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**“We’re moving in a positive direction” broker says
in comments about April statistics from Northwest MLS**

KIRKLAND, Washington (May 4, 2023) – Market dynamics are influencing adjustments in housing prices, suggested an officer at Northwest Multiple Listing Service, but with “very constricted” inventory, he said homes that are well priced continue to receive multiple offers.

Commenting on the latest statistics from Northwest MLS, Frank Leach, vice chairperson of the MLS board of directors and the broker/owner at RE/MAX Platinum Services in Silverdale, said despite limited inventory (about 1.5 months of supply overall), it is an “excellent market.” As summer approaches, Leach expects to see increased activity with inventory “being snapped up as it comes onto the market and savvy buyers taking advantage of softening interest rates.”

The latest report from NWMLS, summarizing April activity, shows year-over-year drops in new listings, pending sales and closed sales, an increase in total active listings, and lower prices.

Brokers reported 7,137 pending sales of single-family homes and condos during April, down nearly 27% from a year ago, but notching the highest volume so far this year, edging out March by one transaction. Pending sales are up more than 23% from January’s total (5,776).

Closed sales slipped 36%, from the year-ago total of 8,344 to last month’s total of 5,338. Compared to January’s figure of 3,264 sales, April’s completed transactions surged 63.5%.

The median price for last month’s sales of single-family homes and condos across the 26 counties in the report was \$603,250, down about 8.6% when compared to twelve months ago. When compared to January’s median price of \$557,250, prices are up nearly 8.3%. April marked the fourth consecutive month of rising prices.

In King County, which accounted for 35% of last month’s closed sales, the median price of \$790,244 fell 10.2% from the year earlier price of \$880,000. A comparison with January shows prices are up 9.3%.

J. Lennox Scott, company executive officer at John L. Scott Real Estate, noted fewer resale listings are making it to the market. “The supply of housing remains limited due to a persistent shortage of available homes as fewer homeowners are putting their homes on the market after locking in low home mortgage interest rates during the pandemic.”

Scott said the limited supply results “in a return to multiple offers and the restart of premium pricing – especially in the more affordable, mid-price and into the upper-end price points.”

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Northwest MLS brokers added 7,303 new listings to the database during April. That total was down from both March, when they added 7,904 new listings, and the same month a year, when they added 11,681 new listings. On a percentage basis, the year-over-year drop was 37.5%.

With slower sales, total supply improved compared to a year ago.

At the end of April, there were 8,114 active listings in the NWMLS database, an increase of 1,600 from the year-ago supply for a gain of nearly 24.6%.

“When looking at the inventory of single-family homes (excluding condos), only one county has more than six months of supply (San Juan),” said John Deely executive vice president of operations at Coldwell Banker Bain. A typical balanced market is considered between 4-to-6 months, he noted.

Continuing, Deely acknowledged “we’re moving at a slower pace than last year. We are maintaining a seller’s market given the lack of inventory along with multiple offers, as a healthy number of buyers absorb what is being listed. The key is we can’t compare today’s market to the record years we had during the pandemic.”

To illustrate his point, Deely pointed to King County. “In King County residential (excluding condos), the median price change year-over-year is down 12%. This year, the median price has been going up steadily every month. Year to date, the median price is up 12%. From March to April, it’s up over 4%. We are moving in a positive direction,” he stated.

Northwest MLS figures show the median price for single-family homes that sold last month in King County was \$875,000; a year ago, it was \$995,000. In January, the median price was \$781,098.

“Proper pricing is the important factor for sellers to consider in attracting buyers,” emphasized Dean Rebhuhn, owner at Village Homes and Properties in Woodinville. “First-time homebuyers are very price sensitive, and they are hurt by increasing mortgage rates.”

Freddie Mac data show the 30-year fixed rate mortgage rate near the end of April was 6.43%. That compares to the year-ago rate of 5.1% and a rate of 2.98% on 4/29/2021. (On Wednesday, the Federal Reserve raised its key interest rate by a quarter-point to the highest level in 16 years. That was the 10th straight hike of the current cycle.)

Even with the market still experiencing an inventory shortage, Rebhuhn said buyers are looking for homes, with lifestyle decisions continuing to drive the market.

“Motivated sellers who recognize today’s market conditions with prices down about 10% from last year are attracting buyers,” Rebhuhn reported. “We do see a vibrant spring market for both buyers and sellers.”

Windermere Chief Economist Matthew Gardner believes sellers “are getting a little more comfortable with the market,” noting his analysis of data shows median listing prices are rising in most areas compared to the previous quarter. “If listing prices continue to rise, one can surmise that home prices will follow suit.”

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The April report from Northwest MLS shows seven counties had year-over-year price increases (Adams, Clallam, Columbia, Ferry, Jefferson, Pacific, and San Juan). Five counties had double-digit price drops. Prices were unchanged in Lewis County.

In Kitsap County, prices slipped about 8.7% from a year ago, but are up 4.7% since January. "There continues to be heavy pressure on the market," Leach reported. "Many buyers are looking for their replacement home before selling their current home," he stated, adding, "Don't expect a burgeoning inventory as it will go as fast as it comes onto the market." That's due in part to that county's highly mobile military population.

Pending sales in Kitsap County fell 18.8% -- much less than nearby counties. Mutually accepted offers were down more than 27% in both King and Pierce counties and down nearly 34% in Snohomish County.

Leach attributes the slower pace of sales in Kitsap County to both interest rates and the addition of several new apartments, which he described as "a safe haven for those not ready to buy." He noted many of the newer complexes are offering incentives to attract renters.

Commenting on mortgage rates, Gardner said rates in the first quarter of 2023 were far less volatile than last year. "It appears that buyers are jumping in when rates dip, which was the case in mid-January and again in early February."

Gardner expects rates will continue to move lower with occasional spikes, and that they will hold below 6% in the second half of this year. Citing factors that favor home buyers, but also factors that favor sellers, he said he is "moving the needle towards a balanced market, but one that ever so slightly favors sellers."

Windermere's economist said he is "not seeing any signs of panic in the market." Gardner also said the probability of a national recession this year is now fifty-fifty. "I do not see any reason for buyers to lose confidence in their housing decisions based purely on economic factors."

Some industry-watchers suggest easing inflation could bode well for the housing market. Inflation fell to 5% in March, the lowest rise in nearly two years. "With inflation showing some signs of slowing, mortgage rates could come down," suggested Greg McBride, Bankrate's chief financial analyst.

Kevin Graham, senior blog writer for Rocket Companies and Rocket Mortgage, the nation's largest home lender, explained mortgage rates and the federal funds rate aren't directly correlated, but "they do tend to follow the same general direction." For buyers, rate hikes mean they would likely qualify for a lower loan amount, have higher mortgage payments, and may have difficulty finding homes in their price range.

"Some buyers may be temporarily priced out of the market," Graham wrote. The impact of higher interest rates may be more acute for first-time buyers, he noted, "because they don't have the money from the sale of a home to offset a lower loan amount with a higher down payment."

No one likes higher mortgage rates, Graham stated, but added, "they'll always be lower than the interest rate you could get on a credit card."

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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.

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