

Real Estate
News from...

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San Juan Islands, Inc.

Winter 2007

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the year-end results for 2006, the real estate market volume on San Juan Island ended below 2005 by \$28,071,643 or 13.5%. As previously reported, 2005 was an exceptional year and a slight correction was expected. Year-end 2006 was above 2004, and in line with the increasing trend since 2001.

The number of transactions closed on San Juan in 2006 was 348 which was 26% lower than 2005. We closed an average of 29 transactions per month compared to an average of 39 per month during 2005.

Overall for San Juan County, the volume is down only \$21,655,721 or 5.2%. Total volume county-wide for 2006 was \$394,118,811. Orcas was up 1.5%, Lopez was down 8% and the other islands, mostly non-ferry serviced, were up 36%. The non-ferry serviced islands offer affordability and are typically more private.

PERIOD	NO. OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2006	74	\$ 36,693,532.00
Second Quarter 2006	93	\$ 56,760,988.00
Third Quarter 2006	111	\$ 55,107,408.00
Fourth Quarter	70	\$ 34,029,476.00
Total 2006	348	\$182,591,404.00
Fourth Quarter 2005	93	\$ 43,482,266.00
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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TOTAL 1999	466	\$113,512,560.00
TOTAL 1998	431	\$ 88,754,026.00



Per the Real Market Data LLC report, the 2006 median sales price on San Juan for a previously owned single family home on less than 5 acres was \$479,000 and the median lot sales price was \$210,000. Both categories are up from the prices in 2005 when the median home and lot was \$420,000 and \$136,000 respectively. Homes averaged a 14% increase with lots averaging a 54.5% increase. Median is defined as a typical market price where half of the homes or lots sold for more and half sold for less. One should also note that the figures include all types of homes from cabins to luxury homes.

Evaluating the appreciation figures, it appears that land has been the better investment for the last few years. To be sure, one would need to take the tax advantages into consideration when comparing investment results between land and improved property.

Many property owners in the San Juans are pleased with the appreciation rates 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. On San Juan the increase was an average of 44% for the three year period or 14.6% per year. This was a combined average for land and improved properties. As compared to other counties in the state, we fall low to medium in our tax appreciation rates. Several counties in the state are in the 20-26% range per year. In addition, we have one of the lowest levy codes in the state. But the best news is our assessor is still conservative in the values as it relates to fair market value.

Predictions for the real estate market in 2007 for the Northwest region are all positive. According to a recent article in Washington REALTOR® news, the Puget Sound region will add jobs at a rate double the national average for at least the next three years. This should translate into an active market for the coming years in the San Juan Islands.

Current listing inventory for San Juan is 161 which includes land, commercial, residential, condominium, manufactured homes and business. This is similar to the 157 listings we had at the end of 2005. Based on our average transaction per month and our current inventory, we offer a 6 month supply. National Economists typically express that six months of inventory is a balanced supply, less than six tends to favor the sellers, with greater than six considered a "buyer's market." This expression assumes standard times for days on the market which in most areas is less than 90 days. On San Juan, the average length of time on market in 2006 was 166 days for all types of property. Historically inventory builds in the spring when the surge of sellers interested in capitalizing on the season list their properties.

The Coldwell Banker's annual showcase of listing is publishing soon. We typically sell approximately 50% of the properties featured in the showcase. Be sure to contact me prior to the deadline of March 19, 2007.

The recent extended drop in mortgage interest rates and the greater selection of available properties make this a good time to buy.

**Interest Rates
as of January 17, 2007**

<i>TYPE</i>	<i>RATE</i>	<i>POINTS</i>	<i>APR</i>
CONVENTIONAL LOANS (UNDER \$417,000)			
30 Year Fixed	6.00%	1.00%	6.1238%
15 Year Fixed	5.75%	1.00%	5.9556%
3 Year ARM	5.875%	1.00%	7.1176%
JUMBO LOANS (OVER \$417,000)			
30 Year Fixed	6.125%	1.50%	6.1857%
15 Year Fixed	5.875%	.875%	6.0417%
3 Year ARM	5.875%	1.00%	7.1055%

The rates continue to remain very attractive.

The quotes above have been supplied by Julie Greene at Wells Fargo Bank/Friday Harbor Office 360-378-4412..

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

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