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“Buyer Ready” Home Shoppers Have Edge as Brokers Report Rise in Multiple Offers

KIRKLAND, Wash. (April 5, 2012) – The housing market in the Puget Sound region is pointing toward a sustainable recovery, according to several brokers who commented on the March activity report from Northwest Multiple Listing Service.

MLS Members reported 9,126 pending sales during March, a year-over-year increase of nearly 21 percent. That total surpassed the previous month by 1,503 transactions (up 19.7 percent). Coupled with shrinking inventory, attractive financing, and rising consumer confidence, the market is becoming more balanced, and even being described by some brokers as “frenzied.” Other brokers commented on the “remarkable opportunities for investing in the residential rental market.”

Brokers added 8,170 new listings last month -- nearly 1,000 fewer than the number of pending sales, and about 1,100 fewer new listings than the same month a year ago. With those additions, the number of active listings at month end totaled 24,883 across the 21 counties in the Northwest MLS service area. Compared to a year ago, inventory is down 25.6 percent.

“Buyers are screaming for more inventory and they’re being more aggressive with presenting offers on homes,” reported MLS director George Moorhead, branch manager at Bentley Properties in Bothell. Home shoppers perceive the bottom is nearing, he noted, “and both buyers and sellers want to catch the historically low interest rates.” Area-wide, he said bank-owned home sales are increasing. “The lagging inventory is actually helping prices stabilize, which we hope will have a positive impact on the real estate market as the year progresses,” he added.

“Close to the job centers, 45 percent of new listings are selling within a single month. We are seeing a frenzied market in the Puget Sound region, especially in the more affordable and mid-price ranges, with an increase in sales activity in the high end,” remarked J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “Because of the shortage of homes for sale, combined with the sales surge being driven by job growth and historically low interest rates, if you are not ‘buyer ready’ you may not get a house in today’s market,” he added.

Northwest MLS brokers reported 5,044 closed sales last month, improving on the year-ago total by nearly 10 percent. The overall median price on last month’s completed transactions was \$225,000, which reflects a decrease of 7.4 percent from the year-ago median sales price of \$242,925.

Noting stabilizing prices are “forcing buyers to make offers that reflect a more balanced market,” Northwest MLS director Darin Stenvers said house-hunters have taken note of rising rents, fewer choices and increasing fuel costs. The trends are not universal, he acknowledged, but certainly reflect a higher buying confidence level and even a small uptick in new construction. “I’m seeing new home starts in areas that had been at a standstill for years,” reported Stenvers, the office managing broker at John L. Scott in Bellingham.

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Multiple offers are occurring with regularity in some neighborhoods according to Northwest MLS directors. "The housing market in Seattle's close-in neighborhoods began to show signs of buyer panic in February but reached a breaking point in March," reported Mike Skahen, owner and designated broker of Lake & Co. Real Estate in Seattle. "I haven't seen buyers this motivated since 2006 and in my opinion, prices on good houses have recovered at least 10 percent of their value since the low point a year ago," he added.

Skahen said a small Ballard home listed for around \$370,000 recently drew five offers and sold for considerably more than the list price. "It's becoming common for multiple offers on most houses, especially those priced under \$400,000 where the selection is very limited," he observed.

"Now that buyers can track new listings online they are aware of how quickly most listings are selling and fear they've missed catching the bottom of the market. They realize continuing to wait would be a mistake," Skahen commented.

Diedre Haines, another Northwest MLS director, said pending sales in Snohomish County, which jumped 21 percent, would have been "considerably greater were it not for the buyer competition due to the magnitude of multiple offer situations." She said they are seeing the return of price escalator forms, pre-inspections, set dates for sellers to review offers and properties selling above list price," according to Haines, the regional managing broker at Coldwell Banker Bain in Lynnwood. "Prices are not increasing dramatically but those properties that are listed and priced correctly, especially in the \$300,000 and below range, are selling within days of coming on market," she noted.

Haines also said they are seeing multiple offer situations in the higher priced market "but not as many over list price sales." She reported the demand ratio in Snohomish County, based on a recent analysis, "is at the highest levels we have experienced since 2006." She also noted the report showed there are two buyers for every current home on market in Snohomish County.

A similar scenario exists in Kitsap County. "Inventory is down by 11 percent, buyers making offers are up almost 34 percent, multiple offer situations are on the rise, and more people are coming by our open houses," reported Frank Wilson, branch managing director at John L. Scott's office in Poulsbo. "While the median price in Kitsap is down by 5 percent it is only a matter of time before prices stabilize," he believes.

The optimism comes with a cautionary note. "It is still extremely important for sellers to price their property correctly," Haines emphasized. Even with high demand, homes that are priced above comparable properties are not receiving offers, she explained, adding, "We are seeing very positive signs of a continuing recovery but buyers are well educated regarding values and pricing. Sellers should not expect huge increases in values and need to price their properties accordingly and realistically."

The uptick in activity is attracting not only first-time and move-up buyers, but also investors, according to industry experts.

"Rental demand is surging, interest rates are at historic lows, and recent economic activity has erased nearly a decade of appreciation," reported MLS director OB Jacobi, president of Windermere Real Estate. He believes the combination of these three factors has created "remarkable opportunities for investing in the residential rental market," explain "The long-term financial benefits can be significant, but the first step is to closely analyze the details with your real estate agent."

Another MLS director was equally upbeat. “The market in the Puget Sound region is showing optimistic signs of not only stabilization, but turning point towards a sustainable recovery,” said Joe Spencer, area director for Keller Williams Northwest Region. He suggested the cause is “simply the growing imbalance of supply and demand, which has resulted in the lowest inventory levels since 2006. This doesn’t mean that we’re out of the dark yet,” he acknowledged, adding, “However, I wouldn’t be surprised to see modest appreciation, especially close to job centers, in the latter half of 2012 or early 2013.”

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.

Statistical summaries follow.

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Statistical Summary by Counties: Market Activity Summary – March 2012

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES		
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price
King	3,415	6,700	3,878	2,082	\$379,213	\$295,000
Snohomish	1,210	2,617	1,665	828	\$250,191	\$228,500
Pierce	1,260	3,788	1,439	803	\$193,570	\$175,000
Kitsap	418	1,400	404	217	\$287,581	\$217,500
Mason	131	628	85	58	\$148,478	\$151,600
Skagit	192	787	154	106	\$269,702	\$209,995
Grays Harbor	176	735	98	75	\$99,161	\$89,000
Lewis	92	611	77	45	\$145,508	\$118,599
Cowlitz	132	494	91	58	\$131,539	\$125,950
Grant	99	505	57	37	\$155,017	\$150,000
Thurston	409	1,299	386	219	\$215,571	\$212,000
San Juan	35	343	28	12	\$336,958	\$281,750
Island	176	746	135	71	\$282,122	\$220,000
Kittitas	78	397	45	26	\$319,248	\$194,450
Jefferson	92	453	37	27	\$238,215	\$222,500
Okanogan	38	316	27	20	\$133,808	\$122,750
Whatcom	364	1,285	280	186	\$271,838	\$235,000
Clark	46	252	56	38	\$209,392	\$183,550
Pacific	86	376	30	28	\$117,175	\$107,500
Ferry	7	61	5	2	\$67,250	\$67,250
Clallam	81	379	43	31	\$297,620	\$167,500
Others	173	711	106	75	\$150,328	\$134,900
MLS TOTAL	8,710	24,883	9,126	5,044	\$268,957	\$225,000

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