Northwest MLS brokers report nearly $25.5 billion in sales for 2013, outgaining prior year in both number of homes sold and dollar volume

KIRKLAND, Wash. (Jan. 21, 2014) – Members of Northwest Multiple Listing Service reported 75,517 closed sales during 2013, surpassing the 2012 volume by around 11,000 transactions for an increase of nearly 17 percent. Measured by dollars, last year's sales of single family homes and condominiums were valued at nearly $25.5 billion to outgain the previous year by more than $5.5 billion (up 27.4 percent).

Last year's completed sales included 65,122 single family homes and 10,395 condominiums, as tallied by nearly 21,000 real estate brokers in the 21 counties that make up the Northwest MLS service area. The total units and dollar volume are the best since 2007 when members registered 82,197 sales valued at $32.3 billion.

The area-wide median price for last year's sales was $270,000, improving on the previous year's figure of $245,000 (up 10.2 percent). A comparison by county shows median sales prices ranged from $118,750 in Pacific County to $372,000 in King County.

Prices for single family homes (excluding condominiums) also rose 10.2 percent from 2012, increasing from $255,000 to $281,000. Condo prices jumped 15.3 percent, rising from the 2012 figure of $175,200 to last year's median price of $202,000.

By one measure, buyers who shopped during 2013 had a bigger selection as members added more than 104,000 listings to inventory during the year. That was an improvement over 2012 when members added 91,359 new listings. However, brisk sales meant the total number of active listings, which averaged 21,946 during 2013, fell below the previous year's average of 24,604.

During 2013, the area-wide supply, as measured by months of inventory, ranged from a low of 1.95 in March to 3.68 in December. Industry watchers tend to use a 4-to-6 month range as an indicator of a balanced market, favoring neither buyers nor sellers. Supply tended to be tightest in King and Snohomish counties.

Further evidence of a housing recovery is reflected in high-end sales. Northwest MLS members reported 1,621 sales of single family homes priced at $1 million or more, up 45.2 percent from the 2012 total of 1,116 such sales. Condos priced at $1 million and up accounted for another 137 sales, about the same number as 2012 (138 sales).

The highest-priced single family home that sold during 2012 by a member of Northwest MLS was a property in Medina that fetched $9.75 million. A penthouse in downtown Seattle that sold for $6.2 million topped the condo list.

Among other highlights in its annual compilation of statistics, Northwest Multiple Listing Service reported:

- Single family homes accounted for 86 percent of last year's residential sales.
- Nearly half (49 percent) of last year's single family home sales were 3-bedroom homes. More than three-fourths (77 percent) of condos that sold had 2 bedrooms.
- The median price for a 3-bedroom home that sold in 2013 was $250,000. A comparison by county shows the median price for this size home ranged from $128,000 in Pacific County to $450,000 in San Juan County.
- Of the condo sales, about two-thirds (64.1 percent) were located in King County. Within that county, the Eastside edged out Seattle for the largest share (39.7 percent versus 37 percent).
- Last year's sales included 8,298 newly built single family homes that sold for a median price of $325,000, and 846 condos that sold for a median price of $350,214.
- A 10-year comparison of median prices of single family homes shows prices peaked in most counties in 2007. In 2013, Grant County selling prices returned to 2007 levels, Okanogan prices were at 96.7 percent of 2007 prices, and King County prices were at 91.2 percent of 2007 prices. Other counties have not yet reached those levels, but most are experiencing steady gains.

- Prices vary widely among school districts. An analysis of some of the largest districts in the MLS market area shows single family homes on Mercer Island have the highest prices, followed by homes in the Bellevue, Issaquah, Lake Washington and Bainbridge school districts.

In addition to summarizing sales and listing activity, Northwest MLS also reported enhancements to several services for it members, including more capacity for displaying photos with each listing, additional fields to describe amenities (including "green" features), added apps for mobile devices, and a revamped member website with expanded functionality.

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 20,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 21 counties in Washington state.

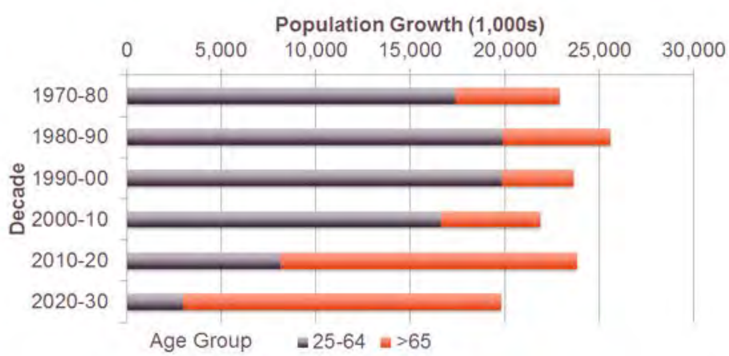
Young adults – not boomers – will drive demand for new housing

Young adults, not aging boomers, will drive the demand for new housing. That's the conclusion of George Masnick, Fellow, The Harvard Joint Center for Housing Studies.

Census data show aging baby boomers (those born 1946-1955) began shifting most of the population growth to the over 65 age groups starting in 2010. Masnick notes the dominance of this cohort in the population growth equation will persist until "sometime after 2030 when they begin to reach the end of their lives in large numbers."

"Many are quick to conclude that, since population growth drives most of the demand for new housing construction, we must primarily build for the elderly," Masnick stated. He believes that logic is flawed, instead contending elderly population growth does not represent new additions to the population. "Most elderly are already housed quite comfortably and show little inclination to move to a different residence," he explained.

Figure 1: Adult Population Growth Shifting to Older Age Groups



Source: Decennial Census data and Census Bureau 2012 Middle Series Population Projections.

The Joint Center's analysis of census and other data shows fewer than 4 percent of the population over the age of 65 changed residences in 2012-2013. More than 80 percent of the elderly live in owner-occupied housing, and their mobility rate is now about 2 percent.

Conversely, during the past decade, from 2000-2010, the estimated 40 million young adults ages 25-34 claimed the highest rates of mobility. Statistics show this cohort dominated the moving/recent occupants segment, accounting for almost three times as many as the largest baby boom group, which average only 6.2 percent of total moves during the 2000-2010 timeframe.

Masnick also compared occupancy rates for newly built housing. Based on those findings, the Joint Center projects that by 2030, only about 20 percent of newly built units will be occupied by heads of households over the age of 65. "To increase the share of newly built housing occupied by the elderly significantly above that figure, tomorrow's elderly will need to relocate out of older housing at higher rates than we now observe," he concluded.

The Joint Center suggests helping the elderly achieve a better fit with their housing will largely involve initiatives to support aging in place. For the next 15-plus years, as the baby boomers age, Masnick expects the need for assisted living facilities and nursing homes will gradually increase.

Whether boomers' mobility rates will increase may depend on public and private efforts to provide housing better suited to the needs of this aging population. However, he cautions, "there are a host of demographic, social and economic characteristics of baby boomers that argue for less, not more, geographic mobility among the next generation of elderly." He expects to explore that topic in future reports

Broker says Western Washington housing market "definitely in full recovery mode"

KIRKLAND, WA (Feb. 5, 2014) – Home sales during January may not have been as super as the Seahawks' performances, but brokers cite several reasons for optimism during 2014. "We are finally going to be looking at the 'housing crisis' in the rear view mirror," said Mike Gain, CEO and president of Berkshire Hathaway HomeServices Northwest Real Estate. "In 2014 we are definitely in full recovery mode," he added.

Following the usual pause during the holidays, activity picked up during January when members of Northwest Multiple Listing Service reported 7,044 pending sales, about even with the same month a year ago, and a jump of nearly 35 percent from December's total of 5,224 mutually accepted offers.

Inventory, while improving, continues to be a source of worry.

"Lots of buyers and not enough of the right inventory to satisfy our buyers' wants and needs," was how Gain described current conditions. "Following the worst year for inventory I have seen in my 35 years of practicing real estate locally, we are expecting the number of homes for sale to increase in 2014," Gain added, emphasizing there is pent up demand and "a very active market is anticipated once the number of listings increases."

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate agreed. "Available inventory remains tight with shortages or low inventory where 90 percent or more of the sales activity is taking place," he remarked.

Members added 7,342 new listings to inventory during January, improving on the year-ago total of 7,096. With those additions, the selection increased to 19,195 active listings across the 21 counties served by Northwest MLS. That's up 6.6 percent from the same period a year ago when there were 18,008 listings.

Thirteen counties have more listings than a year ago, but eight counties are reporting declines in total inventory. "We are literally starving for inventory. We need more homes to sell, especially in the most desirable neighborhoods," Gain stated.

Area-wide there is about 4.5 months of inventory, an amount at the low end of the 4-to-6 month range most analysts deem to be a balanced market. At this time a year ago, there was about 4.2 months of inventory. The tightest supplies are found in King County (less than 2.5 months) and Snohomish County (3.5 months).

One of the counties with fewer listings is Kitsap, where there is about 5.2 months of supply, down from the year-ago figure of 6.6 months.

Northwest MLS director Frank Wilson, the branch managing broker at John L. Scott in Poulsbo, described overall activity in that market as healthy. "Homes are still coming on the market and buyers are still buying them," he commented, but noted they are starting to see a bit of stratification on prices.

"Homes that are overpriced are sitting on the market a while, but homes that are priced correctly for today's market may receive multiple offers," Wilson explained. Countywide prices are down about 9.4 percent from a year ago. His analysis indicates prices on waterfront listings are lagging, and MLS data indicate prices on condos (a small segment of sales) dropped by double digits compared to a year ago.

Overpriced homes are also a concern in Snohomish County. “Even though we have a nearly 40 percent increase in inventory compared to a year ago, many listings are overpriced, and buyers are not interested in making offers on those properties,” reported Diedre Haines, regional managing broker in Snohomish County for Coldwell Banker Bain.

“We are not yet fully recovered from the recession and sellers need to be realistic in expectations of the value of their homes,” said Haines, a member of the Northwest MLS board of directors.

The most desirable listings in Snohomish County are still receiving multiple offers, Haines noted, while acknowledging activity is “not as frenzied as a year ago,” due in part to lingering doubts about the future of Boeing and other factors. She said new developments are drawing strong interest and traffic. “In some locations reservation agreements are being taken for homes not yet built with many of these developments already getting close to selling out,” she reported.

Home prices area-wide increased nearly 6.6 percent from a year ago, but dipped from December. The median price for last month’s closed sales of single family homes and condominiums was $255,055, rising from the year-ago figure of $239,300.). In King County, where nearly one of every four closings occurred, the median sales price was $364,875. That represents an increase of 15.8 percent from the year-ago price of $315,000.

Single family prices (excluding condos) increased from $249,200 to $264,995 (up more than 6.3 percent).

Condo prices surged 14.8 percent, from $169,000 a year ago to $194,000 for last month’s sales.

“Years 2012 and 2013 were fantastic recovery years,” said Scott. “We have now experienced two years of positive price appreciation after the five years of market correction,” he added.

MLS director George Moorhead said recent fluctuations in interest rates and upticks in online activity are noteworthy. “We have all seen interest rates go up and down, but I have not seen such an immediate response from buyers,” he remarked. Moorhead, the branch manager at Bentley Properties in Bothell, also reported a 30 percent increase in online activity in the past few weeks.

Gain expects the rebound to be fueled in part by “repeat move-up buyers” and first-time purchasers. “The first time buyer will return to the marketplace in 2014. With the economy improving they will finally be able to move out of their parents’ homes and when comparing renting verses buying, many will choose homeownership,” he stated.

Brokers point to recent reports of the state’s unemployment rate dropping to 6.6 percent, the lowest in five years, as a positive thrust for home sales, but also cited factors that could hamper activity.

“There are always issues surrounding real estate that erode confidence in the market,” Wilson commented, citing uncertainty on flood insurance. “Until Congress takes action to continue the flood insurance subsidy, people buying in flood-prone areas may suffer sticker shock when they see the premium for coverage,” he believes.

Among other factors brokers mentioned as threats to activity are:

“The volatility of the roller coaster stock market, the new financing and appraisal rules imposed by Dodd/Frank, and fatigue being felt by many buyers who were unsuccessful in purchasing last year.” (Diedre Haines)

Rising interest rates and tighter lending requirements. Short sales are waning as buyers encounter long timelines and uncertainties. (George Moorhead)

Mike Grady, president and COO of Coldwell Banker Bain, expects activity to continue picking up until May. “Inventory levels are pretty much the same as they were a year ago. Now we’ll have to wait and see if the sellers come out,” he remarked.

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 – **January 2014**

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			*Months of Inventory	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	2,605	4,110	2,629	1,674	$453,643	$364,875	2.46	2.16
Snohomish	1,085	2,155	1,195	615	$296,994	$269,000	3.50	2.17
Pierce	1,246	3,070	1,234	709	$235,038	$212,500	4.33	4.06
Kitsap	384	1,170	348	225	$257,655	$213,000	5.20	6.56
Mason	104	554	78	58	$132,990	$143,750	9.55	16.69
Skagit	202	646	159	78	$240,596	$218,000	8.28	7.73
Grays Harbor	132	641	108	61	$122,909	$100,500	10.51	15.43
Lewis	104	593	85	49	$152,740	$142,000	12.10	11.56
Cowlitz	117	392	91	62	$155,694	$139,950	6.32	8.09
Grant	86	416	60	43	$165,813	$149,000	9.67	8.83
Thurston	374	1,093	341	240	$220,262	$208,250	4.55	5.43
San Juan	28	298	16	22	$473,182	$386,000	13.55	24.90
Island	140	554	122	87	$283,308	$239,900	6.37	9.08
Kittitas	56	303	51	35	$264,244	$217,900	8.66	13.24
Jefferson	61	339	41	30	$249,646	$191,250	11.30	11.28
Okanogan	31	340	30	19	$171,261	$155,000	17.89	12.31
Whatcom	300	1,102	239	148	$283,370	$251,750	7.45	7.56
Clark	61	183	41	31	$269,806	$225,000	5.90	7.00
Pacific	39	328	31	18	$175,389	$132,350	18.22	24.15
Ferry	1	53	4	3	$213,333	$190,000	17.67	74.00
Clallam	73	300	54	42	$189,538	$160,000	7.14	9.81
Others	113	555	87	57	$264,749	$183,000	9.74	10.23
MLS TOTAL	**7,342**	**19,195**	**7,044**	**4,306**	**$327,444**	**$255,055**	**4.46**	4.20

* Months of inventory are calculated using closed sales divided by active listings.

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
2014	5406											

Senate votes to delay flood insurance premium hikes

The Senate passed legislation last month that will prevent hundreds of thousands of homeowners from facing big flood insurance premium increases for the next several years. The bipartisan legislation -- which passed with a vote of 67 to 32 -- comes amid protests that it would undo hard-fought reforms passed less than two years ago to stabilize the government's flood insurance program.

The bill delays for up to four years huge premium increases that are supposed to phase in next year and beyond under new and updated government flood maps. It also would allow homeowners to pass below-cost policies on to people who buy their homes. People who have recently bought homes and face sharp, immediate jumps in their premiums would see those increases rolled back.

The measure faces a rockier climb in the GOP-controlled House, where Speaker John Boehner, R-Ohio, and Financial Services Committee Chairman Jeb Hensarling, R-Texas, prefer a more modest approach.

At issue is the government-run flood insurance program, in which taxpayers and other homeowners subsidize below-risk rates paid on older homes in both coastal areas threatened by hurricanes and big storms and inland areas near flood-prone rivers. A sweeping overhaul that passed virtually unanimously in 2012 was designed to make the federal flood insurance program more financially stable and bring insurance rates more in line with the real risk of flooding.

Opponents of the new legislation says it essentially unravels reforms to the much-criticized flood insurance program that put taxpayers on the hook for $24 billion in losses by subsidizing ownership in risky areas. The changes were aimed at making the program more financially sound and putting a stop to homeowners in less risky areas essentially subsidizing below-market insurance rates for homeowners in locales more at risk of flooding.

However, projections of the new rates have caused anxiety among hundreds of thousands of homeowners. The loss of subsidies when homes are sold has put a damper on the real estate market and threatened home values. Some homeowners are caught in a Catch-22. They face rates that, once phased in, they won't be able to afford. But because of the higher insurance rates, they also face having to sell their properties at distressed prices.

For instance, a North Dakota couple, Allison and Kyle Skari, bought a home in Grafton a year ago and initially paid $901 a year for $100,000 of coverage. They were hit with a $4,200 bill now and tell Sen. Heidi Heitkamp, D-N.D., that they never would have bought the home. They're ineligible for a phase-in of the higher premium because they bought after the 2012 law was passed but would get relief under the Senate bill.

Hours before the final vote, the Senate by an almost 2-1 margin rejected an alternative plan by Sen. Pat Toomey, R-Pa., that would have capped the premium increases on most properties - including homes being sold - at 25 percent per year until the premium reflected the true flood risk. Ten Republicans sided with unanimous Democrats to reject the idea.

Supporters say the bill buys time for the government to conduct a study of the affordability of flood insurance and for lawmakers to devise ways to help poorer people and the working class keep their homes.

The legislation is a win for coastal state Democrats like Sens. Mary Landrieu of Louisiana, Bill Nelson of Florida and Bob Menendez of New Jersey, who have formed an unstoppable coalition with Republicans representing coastal areas and the Mississippi basin like Sen. John Hoeven of North Dakota.

The bill, however, contains no relief in the offing for 1.7 million owners of second homes, who are not covered by the Senate bill and who face annual 25 percent increases - provided they owned their home before Congress overhauled the program in 2012. They say the premium hikes threaten the viability of older beachfront towns.

The program helps 5.6 million policyholders, 20 percent of whom receive subsidized coverage for older homes built before communities joined the flood insurance program.

Under the 2012 changes, owners of second homes, frequently flooded properties and businesses in flood areas would gradually lose their subsidies and pay 25 percent more a year until they reach an actuarially sound rate. Others can keep their subsidies but can't pass them on when selling their homes. People who bought their homes after the legislation passed in July 2012 are subject to immediate jumps to actuarially sound premiums.

The 2012 law also phases out below-market rates for owners of grandfathered properties - those that were built in compliance with earlier flood risk estimates but whose risks have increased under new maps. Those homeowners would see their flood risks re-estimated and would see higher rates phased in over five years, so they could face premium jumps that are severalfold.

Rental demand – and rents – likely to rise

Rents around Seattle are predicted to rise 4 percent in 2014, but robust development could lead to an oversupply and possibly even conversions of for-rent units to condominiums. Those forecasts are part of a mostly rosy picture Marcus & Millichap painted for the Puget Sound region in its 2014 apartment report.

The commercial real estate brokerage, which has an office in Seattle, expects builders to deliver 8,100 new apartment units in the region during 2014, about a hundred fewer than last year. Most of the building boom is concentrated in the Seattle urban core, with the downtown and adjacent areas to the north accounting for nearly 60 percent of apartments added during 2013.

Marcus & Millichap ranked Seattle No. 7 among top-performing markets nationwide. That’s a drop from last year’s 5th place ranking. The downgrade is attributed to the region’s second consecutive year of what the report termed “elevated completions.”

Low for-sale inventory, pent-up demand, and a resumption of bank financing for condo projects are motivating developers to target units for condo conversions. The report also noted the first large downtown project in six years is slated to deliver 700 new units in 2015.

The firm’s analysts expect stable, broad-based employment growth to generate rental demand. They also noted “the low cost of capital and investors’ desire for properties outside the urban core will support transaction volume in the first part of 2014, though rising interest rates could restrain deal flow in the second half.”

Marcus & Millichap analyzed 46 markets, including Seattle, for its latest apartment reports. The brokerage, which specializes in commercial real estate investment services, has more than 1,100 investment professionals in offices nationwide.

Seattle Home Show Starts Feb. 15

More than 500 home and garden displays, “Meet the Experts” seminars, and IDEA STREET™ display homes are among attractions at this year’s Seattle Home Show. The event marks the 70th anniversary of the showcase of building-related products, “floor to ceiling & beyond” housing services, living green advice, and decorating trends.

This year’s show, scheduled to run for nine days from Feb. 15 – Feb. 23 at CenturyLink Field Event Center, also features a “Made in America” section, wine tasting and appearances by nationally-known art & antique appraiser Dr. Lori of Discovery Channel’s Auction Kings.

Making its debut on the 70th Anniversary of the Seattle Home Show is the new Seattle Home Show app. Available for the iPhone and Android smartphones and iOS and

Android tablets, the new app gives attendees a new way to experience the show, from buying tickets directly from their mobile devices to finding special offers from exhibitors and even touring the show with help from their smart phones and tablets, thanks to a special exhibitor map that can be downloaded.

Admission costs $12 for adults, with discounts and incentives available to seniors, juniors, e-ticket purchasers and vehicles with four or more occupants. Ticket holders are eligible for a "come back for free™ admission. Tickets are available for purchase online at www.SeattleHomeShow.com.

The Seattle Home Show, billed as billed as "America's Biggest Open House™" is sponsored by Master Builders Association and *The Seattle Times*.

Brokerage Design

Understanding Your New League, This Is Not Fantasy Football

by Jeremy Conaway

Give this article a bit of patience; its relevance to your day-to-day lives will become clear shortly. Wall Street was abuzz this morning about yet another genius strategy employed by the iconic Berkshire Hathaway organization. It seems as though Berkshire Hathaway is purchasing a division of Phillips 66 using Phillips shares it already owns to finance the deal. The shares in question were acquired when Berkshire made an investment in energy giant Conoco in 2008, an investment that was widely viewed by Wall Street insiders as one of the worst in the long and phenomenally successful history of the Berkshire organization. In fact in Berkshire's 2008 annual report to its shareholders it reported the transaction as a "major mistake."

What occurred during the five years after the "mistake" serves as a lesson for everyone in the residential real estate business. In an attempt to make lemonade out of lemons Berkshire sold off much of its Conoco shares during the years following the transaction. Even with these efforts it was reported that losses from the investment exceeded one billion dollars. However, unnoticed by many was the Phillips stock that Berkshire got from the spinoff. During the same period Berkshire carefully acquired additional Phillips stock that, by the beginning of 2014, left it in a very good position to make this latest deal.

Now, for some of those shares (both original and subsequently acquired), Berkshire is getting a very profitable chemical division of Phillips. It is interesting to note that this is not the first time Berkshire has executed on this strategy. Another of its over 80 owed units, Lubrizol, also benefited from similar tactics. By following these strategies Berkshire has been highly successful in eliminating its competition. These are strategies that the real estate industry should expect to see.

Now let's work on that relevance. It is certainly common knowledge among our readers that in 2013 Berkshire Hathaway extended its long-time HomeServices of America investment in the residential read estate industry through a deal with Brookfield, a Canadian organization. This complex transaction created the purchase of the Prudential franchise unit and a subsequent division of its assets between Brookfield and Berkshire.

HomeServices of America (the previous Berkshire real estate industry investment) created the Berkshire Hathaway Home Services brand when it assumed a majority stake in the Prudential Real Estate and Real Living brands from Brookfield Asset Management leaving the relocation assets to Brookfield. This was necessary for a number of business related reasons including the need to replace the iconic Prudential Real Estate brand, which will self destruct over the next ten years pursuant to the terms of Prudential's sale of its real estate franchising arm to Brookfield.

Over the past several months an impressive number of large brokerages have switched from the Prudential brand to the new Berkshire Hathaway Home Services banner. It is believed that significant resources are being expended to encourage non-Prudential brokerages to similarly align themselves with the new effort.

The lesson here is that there is a new force within the residential real estate industry. Moreover it is a force that has an Olympic class record of changing industries and fortunes. As indicated above it is not a perfect force or even an omnibus one. It is however a force to be reckoned with and a force to learn from. Every individual associated with the American real estate industry should be recalculating their immediate and mid-term futures with this new force in mind.

As is always the case there is the classic decision to make. Is the new Berkshire Hathaway real estate play an opportunity or a threat? The answer is obvious, it will be whatever the current players want it to be. For those who take advantage of the new industry environment there will be benefits. For those who ignore it there will be diversions and excuses. For those who are new to the industry, let this stand as an example of the amazing opportunities that are coming their way. In the meantime there are certain guidelines that might be helpful.

We need to recognize that the Berkshire Hathaway organization works at levels most of us can't even imagine. There are way too many conversations going on about the wisdom of their acquisitions and the colors of their logo. If the industry wants to learn and profit from this experience, leaders at all levels must raise their level of observation, knowledge and analysis.

The fact is that experience in the industry has nothing to do with understanding how Berkshire Hathaway will impact this industry. Most of us will never really know what is in store for us until the ball drops on a new era.

Understand that many of the industry's sacred cows are not going to survive the Berkshire Hathaway experience. How long will an organization whose profit expectations exceed twenty percent tolerate an entity that dreams about eight? Consider the current relationship between the industry and the traditional agent. Is it possible that Berkshire Hathaway will follow the traditional path and see the agent as their ultimate customer? Is it likely that executives and managers who refuse to engage the new environment will be seen as part of the solution?

Appreciate that in all likelihood the winner of this contest will be the team with the highest level of innovation and the most concentrated level of creativity. For all of those who have had creative and innovative thoughts this is the time to put them into effect and make that difference.

In other words the arrival of Berkshire Hathaway into our industry should be greeted with cautious inspiration and a whole new focus on potential. There will undoubtedly be some pain, but when it is all over we will be better and stronger for the experience. Both you and Berkshire are going to make mistakes on the road forward but your ultimate success will depend upon how you recover from them.

Start thinking about how you and your firm will benefit. Now is the time to join the tide. We can do this.

News In Brief

- According to a poll of 140,000 LoanSafe.org members, boomerang buyers - those ousted from the housing market due to foreclosures or short sales, spent years renting to rebuild their credit, and have saved enough to buy again - are now expected return to the residential market. These buyers could flock to the market at an opportune time: investors are pulling back and new government programs aimed at helping consumers with bankruptcies or loan defaults are becoming common. Jon Maddux, LoanSafe.org co-founder, said almost 80 percent of poll respondents who lost homes during the crisis showed interest in buying again. Moreover, 41 percent of respondents interested in re-entering homeownership have higher incomes than during their first purchase; 63 percent have lower debt obligations; 46 percent plan to purchase in a lower price range; and 50 percent expect to make at least a 10 percent down payment.

- Mel Watt was sworn in as the head of the Federal Housing Finance Agency, and many in the mortgage industry believe that Watts' confirmation signals a new shift in U.S. housing policy with greater access to credit, Reuters reported according to Tom Kelly. "Today's housing finance system is one of the keys to our economic recovery," Watt said. "I hope to develop a strong foundation for moving this system forward for the benefit of all Americans at this critical point in our nation's history." Those in the mortgage industry also say Watt is likely to expand federal programs that allow underwater borrowers with loans backed by Fannie Mae and Freddie Mac to lower their interest rates. As the new FHFA head, Watt will oversee mortgage giants Fannie Mae and Freddie Mac, which back about 60 percent of U.S. home loans. Watt has already announced that he plans to delay several Fannie Mae and Freddie Mac fee hikes.
- Last month King County Superior Court Judge Andrea Darvis ruled that the $15 minimum wage cannot be enforced at the airport but is legally binding at nearby hotels and parking lots. The upshot is that only about 1,600 hospitality and transportation workers in SeaTac now stand to make $15 an hour minimum wage. The estimated 4,700 people who work at the Seattle-Tacoma International Airport for contractors, concessionaires and car-rental agencies are not covered for the $15 minimum wage.
- According to the Seattle Times, Seattle transportation officials say the estimated costs of the waterfront seawall replacement project have grown from $300 million to $330 million over the past year as they refined projections for construction and labor, and for mitigation for waterfront businesses and Indian tribes over disruption to tourism and salmon migration.
- According to Seattle-based Apartment Insights Washington, apartment rents jumped 6.5 percent during 2013 to $1,214 a month in King and Snohomish counties, but tenants should see market rents stay level or even decline this year.
- Phinney Ridge neighborhood is the nation’s seventh-hottest market and Seattle’s hottest market according to Redfin.com. The Seattle online real estate company said it determined the nation’s hottest neighborhoods by “tallying hundreds of millions of pages (that online viewers) visited and homes they added as Favorites to monitor for price changes or sales.”

Calendar of Events - Through March 19, 2014

Dates	Event	Clock Hours	Time	Location	Contact
SEATTLE-*King County* REALTORS®					
2/17	Holiday	Office Closed			
2/18	Affiliate Council	9am-10am		SKCR	425-974-1011
3/12	Board of Directors	10:30am-1:30-pm		SKCR	425-974-1011
3/18	Affiliate Council	9am-10am		SKCR	425-974-1011
3/19	Battle of the Barristers				425-974-1011
For updates visit: www.nwrealtor.com and click “events”					
SNOHOMISH COUNTY-CAMANO ASSOCIATION OF REALTORS®					
For updates visit: www.sccar.com and click “events”					