



Windermere Real Estate/BI, Inc.

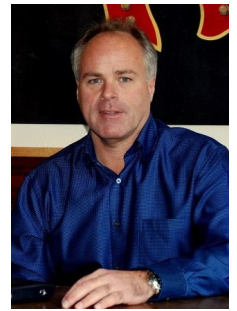
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## THE SPRING BOARD

First Quarter Review  
SPRING 2018

**Things We Know Are True** In the real estate business, we know never to count our proverbial chickens. Offers aren't made until directed by a client, offers aren't successful until they are accepted, inspections aren't completed until everyone is satisfied, and we never take a transaction closing for granted. Every step forward is a cause for celebration. We view the market in the same way, especially after 2008. So when we say that the first quarter of 2018 had many similar challenges as the first quarters of the past few years, we mean that there was strong demand, some supply, affordable interest rates, and a solid outlook. So we celebrate the first quarter, warts and all!

**Beautiful Imperfections** Even some of the warts aren't as bad as they might seem. This is particularly true of inventory, which experienced new lows. At the beginning of April, there were only 40 available (active) single family home listings on the island. This includes all prices, pre-sale homes (which haven't even been finished yet), and your typical cadre of homes that are woefully overpriced or in a condition or location most normal buyers shy away from. (Bainbridge is different from Seattle, where these types of things tend not to deter buyers.) Nevertheless, 66 homes sold in the first quarter, which surpassed our sales from the past two years! Those additional sales also confuse the lower inventory numbers because homes were essentially selling faster (some might call it "velocity" or "higher turn") so there would have been more homes left on the market if we sold homes at last year's rate. (The average cumulative days on market fell from 85 in 2017 to 70 this year – a 17.6% drop!)

Combined with a 20% increase in both average and median prices (for the first time, our average price for a quarter is over \$1 million), you would have to conclude that our market is very strong. Granted, buyers are paying more with fewer choices, but we are still seeing buyers looking west from Seattle and finding a far saner market with much better values. This surge is not limited to single family. Condominium sales matched last year (technically, up by one) with the median price growing 12%, from \$515K to \$575K. Land sales, unimpressive last year, burst out of the blocks in 2018 with a 50% increase in lots sold and a 100% increase in median price (\$217,500 to \$435,000)!

**The Supply Chain** We know that demand is strong this year, but what about supply? The building behind Harbor Square (between Cave and Ferncliff) Bainbridge Landing will consist of about 114 rental units. The DR Horton project on Sunrise and Torvanger (11 homes) is about 50% complete with one sold and one pending. Quadrant is building 19 homes on Weaver (the model is under construction). The Reserve at Winslow on Finch Road features 12 homes, Madison Grove off of Duane Lane includes 8 homes, and Madison Landing at 937 Madison Ave. includes 24 condos. These 3 properties are being developed by Island Communities by Millennial. The Roost has begun their second phase of live-work structures and The Residences at Pleasant Beach is going in for permit on their second tier of 12 homes. All of these projects are being built within the geographic boundaries of our current comprehensive plan, which has pushed density into specific neighborhoods on the island, leaving the vast majority of our landmass with its much lower density zoning.



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**Looking Around** How about our neighbors to the west and north? The North Kitsap market (Hansville to Poulsbo) is also active and fast-moving. There, 167 homes sold in the first quarter, with an average of 46 days on market, and at a selling pace 34% faster than ours! Since 2015, the median price (currently \$385K) has risen 23%, almost 17% of which was this year over last. Things are popping across the Agate Pass Bridge!

**The Value of Local Knowledge** If the first quarter is an indicator of the rest of the year, it appears we are in for an active year in Bainbridge Island real estate. To keep things moving in the right direction, our local experienced real estate agents bring a lot to the table. In an environment when buyers need to make decisions on sometimes short pressurized timeframes, a good agent will have sellers' listings prepared in a fashion where the potential buyers feel more comfortable stretching their budgets. When representing buyers, it's as much about preparing them to be able to act as it is about advising on locations, limits and putting things in the proper perspective. This guidance to both sides may sound "simple" but often makes many thousands of dollars' worth of difference in transactions (to say nothing of the peace of mind it provides all parties).

So things are good – occasionally stressful, but good. We need to celebrate this current strength and not take it for granted. While we do, we'll enjoy the beautiful flowers and the sun's warmth as temperatures and optimism rise together!

### Bainbridge Island Single Family Homes Sold January 1 through March 31

	2007	2011	2012	2013	2014	2015	2016	2017	2018	Change (%) (17-18)
<b>Average Prices:</b>	\$781,252	\$599,107	\$708,620	\$561,365	\$698,365	\$697,764	\$825,363	\$876,421	\$1,051,476	+20%
<b>Median Prices:</b>	\$670,000	\$468,000	\$497,500	\$474,500	\$601,000	\$610,500	\$668,000	\$755,000	\$914,500	+21.1%
<b>Number of Sales:</b>										
\$0-\$400,000	6	17	20	29	11	7	4	0	2	+200%
\$400,000-\$600,000	23	23	12	24	23	27	20	13	6	-53.8%
\$600,000-\$800,000	20	11	7	16	19	17	10	16	10	-37.5%
\$800,000-\$1,000,000	12	0	4	4	7	9	13	11	22	+100%
\$1,000,000-\$1,500,000	8	1	8	6	5	7	6	12	23	+91.7%
Over \$1,500,000	3	4	4	1	4	3	2	3	3	+0%
<b>Total Sales:</b>	72	56	55	80	69	70	55	55	66	+20%
<b>Inventory (4/5/18):</b>	224	200	262	174	122	108	95	123	84	-31.7%
<b>Under Contract:</b>	51	40	74	75	49	51	48	60	44	-26.7%
<b>"Available" Inventory:</b>	173	160	188	99	73	57	47	63	40	-36.5%

\* As of April 5, 2018



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