

3rd Quarter 2006 Report : Market in Major Slowdown

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The real estate market on the Monterey Peninsula suffered a major slow down in the third quarter. The ten-year bull market in real estate has definitely come to an end.

No one should be surprised. We live in a world of free markets. Free markets do not run in one direction. People keep asking us what has caused the slow down: Higher interest rates? Negative press on housing? Asking prices that are too high?

The answer is, "all of these" and more. The more is that the upward market simply ran out of gas and not just here. Real estate is down all over the country. On a recent trip to San Diego we read that some sellers were resorting to auctions to get rid of their properties in a ghastly market for sellers. Fortunately, we are not at that point, but the year-to-year decline is impressive.

The gross dollar volume number tells the tale. In the third quarter of 2005 the ten Peninsula markets grossed \$519,318,000. This year that figure declined 41% to \$306,059,000. That is \$211,000,000 fewer dollars changing hands than last year. That is real money even in these inflation eroded dollar values.

Both the high and low value markets were battered: Carmel, \$133,700,000 in sales in the third quarter last year versus \$84,579,000 this year, off 37%; Pebble Beach, \$62,755,000 versus \$46,983,000, off 25%; Carmel Valley, \$58,974,000 versus \$25,973,000, off 56%; Marina, \$30,461,000 versus \$17,927,000, off 41%; Seaside, \$45,877,000 versus \$19,260,000, off 58%.

Unit sales in the ten markets dropped 41% from 409 last year to 243 this year.

Median sales prices were all over the map, some up, some down. The interesting point is that in spite of the steep decline in demand, sellers have not caved on prices. Sellers who insist on asking prices equal to or higher than the numbers achieved last year are, for the most part, sitting out there with little chance of selling. Sellers who are willing to look at this year's ranges and price their properties accordingly, significantly increase their prospects of finding a willing and able buyer.

Successful sellers are still receiving excellent prices for their properties. The median sales prices clearly show this: Carmel, \$1,550,000 last year and a small decline to \$1,500,000 this year; Carmel Valley \$1,300,000 to \$1,235,000; Pebble Beach \$1,560,000 and way up to \$2,413,000 this year; Monterey \$880,000 last year and this year up to \$928,500; Pacific Grove also up, \$842,000 to \$895,000; Marina \$709,000 to \$650,000; Seaside \$559,500 to \$642,000. Even in the markets where the median

MARKET BAROMETER		
Five Quarter Review		
Hottest to Coldest Market		
Third Quarter 2006		
(In Descending Order)		
	<i>In</i>	
	<i>Escrow</i>	
	<i>vs</i>	
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
Del Rey Oaks		
10/01/06	3/12	25%
07/01/06	0/10	0%
04/01/06	1/4	25%
01/01/06	1/4	25%
10/01/05	2/6	33%
Monterey		
10/01/06	24/107	22%
07/01/06	22/90	24%
04/01/06	18/67	27%
01/01/06	7/66	11%
10/01/05	21/55	38%
Seaside		
10/01/06	22/127	17%
07/01/06	17/149	11%
04/01/06	23/123	19%
01/01/06	20/93	22%
10/01/05	24/76	32%
Pacific Grove		
10/01/06	11/80	14%
07/01/06	8/94	9%
04/01/06	13/79	16%
01/01/06	11/61	18%
10/01/05	22/45	49%

sales price dropped sellers are getting terrific prices.

The Distribution of Sales Chart continues to show just how expensive housing is on the Peninsula. Eleven percent of the sales during the quarter were over two million dollars and a full 31% over one million. At the other end of the spectrum only 23% of the sales were under \$700,000, all most all of those in Marina and Seaside.

On October 1, the Market Barometer readings (the percentage of listings in escrow) were quite low. Only two markets topped 20%, Del Rey Oaks and Monterey, our minimum number for a decent market. Even these two were down from last year. The major declines were Pacific Grove, 49% to 14%; Marina 39% to 9%; and Salinas Monterey Highway, 42% to 8%.

These low Barometer numbers augur a slow fourth quarter.

It is impossible to know where we go from here. We have read national commentators predicting a two to three year slump. But your guess is probably as good as theirs. We have used the famous Yogi Berra type quote of Danish physicist, Niels Bohr, before, but we still love it so here it is again. Bohr said: "I refuse to make predictions, especially about the future."

That is what we say too!

Pebble Beach		
10/01/06	13/109	12%
07/01/06	9/104	9%
04/01/06	11/91	12%
01/01/06	10/70	14%
10/01/05	15/61	25%
Carmel		
10/01/06	22/198	11%
07/01/06	21/209	10%
04/01/06	20/162	12%
01/01/06	17/129	13%
10/01/05	19/136	14%
Carmel Valley		
10/01/06	11/114	10%
07/01/06	13/116	11%
04/01/06	18/84	18%
01/01/06	13/87	15%
10/01/05	14/79	18%
Marina		
10/01/06	8/86	9%
07/01/06	18/92	20%
04/01/06	7/74	9%
01/01/06	6/46	13%
10/01/05	15/38	39%
Salinas/Mty Highway		
10/01/06	12/147	8%
07/01/06	20/147	14%
04/01/06	19/113	17%
01/01/06	16/97	17%
10/01/05	35/84	42%
South Coast		
10/01/06	3/51	6%
07/01/06	2/42	5%
04/01/06	3/41	7%
01/01/06	3/44	7%
10/01/05	4/44	9%

Median Sales Price Comparisons

	<i>Full Year</i>	<i>3rd Qtr</i>	<i>3rd Qtr</i>
<i>Town</i>	<i>2005</i>	<i>2005</i>	<i>2006</i>
Carmel	\$ 1,575,000	\$1,550,000	\$1,500,000
Carmel Valley	\$ 1,162,000	\$1,300,000	\$1,235,000
Del Rey Oaks	\$ 725,000	\$ 742,000	\$ 777,000
Marina	\$ 675,000	\$ 709,000	\$ 660,000
Monterey	\$ 875,000	\$ 880,000	\$ 928,500
Pacific Grove	\$ 882,500	\$ 842,000	\$ 895,000
Pebble Beach	\$ 1,660,000	\$1,560,000	\$2,413,000
Salinas Hwy	\$ 1,002,000	\$ 869,000	\$1,000,000
Seaside	\$ 660,000	\$ 559,500	\$ 642,000
South Coast	\$ 2,400,000	\$1,675,000	\$2,275,000

Monterey Peninsula Gross Dollar Volume

	<i>3rd Qtr</i>	<i>3rd Qtr</i>
<i>Town</i>	<i>2005</i>	<i>2006</i>
Carmel	\$ 133,700,000	\$ 84,579,000
Carmel Valley	\$ 58,974,000	\$ 25,973,000
Del Rey Oaks	\$ 8,532,000	\$ 1,555,000
Marina	\$ 30,461,000	\$ 17,927,000
Monterey	\$ 36,684,000	\$ 26,544,000
Pacific Grove	\$ 41,335,000	\$ 30,458,000
Pebble Beach	\$ 62,755,000	\$ 46,983,000
Salinas Hwy	\$ 80,400,000	\$ 45,980,000
Seaside	\$ 45,877,000	\$ 19,260,000
South Coast	\$ 20,600,000	\$ 8,800,000
Totals	\$ 519,318,000	\$ 308,059,000

Days on Market

3rd Qtr 2005-2006

<i>Town</i>	<i>2005</i>	<i>2006</i>
Carmel	82	103
Carmel Valley	88	133
Del Rey Oaks	40	55
Marina	47	98
Monterey	45	87
Pacific Grove	43	77
Pebble Beach	81	152
Salinas Hwy	57	141
Seaside	42	93
South Coast	109	249

SALES BY QUARTER -- Seven Quarter Review

<i>Town</i>	<i>Q1 2005</i>	<i>Q2 2005</i>	<i>Q3 2005</i>	<i>Q4 2005</i>	<i>Q1 2006</i>	<i>Q2 2006</i>	<i>Q3 2006</i>
Carmel	64	57	69	30	39	42	50
Carmel Valley	30	45	42	24	23	23	20
Del Rey Oaks	8	6	11	2	2	4	2
Marina	27	38	43	24	21	19	27
Monterey	38	46	39	36	28	32	28
Pacific Grove	29	37	38	40	26	25	31
Pebble Beach	33	27	26	22	19	21	15
Salinas Hwy	40	67	71	41	38	32	36
Seaside	51	63	64	43	31	43	30
South Coast	10	7	6	6	8	7	4
Totals	330	393	409	268	235	248	243

DISTRIBUTION OF SALES -- 3rd Quarter 2006							
<i>Town</i>	\$0- \$699	\$700- 799	\$800- 999	\$1M- \$1.299	\$1.3M- \$1.699	\$1.7M- \$1.999	\$Two Mil +
Carmel	1	1	6	10	13	8	11
Carmel Valley	0	0	5	7	5	1	2
Del Rey Oaks	0	1	1	0	0	0	0
Marina	21	5	1	0	0	0	0
Monterey	4	6	7	9	2	0	0
Pacific Grove	4	5	13	4	4	1	0
Pebble Beach	0	0	0	0	3	3	9
Salinas Hwy	4	5	7	9	6	2	3
Seaside	23	7	0	0	0	0	0
South Coast	0	0	0	1	1	0	2
Totals	57	30	40	40	34	15	27

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.

Carmel Realty Company | NE Corner of Dolores and 8th) | Carmel, CA 93921 | P.O. Drawer C

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