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## **Despite seasonal slowdown, Northwest MLS brokers report pent-up demand for housing**

KIRKLAND, Washington (December 5, 2022) – November statistics from Northwest Multiple Listing Service surprised few brokers. They point to holidays, inclement weather, and various economic factors for prompting pauses in listing and sales activity. Nonetheless, several industry leaders commented on positive signs, fueled in part by pent-up demand and evidence of easing inflation pressures.

“Determined buyers are purchasing homes, with pent-up demand driving the market,” reported Dean Rebhuhn, owner of Village Homes and Properties in Woodinville. “Sellers who price to the market are attracting showings and receiving good offers,” he added, noting King County experienced an average of 55 sales per day last month, with year-over-year (YOY) median prices in King County up \$10,000, rising from \$740,000 to \$750,000.

Northwest MLS figures show both pending and closed sales fell sharply from a year ago, but median prices system-wide edged up slightly (0.88%), from \$570,000 to \$575,000. Pending sales (mutually accepted offers) across the 26 counties in the report were down 40% (dropping from 8,571 a year ago to 5,106) while closed sales fell 42% (declining from 8,976 to 5,194). NWMLS figures show brokers closed an average of 173 sales per day across all counties.

The volume of closed sales, at 5,194, was the lowest level since February (5,147) and January (5,085). Compared to January’s median price of \$555,000, last month’s buyers paid 3.6% more (\$575,000).

“Our traditional seasonal slowdown around the holidays is happening earlier this year, with the alignment of climbing interest rates, economic news, local weather, and a volatile stock market,” stated John Deely, executive vice president of operations at Coldwell Banker Bain. “These conditions make it easier for consumers to place large purchases on hold, though we saw several notable sales in the luxury market over the last month, as real estate is still one of the best investments one can make,” he remarked.

Data from the multiple listing service shows 15.84% of November’s sales topped \$1 million, while a year ago 13.96% of sales were at that level.

While some buyers are taking advantage of the expanding inventory as the market swings to their advantage, Deely said others are hesitant. “Some buyers are sitting on the sidelines waiting for interest rates to come down or thinking prices will come down even further.”

Inventory statistics were mixed. Brokers added 4,890 new listings during November, a decline of 24.2% compared to the same month a year ago when they added 6,455 new listings.

At month end, there were 12,245 total active listings, a whopping increase (about 165%) from the selection of a year ago when there were only 4,621 active listings.

Measured by months of inventory, November’s supply, at 2.36 months, was best since January 2019 when the overall selection reached 2.4 months of inventory.

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Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale, commented on Kitsap County's improving inventory. Northwest MLS figures show there was just under two months of supply (1.95 months), last month whereas a year ago there was only about two weeks of supply (0.57 months).

Leach described the market as "normalizing," adding, "We have seen an uptick in open houses, with healthy traffic during October and November. We anticipate brisk sales across the holidays and into the new year with inventory building toward the end of December and into January. We're telling folks to get pre-approved and have all their documents in so if the market does take a swing, they will be ready to seize the opportunity."

The latest statistics from Northwest MLS show both pending sales and closed sales in Kitsap County fell about 33% year-over-year. Median prices edged up slightly more than 1%, from \$500,000 to \$505,471.

Northwest MLS director Mike Larson, managing broker at Compass in Tacoma, also commented on the normalizing market, echoing comments about rates "leveling off a bit, there's not nearly as much competition, and peak inflation appears to be behind us." Citing observations in a company newsletter, he agreed it's good news for buyers "and a hopeful sign that after the holidays and the new year will come a more normal market."

Fifteen of the 26 counties reported price increases from a year ago, with 11 counties having declines. All four counties in the Puget Sound region experienced modest price gains, ranging from about 1.1% in Kitsap County to 2.9% in Snohomish County.

"The data show we're in a changed market," observed Dick Beeson, managing broker at RE/MAX Northwest in Tacoma/Gig Harbor. "High interest rates, doubled inventory levels, anxious lenders, contracts written with negotiations for repairs, closing costs, and other sundry things – all of these have returned to the market," he said, adding, "Sellers realize they must actually compete with other sellers to gain a buyer's attention and an offer."

Beeson reported some buyers "are having trouble pulling the trigger because their heads are spinning around" in part because there's twice the inventory to choose from and the ever-changing market. In anticipation of further growth in inventory and rates edging down, he said brokers need to be ready to help buyers make informed decisions.

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, noted both the number of home buyers and the number of new listings are running below pre-pandemic seasonal levels. "There is a shortage of unsold inventory, especially in the more affordable and mid-price ranges where approximately 80% of transactions take place within each market." He reported a strong level of activity intensity for new listings going under contract within the first 30 days.

"December is traditionally the low point of new listings coming onto the market because of the holiday season," Scott noted, while pointing to good news for buyers. "Home mortgage interest rates are lower than a month ago!" Noting economists forecast lower interest rates on the horizon as the economy works through lowering inflation, Scott reported, "Homebuyers are currently purchasing at market price with the possibility to refinance when rates decrease. In the meantime, some buyers are purchasing with a five-year or seven-year adjustable-rate mortgage which lowers the interest rate and monthly payment."

Matthew Gardner, chief economist at Windermere Real Estate, is among those expecting mortgage rates to drop. "Early in the new year, I expect the Fed to start pulling back from their aggressive policy stance, and this will allow rates to begin slowly stabilizing." He believes rates will remain above 6% until fall 2023 "when they should dip into the high 5% range. While this is higher than we have become used to, it's still more than 2% lower than the historic average."

Meredith Hansen, founder/operating principal at Keller Williams Greater Seattle and a NWMLS director, encouraged hopeful owners to consider purchasing options. “With rents expected to outpace home prices, it may be a good time to take the plunge into home ownership, especially for first-time buyers,” she suggested. “These first-timer buyers should look at different opportunities to get their foot in the home ownership door.” Among options she mentioned are possible rent to own opportunities or buying a home that needs work and building equity by “using elbow grease.”

Hansen also recommended would-be buyers tap into resources for prospective homeowners at the Washington State Housing Finance Commission, including its free homebuyer education seminars and down payment and closing costs assistance programs.

Looking ahead, Gardner said he does not expect supply to grow significantly with inventory levels remaining well below their long-term average. “It’s unlikely we’ll see a buyer’s market in 2023, but I do expect a return to a far more balanced one.” He believes the days of sellers “having the upper hand are behind us,” adding they will have to become more realistic “with accurate pricing becoming more important than ever.”

Deely believes the 2023 market “is shaping up to be quite competitive with building inventory and pent-up buyer demand.”

#### **About Northwest Multiple Listing Service**

As the leading resource for the region’s residential real estate industry, NWMLS provides valuable products and services, superior member support, and the most trusted, current listing data and industry information for real estate professionals. NWMLS is a member-owned, not-for-profit organization with more than 2,500 member offices and 32,000 real estate brokers throughout Washington state. With extensive knowledge of the region, NWMLS operates 20 service centers and serves 26 counties, providing dedicated support to its members and fostering a robust, cooperative brokerage environment. [nwmls.com](http://nwmls.com).

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Single Fam. Homes + Condos	New Listings	Total Active Listings	# Pending Sales	# Closing Sales	Avg. Closed Price	Median Closed Price	This mo. Inventory	Same mo., year ago
King	1,664	3,599	1,615	1,657	\$950,931	\$750,000	2.17	0.38
Snohomish	698	1,452	773	768	\$744,850	\$677,475	1.89	0.24
Pierce	766	1,903	830	877	\$595,369	\$517,500	2.17	0.44
Kitsap	268	577	303	296	\$603,178	\$505,471	1.95	0.57
Mason	73	221	83	93	\$458,399	\$400,000	2.38	0.79
Skagit	109	293	115	118	\$527,401	\$489,500	2.48	0.82
Grays Harbor	87	339	113	87	\$338,936	\$325,000	3.90	1.19
Lewis	64	274	96	91	\$410,283	\$382,000	3.01	0.98
Cowlitz	77	236	81	80	\$392,725	\$370,450	2.95	0.75
Grant	59	224	54	74	\$337,171	\$307,441	3.03	1.14
Thurston	238	568	263	261	\$526,828	\$465,000	2.18	0.35
San Juan	12	99	15	12	\$1,286,184	\$1,185,000	8.25	2.27
Island	79	259	90	83	\$607,854	\$525,000	3.12	0.54
Kittitas	50	202	38	45	\$700,172	\$510,000	4.49	1.15
Jefferson	36	85	32	46	\$649,336	\$560,000	1.85	0.69
Okanogan	16	150	23	28	\$348,671	\$315,000	5.36	1.93
Whatcom	213	577	213	208	\$579,469	\$535,000	2.77	0.77
Clark	69	145	71	56	\$579,046	\$491,500	2.59	0.39
Pacific	28	148	36	38	\$356,071	\$298,750	3.89	1.34
Ferry	5	22	2	3	\$325,267	\$300,000	7.33	13.50
Clallam	72	167	75	62	\$488,640	\$429,950	2.69	0.68
Chelan	53	210	63	78	\$815,125	\$554,200	2.69	1.72
Douglas	29	100	20	34	\$542,523	\$424,150	2.94	0.79
Adams	8	58	6	6	\$280,166	\$288,000	9.67	2.20
Walla Walla	63	126	50	39	\$509,500	\$420,000	3.23	0.90
Columbia	4	29	4	3	\$211,833	\$200,000	9.67	1.83
Others	50	182	42	51	\$453,882	\$405,000	3.57	2.00
<b>Total</b>	<b>4,890</b>	<b>12,245</b>	<b>5,106</b>	<b>5,194</b>	<b>\$707,763</b>	<b>\$575,000</b>	<b>2.36</b>	<b>0.51</b>

**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	8586	7880	7405	6022	3943
2022	4405	5560	7312	6908	7482	6031	5934	6581	5208	4410	3521	

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