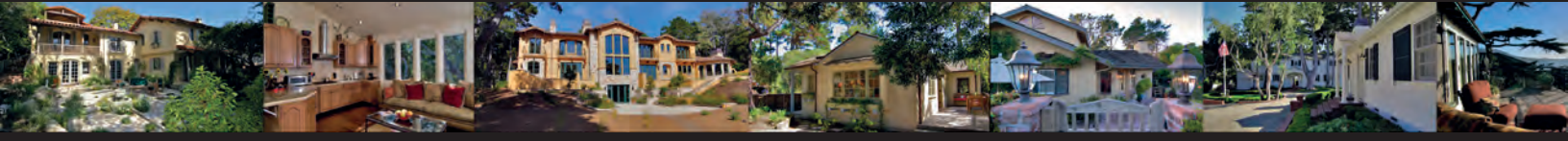


LOCAL REAL ESTATE MARKET UPDATE



CARMEL REALTY COMPANY

ESTABLISHED 1913



*I am excited to announce that
I have joined Carmel Realty!*

*Carmel Realty is a boutique brokerage
established in 1913 that focuses
exclusively on the high-end markets of
Carmel, Carmel Valley, Pebble Beach,
Pacific Grove and Monterey.*



970 Coral, Pebble Beach \$3,450,000

Nationally, the residential housing market is down 20-25% from its peak. The big question is of course, have we hit bottom? Home sales for December, January and February are down. Although these are traditionally slower sales months, there is no denying that our economy may be taking another dip. 2010 expects to see even more foreclosures and short sales than 2009. Many financial advisors warned that our recovery would be a roller coaster ride. We may be on the downhill, but there are definitely pockets of opportunity. We are seeing a different kind of buyer in today's real estate market. The traditional buyer seeking the "American Dream" makes up a smaller pocket of buyers than ever before. Although we have seen many

first time home buyers able to get in the lower end market, they are competing with investors. Many are now viewing real estate much like they view the stock market, as an asset to make money. These buyers don't have the emotion attached to the transaction. They want to own the home only long enough to make their ROI. The low-end market is still considered hot and prices are edging up slowly. The middle market, \$500k - \$1M is our most traditional market and sales are happening quickly, as long as properties are priced aggressively. The high end is expected to see a further decline of 5-15% in the next 1-2 years. Unfortunately for these sellers, we are also expecting a rise in inflation in the middle or end of 2011. Most of the transactions in

the high end are all cash, or buyers are putting down at least 40%. If the buyer perceives the property to be aggressively priced, it will sell. By 2011, we expect a rise in second home buyers in the \$2-15M range as Silicon Valley executives slowly start coming back to the area and seeking vacation home opportunities. We expect the high end market to start to see a recovery in the next 3-5 years. Breaking down our market by location, Pacific Grove has been our healthiest market for the past 6 months with a steady increase in sales prices. Carmel and Pebble Beach are stable for the time period. Carmel Valley's sales prices are down 10% and we haven't had a sale over \$2.5M since December.

831.233.4839 | WWW.CARMEL-REALTY.COM

COURTNEY GOLDING JONES | COURTNEY@CARMEL-REALTY.COM