

Real Estate  
News from...

**Merri Ann Simonson**



San Juan Islands, Inc.

**Winter 2002**

## SAN JUAN ISLAND REALESTATE MARKET SUMMARY

In reviewing the year-end results for year 2001, the Real Estate Market dollar volume on San Juan Island ended 9% below the volume in year 2000. We averaged 25 transactions per month as compared to 30 in 2000 which is an indication of lower activity levels.

During the year 2001, the average sales price for a used single family home on less than 5 acres was \$355,342.00 and the average lot sales price was \$118,457.00. Both average prices are down slightly from year 2000 when the average home and lot was \$364,974.00 and \$123,449.00 respectively. This correction in our market is a return to a "normal" real estate environment. The impact during 1999 and 2000 from the dot.com buyers and stock market returns is no longer present.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2001	68	\$ 19,351,350.00
Second Quarter 2001	77	\$ 21,256,469.00
Third Quarter 2001	85	\$ 24,155,965.00
Fourth Quarter 2001	67	\$ 22,294,918.00
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

Due to the small size and lack of detailed demographics for our real estate market, it is difficult to analyze appreciation calculations. The average prices include all categories of homes or land, i.e., homes in town, cabins and waterfront estates. Even though the average sale prices are down slightly from 2000, due to the property mix, I believe most properties enjoyed appreciation in 2001 and only a few categories forced the average prices downward. The waterfront and water view properties will always offer the highest rate of appreciation in our area.

Inventory levels remain low in many of the categories. In certain property types, mostly the high-end, we have had very little activity during the winter months in new originations or sales. We are just initiating the process of the Coldwell Banker catalog of listings for year 2002. This brochure has historically produced new listings as sellers desire their properties to be feature in this publication. Inventory should increase over the next two months.

It is difficult to predict the type of market 2002 will offer. Many speculate that the economy shall recover by the second half of the year which should release some investor's funds from the stock market. Based on the current rate environment, many buyers are refinancing their existing real estate investments. As per the Mortgage Banking Association, more funds have been placed back into the hands of the consumer in year 2001 than in year 1989 which helped spur the real estate boom of 1989-91. I believe it is a safe assumption that investors will prefer the stability of a real estate investment over the stock market for these funds.

Baring any unforeseeable world events and based on available information pertinent to the San Juan Islands, historical trends and current market conditions, I believe the real estate market here will continue at its relatively steady pace for at least the next 6 months.

The long-term outlook is quite good from a real estate market stand point, especially when taking into consideration the approaching retirement age of the "baby boom generation" and the desirability of the San Juans Islands as a place to retire and/or invest.

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### Current Interest Rates

Reductions in the interest rates will continue to stimulate the economy. Many lenders are currently inundated with requests for refinances. You should consider a refinance only if you can breakeven or gain on the costs. Typically you need to reduce your interest rate by two percent and plan to retain the property for at least two years to achieve breakeven.

The following rates have been provided as a courtesy of Coastal Mortgage Lending. If you have mortgage questions, please give them a call at 1-877-230-2345. Rates are as of September 28, 2001.

#### Conventional loans up to \$275,000

30 year fixed	6.25% with 1% loan fee
15 year fixed	5.625% with 1% loan fee

#### Jumbo Loans

30 year fixed	6.625% with 1% loan fee
15 year fixed	6.125% with 1% loan fee
Adjustable Loans	2.95% with 0% loan fee

**Land Loans            7.5%**

As a prospective purchaser, I thought this information would be of interest. If you would like additional information regarding our market or would like to schedule an appointment for viewing property, please contact me at **800-451-9054** or by e-mail at **simonson@sanjuanislands.com**.

Be sure to visit my personal site which is located at **www.sanjuanrealproperty.com**.

The information listed above was generated from the Northwest Multiple Listing Service and 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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