



“Healthy marketplaces” emerging with shrinking inventory, favorable financing

KIRKLAND, Wash. (Jan. 4, 2012) – Home sales finished the year much stronger than they started, with pending sales for the fourth quarter outgaining the first quarter by more than 3,000 transactions for a 21 percent increase, according to new figures from Northwest Multiple Listing Service.

A year-over-year comparison shows December’s pending sales (mutually accepted offers) rose more than 20 percent from a year ago. Northwest MLS brokers reported 5,237 pending sales last month, up from the previous year when they recorded 4,359 transactions.

Last month’s pending volume exceeded the number of new listings (4,604) for the second consecutive month. The last time such an imbalance occurred was November 2006.

Closed sales also outgained year-ago totals. December’s completed transactions were up 7 percent from twelve months ago, rising from 4,430 closings to 4,741. Six counties registered double-digit gains (Grays Harbor, Jefferson, Pacific, Pierce, San Juan, and Snohomish).

Following the pattern of recent months, prices were down. The median price for December’s closed sales of single family homes and condominiums declined about 11.8 percent from a year ago, dropping from \$255,000 to \$225,000. Brokers attribute much of the slip in prices to the number of distressed properties in the mix. In some areas, foreclosures and short sales, which tend to be sharply discounted, account for about one-third of sales.

Also trending downward is inventory. Brokers across the Northwest MLS service area, which encompasses 21 counties, added 4,604 new listings last month, down from the year-ago total of 5,460 listings. With those additions, there were 26,639 active listings in the MLS database at month end, a drop of more than 5,500 listings from a year ago (a 17.2 percent decrease).

For the Northwest map areas covering Seattle, inventory is down 30 percent compared to a year ago.

“All over we are seeing healthy marketplaces emerge as the inventory levels drop,” said J. Lennox Scott, CEO and chairman of John L. Scott Real Estate. “As you get closer to the job centers of Seattle and Bellevue, the marketplace is looking strong again,” he added while expressing optimism for the coming year. “The outlook for 2012 is the continuation of a strengthening marketplace, especially in the more affordable to mid range priced homes.”

The combination of shrinking inventory and favorable financing is causing some areas to tilt toward a seller’s market, as measured by the supply of homes. Area-wide, there is about a five month supply of homes, which is generally considered to be a balanced market favoring neither buyers nor sellers.

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In Snohomish County the months' supply is pegged at 3.2 months, which means it would take approximately that much time to exhaust current inventory at the current pace of sales with no replenishment. Inventory of active listings in that county is down more than 28 percent from a year ago.

For King County overall, the supply is approximately 3.6 months, but in some sub-areas within the county the supply is less than 3 months -- including parts of South King County (notably around Renton and Federal Way), parts of North Seattle (including Ballard, Sand Point, and Lake City), and parts of Bellevue (East of I-405).

Scott anticipates a slight increase in sales activity in the higher end market (up to a million dollars) around Seattle and Bellevue. "This is mainly due to the return of higher FHA loan limits and an anticipated increase in the sales activity of the mid price ranges, which will open up opportunities for some buyers to move up in price range," he explained. Some brokers are even reporting multiple offers and escalation clauses from buyers of well priced homes, according to Scott. He noted historic low interest rates "will be a huge contributing factor too. It's not very often we get to say interest rates are in the 3s," he remarked.

OB Jacobi, president of Windermere Real Estate, believes the market has undergone a shift. "Where we've been during the past year is a place of transition. It has been a slow recovery, but the housing market has finally turned a corner, albeit a soft one with some bumps along the way," he commented.

Despite rising sales, Jacobi, a member of the Northwest MLS board of directors, noted foreclosures and short sales continue to cause downward pressure on prices. "Many would-be sellers are still wary of the market, and as a result, there are fewer homes for sale," he observed, adding, "At the same time, there are buyers who are eager to strike while the iron is hot, so in some areas, homes are selling before many buyers even have a chance to react."

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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See next page for statistical summary by counties

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Statistical Summary by Counties: Market Activity Summary – Dec. 2011

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES		
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price
King	1,552	7,472	2,060	1,849	\$359,912	\$291,000
Snohomish	763	3,249	1,013	846	\$252,144	\$222,750
Pierce	846	4,280	923	791	\$199,071	\$175,199
Kitsap	202	1,403	201	201	\$259,441	\$228,000
Mason	47	590	47	39	\$156,752	\$133,800
Skagit	125	863	100	101	\$216,803	\$200,685
Grays Harbor	102	735	52	60	\$133,550	\$117,500
Lewis	78	613	48	46	\$142,388	\$117,750
Cowlitz	74	472	57	59	\$138,786	\$140,100
Grant	61	470	35	36	\$160,490	\$146,450
Thurston	211	1,324	230	228	\$226,824	\$212,000
San Juan	17	329	13	18	\$442,235	\$361,000
Island	92	739	67	79	\$259,915	\$215,000
Kittitas	44	398	39	36	\$201,072	\$177,995
Jefferson	35	435	23	34	\$188,685	\$152,500
Okanogan	31	349	15	11	\$136,666	\$117,000
Whatcom	131	1,267	152	170	\$236,790	\$219,000
Clark	22	191	29	28	\$187,891	\$170,500
Pacific	31	347	21	23	\$176,752	\$137,000
Ferry	2	58	1	1	\$250,000	\$250,000
Clallam	37	365	41	34	\$210,326	\$194,900
Others	101	690	70	51	\$220,919	\$169,900
MLS TOTAL	4,604	26,639	5,237	4,741	\$276,009	\$225,000

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	4,767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197