

SEATTLE POST-INTELLIGENCERhttp://seattlepi.nwsourc.com/local/280455_prices08.html**Condo price rise outpaces houses****First-time buyers scoop up units to get into market***Tuesday, August 8, 2006***By KATHY MULADY**
P-I REPORTER

Bob Hyde and his wife searched for a house they could afford in Seattle off and on for two years before they decided that maybe a condominium was the best way to break into the housing market in Seattle.

"Ideally, we wanted a single-family house, but we are priced out of a house in town," said Hyde, 31. "Finally we decided that this was the time to buy if we were going to. Prices are escalating out of control, and we thought we'd better get into someplace and start building equity."

That place is a 600- square-foot condominium on Capitol Hill in a fully renovated 1910 building. With one bedroom and one bath, Hyde said he already knows it will be too small once they have children. By then, he said, he hopes they will have built up enough equity to buy a house.

Many first-time home buyers in Seattle and King County are looking at condominiums as a way of getting their foot in the door of the real estate market, and plan to trade up to a house later. With condo prices increasing faster than single-family homes in King County, it could be a good plan.

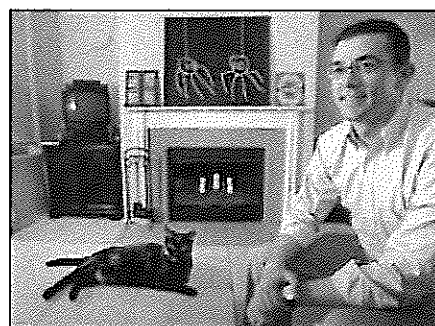
The median price of a condo in King County increased 22 percent in July, compared with the same month last year. During the same period, house prices increased 16 percent. Median price means half of the sales are above that amount and half are below.

The median price of a house in King County last month was \$435,000, up from \$375,000 a year ago. The median price of a condo was \$265,000 last month, up from \$216,000 a year ago.

In Seattle, house and condo prices combined climbed 14.6 percent in July, compared with the same month a year ago. The median price was \$420,000, up from \$366,500 last year.

Last month, the biggest increases in home prices were in the Leshi, Mount Baker and Seward Park neighborhoods, where the median price shot up 30 percent compared with a year ago.

Hyde said they paid \$271,000 for their condo when they bought it in April.



zoom

DAN DELONG / P-I

Bob Hyde and Josie the cat relax Monday in the living room (Josie, more so) of the 600-square-foot, one-bedroom Capitol Hill condominium that Hyde and his wife bought in April for \$271,000.

He said they couldn't envision living in any of the houses they saw for under \$300,000.

"We looked at a lot of dumps for around that price," he said.

In addition to their mortgage, the Hydes pay a \$300 monthly association fee, and could face extra assessments if major repairs are suddenly required for the building.

Hyde said he's optimistic that it's a good investment that will help them build the equity they need to buy a house in a few years.

"It's the American dream to own a single-family home, and it is something we are looking forward to doing -- the yard and the white picket fence, all of it," he said.

The condo is the first step.

Developers are responding to the needs of first-time buyers, with more moderately priced condos located closer to jobs.

"We recognize that there are a lot of higher-end high-rises and saw that the market might become saturated," said Doug Daley, president and chief executive officer of Harbor Properties.

One of the company's condominium projects is planned at Eighth Avenue and Marion Street.

Harbor plans to start construction in the spring. Units are expected to cost \$475 to \$500 per square foot, or about \$300,000 to \$450,000.

If condo buyers live close to work, they might be able to get by without a car and put that money toward their housing, said Daley. The building will also have fewer amenities than more pricey projects. There will probably be a rooftop deck and patios, he said, but, in an effort to keep the price down, no exercise room.

Daley said he hopes the project appeals to first-time buyers.

"It is a good investment. It is hard to tell how long this cycle will last," said Daley. "We have seen the market flatten in some parts of the United States; we haven't seen it happen here yet."

Stacy Watson was looking for an investment when she went condo shopping earlier this year. She also found a place she expects to live in for a long time.

Watson, 32, said she was tired of spending her money on rent and wanted to invest in her future, but she didn't want to be tied to a house and yard. She found a one-bedroom condo near Alki Beach for \$250,000. The monthly association fees are about \$200.

At 525 square feet, it is a bit smaller than what she originally wanted, but she has a view, and she can take the water taxi to work downtown and avoid the traffic.

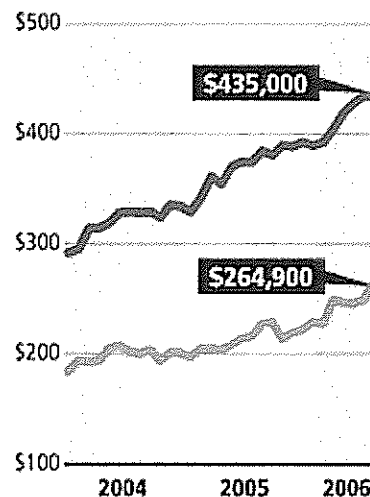
GROWTH CONTINUES

The cost of a single-family home keeps rising, with condominium prices increasing at a faster rate than house prices over the past year.

KING COUNTY MEDIAN HOME PRICES

In thousands

— Single-family houses
— Condominiums



Source: Northwest Multiple Listing Service

SEATTLE P-I

"I originally thought I would build up equity and move on, but now I think I will live here a little longer. I like it," she said.

However, buying a condominium doesn't necessarily mean sitting back and waiting for the value to accrue. Alexis Ferris found a 500-square-foot place on Capitol Hill for \$165,000.

Ferris, 34, works in filmmaking and production. After landing a full-time job in business development, she decided it was time to venture into the real estate market.

The price was right, and she liked the building and the unit's location on the top floor. But she wasn't crazy about the condo itself.

"Whoever owned this place before me pillaged the charm right out of it," she said.

In the last two months she has remodeled the condo from top to bottom. She hired crews to remove the acoustic tile ceiling and reveal the much higher original ceiling. She hired more workers to refinish the wood floors, install new moldings, trim and base boards. Electricians updated the wiring. She replaced cheap pocket doors with glass-paned French doors between rooms to let in more light.

Ferris is doing the painting and finishing work herself.

"I'm not getting out of this without investing a lot of sweat equity," she said.

"It will be worth it once it is done. I am getting it just the way I want it."

P-I reporter Kathy Mulady can be reached at 206-448-8029 or kathymulady@seattlepi.com.

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