








DECEMBER MONTHLY TALKING POINTS

Seattle (based on Residential report):

Conversations with brokers the week of January 9th, had the following similarities:

- Real estate brokers' phones started ringing around January 5th.
 - Calls on active listings, regardless of time on the market
 - Buyers and sellers starting or reengaging in the process
- Sellers need to price right (based on current comparable sold prices). Properties in parade condition are getting more activity.
 - When brokers were asked “price well or price aggressively?” they responded “price well”. Then followed with, “and expect low ball offers regardless of list price”.
 - Properties that closed in December without a price change and below list price, sold for 3% below the list price as a median.

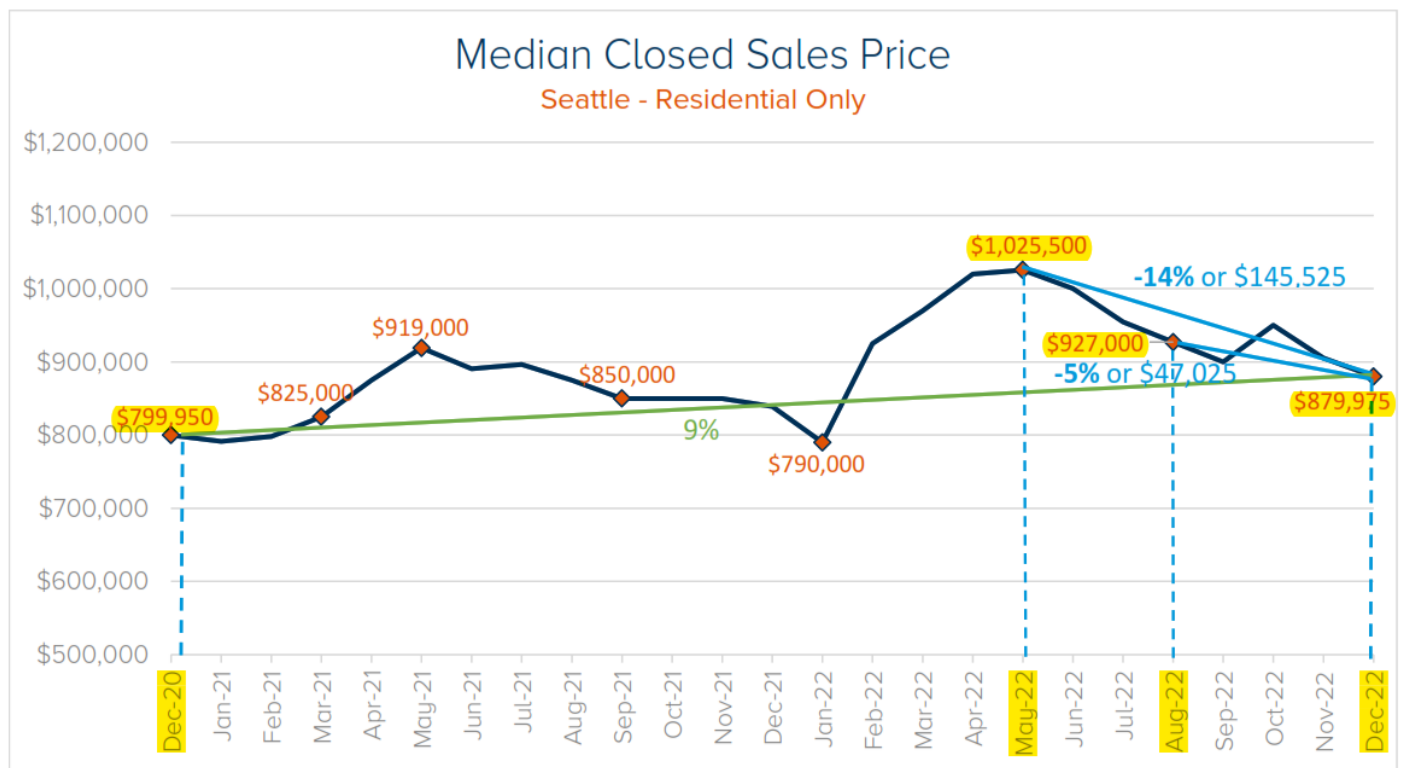
DECEMBER 2022	 SOLD ABOVE LIST PRICE	 SOLD AT LIST PRICE	 SOLD BELOW LIST PRICE	 PRICE CHANGE BEFORE SALE
AVERAGE DAYS ON MARKET 	9	11	18	63
NUMBER OF SALES IN MONTH 	56	59	80	198
MEDIAN DIFFERENCE FROM LIST PRICE 	2%	0%	-3%	N/A

- Cash buyers seemed more prevalent than normal.
- Financed buyers are using arms or interest rate buy downs. Buyers are often negotiating for sellers to pay the cost of the interest buy downs.
- Brokers were more concerned with stock prices and layoffs in the technology sector than interest rates.
- Brokers felt that interest rates are likely to decline in the 2nd or 3rd quarter.
 - If interest rates decline later this year, which do you think will be a better option:
 - a) Buy now and refinance later OR
 - b) Buy after the interest rates have decreased?

Learn about Penrith’s Certified Rate Protection Plan “Buy Now – Refinance Later” on the last page of this packet (page 5).

- Brokers felt that the pending sales would continue to be down 37% (from 2021 levels) until interest rates decreased. Pending sales were down 22% for the first five months of 2022 attributed to low inventory. From June to December 2022 pending sales were down 37% attributed to the increase in interest rates.

Pending Transactions	Jan	Feb	Mar	Apr	May	Jan to May	Jun	July	August	Sept	Oct	Nov	Dec	June to Dec	Total for year
2022	503	687	873	801	893	3757	730	612	656	558	534	422	305	3815	7574
2021	713	785	1046	1075	1184	4806	1109	964	908	979	893	732	443	6028	10831
% change	-29%	-12%	-16%	-25%	-25%	-22%	-34%	-36%	-28%	-43%	-40%	-40%	-31%	-37%	-30%



Change in home values require some perspective:

Closed median sales price peaked in May 2022 at \$1,025,500 and have fallen \$145,525 or 14% to \$879,925 in December. Since August 2022, the prices have dropped from \$927,000 to \$879,975 a decline of \$47,025 or 5%. The fall in prices does not offset the five month \$235,500 (30%) run up in prices from \$790,000 (Jan 2022) to \$1,025,500 (May 2022).

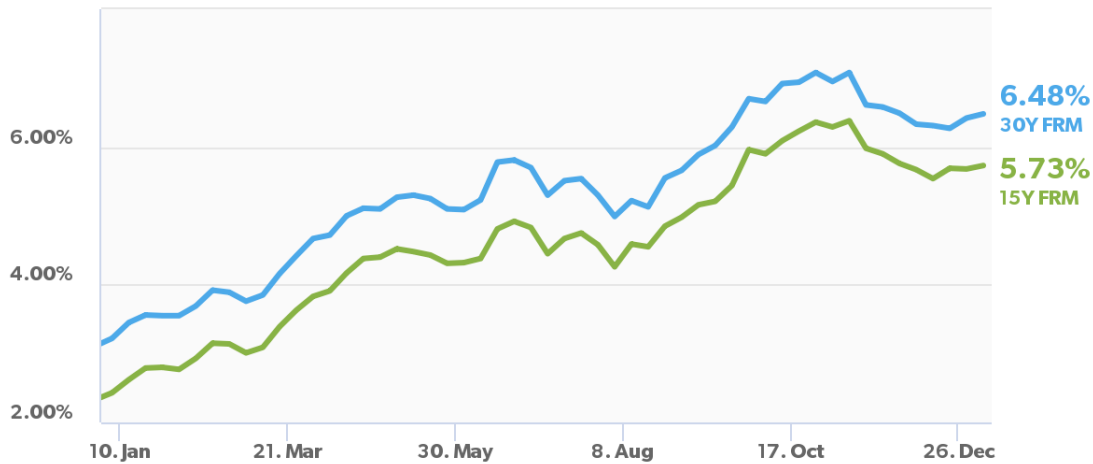
- Prices are up \$40,975 or 5% for the year (\$839,000 Dec 2021 to \$879,975 Dec 2022).
- Price over the last two years have risen \$80,025 or 9% (December 2020 to December 2022).

The real estate market (price and number of sales) will follow interest rates changes.



Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 01/05/2023



Comments from November Talking Points that are still relevant:

Buyers and Sellers continue to have a stare down....sellers are holding their price and buyers are waiting for prices to drop.

Who is going to flinch first is likely going to be determined by interest rates. If it takes three to six months for interest rates to drop below 5.5%, expect to see closed sales prices drop. If they drop to below 5.5% sooner, then expect closed sales price to remain around \$900,000

DECEMBER 2022

% OF LISTINGS SOLD ABOVE LIST PRICE



SEATTLE RESIDENTIAL

