



**FOR IMMEDIATE RELEASE**

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## **Downtown Seattle Condo Market Established a Real Estate Microclimate in 2008**

### ***In-City Real Estate More Resilient Than Pervasive Housing Trends – Dwindling Selection & Record Low Interest Rates Likely to Prompt Homebuyers Timing a Market Bottom***

**DOWNTOWN SEATTLE (January 5, 2009)** – Research released today by Urban Condominiums, LLC., a Seattle-based real estate group that closely tracks the in-city condominium market, indicates that downtown Seattle is more resilient compared with the regional and national housing trends. Data compiled from the *Northwest Multiple Listing Service* (NWMLS) records and other independent research confirms the following findings in 2008:

- New listing activity year-over-year has steadily decreased since May 2008 (seven consecutive months)
- Fewer active listings remained on the NWMLS at year-end 2008 versus 2007 (14% less inventory active today)
- Pending sale activity slowed by 29% in 2008 with fewer presales of new construction as buyers “wait-and-see”
- Overall inventory absorption in 2008 retreated only 13% versus 2007 (partially due to presales from prior years)
- While median condo prices below \$600,000 decreased by 5%, median prices above \$600,000 increased by 32%
- Median prices year-end in aggregate (all price points) dropped by 2.35% - less than a quarter of regional decline
- Factoring all new construction not listed on NWMLS, median prices are actually much higher in 2008

“Compared with the surrounding region, the in-city condominium market has formed a more positive real estate microclimate,” says Marco Kronen, Sales Director for Urban Condominiums, LLC. “Many would-be buyers continue to watch from the sidelines but others are jumping into the market because they’ve realized that timing isn’t just about price.”

Perishable developer incentives and near historic-low interest rates are key considerations for buyers trying to time a market bottom. Kronen says that to date, preferred inventory in the city has not experienced any price corrections and may not in every case. “Real estate is always local – market conditions for one neighborhood or for one building are very different than the next,” says Kronen. “There are sellers offering price incentives to make sales while sellers of preferred properties in more limited supply hold firm on price and still find buyers – you can’t apply one trend across the entire market because demand is never evenly distributed.”

Recent statements from the Federal Reserve have pushed mortgage rates down to lows not seen since 2003, the last time the market rebounded following the 2000/2001 recession. According to Jeff Bell, a Mortgage Banker with Cobalt Mortgage, an interest rate drop of one-percent (1%) is effectively equal to a ten-percent (10%) discount on the purchase price while adding consumer purchase power and aiding homebuyer qualifying. Rates continue to trend downward into 2009. Bell recorded his highest volume of mortgages in December 2008 including new purchases and refinances.

“Favorable moves in the credit markets are influenced by macro conditions across a national landscape but the positive effects will be felt exponentially in stronger markets such as downtown Seattle,” says Bell. “Savings afforded by today’s lower mortgage rates may now be of greater benefit than buyers hoping for further price corrections in many cases.”

The most significant price corrections in the U.S. were experienced where demand languished and supply swelled due to a combination of developer exuberance (overbuilding), increased resale listings, cancelled presales, investor liquidation and a dramatic rise in foreclosures. Relatively speaking, downtown Seattle is not experiencing such adverse conditions.

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Conversely, inventory levels are now 14% lower than 2007 levels and most experts do not expect any glut of inventory in downtown Seattle because the supply and demand fundamentals are different from those markets witnessing a greater price correction. Kronen lists the following reasons:

- Downtown Seattle was late to the housing boom and didn't add significant inventory until 2007 (it's not overbuilt)
- No new construction development has broken ground since the rise of the commercial credit crunch during the summer 2007 – no additional inventory is expected in 2010 or 2011 (and potentially beyond)
- Since 2006, most new construction presales required homebuyers to be qualified for purchase under much stricter lender guidelines (in some cases without requiring the sale of an existing home), meaning less rescissions
- The vast majority of presales are now with principal residents or second home buyers – not speculators
- Most developers and construction lenders observed a policy to restrict investor sales and/or required a one-year restriction on investor resales, which quelled the likelihood of “flippers” compared with prior years
- The shadow market of condo rental units are enjoying strong demand as many “wait and see” buyers lease
- Foreclosures have had no impact in the city because distressed sellers are finding buyers in the open market and home values have been stable enough to ward off the negative equity scenario that's affecting markets elsewhere

Recent surveys conducted by both Urban Condominiums and other real estate brokerages suggest that hundreds of homebuyers remain active but most are attempting to time the market bottom. Meanwhile developers of new construction properties and real estate agents that specialize in downtown Seattle say that the prospect traffic and pending sales have increased since the conclusion of the 2008 elections. Consumer confidence is expected to improve into 2009.

“Finding the absolute bottom of any market is only ever known in hindsight,” says Kronen. “While price is always a factor downtown, I think preferred selection and securing favorable interest rates will become a larger issue in 2009.”

**NOTE:** Information contained herein contemplate sales activity in the center city of downtown Seattle (NWMLS Area #701), which includes properties located in the boundaries between Yesler Way north to Denny Way and from Interstate 5 west to Elliott Bay. The data also includes several larger condominium communities that are just outside these general boundaries. NWMLS statistics **DO NOT** include the substantial majority of new construction presale activity. When included the actual sales volume and median home values are considerably higher than reported by the NWMLS.

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#### **About Urban Condominiums, LLC**

UrbanCondominiums.com is a leading online resource for buyers and sellers of in-city real estate with proprietary access to new construction and resale market information including inventory not available to the Northwest Multiple Listing Service. The website maintains the region's most comprehensive database of existing and new construction properties as well as access to proprietary research faculties within the in-city marketplace. In a marketing partnership with Windermere Real Estate / Capitol Hill, Inc, licensed real estate agents provide clients with diverse real estate services for buying, selling and leasing in-city condominiums. For more information visit: [www.urbancondominiums.com](http://www.urbancondominiums.com)

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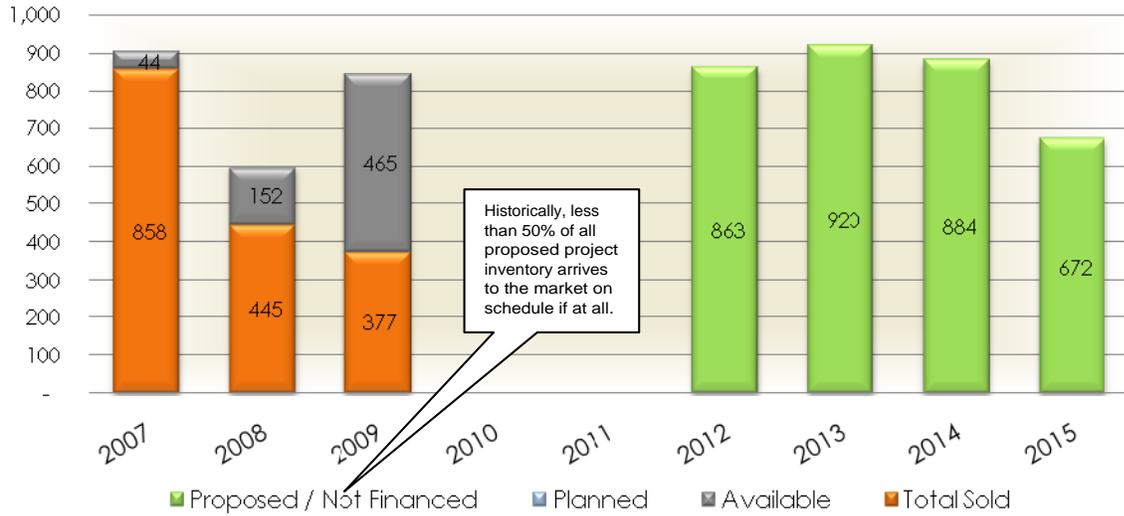
**EDITOR'S NOTE:** Supporting graphics are available on request including:

- Year-Over-Year Statistical Trend Lines (Based on NWMLS Area #701)
- Downtown Seattle New Condominium Pipeline (Construction vs. Sales)
- In-City Housing Market Pendulum (Market Direction Index)

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### New Condominium Construction and Sales MLS Area # 701 (Downtown Seattle City Center)



### Median Home Price Year to Date Comparison MLS #701 (Downtown Seattle City Center)



Source: Urban Condominiums & NWMLS

Information provided by sources deemed reliable but cannot be confirmed. Readers are encouraged to perform their own research before relying on information contained herein. E&OE.



### Volume of Closed Sales Year to Date Comparison MLS #701 (Downtown Seattle City Center)

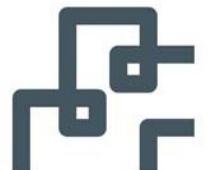


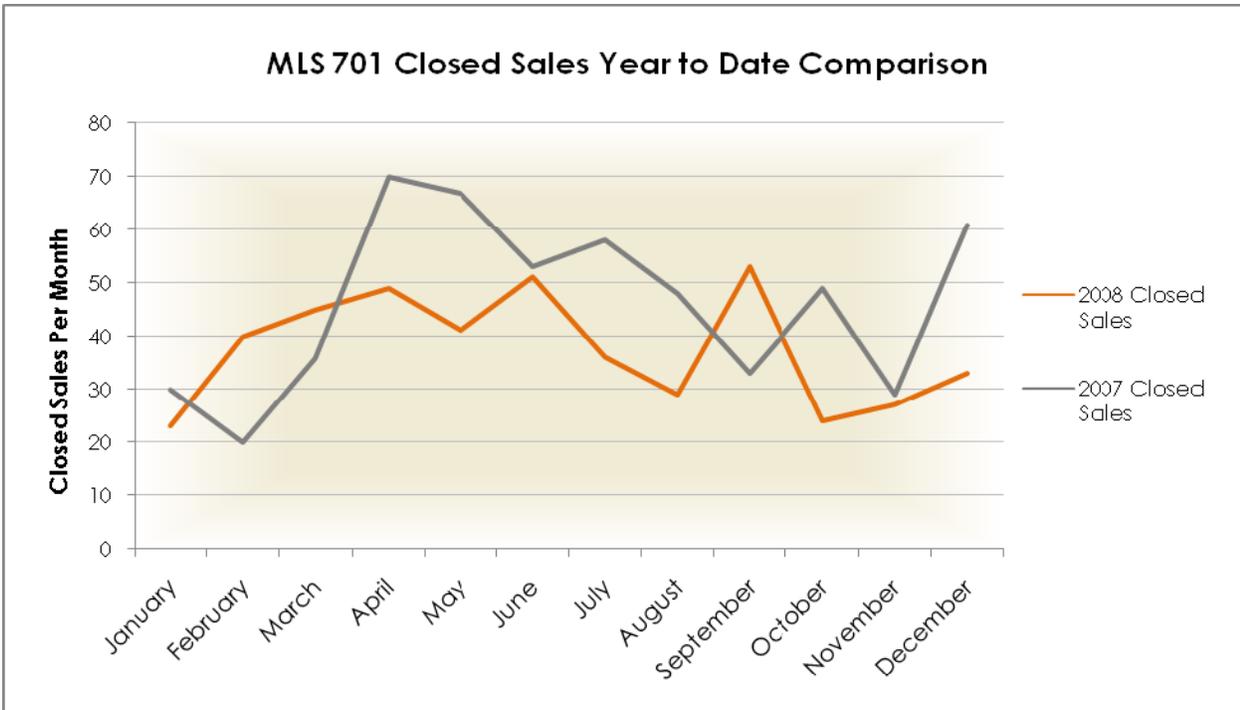
### MLS 701 New Listings Year to Date Comparison



Source: Urban Condominiums & NWMLS

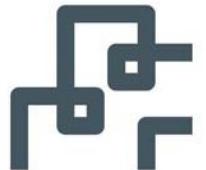
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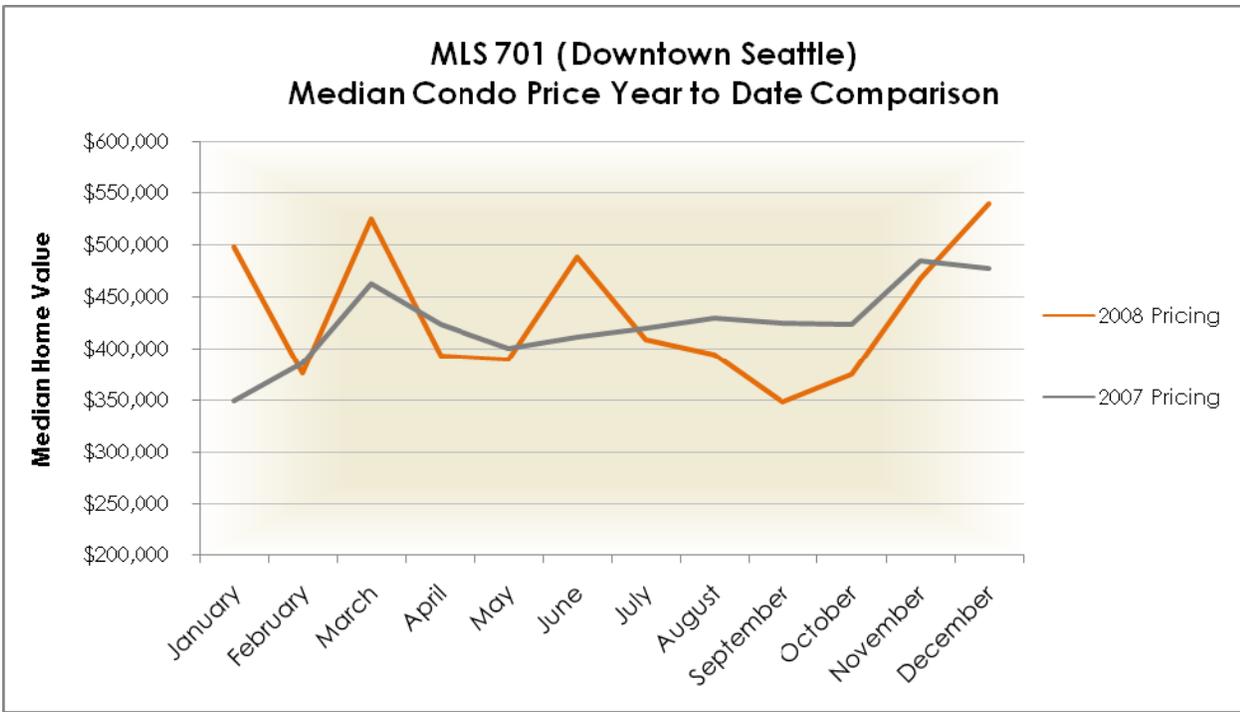
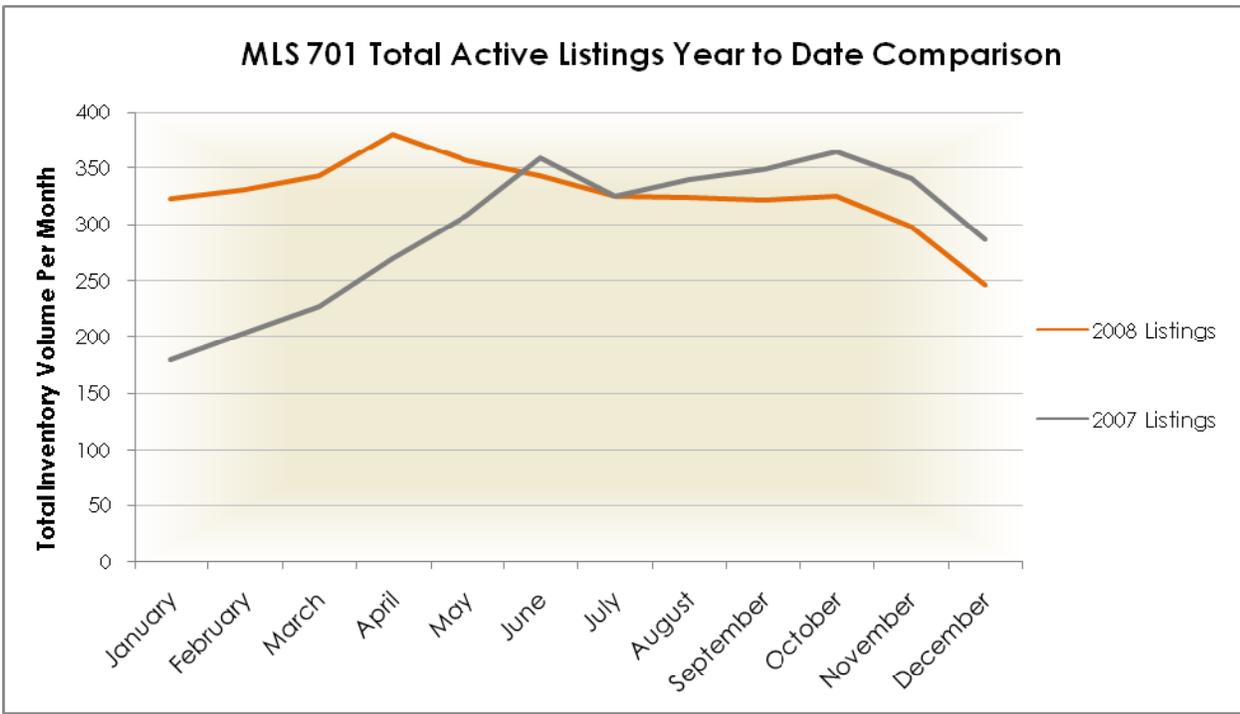




Source: Urban Condominiums & NWMLS

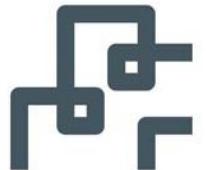
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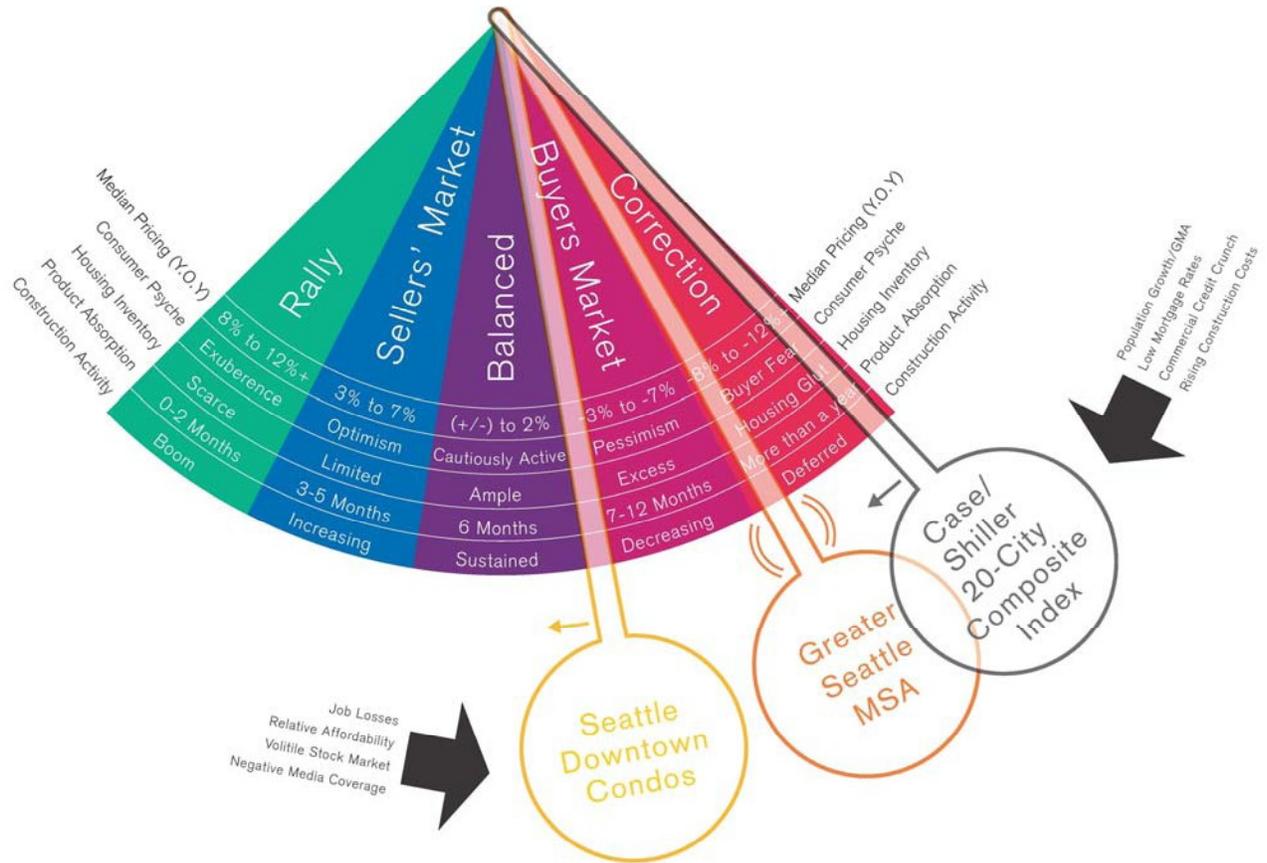


Source: Urban Condominiums & NWMLS

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# Seattle Housing Market Pendulum



Source: Urban Condominiums & Realogics

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