NW REporter

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December 2015

Home buyers, sellers who stay active during holidays are being rewarded during "intense" market

KIRKLAND, Washington (December 4, 2015) – Inventory remains "critically low," but there are fewer house-hunters in the hunt during this holiday season so motivated sellers and buyers are seeing success, according to brokers with Northwest Multiple Listing Service. Its just-released statistics for November show year-over-year gains in pending sales, closed sales, and prices, but a steep decline in inventory.

"The housing market continues to be red-hot on a seasonal basis, but this winter will be even more intense given the dangerously low inventory," remarked J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

Compared to a year ago, MLS figures show drops in the number of new listings added to inventory during November (down 4.6 percent) as well in the total number of active listings at month-end (down 26.5 percent).

Twenty-one of the 23 counties served by Northwest MLS reported double-digit declines in their volume of active listings last month compared to the same time period a year ago. For the overall area, there were 15,327 active listings, which compares to the year-ago total of 20,864. Of these totals, 5,268 were new listings added during the month; a year ago, members added 5,521 listings to the selection.

"Buyers are pleasantly surprised to have less competition right now. Many are taking advantage of this by searching diligently for a home," commented Dick Beeson, the principal managing broker at RE/MAX Professionals in Tacoma. "Sellers who stay in the market during the holidays are often rewarded by less competition as well, thus making their efforts profitable," added Beeson, a Northwest MLS board member.

MLS members reported 7,511 pending sales during November for a 10 percent increase from a year ago when they notched 6,821 mutually accepted offers. Condo activity was brisk with pending sales jumping more than 21 percent from a year ago. Single family home sales rose about 8.5 percent.

"The rumblings of frustration have evolved to utter exasperation among buyers as inventory levels continue to drop," reported MLS director George Moorhead, the designated broker at Bentley Properties. Despite their frustration, he said buyers are knowledgeable and "tuned into" the market, with some even factoring in the cost of breaking a lease as part of the cost of purchasing a home in this real estate climate.

Broker Ken Anderson also commented on the tight supply. "Our market is approaching record low absorption rates. We haven't seen inventory this low in more than a decade," stated Anderson, the president/owner and designated broker at Coldwell Banker Evergreen Olympic Realty in Olympia.

Anderson said buyers have remained active all year. "Every month this year our market has improved for sellers. It is really a uniquely good time," he observed.

Scott agreed, noting "there is more pressure on new listings than we had last winter." A higher percentage of homes is selling within the first 30 days, according to his analysis. "This is setting the stage for a frenzy market in the spring of 2016. Even if interest rates go up slightly, buyer demand and low inventory will push prices up," he believes.

Commenting on figures showing only nine of the 23 counties served by Northwest MLS have more than six months of supply (a figure some use to indicate a balanced market), MLS director Darin Stenvers said "that trend is not likely to change anytime soon."

Stenvers, the managing broker at John L. Scott's Bellingham office, said it is also unlikely "that even a small upward movement in interest rates alone will change our housing market's future. We expect many buyers will be staying in their homes much longer than in the past," he stated, "and this is contributing to the shortage of new listings."

Acute shortages are in evident King and Snohomish counties, both with less than two months of supply.

"The low market inventory continues to be the stress factor for buyer and brokers," said Kathy Estey, the branch managing broker at John L. Scott, Inc. in Bellevue. She reported multiple offers are continuing on homes that are in top condition and priced competitively. But, she emphasized, "over aggression in pricing is always detrimental to sellers."

"The Snohomish County market continues to be extremely active," said David Maider, designated broker/owner at Windermere Real Estate M2 in Everett and a member of the MLS board of directors. "With interest rates maintaining historically low levels and no indication that more property is headed for the market, we expect prices to increase in the first quarter of 2016. Multiple offers are happening on well priced and prepared properties, but not at the frequency that was occurring this past spring and summer," he reported.

Mike Grady, president/COO of Coldwell Banker Bain | Seal, agreed. "Sales prices and rents will continue to increase next year, making ours a tight market for home buyers." Commenting on the anticipated hike in interest rates, Grady said he isn't expecting an increase to slow sales locally. "Adding nearly 65,000 new households to the greater Puget Sound region in the past 12 months reflects not only a great job market but also a growing demand for housing. We expect sales and median home values will continue to rise in 2016."

Even as prices rise, until supply improves, sellers will remain firmly in the driver's seat of an "insanely competitive housing market," commented OB Jacobi, president of Windermere Real Estate.

"I'm still very concerned with the lack of inventory in the Seattle housing market," Jacobi stated, adding, "Even with the drop in inventory we normally see this time of year, the current levels are critically low. Looking at the data as far back as 1999, we've never seen a lack of homes for sale to this degree."

MLS director John Deely, principal managing broker at Coldwell Banker Bain in Seattle, said the combination of low listing inventory, the seasonal slowdown, and pent-up demand is fueling multiple offers on properties in all price ranges. “Ballard, Queen Anne and Beacon Hill are single family hot spots, with Capitol Hill and Belltown/Downtown leading the condo sales activity,” he reported.

Northwest MLS data show extremely low supplies of both single family homes and condos in the map areas closest to the major job centers. Not surprisingly, prices in most of those areas are escalating.

Prices on homes and condos that closed last month rose nearly 6.6 percent from a year ago, from $289,000 to $308,000. For single family homes, the increase was about 5.7 percent, from $299,000 to $316,000, with seven counties reporting double-digit gains.

In King County, the median price for home sales that closed during November was $499,950, a jump of 13.6 percent from the year-ago figure of $440,000.

Condo prices surged 17.8 percent, rising from $225,000 to $265,000.

Prices can vary widely within counties. For example, within King County, where the MLS tracks 29 map areas, median prices for homes and condos that sold last month ranged a low of $235,000 in the Dash Point/Federal Way area to more than $1 million on Mercer Island.

“Given that the median home price of a single family home in King County is just shy of a half-million dollars, we can assume buyers are choosing to buy further away from Seattle and Bellevue in areas where homes are substantially cheaper,” remarked Jacobi. MLS figures reveal wide variation from county-to county. While the median selling price on last month’s sales in King County was $499,950, it was $350,000 in Snohomish County and even less in both Kitsap ($259,000) and Pierce ($249,900) counties.

Pricing is still as important as ever, cautioned Moorhead, who said in today’s market a home will not sell for less than market value. “Sellers still have to be careful as buyers clearly show their knowledge, which is obvious when a home has been on the market longer than 30 days.”

Commenting on the market in Kitsap County, MLS director Frank Wilson noted prices there are up 15 percent since January, with the median price on single family homes rising from $225,000 (in January) to $259,000 for last month’s sales.

“We are seeing the typical seasonal cycle, including a slight slowdown in open house traffic as we moved toward Thanksgiving,” Wilson reported. He expects a pick-up in activity the week before Christmas and then an earlier than usual spring market – perhaps starting in mid-January.

“As our spring market blooms this year, it will be earlier. Buyers will find fewer choices and what is available will be at a higher price,” Wilson predicts. “Sellers still need to make sure their homes are priced correctly and that it looks good, smells good and feels good – the basics have not changed," he emphasized.

For now, Wilson said sellers who have their home on the market can expect "condensed traffic," which he likened to a "good soup broth with every sip full of flavor. Every buyer who looks at a home is serious. They have fewer choices, so sellers will likely see greater success than during other times of the year."

MLS members reported modest increases in the number of completed transactions from a year ago, 5,999 versus 5,872 for a 2.2 percent gain. Anderson attributes this to a timing factor due to the last day of the month following on a Monday. "We had a huge block of closings on November 30th, but those won't be reflected until the December numbers."

Other brokers also commented on seasonal factors.

"With people going to and from work in the dark, the weekends get busier for brokers. The time for showing a property is compressed," commented Beeson. But, he added, "smart brokers keep working through the winter months knowing that a fool fails to plant a crop in season, and when harvest comes they look but find nothing."

"Many sellers feel spring or summer are better times to sell, but statistics show December to be an excellent time for sellers to market their homes because there is less competition, rates continue to be favorable and holiday decorations add to the staging of a home," commented Estey, who also serves as a board member at Northwest MLS.

"Many sellers feel spring or summer are better times to sell, but statistics show December to be an excellent time for sellers to market their homes because there is less competition, rates continue to be favorable and holiday decorations add to the staging of a home," commented Estey, who also serves as a board member at Northwest MLS.

Buyers may also benefit from slower activity, Estey added. "In the last few weeks we have seen some homes within 20 miles of city centers of Bellevue and Seattle come on the market and not sell immediately. Some buyers have actually been able to negotiate a little with these sellers," she noted.

Wilson also mentioned the impact of the new TRID rules (a set of documents required during the mortgage process). "Buyers, sellers and brokers need to be patient at the end of the transaction as lenders comply with the new laws. Gone are the days of last minute changes to the terms of the agreement," he stated.

Deely said the new TRID rules seem to be catching some lenders and closing service providers off guard while they adjust their operations and systems to deal with the new regulations.

Brokers who commented on the latest MLS report tended to express optimism for 2016.

“There are still countless more buyers who are waiting for the right home to come on the market. Savvy sellers will look to market their homes earlier in 2016,” suggested Anderson.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership of nearly 2,100 member offices includes more than 25,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in Washington state.

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	1,796	2,917	2,748	2,280	$547,770	$432,000	1.28	1.99
Snohomish	810	1,735	1,307	973	$360,171	$329,638	1.78	2.80
Pierce	979	2,635	1,281	963	$274,015	$245,000	2.74	3.74
Kitsap	262	768	367	299	$299,771	$259,000	2.57	3.68
Mason	66	411	67	68	$185,342	$183,950	6.04	6.46
Skagit	109	517	150	137	$331,983	$268,000	3.77	4.16
Grays Harbor	95	548	96	67	$151,265	$139,500	8.18	9.64
Lewis	76	430	113	68	$161,085	$133,000	6.32	12.22
Cowlitz	88	313	123	100	$184,108	$173,500	3.13	5.09
Grant	50	388	58	69	$180,447	$165,000	5.62	8.16
Thurston	296	944	381	274	$242,215	$235,975	3.45	3.94
San Juan	21	313	18	29	$622,361	$460,000	10.79	14.91
Island	80	410	122	127	$317,400	$290,000	3.23	4.96
Kittitas	46	316	71	54	$272,928	$222,245	5.85	8.11
Jefferson	40	255	49	42	$324,986	$259,750	6.07	9.43
Okanogan	30	362	28	26	$182,310	$158,750	13.92	20.14
Whatcom	217	857	310	214	$311,196	$280,500	4.00	5.52
Clark	23	84	26	45	$300,479	$269,000	1.87	3.49
Pacific	33	269	43	30	$184,215	$166,500	8.97	9.94
Ferry	5	57	5	2	$140,750	$140,750	28.50	22.67
Clallam	38	251	48	50	$250,440	$240,750	5.02	6.85
Chelan	51	276	51	41	$282,252	$244,000	6.73	6.05
Douglas	30	94	31	21	$262,731	$242,000	4.48	5.38
Others	27	177	18	20	$165,970	$166,850	8.85	10.04
MLS TOTAL	**5,268**	**15,327**	**7,511**	**5,999**	**$390,001**	**$308,000**	**2.55**	3.55

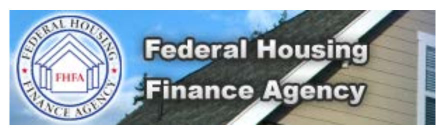
**<u>*Please note:*</u> 1) Starting January 2015, statistics for Chelan and Douglas counties appear on separate lines, instead of being part of the “Others” data. 2) Months of inventory are calculated using active listings/closed sales.

Tables continue on next page.

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	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	

Loan limits increased in 3 high-cost areas around Puget Sound



Loan limits will rise in 39 high-cost counties around the country in 2016, including three counties in Western Washington: King, Pierce and Snohomish.

Starting January 1, the loan limits in the tri-county Puget Sound area will rise from $517,500 to $540,500, an increase of $23,000. Elsewhere, which includes most of the country, the Fannie Mae and Freddie Mac loan limit for 2016 will remain at $417,000 for one-unit properties.

Loan officer Jeff Tisdale with Primary Residential Mortgage, Inc. noted VA mirrors Fannie and Freddie so the VA limit will rise as well. “This means a veteran could get a zero down loan with no PMI up to $540,500,” he remarked.

According to a statement from the Federal Housing Finance Agency (FHFA), the Housing and Economic Recovery Act (HERA) of 2008 established the baseline loan limit at $417,000 and mandated that, after a period of price declines, the baseline loan limit cannot rise again until home prices return to pre-decline levels.

The FHFA said the $417,000 limit will remain unchanged for 2016 in most areas because it determined the average U.S. home value in the third quarter of this year remained below its level in the third quarter of 2007.

Among other areas where the limits will be lifted are several counties in the Denver metro area, the Boston metro area, the Nashville metro area and four counties in California. In Napa County, California, which encompasses Napa, the conforming loan limit will increase from $615,250 to $625,500.

A chart of loan limits for each county may be downloaded from FHFA as either a spreadsheet or PDF. As in the past, the HERA maximum conforming loan limit for two-, three-, and four-unit properties are simply multiples of the one-unit limits. The downloadable HERA maximum loan limits file shows the 2016 maximum conforming loan limits for two-, three-, and four-unit properties.

Research confirms "green" as future of home building

Half of home builders who took part in a nationwide study expect to build at least 60 percent of their new homes "green" by 2020. Researchers also reported the greatest impetus for green comes not from millennials, but from consumers age 55 and older.

Those were among findings in a newly-released report commissioned by the National Association of Home Builders (NAHB).

The study conducted by Dodge Data & Analytics in partnership with NAHB concluded a high percentage of home builders and remodelers are already building green and expect to do so in the future "despite the headwinds created by growing concerns about the cost of building green."

Analysts say green homes provided support to the ailing residential market and promise to be an important element of the recovering market as well. Consumers' association of green with healthier homes and increased use of renewable technologies will propel growth of green homebuilding, according to the research.

Builders believe consumers are willing to pay a premium for homes with sustainable features: 83% of survey respondents believe buyers will pay more for healthier, high-performing homes.

The latest study, titled "Green and Healthier Homes: Engaging Consumers of All Ages in Sustainable Living" surveyed 232 builders and remodelers from across the U.S. Their responses to questions about plans and perceived benefits included:

Over half (54%) of home builders are currently constructing at least 16% of their new homes green, and 39% of remodelers report that at least 16% of their remodeling projects are green.

By 2020, more than eight of every 10 home builders (81%) will be constructing that level of green, with over half (51%) building at least 60% of their new homes green.

By 2020, remodelers report a similar level of growth, with nearly three quarters (74%) making at least 16% of their projects green, and over one-third (36%) completing over 60% of their projects green.

Increasing use of renewable technologies is also contributing to growth. The study revealed an interest in energy performance that goes beyond green. By 2018, nearly half of home builders and remodelers expect to be using solar photovoltaic (48%) and ground source heat pump (52%) technologies. Net zero homes are also emerging as an important trend, with 21% of home builders having built a net zero home in the last two years.

Researchers noted expectations of higher green involvement emerged despite growing concerns about the cost of building green. More than three-fourths of builders and remodelers (77%) report that building green has an incremental cost over traditional construction of 5% or more. That is notably higher than the 60% in 2014 and 58% in 2011. “While higher cost is also the top obstacle to green, it does not appear to have dampened the drive toward green in the market,” the report concluded.

“Builders and remodelers have long recognized that green is the future of home building,” said NAHB Chairman Tom Woods, a home builder from Blue Springs, Missouri. “Since we first began partnering on this study with Dodge Data & Analytics in 2006, we’ve seen that commitment grow.”

Woods also said the study’s recent findings reinforce continued growth, with new homeowner feedback showing a desire and expectation that new homes be high-performing, particularly when it comes to energy conservation. “Most builders recognize that they need to be at least conversant in green to stay competitive.”

The “Green and Healthier Homes” study is the fifth in a series of reports since 2006 that provide research on what home builders and remodelers report about their level of green involvement currently and in the future, the key triggers and obstacles for green, and the importance of green building products and features to achieve sustainability goals. It may be downloaded by clicking here.

Ply Gem Industries, a leading manufacturer of exterior building products in North America provided support for the research.

Dodge Data & Analytics is the leading provider of data, analytics, news and intelligence serving the North American construction industry. Building product manufacturers, general contractors and subcontractors, architects and engineers use its research to size markets, prioritize prospects, target and build relationships, strengthen market positions, and optimize sales strategies.

BY KELLEE BRADLEY, PUBLIC RELATIONS MANAGER FOR JOHN L. SCOTT REAL ESTATE

Hot topics discussed at annual builder breakfast

On Friday, November 6, 2015 over 100 Puget Sound real estate brokers, builders and developers gathered for the 19th annual John L. Scott Builder Breakfast at the Bellevue Club in Bellevue, Washington. Lennox Scott, Chairman and CEO of John L. Scott Real Estate, gave the invocation and an update on the current real estate market as well as projections for 2016. Marc Stiles, real estate reporter for the *Puget Sound Business Journal*, moderated a panel of three industry newsmakers, including Suzi Morris, Senior Vice President of Lowe Enterprises, Mark Gray, Area President of Shea Homes Washington, and Jon Scholes, President and CEO of the Downtown Seattle Association.

Hot topics for the panel included new residential construction, condo development, Millennials, transit, and Seattle's Housing Affordable Living Advisory Committee (HALA) recommendations regarding Mandatory Inclusionary Housing (MIH) and the Affordable Housing Impact Mitigation Program.

Lennox Scott kicked off the morning with a salute to our veterans and a positive real estate market forecast. "It will be another fantastic year for real estate in 2016, "said Scott. "People are talking about how sales are slowing down. We came off a frenzy market in the summer, but the market has not slowed down at all. Low inventory, strong job growth, and historically low interest rates are continuing to drive the market."

A positive 2016 forecast was further substantiated when Stiles asked panelists if they anticipated an uptake in the supply of homes; Gray confirmed that he believes "the supply of new construction will continue to grow and be the vibrant market it was in 2006."

With the median home price in King County currently at $480,000, it's tough for first time homebuyers, like Millennials to buy a home. Stiles asked the panelists if there was a tipping point where builders say "this market is hot, but financially it's not penciling out?"

"Consumers and homebuyers both get sick of costs going up," said Gray. "Something has to be done about it but it won't keep us from being in the marketplace. Whenever builders or manufacturers increase product offerings or add things that are trendy, like granite, it adds cost."

"As you underwrite deals you factor in escalation that will happen," added Morris. "At some point something's going to give. Rental rates and sales costs will make construction not cost effective. That point may come in a year or two."

Will Millenials still want an urban lifestyle after they get married and have kids?

"They want walkability, whether it's an urban village in Redmond, Kirkland, or downtown," commented Scholes. "They don't want to be in their vehicles all day. That will continue to drive urban development."

PHOTOS: SQUAWKBOXMEDIA

Morris remarked that the quality of schools will be a major factor for Millennials. "It should make the Seattle School District get their act together," she said. "If not, Millennials will move to suburban areas based on their proximity to work."

Sound Transit 3 (ST3) will build upon the existing mass transit system of light rail, commuter rail and bus services to take people farther and faster to destinations throughout King, Snohomish and Pierce counties. When Stiles asked about Prop1, the ballot measure to fund ST3, and how important it is to areas outside of Seattle, the panelists were all in accord.

"I think it's critical," said Gray. "I don't think they can have it fast enough. Keep in mind that there are other city centers in other counties. Access to those city centers is a priority as well."

"ST3 will radically change the way people travel and how they feel about where they work and live," agreed Scholes.

Morris said the lack of capital providers and risk premiums were important considerations to new condo development around the Puget Sound. When Stiles asked about Bellevue development, she predicted one or two new high-rise developments in the next 5– 10 years. As to outlying city centers like Burien, Kent or Mountlake Terrace, she cited cost differentials as the main deciding factor.

"The questions I would ask is can you buy a house easily in those markets versus the price you would have to sell the condominium for," she said.

"It would depend on the size," said Gray. "As long as you're willing to look at it on a smaller scale as opposed to large scale then I would say yes."

Looking to the future, Scott asked the panelists about the criteria they use when determining whether or not to go forward with a project. The overall consensus was that when cities and jurisdictions see the value in making the permitting process as easy as possible, it's like setting out a welcome mat for developers.

It's clear that the topics and issues discussed at the Builder Breakfast will continue to make headlines in the Puget Sound region, but they aren't insurmountable, and discourse is imperative to finding solutions.

"This breakfast is very informative," commented Morris. "Any opportunity in this industry when you can get together and listen to trends in the market strengthens our community."

Scholes said it was a great opportunity for him to get out of Seattle proper and hear about what's going on in the rest of the Puget Sound area. "This even really helped me understand the market and product types from a regional perspective, and how it affects the economy," he said.

"The John L. Scott Builder & Development Breakfast brings together some of the industry's most knowledgeable players to share ideas and discuss the year's top issues," said Stiles. "It was an honor to moderate the panel discussion, and I hope that attendees found the event informative."

Startup helps homeowners create home-monitoring system with old smartphones

Old smartphones and other devices can be repurposed as a home-monitoring system using free software from a New York startup called Perch.

The software, recently released in beta, is initially compatible with PCs and standard USB webcams. In the coming months the company plans to add iPhones, IPads, smart TVs and traditional security cameras as reusable devices for fashioning a live-streaming security system.

The beta version is available at GetPerch.com. Once the software is downloaded, the user chooses settings to configure and customize, then points the gadget's camera at the area to be viewed. A computer is needed to set notifications, integrate with smart-home automation systems and draw zones for monitoring.

Using the Perch app, homeowners can view video feeds or archived footage through their mobile devices. Eventually, the software will work with smart TVs and home automation systems.

Perch integrates with software like Wink and Samsung's SmartThings so homeowners can control their Internet-connected appliances. For example, a lamp could be turned off simply by clicking an image of the light in the video, or loud music could play if a pet jumps on furniture that's off limits.

The company is working on technology that can tell the difference between a pet and a person to prevent false alarms that are common with many existing home monitoring setups. That distinction and Perch's use of technology akin to "a persistent video chat services," instead of a Netflix-style buffering technology, are features that help set Perch apart from rivals who also enable home monitoring via old gadgets. With Perch's system, parents could initiate a "real time" video chat with their kids if they observe them misbehaving, a feature that isn't possible with lagged connections.

"Our goal is to be the easiest way to get started doing home monitoring," Perch CEO Andrew Cohen told CNET. "You're able to set up in a matter of minutes and take a device and keep an eye on your kids while they're playing in the next room."

Perch is part of Samsung's accelerator program for startups. In return for helping entrepreneurs launch their products, Samsung—a South Korean electronics giant—owns a stake in the companies and gets easier access to their technologies.

The company plans to offer a premium subscription service that lets subscribers access videos saved on a cloud-based DVR. That would allow scheduling recordings and turning them off whenever desired, or monitoring a swimming pool from inside a home. All video shot through Perch is encrypted, but subsequently deleted from its servers after a specified time period.

Analyst firms project people will spend $100 billion on smart home technology and 45 million smart home systems will be in use in 2018.

Brokers urged to follow best practices to reduce keybox thefts

Reports of keybox thefts – most often from vacant homes -- prompted Northwest Multiple Listing Service to remind its members to follow "best practices" to help quash the pilfering. The recommendations include:

- Always attach your keybox to a secure object in a well-lit location
- Assign your keybox to your listing - the serial number can be identified in case of theft
- Ask sellers to remove prescription drugs and valuables from the home, such as jewelry, firearms or cash
- Immediately report any strange occurrences or theft to the local police
- Notify NWMLS of the theft for tracking purposes

Building products companies poised for 30 percent growth

New construction will soon surpass the remodeling business, according to surveys and forecasts from John Burns Real Estate Consulting.

During an industry conference earlier this year, participants voted building product stocks as the "best risk-adjusted future return." The $500 billion industries that make up that segment are confident of 30 percent growth in new home and apartment construction, "even if interest rates rise."

Burns, the founder of the consulting firm that bears his name, said residential construction will rise to 1.5 million-plus units “because we can all count the number of young adults delaying household formation, and 1.5 million has long been considered a normal level of demand. Dramatic growth from last year’s expenditures of $235 billion is anticipated, according to results of a survey conducted at the same conference.

Spending on remodeling is projected to grow 7.8 percent in 2016, with strong gains continuing thereafter. That segment accounted for $266 billion in 2014. While rising mortgage rates would likely hurt new home construction, remodeling would benefit as move-up buyers stay in their existing home and tap into their home equity line to remodel instead of move.

Led by VP Todd Tomalak, the Burns firm recently completed its first comprehensive forecast of US Repair and Remodeling. The report identified 18 major industry drivers and developed assumptions for each. Tomalak is a six-time winner in the “Most Accurate Forecaster” category by the Chicago Federal Reserve.

BROKERAGE DESIGN – BY JEREMY CONAWAY

Real Estate Transactions Are Now On the Top of the Stress List

It may or may not come as a surprise to most real estate professionals that it is now public knowledge that, with respect to stress, participation in a real estate transaction is now on par with death, terminal disease, divorce, airline travel and computer repair.

An article published in the October, 2015 edition of the Harvard Business Journal by Leonard L. Berry from Texas A & M University and Scott Davis from Rice University reports that services such as cancer care, airline travel, computer repair and home buying and selling can trigger powerful human emotions. Even more surprising is the fact that the vast majority of the entities and individuals delivering these services are not sensitive to the level of stress their consumer experience generates. Nor are they provided with the training necessary to either demonstrate sensitivity or reduce the amount of stress for which their performance is largely responsible.

By this point some readers will be rolling their eyes and not so subtlety pointing out: Hey, what’s new? This is the way it has always been, this is the way it will always be and as a hyper busy real estate professional I can’t be responsible for the client’s mental health. Buck up consumers!

While there may be no lack of support for this macho position hopefully there will be a few souls who will want to better understand the big picture because there is one. Let’s start with a few facts. First, this is not our parent’s real estate marketplace. A strong argument can be made to support of the idea that as a market we are in the last vestiges of that era in which real estate agents and sales representatives have the absolute power to design and deliver the consumer real estate experience. From a consumer and regulatory perspective we are now in a new era in which the only thing that matters is what experience the real estate consumer gains from their buying, selling and transactional experience and how they can customize that experience to make it a positive one.

This effort is not without support and facilitation. Leading the charge are the new generation consumers themselves. As a starting point they are no longer in a mood to be victims of provider centricity. They have ceased to see their physicians or their real estate service providers as the center of the civilized world. Empowered by the “Internet of everything,” their peers and friends, they enter the transaction fully prepared and committed to avoid the transactional woes of the old experience.

The second level of facilitation for consumer centricity will come from new age regulators such as a federal agency known as “the Bureau.” Twenty-five years ago this term would have been applied to the awesome powers of the Federal Bureau of Investigation (the FBI). Today the term “Bureau” applies to the Consumer Financial Protection Bureau, a five year old agency that has already earned its bones by bringing order to such high annoyance consumer experiences as student loans, car loans, payday loans, credit cards and, most recently and currently the consumer mortgage experience.

The “Bureau” is absolutely data driven. Not the data represented by tens of thousands of old musty files hidden away in a basement, but the data of an agency whose primary data mentors in 2010 were Google and Apple. Every one of the consumer complaints either generated or received by the Bureau has been captured, verified, analyzed, catalogued and stored in a system that allows for fast reference and almost instant incorporation into the initiatives necessary to respond to the consumer’s plight.

A review of the Bureau’s recent activities relative to the real estate industry discloses a systematic approach to preparing to regulate all real estate industry activities including those of brokers and agents. The Bureau has already moved to regulate the appraisal, title, mortgage, the transaction sectors and even the allied business elements of the brokerage sphere. Essentially the only element required to close this regulatory circle is pulling in the brokerage and agent. When that moment comes, and in all likelihood it will, the Bureau will be armed with an overwhelming amount of sterling quality evidence in the form of both its own investigations and observations and literally hundreds of thousands of direct consumer reviews (read complaints).

Yet another source of facilitation and support for a consumer-centric movement in real estate may come from the federal and state courts in the form of judgments and decisions impacting the long standing status of the real estate professional as an independent contractor. While the basis in law of such actions have to date been in agency law, there is a strong likelihood that as these actions work their way up the judicial and regulatory ladders, issues regarding public safety and consumer rights will begin to enter the case. The recent decision by the Oregon Public Utilities commission determining that Uber driver/partners are in fact employees brings the national score to two in favor of employee status and two against. There are at least two lawsuits also pending on the subject.

Still another source of documentation regarding the possibility of less than stellar consumer experiences being delivered can be found in the records of on and off line agent ranking and rating programs. Not all consumer reviews are converted to numeric scores and numbered star rating scores, as is the case with the Houston Association of REALTORS® program. Some agent ratings are used to populate very precise databases regarding specific agent behaviors. Industry wide there are well over 1.5 million such reviews. These databases may ultimately come back to haunt the industry and its participants.

Returning to the initial focus of this column, what should brokers and agents do to lower their vulnerability to the side effects of what is clearly a highly stressful and unsettling consumer real estate experience? The primary answer to this inquiry is very simple. In some way demonstrate that the brokerage or agent gives a damn.

The easiest way to meet this basic test is to undertake some manner of rehabilitative behavior. When the moment comes and one must defend one's self the simplest solution is to be able to establish with a dedicated file that the brokerage and its agents were knowledgeable and sensitive to the problem. Set about identifying the specific emotional triggers that are set off during the consumer's experience. Determine which have to exist and which are merely manifestations of an agent's power. Develop tactics for responding quickly and effectively when intense emotions arise. Enhance the consumer's control over the real estate buying, selling and transactional experience. Train agents and others within the brokerage who are in regular contact with consumers to respectfully communicate with clients and customers to strengthen their confidence. Most important of all, establish a record of not being too busy to assist.

These are disruptive and difficult times. They call for appropriate levels of management and behavior modifications. Don't wait for the knock on the door. We can do this.

Plans to convert a Bothell golf course to housing and other uses remain uncertain

Whether Wayne Golf Course in Bothell becomes the site of homes, an open space and habitat for salmon, or some combination of uses is unknown as land conservationists, developers and politicians continue negotiations.

In June, Joshua Freed, the city's mayor, along with representatives from Forterra (the conservation organization) and the investment group, announced an historic agreement to allow Forterra to purchase the 39-acre back nine of the golf course. Mayor Freed is a well-known homebuilder with ties to the prospective developers.

Forterra is interested in purchasing the entire property. Representatives of the "design-and-build nonprofit" say they hope to provide the community with an opportunity to "creatively structure a permanent preservation strategy to support a variety of publicly-accessible uses and habitat restoration actions."

Since the purchase agreement announcement in June, Forterra, the city, community organization OneBothell, plus state and county officials have been working to secure the land. Forterra has been trying to raise money to acquire it with the intent of eventually transferring ownership to the city, but subject to its own fundraising.

A conservation easement limits development on 46 acres of the 50-acre front nine. Investors filed pre-application development plans with the city in late November, proposing to build 50 homes on the back nine. Both parcels went on the market in 2013, with the city given the first option to purchase it. That option has expired.

The 89-acre golf course includes nearly a mile of critical salmon habitat along the Sammamish River, along with vistas from the Burke-Gilman Trail, acres of woods, and an historic apple orchard and farmhouse.

Following reports of the latest filing by Freed's investment group to pursue development permits, he and Forterra declined comment but issued a statement indicating they were still "acting in good faith." Noting it is a voluntary transaction and that Forterra was fully aware of the scheduling of the pre-application meeting, the parties also stated, "It has always been understood between the parties that the ownership group would continue with its entitlement process as a backup plan in case our transaction didn't close."

The latest maneuvering has angered some citizens and preservationists who cite possible conflicts of interest. According to a report in *The Seattle Times*, OneBothell leaders had hoped the negotiations would swiftly conclude after the November elections when a slate of candidates strongly supportive of preserving the golf course and critical of the mayor's involvement won three seats on the seven-member city council. They take office in January.

Forterra describes itself as a regional leader for sustainability. During its 25-year history, the organization has permanently protected 238,000 acres of working lands, rivers, streams and forests.

Civic Arts Salon will showcase local works while sparking discussions on homelessness

Keeping Seattle creative and averting a creative drain from the metropolitan area are among the goals of a first-ever Civic Arts Salon. The December 10 event will showcase the work of visual, film and performance artists.

The first in what is expected to be a series of curated salons will explore three key challenges, according to Crosscut, which is presenting the event. The art will focus on housing affordability, gentrification and homelessness.

South lake Union artists, past and present, were invited to submit artwork and descriptions of their personal experiences relating to the theme “affordable housing.”

In presenting the salons, the organizers said they wanted to provide a way to explore important issues, such as the value of artists and their experiences of being priced out of Seattle. The event is intended to be both a sounding board for artists to show the community why this issue is important and as an opportunity for them to express their visions for a creative future.

“We see this as a way of connecting residents of the neighborhood and the city to the South Lake Union and Belltown arts community past and present — and sparking conversation about the importance of creating and preserving space for artists and their work in a changing city,” Crosscut stated, adding, “How do we build art space into the new Seattle?”

The Dec. 10 event will be held from 6 pm to 8 pm at Assembly Hall in Seattle (2121 6th Avenue). Tickets may be reserved online; suggested donation is $5 per ticket

Crosscut is an independent, non-profit electronic news journal based out of Seattle dedicated to local politics, culture and technology.

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News In Brief

- **Paying for a mortgage is still more affordable than renting in Seattle and most of the United States, but saving enough money for a down payment has become increasingly difficult for first-time buyers,** according to a new study released by Zillow and reported in mynorthwest.com. Residents of the Seattle metro can expect to spend about 22.2 percent of their income on a mortgage, compared to 31.7 percent on rent. Zillow tabbed the Seattle median house price at $359,400 with a down payment of $71,880 needed to buy that home, according to the company's third quarter analysis of U.S. rental and mortgage affordability. Rental affordability worsened in 28 of the 35 largest metros over the past year, and mortgage affordability worsened in just 18 of them. Nationally, homeowners can expect to spend 15 percent of their income on a mortgage, and 30 percent on rent. But getting that mortgage payment requires a homebuyer to have saved $62,760 for a 20 percent down payment. First-time homebuyers and millennials are left trying to find other ways to break into the housing market, turning to friends and family for financial help. In 2014, 13 percent of home purchases were bought using a loan or gift from friends or family for the down payment.

- Several home features are gaining momentum in residential real estate. Here are four amenities that home shoppers are showing more desire for, according to a recent article at CBSHome.com.1) **Energy efficiency.** Bigger used to be better in real estate, but the cost of maintenance and particularly the heating of bigger homes has prompted some buyers to be less tempted to supersize their digs. Many buyers are being swayed with homes that are more economical to maintain and also have a warmer, cozier vibe. 2) **Modern, up-to-date kitchens.** Remodeling a kitchen can be one of the costliest home improvement projects to take on. That's why many buyers are looking for a kitchen that already has been updated. They're looking for sleek, modern looking kitchen with stainless steel appliances. 3) **Smart home options.** More buyers are looking for homes that they'll be able to smarten up now, or down the road. For example, home buyers are showing greater desires for thermostats that can be adjusted with their mobile device to being able to unlock doors via Bluetooth. Smart home features can be a huge draw that makes a home more modern. 4) **Color pops.** Neutrals can help buyers envision the home as their own, but color has been shown to be a draw for younger buyers in particular.

- **A stretch of downtown Interstate 5 in Seattle, between Madison Street and Lakeview Boulevard, is the 17th-worst bottleneck in the country, according to a highway-advocacy group's study of GPS data.** People waste 1.6 million hours each year delayed in traffic on this stretch of road at a cost of $45 million, according to the study published by the American Highway Users Alliance (AHUA), which lobbies for highway investment. In March, the Tom Tom navigation company ranked Seattle the fifth most-congested U.S. city.

- **The conforming high balance limits in King, Snohomish and Pierce counties are going up on January 1st, according to a news announcement by Primary Residential Mortgage, Inc.** The old loan limit was $517,500 and the new limit (January 1) is $540,500. This is a $23,000 increase, so everything over $540,500 (loan limit) will be Jumbo. VA mirrors Fannie and Freddie so the VA limit will go up to this as well. This means a Veteran could get a zero downpayment with no PMI up to $540,500. At this time there is no news from FHA yet on if their limits will change.

- **Total sales for existing and new homes are expected to reach six million for the first time since 2006 next year, according to a 2016 housing forecast issued by realtor.com.** Gains in new-home construction and existing home sales are both expected to push total home sales to the highest levels in years. The new-home construction market is expected to see the most gains in 2016, with a 12 percent year-over-year increase in housing starts and a 16 percent year-over-year growth in new home sales. The gains in existing-home sales are expected to be more moderate, with expectations of a 3 percent year-over-year gain.

Calendar of Events Through January 13, 2016

Dates	Event	Time	Location	Contact
SEATTLE—*King County* REALTORS®				
12/9/15	Installation & Awards Banquet	5:30 pm – 9:00 pm	Museum of Flight	425-974-1011
12/15/15	Affiliate Council	9:00 – 10:00 am	SKCR	425-974-1011
12-24-25/15	Holiday—Office Closed			
1/1/16	Holiday—Office Closed			
1/13/16	Board of Directors	8:00 – 11:00 am	SKCR	425-974-1011
For updates visit: **www.nwrealtor.com** and click "events"				