

YEAR

2020

HOUSING  
FORECAST

**J. Lennox Scott**  
Chairman & CEO

► PUGET SOUND

UNBELIEVABLY LOW INTEREST RATES

MORE AFFORDABLE AND  
MID-PRICE RANGES

BUYER READY, DAY ONE™

HOME PRICE APPRECIATION

HIGH END / LUXURY MARKET

EXTREMELY STRONG  
JOB GROWTH

SELLING IN TODAY'S MARKET

# Year 2020 Housing Forecast

When looking at the current market, or projecting market condition in the months or years to come, the key factors that are essential to analyze remain the same – **job growth, interest rates and the months of unsold supply**. All three factors drive the sales activity intensity in a particular area, and in central Puget Sound<sup>1</sup>, job growth is extremely strong, interest rates are in the threes<sup>2</sup> and the more affordable and mid-price ranges are at a severe shortage of unsold inventory.

These market factors all bode well for a positive year 2020 in the residential real estate market.



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Chairman and CEO

## ► Home price appreciation projections



In Seattle and on the Eastside, we anticipate a frenzy market, with home price appreciation for homes priced up to \$1 million to reach 6%+. This price range makes up 81% of sales activity in Seattle and 71% on the Eastside.

Homes up to \$500,000 in SE and SW King County, as well as Snohomish County, are projected to reach extreme frenzy sales activity intensity and appreciate 8%+. This price range makes up 70% of sales activity in SE King County, 75% in SW King County and 64% of sales activity in Snohomish County. From \$500,000 to 750,000, we will see a frenzy market, and home appreciation will reach 6% in SW and SE King County, as well as Snohomish County.

### SCALE: SALES ACTIVITY INTENSITY (HOMES SELLING IN THE FIRST 30 DAYS)



<sup>1</sup>Central Puget Sound refers to King and Snohomish counties. <sup>2</sup>As of press time.



## ► More affordable and mid-price ranges



In 2020, we will see seller gridlock in many areas in the more affordable and mid-price ranges. These gridlock conditions occur as a result of sellers hesitating to put their home on the market for fear that they may not be able to lock in their next home. This leads to fewer new listings coming on the market.

## ► Current luxury market



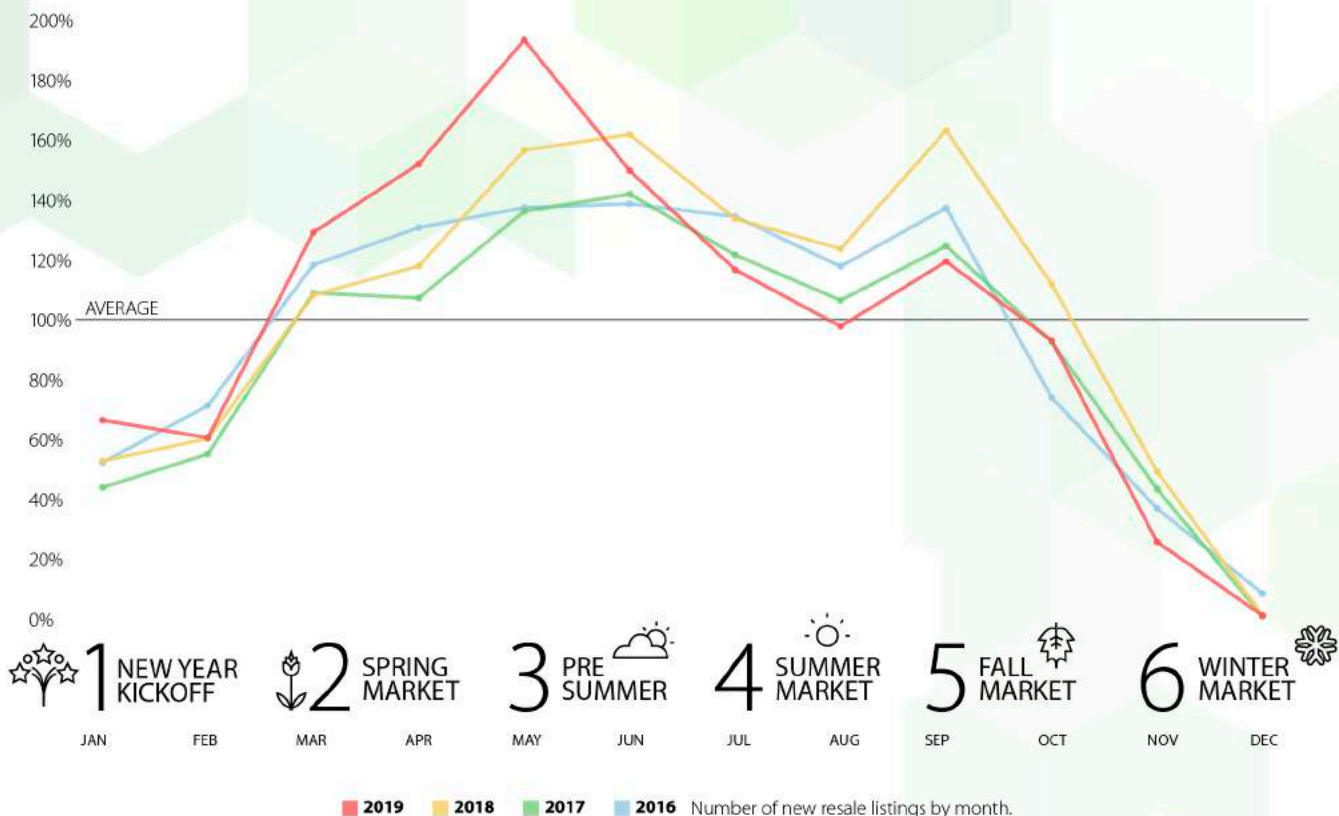
In the high-end and luxury market close to the job centers, sales activity intensity is projected to be up in spring 2020, then shift to moderate during the summer. Luxury sales activity intensity will be slightly lower starting in summer as more luxury listings start coming on the market, with an approximate 15 point reduction in intensity. Buyers may have the opportunity to secure a home-for-sale contingency when negotiating to purchase a luxury home.

In Seattle and on the Eastside, we project a frenzy market, with home price appreciation of 5% in the luxury price range of \$1 to 1.5 million. Sales activity intensity will be strong from \$1.5 to 3 million, then selective above.

## ► The six phases of the yearly housing cycle



Every year, the housing cycle can be divided into six phases. When comparing the number of new resale listings by month, the trends are cyclical and predictable. Though every year is slightly different, the main trends remain the same.

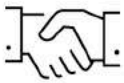


## ► Selling in today's market



No matter what phase of the housing cycle we're in, the best time to sell is **when the timing is right for you**. There is no issue with buying and selling within same-market timing – the result is often the same net seller asset equity any time of the year. While this is typically the case, there are certain scenarios that could have a differential. When looking to sell, it's important to work with an experienced broker to showcase your home in the best light to get the best price.

## ► Home buyers: looking ahead to 2020



The building blocks of a strong housing market are in place for 2020. For many consumers, the biggest challenge they will face when looking to buy a home in 2020 is related to available homes for sale in the more affordable and mid-price ranges.

For those looking to buy this year, it's highly recommended to begin the process early by connecting with a trusted broker for a market consultation. Being Buyer Ready, Day One™ is essential to get a home in today's real estate market. Beginning the financing conversation early is also key – it can help buyers understand what they can afford and create a higher level of seller certainty. The latter can provide a leg up above other buyers in the market, leading a seller to accept your offer.

Lawrence Yun, National Association of REALTORS® Chief Economist, projects interest rates will remain low and fairly stable in 2020.

With unbelievably low interest rates, strong home price appreciation and more, there will be many opportunities for buyers and sellers in the markets we serve in **Washington, Oregon, Idaho** and **California**.

**John L. Scott**  
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