



## Media Release

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*Statistics on Washington's housing market and other useful information are available on WCRER's Web site: [www.cbe.wsu.edu/~wcrer](http://www.cbe.wsu.edu/~wcrer). For other information on real estate markets around the State of Washington, or general information about the real estate industry in the state (excluding legal questions), readers can reach the WCRER at 1-800-835-9683.*

## Record First Half

Amid all the concern that increases in mortgage interest rates will slow the housing market and increase the likelihood a "housing bubble" will burst, the housing market throughout Washington continued on a record pace. The opening months of the year were "merely" on a par with last year's record pace, although home prices were increasing at a rate several times the inflation rate. That was only the beginning.

Mortgage lenders began increasing rates in early spring in anticipation of an increase in the discount rate by the Federal Reserve Board. When the Fed finally increased rates by a quarter of a percent in late June, the market hardly noticed. Potential home purchasers who sat on the sidelines throughout 2003, expecting further rate declines or waiting for some sign the overall economy was improving admitted to themselves that the absolute lowest rates were seen in June/July 2003 (and almost matched in April 2004). While they missed the biggest bargains, they also realized that even if rates were nearly 0.6 percent higher by June, they were still so low by the standards of the last 40 years that it was still a good time to buy a home. And buy they did. During the first six months of 2004 a total of 81,050 resale homes have been purchased, an increase of 8.6 percent compared to the record pace set in 2003. This number is especially impressive when it is realized that "only" 89,190 homes were sold in all of 1995, a year that was viewed as only a little sluggish at the time.

During the astounding April to June period, sales were higher than a year earlier in *every* Washington county. In the ten years the Washington Center for Real Estate Research has been computing home sales data, this is the first time that all 39 counties have moved in the same direction.

The biggest concern expressed by real estate professionals during the first half has been a shortage of product to sell to all the prospective buyers. While this complaint is not unusual, rarely is it so apparent in the statistics. Real estate analysts typically believe that enough homes in the market to sustain sales for six months is essential for a balanced market. Throughout the first half Washington's listings available for sale have been able to sustain the market for only half that time. The short inventory means buyers have fewer homes to choose from, and feel pressured to make quick decisions and to offer higher prices to increase their chances of having their offer accepted.

Record sales and limited inventory describe a seller's market. No wonder home prices are rising rapidly. Unlike some communities in California, however, the prices remain affordable because of interest rates, with limited indication of a bubble.