



**“Extraordinary market conditions” sustain strong home sales  
around Washington state during holidays**

KIRKLAND, Washington (January 6, 2021) – “Insatiable buyer demand” is keeping inventory scarce as house hunters try to outmaneuver and outbid each other, according to reports from Northwest Multiple Listing Service (NWMLS). Its statistical summary for December showed strong activity throughout the holiday season with double-digit increases in new listings, pending sales, closed sales, and prices.

Northwest MLS brokers added 5,260 new listings to inventory during December, a hefty 39.3% increase over the same month a year ago. Last month’s additions fell short of meeting demand as members reported 6,883 pending sales (mutually accepted offers). That number surpassed the year-ago volume by 940 transactions for an increase of 15.8%.

Pending sales were especially robust in several counties where year-over-year (YOY) gains of 25% or greater were notched, notably Grant (up 133%), Kittitas (up 55%) and Pacific (up nearly 43%).

“As more people are working from home, they are also purchasing properties further afield from Seattle,” observed James Young, director of the Washington Center for Real Estate Research at the University of Washington. He singled out Chelan, Clallam, Grays Harbor, Kittitas, and Mason as counties that had year-over-year price growth of 20% or more. The MLS report also shows Pacific and Whatcom counties with 20% or higher price gains.

“The velocity of the December market is a harbinger of the 2021 market as tight listing inventory, low interest rates, and high buyer demand continue to drive momentum,” remarked NWMLS director John Deely, executive vice president, operations at Coldwell Banker Bain. “Every market serviced by NWMLS was trending below December 2019 for total active inventory,” he noted. “In King County, despite a nearly 62% increase in new listings compared to a year ago, the insatiable buyer demand quickly absorbed available properties,” he added.

Deely reviewed new listing activity during the month of December for the past decade and found last month’s total (5,260) was the largest since 2010 (5,460).

At month end, there were 4,732 total active listings system-wide in the MLS database, which encompasses 25 counties. That’s down 44% from a year ago when the selection included 8,469 listings. Measured by months of inventory, there is only about two weeks of supply (0.53 months) overall. Only five counties had more than a month of supply, well below the four-to-six months of supply used by housing analysts as a gauge of a balanced market.

“With just over a two-week supply of homes on the market, last month maintained the extraordinary market we have seen all year,” commented Young. “For demand and supply to remain this out of balance for this time of year is incredible,” he added.

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NWMLS director Jason Wall, designated broker at Lake & Company Real Estate, said 2020 was unusual “and it ended in the same way – surprising.” Noting the market typically slows during the holiday season, Wall said, “This year, with little to no travel and not much else attracting homebuyers’ attention, many of them remained very active in the market. Homebuyers that hoped to take advantage of less competition in a relaxed housing market instead found the same competitive market.”

NWMLS director Mike Larson, president/designated broker at ALLEN Realtors, described the market as “the best of times for sellers and a very challenging time for buyers. Sellers can be picky because there are almost always multiple offers. Buyers are being forced to add value to their offers in ways other than price.” Examples he cited included shorter contingencies, closing date flexibility, higher earnest money deposits, and agreeing upfront to pay the difference if a property’s appraised value is lower than the sales price.

Home prices continue to rise. For the 9,008 sales of single family homes and condos that closed last month, prices jumped nearly 12.2% from a year ago, increasing from \$435,000 to \$488,000. Only three counties (Ferry, Okanogan, and San Juan) reported year-over-year price drops, while nearly all other counties had double-digit gains, according to the NWMLS report.

Single family homes accounted for most of the price escalation. For the 7,848 closed sales of this property type, prices increased nearly 12.9%. YOY prices on the 1,160 closed sales of condos rose about 1.8%.

“We see home prices continue to increase with jobs and lifestyle changes being two of the major factors in sales. Unbelievably low interest rate and buyer demand continue to drive the market,” commented Dean Rebhuhn, broker-owner at Village Homes and Properties. Smart buyers are winning in multiple offer situations by doing pre-inspections and having financing approved, according to Rebhuhn.

“Housing market activity is truly off the charts,” exclaimed J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. He described activity for new listings going under contract as “frenzy-level,” fueled by low interest rates and a huge backlog of buyers.

“Now that the holiday season is over, local housing markets will see a surge of buyers entering the market in 2021,” Scott predicts. He also reported those who can work from home are moving to lifestyle/destination markets further outside city centers.

Inventory continues to be the biggest issue and challenge for buyers, reported Mike Grady, president and CEO of Coldwell Banker Bain. “We’re seeing sparse inventory play out in more rural areas,” he noted, adding, “There are indications people are continuing to move farther out as they’re now able to work from home. It is most definitely a sellers’ market and buyers should not depend on a significant increase in inventory or a decrease in prices in the coming months,” he stated.

Grady also advised would-be purchasers to have patience and prepare for multiple offer situations. “An example is a recent sale one of our brokers facilitated for her buyers on New Year’s Eve. The buyers had been looking for months and won a bidding war on a listing located near Monroe by paying 18% over list price. This is the reality of the market and it’s increasingly occurring outside the major metro areas.”

“COVID has not slowed the demand for housing. In fact, it has driven it up as people search for the perfect work from home location,” said Frank Wilson, Kitsap regional manager and branch managing broker at John L. Scott Real Estate.

With open houses prohibited due to the pandemic, Wilson said brokers remain busy showing new listings by appointment and in accordance with protocols. “We’re seeing increases in website traffic and virtual tours.”

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Wilson said the story in Kitsap County, where his office is located, is not just about low inventory. “It’s deeper than that. We’ve had more houses come on the market when compared to last year. The real story is about the pent-up demand of buyers.” He said buyers are coming from all areas of the buyer spectrum, including those who are moving to improve their quality of life or escape densely populated cities, those who can now afford a house due to low interest rates, and those who need a change based on life cycles.

Dick Beeson, managing broker at RE/MAX Northwest in Tacoma-Gig Harbor, analyzed inventory and price changes in five Puget Sound area counties, concluding “The huge price rise in each county is driven by the extraordinarily low interest rates and incredible lack of inventory.”

Beeson believes some King County sellers will opt for less expensive homes outside the county, such as the South Sound area encompassing Pierce, Thurston, and Kitsap counties. “With teleworking becoming the norm for many people, sellers in King County can buy a good home in a good neighborhood in the South Sound and have money left in their pocket. South Sound is a slowly awakening giant,” he predicts.

“The 2020 housing market was remarkable for many reasons, not the least of which was its extraordinary resolve through the COVID-19 pandemic,” stated Windermere Chief Economist Matthew Gardner, adding, “Who would’ve thought back in April that we would be ending the year with strong increases in both sales and prices?”

Deely, Larson, Rebhuhn, and Wall expect activity in 2021 to resemble 2020:

- “Demand driven by the continued growth of the tech and biomedical sectors and our high quality of life with access to vast marine and alpine activities will continue to drive prices up and growth toward the suburbs.” ~ John Deely
- “So much of what is driving the market is interest rates and I don’t see the Fed raising rates in the foreseeable future. I expect 2021 to be much like 2020.” ~ Mike Larson
- “2020 real estate activity ended with a bang, indicating that 2021 will be an explosive year for listings and sales.” ~ Dean Rebhuhn
- “I expect the first half of 2021 will be very similar to last year: low interest rates combined with low housing inventory resulting in a very active and competitive market. Multiple offers and waived contingencies will likely be the norm as we roll into the new year.” ~ Jason Wall

Economist Gardner echoed some of those sentiments, saying, “As we move into 2021, I expect continued strong demand from buyers, but unfortunately, the likelihood that there will be any significant increase in inventory is slim. As a result, I believe prices will continue to rise, which is good news for sellers, but raises concerns about affordability. This, combined with modestly rising mortgage rates, could end up taking some steam out of the market but overall, I expect housing to continue being a very bright spot in the Puget Sound economy.”

Northwest Multiple Listing Service is a not-for-profit, member-owned organization that facilitates cooperation among its member real estate firms. With more than 2,300 member firm offices and 30,000 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 25 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	1,793	1,949	2,351	3,096	\$837,507	\$676,000	0.63	0.94
Snohomish	806	373	1,018	1,413	\$590,450	\$535,000	0.26	0.87
Pierce	898	515	1,156	1,538	\$479,229	\$430,000	0.33	0.87
Kitsap	258	195	326	420	\$509,128	\$425,950	0.46	0.82
Mason	64	54	99	117	\$376,936	\$335,000	0.46	1.53
Skagit	132	109	149	188	\$481,973	\$431,000	0.58	1.79
Grays Harbor	101	127	134	147	\$278,333	\$252,500	0.86	2.73
Lewis	87	112	124	133	\$331,390	\$291,000	0.84	2.51
Cowlitz	67	61	118	126	\$345,654	\$320,000	0.48	2.13
Grant	75	99	114	135	\$282,754	\$271,911	0.73	2.35
Thurston	300	144	361	481	\$428,222	\$395,950	0.30	0.68
San Juan	23	75	29	45	\$883,097	\$670,000	1.67	8.40
Island	109	65	126	155	\$538,713	\$423,500	0.42	1.74
Kittitas	37	46	59	104	\$605,981	\$447,473	0.44	1.71
Jefferson	34	57	41	48	\$480,681	\$406,000	1.19	2.65
Okanogan	22	89	33	46	\$289,347	\$269,500	1.93	5.17
Whatcom	190	249	238	320	\$505,716	\$466,000	0.78	2.24
Clark	42	35	59	85	\$483,769	\$420,000	0.41	1.35
Pacific	35	66	50	57	\$308,807	\$275,000	1.16	3.70
Ferry	4	23	6	7	\$211,286	\$175,000	3.29	11.33
Clallam	48	61	73	88	\$394,057	\$371,500	0.69	2.01
Chelan	42	61	72	97	\$507,831	\$409,000	0.63	2.56
Douglas	28	39	39	54	\$424,913	\$387,500	0.72	2.57
*Adams	5	13	10	19	\$197,65	\$216,065	0.68	2.50
*Walla Walla	34	40	67	46	\$387,272	\$349,250	0.87	1.80
Others	26	75	31	43	\$334,918	\$285,000	1.74	4.54
<b>Total</b>	<b>5,260</b>	<b>4,732</b>	<b>6,883</b>	<b>9,008</b>	<b>\$607,576</b>	<b>\$488,000</b>	<b>0.53</b>	<b>1.19</b>

\*Adams and Walla Walla counties are added as separate rows this month; previously, statistics for those counties were included in the row for "Others/Out of area"

*Next page: 4-county pending sales since 2002*

**4-county Puget Sound Region Pending Sales (SFH + Condo combined)**

(totals include King, Snohomish, Pierce &amp; Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
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

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