

Seattle Housing Market Remains Sound

"Nationwide, home prices are falling, sales are sluggish and the number of foreclosures is mounting. Ask any economist and you'll hear that things are bad, and likely to get worse. Unless you live in Seattle, where the market is slowing but fundamentals remain strong."
-Forbes Magazine, October 2007

It's been a bumpy ride for real estate in recent months. In many parts of the country, prices are falling, homes aren't selling, and foreclosure rates are up. Anyone involved with the residential real estate in the Seattle area has no illusions about how lucky we've been relative to the rest of the country. Our housing prices have remained stable, we have the second lowest foreclosure rate in the nation, and our local economy is strong. Not to say that we haven't been impacted—because we have. But the impact has been felt very differently in different parts of the greater Seattle-Puget Sound region.

Seattle Metro Area/King County

Downtown Seattle and the surrounding neighborhoods that lie within 8-10 miles of the downtown area have benefited from the most positive real estate market conditions. This includes the Bellevue/Redmond area which is home to Microsoft and other successful companies that have contributed significantly to our strong local economy. In these areas, inventory remains under 6 months, houses are appreciating in the single digits, and there is still a strong demand for homes which continues to translate to sales.

Pierce/Snohomish Counties

As you move out in concentric circles from downtown Seattle, housing conditions change. A 30 to 45 minute commute time to Seattle puts you in Snohomish County to the north and Pierce County to the south. These areas have been harder hit by slowing housing activity. Prices have remained unchanged or have slightly dropped in recent months. Housing inventory bounces around a 7 month supply and homes do not sell as quickly as those in Seattle. Because of the commute time to the job centers in Seattle and Bellevue/Redmond demand for homes in these areas are not as high as in King County and this translates directly to sales.

Kitsap County

The fourth area that makes up the central Puget Sound region lies about 60 miles from downtown Seattle. The Kitsap County housing market was first to feel the impact of slowing housing sales and has been hardest hit by the mortgage market decline. Sales in this area have decreased by single digits and there is a 10+ month supply of homes for sale. Demand for homes in this area is lower than the aforementioned areas in part because of its proximity to the job centers in Seattle and Bellevue/Redmond. There are also a higher number of low income households in the Kitsap County area.

Home prices in the Puget Sound region directly correlate to the months of supply on the market. The less months of supply, the more stable the home values. With that being said, none of the markets within the Puget Sound region have seen the declines experienced in places like California, Arizona, and Florida. In Seattle, we are at the beginning phase of the next real estate cycle. There is pent up demand for homes by buyers who sat on the sidelines watching the market. These buyers are beginning to enter the market in large numbers and we expect this activity to translate to increased sales in the coming months. And as the Forbes Magazine articles says, all of the fundamentals for a healthy housing economy are in place in Seattle—something for which we are very thankful.