



## Northwest MLS brokers end 2021 with depleted inventory, rising prices, weather disruptions

KIRKLAND, Washington (January 6, 2022) – Severe shortages of inventory, record-low temperatures and snow restrained December housing activity around Washington state beyond expected seasonal slowdowns, according to a new report from Northwest Multiple Listing Service.

Summary statistics from the MLS show the volume of new listings added area-wide dropped 12.3% during December compared with the same month a year earlier. Year-over-year inventory, pending sales, and closed sales all fell by double digits. Only prices rose – up 17.4% overall for homes and condominiums that sold across the 26 counties in the report.

The median price for last month's closed sales was \$572,900, up from twelve months ago when it was \$488,000. Prices for single family homes (excluding condos) surged nearly 17.5%, from \$502,247 to \$590,000. King County was one of only three counties where the single family price change was under 10%; prices there rose from \$740,000 to \$810,000. A dozen counties had price jumps of 20% or more.

Condo prices jumped 17.6%, from \$370,000 to \$435,000. San Juan County reported the highest median price for last month's condo sales (\$642,500), followed by Snohomish County (\$500,000).

Northwest MLS brokers reported 8,017 closed sales last month, a drop of nearly 1,000 transactions from the year-ago total of 9,008. Eleven counties had double-digit declines, including King (down 16.3%) and Snohomish (down 17.6%). October was the only other month during 2021 when year-over-year sales fell.

Commenting on the slowdown in sales, Dick Beeson, managing broker at RE/MAX Northwest Realtors, said, "That's to be expected considering inventory in the fourth quarter was down sharply from last year. You can't sell what isn't there."

Despite hurdles (including pandemic-related), Northwest MLS brokers tallied 107,354 closed sales during 2021, an increase 12.1% from the previous year when they notched 95,760 closings.

*(Please note: The NWMLS Annual Highlights Report with comprehensive summaries of activity will be released on Jan. 19.)*

John Deely, executive vice president of operations at Coldwell Banker Bain, noted median home prices in 2021 tended to rise each month in most counties served by NWMLS, "but December came in flat," which he said signals a leveling off in appreciation while demand is still high. "The Fed (Federal Reserve System) signaling interest rate increases has caused some sellers to be somewhat more aggressive in getting their homes sold," he added.

"Condos continue to be swarmed by first-time buyers," reported Deely, a member of the Northwest MLS board of directors. "We aren't seeing as many relocation buyers, a result of remote work during COVID. As companies start to make decisions about working in the office, we will start to see that market pick up."

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Even though the number of pending sales, at 5,850 overall, declined more than 15% from a year ago, they far outstripped the number of new listings (4,617), contributing to the meager month end inventory. In fact, a search of NWMLS records going back a decade indicates the 3,240 active listings of homes and condos area-wide is the first time the selection has dipped below 4,000 listings. A year ago, buyers could choose from 4,739 active listings while in November there were 4,621 properties in the MLS database.

Stated another way, there was less than two weeks of supply (0.40) at month end. Inventory was even more sparse in seven counties, with Snohomish having the most acute shortage at 0.20 months. Other counties that fell below 0.40 months were Clark (0.26), King (0.27), Island (0.29), Pierce (0.32), Thurston (0.31) and Kitsap (0.38).

“Smart buyers are making their best offers using pre-inspections, family support, bridge loans, leveraging 401(k) accounts, and other resources,” according to Dean Rebhuhn at Village Homes and Properties. Mortgage interest rates are the wild card, he believes. “How much will they rise and what effect will they have on the market? With current rates in the low 3% range and a forecast of three rate hikes this year, probably not much,” he suggested.

“Last year was quite a year for the housing market,” stated Matthew Gardner, chief economist at Windermere Real Estate. “Even in the face of historically low inventory levels, home sales in the Central Puget Sound area still managed to rise to levels not seen since 2006 and, notably, Pierce and Kitsap counties had more sales than ever before.

“Historically low mortgage rates and the ongoing pandemic led to a flood of buyers in a market with relatively few homes for sale. This caused prices to rise by double digits throughout the Puget Sound area,” Gardner remarked, adding he expects the pace of price growth to slow significantly in the coming year due to rising mortgage rates and affordability constraints.

More supply would be beneficial, suggested Gardner. “The Puget Sound region is in dire need of more housing units which would function to slow price growth of the area’s existing housing. However, costs continue to limit building activity, and that is unlikely to change significantly this year.”

Frank Leach, broker/owner at RE/MAX Platinum Services, said builders in Kitsap County are putting up new communities of single family homes and condominiums “as fast as they can. Buyers are looking for relief in 2022, hoping inventory will become available.” For now, he described available inventory as “drastically low.” Buyer pressure is bidding up values, and “there is an inordinate amount of institutional cash buyers in our market.”

“Sellers are frustrated trying to find replacement properties. We are seeing more contingent offers being accepted, allowing sellers some breathing room to select their next home and sell their existing home.” Leach said this trend, coupled with new lending strategies “allow sellers to address the market as though they are cash buyers with conventional 20% down programs.”

“We continue to see an influx of buyers from markets east of Kitsap County looking to telecommute from or completely relocate to our county,” Leach commented, adding “the overall outlook for Kitsap County is excellent with billions of new money coming from government and private sector projects.”

J. Lennox Scott, chairman and CEO of John L. Scott, described the current market as “truly historical,” noting 2021 was one of the best years on record for pending sales in the Puget Sound region. “The week of snow and ice that hit Puget Sound in late December delayed the big kickoff to the 2022 housing market by about a week. This held back buyers who have been waiting patiently for each new listing to hit the market.”

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The year-end storms did not dampen Scott's optimism for 2022. "Fresh on the heels of the holiday season and snowy weather, the local market will see continued strong buyer demand, multiple offers, and premium pricing. This year is poised to be another great year in residential real estate," he exclaimed.

Rebhuhn agreed. "We will experience strong demand and very active home sales in 2022," he predicts, but added "and maybe a slight dip in price increases."

Beeson expects 2022 will be similar to last year, with both opportunities and challenges. "The buying and selling process will not become any easier," he stated.

"Once again we start the real estate dance where buyers are chasing sellers. Sellers are chasing their replacement home, and brokers are chasing those elusive listings." Like many of his colleagues, Beeson expects interest rates to climb. "Prices will also rise, albeit not as quickly as during 2021."

Economist Gardner predicts single family home prices will rise by "high single digits" in King County, and by more than 10% in Snohomish and Pierce counties.

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.

**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
<b>King</b>	<b>1,387</b>	<b>693</b>	<b>1,724</b>	<b>2,592</b>	<b>\$948,438</b>	<b>\$749,000</b>	<b>0.27</b>	<b>0.63</b>
Snohomish	682	232	776	1,165	\$746,384	\$679,950	0.20	0.26
Pierce	834	461	1,115	1,458	\$566,584	\$515,000	0.32	0.33
Kitsap	242	156	328	414	\$592,200	\$499,950	0.38	0.46
Mason	86	77	115	105	\$426,038	\$380,000	0.73	0.46
Skagit	92	91	112	153	\$580,003	\$510,000	0.59	0.58
Grays Harbor	90	176	119	145	\$355,771	\$330,000	1.21	0.86
Lewis	71	93	119	129	\$418,066	\$387,500	0.72	0.84
Cowlitz	78	78	113	135	\$430,351	\$365,000	0.58	0.48
Grant	75	133	88	92	\$365,815	\$327,450	1.45	0.73
Thurston	302	148	346	477	\$509,619	\$480,000	0.31	0.30
San Juan	20	49	20	22	\$1,264,616	\$823,275	2.23	1.67
Island	90	48	114	164	\$561,448	\$501,000	0.29	0.42
Kittitas	49	63	75	99	\$708,303	\$545,000	0.64	0.44
Jefferson	27	30	26	39	\$658,969	\$600,000	0.77	1.19
Okanogan	29	89	45	38	\$376,507	\$293,500	2.34	1.93
Whatcom	161	171	209	295	\$589,178	\$535,000	0.58	0.78
Clark	44	23	55	87	\$532,925	\$460,000	0.26	0.41
Pacific	27	53	41	47	\$356,273	\$335,000	1.13	1.16
Ferry	2	19	11	12	\$472,358	\$245,000	1.58	3.29
Clallam	58	60	75	77	\$514,197	\$484,000	0.78	0.69
Chelan	48	100	68	99	\$681,410	\$524,900	1.01	0.63
Douglas	26	36	37	56	\$497,220	\$439,900	0.64	0.72
Adams	8	23	17	12	\$324,473	\$287,127	1.92	0.68
Walla Walla	36	50	48	52	\$443,277	\$398,500	0.96	0.87
Columbia	1	10	1	7	\$209,071	\$215,000	1.43	2.75
Others	52	78	53	46	\$414,168	\$387,500	1.70	1.82
<b>Total</b>	<b>4,617</b>	<b>3,240</b>	<b>5,850</b>	<b>8,017</b>	<b>\$702,001</b>	<b>\$572,900</b>	<b>0.40</b>	<b>0.53</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

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