



# View From The Shores

## SUMMER 2014

### SALES ACTIVITY AT THE SHORES

It does appear that 2014, promises to put the smiles on the sellers. I am sure you have read stories in most metropolitan areas across the nation that the real estate market is back on track and the selling prices are up. The selling prices are not quite what they were before the market recession, but there is a steady increase from three years ago. Buyers are willing to pay a premium for the unit that has been completely renovated, not just a unit that has been slightly remodeled, but a unit that has all the bells and whistles. An investor at The Shores 15 years ago who was smart enough, and his timing was perfect, was able to buy low, renovate and sell high. He said "Yvonne, you got to give them the sizzle." Today's buyer has more expendable income, and definitely wants the sizzle. They are willing to pay a premium for the condition of the unit; it is more important than the location. That hidden value of buying that "fixer upper" has the cost of construction time that can run anywhere from 9 to 12 months, and the new buyer is not interested in being inconvenienced. Many of the sales are purchased with cash, no loans. This does work to the advantage of the seller who has completed the renovation. A buyer that pays cash, in most cases, is not obtaining an appraisal of the property. The loan would require the property to be appraised, and in some cases it would be difficult for the appraiser to find comps. These sales will bring up the comps that appraisers can use for the next buyer that is obtaining a loan. Keep all this in mind when you review the latest

sales activity listed below:

### ONE BEDROOMS

La Princesa	0705	\$865,000	April
El Encanto	0901	\$680,000	April

### TWO BEDROOM

Cabrillo	0710	\$955,000	March
Cabrillo	0406	\$1,300,000	April
Cabrillo	0504	\$1,300,000	April
El Mirador	0609	\$1,379,000	April
El Encanto	1509	\$1,500,000	May
Las Flores	0504	\$1,025,000	May
Cabrillo	0710	\$1,299,000	May

### TWO BEDROOMS+DEN & THREE BEDROOMS

La Playa	1602	\$2,615,000	April
La Princesa	0507	\$1,875,000	May
El Encanto	0305	\$1,320,000	May
La Playa	204/05	\$1,800,000	May

### STATEMENT OF OWNERSHIP

This week the primary election was held and Coronado's Prop E went down in defeat. For The Shores homeowners who vote in their hometown in another state, Proposition E was a \$29 million bond proposal for the Coronado Unified School District. It was felt by the district that the California funding formula would restrict funds to the Coronado district because of enrollment size and lack of ethnic diversity. The



CORONADO SHORES COMPANY

proposition would increase Coronado homeowner's property taxes with an additional tax of approximately \$400 per \$1,000,000 assessed value. The majority of all new houses sold in Coronado over the last 10 years could have had a minimum \$800 property tax increase. I think the promoters of this proposition were not considering the type of ownership in this town. Over the years, many homes in town have been sold as a second home. This has been the type of ownership at Coronado Shores since sales began in 1970. This is the prefect type of ownership for the 10 buildings with approximately 1476 units. The Shores second homeowners don't impact the traffic, the schools, city services, and the list goes on. However, when a city has many homeowners that live and vote elsewhere, it can be a huge deterrent to the growth of a city. I believe this is the situation here. In addition to second homeowners there are many "empty nesters" and this was not taken into account.

### **WHAT'S UP AT THE DEL**

One year ago, I wrote a long story in the View called "Follow The Money" about who owns the Hotel del Coronado. In 2011 the hotel needed to refinance \$600 million in loans that was about to go into default. Blackstone stepped in to save the day. At that time, Blackstone received 60% of the ownership. Blackstone could be considered a white knight or a night raider; it depends on your perspective. Strategic Hotels was the remaining principal with 40% ownership. Last week it was announced that Strategic Hotels was able to buy out Blackstone's interest. The recent article in the UT stated that Blackstone invested \$100 million in the property. We have all been scratching our heads on that one. At the end of the story it read, "the hotel recently completed an extensive \$13 million, two year renovation that encompassed the original Victorian guest rooms, Beach Village villas and cottages, common areas and dining venues." This most recent investment in this magnificent property was made by Strategic Hotels. More background on Strategic Hotels, they are

a REIT whose asset management focuses on the luxury lodging market. They own 16 hotels and resorts that include the Hyatt, Inter-Continental, Lowes, Marriott, Ritz Carlton, Four Seasons, Fairmont and Westins; this is a major list of high-end properties. The Hotel del requires top convention business to achieve maximum occupancy. The latest convention business at the Hotel del was from Golden Spoke. If the size of the Golden Spoke convention is a result of their improvements and investments made, they are well on their way. The staff at the Hotel estimated that 6 million dollars was spent by Golden Spoke. It was amazing to watch the activities that were planned over the five days. The special welcoming started at the airport and their arrival on the property was orchestrated to be stress free. There were food events everywhere; an evening outing was planned for about 20 restaurants in San Diego with over 20 buses to safely deliver the guests to the different venues. And from what I hear, the farewell dinner was over the top; the Crown Room was transformed into Oz down to the last detail, and the court yard was Kansas. The Golden Spoke group had 350 rooms and the guests were able to bring a guest. The hotel staff estimated there were over 700 Spokes having the time of their life. Walking on the "yellow brick" boardwalk to work during this time was a treat to behold.

Summer has come to the Hotel del Coronado with their umbrellas and lounges on the beach that can also be rented by non-guests. It is going to be a busy summer for all us, but what a beautiful place to enjoy and just be.

*We built them. We sell them.  
We lease them.*

  
Yvonne Barnum  
President



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