

1st Quarter 2014 Report : Mixed Market Greet the New Year

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One of the fun aspects of doing this report each quarter is how often the numbers surprise us. During the first quarter of the year we have been working primarily in Carmel and Pebble Beach. Our micro view of the market has been that it is hot, especially in Carmel's famous Golden Rectangle, Dolores to Scenic, Ocean Avenue to Santa Lucia.

Viewing the charts you will see the dollar volume in Carmel and Pebble Beach took large jumps over the first quarter of last year, Carmel up 40% with dollar volume topping \$100 million, and Pebble Beach up a blistering 61% with dollar volume exceeding \$70 million.

Pebble Beach had one mega sale at \$16,500,000, which heavily impacts the gross, but the other sales were within the normal range.

Looking at the other eight markets we find they are all down except Monterey which had a scant increase of 1%. This accounts for the meager 5% gain of total dollar volume over last year. One's first assumption is lack of inventory suppressed the activity. Then we check the Barometer and find that inventory does not show any drastic changes, some markets with a bit more others with a bit less. So no, lack of inventory is not the answer.

The fact is, no one knows why we had two hot markets and eight average ones. Let's just say Carmel and Pebble Beach had a terrific first quarter and that the other markets did fine without setting the world on fire.

Median Sales Prices and Unit Sales

There was one across-the-board bright picture, and that was prices. The median sales price was up in every market. Unit sales, the total number of closed transactions, were negative in nine of the ten markets. Only Carmel was in the plus column with 55 sales this year as opposed to 46 last year. The overall numbers were off 26%, falling from 333 closed sales last year to 247 this year.

The Market Barometer was strong on April 1. All of the markets had readings well over 20%, our minimum figure for a healthy market, except for "hot" Carmel with only 17% of the listings in escrow.

How is that for a puzzle? Our hottest first quarter market had the weakest Barometer reading. It means this to us: as it is tougher to sell the areas of town not considered prime, listings are more price-sensitive. If you put a Golden Rectangle price on a house in Carmel Woods, you are going to have tough sledding. Carmel's low Barometer reading is probably the result of too many over-priced listings in the periphery.

Finally, the second quarter is normally the strongest quarter of the year here. The healthy Barometer readings augur good results for the current quarter.



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