

## Signs of Recovery Are All Around

We may have to squint to see them, but there are positive indicators surrounding the Bainbridge Island real estate market. Here are just a few:

California's market is moving in the right direction. California's activity foretells our own, since so many of our new residents hail from there. Bay Area sales were up 16% in June with the highest median price since October of 2008. In Southern California, June sales were up 12% over May and 29% over a year ago.

Seattle homes are selling. In our metropolitan neighbor to the East, the number of homes sold is up 4.7% and the number of sales pending on June 30<sup>th</sup> was up 28.8% from a year ago.

Kitsap's numbers are up. County-wide, there has been a 13% growth in sales versus last year and the pending sales are up 38%!

Lenders are returning. More and more lenders are re-entering the jumbo loan market. Wells Fargo, BofA, Sterling and Golf are just a few of the institutions that are once again advertising loans for \$417K and above.

### Bainbridge Island Single Family Homes Sold January 1 through June 30

	2009	2008	2007	2006	% Change (08-09)
<b>Average Prices:</b>	\$769,409	\$886,707	\$832,527	\$731,847	-13.2%
<b>Median Prices:</b>	\$617,000	\$650,000	\$671,250	\$647,500	-5%
<b>Number of Sales:</b>					
\$0-\$400,00	16	8	11	16	+100%
\$400,00-\$600,000	25	29	61	60	-13.8%
\$600,000-\$800,000	13	15	48	35	-13.8%
\$800,000-\$1,000,000	10	12	28	34	-16.7%
Over \$1,000,000	19	21	36	25	-9.5%
<b>Total Sales:</b>	83	85	184	170	-2.4%
<b>Inventory (7/7/09):</b>	258	339	284	201	-24%
<b>Under Contract:</b>	28	41	64	63	-31.7%
<b>"Available" Inventory:</b>	230	298	220	138	-22.8%

Even though the numbers may not be improving as quickly as we would like, there are a number of factors to get excited about:

1. Our market has stabilized, with sales on the same pace as last year.
2. Our median price has shown consistent improvement from its low in December 2008.
3. Since the price peak in the third quarter of 2007, our average price decline is now at -6.2% and our median is at -9.3%, which is an improvement since the beginning of 2009.
4. The Bainbridge market has fared better than many in the country.

There are a few questions that we hear frequently around here, so let's explore those:

**Q:** "When are housing prices going to come back up?"

**A:** It's important to remember that prices will not return to their 2007 peak in the short term. Our median price is currently at the same level as early 2006. Until we increase volume (the number of transactions), prices will not rise. Right now, volumes are holding steady so prices are doing the same, although there are several indications that volumes will increase soon. As the market strengthens, the pent-up supply (homes whose owners have been waiting to sell until conditions improve) will most likely rise, slowing price increases. Once that supply levels off, prices will increase at a healthier rate.

**Q:** "Should I assume that my home's selling price will reflect the average (-6.2%) and median (-9.3%) price declines?"

**A:** There is no question that prices are lower than we want them to be. The statistics prove that. While this is great news for buyers, it can be frustrating for sellers. Don't assume that overall statistics will apply precisely to the potential selling price of your home. In our relatively small market, where the pool of homes is limited and sale prices of high-end properties have decreased at a faster rate, the averages rarely align with actual selling prices. Be realistic as you begin discussions with your realtor, and be prepared for your asking price to be lower than what you expected. Your home will sell for whatever price the market will bear at that time.

**Q:** "What should I do to prepare my home for sale?"

**A:** To prepare a home for sale in today's economy, our advice is to hire a professional realtor and listen to his or her recommendations. You may not love what you hear, but realtors are in the trenches of this market every day and see first-hand which listings are selling and which are sitting. Succeeding in such a difficult environment requires sellers to be patient and clear-headed. It will benefit you to have a professional point out your options along the way so that you can meet your immediate as well as your long-term goals.

The Windermere Bainbridge Island office continues to lead the market, as it has for nearly 20 years. Our commitment to professionalism, combined with our clients' continued loyalty, has helped us retain our leadership position through the ups and downs that define the real estate business. We know the complexities of the Bainbridge market, and we watch its trends daily. There is no better team to support buyers and sellers of Island property. Please let us know how we can help you make the most of your assets in this unique and wonderful community.