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The 5 Hottest Hipster Real Estate Markets Across America

While not everyone loves beards or pour-over coffee, when it comes to real estate, hipsters might be a good group to watch, according to new research from realtor.com and Yelp.

The realtor.com economic data team leveraged its Market Hotness Index—which is a tool designed to uncover hot real estate markets where homes are selling quickly and users are browsing a lot of listings—and combined it with Yelp's data to identify the ZIP codes where the word "hipster" was used most frequently in user reviews, comparing it with the norm for that city. The result: the hottest hipster markets in the United States.

Unsurprisingly, these hip hoods have many features that appeal to millennials:

continued on next page

affordable homes (well, in many places), good job prospects, and plenty of other millennials. These are the characteristics that contribute to the potential for rising home values.

"Based on our research, there's clear evidence that 'hipster' popularity in markets like Austin, Texas, has led to mainstream interest and higher home prices over time," said Javier Vivas, director of economic research for realtor.com.

Ready to find out what hipsters like? These are the 5 hottest hipster real estate markets in America. Are there communities in your area that seem like they might fit these profiles, too?

1 Columbus, Ohio (Clintonville - 43202)

Median listing price: $269,455
Median household income: $44,007
County unemployment: 3.8 percent
Millennial share of population: 28.8 percent

Columbus has much more to offer than simply affordability. Home to Ohio State University, Columbus is rich in art, music, theater, museums, and culture. It also has a strong economy and thriving startup scene, with around 72 startups for every 1,000 businesses in the area.

Here's a surprising fact: After New York and Los Angeles, Columbus has more fashion designers than any other U.S. metro area, with a pipeline of young design talent coming from the Columbus College of Art & Design.

Clintonville, the Columbus neighborhood that topped realtor.com's list, is a favorite with young buyers, thanks to its affordability, walkability, and friendliness. Trendy cafes, bakeries, and home decor shops are popping up everywhere. The majority of the homes in the area are detached single-family properties with yards that were built in the 1930s and 1940s.

2 Seattle, Wash. (Capitol Hill - 98122)

Median listing price: $756,653
Median household income: $65,367
County unemployment: 3.2 percent
Millennial share of population: 26.6 percent

Amazon has overtaken Microsoft as the big employer in the area, pulling tens of thousands of young technophiles to the city. This neighborhood has a well-established gay community and a lot of historic homes—including no shortage of awe-inspiring mansions.

3 San Diego, Calif. (North Park - 92104)

Median listing price: $597,000
Median household income: $55,130
County unemployment: 4.1 percent
Millennial share of population: 23 percent

San Diego's thriving startup scene is luring plenty of young buyers and renters to the area. The neighborhood of North Park has an art district with monthly art walks, trendy bars with handcrafted cocktails, and foodie-approved eateries.

4 Fort Wayne, Ind. (46802*)

Median listing price: $163,925
Median household income: $29,591
County unemployment: 3.3 percent
Millennial share of population: 19.9 percent

Fort Wayne is an attractive place to live thanks to affordable home prices and a thriving job market. The 46802 ZIP code, which includes Fort Wayne's downtown, has been expanding with new construction and new businesses.

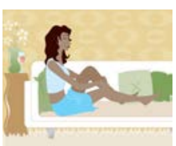
continued on next page

5 Rochester, N.Y. (Highland Park - 14620)
Median listing price: $154,925
Median household income: $43,550
County unemployment: 4.58 percent
Millennial share of population: 32.1 percent

Rochester's Highland Park neighborhood is best known for its arboretum by the same name, which hosts an annual lilac festival that draws more than 500,000 people. Highland Park offers a myriad of cultural events, from Shakespeare in the Park to live music during the summer, creating a fun and tightly knit community.

* Some ZIP codes do not align with a single named neighborhood.

Could DACA Repeal Impact Real Estate?



There are roughly 800,000 "Dreamers" living in the United States – illegal immigrants brought here as children. Most have jobs, many own homes, and many are enrolled at U.S. colleges and universities.

Congressional legislation called Deferred Action for Childhood Arrivals (DACA) was intended to give "dreamers" the opportunity to apply for temporary legal status in two-year increments. DACA stalled in Congress for nearly two decades before President Obama, frustrated by legislative inaction, implemented the act's protections by executive order.

Now President Trump has decided to cancel Obama's executive order, ending DACA. He has also admonished Congress to create a permanent legislative solution for DACA. Congress has until March 2018 to do so or the "Dreamers" will be subject to deportation. What impact could this have on the real estate industry?

There is no data available on the extent of DACA homeownership by state. But according to the Department of Homeland Security, about 40 percent of approved DACA recipients are likely in California (25 percent) and Texas (15 percent). After that, the top states with approved DACA recipients are N.Y., Fla., Ill., N.J., Ariz., N.C., Ga., and Wash.

One study determined that 15.7 percent of DACA recipients purchased their first home after their DACA applications were approved. That number increased to 23.5 percent for DACA recipients 25 or older. Should these people face actual deportation, which most political observers on the left and right view as unlikely even if legislation is not passed by the deadline, this housing could come onto the market — unless title is transferred to a relative or in some other way that keeps it off the market. In any case, the ongoing uncertain status of Dreamers probably will have some impact on real estate supply until the matter is resolved.

Houston Rethinks Real Estate Development After Harvey

There has not been much debate over the years in Houston about how land use should be regulated. Developers in the nation's fourth-largest city mostly built properties as they pleased. Now in the wake of Hurricane Harvey, which killed at least 50 people and caused approximately $180 billion in damage, people are starting to talk about whether Houston's real estate development needs better oversight.

"If Houston does not change, it will not survive from an economic standpoint," said Jim Blackburn, a professor of environmental law and the co-founder of Rice University's Severe Storm Prediction, Education and Evacuation from Disaster Center. "This absolutely should change our policies and our trajectory."

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"Almost all the flooding in Houston is the result of poor development decisions," said John Jacob, a professor of watershed science at Texas A&M University.

Instead of zoning, Stephen Costello, chief resilience officer for the city, believes the city needs to invest in a better system for moving rainwater out of town and into the bayous during heavy rains more quickly and efficiently. Developers and city officials counter that the scale of the storm was so massive that it is neither fair nor smart to draw conclusions from the storm yet.

Hurricane Irma Not Likely to Affect Florida Real Estate Prices

The damage caused by Hurricane Irma in Florida is not as bad as it could have been and is unlikely to affect real estate prices, billionaire real estate developer Jeff Soffer told CNBC in an interview with "Power Lunch." Irma, which impacted Florida and several Caribbean islands in September, ripped roofs off homes and caused flooding and power outages across the state.

Soffer, CEO of the luxury real estate development and property management firm Turnberry Associates, says these types of storms are predictable for the area.

"It's just a way of life. It doesn't happen that often, and the reality is that Florida's very well prepared for this," he said. "I don't think real estate prices are going to get affected. Ultimately people want to be in Florida."

Hurricane Andrew caused massive destruction in 1992, but since then building codes have been updated. As a result, structures have held up well in Irma's wake, says Soffer. Among the properties that fared well is Miami's Fontainebleau, which is one of the luxury properties included in Turnberry Associates' portfolio.

The damage in Florida has mostly been landscape debris and downed power lines. He says it is certainly "nothing catastrophic."

NAR Forced MLS Membership Up for Review

An MLS policy that allows Realtor-affiliated MLSs to force all associates in a broker's office to obtain subscriptions to the MLS will be discussed at NAR's legislative meetings this month. NAR's Multiple Listing Issues and Policies Committee will consider the implications of keeping, eliminating or changing the policy — MLS Policy Statement 7.42 — both for different MLSs and for the industry as a whole, according to Rick Harris, a real estate broker and the committee's 2016 chair.

The policy is a "local option," which means NAR does not mandate its adoption. Local MLSs can adopt it for their marketplace at their discretion. According to NAR spokeswoman Sara Wiskerchen, the policy was first adopted in 2002 as a means of addressing the assessment of MLS fees for participants (brokers) with multiple office locations.

Some agents have taken issue with the policy. Jim Weix, owner-broker of The Real Estate Company, Inc. in Stuart, Fla., argues that agents should not be forced to pay for MLS services they don't want, referring to the current policy as 'welfare for smaller MLSs.'

"[The current policy] means that little MLSs can force agents to join their MLS, even if there are better MLSs in the same area. This 'artificial life support system' allows primarily small MLSs, which are often within the coverage area of large MLSs, to exist," Weix told Inman via email.

continued on next page

REIT Investors Look to Alternative Property Sectors for Bigger Returns

Retail REITs are experiencing weaker performance as a result of a more negative perception of the space.

"We are clearly over-retailed in the U.S. and the growth in e-commerce is really not helping brick-and-mortar stores," says Joi Mar, an analyst at research firm Green Street Advisors.

According to the latest Green Street Commercial Property Price Index for August, the industrial sector has seen the largest increase in values in the past year at 10 percent, while malls, strip retail centers, and self-storage facilities all experienced drops in values.

The overall picture points to slower growth for REITs, with the FTSE NAREIT All REIT Index, lagging the S&P and Dow Jones Industrials by nearly 4 percent having averaged 8.0 percent total year-to-date returns as of September 8, 2017.

While investors are not abandoning REITs, they are becoming more selective, says Haendel St. Juste, senior REIT analyst at Mizuho Securities USA. Concerns are emerging about late-cycle decelerating growth and more issues are popping up in specific real estate sectors. The good news is interest rates have remained low and REITs are generally viewed as a safe harbor for investors in volatile economic and political times, which could help to boost the sector, adds St. Juste.

Berkshire's HomeServices of America Acquires Long & Foster

Chantilly-based Long & Foster, a small real estate brokerage founded in 1968 that grew to become one of the nation's largest, has been acquired by HomeServices of America Inc., an affiliate of Warren Buffett's Berkshire Hathaway. The acquisition includes the companies that fall under Long & Foster's umbrella, including Long & Foster Real Estate and businesses in mortgage, settlement services, insurance and property management.

Long & Foster was the country's largest private independent brokerage by sales volume, having sold over $28.93 billion in homes last year. Jeff Detwiler, Long & Foster's president and chief operating officer, will become CEO, while founder Wes Foster becomes chairman emeritus.

The financial terms of the Berkshire Hathaway deal were not released. The company is expected to continue operating as a separate brand while also maintaining its current offices in the Greater Washington D.C. area, including its headquarters in Chantilly, Va., according to Detwiler.

"It is business as usual tomorrow," he said in an interview. "This is not meant to be a destabilizing event."

Long & Foster, with $13.92 billion in metro-area sales volume in 2016 and $14.65 billion the year prior, has long been the subject of acquisition discussions, especially as the 85 year-old P. Wesley "Wes" Foster, Jr,. founder and chairman emeritus of the company, grew older. Analysts often speculated that Foster would eventually sell the company.

Long & Foster employs 4,527 agents in the D.C. region with a total of 5,026 local employees.

continued on next page

November • 2017 Volume 43 • Number 11

Harvey Victims Facing Temporary Housing Shortage in Houston

Houston is facing a temporary housing shortage following Hurricane Harvey after flooding devastated the area in August.

"There is already a run, we had people lined up the minute we were open to lease apartments," said Ric Campo, CEO of Camden Living, which owns more than 8,000 apartment units in Houston. "In a normal week we lease 70, we leased 300 last week."

The rental market changed overnight. However, rental properties were not the only market affected.

"We're closer to full asking price on all of our properties, buyers are showing up with cash offers, they want to close quickly, and we're running out of inventory," said Bradley Smith, a Houston builder with around a dozen spec homes on the market right now.

According to Houston Association of Realtors, the number of available homes has declined slightly. While builders and realtors have seen some changes, they have not yet seen prices shoot up for unflooded homes but expect it to occur soon. They cite an expected labor shortage and a run on building materials as contributing factors.

"Flooring material, tile material, is already starting to dry up, the lumber companies just put out pricing for September. We're going to see a spike in pricing. It's happening," said Smith.

Malls Need New Business Model Says CBRE Report

The traditional U.S. shopping mall business is in need of a significant revamp if it is expected to survive, according to a CBRE report.

The real estate research firm said malls need to shift from anchor department stores and smaller accessory and apparel chains — which take an average of 79% of leasable mall space combined — to include businesses that do not experience as much competition from e-commerce, such as restaurants, beauty outlets, and home furnishing stores.

In addition, today's consumers, namely millennials, are looking for experiences they can't get from purchasing merchandise online when they venture out to shopping malls. That's why malls and even grocery stores with additional features are popping up more frequently.

Still, lease agreements can be as long as 10 years and often require the approval of department stores in order for major physical changes to be made to the mall itself.

Several malls that exemplify this shift are currently being developed in N.J., Miami, Fla. and Atlanta, Ga. However, retail innovations do not always have to be elaborate to draw in shoppers. Many establishments are also being designed to meet a social need in the community in addition to being a place to buy necessities.

The End of Facebook for Real Estate?

The golden era of real estate Facebook advertising, a time when agents could see returns after only spending a few dollars, could be coming to an end. As Facebook competes with giants, such as Google and Zillow Group, for real estate marketing dominance, the social network's ad prices are increasing.

Its ads may still deliver a high return on investment for a few years to come, as marketing firms and Facebook look for new opportunities to convert social media users into real estate clients. However, increasing advertising costs are shifting the advantage to big spenders over agents with smaller budgets.

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In March, marketing guru Gary Vaynerchuk said Facebook video ads are similar to Google search ads in the early 2000s, CNBC reported.

"We are paying $6 to $13 CPM [cost per thousand impressions] on Facebook right now that are going to be $50 to $80 in 36 and 48 months, and everybody is going to be sad that they didn't jump on it," he reportedly said.

Facebook's price per ad more than doubled in 2014 and 2015, according to SEC filings. Price growth then decelerated to only 5 percent in 2017, but has since picked up, increasing 24 percent year over year in the second quarter.

Slowing growth in Facebook's ad inventory is expected to "play out higher pricing," Facebook Chief Financial Officer David Wehner said in a recent earnings call.

There is no consensus as to what works best on Facebook. Marketers' views vary greatly on issues such as ad designs and targeting, with some saying Facebook lead forms aren't as effective as simply featuring an agent's contact information.

Facebook is also reviewing its activity for techniques that deliver the best ROI. It wants to adapt those top actions into industry-specific products.

"Our best ideas often come from our clients," Facebook's Keith Watts, who oversees projects covering the real estate and financial services industries, recently told *Inman*. That was the case with Facebook's first custom product targeted to the real estate industry, "Dynamic Ads for Real Estate."

The feature is designed for brokerages and listing portals (not individual agents). It allows advertisers to market relevant listings to Facebook users who have previously searched for properties on their website.

"Real estate is an area we're betting big on as a company," Watts said. "We think it's content that consumers want to see ... I think there's a lot of ways that we can help the industry in general."

All of this – rising demand for Facebook ads, slowing growth in inventory and the proliferation of real estate-specific products – gives an edge to deep-pocketed real estate brokerages and teams. It is part of a larger trend that is emerging in the digital real estate marketing industry, epitomized by Zillow Group's decision to focus on "super agents" (teams who spend at least $60,000 annually) and phase out sales to smaller spenders.

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