

Real Estate
News from...

Merri Ann Simonson



San Juan Islands, Inc.

Summer 2004

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the second quarter results for 2004, the real estate market volume on San Juan Island gained momentum and surpassed the volume in 2003 for the same period by 14.5%. This growth is very strong when you take into consideration that the first quarter's volume was below the first quarter in 2003. We averaged 27 transactions per month as compared to the 28.5 per month during the year 2003.

Based on some of the sale prices, it is apparent that we are in a precedent setting market. Most of the recent transactions have been multiple offers and many have resulted in sale prices above the original list price.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2004	68	\$ 19,993,832.00
First Quarter 2003	80	\$ 21,329,283.00
Second Quarter 2004	94	\$ 33,644,891.00
Second Quarter 2003	89	\$ 25,412,394.00
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

Maintaining inventory has been difficult in this active market. If properties are priced near market, they are selling in under 30 days and often with multiple offers. There are many active buyers in our market that are waiting on the side lines for new listings.

As per the Northwest MLS service for San Juan Island, we have a total of 276 listings. Coldwell Banker represents 138 of the listings or 50% which reflects an increase in our market share. Last year in July, we had over 310 listings. This low level of inventory explains the number of multiple offers and upward pressure on the prices. Buyers and their agents are being forced to move rapidly once they have identified the right property. Currently, on San Juan, 52 properties are under contract and heading towards escrow.

Even though mortgage rates are up 3/4% since March, buyers have not been deterred. Most of our buyers have taken the rate hikes in stride as the increases have little or no effect on their loan qualifications as compared to a first time home buyer. The buyer demographic remains unchanged with most being in the baby boom generation purchasing for investment, second home or future retirement.



MARKET RECAP

Property owners on San Juan have enjoyed the appreciation that their investments have returned. In many cases, the return on their real estate is one of the highest yielding investments as compared to other types of investments.

A great vehicle to purchase real estate for investment is a self directed IRA account. Those funds coupled with a non-recourse loan granted to the IRA can facilitate the purchasing of real estate investments. Your IRA can purchase single family, multi, commercial and/or unimproved land. Typically the lenders will loan up to 50% loan to value and today's rates are around 6.5%.

Most individuals currently hold stocks, bonds or mutual funds in their IRA accounts and have been disappointed with the last few years of growth results. You may want to consider selling your stocks and/or funds, creating a self directed IRA and using those funds, plus a loan if required to purchase a real estate investment. You may be able to defer the tax on the gain from the sale of the stocks as they are held in your IRA account. Similar to stocks, you can buy and sell real estate within the IRA account and defer your tax payment on the gain.

If this program is of interest to you, I recommend researching information on the web site located at www.entrustadmin.com. Select real estate investment "How to Tour" in the right hand margin. In addition, I can provide you with the lender's contact person who will provide you with the details regarding the non-recourse loans. I also have a hard copy publication which I can mail to you upon your request.

Interest Rates

The rates continue to remain very attractive. The rates as of July 16, 2004 are listed below:

LOAN PROGRAM	RATE	Min. Down	APR	Term	Pmt Per \$100K
30-year fixed	5.750%	5%	5.895%	30	\$583.57
15-year fixed	5.125%	5%	5.364%	15	\$797.32
Jumbo 30-year fixed	5.875%	5%	6.021%	30	\$591.54
1/1 ARM	2.125%	3%	2.242%	30	\$375.90
3/1 ARM	4.000%	5%	4.130%	30	\$477.42
5/1 ARM	4.500%	5%	4.634%	30	\$506.69
5/1 ARM (80/20/0 DOWN)	5.125%	0%	5.264%	30	\$544.49
5/1 ARM JUMBO	5.125%	10%	5.264%	30	\$544.49
7/1 ARM	5.000%	5%	5.138%	30	\$536.82
Investment 30-year	6.125%	10%	6.273%	30	\$607.61
Lot 20 Year Fixed	6.625%	20%	6.877%	20	\$640.31
Lot 1 Year ARM Interest Only	4.250%	20%	4.469%	30/1	\$491.94
Construction OTC	4.250%	10%	4.469%	30/1	\$491.94

The quotes above have been supplied by Larry Wikan from First Horizon. 206-691-6918

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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