

Annual Market Data 2014



COURTNEY JONES

831.233.4839

CourtneyGJones.com



CARMEL REALTY COMPANY
ESTABLISHED 1913

FROM COURTNEY JONES

2014 was a strong year for real estate in our market. Here are a few important trends that emerged last year:

- *The return of the high-end market.* Pebble Beach had 8 sales over \$8M, the highest number we've seen in this price segment in over 10 years. 3392 17 Mile Drive closed in October for \$31.25M, setting a new record for Monterey County. In Carmel's most sought after locations there were 7 sales over \$4M. The highest, \$6.8M, was one of four sales on Scenic this year. The other 3 were fixers ranging from \$3.8-\$4M.
- *Decreased affordability.* Although our market has not fully recovered to peak level pricing, overall values have increased year over year. In Pebble Beach, the average sales price is 12% higher this year than in 2013 and 8.5% higher for Carmel.
- *Limited inventory.* Across all market segments inventory has declined from 2013 levels. Last January there were 21 active listings in the Golden Rectangle; today there are only 9.
- *The under \$1M market has nearly evaporated.* There are only 10 listings in all of Pebble Beach and Carmel-by-the-Sea under \$1M. If you're a buyer in this segment, your best bet is the greater Carmel area with over 35 active listings under \$1M or Carmel Valley with just about a dozen options.

I anticipate slightly less sales volume across all market segments in 2015 simply due to limited inventory, not lack of demand. With that, I suspect a continued rise in property values and a decrease in days on market.

Please feel free to contact me anytime to discuss your real estate questions or needs.

Here's to a happy and healthy year!

Courtney

FROM THE MANAGING BROKER

Two thousand and fourteen was a good year for real estate here on the Monterey Peninsula and an exceptional year for the agents of Carmel Realty Company. In our three primary markets, Carmel, Pebble Beach, and Carmel Valley, our agents represented the Buyer, the Seller or both in over 30% of the transaction dollars for properties listed on the multiple listing service (MLS), regardless of price point. The company's focus on higher end homes is reflected in the fact that, for properties that traded at \$4,000,000 or more, Carmel Realty Company agents' market share was 52% of MLS transaction dollars. For properties at \$8,000,000 and up Carmel Realty agents' share of the market was 84%.

In high value property markets such as Carmel and Pebble Beach, there are a significant number of transactions that occur without the property having been listed on the MLS. We represented Buyers and Sellers in over \$100,000,000 of these discreetly listed homes last year.

Wit's End, a 1920 Mediterranean home in arguably the best location on the Pebble Beach Golf Links with views of Carmel Beach and Point Lobos, sold upon its first appearance on the market in decades, for \$31,250,000 with Carmel Realty Company agents representing both parties. The Wit's End sale is the current high water market for a residential property on the Monterey Peninsula.

In addition to Wit's End, Carmel Realty agents set the high water mark last year in Carmel Valley, with the sale of the Merv Griffin Estate and in Pacific Grove with the sale of La Casa de Piedra at \$8,650,000. In 2013, Carmel Realty represented both buyer and seller on the iconic Butterfly House, the highest sale ever in Carmel-by-the-Sea.

Our 31 Realtors continue to provide the highest level of service and professionalism to what is without question an exceptional list of clients. On behalf of all of us, we thank you and look forward to assisting you with your real estate needs in the coming year and beyond.

Regards,

Malone Hodges
Malone Hodges
Managing Broker



SUMMARY

Both buyers and sellers should be looking forward to 2015. Sellers who survived the down turn and “held on” in hopes of their properties appreciating have indeed seen that come to pass. While in many cases their homes may not have reached the values seen before the financial crisis, there is a sense among sellers that appreciation will continue, however, it will be modest. Therefore, the argument for staying put to regain equity is not what it once was. Furthermore, with interest rates where they are, many sellers who are ready to downsize/upsized/relocate will see this as the year to put their property on the market, liquidate their recaptured equity, and move into the home that fits their needs. And, they will be able to make that move at interest rates that are preferable to what they have currently.

As is often the case, there are a range of forecasts related to interest rate changes in 2015, but even experts who see an increase are not predicting a large one. [Recall that many pundits predicted significant rate increases that didn’t materialize when the Fed reduced bond purchases last year.] Our markets are affected by interest rates, but with many of our purchases being all cash, rates are not as impactful here as elsewhere.

With price appreciation slowing and a return to more balanced markets, traditional buyers will find themselves competing less often with investors whose enthusiasm has waned as their portfolios have filled and appreciation has slowed. While we will still see multiple offers on rare and desirable homes, or those priced to draw increased activity, in general this coming year should feel fairly rational to both parties in the transaction.

We will continue to see foreign investors at the high end, albeit not at levels seen in New York, San Francisco, Vancouver, and elsewhere. We frequently represent buyers from China and other countries where stability, currency devaluation, and expatriation of liquid funds are issues. That portion of our market remains all cash.

Each of our markets is made up of distinct submarkets. For example, the city of Carmel-by-the-Sea is only one square mile. In 2014 homes in the northeast quadrant of the city had an average sale price of \$1,100,000. In contrast, homes in the southwest quadrant had an average sale price of \$2,400,000. As you consider the sale of your home, or a purchase here on the peninsula, it is imperative that you work with a Realtor who can explain the geographic nuances of our markets.

“We expect a rational market, with opportunities for both buyers and sellers with modest appreciation and appealing interest rates.”



TABLE OF CONTENTS

Letter From the Managing Broker	2
Letter from Your Agent	2
Summary	3
Carmel	4
Pebble Beach	5
Carmel Valley	6
Monterey/Pacific Grove	7
Significant Sales	8



CARMEL

The Carmel market in 2014 continued to perform much as it had in 2013 with the average sale price continuing to pull away from the lows seen in 2011 and 2012. Property appreciation was accompanied by a continued decrease in the average number of days to sell a home, moving down from 131 days in 2013, to 108 days in 2014.

As is true in all of our markets, the months of inventory seen in the years

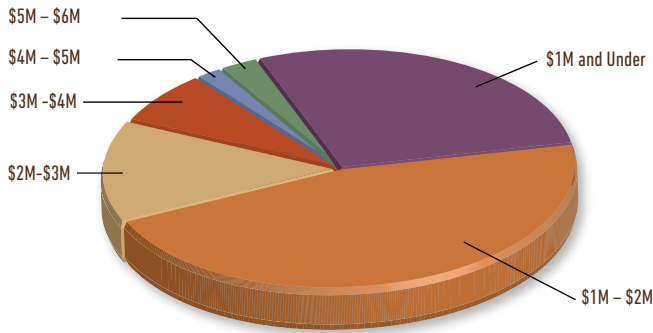
immediately following the financial crisis have declined. As recently as 2008, there were over 20 months of inventory on the market in Carmel. In 2014 the months of inventory was just over seven months

While Carmel did see six sales in the \$5,000,000 to \$6,000,000 range, the bulk of sales last year occurred between

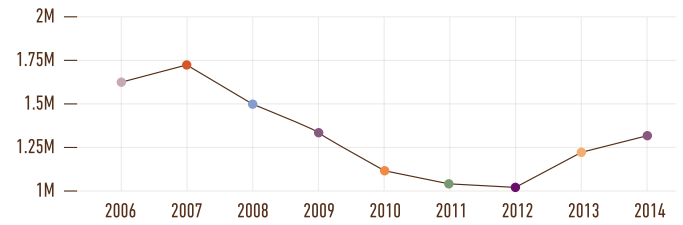
\$1,000,000 to \$2,000,000, with 110 homes trading in that price range.

Unlike Pebble Beach which has a broad range of lot and home sizes, Carmel is much more homogeneous when it comes to size. The differentiating factors in Carmel are location and condition of the home whether original, new, or rebuilt.

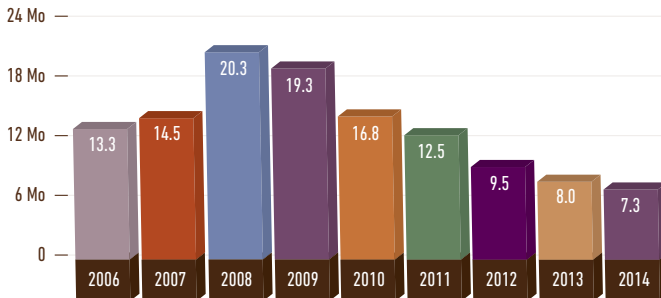
2014 SALES



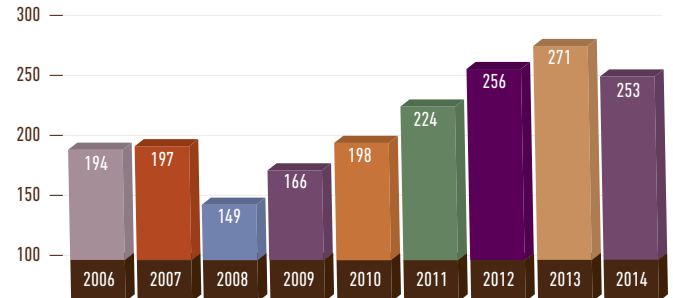
AVERAGE SALE PRICE BY YEAR



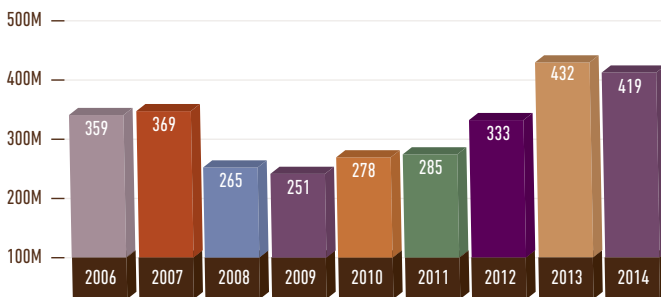
MONTHS OF INVENTORY BY MONTH



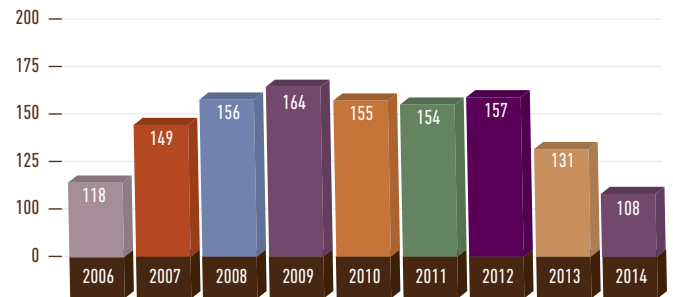
NUMBER OF SALES BY YEAR



SALES DOLLAR VOLUME



DAYS TO SELL BY YEAR



PEBBLE BEACH

Continuing the trend it established in 2013, the Pebble Beach market remained strong in 2014 with several significant high end sales and a market that while still attractive to buyers was kinder to sellers than in the years immediately following the financial collapse. The sale of 124 properties on the MLS was an increase from the 108 properties that changed hands in 2013

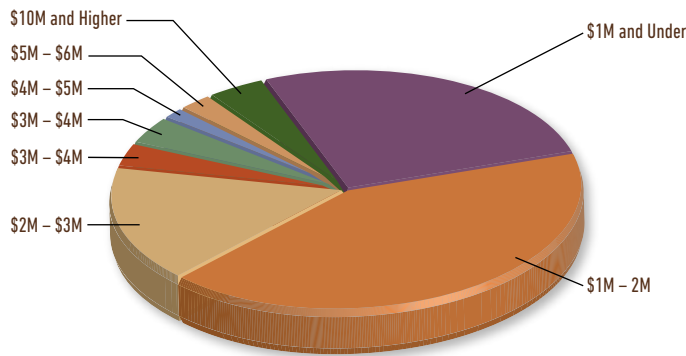
and a stark increase from the years 2006 through 2010 when no more than 75 homes traded in each of those years.

As recently as 2010 there were over two years of inventory for sale in Pebble Beach. In 2014 the available inventory was down to 7.8 months. If no new homes were listed for sale it would take nearly 8 months to exhaust the inventory at the current

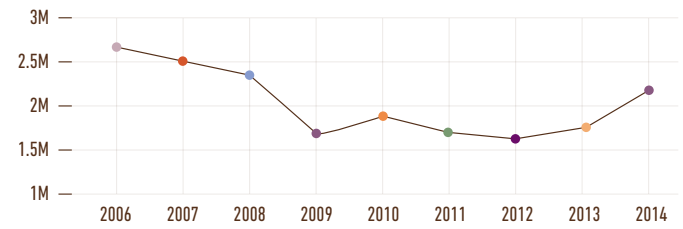
rate of sales. [For comparison, the state wide available housing supply was 3.3 months in December of 2014]

It is important to note that Pebble Beach does see sales that are not reported to the MLS. For example, in 2014 a Cypress Drive home sold for \$22,500,000 (with both buyer and seller represented by Carmel Realty Company agents.)

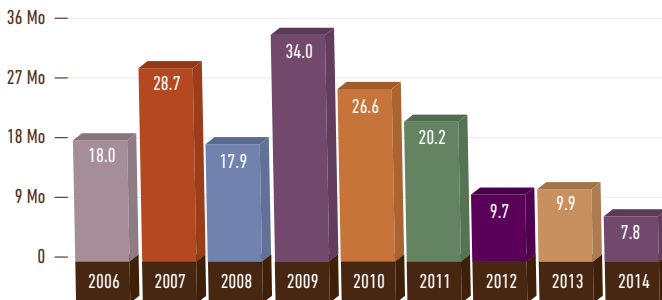
2014 SALES



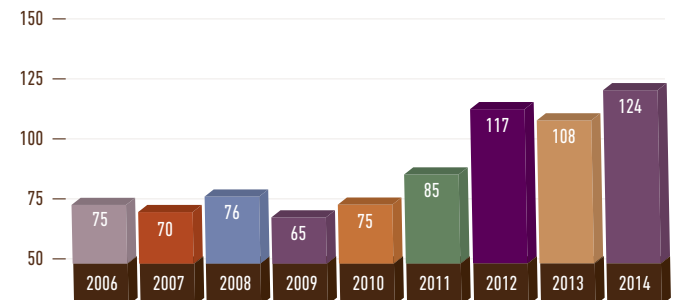
AVERAGE SALE PRICE BY YEAR



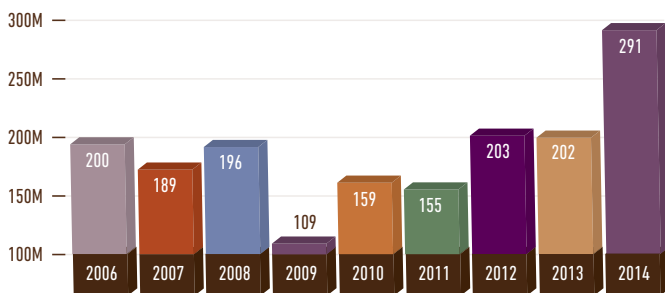
MONTHS OF INVENTORY BY MONTH



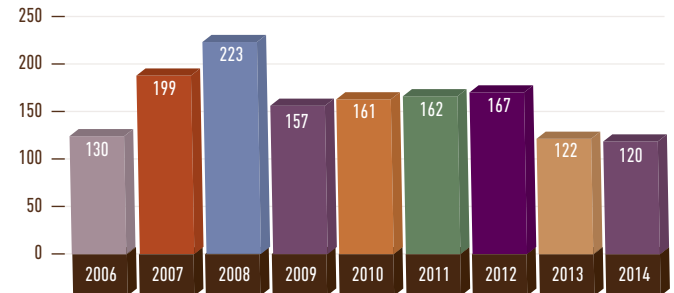
NUMBER OF SALES BY YEAR



SALES DOLLAR VOLUME



DAYS TO SELL BY YEAR



CARMEL VALLEY

Carmel Valley continues its slow climb out of the punishing years immediately following the financial crisis, with the average sale price falling slightly in 2014 from the post-crash high in 2013.

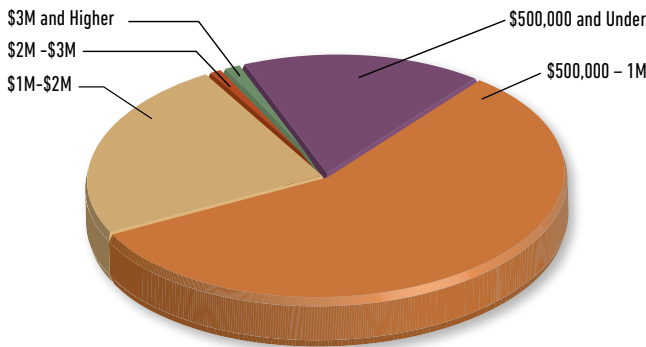
The 84 homes traded in 2014 was nearly identical to the number sold in both 2013 and 2012 and off the high

of 103 homes sold in 2010. The good news for sellers in Carmel Valley is that the number of days to sell a home fell to 99, the fewest number of days in the last eight years.

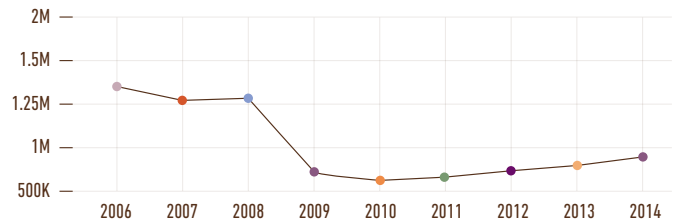
Happily, months of inventory is also well off the over three years of inventory that was on the market

in 2009. At just over 10 months of inventory, Carmel Valley is still lagging Pebble Beach and Carmel, but sellers in the valley are accustomed to slower velocity than their neighboring communities given the rural character of the valley and the need to cultivate buyers who understand the value of fog free days and star filled nights.

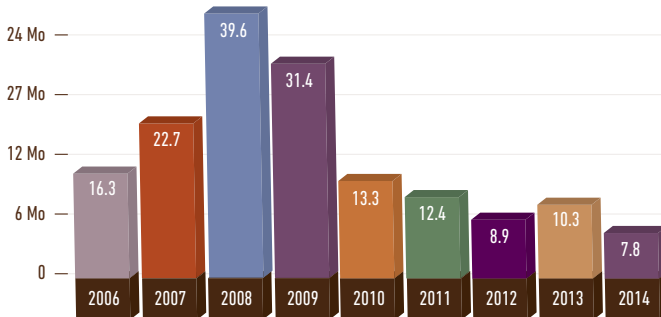
2014 SALES



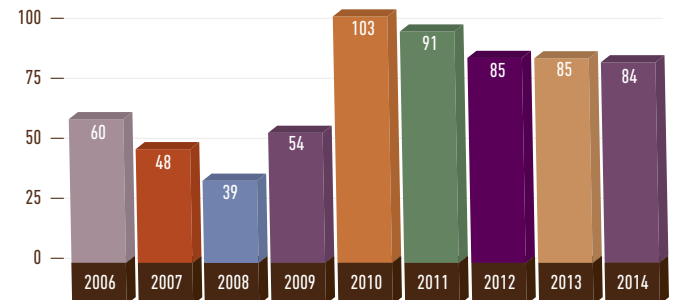
AVERAGE SALE PRICE BY YEAR



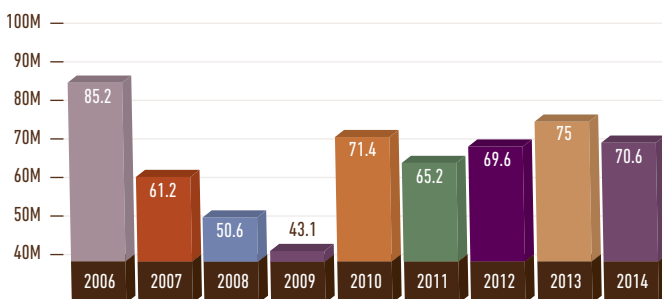
MONTHS OF INVENTORY BY MONTH



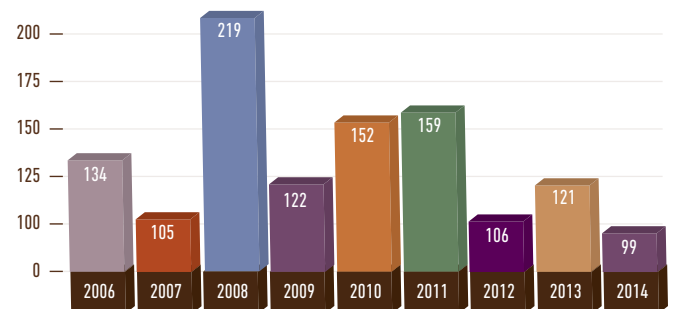
NUMBER OF SALES BY YEAR



SALES DOLLAR VOLUME



DAYS TO SELL BY YEAR





MONTEREY/PACIFIC GROVE

In 2014 both Monterey and Pacific Grove had their highest average sale price since 2008 with both cities seeing an increase in the total sales in dollar volume as well. There was \$137,600,000 worth of property traded in Pacific Grove in 2015, higher than any of the previous 10 years, and \$167,000,000 in Monterey, also a high water mark.

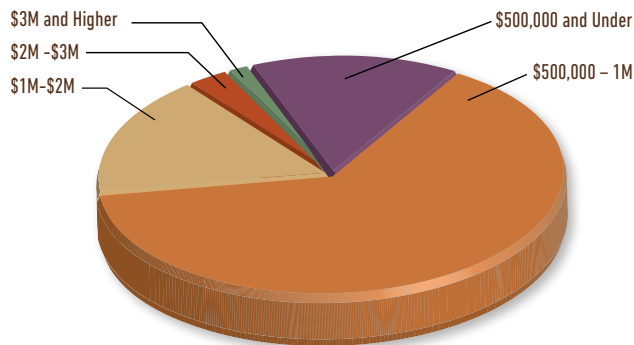
In both communities, the majority of homes sold in the \$500,000 to \$1,000,000 range as seen in the pie charts below.

Sellers saw a continued decrease in the number of days on market with properties spending about half as long to sell as they did in 2008/2009.

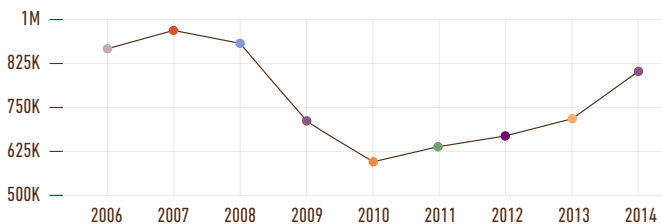
Months of inventory in Monterey moved from nine months in 2013 to 5.5 months in 2014, a marked improvement from previous years when there was often more than a year's worth of inventory on the market. Pacific Grove remains the leader on the peninsula, as it has been for the last few years, with an average of 3.9 months of inventory in 2014.

MONTEREY

2014 SALES



AVERAGE SALE PRICE BY YEAR

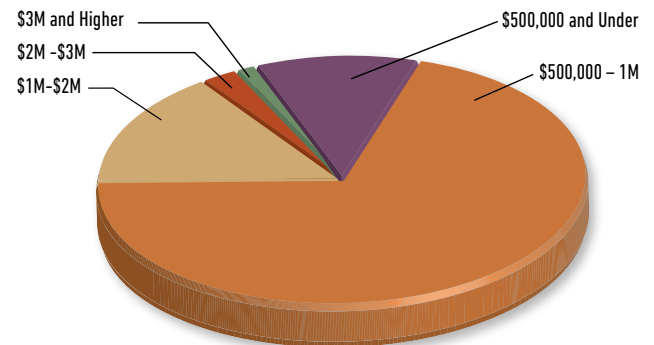


DAYS TO SELL BY YEAR

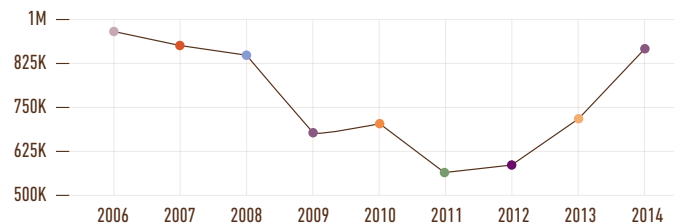


PACIFIC GROVE

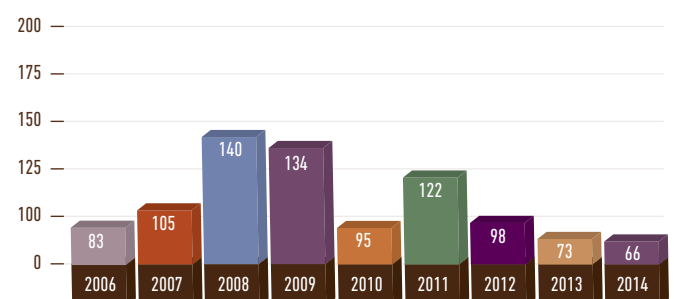
2014 SALES



AVERAGE SALE PRICE BY YEAR



DAYS TO SELL BY YEAR





COURTNEY JONES
SIGNIFICANT SALES 2014

Represented the buyer

<i>2401 Bay View, Carmel</i>	\$3,685,000
<i>Camino Real 4 NE 8, Carmel-by-the-Sea</i>	\$2,775,000
<i>24936 Valley Way, Carmel</i>	\$1,745,000
<i>27475 Loma Del Rey, Carmel</i>	\$1,450,000
<i>24331 San Juan Road, Carmel</i>	\$1,075,000
<i>25640 Via Crotalo, Carmel</i>	\$1,039,000
<i>25636 Fisher Drive, Carmel</i>	\$755,000
<i>799 Parcel Street, Monterey</i>	\$610,000

Represented the seller

<i>Dolores NW Crnr Santa Lucia, Carmel-by-the-Sea</i>	\$2,700,000
<i>Monte Verde 5 NE 5, Carmel-by-the-Sea</i>	\$1,900,000
<i>59 E Garzas Road, Carmel Valley</i>	\$1,725,000
<i>24498 Pescadero Road, Carmel</i>	\$1,695,000
<i>4105 Segunda, Carmel</i>	\$1,595,000
<i>1032 San Carlos, Pebble Beach</i>	\$1,415,000
<i>25651 Flanders Drive, Carmel, represented seller</i>	\$1,100,000

Represented the buyer & seller

<i>Camino Real 3 NE 8, Carmel-by-the-Sea</i>	\$2,432,675
<i>4101 Segunda, Carmel</i>	\$425,000

