

SPRING 2018 MARKET PERSPECTIVE

LOW INVENTORY + HIGH DEMAND = INTENSE MARKET

SELLERS with new listings are experiencing an extremely **intense market** due to very strong job growth and an abundance of eager buyers who want to purchase before interest rates increase.

The housing market is back to a pressure cooker situation with **high levels of sales activity** for each new listing coming on the market.

BUYERS are finding a market that continues to trend hot with no apparent end in sight. The slight rise in mortgage interest rates since January 1 could mean some minor impact on frustrated, non-cash first-time homebuyers.

Eager buyers continue making offers on "hot homes" throughout the Puget Sound area and consider themselves fortunate to have an offer accepted, even when it is well over list price.

INVENTORY presently remains well below normal at 1.2 month's supply of homes. *We simply do not have enough housing inventory on the market to keep up with buyer demand.*



SALES figures for March show a **surge in both new listings and pending sales** compared to February as the spring market heats up.

New listings jumped more than **4%** from February to March, while **pending sales** climbed more than **29%** compared to a month ago.

Northwest sales of **homes priced at \$2 million or more** are **up 30%**. There were 136 such sales during first quarter 2017; this year, the number is 177.

For homes priced at **\$1 million or more**, sales rose from 941 during first quarter last year to 1,204 this year, a gain of nearly **28%**.

PRICES Home prices overall are **up about 13.2%** from a year ago, and even more so in the four-county Puget Sound region.

Among these four counties, **Kitsap** had the largest year-over-year increase at 19%, but **King County** homes are still the priciest.



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The **median price** for last month's sales of single family homes and condos combined in **King County** is **\$625,000**, up 17.9% from a year ago. For single family homes, excluding condos, the median price for last month's sales was **\$689,950**.

Year-over-year prices are up **more than 18%** in **Pierce County** and about **14.3%** in **Snohomish County**.

LISTING YOUR HOME IN THIS MARKET

Despite the low inventory and a seller's market, some basic advice to sellers is still appropriate:

- **Proper pricing** In March we saw more listings where sellers pushed the price envelope, causing the offer review date to go by with no offers in hand
- **Maintaining overall condition of the property.** The average buyer is not waiving an inspection. Especially if they are paying over asking price for the home, buyers are insisting that repairs to be completed prior to closing. It is not uncommon for buyers to consider a property on the market over 10 days as having something wrong with it. Further, we also saw many homes come back on the market due to inspection issues.

So, pricing right and taking care of conditional issues prior to listing the home, are still key to a successful sale.

6 Ways to Boost Your Credit Score

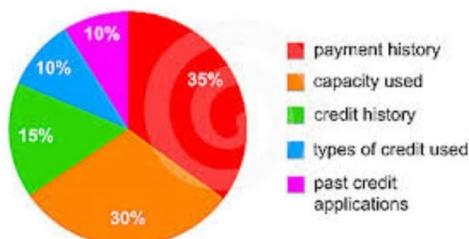
Excerpted From The James Group

Pay more than the minimum. Paying the minimum just covers the interest. Paying over the minimum can help credit scores.

Pay on time. Late payments can hurt credit scores. For help, sign up for notifications from creditors, your bank or online services.

Keep balances below 30% of your limit. If your limit is \$3,000, your credit score can suffer if the balance hits \$900. Make sure balances are below 30% of the limit

CREDIT SCORE FACTORS



Close unused accounts, but keep an old one. Even if you're not using cards, lenders worry you might. Close unused accounts, but keep an old one, and pay it promptly. Responsible behavior over time can raise credit scores.

Come back to cash. Use cash for gas, beverages, even groceries. Watch your credit card statements shrink.

MARKET SNAPSHOT

Active Residential Listing Report for March 2017 & 2018

	Active Listings		Average List Price		Months of Inventory
	2017	2018	2017	2018	2018
Gig Harbor/Key Peninsula	272	243	\$ 762,839	\$ 779,121	Pierce County
North Tacoma	54	49	\$ 631,756	\$ 626,201	1.2
Puyallup	255	279	\$ 407,816	\$ 472,140	
University Place	60	55	\$ 583,555	\$ 628,411	Kitsap County
Kitsap County	513	337	\$ 559,450	\$ 579,915	1.33



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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Closed Residential Sales for March 2017 & 2018

	Units		Average Sale Price		Average Days on Market	
	2017	2018	2017	2018	2017	2018
Gig Harbor/Key Peninsula	131	121	\$ 426,179	\$ 561,520	78	66
North Tacoma	77	61	\$ 377,404	\$ 491,941	55	38
Puyallup	275	259	\$ 326,618	\$ 362,840	50	40
University Place	45	46	\$ 384,407	\$ 441,884	57	57
Kitsap County	376	346	\$ 342,522	\$ 416,606	91	84

TAX REFORM AND YOUR HELOC

Excerpted from article by Evan Liddiard & Ken Wingert

Good news for homeowners

The Internal Revenue Service (IRS) has issued a news release clarifying that in **many cases, interest paid on home equity loans remains deductible** under the new tax reform law.

The IRS stated that "despite newly-enacted restrictions on home mortgages, taxpayers can often still deduct interest on a home equity loan, home equity line of credit (HELOC) or second mortgage, regardless of how the loan is labelled."

The key factor is that **the proceeds of such loans must be used to buy, build, or substantially improve the taxpayer's home that secures the loan.**

Interest on a home equity or other loan used for personal living expenses (e.g. paying off credit card debt, education, or vacation expenses) would not be deductible.

DID YOU KNOW?

- **By 2050**, the Puget Sound region is projected to grow by **another 1.8 million people**, or about 55,000 more residents each year.
- **Sight-Unseen in 2017:** 35% of homebuyers bid on a home before seeing it in person. **Millennial homebuyers** were even more likely to make an offer sight-unseen, with 45% in November and 41% in May saying they had done so.
- **A wave of buyers are leaving high-tax states** and looking for lower taxes and affordable home prices as we enter the first home-buying season since the passage of sweeping tax reforms, according to agents across the country.

- **Tiny homes and mobile living** will be a solution to increasing housing density in overpopulated areas. This will become more of a norm in big cities and will drive up operating income on existing apartment stock. This likely won't have a huge effect on 2018, but it will over the next decade.
- **Mortgage interest rates** have increased consistently since the beginning of the new year because of steady economic growth with added stimulus from the new tax plan.

The good news is interest rates today are as much as **3% lower than they were in 1999** when the economy was last doing well.

That 3% higher interest rate would have

*cost home buyers with a \$250,000 mortgage an **extra \$433 per month** on their monthly payment.*

- **IMPORTANT:** One of the factors affecting home values is the quality of the local schools, so **Gig Harbor homeowners** should be aware of the **Bond vote on April 24**. If passed the bond will:

- * Ease chronic overcrowding
- * Update safety and security systems
- * Replace outdated infrastructure
- * Update and enhance learning environments.

For more information, contact Info@StandUp4Schools.org.

