



## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the first quarter results for 2008, the real estate market volume on San Juan Island was less active when compared to the same period in 2007. The dollar volume lags 2007 by \$13,603,330 or 47%. The average number of transactions each month during the first quarter was 15, which was a 12% decrease from the same period in 2007. The dollar volume being down more than the number of transactions indicates lower average sale prices. The median price for a previously owned home on less than 5 acres for the last 12 months is \$479,500 as compared to the 2007 price of \$480,000. During the first quarter we had only one property close in excess of

\$1,000,000 as compared to seven closings in the first quarter of 2007. Historically, the first quarter of the year is the least active.

TIME PERIOD	NUMBER OF TRANSACTIONS	DOLLAR VOLUME
First Quarter 2007	52	\$ 29,053,927
First Quarter 2008	46	\$ 15,450,597
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

**Real estate is local.** Our real estate activity level is driven by **our** market demand. Many of the real estate markets nationwide are slower. This can have an affect on our market because some buyers must sell their homes elsewhere in order to purchase here. Many of our out-of-the-area buyers are qualified, but remain on the sidelines hoping

that our prices will decrease. Our **locals** have confidence in our market, are finding good buying opportunities due to the high inventory levels and are purchasing now. Of the 46 transactions closed in the first quarter, 32 or 70% were purchased by individuals with a Friday Harbor address. Thirteen percent were from California, 6% from the Seattle area, and 11% from other states.

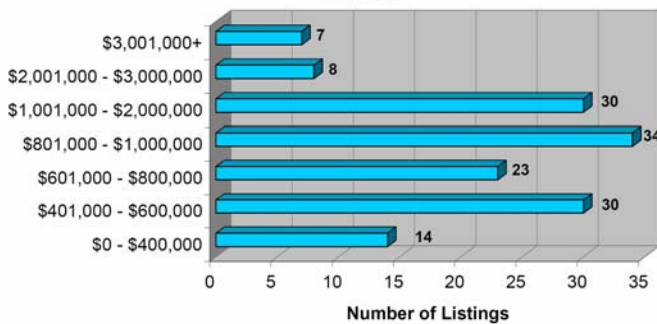
**Advice for buyers:** For qualified buyers, low interest rates and safe, stable financing is available. Increased inventory means better selection and potentially more favorable negotiations. Owning a home helps insulate you from future increases in housing costs due to rising prices and rents. Puget Sound history tells us that real estate is still one of the best long-term investments. Per the Federal Reserve, between 1995 and 2004, the average renter accumulated \$4,000 in wealth. In contrast the average homeowner accumulated \$184,400. Bottom line: 2008 represents the best window that buyers will have to find excellent deals with excellent financing. Finance cost will rise as the national economy recovers.

As of April 15th, there are 359 property listings on San Juan Island of which 20 are under contract and in escrow. Our market offers a 16 month supply for all types of properties, which is an increase over last year at this time. Each spring brings an increase in supply. The summer season typically results in a higher level of sales activity and listings which are priced correctly are sold. Our days on market continues to decrease which is indicative that sellers are pricing closer to market at the time of listing versus futuristic pricing.

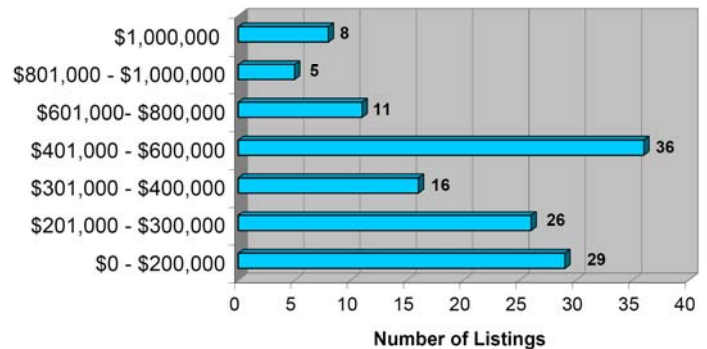
**Advise for sellers:** Typically, when someone sells a home, their next home is approximately 50% more expensive. Consider this example: If your current home is listed at \$400,000 and sells for 95% of asking price, you've reduced your price by \$20,000. However; if the home you buy is listed at \$600,000 and you also purchase it at 95% of list price, the reduction you received is \$30,000, for a net gain of \$10,000 in total equity.

Pricing your property is still the most important ingredient in determining whether you will be successful in finding a buyer. Other factors that influence a successful sale are preparation, presentation, and property exposure to the buying public. Pricing your property at its true market value and remaining flexible on terms will be much more important than in the past few years.

San Juan Island  
Residential and Manufactured Home Inventory as of  
03/19/08



San Juan Island Vacant Land Inventory as  
of 03/19/08



Islanders Bank REALTOR RATE CHART



Effective 4-8-08

CONVENTIONAL Loans under \$417,000

<b>30- year fixed</b>	<b>5.75%</b>	<b>5.863 APR</b>	<b>1 point</b>
<b>15-year fixed</b>	<b>5.375%</b>	<b>5.563 APR</b>	<b>1 point</b>
<b>3/1 ARM</b>	<b>5.875%</b>	<b>6.068 APR</b>	<b>1 point</b>

Conforming Loan limit for San Juan County can be \$593,750. subject to buyer meeting loan requirements.

The information listed above was generated 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.