

2nd Quarter 2008 Report : Condo Market Remains in the Doldrums

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The market remains slow for condominiums on the Monterey Peninsula. Condos, for the most part, are in the lower price ranges which have been the hardest hit by the overall real estate crisis.

The Market Barometer, a measure of the percentage of listings in escrow, is at historic lows. On July 1, the barometer reading was a barely visible 9%. That marks two consecutive quarters and three out of the last four with readings under 10%.

In contrast to today's weakness, the Market Barometer recorded steadily strong readings from the year 2000 until April 2006, with a bit of a lag in 2001 and early 2002 after the Dot.com bust. The current weak market is now two years old.

The scariest number from the just completed second quarter is the gross dollar volume figure. It was only \$16,594,102 in the nine surveyed markets, down over \$12 million dollars from the same period last year or 42%. Unit volume dropped 44% from 45 sales last year to 25 this year.

Prices, for the most part, have softened along with the downturn in volume. In the two largest condo markets, Carmel Valley and Monterey, median sales prices in comparison to the second quarter of last year declined 41% and 27% respectively.

On the face of it, these are alarmingly sharp declines. These price declines come, however, with a warning label. The warning is this. Activity in most real estate markets today is concentrated at the low-end of the price spectrum where the suffering from financial stress is the greatest. The 41% price decline in Carmel Valley does not mean that a condo at Carmel Valley Ranch which was worth \$1 million last year is only worth \$590,000 today. It is probably worth less than last year and only a classic sale with willing buyer and willing seller will determine today's value.

We cautioned readers to view published price declines with some skepticism in our report on houses published in the Pine Cone on July 25. We expect there is a lot more foreclosure and short sale activity in the much larger detached home market, but the drop in median sales prices for condos in Carmel Valley and Monterey are, in our view, more a reflection of where the action is than in hard, overall declines.

Still, it is obvious that the condo market is weak. We are probably in for a substantial wait before conditions become noticeably better.

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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