



WE WOULD LIKE TO
EXTEND A BIG THANK
YOU TO THOSE OF YOU
THAT HAVE REFERRED
FRIENDS & FAMILY

MARKET UPDATE

How are distressed properties affecting our market?

In our August Newsletter, the closing paragraph of the "Market Update" article included the comment that "prices continue to struggle in this healthy market

due to the heavy pressure from the distressed sales that continue to enter the market." Indeed, our market has

been healthy when looking at the rate of turnover - or sales compared to active listings. Then why, if the market is healthy, do we see that prices continue to inch downward?

To gain a grasp of the problem for our eastside real estate market place, I went to the NWMLS database and extracted the number of distressed homes that have entered our market since January 1, 2011, and then

For most of us, our home is the single largest asset that we own, and we are all interested in what is happening that may affect its value.

31, 2011. The first chart (on page 3) shows that relationship for each eastside area.

compared that number to the total number of homes that have been listed for sale from January 1, 2011 through August

continued on page 2...

CURRENT INTEREST RATES:

15 YEAR: 3.25% APR 3.499%
30 YEAR: 4.00% APR 4.135%

RATES PROVIDED BY:
CHRIS BUTAUD
GUILD MORTGAGE
(206) 999-6941
CBUTAUD@GUILDMORTGAGE.NET

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Q&A

This is our Q&A column with questions from our clients. Thank you to Patrick O'Neil for this month's question.

Q:

Why do I need to buy Title Insurance?

A:

Contract law requires that the seller convey clear and marketable title to the buyer for any and all real property being sold. The seller receives compensation in the form of money; the buyer receives title to the property purchased. Title companies are hired to do title searches to insure that the title to the property is clear, but it is possible for title claims to arise that could never have been found in a search. Title insurance covers that risk of exposure to a claim against title. Seller buys the insurance to protect the buyer. If the buyer is using a lender, then buyer also buys a title insurance policy to protect the lender.

We have an entire page on our website that goes into more detail about Title Insurance:
www.badgleyhomes.com/title.html

Distressed properties are made up of both bank owned properties and short-sale properties. Bank owned properties are properties that have been taken back by the bank at public auction in a foreclosure action. Short-sale properties are those properties being offered for sale at a price below the amount owed to the provider of the underlying mortgage on the property. To sell at this price will require bank approval before the sale can go forward. "Short" refers to the loss that the bank will have to take to allow the sale to continue.

The second chart simply shows the number of distressed homes as a percentage of the whole market and is much more effective in conveying a visual picture of the problem. Mercer Island has been fortunate. The number of distressed properties there represents only 3.67% of the total. West Bellevue is at 10.86%, and the other areas range from 12.23% (Redmond) to a high of 18.76% (Plateau).

So why do these distressed properties affect the overall market? Typically when a distressed property is listed for sale, the owner of the property is simply interested in selling at a price that will get the job done. Neither the distressed short-sale property owners, or the banks in the case of bank-owned properties have exhibited much inclination to prepare these properties for success. They are generally not cleaned up, dressed up, staged, or otherwise brought to market with an intent to sell at the highest possible price. In fact, their general approach to marketing the property is to simply get it on the market at a price that will bring a buyer to it in spite of the condition that it is in.

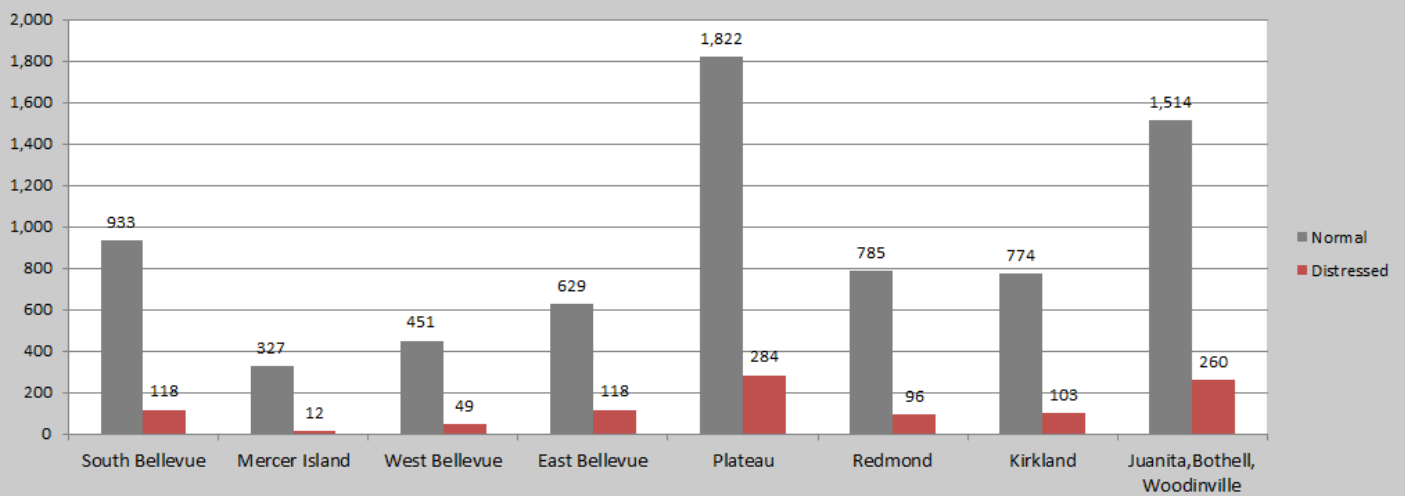
When 1 out of every 6 to 8 homes is priced this way in a localized area, it absolutely affects the remaining homes in that local market.

However, the fundamentals in our market continue to provide for a comparatively good economy, jobs are being filled by people re-locating to our area, and buyers continue to purchase homes on a steady basis. In all of this, we have found that with the right preparation, excellent presentation, and intelligent pricing, it is still possible to sell homes quickly and at the best possible price given the current market.

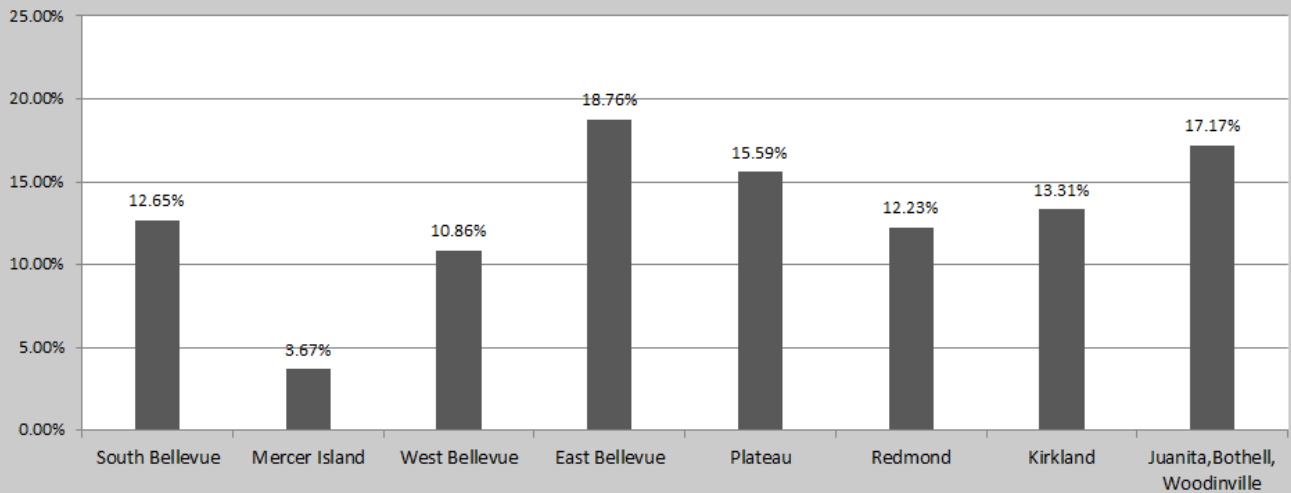
Bill



**Comparison of Distressed to Total Number of Homes
To Enter the Eastside Market in 2011
January 1, 2011 - August 31, 2011**



**Distressed Homes as a Percentage of Housing Market
Eastside Market Since January 1, 2011
January 1, 2011 - August 31, 2011**



OUR LISTINGS ARE SELLING! WE NEED MORE TO SELL!
VIEW ALL OF THESE AND MORE ON OUR WEBSITE AT WWW.BADGLEYHOMES.COM



Pending!

432 Overlake Drive E
Medina WA 98039
\$2,500,000
Sold before it went on the MLS!



SOLD

1746 Bellevue Way
Bellevue WA 98004
\$765,000
MLS #157660



SOLD

4326 SW Southern St
Seattle WA 98136
\$725,000
MLS #223870



SOLD

8614 134th Ct NE
Redmond WA 98052
\$389,950
MLS #261446



SOLD

204 173rd Place NE
Bellevue WA 98008
\$675,000
MLS #251992



SOLD in
5 Days

1324 Bellevue Way SE
Bellevue WA 98004
\$560,000
MLS #203252



SOLD

2433 274th Ave NE
Redmond WA 98053
\$560,000
MLS #234254



Sold
2 offers

9246 NE 25th St.
Clyde Hill WA 98004
\$1,050,000
MLS #213965



Rose Hill

12519 NE 75th Place
Kirkland WA 98033
\$712,000
MLS #214475



SOLD

2506 174th Ave NE
Redmond WA 98052
\$320,000
MLS #213194

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