

# SEATTLE HOUSING MARKET 2020

## A REALTOR'S VIEW



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When I moved from Scotland to Seattle in 2011, my family and I had very little support and assistance when it came to one of the most important purchases we make in our lives, buying a home. After working as a social worker for 20 plus years, I thought that nothing phased me, but I was overwhelmed by the entire process - from choosing the area, school, transport, crime, house type, credit rating, title, CCR's, deposit, escrow, and don't even get me started on mortgages! I mean who the heck is Fannie Mae and is she dating Freddie Mac?? Septic system for the more rural areas, appraisals, inspections, the dreaded contingencies, lead based paint issues... the list is endless and particularly daunting for expats. I really would have benefited from having someone I could trust to assist with the process.

If you are looking to buy real estate in Seattle, you should know the best places for investment. The three most important factors when buying real estate anywhere are location, location, and location. Location creates desirability. Desirability brings demand. Demand will raise the price of your Seattle real estate and you should be able to flip it for a profit. When looking to invest in Seattle real estate, you need to find places where the expected property appreciation forecast is positive.

The neighborhoods in Seattle must be safe to live in and should have a low crime rate. The neighborhoods should be close to basic amenities, public services and shopping malls. There should be a natural and upcoming high demand for rental properties and a low supply of income properties.

Based on the trends our industry is seeing into 2020, now may seem like a better time to buy in Seattle. Prices are lower than they were a year ago, and mortgage rates continue to be low. Let's start by taking a look at the forecast.

# THE FORECAST

Many forecasters believe that 2020 will show a return to rising home prices as a result of a lack of inventory and continued robust job market. So, while buyers continue to benefit from low interest rates, there are simply not enough homes for sale and the market, once again, is leaning more strongly toward sellers. However, sellers should not be complacent, as buyers disillusioned with the high prices and competitiveness of the market in recent years (not to mention the support of a wonderful real estate agent), are much more savvy when it comes to buying a home.

Home prices peaked in 2018 and cooled somewhat in 2019, primarily due to buyers not being able to afford the rising house prices. From 2011 to 2018 in some Seattle areas, house prices increased by 112% (median house price in Seattle was \$370,000 in 2011 and \$760,000 in 2019)! Forecasters predict that home price growth in Seattle may increase throughout 2020 but by a more modest 0.8% - 4% depending on the area and type of property for sale.

Median Property Price across the Seattle market through Dec 2019:

- \$760,000
- Average Days on Market: 67

## 2020 ECONOMIC OUTLOOK

Following the Federal Reserve's monetary accommodation, inflation expectations remain settled. Rates for 30-year fixed mortgages are projected to average 4% during this year.

Historically during an election year, there can be some recession around election time, due to the uncertainty of a possible change of government and their subsequent impact on the market.

## SUPPLY & DEMAND

Inventory will remain constrained, especially at the entry-level price segment but this is changing with builders beginning to realize the importance of mid-priced housing. Millennials will begin to shape the market in 2020 and overseas investors will continue to invest in properties in and around the Seattle area.

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*Millennials are shaping the market and overseas investment is strong in the Seattle area.*



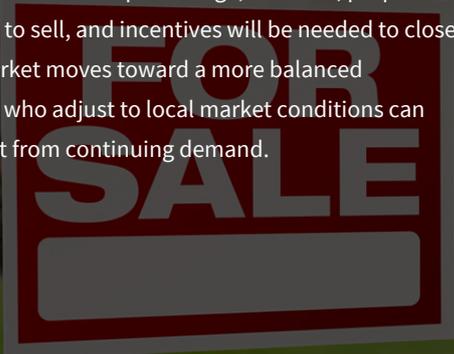
## *WHAT CAN BUYERS EXPECT IN 2020?*

Buying a home in 2020 will offer opportunities for some buyers, as the supply of new homes relieves some of the inventory pressures, and prices moderate. While the inventory of new homes in 2019 remained focused on the high-end, as the luxury market cools, builders signaled their intent to increase offerings in the mid-price segment, a much-needed shift in the market. Until these homes are realized, 2020 will continue to see first-time buyers struggle with affordability, even with mortgage rates in an approachable range, as entry-level inventory is expected to remain constrained. Buyers will continue to move to affordability, benefiting mid-sized markets.



## *WHAT CAN SELLERS ANTICIPATE IN 2020?*

Sellers in 2020 will contend with flattening price growth, particularly in the high end market and slowing activity, requiring more patience and a thoughtful approach to pricing. Sellers of homes priced for entry-level buyers can expect the market to remain competitive and prices to stay firm. At the upper end of the price range, however, properties may take longer to sell, and incentives will be needed to close deals. As the market moves toward a more balanced scenario, sellers who adjust to local market conditions can expect to benefit from continuing demand.



If I can be of service in your buying or selling process, or to give advice and assistance to anyone moving to the area, please do not hesitate to get in touch. I can also provide a more detailed market analysis for your particular area. A therapist and a real estate agent in one package, what more could you ask for?