

A photograph of a blue house with a garden at night. The house has a blue exterior and a wooden door. The garden is filled with various plants, including ferns and large-leafed plants. The scene is illuminated by warm lights from the house and garden lamps, creating a cozy atmosphere. The text is overlaid on the left side of the image.

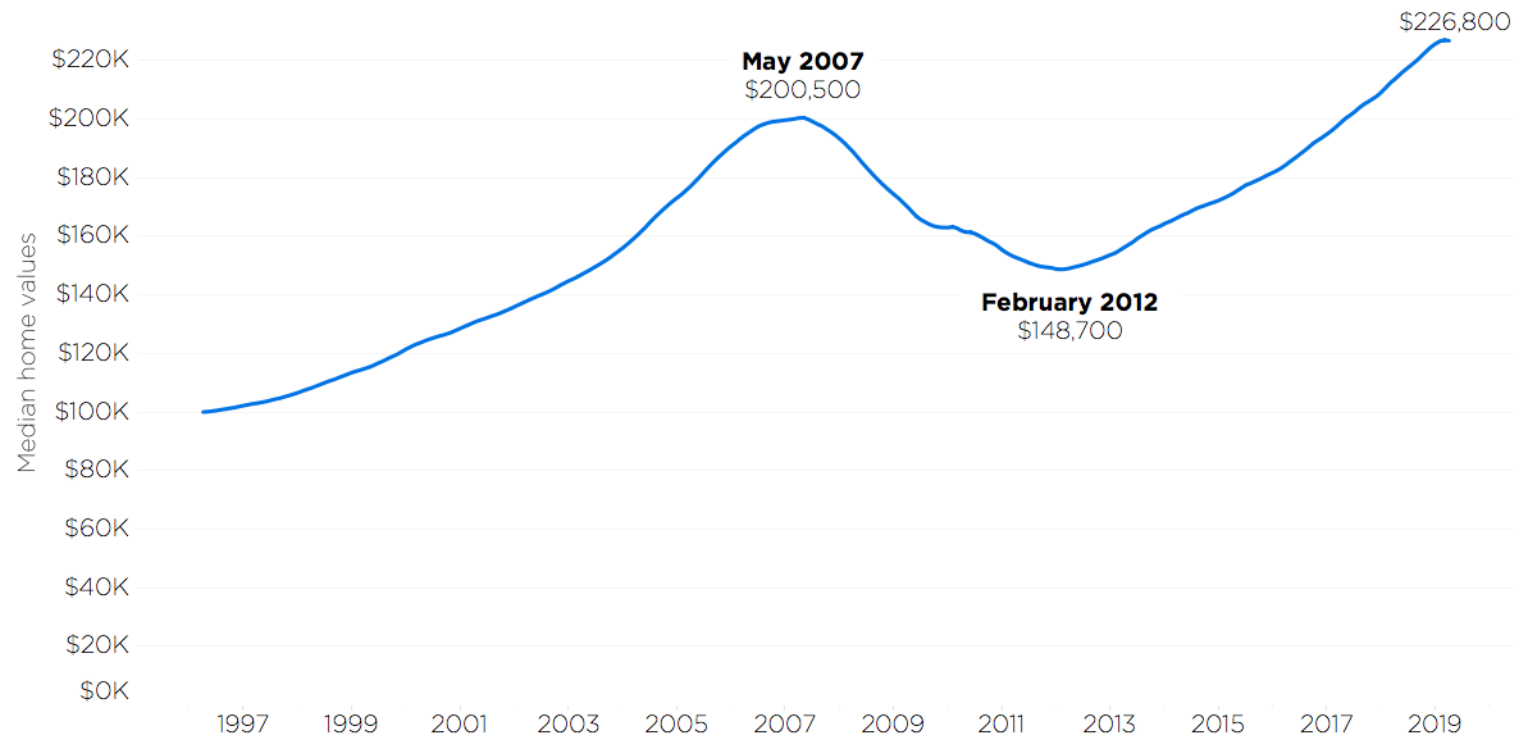
Seattle Market Cooldown

June 2019

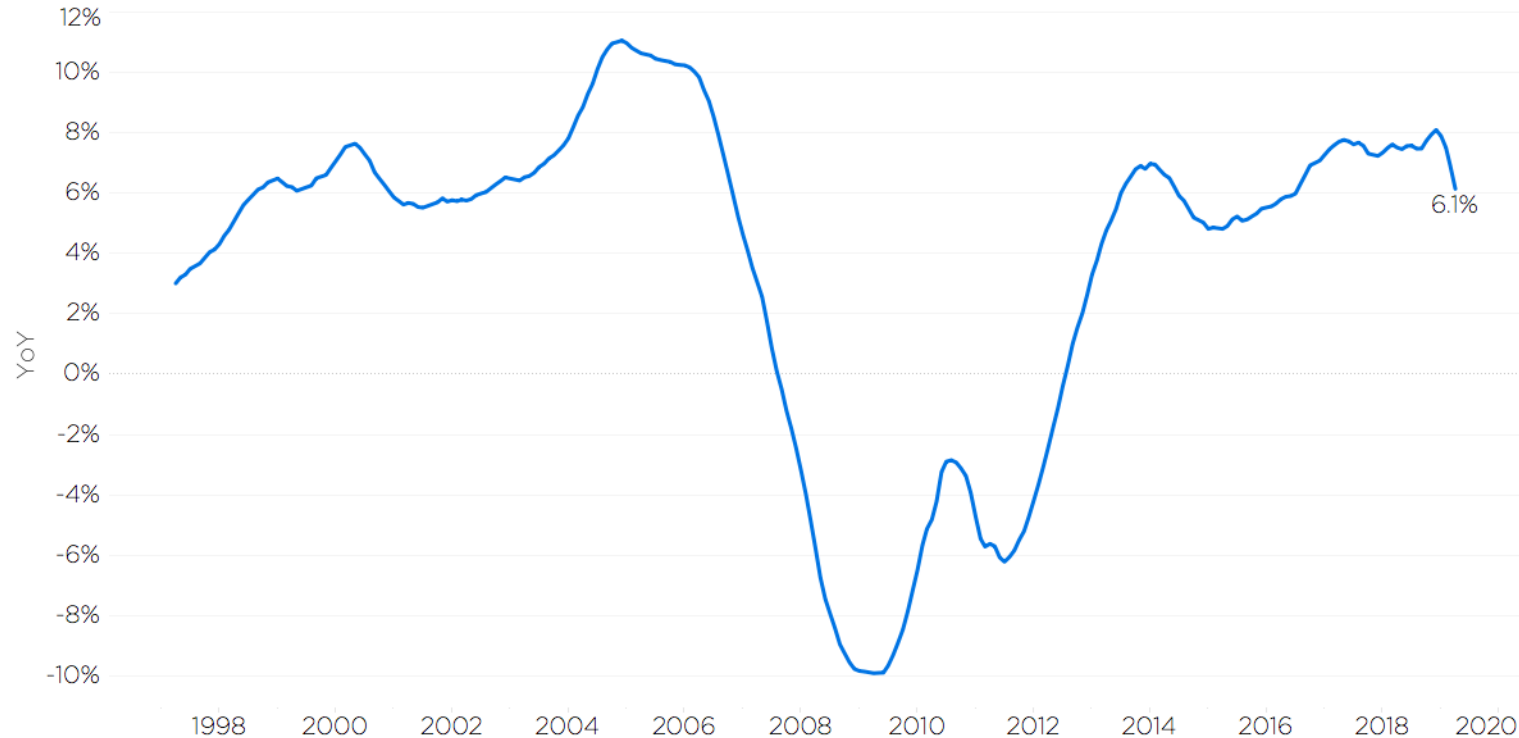
Jeff Tucker

Economist, Zillow Research

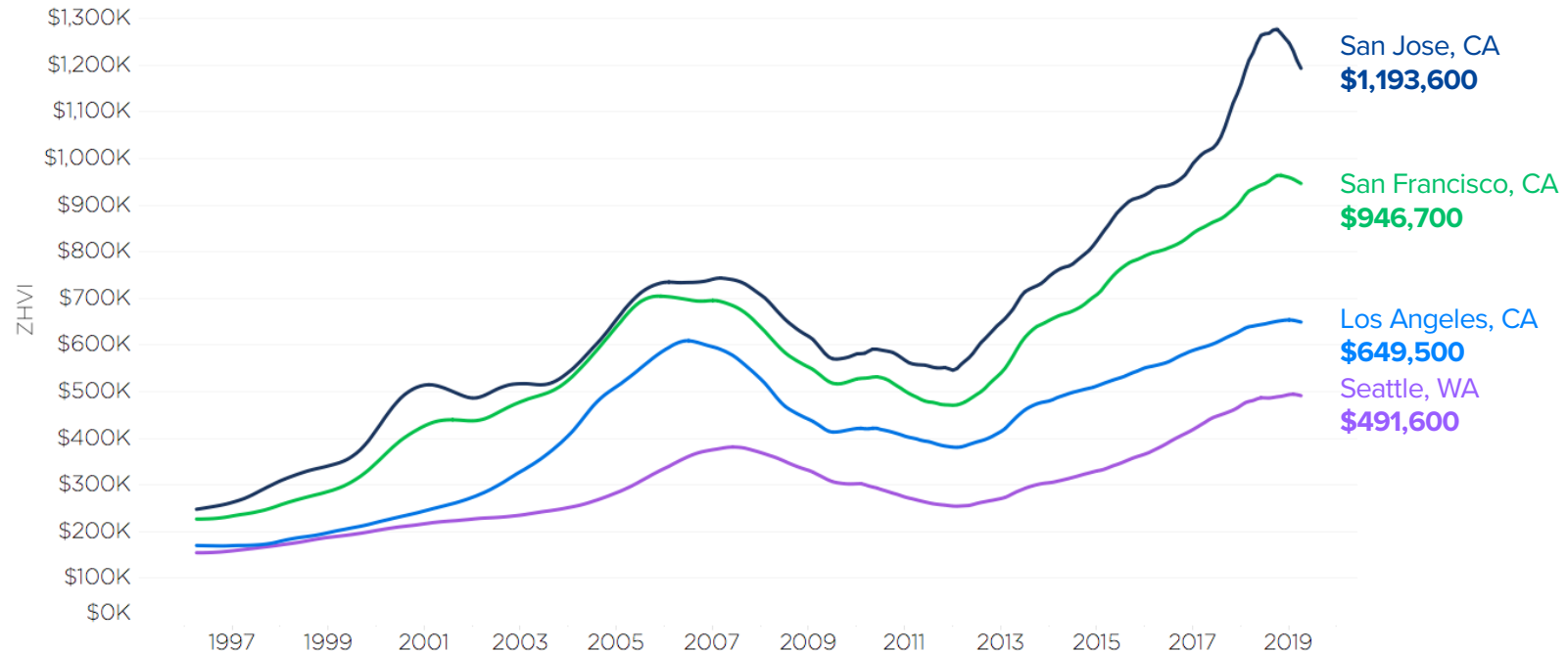
US home values have reached a new peak...



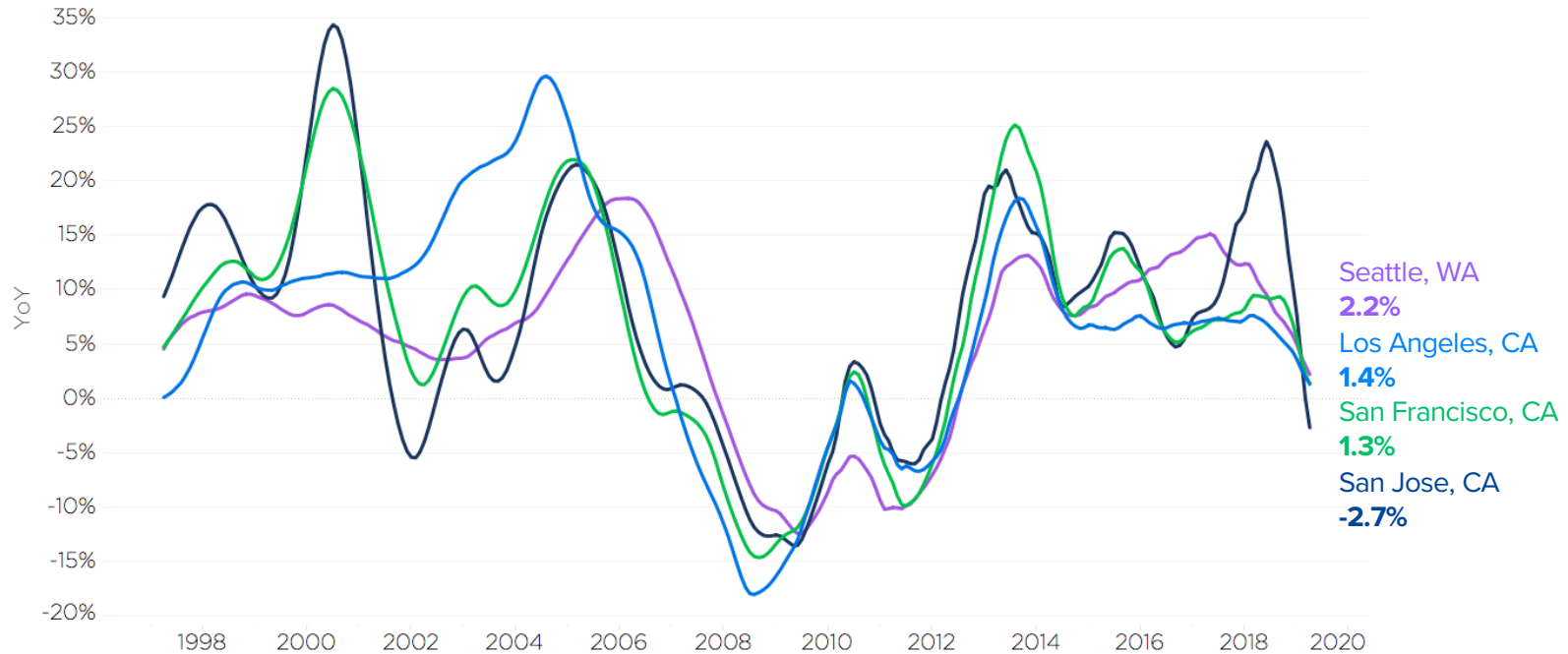
...but are slowing after years of rapid growth



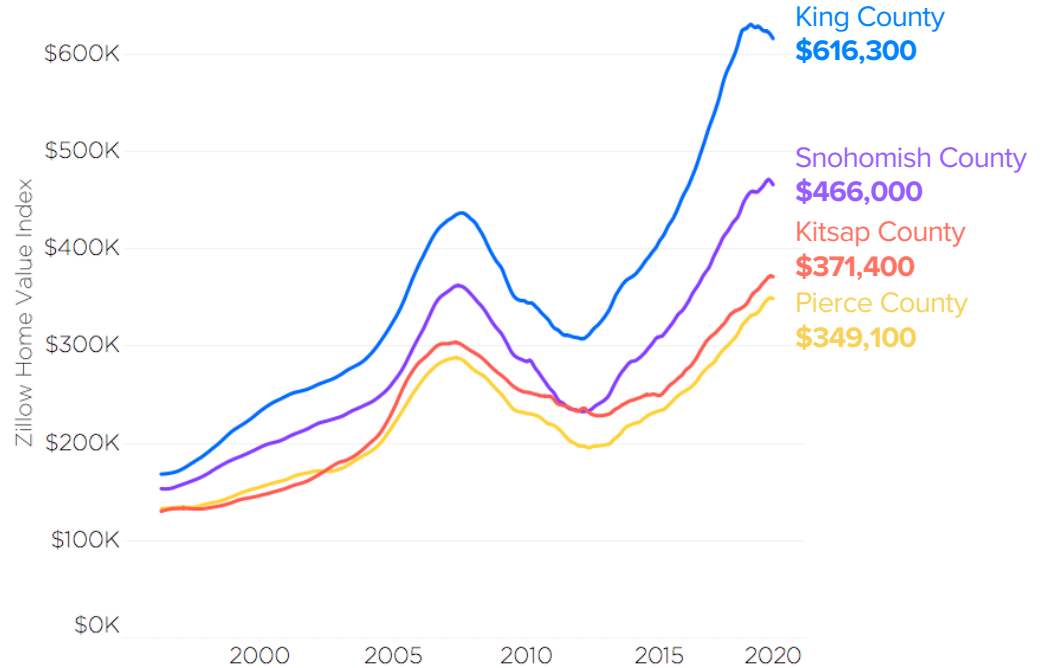
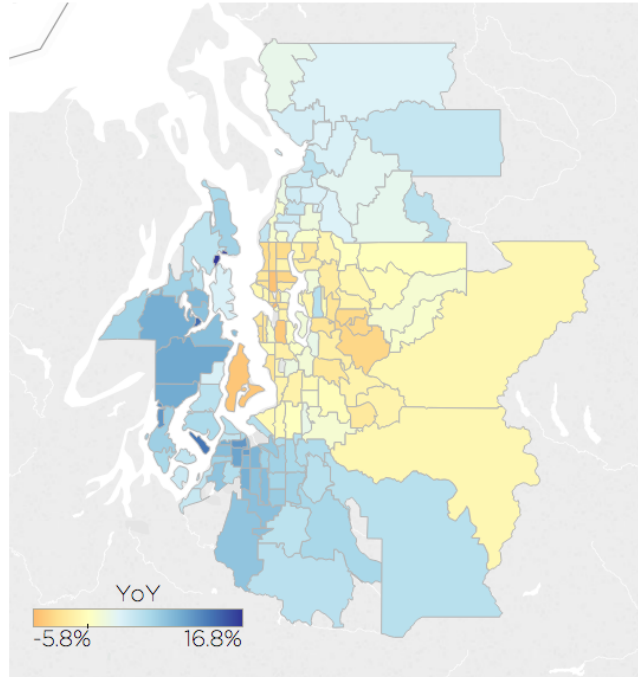
West coast led the boom and the slowdown



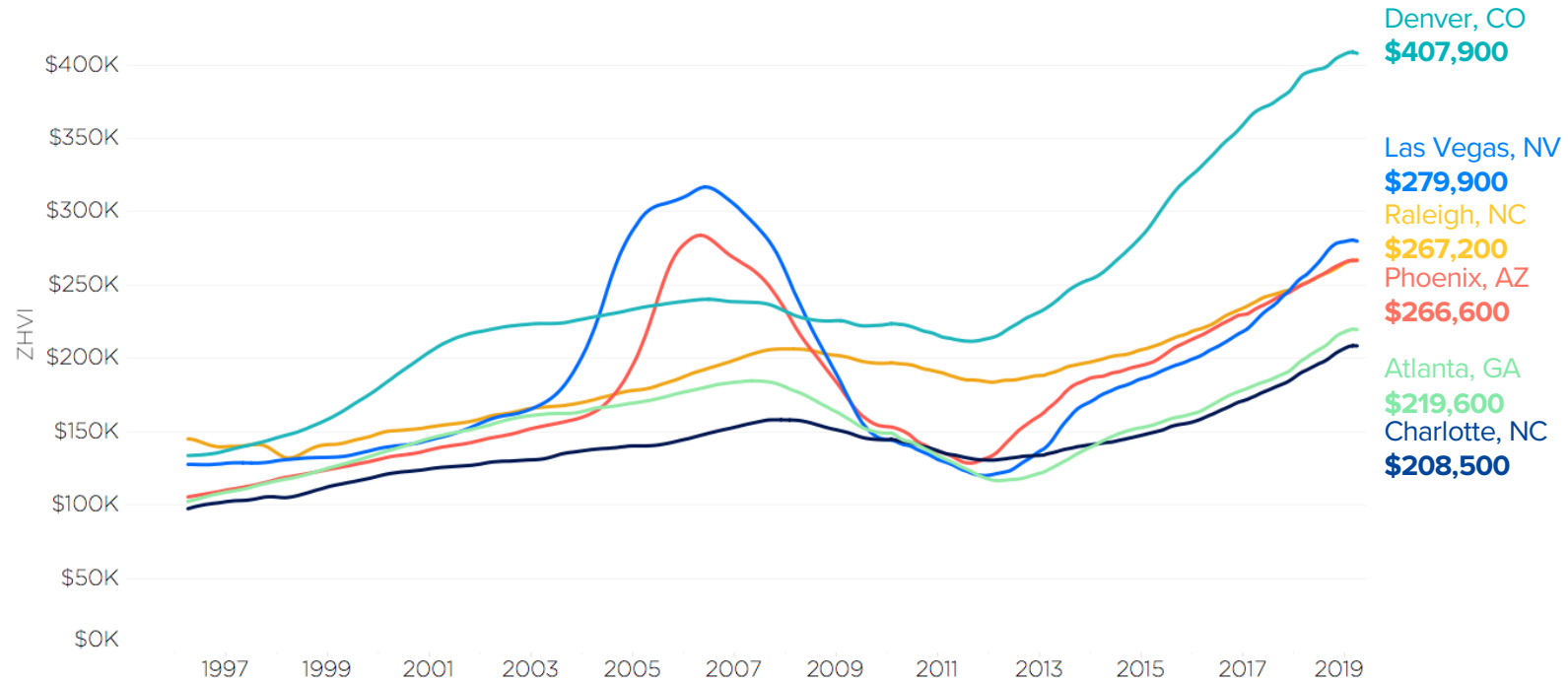
...with plunging growth rates



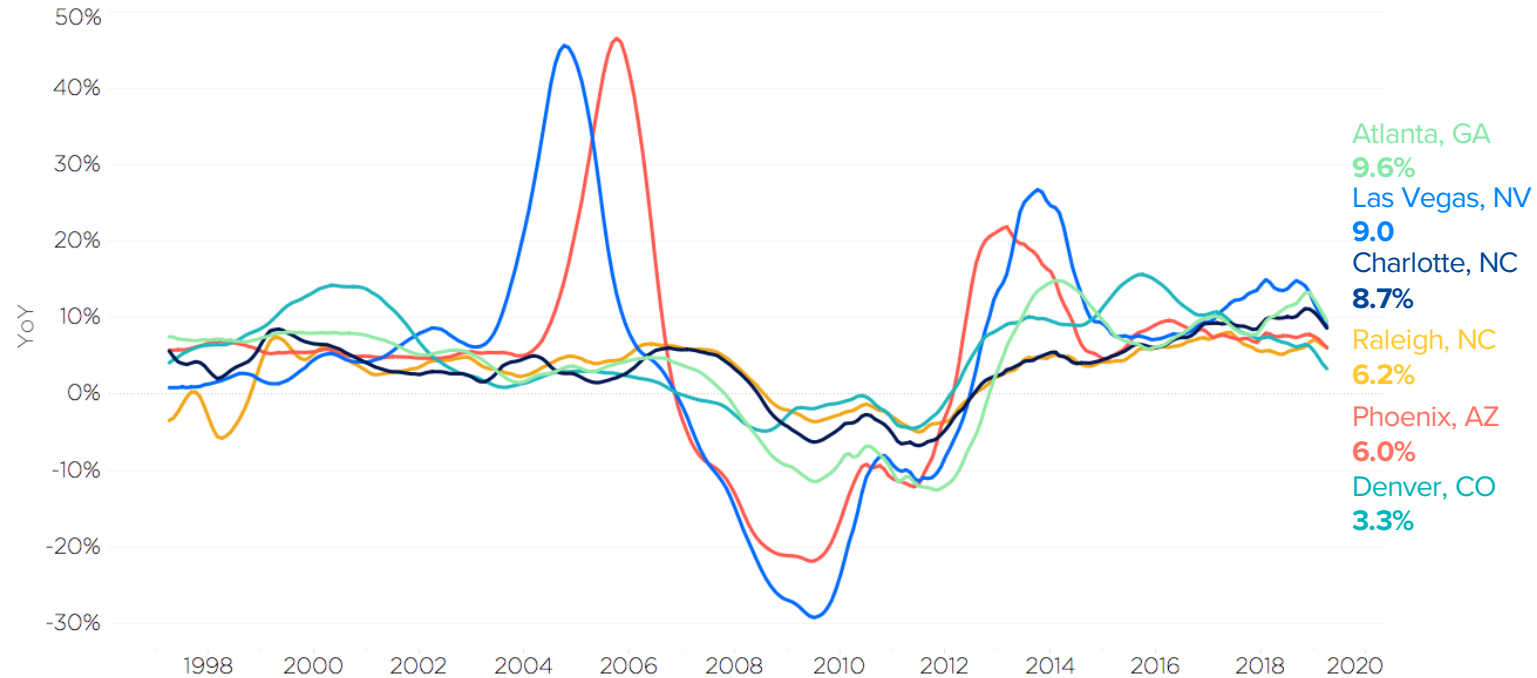
Affordability breaking point in King County



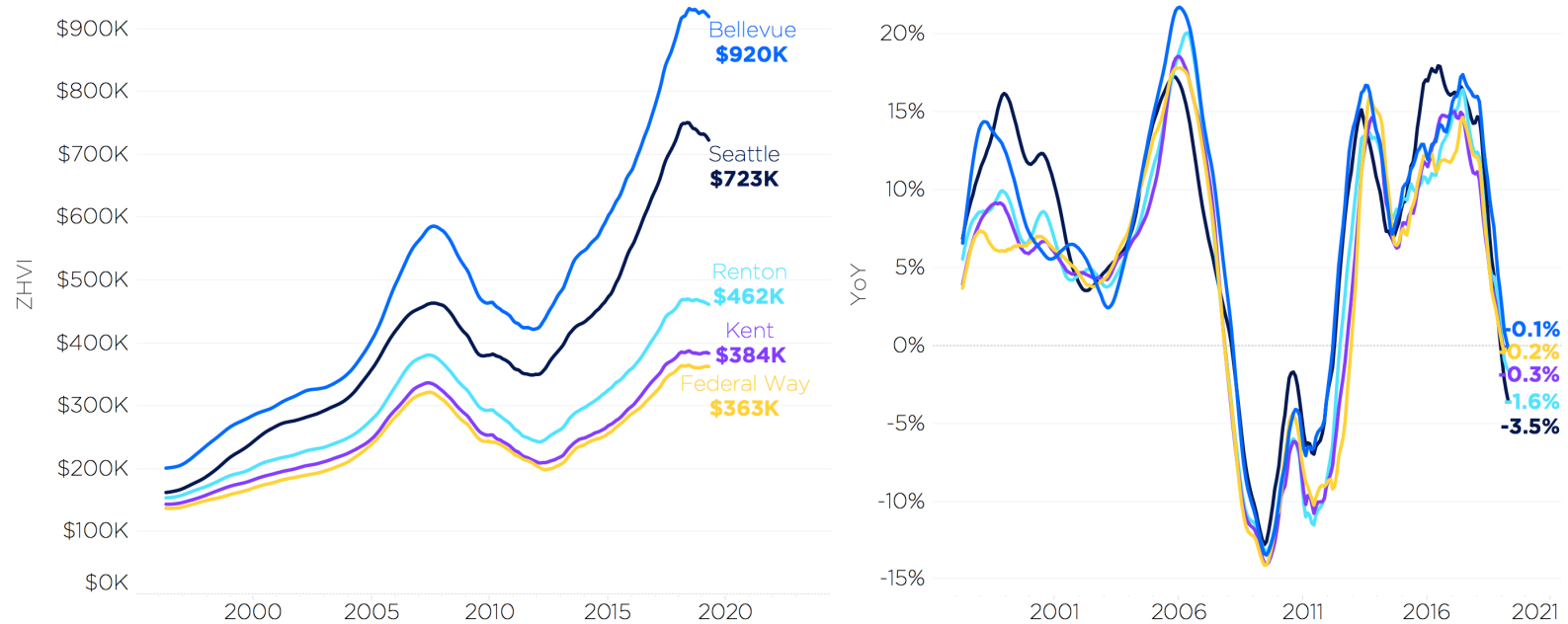
Consistent markets are generally more affordable



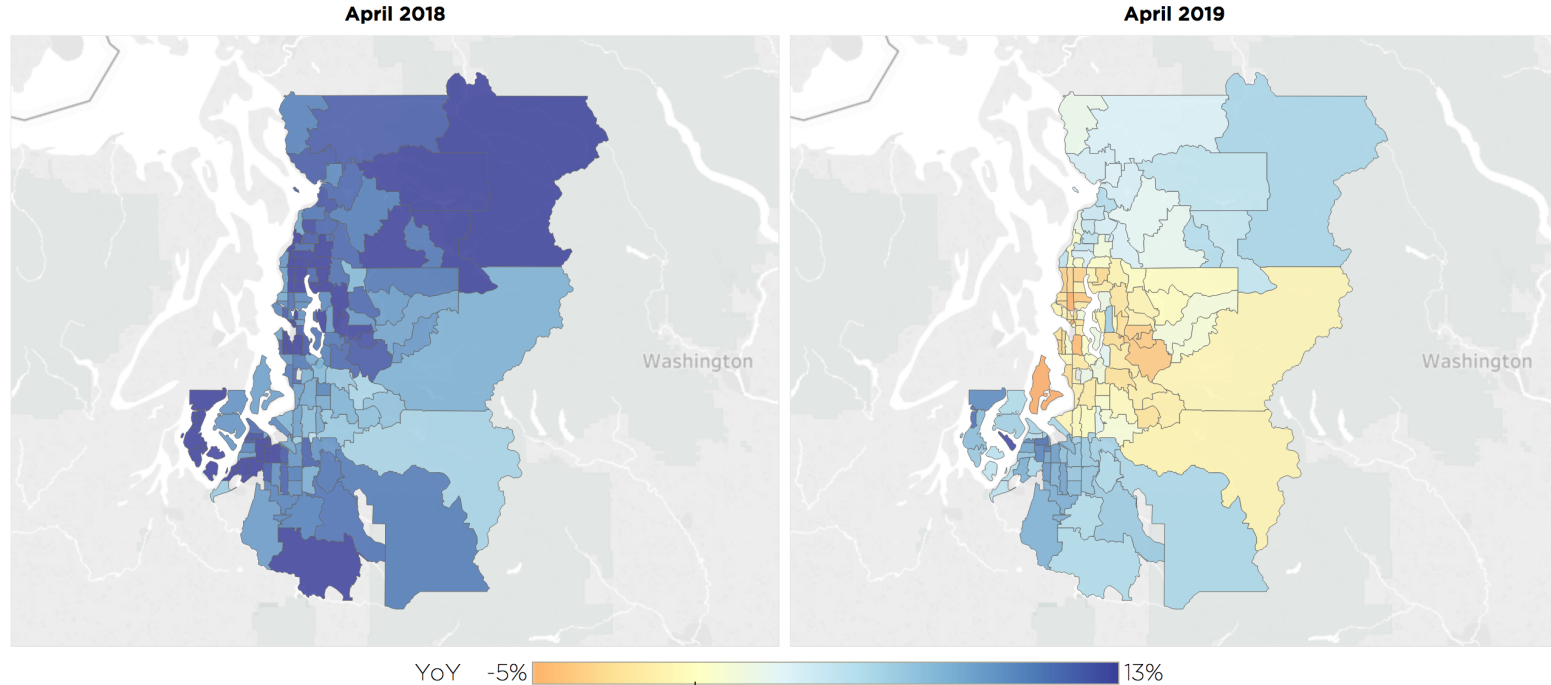
Affordable = home value dynamics steadier



Locally, Seattle is leading the slowdown

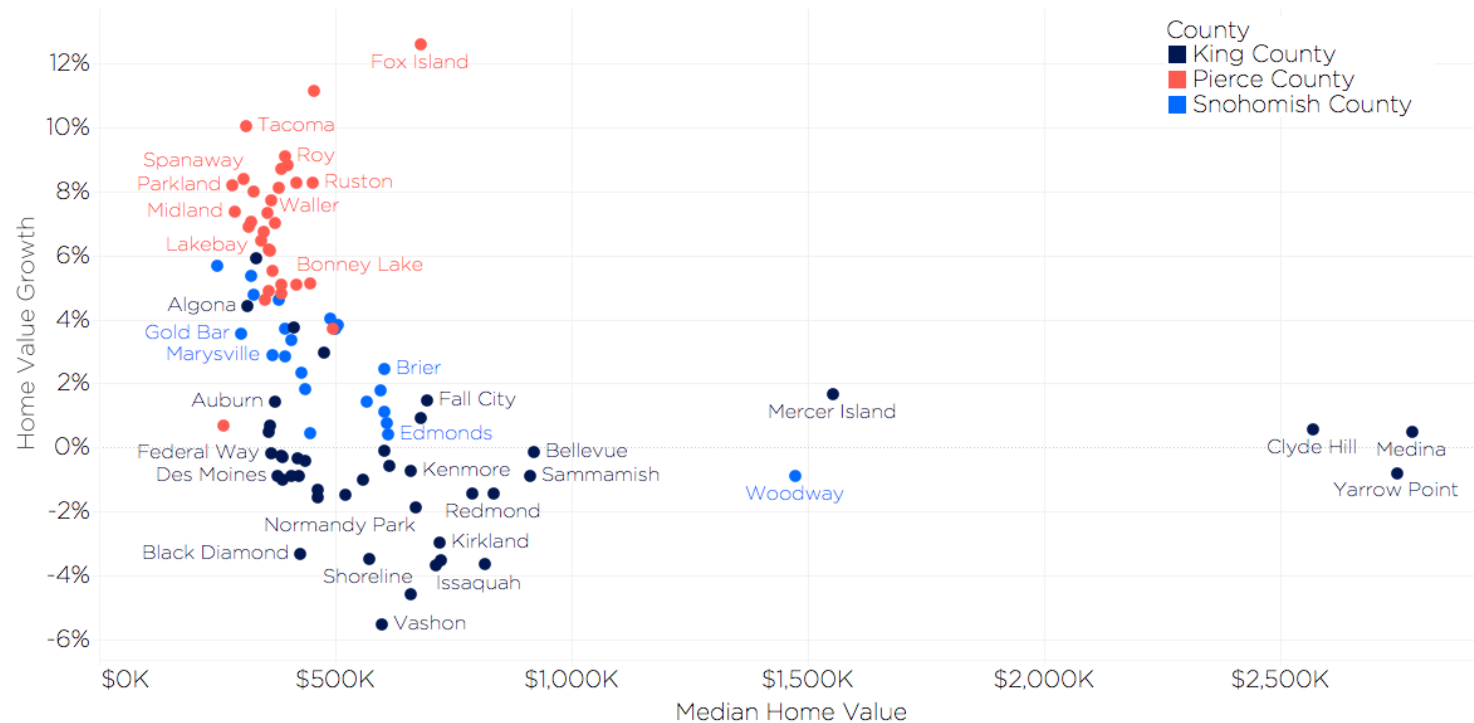


Priciest markets have slowed while more affordable pockets continue to see some appreciation



Source: Zillow Home Value Index, April 2019.

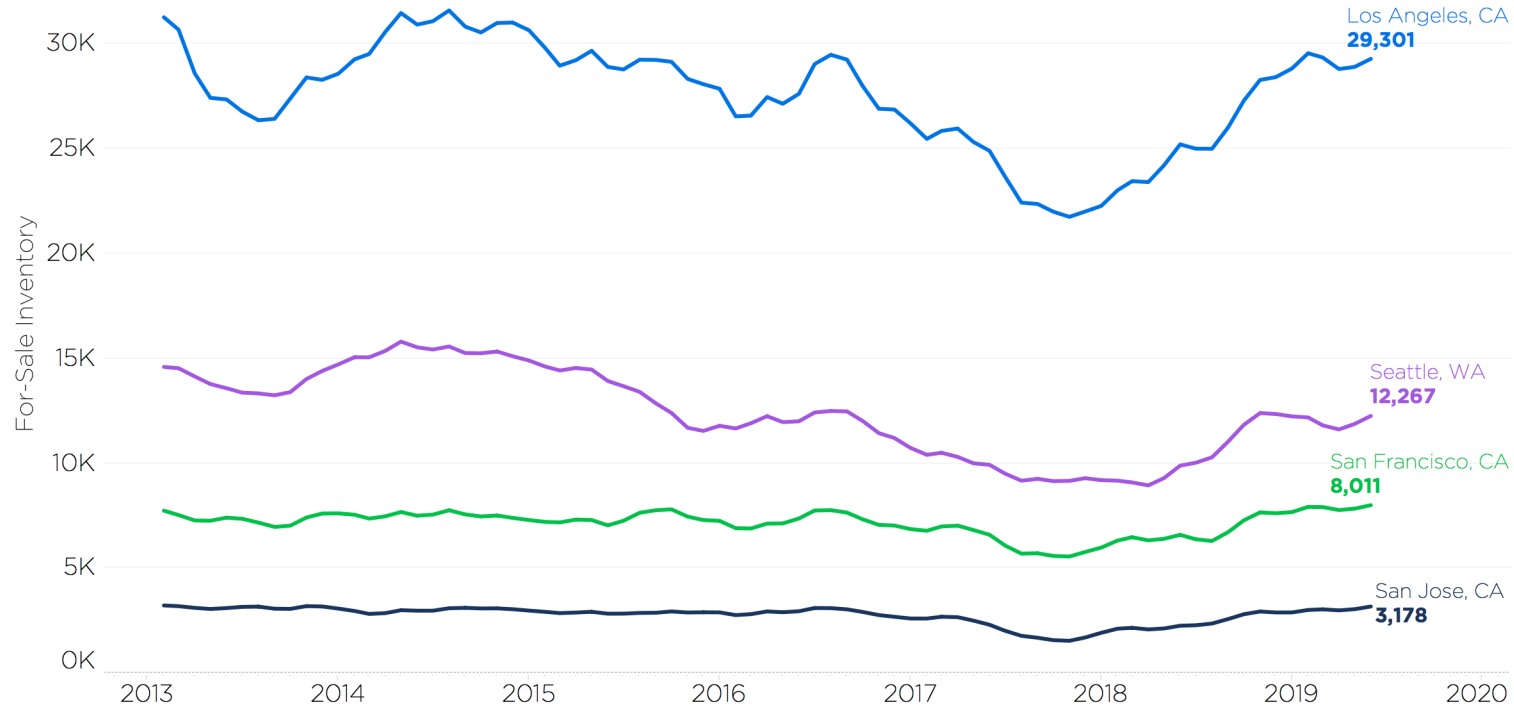
Almost all markets under \$350K continue to see gains while most over \$400K are seeing declines



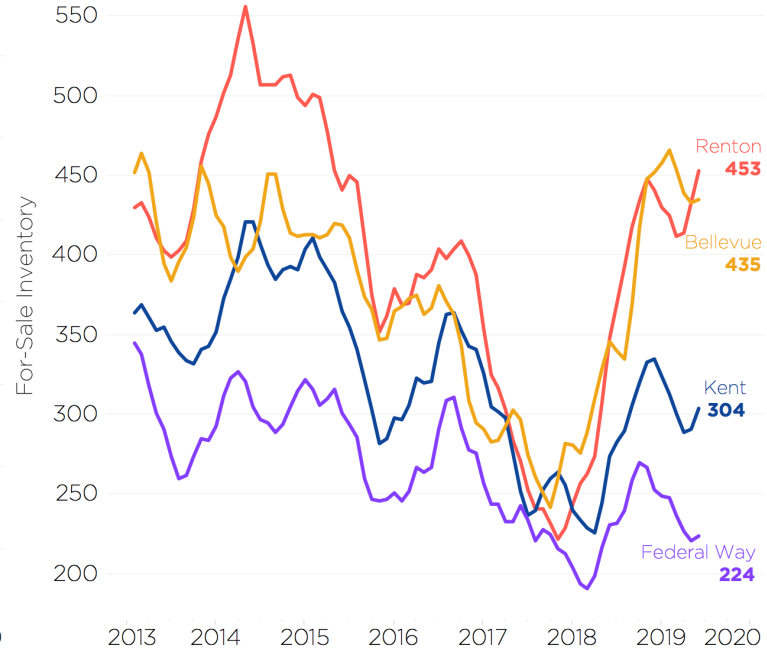
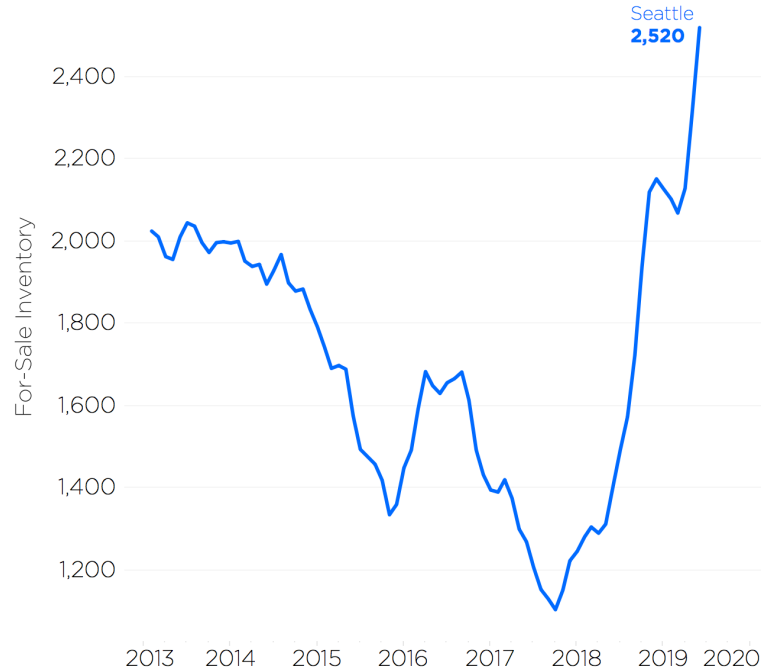
National inventory has finally bottomed out



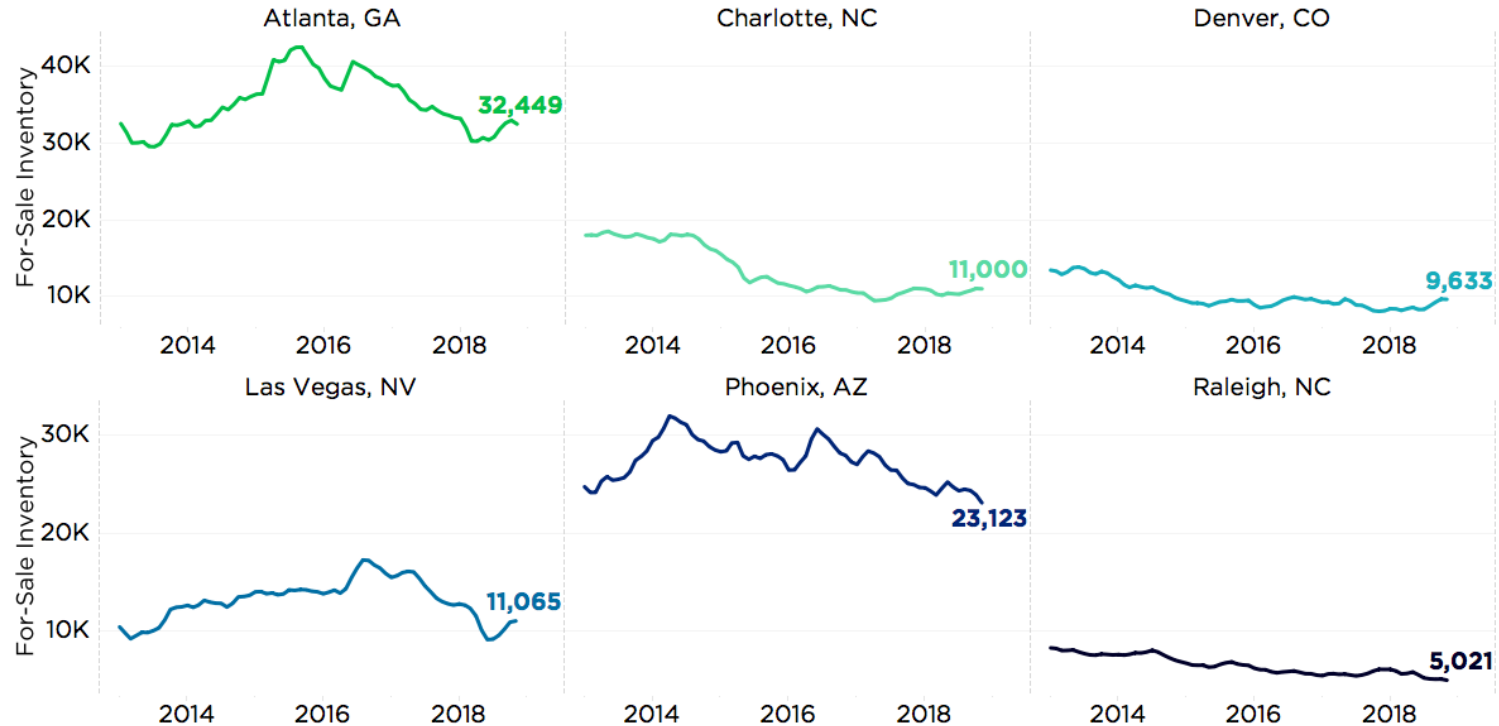
West Coast inventory is rebounding



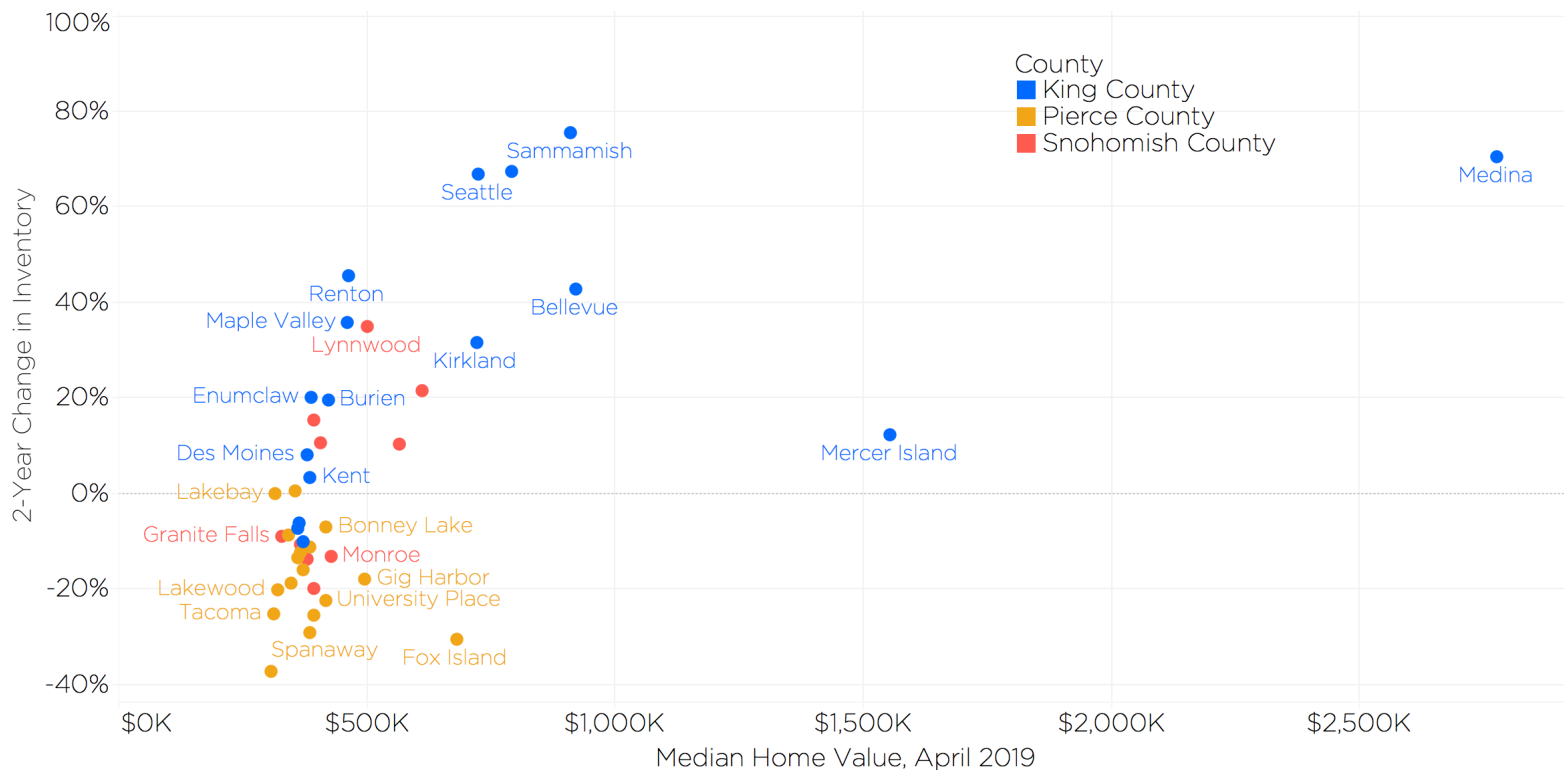
Seattle inventory doubled in a year



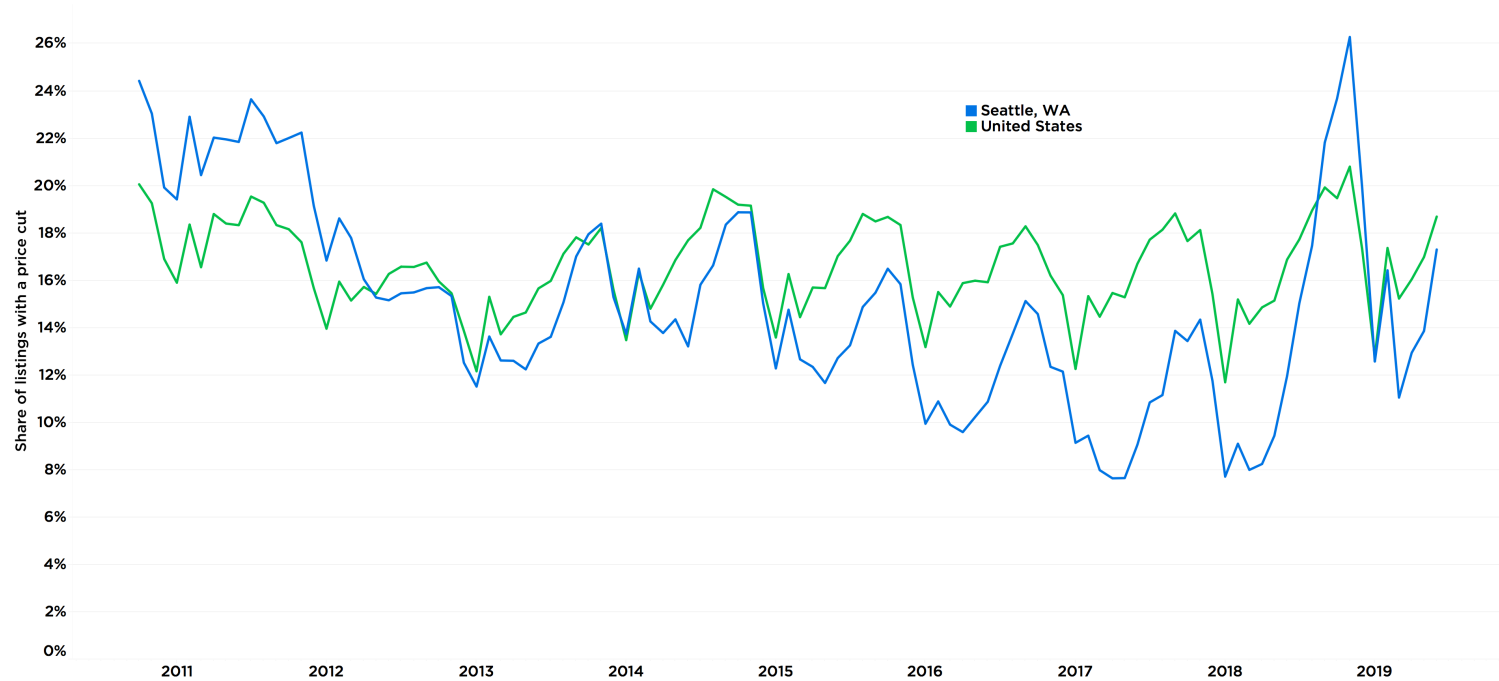
Comparison cities' inventory not spiking



Listings are rising more in the region's pricier cities



Price cuts for listings peaked in the fall

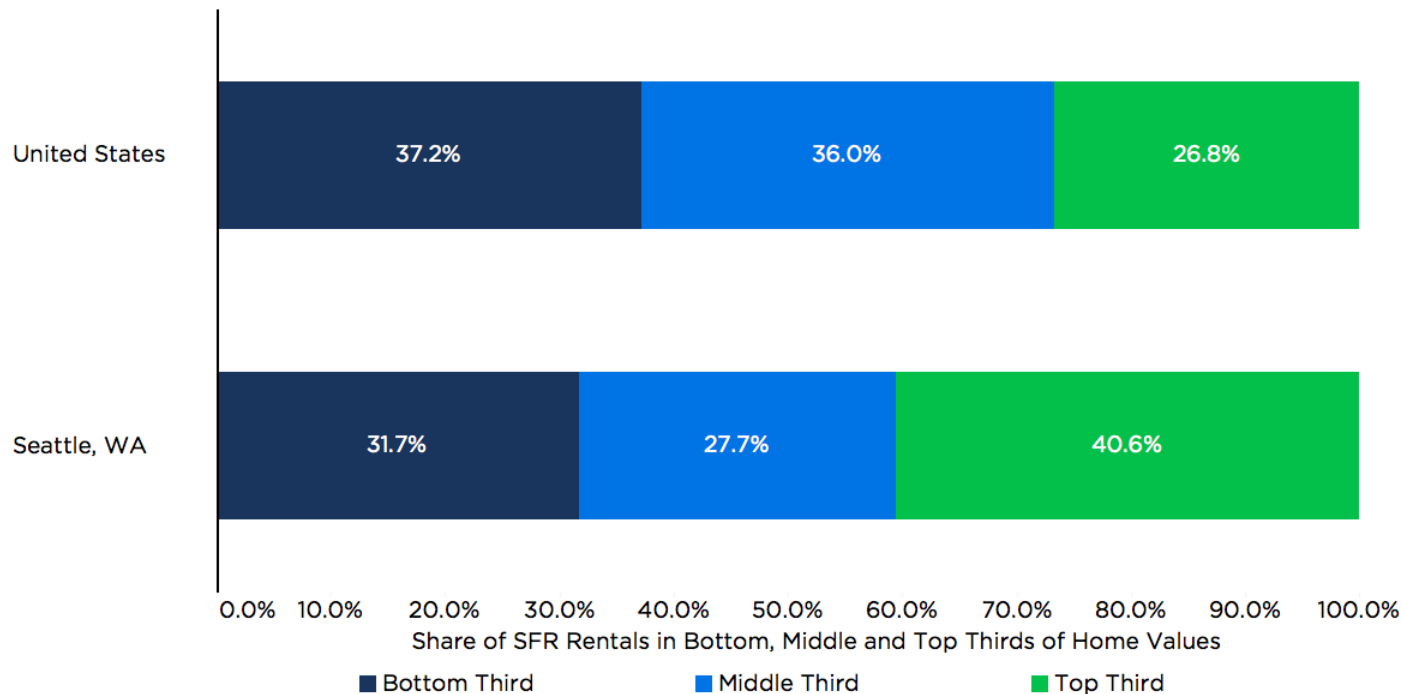


Mortgage rates threw some water on the fire

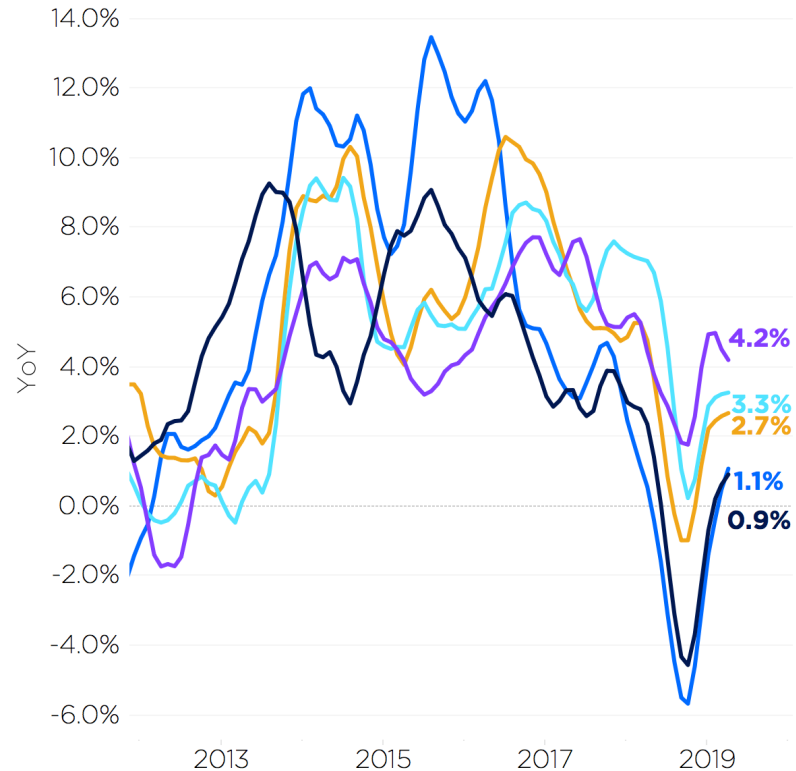
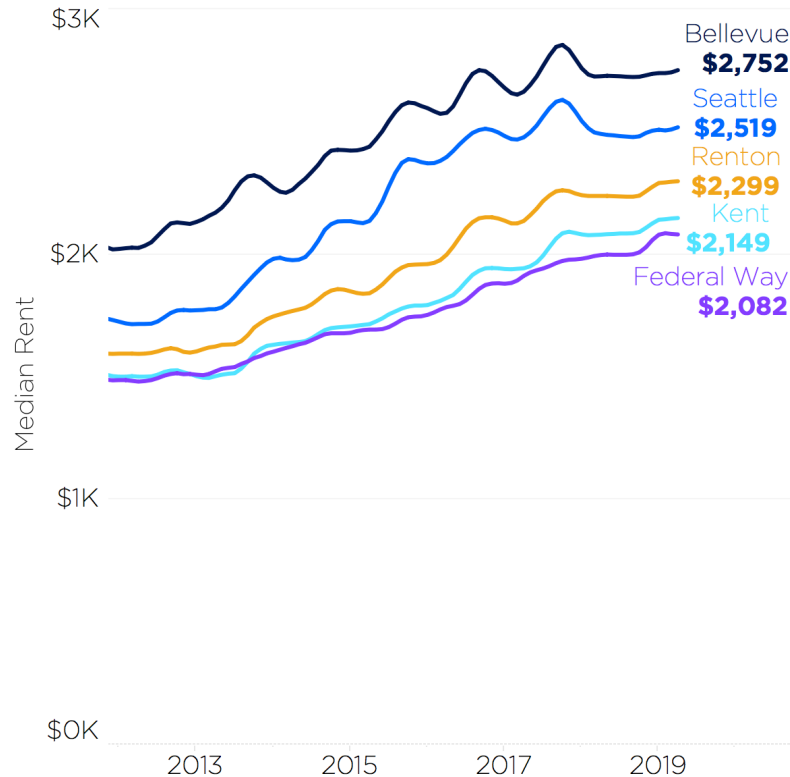


Rental Market

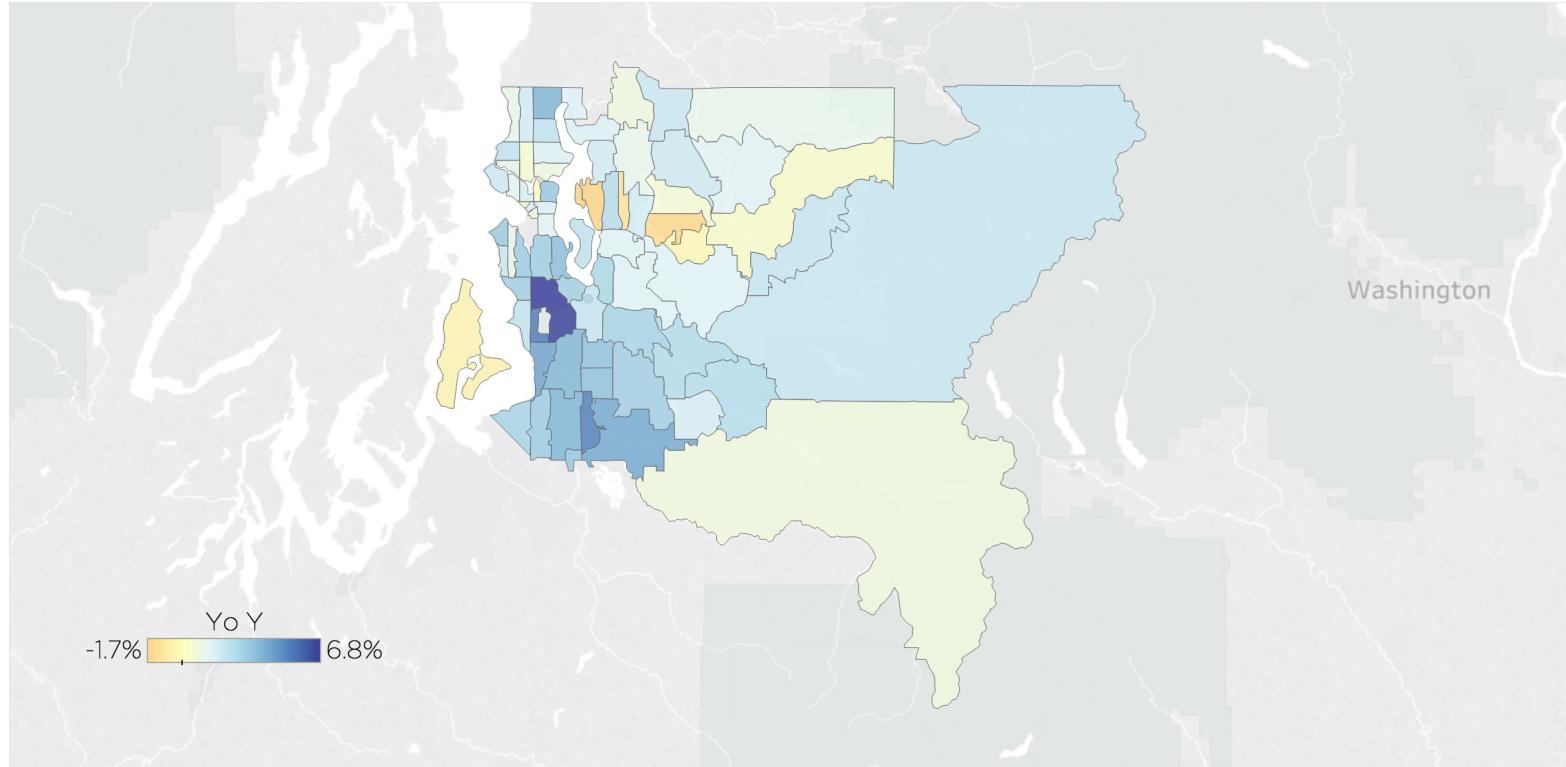
Nationwide, SFR rentals skew toward the bottom of the market, but in Puget Sound they skew toward the top



Rent: Steady as she goes?

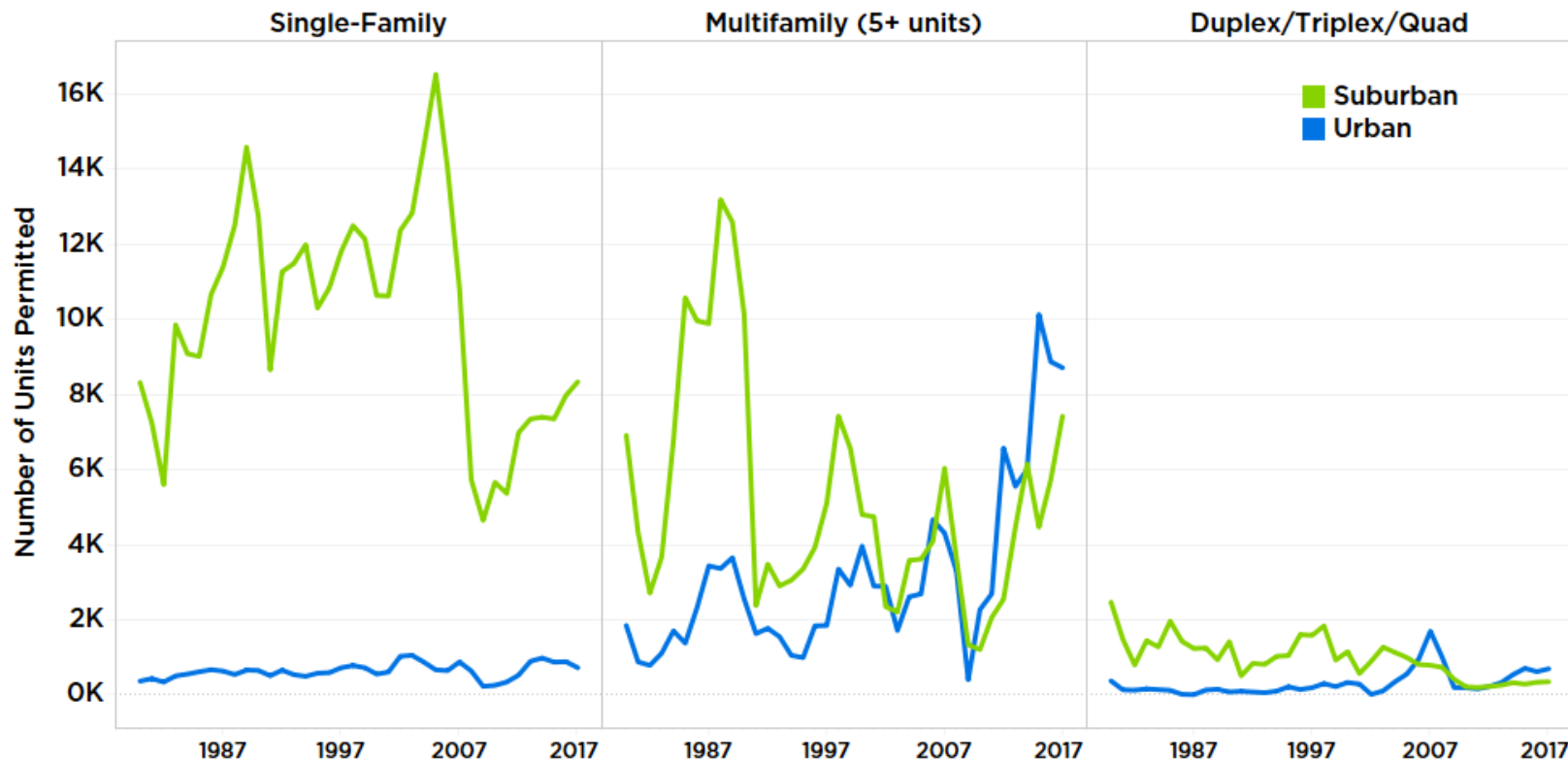


Rent growth broadly stabilizing

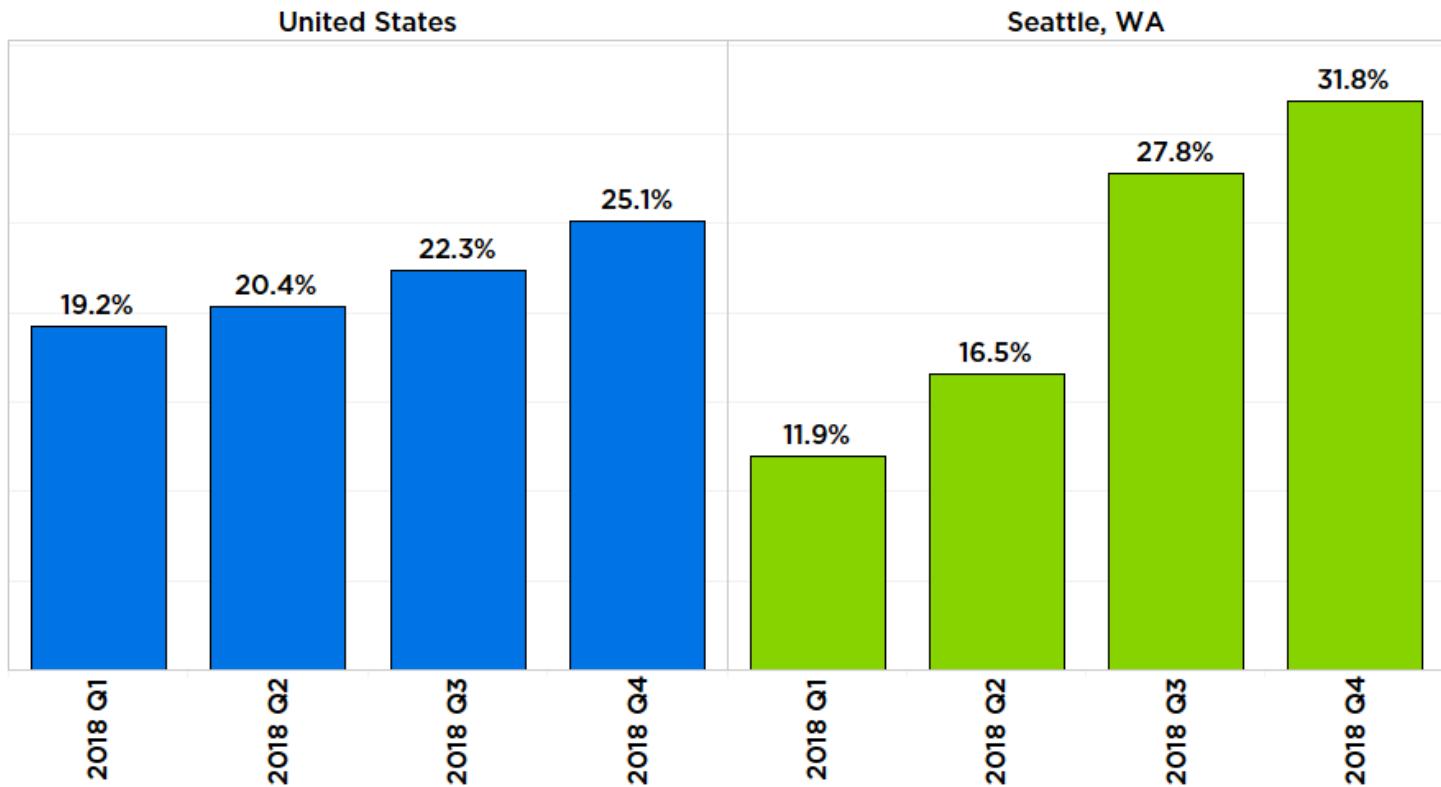


Supply and Demand

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

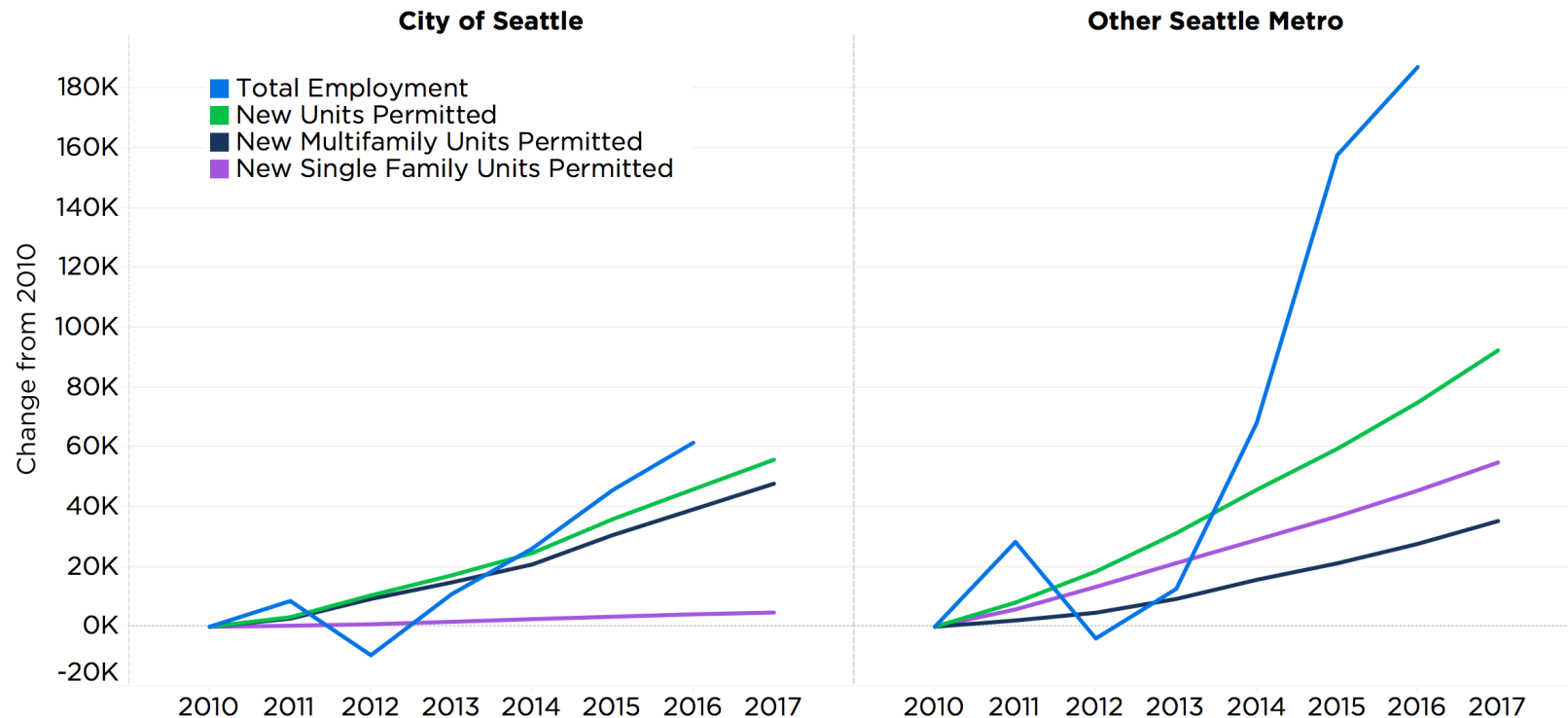


New construction listings with a price cut rising



Source: Zillow data.

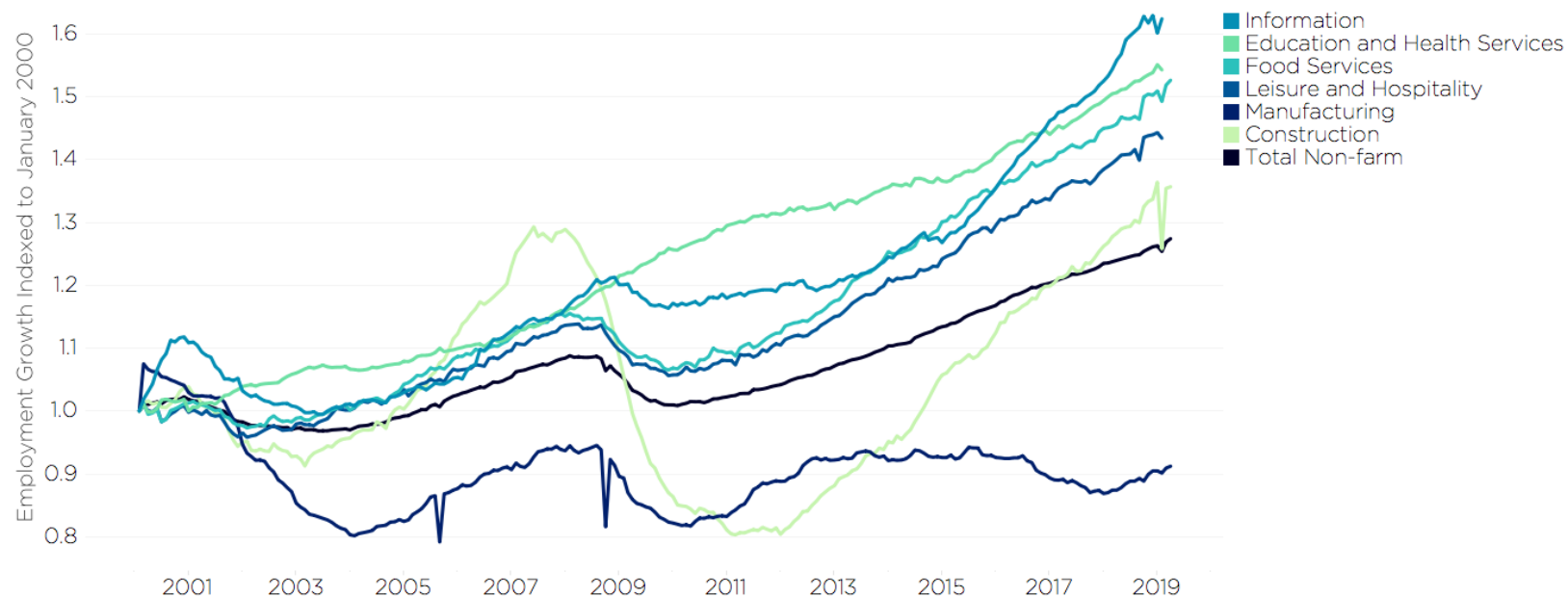
New construction vs job creation



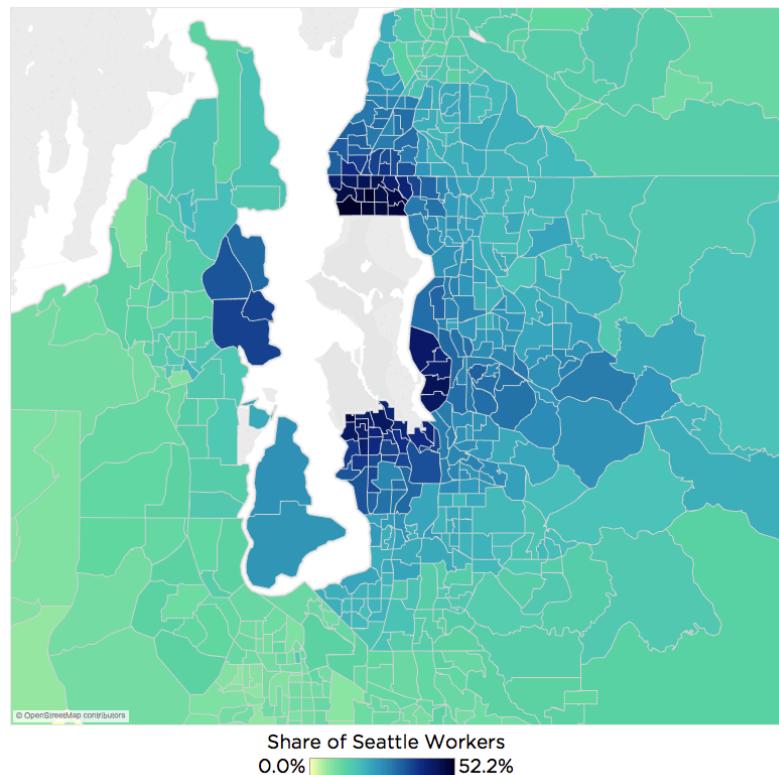
Source: Zillow analysis of U.S. Census Bureau, Building Permits Survey and County Business Patterns data, 2010–2017.

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

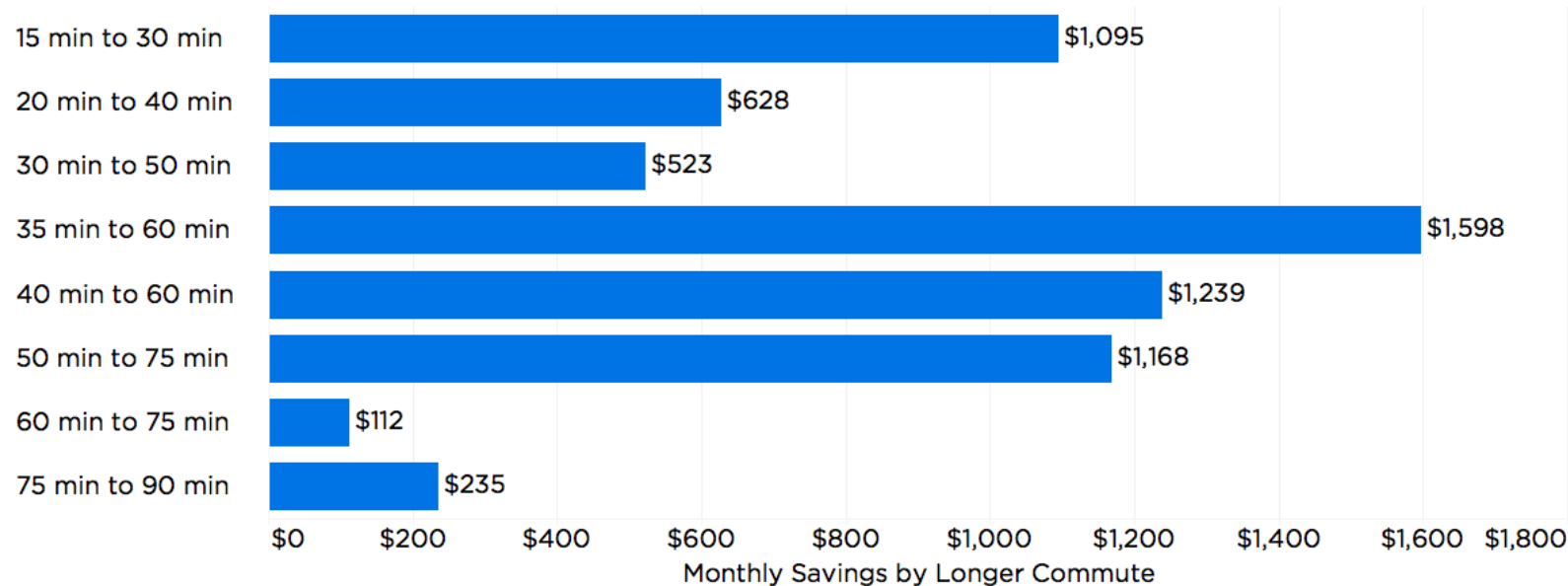


Big savings in the suburbs for Seattle workers

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

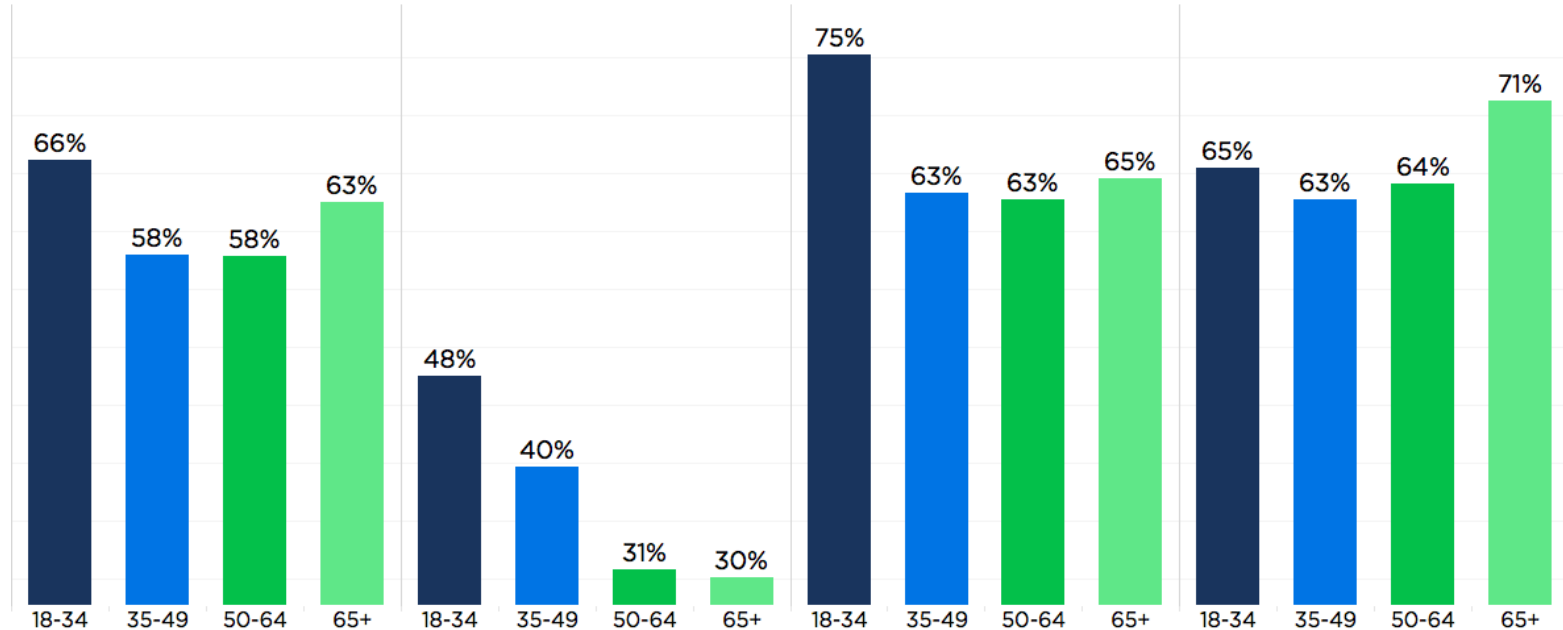
Millennials are not forever-renters

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

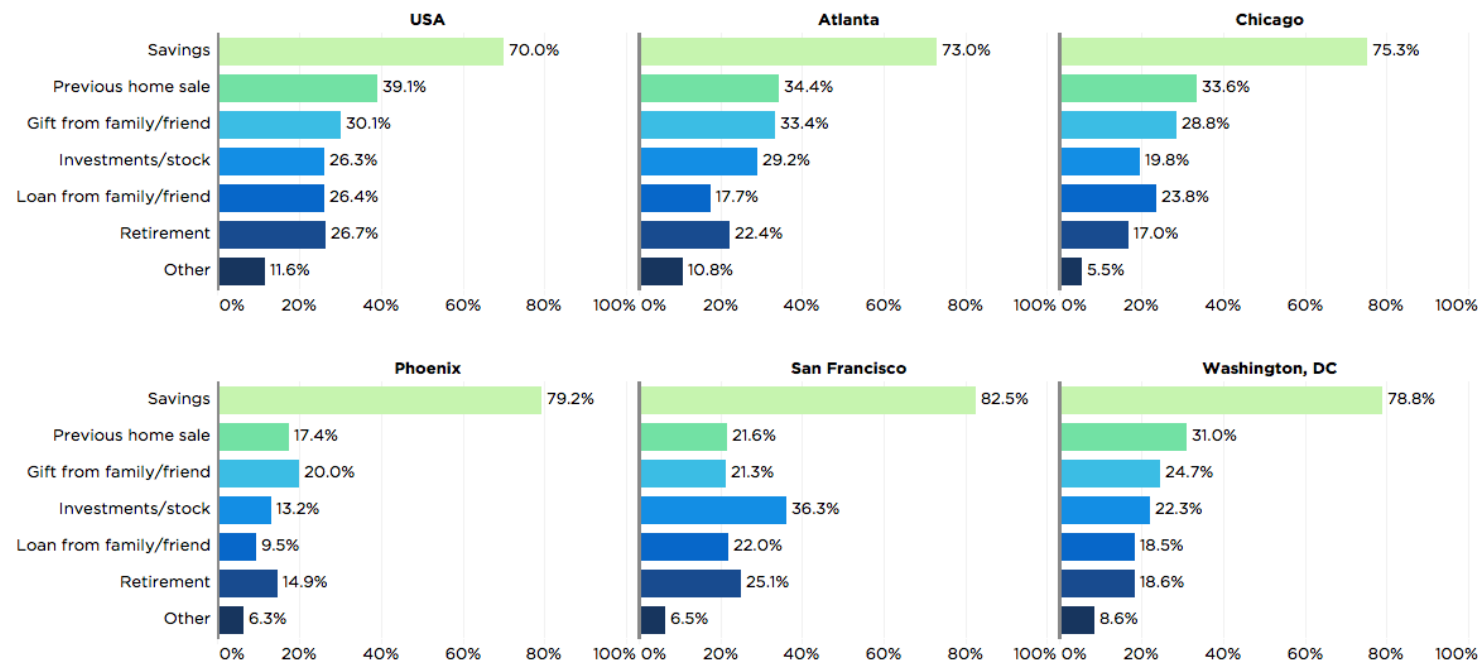


Source: Zillow Housing Confidence Index (July 2016)

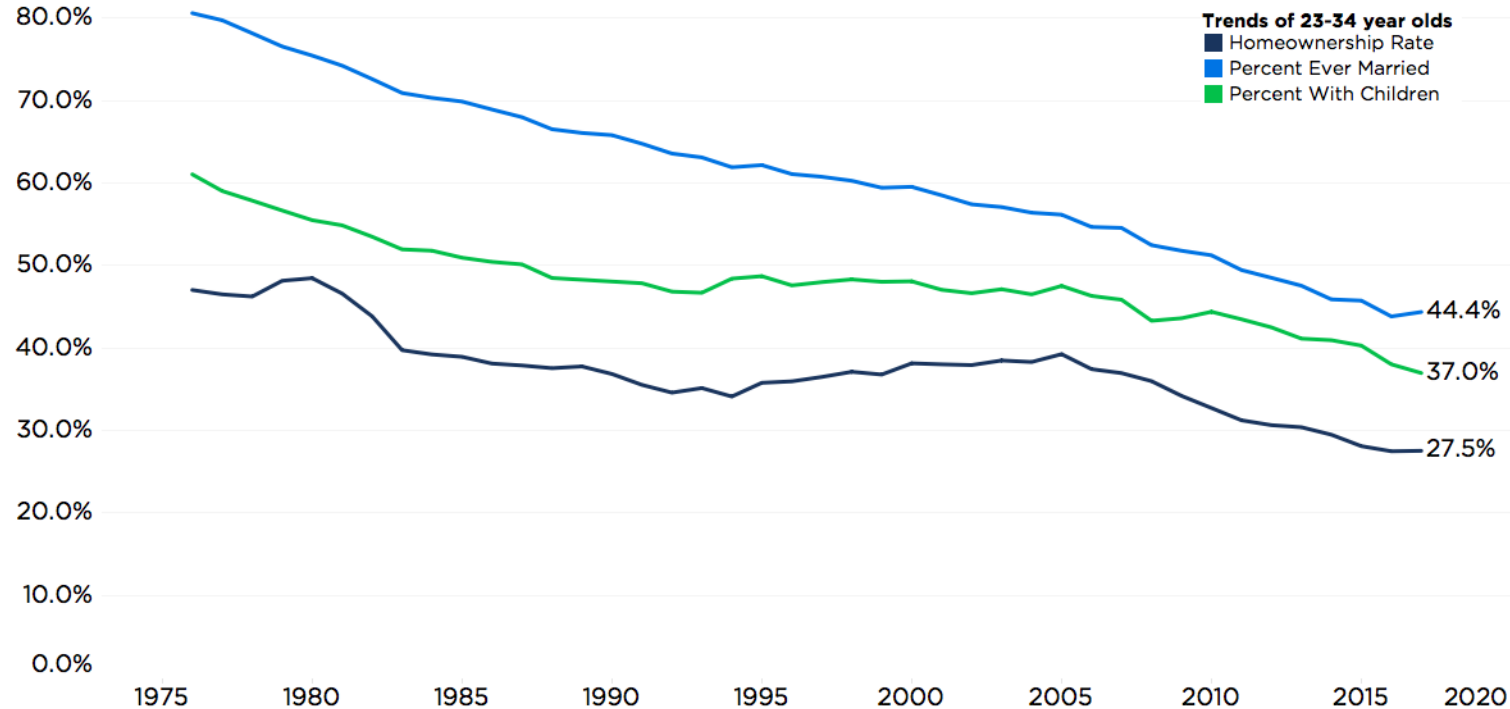
ZILLOW ECONOMIC RESEARCH

Making the down payment is no easy task

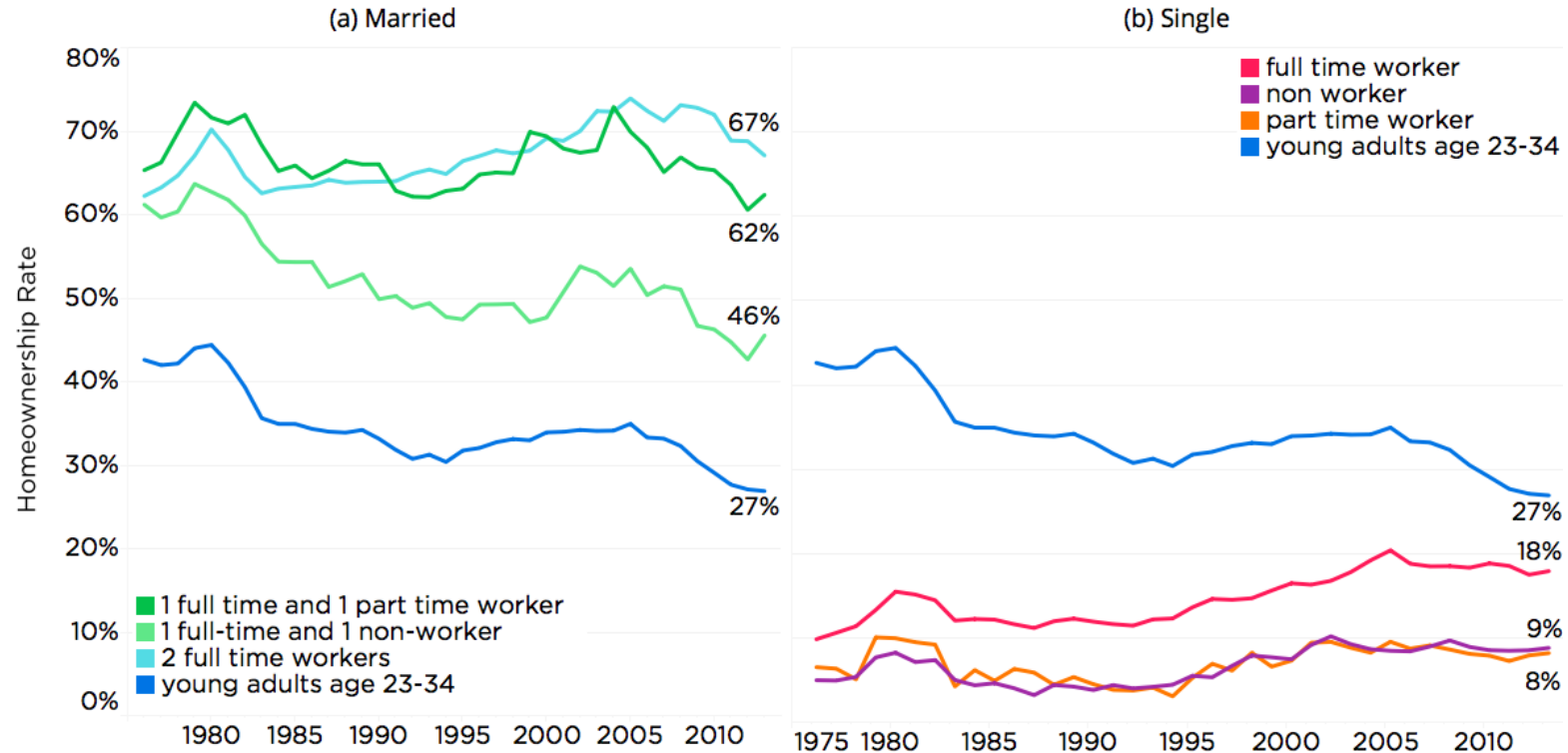
Percent of buyers that use each source to finance their down payments



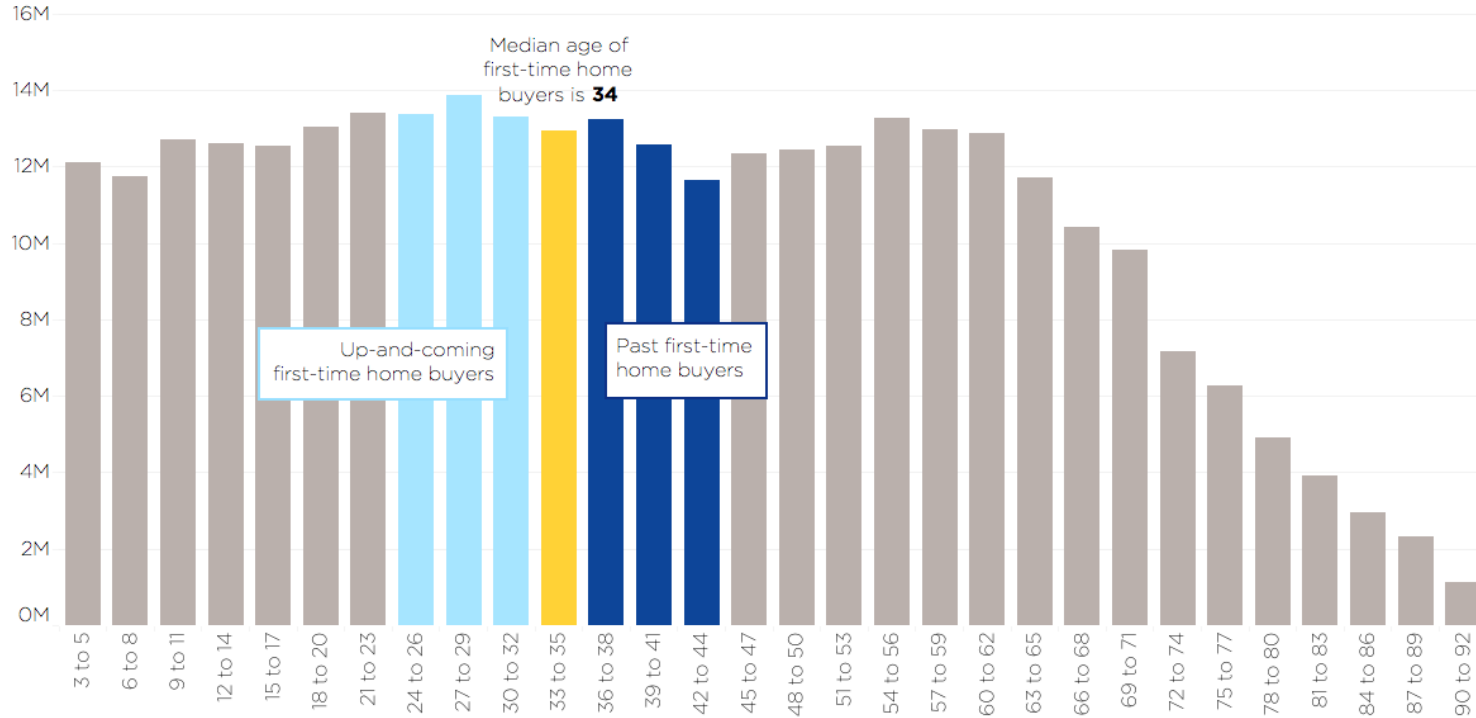
Home buying simply comes much later in life...



...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

