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Brokers around Washington state say spring market is “finally showing up”

KIRKLAND, Washington (April 6, 2023) – Real estate brokers around Washington state say the market is moving in a positive direction with the spring market “finally showing up in March.”

Newly-released statistics from Northwest Multiple Listing Service show declines in some key metrics for March compared to 12 months ago, but steady gains when compared to February and January.

“From February to March, key indicators, including new and active listings, pending sales and closed sales are trending upward,” noted John Deely, executive vice president of operations at Coldwell Banker Bain. Areawide prices have also increased since January, up nearly 5.9%.

Brokers added 7,904 new listings during March across the 26 counties in the Northwest MLS report. That total is down nearly 30% from a year ago, but up more than 51% from February, when brokers added 5,231 new listings of single family homes and condominiums.

Said Deely, “Despite the year-over-year (YOY) comparisons showing declines, the year-to-date trends indicate the market is moving in a positive direction, towards a healthy market, albeit at a lower velocity than last year.”

“With interest rates dropping and less competition overall, people who have been sitting on the sidelines are jumping back into the market,” reported Deely.

“Buyers are out in droves right now looking for reasonably priced homes,” according to Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale. “Open house activity is up and we continue to see multiple offers on well-priced homes, with seller concessions starting to wane,” he stated.

NWMLS figures show prices in Kitsap County are up 4.7% since January. “The market is hitting an equilibrium,” he suggested. He also reported an increase in contingent sales where sellers must sell in order to buy their next home.

The combination of newly added listings and slower pace of sales contributed to a buildup of inventory during March, but supplies are still limited in many areas.

At the end of March, there were 8,007 active listings in the MLS database, up more than 73% from a year ago and up about 10.7% from February’s selection. Even with those gains, the supply, measured by months of inventory, was 1.38 months (less than six weeks), well below the four-to-six month level that industry experts say indicates a balanced market.

Three counties – Pierce, Snohomish and Thurston – all had less than one month of supply.

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"We are experiencing a frenzied spring housing market," remarked J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. "Although fewer new listings are coming on the market and fewer overall transactions, the market is following a typical seasonal pattern," he added, noting he expects to see increases in new listings over the coming months. "The luxury market is seeing strong buyer activity," Scott also reported.

Windermere Chief Economist Matthew Gardner also commented on the uptick in activity. "The spring housing market, which usually kicks off in February, finally showed up in March when new listings increased by significant numbers, month over month."

"While total inventory in the King, Snohomish and Pierce counties region grew over 14% from February, the number of homes for sale in this tri-county area was down 40% when compared to March 2019 (pre-pandemic)," Gardner observed.

Commenting on prices, Gardner said, "Despite the growing number of available homes for sale, sellers in King County are holding firm, with listing prices increasing by over 5% compared to February. In Snohomish County, listing prices were up just shy of 5%, and they were flat in Pierce County."

Dean Rebhuhn, owner of Village Homes and Properties in Woodinville, said March had "good sales activity on well-priced homes." He believes interest rates are not the deciding factor in purchases. It's prices, he suggests, proclaiming, "The spring real estate market is good!"

Pending sales jumped more than 14.5% from February, rising from 6,230 mutually accepted offers to last month's systemwide total of 7,136. Compared to a year ago, pending sales are down 29%, with higher interest rates believed to be a factor in the slower pace.

Rebhuhn said they are seeing purchasers use bridge loans and home equity loans to secure financing. He also commented on the influx of buyers from Oregon, Texas, and Utah, drawn by jobs in technology, health care and manufacturing (Boeing). "Even with some tech firms trimming their workforce, other employers are hiring in high demand areas."

"All signs point toward a rather unusual market through the end of 2023," reported Dick Beeson, managing broker at RE/MAX Northwest in Tacoma/Gig Harbor. "Lowering prices, lowering interest rates, and longer days on the market signal some of the unpredictability of the current market."

Beeson said buyers want to buy now because they see modest reductions in prices and rates. "Sellers want to sell now before prices fall even further and there's less competition," he stated, adding, "There's a paradox not seen in prior markets where low inventory generally brings higher prices."

Prices overall were down about 7.5% from a year ago, dropping from \$638,000 to \$590,000, with considerable variation across the 26 counties in the NWMLS report:

- Year-over-year prices increased in eight counties (Clallam, Clark, Columbia, Cowlitz, Ferry, Jefferson, Kittitas, and Walla Walla).
- Four counties had price drops of less than 2% (Adams, Mason, Skagit and Thurston).
- Four counties had double-digit drops in prices compared to a year ago (Douglas, Grant, Okanogan, and Snohomish).

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Brokers reported 5,817 closed sales last month, a drop of about 27% from the year ago total (7,989). Compared to February, closed sales jumped more than 36.6%.

Commenting on the year-over-year decline in prices, Gardner said he expects the pace at which prices are declining will increase for the next few months, but added, "When we breach the peak price of 2022, the pace should slow again. We will likely return to positive year-over-year price growth by the end of the year."

Leach said fluctuating interest rates are causing some would-be homebuyers to wonder "if we'll ever see rates as low as they were – unlikely!" He noted in the early '80s rates went from 9% to over 18%, "and we continued to see sales. This economy is not stopping as a result of 6%-to-7% interest rates. Nor is the increase in equity for those who own homes."

"We may see more creative financing," Leach said, adding, "We already see a lot of loan programs that all but disappeared now reappearing in this market."

Sam Khater, Freddie Mac's chief economist, said economic uncertainty continues to bring mortgage rates down. In a March 30 news release, Freddie Mac reported the 30-year fixed-rate mortgage (FRM) averaged 6.32%, down from the prior week when it was 6.42%. A year ago, the 30-year FRM averaged 4.67%.

"Over the last several weeks, declining rates have brought borrowers back to the market but, as the spring homebuying season gets underway, low inventory remains a key challenge for prospective buyers," Khater said.

Chief economist Danielle Hale at Realtor.com agreed. "Amid fewer new choices on the market and still rising home prices, home shoppers have shown they are very rate sensitive, only jumping back in the market when rates dip, and so what happens with rates this spring will likely play a strong role in determining whether the housing market bumps along or picks up speed this year."

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.

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Please see next page for statistical summaries

Single Fam. Homes + Condos	New Listings	Total Active Listings	# Pending Sales	# Closed Sales	Avg. Closed Price	Median Closed Price	This mo. Inventory	Same mo., yr ago
King	2,947	2,485	2,364	1,956	\$983,272	\$760,000	1.27	0.49
Snohomish	1,051	769	977	850	\$761,936	\$680,000	0.90	0.42
Pierce	1,144	1,017	1,243	1,028	\$571,696	\$516,000	0.99	0.48
Kitsap	418	432	367	288	\$594,345	\$510,000	1.50	0.56
Mason	109	145	101	85	\$465,199	\$405,000	1.71	0.79
Skagit	145	179	133	115	\$626,317	\$545,000	1.56	0.88
Grays	145	272	143	110	\$357,296	\$337,500	2.47	1.44
Lewis	101	183	103	87	\$404,323	\$380,000	2.10	0.87
Cowlitz	108	147	111	94	\$417,528	\$394,500	1.56	0.67
Grant	118	177	104	60	\$336,912	\$312,000	2.95	0.84
Thurston	388	321	414	325	\$537,080	\$499,950	0.99	0.44
San Juan	44	73	24	19	\$1,157,66	\$860,000	3.84	3.25
Island	151	172	126	110	\$640,723	\$574,500	1.56	0.57
Kittitas	90	153	71	57	\$736,127	\$624,995	2.68	1.24
Jefferson	43	70	41	30	\$656,014	\$608,382	2.33	0.74
Okanogan	41	105	34	20	\$356,625	\$280,500	5.25	2.57
Whatcom	320	446	273	219	\$607,609	\$560,010	2.04	0.79
Clark	84	78	73	61	\$565,865	\$510,500	1.28	0.37
Pacific	64	126	46	44	\$335,998	\$321,550	2.86	1.40
Ferry	5	15	6	4	\$253,750	\$262,500	3.75	2.43
Clallam	83	127	85	59	\$460,165	\$450,000	2.15	0.99
Chelan	115	178	85	52	\$490,856	\$481,250	3.42	1.40
Douglas	48	66	47	24	\$467,202	\$448,500	2.75	1.03
Adams	15	48	15	13	\$282,227	\$260,000	3.69	1.64
Walla Walla	67	81	75	53	\$504,306	\$444,700	1.53	0.73
Columbia	2	10	13	5	\$367,000	\$395,000	2.00	9.00
Others	58	132	62	49	\$427,918	\$395,000	2.69	1.30
Total	7,904	8,007	7,136	5,817	\$724,012	\$590,000	1.38	0.58

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
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	5208	4410	3521	2778
2023	4111	4402	4951									

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