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A Healthy Housing Market Creates Confidence

By Brooke Anderson

As housing prices are declining in most of the country, homes in the Pacific Northwest are holding their own and in general going against the grain as people remain confident about the region's economic prospects.

In Washington, Canada's British Columbia, Idaho and Oregon, houses and condos in many major cities and resort towns are holding their values. In places where prices have declined, there is still a feeling that this is part of a cycle that will resolve itself thanks to the region's strong job market, quality of life and affordability.

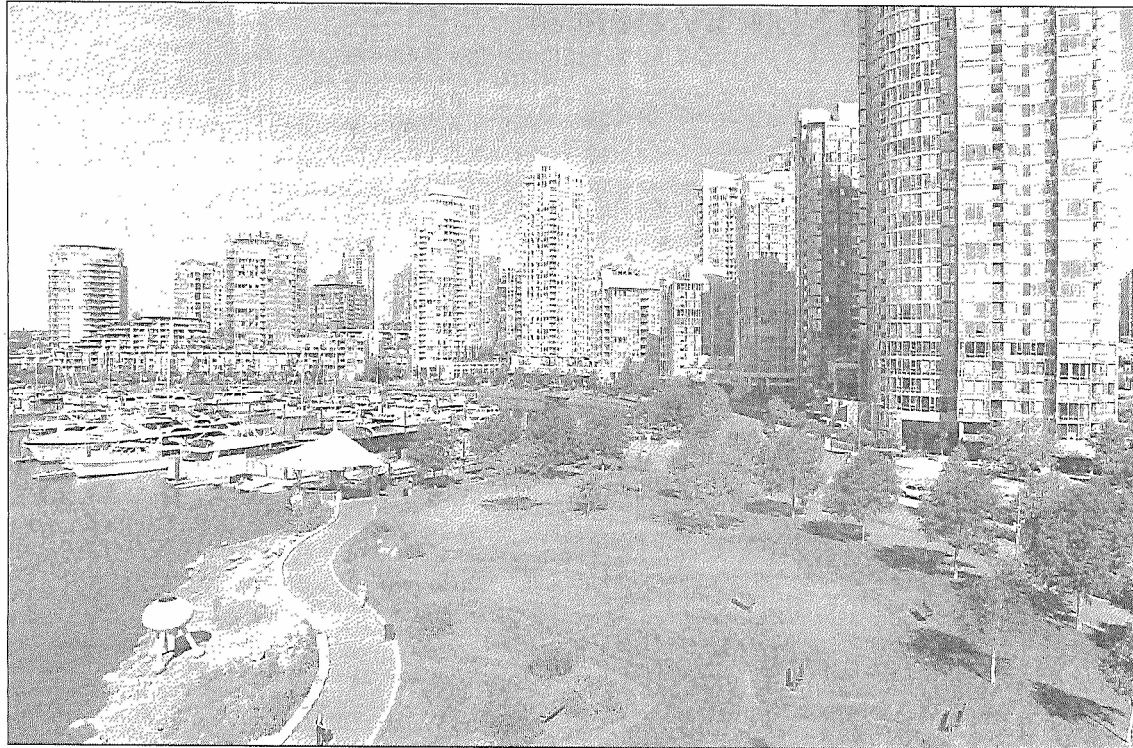
Seattle

Seattle is one of the few big cities in the country where home prices, on average, have risen. According to the Northwest Multiple Listing Service, prices for houses and condos in King County, where Seattle is located, increased between April 2007 and April 2008. The average cost of a home was \$407,265 last year and \$410,000 this year.

This is due to a strong economy with large employers such as Microsoft Corp., and laws that limit land development, says Dr. Glenn Crellin, director of the Washington Center for Real Estate Research at Washington State University.

Downtown Seattle is doing particularly well, with a cluster of planned high-rises already attracting buyers who want to live around the city's waterfront.

Gibran Hamdan, quarterback for the Buffalo Bills, decided to make Seattle his home when he played football for the Seahawks in 2005 and 2006. Now,



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In Vancouver, luxury condos start at the equivalent of \$1.6 million. The price of condos in the city increased 9% in the past year.

he returns to the city in the offseason and plans to settle there in the future.

In January, he paid \$567,000 for a one-bedroom, 960-square-foot condo with an additional 156-square-foot terrace on the sixth floor of the Escala, a downtown apartment building due for completion in mid-2009. Escala's condo prices range from \$500,000 to \$5 million.

The appeal for Mr. Hamdan is the building's location — by the waterfront, and four blocks from Pike Place Market.

British Columbia

About 110 miles to the north is Vancouver, site of the 2010 Winter Olympics. Like Seattle, it seems to be weathering the housing crisis better than other cities in North America.

Dave Watt, president of the Real Estate Board of Greater Vancouver, attributes his city's relative success to a strong economy, a finite amount of land and the fact that Canada doesn't have subprime loans.

In Vancouver, where luxury condos start at C\$1.6 million (US\$1.6 million) and luxury houses at C\$2 million, there has not been a price drop over the past year. Between April of last year and this year, prices of detached houses increased 11% and condos gained 9%.

Mr. Watt, a native of the city, says another reason for Vancouver's success is its quality of life. "I can sit on the patio of my office and see the mountains. In 15 minutes I can be on cross-country skis," he says.

Seventy-six miles north is Whistler, a top vacation spot for Vancouver residents and the Olympics site for Nordic events, including downhill skiing.

"In 2007, we saw our best year for sales since 2001," says Patrick Kelly, president of Whistler Real Estate, Ltd.

Whistler property values are up 5% from last year, sales are up 30%, and the median price of a home is currently C\$1.7 million, up from C\$1.62 million in the same quarter last year.

"A lot of exciting things will be happening in the next 18 months because of the Olympics," Mr. Kelly predicts.

Idaho

Like other resort areas throughout the Pacific Northwest, properties in Sun Valley appear to be holding their value.

"I can sit on the patio of my office and see the mountains. In 15 minutes I can be on cross-country skis."

According to Ellie Ellis, broker with Classic Realty in Sun Valley, sales in the resort area "remain encouraging even though the pace of sales has slowed."

"The marketing and selling of resort real estate is very different from traditional models of residential real estate sales. Our primarily second-home buyers and sellers have different expectations and goals

as they assess the benefits of owning essentially vacation real estate," she says.

According to the Rocky Mountain Resort Alliance, year-end figures comparing 2006 and 2007 in the Sun Valley resort area show the average sale price of a single-family home rose slightly to just over \$1 million. Sales increased more than \$11 million for a total of over \$288 million, and the number of homes sold in 2007 rose 4% from 2006.

In northern Idaho's Coeur d'Alene, another resort area, sales of residential properties costing \$1 million or more increased from 50 to 60, and the average price went from \$1.67 million to \$2.02 million from 2006 to 2007.

In Priest Lake, 60 miles north of Coeur d'Alene, Stephen Ross, a retired businessman from Spokane, Wash., bought his vacation home last December for just under \$4 million, slightly less than the asking price. He believes he got a good deal.

His 7,000-square-foot house is on 1.5 acres and has 340 feet of shoreline. "You can't buy a house like that in Tahoe for under \$5 million. And here, you don't have the crowds of California. We're surrounded by bears and eagles," Mr. Ross says.

In terms of primary residences in Idaho, Boise is booming.

Long famous for its potatoes, the Boise area is becoming increasingly known for its good job market, affordable housing and quality of life.

In April 2007, the price of a luxury house in Boise was \$570,604. By this April, it rose to \$595,674.

However, in the community of Eagle, near downtown Boise and known for high-end homes, there has been a decline in the price of luxury homes. In April 2007, the average value of a luxury house was \$664,726. Last month it was \$597,309.

It was the relatively low cost of housing, good schools and quality of life that attracted Steve Burke, an accountant from the Los Angeles area, to the Boise area. In fact, he was so confident in the area's economy that he bought his new house before finding a job.

Last October he bought a house in Eagle for \$412,000, one-third the price of his former home in California, and he expects it to appreciate in the coming years. Mr. Burke's new 3,100-square-foot house has five bedrooms and four bathrooms.

Oregon

In Portland, realtor Megan Kavanagh says the market there is slow and she believes now is a good time to buy — especially luxury homes.

For example, she says that for one of her clients she was able to negotiate down the price of a home listed for \$900,000 to \$705,000. The 3,000-square-foot, two-story cottage on the Willamette River is located just outside of Portland in Westlinn.

Jeanne Gianella, general manager of a manufacturing company in Tualatin, Ore., purchased the house in January. "If you have an agent who is willing to negotiate down the price, you can do really well here," she says.

Just outside of the resort town of Bend, a development is being built that is attracting buyers — as prices are expected to rise — even in these tough times.

Tetherow is a destination resort golf community, due to open its course in July, with homes now being purchased and constructed. Lots start at \$320,000, and the average price for a custom home and lot is \$1.3 million to \$2 million.

Joe Kearney, director of sales for the Tetherow community, describes the Bend area as "Aspen 25 years ago. People are starting to discover us."