

# The Seattle Times

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## King County home sales climb to 2-year high

By Eric Pryne  
Seattle Times business reporter

Have house prices in the Seattle area hit bottom after a two-year slide?

If you're looking for consensus on that question, keep looking.

Bears point to rising unemployment, increasing apartment vacancies and mounting foreclosure filings and predict still more price cuts.

Bulls say the simplest principle in economics — supply and demand — suggests a turnaround is imminent.

Both sides could find support for their arguments in statistics released Wednesday by the Northwest Multiple Listing Service.

The median price of a King County single-family home that sold in July was \$384,000 — down 2.9 percent from \$395,000 in June and down 13.7 percent from \$445,000 in July 2008. No turnaround evident here.

But closed sales — which reflect demand — were up more than 10 percent from the same month last year, surging to their highest level since August 2007.

In Snohomish County the year-over-year increase was even greater, nearly 19 percent.

And the number of King County houses on the market — that's supply — was down nearly 20 percent from July 2008, the fourth straight monthly double-digit dip.

Conventional economic theory dictates that when supply declines and demand increases, prices should go up — or at least stop dropping.

"If we're not quite there [at the bottom] yet, I think we're nearing it," said Ron Sparks, managing vice president in the Bellevue office of Coldwell Banker Bain.

Perhaps prices aren't rebounding just yet because buyers' perceptions haven't caught up with market realities, he said — just as stubborn sellers kept prices relatively high in early 2008 despite declining sales and growing inventory.

Market forces eventually prevailed: Median prices plummeted during the second half of last year.

The recent surge in sales is a positive sign, said Glenn Crellin, director of the Washington Center for Real Estate Research at Washington State University.

But he still expects prices will remain weak, and probably decline, in many market segments into next year.

Much of the activity has been fueled by the new \$8,000 federal tax credit for first-time buyers, Crellin said — and that's slated to expire Nov. 30. "Whether the market can be sustained without that remains to be seen."

Plus foreclosures haven't peaked in the Seattle area yet, as they have in some cities hit earlier and harder by the mortgage meltdown, Crellin added. Those properties could depress prices as they come on the market.

Foreclosure-research firm RealtyTrac reported last month that the number of Seattle-area households receiving at least one foreclosure filing increased 72 percent during the first six months of this year compared with the same period in 2008.

Nationwide, the increase was just 15 percent.

It's difficult to generalize about home-price trends, said Alan Pope, a Redmond real-estate appraiser and consultant. "You need to look not at the macro but at the micro," he said. "Prices have probably stabilized in some markets — but not all markets."

Prices most likely have hit bottom for moderately priced homes in close-in neighborhoods near job centers, Pope said.

But more declines still may loom for more expensive houses and neighborhoods, he added, in part because financing remains problematic for many prospective buyers.

The Northwest Multiple Listing Service statistics for July indicate that sales were strongest in King County's most affordable areas. Closings increased 54 percent year-over-year in Southwest King County, but less than 2 percent on the Eastside, where the median house sold for nearly twice as much.

In Seattle, relatively affordable neighborhoods like Rainier Valley and Beacon Hill experienced the biggest increases in sales.

Pending single-family home sales — offers accepted by sellers that haven't yet closed — were up more than 19 percent in July from the same month in 2008, the fourth straight month of year-over-year increases.

Just what that means is less clear than it once was. Pending sales historically have been a reliable indicator of future market activity: The number of closed sales in a month usually was about 90 percent of the preceding month's pending sales.

Lately, though, that hasn't been the case. July's closings in King County were about 71 percent of June's pendings.

Professionals blame long delays in closing many "short sales" — sales for less than the seller owes on the home. They account for about 25 percent of King County's pending sales, according to Windermere Real Estate.

Pending sales of condominiums in King County were up nearly 10 percent year-over-year in July, while closed sales dropped more than 9 percent, according to the listing service. The median sale price, \$250,000, was down nearly 10 percent from July 2008.

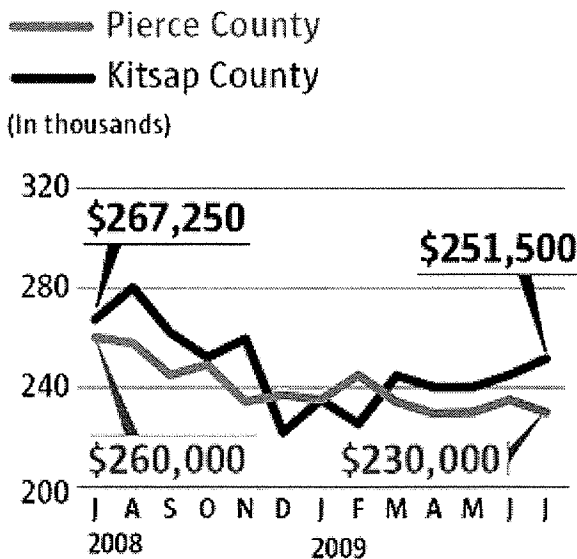
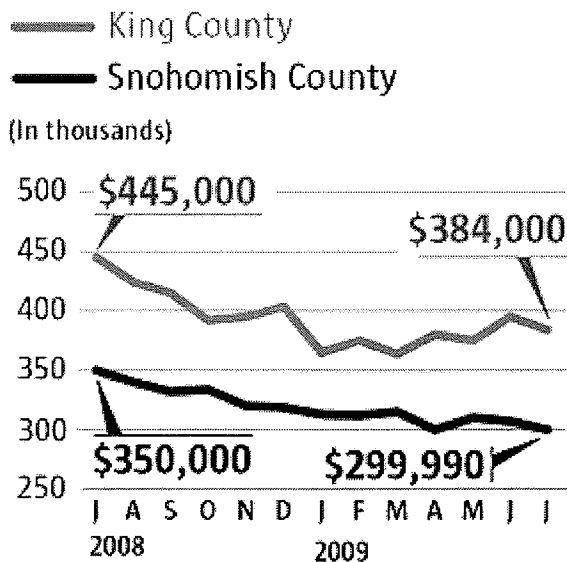
In Snohomish County, the median price of a single-family home dipped more than 14 percent, from \$350,000 to \$299,990.

Some brokers said last month's record high temperatures hurt their business, with some clients postponing open houses.

## 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\*



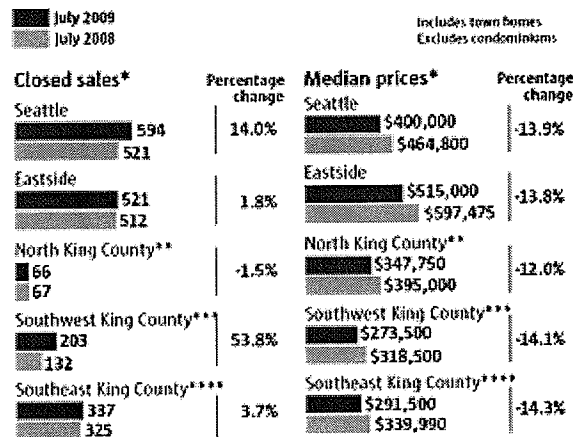
\* Includes town homes

### Condominiums

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

Eric Pryne: 206-464-2231 or [epryne@seattletimes.com](mailto:epryne@seattletimes.com)

## July house sales in King County

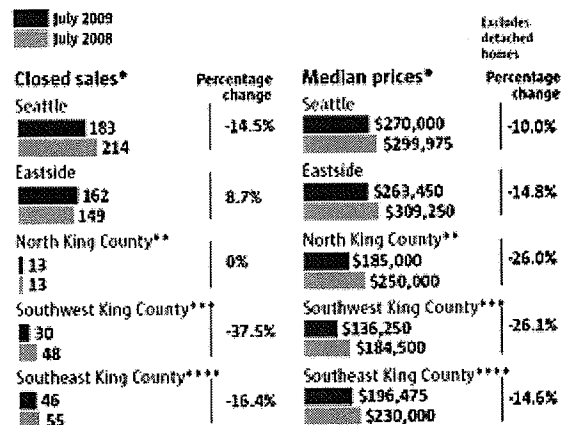


\* Not including Vashon Island  
 \*\* Shoreline, Lake Forest Park, Kenmore  
 \*\*\* Burien, Tukwila, Des Moines, Normandy Park, SeaTac, Federal Way, Kent (west)  
 \*\*\*\* Renton, Kent (east), Auburn, Maple Valley, Black Diamond, Enumclaw

Source: Northwest Multiple Listing Service

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## July condo sales in King County



\* Not including Vashon Island  
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Source: Northwest Multiple Listing Service

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### BREAKING IT DOWN

Evidence that home prices in King County may have hit bottom:

- Closed sales up more than 10 percent over July 2008.
- Number of homes on the market down nearly 20 percent from July 2008.

Evidence that maybe they haven't:

- Median sales price down \$60,000 over July 2008.
- Local foreclosure rates expected to rise further.
- Unemployment continuing to climb locally.