



# MARKET Update

A PERSPECTIVE ON MONTEREY PENINSULA REAL ESTATE ACTIVITY  
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## EDITOR'S 10-YEAR SUMMARY OF THE PENINSULA REAL ESTATE MARKET

During the past 10 years we have seen dramatic changes in our Monterey Peninsula real estate market. We have seen the greatest escalation in prices that most of us have ever lived through. And now we're experiencing the steepest fall-off in prices that most of us have ever witnessed.

In this issue I am talking about the real estate market, not just the value of any particular home. That distinction is especially important when reviewing the chart below. The figures there represent average home prices in each of our ten local markets over the preceding six-month span of time.

You will note that most areas are showing a lower average sales price than I reported last May in my 2009 annual summary. It is my observation that this is due to two primary factors: (1) Some small general decline in market values, but more importantly, (2) the continuing high demand for low-priced homes.

The general affordability of homes under \$900,000 created by low-rate financing, tax credits and other incentives is keeping home buyers shopping in the lower price ranges in all peninsula communities from Carmel to Marina.

On the whole, homes between \$100,000 and \$900,000 have been selling well in all areas that have lower-priced inventory. Conversely, homes priced at \$1,000,000 and above have very few ready buyers by comparison.

This trend toward lower-priced properties has skewed sales statistics to reflect far lower sales averages than we might normally see. Carmel Valley is a good example: out of 53 total closings over the past six months, only ten of those sales were over \$1,000,000, and most were under \$700,000. This was very similar to last year's figures.

For the sales of higher priced homes to improve, motivation and the availability of financing need to improve. There is still a reticence on the part of many buyers to enter that market, because in many ways it still is an unknown. But of even greater importance, jumbo loans need to be more available and less costly. My experience is that many of these buyers bring their own cash resources to bear on their purchase, either by supplementing a conforming loan with cash (putting 40% or 50% down), or forgoing a loan altogether and paying all cash!

YEAR	CARMEL	SOUTH COAST	CARMEL VALLEY	PEBBLE BEACH	MONTEREY	PACIFIC GROVE	DEL REY OAKS	SEASIDE	MARINA	S-M HIGHWAY
2000	\$1,077,099	\$2,165,640	\$735,912	\$1,718,415	\$517,407	\$489,382	\$317,813	\$243,868	\$284,765	\$553,924
2001	\$1,167,728	\$1,578,461	\$974,339	\$2,235,297	\$711,408	\$612,627	\$413,857	\$315,355	\$345,533	\$710,926
2002	\$1,196,251	\$1,666,786	\$1,077,639	\$1,399,911	\$556,711	\$571,820	\$416,417	\$328,048	\$366,657	\$733,646
2003	\$1,193,862	\$1,767,178	\$953,498	\$1,579,619	\$656,951	\$624,910	\$493,580	\$374,848	\$409,069	\$924,071
2004	\$1,447,761	\$2,054,111	\$1,060,738	\$1,491,332	\$687,251	\$769,020	\$613,111	\$471,613	\$492,746	\$851,872
2005	\$1,870,277	\$2,516,268	\$1,295,500	\$2,134,373	\$858,585	\$871,541	\$704,650	\$652,781	\$637,455	\$1,216,007
2006	\$1,881,851	\$2,635,576	\$1,252,150	\$2,279,117	\$882,768	\$1,059,845	\$742,333	\$726,333	\$699,430	\$1,229,070
2007	\$1,882,565	\$2,551,066	\$1,287,387	\$2,261,782	\$897,691	\$889,230	\$730,000	\$665,214	\$633,623	\$1,068,469
2008	\$1,801,366	\$2,289,166	\$1,256,875	\$2,250,215	\$835,819	\$856,737	\$736,666	\$463,067	\$512,947	\$1,102,678
2009	\$1,630,067	\$2,049,857	\$891,353	\$1,592,150	\$615,836	\$659,366	\$413,333	\$318,659	\$368,596	\$673,246
2010	\$1,374,514	\$1,183,343	\$752,859	\$1,211,515	\$559,014	\$670,324	\$409,409	\$319,941	\$357,467	\$634,084
GAIN/LOSS:	28%	-55%	2%	-70%	8%	37%	29%	31%	26%	14%

*When it comes to buying or selling real estate, I am here to make the process an exciting and satisfying experience for you. My 25 years as a real estate consultant plus my current market knowledge combine to give you a strong advantage!*

*Just a reminder...  
 Much of my business is built on referrals!  
 If you know of someone who would appreciate the level of service I provide, please call me and I will be happy to take great care of them!*

# MONTEREY PENINSULA SALES REVIEW

## PENINSULA HOME SALES ACTIVITY

LOCAL AREA	CURRENT LISTINGS	PENDING SALES	HOMES SOLD*	ACTIVITY INDICATOR**	AVERAGE SALES PRICE*	SALES:LIST PRICE DIFFERENTIAL	INVENTORY INDEX***
Carmel	199	33	70	16%	\$1,374,514	10%	14.0 months
South Coast	78	4	8	5%	\$1,183,343	7%	55.0 months
Carmel Valley	160	37	53	23%	\$752,859	11%	14.0 months
Pebble Beach/MPCC	129	20	39	15%	\$1,211,515	8%	17.0 months
Monterey	114	27	49	24%	\$559,014	5%	7.0 months
Pacific Grove	99	31	58	31%	\$670,324	4%	7.0 months
Del Rey Oaks	5	2	11	40%	\$409,409	1%	1.5 months
Seaside/Sand City	143	87	111	61%	\$319,941	0%	4.0 months
Marina	54	37	67	69%	\$357,467	-1%	1.5 months
Monterey-Salinas Hwy	173	53	76	31%	\$634,084	3%	9.0 months

\* November 1, 2009 - April 30, 2010 (6 months)

**A CTIVITY ANALYSIS:** Sales activity remains strong and steady in most markets. Seaside & Marina both have over 60% of their inventory in escrow at any one point in time. Monterey, Pacific Grove and Carmel Valley are also showing well, having between 23% and 40% of inventory in escrow. Once again the higher priced markets of Carmel, Pebble Beach and South Coast are lagging behind because so much of their inventory is priced over \$1,000,000, a price point above which few sales are transacted. It is better this spring than a few months ago, but it is still slow by historical standards.

## PENINSULA RESIDENTIAL MARKET ACTIVITY TREND

DATE	ESCROWS:INVENTORY	ACTIVITY INDICATOR**	INVENTORY INDEX***
May, 2009	261:1085	20%	10 months
July, 2009	275:1090	25%	10 months
September, 2009	300:1083	27%	8 months
November, 2009	289:1027	28%	7 months
January, 2010	276:941	29%	6 months
March, 2010	318:1079	30%	8 months
<b>May, 2010</b>	<b>330:1154</b>	<b>29%</b>	<b>9 months</b>

**T REND ANALYSIS:** The overall peninsula real estate market appears very strong by most indicators. An overall activity indicator of 29% is generally considered very healthy. However, much of what sells today is bank owned or short sale properties. As I reported two months ago, about 200 (over 60%) of the pending sales at any point in time are either one or the other. Also, if we were to measure only sales of properties over \$1,000,000 (where very few bank owned or short sales exist), we would likely be looking at an activity level hovering around 10% — an extremely low rate.

\*\* The market Activity Indicator represents the ratio of the number of escrows open to the number of homes currently available for sale—indicating the strength of the market at one particular point in time.

\*\*\* The Inventory Index measures the number of months it would take to deplete the present supply of homes on the market at the current rate of sales.

**SOURCE OF DATA: RE INFO LINK MULTIPLE LISTING SERVICE. I BELIEVE THE ABOVE STATISTICS TO BE RELIABLE, BUT DO NOT GUARANTEE THEIR ACCURACY.**  
If your home is currently listed for sale, this is not intended as a solicitation.