



WE WOULD LIKE TO
EXTEND A BIG THANK
YOU TO THOSE OF YOU
THAT HAVE REFERRED
FRIENDS & FAMILY

WHAT CAN WE EXPECT IN 2012?

A SELLER'S MARKET MAY BE COMING

By Bill Badgley

LOOKING FOR TRENDS

With the tremendous database of statistics that we have built over the last several years, we often go searching for trends that help us better understand what has happened in the real estate market. As we rolled into the new year 2012, it was time to look for those trends again.

The geographic market area that we are concerned with, and that this article reports on, is the Eastside market which takes in Bellevue, Kirkland, Issaquah, Sammamish, all of the plateau communities, Juanita, and most of Woodinville. During

the year just past, we began to notice that there weren't as many "quality" homes on the market as there had been in the previous year. We couldn't determine if that was just seasonal fluctuation, or if a bigger trend was developing.

So as the 2011 year closed out, I began the research to see what might be learned from the data. The results were very interesting! The two charts on the inside of this newsletter do well to present the trends that the statistics verify, and I will take the next few paragraphs to explain what this means.

INVENTORY DECLINING

The most important trend that that statistics show is that the inventory of homes on the Eastside market

CURRENT INTEREST RATES:

15 YEAR: 3.125% APR 3.373%
30 YEAR: 3.750% APR 3.892%

RATES PROVIDED BY:
CHRIS BUTAUD

NMLS #13157

GUILD MORTGAGE
(206) 999-6941

CBUTAUD@GUILDMORTGAGE.NET

Badgley & Badgley

425-895-8833 · 888-649-5462

WWW.BADGLEYHOMES.COM

WHAT CAN WE EXPECT IN 2012? (CONTINUED)

has been declining. Refer to the Chart: “Comparison of Active to Pending Listings.” By tracking the blue line (upper line), we can see that the inventory of homes has experienced a dramatic drop from the mid-summer months of 2010. If we were to look at actual numbers, the inventory reached a peak of 3,348 in August, 2010, and that number steadily dropped over the months to reach a low of 1,717 homes on Monday, January 16, 2012. That is a 49% reduction in the number of homes available for sale in approximately 18 months.

BUYERS CONTINUE

The next most important trend found was that the buyers continue to buy at a fairly constant level. Referring to the same chart, but now looking at the red line, we can see that the buyer activity remained relatively constant over that same period except for the seasonal ups and downs normally expected. On January 16, 2012, the number of homes purchased in the preceding 30 days was 317 homes, a fairly strong number for the Christmas and New Year’s season.

PROJECTING FORWARD

Refer to the chart entitled: “Projection of the Months of Inventory.” As we project the current low inventory and fairly strong buyer numbers forward into the spring months of 2012, the months of inventory available for sale drops down to as low as 3.0 months, and remains below 3.2 months until mid-June of 2012. We haven’t had remaining inventory levels that low for nearly five years.

SELLER’S MARKET

Any time the remaining inventory on the market drops below 3 months, we consider the market to be a “seller’s market.” This is basic supply and demand at work. The number of homes on the market is low enough that buyers are not always able to find what they are looking for, and may have to compete with another buyer to purchase what has been found.

WHAT IS THE TAKE-AWAY WITH THIS NEWS?

First, this is only a projection at this point – but it is a projection based a solid set of statistics from the past 18 months, and on current trends and seasonal market increases that occur every year in the spring months.

Second, this will be historic news for the real estate market that tipped over around June of 2007, and has languished and struggled ever since.

Third, if you are considering selling a home in the near future, don’t expect buyers to rush out with multiple offers. Nor can we expect to see the market suddenly return to those historic highs.

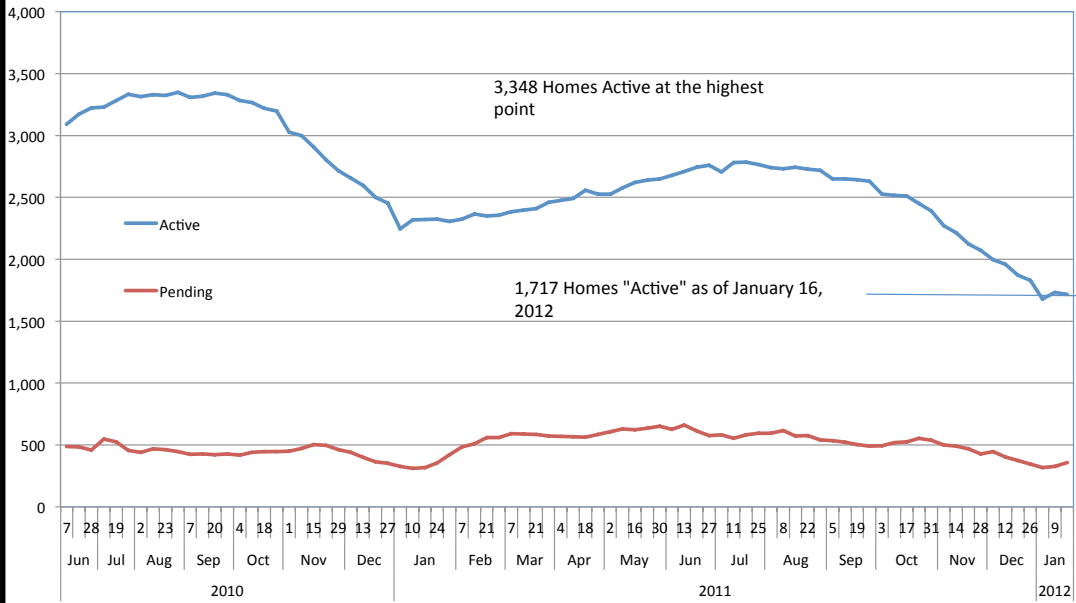
Fourth, we still have distressed properties entering the market and they will have an impact. We never know how many of these will be coming into the market at any given time, but there were 22 short-sale properties that entered the Eastside market in just the last 30 days. That trend will continue.

Finally, if you are planning on selling, your choice of an agent that understands this information will be extremely important. Our statistical data is consulted for every listing that we put on the market and we have achieved the enviable record of selling most of our listings within the first 30 days on the market, and at the highest possible price for the market.

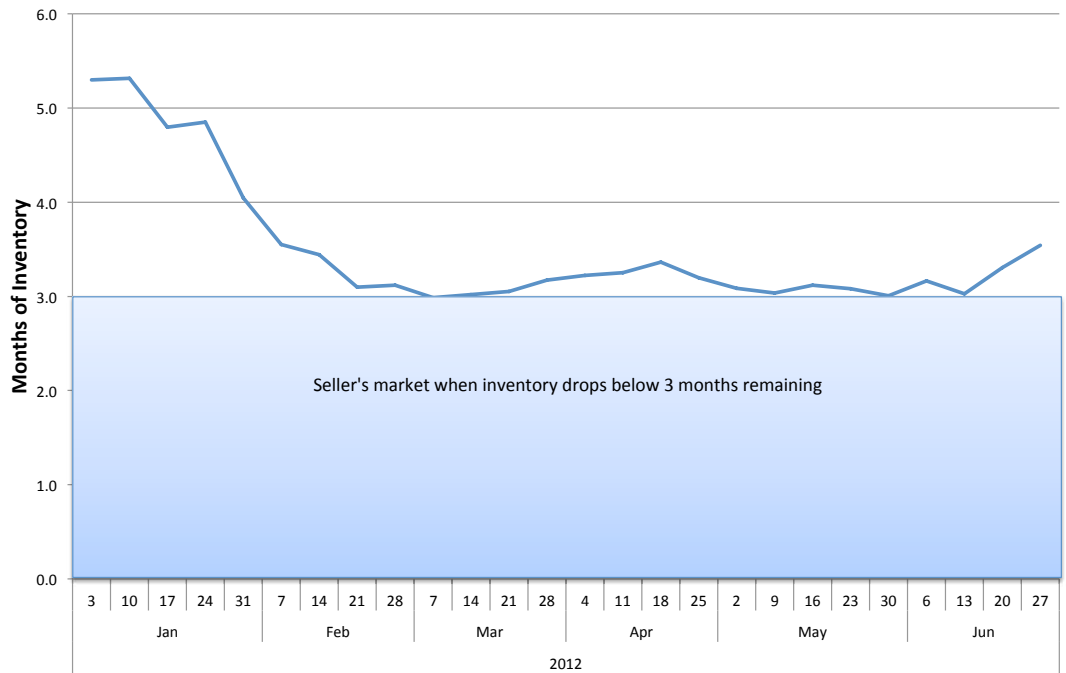
It is our conviction that at least part of the market decline that we have experienced in the last few months has resulted from poorly prepared real estate agents who don’t understand the market (or even watch the market), and their only method to success is to bargain price the homes they list for sale.

You don’t want to go there!

Comparison of Active to Pending Listings
Eastside Real Estate Market - Single Family Residential
 June 7, 2010 - January 16, 2012



Projection of the Months of Inventory
Eastside Real Estate Market - Single Family Residential
 January 2012 - June 2012



OUR LISTINGS ARE SELLING! WE NEED MORE TO SELL!

VIEW THESE AND MORE ON OUR WEBSITE AT WWW.BADGLEYHOMES.COM



Pending Sale

4322 29th Ave West
Seattle WA 98199
\$469,900
MLS #301575



Newport Hills

12522 SE 48th Place
Bellevue WA 98006
\$465,000
MLS #282694



Just Listed

19129 Dale Way
Lynnwood WA 98036
\$210,000
MLS #310188



SOLD

432 Overlake Drive E
Medina WA 98039
\$2,400,000
MLS #289177



SOLD

204 173rd Place NE
Bellevue WA 98008
\$675,000
MLS #251992



SOLD

2433 274th Ave NE
Redmond WA 98053
\$560,000
MLS #234254



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425-895-8833
3933 LAKE WASHINGTON BLVD NE
SUITE 100
KIRKLAND WA 98033


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