



Home buyers are finding some relief, but Northwest MLS brokers say it is temporary

KIRKLAND, Washington (August 5, 2021) – Competition for homes eased slightly in July across much of Washington state, but brokers from Northwest Multiple Listing Service expect the respite to be short-lived, with inventory still tight and prices still climbing.

“Although the local market is intense, buyers can find some relief because there aren’t as many offers to compete with compared to earlier this year,” observed J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. He noted the number of listings brokers added last month outgained the number of homes going under contract by a small margin in most areas in the report.

Northwest MLS brokers added 12,916 new listings to the database during July. They reported 11,567 pending sales (mutually accepted offers) areawide, which covers 26 counties. At month end, there were 7,948 total listings offered for sale, down 22.5% from the year-ago total of 10,259. That was the highest level since October when inventory totaled 8,623 properties, including single family homes and condominiums.

“August historically is the last month of the year with elevated levels of new listings before they slowly taper down in the fall and decline more substantially over the winter,” Scott said, reminding buyers they will find a better selection now than in the coming months.

John Deely, a member of the Northwest MLS board of directors, commented, “There is some ‘normalization’ in our market as it relates to the historical summer slowdown.” Deely suggested the slowdown is occurring earlier this year, noting “We’ve also seen the warm weather in our region begin earlier.” He attributes some of the slowdown in real estate activity to the lifting of pandemic restrictions on June 30 when the state reopened under its “Washington Ready” plan. “People are eager to enjoy the nice weather and take vacations,” observed Deely, the executive vice president of operations for Coldwell Banker Bain.

Another industry veteran also detected some pullback of activity.

“Despite the extreme shortage of inventory and robust sales activity, there seems to be a bit of a leveling off from the market frenzy,” said Gary O’Leyar, broker owner at Berkshire Hathaway HomeServices Signature Properties. “In my opinion this is due to a typical mid-summer season market combined with some buyer fatigue.”

NWMLS statistics show there were fewer pending sales last month (11,567), than during both June (12,328) and May (11,969). July’s volume was down about 8.8% from the year-ago total of 12,682 pending sales.

“While dangerous to compare 2020 lockdown figures to this year, it is interesting to see that new listings volume is starting to rise above 2019 levels,” observed James Young, director of the Washington Center for Real Estate Research at the University of Washington. In July, MLS figures show member-brokers have added 1,723 more new listings of single family homes and condos than during July 2019 (12,916 versus 11,193). Year to date, brokers have added 1,438 more new listings this year compared to 2019.

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Notably, 14 of the 26 counties in the Northwest MLS report showed year-over-year (YOY) gains in new listings, with half of them reporting double-digit increases: Clallam, Clark, Cowlitz, Ferry, Grays Harbor, Kitsap, and Thurston. Three of the four counties in the Puget Sound region had YOY improvement, led by Kitsap County with a jump of 29.3%. The volume of new listings in King County dropped about 5.4% from a year ago. System-wide there was a 3.2% gain in new listings versus twelve months ago.

Prices continue to climb by double digits in all but a few counties. Across all areas, prices for closed sales of single family homes and condominiums (combined) jumped 21.4% during July compared to a year ago, rising from \$484,995 to \$589,000. Last month's median price overall was unchanged from June.

"My advice to buyers would be to take advantage of this time before Labor Day and the fall market," stated O'Leyar. His advice to sellers would be: "Don't get overly hyped with anecdotal information about the real estate market. Overpricing a listing in this market is still a big mistake."

Young checked statistics from two years ago, noting prices in suburban counties and along much of the I-5 corridor have increased sharply. "Prices in Lewis County are up 54.2% from the July 2019 level, Snohomish County is up 40.6%, and Island County is up 44.3%. Skagit and Whatcom counties underperformed relative to these areas with median price increases of 36.4% and 38.4% respectively." NWMLS figures show four other counties have had price jumps of at least 40% -- Ferry, Grant, Grays Harbor, and Okanogan. Jefferson County had the smallest increase since 2019, with the median price increasing just over 24%, followed by Clark County, at 24.6% and King County at 26.2%.

"The search for value in the suburbs with sharp price increases suggest households are making their housing preferences known. They want to own rather than rent," Young concluded. "Unfortunately," he added, "the lack of new construction for owner occupiers over the past few years in the suburbs means first-time buyers and marginalized communities are finding it more difficult than ever to get a foot on the housing ownership ladder."

"With a lack of new construction coming on the market in suburban areas after years of under building, increasing demand still has few places to go," suggested Young. "With interest rates staying at historically low levels and less than a one-month supply throughout the region, the perfect storm for rising house prices will continue, but perhaps not as ferociously as before."

Dean Rebhuhn, owner at Village Homes and Properties said would-be purchasers continue to be frustrated by the sparse supply of homes, although he noted low interest rates are providing increased purchasing power. "The demand for homeownership and low interest rates are fueling a very busy real estate market with buyers continuing to seek opportunities that provide more space both inside and out."

"Clearly the lack of inventory of homes for sale remains the primary reasons for price increases and multiple offer situations, giving nightmares to would-be buyers," remarked Dick Beeson, managing broker at RE/MAX Northwest Brokers.

Housing affordability "has left the building," according to Beeson, citing building supply chain slowdowns and a scarcity of skilled workers for homebuilding as culprits.

Beeson, whose office is in Pierce County, estimates about 75% of all sold properties during the past six months in that county as well as in Kitsap and Thurston counties sold in a week or less. "It can't get much faster. All three counties have barely two weeks of inventory," he commented.

Northwest MLS figures show there is 0.73 months of inventory system-wide, with only 12 of the 26 counties in the report having more than one month of supply.

"As more and more millennials enter the market, the crush of demand will grow even stronger. Can somebody please move?" asked Beeson, in hopes of uncovering more listings.

Coldwell Banker Bain CEO Mike Grady referred to recent housing activity in the region as “our 14th consecutive month of this hyper real estate market.” He agreed with Deely’s explanations for slowing activity, saying recent feedback from brokers confirms buyers and sellers are ready for vacations and traveling after spending so much time at home.

Commenting on the slight change in month’s supply of inventory, Grady said the overall market hasn’t deviated much. He noted the time it would take to sell all homes in inventory (month’s supply) only increased about three days since June and still remains well under three weeks in most markets. “That’s a long, long way from a ‘balanced’ market of four-to-six months of inventory.”

Grady expects “more of the same” for the rest of the summer and beyond. “We don’t appear to have the forces in play to change. Low inventory, high buyer demand, low interest rates, and thousands of job openings are continuing unabated. I remain bullish on the real estate market now and well into 2022.”

Deely said one plus for buyers is some of the condo numbers. The MLS figures show the volume of new listings (1,702) outgained pending sales (1,549), although total active listings remained below year-ago levels (down 35% areawide).

Condo prices rose more modestly, at 12.6%, than the rate for single family homes (22%). In King County, which accounted for nearly six of every 10 condo sales during July, the year-over-year increase was just under 7%. The median priced condo in King County sold for \$460,000, while overall the median sale price was \$428,000.

Northwest Multiple Listing Service is a not-for-profit, member-owned organization that facilitates cooperation among its member real estate firms. With more than 2,500 member firm offices and 32,000 brokers across Washington state, NWMLS (www.nwmls.com) is the largest full-service MLS in the Northwest. Based in Kirkland, Washington, its service area spans 26 counties, and it operates 21 local service centers.

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Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			MONTHS OF INVENTORY	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	4,428	2,679	3,860	4,048	\$989,126	\$789,000	0.66	1.13
Snohomish	1,963	885	1,733	1,664	\$710,004	\$675,000	0.53	0.73
Pierce	2,048	1,126	1,876	1,716	\$558,553	\$501,500	0.66	0.84
Kitsap	698	424	580	487	\$604,526	\$507,500	0.87	0.84
Mason	198	118	188	159	\$435,471	\$387,000	0.74	0.90
Skagit	250	165	226	208	\$558,515	\$500,000	0.79	1.19
Grays Harbor	241	242	218	164	\$349,853	\$320,000	1.48	1.58
Lewis	186	169	188	128	\$416,929	\$385,450	1.32	1.26
Cowlitz	186	121	188	137	\$402,453	\$367,000	0.88	0.96
Grant	162	149	141	111	\$364,089	\$330,000	1.34	1.34
Thurston	744	335	696	626	\$492,128	\$460,000	0.54	0.60
San Juan	52	91	42	30	\$965,350	\$769,500	3.03	3.61
Island	217	132	206	200	\$691,092	\$570,000	0.66	0.89
Kittitas	146	135	108	100	\$524,440	\$449,997	1.35	1.40
Jefferson	87	76	73	59	\$572,302	\$530,000	1.29	1.92
Okanogan	73	115	48	48	\$398,931	\$349,950	2.40	2.69
Whatcom	442	328	414	413	\$577,098	\$525,000	0.79	1.53
Clark	126	61	138	106	\$562,147	\$466,000	0.58	0.97
Pacific	85	80	74	60	\$316,472	\$290,000	1.33	1.84
Ferry	11	26	8	10	\$270,490	\$249,450	2.60	4.57
Clallam	146	112	146	128	\$492,637	\$402,500	0.88	1.48
Chelan	138	144	125	112	\$616,953	\$512,500	1.29	1.17
Douglas	70	39	72	56	\$500,215	\$452,500	0.70	1.11
*Adams	28	22	22	13	\$190,896	\$185,000	1.69	1.82
*Walla Walla	86	60	94	75	\$429,102	\$374,500	0.80	22.00
*Columbia	11	12	10	6	\$370,833	\$374,000	2.00	N/A
Others	94	102	93	55	\$473,431	\$370,000	1.85	2.62
Total	12,916	7,948	11,567	10,919	\$728,395	\$589,000	0.73	1.04

*Adams, Walla Walla and Columbia counties are added as separate rows this month; previously, statistics for these counties were included in the row for "Others/Out of area."

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
2016	5420	6703	8130	8332	9153	8869	8545	8628	7729	7487	6115	4727
2017	5710	6024	7592	7621	9188	9042	8514	8637	7441	7740	6094	4460
2018	5484	5725	7373	7565	8742	8052	7612	6893	6235	6367	5328	4037
2019	5472	4910	7588	8090	8597	8231	7773	7345	6896	6797	5788	4183
2020	5352	6078	6477	5066	7297	8335	8817	9179	8606	7934	6122	4851
2021	5216	5600	8002	7716	8674	8824	8049					

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