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It's Now Cheaper to Own vs. Rent at First Hill High-Rise Condominiums

Sellout Prices, Special Financing and Rising Rents Arrayed for First Time Homebuyers

SEATTLE, WA. (March 3, 2011) – Executives at *Realogics Sotheby's International Realty* and *Cobalt Mortgage* released analysis today that demonstrates it's actually more cost effective to own at The Decatur Condominiums than it is to rent in the popular First Hill neighborhood. The report compares one and two bedroom homes in the complex to like properties offered at nearby apartment buildings. The study considers variable market dynamics including lower selling prices, FHA financing, historically low interest rates, rising rents and tax advantages for homebuyers. The two scenarios are tallied over a period of five years aggregating the total housing for both renting and owning.

"This could be a point of inflection for the local housing market," says Chris Rossman, Director of Development and Sales at Realogics Sotheby's International Realty, who is representing The Decatur. "Consumers have traditionally looked to capital appreciation as the primary economic benefit of homeownership. But at The Decatur, any upside in future value is an additional advantage not factored into our value proposition. The fact remains - it's actually cheaper to own on a net cash flow basis alone. Imagine total monthly payments with principal and interest starting at under \$950 per month. That's very compelling."

So what's making The Decatur so affordable? Rossman points to several influences including recent price reductions, 3.5% (FHA) down payment options and the seller's willingness to cover closing costs while still offering a special 3.375% (4% APR) interest rates for the entire term of a 5 year ARM. "Comparative lease rates in the area are \$2.25 per foot per month and they're expected to skyrocket 30% over the next five years – that's considerably more than the annual increases we presumed in the report," Rossman adds. "I believe a year or so from now we'll be looking at supply and demand fundamentals and reconciling a real lack of affordable condominiums and apartments in the pipeline."



A recent *Puget Sound Business Journal* article headlined “*Ascent of Rent*” discussed such increases in rental rates and the dearth of new construction condominium inventory being developed. As rents escalate many consumers have turned to popular websites like www.rentometer.com to compare rent hikes in their neighborhood. Rossman says more and more renters are now considering what their increased monthly payment could buy in a condominium. Meanwhile other pundits feel a growing divide between buying a renting could soon challenge The Decatur’s marketing claim of “*own for less than rent*”.

“This (market) dynamic could easily pass as inventory is absorbed or interest rates increase,” said Mark Everts of Cobalt Mortgage, the preferred lender for The Decatur. “But for now we’ve aligned an aggressive financing promotion to sell through the remaining homes while providing renters an opportunity to build equity for themselves instead of their landlord.”

First time homebuyers seem to agree with the logic. After being surprised by a rent increase at their former apartment, Steve Cukier and his partner recently bought a one bedroom at The Decatur. “Now we’re building our future and not treading water,” said Cukier. “In our situation, we look at the principal we’re paying like (it’s) a savings account.”

More than 80% sold, The Decatur has 146-units comprised of one and two bedroom homes starting from just \$187,500. Built in 1950, the concrete and steel high-rise landmark was substantially renovated in 2006 and 2007 and converted to condominiums before the market corrected. Prices are now up to 40% below the original sales prices.

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About Realogics Sotheby’s International Realty: Representing a significant volume of new construction and resale property closings in the greater Seattle area, Realogics Brokerage, LLC (DBA Realogics Sotheby’s International Realty) has emerged as a leading sales and marketing company in the city center with a fast growing resale network. The Realogics Group of Companies owns a long-term franchise within the Sotheby’s International Realty® network. Realogics Sotheby’s International Realty is independently owned and operated by Realogics, Inc. Visit: www.RealogicsSothebysRealty.com.

About Cobalt Mortgage: A full service mortgage banking firm, Cobalt Mortgage was founded in 2001 to provide consumers with the flexibility, education, and service needed to achieve their mortgage goals. From first-time homebuyer purchases, to mortgage refinancing and investment properties, Cobalt Mortgage’s team of experienced and knowledgeable licensed financial professionals are committed to honesty, professionalism and the long-term care of our customers. Visit: www.CobaltMortgage.com

EDITORS NOTE: Own vs. rent analysis, photography of The Decatur Condominiums and portraits of Chris Rossman and Mark Everts are available upon request – please contact Michelle Poitevin at 206.448.5752.

TWO BEDROOM - APARTMENT RENTAL

TERM (Yrs)	1	2	3	4	5	TOTAL
REVENUE						
Residential Rent*	\$20,592.00	\$21,178.87	\$21,782.47	\$22,403.27	\$23,041.76	\$108,998.38
Annual Rate Increase		3%	3%	3%	3%	
EXPENSES						
Utilities**	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$4,500.00
PARKING						
Residential Parking	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$6,000.00
Annual Rental Cost	\$22,692.00	\$23,278.87	\$23,882.47	\$24,503.27	\$25,141.76	\$119,498.38

Residential Rent assumes a year 1 monthly rental payment of \$1,241 and a 540 sf unit (\$2.20/sf)

Own v Rent Analysis - 2 BR Home	
Total Cost of Rental	\$119,498.38
Total Cost of Ownership	\$98,710.51
Ownership Savings	\$20,787.87

TWO BEDROOM - CONDOMINIUM OWNERSHIP at THE DECATUR

TERM (Yrs)	1	2	3	4	5	TOTAL
REVENUE						
Mortgage Payments*	\$15,396.00	\$15,396.00	\$15,396.00	\$15,396.00	\$15,396.00	\$76,980.00
Down Payment	\$8,923.25	0%	0%	0%	0%	
EXPENSES						
HOA Dues**	\$4,082.28	\$4,082.28	\$4,082.28	\$4,082.28	\$4,082.28	\$20,411.40
Utilities	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$3,600.00
Property Taxes	\$2,422.03	\$2,470.47	\$2,519.88	\$2,570.28	\$2,621.68	\$12,604.34
Tax Multiplier		2%	2%	2%	2%	
DEDUCTIONS						
Annual Tax Deduction	-\$4,575.00	-\$4,666.50	-\$4,759.83	-\$4,855.03	-\$4,952.13	-\$23,808.48
Annual Owner Cost	\$26,968.56	\$18,002.25	\$17,958.33	\$17,913.53	\$17,867.84	\$98,710.51

Mortgage Payments based on a purchase price of \$254,950. Financing assumes 5/1 ARM FHA, 3.5% down payment 3.375% interest rate and a 4.00% APR and a credit score of 680 or higher

**HOA Dues* based on current rate at \$340.19 per month for home 207 at The Decatur

ONE BEDROOM - APARTMENT RENTAL

TERM (Yrs)	1	2	3	4	5	TOTAL
REVENUE						
Residential Rent*	\$14,904.00	\$15,328.76	\$15,765.63	\$16,214.95	\$16,677.08	\$78,890.43
Annual Rate Increase		3%	3%	3%	3%	
EXPENSES						
Utilities	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$3,000.00
PARKING						
Residential Parking	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$6,000.00
Annual Rental Cost	\$16,704.00	\$17,128.76	\$17,565.63	\$18,014.95	\$18,477.08	\$87,890.43

Residential Rent assumes a year 1 monthly rental payment of \$1,241 and a 540 sf unit (\$2.30/sf)

Own v Rent Analysis - 1 BR Home	
Total Cost of Rental	\$87,890.43
Total Cost of Ownership	\$73,687.84
Ownership Savings	\$14,202.59

ONE BEDROOM - CONDOMINIUM OWNERSHIP at THE DECATUR

TERM (Yrs)	1	2	3	4	5	TOTAL
REVENUE						
Mortgage Payments*	\$11,352.00	\$11,352.00	\$11,352.00	\$11,352.00	\$11,352.00	\$56,760.00
Down Payment	\$6,578.25	0%	0%	0%	0%	
EXPENSES						
HOA Dues**	\$3,121.68	\$3,121.68	\$3,121.68	\$3,121.68	\$3,121.68	\$15,608.40
Utilities	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$3,000.00
Property Taxes	\$1,785.00	\$1,820.70	\$1,857.11	\$1,894.26	\$1,932.14	\$9,289.21
Tax Multiplier		2%	2%	2%	2%	
DEDUCTIONS						
Annual Tax Deduction	-\$3,372.00	-\$3,439.44	-\$3,508.23	-\$3,578.39	-\$3,649.96	-\$17,548.02
Annual Owner Cost	\$20,064.93	\$13,454.94	\$13,422.57	\$13,389.54	\$13,355.86	\$73,687.84

Mortgage Payments based on a purchase price of \$187,950. Financing assumes 5/1 ARM FHA, 3.5% down payment 3.375% interest rate and a 3.754% APR and a credit score of 680 or higher

**HOA Dues* based on current rate at \$260.14 per month for home 1102 at The Decatur