

SAN JUAN ISLANDS

REAL ESTATE TAB | APRIL 2025

In this Issue:

ARTICLES:

GENERAL COST TO
BUY, SELL OR BUILD

REAL ESTATE FOR SALE:

Brown Island Waterfront Home
Waterfront Condo with Slip
Forever Water & Mountain View Estate
~ and more ~



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GENERAL COST TO BUY, SELL OR BUILD

Cost of construction, selling and buying real estate in the islands has continued to increase based on the requirements to meet the current regulations, materials, and service cost increases. One could say that it costs more and takes longer to comply with the various regulations that govern the real estate and related construction industries.

Based on the County's median home price of \$862,500 during the last 12 months, a cash buyer will spend an average of \$24,000 in basic closing costs; that includes their half of escrow, title insurance for their lender, recording fees, 1% land bank tax, ½% affordable housing tax and home inspection fee, but it doesn't include the prorated taxes, insurance, homeowner's dues, OR ANY loan closing costs or well water testing.

If the buyer needs a loan, they will have monthly payments of \$5,220 based on a \$172,500 or 20% down payment, 7% interest and a 30-year loan. The monthly payment cited above includes principal, interest, taxes, and insurance. The payments would be higher if there were HOA dues or they have Mortgage Insurance, if the down payment was less than 20%. Our real estate tax rate is \$8.03 per \$1,000 of assessment. The buyer would need more than \$196,500 in cash from savings for the down payment and closing costs. Again, this doesn't consider loan closing costs. Many buyers utilize financing for the homes that sell under \$1M in our County.

A buyer would need to make around \$125,280 annually or \$10,440 per month to qualify with a ratio of 50% to purchase a \$862,500 home ($\$5,220 \times 2 = \$10,440$ monthly income needed $\times 12 = \$125,280$ annual income). This income requirement calculation is only based on the principal, interest, taxes, and Insurance and assumes this buyer has no reoccurring debit, such as charge cards, car loans, HOA dues or mortgage insurance. This is typically not the case. Even if you pay your charge cards in full each month, the underwriters will use a minimum payment amount in the calculation.

The San Juan County Annual Median Income is \$68,830 for a household (2024). This is per the State of Washington Office of Financial Management report.

The last time I updated this article in 2022, the buyer needed to make \$97,000 per year, the median income for the County was \$64,763, the buyer also needed \$174,375 in cash for down payment and closing costs to purchase a home around \$775,000, which was the median home price in 2022. The interest back then was 5%. The path we are on is pricing out the buyers for middle and low-end priced homes. Unfortunately, the median income didn't change all that much, but all of the other components of the transaction changed substantially.

The seller will spend on average \$71,402 based on the median home price. This does not include any repairs that

may be necessary for the home, septic or water system or the seller's prorated items; it is merely closing costs, septic inspection, and a tank pump.

In the current market a buyer can purchase an existing home for less than the cost of new construction and in some cases, under the home's replacement costs. Many of these homes require updates to their systems and interiors.

We continue to experience an upward pressure on our prices even though our market has been on a downward trend for the last 2 years in volume and number of transactions. It is clear that the cost of new construction is so high, and the process is so cumbersome, lengthy and frustrating, that the existing homes make a more attractive option. Therefore, the sellers of existing homes are able to sell for a decent price. In a sense, the new construction prices are propping up the existing home prices.

However, some buyers still want to consider custom construction as the buyer can have built the exact home they had in mind, and it will be ready for occupancy in about 20-42 months, more time may be needed if size and complexity are above average. This also assumes that the contractor selected does not have a waiting list, many are longer than 1 year, so that waiting period needs to be added to the range cited above. The design and architectural process typically takes 2-6 months, permits take 6-12 months, and the actual construction will take 12-24 months.

Realistically, the person that will consider new custom construction in this market is planning on a high-end project. The owner builder or DIYer will most likely be in the price category under our median home price and they will struggle to stay on the budget and may need a loan. Financing options, if needed, are slim to none; land loans and construction loans are currently at a very high rate of interest.

Their better option is to buy existing and remodel under the owner builder permit program. Hopefully, our County will retain the Owner Builder program as it is essential in helping to keep the costs down...

To continue reading
General Cost to Buy, Sell or Build
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<https://www.sanjuanislandslifestyle.com/blog>



BROWN ISLAND WATERFRONT HOME
\$1,965,000 - LISTING ID 2333272



WATERFRONT HOME WITH DOCK ON BROWN ISLAND
\$2,500,000 - LISTING ID 2324533



WATERFRONT CABIN ON ACREAGE
\$3,450,000 - LISTING ID 2255443



IN TOWN WATER VIEW CONDO
\$1,550,000 - LISTING ID 2334078



GULL COVE LOT
\$235,000 - LISTING ID 2344256



AFFORDABLE CONDO UNIT
\$235,000 - LISTING ID 2336276



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Listed for \$1,050,000 | Listing ID 2348782

Waterfront Living at Its Finest! Rare, ground-floor gem in the heart of Friday Harbor. This condominium is perfectly positioned with front-row waterfront views and your own private dock slip just outside the door!



Listed for \$239,500 | Listing ID 2298769

Cute & tidy 2 bdrm 1 3/4 bath home located in the OAKS Manufactured Home Park. Newly painted interior, updated primary bath with step-in shower, newer appliances, newer flooring in baths & kitchen.



Listed for \$599,000 | Listing ID 2230817

West Side waterfront parcel with views of breaching whales, bald eagles, sunsets, & boating activity. The paved road leads to this parcel, nestled on the shore of Haro Strait. Build your oceanfront dream home!



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NEW



Listed for \$5,550,000 | Listing ID 2348523

Incredible forever water & mountain views plus great whale watching from this south-sloping hillside setting offering all-day sun! Beautifully designed custom home with 4069 sf, 2 primary bedrooms, & 6 total bathrooms.



Listed for \$3,180,000 | Listing ID 2306149

West-facing Waterfront Home 4031 sf, primary on main floor, living room with wood-burning fireplace, a grill, remodeled kitchen, new roof in 2019, extra deep 3-bay garage with a 1023 sf studio above, +/- 95 ft shoreline.



Listed for \$14,950,000 | Listing ID 2255472

Waterfront overlooking Haro Strait & Olympic Mtns; 3.2 acres & 368 ft of shoreline, great room with floor to ceiling river rock fireplace, main primary suite, home theater, water view guest suite, 1165 sf guest cottage.



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