# DOWNTOWN LIVING

## FIFTEEN TWENTY-ONE SECOND AVENUE | seattle

# Sought-after community seeing more shoppers motivated to buy a home

This year will mark the end of an era.

Following a meteoric boom in urban development, the last of the large-scale condo towers in the pipeline will deliver new units to downtown Seattle. And given that no additional projects broke ground since the rise of the commercial credit crunch in 2007, there won't be any additional inventory introduced for many years to come.

Not surprisingly, savvy homebuyers are becoming increasingly motivated to choose from a dwindling selection at Seattle's most sought-after developments.

Despite a real estate correction that appeared omnipresent, some developments quietly command more sales and greater value than others. This occurs where homebuyers are attracted to a distinctive feature; when consumers are confident that the property will not be soon offered for less; and provided there's an innate urgency to buy (usually because someone else will). New developments with these attributes buck the trend — proof that both demand and price are intensely local.

This anomaly is occuring at Fifteen Twenty-One Second Avenue. To date, 87 of the 143 homes have closed, with more scheduled in the coming weeks. That's more closings than any other development in this current cycle, with home sales averaging $1.8 million. Furthermore, Fifteen Twenty-One Second Avenue receives new offers each week — a reflection that homebuyer confidence expands with sales because success begets success. This demand supports established property values, which include appraisals at or above asking prices.

After each real estate cycle, developers review what matters the most to stakeholders, be it the developer, the homebuyer or the lender. The clichés always ring true — "design matters," "timing is everything" and "location, location, location." But this past cycle might have more to do with psychology than physicality. This time, confidence defined the marketplace.

Consider that developers took risks with unproven design concepts, construction lenders extended massive loans and, ultimately, buyers "pre-bought" million-dollar condominiums largely sight unseen. That takes confidence. But then a perfect storm of unpredictable, unprecedented market conditions created headwinds that began with legitimate concerns and then became self-fulfilling prophecies propagated by a national media spectacle.

Fifteen Twenty-One Second Avenue stands 440 feet above Seattle's Pike Place Market.

**View these homes**
Open by appointment at 1521 2nd Ave., Seattle

**Prices**
From the low $1 millions

**Developer**
Opus NWR Development, LLC

**Information**
206-443-1521 or fifteentwentyone.com

Most buyers practiced "wait and see," while others moved ahead undeterred. The latter understood that what they're buying matters more than when they're buying. Certainly price is a factor, but that's relative only to the product. Sophisticated buyers know how to spot real estate outliers even though the media talk about the market in aggregate.

Fortunately, new condominiums are distinctive and, as a result, not a commodity that competes on price alone. Most developers were careful to differentiate their offerings and, for the most part, delivered products that aren't directly competitive to one another (nor available by resale inventory). And given the commercial credit crunch that persists, it's unlikely that new ideas will be replicated anytime soon.

Consumer confidence in Fifteen Twenty-One Second Avenue first appeared during test-marketing events in 2005. Prospective homebuyers quickly supported innovations like the "glass room" solarium in lieu of traditional terraces, and they applauded the strategy to build all larger-format two-bedroom residences where "every home is a penthouse."

Many of those initial respondents are happily living at Fifteen Twenty-One Second Avenue today. It's remarkable that homebuyers demonstrated enough confidence to define their own product category. But that's precisely what happened. Without this feedback and early validation, Fifteen Twenty-One Second Avenue would not stand as it does today. It's a direct reflection of market demand then and now.

It's easy to imagine development taking on a far more conservative form ahead — one driven more by the banks than by consumers or developers. While local market fundamentals are among the best in the country, a crisis of confidence within the lending industry continues to restrict the flow of capital for larger-scale, speculative development in the pipeline. This curtailed the last development cycle in 2007, well ahead of its natural peak. As a result, real estate outliers are presenting themselves today, well ahead of the curve.

All projects eventually find their market, because that's the law of supply and demand. The imbalance will eventually escalate unit pricing to where the potential for new construction profit outweighs the daunting risks. And so a new development cycle begins, albeit subject to stringent lending guidelines and more conservative development practices.