

2nd Quarter 2006 Report: Condo Market Falls On Hard Times

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Following a reasonably good first quarter, the local condo market tumbled in the second quarter. The drop off was quick and precipitous.

Active listings jumped from 78 on April 1 to 121 on July 1. On July 1 of last year there were only 68 listings and 38 of those were in escrow. That was an amazing Market Barometer reading of 56% (i.e., 56% of the listings were in escrow). On July 1, 2006 there were the aforementioned 121 listings of which only 16 were in escrow, an abysmal Barometer reading of 13%. Just four months ago, on April 1, the Barometer reading was still a strong 30%.

Dollar volume dropped sharply from \$47,630,000 in the second quarter of last year to \$25,789,000 this year, a decline of 46%. The steep drop in dollar volume is directly related to the number of sales. Last year there were 70 closed transactions during the second quarter and this year only 40. Pebble Beach and Seaside had no sales.

An anomaly of the decline is the on-going firmness of prices. All of the markets except the Monterey/Salinas Highway area were up. There were only two sales in Pacific Grove and Salinas/Monterey Highway and just three in Del Rey Oaks. With so few sales it is hard to take the median prices seriously in those markets. We need more time and more transactions to get a fix on what is going on in there.

Our two major markets for condominiums, Carmel Valley and Monterey, each had 11 transactions during the quarter. Median selling prices in both of those markets were up substantially from last year, \$635,000 to \$815,000 in Carmel Valley, a gain of 28%, \$509,000 to \$595,000 in Monterey, an increase of 17%.

In every category, except prices, the numbers were sharply down. If the large inventory continues, asking prices will have to soften to move this inventory.

In our experience, price is slow to change with changing markets. The same thing happened on the up market for both for houses and condominiums. When demand initially strengthened and unit sales began to grow prices, at first, hardly moved up at all. Once they got going, however, they soared.

Our bet is that asking prices will decline, but we do not think they will plummet. We should hold most of our gains, but it is unrealistic to expect to hold them entirely. The hot market is over and top, top dollar is now almost impossible to get.

The strong underpinnings of the health of our market for houses and condos, however, remain the same. We have limited supply,

Market Barometer		
Monterey Peninsula		
Condominiums		
2nd Qtr 2006		
	<i>In</i>	
	<i>Escrow</i>	
	<i>vs</i>	
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
07/01/06	16/121	13%
04/01/06	21/78	30%
01/01/06	14/61	23%
10/01/05	18/67	27%
07/01/05	38/68	56%
04/01/05	32/63	51%
01/01/05	19/43	44%
10/01/04	28/57	49%
06/30/04	34/63	54%
04/01/04	42/72	58%
01/01/04	26/70	37%
10/01/03	42/97	43%
07/10/03	38/119	32%
04/01/03	32/115	28%
01/01/03	21/87	24%
10/01/02	27/112	24%
07/01/02	34/124	27%
04/01/02	26/109	24%
01/01/02	15/85	18%
10/01/01	21/108	19%
07/01/01	21/110	19%
04/01/01	14/56	25%
01/01/01	31/51	61%

little growth in prime areas and demand will rebound as there are many people the world over would love to live here.

10/01/00	22/55	40%
07/01/00	31/67	46%
04/01/00	30/44	68%
01/01/00	20/31	65%
10/01/99	21/55	38%
07/01/99	26/52	50%
04/01/99	25/54	46%
01/01/99	33/50	67%
10/13/98	39/63	62%
07/01/98	50/98	51%
04/01/98	57/99	58%
03/14/90	25/67	37%

Median Sales Price Comparisons			
<i>Town</i>	<i>Full Year 2005</i>	<i>2nd Qtr 2005</i>	<i>2nd Qtr 2006</i>
Carmel	\$739,250	\$649,000	\$742,000
Carmel Valley	\$649,875	\$635,000	\$815,000
Del Rey Oaks	\$445,000	\$430,000	\$560,000
Marina	\$450,000	\$409,900	\$430,000
Monterey	\$586,500	\$509,000	\$595,000
Pacific Grove	\$715,000	\$582,000	\$817,000
Pebble Beach(a)	\$672,500	\$682,500	No Sales
Pebble Beach(b)	\$2,800,000	\$2,650,000	No Sales
Salinas Hwy	\$645,000	\$645,000	\$550,000
Seaside	\$554,500	\$674,000	No Sales
(a) Condos under \$1 million (b) Condos over \$1 million			

SALES BY QUARTER -- Six Quarter Review

<i>Town</i>	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006
Carmel	7	2	4	7	4	5
Carmel Valley	10	19	16	15	12	11
Del Rey Oaks	1	3	2	2	1	3
Marina	7	11	6	3	3	6
Monterey	11	17	30	8	8	11
Pacific Grove	4	2	5	5	4	2
Pebble Beach (a)	1	8	2	1	0	0
Pebble Beach (b)	1	3	2	1	1	0
Salinas Hwy	0	3	3	1	1	2
Seaside	2	2	1	3	4	0
Totals	44	70	71	46	38	40

(a) Condos under \$1 million (b) Condos over \$1 million

Days on Market

2nd Qtr 2005-2006

<i>Town</i>	2005	2006
Carmel	7	32
Carmel Valley	89	39
Del Rey Oaks	16	104
Marina	13	73
Monterey	29	41
Pacific Grove	80	31
Pebble Beach	63	N/A
Salinas Hwy	6	31
Seaside	3	N/A

Monterey Peninsula Gross Dollar Volume		
	2nd Qtr	2nd Qtr
Town	2005	2006
Carmel	\$1,409,000	\$3,672,000
Carmel Valley	\$12,317,000	\$8,543,000
Del Rey Oaks	\$1,296,000	\$1,552,000
Marina	\$4,787,000	\$2,590,000
Monterey	\$9,473,000	\$6,698,000
Pacific Grove	\$1,164,000	\$1,634,000
Pebble Beach	\$13,941,000	\$0
Salinas Hwy	\$1,895,000	\$1,100,000
Seaside	\$1,348,000	\$0
Totals	\$47,630,000	\$25,789,000

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 in the market.

Please Call Us

We have lived on the Monterey Peninsula since 1978 and in the heart of Carmel since 1986. We know the market and have deep experience assisting both buyers and sellers.

We Help Buyers

Many of our buyers are from out of town and before they act they need to gain an understanding of our local market. If you are an out-of-town buyer, you are extremely dependent on your agent for guidance. We are skilled at assisting you up the learning curve so that you can make sound decisions. The way we prosper is by putting our buyers into good, solid situations.

We Help Sellers

We know the market and would be happy to evaluate the value of your house at no charge. We know how to help you get ready for market to get the best price for your property. Selling a property is a cooperative effort between the seller and his or her agent. We will guide you on the team approach to success.

Please [contact us via email](#), call us at 831-622-4642, or write us at PO Box 350, Carmel, CA 93921.

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