



# Puget Sound Housing Market Overview Winter 2019

---

Aaron Terrazas  
*Senior Economist, Zillow Research*





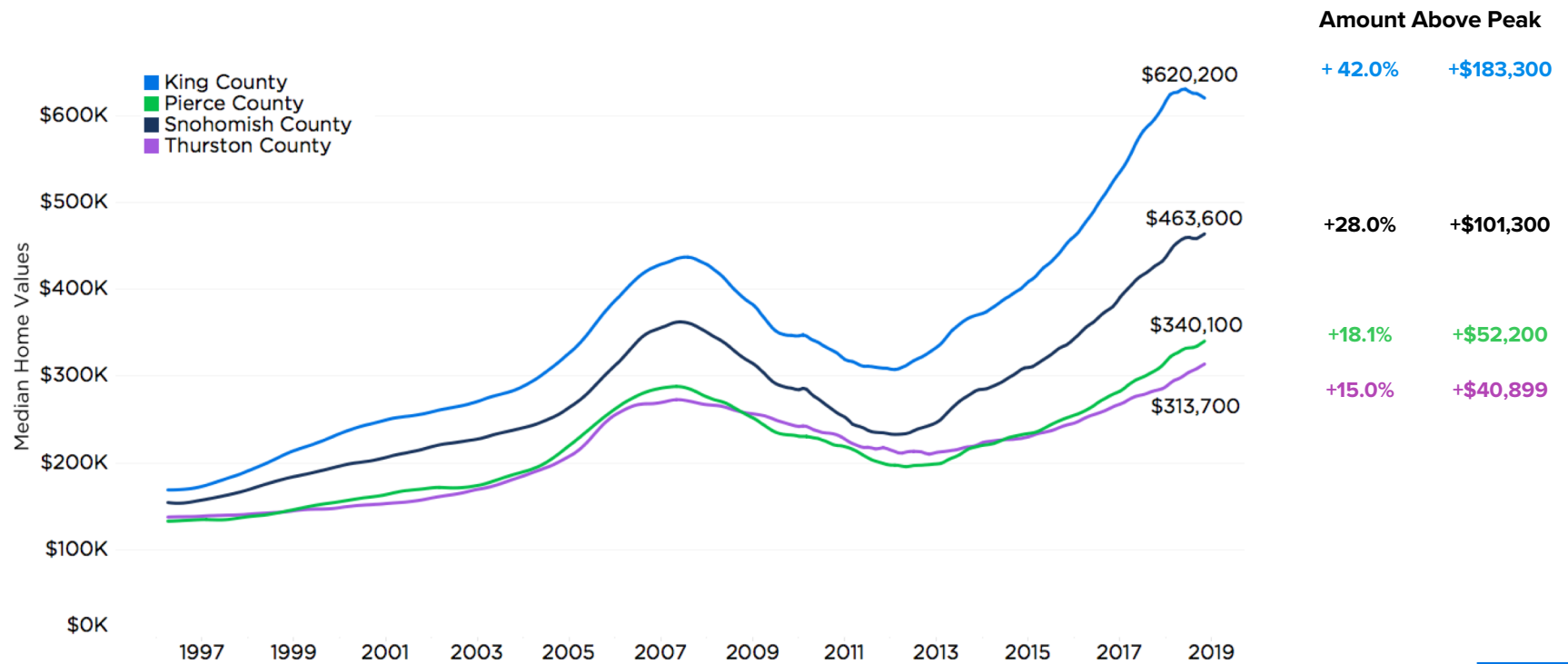
## Key trends in the Puget Sound Region

1. Slowing home value gains: Priciest submarkets negative in recent months while Tacoma/Olympia continue to see strong gains.
2. Regional labor market gains steady suggesting delayed, not lost, underlying demand.
3. After contracting for three years, inventory is rising again across price points though faster in pricier areas and it remains constrained by historical standards.
4. Rent growth has slowed across the region softening incentives to buy. It should pick back up this year but remain below inflation.
5. New construction lagging and shifting.

# Purchase Market Trends

---

Pierce County home values are 18.1% above their pre-crisis peak and King County home values are 42% above peak

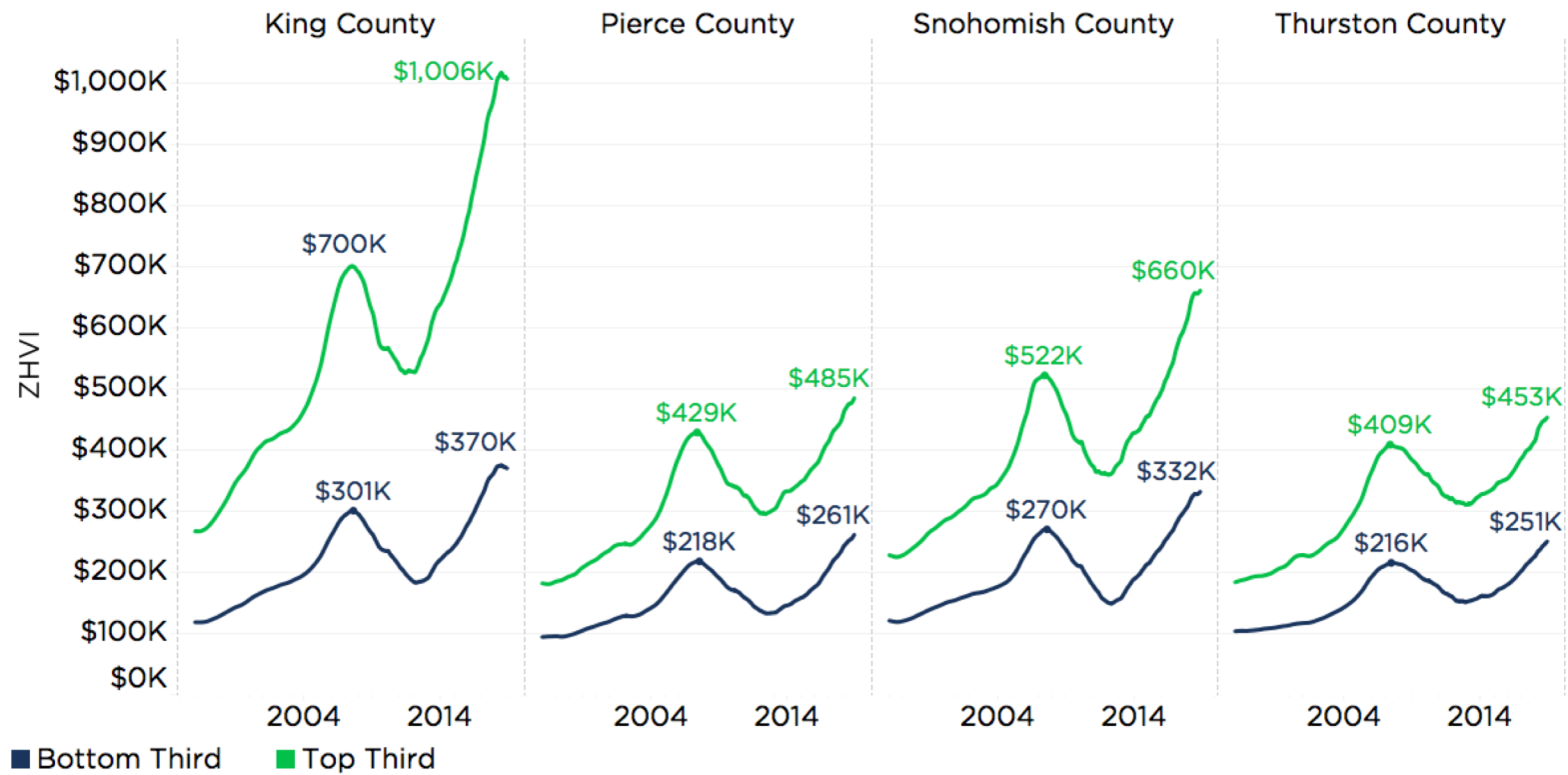


Source: Zillow Home Value Index, November 2018





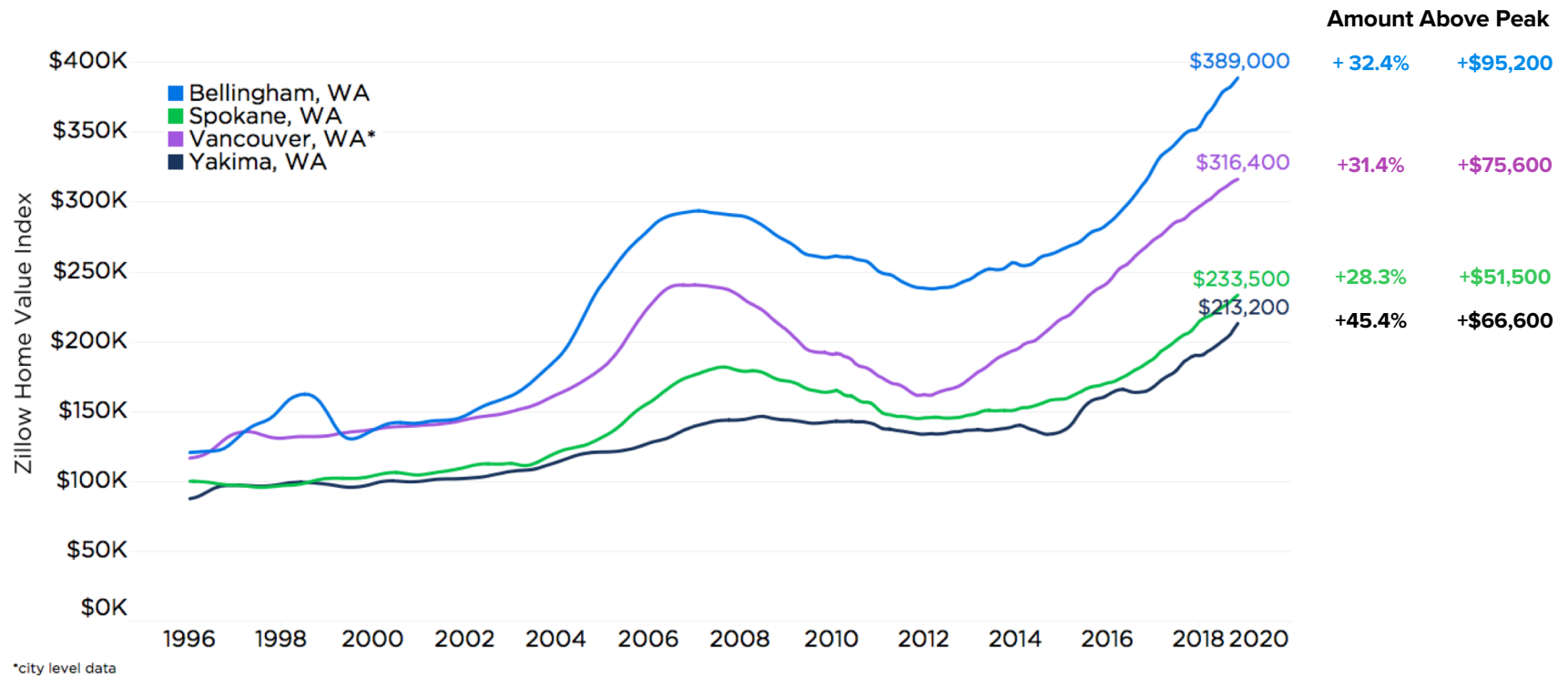
## All market tiers are above their pre-crisis peaks



Source: Zillow Home Value Index, November 2018



## But it's not just the Puget Sound region



Source: Zillow Home Value Index, November 2018





## Pierce County markets are seeing the strongest appreciation; Seattle and South King County now slowest

### Top 5 Appreciating Markets

---

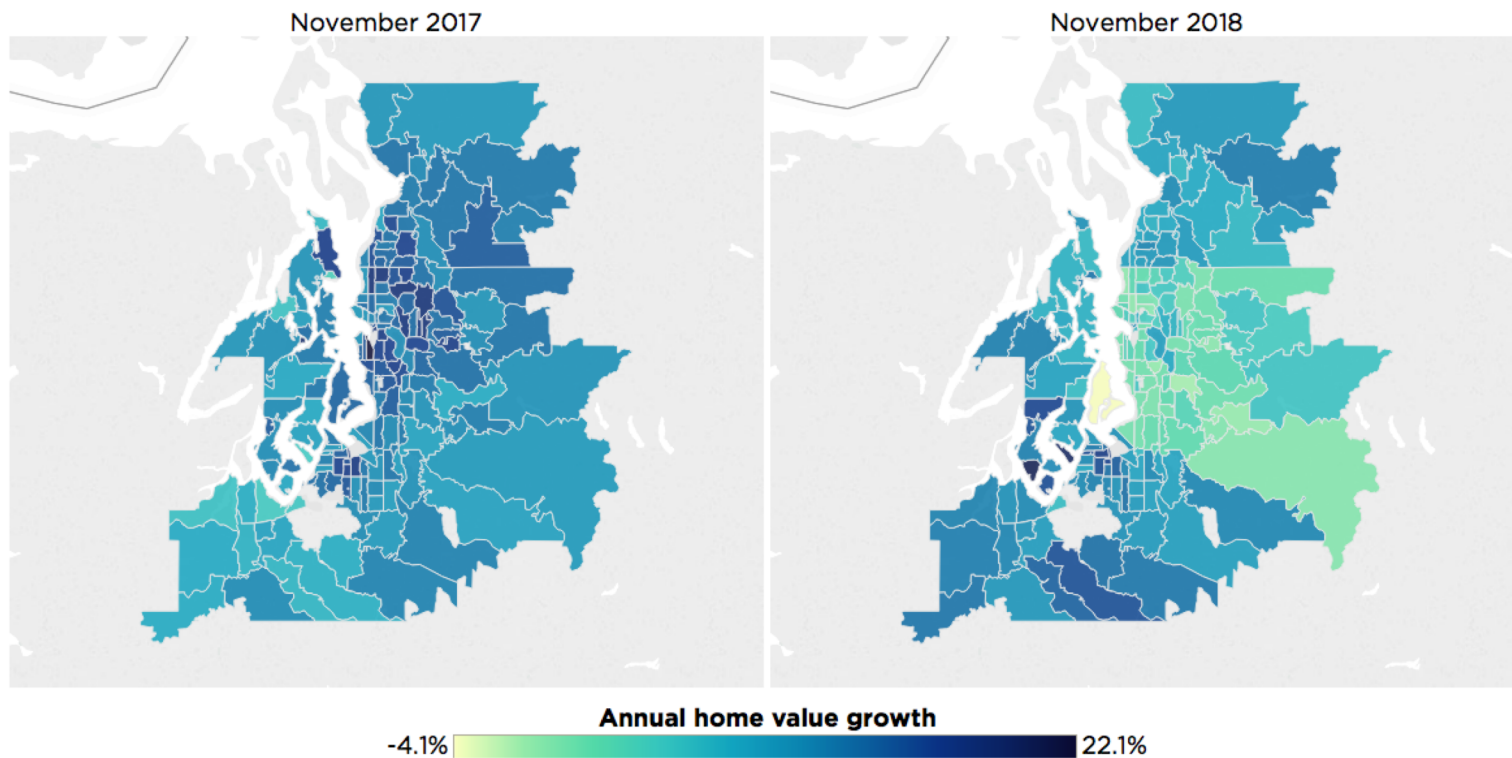
1. Yelm	15.0%
2. Tacoma	13.2%
3. Lakewood	10.9%
4. Parkland	10.4%
5. Spanaway	10.1%

### Bottom 5 Appreciating Markets

---

1. Tukwila	-1.0%
2. Enumclaw	-0.1%
3. Federal Way	0.7%
4. Kent	0.8%
5. Seattle	0.9%

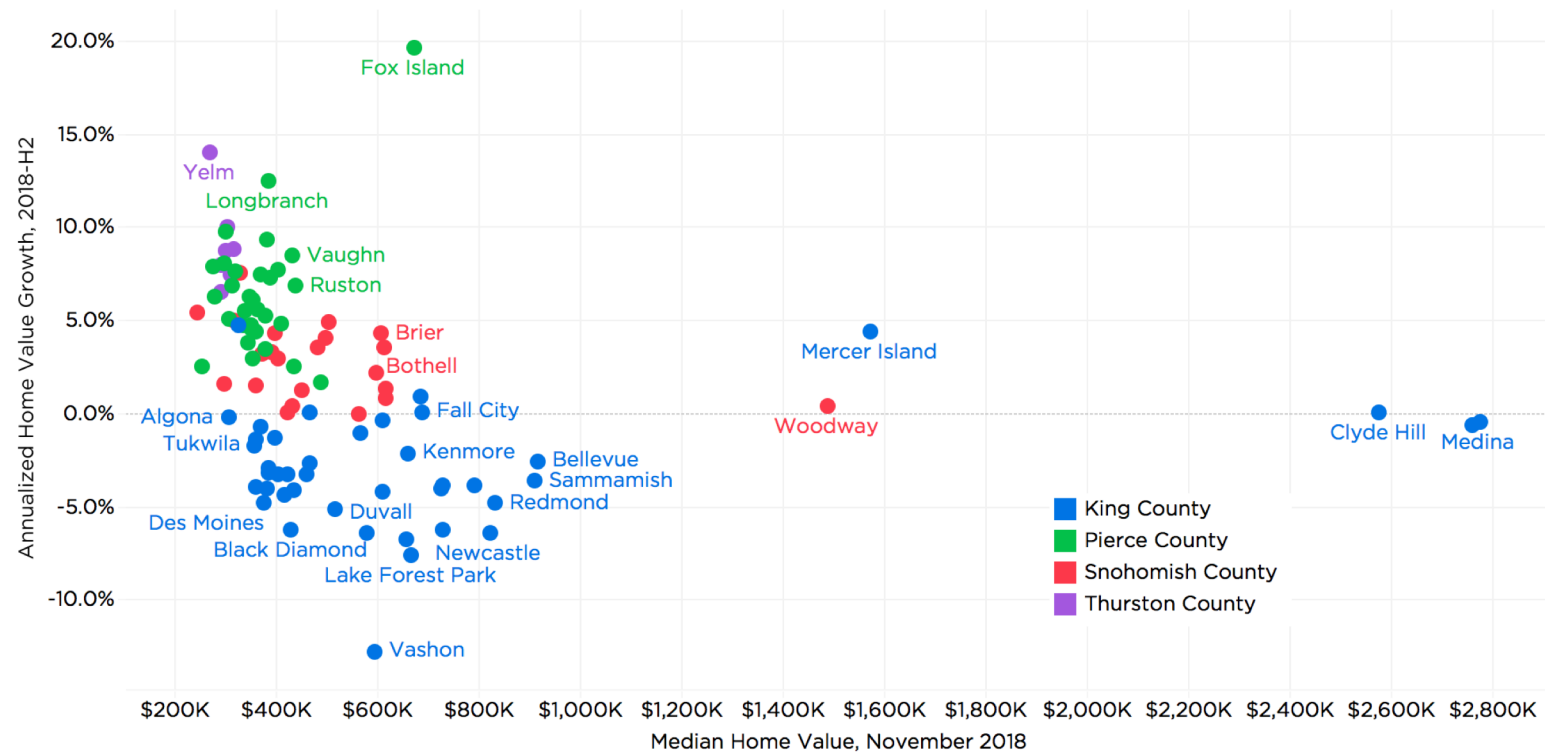
Priciest markets have slowed while more affordable pockets continue to see strong appreciation



Source: Zillow Home Value Index, November 2018

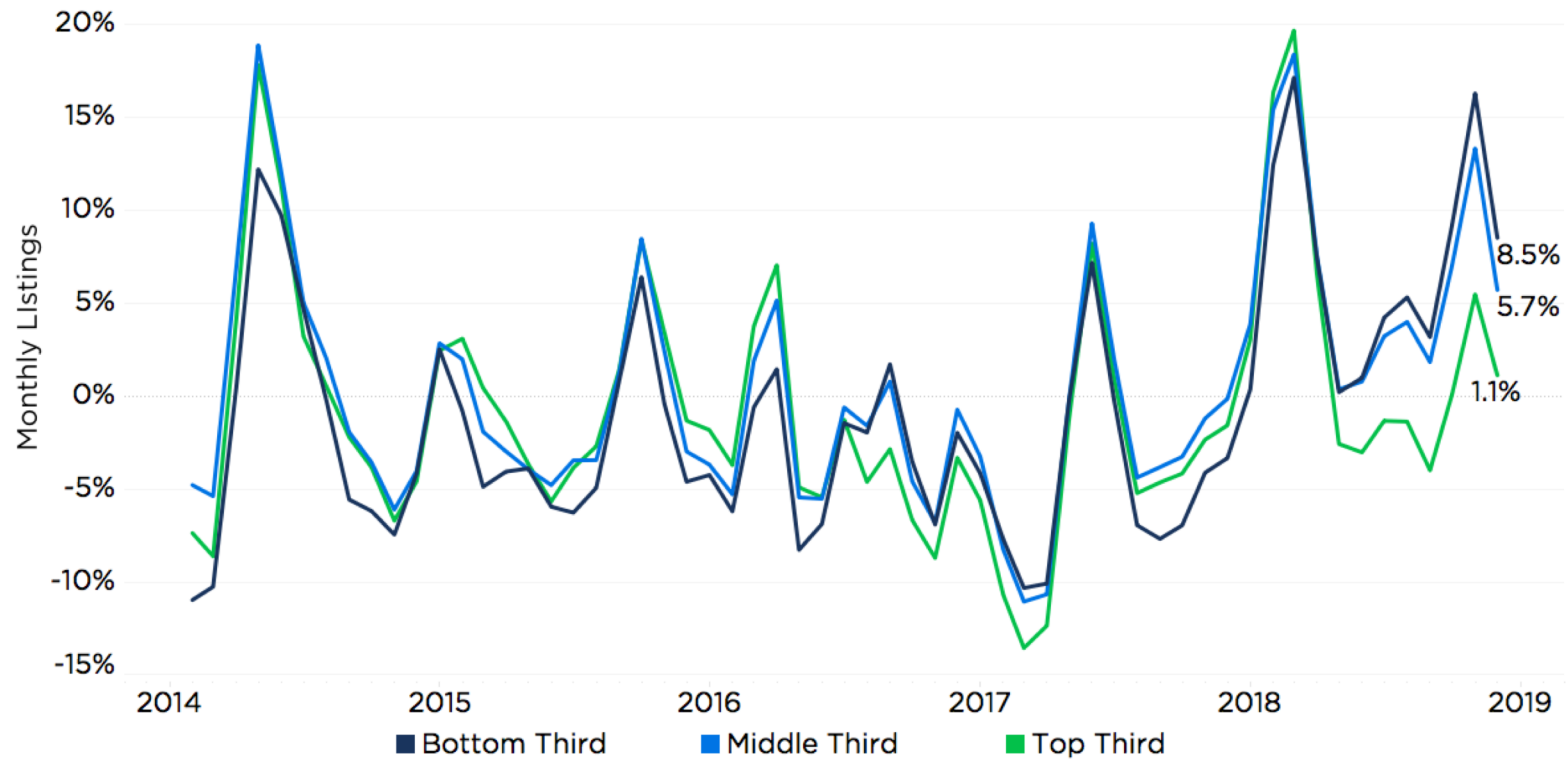


Almost all markets under \$350K continue to see gains while half of markets over \$400K are seeing declines

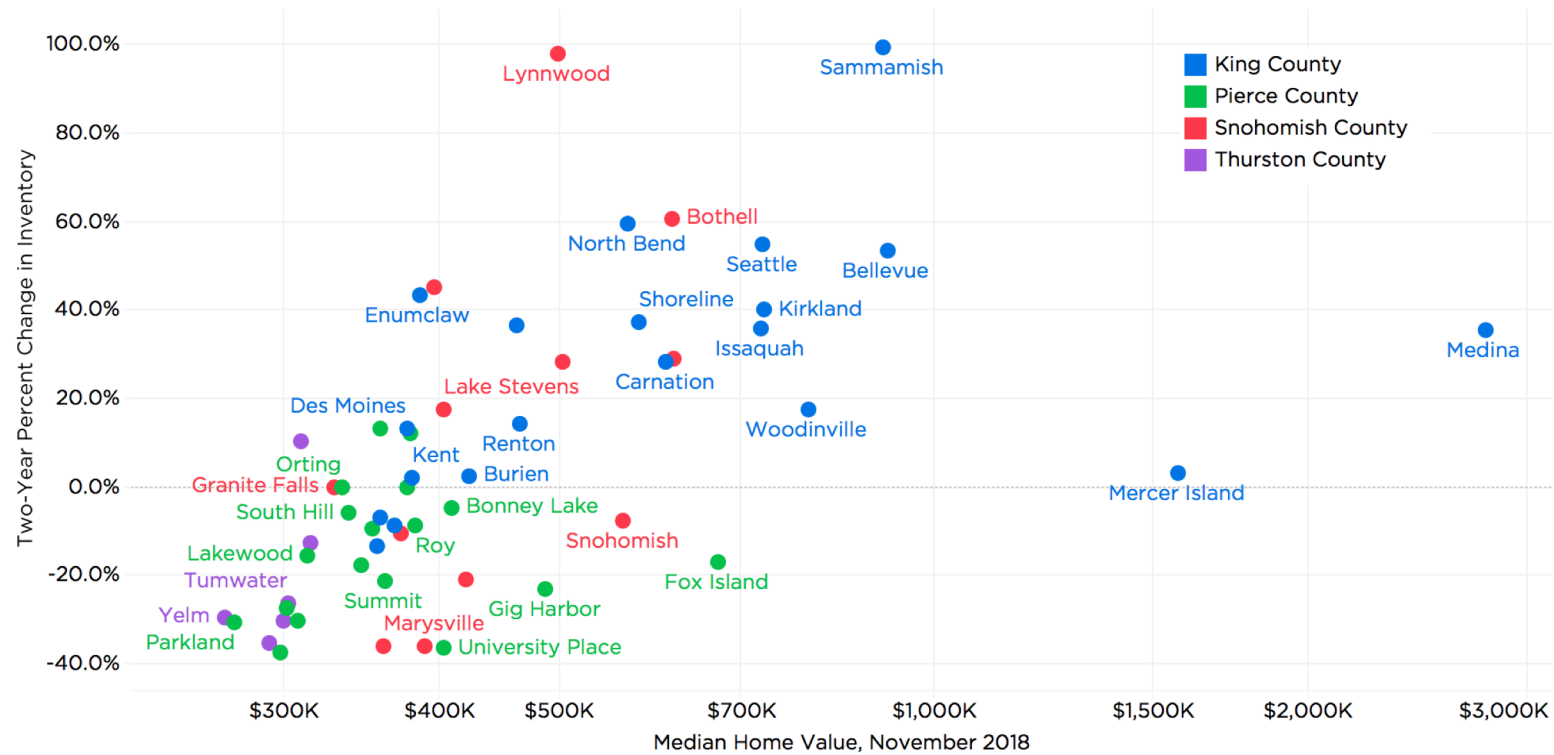




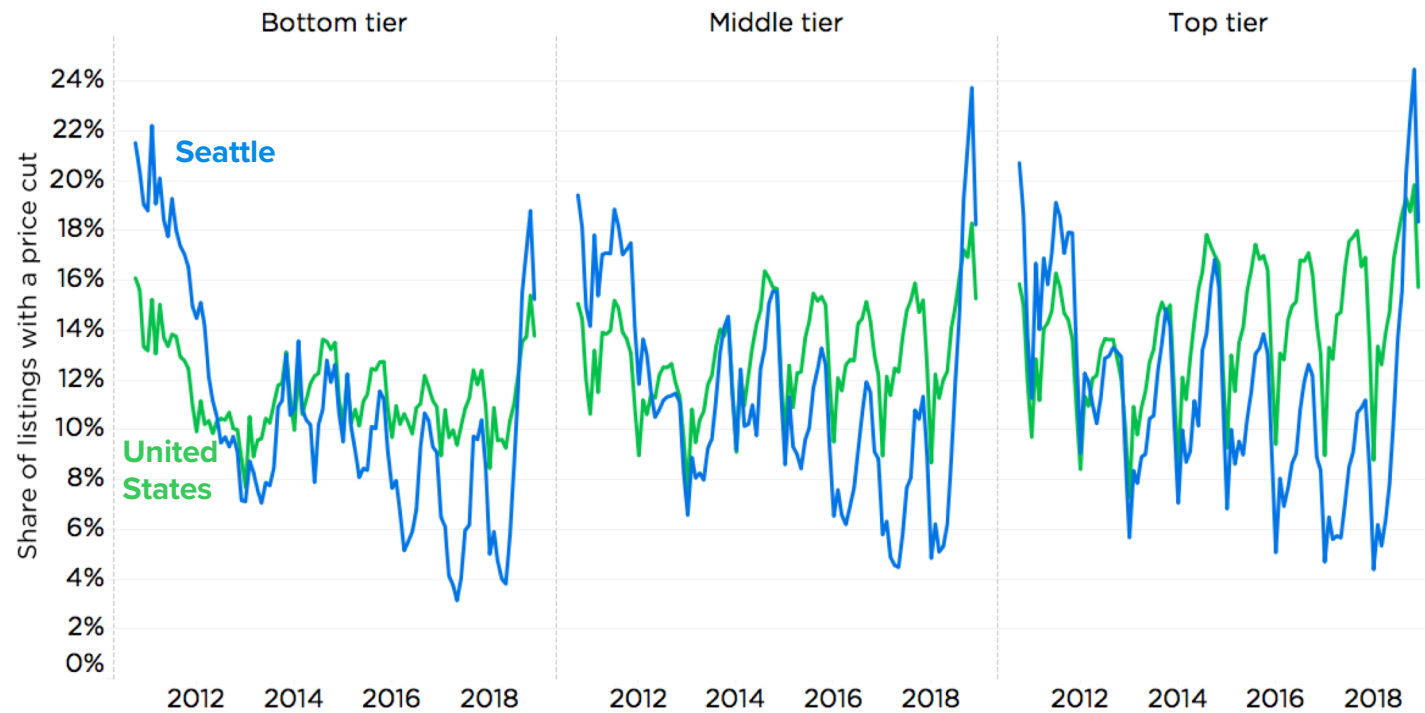
## After contracting for three years, inventory is rising



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

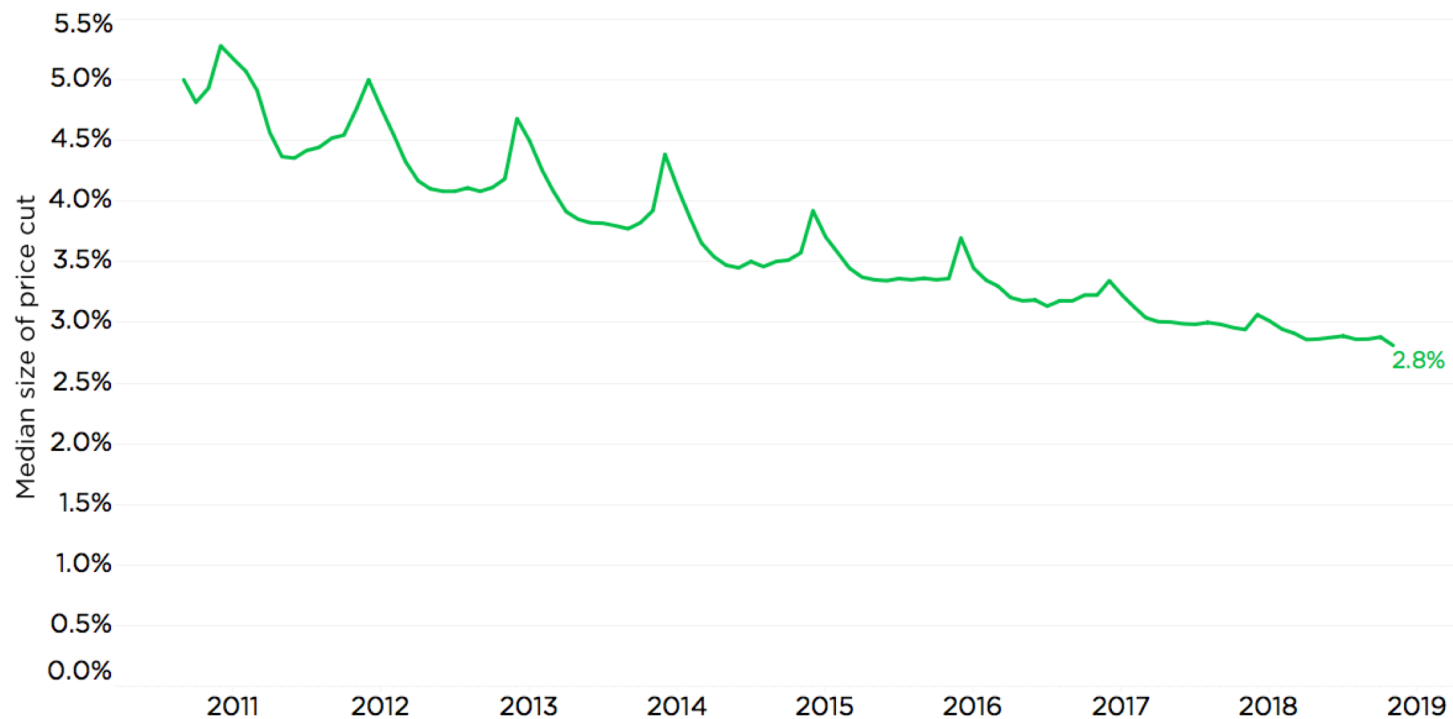


For the first time since the end of the Recession, Seattle has more listings with a price cut than the nation



But the size of the typical price cut has not increased:  
looks like price discovery, not desperation

This

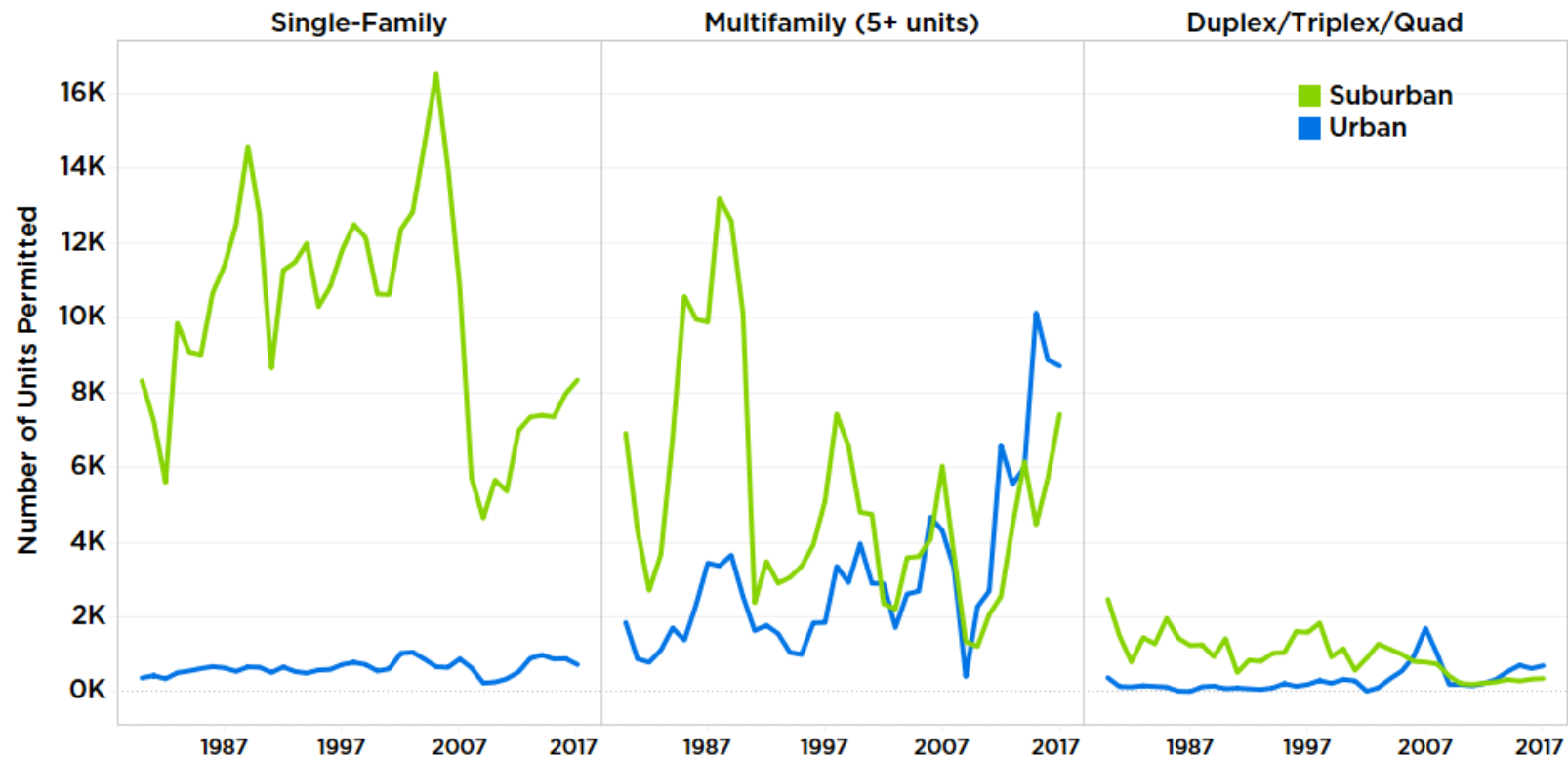


# New Construction

---



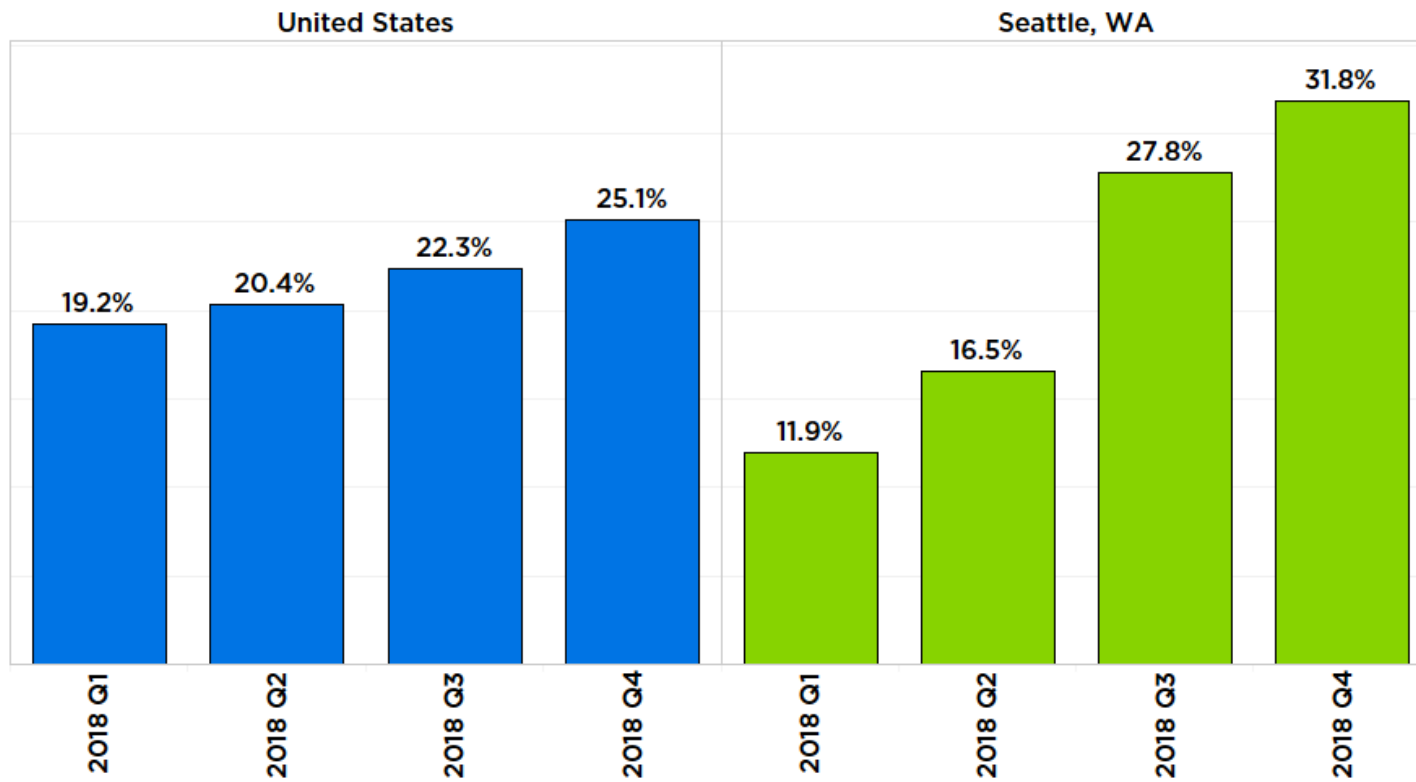
## Home building still lags pre-crisis levels, and is shifting



Notes: Seattle metro.

Source: Zillow analysis of U.S. Census Bureau, Building Permits Survey, Annual data 1980-2017.

## New construction listings with a price cut rising

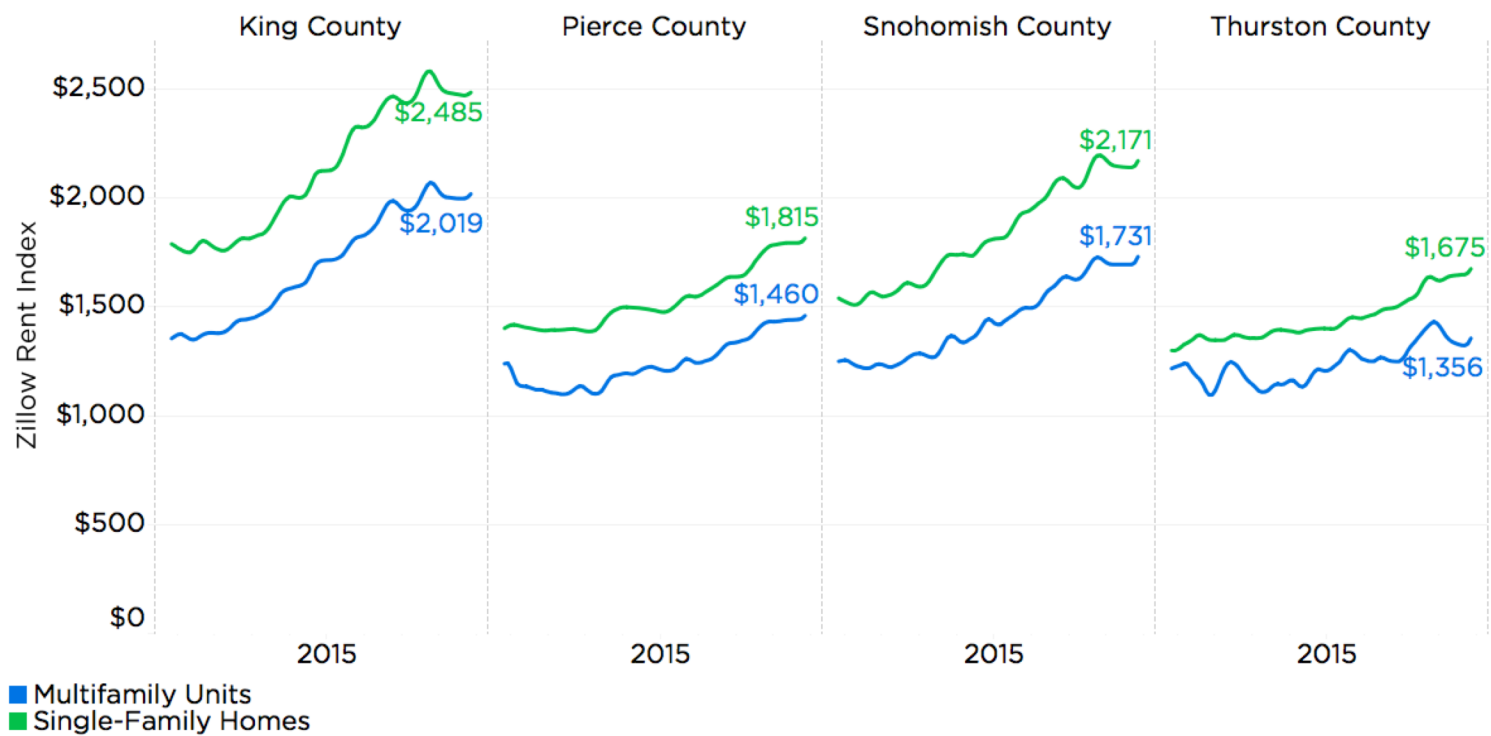


Source: Zillow data.

# Rental Market Trends

---

## Rents have peaked, but they aren't really going down either



Source: Zillow Rent Index, November 2018

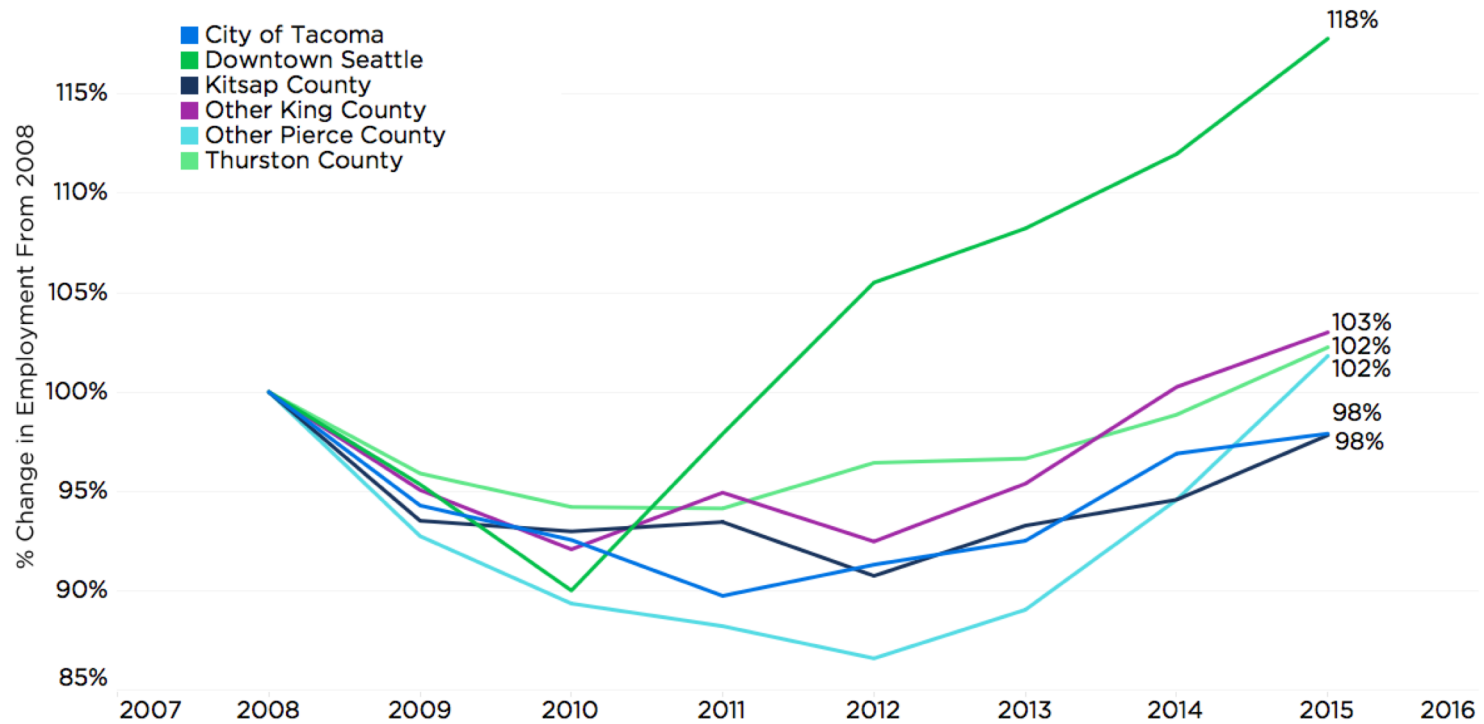


# Regional Market Drivers

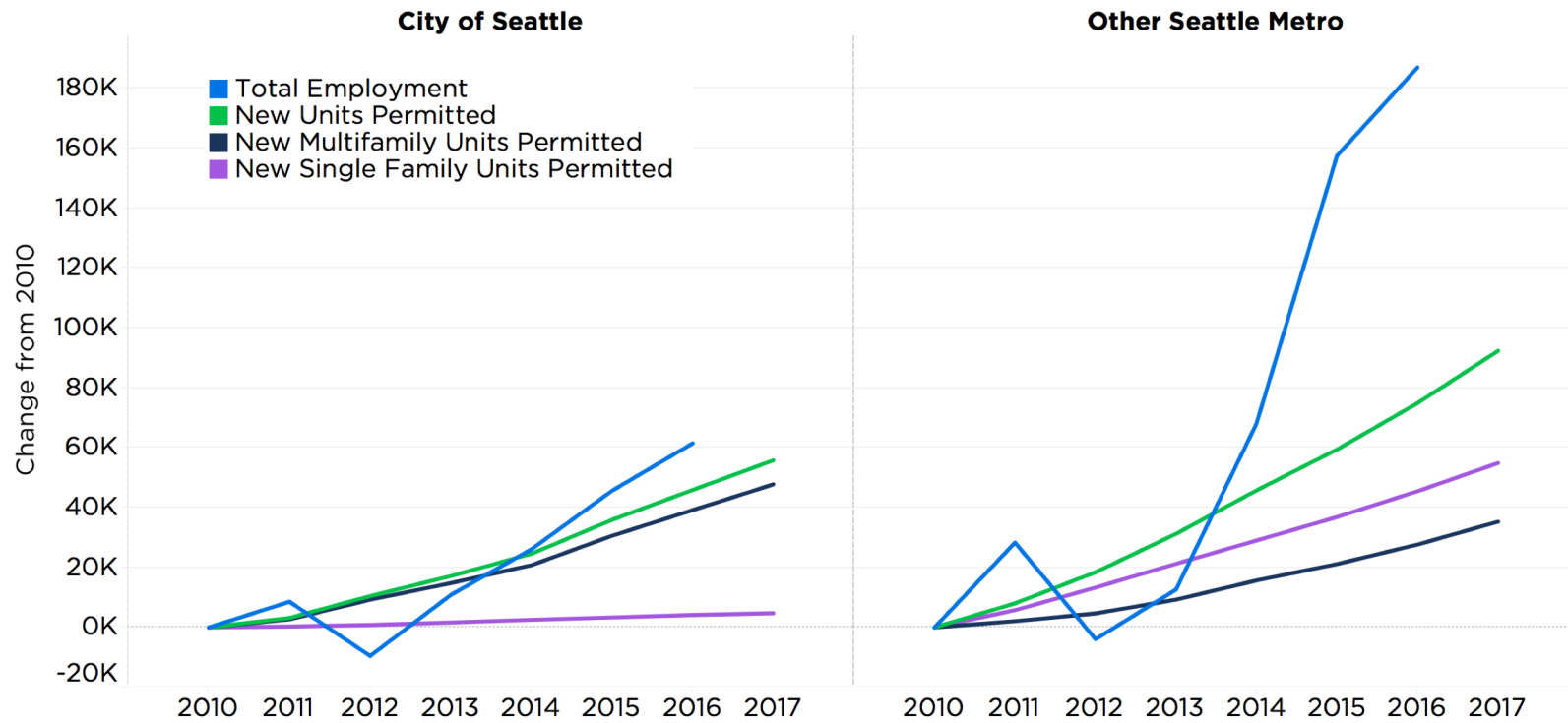
---



## Employment growth: The elephant in the region



## New construction vs job creation



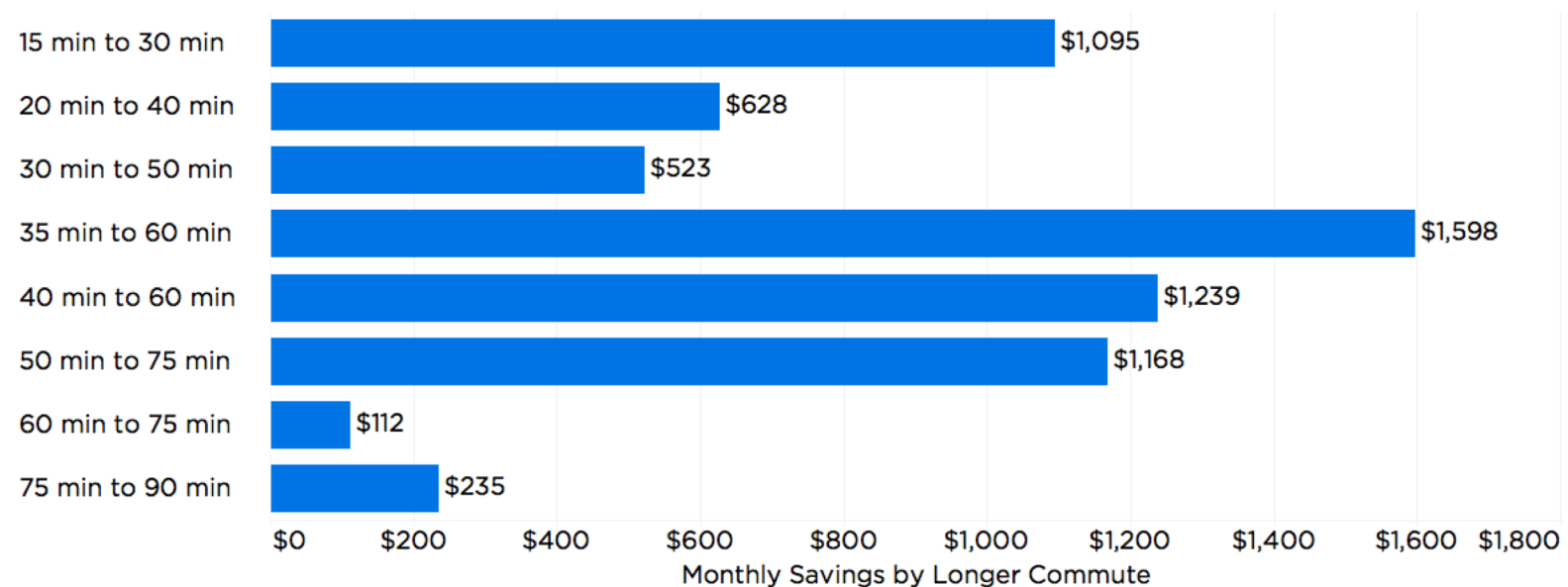
Source: Zillow analysis of U.S. Census Bureau, Building Permits Survey and County Business Patterns data, 2010–2017.

# Big savings in the suburbs for Seattle workers

## In Seattle, Driving for Savings

Increasing your  
commute from...

could save you...

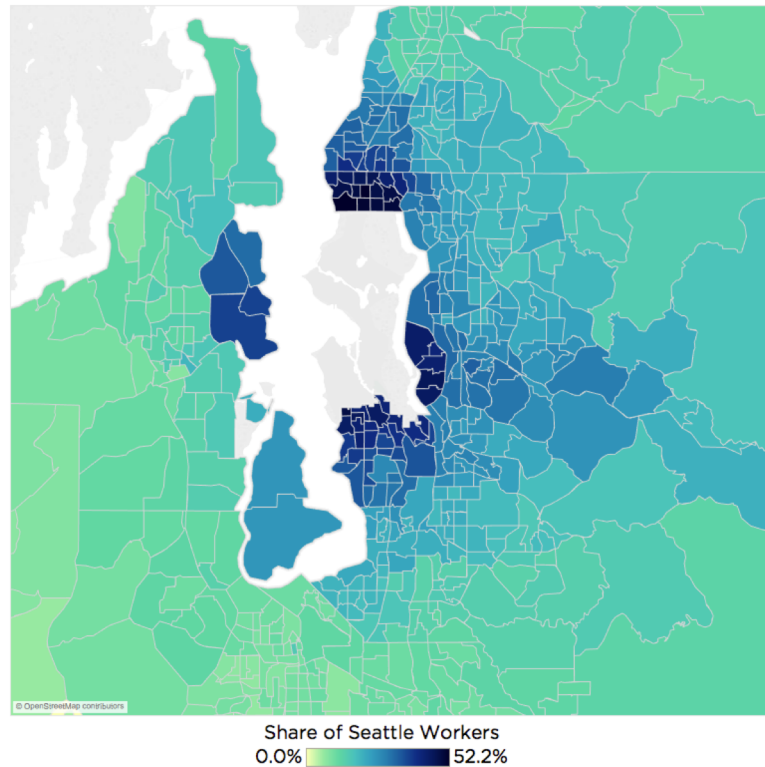


here

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



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



# Key Takeaways

---





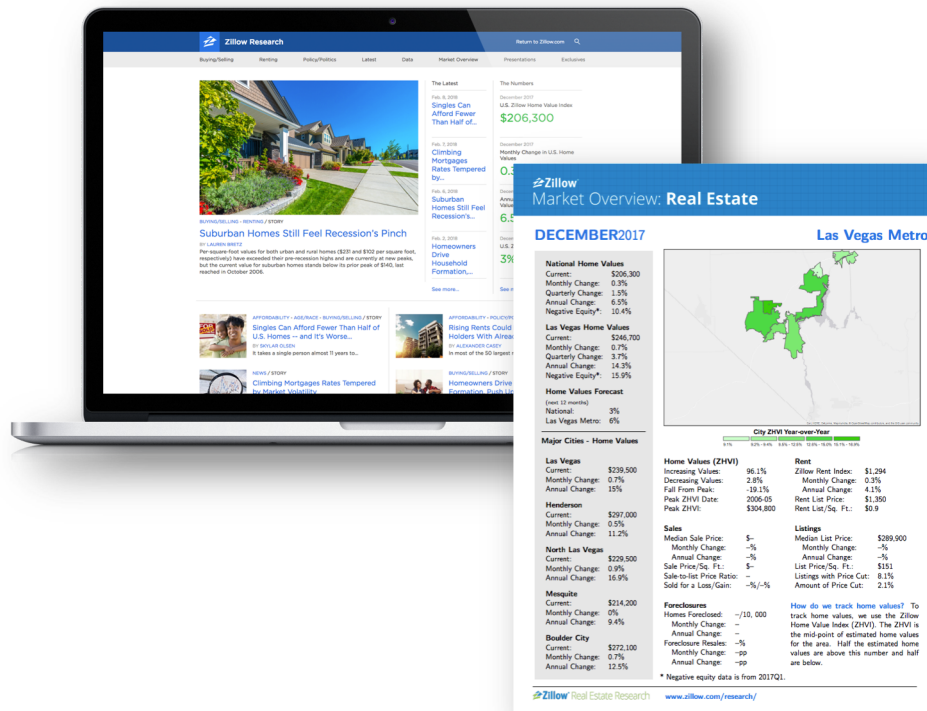
## Key trends in the Puget Sound Region

1. Slowing home value gains: Priciest submarkets negative in recent months while Tacoma/Olympia continue to see strong gains.
2. Regional labor market gains steady suggesting delayed, not lost, underlying demand.
3. After contracting for three years, inventory is rising again across price points though faster in pricier areas and it remains constrained by historical standards.
4. Rent growth has slowed across the region softening incentives to buy. It should pick back up this year but remain below inflation.
5. New construction lagging and shifting.

# More data

---

More research and data at [www.zillow.com/research](http://www.zillow.com/research)



### Real Estate Metrics Include:

- Zillow Home Value Index
- Zillow Rent Index
- Zillow Home Value Forecast
- Negative equity
- Sale prices
- Rental prices
- Home sales
- \$ value/square foot
- Price-to-income ratios
- Affordability

...and more



