

Real Estate
News from...

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San Juan Islands, Inc.

Winter 2006

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the year end results for 2005, the real estate market volume on San Juan Island was extremely active and the volume exceeded year 2004 by \$66,946,546 which equates to an increase of 46.5%. We averaged 39 transactions per month as compared to the 30.5 per month during the year 2004.

During 2005, the average sales price for a previously owned single family home on less than 5 acres on San Juan Island was \$560,527 and the average lot sales price was \$190,124. The average home price is up from \$442,918 in 2004 and the lot price is down from the average of \$211,029. The median home price was \$420,000 for 2005. The average lot price was brought down by numerous 1/4 acre lot sales in several plats located within the town limits.

Similar to 2004, this year the high-end sales had a strong impact on the market volume. Thirty four transactions closed in excess of \$1,000,000 which is over the 21 sales closed in 2004. The majority of the high-end sales were waterfront, large acreage or commercial structures. The highest sale was \$4,300,000 which was for a large waterfront home on 6.89 acres. As always, the waterfront properties offer the highest level of appreciation. for San Juan Island only, we have a total of 225 listings, of which 52 are under contract and are heading towards escrow. Coldwell Banker represents 81 of the listings or 36%. The inventory which had climbed to 235-250 listings during the summer months, has dropped down to the current level due to sales activity.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
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
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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



Almost every national real estate publication available during the year addressed a "Housing Bubble". The theory that what goes up must come down may apply nationally in the metropolitan locations however, it doesn't appear to apply to our local San Juan market. It is apparent that those markets in transition fuel our market. Sellers in metropolitan locations are making conscious decisions to sell at the what they believe to be the top of their markets and reinvest in the San Juans and similar markets. Our market continues to remain strong due to the source of our buyers, return on investment and the desirability of our islands. The second home market in the San Juans is extremely active as well as the market for real property held for investment. Even if we had a lower return on investment, it is unlikely that the source of our buyers will decrease.

The healthy 2005 real estate market provides a strong platform for 2006. All indicators point toward a steady real estate market with interest rates maintaining under 6.5%. Fixed Interest rate loans ranged from 5.375% to 6.375% during 2005 which was a great environment for purchase money loans. Generally, the buyers in our market are not rate sensitive however, rate fluctuation may have an impact on the market from which they are transferring.

The greatest challenge for our market remains increasing the inventory. Supply has not kept up with demand causing continued upward pressure on our prices. The average home price in 2005 increased 26% over the average in 2004.

As per the Northwest Multiple Service, there are only 187 properties listed for sale on San Juan Island, of which 30 are already under contract and heading towards escrow. Coldwell Banker represents 72 properties or 39% dominant market share. As in the case of every year, new listings will be originated as we move towards the spring season.

During 2005, the average days on market was 204 which includes improved homes and land. Our sellers impact the days on market average via their pricing which is a direct reflection of their level of motivation. Properties sold for 4.5% off their listing price within the first 30 days and 8% off their listing price within 120 days of their listing date. Obviously, sellers negotiate less if their home is new to the market place.

Both buyers and sellers can look forward to our annual Real Estate Showcase that will deadline by the end of March and published in May. Our efforts towards this publication always increases the inventory level in our market. If you desire more information about the annual showcase, please be sure to contact me.

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**Interest Rates
as of January 11, 2006**

<i>TYPE</i>	<i>RATE</i>	<i>POINTS</i>	<i>APR</i>
CONVENTIONAL LOANS (UNDER \$359,650)			
30 Year Fixed	6.125%	1.00%	6.236%
15 Year Fixed	5.875%	1.00%	6.058%
3 Year ARM	5.500%	1.00%	6.759%
JUMBO LOANS (OVER \$417,000)			
30 Year Fixed	6.500%	1.00%	6.606%
15 Year Fixed	6.250%	1.00%	6.423%
3 Year ARM	5.500%	1.00%	6.759%

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.