

WINTER 2020 MARKET UPDATE

ECONOMIC OVERVIEW

From the Gardner Report for 3rd Quarter, 2019

Employment in Washington State continues to soften; it is currently at an annual growth rate of 1.7%. That is believed to be a **temporary slow-down** and we will see the pace of employment growth improve as we move further into the new year. It's clear that businesses are continuing to feel the effects of the trade war with China and this is impacting hiring practices.



This is, of course, in addition to the issues that Boeing currently faces regarding the 737 MAX. In the fourth quarter of 2019 the state unemployment rate was 4.4 %, marginally lower than the 4.5% a year ago. The most recent economic forecast suggests that statewide job growth in 2020 will rise 2.2% with a total of 76,300 new jobs created.



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HOME SALES

From the Gardner Report for 3rd Quarter, 2019

- There were 18,322 homes sales registered during the final quarter of 2019, representing an impressive increase of 4.7% from the same period in 2018.
- Readers may remember that listing activity spiked in the summer of 2018 but could not be sustained, with the average number of listings continuing to fall. Year-over-year, the number of

homes for sale in Western Washington dropped 31.7%.



in six. The greatest growth was in Whatcom County while San Juan County had significant declines., but

- Compared to the fourth quarter of 2018, sales rose in nine counties and dropped

this is a very small market which makes it prone to extreme swings.

- Pending home sales - a barometer for future closings - dropped 31% between the third and fourth quarters of 2019, suggesting that we may well see a dip in the number of closed sales in the first quarter of 2020.

HOME PRICES

From the Gardner Report for 3rd Quarter, 2019

- Home price growth in Western Washington spiked during fourth quarter, with average prices 8.3% higher than a year ago. The average sale price in Western Washington was \$526,564, 0.7% higher than in the third quarter of 2019.
- It's worth noting that above-average price growth is happening markets some distance from the primary job centers. This is due to affordability issues, which are forcing buyers farther out.
- Compared to the same period a year ago, price growth was strongest in San Juan County, where home prices were up 41.7%. Six additional counties also saw double-digit price increases.
- Home prices were higher in every county contained in this report. This trend will continue in 2020, but we may see a softening in the pace of growth in some of the more expensive urban areas.



DAYS ON MARKET

From the Gardner Report for 3rd Quarter, 2019



- The average number of days it took to sell a home dropped four days compared to the 3rd quarter of 2019.

- For the 2nd quarter in a row, Thurston County was the tightest market in Western Washington, with homes taking an average of 29 days to sell. Compared to the same period a year ago, time on market dropped in nine counties, period a year ago. Market time rose in four counties and was unchanged in two.

- Across the entire region, it took an average of 47 days to sell a home in the 4th quarter—up 9 days over the 3rd quarter.
- Market time remains below the long-term average across the region, a trend that will likely continue until we see more inventory come to market—possibly as we move through the spring.

From the Experts

from NW REporter, February, 2020

- **Inventory** remains tight and that's not expected to change even as we move into spring, when we typically see a glut of homes come on the market.
- The **surge of buyers** at the start of the year is more intense than usual. That paired with low interest rates and extremely positive job growth, translates to rising prices and a "piping hot" market.
- Taking advantage of **easy commutes** to South Kitsap, Bremerton, Bainbridge Island and Kingston, more buyers east of there are moving west to more easily affordable communities.



NEWS FOR BUYERS Lower interest rates mean this is a good time to shop for a new home, but with not many homes for sale, new listings are going fast. Be ready to act quickly when you find the home you are looking for and don't be surprised if there are multiple offers. Be sure to be pre-qualified for financing before you begin your search.

NEWS FOR SELLERS Low inventory of listings means this market still very much favors sellers. You are more likely to receive multiple offers and be under contract quickly. Values are up, and low interest rates help buyers keep up with increased prices.



WHAT SHOULD YOU DO IN THIS MARKET?

Whether you are a Seller, a Buyer or an Investor, there are lots of good opportunities in today's market.

I'm always available to consult with you to help you assess and achieve your real estate goals.

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MARKET SNAPSHOT

County	Active Listings		Closed Sales		Median Sale Prices		Months of
	2020	2019	2020	2019	2020	2019	Inventory
King	2,118	3,688	1,665	1,575	\$589,950	\$565,000	1.27
Snohomish	969	1,452	783	725	\$485,000	\$430,000	1.24
Pierce	966	1,623	872	895	\$365,000	\$325,950	1.11
Kitsap	296	471	251	272	\$380,000	\$340,000	1.18
Mason	142	200	67	70	\$253,440	\$219,900	2.12

Your Credit Score May Change

Condensed From NW Reporter, February, 2020

FICO stands for **Fair Isaac Corp**, the company that provides the software for calculating a credit score. They have announced that they will roll out two new credit scores this summer: the **FICO Score 10** and the **FICO Score 10 T**.

Previous scoring models took snapshots of a person's payment history. **The new model will take a historical view of payments over time and can process much more information**, including account balances for the previous two years, aiming to give lenders more insight into how individuals are managing their credit, FICO said.

- **People who make on-time payments** and don't carry high balances will likely see a slight increase in their score.
- **Consumers who pay their credit cards off** monthly won't be penalized as much for one-time large purchases and occasional high balances.
- **But those who consistently keep a balance** will see a drop in their credit score.

Paying off credit cards monthly will always result in a better score.

For those who want to improve their credit, there are steps you can take:

1. **Reduce your credit utilization ratio:** This measure of how much credit you've used versus how much credit lenders are willing to give you (particularly with credit cards) is a key component of credit scores. Keeping this low isn't a matter of just paying your total monthly bill if you're the type of person who maxes out their credit cards every month. Instead, consider making payments multiple times each month. "Just simply paying in full isn't enough," Rossman said.
2. **Correct any errors on your credit report:** One in five Americans have had an error on their credit report, and errors can crop up for any reason. Getting errors resolved quickly is important. Experts suggest contacting both the lender and credit bureaus to resolve mistakes, or contacting the authorities if fraud is suspected.
3. **Sign up for Experian Boost:** The credit bureau offers a free service, called **Experian Boost**, which allows consumers to opt-in to providing their cell-phone and utility payments history. That data is used in newer FICO scores, and most people see their scores go up. On average, people who signed up for Boost have seen their scores increase by more than 10 points since the service rolled out.



Did you know?

from NW Reporter, January, 2020



The **homeownership rate** rose to its highest level in six years during the fourth quarter of 2019, a newly released report from the U.S. Census Bureau shows. The percentage of Americans who own their home increased to **65.1%**, the highest ownership rate since the third quarter of 2013.



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