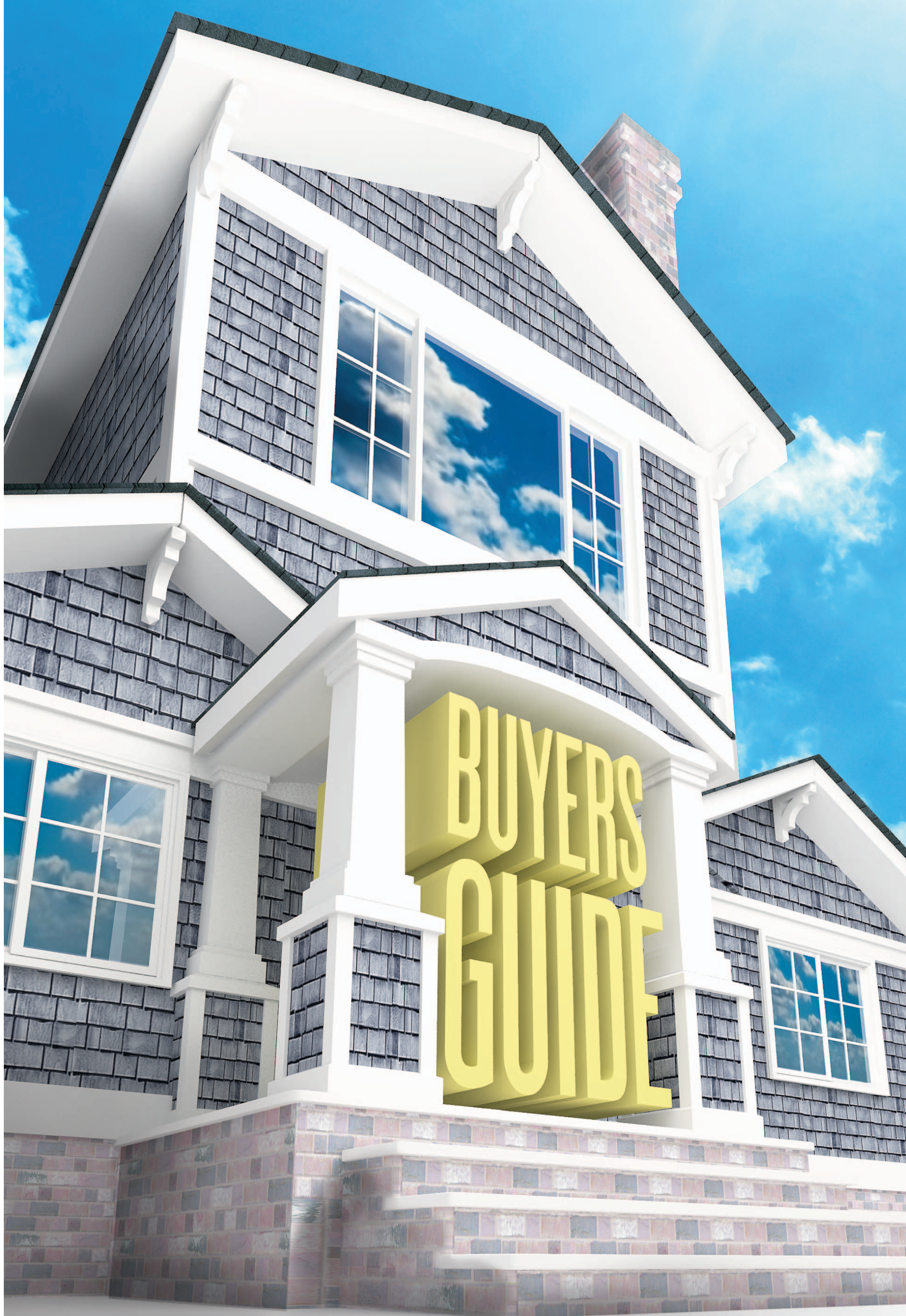


THE SPOKESMAN-REVIEW

SPOKANE AREA'S HOT SPRING HOUSING MARKET



INSIDE

NOW OR LATER?

Difficulty finding the right home may have you thinking about building new, but today's reality means deciding if it's worth the wait. Build or buy – both have pluses and minuses.

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IT'S TOUGH OUT THERE

As prime buying season gets underway, those searching for a home will find few houses on the market and plenty of competition when it comes offer time.

PAGE 3

COVID CHANGES THINGS

Buyers are wanting more – more square feet, more space indoors and more room outdoors – and sellers are adapting. Find out what to expect from the market.

PAGE 5

BIDDING WAR SURVIVAL

Transplants looking for affordability, mobility and livability are arriving with cash in hand. One home, several buyers, escalating offers. How do you win the battle?

PAGE 6

BUYERS GUIDE

BUY OR BUILD?

Market observers say both have advantages and disadvantages

By Amy Edelen
THE SPOKESMAN-REVIEW

As inventory of existing single-family properties in the Spokane area's competitive housing market has dipped to record-low levels, more buyers are considering the option to build their own homes.

"There's a gigantic influx of people wanting to build new homes due to lack of existing homes," said Corey Condron, CEO and owner of Spokane-based homebuilding company Condron Homes. "We are seeing a very high percentage of out-of-area buyers and they are coming from the I-5 corridor."

Building a new home gives buyers from Washington's West Side and others the ability to customize their budget, features and amenities, Condron said.

"You don't have to settle. Your budget is all you have to settle on. You get what you want, and get to pick out all the colors and amenities," Condron said. "That's a big advantage of building a new home."

Condron said maintenance expenses are typically lower for new construction, compared with existing homes that could require more upkeep.

"You are getting a brand-new home. You are 20 years down the road before you are looking at major expenses," he said.

New construction provides buyers with an array of options, but the homebuilding process brings its own set of challenges, such as increasing costs for land,



JESSE TINSLEY/THE SPOKESMAN-REVIEW

Airway Heights is experiencing an explosion of housing development. More buyers are considering building on their own properties rather than purchasing existing homes in Spokane's hot housing market.

lumber and labor.

Framing lumber prices have jumped more than 200% since April 2020, causing the average price of a new single-family home to increase by more than \$24,000, according to the National Association of Home Builders.

"We are also up against a very slim inventory of land to build on ... that's another factor constricting us," Condron said.

Homebuilders are wait-listing clients for new construction

because of extended building times caused by a shortage of skilled labor and the pandemic's impact on supply chains, Condron said, adding his company is transparent with buyers about building time frames.

The nationwide median sales price of new houses sold in February was \$349,400, according to data from the National Association of Home Builders. March data was not available at deadline for this story.

Although building a new

home takes longer than purchasing an existing home, buyers may be able to avoid bidding wars occurring in the existing single-family home market, Condron said.

"If you can find new construction, there's a chance you won't be competing with as many people. The downside is you have to wait to get your home built," Condron said, adding the homebuilding process can take more than a year.

While it could be beneficial

for some buyers to build their own homes, it might make more financial sense to purchase an existing home for others.

The median closing price for single-family homes on less than 1 acre was \$341,750 in March, according to data from the Spokane Association of Realtors.

"Existing homes are typically going to be a little bit less money per square foot," said Eric Johnson, president of the Spokane Association of Realtors. "A lot of times with buying an existing home, you have the landscaping included. The window coverings are there. There tends to be more things included in a resale home versus new construction."

Installation of fencing and landscaping could potentially add 5% to 10% to the cost of a new home, Johnson added.

A key benefit of purchasing an existing home is buyers can close on the property within 30 to 60 days, compared with waiting for more than a year to build and move into a new home, Johnson said.

Condron encourages buyers to research both options to figure out whether building a new home or purchasing an existing property is right for them.

"It doesn't hurt to test the waters and see what's out there," Condron said. "New construction will always be there. If you find an existing home, great. If you don't, take the step to see if you can build."

Amy Edelen can be reached at (509) 459-5581 or at amy@spokesman.com.

"It doesn't hurt to test the waters and see what's out there. New construction will always be there. If you find an existing home, great. If you don't, take the step to see if you can build."

Corey Condron
CEO and owner of Spokane-based Condron Homes



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Every detail of this amazing home is thoughtfully executed. Don't miss this south hill stunner!!

BUYERS GUIDE

Buyers can find a home with persistence

Spokane area’s homebuying season kicks off amid few available properties often attracting multiple offers

By Amy Edelen
THE SPOKESMAN-REVIEW

When Bethany and Caleb Alcamo began their home search in Spokane, the couple knew they wanted a property in a nice neighborhood with space to raise their family.

But they didn’t anticipate their search would span nearly three years.

The first-time homebuyers submitted dozens of offers on properties but were outbid repeatedly, prompting the couple to put their search on hold a couple of times before entering the market again this year.

“We’ve been renting a house for the last year and a half. Our family is still growing and we want to own our own place,” Bethany Alcamo said in early April. “We decided to start looking again. We’ve put in a couple of offers. We’re hopeful we can get something.”

The Alcamos are among several homebuyers facing intense competition in the hot housing market in Spokane, which is an area that has gained nationwide recognition for its quality of life, proximity to outdoor activities and relative affordability when compared with larger West Coast metro areas, such as Seattle and Los Angeles.

The rise of remote work during the coronavirus pandemic has further accelerated the trend of out-of-area buyers fleeing larger cities for midsize metros.

Realtors expect demand will continue to outpace the number of properties on the market during Spokane’s spring homebuying season, which is typically one of the busiest times of the year in real estate.

“I can’t imagine we’re going to experience a spring market that’s currently hotter than what we are in,” said Tom Clark, a broker with Kestell Co. Realtors and governmental affairs committee

chair for the Spokane Association of Realtors. “We are very restricted by the amount of inventory that we have.”

Spokane County’s median closing price soared to its highest level in history last month at \$341,750, a 17.9% increase over \$289,900 in March 2020, according to data from the Spokane Association of Realtors. The median closing price was \$325,000 in February.

Housing inventory in the county dropped to 209 properties in March, representing an 11-day supply of homes on the market. That means it would take 11 days to sell all available homes on the market. By comparison, the county had 592 homes on the market in March 2020.

Also in March, Realtor.com named Spokane the 10th-hottest housing market in the nation based on how fast homes are selling and how many page views each listing received on the Realtor.com website.

The national median existing home sales price was \$313,000 in February, up 15.8% from \$270,400 in February 2020, according to the National Association of Realtors. March data has not yet been released.

Buyers are competing against 10 to 12 offers and many are writing escalation clauses into their offer, allowing them to incrementally increase the amount they are willing to pay to avoid getting outbid, Clark said.

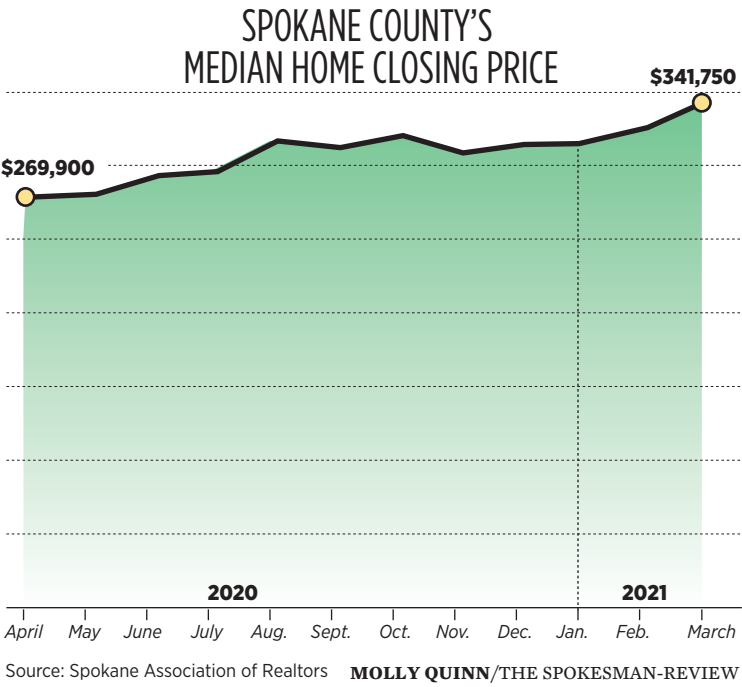
“There are more cash offers. Most of those are people coming in from outside the area,” Clark said. “We’re also seeing buyers getting more creative with their offers.”

There’s an uptick in the number of buyers including appraisal gap addendums in their offers that specify they will pay the difference between a lender’s appraisal on the home and the asking price.

Clark encourages elected offi-



Bethany and Caleb Alcamo speak with Realtor Tom Clark, center, in the house they are purchasing on the North Side. As with many properties on the market this spring, the seller received multiple offers.



cials to come up with solutions to reduce barriers to home ownership by addressing the county’s housing supply issue, which is

attributed to a variety of factors, including a shortage of new construction following the Great Recession.


The lack of supply issue is further compounded by skyrocketing prices for land, lumber and materials, in addition to new impact fees resulting from the state’s new energy code that could add \$10,000 to \$15,000 to the cost of an entry-level home, Clark added.

Although Spokane’s housing market is challenging for buyers, it’s a bright spot for sellers, said Jodi Mouchett, Spokane-based broker with John L. Scott Real Estate.

“Right now, if you are a seller, you are making good money. The asking price is kind of a starting point. It’s not really what it’s going to end at,” she said. “Sellers are cashing in on some well-deserved equity. Buyers are struggling. They are paying more for the house than the list price. It’s a tougher market for buyers, but it’s not completely impossible.”

Because homes are fetching thousands over asking price, it may provide an opportunity for sellers looking to move up in the

See **SEASON, 7**




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BUYERS GUIDE

Spokane, Coeur d’Alene among nation’s hottest markets

By Amy Edelen
THE SPOKESMAN-REVIEW

After Realtor Chad Oakland listed a home on the market earlier this year for clients moving from Coeur d’Alene to Colorado, the property had eight showings scheduled by 10 a.m. for the following day.

“In 30 years of selling, I’ve never seen a market like this,” said Oakland, who is also co-owner of Coeur d’Alene-based Northwest Realty Group.

The secret has been out for

years about the Spokane area’s quality of life and affordability compared with larger metro areas and proximity to outdoor activities.

Now, Coeur d’Alene also is gaining national attention.

Real estate website Realtor.com recently named Spokane the 10th-hottest housing market in March. Coeur d’Alene was ranked the 16th hottest last month after ranking in the top 10 the previous month.

Both cities were evaluated on how fast homes are selling and

how many page views listings received on Realtor.com’s website.

Manchester-Nashua, New Hampshire, was deemed the top housing market in March.

“Around the country, smaller outlying markets continued to rise in the rankings in March. While affordability tends to be a factor in driving homebuyer demand, the hottest markets saw median listing prices 18.9% higher, on average, than the national price in March,” Realtor.com’s hottest housing market report said. “This may reflect a willing-

ness of buyers to pursue pricier homes as they aim to lock in favorable mortgage rates, which have been increasing lately and are projected to keep climbing.”

The report indicated homes in Spokane remained on the market for a median 19 days. Homes in Coeur d’Alene were on the market for a median 23 days.

The median list price in Spokane was \$435,000 in Spokane and \$799,000 in Coeur d’Alene, according to Realtor.com.

Those numbers differ from the Coeur d’Alene and Spokane Mul-

tipple Listing Service data cited by local real estate agents because they likely don’t categorize sales by acreage or if they are waterfront properties.

In Spokane County, the median closed sales price for single-family homes and condos on less than 1 acre was \$341,750 in March, a 17.9% increase from \$289,900 in March 2020, according to data from the Spokane Association of Realtors.

Oakland, who recently opened

See **HOT, 7**



This three-bedroom, three-bathroom home in the Nine Mile area sits on 4.97 acres and was priced at \$900,000 this month.

COURTESY PHOTOS

WATERFRONT WITHIN REACH

Willingness to go a bit farther afield can get positive results

By Nina Culver
FOR THE SPOKESMAN-REVIEW

A tight housing market has led to higher prices and more competition for available homes, a trend that has carried over to waterfront homes.

But experts say there’s still a way for people to achieve their dream of having a lake home as long as they are willing to make a few concessions.

Bill Fanning, a Realtor with Century 21 Waterfront, recommends that people avoid popular lakes like Coeur d’Alene, Hayden and Pend Oreille and instead look at properties on smaller, less well-known lakes.

“I’d like to believe that anyone can own waterfront today, but it depends a lot on where you go,” he said.

Another option to consider is a secondary waterfront property. The home itself isn’t right on the beach, but it will have a good view of the water. The property should also come with deeded beach access and a boat slip, Fanning said.

“The price drops considerably,” he said.

Waterfront properties on some sections of the Pend Oreille River and on the shores of the smaller lakes north of Spokane are good options, Fanning said. People should also consider Lake Roosevelt, the Columbia River by Kettle Falls, Deep Lake by Colville and Kelso Lake.

“There’s lots of small bodies of water with great recreational opportunities,” he said. “They’re out there.”

The catch is that people have to be willing to drive to get to their new property. Most waterfront homes located close to larger cities like Spokane and Coeur d’Alene as well as amenities like restau-



This two-bedroom, two-bathroom home was available on the shore of Medical Lake for \$399,900.

rants and grocery stores will have a higher price tag than those that require more than a 45-minute drive to get to, Fanning said.

Greg Rowley, a Realtor and luxury property specialist with Coldwell Banker Schneidmiller Realty, agrees with Fanning.

“What makes the waterfront search so hard in North Idaho is that affordable properties are further out,” he said. “Maybe look a little further.”

At the same time, the less-expensive

waterfront homes won’t be fancy, Rowley said. “Most of those are modest homes in more remote locations.”

Though picking a property on a smaller lake or river that’s farther away will lower the price, buying a waterfront property still won’t be cheap. Like everything else in real estate, the prices have gone up, Fanning said.

“The waterfront market tends to parallel the local residential market,” Fanning said. “It’s probably gone up a good 25 to 30%.

We’ve seen a big spike from August of last year to the present. The reason is the inventory has dropped dramatically.”

This month, a two-bedroom, two-bathroom home was available on the shore of Medical Lake at 119 N. Jefferson Street for \$399,900. Part of the reason for the affordable price is that the home was built in 1895. A higher-priced, more modern home was available at 11321 N. Nine Mile Road. Perched just above the water, the three-bedroom, three-bathroom home sits on 4.97 acres and was priced at \$900,000.

The reason for the reduced inventory is that people appear to be holding onto their properties in the hopes of riding the wave of increasing prices to its peak so they can get the most profit, Fanning said. The area is also a retirement destination and appears to be drawing in people from other markets, he said.

The Spokane-Coeur d’Alene area is blessed because it’s easy to get to.

“We have clean water, low crime,” Fanning said. “We have a four-season climate.”

Rowley said he’s seeing a lot of buyers from Seattle and California.

“They don’t bat an eye at our prices here,” he said.

Those people are buying up waterfront homes as well as traditional homes, cutting into inventory and driving up prices.

“The bottom end of our market has virtually disappeared,” Rowley said. “First-time homebuyers are being priced out of the market. There’s literally more Realtors in North Idaho than there are homes available.”

The purchasing strategy is the same for a waterfront home as it is for a home in a neighborhood cul-de-sac.

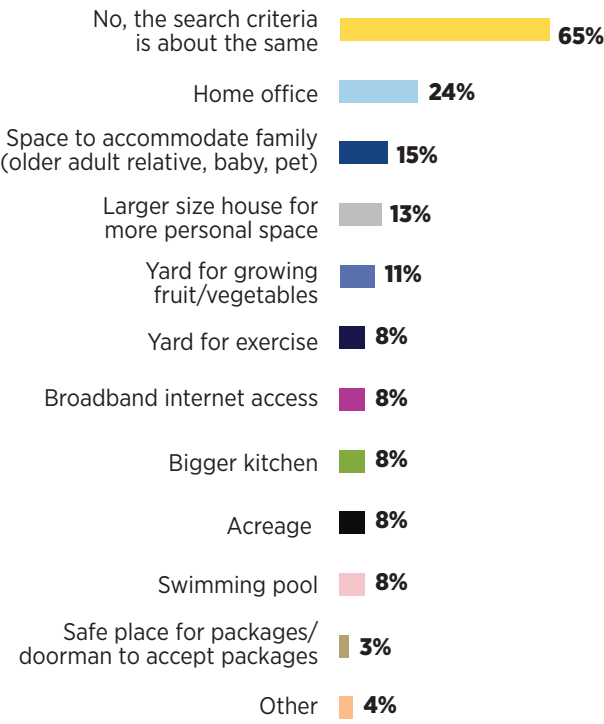
“A buyer needs to be ready and willing to pay full price or more,” Rowley said.

BUYERS GUIDE

HOME FEATURES

COVID-19 has changed the home features people want, according to the 2020 Market Recovery Survey.

In general, have your clients changed what home features are important in a new home due to COVID-19? (Check all that apply.)



Source: National Association of Realtors

MOLLY QUINN/THE SPOKESMAN-REVIEW

Pandemic impact alters what homebuyers look for in a property

Larger houses sought to accommodate requirements for work, study from home

By Amy Edelen

THE SPOKESMAN-REVIEW

When the coronavirus took hold in the nation last year, it prompted shifts in buyers’ homebuying and selling preferences.

Buyers began prioritizing affordable, mid-sized cities over larger metro areas. They sought homes with more square footage as statewide stay-at-home orders forced many to work from home and attend school online.

People also desired more space for home gyms, yards to grow food and chef-friendly kitchens, according to the National Realtors Association’s 2020 Profile of Home Buyers and Sellers.

“The coronavirus without a doubt led home buyers to reassess their housing situations and even reconsider home sizes and destinations,” Jessica Lautz, vice president of demographics and behavioral insights at the National Association of Realtors, said in a statement.

The pandemic has caused home purchases to spike among those renting an apartment or house. More than 45% of homebuyers after April 2020 were previously renters, compared with 36% prior to the pandemic, according to the NAR.

Spokane became a popular relocation choice during the pandemic for out-of-area buyers searching for a better quality of life and outdoor activities.

“They are looking for homes close to recreation or on land,” said Kaya Kennedy, broker with Kelley Right Real Estate Spokane. “I’m seeing a lot of people moving from bigger cities to escape the crowds, and a lot of people are requesting fiber (internet) because they are working from home more.”

The report indicated downsizing has become less popular. Eighteen percent of sellers who sold their home after March 2020 reported the main reason for putting their property on the market was because “it felt too small,” compared to 13% of consumers who sold homes prior to the pandemic.

Buyers’ interest in multigenerational homes increased during the pandemic for a variety of reasons, including cost savings, desire to spend more time with aging parents and relatives, and the need to accommodate delayed independence of children.

They also indicated buying a multigenerational home allowed them to pool multiple incomes to purchase a larger property, according to the NAR survey.

“It’s getting to where people are looking for four to five bedrooms, and I’m seeing where they want family to come over or even live with them because of the situation with affordability and more people out-of-work (during the pandemic),” Kennedy said.

COVID-19 also has changed how people buy homes, with a new emphasis on incorporating technology into the process as they researched, viewed photos and took virtual tours from their computers and smartphones.

The NAR study found 97% of buyers searched for their home online –

an increase from 93% in 2019. Buyers spent eight weeks looking for a home last year, marking the shortest amount of time people spent searching for properties since 2007, according to the NAR.

EXIT Real Estate Professionals broker Laura Branning said she’s conducted several video tours via FaceTime for out-of-area clients, some of whom purchased a home in the Spokane area sight unseen.

“We did a half-hour long video tour. We looked at every nook and cranny of the home,” she said. “I did that for a number of clients and made sure I was there when they got the keys to the house.”

Branning echoed that buyers are placing more emphasis on larger homes with room for home gyms or for guests or family members coming to live with them because of aging or work-related situations.

Properties with views of nature also have become more important as homes turned into multipurpose spaces during the pandemic, she added.

“There has been a paradigm shift of ‘it’s not just a place to rest your head,’” she said.

Changes affect sellers

Sellers also are approaching the listing process differently during the pandemic.

To prevent the spread of COVID-19, property showings, inspections and appraisals are limited to 10 people on-site and by appointment only for counties in Phase 3 of the state’s Healthy Washington – Roadmap to Recovery plan.

Because of strong buyer demand, some listing agents are scheduling viewing appointments in 15-minute increments, said Ken Sax, managing broker for Professional Realty Services.

“That’s not enough time because that’s rushing buyers into making a decision,” Sax said. “We’re trying to get listing agents to allow more time for buyers and even second showings because we want a buyer to be comfortable and certain in their decision.”

Sax said there’s been an increase in what he calls a “flub rate” – or number of contract terminations – as buyers are rapidly submitting offers in the area’s competitive market.

Sax says sellers should verify buyers’ funding before going under contract and carefully evaluate the first offer on the home before accepting it.

“Our flub rate is higher right now and that’s due to buyers’ remorse because they are pulling the trigger so fast,” he said. “If I’m a seller, I may not necessarily want to take the first offer because that’s not going to help me if I go back on the market in two weeks.”

Sax also thinks virtual meetings with buyers and sellers via Zoom and other platforms are here to stay.

“The funny thing is we’ve always had Zoom and it’s so efficient ... now that we use it daily – sometimes all day – it makes me think what else do we have currently that would help us?” Sax said.

Amy Edelen can be reached at (509) 459-5581 or at amyed@spokesman.com.

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LOOKING TO BUY?

See what advice Coldwell Banker Tomlinson real estate professionals are saying about Spokane's current market.

Sellers should consider getting pre-approval for a bridge loan on the equity of their current home, allowing for purchasing a property now, then selling their home after moving out. This will take the stress out of finding a home and allow you to achieve maximum profit out of your existing home in today's market.

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BUYERS GUIDE

“We are seeing multiple offers on pretty much everything. We have so many buyers that don’t have that cash to put down, so it’s important to find other ways that are as successful as cash.”

Rachel Wilson
Spokane-based Redfin agent



JESSE TINSLEY/THE SPOKESMAN-REVIEW
Rachel Wilson, a Spokane agent with Redfin real estate, stands near one of her company’s listings in a row of townhomes in the Kendall Yards development near downtown Spokane on April 14.

Cash, creativity key to landing home

Tapping into sellers’ emotions and expectations can enhance your offer in a bidding war

By Amy Edelen
THE SPOKESMAN-REVIEW

With battles for homes leading to a sharp increase in bidding wars in Spokane’s fiercely competitive real estate market, buyers are finding they need to be creative with the offer for the

home of their dreams. Seattle-based real estate technology company Redfin found nearly 64% of single-family home offers written by their agents nationwide in March faced multiple bidders. The company indicated in a study that prospective homebuy-


ers who offer cash nearly quadruple their chances of winning a bidding war, making it the most effective strategy to come out on top in a competitive situation. For buyers who may not have the option to pay cash for homes, it’s essential to work with an agent who can help make their

offers more attractive – sometimes it’s increasing the down payment, waiving contingencies or figuring out what sellers want, Spokane-based Redfin agent Rachel Wilson said. “We are seeing multiple offers on pretty much everything. We have so many buyers that don’t

have that cash to put down, so it’s important to find other ways that are as successful as cash,” Wilson said. “I had one (instance) where we didn’t compete with other offers, but otherwise we’re up against one to 30 possibly, de-

See **BIDDING, 7**

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Spokane home photo by Nick Brommer Photography

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BUYERS GUIDE

Realtor Michelle Mendez sits April 14 in a home considered to be a fixer-upper in north Spokane she recently sold. Mendez is a licensed agent with Keller Williams, but works with the Lee Arnold Team.



LIBBY KAMROWSKI / THE SPOKESMAN-REVIEW

HOT

Continued from 4

an office in Sandpoint in response to the growing real estate demand in North Idaho, said the ability to work remotely and access to outdoor activities during state-wide stay-home orders accelerated an influx of out-of-state buyers moving to the area.

“It was different for us on lockdown,” he said, referring to stay-home orders that occurred as the pandemic took hold nationwide a year ago. “We were still able get out and walk Centennial Trail, but imagine if you are in a big city and you are in lockdown. You really can’t go anywhere.”

Although Coeur d’Alene’s housing market is gaining national attention, it’s a “Catch-22” for local buyers and sellers, Oakland said.

“It’s definitely sad for a lot of local people because if you are making out-of-area money, it goes a lot further,” he said. “I hear frustration with buyers when talking to them, and all you can do is empathize with them. It’s tough to people trying to compete.”

At one point last month, Spokane County had 209 homes on the market, representing an 11-day supply, meaning it would take eleven days to sell all available homes. A balanced housing market typically contains six months of supply.

“It’s like the ‘Hunger Games’ for buyers. Our inventory is still so minimal, which makes us see multiple offers,” Sax said. “Buyers are becoming greater risk-takers after they lose out on a handful of homes.

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AN ENDANGERED SPECIES

Traditional fixer-uppers a rarity in current market

By Thomas Clouse

THE SPOKESMAN-REVIEW

One of the first things Spokane-area home buyers tell real estate broker Bryan Crabbe is that they are searching for a deal.

Once a market littered with homes with potential, also known as fixer-uppers, the Spokane market’s current lack of inventory has redefined what many would consider a find, said Crabbe, who works with Five Star Real Estate Group.

“The first statement I hear out of all of them: They are looking for a deal under market value,” Crabbe said. But “that market value is a different thing than it was a year ago. Even the dregs of the home market are going for asking price and over.”

Just 10 years ago, former Spokane City Councilman Rob Higgins said about 20% of Spokane homes sold for less than \$100,000. Currently, only 0.6% sell under that mark.

Higgins, executive vice president of Spokane Association of Realtors, said that new benchmark for a “fixer-upper” now probably sells for \$150,000 to \$200,000.

The higher prices have reduced the list of affordable homes for first-time buyers, who often don’t have as much money to put down as

speculative buyers, or previous home owners, who have money left over from the sale of their previous houses, Crabbe said.

“You have the first-time buyers who are willing to consider a home they wouldn’t normally consider. But, the price has gone up so much, that’s all they can afford,” Crabbe said. “They are competing with people who are downsizing or people who are looking to fix-and-flip or fix-and-rent them out.

“So, you have this large group of people shopping for the same pool of homes,” he said.

Some 90% of the business that Michelle Mendez does are homes her company purchases and then resells.

Mendez, the director of operations for the Lee Arnold Team, which is licensed with Keller Williams, said her company buys fixer-uppers and then remarkets them.

“We buy homes directly from sellers who might have probate issues, tax issues or code enforcement issues,” she said. “We work with them to help them sell their homes and get cash quick.”

In the past, Mendez would focus on those things that buyers tend to look for, which include upgraded kitchens and bathrooms, to ensure they would sell for a higher price. But right now, homes are moving regardless of the upgrades.

“We used to do granite counter tops, gut the kitchen, gut the bathroom and put in wood floors,” Mendez said. “Now it’s like, ‘That carpet looks pretty good. Let’s clean it.’ People just

want something that is clean and livable.”

The market has become so tight that Mendez often must agree to rent the homes back to the seller for six months so that they can find another home to purchase, she said.

“That’s our biggest stumbling block, is people who are reluctant to sell their house because they don’t have a place to go,” Mendez said.

The popularity of television shows about refurbishing homes makes many of the old improvements moot, she said.

“What we have found is that the buyer doesn’t necessarily like what we have chosen,” she said. “They want to fix it up themselves.”

But buyers must also consider the hidden costs of trying to make that fixer-upper into the home of their dreams, Crabbe said.

“They are not for everybody. It has to be the right person,” he said. “There is going to be work that needs to go into it. They need to consider those costs as part of the purchase price.”

An added problem is that lumber prices have recently skyrocketed to new highs. And, because so many homes are under construction, homeowners may have difficulty finding contractors with time to consider home improvement projects.

“If they are relying on subcontractors, most are tied up with jobs for bigger contracts,” Crabbe said. “You can get into a home for a fair price, but if it sits there for four months unoccupied, you still are paying taxes, utilities and mortgage.”

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pending on the house.”

Wilson said clients should set aside some cash as a cushion in case they must increase their bid and look at listings that have been on the market for a while.

In the past, a “stale listing” in Spokane would have been a home on the market for about a month, but now it’s a property that didn’t sell within the first weekend of listing, Wilson said.

“Homes that don’t sell on first weekend – those are huge if you keep an eye on them,” she said, adding she encourages buyers to save listings and revisit them midweek to see if they are still active.

In the instance in which Wilson’s clients weren’t up against competing offers, photos in the listing were dimly lit and the home had green carpet.

“Come to find out, the seller was taking out the carpet and installed hardwood floors, so the buyer ended up with a good house,” she said.

Considering rural listings is also a great option – if broadband internet is available, she added.

“In addition to that, I try to plan out offers accordingly,” she said. “What can we do to make it more strong and appealing to sellers? I like to reach out to agents before making an offer to see if there’s anything important (that) sellers want.

“Some just really want

someone who will love and cherish the home like they did. I had one couple that beat out two other offers because they had the intention to close and loved the property.”

Jodi Mouchett, a Spokane-based broker for John L. Scott Real Estate, had clients who were up against more than two dozen offers for a home in the Garland District in the \$350,000 price range. Her clients’ offer was approved as a backup offer because they agreed to an appraisal gap addendum.

In an appraisal gap addendum – also known as a Form 22AD – buyers agree to pay the difference between a lender’s appraised value of the property and the offer price.

“Buyers are having to be a little more creative with offers by not asking for things from sellers and limiting contingencies as far as financing goes,” Mouchett said. “If you can put down more, it makes you a stronger buyer ... if it’s a financed purchase, we are seeing more of the 22AD when the appraisal comes in low. In the last year, (a Form 22AD) has become more common, but in the past three to six months, it’s become a necessity.”

The second-most effective bidding strategy is to waive the financing contingency, boosting buyers’ odds of winning by 66%, according to Redfin. A financing contingency is a clause in a real estate contract that specifies that a buyer’s offer is dependent on financing approval for the home.

It’s important to note, however, there is risk involved with waiving the financing contingency. If the lender doesn’t approve the mortgage loan for the asking price, buyers have to either make up the difference in cash or lose their earnest money deposit if they walk away from the deal.

Other strategies that buyers can use to make an offer more competitive are to waive inspection or appraisal contingencies, or include an escalation clause, which allows them to increase their suggested purchase price incrementally to avoid getting outbid for homes.

In a fast-paced market like Spokane, communication is imperative between lenders and agents, Mouchett said.

Mouchett said buyers should work with agents who keep in contact with the listing agent to inquire what sellers are looking for in an offer, among other things.

Wilson echoes that an appraisal gap addendum is “huge on the contract side of things” because it helps buyers remain competitive.

Most of all, Wilson advises buyers to be patient when encountering a bidding wars on homes.

“It gets less difficult every single time, and when you do win one, it’s an awesome celebration,” she said. “We are seeing multiple offers on pretty much everything. We have so many buyers that don’t have that cash to put down, so it’s important to find other ways that are as successful as cash.”

ers – they can compete a lot in this market.”

Clark advises buyers to work with an experienced Realtor who can help position them to write the best possible offer.

From her homebuying experience, Bethany Alcamo suggests buyers do their research on lenders, mortgage rates and Realtors. She also advises buyers to check property listings every day.

The Alcamos ended their three-year home search

this month. The couple’s offer was accepted on an 1,800-square-foot rancher on a half-acre lot. They are currently going through the closing process.

“Stick with it and eventually something will come along,” Bethany Alcamo said. “It’s just a timing game and waiting game. It will happen when it’s meant to happen.”

Amy Edelen can be reached at (509) 459-5581 or at amyed@spokesman.com.

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market, Clark said.

“If you sell in this market, chances are you are going to have some available cash when you go to buy,” Clark said. “Sellers think they can’t sell because there’s nothing for them to buy. It’s not true that you won’t find a home if you sell ... most sellers in today’s market would be very qualified buyers. Cash-in-hand buy-

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BUYERS GUIDE

Slow condo price growth may help first-timers

By Zach Wichter
BANKRATE.COM

The data firm reports that single-family home prices grew by 12.3% on average in 2020 – the highest appreciation rate since 1992 – but condos aren’t gaining as quickly. This could be an opportunity, especially for first-time homebuyers, in a market that is starved for inventory and where bidding wars are commonplace in many areas.

What’s going on with condo pricing?

Condo pricing was soft in 2020, according to Andy Walden, vice president of market research at Black Knight. “What we’re seeing right now is an extremely hot housing market, but it’s really being driven primarily by single-family residences,” he said. Although single-family prices rose by 12.3% last year on average, condo prices only increased by about 6.4%.

“That in and of itself is interesting, but when you take a 30-year look at the housing market, the way the housing market typically works is that when the housing market is hot you tend to see condos outpace single-families,” Walden said. “Given how hot the housing market is right now, you’d expect condos to outpace single-families, but they’re running at roughly half that rate.”

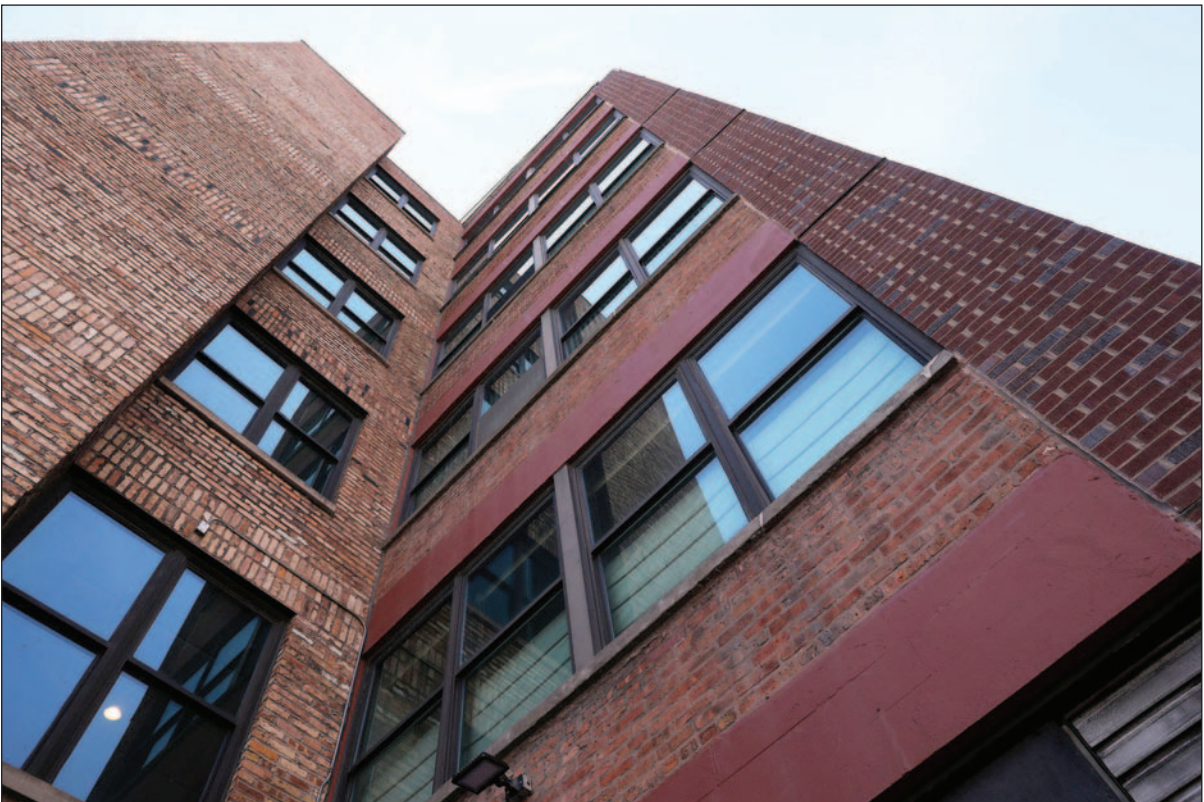
He said he suspects that the trend is mostly driven by people leaving the densest parts of cities for areas where they can buy properties with a little more space. Single-family homes were especially popular in 2020 as people sought extra rooms and ditched their commutes.

“Folks that lived in those urban areas or worked in those urban areas have maybe seen a dislocation or a change in lifestyle because of the COVID pandemic,” Walden said. “Now maybe they want a home office or things of that nature, so you’re seeing a broader change in dynamic in the market as a whole.”

Why does it matter?

Condo prices are often on the extreme ends of the market, according to Walden: higher when the market is high, and lower when the market is low, so it’s rare for condo prices to diverge from the rest of the market the way they’re doing now.

“There’s really dueling forces putting pressure up on home prices right now. It’s record-low interest rates that we saw last year and there’s lack of supply out there in the market, which has worsened in the single-family space over the



Condos aren’t for everyone, but can be a great way to experience homeownership without all of the upkeep from a single-family home.

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last couple of months,” he said. “Both of those things are putting upward pressure on prices in the single-family space. In the condo space, it’s a little bit less pressure on the side of inventory, so we can kind of narrow it down and isolate the interest rate impact a little bit more and maybe glean some upcoming inflection points about the single-family market based on what we’re seeing in condos.”

The housing shortage is not a new issue, but a hot market has intensified its impact this year, and there’s little hope the trend will reverse in the near term. However, condos are generally more available than single-family homes given current real estate trends, so that’s part of what is driving the pricing disparity.

“Supply/demand imbalance is noticeably different in condos versus single-families; I think you’re going to see that throughout at least 2021. That’s really the big question in the market right now. Where do you see that inflow of inventory coming from?” Walden said.

“One of the potentials was that distressed inventory sitting out there in the market because of forbearance plan extensions, that’s not likely to come if at all until late 2021, early 2022. The other potential inflow was missed listings from last year and the natural rebound in new

listing volumes this year, we haven’t seen that yet,” he added. “In fact, we’re seeing new listing volumes down for this year. We haven’t seen the answer start to show itself yet in terms of where that inventory is going to come from.”

In some especially competitive housing markets, condo prices are trending even lower than the national average. According to Black Knight’s data, single-family home prices in San Francisco were up 11% year-over-year, but condo prices were actually down. Meanwhile, in nearby San Jose, single-family home prices were again up by around 11%, but condo prices only rose about 2% year-over-year.

“There’s five key markets: San Francisco, San Jose, New York, Boston and Seattle where you’re all seeing single-families appreciate 9 to 10% faster than condos,” Walden said

Can first-time homebuyers benefit from this trend?

First-time homebuyers always stand to benefit when any segment of the housing market shows relative affordability. First-timers are also usually more likely to be interested in condos to begin with. But are first-time buyers still following that trend during the pandemic?

The relatively soft prices “may suggest

that they’re not as interested in urban areas as they have been in the past. It could potentially be an opportunity for some of those homebuyers,” Walden said. “For some of the folks that are out there who are really struggling and looking at inventory or finding homes for sale, you may see first-time homebuyers stretch back into that condo space depending on what happens with single-family residences inventory levels this year.”

With high housing competition this spring, first-time buyers are likely to need any advantages they can get to close the deal. Check out Bankrate’s tips for first-time homebuyers if you’re not sure where to start.

Bottom line

Condo prices aren’t rising as quickly as single-family home prices in the current real estate market, which highlights changing property preferences among buyers and could present opportunities for prospective first-timers who are still comfortable living in dense urban areas.

It may be too early to say if the condo pricing trend portends any other shifts in the real estate market, but one thing is certain: Competition for housing will remain high at virtually every price point this spring.

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