

Predictions for 2018

Interest Rates on 30 yr mortgage- Rates have hovered around 4% for several years now. Each year I predict they will rise and am proven wrong. In December the Fed raised their target rate by 0.25%. They continue to signal they will keep bumping it up next year ending up about .5% to .75% higher than it is today. So, I'm going to keep guessing rates will go up half a point. Eventually I will be right.

Real Estate Market in Seattle- Prices appreciated around 16% last year. Everyone says the market is going to slow down. It has to slow down. Doesn't it? I think no, it doesn't.... we'll jump up another 10% or more this year.

Economics Primer- Whenever demand outpaces supply then prices increase. There are 2 ways housing costs can slow down:

#1 - people stop moving here

#2 - WAY more housing gets built

I believe Seattle is a great city (despite our now-crippling traffic) with job prospects and a beautiful location. It is still affordable compared to other major West Coast cities. People will keep coming. So, #1 is out. The only way #2 is realized is if the city's homeowners decide they want to allow more density in their backyard. But they don't want that. They never have. They never will. So, I don't see why prices would subside any time soon.