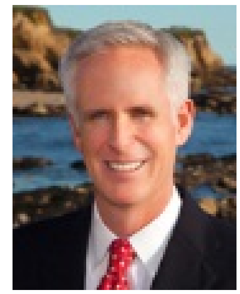
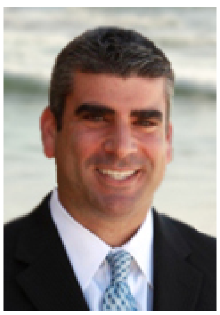
Exciting time for local builders, consultants tell MBA members



Although the recent market correction was unlike any prior ones, a strong, fundamental recovery is under way, marked by solid demand, booming apartment construction and the ingredients for "tremendous price appreciation," according to the keynote speaker at a meeting of builders.

John Burns, CEO of John Burns Real Estate Consulting (JBREC), told members of the Master Builders Association of King and Snohomish Counties that the recovery is being accelerated by the federal government and investors, but emphasized the importance of resolving "legacy issues."



Joined by Ken Perlman, senior VP at the firm, the duo cited data illustrating the surge in master plan sales, but pointed out there are no Seattle master planned communities in the top 50.

Despite his optimism, Burns, whose national real estate consulting career spans more than 20 years, said construction and new home sales "have a long way to go." Construction starts are 47 percent of the way back to normal (pegged at 1.5 million units), while new home sales are only 18 percent of the way back to the normal pace of 800,000 transactions.

Burns also discussed his firm's "Housing Cycle Risk Index™," which is based on 25 calculations in four major categories (demand, supply, affordability and the U.S. economy), and 11 subcategories.

- Demand is solid. The creation of 2 million jobs in the last year translates to the formation of 1.6 million households.
- New supply is low – only 925,000 permits. Multifamily permits are up 47 percent year-over-year, with single family rising only 29 percent.
- Demand strongly exceeds supply, with a 2.5 E/P ratio (employment growth to building permits). In Seattle, for the most recent period surveyed, 42,000 jobs have been added and 15,000 permits have been issued for a 2.8 E/P. Burns doubts 22,000 housing units will be added in response to a forecast for 30,000 new jobs per year.
- National affordability is "fantastic," according to Burns. (Affordability is measured by the percentage of buyers with median incomes being able to make mortgage payments for a median priced home.) "We monitor 105 metro areas in the U.S. on a monthly basis," he said, "and every market in the U.S. is good right now for first time buyers and 'move up' buyers." Most markets rated a "B" or better, with Seattle's fundamentals earning an "A" and "trending higher. He described Seattle as not as "underpaymented" as the rest of the country, but said it is still "very affordable." Based on his firm's Risk Index, he said 2016 is the best guess of when to reduce exposure.
- U.S. home values rose 5.5 percent over the last year, with Seattle's 8.8 percent gains outpacing that average.

The recovery is sped by the fed and investors, Burns noted, citing data from an analysis of 55 markets. Cash investors now account for 36 percent of sales in that aggregate – with nearly half (49 percent) of Las Vegas homes being sold without mortgage financing. In Seattle, it is estimated to be around 15 percent.

"This will be a payment driven recovery more than a price driven recovery" Burns declared, noting payments are 32 percent below norm, while prices are only 1 percent below norm. (The calculations are based on ratios of median housing cost and median housing price to income.) Seattle's price/income ratio is still 19 percent above normal.

To further illustrate the recovery, Burns turned to stock market data, a leading indicator. It shows all stocks related to housing are up more than 100 percent -- far more than the S&P 500.

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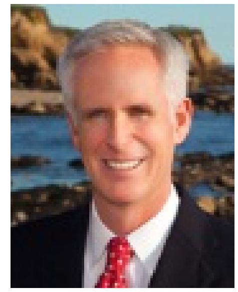

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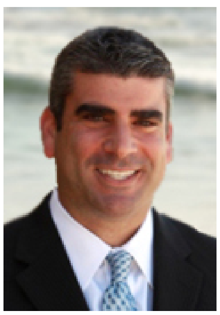

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To further illustrate the recovery, Burns turned to stock market data, a leading indicator. It shows all stocks related to housing are up more than 100 percent -- far more than the S&P 500.

The land market is pricing in a strong recovery too, Burns commented. "Good land is quickly approaching peak value – 72 percent of the peak in the Northwest." Land is back to 2005 levels, he noted.

Resolving what he called "legacy issues," such as the U.S. debt, delinquency rates and distressed sales will be important to the recovery.

Mounting U.S. debt continues to be the No. 1 concern. It will result in slow economic growth and volatility. Eight hundred years of financial history shows 90 percent or more of debt-to-GDP ratios result in recession and inflation, Burns remarked.

Delinquency rates fell to 11.5 percent in 3Q 2012. That's 5.8 percent more than normal, Burns noted.

Many markets are seeing boomerang buyers—those who went through recent foreclosures are shopping for homes again. An estimated 3.3 million buyers in this category are poised to return to homeownership.

Nationwide, distressed sales are declining while non-distressed are expected to jump 62 percent. He expects the move-up market to be the laggard.

Turning to a regional overview, JBREC reported California and the Southwest are currently the best housing markets in the U.S. Home values are up strongly, which bodes well for both private builders who need equity partners and public builders. The latter group is allocating capital to Arizona, California, Colorado and Washington.

Supply of resale inventory is squeezed. In the Northwest, there is about 4.8 months of supply, but it is down to 3.4 months in Portland and 1.8 months in Seattle. Rents are rising in most markets around the country, with Seattle being one of the exceptions. Thanks to new supply, rates here are flat.

The gap between owning versus renting is closing. Typically, owning costs $532 per month more in Seattle, but now it is only about $200 more, according to an analysis by Burns' firm.

Burns said the cycle is likely to play out in six steps:

1. Investors buy homes below replacement cost;
2. Renters buy homes to save on monthly housing costs;
3. "Entry buyer urgency" occurs as pent-up demand, including boomerang buyers, unleashes (with a fury" as prices and mortgage rates rise;
4. Speculative investors balloon in numbers, initially with cash, then with debt financing.
5. Move up buyers increase as financing on existing home equity rises; and
6. Sales decline as mortgage rates rise sharply, pricing out first-time buyers and encouraging potential move-up buyers to stay put due to their low fixed rate loans.

"If we are right about modest job growth and continued low rates, home prices in Seattle should rise about 9 percent per year," Burns told the audience.

Continuing the discussion, Ken Perlman, the senior VP at JBREC, said now is "an exciting time to be building in Seattle." He compared metro markets in Seattle (where activity is pushing into Snohomish County) and Tacoma ("which is stronger than you might think").

Indicator	Seattle metro	Tacoma metro
Current job growth	2.9%	2.8%
Current E/P ratio	2.8%	3.0%
Current SF permits	6,082	2,010
2017 SF permits (projected)	9,000	3,460
Current BHVI growth	7.7%	.8%
Current to 2017 projected cumulative BHVI growth	29.2%	31.9%

Among market observations Perlman noted were solid traffic, strong prices and rising activity by public builders. Solid traffic is resulting in increased sales and declining incentives. In some instances, lot prices have doubled in the past 12 months, with raw land prices tripling. During the fourth quarter of 2012, public builders purchased half the lots in the Seattle area. In January 2013, the area had 74 public builder communities, up from 13 just two years ago.

"Watch out for rising prices," Perlman cautioned. He expects construction costs to rise and be passed on to consumers. He also believes land purchases will require considerable expertise and analysis; in secondary locations, varying degrees of patience will be necessary.

About John Burns Real Estate Consulting

John Burns Real Estate Consulting is an independent research provider and consulting firm focused on the housing industry. Based in Irvine, Calif., the firm provides analytical and other services for builders/developers, banks/lenders, investors, and building product manufacturers.

About the Master Builders

Founded in 1909, the Master Builders Association is a trade association comprised of nearly 3,000 companies involved in the residential and light commercial construction industry. It is the nation's oldest and largest local home building association affiliated with the National Association of Home Builders.

Prices "spiking" as home buyers compete for scarce inventory

KIRKLAND, Wash. (April 4, 2013) –Brokers added 9,332 new listings to the Northwest Multiple Listing Service database during March, but pending sales topped that number to further crimp inventory and trigger competitive bidding among buyers who are flocking to open houses.

"All price ranges are feeling a lift," reported Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma. Northwest MLS director John Deely echoed that comment: "We are seeing many homes in Seattle meet and exceed pre-bubble price levels," stated Deely, the principal managing broker at Coldwell Banker Bain in Seattle.

"The recovery continues on a slow and steady pace in most areas and surging hard in others," concluded Darin Stenvers, vice chair of the MLS board.

Northwest MLS figures show year-over-year prices jumped 14.9 percent for the 21 counties in its service area. The median price for last month's closed sales of single family homes and condominiums (combined) was $258,500, rising from $225,000 for the same month a year ago. Twelve counties reported double-digit gains, led by Ferry (up 70.9 percent), San Juan (up 47.3 percent), and Island (up 36.1 percent).

Prices for single family homes increased 14.3 percent, while the median sales price for condos, which accounted for about 12 percent of sales, surged 19.6 percent. Two-thirds of last month's condo sales were in King County; prices there leaped 28.6 percent, increasing from $175,000 to $225,000. The price of a single family home that sold in King County jumped from $330,000 to $392,000 (up 18.8 percent).

Brokers reported 5,745 closed sales last month for a 13.9 percent increase from the previous year when they tallied 5,044 completed transactions.

"The market continues to be incredibly competitive with at least one in four buyers paying cash," noted MLS director OB Jacobi. "For those not paying cash, the average down payment is between 20 percent and 50 percent," he added.

Jacobi, the president of Windermere Real Estate Company in Seattle also reported the vast majority of home sales right now have multiple offers, and "it's no longer restricted to the urban markets -- the outlying areas are now experiencing the same thing."

Brokers say even distressed sellers are receiving multiple offers for their homes.

"As one of my brokers told me, when you have 12 offers on a short sale, it pushes the price of the home up to market value. This is clearly reflected in the appreciation we continue to see in prices across the board," Jacobi stated.

Stenvers, the branch manager at John L. Scott's Bellingham office, also noted the impact of distressed homes (including bank-owned and short sales) on the market. "They are not going away, but have slowly leveled off, leaving room for a sustainable return to the 'normal' market volume of 2001-2004," he reported. "This should help the market to continue its recovery, but appraisals will remain a looming concern for buyers until comparable sales can close," he added.

Inventory is depleted area-wide, with only 18,500 active listings in the MLS system at month end. That total is down by almost 6,400 listings year-over-year for a 25.7 percent drop. Counties with the largest declines include Clark (down 46 percent), Snohomish (down 43.8 percent) and King (down 42.4 percent).

System-wide, there is less than a two-month supply of homes, with the tightest selection in Snohomish (0.93 months), King (1.03 months), Clark (1.81 months) and Pierce (1.68 months) counties. In general, analysts consider four-to-six months of supply to be normal.

The upward spike in prices is largely the result of limited supply. "Whenever we get down to a severe shortage of homes for sale, we get double-digit home price appreciation," observed J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

Demand continues to outpace supply, creating high absorption rates, Deely stated, adding "Open houses are drawing large crowds." For example, he reported several open houses from the past weekend experienced traffic exceeding 50 people per day.

"Fortunately, Kitsap is the eddy to Seattle's fast-current market," said Frank Wilson, Kitsap district manager for John L. Scott Real Estate and a member of the Northwest MLS board of directors. "Our homes are still selling nicely with a medium amount of multi offer activity and a 'normal market' spring ramp-up," he added, with a note of caution about rapid price jumps and low appraisals.

"Price appreciation is a two-edged sword. Too much, too fast will land us where we were a few years ago. Slow and steady appreciation is what we are seeing now and hopefully in the future. This will allow the average income earner in Kitsap to still be able to qualify for a home," Wilson stated. He also noted "significant investments" being made in that county by businesses such as Harrison Hospital and Safeway. "Investments like these are not made unless the businesses are bullish on the future growth of Kitsap County."

The South Sound market is responding to trends elsewhere, according to Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma. "Buyers are everywhere and sellers are strategizing when, how and at what price to come on the market," he commented, but said both parties sometimes have unrealistic expectations. In addition, he said "multiple offers create additional issues for brokers, buyers, appraisers, and lenders."

"Many buyers are still clinging to the idea that they have the upper hand in the real estate market. Well they do and they don't," Beeson remarked. Buyers have the upper hand when sellers want to list for "absurd prices and refuse to repair serious flaws in their properties," he explained.

Thinking that banks and short sale sellers and their corresponding underlying lenders are easy pickings and will accept any price is also flawed, according to Beeson, whose analysis shows about one-fourth of inventory is still made up of distressed properties. "With banks experiencing considerable pressure from Congress and the public not to foreclose, more short sales and fewer foreclosures are anticipated,) he suggested. Rising prices “could take some properties past the short sale price at which they started. That's good for all of us,” he added.

"With sales trending upward and listing activity trending downward, it's no surprise inventory seems to be hitting new lows,” said Mike Grady, president and COO of Coldwell Banker Bain. “Homeowners and investors appear to be holding out for property values to increase," he added.

Pending sales are mirroring the shifts in market conditions. Volume area-wide was up only 3.9 percent from a year ago, rising from 9,126 mutually accepted offers to 9,482.

Five counties – Ferry, Grays Harbor, Island, King, and Snohomish -- reported fewer pending sales than a year ago, likely a consequence of the limited selection.

“The old supply and demand equation is fully in play,” observed Stenvers. Citing data from the chief economist for Stewart Title, Stenvers said the pressure on rental markets will continue to drive buyers back into home ownership for the next 15-24 months, magnifying inventory shortages. He said the northern regions of the state (encompassing Whatcom, Skagit, San Juan and Island counties) are experiencing declining inventory and rising sales consistent with a recovery.

Stenvers also noted most economists agree it’s not a matter of if interest rates will go up, but only a question of which quarter of 2013 the rise will occur. “If inventory stays low and interest rates climb, buyers may feel they missed out on the bargain they are looking for and sales my slow again by the end of the year,” he surmised. Nevertheless, he pointed out with home sales expected to return to 2003-2004 (pre-bubble) levels, and median prices not yet reaching those same levels, “homeownership is still very attractive and remains a solid investment.”

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership includes more than 21,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 21 counties in Washington state.

Summaries on next page.

Statistical Summary by Counties: Market Activity Summary – **March 2013**

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			MONTHS SUPPLY
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	
King	3,426	3,860	3,740	2,376	$433,236	$349,950	1.03
Snohomish	1,281	1,470	1,576	932	$284,906	$269,950	0.93
Pierce	1,411	2,766	1,649	936	$217,115	$200,000	1.68
Kitsap	507	1,287	435	246	$284,007	$230,550	2.96
Mason	159	629	96	64	$159,469	$132,500	6.55
Skagit	257	723	207	118	$260,255	$216,000	3.49
Grays Harbor	169	717	97	48	$120,407	$117,700	7.39
Lewis	143	559	107	56	$144,299	$129,500	5.22
Cowlitz	126	390	131	92	$164,604	$140,625	2.98
Grant	116	451	88	44	$166,760	$154,250	5.13
Thurston	447	1,056	450	264	$222,881	$216,500	2.35
San Juan	66	309	28	15	$505,817	$415,000	11.04
Island	219	663	129	80	$293,890	$299,475	5.14
Kittitas	94	345	70	43	$309,881	$245,000	4.93
Jefferson	81	353	49	40	$294,483	$261,500	7.2
Okanogan	49	344	29	17	$179,341	$149,500	11.86
Whatcom	438	1,225	330	187	$257,322	$238,000	3.71
Clark	59	136	75	63	$256,725	$230,000	1.81
Pacific	71	337	41	25	$156,186	$110,000	8.22
Ferry	6	72	2	2	$114,950	$114,950	36
Clallam	89	323	72	39	$197,376	$170,000	4.49
Others	118	485	81	58	$210,846	$154,000	5.99
MLS TOTAL	**9,332**	**18,500**	**9,482**	**5,745**	**$322,313**	**$258,500**	**1.95**

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
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
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									

Northwest MLS Updates Presented During March Member Meetings

Strategic planning, a new website, systems enhancements, new and revised rules and regulations and a legislative update were on the agenda for March member meetings presented by Northwest MLS senior staff.

Tom Hurdelbrink, president and CEO of the MLS, reported about one third of the membership has downloaded the Matrix mobile app, and said about 25 percent of access to Matrix is now via mobile.

As part of the association's strategic plan, leadership analyzed the dues structure, resulting in adjustments for subscribers and members starting in May. Regionalization continues to be a focus, with an emphasis on outreach and collaboration. A third aspect of the strategic plan is ongoing research on enhancements to products and services, including document storage service, listing syndication, and an MLS property search website for consumers.

Hurdelbrink also outlined plans for the annual member survey and enhancements to the website.

The Northwest MLS Discover website, which incorporates more than 3,000 pages, is being redesigned to reorganize the most trafficked features and to streamline navigation and joining options for three types of industry professionals. It is expected to be live in mid-May. .

Bob Gent, director of business development and member relations for Northwest MLS, summarized recent updates to the MLS system, calling the Matrix upgrade "the smoothest we've had in years." Among features he highlighted were uploading custom CMA pages, a CMA map page, and improved client activity tracking in the portal.

Gent also previewed a feature-rich auto e-mail mode, developed in response to member requests (topping all other wishes). It has been the subject of extensive training. Among features, it enables subscribers to choose the timing for their clients' notification emails.

Other upgrades include:

- the availability of Realist map layers in Matrix (e.g., parcel maps, flood maps, and school districts);
- no limit on results for map searches;
- listings notes in the portal, with both clients and brokers having the ability to add notes to listings;
- single line display customization with the ability to resize and reorder columns

Efforts are under way to achieve full compatibility across devices by fall. With the industry's rapid migration to mobile, Gent said considerable energy is being invested to achieve integration.

Attorney Justin Haag briefed members on current challenges related to market conditions, especially as they pertain to tight inventory. Pocket listings, pre-marketing and in-house transactions are a source of concern. Other challenges are sellers' delays in responding to offers and concurrent showings.

Haag also noted items expected to be on the agenda for an upcoming meeting of the Rules Committee and summarized 2012 statistics for infractions, notices of violations and errors (or suspected errors) reported by agents. He said 55 percent of member-reported errors and concerns were not violations.

The final agenda item was a legislative update. Haag highlighted updates to Agency Law, clarifications on real estate brokers' status as independent contractors, and a proposed measure that would require information on home energy efficiency to be included in residential home inspection reports.

Industry Pros Expect Big Gains in Volume and Values

More than 80 percent of real estate professionals expect real estate values and the number of transactions will increase in 2013 compared to last year, according to a nationwide survey. Respondents also believe no single market will see a decline in valuations.

That optimism is a sharp increase from 2012, when one-third of real estate markets were forecasted to see drops in valuation.

The survey of 2,400 members of ActiveRain, the industry's largest social media network, revealed a 28 percent year-over-year increase in market confidence.

2012 vs 2013 Real Estate Confidence*	2012	2013	Increase
Real estate values	3.0	3.9	28%
Real estate transactions	3.6	4.0	11%
New constructions starts	3.2	3.9	21%
Local economy	3.4	3.8	12%

(Scale of 1-5 where 1 represents a significant decline, 3 represents it to stay flat, and 5 represents a significant increase.

"The differences in how real estate professionals are seeing the market in the past 12 months is significant," said Nikesh Parekh, CEO of ActiveRain. "Confidence in the real estate market has increased by 28 percent, and a rebound in both housing and construction this year is a great sign for the economy."

A similar survey in early 2012 correctly predicted the bottom of the US real estate market, as the National Association of REALTORS (NAR) showed a 9 percent jump in existing-home sales over the previous year.

Survey respondents were also asked to identify which markets they thought would lead the rebound. Eight of the top 10 markets are in mid-America, with Austin expected to experience the most growth:

2013 Best Real Estate Markets
1. Austin
2. Ft. Myers - Naples
3. Kansas City
4. Salt Lake City
5. Houston
6. Portland, OR
7. Dallas-Fort Worth
8. Nashville
9. Detroit
10. San Antonio

Market Leader (NASDAQ: LEDR), a leader in online marketing and technology solutions for real estate professionals and the owner of ActiveRain, conducted the survey. ActiveRain has more than 330,000 members.

A full breakdown of the survey and its findings, as well as an infographic highlighting the key results, can be found at http://www.realestate.com/advice/real-estate-market-is-back/.

Governmental Affairs Reporter

Please see 12-page PDF (1.546KB)

Brokerage Design

How Can You Even The Score? Digitize Your Brokerage's Message and Style

By Jeremy Conaway

One of the real joys of being engaged with the real estate industry, at this particular moment in its history, is the opportunity to understand the course of the industry's current migration while, at the same time, being able to identify the behaviors and adaptations that will allow certain of its present brokers and practitioners to utilize the energies generated by the current transitions to move their businesses and careers to the next levels. Frequently this effort involves discovering other industries that have previously encountered, or are currently encountering, similar challenges and then studying how their stars and best players topped their challenge.

Dr. Steven Rothstein is one of those interesting people that life allows you to meet from time to time. Steven's life is all about music composition. He holds a Ph.D. in music composition from UCLA, an academic and teaching relationship he continues to this day even as his career expands into the world of video music composition, recording and production. During a recent series of interviews and interactions (including my first visit to a vegetarian restaurant) in New York City, Steven introduced me to the digital recording world and helped me understand the mechanics of both its transition and its new reality.

The parallels of many, if not most, industries today are noteworthy. The process begins when either or both global investors and digital technology vendors discover industries and professions that have (1) traditionally relied heavily upon analog or manual (A.K.A. human) processes, like medicine, music and real estate, and (2) where experts deem an excessive amount of revenues and opportunities generated by those industries accrue to the sole benefit of the industry's practitioners rather than being shared on an equitable basis with that industry's owners or investors.

The invasive procedures utilized by these players are quite predictable. Automation through technology is generally the first step. Research into the traditional internal practices of such an industry frequently discloses significant levels of inefficiency and waste. Which is to say that, in all too many cases, revenues that might well drive appropriate returns on investment are actually being expended to no one's benefit because organized practitioners refuse to modify traditional practices.

In the case of the music recording industry, this process traces its origins to the period of 2002 – 2005. Since that time this industry has been radically transformed by the introduction of composing software such as Sibelius, which claims to be "the leading music composition and notation software". Such transformation also leans heavily upon the existence of previous resources; in the music industry's case MP3 based technologies and the overall enhancement of the Internet itself. Sibelius software allows composers to both input their composition and perfectly play back the specific notes using the sound of selected instruments *without human performance*. This has had, and continues to have, a profound impact upon that industry's products and profits.

While the availability of digital composition technologies have had a major impact upon the levels of creativity and innovation that are being seen in the music industry, an even greater impact has been experienced with respect to long standing music recording studios. In fact, over the past year several long-standing and even famous recording studios have announced that they are shutting down, leaving literally thousands of musicians, directors and associated professionals out of work with little or no hope for the future of their performing professions.

A secondary impact of this process has been what contemporary economists refer to as vertical disintegration. In plain English this means that the introduction of enhanced technologies into the music recording industry has paved the way for a shift of power into the hands of third party investors. Many experts argue that this shift has been to the disadvantage of both the industry and the consumer.

At the same time other experts argue that these same technologies also contribute to the democratization of the industries and professions that they touch. In the case of music, the Sibelius software is widely available and is very affordable, thus allowing composers like Steven Rothstein to expand their capabilities, competencies and potential for professional and economic success. Perhaps poetically this opportunity is not available for those practitioners who argue that they have some manner of constitutional right to engage in traditional practices.

The relevance of these factors to the real estate industry is absolute. There is more than adequate evidence to establish the fact that both the global investor and the technology have discovered the real estate industry and are moving quickly to create a power base. There is also evidence to support the fact that a significant segment of current practitioners, especially those from the boomer generation, are refusing to transition to processes, technologies and procedures that might effect a more equitable distribution of revenues. These factors would suggest to some that the die has been cast.

But, wait! The music recording industry is prepared to offer yet another superb example of what talented, creative and innovative individuals can do to meet the challenges of the investor/technology impact.

Enter the Piano Guys. First of all, find their youtube.com channel at http://www.youtube.com/user/ThePianoGuys. Spend a few moments validating the effectiveness of their music and their solution (it is, after all, remarkable).

Here is a group of five musicians that have been together less than three years, had little or no personal or investor funding, have completely avoided traditional entanglements, yet have used the very processes that threatened to frustrate and even defeat their professional dreams in a manner that has rocketed them to the heights of success and, seemingly, financial security.

When all is said and done, what the Piano Guys have done is ridiculously simple. They merely identified what made them vulnerable (in this case digital composition) and turned it to their benefit by (1) adding a video component and (2) surrounding the entire package with an amazing level of creativity, high definition, innovation and, perhaps most important of all, joy.

The lessons presented by the Piano Guy's story have an absolute reference to the real estate industry. There is no reason for today's brokerages and/or agents to be defeated by global investors, technology vendors or even "Big Data." Individual and team creativity and innovation have always outperformed third party packaging and power. That is one of the things that make capitalism great.

Learn how and why you are vulnerable. Discover what makes you or your business special. Take that unique quality to the next level. Play it out on a mountaintop, a beach or on the rim of a canyon. Find your rhythm, capture your pace and play out your destiny. This is the greatest time to be in the real estate market in the past thirty years. You can do this.

Off-beat gauge validates rebounding economy

The economy is definitely doing better, declared Stephen H. Dunphy in a column for Crosscut. Rather than base his conclusion on typical metrics, such as tallies of consumer confidence, stock market numbers or stimulus by the Federal Reserve, he used rentals of portable toilets.

Dunphy, the former business editor at The Seattle Times, dubbed his indicator the “Honey Bucket Index.” Figures from Northwest Cascade, Inc.’s Honey Buckets division show rentals of portable toilets peaked in 2008, and declined dramatically in 2010 and 2011. The company reported a 12 percent year-over-year increase in 2012, boosted in part by new construction in Seattle, where nearly four dozen cranes dot the skyline.

Portable toilets are a good indicator of the health of the building and construction industry, an official from Honey Buckets stated. Such rentals have been good at predicting the health of the overall economy, with some timing adjustment.

In his report for Crosscut, Dunphy concluded Honey Buckets demonstrate that you “really don’t have to be an economist to understand what is going on in the economy. All you have to do is look around and be aware of changes.”

Dunphy also noted an uptick in queries from real estate brokers expressing an interest in his Eastlake neighborhood property. Letters stating they had a “qualifed buyer ready to pay cash” arrived frequently before the Great Recession, but stopped post-bubble. They’ve now resumed, prompting Dunphy to conclude that’s a sure sign the real estate market has returned.

The news isn’t all rosy, Dunphy cautioned, citing figures from the state Employment Security Department. Those figures indicate a shrinking labor force as unemployed job seekers stop looking for work and a weak response to Decemberr’s employer survey.

About Crosscut

Crosscut Public Media, founded in 2007, is a 501©3 nonprofit news organizaton. Its mission is to “reveal and strengthen the civic and cultureal life of Seattle and the Pacific Northwest, primarily through a n online daily news magazine.

News In Brief ~ May 2013

- **The state government has picked four dozen projects that will be getting grants totaling $18 million.** The grants announced by Gov. Jay Inslee will help pay for reducing energy costs at 12 colleges or universities and 37 local governments. The governor estimates the grants will generate more than 500 new construction related jobs. The projects include upgrading lightening, installing water-saving plumbing and purchasing new heating systems.
- **Twelve Washington public schools are being honored for winning national awards.** The schools are all high-poverty schools that are being honored for their student's academic achievements and for their efforts to close learning gaps between white students and those from other ethnic groups. Each of the schools wins a cash award to use for teacher training, team-building or planning. The honored schools include: Columbia Ridge Elementary in Ephrata, Lake Forest Park Elementary in Shoreline, Burley-Glenwood Elementary in South Kitsap, Madison Elementary in Olympia, Neah Bay Elementary in Cape Flattery, Columbia Crest Elementary in Eatonville, East Olympia Elementary in Tumwater, Oakesdale Elementary in Oakesdale, Pe Ell School in Pe Ell, Selkirk Elementary in Selkirk, Skykomish School in Skykomish, and Blakely Elementary on Bainbridge Island.

- **Homeowners who once lost their home to foreclosure have returned to the market, eager to buy once again, according to Tom Kelly.** These "boomerang buyers" could make up a large number of the future housing market, considering their numbers. Since the housing crash, 4.8 million borrowers have lost their home to foreclosure and 2.2 million did a short sale, according to RealtyTrac data. As these borrowers get their finances in shape, repair their credit scores, and save up for a down payment, they'll be looking to buy again, but their struggle will be over when they'll be eligible to buy again. Fannie Mae and Freddie Mac require those who once defaulted on their mortgages to wait five years and have a minimum of a 680 credit score and a 10 percent down payment. If they don't have all that, they'll have to wait seven years to qualify again. By seven years, a foreclosure is removed from a person's credit report. But if a defaulter can show the foreclosure was due to a hardship - like losing a job or illness - the wait may be reduced to two or three years.
- **Tom Kelly reported that Federal Reserve research shows that steady home appreciation and surging stocks have finally allowed Americans to recover the $16 trillion in wealth they lost during the Great Recession.** The gains are helping to bolster the U.S. economy and could lead to additional spending and growth. Most of the recovered wealth has come from higher stock prices that have been flowing mainly to wealthier Americans. By comparison, the middle class derives the bulk of its wealth in the form of home equity, which has risen much less. According to the Fed, household wealth totaled $66.1 trillion as of December 31 - 98 percent of the pre-recession peak. Further increases in stock and home prices this year mean that Americans' net worth has since topped the pre-recession peak of $67.4 trillion, private economists report.
- **Redfin, the technology-powered real estate broker, today announced a list of the nation's fastest real estate markets, as defined by having the most homes going under contract in 24 hours or less. Redfin has coined the term "Real Estate Flash Sales" to describe this new phenomenon in the real estate market.**

  Following are the 15 real estate markets across the U.S. with the most flash sales recorded in the last five months:

Rank	City	# Flash Sales
1	Phoenix, AZ	540
2	Chicago, IL	261
3	Houston, TX	188
4	Dallas, TX	184
5	Austin, TX	163
6	San Diego, CA	135
7	Los Angeles, CA	132
8	Sacramento, CA	128
9	Denver, CO	115
10	Portland, OR	115
11	Las Vegas, NV	100
12	Baltimore, MD	97
13	Washington, DC	87
14	Seattle, WA	87
15	San Jose, CA	74

The ranking is based on data collected from the local Multiple Listing Services (MLS), public records and information collected from Redfin real estate agents about all homes listed for sale across 21 U.S. markets from October 1, 2012 through February 26, 2013.

Calendar of Events

Through May 7, 2013

Dates	Event	Clock Hours	Time	Location	Contact
SEATTLE-*King County* REALTORS®					
4/12/13	WR Caucus Meeting		12:30 p.m.-2:30 p.m.	SKCR	425-974-1011
4/16/13	Affiliate Council		9am-10am	SKCR	425-974-1011
4/17-19/13	WR Spring Conference			Red Lion Olympia	360-943-3100
4/20-21/13	Nationwide Open House				425-974-1011
4/25/13	Membership Committee		10 a.m.-11:30 a.m.	SKCR	425-974-1011
5/7/13	Housing Issues Briefing		11:30 a.m.-1:30 p.m.	Bellevue Westin	425-974-1013
For updates visit: www.nwrealtor.com and click "events"					
SNOHOMISH COUNTY-CAMANO ASSOCIATION OF REALTORS®					
For updates visit: www.sccar.com and click "events"					