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SAN JUAN ISLANDS, INC.

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## SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

The third quarter results for San Juan Island and the County were consistent with the market recovery we have enjoyed over the last few years. Per the NWMLS, the dollar volume on San Juan Island was \$102,639,659 with a total of 198 transactions. This reflects a 21% increase in the dollar volume and an 18% increase in the number of transactions. For San Juan County, the total dollar volume was \$202,326,283 with a total of 399 transactions. The County's gain was 18.3% in dollar volume and 10% in the number of transactions. Since 2014, the increase in dollar volume each year has been steady and in the range of 12% to 16.5% at year end. This year-end should be very similar.

TRANSACTION RECAP REPORT			
<b>San Juan Island</b>			
Jan-Sept	2017	198	\$102,639,659
Jan-Sept	2016	168	\$84,756,610
<b>San Juan County</b>			
Jan-Sept	2017	399	\$202,326,283
Jan-Sept	2016	363	\$170,894,123

A steady market is very comforting as this type of environment is less likely to have sharp increases or decreases over the next few years. The metropolitan areas that are nearby are experiencing substantial growth; however, it is supported by other economic factors such as population growth and increasing employment opportunities for their citizens. In the islands, it is healthy to plug along at a steady pace as we don't have those economic components present.

Several factors have contributed to the steady growth in our County. The high-end buyer is confident and that is reflected in the number of sales and associated volume. Year-to-date on San Juan, we have closed 19 sales in excess of \$1M each as compared to the 15 last year for the same period. The increase is 26% for the Island. Year-to-date the County is very consistent with last year with 32 sales in 2017 thus far and 31 sales in 2016 for the same period. The activity level in the County in this segment of our market is about 41% of the last peak in our market which was year-end 2007 when we closed a total of 77 high-end sales.

High-end sales provide upward movement in our median home and land price indexes. Upward or downward movement in the median prices allows us to analyze market trends and this year is a good example of favorable market conditions.

The sellers of the homes that sold in excess of \$1,000,000 negotiated on average 5.4% off their list price at the time of sale for San Juan. Sellers in the County negotiated on average 7.5% off their list price at the time of sale.

Another contributing factor is the recovery of our market in the category of lots and acreage. Land sales were the slowest to recover but this year reflects an improvement of 81% in the transaction number over the same period in 2016 for San Juan Island. The County's land sale transaction number

reflects a 34% improvement. The average sales price for a parcel of land year-to-date on San Juan is \$200,597 using a total of 67 transactions. The average sales price for the County is \$204,876 using 138 transactions. The average sales price reflects an increase over year 2016 but this is not an appreciation calculation but merely an indication of the market trends. I attribute the increase activity level in land sales to buyers not being able to find an existing home suitable to them which is due to low inventory levels. On the downside, institutional land loans are still few and far in between which has a negative impact to those buyers and slows the volume in land sales.

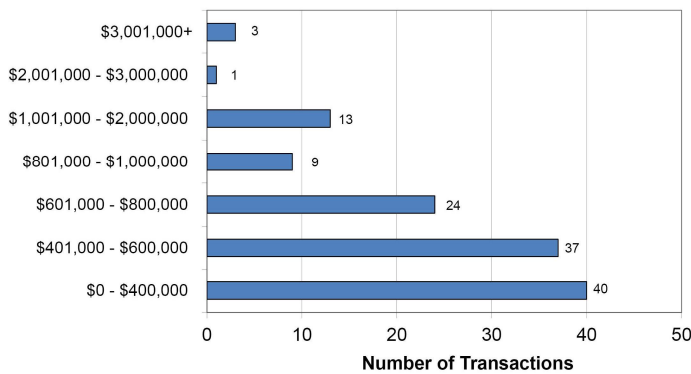
As of October 3, 2017, we have a total of 250 property listings on San Juan in the NWMLS, with 48 of those properties in escrow. Our inventory level on San Juan has decreased 26% since October 2016. These totals include all types of property. The number of pending transactions as compared to total inventory is 19% for San Juan versus 15% for the County.

The average days on market has decreased nicely; year-to-date on San Juan Island, the average is 195 days for single family homes versus 290 for the same period in 2016. The days on market for land on San Juan is down, but still painful. Year-to-date the average is 551 days versus 672 in 2016. The County has similar averages. The land sales year-to-date include 14 parcels that were on the

market for over 1000 days which keeps the average high, new land listings are selling in a timelier manner.

The breakdown in activity for the home sales is shown in the chart adjacent. As usual, the segment of the market with the highest level of activity is home sales under \$400,000. Due to inventory levels, many of those buyers are being forced to move into the next price tier which also reflects a high activity level. The price tier that historically has been shy is the \$800,000-\$1,000,000 range.

San Juan Island  
Residential, Condo and Manufactured Home Closings  
as of 10-3-17



Based on the inventory levels and absorption over the last 12 months, the category of homes priced under \$400,000 has a 3 month supply and there is a 5 month supply for homes priced \$400,000-\$600,000. The balance of the pricing categories have a greater supply. A balanced market is considered a 6 month supply and terms under that are considered a buyer's market. Absorption calculation is merely a snap shot in time.

We have had multiple offers as new properties have been brought to the market and a few multiple offers on older existing listings which is a treat for those sellers that have been waiting.

All of the trends are in the right direction; low inventory levels, increasing transaction numbers and dollar volume and some very busy agents; our real estate market is healthy. San Juan Island is performing superior to the County in most of the categories of review.

San Juan Island  
Residential, Condo and Manufactured Home Inventory  
as of 10-3-17

