

# ***BROKER'S REPORT***

## **News on the Sequim Real Estate Market**

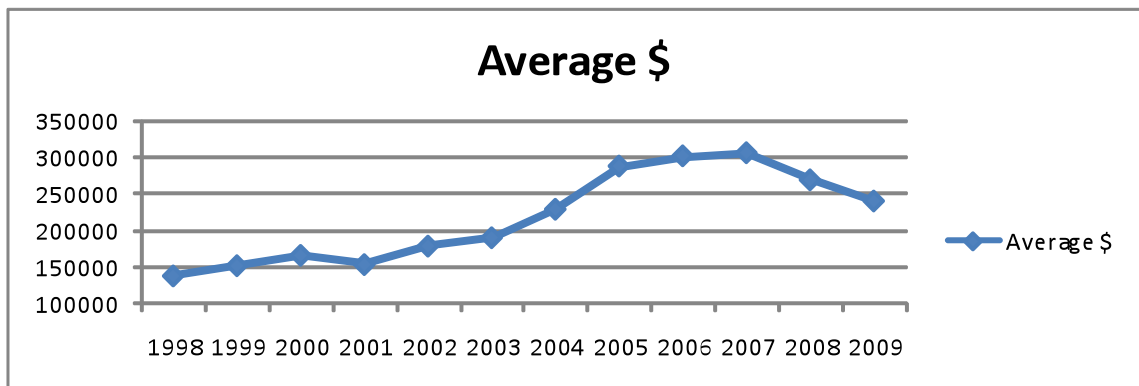
By Brody Broker with Jace the Real Estate Company

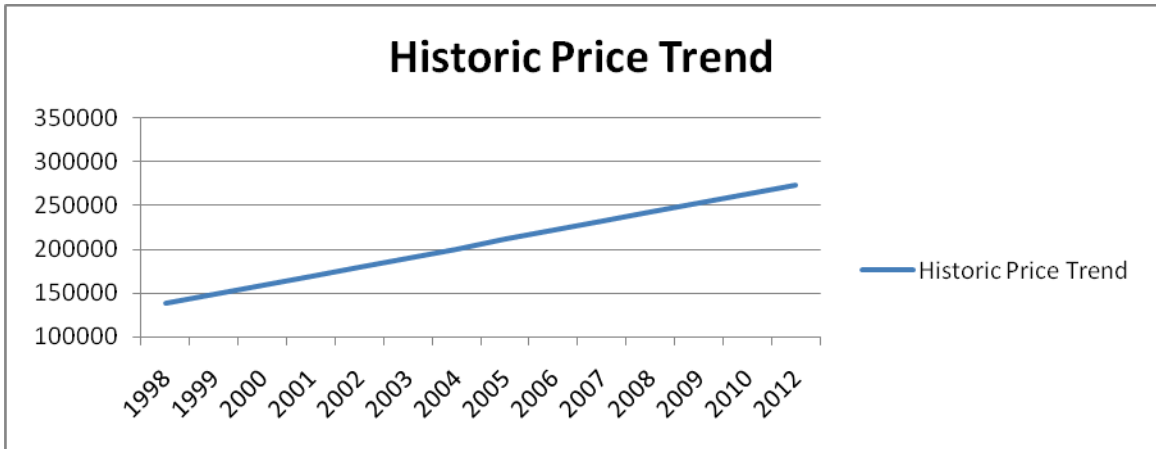
***Current market conditions as of 8/26/2009***

### Housing

In the first two quarters of 2009 we saw a continuation of the housing slump in 2008. By halfway through the second quarter there were signs that the market was starting to turn around. Pending sales were up, inventory was down, our showings were up 200%, and the drop in sales prices was slowing considerably. This trend here mirrored what was going on in the nation overall.

What caused this? While answering this question involves some speculation, it would seem to have resulted from a number of different influences. Average sales price is down about \$70K from where they peaked but most homes have lost about 30% of their peak market value. This change in prices combined with very low interest rates and increased optimism has lead to an increase in sales.





If we look at the historic price trend for the area, we can see that today's average sale price is now below the price trend line by approximately \$10K. This does not account for the increase in size and standard features that took place in housing during the bubble period. Today's home is much larger, and has many more standard features. While there is no definitive way to separate this increased value, when we take it into account, we can see why builders are no longer producing new homes in Sequim to sell at today's prices.

In many cases buyers are now buying homes for prices they could not build them for. In the long term, these buyers should do well on their investment. This combined with incredibly good interest rates is resulting in improving sales at the moment. Lending requirements are still stricter and this is moderating the improvement in the market by impacting the number of people who can purchase. We believe that while there are some amazing buys out there, there probably will be for some time to come. Notwithstanding this, even with demand returning to the market place we may see continued price decline for some time.

## Land

Our land market continues to suffer slow sales and falling prices as a result of the fact that the list price of most residential land has no real relationship to the price of housing. The land parcels that are priced in line with housing prices sell briskly. Prospective sellers that ignore the effect of the change in housing prices on land values, usually find themselves as land owners rather than sellers. Sellers that accept the change find a very receptive market place. The average sale price of land this year is \$105,496. The average list price is currently \$180,586.

## Commercial

Commercial property continues to suffer somewhat by lack of available financing for new ventures and lack of demand. As confidence seems to be returning to the market place, our showings of commercial property are up considerably. Improvement in the commercial market will depend on economic stability and a lending environment conducive to business. Number of sales is down considerably, but prices in general are only off a little by product type (8-10%).

# Our Advice

Our advice to sellers: Don't fight the market. You can sell at the same price as the other sellers today. There are enough other sellers willing to sell for market price to prevent anyone from winning the lottery and getting a 2006 price. If you ignore the market you will only frustrate yourself and cost yourself time and money.

Our advice to buyers: When you are shopping pay close attention to values. If you are working with a real estate professional get him to provide recent sold comparables. If you find something you like and you can buy it at market price, buy it if you know you want to be there 3-5 years. Be more concerned with market price than with price reduction. I have seen some people get a \$100k price reduction and still pay more than the property was worth. I have seen others snap up a great buy at full price, and be able to resell for a profit in six months. The key number you should consider is what the property worth, not how much you can get the seller to move from their asking price.\*

*Call me if I can help.*

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\*Information in this report is not guaranteed. It is based on information collected from the Olympic Listing Service.