

Summer is Almost Here!

And what a real estate market we are in! Looking at the statistics for April, you will notice how much of a gain we have had since April of '04. This is solely due to supply and demand. With the low inventory, we are seeing multiple offers with home sale prices going over the list prices. We are also seeing waived contingencies, sellers holding onto offers until a certain date in hopes of obtaining multiple offers, and pre-inspections or no inspections at all. For buyers, this is no



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fun at all. For sellers, it can help you obtain a higher price for your home, but we are also seeing numerous deals fall apart due to buyers feeling pressured. Good news is that this should all slowly turn around once inventory levels start to rise again in the summer.

How am I doing? I'm plugging away and trying to deal with this market. I have many buyers looking and making offers but it's been difficult. I'm looking forward to the listings I have coming on the market in the immediate future! I'm at 15 deals with a few more on the way. Also, many thanks to the recent referrals! As always, it means the world to me that you would place your trust in me. Thanks!

Jay



In a BOOM MARKET, what does properly priced mean?

by Al Heavens

In a market where demand is strong and it has become more difficult to figure out how much buyers are willing to spend, how do real estate agents determine the right asking price for a house?

It has never been an exact science. These days, agents often find themselves starting at a higher price than is borne out by the facts and go from there.

Supply and demand, of course, dictate asking price. Obviously, if the supply is low, the asking price will have to be adjusted upward to meet it. In general, though, the asking price is a balance obtained by considering a neighborhood and the sale prices of comparable houses within the context of market conditions.

Demand in some areas of the country is so strong that agents put up a number and someone pays it because the buyer fears that the asking price will be higher next week. Out-of-town investors often help to further inflate prices.

Some current markets have shades of the late 1980s, when property appreciation and inflation made proper pricing beyond real estate agents' control. In a normal market, agents should be able to take comparable sales and come up with something that looks almost like an appraisal, with all the pluses and minuses.

Now, many agents look at the comparables and the competition to see how the house stacks up against the others on the market. Then they will tell the seller that they'll look at the price again after two weeks of good marketing and re-evaluate it.

If there are no second showings or offers after two weeks, the asking price is probably too high.

How the property looks, its size and location are major factors in determining asking price. Sometimes, though, the house has

continued on back....

justthefacts						
NWMLS Statistics for King, Pierce, & Snohomish counties						
Month of April 2005						
Residential						
	Closed Sales		Median Sale Price		% Increase in Sale Price	Market Time
	2005	2004	2005	2004		
King	2841	2646	\$ 355,000	\$ 315,000	12.70%	43
Pierce	1342	1235	\$ 223,475	\$ 193,000	15.79%	55
Snohomish	1279	1154	\$ 279,640	\$ 248,975	12.32%	52
Condo						
	Closed Sales		Median Sale Price		% Increase in Sale Price	Market Time
	2005	2004	2005	2004		
King	891	736	\$ 204,950	\$ 195,000	5.10%	48
Pierce	108	58	\$ 176,495	\$ 164,892	7.04%	64
Snohomish	248	155	\$ 185,495	\$ 172,000	7.85%	47

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features that are so special that agents adjust the asking price upward after looking at comparable sales over the last six months to a year.

Determining prices for new construction is totally different, because the seller is the builder, and the ones who are the most savvy about the market are the most successful.

First, the builder determines the construction costs and keeps that number to the side. Then the builder checks out what the competition is doing. This means considering the features that the builder offers and the competition doesn't, the square footage and the builder's specifications.

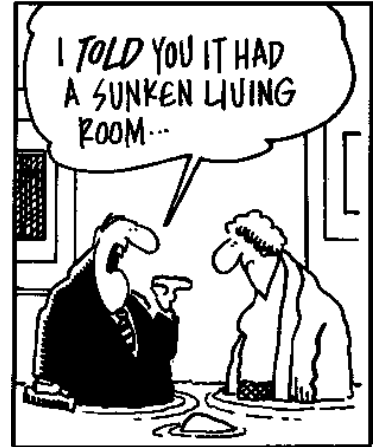
Different houses are priced based on type versus square footage and features. After coming up with a sale price, construction costs are factored in to make sure the builder is making the profit he expects.

Marketing a model home is a snap compared with marketing an existing home, because the builder is in control of the situation.

With existing homes, the houses reflect the tastes of the sellers, which may not be what most buyers are interested in.

A seller's "taste" can be a plus or a minus. If a buyer wants hardwood floors and sees that the seller has replaced them with a less appropriate and too personal a choice, then there is a problem.

Curb appeal and amenities all contribute to pricing. Buyers shop in price increments based on what they think they should be getting. If the asking price is outside the increment, the house will sit. If a buyer knows that he will get a three-car garage in the \$300,000 price range and sees a house at \$275,000 with the three-car garage, he'll buy it.



The mortgage market is the beneficiary of news that showed that Chicago-area manufacturing activity slowed more than forecast. Combined with similar reports from the Philadelphia and New York areas it seems a pretty sure bet that the Institute of Supply Management report for May will show that the economy is not growing fast enough to spark runaway inflation pressures. That's a perfect little breeding ground for the prospects of steady to fractionally lower mortgage interest rates.



The prospect of steady to lower mortgage interest rates is also getting a helping hand

from a round of "flight-to-quality" buying which has been spawned by the collapse of the effort to consolidate the European continent under one constitution. In a referendum on Friday the French voted down the unified constitution proposal. That event sent the euro into a tailspin against the dollar and encouraged a fairly large exodus of capital from European bond markets as massive political uncertainty began sweeping the countries of the European Union. During periods of international uncertainty the relative security and stability of dollar denominated assets becomes a very appealing "safe harbor" for the global investor community.

A number of talking heads recently suggesting that macro-economic and global conditions just couldn't be better in terms of their support for steady to slightly lower interest rates.

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