

Robust? Healthy but Not Great? Average? Second Quarter 2017 Report

By: Paul Brocchini & Mark Ryan

Our local real estate market continues its forward march since the big 2008 crash. Here is a summary of the sequence: first the dizzying plunge leading to foreclosures, short sales and bargain-priced bank sales; then a slow pick-up moving to an eventual up-hill march with more vigor each year; then, in 2016, entering truly robust territory.

Last year was terrific but where are we now in mid-2017? The accompanying numbers still look good along with some weakening signs in Carmel-by-the-Sea and Carmel Area (93923). There is nothing truly alarming like there was in 2006, 2007 and 2008 when credit expansion became absolutely crazy.

Yet, those of us who have been hanging around the planet long enough know that ups are inevitably followed by downs, mild ones in the best cases, shocking ones during the worst scenarios.

One gets the feeling that things have been too good for too long to keep going much longer. But no one is good at predictions except for those who, in hind sight, happen to be right even though their previous predictions may have been wrong for years.

These musings aside, let's look first at Carmel-by-the-Sea and the surrounding Carmel Area. The major weaknesses are the Barometer numbers. On July 1st Carmel-by-the-Sea had only 17% of its listings in escrow, 11 out of 64. On the day of this writing, July 20, that had dropped a bit to 11 out of 70. That leaves a lot of inventory on the market in a town of one square mile.

The Carmel area on this same date had 16 of 122 listings in escrow, one percentage point higher than on July 1st.

Inside the business we are seeing the number of properties on broker tour growing as the lingering listings get put back on to remind agents they are there. Up markets eventually reach a point where buyers balk. Prices in their view just become too high. Are we there yet? Or is the resistance just around the corner? Or is it sill way off in the distance?

With all of these issues in mind, let's take a look at what we learn from the accompanying charts.

Gross Dollar Volume

In comparison to the second quarter of last year gross dollar volume was up seven percent surpassing \$406 million. Carmel-by-the-Sea had a substantial drop from \$67 million to \$41 million. The only other market to go down was Carmel Valley.

Median Sales Prices

Prices were up in five of the markets down only in Carmel-by-the-Sea, Carmel Area and Carmel Valley.

Number of Closed Transactions

The number of sales mirrors what we have seen above; up everywhere except Carmel-by-the-Sea and Carmel Valley with a minute decline of one sale in Pacific Grove.

Distribution of Sales

As we have noted before, the **Distribution of Sales** chart clearly illustrates how expensive housing is in our area. 48% of the sales were over \$1 million dollars and an amazing 12% over \$2 million. At the other end of the spectrum only three percent of sales were under \$400,000.

Our purpose is not to predict but to elucidate. In an attempt to answer our interrogative headline, we believe that none of the questions posed properly describes the present. What does is: **Healthy and Still Pretty Great!** There is a pause or worse out there somewhere, but we do not know where it is.

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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.

Market Barometer		
Five Quarter Review		
<i>In</i>		
<i>Escrow</i>		
<i>vs</i>		
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
Carmel-by-the-Sea		
<i>07/01/17</i>	<i>11/64</i>	<i>17%</i>
<i>04/01/17</i>	<i>16/57</i>	<i>28%</i>
<i>01/01/17</i>	<i>13/49</i>	<i>20%</i>
<i>10/01/16</i>	<i>13/64</i>	<i>20%</i>
<i>07/01/16</i>	<i>14/59</i>	<i>24%</i>

Carmel Highlands

07/01/17	3/27	11%
04/01/17	1/21	5%
01/01/17	3/23	13%
10/01/16	1/15	7%
07/01/16	0/9	0%

Carmel Area

07/01/17	14/114	12%
04/01/17	25/103	24%
01/01/17	23/95	24%
10/01/16	27/144	19%
07/01/16	28/150	19%

Carmel Valley

7/1/2017	15/62	24%
04/01/17	16/56	29%
01/01/17	6/45	13%
10/01/16	9/57	16%
07/01/16	16/59	27%

Monterey Area

07/01/17	30/101	30%
04/01/17	38/86	45%
01/01/17	26/69	38%
10/01/16	39/100	39%
07/01/16	29/98	30%

Pacific Grove

07/01/17	20/53	38%
04/01/17	24/51	47%
01/01/17	11/42	26%
10/01/16	15/60	25%
07/01/16	23/63	37%

Pebble Beach

07/01/17	20/97	21%
04/01/17	12/90	13%
01/01/17	8/67	14%
10/01/16	12/87	14%
07/01/16	14/84	17%

Seaside

07/01/17	19/45	39%
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04/01/17	31/57	54%
01/01/17	21/40	53%
10/01/16	32/57	56%
07/01/16	34/57	60%

Monterey Peninsula Gross Dollar Volume		
Town	2nd Qtr 2016	2nd Qtr 2017
Carmel-by-the-Sea	\$67,375,625	\$41,622,200
Carmel Highlands	\$5,518,000	\$20,397,796
Carmel Area	\$93,139,801	\$101,153,400
Carmel Valley	\$45,235,220	\$32,802,888
Monterey Area	\$49,327,500	\$63,409,400
Pacific Grove	\$49,574,465	\$51,216,562
Pebble Beach	\$48,293,663	\$61,319,025
Seaside	\$20,608,839	\$34,876,400
Totals	\$379,073,113	\$406,797,671

Median Sales Price Comparisons			
Town	Full Year 2016	2nd Qtr 2016	2nd Qtr 2017
Carmel-by-the-Sea	\$ 1,595,000	\$ 1,800,000	\$ 1,600,000
Carmel Highlands	\$ 1,900,000	\$ 1,825,000	\$ 3,130,148
Carmel Area	\$ 1,350,000	\$ 1,650,000	\$ 1,406,900
Carmel Valley	\$ 997,500	\$ 1,250,000	\$ 972,500
Monterey Area	\$ 755,000	\$ 787,500	\$ 797,500
Pacific Grove	\$ 832,000	\$ 860,000	\$ 950,000
Pebble Beach	\$ 1,550,000	\$ 1,363,000	\$ 1,665,000
Seaside	\$ 445,000	\$ 427,000	\$ 505,000

Distribution of Sales 2nd Qtr 2017							
	\$0	\$400	\$700	\$1-M	\$1.5M	\$2M	
Town	\$399	\$699	\$999	\$1,499	\$1,999	\$2,999	\$3M+
Carmel-by-the-Sea	0	0	4	6	10	4	1
Carmel Highlands	0	0	0	0	2	1	3
Carmel Area	0	1	5	27	6	7	7
Carmel Valley	1	4	11	11	1	2	0
Monterey Area	0	17	30	12	1	2	2
Pacific Grove	0	8	20	15	6	1	0
Pebble Beach	0	0	4	11	9	6	3
Seaside	10	48	9	0	0	0	0
Totals	11	78	83	82	35	23	16

SALES BY QUARTER -- Seven Quarter Review							
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Town	2015	2016	2016	2016	2016	2017	2017
Carmel-by-the-Sea	28	25	31	25	21	27	25
Carmel Highlands	7	4	4	3	2	1	6
Carmel Area	47	33	47	48	46	44	53
Carmel Valley	16	10	33	23	16	13	30
Monterey Area	62	41	54	60	51	42	64
Pacific Grove	34	28	51	39	30	38	50
Pebble Beach	37	26	30	35	26	18	33
Seaside	45	35	45	54	49	31	67
Totals	276	202	295	287	241	214	328

Average Days to Sell		
2nd Qtr 2016-2017		
Town	2016	2017
Carmel-by-the-Sea	67	86
Carmel Highlands	128	135
Carmel Area	96	93
Carmel Valley	105	85
Monterey Area	44	50
Pacific Grove	51	41
Pebble Beach	100	82
Seaside	34	34