

4th Quarter & Year End 2005 Report: Record Breaking Year Ends on Down Note

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The hot local real estate market has just completed a ten-year run with 2001 the only blemish on the relentless increases in prices and dollar volume.

It all began in the fourth quarter of 1995 when the market suddenly picked up for no apparent reason. That year, which had seen a dismal market over the first nine months, finished with a flourish. That flourish rolled into 1996 and has just kept going.

Prices reached new peaks last year, and gross dollar volume was the highest ever. One billion, seven hundred ninety three million, nine hundred seventy nine thousand dollars changed hands in local real estate last year. That was an increase of 12% over 2004's record number.

Prices

Median sales prices were up in all ten markets. The median sales price in Carmel was \$1,575,000, up 21% over last year and 75% above the \$900,000 median sales price registered in 2000. Other markets with million dollar plus median sales prices for 2005 were Carmel Valley \$1,162,000, Pebble Beach \$1,660,000, Salinas/Monterey Highway \$1,002,000 and South Coast \$2,400,000.

The number of transactions in 2005 was the fourth highest on record. One thousand four hundred eleven properties sold during the year, down from the record high 1,530 in 2004. Even with this substantial drop in total transactions, higher selling prices translated into record gross dollar volume for the year.

The first crack in this incredible upward push occurred in the 4th quarter of 2005. The number of sales decreased 24% from the 2004 4th Quarter numbers when 352 properties sold. In 2005 only 268 transactions closed escrow.

Dollar volume also slipped in comparison with last year. Carmel was down 15%. Sales last year were \$76,123,000; this year \$64,697,000. The ten markets dropped from \$392,755,000 last year to \$355,432,000 this year, a decrease of 10%.

A couple of the markets bucked this trend and had increases in 2005. They were Pacific Grove, Pebble Beach and Salinas/Monterey Highway.

Distribution of Sales

MARKET BAROMETER		
Five Quarter Review		
Hottest to Coldest Market		
Fourth Quarter 2005		
(In Descending Order)		
	<i>In</i>	
	<i>Escrow</i>	
	<i>vs</i>	
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
Del Rey Oaks		
01/01/06	1/4	25%
10/01/05	2/6	33%
07/01/05	3/8	38%
04/01/05	5/8	63%
01/01/05	3/10	33%
Seaside		
01/01/06	20/93	22%
10/01/05	24/76	32%
07/01/05	41/96	43%
04/01/05	33/71	46%
01/01/05	24/47	51%
Pacific Grove		
01/01/06	11/61	18%
10/01/05	22/45	49%
07/01/05	18/55	33%
04/01/05	15/44	34%
01/01/05	16/40	40%
Salinas/Mty Highway		
01/01/06	16/97	17%
10/01/05	35/84	42%
07/01/05	58/120	48%
04/01/05	44/116	38%

We publish with each report a chart entitled "Distribution of Sales." This chart shows how the sales breakdown in selected price ranges. As prices have escalated, we have adjusted the categories. The chart published with this report reflects the latest change.

We eliminated three categories, \$400,000 to \$499,999, \$500,000 to \$599,999 and \$600,000 to \$699,000. The number of sales in these categories has continued to shrink. We placed these ranges into one category, \$0 to \$699,000. There were 49 sales in this category during the 4th quarter, 18% of the total. With so many sales now over one million dollars, we added three new ranges: \$1,000,000 to \$1,299,000, \$1,300,000 to \$1,699,999 and \$1,700,000 to \$1,999,999.

The number of sales in these categories was 43, 29 and 18 respectively, or 34% of total sales. We hope you will find this new breakdown helpful in understanding the market in each town.

Market Barometer

The clearest indicator of the weakening market is our Market Barometer. The Barometer measures the percentage of listings in escrow. We consider a reading of 20% or better to signal a good market. During the last few years we have seen many readings of over 30% and some even in the 40% to 50% level.

The January 1 readings were the lowest we have seen in years. Only Del Rey Oaks and Seaside topped 20%. Marina, which has often recorded the highest reading on the Peninsula, was at an anemic 13%, plunging from the 39% reading logged on October 1, 2005.

Carmel was already weak on October 1 with a reading of 14% and dropped just one percent to 13% on January 1. South Coast once again was at the back of the pack with a reading of only 7%. Of the 44 active listings there on January 1 only three were in escrow.

Looking more closely at the Barometer we find that on January 1, 2006, there were 593 properties listed on the Peninsula that were not under contract. This figure for January 1, 2005 was only 340. The 2006 figure was 74% higher than that of 2005.

Another interesting comparison is the number of properties in escrow on those two dates. On January 1, 2005 195 listings were under contract. On January 1, 2006 only 104 listings had deals on them, a decrease of 46%.

We knew the market could not keep up the blistering pace forever. It seems that the "breather" we thought we saw after the second quarter of 2005, that turned out to just a tiny pause, has finally happened.

01/01/05	31/84	37%
Carmel Valley		
01/01/06	13/87	15%
10/01/05	14/79	18%
07/01/05	29/82	35%
04/01/05	22/73	30%
01/01/05	12/60	20%
Pebble Beach		
01/01/06	10/70	14%
10/01/05	15/61	25%
07/01/05	15/64	23%
04/01/05	18/57	32%
01/01/05	24/57	42%
Carmel		
01/01/06	17/129	13%
10/01/05	19/136	14%
07/01/05	28/129	22%
04/01/05	37/98	38%
01/01/05	33/112	29%
Marina		
01/01/06	6/46	13%
10/01/05	15/38	39%
07/01/05	12/40	58%
04/01/05	19/43	44%
01/01/05	18/30	60%
Monterey		
01/01/06	7/66	11%
10/01/05	21/55	38%
07/01/05	24/61	39%
04/01/05	21/54	39%
01/01/05	23/49	47%
South Coast		
01/01/06	3/44	7%
10/01/05	4/44	9%
07/01/05	6/41	15%
04/01/05	5/33	15%
01/01/05	7/32	22%

How long it will last is anyone's guess. Way back in the 20th Century when real estate markets pooped out, the pause could last for years. Our most recent experience, 2001, was very short indeed. We had a 12 month hiatus followed by four great years.

We are making no predictions here. We just promise to keep our readers informed on a quarterly basis. It seems to us that a pause is good. Let the market regroup, sort itself out and then move ahead.

Median Sales Price Comparisons			
	<i>Full Year</i>	<i>4th Qtr</i>	<i>4th Qtr</i>
<i>Town</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
Carmel	\$ 1,750,000	\$1,460,000	\$1,705,000
Carmel Valley	\$ 1,162,000	\$1,154,000	\$1,072,500
Del Rey Oaks	\$ 725,000	\$ 601,000	\$ 703,500
Marina	\$ 675,000	\$ 599,500	\$ 685,000
Monterey	\$ 875,000	\$ 704,565	\$ 810,000
Pacific Grove	\$ 882,500	\$ 812,000	\$ 977,500
Pebble Beach	\$ 1,660,000	\$1,400,000	\$2,087,500
Salinas Hwy	\$ 1,002,000	\$ 884,000	\$1,398,000
Seaside	\$ 660,000	\$ 602,000	\$ 675,000
South Coast	\$ 2,400,000	\$1,962,000	\$1,950,000

Monterey Peninsula Gross Dollar Volume		
	<i>4th Qtr</i>	<i>4th Qtr</i>
<i>Town</i>	<i>2004</i>	<i>2005</i>
Carmel	\$ 76,123,000	\$ 64,697,000
Carmel Valley	\$ 48,911,000	\$ 28,181,000
Del Rey Oaks	\$ 1,992,000	\$ 1,407,000
Marina	\$ 21,104,000	\$ 17,016,000
Monterey	\$ 42,532,000	\$ 33,954,000
Pacific Grove	\$ 35,445,000	\$ 46,981,000
Pebble Beach	\$ 60,882,000	\$ 63,308,000
Salinas Hwy	\$ 46,295,000	\$ 58,469,000
Seaside	\$ 38,293,000	\$ 30,661,000
South Coast	\$ 21,178,000	\$ 10,758,000
Totals	\$ 392,755,000	\$ 355,432,000

Days on Market
4th Qtr 2004/2005

<i>Town</i>	<i>2004</i>	<i>2005</i>
Carmel	90	79
Carmel Valley	125	76
Del Rey Oaks	61	74
Marina	31	48
Monterey	49	63
Pacific Grove	90	46
Pebble Beach	112	68
Salinas Hwy	92	83
Seaside	50	59
South Coast	160	265

SALES BY QUARTER -- Seven Quarter Review

<i>Town</i>	<i>Q2 2004</i>	<i>Q3 2004</i>	<i>Q4 2004</i>	<i>Q1 2005</i>	<i>Q2 2005</i>	<i>Q3 2005</i>	<i>Q4 2005</i>
Carmel	99	77	45	64	57	69	30
Carmel Valley	49	33	35	30	45	42	24
Del Rey Oaks	3	5	3	8	6	11	2
Marina	36	45	35	27	38	43	24
Monterey	65	46	53	38	46	39	36
Pacific Grove	48	47	40	29	37	38	40
Pebble Beach	44	20	29	33	27	26	22
Salinas Hwy	67	65	45	40	67	71	41
Seaside	51	58	59	51	63	64	43
South Coast	15	9	8	10	7	6	6
Totals	477	405	352	330	393	409	268

Charts for Year 2005

TOTAL ANNUAL SALES 2000-2005

<i>Town</i>	2000	2001	2002	2003	2004	2005
Carmel	265	149	208	186	269	222
Carmel Valley	132	93	138	136	149	141
Del Rey Oaks	11	14	26	24	17	27
Marina	110	95	115	115	143	132
Monterey	163	106	174	163	190	160
Pacific Grove	194	118	164	190	172	145
Pebble Beach	136	67	84	109	110	108
Salinas Hwy	167	153	212	218	229	223
Seaside	151	153	196	206	212	224
South Coast	56	19	21	44	39	29
Totals	1385	967	1338	1391	1530	1411

Median Sales Price Comparisons - Full Year 2000 to 2005

<i>Town</i>	Year 2000	Year 2001	Year 2002	Year 2003	Year 2004	Year 2005
Carmel	\$ 900,000	\$ 850,000	\$ 910,000	\$ 985,000	\$1,295,000	\$1,575,000
Carmel Valley	\$ 670,000	\$ 762,500	\$ 825,000	\$ 870,000	\$1,000,000	\$1,162,000
Del Rey Oaks	\$ 365,000	\$ 435,000	\$ 457,250	\$ 515,000	\$ 615,000	\$ 725,000
Marina	\$ 290,000	\$ 343,500	\$ 369,000	\$ 420,000	\$ 567,500	\$ 675,000
Monterey	\$ 489,000	\$ 476,100	\$ 535,000	\$ 625,000	\$ 700,000	\$ 875,000
Pacific Grove	\$ 510,000	\$ 555,000	\$ 529,500	\$ 595,000	\$ 762,500	\$ 882,500
Pebble Beach	\$ 987,250	\$ 930,000	\$1,006,250	\$1,050,000	\$1,300,000	\$1,660,000
Salinas Hwy	\$ 510,000	\$ 540,000	\$ 650,000	\$ 730,000	\$ 825,000	\$1,002,000
Seaside	\$ 255,779	\$ 317,000	\$ 339,000	\$ 388,500	\$ 549,000	\$ 660,000
South Coast	\$1,292,500	\$1,100,000	\$1,660,000	\$1,175,000	\$1,675,000	\$2,400,000

Monterey Peninsula Gross Dollar Volume 2001 to 2005

<i>Town</i>	Year 2001	Year 2002	Year 2003	Year 2004	Year 2005
Carmel	\$ 189,831,000	\$ 249,200,000	\$ 252,697,213	\$ 419,857,000	\$ 435,718,000
Carmel Valley	\$ 79,831,000	\$ 136,412,000	\$ 134,789,075	\$ 179,651,000	\$ 179,811,000
Del Rey Oaks	\$ 6,205,000	\$ 11,980,000	\$ 12,403,538	\$ 11,110,000	\$ 20,117,000
Marina	\$ 33,816,000	\$ 43,621,000	\$ 49,481,850	\$ 80,965,000	\$ 90,675,000
Monterey	\$ 66,926,000	\$ 102,473,000	\$ 111,686,616	\$ 146,477,000	\$ 149,890,000
Pacific Grove	\$ 73,508,000	\$ 103,933,000	\$ 127,843,400	\$ 147,122,000	\$ 151,444,000
Pebble Beach	\$ 110,720,000	\$ 146,953,000	\$ 157,428,013	\$ 206,724,000	\$ 255,072,000
Salinas Hwy	\$ 121,389,000	\$ 180,003,000	\$ 186,966,146	\$ 211,892,000	\$ 278,946,000
Seaside	\$ 50,703,000	\$ 68,367,000	\$ 81,958,608	\$ 119,459,000	\$ 155,761,000
South Coast	\$ 31,622,000	\$ 36,903,000	\$ 38,315,000	\$ 80,050,000	\$ 76,545,000
Totals	\$ 764,551,000	\$ 1,079,845,000	\$ 1,153,569,459	\$1,603,307,000	\$1,793,979,000

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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