

# Brokers say home buyers “finally get some relief” with return to “more traditional market”

KIRKLAND, Washington (October 6, 2022) – “The shift in the market isn’t a surprise,” said broker Mike Larson when commenting on the latest statistics from Northwest Multiple Listing Service. The report on September activity shows active listings are nearly doubled from a year ago, pending sales declined more than 31%, but prices in most counties are still rising.

“Buyers are finally getting some relief,” said Larson, a member of the Northwest MLS board of directors and the managing broker at Compass in Tacoma. “Getting back to a balanced, more normal market is almost a welcome change,” he added, but noted “inflation and rising rates aren’t helping.”

“Though technically still a seller’s market, it is more favorable to buyers than it has been in a decade,” noted John Deely, executive vice president of operations at Coldwell Banker Bain. He cited building inventory, lengthening market time, and a slowdown in price increases as factors.

NWMLS brokers reported 7,504 closed sales during September, down 27% from a year ago when they notched 10,289 completed transactions.

The median price on last month’s sales across the 26 counties in the report rose about 5.1% from a year ago, increasing from \$570,000 to \$599,000. Prices are down slightly from the August median of \$600,000 and from the year’s peak of \$660,000 that was reported in May.

“The ‘Great Reversion’ continues with the number of homes in the tri-county market of King, Pierce, and Snohomish counties up 106% from a year ago,” stated Matthew Gardner, chief economist at Windermere Real Estate. “It’s worth noting that current inventory levels in King and Snohomish counties are still around 13% lower than they were in September 2019 prior to the pandemic-induced market shift.”

County	Active Listings, Sept. 2019	Active Listings, Sept. 2022	% change
King	5,431	4,738	-12.8%
Snohomish	2,156	1,873	-13.1%

For the 26 counties in the MLS report there were 15,008 active listings at the end of September. That’s a jump of more than 93% from the year-ago total of 7,757 active listings. It is also a slight improvement (2.2%) from August when there were 14,683 active listings across the NWMLS market.

Measured by months of supply, there are only two months of inventory, an improvement from one year ago when there were only about three weeks (0.75 months) of supply, but still well below the four-to-six months of inventory real estate analysts use as a measure of a balanced market.

King County has 2.02 months of supply, but the other counties in the Puget Sound region have less than that. There is 1.61 months of supply in Kitsap County, 1.63 months in Snohomish County and 1.84 months in Pierce County.

Last month's uptick in inventory included 9,422 new listings brokers added during September. Compared to the same month a year ago, that volume of new listings dropped 17%. Compared to August, new listings dipped about 5%.

The inventory of single family homes (excluding condominiums) nearly doubled from a year ago, jumping from 6,679 to 13,266 (up 98.6%). Condo listings jumped about 62% from the year-ago figure of 1,078 to 1,742.

Pending sales (mutually accepted offers) of single family homes and condos declined from a year ago, shrinking from 11,318 to 7,764, a drop of more than 31%. Last month's pendings also fell from the August figure of 9,552 (down 18.7%).

Pending sales of single family homes, which accounted for nearly 88% of last month's pendings, dropped around 31%, while condo sales slipped nearly 35%.

"Overall, September showed signs of a more traditional market with a natural slowdown of pending sales during this time of year," observed Deely.

"Although the housing market experienced a major intensity adjustment from the spring, the percentage of homes going under contract within the first 30 days is strong and resilient," stated J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. "We are seeing approximately 80 percent of sales activity take place in the more affordable, mid-price range, and upper end price points," he added.

Scott also cautioned against comparisons to the pandemic years. "We can't compare today's housing market to the low mortgage rates of the COVID housing stimulus years (2020 to spring 2022)." He suggests pre-pandemic data provides a more realistic comparison, noting "In September, we experienced about the same number of new listings as we did pre-pandemic, but with less intensity and a lower percentage of homes going under contract."

A comparison of counties in the MLS report shows wide variation in year-over-year price (YOY) changes. Prices dropped in six counties (Clallam, Columbia, Lewis, Okanogan, Pacific and San Juan), while five counties registered double-digit increases (Adams, Douglas, Ferry, Skagit, and Walla Walla). The remaining 15 counties had single-digit YOY price gains.

In Kirkland, which *Money* magazine just ranked third-best place to live in the U.S., the median price of a single family home that sold during September was \$1,355,000. That marked a jump of about 8.6% from the year-ago sales price of \$1,247,500.

Area-wide, the median price on last month's single family homes (excluding condos) rose 4.75%, from \$589,000 to \$617,000. King County, where the median price on last month's single family home sales was \$875,000, had the most expensive homes. Within King County, single family homes on the Eastside fetched the highest price last month at \$1.2 million. Homes in the southwest segment of the county sold for about half that amount (\$590,000), but they had the highest YOY increase when comparing the six sub-areas tracked by the MLS. Countywide, single family home prices increased nearly 6%.

Condo prices surged 9.2% from a year ago, rising from \$435,000 to \$475,000.

"We are in a new market and proper pricing is most important," emphasized Dean Rebhuhn, owner at Village Homes and Properties in Woodinville. "We are still experiencing pent-up buyer demand in King, Snohomish and Pierce counties," he added, pointing to low supply in those areas.

Commenting on prices, Deely said, "From January through June, we had double-digit median price increases every month, which ceased in July. All this gives buyers more selection and the time to be more selective."

In general, "sellers are still realizing nice gains," Larson commented.

Gardner pointed out home prices "remain positive compared to a year ago," adding, "I don't expect that to change through the end of 2022." By spring, however, he believes "it's likely that year-over-year prices will start to trend negative. That said, I firmly believe that this will only be a short period of correction, so homeowners in the Puget Sound area shouldn't be too concerned, especially given that 64% of them are sitting on over 50% of home equity."

Uncertainty about the direction of mortgage rates is prompting buyer hesitancy, according to some market watchers.

"With uncertainty over interest rate increases, some buyers are still holding off," stated Deely. "For sellers, correct pricing remains critical if they want to capture buyers who are currently in the marketplace." Continuing, Deely said, "Sellers need to be hyper-local in their pricing strategy based on what is happening in their local market now versus 'what could have been' earlier in the year."

Rebhuhn agreed, saying motivated sellers are reducing prices to attract showings as increasing mortgage rates are reducing purchasing power.

Larson suggested waning consumer confidence may be having an impact on activity. "When consumer confidence in the economy is low, the instinctive response is to hunker down and do nothing."

Allison Schrager, a Bloomberg Opinion columnist who covers economics, recently commented about buyers “sitting on the sidelines until rates or prices or both decline.” She faults the Fed’s interference, writing “don’t count on rates falling to those pandemic lows. They were the result of extraordinary market manipulation from the Fed,” suggesting there will be a “hangover from the very low rates in 2020 and 2021.”

On a brighter note, The Conference Board said its *Consumer Confidence Index*® increased in September for the second consecutive month. Acknowledging recession risks “nonetheless persist,” Lynn Franco, senior director of economic indicators at The Conference Board, stated, “Concerns about inflation dissipated further in September – prompted largely by declining prices at the gas pump. . .”

Commenting on inflation, veteran broker Rebhuhn said, “Smart purchasers understand home ownership is a good hedge against inflation.”

### **About Northwest Multiple Listing Service**

As the leading resource for the region’s residential real estate industry, NWMLS provides valuable products and services, superior member support, and the most trusted, current listing data and industry information for real estate professionals. NWMLS is a member-owned, not-for-profit organization with more than 2,500 member offices and 32,000 real estate brokers throughout Washington state. With extensive knowledge of the region, NWMLS operates 20 service centers and serves 26 counties, providing dedicated support to its members and fostering a robust, cooperative brokerage environment. [nwmls.com](http://nwmls.com).

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	3,504	4,738	2,314	2,348	\$987,616	\$799,000	2.02	0.68
Snohomish	1,300	1,873	1,153	1,146	\$763,543	\$700,000	1.63	0.48
Pierce	1,425	2,247	1,331	1,218	\$592,423	\$526,000	1.84	0.67
Kitsap	440	713	410	443	\$644,857	\$535,500	1.61	0.69
Mason	159	287	134	111	\$478,607	\$410,000	2.59	0.76
Skagit	211	369	183	180	\$644,644	\$552,250	2.05	1.21
Grays	160	405	170	137	\$354,868	\$345,000	2.96	1.43
Lewis	142	348	142	116	\$403,927	\$378,475	3.00	1.66
Cowlitz	138	256	123	118	\$415,853	\$399,950	2.17	0.89
Grant	112	211	95	104	\$368,676	\$350,000	2.03	1.24
Thurston	419	641	432	423	\$526,711	\$480,000	1.52	0.56
San Juan	28	117	28	24	\$1,085,10	\$773,750	4.88	2.96
Island	188	296	162	136	\$604,771	\$542,500	2.18	0.69
Kittitas	98	207	78	88	\$702,269	\$516,500	2.35	1.34
Jefferson	48	115	61	51	\$649,947	\$598,000	2.25	0.83
Okanogan	59	186	54	46	\$381,085	\$327,000	4.04	5.07
Whatcom	415	720	344	331	\$611,260	\$545,000	2.18	0.92
Clark	79	145	82	65	\$570,065	\$495,000	2.23	0.70
Pacific	62	162	63	51	\$384,195	\$340,000	3.18	1.66
Ferry	9	29	5	4	\$255,046	\$262,591	7.25	3.25
Clallam	87	189	88	99	\$500,940	\$439,000	1.91	0.95
Chelan	118	267	118	93	\$689,162	\$550,000	2.87	1.74
Douglas	54	95	49	50	\$553,200	\$497,500	1.90	1.00
Adams	14	61	12	10	\$358,409	\$358,859	6.10	1.05
Walla Walla	80	112	63	60	\$468,352	\$411,000	1.87	1.41
Columbia	6	26	6	3	\$613,667	\$201,000	8.67	10.00
Others	67	193	64	49	\$384,615	\$360,000	3.94	1.26
<b>Total</b>	<b>9,422</b>	<b>15,008</b>	<b>7,764</b>	<b>7,504</b>	<b>\$726,348</b>	<b>\$599,000</b>	<b>2.00</b>	<b>0.75</b>