Edible backyards yielding sales for developers

Subdivisions may conjure up thoughts of strip malls, sprawl and snarled traffic. Now, think edible backyards.

Developers around the country are luring buyers with amenities centered on concepts known as “development-supported agriculture,” (DSA), “conservation communities,” or “agriburbia®”. As founders of the latter term are fond of explaining, “Home is where the farm is.”

Instead strip malls, these ag-oriented developments are appealing to buyers with promises of sustainability, self-sufficiency, and farm-to-table products. Landscapes are edible, with community gardens, orchards and livestock among the common elements in the package.

DSAs are akin to the Community Supported Agriculture (CSA) movement, but have more ambitious goals. CSAs strive to forge business relationships between consumers and farmers. DSAs focus on establishing sustainable models of land use with an urban-rural interface that preserves farming cultures, agricultural land, and community-based food security. DSAs also try to cultivate new generations of farmers through farm incubator programs.

An executive with the Urban Land Institute estimates more than 200 developments with an agricultural twist currently exist around the U.S. Among pioneers of the movement are Matthew “Quint” Redmond and his wife, Jenny. They coined the term “agriburbia” in 2006.

Agriburbia® is an innovative and growing design movement that integrates aspects of agrarianism with land development. Its founders say the concept incorporates characteristics of New Urbanism, modernism and historic preservation, and other environmentally sustainable principles of real estate development.

Moreover, proponents of agriburbia and other development-supported agriculture believe such projects return both social and economic benefits. Setting aside plots for agriculture uses is not just the right thing to do, Redmond suggests. “It's profitable.” He predicts homeowners and developers will realize that food-production revenue never declines, unlike traditional development models where revenue stops flowing once all the homes are sold.

Six policies and principles are promoted as part of Agriburbia (*see box*).

Quint Redmond, who holds degrees in geology, urban and regional planning, and landscape architecture, is also co-founder of TSR Group, a design firm in Golden, Colo. He envisions a future where the nation's 31 million acres of lawn are converted to food production. In his world, golf course greens are redefined with herbs and sand traps become "kale traps." He imagines “retirement homes engulfed by farms and office buildings where workers escape cubicles on farming breaks.”

One of his firm’s projects is Platte River Village, a 640-acre parcel annexed in the Town of Milliken, near Denver, Colorado. The mixed use development includes 980 living spaces surrounded by more than a hundred drip-irrigated backyard farms.

Living spaces at Plattte River Village range from multi-family townhomes to horse lots. Amenities include 24 acres of mixed-use neighborhood commercial, a fire station, and set-asides for future needs, including a community park with playing fields. The farms are expected to feed local residents and supply restaurants. Income from these sources will help pay for community upkeep.

Another development, also in Colorado, will support 1,000 households. Called Bucking Horse, it encompasses 240 acres encircling an historic barn, farmhouse, shed, saddle shop and chicken coop. When rehabbed and re-purposed, these structures will be known as Jessup Farm Artisan Village, where a farm-to-fork restaurant, wine maker, coffee roaster and yoga studio will be housed.

When built out, Bucking Horse will include single family homes, townhouses, condos and apartments, along with a 3.6 acre CSA (community-supported agriculture) farm, farmers market and educational center where homeowners can take classes on canning and other subjects.

Developers expect to hire a farmer for the food-centric community. A subsidy from the homeowners' association will likely support a small livestock operation.

Developers of ag-oriented projects are encountering some obstacles, with restrictive zoning codes being a potential impediment. In some municipalities, rules require separation between residential and agricultural land uses. Some planners are revisiting such regulations to ease restrictions so uses can be combined.

Bucking Horse's developer says new single-family lots "were snatched up within days of going on the market." Values are rising. Prices on existing homes have jumped 25 percent since construction of the agricultural amenities began, and new lots are fetching 20-to-25 percent more than lots at nearby neighborhoods.

Ed McMahon, a senior resident fellow with the Urban Land Institute, agrees such land uses can yield financial rewards. "Ample evidence exists that shows homebuyers will pay premium prices to live next to nature, green space, and even certain types of agriculture," he wrote in a 2010 report for Urban Land magazine.

In the same report, McMahon cited research by Jeffrey Milder of Cornell University and Brad Gentry of Yale University. Upon analyzing thousands of conservation communities, they found such projects not only preserve open space, but "also advance other community needs, such as affordable housing, outdoor recreation, local food production, and opportunities for environmental education."

If the capacity crowd at a recent ULI meeting is any indication, food is becoming an increasingly important amenity for developers. At one session, panelists offered compelling examples of how "the food revolution" functions as a real estate amenity, a community builder and a project differentiator.

Panelist Brent Herrington of DMB Associates (a diversified real estate company based in Arizona) and president of Kukuiula Development Company, discussed the role of agriculture in some of DMB's projects. With 1,000 acres, Kukui'ula, on the island of Kauai in Hawaii, boasts many typical resort amenities, including a golf course, a high-end clubhouse and spa, and trails. One distinguishing feature is its 10-acre community farm (with a small staff) situated next to a 22-acre lake.

Garden plots are also available to community members who wish to garden, and members may volunteer at the upcountry farm where myriad fruits and vegetables are grown. Residents are welcome to gather produce for their own consumption (subject, of course, to "farm etiquette").

Marketers promote the farm and garden amenities at Kukui'ula as "a unique opportunity to grow skills, taste great food at its freshest, and cultivate an appreciation for the simple pleasures of sowing, growing and harvesting." While the array of produce is impressive, developers say what's even more impressive is the big impact on marketing this relatively low-cost amenity (roughly $1 million), has had on sales, especially when compared to high-cost amenities like the golf course, clubhouse, and spa (roughly $100 million).

McMahon, author of a ULI book titled *Conservation Communities: Creating Value with Nature,*

Open Space, and Agriculture, believes "For as long as people have lived in cities, many have dreamed of returning to the land." No matter what form a conservation community takes – whether forests, farms, ranchland or other – McMahon says "Conservation communities prove that developers can focus on nature and still make a profit."

Agriburbia Principles

- Agricultural Production: No loss of agricultural value or revenue ("Green Fields" development), or production of dietary requirements of the project or equivalent cash from sales crops, or combination thereof.
- Locally Grown Food: Production of a significant portion (30 to 50%) of dietary requirements grown within or in the immediate surrounding area of the community
- Conserves and Promotes Natural Resources: Appropriate and efficient use of natural resources to provide housing, transportation, recreation and fresh food through creative, harmonious land planning and landscape architecture for the community. This includes use of alternative energy sources as well as land and water.
- Self Sufficiency: Provide a commercially viable opportunity for enhanced self- sufficiency for community residents, tenants, and guests.
- Sustainable Energy Practices: Integrate solar and geothermal technology to provide sustainable energy sources for the community.
- Financing: Incorporate established entities (Metropolitan Districts, HOAs) to finance both traditional infrastructure (streets, water, sewer) and environmentally friendly agricultural infrastructure (drip irrigation).

Photos courtesy Kukuiula.

“Stage is set for another good year” in real estate with year-end gains in inventory, sales, prices

NWMLS, KIRKLAND, WA, January 6, 2014 – Brokers with Northwest Multiple Listing Service ended 2013 with the best year-over-year improvement in inventory (up 8.4 percent) and a similar gain in closed sales to buoy confidence heading into the new year. December’s pending sales slipped slightly (down about 1.7 percent) compared to the same month a year ago.

“Positive job growth and the continuation of favorable low interest rates are setting the stage for another good year in real estate,” said J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

Friday’s narrow approval of Boeing’s contract proposal for Machinists union members bodes well for members of Northwest Multiple Listing Service and the real estate industry.

Reacting to the vote, MLS board member John Deely said, “The robust and diverse economy of the Pacific Northwest is solidified by Boeing’s continued presence in the Seattle area.” Deely, the principal managing broker at Coldwell Banker Bain in Seattle, said the vote helps secure the region’s position as “the aerospace epicenter of the world with top-notch manufacturing jobs that support the industry.”

Boeing workers and others hoping to buy a home have a bigger selection of homes to consider than house-hunters who were looking twelve months ago – especially in Snohomish County, where the number of active listings is up 43.6 percent.

Northwest MLS members added 4,333 new listings during December, improving on the same period a year ago by 476 listings for a gain of 12.3 percent.

At month end, there were 19,214 active listings in the MLS database, improving on the year-ago supply by 1,496 listings for a gain of 8.4 percent. In Snohomish County, which had the largest jump in supply (43.6 percent), the selection of condos nearly doubled from a year ago, increasing from 172 to 342 listings.

Pending sales activity during December was mixed around the 21 counties in the MLS service area, with 11 counties showing increases in mutually accepted offers and the other 10 having fewer pending sales than the same month a year ago.

An imbalance between supply and demand could be crimping sales in some areas.

“As we head into 2014, we will be starting the year with a shortage or low inventory in the price ranges where approximately 90 percent of sales activity is taking place,” stated Scott.

Four counties in the Puget Sound region (King, Snohomish, Pierce and Kitsap) all had year-over-year drops in pending sales. In three of those counties – King, Snohomish and Pierce – there is less than four months of supply, which is below the threshold of 4-to-6 months that many analysts say indicates a balanced market. King County only has about two months of supply.

Brokers notched 5,710 closed sales last month, improving on the previous year by 443 transactions for a gain of 8.4 percent. During 2013, Northwest MLS members tallied 75,517 closed sales system-wide. That total outgains the previous year’s volume of 64,624 closings for an increase of nearly 16.9 percent.

The median price on last month’s sales of single family homes and condominiums was $275,000, up more than 7.8 percent from a year ago when the median price was $255,000. In King County, prices jumped 9.9 percent, rising from $342,000 to $375,900. Prices in Snohomish County climbed 13.7 percent.

Of last month’s closed sales, about 86 percent were single family homes. Those homes had a median selling price of $285,000, about 7.6 percent higher than the year-ago figure of $265,000. In King County, the median sales price was $419,825, up nearly 10.5 percent from a year ago when the median selling price was $380,046.

Condo prices surged 18.6 percent from twelve months ago. Area-wide, condos commanded a selling price of $209,900, up from the year-ago figure of $177,000. In King County, where nearly two-thirds of last month's condo sales were located, the price soared 21.4 percent, rising from $206,000 to $250,000.

Commenting on the housing recovery, Deely said improvements in the luxury segment (defined as properties priced at $1 million or more) were noteworthy. A comparison of 2012 and 2013 shows brokers reported nearly 500 more high-end sales last year to outperform the previous year by nearly 40 percent.

"The luxury market will continue to see an increase in sales activity and home values in 2014," Deely proclaimed. "This market will be driven by pent up demand and by the owners of trophy properties who are confident that values have returned to acceptable levels," he added.

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.

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

Single Fam. Homes + Condos	**LISTINGS**		**PENDING SALES**	**CLOSED SALES**			**MONTHS SUPPLY**
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	
King	1,438	4,050	1,965	2,305	$459,091	$375,900	2.06
Snohomish	660	2,172	835	871	$312,501	$290,000	2.60
Pierce	774	3,052	901	901	$230,377	$205,000	3.39
Kitsap	221	1,187	256	251	$292,619	$244,000	4.64
Mason	70	571	59	68	$173,486	$147,750	9.68
Skagit	105	627	132	154	$251,689	$230,500	4.75
Grays Harbor	82	661	72	67	$129,885	$129,900	9.18
Lewis	79	603	73	64	$126,736	$112,500	8.26
Cowlitz	56	379	70	76	$156,895	$145,000	5.41
Grant	53	418	55	54	$166,555	$158,500	7.60
Thurston	240	1,062	271	279	$234,184	$224,950	3.92
San Juan	14	303	19	18	$582,833	$439,500	15.95
Island	75	564	90	112	$303,056	$248,000	6.27
Kittitas	40	324	45	52	$269,232	$240,000	7.20
Jefferson	24	328	31	38	$276,766	$292,000	10.58
Okanogan	26	376	24	34	$194,519	$150,000	15.67
Whatcom	165	1,108	162	201	$270,573	$255,000	6.84
Clark	24	175	35	30	$280,969	$239,000	5.00
Pacific	29	321	31	28	$132,196	$104,000	10.35
Ferry	5	65	1	0	0	$0	65.00
Clallam	66	309	36	39	$200,033	$165,000	8.58
Others	87	559	61	68	$219,862	$222,250	9.16
MLS TOTAL	**4,333**	**19,214**	**5,224**	**5,710**	**$322,252**	**$275,000**	3.68

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	7462	7743	7374	7264	6916	5951	6222	5083	3957

Fannie, Freddie offer special incentives to help buyers compete with cash investors

Non-investor shoppers of homes now have an extended period to submit offers on some listings without having to compete with deep-pocket investors, thanks to Fannie Mae and Freddie Mac and their goals to promote stable neighborhoods and protect values.

Under a program called First Look™, owner-occupants, some nonprofits, plus public entities and their partners have an exclusive 20-day period to bid on and buy designated listings on HomePath.com. During the same 20-day period, investors may not submit bids. (In Nevada, the exclusive-right-to-bid period is 30 days.)

In announcing the extended period (up from 15 days) Fannie Mae officials said First Look is designed to promote owner occupancy, contribute to neighborhood stabilization, and reduce taxpayer losses.

The program is expected to help first-time buyers who have mortgage contingencies. In searching for affordably priced homes, these would-be owners often find themselves at a disadvantage compared to investors with all-cash offers and no contingencies.

Housing data firm RealtyTrac reported more than four of every 10 residential sales in November (42 percent) nationwide were to buyers who paid cash.

Fannie's inventory of HomePath listings totals around 35,000 properties while HomeSteps®, a similar program from Freddie Mac's real estate unit, encompasses approximately 13,000 active listings. In Washington state, the HomePath database has around 1,900 listings. Properties with the First Look period include a countdown clock that displays the number of days remaining for negotiation.

Both databases are searchable, and both companies offer attractive terms on some properties. For example, Fannie's financing deals start at 5 percent down with no mortgage insurance or appraisal costs.

To qualify for purchasing HomePath properties, non-investor buyers must commit to make the home their principal residence for a least one year. Eligible purchases may submit offers through participating real-estate brokerages.

If Fannie or Freddie receives acceptable offers from owner-occupant bidders, they will sign contracts to sell without seeing any competing bids from investors. Chris Bowden, Freddie Mac's senior vice president for HomeSteps, said the extra time for exclusive bidding could be "especially important for buyers in markets where home inventories are shrinking."

Seattle: A Market to Watch

Seattle ranks among top real estate "markets to watch" based on the strength of investment, development and homebuilding, according to a widely read forecast report.

The 35th edition of *Emerging Trends in Real Estate* reports the housing market "is no longer a drag on most local economies." The recovery will be strong enough to be an unexpected boost to a number of local economies, according to the report, a joint publication of PwC and the Urban Land Institute. Authors also stated:

- A number of local housing markets have seen prices return to levels comparable to the peak from the previous cycle.
- In most markets, activity has reached a level that is supportive of economic growth.

Researchers said survey results indicate an improved outlook for all types of residential property investment in 2014. Notably, infill and in-town housing continues to strengthen. That category is the top-ranked favorite for both investment and development.

Housing for seniors also ranked near the top, due in part to the aging population and a functional obsolescence of older independent living facilities.

Among "markets to watch," Seattle moved up a notch from last year's report, rising to No. 6. Of the three market components (investment, development and homebuilding) used to evaluate the markets, homebuilding posted the largest gain. Home prices are projected to increase 4.9 percent in 2014 when compared to 2013.

Researchers cited the city's tech industry (and its above-average wages) and aerospace manufacturing as positive drivers in Seattle's outlook. Quoting a national real estate consultant, the report said "Seattle is also becoming a core market for foreign investors."

The study singled out Seattle's high rate of educational attainment and global connections as factors that will keep the economy viable in 2014.

The 100-page *Emerging Trends* report noted the most significant change in prospects nationwide for 2014 are expected in the single-family sector – both moderate-income and high-income housing.

All-cash purchases are fueling the market, accounting for an average of 45 percent of all residential sales in August 2013, up from 30 percent in August 2012. Foreign investors are playing a role in the residential market, according to the report.

Among demographic segments, Generation Y is expected to be a force on the housing market, due to the combination of their plans to move and housing preferences. Far more gen Yers (those born between 1979 and 1995) told researchers they expect to move in the next five years compared to the adult population overall (63 percent and 42 percent, respectively). Of those who plan to move, 60 percent intend to move to a single family home.

These 72 million Millennials want to live in a midsize or big city where they can use transit, walk, and bike. However, researchers stated, whether this cohort will be able to afford the lifestyle they desire and in the locations they want will be determined in part by the ability of metro areas to provide a range of affordable, appealing, and high-quality options, according to the report's authors.

Emerginig Trends in Real Estate examines real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues throughout the U.S., Canada, and Latin America. It reflects the view of more than 1,000 individuals representing a wide range of industry experts.

Housing Starts Reach Highest Level in Six Years

U.S. housing starts surged past the 1 million mark in November, marking the highest level in nearly six years.

The latest figures from the Commerce Department show starts jumped 22.7 percent, to 1.09 million units. That's the biggest increase since January 1990, and boosted the volume to the highest level since February 2008.

"The housing pick-up is sustainable into the first half of 2014," said Jay Morelock, an economist at FTN Financial in New York. "Builders are optimistic about pent-up consumer demand, even in the face of rising rates and stronger prices."

Single-family home starts totaled 727,000, the highest level since March 2008. Analysts note that total is still far below normal, but represents an increase of almost 21 percent from the revised October figure.

Economist Jed Koko, of Trulia said the November jump doesn't look like a one-month blip because both October and November permits were also strong.

Permits to build homes fell 3.1 percent in November to a 1.01 million-unit pace, but the total (1,007,000) beat economists' expectations for a 990,000-unit pace. Permits lead starts by at least a month.

Officials with the National Association of Home Builders (NAHB) say upticks in housing starts are expected in 2014 as the industry continues to recover from the economic downturn. NAHB projects 825,000 starts for single family homes and 322,000 for multifamily homes.

NAHB Chief Economist David Crowe acknowledged those figures are well below what the association considers a normal rate of about 1.3 million for single family and 324,000 for multifamily, but builders are buoyed by improving numbers.

The NAHB/Wells Fargo builder sentiment index climbed to 58 in December, matching an eight-year high reached in August. The report showed builders are upbeat on current sales conditions, future sales and prospective buyers.

Legal/Legislative Update

GOVERNMENTAL AFFAIRS REPORTER

A quarterly report from your Seattle-King County Association of REALTORS®

Fourth Quarter 2013: July - September

The REALTOR® Governmental Affairs Reporter is a quarterly publication produced by SKCAR to inform members about current issues and successes within your Governmental Affairs Department. Our next publication will be released in April 2014.

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Is it time to Adjust Your Value Proposition Again?

By Jeremy Conaway

The value propositions of real estate service providers (agents and brokers) have been the subject of extensive discussion over the past year. Some of that discussion revolved around the fact that today's consumer has little or no idea relative to what services real estate agents actually deliver. There is a growing concern about the fact that consumers don't know what should be delivered. There is a general recognition within the industry that this problem can be directly traced to the reticence of agents to tell customers and clients exactly what services will be delivered out of fear that should the property sell before all of the services are delivered the seller would demand a refund of their commissions due at closing.

Other elements of the discussion revolved around whether or not consumers might seek to access do it yourself (DIY) services in order to reduce the cost of their transaction and improve their net on the bottom line of the transaction. Still other real estate professionals are concerned that consumers will begin to compare service packages and commission rates (you mean they aren't all the same?)

One of the most dependable sources of information regarding the evolving new consumer in any space has been McKinsey & Company, a global management-consulting firm whose experts track consumer behavior from a wide range of perspectives.

By way of example it was McKinsey whose research disclosed that the economic downturn of 2007 - 2010 fundamentally changed the economic landscape by modifying the behavior of American consumers relative to the use of premium brands. It turns out that, prior to 2007, many consumers, especially those within the Boomer Generation, had grown accustom to upgrading their consumer experiences by using either totally premium brand companies or upgraded brand offerings within established firms. While it is certainly true that the "bad times" impacted these consumers less than others, McKinsey discovered that many of these consumers were "intimidated" by the bad times and have since elected to go with lesser selections. By way of example they moved from the Cadillac Escalade to the GMC Yukon - essentially the same vehicle but with a vastly different price.

Through this decision consumers discovered a number of factors that have now become the basis of a new economic reality. The first of these realities takes us back to the 1940's when Sears and Roebuck first introduced its good / better / best system of merchandising. What consumers have now discovered is that much of the difference between "best" and "better" is meaningless hype and that the real ego appropriate decision is between good and better not better and best. In the case of the Escalade they discovered that perhaps they didn't need those expensive "dove" styled wheels that supposedly make their Escalade even "cooler."

The second lesson is that it turns out that in many cases the very element of the program, product and service that was offered as the basis of the upgrade or its “cool” factor was often lower quality than the original. Going back to the wheel example, consumers discovered that the “dove” styled wheel wasn’t really chrome, it was “chrome clad” and that it was subject to rusting and deterioration. It turned out that all too often premium wasn’t premium but rather really expensive hype. “All you can eat” is not a premium experience if the server never shows up.

Another example of this same trend is occurring in the restaurant industry. It is experiencing an increase in the number of consumers who have discovered that it is often cheaper to bring your own wine and pay a “corkage” fee than to pay what appears to be inappropriately inflated “menu” prices for wine. This is just more evidence of the growing DIY trend in consumer behavior. If one wants upgraded wheels on their Escalade they can often find a higher quality option at a quarter of the price at Amazon, so they “do it themselves” and add the wheels. If one wants to enjoy a premium wine at their expensive dinner, they can stop by Costco (DIY) and facilitate that option and still enjoy a premium meal.

McKinsey’s research found that, in response to this discovery, significant numbers of consumers have learned to switch from status shopping to “smart” shopping, and accordingly have learned to live without expensive brands.

These trends are also affecting the real estate consumer experience. While only history can ultimately explain the current portal movement (last month they captured over forty percent of Internet consumer traffic), there is little doubt that part of the movement’s appeal will be grounded in the fact that the consumer has discovered that the gap between the real estate experience that is advertised and promoted as “The Best” and the actual experience that is delivered (on many days the “Good.”) is not worth the additional expense and hassle.

Of course what industry insiders understand is that this result was preordained by a system that denies brokers the ability to have anything other than an incidental impact upon any aspect of service delivery. What consumers “believe” they understand is that what they get is what the broker decides they should receive. Hence the entire industry suffers and consumers continue their search for alternatives.

The executive summary of this situation is that:

- The economic downturn has sharpened the skills of the consumer to differentiate between good, best and better service provision
- Significant numbers of consumers have discovered that premium is often not premium but rather hype
- Consumers have discovered that the “smart” decision is often to augment their service buying decisions with a DIY feature such as Amazon, Costco or Zillow.
- These consumer trends are being practices not only by Boomers (who can afford to do whatever is necessary to secure a premium experience) but, even more alarming, by Millenniums who are trying hard to enjoy champagne on a beer budget.

This is just another ping in a continuing brokerage business model alert relative to today’s consumer. The recommendation is that brokers begin to explore entry-level standards that can serve as the basis of the brokerage value proposition.

Interestingly enough at the beginning of 2013 the Houston Association of REALTORS® created two Task Groups comprised of really bright representatives of their top brokerages. Working over the year these groups created three standards packages. One of these addresses the DIY threat head on. Get on board.

News In Brief

- **Seattle's healthy employment picture coupled with its consistent population growth will increase home sales in 2014 and make it the second hottest market in the county, according to Zillow,** an online real estate marketplace. While Zillow economists predicted that mortgage rates will rise to 5 percent next year, they also said loans would be easier to obtain. Curiously, the national homeownership rate, tugged down by foreclosures the past five years, will hit its lowest point in two decades, Zillow predicted.
- **As reported by Tom Kelly, the Senate is considering bipartisan legislation that would require Fannie Mae, Freddie Mac, FHA, and other federal mortgage entities to revamp their rules to reward energy savings.** Supporters of energy efficiency want lenders to take the net savings from energy improvements into consideration when they underwrite and impose mortgage fees, and they also want appraisers to take into account the value of new items and retrofits. Meanwhile, a study of 71,000 home loans by University of North Carolina researchers revealed that mortgages on energy-efficient properties are 32 percent less likely to default. More than 125 multiple listing services nationwide provide "green fields" in online listing information displays so that energy improvements and certifications for Energy Star-qualified appliances, solar power, and other features can be described. Moreover, the Appraisal Institute is offering green valuation training for appraisers and has established a comprehensive "green addendum" that could result in higher property valuations. In addition, Genworth Mortgage Insurance plans to offer green rewards to U.S. borrowers like it already does in Canada where borrowers receive a 10 percent refund on mortgage insurance premiums, online discounts for common household items, and even a break on their debt-to-income ratio for underwriting purposes if the home meets national or provincial energy efficiency guidelines.
- **The Puget Sound is home to several military bases but returning vets say rising home prices are making them wait longer to purchase.** Harris Interactive conducted a recent study for Century 21 Real Estate of more than 400 responses of military members or spouses and found only 33 percent of military families said they look for a home within a year of returning from active duty. The biggest obstacles reportedwere the price of homes, the inability to come up with a down payment, and lack of personal savings.

  Eighty-eight percent of veterans said that owning a home makes them feel safer. Vets also say they have a strong desire for home ownership because they want to own their own residence (73 percent), establish a household (43 percent), and have financial security (36 percent). Storage space, amount of square footage, outdoor space, and an updated kitchen were cited as the most important amenities.
- **The number of Washington state residents holding two or more jobs is higher than the national average.** According to the U.S. Bureau of Labor Statistics, 5.7 percent of employed Washington state residents hold more than one job, compared with the U.S. average of 4.9 percent.
- **King County employment grew by 2.8 percent in the past year, much higher than the national average of 1.6 percent growth.** King County added 33,200 jobs in the past year, the eighth-most in the U.S., and the county now has the ninth-most number of workers, at 1.205 million, according to the U.S Bureau of Labor Statistics.

Calendar of Events - Through February 4, 2014

Dates	Event	Clock Hours	Time	Location	Contact
SEATTLE-*King County* REALTORS®					
1/20	Holiday	Office Closed			
1/22	WR Committees/Installation			Red Lion Hotel, Olympia	360-943-3100
1/23	Legislative Hill Day	All Day		Red Lion Hotel, Olympia	360-943-3100
2/4	Gov't Affairs Committee		10:30-1:30	SKCR	425-974-1011
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