



Matthew Lehman

REAL ESTATE

Market Trends Report 2013 Year-End



Matthew T. Lehman

Matthew Lehman Real Estate

Thank you for taking the time to read my 2013 Market Trend Report. I hope that you find this analysis both useful and enlightening. If you have any questions or comments, please feel free to contact me at your convenience.

Matthew Lehman Real Estate is a full service brokerage and consulting firm seasoned in many aspects of real estate. As you find need for professional real estate services, I hope you consider us as your next real estate broker.

Sincerely,



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Overview

This report offers a general overview of the real estate market in Mammoth Lakes through 2013. In this analysis I like to start with a macro view and narrow the focus to Mammoth Lake's specific markets.

California Economy

When looking at the California housing market it's clear to see 2013 started off with a decent performance but realized some retraction in later months. The retraction was attributed primarily to the increase in interest rates, with the 30-year fixed rate having increased "100 basis point since April of 2013" (California Association of Realtors, 2013).

2013 is a year when the housing market transitioned from "investor sales" to "primary home sales" (California Association of Realtors, 2013). Over the summer of 2013, 45% of home sales were reported to be cash, not requiring a loan or impacted significantly by changing interest rates.


While the overall volume of home sales dipped slightly, the median home prices in California were up 28% in 2013 and are forecasted to be up an additional 6% in 2014. The decline in volume and increase in median a prices appears to be due to the absorption of distressed properties.

Increases in home prices and the decline of distressed properties are expected to bring more home sellers into the market with a more stabilized and steady growth pattern.

California Housing Market Outlook

Indicator	2008	2009	2010	2011	2012	2013p	2014f
SFH Resales (000s)	381.4	474.9	416.5	422.6	439.4	430.3	444.0
% Change	30.4%	24.5%	-12.3%	1.4%	4.0%	-2.1%	3.2%
Median Price (\$000s)	\$348.5	\$275.0	\$305.0	\$286.0	\$319.3	\$408.6	\$432.8
% Change	-37.8%	-21.1%	10.9%	-6.2%	11.6%	28.0%	6.0%
30-Yr FRM	6.0%	5.0%	4.7%	4.5%	3.7%	4.1%	5.3%
1-Yr ARM	5.2%	4.7%	3.8%	3.0%	2.7%	2.7%	3.1%

SERIES: CA Housing Market Outlook
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Mammoth Economy

Tourism is essential to the Mammoth Lakes economy with Transient Occupancy Tax (TOT) making up more than 60% of the municipality's revenue. Municipal trends are important because they are a method of verifying consistency in overall trending.

Retail sales taxes have averaged approximately 12% of the Town's tax revenue. The retail trade is sensitive to the same external variables as the other tourist-related business: snowfall and the state of the general economy.

Town of Mammoth Lakes



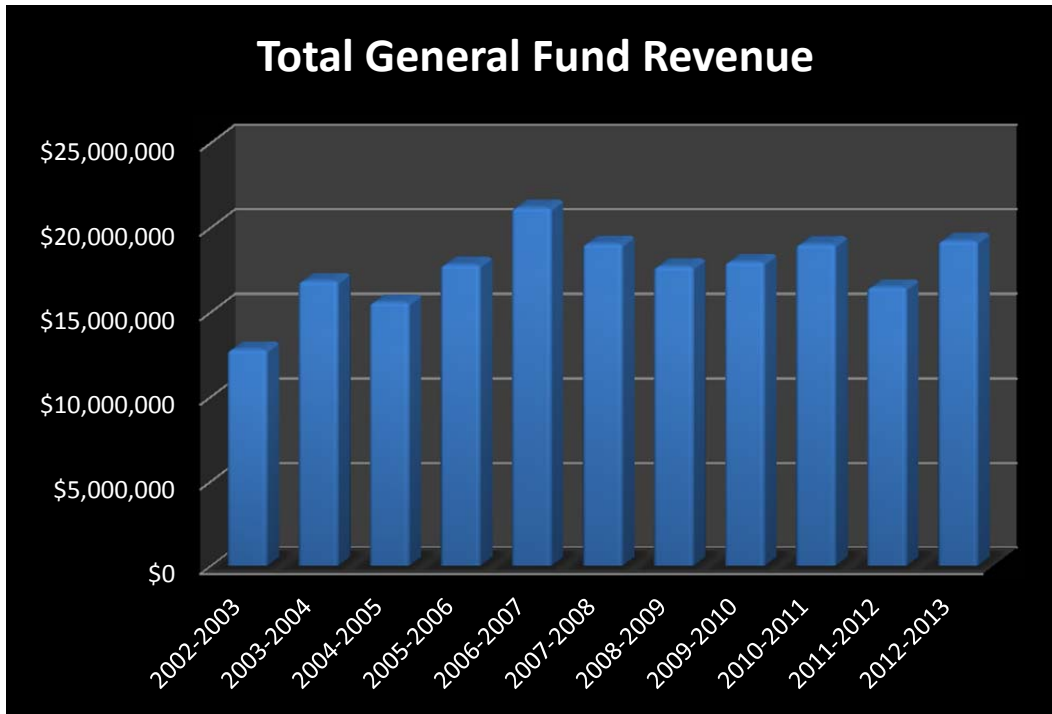
The figures used to make this graphical compilation were acquired from the Town of Mammoth Lakes. The numerical figures are summarized below and include total General Fund Revenues. 2012-2013 sales are based on actual figures.

Fiscal Year	Sales Tax	% Chg. from Prior Year
2002-2003	\$1,878,808	
2003-2004	\$1,944,986	3.52%
2004-2005	\$2,105,148	8.23%
2005-2006	\$2,326,410	10.51%
2006-2007	\$2,492,706	7.15%
2007-2008	\$2,141,846	-14.08%
2008-2009	\$1,830,635	-14.53%
2009-2010	\$1,653,588	-9.67%
2010-2011	\$1,754,736	6.12%
2011-2012	\$1,832,000	4.40%
2012-2013	\$1,825,520	-0.35%

Retail sales for 2012-2013 were effectively level with the previous year and recent reporting from the town of Mammoth Lakes is indicating slight increases in the first fiscal quarter July-Sept of 2013.

With the passage of the new Tourism Incentive Business District, retailers will be experiencing a 1% assessment on gross sales. Restaurants will experience 1.5%, lodging an additional 1% and Mammoth Mountain ticket sales 2%. All assessed monies will be applied only to marketing and tourism.

Town of Mammoth Total Revenue



The graph above shows the general fund revenues completed through July 2013. Early accounting as of October 2013 is indicating a possible \$1,000,000+ surplus from the projected budgeting. This is a result of dramatic cutbacks at the town level, heavy emphasis on tourism marketing and the expansion of special events in the summer and shoulder seasons.

While Mammoth Lakes was faced with great challenges in 2012, a fiscally conservative 5-year budget plan and emphasis on driving tourism is proving to be healthy for Mammoth’s economy.

Single Family Homes

As with the rest of California, single family home sales in Mammoth Lakes started off strong with general increases at the beginning and mid-point of 2013, and tapered in later months due to increases in 30-fixed interest rates.

Single-Family Residential History

Year	#Sales	Average Price	Median Price	Avg. DOM	% change Median Price
2002	59	\$541,329	\$542,500	137	N/A
2003	117	\$688,858	\$580,500	146	7.00%
2004	107	\$923,040	\$745,000	140	28.34%
2005	129	\$1,055,961	\$825,000	127	10.74%
2006	55	\$1,091,874	\$895,000	165	8.48%
2007	41	\$1,078,709	\$900,000	159	0.56%
2008	44	\$1,093,502	\$829,500	167	-7.83%
2009	60	\$827,788	\$667,250	180	-19.56%
2010	70	\$885,442	\$641,190	164	-3.91%
2011	72	\$671,627	\$560,000	169	-12.66%
2012	87	\$677,612	\$598,611	215	6.89%
2013	83	\$816,326	\$600,000	172	0.23%

The bar chart below provides a visual representation of median sales prices in the table above. Median single family home prices are consistent with 2012, but average prices are 20.5% higher suggesting stronger sales at the upper end of the sales range.



Traditional vs. Non-Traditional Sales (REO, Short Sales, Auction, Probate)

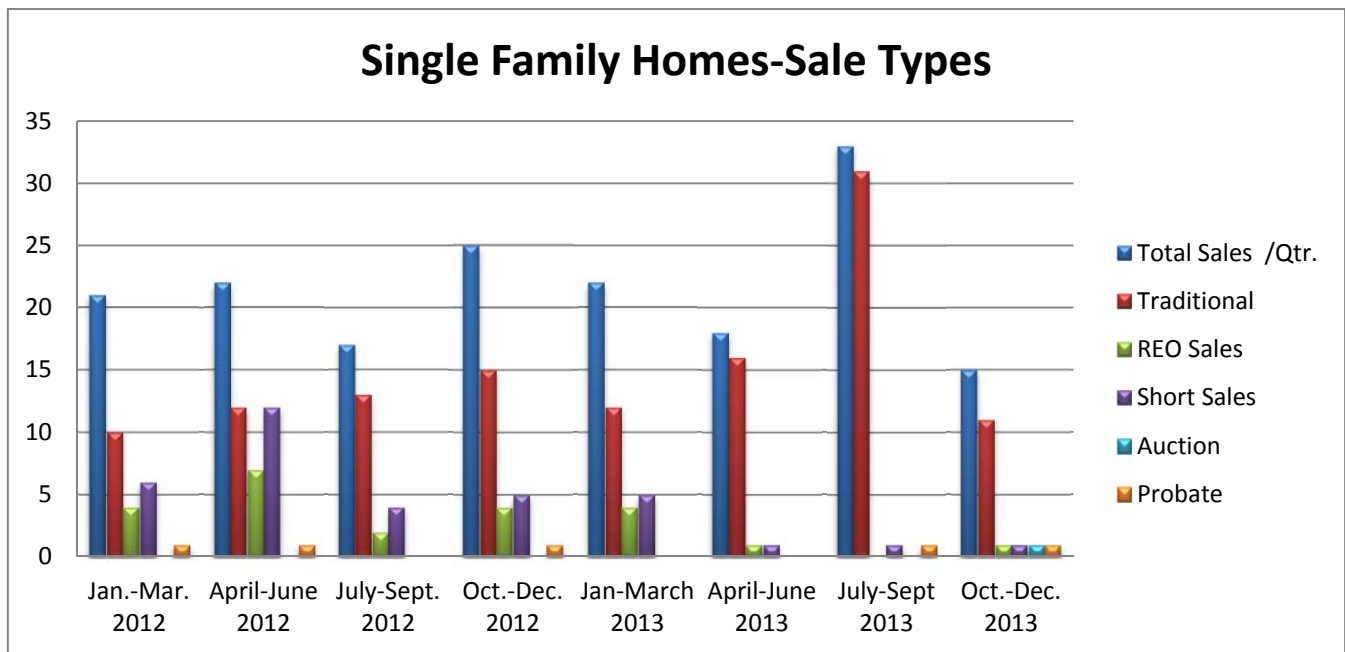
It is helpful to comprehend the health of the market by understanding the type of transactions taking place. In general Mammoth Lakes has been watching its inventory of distressed properties being absorbed by investors and home buyers looking for long term discounts. Distressed inventory was almost non-existent at the mid-point of 2013 with slight increases the final month of 2013.

Below is a table outlining the various types of sales:

	Total Sales /Qtr.	Traditional	REO Sales	Short Sales	Auction	Probate	% Non-Traditional Sales
Jan.-Mar. 2012	21	10	4	6	0	1	52.4%
April-June 2012	22	12	7	12	0	1	45.5%
July-Sept. 2012	17	13	2	4	0	0	23.5%
Oct.-Dec. 2012	25	15	4	5	0	1	40.0%
Jan-March 2013	22	12	4	5	0	0	45.5%
April-June 2013	18	16	1	1	0	0	11.1%
July-Sept 2013	33	31	0	1	0	1	6.1%
Oct.-Dec. 2013	15	11	1	1	1	1	26.7%

The three most recent quarters are indicating stability in the Single Family Home market. The last quarter in 2013 did show an increase in non-traditional sales, but this percent increase is also a result of lower volume during the fall quarter.

The Chart below offers a visual interpretation of the previous table:



Looking into the single family home market a little bit deeper, it's possible to dissect the single family market into categories.

Considered below are homes in a variety of categories and compare 2013 to 2012:

	Single Family Homes in Mammoth Lakes-2013					
	All Homes	\$1,000,000+ Luxury	Square footage			
			<1000	1000-2000	2000-3000	3000+
Total Sales	83	20	2	28	29	24
Average. Price	\$816,327	\$1,607,470	\$317,500	\$479,596	\$687,414	\$1,406,517
Median Price	\$600,000	\$1,450,000	\$317,500	\$475,000	\$650,000	\$1,300,000
Median DOM*	104	127	140	94	143	185
Average Size	2584	3967	824	1581	2506	3993
Avg. Price/Foot	\$307	\$402	\$392	\$305	\$273	\$345

	Single Family Homes in Mammoth Lakes-2012					
	All Homes	\$1,000,000+ Luxury Homes	Square footage			
			<1000	1000-2000	2000-3000	3000+
Total Sales	86	12	0	29	36	22
Average. Price	\$677,612	\$1,383,467	\$0	\$432,345	\$620,250	\$1,086,482
Median Price	\$598,750	\$1,431,250	\$0	\$427,500	\$650,000	\$1,025,000
Median DOM*	171	432	0	190	114	242
Average Size	2526	3943	0	1598	2498	3771
Avg. Price/Foot	\$265	\$351	\$0	\$271	\$247	\$284

	Percent change 2013 vs. 2012					
	All Homes	\$1,000,000+ Luxury Homes	Square footage			
			<1000	1000-2000	2000-3000	3000+
Total Sales	-3.5%	66.7%		-3.4%	-19.4%	9.1%
Average. Price	20.5%	16.2%		10.9%	10.8%	29.5%
Median Price	0.2%	1.3%		11.1%	0.0%	26.8%
Median DOM*	-39.0%	-70.6%		-50.5%	25.4%	-23.8%
Average Size	2.3%	0.6%		-1.0%	0.3%	5.9%
Avg. Price/Foot	16.2%	14.5%		12.7%	10.3%	21.4%

*DOM = Days on Market

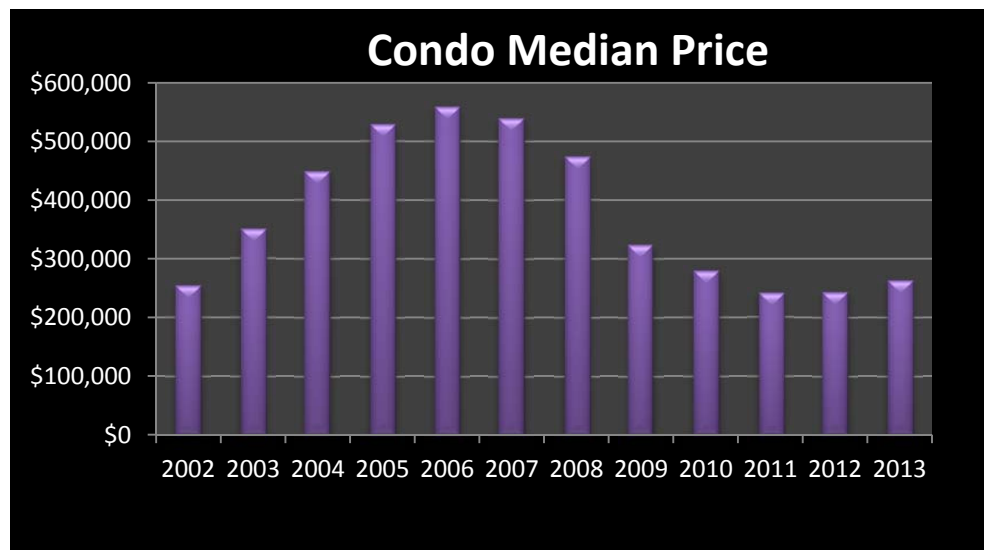
Condominium Market

Because the condominium market offers so many quality data points, analysis of this submarket is believed to be very reliable. While the condominium market was not proving very strong during early 2013, or even at the mid-point, it demonstrated stability and respectable increases over the course of the year.

Condominium Sales History

Year	# Sales	Avg. Price	Median Price	Avg. DOM	% Chg. in Median Price
2002	290	\$297,452	\$255,000	149	
2003	609	\$406,058	\$351,000	127	37.65%
2004	491	\$514,427	\$449,900	96	28.18%
2005	619	\$600,693	\$530,000	166	17.80%
2006	374	\$661,703	\$560,000	97	5.66%
2007	278	\$651,157	\$540,700	100	-3.45%
2008	206	\$555,530	\$475,000	148	-12.15%
2009	295	\$387,292	\$325,000	162	-31.58%
2010	375	\$350,657	\$280,000	155	-13.85%
2011	306	\$300,799	\$242,000	98	-13.57%
2012	298	\$294,415	\$244,500	180	1.03%
2013	342	\$318,703	\$264,000	156	7.98%

The condominium market is the most active market in Mammoth in terms of sheer sales volume. In analyzing the data there have been more than 4,400 sales over a ten year study period.

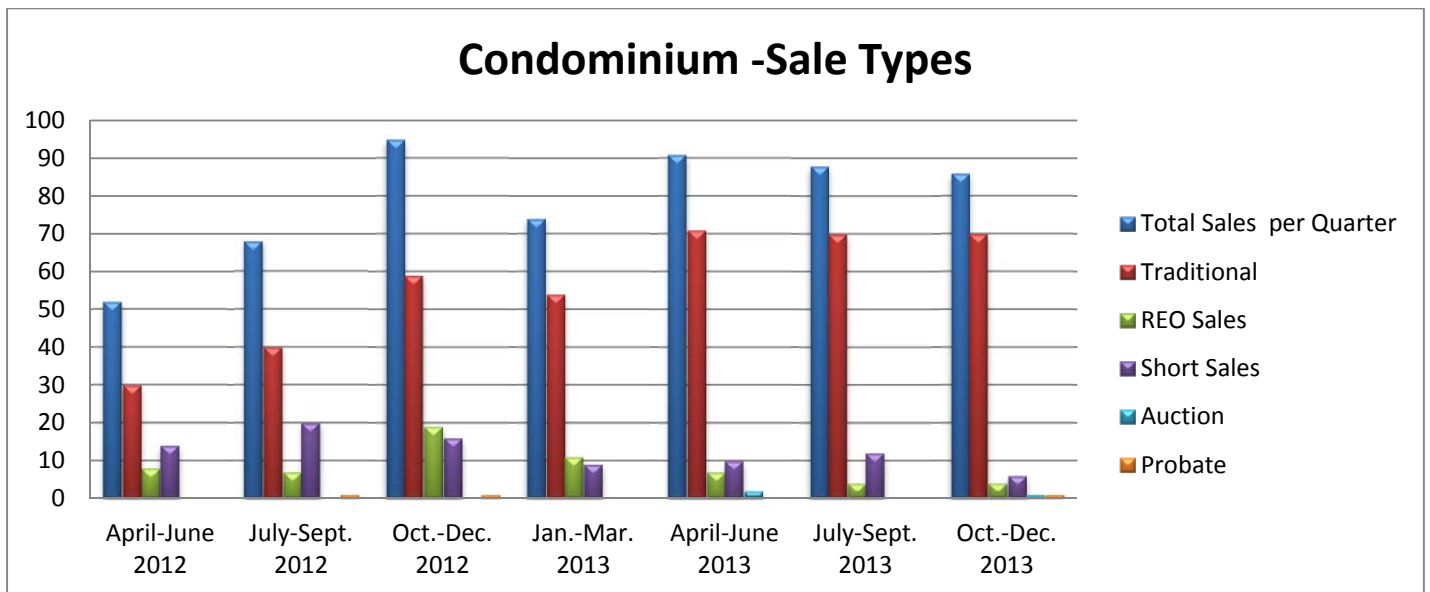


As with single-family homes, it is important to look not just at the volume of sales, but also the type of sales in order to determine the health of the market. Below is a table breaking down the total sales volume into traditional sales and non-traditional sales:

Traditional vs. Non-Traditional Sales (REO, Short Sales, Auction, Probate)

	Total Sales per Quarter	Traditional	REO Sales	Short Sales	Auction	Probate	% Non-Traditional Sales
April-June 2012	52	30	8	14	0	0	42.3%
July-Sept. 2012	68	40	7	20	0	1	41.2%
Oct.-Dec. 2012	95	59	19	16	0	1	37.9%
Jan.-Mar. 2013	74	54	11	9	0	0	27.0%
April-June 2013	91	71	7	10	2	0	22.0%
July-Sept. 2013	88	70	4	12	0	0	20.5%
Oct.-Dec. 2013	86	70	4	6	1	1	18.6%

With the completion of 2013, it was interesting to see the condominium market reacted almost the opposite of the single family home market in that its percentage of distressed properties declined consistently. The number of non-traditional sales has declined 51% over the course of 1 year.



2013 Condominium Sales in Mammoth Lakes by Bedroom Type

Summary

Bedroom Configuration	Sold Price		
	2013	2012	% Change
Studios			
Average Price	\$166,000	\$128,785	28.90%
Median Price (Mid-point)	\$189,000	\$149,000	26.85%
Studio + Lofts			
Average Price	\$119,004	\$119,142	-0.12%
Median Price (Mid-point)	\$166,000	\$122,000	36.07%
1 Bedroom Units			
Average Price	\$169,822	\$164,145	3.46%
Median Price (Mid-point)	\$159,900	\$180,000	-11.17%
1 Bedroom + Loft			
Average Price	\$201,436	\$188,254	7.00%
Median Price (Mid-point)	\$192,500	\$173,000	11.27%
2 Bedroom			
Average Price	\$307,659	\$300,062	2.53%
Median Price (Mid-point)	\$312,500	\$281,250	11.11%
2 Bedroom + Loft			
Average Price	\$308,952	\$344,521	-10.32%
Median Price (Mid-point)	\$299,000	\$334,000	-10.48%
3 Bedroom			
Average Price	\$490,516	\$479,369	2.33%
Median Price (Mid-point)	\$464,750	\$497,000	-6.49%
3 Bedroom+ Loft			
Average Price	\$590,732	\$532,777	10.88%
Median Price (Mid-point)	\$513,500	\$365,000	40.68%
4 Bedroom			
Average Price	\$538,167	\$572,785	-6.04%
Median Price (Mid-point)	\$650,000	\$409,000	58.92%

For a more detailed breakdown on these sales by property type, send me an email:
Matthew@MatthewLehmanRealEstate.com

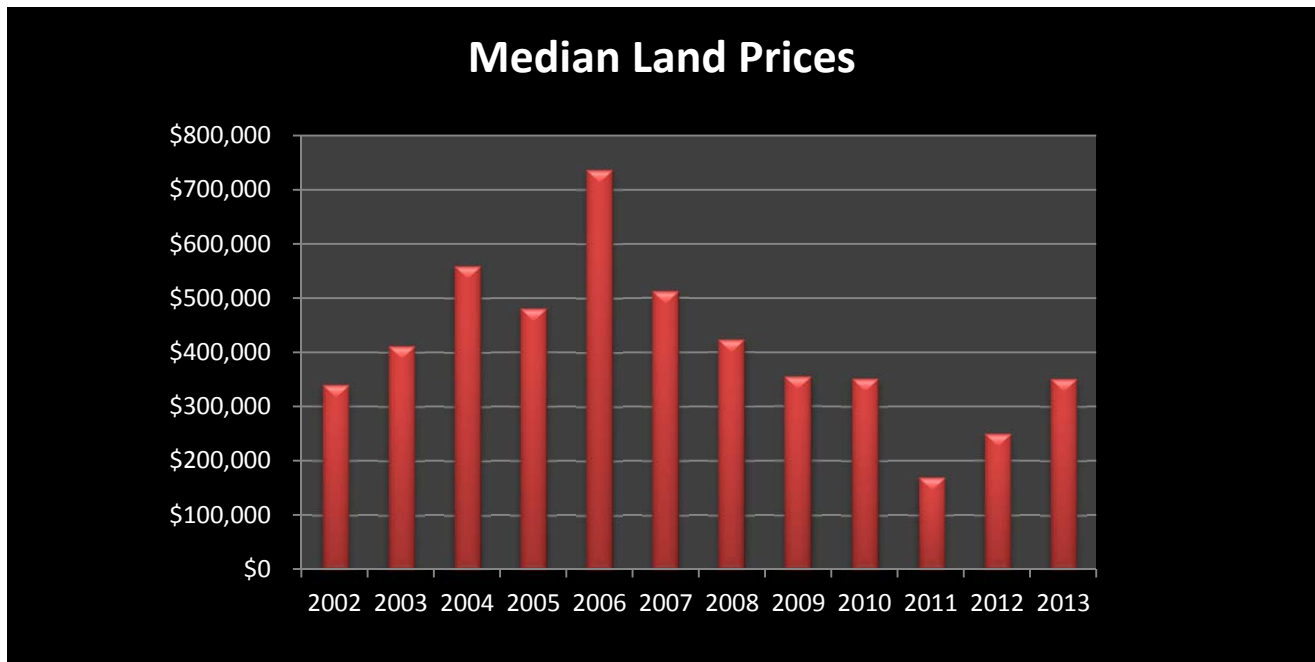
Vacant Land Sales (All use types)

Land activity was up in 2013 as was the median price for a lot. The increase in median price coupled with the decline in price per square foot suggests that one or two larger parcel sales skewed the overall data.

Local builder John Hooper alone has subdivided a 2.45 acre parcel into 8 home sites, and is near completion on at least two others within Mammoth Lakes.

Land Sales History

Year	# Sales	Avg. Price	Median Price	Med. DOM	% Change in Median Price	Avg. \$/Sq. Ft.
2002	36	\$362,297	\$339,950	198		N/A
2003	63	\$453,327	\$412,500	196	21.34%	N/A
2004	69	\$1,006,919	\$560,000	228	35.76%	N/A
2005	62	\$649,338	\$480,500	202	-14.20%	N/A
2006	34	\$978,977	\$737,500	251	53.49%	\$68.37
2007	21	\$643,250	\$513,000	260	-30.44%	\$47.32
2008	6	\$396,417	\$423,750	403	-17.40%	\$28.31
2009	11	\$370,864	\$355,000	439	-16.22%	\$24.06
2010	4	\$349,625	\$352,500	257	-0.70%	\$20.31
2011	9	\$202,277	\$170,000	399	-51.77%	\$16.24
2012	23	\$381,718	\$250,000	168	47.06%	\$31.06
2013	30	\$450,783	\$352,000	258	40.80%	\$28.22

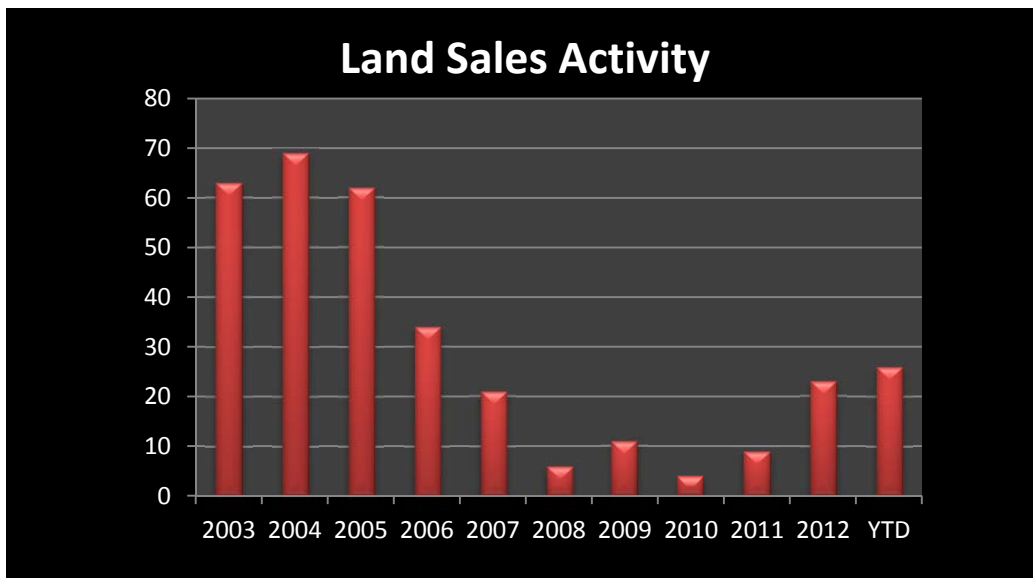


Land trends in 2013 are following suite with other sectors of the real estate market; land volume and prices are showing signs of stabilization and recovery.

Below is a chart reflecting the changes in average price per square foot for all land sales in Mammoth Lakes from 2006 through 2013. Site size data prior to 2006 was sparse, unreliable and therefore not provided.

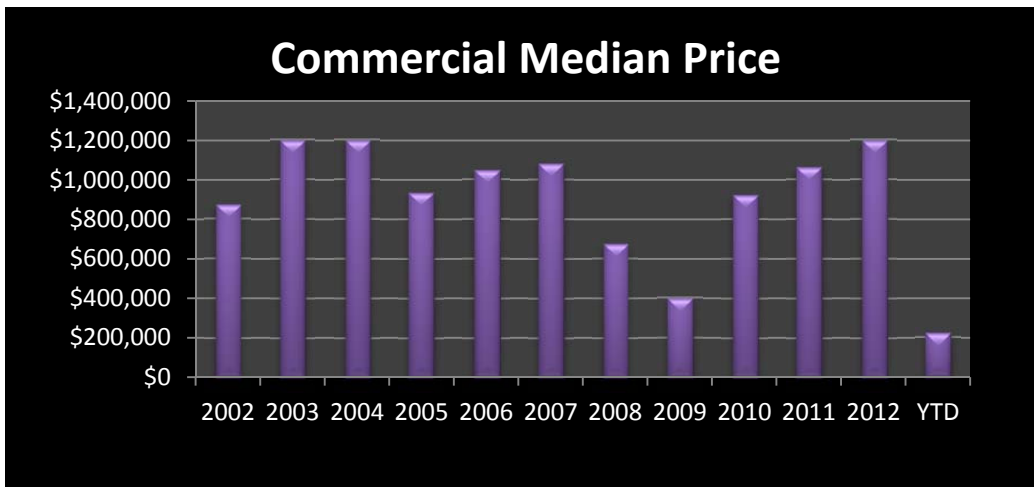


Below is bar chart showing volume of sales for vacant land in the Mammoth Lakes market:



Commercial Market

The Commercial Market was perhaps the hardest impacted since the market's peak in 2006. Sales of commercial property have been limited, but activity is clearly on the rise. Pricing below reflects a very limited number of sales resulting in an erratic trending.



Below is a list of recent restaurant activity:

Restaurant Name	Location	Improvement Size	Site Size (acres)	Status	Date	Price
Gomez's	4 Alpine Circle	3,000	0.49	Sold	7/2/2010	\$939,900
Grumpy's	361 Old Mammoth Rd.	10,890	0.44	Active		\$2,650,000
La Sierra's	3789 Main	7694	0.96	Active		\$3,900,000
Smoke Yard	1111 Forest Trail	4486	Condo	Sold		\$1,150,000
Angels	3516 Main Street	3349	0.20	Sold	5/4/2012	\$574,000
CJ's	343 Old Mammoth Rd.	3,100	0.50	Sold	5/13/2013	\$1,065,000
Slocums	3221 Main Street	4998	0.50	Active		\$2,125,000
Skadi (\$350K+\$150K)	587 Old Mammoth Rd.	2000	Condo	Sold	2013	\$500,000

There appears to be a limited number of new leases or changes in occupancy levels throughout the community.

Some new commercial condominiums have come on the market and it is rumored the Mammoth Mall is under contract for purchase.

A personal observation with my experience in the commercial market is an increase in investor activity, which appears to be due to a lack of options for superior returns in the stock market or elsewhere.

Mammoth is also taking strides to make itself more "Developer Ready" and "Capital Investment Friendly" by streamlining the development process. Mammoth is also taking a much harder look and re-development concepts and even reaching out to specific sectors of the development community with efforts of enticing new development or re-development.

Other Recent, Important and Emerging Factors

New Matthew Lehman Real Estate Website

Matthew Lehman Real Estate has a new website: www.MatthewLehmanRealEstate.com.

It's more than a website; it's a tool to help you research Mammoth's real estate market, keeping you up to date on current events and helping you find properties of interest to you. Do you want to search a specific neighborhood or search by a lifestyle? Do it by the click of a button. The site has blogs that will keep you up to date on important topics taking place in Mammoth Lakes.

Here is an example- Condominiums for sale on a Golf Course:

<http://homesforsale.trademarkmammoth.com/i/mammoth-lakes-golf-course-condos>

Air Service

As of December 2013, Mammoth Lakes has a total of five commercial flights operated by Alaska Airlines and United Airlines. These flights are arriving from Los Angeles, Orange County, San Diego and San Francisco. Orange County and San Diego are the two newest flights with San Diego showing strong load factors.

Air Packs (Discounted airline packages) were offered until the end of 2013 and were good for travel to Los Angeles or San Diego through November 2013. These packs were available in either 6 or 10 packs and were fully transferable.

TBID (Tourism Improvement Business District)

The last issue of this Market Trend Analysis discussed assessments to the following business types as a means of increasing marketing dollars:



Lodging	1% of annual gross room revenue
Retail	1.5% of gross sales, including equipment rentals
Restaurant Type	1.5% of gross food sales Restaurants
Ski Resorts	2% of lift ticket sales, 1.5% of equipment rentals
Retail Type 2	\$500
Restaurant	\$500

Since the passage of the TBID, Mammoth Lakes Tourism Board has added three new members to its board, a person from the retail sector, lodging sector, and an at large business member. The addition of these new members is going to offer a broader spectrum of representation on how the TBID funds are allocated. Projected marketing revenues are anticipated to increase from approximately \$2,200,000 to \$6,500,000. This puts Mammoth Lakes in strong competition with competing resorts.

Mammoth Mountain Ski Area

Mammoth Mountain Ski Area opened June Mountain for the 2013 and 2014 season and is offering free skiing to kids under 12 years of age. Despite a challenging start to the 2013-2014 winter season, snowmaking has been in full force and Canyon Lodge was open in time for the annual Night of Lights on December 21st

Political Season

In 2014, three seats for the Mammoth Town Council will be coming to an end and the political climate has been heating up with discussions on who will run and what the hot topics may be. Three Council member terms are up in 2013; myself (Matthew Lehman), John Eastman and Rick Wood. Unlike 2012, this year's election is likely to bring a variety of candidates.

Demographics and Other Trends

General Demographics

- Population: 8234
- Major Grocery Stores: 1 (Von's)
- Total Area: 24 (square miles)
- Number of public swimming pools: 1
- Number of parks – owned or operated by the Town: 5
 - Shady Rest – 13 acres
 - Mammoth Creek – 20 acres
 - Whitmore – 32 acres
 - Trails End (skate park and playground) – 5 acres
 - Tennis Courts & Community Center – 3 acres
- Number of playgrounds in Town: 4
- Bike trails – 20 miles (more being added in 2013)
- Sidewalk mileage: 6
- Linear sidewalk miles (Provide the number of miles for which the Town is responsible for maintenance): 6
- City street or road maintenance lane mileage: 54
- Number of lane miles for which the Town is responsible for maintenance: 54 – Paved
- Police or Fire passenger vehicles licensed for use on public streets: 19 passenger vehicles
- Schools:
 - Elementary
 - Middle School
 - High School
 - Cerro Coso Jr. College
- Libraries: 1
- Ice Skating Rinks: 1
- Average days of sunshine: 306
- High Altitude Running Track: 1

If you would like to subscribe to this quarterly Market Trend Report or if you have any questions regarding real estate in Mammoth please email me at: Matthew@MatthewLehmanRealEstate.com or call 760-934-1110

I also have a monthly newsletter that will give you quicker updates on various topics affecting the real estate market. Again, send me an email letting me know you would like the monthly newsletter and I will make sure you receive it at the begging of each month. You can unsubscribe at any time.

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