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● CONDO LIVING

Deal Me In

The bubble has definitely burst in the condo market—but for consumers, that means there's plenty of room for negotiating. Here's how to find the best bargains.

BY ELIZABETH M. ECONOMOU

ON A GRAYISH SUNDAY AFTERNOON in early spring, 150 or so potential home buyers, real estate agents and others packed the Princessa Ballroom at the Grand Hyatt Hotel in downtown Seattle, where the mood was anything but dreary. With rock 'n' roll music blaring in the background and an upbeat PowerPoint presentation flashing simultaneously, this was a last-ditch effort by seller Legacy Partners to move languishing real estate inventory. A dozen new condos—previously priced from about \$255,000 to nearly \$1 million—in the newly renovated historic Queen Anne High School were on the auction block, some after being on the market for as long as three years.

"You're going to tell us what the market is worth. Right now is the time!" shouted Dean Cullum, a seasoned auctioneer with Beverly Hills-based Kennedy Wilson Auction Group.

With bids for some units starting as low as 50 percent off their original asking price, the time was right, indeed, for first-time home buyer Joe McNeill, 25, who—while expecting to be outpriced—became the proud owner of a 1,164-square-foot, townhouse unit for \$395,000, nearly 35 percent off the original asking price. "It feels great," says McNeill, a local insurance rep, "but I feel bad for those who paid full price."

According to the Northwest Multiple Listing Service (NWMLS), pending sales of condos in King County were down approximately 8 percent in April from one year ago, but up more than 40 percent from March. With ample inventory dampening the local real estate scene, vulnerable sellers of new-construction condos and townhomes are looking for creative ways to lure buyers, like McNeill, who are now in the driver's seat.

This dramatic paradigm shift is evident at Thornton Place, a sprawling new mixed-

use village just south of Northgate Mall. In early spring, its developers—Stellar Holdings in partnership with Lorig Associates—proposed a "layoff guarantee," agreeing to pay six months of mortgage payments for buyers of selected units who purchased a condo anytime from March 25 through Memorial Day weekend and then lost their jobs within the first year of purchasing. Additionally, the developer offered to shell out 3 percent of the purchase price in closing costs,



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while promising no homeowner's dues until July 2010. Buyers were also given the option of an interest-rate buydown or having their mortgage paid on an existing home while it was listed for sale.

From homeowner's dues, to lease-buy options, to quirky deal sweeteners like free passes on the Sounder commuter train, big-screen televisions and more, deals on new-construction townhomes and condos abound.

And though she encourages buyers to negotiate for things like money for closing

costs and upgrades, Windermere agent Denise Spalding says the most important thing a buyer should look for is a seller who provides "a financing package that accommodates the needs of individual buyers and gets them into their new home as soon as possible."

Meanwhile, sellers of new downtown high-end condo projects, such as Escala, Olive 8 and Fifteen Twenty-One Second Avenue, are also open to negotiating, according to Dean Jones, president and CEO of Realogics, a local firm that has been involved in marketing many of downtown's high-end condos. But the degree of haggling varies depending on the building and the unit. "Every building has a microclimate," Jones says. "In general, builders are very sophisticated; they understand where the market is and price accordingly," he adds.

Erik Mehr, an agent with TeamBuilder John L. Scott who specializes in new condo sales, says, "Everything is negotiable." While most sellers don't want to reduce pricing, he says, buyers are in a position to ask for back-end fees, such as closing costs and taxes. By law, says Mehr, sellers can contribute up to 6 percent in total seller-paid concessions, meaning that sellers can also help to pay down the buyer's interest rate. On a 30-year fixed mortgage, for example, a one-percentage-point drop in the interest rate could save tens of thousands of dollars over time.

Mehr also notes that—on average—new-construction townhomes and condos are selling at about 3 percent to 5 percent off the original purchase price, according to the NWMLS. Couple that with another 6 percent in seller concessions and that's a discount of about 10 percent, he says.

With all the volatility in the current real estate market, Mehr says some buyers are looking for that once-in-a-lifetime score, which isn't necessarily realistic. "We're not Las Vegas or Phoenix. Sellers aren't going to give it away," he says.