



FOR IMMEDIATE RELEASE

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Inventory shrinking, sales rising, prices stabilizing in some Northwest MLS areas

KIRKLAND, Wash. (June 4, 2009) – Waiting longer to buy a home is not likely to pay off, according to Northwest Multiple Listing Service director Kathy Estey after reviewing reports summarizing May activity. Estey pointed to shrinking inventory (about 20 percent fewer listings than a year ago), double-digit increases in the number of pending sales (up 17.7 percent from a year ago), solid open house activity, and signs of stabilizing prices (eight of the 19 counties in the report show price gains since January) as indicators of an improving market.

Northwest MLS brokers notched 7,160 pending sales during May. That total out-gained the year-ago tally by 1,075 transactions (up 17.7 percent) and improved on April's total by 242 sales for a 3.5 percent increase. For the four-county Puget Sound area, pending sales jumped 21.5 percent from a year ago, rising from 4,526 to 5,498 transactions.

Buyers had fewer choices during May than at this time a year ago. At month-end, member-brokers reported 41,318 active listings throughout the NWMLS service area. A year ago, there were 51,817 active listings. Current inventory includes 11,278 single family homes and condos that brokers added during May. For the same month a year ago, brokers added 14,176 new listings to inventory.

Estey, the managing broker at the Bellevue Downtown office of John L. Scott Real Estate, said affordable homes inventory is down to the levels of a normal market and reaching for a sellers' market. "Multiple offers are common in the under \$400,000 range when the home is priced well, shows nicely and is marketed professionally," she remarked. "Buyers who are waiting for prices to come down more have missed the bottom," Estey believes.

Close in markets are the most active, with rural areas still lagging, but Estey says there is now some activity where little to none had existed in the first quarter. She believes prices have adjusted and completed new construction is still a very attractive purchase. "Builder inventory is being absorbed and there are fewer incentives. In January builders were giving away the farm, by March it was only half the farm and now they may just give away a chicken or two in order to make the deal."

Prices are showing signs of stabilizing, according to NWMLS data. Prices area-wide are down around 10 percent from twelve months ago, but a comparison to January shows price gains in eight of the 19 counties in the NWMLS report. System-wide, prices for single family homes and condominiums that closed last month are up about 2.6 percent since January. *(See chart, page5.)*

In King County, prices dipped about 12 percent from twelve months ago and have declined about 3.5 percent since January, but a closer look shows considerable variation within sub-areas. Prices in southeast King County fell 20 percent from a year ago, but since January are down only about 2.8 percent in north King County.

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Condominium activity remains slow. Pending sales are down about 15 percent from a year ago. The median sales price of \$240,000 is about 7.7 percent lower than a year ago. Condos in King County sold for a median price of \$270,450 last month, which compares to the year-ago price of \$287,925, a drop of about 6 percent).

Demand for high-priced homes is also tepid. According to Estey, there are “amazing opportunities for buyers with good credit scores and 25 percent down payment in the \$900,000-plus marketplace.”

“What we’re currently seeing is real estate’s version of Back to the Future,” said J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. He believes the combination of historically low interest rates, adjusted lower prices, and the \$8,000 tax credit has created advantageous conditions for buyers that haven’t been seen in decades. He noted sales in the four-county area continue to see double digit increases. “The more affordable markets are seeing a major boost which is leading to higher sales in the mid-priced markets and causing some increases in activity in the upper end,” Scott remarked.

While cheered by the more vigorous activity, brokers note short sales and foreclosures continue to be a drag on the market. Such properties, often sold at deep discounts, may take extraordinary time to close once there has been mutual acceptance of an offer. (*Note to editors: see explanatory note, p. .5*)

NWMLS director Meribeth Hutchings, broker/owner of Windermere Real Estate/Lake Stevens Inc., said her office represents the buyer of a short sale that has been pending since October. The buyers who hope to purchase the home in Mukilteo have been very patient, but are becoming less so and are ready to move from the small apartment where they have been living with two large dogs. “Every time we think we are getting close, the lender changes what they want,” Hutchings stated.

Another NWMLS director, Pat Grimm, reported similar experiences with a short sale. “We just closed one in Montlake on May 28 -- after the parties to the transaction reached mutual acceptance on Feb. 10, said Grimm, the owner/broker at Windermere Real Estate/Capitol Hill. (NWMLS defines a short sale as a transaction that does not produce sufficient funds to cover the existing monetary encumbrances against the property, closing costs, real estate commissions, and other financial requirements of closing.)

Tacoma broker Dick Beeson of Windermere/Commencement Associates said he has several agents deeply involved in handling short sales since Pierce County is so hard hit. He estimates around 25 percent of all properties for sale are either bank owned or short sale, and one of every three pending sales is one or the other.

“Short sales play a big role in what many buyers are looking for,” according to Beeson, who also noted these buyers often fail to realize the extraordinary length of time it takes to close a sale – generally twice as long as a conventional sale. “Many get discouraged after 60 or 90 days and withdraw from a sale, never having received notice from the underlying lender what they are willing to take for the property. Many properties end up going to foreclosure because of the inefficiency of the banks in providing answers to offers,” Beeson commented.

The recent uptick in pending sales, both locally and nationally, is a hopeful sign that we’re putting the worst of the market behind us, suggests Ron Sparks, managing vice president at Coldwell Banker Bain.

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“As you would expect in a recovering market, not all neighborhoods are uniformly performing, and for home sellers particularly, there are plenty of challenges that remain.” However, he observed, “In many neighborhoods where just a few years ago broad affordability had all but vanished, lower prices, flexible terms and very low interest rates are pushing inventory absorption for single family homes to levels not seen since 2007.”

Sparks said multiple offers for the best listed properties are occurring everywhere, including Pierce and Snohomish counties. “Improving sales in one neighborhood helps dwindle inventory, and can push motivated buyers to search for homes in other neighborhoods. This process typically occurs before prices start to stabilize,” he explained.

Has that stabilization begun? “As my old Magic 8-Ball used to tell me: signs point to yes,” according to Sparks, who noted eight counties served by the NWMLS have seen price increases since January. “The sales volume in my Bellevue office is now roughly 10 times what it was in February, with expanded sales in almost every price category. Overall inventory levels have dropped substantially as well. Does this mean the optimal time for home buyers to take full advantage of favorable market conditions has passed? I’d probably defer that to the Magic 8 ball also...“Ask again later.”

Recent fluctuations in mortgage rates have brokers and buyers alike wondering if rates will escalate as inflation worries return.

“While rates now are wonderfully low, waiting has cost buyers. Loans recently available for 4.75% are now 5.25%,” according to broker Kathy Estey. On a \$400,000 loan, that means the monthly payment rises from around \$2,128 to about \$2,253 – and increase of nearly \$125. She believes it would be wise to act now for the best selection in the affordable homes. “Who knows if we will see rates of 5% or below again anytime soon,” she wonders.

Commenting on a recent report from the National Association of Realtors showing a third consecutive month of improving pending sales, Lawrence Yun, NAR chief economist, said buyers are responding to very favorable market conditions. “Housing affordability conditions have been at historic highs, but now the \$8,000 first-time buyer tax credit is beginning to impact the market,” he said. “Since first-time buyers must finalize their purchase by November 30 to get the credit, we expect greater activity in the months ahead, and that should spark more sales by repeat buyers.”

Northwest Multiple Listing Service, owned by its member brokers, is the largest full-service MLS in the Northwest. Its membership includes approximately 28,000 brokers and agents. The organization, based in Kirkland, currently serves 19 counties in western and central Washington.

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Sources quoted (Note: Beeson, Estey, Grimm, and Hutchings are NWMLS directors)

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- Kathy Estey, managing broker, business coach, John L. Scott.....(downtown Bellevue), 425.688.3678
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- Meribeth Hutchings, broker/owner, Windermere Real Estate/Lake Stevens, Inc. 425.335.4666
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- charts and explanatory notes follow -

Statistical Summary by Counties: Market Activity Summary- May 2009

("Total Active" column revised rev. 6/5/09)

April 2009 Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES		
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price
King	4310	13537	2801	1618	\$423,875	\$351,500
Snohomish	1759	5656	1160	666	\$325,502	\$299,950
Pierce	1632	6088	1196	643	\$252,431	\$225,000
Kitsap	531	2005	341	219	\$292,797	\$240,000
Mason	182	812	73	56	\$189,062	\$161,405
Skagit	258	1369	140	78	\$251,548	\$207,250
Grays Harbor	180	840	75	63	\$139,161	\$114,000
Lewis	152	722	78	40	\$159,230	\$138,150
Cowlitz	113	657	82	55	\$194,685	\$177,900
Grant	145	724	73	36	\$166,956	\$148,450
Thurston	521	1722	406	214	\$273,164	\$247,000
San Juan	64	499	14	4	\$464,750	\$410,000
Island	253	1136	107	86	\$299,378	\$248,500
Kittitas	152	612	48	38	\$250,716	\$170,000
Jefferson	84	562	34	12	\$298,000	\$294,500
Okanogan	86	386	27	17	\$159,435	\$140,000
Whatcom	496	2024	311	179	\$269,633	\$250,000
Clark	106	408	64	57	\$229,296	\$206,900
Pacific	60	404	39	13	\$157,333	\$175,000
Others	194	1155	91	60	\$218,748	\$214,000
MLS TOTAL	11,278	41,318	7,160	4,154	\$329,680	\$280,000

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							

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2009 Median Prices, Closed Sales (SFH + Condo combined)

Res + Condo						
	Jan	Feb	Mar	Apr	May	Change since Jan
King	\$364,137	\$348,000	\$335,000	\$350,000	\$351,500	-3.47%
Snohomish	\$295,000	\$301,750	\$304,950	\$290,000	\$299,950	1.68%
Pierce	\$235,000	\$239,950	\$228,375	\$225,000	\$225,000	-4.26%
Kitsap	\$234,200	\$225,000	\$246,495	\$240,000	\$240,000	2.48%
Mason	\$170,900	\$147,075	\$130,000	\$137,550	\$161,405	-5.56%
Skagit	\$246,950	\$252,500	\$240,000	\$225,000	\$207,250	-16.08%
Grays Harbor	\$155,855	\$131,200	\$142,250	\$150,000	\$114,000	-26.86%
Lewis	\$158,250	\$162,000	\$166,000	\$174,950	\$138,150	-12.70%
Cowlitz	\$161,500	\$151,250	\$180,000	\$179,000	\$177,900	10.15%
Grant	\$152,557	\$166,539	\$145,125	\$144,000	\$148,450	-2.69%
Thurston	\$239,950	\$259,000	\$240,000	\$232,600	\$247,000	2.94%
San Juan	\$573,500	\$520,000	\$1,162,500	\$226,000	\$410,000	-28.51%
Island	\$243,803	\$247,000	\$248,500	\$244,450	\$248,500	1.93%
Kittitas	\$230,000	\$210,000	\$206,675	\$196,000	\$170,000	-26.09%
Jefferson	\$227,500	\$325,000	\$238,730	\$213,750	\$294,500	29.45%
Okanogan	\$139,000	\$137,450	\$110,000	\$149,000	\$140,000	0.72%
Whatcom	\$245,000	\$246,218	\$257,000	\$259,450	\$250,000	2.04%
Clark	\$221,000	\$236,375	\$248,750	\$202,500	\$206,900	-6.38%
Pacific	\$182,000	\$122,500	\$147,000	\$135,000	\$175,000	-3.85%
Others	\$183,500	\$193,371	\$186,500	\$224,500	\$214,000	16.62%
Total	\$273,000	\$278,000	\$270,000	\$270,000	\$280,000	2.56%

Explanatory note to reporters and editors The significant number of short sales and foreclosures in the MLS database has resulted in a widening gap in the ratio between one month's pending sales and the following month's closed sales. Historically, it hovers around 90 percent, but in recent months it is ranging from 60 percent to 80 percent. This lag time should begin to shorten as short sales close and the short sale inventory shrinks. In addition, in June 2008, Northwest MLS created new categories for pending sales to better reflect the state of a listing. Pending sales may be subject to inspection, pending a feasibility study, or when a seller will consider backup offers. All three categories are included in the "pending" section of the monthly statistical reports. The vast majority of these sales were eventually recorded as pending anyway, but are now recognized as pending upon mutual consent between buyer and seller.