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Real Estate News from ...

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## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the third quarter volume for 2011, the real estate market activity on San Juan Island was much less active when compared to the same period in 2010. The dollar volume lagged 2010 by \$11,103,892 or 51% which was very disappointing. However, we are close to the same overall level for the period of January through September as compared to the same period in 2010. What's very encouraging is the Fall season has brought buyers back to our market! Per the NWMLS and internal records, for San Juan Island there are 28 transactions under contract; 1 boat slip, 1 island, 1 waterfront acreage parcel on Henry, 19 homes, 5 parcels and 1 Business. Of the 28, three of the properties were listed in excess of \$1,000,000 each. This is an exciting activity level, agents are showing and writing offers which equates to future closings if all goes well. Several of the offers written have been in the high-end property types.

### TRANSACTION RECAP REPORT

TIME PERIOD	NUMBER OF TRANSACTIONS	DOLLAR VOLUME
Third Quarter 2011	37	\$ 10,725,695
Third Quarter 2010	42	\$ 21,829,587
Jan-Sept 2011	120	\$ 45,014,647
Jan-Sept 2010	121	\$ 48,456,102
Jan-Sept 2009	113	\$ 52,852,142
Jan-Sept 2008	136	\$ 56,620,962
TOTAL 2010	161	\$ 63,349,657
TOTAL 2009	151	\$ 66,069,632
TOTAL 2008	161	\$ 68,565,362
TOTAL 2007	253	\$144,392,887

At Coldwell Banker San Juan Islands Inc., we are pleased with the flurry of activity this Fall. We have placed 10 properties into escrow since October 1st which brings our total number of escrows to 16. Based on this activity, our firm should close out 2011 ahead of 2010.

There are several things that will help create more stability in our market, such as a reduction in inventory. Fewer property listings not only stabilizes prices, it eventually places upward pressure on them relative to basic supply and demand. If the Fall activity level continues into the winter, some of our inventory will be absorbed.

Currently, our pricing is still bouncing along bottom due to having more supply than demand. However, in our market it doesn't take much of an increase in demand to change that.

The fall of prices on San Juan Island resulted in more under-water homeowners and more foreclosures, mostly in the price range of \$400,000 or less. More foreclosures lead to lower home prices. Stability of pricing in that range will not occur until those properties reach full circle; they are sold "short" or foreclosed upon and resold. For those buying in this range, an incredible window of opportunity exists.

The median price for a previously owned home on less than 5 acres on San Juan Island for the 12 month period ending September 30th is \$388,439, which is very close to the \$385,000 for year ending 2010. The median platted lot price on San Juan for the last 12 months is \$105,000 which is down from the \$137,500 for year ending 2010. We can only hope that our prices have now finally bottomed out and that our real estate market can work its way back up from here.

Stability is also affected by high-end buyers, and fortunately we are seeing an increase in showings of high-end properties this Fall.

Year-to-date, 9 properties have closed that were in excess of \$1,000,000 each on San Juan Island. Two were for estate planning purposes and most closed in the first half; only one closed during our summer quarter. Sales in the high-end of our market create confidence which leads to other buyers considering our County for relocation, a second home or investment. Some of the best values are in those properties that are listed in excess of \$1,000,000. Most have been well maintained and often priced below their current replacement costs. We currently have 75 listings for all types of property on San Juan Island priced over \$1,000,000, or 16% of our entire inventory.

One would think that the volatility in the stock and bond markets would encourage more buyers back into the real estate market. It may take an increase in interest rates to actually convince buyers that the rates have been controlled and have been artificially low for too long. Buying power decreases as interest rates rise; a 1% rise in interest rates is equal to a 10% decrease in buying power. Taking advantage of the low rates plays into taking advantage of the low pricing currently available on our island. We have many exceptionally priced properties and several lenders are offering conforming loans with rates as low as 4%.

Many of our seller's have been reducing their prices. Those that have priced their properties most competitively are the ones that are having showings and offers written. The sellers whose properties are not attracting buyers need to seriously consider their pricing as it relates to the current market that we are experiencing.

Per the Northwest Multiple Listing Service, we have a total of 474 listings for all property types on San Juan Island as of October 17th. As mentioned on the first page, 28 are in escrow. This level of inventory is similar to what we experienced in the late 1980s and early 1990s. Last year around the same time, we had 498 listed properties on San Juan of which 12 were under contract and in escrow. The amount of current escrows as compared to last year is reason to celebrate. No dancing in the streets but at least smiles.

As agents at Coldwell Banker San Juan Islands, we are proud to represent a client from the initial contact through to closing. In some cases it can be up to 10 years before the client is ready to buy or sell and actually closes on a transaction, so relationships are developed along the way. We are often the first contact that many people have before they relocate here. It is a large responsibility to be one of the first representatives to our community but it is obvious that we all enjoy what we do. Agents at Coldwell Banker San Juan Islands have been in the industry for an average of 20+ years. Year-to-date, we have the highest average closed dollar volume per agent on the island, almost double that of our closest competitor. We have not had an agent leave our office due to the economic downturn in the industry, which is amazing. We are available to service your real estate needs now and in the future.