

2019 Seattle/Puget Sound Housing Forecast



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In May 2018, we saw a shift in the Puget Sound housing market, from extreme frenzy back down to strong sales activity intensity.¹ When looking at key factors that lead to a healthy housing market, many key factors are positive in Puget Sound – so what can we expect in the year 2019?

New listings from this point forward are coming on at market price – not the multiple-offer, premium pricing levels we saw in the spring of 2018. Premium pricing came off and sellers have repositioned to current market price. However, due to the market correction, homes priced right for their hyperlocal market may still receive multiple offers.

More affordable and mid-price ranges

Heading into 2019, we anticipate the more affordable and mid-price ranges in all markets will go up one level of hotness after January 1 to a surge level of sales activity intensity, then transition back down to strong for the remainder of the year. From January to April, we will see a mild increase in the median home price appreciation, which shows up in closings into June. Then, price appreciation tends to flatten out the remainder of the year due to the large number of new listings that come on the market over the summer, creating dispersed buyer energy.

Luxury market

Once 2019 begins, in the high-end and luxury market close to the job centers, properties up to \$1.5 million we anticipate strong sales activity intensity; then up to \$3 million, there will be healthy sales activity. Homes priced over \$3 million will have selective buyer activity. As more luxury properties start coming on the market in the spring, we project healthy sales activity up to \$2 million and selective buyer activity above.

Buyers – Buyer Ready, Day One™

For buyers looking to enter the housing market in 2019, it's important to lead with any strong motivating factors to move, coupled with market research. This research should include checking recent transactions for the last several months to fully understand your hyperlocal market. Additionally, being Buyer Ready, Day One™ is crucial to securing the home of your choice; in the internet age, being prepared to act quickly is key.

Buyers in 2019 will have greater selection opportunities than they had in the last few years where we were virtually sold out of homes for sale. In 2019, multiple-offer situations will not be as commonplace, giving buyers the opportunity to arrange inspection, finance or home-to-sell contingencies.

¹ Puget Sound refers to the following five counties: King, Kitsap, Pierce, Snohomish and Thurston.



Though multiple-offer situations will not occur as often in 2019 as they did in the past, they are likely to occur alongside more traditional transactions. Buyers can miss out on opportunities when they don't understand their hyperlocal market and underestimate competition from the backlog of buyers. When a property is priced right, it's key to come prepared, working with a skilled broker for the best chance at securing the home of your choice.

Sellers – Market Ready, Day One™

The best time to sell is [when the timing is right for you](#). Seller gridlock has eased in many markets, and there is no issue with buying and selling within same-market timing – the result is often the same net seller equity any time of the year. When looking to sell, it's important to work with an experienced broker to showcase your home in the best light to get the best price.

Looking ahead to 2019

Despite some headwinds, there are still many positive signs in the current residential housing market. Job growth, the number one indicator of a strong housing market, remains extremely positive.

Millennials, who have been longstanding homeowner holdouts in many cases, have begun to enter the housing market. According to a recent study², the desire to purchase is present – 52 percent of millennials hope to purchase a home within the next two years. But for some, high student loan debt can be a large homeownership barrier.³

Interest rates will be approximately five percent at the start of 2019 and are forecasted to rise to 5.5 percent by fall⁴. Though interest rates are higher than they've been in recent years, it's important to put our current rates in perspective – they are still historically low.

We have come off an extreme frenzy market back down a few levels of hotness to a strong market, with many opportunities for both buyers and sellers.

About John L. Scott Real Estate

[John L. Scott Real Estate](#), led by third-generation Chairman and CEO J. Lennox Scott, has been helping buyers and sellers realize their homeownership dreams since 1931. JLS has over 100 offices with more than 3,000 brokers in Washington, Oregon, Idaho and California. JLS is recognized as one of the top 20 residential real estate brands in the nation. Annually, John L. Scott closes more than 30,000 transactions totaling more than 13 billion dollars in sales volume. In support of the company's core value, Living Life as a Contribution™, the [John L. Scott Foundation](#) helped sponsored over 30 events for 20 children's hospitals in 2018, which will help raise over \$15 million for children's healthcare.

Updated 11-28-18

² PenFed Credit Union National Mortgage Survey (Sept. 2018)

³ NeighborWorks America at Home Survey (Sept. 2018)

⁴ Lawrence Yun, National Association of REALTORS® Chief Economist (2018 REALTORS® Conference & Expo)