



Market offers hope for homebuyers, but Northwest MLS brokers say it may be temporary

KIRKLAND, Washington (July 7, 2021) – Homebuyers may find some good news in the latest report from Northwest Multiple Listing Service (NWMLS). The number of active listings at the end of June, 6,358, reached the highest level since November when buyers could choose from 6,505 properties. The volume of new listings added last month was the highest number in 17 months (13,111 last month versus 14,689 at the end of November 2019).

“Homebuyers will be happy to hear that between May and June the number of listings in King, Pierce, and Snohomish counties rose, giving them more homes to choose from and possibly easing the pressure just a little,” remarked Matthew Gardner, chief economist at Windermere Real Estate.

For the tri-county area, total active listings of single family homes and condominiums increased 14.5% from May. System-wide, the report covering all 26 counties served by Northwest MLS shows month-to-month inventory improved 14.9%.

“Buyers need some relief, so I hope this trend continues,” said Gardner.

Broker Dean Rebhuhn, owner at Village Homes and Properties, agreed the slight increase in new listings is good news for buyers, but tempered his optimism. “Low inventory and high demand coupled with low interest rates continue to drive up the market.” He also noted Kittitas County “is no exception to brisk sales. Many homes in that county are selling within one or two weeks.”

NWMLS director Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale, described Kitsap County as another “heated market” but said brokers there are growing inventory very slowly, resulting in more selection for buyers. Brokers added 621 new listings to that county’s inventory, improving on May’s volume by more than 13%. That number also marked the first time since May 2019 that the number of new listings in Kitsap County topped 600.

Other industry analysts suggested the uptick in inventory might be short-lived, citing vigorous activity as Washington state lifts several strict coronavirus restrictions.

“We continue on a trajectory that will keep the Puget Sound region at the top of national lists for one of the hottest housing markets,” stated John Deely, executive vice president of operations for Coldwell Banker Bain. “Inventory on hand remains at two-to-three weeks in the larger counties,” he noted.

The latest report from Northwest MLS shows a year-over-year (YOY) drop in active listings of more than 34%, with only about two weeks (0.58 months) of supply available areawide. Last month marked the first time since July 2020 that the year-over-year decline fell below 40%.

Only 10 of the 26 counties in the MLS report have more than one month of supply. Of these, only one (Ferry) has more than two months of supply. Snohomish County’s inventory declined more than 44% from a year ago, leaving it with only about 10 days of inventory (0.35 months of supply), the lowest of all the counties served by Northwest MLS.

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“While pending sales saw a significant drop over this time last year, we believe that rather than that being an indication of a flattening of the market, this is a result of our extreme heat events, a typical summer slowdown as schools let out and people starting vacations, and, this year, the reopening of the country and discontinuation of COVID-19 restrictions,” explained Deely.

Pending sales rose about 3.5% compared with a year ago (from 11,916 to 12,328) but fell slightly from May when mutually accepted offers outgained the number of listings added during the month.

“The local real estate market is virtually sold out in the more affordable and mid-price ranges, even into the luxury market in some areas,” reported J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “This places extra focus on each new resale listing as it comes onto the market.”

An analysis of last month’s statistics by price range illustrates Scott’s point. Fewer than 23% of June’s listings had asking prices under \$400,000. About a third of the inventory was listed at \$800,000 or above.

James Young, the director of the Washington Center for Real Estate Research at the University of Washington, said the decline in active listings volume suggests homes are selling and closing very quickly once listed. He noted that while listing levels for June were higher than two years ago, pending and closed sales are much higher. “This indicates that well priced properties are closing very quickly.”

Lennox Scott concurred. “Many homes are going under contract within days due to the intense buyer demand.” He anticipates two more months of “elevated new resale listings” before the selection starts decreasing. “We expect the extremely high intensity for each listing will continue in most price ranges locally into the spring of 2022 due to historically low interest rates creating a large backlog of buyers looking to purchase a home.”

Deely said affordability, especially for first-time homebuyers, continues to be a concern. “Given indications from tech companies like Amazon and Microsoft to lease large office spaces and hire thousands of employees in our region, drawing people from higher-priced markets like Silicon Valley with lots of money to spend, we don’t see much change in this scenario for buyers in the short term.”

Brokers reported 10,923 completed transactions during June, a 31.4% increase from twelve months ago, and up 16.5% from May’s total of 9,374. Prices on last month’s sales, which includes single family homes and condominiums, rose nearly 27% from a year ago, from \$465,000 to \$589,000.

The single family segment accounted for about 86% of the sales. The median sales price on those 9,417 transactions was \$611,000, which was 27% higher than the year-ago figure of \$480,950.

Condo sales jumped a whopping 59% from a year ago, with prices increasing more than 20%. For last month’s 1,506 closed sales, the median price was \$440,000; a year ago it was \$365,000.

Looking at month-to-month, rather than YOY changes, Gardner noted King and Pierce counties experienced only modest price increases, while prices in Snohomish County rose by “a solid 3.1%. I believe this points to an uptick in buyers who can continue working from home and have made the choice to move from King to Snohomish County where housing is more affordable. The same can be inferred for Kitsap County.”

A comparison of Northwest MLS figures shows the median price on last month’s completed transactions in King County was \$779,919, while in Snohomish County it was about \$105,000 less (\$675,000). In Kitsap County, where the median price was \$505,000, the difference is nearly \$275,000. Pierce County homes that sold last month had a median price of \$507,375.

Commenting on the NWMLS report, Dick Beeson, managing broker at RE/MAX Northwest, Tacoma-Gig Harbor, said it reflects a “slight turn of the wheel. Sellers are still in control, but their expectations need a slight readjustment. Instead of 20 offers, there may only be five or fewer. Maybe even only one.”

When that happens, some sellers balk at selling, thinking they are being undersold, according to Beeson. “Sellers must remember, you can’t underprice a home in this market. You can still overprice a property. The market will find you out and drive the price to the appropriate market value.”

Given the strong, competitive market across all price ranges, Beeson offered a recipe for buyer success. “Scour the new inventory coming on the market daily; write the best offer you can using all the offer strategies you’re equipped to employ, and then decide if the extra cost to win the sale is an acceptable value to you. Close the sale quicky, and don’t whimper!”

Rebhuhn also offered hope for buyers who are prepared to act. “Generally speaking, July and August provide more opportunities for buyers as there is less competition because of vacations and fewer relocation buyers in mid-summer.”

Builders are also caught in the frenzy. “Builders are racing to bring new communities online and hoping to hit the sweet spot as prices on building materials for new construction begin to fall,” reported Frank Leach. He said new apartment buildings and condos are being approved and built all across Kitsap County to accommodate newly arriving residents. Notably, Leach said an aircraft carrier due to arrive shortly could potentially add 3,500 people to that county’s rental market.

Although pending sales in Kitsap County dipped slightly from a year ago, they were up nearly 12% from May. “The market in Kitsap County is expected to remain very competitive with exposure of only eight days on the market, on average, across all price ranges,” Leach noted.

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.

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Next page: statistical charts

| 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 | 4,801 | 2,257 | 4,351 | 4,052 | \$974,895 | \$779,919 | 0.56 | 1.25 |
| Snohomish | 2,008 | 610 | 1,926 | 1,727 | \$719,953 | \$675,000 | 0.35 | 0.81 |
| Pierce | 1,995 | 834 | 1,954 | 1,733 | \$559,535 | \$507,375 | 0.48 | 0.84 |
| Kitsap | 621 | 288 | 593 | 529 | \$642,778 | \$505,000 | 0.54 | 0.94 |
| Mason | 189 | 100 | 183 | 139 | \$393,844 | \$370,900 | 0.72 | 0.88 |
| Skagit | 233 | 135 | 235 | 189 | \$585,971 | \$517,000 | 0.71 | 1.20 |
| Grays Harbor | 200 | 187 | 209 | 137 | \$331,456 | \$319,900 | 1.36 | 1.88 |
| Lewis | 171 | 151 | 151 | 147 | \$402,060 | \$375,000 | 1.03 | 1.48 |
| Cowlitz | 177 | 96 | 175 | 145 | \$397,502 | \$369,000 | 0.66 | 1.08 |
| Grant | 171 | 123 | 151 | 124 | \$326,929 | \$305,500 | 0.99 | 1.66 |
| Thurston | 687 | 232 | 708 | 574 | \$495,986 | \$466,823 | 0.40 | 0.65 |
| San Juan | 56 | 80 | 35 | 47 | \$1,284,274 | \$875,000 | 1.70 | 5.68 |
| Island | 228 | 113 | 219 | 184 | \$660,028 | \$527,500 | 0.61 | 1.10 |
| Kittitas | 148 | 102 | 134 | 103 | \$655,672 | \$475,000 | 0.99 | 1.64 |
| Jefferson | 75 | 62 | 72 | 56 | \$650,125 | \$552,500 | 1.11 | 1.86 |
| Okanogan | 69 | 100 | 57 | 61 | \$375,732 | \$350,000 | 1.64 | 3.72 |
| Whatcom | 489 | 291 | 459 | 379 | \$585,178 | \$510,000 | 0.77 | 1.85 |
| Clark | 130 | 60 | 124 | 111 | \$534,665 | \$485,000 | 0.54 | 1.14 |
| Pacific | 77 | 58 | 83 | 60 | \$290,687 | \$264,500 | 0.97 | 2.34 |
| Ferry | 9 | 24 | 9 | 10 | \$312,690 | \$275,000 | 2.40 | 10.33 |
| Clallam | 146 | 115 | 120 | 112 | \$510,828 | \$430,000 | 1.03 | 2.03 |
| Chelan | 155 | 124 | 142 | 100 | \$673,366 | \$553,500 | 1.24 | 1.75 |
| Douglas | 72 | 37 | 68 | 57 | \$451,343 | \$425,050 | 0.65 | 1.62 |
| *Adams | 26 | 18 | 16 | 14 | \$282,687 | \$262,497 | 1.29 | 2.00 |
| *Walla Walla | 88 | 53 | 82 | 79 | \$448,934 | \$375,800 | 0.67 | 5.00 |
| *Columbia | 5 | 10 | 12 | 8 | \$295,313 | \$248,250 | 1.25 | N/A |
| Others | 85 | 98 | 60 | 46 | \$395,768 | \$343,025 | 2.13 | 3.32 |
| Total | 13,111 | 6,358 | 12,328 | 10,923 | \$730,280 | \$589,000 | 0.58 | 1.16 |

*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."

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 | | | | | | |

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