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## **Brokers say housing activity seems to be trending in direction of a normal seasonal market**

KIRKLAND, Washington (March 6, 2023) – Open house traffic has been brisk around Western Washington, signaling the start of the spring market, suggested brokers at Northwest Multiple Listing Service. They noted softening prices are enticing some would-be buyers, while others remain on the sidelines hoping fluctuating mortgage rates will stabilize or decline.

“It’s a very interesting market, comprised of primarily serious buyers and sellers,” remarked Northwest MLS board member Mike Larson, managing broker at Compass Tacoma. “Rates and inflation appear to be under control, giving buyers a window of opportunity before things possibly get crazy again,” he added.

Newly released statistics from the MLS for February show upticks in new listings, pending sales, closed sales and median prices compared to January, but when compared to the same month a year ago, figures for those metrics declined:

- Brokers added 5,231 new listings of single family homes and condos to inventory last month, about one-third fewer than twelve months ago.
- Pending sales declined 19%, from the year-ago total of 7,697 to 6,230.
- Year-over-year (YOY) closed sales dropped 17.3%, from 5,147 to 4,258 transactions.
- Median prices slipped 1.7% areawide, from \$585,000 to \$575,000.

“One could say a modicum of balance is returning to the market,” commented Dick Beeson, managing broker at RE/MAX Northwest, Tacoma/Gig Harbor. “Buyer demand remains at reasonable levels considering the high interest rate environment we’re in,” he stated. “Multiple offers are still seen on the right properties.”

Both inventory and interest rates are worrisome for some buyers, according to spokespersons with the multiple listing service.

At the end of February, the MLS report shows only 1.7 months of supply across the 26 counties in the report. While that’s an improvement from a year ago when there was only about 0.7 months of supply (about three weeks), it is down from January’s total of about 2.5 months. A supply of four-to-six months is considered a balanced market, according to the National Association of Realtors and other industry watchers.

“The February market got off to a quick start with an increased number of homes coming on the market daily as prepared buyers made their offers. Open house activity has been very active,” reported Dean Rephuhn, owner at Village Homes and Properties in Woodinville.

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“Although the number of homes for sale in the tri-county area of King, Pierce and Snohomish counties is more than double from a year ago, there were still fewer homes available to buy in February than in January,” observed Matthew Gardner, chief economist at Windermere Real Estate. “Furthermore,” he continued, “listings were more than 40% lower than pre-pandemic levels, suggesting that homeowners may be holding off on selling until the market stabilizes.”

Listings are not coming to the market as quickly as in recent years, reported John Deely, executive vice president of operations at Coldwell Banker Bain. “Low inventory is once again creating multiple offers where good inventory is absorbed quickly. As we move into the spring market, more competition tends to drive pricing down slightly. Sellers getting into the market now have less competition.”

The addition of 5,231 new listings during February was around 300 more than January, but down from the year-ago volume of 7,920 new listings. Last month’s additions brought the number of total active listings at month end to 7,234, more than twice the number of a year ago (3,461). However, compared with January, the selection shrunk by nearly 1,000 listings.

J. Lennox Scott, chairman and CEO at John L. Scott Real Estate, also commented on the limited selection. While fewer homes are coming on the market than in previous years, Scott expects spring will bring a seasonal increase. “New listings are selling fast, bringing back the multiple offer scenario for some properties. Unsold inventory virtually sells out in the more affordable, mid-price and into the upper end price points,” he stated. Scott recommends buyers become “buyer ready” to ensure they get the home of their choice.

Last month, 6,230 buyers were successful in having their offers accepted by sellers. That number of pending sales was a drop of about 19% from the year-ago volume (7,697) but up nearly 7.9% from January’s total of 5,776 sales. Only five of the 26 counties in the report had year-over-year gains in pending sales (Adams, Columbia, Jefferson, San Juan and Walla Walla).

Closed sales numbers for February had a similar pattern as pending sales. Brokers reported 4,258 completed transactions, a drop of about 17.3% from the same month a year ago. Compared to January, brokers reported 994 more closings for a gain of more than 30%.

The median price systemwide on February’s closed sales was \$575,000, down 1.7% from the same month a year ago, but up 3.1% from January. Year-over-year sales prices slipped in all but six counties. YOY asking prices were unchanged areawide, at \$650,000, but vary widely by area.

NWMLS data for the tri-county area (King, Pierce and Snohomish counties), where about half the current inventory is located, shows more than seven of every 10 listings (71.6%) have asking prices of \$600,000 or more, with nearly a third of those (31.6%) priced at \$1 million or higher.

“Year over year, home sales prices are down, but that isn’t surprising given that a year ago homebuyers were scrambling to buy in the face of mortgage rates that were about to skyrocket,” stated Gardner, adding, “I expect we will see a similar story for the next few months.”

Commenting on the slowdown in home prices, Lawrence Yun, chief economist at the National Association of Realtors®, called it “welcomed, particularly as the typical home price has risen 42% in the past three years.”

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Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale and a member of the NWMLS board of directors, pointed to rising interest rates as a factor in slowing the market somewhat, but said people are still “making the move and looking at creative financing until the rates level out. Open house traffic has been brisk.”

“Many homebuyers are making their buying decisions now while inventory is available, and they’ll refinance at a later date,” Leach remarked. He noted the midrange market continues to see multiple offers for homes that are priced correctly.

Larson said interest rates are crimping listing activity. “The reason there’s so little inventory is because sellers are worried about finding a replacement home and are reluctant to give up their sweetheart 3% and 4% mortgages.”

Gardner agreed. “There are homeowners who are choosing not to sell so they don’t lose the historically low interest rate they have on their current mortgage.”

Fluctuating rates likely contributed to recent sales activity, suggested Gardner. “What is interesting is that home prices rose between January and February which tells me that buyers jumped on the opportunity to take advantage of mortgage rates that dipped below 6.1% five times between mid-January end early February.”

Interest rates continue to climb upwards, according to Freddie Mac. Buyers could expect to pay 6.65% for a 30-year fixed rate mortgage, up 0.15% from ten days ago and up 2.89% from a year ago. “Lower mortgage rates back in January brought buyers back into the market. Now that rates are moving up, affordability is hindered, making it difficult for potential buyers to act, particularly for repeat buyers with existing mortgages at less than half of current rates,” stated Sam Khater, Freddie Mac’s chief economist.

Leach expects some of the pressures may ease for Kitsap County buyers. “Kitsap County continues its new construction in both single family homes and apartments at breakneck speed, while condominium construction has tapered slightly.”

Northwest MLS figures show there are 175 active listings of new construction homes and condos in Kitsap County, up from only 57 a year ago. Asking prices are similar – \$644,950 for last month’s active listings versus \$648,990 for the year-ago selection.

All cities within Kitsap County are continuing to see growth and new permit requests, according to Leach. “People building custom homes will be the next wave as land sales and showings have had a spurt of activity.”

Brokers seem to have little concern about last month’s modest YOY price drop. December also had a slight decline from 2021 (down 0.51%), but a check of NWMLS records show the last time year-to-year prices fell was March 2011 to March 2012.

“Prices adjusted last month, depending on locale,” acknowledged Beeson, adding, “But there’s no slippery slope into the recession of 2008-2011 when there was a 30% price reduction. The lack of inventory guards against that situation occurring again. We’re perking along finding the new normal of a post-coronavirus market.”

Brokers also expressed confidence in the luxury market, with about 18% of the homes and condos that sold last month in the King-Pierce-Snohomish region commanding at least \$1 million.

“The luxury home market is experiencing elevated buyer traffic, as the start of the luxury season begins in earnest,” reported Scott.

Deely described San Juan as “part of the luxury market that still has a very strong buyer demand,” noting inventory, pending sales and closed sales all notched gains from a year ago.

“Overall, with new listings, pending sales and closed sales all up from January, the market seems to be trending in a direction that fits with a normal seasonal market,” Deely declared.

**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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*Please see next page for statistical summaries*

Single Fam. Homes + Condos	New Listings	Total Active Listings	# Pending Sales	# Closed Sales	Avg. Closed Price	Median Closed Price	This mo. Inventory	Same mo., yr ago
King	1,866	2,064	1,986	1,448	\$911,112	\$726,700	1.43	0.55
Snohomish	728	662	967	652	\$711,170	\$664,975	1.02	0.41
Pierce	880	1,013	1,126	738	\$568,002	\$519,997	1.37	0.53
Kitsap	243	357	323	229	\$542,675	\$499,950	1.56	0.61
Mason	69	125	90	62	\$397,677	\$382,200	2.02	1.02
Skagit	98	168	132	86	\$592,447	\$493,500	1.95	0.92
Grays	114	271	138	81	\$292,836	\$297,000	3.35	1.57
Lewis	87	173	103	64	\$411,880	\$382,500	2.70	1.02
Cowlitz	74	158	96	80	\$392,989	\$381,000	1.98	0.58
Grant	54	167	86	49	\$373,560	\$325,485	3.41	1.39
Thurston	233	316	345	225	\$511,848	\$475,000	1.40	0.51
San Juan	8	58	17	13	\$724,019	\$700,000	4.46	4.18
Island	104	152	110	82	\$575,057	\$527,500	1.85	0.82
Kittitas	53	142	47	35	\$650,625	\$444,995	4.06	1.00
Jefferson	30	65	40	17	\$595,624	\$560,000	3.82	1.44
Okanogan	18	105	17	15	\$252,433	\$199,000	7.00	1.76
Whatcom	231	414	235	147	\$622,063	\$547,000	2.82	0.93
Clark	46	73	68	44	\$482,901	\$432,500	1.66	0.59
Pacific	51	111	48	20	\$342,490	\$295,000	5.55	1.90
Ferry	5	17	4	2	\$136,000	\$136,000	8.50	3.80
Clallam	60	117	67	44	\$467,034	\$440,000	2.66	1.41
Chelan	51	160	47	32	\$538,003	\$485,000	5.00	1.84
Douglas	23	64	24	24	\$486,660	\$416,500	2.67	1.00
Adams	14	46	12	6	\$301,167	\$251,000	7.67	0.87
Walla Walla	43	85	51	24	\$405,763	\$384,500	3.54	1.17
Columbia	5	21	8	5	\$181,380	\$197,000	4.20	15.00
Others	43	130	43	34	\$369,674	\$335,000	3.82	1.71
<b>Total</b>	<b>5,231</b>	<b>7,234</b>	<b>6,230</b>	<b>4,258</b>	<b>\$682,141</b>	<b>\$575,000</b>	<b>1.70</b>	<b>0.67</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
<b>2004</b>	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
<b>2005</b>	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
<b>2006</b>	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
<b>2007</b>	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
<b>2008</b>	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
<b>2009</b>	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
<b>2010</b>	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
<b>2011</b>	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
<b>2012</b>	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
<b>2013</b>	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
<b>2014</b>	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
<b>2015</b>	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
<b>2016</b>	5420	6703	8130	8332	9153	8869	8545	8628	7729	7487	6115	4727
<b>2017</b>	5710	6024	7592	7621	9188	9042	8514	8637	7441	7740	6094	4460
<b>2018</b>	5484	5725	7373	7565	8742	8052	7612	6893	6235	6367	5328	4037
<b>2019</b>	5472	4910	7588	8090	8597	8231	7773	7345	6896	6797	5788	4183
<b>2020</b>	5352	6078	6477	5066	7297	8335	8817	9179	8606	7934	6122	4851
<b>2021</b>	5216	5600	8002	7716	8674	8824	8049	8586	7880	7405	6022	3943
<b>2022</b>	4405	5560	7312	6908	7482	6031	5934	6581	5208	4410	3521	2778
<b>2023</b>	4111	4402										