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 YOUR INFORMATION SOURCE



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SAN JUAN ISLAND REAL ESTATE MARKET SUMMARY

In reviewing the year-end results for 2016, the sales dollar volume for the real estate market in San Juan County per the Northwest Multiple Listing Service was \$251,020,953 which reflects an increase in volume of 16.4% over 2015 when the volume was \$215,561,667. The percentage of growth this year was very similar to the increase we enjoyed in 2015 over 2014. No complaints; as stable, controlled growth is much more sustainable. The County closed an average of 42 transactions per month which is above 2015.

VOLUME COMPARISON

San Juan County	\$251,020,953	505	2016
San Juan County	\$215,561,667	464	2015
San Juan Island	\$124,582,355	232	2016
San Juan Island	\$106,889,601	207	2015

Total volume on San Juan Island in 2016 was \$124,582,355 as compared to \$106,889,601 in 2015. The increase is 16.5%, almost identical to the increase the County enjoyed. On San Juan Island we closed an average of 19 transactions per month.

As reported in my last real estate market update, I had to change my data sources and utilize the NWMLS. The result is the volume and transaction number reported is approximately 17% less than what is actually reported on the County site, the NWMLS lacks transactions that were unlisted and direct sales without agent involvement. I mention this again, as I am sure that a few of you may retain copies or just recall my past real estate market updates and if you are reviewing those, you would be comparing apples to oranges due to the change.

In addition to healthy volume increases, other positive data for San Juan Island property owners includes steady decreasing inventory levels. There was a 29% decrease in inventory numbers in January 2017 as compared to January 2016. In some pricing categories, we are struggling with choices for our buyers.

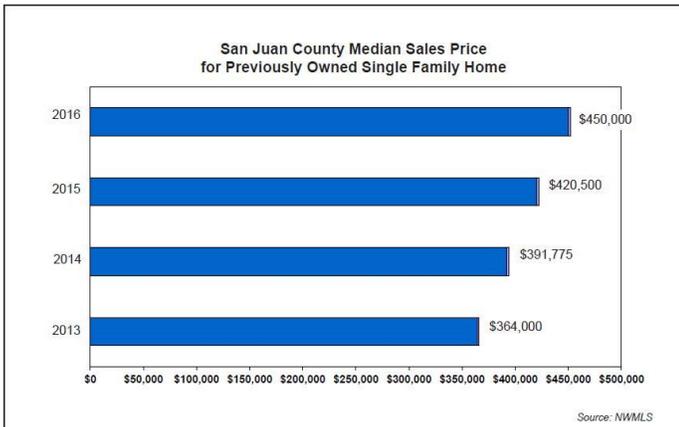
SAN JUAN ISLAND INVENTORY

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

We are noting in some segments of our market that more aggressive pricing is being tested. This confidence is based on the theory that prices will eventually increase due to supply and demand. As an agent with "boots on the ground", clear evidence to me is presented when I know that the home that just closed last month could be sold again and again, and I have no replacements.

We are a second home market and, thankfully so, are not experiencing multiple offers on every transaction or bidding wars. That type of hectic market leaves many disappointed people in it's wake. Our market still favors buyers in many of the categories although their selection has decreased and once inventory is below a 3 month supply, the favor will switch. I believe it to be a very good time to invest in property for a second home, future retirement or held for investment due to the current real estate climate. However, it may be necessary for your agent to conduct a customized search via reviewing off market, expired and cancelled listings to find the property you are seeking.

The Coldwell Banker San Juan Islands Inc. office did well this year with 3 of our agents placing in the top 5 for the Island. Our company volume reflected an increase of 7% and was similar to 2004. As you may recall, the volume peaked was in 2005.



More positive data includes the median home price for the County and San Juan Island reflect increases of 7% and 9%, respectively, over year ending 2015. 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 2015 and again in 2016. Then one would average those gains or losses to produce the actual appreciation or depreciation percentage. 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.

Nationally, the economic forecasters are able to cite appreciation in the large metropolitan markets as they have large amounts of data to rely upon.

The Average days on market number for homes in the County and on San Juan Island was 256 and 269, respectively. Both of these reflect a decrease from the average reported the end of 2015. In some pricing segments of our market the days on market increased, which is actually a good event. Many of us agents have had what we call a "career listing" and in some cases those properties will finally close after being on the market 2000 days or more. These transactions factor into the average and cause the increase. The good news is the market has recovered enough for these properties to sell.

Other highlights of our market include:

- Waterfront home sales represent 36.2% of our total dollar volume on San Juan and 35.6% for the County. These percentages are more in keeping with our market prior to the recession.
- Sellers negotiated on average 6.5% off the list price at the time of sale for homes on both San Juan Island and the County. This is down from the 8% for year-end 2015. This percentage varies based on the price range.
- Sellers negotiated on average 10% off the list price at the time of sale for land on San Juan and 7% for the County as compared to 17% on San Juan and 13.5% for the County last year. Again, this percentage varies based on the price range. Land is the "winner" of the recovery within this type of analysis.
- Sales in excess of \$1,000,000 increased on both San Juan Island and the County. The increase was most prevalent at the County level due to Orcas and San Juan Islands.

The only negative segment of our market is waterfront lot sales. Land sales have started to reflect more recovery with the exception of the waterfront. In the County, 12 parcels sold for a total dollar volume of \$3,600,000 as compared to last year when 23 parcels closed for volume of \$6,700,000. San Juan fared better as a percentage of decrease but basically no growth in the category. In 2016 only 4 waterfront parcels closed for \$1,200,000 compared to 3 parcels with volume of \$981,000 in 2015. The average sales price of waterfront lots in 2016 on San Juan was \$301,250; pretty sad.

During property showings, it is apparent that buyers are still concerned about purchasing waterfront lots due to the uncertainty, expense, and impact associated with building regulations.

Charts: I have prepared numerous charts that reflect data from 2016 and historic comparable statistics for those that desire more detail. Please use the link below to the charts.

Link: <http://www.sanjuanislands.com/PDF/2016YearEndCharts.pdf>

Showcase of Listings: The Coldwell Banker San Juan Islands Showcase of Listings deadline this year is April 1, 2017. 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.