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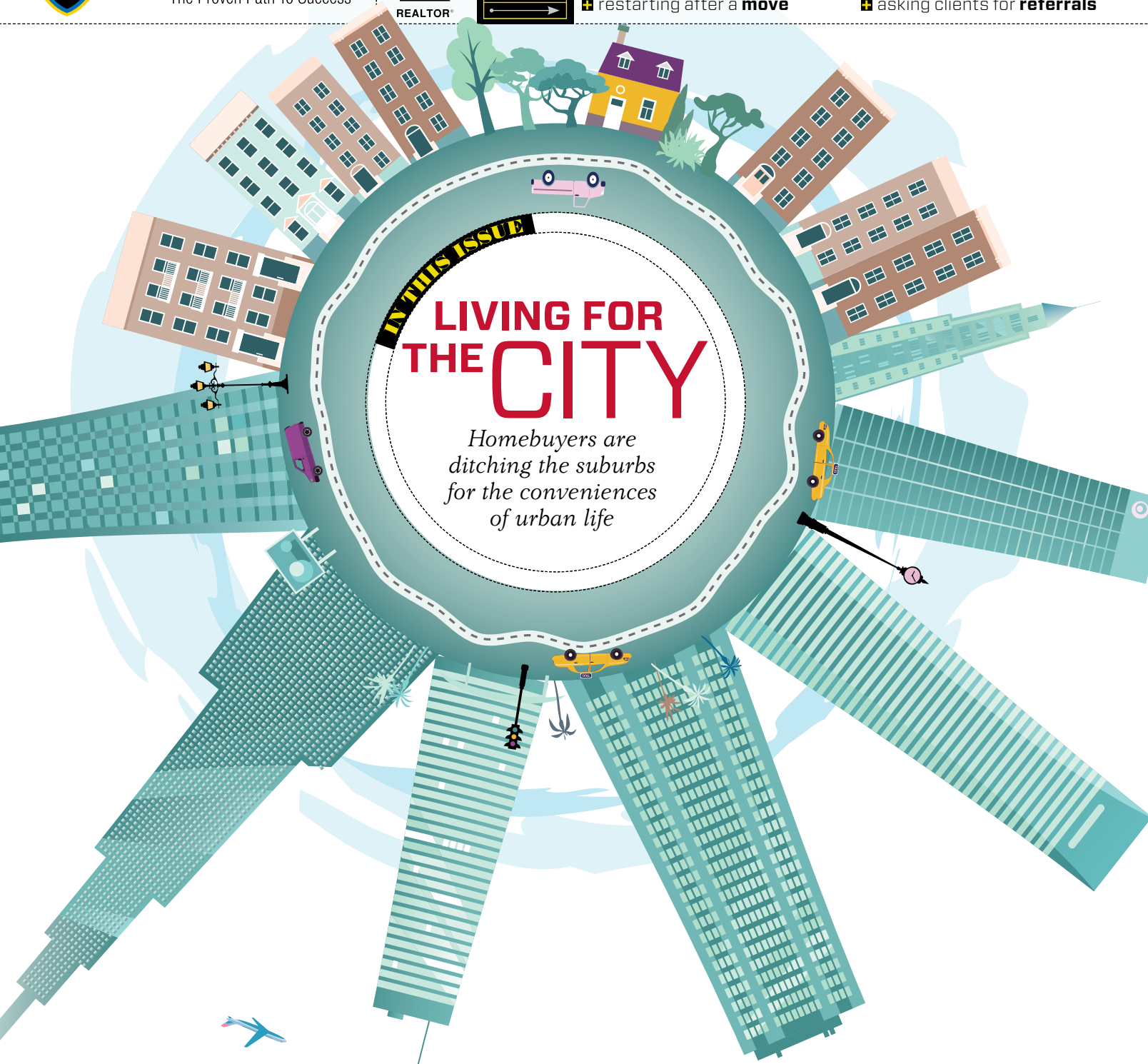


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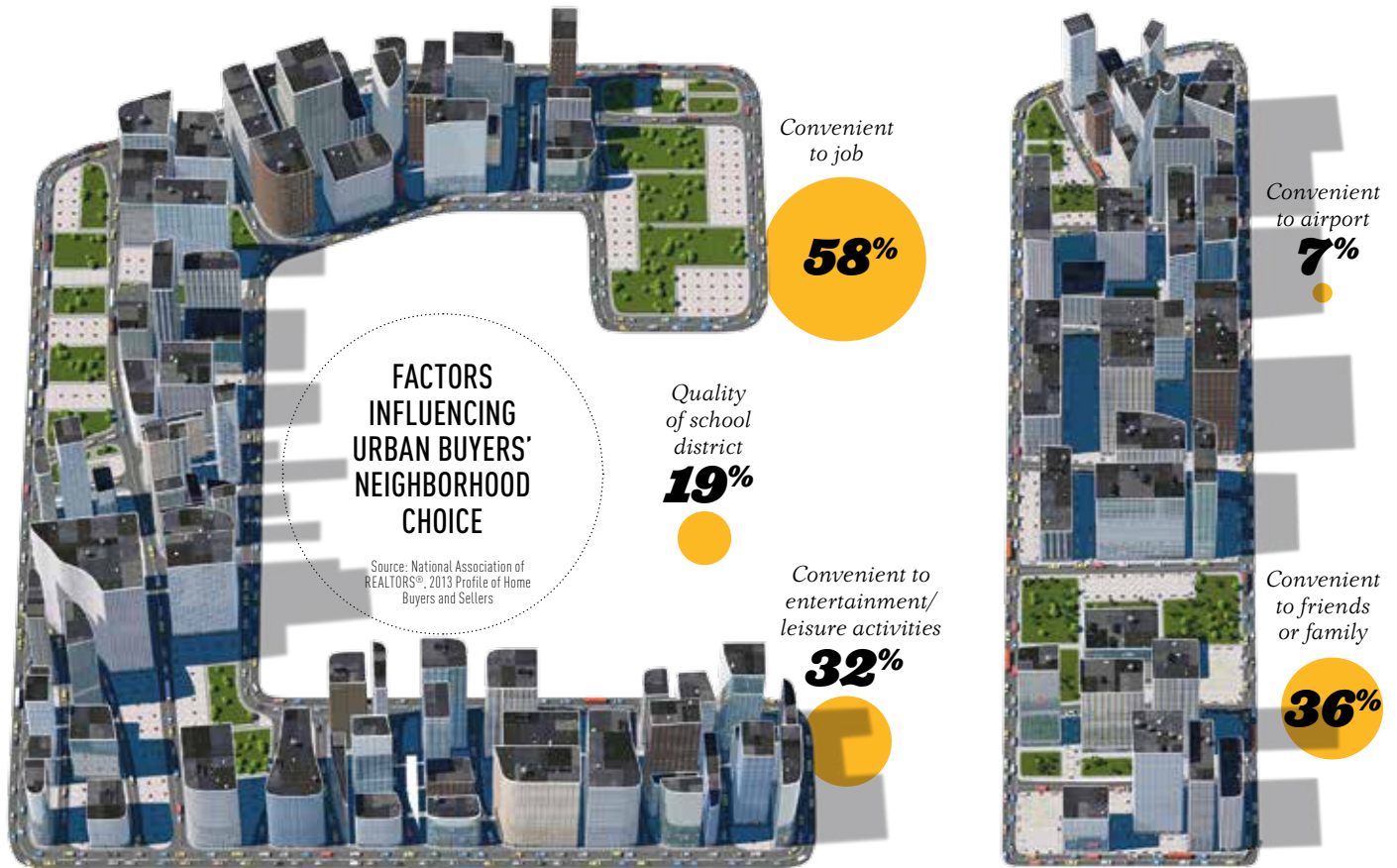


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L I V I N G



Homebuyers young and old are fleeing the suburbs for the city.

By Matt Alderton

▼ In December 2013, former television and radio reporter Cari Shane gave herself a long-coming Hanukkah present: After 23 years in the suburbs, she sold her house in Potomac, Maryland, and bought a downtown home in Washington, D.C. Located in NoMa, a transitioning neighborhood on the fringe of Capitol Hill, it's the home she always wanted but could never have.

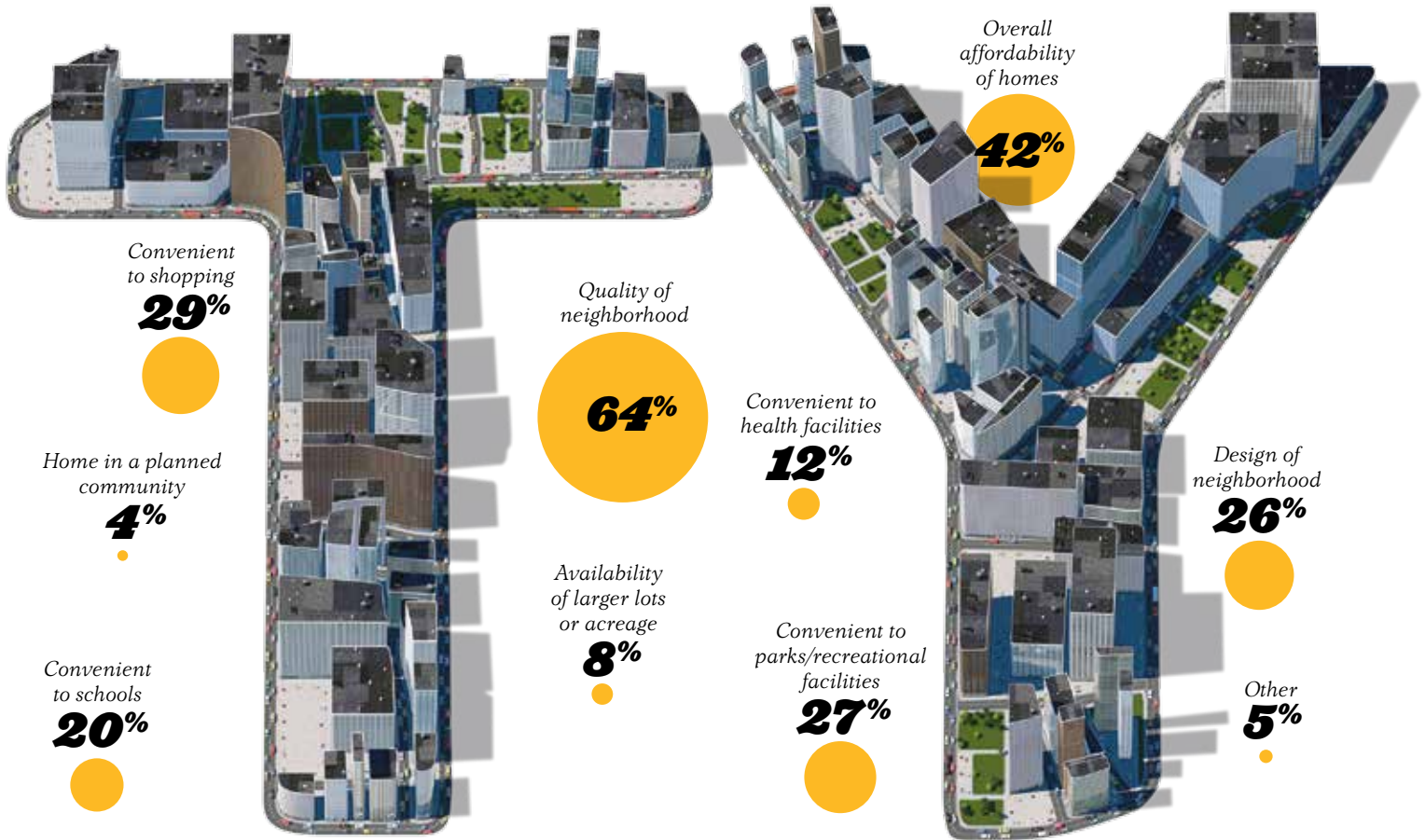
"I grew up in Manhattan, right in the middle of the concrete jungle. But when I got married and had my three kids, we moved to the suburbs," says Shane, 49. "Living in the city again was always my goal, so when my two oldest went to college, and my youngest ended up changing schools, I moved almost overnight. I got divorced about three-and-a-half years ago, so it was my way of getting back to who I used to be."

Shane isn't alone. Across the country, people old and young are engaged in a historic urban migration that's turning buttoned-down business districts into thriving live/work communities. For REALTORS® who recognize the trend, it's a unique opportunity to grow both their business and their city, each of which promises to swell with an infusion of new homes and homebuyers.

Urban Interest Increasing

Among homebuyers who purchased a home between July 2012 and June 2013, 16 percent bought in an urban area, according to the 2014 National Association of REALTORS® Home Buyer and Seller Generational Trends report. It might not sound like much, but urban interest is clearly growing. The National Association of REALTORS® 2013 National Community Preference Survey, for instance, found that 28 percent of Americans want to live in a city, up from 19 percent in 2011.

F O R T H E



Knowing why can help you make noise in the urban market.

The trend bears out further in individual cities, according to the International Downtown Association (IDA), a trade association representing urban planners, developers, architects and other urban advocates. In 2013, it published a report documenting downtown growth in America's 150 largest cities between 2000 and 2010. In nearly all of them, it found, the downtown population grew by double digits.

"Urban centers are now competing on equal footing with suburbs as preferred places to work and as regional, choice residential neighborhoods," IDA concluded.

Although millennials are responsible for much of the growth, more and more of their downtown neighbors are baby boomers. In fact, a 2013 analysis of U.S. Census Bureau data by online real-estate brokerage Redfin found that between 2000 and 2010, more than a million baby boomers in the nation's 50 largest cities moved from homes that were 40 to 80 miles outside the city center; in

the same period, a similar number moved to homes within 5 miles of downtown.

'Everything's Waiting for You'

Petula Clark was ahead of her time when she released her hit single "Downtown" in 1964. As many Americans were migrating to suburbia, Clark extolled the virtues of the city center.

"Things will be great when you're downtown," Clark sang. "Everything's waiting for you."

Everything is, in fact, waiting for you, according to Shane. "I could write a book on why I love the city," she exclaims. "I love it because there are so many amenities at your fingertips. Whether it's jumping on a city bike and biking a mile or two to a ballgame, going to a museum, attending a wine tasting or eating at a local restaurant, you can do anything you want to do — and you can do it all without getting into a car."

In fact, nearly a third (32 percent) of urban homebuyers purchased a home in the city because of its proximity to entertainment and leisure activities, according to the National Association of REALTORS® 2013 Profile of Home Buyers and Sellers. Other factors influencing their choice included convenience to shopping (29 percent), convenience to parks and recreation (27 percent), and convenience to public transportation (20 percent).

"A lot of people I work with are moving downtown because it's a walkable neighborhood and because it's close to things," says Katie Hesse, CRS, of Coldwell Banker West Shell in Cincinnati, where redevelopment is rampant in downtown neighborhoods like Over-the-Rhine, a long-dodgy historic district that's at the center of a major revitalization. "I'm actually one of those people. I just moved to downtown Cincinnati from Cedar Falls, Iowa. I moved across the country to be closer to family, but I wanted to be downtown because it's an exciting place to be."

Selling the City

Homebuyers may be flocking to the city, but that doesn't mean they'll flock to you when they do. REALTORS® who want a piece of the burgeoning urban market must therefore work hard to differentiate themselves, according to city-savvy CRSs who say urban buyers are most attracted to real estate agents who:

Grasp their goals: Buyers who move downtown typically have very specific reasons for wanting to do so, according to Melinda Estridge, CRS, principal of The Estridge Group at Long & Foster Realtors in Bethesda, Maryland. Take boomers, for instance, many of whom are empty-nesters with a desire to downsize both their house and their car.

"BUYERS WANT TO CONNECT WITH A PROPERTY ON AN EMOTIONAL LEVEL. TELLING A STORY HELPS YOU CREATE THAT EMOTIONAL CONNECTION."

—Katie Hesse, CRS

"Houses are a lot of maintenance," says Estridge, who specializes in the downtown Washington, D.C., market. "When your children are grown, you no longer need all the rooms in your house ... so maybe it makes sense to move into a condo downtown. Also, walkability is very important to them, as they are tired of driving everywhere as they had to do in the suburbs."

Because urban real estate often requires sacrifices — according to the National Association of REALTORS® 2013 Profile of Home Buyers and Sellers, 23 percent of urban homebuyers compromised on home price, 21 percent on home size, 21 percent on home condition and 15 percent on home style — knowing why clients want to move downtown in the first place will help you prioritize selection criteria.

Understand their lifestyle: Knowing how your clients want to live is the best way to determine where they want to live. "People who are in their 20s or 30s ... are looking to be in the most vibrant areas, where they're close to nightclubs, shopping and [public transportation]," Estridge says. "Older people tend to prefer neighborhoods that are safer and more established."

Clients' interests and resources are important parts of the equation. A boomer who's interested in culture, for instance, might want to be near museums or close to restaurants. On the other hand, a millennial who doesn't own a car will probably need to be near transit.

Know the city intimately: For urban buyers, the character of the neighborhood often is just as important as the quality of the home. For that reason, the most successful urban REALTORS® typically are those who know downtown neighborhoods well enough to be both a real estate agent and a tour guide.

"You need to be able to drive a client around for 15 minutes and show them where the parks are located; where the two or three hotspots for restaurants or shopping are located;

where the secret neighborhood hangout for coffee is located; where the library is located, or the post office; and what route they can take to work," says Sher Powers, CRS, owner of Urbane Residential Specialists in Nashville, Tennessee.

In addition to knowing the neighborhood as it looks today, you should know how it looked yesterday and how it will look tomorrow, according to Hesse, who often uses property histories and development maps

BY THE NUMBERS

WHERE THE BUYERS ARE

The homebuyers who are most heavily favoring urban areas tend to be younger.

Location of Home	Age of Homebuyer					
	All Buyers	33 and Younger	34 to 48	49 to 58	59 to 67	68 to 88
Suburb/Subdivision	53%	55%	56%	50%	51%	47%
Small Town	18%	16%	17%	17%	19%	24%
▶ Urban Area/Central City	16%	19%	16%	16%	12%	13%
Rural Area	11%	10%	10%	14%	11%	8%
Resort/Recreational Area	3%	1%	1%	3%	7%	8%

Source: National Association of REALTORS® 2014 National Association of REALTORS® Home Buyer and Seller Generational Trends



Detroit has experienced a revitalization of its downtown area. From left, the Renaissance Center in downtown Detroit; a view of Ford Field from downtown; and historic residences in the West Canfield section of Midtown.

restarting motor city

More and more people want to live downtown. To get them to move there, cities are taking an active role in downtown redevelopment.

A perfect example is Detroit, which is in the midst of a major renaissance, according to Katharine Czarnecki, director of community development at the Michigan Economic Development Corp. (MEDC), a state organization whose mission includes urban and community development. "The transformation here is astounding," explains Czarnecki, who says redevelopment in two Detroit neighborhoods, in particular — Downtown and Midtown, where the residential vacancy rate is just 2 percent — has catalyzed a citywide revitalization effort. "[Downtown buyers] want walkability, a range of housing options, culture and recreational activities. We're trying to leverage all those things to move the needle forward."

Demand alone isn't enough to make urban cores thrive. To transform downtowns from blighted to booming, cities must follow Detroit's lead by taking a 360-degree approach that includes:

- ➔ **Development:** To grease the wheels for redevelopment, MEDC has a program known as Redevelopment Ready Communities®, whereby it helps local governments encourage redevelopment by increasing transparency and streamlining the development process.
- ➔ **Recreation:** It's not enough to give people places to live. You also must

give them things to do, according to Czarnecki, who says Detroit has begun offering free entertainment — for example, live music, movies and art exhibitions — at city parks in the summer.

- ➔ **Public spaces:** Every vibrant city has dynamic public spaces, whether it's Central Park in New York, Boston Common in Boston or Millennium Park in Chicago. With that in mind, MEDC recently launched a campaign that will give matching funds to community groups that raise money with crowdfunding to help them infuse Michigan cities — including Detroit — with more green space.
- ➔ **Safety:** Because Detroit's negative reputation hampers downtown growth, law enforcement, government and businesses are collaborating to fight crime and improve safety, Czarnecki says.
- ➔ **Transportation:** People who live downtown demand affordable, convenient public transportation. In July 2014, Detroit therefore commenced work on the M-1 RAIL streetcar, a 3.3-mile circulating streetcar in downtown Detroit that eventually will be part of a larger public transportation system.

Concludes Czarnecki, "If you're going to encourage people to live downtown, you need to understand that there's more to the city than just working and living. You have to take a holistic approach to urban development, and Detroit is a very good example of that."

to create narratives that help her market downtown homes based on their past or future. "Buyers want to connect with a property on an emotional level," Hesse says. "Telling a story helps you create that emotional connection."

Neighborhood knowledge is so important to urban buyers that it often pays to specialize in a specific area, and to be physically located there if possible. "I'm a huge proponent of geographical farming," says Estridge, who claims REALTORS® benefit from both word of mouth and search engine traffic when they have a niche. "There are a lot of agents in Washington, D.C., who are known for a certain area. They do very well because their social circles and open houses are there, they do targeted mailings there and they usually own a home there."

Appreciate their reservations: Unless they live downtown already, buyers may have reservations — for instance, about safety, noise, traffic or other urban nuisances. It's important to listen to their concerns, address them and, if necessary, show them alternatives. "If a client has never

lived in an urban area, my suggestion is to knock on doors and talk to the people who live in the area," Powers says. "If they're not comfortable, it's important to not press them, but rather to find out what their goals are and determine how to accomplish them — perhaps in a neighborhood 10 minutes from downtown that feels more suburban but is still in an urban overlay."

City living isn't for everyone. However, it will always be for someone. "Urban cores have been eroding for decades, and finally we're seeing people coming back," Hesse concludes. "There's always going to be a downtown; as long as you can keep the excitement going, there's always going to be a steady stream of buyers who want to live there." ■

Matt Alderton is a Chicago-based freelance writer specializing in business, travel and technology.

Check out the 2013 NAR Profile of Home Buyers and Sellers for more information about urban moving trends: bit.ly/1toUx57