

RESIDENTIAL REAL ESTATE

HERE COMES THE BOOM

More new homes were built in this Snohomish County city than any other in Washington last year — but will it be enough?

Marysville's lower housing costs attract both builders and buyers, including Colorado-based Century Communities, which is building 429 homes across four new developments.

ANTHONY BOLANTE | PSBJ



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Signs proclaiming future home lots dot vast swaths of land in Marysville where the smell of fresh concrete and lumber increasingly merges with the earthy odor of soil each passing day. The city of 74,390 residents is in the midst of a housing gold rush.

The Northwest Multiple Listing Service tracked a total of 1,765 new home sales in Marysville since 2019. Despite the new housing stocks replenishing the market, the median sale price has jumped by 60.9% to \$659,495 over the same period.

The burgeoning city of Marysville, for example, is luring homebuyers and builders with cheaper housing costs. However, as growth has permeated the suburban city, the challenges of housing affordability have followed.

“Snohomish (County) is being discovered, if you will, as being more affordable,” said Gina Akins, president of Snohomish County-Camano Association of Realtors. “But we’re catching up.”

New construction in Marysville

Housing Hope CEO Donna Moulton expected to experience new challenges when she moved from Eastern Washington to the Puget Sound region and took the job in early 2023. Within weeks of her arrival, the Everett-based nonprofit opened its largest affordable housing development in north Marysville.

Still, the pace of suburban growth and new competition from housing providers surprised Moulton.



Housing Hope CEO Donna Moulton stands outside Twin Lakes Landing II, a low-income housing community in Marysville.

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Like the waiting list of people looking for housing assistance at her office, Moulton notices other signs of growth, some more worrisome than others. New restaurants and shops pop up regularly and her commutes seem to get longer each day.

“I think it behooves us to be thinking a little bit more about (that),” she said.

“How do we house this community in a way that is attentive to all of its members and not just the shiny single-residence homes as we run out of land?”

In the 98270 ZIP code, which covers the southern half of Marysville, 314 new construction homes sold last year – the most in Washington, according to NWMLS data. Outside the 98270 ZIP code, another 28 new homes were sold in Marysville.

The city is on track to beat that number, as 255 new homes had already sold this year as of August.

Largest real estate deals in Snohomish County in 2023

Sale price

Rank	Prior Rank	Transaction date
1	1	Artesia Apartments - 05/16/2023
2	2	Cathcart Way Operations Center - 08/23/2023
3	3	Everett Clinic - 05/01/2023

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“If we can’t increase our stock of affordable housing, it’s going to be really detrimental to attracting businesses to this area,” Moulton said.

Developers have been [gobbling up land](#) in and around Marysville despite rising construction and financing costs.

Along with other resources, there’s a growing competition for developable land, which remains plentiful in many parts of Snohomish County.

“During the pandemic, people realized they could go to Snohomish County and get more and pay less than what they’re going to pay for in King County,” Akins said. “And if they’re working more from home, that affords them that opportunity.”

Between 2021 and 2022, almost 13,000 King County residents with \$1.67 billion in gross annual income moved up to Snohomish County, a Business Journal analysis of Internal Revenue Service data shows.

The migration brought new opportunities to Marysville and surrounding areas. It also enticed homebuilders who were already looking at the fringes of the Seattle metro area.

“Frankly, this area is one of the few remaining areas that actually has some developable land within the urban growth boundary,” said Ryan Kemp, Seattle-area division president at KB Homes. “And I think that’s why you’ve seen the volume overall – not just from us, but overall – coming out of this location.”



Ryan Kemp is president of KB Home's new Seattle division.

KB HOME

KB Homes entered the Snohomish County market in May 2022 with a housing community in Monroe, which is now sold out. It was followed by the August 2023 opening of the 26.7-acre Magnolia Crest community in Marysville.

With prices currently starting from the high \$600,000s, Magnolia Crest offers some of the cheapest new single-family homes in the market. At least 96 of the

almost 163 home sites have already sold. A second phase with 27 new homes, dubbed West Magnolia, opened this fall.

Other homebuilders are set to deliver hundreds of new homes to the Marysville market, as well. In close proximity, homebuilders like Century Communities, MainVue Homes and AHM also have housing projects currently under construction.

Additionally, KB Homes is planning another two new housing developments in Marysville that will add a combined 239 residential units to the market.

“Before we make an investment decision and a land purchase in any submarket, we’re trying to understand the price points and the trends,” Kemp said. “In terms of, where we’re seeing buyers migrate to – in or out to the suburbs.”



Market nearing a stalemate

The housing market in Snohomish County has not been affordable to the average household since the end of 2020, the Washington Center for Real Estate Research's Housing Affordability Index shows.

After a 20% down payment, a 30-year fixed-rate mortgage on a median-priced house of \$808,300 in the county costs \$4,356 monthly at the end of the second quarter this year. A family earning the county's median income of \$109,700 only makes around 53% of the income necessary to qualify for a conventional mortgage at that price, the WCRER index shows.

Almost all real estate experts agree the affordability crisis is a supply-side issue. Building more is the only real solution, the housing economist Matthew Gardner said.

“I refinanced twice through Covid. You’ll have to pry that 2% 20-year fixed-rate mortgage from my cold fingers. I’m not going anywhere,” Gardner said.

Despite that “artificially limited” supply, builders overall weren’t building as many houses, he said.

“Their borrowing costs went up as well,” Gardner said. “And so, go back to Econ 101 – limit supply, net new demand. What happens to prices? They go up.”



Matthew Gardner is an economist who specializes in the housing market.

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At the same time, the high cost of borrowing sidelined many potential homebuyers, who are waiting for the lending market landscape to change.

“One of the beauties of our business model is that, because we don’t start a home until it’s sold, we don’t end up with a bunch of inventory that, maybe due to some hiccup in the market, needs to be discounted and sold,” Kemp said.

FreddieMac reported earlier in September that the weekly average mortgage rate of 6.2% is the lowest it has been since February 2023.

However, the logjam in the housing market does not appear to be ending anytime soon regardless of where the interest rates stand.

Gardner said the relief for homebuyers means heightened interest for Marysville and Snohomish County. Home prices could further escalate in the coming months.

“We will pay more to live closer to where we have to work,” he said. “But if we only have to be in that workplace a couple of days a week, well, I’ll put up with a crappy commute from somewhere in Snohomish County or Pierce County, if I can afford to buy somewhere or buy bigger.”

After months of lethargy, sales activity is picking up again. Pending home sales across Washington rose 4.7%, year-over-year, in August, according to NWMLS.

In Snohomish County, pending sales were up 15.2%. Meanwhile, sales were down 1.3% in King County.

The demand seems to be outpacing the rate of new homes being built. As of August, Snohomish County had only 1.41 months of housing inventory – the lowest in the state. Four to six months of inventory is considered a healthy market.

“I have been working with a few homebuyers, and they’ve been looking for affordability,” Akins said. “That has been the most important thing for them.”

What can be considered affordable, though, is changing as developers vie for resources that are getting scarcer and new homebuyers alter the market dynamics.

Marysville needs to add 14,253 housing units to the market by 2044, as allocated by the county's growth plans. Of the total, 67% of the housing units are needed for households with income above Marysville's area median income, which currently is \$136,600, according to Fannie Mae.



A housing needs assessment the city conducted last year found that 37% of Marysville households could become socioeconomically vulnerability and risk displacement “should gentrification start occurring.”

“We have areas of this county that continue to grow. We have folks moving out of King County, moving farther and farther north,” Moulton said. “We need to create communities that can support that volume of folks coming through.”

Affordable housing providers in the county like Housing Hope, which also runs a homeownership program, are now up against national homebuilders and large-scale developers, she added. She worries lower-income households would get left behind if development moves at such a rapid pace to cater to the higher-income transplants.

But Moulton said she also understands that developers are running “a business that needs to still pencil out.”

“And quite honestly, if you’re a developer and you can do a single-family home that’s going to go for a million dollars,” she said. “That’s where your bacon’s at.”