

Annual Market Data 2014



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CARMEL REALTY COMPANY
ESTABLISHED 1913

FROM BILL & VICKI MITCHELL & SHELLY MITCHELL LYNCH

Dear Friends,

2014 was another strong year for real estate in our market.

Our team, Bill, Vicki and Shelly, had the great pleasure of representing Buyers and Sellers on some landmark properties totaling well over 125 million in personal sales this year. For that, we thank you as our hard work is merely a reflection of your support and faith in us and in Carmel Realty Company.

Five years since the onset of the global financial crisis, the world economies are showing signs of recovery, albeit at varying speeds and a few promising international markets with stalling economies. The US economy seems to be holding the bright spot of the international market at this point and we hope that will continue through 2015.

We wish you a very happy new year and value your referrals and your business. We anticipate the market velocity slowing down a little bit this year but generally sales prices to continue on their upswing. If there's absolutely anything we can help you with this year, please don't hesitate to call or if you have any questions after reading our market update.

We would love to work with you again soon. We have established an extraordinary network of domestic and global broker partners that delivers the very highest level of service anywhere around the world. If you have needs that extend outside the Monterey Peninsula, please give us a call and we can arrange a great referral for you so you can enjoy the experience.

Happy New Year!

Bill, Vicki & Shelly

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.”



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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

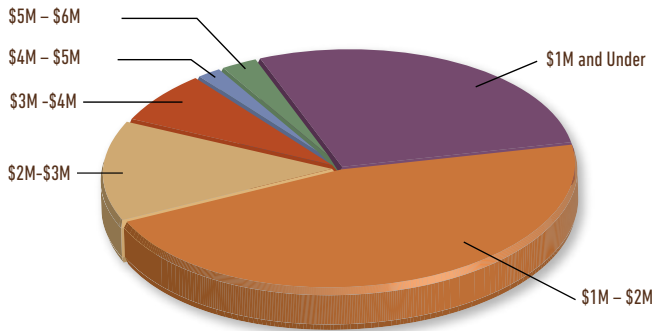
immediately following the financial crisis have declined. As recently as 2008, there were over 20 months of inventory on the market in Carmel. In 2014 the months of inventory was just over seven months

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

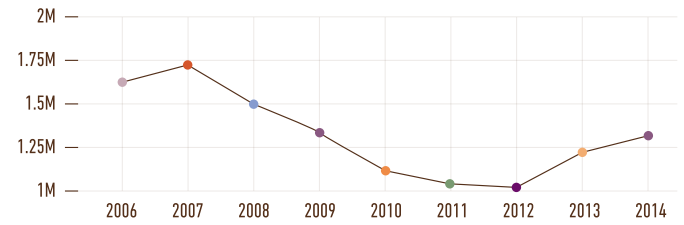
\$1,000,000 to \$2,000,000, with 110 homes trading in that price range.

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.

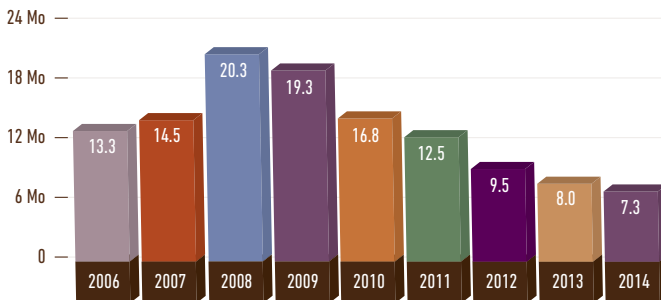
2014 SALES



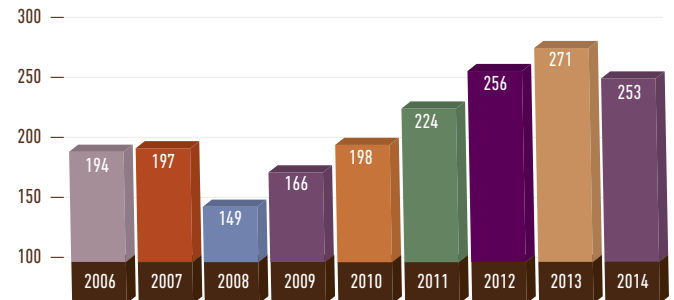
AVERAGE SALE PRICE BY YEAR



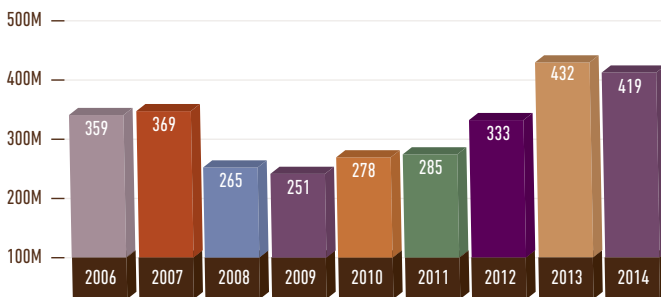
MONTHS OF INVENTORY BY MONTH



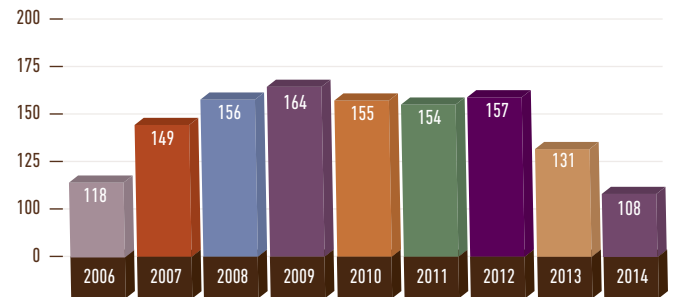
NUMBER OF SALES BY YEAR



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

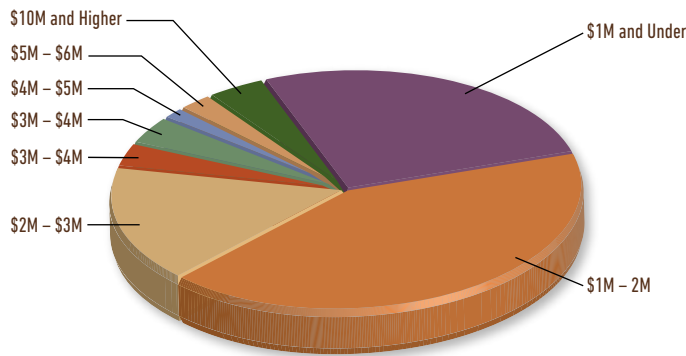
and a stark increase from the years 2006 through 2010 when no more than 75 homes traded in each of those years.

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

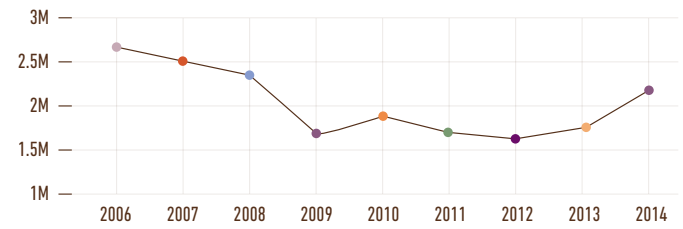
rate of sales. [For comparison, the state wide available housing supply was 3.3 months in December of 2014]

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.)

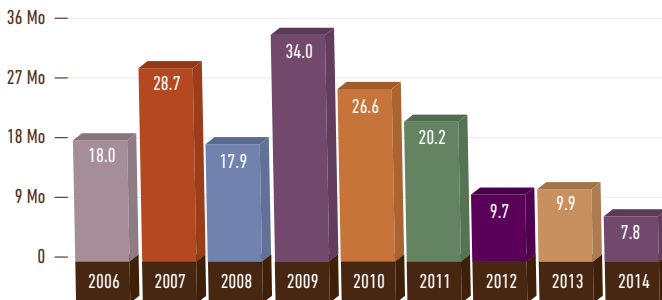
2014 SALES



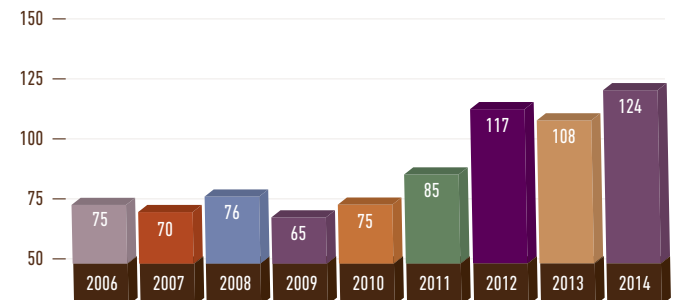
AVERAGE SALE PRICE BY YEAR



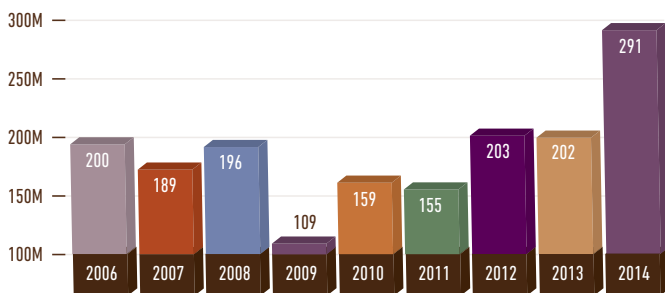
MONTHS OF INVENTORY BY MONTH



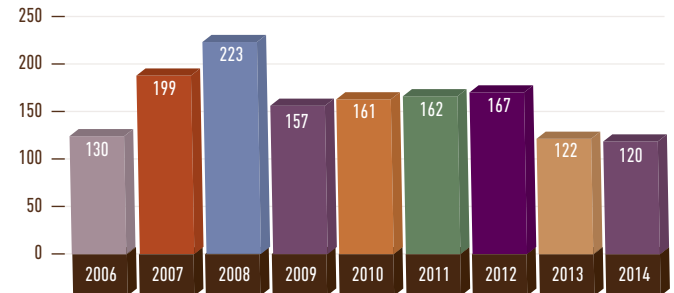
NUMBER OF SALES BY YEAR



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.

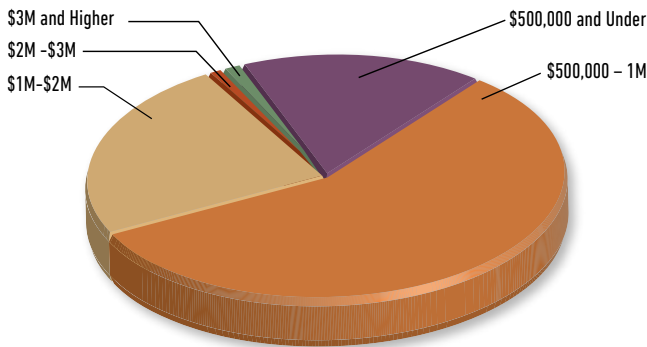
The 84 homes traded in 2014 was nearly identical to the number sold in both 2013 and 2012 and off the high

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.

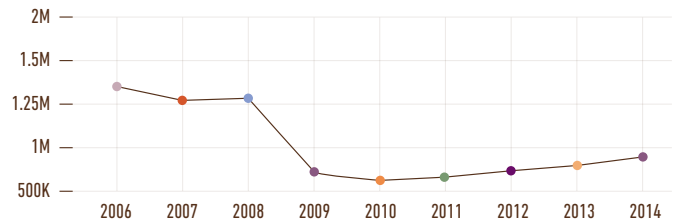
Happily, months of inventory is also well off the over three years of inventory that was on the market

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.

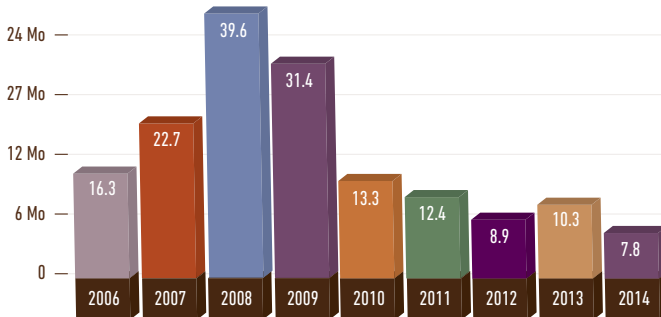
2014 SALES



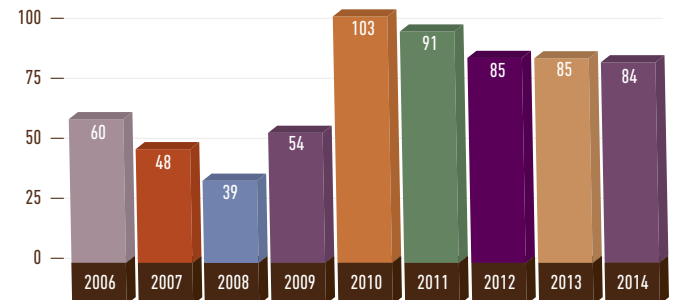
AVERAGE SALE PRICE BY YEAR



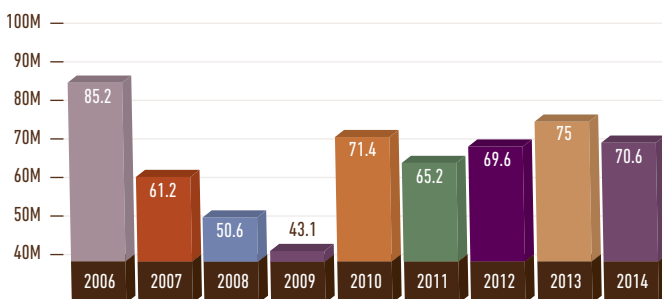
MONTHS OF INVENTORY BY MONTH



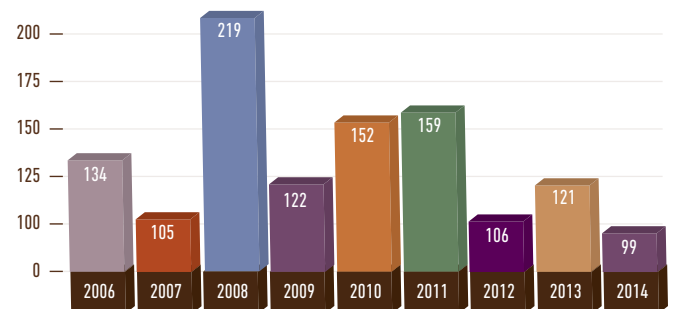
NUMBER OF SALES BY YEAR



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.

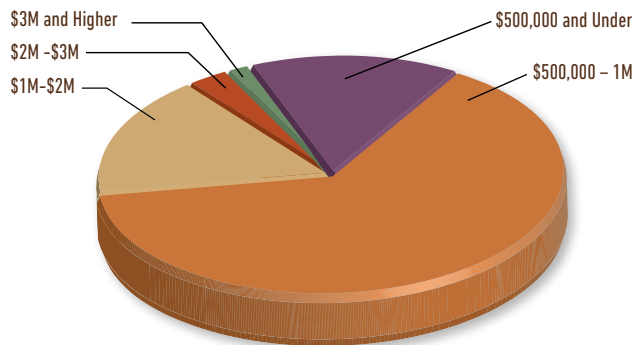
In both communities, the majority of homes sold in the \$500,000 to \$1,000,000 range as seen in the pie charts below.

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.

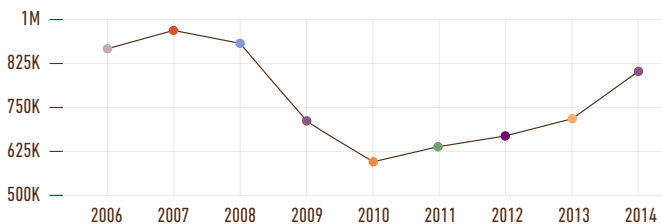
Months of inventory in Monterey moved from nine months in 2013 to 5.5 months in 2014, a marked improvement from previous years when there was often more than a year's worth of inventory on the market. Pacific Grove remains the leader on the peninsula, as it has been for the last few years, with an average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

MONTEREY

2014 SALES



AVERAGE SALE PRICE BY YEAR

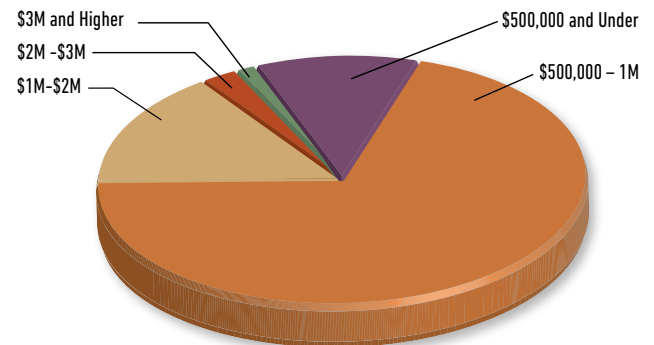


DAYS TO SELL BY YEAR

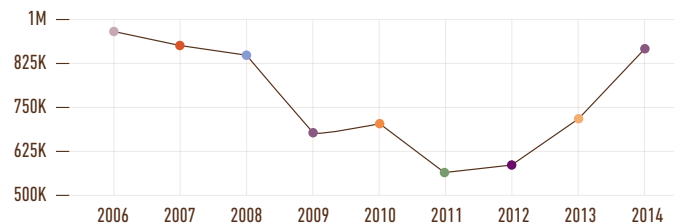


PACIFIC GROVE

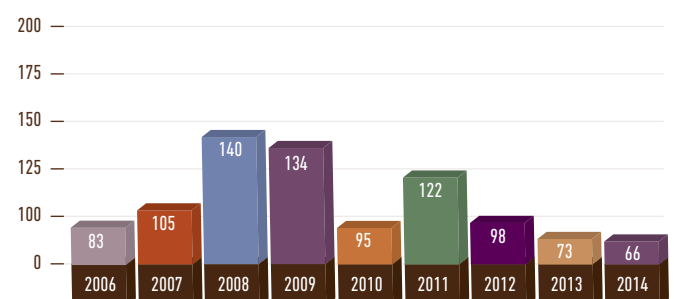
2014 SALES



AVERAGE SALE PRICE BY YEAR



DAYS TO SELL BY YEAR





BILL & VICKI MITCHELL & SHELLY MITCHELL LYNCH
2014 SIGNIFICANT SALES

Pebble Beach	3196 17 Mile	List Price: \$27,500,000
Pebble Beach	1470 Cypress Drive	List Price: \$25,500,000
Carmel	Butterfly House	List Price: \$19,200,000
Pebble Beach	3372 17 Mile Drive	List Price: \$16,900,000
Pebble Beach	3235 Macomber Drive	List Price: \$12,800,000
Carmel Highlands	36404& 36824 Highway 1	List Price: \$8,800,000
Pebble Beach	3361 17 mile	List Price: \$7,900,000
Carmel-by-the-Sea	Scenic and 11th	List Price: \$6,750,000
Carmel	5 Touche Pass	List Price: \$6,400,000
Carmel Highlands	172 Spindrift	List Price: \$5,950,000
Carmel Highlands	106 Yankee Point	List Price: \$5,495,000
Carmel-by-the-Sea	Carmelo 3 SW of 11th	List Price: \$5,200,000
Carmel-by-the-Sea	Lincoln 4 SW 12th	List Price: \$3,800,000
Carmel	25185 Randall Way	List Price: \$3,400,000