

By Kate Carsella, Associate Editor

LOCAL ECONOMY

Is Amazon's HQ2 Good News?

As has been widely reported, Amazon will select the location of its second North American headquarters, HQ2, in 2018. The e-commerce giant's Request for Proposals states that Amazon seeks to locate in a metropolitan area with more than 1 million people, on a site that can accommodate 30 or more buildings and is within 45 minutes of an international airport.

Amazon estimates that building and operating its second headquarters will cost at least \$5 billion and it could hire up to 50,000 new, full-time employees. The company notes that its first headquarters in Seattle supplied an additional \$38 billion to the city's economy. Two hundred and thirty-eight cities submitted bids prior to the Oct. 19, 2017, deadline.

A national tracking poll by Morning Consult showed that 72 percent of those surveyed support Amazon setting up shop in their hometown or nearest large city; 46 percent said the



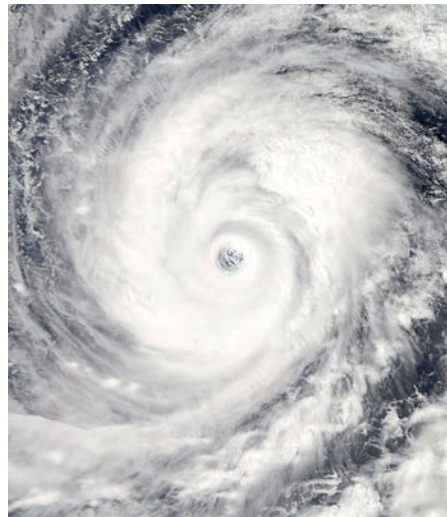
new headquarters would have a positive impact on housing prices in their region; while 23 percent cited a negative impact. Some 7 percent of those living in rural areas, and 72 percent of suburbanites and urbanites are in favor of Amazon's presence in their area. Also, a majority of respondents support their state providing tax incentives to lure Amazon to build its new

headquarters. Wyoming had the highest net support for Amazon's HQ2 at 81 percent, while Vermont had the lowest, at 66 percent.

WORKFORCE

Natural Disasters Bedevil Construction

The construction industry's labor shortage shows no sign of easing as new construction needs outpace the number of available workers. The National Association of Home Builders (NAHB) recently reported that the number of



unfilled positions in the construction industry is reaching peak levels this year, a 34 percent increase since August 2016, and can be expected to further increase given recent natural disasters affecting U.S. cities.

NAHB chairman Granger MacDonald said in a statement: "[October's] report shows that home builders are rebounding from the initial shock of the hurricanes. However, builders need to be mindful of long-term repercussions from the storms, such as intensified material price increases and labor shortages."

Though the effects of the recent California wildfires on local housing markets aren't yet quantifiable, Zillow's chief economist Svenja Gudell wrote that prior to the fires, housing inventory was already down by more than 10 percent, and in some cases more than 20 percent year-over-year in August for many areas.

In addition, the housing shortage and growing consumer need for remodeling, replacement housing, or both in the wake of natural disasters is worsening the issue.

Autodesk and the Associated General Contractors of America's recent survey shows that 70 percent of construction firms are experiencing difficulty filling hourly craft positions, and 43 percent anticipate it will continue to be difficult over the next 12 months. Brian Binke, founder and CEO of construction-industry recruiter The Birmingham Group recently stated on his weblog, "The movement of Millennials into the industry is helping to solve the labor crisis in construction, and it's changing the industry as a whole at the same time."

UTILITIES

U.S. Water Use by the Numbers

A new report from the NAHB using U.S. Geological Survey data says residential areas are responsible for less than 8 percent of water used in the U.S., totaling 27,400 million gallons per day (Mgal/d). Average annual water use in the U.S. is 355,000 Mgal/d, with 260 gallons per day per single housing unit, varying widely from state to state. For example, Maine uses 100 gallons per day per housing unit, while Nevada uses 472 gallons of water per day. Generally, homes use

more water in states that are hot, dry, and have larger households.

Indoors, the biggest water users are toilets, followed by showers, faucets,

washing machines, and plumbing leaks. Homes built before 1960 tend to use less water, and average water use only slightly varies among

single-family homes built after 1960. Newer homes tend to use more water, as they're more likely to have water softener or filtration systems and in-ground sprinklers.

The Water Research Foundation's models and NAHB's analysis concluded that the price of energy is a greater determinant for usage levels than features installed by a home builder.

As for plumbing fixtures, the most recent NAHB Homebuyer Preference Survey shows that multiple showerheads in the master bath ranks 7th out of 16 bath features deemed essential or desirable by more than half of recent and prospective homebuyers. Drinking water filtration systems rank 6th out of 31 kitchen features, and are rated as essential or desirable by 70 percent of recent and prospective homebuyers.

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Laundry Room Referrals

HOUSING MARKET

Parents Seek Equity Dorms Can't Offer

Student housing has become an investment opportunity for many parents sending their children to college. In some cases, buying a condo makes better financial sense than paying for a dorm room. College Board says between 2011-12 and 2016-17, tuition and fee prices rose by 9 percent in the public four-year sector, by 11 percent at public two-year colleges, and by 13 percent at private four-year institutions.

A report by the National Center for Education Statistics shows that, for single college students, on-campus housing is more expensive than off-campus by between 1.1 to 40.9 percent. Redfin also compared the monthly dorm rate at 195 U.S. public colleges with the median monthly mortgage on

[MARKET UPDATE]

a condo in each of those cities. Their findings suggest it's more cost effective for students or their parents to buy a nearby condo at 47 colleges.

Pro Teck Valuation Services' Home Value Forecast compares college housing fees to the cost of owning a condominium in specific metros. Results

show that Seattle is the most expensive, at \$519 per square foot, while College Station, Texas, is the least expensive, at \$125 per square foot. For condos that are relatively equal in price to a college dorm, renting out a room can serve to offset utilities, taxes, and insurance costs.

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HOMEOWNERSHIP

Crowdsourcing Down Payments

CMG Financial, a privately held mortgage-banking firm, has launched HomeFundMe, the first industry-approved crowdfunding platform for mortgage down payments.

Unlike crowd-source site GoFundMe.com, HomeFundMe doesn't charge transaction fees or take a percentage. In an effort to assist first-time homebuyers with better loan terms and the opportunity to lower mortgage insurance, all funds collected through the platform are directly accessible to the user as a mortgage down payment with CMG Financial as the lender. And, to expand contribution opportunities, HomeFundMe also links to wedding registries and other platforms.

"The down payment tends to be the largest hurdle in the home buying process, and we've developed a solution to help remove that barrier," Christopher M. George, president at CMG Financial and vice chairman of Mortgage Bankers Association, said in a statement. "Buyers are able to utilize their own community and network of family and friends to increase the amount they have available for a down payment. We want more people to recognize that there are various ways to purchase a home and become educated in the home buying process." PB