

Market Talk with Paul

Summer 2008

An insider's look at the current housing market conditions

Quick Market Stats

- Median Eastside house price: \$655,794 down 5.2% from '07
 - Eastside home sales off 34%
 - Median Eastside Condo price: \$343,349 up .5% from '07
 - Eastside condo sales off 47%
 - Median Seattle house price: \$491,578 down 3.1% from '07
 - Seattle home sales off 24%
 - Median Seattle Condo price: 325,841, off 11.5% from '07
 - Seattle condo sales down 33%
 - Eastside sales for June 829, highest since August '07
 - Months supply of inventory: 7; lowest since October '07
 - Seattle June sales: 755; highest since August '07
 - Months supply of inventory: 4.8; lowest since August '07
 - PMI rates Seattle home prices as 98% chance of being higher in 2 Yrs; one of best markets in U.S.
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- **Interest Rate Options**
 - 5.125% Fixed for 5 Yrs up to \$2.5 Million loan limit
 - 6.375% for 30 Year Fixed
 - 5.87% for 15 Year Fixed

It's Time for Football!

It's time for some yelling, cheering and screaming for the home teams. Use the schedule to plan some time for friends and family gatherings. After the loss of the Sonics and the poor showing for the Mariners, let's hope our football teams can give us something to celebrate and cheer for. We need it. Go Hawks, Dawgs, Cougs!

Summer Market Cools as Temperatures and Questions Rise

A northwest tradition has returned, a summer slowdown in home sales. While many parts of the country experience increased sales over the summer months, our area tends to go quiet as we enjoy our summer vacations and outdoor activities. After a long, soggy and cool spring it's no surprise to see this occur. Combining this with the general market apathy, some questions are being raised. How long will the slow down last? When will prices rise? Why should I buy now? How can I sell in a slowing market? Great questions. Looking at my crystal bald head, I have a few observations. The slow down is a result of several factors; mostly national,

but affecting us locally, like a lack of confidence in the economy, in our banking system and in home price stability. Interestingly, when people are asked how they, as individuals or a family, are doing, most say ok or fine yet collectively the news says we're all frightened and pessimistic. The government has had to take some drastic steps to assure confidence in our banking and lending systems but that is now coming to pass. While home values in much of our area have declined 5-6% over the past year, when compared to how much they rose over the past few years, is a small pull back such a surprise? The stock market has dropped 3-4 times as much but



I'm here to help you weather the storm and protect your home and interests.

you don't hear the media beating a drum about not investing in stocks or bonds. Houses and homes are good investments and will continue to be so, besides being places to live, laugh, enjoy and raise our families. The average home price in our area has doubled since 2001.

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A Battle of Wills, Sellers vs. Buyers

The current market pace is affected by many external forces, but also by internal and subjective factors. Buyer and Seller motivations and wills are the two biggest ones. Sellers want the most for their homes; Buyers want the best deal. How

each party defines these values determines if a sale can be struck. Our current market has many sellers thinking their homes are worth 10% more than the Buyers are willing to pay. Some buyers are thinking no home is a good "deal" unless they get it for at

least 10% less than whatever the Seller might be asking. Neither of these positions will lead to a sale. As with most events in life, compromise and calm reason needs to prevail to reach a win. Sellers are holding out for better conditions, prices and

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Summer Cool Down, cont. from pg 1

Has your stock portfolio? So why such a fear of investing in a home? Certainly no one wants to invest at “the wrong” time but like trying to time the stock market, it can be difficult to time home purchases. If market sentiment is depressed, inventory levels are at their highest levels in 8 years, competition is low and interest rates are low, why wouldn't you consider this a time to buy? Oh, that's right you already own a home and none are selling. Well not quite. Sales are down but in many areas and price ranges we still need good condition, well



Sunny opportunities are here now for motivated sellers and buyers.

priced homes for the active buyers that are out here. You likely won't sell for as much as your neighbor did last year, but you'll still see a good return on your investment and be a buyer with better choices and negotiating position than we've seen in 6 years. You might find it interesting to know that June sales were higher than any month since last August and our overall months of supply is lowest since August. Yes, it is taking longer to sell; yes prices are off a bit, but sales are occurring for the best priced and conditioned homes in most areas. So, how long will the slow down last? I wish I knew. What I do know is that this is more a factor of

confidence and inaction, than of real circumstance. With the local economy still growing, populations and jobs increasing, the cranes still spinning all over our region, it is hard to see a lack of confidence in the general area and economy. When the confidence in housing comes back, the bounce is expected to be quick and substantial but don't wait for the media to tell you. Prices, inventory and interest rates will likely all be higher before they change their negative slant on reporting. The bottom will have passed and people will wonder why they waited, when the next downturn will come back and why houses are so expensive and sellers so unreasonable to work with. You don't see a bottom until the upturn.

Battle of Wills continued

terms. Buyers are waiting for better prices or “deals”. When Sellers accept a more realistic price for their home and Buyers accept that some homes are priced well now, a deal is quickly made. The statistics bear this out with most closed sale prices within 2% of Seller asking prices. Both sides are creating the stalemate that we're seeing. Sellers who won't accept reasonable price offers for their homes and Buyers who are making low offers, just to

make low offers are frustrating each other and costing themselves good home sales. While there is no harm in making a low offer, many buyers are making these with no supporting evidence of their values. Many Sellers are doing the same thing, asking a price or making counter offers that aren't sup-

A stalemate of wills is causing much of the negative market sentiment that frustrates Sellers and Buyers alike, today.

ported by market data. Focusing on the common goal and the reasons for selling or buying is a better strategy for success. Since most of us aren't buying today to sell next year, relax and focus on finding the right home. If you're selling, there is a reason; keep it in mind and consider your opportunities to move forward with your life and your sale.

Closing Thoughts on Market Statistics

A few items to remember when you're reading negative statistics about our marketplace. Many people have moved to our area for better jobs or lifestyles. They want to be home owners and are out looking at homes but have not sold their homes in other parts of the country. Some of these folks are looking to do lease purchases instead of renting. This could benefit some home

sellers as these families are usually better tenants. Also, when you're reading the negative sale statistics, we have lots of properties in preforeclosure. Offers are written and buyers and sellers are waiting for lenders to process and respond to these offers. These short sales are taking 2-6 months to close so you don't see sold signs or closing statistics on them, but the homes have

ready willing and able buyers signed up waiting to close. This will help reduce our inventory and improve our sales pace statistics but are not counted in the headlines you're reading today. Remember, statistics don't always tell the whole story. Just a perspective. If you or someone you know needs real estate advice or assistance, please give me a call or email. Thanks for your time and attention.

Paul