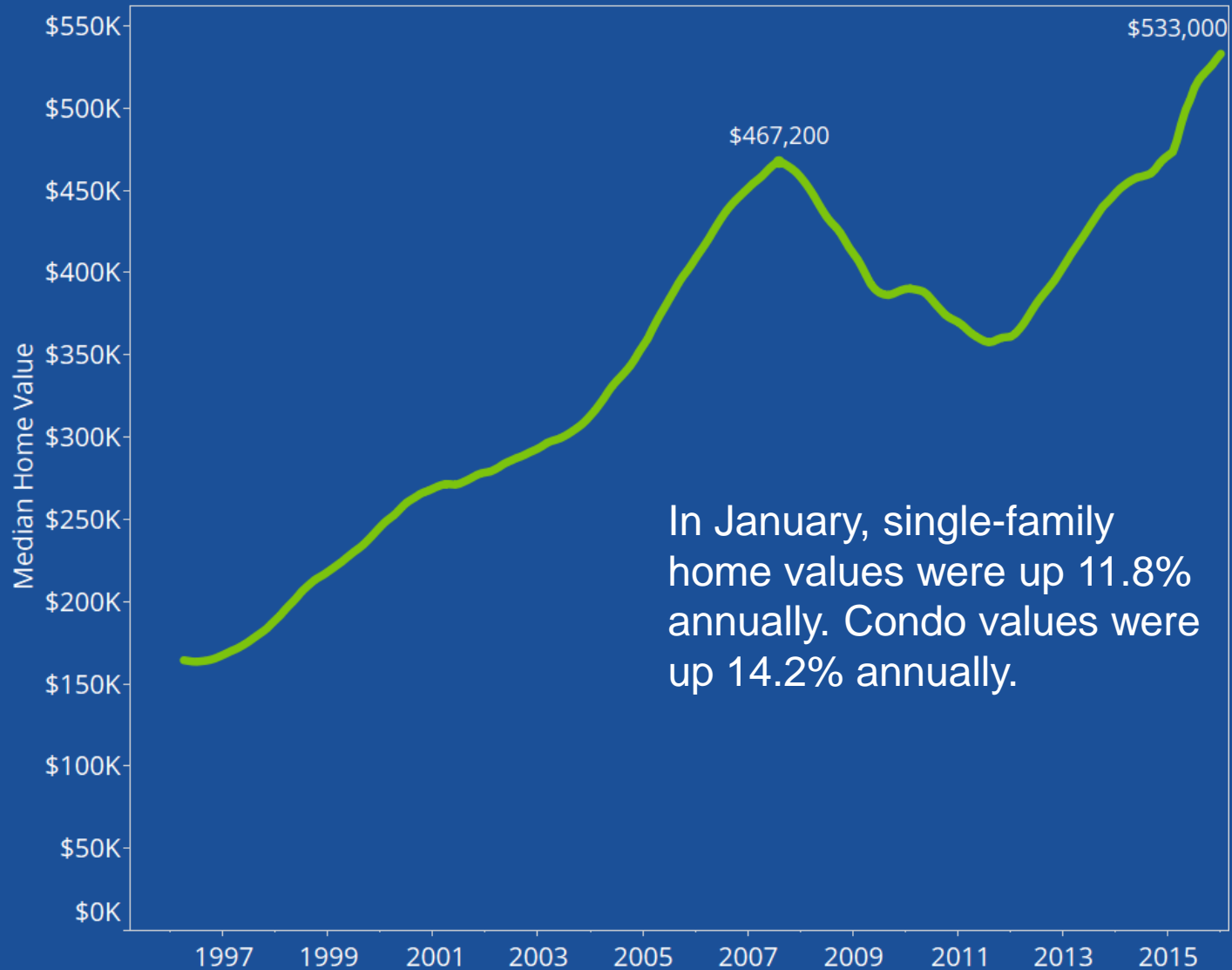


A modern, single-story house with large windows and a dark roofline, illuminated from within at dusk. The house is surrounded by lush greenery, including bamboo and other plants. A large tree is visible on the left side of the frame. The sky is a deep blue, suggesting twilight.

SEATTLE HOUSING MARKET OVERVIEW

Svenja Gudell, Zillow Chief Economist
@SvenjaGudell

Home values in Seattle are higher than ever



In January, single-family home values were up 11.8% annually. Condo values were up 14.2% annually.



Seattle home values have recovered swiftly

- Seattle pre-recession peak median home value (August 2008): **\$467,200**



- Seattle post-recession bottom median home value (August 2011): **\$357,600**

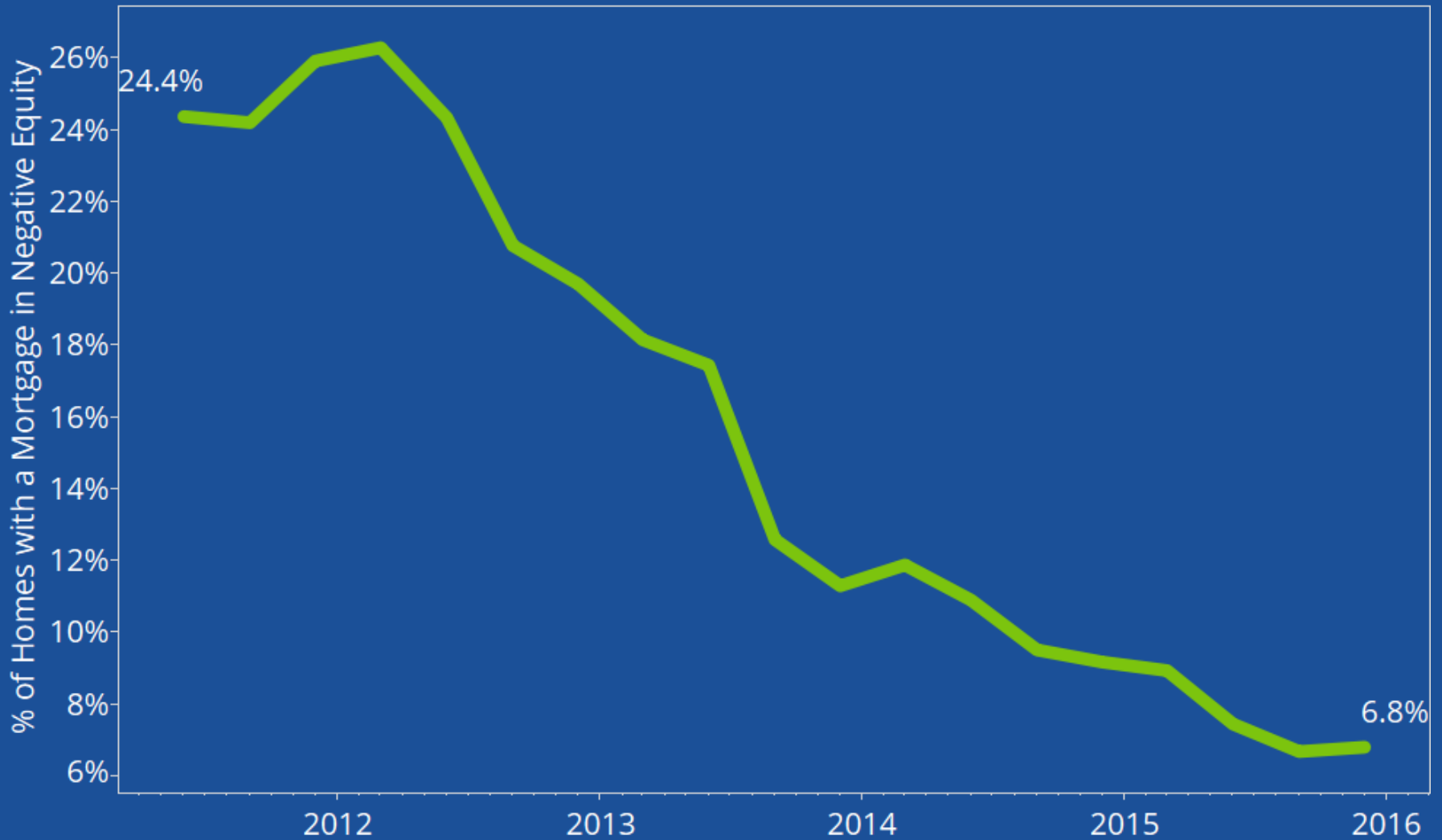


- Current Seattle median home value (January 2016): **\$533,000**

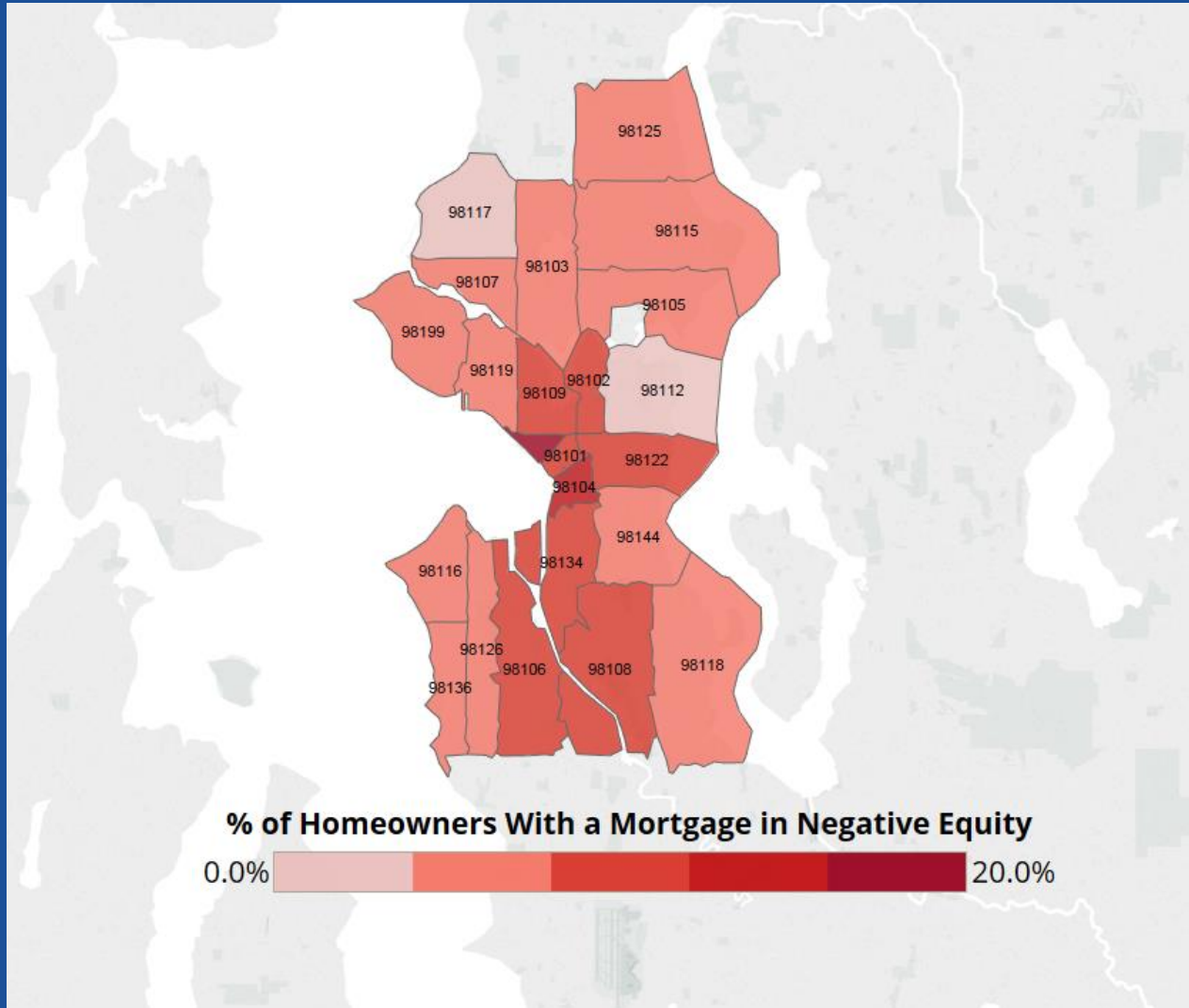
+14.1%



Negative equity in Seattle has steadily fallen



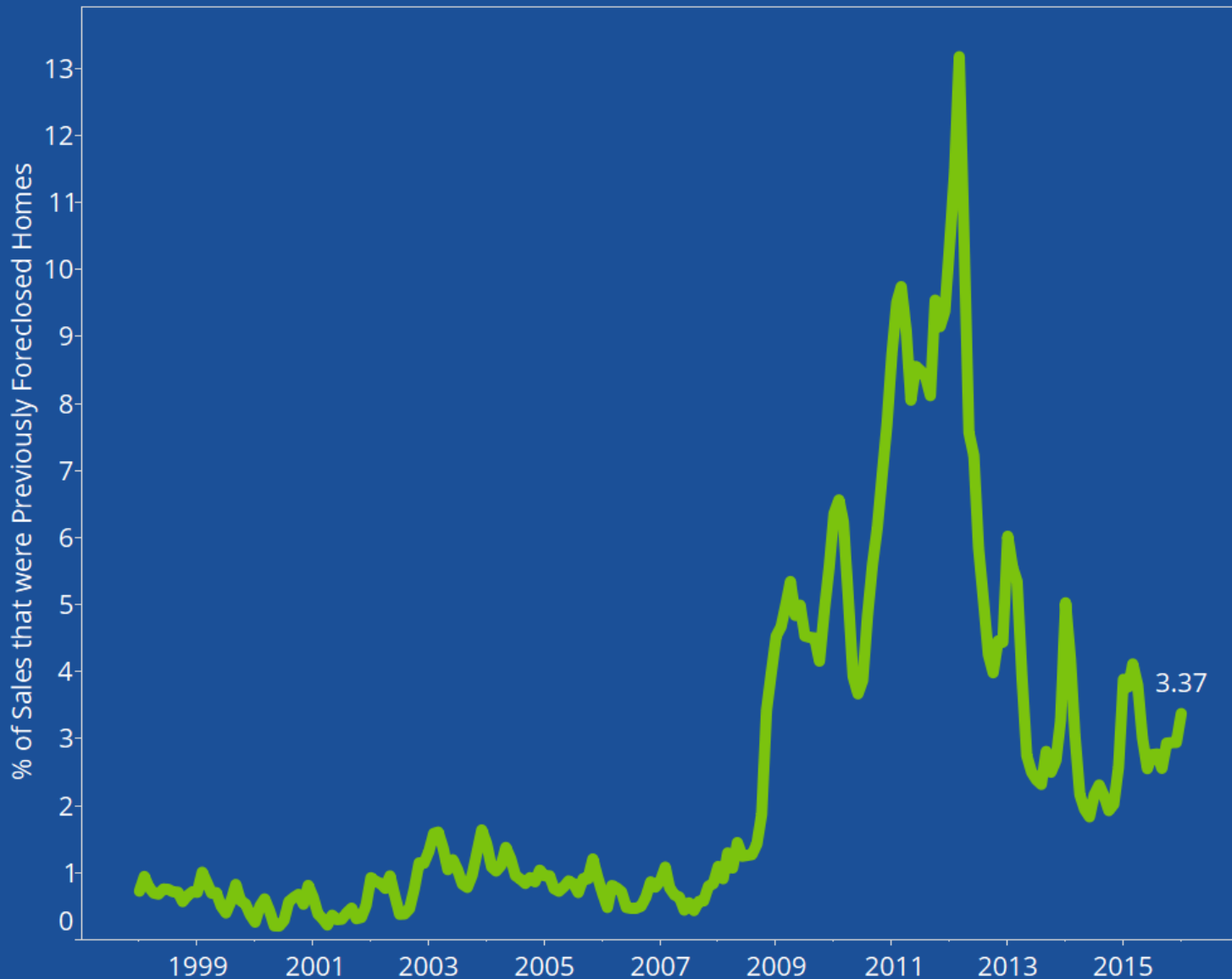
Small pockets of higher negative equity remain



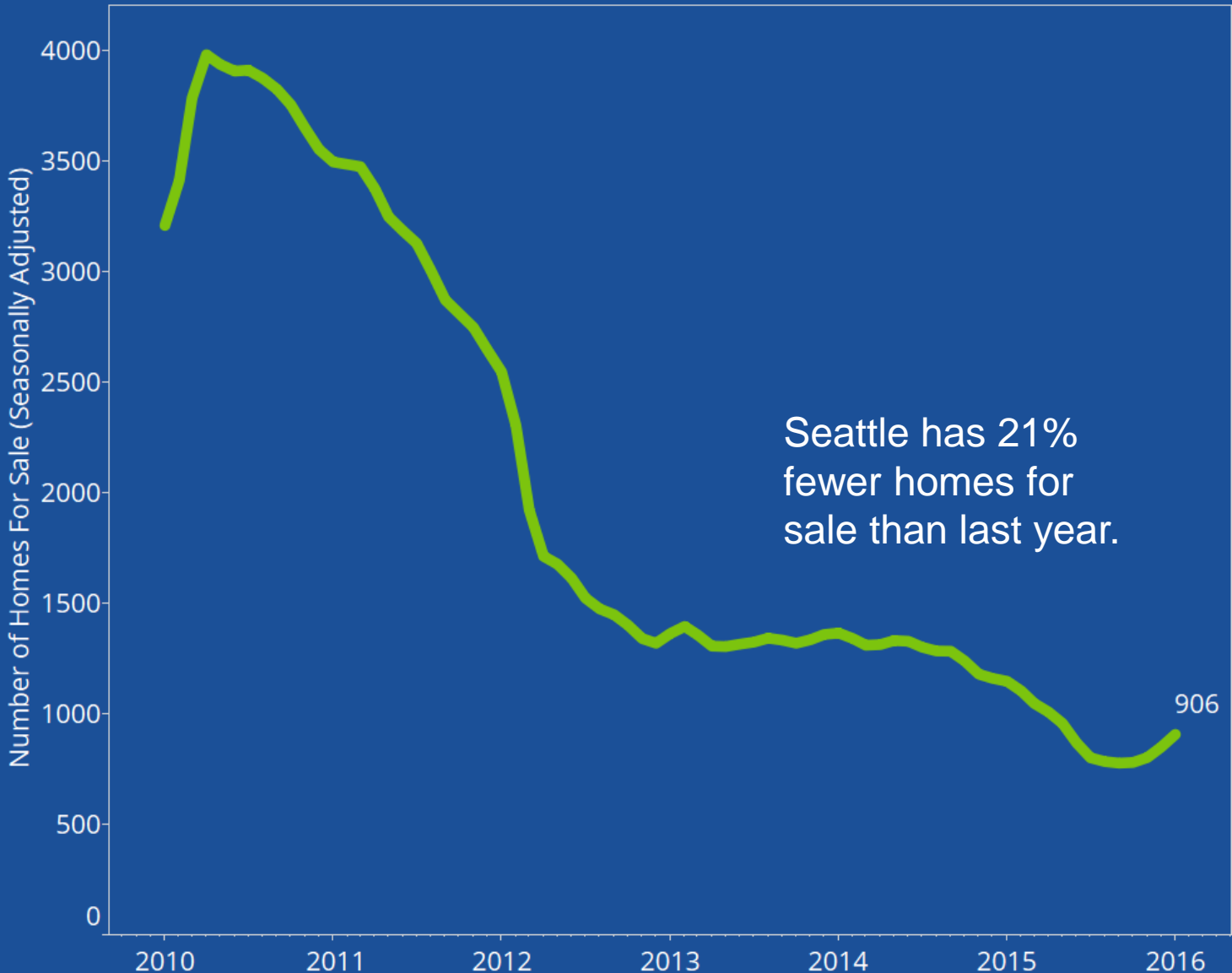
Foreclosures are almost back to pre-crisis levels



Sales of previously foreclosed homes continue to represent an elevated share of all home sales



The number of Seattle homes for sale is incredibly low



First-time buyers are trying to hit a moving target

Saving constraints

"Rent has increased, but our salaries haven't."

Getting a loan

"Our credit score is low. We might not qualify."

Resolve to buy

"In a year, we can afford a \$300K house. Let's start saving."



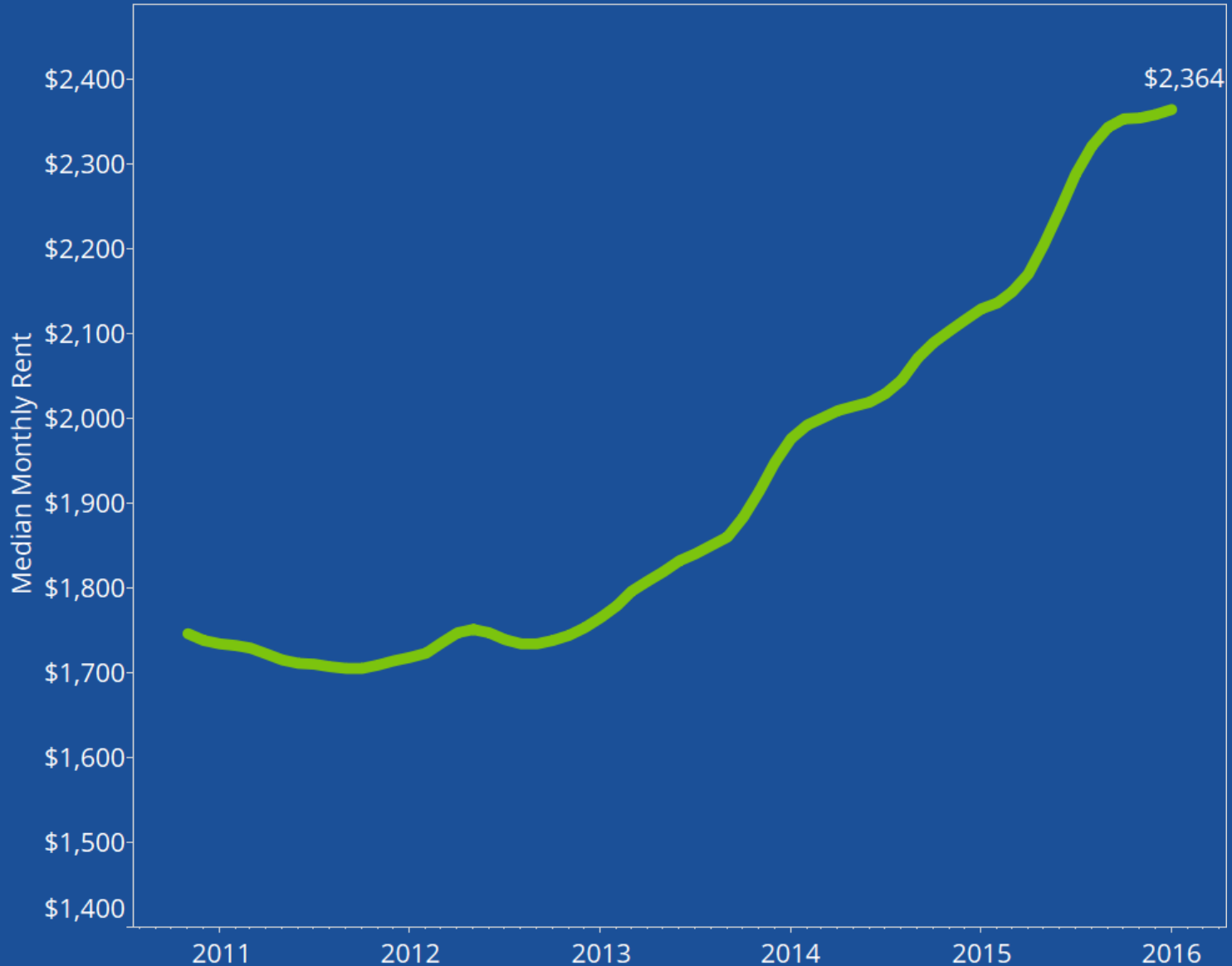
Inventory shortage

"There aren't many homes in our price range."

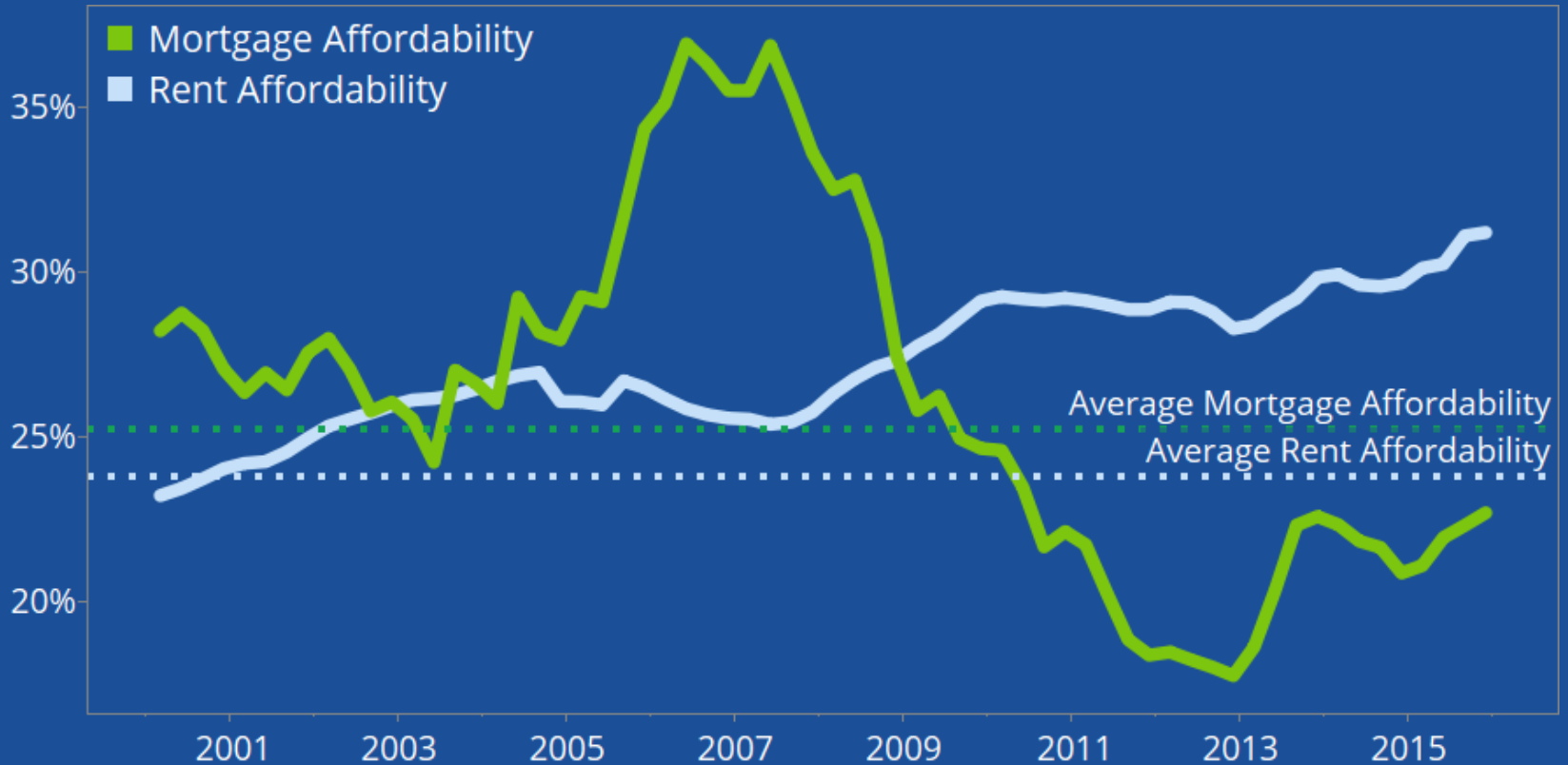
Priced out

"Now the house we want is \$330K. We can't afford it."

Seattle rents are high, and keep climbing (up 11% YoY)



Buying a local home is more affordable than renting



Average Mortgage Affordability 1985-1999

25%

Mortgage Affordability

22%

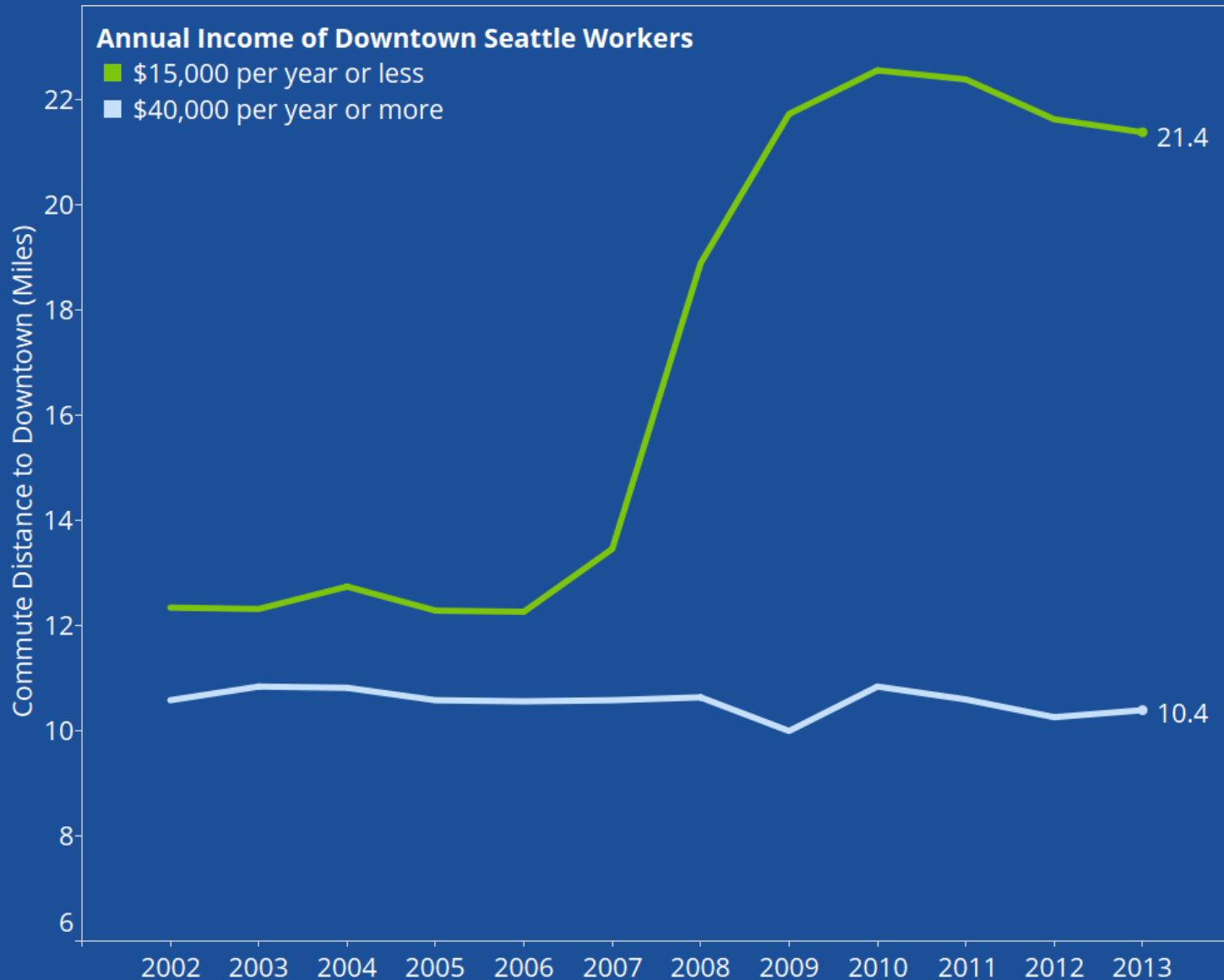
Average Rent Affordability 1985-1999

24%

Rent Affordability

31%

Low-income downtown Seattle workers are now being forced to live farther from their jobs



Trends to watch for in 2016



The median age of first-time home buyers will reach new highs



Growth in home values will outpace incomes, especially for lower-income Americans

Dense, walkable suburbs with an urban feel will be the new buying hot spots



Unaffordable rents will entice those that qualify for a loan into homeownership

