

Real Estate
News from...

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San Juan Islands, Inc.

Summer 2006

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the second quarter results for 2006, the real estate market volume on San Juan Island is somewhat lower than the same period in 2005. The dollar volume is down approximately \$1.4 million this quarter compared to the same quarter in 2005. Year-to-date dollar volume is \$93,454,520 compared to \$100,641,458 in 2005. This reflects a slight decrease of approximately 7%. The number of transactions comparison is notable with 167 in 2006 compared to the 243 in 2005. The decrease is attributable to the volume of sales that have closed in excess of \$1,000,000 so far this year.

On San Juan Island, year-to-date, we have closed an average of 28 transactions per month and based on our current inventory of 218 listings, we offer a seven month supply. National Economists typically say that six months of inventory is a balanced supply, adding that less than six tends to favor the sellers, while greater than six is usually titled a "buyer's market." This assumes standard times for days on market which in most areas is less than 90 days. On San Juan, the average length of time on market is 161 days for all types of property.

According to the San Juan County Digest, the year-to-date median sales price here for a single family home on less than five acres is \$525,000. The median sales price for land is \$352,000.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2006	74	\$ 36,693,532.00
Second Quarter 2006	93	\$ 56,760,988.00
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
TOTAL 2005	469	\$210,663,047.00
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
TOTAL 1999	466	\$113,512,560.00
TOTAL 1998	431	\$ 88,754,026.00



While our average “days on market” is only a few months greater than the metropolitan areas, some of our listings have been on the market for years. The length of time a property is on the market is a direct reflection of its pricing. You are unable to change the location of the property and sometimes you cannot correct the physical condition, but you can always change the price.

Due to current market trends, agents are finding it more and more difficult to assist sellers with the pricing of their properties.

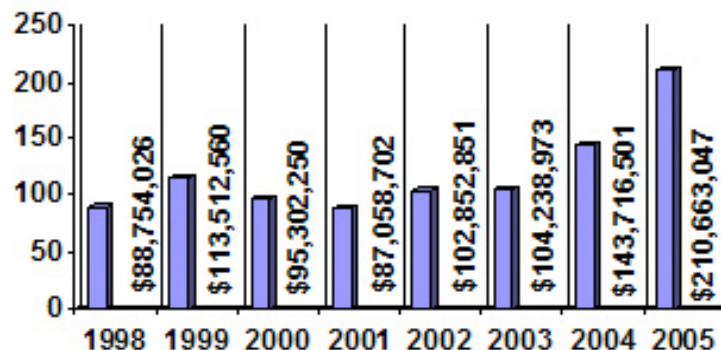
Processing a competitive market analysis can be challenging in our market. The majority of our homes are custom-built and offer many special features versus the uniform housing developments one may find on the mainland. Due to the uniqueness of our properties, finding comparable properties that are truly similar is difficult. This makes the valuation process part art and part science. Agents don't want to tell a seller their property may not command the price they had in mind so instead they use the sale information from the Multiple Listing Service and tax rolls to familiarize the seller with the local market.

Ultimately, the sales price is set by the seller and an active market can fuel the problem of overpricing which equates to above average days on market. Length of time a property has been on the market is a regular question to agents from their buyers. This information may be used by the buyer to calculate the seller's motivation level.

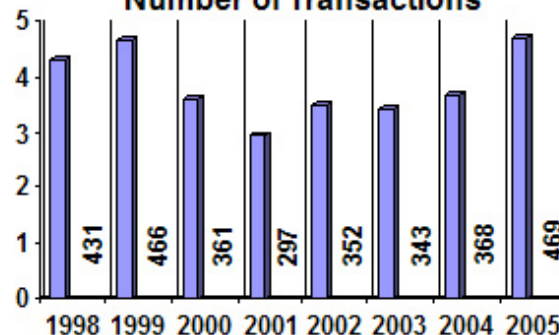
Many of the recent sales are precedent setting as to their pricing. Even though some recent sales “raise the eyebrows” of the locals, much of the property on San Juan is undervalued when compared to other areas in the United States. Buyers are very aware of this fact and continue to invest their funds in the San Juan Islands as their metropolitan markets “top out.” We offer a great appreciation rate overall and a terrific second home or retirement location.

Millions

Dollar Volume



Number of Transactions



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

<i>TYPE</i>	<i>RATE</i>	<i>POINTS</i>	<i>APR</i>
CONVENTIONAL LOANS (UNDER \$417,000)			
30 Year Fixed	6.625%	1.00%	6.747%
15 Year Fixed	6.25%	1.00%	6.449%
3 Year ARM	6.00%	1.00%	7.340%
JUMBO LOANS (OVER \$417,000)			
30 Year Fixed	6.750%	1.00%	6.863%
15 Year Fixed	6.250%	1.00%	6.432%
3 Year ARM	6.00%	1.00%	7.339%

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.