

## **Strong Local Real Estate Market Continues 4<sup>th</sup> Quarter Dollar Volume Astonishing!! 2017 Year-End and 4<sup>th</sup> Quarter Report**

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If you have been following our reports over the last year you know that in spite of our musings that such good news (for sellers) and bad news (for buyers) could not go on forever, 2017 just kept rolling along with the drumbeat of success continuing vigorously.

Neither up nor down markets are forever phenomena (what is?), but there are no signs of a pause yet.

The second quarter's large decline in dollar volume in Carmel-by-the-Sea, dropping to just over \$40 million in what is normally the strongest quarter of the year, seemed, at the time, a portent of weaker sales to come. But it proved to be an anomaly as dollar volume in both the third and fourth quarters topped a robust \$60 million, and the strong market stayed the course.

### **Knocking your Socks Off**

In fact, the dollar volume in the final quarter of 2017 was off the charts. Normally the last quarter falls well short of the earlier periods, but in 2017 the final quarter topped them all with a cool \$436,214,666 changing hands up 29% from the same period in 2016. This was accomplished with 45 more transactions than last year, a significant increase of 19%.

An oddity is that there were 42 more transactions in the second quarter than in the 4<sup>th</sup>, an expected difference because, as we pointed out above, the second quarter usually has the highest number of closings. Yet with 42 fewer closings the fourth quarter topped the second in dollar volume by almost \$30 million.

Highlights of the quarter, in addition to dollar volume and an increase in sales, were:

1. Median sales prices up in six of the eight markets surveyed.
2. 49% of sales over one million dollars.

### **Ten Year Summary**

Comparing 2017 with 2007 has a built-in unfairness as 2007, for most markets, was the peak of the crazy, no-doc loan craze that pushed prices through the roof and the entire world economy to the brink of ruin. But here we go anyway, and you will have to make up your own mind as to the meaning of the comparisons.

According to the Bureau of Labor Statistics the inflation from 2007 to 2017 was 22%. If you tack on 22% to our median sales prices in 2007 you get some pretty hefty numbers. Just to break even with 2007 prices, in real terms, we find that the median prices in 2017 in selected markets should be: Carmel-by-the-Sea, \$2,154,280; Carmel Area, \$1,891,000; Pebble Beach, \$2,821,250; Pacific Grove \$982,100.

None of these markets reached those numbers in 2017. Approaching it from the opposite tack, subtracting 22% from the 2017 numbers, you get the true value in 2007 dollars. We will do just one, Carmel-by-the-Sea: median sales price in 2017, \$1,691,750, reduced by 22% to give you the value in 2007 is \$1,319,565, more than \$400,000 lower than the median price sales price in that year (2007).

Yikes! It is too depressing to calculate and too geeky to understand fully. Fortunately for most of us, we do not make these calculations and just live with the fact the value of currency continues to slide, and to make up for it we just need more and more of the stuff. We may have bought a coke for a nickel as kids and yet think nothing about shelling out three bucks for one at a movie today. True, today's movie cokes are truly of an obnoxious size in comparison to their tiny forefathers, but we got a lot more liquid for the penny back then.

## **Dollar Volume**

On to dollar volume: Here, mysteriously, we have a slight gain in terms of historic value reaching and all-time peak of \$1,458,362,707 in 2017, fully 25% higher than 2007 and a true gain of three percent.

We love the ten-year charts as the period is long enough to provide a good idea of what has been happening here before, during and after a major economic set back. The dark side of the current picture is the large percentage million-dollar plus prices for, in some cases, starter homes has made affordability a stark issue for young people.

If you are a home owner, just enjoy it. For you, if you want to sell, times are good.

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*The charts are based in whole or in part on data supplied by the Monterey County Association of Realtors' Multiple Listing Service (MLS). Neither the Association nor the MLS guarantees or is responsible for their accuracy. Data maintained by the Association or its MLS may not reflect all real estate activity.*

<b>Market Barometer Five Quarter Review</b>		
<b><i>In Escrow vs</i></b>		
<b><i>Date</i></b>	<b><i>Listings</i></b>	<b><i>Percent</i></b>
<b><i>Carmel-by-the-Sea</i></b>		
<b><i>01/01/18</i></b>	<b><i>7/29</i></b>	<b><i>24%</i></b>
<i>10/01/17</i>	<i>16/61</i>	<i>26%</i>
<i>07/01/17</i>	<i>11/64</i>	<i>17%</i>
<i>04/01/17</i>	<i>16/57</i>	<i>28%</i>
<i>01/01/17</i>	<i>13/49</i>	<i>20%</i>
<b><i>Carmel Highlands</i></b>		
<b><i>01/01/18</i></b>	<b><i>1/27</i></b>	<b><i>3%</i></b>
<i>10/01/17</i>	<i>2/32</i>	<i>6%</i>
<i>07/01/17</i>	<i>3/27</i>	<i>11%</i>
<i>04/01/17</i>	<i>1/21</i>	<i>5%</i>
<i>01/01/17</i>	<i>3/23</i>	<i>13%</i>
<b><i>Carmel Area</i></b>		
<b><i>01/01/18</i></b>	<b><i>14/78</i></b>	<b><i>18%</i></b>
<i>10/01/17</i>	<i>29/121</i>	<i>24%</i>
<i>07/01/17</i>	<i>14/114</i>	<i>12%</i>
<i>04/01/17</i>	<i>25/103</i>	<i>24%</i>
<i>01/01/17</i>	<i>23/95</i>	<i>24%</i>
<b><i>Carmel Valley</i></b>		
<b><i>01/01/18</i></b>	<b><i>7/41</i></b>	<b><i>17%</i></b>
<i>10/01/17</i>	<i>13/54</i>	<i>24%</i>
<i>7/1/17</i>	<i>15/62</i>	<i>24%</i>
<i>04/01/17</i>	<i>16/56</i>	<i>29%</i>
<i>01/01/17</i>	<i>6/45</i>	<i>13%</i>
<b><i>Monterey Area</i></b>		
<b><i>01/01/18</i></b>	<b><i>15/72</i></b>	<b><i>21%</i></b>
<i>10/01/17</i>	<i>34/118</i>	<i>29%</i>
<i>07/01/17</i>	<i>30/101</i>	<i>30%</i>
<i>04/01/17</i>	<i>38/86</i>	<i>45%</i>
<i>01/01/17</i>	<i>26/69</i>	<i>38%</i>
<b><i>Pacific Grove</i></b>		
<b><i>01/01/18</i></b>	<b><i>12/29</i></b>	<b><i>41%</i></b>
<i>10/1/17</i>	<i>14/47</i>	<i>30%</i>
<i>07/01/17</i>	<i>20/53</i>	<i>38%</i>
<i>04/01/17</i>	<i>24/51</i>	<i>47%</i>
<i>01/01/17</i>	<i>11/42</i>	<i>26%</i>
<b><i>Pebble Beach</i></b>		

<b>01/01/18</b>	<b>13/72</b>	<b>18%</b>
10/01/17	15/96	16%
07/01/17	20/97	21%
04/01/17	12/90	13%
01/01/17	8/67	14%
<b>Seaside</b>		
<b>01/01/18</b>	<b>18/41</b>	<b>44%</b>
10/01/17	28/54	52%
07/01/17	19/45	39%
04/01/17	31/57	54%
01/01/17	21/40	53%

<b>Monterey Peninsula Gross Dollar Volume</b>		
<i>Town</i>	<b>4th Qtr 2016</b>	<b>4th Qtr 2017</b>
Carmel-by-the-Sea	\$39,192,357	\$68,527,863
Carmel Highlands	\$4,930,000	\$14,670,000
Carmel Area	\$81,414,350	\$95,259,615
Carmel Valley	\$20,186,184	\$20,975,333
Monterey Area	\$44,258,450	\$80,360,045
Pacific Grove	\$28,196,500	\$35,066,100
Pebble Beach	\$95,874,825	\$92,683,065
Seaside	\$22,911,476	\$28,672,645
<b>Totals</b>	<b>\$336,964,142</b>	<b>\$436,214,666</b>

<b>Median Sales Price Comparisons</b>			
<i>Town</i>	<b>Full Year 2017</b>	<b>4th Qtr 2016</b>	<b>4th Qtr 2017</b>
Carmel-by-the-Sea	\$1,691,750	\$1,650,000	\$1,725,000
Carmel Highlands	\$2,485,000	\$2,465,000	\$2,485,000
Carmel Area	\$1,345,000	\$1,522,000	\$1,292,500
Carmel Valley	\$950,000	\$1,105,000	\$907,500
Monterey Area	\$800,000	\$750,000	\$879,500
Pacific Grove	\$915,000	\$822,500	\$901,000
Pebble Beach	\$1,640,000	\$1,739,500	\$1,673,000
Seaside	\$495,000	\$441,200	\$490,000

<b>SALES BY QUARTER -- Seven Quarter Review</b>							
<i>Town</i>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>	<b>Q4 2017</b>
Carmel-by-the-Sea	31	25	21	27	25	27	35
Carmel Highlands	4	3	2	1	6	5	4
Carmel Area	47	48	46	44	53	35	46

Carmel Valley	33	23	16	13	30	28	20
Monterey Area	54	60	51	42	64	61	63
Pacific Grove	51	39	30	38	50	41	33
Pebble Beach	30	35	26	18	33	35	35
Seaside	45	54	49	31	67	42	50
<b>Totals</b>	<b>295</b>	<b>287</b>	<b>241</b>	<b>214</b>	<b>328</b>	<b>274</b>	<b>286</b>

<b>Distribution of Sales 4th Qtr 2017</b>							
	\$0	\$400	\$700	\$1-M	\$1.5M	\$2M	
Town	\$399	\$699	\$999	\$1,499	\$1,999	\$2,999	\$3M+
Carmel-by-the-Sea	0	0	6	8	10	6	5
Carmel Highlands	0	0	0	0	1	1	2
Carmel Area	0	1	10	15	7	7	6
Carmel Valley	0	1	11	8	0	0	0
Monterey Area	0	4	35	12	5	6	1
Pacific Grove	1	5	16	7	3	1	0
Pebble Beach	0	0	5	7	10	5	8
Seaside	5	32	13	0	0	0	0
<b>Totals</b>	<b>6</b>	<b>43</b>	<b>96</b>	<b>57</b>	<b>36</b>	<b>26</b>	<b>22</b>

<b>Average Days to Sell 4th Qtr 2016-2017</b>		
<b>Town</b>	<b>2016</b>	<b>2017</b>
Carmel-by-the-Sea	85	92
Carmel Highlands	129	255
Carmel Area	104	98
Carmel Valley	68	97
Monterey Area	56	73
Pacific Grove	56	51
Pebble Beach	126	88
Seaside	41	52

### Monterey Peninsula Gross Dollar Volume 2007 to 2017

<b>Town</b>	<b>Year 2007</b>	<b>Year 2008</b>	<b>Year 2009</b>	<b>Year 2010</b>
Carmel-by-the-Sea	\$173,843,275	\$147,671,325	\$113,733,363	\$90,902,250
Carmel Area	\$364,149,869	\$249,057,575	\$220,497,763	\$221,469,840
Carmel Highlands	\$71,996,253	\$29,705,585	\$26,839,900	\$24,407,625
Carmel Valley	\$116,897,500	\$91,218,600	\$72,302,445	\$125,311,300
Monterey Area	\$85,651,512	\$75,696,710	\$61,314,500	\$72,083,450
Pacific Grove	\$90,731,999	\$79,207,460	\$85,882,672	\$90,716,675

Pebble Beach	\$189,166,939	\$198,687,253	\$109,626,027	\$159,179,850
Seaside	\$55,992,455	\$94,363,390	\$86,952,963	\$71,494,628
<b>Totals</b>	<b>\$1,166,152,592</b>	<b>\$817,936,573</b>	<b>\$663,416,270</b>	<b>\$764,663,368</b>

<b>Year 2011</b>	<b>Year 2012</b>	<b>Year 2013</b>	<b>Year 2014</b>	<b>Year 2015</b>
\$139,401,100	\$133,720,013	\$127,322,777	\$183,227,419	\$215,137,364
\$276,650,490	\$303,606,360	\$353,095,307	\$350,787,894	\$321,678,040
\$21,739,500	\$47,993,000	\$68,557,000	\$24,319,990	\$52,087,500
\$111,961,760	\$131,614,015	\$145,647,985	\$70,670,168	\$85,550,999
\$78,311,945	\$93,167,009	\$119,638,782	\$167,057,326	\$205,646,718
\$90,818,100	\$120,959,800	\$126,936,130	\$138,110,121	\$149,925,985
\$151,834,099	\$203,278,900	\$201,540,943	\$291,206,413	\$246,937,861
\$71,819,802	\$57,077,970	\$63,168,288	\$70,626,332	\$74,609,715
<b>\$803,135,696</b>	<b>\$957,697,054</b>	<b>\$1,078,584,435</b>	<b>\$1,112,778,244</b>	<b>\$1,351,574,182</b>

<b>Year 2016</b>	<b>Year 2017</b>
\$219,545,482	\$219,081,696
\$328,456,729	\$342,395,021
\$16,257,200	\$29,966,500
\$99,636,029	\$95,355,169
\$184,464,093	\$232,439,516
\$138,224,560	\$167,277,937
\$306,453,687	\$270,218,623
\$88,967,284	\$101,628,245
<b>\$1,382,005,064</b>	<b>\$1,458,362,707</b>

<b>Median Dales Price - Ten Year Review</b>					
<b>Town</b>	<b>Year 2007</b>	<b>Year 2008</b>	<b>Year 2009</b>	<b>Year 2010</b>	<b>Year 2011</b>
Carmel-by-the-Sea	\$1,774,000	\$1,695,000	\$1,375,000	\$1,100,000	\$1,287,500
Carmel Highlands	\$2,215,000	\$1,600,000	\$1,387,500	\$1,600,000	\$1,137,000
Carmel Area	\$1,550,000	\$1,550,250	\$1,240,000	\$1,045,000	\$1,082,500
Carmel Valley	\$1,295,000	\$1,182,000	\$725,000	\$706,000	\$700,000
Monterey Area	\$795,000	\$685,000	\$520,000	\$550,000	\$522,079
Pacific Grove	\$805,000	\$672,500	\$603,750	\$630,000	\$537,500
Pebble Beach	\$2,312,500	\$1,570,000	\$1,100,000	\$1,100,000	\$1,104,000
Seaside	\$619,000	\$326,000	\$270,598	\$279,200	\$299,249

<b>Year 2012</b>	<b>Year 2013</b>	<b>Year 2014</b>	<b>Year 2015</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>1 YR Gain (Loss)</b>	<b>10 YR Gain (Loss)</b>
\$1,200,000	\$1,325,000	\$1,652,000	\$1,416,000	\$1,595,000	\$1,691,750	6%	-5%
\$1,150,000	\$1,550,000	\$2,743,602	\$2,525,000	\$1,900,000	\$2,700,000	42%	22%
\$1,020,000	\$1,205,000	\$1,300,000	\$1,100,000	\$1,350,000	\$1,300,000	-4%	-16%
\$800,000	\$842,250	\$730,000	\$795,000	\$997,500	\$950,000	-5%	-27%
\$490,000	\$590,224	\$685,000	\$626,750	\$755,000	\$800,000	6%	1%
\$558,000	\$682,500	\$739,000	\$780,000	\$832,000	\$915,000	10%	14%
\$1,130,000	\$1,147,500	\$1,440,000	\$1,400,000	\$1,550,000	\$1,640,000	6%	-29%
\$296,000	\$327,400	\$358,000	\$399,500	\$445,000	\$495,000	11%	-20%

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