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Washington home prices continue to rise in Washington despite national trends

OLYMPIA - Home prices continue to rise in Washington despite the news elsewhere of increased inventories, a slowing market and falling prices, according to the Washington Association of REALTORS®. Record-high prices will continue to rise here, experts say, putting homes further out of reach for many middle-income families.

"Our state population is growing but the supply of middle-income homes isn't keeping up," said Steve Francks, Washington Realtors Chief Executive Officer. "The fact is we don't have enough homes that are affordable for middle class families— and they represent the majority of would-be homeowners."

The Northwest Multiple Listing Service (NWMLS) reports that home prices in the region were 9.8 percent higher last month than the same time last year. The NWMLS, which published its October report yesterday, serves 19 counties in Washington. The price increase occurred even though the number of home sales has dipped over the same period and home inventory has increased 48 percent. In King County the price of a single family home rose 12.8 percent from a year ago to \$440,000. Condominium prices rose more than 20.8 percent, climbing to a median price of \$259,700.

Francks said factors unique to the Northwest caused the home shortage that is pushing prices up. The primary cause is the failure of cities and counties to plan for enough homes to meet the demands of growth. Local government has not provided the infrastructure required for new homes, and has not planned for enough land capacity to allow home construction to keep up with job growth.

The Puget Sound region will add jobs at a rate double the national average for at least the next three years. Washington's Growth Management Act requires municipalities to "provide sufficient capacity of land suitable for development within their jurisdiction to accommodate their allocated housing and employment growth." (RCW 36.70A.115)

Francks also explained that Washington's home ownership rate of 67.6 percent ranks a dismal 42nd in the nation, while some states boast a rate of 80 percent or higher.

According to the Washington Center for Real Estate Research at Washington State University, middle-income families in Washington had about 12 percent less income than they needed to qualify for a mortgage on the median price home. The Center's Housing Affordability Index measures the ability of middle income family to pay for a median price home. When the index is 100 there is a balance between the family's ability to pay for a home and its cost.

The Housing Affordability Index for Washington State in the second quarter stood at 87.9, a decline of 5.5 points compared to the first quarter, and a drop of 18.7 points compared to the second quarter of last year. The Center described the

drops as “a very rapid deterioration in affordability.” The Affordability Index is at its lowest level since the center developed the statewide affordability benchmark in 1994.

Franks said that the Washington Realtors would go to the Legislature in January to try to increase the availability of homes that middle-income families can afford. “This is a real crisis and will only get worse until lawmakers decide to make it a priority to see that middle-income families have home choices that are affordable to them,” said Francks. “If cities and counties continue to under-plan for growth, we can we can look forward to home prices beyond the reach of most of the middle-class families. They’re the backbone of our communities, but sky-high home prices are pushing them out of communities and onto the freeways, forcing them to live farther and farther from work.”

During the summer, at the request of the Washington Realtors, legislative leaders and the governor appointed a task force to develop strategies to improve the supply of homes that are affordable to middle income families in Washington. The GMA/Housing Task Force met four times and has sent draft recommendations to the governor.

Washington Realtors’ legislative solutions for expanding the supply of home choices would include the following:

- Ensuring sufficient buildable land capacity is available to accommodate residential and employment growth.
- Establishing performance measures to determine whether communities are realistically preparing to accommodate growth, ensure economic vitality, provide housing opportunities, and relieve traffic congestion.
- Increasing the accuracy of growth projections that municipalities use for planning.
- Establishing a “Growth Management Infrastructure Account” to help communities provide the streets, sewers, and other infrastructure that homes require.

Washington Realtors represents about 170,000 homebuyers each year, and the interests of more than 2 million homeowners throughout the state. The Washington Realtors’ membership numbers about 25,000 statewide, making it the largest professional organization in the state. The organization’s top public policy priority is building communities that have a strong economy, attractive housing choices, excellent schools and parks, safe neighborhoods, and efficient transportation choices.

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