

Real Estate
News from...

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San Juan Islands, Inc.

Autumn 2003

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the third quarter for 2003, the real estate market volume on San Juan Island exceeded last years volume for the same period by 5%. We did, however, have fewer transactions for the increased dollar volume which is attributable to higher sale prices which equates to appreciation. The dollar volume year-to-date for 2003 is greater than last year's volume for the same period by 10%. It appears that we are on schedule to complete the year with a market growth of 8-10%.

We have averaged 31 transactions per month for the nine month term as compared to the 29 a month closed in 2002.

PERIOD		NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter	2003	80	\$ 21,329,283.00
Second Quarter	2003	89	\$ 25,412,394.00
Third Quarter	2003	111	\$ 37,456,476.00
Year To Date	2003	280	\$ 84,198,052.00
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

Many property owners in the San Juans are pleased with the appreciation rate that they have received on their real estate investments; in some cases, it may be their highest return as compared to their other investments. The downside is the increase in real estate tax assessments. Our tax assessor inspects properties every three years and recently issued their updated assessments to the property owners. Many were surprised by the increases which averaged over 15% per year for most waterfront properties. The good news is that our levy code of 8.64% per \$1,000. remains the lowest in the State of Washington. Further good news is that the assessor still remains behind in the values as it relates to fair market value. One of the main reasons for the lag is the assessor is rarely able to make an internal site inspection which highly contributes to the overall valuation of the home. In addition, we have very few speculative builders on-island; therefore, each home on San Juan is unique and all custom construction. This makes it very difficult to find truly comparable sales to use in the valuation process. The fact that the assessments are lower than market value is bad news for those who desire to appeal their tax assessment.

Taking into consideration, the good and bad news of an appreciating market, San Juan not only offers a solid investment but a quality place to live.

The average price for a used home on less than five acres for the 12 month period ending August 2003 for San Juan County was \$344,250. The average land price for the period was \$177,250.



MARKET RECAP

Throughout the summer months, the inventory has continued to decrease. According to the Multiple Listing Service, San Juan Island has a total of 255 property listings including the number of transactions in escrows. This is an 18% decrease since June. Of the 255 listings, Coldwell Banker represents 48% of the total inventory with our closest competitor at 19%.

During the fall and winter seasons, our showing volume is lower due to the weather, the holidays and school schedules. Overall, the prospective buyer that is viewing property during this time of year is much more serious than the August buyer as they are willing to subject themselves to the weather in hopes of finding the right property. It is beneficial to make inspections during this season as the "winter" views are present and a buyer is able to determine if there are any standing water problems on the property. Sellers may even be open to negotiations on their sale price in order to finalized their sale prior to year-end for tax purposes.

Looking towards next year, the National Association of REALTORS chief economist expects low inflation will maintain the low level of mortgage interest rates during 2004. He expects the 30-year fixed mortgage rate to remain below 6.5% for the balance of 2003 and to average 6.7% during 2004. Due to the increasing level of housing starts in the second half of 2003, the low interest rate environment, the declining unemployment rate and economic growth, he has stated that 2004 shall be the third best year for housing.

The trickle down of the national economic conditions should have a positive impact on the real estate market in San Juan County.

Interest Rates

The low interest rates have encouraged a tremendous number of property owners to process a refinance or purchase more real estate. The rates as of October 14 are listed below:

	30 YEAR FIXED	15 YEAR FIXED	3/1 ARM
Interest Rate	5.875%	5.25%	3.50%
Loan Fees	1 point	1 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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