



The Tri-City Association of REALTORS®

# THE OUTLOOK FOR TRI-CITIES REAL ESTATE IN 2012



# Presenter



- Paul Roy
- Immediate Past President of TCAR
- Over 19 years as a REALTOR®
- Designated Broker/Manager of Coldwell Banker Tomlinson Associated Brokers

# Who We Are...



**Lola Franklin, CEO**

- Established in 1956
- Represent more than 650 brokers and firms who practice real estate in the Greater Tri-Cities area
- Real estate fields include... residential, commercial, new construction, luxury homes, land, ranch & farm, multi-family and more...

# 2012 Leadership Team

- Officers

- President... Nate Biehl
- President-Elect... Sheri Richards
- Vice-President... Wayne Langford
- Secretary/Treasurer... Ken Poletski
- Past-President... Paul Roy



# Real Estate... it's been a hot topic!

- Without a doubt real estate has been a hot national topic – from the boom to the bust.
- Tri-Cities was the fourth fastest growing metropolitan area in the Northwest as of several years ago...
- Pasco grew by roughly the same 15, 000 residents as Seattle did over the same 5 year period.



# Real Estate... it's been a hot topic!

- Although our area had phenomenal growth our appreciation rate was more modest than areas like CA, NV and FL.
- The State of Washington only showed an average appreciation of 25% during the same 5 year period that CA experienced 100% (and CA just kept going, for a while)
- This slower appreciation has helped preserve our sales prices during a time of rapidly falling prices in other areas.
  - In fact, Veros ranked us 2<sup>nd</sup> most likely for homes to retain value or increase in 2011. Which is borne out by the increase in the average residential sale price in the TCAR MLS for 2011
- About a \$2k increase in average sales price 2010 to 2011
  - National Average of \$250k – our recent average \$198k



<http://www.veros.com/newsroom/press-releases-archive/press-releases-2010/40-of-major-metro-areas-can-expect-to-see-property-appreciation-in-2011.aspx>

# But better does not mean untouched...



- Changing lending guidelines
  - Changing appraisal standards
  - Foreclosures
  - End of the Home Buyer's Tax Credit – caused ripples
- 
- Short-sales
    - Banks are overwhelmed and processing slowly, by consumer standards.
      - (Sales where mortgage holder agreed to receive less than amount owed on loan)
  - Falling prices elsewhere decreased our affordability index
  - Buyers couldn't sell their homes in other areas, like Vancouver, WA – hard hit area.

# Washington is last to the party...



- Washington State is typically one of the last into a recession and first out – this is particularly true with housing sales
- Typically Washington is behind national trends by about 12–18 months in housing.
- Real estate sales typically lead the economy out of recessions
- Housing sales have held strong in the Tri-Cities even as sales have picked up around the nation.

# Local factors in Real Estate 2011

- One of the largest adverse local factors in real estate sales for 2011 was the layoff at Hanford – ranging from about September to November
- The other was the lack of first-time home buyer homes. Much of the inventory was cleared during the tax credit, which led to a shortage of this necessary first step in a very important sales transaction chain



First Time Home Buyer >

Move-up Home Buyer >

Downsizing or Transferring Home Buyer

# 2012 is looking bright!

Factors favoring the Tri-Cities should help make 2012 a strong year for real estate in our community.



- Historically low interest rates
- Desirability of mild-four season climates – like the Tri-Cities!
- High education standards and relatively low cost of living
- Access to recreational opportunities, higher education and performing arts.
- Tri-Cities ranked the 11<sup>th</sup> “geekiest” community in the nation according to a recent Forbes study – right behind number 10 – Seattle.
  - This is important with the rise of the telecommuter and computer-commuters. It brings the Tri-Cities onto the list of available communities for this group.

# Do you hear the *Echo*?

*The Echo Boomers are the children of Baby Boomers who were born since 1981*



- We are entering a new era in real estate. The next big boom is already here.
- There are 1.87 Echo-Boomers for every Baby-Boomer.
- They are fiscally conservative and already buying homes.
- They believe in “pathway”, which for many includes owning a home or investment real estate.
- Are looking for what Tri-Cities has to offer, jobs, education, recreation and affordability

# Baby Boomers are down sizing...

- Many of the baby boomers are down-sizing and emphasizing quality of life and recreation – less maintenance and expense
- Others are purchasing two family home solutions – 2 kitchens, 2 master bedrooms; to accommodate elderly parents and/or adult children with grandchildren (frequently childcare sharing arrangements)
- Due to longer life spans, baby boomers are just now coming into inheritance that many analysts originally thought would have been as much as a decade sooner.
- Tri-Cities is the safe, affordable community with access to great health care that they are looking for.



# Tri-Cities is a Good Place to Live and Work



The Tri-Cities business community's efforts to grow and expand the our region are paying off. The Tri-Cities remains one of the most stable areas in the nation for real estate values.



Thank you for your time and attention...

**REALTORS® ARE PROUD TO BE A PART  
OF OUR COMMUNITY**