

HONOR TEAM AUGUST, 2010 eBRIEFING

GENERATING SUCCESS

EVEN AT THE BOTTOM OF THE CURVE

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SLIDING ALONG THE BOTTOM

This is a telling moment for real estate. Has the recession ended? Are prices still falling? When will the turnaround take place? As we study our own statistics and chart on the next pages, our conclusion is this: The recovery from the 3-year recession is taking place, but we are at the bottom of the curve. In fact, we have been sliding along the bottom of the curve for many months, as the next chart so clearly shows. So, the big questions are:

- How long will this slide along the bottom of the curve last?
- What does this mean for you as a seller?
- What does this mean for you as a buyer?

We think real estate prices will remain relatively flat for quite some time. In fact, the market in coastal North County is struggling even to remain flat. The average coastal North County home price dropped \$4,000 from July to August to an average median sales price of \$756,000. Condos in coastal North County dropped \$3,500 from July to August to an average median sales price of \$391,500.

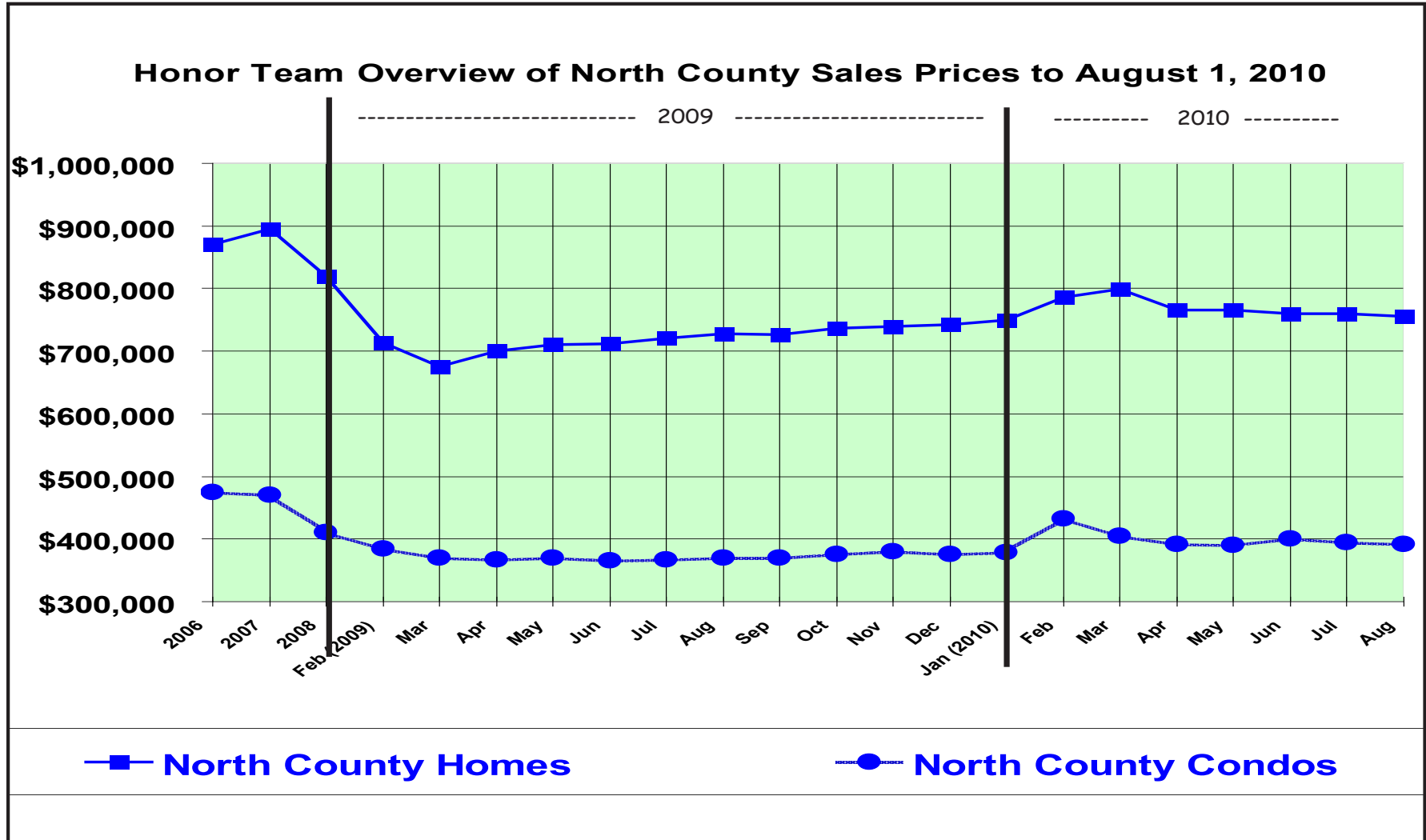
There are many forces at play in moving through this recession. The stock market is up, but unemployment is still high. Many are cutting back and feeling very conservative.

What this means for buyers is that this is a great time to buy at a low price. About a third of the properties for sale are distress sales, where the seller is in some stage of financial stress. The interest rates are also phenomenal and look to remain at historical lows for many months.

For sellers, this paints a more bleak picture. Should a seller wait for a turnaround that might take two to three years to be of significance? Or should sellers go for it now and move their lives forward? And can sellers get a fair price for a "normal" sale with all the distress homes also on the market? These are the questions we address later in this eBriefing.

THE BIG PICTURE

The chart below shows how we are steadily skidding along the bottom of the recovery curve. It's good news that prices are holding at the coastal North County median price. Even prices in the more upscale communities of Solana Beach, Del Mar, Cardiff, and Carmel Valley held even or slightly rose this past month. Take a look at the detailed report on the next page to see what's happening in your community.



Honor Team Sales Report

North County Coastal Sales Comparison for 2007, 2008, 2009, & 2010 (through August 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	53	\$1,360,000	1%	-11%
Del Mar condos	57	\$815,000	40	\$785,000	45	\$555,000	29	\$490,000	-12%	-40%
Solana Beach homes (92075)	72	\$1,237,500	68	\$1,213,750	67	\$1,075,000	55	\$970,000	-10%	-22%
WSB (West of I-5)	39	\$1,450,000	41	\$1,640,000	42	\$1,333,750	33	\$1,150,000	-14%	-21%
ESB (East of I-5)	33	\$1,020,000	27	\$980,000	25	\$850,000	22	\$864,500	2%	-15%
Solana Beach condos	81	\$645,000	65	\$625,000	87	\$570,000	54	\$642,500	13%	0%
Cardiff homes (92007)	64	\$929,000	47	\$797,500	57	\$785,000	40	\$840,000	7%	-10%
Cardiff condos	54	\$466,750	44	\$475,000	40	\$452,500	25	\$457,500	1%	-2%
Carmel Valley homes (92130)	431	\$1,000,000	366	\$957,500	375	\$852,000	236	\$897,750	5%	-10%
Carmel Valley condos	339	\$491,900	233	\$462,000	258	\$411,250	146	\$414,000	1%	-16%
Encinitas homes (92024)	390	\$877,000	315	\$775,000	338	\$720,000	218	\$747,750	4%	-15%
Encinitas condos	141	\$450,000	111	\$421,000	139	\$360,000	98	\$416,250	16%	-8%
La Costa homes (92009,11)	625	\$843,900	539	\$765,000	610	\$693,750	431	\$699,000	1%	-17%
La Costa condos	297	\$415,000	274	\$375,000	301	\$335,000	193	\$350,000	4%	-16%
Carlsbad homes 92008,10)	262	\$675,000	239	\$580,000	255	\$545,000	131	\$595,000	9%	-12%
Carlsbad condos	156	\$433,700	132	\$417,000	166	\$360,000	99	\$375,000	4%	-14%
All Homes	1980	\$ 895,000	1670	\$ 818,875	1830	\$ 749,250	1164	\$ 756,000	1%	-16%
All Condos	1125	\$470,000	899	\$411,000	1036	\$378,450	644	\$391,500	3%	-17%

Leaders!

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JUST GIVE ME THE FACTS

- In coastal North County as a whole, there were 1487 homes for sale or in escrow as we entered this month (up only 18 homes from last month - a very very slight inventory shift) & 390 are in escrow. That's 26%. That's a VERY high number!
- There were 761 condos for sale in coastal North County as we entered this month (up only 11 from last month) & 256 of those are in escrow. That's 34% That's A LOT of condos in escrow!
- Despite the recession, we are grateful & humbled to have maintained our position as "Leaders" with 56 transactions DURING the recession (2008 & 2009) & continuing success in 2010. We have 16 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 may continue sliding along the bottom of the curve for the rest of the year with relatively flat prices, and with, perhaps, some scary moments that might cause some momentary dips.
- Our best, private thinking is that prices in coastal North County will end modestly up from last year, perhaps up 1 to 2%. But would we stake our lives on this? No!
- Interest rates will remain historically low during 2010 but the pressure is underneath the surface for them to start rising in 2011. They are at an amazing low as we begin this month.

SUCCESSFUL SELLING

EVEN AT THE BOTTOM OF THE MARKET

Sixty percent of our clients are sellers, and we are doing a phenomenal job of not only selling their properties, but of selling their properties at the highest prices seen in this market, even when many other homes are selling at much lower "distress" prices. We have never worked harder in our real estate lives to accomplish this, both in our marketing & in our powerful negotiating. Here's what it takes to succeed as a seller today:

1. **Know Your Value.** What is your home worth in today's market? What do the recent neighborhood sales say that your home is worth? Buyers aren't interested in what you paid for the house or what you owe on it. It's all about knowing today's value. This requires the intimate property knowledge we bring to the table.
2. **Price in the Strike Zone.** Be on target to attract buyers from the very beginning. Make small, but frequent price adjustments to insure your success.
3. **Have Premier Exposure.** You deserve a 4-page, full-color brochure with our "Top 10 Reasons to Buy Me!" signature marketing campaign. This Top 10 copy goes to every premier search site on the internet. This same luxury brochure is also in front of your home for buyers.

Continued on next page

SUCCESSFULL SELLING

EVEN AT THE BOTTOM OF THE MARKET

CONTINUED

4. **Start Early.** Start early so you can afford to be patient. Give yourself plenty of time to sell your house. Time gives us negotiating strength to get you the highest possible price.
5. **Don't be Afraid to Say No to Low Offers.** This is not easy to do if you are desperate to sell or in financial stress. If you are a "normal" sale, however, and without enormous financial pressure to sell, this strategy has been effective for us because we are so respected for knowing values so precisely and selling our homes at high prices. Our tough but honest and gracious negotiating enables us to speak with authority on behalf of our sellers.
6. **Be Persistent & Don't Give Up.** When sellers list their homes or condos with us, they sell when the sellers follow our advice. Always remember, you are just looking for one good buyer. Sometimes it takes some time for that buyer to show up. And it also takes our powerful negotiating to convince that buyer & that buyer's agent that your property is worth what we are asking.

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 transactions in 2008 & 2009 - in the middle of a recession. And we have 16 already sold or in escrow for 2010.
- We help our sellers get the highest possible price because of our fabulous presentation, marketing, & negotiating.

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 ARE SELLING!

We love the homes & condos we represent & we'd really appreciate your taking a quick look at our properties for sale. You might know the perfect buyer for one of these gems. Just click the link below

[Honor Team Listings](#)

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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