Inventory continues to expand. It has been higher than the year before fifteen months in a row.

As of September 5th, there were 609 condos for sale in Santa Clara County. The average since January 2000 is 757.

Days of inventory fell to fifty-six.

It took an average of thirty-two days to sell a condo last month.

If you are planning on selling your property, call me for a free comparative market analysis.

Contrary to what we wrote in March that the plethora of tech IPOs would generate thousands of new millionaires and drive home prices upward, home prices have, instead, declined steadily.

The reason for the decline is the Chinese have abandoned the market. Sales of real estate to Chinese buyers is down 56% year-over-year. See this article in USA Today: https://tinyurl.com/y5vmrq7f.

The median sales price for single-family, re-sale homes in August was down for the seventh month in a row and nine of the past ten months, year-over-year. It fell 7.4%. It was also down 7.8% from July.

The average sales price was down for the tenth month a row, year-over-year. It fell 7.5%. It was down 6.7% compared to July.

Home sales fell 4.6% from July, but they were up 13.2%, year-over-year. There were 873 homes sold in Santa Clara County last month. The average since 2000 is 987.

Inventory continues to expand. It has been higher than the year before fifteen months in a row. Last month, it was up 9.4% over last year.

Days of Inventory, or how long it would take to sell all homes listed for sale at the current rate of sales, fell three days to 44 days compared to July. The average since 2003 is 89.

As of September 5th, there were 1,293 homes for sale in Santa Clara County. The average since January 2000 is 2,778.

It is taking thirty-one days to sell a home. That is the time from when a home is listed to when it goes into contract.

The median sales price for condos rose 4.7% from July, but, it was down 10.6% from last August.

The average sales price rose 0.2% from July, but was down 10.6% from last August.

The sales price to list price ratio fell from 100.6% to 100.0%.

Condo sales were up 15.1%.

For a focused review (your city, your neighborhood) of current and historical market trends go to http://avi.rereport.com/market_reports
Comparative Calm To Close Summer

Aug. 30, 2019 -- By any reckoning, it was a turbulent summer for financial markets, with records highs for major stock indexes followed by massive selloffs, a Federal Reserve completing a pirouette on policy by cutting interest rates and ending its portfolio runoff early and interest rates plummeting around the world, sometimes to new record low yields in deeply negative territory. The intensification of the trade impasse and corresponding tit-for-tat tariff impositions has roiled economies across the globe, slowing growth and raising the prospects of multi-economic recessions. As a result of all this (and more) mortgage rates certainly are closing the summer at about a half-percentage point below where they began the period, and are much, much closer to historic lows than not.

But to what effect? Certainly, a spate of elevated refinancing activity has broken out for much of the period, but the pool of potential refinances is limited compared to those in periods such as 2012 or 2016, where years of high interest rates followed by record lows and unprecedented refinancing programs (HARP, etc) made virtually all homeowners eligible (2012) or 2016, when a fresh round of low rates appeared after years of property price and job market improvement saw a rush of missed-the-boat homeowners those getting out of HAMP modifications surge into the market.

In different times, we would be in the midst of a cash-out refinancing boom, but still stiff underwriting requirements (LTVs generally not greater than 85% at most) and unfavorable tax treatment of home equity debt (no longer deductible) have certainly trimmed enthusiasm for this particular avenue, although it remains viable for some. That leaves largely good old rate-and-term refinances to pick up the baton; however, home sales have been mostly moderate over the last few years (probably totaling perhaps 17 million or so all told), and mortgage rates were only meaningfully above today’s levels (i.e. a half-point or more higher) for only about two-thirds of period since those 2016 lows, so the potential pool of homeowners who might refinance is not all that large. Recent estimates from Black Knight put that pool at potentially 9.7 million borrowers, but not all will have the moti-
Market Statistics

Trends at a Glance
(Single-family Homes)

<table>
<thead>
<tr>
<th>Aug 19 Month %</th>
<th>Jul 19</th>
<th>Year %</th>
<th>Aug 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Price:</td>
<td>$1,190,000</td>
<td>-7.8%</td>
<td>$1,290,000</td>
</tr>
<tr>
<td>Average Price:</td>
<td>$1,454,670</td>
<td>-6.7%</td>
<td>$1,559,910</td>
</tr>
<tr>
<td>Home Sales:</td>
<td>873</td>
<td>-4.6%</td>
<td>915</td>
</tr>
<tr>
<td>Pending Sales:</td>
<td>868</td>
<td>-4.4%</td>
<td>908</td>
</tr>
<tr>
<td>Active Listings:</td>
<td>1,293</td>
<td>-9.5%</td>
<td>1,428</td>
</tr>
<tr>
<td>Sale/List Price Ratio:</td>
<td>100.4%</td>
<td>-0.3%</td>
<td>100.7%</td>
</tr>
<tr>
<td>Days on Market:</td>
<td>31</td>
<td>17.4%</td>
<td>27</td>
</tr>
<tr>
<td>Days of Inventory:</td>
<td>44</td>
<td>-5.1%</td>
<td>47</td>
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</tbody>
</table>

(Condominiums)

<table>
<thead>
<tr>
<th>Aug 19 Month %</th>
<th>Jul 19</th>
<th>Year %</th>
<th>Aug 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Price:</td>
<td>$838,575</td>
<td>4.7%</td>
<td>$800,777</td>
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<tr>
<td>Average Price:</td>
<td>$882,252</td>
<td>0.2%</td>
<td>$880,389</td>
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<tr>
<td>Home Sales:</td>
<td>327</td>
<td>1.9%</td>
<td>321</td>
</tr>
<tr>
<td>Pending Sales:</td>
<td>357</td>
<td>2.0%</td>
<td>350</td>
</tr>
<tr>
<td>Active Listings:</td>
<td>609</td>
<td>-3.8%</td>
<td>633</td>
</tr>
<tr>
<td>Sale/List Price Ratio:</td>
<td>100.0%</td>
<td>-0.6%</td>
<td>100.6%</td>
</tr>
<tr>
<td>Days on Market:</td>
<td>32</td>
<td>21.2%</td>
<td>27</td>
</tr>
<tr>
<td>Days of Inventory:</td>
<td>56</td>
<td>-5.6%</td>
<td>59</td>
</tr>
</tbody>
</table>

Santa Clara 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.

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.

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vation, strength of credit, cash on hand or other necessities to jump back into the market... and for those without cash, a "no-cost" refinance will likely leave them with a rate little better than they have now.

Either here or somewhere else, low mortgage rates come from economic malaise, and headlines of impending doom and gloom can bring a psychological cost, too, one that could hinder the benefits of them. The Fed cutting interest rates can also send such a signal, as it shows that the central bank is increasingly worried about the outlook. In turn, consumers may start to anticipate a worsening economic climate and begin to become more cautious about spending, including on things like houses, which would further trim overall economic growth.

Underlying interest rates that influence mortgages ended the week at about their midpoint for the last five days, and provided that there is no outsized reaction to the economic fallout from the new tariffs come Tuesday morning (and absent any new inflammatory messages from either the U.S. or China) we may just see mortgage rates hold steady next week.

(Continued from page 2)

The Silicon Valley’s Real estate market is a derivative of the local economy—it prospers and withers depending on how well the local innovation-based sector performs. The San Jose Mercury News tracks the performances of the largest 150 publicly traded companies headquartered in Silicon Valley through an index called the SV150, which may be found at www.mercurynews.com. Stocks are valued based on several criteria, but one of the more important criteria is a company’s future earnings. Therefore, I see the SV150 as a leading indicator for Silicon Valley’s real estate market.

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

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