San Mateo County Homes: Momentum

San Mateo County Homes Report

C.A.R.'s 2016 California Housing Market Forecast

California home sales to increase slightly, while prices post slowest gain in five years.

California’s housing market will continue to improve into 2016, but a shortage of homes on the market and a crimp in housing affordability also will persist, according to the CALIFORNIA ASSOCIATION OF REALTORS®' (C.A.R.) ‘2016 California Housing Market Forecast’.

The C.A.R. forecast sees an increase in existing home sales of 6.3 percent next year to reach 433,000 units, up from the projected 2015 sales figure of 407,500 homes sold. Sales in 2015 also will be up 6.3 percent from the 383,300 existing, single-family homes sold in 2014.

“Solid job growth and favorable interest rates will drive a strong demand for housing next year,” said C.A.R. President Chris Kutzkey. “However, in regions where inventory is tight, such as the San Francisco Bay Area, sales growth could be limited by stiff market competition and diminishing housing affordability. On the other hand, demand in less expensive areas such as Solano County, the Central Valley, and Riverside/San Bernardino areas will remain strong thanks to solid job growth in warehousing, transportation, logistics, and manufacturing in these areas.”

C.A.R.'s forecast projects growth in the U.S. Gross Domestic Product of 2.7 percent in 2016, after a projected gain of 2.4 percent in 2015. With nonfarm job growth of 2.3 percent in California, the state’s unemployment rate should decrease to 5.5 percent in 2016 from 6.3 percent in 2015 and 7.5 percent in 2014.

The average for 30-year, fixed mortgage interest rates will rise only slightly to 4.5 percent but will still remain at historically low levels.

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The California median home price is forecast to increase 3.2 percent to $491,300 in 2016, following a projected 6.5 percent increase in 2015 to $476,300. This is the slowest rate of price appreciation in five years.

“The foundation for California’s housing market remains strong, with moderating home prices, signs of credit easing, and the state continuing to lead the nation in economic and job growth,” said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. “However, the global economic slowdown, financial market volatility, and the anticipation of higher interest rates are some of the challenges that may have an adverse impact on the market’s momentum next year. Additionally, as we see more sales shift to inland regions of the state, the change in mix of sales will keep increases in the statewide median price tempered.”

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## September Stats

### Single-Family Homes

**Year-Over-Year**
- Median home prices increased by 11.2% year-over-year to $1,180,000 from $1,061,000.
- The average home sales price rose by 15.8% year-over-year to $1,539,010 from $1,329,230.
- Home sales fell by 23.5% year-over-year to 345 from 451.
- Total inventory* rose 7.1% year-over-year to 788 from 736.
- Sales price vs. list price ratio rose by 1.4% year-over-year to 106.6% from 105.1%.
- The average days on market fell by 18.5% year-over-year to 22 from 26.

**Month-Over-Month**
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### Condominiums

**Year-Over-Year**
- Median condo prices increased by 14.9% year-over-year to $715,000 from $622,500.
- The average condo sales price rose by 18.4% year-over-year to $809,112 from $683,356.
- Condo sales fell by 9.8% year-over-year to 119 from 132.
- Total inventory* fell 0.4% year-over-year to 224 from 225.
- Sales price vs. list price ratio rose by 3.2% year-over-year to 107.1% from 103.8%.
- The average days on market fell by 13.2% year-over-year to 20 from 23.

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* Total inventory is active listings plus contingent or pending listings. Active listings do not include contingent listings.
What's Involved in a Comparative Market Analysis

A comparative market analysis, or CMA, is a real estate agent's evaluation, based on local listing and sales data, to determine the probable sale price of a property in the current market. Sellers can use a CMA to help determine a list price. Buyers can use a CMA to help them decide what to offer on a listing they want to buy.

The accuracy of the analysis will depend in part on the quality of the data. The listings used for comparison should ideally be located in the neighborhood, and they should be as similar as possible to the subject property.

To get a complete picture of your local marketplace, the CMA should include information about currently available comparable listings, pending sales, sales that occurred within the last 6 months, as well as information about listings that did not sell during the listing period. These are called expired listings.

For sellers, the homes currently for sale are your competition. How you price your home relative to the competition is critical to the sale of your home. If possible, visit Sunday open houses to see how your home compares before you select a list price.

Pending sale listings in your neighborhood represent the most recent sales activity. Try to find out as much about these listings as possible. Beware of the neighborhood grapevine. A combination of wishful thinking and enthusiasm can result in a rumor that a listing sold for an inflated price. The actual sale price may be quite a bit lower.

(Continued on page 4)
Carefully analyze the information about homes that have sold. This sales data is the most reliable indicator of what the market will bear price-wise.

Typically, the sales should have occurred no longer than 6 months ago. However, in a market that is changing rapidly, six months may be too long a time frame. When home prices are moving up or down quickly, it's wise to shorten the time frame. Six-month-old listings may be out of date.

Estimating a probable sale price based on a CMA involves a certain amount of subjectivity. Accurately predicting a sale price is easiest in neighborhoods of tract housing where all houses are pretty much the same. It's more difficult in neighborhoods where there's a lot of variability in home size, style and condition.

An agent's knowledge of the local market can affect the accuracy of a CMA, particularly in a neighborhood with a lot of variability in the housing stock. Unless the agent has actually seen the comparable listings, he may not draw the correct conclusions.

Call me for an accurate Comparative Market Analysis.

**San Mateo County Homes: Sales Price/Listing Price Ratio**

**San Mateo County Homes: Year-Over-Year Median Price Change**

### Investors Corner

**Widespread Gains in Home Prices for August According to the S&P/Case-Shiller Home Price Indices**

New York, October 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 August 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 can be accessed in full by...

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