



Buyer hesitancy sidelines some while others compete for scarce housing inventory

KIRKLAND, Washington (November 4, 2021) – Northwest Multiple Listing Service brokers are detecting indecisiveness by some buyers who are getting mixed “work from home” messages from their employers. The hesitancy, coupled with cooler, wetter weather and increases in mortgage rates were likely factors in slower listing and sales activity during October.

Northwest MLS brokers reported 10,620 pending sales last month, a drop of 3.8% from a year ago and a decline of 6.2% from September. Pending sales volume fell in 13 of the 26 counties in the MLS report, but tight inventory could be hampering the ability of buyers to find their dream home.

The latest report shows there were 9,983 closed sales during October. That was 823 fewer completed transactions than a year ago (down 7.6%) and 306 fewer than September (down about 3%).

John Deely, executive vice president of operations at Coldwell Banker Bain, suggested the cooler activity may be the result of several factors but also expressed some optimism. “While the overall slowdown in the market is seasonal and can be attributed to people being priced out of the market, as well as a slight uptick in interest rates, supply chain issues experienced with construction materials late this summer are beginning to normalize.”

Deely, a member of the Northwest MLS board of directors, said the cooling might also be impacted by employees who are hesitant to buy as they are getting mixed “work from home” messages from some of our region’s top employers. “There are questions about how much house they will need for a home office or whether they will be working from a centralized location.” While changing policies are creating indecisiveness for some buyers, Deely said others are pursuing secondary home markets, choosing quality of life over the need to be near an urban core – “betting that the ‘work from home’ option is here to stay.”

House hunters were able to select from 9,219 new listings MLS added to inventory last month. That was 1,209 fewer than the same month a year ago for a drop of 11.6%. Compared to September, new listing activity shrunk nearly 19%.

At month end, there were 6,588 active listings in inventory, down 23.6% compared to a year ago, and the smallest selection since June, but the selection improved by double digits in eleven counties.

Measured by months of supply, there was less than three weeks of supply area-wide (0.66). Eleven counties, including eight in the Puget Sound region, had less than one a month of supply.

Fourteen counties reported more than a month of supply, still well below the industry’s “balanced market” indicator of four-to-six months. “Inventory is still very tight,” said James Young, director of the Washington Center for Real Estate Research at the University of Washington. “Outer counties tended to record slightly more inventory.” Only four counties had more than two months of supply: San Juan (2.14), Okanogan (2.61), Adams (3.11) and Ferry (5.4).

Even though inventory is scarce in many areas, brokers reported solid activity.

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“As the weather cools, the housing market intensity heats up for each new listing,” according to J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “Buyers want to lock in a great interest rate.” He said the intensity of activity in the Puget Sound area “is either approaching or already at spring 2021 levels, depending on the local area,” adding buyers will face constrained inventory until March 2022.

“The listing inventory in Kitsap County continues to stay low (0.72 months of supply) which leads to steady open house traffic and multiple offers on correctly priced new listings,” stated Frank Wilson, Kitsap regional manager and branch managing broker at John L. Scott Real Estate.

“We are approaching our seasonal low in inventory,” said Wilson. “Each year, as the year closes out, potential home sellers wait until the new year to put their homes on the market. In reality, a home listed now will have higher viewership since the buyer pool has not gone down. With the pace of this market a correctly priced home offered now would probably be off the market by Thanksgiving, allowing the seller to have a quiet holiday.”

Wilson expressed concern about the “erosion of affordable housing” in Kitsap County. As prices continue to rise and with interest rates also “shifting into uphill mode, the affordability index is headed downhill,” he believes, adding, “Some buyers are not buying now because they think there will be a price collapse in our future, but the nagging question is what would cause one?”

NWMLS director Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale, also commented on the tight market, “Kitsap County continues to have restricted inventory and a multitude of buyers outstripping supply.” Noting that county’s supply is slightly higher than most surrounding counties, he suggested an anomaly is taking place. “Many resale homes have adjusted asking prices downward while new construction prices continue to rise. We are seeing a tremendous influx of builder interest.”

Leach also noted some homes being added to inventory have not been in the marketplace for 10 to 40+ years as post-Vietnam War-era workers retire and look to resize their housing. Investors are also active, according to Leach. “They are contacting everyone who owns a home or land in Kitsap and Mason counties offering cash and a quick close (and intending to convert some properties into rentals) because they know the value of this market.” Consequently, he said buyers entering the market must be prepared with all their finances, pre-approvals and supporting documents available in order to compete.

Would-be buyers will find prices for single family homes and condos are 15% higher than a year ago, with most counties reporting double-digit gains. Area-wide, the price for last month’s closed sales was \$575,000, which was \$75,000 higher than twelve months ago. For single family homes (excluding condos), prices rose 16.3% YOY, rising from \$515,000 to \$599,000. Condo prices were up about 11.3%, increasing from \$395,000 to \$439,475.

King County was the exception among the metro areas with double-digit price gains. Prices were up about 9.5% from twelve months ago, increasing from \$685,000 to \$750,000. Within the county, prices in Seattle registered the smallest gain at 5.3% while Vashon prices jumped more than 33% compared to a year ago. Homes that sold in the Southeast part of the county surged 19.7%, followed by the Southwest segment at 17.7%. On the Eastside, where the median price was more than \$1.1 million, year-over-year prices were up 17.3%.

Commenting on King County’s comparatively small price gains, Young questioned when demand would return to cities. “The trends provide a mixed message as to whether demand will return to the cities as quickly as anticipated. With millennials looking for value and increased opportunities to purchase a home in the suburbs, it could be an interesting few months as to whether the lifestyle of the city and employers can change the balance of demand back to the city.”

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Buyers may find some relief with condominiums, although the selection is limited. “From an affordability standpoint, many buyers have been forced into the condo market, but the inventory is severely depleted,” stated Deely.

Active listings of condos are down about 55% from a year ago, shrinking from 2,079 properties to 941. About seven of every 10 condos are located in King County. The median price on condos that sold last month system-wide was \$439,475. That’s up 11.3% from the year-ago figure of \$395,000. In King County, prices rose modestly, from \$459,970 to \$475,000 (up about 3.3%).

Leach noted condo inventory was comparable to both a year ago and a month ago in Kitsap County, while prices spiked 22% from a year ago.

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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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	3,168	1,952	3,500	3,436	\$960,435	\$750,000	0.57	0.99
Snohomish	1,251	549	1,548	1,510	\$722,140	\$664,950	0.36	0.49
Pierce	1,606	1,034	1,813	1,616	\$565,611	\$510,000	0.64	0.61
Kitsap	496	347	544	479	\$615,017	\$505,000	0.72	0.57
Mason	138	107	164	145	\$429,542	\$380,000	0.74	0.62
Skagit	172	171	196	189	\$594,955	\$525,000	0.90	0.81
Grays Harbor	153	198	204	181	\$374,241	\$334,950	1.09	0.94
Lewis	133	172	193	134	\$398,776	\$367,500	1.28	1.37
Cowlitz	139	127	165	146	\$376,096	\$359,900	0.87	0.68
Grant	106	152	118	123	\$344,588	\$325,500	1.24	1.06
Thurston	552	294	663	611	\$499,895	\$470,000	0.48	0.44
San Juan	26	75	32	35	\$1,254,765	\$984,775	2.14	1.58
Island	177	103	206	185	\$621,207	\$516,000	0.56	0.65
Kittitas	87	111	97	104	\$706,410	\$537,500	1.07	0.92
Jefferson	57	42	73	65	\$670,050	\$612,500	0.65	1.06
Okanogan	55	133	59	51	\$374,419	\$290,000	2.61	2.11
Whatcom	364	317	396	367	\$613,709	\$549,000	0.86	0.99
Clark	80	51	105	106	\$536,457	\$487,500	0.48	0.53
Pacific	45	87	74	59	\$395,467	\$320,000	1.47	1.09
Ferry	9	27	8	5	\$256,200	\$262,000	5.40	5.20
Clallam	91	95	125	95	\$491,932	\$405,000	1.00	0.81
Chelan	108	164	113	109	\$594,098	\$505,000	1.50	1.03
Douglas	67	67	60	62	\$501,799	\$436,000	1.08	1.00
*Adams	16	28	13	9	\$308,000	\$290,000	3.11	1.12
*Walla Walla	65	80	82	73	\$403,604	\$380,000	1.10	5.00
*Columbia	7	19	9	12	\$254,667	\$252,000	1.58	0.50
Others	51	86	60	76	\$414,057	\$363,250	1.13	1.98
Total	9,219	6,588	10,620	9,983	\$712,087	\$575,000	0.66	0.80

*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	8049	8586	7880	7405		

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