



**SAN JUAN ISLANDS, INC.** **NEWSLETTER**  
*A Quarterly Market Review of Real Estate on San Juan Island*

## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the third quarter of 2009 the real estate market activity on San Juan Island actually surpassed the level of the third quarter of 2008 by \$2,388,565 in volume and 8 more closed transactions. Year-to-date, the dollar volume and transaction number still lags the same period in 2008 by \$3,768,820 or 6.5%. It appears that we are making headway to a "leveling off" in real estate volume. If our last quarter holds momentum, we will end the year in the range of 5-7% in less volume than in 2008, which will be down slightly but reflects a more stable situation as opposed to the 53% decrease in volume for the year ending 2008 when compared to 2007.

The median price for a previously owned home on less than 5 acres for the last 12 months is \$410,000 as

### TRANSACTION RECAP REPORT

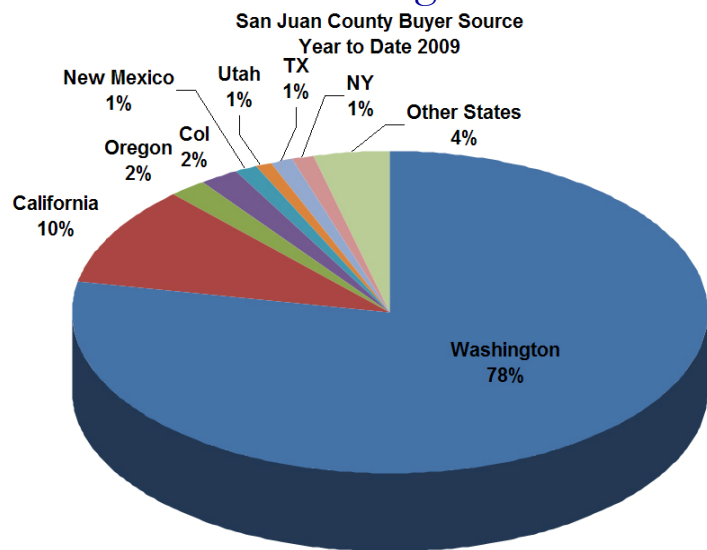
TIME PERIOD	NUMBER OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2009	20	\$ 13,191,000
Second Quarter 2009	43	\$ 19,025,032
Third Quarter 2009	50	\$ 20,635,810
Third Quarter 2008	42	\$ 18,247,245
Jan-Sept 2009	113	\$ 52,852,142
Jan-Sept 2008	136	\$ 56,620,962
TOTAL 2008	161	\$ 68,565,362
TOTAL 2007	253	\$144,392,887
TOTAL 2006	348	\$182,591,404
TOTAL 2005	469	\$210,663,047
TOTAL 2004	368	\$143,716,501
TOTAL 2003	343	\$104,238,973
TOTAL 2002	352	\$102,852,851

compared to the \$452,500 and \$480,000 for years ending 2008 and 2007, respectively. The median platted lot price on San Juan for the last 12 months is \$167,500 as compared to \$150,000 and \$167,500 for years ending 2008 and 2007, respectively. Our current median lot price may be slightly distorted due to how few properties have closed. It takes volume to stabilize statistical reporting.

As in the case of all towns, counties, cities and states, we have our share of foreclosures, short sales and even first time home buyers. Our share, however, is much lower than a metropolitan area. We have had a total of 17 Trustee's Deed recordings for the purpose of foreclosure in our county year-to-date of which 9 were on San Juan Island. When this number is compared to the

14,809 net taxable parcels or 953 county wide properties that are currently listed, it verifies that foreclosed properties are not a major part of our market. Short sales are more difficult to track as they are not of public record. I am aware of a small handful on San Juan island. Our office has participated in 2 short sales year-to-date and I am sure other brokerage firms had similar numbers or even fewer. The lack of foreclosed properties and distressed sales have helped retain our values as compared to other markets such as Las Vegas. Thanks to the San Juan County citizen's prudent borrowing habits and our strong local banks, we don't have bank owned properties on every corner.

Further good news is that we have first time home buyers. I am sure you recognize that our median home price is one of the highest in the state but we have over 76 homes and condominiums priced under \$410,000. Many of our acquaintances and family members are buying homes and qualifying as a first time home buyer and taking advantage of the \$8,000 tax credit. The effort for congress to extend the tax credit beyond November 30, 2009 is underway and hopefully it will be approved. A first time home buyer is defined as someone that has not owned a primary residence in the last three years.



**Where do our buyers come from?**

Over the last nine years, the “typical” buyer profile has not changed. The majority of the incoming buyers are between the ages of 45-65 and interested in purchasing a second home, investment or property for their future retirement. Most are in or near retirement, few are using institutional financing; most are paying cash from IRA funds, savings, refinance proceeds or the sale of other property or investments.

Looking at the chart, 78% percent of the buyers live in Washington.

This falls in line with the premise that most second home owners desire to purchase a second home within 2-3 hours from their primary residence.

While 22% of the buyers were from out of state, 47% of the out of state buyers were from California.

Of the Washington buyers, 75% had the zip code of 982XX. This high level supports the practice of incoming buyers moving to the islands first then purchasing real estate later. Many buyers desire to experience the island community, schools and employment for a period of time prior to making their buying decision. It is also much easier to shop for real estate while living here. The zip code of 982XX also includes locals purchasing again.

This information bodes well for San Juan County as the Seattle/Bellevue areas, where most of our incoming buyers come from, have been experiencing a stronger real estate market. Most areas have increased activity levels. Per Ron Sparks, Managing Vice President of Coldwell Banker Bain which is a large network of offices in the Seattle area, “Demand is at its highest level in two years.”

Per the Northwest Multiple Listing Service, there is a large jump in “pending sales” compared to a year ago, up approximately 27%. NWMLS records property listings, pending sales and closings for most of the state of Washington. Currently, there are 443 listed properties on San Juan Island of which 19 are “pending sales” and in escrow. Inventory is high; however, down from the summer levels. The current listings have been on the market thus far an average of 317 days. Year-to-date, the properties that have closed on San Juan were on the market an average of 209 days. This indicates that although the inventory is high, there are many properties that have been on the market for years and the length of time it takes to sell a property is directly attributed to it’s pricing. Currently there are 207 home listings and 93 of those listings have been on the market over one year. New property listings that are priced properly and existing listings with motivated sellers that regularly adjust their prices downward are receiving attention from buyers and many are being placed under contract.

Per the NWMLS, for all property types that have closed year-to-date, the sellers negotiated an average of 11% off their list price at the time of sale. For years, our sale price average was 5% off list price, but now it is clear that our sellers are having to properly price or negotiate more if they desire to move on. It is interesting to note the discounts based on days on market; it is far better to price correctly at the time of origination, as historically, the longer the property is on the market, the higher the list price discount to sale price is as compared to those that sold timely. The majority of the closed sales are very near or below their tax assessment. The current assessments are aged as the last time the assessor updated valuations was in 2005 and 2006. It will be interesting to see what the new assessments will be.

The information listed above was generated from a search by Coldwell Banker San Juan Islands from the Northwest Multiple Listing Service and the Real Market Data LLC Reports and represents listings and closings from all of the brokerage firms on San Juan Island, not just Coldwell Banker/San Juan Islands, Inc. If your Property is already listed with a real estate broker, please disregard. It is not my intention to solicit the offers of other brokers. We are happy to work with them and cooperate fully.