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**For Northwest MLS brokers, December ends with a “whimper,”
and 2022 was “a tale of two housing markets”**

KIRKLAND, Washington (January 6, 2023) – Last year was a tale of two housing markets, suggested broker Dean Rebhuhn in commenting on the latest statistics from Northwest Multiple Listing Service.

The MLS report for December shows continued growth in the number of active listings compared to the same month a year ago, but sharp drops in the number of pending and closed sales. Last month's prices for single family homes and condominiums that sold across the 26 counties in the report dropped 0.51% from twelve months ago, marking the first year-over-year price decline since March 2012.

Year-over-year prices for last month's sales of single family homes and condos (combined) declined in 17 counties and rose in nine counties. The median sales price was \$570,000, down \$2,900 (-0.51%) from the year-ago figure of \$572,900. Last year's median price overall peaked in May 2022, at \$660,000.

The median price for single family homes (excluding condos) that sold last month was \$587,500, down 0.42% from a year ago when it was \$590,000. Condo prices edged up last month compared to the same month a year ago, increasing from \$435,000 to \$440,000 for a gain of 1.15%.

“In the first half of the year, we had low interest rates, rising prices, and little inventory,” commented Rebhuhn, who owns Village Homes and Properties in Woodinville. “The second half of the year brought increasing interest rates, some lowering of prices, and increasing inventory.”

Rebhuhn characterized last month's activity as “good,” considering the holidays, snow and a rare Pacific Northwest ice storm. He noted there were about twice as many pending sales as new listings on average every day. “We still have pent up buyer demand and low inventory in the major markets.”

Brokers added 2,980 new listings to inventory last month. That total was 1,637 fewer than the number added during December 2021 (4,617).

Sellers accepted 4,017 offers from buyers, down about 31% from the year-ago volume of pending sales (5,850).

At month-end, buyers could choose from 9,475 active listings, nearly three times as many as a year ago when 3,240 homes and condos were offered for sale area-wide.

“The local housing market in 2022 ended with a whimper rather than a bang,” stated Matthew Gardner, chief economist at Windermere Real Estate. “Overall, the housing market is going to continue falling off the artificial ‘sugar high’ that was a function of the artificially low mortgage rates during the pandemic,” he added.

Dick Beeson, managing broker at RE/MAX Northwest, Tacoma/Gig Harbor, also commented on last year's market shifts.

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“The market in the second half of 2022 was snakebit by high interest rates and lots more people becoming sellers who wanted to either pocket their large equities or arbitrage their gains into less expensive markets,” he remarked, adding, “In a span of six months, we went from 3% interest rates to 7%, and from two weeks of inventory to two months of inventory.”

The Northwest MLS report shows about 2.1 months of inventory at the end of December, marking the fourth consecutive month with at least eight weeks of supply. Six counties, including King, Kitsap, and Snohomish, still have less than two months of supply.

Only four of the 26 counties in the NWMLS service area have five months or more inventory, noted John Deely, who added, “The market has slowed due to rising interest rates and economic news, yet we haven’t tipped to a buyers’ market quite yet, which is reflected by 4-to-6 months of inventory.”

In Kitsap County, where there is 1.78 months of supply, brokers added 172 new listings to inventory during December, 70 fewer than the same month a year ago. Pending sales (241 total) outgained new listings by 69 transactions. “Kitsap County sales continues to outstrip new inventory despite the concern for interest rates,” noted NWMLS director Frank Leach, broker owner of RE/MAX Platinum Services in Silverdale.

Leach described sales as being “off slightly” but said there is a lot of movement. “We are seeing a lot of activity as folks reposition themselves to find a home and potentially refinance sometime in the future.”

“Open houses were relatively quiet during the holidays,” Leach reported, attributing some of the falloff to weather and seasonal schedules. “Agents are continuing to see multiple offers and some sellers are making concessions to bring their homes to a close so they can move on.”

“Kitsap County continues to have a robust building market in both the residential and rental markets,” according to Leach, who added “As rents go up so do the number of folks who want to buy.” Also fueling activity is unimproved land, which Leach said is “getting a shot in the arm, with builders, investors, and folks wanting to build their dream home” being factors.

J. Lennox Scott, chairman and CEO at John L. Scott Real Estate, expects depleted inventory will persist in the near term.

“As we enter the first of the year, the market is experiencing a shortage of homes for sale in the more affordable and mid-price ranges,” Scott reported. “With the winter cleanup of unsold inventory complete, and with a low level of new listings coming on the market in January and February, the availability of homes for sale will be at a low point.”

Heading into spring, Scott expects an uptick. “We anticipate a strong/very strong intensity of new listings going under contract within the first 30 days.” He believes the intensity will settle down pre-summer “when we can expect to see a higher number of new listings coming onto the market.”

Several Northwest MLS representatives who commented on December activity expect prices to soften this year.

“It seems those pesky home price increases have apexed in most markets. Most areas will retreat slightly this year – maybe 2% to 4% and maybe more in some markets,” stated Beeson.

Deely noted “quite a few buyers dropped out of the market as rates went up,” but said many of those people are still in the market but are “reassessing their price ranges and search areas based on interest rate hikes and reduced buying power. With the median sold price flat in most counties and on decline in others, sellers are becoming more competitive.”

Gardner, the Windermere economist, acknowledged December 2022 prices were modestly lower than December 2021, but emphasized “This does not tell the whole story as the median home sale price for all of 2022 was significantly higher than in 2021.” (Northwest MLS figures show the median price overall increased by \$50,000, or nearly 8.9%.)

Gardner expects prices will continue to decline through the first half of 2023 but said “with mortgage rates expected to slowly fall from current levels, sale prices should start increasing again in the second half of the year. Ultimately, once prices pull back to where they would have been if the pandemic had never occurred, they will start to stabilize and then return to a more normalized pace of appreciation.”

Looking ahead, Deely remarked, “As we enter 2023, we are leaving behind the 2022 transitional market and a bridge from the once-in-a-generation 2021 housing market where we experienced record low inventory and peak sales.”

Rebhuhn suggests finding the proper price will be important for sellers in 2023, while buyers can look forward to increasing inventory. “The 2023 market will be better than most believe,” he stated.

Beeson anticipates an “exciting year” for real estate in 2023. “Thankfully, rates are trending down and should trickle down even more this year, giving buyers more purchasing power.” He also believes increased competition among sellers has been good for buyers, contributing to a more balanced market.

Freddie Mac reported mortgage market activity “significantly shrunk over the last year” as high rates continued to weaken the housing market. The government sponsored enterprise (officially named the Federal Home Loan Mortgage Corp.) believes homebuyers are waiting for rates to decrease more significantly. With lower rates expected and inflationary pressures easing, Freddie Mac said “a strong job market and large demographic tailwind of Millennial renters will provide support to the purchase market. Moreover, if rates continue to decline, borrowers who purchased in the last year will have opportunities to refinance into lower rates.”

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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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	887	2,529	1,206	1,470	\$913,381	\$735,000	1.72	0.27
Snohomish	408	1,068	615	703	\$759,261	\$679,000	1.52	0.20
Pierce	505	1,525	716	717	\$546,087	\$500,000	2.13	0.32
Kitsap	172	487	241	273	\$546,769	\$495,000	1.78	0.38
Mason	46	178	63	69	\$439,942	\$365,000	2.58	0.73
Skagit	85	230	98	97	\$622,824	\$515,000	2.37	0.59
Grays Harbor	77	303	84	83	\$347,598	\$323,000	3.65	1.21
Lewis	60	227	71	81	\$417,781	\$375,000	2.80	0.72
Cowlitz	60	205	72	60	\$410,031	\$380,000	3.42	0.58
Grant	48	174	58	51	\$368,722	\$326,700	3.41	1.45
Thurston	160	472	214	245	\$525,263	\$494,500	1.93	0.31
San Juan	12	77	14	14	\$634,679	\$517,000	5.50	2.23
Island	47	203	74	66	\$589,949	\$552,500	3.08	0.29
Kittitas	33	165	27	41	\$844,834	\$602,000	4.02	0.64
Jefferson	18	73	21	38	\$632,297	\$571,750	1.92	0.77
Okanogan	21	117	14	27	\$421,889	\$325,000	4.33	2.34
Whatcom	127	475	152	174	\$595,494	\$567,500	2.73	0.58
Clark	33	108	48	69	\$558,880	\$450,000	1.57	0.26
Pacific	23	119	38	27	\$390,455	\$302,500	4.41	1.13
Ferry	1	19	2	1	\$220,000	\$220,000	19.00	1.58
Clallam	32	140	46	61	\$442,794	\$430,000	2.30	0.78
Chelan	30	169	30	60	\$561,173	\$565,000	2.82	1.01
Douglas	13	73	25	24	\$458,795	\$399,500	3.04	0.64
Adams	3	49	7	9	\$235,791	\$224,000	5.44	1.92
Walla Walla	33	107	34	24	\$406,731	\$334,500	4.46	0.96
Columbia	2	26	3	4	\$279,500	\$279,500	6.50	1.43
Others	44	157	44	36	\$393,242	\$372,375	4.36	1.70
Total	2,980	9,475	4,017	4,524	\$687,991	\$570,000	2.09	0.40

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	5208	4410	3521	2778

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