Santa Clara County
The Real Estate Market Trends Report

Santa Clara County Market Eases Slightly in 2016

Prices for single-family homes and condos/townhomes, while reaching new highs in 2016, ended the year with modest gains. The median prices for homes gained 7.4% compared to 2015. This is the lowest gain since 2011. The median price for condos/townhomes rose 8.2% from 2015, after four years of double-digit gains. (See tables on next page for details.)

Sales were down last year. Single-family home sales fell 5.4% year-over-year. Condo/townhome sales were off 0.5%.

The sales price to list price ratio was also at its lowest level since 2012: 102.8%.

NEW FHA LOAN LIMITS FOR 2016
The Federal Housing Finance Agency has released the conforming loan limits change for 2017. This change resulted in higher loan limits beginning in January for many counties across the country.

The Federal Housing Administration is insuring loans for people looking to purchase a home or refinance a home with a little equity. The program insures loans up to the maximum loan limit in the county in which the property is located.

Using Sonoma County, California, as an example, the maximum loan limit for 2016 was $554,600. This number is rising to $595,600 for 2017. This represents a significant change for people looking to purchase a home who have good income, sufficient credit, and a healthy debt-to-income ratio who are otherwise tight on cash to close. This applies to a home buyer by allowing them to purchase up to $615,000 in the county of Sonoma with just 3.5% down. This change represents bigger borrowing power in nearly every county across the United States.

The fact that both FHA and the Conforming loan balances are now higher in nearly every county nationwide represents a growing trend of a more exuberant economy. Higher loan balance limits can mean the difference between renting and owning for many. This is particularly beneficial because the FHA Loan, while allowing a low down payment, is also very flexible in unique or difficult circumstances consumers sometimes are faced with.

Some of the things included are:

- Debt-to-income ratios as high as 55%
- Credit scores as low 580 for loans up to $424,100 and 640 score for loans exceeding $424,100
- Waiting time on previous short sale: three years
- Waiting time on previous foreclosure: three years
- Waiting time on previous Chapter 7 Bankruptcy: two years
- Will allow a borrower to refinance a second mortgage up to 96.5 loan-to-value

If you are looking to buy a home in 2017, an FHA loan could be a favorable vehicle to help get you there. An experienced mortgage lender who specializes in FHA loans may be the best place to begin looking.

- Keep in mind that, before you begin the lending process—or even start looking for a home— it’s a good idea to check your credit scores to see where you stand. It will let you know exactly how much loan you’ll qualify for. Also, it’s a good time to pull your credit reports to ensure there aren’t any mistakes, which could hurt you.

Trends at a Glance
(Single-family Homes)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Homes</td>
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<td>15,068</td>
<td>14,641</td>
<td>11,159</td>
<td>8,520</td>
<td>9,731</td>
<td>12,930</td>
<td>12,313</td>
<td>10,454</td>
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<td>10,981</td>
<td>10,196</td>
<td>10,547</td>
<td>9,740</td>
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<tr>
<td>Condos</td>
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<td>6,607</td>
<td>6,178</td>
<td>4,865</td>
<td>3,570</td>
<td>1,734</td>
<td>2,003</td>
<td>2,041</td>
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<td>4,517</td>
<td>4,754</td>
<td>4,450</td>
<td>4,230</td>
<td>4,086</td>
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Is NOW a good time to buy your Silicon Valley Home?
For more information go to http://urban.realtor/home-buyers-seminar/
January 6, 2017 -- After many weeks of creeping (or surging) higher, mortgage rates took a step back to start the new year. Although there is a chance that they may ease a bit more now that the Fed has moved and we have turned the calendar past the end of the fourth quarter and the end of the calendar year, borrowers that are in the market at the moment would be well-advised to take advantage of the dip in rates and lock in their interest rate.

We would have likely seen a little more decline in rates next week, or at least that's the way things were heading until Friday's employment report for December was released. No, there was no surge in hiring to end the year; in fact, the 156,000 new hires that took place during the month was less than forecast and could actually be counted among the smallest increases of the year. Rather, it was information that average hourly earnings rose a relatively stout 0.4 percent, leaving 2016 with a 2.9 percent growth rate for wages, the fastest in about 7 years. While that's of course good for consumers, it is a consideration for the Fed, as faster wage growth can be the spark that lifts inflation over time.

As such, bond markets turned a wary eye toward the report, and the rallying in bond yields that has seen the 10-year Treasury's return fall to about 2.35 percent abruptly halted and reversed, chopping off a fair bit of the decline by the close of business Friday. This will stanch the decline in mortgage rates for at least the moment.

With about half the rally in the 10-year Treasury yield wiped out on Friday, it's unlikely that mortgage rates will decline again by the time Freddie Mac reports next Thursday morning. Between now and then, there are no milestone economic reports that might cause a decline from present levels, so the 12-basis point dip in the conforming 30-year FRM we saw to start the year seems likely to be at least partially erased next week. The decline this week was rather more than we expected, and the retracement will probably total 5 or 6 basis points, so look for an uptick of this amount next week. An optimist might note that this will be the second lowest rate of 2017, so that's something to consider, at least.
Santa Clara County Homes: Sales Price/Listing Price Ratio

Santa Clara County Homes: Year-Over-Year Median Price Change

Santa Clara County Condos - Median & Average Prices & Sales

Santa Clara County - December 2016

<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 Ave</th>
<th>Sales</th>
<th>Pend'</th>
<th>Inven'</th>
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<td>SCC</td>
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<td>$650,004</td>
<td>270</td>
<td>186</td>
<td>158</td>
<td>18</td>
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<td>1</td>
<td>2</td>
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<td>4</td>
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<td>16.1%</td>
<td>15.5%</td>
<td>-18.2%</td>
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<tr>
<td>Palo Alto</td>
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<td>6</td>
<td>3</td>
<td>15</td>
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<td>-5.8%</td>
<td>-1.3%</td>
<td>-25.0%</td>
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<td>104</td>
<td>110</td>
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<td>3.0%</td>
<td>-18.7%</td>
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<td>$728,000</td>
<td>19</td>
<td>8</td>
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<td>19</td>
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<td>-17.4%</td>
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<td>Saratoga</td>
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<td>0</td>
<td>0</td>
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<td>-2.5%</td>
<td>100.0%</td>
<td>0.0%</td>
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<td>$955,000</td>
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<td>-1.8%</td>
<td>0.2%</td>
<td>-10.0%</td>
<td>73.3%</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 has not closed escrow.

Inven
Number of properties actively for sale as of the last day of the month.

Data maintained by the MLS may not reflect all real estate activity in the market. Therefore, we do not guarantee the data accuracy.
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**

**THE THE S&P CORELOGIC CASE-SHILLER NATIONAL INDEX EXTENDS NEW HIGH AS HOME PRICE GAINS CONTINUE NEW**

**YORK, December 27, 2016** - S&P Dow Jones Indices today released the latest results for the S&P CoreLogic Case-Shiller Indices, the leading measure of U.S. home prices. Data released today for October 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 at goo.gl/c22Dj5.

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