



Rising interest rates not yet slowing home sales or “too concerning” for NWMLS officials

KIRKLAND, Washington (April 7, 2022) – Rising mortgage rates are not yet slowing home sales in most areas across Washington state, according to several brokers who commented on the latest statistical report from Northwest Multiple Listing Service. The report showed a 7.4% year-over-year drop in pending sales, but brokers suggested the decline is likely a reflection of limited supply.

“Typically, by now, we would start to see rising mortgage rates impacting homes sales and/or prices,” observed Matthew Gardner, chief economist at Windermere Real Estate. “That has yet to happen despite rates rising significantly since the start of the year.”

Freddie Mac reported the average rate for a 30-year loan rose to 4.56% last week, with rates climbing at the quickest pace in almost three decades.

Gardner said he expects mortgage rates to continue trending higher in the coming months, adding, “I will be watching to see if there are any negative market impacts, but as of now, I’m not too concerned.”

Northwest MLS brokers reported 10,059 pending sales (mutually accepted offers) during March across 26 counties. That’s down from the year-ago figure of 10,863, but compared to February, the volume of pending sales jumped nearly 31%.

Broker Dean Rebhuhn, owner at Village Homes and Properties, also said rising mortgage rates have not slowed activity. “However, if homes are priced over the market, savvy sellers are making price adjustments.” For now, Rebhuhn said multiple offers “are still the rule. Buyers are making strong offers, pre-inspecting homes, and making sure financing is in place.”

Well-paying jobs and lifestyle needs are driving the market, with some buyers using investments, 401K funds, and family assistance, according to Rebhuhn. He noted Grays Harbor and Ocean Shores offer “good inventory and great values.” Prices in Grays Harbor County surged nearly 25% from a year ago, rising from \$280,000 to \$349,950. That’s about \$489,000 less than the median price in King County.

“The market is following the normal seasonality of spring,” according to J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. “This season brings more resale listings coming on the market.”

The latest MLS report shows brokers added 11,197 new listings of single family homes and condominiums to inventory during March, up from the year-ago total of 10,562. Last month’s total is up from February’s figure of 7,920 for a gain of more than 41%. It also marked the highest volume of new listings added during a month since September 2021 when members added 11,373 listings.

James Young, director of the Washington Center for Real Estate Research at the University of Washington, noted improvements in inventory in “many of the markets along the I-5 corridor.” His analysis of active listings show robust growth since January in several counties, including Snohomish (up nearly 54%), Lewis (up 47%), Thurston (up 42%), Pierce (up nearly 40%), and Skagit (up 32%).

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Nevertheless, with pending sales (10,059) nearly matching new listings, inventory remained limited system wide. The MLS report shows only 0.58 months of supply, with King, Pierce, Snohomish and Thurston counties all having less than two weeks of supply.

“When you consider at one time a normal market inventory was 4-to-6 months, we now consider that measure a relic of times gone by,” commented Dick Beeson, managing broker at RE/MAX Northwest Brokers, adding, “We will not see such numbers of homes for sale for possibly a generation or more.”

The supply squeeze is contributing to competition among hopeful homeowners and rising prices.

“We continue to see fierce competition for the available inventory,” stated Frank Leach, broker/owner at RE/MAX Platinum Services. “Buyers have been very frustrated with some writing as many as 15 offers before landing on a home.”

Median prices continue to escalate.

For last month’s 7,989 completed transactions, the area-wide median price was \$638,000, up about 16.4% from a year ago and up 9% from February.

Of the 26 counties in the report, only one county (Ferry) reported a year-over-year price drop, and only three counties had single-digit increases; all others had double-digit gains from a year ago.

Gardner noted median listing (asking) prices continue to rise, saying “this suggests that sellers remain quite bullish when it comes to pricing their homes.”

Beeson described rising prices as being at “shock and awe levels,” noting it is the third consecutive year for such escalations.

Northwest MLS figures show prices in the four-county region (King, Kitsap, Pierce and Snohomish) have surged nearly \$200,000 (38.5%) since March 2020, jumping from a median price of nearly \$520,000 to nearly \$720,000.

“With rising interest rates and fuel prices, it will be an interesting time for the markets along the I-5 corridor,” remarked Young. “Increased costs make purchasing a home outside of the urbanized areas a less viable option for first time buyers and others seeking value to move up the housing ladder.”

Young believes the return to the city has begun in earnest. He also commented on steadily rising prices in King and Snohomish counties. “Since January, prices in King County are up 16.5% and up 10.5% in Snohomish County. No other counties in the central Puget Sound region break double digits in house price growth for this period.”

Nevertheless, recent census reports indicate people are moving out of King County. Such reports are “allowing surrounding counties, such as Snohomish, Pierce, and Kitsap to prosper,” surmises John Deely, executive vice president of operations at Coldwell Banker Bain. “In part, this is due to a lack of affordability and King County’s inability to create new inventory given restrictions on development and the tight labor markets.” He also cited work-from-home policies as “helping people decide to live in other places” – a trend he expects will continue.

Like many areas, Kitsap County is “dealing with a very active market with prices hitting unprecedented values as inventory remains extremely low,” reports Leach. MLS figures show there is slightly more than a half-month of supply (0.56 months of inventory).

The median price on last month’s sales of single family homes in Kitsap County rose 19.7% from a year ago, from \$450,000 to \$538,500. Year-over-year condo prices shot up nearly 54%, from \$297,500 to \$457,000.

“While we often speak in percentages, the actual numbers of listings are drastically low, and the demand is outstripping supply,” Leach stated. On a brighter note, he added, “Kitsap continues to grow, and new inventory continues to pop out of the ground throughout the county. There are thousands of new residential, condominium and apartment buildings under construction and due to be available in the fall of 2022.”

Leach also noted rents are rising in Kitsap County, “and there appears to be no relief on the horizon.” He suggests the only way to control future expenditures in housing is to own. “With interest rates on the rise there is no better time to buy, refinance, or resize your real estate investment.”

Deely saw hopeful signs in the March statistics. “King County’s new listings last month exceeded the number of both pending and closed sales. Whenever new listings exceed pending, the standing inventory increases with more selection available for buyers. It’s still a great time for sellers to come to the market due to buyers who are willing to pay a premium. While interest rates have gone up, slightly narrowing the buyer pool, there’s still high demand.”

Scott pointed to the overall economy “and specifically job growth in the central Puget Sound region” as factors for the future housing market. “For the local areas considered lifestyle and destination markets, we will be watching local in-migration as a key indicator of future home price appreciation.”

Beeson acknowledged not everyone shares a rosy outlook, noting a report from the Federal Reserve Bank of Dallas that stated price and value have “become unhinged and now have little relationship to each other.” He said they fear a housing bubble may be brewing, adding, “It does feel strange to be in a market that no one has experienced before. There is no road map for this one.”

Commenting on an “unexpected 4.1% decline” in U.S. pending home sales, Lawrence Yun, chief economist at the National Association of REALTORS®, suggested the dip was mainly due to the low number of homes for sales, adding, “It is still an extremely competitive market, but fast-changing conditions regarding affordability ahead.”

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	4,150	1,395	3,557	2,863	\$1,079,936	\$838,753	0.49	0.60
Snohomish	1,767	517	1,543	1,238	\$859,238	\$758,707	0.42	0.28
Pierce	1,788	621	1,716	1,291	\$604,375	\$550,000	0.48	0.35
Kitsap	526	218	496	392	\$631,816	\$534,997	0.56	0.42
Mason	144	90	122	114	\$449,604	\$410,000	0.79	0.60
Skagit	238	140	197	160	\$595,614	\$550,000	0.88	0.67
Grays Harbor	192	193	184	134	\$374,050	\$349,950	1.44	0.83
Lewis	158	110	146	126	\$436,749	\$399,500	0.87	0.57
Cowlitz	167	88	159	131	\$406,866	\$370,000	0.67	0.42
Grant	132	89	156	106	\$370,954	\$352,500	0.84	0.89
Thurston	543	196	507	445	\$541,029	\$500,000	0.44	0.37
San Juan	32	52	22	16	\$1,450,469	\$897,500	3.25	2.33
Island	173	78	163	138	\$678,541	\$610,000	0.57	0.45
Kittitas	96	62	75	50	\$823,348	\$555,730	1.24	0.92
Jefferson	53	34	49	46	\$684,087	\$547,450	0.74	1.32
Okanogan	53	72	53	28	\$381,675	\$336,750	2.57	1.83
Whatcom	390	218	322	276	\$659,687	\$619,975	0.79	0.82
Clark	103	33	112	90	\$569,461	\$465,000	0.37	0.35
Pacific	59	60	62	43	\$350,998	\$330,000	1.40	0.87
Ferry	8	17	9	7	\$267,271	\$224,000	2.43	3.40
Clallam	107	76	106	77	\$482,101	\$430,000	0.99	0.51
Chelan	117	94	109	67	\$655,990	\$520,000	1.40	0.89
Douglas	64	38	53	37	\$564,183	\$525,000	1.03	0.73
Adams	15	18	14	11	\$359,090	265,000	1.64	1.00
Walla Walla	63	38	64	52	\$426,237	423,500	0.73	0.85
Columbia	11	9	12	1	\$229,000	229,000	9.00	1.50
Others	48	65	51	50	\$468,586	\$392,495	1.30	1.61
Total	11,197	4,621	10,059	7,989	\$797,444	\$638,000	0.58	0.53

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									

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