



JUNE/JULY 2012

In This Issue

Future of U.S. Housing Markets Depends Largely on Echo Boomers

The next two decades in housing markets depends largely on the Echo Boomers. That's according to panelists at the "Shifting Demographics and Housing Choice: A Whole New World?" session today during the Realtors® 2012 Midyear Legislative Meetings & Trade Expo here.

There are approximately 62 million echo boomers in the U.S. Also called "millennials," echo boomers are currently ages 17-31. According to the 2011 National Association of Realtors® Profile of Home Buyers and Sellers, younger home buyers - those ages 18-34 - represent 31 percent of all recent home purchases.

"We know that although many young people may be delaying home purchases in today's economic climate, most of them still aspire to homeownership," said NAR President Moe Veissi, broker-owner of Veissi & Associates Inc., in Miami. "Realtors® are committed to ensuring that the dream of homeownership can become a reality for generations of Americans to come."

During the session, economists NAR, the University of Washington, and Florida State University presented various research and data that illustrate the future of homeownership from a generational standpoint.

"Demography is destiny," said NAR Chief Economist Lawrence Yun. "In that vein, demographics can provide very useful insights into the future of housing and homeownership, and the results of these reports indicate that certain generational shifts will have a significant impact on the real estate industry over the next two decades."

NAR Economist Selma Hepp identified several key demographic trends on both ends of the housing age spectrum. The demand for affordable, accessible housing will increase as the 65-and-over population grows; at the same time, as seniors leave their homes and move into assisted living and other arrangements, they will add to the current supply of housing. Because of their sheer size, however, echo boomers will significantly impact the next two decades in housing.

"Echo boomers represent a long-term opportunity for a housing market recovery, but they are struggling in the current economic crisis," said NAR's Selma Hepp. "Consequently, demand for rental housing is likely to climb in the near term."

As a group, the echo boomers are more racially and ethnically diverse than their baby boomer parents. While 65 percent of baby boomers are Caucasian, only 55 percent of echo boomers are Caucasian. Echo boomers are also more likely to be college educated than previous generations, and are remaining single longer.

Glenn E. Crenlin from the Runstad Center for Real Estate Studies at the University of Washington shared his insights into recent declines in homeownership and whether those declines indicate possible generational trends.

"It is worrying that the homeownership rate for those under 35 has fallen more sharply than the rate for older Americans," said Crenlin. "But I think we need to examine homeownership rates by generation in a more balanced way. Although the Millennial generation does not own homes at the same percentages of those in other generations, many of them are still in the early stages of household formation - in fact, some of them are still in high school."

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Seattle Calendar

Bite of Seattle

July 20-22, 2012 - Seattle Center

First introduced to the Seattle area in 1982 at Greenlake with 26 Restaurants and 1 Entertainment Stage, the 'Bite of Seattle' has grown into one of Seattle's largest Summer Festivals, with more than 50 of Seattle's finest Restaurants... 30 Food Product Companies... 5 Beer Gardens... live Entertainment... a Comedy Club... Piano Bar... Wine Tasting... and more!

Festival Hours: Friday & Saturday 11 AM - 9 PM; Sunday 11 AM - 8 PM.

Entertainment is an essential part of the Bite of Seattle brought to you by Comcast. With over 150 acts in all, there is always something for everyone's listening pleasure. There are 6 outdoor entertainment stages featuring all genres of music with local and national entertainment located all over the Bite grounds. If you're looking to laugh, visit the Comedy Club in its new location near the Skate Park or southwest side of the Bite grounds (must be 21)!

Chinatown-International District Summer Festival

July 14-15, 2012 - Hing Hay Park

Known to be the largest Asian-American Street-fair in Washington, the International District Summer Festival offers a variety of Asian-inspired Entertainment including... Japanese Drumming, Chinese Martial Arts, Filipino Dancing, Lion and Dragon dances plus ... live concerts featuring Jazz, New Age and Pop music.

You'll find lots of hand-made Arts & Crafts, authentic Asian Cuisine, even a Karaoke Stage for those that feel inspired to showcase their vocal talents.

Hours are: Saturday, 12 PM - 8 PM; Sunday, 12 PM - 6 PM. Admission is Free.

2012 Seattle International BeerFest July 6-8, 2012 - Seattle Center

Celebrating the world's most legendary brewing styles and the nations that made them famous. Come taste over 130 world-class beers from more than 15 countries.

Hours: Friday 12 PM - 10 PM;
Saturday 12 PM - 10 PM;
Sunday 12 PM - 7 PM.

Admission is \$20, which includes a glass and 10 beer tickets

THE GARDNER REPORT

Windermere Real Estate is proud to partner with Gardner Economics on an analysis of the Western Washington real estate market. This report is designed to offer insight into the realities of the housing market. To receive a copy of the full first quarter report please contact Roger and he will email you a PDF file.

The national, regional, and local economies fell off a cliff in 2008 and into an abyss that was deeper than any seen since the Great Depression. Since that time we have clawed our way forward and are making solid progress, but there is still a long way to go.

I believe that our own state is likely to see its job recovery occur earlier than that of the United States as a whole, which is a function of our exposure to the Asian markets more than anything else. We are not out of the woods yet, but the forecast is a positive one.

Our real estate markets are also in the throes of an about-face, but some areas are faring better than others. Bank owned and short sales are still high, but the number of non-distressed house for sales is at a level that is worrisome. Choices are not what many buyers are expecting to see, which may put a further damper on select markets.

Overall I am still looking to 2012 as the year that we emerge from the recession and, in our own intimitable Washington manner, stride forward in the belief that the way ahead is a good one. (After all, who else wears shorts when it's 50 degrees outside?)

Reset housing recovery just around the corner

Experts have been calling a bottom for the housing market ever since the bubble began to collapse in 2006. They've been uniformly wrong. Are we finally there?

David Stiff, chief economist of Fiserv, the financial-services technology company that produces the widely followed Case-Shiller indexes, says yes.

House prices nationally are expected to stabilize by the end of summer and start to rise by an annualized rate of 3.9 percent over the next five years. For the Seattle-Bellevue-Everett metro area, prices are seen rising at a 5 percent annualized rate.

But that won't come before an additional 3.3 percent price decline through the rest of this year. The Seattle area was late to the party, with prices reaching their peak in the second-quarter of 2007 compared with a national peak in the first quarter of 2006.

"There's always a danger of being premature," Stiff told me last week. "But a number of favorable factors are going to put a floor under prices."

Among them: better employment numbers, fewer markets dominated by foreclosure sales and bank-owned properties, and affordability at record levels. Fiserv studies data from 380 markets nationwide.

"Seattle is a very unique market," Stiff said. Thanks to aerospace, software, life sciences and other economic assets, it has a deep, specialized labor pool making good money. He expects Seattle to stabilize sooner. Other data back this up. According to the Runstad Center for Real Estate

HAPPY!



Studies at the University of Washington, sales of existing houses in King County rose more than 12 percent in the first quarter compared with the same period in 2011, even as median prices fell 6.6 percent. Indeed, anecdotal evidence points to bidding wars for houses in the best locations, especially in Seattle.

House resales rose 10.9 percent in Pierce County and 18.5 percent in Snohomish County.

Building permits for single-family houses are very slowly recovering, and apartment construction is booming in central Seattle.

Still, there's no evidence the old housing boom can return. Americans face too much housing inventory, too much debt.

That's a good thing for the environment, preservation of rural land and avoiding the inefficiency and cost of infrastructure in sprawl development.

But it also means Americans won't be using double-digit, house-price increases, home-equity loans and house flipping to make up for stagnant wages.

Falling prices are necessary to make the market function again, but this also slices off a big chunk of paper wealth that owners enjoyed at the peak. Others bought then and are underwater, owing more on their mortgages than the house is now worth.

Also housing construction, the last big factorylike work in most places nationally, won't return to the boom years.

The damage from the collapse remains significant, even if Washington didn't overbuild to the extent seen in the Sun Belt. The state lost 70,000 construction jobs during the Great Recession, the largest decline felt in any sector. For local governments, a significant revenue source dried up as building stopped.

Samuel Anderson, executive officer of the Master Builders Association of King and Snohomish Counties, said recently at Town Hall Seattle that he's "feeling optimistic for the future of housing and the housing industry, even if the glass may still seem half empty to many of our members in the wake of the recession."

One vote of confidence he cited is the quiet entry into the region of major builders, such as Toll Brothers, Henley Homes, Newland Communities, Lennar, Richmond American and Pulte.

At the same time, he warned that tighter lending, loss of subcontractors and workers, limitations on developable land and lack of government officials to process permits risk holding back a recovery.

"What local elected officials found out in this recession and housing collapse is that the residential housing industry has been their ATM machine. My new best friends are mayors and city council" members, he said.

Anderson also made the point that the region needs to embrace greater density inside existing urban-growth footprints and resist the NIMBYs. "The problem in many urban areas is that the community hates sprawl but doesn't want increased density in their neighborhoods."

So, a bottom — at last? I'm prepared to buy in.

Risks remain. Job growth has slowed along with the economy, millions are still unemployed, the eurozone disaster could spread pain here and we're always at risk of the new asset bubble cooked up on Wall Street.

Low interest rates won't help millions who can no longer qualify for a mortgage. Most were either ruined in the crash, are unemployed or have seen their wages stagnate or fall. Too many young adults are facing massive student loans and poor prospects for the well-paying jobs necessary for household formation.

As a nation, we resist making the conscious, strategic reset necessary to be competitive, sustainable and restore middle-class economic mobility.

So the New Normal won't feel normal, even if for now, and for many, Seattle is an island of prosperity.

Torchlight Parade at Seafair July 28, 2012 Seattle Center

Come celebrate the Northwest's largest lighted parade in Downtown Seattle! The famous Torchlight Parade at Seafair is one of Seattle's biggest nights for family tradition, so you won't want to miss the Macy's-style helium balloons, local bands, drill teams, beautifully illuminated floats, and naturally the Seafair Clowns and Pirates.

The parade begins at 7:30 PM at Seattle Center, and continues south down Fourth Ave. to Second Ave. and King Street. Over 300,000 people lined the parade route last year... so we suggest you get here early for the best viewing spots.

SEATTLE SPORTS SCHEDULE

MARINERS MLB HOME GAMES

<http://seattle.mariners.mlb.com/>

7/1	1:10PM	VS.	BOSTON
7/2	7:10PM	VS.	BALTIMORE
7/3	7:10PM	VS.	BALTIMORE
7/4	1:10PM	VS.	BALTIMORE
7/13	7:10PM	VS.	TEXAS
7/14	6:10PM	VS.	TEXAS
7/15	1:10PM	VS.	TEXAS
7/23	7:10PM	VS.	NY YANKEES
7/24	7:10PM	VS.	NY YANKEES
7/25	12:40 PM	VS.	NY YANKEES
7/26	7:10 PM	VS.	KANSAS CITY
7/27	7:10 PM	VS.	KANSAS CITY
7/28	1:10 PM	VS.	KANSAS CITY
7/29	1:10 PM	VS.	KANSAS CITY
7/30	7:10 PM	VS.	TORONTO
7/31	7:10 PM	VS.	TORONTO

SOUNDERS FC HOME GAMES

<http://www.soundersfc.com/>

7/7	8:00PM	VS.	COLORADO RAPIDS
7/18	8:00 PM	VS.	REAL SALT LAKE

SEATTLE STORM HOME GAMES

<http://www.wnba.com/storm/>

7/8	7:00PM	VS.	PHOENIX
7/11	7:00 PM	VS.	ATLANTA

HAPPY!



Seattle Home Prices Up 10.4% in April, Real Estate Sales Up 8%

More good news for the Seattle housing market was released this week, with King County and Seattle home prices showing significant increases year-over-year. Home sales were on the rise as well, with increasing numbers even as inventory numbers continue to be tight.

Seattle home prices increased 10.4% in April as compared to the same month in 2011, while King County median home prices were up 3% in the same time period. King County home sales were 15% higher than in April of 2011, and total sales in the city of Seattle were up 8%. The vast majority of the market is seeing significant improvements and increasing seller strength, while the greatest gains have been in Seattle and the close-in Eastside.

Far more buyers are participating in multiple-offer transactions this year, as total inventory of Greater Seattle homes for sale is down 38% in the past year, one of the biggest drops we've seen in at least a decade. Spring selling season feels a lot like it did five or six years ago, with many aggressive buyers, with the big difference being the lack of quality homes available for sale.

From the Seattle Times:

More homebuyers chased slim pickings in King County last month, sending house prices to their highest level since December 2010.

The median price of single-family homes sold last month was \$360,000, up 9 percent from March and nearly 3 percent from April 2011, according to statistics released Thursday by the Northwest Multiple Listing Service. It was the second month-over-month gain in median price.

There were 1,769 houses sold in King County last month, 15 percent more than a year earlier.

"We're at the beginning of the prime selling season, so to see this sort of strength coming out ... this is very good news for the industry," said Glenn Crellin, associate director of research at the University of Washington's Runstad Center for Real Estate Studies.

Rock-bottom mortgage rates and improving employment have set the stage for a stronger spring homebuying season than a year ago, but what's on every broker's lips is inventory.

Inventory — the number of houses listed for sale — slid for the ninth month in a row, down 38 percent from a year ago. In April 2010, there were almost twice as many listings.

"The very tight inventory of homes available for sale coupled with the stabilizing prices are probably going to convince some sellers that it's now safe to come back into the marketplace," Crellin said.

TESTIMONIAL

I strongly recommend Roger to anyone looking to buy or sell a home.

Roger has represented me in both selling my home successfully in a very difficult market and buying my current home. He always acted professionally and had good advice for each step of the way. When I needed to move fast, he was ready and willing to do so. When I wanted to take my time, he was patient. He communicated well what his role and expectations were.

Roger's many years of experience clearly show in his ability to smoothly and effectively deal with all the usual and unusual details that come up in the home buying and selling process.

Best of luck to you Roger,

Bob Helling


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