

## Frenzy market frustrating buyers

Buyer anxiety is rising as the pace of home sales is faster than brokers are able to replenish inventory, according to members of Northwest Multiple Listing Service. Figures just released for March show 11,408 pending sales during the month while only 10,505 sellers listed their homes for sale during the same period.

"The frenzy market has returned and is in full bloom in King and Snohomish counties. Listings are selling as soon as they come on the market for sale," said J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

The multiple offer market has become commonplace on well-priced new listings, observed John Deely, principal managing broker at Coldwell Banker Bain. However, he cautioned, "Some sellers are pushing pricing boundaries and are not seeing the same action as their well-priced competition."

Deely, a member of the Northwest MLS board of directors, said buyers are flooding into the Greater Seattle market due to abundant job opportunities. He also attributed the high demand to low interest rates and skyrocketing rents. "Some high demand areas in Seattle have had a doubling of per bedroom rental rates to over \$1,000 per bedroom," according to Deely.

This market is pushing buyers beyond their comfort level, suggested Northwest MLS director Frank Wilson, the branch managing broker at John L. Scott, Inc. Poulsbo. "They're being asked to write offers faster, for more money and with less help from the seller and the result is stress. Multiple offers only add to their stress."

The market imbalance is played out with rising prices, an acute shortage of listings -- particularly in areas close to job centers - and bidding wars.

The volume of new listings (10,505) added during the month increased 9.4 percent compared to a year ago, but fell short of satisfying demand in many areas. At month end, inventory in the MLS service area that encompasses 23 counties was down almost 14 percent, dropping from 19,736 listings to 17,007. Twelve counties reported double-digit declines from this time a year ago.

Measured by months of supply, there is about 2.5 months of inventory area-wide. In King County there is slightly more than 1.3 months of supply and in Snohomish County supply stands at just under 1.7 months.

"Buyers are feeling the squeeze with the lack of inventory," reported George Moorhead, designated broker at Bentley Properties. He noted many would-be purchasers are current owners who are unwilling to put their homes on the market until they can secure their next home. "This is becoming a systemic issue which is holding back the inventory truly available in our current market," said Moorhead, a member of the MLS board of directors.

Deely agreed. "Sellers are currently experiencing the role of Prince Charming as buyers vie to win the Cinderella title by escalating offer prices above market value, releasing earnest money and waiving

contingencies normally used to safeguard the transaction," he suggested. The less fortunate "stepsisters" are becoming shell-shocked after numerous failed attempts, he stated. In some cases, Deely said disgruntled buyers are dropping out of the market to wait out this cycle only to be replaced by a new wave, or they're looking to outlying areas where there is somewhat less competition.

Some brokers expect the pressure will continue with Expedia's announcement of plans to relocate around 3,000 employees from Bellevue to its new headquarters in Seattle. "It has us all wondering how this might impact housing in the neighborhoods surrounding Elliott Bay," admitted OB Jacobi, president of Windermere Real Estate Co. With an estimated 75 percent of the company's current employees living on the Eastside, traffic congestion around South Lake Union is expected to worsen. "It stands to reason that as commute times go up, some of these folks will pack up and move west, adding pressure to Seattle's already highly competitive market," he commented.

Stiff competition is reflected in part by rising prices - but MLS officials emphasized sellers still need to be realistic.

"A 2.4 month supply of inventory has Kitsap County clearly in a sellers' market," acknowledged Frank Wilson. During March, 502 new listings came on the market in that county, but pending sales were reported on 535 homes. Wilson said the tight inventory "does not mean sellers can overprice their homes as the value of a purchase and sale agreement is often offset by the appraisal."

"Sellers are in the driver's seat, but only when they price and condition their home correctly," cautioned Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma. He said buyers' agents are often up at the crack of dawn scouring new listings, price reductions and the back-on-market properties in search of opportunities for their clients, but fierce competition is leaving many house-hunters disappointed and frustrated.

Northwest MLS figures show prices on last month's closed sales of single family homes and condos jumped more than 6.7 percent compared to the same month a year ago. The median price on last month's closed sales area-wide was \$292,500 which compares to the year ago figure of \$274,000.

Home prices were considerably higher in San Juan and King counties. For the 26 completed sales in San Juan County during March, (one more than a year ago), the price jumped 25.5 percent, rising from \$400,000 to \$501,900. King County prices rose about 8.8 percent, increasing from \$378,000 to \$411,200.

Prices on single family homes (excluding condos) rose about 6.8 percent system-wide, increasing from a year-ago figure of \$282,000 to \$301,143. Within the four county Puget Sound region, Snohomish reported the sharpest hike at nearly 8 percent. The median sales price for a home in that county was \$340,000 last month; twelve months ago it was \$314,975. Buyers can expect to pay about 30 percent more in King County where a single family home that sold last month fetched a median price of \$440,250.

MLS members logged 6,769 completed transactions of single family homes and condos during March to outgain the same period a year ago by 1,016 transactions for a 17.7 percent increase. Of that total, condos accounted for about 14 percent of the volume. The median price on last month's condo sales was

\$240,000, which was about 9 percent higher than a year ago. In King County, the median sales price was \$269,600.

Deely said both residential single- and multi-family building permits are up substantially compared to this time last year in the Seattle-Bellevue-Tacoma metro areas, but the gains are not enough to curb demand.

His analysis indicates foreclosures have dropped close to pre-crisis levels. Even so, he said would-be sellers are caught in the same inventory crisis as they too are unable to find suitable move up housing.

Beeson said escalating prices may ease later in the year, when interest rates edge up as the Fed stops buying mortgage-backed securities. "With near full employment levels and still historic low interest rates, it looks like spring and summer housing market will be hot. Buckle your seatbelts," he suggested.

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

*Tables on following pages.*

**Statistical Summary by Counties: Market Activity Summary – March 2015**

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	3,749	3,578	4,123	2,670	\$493,942	\$411,200	1.34	1.82
Snohomish	1,600	1,780	1,938	1,075	\$358,867	\$320,000	1.66	2.22
Pierce	1,726	2,758	2,052	1,065	\$266,383	\$240,000	2.59	3.48
Kitsap	502	840	535	350	\$305,559	\$240,523	2.40	4.52
Mason	146	469	132	68	\$169,132	\$146,250	6.90	8.51
Skagit	262	491	253	143	\$271,925	\$245,000	3.43	5.55
Grays Harbor	151	592	139	68	\$148,005	\$132,250	8.71	7.42
Lewis	149	538	127	55	\$161,985	\$166,500	9.78	8.00
Cowlitz	166	406	179	102	\$179,028	\$176,900	3.98	6.04
Grant	127	424	126	76	\$161,673	\$156,800	5.58	7.19
Thurston	526	1,059	560	329	\$233,803	\$227,500	3.22	4.44
San Juan	57	271	35	26	\$572,430	\$501,900	10.42	12.48
Island	208	480	211	112	\$265,347	\$244,975	4.29	6.62
Kittitas	114	393	101	59	\$292,268	\$236,000	6.66	8.12
Jefferson	80	307	77	48	\$292,640	\$259,500	6.40	8.76
Okanogan	69	354	39	18	\$199,631	\$160,000	19.67	19.33
Whatcom	462	979	428	260	\$284,110	\$259,000	3.77	5.60
Clark	47	77	65	55	\$243,940	\$223,900	1.40	3.55
Pacific	74	289	69	42	\$135,427	\$116,750	6.88	14.12
Ferry	5	59	3	3	\$64,300	\$54,000	19.67	50.00
Clallam	87	286	88	68	\$205,724	\$204,975	4.21	9.51
Chelan	103	269	67	37	\$284,174	\$255,000	7.27	9.00
Douglas	43	93	33	22	\$264,500	\$255,000	4.23	4.33
Others	52	215	28	18	\$153,792	\$122,100	11.94	11.24
<b>MLS TOTAL</b>	<b>10,505</b>	<b>17,007</b>	<b>11,408</b>	<b>6,769</b>	<b>\$366,055</b>	<b>\$292,500</b>	<b>2.51</b>	<b>3.43</b>

**\*\*Please note:** 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.

**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
<b>2000</b>	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
<b>2001</b>	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
<b>2002</b>	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
<b>2003</b>	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
<b>2004</b>	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
<b>2005</b>	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
<b>2006</b>	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
<b>2007</b>	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
<b>2008</b>	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
<b>2009</b>	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
<b>2010</b>	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
<b>2011</b>	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
<b>2012</b>	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
<b>2013</b>	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
<b>2014</b>	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
<b>2015</b>	5791	6541	8648									

** Global clients offer vast business potential for Realtors**

Realtors who want to expand their client base may want to pursue credentials for working with international buyers. That was the message from Joe Schneider, manager of global business development & outreach for the National Association of REALTORS®.

Schneider was the featured speaker at a Global Real Estate Council meeting last month in the classroom at SEATTLE King County REALTORS®. He was joined by Deniz Kiral, CPA, a tax and wealth advisor at Turquoise Tax Advisory, and Nancy Lee, vice president, commercial lending specialist & regional manager at East West Bank.

Schneider summarized the impact of globalization in the U.S. and local market. Additionally, he offered advice on uncovering global buyers and strategies for working profitably with this dynamic segment.

To underscore the importance of foreign buyers, Schneider cited research indicating they accounted for \$92.2 billion in U.S. residential property sales from March 2013 through April 2014.

The mean price of a home purchased by international buyers was almost \$397,000 - about \$150,000 more than the overall sales price for existing homes. More than half (54 percent) of these buyers bought property worth a quarter of a million dollars and six of every ten international buyers paid all cash when purchasing their home.

Although Realtors worry about housing affordability, the United States is viewed favorably on the global stage. Many foreign buyers believe buying U.S. real estate is not only affordable, but it also represents a secure investment.

Schneider noted rising affluence in China, Canada, India, Mexico and the U.K. is fueling activity. Credit standards in the U.S. also favor buyers who pay with cash.

International business is occurring in every U.S. state, with Seattle ranking 7th among cities with international commercial transactions. New York is tops, followed by San Francisco, Los Angeles, Houston, Chicago and the District of Columbia.

A look at Seattle's demographics suggests strong potential for global business. Data presented by Schneider indicates nearly 18 percent of all Seattle residents are foreign born and more than 22 percent of residents speak a language other than English as their primary language. Among this diverse population, the top countries of origin, based on the number of immigrants, include Mexico, India, China, the Philippines and Vietnam.

To better understand these buyers and what they are seeking, Schneider encouraged his audience to visit [realtor.org/global](http://realtor.org/global).

Other factors, in addition to relative affordability and diversity that favor Seattle include the convenience of air transportation, tourism (2.8 million overseas visitors annually) and the headquarters of 13 Fortune 1000 companies in Seattle. A multilingual workforce, the high quality of life coupled with an affordable cost of living, and an abundance of foreign language schools further bolster the Seattle area's attractiveness.

The presence of many foreign-based companies also bodes well for Realtors wanting to serve global clients. Together, these companies account for more than 91,000 Seattle-area jobs.

Although Washington is not among top 10 states with international students, those who are here spend \$737 million annually, according to research from Institute of International Education.

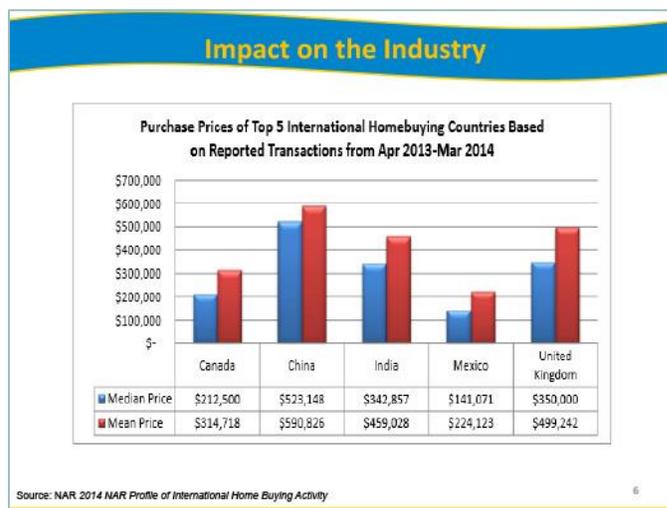
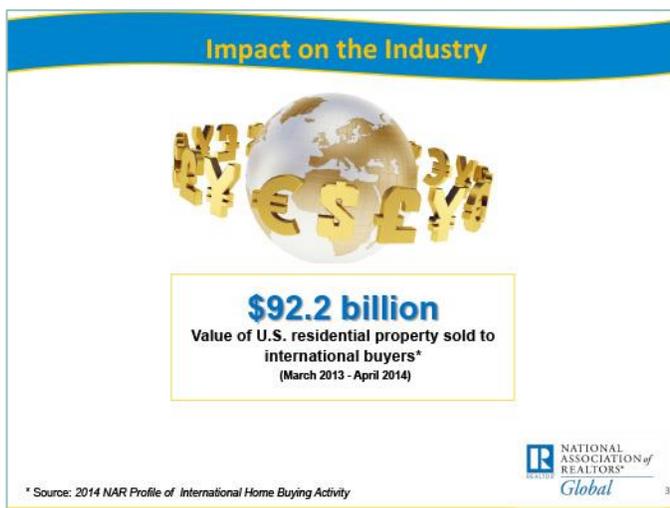
The trio of speakers emphasized working with international buyers and sellers is different from working with domestic customers. To succeed and thrive, Realtors need to acquire a global skill set.

NAR offers several resources for learning how to find, attract and serve global clients. A key to success, according to Schneider, is creating a network of professionals who offer complementary services. For example, he suggested members of this team include a mortgage broker, a currency exchange provider, an international tax advisor/CPA, an immigration attorney, a business broker, and a business/real estate attorney.

Realtors also need to understand cultural differences and business practices in other countries, along with the home buying process in their clients' countries of origin. A working knowledge of currency and financing options is also advised.

To help Realtors better serve global buyers and sellers while reducing risks, NAR offers a Certified International Property Specialist designation. In addition to ongoing education, that credential includes networking opportunities and an array of professional development tools and resources, including a directory of 3,000 CIPS designees in 45 countries. A search of the NAR directory indicates only 42 Realtors in the State of Washington currently have the CIPS designation.

Concluding the program, Global Real Estate Council leaders Jason Watabe and Mark Kitabayashi outlined plans for a Japan trip for Realtors scheduled for fall 2015.



## Potential homebuyers mostly unaware of closing costs, but survey reveals Realtors are a "go-to" source for info

Consumers - and particularly millennials and first-time homebuyers - tend to be unaware of closing costs. That knowledge gap means they may need to adjust their assumptions about how much house they can afford, according to findings in a new survey.

It even means deals could unravel, the survey sponsors suggested.

By a wide margin, the "ClosingCorp National Closing Costs Survey" showed most people learn about closing costs from Realtors, or by doing their own research. Researchers who analyzed the results reported millennial homebuyers (those in the 18-to-34-year-old age bracket) turn to Realtors for information on closing costs rather than lenders. In fact, they do so by a two-to-one margin.

ClosingCorp CEO Brian Benson expressed surprise at that finding, saying the study shows millennials are more dependent on Realtors than previously presumed. "We know they are more tech-savvy than their predecessors, so we believe this really highlights the complexity of a residential real estate transaction."

The ClosingCorp survey targeted 1,007 adults nationwide. Researchers reported about two-thirds of millennials who plan to buy are home were unaware of closing costs. The survey also revealed that across all adult age brackets, more than one-third of potential homeowners are "not very" or "not at all" aware of closing costs.

People need access to correct information, and it needs to be simple to understand, Benson emphasized, adding, "With the upcoming changes to the disclosure process being made by the Consumer Financial Protection Bureau this August, we as an industry should be stepping up our proactive education efforts to ensure homebuyers are fully prepared to make the most significant financial transaction of their lives."

In a statement about its survey, ClosingCorp noted the addition of costs for title insurance, lender origination fees, commissions and other settlement costs could mean a median-priced \$202,600 home could end up costing more than \$220,000 at closing.

"Not understanding how everything is related can be a real impediment for first-time homebuyers who want to get into the market," Benson stated.

"Much has been written about millennials because they are the largest generation so far in U.S. history, and their longstanding impact on the real estate market and economy is going to be huge," the ClosingCorp CEO remarked. "Their buying behaviors are much different than previous generations, and of particular concern to the industry is that they are waiting longer to buy their first homes. This study emphasizes the need to better educate millennials, and really all consumers in general, on the real estate closing process."

ClosingCorp® owns and operates a leading source of intelligence for closing costs and service providers in the U.S. residential real estate industry. Last year the company introduced a tool called Seller Net Sheet which is designed to help real estate agents give sellers an estimate of how much they can expect to net at closing.

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## RESULTS FROM STUDY

### A home's proximity to broker's office can translate to faster sale

Research by faculty at Longwood University in Virginia confirmed a correlation between the location of a home and its proximity to the listing agent's office. Authors of the study concluded distance acts as a deterrent for brokers.

The findings, reported in the Journal of Housing Research, indicates for every mile between a property and its listing agent's office average time on the market increases 0.36 percent, while the overall likelihood of selling drops by 0.5 percent.

In reporting the findings, the Wall Street Journal used two equivalent houses with one located within a block of the listing agent and the other located 15 miles across town. The one farther away will take around

5 percent longer to sell. Moreover, it has a 7.5 percent lower chance of selling at all.

The professors who conducted the research analyzed data on more than 13,000 sold and more than 8,000 unsold homes. The data, collected from a multiple listing service in central Virginia, covered a decade.

Bennie Waller, professor of finance and real estate at Longwood and a co-author of the study, deduced that distance makes it more expensive in terms of the time and effort to market a property. He believes the findings are broadly generalizable even though researchers used only data from one location, but acknowledged the effect may vary with the density of a given market.

Scheduling open houses, being called up to provide buyers and agents unscheduled access to properties, and becoming familiar with a neighborhood and market conditions beyond a broker's typical range of operation can be a hassle for some brokers.

The *Journal of Housing Research* (JHR) is a publication of the American Real Estate Society. The publications seeks to serve as an outlet for empirical and theoretical research on a broad range of housing related topics.

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#### BROKERAGE DESIGN

#### **Warren Buffet is a great read**



The explosive developments within the American real estate industry over the past several years have produced remarkable opportunities, some significant threats, exciting new directions, astounding knowledge, and some really impressive insights. These developments have been brought into the industry by some remarkably competent minds that have, to our everlasting benefit, undertaken to share their experiences, inspirations and efforts through a number of especially impressive publications and presentations.

History is certainly one of the treasures that make life rewarding. However, being able to observe current events by accessing the thoughts of those who are actually creating them takes the power to observe to an even more exciting level. One of the things that makes being part of our industry during this "high impact" era so exciting is the opportunity to share the knowledge and experiences of key industry thought leaders while they are still engaged in their achievements. Over the past several weeks three of these unique experiences have presented themselves and deserve special notice. They will be the subject of this and next month's column.

The industry leaders whose thoughts have contributed to the following observations are Warren Buffet of Berkshire Hathaway, Mo Anderson of Keller Williams and Spencer Rascoff (along with Stan Humphries) of the Zillow Group.

Mo has chronicled her experiences and wisdom in a volume entitled A Joy Filled Life. As one of the primary architects and advocates of the powerful corporate culture created for the company that currently leads the industry with the most agents, Keller Williams, her thoughts are especially relevant as the industry continues its journey from being a "people business" to an automated and "Wall Street" driven business model. Mo's thoughts will be discussed in next month's article.

Spencer Rascoff and Stan Humphries have encapsulated their thoughts and experiences into a volume called The New Rules of Real Estate. Given the significant impact that portals are currently having on the entire industry, this work is not only highly relevant but also highly insightful. Spencer's thoughts and efforts will be discussed next month.

That leaves us with Warren Buffet who is the subject of this month's observations and comments. Mr. Buffet's thoughts as reported here were not taken from a leather bound collectors volume, but rather from the very recently issued (last week) 2014 Annual Report of Berkshire Hathaway, Inc; his iconic corporate masterpiece. Perhaps no greater compliment could be paid to any business leader than to recommend his annual report (such documents are famous for being mind numbing and irrelevant) as a source of knowledge, insight and, yes, entertainment.

So, yes, I am actually recommending that readers download the Berkshire Hathaway, Inc. annual report and spend a couple of hours (actually 3.5) hours learning about a unique business model, a phenomenally successful mindset and a quality individual with whom we should be proud to share an industry.

Special attention should be given to the following elements.

Unless you are fortunate enough to own Berkshire Hathaway stock don't feel compelled to read the financial and accounting information in the report. The universal value proposition inherent in the document can be found in discussions relating to leadership, management and just plain respect.

This is not a document solely prepared by a CPA to broadcast financial details to shareholders or regulators. Very quickly into this read one is captured by the spell cast by a man who is writing about something that he loves, something that he has created, almost an art form and something that he believes makes the world a better place.

- Page 19: The story of the annual shareholder meeting, AKA "the Capitalist Woodstock." May all of you be this gracious with your business partners.
- Page 19: The story of Carrie Sova reminds us that everyone on a great team makes a contribution.
- Page 24: "Berkshire - Past, Present and Future" - An amazing story of mistakes, more mistakes and lessons learned. Keep this one on your desk as a lasting example of the true test of experience and partnership.
- Page 30: Lessons learned about those who have been on the ground for too long. Highly relevant to our industry's current challenges.
- Page 34: The value and function of cash.

- Page 36: The importance of recognizing and taking care of one's stakeholders. Something we forget on occasion.
- Page 36: The attributes of a great CEO and the transition process. With hundreds of senior real estate industry executives poised for retirement or replacement these are lessons best learned vicariously.
- Page 45: Berkshire's business activities. Imagine the innovation and creativity that was required to put this conglomerate together.
- Page 117: a statement of business values that has lasted since the company founding. Some things in business do not change regardless of personalities, economic times or business cycles.

Ordinarily it would be considered bad form to share the outcome of a novel one is reviewing. However, in this case, nothing could provide as appropriate a closing comment as Mr. Buffet's own words. Near the end of the report and after a very inspirational discussion of the future he offers the following insight.

*Lest we end on a morbid note, I also want to assure you that I have never felt better. I love running Berkshire, and if enjoying life promotes longevity, Methuselah's record is in jeopardy.*

May each of you be able to say the same.

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#### 2015 SEATTLE-KING COUNTY FIRST CITIZEN SELECTED

##### Higher education advocate and architect of state's wine prominence



For the past 76 years recipients of the prestigious Seattle-King County First Citizen award have been toasted at a civic banquet. That custom continues this year, but guests will be saluting the honoree with premium wine that helped distinguish the award winner and the state's industry. From academia to vineyards (and many other initiatives), the newly-announced 2015 First Citizen is credited with crafting world-class results.

At a civic banquet on May 28 in Seattle, **Theodor "Ted" Baseler**, president and CEO of Ste. Michelle Wine Estates, will be saluted as the 77th Seattle-King County First Citizen. Although widely recognized for propelling the state's wine industry to prominence on the world wine stage, he is also known to be a strong advocate for higher education and a champion for underserved students.

"We look forward to raising our glasses for this savvy businessman and compassionate individual. His vision and generosity have benefited our region in countless ways," said Tyler McKenzie, the 2015 president of SEATTLE *KingCounty* REALTORS®, which established the award in 1939.

Baseler joins an elite group of honorees who have been singled out for the annual award and celebration of community leadership, volunteerism and civic engagement that enhance the region's quality of life. The banquet is a not-for-profit event presented by SEATTLE *KingCounty* REALTORS® and partners from the real estate brokerage community.

"Ted Baseler has served Washington State University and the entire state of Washington with distinction for many years," said WSU President Elson S. Floyd. "He has been recognized with the Alumni Achievement Award and the WSU Foundation Outstanding Service Award. He led the efforts to develop a world class Enology and Viticulture program at WSU, working with legislators for funding. He has also been the driving force behind Chateau Ste. Michelle events that have raised more than \$2 million for diversity scholarships. He does his alma mater proud every single day."

Baseler joined Ste. Michelle in 1984 as director of marketing and was offered ever-increasing levels of responsibility before being named president and CEO in 2001.

In addition to being the architect of the company's expansion, he is a respected leader in the U.S. wine industry, known for his dedication to building the State of Washington into one of the top wine producing regions in the world. The industry, now comprising more than 850 wineries, is valued at more than \$10 billion.

Among recent achievements, Baseler led fundraising efforts for a Wine Science Center, a 40,000-square foot, high-tech research and education facility that will open in a few months. The Center, located next to the Washington State University Tri-Cities campus, was developed as a public-private partnership. In a recent report about the \$23 million project, wine journalist Andy Perdue wrote, "That it all happened in the midst of an intense economic downturn is miraculous. . . It took creativity and flexibility to get this done."

Baseler has served as chairman of the Washington Wine Commission, chairman of the Napa-based Wine Market Council, and director of the Washington Wine Institute. Outside the wine industry, he has served on the Washington Business Roundtable and board for Seattle Children's Hospital.

The Bellevue resident and 1976 graduate of Washington State University was appointed to the WSU Board of Regents by Governor Chris Gregoire in 2006, and was reappointed to full terms in 2009 (serving as chair from 2011-2012) and 2014. Since his appointments, he has had a particular focus on expanding access to higher education. In announcing the latest reappointment, Governor Jay Inslee said, "Ted serves Washington State University, his industry, his community and the state with distinction and foresight."

This year's recipient of the First Citizen Award is also being recognized for his philanthropy. Last year, he and his wife JoAnne were honored as Silver Laureate donors by the WSU Foundation. They have one daughter; his wife and daughter are also graduates of WSU.

In 2002, the Baselers and Chateau Ste. Michelle established a scholarship fund to support high-achieving, under-represented minority undergraduates at WSU and the University of Washington. The program expanded in 2009 to include students attending any college or university in the state. Since inception, more

than 100 scholarships totaling more than \$3 million have been awarded. Students in the program, which is administered by the College Success Foundation, have a graduation rate of 85-to-90 percent.

“Ted Baseler has been a long-time supporter of the College Success Foundation helping to provide opportunities for students in need,” said Dr. Yolanda Watson Spiva, president and CEO of College Success Foundation. “For over a decade he has hosted various events at the winery to raise scholarship funds for low-income, underserved students in Washington state, many of whom are children of agricultural workers who otherwise would not be able to realize the dream of pursuing and completing a college education. His Chateau Ste. Michelle Scholarship is an inspirational model of private philanthropy at work helping young people achieve a college education. Over 100 young men, women and their families have benefitted from the generosity of the Baseliers and Chateau Ste. Michelle.”

Since taking the helm of Ste. Michelle, Baseler has focused on building a high quality portfolio. One notable initiative is his “String of Pearls” business strategy, where each winery ‘pearl’ is granted authority to make qualitative decisions in the vineyard and winery. That approach has garnered critical acclaim, including *Wine Spectator* magazine’s coveted No. 1 Wine in the World title for 2009.

Ste. Michelle is currently the third largest premium wine company in the U.S. Its portfolio includes Chateau Ste. Michelle, Columbia Crest, 14 Hands, Northstar, Spring Valley, and Col Solare in Washington state, plus wineries in California and Oregon, and development of an import portfolio that includes prestige wineries from five countries.

Baseler holds a bachelor’s degree from The Edward R. Murrow College of Communication at Washington State University and a Master of Science degree in advertising from the Medill School of Journalism at Northwestern University. He was inducted into the WSU Murrow College Hall of Achievement in 2007.

Baseler has earned several other awards. Earlier this year Southern Wine & Spirits of America presented him with its Lifetime Achievement Award for his “visionary guidance, creative innovation and strong leadership skills...(which) have been key drivers in solidifying Washington state’s position as the second largest wine region in the U.S.”

Prior to working at the winery, he had a successful career as a creative marketer of consumer packaged goods at ad agencies J. Walter Thompson, Chiat Day and Cole & Weber. He was named one of the top marketing professionals in the country by *Advertising Age* and “Man of the Year” by the *Wine Enthusiast*. In 2013, he was named by his peers to *Vineyard Winery Management’s* list of “20 Most Admired People in the North American Wine Industry.”

#### **About the [First Citizen Award and Banquet](#)**

Since its inception in 1939, the First Citizen Award continues to celebrate community leadership, volunteerism and public service. Past recipients hail from humanitarian organizations, charitable, health and educational institutions, arts groups, environmental causes and various civic endeavors.

The Seattle-King County First Citizen Award and civic banquet, believed to be this region's oldest such recognition, has no fund-raising expectation, but instead is designed solely as a not-for-profit celebration of community involvement.

Recent past recipients include last year's honoree Norman B. Rice, former Seattle mayor and CEO of The Seattle Foundation; Rotary International District 5030 (in 2012); former Seattle Mariner Jamie Moyer and his wife Karen (2011); U.S. Senator Slade Gorton (2010); and Microsoft co-founder and innovator-investor Paul G. Allen (2008).

#### About the [SEATTLE KingCounty REALTORS®](#)

The SEATTLE *KingCounty* REALTORS® is a nonprofit professional trade association whose goals include promoting business practices that reflect a strict code of ethics and supporting policies that preserve and expand real property rights and housing affordability. Based in Bellevue, SKCR has around 6,000 members and is a local board of the National Association of REALTORS®. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics.

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#### News in Brief

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- **According to the Puget Sound Business Journal, a study by Dice.com shows that Seattle is number 2 in the United States for tech salaries.** At an average of \$99,423, tech salaries in Seattle are close to rival Silicon Valley's. Local tech salaries are up by more than 20 percent from 2008-2014, and since 2013, they have increased by 4.6 percent.
- **The Seattle City Council approved legislation that caps rent at about \$600 a month for some tiny new apartments covered by a voluntary tax-break program.** The bill adjusts the city's Multifamily Property Tax Exemption Program, which gives 12 years of tax breaks to developers who volunteer to reserve a percentage of units in a new building for lower-income households.
- **Annual effective rent growth in the Seattle-Bellevue-Everett area was 6.74 percent in 2014, according to apartment research company Axiometrics.** A year previous to this, it was at 5.17 percent. Also, apartment occupancy rates rose over the same period of time.
- **Migration into Washington by new residents is currently the strongest on record, according to Department of Licensing data.** The March summary report published by the state "Economic and Revenue Update" shows the number of licenses from other states or countries surrendered to the Department of Licensing by people applying for Washington licenses. It is a good indicator of migration into Washington from other states or countries. A record 180,700 licenses were surrendered in the 12 months ending in February 2015, up 16.9 percent from the previous year. The previous high point was in the year ending in May 1991. Other highlights of the new Update are a strong growth in new jobs created - 1,600 jobs over the past three months - for a very strong 4.1 percent annual rate of

growth. In contrast, employment grew at an average rate of 2.9 percent during the previous 12 months. The construction sector added 7,700 employees in November, December, and January, due to unusually mild weather accounted for some of the strong growth in construction employment. Manufacturing employment rose 3,600 in spite of the loss of 400 aerospace jobs. Private services-providing employment grew 18,800 in the three-month period and the public sector added 1,400 jobs.

- **Appraisers placed a higher value on Seattle-area homes than the homeowners**, according to the February Home Price Perception Index (HPPI) produced by Quicken Loans and reported by Tom Kelly in [mynorthwest.com](http://mynorthwest.com). HPPI represents the difference between appraisers' and homeowners' opinions of home values. The index compares the estimate that the homeowner supplies on the mortgage application to the appraisal that is performed later in the mortgage process. For example, a Puget Sound home guessed to be worth \$352,000 by the homeowner was valued at \$363,102 by an appraiser. That 2.87 percent difference held true for homes throughout the Seattle area, according to the Quicken study. Nationally, appraisers valued homes 0.13 percent lower than homeowners estimated in February. This is the first time appraiser opinions fell below homeowner estimates since August 2013.
- **Rental housing and apartment rates in Seattle have leaped nearly one-third since 2009, widening the gap between rental costs and household income to an unsustainable level, according to a new study released by the National Association of REALTORS®.** NAR evaluated income growth, housing costs, and changes in share of renter and owner-occupied households over the past five years in metropolitan statistical areas across the U.S. Over the past five years, a typical Seattle rent rose 32.38 percent compared to the national average of 15 percent. The income of renters grew by only 11 percent, according to NAR research. "The gap has worsened in many areas as rents continue to climb and the accelerated pace of hiring has yet to give workers a meaningful bump in pay," said Lawrence Yun, NAR's chief economist. Seattle, New York and San Jose are among the cities where combined rent growth far exceeds wages, according to the survey. "Current renters seeking relief and looking to buy are facing the same dilemma: Home prices are rising much faster than their incomes," said Yun. "With rents taking up a larger chunk of household incomes, it's difficult for first-time buyers - especially in high-cost areas - to save for an adequate down payment." Meanwhile, those who were able to buy a home in recent years have been insulated from the rising housing costs since they were able to lock-in a low 30-year fixed-rate mortgage with a set monthly payment, according to NAR's study.

The markets that have seen rents rise by the highest amounts since 2009 are:

- New York: 50.7 percent
- Seattle: 32.38 percent
- San Jose: 25.6 percent
- Denver: 24.14 percent
- St. Louis: 22.26 percent

"Many of the metro areas that have experienced the highest rent increases are popular to millennials because of their employment opportunities," said Yun. The key to relieve housing costs: Builders need to ramp up the supply of new-home construction, according to Yun. He estimates that housing starts need to rise to 1.5 million. Over the past seven years, housing starts have fallen far short from that historical average - averaging about 766,000 per year.


**Calendar of Events Through May 6, 2015**

Dates	Event	Time	Location	Contact
<b>SEATTLE—King County REALTORS®</b>				
4/7/15	Government Affairs Committee	10:30am - 1:30pm	SKCR	425-974-1011
4/15-17/15	WR Spring Conference	.	Vancouver, WA Hilton	425-974-1011
4/2/15	Affiliate Council	9:00am - 10:00am	SKCR	425-974-1011
6/6/15	Board of Directors	10:30am - 1:30 pm	SKCR	425-974-1011
For updates visit: <a href="http://www.nwrealtor.com">www.nwrealtor.com</a> and click "events"				