

# The LITTLE WOODS

Santa Barbara Real Estate

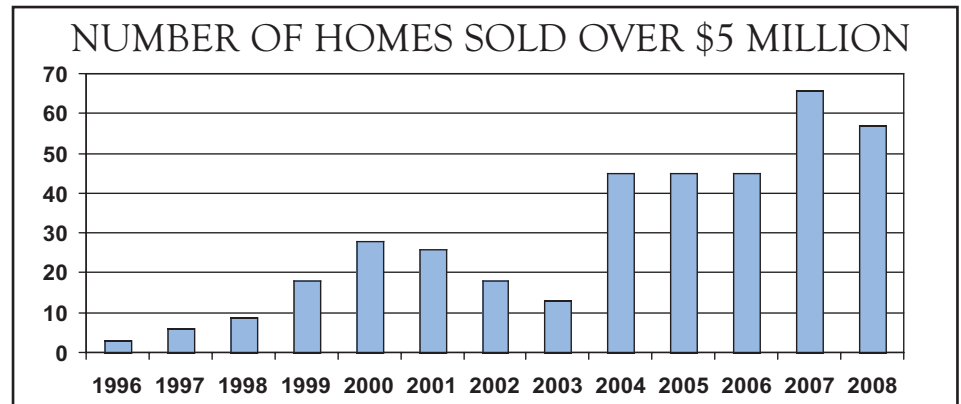
By Harry Kolb

January 2009

## Estate Sales Down 14 Percent

By now it's no surprise that estate sales were down last year. In 2008 we sold 57 homes in our area for over \$5 million compared to 66 the previous year. Even though this represents a 14% reduction in the number of homes sold, that number was still well over the previous three years when we averaged 45 homes sold. Looking at the various communities in our area, the sale of significant homes in Montecito didn't slow dramatically until after September with the failure, merger or conservatorship of several large United States-based financial firms. But the market for homes valued over \$5 million was slow all year in Hope Ranch, Santa Barbara and for all oceanfront properties in general. In Hope Ranch, last year's sales for homes over \$5 million were down to 4 homes sold compared to 13 the previous year. In Santa Barbara the number was 0 for last year compared to 3 in 2007. On the beach, sales were down from 11 to 9. Perhaps the most telling segment of our market was that priced over \$16 million where we only sold 5 homes last year compared to 10 the previous year. That may not sound like such a terrible value until you realize there are over 50 homes on the market or quietly available with an asking price above \$16 million.

Another important measure of market strength is the average sales price compared to the last asking price for those homes sold. Last year, as you would expect, the average buyer expected a larger discount from the seller's asking price. The discount between the last asking price and the eventual sales price increased from an average of 5% in 2007 to 8% last year. That's the largest change in this key measurement since I've been



keeping records for the past 20 years. To keep this value in perspective however, you should know that each of the 57 transactions varied widely based on particular buyer and seller motivation, the features of the property and the reasonableness of the particular asking price. Twelve of these 57 homes actually sold for full price and a few sold for even more than full price!

But perhaps an even more alarming trend that was evident during the last few



*This is your quarterly report on the sale of estate properties in the Santa Barbara area. These updates are sent as a courtesy to clients and friends by Harry Kolb. For further information, Harry may be reached at (805) 565-8633.*

months of last year was the request by the buyers for a last-minute reduction in price just before their escrow was due to close – often well after all their contingencies were released and the seller thought he had completed all negotiations. This can create an uncomfortable situation for a seller who may feel he has already reduced his sales price more than he had ever thought necessary, only to then be faced with the choice of accepting even less for his home or to cancel the transaction and adjust all his alternative plans as well. Most sellers accepted the reduced terms. This was an alarming issue here in our area because it almost never occurred before. I would warn any seller to work diligently at making their escrow as secure and iron-clad as possible. Attempt to have the buyer release all or a significant portion of his deposit as soon as possible to insure as secure a transaction as possible. Many sellers think that the buyer's deposit in escrow is theirs if the buyer does not perform in accordance with the terms of the purchase. This is not the case. The deposit is a token of faith submitted to escrow by the buyer as part of a unilateral agreement and requires the consent of both parties,

*Estate Sales continued on page 4*

## FEATURED HOME

## INSPIRED LIVING

*Montecito, California*

## Mesa Road

Offered at \$11,995,000

Exceptional George Washington Smith Spanish Revival passionately restored for today's lifestyle. Each room possesses its own identity and magic, and the house is replete with handcrafted tile, mahogany carved doors, decorative wrought iron grates, sconces and chandeliers, and imported beams; yet there is an overall unity and flow that carries out into the beautiful gardens, lawns and classic swimming pool and fountain. The home features a first floor master suite, 5 upstairs bedrooms, gourmet kitchen with great room, a living room, library, office, television room and wine room.

# Properties Represented by Harry Kolb

Visit [www.HarryKolb.com](http://www.HarryKolb.com) for photo tours and further information.



*Robledal -  
Your own world,  
in a gentler  
time.  
\$28,900,000*



*Wouldn't you  
rather live at  
the beach?  
\$24,000,000*



*Montecito  
Hill Baron  
\$17,950,000*



*Your life as an  
early California  
ranchero.  
\$15,000,000*



*The art  
of  
residential art.  
\$11,995,000*



*Views  
views and  
more views.  
\$5,990,000*



*Hear the  
mission  
bells.  
\$5,950,000*



*Relax and  
enjoy  
your days.  
\$5,900,000*



## Estate Sales cont...

the buyer and the seller, for the escrow company to do anything with it – to return it to the buyer or to release it to the seller. Without the full consent of both parties, escrow can't take instruction from either party alone. This is why it's helpful for a seller to have a release of a significant portion of the deposit written into the initial agreement. This release usually occurs after the buyer has released his contingencies so the seller knows there is that added motivation for the buyer to perform as expected, or lose the released deposit. This provision at least encourages a buyer to employ any re-negotiations at the time he is removing his contingencies and not to wait until the very close of escrow.

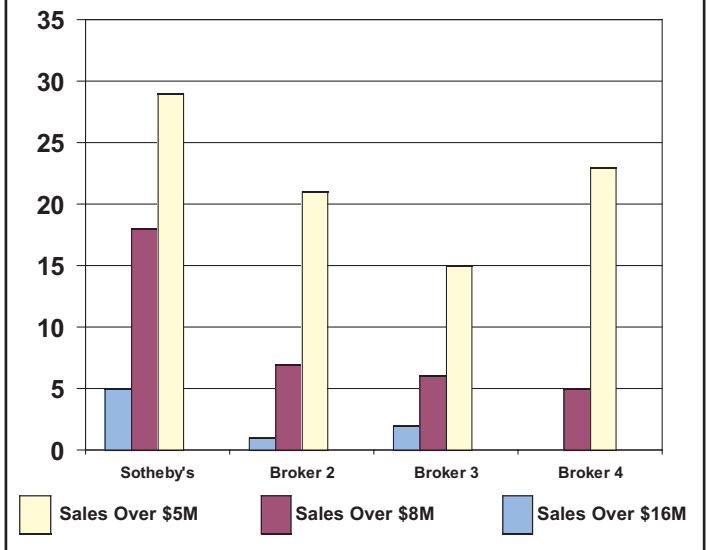
As an alternative to having a portion of the buyer's deposit released to the seller prior to the close, a seller may also negotiate to retain possession of the property by renting back from the buyer

after the close of escrow. The rental period usually runs for two to four weeks or enough time for the seller to move from the property after the close. This protects the seller from at least the turmoil of physically moving from the home until the transaction has been completed to everyone's satisfaction.

As has been the case for a number of years, Sotheby's continued to dominate the sale of the more expensive homes in our area. Last year our firm represented 29 sides of the sales over \$5 million compared to our next closest competitor who represented

## BROKER SHARE

FOR HOMES SOLD 2008 OVER \$5 MILLION



23, and 18 sides over \$16 million compared to 7 for our next closest competitor. If I can assist you with the sale or purchase of property, I hope you'll feel you can rely on my assistance.

# ESTATE LIVING

*Montecito, California*



OCEAN VIEW  
MEDITERRANEAN  
*Offered at \$17,950,000*



A majestic setting offering 360 degree ocean and mountain views from this highly appointed Mediterranean Villa set on 3± usable acres of beautifully landscaped lawns and cultivated gardens. This elegant home features handcrafted European details, high coffered ceilings, 6 bedrooms, a guest house, detached office, a large pool, tennis court with pavilion, total privacy, and garages for 9+ cars.

If your property is currently listed with another real estate broker, please disregard this offer. It is not my intention to solicit the offerings of other real estate brokers.