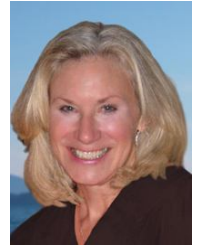




SAN JUAN ISLANDS, INC.

105 Spring St./P.O. Box 100, Friday Harbor WA 98250
(800) 451-9054/(360) 378-2101



Merri Ann Simonson

Managing Broker
Sales Manager
simonson@sanjuanislands.com

SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

The first quarter results for San Juan Island were disappointing as the real estate dollar volume was down 22% from the same period in 2012. The number of transactions was down 18%. Orcas, on the other hand, had a terrific first quarter with volume up 73% and a 38% increase in the number of transactions. Lopez and the other islands were just about equal to last year's first quarter. Overall, the County had a 9% increase. The decrease in volume for the first quarter on San Juan is not alarming to those of us that have adapted to the real estate roller coaster and the activity in the second quarter to date is encouraging.

SAN JUAN ISLAND TRANSACTION RECAP

TIME PERIOD	NUMBER OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2013	24	\$ 9,296,554
First Quarter 2012	29	\$11,900,101
First Quarter 2011	28	\$17,233,688
First Quarter 2010	25	\$ 9,245,940
TOTAL 2012	227	\$101,523,517
TOTAL 2011	156	\$ 60,116,241
TOTAL 2010	161	\$ 63,349,657
TOTAL 2009	151	\$ 66,069,632
TOTAL 2008	161	\$ 68,565,362
TOTAL 2007	253	\$144,392,887

1/4 RECAP OF CLOSING BY PRICE ON SAN JUAN

\$0-\$400,000	\$401,000-\$600,000	\$601,000-\$800,000	\$801,000-\$1,000,000	\$1,000,000 +
10	7	2	1	1

The activity level in each pricing category of our market is distributed as expected. In the first quarter last year we had 19 sales close under \$400,000 and a high percentage of those were bank owned or short sales. The distressed sales in our market have worked through the pipeline. We only have 8 banked owned and 1 short sale listed at the present time.

It is notable to the agents that inventory under \$400,000 is being absorbed rapidly and new property listings will be priced above what they would have sold for last year. In hindsight, one can observe that last year offered some great home buying opportunities for bank owned properties in the low end of our market that we may not see again for years. Unfortunately, that has a negative impact on the first time home buyer as their window of opportunity may be closing.

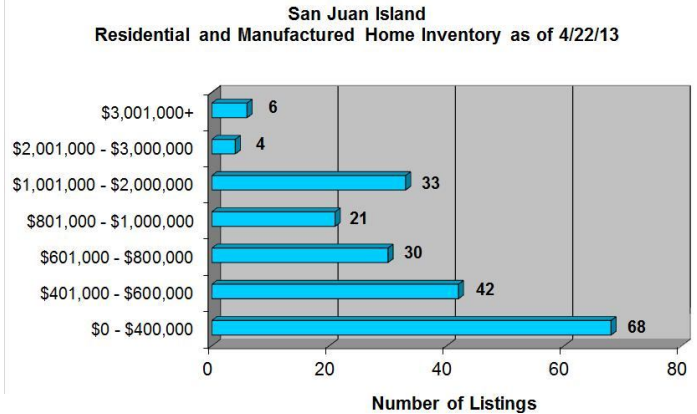
The median price for a previously owned home on less than 5 acres on San Juan Island for the 12 month period ending March 31st is \$350,000, which is above the \$339,500 price at the end of 2012.

The median price for platted lots on San Juan Island for the same 12 month period is \$90,000, which is a decrease from the price of \$100,000 for year end 2012. Land sales on San Juan remain flat and the lack of higher priced waterfront lot sales has a direct impact to the median price calculation. Waterfront lot sales are still affected by the uncertainty surrounding the Critical Area Ordinance update.

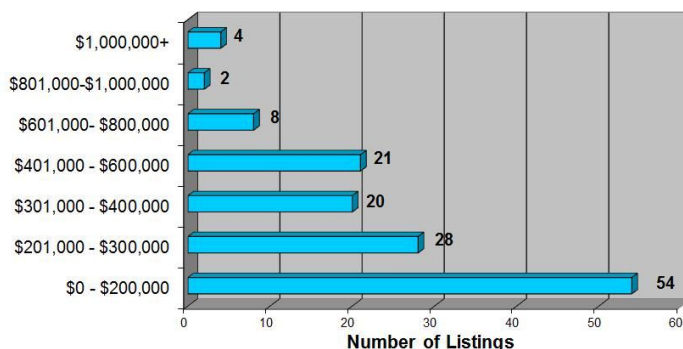
Based on the market trends and median prices cited above, I feel confident to state that our HOME prices on San Juan Island have reached bottom. With the lower level of inventory in some segments of our market, we may actually start to note upward pressure on our prices in the near future. For those buyers waiting to "buy low" in our market, now may be the right time to start that process.

Real Estate News—Page Two

We have had a 24% decrease in the number of homes listed under \$400,000 since last fall. The number of listings in the other price categories as shown in the chart to the right, remain very similar with the exception of home listed over \$3,000,000. The number of listings in what would be considered very high-end is down 54%, but it is relative; last fall we had 13 homes listed and now we have 6. Some sellers in this category may have decided to wait for a more balanced market or decided not to sell at all.



**San Juan Island Vacant Land Inventory
as of 04/22/13**



Land inventory remains very similar to last fall at all pricing levels. Land is not selling due to lack of financing, lack of speculative and custom building, and lack of appreciation. Many buyers are choosing to buy existing homes and remodel since they are available for so much less than what it costs to build new construction.

Per the Northwest Multiple Listing Service, on San Juan Island we currently have 358 listings for all types of property including multi-family and commercial. This equates to a 22% decrease in inventory as compared to Spring 2012 and as mentioned above, the majority of the decrease is in the price category of \$400,000 and less. We have a total of 30 properties currently under contract and in escrow, which is very similar to last Spring.

RECAP OF PENDING BY PRICE ON SAN JUAN

\$0-\$400,000	\$401,000-\$600,000	\$601,000-\$800,000	\$801,000-\$1,000,000	\$1,000,000+	Land
17	1	1	2	3	6

The Pending Sales as shown in the table above confirm the trend of absorption of inventory in the homes priced in the lower end of our market. The fact that we have 3 pending sales that were priced over \$1,000,000 is very good news. When those are added to the 2 sales already closed this year, the total for this category reflects a strong start for the year. In 2012 per the Real Market Data LLC report, we closed a total of 12 transactions in excess of \$1,000,000 on San Juan, but only 7 were arms-length. The other 5 involved Trust Planning, Deed in Lieu, Preservation Trust, Conservation Funds or the hospital.

Most of the real estate community is very optimistic about the real estate trends. Showing appointments have been strong for the agents in my office and the overall opinion is that we will have a good year.

If you would like to receive this newsletter electronically, please email me at Simonson@sanjuanislands.com