

2nd Quarter 2007 Report : Market Slump Continues

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We reported at the end of 2006 that the market had closed the year with a thud. The ten year bull market in local real estate had finally run its course. It was a great run, and the fact it lasted 10 years is incredible in the true sense of that hackneyed word.

So far in 2007 the down turn has continued. If we project the first half numbers over the rest of the year both gross dollar volume and unit sales will fall short of the weak 2006 numbers.

When viewed with a bit of perspective, however, our current numbers are not bad. Selling prices, though off their peaks, are still sharply above the averages of a few years ago. The median sales price chart illustrates that.

Volume is down, but asking prices are getting in line with realistic expectations. In the second quarter all ten Peninsula markets had selling prices that were over 90% of asking. Here are a few examples: Carmel 94.75%, Carmel Valley 95.1%, Monterey 95.08%, Pacific Grove 95.48%, Pebble Beach 93.6% and South Coast 94.51%.

In the first quarter both Pebble Beach and South Coast fell below the 90% mark. Pebble's sale prices were 84.16% of asking and South Coast's 83.94%. Sellers who have failed to sell their properties in the past year need to look hard at their asking prices. Properties in the right price range, even in this slow market, should move.

The worst scenario is to be behind the curve and chase prices down. We have read reports that 2008 will continue the slide. Should that prove to be correct some sellers will end up with less next year than they could have gotten this year.

As is often the case here, we are not facing a real estate melt down. Gross sales for the first half reach \$589,000,000, a respectable number just way off the peak numbers of 2004 and 2005. What is scary is the weakness in the second quarter. That quarter is usually the strongest of the year. Last year and again this year gross dollar volume in the first quarter was higher than that of second quarter pointing to a further decline the rest of the year.

Carmel countered the dollar volume trend with sales of \$105,860,000 in the second quarter surpassing the first quarter gross of \$86,778,976. The overall market, however, dropped 11% declining from \$312,000,800 in the first quarter to \$277,577,000 in the second.

Entry Level Markets Hurting

MARKET BAROMETER

Five Quarter Review
Hottest to Coldest Market
Second Quarter 2007
(In Descending Order)

	<i>In</i>	
	<i>Escrow</i>	
	<i>vs</i>	
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
Del Rey Oaks		
07/01/07	2/7	29%
04/01/07	1/12	8%
01/01/07	0/3	0%
10/01/06	3/12	25%
07/01/06	0/10	0%
Pacific Grove		
07/01/07	17/83	20%
04/01/07	9/110	8%
01/01/07	7/63	11%
10/01/06	11/80	14%
07/01/06	8/94	9%
Monterey		
07/01/07	17/101	17%
04/01/07	15/109	14%
01/01/07	19/78	24%
10/01/06	24/107	22%
07/01/06	22/90	24%
Salinas/Mty Highway		
07/01/07	24/142	17%
04/01/07	29/184	16%
01/01/07	15/112	13%
10/01/06	12/147	8%
07/01/06	20/147	14%

The pain of the current market is deeper in Marina and Seaside than in the richer markets. Aggressive lenders working with inexperienced buyers shoe-horned hundreds of buyers into purchases they could not afford. Teaser rates and no down payment deals with adjustable mortgages are proving to be a disaster for hundreds of first-time home owners. "Home owner" is probably a misnomer as they owned nothing but a debt that has kept ratcheting up.

Foreclosures are rampant in both towns and all over the state. Both Marina and Seaside were red hot for quite a while. A couple of years ago, when the upper end market was slow, the tremendous volume in Marina and Seaside was the motor for the continuing bull market. It is too bad that a lot of that volume was generated by questionable lending practices.

Selecting A Lender

One of our pet peeves over the past few years has been the use of internet, out-of-town lenders. Those lenders are interested only in the deal. They do not know the borrower and expect nothing from him in the future.

If we are looking for a loan, we to go to a local lender who wants our business for life. We desire someone who is interested in us and our long-term welfare. Such a lender is not interested in the "deal." He or she is interested in us and in planting the seeds for future business. The way to insure that is to do a bang up job now. Competent local lenders are easy to find. Check out the ads in this newspaper, and you will find a host of responsible, hard-working people who live here!

Carmel		
07/01/07	26/172	15%
04/01/07	20/176	11%
01/01/07	12/153	8%
10/01/06	22/198	11%
07/01/06	21/209	10%
Carmel Valley		
07/01/07	13/114	11%
04/01/07	16/129	12%
01/01/07	10/87	11%
10/01/06	11/114	10%
07/01/06	13/116	11%
Seaside		
07/01/07	13/119	11%
04/01/07	10/187	5%
01/01/07	13/93	14%
10/01/06	22/127	17%
07/01/06	17/149	11%
South Coast		
07/01/07	5/44	11%
04/01/07	2/45	4%
01/01/07	4/44	9%
10/01/06	3/51	6%
07/01/06	2/42	5%
Marina		
07/01/07	10/99	10%
04/01/07	13/120	11%
01/01/07	11/88	13%
10/01/06	8/86	9%
07/01/06	18/92	20%
Pebble Beach		
07/01/07	8/99	8%
04/01/07	11/114	10%
01/01/07	14/77	18%
10/01/06	13/109	12%
07/01/06	9/104	9%

Median Sales Price Comparisons

	<i>Full Year</i>	<i>1st Qtr</i>	<i>2nd Qtr</i>
<i>Town</i>	<i>2006</i>	<i>2007</i>	<i>2007</i>
Carmel	\$ 1,525,000	\$1,475,000	\$1,510,000
Carmel Valley	\$ 1,198,500	\$1,350,000	\$1,122,500
Del Rey Oaks	\$ 715,000	\$ 771,500	\$ 720,500
Marina	\$ 669,000	\$ 599,000	\$ 599,000
Monterey	\$ 835,000	\$ 845,000	\$ 820,000
Pacific Grove	\$ 865,000	\$ 770,000	\$ 828,750
Pebble Beach	\$ 1,657,500	\$2,642,000	\$2,075,000
Salinas Hwy	\$ 925,000	\$ 940,000	\$ 925,000
Seaside	\$ 670,000	\$ 660,000	\$ 622,500
South Coast	\$ 2,450,000	\$2,377,800	\$1,275,000

Monterey Peninsula Gross Dollar Volume

	<i>1st Qtr</i>	<i>2nd Qtr</i>
<i>Town</i>	<i>2007</i>	<i>2007</i>
Carmel	\$ 86,778,976	\$105,860,000
Carmel Valley	\$ 27,239,500	\$ 22,021,000
Del Rey Oaks	\$ 1,543,000	\$ 1,441,000
Marina	\$ 12,352,000	\$ 11,718,000
Monterey	\$ 18,661,300	\$ 27,145,040
Pacific Grove	\$ 19,768,000	\$ 24,893,500
Pebble Beach	\$ 70,664,250	\$ 23,090,000
Salinas Hwy	\$ 33,337,150	\$ 38,780,575
Seaside	\$ 18,028,700	\$ 13,628,255
South Coast	\$ 23,627,800	\$ 9,000,000
Totals	\$ 312,000,676	\$ 277,577,370

Days on Market 2nd Qtr 2006 - 2007		
Town	2006	2007
Carmel	91	155
Carmel Valley	134	99
Del Rey Oaks	34	46
Marina	88	138
Monterey	63	99
Pacific Grove	69	84
Pebble Beach	96	136
Salinas Hwy	83	94
Seaside	86	72
South Coast	298	180

SALES BY QUARTER -- Seven Quarter Review							
Town	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007
Carmel	30	39	42	50	42	49	57
Carmel Valley	24	23	23	20	21	19	16
Del Rey Oaks	2	2	4	2	4	2	2
Marina	24	21	19	27	16	20	19
Monterey	36	28	32	28	36	20	29
Pacific Grove	40	26	25	31	28	23	26
Pebble Beach	22	19	21	15	20	22	10
Salinas Hwy	41	38	32	36	31	29	33
Seaside	43	31	43	30	35	27	20
South Coast	6	8	7	4	7	5	5
Totals	268	235	248	243	240	216	217

DISTRIBUTION OF SALES -- 2nd Quarter 2007							
<i>Town</i>	\$0- \$699	\$700- 799	\$800- 999	\$1M- \$1.299	\$1.3M- \$1.699	\$1.7M- \$1.999	\$Two Mil +
Carmel	0	2	10	8	15	5	14
Carmel Valley	2	2	2	3	3	1	2
Del Rey Oaks	0	2	0	0	0	0	0
Marina	18	1	0	0	0	0	0
Monterey	2	10	9	8	0	0	0
Pacific Grove	3	10	5	5	2	0	0
Pebble Beach	0	0	0	1	3	1	5
Salinas Hwy	6	4	9	8	3	0	2
Seaside	11	3	5	1	0	0	0
South Coast	0	0	1	2	1	0	5
Totals	42	34	41	36	27	7	28

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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