

**The Music Plays On
Real Estate Boom Continues
Inventory at All Time Low
2nd Quarter Report**

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As we were wrapping up our first quarter report, we were hearing from some colleagues that the boom was abating. Real estate is a good example of the cliché “you can’t see the forest for the trees.” Amidst the action, it is difficult to pick up trends, especially in an industry like this one that is totally de-centralized.

If there is a pending slow-down, it did not appear in the second quarter which was a record breaker. The gross dollar volume topped \$800 million for just the second time, only \$62,000 below the tall-time high in the third quarter of last year despite 95 fewer sales.

The inventory is razor thin which is driving prices up by lighting fires under buyers, motivating them to make strong bids.

Median Sales Prices

Our chart compares the second quarter of this year with that of 2020, which is not a good comparison. For much of the second quarter of 2020 the market was totally shut down, so it is best to look at the figures for all of 2020. When we do, we see median sale prices are up in all eight of the markets surveyed, some dramatically. In Carmel’s “Golden Rectangle,” Dolores to Scenic, Ocean Ave. to Santa Lucia, routine asking prices are now often topping \$4 million. It is breath taking.

It is also thought provoking. How much of the price increases are supply and demand driven and how much is inflation? Another element is interest rates. They are, and have been for a long time, extremely low. If inflation proves to be a real threat, not just a covid short-term effect, rates will have to go up to cool of the market. There are lots of things to think about.

Number of Sales

The number of transactions paint an interesting picture. We hit our all-time high with 441 transactions in the third quarter of last year, the same quarter that smashed the record for gross dollar volume. We just researched ten years of our reports and did not find a single quarter with more than 400 sales. In the second quarter, the number of sales

was 347, a bit short of the third and fourth quarters of 2020 but still robust. These are heady times.

Market Barometer

The Market Barometer, the percentage of listings under contract, is unique to our analysis, and gives an instant picture of the health of a market. A barometer reading of 20% or higher has been our measure of a reasonably active market. Below 20% indicates hard times for sellers and opportunities for buyers. The second quarter numbers are astounding with all the markets well above 20% and five of them above 40%.

Looking Ahead

Nothing lasts forever, but the upward trend in prices for local real estate has been well established over many decades. The current boom, though, is unique, coming out of a once-in-a-century pandemic with major disruptions in work routines, manufacturing, supply chains, personal routines, and lifestyles. In addition, the pandemic is not fully over, and who knows what further distortions lie in wait?

In the here and now, it is a fantastic time for sellers.

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The charts are based in whole or in part on data supplied by MLSListings.com, our Multiple Listing Service (MLS). Neither the Monterey Association of Realtors nor the MLS guarantee or is responsible for their accuracy. Data maintained by the MLS may not reflect all real estate activity in the market.

Five Quarter Review		
In Escrow vs		
Date	Listings	Percent
Carmel-by-the-Sea		
07/01/21	8/21	38%
04/01/21	9/20	45%
01/01/21	11/27	41%
10/01/20	16/33	48%
07/01/20	14/38	37%
Carmel Highlands		
07/01/21	8/16	50%
04/01/21	4/14	29%
01/01/21	3/15	20%
10/01/20	9/23	39%
07/01/20	10/26	38%
Carmel Area		
07/01/21	25/51	49%
04/01/21	34/69	49%
01/01/21	25/61	41%
10/01/20	33/93	35%
07/01/20	29/101	29%
Carmel Valley		
07/01/21	10/33	30%
04/01/21	20/43	47%
01/01/21	10/49	20%
10/01/20	14/47	30%
07/01/20	22/56	39%
Monterey Area		
07/01/21	13/67	55%
04/01/21	25/44	57%
01/01/21	15/52	29%
10/01/20	29/55	53%
07/01/20	27/71	38%
Pacific Grove		
07/01/21	20/42	48%
04/01/21	16/32	50%
01/01/21	19/46	41%
10/01/20	26/45	58%
07/01/20	20/55	36%
Pebble Beach		
07/01/21	10/38	26%
04/01/21	13/43	30%
01/01/21	14/54	26%
10/01/20	23/69	33%
07/01/20	19/74	26%
Seaside		
07/01/21	16/39	41%
04/01/21	22/36	61%
01/01/21	14/24	58%
10/01/20	19/32	59%
07/01/20	18/30	60%

SALES BY QUARTER -- Seven Quarter Review							
Town	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Carmel-by-the-Sea	23	17	14	53	34	22	35
Carmel Highlands	3	2	4	18	13	4	7
Carmel Area	52	48	23	83	69	60	65
Carmel Valley	18	17	15	46	30	24	37
Monterey Area	48	44	34	77	69	56	66
Pacific Grove	42	27	29	69	60	48	53
Pebble Beach	33	15	18	54	53	42	35
Seaside	51	33	24	41	41	30	49
Totals	270	203	161	441	369	286	347

Median Sales Price Comparisons			
Town	Full Year 2020	2nd Qtr 2020	2nd Qtr 2021
Carmel-by-the-Sea	\$ 2,214,000	\$ 1,797,500	\$ 2,750,000
Carmel Highlands	\$ 2,887,500	\$ 5,147,500	\$ 6,995,000
Carmel Area	\$ 1,855,000	\$ 1,295,000	\$ 2,200,000
Carmel Valley	\$ 1,347,500	\$ 1,214,000	\$ 1,445,000
Monterey Area	\$ 945,500	\$ 829,000	\$ 1,366,250
Pacific Grove	\$ 1,007,500	\$ 845,000	\$ 1,300,000
Pebble Beach	\$ 2,262,500	\$ 3,050,000	\$ 4,350,000
Seaside	\$ 599,000	\$ 552,500	\$ 685,000

Distribution of Sales 2nd Qtr 2021							
	\$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	0	5	7	10	13
Carmel Highlands	0	0	0	0	0	1	6
Carmel Area	0	1	1	8	15	23	17
Carmel Valley	0	2	4	15	9	3	4
Monterey Area	0	0	17	24	11	8	6
Pacific Grove	0	0	15	19	12	7	0
Pebble Beach	0	0	0	2	7	2	24
Seaside	1	25	19	4	0	0	0
Totals	1	28	56	77	61	54	70

Monterey Peninsula Gross Dollar Volume		
Town	2nd Qtr 2020	2nd Qtr 2021
Carmel-by-the-Sea	\$28,432,500	\$102,618,778
Carmel Highlands	\$20,095,000	\$49,666,678
Carmel Area	\$50,426,812	\$188,312,750
Carmel Valley	\$21,872,000	\$63,389,200
Monterey Area	\$46,221,606	\$104,542,975
Pacific Grove	\$29,096,100	\$74,487,968
Pebble Beach	\$75,676,146	\$195,297,455
Seaside	\$13,823,000	\$34,790,638
Total	\$ 285,643,164	\$ 813,106,442

Average Days to Sell		
2nd Qtr 2020-2021		
Town	2020	2021
Carmel-by-the-Sea	48	36
Carmel Highlands	162	138
Carmel Area	49	28
Carmel Valley	39	71
Monterey Area	62	24
Pacific Grove	13	21
Pebble Beach	104	59
Seaside	12	12