Santa Clara County Homes: Momentum

Whither the market?

After four years of rapid price appreciation, there have been whispers of a market correction in the Bay Area, fueled by a wildly oscillating stock market and a depreciation in the Chinese currency, combined with the Chinese government cracking down on money moving out of the country.

The antics in the stock market has prompted some people to pull their money out. Where are they putting it? Real estate.

To get a grip on the local market, let's look at some of the underlying dynamics.

First, there is a very limited supply of properties for sale. There is next to no single-family homes being built. There is quite a bit of multi-family and high-rise building going on, which MAY, at some point in the future, relieve inventory.

Inventory of single-family homes in Santa Clara County has been lower than the year before for 57 of the past 60 months.

We expect, nay, hope, that the baby boomers will start cashing out and move to lower cost locales. But, we’re not holding our breath.

Baby boomers may start selling when they see the market start to flatten. The market will probably start flattening when mortgage rates go over 5%. We don’t see that happening this year.

Second, demand is still very strong. Multiple offers continue to dominate the market. Where is demand coming from? Mostly from the local economy, which is incredibly strong. Apple alone has been on a major acquisition spree of office space, enough to add 13,000 workers. Plus, the tech industry continues to mint millionaires.

Lest we slight them anymore than the mainstream media does, let’s look at the much-maligned millennials. Reports from my compatriots across the Bay Area report that marriage and family are starting to become a topic. That always translates in purchasing property.

So, the market MAY slow down a bit, 6-8 multiple offers rather than 10-12. A full-blown correction? Not unless some cataclysmic event occurs, and let’s all hope that does not happen.

http://www.650and408homes.com

For more information go to the "Seminars" tab on my web site

http://avi.rereport.com/

for a free on-line market analysis of your property.

You can also perform your own personal search of properties for sale.
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.

The average days on market fell by 5.8% year-over-year to 37 from 39.

Month-Over-Month
- Home sales down by 40.4% to 512 from 859.
- The average home sales price fell by 6.1% to $917,000.
- Median home prices slipped by 2% to $898,252 from $917,000.

Total inventory* fell 12% year-over-year to 370 from 461.

Condo sales rose by 2.9% year-over-year to 214 from 208.
- Total inventory* fell 0.0% year-over-year to 370 from 370.
- Sales price vs. list price ratio rose by 0.8% year-over-year to 103.0% from 102.2%.

The average days on market fell by 20.4% year-over-year to 26 from 32.

Month-Over-Month
- Median condo prices slipped by 9.3% to $567,500 from $626,000.
- The average condo sales price fell by 5.5% to $640,618 from $678,182.
- Condo sales down by 38.2% to 214 from 346.
- Total inventory* increased 14.9% to 370 from 322.
- Sales price vs. list price ratio dropped by 0.6% to 103.0% from 103.7%.

The average days on market increased by 16.6% to 37 from 26 over-year to 859 from 890.

Total inventory* fell 0.0% year-over-year to 370 from 370.

Condo sales rose by 2.9% year-over-year to 214 from 208.
- Total inventory* fell 0.0% year-over-year to 370 from 370.
- Sales price vs. list price ratio rose by 0.8% year-over-year to 103.0% from 102.2%.

The average days on market fell by 20.4% year-over-year to 26 from 32.

Month-Over-Month
- Median condo prices slipped by 9.3% to $567,500 from $626,000.
- The average condo sales price fell by 5.5% to $640,618 from $678,182.
- Condo sales down by 38.2% to 214 from 346.
- Total inventory* increased 14.9% to 370 from 322.
- Sales price vs. list price ratio dropped by 0.6% to 103.0% from 103.7%.

The average days on market increased by 16.6% to 37 from 26 over-year to 859 from 890.

Total inventory* fell 0.0% year-over-year to 370 from 370.

Condo sales rose by 2.9% year-over-year to 214 from 208.
- Total inventory* fell 0.0% year-over-year to 370 from 370.
- Sales price vs. list price ratio rose by 0.8% year-over-year to 103.0% from 102.2%.

The average days on market fell by 20.4% year-over-year to 26 from 32.
The Silicon Valley SV150 Index Corner

The Silicon Valley's Real estate market is a derivative of the local economy, it prospers and withers depending on how well the local knowledge-based sector performs. The San Jose Mercury News tracks the largest 150 publicly traded companies headquartered in Silicon Valley via an index called the SV150, which you can lookup at www.mercurynews.com. Stocks are valued based on many criteria, but the most important criterion is a company's future earnings. Therefore, I view the SV150 as a leading indicator for the Silicon Valley's real estate market. View this month's annual index chart.