## REALTORS® Unveil 5-Point Plan to Stimulate Housing Recovery

Immediate policy solutions are needed to stabilize housing and support an economic recovery, the National Association of REALTORS® stated as it unveiled a five-point housing solutions plan.

NAR worked with two well-regarded policy think tanks that organized and conducted a policy meeting in October, when the plan was formulated. The Progressive Policy Institute (PPI) and the Economic Policies for the 21st Century (e21) convened policy leaders, industry representatives, members of Congress, thought leaders and the media to present ideas and make actionable recommendations.

The bipartisan recommendations, framed around the title "New Solutions for America's Housing Crisis," are intended to "stimulate the growth necessary for a sustained recovery in housing and extend an ensuing positive effect on job creation and the broader economy."

In introducing the five-point plan, NAR emphasized, "It's no secret our nation's housing markets remain depressed and continue to suffer." Reiterating its belief that a robust housing industry is key to the nation's economic strength, NAR stressed that "swift action is needed now from Congress and the Administration that could directly stimulate a housing recovery."

Following the meeting, NAR sent letters to the Chairman of the Federal Reserve Bank, President Obama, and Congress, in which it urged prompt consideration of the five recommendations and pledged its readiness to work with Congress and the Administration to help restore housing and grow our economy.

**Recommendation 1: Do Not Risk Weakening Our Nation's Housing Markets Any Further.** NAR called for recrafting the Qualified Residential Mortgage rule mandated by the Dodd-Frank Act and said requiring a 20 percent down payment coupled with stringent debt-to-income ratios and rigid credit standards would be detrimental to prospective home buyers, especially first-time and middle income buyers.

The group also recommended restoring higher loan limits supported by FHA and the GSEs, noting recently adjusted limits has had a harmful impact on the fragile housing recovery. NAR also urged policymakers to resist proposals that call for changing the tax rules that apply to homeownership now or in the future.

**Recommendation 2: Restore Vitality to Our Communities and Neighborhoods by Reducing the Foreclosure Inventory.** Included in this recommendation were calls to support S.170, The Helping Responsible Homeowners Act, along with bipartisan Senate efforts calling for improvements to the Home Affordable Refinance Program (HARP). NAR also favors directing Fannie Mae, Freddie Mac and servicers to prioritize short sales above foreclosures, and to support all necessary foreclosure/loss mitigation efforts to keep American families in their homes.

**Recommendation 3: Open Opportunities for Private Capital to Return to the Mortgage Marketplace to Foster New Demand among Responsible Homebuyers.** This would include opening up the FHA Section 203(k) rehabilitation loan program to investors to encourage purchasing of foreclosed property, and requiring the GSEs to temporarily suspend investor financing limitations, thereby giving small, private investors the opportunity to absorb some of the excess inventory.

**Recommendation 4: Support a Secondary Mortgage Market Model that Includes Some Level of Government Participation.** NAR opposes proposals that call for full privatization of Fannie Mae and Freddie Mac, saying it would not be in the best interest of the nation's housing policy or the consumer.

**Recommendation 5: We Call on the White House to Hold a National Housing Summit to Articulate a New National Housing Policy and Move the Provision of Housing to the Front of the Nation's Domestic Agenda.** "We urge caution against dismantling or eliminating vital resources for housing that provide important economic, social, and societal benefits," NAR stated in calling on the White House to foster a national housing policy to address varying needs across the nation, "whether it's homeownership or rental housing, production or preservation."

More details on the Realtors' five-point plan, along with letters to policymakers and elected officials, may be viewed at http://www.realtor.org/government_affairs/five_point_plan

## House Price Estimator Shows Impact of Physical Features on Home Prices

A third full bathroom is the one feature that can have the greatest impact on the value of a standard new single-family detached house in a Southern suburb, increasing the estimated price by about $43,000, according to a new online tool. The tool, a house price estimator and economic model just updated by the National Association of Home Builders (NAHB), enables builders, developers, prospective home buyers and home owners to see the impact that various physical features might have on the price of a home.

"In an economic environment where consumers are particularly price-and value-conscious, this is an important resource for assessing key features and characteristics that help determine housing prices," said NAHB Chairman Bob Nielsen, a home builder from Reno. Nev.

"To get the most out of the estimator, those using it need to understand that the nation's housing marketplace is actually comprised of thousands of local markets and submarkets, with their own dynamics," he said.

The estimator "shows what households are looking for in their homes and zeroes in on basic factors that enable Americans to shape and improve their lives through their individual housing choices," Nielsen said.

Looking broadly at the four principal Census regions of the country and the urban status of areas – central city, suburb or non-metro – the estimator finds a general tendency for house prices to be higher in the Northeast and West, as well as in central cities and suburbs.

The price tends to be lowest for homes built outside of a metro area, although some regional variation exists regardless of urban status.

The model estimates that the standard new home will cost more than $500,000 if it's built in a suburb of one of the large metro areas in California, but only about $155,000 if it is located outside of a metropolitan area in the Midwest region.

The standard new single-family detached home is defined by features based primarily on averages or medians from the Census Bureau's Survey of Construction. Among those features: the home has 2,150 square feet of living space, two full bathrooms and one half bath, three bedrooms, a garage, central air conditioning, a fireplace, a separate dining room and three miscellaneous rooms. The home is also in a neighborhood where satisfactory shopping (such as grocery or drug stores) is available within 15 minutes.

In general, the estimator finds that suburbs show higher prices than their companion central cities, which include the areas inside the city limits and not just a central business district or downtown area.

"Because the model uses data from the Census Bureau's American Housing Survey, which contains somewhat limited geographical detail, the results show averages across a broad region rather than estimates for a particular house in a specific location," said Paul Emrath, NAHB's vice president for survey and housing policy research.

"The model captures the impact of various features in considerable detail, but no model or data base can capture all the features that influence house prices," he said. "For that reason, a home owner shouldn't think that the addition of a certain feature will necessarily increase the cost of their home by the amount specified by the estimator."

The price estimator, which can be accessed on computers with Microsoft Excel, can be useful in a variety of settings, he said. Possible uses include: helping builders determine if the cost of providing a particular amenity will be valued by consumers, giving prospective home buyers a rough idea of likely price differences for various home sizes and amenity packages, enabling customers of remodelers to approximate how much a job would add to the value of their home and helping developers price neighborhood characteristics to evaluate the desirability of potential building sites.

The economic model for the price estimator shows that with no modification, the estimated average price of the standard new home in a Southern suburb is $203,874. Moving that home to an otherwise similar neighborhood on the waterfront increases its estimated price by nearly $90,000. And proximity to adequate public transportation raises the estimated price by about $26,000.

Other neighborhood features, the model finds, can reduce the price of the home. The presence of an abandoned building within half a block, for instance, reduces the estimated price of the standard new home in a Southern suburb by about $28,000. Bad roads, odors, lack of adequate shopping, buildings with metal bars on their windows and litter each reduce the estimated price by more than $6,000.

Looking at the physical features of the home, adding 500 square feet of living space with no other changes increases the estimated price of that home by roughly $13,000. Adding another bedroom or miscellaneous room increases the estimated price by less than $10,000. Eliminating the fireplace reduces the estimated price by about $24,000.

NAHB's Single-Family Detached House Price Estimator can be found on NAHB's website at: www.nahb.org/housepriceestimator.

To run the estimator, Microsoft Excel's security setting must be adjusted to allow macros to run. For those who encounter trouble getting the estimator to run initially, NAHB suggests that they try accessing it from a different computer with a different browser.

A special study from NAHB Housing Economics – "NAHB House Price Estimator Updated" – is available at: www.nahb.org/updatedestimator.

## Home sales outpace number of new listings for first time in five years

KIRKLAND, Wash. (Dec. 5, 2011) – Northwest Multiple Listing Service members reported 6,103 pending sales during November, marking the seventh straight month of double-digit year-over-year increases.

Last month's total number of mutually accepted offers was 22.4 percent higher than the same month a year ago. It also marked the first month since December 2006 that the number of pending sales surpassed the number of new listings (6,043), prompting discussions of possible inventory shortages.

"As we head toward the end of the year, it's certainly good to see a healthy number of buyers relative to the available inventory for sale," said Mike Grady, president and chief operating officer of Coldwell Banker Bain. "In fact," he noted, "there are some desirable neighborhoods in urban core areas where the case could be made there are too ***few*** homes currently for sale."

At month end, there were 30,650 residential listings in the MLS inventory across 21 counties, down nearly 17 percent from a year ago. For the listing service map areas covering Seattle, the database shows a year-over-year drop of about 32 percent.

"Entering the New Year, the Seattle metro area will start off with a shortage of inventory in both the more affordable and mid-priced ranges," suggested J. Lennox Scott, CEO and chairman of John L. Scott Real Estate. He noted a high percentage of sellers are receiving offers within the first month or two of listing their homes.

Despite the smaller selection, the listings in the MLS database covering all counties span a wide price range: 400 homes are priced at $50,000 or less and 65 residences are listed at $5 million-plus.

For homes and condominiums that sold last month, the median selling price was $225,000, down 10 percent from the year-ago median price of $250,000. Single family home prices were off 8 percent from a year ago ($234,612 versus $255,000), while condo prices slipped more than 17 percent ($169,000 versus $204,500).

Brokers point to distressed properties, which tend to be deeply discounted, as a primary cause of lower prices.

Bank-owned homes continue to put downward pressure on pricing, reported Northwest MLS director Matt Deasy, general manager of Windermere Real Estate/East, Inc.

For the four-county Puget Sound region, a check of the Northwest MLS database shows more than one-fourth (26.8 percent) of the single-family homes that sold last month were classified as distressed, up from the year-ago figure of 21.9 percent.

| SFH only | Nov. 2011 | | | Nov. 2010 | | |
|---|---|---|---|---|---|---|
| | Total | Bank owned | % bank owned/REO | Total | Bank owned | % bank owned/REO |
| King | 1538 | 327 | 21.26% | 1092 | 163 | 14.93% |
| Snoh | 680 | 201 | 29.56% | 499 | 138 | 27.66% |
| Pierce | 710 | 268 | 37.75% | 591 | 172 | 29.10% |
| Kitsap | 191 | 41 | 21.47% | 178 | 43 | 24.16% |
| **4-co Total** | **3119** | **837** | **26.84%** | **2360** | **516** | **21.86%** |

*(***REO** is a class of property owned by a lender - typically a bank, government agency, or government loan insurer - after an unsuccessful sale at a foreclosure auction. – Wikipedia)*

For the MLS market overall (21 counties), the number of closed sales jumped 36.2 percent, rising from 3,583 completed transactions during November 2010 to last month's total of 4,879.

"Home prices continue to get dragged down by foreclosures and short sales, which is disappointing given how strong home sales are," said OB Jacobi, president of Windermere Real Estate. "We probably won't see drastic changes in prices until the banks work through the distressed inventory," he noted, adding, "but we expect the pace of this process to pick up over the next several months, so hopefully by this time next year we'll be singing a different tune."

Kitsap County was one of the few areas to register a price gain. The median sales price edged up slightly more than 1 percent, from $230,000 to $232,500. "One month does not make a trend," acknowledged MLS director Frank Wilson, while noting the change in direction to a positive number is encouraging.

Wilson, the branch managing broker at John L. Scott's Poulsbo office, expects Kitsap County will benefit from last week's surprise announcement of a contract extension between Boeing and the Machinists Union, since Kitsap often feels an echo effect of what happens on "the other side." If ratified, he said the contract "will definitely help our area (particularly the northern part) in the long run as buyers will continue to see a significant price difference between Seattle-side real estate and what they can buy in Kitsap." (According to Northwest MLS data, the median asking price on current listings of single family homes in Kitsap County is $289,000, while in King County it is $370,000, about 28 percent more.)

The "fantastic, recent news coming out of Boeing is going to secure thousands of jobs in the area," said J. Lennox Scott. With that news, combined with momentum from other major area employers, "we are seeing solid, renewed demand for local housing," he remarked. Job growth, historic low interest rates and an elevated number of residential investors taking advantage of favorable market conditions are contributing to "a healthy level of sales activity, one of the best in the nation."

One of the sub-markets with vigorous activity is North Seattle, reported Mike Grady. The number of homes currently in escrow nearly matches the number still available for sale, a condition not seen since the boom years of 2005 and 2006, according to his analysis. He is also encouraged by the small ratio of distressed properties. Grady said fewer than 6 percent of North Seattle properties waiting to close escrow are 'short sale' transactions, which he said is "a positive trend our brokers will be keeping a close eye on in the weeks and months ahead."

Northwest MLS director Wilson cautioned some of the statistics for November and December should be viewed "with a grain a salt." Buyers and sellers tend to think more about family time and the holidays, and sellers may choose to postpone listing their home until the New Year, or take them off the market during the holiday season, he explained.

Although some sellers, buyers and brokers "check out" during the holidays, Wilson said there is an interesting dynamic that takes place. Houses that are on the market are being looked at by more motivated buyers, buyers who are very focused, he noted. "This is an interesting dynamic that happens every year," he added.

Wilson's observation is bolstered by findings from a Realtor.com survey, which found the vast majority of respondents, 79 percent, said more serious buyers were one of the biggest benefits of listing during the holidays. Less competition was an advantage cited by 61 percent of the survey respondents. The majority of respondents, 74 percent, said pricing a home to sell is even more important during the holidays, while an even higher number, 80 percent, said online listing photos were particularly crucial since buyers visit fewer open houses and sellers are less inclined to schedule them during the busy holiday season.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership includes more than 22,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 21 counties in Washington state.

***Statistical Summary by Counties:*** Market Activity Summary – **Nov. 2011**

| Single Fam. Homes + Condos | LISTINGS | | **PENDING SALES** | **CLOSED SALES** | | |
|---|---|---|---|---|---|---|
| | New Listings | Total Active | # Pending Sales | # Closings | Avg. Price | Median Price |
| King | 2,236 | 8,790 | 2,486 | 1,944 | $360,515 | $290,000 |
| Snohomish | 947 | 3,817 | 1,041 | 806 | $254,126 | $229,950 |
| Pierce | 977 | 4,777 | 1,048 | 758 | $198,562 | $184,848 |
| Kitsap | 304 | 1,595 | 239 | 203 | $277,251 | $232,500 |
| Mason | 94 | 729 | 49 | 45 | $181,448 | $147,500 |
| Skagit | 130 | 958 | 112 | 96 | $270,768 | $192,500 |
| Grays Harbor | 83 | 771 | 68 | 57 | $144,545 | $115,000 |
| Lewis | 78 | 696 | 61 | 48 | $157,580 | $144,950 |
| Cowlitz | 93 | 506 | 81 | 62 | $154,155 | $131,495 |
| Grant | 67 | 514 | 59 | 46 | $147,861 | $135,220 |
| Thurston | 279 | 1,513 | 274 | 223 | $226,563 | $215,000 |
| San Juan | 17 | 421 | 14 | 11 | $481,636 | $366,000 |
| Island | 110 | 853 | 87 | 80 | $281,137 | $239,500 |
| Kittitas | 36 | 469 | 37 | 44 | $240,545 | $196,175 |
| Jefferson | 32 | 520 | 39 | 27 | $248,544 | $225,000 |
| Okanogan | 36 | 379 | 21 | 15 | $197,456 | $220,000 |
| Whatcom | 214 | 1,494 | 214 | 176 | $234,439 | $208,000 |
| Clark | 43 | 208 | 42 | 93 | $224,098 | $197,000 |
| Pacific | 39 | 385 | 24 | 20 | $128,022 | $118,250 |
| Ferry | 3 | 60 | 5 | 3 | $171,333 | $165,000 |
| Clallam | 56 | 421 | 28 | 35 | $220,809 | $185,000 |
| Others | 169 | 774 | 74 | 87 | $191,788 | $175,000 |
| **MLS TOTAL** | **6,043** | **30,650** | **6,103** | **4,879** | **$280,168** | **$225,000** |

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

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

| | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Dec** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2000** | 3706 | 4778 | 5903 | 5116 | 5490 | 5079 | 4928 | 5432 | 4569 | 4675 | 4126 | 3166 |
| **2001** | 4334 | 5056 | 5722 | 5399 | 5631 | 5568 | 5434 | 5544 | 4040 | 4387 | 4155 | 3430 |
| **2002** | 4293 | 4735 | 5569 | 5436 | 6131 | 5212 | 5525 | 6215 | 5394 | 5777 | 4966 | 4153 |
| **2003** | 4746 | 5290 | 6889 | 6837 | 7148 | 7202 | 7673 | 7135 | 6698 | 6552 | 4904 | 4454 |
| **2004** | 4521 | 6284 | 8073 | 7910 | 7888 | 8186 | 7583 | 7464 | 6984 | 6761 | 6228 | 5195 |
| **2005** | 5426 | 6833 | 8801 | 8420 | 8610 | 8896 | 8207 | 8784 | 7561 | 7157 | 6188 | 4837 |
| **2006** | 5275 | 6032 | 8174 | 7651 | 8411 | 8094 | 7121 | 7692 | 6216 | 6403 | 5292 | 4346 |
| **2007** | 4869 | 6239 | 7192 | 6974 | 7311 | 6876 | 6371 | 5580 | 4153 | 4447 | 3896 | 2975 |
| **2008** | 3291 | 4167 | 4520 | 4624 | 4526 | 4765 | 4580 | 4584 | 4445 | 3346 | 2841 | 2432 |
| **2009** | 3250 | 3407 | 4262 | 5372 | 5498 | 5963 | 5551 | 5764 | 5825 | 5702 | 3829 | 3440 |
| **2010** | 4381 | 5211 | 6821 | 7368 | 4058 | 4239 | 4306 | 4520 | 4350 | 4376 | 3938 | 3474 |
| **2011** | 4272 | 4,767 | 6049 | 5732 | 5963 | 5868 | 5657 | 5944 | 5299 | 5384 | 4814 | |

## Services, Support and Satisfaction among Key Themes at MLS Member Meetings

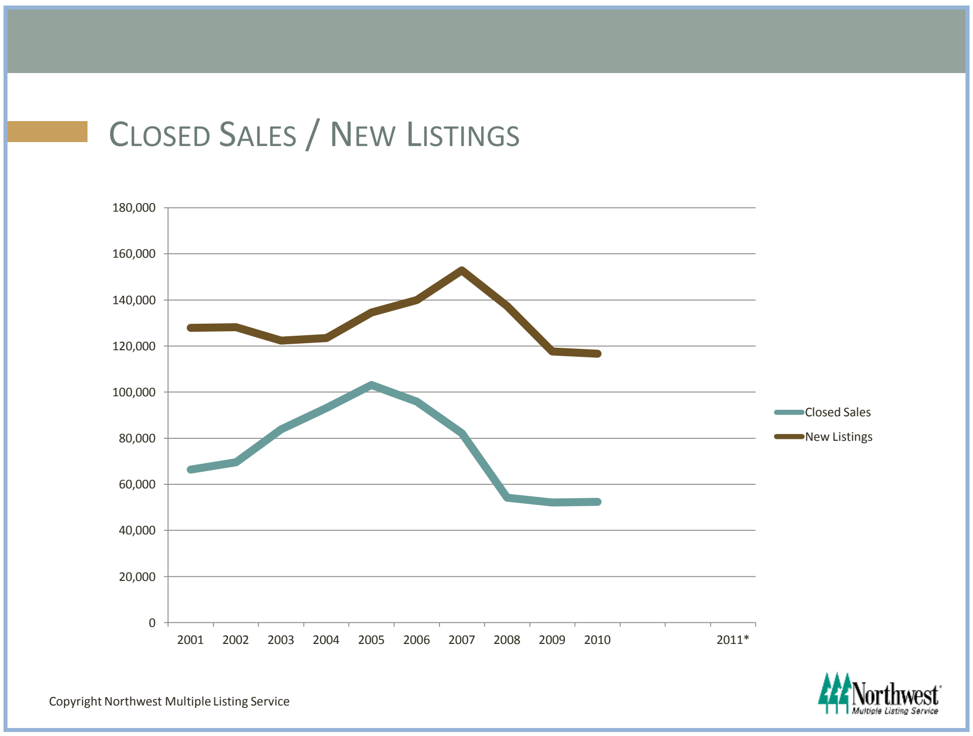
"We want to hear from you," proclaimed CEO Tom Hurdelbrink during his report to Northwest MLS member-brokers at the most recent series of general membership meetings.

To supplement existing feedback mechanisms, the MLS (via GMA Research) is conducting phone and online surveys to gauge satisfaction with services and to help identify future needs. Hurdelbrink said a more sophisticated call tracking system is also planned.

Along with discussing future plans at the quarterly membership meeting, staff from Northwest MLS reviewed recent service enhancements, market and membership activity, training and educational opportunities, and tech support.

One new service reviewed by MLS staff was Authentisign. Within only a few weeks of its rollout, the new e-signature service from Instanet Solutions surpassed this year's target for subscribers. Initial users praised the service for its ease of use and convenience for all parties to a transaction.

Turning to market activity, Bob Gent, director of business development and member relations at Northwest MLS, provided a snapshot of sales, listings and prices for the past 10 years. "There are signs of stability," he noted, referring to a chart showing the relationship of closed sales and new listings.




To help members cope with market challenges, Northwest MLS continues to provide a robust selection of hands-on classes, webinars and user guides. Clock-hours are available for most of the classes. The searchable user guides, which are updated regularly, cover Matrix, Realist, Xpress Forms and Authentisign.

Complementing the training options are the 10 call centers and tech support from a team of IT specialists who are available around the clock. Enhancements to call tracking are planned as part of the MLS focus on quick response times and ongoing improvements in the areas of training and tech support.

Reiterating the importance of member feedback, Hurdelbrink said Northwest MLS plans to expand its use of System Advisory Groups and beta testers. Additionally, a formal survey is under way to gather both qualitative and quantitative data on satisfaction levels with NWMLS services and to help identify future needs. The research includes focus groups, a telephone survey and an online survey.

Following the presentations, MLS staff fielded questions from members, with queries covering a wide array of topics ranging from map area changes, square footage issues pertaining to new construction, and concerns about bank-owned properties.

## Survey links agent success to investments in technology, marketing

Successful real estate agents tend to invest significantly more on technology and marketing than their less productive counterparts, according to a survey by ActiveRain.

Real estate professionals who took part in the survey were asked to identify their most effective marketing or advertising tactics. The three activities that topped the list for those who earned $100,000 or more a year included: 1) personal referrals and word of mouth, 2) blogging, and 3) professional referrals and business networking.

These “rich real estate agents” (as categorized by ActiveRain) revealed they spend an average of $3,000-$5,000 per year on technology – about six times more than “poor real estate agents” (defined as earning less than $35,000/year).

Favorite technology tools include a top-notch IDX site, CRM (customer relationship management) or lead management systems, and email marketing.

Survey analysts said the use of a lead management system was “the most dramatic difference in the survey.” Nearly twice as many rich real estate agents use a CRM or lead management system than poor real estate agents. It's this *systematic* management of their database that allows rich real estate agents to build a high volume business,” the surveyors concluded.

For email, top agents said they send automated listings via their IDX sites, and they are 54 percent more likely to use email newsletter and drip marketing campaigns.

“Rich” agents also distinguished themselves from the “poor” by their aggressive use of broadcast social media marketing. Their arsenal for attracting clients includes YouTube and online video, blogging, LinkedIn and Twitter.

Comparing expenditures for marketing and advertising proved to be “the most shocking number of all,” the survey’s authors stated. The rich outspend the poor by a sizable margin.

Top producers spend $5,000-$10,000 on marketing, whereas those at the other end of the spectrum invest only about a tenth of that total ($500-$1,000) annually. Framed another way, ActiveRain noted, “a rich agent is spending more in two weeks than some poor agents spend on marketing all year.”

Asked to enumerate, the rich devoted dollars to hiring an assistant, internet marketing, and the local newspaper. They were not inclined to invest in cold calling and door knocking.

In examining the mix of tools used for marketing, survey sponsors concluded three items were non-factors, explaining they don’t seem to matter or everyone is using them poorly.

“It could be that every agent is using them; some could be using them well while the rest are using them poorly. The survey could not tell the difference,” stated the authors of the report. The list included Facebook, home listing aggregation sites (e.g., Zillow, Trulia, and Realtor.com) and direct mail.

Direct mail proved to be the most popular form of real estate advertising, with more than 60 percent of respondents indicating they use it. “That’s the same percentage of respondents using Zillow, Realtor.com and Trulia,” the report noted, adding more poor real estate agents use direct mail than have an IDX site.”

In 2011 how is this possible, the authors wondered, adding, “Either direct mail continues to be highly effective or the real estate industry has been slow to change behavior. Hard to tell from the survey, but we at ActiveRain have our suspicions.”

In response to a question about advertising on real estate websites, the Seattle-based social network found “surprisingly high penetration,” led by Craigslist with 68 percent and Trulia with 64 percent. Realtors.com/Move.com and Zillow followed with 61 and 60 percent respectively.

ActiveRain’s survey, conducted in spring 2011, was based on responses from 1,758 real estate professionals. On average, they fell into the 51-60 year old age group and were college graduates with moderate technology experience.

The rich segment tended to be male. Men made up less than half (47 percent) of the total respondents, but accounted for the majority (58 percent) of the rich segment.

The survey also revealed correlations between experience and success. Rich agents have 11-20 years of real estate experience, contrasting with poor agents, who had only 4-5 years of experience. On average, respondents had 6-10 years of experience.

Age did not appear to be a factor that distinguished the rich from the poor.

ActiveRain describes itself as “a technology + media company that operates the largest and most active social network in the real estate space.” In June 2006, it launched the ActiveRain Real Estate Network, a social network and marketing platform for real estate professionals, which is designed to help agents create business relationships both within the industry and with consumers.

## Housing Affordability at Record Highs, According to Report from WSU

Homes in Washington state are at record high affordability, thanks to the combination of lower prices and record-low mortgage interest rates.

A report on the Housing Affordability Index (HAI) for third quarter 2011 showed a statewide index of 160.7, which means a median income family had 60.7 percent more income than the minimum needed to qualify to purchase a $225,300 home (the estimated median-price).

Comparing counties, the HAI ranged from a low of 96.4 in San Juan County, where the median priced home sold for $345,000, to a high of 459.4 in Wahkiakum County, where the median price for third quarter sales was estimated to be $62,500.

The index, prepared by the Washington Center for Real Estate Research, assumes a 20 percent down payment and a 30-year mortgage.

The HAI for counties served by Northwest Multiple Listing Service shows a range of 96.4 (San Juan County) to a high of 243.4 in Pacific County. As revealed in the chart, first-time buyers remain challenged, with the statewide index pegged at 87.4.

WCRER’s report shows a three-year downward trend in prices, including a 9.5 percent drop in the statewide median sales price for Q3 compared to same period in 2010. Prices range from King County’s high of $350,000 to a low of $62,500 in Wahkiakum County.

The WCRER was created in 1989 by the WSU Board of Regents to achieve the university's tripartite mission of education, research and service in real estate. The Center strives to provide a wide range of useful and understandable information, analysis and knowledge using academic methods in practical context while reporting findings in common language.

## HOUSING MARKET SNAPSHOT

**State of Washington and Northwest MLS Counties - Third Quarter 2011**

| County | Home Resales (units) | | | Building Permits (units) | | Median Resale Price | | Housing Affordability Index (HAI) | First-Time HAI |
|---|---|---|---|---|---|---|---|---|---|
| | SAAR | % Change | | # | % Change | $ | % Change | | |
| | | (last qtr) | (year ago) | | (year ago) | | (year ago) | | |
| Clallam | 900 | 13.9% | 9.8% | 27 | -12.9% | $177,100 | -9.9% | 162.6 | 86.5 |
| Clark | 6,060 | -0.2% | 34.4% | 268 | 7.6% | $189,800 | -11.0% | 191.5 | 104.3 |
| Cowlitz | 1,440 | -11.7% | 23.1% | 32 | -3.0% | $145,000 | -8.5% | 203.4 | 114.5 |
| Ferry | 100 | -16.7% | 0.0% | 0 | N/A | $155,000 | 6.9% | 150.1 | 82.4 |
| Grant | 1,180 | -13.2% | -4.1% | | | $160,000 | -2.4% | 162.0 | 99.8 |
| Grays Harbor | 1,510 | 15.3% | 20.8% | 17 | -10.5% | $126,000 | -5.3% | 206.2 | 104.1 |
| Island | 2,960 | 30.4% | 33.3% | 48 | 41.2% | $250,000 | -5.7% | 143.1 | 79.2 |
| Jefferson | 360 | -25.0% | -18.2% | 17 | -19.0% | $238,000 | -4.8% | 131.3 | 63.9 |
| King | 22,310 | -5.2% | 27.3% | 1,861 | -4.4% | $350,000 | -10.3% | 127.0 | 67.5 |
| Kitsap | 2,920 | 2.5% | 11.0% | 107 | 2.9% | $235,500 | -7.7% | 158.7 | 91.9 |
| Kittitas | 1,230 | 28.1% | 29.5% | 46 | 27.8% | $181,000 | -24.3% | 172.4 | 74.5 |
| Lewis | 740 | -2.6% | 54.2% | 24 | -62.5% | $141,100 | -14.4% | 198.0 | 108.5 |
| Mason | 990 | 7.6% | 41.4% | 32 | -17.9% | $142,000 | -23.5% | 210.8 | 114.9 |
| Okanogan | 440 | 0.0% | 25.7% | 42 | 16.7% | $166,500 | -1.5% | 150.7 | 73.8 |
| Pacific | 200 | 17.6% | 17.6% | 0 | 0.0% | $107,900 | -19.5% | 243.4 | 113.8 |
| Pierce | 11,010 | 5.7% | 34.8% | 786 | 90.3% | $192,500 | -14.4% | 185.4 | 103.2 |
| San Juan | 120 | -25.0% | 0.0% | 32 | 45.5% | $345,000 | -14.2% | 96.4 | 53.1 |
| Skagit | 1,570 | 9.0% | 20.8% | 44 | -27.9% | $204,000 | -7.8% | 159.9 | 95.8 |
| Snohomish | 8,080 | 7.3% | 27.8% | 538 | 24.5% | $240,000 | -12.7% | 171.5 | 94.9 |
| Thurston | 3,310 | -9.8% | -0.6% | 268 | -10.1% | $223,600 | -6.4% | 166.3 | 92.8 |
| Whatcom | 2,100 | 11.7% | 18.6% | 70 | -24.7% | $244,000 | -6.5% | 137.3 | 67.5 |
| **Statewide** | **85,870** | **0.8%** | **21.7%** | **5,604** | **23.8%** | **$225,300** | **-9.5%** | **160.7** | **87.4** |

NOTES:

Home Resales are WCRER estimates based on MLS reports or deed recording (Real Market Data LLC)
SAAR means data presented at Seasonally Adjusted Annual Rates allowing quarter-to-quarter comparison.
Building permits (total) are from the U.S. Department of Commerce, Bureau of the Census
Median prices are WCRER estimates. Half the homes sold at higher prices, half lower
Affordability index measures the ability of a typical family to make payments on median price resale home. It assumes 20% downpayment and 30-year amortizing mortgage. First-time buyer affordability index assumes a less expensive home, lower downpayment and lower income.

## Baby Boomers Empowering Homeownership via Gifts, Loans

Baby boomers are part of a growing trend of assisting children or grandchildren become home buyers, according to a new national survey. The research shows one in five baby boomers has already gifted, loaned or co-signed a loan to support their children or grandchildren in purchasing a home, and more than two-thirds of baby boomers want to provide this type of support in the future.

"With historically low interest rates and competitive listing prices, now is a great time to invest in real estate for those in a position to do so," said Sherry Chris, president and CEO of Better Homes and Gardens Real Estate LLC, which commissioned the study. "However," she acknowledged, "In today's economy, saving enough money for a down payment can be a struggle for young adults. Baby boomers are a unique generation that has driven the economy for the past 30 years. Our data shows that they are using what they've earned and what they've learned to invest in the future and help their children and grandchildren realize the American dream of homeownership."

Aside from the good investment rationale, baby boomer respondents indicated the willingness to provide financial support to their children and/or grandchildren was out of love. By providing financial support to assist in the home buying process, respondents stated that they could ensure their children and/or grandchildren would benefit from their estate and fulfill a large part of achieving the American dream.

"We have always understood the value of homeownership and our readers' passion for making their homes serve their lifestyle needs," says Jill Waage, editorial director of home content at *Better Homes and Gardens* magazine. "We're thrilled to see that younger generations' interest in homeownership is so strong and that their baby boomer relatives want to help them reach this significant milestone."

Key findings from the Better Homes and Gardens Real Estate baby boomer survey include:

- One in five baby boomers have already gifted, loaned or co-signed a loan to their children or grandchildren for a down payment on a home.
- Looking ahead, one in 10 baby boomers say they will "definitely" provide their children or grandchildren with financial support for a down payment on a home, and at least half hope to do so.
    In total, more than two-thirds (68%) of all baby boomers said they want to provide future financial support for their children or grandchildren to purchase a home.
    Those who have already provided past support are also most confident that they will do so again.
    Highest interest in providing support is reported among younger (age 45-54), more affluent (household income of $75,000+) baby boomers who have at least one adult child (age 18-34).
- Baby boomers are driven to provide financial support primarily by their belief in the overall investment value for them and/or their children or grandchildren, and the role homeownership plays in fulfilling the American dream.
- Older (age 55+) and more affluent ($100,000+ household income) baby boomers are more likely than their younger or less affluent counterparts to have previously provided financial support.
- Across prior support and future interest, baby boomers show more interest in "gifting" or loaning money; they are least interested in co-signing loans.

**About the Survey**
Better Homes and Gardens Real Estate, in partnership with Meredith Research Solutions, surveyed more than 1,000 adults ages 45 and older for this study. Data were collected from those who qualified as a baby boomer and who had at least one child or grandchild over the age of 18.

**About Better Homes and Gardens Real Estate LLC**
Better Homes and Gardens Real Estate LLC, a subsidiary of Realogy Corporation, is a dynamic real estate brand that offers a full range of services to brokers, sales associates and home buyers and sellers. The BHG Real Estate network includes approximately 7,000 sales associates and more than 200 offices serving homebuyers and sellers in Canada and 24 U.S. states

## News In Brief

- Home prices are low and so are interest rates. **If you're a typical family in King County, now is the most affordable time to buy a house in many years.** The "housing affordability index" is calculated by the Washington Center for Real Estate Research at Washington State University. The index is based on interest rates, median home sale prices and incomes in the various counties. The affordability score in King County is 127. "That is a record level," says Glenn Crellin, founder of the housing affordability index which was first calculated for Washington state in 1994. The 127 score means a typical family income in King County is about 27 percent more than it needs to manage payments on a median-priced house. That also means it now might be cheaper to own than to rent. The third quarter statewide housing affordability index is at 160. Affordability scores are even better in Snohomish County, 171, and Pierce County, 185.
- Twenty-seven percent of Americans say they plan to buy a home in the future (with most saying in two or more years), and only two percent say they plan to purchase a home in the next 12 months, according to a new Move Inc. survey of 1,000 American adults. **Nearly 35 percent of those surveyed say their inability to get credit or find affordable credit are the main reasons why they're putting off purchasing a home**. About 23 percent of those surveyed say they are delaying buying a home because they are concerned about the real estate market in their local area, particularly with concerns over the future of home values, the economy and jobs, as well as difficulty in saving for a down payment.
- **Although the housing market struggled to maintain an even footing in 2011, gradual improvement is expected in 2012 and beyond, according to projections by Lawrence Yun, chief economist of the National Association of REALTORS®.** "Tight mortgage credit conditions have been holding back home buyers all year, and consumer confidence has been shaky recently," Yun said. "Nonetheless, there is a sizeable pent-up demand based on population growth, employment levels and a doubling-up phenomenon that can't continue indefinitely. This demand could quickly stimulate the market when conditions improve. "Yun projects growth in Gross Domestic Product to be 1.8 percent this year, then rising moderately at a rate of 2.2 percent in 2012. With job growth of 1.7 to 2.2 million next year, the unemployment rate is expected to decline to 8.7 percent by the second half of 2012. Mortgage interest rates should gradually rise from recent record lows and reach 4.5 percent by the middle of 2012.
- **U.S. homebuilders are feeling a little less pessimistic about the struggling housing market.** But their mood hasn't changed enough to signal a recovery anytime soon. The National Association of Home Builders says its builder sentiment index rose to 20 in November. That's the highest level since May 2010 and only the second month the index has been at 20 or above in two years. The trade group cited low mortgage rates as a chief factor. Still, any reading below 50 indicates negative sentiment about the housing market. It hasn't reached 50 since April 2006, the peak of the housing boom.
- In late September the FHA, Fannie Mae and Freddie Mac loan limits were reduced in 42 states pricing potential home buyers out of the American Dream of home ownership and holding back the housing recovery. REALTORS® immediately went to work with the goal to get the loan limits restored in Congress. For weeks that goal seemed unlikely.

  On November 11th, Congress restored the loan limits for the Federal Housing Administration (FHA) for two years. The reinstated FHA loan limit formula and cap change will help make mortgages more affordable and accessible for hard-working, middle-class families in 669 counties in 42 states and territories, where the average loan limit reduction after the reset last month was more than $68,000. **The provision reinstates the FHA loan limits through 2013 at 125 percent of local area median home prices, up to a maximum of $729,750 in the highest cost markets ($567,500 in King County), the floor will remain at $271,050.** However, Congress chose not to apply the loan limits restoration to Fannie Mae and Freddie Mac. Fannie-and-Freddie-backed mortgages will remain at 115 percent of local area median home prices up to $625,500. The bill also provides for a short-term extension of the National Flood Insurance Program (NFIP) through December 16, 2011. NAR will continue to press Congress to use the additional time to complete their work on a five-year reauthorization of the program, which ensures access to affordable flood insurance for millions of home and business owners across the country.

- **Respondents to the online debate posted in the December edition of Costco Connections magazine strongly oppose phasing out the Mortgage Interest Deduction.**
  Should the mortgage interest deduction (MID) be phased out?
  *(based on votes received as of 11/14/11)*

| | |
|---|---|
| Yes | 18% |
| No | 82% |

## Calendar of Events

Through January 7, 2012

| Dates | Event | Clock Hours | Time | Location | Contact |
|---|---|---|---|---|---|
| **SEATTLE-*King County* REALTORS®** | | | | | |
| 12/23 | Holiday – Office Closed | | | | (800) 540-3277 |
| 12/26 | Holiday – Office Closed | | | | (800) 540-3277 |
| 1/02 | Holiday – Office Closed | | | | (800) 540-3277 |
| 1/11 | Board of Directors | | 10:30am-1:30pm | SKCR | (800) 540-3277 |
| 1/16 | Holiday – Office Closed | | | | (800) 540-3277 |
| 1/18 | WR Committee Meetings | | All Day | Olympia, WA | (800) 562-6024 |
| 1/19 | Legislative Hill Day | | All Day | Olympia, WA | (800) 540-3277 |
| 2/7 | Gov't Affairs Committee | | 10:30am-1:30pm | SKCR | (800) 540-3277 |
| For updates visit: www.nwrealtor.com and click "events" | | | | | |
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| **SNOHOMISH COUNTY-CAMANO ASSOCIATION OF REALTORS®** | | | | | |
| For updates visit: www.sccar.com and click "events" | | | | | |