



2020 State of the Market

Every year at this time, The President of the United States holds his annual State of the Union address. I like to take this time to review the previous year and give a snapshot of where we are and where I think we are heading.

2019 Summary:

Our national real estate market had a strong recovery from the recession of the last decade. Our country has seen strong economic growth, low unemployment (at a 50 year low in September) and strong gross domestic product (GDP) gains. Our local economy is a shining example of these gains with businesses and buyers coming in large numbers. This has led to high demand for housing and strong price growth for several years. Demand has also been driven by historically low interest rates which has armed buyers with more buying power.

In many areas locally, inventory improved briefly. This caused slight to moderate corrections in prices in many areas which brought previously sidelined buyers out in large numbers. This increased buying activity once again brought us back to low inventories and increasing prices.

What to expect in 2020?:

- 1. Housing Inventory** - Both nationally and locally, the biggest factor driving prices has been inventory. Specifically, **lack of inventory for buyers**. With sellers staying put longer because they can not buy the replacement home and new & previously sidelined buyers entering the market, expect inventory in most areas to remain tight. Even outlying areas, traditionally more affordable, are seeing reduced market times and **high sell to list price ratios**. (See back page for statistics)
- 2. New Construction** - Nationally the new construction shortage started in 2009 and we are now 3+ million units short. Regionally, there has been a lot of new construction activity, which project by project has helped create needed inventory. But with land, construction costs, and regulations all costing more, the resulting homes are far from “affordable”. On a neighborhood by neighborhood basis, this inventory is certainly helping, but we still continue to fall behind with the result being **rising prices**.



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3. Home Price Growth - Overall, home prices in the US grew 3.3% in 2019, which was slower than 2018's 5.0%. Locally, the four county (King, Pierce, Snohomish & Kitsap) ended the year at \$495,000, up 10%. **King county**, recovering from the summer slide in prices, ended the year at a **median sale price of \$615,000, up 3% year over year**, but off of May's peak of \$645,000. My 'boots on the ground' analysis is that much of this recovery came in October, November and December, so expect a strong start to price growth coming into the spring season. **Expect home prices to continue to slowly increase with seasonal fluctuations due to inventory .**

4. Interest rates - Over the last 200 years, the average interest rate has been 5.18%. Recently we have been spoiled by low rates, which has helped keep our real estate market on track. The Federal reserve has trimmed rates in 2019, and are expected to keep them low, to try to boost slowing global growth. They may even decide to lower rates, with recent concerns about the global economy & the coronavirus outbreak. According to Freddie Mac, average 30 year fixed rates started 2019 at 4.51% and have headed downwards, bottoming out at 3.48% in September & ending the year at 3.74%. **I expect rates to stay stable with the usual fluctuations due to headlines.**

5. Trends - Demand for housing (buyers) follows business creation, expansion & moves. It also follows changes in transportation (light rail, rapid bus lines, etc) and chases affordability. Areas like Snohomish county (E. Everett, Lake Stevens), SE King, NE & S. Pierce, and Kitsap counties are just a few examples of 'affordable' areas in demand.

AREA	Median Price	Change 12 months	Days on Market	Months Supply
King County	\$675,004	+5.5%	42	0.9
Seattle	\$736,005	-2.3%	37	0.9
Bellevue	\$1,113,000	+19.6%	42	0.8
Issaquah	\$850,000	-.03%	48	0.9
Sammamish	\$1,179,867	+0.7%	56	0.7
Kirkland	\$1,150,827	+6.1%	47	1.0
Renton	\$609,493	+6.5%	42	0.8

Take-aways

- **Reduced inventory (sellers we need you!!)**
- **Slowly rising prices (Buyers be prepared)**
- **Stable to lower Interest rates - (Refinance or buy now)**

Thank you for an awesome 2019 –Call me if I can be of assistance with your housing questions.

Data courtesy NWMLS® (Northwest Multiple Listing Service), deemed reliable, not guaranteed