Santa Clara County Homes: Momentum

Prices Hit Record Highs, Again

Just two months ago we were reporting on whispers of a market correction. We debunked that wishful thinking.

Now, the median price for single-family, re-sales homes has gone back over $1,000,000 for the first time since last June, setting a new all-time high in the process: $1,050,000.

That marks forty-nine months in a row the median price has been higher than the year before.

The average sales price for homes, which has been over $1,000,000 since February 2014, also reached a new high last month: $1,328,750.

Not to be undone, the prices for re-sale condominiums/townhomes also set record highs last month.

The median price for condos/townhomes went over $600,000 for the first time last May, and have stayed there ever since. The median price has been higher than the year before for the past fifty-nine months in a row.

March Sales Statistics

Single-Family Homes

<table>
<thead>
<tr>
<th>Year-Over-Year</th>
<th>Mar 15</th>
<th>Mar 16</th>
<th>Feb 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Price</td>
<td>$940,000</td>
<td>$1,050,000</td>
<td>$1,210,850</td>
</tr>
<tr>
<td>Average Price</td>
<td>$1,210,850</td>
<td>$1,290,580</td>
<td>$1,467,000</td>
</tr>
<tr>
<td>Home Sales</td>
<td>940</td>
<td>1,035</td>
<td>841</td>
</tr>
<tr>
<td>Pending Sales</td>
<td>940</td>
<td>1,035</td>
<td>841</td>
</tr>
<tr>
<td>Sale/List Price Ratio</td>
<td>105.3%</td>
<td>103.5%</td>
<td>102.7%</td>
</tr>
<tr>
<td>Days on Market</td>
<td>22</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Days of Inventory</td>
<td>35</td>
<td>34</td>
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</tr>
</tbody>
</table>

Condominiums

Year-Over-Year

- Median condo prices increased by 19.1% year-over-year to $677,000 from $568,480.
- The average condo sales price rose by 11.6% year-over-year to $728,524 from $652,722.
- Condo sales rose by 6.1% year-over-year to 347 from 327.

Condominiums

Month-Over-Month

- Median condo prices improved by 11.7% to $1,050,000 from $940,000.
- The average home sales price rose by 3.1% year-over-year to $1,328,750 from $1,289,210.
- Home sales fell by 14.2% year-over-year to 705 from 822.
- Total inventory* increased 27.9% to 1,876 from 1,467.
- Sales price vs. list price ratio fell by 1.7% year-over-year to 105.3% from 107.2%.

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Total inventory* rose 8.1% year-over-year to 651 from 602.

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(Townhomes/Condos)

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Yellen Talks Down Rates

April 1, 2016 -- Apparently wary financial markets took the Fed's most recent message to heart this week, as Federal Reserve Chair Janet Yellen expounded on the reasons why the Fed is likely to keep rates down for a longer period of time.

While reiterating that the Fed will make policy choices based upon inbound economic data, she made it fairly clear that recent global risks to economic growth bear consideration, intimating that the Fed is in a better position to address too-rapid growth and inflation than to manage a situation where growth has faltered. As such, it's better to err on the side of caution, leaving rates lower for longer.

Low interest rates help to spur economic activity by encouraging (among other things) borrowing by businesses to invest in expanding operations. With domestic economic growth yet fairly soft and inflation still below the Fed's 2 percent limit, the Fed has plenty of space to be patient in lifting rates toward more normal levels. Current expectations are that the Fed will lift the federal funds target rate twice this year, with the next change probably still months away from happening. For would be homebuyers, this is good news: Provided there is housing inventory available to buy, low mortgage rates should help promote a solid spring homebuying season.

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 eased by two basis points (.02 percent), slipping back to an average 3.78 percent. The FRMI's 15-year companion found a little less space to fall, with this week's average trimming just a single basis point off of last week's tally to ease to an average rate of 3.16 percent. Popular with first-time homebuyers, rates on fully-insured FHA-backed 30-year FRMs remain considerably below their Fannie and Freddie counterparts and declined more than they did, falling by a five basis points to land at an average interest rate of 3.59 percent. Meanwhile, the overall 5/1 Hybrid ARM continued to edge closer to the 3 percent mark, easing by one one-hundredth of one percent to land at 3.01 percent for the week. At present, all rates remain closer to 2016 lows than highs as we begin the second quarter of the year.

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: Median & Average Prices and Sales
(3-month moving average — price in 000's)
### Santa Clara County Homes: Year-Over-Year Median Price Change

<table>
<thead>
<tr>
<th>Cities</th>
<th>Median</th>
<th>Average</th>
<th>Sales</th>
<th>Pend</th>
<th>Inven</th>
<th>DOI</th>
<th>SP/LP</th>
<th>Med</th>
<th>Ave</th>
<th>Sales</th>
<th>Pend'</th>
<th>Inven'</th>
<th>Peak</th>
<th>Trough</th>
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</thead>
<tbody>
<tr>
<td>SCC</td>
<td>$677,000</td>
<td>$728,524</td>
<td>347</td>
<td>360</td>
<td>291</td>
<td>25</td>
<td>105.5%</td>
<td>18.8%</td>
<td>11.0%</td>
<td>10.2%</td>
<td>4.0%</td>
<td>48.5%</td>
<td>23.3%</td>
<td>221.6%</td>
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<tr>
<td>Campbell</td>
<td>$715,000</td>
<td>$714,316</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>40</td>
<td>104.4%</td>
<td>-3.3%</td>
<td>4.4%</td>
<td>-66.7%</td>
<td>-60.0%</td>
<td>300.0%</td>
<td>-10.6%</td>
<td>146.6%</td>
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<td>Cupertino</td>
<td>$1,225,500</td>
<td>$1,211,000</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>40</td>
<td>113.4%</td>
<td>18.7%</td>
<td>17.8%</td>
<td>-50.0%</td>
<td>100.0%</td>
<td>33.3%</td>
<td>27.7%</td>
<td>125.8%</td>
</tr>
<tr>
<td>Gilroy</td>
<td>$389,400</td>
<td>$389,400</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>45</td>
<td>101.3%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>-53.3%</td>
<td>n/a</td>
<td>-23.6%</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Los Altos</td>
<td>$1,730,000</td>
<td>$1,828,670</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>30</td>
<td>105.0%</td>
<td>33.3%</td>
<td>38.3%</td>
<td>-50.0%</td>
<td>100.0%</td>
<td>25.0%</td>
<td>-25.0%</td>
<td>242.4%</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>$1,067,500</td>
<td>$1,006,500</td>
<td>6</td>
<td>3</td>
<td>9</td>
<td>45</td>
<td>106.2%</td>
<td>5.7%</td>
<td>14.8%</td>
<td>-40.0%</td>
<td>-50.0%</td>
<td>50.0%</td>
<td>6.7%</td>
<td>215.8%</td>
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<tr>
<td>Milpitas</td>
<td>$665,500</td>
<td>$631,580</td>
<td>19</td>
<td>15</td>
<td>15</td>
<td>24</td>
<td>105.7%</td>
<td>2.4%</td>
<td>4.0%</td>
<td>46.2%</td>
<td>-16.7%</td>
<td>50.0%</td>
<td>3.0%</td>
<td>231.1%</td>
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<tr>
<td>Morgan Hill</td>
<td>$586,750</td>
<td>$576,875</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>45</td>
<td>100.8%</td>
<td>36.7%</td>
<td>31.9%</td>
<td>0.0%</td>
<td>80.0%</td>
<td>100.0%</td>
<td>1.7%</td>
<td>211.8%</td>
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<tr>
<td>Mountain View</td>
<td>$1,105,000</td>
<td>$1,064,910</td>
<td>28</td>
<td>32</td>
<td>27</td>
<td>29</td>
<td>109.2%</td>
<td>42.6%</td>
<td>25.1%</td>
<td>12.0%</td>
<td>68.8%</td>
<td>80.0%</td>
<td>27.0%</td>
<td>181.5%</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>$1,490,000</td>
<td>$1,333,750</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>22</td>
<td>107.2%</td>
<td>-13.4%</td>
<td>-20.5%</td>
<td>14.3%</td>
<td>100.0%</td>
<td>20.0%</td>
<td>-2.1%</td>
<td>192.2%</td>
</tr>
<tr>
<td>San Jose</td>
<td>$591,500</td>
<td>$606,940</td>
<td>40</td>
<td>31</td>
<td>11</td>
<td>8</td>
<td>106.4%</td>
<td>10.0%</td>
<td>11.4%</td>
<td>122.2%</td>
<td>29.2%</td>
<td>8.3%</td>
<td>22.8%</td>
<td>168.7%</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>$716,000</td>
<td>$732,499</td>
<td>40</td>
<td>31</td>
<td>11</td>
<td>8</td>
<td>106.4%</td>
<td>10.0%</td>
<td>11.4%</td>
<td>122.2%</td>
<td>29.2%</td>
<td>-8.3%</td>
<td>22.8%</td>
<td>168.7%</td>
</tr>
<tr>
<td>Saratoga</td>
<td>$787,500</td>
<td>$787,500</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>30</td>
<td>100.5%</td>
<td>-31.0%</td>
<td>-31.0%</td>
<td>0.0%</td>
<td>-25.0%</td>
<td>100.0%</td>
<td>22.8%</td>
<td>168.7%</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>$960,000</td>
<td>$950,956</td>
<td>23</td>
<td>37</td>
<td>21</td>
<td>27</td>
<td>110.6%</td>
<td>2.2%</td>
<td>10.5%</td>
<td>21.1%</td>
<td>76.2%</td>
<td>162.5%</td>
<td>21.0%</td>
<td>178.3%</td>
</tr>
</tbody>
</table>

### 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'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.

**Investors Corner**

**Home Price Increases Continue in January**

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

New York, March 29, 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 January 2016 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 and more [https://goo.gl/QMaHzr](https://goo.gl/QMaHzr)

**Is it time to seriously consider investing in real estate?**

Signup for my [Real Estate Investment Alerts](mailto:avi@650and408homes.com) and you'll receive my real estate investment opportunities

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