

A photograph of a blue house with a garden at dusk. The house has a dark blue exterior and a white door with a small window. The garden is filled with various plants, including ferns and large-leafed plants. The scene is dimly lit, with some lights visible inside the house and in the garden.

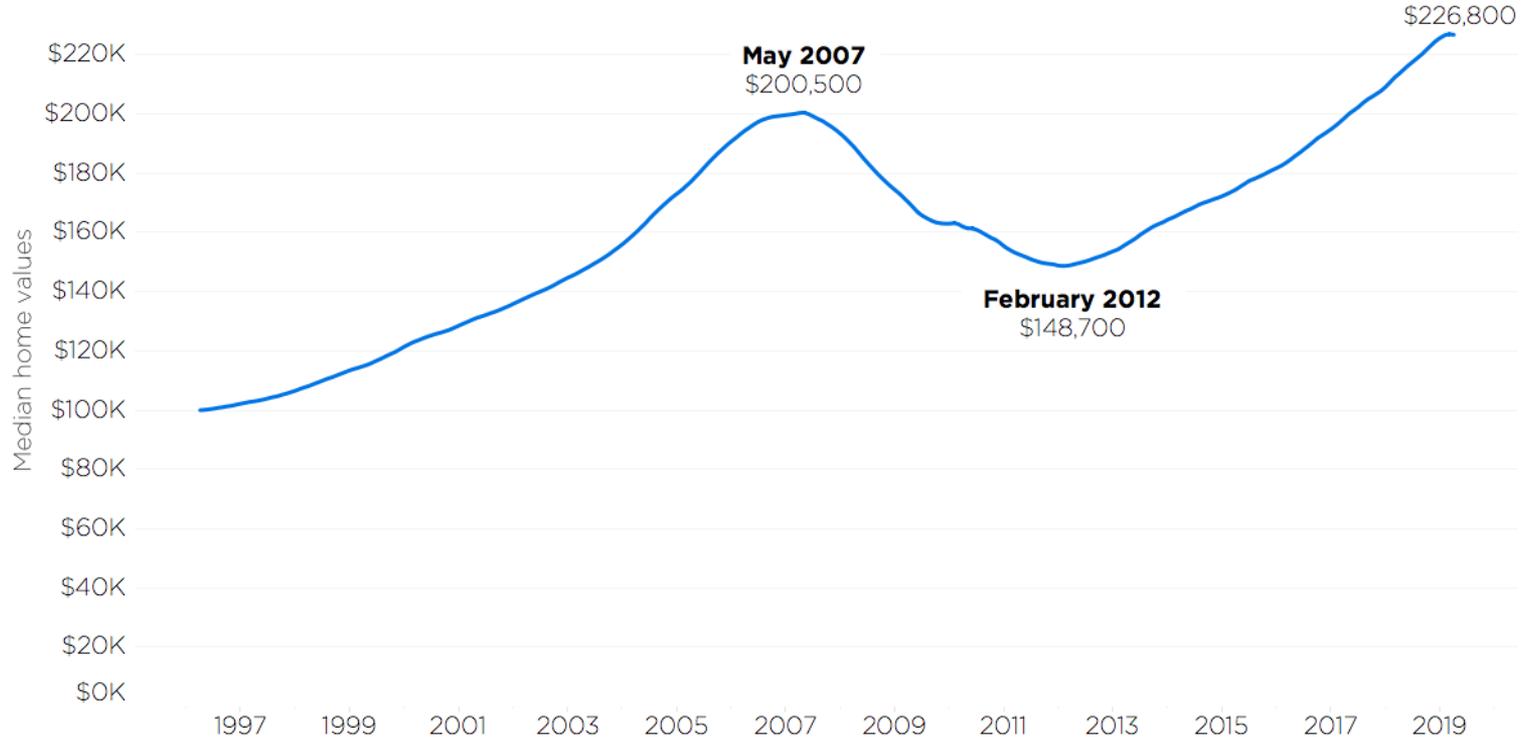
# Seattle Market Cooldown

## June 2019

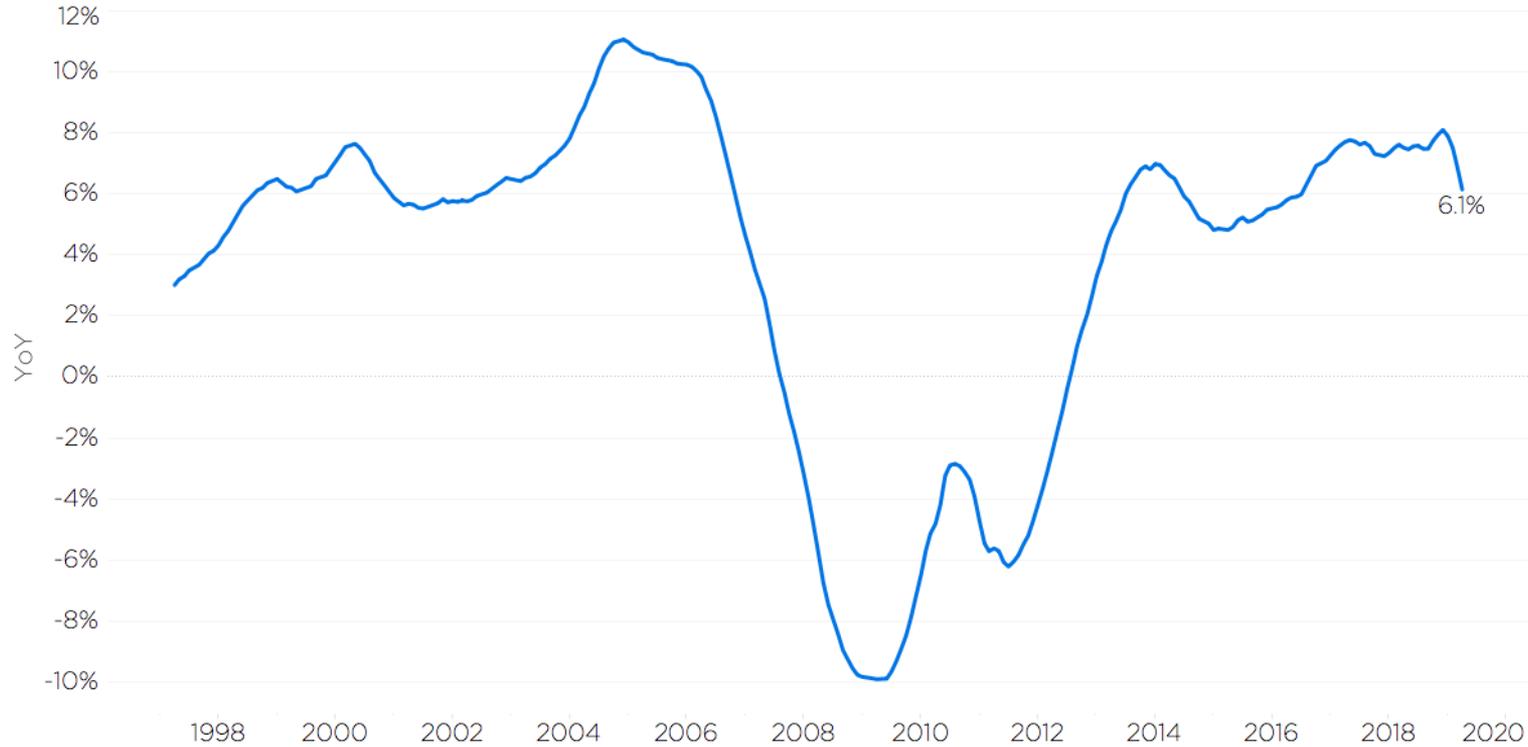
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Jeff Tucker  
*Economist, Zillow Research*

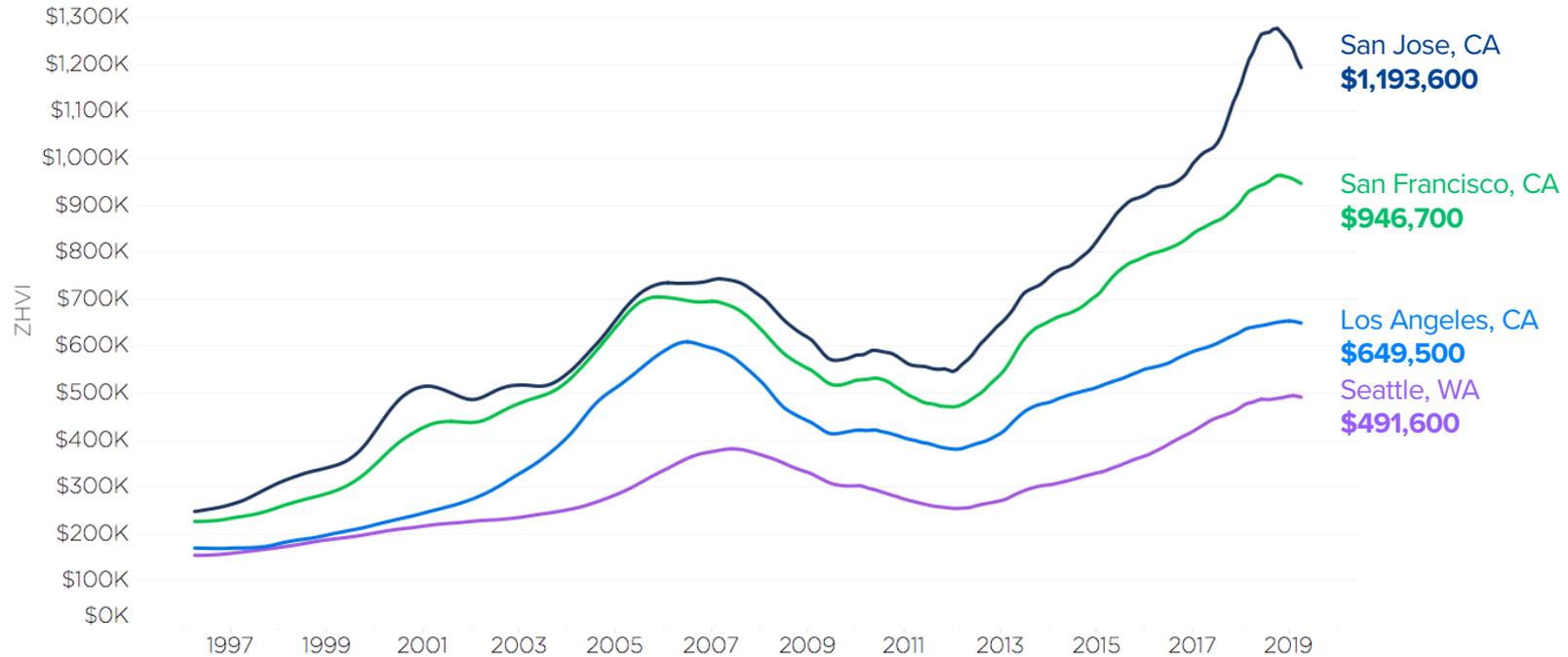
# US home values have reached a new peak...



## ...but are slowing after years of rapid growth



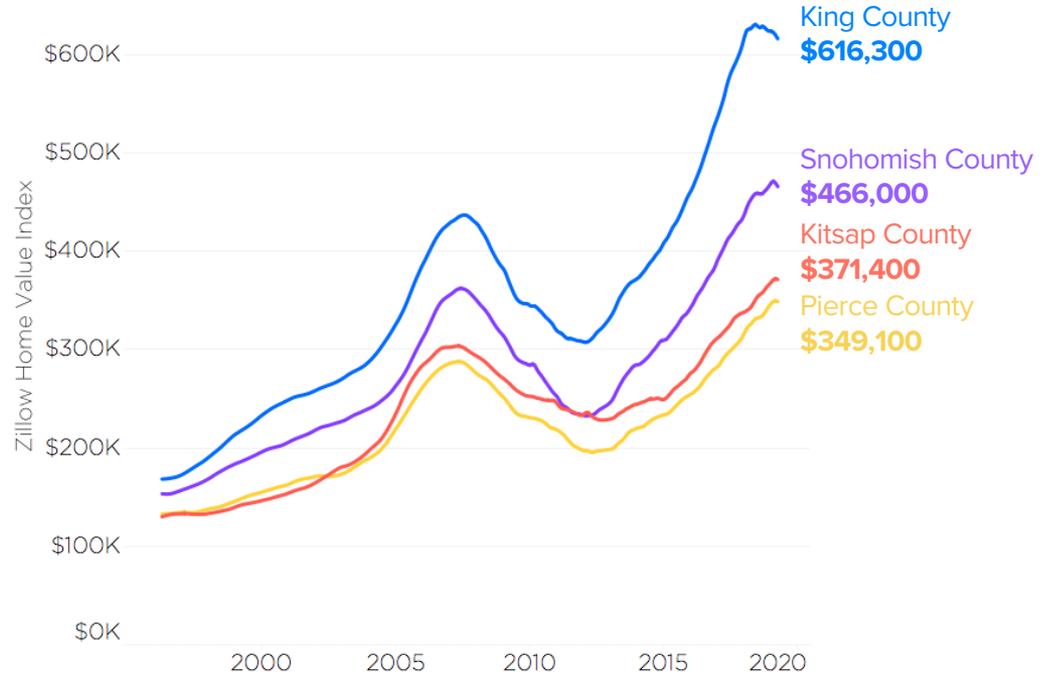
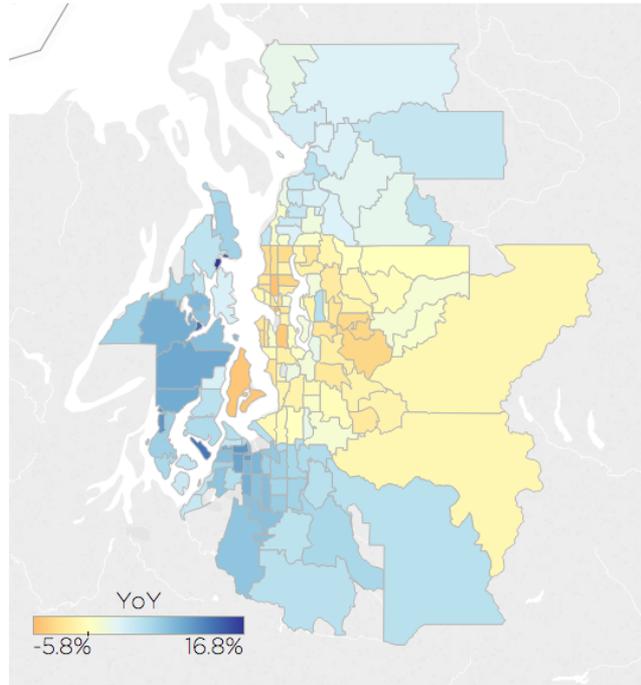
# West coast led the boom and the slowdown



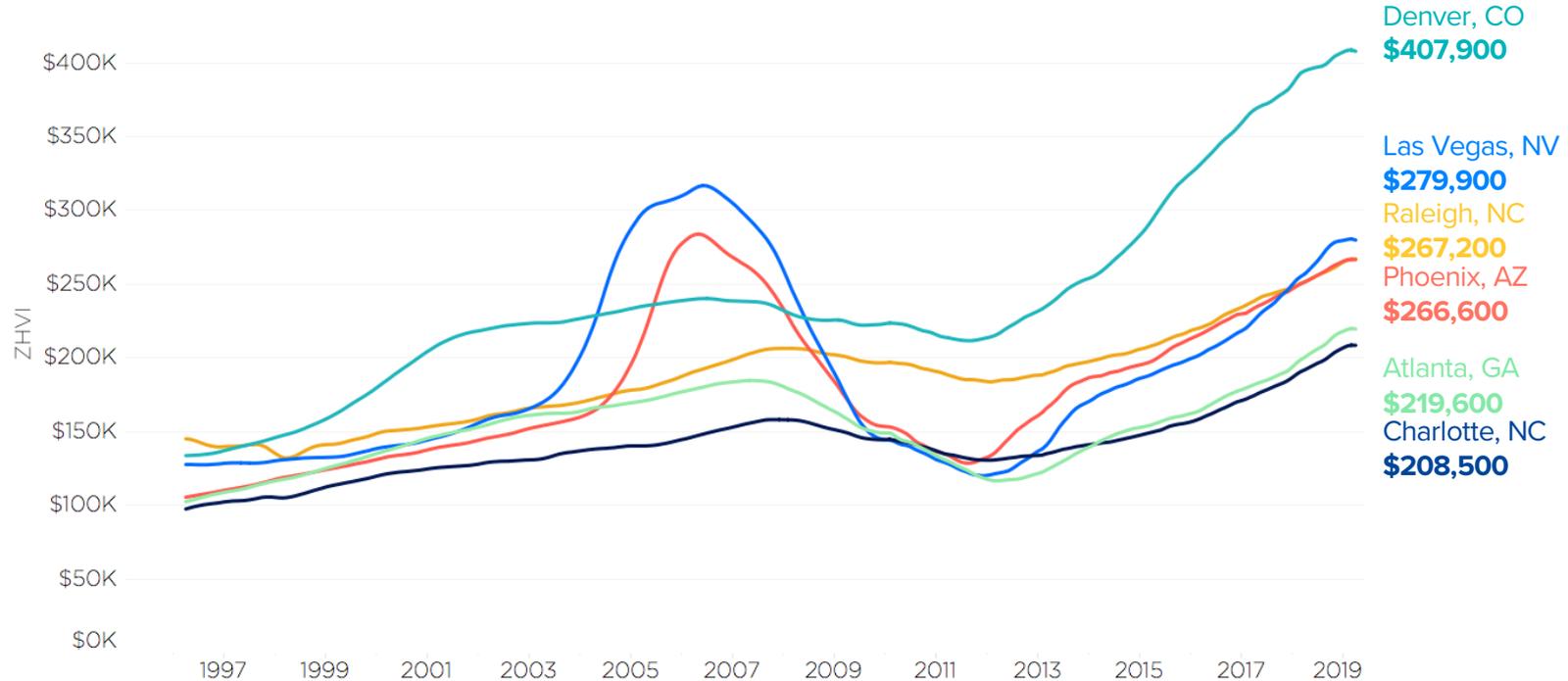
## ...with plunging growth rates



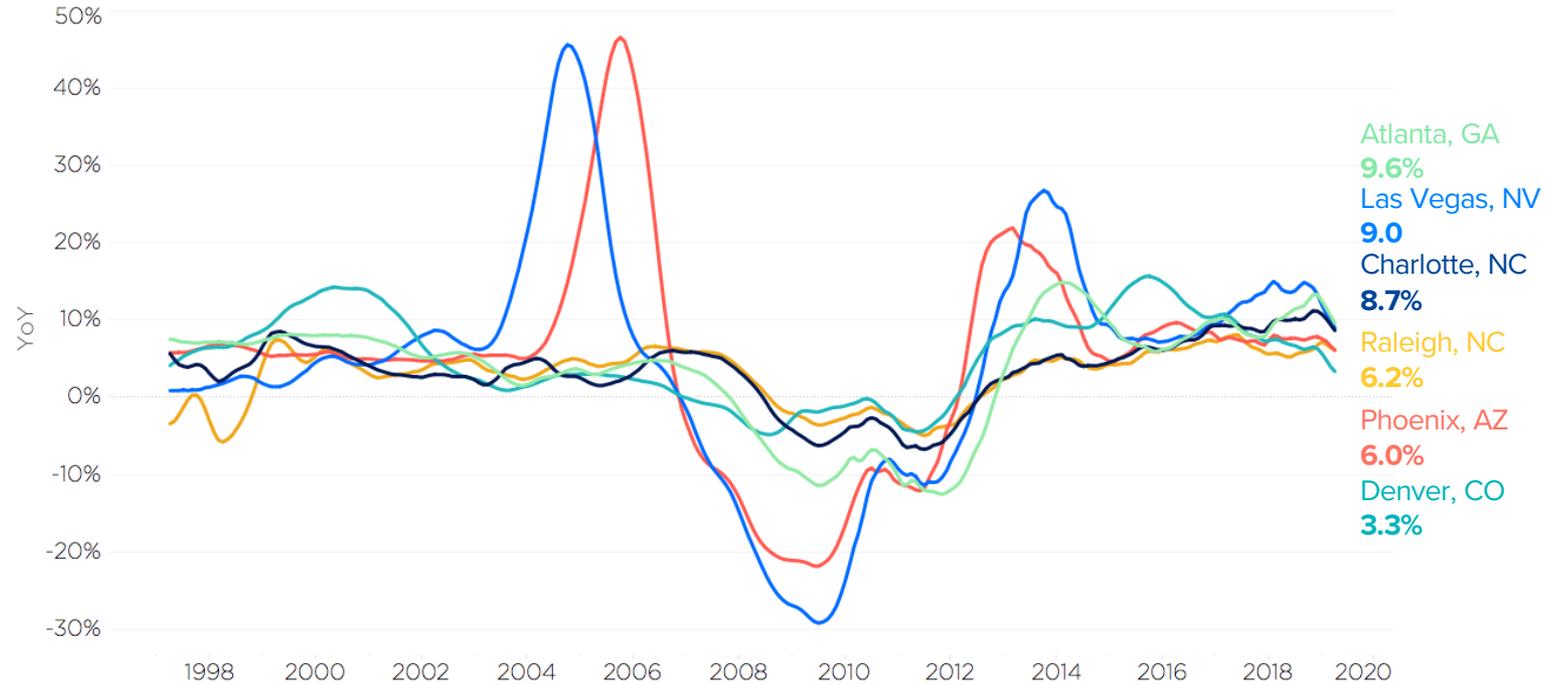
# Affordability breaking point in King County



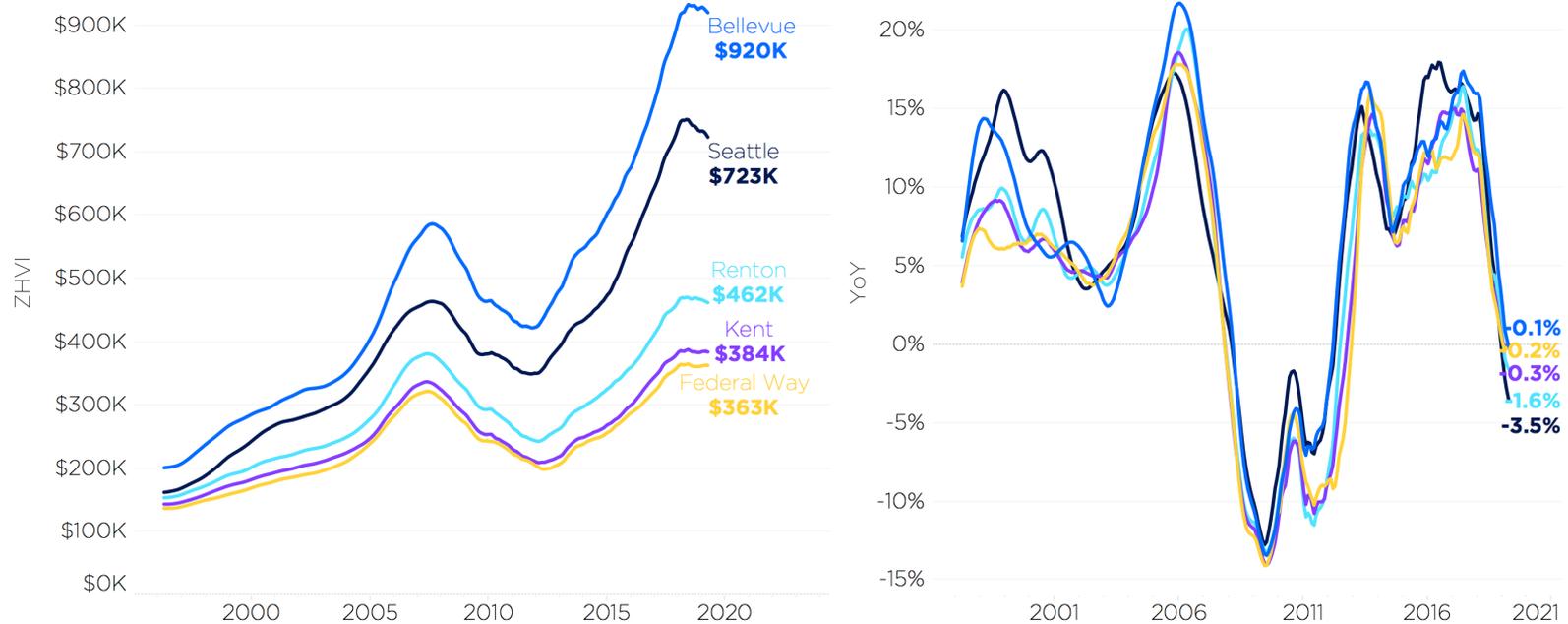
# Consistent markets are generally more affordable



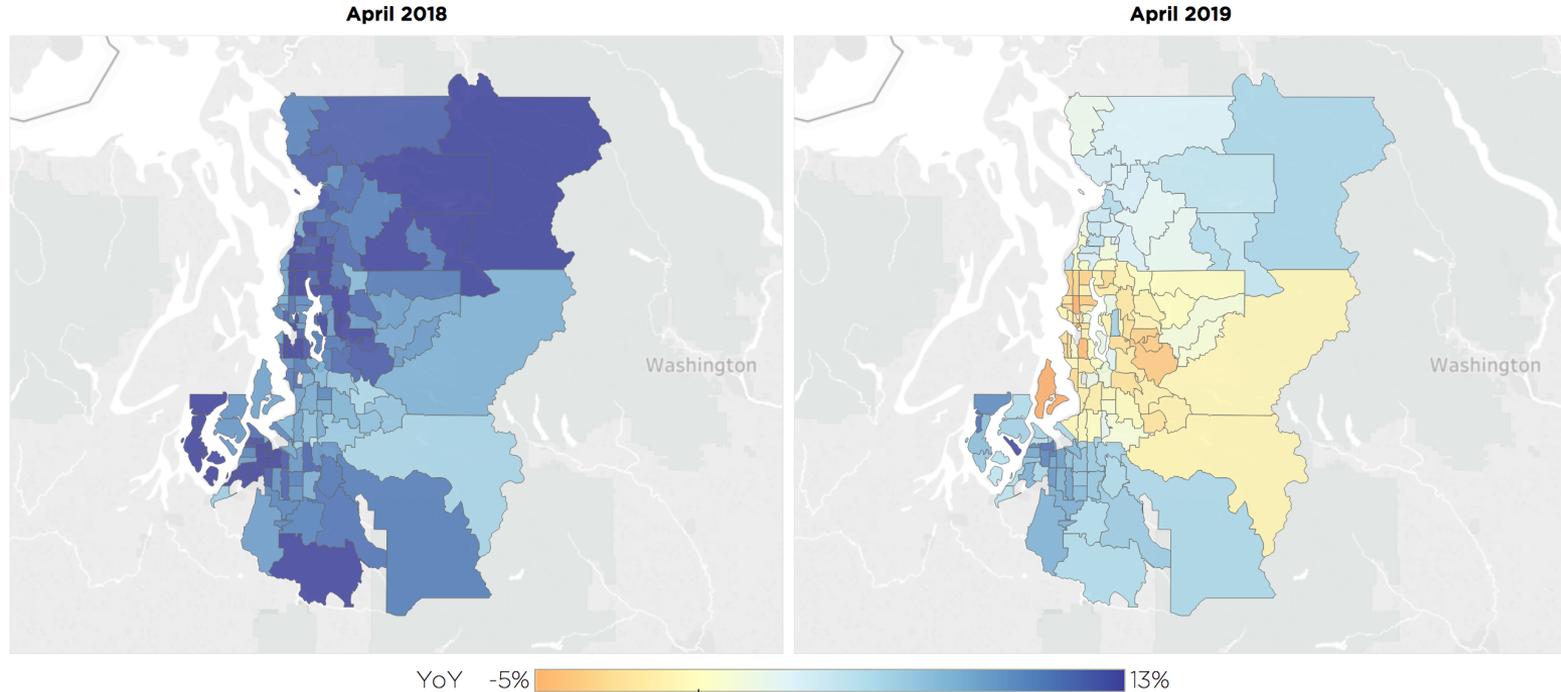
# Affordable = home value dynamics steadier



# Locally, Seattle is leading the slowdown

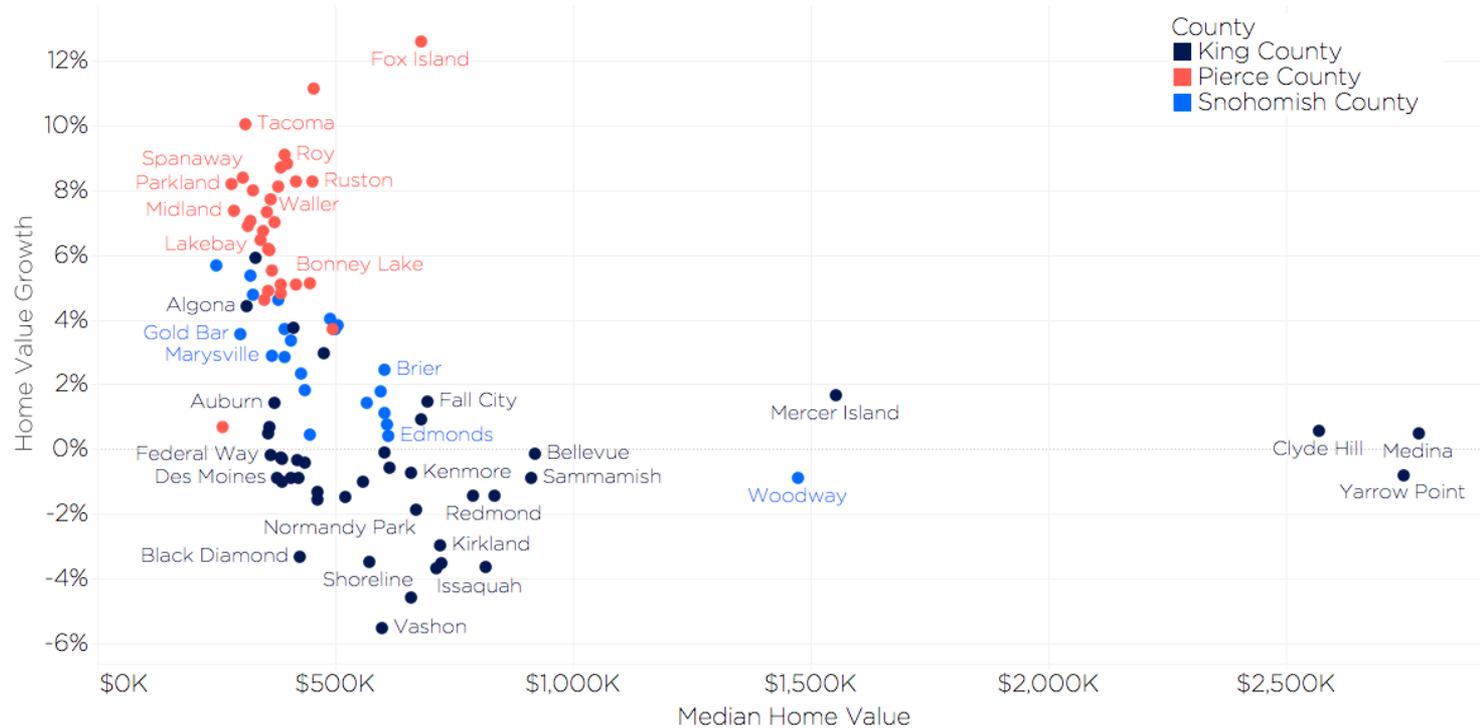


# Priciest markets have slowed while more affordable pockets continue to see some appreciation



Source: Zillow Home Value Index, April 2019.

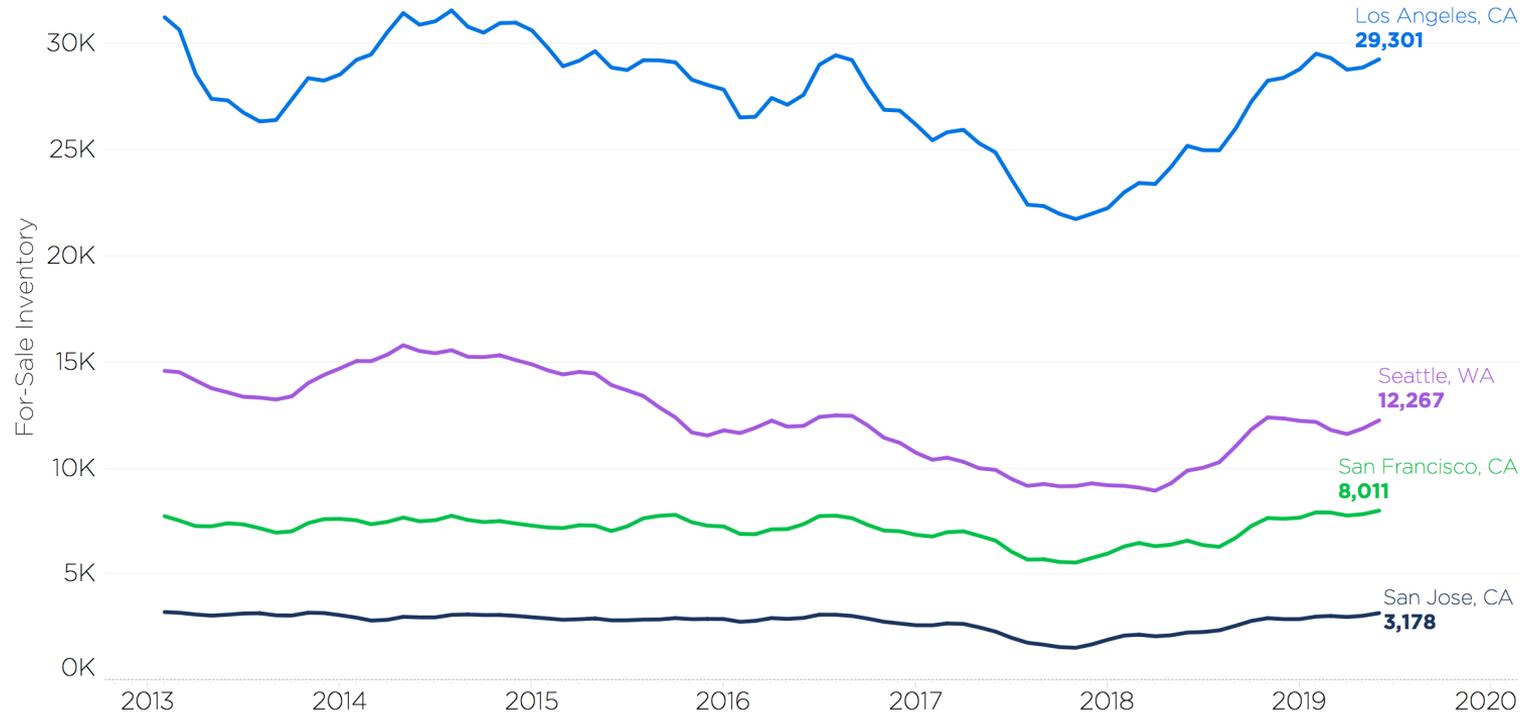
# Almost all markets under \$350K continue to see gains while most over \$400K are seeing declines



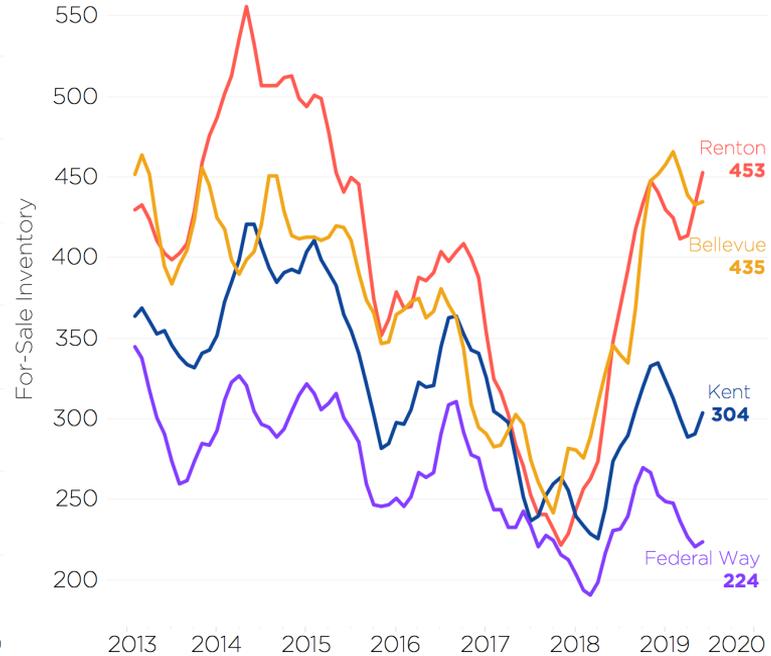
# National inventory has finally bottomed out



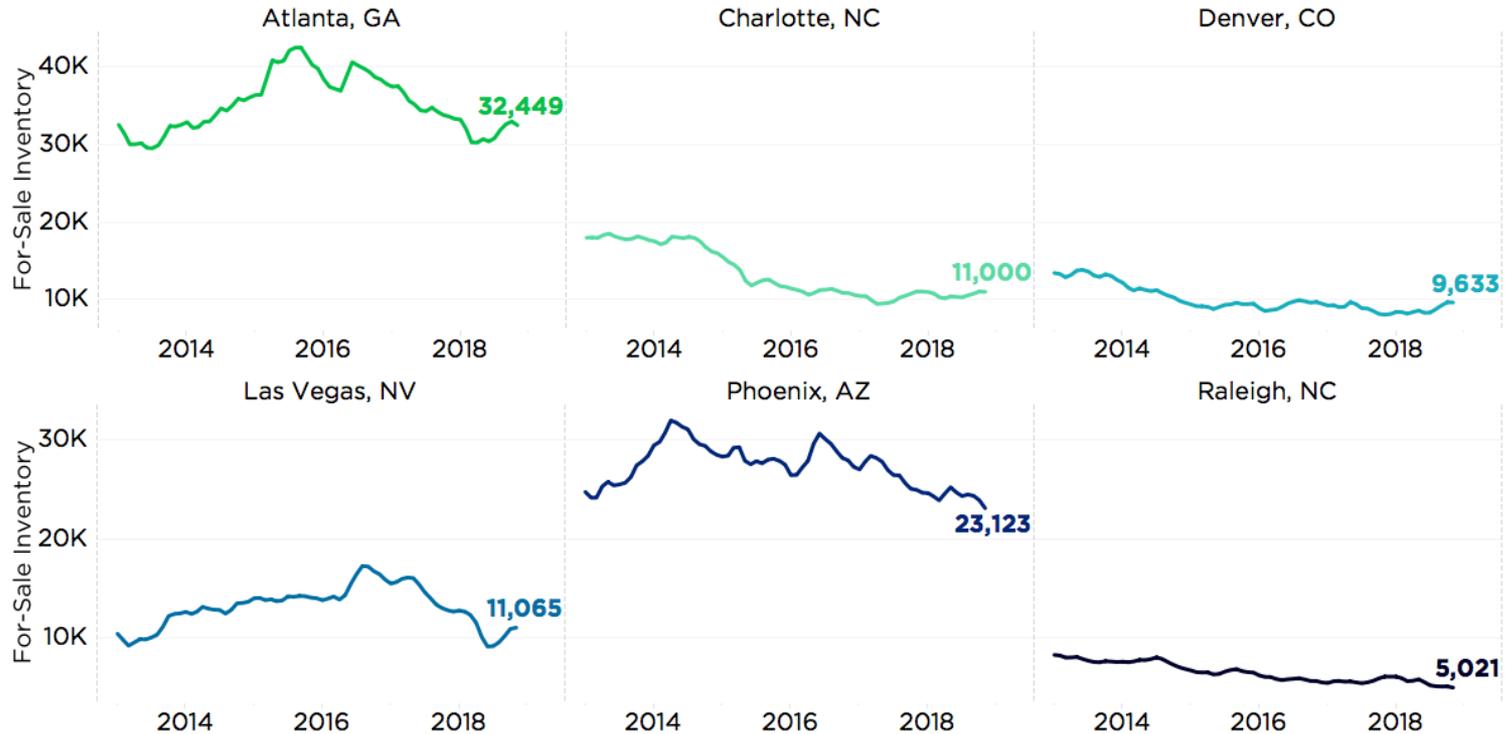
# West Coast inventory is rebounding



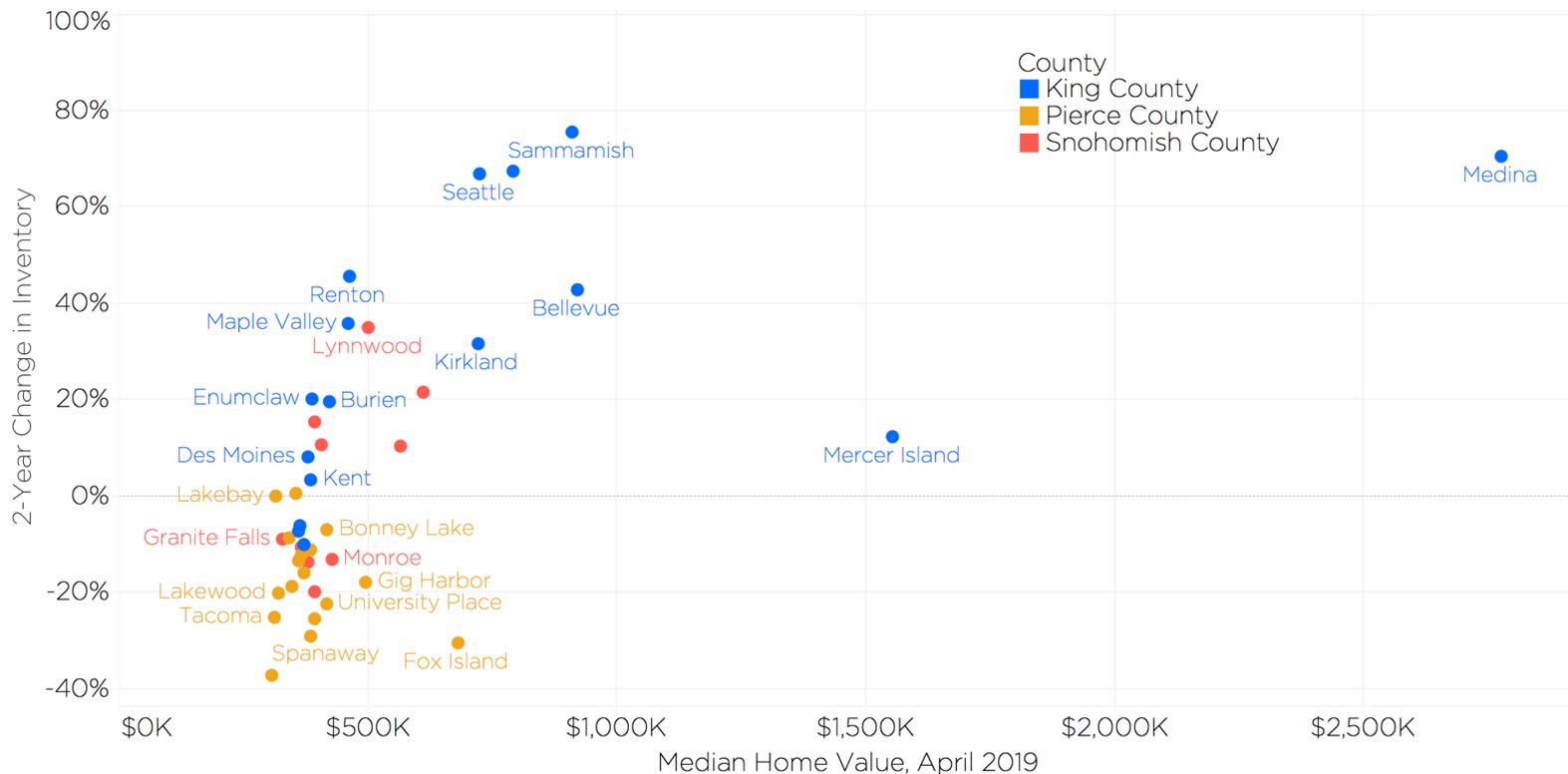
# Seattle inventory doubled in a year



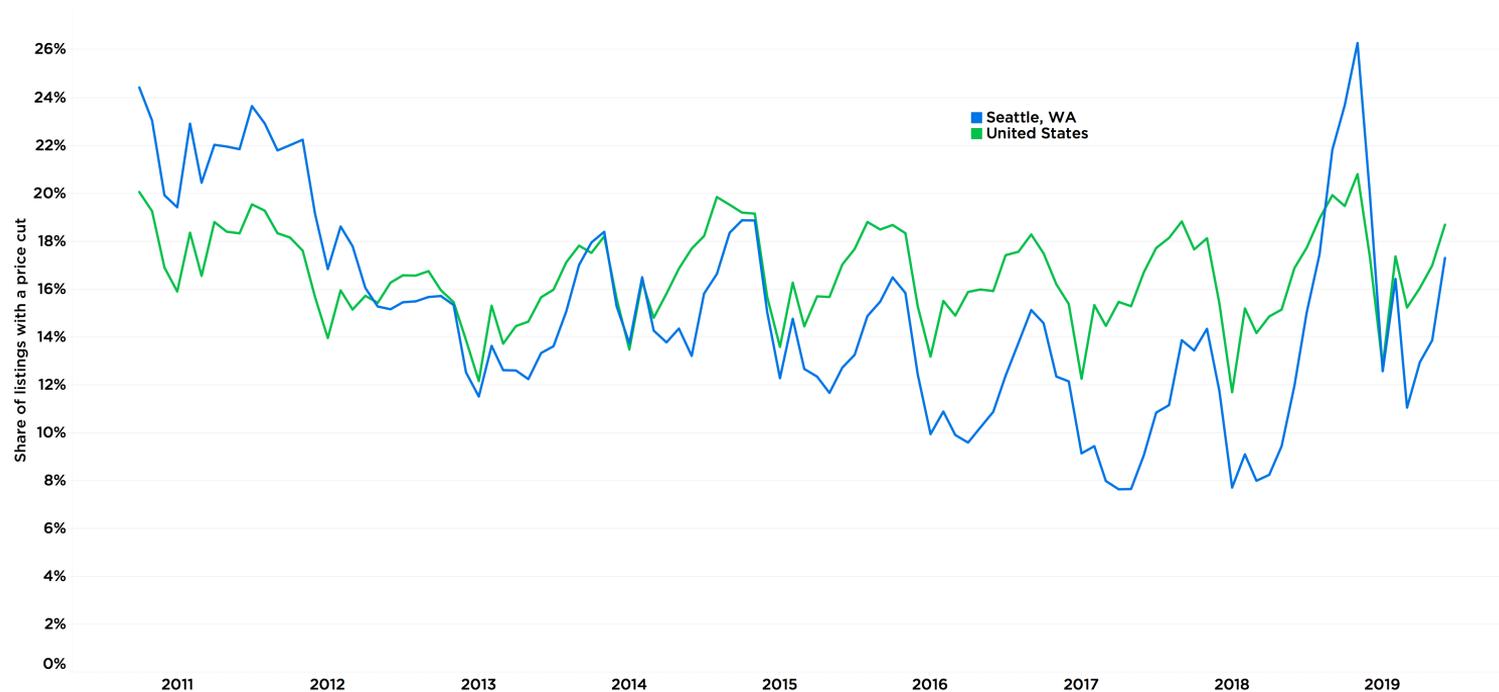
# Comparison cities' inventory not spiking



# Listings are rising more in the region's pricier cities



# Price cuts for listings peaked in the fall



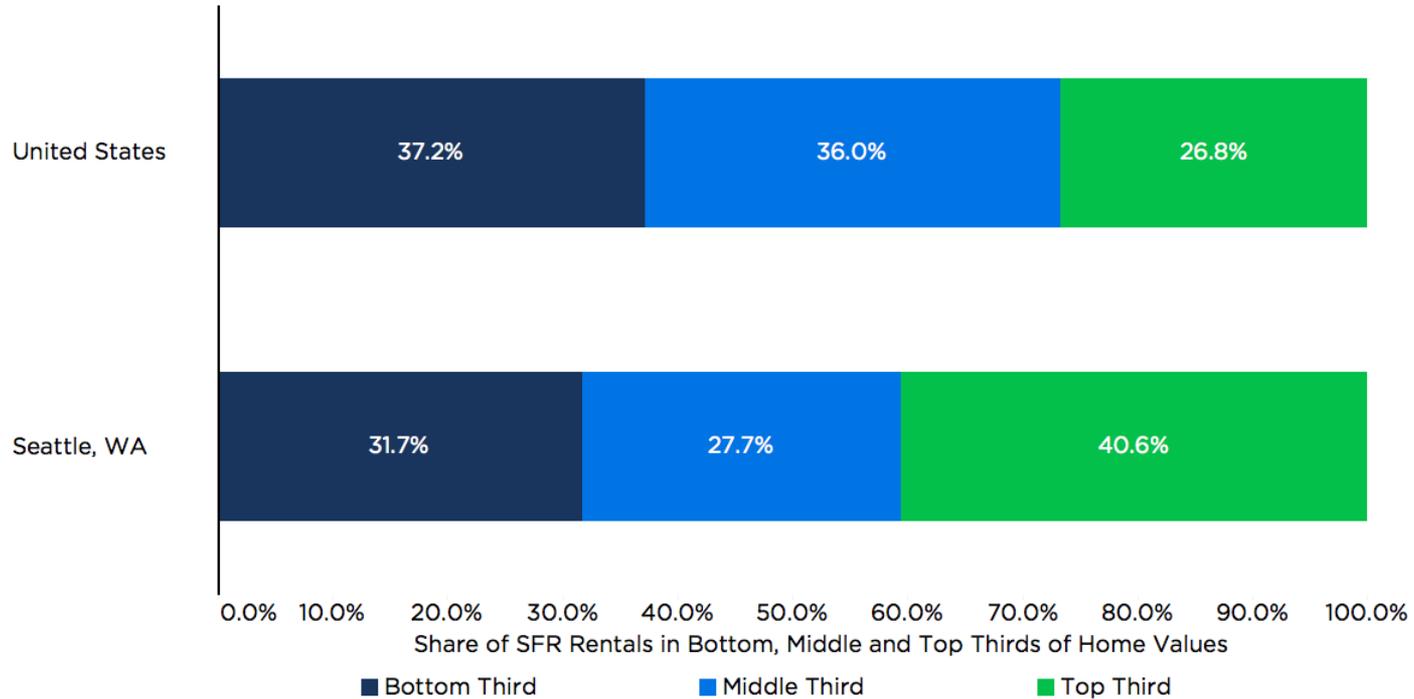
# Mortgage rates threw some water on the fire



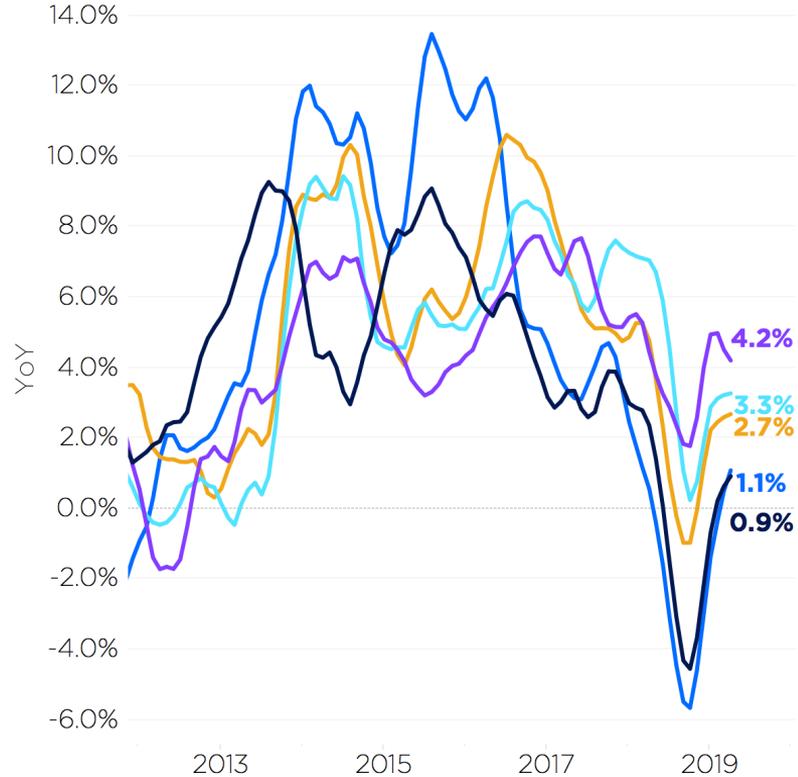
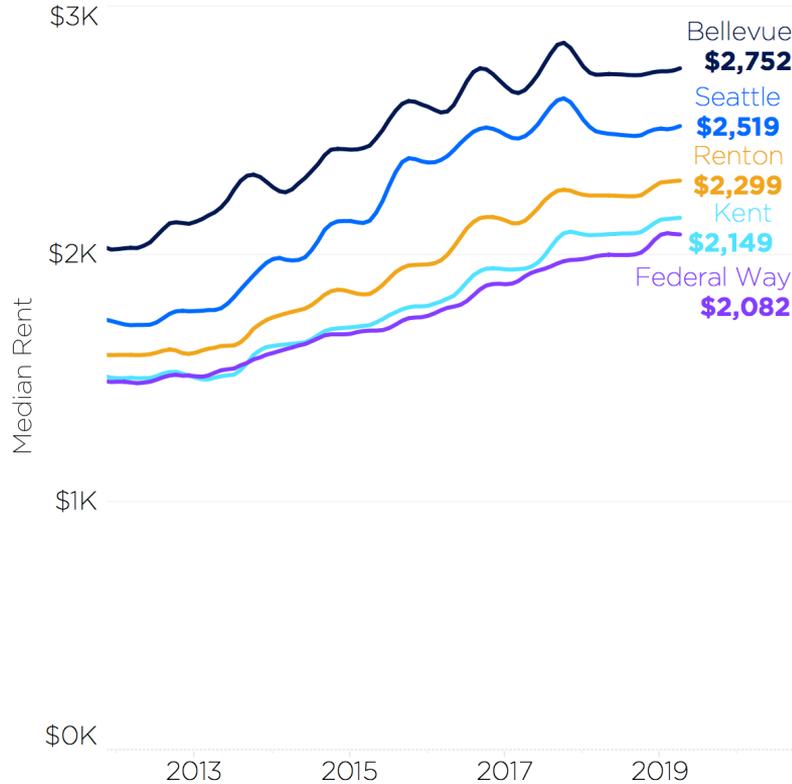
# Rental Market

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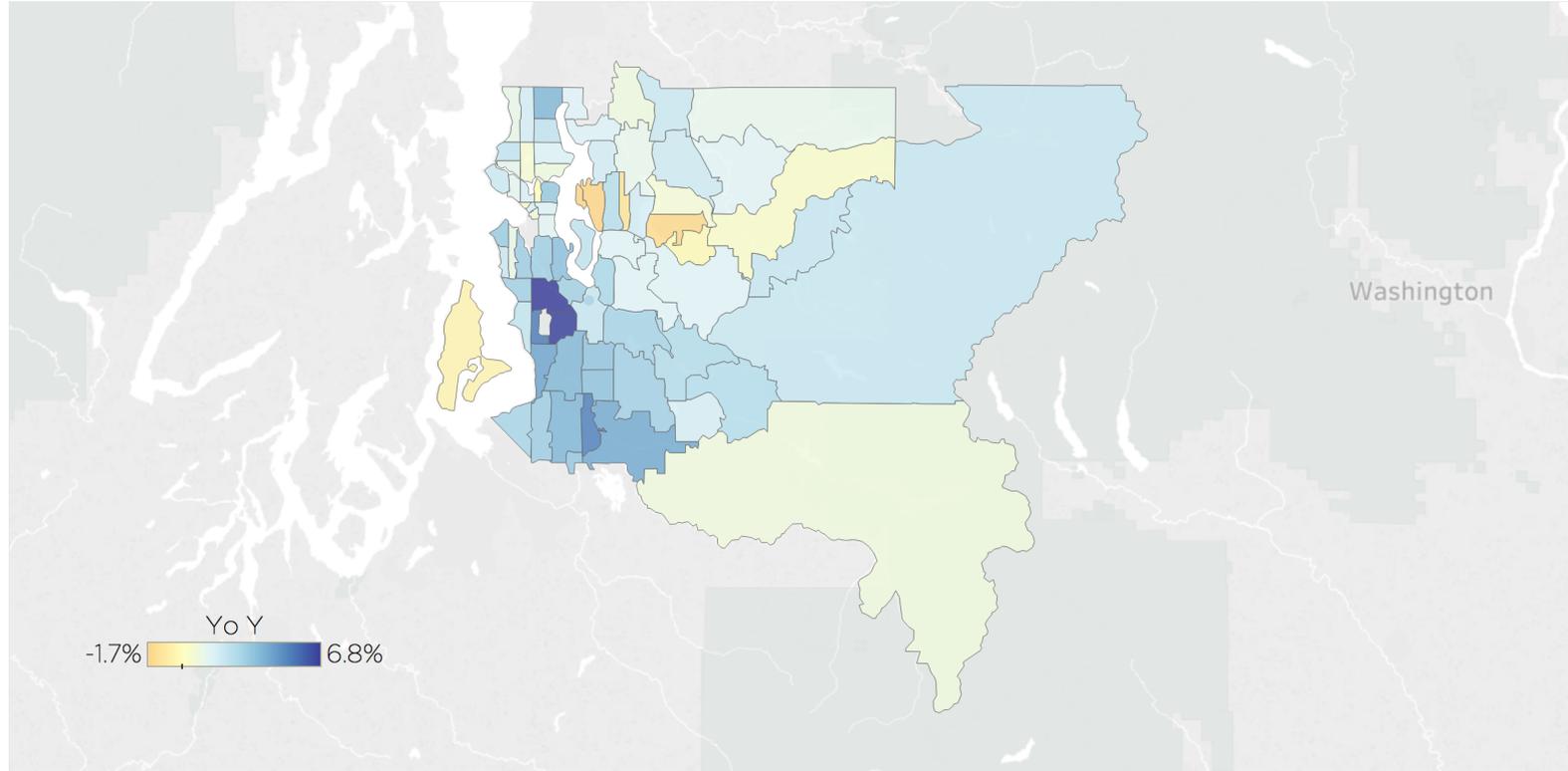
# Nationwide, SFR rentals skew toward the bottom of the market, but in Puget Sound they skew toward the top



# Rent: Steady as she goes?



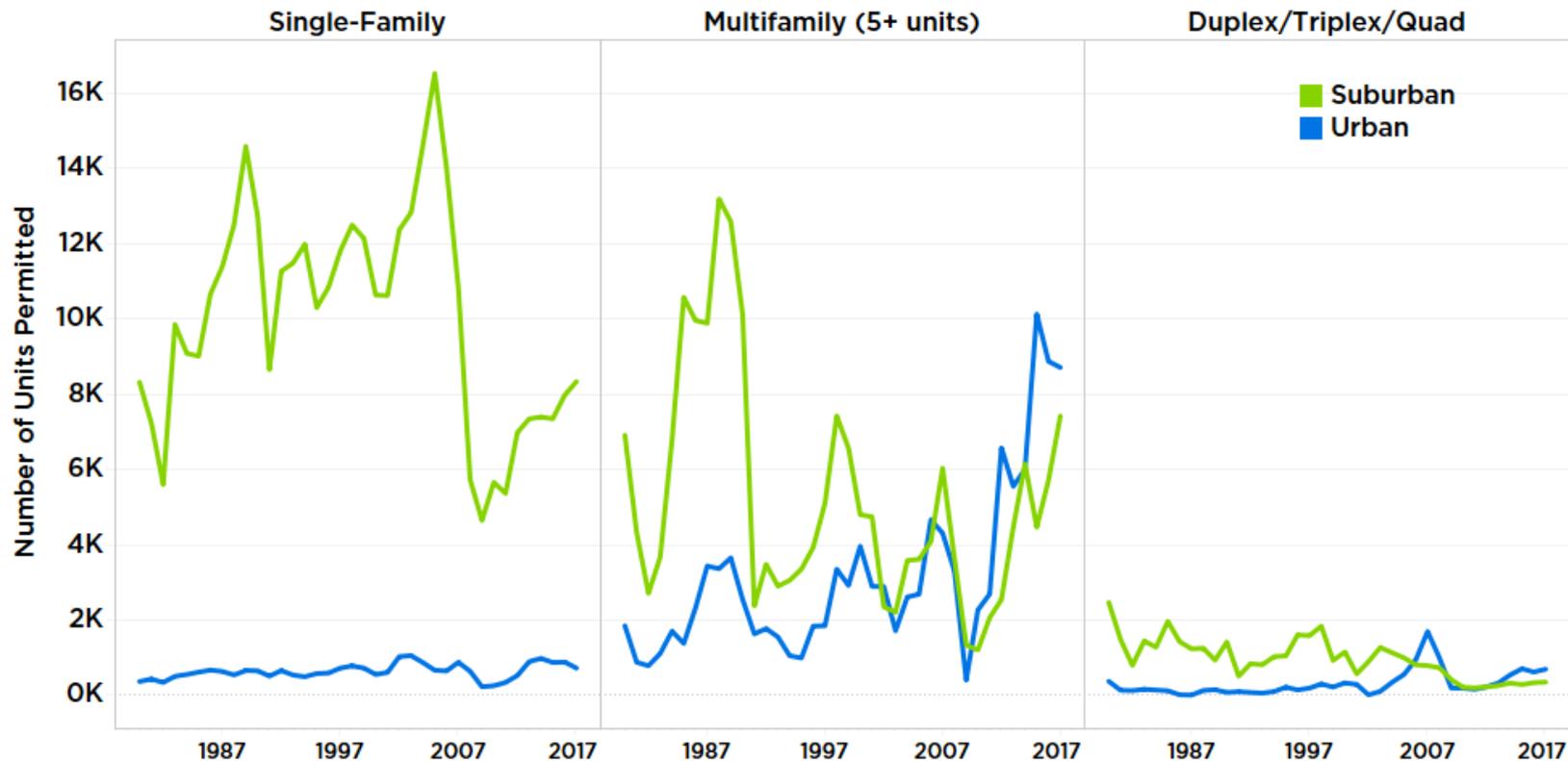
# Rent growth broadly stabilizing



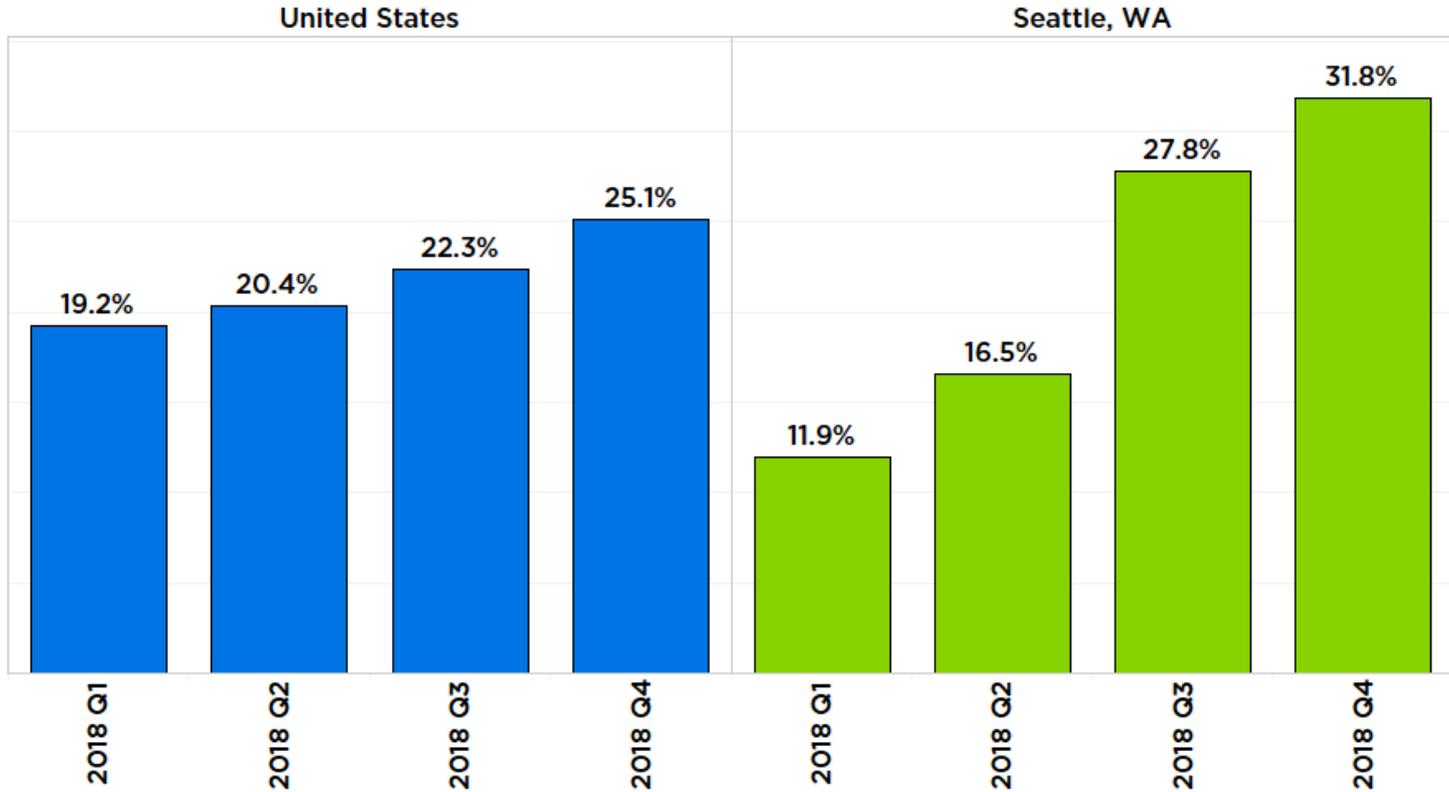
# Supply and Demand

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# Home building still lags pre-crisis levels, and is shifting

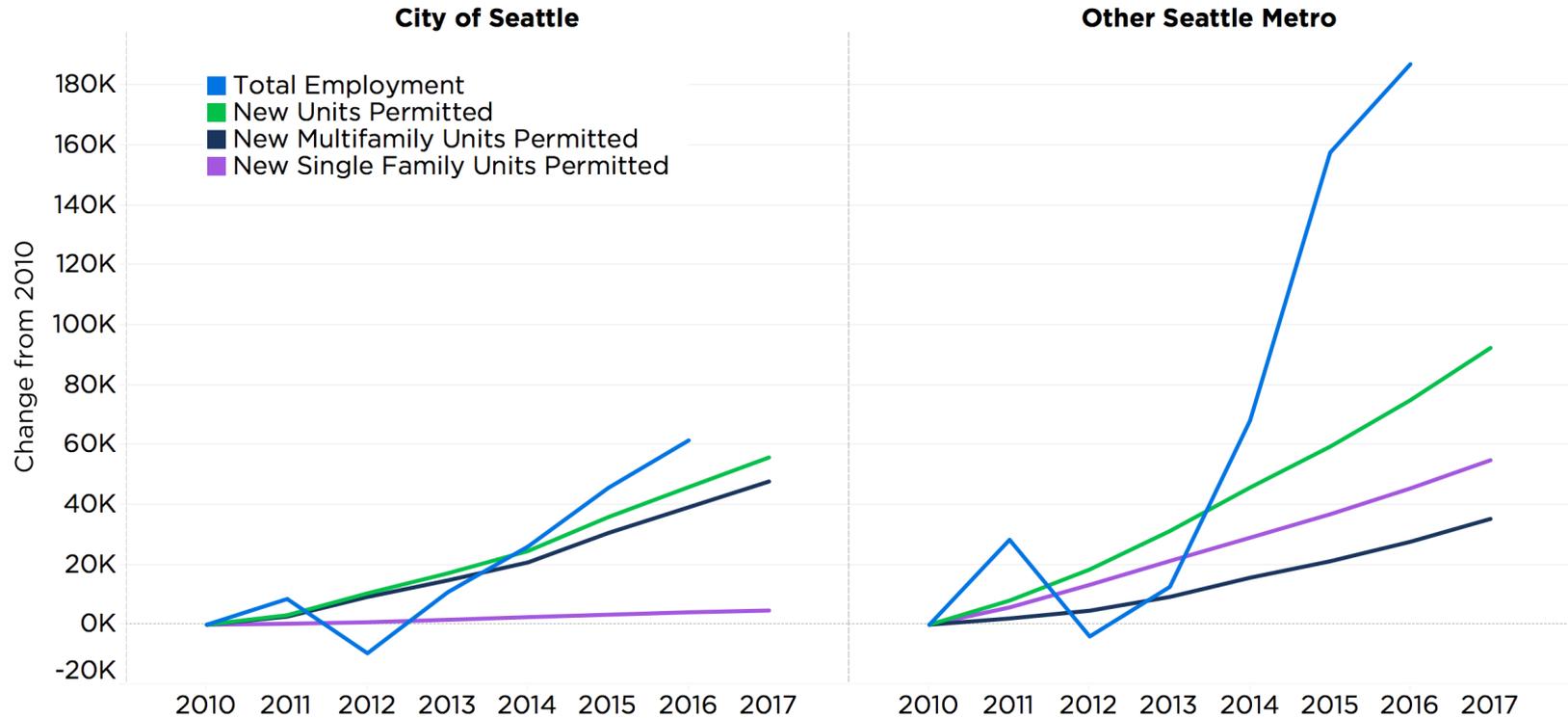


# New construction listings with a price cut rising



Source: Zillow data.

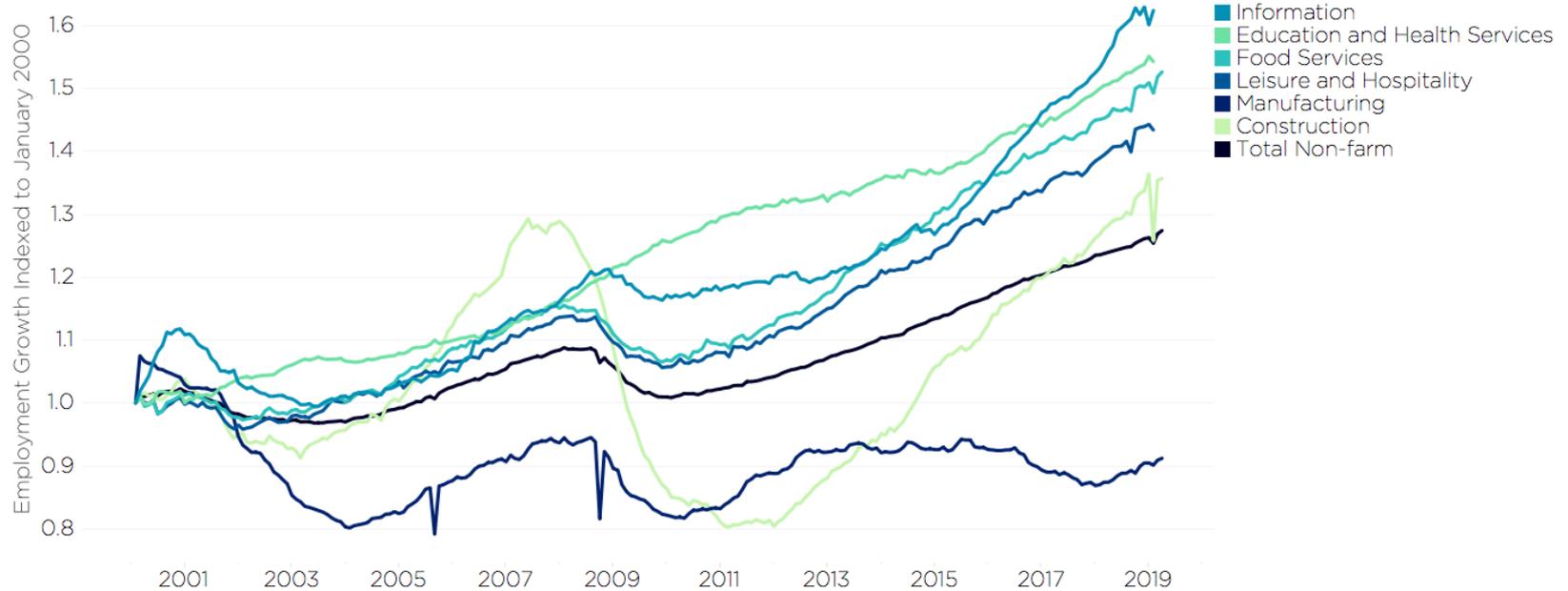
# New construction vs job creation



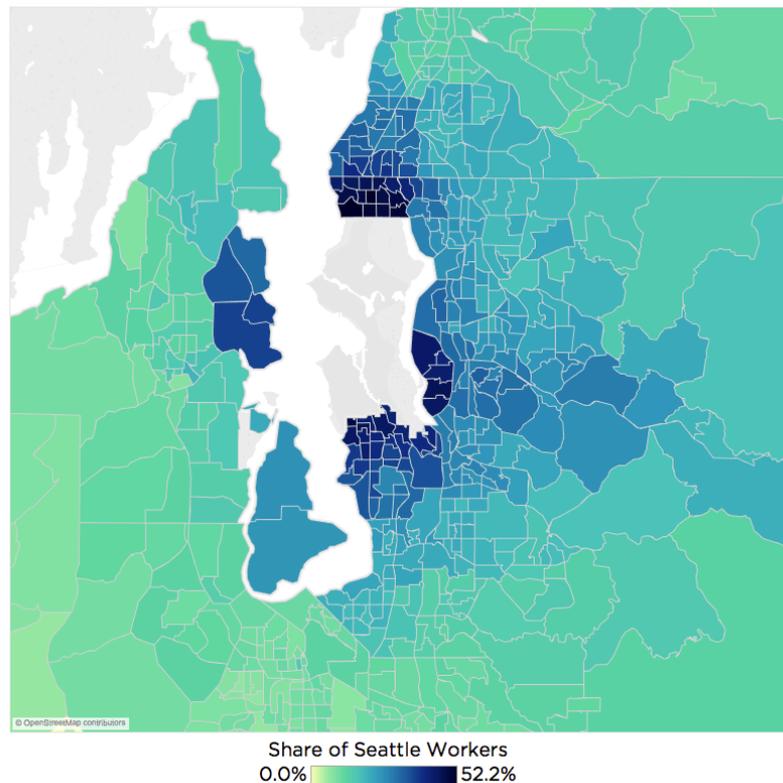
Source: Zillow analysis of U.S. Census Bureau, Building Permits Survey and County Business Patterns data, 2010–2017.

# No near term job slowdown

Employment Growth - Seattle Metro



# As far south as Tacoma, as high as one-in-five employed adults works in Seattle

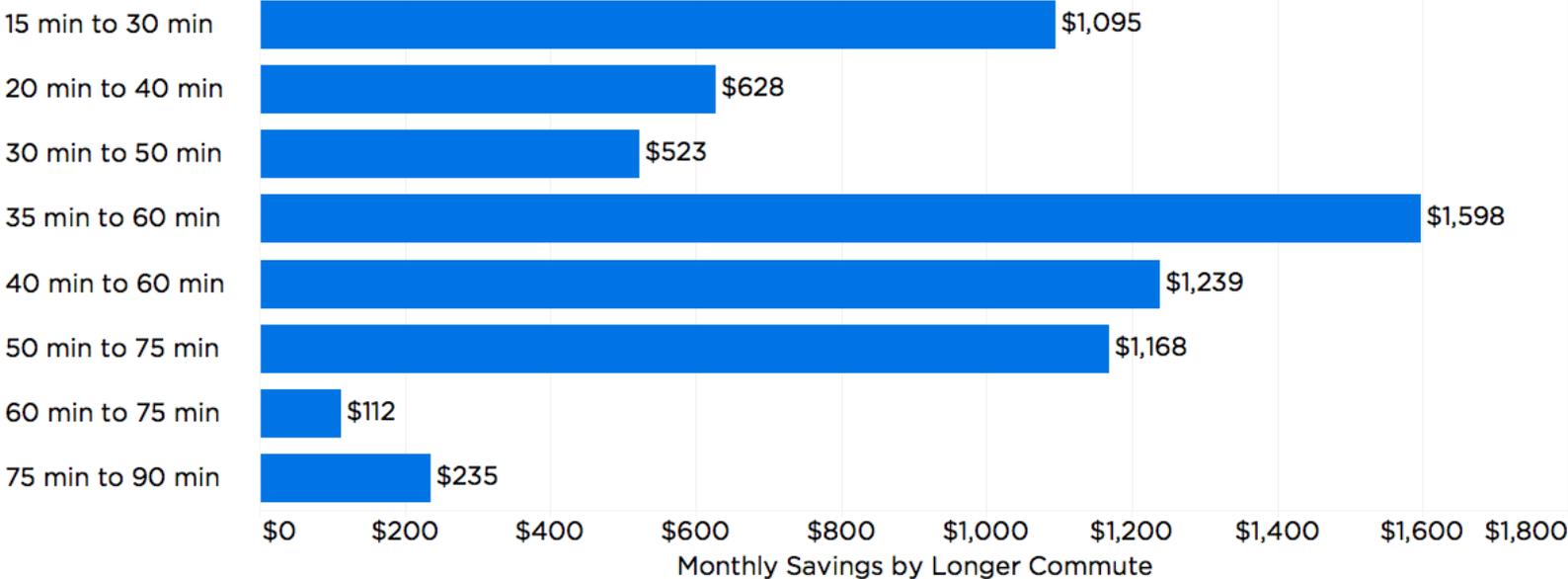


# Big savings in the suburbs for Seattle workers

## In Seattle, Driving for Savings

Increasing your commute from...

could save you...



here

Source: Zillow analysis of Zillow home value data and Here Technologies commute data.

# Demographic Tailwinds

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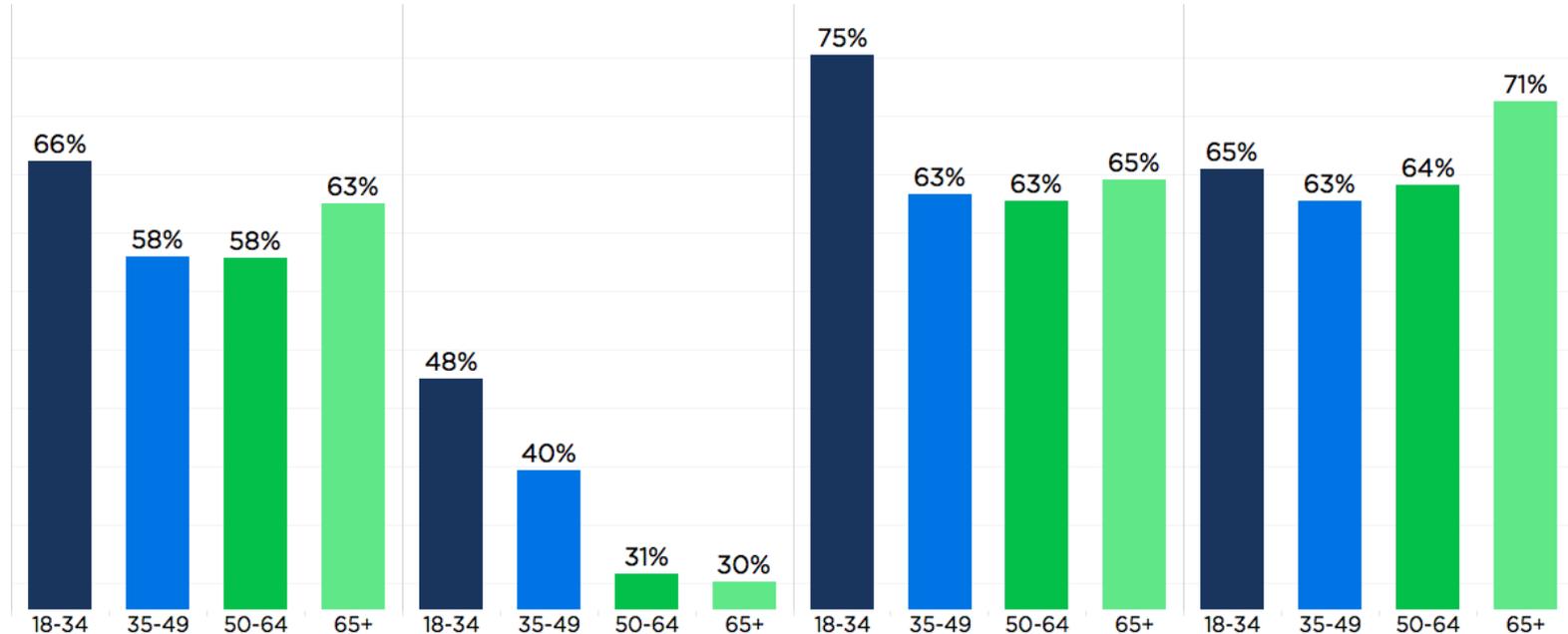
# Millennials are not forever-renters

Owning a home is necessary to live  
The Good Life and The American  
Dream

Owning a home is necessary to be a  
repected member of society

Owning provides a person more  
freedom

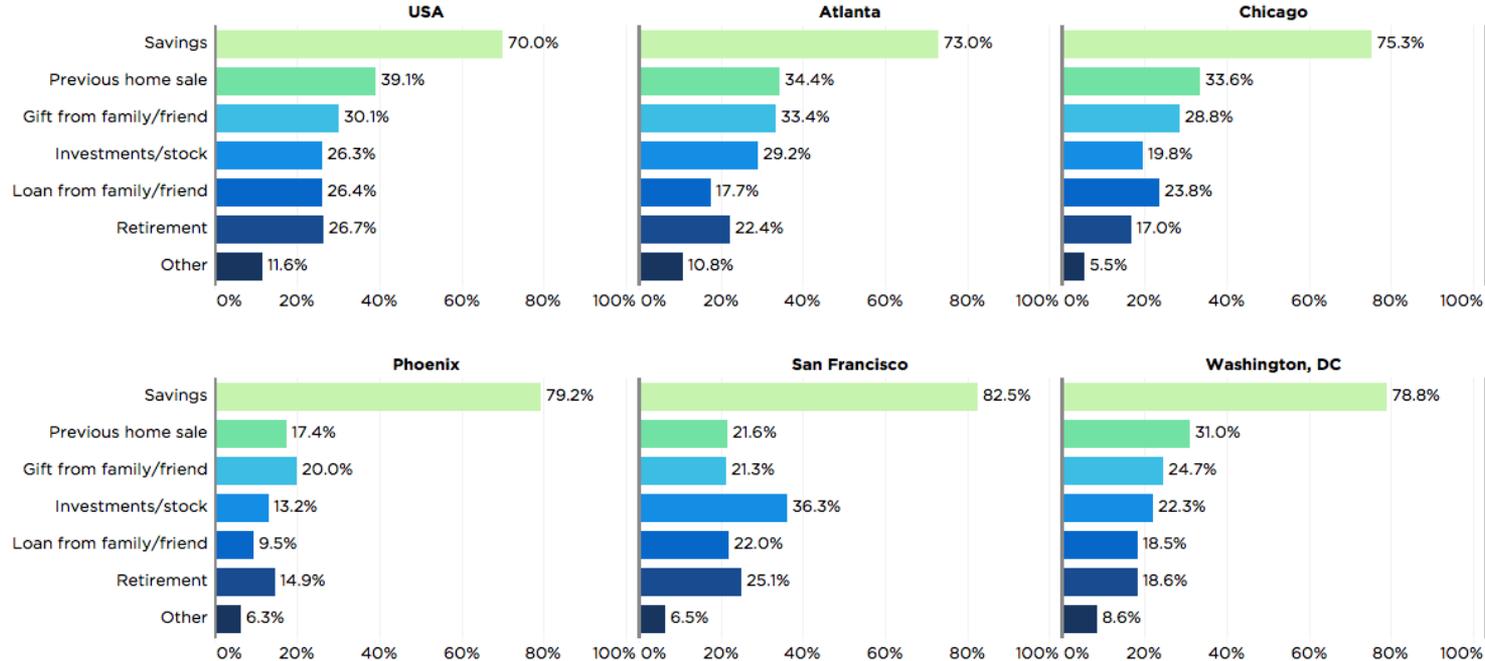
Buying a home is the best long-term  
investment a person can make



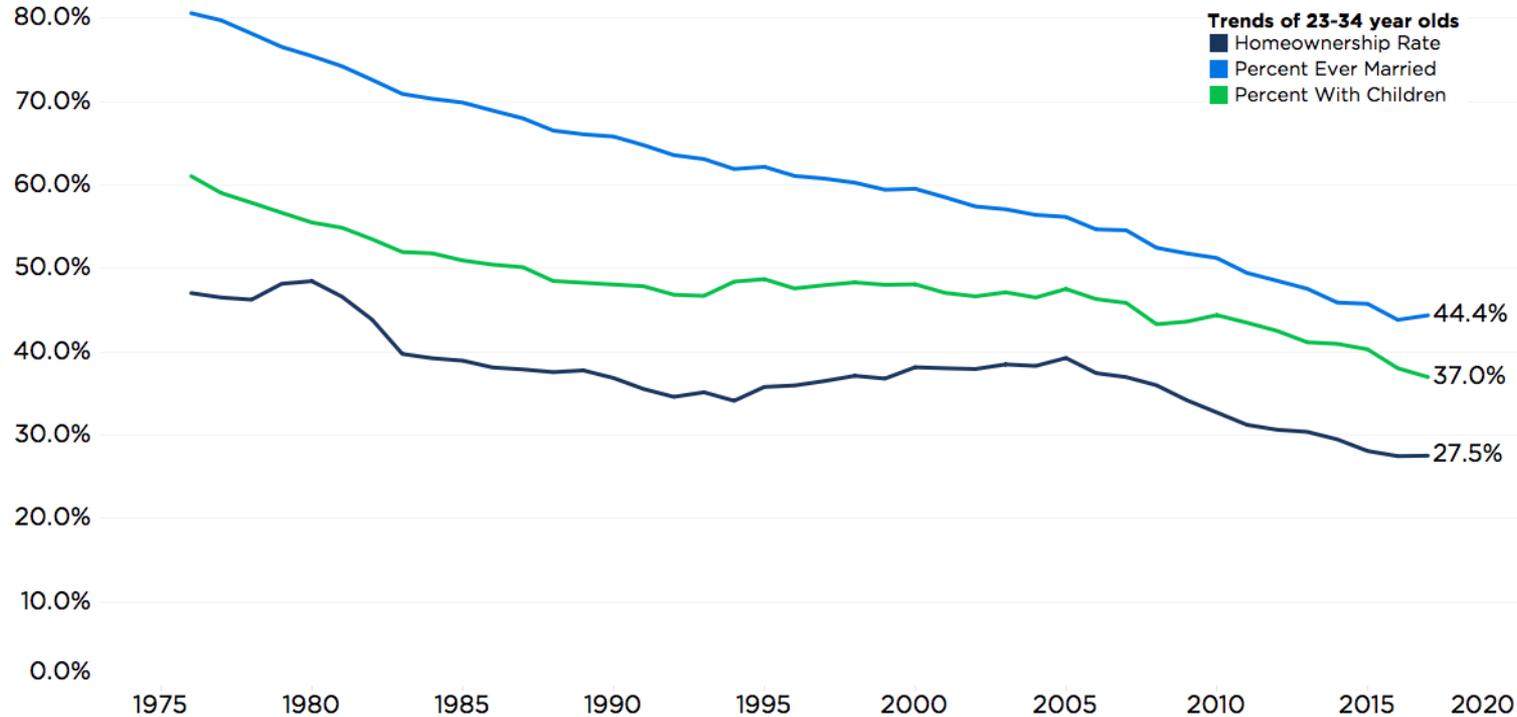
Source: Zillow Housing Confidence Index (July 2016)

# Making the down payment is no easy task

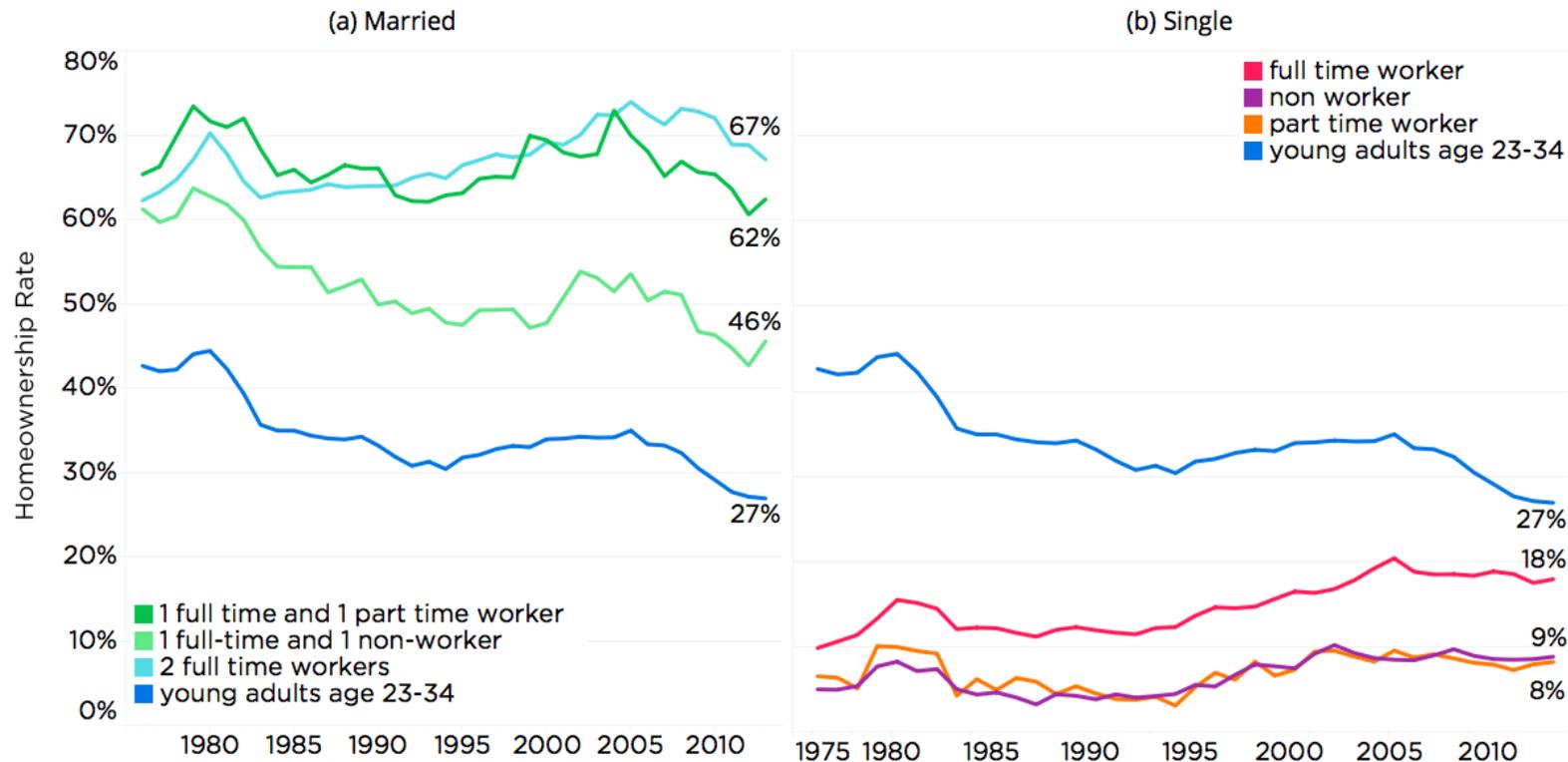
Percent of buyers that use each source to finance their down payments



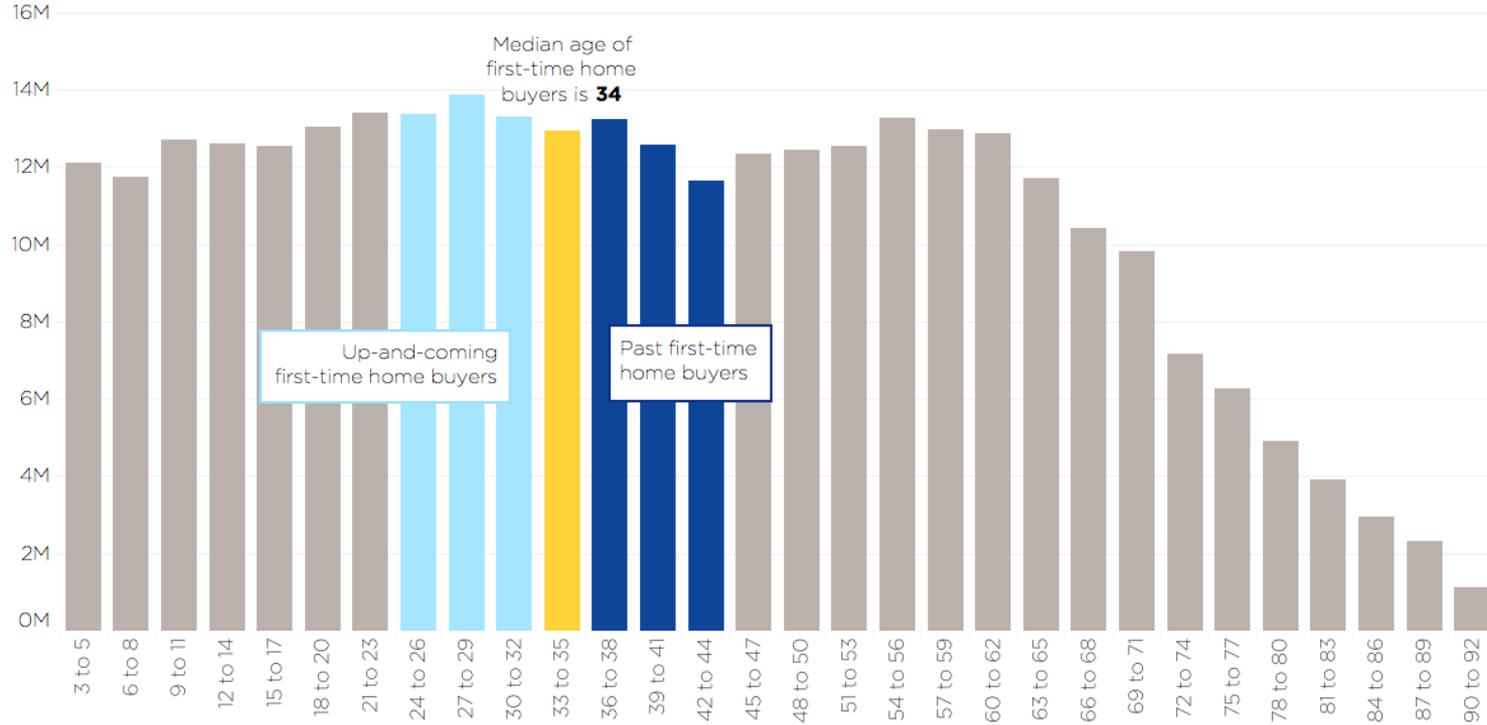
# Home buying simply comes much later in life...



## ...and requires financial stability



# More buyers on the way



# Predictions

- 1 Home values fall a little, then stabilize
- 2 Slowdown spreads to suburbs
- 3 Demographic trends take the wheel in long run

