



## Northwest MLS report shows “typical August,” and return to more “normalized conditions”

KIRKLAND, Washington (September 8, 2022) – Reports that we are entering a “bear market” are highly exaggerated, suggests an economist who tracks real estate activity when commenting on the latest statistics from Northwest Multiple Listing Service (NWMLS). A director with the multiple listing service said the latest data may just reflect a typical August, noting activity tends to be slow as summer ends.

“Many may not remember August is usually a slow month because we were in a full-on sprint the last two years no matter which month it was. This may just be an adjustment back to normal,” said Jason Wall, designated broker and owner at Lake & Company Real Estate and a member of the Northwest MLS board of directors.

In a report summarizing August activity, Northwest MLS figures showed a continued buildup of inventory – nearly double the selection of a year ago and more than three times the offerings at the end of the first quarter.

Brokers added 9,914 new listings to inventory during August, a drop from both July’s total of 11,805 and the year-ago total (11,437). At month end there were 14,683 active listings of single family homes and condominiums across the 26 counties in the NWMLS report.

Fewer sales were reported than a year ago, but both pending sales (mutually accepted offers) and closed sales improved on July’s figures.

Northwest MLS members reported 9,552 pending sales, a drop of nearly 22% from the year-ago total of 12,238 pendings. Every county except Columbia experienced a decline in pending sales. Activity picked up from July when there were 8,775 pending sales, a gain of nearly 8.9%.

Similarly, the volume of closed sales fell from a year ago. MLS members recorded 7,998 completed transactions, improving 4.6% from July’s total of 7,645. But last month’s closings were down about 24% from the same month a year ago when members notched 10,571 closed sales.

“Last month’s housing numbers certainly are eye-opening,” stated Windermere Chief Economist Matthew Gardner. “However,” he continued, “I believe they are simply indicating the market is trending back to the more normalized conditions that we were seeing before the pandemic.”

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, commented on the local housing market’s resilience. “The resilience is clear as a steady cadence of homes going under contract continues. In the more affordable and mid-price ranges, demand remains strong as buyers look to get settled before fall.”

Broker Dean Rebhuhn, owner at Village Homes and Properties, commented on inflation and pent-up buyer demand. “Buyers are realizing homeownership is a good hedge against inflation,” he remarked. “The market took a slight pause as mortgage rates increased from historic lows. Then, as sellers came to the market with realistic pricing, and price reductions on existing inventory occurred, pent up buyer demand took effect and buyers found homes they could afford.”

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Rebhuhn also noted last month's sales showed home values continue to appreciate.

The median price on sales of single family homes and condos that closed during August was \$600,000, up more than 3.6% from a year ago, but down slightly from July when the area-wide price was \$625,000.

For single family homes, year-over-year (YOY) prices rose about 4.2%, from \$600,000 to \$625,000. Homes in San Juan County registered the steepest jump, climbing from \$800,000 to \$995,000 (up nearly 24.4%).

A comparison of the four counties in the Puget Sound region shows year-over-year median prices for single family homes increased from 5.9% in King County to 9.2% in Kitsap County.

Within the six sub-areas on the report for King County, North King County notched the largest YOY gain on single family home prices at 11.5%, followed by the map areas within Seattle (5.9%), Southwest King County (4.1%), the Eastside (about 3.9%), and Southeast King County (nearly 3%). Prices fell 11.3% on Vashon compared to a year ago.

Condo prices system-wide rose 3.3% from twelve months ago. Across all counties, the median price rose from \$435,625 to \$450,000. In King County, where nearly 60% of condo sales occurred, the median price increased 5.9%, from \$458,000 to \$485,000.

A check of the sales price to list price ratio shows an area-wide ratio of 99.3%. In three counties – Pierce, Thurston and Douglas – sellers received slightly more than their asking price. In ten other counties, the ratio was between 99.1% and 99.9%.

Economist Gardner expects prices will soften. "Home sales increased month-over-month, but the rise in listings is causing prices to soften," he remarked, adding, "I predict prices will drop further as we move into the fall, but reports that we are entering a 'bear market' are highly exaggerated. The market is simply reverting to its long-term average as it moves away from the artificial conditions caused by the pandemic."

Commenting on the uptick in inventory, Gardner said, "Even though inventory in the King, Pierce and Snohomish counties region almost doubled from a year ago, the number of homes for sale is still 14% lower than in August of 2019."

Wall and Scott also commented on the jump in inventory.

Scott expects only two more months this year will have an increased selection of new resale listings coming on the market. "Once winter hits, new resale listings will become scarcer until activity ticks up to a higher level in March 2023," he stated.

Wall also believes inventory will grow, saying, "I expect we will see even more inventory as we move out of the summer and into fall. Sellers will need to be more realistic about pricing and follow the advice of their broker regarding preparation of the home and positioning in the market. Buyers will have more inventory to look at and the longer market times may give buyers some leverage that they have not had in the past few years."

John Deely, executive vice president of operations at Coldwell Banker Bain, also anticipates a more balanced market. "With continued building of inventory and fluctuating yet rising interest rates in July, we were on a trend toward a more balanced market. This seems to have cooled slightly as active inventory dropped from July to August. And, with less than two months' inventory, we are still very much in a seller's market."

Commenting on prices, Deely reports increased competitiveness. “With the increase in median price slowing down to single digit percentages for the last two months, we are also seeing some competitiveness in pricing. Sellers are closely watching the market and pricing competitively to get their property sold. The increase in market time reflected in the months of inventory is due to sellers who are not pricing accurately, so their homes are sitting on the market longer.”

Despite the surge in inventory, the Northwest MLS report shows there is only 1.84 months of supply – and that’s down from July’s figure of 2.01 months. Only six counties had more than three months of supply: Adams, Ferry, Lewis, Okanogan, Pacific, and San Juan. Most industry analysts consider four to six months of inventory to be a balanced market.

“Buyers have taken a beating the last few years,” said Wall. “A move to a more balanced market will likely encourage buyers that stopped looking to rethink the idea and return. Even if interest rates are higher the continued rise in rent expense still makes owning a home an attractive idea.”

Lawrence Yun, chief economist at the National Association of Realtors®, believes “we may be at or close to the bottom in contract signings” for the current housing cycle. He noted housing affordability plummeted to its lowest level since 1989, in part due to rising mortgage rates and prices, but he expects annual price appreciation to moderate “to the typical rate of 5% by the end of this year and into 2023.”

Continuing the optimistic outlook, Yun stated, “With mortgage rates expected to stabilize near 6% alongside steady job creation, home sales should start to rise by early next year.”

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](http://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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**Statistical charts** – next page

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	3,198	4,307	2,919	2,601	\$1,004,682	\$815,000	1.66	0.62
Snohomish	1,449	1,901	1,529	1,100	\$771,479	\$700,000	1.73	0.49
Pierce	1,534	2,230	1,624	1,302	\$619,193	\$550,000	1.71	0.62
Kitsap	507	692	509	461	\$641,131	\$547,380	1.50	0.63
Mason	157	272	147	131	\$494,972	\$435,000	2.08	0.75
Skagit	249	368	223	180	\$618,724	\$515,000	2.04	0.92
Grays Harbor	201	431	187	150	\$355,256	\$327,500	2.87	1.50
Lewis	178	369	157	102	\$436,123	\$399,000	3.62	1.40
Cowlitz	160	241	163	129	\$402,131	\$376,000	1.87	0.71
Grant	116	210	119	107	\$371,297	\$350,000	1.96	1.36
Thurston	530	657	544	468	\$554,398	\$489,995	1.40	0.49
San Juan	42	127	34	22	\$978,364	\$940,000	5.77	2.38
Island	180	278	177	192	\$647,962	\$565,000	1.45	0.76
Kittitas	106	212	103	85	\$772,474	\$545,000	2.49	1.38
Jefferson	94	127	71	63	\$592,881	\$618,500	2.02	1.00
Okanogan	69	195	41	48	\$426,897	\$357,250	4.06	3.27
Whatcom	459	734	401	332	\$626,657	\$577,125	2.21	0.85
Clark	99	160	86	81	\$551,620	\$515,000	1.98	0.61
Pacific	78	172	58	50	\$301,005	\$287,000	3.44	1.92
Ferry	10	30	6	8	\$196,163	\$172,450	3.75	5.60
Clallam	113	199	114	75	\$533,340	\$481,000	2.65	1.06
Chelan	137	294	119	111	\$657,652	\$571,000	2.65	1.43
Douglas	54	97	49	45	\$583,096	\$480,000	2.16	0.96
Adams	26	59	9	16	\$326,923	\$304,933	3.69	1.55
Walla Walla	66	98	68	58	\$498,196	\$425,000	1.69	1.15
Columbia	9	24	11	12	\$324,825	\$267,450	2.00	1.45
Others	93	199	84	69	\$450,329	\$403,045	2.88	1.30
<b>Total</b>	<b>9,914</b>	<b>14,683</b>	<b>9,552</b>	<b>7,998</b>	<b>\$742,151</b>	<b>\$600,000</b>	<b>1.84</b>	<b>0.70</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
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	8049	8586	7880	7405	6022	3943
2022	4405	5560	7312	6908	7482	6031	5934	6581				

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