San Mateo County

The Real Estate Market Trends Report

Median Price for Homes Up Bigly in February

The median price for single-family, re-sale homes stayed over $1,000,000 in February for the twenty-fifth month in a row.

The rise saw only the third double-digit, year-over-year price gain since January 2016. The median price was up 16.7%.

The average price, which has been over $1,000,000 every month since February 2013, gained 9.3% compared to last February.

Home sales were down 1.6%, and, at 183 sales that is less than half the average monthly sales for the past seventeen years.

The inventory of actively listed single-family, re-sales homes in San Mateo County continues to define the market. There were 272 homes for sale as of March 5th. The average number of homes for sale each month since January 2000 is almost 1,300.

Days of Inventory, or how long it would take to sell all the homes on the market at the current rate of sales is forty days. The average in San Mateo County since 2003 is eighty-six.

The sales price to list price ratio jumped to its highest level since last July: 105.1%.

New Housing Law for Teachers

As we wrote about several months ago, the inability of people who serve the community to afford to live here has a deleterious effect on the community.

Last fall, Governor Brown signed the "Teacher Housing Act of 2016" to make it easier for school districts to provide affordable housing for their employees.

Authored by Mark Leno, the former Democratic state senator from San Francisco, the law gives districts explicit permission to set aside housing exclusively for its employees and, crucially, to take advantage of state and federal tax credits to develop these projects.

Under prior law, projects that make use of these low-income housing subsidies had to be open to all tenants who met the income guidelines, to prevent public funds from subsidizing housing discrimination. The new law makes an exception for teachers and district employees.

Kudos to the Governor and state legislature. Now, we need to consider how to provide a similar service for our police officers, firefighters, nurses, etc...

SMC SFR: Absorption Rate & Median Price - 12-month moving average, prices $1,000s

Is NOW a good time to buy your Silicon Valley Home?

For more information go to http://urban.realtor/home-buyers-seminar/

March/April 2017

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Fed, Markets and Whipsaw Mortgage Rates

Mar. 3, 2017 – Although relatively contained, mortgage rates and bond markets remain reative. A stock market surging to new heights is drawing money out of safe-haven investments, while economic data and Federal Reserve rhetoric have finally convinced markets that there is a very good chance that an upward move in the federal funds rate is now just days away.

Futures markets now put the chance of a Fed move at about 75 percent; as recently as last Friday, this probability was less than one third this figure. The change in expectations comes despite a downward ratcheting of forecasts for economic growth in the first quarter, with one high-frequency tracker estimating present GDP growth at just 1.8 percent, and several noted forecasters expecting figures below this level.

To be sure, growth in the last quarter of 2016 was only modest; the "preliminary" estimate of Gross Domestic Product for the fourth quarter of last year put economic growth at a 1.9 percent annualized rate, with the calendar year as a whole seeing output rise by just 1.6 percent. One caveat we’ve seen is that growth in the first quarter has been the slowest of the year, but it’s not clear whether this has been due to actual slowing or issues with measurement adjustments.

Despite the dip in the average conforming 30-year fixed-rate reported by Freddie Mac this week, mortgage rates have again turned higher. The underlying yield for the 10-year Treasury has again pushed toward the 2.5 percent (up from about 2.3 to start the week) mark and other mortgage pricing indicators suggest that rates will move back up toward late January levels next week. This would move rates from 2017 lows back to perhaps 2017 highs... all within the space of about a tenth of a percentage point.

We think that Freddie will report a nine basis point increase in the average 30-year FRM when they report next Thursday morning, but it could even be a little more than this. As has been the case with many Fed meetings, rates have tended to rise as we head into the meeting (although usually this starts a week or more before... markets are a little late this time) and tend to ease a little in the weeks after. At the moment, we’re on the upside of the bump.

San Mateo County Homes - Median & Average Prices & Sales

(3-month moving average—prices in $000’s)

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February Statistics

**SINGLE-FAMILY HOMES**

**Year-Over-Year**
- Median home prices increased by 16.7% to $1,352,000 from $1,158,500.
- The average home sales price rose by 9.3% to $1,597,470 from $1,460,890.
- Home sales fell by 1.6% to 183 from 186.
- Total inventory* fell 10.7% to 509 from 570.
- Sales price vs. list price ratio fell by 3% to 105.1% from 108.4%.
- The average days on market rose by 3.3% to 30 from 30.

**Compared To Last Month**
- Median home prices rose 17.6% to $1,352,000 from $1,150,000.
- The average home sales price rose 9.6% to $1,597,470 from $1,457,730.
- Home sales down 0.5% to 183 from 184.
- Total inventory* increased 11.1% to 509 from 458.
- Sales price vs. list price ratio increased by 2.0% to 105.1% from 103.0%.
- The average days on market dropped by 22.1% to 30 from 39.

**CONDOMINIUMS**

**Year-Over-Year**
- Median home prices increased by 0.3% to $757,500 from $755,000.
- The average home sales price dropped by 0.1% to $808,463 from $809,111.
- Home sales fell by 35% to 52 from 80.
- Total inventory* rose 11.8% to 170 from 152.
- Sales price vs. list price ratio fell by 2.3% to 103.5% from 105.9%.
- The average days on market rose by 8.1% to 27 from 25.

**Compared To Last Month**
- Median home prices improved by 11.1% to $757,500 from $682,000.
- The average home sales price rose by 5.6% to $808,463 from $765,518.
- Home sales down by 24.6% to 52 from 69.
- Total inventory* increased 22.3% to 170 from 139.
- Sales price vs. list price ratio increased by 1.6% to 103.5% from 101.9%.
- The average days on market dropped by 32.2% to 27 from 40.

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

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**San Mateo County Condos - Median & Average Prices & Sales**

(3-month moving average—prices in $000's)

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**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**

**THE S&P CORELOGIC CASE-SHILLER NATIONAL INDEX SETS 30-MONTH ANNUAL RETURN HIGH**

**NEW YORK, FEBRUARY 28, 2017** – 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 December 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: goo.gl/8RFQwA

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