

Recap of 2023 Real Estate Market Activity in San Juan County and on San Juan Island

Market Statistics

As the sun sets on 2023, we reflect on the year in our local real estate market. We look at where we've been and make our predictions for where we are heading. Predictions have been a little challenging after the past few years, though, and it appears to be no different trying to read the tea leaves heading into 2024.

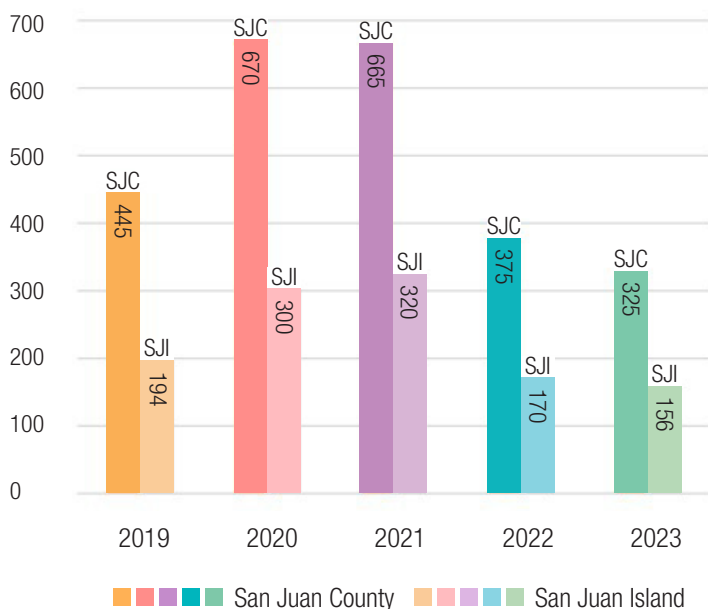
The total dollar volume sold on San Juan Island, closing at the 4th Quarter of 2023, stood at \$150,699,250 from 156 transactions. This signaled a 13% drop in dollar volume and an 8% decrease in the number of transactions compared to the previous year's \$172,672,335 and 170 transactions, respectively. In San Juan County, the figures painted a similar picture – a year-to-date dollar volume of \$343,832,549 from 325 transactions, representing a 10% decrease in dollar volume and a 13% reduction in transactions compared to 2022. This is not a huge downshift from 2022 but it still paints a picture of a market that was continuing to cool in 2023.

Additional specific metrics for San Juan Island of note are:

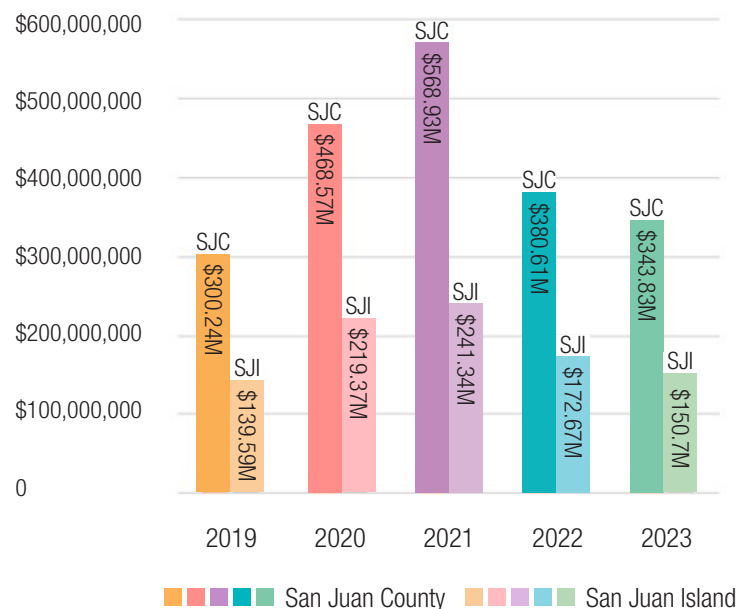
- Average Days to sell a single-family residence on San Juan Island in 2023: 83
- Median Home Sales Price on San Juan Island in 2023: \$815,000
- Sales Price to List Price Ratio for Single Family Residences on San Juan Island: 95.3%
- Sales Price to List Price Ratio for Undeveloped Land on San Juan Island: 97.5%.
- Months of inventory on San Juan Island at end of 2023: 8.8 months supply

*DATA COURTESY OF NWMLS

of Transactions in San Juan County & on San Juan Island Quarter 4 Year to Date



\$ Volume Sold in San Juan County & on San Juan Island Quarter 4 Year to Date



Economic Factors Affecting the Market

The cooling trend observed in 2023 was not isolated to our local market. Nationwide, elevated inflation rates prompted the Federal Reserve to continue to raise interest rates, impacting buyer purchasing power. The domino effect of these rate increases, where a 1% rise translates to a 10% decrease in buying power, contributed to the market's slowdown. Insufficient inventory levels further compounded the issue preventing significant downward pressure on home prices, putting home ownership that much further out of reach for those primarily affected by interest rates (home sales under \$1M where most traditional financing is sought). Additionally economic uncertainty and fears of a looming recession had made many buyers conservative with their liquid assets in 2023.

Looking Ahead to 2024

Many economists and investors are predicting a potential turnaround in 2024. Despite the challenges faced in 2023, forecasts suggest a decline in interest rates. Is it a coincidence that 2024 is also an election year? Perhaps.

According to a recent article in the Puget Sound Business Journal, Wells Fargo's economists are predicting a 2.25 point decrease in the Fed Funds rate over the course of 2024 (not beginning until the 2nd quarter) which could potentially bring mortgage interest rates back down near the high 5's. Some more conservative estimates from investors are predicting just a 1.5 percentage point decrease in 2024 which still would have an impact on sales and inventory. Many who would like to sell and purchase somewhere else will feel better about abandoning their pandemic rates in order to sell and buy something new which can help generate inventory and sales volume. Of course, you must keep in mind that the rates we are speaking about are not "mortgage interest rates" but rather the federal funds rate, which is the reference for financial institutions for overnight lending. While it's not digit for digit, the lowering of the Fed Fund Rate does directly impact mortgage interest rates as it influences mortgage lenders and helps them decide how much to charge consumers. Another thing to keep in mind is that these predictions are based on the Fed Chair's comments about future monetary policy and their expectations of a shallow recession in which the economy contracts 0.5% between the first and 3rd quarter of 2024. We will all be monitoring the economy closely in the first half of 2024 to see if that is indeed the trajectory we are on.

Commitment to Service

As the real estate landscape navigates uncertainties, Coldwell Banker San Juan Islands, Inc. is committed to staying abreast of market trends. Whether the market moves upward or experiences further fluctuations, Coldwell Banker San Juan Islands, Inc. stands ready to serve our buyers and sellers alike. In 2023, Coldwell Banker San Juan Islands, Inc. maintained a 44% market share, by volume, on San Juan Island and boasts the largest market share by brokerage in San Juan County, as per the NWMLS.

For those considering selling property in 2024, securing a spot in Coldwell Banker San Juan Islands, Inc.'s Showcase of Properties and Guide to Island Life is highly advised, with the deadline set for March 31, 2024. Our top tier publication is a helpful guide for San Juan County visitors, keeping your property top of mind as they make their way back home and dream of property ownership in the San Juans. If you have any questions about any of this information or buying or selling real estate in the San Juan Islands, please reach out to your trusted Coldwell Banker San Juan Islands, Inc. broker and they'd be happy to assist. Whatever direction the market takes, the team at Coldwell Banker San Juan Islands, Inc. remains steadfast in our dedication to clients and our understanding of the evolving real estate landscape.

If you are already working with a Real Estate Broker outside of Coldwell Banker San Juan Islands, Inc., please disregard this publication. This is not meant as a solicitation for that business.