



Northwest MLS brokers say bidding wars, escalating prices, and buyer fatigue are widespread

KIRKLAND, Washington (April 7, 2021) – Brokers with Northwest Multiple Listing Service (NWMLS) added 10,562 new listings to inventory during March -- the highest volume since September when they added 11,210 properties to the selection. Even so, demand continued to outstrip supply, keeping inventory depleted.

The latest statistical summary from Northwest MLS shows double-digit price hikes were widespread across the 26 counties included in the report for the month of March.

Brokers logged 10,863 pending sales last month. That volume of mutually accepted offers marked a 22.3% increase from a year ago and a 40.6% surge compared to February.

“There’s no April fooling when it comes to how hot the housing market is right now,” commented J. Lennox Scott, chairman and CEO of John L Scott Real Estate. “In King, Snohomish, Pierce and Kitsap counties, the current spring market we’re seeing is one of the best on record.”

James Young, director of the Washington Center for Real Estate Research at the University of Washington, agreed, noting March marked the first post-COVID/pre-COVID comparison. “It is very difficult to compare year-on-year results once lockdown started in late March 2020,” he stated.

“The drop in the number of active listings between now and last year is extraordinary,” Young exclaimed. NWMLS statistics show a 55.9% decline in total active listings, shrinking from 9,418 at the end of March 2020 to 4,153 at month end. Young noted the decrease is even more pronounced in “peripheral counties.” Six counties (Clallam, Clark, Island, Kittitas, Mason, and San Juan) experienced year-over-year declines of 69% or higher, according to the latest report from Northwest MLS.

“This collapsing active listing volume in the face of high demand is telling. As this was occurring, the number of pending transactions year-over-year increased markedly. Double digit price increases throughout the region are the natural result,” said Young.

Median prices system-wide surged 19.5% compared to a year ago. The median price for the 7,803 sales that closed during March was \$548,199; a year ago it was \$458,900. Prices rose in every county served by NWMLS, with seven counties reporting YOY price hikes of 25% or more.

Last month’s median price on closed sales of single family homes and condos (combined) was up 7% from February’s figure of \$512,000.

Excluding condos, the median price on single family homes rose nearly 21% from a year ago, from \$470,000 to \$567,250. Compared to the previous month (February), prices were up 10% OR more in seven counties (Cowlitz, Douglas, Jefferson, Ferry, Island, King, and Pacific).

In King County, the median prices for single family homes that sold last month in the Queen Anne/Magnolia area and every MLS map area on the Eastside topped \$1 million.

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Scott noted the local market is “nearly sold out all the way up into luxury price ranges,” adding it is not due to a lack of new listings, but because of high buyer demand. “We’re seeing more luxury listings, which means there are more buyers entering into the market in these price ranges. This translates into very strong intensity into these luxury price ranges.”

A check of NWMLS statistics confirms Scott’s point. From January through March this year, brokers reported 400 sales priced at \$2 million or more. That’s more than twice the highest number reported for the first quarter of any of the previous five years. (Last year, brokers reported 178 sales at \$2 million-plus during the first quarter.)

John Deely, a member of the NWMLS board of directors and vice president of operations at Coldwell Banker Bain, described the numbers as “truly astounding related to price appreciation and inventory on hand.” As an example, he pointed to Snohomish County, where there is only about one week of inventory and where median prices for single family homes are up nearly 22%.

Condominium prices rose 5.2% year-over-year on closed sales that increased 16% (from 1,015 closings a year ago to last month’s total of 1,179). The volume of new listings (1,528) was similar to the year-ago total (1,455), while the number of active listings (total inventory) dropped 23% YOY. Pending sales of condos surged nearly 43% from a year ago (from 1,101 to 1,574).

“While the data suggest housing sales overall may be slowing, that is related directly to a lack of inventory,” Deely emphasized.

Area-wide, NWMLS figures show there is only about two weeks of inventory (0.53 months of supply) of single family homes and condominiums. Only six counties have more than one month of supply. The supply of single family homes is even more depleted (0.47 months), Condo buyers fare slightly better with 0.86 months of supply. With demand outstripping supply, prices tend to rise.

NWMLS director, Meredith Hansen, owner/designated broker at Keller Williams Greater Seattle, noted the Seattle area ranked second nationally in home price appreciation for the past 12 months. (Phoenix led all cities in the latest S&P CoreLogic Case-Shiller Indices.)

“If no new inventory came on the market, we are at 2.19 weeks of inventory, leading to bidding wars, escalating prices, and severe buyer fatigue,” Hansen remarked.

Windermere Chief Economist Matthew Gardner also commented on the imbalanced market. “There was a significant increase in new listings between February and March, but despite this, total active inventory was lower. This is a clear indication that the market remains very bullish, and homes are selling lightning fast across all price points, even in the luxury market.”

“I think a lot of the urgency from buyers is due to rising mortgage rates and the fear that rates are very unlikely to drop again as we move through the year, which is a safe assumption to make,” added Gardner.

Despite exhibiting a sense of urgency, buyers are doing due diligence to win the sale, reported Dean Rebhuhn, owner at Village Homes and Properties. “They are doing pre-inspections, including strong pre-approval for financing and deciding what price works for them. Many purchasers are considering the list price as the opening bid and making price decisions that work to their advantage,” he explained.

Escalating prices are found throughout the Northwest MLS service area.

“Most of the rapid price increases follow the familiar trend of late where the I-5 and I-90 corridors outside of King County are showing exceptional levels of house price growth,” observed Young. “Median house price growth in Skagit County (27.3%), Kittitas County (43.8%), Thurston County (21.2%) and Whatcom County (20.8%) all outperformed King County at 14.7%,” he noted.

Kitsap, Snohomish, and Pierce counties also outgained King County's price growth.

Competition for the limited supply of homes is intense in Kitsap County, according to Frank Wilson, Kitsap regional manager and branch managing broker at John L. Scott Real Estate, Poulsbo. Inventory in that county is down more than 64% from a year ago, and like many counties, pending sales are outgaining new listings.

"The real story is about the pent-up demand of buyers who are jumping at each new listing that comes on the market," Wilson reported. With COVID-related limitations on open houses, he said each open house is bracketed by many showing appointments. "It is not unusual to have 30 showings and half a dozen offers during the short time a home is on the market."

Wilson estimates half the buyers in Kitsap County already live there and are just relocating. The other half are new to the area and are inclined to move there to leave more congested areas. Others are changing lifestyles now that they can work from home more, a military move, or simply to be closer to family and friends, according to Wilson.

Both local and national industry-watchers detect rising optimism for the spring housing market.

"We are certainly seeing a return to optimism in our market as businesses continue to open up, more residents become vaccinated, and we all look forward to getting back to a more 'normal' way of life," said Mike Grady, president and CEO of Coldwell Banker Bain.

Grady pointed to a recent national jobs report as one reason for surging confidence. That report showed broad-based employment gains, including significant growth in areas hit worst by the pandemic, such as the leisure and hospitality sector. As the labor force continues to grow, Grady said, "We can expect the real estate market to continue to benefit."

Grady acknowledged buyers will still face challenges. "We're seeing mortgage rates and inflation start to increase, along with lumber costs, which will affect the costs of new construction."

Other pressure may come from the migration of tech workers in our area, suggested Grady's colleague, John Deely. He cited a new report from CBRE that shows the Seattle/Bellevue region now ranks #1 in technology office space leases, eclipsing San Francisco for the first time since 2013. "For the foreseeable future, buyers will need to bring their patience, a qualified and experienced broker, and a realistic outlook on the financial implications of this market as they search for homes."

James Gaines, former chief economist at Texas Real Estate Research Center, noted the housing industry has been one of the country's primary economic drivers during the pandemic "and not just because of low mortgage rates." Pandemic lockdowns meant millennials' spending for travel and entertainment was curtailed enabling them to save. "More than 40% of U.S. home purchases in 2020 were by first-time buyers," he noted, but said he anticipates getting back to "more normal rates of increase" marked by smaller growth in home prices and sales.

National experts believe housing activity could slow due to rising mortgage rates.

A recent report by Bloomberg noted the 30-year fixed-rate mortgage rose to 3.17%, the highest level in more than nine months, after falling to an all-time low of 2.65% in January.

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.

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	4,117	1,769	4,054	2,956	\$928,617	\$740,000	0.60	1.15
Snohomish	1,594	336	1,631	1,192	\$651,568	\$607,475	0.28	0.98
Pierce	1,686	444	1,861	1,251	\$512,728	\$470,000	0.35	1.09
Kitsap	445	143	456	338	\$553,568	\$450,000	0.42	1.30
Mason	137	53	148	88	\$391,369	\$325,900	0.60	1.91
Skagit	208	106	206	158	\$539,720	\$485,550	0.67	1.98
Grays Harbor	154	104	156	125	\$344,900	\$280,000	0.83	2.66
Lewis	127	75	151	132	\$371,353	\$348,000	0.57	2.24
Cowlitz	122	46	148	109	\$378,484	\$358,000	0.42	1.21
Grant	136	85	145	96	\$286,649	\$245,177	0.89	2.87
Thurston	522	138	558	371	\$463,428	\$424,947	0.37	0.95
San Juan	34	56	44	24	\$692,975	\$501,250	2.33	9.25
Island	168	54	167	121	\$619,243	\$479,500	0.45	2.20
Kittitas	86	44	83	48	\$693,805	\$517,500	0.92	2.58
Jefferson	63	54	54	41	\$490,227	\$468,000	1.32	2.93
Okanogan	43	64	43	35	\$402,645	\$258,500	1.83	4.69
Whatcom	377	232	375	282	\$543,038	\$492,250	0.82	2.24
Clark	91	27	100	78	\$466,445	\$408,500	0.35	2.08
Pacific	69	48	91	55	\$329,747	\$274,500	0.87	5.07
Ferry	8	17	9	5	\$274,880	\$320,000	3.40	5.67
Clallam	77	40	83	78	\$462,442	\$399,000	0.51	2.45
Chelan	103	63	102	71	\$451,183	\$410,000	0.89	2.89
Douglas	62	32	64	44	\$434,841	\$420,000	0.73	2.71
*Adams	10	16	10	16	\$236,153	228,498	1.00	2.44
*Walla Walla	62	40	60	47	\$395,957	362,500	0.85	7.00
*Columbia	4	6	5	4	\$181,250	190,000	1.50	N/A
Others	57	61	59	38	\$405,012	\$357,450	1.61	3.62
Total	10,562	4,153	10,863	7,803	\$678,786	\$548,199	0.53	1.40

**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."*

Next page: 4-county pending sales statistical chart

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									

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