

Market Talk with Paul

September 2009

An insider's look at the current housing market conditions

Quick Market Stats

- Median Eastside house price: \$558,400 down 7% from '08
- Eastside Home Sales up 19%
- Eastside Inventory down 29%
- Median Eastside Condo price: \$291,300 down 13.65% from '08
- Eastside condo inventory -4%
- Median Seattle house price: \$435,965 up 7% from '08
- Seattle home sales up 15% from '08
- Seattle Inventory down 28% from '08
- Median Seattle Condo price: \$294,457 down 9% from '08
- Seattle condo Inventory down 9.9%
- 80% of July Eastside closings under \$750,000 price, 48% under \$500K
- Snohomish County Inventory down 43.7% from 2008
- Snohomish County average closed sale price: \$332,017 off 13.8% vs '08
- Pending sales up 32.% from '08
- _____
- **Interest Rate Options**
- 5% Fixed for 30 Yr up to \$417K
- 5.75% 30 Year fixed up to \$600K
- 4.25% fixed for 5 Years
- _____

It's Time for Football!

Are you ready to scream and cheer for the home team? I hope so; it's time for Football. Hopefully we can see all of our teams reach some new highs. After last year's seasons we have to have higher hopes and expectations. Let's hope the teams can rise to the challenges. Plan some fun game time with family and friends.

What's Really Happening in the Real Estate Market

It's been a while since I've written to give you an "in the trenches" perspective on the market. Sorry for my absence. The market is challenging. There are no generalities to be stated about it. All real estate is local so there really is nothing we can all "the market". The market is not the same in Renton as it is in Bothell, Kirkland, Bellevue or Seattle. The state of the market is different for homes priced under \$300K from homes between \$4-500K and over \$600K is different from \$800K. The one constant is that every local market, whether by price or geography is active and the best priced and prepared homes are selling. Some markets have 3

months of available inventory, while others have 7 and others have 48 but in all cases there are homes selling. While the media talks about declining or stabilizing but lower market indicators, they don't tell you about the increasing frequency of multiple offers on the homes that are selling. I've been involved in multiple offers with many of my buyers this spring and summer. They are more common in lower price ranges, as are most of the sale activities, but again, every market is different. The first time buyer tax credit has driven many sales; those sellers, along with other buyers are creating even more sales and again increasing the pace of our

market. Buyers are recognizing that with lower home prices and very low interest rates the market today represents a great



The sun has returned to the Seattle real estate market and we're finding a new normal

time to buy. Sellers are accepting the "new normal" of today's values and while they are lower than 1 or 2 years ago, they are what they are. Life goes on and change continues. Real estate is driven by

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A Few Words About Foreclosures

Please remember headlines and many news stories are written to capture attention not to tell the whole story. We are seeing and going to see more homes showing up or going through the foreclosure process; this is normal. We have many

people that are upside down in their homes, owing more on it than it's worth or just unable to pay their mortgage for a variety of reasons. Lenders have been buried in these loans, again for a variety of reasons. The lenders are working their

way through these loans and either accepting lesser payoff amounts than they are due or negotiating some other settlements. If no one is willing to buy these homes, lenders are taking them back by foreclosure. This is a natural occurrence. If the

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What's Happening in the Market

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change and change does not wait for market recoveries. More Sellers are recognizing and accepting this reality, which is driving more activity and improvement to the market. If you or someone you care about has change occurring in their life and want or need to buy or sell, this can be an excellent time to be in the market. If you know someone that is or could be a first time home buyer, they need to consider acting very quickly. The \$8,000 tax credit for first time buyers expires on Nov. 30th, meaning they should have a home under contract by Oct. 31st, hopefully sooner, so they don't lose out on



Some sweet deals on homes are being found throughout the area

this "free" tax credit money. Close a day later, for any reason, and you lost it. Lenders, with new lending guidelines, are taking 30-45 days to close a sale and many new guideline rules can cause unwanted delays or postponements to your closing, so it is imperative to work with a lender and agent that know and prepare for these issues. Interest rates have been slowly declining this summer but most predictions are for increasing rates by early 2010. This may come sooner if the Fed stops buying mortgage backed securities. The Fed has intimated they may back away from their commitment to buy these as the market conditions sta-

bilize or improve. However, it's the Fed's willingness to buy these securities that has induced lenders to make loans and reduce rates. Taking the Fed out of the pool of purchasers reduces liquidity for lenders which can create more credit problems, increasing interest rates and slowing the pace for sales. For this reason, this fall may be the best time to be in the market; first time buyer or not; seller or buyer. Typically we see a strong buy/sell cycle from early September to mid November. This year may see a busier cycle, due to the tax credit, which can be very good for sellers. Buyers will see great rates and lower prices and payments on some very good homes. Call me if you're interested in making a move.

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home is not sold before the foreclosure auction ends, the bank takes it back. The point being, there are more homes in this process than qualified investors or buyers to buy them. When you hear about the quantity of homes being sold at auction or taken back by the bank, as true foreclosures, this is the natural ending for this process. Statistically you're going to hear that foreclosures are increasing because banks are finally getting

systems and personnel in place to process through all of the bad loans they've had out. So while the unemployment figures are rising, it's normal to see foreclosures rising. We all hear that it's the "sub-prime" loans and "liar" loans that created all this mess, but in reality those only make up about

Only 17% of foreclosures are due to "subprime and liar" loans; most were due to speculators, job losses & medical or family issues

17% of the foreclosures. Most are and were due to speculative, investor buyers or people who had family or medical issues, job losses and, of course, poor life and lifestyle decisions. So when you hear about foreclosures continuing to rise, expect it, until you hear about unemployment dropping and people's wages rising.

Closing Thoughts on the Market Activities

There are no universal truths about real estate. Some good homes take a long time to sell, even when well prepared and some poor condition homes sell rapidly against all logic. It's an enigma that can't be understood; it just exists. However, people that want to buy or sell homes are getting their desired results with much higher degrees of success this year than we've seen in

the past 12-18 months. People who think they'll wait for the market to come back may be waiting a while. Recovery predictions are unreliable. A better plan is to determine what you want to do, consider if now is a good time to do it and if so then work with the facts as they are. I have no expectation of our home values rising 20% in the next year; for that matter even 4 years. So if

you're plan is to wait out the market, I hope you're comfortable with a long wait. If not, give me a call and we can look at what the present market conditions are offering you, how that fits with your plans and see if there is a path that fits your needs. Yes home values are lower, but most people will be buying as well as selling, so lower home prices and interest rates can help your plan become a reality.

Paul