

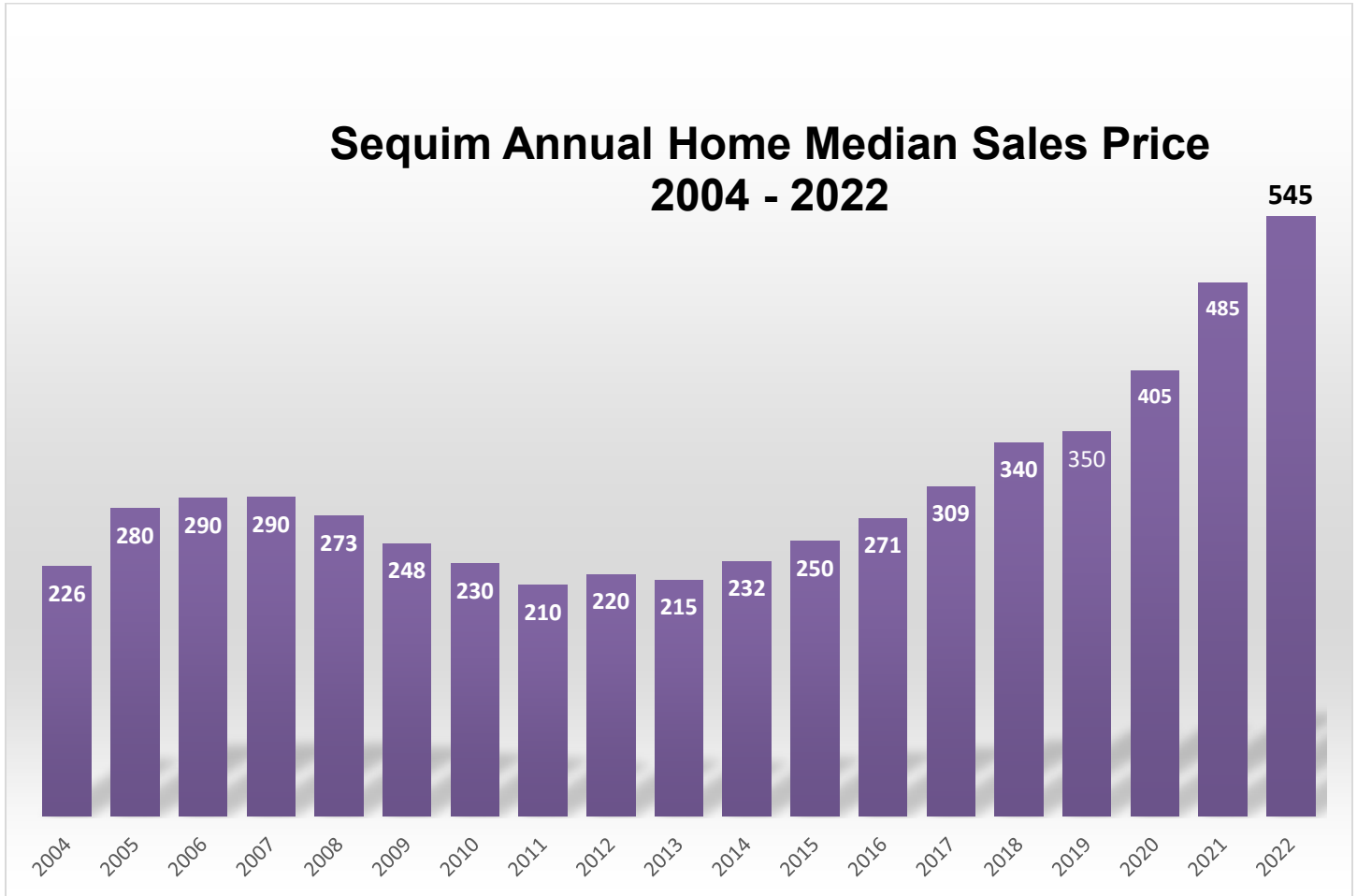


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2022 Year End and 4th Quarter 2022 Sequim Real Estate Report

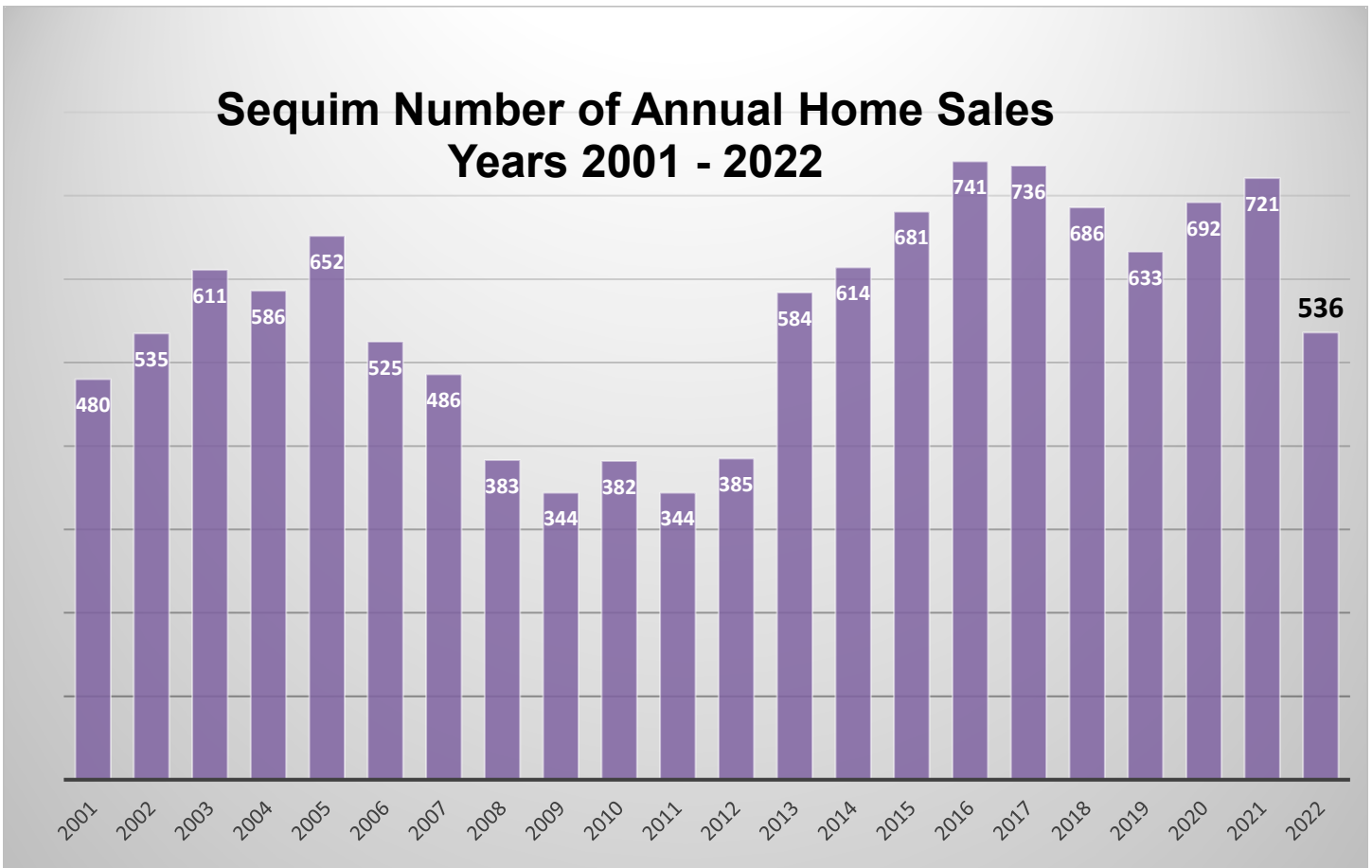
2022 Year End Sequim Real Estate Report – Sales in the Sequim Area*



Annual Median Price – The median home sale price rose another 12% this past year, going from a previous annual record high of \$485K in 2021 to a record breaking \$545K in 2022. Looking closer within the year however, the median fell from \$575K in Q2 to \$550K in Q3 and then again down to \$513K in Q4. Of course, that fall coincided with the rising interest rates.

*The Sequim area is defined generally as the Sequim School District boundaries as far as east as Discovery Bay and west to Blue Mountain Rd., excluding homes on leased land. Data is collected from the Olympic Listing Service.

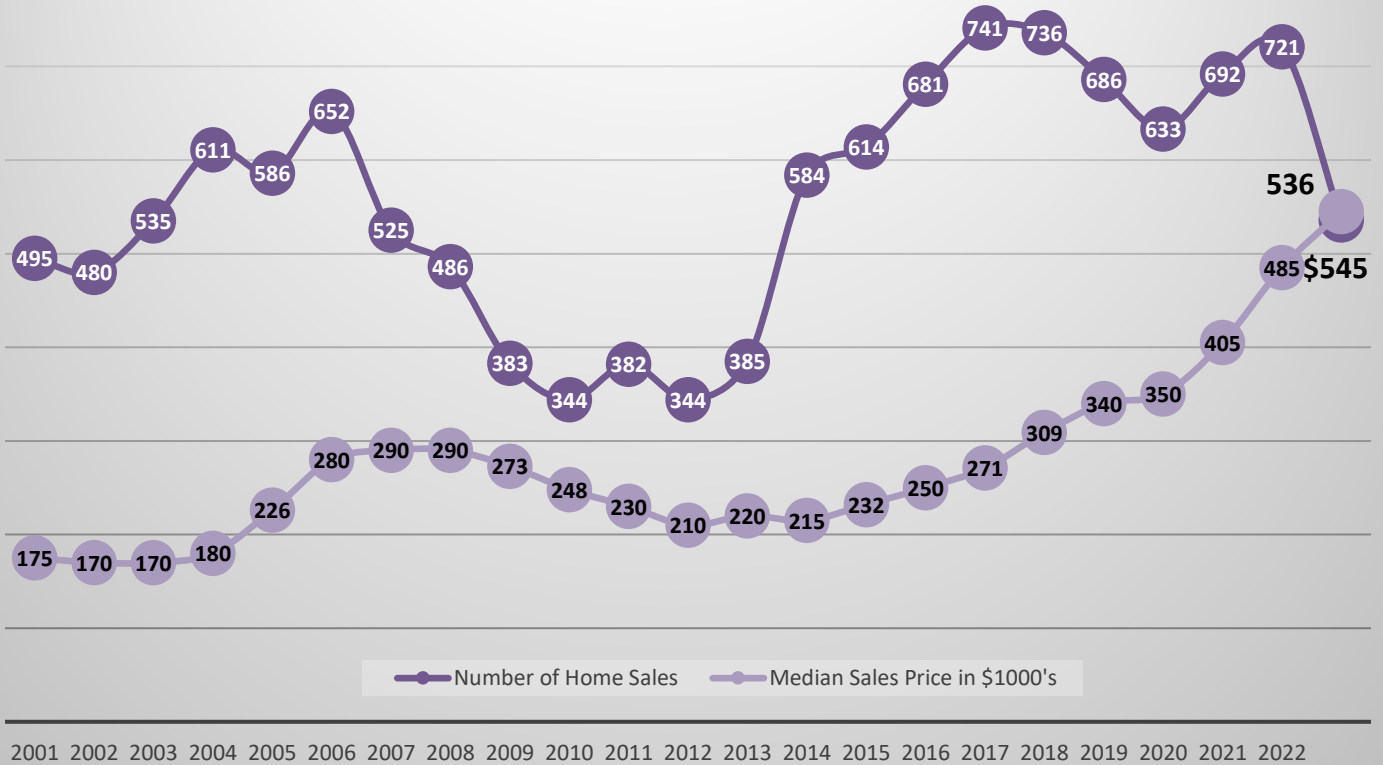
Sequim Number of Annual Home Sales Years 2001 - 2022



Number of Sales by Year – The sales volume of 536 home sales was a decrease of 26% compared to 2021 and the lowest number of sales in 10 years.

Days on Market - The median number of days on market (DOM) for those 536 sales in 2022 rose slightly to 9 days on market, up from the median 6 DOM in 2021. The average days on market for home sales in 2022 was 26 days.

Annual Home Sales in Sequim Years 2001 - 2022



Comparing Trend Lines of Volume and Value - Having a look at both the annual sales volume and the median sales prices together is interesting. Note that the sales volume turned directions before prices did in both 2006 and 2013. We just experienced another “turn in direction” this past year in terms of the sales volume.

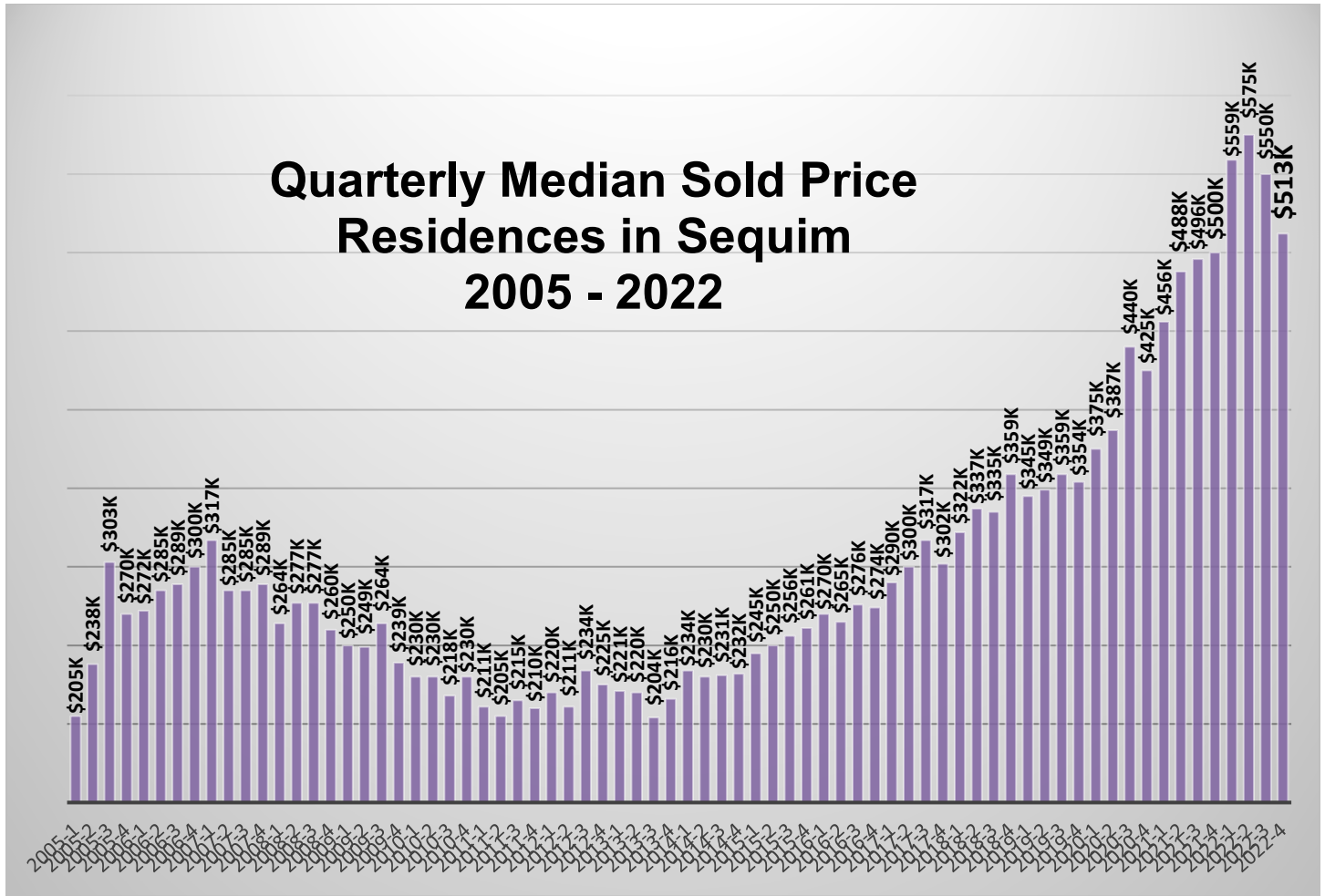
The big downturn in our sales volume can be attributed to two major factors: increases in interest rates throughout the year, AND our historically low inventory. This chart shows an annual increase in the median price, but we know looking closer at the quarterly median price numbers that within the last three quarters the median price went from \$575K to \$550K to \$513K respectively. Of course, median price changes can just mean that people are buying smaller or bigger homes so I did dig a little deeper to see if values actually fell. Checking the price/square foot over those last three quarters seems to confirm the softening of prices: Q2 sales were at a median of \$313/SF, Q3 were at \$305/SF and Q4 fell to \$296/SF.

Sequim Annual Land Sales Volume and Values Comparing Years 2000 - 2022



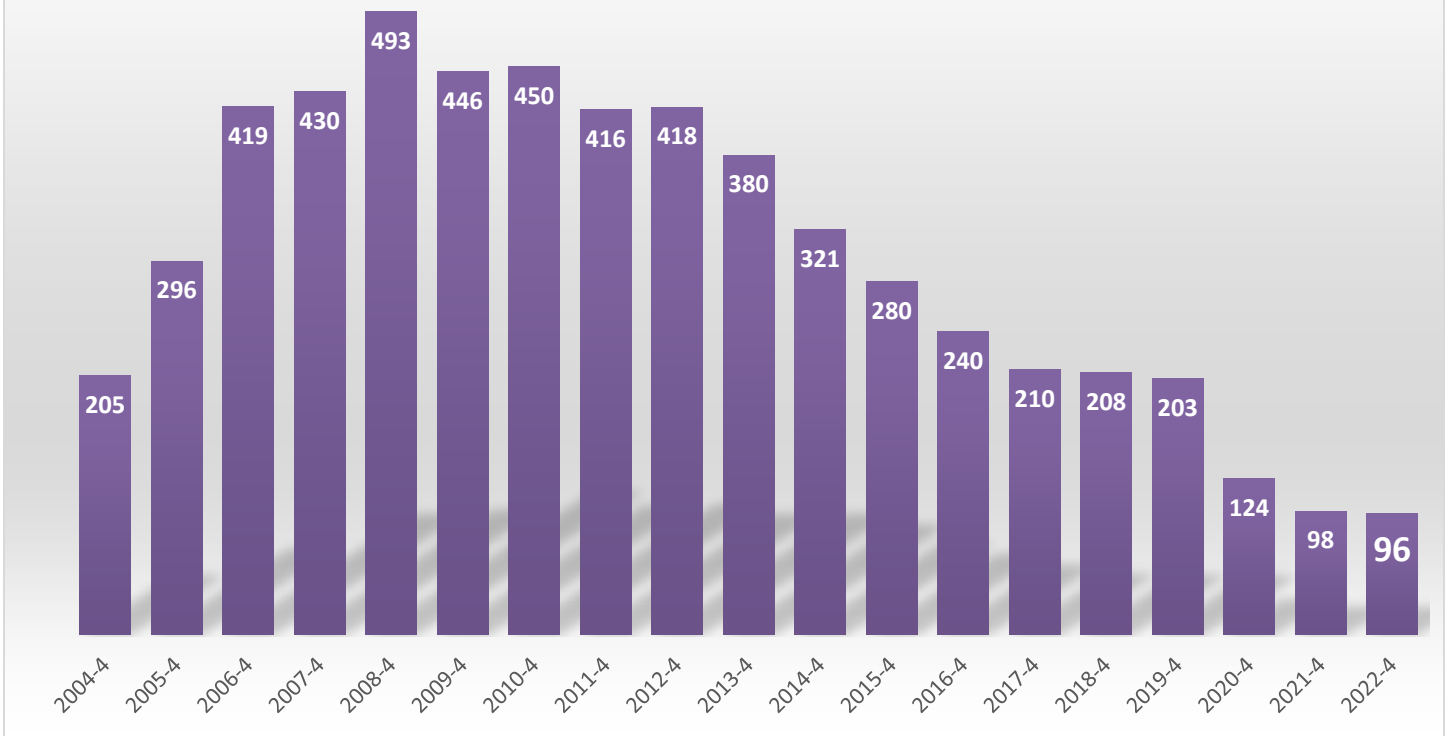
Number of Total Land Sales and Median Price – The 138 land sales in 2022 in the Sequim area was down 44% from the number of sales from 2021. The median sale price fell to \$155K which is still high historically speaking. The median number of days on market for those sales was 41 days and the median size of those land sales was 1.63 acres. Of those 138 sales in 2022, only 34 were Sequim city lots while the rest were outside of the city limits in Sequim’s rural lands. Our state’s Growth Management Act, passed in 1990, was supposed to encourage growth within our city limits as opposed to the outlying unincorporated rural lands. Expensive hookup fees and limited high density zoning areas within our city limits seem to be having the opposite effect.

4th Quarter 2022 Sequim Real Estate Report



4th Quarter 2022 Sequim Home Sales Data - The median sales price of \$513K for the 4th quarter of 2022 was a 3% increase compared to the same timeframe in 2021. Of course, that was a 7% decrease compared to the previous quarter and an 11% decrease compared to the second quarter peak. As stated earlier in the annual report the median price/square foot over the year was as follows: Q1 - \$301/SF, Q2 - \$313/SF, Q3 - \$305/SF and Q4 - \$296/SF.

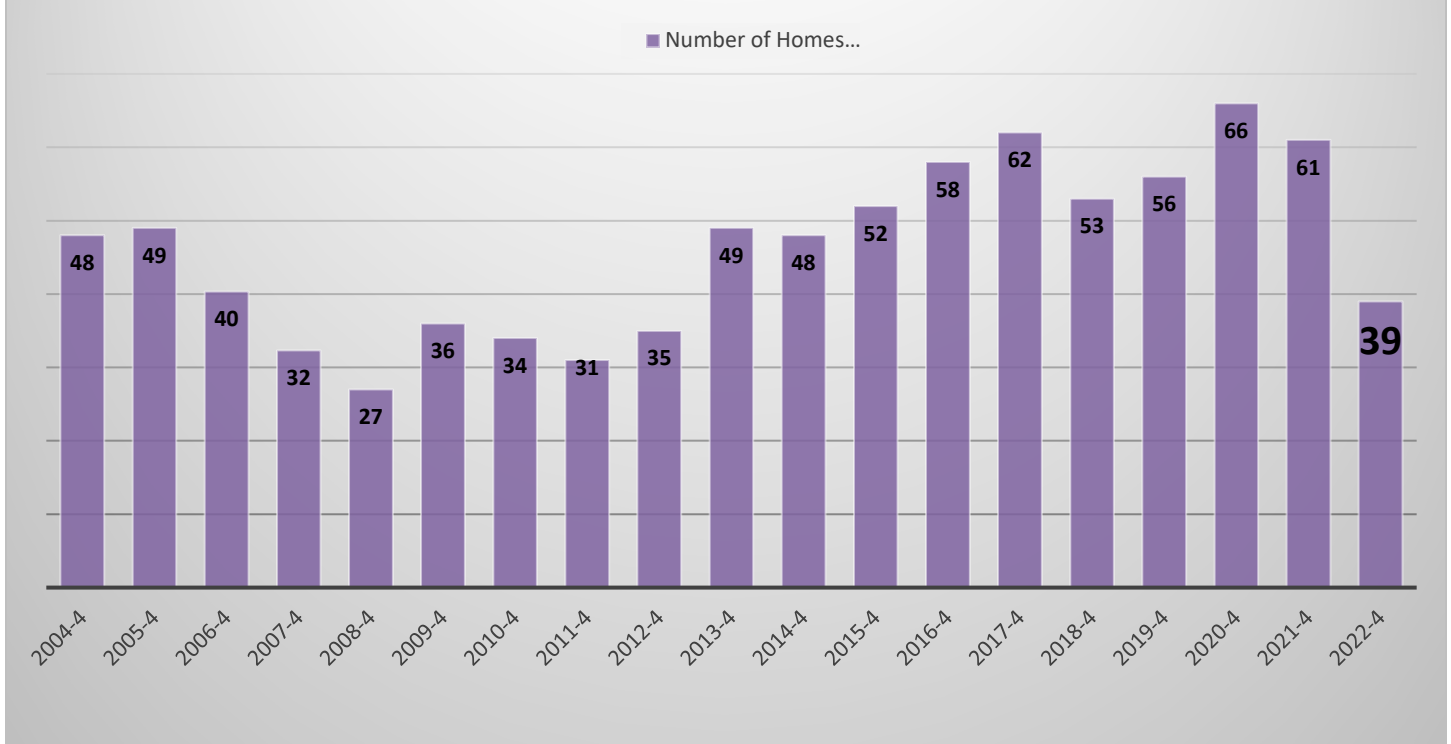
Average Number of Homes for Sale per Month Comparing 4th Quarter Only Years 2004 - 2022



Housing Inventory Continues to Fall – The 4th quarter average of 96 homes on the market (calculated at the beginning of each month) was the smallest inventory of ANY 4th quarter since Team McAleer began tracking this data back in 2004.

As of this writing, there are 113 homes for sale in the Sequim area. Of those active listings, 27 are pending sales leaving 86 homes to sell with a median asking price of \$625K. Of those 113 listings, 56 have reduced their asking price over the course of the listing. The median Days on Market for the current inventory is 86 days on market. For some perspective, compare the current 113 active listings to the all-time high of 611 listed homes in June of 2009.

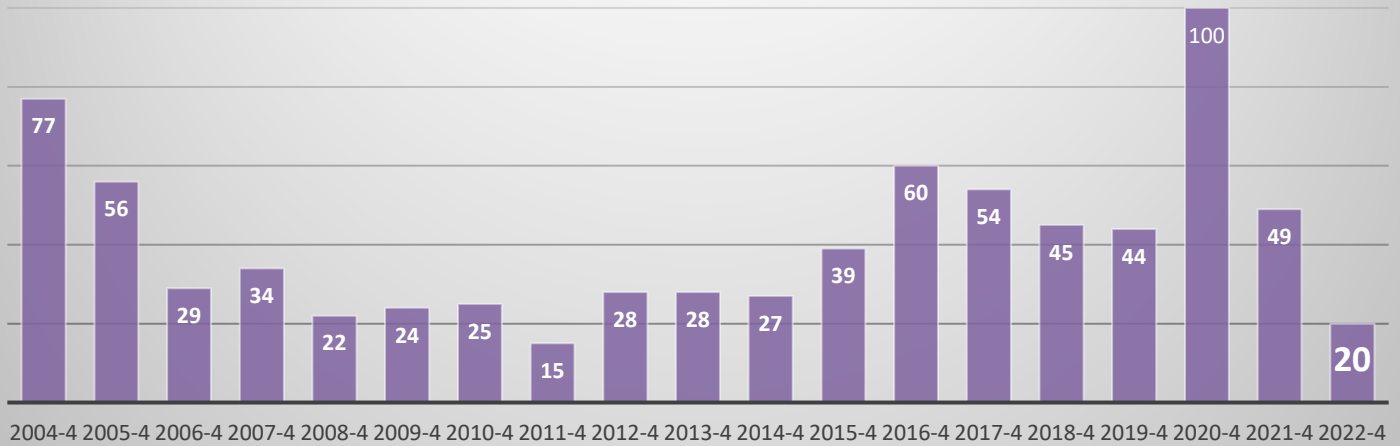
Average Number of Homes Sold per Month Comparing 4th Quarter Only Years 2004 - 2022



Number of 4th Quarter Sales - The average number of home sales/month over the 4th quarter fell to 39 home sales/month – 118 total. That is a 35% decrease in sales volume compared to 4th quarter of 2021.

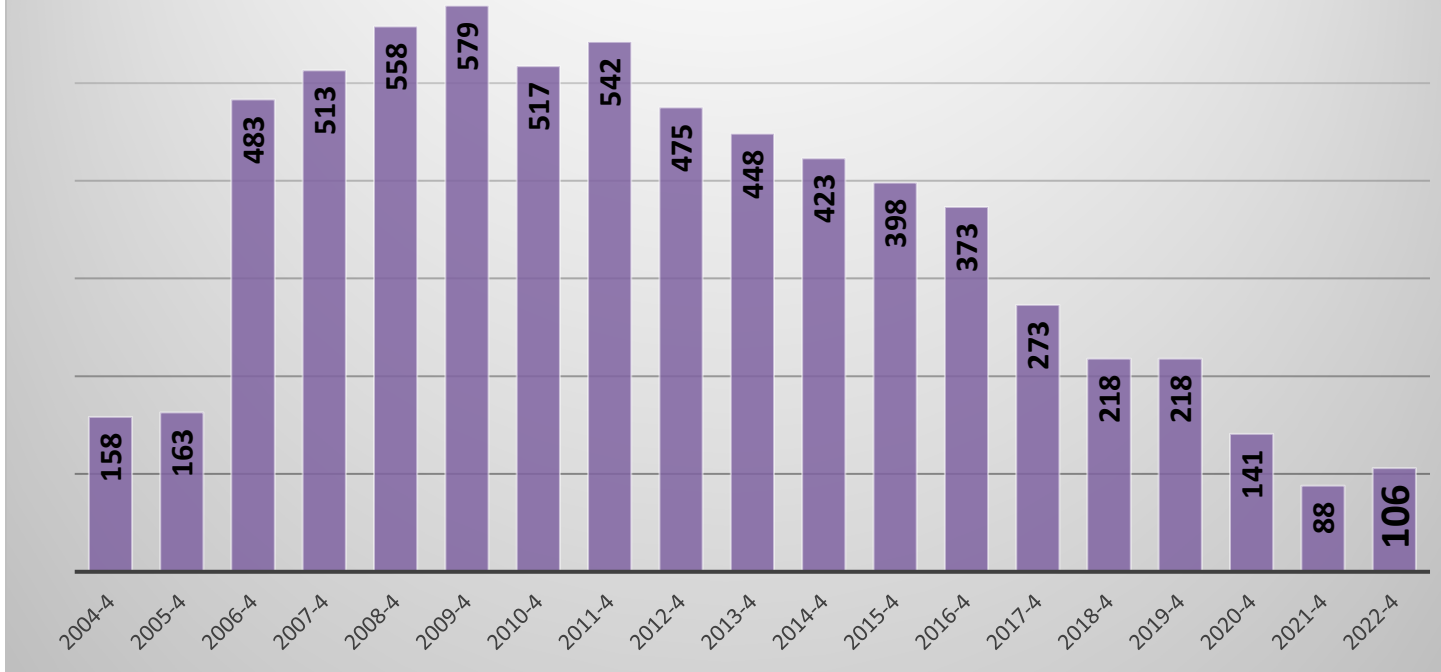
Median Profile of the 4th Quarter 2022 Home Sale - List price of \$503K with a sale price of \$513K, 1759 square feet, on 0.49 of an acre, single story, built in 1996, and on the market for 20 days. Of those 4th quarter sales, 46 boasted mountain views and only 16 featured water views.

Number of Land Parcels Sold in Sequim Comparing 4th Quarter Only 2004 - 2022



The number of land sales in the 4th quarter of 2022 fell to 20 – the lowest land sale volume for a 4th quarter since 2011 and the 2nd lowest on record.

Average Number of Land Parcels for Sale per Month Comparing 4th Quarter Only Years 2004 - 2022



Land Inventory – There were an average of 106 land parcels on the market at the beginning of the month in the fourth quarter. That is the 2nd lowest inventory for any 4th quarter since we began compiling the data for this report, but a 17% increase compared to Q4 of 2021. Currently there are 93 parcels for sale, 9 of which are pending sales.

Outlook for 2023 – Interest rates for a 30-year mortgage are around 7.5% as of the writing of this report – a far cry from the sub 3% rates we saw just over a year ago. What is difficult to compute is how will property values fair with such an incredibly low housing inventory? Like most places in the US over the past decade, new construction in Sequim has been woefully short of meeting the actual demand. Normally, low supply equates to higher prices but we've already seen an 11% correction since Q2 of 2022. That was of course a result of the higher rates but frankly after a 10-year run up, we were due for a correction. My prediction is that the higher interest rates (and subsequent less affordability for many buyers) will be counterbalanced by the low inventory and values will hold relatively steady in 2023. How the overall economy will fare is in question, but we strongly believe Sequim will outperform the vast majority of other real estate markets when you consider the relative value, limited inventory and our superior quality of life.

Please call me at 360-460-2839 or email me at michael@teammcaleer.com if you have any questions. We are happy to assist you whether you need help buying or selling real estate in our beautiful area.



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