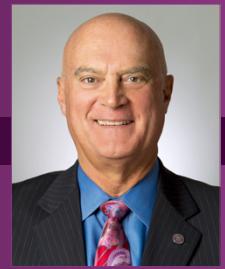


# THE CHAIRMAN'S REPORT



First Quarter  
2015 Update

Real Estate Update from Bert Waugh, Jr.  
Chairman of Berkshire Hathaway HomeServices Northwest Real Estate



## THREE QUESTIONS TO ASK BEFORE BUYING A HOME



Courtesy of KCM Blog

If you are debating purchasing a home right now, you are surely getting a lot of advice. Though your friends and family will have your best interest at heart, they may not be fully aware

of your needs and what is currently happening in real estate. Let's look at whether or not now is actually a good time for you to buy a home. There are three questions you should ask before purchasing in today's market:

### 1. Why am I buying a home in the first place?

This truly is the most important question to answer. Forget the finances for a minute. Why did you even begin to consider purchasing a home? For most, the reason has nothing to do with finances. A study by the Joint Center for Housing Studies at Harvard University reveals that the four major reasons people buy a home have nothing to do with money:

- A good place to raise children with a good education system
- A place where you and your family feel safe
- More space for you and your family
- Control of the space

What non-financial benefits will you and your family derive from owning a home? The answer to that question should be the biggest reason you decide to purchase or not.

### Portland Metro Quarterly Market Highlights from RMLS

Portland Metro Highlights	New Listings	Pending Sales	Closed Sales	Average Sale Price	Median Sale Price	Total Market Time
1st Quarter 2015	9,328	7,996	5,720	\$332,000	\$286,000	78
4th Quarter 2014	6,343	6,238	6,663	\$334,400	\$288,666	70
Year-to-date 2015	9,328	7,996	5,720	\$332,000	\$286,000	70
1st Quarter 2014	8,113	6,258	4,892	\$332,700	\$271,600	92
4th Quarter 2013	5,844	5,436	5,792	\$313,633	\$269,100	81
Year-to-date 2014	8,113	6,258	4,892	\$322,700	\$271,600	92
1st Quarter Change	15.0%	27.8%	16.9%	2.9%	5.3%	-15.2%
4th Quarter Change	8.5%	14.7%	15.0%	6.6%	7.2%	-13.5%
Prev. Quart. Change '15	47.0%	28.1%	-14.1%	-.7%	-.9%	11.4%
Year-to-date Change	15.0%	27.8%	16.9%	2.9%	5.3%	-15.2%

### 2. Where are home values headed?

When looking at future housing values, Home Price Expectation Survey provides a fair assessment. Every quarter, Pulsenomics surveys a nationwide panel of over 100 economists, real estate experts and investment & market strategists about where prices are headed over the next five years. They then average the projections of all 100+ experts into a single number. Here is what the experts projected in the latest survey:

- Home values will appreciate by 4.4% in 2015.
- The cumulative appreciation will be 19.3% by 2019.
- Even the experts making up the most bearish quartile of the survey still are projecting a cumulative appreciation of over 11.7% by 2019.

### 3. Where are mortgage interest rates headed?

A buyer must be concerned about more than just prices. The long term cost of a home can be dramatically impacted by an increase in mortgage rates. The Mortgage Bankers Association, the National Association of Realtors and Freddie Mac have all projected that mortgage interest rates will increase by approximately one full percentage over the next twelve months.

### Bottom Line

Only you and your family can know for certain the right time to purchase a home. Answering these questions will help you make that decision.

### SW Washington Quarterly Market Highlights from RMLS

SW Washington Highlights	New Listings	Pending Sales	Closed Sales	Average Sale Price	Median Sale Price	Total Market Time
1st Quarter 2015	2,475	2,124	1,509	\$276,700	\$247,000	102
4th Quarter 2014	1,672	1,573	1,677	\$280,466	\$249,833	86
Year-to-date 2015	2,475	2,124	1,509	\$276,700	\$247,000	102
1st Quarter 2014	2,132	1,630	1,221	\$258,400	\$230,000	114
4th Quarter 2013	1,648	1,353	1,428	\$247,033	\$222,600	91
Year-to-date 2014	2,132	1,630	1,221	\$258,400	\$230,000	114
1st Quarter Change	16.1%	30.3%	23.6%	7.1%	7.4%	-9.9%
4th Quarter Change	1.4%	16.2%	17.4%	13.5%	12.2%	-5.4%
Prev. Quart. Change '15	48.0%	35.0%	-10.0%	-1.3%	-1.1%	18.6%
Year-to-date Change	16.1%	30.3%	23.6%	7.1%	7.4%	-9.9%

## SELLING YOUR HOME IN 2015? DON'T MISS THIS OPPORTUNITY!

Every seller wants to get the best price for their house. We learned in high school that the best price for any item will be determined by the demand for that item relative to the supply of that item. We have reported that the inventory of houses for sale is well below normal numbers. There is historical evidence that the demand for housing is about to increase dramatically. Each year, more homes sell in May, June, July and August than any other four months of the year. Here is a graph of homes sales last year by month:



### Bottom Line

Make sure your house is available for sale during peak selling season. If you are thinking of selling this year, contact a local Berkshire Hathaway HomeServices Northwest Real Estate professional. [Click here to get a true market snapshot of your area.](#)

## HOMEOWNERS, ENTER TO WIN!



**Homeowners, could you use \$50,000 to improve your home?**

Enter to win at  
[www.50kFixUp.com](http://www.50kFixUp.com)



## FREDDIE MAC REMAINS OPTIMISTIC ON THE HOUSING MARKET



The April 2015 U.S. Economic & Housing Market Outlook from Freddie Mac revealed that they are optimistic about the real estate market in 2015. As a matter of fact, the subtitle of the report was "Great Expectations." What made Freddie Mac so optimistic?

### *Here are a few highlights from the report:*

"For the remainder of the year we should see a resumption of solid economic growth and acceleration in housing activity. Notwithstanding a disappointing March jobs report, the acceleration is already underway."

"With spring upon us, housing markets are poised to accelerate and we expect the best year for home sales since 2007. Despite harsh winter weather to start the year, home sales through February are only off from the 2013 pace by 7,000 sales... Pending home sales were up 3.1 percent in February to the highest level since June 2013. This marked the fourth consecutive month for rising pending home sales, showing positive momentum in general for the housing market."

### *Their projections:*

"By the end of the spring home buying season in June, we should be well above the pace of home sales for any year since 2007."



"We are as optimistic about trends in housing markets moving forward as we have ever been since the depths of the Great Recession."

### *Regarding prices:*

"Due to strong growth, we are expecting house prices to increase 4.0 percent in 2015."

### *But there were some warnings...*

### *On available supply:*

"With low mortgage rates, improving labor markets, and rising demand, one key issue for housing over the next two years will be the lack of supply of for-sale and for-rent homes."

"Many metro areas that have seen robust job growth and population increases are facing shortages of available for-sale inventory."



### On interest rates:

"By the end of the year long-term interest rates should only increase modestly, ending the year at about 4.3 percent for the 30-year fixed rate mortgage."

**Note:** Freddie Mac worded this as being not that crucial. However, a 4.3% mortgage rate is about a .75 increase over current rates.

### Bottom Line

Things are looking good for the real estate market. If you are thinking of selling, contact a Berkshire Hathaway HomeServices Northwest Real Estate Professional to discuss how this applies to your neighborhood.

## WHY YOU SHOULD SELL NOW

As the temperature rises, buyers are coming out ready to purchase their dream home. Inventory is still below historic numbers and demand is strong. Don't miss out on this great opportunity for you and your family. Here are five reasons to list your home now:

### 1. Demand is Strong

Foot traffic refers to the number of people out actually physically looking at homes right now. The latest foot traffic numbers show that there are more prospective purchasers currently looking at homes than at any other time in the last 12 months, which includes last spring's buyers' market. These buyers are ready, willing and able to purchase... and are in the market right now! Take advantage of the buyer activity currently in the market.



### 2. There Is Less Competition Now

Housing supply just dropped to 4.6 months, which is under the 6 months' supply that is needed for a normal housing market. This means, in many areas, there are not enough homes for sale to satisfy the number of buyers in that market. This is good news for home prices. However, additional inventory is about to come to market. There is a pent-up desire for many homeowners to move as they were unable to sell over the last few years because of a negative equity situation. Homeowners are now seeing a return to positive equity as real estate values have increased over the last two years. Many of these homes will be coming to the market in the near future. Also, new construction of single-family homes is again beginning to increase. A study by Harris Poll revealed that 41% of buyers would prefer to buy a new home while only 21% prefer an

existing home (38% had no preference). The choices buyers have will continue to increase. Don't wait until all this other inventory of homes comes to market before you sell.

### 3. The Process Will Be Quicker

One of the biggest challenges of the housing market in recent times has been the length of time it takes from contract to closing. Banks are requiring more and more paperwork before approving a mortgage. As the market heats up, banks will be inundated with loan inquiries causing closing timelines to lengthen. Selling now will make the process quicker & simpler.

### 4. There Will Never Be a Better Time to Move-Up

If you are moving up to a larger, more expensive home, consider doing it now. Prices are projected to appreciate by over 19.3% from now to 2019. If you are moving to a higher priced home, it will wind-up costing you more in raw dollars (both in down payment and mortgage payment) if you wait. You can also lock-in your 30-year housing expense with an interest rate under 4% right now. Rates are projected to increase by about three quarters of a percent by the end of 2015.

### 5. It's Time to Move On with Your Life

Look at the reason you decided to sell in the first place and determine whether it is worth waiting. Is money more important than being with family? Is money more important than your health? Is money more important than having the freedom to go on with your life the way you think you should? Only you know the answers to the questions above. You have the power to take back control of the situation by putting your home on the market. Perhaps, the time has come for you and your family to move on and start living the life you desire. ***That is what is truly important.***



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This Week in Real Estate](#)

### Good to know.®



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