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June home sales are highest in King County since Oct. 2007

By Eric Pryne

Seattle Times business reporter

A new report provides the strongest evidence yet that buyers are starting to return to the local real-estate market.

The number of closed sales of single-family homes in King County in June was up 4 percent over June 2008 — the first year-over-year increase since the market peaked nearly two years ago, the Northwest Multiple Listing Service said Monday.

The county hasn't recorded that many sales in a month since October 2007.

The statistics also suggest — and agents in the field confirm — that the new buyers aren't just first-timers searching for homes at the lowest end of the price spectrum.

Total sales in Southwest and Southeast King County — the most affordable areas — were actually down from a year ago. Sales in Seattle, in contrast, rose nearly 11 percent, with neighborhoods north of the Ship Canal leading the way.

On the Eastside, sales were up almost 4 percent overall. In the Juanita-Woodinville-Duvall area, they surged nearly 31 percent.

Will Bruce, owner/broker in Windermere Real Estate's Woodinville office, said first-time buyers dominated the market earlier this year. And now?

"Those people that sold to the first-time buyers have to move somewhere," he said. He calls the new clientele "trickle-up" buyers.

June's increase in closed sales came after two months in which pending sales — offers accepted by owners but not yet closed — were up compared with the same months a year earlier.

Real-estate professionals said closed sales eventually would follow suit, and that they were lagging because the large number of "short sales" — sales for less than what owners owe on their homes — were taking longer to process.



COURTNEY BLETHEN / THE SEATTLE TIMES

A price-reduced sign is posted to attract buyers to a house for sale at Eighth Avenue Northwest and Northwest 88th Street in North Seattle.

Pending house sales were up again in June, nearly 25 percent ahead of June 2008.

Last month's median single-family-home sale price in King County, \$395,000, was down more than 12 percent year-over-year.

In prepared statements, industry leaders noted that prices have increased slightly since January, but that may be a seasonal phenomenon — median prices also rose between January and June of last year.

June condo sales in King County were less robust, with closed sales down 23 percent year-over-year. The median sale price slid to \$249,000, down more than 15 percent from a year ago.

Snohomish County recorded two fewer closed single-family home sales in June than in June 2008. But sales in the Edmonds area rose 38 percent. Sales also were up in the Marysville-Arlington-Stanwood area.

Tim Ellis, who edits the bearish Seattle Bubble real-estate blog, said he's been waiting for months for the number of closed house sales in King County to increase as mortgage interest rates dropped and first-time buyers took advantage of the new \$8,000 federal tax credit.

"But sales in June were actually better in higher-priced areas," he added, noting that closings increased year-over-year in eight of the 12 areas whose median sales price was higher than the countywide median.

In two of those areas, Northeast Seattle and Northwest Seattle, the number of sales jumped 26 and 16 percent, respectively, compared with June 2008. Alida Fretz, office manager of the John L. Scott office in Green Lake, said people with relatively secure jobs are starting to take advantage of lower prices.

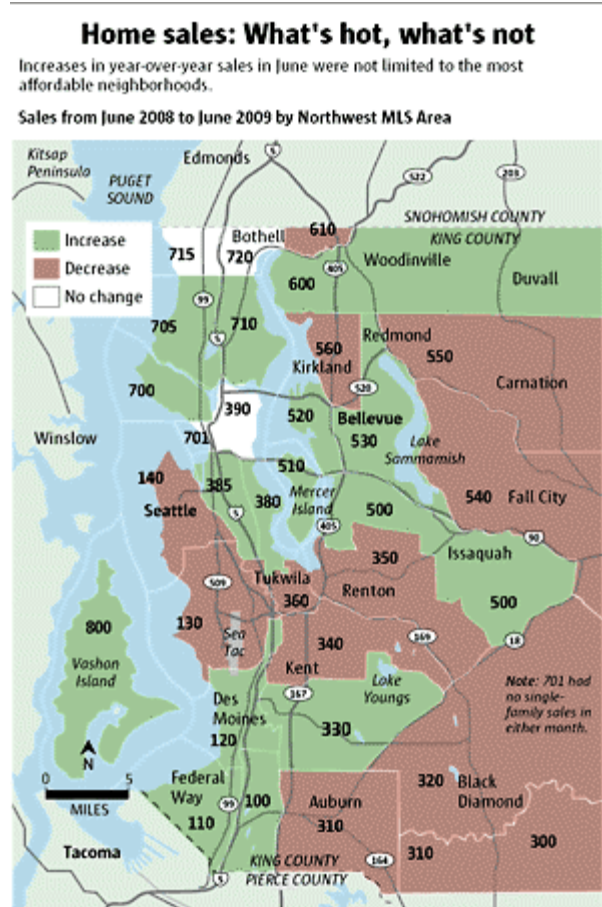
"As the first-time buyers come back into the market, people are selling to them and looking to move on to something else," she said. But most houses in the city's North End that are selling still go for between \$300,000 and \$450,000, she added.

In Woodinville, Bruce said he's starting to get more clients relocating to the Seattle area for new jobs, a healthy sign.

He said the number of sales his office negotiated doubled between last spring and this spring — but still doesn't come close to the boom years.

"It tells you how bad things were a year ago," Bruce said. "That was survival of the fittest."

Despite June's surge, real-estate observers aren't ready to



proclaim the market has turned. Many of the sales that closed probably were negotiated in April and May, when interest rates were at record 40-year lows, Ellis said.

Rising rates, while still relatively low, could discourage some buyers, he added.

But Bruce said rising rates actually tend to spur sales: Buyers want to act before rates climb even higher.

It's also unclear how many of the large number of pending sales eventually will close. Historically, the number of closed sales in a month has been about 90 percent of the preceding month's pending sales.

June's closings in King County were about 74 percent of April's pendings.

If short sales are responsible for the gap, as most real-estate professionals say, many may not close at all. Even if lenders approve them, buyers may get tired of the long waits or not qualify for financing.

Regional statistics on short sales are not readily available; the listing service just began tracking them in April.

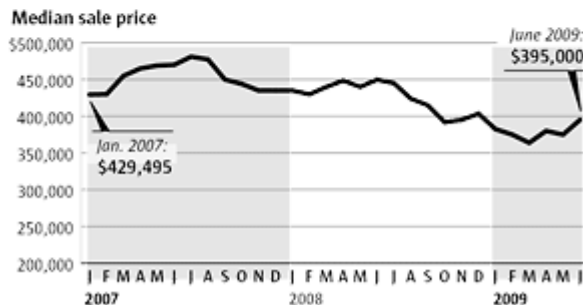
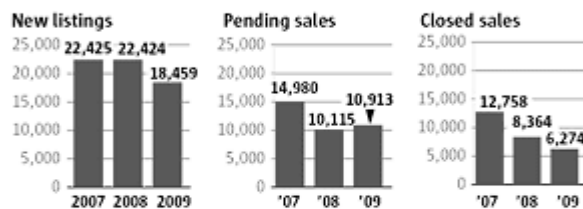
But nationally, just 20 percent close, said Alex Charfen, CEO of the Distressed Property Institute, a Texas-based organization that trains and certifies real-estate agents to handle short sales.

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The housing market at midyear

A look at the first six months of 2009 shows a significant drop in activity when compared to 2008 and also to 2007, the historic peak of the market in King County. Median sale prices also have declined since July 2007, but the traditional uptick in May and June has returned.

SINGLE-FAMILY HOMES, KING COUNTY (January-June)



Source: Northwest Multiple Listing Service MARK NOWLIN / THE SEATTLE TIMES

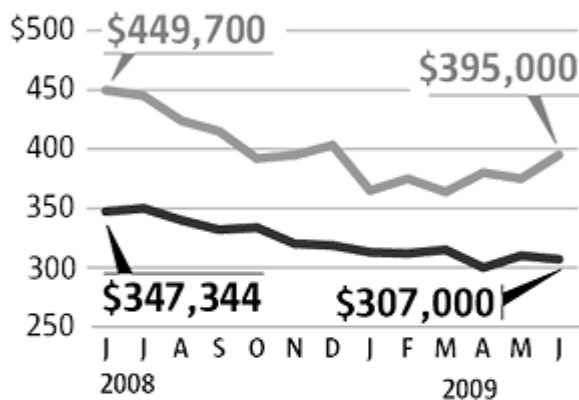
Home-price activity

Here's a look at monthly median sales prices for single-family homes in the Central Puget Sound region. Median means half sold for more, half sold for less.

Single-family homes*

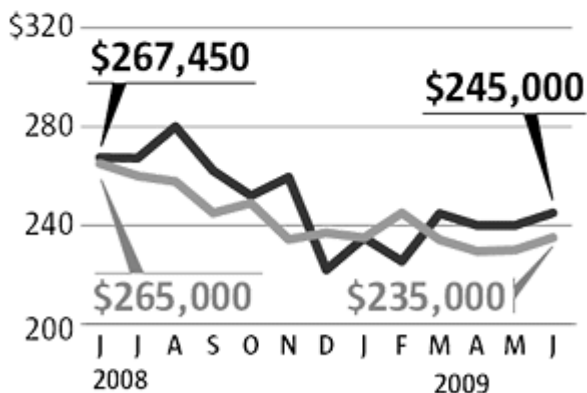
— King County
 — Snohomish County

(In thousands)



— Pierce County
 — Kitsap County

(In thousands)

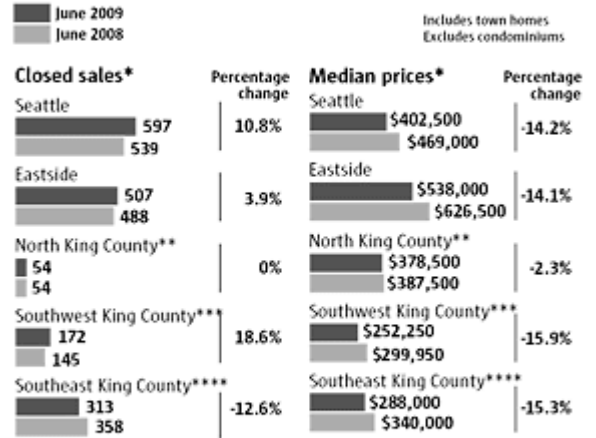


* Includes town homes

Condominiums

Here's a look at monthly median sales prices for condominiums in King and Snohomish counties.

June house sales in King County



* Not including Vashon Island

** Shoreline, Lake Forest Park, Kenmore

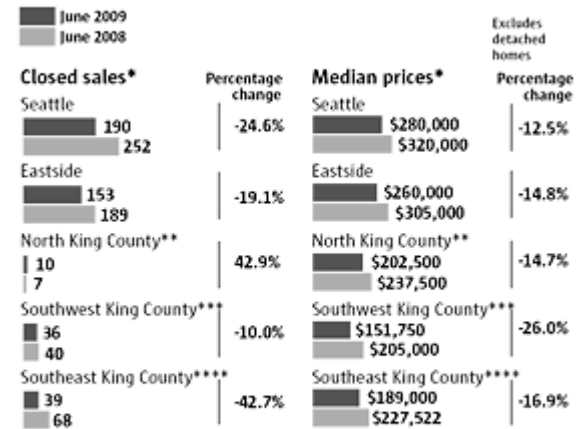
*** Burien, Tukwila, Des Moines, Normandy Park, SeaTac, Federal Way, Kent (west)

**** Renton, Kent (east), Auburn, Maple Valley, Black Diamond, Enumclaw

Source: Northwest Multiple Listing Service

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June condo sales in King County



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