NW REporter

Serving More Than 30,000 Real Estate Professionals in the Northwest

Pandemic presents new option for home buyers as market "kept foot firmly on the accelerator"

KIRKLAND, Washington (February 4, 2021) – Home buyers who have been precluded from entering Puget Sound's competitive market may want to consider condominiums as an option, according to industry experts who commented on the latest housing statistics from Northwest Multiple Listing Service.

"With the trend toward telecommuting and moving to outlying suburban areas, the Seattle/King County condominium market presents a new option," suggested Gary O'Leyar, owner and designated broker at Berkshire Hathaway HomeServices Signature Properties. Noting the county's bigger supply of condos – 1.67 months of inventory versus 0.69 months for single family homes – and a slight break from double-digit appreciation, O'Leyar said buyers may want to take a closer look at this "window of opportunity."

Northwest MLS director John Deely agreed, calling condos "one bright spot for buyers. They are more reasonably priced and there is more months of inventory than with single family homes." With interest rates so low, "buyers should definitely consider condos as an ownership opportunity and a way to build equity – especially if they're currently renting," said Deely, the executive vice president of operations at Coldwell Banker Bain.

Of 4,432 active listings in the MLS system at the end of January, about one of every four offerings (1,051 units, or around 23.7%) was a condo, with the remaining 76% (3,381 listings) being a single family home.

In King County, where 76% of available condo inventory is located, NWMLS data show prices range from $149,000 to $14,895,000, with a median asking price of $525,495. The median price for condos that sold in King County last month was $399,975; system-wide the median sales price was $359,950.

Single family homes (excluding condos) had an area-wide median sales price of $509,950. That is $150,000 more than condos (nearly 42% higher).

Matthew Gardner, chief economist at Windermere Real Estate, noted King County condo prices “entered negative territory in January,” down about one-half percentage point compared with the same month a year ago. He attributes increased inventory as “likely due to COVID-19, possibly pointing to a growing number of homeowners who are choosing to move further away from core urban areas in favor of more space. I’m not ready to say this is a persistent trend quite yet, but it’s something to keep an eye on.”

Commenting on the MLS statistics overall, Gardner said the market “ignored the traditional winter slowdown and kept its foot firmly on the accelerator in January.” While inventory levels were generally down in December, he noted there was actually an uptick in new listings in King, Pierce, and Snohomish counties last month. “Most of those homes sold so quickly they aren’t reflected in the overall total active inventory numbers,” Gardner remarked, adding, “Clearly, demand is still very strong which is further confirmed by the fact that year-over-year (YOY) price growth remains well above long-term averages.”

The NWMLS report covering 26 counties, shows a YOY increase in new listings of single family homes and condos (up about 5.5%) and a jump of more than 16% in closed sales, rising from 5,074 transactions to 5,896. The median price for last month’s sales ($483,250) surged 14.3% from the year-ago figure of $422,750. Pending sales grew slightly from last year (less than 1%) but were up 7.4% from December.

“The economics of scarcity are driving prices up at an unsustainable pace,” said Dick Beeson, managing broker at RE/MAX Northwest. “What will happen this spring and summer will likely be more of the same. The real estate vortex we’re in of depleted inventory and high prices is real and unrelenting.”

“If interest rates weren’t historically low, buyers would be unable to afford the escalating cost of housing,” suggested Beeson. “We’re feeling nervous about where this market is headed,” he said, adding, “Help is not on the way. Sellers are almost as rare as the dodo bird.” Although he noted the number of new listings coming onto the market has kept pace or even exceeded last year’s totals in some areas, “new listings are immediately devoured by a plethora of waiting buyers.” The situation has buyers asking, “Am I paying too much?” and sellers asking, “Can we ask more?” That answer for both is “Yes,” says Beeson.

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, expects more listings “after Super Bowl Sunday, which serves as the kickoff to the early spring housing market.” He described the current market as “incredibly hot, even all the way up to some luxury price ranges." Historically low interest rates remain a strong motivator for buyers, Scott stated. "It still feels like multiple-offer everything this winter."

Some brokers are reporting up to 40 private showings for a single listing, according to Scott. "To compete in today's ultra-competitive market, we're seeing some buyers front-loading their offer above the list price," he reported, explaining, "This is done in an attempt to 'stop the action' and push the sellers to accept their offer before the set review date."

"The ongoing combination of very low mortgage rates and escalating prices has both buyers and sellers taking advantage of the market. Buyers are finding well-priced homes in good condition, and sellers are seeing many multiple offer situations," reported Dean Rebhuhn, broker-owner at Village Homes and Properties. Lower prices near I-5 locations in Lewis, Cowlitz, and Thurston counties continue to attract buyers, observed Rebhuhn, who credited job opportunities and desirable lifestyles as market drivers.

James Young, director of the Washington Center for Real Estate Research at the University of Washington, said the search for value in outer areas has continued unabated, despite further lockdowns in January. "It is difficult to think of the last time when nearly every Western Washington county with the exception of Clallam, King and Jefferson had double-digit percentage price growth," he remarked.

This year's "extraordinarily low inventory" (down 43% overall) suggests continued price growth into the spring as demand remains high and interest rates remain low, according to Young.

"It is somewhat of a 'prisoner's dilemma' for the housing market in Western Washington," Young commented. "Those who own do not want to sell because there is little inventory to buy. They will stay put. Those who want to buy (and get on the housing ladder) cannot get into the market because there is little available for sale."

Kitsap County, where inventory is down 42% from a year ago, is experiencing pent-up demand from buyers that want to move there or convert from being a renter, according to Frank Wilson at John L. Scott Real Estate. As a result, prices continue to creep up, rising more than 10% from a year ago. "While this is great for sellers, it really hurts housing affordability," he stated.

As an example of the competitive market, Wilson said a modestly priced 1,100 square foot, two-bedroom, two-bath house came on the market in West Bremerton on a Thursday evening, with offers to be reviewed the following Monday. "It had 34 showings and received nine offers," Wilson reported, adding, "What was especially attractive to the sellers was the ability of the buyer to make up the difference between the appraised value and the sale price," which he said exceeded the list price.

Commenting on the market overall, Mike Grady, CEO and president of Coldwell Banker Bain, said, "With everything that happened last month nationally with the Georgia runoff elections and the Capitol riots, and locally with ongoing COVID restrictions and one of the wettest

Januarys on record, you would have thought the real estate market might take a slight break. However, as has been the story for so long, we really didn't see much change. The data show inventory is being absorbed at a higher rate than last year."

"We believe we may be heading into the typical busy spring real estate market any day now," Grady remarked. Deely echoed that optimism. "With the major counties moving into Phase 2, resulting in open houses resuming with up to 10 visitors socially-distanced (including the broker), a new administration, and COVID-19 vaccinations underway, we're hearing much optimism from our brokers."

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	2,598	1,855	2,625	2,006	$804,808	$644,950	0.92	1.27
Snohomish	1,018	372	1,045	907	$589,572	$554,990	0.41	1.24
Pierce	1,121	501	1,226	990	$486,985	$435,000	0.51	1.11
Kitsap	273	171	320	280	$524,296	$418,950	0.61	1.18
Mason	79	48	92	77	$425,441	$330,000	0.62	2.12
Skagit	152	99	169	124	$478,170	$432,500	0.80	2.20
Grays Harbor	103	88	156	108	$295,971	$270,000	0.81	3.02
Lewis	111	110	129	93	$346,690	$310,000	1.18	2.24
Cowlitz	116	50	130	111	$338,381	$315,000	0.45	1.95
Grant	93	107	93	92	$294,615	$285,278	1.16	3.70
Thurston	333	126	388	299	$434,657	$401,000	0.42	0.90
San Juan	18	63	29	31	$771,414	$630,125	2.03	11.40
Island	114	63	116	112	$523,027	$442,500	0.56	1.82
Kittitas	57	44	52	49	$550,149	$387,750	0.90	2.71
Jefferson	41	52	46	34	$486,662	$420,000	1.53	3.63
Okanogan	22	80	42	26	$295,907	$249,500	3.08	6.04
Whatcom	236	224	274	208	$490,822	$449,950	1.08	2.14
Clark	73	35	78	51	$432,008	$410,000	0.69	1.48
Pacific	41	59	64	41	$294,172	$234,000	1.44	4.34
Ferry	4	21	5	4	$169,125	$175,750	5.25	11.67
Clallam	68	55	78	66	$379,320	$359,500	0.83	2.52
Chelan	59	58	61	50	$474,459	$427,450	1.16	2.98
Douglas	43	33	53	35	$398,534	$369,900	0.94	1.57
*Adams	15	15	16	18	$227,275	$232,650	0.83	2.33
*Walla Walla	48	40	52	48	$355,255	$311,500	0.83	N/A!
*Columbia	2	4	8	4	$256,425	$271,850	1.00	N/A
Others	37	59	47	32	$312,873	$307,500	1.84	4.32
Total	**6,875**	**4,432**	**7,394**	**5,896**	**$592,678**	**$483,250**	**0.75**	**1.54**

**Adams, Walla Walla and Columbia counties are added as separate rows this month; previously, statistics for these counties were included in the row for "Others/Out of area."*

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											

“Black tax” constrains wealth accumulation, homeownership opportunities

Black households are unable to accumulate housing wealth at the same rate as white households due to a combination of income gaps, a “Black tax,” and other factors that unfairly raise the cost of homeownership for African Americans, according to a report from a trio of authors.

In a paper titled “The Unequal Costs of Black Homeownership” published on October 1, 2020, the authors calculated the overall differences in mortgage interest payments at $743 per year, mortgage insurance premiums at $550 per year, and property taxes at $390 per year. Over the life of the loan these differences total $13,464, which amounts to $67,320 in lost retirement savings for Black homeowners.

“The black-white income gap of $25,800 is exacerbated by this ‘black tax’ on homeownership,” stated civil rights attorney Michelle Aronowitz of the Law Office of Michelle Aronowitz, PLLC; Edward Golding, executive director at MIT Golub Center for Finance and Policy/Senior Lecturer;

and Jung Hyun Choi, research associate with the Housing Finance Policy Center at the Urban Institute.

While the inequities can be traced to the long history of slavery, segregation, and race discrimination, the authors said their focus was on identifying current policies that maintain disparities and suggesting reforms to eliminate them. Their research uncovered inequities with federal, state, and local policies.

Their four primary conclusions were:

- Black homeowners pay higher mortgage rates at origination, due in part to overpricing for perceived risk factors such as LTV, credit score, and loan size.
- Black homeowners continue to pay higher interest rates post-origination due to the lack of refinance opportunities.
- Black homeowners pay more in insurance premiums.
- Black homeowners pay higher property taxes. The authors identified large tax assessment areas and “an appeal process that tends to benefit white homeowners” as predominant factors.

The American Dream – What Matters to Blacks

A survey for The National Newspaper Publishers Association (NNPA), a trade group of more than 200 African-American-owned community newspapers from around the U.S., asked 452 African Americans which aspect of the American Dream is most important. Branded Research, which conducted the poll reported:

- 30% said having a comfortable retirement;
- 21% said homeownership;
- 21% said setting up their children for success;
- 15% said owning a business;
- 7% said a college education;
- 6% said having a nuclear family.

Broken down by gender, 22% of men identified homeownership as most important, slightly more than women, at 21%.

Among policies the authors analyzed were risk-based mortgage pricing, prepayment differential (Black homeowners refinance less frequently than white homeowners, usually resulting in lowered mortgage rates), mortgage insurance, and various other factors that unfairly raise the cost of Black homeownership (e.g., lower appraisals in Black communities, leading to higher LTV; less competition among mortgage originators in Black communities; steering Black homeowners to higher cost products; and higher rejection rates).

With regard to the more than $50,000 of wealth differential at retirement, the authors stated, “The policy response should not be to try to justify the differential, but to eliminate it.”

Antoine Thompson, executive director of National Association of Real Estate Brokers (NAREB), whose mission is democracy in housing, called the suggestion in the MIT study to pool risk among borrowers in lieu of risk-based pricing a “great idea” and noted it had been discussed in the past.

In its 2019 "State of Housing in Black America" report, NAREB, the nation's oldest minority trade association, cited data documenting Blacks' "most substantial loss of homeownership since 2004." It has declined more than 8.5 percentage points, or 17 percent. For non-Hispanic Whites, the decline has been less than 4 percent. Stated another way, Blacks have lost more than four times the share of homeownership as non-Hispanic Whites since 2004.

Also notably, the gap is larger now than in 1934 when the Federal Housing Administration (FHA) was formed, and the modern housing finance system got underway.

NAREB called for a two-pronged effort to improve Black homeownership. First, initiatives "must break down discriminatory barriers and change public policies that unfairly preclude access to mortgage credit for Blacks." The second effort is focused on encouraging Black households to apply for mortgage credit, and to assist them in selecting the most affordable and sustainable loan products for which they are eligible.

The 2019 report emphasizes the "enormous untapped Black homeownership potential," noting Urban Institute research indicating if the Black homeownership had remained constant at the 2000 level, there would be 770,000 more Black homeowners. NAREB also highlighted the fact that 1.7 million Black millennials qualify for homeownership.

New Seattle "payroll expense" tax includes real estate brokerage firms

In July of 2020, the Seattle City Council approved a "payroll expense" tax on businesses in Seattle with annual payrolls in excess of $7 million. The objective of the tax was to have large employers, with employees who earn more than $150,000 per year, pay more to the city to fund various housing and assistance programs.

The Seattle Finance Department completed its review of the tax in December and issued a Director's final rule which clarified that the tax applies to real estate brokerage firms. The rule defines "payroll expense" to include sales commissions paid to independent contractors.

Seattle King County REALTORS®, with the assistance of legal counsel, has developed an FAQ to answer questions about how and when the tax applies to real estate brokerage firms. Although the tax is only paid by a brokerage firm with a payroll of $7 million or more, the tax may apply to real estate brokers earning more than $150,000 who perform more than 50% of their duties within Seattle, and to real estate brokers who do not perform 50% of their services in Seattle but reside in Seattle. (see FAQ) *Editor's Note: SKCR plans to update the FAQ to provide more assistance to real estate brokerage firms.*

"The Seattle Council clearly cast a wide net in an attempt to tax businesses which have any sort of footprint in the city," said Seattle King County REALTORS® CEO Russ Hokanson. "Business owners deserve certainty from the City, so we will seek clarification of key definitions in the tax related to real estate."

The tax went into effect on January 1, 2021, but the first payments aren't due until January of 2022. The Seattle Chamber of Commerce has filed a lawsuit challenging the legality of the new tax.

Read FAQ here:
https://www.nwrealtor.com/wp-content/uploads/2021/01/FAQ-2021-01-29.pdf

Read Director's Rule here:
https://www.nwrealtor.com/wp-content/uploads/2021/01/Seattle-Payroll-Expense-Tax-Directors-Rule.pdf

About the Chamber Lawsuit:
https://www.seattlechamber.com/home/advocacy/advocacy-news/details/2020/12/08/chamber-files-lawsuit-against-seattle-payroll-tax

The Missing Middle: A Solution for Adding More Housing

Builders' group says small multifamily housing is key to expanding housing stock

Duplexes, fourplexes, plus 2-to-4-unit townhomes, courtyard buildings, and cottages could provide much needed entry-level housing and/or more affordable housing for certain homebuyers. The National Association of Home Builders (NAHB) believes such structures offer viable solutions to the housing shortage and would help meet the needs of many first-time buyers as well as those who find single-family homes out of reach.

"These types of houses have smaller footprints than single-family detached homes but lower density than larger apartment buildings. This can be ideal for single-person households, for baby boomers, and for other households choosing to downsize," stated Danushka Nanayakkara-Skillington, NAHB's assistant vice president for forecasting and analysis.

NAHB's permit data shows activity for 2-to-4-unit structures was volatile during 2020 due to uncertainty surrounding the COVID-19 pandemic. Permit activity was lowest in April, at only 33,000 units (seasonally adjusted annualized rate) when economic shutdowns were widespread. October had the highest activity with 57,000 units.

Quarterly averages reflected considerable variation:
1st quarter: 45,000 units per month
2nd quarter: 38,000 units per month
3rd quarter: 47,000 units per month
4th quarter: 52,000 units per month

Nanayakkara-Skilling said the gains were consistent with a suburban shift reported in the association's third quarter Homebuilding Geography Index (HBGI). It showed housing demand moved to lower cost, more affordable markets. The shift occurred in all forms of residential real estate and was believed to be in response to increased telecommuting and other virus crisis impacts.

Its monthly tabulation of residential building permits for Washington covering the period January 2019 through November 2020, NAHB found a range, (measured in 1,000s) from 2.57 in April 2020 to 5.18 in November 2019.

NAHB expects multifamily construction to decline this year as weakness continues in the densest market areas. Builders forecast localized gains in areas of lower density and lower construction cost, with market stabilization anticipated in in 2022.

Expanding missing middle housing options a priority on Coalition's legislative agenda

Expanding missing middle housing options, such as detached and attached accessory dwelling units and multi-unit housing options that include duplex, triplex, and fourplex homes is one of the legislative priorities this year for the Coalition for More Housing Choices. Seattle King County REALTORS® is a member of the group, which includes a broad spectrum of Puget Sound regional leaders, civic organizations, businesses, labor, and nonprofits.

"This broad spectrum of housing choices fits a diverse range of needs from older adults wanting to age in place and grandparents wanting to live near their grandkids to students looking for affordable housing and families working to generate rental income on their property," the Coalition stated in outlining its legislative agenda for the 2021 session.

The Coalition believes parking requirements, onerous impact fees, owner occupancy requirements, and other regulatory deterrents should be reduced. Financial incentives, such as the Infill Dividend concept, should be included in legislation as inducements for local governments.

Other policy agenda items include:

- Declare a housing emergency and enact a plan that increases funding for the affordable Housing Trust Fund, accelerates the transfer of city-owned property into the housing production pool, automatic extension of building permits, and other measures.
- Renew the state's multifamily tax exemption program (MFTE) and find a long-term solution for MFTE to provide incentives and preserve affordability for much-needed housing statewide.
- Request $240 million for the Housing Trust Fund in 2021 and establish a permanent revenue source for the HTF. Determining a dedicated permanent revenue source for the HTF would provide certainty for affordable housing providers.
- Establish housing benefit districts, which would enable local governments to fund land acquisition around transit centers for housing that is affordable to a range of income levels, and ultimately advance racial and social justice in housing.
- Continue funding for HB 1923 grants and expand the housing supply and affordability report. Such grants help develop sub area plans, streamline permitting, and amend development regulations to increase residential building capacity in Washington's most populous cities. The Coalition also calls for adequate and stable funding for the

Washington Center for Real Estate Research's biennial report that compiles housing supply and affordability metrics for each city planning under the Growth Management Act with a population of 10,000 or more. Additionally, it suggests expanding the report to include an analytical element.

As part of its legislative endeavor, the Coalition highlighted several bills that would advance some of the more modest housing types. Among measures being tracked are HB 1337, HB 1157, SB 5235, SB 5269.

The Coalition's collaborative approach aims to remove barriers to more housing choices. Its advocacy is based on five principles: more housing options, environmental stewardship, equity, public finance & public/private partnerships, and regulator reforms.

More adults considering home purchase as builders find shifting interest in new versus existing homes

More adults were considering a home purchase in the fourth quarter of 2020 than the same period the previous year. The 15% versus 11% margin was among findings in the latest Housing Trends Report from the National Association of Home Builders (NAHB).
The quarterly trends report also analyzed preferences by demographic groups.

During the final quarter of 2020, significantly more buyers (41% compared to 19%) were looking for a newly-built home. By contrast, the segment interested in an existing home declined from 40% to 30%. Similarly, those who were indifferent to either type of home fell from 41% to 29%.

Research results showed that 50% of millennials and 48% of Gen Xer buyers were looking to buy a new home. That contrasts with 50% of boomers and 38% of Gen Z buyers who said they would prefer to buy an existing home.

A comparison of regions indicated a majority of buyers in the Northeast (53%) and West (51%) would prefer a new home. Only 33% in the South and 24% in the Midwest expressed a preference a new home. Midwesterners had a strong – 45% -- preference for an existing home.

NAHB's Housing Trend Report measures home buyers' perceptions about the availability and affordability of homes for-sale in the markets. Research findings are based on national polls of representative samples of American adults.

Builders say COVID-19 continues to influence home purchasing plans

COVID-19 continues to have an impact on home purchasing plans, according to the latest Housing Trends Report (HTR) from the National Association of Home Builders.

Researchers reported the share of Americans who are considering the purchase of a home in the next 12 months was 15% in the fourth quarter of 2020. That marked a 4-percentage point gain than a year earlier and the largest year-over-year gain in the 3+ year history of the trends series.

More than half – 56% -- of adults who plan to purchase a home have moved beyond planning and are actively searching. A year ago, the figure was 43%. NAHB cited several factors for the increased activity, including fear of missing out on low mortgage rates, desire for more space due to the COVID-19 pandemic, and desire to move to outlying suburbs.

The share of prospective buyers who would be purchasing a home for the first time declined slightly during the 4th quarter of last year, slipping from 63% to 61%.

The report, which measures prospective home buyers' perceptions about the availability and affordability of homes for-sale in their markets, examined the feedback by generation and region. Among key findings were:

By generation: A larger share of Gen Z, Millennials, and Gen X'ers have plans to buy a home compared to the prior year. Millennials had the largest increasing, rising from 19% to 27%.

By region: A larger share of adults in every region said they planned to buy a home in the fourth quarter than a year earlier with the Northwest reporting the largest gain, increasing from 10% to 19%.

Availability expectations: During the 4th quarter, 37% of prospective buyers expect finding the right home would get easier in the months ahead, a significant jump from a year earlier when only 23% expressed that expectation. NAHB attributes the improvement to the fact that more new and existing homes were sold in 2020 than in any year since 2006.

Changes in inventory: 41% of buyers report seeing more homes for sale last quarter than during the 3rd quarter. That improvement is due to the fact that new home production in 2020 reached its highest level since 2007.

The Housing Trends Report is produced quarterly. Data are derived from national polls of representative samples of American adults.

Housing sector called an economic bright spot

Recent expansions in housing activity have increased its share of gross domestic product (GDP) to near historic norms, according to research by the National Association of Homebuilders (NAHB).

Low mortgage interest rates, a renewed focus on the importance of home, an evolving geography of housing demand, and a lack of for-sale inventory are credited with propelling what home builders say is a dramatic turnaround for housing since spring 2020.

Overall GDP growth continued a recovery at a 4% seasonally adjusted annual rate for the fourth quarter of 2020. "Residential fixed investment (home building and remodeling) expanded at a 33.5% annualized rate, after a blockbuster 63% rate of growth for the third quarter," stated NAHB in its "Eye on Housing" report.

Housing's share of GDP remains elevated as a result of the 2020 virus crisis. It surpassed 18% in the second quarter of 2020, then scaled back slightly during the third quarter to 17.5%. During the fourth quarter, as single-family construction accelerated, it rose to 17.7%.

NAHB expects home construction will continue to expand as the consequences of the pandemic are likely to lead to a reversal for declining home size trends, a greater need for additional home office space, and more working from home.

Housing's combined contribution to GDP generally averages 15-to-18%, and occurs in two basic ways: residential investment (averaging around 3-to-5% of GDP) and consumption spending on housing services (averaging roughly 12-to-13% of GDP). Residential investment includes construction of new single family and multifamily structures, residential remodeling, production of manufactured homes, and brokers' fees. Consumption spending on housing services includes gross rents and utilities paid by renters, as well as owners imputed rents and utility payments.

News In Brief

- **Washington is one of the nation's worst states to drive in, according to a new study released late January.** The study, by personal finance website WalletHub, found that Washington ranks as the third-worst state for drivers, thanks mainly to steep gas prices, high rates of car theft, poor overall road quality, traffic congestion and other factors. The only states with a worse rating than Washington are California and Hawaii, the report found. The best state for drivers is Texas, followed by Indiana at No. 2 and North Carolina at No. 3, according to the analysis. The study arrived at the rankings by comparing all 50 states across 31 key metrics, such as traffic congestion, gas prices, auto maintenance costs, car theft rate and number of days with precipitation. Specifically, the analysis found that Washington has the third-highest gas prices in the nation, the eighth-worst roads and ninth-highest car theft rate. The Evergreen State also ranks below average for rush-hour traffic congestion and auto maintenance costs. The only categories in which Washington was rated above average were its overall safety ranking, the number of car dealerships per capita and the number of auto repair shops per capita. The study also found that traffic congestion costs U.S. drivers $88 billion per year and wastes 99 hours of their time. Due to COVID-19, however, 2020's traffic congestion numbers were lower than the year before. As of October 2020, cumulative travel on roads in 2020 was over 380 billion vehicle miles fewer than the same period in 2019, a reduction of 13.9%.

- **Colleen Echohawk, executive director of the Chief Seattle Club, will run for mayor of Seattle, her campaign announced late January**. Echohawk, who has been involved in the city's police reform efforts as a member of the Community Police Commission and says she has never lost sight of historical suffering, joins a slim list of people interested in taking over for Mayor Jenny Durkan, who has said she will not run again. "I'm running for Mayor of Seattle because I love this city, and we have a once-in-a-generation chance to rethink how it works, and who it works for," Echohawk said on her website to announce her run. "If we take a people-first approach to renewal then we can become as transformative as our communities demand us to be." Andrew Grant Houston, an architect and urban designer, and Lance Randall, who leads a South Seattle economic-development nonprofit, also have announce their candidacy.

- **One in four homeowners have lived in their home for more than 20 years—the highest level that owners with that tenure has ever reached, a new Redfin study shows.** That's due in large part to the aging in place trend, which is accelerating during the COVID-19 pandemic. As Americans stay in their homes longer, housing shortages are growing. The typical homeowner in 2020 had lived in their home for 13 years, a big jump from 8.7 years a decade earlier, according to the Redfin study. Longer homeownership tenure has contributed to a logjam in housing inventory, which dropped 23% year over year in December to an all-time low: a 1.9-month supply at the current sales pace, according to the National Association of REALTORS®. The COVID-19 pandemic is likely sidelining many potential home sellers who don't want to risk infection by allowing strangers inside for tours. Potential sellers also may be concerned about their ability to find a new home. Tight inventory is pressing on home prices: The median existing-home price in December was $309,800, up nearly 13% compared to a year earlier, according to NAR.

- **Seattle-area home prices in the fall continued to climb at a faster rate than almost anywhere in the country.** In November, the year-over-year increase for Seattle-area homes was the second-highest in the country, behind only Phoenix, according to the S&P CoreLogic Case-Shiller Home Price Index released late January. It was the 10th consecutive month of Seattle in the No. 2 spot. The index reports a three-month rolling average of home prices. Seattle-area prices include homes in King, Pierce and Snohomish counties. Seattle prices were up 12.7% from 2019, about 1 percentage point shy of Phoenix at 13.8%. San Diego, where home prices grew by the third-highest rate among major cities, saw a 12.3% increase. Seattle's increase was up from the 11.7% jump in October. In the Seattle area, the price of houses costing less than about $485,200 rose at a faster rate than more expensive homes. Those costing more than $726,600 grew at the slowest rate, about 12% compared to nearly 15% for the most affordable homes.

- **A new study ranks Seattle as the nation's No. 1 best metro area for STEM professionals in higher-paying tech fields.** The study, by personal finance website WalletHub, found that the Seattle area not only has a huge percentage of jobs in STEM fields - short for science, technology, engineering and math - but also the engineering universities and wage growth to match. According to the latest U.S. Bureau of Labor Statistics analysis, STEM professions are expected to grow 8% between 2019 and 2029, compared to just 3.4% for all other occupations. In addition, the median annual STEM wage is $86,980, compared to $38,160 for all non-STEM occupations. STEM careers also pay higher salaries and boast far fewer threats of unemployment compared with other types of jobs. During the COVID-19 pandemic, STEM jobs have been more resilient against job losses and more compatible with remote work compared to many other job types. To determine the best markets for STEM professionals, the WalletHub study compared the nation's 100 largest metro areas across 20 key metrics and found that the Seattle metro area (which includes Tacoma and Bellevue) boasted the highest overall score. Rounding out the top five metro areas for STEM professionals were Boston, Mass. (No. 2); Atlanta, Ga. (No. 3); Austin, Texas (No. 4); and Minneapolis, Minn. (No. 5). The study found that the worst five cities for STEM professionals were Jackson, Miss. (No. 100): Deltona, Fla.; (No. 99); Memphis, Tenn. (No. 98); Cape Coral, Fla. (No. 97); and Little Rock, Ark. (No. 96). Portland, Ore., ranked No. 32, according to the study.

Calendar of Events

DATES	EVENT	TIME	LOCATION	CONTACT
2/11	Affiliate Council	9 a.m. – 10 a.m.	Zoom	425-974-1011
2/15	Holiday-Office Closed			
2/16-18	NAR Region 12			
2/23	Business Practices Committee	10 a.m. – 11:30 a.m.	Zoom	425-974-1011
3/3	Membership Committee	10 a.m. – 11:30 a.m.	Zoom	425-974-1011

SEATTLE *King County* **REALTORS®**