

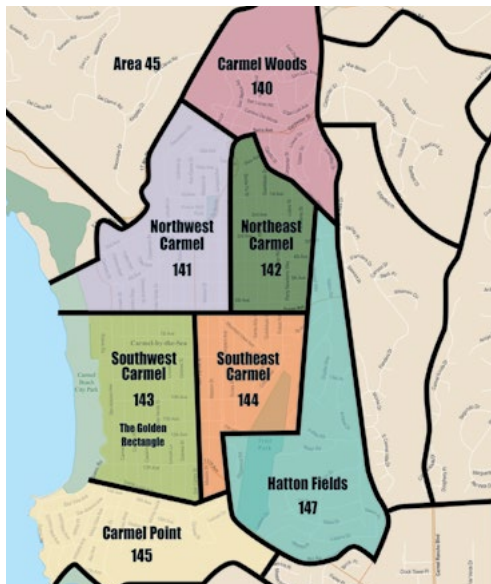
2013 MARKET REPORT CARMEL



CARMEL REALTY COMPANY
ESTABLISHED 1913

The Carmel market saw a significant rebound in 2013 compared to the two previous years. In 2013 \$353,794,307 worth of property was reported sold on the multiple listing service (MLS) fifty million more dollars than reported in 2012 while the number of transactions actually fell from 233 in 2012 to 227 closed transactions in 2013.¹

As with all of our markets on the Monterey Peninsula, the saying that all real estate is local applies. Carmel itself has several “local” markets that can be described both by geography and price point. The “Carmel Market” includes the city of Carmel-by-the-Sea and surrounding areas of the county. The area many considered most desirable is the southwestern portion of the city known as the Golden Rectangle; south of Ocean Avenue and west of San Carlos. Also highly desirable are homes in town with ocean views, along Scenic Avenue, and homes in the Carmel Point area which is just outside of the city limits. Ocean front, or nearly so, homes on Carmel Point are also highly desirable and are second to



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southwest Carmel in terms of average sales price. If there is a difference in quality of life in the Golden Rectangle as compared to other areas of Carmel is hotly debated, but the difference in relative real property value is fairly clear.

| AREA | MLS AREA NO. | DAYS ON MKT. | AVG. SALE PRICE | \$/SQ. FT. |
|------------------|--------------|--------------|-----------------|------------|
| Carmel Point | 145 | 259 | \$2,581,688 | \$1,258 |
| Southwest Carmel | 144 | 178 | \$2,249,309 | \$811 |
| Northwest Carmel | 141 | 128 | \$1,565,457 | \$953 |
| Northeast Carmel | 142 | 121 | \$993,563 | \$755 |
| Carmel Woods | 140 | 98 | \$1,197,566 | \$521 |
| Hatton Fields | 147 | 91 | \$1,443,595 | \$580 |
| Southeast Carmel | 144 | 91 | \$1,328,833 | \$811 |

¹The number of “off MLS” transactions continues to grow in our market. MLS Listings, our regional MLS, reports that as many as 22% of real property transactions are not reported to the MLS. While there are a number of reasons sellers elect to not list on the MLS, it has the unfortunate consequence of making the data less valuable for data analysis.

CARMEL QUARTILES

Carmel is known for having variable housing stock with remodeled multimillion dollar homes adjacent to modest single wall cottages of a few hundred square feet. If one divides the market in equal fourths, it can offer insight on how properties are moving at different price points. As might be expected, the lower cost homes with a median price of \$995,000 spend less time on the market than more expensive homes. The lower priced homes tend to also be the older and smaller homes with square footage of about 1,550 feet versus the most expensive homes with an average of over 4,000 square feet.

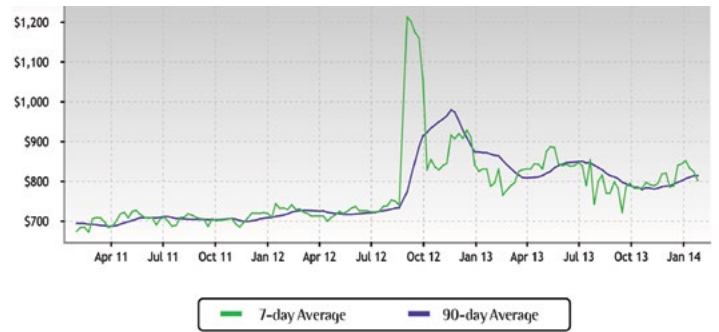
| QUARTILE | MEDIAN PRICE | SQ. FT. | BEDS | BATHS | AGE | INVENTORY | DOM |
|---------------|--------------|---------|------|-------|-----|-----------|-----|
| Top/First | \$4,975,000 | 4220 | 4 | 4 | 20 | 49 | 199 |
| Upper/Second | \$2,495,000 | 2471 | 3 | 3.5 | 33 | 49 | 208 |
| Lower/Third | \$1,592,500 | 2710 | 3 | 3 | 48 | 50 | 221 |
| Bottom/Fourth | \$995,000 | 1558 | 3 | 2.8 | 40 | 50 | 121 |

CARMEL REALTY SIGNIFICANT 2013 CARMEL SALES



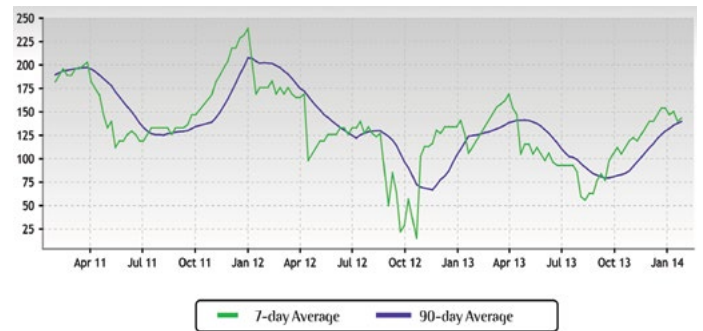
INVENTORY

Inventory was relatively flat through 2013 and well below the highs seen in 2010 and 2011. Typically there is a seasonal drop of homes listed for sale as the calendar year ends, followed by a round of new listings in early January. As we begin 2014 we are seeing the seasonal uptick in listings but it is far less pronounced than during the years immediately following the financial crisis.



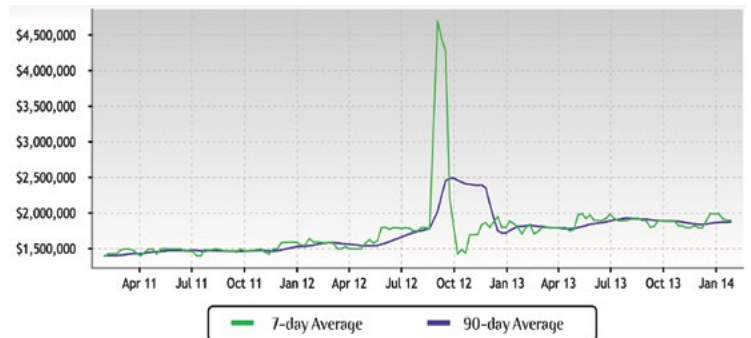
DAYS ON MARKET

As with inventory, the number of days on market in Carmel is cyclical with the lowest average days on market typically occurring as summer moves into fall. Carmel properties have been on the market for an average of 185 days. Half of the listings have come newly on the market in the past 144 or so days.



MEDIAN PRICE

Median price in Carmel remained relatively flat through 2013, slightly up from 2012, with a general sense of an improved market.



MARKET ACTION INDEX

Sometimes in looking at market statistics key indicators can be running counter to each other. For example, median price might be increasing at the same time that inventory levels are increasing while days on market is relatively flat. The Market Action Index combines these and other statistics to generate a number (indexed to 30) provide insight into market trends. An MAI value greater than 30 typically indicates a “Seller’s market” because demand is high enough to quickly absorb available supply. An MAI under 30 indicates a “Buyer’s market” where the inventory of already-listed homes will last for several months. An MAI that hovers around 30 tends to indicate a balanced market where the traits of the individual house, its pricing, and specific location will be more in play than the health of the overall market.

