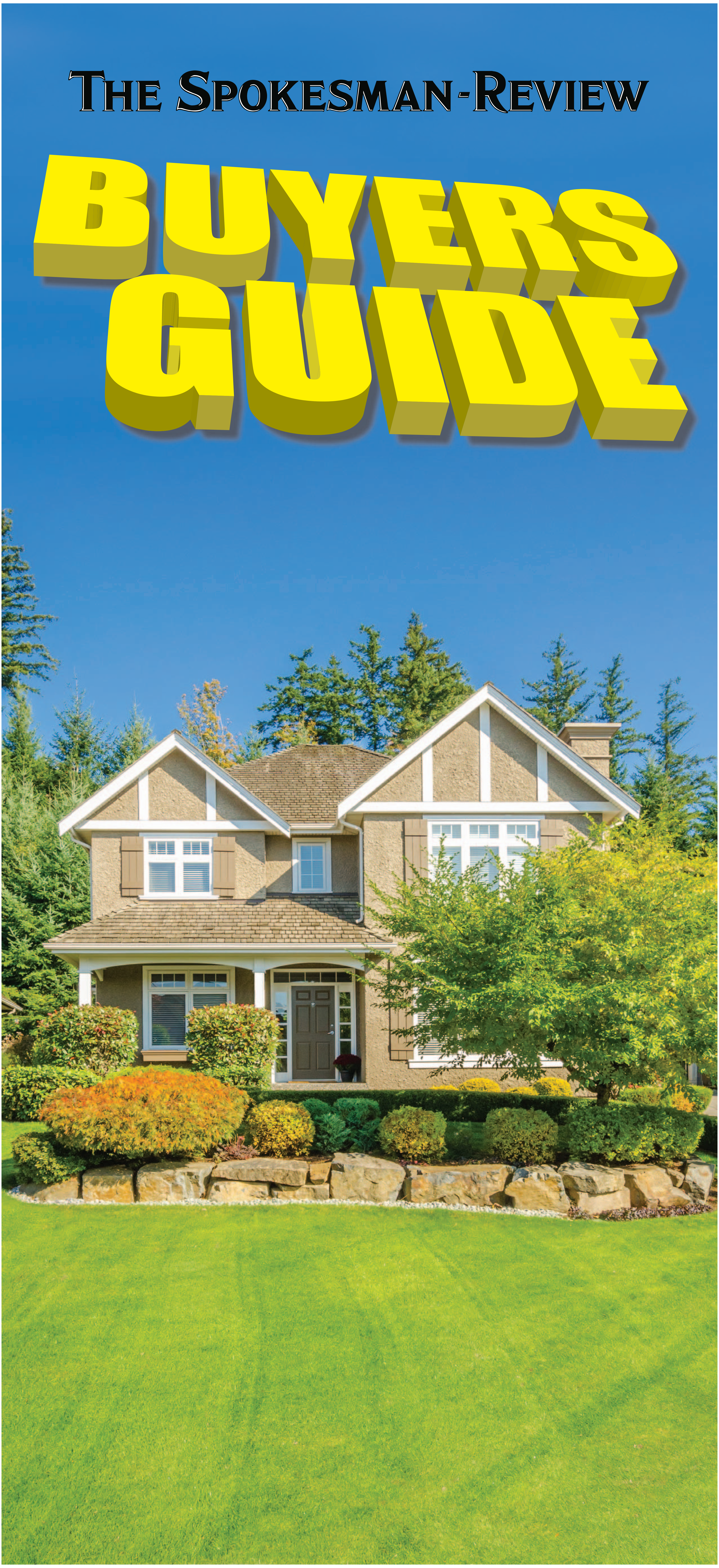
Home Sellers/Buyers is a supplement to The Spokesman-Review



THE SPOKESMAN-REVIEW
BUYERS GUIDE

8 REASONS TO WORK WITH A REALTOR® WHEN YOU'RE BUYING

Experts can help with the purchase process

By **Eric Etzel**
Spokane Association of Realtors

Leading with expertise. Following a Code of Ethics. REALTORS® make a real difference.

Perhaps you've seen these words on billboards around the Spokane area this spring. The signs are part of a new REALTOR® advocacy campaign to help buyers and sellers appreciate the value a REALTOR® brings to a transaction.

Why use a REALTOR®?

Real estate transactions involve one of the biggest financial investments most people experience in their lifetime. Accordingly, it is essential to work with a knowledgeable and trusted professional. There are many factors to consider when buying or selling a home and a REALTOR® can offer invaluable insight - insight that may save you a great deal of money - or save you from a terrible mistake. Real estate transactions can be complex; a REALTOR® can make a difference.

Why work with a REALTOR® when you're buying?

1. Act as an expert guide. Buying a home typically requires a variety of forms, reports, disclosures, and other legal and financial documents. A knowledgeable real estate agent will know what's required in your market, helping you avoid delays and costly mistakes. Also, there's a lot of jargon involved in a real estate transaction; you want to work with a professional who can speak the language.

2. Offer objective information and opinions. A great real estate agent will guide you through the home search with an unbiased eye, helping you meet your buying objectives while staying within your budget. Agents are also a great source when you have questions about local amenities, utilities, zoning rules, contractors, and more.

3. Give you expanded search power. You want access to the full range of opportunities. Using a cooperative system called the multiple listing service, your agent can help you evaluate all active listings that meet your criteria, alert you to listings soon to come on the market, and provide data on recent sales. Your agent can also save you time by helping you winnow away properties that are still appearing on public sites but are no longer on the market.

4. Stand in your corner during negotiations. There are many factors up for discussion in any real estate transaction—from price to repairs to possession date. A real estate professional who's representing you will look at the transaction from your perspective, helping you negotiate a purchase agreement that meets your needs and allows you to do due diligence before you're bound to the purchase.

5. Ensure an up-to-date experience. Most people buy only a few homes in a lifetime, usually with quite a few years between purchases. Even if you've bought a home before, laws and regulations change. Real estate practitioners may handle hundreds or thousands of transactions over the course of their career.

6. Be your rock during emotional moments. A home is so much more than four walls and a roof. And for most buyers, a home is the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on the issues

See **8 REASONS,** page **7**

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FAMILY MATTERS

More Homes having Related Owners

By **Nina Culver**
Marketing Correspondent

There have always been multi-generational families that live together under one roof for a variety of reasons, but it appears to be an option that more people are exploring as home prices continue to rise.

"It's an affordability issue," said broker Keri McCombs of Haven Real Estate Group.

It's not unusual for elderly parents to live with their children so their children can care for them, McCombs said. But now younger parents and their children are moving in together because having the incomes of two families is needed to buy a home. In some cases, the older generation is also providing childcare for their grandchildren, she said.

"The cost of childcare is just insanely expensive," she said. "It's also happening for that reason."

But buying a home that can accommodate multiple generations isn't a simple task. Some homes have mother-in-law setups, often in the basement, that include a bedroom, living area, bathroom and a small kitchen. Some, but not all, have a separate door to the outside for easy access. "It's not super common," she said.

Another option is what is called an accessory dwelling unit, whether it's a small guest house in the back yard or an apartment over the garage. However, accessory dwelling units haven't been popular because many people worry that they will decrease home values in the vicinity, McCombs said.

Realtors have been pushing for years to expand the use of accessory dwelling units, McCombs said.

"Historically, we have been met with resistance from the city of Spokane and Spokane County," she said. "It is (changing), but not as quickly as we need it. There's so many different factors at play." Despite the variety of benefits, multiple generations living together under the same roof is the only way some people are going to be able to afford to buy a home. The influx of new residents carrying cash to purchase a home has driven up prices to the point that 80 percent of the people living in Spokane County can't afford to buy a home, McCombs said.

"Regardless of what we do with housing, people will keep coming," she said.

Though multi-generational housing may now be a better option for some, it's still a challenge to buy a home that can accommodate that lifestyle, said Katie McDaris Marks, a Realtor with Exit Real Estate Professionals. "It's been difficult to find that kind of housing for years now," she said.

She said she's noticed an increase in clients looking at that option recently, but there's a supply problem. Not many of those homes have been on the market in the last year. "We had 47 houses that had some form of accessory dwelling unit," she said.

She had a client last year looking for a multi-generational home that couldn't find what they were looking for. In the end, the client bought a house they could afford with plans to modify it to meet their needs. "That was just a matter of price point," she said.

As of mid-April, there were only four homes with accessory dwelling units on the market, McDaris Marks said. "They're going really, really fast," she said. Though many people are looking for a home together so they can pool their resources to buy a home, that isn't always the case for a family with an elderly family member that needs care, she said. The older family member may not be able to contribute to the purchase of the home.

With the shortage of multi-generational housing, McDaris Marks recommends that people be flexible and think outside the box. Above all, people need to realize that finding the right home is a process. "It might take a while," she said. "It may be really quick. You just never know."

It might be best to buy a home that you like and then modify it how you want it, much as her client did last year, McDaris Marks said.

"It might not be perfect, but hopefully you can make it into something perfect," she said.

HOW THE PANDEMIC HAS CHANGED NEW-HOME DESIGN

By **Zach Wichter**
Bankrate.com

It goes without saying that the pandemic changed a lot about the way we all live our lives. The ability (and in some cases, necessity) of attending work and school from home, coupled with restrictions on what we could do out in public, meant that our houses had to do more for us than ever. As homeowners reprioritized their spaces, builders and architects have needed to change the way homes are designed.

New-construction homebuyers want more space

The biggest change is the footprint of new-build homes. "Buyers want more square footage," says Rose Quint, assistant vice president for survey research at the National Association of Home Builders (NAHB).

Quint explains that the average size of newly constructed homes tends to be cyclical. It had been trending downward since it last peaked at around 2,700 square feet in 2015. In 2020, however, that trend started to reverse. After sinking to around 2,450 square feet, new home sizes are rising again and averaged 2,561 square feet in the first quarter of 2022.

Architects are placing new importance on entryways

A desire for more room isn't the only home design trend that's emerged since the pandemic, according to Donald Ruthroff, principal at Dahlin Group Architecture in California. "People are looking for their home to be a safe space, to be more functional than it was," Ruthroff says.

That increased functionality starts right at the front door: The pandemic led to a resurgence in the popularity of foyers and vestibules at the main entryway.

Secondary entrances, like a back-door mudroom more often used by the family, saw a makeover, too. In particular, the so-called drop zone where shoes, coats and bags often get dumped had to morph in response to homeowner demands.

Flexibility is now an interior design trend

Further inside the house, people also looked to make the existing space do more.

"We really talk about design changing in terms of the house not getting bigger, but looking at every square inch of the house and making sure it's functioning to its most efficient," Ruthroff says.

From glass doors that create an office space out of a nook in the living room to furniture solutions that help spaces function better, innovative solutions of all kinds have received increased interest over the last few years.

Did the pandemic kill the open floor plan in new homes?

Even as people need their space to do more, the open floor plan remains popular with homeowners and buyers. Quint says that in a recent NAHB survey, about 34 percent of remodelers reported working on projects aimed at making floor plans more open. Only 2 percent said they had work that created more isolated spaces.

Ruthroff agrees. "The open floor plan is not going away," he says. "But we are creating opportunities for spaces adjacent that are connected, but not fully connected."

One futuristic solution that's just starting to get attention, he adds, is movable walls. "We're seeing some arrival of flexible wall systems that will provide the ability to wall off or change the floor plan," he says. "That's still a few years off in its real application, but I think that's coming."

Bottom line

The pandemic has changed what people need and want in a home, and builders and architects are responding with new, more adaptable floor plans. From more outdoor space to increased flexibility inside, home design is shifting to meet the demands of the moment.

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BUYERS GUIDE

HIGHER MORTGAGE RATES AREN'T STALLING HOME PRICES – HERE'S WHY

By Zach Wichter
Bankrate.com

Gail Maitland and her husband have been house hunting in the Syracuse, New York, area since the fall. She tells Bankrate it's been a dispiriting experience so far.

"It really is a shocking situation that we find ourselves in because we really have to make some deep concessions in what we want in a home," she said in a recent interview. "Looking at the home prices over the last five years, the same home that's going for $300,000 now went for like $190,000 in 2017."

All across the country, home prices skyrocketed during the pandemic, rising an average of 20 percent between February 2021 and February 2022, according to CoreLogic.

While experts expect a variety of factors – including rising mortgage rates – to slow that growth this year, buyers still need to be prepared to compete in a strong seller's market with prices that just keep rising.

What's going on with mortgage rates?

Along with climbing home prices and tight inventory, one of the biggest variables hampering housing affordability right now is rising mortgage rates.

At the start of the year, average interest on a 30-year fixed loan was hovering around 3.5%. In recent weeks, however, that number has shot up to nearly 5%, driven by Federal Reserve policy and rising inflation.

But taking the long view: While a rise of 1.5 percentage points may be a lot for buyers to stomach right now, even a 5% mortgage rate is a relatively good deal.

"Mortgage rates are still historically low," said Nadia Evangelou, senior economist and director of forecasting at the National Association of Realtors. "The historical average rate on a 30-year fixed mortgage is 8%."

Evangelou expects inflation to taper off by the end of the year, and for mortgage rates to stabilize somewhat as a result. She predicts that the overall average mortgage rate for 2022 will be about 4.5%. As recently as February, the Mortgage Bankers Association also predicted that mortgage rates would be between 4.0 and 4.5% for the majority of this year.

What does that mean for prices?

So far, prices keep going up even as mortgage rates rise, though more slowly than they did last year. Maitland has seen that trend firsthand in the six months she's been in the housing market.

At the beginning of her search, "a house in one neighborhood would list for $230,000, (then) would go for $265,000," she said. "Now houses in the same neighborhood are being listed for $240,000 to $260,000 and they're going to go for $280,000 to $300,000."

Most experts expected home prices to rise more slowly this year than last and are not surprised that they are continuing to increase, even with mortgage rates moving upward.

"The mortgage market is not at this point putting a ceiling on housing prices and housing demand," said Susan Wachter, professor of real estate at the Wharton School of the University of Pennsylvania.

Wachter's latest forecast predicts that home prices will rise around 8% to 12% this year, though that pace could slow even further if inflation tails off.

As property prices keep going up, more buyers are likely to be pushed out of the market. Evangelou said nearly 13 million households are expected to be priced out of homebuying this year. A year ago, a buyer would need approximately $61,400 in income to afford a median-priced home. Now, Evangelou said, a buyer needs around $82,000 to afford a home at the median price.

For millennials, the largest homebuying age group currently, that shifting ground has resulted in about a 15% dropoff in eligible buyers, Evangelou said.

Is this a housing bubble?

Since 2008, any volatility in the housing market has led to worries about the possibility of a crash. Most experts say that's unlikely in the current economic environment.

"That doesn't mean housing prices don't have the potential to fall; they do, and I'm certainly not forecasting this, but if we were in a recession that was a significant recession at the same time that interest rates were increasing, housing prices could flatten and then they could fall," Wachter said, adding that the Fed is expected to tailor its policies in a way that will lead to a slow deceleration of home price growth, rather than an outright decline.

For homeowners, there is less fear of a bubble because prices ran up so much in the last few years that most have a significant equity cushion, even if property values do drop somewhat.

"I expect housing demand to cool off and the housing market to slow down in 2022. This is a good thing – we want to see a healthier and more predictable housing market," Evangelou said, predicting about a 5% decrease in sales this year. "There's going to be a drop in home sales in 2022 compared to 2021, but compared to 2019, it will still outperform."

Bottom line

Rising mortgage rates so far are doing little to put downward pressure on home prices, but strong demand and a persistent housing shortage means the cost to buy property keeps going up, albeit more slowly than a year ago. Buyers need to be ready for the crazy market they face, and make sure they fully understand their budget – and be prepared to adjust it or make compromises – before entering the fray.

What Weather Can Make People Move

When severe weather events occur, they may be powerful enough to destabilize infrastructure or destroy homes. People are resilient, but a Freddie Mac survey showed a large percentage are concerned enough by severe weather to consider moving if it becomes more frequent in their area.

In a recent Freddie Mac Housing Outlook Pulse survey, we sought to gauge the public's level of concern about severe weather-related events impacting their homes. For this survey, we defined "severe weather-related events" as flooding, wildfires, drought, extreme precipitation and other similar events.

According to the survey, 48% of respondents are extremely or somewhat concerned about severe weather-related events affecting their home within the next five years.

In fact, a majority of respondents (56%) would be extremely or somewhat likely to consider moving if severe weather-related events became more frequent around their home. This could create economic challenges in areas more at risk for storms or natural disasters.

Which weather events are the most concerning?

Extreme weather events come in different forms, and survey respondents identified both which events have already disrupted their daily lives and those they are most concerned about in the next five years.

If the event is serious enough, the next hurdle homeowners and renters must deal with is the recovery, financially and otherwise. Survey respondents identified their primary concerns if a severe weather-related event were to occur, which included the following:

Losing my home	18%
Paying for repairs	15%
Finding a temporary place to live	11%
Losing possessions/items in my home	11%
Finding a new permanent home	10%

Severe weather can place financial and emotional strain on homeowners. If the frequency and severity of these events continue, it may cause many homeowners to reconsider their housing situation entirely.

Freddie Mac's Market Insights team partners with Heart+Mind Strategies to field its housing outlook pulse survey. This survey, conducted online Nov. 11-22, 2021, included 1,126 interviews. Quotas were used to ensure a representative population of age, gender, ethnicity and region.

Extreme rain/flooding	24%	30%
Extreme cold	24%	24%
Hurricanes/strong winds	20%	27%
Extreme snow/ice storms	19%	24%
Extreme heat	18%	24%
Hail	16%	15%
Tornados	13%	22%
Blizzards	12%	15%
Drought	11%	15%
Earthquake	8%	12%
Wildfires	8%	13%
Storm Surge/Coastal flooding	6%	10%
Dust storms	3%	5%
Landslide	3%	2%

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'SHOULD I RENT OR BUY?'

Current home value, rent prices changing classic question

By **Nina Culver**
Marketing Correspondent

As home and rent prices have skyrocketed in tandem, it has put a kink in the normal arguments over whether it is better for people to buy or rent. With rising interest rates on the horizon, the new answer seems to be buy now – if you can.

High home prices have made it difficult for home buyers, particularly first-time buyers, to purchase a home. Bidding wars have meant that people lose out on the home they put on offer on repeatedly. Others worry that a market crash is coming and don't want to buy at the peak, said Keri McCombs, a broker with Haven Real Estate Group.

"People are so worried that if they buy now, homes will lose value," she said.

The Federal Reserve Board has already announced that they plan to make several interest rate hikes this year. They typically raise it by a quarter to a half percent at a time, McCombs said, but every 1 percent increase in the interest rate can mean hundreds of dollars a month more for a mortgage.

She recommends buying now to lock in the lower interest rate. "We know interest rate increases are coming," she said.

McCombs said that she recommends that if someone can afford to buy now, they should. "If you don't buy within the next six months to a year, you're going to be a lifelong renter," she said.

The issue is that while interest rates are going up, McCombs also expects home prices to continue to rise. Prices usually rise between 3 and 5 percent a year, but lately they've been going up 2 percent a month, McCombs said.

She expects rising prices to eventually moderate, but she said she doesn't expect a huge crash in home values like in 2008.

"The likelihood of that happening is slim," she said. "At that time, there were a lot of different factors."

Even if people decide that they can't afford to buy and need to continue to rent, there's an issue there as well. Demand for apartments is high since the people priced out of the home buying market are pushed into the rental market. That lack of availability has pushed up rental prices as well.

"If they can't buy a home, then they have to stay in the rental market," said James Young, director of the Washington Center for Real Estate Research at the University of Washington. "People can't go anywhere else but the rental market right now."

Of course, the best way to combat rising rental costs is to buy, said Young. "A 30-rate fixed rate mortgage is the best rent control there is," he said.

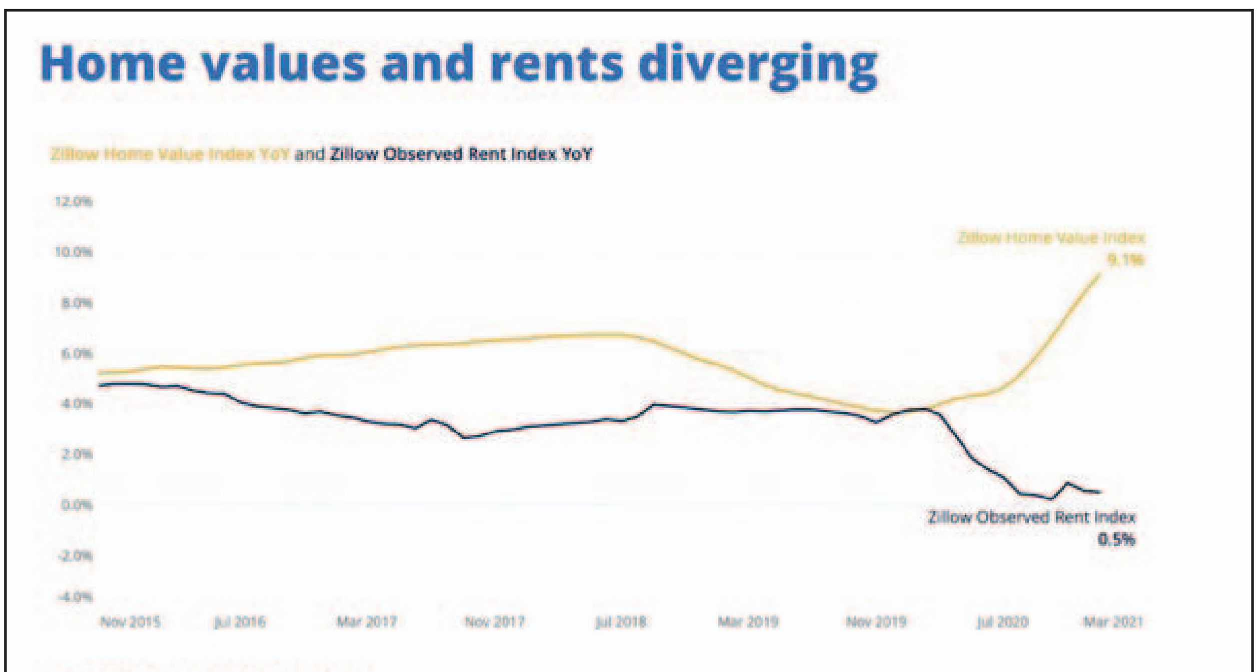
These days a mortgage and rent might cost close to the same amount, Young said, but even if the price is the same, renting would be less money. "In many cases it's still cheaper because you don't have the maintenance costs," he said.

McCombs said that 80 percent of Spokane County residents can no longer afford to buy a home, as cash buyers moving into the area snap up the available homes. "We've been underbuilding homes for 15 years," she said. "It's a supply and demand issue."

The number of homes affordable for first-time home buyers has plummeted, Young said. Those buyers used to be able to afford about 40 percent of the homes on the market. "Right now that's somewhere around 11 percent," he said. "The truth is, there's nothing to purchase. It all comes down to supply."

Grant Forsyth, chief economist at Avista Corporation, said it's clear that prices will continue to rise, driven up in part by people moving in from out

See RENT OR BUY, page 7



Source: Zillow Home Value Index.

Remote Working, Commuting Time, Life Events All Affect Home Buyers' Decisions

By **EARLENE K.P. DOWELL**
Census.gov

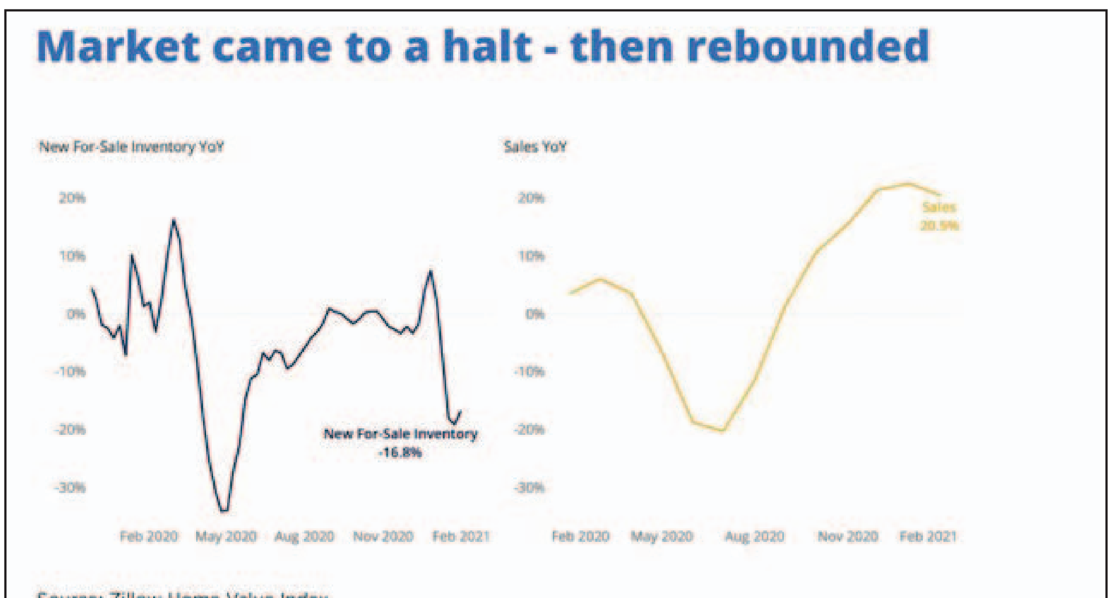
The housing market came to a screeching halt in March 2020, when much of the nation shut down in response to the COVID-19 pandemic.

But the summer rebound, when many strict lockdown measures were lifted, was big and fast and revealed new homebuying patterns: Americans, many now used to working remotely, began buying farther away from some cities and traditional job centers.

During a U.S. Census Bureau Local Employment Dynamics Webinar earlier this year, economists from real estate firm Zillow showed how pairing Census Bureau data with Zillow data revealed the impact of the pandemic on housing market trends.

Among stats cited: the Census Bureau's Longitudinal Employer-Household Dynamics (LEHD), Origin-Destination Employment Statistics (LODES); the 2018 American Community Survey (ACS) 1-year estimates; and the Current Population Survey (CPS), sponsored jointly by the Census Bureau and the U.S. Bureau of Labor Statistics (BLS).

See REMOTE WORKING, page 7



Source: Zillow Home Value Index.

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THE ADVANTAGE OF VA LOANS

By **Dan Webster**
Marketing Correspondent

Myths surround us. Whether they come from family gossip, some form of social media or a popular TV news channel, they demand to be believed. But they aren't always true.

Take the some of the myths involving home loans offered by the Veterans Administration. For example, this one: veterans can use their VA home loan only once.

Untrue. Mark Warrilow is adamant about this. Warrilow, a real estate agent licensed in Virginia – and a Navy veteran himself – is featured in an online conversation with Leslie Rouda Smith, 2022 president of the trade organization the National Association of Realtors (NAR).

"I have veterans who tell me, 'I've already used my VA (loan) so I can't use another one,' " Warrilow says. "They don't understand it's a life-long availability to them."

Spokane-area agent Mackenzie Huff, who works out of Windermere Realty's West Plains office, is even more adamant. "If you paid the first VA loan off, as long as you didn't default or anything like that, you could continue to use that VA loan throughout your life," she says.

Here's another myth: VA home loans take a long time to process.

Again, according to John E. Bell II, this is untrue. Bell has a long title: Acting Executive Director, Department of Veteran Affairs, Loan Guaranty Service. As such, as well as the fact that he has used the service himself five times, he has an insider's insight.

In the same NAR conversation with Smith and Warrilow mentioned above, Bell says that when he went to work for the VA in 2010 the average wait for veterans looking to earn eligibility for a VA loan was 26 days.

"Issue eligibility now 90 percent of the time is less than 24 hours," Bell says. "And 48 hours? We're up in the middle 90s."

Again, Huff agrees. And she points to a transaction that she oversaw in February as a case in point: The deal, she says, "closed in 18 days – contract to close." She admits this might have been an irregular case. But, she stresses, "It all depends on how you write things up, how you approach things."

Of course, some aspects of a VA home loan that seem disadvantageous aren't just myth. Some involve simple reality. One is that for a number of reasons some sellers and their agents just don't want to face what they see as the hassle of dealing with the VA.

Bell, however, disputes that viewpoint. "The process of getting a VA loan is pretty much like any other loan," he says. "And that's the real misperception, that this VA loan is this program that makes you jump through all these hoops, that you don't have to for conventional lending. That's just not the case anymore."

Huff says part of the problem is the idea that "VA appraisers have been perceived as more conservative and slower (on) turn-around on transactions." But, she says, for her February deal, "I was able to get an appraiser out in a week."

Bell blames sellers and agents who "just don't understand the program." And he emphasizes the basic advantages for veterans seeking to acquire such a loan:

• No down payment is required. This, Warrilow explains, gives the buyer "the chance to have long-term financial security by being able to own a house and let that equity grow." Huff adds that especially "for a first-time home buyer, active-duty military, I think a VA loan is fantastic."

• Interest rates are competitive. "In most cases," Bell says, "the VA has the lowest interest rates for veterans."

• No mortgage insurance is required. Instead, the VA requires a one-time mortgage funding fee, which can be paid up front, be made part of the overall loan or paid by the seller. Furthermore veterans with service-related disabilities might be eligible for a fee waiver.

And there are other benefits, all of which an agent as informed as Huff will be willing to explain. She'll even explain why the negative myths regarding VA home loans still get passed on.

"Until people start doing transactions with VA loans and talking about them, and understanding the positives," she says, "then the negatives keep being passed down – despite their not being true at this point."

Nearly two-thirds of non-homeowners polled say affordability woes block homeownership

By **Jeff Ostrowski**
Bankrate.com

Home prices are still soaring. Affordability grows more challenging by the month. Even so, homeownership remains very much part of the American dream, a Bankrate survey finds.

Bankrate's Financial Security survey for March shows that Americans place a higher value on homeownership than on any other indicator of economic stability, including a successful career and a college education.

Meanwhile, Americans who have yet to achieve homeownership say the combination of soaring home values and rising mortgage rates are holding them back.

"Non-homeowners cite insufficient income, high home prices and not being able to afford a down payment or closing costs as the most common barriers to becoming a homeowner," says Greg McBride, Bankrate's chief financial analyst. "High – and rising – home prices can contribute to the feelings of not having enough income or savings accumulated to buy a house."

The coronavirus pandemic led many homeowners to reconsider their living arrangements, but most who responded to Bankrate's survey said their current home suits them just fine.

"Nearly three in four homeowners say they would still buy their current home if they had it to do all over again," McBride says. "Paying down debt, building savings and knowing the limits of what you can afford all provide the stable financial foundation on which no-regrets homeownership is built."

Homeownership is front and center in the American dream

Asked to rank the hallmarks of economic prosperity, 74% of Americans say they place the highest priority on owning a home. This milestone ranks above being able to retire (cited by 66% of respondents), having a successful career (60%), owning an automobile (50%), having children (40%) and getting a college degree (35%).

Viewing homeownership as part of the American dream is common in every age group, and it's the most-mentioned milestone among Americans 26 and older. Only Generation Z (ages 18-25) doesn't rank it in the top spot – but Gen Z still rates homeownership (59%) a close second to achieving a successful career (60%).

The tendency to cite homeownership as part of the American dream increases with age, from 59% among Gen Zers to 87% among seniors ages 68 and up.

Most homeowners would buy the same home again

Among homeowners, 72% say they would do it all over again – they'd buy their current home, even with the benefit of hindsight. Just 18% of homeowners would not, and 10% are undecided.

The sentiment is consistent across the country, ranging from 69% in the Northeast to 73% in the Midwest.

Those findings add nuance to what has been considered a nationwide scramble to move over the past two years. While remote work did indeed allow many Americans to move away from expensive housing markets, most, it seems, are content to stay where they are, according to Bankrate's poll.

Affordability is a challenge

As a result of skyrocketing prices, it's getting harder for Americans to afford homes. Just 54.2% of homes sold during the fourth quarter of 2021 were affordable to families earning a typical income. That number stood at 66% at the start of the pandemic, according to the National Association of Home Builders/

See **AFFORDABILITY,** page **7**

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8 REASONS

Continued from page 2

most important to you when emotions threaten to sink an otherwise sound transaction.

7. Provide fair and ethical treatment. When you're interviewing agents, ask if they're a REALTOR®, a member of the National Association of REALTORS®. Every member must adhere to the REALTOR® Code of Ethics, which is based on professionalism, serving the interests of clients, and protecting the public.

8. Set a good habit for the future

Most people will own three homes in their lifetimes. Working with a REALTOR® on your first one will set your awareness of, and expectations for, the transaction on the right path for success – this time, and the next time, and the next time. REALTORS® will be there for you for life.

(To learn eight reasons why REALTORS® can help you with selling, see article on Page 2 of Sellers Guide).

Eric Etzel is president of the Spokane Association of REALTORS®.

RENT OR BUY

Continued from page 5

of the area with cash in hand looking for homes that are more affordable than where they came from. The region has been attracting new residents at a rate higher than the national average, Forsyth said, and virtually all the population growth has come from people moving here.

"For a lot of people, it still looks affordable to be here," he said.

Both home prices and monthly rents have been increasing faster than people's incomes, he sa id.

"This has actually been the case for a while," he said.

Forsyth said he expects that status quo to last for at least the next 12 months.

"I don't necessarily see any relief from either home prices or rents," he said.

Construction is booming in Spokane County and many apartments are being built, but the effect isn't instant.

"I'm still seeing a lot of apartments being permitted, but it takes time to get those online," he said.

"That's going to bring some relief."

The rising interest rates may also help moderate home prices, Forsyth said.

"That is a factor here," he said.

"It's going to be interesting to see what the Fed is going to do."

REMOTE WORKING

Continued from page 5

New for-sale housing inventory improved during the summer of 2020 but failed to keep up with sales growth. In 2020, there were fewer houses for sale (Zillow's research data site) than in 2019, which created a home buying market with hyper-competitive conditions.

When Home Is Where the Work Is

Even before the pandemic, 2020 was expected to be a big home-buying year because of the wave of millennials reaching home-buying age. More than 72 million were in their 40s, the prime age to buy a home.

Then COVID-19 happened and many of these millennials found themselves working from home. Zillow found that nearly two million renters unable to afford homes in metro areas could now afford to buy farther out because they no longer had to commute to work.

As a result, many renters became homebuyers and home and rental prices diverged around the time the pandemic hit the United States.

But lower-income households more likely to rent were also more likely to have experienced job loss in hard-hit industries, such as retail trade, accommodations and food services.

Those facing financial pressures turned to alternatives, including "doubling up" or moving back in with their families, according to Zillow research. That shift, in turn, added to a decline in rental demand.

Did COVID-19 Change Cities?

Despite some concern that a pandemic-related mass exodus from metro areas was changing U.S. cities, cities are still very much alive and the housing market in some has even grown.

Zillow economists found pandemic's impact on where people live varied across regions.

To clearly define urban and suburban, the Zillow Group used a ZIP code classification system for urban, suburban and rural areas. It then combined them with Census Bureau variables, such as population density, age of housing stock and other variables.

In cities in the Northeast and West regions like New York and San Francisco, home value growth trailed the suburbs but the opposite happened in markets in the Midwest.

For example, home values surged the city in the Kansas City and Cleveland metro areas, where urban prices were relatively affordable.

Basically, it appears that people in larger, more expensive metros were not willing to pay premium prices for proximity to amenities that were no longer available during the pandemic, like restaurants, museums and theaters. But demand boomed in more affordable urban areas.

Connection Between Jobs and Homes

"It's important to call out the relationship between housing and jobs, and how intertwined these things are," said Nicole Bachaud, a Zillow economic data analyst who presented during the Census Bureau webinar.

"When an area gets an increase in jobs, people will move there to work putting pressure on the housing market, which will often result in an increase in prices."

According to a Zillow survey, most people are willing to commute 30 minutes one way and placed a lot of importance on the proximity of their home to their work.

One surprising finding: Pre-pandemic remote workers were more likely to buy in urban areas.

In 20 of the top 35 largest markets, over half of urban workers were reverse commuters. More than 70% of urban residents work outside of urban areas in markets like Orlando, Tampa and Riverside, Calif., according to the survey.

Metros that had higher urban growth in 2020 had a bigger share of reverse commuters in 2017. A metro area's share of reverse commuters can signal how it might fare during a pandemic because it reveals the slice of population willing and able to pay for and keep urban amenities.

The graph (see page 5) also shows that reverse commuters are not specific to one generation. Both the younger and older generation have been staying in metro areas like Charlotte, N.C., San Jose, Calif., and Washington, D.C.

Some people will continue to live in urban areas even without workplace proximity ties, according to Zillow.

In 2019, Zillow surveyed recent homebuyers who worked remotely at least one day a week. The findings: The ability to work from home part-time shaped their housing decisions including whether to move to a different home or location and/or remodel their home.

What Drives Housing Choices?

Most home buyers make the choice of where to buy based on affordability, amenities and major life events such as a new job, growing family or older kids moving out, says Treh Manhertz, a Zillow economist.

The mass shift to remote work — even part-time — is now another factor in homebuyers' decisions.

A May 2020 Zillow survey found that 75% of respondents working from home during the pandemic wanted to continue to telework at least half of the time even after workplaces reopen. If long-term remote work were possible, 66% of them said they'd consider moving.

Zillow also looked at renters in major U.S. metro areas who could afford to purchase a home outside of the metro areas, if allowed to telework.

Two million renters were on the tipping point – that is, earned enough to buy the typical U.S. starter home but not in their current metro location.

Teleworking

To estimate who can work remotely by industry and occupation, Zillow combined its data with ACS and BLS data. The combined data also provided the potential to examine teleworking by race.

- Industries more likely to offer a telework option include information; finance and insurance and real estate and rental and leasing; professional, scientific and technological sector; public administration; and educational services.
- Jobs in industries such as health care, transportation, construction and retail cannot typically be performed remotely.
- The number of Asian workers who are renters was higher in the finance and insurance, and real estate, and rental leasing industry.
- White renters made up a greater share of those who teleworked in industries like the professional, scientific, and technological sector, and public administration.
- Renters who could qualify to buy a home farther out can't make a move if they work in jobs that are least likely to allow teleworking.
- Black renters across metros were consistently more likely to earn enough to qualify for a mortgage if they worked remotely.

Working From Vacation Towns

Remote work has offered new housing options and inspired many to dream bigger and rethink where they see themselves living in the future.

Using ACS data, Zillow was able, for example, to identify vacation towns that have drawn teleworkers by looking at page views, favorites, "likes" and the number of times a visitor saved the URL of a vacation town's website.

Combining page views and "for sale" listings, Zillow found that vacation homes were up 50% in August of 2020 compared to the same month in 2019.

Although these metrics do not necessarily confirm that viewers of the websites are moving to vacation towns, they are in line with a 66% growth in pending home sales in vacation towns, a sign that some buyers were indeed making their dreams a reality.

Note: This story highlights analysis by Zillow economists featured in a recent U.S. Census Bureau webinar for data users. This analysis has not undergone statistical review and may not meet the Census Bureau's quality standards.

Earlene K.P. Dowell is a program analyst in the Census Bureau's Economic Management Division.

AFFORDABILITY

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of Home Builders/ Wells Fargo Housing Opportunity Index.

With home prices at record levels and the inventory of homes for sale hitting a record low in January, the affordability squeeze is tightening.

Among adults who don't own a home, the primary reasons are not enough income (43%), out-of-reach home prices (39%) and being unable to afford a down payment and closing costs (36%). Other reasons cited were poor credit (22%), simply not being ready (22%), mortgage rates that are too high (17%), lack of inventory of homes for sale (13%), and having too much debt (13%).

Some 14% of those who don't own a home indicate they never want to, regardless of circumstances.

Among those not owning homes, 44% of millennials pointed to home prices climbing too high while 44% of Gen Zers indicated they're just not ready to be homeowners. A lack of sufficient income was cited consistently across all age groups and was the most-mentioned reason among Gen Zers, Gen Xers and baby boomers. Among millennials, high home prices (44%) edged out lack of income (42%).

Gen Xers (27%) and millennials (24%) were the age groups most likely to say their credit scores fall short. Never wanting to own a home under any circumstances was lowest among Gen Zers (9%) and millennials (12%) as compared to Gen Xers

Continued AFFORDABILITY

(17%) and baby boomers (18%).

Many who can't afford homes are throwing in the towel

Homeowners and non-homeowners alike were asked to what extent they might go to find affordable housing. The most common response, cited by 42%, is nothing – they wouldn't be willing to do anything to find more affordable housing. Among the steps respondents would be willing to take, 27% would move out of state, 21% would buy a fixer-upper, 20% would move farther from family and friends, 13% would move farther from work and 11% would be willing to move to a less-desirable area.

Those not willing to make any changes in pursuit of affordable housing were most concentrated in the South (47%) and least prevalent in Western states (36%). Those in the West were most inclined to move out of state (33%), followed closely by those in the Northeast (31%). Residents of Southern states (22%) and Midwestern states (25%) were less inclined to relocate out of state.

Methodology

This survey is based on online interviews of the YouGov panel of individuals who have agreed to take part in surveys. Emails were sent to panelists selected at random from the base sample. Total sample size was 2,530 adults. Responses were collected March 2-4, 2022. Figures are weighted and are representative of all U.S. adults.

THE SPOKESMAN-REVIEW
BUYERS GUIDE

HOW TO AVOID MORTGAGE RELIEF SCAMS

Mortgage assistance and foreclosure relief scams target homeowners whose financial troubles put them at risk of losing their homes.

Criminals often use mail or email with designs, emblems, logos, or names that look or sound like government agencies to convince homeowners they can help.

How to spot a scam

Look for warning signs. You might spot a scam if the mortgage assistance or foreclosure relief scheme:

• Tells you to stop making mortgage loan payments. Doing that can hurt your credit score and limit your options.
• Charges up-front fees.
• Asks you to make your payments to someone other than your lender or servicer.
• Tries to get you to sign over title to your property—this is sometimes called a "rent to buy" scheme.
• Pushes you to sign papers or contracts that you don't understand.
• Pressures you to act immediately.
• Says they're doing a "forensic audit" of your loan.

Get real help, fast If you're having trouble paying your mortgage, HUD-approved housing counselors are available at no cost to you.

The counselor can help you:

• Work with your lender to avoid foreclosure
• Organize your finances
• Understand your mortgage options
• Find a solution that works for you

Foreclosure help facts:

Real government officials never ask for payment to help you.

Companies that offer mortgage assistance or foreclosure help aren't allowed to collect any fees up front. They can collect a fee only after they work out a deal you want to accept from your lender.

Learn more at **consumerfinance.gov** Visit **consumerfinance.gov/mortgagehelp** to get started. Don't make things worse

If you think you've been scammed, report it immediately. A mortgage assistance or foreclosure relief scam could cost you your home.

Submit a complaint Have an issue with a financial product or service? **Consumer Finance.gov** will forward your complaint to the company and work to get you a response— generally within 15 days.

*Online **consumerfinance.gov/complaint.** By phone (180+ languages) M-F, 8 a.m. - 8 p.m. ET (855) 411-CFPB (2372) (855) 729-CFPB (2372) TTY/TDD By mail P.O. Box 2900 Clinton, IA 52733-2900*