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The first quarter results for San Juan Island were a puzzle to me and required extra analysis. San Juan Island's dollar volume for the quarter reflected a decrease of 28% as compared to the same quarter in 2017. In 2017 the dollar volume was a 31% increase over 2016 which was a 20% decrease from 2015. Similar to a rollercoaster for San Juan.

The County's first quarter dollar volume reflected an increase of 3.3% in 2018 as compared to 2017. The transaction numbers for San Juan reflected a decrease of 27% compared to 2017. The County's transaction number also reflected a decrease, however; it was only 7%.

SAN JUAN COUNTY VOLUME RECAP

ISLAND	2017 Dollar Volume 1st Qtr.	2018 Dollar Volume 1st Qtr.	Percentage Of Change
San Juan	\$27,615,549	\$19,911,458	28%-
Orcas	\$11,634,999	\$16,400,967	40%+
Lopez, Shaw & Others	\$ 8,245,300	\$13,058,604	58%+
San Juan County	\$47,825,819	\$49,413,039	3.3%+

The volume analysis clearly reports San Juan's volume as lack luster and off to a slow start. The first quarter of every year is volatile and for San Juan, this year is no different.

The most obvious contributing factors to the differential of San Juan to the other island's production are the average sales price and the other island's increases in volume and transaction numbers. Historically, the islands that provide fewer goods and services are priced lower than the other islands which may be the increase in demand. For example, the lowest priced waterfront home on San Juan is \$869,000 and it is \$895,000 for Orcas. These prices are much higher than the starting prices on the other islands for a waterfront home.

SAN JUAN COUNTY TRANSACTION REPORT

ISLAND	2017 Transaction Number	2018 Transaction Number	Percentage Of Change	Number of Transactions over \$1 M	2018 YTD Average Sales Price
San Juan	57	42	27%-	3	\$474,082
Orcas	30	28	7%-	3	\$585,748
Lopez, Shaw & Others	16	27	61%+	3	\$502,254
San Juan County	104	97	7%-	9	\$509,412

As land sales are typically lower in price, I reviewed the number in the first quarter of 2018 as compared to 2017 for San Juan and Orcas; both periods and islands were very similar in transaction numbers so San Juan's volume was not materially decreased by the number of land sales versus homes sales.

San Juan did have a decrease in sales in excess of \$1M; in the first quarter of 2018 we closed 3 sales for \$5.1M as compared to a total of 5 sales for \$9.2M in 2017 for the same period. The highest sale during the first quarter of 2018 was on Orcas for \$2.9M. San Juan currently has 4 sales pending in the over \$1M category for a listed price total of \$6.7M. Orcas has 5 sales pending for a total of \$16.4M and Lopez, Shaw and the other islands have 3 sales pending for a total of \$5.6M. In addition to the high-end pending properties we have a good level of property showings and other pending sales that will contribute to next quarter's volume.

In metropolitan areas, lack of inventory can be a contributing factor to fewer sales. On San Juan as of April 2, 2018, we have a total of 183 listings for all properties types of which 34 of those are pending. This is compared to March 31, 2017 when we had 256 listings of which 38 were pending and in escrow. This equates to a 28% decrease in our inventory during the year. In April 2017, our inventory had decreased 25% from the 2016 levels on a similar date; the trend continues. Further, of the 183 listings, only 79 are for single family homes and of the 34 pending sales, 18 are for the single family homes.

I haven't tracked inventory levels on the other islands so I am unable to answer your next question; is the inventory on the other islands higher, is that why they have high sales volume? My bad, but I can't spend all my time on statistical research for the other islands, I focus on San Juan. I wish we were a large enough County so I could just buy my research, but unfortunately that is not the case.

Typically, during this time of year, new properties are listed and inventory levels increase for the spring/summer; however, this is not the case this year. Hopefully we are just off to a slow start or it is just a weather delay and inventory will build in the summer. However, it could be a sign of more recovery; tight inventory equates to higher prices for our sellers.

As speculation, the slow start on San Juan could be that the national economy recovery level is spurring young agile buyers that are more suitable and attracted to the more affordable non-ferry serviced islands and those islands with fewer goods and services. Although, Orcas' prices are very similar to ours and they performed very good the first quarter.

I could speculate for hours but that is not factual; Do other islands have more selection for buyers? Did the weather push our closing dates into the next quarter? Did our list prices on San Juan get too high? Or do we just confirm the first quarter is always volatile and move on. One quarter's results are not a trend, nor a market maker.

Good news is our days-on-market is decreasing. For the first quarter on San Juan, the average days-on-market for homes was 136 as compared to 216 and 310 for the same period in 2017 and 2016, respectively. For land, the days averaged 498 as compared to 662 and 759 in 2017 and 2016, respectively. This includes all price ranges but unfortunately isn't 100% reliable due to property listing histories which include the resets from changing agents and the always popular, off market periods.

Another data source we use to analyze market trends is the movement in our median home price but it is only reliable if a 12 month term is reviewed. The median home price for the County for the preceding 12 month period ending April 1, 2018 was \$499,000 as compared to the median home price for the 12 month period ending April 1, 2017 when it was \$440,000. The median home price for San Juan for the preceding 12 month period was \$490,000 as compared to \$429,950 for the period ending April 1, 2017. Movement in median home price is not an appreciation calculation but merely a trend indicator.

Overall, we are in a good market. Sellers are **STILL** negotiating off their sales price; an average of 4.4% for homes and 4.3% for land, however, this is during the first quarter only and we have fewer sales to consider. During 2017, the average discount on San Juan for homes was 4.5% and the average for land was 10.8%. Land sales continue to recover and they appear to be almost popular.

Buyers are **STILL** able to process their due diligence in order to determine if the property is suitable, unlike the metropolitan markets nearby where some buyers must waive their rights in order to attract the seller's attention. Due diligence is a good thing for both buyers and sellers, the results of the process allow for fewer future disagreements.

As always if you need additional information, please be sure to contact me. To read all of my past market updates and industry related articles or view my San Juan Island Lifestyle videos, please visit my blog at:

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