The Real Estate Report

Silicon Valley market trends report

Spring Surge

Sales of single-family, re-sale homes rose for the second month in a row in April, compared to the year before. This is after 17 months of year-over-year declines.

Active listings continue to be anemic, down by double-digits for the eleventh month in a row. Pending sales have dropped into single-digit losses.

The median price for homes hit a new all-time high last month, as did our three-month moving average. The sales price to list price ratio hit its highest level since April 2000.

Days on Market was at 20 last month.

All these statistics point to incredible demand.

The economy in Silicon Valley continues to power the market, along with demand from China.

APRIL MARKET STATISTICS

Year-Over-Year

- Median home prices increased by 8.3% year-over-year to $975,000 from $900,000.
- The average home sales price rose by 10.1% year-over-year to $1,280,480 from $1,163,500.
- Home sales rose by 4.8% year-over-year to 1,049 from 1,001.

Month-Over-Month

- Median home prices improved by 3.7% to $975,000 from $940,000.
- The average home sales price fell by 0.8% to $1,280,480 from $1,290,580.
- Home sales up by 30.6% to 1,049 from 803.
- Total inventory* increased 6.3% to 2,037 from 1,917.
- Sales price vs. list price ratio increased by 0.4% to 107.7% from 107.3%.

CONDORMINUMS

Year-Over-Year

- Median condo prices increased by 7.9% year-over-year to $565,000 from $523,750.
- The average condo sales price rose by 8.4% year-over-year to $641,360 from $591,713.
- Condo sales fell by 14.5% year-over-year to 361 from 422.
- Total inventory* fell 25.5% year-over-year to 619 from 831.
- Sales price vs. list price ratio rose by 2.7% year-over-year to 107.9% from 105.1%.

- Total inventory* fell 16.8% year-over-year to 2,037 from 2,443.
- Sales price vs. list price ratio rose by 1.5% year-over-year to 107.7% from 106.2%.

Santa Clara County Price Differences

Homes: detached

<table>
<thead>
<tr>
<th>YTD</th>
<th>Peak %</th>
<th>Trough %</th>
<th>Peak Trough</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-month</td>
<td>25%</td>
<td>0%</td>
<td>115%</td>
</tr>
<tr>
<td>12-month</td>
<td>13%</td>
<td>5%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Homes: attached

<table>
<thead>
<tr>
<th>YTD</th>
<th>Peak %</th>
<th>Trough %</th>
<th>Peak Trough</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-month</td>
<td>18%</td>
<td>4%</td>
<td>156%</td>
</tr>
<tr>
<td>12-month</td>
<td>13%</td>
<td>2%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Month-Over-Month

- Median condo prices slipped by 0.9% to $565,000 from $570,000.
- The average condo sales price fell by 2.3% to $641,360 from $656,134.
- Condo sales up by 14.6% to 361 from 315.
- Total inventory* increased 14.2% to 619 from 542.
- Sales price vs. list price ratio increased by 0.9% to 107.9% from 106.9%.

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

Mortgage Rates Firming: Blame the Fed
May 1, 2015 -- The Federal Reserve closed a meeting with no change to interest rate policy this week and provided little forward guidance about when they will start lifting rates in the future. Financial markets took it to mean that the Fed has put a move to late summer at the very earliest, and possibly not even until much later in the year.

While there isn't quite a lockstep arrangement between mortgage rates and yields on Treasuries, there is still considerable influence from one to the other. With the mortgage-influencing 10-year Treasury yield rising by about 15 basis points during the week, mortgage rates are now in a bit of a firming trend.

HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the average overall rate for 30-year fixed rate mortgages rose by six basis points (.06%) this week to an average 3.84 percent, a six-week high but squarely in the middle of the range for 2015 so far. The FRMI's 15-year companion had half that increase, rising by three basis points to an average rate of 3.15 percent. Popular with first-time homebuyers, rates on fully-insured FHA-backed 30-year FRMs remain considerably below their conforming counter-parts but bumped up by three basis points to end at 3.62 percent for the week. Meanwhile, the overall 5/1 Hybrid ARM also added three basis points to last week's average, edging higher to land at 3.93 percent. HSH's FRMI includes both conforming and jumbo rates, providing borrowers with a broader view of mortgage conditions.

After a four-week flat spot (at or near 2015 lows) mortgage rates have started to tick upward again, so volatility is back, at least some degree. That said, there are no indications that we'll be breaking any new ground for rates anytime soon, but we do expect to see more volatility next week as a wide range of new economic data is due. If there is a upturn in strength in the ISM service-business report and/or if Friday's employment report rebounds more strongly than expected, we could have some additional space to move to the upside. With those yet unknown, we'll look for another six basis point lift (or perhaps a touch more) in our FRMI by the time the week is through.

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.

Santa Clara County - April 2015

Single-Family Homes

<table>
<thead>
<tr>
<th>Cities</th>
<th>Median Price</th>
<th>Average Price</th>
<th>Sales</th>
<th>Pend</th>
<th>Inven</th>
<th>DOI</th>
<th>SP/LP</th>
</tr>
</thead>
</table>
| SCC         | $975,000     | $1,280,480    | 1,049 | 991  | 1,046 | 29  | 107.7%
| Campbell    | $1,171,500   | $1,195,460    | 26    | 19   | 27    | 30  | 108.9%
| Cupertino   | $1,885,000   | $1,965,800    | 29    | 25   | 24    | 24  | 114.0%
| Gilroy      | $607,000     | $651,825      | 52    | 69   | 75    | 42  | 99.2%
| Los Altos   | $2,688,000   | $2,904,180    | 30    | 27   | 30    | 29  | 113.7%
| Los Altos Hills | $3,705,000 | $3,930,830    | 12    | 6    | 24    | 58  | 107.3%
| Los Gatos   | $1,802,500   | $1,929,470    | 44    | 28   | 106   | 70  | 103.2%
| Milpitas    | $882,000     | $854,925      | 32    | 34   | 20    | 18  | 108.4%
| Monte Sereno| $2,180,000   | $2,149,740    | 7     | 3    | 12    | 50  | 99.9%
| Morgan Hill | $803,650     | $922,116      | 58    | 38   | 77    | 39  | 99.8%
| Mountain View| $1,835,000  | $1,803,700    | 23    | 25   | 11    | 14  | 114.8%
| Palo Alto   | $2,557,500   | $3,317,520    | 40    | 25   | 38    | 28  | 115.2%
| San Jose    | $847,500     | $942,977      | 560   | 547  | 458   | 24  | 106.9%
| Santa Clara | $1,002,500   | $1,047,690    | 40    | 44   | 27    | 20  | 113.4%
| Saratoga    | $2,570,460   | $2,642,800    | 22    | 34   | 66    | 87  | 106.9%
| Sunnyvale   | $1,426,000   | $1,399,230    | 67    | 55   | 39    | 17  | 116.6%

% Change from Year Before

<table>
<thead>
<tr>
<th>Cities</th>
<th>Med</th>
<th>Ave</th>
<th>Sales</th>
<th>Pend</th>
<th>Inven</th>
<th>DOI</th>
<th>SP/LP</th>
</tr>
</thead>
</table>
| SCC         | 8.3%| 10.1%| 4.8%  | -1.4%| -27.3%| 12.3%| 119.7%
| Campbell    | 23.3%|13.1%| 4.0%  | -20.8%| -15.6%| 12.9%| 113.0%
| Cupertino   | 6.2%| 4.3% | -12.1%| 19.0%| 9.1% | 4.7%  | 107.7%
| Gilroy      | 3.8%| 2.0% | 4.0%  | 0.0%  | -25.0%| -25.5%| 92.7%
| Los Altos   | 16.4%|20.8%| -3.2% | 17.4%| 15.4%| 7.3%  | 129.7%
| Los Altos Hills | 21.8%| -4.6%| 50.0%| -14.3%| -4.0%| -26.8%| 114.8%
| Los Gatos   | 10.9%|11.8%| 7.3%  | -15.2%| 34.2%| -7.6% | 91.2%
| Milpitas    | 31.6%|22.7%| 14.3% | 17.2%| -33.3%| 6.9%  | 112.5%
| Monte Sereno| -19.3%| -21.4%| 75.0%| -66.7%| -20.0%| -88.1%| 158.0%
| Morgan Hill | 5.4% | 9.4% | 45.0% | -19.1%| -29.4%| -19.6%| 81.2%
| Mountain View| 38.5%|22.6%| -20.7%| 150.0%| -42.1%| 12.9% | 148.6%
| Palo Alto   | 16.9%| 21.7%| -9.1% | -13.8%| -20.6%| -14.1%| 123.3%
| San Jose    | 8.9% | 9.0% | 3.5%  | -4.0% | -36.7%| 6.9%  | 105.3%
| Santa Clara | 11.7%| 12.6%| 5.3%  | -8.3% | -47.1%| 11.7% | 92.8%
| Saratoga    | 28.5%| 19.2%| -29.0%| 88.5%| -2.9% | 14.0% | 199.6%
| Sunnyvale   | 11.4%| 14.9%| 39.6% | 22.2%| -7.1% | 11.4% | 174.2%

% Change

<table>
<thead>
<tr>
<th>Cities</th>
<th>Median Price</th>
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<tbody>
<tr>
<td>SCC</td>
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<tr>
<td>Campbell</td>
<td>112.5%</td>
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<tr>
<td>Cupertino</td>
<td>99.2%</td>
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<tr>
<td>Gilroy</td>
<td>70.0%</td>
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<td>Los Altos</td>
<td>99.7%</td>
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<tr>
<td>Los Altos Hills</td>
<td>107.7%</td>
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<tr>
<td>Los Gatos</td>
<td>108.4%</td>
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<tr>
<td>Milpitas</td>
<td>112.5%</td>
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<tr>
<td>Monte Sereno</td>
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<tr>
<td>Morgan Hill</td>
<td>148.6%</td>
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<td>Mountain View</td>
<td>123.3%</td>
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<td>Palo Alto</td>
<td>105.3%</td>
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<tr>
<td>San Jose</td>
<td>92.8%</td>
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<td>Santa Clara</td>
<td>199.6%</td>
</tr>
<tr>
<td>Saratoga</td>
<td>174.2%</td>
</tr>
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The Real Estate Report

Santa Clara County - Prices & Sales
(3-month moving average—prices in $000's)
**Get Preapproved!**

In a hot market, like the one we’re in, with lots of multiple offers, having a preapproval document from your mortgage lender is essential. Without it, your offer will probably be rejected.

**What is a preapproval?**

A preapproval is different from a prequalification. With a prequalification, the lender relies on information provided by the buyer to estimate how much the borrower could qualify for. With a preapproval, the lender verifies the borrower’s information and documentation to determine exactly how much it would be willing to lend to that borrower.

The documents to get preapproved are the same documents that you would need to get a mortgage. Pay stubs, last two years’ W-2s, last two federal returns, two months’ worth of bank statements of all types of accounts, plus your credit report.

A preapproval is not a loan commitment, but it helps speed up the underwriting and loan approval process.

Getting preapproved before you shop for a home also allows you time to fix unexpected errors on your credit reports.

When you decide to buy a home, getting a preapproval document should be the first item on your list. Don’t waste your time looking at homes until you have it.

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**Table Definitions**

- **Median Price**: The price at which 50% of prices were higher and 50% were lower.
- **Average Price**: Add all prices and divide by the number of sales.
- **SP/LP**: Price to list price ratio or the price paid for the property divided by the asking price.
- **DOI**: Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.
- **Pend**: Property under contract to sell that hasn’t closed escrow.
- **Inven**: Number of properties actively for sale as of the last day of the month.

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**Santa Clara County - April 2015**

<table>
<thead>
<tr>
<th>Condos/Townhomes</th>
<th>% Change from Year Before</th>
<th>% Change</th>
<th>Median Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cities</td>
<td>Median Sale</td>
<td>Ave</td>
<td>Pend Inven</td>
</tr>
<tr>
<td>SCC</td>
<td>$565,000</td>
<td>$641,360</td>
<td>361 362 257 21 0.0%</td>
</tr>
<tr>
<td>Campbell</td>
<td>$739,500</td>
<td>$684,199</td>
<td>18 20 2 3 109.4%</td>
</tr>
<tr>
<td>Cupertino</td>
<td>$1,290,500</td>
<td>$1,218,810</td>
<td>8 4 5 18 112.2%</td>
</tr>
<tr>
<td>Gilroy</td>
<td>$214,000</td>
<td>$244,667</td>
<td>3 2 2 19 99.0%</td>
</tr>
<tr>
<td>Los Altos</td>
<td>$1,673,040</td>
<td>$1,673,040</td>
<td>2 3 4 58 110.0%</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>$808,500</td>
<td>$831,100</td>
<td>10 14 5 15 105.3%</td>
</tr>
<tr>
<td>Milpitas</td>
<td>$540,000</td>
<td>$563,923</td>
<td>13 18 14 31 106.9%</td>
</tr>
<tr>
<td>Morgan Hill</td>
<td>$513,877</td>
<td>$470,928</td>
<td>9 9 4 15 101.5%</td>
</tr>
<tr>
<td>Mountain View</td>
<td>$870,000</td>
<td>$907,675</td>
<td>25 22 15 17 121.0%</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>$1,411,500</td>
<td>$1,504,820</td>
<td>6 6 5 24 120.5%</td>
</tr>
<tr>
<td>San Jose</td>
<td>$515,000</td>
<td>$539,927</td>
<td>220 217 147 19 105.3%</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>$600,000</td>
<td>$645,944</td>
<td>31 27 24 22 111.2%</td>
</tr>
<tr>
<td>Saratoga</td>
<td>$1,359,300</td>
<td>$1,176,430</td>
<td>3 2 4 39 111.1%</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>$825,000</td>
<td>$800,263</td>
<td>19 25 21 32 115.5%</td>
</tr>
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Widespread Gains in Home Prices for February
According to the S&P/Case-Shiller Home Price Indices

New York, April 28, 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 for February 2015 show that home prices continued their rise across the country over the last 12 months. More than 27 years of history for these data series is available, and can be accessed in full by going to www.homeprice.spdji.com. Additional content on the housing market can also be found on S&P Dow Jones Indices’ housing blog: www.housingviews.com. Year-over-Year Both the 10-City and 20-City Composites saw larger year-over-year increases in February compared to January. The 10-City Composite gained 4.8% year-over-year, up from 4.3% in January. The 20-City Composite gained 5.0% year-over-year, compared to a 4.5% increase in January. The S&P/CaseShiller U.S. National Home Price Index, which covers all nine U.S. census divisions, recorded a 4.2% annual gain in February 2015, weaker than the 4.4% increase in January 2015.

Read more at https://goo.gl/Ks568R

Is it time to seriously consider investing in real estate?
Signup for my Real Estate Investment Alerts and you’ll receive my real estate investment opportunities

For City by City Trend Report go to the Market Trends Report tab on my web site at www.650and408homes.com