



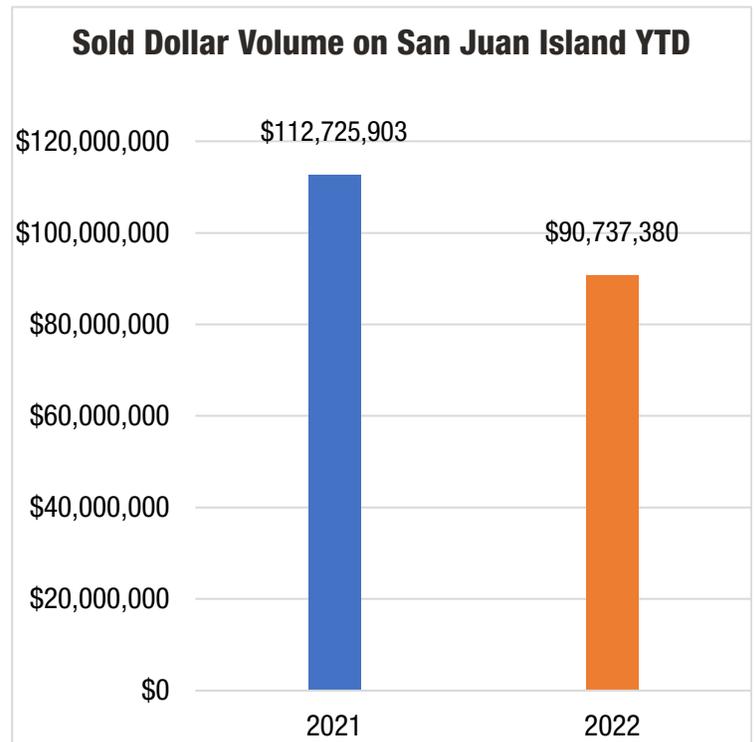
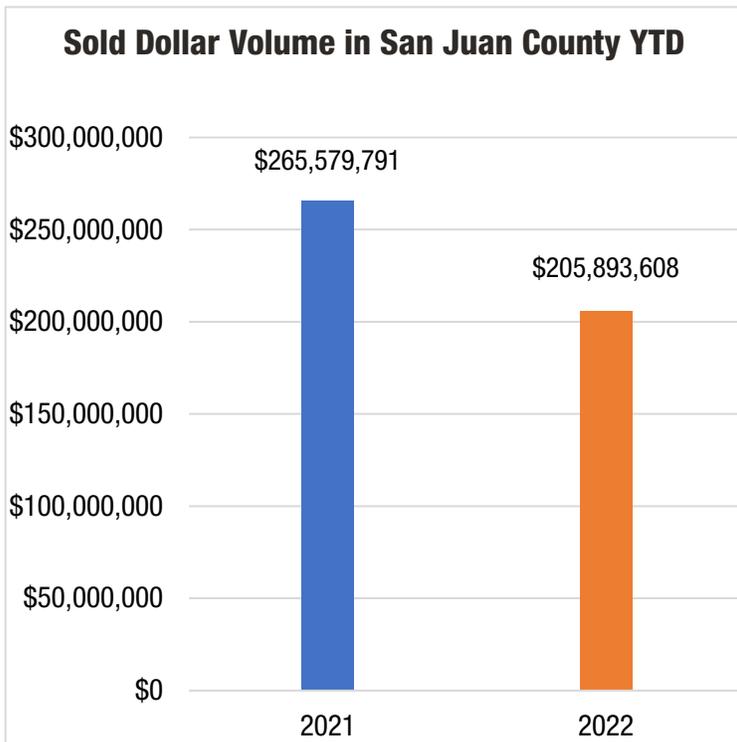
As we wrap up the 2nd quarter of 2022, we reflect on our market and all the changes it has gone through over the past few years; where it is now, and where it is headed.

In 2021, we found ourselves in an incredibly strong sellers' market— one with diminished supply, intensely heightened demand and steadily appreciating sales prices. The pandemic was a game changer, and it was hard for economists to predict the impact it would have on our housing market. It created a market that has been extremely tough for many to buy in to with buyers needing to come prepared to compete, often with cash in hand.

But here, now, at the end of the 2nd quarter of 2022 we are seeing a shift in our market. Nationally, as well as locally, we are beginning to see a bit of a slowdown from the high-paced, hyperactive market we have been experiencing. The overall pace of sales appears to be slowing a bit and the months supply of inventory is on the rise. On San Juan Island, we are seeing months supply increased ever so slightly from 2.1 months at the end of the 1st quarter to 2.3 months at the end of the 2nd quarter. Not a huge increase in supply, but the upward trend does appear to be continuing. It's valuable to note that, nationally, we have not seen a balanced market where months supply of inventory has been 6 months or greater since 2012.

More telling as to the direction our market is going, however, is the change in our sales volume and number of transactions from 2021 to 2022. By the end of the 2nd quarter in 2021, we had an overall sales volume, on San Juan Island, of \$112,725,903 and here, at the end of the 2nd quarter in 2022, we are at just \$90,737,380, representing a 19% decrease, year to date. County wide, that number is a little larger, down 22.5%, with just \$205,893,608 in volume at the end of this quarter versus the \$265,579,791 we saw at the end of the 2nd quarter last year. The number of transactions has also decreased significantly with a 42% decrease in the number of transactions on San Juan Island in 2022 over 2021 and a 39% decrease in the county.

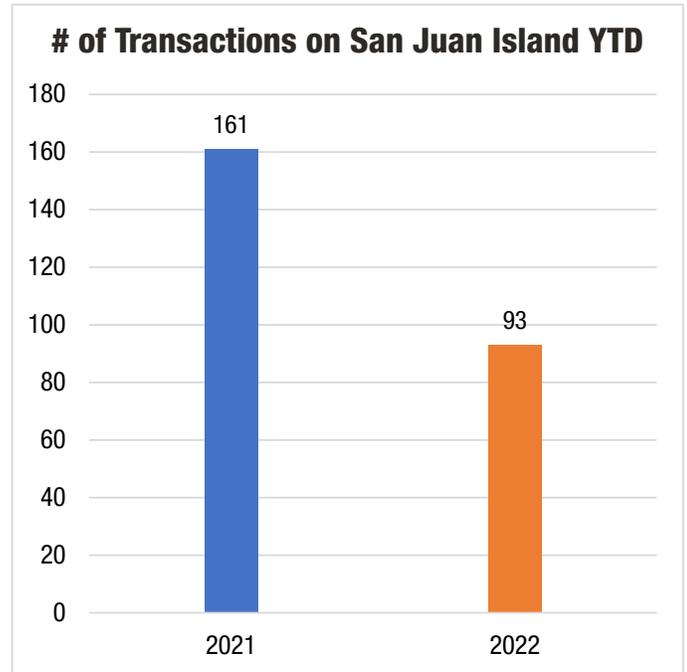
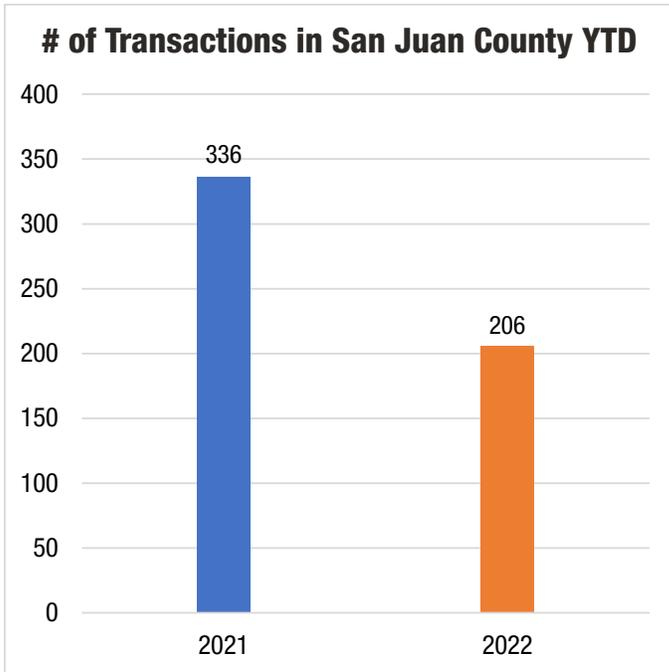
*DATA COURTESY OF NWMLS



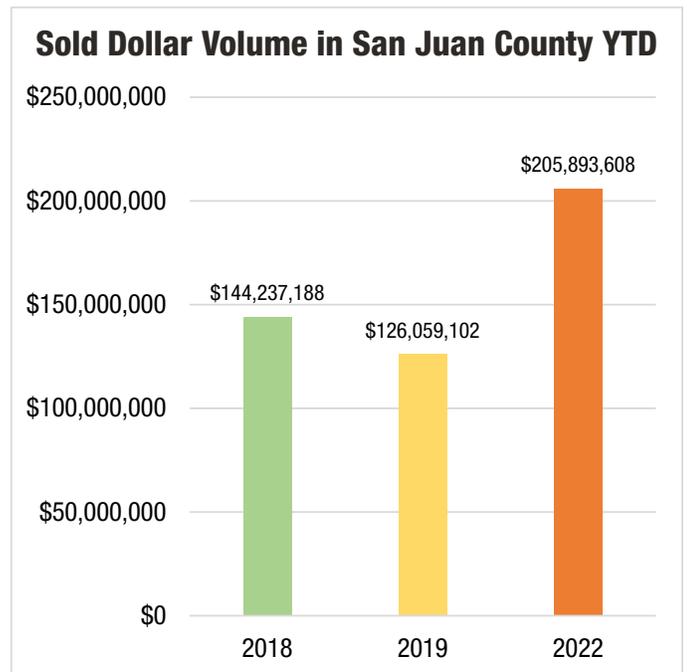
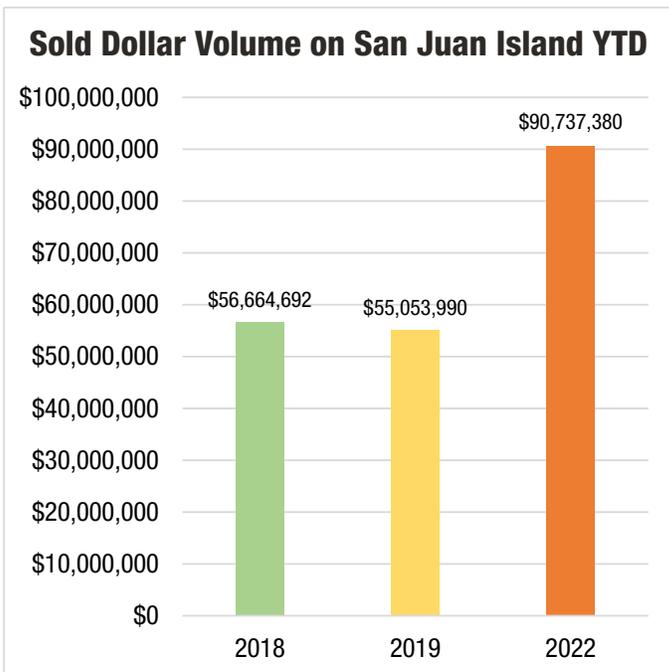
2022 Q2 - MARKET REPORT



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When comparing 2021 to 2022, the change is dramatic. However, when pulling the view back out a few years, our current market is beginning to be more in line with what we experienced in 2018 and 2019, which were relatively strong years in real estate. As you can see in the chart below, at the end of the 2nd quarter, the dollar volume of sales, both on San Juan Island and county wide, are still significantly higher in 2022 than they were in 2018 and 2019.



“Home sales have essentially returned to the levels seen in 2019 – prior to the pandemic – after 2 years of gangbuster performance.” - Lawrence Yun, Chief Economist for National Association of Realtors

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What's Ahead?

While it is clear our market is softening from the hyperactive feeding frenzy that was 2021, just how much softening we will experience in the 2nd half of 2022 remains to be seen. The average price for a single-family residence in San Juan County over the last 12 months has been \$1,196,259 with a median sales price of \$849,500. Unimproved land has averaged \$299,600 with a median price of \$235,000. While it is important to keep in mind that a few higher end sales can inflate the average sales price, it should also be noted that the discrepancy between the change in volume, as it is relative to the change in the number of transactions may also be attributed, in part, to appreciating sales prices in general. Experts do not anticipate a decline in these prices as the current level of supply does not put us in that position, however, the slight increase in inventory and the slowdown in sales does mean more options for buyers and should equate to a levelling out of sale prices and, as Mark Fleming, Chief Economist for First American stated:

“We should start to see less competition, fewer bidding wars and, therefore, less upward price pressure. In fact, a simple analysis shows that a 1 month increase in the months supply results in a 3% decline in annualized house price growth. And our preliminary house price index is already showing a moderation in house prices in April.”

The real estate market generally works in cycles and we appear to be entering a new slowing down cycle now. This is mainly because of the rise in interest rates. However demand should remain relatively strong in the San Juan Islands due to a variety of demographics such as the strength of the Seattle job market, more people working remotely, the retiring baby boomer demographic, those escaping the California income taxes, traffic, etc., we continue to be primarily a second home market and we live in one of the nicest, most beautiful places in the world! If we do have a downturn, it likely won't be a steep one, like we experienced during the great recession. It will probably be more like the downturns during the Gulf War in 1991 and the Dot Com fallout, in 1999. Both of those lasted less than two years and didn't have a dramatic affect on our market. The bottom line: The real estate market always trends upward over the long term in the San Juan Islands. It's all about location, demand and supply. Supply is very limited and demand will continue to grow.

If you have been considering buying or selling real estate, be sure to contact your preferred Coldwell Banker San Juan Islands broker to assist you.

Despite the downward shift in the market, **our office production is up nearly 3%**. Coldwell Banker San Juan Islands continues to have the lion's share of our market representing **52%** of sellers and buyers on San Juan Island so far this year. **That is 27% (\$103,745,500) more than our nearest competitor (\$61,510,100)!** We are dedicated to providing exemplary service and work tirelessly to help our clients realize their real estate goals and dreams!

