



**APRIL 2013**

**In This Issue**

## **“Low Housing Inventory Drives Strongest Price Growth in Seven Years”**

*(Source: National Association of Realtors, February 27, 2013)*

Pending home sales rose in January, and have been above year-ago levels for the past 21 months, according to the National Association of Realtors®. There were healthy monthly gains in all regions but the West, which is constrained by limited inventory but was slightly improved.

The Pending Home Sales Index,\* a forward-looking indicator based on contract signings, increased 4.5 percent to 105.9 in January from a downwardly revised 101.3 in December and is 9.5 percent above January 2012 when it was 96.7. The data reflect contracts but not closings.

The January index is the highest reading since April 2010 when it hit 110.9, just before the deadline for the home buyer tax credit. Aside from spikes induced by the tax credits, the last time there was a higher reading was in February 2007 when it reached 107.9.

Lawrence Yun, NAR chief economist, said inventory is the key to this year’s housing market. “Favorable affordability conditions and job growth have unleashed a pent-up demand. Most areas are drawing down housing inventory, which has shifted the supply/demand balance to sellers in much of the country. It’s also why we’re experiencing the strongest price growth in more than seven years,” he said.

“Over the near term, rising contract activity means higher home sales, but total sales for the year are expected to rise less than in 2012, while home prices are projected to rise more strongly because of inventory shortages,” Yun said.

The PHSI in the Northeast rose 8.2 percent to 84.8 in January and is 10.5 percent higher than January 2012. In the Midwest the index increased 4.5 percent to 105.0 in January and is 17.7 percent above a year ago. Pending home sales in the South rose 5.9 percent to an index of 119.3 in January and are 11.3 percent higher January 2012. In the West the index edged up 0.1 percent in January to 102.1 but is 1.5 percent below a year ago.

Yun expects approximately 5.0 million existing-home sales this year. However, price growth could exceed a 7 percent gain projected for 2013 if inventory supplies remain low. Previously, NAR had expected 5.1 million existing-home sales in 2013, while prices were forecast to rise 5.5 to 6.0 percent.

*Seattle Event Calendar*

*Low Housing Inventory Drives Prices*

*Is 2013 the right time to Buy?*

*Tight Inventory leads to Multiple Offers!*

*Seattle Tops 2012 Housing Turnaround*



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## SEATTLE CALENDAR

### UNIVERSITY DISTRICT STREET FAIR

**Saturday, May 18th  
10 AM to 7 PM and  
Sunday, May 19th  
10 AM to 6 PM, 2013**

Features of the 2013 U District Street Fair include:

Over 200 unique local and regional arts & crafts booths

50 food booths in two special courts with an array of international foods

Three Live Music Stages: a main stage, a community stage and a children's stage – all featuring music, dance performance, comedy and more,

A special children's area with age appropriate events,

A wonderful medley of street performers and much more!

The University District StreetFair is a free event, located in the heart of the University District of Seattle on University Way NE.

### Seattle Center Festál 42nd Annual Northwest Folklife Festival May 24-27, 2013

Northwest Folklife Festival is a part of Seattle Center Festál 2013

The 42nd annual Northwest Folklife Festival celebrates the music, dance, stories, and art of the people of the Pacific Northwest. Festivalgoers have the opportunity to participate in the many traditions of our diverse region. This year's cultural focus is Washington Works, a program that explores various aspects of occupational folklore in the Northwest.

One of the largest free folk festivals in the country, Seattle Center Festál presents Northwest Folklife Festival, May 24 – 27. Explore and experience the cultural roots and contemporary influences of ethnic communities in our region through live performances, Visual arts, and hands-on activities. Northwest Folklife Festival features over 7,000 performers, participatory dances, workshops, crafts, food, and more.

### “Is 2013 the Right Time to Buy a Home?”

(Source: Credit.com, March 12, 2013)

Have you noticed it yet? The growing murmur out there, getting louder every week, bubbling up in newspapers, on TV and on news sites -- and it's telling you to buy a house in 2013. OK, maybe that's a bit of an exaggeration, but there are definitely a lot of experts (and non-experts) suggesting that this year is the right time to buy a house. And that murmur may soon turn into a deafening roar. So let's look at the questions that you need to ask to determine whether 2013 is really the best time to buy a house.

Is buying a house right for you right now? We'll discuss the numbers in a second, but before we do that, it's important to get one thing straight: No matter what the national economic and housing market trends indicate, it only makes sense to buy a house if it meshes with your current place in life and your future goals. For example, if you have a stable career and a job that pays enough to cover your living expenses (with some leftover for emergencies/retirement), and you plan on being in the same place for 3 to 5 years or expect that you could rent the house out if you were to move away, then you are probably in a good position to consider buying a house in 2013.

On the other hand, if you can't imagine giving up your mobility, if you can't count on having a steady income, or if you have substantial credit card debt or student loan debt (or are struggling to pay your bills each month) then it might not make sense for you to buy a home at this time.

Are mortgage rates the best in 2013? So let's say you've decided that now is a good time for you personally to buy a house. The next question is whether it's the right time financially. A big part of the answer has to do with interest rates. Lower interest rates are always better, obviously, because they save you money. Even an interest rate that is 1 percent lower could save you \$50,000 or more over the course of a 30-year mortgage. And if you can lock-in a low rate with a fixed-rate mortgage (rather than an adjustable-rate mortgage) that's even better. So the question is, are interest rates low right now? The experts say “yes.” This graph shows average mortgage interest rates over the past 30 years:

As you can see, rates are currently at about 3.5 percent, which is lower than at any other point in the past three decades. So clearly, it's true that this is an opportunity to lock in low interest rates. But do we have any reason to expect them to increase in the near future? That's hard to say. Some experts have been predicting inflation and rising interest rates for the past few years and it hasn't happened yet. These kinds of predictions are notoriously difficult to get right. However, it's probably not a bad idea to assume that these rates will increase at some point in the future.

### “Puget Sound Housing Market Enters Busy Spring Season with Few Homes for Sale”

**Tight inventories are leading to more multiple offers and rising prices** as buyers compete for properties. In February, the inventory of single-family homes and condominiums available for sale dwindled to just over a 1.2-month supply in King and Snohomish Counties and a 2.1-month supply in Pierce County. A six-months supply is considered a balanced market.

Compared to February a year ago, the number of active listings was down 45.3 percent in King County, 47.7 percent in Snohomish County and 29.3 percent in Pierce County in February. That compares to an overall drop of 29 percent in active listings in the 21 counties served by the Northwest Multiple Listing Service.

Distressed properties continue to be a drag on the market, accounting for roughly one-fourth of the single-family homes and condominiums listed for sale through the Northwest Multiple Listing Service. Some would-be sellers are prevented from listing their homes because they are underwater on their mortgages and either don't have the cash to cover their losses at closing or can't qualify for short sales.

Federal budgets cuts from sequestration could further hobble the housing market as it moves into the spring sales season. Federal agencies may have fewer workers to process loans, slowing the approval process. Federal staff cuts may also make it more difficult to sell distressed properties, according to some residential brokers commenting in the NWMLS release.

Tight supplies continue to boost the median prices of single-family homes and condominiums in the tri-county area. The median price for a home in King County in February was \$332,577, up 20.9 percent compared to the same month in 2012. In Snohomish County, the median home price was \$260,000, up 18.2 percent year over year. Meanwhile, the median home price in Pierce County was \$195,725, up 15.5 percent.

## “2012’s Top Turnaround Housing Markets: Las Vegas and Seattle”

(Source: Forbes Magazine, January 3, 2013)

Nationally, asking home prices are up 5.1% year-over-year, while rents rose 5.2%. Locally, Phoenix, Las Vegas, and San Jose posted the largest year-over-year price gains in December.

The Trulia Price Monitor and the Trulia Rent Monitor are the earliest leading indicators of how asking prices and rents are trending nationally and locally. They adjust for the changing mix of listed homes and therefore show what's really happening to asking prices and rents. Because asking prices lead sales prices by approximately two or more months, the Monitors reveal trends before other price indexes do.

## Las Vegas and Seattle are Top “Turnaround” Markets in 2012

In December 2012, Phoenix had the nation's largest year-over-year price increase at 26.0%. But Las Vegas and Seattle had double-digit price gains in 2012 after double-digit declines in 2011, making them the top turnaround housing markets of the year. Phoenix had the third-largest improvement in 2012 relative to 2011. All but one of the top 10 turnaround metros were in the West and Southwest, including four in California: Oakland, San Jose, Sacramento, and Fresno. Atlanta was the only market east of the Rockies to make the list.

2012 was a huge turnaround year for most local markets, not just the 10 on our list. Whereas 82 of 100 metros had price increases in 2012, only 12 did in 2011. Furthermore: in 2012, 16 metros had price increases of more than 10%, compared with just two in 2011. And only five of the 100 largest metros had smaller price increases (or bigger declines) in 2012 than in 2011: Miami, Fort Lauderdale, and Cape Coral-Fort Myers, FL, plus Greenville, SC and Albany, NY.

## WELCOME TO The Color Run™ 5k SEATTLE! Seattle Center Sunday, May 12, 2013

The Color Run™ 5k is going down in Seattle, Washington on May 12th, 2013! The only question is “Are you ready for the craziest, colorful, 5k of your life?” You bet you are. Race it solo or form a “color team” of 4+ members. Check out the race details below & we'll see you all squeaky clean at the start line. The Color Run™ in Seattle is awesome!

### HOW DOES IT WORK?

The Color Run™ 5k event is a unique experience focused less on speed and more on crazy color fun with friends and family. Color runners come from all different ages, shapes, sizes, and speeds; but everyone toeing the start line has a blast. Whether you are a casual morning mall walker or an Olympic athlete, the 3 miles of The Color Run™ course will be the most memorable and colorful run of your life!

### RACE RULES

- Rule #1 All participants are welcome... fast, slow, runner, walker, old, and young.
- Rule #2 White shirt dress code at the official start line and ready to roll no later than 9:00am! (time subject to change)
- Rule #3 Completely colored Picasso-painting madness at the finish

## SEATTLE SPORTS SCHEDULE

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### MARINERS MLB HOME GAMES

<http://seattle.mariners.mlb.com/>

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5/1	7:10PM	V.S. ORIOLES
5/10	7:10PM	V.S. ATHLETICS
5/11	6:10PM	V.S. ATHLETICS
5/12	1:10PM	V.S. ATHLETICS
5/24	7:10PM	V.S. RANGERS
5/25	7:10PM	V.S. RANGERS
5/26	1:10PM	V.S. RANGERS
5/27	1:10PM	V.S. PADRES
5/28	7:10PM	V.S. PADRES

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### SOUNDERS FC HOME GAMES

<http://www.soundersfc.com/>

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5/11	1:00PM	V.S. EARTHQUAKES
5/18	1:00PM	V.S. DALLAS

## Seattle's Housing Turnaround Rivals Those in California"

(Source: Home Buying Institute, February 21, 2013.)

California's real estate markets have generated countless headlines over the last year. That's because the Golden State has outpaced the nation in terms of housing recovery. But in all of the housing reports I've come across, there's another city that keeps popping up — Seattle, Washington.

Outside of California, Seattle is one of the hottest real estate markets in the country right now. Inventory is down, prices are rising, and homes are selling faster than they have in years. But don't take my word for it. Consider these numbers:

Seattle Real Estate Trends from Realtor.com

Each month, Realtor.com publishes a monthly housing summary with real estate data for 146 metro areas in the United States. They measure (A) housing inventory, based on total listings; (B) median list prices; and (C) median age of inventory. Here's how Seattle stacks up against the other metros in these three areas:

(A) According to Realtor.com, the total number of real estate listings in Seattle has declined by 44% over the last year or so. This puts it in the top 10 of 146 metro areas, in terms of inventory reduction. In fact, it's the only non-California city in the top 10 for this particular category. You'll notice a pattern here.

(B) The median list price within Seattle's real estate market has jumped by more than 16% over the last year. Again, this puts Seattle in the top 10 of 146 metros, among half a dozen California cities.

(C) Seattle's median age of inventory has dropped 38% in the last year. This gives us some insight into how quickly houses are selling. It also tells us that homes are selling much more quickly today than a year ago. Based on reduction of inventory age, Seattle was ranked fourth out of 146 metro areas. It was surpassed only by (you guessed it) three California cities.

Time and again, this pattern emerges. When you look at the U.S. housing markets with the biggest transformations in terms of inventory, home prices and market activity, it always seems to be a handful of California cities ... and Seattle. This ties back to the statement I began with: Outside of California, Seattle is one of the hottest real estate markets in the country right now.

May 13, 2012

In the fall 2011, I listed to sell my north Seattle house with Roger Turner of Windermere Real Estate. This house is located in the Maple Leaf neighborhood and Roger has maintained a consistent, visible presence in this area since the 1990's.

This experience led me to select Roger because, although the house was had a good location in a great neighborhood, there were difficulties that would have to be addressed.

First was the fact that I lived in another state and the house had rental tenants with an ongoing lease. In order to have access to show the house, the tenants would need to vacate in an orderly fashion. Second was the existence of several structural deficiencies that reduced the value and attractiveness to prospective buyers. Third was the fact that this was a short sale and the bank had stipulated a required minimum price for approval.

With Roger's suggestions, hands on help and persistence, all of these difficulties were overcome and the house was sold at a price acceptable to all. As we went through this process, the value of Roger's knowledge, experience and efforts became very apparent to me. This house would not have been sold in the relatively short time frame and difficult market conditions without Roger's professional help.

Very truly yours,

Kent G. Chetlain



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