The Real Estate Report

Silicon Valley market trends report

2014 is in the Book

Real estate activity last year was very interesting.
Sales of single-family, re-sale homes were at their lowest level since 2008.
Both the median and average prices for homes hit all-time highs.
The sales price to list price ratio stayed over 100% for the third year in a row.
For the complete annual report, which includes charts and graphs for each city in the county, click on the following link: http://goo.gl/b5EwCt

You may need to cut and paste the link into your browser.

January Market Statistics

Year-Over-Year
- Median home prices increased by 10.8% year-over-year to $800,000 from $722,000.
- The average home sales price rose by 20.3% year-over-year to $1,132,060 from $941,302.
- Home sales fell by 31.8% year-over-year to 461 from 676.
- Total inventory* fell 26.1% year-over-year to 1,233 from 1,669.
- Sales price vs. list price ratio rose by 0.2% year-over-year to 102.6% from 102.3%.
- The average days on market rose by 2.9% year-over-year to 39 from 38.

Compared To Last Month
- Median home prices slipped by 5.9% to $800,000 from $849,975.
- The average home sales price rose by 4.0% to $1,132,060 from $1,088,090.
- Home sales down by 31.8% to 461 from 676.
- Total inventory* increased 22.0% to 1,233 from 1,011.
- Sales price vs. list price ratio increased by 0.3% year-over-year to 102.6% from 102.3%.
- The average days on market increased by 17.9% to 39 from 33.

Condominiums

Year-Over-Year
- Median condo prices increased by 5.1% year-over-year to $520,000 from $495,000.
- The average condo sales price rose by 8.6% year-over-year to $576,398 from $530,896.
- Condos sales fell by 13.3% year-over-year to 208 from 240.
- Total inventory* fell 40.9% year-over-year to 370 from 626.
- Sales price vs. list price ratio rose by 0.3% year-over-year to 102.2% from 101.9%.
- The average days on market rose by 0.8% year-over-year to 32 from 32.

* Total inventory is active listings plus contingent or pending listings. Active listings do not include contingent listings.

Santa Clara County Homes: Momentum

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MORTGAGE RATE OUTLOOK

Mortgage Rates Mostly Flat, May Decline Anew
Jan 30, 2015 -- The world’s economic and political troubles continue to provide a tempering influence on mortgage rates, helping them to fall a fair bit over the last few weeks. Pushing them the other way for the most part has been an accumulation of signals of a strengthening U.S. economy in much of the fourth quarter, but of late it would appear that there has been a bit of deceleration as that period came to a close. Although rates are already pretty low, with fixed rates within shouting distance of 60-year lows, there may yet be some space for them to fall a bit more, or at least hold these levels for a while.

HSH.com’s broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages declined by a single basis point this week (0.01%) to ease back to 3.80%. Thirty-year fixed rates have now been at a standstill for three weeks. The FRMI’s 15-year companion rose by one-hundredth of one percent, lifting the weekly average to 3.18%. Popular with first-time homebuyers, rates on fully-insured FHA-backed 30-year FRMs remain well below even their conforming counterpart, and a two-basis point decline left this week’s average at 3.60%. The overall 5/1 Hybrid ARM once again ignored this week’s meager movements of fixed-rate mortgages, rising by six basis points (0.06%) to 3.02%.

Unexpectedly low and falling mortgage rates at the end of 2014 provided a lift to new home sales. Sales of brand-new construction rose by 11.6% in December over November, and are about 9% above year-ago levels. The lift in sales will likely spur more construction as inventory levels remain tight with just 5.5 months of supply available; at present, there are some 219,000 built and ready for sale units, a 5,000 increase over November and part of a steady buildup toward more normal levels since a nadir of 143,000 units a couple of years ago. Prices of new homes are usually erratic and can be tendril, but eased by 0.3% on a month-to-month basis.

With equity markets hitting a rather a sour note this week, the pressure on interest rates is again downward. The 10-year Treasury shed about 20 basis points this week, but not all of that will translate into mortgage rates -- differing risk profiles and more keep Treasuries and MBS from working in absolute lockstep -- but the influence is there, regardless. Seems likely that we’ll see a 5-8 basis point dip next week, perhaps more if the fresh economic data suggests more slowing is happening.

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Santa Clara County Homes - Prices & Sales
(3-month moving average—prices in $000’s)

The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com. The average includes mortgages of all sizes, including conforming, “expanded conforming,” and jumbo.
**FORECLOSURE STATISTICS**

Notices of default, the first step in the foreclosure process, in Santa Clara County rose for the third month in a row, a disturbing trend. They were up 9.7% in December from November. They were up 24.4% year-over-year. There were 158 notices.

Notices of sale, which set the date and time of an auction, and serve as the homeowner’s final notice before sale, were up 10.2% compared to November, but they were down 19.4% year-over-year. There were 108.

After the filing of a Notice of Trustee Sale, there are three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements.

Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank’s opening bid, the property will be sold to the third party; if not, it will go back to the bank.

Properties going back to the bank jumped 25% in December from November. Year-over-year, they were up 47.1%. Twenty-five properties went back to banks.

The total number of properties that have had a notice of default filed plunged 43.3% from November, and they were down 16.6% year-over-year.

The total number of properties scheduled for sale declined by 15.4% year-over-year.

The total number of properties owned by banks was down 6.3% year-over-year to about 552.

For further details and a city-by-city breakdown of foreclosure statistics, go to http://propertyradar.com.

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**Santa Clara County Condos - Prices & Sales**

(3-month moving average—prices in $000's)

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**Table Definitions**

<table>
<thead>
<tr>
<th>Median Price</th>
<th>The price at which 50% of prices were higher and 50% were lower.</th>
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<tbody>
<tr>
<td>Average Price</td>
<td>Add all prices and divide by the number of sales.</td>
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<tr>
<td>SP/LP</td>
<td>Sales price to list price ratio or the asking price.</td>
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<tr>
<td>DOI</td>
<td>Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.</td>
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<tr>
<td>Pend</td>
<td>Property under contract to sell that hasn’t closed escrow.</td>
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<tr>
<td>Inven</td>
<td>Number of properties actively for sale as of the last day of the month.</td>
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**Santa Clara County Homes: Year-Over-Year Median Price Change**

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**Santa Clara County - January 2015**

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<table>
<thead>
<tr>
<th>Condos/Townhomes</th>
<th>Prices</th>
<th>%Change from Year Before</th>
<th>%Change</th>
<th>Median Price</th>
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<tr>
<td>Cities</td>
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Investors Corner

Home Price Gains Continue to Slow According to the S&P/Case Shiller Home Price Indices

New York, January 27, 2015 - S&P Dow Jones Indices today released the latest results for the S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices. Data released today for November 2014 shows a continued slowdown in home prices nationwide, but with price increases in nine cities.

More than 27 years of history for these data series is available, and can be accessed in full by going to [http://goo.gl/FbyNd2](http://goo.gl/FbyNd2)

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