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Northwest MLS brokers end 2021 with depleted inventory, rising prices, weather disruptions

KIRKLAND, Washington (January 6, 2022) – Severe shortages of inventory, record-low temperatures and snow restrained December housing activity around Washington state beyond expected seasonal slowdowns, according to a new report from Northwest Multiple Listing Service.

Summary statistics from the MLS show the volume of new listings added area-wide dropped 12.3% during December compared with the same month a year earlier. Year-over-year inventory, pending sales, and closed sales all fell by double digits. Only prices rose – up 17.4% overall for homes and condominiums that sold across the 26 counties in the report.

The median price for last month's closed sales was $572,900, up from twelve months ago when it was $488,000. Prices for single family homes (excluding condos) surged nearly 17.5%, from $502,247 to $590,000. King County was one of only three counties where the single family price change was under 10%; prices there rose from $740,000 to $810,000. A dozen counties had price jumps of 20% or more.

Condo prices jumped 17.6%, from $370,000 to $435,000. San Juan County reported the highest median price for last month's condo sales ($642,500), followed by Snohomish County ($500,000).

Northwest MLS brokers reported 8,017 closed sales last month, a drop of nearly 1,000 transactions from the year-ago total of 9,008. Eleven counties had double-digit declines, including King (down 16.3%) and Snohomish (down 17.6%). October was the only other month during 2021 when year-over-year sales fell.

Commenting on the slowdown in sales, Dick Beeson, managing broker at RE/MAX Northwest Realtors, said, "That's to be expected considering inventory in the fourth quarter was down sharply from last year. You can't sell what isn't there."

Despite hurdles (including pandemic-related), Northwest MLS brokers tallied 107,354 closed sales during 2021, an increase 12.1% from the previous year when they notched 95,760 closings.

(*Please note: The NWMLS Annual Highlights Report with comprehensive summaries of activity will be released on Jan. 19.*)

John Deely, executive vice president of operations at Coldwell Banker Bain, noted median home prices in 2021 tended to rise each month in most counties served by NWMLS, "but December came in flat," which he said signals a leveling off in appreciation while demand is still high. "The Fed (Federal Reserve System) signaling interest rate increases has caused some sellers to be somewhat more aggressive in getting their homes sold," he added.

"Condos continue to be swarmed by first-time buyers," reported Deely, a member of the Northwest MLS board of directors. "We aren't seeing as many relocation buyers, a result of remote work during COVID. As companies start to make decisions about working in the office, we will start to see that market pick up."

Even though the number of pending sales, at 5,850 overall, declined more than 15% from a year ago, they far outstripped the number of new listings (4,617), contributing to the meager month end inventory. In fact, a search of NWMLS records going back a decade indicates the 3,240 active listings of homes and condos area-wide is the first time the selection has dipped below 4,000 listings. A year ago, buyers could choose from 4,739 active listings while in November there were 4,621 properties in the MLS database.

Stated another way, there was less than two weeks of supply (0.40) at month end. Inventory was even more sparse in seven counties, with Snohomish having the most acute shortage at 0.20 months. Other counties that fell below 0.40 months were Clark (0.26), King (0.27), Island (0.29), Pierce (0.32), Thurston (0.31) and Kitsap (0.38).

"Smart buyers are making their best offers using pre-inspections, family support, bridge loans, leveraging 401(k) accounts, and other resources," according to Dean Rebhuhn at Village Homes and Properties. Mortgage interest rates are the wild card, he believes. "How much will they rise and what effect will they have on the market? With current rates in the low 3% range and a forecast of three rate hikes this year, probably not much," he suggested.

"Last year was quite a year for the housing market," stated Matthew Gardner, chief economist at Windermere Real Estate. "Even in the face of historically low inventory levels, home sales in the Central Puget Sound area still managed to rise to levels not seen since 2006 and, notably, Pierce and Kitsap counties had more sales than ever before.

"Historically low mortgage rates and the ongoing pandemic led to a flood of buyers in a market with relatively few homes for sale. This caused prices to rise by double digits throughout the Puget Sound area," Gardner remarked, adding he expects the pace of price growth to slow significantly in the coming year due to rising mortgage rates and affordability constraints.

More supply would be beneficial, suggested Gardner. "The Puget Sound region is in dire need of more housing units which would function to slow price growth of the area's existing housing. However, costs continue to limit building activity, and that is unlikely to change significantly this year."

Frank Leach, broker/owner at RE/MAX Platinum Services, said builders in Kitsap County are putting up new communities of single family homes and condominiums "as fast as they can. Buyers are looking for relief in 2022, hoping inventory will become available." For now, he described available inventory as "drastically low." Buyer pressure is bidding up values, and "there is an inordinate amount of institutional cash buyers in our market."

"Sellers are frustrated trying to find replacement properties. We are seeing more contingent offers being accepted, allowing sellers some breathing room to select their next home and sell their existing home." Leach said this trend, coupled with new lending strategies "allow sellers to address the market as though they are cash buyers with conventional 20% down programs."

"We continue to see an influx of buyers from markets east of Kitsap County looking to telecommute from or completely relocate to our county," Leach commented, adding "the overall outlook for Kitsap County is excellent with billions of new money coming from government and private sector projects."

J. Lennox Scott, chairman and CEO of John L. Scott, described the current market as "truly historical," noting 2021 was one of the best years on record for pending sales in the Puget Sound region. "The week of snow and ice that hit Puget Sound in late December delayed the big kickoff to the 2022 housing market by about a week. This held back buyers who have been waiting patiently for each new listing to hit the market."

The year-end storms did not dampen Scott's optimism for 2022. "Fresh on the heels of the holiday season and snowy weather, the local market will see continued strong buyer demand, multiple offers, and premium pricing. This year is poised to be another great year in residential real estate," he exclaimed.

Rebhuhn agreed. "We will experience strong demand and very active home sales in 2022," he predicts, but added "and maybe a slight dip in price increases."

Beeson expects 2022 will be similar to last year, with both opportunities and challenges. "The buying and selling process will not become any easier," he stated.

"Once again we start the real estate dance where buyers are chasing sellers. Sellers are chasing their replacement home, and brokers are chasing those elusive listings." Like many of his colleagues, Beeson expects interest rates to climb. "Prices will also rise, albeit not as quickly as during 2021."

Economist Gardner predicts single family home prices will rise by "high single digits" in King County, and by more than 10% in Snohomish and Pierce counties.

Northwest Multiple Listing Service is a not-for-profit, member-owned organization that facilitates cooperation among its member real estate firms. With more than 2,500 member firm offices and 32,000 brokers across Washington state, NWMLS (www.nwmls.com) is the largest full-service MLS in the Northwest. Based in Kirkland, Washington, its service area spans 26 counties, and it operates 21 local service centers.

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	1,387	693	1,724	2,592	$948,438	$749,000	0.27	0.63
Snohomish	682	232	776	1,165	$746,384	$679,950	0.20	0.26
Pierce	834	461	1,115	1,458	$566,584	$515,000	0.32	0.33
Kitsap	242	156	328	414	$592,200	$499,950	0.38	0.46
Mason	86	77	115	105	$426,038	$380,000	0.73	0.46
Skagit	92	91	112	153	$580,003	$510,000	0.59	0.58
Grays Harbor	90	176	119	145	$355,771	$330,000	1.21	0.86
Lewis	71	93	119	129	$418,066	$387,500	0.72	0.84
Cowlitz	78	78	113	135	$430,351	$365,000	0.58	0.48
Grant	75	133	88	92	$365,815	$327,450	1.45	0.73
Thurston	302	148	346	477	$509,619	$480,000	0.31	0.30
San Juan	20	49	20	22	$1,264,616	$823,275	2.23	1.67
Island	90	48	114	164	$561,448	$501,000	0.29	0.42
Kittitas	49	63	75	99	$708,303	$545,000	0.64	0.44
Jefferson	27	30	26	39	$658,969	$600,000	0.77	1.19
Okanogan	29	89	45	38	$376,507	$293,500	2.34	1.93
Whatcom	161	171	209	295	$589,178	$535,000	0.58	0.78
Clark	44	23	55	87	$532,925	$460,000	0.26	0.41
Pacific	27	53	41	47	$356,273	$335,000	1.13	1.16
Ferry	2	19	11	12	$472,358	$245,000	1.58	3.29
Clallam	58	60	75	77	$514,197	$484,000	0.78	0.69
Chelan	48	100	68	99	$681,410	$524,900	1.01	0.63
Douglas	26	36	37	56	$497,220	$439,900	0.64	0.72
Adams	8	23	17	12	$324,473	$287,127	1.92	0.68
Walla Walla	36	50	48	52	$443,277	$398,500	0.96	0.87
Columbia	1	10	1	7	$209,071	$215,000	1.43	2.75
Others	52	78	53	46	$414,168	$387,500	1.70	1.82
Total	**4,617**	**3,240**	**5,850**	**8,017**	**$702,001**	**$572,900**	**0.40**	**0.53**

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
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	8869	8545	8628	7729	7487	6115	4727
2017	5710	6024	7592	7621	9188	9042	8514	8637	7441	7740	6094	4460

2018	5484	5725	7373	7565	8742	8052	7612	6893	6235	6367	5328	4037
2019	5472	4910	7588	8090	8597	8231	7773	7345	6896	6797	5788	4183
2020	5352	6078	6477	5066	7297	8335	8817	9179	8606	7934	6122	4851
2021	5216	5600	8002	7716	8674	8824	8049	8586	7880	7405	6022	3943

"Hi Neighbor" fund increases home buying power for Blacks

Eligible Black/African American homebuyers can borrow up to $12,000 to layer into a mortgage loan to use toward their home's purchase cost. Dubbed the "Sam Smith 'Hi Neighbor' Homeownership Fund," the deferred loan product is designed for first-time homebuyers.

The new purchase assistance program is a private/public partnership between HomeSight, a nonprofit lender and Windermere Real Estate, U.S. Bank, and National Association of Real Estate Brokers (NAREB).

In addition to increasing purchasing power, the new assistance program will help bridge the affordability gap facing Black/African American homebuyers earning between 80% and 120% of area median incomes in Washington state.

Black/African American homebuyers are more than twice as likely to be rejected for mortgage loans than white homebuyers, according to a report by the National Association of REALTORS®. While 63% of whites nationwide can afford to buy a home, only 43% of Black/African Americans meet eligibility requirements.

Homeownership rates and median incomes also show wide disparity. In Seattle, the Black/African American homeownership rate is 25.8%, about half that of white homeowners (50.9%). In King County, a report of the [Racial Wealth Divide Initiative at Prosperity Now] shows the median income of white households is $94,533, about twice that of Black households ($48,075).

The new "Hi Neighbor" fund is named after Sam Smith, the first Black person to be elected to the Seattle City Council (in 1967), and the second Black State Legislator from King County (first elected in 1958). One of the first acts the affable, five-term legislator is credited with was introducing a bill to ban discrimination based on race or religion in the rental or sale of homes, which initially failed. Nevertheless, the prominent politician is credited with championing the 1967 passage of the state's Open Housing Law, as well as bridging the political and cultural gap between the white and Black communities.

Sam Smith died in 1995. HomeSight worked with the Smith family to craft the "Hi Neighbor" fund. Carl Smith, son of the legendary legislator, said "It's an honor and a pleasure to have HomeSight use the Same

Smith name for them to pursue equity in home purchases. He also noted, “My grandfather instilled in my father that the way to have freedom is to have land and for people in that era, it was freedom.”

Nicole Bascomb-Green, VP/community affairs manager at US Bank, president of NAREB’s Washington State Chapter, and a HomeSight board member, is acknowledged as being integral in the creation of the fund. “In my work it’s very important for me that we continue to talk about black homeownership because everyone I knew growing up was a homeowner,” she remarked before citing figures on the decline in Black ownership, which she called “just unacceptable.”

“My work with NAREB is all about democracy in housing, supporting homeownership – particularly black homeownership and other disenfranchised communities, and ensuring we have that capacity to have generational wealth. That’s what this country was built on.”

Windermere’s involvement flowed from its Equity and Inclusion priority. “After the murder of George Floyd, we got together and decided that it’s morally imperative that we get involved. So, we put Equity and Inclusion as a top priority in the company,” said OB Jacobi, president of Windermere Real Estate.

The company created a document called Windermere Pillars to effect change in community and leadership. One of the pillars was Home Ownership. “After meeting with HomeSight, we agreed that the Sam Smith ‘Hi Neighbor’ Homeownership Fund was perfect for us to get behind and push homeownership that can effect change in such a positive way,” Jacobi stated.

HomeSight works to preserve and promote economically and culturally diverse communities through affordable homeownership, business development, and community advocacy. Among its offerings, which are focused on communities of color, are conventional mortgages statewide. The fees earned from lending are immediately invested back to support its mission.

HomeSight also offers free homebuyer education and financial counseling, The 501(c)(3) non-profit Community Development Financial Institution and Community Development Corporation was established in 1990.

Amazon commits $21 million to kick-start housing by developers of color

Amazon is funding a $21 million program to help real estate developers of color advance their careers. The free, part-time professional development program is offered in partnership with social impact and economic justice groups to support developers and facilitate affordable housing projects in three metro areas, including the Puget Sound region.

In announcing the initiative, Amazon said the two-year accelerator program will help real estate developers of color progress in an industry known for high barriers to entry, “namely capital investment, and practical experience.”

"Developers of color bring enormous opportunity for creative and inclusive solutions to community-focused real estate development, but systemic issues continue to create multiple barriers to their success," said Ellis Carr, president and CEO of Capital Impact Partners and CDC Small Business Finance. "Through this program, we are partnering with Amazon in helping open doors for people of color who can then pay their experience forward."

As part of the instruction, the program addresses the challenges developers of color face when bidding for affordable housing projects. In addition to increasing the number of such developers, the goal is to also increase the number of participants who focus on affordable housing and inclusive community building.

Working with its program partners, Amazon will develop curriculums and networking opportunities that reflect the specific issues facing their communities. Participating organizations include the [Local Initiative Support Corporation (LISC)] in the Puget Sound region, Capital Impact Partners in the Arlington region, and the Urban League of Middle Tennessee in Nashville.

"With Amazon's support, our hope is to bridge the knowledge gap and build a bench of developers of color who are trusted in their communities," said Brian Surratt, executive director of LISC Puget Sound. "These developers are then likely to hire contractors and other workers of color, some of whom may live in those same neighborhoods."

Concurrently, Amazon is also partnering with Enterprise Community Loan Fund, Inc. to administer grants of up to $200,000 to qualified real estate developers of color. The grants are open to anyone who applies to the Amazon Housing Equity Fund and needs assistance with the capacity-building and pre-development expenses associated with the preservation and creation of affordable housing within Amazon's three focus regions.

The accelerator program will initially support up to 30 total participants by providing:
- Virtual and in-person classroom instruction on real estate fundamentals, affordable housing trends, public policy, and financing best practices.
- Small group mentoring.
- Professional networking opportunities with industry leaders, researchers, and established real estate developers.
- Access to capital for pre-development expenses, such as architectural and engineering costs; permitting, survey, and site-planning fees; and market and feasibility studies.

Each partner organization will select their participants for the program based on three eligibility guidelines:

- Identify as a person of color.
- Work experience as a developer at a real estate development firm or organization.
- Real estate development activities focused in the Puget Sound region, Arlington region, or Nashville.

The latest initiative is part of the more than $2 billion Amazon Housing Equity Fund to net 20,000 affordable homes in its hometown communities in the Puget Sound region, in and around Arlington, Virginia, and in Nashville, Tennessee. Launched in January 2021 that Fund is designed to preserve existing housing and create inclusive housing developments. The Puget Sound region's share includes $285.5 million in below-market financing and grants with approximately 2,200 housing units expected to be preserved or created.

"With this accelerator program, we are laser focused on lifting up emerging real estate developers of color. We want to foster their professional growth through education and training, as well as improve their access to capital, which can be elusive to developers of color," said Catherine Buell, director of the Amazon Housing Equity Fund. "If we are going to bring about lasting, holistic, and meaningful change to how affordable housing is developed, developers of color need to be a part of the solution."

In a tweet, Amazon CEO Andy Jassy emphasized addressing the affordable housing crisis in underrepresented communities starts with removing barriers. "Amazon's new program provides Black, Hispanic and Native American real estate developers with training, mentorship and capital to kick-start their projects."

Data from various organization's underscore Jassy's point about underrepresented communities. According to 2020 Bureau of Labor Statistics data on professionals working in the Real Estate and Rental & Leasing Industry, 83.5% are white, 16.4% are Hispanic or Latino, 9.6% are Black or African American, and 4.3% are Asian.

The gaps are even more pronounced for senior executives in the U.S. commercial real estate industry. Three-fourths (75%) are white men, 14.1% are white women, 1.3% are Black men and less than 1% are nonwhite women, according to a 2017 study from the Bella Research Group and the Knight Foundation.

Developers of color also lack access to the capital and resources for much-needed affordable housing projects to help their communities. In a 2019 report, the Urban Land Institute found only 5% of its U.S. members are Black, even though this cohort makes up more than 13% of the U.S. population. More than eight of every 10 members of the nonprofit research and education organization for real estate and land use experts are white.

Amazon stated such disparities "translate into a lack of diversity at the project-development level that can subsequently exclude developers of color from working on meaningful and lucrative housing deals as cities expand."

Forterra-led coalition launches "Forest to Home" initiative to produce affordable housing using renewable materials

"Forest to Home," an initiative of Forterra, got underway last month when construction started on the first homes being built with an engineered wood product known as cross-laminated timber (CLT). The milestone is part of Forterra's goal to create "local, affordable housing built by local labor with resources from local forestlands."

In 2020, Forterra's idea for the CLT modular housing prototype, "ModPro," earned a $2 million grant by winning Enterprise Community Partners and Wells Fargo's Housing Affordability Breakthrough Challenge.

Forterra currently has Forest to Home projects in progress in Tacoma (in Pierce County), Tukwila (in King County) and Hamilton (in Skagit County). When completed in the next few years they will add 500 affordable units built with responsibly harvested local timber.

The modules being built at an industrial building at the Port of Everett are being assembled by a four-man team from Switzerland. When completed the prototypes will be toured around the region on a flatbed truck to show off the possibilities.


Images courtesy of Forterra

Eventually, construction of the CLT panels will move to the Darrington Wood Innovation Center (DWIC), a mass-timber production facility that is under construction at a 94-acre site. The project, estimated to cost around $73 million in total, is being developed and managed by Forterra in collaboration with Darrington and Snohomish County. An early 2023 completion date is anticipated.

In addition to the CLT plant, DWIC will encompass a small European-grade remanufacturing sawmill and kiln facility, and a modular fabrication facility.

Along with bringing approximately 150 family-wage jobs to Darrington, a small town in Skagit County that has been involved in the timber and wood industry for nearly a century, the center will produce enough cross-laminated timber to build a thousand affordable housing units per year. It will also serve as a hub for innovative wood product manufacturing.

The multi-million dollar facility is being funded by a variety of sources, including the Additional Supplemental Appropriations for Disaster Relief Act of 2019. Earlier this year, the U.S. Department of Commerce's Economic Development Administration awarded a $6 million grant to Darrington to acquire land and provide infrastructure to establish the Darrington Wood Innovation Center. Also this year, the Washington State Department of Natural Resources transferred 3.74 acres of land to Darrington for the center.

Forterra created a social impact fund, "Strong Communities Fund II" as a federally designated Opportunity Zone Fund, which includes investments in DWIC. SCF II, which also encompasses The Hilltop project in Tacoma, aims to reconnect rural high-wage jobs and forest conservation to urban attainable housing and civic equity. A joint venture of a German company, Forterra, and third-party investors will manufacture the modules' panels.

About CLT

Cross-laminated timber is the structural basis for the Forest to Home concept. The eco-friendly sustainable material consists of layered lumber boards stacked crosswise at 90-degree angles and glued into place. Board thickness typically varies between 5/8 to 2 inches with widths ranging from 2.4 to 9.5 inches. Finished panels are typically two to 10 feet wide, with lengths up to 60 feet and thickness up to 20 inches. The panels can be manufactured at custom dimensions as transportation restrictions allow.

CLT (sometimes called XLam) is widely adopted in Europe and gaining popularity in the U.S. Its alternating grains contribute to CLT's strength, dimensional stability, and rigidity, allowing its use in a variety of commercial and residential applications, including mid- and high-rise buildings, prefabricated floor slabs, single-level walls, and taller heights.

Architects tout CLT's aesthetic qualities since the wood surface can be showcased without needing paint. Additionally, it can be used in hybrid applications with other materials and as a prefabricated building component. Another advantage are smaller, quieter work sites.

Panels cost about the same as steel and concrete but are lighter and quicker to assemble on site. Tests show its fire resistance is comparable to steel and concrete. Advocates note a seven-story CLT building in Kobe, Japan withstood a 1995 earthquake with no sign of damage. Energy efficiency is another value-added property of CLT.

Tobias Levey, Forterra's vice president of transactions, said CLT creates a more "biophilic" living environment. (Biophilia, which literally translates to "love of life," was coined by a Harvard naturalist to "describe the innate tendency of humans to be drawn to nature and natural products like wood.) In an interview with a reporter from Puget Sound Business Journal, Levey referenced studies in Scandinavia that show living around wood had various health benefits than living the "drywall coated steel" does have.

With regard to cost, Levey said affordable housing developers are paying contractors from $400,000 to $800,000 a unit, whereas two-bedroom ModPro units can be built for $120,000, excluding the costs of land, entitlements and other soft costs, which could bring the total to around $300,000.

Forterra lists several entities as being part of the "CLT Coalition." They include academic researchers, architects, builders, elected officials, environmentalists, governmental agencies, and timber companies.

A CLT study for the Pacific Northwest predicts demand of 6-to-12 million cubic feet annual for
For 4+ story construction types by 2035.

The global cross laminated timber market is expected to grow from $724 million in 2020 to $1442.62 million by 2028, according to a report by Fior Markets, a futuristic market intelligence company.

About Forterra

Seattle-based Forterra conserves land, develops innovative policies, and supports sustainable rural and urban development. Its Forest to Home model strives for a triple bottom line of social equity, healthy forest management and economic development.

Describing itself as "an unconventional land trust," Forterra "conserves and stewards land, develops innovative programs and policies, and supports sustainable development for towns, cities, and rural communities." It believes the interconnectedness of the natural, built, and social world is key to unlocking solutions to a resilient region. Additionally, it believes the health of smaller communities is vital to the sustainability of the Pacific Northwest.

When formed 30 years ago, it was known as the Land Conservancy of Seattle and King County and focused on developmental sprawl and threats to the county's open spaces. Over time, it widened its reach and view of conservation, reflected in part by its name change to Forterra in 2011.

Since its inception, the organization has helped conserve and steward 250,000-plus acres in more than 100 counties, cities, and towns statewide.

Forterra's leaders believe the impacts of its Forest to Home concept "ultimately could be felt across the country."

Users give Northwest MLS mostly high marks for services, products

Northwest Multiple Listing Service released results of its latest member satisfaction survey conducted last year. When asked, “In general, how satisfied are you with the service provided by NWMLS?” the MLS earned an overall score of 4.11 on a five-point scale. Nearly nine of every 10 respondents (88.8%) said NWMLS is responsive to their queries.

More than 5,000 members and subscribers took part in the 2021 survey, which marked the sixth iteration of the biennial poll. The confidential feedback helps the multiple listing service plan and prioritize future service enhancements, new products and services, and projects, according to Tara Marino, director of communications and training at NWMLS.

Using a scale of 1-to-5, with five being “perfect,” survey participants were asked to evaluate Northwest MLS in five areas: responsive, knowledgeable, friendly, progressive, and professional. During 2021 and 2019, the highest scores were garnered for being “professional,” while those who replied rendered their lowest scores for being “progressive.”

Another part of the survey invited respondents to rate the importance and their satisfaction of various NWMLS systems and services. The goal is to keep satisfaction ratings close to or exceeding the importance rating, said Marino. Gaps can indicate areas for increasing training opportunities and/or system enhancements.

Members and subscribers regard the call center, legal bulletins, and tech support as the most important services.

Satisfaction ratings in five areas exceeded perceptions of importance. They included: communications; training, classes and workshops; listing input and editing; satellite offices and member store locations; and digital printing and design services.

This year’s survey respondents were asked about their preferences on virtual versus in-person classes and workshops. A majority (51.1%) want both options, while 35.6% prefer attending such trainings virtually. Fewer than one in 10 respondents (8.9%) expressed a preference for in-person classes.

Those who took part in the survey were also invited to list the first word that comes to mind when they thought of NWMLS. Responses were used to create a word cloud. (The bigger and bolder the word is depicted signifies its greater importance.)

Northwest MLS has used the same independent research firm to conduct the survey since it was first done. The firm said the results are highly statistically valid given the high participation rate.

In general, the MLS scores for 2021 remained high but showed some slippage compared to 2019. Researchers say this is a common trend in satisfaction surveys across all industries. Don Morgan, senior partner at GMA Research, attributes the slight decreases to pandemic-related stresses (both financially and mentally) for many people.

Covid could reshape housing demand

Covid could change where people choose to live, reshaping housing demand in cities and suburbs, according to research by the Joint Center for Housing Studies of Harvard University (JCHS).

While a hybrid work schedule may be an option – and preference—for many workers, it isn't feasible for all, prompting a senior research associate at JCHS to remark, "While increased mobility may open up new neighborhoods and opportunities to some, it could also further neighborhood inequality between amenity-rich and distressed neighborhoods and household inequalities between those who can work from home and those who can't."

Neighborhood amenities could play a larger role in housing choices in a future "less tethered by the job-housing link," according to JCHS.

Surveys show a majority of office workers – and a significant share of employers – expect to work from home at least once a week post-pandemic. Avoiding commutes, even if only one or two days a week, could prompt changes in where people choose to live. Workers and employers will continue to value links to transportation and communications networks.

"Supercharged residential sprawl becomes an initial concern, as larger houses in more affordable neighborhoods farther from employment centers could become a viable alternative for millions of metro area workers," stated Daniel McCue, senior research associate at JCHS. As the changes are anticipated, he referred to earlier research suggesting the suburbs may not only be the only place that would see increased demand from remote workers.

JCHS research indicates some urban neighborhoods may even see more demand as highly desirable neighborhoods. While once convenient to a subset or communities, such areas may become more accessible to a larger set of potential new residents. On the downside, it could be a problem for distressed urban neighborhoods “where proximity to employment centers may have been their best asset,” suggested McCue.

Outlying suburbs and rural areas, with fewer amenities and poorer access to broadband and/or transportation networks may also be further disadvantaged. As these areas see less demand, it could affect the ability of existing residents to move.

With increased expectations for working remotely, JCHS believes “we must be sure to consider both the areas in which to expect newfound growth and demand, but also the neighborhoods and households at risk of being left behind.”

Design firm touts “5 Ps” to address functionality, livability in pandemic era

In response to the COVID-19 pandemic, a national design firm developed a white paper centered on “Five Ps” that impact home design and the “work from home” era.

On target designs that inspire positive feelings and moods, foster activity, and even motivate a sale, begin with a robust understanding of the target market. “Long before we start thinking of color, pattern, and ornament, we have to start with something more basic: What should the space be? How should it work? What are the needs of the people using it?' wrote the founder of Mary Cook Associates.

Cook believes the 5Ps encapsulate the key post-pandemic changes being addressed in functionality and livability. The way people buy goods, increased pet ownership, technology advances, redefined recreational time, and how we create areas for downtown and recharging, according to Cook.

The five shifts prompted by the pandemic lockdown are delineated as:

1. Packages. Increases in delivery-based consumerism has a direct impact on the design of common spaces in several residential settings, ranging from multi-family to student housing and senior living communities. No one dreamed that one of the largest logistical challenges for housing developments would be how to handle all those deliveries from Amazon and other retailers. “Now, delivery processing is as vital as plumbing,” wrote Cook.
2. Pets. With an estimated 90.5 million households (approximately 70% of homes) now owning a pet, both interior and exterior spaces must include pet-friendly areas. These might include dog runs, pet washing areas, feeding and sleeping stations, and pet-friendly porches and patios with non-permeable surfaces.

3. Plug-ins. "Working from home, even in a hybrid situation, has set new technology standards for attracting residents." Pocket rooms and spaces that were adapted during the pandemic will continue to support work from home situations. Natural and adjustable lighting, an operable window, robust wi-fi connections, ample plug-ins, collaborative spaces, and aesthetically appropriate furnishings are important for the evolving work-from-home cohort.
4. Play. "Coping with challenges of the pandemic amplified just about everyone's need for play," the designers stated, citing data indicating two-thirds (66%) of U.S. adults are concerned the pandemic is interfering with healthy habits. Keying into how different age groups most enjoy recreational time will drive design. Among popular outdoor amenities the white paper lists for multi-family developments are resort-style pools, roof decks, fire pits, grilling stations and bar areas, along with movie lawns, sports courts and spaces for relaxation, reading and meditation.
5. Personal space/Privacy. Working remotely, virtual schooling, more family members in the home at the same time, and changing quarantining requirements significantly impacted all inhabitants, regardless of age. Losing personal space and privacy can lead to "noticeable mental health challenges," according to psychology experts. Cook recommends deliberately designing spaces that provide a transition from "a frenetic, pressurized workday to a rejuvenating, restorative after-work environment" that facilities relaxation.

Designers at the firm say these "Ps" recharacterized functionality and are significantly impacting the design of indoor/outdoor common spaces as well as fostering creative twists that enhance livability.

The "Living It Up" white paper covering the five Ps is part of an eight-part series from MCA.

Mary Cook Associates is based in Chicago whose clients include real estate developers and owners in 36 states.

New year, new laws for Washingtonians

Take-out diners will have to ask for utensils, the minimum wage will increase, the wealthy will pay more on capital gains, and felons will have their voting rights restored.

Those are some of several new laws that became effective in Washington state on January 1.

Also enacted are bans on the use of Native American names, symbols or images as public school mascots, logos or team names. Schools located within Native American areas are exempted from the law, which takes effect during the 2021-2022 school year. Schools in counties adjacent to Native American areas can seek the nearest tribe's consent to continue using a name, mascot or symbol.

Around two dozen schools are believed to be affected. They may seek a grant from the Washington Office of Superintendent of Public Instruction to help offset the cost to make changes in order to comply with HB 1356.

Under SB 5022, single use utensils, condiments and beverage cup lids will be provided only if a customer requests them. The measure, designed to reduce single-use product waste, exempts senior nutrition programs and healthcare providers.

Another measure will automatically restore the right to vote to as many as 20,000 people with felonies once they are released from Department of Corrections custody. Rep. Tarra Simmons (D-Bremerton) sponsored HB 1078. She was incarcerated for 30 months before becoming a civil rights advocate and voice for redemption.

The New Year also ushered in a raise for minimum wage earners. They will get an 80-cent bump, from $13.69 to $14.49, based on a cost-of-living adjustment tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers, as compiled for the Bureau of Labor Statistics. BLS attributes the increase to more expensive gas, housing, household furnishings, and food. The new wage applies to workers who are 16 and older.

A new Office of Independent Investigations is opening this year. Created at the request of Gov. Jay Inslee, OII is charged with conducting “independent, unbiased, competent and thorough investigations of cases involving police use of deadly force” after July 1, 2022. Past cases may be investigated if new evidence is produced.

SB 5096, a controversial proposal that passed by narrow margins, imposes a 7% tax on the sale of stocks, bonds and other high-end assets in excess of $250,000. At least two lawsuits are challenging the constitutionality of the bill. If not overturned, the measure applies to individual residents but gains recognized in 2021 are not subject to the new tax. Several categories of assets are also expressly exempt from the tax. An estimated $415 million is expected to be raised from the tax in 2023. The first $500 million in tax revenue is to be deposited into the state’s Education Legacy Trust Account to support early learning and childcare programs. Additional amounts are earmarked for the Common School Construction account.

Another contentious measure is the state’s long-term care tax, which is to be funded by a payroll tax. It allows eligible adults to collect up to $36,500 starting in 2025 for long-term care expenses like in-home care, hearing aids, memory care, necessary home renovations, and delivered meals. Based on HB 1323’s tax rate of 0.58% per $100 of earning, someone making $75,000 annually would pay about $435 a year into the fund. Workers who purchased a private long-term care insurance plan by Nov. 1, 2021, could opt-out of the payroll tax. Self-employed workers are not required to pay into the benefit, but may opt to. Gov. Inslee has delayed the start of this tax to allow legislators to refine and improve the state bill authorizing the tax.

Economist expects “rocky road” for homebuyers

Forecasts from some of the country’s largest real estate services firms predict a less frenzied housing market in 2022, with prices rising at a more moderate rate than during 2021.

Buyers should expect a rocky road over the next few months, suggested Daryl Fairweather, chief economist at Redfin.

Data compiled by Redfin indicate the number of homes available to purchase is at an all-time low, while prices are at record highs.

More listings are expected to be added to inventory in early 2022, but eager buyers in the queue will likely experience escalating prices.

Fairweather anticipated 100,000 fewer homes for sale at the end of 2021 compared to February “when housing supply last hit rock bottom.”

The imbalance in supply and demand means quick sales for many homeowners. About a third of sellers accepted an offer within a week of listing, up from 27% in 2020 and up from 18% in 2019, according to Redfin’s analysis. About 45% of homes went to pending status within the first two weeks of hitting the market.

Redfin’s analysis of November’s transactions showed nearly half (45%) of homes sold for above their list price, up from both a year ago when it was 35%, and from 2019 when 21% sold above asking prices. The average home sold for about 100.5% of its list price.

As for 2022, Redfin’s economist said, “Headlines and new restrictions related to the omicron variant of the coronavirus might fuel some uncertainty and volatility in the economy,” adding “In the short term, global interest rates, including mortgage rates, could fall. In this extremely tight housing market, we would quickly see a proportional increase in competition and home prices.”

Responding to drought, Las Vegas bans grass for new homes

Building on existing restrictions for water use, the Southern Nevada Water Authority passed resolutions last month that ban grass for all new housing and commercial developments in the Las Vegas metro area.

The not-for-profit water agency also approved a measure to ban evaporative cooling machines, also known as “swamp coolers.” Such coolers are a popular alternative to traditional air conditioners but use more water.

If approved by local governments, the resolutions could affect the 2.2 million residents who are served by SNWA’s seven member agencies. About 90% of the region’s water supply comes from the over-tapped Colorado River.

Lobbyists representing developers and commercial real estate interests oppose the proposed limits, arguing they needed more study.

The fast-growing Las Vegas region already has strict limits on water use, including bans on front yard grass and on grass being planned in more than half of a backyard. Also prohibited is “non-functional” grass in office parks, street medians, traffic circles, and entrances to communities that have homeowners’ associations. Grass is considered useless if it “is only touched by a mower, bordering a street, or hard to get to.”

Grass is still allowed at schools, parks, cemeteries, golf courses and in existing housing developments.

The Southern Nevada Water Agency offers various incentives and resources to customers that replace decorative grass with desert landscaping, use a trained “water smart landscaper” and water-efficient fixtures and devices.

Residents are also subject to mandatory water restrictions which limit landscape watering to only one day a week during winter (November – February). Sunday watering is never allowed.

The Water Authority’s general manager told the Las Vegas Review-Journal that he was unaware of any precedent for the steps being taken. (California has imposed some limits on grass and water consumption, and Arizona has paid farmers to fallow fields.)

SNWA was formed in 1992 to address water issues on a regional basis. Its restriction on nonfunctional grass requires removal by the end of 2026. It is estimated to save 9.6 billion gallons of water annually.

Lake Mead, the largest reservoir in the U.S. in terms of water capacity, is a 247-square-mile basin where the Colorado River meets the Hoover Dam. Engineered 85 years ago to capture trillions of gallons of river water, Lake Mead is considered a lifeline for 25 million people and millions of acres of farmland in California, Arizona, Nevada and Mexico. It is 24 miles east of the Las Vegas Strip.

News In Brief

- **According to Gene Balk of the *Seattle Times*, a new poll of county residents found support for a handful of approaches that would increase the supply of homes, including one that's highly controversial: The elimination of single-family home zoning — and not just in Seattle, but in the suburbs, too.** The survey of 501 King County adults was conducted by polling firm DHM Research for Quinn Thomas, a Seattle and Portland marketing communications company. Zach Knowling, a senior vice president at Quinn Thomas, said the firm prepared the report "to help inform the real estate industry and regional leaders about key housing trends in the Seattle area." The survey included a question about policy changes that could help increase the housing supply in King County. Respondents were asked about their level of support for seven potential remedies. It found a slim majority of King County adults — 55% — support the idea of allowing larger apartments and condominiums in neighborhoods currently zoned for single-family homes in the city of Seattle. The level of support was only a little lower for the same change in suburban neighborhoods, at 51%. While the survey shows a majority of King County residents want to see single-family home areas opened up to apartments and condos, there's an interesting twist: Most of them would rather not live in those types of housing units themselves. The survey found that county residents overwhelmingly desire a single-family home, with 83% choosing that as their preferred housing type. It's clear from the survey that King County residents see more development as one way to help make homes more affordable. A solid majority — around 63% — wants to see more housing allowed on underdeveloped land, which could mean anything from unused vacant lots to low-rise buildings in upzoned areas. Another change that appeals to the majority of county residents is to open up public golf courses to housing development, supported by 53%. The highest-scoring change, among the seven presented in the survey, is converting empty office buildings into apartments, with roughly 78% support. That's an easy thing to support — there are no obvious down sides to it. But it's also not a real solution to the county's housing-affordability crisis. Surprisingly, there isn't a huge difference in support between renters and homeowners. There also aren't significant differences in the level of support among the various age groups, along racial lines, or by degree of educational attainment.

  Only two of the survey's seven choices on the question about increasing the housing supply did not receive majority support. Reducing parking requirements for new home construction still had a strong showing, at 47%. Allowing more houseboats on our lakes only appealed to about 38%.

- **Washington Gov. Jay Inslee is proposing a plan to offer rebates for new and used electric vehicles, on top of the sales tax exemption that currently exists for such vehicles in the state.** Under the proposal, rebates of up to $7,500 would be available for new electric sedans under $55,000 and under $80,000 for new vans, sport utility vehicles and pickup trucks. The rebate drops to $5,000 for used vehicles and a $1,000 rebate would be offered for zero-emission motorcycles and e-bikes. People would be eligible for rebates if they make under $250,000 a year, or under $500,000 a year for joint tax filer households. Low-income drivers, individuals with an income of below $61,000, would be eligible for an additional $5,000 rebate toward the purchase of a new or used electric vehicle.

- **Lincoln is the least reliable brand, according to the new Consumer Reports Auto Reliability Survey.** The predicted reliability rankings for 2022 models are based on feedback from subscribers about their experiences with more than 300,000 vehicles. Tesla came in next to last on the list. Also near the bottom: Jeep, Genesis, Volkswagen, and Mercedes. The 2022 Tesla Y was named one of the 10 least reliable vehicles. The trouble spots reported with the $60,000 car included body hardware, paint and trim, climate systems, noises and leaks. On the other end of the spectrum, Consumer Reports' survey found that Lexus makes the most reliable vehicles, followed by Mazda, Toyota, Infiniti and Buick. Honda came in sixth, followed by Subaru, Acura, Nisan, and Mini. According to Consumer Reports, the 2022 Lexus GX SUV should be the most reliable vehicle, rating a perfect score of 100.

- **According to the *Seattle Times,* Seattle developers are hinting at potential legal action against the city as they claim a mandated affordable housing fee is making it harder for them to build town homes in a fast-growing city with a dire need for more housing.** In a letter delivered to Mayor Jenny Durkan and the Seattle City Council last week, the Master Builders Association of King and Snohomish Counties argues town house developers are often unable to take advantage of extra density they're supposed to be able to tap in exchange for fees they pay toward affordable housing. The association says the situation has contributed to a drop-off in new applications for town home construction permits and put the housing affordability program "in jeopardy." The city's building department agrees permit applications are down but disputes whether the fee is to blame. Although the city says the fees have not discouraged overall development, townhome builders say they're not getting much out of the deal. Often, the denser zoning allows them to add a fourth floor to town homes, but developers contend many homebuyers are not interested in walking up and down four stories. And paying the fee up front can complicate efforts to get construction loans, they say. The Master Builders Association estimates Seattle developers pay an average of about $32,700 per town house unit, based on a survey of its members.

- **The Snohomish County Council passed an ordinance that will increase sales tax to fund affordable housing and mental health programs.** The council voted 3-2 to add one tenth of one percent in sales tax -- equating to one penny for every $10 spent -- in order to use for several county programs. Snohomish County's new, higher sales tax rate starts on April 1.

- **A new payroll tax on employees in Washington state is being delayed.** Gov. Jay Inslee and Washington Democratic legislative leaders announced Friday an agreement to push back the new WA Cares payroll levy as they address issues with the new long-term care program. WA Cares was intended to be a first of its kind in the nation social-insurance program to help people pay for care for themselves in old age or sickness. WA Cares Fund created a 0.58% payroll deduction on workers that was set to begin on Jan. 1, 2022. But there have been concerns, including people learning that they will pay into the program but never receive any benefits.

- **Motorists should expect to see gas prices continue to rise, at least during the first half of the new year.** Late December, GasBuddy released its Fuel Price Outlook for 2022, projecting the yearly national average for a gallon of gas will be $3.41. They predict the average household will pay $2,341 for gas during the year, up from 2021's average of $1,977. The outlook lays out the highest daily averages for major cities. They range from $3.50 to $3.75 in Houston to $5.25 to

$5.65 in San Francisco. The national average for a gallon of gas could fall below $3 by the end of next year.

- A decade ago, the Washington Supreme Court ruled in the landmark McCleary case that the state was failing to uphold its state constitutional duty to fund basic education. But that case stopped short of changing the funding system for building construction and improvements. **Now, a lawyer in the McCleary case has filed a lawsuit on behalf of a small rural district in southwestern Washington. It argues the state is also violating the constitution by failing to ensure all students learn in safe and modern school buildings.** The lawsuit says wealthy districts tend to vote in favor of taxing themselves for capital improvements, while poorer ones may not.

Calendar of Events

DATES	EVENT	TIME	LOCATION	CONTACT
1/17	Holiday – Office Closed			
1/19-1/20	WR Legislative Days		Olympia Hotel/Zoom	425-974-1011
1/26	Board of Directors	9:30 a.m. – 12:30 p.m.	SKCR	425-974-1011
2/1	Gov't Affairs Committee	10:30 a.m. – 1:30 p.m.	SKCR	425-974-1011

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