



## **August real estate statistics in Federal Way**

Be Lori Devore, Local real estate update

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How is the residential real estate market in Federal Way?

This seems to be the question on everyone's mind, particularly with the current turmoil in the mortgage industry, which is really just the latest trauma in the financial market.

Now that the August statistics are available, let's take a look at our local real estate market in Federal Way compared to August one year ago.

In Federal Way, the median price in 2006 was \$310,000 while today it is \$325,000. The average price of the active listings in August 2006 was \$410,000 with an average sold price of \$334,000. Today, it is \$406,000 for actives and \$358,000 for the ones that sold.

Analyzing the sold information tells us that we had an appreciation of 7 percent over the last year. It is interesting to find an increase in home values when the inventory is significantly higher; 2007 is proving to be a strange year in real estate.

In August 2006, Federal Way had 319 homes for sale while in August 2007, there were 537. This means that buyers have a lot more choices when they are shopping for a home. Sellers are waiting a bit longer for an offer, but are an average of 72 days on the market really that long? Buyers can actually choose from a variety of homes and make a sound decision without feeling pressure to quickly grab one that sort of meets their needs before someone else gets it.

There were 102 homes that sold and another 85 pended in August 2006 compared to 75 sold and 79 pended last month.

We now have 6.8 months of available inventory, so sellers cannot be listing on the high side anymore if they want to compete for the next buyer. During the hot market of recent years, the challenge was to not under-price a home. Today a home's list price must be viewed as being sensible to a potential buyer.

Sellers are actualizing 99 percent of their list price on average today, which is down from 100 percent one year ago. Not bad. Also, homeowners have gained 20 percent and in some cases 30 percent increases each year during the hot years of 2003-2005, which translates into some really nice equity to take to their next purchase, particularly if they purchase in a lower-priced area that gives them greater buying power. I remember when

it took at least five years of owning a home before you had any equity at all to take to the next purchase.

Is this a good market? Yes! Are interest rates good? Yes! When I first became a licensed Realtor in September 1996, there was a saying: “Anything under 8 percent is great.”

What we are experiencing today is a “normal” market, which is good for everyone and for our economy. When housing prices increase too fast, there are too many detrimental effects on our communities. Interest rates have decreased and should stay steady for a while. Homes are not selling at breakneck speed anymore, and I’m thrilled.

Next month I will review the September stats, and it will be interesting to see how the third quarter winds down. (All statistics are from Trendgraphics).

*Lori Devore is a local resident of 45 years and a Realtor with John L. Scott. Contact her via her Web site at [www.loridevore.com](http://www.loridevore.com).*

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