

# 2010 Q1 Market Update

Truth be told, this newsletter has been sitting in draft form on my laptop for the last month. I was pulling reports, analyzing data, and trying to craft a compelling story about the state of the market. It was going to be informative, factual, and data-rich. I just couldn't bring myself to send out what was shaping up to be a dry newsletter! Then, this week, studying March sales, something exciting started to emerge — signs of life in the higher-end market! A few months back, I wrote about the disparity between the market under \$700,000 and the one above. The higher end has been plagued by limited jumbo financing, and steep down payment, cash reserve and credit rating requirements. And although none of that has changed, in March, the high-end market seemed to come alive.

In a few quick data points,\* here's what I saw that excited me:

- As of March 30, there were **95 pending home sales** above \$700,000 in the city of Seattle.
- The average market time among these listings was **82 days**.
- The average list price of the homes under contract was \$1.158 million, and 42 of the 95, **almost half, were above \$1 million**.
- 51 of these homes had market time of less than 30 days— **many with as few as 3 days!**

In January and February by comparison, the homes that sold in this price category had average market times of 157 days. And in January and February, there were only 88 closed sales of homes above \$700,000 — March's pending activity exceeded the two prior months' sales combined! Accelerated market times and increased sales velocity are strong signals for any market, but particularly encouraging for this one, which has been so stagnated by recent economic turmoil.

*\*Data reflects sales [closed transactions] and pending activity [new contracts] for single family homes in Seattle through March 30, 2010, according to the MLS.*

So why are we seeing the upper end of the market heating up? I have a couple thoughts:

First, buyers in higher price ranges are finally sensing the bottom of the market. Others may have sensed it before now, but first-time homebuyer tax credits and low-down-payment loans helped entry-level buyers off the fence earlier. Higher-end buyers, who have been required to put anywhere from 20%-50% down, have been a little more sensitive to the prospect of further market declines. With signals that the market has likely reached bottom, however, these buyers are feeling more secure about making an investment in residential real estate.

Second, it's spring! Inventory and enthusiasm historically tend to pick up at this time of year. Good quality, well-priced homes are coming on the market, and qualified buyers are actively shopping and writing offers. These are good signs for a healthy spring season.

Does this matter if you're not in the \$700k+ market? Absolutely! The housing market is so important to the economy, and homes are many people's most significant asset. Seeing confidence return to the real estate market, particularly the higher-end segment, is something we can all feel good about.

As always, if you're curious about specific trends in your neighborhood or price range, don't hesitate to give me a call or drop me an e-mail.

Happy spring!  
Jonathan

