

4th Quarter 2006 Report : Market Ends Year With A Thud

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Dollar volume in the 4th quarter of 2006 fell 40% from the same quarter in 2005. In 2005 \$519,318,000 changed hands in the quarter as opposed to \$310,995,000 in 2006. There were 240 unit sales in the quarter, consistent with the weakness shown earlier in the year. In the previous three quarters unit sales were 235, 248 and 243 respectively.

On an annual basis, gross dollar volume fell by more than half a billion dollars from 2005. Unit sales dropped 31% from 1411 to 968. This unit-sale performance was the weakest since 2001, an off-year caused by the Silicon Valley bust.

Gross dollar volume peaked at \$1,793,979,000 in 2005, and the highest number of unit sales, 1,530, was in 2004.

Prices

Median sales prices declined in seven of the 10 local markets in 2006, but not by much. Carmel Valley, Seaside and South Coast posted small gains. Those hoping to buy in a market crash must have been sorely disappointed. The year was a struggle for sellers and their agents but not a disaster. In spite of the turn-down, more than a billion dollars of business was logged, a sum not even dreamed of before the year 2000.

The large price reductions seen throughout the year were mostly due to exaggerated expectations rather than a decline in values. As sales began to ebb and drop, asking prices kept on going up. What happens in rising markets is that sellers and agents become ever more ambitious until their ambitions out run reality. The market has its own reality that does not and will not conform to the hopes and ambitions of either sellers or buyers. Sellers who really want to sell have to look at market conditions today not yesterday, and buyers who really want to buy also need to look at today's market and not sit around hoping for the illusive crash in this market of scarce housing.

In our 20 years plus of selling real estate here, we have not had a single case of buyer remorse. On the other hand, we have had many cases of non-buyer remorse afflicting those who could not or would not pull the trigger in the past only to find themselves later priced out of the market. In our experience, prices here have always seemed too high. But in our easy money and prosperous society, the long-term trend has always been up. We are definitely in a price pause right now, so it is probably a good time for buyers to get into action.

On the selling side realistic sellers who price their properties well should continue to succeed. We can hope that 2006 cured sellers

MARKET BAROMETER

Five Quarter Review

Hottest to Coldest Market

Fourth Quarter 2006

(In Descending Order)

	<i>In</i>	
	<i>Escrow</i>	
	<i>vs</i>	
<i>Date</i>	<i>Listings</i>	<i>Percent</i>
Monterey		
01/01/07	19/78	24%
10/01/06	24/107	22%
07/01/06	22/90	24%
04/01/06	18/67	27%
01/01/06	7/66	11%
Pebble Beach		
01/01/07	14/77	18%
10/01/06	13/109	12%
07/01/06	9/104	9%
04/01/06	11/91	12%
01/01/06	10/70	14%
Seaside		
01/01/07	13/93	14%
10/01/06	22/127	17%
07/01/06	17/149	11%
04/01/06	23/123	19%
01/01/06	20/93	22%
Marina		
01/01/07	11/88	13%
10/01/06	8/86	9%
07/01/06	18/92	20%
04/01/06	7/71	00%

and agents of unrealistic ambitions. We have sat face-to-face with numerous would-be sellers whose glum expressions have told us how disagreeable our market analysis of their property was. Sometimes sellers do not want an honest evaluation of value but a confirmation of their hopes. Often our realistic analyses were hundreds of thousands dollars more than they would have been a few years before yet below the long-gone peak values hoped for. But reality is a difficult concept to sell. Those previous lower values are out of mind, while the peak prices burn hopefully in sellers and agents brains.

Being human and weak, we have often caved in and gone along with sellers' ambitions. Other times our enthusiasm for a property has led us to over-pricing listings. We agents are sometimes the real culprits as our job is to get the best price for sellers and our ambitions can surpass reality... Everyone lives to regret over pricing. It kills the initial enthusiasm, with its best chance for success, and results in long market times or ultimate failure.

Market Barometer

Our Market Barometer, the measure of the percentage of listings in escrow, has proved to be an excellent prognosticator of things to come. The Barometer on January 1, 2007 was as anemic as we have ever seen it. Only Monterey, with a Barometer reading of 24%, demonstrated a strong market.

Pebble Beach almost made it into respectable territory with an 18% reading, but all of the other markets were in the veritable tank. Carmel was especially weak, as it has been for a year, with an appalling reading of 8%.

The Barometer tells us that the first quarter of 2007 will continue to be weak. We don't know what it will take for the market to take off again, but smart pricing will help.

04/01/06	11/4	370
01/01/06	6/46	13%
Salinas/Mty Highway		
01/01/07	15/112	13%
10/01/06	12/147	8%
07/01/06	20/147	14%
04/01/06	19/113	17%
01/01/06	16/97	17%
Carmel Valley		
01/01/07	10/87	11%
10/01/06	11/114	10%
07/01/06	13/116	11%
04/01/06	18/84	18%
01/01/06	13/87	15%
Pacific Grove		
01/01/07	7/63	11%
10/01/06	11/80	14%
07/01/06	8/94	9%
04/01/06	13/79	16%
01/01/06	11/61	18%
South Coast		
01/01/07	4/44	9%
10/01/06	3/51	6%
07/01/06	2/42	5%
04/01/06	3/41	7%
01/01/06	3/44	7%
Carmel		
01/01/07	12/153	8%
10/01/06	22/198	11%
07/01/06	21/209	10%
04/01/06	20/162	12%
01/01/06	17/129	13%
Del Rey Oaks		
01/01/07	0/3	0%
10/01/06	3/12	25%
07/01/06	0/10	0%
04/01/06	1/4	25%
01/01/06	1/4	25%

Median Sales Price Comparisons

	<i>Full Year</i>	<i>4th Qtr</i>	<i>4th Qtr</i>
<i>Town</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
Carmel	\$ 1,525,000	\$1,705,000	\$1,610,000
Carmel Valley	\$ 1,198,500	\$1,072,500	\$1,150,000
Del Rey Oaks	\$ 715,000	\$ 703,500	\$ 709,000
Marina	\$ 669,000	\$ 685,000	\$ 649,500
Monterey	\$ 835,000	\$ 810,000	\$ 750,000
Pacific Grove	\$ 865,000	\$ 977,500	\$ 777,500
Pebble Beach	\$ 1,657,500	\$2,087,500	\$1,457,500
Salinas Hwy	\$ 925,000	\$1,398,000	\$ 900,000
Seaside	\$ 670,000	\$ 675,000	\$ 640,000
South Coast	\$ 2,450,000	\$1,950,000	\$3,900,000

Monterey Peninsula Gross Dollar Volume

	<i>4th Qtr</i>	<i>4th Qtr</i>
<i>Town</i>	<i>2005</i>	<i>2006</i>
Carmel	\$ 133,700,000	\$ 87,173,000
Carmel Valley	\$ 58,974,000	\$ 26,441,000
Del Rey Oaks	\$ 8,532,000	\$ 2,865,000
Marina	\$ 30,461,000	\$ 10,498,000
Monterey	\$ 36,684,000	\$ 30,563,000
Pacific Grove	\$ 41,335,000	\$ 24,881,000
Pebble Beach	\$ 62,755,000	\$ 43,540,000
Salinas Hwy	\$ 80,400,000	\$ 35,664,000
Seaside	\$ 45,877,000	\$ 23,885,000
South Coast	\$ 20,600,000	\$ 25,485,000
Totals	\$ 519,318,000	\$ 310,995,000

Days on Market
4th Qtr 2005-2006

<i>Town</i>	<i>2005</i>	<i>2006</i>
Carmel	79	153
Carmel Valley	76	136
Del Rey Oaks	74	90
Marina	48	130
Monterey	63	94
Pacific Grove	46	90
Pebble Beach	68	130
Salinas Hwy	83	166
Seaside	59	109
South Coast	265	82

SALES BY QUARTER -- Seven Quarter Review

<i>Town</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>	<i>Q4 2006</i>
Carmel	57	69	30	39	42	50	42
Carmel Valley	45	42	24	23	23	20	21
Del Rey Oaks	6	11	2	2	4	2	4
Marina	38	43	24	21	19	27	16
Monterey	46	39	36	28	32	28	36
Pacific Grove	37	38	40	26	25	31	28
Pebble Beach	27	26	22	19	21	15	20
Salinas Hwy	67	71	41	38	32	36	31
Seaside	63	64	43	31	43	30	35
South Coast	7	6	6	8	7	4	7
Totals	393	409	268	235	248	243	240

DISTRIBUTION OF SALES -- 4th 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	0	2	5	4	11	6	14
Carmel Valley	1	0	6	7	3	2	2
Del Rey Oaks	1	3	0	0	0	0	0
Marina	12	3	1	0	0	0	0
Monterey	6	15	10	3	1	1	0
Pacific Grove	10	6	4	6	1	1	0
Pebble Beach	0	0	3	3	6	3	5
Salinas Hwy	8	2	7	8	2	2	2
Seaside	22	8	3	2	0	0	0
South Coast	0	0	0	2	0	0	5
Totals	60	39	39	35	24	15	28

Charts for Year 2006

TOTAL ANNUAL SALES 2001-2006						
<i>Town</i>	2001	2002	2003	2004	2005	2006
Carmel	149	208	186	269	222	173
Carmel Valley	93	138	136	149	141	87
Del Rey Oaks	14	26	24	17	27	12
Marina	95	115	115	143	132	83
Monterey	106	174	163	190	160	125
Pacific Grove	118	164	190	172	145	111
Pebble Beach	67	84	109	110	108	75
Salinas Hwy	153	212	218	229	223	137
Seaside	153	196	206	212	224	139
South Coast	19	21	44	39	29	26
Totals	967	1338	1391	1530	1411	968

Monterey Peninsula Gross Dollar Volume 2002 to 2006

<i>Town</i>	<i>Year</i> 2002	<i>Year</i> 2003	<i>Year</i> 2004	<i>Year</i> 2005	<i>Year</i> 2006
Carmel	\$ 249,200,000	\$ 252,697,213	\$ 419,857,000	\$ 435,718,000	\$ 321,720,000
Carmel Valley	\$ 136,412,000	\$ 134,789,075	\$ 179,651,000	\$ 179,811,000	\$ 127,213,000
Del Rey Oaks	\$ 11,980,000	\$ 12,403,538	\$ 11,110,000	\$ 20,117,000	\$ 8,794,000
Marina	\$ 43,621,000	\$ 49,481,850	\$ 80,965,000	\$ 90,675,000	\$ 56,223,000
Monterey	\$ 102,473,000	\$ 111,686,616	\$ 146,477,000	\$ 149,890,000	\$ 112,543,000
Pacific Grove	\$ 103,933,000	\$ 127,843,400	\$ 147,122,000	\$ 151,444,000	\$ 108,858,000
Pebble Beach	\$ 146,953,000	\$ 157,428,013	\$ 206,724,000	\$ 255,072,000	\$ 199,843,000
Salinas Hwy	\$ 180,003,000	\$ 186,966,146	\$ 211,892,000	\$ 278,946,000	\$ 160,167,000
Seaside	\$ 68,367,000	\$ 81,958,608	\$ 119,459,000	\$ 155,761,000	\$ 96,426,000
South Coast	\$ 36,903,000	\$ 38,315,000	\$ 80,050,000	\$ 76,545,000	\$ 73,928,000
Totals	\$1,079,845,000	\$ 1,153,569,459	\$ 1,603,307,000	\$1,793,979,000	\$1,265,715,000

Median Sales Price Comparisons - Full Year 2001 to 2006

<i>Town</i>	<i>Year</i> 2001	<i>Year</i> 2002	<i>Year</i> 2003	<i>Year</i> 2004	<i>Year</i> 2005	<i>Year</i> 2006
Carmel	\$ 850,000	\$ 910,000	\$ 985,000	\$1,295,000	\$1,575,000	\$1,525,000
Carmel Valley	\$ 762,500	\$ 825,000	\$ 870,000	\$1,000,000	\$1,162,000	\$1,198,500
Del Rey Oaks	\$ 435,000	\$ 457,250	\$ 515,000	\$ 615,000	\$ 725,000	\$ 715,000
Marina	\$ 343,500	\$ 369,000	\$ 420,000	\$ 567,500	\$ 675,000	\$ 669,000
Monterey	\$ 476,100	\$ 535,000	\$ 625,000	\$ 700,000	\$ 875,000	\$ 835,000
Pacific Grove	\$ 555,000	\$ 529,500	\$ 595,000	\$ 762,500	\$ 882,500	\$ 865,000
Pebble Beach	\$ 930,000	\$1,006,250	\$1,050,000	\$1,300,000	\$1,660,000	\$1,657,500
Salinas Hwy	\$ 540,000	\$ 650,000	\$ 730,000	\$ 825,000	\$1,002,000	\$ 925,000
Seaside	\$ 317,000	\$ 339,000	\$ 388,500	\$ 549,000	\$ 660,000	\$ 670,000
South Coast	\$1,100,000	\$1,660,000	\$1,175,000	\$1,675,000	\$2,400,000	\$2,450,000

Median Sales Price Percentage Change - 1996-2006

<i>Town</i>	<i>Year</i> 1996	<i>Year</i> 1999	<i>Year</i> 2002	<i>Year</i> 2004	<i>Year</i> 2006	<i>10 year</i> <i>Increase</i>
Carmel	\$ 480,000	\$ 650,000	\$ 910,000	\$1,295,000	\$1,525,000	218%
Carmel Valley	\$ 413,000	\$ 610,000	\$ 825,000	\$1,000,000	\$1,198,500	190%
Del Rey Oaks	\$ 209,000	\$ 275,000	\$ 457,250	\$ 615,000	\$ 715,000	242%
Marina	\$ 188,750	\$ 245,000	\$ 369,000	\$ 567,500	\$ 669,000	254%
Monterey	\$ 282,000	\$ 398,000	\$ 535,000	\$ 700,000	\$ 835,000	196%
Pacific Grove	\$ 266,000	\$ 398,250	\$ 629,500	\$ 762,500	\$ 865,000	225%
Pebble Beach	\$ 530,000	\$ 745,000	\$1,006,250	\$1,300,000	\$1,657,500	213%
Salinas Hwy	\$ 317,000	\$ 430,000	\$ 650,000	\$ 825,000	\$ 925,000	192%
Seaside	\$ 143,800	\$ 185,000	\$ 339,000	\$ 549,000	\$ 670,000	366%
South Coast	\$ 775,000	\$ 770,000	\$1,660,000	\$1,675,000	\$2,450,000	216%

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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