



## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

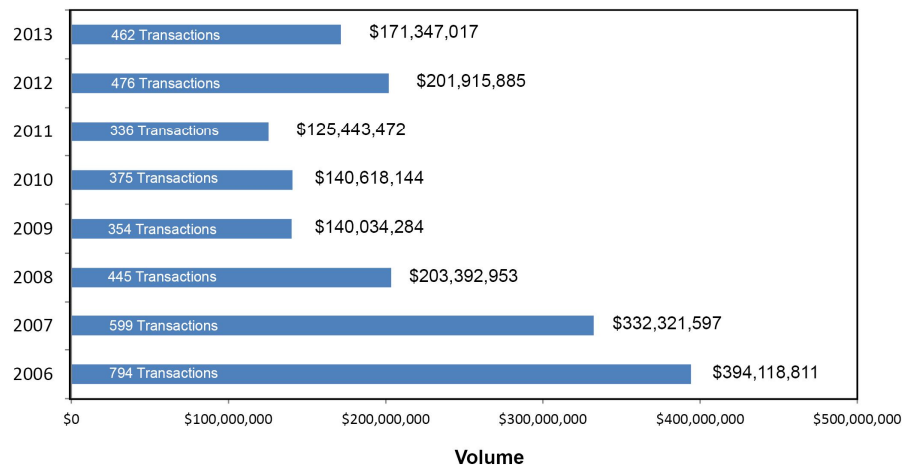
In reviewing the year-end results, the sales dollar volume for the real estate market on San Juan Island per the Real Market data report was \$88,640,111 and the year was a roller coaster. The year-to-date volume was down 23% as of June 30th as compared to the same period in 2012. Then we made great headway until the volume year-to-date was up 9% on September 30th. We ended the year down 13% as compared to year ending 2012 when the volume was \$101,523,517. Coldwell Banker San Juan Island was up 17%.

On San Juan Island we closed an average of 17 transactions per month which is down from the 19 per month in 2012.

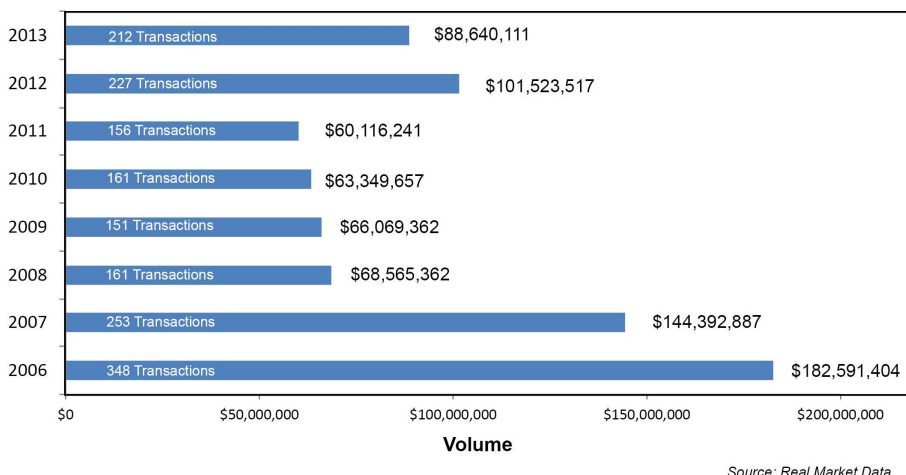
Total County volume in 2013 was \$171,374,017 as compared to \$201,915,885 in 2012. Overall the County's volume decreased by 15% which was unexpected.

The County closed an average of 38 transactions per month as compared to the 40 per month in 2012.

San Juan County Real Estate Dollar Volume



San Juan Island Real Estate Dollar Volume



I thought for sure the volume in 2013 would surpass 2012 just due to the third quarter results and activity level at Coldwell Banker San Juan Islands. In fact, in our Third Quarter Newsletter I went out on a limb and wrote "we would be equal to or slightly above 2012 at year end". Apparently my crystal ball was not functioning properly.

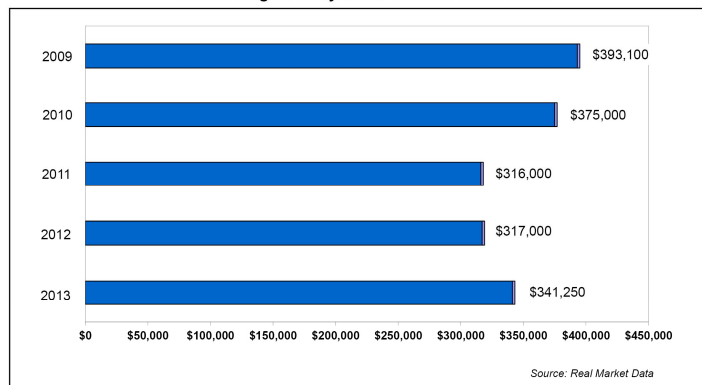
To recap year-end volumes, San Juan's volume was down 13%, Orcas was down 22%, Lopez was up 3% and the non ferry serviced islands including Shaw were down 33%.

Overall the number of transactions for the County was down 3%; Orcas and Lopez were slightly up and the rest of the County was down.

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At Coldwell Banker San Juan Island our volume ran equal to the market through the third quarter then picked up momentum, we closed out 2013 with a 17% increase over 2012 in volume and an equal number of transactions. A few of our agents had their best volume years ever and we increased our market share to 53%.

San Juan County Median Sales Price for Previously Owned Single Family Home on Less than 5 Acres

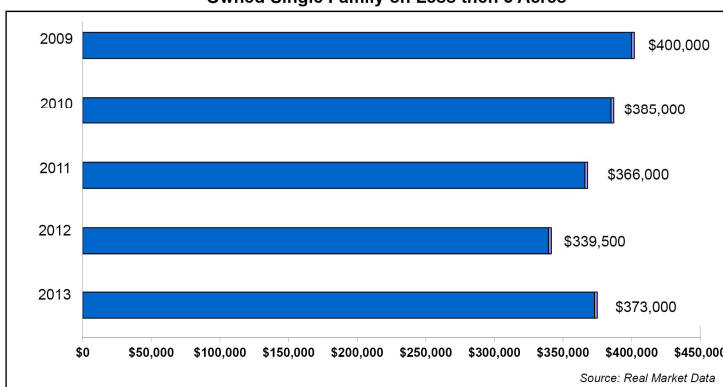


A positive note about the market is that the median home price for the County is up 8% over year ending 2012. Orcas and the non ferry serviced islands plus Shaw were slightly down, but San Juan and Lopez had increases of 10% and 31%, respectively.

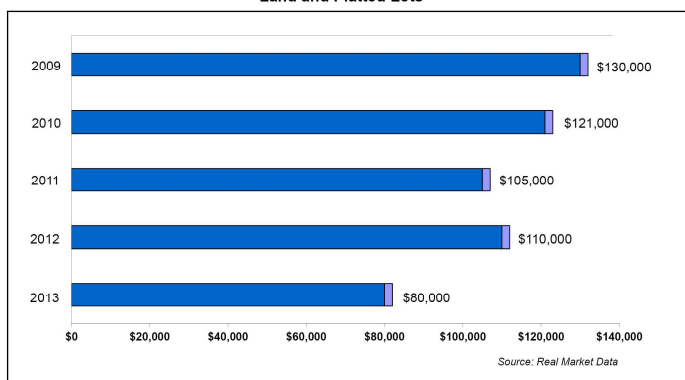
The median home price cited is for previously owned homes on less than 5 acres. The median is a typical market price where half of the homes or lots sold for more and half sold for less.

Although several islands had a decrease in median home price, the overall County's price remained stable. Even though many economic forecasters are predicting price appreciation in the state for the next several years, it may take San Juan County more time to recover as we are primarily a second home market and have always lagged behind the metropolitan Seattle/Bellevue markets. Our non ferry-serviced islands will lag further due to lack of financing.

San Juan Island Median Sales Price for Previously Owned Single Family on Less than 5 Acres



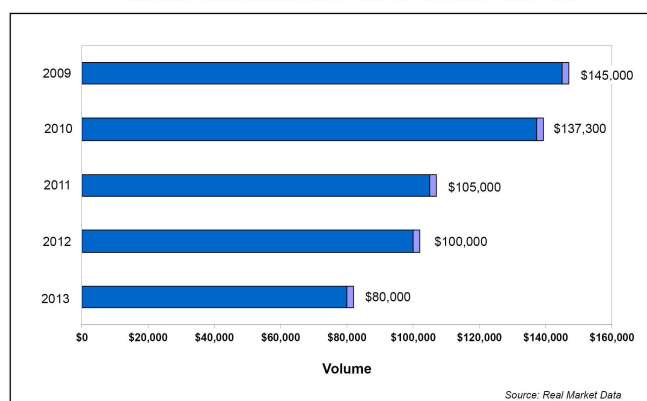
San Juan County Median Sales Price for Land and Platted Lots



The median lot prices vary wildly for each island. On Lopez, the figures reflect an increase in median price but are skewed due to the few number of land sales in 2013. San Juan, Orcas and the rest of the County all reflects decreases in the median lot price. San Juan and Orcas had decreases of 20% and 18%, respectively. Overall, the County's median lot price decreased 27%.

Land sales in our County will be the last category of property to recover. Lack of sales can be attributed to the unavailability of financing, unwillingness of investors to purchase due to lack of appreciation, high risk of speculative construction, and the low number of waterfront lot sales due to potential new set back regulations. Waterfront lots were traditionally the highest priced unimproved parcels in the County.

San Juan Island Median Sales Price for Land and Platted Lots

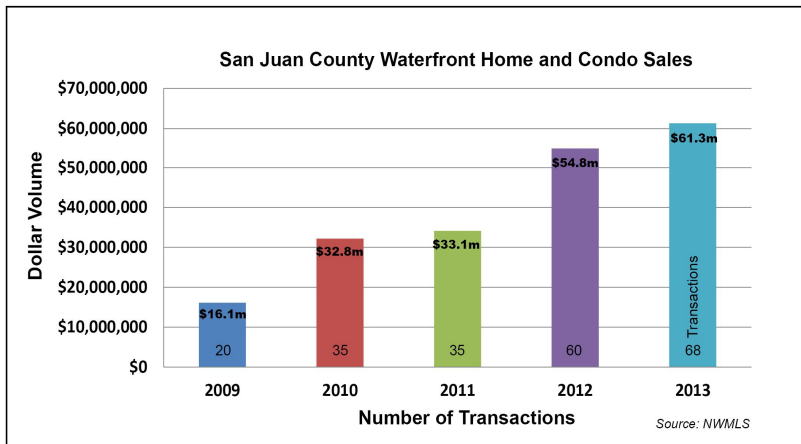
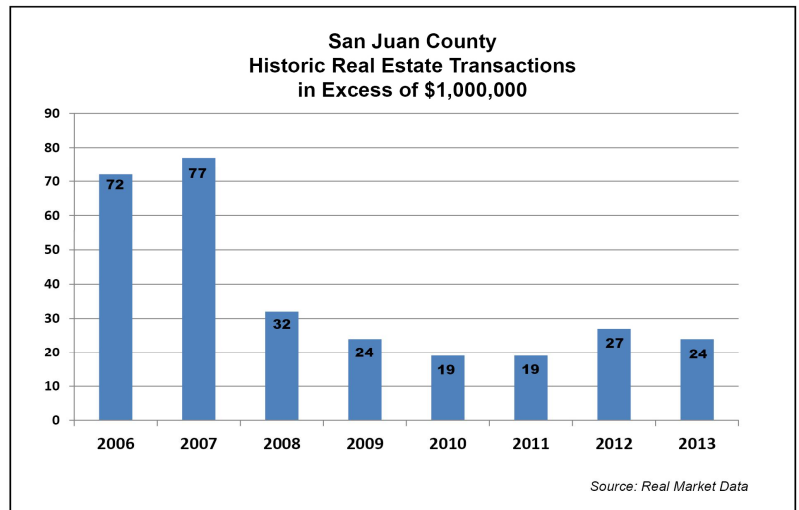


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High-end sales contributed to the increase and stabilization of the median home price. Per the Real Market Data report, the County had 24 sales in excess of \$1,000,000 in 2013 as compared to the 27 in 2012. The positive note is that almost all of the sales in 2013 were arms-length and not attributed to estate planning or public purchases such as the Land Bank or Preservation Trust. San Juan had the majority with 16 sales, Orcas and Lopez each had 4 sales in the high-end category.

As the majority of the high-end sales are typically waterfront homes, I have prepared a chart that is sourced from the Northwest Multiple Listing Service (NWMLS) which reflect the historic activity level in the category for the County.

Our market continues to have uncertainty surrounding the updates to the CAO and SMP.



As agents on the front lines, we are not able to address our clients concerns or answer some of the questions. The County has delayed the free public education classes on the CAO which I assume coincides with the delay in the implementation and possibly they are waiting for the outcome of the appeals and lawsuits. Based on the CAO process, we expect the SMP will also take much longer to finalize than initially quoted. I assume they will have public education to help us interpret the new regulations associated with the update. Until the dust settles, we will continue to have uncertainty which has an impact on sales.

Per the NWMLS on January 16th, we currently have 689 property listings in the County of which 318 are located on San Juan Island. Last year at this time the County had 668 and San Juan had 303 listings. We have yet to have the absorption required to place upward pressure on our pricing. As the foreclosure and short sales have run their course, we don't expect many property listings to be originated in those categories in 2014.

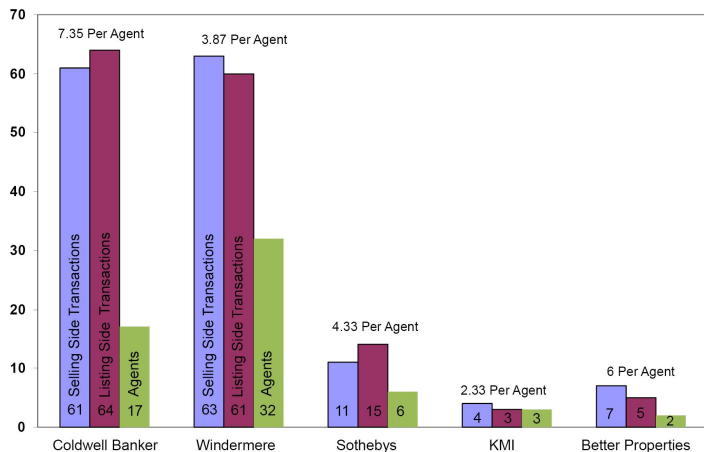
In the County we currently have 38 pending transactions and on San Juan we have 18 or around 5.5%. Per the NWMLS, other Counties in the state with similar number of listings i.e., 600-700 listings, had a percentage range of 9-21% for pending sales in December. It is apparent that most of those Counties are not primarily a second home market such as we are.

On San Juan Island, we currently have 60 licensed active agents that weathered the recession including 17 at Coldwell Banker San Juan Islands. Per the Real Market Data report, the total volume on San Juan Island was \$88,640,111 but only 84% of the volume was entered into the NWMLS. The other 16% of sales represented direct or unlisted property sales that may or may not have had agent involvement. **Some brokerage firms only use the NWMLS for their market reports which is not a complete analysis of the market as the NWMLS reports only reflect listed transactions with agent involvement.**

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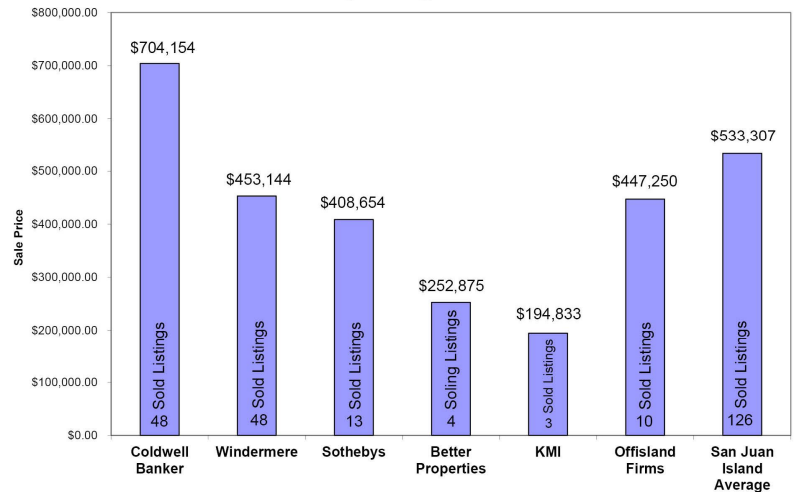
As agents we are all anticipating more market recovery in 2014 which will be favorable to our local economy. As we work in the industry daily, it is clear to us how many service providers depend upon a decent real estate market to maintain and grow their businesses.

San Juan Island Average Number of Closed Transactions  
Per Producing Agent, All Property Types  
2013



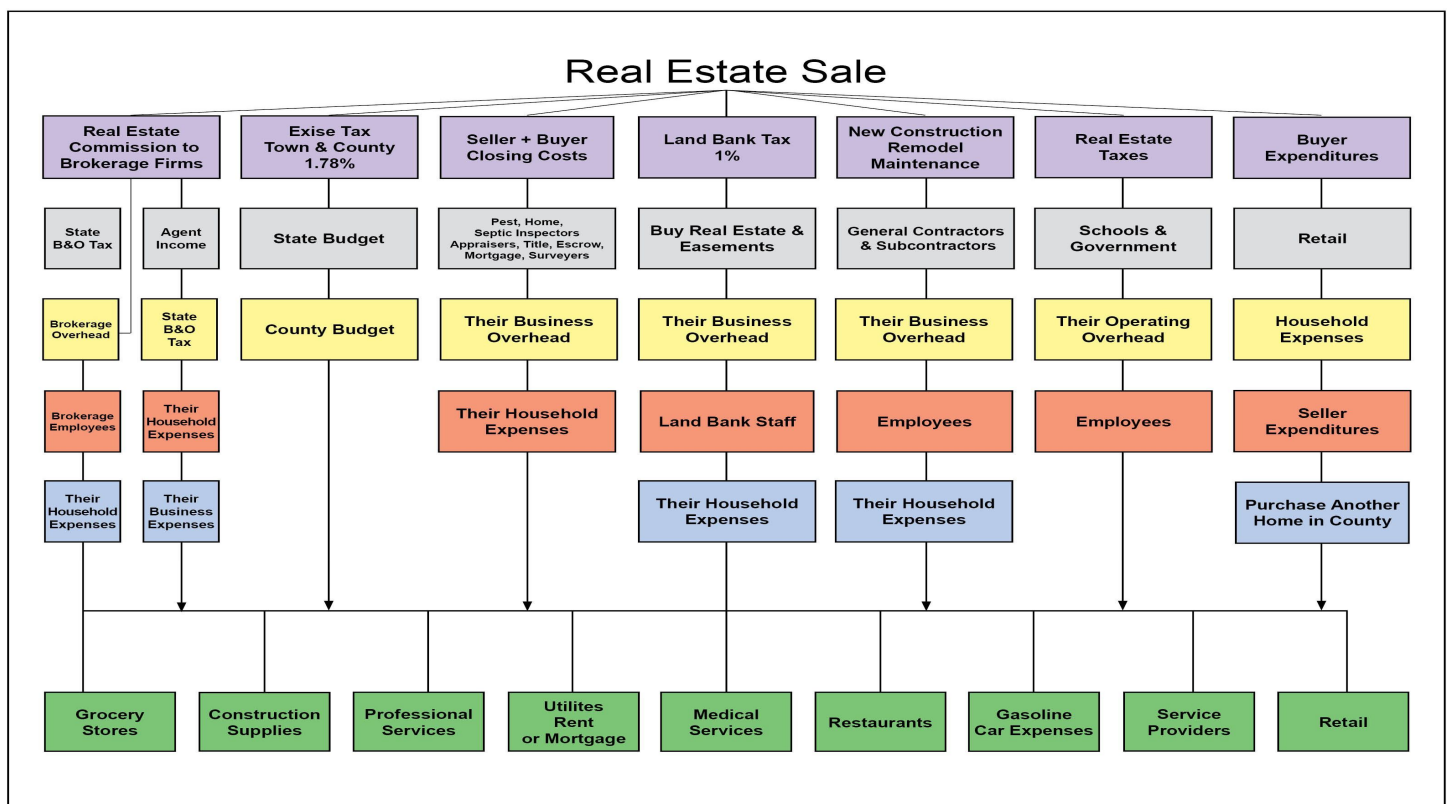
Source: NWMLS

San Juan Island Average Home Sold Prices  
By Listing Office - 2013



Source: NWMLS

Each real estate transaction results in a **trickle down economy** that impacts the construction industry, retailers and other related service providers. Please see the chart below for more detail.



Coldwell Banker San Juan Islands looks forward to a successful 2014 and I sincerely thank you for allowing me to be of service. Be sure to contact me if you have any questions regarding our real estate market. To see more charts visit [www.sanjuanislands.com](http://www.sanjuanislands.com).