

Real Estate  
News from...

**Merri Ann Simonson**



San Juan Islands, Inc.

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## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the year-to-date results for the period ending September 30, 2007, the sales volume for the real estate market on San Juan Island was less active when compared to the same period in 2006. The volume lags 2006 by \$36,134,366 or 24%. On San Juan, we have closed an average of 22.3 transactions per month so far in 2007. Overall, decreased volume or averages doesn't necessarily equate to reduced property values. The median price for a previously owned home on less than 5 acres for year 2006 was \$479,000. The median home price for the period of October 1, 2006 through September 30, 2007 is \$480,000, so you can see property values are maintaining on San Juan Island.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2007	52	\$ 29,053,927.00
Second Quarter 2007	89	\$ 47,484,644.00
Third Quarter 2007	60	\$ 35,888,991.00
First Quarter 2006	74	\$ 36,693,532.00
Second Quarter 2006	93	\$ 56,760,988.00
Third Quarter 2006	111	\$ 55,107,408.00
TOTAL 2006	348	\$182,591,404.00
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
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Buyers still waiting on the sidelines should consider the basic economic facts: If fundamentals aren't supporting a market decline, then it's not going to decline for very long. As the State of Washington and San Juan County are adding population, any appearance of a market decline is destined to be short lived.

In order to educate consumers about negative real estate articles regarding the national sub-prime lending crisis, the Washington REALTOR® Association published an article that provided very interesting information. Generally, the article indicated that Washington State is flourishing with strong job growth and some of the highest appreciation in home prices in the nation. Seattle is an especially hot job market, boosting confidence of sustained growth. Due to our close proximity, we tend to mirror that market.

Per the REALTOR® article, statistics reveal that Washington State's real estate market is stable and an excellent investment:

- Home appreciation in Washington continues to out-perform the rest of the nation.
- Home prices in Washington have increased an average of 8.1 percent since the same time last year.
- The demand for median-priced homes has never been greater.
- The home market isn't keeping pace with the growth of the state's population, which is continuing to increase at 1.8 percent per year. The state's population will increase by nearly one million over the present decade and reach 6.8 million by 2010.
- Foreclosure rates today are the same as they were 10 years ago. Fewer than one percent of mortgages end in default in the state. As of mid-June, sub-prime, adjustable-rate loans represented 20 percent of loans nationally, but just 6 percent of the home loans in Washington.

Where do San Juan Island buyers come from? According to Real Market Data LLC, in 2006, seventy-three percent of our buyers lived in western Washington. This falls in line with the premise that most second home owners desire to purchase a home within 2-3 hours from their primary residence. Further, our appreciation rate has attracted investors and buyers purchasing for future retirement. In addition, 25% of the buyers were from out of state and about one half of the out of state buyers were from California.

In summary, our volume is off from 2005 and 2006, which were exceptional years, and our volume will most likely end up similar to 2004 which was also a good year. Our values are maintaining and our real estate market is not feeling the impact from the sub-prime financial market crisis. Most buyers in our market were well qualified and did not require the creative underwriting that was used elsewhere and attributed to the high level of loans in default nationwide.

Inventory levels are high which make it an excellent time for buyers to invest in our market as the selection is good. Per the Northwest Multiple Listing Service as of October 15, San Juan island has 342 property listings of which 23 are under contract.

**Interest Rates  
as of October 16, 2007**

<i>TYPE</i>	<i>RATE</i>	<i>POINTS</i>	<i>APR</i>
<b>CONVENTIONAL LOANS (under \$417,000)</b>			
30 Year Fixed	6.250%	1.00%	6.366%
15 Year Fixed	5.875%	1.00%	6.066%
3 Year ARM	6.500%	1.00%	7.182 %
<b>JUMBO LOANS (over \$417,000)</b>			
30 Year Fixed	7.000%	1.00%	7.106%
15 Year Fixed	6.750%	1.00%	6.921%
3 Year ARM	6.500%	1.00%	6.930%

The quotes above have been supplied by Islanders Bank Harbor Office 360-378-5200. Rates are subject to change daily.

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 Real Market Data LLC. 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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