Inventory Up, Closed & Pending Sales Down

After being lower than the year before for fifty-five months in a row, inventory of single-family, resale homes has been higher for the past five months, and for eight of the past ten months.

Part of the reason for higher inventory is a slackening of demand in the upper end of the market. Demand has been driven by IPOs and foreign buyers.

Bay Area IPOs have dried up. While there were over 80 from 2013 to mid-2015, there has only been one so far in 2016. IPO money, and the instant riches it conferred, was a driving force in the upper end of the market the past few years. 

In Palo Alto, where the median price for a home is $2.1 million, Silicon Valley mansions—those costing more than $5 million—lingered on the market for 16 days in April 2016, compared to 11 days in April 2015 and 10 days in April 2014, according to Bloomberg.

The surge in the value of the dollar has slowed down foreigners appetite for American real estate.

Closed sales have been lower than the year before for five months in a row. Pending sales, a harbinger of future closed sales, has been lower for the past six months in a row.

Nevertheless, well-priced homes in the most desirable areas are still fetching multiple offers.

The median price for single-family homes moderated last month. It was up “only” by double-digits. The median price has been up by double-digits for thirty-seven of the past forty-seven months.

The absorption rate for home sales has flattened out and has been between 1.2 and 1.4 months since December 2014.

We expect moderation in the local market to continue and prices will start to flatten.

Trends at a Glance
(Single-family Homes)

<table>
<thead>
<tr>
<th></th>
<th>Jun 16</th>
<th>May 16</th>
<th>Jun 15</th>
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<tbody>
<tr>
<td>Median Price:</td>
<td>$1,050,000</td>
<td>$1,117,900</td>
<td>$1,000,000</td>
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<tr>
<td>Average Price:</td>
<td>$1,330,430</td>
<td>$1,419,890</td>
<td>$1,313,490</td>
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<tr>
<td>Home Sales:</td>
<td>1,045</td>
<td>962</td>
<td>1,096</td>
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<td>Pending Sales:</td>
<td>803</td>
<td>963</td>
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<td>Active Listings:</td>
<td>1,381</td>
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<td>Sale/List Price Ratio:</td>
<td>103.5%</td>
<td>104.4%</td>
<td>106.9%</td>
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<tr>
<td>Days on Market:</td>
<td>21</td>
<td>19</td>
<td>20</td>
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<tr>
<td>Days of Inventory:</td>
<td>38</td>
<td>40</td>
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(Townhomes/Condos)

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<th>Jun 16</th>
<th>May 16</th>
<th>Jun 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Price:</td>
<td>$675,000</td>
<td>$695,000</td>
<td>$651,000</td>
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<tr>
<td>Average Price:</td>
<td>$742,563</td>
<td>$778,407</td>
<td>$716,991</td>
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<tr>
<td>Home Sales:</td>
<td>398</td>
<td>386</td>
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<tr>
<td>Pending Sales:</td>
<td>327</td>
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<tr>
<td>Active Listings:</td>
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<td>391</td>
<td>303</td>
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<tr>
<td>Sale/List Price Ratio:</td>
<td>104.3%</td>
<td>105.3%</td>
<td>107.7%</td>
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<tr>
<td>Days on Market:</td>
<td>17</td>
<td>16</td>
<td>14</td>
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<tr>
<td>Days of Inventory:</td>
<td>28</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>
May Statistics—Prices Reach New Highs, Again

**SINGLE-FAMILY HOMES**

**Year-Over-Year**

- Median home prices increased by 5.3% year-over-year to $1,050,000 from $997,500.
- The average home sales price rose by 1.2% year-over-year to $1,330,430 from $1,314,260.
- Home sales fell by 8% year-over-year to 1,045 from 1,136.
- Total inventory* fell 10.5% year-over-year to 2,184 from 2,440.
- Sales price vs. list price ratio fell by 3.2% year-over-year to 103.5% from 106.9.
- The average days on market rose by 7.3% year-over-year to 21 from 20.

**Compared To Last Month**

- Median home prices slipped by 6.1% to $1,050,000 from $1,117,900.
- The average home sales price fell by 6.3% to $1,330,430 from $1,419,890.
- Home sales up by 8.6% to 1,045 from 962.
- Total inventory* dropped 3.1% to 2,184 from 2,253.
- Sales price vs. list price ratio dropped by 0.9% to 103.5% from 104.4.
- The average days on market increased by 9.7% to 21 from 19.

**CONDOMINIUMS**

**Year-Over-Year**

- Median condo prices increased by 4.7% year-over-year to $675,000 from $645,000.
- The average condo sales price rose by 4.3% year-over-year to $742,563 from $712,163.
- Condo sales fell by 14.4% year-over-year to 398 from 465.
- Total inventory* fell 7.1% year-over-year to 706 from 760.
- Sales price vs. list price ratio fell by 3% year-over-year to 104.3% from 107.6.
- The average days on market rose by 24.9% year-over-year to 17 from 14.

**Compared To Last Month**

- Median condo prices slipped by 2.9% to $675,000 from $695,000.
- The average condo sales price fell by 4.6% to $742,563 from $778,407.
- Condo sales up by 3.1% to 398 from 386.
- Total inventory* dropped 3.3% to 706 from 730.
- Sales price vs. list price ratio dropped by 0.9% to 104.3% from 105.3.
- The average days on market increased by 7.4% to 17 from 16.

* Total inventory is active listings plus pending listings. Active listings do not include pending.

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Santa Clara County Homes: Median & Average Prices and Sales

(3-month moving average — price in 000's)
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 GAINS IN APRIL ACCORDING TO THE S&P/CASE-SHILLER HOME PRICE INDICES**

**NEW YORK, June 28, 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 April 2016 shows 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](http://www.homeprice.spdji.com). Additional content on the housing market can be found on [https://goo.gl/X5PQyr](https://goo.gl/X5PQyr)

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

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