



Broker Price Opinion

400 Harborview Drive NE, Unit #227
Bainbridge Island, WA

Usher, Mills and Moen,

I am honored to have been chosen to lead you through this process; thank you for trusting me to guide you.

IDENTIFYING VALUE

Your mom's unit checks all the boxes for folks seeking a simple and luxurious water view lifestyle. As cliché as it is, the location of the building is stellar for all the reasons you know. There are few condo units on the island that come with a pool, let alone private waterfront. The underground parking, no-step living, and extra storage just seal the deal. The extent to which the renovation project was managed and documented is spectacular and will go a long way towards demonstrating value to the buyer pool.

CURRENT 2BR CONDO MARKET CONDITIONS:

It's important to point out much of the focus of this opinion is based on 2BR units only, as they are a different niche than 3BR condos. I did use one 3BR because it has water view/frontage.

Average Square Footage: 1,426 (8.8% larger than yours)

Average Price: Of the 26 units sold in the last year+, the average sale price was \$697,000.

Days on Market: The average market time was 55 days, though 12 units sold at/above asking price in 8 days or less. Three of these 12 sold above asking price (between \$2,000 and \$21,000, averaging 1.5% over asking price). *And saving the best for last, the 3 units with water views all sold quickly- in less than a week.*

Showing Traffic: I spoke with the most relevant listing agents for these listings and found the showing traffic to be strong for most of them. Given the pent up demand for this particular development, I expect there to be strong interest simply as a function of being the first unit to hit the market in years.

Multiple Offers: Based on the Sold:List Price ratio data stated above, I don't believe multiple offer activity is widespread with that set of units. But the data does say loud and clear that well-priced properties sell right away and bidding does occur when there is enough demand.

Months of Supply: In Puget Sound, a supply of 4-6 months is considered a balanced market; most of the BI housing market has been between 1-2 months for the last few years of market appreciation. The 2BR niche on Bainbridge, on the other hand, was 3.4 months of supply in 2019. This metric is not surprising considering the low number of units selling over asking price.

CRITERIA

This opinion of value is based on viewing your property and analyzing its placement in relation to recent comparable sales (“comps”) under the current market’s conditions. To ensure the homes selected qualify to base an opinion of value with, all the properties have the following criteria in common (I use many homes in the Quantitative Analysis, but just the few most relevant comps in the Comparative Analysis).

- Sold in the last 450 days on Bainbridge Island (back far enough for decent sample size)
- 2BR Condo (one fee simple townhome, and one 3BR)
- Priced between \$600,000 and \$1,000,000
- These are the best comps:

PROPERTY	LIST	SALE	SP:LP	Days on Market	Size	\$/sf	Beds	Baths
400 Harborview Dr NE #217	OFF MARKET	\$680,000	100%	1	1388	\$489.91	2	2
190 Harbor Square Lp NE #C-433	\$ 754,500	\$754,500	100%	1	1,305	578.16	2	2
1814 Eagle Harbor Dr NE #14	\$ 799,000	\$801,000	100.25%	6	1,935	\$413.95	3	2.25
239 Shannon Dr SE	\$ 820,000	\$820,000	100%	8	1,748	469.11	2	2.5
551 Winslow Way West	\$ 899,000	\$875,000	97.33%	84	1,435	626.48	2	2

CONDITIONS THAT AFFECT SALE

It is crucial to know there are 3 reasons homes sell, or don't:

1. Location: For folks looking to be in town, it's a slam dunk. Many folks don't want to give up their view when they downsize to a condo, and this unit is one of the few with both view and deeded beach access. Very few of the recent comparable sales were had views, let alone waterfront.

2. Condition: Having Dylan's report gives high likelihood that we won't have red flags here. I'm going to order the Resale Certificate once we're close to listing; this document comes from the Property Group and supplies a questionnaire that lenders require, along with all the records for the property. This level of preparation on the document side will hopefully encourage buyers to waive contingencies in a competitive situation.

The level of preparation you've embarked on is perfect; it's move-in ready, or ready for a renovation.

3. Price: To determine a suggested list price, I like to balance art and science. I start with the science and plot the size of the comparable sales against their price per square foot to see what trend presents itself. There is usually a relationship that larger homes of comparable quality and characteristics will sell for less per square foot because as space is added the expensive aspects of a build (kitchens & bathrooms) are not, so cost per unit decreases. Once I find a trend, I then artfully place the subject property's data point above or below the trend line in the manner I see most appropriate given the way the location and condition compare.

Keep in mind, the science part is easy- it's the art that is hard, the last 5% or so.

For this home, that last part of fine tuning the price is in the last \$35,000.

COMPARATIVE ANALYSIS: Line the Comps up by price

This approach takes away from size and price per square foot from the equation and just considers value as "more than these," but "less than those". Of the many homes in the Quantitative Analysis, these five offer the best comparison.

\$680,000, 400 Harborview, Unit 217, just one floor under and one unit north of you: This unit sold off-market last summer. The agent who sold it to the seller bought it for her mother, as the owner wanted to sell as quickly and easily as possible. The seller took his purchase price, added his assessment and called it square to call the appreciation (less than two years) a wash against the selling costs. The seller set the price a bit low because there were personal reasons for moving quickly, and the money was not important to them.

\$755,000, 190 Harbor Square Loop NE #C-433: This is a great comp because it is the same size as yours and has a view of Eagle Harbor. The Harbor Square development. While the building is newer, your new exterior should make up for that. And while this unit had more modern finishes, I know the owner has ripped everything down to the studs to start over so this sale price was for the location and floor plan. The unit does look over the courtyard (and a parking lot) to the water, and does not have access to a private beach. I believe your unit has more value than this one with the superior view and deeded beach.

YOUR UNIT: Your unit is one of the smallest in size on the list. The pushback that we can expect is that it needs cosmetic updates in kitchen and bathrooms, the master suite is not on the water side of the unit, and that it's on the small side (couples tend to need more space to get away from each other ;). That said, in addition to having water/city views and deeded water access, you have the pool, 2 underground parking spots, no steps, and separate storage.

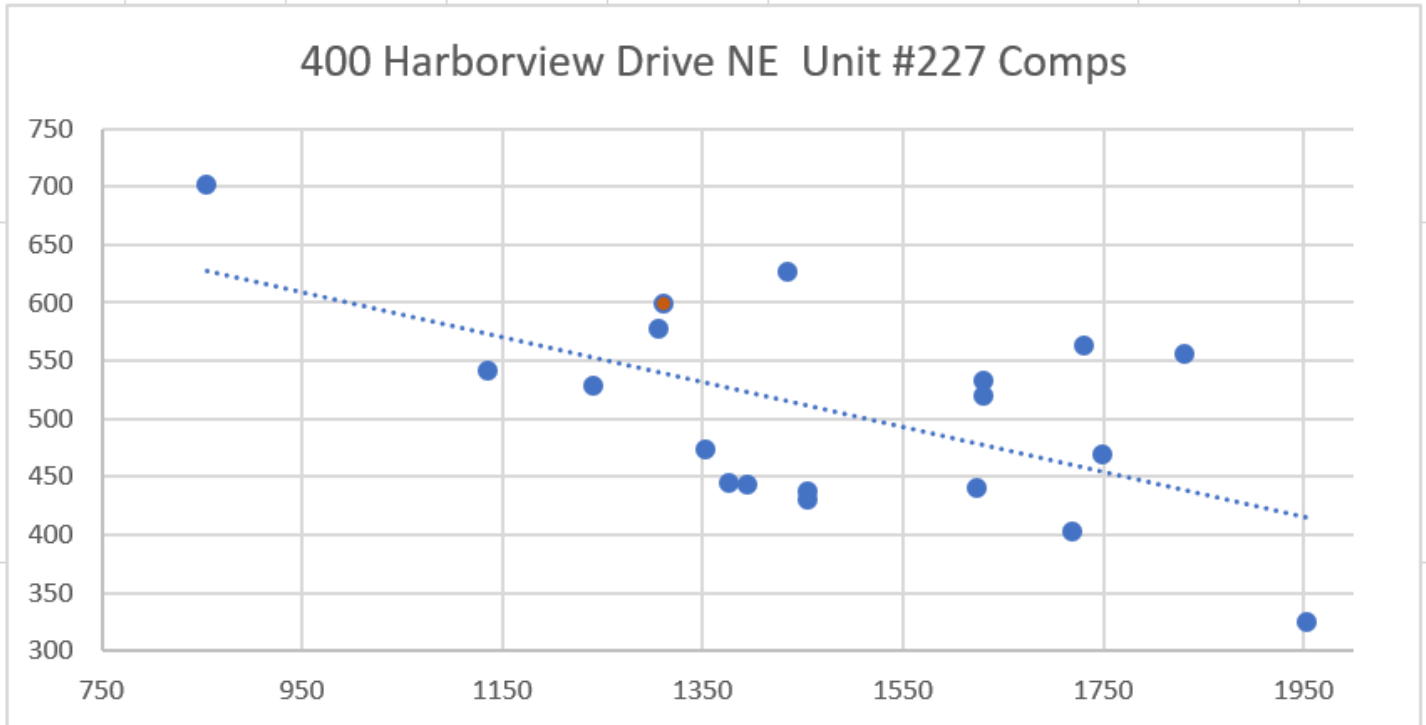
\$801,000: 1814 Eagle Harbor Dr NE #14 (Place 18, not in Winslow): I am including this unit, despite it being out of town, because this development has private waterfront and the unit has a view. The most significant difference, obviously, is that the location is not in town and the view is looking north (darker) at the other side of the harbor, not east to the more-desirable city and ferry/boating traffic. I was told there were a high number of showings, but the feedback was overwhelming that it was "too dated." Then an offer came in over asking price to make it a slam dunk. The large size on this one, for the price, may be what makes up for it not being in town.

\$820,000: 239 Shannon Dr SE: Don't tell the new owner, but this unit only had one real showing. I was told there was lots of traffic at the open houses, but that doesn't mean much to us as far as gauging real buyer interest. This unit is not a condo, but a fee simple townhome; I included it because these types of homes sell as "condo alternatives" for size and location. This home was true waterfront, though the view is tight as it's in the channel where a stream empties into Eagle Harbor and it does not have a stunning view. The listing agent told me he thought it was listed a bit too high given how dated it was and that the multiple levels would limit the buying pool; the next door neighbor (on the other side of the one shared wall) bought it so he would have control over the exterior maintenance rather than having to cooperate with another owner.

\$899,000: 551 Winslow Way West, PENDING. This is a great comparable sale for a similar size and with dated finishes. It has a water view and the development has private waterfront. The greatest difference here is this development has a private marina and this unit comes with a 40' slip (not all units have a slip as part of the deed). Boat slips like this can cost \$150,000 or so in Winslow, so this feature is a significant value (to the right buyer). This unit has a lot of steps. The agent told me that it's going to close around \$870-875K and was on the market for 84 days before going into contract.

QUANTITATIVE ANALYSIS: Plotting them out

- Your unit is the red dot at my suggested list price.
- The homes *above* the trend line all have some exceptional circumstances: in this set of comps, the homes above the line were waterfront units (Eagle Harbor and Shannon), had a water view (Shannon, Harbor Square), were new construction (Ebi and Hanani) or were a penthouse with a recent high end cosmetic overhaul (400 Winslow Way).
- I believe you're above the trendline because of the water/city view, deeded beach and major exterior improvement.



The strategy is going to be placing a value somewhere that honors all the benefits to the unit, while acknowledging that there is likelihood buyers will analyze price alongside what they "will need to put into it" with cosmetic updates.

PRICING STRATEGY

You have two options: Delayed Offer Review, or Review Upon Receipt.

Delay

Price the home lower on the spectrum and request that offers not be submitted for a week. We list on a Wednesday, hold Broker Open House on Thursday and have a public Open House or two over the weekend. On the next Tuesday/Wednesday we meet and (hopefully) see what the bidders show the value to be in their escalation clauses. If no offers show up, then I change the selection from delayed to the other option and hit the phones to solicit an offer without looking desperate.

Upon Receipt

This is where you set your price higher, at the number you would be happy with from just one buyer and take an offer whether it's on the first day, or sometime later. If multiple parties show up to make an offer, we can change course to hold off on delay.

My Recommendation

I am confident your unit will have a great deal of interest as a simple function of being the first one on the market after the renovation. What's most important to me is that you work with a contract that is low on / free of contingencies, giving us what we call a "smooth transaction," meaning free of anxiety around negotiations.

One of the greatest contingencies in condo purchases is Buyer's review of all condo docs, and I will have them available for buyers to review prior to making an offer (Resale Certificate). By maximizing the amount of time, this evens all buyers playing field as buyers will all need time to digest the finished construction product. We need buyers to have this time to process all the information before making their offer (and waiving their contingency) rather than during any due diligence period that they have in the first 10 days of escrow. It's amazing how many buyers walk away from a contract because they read the financials and meeting minutes after the fact, and we want to avoid that.

PRICE OPINION

My recommendation is an initial list price between **\$765,000 and \$798,000. (\$575-608/sf)**, and I like **\$785,000 (\$598/sf)**. This number is strategic in that it "tucks" the number under both \$800,000 and \$600/sf, so the psychological aspect is in play to show value.

I believe this figure allows buyers to consider there to be room left in the investment for them to spend money on updating the kitchen and bathrooms, and in conjunction with the exterior improvements, with the final value reaching well into the \$800's or above.

My hope is also that this price range in the upper \$700's will solicit a wide number of buyers to feel there is value in the price, and to compete by waiving contingencies and escalating the price. When that happens, you win.