

2nd Quarter 2008 Report : Market Winners and Losers

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Considering the difficulties in the United States real estate market, it is not surprising that our local market is struggling too. Within those struggles, however, there were some lively winners in the second quarter, namely Pebble Beach, Carmel Valley, South Coast, Marina and Seaside.

The big winner was Pebble Beach with dollar volume up a staggering \$41 million dollars over the same period last year. The number of sales more than doubled, 22 as opposed to 10 last year. Only one of the 22 sales was under one million dollars and 13 were over two million dollars. Four sales topped four million with the highest at \$10,750,000.

In sharp contrast to Pebble was Carmel, down \$23 million and 15 sales from last year when gross sales topped \$105 million. Still, more than \$80 million dollars changed hands in Carmel property transactions during the quarter. How many towns of 4,000 people sold almost \$83 million in properties during the second quarter? Our estimate is none. The conclusion is, we guess, Carmel had a tough quarter, except in comparison with any other town in the country of similar size.

An aside: during the recent Carmel City Council race, in which we had the pleasure to participate as a supporter of one of the candidates, we learned, what was to us, an amazing figure: tiny Carmel is third in property tax revenues in Monterey County, exceeded only by Salinas, with approximately 150,000 residents and Monterey, with 30,000 inhabitants.

Carmel is, indeed, a privileged (and expensive) place.

We can explain what happened to two of the other winners, Seaside and Marina. In both of those towns investors began gobbling up the bank owned properties and short sales. A short sale is when the seller makes a deal with the bank to sell the house with a bank payoff of less than what is owed. Banks will sometimes agree to such arrangements when they figure that a known loss is better than incurring the costs of foreclosure and then facing a market in which they might get even less money than they would have from the short sale.

The median sales price declines in both towns reflect this fire-sale type of market. The drop from a year ago in Seaside was especially dramatic, from \$622,500 in 2007 to \$344,500 this year. The decline in Marina was not as severe, \$599,000 to \$455,000 but still significant.

Keep in mind that these quarterly median sales prices do not reflect the overall median price for the town. What they show is the median within the universe of sold properties during the period surveyed. Once the distressed properties have been cleared off the market, the non-distressed sales will show us what the true new median sales prices are.

The other two winners are more mysterious. Carmel Valley logged three more sales in the second quarter this year and \$3 million dollars more in gross revenue. South Coast picked up five sales and an additional \$5 million dollars

MARKET BAROMETER		
Hottest to Coldest Market		
Five Quarter Review		
(In Descending Order)		
	<i>In</i>	
	<i>Escrow</i>	
	<i>vs</i>	
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
Del Rey Oaks		
07/01/08	8/17	47%
04/01/08	2/12	17%
01/01/08	1/10	10%
10/01/07	1/11	9%
07/01/07	2/7	29%
Seaside		
07/01/08	57/180	32%
04/01/08	23/167	14%
01/01/08	16/154	10%
10/01/07	11/178	6%
07/01/07	13/119	11%
Marina		
07/01/08	29/96	30%
04/01/08	20/116	17%
01/01/08	9/92	10%
10/01/07	10/126	8%
07/01/07	10/99	10%
Monterey		
07/01/08	18/116	16%
04/01/08	9/91	10%
01/01/08	14/88	16%
10/01/07	10/111	9%
07/01/07	17/101	17%
Pacific Grove		
07/01/08	16/118	14%
04/01/08	11/103	11%
01/01/08	8/85	9%
10/01/07	9/107	8%
07/01/07	17/83	20%
Salinas/Mty Highway		
07/01/08	24/179	13%
04/01/08	18/163	11%
01/01/08	11/140	8%
10/01/07	10/173	6%
07/01/07	24/142	17%
Carmel		
07/01/08	17/160	11%

in revenue. We wish we could tell you why, but we can't.

Overall, the ten surveyed markets had an increase in revenues of about \$8 million dollars or three percent over last year.

Among our five winners, two of them, Marina and Seaside, had robust Market Barometer readings on July 1st and three, Pebble Beach, Carmel Valley and South Coast, were exceedingly weak pointing to decreasing sales in the third quarter for those three. The Market Barometer measures the percentage of listing in escrow and is an excellent predictor of near-term results. Our measure of a reasonable market is a Barometer reading of 20% or more. When the Barometer hits 30% it shows a hot market.

Both Marina and Seaside topped 30% on July 1st. Del Rey Oaks hit 47%, but that market is so small that one cannot read too much into the numbers.

Median sales prices, for the most part, declined in the quarter from last year and from the 2007 complete year medians. Only Carmel Valley and Pebble Beach were up on both scores.

Unit sales for the ten markets hit 245 the highest number since the first quarter of 2006 when 268 properties were sold. At the height of the hot market during the third quarter of 2005, 409 houses changed hands.

In conclusion, our market is a muddle of tendencies, some up, some down, some flat. There are lots of stories, many scenarios with the over riding theme that real estate in this country is a mess, and we cannot hope to avoid it completely.

Lesley Appleton Young, chief economist for the California Association of Realtors, spoke at our local association's annual meeting in June. Ms. Young is a hard working and astute student of California real estate. Also, she does not gild the lily as some industry association executives tend to do. Her view is the over all market will not rebound until at least 2009.

Her main point to us realtors was that you first have to study your local market, as there are many markets in California, and they are all unique. That is what we do with these Pine Cone features. We hope you find them useful.

04/01/08	20/147	14%
01/01/08	12/128	9%
10/01/07	21/190	11%
07/01/07	26/172	15%
Carmel Valley		
07/01/08	13/123	11%
04/01/08	8/108	7%
01/01/08	7/88	8%
10/01/07	9/123	7%
07/01/07	13/114	11%
Pebble Beach		
07/01/08	6/107	6%
04/01/08	9/98	9%
01/01/08	11/81	14%
10/01/07	10/113	9%
07/01/07	8/99	8%
South Coast		
07/01/08	2/57	4%
04/01/08	7/52	13%
01/01/08	4/51	8%
10/01/07	4/49	8%
07/01/07	5/44	11%

Monterey Peninsula Gross Dollar Volume		
	2nd Qtr	2nd Qtr
Town	2007	2008
Carmel	\$105,860,800	\$82,722,500
Carmel Valley	\$22,021,000	\$25,252,000
Del Rey Oaks	\$1,441,000	\$1,091,900
Marina	\$11,718,400	\$15,136,400
Monterey	\$27,145,040	\$13,108,400
Pacific Grove	\$24,893,500	\$18,541,900
Pebble Beach	\$23,090,000	\$64,272,500
Salinas Hwy	\$38,780,575	\$30,146,410
Seaside	\$13,628,255	\$21,688,250
South Coast	\$9,000,000	\$14,005,585
Totals	\$277,578,570	\$285,965,845

SALES BY QUARTER -- Seven Quarter Review							
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Town	2006	2007	2007	2007	2007	2008	2008
Carmel	42	49	57	43	41	28	42
Carmel Valley	21	19	16	28	16	9	18
Del Rey Oaks	4	2	2	3	2	1	2
Marina	16	20	19	21	20	17	32
Monterey	36	20	29	25	20	20	18
Pacific Grove	28	23	26	27	21	17	21
Pebble Beach	20	22	10	22	15	20	22
Salinas Hwy	31	29	33	35	20	14	25
Seaside	35	27	20	20	20	28	56
South Coast	7	5	5	5	4	3	9
Totals	240	216	217	229	179	157	245

Days on Market 2nd Qtr 2007 - 2008		
Town	2007	2008
Carmel	155	130
Carmel Valley	99	188
Del Rey Oaks	46	158
Marina	138	105
Monterey	99	176
Pacific Grove	84	134
Pebble Beach	136	279
Salinas Hwy	114	134
Seaside	117	103
South Coast	209	187

Median Sales Price Comparisons			
Town	Full Year 2007	2nd Qtr 2007	2nd Qtr 2008
Carmel	\$1,550,000	\$1,510,000	\$1,365,000
Carmel Valley	\$1,295,000	\$1,122,500	\$1,550,000
Del Rey Oaks	\$ 735,000	\$ 720,500	\$ 545,950
Marina	\$ 580,000	\$ 599,000	\$ 455,000
Monterey	\$ 795,000	\$ 820,000	\$ 700,000
Pacific Grove	\$ 805,000	\$ 828,750	\$ 725,000
Pebble Beach	\$2,312,500	\$2,075,000	\$2,147,500
Salinas Hwy	\$ 932,500	\$ 925,000	\$ 725,000
Seaside	\$ 619,000	\$ 622,500	\$ 344,500
South Coast	\$2,215,000	\$1,275,000	\$1,400,000

Distribution of Sales - 2nd Quarter 2008							
Town	\$0	\$700	\$800	\$1-M	\$1.3-M	\$1.7-M	
	\$699	\$799	\$999	\$1,299	\$1,699	\$1,999	\$2M +
Carmel	2	3	4	10	9	3	11
Carmel Valley	2	1	2	3	2	4	4
Del Rey Oaks	2	0	0	0	0	0	0
Marina	32	0	0	0	0	0	0
Monterey	9	3	4	2	0	0	0
Pacific Grove	10	3	3	1	2	1	1
Pebble Beach	0	0	1	4	2	2	13
Salinas Hwy	10	5	2	1	2	2	3
Seaside	51	0	4	1	0	0	0
South Coast	0	0	2	2	2	1	2
Totals	118	15	22	24	19	13	34

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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