

Real Estate  
News from...

**Merri Ann Simonson**



San Juan Islands, Inc.

**Spring 2004**

## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the first quarter results for 2004, the real estate market volume on San Juan Island was less than the first quarter in 2003 by 6.5%. We averaged 22 transactions per month as compared to the 28.5 per month during the year 2003.

The number of transactions is down 15% as compared to the first quarter in 2003. Fewer number of transactions for a similar dollar amount is a direct reflection of an appreciating market. The average transaction amount was \$294,026. during the first quarter of 2004 as compared to \$266,616. during the same period in 2003.

| PERIOD             | NO. OF TRANSACTIONS | DOLLAR VOLUME     |
|--------------------|---------------------|-------------------|
| First Quarter 2004 | 68                  | \$ 19, 993,832.00 |
| First Quarter 2003 | 80                  | \$ 21,329,283.00  |
| TOTAL 2003         | 343                 | \$104,238,973.00  |
| TOTAL 2002         | 352                 | \$102,852,851.00  |
| TOTAL 2001         | 297                 | \$ 87,058,702.00  |
| TOTAL 2000         | 361                 | \$ 95,302,250.00  |
| TOTAL 1999         | 466                 | \$113,512,560.00  |
| TOTAL 1998         | 431                 | \$ 88,754,026.00  |

This spring, many new listings have been originated. According to the Northwest MLS service for San Juan Island, we have a total of 279 listings. Coldwell Banker represents 133 of the listings or 47.7%. The current number of listings represents an 11% decrease from the same period in 2003 when we had 306 listings. This low level of inventory will have an impact on the amount of volume that will be closed this year. Low inventory places upward pressure on the sale prices and forces agents and their buyers to move rapidly once they have identified the right property.

Typically, sellers list in the spring as the season approaches and they have processed all the chores necessary to give their properties good curb appeal. Most sellers perceive the selling season to be after school is out and once the weather has improved. Hopefully, we will build more inventory as we head into the summer.

We will be mailing the Coldwell Banker annual catalog of listings in May. For a complete list of all listed properties at all of the brokerage firms, please visit my web site which is located at [www.sanjuanrealproperty.com](http://www.sanjuanrealproperty.com). If you would like hard copy, please be sure to contact me.



## MARKET RECAP

Based on the cost of construction, many buyers have determined that buying an existing home and completing a remodel is more cost and time effective. As per the appraisers, there are three approaches to value: cost, market and the income approach. For numerous properties, the reproduction costs, even when discounted for depreciation, exceed the market value of the property.

Advantages to buying an existing home include site preparation, building footprint and moratorium issues. Many of the existing homes, especially on the waterfront, were cleared and their views enhanced years ago. Due to current regulations, owners are no longer able to clear the "buffer area" on the waterfront or build within 50-100 feet from the bank, subject to the level of buffer. New construction today on unimproved parcels often results in only a filtered water view. Remember when we could have guest homes, boat houses and docks? The "advantages" to buying an existing home with these amenities also equate to added value during resale.

Contractor quotes for new construction have a wide range. Subject to the type and quality of materials, the quotes vary from \$190-\$275 per square foot for most homes with a completed valuation under \$1,000,000.

This could explain why many property owners have decided to retain their current investment and remodel. The bottom line is you obtain more value for your dollar on a remodel versus new construction. The downside is, remodels often have unknown defects that are not detected until construction has started. In addition, the only way to have a custom home is to build one. Cost overruns are inherent to both new construction and remodels.

## Interest Rates

The rates continue to remain very attractive.

The rates as of April 19, 2004 are listed below:

|               | <b>30 YEAR FIXED</b> | <b>15 YEAR FIXED</b> | <b>3/1 ARM</b> |
|---------------|----------------------|----------------------|----------------|
| Interest Rate | 5.75%                | 5.125%               | 3.50%          |
| Loan Fees     | 0 point              | 0 point              | 1 point        |

The quotes above have been supplied by **Tracy James from Countrywide Home Loans**, Friday Harbor Branch. She offers home and land loans and can be reached at 360-370-5303.

As a prospective purchaser, I thought this information would be of interest. If you would like additional information regarding our market, please be sure to contact me. If your plans have changed and you no longer desire to purchase property in the San Juans, please be sure to contact me so that I may remove you from my e-mail and other mailing lists. The information listed above was generated from the Northwest Multiple Listing Service and the San Juan County Digest. It represents listings and closings from all of the brokerage firms on San Juan Island, not just Coldwell Banker San Juan Islands, Inc.

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