NW REporter

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Millennials opting for homes in “urban ‘burbs”

Millennials make up a growing share of homebuyers, and more of them are choosing the suburbs, according to a report by the National Association of REALTORS®.

Researchers for the *Home Buyer and Seller Generational Trends Report* noted soaring home prices and limited inventory were factors in the millennials’ decision to forsake their urban dwelling for the ‘burbs.

Lawrence Yun, NAR chief economist, says while millennials may choose to live in an urban area as renters, the survey reveals that most aren’t staying once they’re ready to buy. Demographer Dowell Myers, an urban planning professor at USC, agreed, saying “Millennials’ preference for cities will fade as they start families and become more established in their careers.”

The NAR trends report revealed buyers 35 years and younger continue to be the largest generational group of home buyers, marking the third straight year of their dominance. Last year they composed 35 percent of all buyers, up from the 2014 figure of 32 percent. That’s more than the combined amount of younger and older boomers (31 percent). Generation X made up 26 percent of buyers, with the Silent Generation (those born between the mid-1920s and early 1940s), accounting for 9 percent.

Among other key findings from the NAR research:

- First-time buyers made up 32 percent of all home buyers, down from 33 percent in 2014.
- The share of millennials buying in an urban or central city area dropped from 21 percent in 2014 to 17 percent in the latest survey.
- Fewer millennials (10 percent) purchased a multifamily home compared to the prior year (15 percent).
- Sixty-seven percent of buyers 35 years and younger were first-time buyers, followed by buyers 36 to 50 years at 26 percent.
- The most common type of home purchased continues to be the detached single-family home, which made up 83 percent of all homes purchased.

Yun said limited inventory in millennials’ price range, minimal entry-level condo construction and affordability pressures make buying in the city “extremely difficult for most young households.” Even if millennials prefer an urban setting for their first home, he said that isn’t always realistic. “The need for more space at an affordable price is for the most part pushing their search further out,” he explained.

That conclusion is underscored by an affordability index compiled by Bloomberg. Using data from the U.S. Census Bureau, Zillow Group Inc. and Bankrate.com, Bloomberg quantified how much more millennials would need to earn each year to afford a home in the largest U.S. cities. Even though 37 of the 50 metro areas in its Millennial Housing Affordability Index are actually affordable for the typical 18-34 year-old, many of the cities that most appeal to this cohort have huge gaps between home prices and earnings, making homeownership out of reach.

Seattle, with a gap of $5,778, is one of these cities with an affordability gap, ranking No. 7 on the list. The biggest differentials are in San Jose (-$80,162), San Francisco (-$60,975), Los Angeles (-45,761) and San Diego (-$36,084). Also earning a dubious place on the list of cities with affordability gaps were Sacramento, New York, Riverside, Calif., Washington, D.C., Boston, Miami-Fort Lauderdale, Denver, and Portland.

Suburban developers around the country are hoping to appeal to Millennials and their quest for work-life balance by creating more city-like developments, which some call "urban 'burbs." Such communities incorporate many amenities found with in-city living, including walkable downtowns with restaurants, shops, and grocery stores, easy access to transit, and mixed housing types with a range of prices.

Debt continues to be a drag on many buyers' ability to purchase a home. NAR found debt delayed saving for a down payment for a median of four years for all buyers, but it posed a bigger problem for older boomers who, on average, postponed their purchase for six years; among millennials, debt caused a three-year delay. Both student debt and credit card debt have an impact.

"One of the many reasons housing supply has been subdued in recent years may be because a segment of homeowners have decided to delay trading up or moving down in order to pay down their debt, including from student loans," suggested NAR's Yun.

The Generational Trends Report, released in March, was on a 128-question survey mailed to nearly 95,000 recent home buyers. NAR members may download the full report on the Realtor website.

Housing inventory shortages persist despite increase in new listings

KIRKLAND, Washington (June 6, 2016) – Just as expected, the month of May had an uptick in new listings (12,272), but just as many buyers (12,275) made offers on homes during the month to keep inventory depleted, according to the latest figures from Northwest Multiple Listing Service.

"Inventory is being squeezed from all directions," reported Frank Wilson, branch managing broker at John L. Scott in Poulsbo. He said the pool of house-hunters includes young first-time buyers, renters whose rents are escalating, buyers who are returning to the market after recovering from a foreclosure or short sale, investors, and baby boomers who are purchasing for their retirement needs. Additionally, in Kitsap County where his office is located, there are military families who are transferring to a base there and want to buy.

By month end, member brokers reported 15,198 active listings in the Northwest MLS database. That's down more than 22 percent from a year ago when buyers could choose from an inventory of 19,515 listings across the 23 counties served by the listing service.

"The May housing market was not just hot, it was frenzy hot," commented J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. "Brokers are working like bees in a hive as the housing market creates a buzz of sales activity in the Seattle-Central Puget Sound area." By his analysis, 80 percent of the homes coming on the market in King and Snohomish counties are selling within the first 30 days. "Many sell within the first week," Scott reported, adding, "A healthy/normal market would have 30 percent selling in the first 30 days."

MLS figures show there is only 1.76 months of supply system-wide. In both King and Snohomish counties, there is barely more than one month of supply – well below the 4-to-6 months that many experts use as an indicator of a balanced market.

"With less than two months of inventory, every new listing seems to draw multiple offers," Wilson remarked. He also said homeowners who want to move up in this same market know they face a conundrum: "If we sell today, will we be able to buy tomorrow?"

Buyers are becoming more and more aggressive with offers and pricing, and that concerns some brokers, said Northwest MLS director George Moorhead. As the gap between pricing and value widens, some would-be buyers may overextend themselves. Also, appraisers are struggling with a lack of comparable sales versus multiple offers that escalate well beyond the listing price, said Moorhead, the designated broker at Bentley Properties. Since lenders base loans on appraised values, buyers will likely need to make up the shortfall.

Even though brokers say paltry inventory is limiting sales, the year-over-year volume of pending sales rose more than 7.4 percent last month. Members reported 12,275 mutually accepted offers, up from the year-ago total of 11,425. MLS data going back to 2004 shows that one-month total is the highest on record.

Prices also rose. The median price area-wide for last month's 8,630 closed sales of single family homes and condominiums (combined) was $339,950. That's up more than 7.2 percent from twelve months ago when purchasers paid $317,000 for the median-priced home. Ten counties reported double-digit price hikes.

In King County, the median price jumped more than 11.7 percent, from $434,000 to $485,000. Prices on single family homes surged nearly 16.5 percent, rising from $480,942 to $560,000. Condo prices were up 9 percent, but finding one proved challenging as inventory dropped 29 percent in King County.

Former MLS board member Ken Anderson, the president/owner of Coldwell Banker Evergreen Olympic Realty in Olympia, said last month set records for both pending and closed sales. "Low inventory coupled with the huge number of buyers has our market moving at a record pace," according to his calculations.

"Well-priced homes are selling in an average of just 12 days – a full month faster than the peak of the market in 2006," he commented.

Brokers offer various suggestions to prospective buyers as they vie for scarce inventory:

- "The best advice I can offer to potential first-time buyers is to think outside the box" said Gary O'Leyar, a past chairman of the Northwest MLS board. He encourages buyers to consider purchasing a "stepping stone" property. Since the close-in neighborhoods in Seattle and Bellevue hold little opportunity for first-time buyers, their best option is to look further out, he suggests. "Consider future growth, such as in areas near light rail or other transit services, and areas that have good public schools," said O'Leyar, the owner and designated broker at Berkshire Hathaway Home Services Signature Properties in Seattle. "Waiting on the sidelines to buy will likely lead to increasing rental costs, so why not make a real estate investment purchase and have some hedge against future inflation," he added.
- "Relationships are paramount in this market," said Lennox Scott. "If you're looking for a home, make sure your broker knows your story and can convey it in a compelling way."
- "Buyers must carefully study the market so they can make decisive but smart offers when new listings arrive on the market," emphasized Anderson. "With the robust activity, success for buyers means making an offer that stands above the competition." He also urges buyers to not forgo important protections like home inspection contingencies.

Wilson and other brokers do not see an easing in the inventory crunch "for some time to come." Even if the Fed raises interest rates, he believes shortages will persist because of the backlog of buyers.

Moorhead noted new home construction is also seeing prices soar as many of the defunct projects from 2008 to 2012 are being completed and built out. "Finding land for new home plats is forcing more teardowns and pushing builders/developers farther out where services are not as prevalent. He said first-time buyers tend to be hardest hit since they're priced out of many close-in areas and must look at commute times of 45 minutes or more.

"There's good news for luxury homebuyers," Scott suggests. It's prime time to showcase such properties, he explains, and "this is the season when more luxury inventory hits the market. The good selection in King County is easing the pressure for homebuyers in the luxury ($1 million and above) market. A search of the MLS database shows there are currently more than 900 listings in King County with asking prices of $1 million or more.

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.

Statistical Tables Follow.

Statistical Summary by Counties: Market Activity Summary – **May 2016**

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	4,334	3,332	4,486	3,242	$597,191	$485,000	1.03	1.23
Snohomish	1,862	1,505	1,979	1,386	$403,061	$367,250	1.09	1.62
Pierce	1,989	2,235	2,082	1,442	$305,002	$270,500	1.55	2.37
Kitsap	608	734	606	397	$357,251	$285,000	1.85	2.69
Mason	217	454	159	89	$220,012	$199,000	5.10	6.21
Skagit	290	504	274	202	$333,891	$315,076	2.50	3.02
Grays Harbor	188	576	176	108	$164,604	$151,200	5.33	7.20
Lewis	164	406	177	98	$174,543	$168,000	4.14	6.36
Cowlitz	171	223	174	114	$209,057	$189,000	1.96	3.51
Grant	137	424	101	75	$201,253	$195,000	5.65	8.79
Thurston	669	908	634	469	$285,686	$260,000	1.94	3.17
San Juan	63	319	45	31	$527,473	$435,000	10.29	13.15
Island	258	457	248	175	$314,678	$289,000	2.61	3.77
Kittitas	146	308	109	58	$316,103	$229,250	5.31	6.84
Jefferson	104	257	100	65	$324,344	$315,000	3.95	7.73
Okanogan	120	392	50	32	$186,555	$160,450	12.25	17.62
Whatcom	474	926	475	364	$311,987	$294,500	2.54	3.69
Clark	50	73	54	39	$343,641	$295,000	1.87	2.07
Pacific	84	289	62	43	$156,092	$150,000	6.72	6.40
Ferry	8	64	6	5	$162,380	$95,000	12.80	22.33
Clallam	106	250	98	60	$278,067	$255,475	4.17	5.35
Chelan	128	296	94	65	$323,748	$300,000	4.55	5.26
Douglas	56	123	38	34	$247,972	$248,250	3.62	3.78
Others	46	143	48	37	$212,688	$185,000	3.86	11.41
Total	**12,272**	**15,198**	**12,275**	**8,630**	**$426,017**	**$339,950**	**1.76**	**2.37**

(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	4475
2016	5420	6703	8130	8332	9153							

"Extraordinary" fees hindering builders' ability to create entry-level housing

New homes have become permanently more expensive to build, declared Jody Kahn of John Burns Real Estate Consulting upon analyzing responses to a recent survey. As a consequence of new regulations and fees imposed on home builders, researchers concluded the resale market will need to meet the demand for affordable entry-level housing.

"Extraordinary development and compliance costs" are not only stifling the construction of new homes and frustrating builders, they're also driving up costs, the consultants reported.

The Burns firm surveyed more than 100 home building executives across the country to uncover specific examples of new home construction costs that did not exist a decade ago. "We were overwhelmed by the reply," reported Kahn, adding, "Many of our private equity clients who work with builders all over the country tell us that every project has experienced cost overruns!"

Among the expenses builders around the country mentioned most frequently were:

- Erosion control costs, pegged at $5,000+ per house, “even in areas that rarely get rain.”
- Energy code costs, estimated at $2,500+, with builders in California, Florida, Illinois, Minnesota and Pennsylvania saying energy code costs exceed $8,000 or more per home.
- Mortgage documentation and closing costs, particularly for the new TRID rules, are adding at least $750 per house.
- Fire sprinkler costs add from $5,000 to $10,000 in expenses.
- Understaffed jurisdiction offices result in costly delays in plan approvals, building permits, and inspections.
- Unusually long utility company delays that stall construction, causing prices to escalate as new communities await connections for electric, gas, phone and cable service.

Kahn, a senior VP with Burns, said they also identified several local or regional issues that impeded builders. These included items such as school fees, infrastructure upgrades, “beautification” requirements, tree ordinances, park fees, firewall treatments, storm-water discharge permits and greenhouse gas fees.

To illustrate examples of recently imposed requirements for new homes, the firm created an infographic titled “Development Dash: A Game of Skill and Chance.”

Among examples cited by builders in Washington state were a 24-month delay due to a new design-review process, and “substantial additional” masonry requirements that were imposed after a project’s approval, adding several thousand dollars to the cost of each home.

Research from the National Association of Home Builders indicates the average cost to comply with regulations for new home construction is up nearly 30 percent over the last five years, rising from just over $65,000 in 2011 to more than $84,600 now. During the same period, new home prices rose 33.8 percent.

Another study from Zelman & Associates, a housing research firm, found that local infrastructure “impact fees” in 37 key home building markets across the country surged 45% on average since 2005, adding about $21,000 to the cost of a newly-built home.

Commenting on the added development/compliance costs, Kahn said virtually all of them “appear to come with positive consequences for the environment, neighborhoods, or city finances,” but “they also make it quite difficult for builders to build entry-level homes. That makes it tough for the home construction market to recover to normal volume levels, she stated. With rising construction costs pushing home prices out of reach for many prospective buyers, Kahn said home builders “have been forced to serve only the more affluent home buyers.”

REALTORS® discuss housing supply crisis, trends and concerns during 22nd annual briefing for policymakers, candidates

"The Law of Supply and Demand cannot be repealed," said Realtor Patti Hill in welcoming attendees to the 22nd annual Housing Issues Briefing by Seattle King County REALTORS®. This year's event, intended for state senators, state representatives, legislative assistants, and candidates for House and Senate positions, drew more than 100 policymakers, Realtors, affiliate members, and others.

Along with a market overview, this year's event featured a nationally known market research consultant and panel of industry experts who discussed policies for restoring affordability while building strong communities.

In her opening remarks, Hill, the 2016 president of SKCR and a broker at the Ballard office of Windermere Real Estate, called this year's Briefing "the most important ever," due to the "enormous housing supply crisis," which she described as "an undeniable emergency."

To underscore her points, the leader of the 6,000-member association said multiple offer situations are common in King County, prompting unrealistic bidding wars between would-be owners and skyrocketing prices. Citing statistics from Northwest Multiple Listing Service, Hill said the growing gap between the countywide median price ($475,000 at the end of April) and the median wage is harming growing numbers of working families and "crushing lower income families."

Hill said families are responding to the supply crisis by looking for homes they can afford in outlying areas, which can result in long commutes and other problems. Lengthy commutes "clog our roads, pollute our air, create sprawl, and maybe worst of all, they erode our quality of life and precious time with family and community," she noted. An unhealthy market also harms the economic competitiveness of the region, and will eventually hurt tax revenues for state and local governments, she added.

Relief can best be achieved by increasing the supply of inventory, currently at about of 1.1 months, to inventory that approximates four-to-six months—a level that has not occurred since 2011, Hill emphasized, citing data from Northwest Multiple Listing Service.

While increased supply is essential, Realtors believe another important component of a healthy market is housing that meets changing demographics and consumer preferences.

Featured speaker Mollie Carmichael, principal at John Burns Real Estate Consulting, shared insights from comprehensive research around consumer preferences, comparing both King County and the Seattle-

Tacoma metropolitan areas with national averages. The research covered preferences on home sizes, architectural styles, interior features and various amenities.

The Burns firm also analyzes what it calls a “Housing Cycle Risk Index” based on 24 variables. Seattle is currently graded B+, but Carmichael warned the audience to “prepare for higher risk for real estate investments in the future due to greater challenges with affordability.” She said three major factors—job growth, available supply, and interest rates/affordability—will have an impact on growth. Multi-family developments will continue to be an affordable solution, she added, and multi-generational homes be sought by more buyers.

Constrained supply is contributing to flat sales and rising prices but “ridiculously low” interest rates continue to attract buyers and keep the market stable. Asked if now is a good time to buy, 72 percent of survey respondents in King County believe it is, according to Carmichael.

To better understand consumers, the Burns firm no longer segments them into categories commonly known as the Silent Generation (born before 1945), Boomers (1945-1964), Generation X (1965-1979) and Generation Y (1980-1994). Instead, they’re classified into more finite groups using lifestages and unique societal influences. Government, technology, the economy and social acceptability also differentiate the categories.

In King County, the group Carmichael defined as Innovators (born in the 1950s) are the biggest shopper segment, followed by Balancers (those born in the ‘70s). In general, shoppers want to live close to work, but they want single-family detached. They also have an aversion to alley-loaded neighborhoods, preferring instead a conventional lot with a garage or street parking.

Among other consumer findings Carmichael highlighted:

- There are more “non-traditional” families than traditional families in today’s market, but the latter group will buy 2-to-4 times faster than the non-family segment.
- They have more pets than children.
- There is a huge opportunity for multi-generational housing, reflected by the fact that 44 percent said they want to accommodate their parents in their next home.

Asked about location preferences, the majority of King County respondents (52 percent) prefer inner suburban (with 15-30 minute commutes), with another 36 percent choosing outer suburban (30-60 minute commutes). Only 7 percent said they prefer the city core. A suburban master plan is favored by 44 percent – twice the number for any other alternative. Only 11 percent prefer urban.

When researchers invited shoppers to identify obstacles to their search, two-thirds of King County residents said lack of available homes is the biggest challenge, followed by an inability to find what they're looking for.

With that information framework, the discussion turned to a panel discussion moderated by SKCR Housing Specialist Randy Bannecker on restoring affordability and balancing interests to facilitate growth. Panel members included representatives from Forterra, the Runstad Center for Real Estate Studies, and Seattle King County REALTORS.

Michelle Connor, executive VP, Strategic Enterprises at Forterra talked about achieving balance through "smart, sustainable conservation" and policy innovation.

Last month, Forterra (formerly known as Cascade Land Conservancy) announced a partnership with El Centro de la Raza (a social service organization) to address housing issues. In explaining that endeavor, Connor said affordable housing is "more than just a logical part of a long-range land-use strategy."

Going forward, as Forterra continues its quest to protect critical landscapes, improve quality of life, and engage the community in creative attractive urban developments, Connor said she expects Realtors will be a key partner. She invited audience members to review two publications from Forterra's website: a 26-page communications guide with messaging research on growth, and a presentation consisting of 46 slides summarizing the values research findings. The research was commissioned by Forterra, the Puget Sound Regional Council, King County Council, and Amazon.

Panel member Sam Pace, a broker with Executive Real Estate, Inc. and a housing specialist with SKCR, was asked about specific fixes for both growth management and buildable lands. After providing an overview (with diagrams) of the Growth Management Act, the buildable lands process, and the roles of the State Office of Financial Management and Puget Sound Regional Council's transportation plans, Pace stressed the need for better data. The methodology is flawed, he suggested. "The problem is not with the agencies, it's with the law," Pace emphasized.

Housing Issues: Where REALTORS® Stand

- Will work to achieve a healthy real estate market (3-4 months of inventory, improved affordability levels, access to fair, affordable mortgage financing, access to information);
- Help make communities vibrant (healthy single-family neighborhoods, good schools, reasonable commutes, sense of community);
- Help uphold the goals of the Growth Management Act (relevant, forward-thinking comprehensive planning, timely response to actual demand, public discussions around smart growth planning);
- Pursue policy initiatives to increase housing supply and affordability (zoned densities, better quality population forecast data, legislative reforms to reduce barriers to condominium development, tax reforms to preserve affordability).

The third panelist, Peter Orser, acting director at the Runstad Center for Real Estate Studies at the University of Washington, is a past president of both Weyerhaeuser Real Estate Company and Quadrant Homes. He also has an extensive record of civic commitments, ranging from service as chairman of the King County Housing Authority and president of the Master Builders Association of King and Snohomish Counties to being a councilmember for the City of Mercer Island.

Orser noted he's been involved in the business of getting permits for 30 years but said it is becoming increasingly difficult. "Electeds need to step up to the responsibilities inherent in growth management," he stated. He also believes "we're overstating available land," in part because of flawed data. "We need the courage to execute against a plan that is good, but we need the data," he remarked. He also bemoaned how conversations are changing. "It's gotten angrier and more personal – more Trumpian," he suggested, drawing chuckles.

Orser cautioned against "pouring cold water on the corporations and employers" that are creating jobs and sustaining the economic engine. He urged policymakers to think of both education and affordable housing as parts of our infrastructure, adding "Rent control is not the solution." Finding solutions is possible, he said, but "It will take political courage and political capital."

Connor noted the Forterra research revealed we are a region of optimists. "Our community wants leadership, they want a vision put forward," she commented. "We are a region that is realistic that growth is inevitable, and overall, we're optimistic that it will make our lives better if we have a vision and plan for it."

Orser suggested Realtors collaborate with the Master Builders and Runstad Center to foster better understanding and appreciation of what is involved in planning and creating housing, and the risks associated with developing it, including what time delays and added codes/regulations can do to cost and success.

As part of the 2016 Briefing, participants received a packet of information that included a market snapshot with various charts and diagrams, an overview bills considered during 2015 to create a state capital gains income tax and the impact on real estate and small businesses, copies of the speakers' slides, and a summary of the Realtors' candidate endorsement process.

Local builders enhance mobility for 37 Rampathon recipients

Setting a new record, volunteers from the Master Builders Association of King and Snohomish Counties gave the gift of mobility to 37 local families this year through the organization's Rampathon project.

Now in its 23rd year, the annual day of service helps low-income individuals with disabilities improve their ability to get into and out of their homes the addition of wheelchair ramps, compliments of volunteers and donors. This year's recipients included a homeless community, a 95-year-old veteran of World War II, and a 6-year-old victim of abusive head trauma.

Since 1993, members and friends of the Master Builder Association have built 370 ramps, an achievement made possible with more than $1.7 million of in-kind donations. The one-day event to help local residents become more mobile and independent is held each year during May. Applications to be considered for a free wheelchair ramp are available in January and February.

Among this year's donors was WinnView, which captured drone views of some of the projects.

Ramp by Tenhulzen Residential

Ramp by Prestige Residential Construction

Ramp in Kent by db General Contractors; Drone photography by WinnView

Colby's Ramp in Algona

Built by Pacific Lumber Inspection Bureau (PLIB) of Federal Way

Colby, now 6, was injured when he was nine months old by an abusive babysitter who couldn't cope with his crying. The Algona resident suffered a traumatic brain injury and is confined to a wheelchair. Family members now devote themselves to educating caregivers and new parents about the effects of frustrated behaviors. The PLIB is an accredited non-profit inspection and certification agency for the lumber industry.

Ramp for Nickelsville Tiny House Village, an encampment in Seattle's Central District

Builder: Sawhorse Revolution

This ramp provides access to bathroom and shower facilities for disabled individuals at this village, which provides safe space and transitional services to people experiencing homelessness. Sawhorse Revolution is a nonprofit organization that works with Seattle-area high school students "to nurture confident, community-oriented youth through the power of carpentry and craft. Working with a collation of organizations, Sawhorse Revolution helped create Seattle's first tiny house village. Students work under the tutelage of mentors, professional builders, architects and cross-disciplinary educators to hone a widely applicable skill set, along with opportunities for character development and abilities to engage and improve their communities.

Ramp for WWII Veteran and Seattle resident Hideyoshi Horikawa
Builder: Carlisle Classic Homes

Hideyoshi Horikawa has hemiparesis, a weakness of the entire left side of the body. The affliction involves his upper and lower extremities, and are largely the result of a gunshot wound and frostbite this U.S. Army veteran suffered during WWII service in Europe. Before receiving the ramp, this 95-year-old Seattle resident depended on his wife (his primary caregiver) and Tri-Med services to enter and exit his home.

BROKERAGE DESIGN – BY JEREMY CONAWAY

Upstream: Our Own Manhattan Project

In 1939 American intelligence already knew that Nazi Germany had learned the secrets of splitting the atom. By early 1940, still a year before America entered the war, and despite the impact of negative voices, concerns relative to the potential dangers of this research had reached the highest levels of the American government.

Despite what we now understand was common sense, it took advocates an amazing level of energy, time and effort to find someone in the government who was willing to listen to and believe the potential dangers represented by what became known as the “Atomic Threat.”

By late 1941, driven by President Roosevelt’s passion, America had launched a full effort to understand, design and build the World’s first atomic weapon. At the beginning of 1942 these diverse efforts were combined into what became known as the Manhattan Project, one of the greatest administrative innovations in American history.

Because it represented something new and innovative there were, from the very beginning, endless delays and challenges until the Manhattan Project was formally adopted. As is still the case today, projects that represent a step in a new direction are bound to run into interference commensurate with the level of anticipated disruption it is likely to cause. By the time the Manhattan project was completed, over 130,000 workers had been employed and over $260 million 2016 dollars had been expended. But numbers alone do not constitute guarantees.

Even by the time the first device was ready for testing in July of 1945 none of those responsible really knew what was going to happen. On that morning in July of 1945 when the first device was finally set off literally no one was prepared for the result.

In fact the blast created a flash that could be seen for over 200 miles. The blast cloud climbed to over 40,000 feet and when the particle mass settled to ground it created a half-mile wide crater of sand turned into glass. Windows were broken up to 100 miles away.

The intrigue and suspicions surrounding the Manhattan project lasted for decades and still exist in the minds of some. But, regardless of the unintended consequences, the world had entered the atomic age and nothing thereafter would ever be the same. The majority of academicians and historians now agree that the Manhattan project represented an excellent example of democracy coming together to do what had to be done. Most agree that its outcome saved millions of lives.

There is a parallel to the Manhattan Project in real estate. By late 2009, surrounded by the aftermath of the great real estate market meltdown, it became obvious to a significant number of real estate industry leaders, executives and decision makers that the industry, which was returning from the downturn, would never be the same. In the face of a historic level of digital disruption and consumer activism this group came to the conclusion that without internally fueled innovative disruption the traditional industry would never regain its previous strength and vitality. This group also came to the conclusion that information and data would be the center point of the disruption.

Like those whose efforts were powered by the Manhattan Project this group of pioneers, powered by the brokerage community and National Association of REALTORS®, hit the ground running. Within a year the idea of the REALTOR® Property Resource was born. Work immediately began on a real estate database that would surpass any ever created. This database would spin off data products that would deliver the benefits of the database with the potential to take every real estate professional into the new industry and marketplace environment without additional costs over and above annual dues.

As it turned out there were a number of unintended yet positive consequences from this project. Many important lessons were learned. One was the importance of creating and controlling a world-class technology research, design and development entity. Today RPR is a highly respected team, enjoying a “best of breed” status and now stands as one of the crowning achievements of the contemporary real estate industry. It would soon earn its place in the industry’s history.

By late 2014 it had become obvious that providing agents with winning data products would not alone save the day for the conventional industry. The industry and marketplace were continuing to experience a wide range of disruptions that went far beyond those anticipated in 2009. The level of discourse and resistance to innovation within the industry was far greater than originally anticipated.

As activism and revolutionary behavior began to arise within the brokerage community the NAR, RPR and industry teams went back into innovation mode and came up with a new concept. It quickly became clear any solution that would have the potential to save the industry from external digital disruption and the un-met expectations of consumer unrest would have to bring the interests of the whole industry together.

From these efforts came two new programs that are now the focus of the industry’s efforts to move forward in the face of continuing external disruption. These are Upstream and AMP.

The Upstream project was conceived and launched by a coalition of brokerages, networks and national franchises representing real estate companies of all sizes and business models. The mission of the Upstream technology is to create a comprehensive data technology platform that will:

- Create a single data entry point and storage platform for real estate-related data
- Standardize data formats between systems
- Manage the distribution of real estate information with a rules-based engine that supports the individual requirements of each participating brokerage

A corporate entity called Upstream RE was formed to hold ownership and management of the system. NAR, RPR and the UpstreamRE, LLC Board executed the License Agreement on October 28, 2015. This agreement, coupled with financing from NAR, signaled the onset of a whole new chapter for the American real estate industry. In early May at the NAR Legislative meetings five alpha testing teams, consisting of an MLS and a large brokerage, were announced.

As part of this process, work was also continuing on the AMP (Advanced Multi-List Platform) project. AMP's purpose is to leverage RPR's nationwide, parcel-centric database platform to create powerful new technology options for Brokers and Agents to be offered by MLSs.

With these events the industry has moved forward into a new chapter of its history. The following points are no longer concepts but now represent its reality.

- Our industry continues to face severe threats and challenges from a wide range of forces including digital disruption and consumer unrest. Something had to change and something had to move the industry forward.
- The most innovative, distinguished and powerful team ever assembled by this industry has spent the past two years in the Upstream and AMP development process.
- No other industry effort of similar status or expertise has either been proposed or has emerged. In fact in some cases quite the opposite has occurred.
- Both Upstream and AMP are now realities and have been transfused into the industry's bloodstream at the very highest levels. As is the nature of historic developments no one can truly know the ultimate impact of either. But such cannot be the test of success. Both are here to stay.
- Neither Upstream nor AMP constitute militaristic dictates. In fact, just the opposite is true. Both were developed with a perspective that anticipates continuing innovation, creativity and transformation. There is room for everyone on this bus.

- As was the case with the Manhattan Project, now is the time for the entire industry to surrender its dissident weapons, roll up its collective sleeves and see that these projects are implemented, installed and operated for the benefit of the entire industry and in the spirit with which they were created.
- This is the rational course of the industry moving forward!

Lease/Rental Agreement revised to extend time for returning security deposit

Starting June 9, landlords will have 21 days to provide a statement to a tenant to set forth the basis for retaining any portion of that renter's security deposit, together with the payment of any refund due to the tenant. The revision to the Residential Landlord-Tenant Act (RCW 59.18) increases the time from 14 days.

Both the Lease/Rental Agreement (Form 68) and the Move-In/Move-Out Addendum (Form 68A) will be revised on June 9 to incorporate the change.

Seattle retains title as most well-read city in U.S.

Seattle kept its first-place position on Amazon.com's ranking of most well-read cities in America. The Emerald City (and headquarters for Amazon) outperformed other metro areas based on a compilation of sales data for all books, magazines and newspapers in both Kindle and print format from April 2015 to April 2016.

The list included four other West Coast cities: #2 Portland, #4 San Francisco, #10 San Diego, and #14 San Jose. (Editor's note: See box for list of top 20.)

The unveiling of the "top 20" coincided with the annual blog post by Bill Gates with his recommendations for five books for summer reading. In that post, the Microsoft co-founder/philanthropist said his list -- including his brief reviews -- "has a good dose of books with science and math at their core," but he noted there was no science or math to his selection process. Instead, he said his recommendations were simply books that he loved, made him think in new ways, and kept him up reading long past when he should have gone to sleep.

In a statement accompanying its list of most well-read cities, Amazon said researchers uncovered some interesting trends across the cities, revealing:

- *The Girl on the Train* by Paula Hawkins was the top-selling Kindle and print title in five of the top 10 cities: Portland, Ore.; Austin, Texas; Tucson, Ariz.; Albuquerque, N.M.; San Diego, Calif.

- Readers in four of the top 10 cities cleaned up their act this year, with *The Life-Changing Magic of Tidying Up: The Japanese Art of Decluttering and Organizing* as the most sold print title in Seattle, Wash.; San Francisco, Calif.; Tucson, Ariz.; Albuquerque, N.M.
- In Austin, Texas, reading and cooking go hand in hand, with *Franklin Barbecue: A Meat-Smoking Manifesto* among the top-selling Kindle and print titles.
- California is for bookworms, with three cities making the top 20 list for the second year in a row: San Francisco, San Diego, and San Jose.
- Denver, Colo., Las Vegas, Nev., San Diego, Calif., and Albuquerque, N.M. all channeled their inner child this year, with adult coloring books being among the top-selling print titles in each of the cities.
- What happens in Vegas stays in Vegas, with *Grey: Fifty Shades of Grey as Told by Christian* (Fifty Shades of Grey Series) as the top-selling Kindle title in Las Vegas, Nev.

The Top 20 Most Well-Read Cities* are:

1. Seattle, Wash.
2. Portland, Ore.
3. Washington, D.C.
4. San Francisco, Calif.
5. Austin, Texas
6. Las Vegas, Nev.
7. Tucson, Ariz.
8. Denver, Colo.
9. Albuquerque, N.M.
10. San Diego, Calif.
11. Baltimore, Md.
12. Charlotte, N.C.
13. Louisville, Ky.
14. San Jose, Calif.
15. Houston, Texas
16. Nashville, Tenn.
17. Chicago, Ill.
18. Indianapolis, Ind.
19. Dallas, Texas
20. San Antonio, Texas

*Per capita for cities with 500,000+ residents

News In Brief

- **Taxable retail sales figures are just one indicator of economic health in Washington state, and Washington state revenue officials reported that taxable retail sales in 2015 topped $135 billion.** That represents an 8.4 percent increase over 2014. The retail trade sector helped drive the increase, with sales jumping 5.9 percent to nearly $60 billion. The construction sector also rose significantly in 2015 with $24.5 billion in taxable sales. Sales of vehicles and parts hit $14.9 billion last year representing a 10.7 percent increase. New building construction drove $13.8 billion of the overall $24.5 billion in taxable sales tallied by the construction sector. Accommodations and food services went up 9.1 percent to $15.7 billion.
- **The *Puget Sound Business Journal* reported that the Port of Everett is giving its $350M marina redevelopment initiative another go.** While the first attempt 16 years ago failed, the Port has high hopes for the new Waterfront Place project. Once completed, it will have 650 residences, two hotels, commercial office and retail space, and a park on a 65-acre site once occupied by lumber and shingle

mills. One of the goals is to bring people to the area, and potentially support over 2,000 family-wage jobs.

- **Zillow recently released a report that Seattle is eclipsed only by Columbus, Ohio when it comes to apartment rentals.** To arrive at their ratings, the company looked at units built in 2011 or later, the percent of new units built in the last year that rented within three months, and the apartment rent appreciation over the past year. Seattle was deemed second hottest, ahead of Denver and San Jose, which tied for third.

- **According to the Census Bureau, despite improving house prices, the ownership rate fell in the first quarter to a nearly half-century low of 63.5% nationally.** That's 0.2 percentage point lower than in the same quarter last year and 0.3 point below the fourth quarter. The first quarter rate for the Seattle-Tacoma-Bellevue metro area was 57.7 percent. That marks a significant drop from the same period in 2014, when the rate was 61.3 percent.

- **With tech and health care leading the pack, the Seattle metro area is hiring at a rate twice that of the rest of the nation, according to the *Puget Sound Business Journal*.** This is the picture painted by Simply Hired, a California-based career site. According to their records, the number of Seattle job posting increased by 3.85 percent over January. During that same period, the number of listings nationally increased by just 1.91 percent.

- **The 40-story Nexus condo tower is the next residential development under construction in the Denny Triangle.** It will contain 403 units, with small one-bedrooms expected to start in the mid-$300,000s. Though mortgages for these units may be considered steep by some, they should be competitive with neighborhood rents, which have increased 35 percent over the last five years as reported by the Puget Sound Business Journal.

- **According to data released last month, Seattle grew by 2.3 percent between 2014 and 2015, ranking fourth among the 50 largest U.S. cities.** Denver holds the top spot, with a 2.8 percent jump in population. The census data show Seattle had a net growth of about 15,000 people in the one-year period, pushing the city's population to 684,451 last year. Seattle now ranks as the 18th most-populous city in the United States, up from 20th in 2014. Washington's second- and third-largest cities grew at a slower pace. Spokane registered less than 1 percent growth for the year, and Tacoma's population increased by 1.6 percent.

Calendar of Events Through July 4, 2016

Dates	Event	Time	Location	Contact
SEATTLE—*King County* REALTORS®				
6/21/16	Gov't. Affairs Committee	10:30 am – 1:30 pm	SKCR	425-974-1011
6/21/16	Affiliate Council	9:00 am – 10:00 am	SKCR	425-974-1011
7/4/16	Holiday – Office Closed		SKCR	425-974-1011
For updates visit: **www.nwrealtor.com** and click "events"				