



OCTOBER 2013

Sales of U.S. Existing Homes Rise in August to Six-Year High

(Source: Bloomberg News - September 19, 2013)

Sales of previously owned U.S. homes unexpectedly rose in August to the highest level in more than six years as buyers rushed to lock in interest rates before they rise further. Purchases climbed 1.7 percent to a 5.48 million annual rate, the highest since February 2007, figures from the National Association of Realtors showed today in Washington. The median forecast of 79 economists in a Bloomberg survey called for a drop to 5.25 million. The median price jumped by the most since October 2005 reflecting tight inventory, the group said.

The data reflect some transactions begun a month or two earlier, when buyers were trying to get loans when mortgage rates were near record lows. Lawrence Yun, the group's chief economist, said the surge in August was probably the "last hurrah" for the next 12 to 18 months as the recent gains in borrowing costs and prices hurt affordability.

"Higher rates are a slight drag," Gus Faucher, a senior economist at PNC Financial Services Group in Pittsburgh, which is the best existing-home sales forecaster over the past two years, according to data compiled by Bloomberg. "We are not going to continue to see sales grow at this pace."

Other reports today showed claims for jobless benefits rose less than forecast last week, manufacturing in the Philadelphia region surged in September and the index of leading indicators climbed more than projected in August.

The median price of an existing home increased 14.7 percent from a year ago to \$212,100, today's report showed. That was the biggest gain since October 2005. Compared with a year earlier, purchases increased 10.5 percent before adjusting for seasonal variations.

Fewer Showings: Activity at lockboxes, which hold the keys real-estate agents use to show houses to prospective buyers, showed "some significant change in direction" in recent weeks, indicating sales will probably slow in coming months, Yun said at a news conference today as the figures were released.

"Rising mortgage rates hurried some people into making the decision" to close on a deal, he said, which means demand will cool in coming months.

The number of previously owned homes on the market was 2.25 million at the end of August, the fewest for that month since 2002. At the current sales pace, it would take 4.9 months to sell those houses compared with 5 months at the end of the prior month.

Existing-home sales, tabulated when a contract closes, are recovering from a 13-year low of 4.11 million reached in 2008. Annual purchases peaked at a record 7.08 million in 2005.

Seattle Event Calendar

Sales Rise to 6 Yr. High

Homebuyers Search by Drive Time

Soaring Rent Drives Changes

Real Estate Appraisals101



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SEATTLE CALENDAR

November 28, 2013 Welcome to the 2013 Seattle Turkey Trot

This will be the 6th Annual Seattle Turkey Trot. It is a 5k jog, walk or run on the morning of Thanksgiving Day, November 28.

What: 2013 Seattle Turkey Trot

When: Thursday, November 28, 2013 - 9:00 AM

Where: Above Golden Gardens Park (32nd Ave NW and NW 85th St)

Why: Help support the Ballard Food Bank!

Who: You! Sign up now!

Seattle Marathon Santas vs. Superheroes 5K Race

Saturday, Nov 30
8:30am to 10:30am

Seattle Center Grounds

This year we are thrilled to add a brand new theme to our Seattle Marathon 5K Race: Santas vs Superheroes, where participants will be encouraged to run or walk in costume.

The 5K Run/Walk is a great introduction to the Seattle Marathon family of events. This 3.1 mile race is perfect for both runners and walkers. Use it as a warm-up for the Amica Insurance Seattle Marathon and Half Marathon, or create a fun, family outing to burn off some of those Thanksgiving Day calories.

Fed policy makers yesterday maintained record accommodation as rising borrowing costs showed signs of slowing the expansion.

Fed Policy: "The Committee decided to await more evidence that progress will be sustained before adjusting the pace of its purchases," the Federal Open Market Committee said in a statement after its two-day meeting. While "downside risks" to the outlook have diminished, "the tightening of financial conditions observed in recent months, if sustained, could slow the pace of improvement."

The rate on 30-year home loans averaged 4.57 percent in the week ended Sept. 12, close to the highest level since July 2011, according to data from McLean, Virginia-based Freddie Mac. The rate, which had been as low as 3.81 percent at the end of May, has been rising since Fed Chairman Ben S. Bernanke that month indicated the central bank may slow asset purchases.

The jump in mortgage costs is unlikely to halt the nation's housing recovery, Red Bank, New Jersey-based Hovnanian Enterprises Inc. (HOV) said. The company reported a profit for its fiscal third quarter as net contracts climbed 1.8 percent and the contract backlog, an indication of future sales, jumped 18 percent to 2,893 homes.

The company is confident any hesitancy from its customers caused by the jump in borrowing costs "will be a temporary bump in the road to housing recovery," Chief Executive Officer Ara Hovnanian said on a Sept. 9 conference call with analysts.

Windermere Lets Homebuyers Search by Drive Time

(Source: Seattle PI - August 13, 2013)

A sample Drive Time search, showing homes within 15 minutes of Seattle City Hall, with at least three bedrooms, listed for \$500,000 to \$600,000.

Following up on its addition of drive times to listings in May, Windermere Real Estate just added the ability for prospective homebuyers to search for listings based on commute time.

"With traffic only getting worse, an acceptable drive time to work is moving up the list of 'must-haves' for a new home," Kevin Foreman, general manager of GeoAnalytics, for INRIX, which provides the searcher feature, said in a news release.

People can type in the address of their destination, what time they want to arrive and how long they are willing to spend on the road, and then INRIX maps an area that will work. Windermere shows listings in that area based on price, bedrooms, bathrooms and other search parameters.

"We believe Windermere's new 'Search by INRIX Drive Time' is going to revolutionize how buyers search for homes online - especially in high-traffic, metropolitan areas," Windermere Real Estate President OB Jacobi said in the release. "We already know that commuting is a critical factor for 73 percent of buyers, and now they can filter their search results based upon drive time criteria, just as they do for price, number of bedrooms, and other important attributes."

INRIX said it calculates drive times by analyzing "billions of real-time data points from a unique combination of sources ranging from road sensors to

real-time traffic speeds crowd-sourced from the company's own network of millions of vehicles and devices" and accounts for such factors as day of the week, season, holidays, weather, accidents and construction.

Soaring Rents Force Lifestyle Changes

(Source: *Seattle Times*, August 24, 2013)

Rising rent is forcing many to reexamine lifestyle choices and, in some cases, move out of Seattle altogether. Developers know the idea of shuffling furniture and heavy boxes into a new apartment is especially unappealing around the holidays, Seattle's rainiest time of year.

For renters and homeowners, market forces are permanently altering the familiar face of many neighborhoods. While wealthy newcomers are helping to revitalize neighborhood business districts, the reality is that many renters, saddled by stagnant wages, are being forced to reexamine lifestyle choices and, in some cases, move out of Seattle altogether. Low housing inventory, a growing population of young tech-company workers and changing attitudes about when to buy a home are all contributing to rent increases throughout the Seattle metro area.

Widespread increases are evident in rent statistics from Zillow, an online real-estate database: In the last two years, the median rent for Seattle studio apartments has gone up \$434 in Wallingford, \$419 in Capitol Hill, and \$306 in Ballard. Outside of Seattle, median studio rent increased over a two-year period by \$423 in Bellevue, \$361 in Federal Way, and \$295 in Everett.

Recent rent increases can be blind-siding. With 60 days' notice, Seattle landlords can legally increase rents as much as they want. Renters have flooded the Tenants Union of Washington State hotline in the last year, shocked at getting monthly rent increases of \$300 and more.

What's fueling rent increases most is development itself, said Jonathan Grant, the Tenant Union's executive director. If almost all new units cater to wealthier tenants, he said, increasing supply is no path to getting rents to go down or even level off. "The reality is that these units are high-cost, and often these were taken out of affordable-housing stock," Grant said. "That's why you see this theory of supply and demand being turned on its head." Small spaces in dense neighborhoods...Smaller, more expensive units have become commonplace in the densest neighborhoods. The average monthly rent for all unit types on Capitol Hill — \$1,395, according to an industry-analysis firm, Apartment Insights — buys about 500 square feet in some buildings.

Those who need a cheaper place to stay in the city can look for in-law units, converted garages or shared housing situations that can be found on websites such as Craigslist. But even those can be expensive: One reader who responded to our online questionnaire said she was renting a converted garage of less than 400 square feet in Phinney for \$1,000 a month.

Many have been bypassing those options for microhousing units, often called aPodments. Rent is around \$600 for those quickly multiplying units, which come as small as 150 square feet.

Several Seattle neighborhoods have railed against the proliferation of aPodment developments, saying that, on top of using legal loopholes to bypass design-review laws and public-comment periods, they attract transient tenants who aren't invested in their community's long-term quality of life.

Suburbs not much cheaper... Even a move out to South King County, the Eastside, Kitsap or Snohomish County isn't quite the escape from high costs of living that it used to be.

Christmas In Seattle Gift & Gourmet Food Show

Friday, Nov 8
10:00am to 6:00pm
Washington State
Convention Center

- Seattle's largest Christmas Gift & Specialty Foods event.
- 16th Annual show in upscale downtown Seattle market.
- One of the nation's strongest economies.
- With over 400 exhibits and displays.
- Exciting entertainment and culinary program featuring local and regional chefs.
- Specialty foods to sample and buy, Artists In Action section, Santa and unique shopping experience.

Plenty of on-site & off-site parking at the convention center.

SEATTLE SPORTS SCHEDULE

SEATTLE SEAHAWK SCHEDULE

<http://seahawks.com/>

11/3	1:00 PM	V.S. TAMPA BAY
11/10	10:00 AM	AT ATLANTA
11/17	1:25PM	V.S. MINNESOTA

WASHINGTON HUSKY SCHEDULE

<http://gohuskies.com>

11/9	V.S. COLORADO
11/15	AT UCLA
11/23	AT OREGON ST.
11/29	V.S. WASH. ST.

Then there's the cost and inconvenience of commuting: If you take public transit, the chances that a route runs near your home are lower when you live in the suburbs. And, as King County Metro considers service cuts, those chances aren't improving. With any luck, transit fares won't continue to climb as much as they did between 2008 and 2011 — 80 percent.

“Real Estate Appraisals 101”

(Source: Windermere Blog, September 13, 2013)

Appraised value vs. market value

Appraisals are designed to protect buyers, sellers, and lending institutions. They provide a reliable, independent valuation of a tract of land and the structure on it, whether it's a house or a skyscraper. Below, you will find information about the appraisal process, what goes into them, their benefits and some tips on how to help make an appraisal go smoothly and efficiently.

The appraised value of a property is what the bank thinks it's worth, and that amount is determined by a professional, third-party appraiser. The appraiser's valuation is based on a combination of comparative market sales and inspection of the property.

Market value, on the other hand, is what a buyer is willing to pay for a home or what homes of comparable value are selling for. A home's appraised value and its market value are typically not the same. In fact, sometimes the appraised value is very different. An appraisal provides you with an invaluable reality check.

If you are in the process of setting the price of your home, you can gain some peace-of-mind by consulting an independent appraiser. Show him comparative values for your neighborhood, relevant documents, and give him a tour of your home, just as you would show it to a prospective buyer.

What information goes into an appraisal?

Professional appraisers consult a range of information sources, including multiple listing services, county tax assessor records, county courthouse records, and appraisal data records, in addition to talking to local real estate professionals.

They also conduct an inspection. Typically an appraiser's inspection focuses on:

- The condition of the property and home, inside and out
- The home's layout and features
- Home updates
- Overall quality of construction
- Estimate of the home's square footage (the gross living area "GLA"; garages and unfinished basements are estimated separately)
- Permanent fixtures (for example, in-ground pools, as opposed to above-ground pools)

After considering all such information, the appraiser arrives at three different dollar amounts - one for the value of the land, one for the value of the structure, and one for their combined value. In many cases, the land will be worth more than the structure.

TESTIMONIAL

September 2, 2013

Dear Roger,

We want to thank you for helping us get the most for our house. You were instrumental in getting our house ready to sell. We could not have finished our house to the high standard we wanted and the market demanded without your level of expertise and the connections you possess. From getting help with contractors, staging, landscaping, and presentation, to working with the buyers agent, you were vital and essential to supporting our interests. Your ability to wait for the best offer, being available and responsive to our questions and concerns, being a calm and considerate voice in all the many choices we had to make, really made all the difference between you and any other agent we have worked with. You were instrumental in facilitating the largest transaction of our lives smoothly and beneficially. We are very grateful for our help and attention.

Thank you!
Amy and Archie Easton



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