

Waterfront Reflections

February 2009

19th Annual Salt Waterfront Sales Report

Dear Salt Waterfront Owners,

The “story” in the 2008 Thurston County salt waterfront market largely revolved around three major factors: *the highest levels of available inventory we’ve seen in over a decade, the tight supply of money, and the negative perception of the condition of the housing market in general fueled by national media.*

Were you to compare the average home sale price by peninsula with the same information from my 2008 report you would find that there had been little or no downward trend in pricing—surprising, given the fact that the number of sales over the year prior decreased significantly.

Salt Waterfront Home and Vacant Land Sales for the Last Five Years

	Cooper Point	Steamboat Island	Boston Harbor	Johnson Point	Totals
Total No. of Properties	498	859	440	456	2253
Sales – 2004	17	36	12	11	76
Sales – 2005	19	35	14	11	79
Sales – 2006	17	18	15	24	74
Sales – 2007	13	24	13	11	61
Sales – 2008	6	20	8	4	38
Total sales last five years	72	133	62	61	328

2008 Salt Waterfront Sales by Range of Sale -- HOMES ONLY

	Cooper Point	Steamboat Island	Boston Harbor	Johnson Point	Totals
Under \$700,000	1	7	3	3	14
\$700,000-799,999	0	2	1	1	4
\$800,000-899,999	1	1	1	0	3
\$900,000-999,999	0	3	1	0	4
\$1-2 Million	4	0	2	0	6
\$2-3 Million	0	0	0	0	0
\$3-4 Million	0	0	0	0	0
TOTALS	6	13	8	4	31
<i>Note how the average home sales differ on each peninsula:</i>	\$987,500	\$663,530	\$807,249	\$583,750	

SALES: The number of 2008 waterfront sales was down 38% compared to 2007, while the “standing” inventory of what is being offered at any one time was up about 33% compared to 2007. Interestingly, the sales on the Steamboat Island peninsula represented over 50% of all sales. Again, although the number of sales dropped significantly compared with the year prior, there was not a commensurate decrease in average sales prices—although the average market time did more than double.

MONEY: Although interest rates in general are extremely attractive from a historical perspective, the jumbo rates that most waterfront buyers will utilize remain much less attractive—and certainly the ability of buyers to borrow easily has tightened considerably. This has necessarily decreased the pool of prospective buyers and has a direct effect on the decrease in number of sales we experienced in 2008. Another factor—the buyers “waiting in the weeds” scenario—definitely slowed sales as buyers sat on their hands, convinced smarter buys at lower prices were coming down the pike.

ASSESSED VALUES: Every year in mid-November I receive dozens of calls from unhappy waterfront owners who have received the new county tax valuations. Most of the time they want to know whether I believe their assessed value is anywhere near the actual market value of their property. Buyers frequently want to know also the relationship/ratio between assessed value and market value, and how those trends can help them formulate an evaluation of what they are willing to pay. Until just very recently (2007), it was almost unheard of to find waterfront sales prices that were less than assessed value at the time of that sale. Now—though not commonplace—it does occur! This year I began to add the assessed value at time of sale to the attached sales reports. You will see that the numbers are all over the board. **Conclusion: there doesn’t seem to be a significant relationship between county assessed values and sales prices.**

THE FUTURE: I don’t believe anyone possesses a crystal ball that clearly shows what we can expect in the salt waterfront market in 2009; I certainly do not! But I am hopeful given one factor in particular: at the time of this writing there are more waterfront properties with pending sales (in escrow) than at any time in the last eighteen months. That is probably the most accurate factor reflecting current trends... what is happening now.



Spence Weigand, REALTOR
Olympia’s Salt Waterfront Expert

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