

3rd Quarter 2008 Report : Seaside, Marina, Del Rey Oaks Hot, Rest Struggle –

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We have long argued that barring a major economic melt-down, real estate values in the high-end markets on the Monterey Peninsula would hold their value. Considering the extent of the current economic problems, they are doing relatively well.

The entry level markets of Seaside and Marina, however, have plummeted from their price peaks. Those peaks were achieved by an unprecedented period of easy money where qualifying guidelines went out the window. Those are now the "hot" markets with investors buying up distressed properties.

We remember in flusher times an old joke that went like this: "How do you feel when you come home at night and realize your house made more money than you did?" That was funny when home prices were soaring. How home owners would like a return to those days. The flip side is that lower prices are giving buyers fresh opportunities, but they have to be able to get loans. Let's hope the current massive fixes in the banking system keep money flowing to the mortgage market.

We hope we are not facing a "melt-down" per se, but the price deflation in real estate and equities is unprecedented. Home values are on everyone's mind, as we know so well by the number of questions we get from friends, associates and clients every day.

Let's see if we can make some sense out of what is happening locally. Although things aren't all that rosy here, we are not facing a free fall. That is the good news.

Foreclosures Are Selling Fast

Since at least the middle of the summer the most active market here and everywhere else in California has been the furious acquisition of distressed real estate: foreclosures and short sales. Locally, Seaside is our boom market at prices substantially off the highs of a few years ago. Investors are gobbling up what they feel are Seaside bargains.

Check out these Seaside numbers: **number of sales**, 3rd quarter 2007, 20, 3rd quarter 2008, 89, an increase of 69 transactions: **dollar volume**, 3rd quarter 2007, \$12,212,500, 3rd quarter 2008, \$30,226,290, more than double in spite of much lower prices; **median sales price** 3rd quarter 2007, \$566,000, 3rd quarter 2008, \$320,000, a 43% decline. The major price deflation has spurred strong demand.

The huge jump in sales in Seaside makes the quarterly unit sales chart look good, 289 this year as opposed to 229 last year. Almost all of the gain is attributed to Seaside. Other markets with gains are Marina +13, Pacific Grove +7 and Del Rey Oaks +6.

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		
10/01/08	6/9	67%
07/01/08	8/17	47%
04/01/08	2/12	17%
01/01/08	1/10	10%
10/01/07	1/11	9%
Seaside		
10/01/08	70/170	41%
07/01/08	57/180	32%
04/01/08	23/167	14%
01/01/08	16/154	10%
10/01/07	11/178	6%
Marina		
10/01/08	35/104	34%
07/01/08	29/96	30%
04/01/08	20/116	17%
01/01/08	9/92	10%
10/01/07	10/126	8%
Monterey		
10/01/08	24/140	17%
07/01/08	18/116	16%
04/01/08	9/91	10%
01/01/08	14/88	16%
10/01/07	10/111	9%
Pacific Grove		
10/01/08	17/109	16%
07/01/08	16/118	14%
04/01/08	11/103	11%
01/01/08	8/85	9%
10/01/07	9/107	8%
Carmel		
10/01/08	24/156	15%

Market Barometer & Dollar Volume

The Market Barometer, a great tool for short term forecasting, shows that 41% of Seaside listings were in escrow on October 1. Most of the 70 contracts will close in the fourth quarter insuring another good three months for Seaside. Del Rey Oaks had 67% of it listings in escrow on October 1st and Marina 34%. They too will have excellent 4th quarters.

The high end markets of Carmel, Pebble Beach, Carmel Valley and South Coast are weak. The Market Barometer shows that the weakness will continue in the 4th quarter.

Pebble Beach, which had a terrific 2nd quarter, fell on hard times in the 3rd quarter with dollar volume half of what it was last year and \$34 million dollars below the 2nd quarter of this year.

Carmel dollar volume also fell sharply, a 37% decline from last year and \$28 million dollars less than the 2nd quarter of this year. Carmel Valley was off 34% from last year but beat this year's second quarter volume by \$3 million dollars. The South Coast market is in hibernation with only one closed escrow in the quarter and a Barometer reading of 2% on October 1, with only one of its 62 listings under contract on that date.

Prices

Prices have not cracked, but they have softened. A year to year comparison shows that all four of the luxury markets are down: Carmel in the 3rd quarter of 2007 had a median sales price of \$1,675,000; this year it was \$1,457,500, down 13%. In Pebble Beach the same comparison shows \$2,225,000 and \$1,366,250, a 39% drop but we need more than a quarter before drawing conclusions; Carmel Valley \$1,410,000 and \$1,195,000; South Coast \$2,700,000 and \$1,800,000 (only one sale this year so the latter cannot be taken too seriously. What is serious is the absolute lack of demand).

There are a number of high-end areas along the Salinas/Monterey Highway: Pasadera, Bay Ridge, the area around York School and Corral de Tierra. Median sales prices there declined from \$950,000 last year to \$860,000 this year.

These are the highlights. Usually, we like to suggest a direction for the market that seems plausible. At present, our crystal ball is clouded. We know we are in for some difficult times in all sectors of the economy, and that price deflation is the order of the day in real estate and equities. When a change for the positive will come is anyone's guess.

What we will do is to continue to provide a quarterly look at local real estate so that we all have an idea of what is going on here. Our year end report, always the most interesting and the most valuable as we have true year-to-year comparisons, should be exceedingly interesting. We look forward to it and hope you do too.

The silver lining for us is that we live in a place of limited real estate availability, almost no prospects for growth (zero in Carmel), and vast potential demand. Many people are putting their dreams on hold at present, but the dreams are still there.

07/01/08	17/160	11%
04/01/08	20/147	14%
01/01/08	12/128	9%
10/01/07	21/190	11%
Salinas/Mty Highway		
10/01/08	25/175	14%
07/01/08	24/179	13%
04/01/08	18/163	11%
01/01/08	11/140	8%
10/01/07	10/173	6%
Carmel Valley		
10/01/08	16/148	11%
07/01/08	13/123	11%
04/01/08	8/108	7%
01/01/08	7/88	8%
10/01/07	9/123	7%
Pebble Beach		
10/01/08	12/118	10%
07/01/08	6/107	6%
04/01/08	9/98	9%
01/01/08	11/81	14%
10/01/07	10/113	9%
South Coast		
10/01/08	1/62	2%
07/01/08	2/57	4%
04/01/08	7/52	13%
01/01/08	4/51	8%
10/01/07	4/49	8%

Monterey Peninsula Gross Dollar Volume		
<i>Town</i>	3rd Qtr 2007	3rd Qtr 2008
Carmel	\$86,962,243	\$54,422,500
Carmel Valley	\$43,416,500	\$28,688,500
Del Rey Oaks	\$2,044,640	\$4,962,000
Marina	\$12,073,400	\$13,832,400
Monterey	\$18,965,500	\$17,531,559
Pacific Grove	\$26,466,000	\$29,334,500
Pebble Beach	\$60,510,189	\$30,305,500
Salinas Hwy	\$41,435,200	\$35,424,624
Seaside	\$12,212,500	\$30,226,290
South Coast	\$21,860,000	\$1,800,000
Totals	\$325,946,172	\$246,527,873

Distribution of Sales - 3rd Quarter 2008							
<i>Town</i>	\$0 \$699	\$700 \$799	\$800 \$999	\$1-M \$1,299	\$1.3-M \$1,699	\$1.7-M \$1,999	\$2M +
Carmel	2	4	7	3	7	6	7
Carmel Valley	1	0	3	5	2	1	4
Del Rey Oaks	9	0	0	0	0	0	0
Marina	34	0	0	0	0	0	0
Monterey	14	2	4	5	0	0	0
Pacific Grove	17	3	5	6	2	0	1
Pebble Beach	1	1	2	4	5	2	3
Salinas Hwy	10	3	4	0	3	2	5
Seaside	84	3	2	0	0	0	0
South Coast	0	0	0	0	0	1	0
Totals	172	16	27	23	19	12	20

Median Sales Price Comparisons			
<i>Town</i>	Full Year 2007	3rd Qtr 2007	3rd Qtr 2008
Carmel	\$1,550,000	\$1,675,000	\$1,457,500
Carmel Valley	\$1,295,000	\$1,410,000	\$1,195,000
Del Rey Oaks	\$ 735,000	\$ 689,000	\$ 538,000
Marina	\$ 580,000	\$ 540,000	\$ 400,000
Monterey	\$ 795,000	\$ 750,000	\$ 619,059
Pacific Grove	\$ 805,000	\$ 870,000	\$ 697,500
Pebble Beach	\$ 2,312,500	\$2,225,000	\$ 1,366,250
Salinas Hwy	\$ 932,500	\$ 950,000	\$ 860,000
Seaside	\$ 619,000	\$ 566,000	\$ 320,000
South Coast	\$ 2,215,000	\$2,700,000	\$ 1,800,000

Days on Market 3rd Qtr 2007 - 2008		
Town	2007	2008
Carmel	108	152
Carmel Valley	119	207
Del Rey Oaks	136	121
Marina	137	80
Monterey	147	66
Pacific Grove	96	132
Pebble Beach	260	193
Salinas Hwy	108	202
Seaside	147	72
South Coast	174	114

SALES BY QUARTER -- Seven Quarter Review							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Town	2007	2007	2007	2007	2008	2008	2008
Carmel	49	57	43	41	28	42	36
Carmel Valley	19	16	28	16	9	18	16
Del Rey Oaks	2	2	3	2	1	2	9
Marina	20	19	21	20	17	32	34
Monterey	20	29	25	20	20	18	25
Pacific Grove	23	26	27	21	17	21	34
Pebble Beach	22	10	22	15	20	22	18
Salinas Hwy	29	33	35	20	14	25	27
Seaside	27	20	20	20	28	56	89
South Coast	5	5	5	4	3	9	1
Totals	216	217	229	179	157	245	289

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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