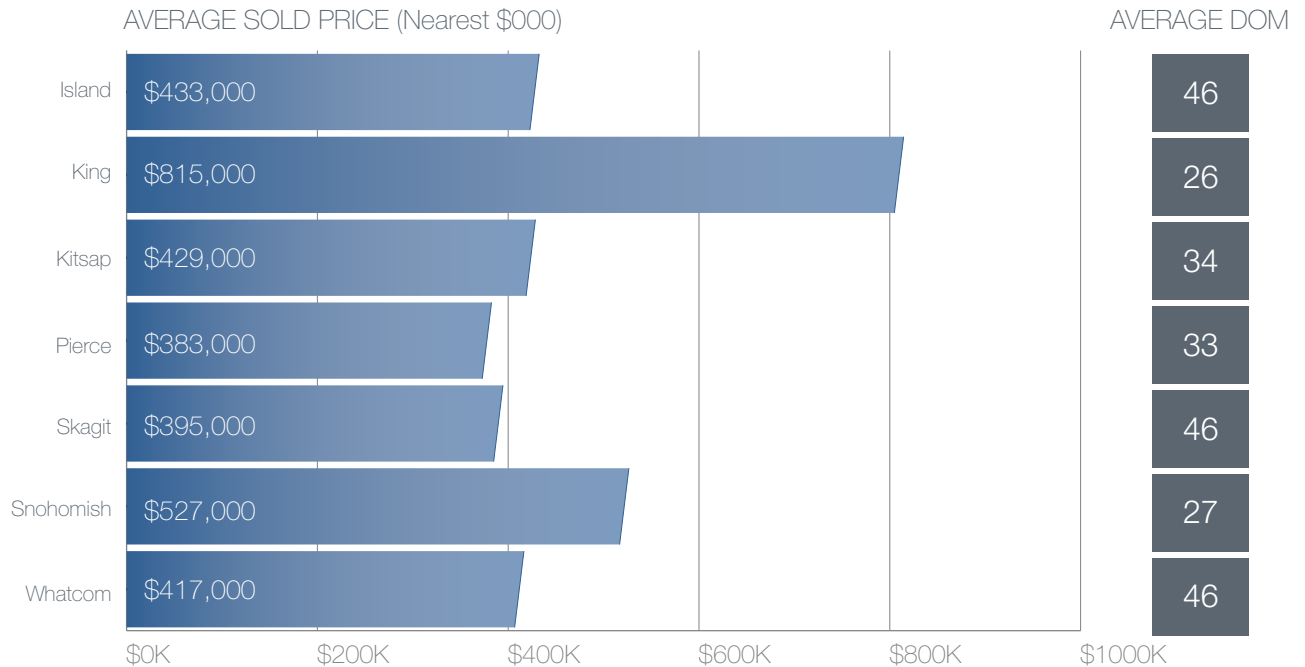
According to **Lana Thompson**, Principal Managing Broker of Coldwell Banker Bain of Anacortes, "The Skagit County market in 2018 continued to be strong with inventory up by 17.8% and the average price up by 13.8% over 2017 numbers.

Although the average days on market was 46, many homes sold in just a few days. In Anacortes, inventory was up by 49.4% and the average price rose by 19.4%. We anticipate the 2019 market to continue to be strong as demand is still high."

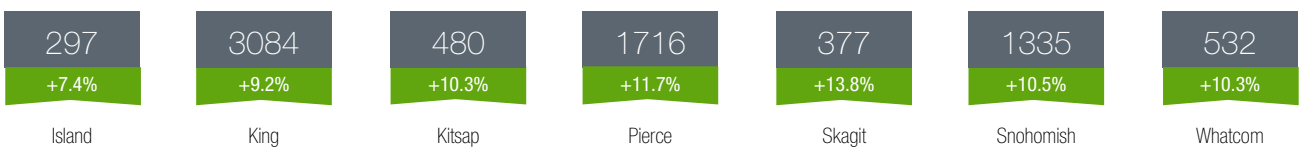


Dean Ulrich, Principal Managing Broker of Coldwell Banker Bain of Bellingham, said "Concerning Bellingham and Whatcom County, our average sale price continued to climb. Single-family housing prices increased 11% to \$484,000 in Bellingham, and Whatcom County as a whole increased 10.3% to \$417,000 in 2018. Bellingham had 1,466 closed sales, down 9.2% compared to 2017, this due to low inventory, especially regarding new single-family construction, and Whatcom County had a total number of

3,097 single-family sales, down 9 %. The good news is that Ferndale and Lynden are providing some needed new construction inventory, and both are an easy commute to Bellingham. I'm predicting a more balanced market for 2019 as buyers are beginning to resist the steep compounding appreciation we've experienced over the last few years. One refreshing note is that interest rates have fallen steadily since November of 2018 despite predictions they would continue to rise, and that could help jump-start 2019."



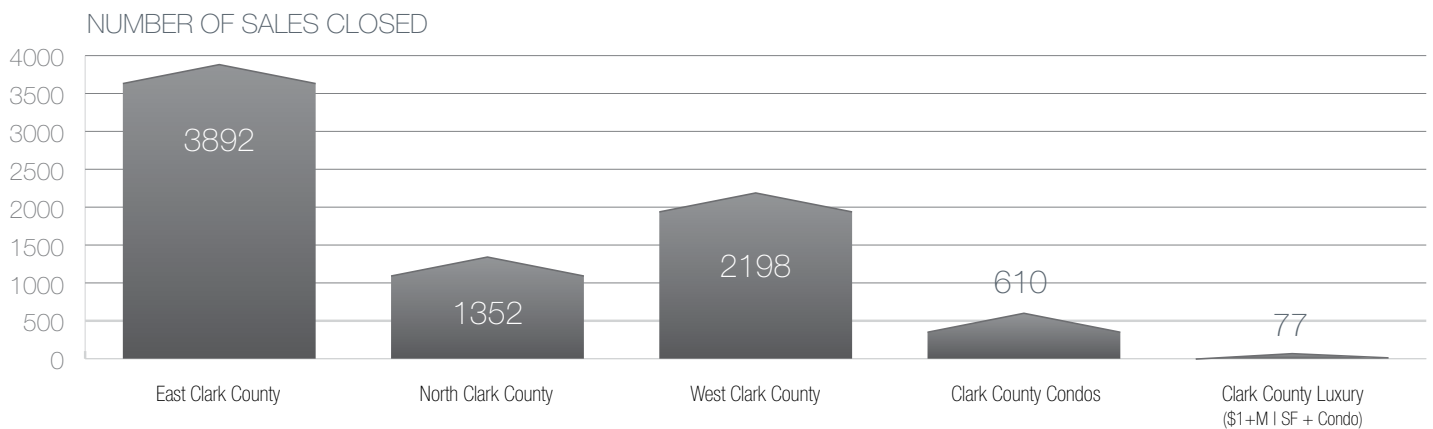
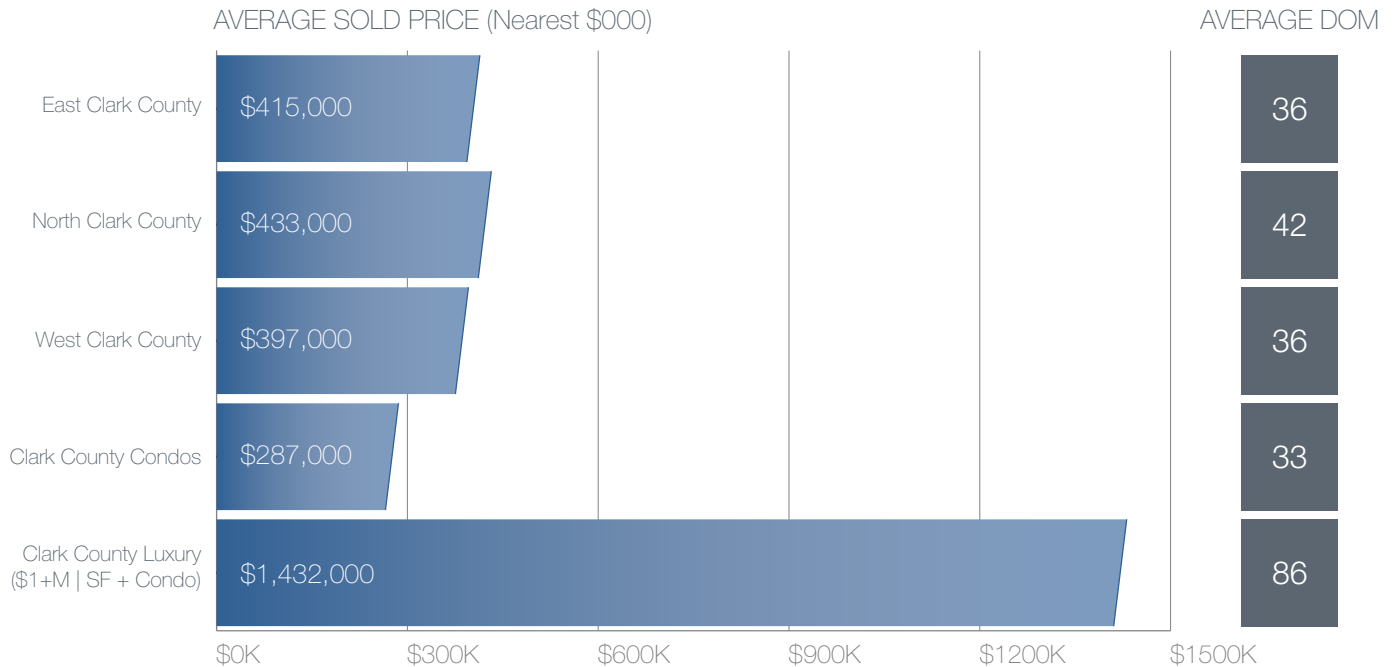
INVENTORY IN UNITS - 12/31/2018 % of change from 2017



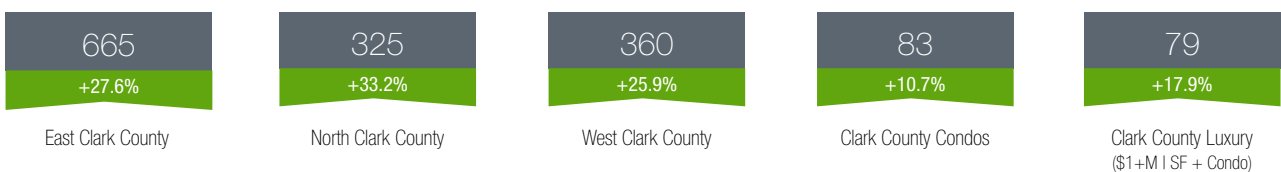


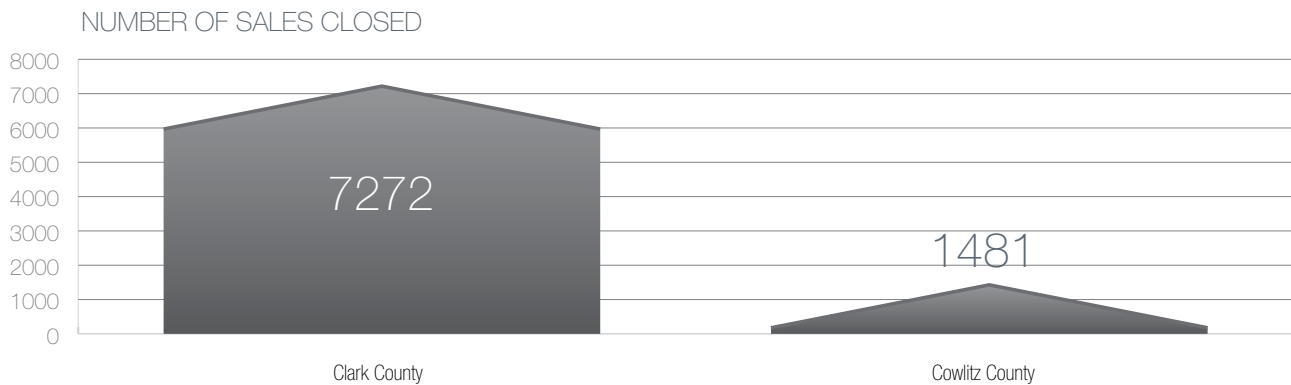
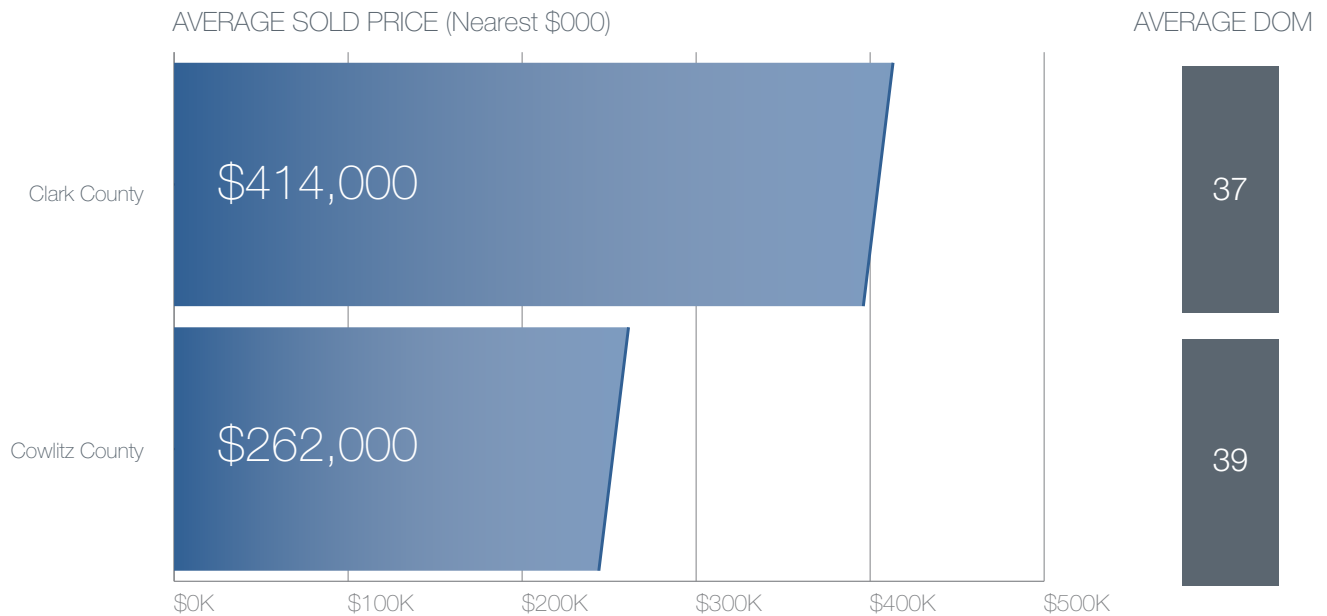
David Knode, Principal Managing Broker for Coldwell Banker Bain of Vancouver's East and West offices, said, "2018 was a year of interesting real estate, the beginning of the year started like 2017 ended... less inventory and a few less sales. However, prices were continuing to rise, multiple offers were abundant and buyers were in a frenzy trying to secure a home to live in due to the lack in inventory. We were still very much in a seller's market in the beginning of the year. Starting about June, the market started to feel a bit sluggish.

We started to see a bit more inventory to sell and days on the market started to get into more of a stable range. With more inventory came a few more choices for buyers when they decided to buy. Interest rates went up a bit and prices started to stabilize. We did end the year down in the number of sales and written deals, however we have been on an upward trend for the past many years. The economy in Clark County is still strong with many commercial projects well underway, the future still looks bright."



INVENTORY IN UNITS - 12/31/2018 % of change from 2017





INVENTORY IN UNITS - 12/31/2018 % of change from 2017





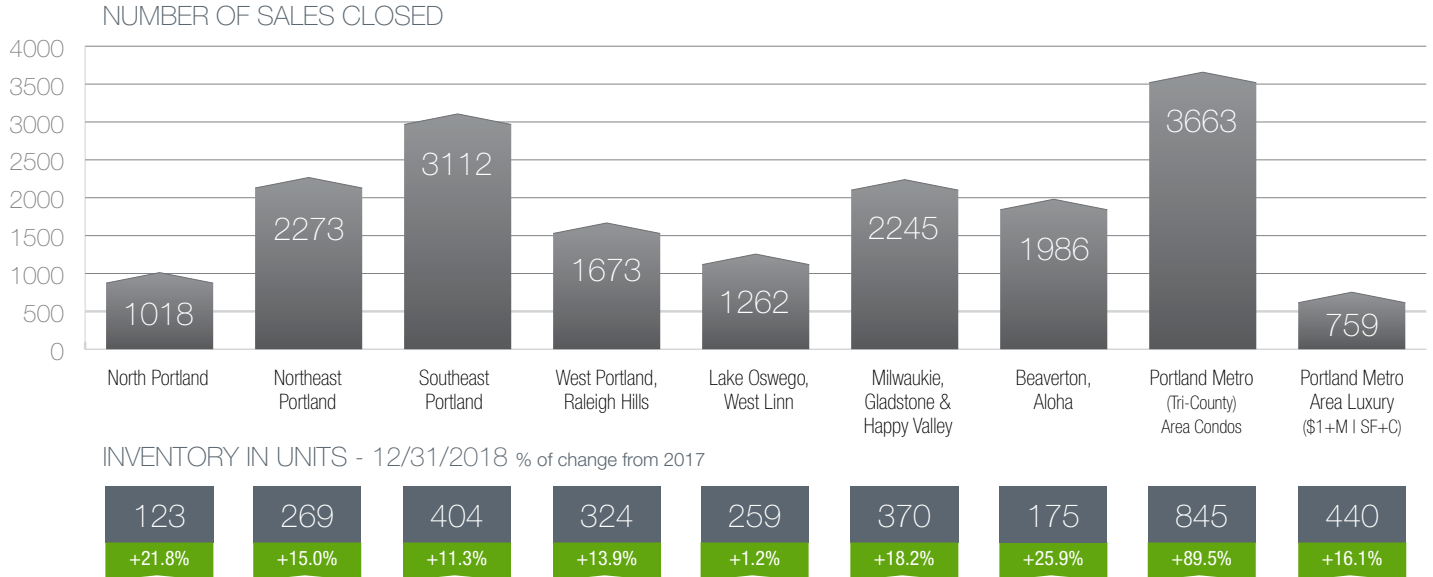
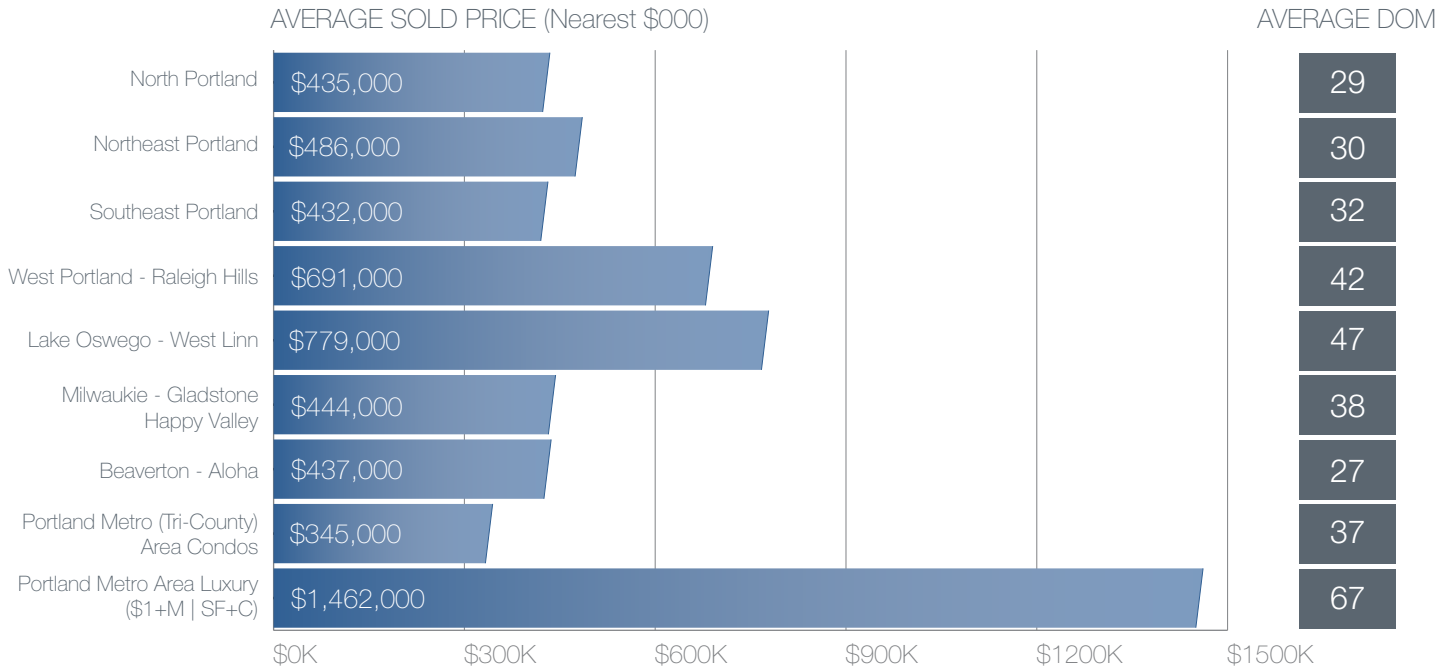
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Ward Spears, Coldwell Banker Bain’s Oregon Regional Manager, added, “During approximately the first half of 2018 we experienced a continuation of the appreciating, seller-friendly market we enjoyed

over the last several years. Normally, our market also experiences some seasonality, with some easing of the market in the fall with things picking back up early in the year. This year, the fall season coincided with an increase in borrowing rates; the two factors together resulted in a leveling off of the average price. Very late in the year we saw borrowing rates come back down, which bodes well for the active market we typically experience early in the year. Going forward, we’re likely to experience a market in which it will be increasingly important for sellers to choose a good, professional agent to obtain top dollar. Similarly, a good buyer’s agent will be an important asset to home seekers who wish to identify the right opportunities that work best for them.”

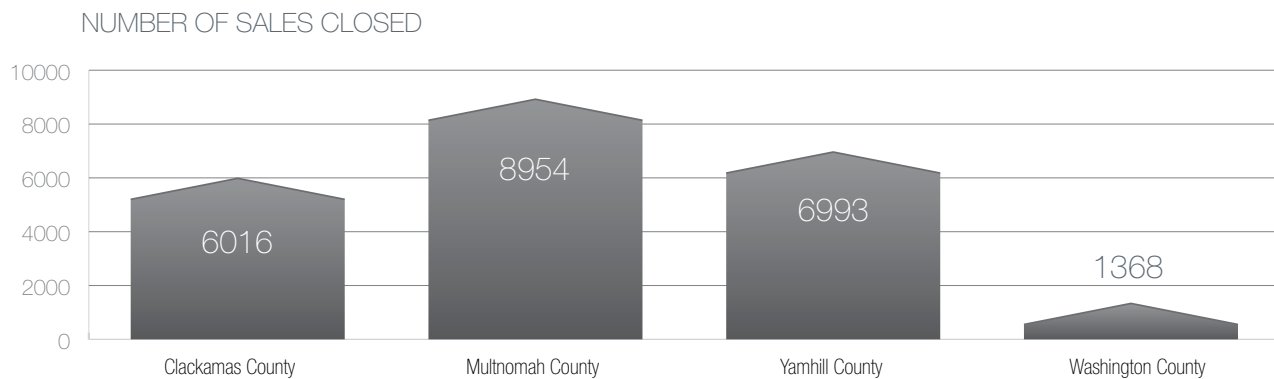
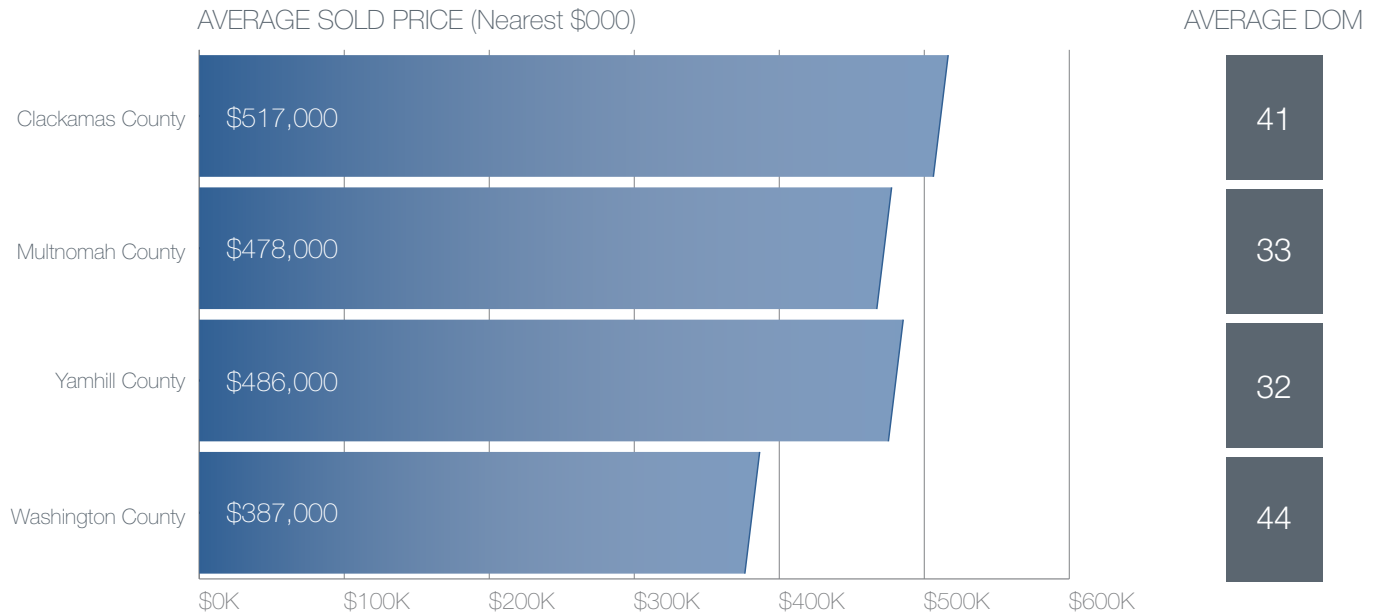
Beaverton - Aloha | Lake Oswego - West Linn | Milwaukie - Gladstone - Happy Valley | North Portland
Northeast Portland | Southeast Portland | West Portland - Raleigh Hills

SINGLE FAMILY (SF), CONDO, & LUXURY



Brian Houston, Principal Managing Broker of the CB Bain of Portland West office, "For 2018 we experienced a cooling period for closed sales. If you factor in fewer closings but add in sellers still putting their homes on the market, the net result is days on market being longer and average sales

price increases in the single digits. The national news has us down as the #2 move-in state in the nation. With interest rates remaining stable and the increase of people moving into the state, I see 2019 as a better year than 2018 in the terms of closed sales and available inventory."



INVENTORY IN UNITS - 12/31/2018 % of change from 2017





**COLDWELL
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*Information and statistics derived by CB Bain from the Northwest Multiple Listing Service (NWMLS) each quarter. Statistics not compiled or published by the NWMLS.