After being lower than the year before for thirty-four months in a row, inventory of single-family, re-sale homes in San Mateo County has been higher for the past three 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 thirty-four months in a row. Pending sales, a harbinger of future closed sales, has been lower for the past five months also.

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 single-digits. The median price has been up by double-digits for thirty-six of the past forty-five months.

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

We expect moderation in the local market to continue and prices will start to flatten.
Home Prices Reach New Highs, Again

**June Sales Statistics**

**Single-Family Homes**
- Year-Over-Year
  - Median home prices increased by 1.9% year-over-year to $1,325,000 from $1,300,000.
  - The average home sales price rose by 1.0% year-over-year to $1,649,950 from $1,634,360.
  - Home sales fell by 2.3% year-over-year to 418 from 428.
  - Total inventory* rose 1.4% year-over-year to 875 from 863.
  - Sales price vs. list price ratio fell by 3.6% year-over-year to 106.1% from 110.0%.
  - The average days on market fell by 3% year-over-year to 20 from 21.

**Month-Over-Month**
- Median home prices slipped by 4% to $1,325,000 from $1,390,000.
- The average home sales price fell by 4.8% to $1,649,950 from $1,733,190.
- Home sales up by 13.3% to 418 from 369.
- Total inventory* increased 2.8% to 875 from 851.
- Sales price vs. list price ratio dropped by 0.7% to 106.1% from 106.5%.
- The average days on market increased by 2.4% to 20 from 20.

**Condominiums**
- Year-Over-Year
  - Median condo prices increased by 9.8% year-over-year to $766,000 from $697,500.
  - The average condo sales price rose by 16.3% year-over-year to $842,584 from $724,639.

- Condo sales fell by 13% year-over-year to 120 from 138.
- Total inventory* rose 7.8% year-over-year to 207 from 192.
- Sales price vs. list price ratio fell by 1.9% year-over-year to 105.9% from 108.0%.
- The average days on market rose by 49.7% year-over-year to 22 from 15.

**Month-Over-Month**
- Median condo prices slipped by 6.9% to $786,000 from $822,500.
- The average condo sales price fell by 3.6% to $842,584 from $873,615.
- Condo sales up by 7.1% to 120 from 112.
- Total inventory* increased 1.0% to 207 from 205.
- Sales price vs. list price ratio dropped by 1.5% to 105.9% from 107.5%.
- The average days on market increased by 53.5% to 22 from 14.

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

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.
Local Market Trends | San Mateo County | July/August 2016

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

San Mateo County Homes: Sales Price/Listing Price Ratio

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'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.

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**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. Additional content on the housing market can be found on https://goo.gl/X5PQyr

Is it time to seriously consider investing in real estate? Signup for my **Real Estate Investment Alerts** and you’ll receive my real estate investment opportunities.

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For City by City Trend Report go to the **Market Trends Report tab** on my web site at [www.650and408homes.com](http://www.650and408homes.com)