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**3rd Quarter 2022 Sequim Real Estate Report**

**Residential Report** – Home Sales in the Sequim Area\* compiled from the Olympic Listing Service.

**Median Price -** The median sale price for the 3rd quarter fell 4% from Q2 going from $575K to $550K. The median sale profile was: asking price of $550K, 1805 SF on 0.5 acre, built in 1996, on the market for 13 days (average days on market was 27), sold at $306/SF (down from $314/SF last quarter) and at 100% of the last asking price. The average list price was $581,347 and the average sale price was $575,119.

**Housing Inventory** – Like most markets, Sequim’s housing market follows seasonal trends: more inventory and sales in the warmer months and fewer when it gets colder. Because of this we like to compare like quarters in terms of inventory and volume. The inventory this past quarter was up 9% compared to this time last year. This graph perfectly illustrates the bigger picture of our market – only last year’s historically low inventory was lower than this past quarter’s available housing supply.

**Current inventory** – as of the date of this report, there are 175 homes on the market in Sequim with a median asking price of $600K. The average days on market for our inventory is 69 days up from 46 days this time last year and the median is at 47 days up from the 22 days in Q3 of 2021. Currently 50 of those 175 homes on the market are either under contract or are pending sales, leaving 125 homes, or 71% of the active inventory, available for interested buyers. Compare those 125 homes that are actually available to the 57 homes that were available this same time last year.

\*Sequim area is roughly defined as the Sequim School District boundaries stretching east just past the Jefferson County line and west to Blue Mountain and Lewis Rd., excluding homes on leased land. Data is collected from the Olympic Listing Service.

**3rd Quarter Home Sale Volume:** There were an average of 48 home sales/month over the 3rd quarter of 2022, down 33% from the 72 sales/month over the 3rd quarter of 2021.

**Outlook for the Sequim housing market:** Traditionally real estate markets go in six to eight year cycles so this last 10 year run up had to come to an end. Raising interest rates by more than 100% over the past 10 months made sure of that. Our inventory has grown, sales have slowed and even prices have begun to dip. However, what’s hard to wrap your head around is how will the woeful lack of building and development over the past 14 years factor into home values over the next few years. As Gregg Colburn from the UW wrote in his book, *Homelessness is a Housing Problem,* the US has built about 7 million housing units under what has actually been needed since 2008. Affordability has obviously been a problem but how can values plumet when the supply isn’t meeting the demand? Even our increasing inventory here in Sequim is still historically very low. As I’ve stated in previous reports, whatever this downturn ends up looking like, it is very unlikely that it will look anything like 2008 – 2012. Lenders have been very strict in who has been approved for a loan over the past 12 years which was not the case in the “house of cards” run-up to our 2008 crash. Housing is still a basic necessity and Sequim is an incredibly desirable place to live. We’ll have to see what the next few months bring, and I’ll report back at year’s end.

**Sequim Land Report**

**Median Land Sales Price:** The median price for land stayed relatively high at $153K and the median asking price for those sales was $160K. The median size of those sold parcels was 1.5 acres and the median days on market was only 6 days.

Eight of the 35 land sales were in the Sequim City limits with the other 27 sales being out in the county lands of unincorporated Sequim.

Building costs remain high but established local builders are still busy as they have been. The Washington State Building Code Council is poised to make changes to state energy code requirements which would add an additional $24K to the cost of building a 2200 sf home. Realtors and builders have stated our concern with this proposal as we believe the negative impact to affordability outweighs the benefits but we’ll have to wait and see what’s decided.

**Land Sales Volume:** There were 35 land sales over the 3rd quarter of 2022 – a 31% decrease from the 51 sales over the 3rd quarter of 2021. In the past few years, we’ve pointed to the low inventory to help explain the low sales volume numbers, but we can’t do that this quarter. (See next page)

**Land Inventory:** There were an average of 130 parcels on the market over the course of the 3rd quarter. That is still historically low but quite an increase from the 97 average in Q3 of 2021. Current inventory is at 125 parcels on the market – only 13 of which are either under contract or pending leaving 112 to sell. The current median asking price is $229K (up from $158K last year!), the median size is 1.23 acres and the days on market for the active inventory currently sits at 93.

Hopefully, this information has proven to be useful to you or at least interesting. Please call us if you have any questions and know that we are happy to assist you when you need help buying or selling real estate in our beautiful area.



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