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LUXURY HOME MARKET RECAP

A review of upscale home sales throughout the Puget Sound area

MARCH 2008

Sales of luxury homes increased in 2007

While the real estate market slumped in many parts of the country in 2007, Puget Sound area sales remained steady. Luxury properties showed solid growth, with the number of homes sales priced at \$1 million or more in the 17-county Northwest Multiple Listing Service area up by 10% over 2006. Home sales on the higher-end continued to rise as well, with 373 properties—16 percent of all luxury homes—selling for \$2 million or more.

| 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% |



Upscale home sales continue to cluster on the Eastside

Nearly 80 percent of the luxury homes sold in 2007 were located in King County. 60 percent of those sales were located on the Eastside in communities that include Mercer Island, Bellevue, Kirkland and Lake Sammamish. Of the 24 homes that sold for \$5 million or more in 2007, 21 were located on the Eastside.

Luxury homes on the Eastside tend to be larger than their Seattle counterparts, a finding that holds true when comparing 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.

West Bellevue continues to claim the greatest number of upscale home sales in Washington State. The average sale price of all homes in West Bellevue in 2007 was \$1,113,170. That figure was second to Mercer Island's overall average sale price of \$1,258,712. However, West Bellevue recorded the highest number of luxury home sales, counting 246 for the year.

For the third year in a row, West Bellevue also claimed the most expensive property sold in the Puget Sound area—a five bedroom waterfront estate located on two acres at the tip of Hunt's Point. Selling price: \$17.5 million

LUXURY HOME COMPARISON

| 2007 median figures for sales of single family homes priced at \$1 million or more | | |
|--|-------------|-------------|
| | Seattle | Eastside |
| Square footage | 3,256 | 4,020 |
| Number of bedrooms | 4 | 4 |
| Number of baths | 3.25 | 3.5 |
| Median price | \$1,359,500 | \$1,380,000 |
| Price per square foot | \$385.56 | \$343.28 |

Luxury living increases in both urban and outlying areas

King County has traditionally accounted for about 80 percent of luxury home sales in the Puget Sound area, and 2007 was no exception. However, luxury properties continue to be found in neighborhoods outside the region's city centers.



- Sales of \$1 million+ properties were located in communities from Lynden to Longview, and include a \$2.2 million 6,000 square foot waterfront estate in Blaine, Washington.
- Upscale home buyers looking for waterfront and acreage are increasingly drawn to out-of-the-way locations where their dollar buys more. What does \$2 million buy outside the major cities? A 6,500 square foot beachfront estate in Sequim with 4,000 feet of private beach frontage and seven acres of grounds.
- For many, island living is the ultimate getaway. Bainbridge Island, with its easy access to Seattle, posted 56 sales valued at \$1 million or more, earning it the #7 place in overall luxury homes sales for the year. The San Juan Islands saw 40 homes sell for \$1 million or more in 2007. Whidbey and Camano Islands recorded sales of 29 luxury homes. Vashon Island saw seven luxury sales for the year.
- Five percent of luxury homes sold in 2007 included grounds measuring five acres or greater. One of the largest properties sold was a 6,100 square foot home with sweeping views of Skagit Bay set on 42 garden-filled acres in Stanwood. Sale price: \$2 million.

NUMBER OF \$1 MILLION+ SALES BY COUNTY FOR 2007

| County | Number of sales | Increase over 2006 | % of total Puget Sound sales |
|-----------|-----------------|--------------------|------------------------------|
| King | 1832 | +10% | +79% |
| Snohomish | 128 | +28% | +5% |
| Pierce | 89 | +5% | +4% |
| Kitsap | 83 | +22% | +4% |

Market Recap

LUXURY HOME SALES BY COMMUNITY

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

| Community | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|------|------|
| West Bellevue | 56 | 46 | 85 | 113 | 223 | 261 | 246 |
| Kirkland | 17 | 38 | 38 | 88 | 90 | 164 | 181 |
| South Bellevue | 44 | 36 | 49 | 76 | 119 | 156 | 164 |
| Mercer Island | 50 | 45 | 61 | 111 | 140 | 153 | 158 |
| Issaquah ■ Sammamish | 18 | 19 | 29 | 36 | 45 | 108 | 143 |
| Redmond-Woodinville | 21 | 42 | 31 | 37 | 90 | 123 | 102 |
| Bainbridge Island | 8 | 7 | 20 | 28 | 49 | 56 | 69 |
| Queen Anne | 13 | 16 | 22 | 29 | 51 | 49 | 68 |
| Edmonds ■ Woodway | 10 | 5 | 9 | 19 | 48 | 40 | 64 |
| West Seattle | 6 | 13 | 13 | 17 | 39 | 50 | 59 |
| Madrona ■ Leschi ■ Mt. Baker | 9 | 13 | 13 | 18 | 30 | 54 | 52 |
| Lake Sammamish | 7 | 11 | 15 | 31 | 33 | 50 | 49 |
| Gig Harbor ■ Fox Island ■ Key Peninsula | 2 | 9 | 9 | 15 | 41 | 41 | 48 |
| Magnolia | 18 | 14 | 21 | 22 | 39 | 47 | 47 |
| Laurelhurst ■ Windermere | 12 | 10 | 13 | 29 | 32 | 51 | 46 |
| Mid-Seattle Lakeshore | 19 | 24 | 26 | 44 | 50 | 60 | 45 |
| Capitol Hill | 12 | 11 | 13 | 27 | 36 | 44 | 45 |
| San Juan County | 4 | 4 | 10 | 21 | 35 | 39 | 40 |
| Bridle Trails | 8 | 13 | 15 | 17 | 26 | 35 | 39 |
| Snoqualmie ■ Fall City ■ North Bend | 3 | 6 | 13 | 13 | 25 | 47 | 36 |
| Mukilteo ■ Mill Creek ■ Everett | 0 | 3 | 2 | 4 | 15 | 26 | 33 |
| Whatcom County | 2 | 5 | 7 | 12 | 15 | 33 | 31 |
| Hawthorne Hills ■ View Ridge ■ Inverness | 0 | 3 | 4 | 4 | 7 | 11 | 30 |
| Whidbey & Camano Islands | 3 | 3 | 3 | 8 | 23 | 31 | 29 |
| Des Moines to Federal Way | 0 | 2 | 3 | 3 | 4 | 7 | 21 |
| Broadmoor | 9 | 10 | 9 | 12 | 16 | 15 | 19 |
| East Snohomish | 1 | 1 | 2 | 0 | 9 | 20 | 15 |
| Kitsap Peninsula | 0 | 2 | 3 | 3 | 11 | 12 | 14 |
| Anacortes ■ La Conner | 1 | 1 | 0 | 13 | 9 | 10 | 14 |
| Kent ■ Auburn | 2 | 0 | 2 | 2 | 2 | 5 | 9 |
| Lakewood | 2 | 4 | 1 | 1 | 7 | 5 | 8 |
| Vashon Island | 3 | 3 | 1 | 3 | 6 | 15 | 7 |
| Normandy Park | 2 | 1 | 2 | 3 | 4 | 10 | 7 |
| Renton ■ Kennydale Waterfront | 0 | 0 | 1 | 7 | 8 | 6 | 5 |
| The Highlands | 6 | 2 | 3 | 2 | 8 | 5 | 5 |

Market Recap

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) |

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) |



Construction of new luxury condominium towers on the rise

Sales of upscale condominiums in 2007 were primarily re-sales, as affluent buyers wait for the completion of several major residence towers in downtown Seattle and Bellevue. The high-rises, which boast world-class restaurants and retail, are slated for move-in in late 2008 and early 2009. Never before have the downtown areas seen so many ultra-expensive condos come online at the same time.

These ultra-posh addresses are more spacious than many of the high-end condominiums built in prior years. The price-per-square-foot can exceed \$2,000, with several units priced over \$10 million.

While the majority of high-end condominium sales continue to be concentrated in King County, upscale condos are found throughout the region, from Bellingham to Bremerton.

- Nearly 60 percent of the luxury condos sold in 2007 were located in Seattle.
- The most expensive condominium sold in 2007 was a 3,000 square foot high-rise penthouse in downtown Seattle. Selling price: \$4,712,500.
- Of the 123 luxury condominiums sold in the Puget Sound area, 20 sold for \$2 million or more. Sixteen of the 20 were located in Seattle.
- In outlying areas, luxury condos tend to be located on the water. 2007 recorded sales of two \$1 million+ condos on San Juan Island, a new \$1.2 million condo on the Bremerton waterfront and a \$1.2 million property overlooking Bellingham Bay.
- The average luxury condo sold in the Puget Sound area in 2007 featured 2 bedrooms, 2 ½ baths and 2,294 square feet of living space.

Number of \$1,000,000+ condominiums sold by select community

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|-----------------------|------|------|------|------|------|------|------|
| Downtown Seattle | 4 | 6 | 11 | 10 | 29 | 30 | 29 |
| Kirkland | 4 | 7 | 4 | 18 | 13 | 23 | 22 |
| Leschi ■ Madison Park | 4 | 2 | 1 | 4 | 7 | 5 | 10 |
| Queen Anne | 5 | 5 | 4 | 7 | 11 | 8 | 9 |
| Downtown Bellevue | 0 | 0 | 0 | 0 | 2 | 42 | 7 |
| Alki | 1 | 2 | 1 | 1 | 4 | 6 | 7 |
| Edmonds | 0 | 0 | 0 | 2 | 9 | 2 | 5 |
| Lake Sammamish | 0 | 0 | 0 | 0 | 4 | 10 | 4 |

| Number of \$1,000,000+ condos sold by year | |
|--|-----|
| 2001 | 17 |
| 2002 | 26 |
| 2003 | 26 |
| 2004 | 46 |
| 2005 | 88 |
| 2006 | 144 |
| 2007 | 123 |

The time it takes to sell a luxury home increased in 2007

The average days on market (number of days between the listing date and the sale) increased in 29 of the 35 markets profiled as compared to 2006. The trend echoed that of the Puget Sound real estate market overall, with homes in general taking longer to sell than the previous year.

Recap of average days on market (DOM) for \$1,000,000+ homes by community and year

| Community | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|------|------|
| Kitsap Peninsula | – | 106 | 119 | 51 | 325 | 242 | 369 |
| San Juan County | 85 | 403 | 207 | 391 | 393 | 368 | 300 |
| Des Moines to Federal Way | – | 400 | 145 | 562 | 135 | 242 | 253 |
| Gig Harbor ■ Fox Island ■ Key Peninsula | 320 | 237 | 146 | 313 | 181 | 223 | 251 |
| Whidbey & Camano Islands | 182 | 312 | 222 | 324 | 258 | 255 | 238 |
| Anacortes ■ La Conner | 166 | 46 | – | 348 | 228 | 223 | 238 |
| Redmond ■ Woodinville | 187 | 230 | 279 | 209 | 225 | 193 | 238 |
| Lake Sammamish | 177 | 169 | 113 | 88 | 140 | 97 | 235 |
| The Highlands | 140 | 218 | 465 | 699 | 447 | 290 | 228 |
| Snoqualmie ■ Fall City ■ North Bend | 403 | 253 | 391 | 288 | 187 | 208 | 228 |
| Renton ■ Kenndale Waterfront | – | – | 445 | 316 | 165 | 106 | 227 |
| Kirkland | 187 | 227 | 200 | 280 | 207 | 198 | 224 |
| Lakewood | 246 | 252 | 74 | 70 | 461 | 228 | 222 |
| Kent ■ Auburn | 153 | – | 187 | 181 | 149 | 261 | 216 |
| Mukilteo ■ Mill Creek ■ Everett | – | 104 | 324 | 238 | 122 | 166 | 215 |
| Issaquah ■ Sammamish | 178 | 178 | 200 | 216 | 212 | 113 | 198 |
| Edmonds ■ Woodway | 97 | 155 | 349 | 178 | 168 | 148 | 193 |
| West Seattle | 188 | 251 | 335 | 231 | 204 | 105 | 191 |
| Capitol Hill | 98 | 41 | 129 | 124 | 118 | 120 | 185 |
| West Bellevue | 157 | 182 | 246 | 217 | 174 | 142 | 180 |
| Normandy Park | 444 | 15 | 602 | 66 | 144 | 138 | 169 |
| Mercer Island | 128 | 177 | 215 | 197 | 167 | 147 | 169 |
| South Bellevue | 180 | 180 | 243 | 208 | 159 | 146 | 169 |
| East Snohomish | 10 | 178 | 539 | – | 196 | 181 | 168 |
| Magnolia | 107 | 182 | 156 | 151 | 124 | 79 | 166 |
| Bainbridge Island | 73 | 208 | 165 | 225 | 128 | 142 | 159 |
| Whatcom County | 31 | 223 | 54 | 120 | 119 | 123 | 158 |
| Vashon Island | 204 | 138 | 5 | 163 | 205 | 84 | 139 |
| Mid-Seattle Lakeshore | 88 | 96 | 204 | 239 | 154 | 116 | 137 |
| Queen Anne | 94 | 146 | 170 | 193 | 130 | 120 | 135 |
| Madrona ■ Leschi ■ Mt. Baker | 60 | 128 | 186 | 172 | 74 | 96 | 133 |
| Broadmoor | 170 | 75 | 197 | 178 | 149 | 113 | 127 |
| Bridle Trails | 137 | 131 | 302 | 347 | 195 | 122 | 125 |
| Laurelhurst ■ Windermere | 34 | 71 | 110 | 95 | 114 | 60 | 93 |
| Hawthorne Hills ■ View Ridge ■ Inverness | – | 5 | 35 | 157 | 58 | 34 | 78 |