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LATEST NEWS RELEASE

Home buyers in Western Washington "hit the ground running" in January

KIRKLAND, Washington (February 6, 2020) – "All indicators point to a vigorous spring market," suggested broker Dean Rebhuhn when reviewing just-released statistics from Northwest Multiple Listing Service. The report covering 23 counties shows pending sales outgained new listings, record-low inventory that's down 33% from a year ago, and double-digit price increases.

Matthew Gardner, chief economist at Windermere Real Estate (the largest regional real estate company in the Western U.S.), noted home buyers did not take very much time off during the holidays. "They hit the ground running as soon as the new year kicked off." (Windermere has 140 offices in the NWMLS market area.)

Rebhuhn, the owner of Village Homes and Properties in Woodinville, said new jobs, low interest rates, and lifestyle changes continue to drive the market. "Hot spot markets are experiencing multiple offers," he reported.

Northwest MLS brokers added 6,517 new listings during January, a year-over-year decline of more than 8%. Pending sales (mutually accepted offers) topped new listing activity by 871 units. Brokers reported 7,388 pending sales last month, a 2.3% decline from the same month a year ago.

"So now we have a three month trend where we're seeing pending transactions exceeding new listings added in all major counties in the Puget Sound region," observed Mike Grady, president and COO of Coldwell Banker Bain. "Inventory continues to decline slowly to barely more than a month's on hand. Our brokers are reporting it 'feels like 2017,' with multiple offers returning and review dates (where sellers identify a date to review all offers) being added to the mix because of the number of offers they are receiving," he added.

At the end of January, the MLS database totaled only 7,791 active listings of single family homes and condos, well-below the year-ago figure of 11,687 (down 33.3%). A check of records dating to 2005 shows the selection is at a new low level, shrinking below the previous low of 7,921 reported for February 2018. In fact, for the 15 year span from 2005-2019 (180 months), inventory has dipped below 10,000 listings during only eight of those months.

Measured by months of supply (the ratio of active listings to closed sales), there was 1.54 months of inventory system-wide at the end of January. The selection was even more meager around Puget Sound, ranging from 1.1 months in Pierce County to about 1.3 months in King County.

"The fever in the real estate market is over the lack of inventory and competition from high buyer demand, not the flu," said NWMLS board member John Deely, principal managing broker at Coldwell Banker Bain.

Looking at the report for single family homes in King County (excluding condos), he noted the number of active listings is down nearly 44% from a year ago, while closed sales rose more than 7.1%.

"This positive indicator reflects a continued buyer demand and underpins the new year with buyers competing over the available inventory," he stated.

"A telling sign of the 2020 market is the tremendous open house activity," added Deely. As examples, he said one central Seattle open house priced in the $1.2 million range drew more than 300 visitors this past weekend, and another listing in northeast Seattle attracted more than 140 groups. "As we move toward the seasonal build-up of inventory, this early high demand and robust consumer confidence should keep last year's shift toward a buyer's market in check," he suggested.

Gardner agreed. "Inventory remains tight and, unfortunately, I don't expect much to change even as we move into the spring months when we typically see a glut of homes come on the market." He expects a very competitive housing market this year, with home prices rising at above-average rates.

Grady echoed Gardner's expectations. "Year over year, we see double digit median price appreciation increases in Snohomish, Pierce and Kitsap counties, with King nudging back up toward 5% over this time last year. Unless something unexpected happens to affect the local job market, there's no reason to think now that this trend will decline."

J. Lennox Scott, chairman and CEO at John L. Scott Real Estate, said the surge of buyers at the start of the year is "more intense than usual." That, paired with low interest rates and extremely positive job growth, translates to rising prices and "a piping-hot market."

Scott said there is emphasis on each new listing as it comes on the market, with many homes receiving multiple offers, especially in the more affordable to mid-price ranges. He noted the luxury market is also feeling the pressure in Seattle and on the Eastside, with listings virtually sold out in the $1 million to $1.5 million range. Northwest MLS members tallied 5,074 closed sales during January for a 4.3% increase from the year-ago total of 4,865. Median prices jumped 10.7% from a year ago. Last month's sales of single family homes and condominiums area-wide had a median price of $422,750. That compares to a price of $381,900 for the same month a year ago.

King County, where January's median selling price was $589,950, reported one of the more modest year-over-year gains at 4.4%. Other counties around Puget Sound reported double-digit increases, ranging from 11.8% in Kitsap County to 15.3% in Mason County.

"January started out with a bang! What was most noticeable is that the Greater Seattle/King County real estate market rebounded quite quickly after the end of the 2019 holiday cycle," reported industry veteran Gary O'Leyar, pointing to year-over-year drops in inventory in the Puget Sound area and employment statistics. "Fortunately, median prices for King County for January compared to a year ago were more moderate at 4.4%, but the significantly lower inventory resulted in multiple offers last month on many of our listings," reported O'Leyar, the broker/owner at Berkshire Hathaway HomeServices Signature Properties in Seattle.

Brokers in Kitsap, Pierce and Snohomish counties also commented on January's vigorous activity.

"The Snohomish County market is off to a brisk start fueled by lower-than-normal inventory levels and attractive interest rates," stated David Maider, broker/owner at Windermere Real Estate/M2 in Everett. He also said open house traffic has picked up significantly, along with the frequency of multiple offers. "Buyers requiring financing to purchase are well-served to be pre-underwritten prior to submitting an offer as sellers may have a number of buyers to choose from," he advised.

In Kitsap County, broker and NWMLS director Frank Leach is noticing house hunters from east of there moving west to more affordable communities and taking advantage of easy commutes to South Kitsap, Bremerton, Bainbridge Island and Kingston. "Rentals in Kitsap remain scarce despite new construction of many units in downtown Winslow, downtown Bremerton, and in Port Orchard," reported Leach, broker/owner of RE/MAX Platinum Services in Silverdale.

Leach also commented on Kitsap's inventory dropping to historical lows, with prices continuing to escalate, notably in the condominium segment. Prices on completed sales of condos in that county rose a whopping 84%, from $198,000 to $365,000.

“Kitsap buyers continue to be frustrated by the lack of inventory and the bidding process of trying to secure a home,” according to Leach, who is not expecting that frustration to ease. “Traffic at open houses across Kitsap remains brisk with many visitors arriving early to get in,” Leach noted, adding, “While inventory is expected to increase in the spring, the demand is here now.”

The market still very much favors sellers, said MLS director Mike Larson, president/designated broker at ALLEN Realtors in Lakewood. “But,” he commented, “they’re not as aggressive as they were a year or two ago. The urge for sellers to turn a quick profit doesn’t seem as great, and the urge for buyers to allow them to turn a quick profit isn’t as great.” Low interest rates have enabled buyers to keep up with rising housing values, he noted.

Larson isn’t seeing “buyers falling all over each other to get into their first home. It’s more methodical,” he explained, adding, “It’s crazy, particularly at the entry-level price point, but not out of control crazy. I think both buyers and sellers – and industry professionals – are more reasonable, and smarter, and experienced in how to handle this type of market, and that’s good.”

When asked about the possible impact of the coronavirus outbreak, NWMLS representatives had few comments. Economist Matthew Gardner noted the significant economic relationship between China and Washington state and indicated there could be short-term impacts on tourism, but said, “As far as housing is concerned, it’s premature to suggest this will affect our real estate market.”

Northwest Multiple Listing Service is a not-for-profit, member-owned organization that facilitates cooperation among its member real estate firms. With more than 2,300 member firm offices and 30,000 brokers across Washington state, NWMLS (www.northwestmls.com) is the largest full-service MLS in the Northwest. While based in Kirkland, Washington, its service area spans 23 counties and it operates 20 local service centers.

Statistical tables begin on the following page.

January 2020 activity

SINGLE FAM. HOMES + CONDOS	LISTINGS		PENDING SALES	CLOSED SALES			MONTHS OF INVENTORY	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	2,361	2,118	2,476	1,665	$693,820	$589,950	1.27	2.34
Snohomish	1,108	969	1,261	783	$527,222	$485,000	1.24	2.00
Pierce	1,080	966	1,270	872	$404,819	$375,000	1.11	1.81
Kitsap	290	296	345	251	$442,282	$380,000	1.18	1.73
Mason	84	142	87	67	$271,776	$253,440	2.12	2.86
Skagit	135	249	142	113	$406,282	$355,000	2.20	2.87
Grays Harbor	127	275	141	91	$236,826	$207,500	3.02	3.12
Lewis	92	195	113	87	$276,534	$260,000	2.24	3.82
Cowlitz	105	158	146	81	$294,142	$284,900	1.95	2.22
Grant	88	174	82	47	$247,154	$225,000	3.70	3.06
Thurston	333	267	378	298	$381,857	$350,000	0.90	1.91
San Juan	18	171	13	15	$698,893	$500,000	11.40	13.73
Island	83	171	139	94	$415,761	$349,500	1.82	3.36
Kittitas	44	111	52	41	$461,824	$339,950	2.71	3.33
Jefferson	40	98	44	27	$422,047	$400,000	3.63	4.96
Okanogan	24	157	31	26	$309,954	$181,500	6.04	6.43
Whatcom	211	467	258	218	$401,619	$375,000	2.14	3.02
Clark	61	89	95	60	$398,595	$360,200	1.48	2.42
Pacific	39	139	47	32	$235,338	$208,000	4.34	6.32
Ferry	5	35	3	3	$168,333	$175,000	11.67	14.67
Clallam	40	161	72	64	$361,072	$333,000	2.52	3.47
Chelan	63	176	83	59	$395,490	$350,000	2.98	4.72
Douglas	41	77	45	49	$346,920	$319,000	1.57	3.12
Others	45	130	65	31	$295,398	$235,000	4.19	4.74
Total	**6,517**	**7,791**	**7,388**	**5,074**	**$506,713**	**$422,750**	**1.54**	**2.40**

Tables continue on next page

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
2016	5420	6703	8130	8332	9153	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											

Northwest MLS by the numbers

Northwest Multiple Listing Service tallied 9,662,111 total logins during 2019, with an average of 16,381 average unique logins per day. Its Transaction Desk recorded 10,624,614 daily logins with 10,622 average unique logins each day.

Those were among the statistics in the NWMLS 2019 year-end report.

The MLS also reported a 2.2% increase in membership last year, with a total of 30,464 licensed brokers in 2,424 member offices.

A few other nuggets for the 2019 summary report:

- The Call Center fielded more than 156,000 calls.
- NWMLS offered 1,142 in-person training classes, drawing 9,910 attendees, and provided 10,583 online self-paced classes to members and subscribers.
- Its member interactions included 392 broadcast emails covering system updates, events, and classes, reaching a total of 1,511,280 recipients over the span of the year.
- The MLS educational offerings included 19 new video tutorials, which were watched 68,978 times.
- 26 new user guides were created during 2019, and 44 existing guides were edited. Collectively, the user guide library was accessed 70,507 times.

State's underproduction of housing has costly consequences

Washington state fell 225,000 units short of meeting its housing needs – and that's just for the period from 2000-2005, according to a new report. That study was based on research by Up for Growth, a nonprofit coalition that produced 24 pages of findings titled Housing Underproduction in the U.S.

The housing report uncovered 23 "under-producing" states with shortages totaling 7.3 million units during the 2000-2005 timeframe. Collectively, that shortage represents about 5.4% of the country's total housing stock and "a supply and demand imbalance that is reflected in today's home prices." Within Washington, the housing shortage amounts to 7.5% of the total 2015 housing stock statewide.

"Despite steady economic and population growth, Washington state is experiencing a severe shortage of homes," said Mike Kingsella, executive director of Up for Growth. "The state's housing shortage holds back economic growth, creates financial hardships on families, and thwarts environmental sustainability."

The report should sound alarms, Kingsella noted while adding, "It also provides a clear path forward for how Washington can build the housing needed to accommodate continued growth. We hope the report is a resource for policymakers and advocates to use as they develop solutions to Washington's housing crisis."

The executive of one King County-based consortium with 175 member organizations and businesses said the evidence in the report "beckons a renewed urgency for bold action."

The analysis of Washington's housing shortages, developed in partnership with ECONorthwest, examined each county's ratio of housing units versus household formation from 2010-2017. Statewide, Washington only built .99 units of housing for every new household formed, which compares to the national average of 1.06.

Over the same timeframe, the stated added one unit of housing for every 2.24 primary jobs created, but the ratio was much higher in counties along the I-5 corridor. In King County, for example, 3.33 jobs were created for every new housing unit, suggesting home construction is lagging economic growth.

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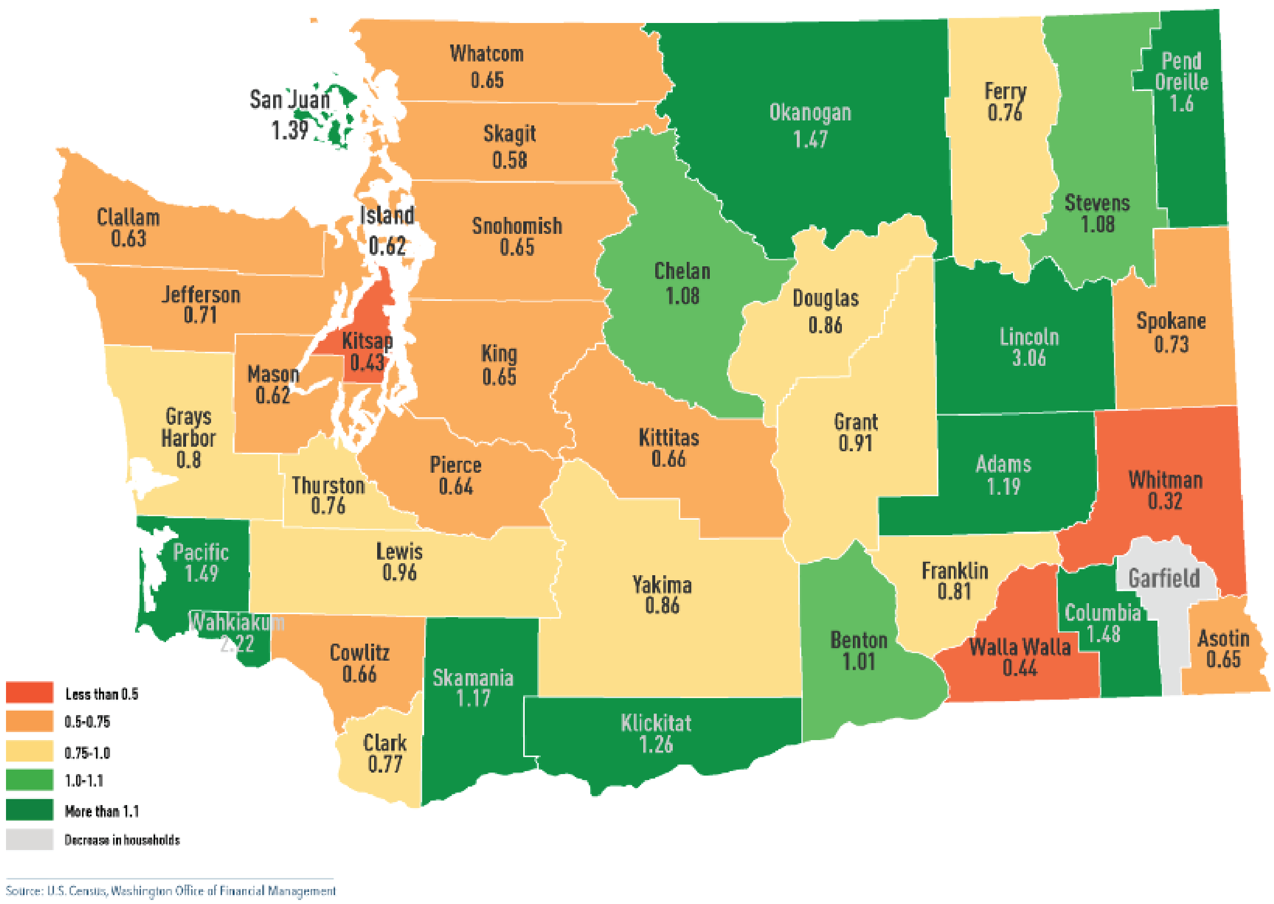
COUNTY-LEVEL RATIO OF HOUSING UNITS VS. HOUSEHOLD FORMATION (2010-2017)



Graphic courtesy of Up for Growth

The report also assessed what kind of housing is missing in the state. An estimated 181,000 missing units – or 80% of the statewide shortage – are for families earning up to 80% of area median income. That suggests the housing shortage is disproportionately affecting lower income households, the report’s authors stated.

“From across the state the clarion call for more affordable housing is coming through with intensity,” said Marty Kooistra, executive director of the Housing Development Consortium, which partnered with Up for Growth to unveil the report. He said the evidence in the report “beckons a renewed urgency for bold action.”

Marilyn Strickland, current CEO of Seattle Metro Chamber of Commerce who recently announced plans to run for public office, said the new report offers a wealth of data on the urgent need to pass policies that add more housing across the entire state.

Included in the report were four policy principles needed to build housing in a more sustainable and accessible way:

- Increase and expand funding for affordable housing to enable more mixed-income housing and to significantly expand resources for affordable housing.
- Sensible zoning and land use policy reforms that reduce or eliminate artificial barriers that unnecessarily raise housing costs.
- Regional planning and accountability to accommodate growth and forecasted housing needs.
- Public-private partnerships that enable denser and more affordable housing production.

Prioritizing denser housing near transit locations or in job-rich but housing-poor areas could yield significant benefits, according to Up For Growth, including: reducing vehicle miles traveled by 36 percent, increasing gross state product by $103 billion, and boosting state tax revenue by $660 million, "all relative to 20-year projections based on current development patterns." Moreover, researchers say this would require only 12 percent of the land used to deliver homes under current growth patterns.

State Senator Patty Kuderer, who chairs the Senate Housing Stability & Affordability Committee, said the report underscores the need to build more affordable housing. She pledged to work in the Legislature this session to increase investments and enact policy reforms that help all Washingtonians obtain stable housing for themselves and their families. "Our efforts must be thoughtful in meeting the immediate needs of all communities across Washington and reducing the chances of our state going through another housing crisis in the future," she remarked.

Up for Growth National Coalition's mission is "to improve the quality of life for working families and create communities that are accessible and affordable for all by promoting more housing close to jobs, efficient transportation, and desirable local amenities." Its member-stakeholders include housing experts and advocates, major employers, economists, transit and planning practitioners, environmentalists, chambers of commerce, municipal leaders, social equity champions, multifamily and single-family builders, lenders, investors, and others.

Last year, Up for Growth released the Seattle Housing Policy and Affordability Calculator, an interactive resource which helps users understand how to balance public policy goals with housing affordability and availability.

Seattle among cities with toughest laws for home builders

Regulations imposed on homebuilders are generally getting worse across the country, and they're driving home prices higher, according to researchers at the University of Pennsylvania and Harvard University. Their comparison of metropolitan areas ranked Seattle tied at #4 among cities with the most expansive zoning regulations.

Researchers noted the cities that are most highly regulated received that distinction "not because they were highly regulated regarding one facet of their local real-estate," but because they tend to have at least three different entities that must approve — and thus, can veto — a project.

One exception in the prevalence of land-use regulations was the relaxing of impact fees imposed on developers. While three of every four communities (75%) surveyed in 2006 reported imposing such fees, only 50% did in 2018.

In determining areas with the most stringent regulations, researches used an aggregate measure comprised of 11 subindexes pertaining to different aspects of the regulatory environment. Nine of the metrics focus on local characteristics with the remaining two reflecting state court and legislative/executive branch behavior. The study compared changes from 2006, when the regulation index was unveiled, to 2018.

RANK	METROPOLITAN AREA	WHARTON RESIDENTIAL LAND USE REGULATION INDEX VALUE
1	San Francisco-Oakland-Hayward, Calif.	1.18
2	New York-Newark-Jersey City, N.Y.-N.J.-Pa.	1.04
3	Providence-Warwick, R.I.-Mass.	0.93
4	**Seattle-Tacoma-Bellevue, Wash.**	**0.73**
5	Los Angeles-Long Beach-Anaheim, Calif.	0.73
6	Riverside-San Bernardino-Ontario, Calif.	0.68
7	Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va.	0.66
8	Miami-Fort Lauderdale-West Palm Beach, Fla.	0.66
9	Phoenix-Mesa-Scottsdale, Ariz.	0.64
10	Portland-Vancouver-Hillsboro, Ore.-Wash.	0.60

The most recent research indicated it takes 3.4 months, or 111 days, on average across the country for a developer to submit a project and receive a decision from local authorities. In the more highly-regulated areas, the average timeframe jumps to 8.4 months, or about 252 days.

Strict zoning was also a factor in rising prices and shrinking supply, according to researchers. “Land-use regulation has made it more costly for developers to build new homes. In turn, many home builders have focused on constructing upper-tier homes rather than entry-level properties to guarantee better margins.”

The report noted such shifts by builders have contributed to a shortfall in home-building activity, and therefore exacerbated a shortage of homes for sale nationwide. With high demand for housing, the supply shortages have caused prices to escalate. Findings show affordability concerns extend to middle class, not just low income, households.

The Land Use Regulation Index was developed from a nationwide survey of more than 2,600 communities using 15 questions. The working paper of the process and findings was distributed by the National Bureau for Economic Research.

The authors of the 64-page working paper note some observers have argued that the U.S. needs to relax (of fully get rid of) its zoning laws in order to make the housing market more accessible.

For example, in an opinion piece for *Market Watch* published in December, two individuals from the American Enterprise Institute suggested abolishing single-family zoning as a solution to the problem of unaffordable entry-level housing.

“A lack of adequate new supply has driven up prices and rents above sustainable levels. The problem may only continue to worsen as demand pressures from population growth and preferences for medium- and large-size metro areas continue to build,” wrote Edward J. Pinto and Tobias Peter. Pinto is a resident fellow at the American Enterprise Institute and the director of the AEI Housing Center. Peter is the Center’s director of research.

The duo proposed three steps to ease the housing crisis:

1. Develop a simple way to track unaffordability across metros.

2. Correctly pinpoint the key causes of the supply shortage.
3. Policy changes.

"We estimate that returning to the same level of Light Touch Development (LTD) as in 1950 has the potential to add as many as 12.5 million housing units over time, or an additional 10% to today's existing housing stock," stated Pinto and Peter.

Microsoft adds $250 million to affordable housing initiative

Microsoft upped its commitment to its affordable housing initiative by another $250 million last month, bringing the total to $750 million since its initial announcement about a year ago. Concurrently, the tech giant announced $55 million in investments and grants towards its original $500 million commitment.

The latest quarter-billion dollars will be in the form of a line of credit to the Washington State Finance Commission, according to Jane Broom, senior director at Microsoft Philanthropies. The capital will be deployed so WSHFC can "preserve and recycle the state's limited tax-exempt private activity bond volume cap." It will enable the financing of approximately 3,000 additional units of much needed affordable housing.

Other projects Microsoft announced at the same time as the no-cost $250 million line of credit to WSHFC included:

- Evergreen Impact Housing Fund (EIHF), a newly launched partnership between Seattle Foundation and WSHFC with support from JPMorgan Chase & Co. Microsoft will support this fund with a $50 million contribution to promote the development of approximately 1,250 low-income housing units on the eastside of King County. Bloom described EIFH as a first-of-its kind structure that leverages the Low-Income Tax Credit program by offering last dollar investment to efficiently develop affordable housing that wouldn't otherwise be built.
- HomeSight's Othello Square Project, which will receive a $2.5 million philanthropic grant to support the project. Located adjacent to Othello Light Rail Station, the project (described as Seattle's most diverse neighborhood) encompasses 192 units of affordable housing, early learning education, small business incubation, cultural celebration and preservation, and financial services.
- Rise Together, a collaboration of six nonprofit organizations that are focused on preserving their communities by creating 400 new units of low-income housing in Seattle's Central District, Capitol Hill and White Center neighborhoods. The partners will receive a $2.5 million philanthropic grant.

Since inception of its initiative, Microsoft has invested $380 million in grants and loans, which the company estimates will result in the creation or preservation of 6, 671 affordable homes.

As part of the announcement, Bloom said the initial response to Microsoft's request for proposal (RFP) was "less than we hoped and showed us just how difficult it is to create affordable housing where it typically doesn't work." Nonetheless, she said they are starting to see a pipeline of new ideas and projects on the Eastside "where there really wasn't one before."

When Microsoft first announced its affordable-housing initiative, it said it intended to concentrate $225 million in below-market-rate-loans on the Eastside, where most of its local workface is located.

Bloom cited data from a collaboration with Zillow that shows there was a gap of approximately 316,000 middle- and low-income affordable housing units in the Puget Sound area, up from the 2018 gap of 305,000 units. She also said Microsoft's data science team found the year-over-year growth rate of the affordable housing gap has slowed from 10.8% in 2017 to 10.5% in 2018, and to 3.6% in 2019, noting while encouraging, "it's clear that what we really need to do is see the housing gap fall, not continue to increase."

“We will double down in the coming year to work together with local mayors, councils and city staff and push harder for the critical policy reforms we believe are vital in order to move forward,” Bloom stated in a blog post. She also recognized that achieving a decrease in the affordable housing gap will require a spectrum of new financial, technical and societal approaches that are created in partnership with people who share a collective vision. “Our community needs to come together and act with greater urgency, creativity and shared accountability.”

More details on Microsoft’s affordable housing commitment may be found by visiting: news.microsoft.com/affordable-housing.

Latest Housing Trends Report has both good and bad news

The share of adults who are considering purchasing a home in the next 12 months fell to 11% in the fourth quarter of 2019, down from 13% reported for the same period of year ago. That decline marked the fifth consecutive year-over-year drop in the number of Americans intending to buy a home in the upcoming year, according to the Housing Trends Report published by the National Association of Home Builders (NAHB).

For the fourth quarter of 2017, nearly one-fourth of respondents (24%) indicated they planned to buy a home within the next year.

NAHB suggested the declining trend is likely spurred by the low levels of housing inventory

On a more positive note, researchers reported a significant uptick in the portion of prospective home buyers who are first-time buyers. The figure rose to 63% compared to the year-prior number of 53%. Researchers noted future polls will determine if first-time buyers will continue to grow as a share of those looking to purchase a home.

The Housing Trends Report showed wide differences among generations. Millennials are the most likely generation that plans to purchase a home within a year (19%), followed by Gen Z (13%) and Gen X (12%). In contrast, only 5% of Boomers reported such plans.

A comparison of geographic regions showed 12% of respondents in both the South and West are prospective home buyers. That ratio was slightly ahead of the Northeast (10%) and Midwest (9%). More than 60% of prospective buyers in every region are buying a home for the first time.

Among prospective buyers in the first-time buyer segment, 88% of Gen Z and 78% of Millennial expressed intentions to purchase within the next 12 months. A majority of Gen X buyers (57%), while a much smaller segment of Boomers (20%), were among those who planned to buy a home for the first time.

Asked about the type of home they intended to buy, 40% of prospective purchases are looking to buy an existing home, while 19% were seeking new construction. The remaining 41% said they were open to buying either a newly-built or resale home.

NAHB’s Housing Trends Report is produced quarterly to track changes in buyers’ perceptions about the availability and affordability of homes for-sale in their market.

Washington ranks 9th in number of community associations, with more growth expected

Washington state has an estimated 10,450 community associations encompassing more than 2.3 million residents, according to *2018-2019 National and State Statistical Review for Community Association Data*, published by the Foundation for Community Association Research. That number puts it 9th among U.S. states.

Continued growth is expected.

Between 2,500 and 3,000 community associations will be created in the U.S. during 2020, according to estimates from the Community Associations Institute (CAI), an international membership organization. The anticipated growth includes planned communities (also called a Homeowners Association of HOA), condominium communities, and housing cooperatives.

CAI predicts around two-thirds (66%) of all new home construction in 2020 will be part of a community association. By year-end, the total number of U.S. community associations will range between 352,000 and 354,000.

Currently, about 25% of the U.S. population lives in a community association, according to the latest data. Florida leads the nation with 48,250 associations encompassing 9.5 million residents. Rounding out the top five states are California, which ranks second with 48,150 associations, followed by Texas (20,050), Illinois (18,700), and North Carolina (14,000).

Other research from the Community Association Fact Book indicates the value of homes in community associations is nearly $6.28 trillion. Collectively, these associations collect around $96 billion in annual assessments from homeowners to fund essential maintenance and provide for reserve funds.

CAI claims more than 40,000 members in 64 chapters worldwide. The association provides information, education and resources to homeowner volunteers who govern communities and the professionals who support them. These members include community managers, association management firms, and others who provide products and services to associations.

Homebuyers say “moving for a better home” is primary reason for their move

Homebuyers move for many reasons, with “move for a better home” leading the list among both first-time buyers and trade-up buyers.

The National Association of Home Builders used data from the 2017 American Housing Survey (AHS) to create a profile of home buyers who purchased within the two years prior to 2017.

The research revealed that 65% of first-time buyers were more likely to move for a better home, while 49% of trade-up buyers listed this reason. Not surprisingly, even wider margins were found when comparing those who said they moved to “form a household.” Among first-timers, 61% cited this reason, compared to only 25% of trade-up buyers.

About the same shares of first-time home purchasers (49%) and trade-up buyers (45%) said they moved for “a better neighborhood.”

An estimated 18%-to-22% said being closer to a family, reducing housing costs, or changes in the household were their reasons for moving.

Smaller shares of all buyers reported moving “for a job” (14%) and “to reduce their commute” (12%).

The AHS is a nationally representative survey of residential structures in the US and of the households that occupy them. It is sponsored by the US Department of Housing and Urban Development and conducted by the Census Bureau biennially in odd-numbered years.

News In Brief

- **Microsoft has allocated $380 million of its commitment, which it hopes will go toward creating and preserving about 6,500 affordable housing units in the Seattle metro area.** Here's a breakdown of where Microsoft has allocated the funds so far. Microsoft provided a $250 million line of credit to the Washington State Housing Finance Commission, to help finance about 3,000 affordable housing units. The line of credit will allow the commission to "preserve and recycle the state's limited tax-exempt private activity bond volume cap." The company is also putting another $50 million toward the Evergreen Impact Housing Fund, a partnership between the Seattle Foundation and the Washington State Housing Finance Commission. The contribution is intended to help add 1,250 new low-income housing units on the Eastside, in cities including Bellevue, Kirkland and Redmond. The other projects the company is contributing to include the HomeSight Othello Square Project, which will include nearly 200 units of affordable housing and Rise Together, a group of nonprofits hoping to create 400 new affordable housing units in neighborhoods including the Central District, Capitol Hill and White Center. Other projects and grants include investments in Plymouth Housing to build permanent supportive housing for individuals who are chronically homeless and in United Way's HomeBase program, focused on preventing eviction.

- **In just a year, Washington jumped up a few spots in a list of the most educated states in the country, according to an annual study from WalletHub.** The Evergreen State moved from the 10th position into a firm seventh place spot for 2020, thanks in part to its high percentage of residents with some secondary education experience -- Washington ranked third in that category. The study compared 17 other metrics across two categories -- which were labeled "educational attainment" and "quality of education" -- including quality of universities in the state, high school graduation rate, test scores, engagement of students and the share of adults with different degrees. The study unfortunately didn't break down the quality of universities within the state, so the jury's out on which school takes that nod -- this author is a bit partial to Western Washington University. Washington leapt over Utah, Minnesota, New Jersey and New Hampshire in 2020, even bumping Utah out of the top 10. The top two education powerhouses of Massachusetts and Maryland stood firm from 2019 to 2010. Massachusetts ranked the highest in both categories. The study overall emphasized and argued for the link between higher education rates and overall financial success. While it didn't say that higher education has a direct link to higher income, it said it increases the income potential and lowers the chances of unemployment.

- **According to a study done by COMMERCIAL Café, Seattle is the fourth best metropolitan place for millennials to live and work in.** The results of this study were based on a measurement across seven factors including, millennial population growth across the nation between 2014-2018, amount of millennials overall, regional price parity, millennial unemployment rate, percentage of millennials with a bachelor's degree in the labor force, percentage of millennials with employer-based health insurance, and commuting times. Based on that data, Seattle tops all other metro places for growth in millennial population by an increase of 14% from 2014-2018. Seattle's commute time is the worst with an average of 31.6 minutes. Even though an increase of population may mean longer commute times, that may be because of the flourishing job opportunities here. The Seattle-Tacoma-Bellevue metro area has one of the fewest millennial unemployment ratings! Seattle was topped by: the Denver area, Austin, and Raleigh.

- Americans are facing challenges to homeownership, particularly with shrinking inventories of homes for sale, yet somehow more are still finding their way to becoming homeowners, according to FOX Business. **The homeownership rate rose to its highest level in six years during the fourth quarter of 2019, a newly released report from the U.S. Census Bureau shows.** The percentage of Americans who own their home increased to 65.1%, the highest ownership rate since the third quarter of 2013. The rate was higher in the Midwest and South at 69.5% and 66.7%, respectively. Homeownership rates are highest among older adults. Individuals aged 65 and older had the highest homeownership rate at 79%. In comparison, individuals below the age of 35 had a homeownership rate of 36.5%.

Calendar of Events Through March 4, 2020

DATES	EVENT	TIME	LOCATION	CONTACT
	Seattle—King County REALTORS® For updates visit http://www.nwrealtor.com/events			
Feb 12	Affiliate Council Meeting	10:00 am - 11:00 am	SKCR	425-974-1011
Feb 17	Holiday—Office Closed			
Mar 4 - June 20	NAR Region 12 Meetings		Alaska	425-974-1011