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KELLERWILLIAMS.

SANTA CLARA COUNTY

The Real Estate Report

Silicon Valley market trends report

Market Leveling Off?

The median price for single-family, re-sale homes went over \$900,000 in February. Then, it proceeded to march straight up to a new record of \$1,000,000 in May, where it stayed in June.

In July, the median price dropped back to \$965,000. Of course, one month a trend doesn't make. Yet, reports from the field signal a slowing down in activity.

Sales of single-family, re-sale homes were down slightly in July from June, but managed to eke out a small gain year-over-year.

Active listings actually grew last month and were at their highest level last September. Nevertheless, they were down by double-digits for the fourteenth month in a row. Not just down, but down by over 20%.

Pending sales showed single-digit losses for the sixth month in a row. At a 1.2% loss, that is actually a positive.

The sales price to list price ratio has been over 100% for forty-one months in a row.

Looking at median price market momentum, after peaking in the middle of 2013, it has been pretty flat since the middle of 2014.

There is still an enormous amount of money chasing low inventory.

JULY MARKET STATISTICS

Year-Over-Year

- Median home prices increased by 12.2% year-over-year to \$965,000 from \$860,250.
- The average home sales price rose by 10.4% year-over-year to \$1,225,200 from \$1,109,490.
- Home sales rose by 0.8% year-over-year to 1,089 from 1,080.
- Total inventory* fell 14.1% year-over-year to 2,190 from 2,549.
- Sales price vs. list price ratio rose by 1.4% year-over-year to 105.4% from 103.9%.

Month-Over-Month

- Median home prices slipped by 3.5% to \$965,000 from \$1,000,000.
- The average home sales price fell by 6.7% to \$1,225,200 from \$1,313,490.
- Home sales down by 0.6% to 1,089 from 1,096.
- Total inventory* increased 0.4% to 2,190 from 2,182.
- Sales price vs. list price ratio dropped by 1.5% to 105.4% from 106.9%.

CONDOMINIUMS

Year-Over-Year

- Median condo prices increased by 21.0% year-over-year to \$635,000 from \$525,000.

Trends at a Glance (Single-family Homes)			
	Jul 15	Jun 15	Jul 14
Median Price:	\$ 965,000	\$1,000,000	\$ 860,250
Average Price:	\$1,225,200	\$1,313,490	\$1,109,490
Home Sales:	1,089	1,096	1,080
Pending Sales:	906	980	917
Active Listings:	1,284	1,202	1,632
Sale/List Price Ratio:	105.4%	106.9%	103.9%
Days on Market:	22	20	23
Days of Inventory:	35	32	45

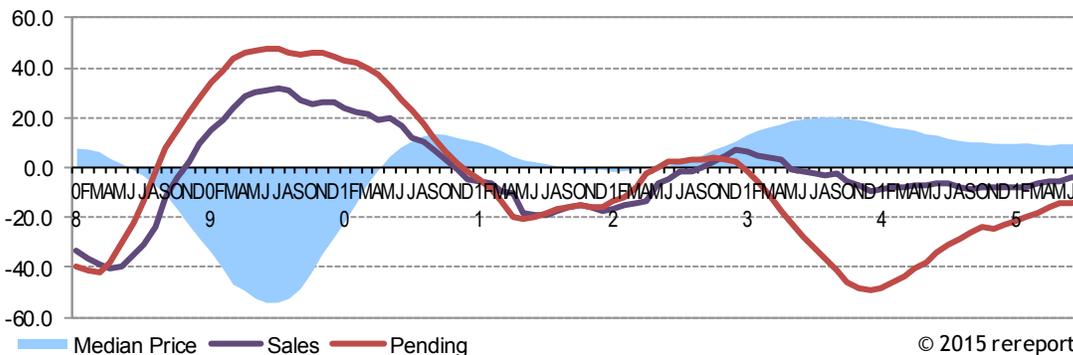
- The average condo sales price rose by 20.1% year-over-year to \$696,489 from \$579,740.
- Condo sales fell by 3.4% year-over-year to 429 from 444.
- Total inventory* fell 27.7% year-over-year to 656 from 907.
- Sales price vs. list price ratio rose by 2.9% year-over-year to 106.6% from 103.7%.

Month-Over-Month

- Median condo prices slipped by 2.5% to \$635,000 from \$651,000.
- The average condo sales price fell by 2.9% to \$696,489 from \$716,991.
- Condo sales down by 4.2% to 429 from 448.
- Total inventory* dropped 3% to 656 from 676.
- Sales price vs. list price ratio dropped by 1% to 106.6% from 107.7%.

* 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

Fed Provides "Some" Clues

July 31, 2015 -- What's in a word? Perhaps little, perhaps much. In the end, it all depends on the word or who is uttering it. In terms of communication goes, one word isn't much to go on.

The Federal Reserve ended its July meeting on Wednesday, and while no change to policy was expected, we did see the most subtle of changes in the message the Fed uses to describe its thinking.

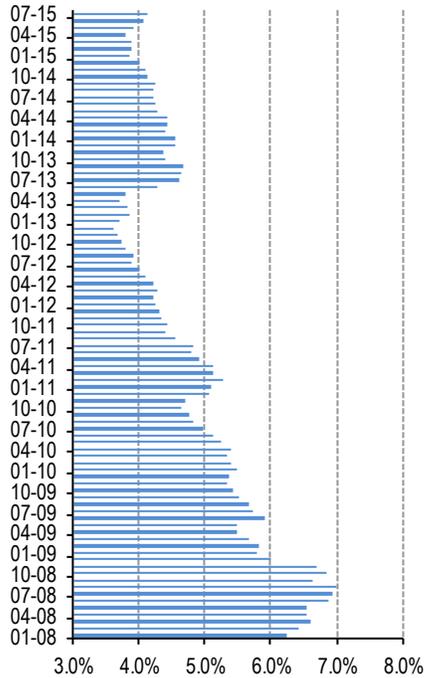
In characterizing its present stance of policy and when the Fed might make a change to the short-term interest rate it controls, the Fed indicated that it would be likely to make the first move when it has seen "some" further improvement in the labor market. Previously, it merely said "seen further improvement." While "some" isn't much to go on, it is an acknowledgment that the job market has improved, and only needs to improve a tad further before the Fed will feel comfortable kicking off what is likely to be a very slow and protracted process of normalizing interest rates.

For their part, mortgage rates have eased a bit in recent days; although each recent message from the Fed says they will make a move before long, financial markets are starting to sense that it will be a long, slow process.

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 fell by five basis points (0.05%) this week to an average of 4.06 percent, its lowest rate since early June, while the FRMI's 15-year companion ticked lower by four basis points to an average interest rate of 3.35 percent. Popular with first-time homebuyers, rates on fully-insured FHA-backed 30-year FRMs remain considerably below their conforming counterparts and managed a three basis point decline, landing at an average 3.85 percent. Lastly, the overall 5/1 Hybrid ARM retreated by four basis points, coming to a halt at an average rate of 3.05 percent for the week. HSH's FRMIs are combined averages and include both conforming and jumbo rates, providing borrowers with a wider view of mortgage conditions.

We'll get a new look at the labor market come next week (and again in early September, well in advance of that FOMC meeting). At the moment, and unless the next two reports are well below expectations, we are of the mind that we will see a quarter-point lift in the Fed Funds target rate at that time... and that this may be it until perhaps February 2016.

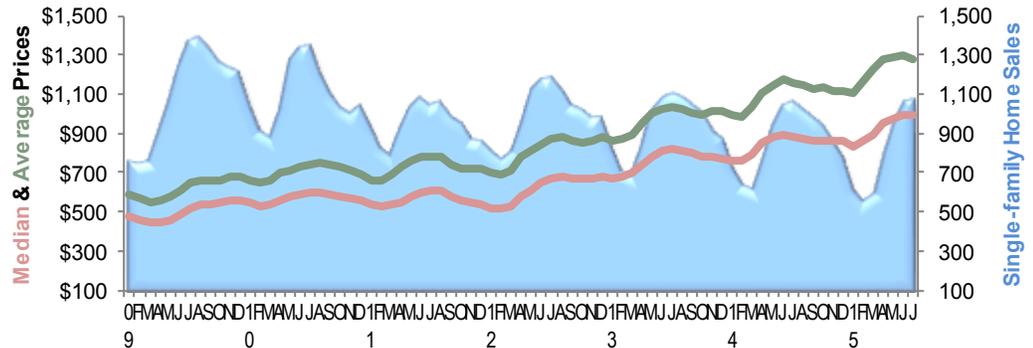
30-Year Fixed Mortgage Rates



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.

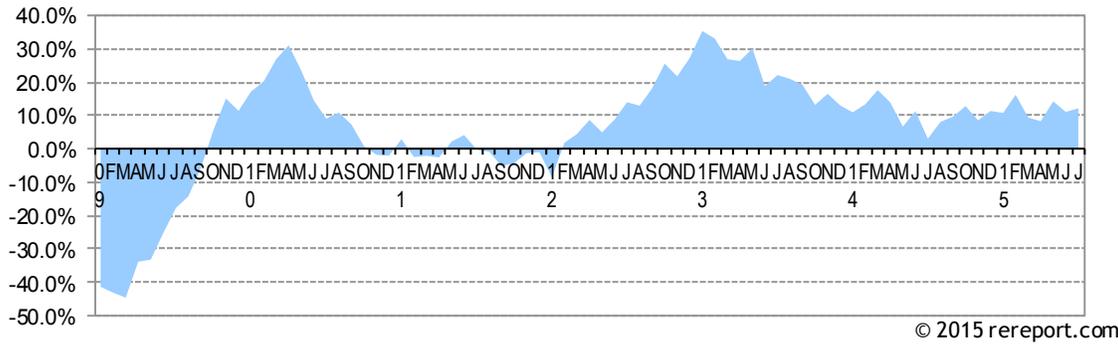
Santa Clara County Homes - Prices & Sales

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



Santa Clara County - July 2015														
Single-Family Homes								% Change from Year Before					% Change	
Prices								Prices					Median Price	
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'	Peak	Trough
SCC	\$ 965,000	\$ 1,225,200	1,089	906	1,284	35	105.4%	12.2%	10.4%	0.8%	-1.2%	-21.3%	11.1%	117.4%
Campbell	\$ 1,202,500	\$ 1,181,170	28	19	24	26	109.0%	30.3%	14.7%	-30.0%	35.7%	-14.3%	15.9%	118.7%
Cupertino	\$ 1,829,000	\$ 1,964,420	30	18	33	33	107.8%	9.8%	9.3%	0.0%	20.0%	57.1%	1.6%	96.7%
Gilroy	\$ 705,000	\$ 807,617	63	56	83	40	100.7%	20.5%	15.0%	26.0%	9.8%	-35.7%	-13.5%	123.8%
Los Altos	\$ 2,755,000	\$ 2,825,150	27	24	16	18	110.5%	19.8%	20.5%	-10.0%	41.2%	6.7%	10.0%	135.5%
Los Altos Hills	\$ 3,300,000	\$ 3,415,000	3	11	27	270	99.3%	11.6%	21.9%	-50.0%	83.3%	0.0%	-34.8%	91.3%
Los Gatos	\$ 1,600,000	\$ 1,604,310	59	37	100	51	99.9%	-4.1%	-10.5%	55.3%	27.6%	51.5%	-17.9%	69.8%
Milpitas	\$ 830,000	\$ 901,289	29	43	25	26	105.8%	7.1%	6.0%	7.4%	38.7%	-30.6%	0.6%	100.0%
Monte Sereno	\$ 2,800,000	\$ 2,800,000	1	4	14	420	96.9%	24.7%	20.3%	-75.0%	0.0%	-22.2%	-59.0%	231.4%
Morqan Hill	\$ 867,500	\$ 964,422	50	36	91	55	99.7%	18.1%	20.9%	-13.8%	-32.1%	-25.4%	-13.3%	95.6%
Mountain View	\$ 1,565,000	\$ 1,612,710	24	18	13	16	115.5%	8.3%	5.0%	0.0%	5.9%	-35.0%	-3.7%	112.1%
Palo Alto	\$ 2,602,500	\$ 3,190,650	34	18	28	25	109.9%	7.0%	-1.9%	21.4%	0.0%	-33.3%	-15.9%	118.7%
San Jose	\$ 860,000	\$ 942,996	588	499	656	33	104.5%	14.7%	12.9%	2.3%	-6.6%	-25.4%	8.4%	112.3%
Santa Clara	\$ 1,000,000	\$ 1,051,030	54	50	49	27	112.7%	19.0%	18.9%	-14.3%	38.9%	-5.8%	11.4%	92.3%
Saratoga	\$ 2,312,500	\$ 2,493,040	34	26	69	61	102.3%	15.6%	7.1%	-10.5%	13.0%	27.8%	2.5%	169.5%
Sunnyvale	\$ 1,425,000	\$ 1,420,090	61	42	43	21	112.3%	14.0%	19.5%	3.4%	-20.8%	-6.5%	11.3%	174.0%

Santa Clara County Homes: Year-Over-Year Median Price Change



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C.A.R. 2015 HOME BUYERS SURVEY FINDINGS

Improving economy and job growth draw buyers back to housing market, forming more households, REALTOR® survey finds

With an improving economy and job market over the past year, home buyers have started forming households again, and buyers who previously experienced a foreclosure or short sale are back in the housing market, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) "2015 Survey of California Home Buyers."

In 2015, more households were formed as the share of buyers who previously lived with their parents increased to 12 percent – the highest in the survey’s history, up from 2 percent in 2014. Additionally, the share of those who previously rented dipped from 40 percent in 2014 to 39 percent in 2015, and those who previously owned fell from 59 percent in 2014 to 47 percent in 2015.

With distressed sales at record lows, California is returning to a more normal housing market, with those who previously went through a foreclosure or short sale returning to the market and purchasing homes again. More than one in five home buyers (22 percent) experienced a distressed sale, most of which occurred after 2007. A further indication of this return to normalcy is reflected in the share of buyers who were previously "underwater" on their homes, which increased to 23 percent in 2015, up from 4 percent in 2014.

Additional findings from C.A.R.'s "2015 Survey of California Home Buyers" include:

- In what could further exacerbate a future housing inventory shortage, buyers in 2015 indicated they plan to keep their home longer than ever – an average of 20 years – substantially longer than the six years cited by home buyers in 2013.

(Continued on page 4)

Santa Clara County Condos- Prices & Sales

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

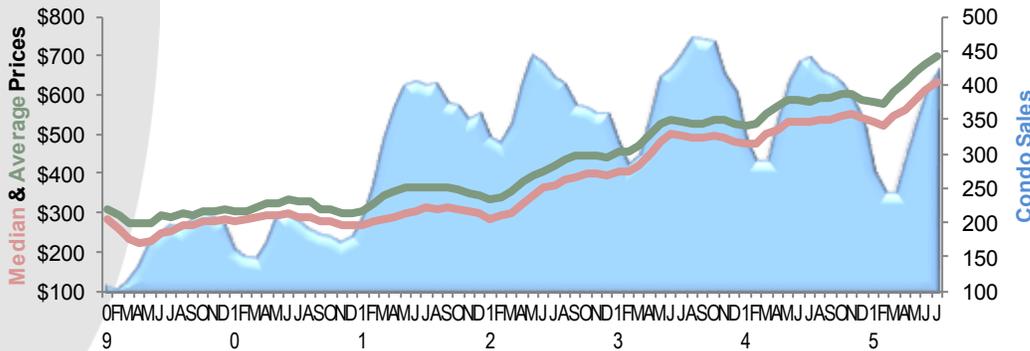


Table Definitions

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

Sales 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.

Santa Clara County - July 2015

Condos/Townhomes								% Change from Year Before					% Change	
Prices								Prices					Median Price	
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'	Peak	Trough
SCC	\$ 635,000	\$ 696,489	429	354	302	21	106.6%	21.0%	20.1%	-3.4%	-6.3%	-42.9%	15.7%	201.7%
Campbell	\$ 751,500	\$ 769,000	12	11	10	25	106.1%	30.7%	28.6%	-29.4%	10.0%	-41.2%	0.0%	159.1%
Cupertino	\$ 1,150,000	\$ 1,148,400	5	4	8	48	109.1%	19.8%	14.9%	0.0%	-50.0%	14.3%	19.8%	111.9%
Gilroy	\$ 408,500	\$ 408,500	2	2	4	60	104.9%	8.6%	12.7%	-66.7%	-50.0%	0.0%	-19.9%	#DIV/0!
Los Altos	\$ 1,540,000	\$ 1,725,000	3	2	6	60	101.4%	6.1%	18.9%	50.0%	-33.3%	100.0%	-33.8%	204.7%
Los Gatos	\$ 930,000	\$ 961,570	15	4	4	8	104.4%	10.7%	14.9%	36.4%	-50.0%	-60.0%	-7.0%	175.1%
Milpitas	\$ 608,500	\$ 606,364	22	15	17	23	104.2%	14.6%	17.3%	22.2%	-6.3%	-45.2%	-5.8%	202.7%
Morgan Hill	\$ 560,000	\$ 515,000	5	5	4	24	103.2%	13.7%	7.5%	-37.5%	-16.7%	-73.3%	-4.9%	191.7%
Mountain View	\$ 990,000	\$ 994,185	27	28	15	17	116.2%	41.4%	36.4%	8.0%	27.3%	-25.0%	13.8%	152.2%
Palo Alto	\$ 1,375,000	\$ 1,274,090	11	9	2	5	111.3%	17.5%	3.3%	-31.3%	350.0%	-60.0%	-9.7%	169.6%
San Jose	\$ 547,500	\$ 567,978	244	207	189	23	105.5%	18.8%	17.8%	-5.4%	-6.8%	-48.5%	8.2%	195.9%
Santa Clara	\$ 640,000	\$ 699,852	47	30	20	13	108.4%	13.9%	18.1%	11.9%	-14.3%	-9.1%	9.8%	140.2%
Saratoga	\$ 1,185,500	\$ 1,188,920	6	2	4	20	104.0%	39.5%	28.3%	20.0%	-33.3%	0.0%	9.8%	140.2%
Sunnyvale	\$ 907,500	\$ 934,063	30	35	19	19	107.1%	23.5%	26.1%	-3.2%	-10.3%	-20.8%	14.4%	163.0%

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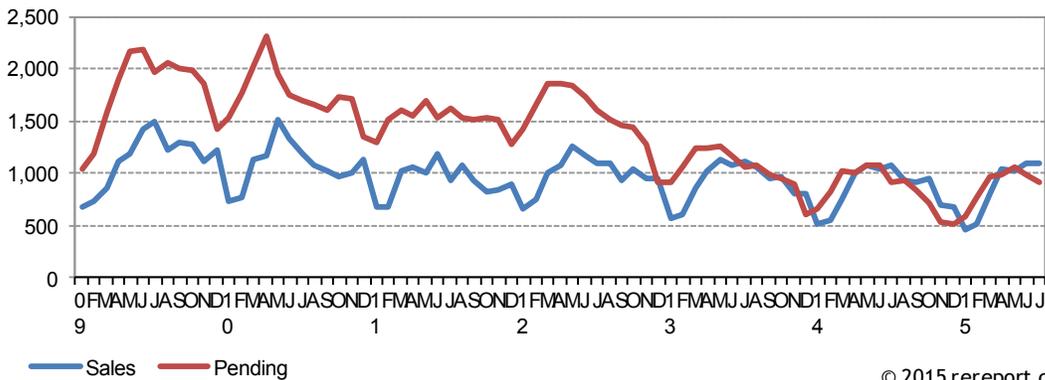
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Santa Clara County Homes: Pending & Existing Home Sales (3-month moving average)



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- Buyers cited “tired of renting” (15 percent), “wanted a place to live” (14 percent), “desired larger home” (12 percent), “changed jobs/relocated” (11 percent), and “desired better/other location” (8 percent) as the top reasons for purchasing a home. In looking specifically at first-time buyers, “tired of renting” was the top reason for purchasing a home (21 percent), followed by “wanted a place to live” (19 percent).

- Despite the recent run up in home prices, the vast majority (85 percent) felt that their home was worth the price they paid, while 14 percent said the price was too high, and 1 percent said the price was too low.

- While the majority of buyers (75 percent) were satisfied with their home purchase, one-fourth made compromises, with 13 percent saying they selected the best house given the limited supply in their desired neighborhood, and 12 percent who

said they selected the best house in an affordable neighborhood because prices were too high in their preferred neighborhood.

- Buyers put an average of 24 percent down on their home purchase in 2015, down from 28 percent in 2014, and 25 percent in 2013, but more than what has been the traditional 20 percent since 2009.

- The primary source of down payment for first-time buyers was personal savings, cited by 49 percent of first-time buyers, followed by “borrowed or gift,” cited by 33 percent of first-time buyers. The primary sources of down payment for repeat buyers were personal savings (34 percent) and proceeds from sale of previous residence (34 percent).

Investors Corner

Home Price Gains Lead Housing According to the S&P/Case-Shiller Home Price Indices

New York, July 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 today for May 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 at <https://goo.gl/8x6XCc>

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