

Real Estate
News from...

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San Juan Islands, Inc.

Winter 2005

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the year-end results for 2004, the real estate market volume on San Juan Island reached an all time high as it exceeded the volume in 2003 by \$39,477,528. or 38%. The volume in 2004 also exceeded the "dot.com" year of 1999 in volume but not in the number of transactions. This year was very strong when you take into consideration that the first quarter's volume was below the first quarter in 2003. We averaged 30.6 transactions per month as compared to the 28.5 per month during the year 2003.

During 2004, the average sales price for a used single family home on less than 5 acres was \$442,918. and the average lot sales price was \$211,029. Both average prices are up from the prices in 2003 when the average home and lot was \$384,652. and \$149,990. respectively. Homes averaged a 15% increase with lots averaging 41%.

The high-end sales had a strong impact on the average sales price this year. A total of 21 sales closed in excess of \$1,000,000. and another 16 sales closed in the range of \$750,000-\$999,000. The majority of the sales in excess of \$1,000,000. were waterfront or water view properties which offer the highest level of appreciation.

| PERIOD | NO. OF TRANSACTIONS | DOLLAR VOLUME |
|---------------------|----------------------------|-------------------------|
| First Quarter 2004 | 68 | \$ 19, 993,832.00 |
| Second Quarter 2004 | 94 | \$ 33,644,891.00 |
| Third Quarter 2004 | 107 | \$ 43,799,898.00 |
| Fourth Quarter 2004 | 99 | \$ 46,277,880.00 |
| 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 |

Interest Rates

| <i>TYPE</i> | <i>RATE</i> | <i>POINTS</i> | <i>APR</i> |
|---|-------------|---------------|------------|
| CONVENTIONAL LOANS (UNDER \$359,650) | | | |
| 30 Year Fixed | 5.750% | 1.00% | 5.917% |
| 15 Year Fixed | 5.125% | 1.00% | 5.398% |
| 3 Year ARM | 4.750% | 1.00% | 5.986% |
| JUMBO LOANS (OVER \$359,650) | | | |
| 30 Year Fixed | 5.875% | 1.00% | 6.017% |
| 15 Year Fixed | 5.125% | 1.00% | 5.353% |
| 3 Year ARM | 4.750% | 1.00% | 5.985% |

The rates continue to remain very attractive. The secondary market recently increased the conforming loan limit to \$359,650.

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

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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.



Increasing the inventory has been the most difficult aspect of our market. Supply has not kept up with demand which has caused the upward pressure on prices. Many sellers have enjoyed the appreciation and have decided to hold versus selling their investments.

According to the Northwest MLS service for San Juan Island, we have a total of 197 listings. Coldwell Banker represents 88 of the listings or 44%. In October 2004 we had over 250 listings. Of our current 197 listings, 39 are under contract and heading towards escrow.

In 1989 and 1990, our inventory was also low and the resulting impact was an increase in our prices and a very active market consisting of multiple offers and bidding wars during the Spring and Summer months. Hopefully, the season change to Spring will bring new listing originations and ease some of the pressure.

In order for our prices to drop there must be either a substantial increase in supply or a decrease in demand. Neither is on the horizon. San Juan remains a very desirable investment and retirement location. Many potential buyers are regretting not purchasing in years past as they now believe they are being priced out of our market. I still believe that if one compares us to other similar destinations, we offer quality real estate for the same and in some cases, less money.

Economists forecast that mortgage rates will be slightly under 6.5% by December 2005. This will not have an impact on our market as our typical buyer is purchasing for investment, second home, or future retirement. The increase in rates will have an impact on the first time home buyer which is a very small segment of our buying population.

Another indicator of the confidence level in the direction of our market is the amount of real estate held for investment and purchased or sold by real estate agents. Clearly, the agents on San Juan believe in our market and product pricing as a high percentage were involved in investing or selling, other than their primary residence during the last 12 months. Most individuals invest in their comfort zone and REALTORS investing in real estate is part of the industry overall and San Juan is no different. With only a 12 month holding term to qualify for long term gain and our rate of appreciation, buying property here makes an excellent investment.

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