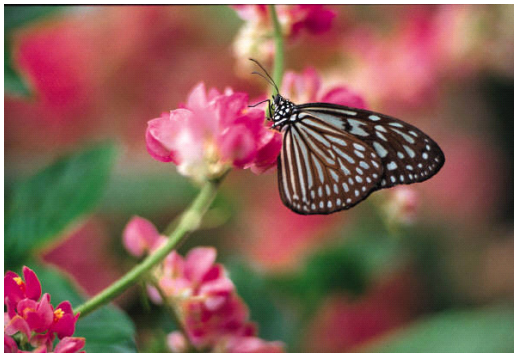


Market Soundings

John L. Scott/Anacortes

April, 2011

In this version of Market Soundings, covering real estate sales and conditions in the Anacortes/Fidalgo Island, Guemes Island and LaConner marketplace, we attempt to summarize the past quarter's market activity and offer our perspective on the results. It is our hope that the information and perspectives provided will help our clients and friends make more enlightened and market-relevant real estate decisions.



Has Spring Finally Come To The Real Estate Market?

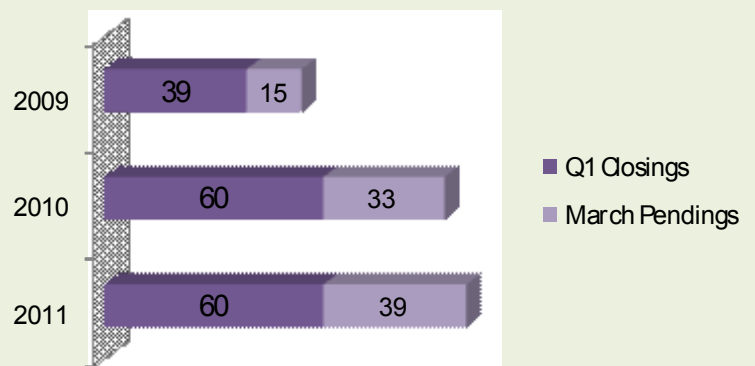
It's amazing how many folks are waiting for tell-tale signs that the real estate market is blossoming again. There are tons of other strong indications that the economy is making strides, but real estate has been the reluctant participant—a fact that has frustrated sellers, brokers and even buyers. A recent headline from the Seattle Times business section shouted "More spring in home sales; too soon to say it's a trend". Hmmm! Isn't anyone willing to stick their neck out any more? Are we going to wait for the historians to write about the opportunities missed during

a turnaround that most certainly is going to occur and may already be happening?

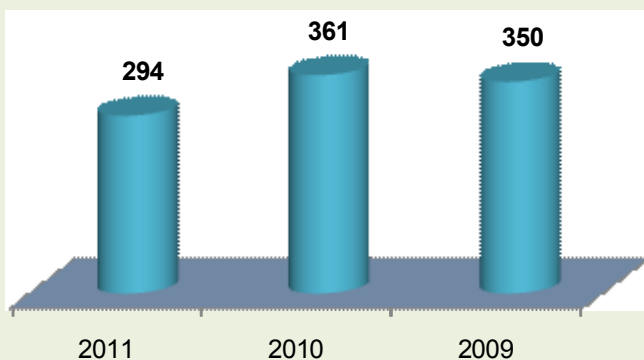
The point is, there are some encouraging signs. First, our markets showed some definite resiliency by posting a total of 60 single family closed sales during Q1. This mirrored last year's transaction count, but last year we were in the throes of a government stimulus plan geared to spark the market. Now those stimulus credits are gone. Also, March concluded with 39 pending single family home sales in the pipeline. This was an 18.2% increase over the previous year and a 62% improvement over March 2009.

From an inventory standpoint, we ended

SINGLE FAMILY TRANSACTIONS (Q1)



SINGLE FAMILY INVENTORY (MARCH)

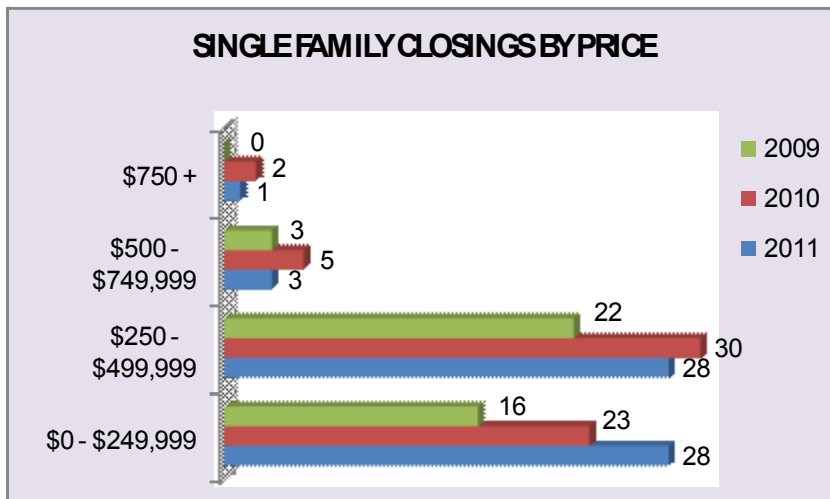
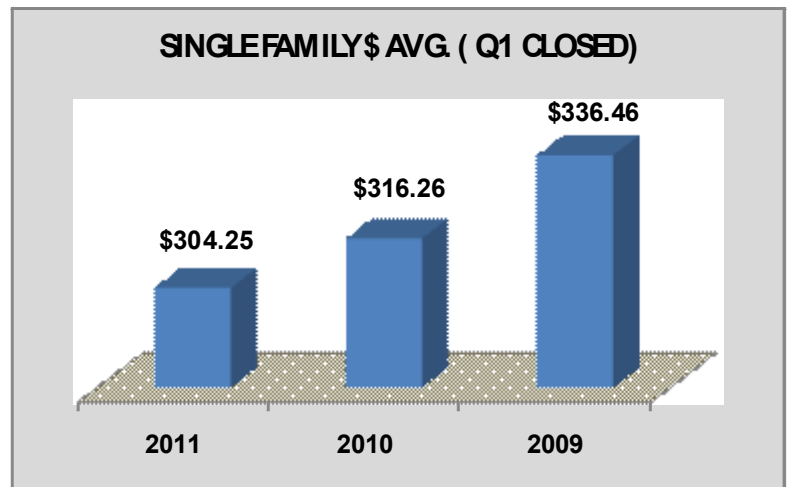


Q1 with 294 unsold single-family listings, down 18.5% from the year before and 16% from March inventories in 2009. Some of this inventory reduction is due to sellers removing their listings from the market, but we have also sold through a significant number of homes in certain price ranges.

During the quarter we did see a decline in condominium sales due to heavy 2010 sales and a corresponding reduction in lower priced condo inventory. Sluggish sales in vacant land also continue, but this segment is traditionally the slowest to respond to an improving market.

What Has Happened to Real Estate Values?

This is another complex questions that commonly gets tossed at real estate professionals. The difficulty is that true values can only be obtained by tracking sales of the same or like properties over time. But, since the media is constantly reporting the decline in the average price of closed sales, we will too—with the usual caveat that averages are greatly affected by the mix of homes in the figures. That said, we did experience a 3.7% decline during Q1 in the average (closed) prices of single family homes. This is compared to the 5.5% decline for Q1 2010 versus 2009.



Driving these figures is a startling “vacancy” in the number sales above \$500,000. In Q1 there were only 4 closed sales posted, versus 23 during Q1 of both 2006 and 2007. These are the transactions that we must see returning before we can fully proclaim that spring has returned to the marketplace.

So what about values versus averages? Our sense is that we will replicate other Northwest markets with values leveling between 70-80% of their highs—with variances based on condition, location and the price category. But, don’t expect these bargains to stay around long!

Our John L. Scott Team Is working Hard and Selling Hard. We are constantly monitoring our evolving marketplace, looking for ways to better position and market client properties. We’re busy finding new opportunities to meet the special needs of buyers in every price range. And, always finding time to volunteer to make our cities and neighborhoods an even better place to live. These efforts have earned us recognition from our customers and our industry.

So, Where Do We Go From Here?

No place but up. Bank foreclosures and short sales will tame prices for a while longer. But, the Anacortes/LaConner/ Guemes market will experience a steady resurgence of life-style-minded people looking for our kind of place. And, our crackerjack John L. Scott team is ready to help!

