

# 4th Quarter 2011 and Year-End Report : Dollar Volume Up – Prices Continue Down

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This is our favorite report as we get to look at a full year of numbers. As a bonus there are two charts showing ten years of activity for both dollar volume and median sales prices.

Paraphrasing from last year's report we stated "the biggest impact of the down market was the devastation it wreaked on price appreciation." That devastation continued in 2011. Ten-year appreciation was actually negative in five of the ten markets, marginally up in two market and double digit gains in only three markets: 10% in Monterey, 19% in Pebble Beach and 27% in Carmel.

Comparing 2011 with 2010 we find only three of the ten Peninsula markets enjoyed median sales price gains: Pebble Beach a meager 0.4%, an essentially no change situation, Carmel an infinitesimal 1% and 7% in Seaside.

Have we hit bottom? Market forecasting is a stochastic exercise, but our feeling is if we are not at the price nadir we are close.

## Dollar Volume Up in Carmel

As we have been reporting all year Carmel had an up year in terms of dollar volume, booking \$276,650,490 in sales during the year. That is well off the peak of \$415,718,000 in 2005 but still a hefty amount of coin. That topped the 2010 number by \$55,180,650, an increase of 25%.

Unit sales also enjoyed an increase from 167 to 204, a 22% gain. Even with the tiny price increase of 1% the increased volume may indicate Carmel is on the way back. 2012 will be key. It is unlikely the market will return soon to the awesome levels of 2005. The market heyday was fed, we now know, by insanely easy money. The easy money spigot, thankfully, has been turned off, and there seem to be no prospects for it being turned on again.

The dollar volume in the other nine markets was down slightly with four markets up and five down. The best gain after Carmel was the Salinas/Monterey Highway Corridor up \$12,562,085 or 10%.

What we need to ponder now is what the new normal might be. Did 2011 give us a bench mark for a new normal market for the next decade or so or signal the potential for a new surge? It is an interesting question to contemplate.

## Fourth Quarter

One of the fun aspects of writing this report is that we never know what we are going to learn. We have a pretty good idea, but the numbers tell an irrefutable tale which may or may not confirm our expectations. We did not, for example, have a full appreciation of the continuing slippage of median sales prices until we saw the complete numbers for 2011.

Another fun aspect is that during the preparation we get ideas to do

<b>MARKET BAROMETER</b>		
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>
<b>Seaside</b>		
01/01/12	56/94	60%
10/01/11	63/109	58%
07/01/11	67/122	55%
04/01/11	71/111	64%
01/01/11	63/121	52%
<b>Marina</b>		
01/01/12	23/42	55%
10/01/11	34/55	62%
07/01/11	34/59	58%
04/01/11	29/66	44%
01/01/11	33/66	50%
<b>Monterey</b>		
01/01/12	38/80	48%
10/01/11	47/113	42%
07/01/11	29/113	26%
04/01/11	28/114	25%
01/01/11	22/101	22%
<b>Del Rey Oaks</b>		
01/01/12	3/7	43%
10/01/11	0/5	0%
07/01/11	1/4	25%
04/01/11	2/6	33%
01/01/11	4/5	80%
<b>Salinas/Mty Highway</b>		
01/01/12	46/127	36%
10/01/11	57/163	35%
07/01/11	50/166	30%
04/01/11	42/149	28%
01/01/11	43/135	32%
<b>Carmel Valley</b>		
01/01/12	29/91	32%

comparisons we have never done before. Here is one we are offering up for the first time, the percentage of closed deals over one million dollars.

In the 4th quarter of 2011, 17% of sales were over one million dollars. In 2010 it was 19%. In the 1st quarter of 2006 the figure was 44%. This is an amazing difference marking once again how extraordinary were the last couple of years of the boom. When analyzing current values we need to forget those years ever happened as their numbers have no relevance today.

### More on Median Sales Prices

The median Sales price chart comparing the 4th quarters of the last two years is unique in the history of these reports. Up to now every report we have published has been mixed, with some markets up and others down. In the median sales price report for the 4th Quarter of 2011 every single market is down in relation to 2010, 100%: remarkable! What firmer evidence could we have about the price trend?

Dollar volume was virtually the same whereas there were 34 more closings in 2011 an increase of 34%.

### Market Barometer

The Market Barometer, a measure of the percentage of listings in escrow, started the new year with a strong showing. Seven of the ten markets had readings above 20%, our baseline for a reasonable market. Those readings ran from 25% in Pacific Grove up to 60% in Seaside. The below par markets were Pebble Beach at 19%, Carmel at 17% and Carmel Highlands with only 4% of the listings in escrow.

Comparing New Year's Day 2011 to January 1st 2010 we find we are off to a better start this year. We began the year with 270 properties in escrow as opposed to 244 last year. Now we have to see where the good start carries the market.

10/01/11	31/127	24%
07/01/11	34/148	23%
04/01/11	29/119	24%
01/01/11	25/116	22%
<b>Pacific Grove</b>		
01/01/12	27/108	25%
10/01/11	29/120	24%
07/01/11	27/117	23%
04/01/11	21/92	23%
01/01/11	16/93	17%
<b>Pebble Beach</b>		
01/01/12	19/100	19%
10/01/11	15/130	12%
07/01/11	11/121	9%
04/01/11	21/92	23%
01/01/11	7/94	7%
<b>Carmel</b>		
01/01/12	28/164	17%
10/01/11	32/209	15%
07/01/11	34/203	17%
04/01/11	39/187	21%
01/01/11	30/155	19%
<b>Carmel Highlands</b>		
01/01/12	1/23	4%
10/01/11	0/33	0%
07/01/11	4/33	12%
04/01/11	4/31	13%
01/01/11	1/31	3%

<b>Median Sales Price Comparisons</b>				
	<i>Full Year</i>	<i>4th Qtr</i>	<i>4th Qtr</i>	<i>% LP</i>
<i>Town</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>Received</i>
Carmel	\$1,082,500	\$1,035,000	\$ 916,250	93.07%
Carmel Highlands	\$1,137,000	\$1,842,500	\$1,001,000	98.62%
Carmel Valley	\$ 700,000	\$ 745,000	\$ 645,000	94.24%
Del Rey Oaks	\$ 385,000	\$ 325,000	\$ 295,000	90.77%
Marina	\$ 312,000	\$ 319,375	\$ 305,500	N/A
Monterey	\$ 522,079	\$ 485,000	\$ 457,500	94.57%
Pacific Grove	\$ 537,500	\$ 595,337	\$ 482,000	94.16%
Pebble Beach	\$1,104,000	\$1,843,000	\$1,029,000	90.16%
Salinas Hwy	\$ 558,000	\$ 605,000	\$ 501,615	93.45%
Seaside	\$ 299,249	\$ 275,000	\$ 272,500	98.74%

Days on Market 4th Qtr 2010 - 2011		
Town	2010	2011
Carmel	157	122
Carmel Highlands	303	144
Carmel Valley	130	135
Del Rey Oaks	57	186
Marina	98	N/A
Monterey	117	136
Pacific Grove	91	98
Pebble Beach	299	169
Salinas Hwy	202	133
Seaside	91	63

SALES BY QUARTER -- Seven Quarter Review							
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Town	2010	2010	2010	2011	2011	2011	2011
Carmel	38	42	50	55	50	48	50
Carmel Highlands	3	3	4	2	3	4	2
Carmel Valley	35	32	32	29	26	38	35
Del Rey Oaks	4	4	3	3	6	2	2
Marina	36	23	32	28	29	27	25
Monterey	38	32	29	29	47	36	38
Pacific Grove	49	29	28	32	36	38	44
Pebble Beach	24	19	10	19	17	25	22
Salinas Hwy	53	43	47	32	47	58	53
Seaside	63	63	62	57	69	58	60
<b>Totals</b>	<b>343</b>	<b>290</b>	<b>297</b>	<b>286</b>	<b>330</b>	<b>334</b>	<b>331</b>

Distribution of Sales 4th Quarter 2011								
	\$0	\$400	\$700	\$800	\$1-M	\$1.3-M	\$1.7-M	
Town	\$399	\$699	\$799	\$999	\$1,299	\$1,699	\$1,999	\$2M +
Carmel	0	18	2	6	7	5	4	8
Carmel Highlands	0	0	0	1	1	0	0	0
Carmel Valley	6	14	3	3	4	3	0	2
Del Rey Oaks	2	0	0	0	0	0	0	0
Marina	25	0	0	0	0	0	0	0
Monterey	14	21	0	1	1	1	1	0
Pacific Grove	10	25	3	4	1	1	0	0
Pebble Beach	0	6	2	3	2	1	2	6
Salinas Hwy	15	25	4	2	2	2	1	2
Seaside	50	10	0	0	0	0	0	0
<b>Totals</b>	<b>122</b>	<b>119</b>	<b>14</b>	<b>20</b>	<b>18</b>	<b>13</b>	<b>8</b>	<b>18</b>

Monterey Peninsula Gross Dollar Volume		
Town	4th Qtr 2010	4th Qtr 2011
Carmel	\$72,809,090	\$59,532,900
Carmel Highlands	\$8,295,000	\$2,002,000
Carmel Valley	\$24,625,750	\$27,872,010
Del Rey Oaks	\$1,020,000	\$590,000
Marina	\$10,543,944	\$7,003,050
Monterey	\$16,203,000	\$18,488,670
Pacific Grove	\$18,766,175	\$22,680,715
Pebble Beach	\$22,496,700	\$40,576,500
Salinas Hwy	\$36,595,630	\$34,483,990
Seaside	\$19,098,602	\$17,041,400
<b>Totals</b>	<b>\$230,453,891</b>	<b>\$230,271,235</b>

Monterey Peninsula Gross Dollar Volume 2002 to 2011										
Town	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Carmel	\$249,200,000	\$252,697,213	\$419,857,000	\$435,718,000	\$321,720,000	\$364,149,869	\$249,057,575	\$220,497,763	\$221,469,840	\$276,650,490
Carmel Highlands	\$36,903,000	\$38,315,000	\$80,050,000	\$76,545,000	\$73,928,000	\$71,996,253	\$29,705,585	\$26,839,900	\$24,407,625	\$21,739,500
Carmel Valley	\$136,412,000	\$134,789,075	\$179,651,000	\$179,811,000	\$127,213,000	\$116,897,500	\$91,218,600	\$72,302,445	\$125,311,300	\$111,961,760
Del Rey Oaks	\$11,980,000	\$12,403,538	\$11,110,000	\$20,117,000	\$8,794,000	\$6,513,640	\$9,018,800	\$5,523,400	\$5,683,000	\$4,907,000
Marina	\$43,621,000	\$49,481,850	\$80,965,000	\$90,675,000	\$56,223,000	\$46,855,100	\$58,231,593	\$52,497,752	\$40,840,494	\$33,510,171
Monterey	\$102,473,000	\$111,686,616	\$146,477,000	\$149,890,000	\$112,543,000	\$85,651,512	\$75,696,710	\$61,314,500	\$72,083,450	\$78,311,945
Pacific Grove	\$103,933,000	\$127,843,400	\$147,122,000	\$151,444,000	\$108,858,000	\$90,731,999	\$79,207,460	\$85,882,672	\$90,716,675	\$90,818,100
Pebble Beach	\$146,953,000	\$157,428,013	\$206,724,000	\$255,072,000	\$199,843,000	\$189,166,939	\$198,687,253	\$109,626,027	\$159,179,850	\$151,834,099
Salinas Hwy	\$180,003,000	\$186,966,146	\$211,892,000	\$278,946,000	\$160,167,000	\$138,197,325	\$116,578,634	\$110,843,805	\$129,534,403	\$142,096,488
Seaside	\$68,367,000	\$81,958,608	\$119,459,000	\$155,761,000	\$96,426,000	\$55,992,455	\$94,363,390	\$86,952,963	\$71,494,628	\$71,819,802
<b>Totals</b>	<b>\$1,079,845,000</b>	<b>\$1,153,569,459</b>	<b>\$1,603,307,000</b>	<b>\$1,793,979,000</b>	<b>\$1,265,715,000</b>	<b>\$1,166,152,592</b>	<b>\$1,001,765,600</b>	<b>\$832,281,227</b>	<b>\$940,721,265</b>	<b>\$983,649,355</b>

Median Sales Price												1 Yr	10 YR
Town	Year 2001	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011	Gain (Loss)	Gain (Loss)
Carmel	\$850,000	\$910,000	\$985,000	\$1,295,000	\$1,575,000	\$1,525,000	\$1,550,000	\$1,550,250	\$1,240,000	\$1,045,000	\$1,082,500	1%	27%
Carmel Highlands	\$1,100,000	\$1,660,000	\$1,175,000	\$1,675,000	\$2,400,000	\$2,450,000	\$2,215,000	\$1,600,000	\$1,387,500	\$1,600,000	\$1,137,000	-29%	3%
Carmel Valley	\$762,500	\$825,000	\$870,000	\$1,000,000	\$1,162,000	\$1,198,500	\$1,295,000	\$1,182,000	\$725,000	\$706,000	\$700,000	-1%	-8%
Del Rey Oaks	\$435,000	\$457,250	\$515,000	\$615,000	\$725,000	\$715,000	\$735,000	\$505,000	\$405,000	\$390,000	\$385,000	-1%	-11%
Marina	\$343,500	\$369,000	\$420,000	\$567,500	\$675,000	\$669,000	\$580,000	\$400,000	\$354,900	\$334,900	\$312,000	-7%	-9%
Monterey	\$476,100	\$535,000	\$625,000	\$700,000	\$875,000	\$835,000	\$795,000	\$685,000	\$520,000	\$550,000	\$522,079	-5%	10%
Pacific Grove	\$555,000	\$529,500	\$595,000	\$762,500	\$882,500	\$865,000	\$805,000	\$672,500	\$603,750	\$630,000	\$537,500	-15%	-3%
Pebble Beach	\$930,000	\$1,006,250	\$1,050,000	\$1,300,000	\$1,660,000	\$1,657,500	\$2,312,500	\$1,570,000	\$1,100,000	\$1,100,000	\$1,104,000	0.4%	19%
Salinas Hwy	\$540,000	\$650,000	\$730,000	\$825,000	\$1,002,000	\$925,000	\$932,500	\$770,000	\$573,500	\$575,000	\$558,000	-3%	3%
Seaside	\$317,000	\$339,000	\$388,500	\$549,000	\$660,000	\$670,000	\$619,000	\$326,000	\$270,598	\$279,200	\$299,249	7%	-6%

## 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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