



SPRING SALES SURGE AT LUXURY HIGH-RISE IN DOWNTOWN SEATTLE

Brokers Credit Increased Sense of Urgency as Demand Increases; Inventory Drops

SEATTLE, WA. (April 26, 2012) – In another sign that the in-city housing market is recovering, brokers at Olive 8, a 229-unit condominium and hotel high-rise in downtown Seattle report better than expected sales during the Spring sales season. Since March 1, 2012 there have been 18 new purchase transactions at Olive 8 representing more than \$15 million in sales volume, according to the NWMLS.

“I think there’s more to this than a seasonal sales spike,” says Julie McAvoy, the Community Sales Director for Olive 8 and a broker with Realogics Sotheby’s International Realty (RSIR). “Prospective buyers realize our in-city housing inventory is finite – there hasn’t been a ground breaking since 2007 and there likely won’t be for a while. Preferred selection is becoming a challenge and the trends point to rising median home prices in the downtown Seattle submarket. Many consumers also fear interest rate hikes after the elections knowing a 1% change in rate equals a 10% change in terms of monthly affordability.”

Analysis of the NWMLS data for the downtown Seattle condo market in 2012 shows the average pending sales per month has tracked closely with 2010 when the Federal Government offered a first time homebuyer tax credit “stimulus” to spur sales. If recent sales trends are sustained the market may soon exhibit the highest sales volumes since the market peak in 2007. Meanwhile the average number of resale listings is trending 50% below previous years and only 191 unsold new construction homes remain unsold in the downtown submarket, according to research by RSIR. As such just 5% of the total new supply built during the past condo boom (unit deliveries 2007-2011) remains available for purchase today.

“We’ve entered a marketplace where some would-be sellers are holding or leasing their condominium with expectations of rising values ahead,” said Dean Jones, Principal of RSIR. “They know that pending sales are outpacing new listings in downtown Seattle.”

Having recently sold all their penthouses at Olive 8, the condo tower has only a handful of homes remaining priced above \$1 million and very few homes left priced below \$500,000. The seller has sold 62 homes representing \$42 million+ in sales volume since resetting prices on January 1, 2011.

“The rising tides in the market and strong sales at Olive 8 afford us the opportunity to be selective about what and when we sell moving forward,” said David Thyer, President of RC Hedreen Company. “We’ve sold a quarter of our inventory in the last 60 days so in-city market fundamentals have definitely improved. Four popular floor plans are sold out and buyers are now acting with a greater sense of urgency. Shrinking inventory is a reality.”

A strengthening housing market downtown contradicts the broader metro area trends when analyzing various indexes. According to the most recent S&P/Case-Shiller Home Value Index the greater Seattle metro area experienced its 7th straight month of value declines of February 2012. Washington Property Solutions cited weakness caused by a higher volume of distressed property sales, which includes bank owned inventory and short sales in the region. They estimate distressed transactions in King, Snohomish and Pierce counties currently represent 40%, 51% and 54% of the sales, respectively.

Jones describes real estate as being a “hyper-local business” and says research must be neighborhood specific. He suggests every building has its own relationship with the marketplace so what’s happening in one microclimate doesn’t speak for the next.

“Buyers need to remember that the S&P/Case-Shiller Home Price Index, while an instructive measurement of single family home resales aggregates data from three counties and doesn’t consider new construction or condominium sales at all,” adds Jones.

“Fortunately, we’re experiencing far less distress in the city and there’s even median home value improvement the closer you purchase to urban job centers.”

To be sure, analysis of NWMLS data for downtown Seattle reveals distressed properties comprise 15-25% of the total transactions at any given time compared with twice that percentage in the broader metro area. McAvoy says that’s due in part because median home prices haven’t corrected as much in the city as they have in the outlying areas. And many investors that bought at the peak have managed to tread water by leasing their condominium as they await price recovery ahead, she said.

“It’s a different category – bank owned and short sale properties offer attractive prices but they tend to be distressed because the product design is no longer competitive,” says McAvoy. “The greater trend we’re seeing is savvy consumers buying up in a down market while prices are sharp in new construction. They seek the larger homes, the current finishes and the amenities that aren’t found elsewhere in resale and won’t likely be replicated anytime soon by new projects. We’re even seeing a reemergence of discretionary purchases such as second home buyers and even investors now that pricing has stabilized and there’s more confidence in the marketplace.”

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About Realogics Sotheby’s International Realty: Representing a significant volume of new construction and resale condominium closings in downtown Seattle, Realogics Brokerage, LLC (DBA Realogics Sotheby's International Realty) has emerged as a leading sales and marketing company in the urban core. The collective offers market research, product development, full-service marketing and sales. Visit www.RealogicsSothebysRealty.com.

About RC Hedreen Company: R.C. Hedreen Company is the Manager of Olive 8, LLC; the developer of Olive 8 Condominiums and the Hyatt Hotel at Olive 8. Its affiliates have been involved in the development, ownership and management of world-class investment properties since 1963. The company has shifted its focus primarily to luxury hotels over the past decade, but its portfolio of successful projects includes retail, high-rise office buildings and single and multi-family homes. Visit www.RCHCO.com.

EDITORS NOTE: Color photography of referenced principals or Olive 8 is available upon request - contact Andrea Savage at 206.448.5782 or email Andrea.Savage@SothebysRealty.com