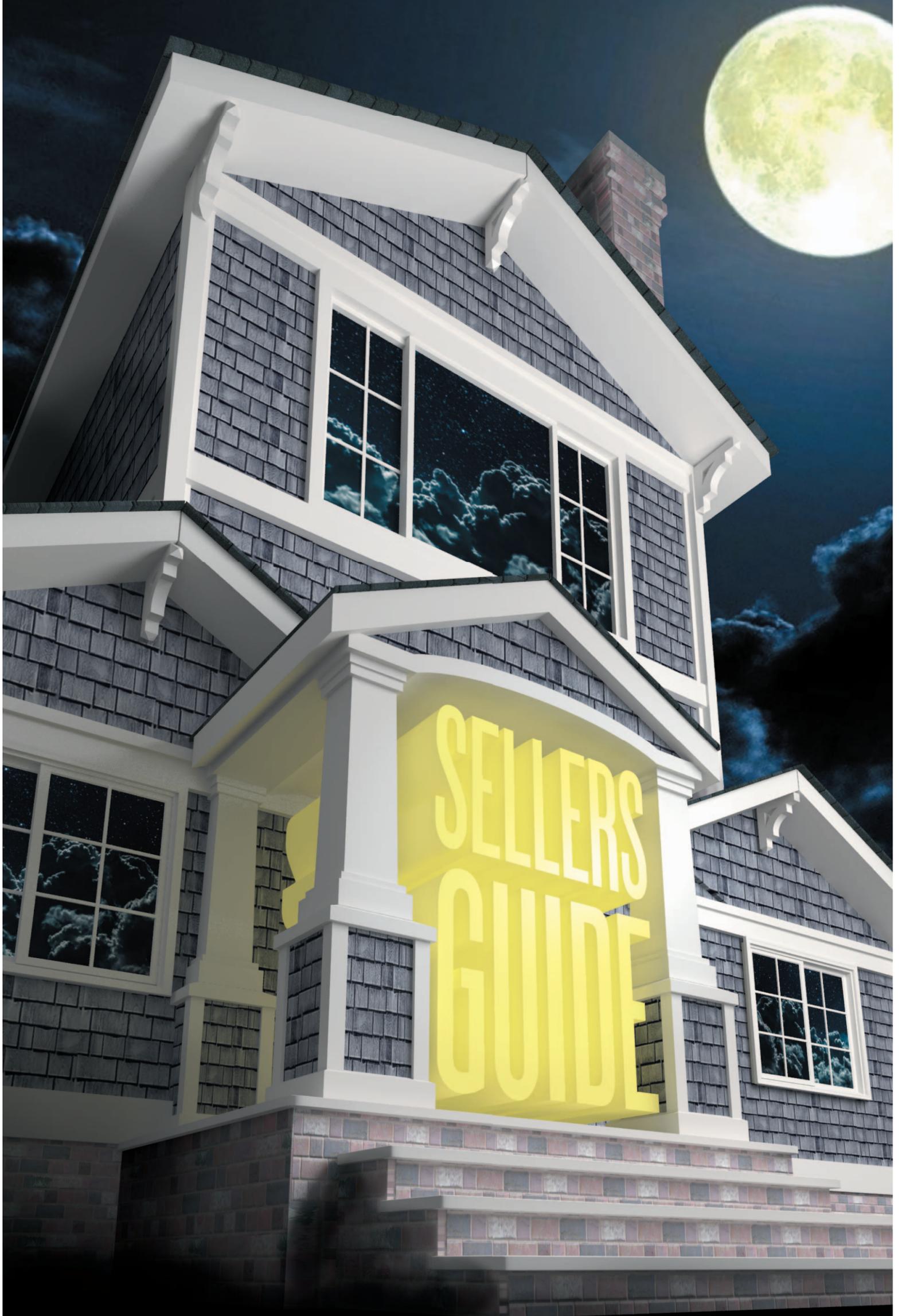


THE SPOKESMAN-REVIEW

SPOKANE AREA'S HOT SPRING HOUSING MARKET



INSIDE

VALUE PROPOSITION

Equity is a magic word in real estate, and building it is a homeowner's goldmine. It's money in the bank at closing – and so are key home improvements and upkeep.

PAGE 2

NOW MAY BE THE TIME

Local observers have never seen a market so weighted toward sellers like the current one, a perfect storm driven by unimaginably low inventory and ever-growing demand.

PAGE 3

CENTER STAGE

There's little doubt a home put on the Spokane-area market will sell within days, but helping buyers see themselves in your home will impact how much they are willing to pay.

PAGE 4

RUSHING TO SELL HIGH?

Talk of a second housing bubble has homeowners weighing whether to sell and buyers waiting for prices to drop. But this isn't history repeating itself.

PAGE 5

SELLERS GUIDE

"... Having a home will pay off in the long run. Reach as far as you can. Live like a pauper if you can. In 10 years, you will turn around and say, 'Man, I'm glad I did that.'"

Rob Higgins

Executive vice president of the Spokane Association of Realtors

THE NEST EGG OF EQUITY

Homeowners who push limit on what they can afford may reap solid payoff later

By **Thomas Clouse**
THE SPOKESMAN-REVIEW

For most Americans, the biggest investment they make in their lifetimes is buying the place they call home.

Except for only a few historical exceptions, the value of a standard home only increases over time. That's why longtime Realtor Rob Higgins always coaches those shopping for houses to buy as much home as they can afford so they can eventually take advantage of its value or equity.

"Even if you have to do some work on them, having a home will pay off in the long run," said Higgins, who is the executive vice president of the Spokane Association of Realtors. "Reach as far as you can. Live like a pauper if you can. In 10 years, you will turn around and say, 'Man, I'm glad I did that.'"

While it sounds obvious, simply paying the mortgage on time begins the process to equity growth, said Greg Deckard, chairman and CEO of State Bank Northwest.

Otherwise, homeowners can do a number of things to build equity faster. One is paying just a bit more every month, such as rounding up the mortgage payment a couple hundred dollars, he said. Every little bit pays the house off faster, which reduces the amount of interest paid over the life of the mortgage.

"One of the tried and true ways is to refinance your house to the lowest rate you can," Deckard

said. "If you make two-half payments a month, the mortgage goes down faster."

The other no-brainer advice Deckard had was to make sure the house stays in good working order.

"Obviously, keep it in good condition and show a pride of ownership," he said.

Michelle Mendez, the director of operations for the Lee Arnold Team, which specializes in selling fixer-uppers, agreed. She said the main value of the home is tied to the big-ticket items, especially when it comes time to sell.

"Make sure the roof and (heating, ventilation and air conditioning) system is good, and not any problems with the plumbing," Mendez said. "Those are the things I would really worry about because paint and carpet are really easy to fix down the road."

Bryan Crabbe, with Five Star Real Estate Group, said some sellers clean the carpet, splash some fresh paint on the walls and call it good.

"That's all well and good," he said. "The best projects I've seen are those people who put a little more effort into it. They fix everything to the nth degree ... so the next buyer doesn't have to fix something."

The difference in selling price could be everything from an offer below list price to a bidding war, he said.

"Everybody knows that kitchens and bathrooms really are what sells a house," Crabbe said. "Make sure they are in good con-



LIBBY KAMROWSKI/THE SPOKESMAN-REVIEW

Realtor Michelle Mendez says the largest value items of a home are big ticket items, such as the roof and heating-and-cooling system.

dition. Comfortable is a very big part, too. Make sure the yard is presentable so the next buyer can come along and see the value in what they are buying."

Homeowners looking for major upgrades to an existing home will find difficulty finding available contractors, who are stretched thin during the current housing boom, he said.

"Everybody has a budget. Their budget doesn't expand generally as much as the housing market is at the moment," he said. "Income doesn't rise 10% or more a year. But, housing is outpacing that because of the lack of inventory."

Mendez said one of the advantages of buying an older home is that homeowners get a chance to reshape it in their image.

"You can make that house the home you dreamed of versus moving into someone else's dream," she said. "Yeah, new construction is fantastic. But I think the older homes have better bones."

Joel White, executive director of the Spokane Home Builders Association, agreed with Mendez that communities like Spokane have vast untapped potential with many older, existing homes.

"I see that as a big future of Spokane, which has an aging housing stock," he said. "As housing prices go up, you will see investors and private individuals upgrading their homes. Certain pockets will struggle. But as owners take pride in their neighborhood and start to rebuild, that's

going to be a real positive.

White saw that transformation in downtown Vancouver, Washington, when he lived there. People tired of living in Portland began investing in older homes in Vancouver and reshaped it.

"You hit momentum in your neighborhood when a lot of people are doing it," he said. In Vancouver "it was a dynamic improvement to a downtrodden area."

With home values in Spokane seeing percentage increases in the double digits, existing homeowners have seen home values skyrocket. David Flood, chief loan officer for STCU, cautioned homeowners about trying to cash

See **EQUITY**, 7



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SOLD

\$650,000

9418 N K Ct

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SOLD

\$510,000

1824 E 16th Ave

Beautiful architect-designed home! Highly desired newer construction in the South Hill's Perry District. Private setting with a large covered front porch. This 3-bedroom, 4 bath home features an open floorplan with built-in office nook and a beautiful kitchen with an oversized island, plus floor-to-ceiling windows for excellent natural light. Backyard with a large back deck for entertaining and plenty of greenspace!



PENDING

\$369,999

3510 W Crown Pl

Pride of ownership on full display in this northwest gem rancher. With unsurpassed charm this light bright updated and immaculate home is amazing! Open floor plan with oversized windows welcome the light and the sunset views. Concrete counter tops, hardwood floors, and stone fire place. Whether you're entertaining on the custom stamped concrete patio with fire pit or tinkering in the backyard shop this home offers warm and inviting spaces throughout. Move in and enjoy this mint condition home!

SELLERS GUIDE



TYLER TJOMSLAND/THE SPOKESMAN-REVIEW

Two out of four vacant lots are marked "sold" on April 20 at the intersection West Lyons Court and North Conestoga Street in northwest Spokane. The lots sold within days of being put on the market.

Surging prices, bidding wars: Area market leaves real estate veterans flabbergasted

Spokane currently facing perfect storm with supply, demand benefiting sellers

By Thomas Clouse
THE SPOKESMAN-REVIEW

Rob Higgins has been selling homes in Spokane for 36 years. He's worked through booms, stagnations, slips, dips and backslides.

But, Higgins said he's never

seen a seller's market like the current state of affairs in the Spokane region.

Higgins, the executive vice president of the Spokane Association of Realtors, noted the median price of a Spokane home had climbed to \$341,000 in March.

"I didn't think they would ever

go to this price," Higgins said. "It wasn't that long ago that the median price was \$150,000. It's like, I'm in a fog."

The low supply of homes has pushed prices higher for whatever homes come onto the market. It's the opposite of a buyer's market, where prospective buyers can choose and potentially offer less money than the asking price because so many homes are for sale, he said.

"I've been doing this since

1985. We used to say that the normal market is four months worth of inventory," Higgins said.

He explained that the inventory time frame is how long it would take to sell all the homes currently available on the market.

"Today it's 11 days," Higgins said. "That's the lowest number I have ever seen. That's hard to even wrap your head around."

The low inventory has created a feast-or-famine situation for

real estate agents, he said.

"If you have a listing, it's going to sell," Higgins said. "But if you are a buyer's agent, you've got a tough job. You'll be working seven days a week to present offers to buyers. They are being rejected because there are so many buyers."

Higgins said he did a random sample of homes that sold in the \$350,000-\$400,000 range in

See **SELLERS, 7**



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SELLERS GUIDE

Staging helps potential buyers visualize home's potential

Properly done, it increases offers and sale price while reducing number of days on the market

By Amy Edelen
THE SPOKESMAN-REVIEW

In Spokane's real estate market, it's not a question of if a home will sell – but for how much.

And home staging plays a big part in what buyers are willing to pay for properties, according to a recent survey by the National Association of Realtors. Some 23% percent of

real estate agents indicated in the survey that home staging raised the amount offered from 1% to 5% over list price, compared with homes on the market that had not been staged. About 18% of agents surveyed said staging could increase the price above asking by 6% to 10%.

Staging maximizes a property's appeal by allowing potential buyers to

visualize it as their future home, said Amy Barragan, owner of Spokane-based Affordable Home Staging.

"I'll tell sellers their house could sell vacant, but if they can get enough people to come to the home because it looks good online, they have a way higher chance of bids going higher and higher,"

See **STAGING, 8**



Amy Barragan, owner of Affordable Home Staging, adds decor to a home on South Helena Street in Spokane on April 12. Her father and employee, Jim Guest, is in the background.

DAN PELLE/THE SPOKESMAN-REVIEW

"Some homes that had been on the market for years upon years sold last year. There's not a lot left."

Realtor Greg Rowley

LUXURY NOT IMMUNE TO MARKET LIMITATIONS



COURTESY PHOTOS

The 12,808-square-foot home on Covey Run Lane in the Ridge at Hangman community was listed at \$3.8 million earlier this month. The 12,808-square-foot home has six bedrooms, nine bathrooms and six fireplaces and sits on almost 9 acres.

Two lake properties in North Idaho are steepest in area, at \$27 million

By Nina Culver
FOR THE SPOKESMAN-REVIEW

The luxury home market in Spokane and North Idaho is following some of the same trends as other housing segments in the area – inventory is down and homes are selling faster than usual.

Fast is a relative term, however. With a limited pool of buyers that can afford homes priced north of \$5 million, the homes are spending weeks or months on the market instead of years.

What was considered a luxury home is changing, too. High-priced properties used to be waterfront homes and ranches, said Rob Orth, Tomlinson Sotheby's International Realty president. But now traditional family homes are increasingly cracking the \$1 million mark.

"The prices from two years ago have basically doubled," Orth said. "What used to be a \$500,000 home is now a million-dollar home. There's now million-dollar homes on the

See **LUXURY, 5**



The asking price for the Copper Rock Estate at Mica Bay on Lake Coeur d'Alene, one of its balcony decks pictured above, at right, was \$27 million earlier this month. The main home of 9,000 square feet comes with 30 acres of land and 738 feet of lake frontage.

SELLERS GUIDE



COLIN MULVANY/THE SPOKESMAN-REVIEW

These homes are being built by Greenstone Homes in Liberty Lake. Experts and economists expect that Spokane-area housing prices will slow but not drop like they did during the Great Recession.

Bubble shouldn't burst

Spokane home prices are expected to decline | but nothing resembling the Great Recession

By Thomas Clouse
THE SPOKESMAN-REVIEW

The last time Spokane had a major run-up in home prices, it didn't end well. The area suffered a four-year stretch during which home values dropped.

But observers of area real estate and the local economy believe the economic underpinnings of the current surge in prices won't suffer the same fate as the local housing market during the Great Recession.

That economic disaster followed a flurry of loans by lending institutions that rushed to lend money without checking whether the borrowers had the ability to repay the loans, said Grant Forsyth, chief economist for Avista Corp.

"I would say the biggest thing, from what I'm being told from the banking sector, there is a big difference in loan quality and loan standards than there was in that 2004 to 2006 period," Forsyth said. "It's not as easy as it was during the housing bubble to lend money to people who have apparently dubious ability to pay."

David Flood, chief lending officer for STCU, agreed. He said during the run-up to the Great Recession "there was a lot of pressure for more people to make more loans. They were making loans that weren't necessarily in the best interest of the owners."

Both agreed that the current increase in Spokane-area housing prices largely is driven by a lack of inventory. Because of more people moving to the area and fewer homes on the market, it has created a seller's market in which home owners are often receiving several bids that exceed their asking prices.

"We just have so many people moving in that we can't keep up," Flood said. "I don't think we have a bubble - that we will have this big collapse like we did in 2010. The prices may come down a bit, but I don't think they'll come down to where they were just a couple years ago."

Rob Higgins, executive vice president of the Spokane Association of Realtors, said he expects current market conditions to last a couple of more years

"and then it will start to level off."

"Real estate is a cyclical business," he said. "The prices generally don't go down. They do moderate."

The one big surprise was how local housing prices continued to increase during the coronavirus pandemic, Higgins said.

"We were headed this way anyway," he said of the higher home prices. "What COVID-19 did, it just accelerated that. 'Heck, I'm living in Seattle. I'm tired of the traffic. I have a job where I can work from home. I'm coming to Spokane and buying something with cash. I'll just keep bidding it up until I get it.'"

The downturn

Joel White, executive director of the Spokane Home Builders Association, is more pessimistic about the current situation that has led to record home prices.

"We are still seeing people moving in. That's what's driving us. But there are clouds on the horizon," White said. "What happens when that stimulus

See **BUBBLE, 8**

LUXURY

Continued from 4

prairie."

Recent listings showed 15 properties priced more than \$5 million in North Idaho. The two priciest are listed at \$27 million. Only a limited number of buyers can afford that, Orth said.

"That's for the high-end, specific buyer," he said. "People who have this type of money typically have other homes."

It used to take two to three years for such properties to sell, Orth said. But last year a property valued at \$30 million on Lake Coeur d'Alene sold after only 119 days on the market. "That tells us something," he said. "Historically, stuff like that would sit around."

Realtor Greg Rowley, a luxury property specialist with Coldwell Banker Schneidmiller Realty, is the listing agent for the two most expensive properties for sale in North Idaho. He said he wouldn't be surprised if one of them sells this summer.

"It is an interesting time," he said. "Some homes that had been on the market for years upon years sold last year. There's not a lot left."

The asking price for the Copper Rock Estate at Mica Bay on Lake Coeur d'Alene

is \$27 million. The main home of 9,000 square feet comes with 30 acres of land and 738 feet of lake frontage. Shown by appointment only, it also includes a guest house, a huge shop and caretaker's quarters.

The home has four bedrooms and 4.5 bathrooms. The home is automated and includes a game room, theater, soda bar, a home fitness center and vaulted ceilings with huge wooden beams. There's an outdoor living room with an open-air kitchen for warm summer days.

Thunder Ranch, perched above Bottle Bay on Lake Pend Oreille on 48 acres, is also priced at \$27 million. The main house is more than 14,000 square feet and has four bedrooms and seven bathrooms. There's a bunkhouse and a guesthouse. The ranch includes a stable with living quarters as well as several barns and shops, an orchard and a caretaker's house. There's even a business office with workstations, high-speed internet and multiple phone lines.

The home has more than 5,000 square feet of decking and an infinity pool overlooks views of the lake. Five wells supply water to the property. The 1,600 feet of lake frontage includes

multiple docks with room for three boats and four jet skis. The home includes a game room and wine cellar, and there's a helipad next to one of the pastures.

"It is quite the spread," Rowley said.

By contrast, the Spokane area didn't have any homes available priced more than \$5 million, Eric Johnson, Spokane Association of Realtors president, said earlier this month. The huge estate homes tend to be across the state line, he said.

"North Idaho really draws," he said.

The most expensive home available at the time was at 13310 S. Covey Run Lane and priced at \$3.8 million. It sits on almost 9 acres in the Ridge at Hangman community. The 12,808-square-foot home has six bedrooms, nine bathrooms and six fireplaces. The house, with domes and multiple peaked roofs, looks something like a castle.

"This house is all stone," Johnson said. "It looks like a slate roof."

The interior boasts dual sweeping staircases and custom woodwork.

"It is just out-of-this-world beautiful," Johnson said. "It looks like a banquet hall, not a house. Everything is super high end."



COURTESY PHOTO

Thunder Ranch, perched above Bottle Bay on Lake Pend Oreille on 48 acres, is priced at \$27 million.

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LOOKING TO SELL?

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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SELLERS GUIDE

“As hot as the market is, having the ability for somebody to be able to walk through the house virtually, I think, is key.”

Jeff Nitschke
Capture NW owner



TYLER TJOMSLAND/THE SPOKESMAN-REVIEW

Jeff Nitschke of Capture NW stands next to some of the specialized camera equipment he uses to create virtual tours with Matterport 3D technology, at a new home in Spokane on April 13.

Greater focus put on 3D virtual tours in pandemic

Move to buyer-friendly online tools to show, sell homes likely here to stay

By Amy Edelen
THE SPOKESMAN-REVIEW

From comparing prices to virtual tours, consumers have become accustomed to the con-

venience of shopping for homes online, a shift that was further accelerated by the coronavirus pandemic.

Real estate agents and industry veterans say the trend of us-

ing online tools to buy and sell homes may be here to stay, pandemic or not.

Twenty-seven percent of sellers indicated their real estate agents have used virtual tours to market properties during the pandemic, compared with 17% of those pre-pandemic, according to the National Association of Realtors.

Capture NW owner Jeff Nitschke, whose company offers real estate photography services as well as Zillow and Matterport 3D virtual tours, has noticed an uptick in business inquiries during the past year.

Nitschke shoots about three to five virtual tours a week of properties ranging from fixer-uppers to multimillion dollar homes in

North Idaho and Eastern Washington.

“As hot as the market is, having the ability for somebody to be able to walk through the house virtually, I think, is key,” said Nitschke, adding that virtual tours are an additional convenience to out-of-state buyers

See **VIRTUAL, 8**

Home is everything now. Perhaps we never saw it so clearly.

Spokane home photo by Nick Brommer Photography

This is a school, playground, office, hotel, restaurant, garden, workshop, conference room, study, theater, gameroom, laundromat, coffee bar, ice cream parlor, Zoom studio, and place to call home.

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SELLERS GUIDE

Growth bursting on Spokane's edges

More attention must be paid to infrastructure

By Thomas Clouse
THE SPOKESMAN-REVIEW

When he was a kid, Rob Higgins used to float on an inner tube in a drainage ditch along what is now MeadowWood Golf Course in Liberty Lake.

What once was nothing but open fields is now packed with large homes as residential growth expands out of Spokane and has begun to explode in places like Airway Heights, Cheney, Post Falls, Deer Park and Spokane Valley.

"You get to my age, and it's like, 'Wow. That happened faster than I thought it would,'" said Higgins, 72, who is a former Spokane City Council member. "But, it took forever."

With a residential housing boom and seller's market driving housing prices to record levels, the pressure for growth in Spokane County has continued north and east. But the West Plains, with the addition of the massive Amazon fulfillment center in 2020 and access to flat, buildable land, appears to be one of those areas set to reap the benefit of the current growth.

"Spokane is fortunate. We can grow in 360 degrees," Higgins said. "We aren't hemmed in by mountains. We just need to make sure we plan for that growth. We need to think 20, 30, 40 years out."

Cheryl Stewart, executive director of the Inland Northwest Associated General Contractors, agreed, saying that local governments have worked to improve infrastructure, but much work remains.

"As residential booms,



Workers complete a home on Bogen Court on April 20 in Airway Heights. The West Plains is one of the outer areas experiencing rapid housing growth in the Spokane area.

everything that goes with it needs to grow: schools, water, energy and sewage," she said. "Right now, we don't have enough to maintain and keep our current roads let alone build new ones."

"We are going to have to invest in our infrastructure because it's going to impact everyone."

Joel White, executive director of the Spokane Home Builders Association, sits on the Spokane County Growth Management Steering Committee. He said a 2016 settlement of four lawsuits limits the county from expanding its urban growth boundary until 2025.

Spokane County adopted that boundary in 2013, which designates development within the boundary as urban and dictates where utilities, such as sewer, can be extended to make way for future growth.

As a result, Spokane County's expansion has fallen behind places

such as Kootenai County across the Idaho border, White said. Last year alone, Post Falls approved more building permits for homes than all of Spokane County.

"If you drive across the (Rathdrum) Prairie, it's housing development after housing development," White said. "Because of the lack of available land or the price point, they are going over to Idaho."

Despite the growth to the east, developers are still adding homes north of Spokane, in Spokane Valley and to the west, White said.

"The city of Spokane really is not growing very fast," he said. "West Plains is really starting to grow. The North Side ... and the south Valley are the largest areas of growth."

Higgins, who is executive vice president of the Spokane Association of Realtors, said you could ride 50 feet up in a hot air balloon 35 years ago and it was obvious where

services needed to be extended in Spokane.

"Back in the '80s, we used to sit around and look at the crystal ball," Higgins said. "We have all this growth going east towards Coeur d'Alene and growth going north. But downtown is sitting at the end. Nothing is going west. We said we better get sewer and water out to the West Plains and start doing that."

Growth in Airway Heights began to boom after Northern Quest Resort & Casino opened in December 2000 and steadily began to expand. Now, 20 years later, Amazon brought thousands of jobs when it opened the fulfillment center.

"There's all kinds of land out there for housing," Higgins said. "There is more growth with jobs on the West Plains. It makes sense."

Higgins said when he unsuccessfully ran for Spokane mayor in 1989, he thought Spokane was poised for prosperity.

"I was 30 years off," he said. "But my thought always was that the intermountain West, Boise, Salt Lake City, Spokane, those areas are going to be where people are going to want to live."

"It's away from the congestion of the West Coast, but it's where we have water and that's gold. We need to make sure we are preserving that as best we can."

Higgins said he agreed with Stewart that local leaders shouldn't get so consumed by fostering growth that they lose sight of providing the infrastructure needed to sustain what residents already have.

"We are fortunate here, but we need to be thinking in the future," he said. "Those water and sewer lines are expensive. It just takes common sense to manage our growth."

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Recovery to influence rate trajectory

Bankrate.com

Mortgage rates plumbed new depths in December and January, setting all-time lows south of 3%. Rates have climbed since then, and their trajectory for the rest of the year depends on the strength of the economic recovery.

That's according to Greg McBride, CFA, Bankrate chief financial analyst. With coronavirus vaccines now widely available, there's new optimism about the U.S. economy.

"Bond yields and mortgage rates have climbed since the beginning of the year but now reflect pretty lofty expectations for economic growth," McBride said. "If economic reality doesn't live up to expectations, rates are likely to pull back."

Housing economists say the growing optimism is putting upward pressure on rates. The Mortgage Bankers Association, for instance, expects rates to reach 3.6% by the end of 2021. Its forecast three months ago called for rates to hit 3.5% in late 2021.

If rates continue to trend upward, the refinancing boom of 2020 will slow dramatically by the second half of 2021, said Michael Fratantoni, chief economist at the Mortgage Bankers Association.

"We think refi volume is going to fall off pretty sharply, particularly in the second half of 2021 as the economy really finds its footing," Fratantoni said.

While mortgage rates will increase enough to discourage refinancing, they'll remain low enough to make homebuying attractive, Fratantoni said. "Even if mortgage rates are going to be high enough to curtail refi, they're still going to be low enough to keep housing affordable," he added.

SELLERS

Continued from 3

March.

"The average increase over list price was over \$20,000," he said. "That means the price is being bid up."

Grant Forsyth, the chief economist for Avista Corp., said the seller's market is good for those trying to sell their homes, but it could push out younger buyers who are trying to purchase their first new home.

"These are largely native-born people who want to stay here," he said of the first-time buyers. "They are in competition against a lot of people who can bring a lot of cash to the table. So, there is an affordability issue with these long cash runs."

Higgins agreed, saying the seller's market can push some first-time buyers either to wait or force them to rent.

"For the first-time homebuyer, their big issue is to save enough money to make a down payment," he said. "Almost all of the sales are conventional, which requires a lot. Affordability is going to become a significant issue."

Population influx

Joel White, the executive director of the Spokane Home Builders Association, said much of the current seller's market is coming from folks moving to Spokane from the higher-priced real estate markets in the Seattle area.

"It's not because our

economy is doing so much better," White said. "We have a great quality of life here. They can buy a nice home in Spokane where they may have been living in a small house or condominium in Seattle that was worth \$1.5 million."

As the inventory remains low, the pressure for contractors to build more homes has increased, White said.

"When these homebuyers call us and ask us, 'Can you give us a builder?' We say, 'Yes. But heads up, you will probably have to wait a year before they can build your home,'" he said. "Builders are unable to meet the demand. They are basically turning away business."

In addition to the normal price increases caused by demand, contractors are currently facing record lumber prices that are adding about \$45,000 to the cost of a median-priced home.

"We still have builders building speculative homes, but that activity has died down," White said. "As soon as they get final plat approval and put a yard stake down, it's purchased. Buyers are so desperate."

All that activity has been a boon to local banks as well.

David Flood, the chief title lending officer for STCU, said his company has been doing a robust business with mortgages and refinancing of existing mortgages as buyers and owners take advantage of historically low interest

rates.

He said in 2018, STCU did about \$183 million worth of mortgage lending. That jumped to \$442 million in 2019 and it nearly doubled to \$731 million in 2020 despite the pandemic. For the first quarter of this year, STCU has already done \$221 million worth of mortgages.

"We have more demand for homes than supply," Flood said. "That gives the seller a pretty big advantage at the moment. We have a lot of buyers for the same home and it's driving up prices."

Forsyth, the Avista economist, said he expects it may take a combination of market influences for the current seller's market to cool off.

"My guess is that the home-price gains are going to be pretty sensitive to interest-rate changes," he said. "And, if suddenly there is a downshift to the number people moving here to the region."

Higgins, a former Spokane City Council member, doesn't expect the flow of new residents to stop soon. He noted the median price of a home in Seattle is still more than double Spokane's record level.

And, homes in Spokane remain competitive to other regions in the nation, he said.

"Lots of people are coming over from the West Side or California," Higgins said. "They are looking at the prices and saying, 'Heck, we had those prices 10 year ago. What are you guys complaining about?'"

al expenses. That's a lien against your house. That will reduce your equity."

That said, the only way for anyone to cash in on the value built up in their home is to sell it, or borrow against it.

For homeowners that sell, "You still have to buy something in this hot market, too," Deckard said.

Still, Higgins, a former member of the Spokane City Council, said that record housing prices are adding wealth to homeowners who were willing

and able to survive those early days of scrounging to pay the mortgage.

"It's not the best financial investment. You can do better investing in other things," Higgins said. "But, you are going to need a place to live. So, get that house, even if it is a fixer-upper. For most of middle America, that's their nest egg."

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EQUITY

Continued from 2

in on the boom.

"Just because you have equity, I wouldn't say go use it," Flood said. "Prices do drop. I'd say be smart about it."

Deckard, of State Bank Northwest, agreed.

"Take good care of it. Don't use the equity in your home to pay off personal expenses, like vacations," he said. "Don't put a car on it or other person-



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SELLERS GUIDE

STAGING

Continued from 4

said Barragan, who specializes in vacant-home staging. “The general statistics out there are that usually it could sell 10% over (listing price). If you sell your house for \$400,000, that’s \$40,000 more you can get when your home looks really nice.”

Home staging also gives buyers looking at online listings a way to see how different spaces can be used, Barragan said.

“A lot of times, too, with staging, if it’s done well – smaller spaces look bigger,” she said.

Some 31% of agents in NAR’s survey said home staging “greatly decreased” the amount of time a home spent on the market.

Living rooms, kitchens, master bedrooms and dining rooms are the most common areas to stage, but many people are also opting to stage a home office space, with more people working remotely because of the pandemic, according to the NAR survey.

“Staging a home helps consumers see the full potential of a given space or property,” Jessica Lautz, NAR’s vice president of demographics and behav-



DAN PELLE/THE SPOKESMAN-REVIEW

Amy Barragan, owner of Affordable Home Staging, outfits the South Helena Street home on April 12 with artwork and other touches prior to its showing.

ioral insights, said in a statement. “It features the home in its best light and helps would-be buyers envision its various possibilities.”

Seventy-three percent of buyers’ agents said in NAR’s survey that having videos and virtual tours for listings became even more important during the COVID-19 pandemic.

“At the start of the pandemic, in-person open house tours either diminished or were halted altogether, so buyers had to rely on photos and virtual tours in search of their dream home,” Lautz said. “These features become even more important as housing inventory is limited and buyers need to plan their in-person tours str-

telegically.”

Because buyers make a decision of whether a home is right for them within seconds of visiting, Barragan recommends sellers stage the front entrance with a welcome mat or wreath hung on the door.

She also advises sellers to ensure their home is free of clutter and smells fresh, to maximize its appeal.

“This is your one chance to get buyers in here,” Barragan said. “You want to eliminate as many distractions as possible so people can see what your house has to offer.”

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VIRTUAL

Continued from 6

who aren’t able to see homes in-person.

Matterport, a California-based computer vision technology company founded in 2011, released a camera that’s capable of providing 360-degree, interactive virtual property walk-throughs in which prospective homebuyers can digitally measure rooms, walls and windows inside a house to ensure furniture will fit or to prepare for a remodel.

In addition, Matterport has the ability to scan and create a 3D “digital twin” of a property’s floorplan. That feature is particularly helpful with historic homes, which might not have the original blueprints available, Nitschke said.

In May, Matterport released its Capture app, which provides smartphone users with the ability to create, edit and share 3D digital floorplans of properties with the touch of a screen.

Nitschke, who also is seeing a greater demand for 3D virtual tours for commercial properties, anticipates Capture NW will gain even more business as the spring home-buying season gets under-

way in the region.

Seattle-based real estate technology company Redfin launched a feature in March 2020 for homebuyers to request agent-led, video-chat tours via its website and app. The company has been offering 3-D virtual tours since 2014.

Views of 3D walk-throughs on Redfin’s website have increased 603% since February 2020. Agent-led, video-chat tours account for 10% to 12% of home-tour requests, Redfin spokeswoman Angela Cherry said in an email earlier this month.

“While this is down from its initial peak of nearly 33% in early April 2020, it’s held steady at this level over the past 10 months or so, a trend we think will continue even post-pandemic,” said Cherry, referring to the video-chat tours.

Realtor Collin Kelley, of eXp Realty in Spokane, said he’s been using Matterport virtual tours since 2018 and finds it particularly helpful when showing properties to out-of-state buyers.

“I see so many people moving up from California, Arizona and Nevada, and it’s so beneficial,” he said. “They are able to get that feeling like they are actually there.”

In addition to virtual tours, Kelley uses a tool called DJI Mimo, which enhances video quality when showing properties to clients via FaceTime.

Kelley, who sells homes in North Idaho and the Spokane area, said he’s noticed an increase in the number of people buying homes sight unseen with the use of virtual tours.

“I would like to see that done en masse because it would save so much time for everyone,” he said, adding that while the pandemic has accelerated the use of Matterport, it’s been slow to catch on in the Spokane area when compared to other markets.

There’s a paradigm shift occurring in the real estate world when it comes to embracing new technology to make buying and selling homes easier, Kelley said.

“The cost of great technology is getting lower and lower, and that’s only going to enhance the consumer experience through time,” he said. “No competitive advantage lasts forever, but these are big things that will make buying and selling real estate better for the consumer.”

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BUBBLE

Continued from 5

runs out? The (Federal Reserve) intentionally held interest rates down. That can’t continue forever.”

Even a 1% increase in interest rates will have a dramatic affect on the amount of home someone can purchase, he said.

“There is going to be a kick. We are going to feel a pain,” White said. “Hopefully, the vaccines work and people go back to work.”

He noted that housing permits in Spokane County have started to decline. Multifamily homes and apartment complexes are

being built “because that’s what the average home income can afford,” he said.

Forsyth agrees with White about the potential for the interest rates and with Higgins that the housing prices likely will not continue to see the double-digit percentage increases of the past year.

Since the mid-1980s, the average price increase of Spokane homes has been 4.5% a year, Forsyth said, referring to charts that graph the price of local homes over time.

But home prices declined from 2008 to 2012 during and following the Great Recession.

“We didn’t start to see positive price growth in these homes,

tracked by this index, until 2013,” he said. “I don’t necessarily anticipate that kind of prolonged of adjustment” to the current prices.

Forsyth said he would have expected the pandemic to force local housing prices down, but it didn’t.

“The COVID-induced recession did not curtail in-migration like recessions did in the past,” Forsyth said. “That outcome has definitely increased the demand.”

Cheryl Stewart, executive director of the Inland Northwest Associated General Contractors, agreed with the others that the current housing prices tend to have better financial backing

than during the period of questionable loans years ago.

“Residential is crazy busy, but we are not crazy busy,” said Stewart, whose organization represents all contractors except homebuilders. “With the coming of the Amazons of the world, I think (the local economy) is going to continue to grow.”

She, too, expects housing prices to eventually dip.

“While we are expecting it to slow down, we are not expecting the ‘hockey stick’ down,” Stewart said. “It will be more gradual.”

Forsyth was teaching at Eastern Washington University when the housing bubble collapsed from the Great Reces-

sion. He said he had a student at the time who was working for a lender that was approving loans without asking for proof of income.

“My sense is there is a lot less of that going around,” he said. “That being said, I don’t necessarily expect home prices to continue with double-digit rates.”

“I could imagine that we see a correction in the market, but not like the correction we saw in 2008, 2009 and 2010. A lot of that reflects the underlying loan quality.”

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