

MERCER ISLAND

| *third quarter 2018*
market review

a quarterly report on single family
residential real estate activity



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Q3 MERCER ISLAND

quarterly report



Quarters like Q3 2018 remind us how crucial it is to delve into the data behind the numbers instead of relying on only the bottom line. The Q3 median sale price was 19.7% higher than that of Q3 2017. Did prices really go up nearly 1/5 on Mercer Island in just the past year? No, they did not. So, what happened? Q3 of 2017 was an anomaly with many land-value sales transacting at the low end of the price spectrum. The effect was that the median sale price was 10.2% lower than Q1 of that same year. Far fewer moderately priced homes transacted in Q3 of this year.

There were 89 sales in Q3 2017 and of those sales 45 were of homes priced below \$1.5 million. Compare that to Q3 of 2018 with 74 sales, of which only 28 were priced below \$1.5 million. The differential of sales between the two years was almost entirely composed of entry-level and land value home sales.

To further prove this, we looked at comparable homes sold this year and last (an approach like that of the Case-Schiller index). All things being roughly equal, the median sale price of that subset of homes increased only 9.0% from Q3 2017 to Q3 2018. This number is far more in alignment with what we have truly experienced in our market.

We've seen a 34% increase in the average number of single-family homes for sale on the Island and a 17% decrease in the number of homes sold (remember those algebra equations with two trains running at different speeds in opposite directions?). The result is a 67% increase in the months of inventory listed for sale on Mercer Island—from 2.1 to 3.5. This means that it would take 3.5 months to sell all the homes currently on the market at the existing rate of sales and assuming that no new homes came to market.

Where does this leave Mercer Island? Very comfortable, actually. 3.5 months of inventory is a healthy and balanced market. One where buyers have options to choose from, time to conduct their due diligence, and leave a little bit of negotiating room. Sellers, while possibly reeling from the sudden shift in the market, should not forget that they have gained 60.2% in median sale price increases over the past five years, give or take a few dollars. All things considered, this is not a bad position to be in at all.



*one year
trend*



19.7%

*five year
trend*

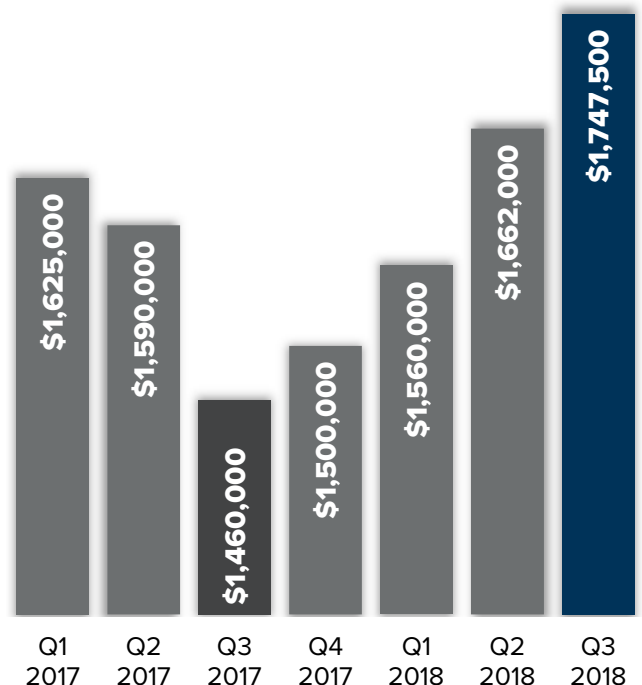


60.2%

*price per
square foot*

\$586

Median Sale Price



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NEIGHBORHOOD

overview



Single-Family Neighborhoods		Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
NORTHEND	# sold	11	10	6	21	16
	median price	\$2,125,000	\$2,277,500	\$2,404,000	\$1,405,000	\$1,815,000
FIRST HILL	# sold	11	5	2	4	5
	median price	\$1,410,000	\$1,100,000	\$1,445,000	\$1,223,000	\$1,500,000
EAST SEATTLE	# sold	1	1	1	1	2
	median price	\$1,093,400	\$975,000	\$720,000	\$3,070,000	\$2,050,000
WESTSIDE	# sold	12	11	10	13	9
	median price	\$2,330,000	\$2,215,000	\$1,665,000	\$2,595,000	\$1,940,000
MERCERDALE	# sold	3	6	6	5	8
	median price	\$1,315,500	\$1,178,000	\$1,345,000	\$1,551,000	\$1,961,500
MERCERWOOD	# sold	6	4	4	3	3
	median price	\$1,105,000	\$1,198,500	\$1,259,000	\$1,234,000	\$2,268,000
MID-ISLAND	# sold	23	11	9	19	14
	median price	\$1,325,000	\$1,400,000	\$1,510,000	\$1,870,000	\$1,509,000
EASTSIDE	# sold	9	16	6	10	4
	median price	\$1,629,600	\$1,700,000	\$2,020,000	\$1,574,000	\$3,225,000
MI ESTATES	# sold	0	0	1	2	1
	median price	N/A	N/A	\$1,288,000	\$1,638,500	\$1,150,000
THE LAKES	# sold	1	1	1	1	1
	median price	\$2,120,000	\$2,250,000	\$2,010,000	\$2,150,000	\$1,780,000
SOUTHEND	# sold	12	14	12	16	11
	median price	\$1,416,500	\$1,455,250	\$1,620,000	\$1,697,500	\$1,460,000



highest sale

\$4,800,000

lowest sale

\$847,000

number of
homes sold

74

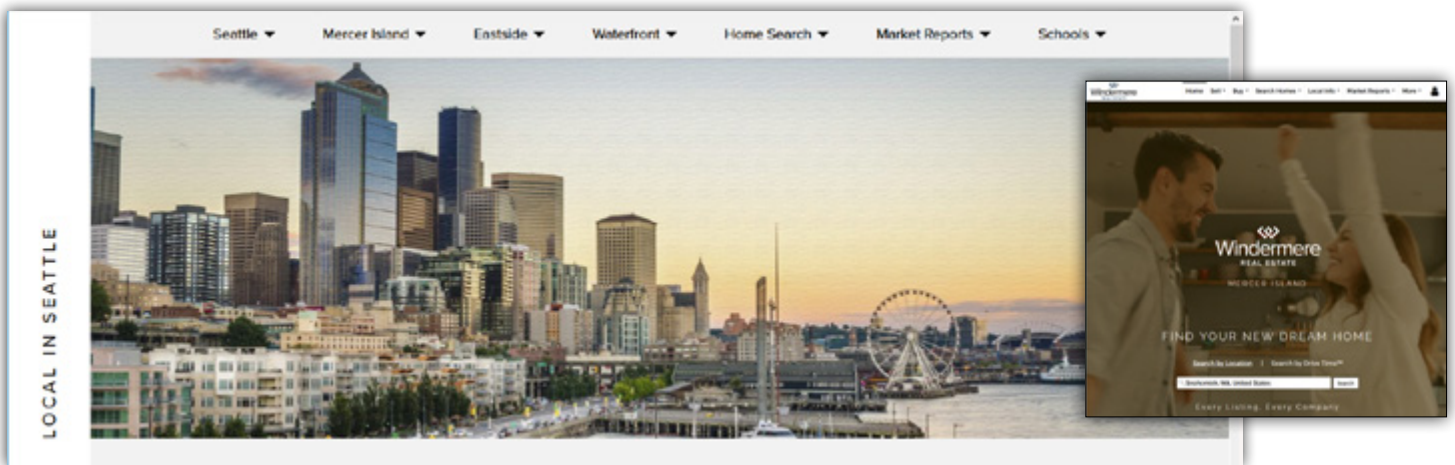
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HOMES & STATS ONLINE



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We publish weekly residential and waterfront reports, along with monthly and quarterly overviews, to **LocalinSeattle.com**, providing a summary analysis of what's happening each week in 18 different residential and condo micro-markets throughout Seattle, Mercer Island and the Eastside.

In addition to statistical data, you'll find resources for researching homes and neighborhoods, community profiles, maps, links and school data. And, you can search for every property listed for sale—by any real estate company on **WindermereMI.com**.



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