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June 2014 NEWSLETTER



Dear Friends and Clients,

Summer has arrived and with it, increased market activity. Are buyers and sellers at opposite ends of the spectrum when it comes to agreeing on prices for real estate?

A recent study by Redfin shows that 40% of sellers planned to list their homes above market value even though recent sales activity shows a decline. With prices being so volatile in the past five years sellers are having an increasingly difficult time assessing "real" market value.

Buyer's on the other hand, having seen this market volatility, are now far more cautious about stepping

in and paying premium prices or chasing an escalating sales price to compete with multiple bids. They will simply walk away and wait for another property to come along.

Recent Sales Activity

In looking at the market data, property sales in general are slowing. Last month saw a decline of 6.6% compared to May, with 136 properties closing. This is also down 8.6% from the same period last year.

Although this is a reverse of the previous month, which showed a 17.2% increase, don't get caught into thinking prices are falling. It is not unusual for sales figures to drop at this time of year as many families are taking their vacations as children are out of school.

In fact both Medium Sales Prices and Average Sales Prices were up in June by 5.0% and 17.2% respectively and with the average Days On Market for June being 56, representing a 12.5% downward shift compared to May, this is again an indication of a strong market environment. As discussed last month the "true" indicator of this can be Selling price per square foot which again showed a 6.4% increase over May and is up 17.8% when compared to the same period last year.



Available Properties and Upcoming Listings

The property shown at the start of this newsletter is a property I currently have available for lease which can be seen in more detail on my web site at <http://www.montecito-estate.com/listing/cape-cod-style-oceanfront-estate-2/>.

In other news I have a new listing which will be coming on the market in the coming weeks located in Montecito. Although different in design aesthetics to the property shown directly above, which is the property I just sold on Greenworth Place in Montecito, this is a wonderful home with a versatile floor plan and separate structures as well.

Looking forward, and on a National level, the market continues to broaden as more markets see price increases, a stark contrast to last year where price increases were more localized in certain metro areas. This broader and more evenly distributed increase in prices makes for a healthier national

housing market and one that may be more sustainable long term.

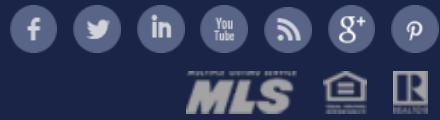
However, this will also be predicated on a number of other factors such as increasing student debt rates, stagnant or falling incomes and sustainable household growth. If your income is stagnant and or falling and your debt level is constant the driving force of first time buyers, some time referred to currently as the Millennium Generation, coming into the market place will be limited. Ultimately the Millennium Generation will have an impact on the home ownership market just as their presence has been felt on the rental market in recent years. This will remain tempered until income levels increase and we move from an equity based, balance sheet economy to one of real wealth and incomes.

Sincerely,



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