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## LUXURY HOME MARKET REPORT

*A review of upscale home sales throughout the Puget Sound area*

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Windermere  
REAL ESTATE

## Luxury homes sales outlook brightens

After a significant drop in sales in 2009, the luxury market showed signs of recovery in 2010. Buoyed by encouraging economic news, buyers purchased nearly 25 percent more upscale properties in 2010 as compared to the prior year. As financial forecasts continued to improve in the second half of the year, sales kept pace, with 60 percent of the area's \$1 million+ transactions occurring in the last six months of 2010.

While sales showed strength, prices in the luxury market continued to be soft, influenced in part by the downward pressure of an increasing number of short sales and foreclosures.

Of all the homes that sold in the Puget Sound area for \$1 million or more, 11 percent were short sales or bank owned properties. However, those figures compare to three times that number of distressed property sales for homes overall.

Prices for upscale homes also fared better than the average. The median price of all homes sold in the 22-county Northwest Multiple Listing Service area in 2010 was down 5 percent over the previous year. For homes priced at \$1 million or more, the median price was up slightly.

Higher-end homes made up a greater proportion of sales in 2010 as compared to 2009. There were 175 transactions above \$2 million in 2010 compared to 118 the year prior. In the ultra-luxury properties, 29 homes sold for \$4 million or more in 2010; 25 single family homes and four condominiums.

Number of \$1,000,000+ homes and condominiums sold in Washington State by year:		Percentage of those homes that sold for \$2,000,000 or more:
2001	295	14%
2002	458	15%
2003	605	15%
2004	943	16%
2005	1618	17%
2006	2103	15%
2007	2316	16%
2008	1276	16%
2009	868	14%
2010	1071	16%

Source: Northwest Multiple Listing Service

## Number of high-end sales climb in most counties

After the steep fall of 2009, luxury home sales began to rise again in 2010, exceeding the previous year's numbers in most counties.

Well over three-quarters of the homes that sold for \$1 million or more in the Puget Sound area—84 percent—were located in King County. Sales there grew by nearly 25 percent in 2010 and were particularly strong in the upscale neighborhoods close to city centers. These urban areas saw an influx of international buyers, particularly from the Pacific Rim, who often paid in cash.

All of the 29 homes that sold for \$4 million or more in the state were located in King County, and 22 of the 29 were located on the Eastside. The most expensive home that sold in the state in 2010 was an 8,300 square foot waterfront estate on Hunts Point with a sale price of \$11.28 million.

After a challenging 2009, sales rebounded strongly in Snohomish County, increasing by 60 percent. The most expensive home sold in the

county in 2010 was a 1927 waterfront estate on 10 acres in Woodway priced at \$3.6 million.

Pierce County also showed an uptick in sales. The 29 luxury properties sold there in 2010 included a condo on American Lake priced at \$1.45 million and the county's most expensive sale for the year, a Gig Harbor waterfront home on three acres that sold for \$2.35 million.

Kitsap County luxury sales were down from 38 homes in 2009 to 33 in 2010. Of the homes priced at \$1 million or more that sold in the county, 85 percent were on Bainbridge Island. A 6,200 square foot waterfront home on Bainbridge priced at \$2.55 million was the county's largest sale of the year.

Sales in outlying areas also saw increases over the past year. San Juan County posted 12 sales, including two over \$2 million. A third of Bellingham's 23 \$1 million+ sales were for new upscale condominiums overlooking the bay. The Cle Elum area saw eight luxury home sales, most in the vicinity of the mountain resort, Suncadia.

## COUNTY COMPARISONS

2010 median figures for sales of single family homes priced at \$1 million or more				
	King County	Pierce County	Snohomish County	Kitsap County
Square footage	4,120	4,918	4,808	4,181
Number of bedrooms	4	3	4	3
Number of baths	3.5	3.75	3.75	3.5
Sold for \$2 million+	18%	3%	8%	12%
Median price	\$1,350,000	\$1,140,000	\$1,200,000	\$1,280,000
Median price /sq ft	\$328	\$232	\$250	\$306
Highest price	\$11,280,000	\$2,350,000	\$3,585,000	\$1,320,000
Number of Sales	904	30	37	33
Change from 2009	+23%	+20%	+61%	-13%
% of Total WA state sales	84%	3%	3%	3%

Source: Northwest Multiple Listing Service

## Luxury home sales strongest on King County's Eastside

The Eastside continued to lead King County in upscale home sales, posting 58 percent of all \$1 million+ home sales in the county. Of the 29 homes that sold for \$4 million or more in King County, 22 were located on the Eastside. The top three communities in number of high-end home sales were all located on the Eastside. For the tenth consecutive year, West Bellevue claimed the greatest number of upscale sales in Washington State. It was also home to the property with the most expensive price tag of 2010: \$11.28 million.

As in the past, the Eastside luxury homes that sold in 2010 were larger than their Seattle counterparts, as in the case with homes at all price ranges on either side of Lake Washington. However, luxury homes on the Seattle side average a higher price per square foot.

Upscale homes with acreage are also more heavily concentrated on the Eastside. Of the King County luxury homes with an acre or more of land that sold in 2010, 90 percent were located east of Lake Washington. The luxury property with the greatest amount of acreage sold in King County was a 6,000 square foot estate in Redmond located on 45 acres of grounds. The sale price was \$4.4 million.

## LUXURY HOME COMPARISON

2010 median figures for sales of single family homes priced at \$1 million or more		
	Seattle	Eastside
Square footage	3,720	4,364
Number of bedrooms	4	4
Number of baths	3.25	3.5
Median price	\$1,300,000	\$1,397,500
Price per square foot	\$349	\$320

## LUXURY HOME SALES BY COMMUNITY

Number of \$1,000,000+ single family homes and condominiums sold by year and select community:

Community	2004	2005	2006	2007	2008	2009	2010
West Bellevue	113	223	261	246	128	136	154
Kirkland	88	90	164	181	98	72	84
Mercer Island	111	140	153	158	101	56	84
Mid-Seattle Lakeshore	44	50	60	45	32	36	45
South Bellevue	76	119	156	164	70	37	41
Queen Anne	29	51	49	68	46	29	41
Redmond ■ Woodinville	37	90	123	102	46	21	36
Capitol Hill	27	36	44	45	20	21	33
Magnolia	22	39	47	47	24	20	33
Madrona ■ Leschi ■ Mt. Baker	18	30	54	52	28	15	33
Issaquah ■ Sammamish	36	45	108	143	43	40	31
Bainbridge Island	28	49	56	69	37	29	28
Laurelhurst ■ Windermere	29	32	51	46	29	29	27
Lake Sammamish	31	33	50	49	22	26	25
Whatcom Count	12	15	33	31	14	15	23
Edmonds ■ Woodway	19	48	40	64	19	10	21
Gig Harbor ■ Fox Island ■ Key Peninsula	15	41	41	48	27	13	20
Broadmoor	12	16	15	19	12	6	16
Snoqualmie ■ Fall City ■ North Bend	13	25	47	36	18	9	16
Northwest Seattle	6	10	22	35	22	10	15
West Seattle	17	39	50	59	36	20	14
San Juan County	21	35	39	40	18	10	12
Hawthorne Hills ■ View Ridge ■ Inverness	4	7	11	30	13	12	11
Renton ■ Kenndale Waterfront	7	8	6	5	10	8	8
Anacortes ■ La Conner	13	9	10	14	7	3	7
Mukilteo ■ Mill Creek ■ Everett	4	15	26	33	12	5	6
The Highlands	2	8	5	5	5	0	6
Kitsap Peninsula	3	11	12	14	9	8	5
Whidbey Island	6	16	23	19	10	3	5
East Snohomish	0	9	20	15	10	4	4
Bridle Trails	17	26	35	39	21	11	3
Normandy Park	3	4	10	7	2	4	3
Camano Island	2	6	8	10	7	2	3
Lakewood	1	7	5	8	3	1	2
Des Moines to Federal Way	3	4	7	21	7	1	1
Kent ■ Auburn	2	2	5	9	0	1	1
Vashon Island	3	6	15	7	8	3	0

Source: Northwest Multiple Listing Service

**HIGHEST AVERAGE SALES PRICE BY YEAR AND COMMUNITY AMONG HOMES PRICED AT \$1 MILLION OR MORE**

Year	East of Lake Washington	West of Lake Washington
2001	\$1,667,794 (West Bellevue)	\$3,950,000 (The Highlands)
2002	\$1,782,333 (Mercer Island)	\$2,662,500 (The Highlands)
2003	\$1,809,903 (Mercer Island)	\$2,641,666 (The Highlands)
2004	\$1,964,457 (Mercer Island)	\$3,600,000 (The Highlands)
2005	\$2,067,415 (West Bellevue)	\$2,651,531 (The Highlands)
2006	\$2,026,110 (West Bellevue)	\$2,903,000 (The Highlands)
2007	\$2,266,703 (West Bellevue)	\$2,498,000 (The Highlands)
2008	\$2,052,023 (Mercer Island)	\$3,049,000 (The Highlands)
2009	\$1,930,732 (West Bellevue)	\$2,028,033 (Capitol Hill)
2010	\$2,009,768 (West Bellevue)	\$2,440,447 (The Highlands)

**HIGHEST-PRICED HOMES SOLD BY YEAR**

Year	East of Lake Washington	West of Lake Washington
2001	\$5,750,000 (Hunts Point)	\$6,950,000 (The Highlands)
2002	\$5,500,000 (Medina)	\$7,000,000 (Denny Blaine)
2003	\$5,350,000 (Mercer Island)	\$4,500,000 (Woodway)
2004	\$7,500,000 (Yarrow Point)	\$9,000,000 (Washington Park)
2005	\$8,400,000 (Hunts Point) \$8,400,000 (Lake Sammamish)	\$7,750,000 (Denny Blaine)
2006	\$15,000,000 (Medina)	\$6,600,000 (Woodway)
2007	\$17,500,000 (Hunts Point)	\$5,800,000 (Capitol Hill)
2008	\$9,955,050 (Mercer Island)	\$15,800,000 (Denny Blaine)
2009	\$15,560,000 (Mercer Island)	\$11,500,000 (Laurelhurst)
2010	\$11,280,000 (Hunts Point)	\$7,198,100 (Downtown Seattle)

Source: Northwest Multiple Listing Service

## Luxury condominium sales started to rise

The upscale condominium market began to rebound in 2010, with 82 condominiums selling for over \$1 million in the Puget Sound area.

The increase was a healthy 34 percent over the prior year; however, it comes off of 2009 sales numbers that were particularly soft.

Nearly 90 percent of luxury condominium sales were in King County. In a reversal of the market for single family homes, the vast majority of King County high-end condo sales (over 75 percent) were in Seattle, as opposed to the Eastside. The downtown Seattle market had a particularly strong year, with sales up 67 percent over 2009. Downtown Seattle entered the luxury market a number of years before the Eastside, and has historically had more properties available. However, new towers in downtown Bellevue have added considerable inventory in the past few years.

It was this abundance of inventory, unfortunately timed with the recent recession, that caught up with the luxury condominium market and slowed sales considerably in 2009. 2010 saw the start of a gentle recovery that was aided by significant price drops, particularly in new construction. While there were bargains to be had, the price for several ultra-luxury high-rise residences sold in 2010 continued to top \$1,000 per square foot.

The market was also affected by the conversion of several towers from condos to rentals, which removed luxury inventory from the market. At the start of 2011, almost no new condo projects are under construction or in the pipeline in downtown Seattle or Bellevue, leading some experts to predict that there will not be enough supply to meet demand as an improved economy spurs more sales in the future.

For the first time since we've tracked data, the most expensive home sold in Seattle for the year was a condo. The 5,200 square foot home located in downtown Seattle's Belltown neighborhood sold for \$7,198,100.

In 2010, 22 condominiums in the Puget Sound area sold for over \$2 million; 14 of them were located in downtown Seattle. Six condominiums sold for over \$4 million—all located in downtown Seattle.

## \$1,000,000+ CONDOMINIUMS SOLD BY SELECT COMMUNITY:

Community	2007	2008	2009	2010
Downtown Seattle	63	60	33	55
Downtown Bellevue	7	31	12	15
Kirkland	24	16	12	15
Leschi ■ Madison Park	10	5	7	6
Queen Anne	9	4	2	9

## LUXURY CONDOMINIUM PROFILE

2010 median figures for sales of condominiums priced at \$1 million or more					
	Bellevue	Kirkland	Leschi Madison Park	Queen Anne	Downtown Seattle
Square footage	2,030	2,645	1,778	2,429	1,991
Number of bedrooms	2	2	2	2	2
Number of baths	2	2.5	1.75	2.5	2.25
Median price	\$1,165,000	\$1,350,000	\$1,211,557	\$1,471,859	\$1,625,000
Price per square foot	\$573	\$510	\$681	\$606	\$816

Source: Northwest Multiple Listing Service and MetroScan analysis of King County recorded data

## The time it takes to sell a luxury home in 2010 improved over 2009

In most neighborhoods, luxury homes took less time to sell than in 2009. The average days on market (number of days between the listing date and the sale) was lower in 19 of the 37 communities profiled. However, sellers still needed to be patient. The median time it took to sell a home in the communities below was 241 days.

### AVERAGE DAYS ON MARKET (DOM) FOR \$1,000,000+ HOMES

Community	2004	2005	2006	2007	2008	2009	2010	% change over 2009
San Juan County	391	393	368	300	347	227	582	+156%
Camano Island	256	216	246	175	110	150	477	+218%
Normandy Park	66	144	138	169	307	195	474	+143%
Gig Harbor ■ Fox Island ■ Key Peninsula	313	181	223	251	212	199	430	+116%
Snoqualmie ■ Fall City ■ North Bend	288	187	208	228	226	425	406	-4%
Whidbey Island	255	232	230	187	246	181	371	+104%
The Highlands	699	447	290	228	340	-	345	-
Mukilteo ■ Mill Creek ■ Everett	238	122	166	215	194	362	340	-6%
Whatcom County	120	119	123	158	136	234	320	+37%
Des Moines to Federal Way	562	135	242	253	189	420	310	-26%
Issaquah ■ Sammamish	216	212	113	198	224	282	288	+2%
Bainbridge Island	225	128	142	159	131	296	269	-9%
Edmonds ■ Woodway	178	168	148	193	180	440	269	-39%
Redmond-Woodinville	209	225	193	238	166	211	255	+21%
Renton ■ Kennydale Waterfront	316	165	106	227	111	131	254	+94%
Magnolia	151	124	79	166	127	195	242	+24%
Kent ■ Auburn	181	149	261	216	-	953	241	-75%
Kirkland	280	207	198	224	208	303	241	-20%
South Bellevue	208	159	146	169	202	227	224	-1%
Kitsap Peninsula	51	325	242	369	331	130	209	+61%
West Bellevue	217	174	142	180	166	236	204	-14%
Lakewood	70	461	228	222	145	179	203	+13%
Mercer Island	197	167	147	169	167	247	190	-23%
West Seattle	231	204	105	191	177	151	185	+23%
Broadmoor	178	149	113	127	107	219	181	-17%
Northwest Seattle	205	102	143	66	167	106	179	+69%
Mid-Seattle Lakeshore	239	154	116	137	134	183	173	-5%
Lake Sammamish	88	140	97	235	157	196	158	-19%
Madrona ■ Leschi ■ Mt. Baker	172	74	96	133	116	204	154	-25%
Queen Anne	193	130	120	135	92	132	143	+8%
Bridle Trails	347	195	122	125	169	300	120	-60%
Anacortes ■ La Conner	348	228	223	238	247	233	120	-48%
Capitol Hill	124	118	120	185	50	178	115	-35%
Hawthorne Hills	157	58	34	78	88	120	77	-36%
Laurelhurst ■ Windermere	95	114	60	93	90	94	74	-21%
East Snohomish	-	196	181	168	188	92	66	-28%
Vashon Island	163	205	84	139	56	72	-	-

Source: Northwest Multiple Listing Service