

Honor Team June, 2010 eBriefing

Welcome to our June, 2010 real estate eBriefing We spend many hours preparing this eBriefing & we enjoy doing so for our clients. It's one big way we stay way ahead of the curve as leaders in real estate. So, here's this month's big theme: **Living on the Edge & Rising above Financial Challenges**. We hope you enjoy our data & predictions.

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Living on the Edge & Rising Above Financial Challenges

Due to the economic downturn, many are struggling to make ends meet, stay in their homes, & preserve their retirement savings. The effects of job losses & the decline of the stock market & housing values have caused many people to feel trapped with few financial options. Five years ago, we would never have imagined this level of loss in property values for North County.

Because of these tough circumstances, many sellers have turned to us for help, guidance, & our expertise. A few have come too late and it is painful to tell them that the market value of their home is less than what they owe. But we have helped many make the best of a poor situation & preserve as much equity as possible - for some, more equity than they had imagined.

For example, a woman approached us who had two North County properties she needed to sell quickly. She had little equity left & she was living on the edge. She wanted to leave stress & worry behind and hit the reset button for her life. She knew that, to recover financially, she needed to first sell these properties.

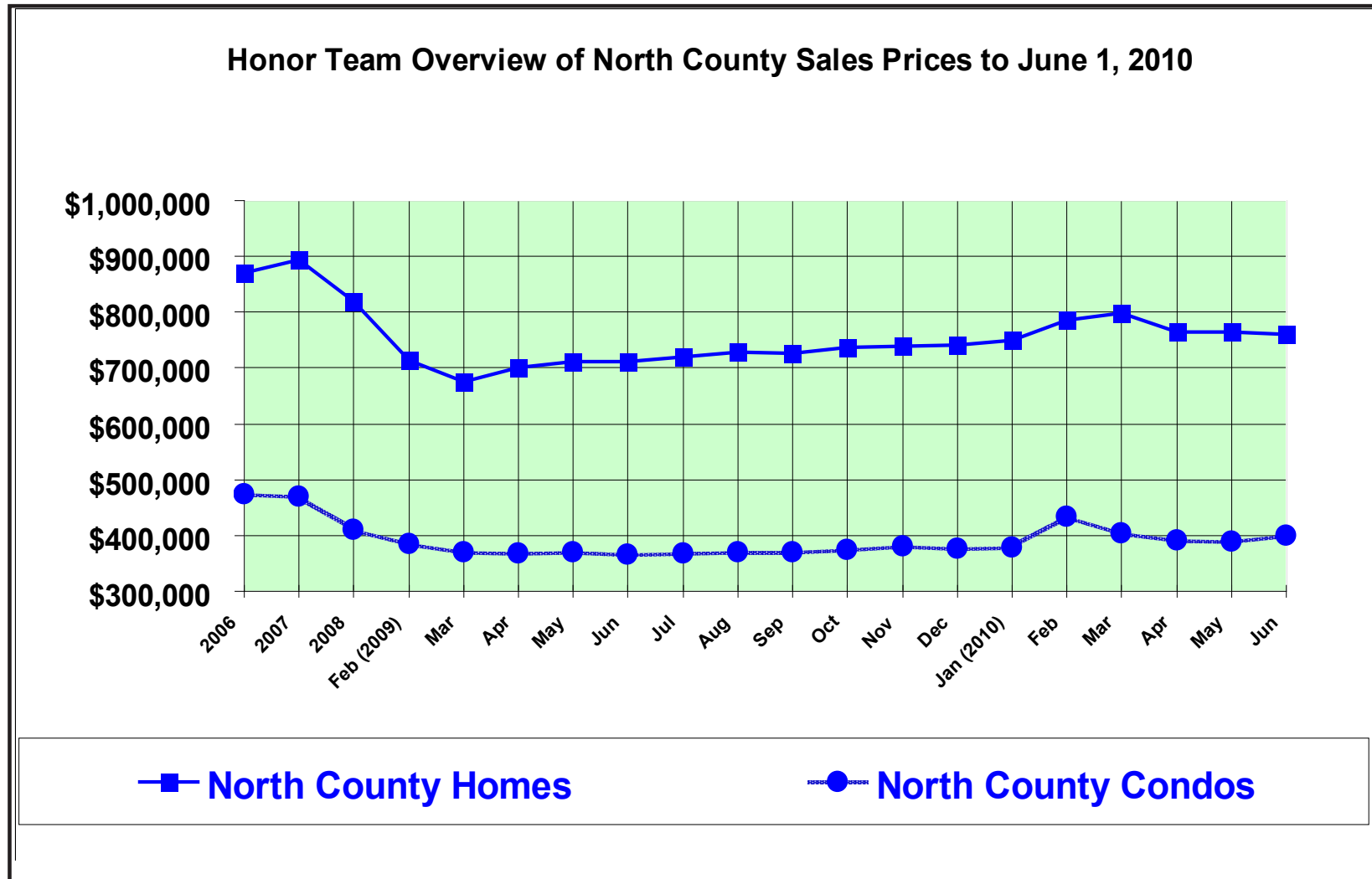
It wasn't easy, but we sold both of her homes. It took patience, great marketing, tough negotiating, saying "no" to low offers, & did we mention patience, but we accomplished her goals. She is today a more relaxed & happy individual confidently rebuilding her life.

So why are our clients so successful? How do we help them in these troubled times? Well, it begins with our expectations. We expect to bless everyone. That motive carries enormous power. We then add to that outstanding marketing - 4-page color brochures, our trademarked "Top 10 Reasons to Buy Me!," unbeatable, massive internet saturation, savvy, strong, solid negotiations, our extensive market knowledge, fine-tuned, strike zone pricing recommendations, & our in-depth knowledge of comparable sales when talking to appraisers.

Isn't this the quality of motive, service, talent, & results you deserve?

The Big Picture

The big news for June is the leveling off of the market after a slight bump up in North County sales prices in January & February. As you can see from the chart below, median prices in 2010 are higher than 2009 - up 1% for homes & 6% for condos. That's for coastal North County as a whole. How about the specific communities? Take a look at the next page....



Honor Team Sales Report (from Scott, Bob, & Cindy)

North County Coastal Sales Comparison for 2007, 2008, 2009, & 2010 (through June 1, 2010)

Community	# Sold	Median Sale Price 2007	# Sold	Median Sale Price 2008	# Sold	Median Sale Price 2009	# Sold	Median Sale Price 2010	% Diff 2009 to 2010	% Diff 2007 to 2010
Del Mar homes (92014)	136	\$1,525,000	96	\$1,527,500	128	\$1,350,000	38	\$1,395,000	3%	-9%
Del Mar condos	57	\$815,000	40	\$785,000	45	\$555,000	16	\$707,500	27%	-13%
Solana Beach homes	72	\$1,237,500	68	\$1,213,750	67	\$1,075,000	36	\$1,015,000	-6%	-18%
WSB (West of I-5)	39	\$1,450,000	41	\$1,640,000	42	\$1,333,750	23	\$1,229,500	-8%	-15%
ESB (East of I-5)	33	\$1,020,000	27	\$980,000	25	\$850,000	13	\$850,000	0%	-17%
Solana Beach condos	81	\$645,000	65	\$625,000	87	\$570,000	38	\$651,500	14%	1%
Cardiff homes (92007)	64	\$929,000	47	\$797,500	57	\$785,000	27	\$750,000	-4%	-19%
Cardiff condos	54	\$466,750	44	\$475,000	40	\$452,500	16	\$490,000	8%	5%
Carmel Valley homes	431	\$1,000,000	366	\$957,500	375	\$852,000	160	\$862,450	1%	-14%
Carmel Valley condos	339	\$491,900	233	\$462,000	258	\$411,250	101	\$410,000	-0%	-17%
Encinitas homes (92024)	390	\$877,000	315	\$775,000	338	\$720,000	152	\$740,750	3%	-16%
Encinitas condos	141	\$450,000	111	\$421,000	139	\$360,000	74	\$428,500	19%	-5%
La Costa homes (92009,11)	625	\$843,900	539	\$765,000	610	\$693,750	269	\$715,000	3%	-15%
La Costa condos	297	\$415,000	274	\$375,000	301	\$335,000	130	\$345,000	3%	-17%
Carlsbad homes 92008,10)	262	\$675,000	239	\$580,000	255	\$545,000	92	\$602,000	10%	-11%
Carlsbad condos	156	\$433,700	132	\$417,000	166	\$360,000	74	\$377,000	5%	-13%
All Homes	1980	\$895,000	1670	\$818,875	1830	\$749,250	774	\$760,000	1%	-15%
All Condos	1125	\$470,000	899	\$411,000	1036	\$378,450	449	\$400,000	6%	-15%

Leaders!

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Our Assessment

Here's what we conclude from the MLS data which we used to create our very own Honor Team Monthly Sales Report & Chart:

- Homes below \$1,000,000 continue to sell, although at a modest pace.
- Homes above \$1,000,000 continue to sell more slowly - but there is activity. We have sold five homes in the last six months in the \$1,000,000-\$1,150,000 range.
- Buyers have come out of hiding, but they are still wary. Buyers realize that the bottom has passed, so there's no reason to wait. But the economic signals are not all clear, though most are positive.
- The market is stronger than most people realize. 32% of all homes in coastal North County are in escrow! And 38% of all condos! That's rather amazing and shows a strength of activity beyond what most people perceive.
- There is still some concern that the large number of properties in foreclosure or pre-foreclosure status might cause another dip downwards before a stable recovery.

Some Revealing & Surprising Facts

- In coastal North County as a whole, there were 1407 homes for sale or in escrow as we entered this month (up only 16 homes from last month - a very very slight inventory shift) & 456 are in escrow. That's 32%. That's a VERY high number!
- There were 727 condos for sale in coastal North County as we entered this month (down 19 condos from last month -- a surprising drop in inventory) & 274 of those are in escrow. That's 38% That's A LOT of condos in escrow!
- Despite the recession, we are grateful & humbled to have maintained our position as "Leaders" with over 46 transactions DURING the recession (2008 & 2009) & continuing success in 2010. We have eight transactions, either sold or in escrow, already in 2010. Our success gives our clients a great edge & boost towards their success.
- We are deeply in touch with both the listing side of the market & the buyer side since 60% of our business is with sellers & 40% with buyers. This helps us stay finely tuned to what's really happening.
- One of the most difficult challenges has been to get successful appraisals for our pending sales. Appraisers, because of so many lower sales, sometimes come in lower than the sales price. This, of course, can kill a sale. Needless to say, we make sure we talk directly to the appraisers to help them appreciate our properties.
- In today's market, it is fruitless for a seller to price too high. First, they are highly unlikely to get an offer when priced too high. And second, even if they do get an offer at the price point they want, it is unlikely to appraise.

Our Predictions

- We have moved through the bottom & buyers are coming out of hiding, though they are still very price sensitive & wary. Some are convinced the market will still go lower.
- We are not sure where pricing will end in 2010, but our best, private thinking is that prices will end modestly up - at least for homes below \$1,000,000. But there are conflicting forces.
- We are definitely watching an emerging, rather precarious, market trying to gain a foothold. We also feel that we are approaching a modest breakthrough in sales above \$1,000,000.
- On the other hand, prices (& sales) above \$1,000,000 continue to be soft. And distress sales are still pushing prices lower. But we expect this "luxury market" to gain some traction.
- Interest rates will remain historically low during 2010 - probably below 6%, but the pressure is underneath the surface for them to start rising later in the year. They are at an amazing low as we begin this month.

Why Sell Now?

- Perception of "Recovery" is kicking in.
- Buyers are coming out of hiding.
- Low interest rates are encouraging buyers to act.
- Inventory of good homes for sale is moderate.
- Your home will sell successfully with us. We closed over 46 transactions in 2008 & 2009 - in the middle of a recession. And we have 8 already sold or in escrow for 2010.
- We help our sellers get the highest possible price because of our fabulous presentation, marketing, & negotiating.

Our Advice to Sellers

- **Price your property aggressively NOW!** Look at the best, honest sold comps (NOT your competition that is for sale), price slightly above those comps so you are in the "Strike Zone." You will sell if you do this!
- **Treasure the first offer.** It's very often the only offer. Don't make the mistake of thinking, "Oh this was fairly easy, let's wait for the next offer."
- **Adjust your price more rapidly than you want to** in order to reach the strike zone. The market is perpetually adjusting and every sale affects your value. Have the courage to get within 6% of the Strike Zone & let us hold the line with you in negotiating. In our last sale above \$1,000,000, we sold it only 2% less than the last asking price and our last 3 sales were 5% less than the asking price. The average for other agents in this period was 9% less than the last asking price.
- **Don't give up!** Patience is absolutely called for in this market. Give yourself a good 6 months to sell - and longer if you price high to begin with. If you need to sell faster, drop your price now, not later.
- **Let your property "Pop & Sizzle" in buyer's minds & hearts.** Over 60% of our business comes from our listings & we shine in marketing. Our "Top 10 Reasons to Buy Me!" marketing campaign has been called "Genius" by our clients & competitors!

Speaking About Genius Marketing for our Sellers

In late February, we started paying what feels like a few million dollars to **Realtor.com** so our Honor Team listings would have premium placement at the top of ALL searches for "92075" or "Solana Beach."

No matter what someone searches for, we "own" four of the eight boxes that appear at the top of every page (Only 5 are "owned" & show up at the present time).

The average number of page views that each of our listings was getting prior to this investment averaged about 3,000 views per month per listing. **Since we took this step, that average is now over 30,000 views per listing. Wow!** You can see what a typical search of 92075 produces by clicking on the link below. Notice the four boxes at the top of the page. They rotate with every refresh of the webpage or new search. This is nothing less than fabulous for our sellers. It also enables us to advertise "Open Houses" to a giant audience.

Why Buy Now?

- Prices best in last 3 years.
- Interest rates are still hovering around the lowest historical level.
- Recovery is here. No reason to wait.
- Good buys available at lower prices.
- Good inventory will disappear quickly as the perception of “recovery” kicks in more strongly.
- You will find what you want with us. Our buyers are thrilled because we find just the right properties for them & negotiate the lowest possible price.

Our Advice to Buyers

- **Buy now.** If you are planning to stay put in your new property for the next 3-5 years and you see a property that speaks to your heart, buy now. We feel that the tide has turned and it's important not to miss this opportunity to buy at the lowest possible prices.
- **Play it Safe.** If you are planning to stay put for less than 2 years, play it safe. There's no harm in waiting to see if the market has indeed stabilized on prices. Remember, though, when a market turns (and we feel this one has), things happen quickly and those lower prices begin to fade. But even as the market recovers, prices will probably remain stable for at least another year.
- **Work with the Honor Team.** Almost 40% of our business is with buyers and we are amazing at helping buyers find the "perfect" property and negotiating the lowest possible sales price. And we don't pressure. What you will experience with us is expertise, knowledge, wisdom, & caring beyond your highest expectations.

Please Take a Look at these Gems!

We love the homes & condos we represent & we'd really appreciate your taking a quick look. Who knows, you might know the perfect buyer for one of these gems.

Thanks for taking a look. Just click the link below

Honor Team Listings

"YOU ARE ABSOLUTELY AMAZING!"

"You are absolutely amazing! At a very challenging time in my life, your insight & wisdom helped me make tough decisions without feeling pressured in any way. You have my utmost respect, gratitude, and appreciation for guiding me through sensitive financial and emotional times. Your immense kindness and continuous caring for me as a person continually uplifted my spirits & made our work together - selling not just one, but two properties - an amazing journey & outcome. I was also awed by your fabulous marketing. What you did for me was a miracle. I'm an Honor Team Raving Fan!"

Erika Jorgenson



Thank You For Calling Us!

We really appreciate & enjoy our clients & love serving them without any pressure. In fact, we treat our clients the way we like to be treated. For an experience of real estate Beyond Your Highest Expectations, please call us. We're ready to serve you with an amazing array of talents & qualities!

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