

Real Estate
News from...

Merri Ann Simonson



San Juan Islands, Inc.

Spring 2006

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the first quarter results for 2006, the real estate market volume on San Juan Island has leveled off somewhat compared to the volume in the first quarter of 2005. The number of transactions reflects a 38% decrease; however, due to appreciation in our market, the dollar volume only reflects a 13% decrease. We averaged 25 transactions per month for the first quarter compared to the 39 per month during 2005.

This decrease in market activity can be attributed to low inventory levels, the time of year, weather and the normalization of our real estate market. This last year was an incredible year and that level of activity can not be sustained. Most local real estate agents are predicting a final 2006 year-end volume that is equal to or slightly less than the total volume realized in 2005. It is important to understand decreased volume doesn't necessarily equate to a decrease in sale prices or appreciation level.

Similar to last year, numerous high-end sales closed during the first quarter. Of the 74 closings, 9 sales or 12%, were in excess of \$1 million dollars each. Eight of the closings were single family homes and one was a B&B in town. Currently, 4 listings are under contract and heading towards escrow that are in excess of \$1 million dollars each.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2006	74	\$ 36,693,532.00
First Quarter 2005	119	\$ 42,425,287.00
Second Quarter 2005	124	\$ 58,216,171.00
Third Quarter 2005	133	\$ 66,903,323.00
Fourth Quarter 2005	93	\$ 43,482,266.00
TOTAL	469	\$210,663,047.00
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TOTAL 2004	368	\$143,716,501.00
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
TOTAL 2000	361	\$ 95,302,250.00
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Page Two

Do you have interest in another vehicle that facilitates your ability to purchase investment real estate? Did you realize that you may use all or a portion of your retirement funds to invest in real estate? Retirement accounts are basically trust accounts for your benefit when you retire. In the 1970s, the IRS approved of real estate as an investment option.

Now you may also obtain a non-recourse real estate loan that is granted to your self-directed IRA which will increase your purchasing power. Typically, the lender, will loan at low loan-to-value ratios and today's rates are around 7.5%.

This is an incredible tool for investors. Real estate has historically been a good investment as it typically appreciates. Most individuals currently hold stocks, bonds or mutual funds in their IRA funds and have been disappointed with the last few years of growth results. You may want to consider selling your stocks and/or funds and create a self-directed IRA. Then you may use those funds, plus a loan if required, to purchase a real estate investment. By using a Limited Liability Corporation you can individually share ownership of the investment with your self-directed IRA.

In addition, you are able to defer the tax on the gain from the sale of the stocks as they are held in your IRA account. Please be sure to check with your account manager regarding any fee or charges related to the sale of your current IRA investments.

Similar to stocks, you can buy and sell real estate within the IRA account and defer your tax payment on the gain.

This information is offered to assist you with your future retirement strategy options; however, it is not tax advice; please be sure to contact your accountant as the expert. For more information, I recommend using this web site link: <http://www.entrustadmin.com>. (Select Real Estate Investment "How to Tour" in the right hand margin).

In addition, I can provide you with the name of the lender's contact person who will provide you with the details regarding the non-recourse loans. If you would like hardcopy of the information, please be sure to contact me.

CONTACT INFORMATION FOR MERRI ANN SIMONSON

e-mail: simonson@sanjuanislands.com
web site: www.sanjuanrealproperty.com

1-800-451-9054 WORK • 360-378-2101 WORK • 360-378-6665 HOME • 360-317-8668 CELL

**Interest Rates
as of April 18, 2006**

<i>TYPE</i>	<i>RATE</i>	<i>POINTS</i>	<i>APR</i>
CONVENTIONAL LOANS (UNDER \$417,000)			
30 Year Fixed	6.5%	1.00%	6.613%
15 Year Fixed	6.25%	1.00%	6.435%
3 Year ARM	5.500%	1.00%	7.090%
JUMBO LOANS (OVER \$417,000)			
30 Year Fixed	6.500%	1.00%	6.606%
15 Year Fixed	6.250%	1.00%	6.423%
3 Year ARM	5.500%	1.00%	7.089%

The rates continue to remain very attractive.

The quotes above have been supplied by Islanders Bank, Friday Harbor Office - 360-378-5200.

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 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.