

Honor Team May, 2010 eBriefing

Welcome to our May, 2010 personal 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 question: **Is the recession in real estate over?** We hope you enjoy our data & predictions.

The Honor Team *Scott Peck & Bob Griswold*

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Is the Recession in Real Estate Over?

We think it is!

Remember, in real estate, no one sees the beginning of the downturn until about six months after it's happened. The same is true of the upturn. Based on everything we read, our intimate connection to buyers & sellers, & the statistics in this eBriefing, our best estimate is that the recession in real estate is over. We think the experts will point back to this moment six months from now as the turning point.

That's the good news!

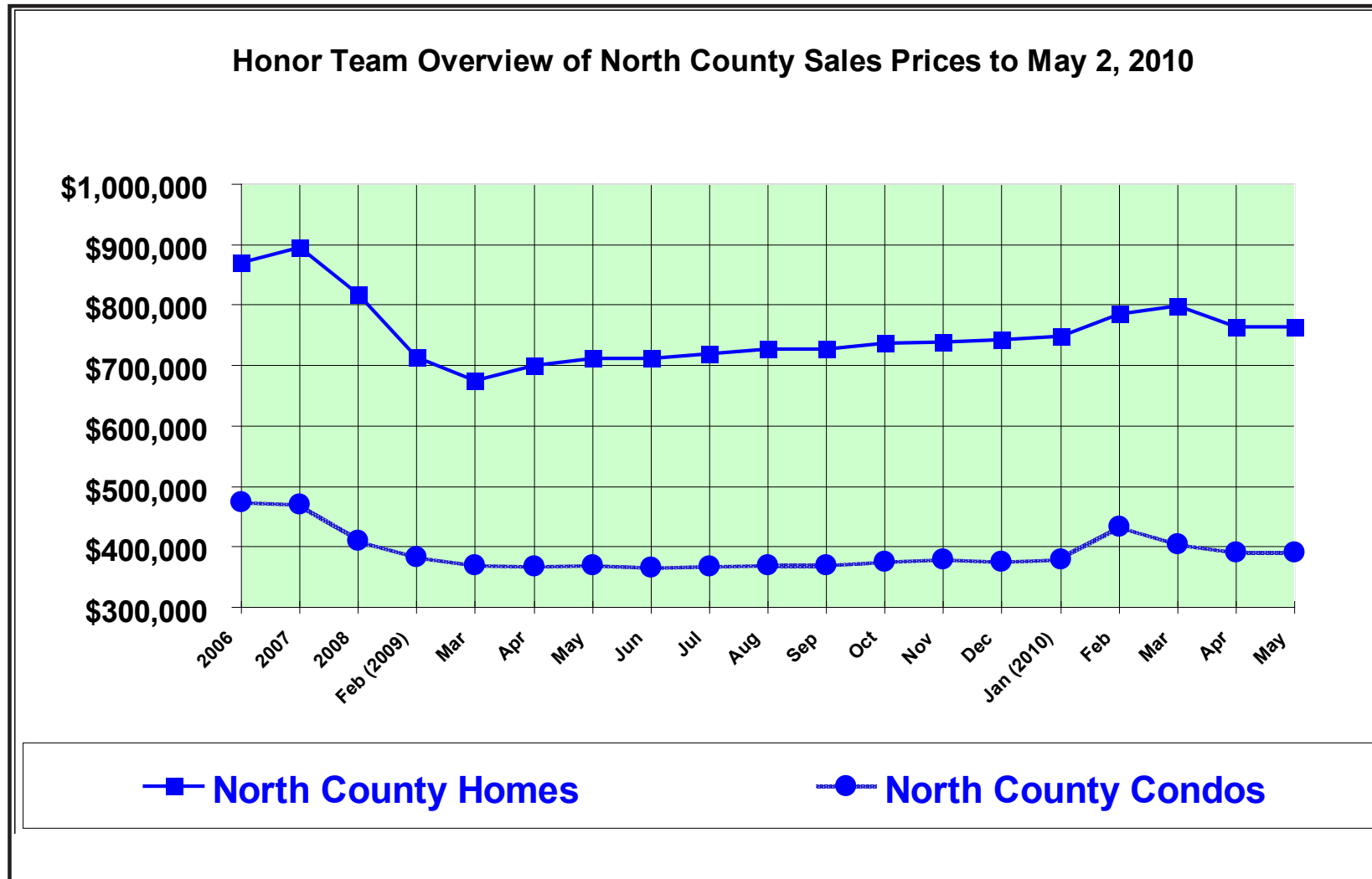
The bad news is that it won't feel like the real estate recession is over to sellers for many months. Sellers will continue to be disappointed by the sales prices & the market time needed to sell their properties.

However, their properties will sell if they get close to what we call the "Strike Zone" and if they can muster the patience to wait for the inevitable offer.

Buyers will continue to think they are paying too much & be stingy in their offers. It takes a lot of wisdom & negotiating skills to bring sellers & buyers together. However this is happening! We expect modest gains in both the number of properties sold in 2010 compared with 2009 and modest gains in the sales prices as well. This will be driven by continuing low interest rates, slowly increasing consumer confidence, a slowly expanding economy, slow but increasing job growth, & pent-up buyer desire. Notice the word "slow!"

The Big Picture

The big news for May 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 (& the next page with full statistics), median prices in 2010 are still higher than 2009 - but only by a few percentage points. So what are the statistics really saying? 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 May 2, 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	30	\$1,432,500	6%	-6%
Del Mar condos	57	\$815,000	40	\$785,000	45	\$555,000	11	\$489,000	-12%	-40%
Solana Beach homes	72	\$1,237,500	68	\$1,213,750	67	\$1,075,000	29	\$1,000,000	-7%	-19%
WSB (West of I-5)	39	\$1,450,000	41	\$1,640,000	42	\$1,333,750	16	\$1,075,000	-19%	-26%
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	25	\$695,000	22%	8%
Cardiff homes (92007)	64	\$929,000	47	\$797,500	57	\$785,000	17	\$750,000	-4%	-19%
Cardiff condos	54	\$466,750	44	\$475,000	40	\$452,500	13	\$490,000	8%	5%
Carmel Valley homes	431	\$1,000,000	366	\$957,500	375	\$852,000	117	\$870,000	2%	-13%
Carmel Valley condos	339	\$491,900	233	\$462,000	258	\$411,250	61	\$420,000	2%	-15%
Encinitas homes (92024)	390	\$877,000	315	\$775,000	338	\$720,000	105	\$750,000	4%	-14%
Encinitas condos	141	\$450,000	111	\$421,000	139	\$360,000	52	\$417,500	16%	-7%
La Costa homes (92009,11)	625	\$843,900	539	\$765,000	610	\$693,750	204	\$715,000	3%	-15%
La Costa condos	297	\$415,000	274	\$375,000	301	\$335,000	96	\$340,000	1%	-18%
Carlsbad homes 92008,10)	262	\$675,000	239	\$580,000	255	\$545,000	66	\$606,000	11%	-10%
Carlsbad condos	156	\$433,700	132	\$417,000	166	\$360,000	56	\$365,000	1%	-16%
All Homes	1980	\$895,000	1670	\$818,875	1830	\$749,250	568	\$765,000	2%	-15%
All Condos	1125	\$470,000	899	\$411,000	1036	\$378,450	314	\$390,000	3%	-17%

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 much more slowly - but there is activity. We have sold four homes in the last several months in the \$1,000,000-\$1,150,000 range.
- Buyers have come out of hiding, but they are very wary. Buyers realize that the bottom has passed, so there's no reason to wait. But the economic signals are not all clear.
- The market is stronger than most people realize. 34% of all homes in coastal North County are in escrow! And 47% 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 homes in foreclosure or pre-foreclosure status might cause another dip downwards before a stable recovery.

Some Surprising Facts

- In coastal North County as a whole, there were 1391 homes for sale or in escrow as we entered this month (up 111 homes from last month) & 488 are in escrow. That's 34%. That's a VERY high number!
- There were 746 condos for sale in coastal North County as we entered this month (up 43 from last month) & 354 of those are in escrow. That's 47% That's A LOT of condos in escrow!
- Despite the recession, we are grateful & humbled to have maintained our position as "Leaders" with over 40 transactions DURING the recession (2008 & 2009) & continuing success in 2010. We have seven 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 spend a long time talking to 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, very price-sensitive & wary. Many 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.

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 40 transactions in 2008 & 2009 - in the middle of a recession. And we have 7 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!

Click below to see
["Why Sellers Love The Honor Team!"](#)

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.

**Click below to see this in action on
Realtor.com**

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

"THE ABSOLUTE BEST!"

We've purchased eight homes in our lifetime, but the buying experience with you tops them all. Your market knowledge couldn't be better. We never felt the slightest bit of buying pressure, but instead, felt your complete concern with our needs. You only showed us homes that met our buying criteria and you facilitated our every need. You did everything you said you would do, when you said you would do it. We sincerely feel that, if anyone used any other Realtors, they would miss the absolute best!



Jerry & Cathy Collins

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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