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SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the year-end results for 2017, the sales dollar volume for the real estate market in San Juan County per the Northwest Multiple Listing Service was \$299,943,083 which reflects an increase in volume of 19.5% over 2016 when the volume was \$251,020,953. The percentage of growth this year was very similar to the increase we enjoyed for the last several years; very stable controlled growth is much more sustainable. The County closed an average of 49.3 transactions per month which is above the last few years.

VOLUME COMPARISON

San Juan County	\$299,943,083	592	2017
San Juan County	\$251,020,953	505	2016
San Juan County	\$215,561,667	464	2015
San Juan Island	\$147,980,853	293	2017
San Juan Island	\$124,582,355	232	2016
San Juan Island	\$106,889,601	207	2015

Total volume on San Juan Island in 2017 was \$147,980,853 as compared to \$124,582,355 in 2016. The increase is 18.7%, very similar to the increase the County enjoyed. On San Juan Island we closed an average of 24.4 transactions per month. Again above the last few years

In addition to healthy volume increases, other positive data for San Juan Island property owners includes decreasing inventory levels. There was a 22% decrease in inventory numbers in January 2018 as compared to January 2017. This decrease percentage was less than last year but still notable.

SAN JUAN ISLAND INVENTORY

Date	Total	# of Escrows	Net Inventory
Jan 2018	186	33	153
Jan 2017	237	36	201
Jan 2016	311	29	282
Jan 2015	357	38	319
Jan 2014	328	24	304

The smaller percentage decrease in inventory may be attributed to the fact that many of the land owners were holding off for more recovery, and then decided to list in 2017 as land was moving at a good pace. This would have increased the inventory in the land category. Closed Land sales in 2017 for San Juan Island totaled 106 transactions for \$20,170,007 in volume. In 2016 the total transaction number was only 52 for \$12,733,250 in volume. The increase for the period was 103% in the transaction number and 63% in volume. I personally sold more land in 2017 than I had since prior to the recession.

The popularity of a land purchase is a direct reflection of the decreases in home inventory. When buyers are unable to find an existing home that is suitable, they consider custom construction. Another thought, it is more affordable for a person to secure a "place-saver" on our island via purchasing land versus a home that requires maintenance until they are ready to relocate. Most of the clients I worked with in 2017 aren't planning on improving their land until several years from now.

One more thought; many of the land sales at Roche Harbor will be future speculative construction or rentals homes held for investment. If there was ever a time with reduced risk for speculative construction, it is now and Roche Harbor is one of the best places.

Further good news regarding land sales includes more recovery in the waterfront lot category. On both San Juan Island and the County the increases in volume and transaction numbers are notable and identical; a 150% increase in transaction numbers and a 300% increase in volume. The increases in the waterfront home category were typical to the overall market activity, however; I noted more non-conforming waterfront cabins were in the mix. This news is comforting as buyers and property owners are now more accepting of the new regulations created by the Critical Areas Ordinance (CAO) in 2014 and the Shoreline Management Program (SMP) in 2017 that had an impact on waterfront lots and homes. As long as the SMP appeal process doesn't upset the energy, the uncertainty created by the new regulations has diminished.

There are many positive statistics regarding the market trends in our County and I have provided the details below.

Highlights of our market:

- The median home price for a 12 month period ending December 2017 for the County and San Juan Island reflect increases of 9% and 14%, respectively. The median is a typical market price where half of the homes sold for more and half sold for less.

Increases in median prices indicate our market is headed in the right direction but it is not a measurement of price appreciation. The actual computation of appreciation or depreciation would include analyzing a number of properties that were sold in 2016 and again in 2017. Due to how small of a market we are, it is difficult to have a reliable number of similar properties that transact in a two year period. Bottom line, we are too small of a market to quote an appreciation figure.

- The Average days on market number (DOM) for homes in the County and on San Juan Island was 201 and 178, respectively. In all categories of our properties and prices, the days on market has decreased since 2016. The range was 101 to 336 for the County and 67 to 341 for San Juan Island. The DOM varies on the price range.
- Waterfront home sales represented 36.3% of our total dollar volume for the County and 36.6% for San Juan Island. These percentages are typical for a healthy market in the Islands and almost identical to last year.
- Sellers negotiated on average 5.2% off the list price at the time of sale for homes in the County and 4.5% for San Juan Island. This is down slightly from year-end 2017. This percentage varies based on the price range.
- Sellers negotiated on average 9.2% off the list price at the time of sale for land in the County and 10.8% on San Juan Island. This is also down slightly from year-end 2017. Again, this percentage varies based on the price range.
- The number of sales in excess of \$1,000,000 increased in both the County and on San Juan Island. The increase in number of transactions for the County was 26% and the increase for San Juan Island was 42%.
- Coldwell Banker San Juan Islands Inc. had a good year with an increase of 16% in transaction number. The majority of our agents had volume in excess of what they closed in 2016.
- Inventory is down in most all categories of listings. One should note that I am using year-end figures and many agents set their listing expiration date for 12-31 so the decrease in inventory is also impacted by the expired listings. Year-after-year it is the same situation, although there appeared to be a higher level of expired listings this year. Many sellers remove their property from active marketing during the winter to give the listing a "rest".
- Absorption has been strong in every category and based on the current inventory levels and number of closed sales in 2017 for San Juan Island, we have 5.66 months of supply for homes under \$1M and a 1 year supply for homes listed above \$1M. The supply for homes listed under \$400,000 is similar at 5.79 months but we drop down to under 4 months for homes listed under \$300,000. Six months is considered a balanced market. The calculation for months of inventory is just a point in time and any changes in inventory render the calculation incorrect.

Charts: I have prepared numerous charts that reflect data from 2017 and historic comparable statistics for those that desire more detail. To view the entire chart information, please visit my website blog.

<http://sanjuanislandslifestyle.com/blog/> or

<http://www.sanjuanislands.com/PDF/2017YearEndCharts.pdf>

Showcase of Listings: The Coldwell Banker San Juan Islands Showcase of Listings deadline this year is April 1, 2018. If you are considering selling your property this year, this is an excellent publication to be included in. The showcase is a handout at our Friday Harbor and Roche Harbor offices as well as on the ferry system.