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PERCENTAGE INCREASE IN
MEDIAN SALES PRICES FOR
DOWNTOWN CONDOS VALUED
MORE THAN \$600,000 IN 2008

That jump brought the median sales price to \$899,000. Of course, there's no guarantee that condos in the upper price point will continue to rise like that—especially with nearly 660 units unsold as of press time. But it's an interesting snapshot of that portion of the city, which is bounded by Denny Way, Yesler Way, I-5, and Elliott Bay.

WITH SO MANY NEW CONDOS SITTING EMPTY, WHY WOULD I RISK BUYING ONE NOW?

REALTY CHECK In 2008 median sales prices in Seattle's downtown core—the region bordered on the north and south by Denny Way and Yesler Way and on the east and west by Interstate 5 and Elliott Bay and containing almost exclusively condominiums—fell by only 2.13 percent from the year prior, as opposed to a 6.6 percent decline in the rest of Seattle. It's a narrow slice of the city's real estate market, but when the prevailing opinion is that buying just another cookie-cutter unit in an otherwise unexceptional building is the real estate equivalent of paying \$100 for a Big Mac, it's relatively surprising.

One reason for owners to be guardedly optimistic that prices won't fall as far downtown as they will elsewhere, according to Dean Jones, the CEO of Seattle-based real estate market-

research firm Realogics, is the finite amount of construction expected to be completed in the short term. As of late February, no condo projects were planned for completion in 2010 or 2011 in that portion of downtown, meaning that what's available now is all that will be available for at least the next two and a half years. Based on numbers gathered by Realogics, roughly 200 of the 1,500 units built in the downtown core in 2007 and 2008 are still on the market. An additional 465 of the 840 units expected to be completed this year have yet to be sold, which means 665 new condos are on the market. Jones estimates another 220 resale units are also available. That will have to tide us over until sometime in 2012. "You have to consider that this inventory is likely the greatest amount of supply the market will have for the next several years," Jones says.

Part of the modest price fluctuation in the downtown market may be the result of the distinctly non-cookie cutter approach that developers of projects like the Four Seasons, 1521, and Escala are taking to

justify higher prices. (The Four Seasons is promoting its five-star services, the 39-story 1521 is hawking its height and views, and Escala points to its unique floor plans and private social club.) "It wasn't too long ago that there was some measure of condo mediocrity—what we call 'builder's beige'—where each condo unit really wasn't that different from the next," Jones says.

The assembly line has ground to a halt, so the question is, How long will prospective buyers wait to see if prices drop? Jones says that in some cases developers and buyers are in a blinking contest over prices, the former emboldened by the market-produced cap on inventory and the latter playing the wait-and-see game. "There's certainly potential for prices to soften," he says, "but the likelihood of that exceeding the affordability benefits from the low interest rates would have to be carefully measured on a case-by-case basis."

LAST WORD Unless you're a speculator or a less-than-savvy shopper, buying a condo downtown may not be all that reckless.

