



GROUP ESTES *realty*

Real Estate 2020: National Market Outlook

Greetings Client Advocates,

January 2020

Welcome to 2020, the official start of a new decade! We hope you had a restful and joyous end of the year, filled with friends, family and fun celebrations.

Our great news this month is that Deborah Oaks has joined us at Group Estes Realty. We are delighted to add her talents and passion to the team.

As we start to get back into the swing of things, we are sending information to keep you up-to-date on the national real estate market. Of course, it's impossible to predict the future! However, by going over the latest market trends, this information provides some insight on what to expect in the months ahead. You will also learn about several significant changes that we have seen over the past 15 years that indicate a steady housing market today.

Locally, we are seeing interesting signs. Throughout the region, there were fewer sales in December, however, prices are strong. In large part because inventory is down – supply and demand drives pricing. King County's Eastside posted the highest sold price (on average) ever. Seattle average pricing was virtually unchanged, however King County as a whole – benefitting not only from the Eastside but the south end, posted the highest sold price since last June. Snohomish County posted its highest sold price ever, and Pierce County (boosted no doubt by the hot market in Tacoma) tied its September 2019 highest ever sold price.

What does that mean for 2020? Our local economy and job market are strong. Interest rates are still at historic lows. Severe recession fears, as you will read in the flyer, appear to be abating. Two 'did you know' components in the flyer are quite reassuring to us – when adjusted for inflation, today's home prices are lower than those in 2006 that contributed to the crash.¹ And subprime / non-prime loans (granted to borrowers unable to qualify for conventional mortgages) only made up a small percentage of loans in the past five years compared to 20% in 2005.² There is more encouragement on this topic in the flyer; please do check it out.

Locally, what we will all get to see as the year unfolds is whether the usual Spring uptick in listings and buyers occurs, and whether that results in faster sales, mild competitions or a continuation of the moderation that we felt in 2019. Because even if there is no buyer competition, if a seller has prepared their property beautifully, priced it competitively (vis-à-vis the comparable properties being offered and recently sold), and especially if the property is in an attractive commuting / amenity location, prices will likely keep trending up. Albeit not on the rocket ship as they were prior to Spring 2018!

¹ Seeking Alpha, "We're Definitely Not in a Housing Bubble" August 2017

² Invest Four More "When Will There Be Another Housing Market Crash?" September 2019

We, of course, can help sellers with presentation and aggressive, yet compelling pricing. As well as being able to inform our buyers as to whether market conditions and data support what a seller is asking for a property that is of interest to them. We take our responsibilities to our clients very seriously and work diligently to deliver to best interests. Every. Single. Time.

A new component is being added to our newsletter – a basic list of preventive maintenance tasks to encourage you to apportion out what your property needs to run smoothly! For January³, Clean your kitchen light fixtures (you could use a microfiber or duster). And declutter; try to get at least three bags of *stuff* out of the house!

Before wrapping up for this month, here's a snapshot of a few of the vendors in our referral database as well:

Spotlight Vendors for January

D. A. Burns & Sons - info@daburns.com - 206-782-2268
Carpet Cleaning

Wes Czyz - Vieshick Construction LLC - wieslawcz@hotmail.com - 425-985-7893
Contractor

Lucetta Lightfoot - Lightfoot Accounting - lucettalightfoot@msn.com - 206-282-2641
Accountant, Bookkeeping

Dwight Lane - Dwight Lane Painting LLC - Dwight.Lane@comcast.net - 253-229-2490
Painter - Exterior, Painter - Interior

Mike Marinez - Mike's Plumbing & Drain Cleaning - info@mikesplumbinganddrain.com - 425-775-0201
Plumber

The real estate market is always a hot topic, especially at the start of the year. If you have questions about what you are hearing in the news, please don't hesitate to reach out! At the end of the day, real estate is local, and we would enjoy walking you through what's going on and how it may apply to you.

We appreciate your ongoing advocacy and are delighted to be of service.

Sincerely,
The Group Estes Realty Team

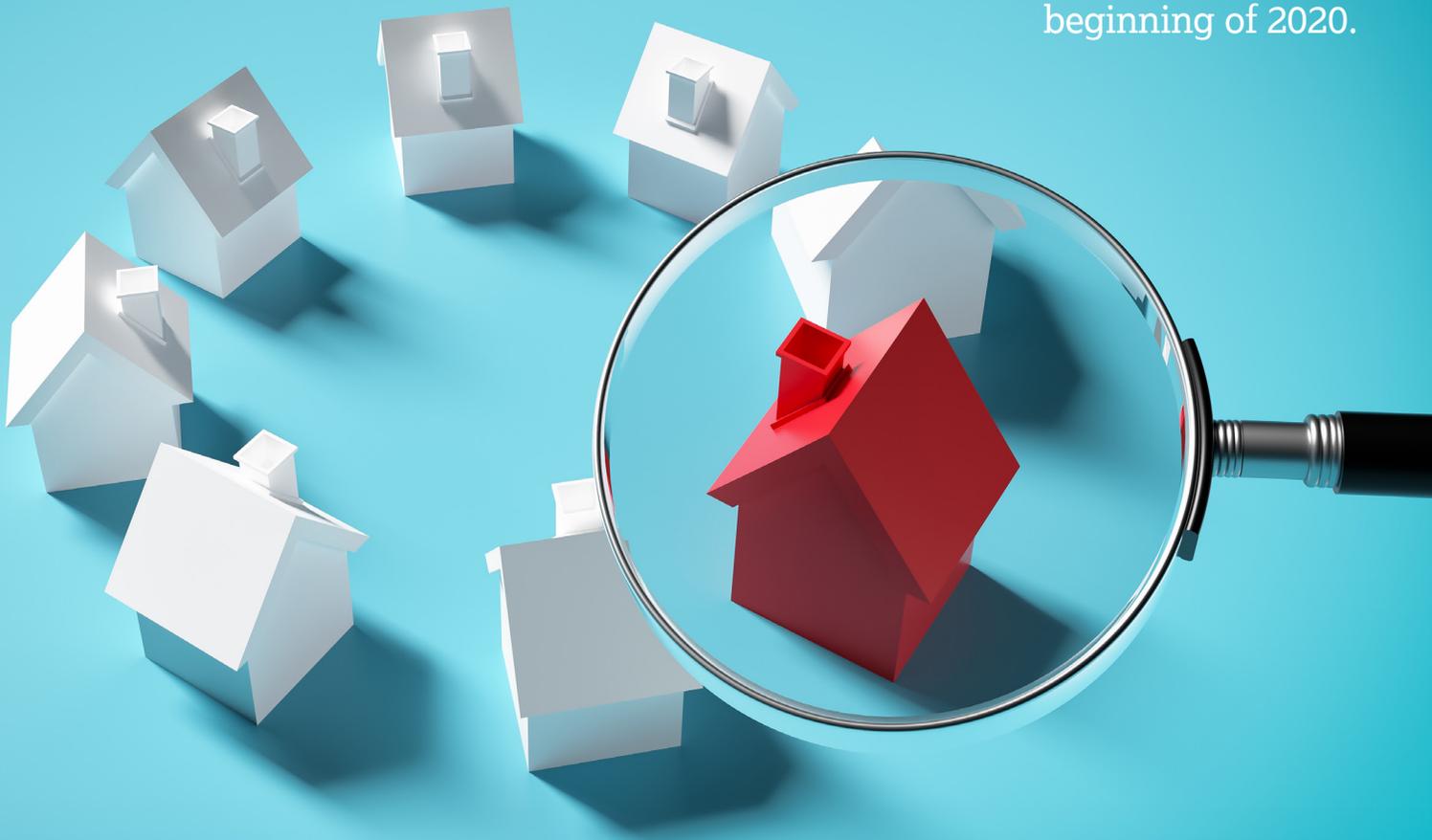
Always looking for more ways to be of service ... and working exclusively by referral throughout North King County and South Snohomish County (and beyond sometimes!)

If you know of someone who would appreciate the consistent level of service we provide, please introduce us via email, or call / text us with their name and contact information, and we'll be happy to follow up and take great care of them.

³ Becky Rapinchuk, "Simply Clean: The Proven Method for Keeping our Home Organized, Clean and Beautiful in Just 10 minutes a Day" and Jill Nystul on her blog One Good thing By Jillee

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It's impossible to predict the future, but here's a look at where the real estate market stands at the beginning of 2020.



Existing Home Sales Looking Up

Existing home sales increased in 2019.¹

Explained: Buyers took advantage of low interest rates, leading to more homes being sold.

Bigger Picture: It's a good time for sellers, with homes spending about a month on the market.

Home Prices Continue to Rise

Home prices crept up slowly year-over-year in 2019.²

Explained: Inventory is still tight, contributing to a steady increase in prices.

Bigger Picture: Despite this steady increase, historically low mortgage rates make the monthly payment more affordable.

First-Time Buyers Toss Their Hats in the Ring

First-time buyers comprised 33% of all home buyers.³

Explained: Many older millennials (ages 29 to 38) are getting into the market.³

Bigger Picture: Low rates make a monthly mortgage more appealing than the monthly rent, encouraging young people to purchase a home and build equity.

The market is always changing — give me a call to get the latest!

2005 vs. 2020: Changing Times, Changing Markets

Many people are approaching this year anticipating another recession. However, times have changed, and there are quite a few differences between the years that led up to 2008 and today that may ease these concerns.



At the end of 2019, the U.S. jobless claims were at a 50-year-low.⁴



Stricter lending standards reduce the likelihood of borrowers defaulting on their mortgages.⁷



When adjusted for inflation, today's home prices are lower than those in 2006 that contributed to the crash.⁵



Homeowners are more cautious, choosing to retain equity in their homes instead of borrowing against them.⁸



Subprime or nonprime loans (granted to borrowers unable to qualify for conventional mortgages) only made up a small percentage of loans in the past five years compared to 20% in 2005.⁶

Don't hesitate to call me with your questions on the state of the real estate market! I'm honored to share more market updates and serve all of your buying and selling needs in the new year.

Source: ¹National Association of REALTORS® Existing-Home Sales Data, October 2019. ²CoreLogic Home Price Index Report, October 2019. ³NAR 2019 Home Buyers and Sellers Generational Trends Report. ⁴U.S. Department of Labor, Bureau of Labor Statistics, 2019. ⁵Seeking Alpha, "We're Definitely Not in a Housing Bubble," August 2017. ⁶Invest Four More, "When Will There Be Another Housing Market Crash?" September 2019. ⁷U.S. News, "Your Guide to the Housing Market," September 2019. ⁸The Mortgage Reports, "Report: Home Equity Increases, but Borrowing Doesn't," July 2019.