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Subject: PB real estate

FYI- some sales and lots of interest since Nov 1.

McCann compiled the ytd sales (thru Nov 1). There were 89 sales totaling \$437 million (single family houses only). Compare this to the year end totals of 75 sales (\$323 million) for 2009, 102 sales (\$880 million) for 2008 and 120 sales (\$739 million approx) for 2007. Since Sept 30 there are at least 12 more pendings. Remember that 2008 included three sales (Trump to Rybbolev, Kimmel to Thornton and Lindeman toVargas) that totaled \$250 million or 29% of sales for that year.

Moens told me today that he sold (signed contracts not closings) four houses this week (\$12M, \$9+(Pelican Lane) and \$5.2, and \$5 totaling \$31.2M) and closed a \$9.25M sale on Via del Lago the week before. (These would not be in McCann's calcs.) Btw. Jody Weissman got \$6.8.

This ytd, Moens was in on the Maddock lake lot @\$16M, Acqua Liana @ \$17.5M, the Krakoff lake lot @ \$10.6 (1235 S Ocean) which he said he had a \$15 offer on probably from the guys who bought Maddock; the Kraft lot on N Ocean @ \$19M, Schulhof @ \$22.5, Fromer @ \$18 (Polmer Pk). He claims that with pendings he is at \$160+M for 2010 (many as a co-broker).

He feels that "his" market is now is selling at 10-15% off peak. That is substantially above 2009 levels. He points to Schulhof, Pohrer, Kraft and others who bought at peak and sold for break even (Kraft) or off 10% (Pohrer, Schulhof) . He says that there is still pent-up demand and a lot of showing activity. (Confirmed by McCann, Condon, Angle.) According to Moens, the buyer psychology is now "at this price we can't get hurt", "this market has probably bottomed", "we feel good about the election results", "we would rather have the money (the price of a PB house) in a tangible asset than in bonds or stocks." Many of the buyers are "new" to PB with mid nine figure assets.

Both Moens and McCann are also seeing a "following market" developing – people who are in the market both looking and buying reassured by the recent activity. This market is most noticeable activity in the \$5 to \$20 million range but there are potential buyers looking at more expensive property including the Swanson spec.

I am going back to 100 Via del Lago today with Moens' captive contractor to work up a plan. I will keep you posted.