



**THE BUYER'S GUIDE
TO OVERCOMING
SEATTLE'S HOUSING
SHORTAGE**

Whether you're a first-time buyer new to the region, or a lifelong resident and seasoned homeowner, Seattle's bustling housing market can be a challenge to navigate. This guide gives potential buyers an overview of the Seattle-area market, including the current state of inventory, the forecast for 2021, a rundown of the most and least affordable areas within the Seattle Metro, and tips for buyers in one of the nation's most competitive housing markets.

TABLE OF CONTENTS

Seattle Home Price Forecast Suggests Increase Throughout 2021

1-4 Report: Seattle Housing Market Inventory Still Tight in 2021

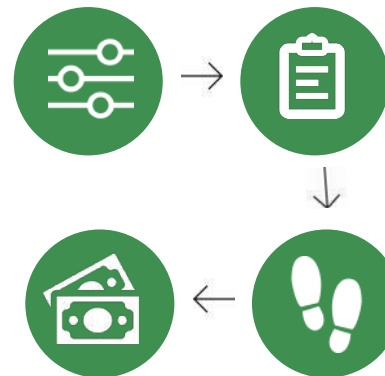
Seattle Real Estate Outlook for 2021 and Beyond

Most Affordable Housing Markets in Seattle Metro Area

5 -8

9-11

12-15





SEATTLE HOME PRICE FORECAST SUGGESTS INCREASE THROUGHOUT 2021

A recent forecast for Seattle home prices suggests that house-value increases are in the works over the next year. One source predicts an increase of around 11.1% between now and January 2022. Due to limited inventory, competition among buyers remains high.

The Latest Home-Price Forecasts for Seattle

Home prices in the Seattle metro area have risen sharply over the past decade, but decreased from mid-2018 to mid-2019. But prices are now back on the increase.

This month, the economists at Zillow predicted that home prices in Seattle would increase by 11.1% between now and January 2022, as already noted above. That's a hefty increase.



Zillow's forecast for Seattle home prices is quite a bit lower than for the nation as a whole. The company's research team expects house values nationwide to rise by 10.3% during the same 12-month period mentioned above.

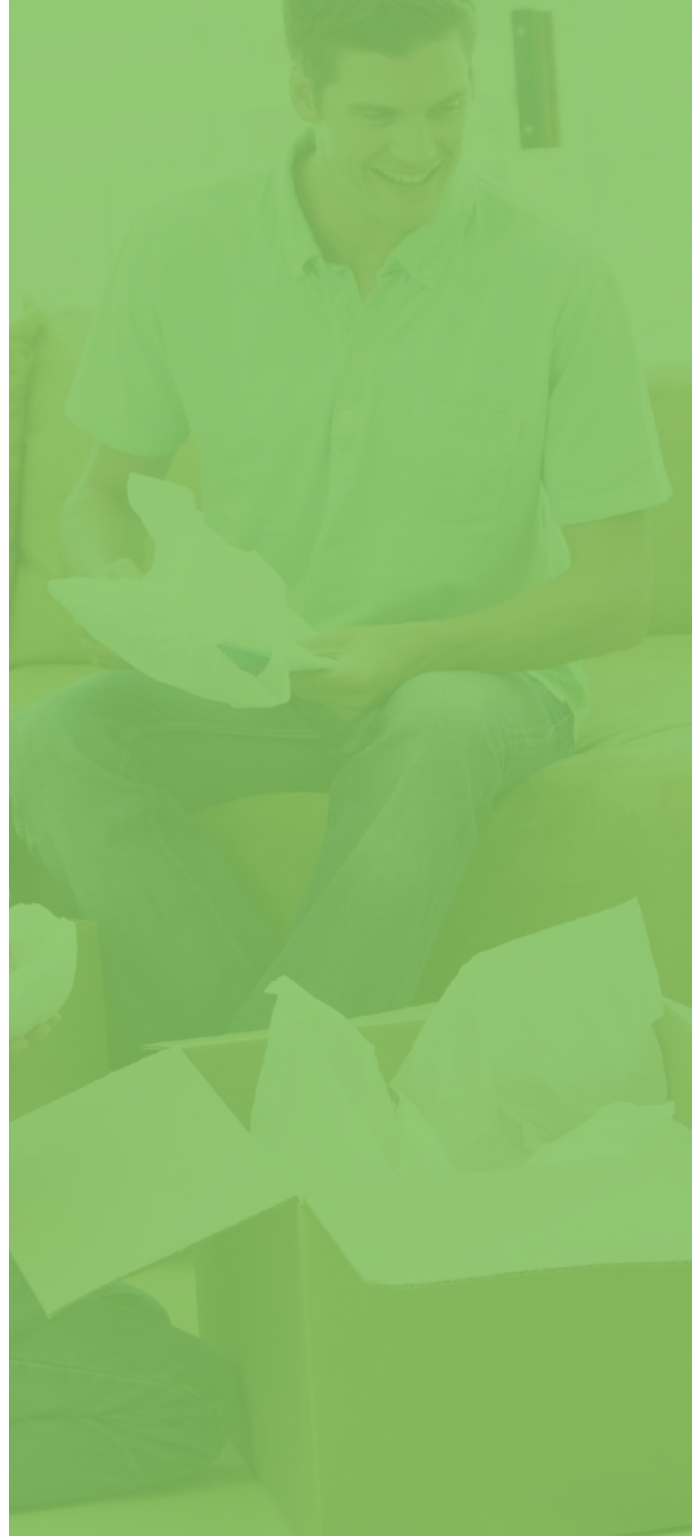
Of course, this is just one forecast. But the general consensus appears to be that there will be appreciation in the coming months.

One of the Most Competitive Housing Markets

Not only do the latest home price forecasts for Seattle suggest an increase in median values, but the market itself is still very competitive. This is largely the result of limited inventory. There just aren't enough homes listed for sale in the area to satisfy demand, and this continues to put upward pressure on house values.

Nearby markets are also very competitive and much hotter than Seattle. According to a recent news release from the real estate brokerage Redfin, Tacoma is actually the hottest market in the country right now, and this is mainly due to migration by priced-out buyers from the Seattle market.

And with Seattle's anticipated price increases, buyers who are planning to enter the market in 2021 should be prepared to act quickly when the right house comes along. Our Seattle home buying survival guide will help you get ready.





DISCLAIMER:

This article contains Seattle home price forecasts for 2021. These predictions were offered by third parties not associated with our company. We have presented them here as part of our educational mission in support of homeowners and home buyers.





REPORT: SEATTLE HOUSING MARKET INVENTORY STILL TIGHT IN 2020

We've written before about the tight inventory conditions in Seattle's housing market. Seattle's inventory currently sits at around a 1-month supply of available housing. A recent report from Realtor.com included Seattle in a list of cities which had experienced substantial inventory decreases.

Largest Year-Over-Year Listing Decreases

Here are the five housing markets with the largest YOY decreases in inventory as of January 2021. The percentages shown by each city indicate how inventory (the number of homes for sale has changed during this period.



San Jose-Sunnyvale-Santa Clara, CA:
37.3%



Phoenix-Mesa-Scottsdale, AZ: -35.4%



San Diego-Carlsbad, CA: -34%



Seattle-Tacoma-Bellevue, WA: 31.5%



San Francisco-Oakland-Hayward, CA:
30.5%

The report also noted that significant increases to inventory did not necessarily translate into greater affordability. Many of these inventory gains were reported in the most expensive markets. And so these inventory gains may have improved conditions to some degree, but they didn't necessarily have an extremely high impact.

Seattle's real estate market inventory situation is notable, and is a big reason why prices are being driven back up. And the market will still be relatively tight when compared with other markets. Buyers should expect a reasonably high level of competition.

The housing inventory situation in Seattle is already tight enough, and buyers looking for homes in the entry-level price range of around \$500,000 or less will find it particularly difficult to find anything.

Buyers - especially first-timers or those with a particularly tight budget - will find the market in Seattle especially tight, which is why working with an experienced real estate agent and mortgage company is necessary to put their best foot forward and increase their chances of success.

Tips for Buying a House in a Tight Market

Inventory is still tight in Seattle's real estate market, so home buyers need to bring their 'A' game. Competition is high, especially for desirable properties in popular areas. But there are things you can do to improve your chances for success.

- For starters, check out our [Seattle home buyer's survival guide](#). It offers a wealth of tips for succeeding in this hot market.
- Getting pre-approved for a mortgage loan before house hunting will give you a leg up in the market. Sellers will be more likely to accept your offer if it comes with a pre-approval letter.
- Narrowing your home search will increase your efficiency, thereby improving your chances for finding a suitable property. Research the market ahead of time, with an eye of recent sales prices. Limit your search to the kinds of properties you can realistically afford, based on your pre-approval and/or personal budget. Don't waste time shopping above your price range.
- Quibbling with the seller over "nickels and dimes" or minor inspection issues could cause the home to slip through your fingers. You can bet there are other buyers waiting in the wings. So when you find a realistically priced property that meets most of your needs, seize the day!

CONTACT US:

If you need a mortgage loan to buy a home in Seattle, please let us know. We can help you prepare for this hot housing market by getting pre-approved for a loan. Contact our staff with any mortgage-related questions you have.



SEATTLE REAL ESTATE OUTLOOK FOR 2021 AND BEYOND

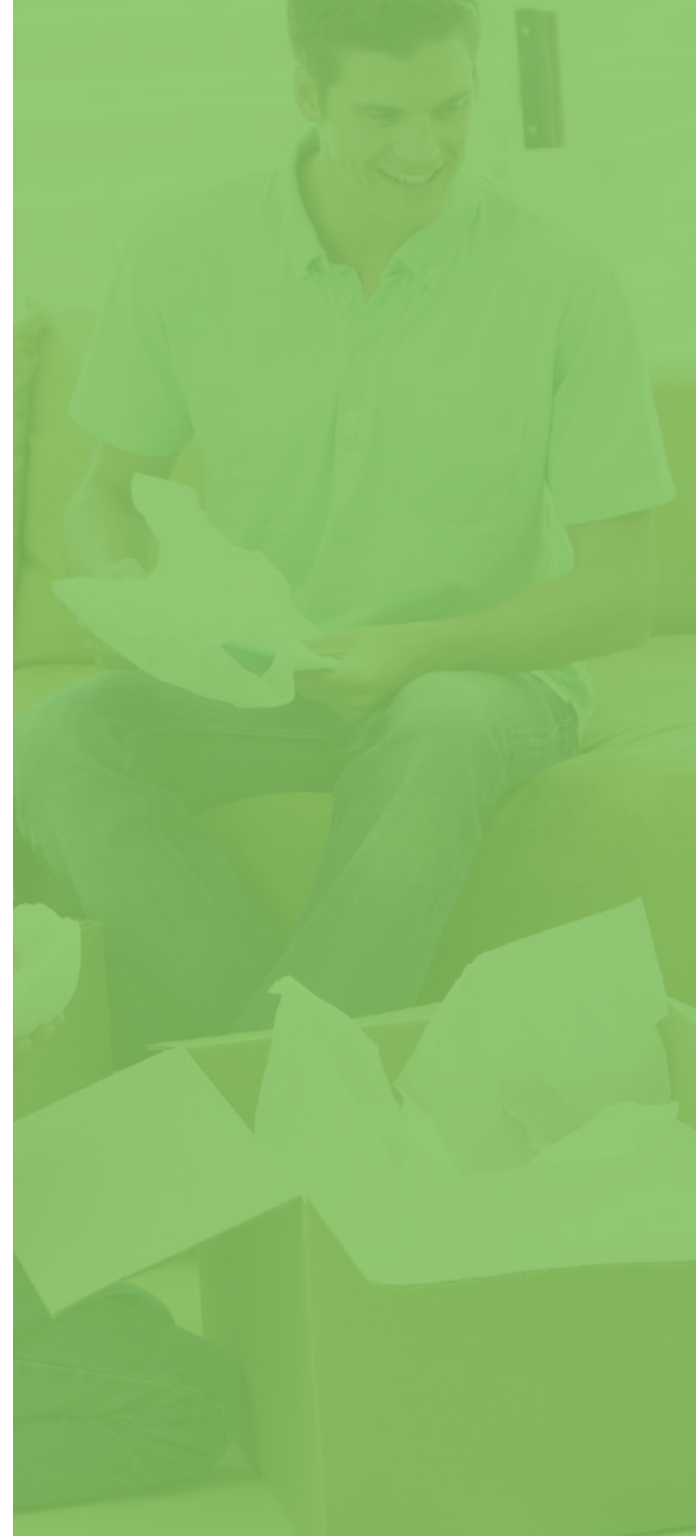
This is an update to the Seattle real estate outlook we published back in 2017. It takes a fresh look at housing market trends in the Seattle metro area, with an outlook through 2021 and beyond.

A Real Estate Market to Watch in 2021

Zillow recently came out with a report which listed the top 10 hottest markets in the country. While Seattle was not a hot market over the past year, nearby Tacoma - which is part of the Seattle Metro Area - was. Tacoma's average home price increased a whopping 15.8% over the past year and is expected to increase by another 12.0% over the next 12 months. Right now, the average home price in Tacoma is \$389,889.

What to Expect

The real estate outlook for Seattle in 2021 and beyond can be summed with a single sentence: Home prices will most likely increase throughout the end of this year and into the next, so buyers may want to get into the market sooner rather than later.



The economists at Zillow, for example, recently put forth a projection of improvement for the Seattle real estate market. They expect house prices in the area to increase by around 11.1% between January 2021 and January 2022. That's a significant increase. Seattle showed huge gains in previous years, and so current trends are balancing out those abnormal gains of yesteryear.

Population Growth Continues

Population growth has a lot to do with all of this. Seattle is a great city that attracts new residents from all over the country. This brings more home buyers into the real estate market, boosting demand and prices. Population growth contributed to the huge increases we saw before,

Recent research has showed that Seattle saw a large population growth from 2018 to 2019. According to the research, Seattle's population increased by 11,400 people from July 2018, to July 2019, reaching a total population of 753,700. More people tends to equal more demand for housing, which can explain why inventory is so tight in Seattle.



MOST AFFORDABLE HOUSING MARKETS IN SEATTLE METRO AREA

There is still good news for first-time buyers who may be intimidated by Seattle's rising median housing price: There are pockets of relative affordability in the area. A report from the chief economist at Zillow highlighted the five most affordable cities in the Seattle metropolitan area, relative to the median income. These data are from 2017, mind you, but this information will still be useful for buyers today. If you're needing to look beyond Seattle proper for price reasons, you should consider one of these other areas.

Most Affordable Cities in the Seattle Area

Though high demand and limited inventory have forced home buyers to compete fiercely, especially in the more sought-after areas, there are more affordable options for people who want to buy a home in the Seattle metro area. The key is to be willing to look just outside of the city itself.

The chief economist for Zillow prepared a report in February 2017 for Seattle NBC affiliate King 5 News. It listed five of the most affordable cities and housing markets in the Seattle area, based on the percentage of income that goes toward housing costs in each area.



ZILLOW'S ECONOMIC RESEARCH

team looked at the median income for various cities in the Puget Sound area, and compared that to median home values.

In the city of Seattle, at the time of this research, people were spending about 25% of their income on housing. Here are five more affordable cities in the metro area, along with the percentage of income needed to cover mortgage and housing costs:



Marysville: 16.2%



Tacoma: 17.4%



Auburn: 17.8%



Kent: 19.5%



Federal Way: 20.1%

As of January 2021, the median home price in Marysville, Washington is \$439,381. In Seattle, it was \$804,500 at the same time. That goes to show how much more affordable housing becomes when you drive a little further north (in this case). With a median home price of around \$389,889, Tacoma is another affordable option for those who want to live in the area but have concerns about the financial feasibility.

The Most Expensive Housing Markets

On the other end of the spectrum, the least affordable city in the Seattle area was Bellevue, Washington. People there spend nearly 30% of their income to cover their mortgage and housing-related expenses. Right now, in Bellevue, the median home price is \$1,056,617.

Other cities that were more expensive relative to income included Seattle (of course), Everett, Renton, and Kirkland. “Seattle is certainly a very hot housing market right now,” said Dr. Svenja Gudell, Chief Economist for Zillow. “We’re seeing a lot of demand, a lot of newcomers to the area and as that continues, we’ll see even more of these outlying communities start to heat up a bit and get more expensive.”

FINAL THOUGHTS FOR BUYERS

Because Seattle is a wonderful and vibrant place to live, expect competition for the house of your dreams. Sammamish Mortgage has plenty of experience helping home buyers navigate this market since 1992, and we would love to help you get into your perfect Seattle-area home. Give us a call at 800-304-6803 to get started with an expert today. We offer highly competitive rates on a variety of loan products. Please contact us with any questions you have, or to receive a rate quote.

PLEASE CONTACT US TODAY
WITH ANY QUESTIONS YOU
HAVE, OR TO APPLY FOR THE
VA LOAN PROGRAM.



Contact Us Today!

VISIT US NOW