

Revival of condos forecast for 1983

by Polly Lane
Times real-estate editor

January is expected to bring a revival of condominium buying and building here as decreasing interest rates make purchases possible for more people.

There has been a significant dropoff both in purchasing and new construction, with sales dropping to only about 100 a month this past year in King County from 522 a month in the boom year of 1979. Conversions of apartment units also have slowed down. Where once they dominated the market, accounting for about 90 percent of the condominiums being offered for sale, they now are only about 10 percent of those offered.

Fred May of Chicago Title Insurance Co., who has chronicled the progress of condominiums here the past few years, predicted this past week that improvement in sales is likely to begin right after the new year. He's even ready to predict that before long the activity will be back to the 500-a-month range.

Factors which prompt May's optimism are numerous, but his strongest belief is that condos fill a significant need in the marketplace. At a luncheon gathering of people involved with land-use questions, May listed eight reasons for his confidence. They ranged from the large pent-up demand for ownership that has been building during the period of high interest rates, when people couldn't qualify for loans to buy and when a lot of them doubled up to save money, to the fact that the real estate business, in general, has picked up significantly in the past few weeks.

He says orders for title insurance are up; mortgage and escrow companies are busier than they have been for some time, with some even hiring people again, and realty agents are busier with potential clients who are looking for places to buy. Then there's the "holiday effect" which prompts people to put off until after Jan. 1 any serious efforts to buy even though they've already made up

their minds that now would be a good time.

May says he's convinced the real estate market has "bottomed out" locally and is slowly climbing back up. He predicts condos will have increasing appeal to the "empty-nester" set and to first-time buyers. The older folks whose children have gone like the convenience and freedom of condo life and the young first-time buyers often can find more selection in condos in their price ranges.

His study of the condo statistics for King County in the 20 years since condos first were marketed here show that about 65 percent of the sales have been to first-time homebuyers.

During the slow sales period since 1980, inventories of unsold condominiums have built up. Many have been rented as apartments and may be sold later. May estimates the present inventory of units for sale in King County at about 1,500 to 1,600 units. Many buildings are constructed as condominiums with the owners never intending to sell the units but providing the option in case they change their minds in the future, he said.

Through the years, residential condominiums here "generally have been good investments," May said, though he doesn't keep statistics on resales. He did notice recently, though, he said, that one of the first units ever marketed here (in a building aptly named "El Condo") which sold originally in the \$17,000-to-\$18,000 range, changed hands for \$90,000.

There were other optimistic predictions for real estate in 1983 last week:

— The National Association of Realtors figures mortgage interest rates are going to decline over the next six months, but there is mixed reaction about the longer term. A survey of more than 5,000 members conducted in October found a majority anticipating rates to be lower in the next six months but looking 24 months ahead they were

divided over what they think may happen.

— James W. Christian, economist for the United States League of Savings Institutions, suggests the economy, helped by an increase in housing activity, will post a modest improvement next year. "Odds," he said, "favor a gradual, housing-led recovery. But if housing does lead the way to economic revival next year the recovery surely will be modest. A strong housing upturn is not on the horizon."

He thinks, also, that interest rates will decline further in 1983 bringing mortgage rates down to the 12 and 13 percent range by spring. (Some lenders have rates in this category right now).

Sales of existing single-family homes, as a result of better mortgage interest rates, are likely to increase to between 2.2 million and 2.4 million, up from about 1.9 million this year. New housing starts also are expected to increase to 1.2 million to 1.4 million next year, up from about 1 million this year.

— U.S. Housing Markets, a publication of Advance Mortgage Corp., looks for 1.3 million new starts next year, assuming further declines in mortgage rates but also a fairly weak recovery with continuing unemployment.

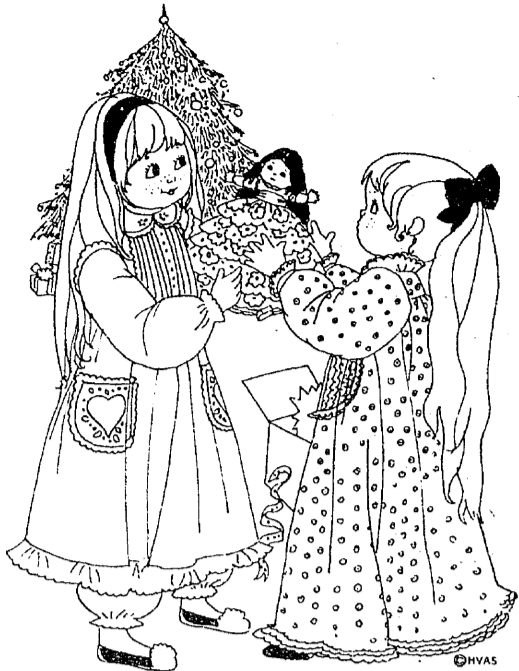
Especially strong upturns are projected in Atlanta, Chicago, Phoenix, San Diego, Washington, D.C., and the Dallas-Fort Worth areas.

This company notes in its third-quarter report that Oct. 13 was the turning point for the housing market (that's when FHA lowered its mortgage rate to 12 1/2 percent). In Seattle, it reported, sales increases are mixed. Some builders haven't seen them yet; some are up 30 percent to 40 percent over the first half of the year, in all price ranges. Builders who were barely in the market this year plan to triple and quadruple next year's programs here, the report said.

At least one local builder isn't waiting till next year to get actively involved in revival. Swanson-Dean Corp. is planning at least two more of its popular "affordable" communities. One in Kirkland sold out in a month this fall and the second is more than one third sold after only two weeks, demonstrating that demand is heavy for smaller homes priced in the \$60,000 range. The new developments just announced as a result of the earlier sales will be near Silverdale in Kitsap County and on East Hill near Kent.

The predictions for next year are consistent in pointing toward improvement in all phases of the real estate market, though most project that recovery will be slow here because of the high unemployment in this area.

The Commerce Department's report at the end of the week that housing starts were up 26.5 percent during November also did not convince even the skeptics that things definitely are improving.



A Realtor's Christmas Eve

by Martha Lou Wheately

'Tis the evening before Christmas and I'm on the phone, checking on a client, when I'd rather be home.

"What's that, Mrs. Jones? The carpet's too light? The master bath is too small. You want to see it tonight?"

"But, but, but, Mrs. Jones — it's Christmas Eve! . . . I . . . I . . . When I get to your house, you'll be ready to leave?"

So I bravely go forth on this cold winter's night. Thinking, "Home. A hot bath. And tomorrow's delight."

But I gathered my client and off we did go. And once again, checked that house for an hour or so. We covered each inch from top to bottom. (I'll bet she calls Christmas with something forgotten.)

Then, with visions of family filling my head, homeward, homeward I earnestly sped.

Cold and wet, unable to stop shivering, I thought: "Is this any way to make a living?"

When, what to my yearning eyes should appear? But my home brightly lit, filled with Christmas cheer!

The kids had eaten, bathed and were ready for their good-night. Then off to bed, a kiss and turn out the light.

Then with my shoes off, in hubby's lap, I just snuggled down to enjoy a nightcap.

When said my husband, "I thought you'd like to know. Mrs. Jones called a short while ago."

Groaning inside, I looked at my spouse. "She said it's something to do with a house."

"Is that ALL that woman had to say? I tell you, I'm NOT working on OUR Christmas Day!"

"Honey, I don't think you'll have to worry about it. She said next Monday is when she'll buy it."

With a sense of triumph (not to mention delight). "May YOUR Christmas be as merry, and to all a good night!"

(Reprinted from the Washington REALTOR. Martha Lou Wheately is a former Spokane television personality whose mother and grandmother were Realtors.)

City, county set land-use hearings

Land-use public hearings scheduled this week by Seattle and King County include these:

City of Seattle, 3 p.m. tomorrow, fifth floor, 400 Yesler Building:

1915-19 E. Spruce St. — Appeal of a declaration of environmental nonsignificance on the construction of three duplex units.

City of Seattle, 9 a.m. Tuesday, fifth floor, 400 Yesler Building:

403 N.E. 81st St. — Appeal of granting of variances to build a garage addition to a nonconforming house, with too-small rear yard.

King County, 9 a.m. Tuesday, Room 402, County Courthouse:

West side of Lake Francis Road Southeast, south of Southeast 187th Street — Divide a parcel into two too-narrow lots.

Northeast corner of Northeast 104th Street and 132nd Avenue Northeast — Divide a parcel with one lot too small, and without curbs, gutters, sidewalks and sewer service.

Northeast side of Southeast May Valley Road, at 193rd Avenue Southeast (10 a.m.) — Legalize a garage too close to front property line.

West side of 32nd Avenue South, between South 136th and 138th Streets (10:30 a.m.) — A permit to allow a

noncommercial recreational facility.

East side of Pacific Highway South, north of South 308th Street (1:30 p.m.) — Allow a too-large double-faced sign of 66 square feet, with sign within front-yard setback.

East side of Milton Road South, south of the existing Enchanted Village development at I-5 and South 362nd Street (2 p.m.) — A permit to expand the existing commercial recreational facility, with parking in the front yard, a 10-foot-high fence on the south edge and a pennant sign of 270 square feet instead of the allowed 2 square feet.

King County, 9 a.m. Thursday, Room 402, County Courthouse:

South side of Southeast Auburn-Black Diamond Road, east of 180th Avenue Southeast — A shoreline-management substantial-development permit for a 50- to 60-acre surface gravel pit on a 100-acre site, plus a use permit for sand/gravel extraction.

King County, 9 a.m. Thursday, Room 215, County Administration Building:

South side of South 341st Place, west of 18th Place South — Rezone parcel from manufacturing park to general commercial, for retail business.

West side of 114th Place Northeast, north of Northeast 132nd Street (10:30 a.m.) — Remove one condition from previous rezoning which allowed access from 132nd only.

Snoqualmie plant cited

Puget Sound Power & Light Co.'s Snoqualmie Falls generating station has been declared a national historical civic engineering landmark by the American Society of Civil Engineers.

The 84-year-old station is the oldest major underground generating station still in operation. It was the first major electric-power plant built in the Northwest as well as one of the first underground electric plants to be built in the world, according to Ken Anderson,

Puget's director of power production.

The power plant was built in a cavern carved out of solid rock 270 feet below the river by the Snoqualmie Falls Power Co. which later became part of Puget Power. The plant contains five generators. Much of the original equipment remains in use. The plant can generate up to 12,000 kilowatts of electricity, enough to serve the needs of about 3,000 homes.

Foundation raises \$4,000

Contributions of at least \$4,000, representing the first fund-raising effort of the Pike Place Market Foundation, are to be presented tomorrow to market-area human-services agencies.

David Wright, foundation president, said this initial drive for

funds could produce still more contributions — he's hoping for more.

Among benefiting agencies are the health-care clinic, senior center, food bank and child-care center.

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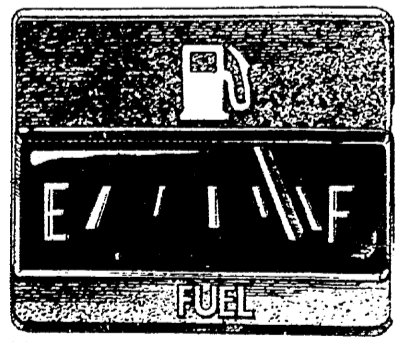
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