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.

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 San Mateo County has been lower than the year before for 54 of the past 59 months. The good news is all five of those positive months have come in the past five 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.

San Mateo County Homes: Momentum

<table>
<thead>
<tr>
<th>Month</th>
<th>Median Price</th>
<th>Sales</th>
<th>Pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>-10.0</td>
<td>4.0</td>
<td>-5.0</td>
</tr>
<tr>
<td>May</td>
<td>-5.0</td>
<td>5.0</td>
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<tr>
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<tr>
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<td>8.0</td>
<td>-25.0</td>
</tr>
</tbody>
</table>

Visiting the market:

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.

Is NOW a good time to buy your Silicon Valley Home?
For more information go to the "Seminars" tab on my web site http://www.650and408homes.com
February Statistics

**SINGLE-FAMILY HOMES**

**Year-Over-Year**
- Median home prices increased by 5.0% year-over-year to $1,050,000 from $1,000,000.
- The average home sales price dropped by 11.2% year-over-year to $1,320,630 from $1,482,950.
- Home sales rose by 23.4% year-over-year to 206 from 167.
- Total inventory* rose 12.3% year-over-year to 464 from 413.
- Sales price vs. list price ratio rose by 1.6% year-over-year to 104.5% from 102.9%.
- The average days on market rose by 2.3% year-over-year to 33 from 33.

**Month-Over-Month**
- Median home prices slipped by 10.3% to $1,050,000 from $1,170,000.
- The average home sales price fell by 10.9% to $1,320,630 from $1,482,950.
- Home sales down by 38.5% to 206 from 335.
- Total inventory* increased 2.0% to 464 from 455.
- Sales price vs. list price ratio dropped by 0.1% to 104.5% from 104.7%.
- The average days on market increased by 5.1% from 33 to 32.

**TOWNHOMES/CONDOMINIUMS**

**Year-Over-Year**
- Median townhomes/condo prices increased by 9.5% year-over-year to $731,000 from $667,500.
- The average townhomes/condo sales price rose by 11.2% year-over-year to $761,825 from $685,325.
- Townhomes/condo sales rose by 2.9% year-over-year to 70 from 68.
- Total inventory* fell 8.5% year-over-year to 119 from 130.
- Sales price vs. list price ratio rose by 1.7% year-over-year to 105.0% from 103.3%.
- The average days on market fell by 3.2% year-over-year to 31 from 32.

**Month-Over-Month**
- Median townhomes/condo prices slipped by 1.1% to $731,000 from $739,000.
- The average townhomes/condo sales price fell by 1.5% to $761,825 from $773,156.
- Townhomes/condo sales down by 40.2% to 70 from 117.
- Total inventory* dropped 4.8% to 119 from 125.
- Sales price vs. list price ratio increased by 0.6% to 105.0% from 104.4%.
- The average days on market increased by 30.5% to 31 from 24.

* Total inventory is active listings plus contingent or pending listings. Active listings do not include contingent listings.
Get straight answers to your real estate questions? Call 650-305-1111 or email me to schedule a complementary and confidential meeting.

San Mateo County Homes: Sales Price/Listing Price Ratio

San Mateo County Homes - Median & Average Prices & Sales
(3-month moving average—prices in $000's)

San Mateo County Condos - Median & Average 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.
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](http://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

Investors Corner

Home Prices Continue to Increase in November
According to the S&P/Case-Shiller Home Price Indices

New York, January 26, 2016 – 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 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 [https://goo.gl/MeScc8](https://goo.gl/MeScc8)

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