

Real Estate Service With My Personal Guarantee



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Inside This Issue

- > LOCAL MARKET TRENDS 1
- > MORTGAGE RATE OUTLOOK 2
- > HOME STATISTICS 2
- > FORECLOSURE STATS 3
- > CONDO STATISTICS 3
- > HOME SALES & PENDING CHART . . . 4
- > INVESTORS CORNER 4

KELLERWILLIAMS.

The Real Estate Report

Silicon Valley market trends report

SANTA CLARA COUNTY

Aging in Place

In a 2005 survey by AARP, 89 percent of people age 50 and older said they would prefer to remain in their home indefinitely as they age.

We can definitely understand the desire to stay around family and friends and to continue to live in a community one has become accustomed to.

Another reason for owners not selling is the capital gains tax. One of my fellow agents just sold a home for over \$1,000,000 that the owners had bought for \$45,000. I know, nice gain! But after the \$500,000 exclusion, if you file a joint return with your spouse, they have to pay the tax on the rest.

Unfortunately for the younger generation, the downside is there are fewer homes for sale.

Which is what we have been seeing for the past few years. Inventory has been dropping to unprecedented levels.

Inventory of single-family, re-sale homes was down to 492 units listed in the MLS as of January 5th.

The average number of homes listed per month from 2000 through 2013 was 5,134.

As we mentioned last month, the county needs to allow some high-rise buildings to be built that would alleviate the pressure.

The local association of REALTORS® needs to take an active stance on this issue.

DECEMBER MARKET STATISTICS Year-Over-Year

- Median home prices increased by 11.4% year-over-year to \$849,975 from \$763,000.
- The average home sales price rose by 12.2% year-over-year to \$1,088,090 from \$969,694.
- Home sales fell by 16.6% year-over-year to 676 from 811.
- Total inventory* fell 36.4% year-over-year to 1,011 from 1,589.
- Sales price vs. list price ratio fell by 0.1% year-over-year to 102.3% from 102.4%.
- The average days on market fell by 1.4% year-over-year to 33 from 34.

Compared To Last Month

- Median home prices slipped by 0.3% to \$849,975 from \$852,500.
- The average home sales price fell by 1.9% to \$1,088,090 from \$1,109,020.
- Home sales down by 4% to 676 from 704.

Trends at a Glance (Single-family Homes)			
	Dec 14	Nov 14	Dec 13
Median Price:	\$ 849,975	\$ 553,000	\$ 535,000
Average Price:	\$1,088,090	\$ 740,532	\$ 648,171
Home Sales:	676	850	1,133
Pending Sales:	519	1,514	1,342
Active Listings:	492	2,980	4,269
Sale/List Price Ratio:	102.3%	99.0%	98.5%
Days on Market:	33	60	62
Days of Inventory:	22	102	113

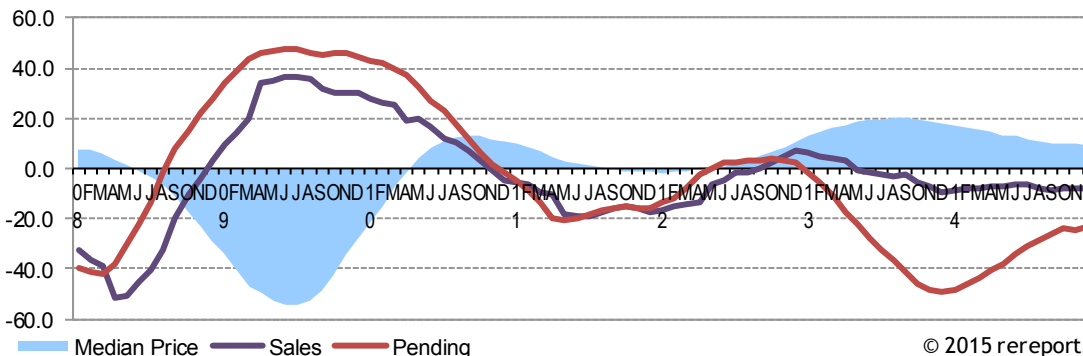
Santa Clara County Price Differences from January 2014 & Peak & Trough Homes: detached

	YTD	Peak %	Trough %	Peak	Trough
3-month	13%	-1%	95%	Jun-07	Mar-09
12-month	8%	0%	70%	Nov-07	Nov-09
Homes: attached					
3-month	14%	0%	146%	Jun-07	Apr-09
12-month	8%	-2%	72%	Dec-07	Dec-11

- Total inventory* dropped 26.8% to 1,011 from 1,381.
- Sales price vs. list price ratio dropped by 0.5% to 102.3% from 102.8%.
- The average days on market increased by 10.5% to 33 from 30.

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

Santa Clara County Homes: Momentum



VISIT

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for a free on-line market analysis of your property. You can also perform your own personal search of properties for sale.

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MORTGAGE RATE OUTLOOK

2015 Begins As 2014 Ended: Mostly Trendless

Jan 5, 2015 -- Mortgage rates spent a third week in a state of near stasis as the market-quieting effect of the holidays now comes to a close. A second consecutive week interrupted by a holiday coupled with a very light calendar of data produced just a minimal move for rates, but now in the new year, we are quickly approaching a time that has been known to kick rates more squarely in one direction or the other.

Given the fairly solid state of the economy, that should mean a slight firming trend may be in the offing, but there doesn't appear to be much reason to be concerned about any kind of significant leap anytime soon. For now, we'll just enjoy the sideways drift.

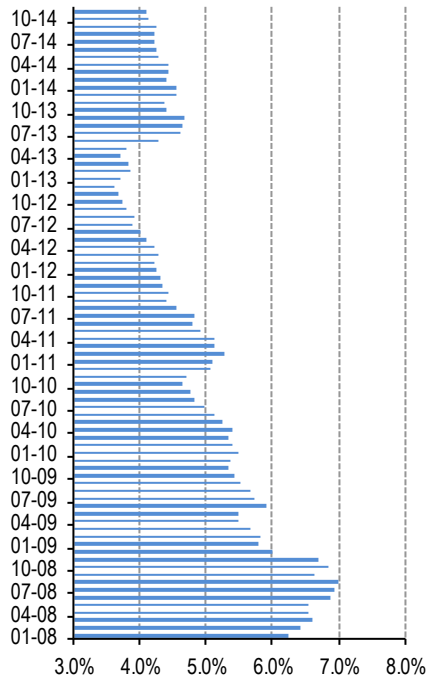
HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages increased by a single basis point this week (0.01%) to rise to 3.99 percent. The FRMI's 15-year companion managed a two basis point increase, presenting homeowners looking to refinance with an attractive average of 3.35 percent. Fully-insured FHA-backed 30-year FRMs remain well below even its conforming counterpart, and held steady for a

second consecutive week at an average rate of 3.74 percent. The overall 5/1 Hybrid ARM has been a touch more erratic of late; this week the average rose by another two basis points, moving up to 3.15 percent.

It goes without saying that mortgage rates confounded our (and most other) forecasts in 2014, moving nearly in an opposite direction of our expectation. The decline in fixed rate mortgages was appreciable, dramatic even, and provided an unexpected lift to refinancing and were also a useful offset to still-rising home prices, helping to keep affordability in check. We ventured a new 2015 outlook for rates a couple of weeks ago (a link is below) and it may be that fixed rates don't make it much beyond 2014's high marks. Time will tell.

Construction spending backed off a bit in November, easing by 0.3 percent. Much of the drag came from public works spending, which fell by 1.7 percent, and some additional downward pull came from spending on commercial projects. Residential spending pushed higher by 0.9 percent for a second consecutive month, and spending on single- and multifamily homes remains well above year-ago levels, as well.

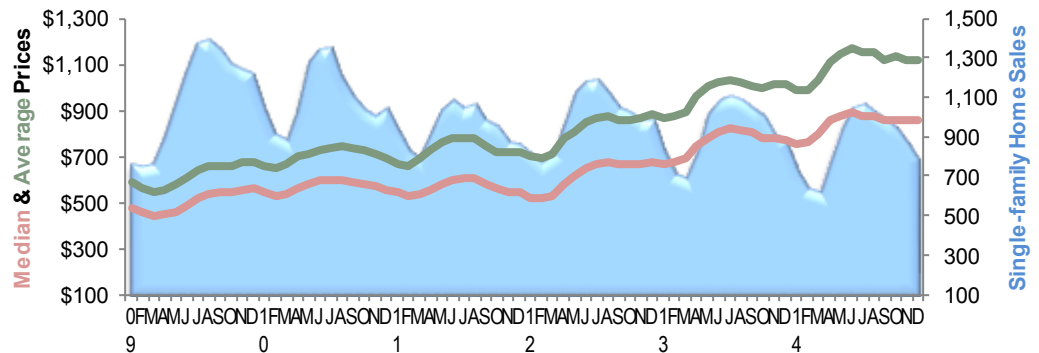
30-Year Fixed Mortgage Rates



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.

Santa Clara County Homes - Prices & Sales

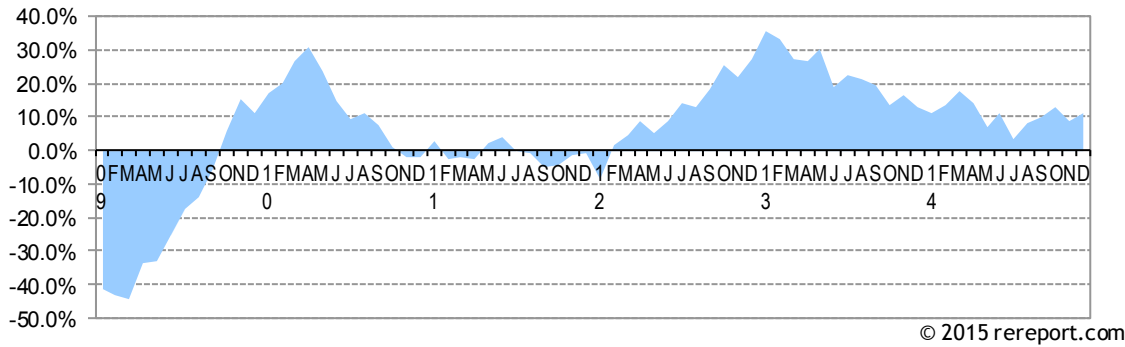
(3-month moving average—prices in \$000's)



If your property is listed with a real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. We are happy to work with them and cooperate fully.

Santa Clara County - December 2014														
Single-Family Homes								% Change from Year Before				% Change		
Prices								Prices				Median Price		
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'	Peak	Trough
County	\$ 849,975	\$ 1,088,090	676	519	492	22	102.3%	11.4%	12.2%	-16.6%	-15.1%	-49.7%	-2.1%	91.5%
Campbell	\$ 1,000,000	\$ 1,019,120	17	10	7	12	104.9%	29.9%	18.9%	-19.0%	-50.0%	-61.1%	-0.5%	85.2%
Cupertino	\$ 1,783,400	\$ 1,763,980	12	10	3	8	106.2%	62.1%	41.3%	-40.0%	-54.5%	-80.0%	0.0%	109.3%
Gilroy	\$ 600,990	\$ 646,942	38	37	62	49	97.9%	23.7%	6.6%	0.0%	0.0%	-47.0%	-26.3%	92.3%
Los Altos	\$ 2,475,000	\$ 3,011,790	18	11	3	5	106.0%	16.7%	44.3%	-14.3%	22.2%	-62.5%	-1.2%	111.5%
Los Altos Hills	\$ 5,060,060	\$ 4,470,020	6	5	14	70	99.4%	76.0%	46.6%	-25.0%	0.0%	-12.5%	0.0%	193.3%
Los Gatos	\$ 1,827,500	\$ 2,046,020	22	15	31	42	96.0%	36.9%	45.7%	-24.1%	-31.8%	-47.5%	-1.2%	94.4%
Milpitas	\$ 800,000	\$ 800,215	28	23	10	11	100.2%	15.9%	14.6%	-9.7%	-39.5%	-64.3%	0.0%	97.5%
Monte Sereno	\$ 3,200,000	\$ 2,829,330	3	3	9	90	97.1%	112.2%	87.6%	50.0%	50.0%	80.0%	-53.1%	278.7%
Morgan Hill	\$ 827,500	\$ 868,235	34	17	44	39	98.5%	27.3%	31.1%	-2.9%	-64.6%	-30.2%	-17.3%	99.4%
Mountain View	\$ 1,507,250	\$ 1,596,250	10	6	3	9	109.8%	34.0%	26.4%	-63.0%	-64.7%	-50.0%	-3.8%	123.3%
Palo Alto	\$ 2,250,000	\$ 2,408,060	18	8	11	18	109.7%	3.7%	2.6%	-18.2%	-11.1%	57.1%	-23.7%	96.5%
San Jose	\$ 760,000	\$ 826,026	376	298	228	18	101.7%	16.9%	14.9%	-32.3%	-30.0%	-60.8%	-2.8%	87.7%
Santa Clara	\$ 846,000	\$ 924,234	29	28	8	8	103.3%	6.7%	16.4%	-42.0%	-33.3%	-65.2%	-3.4%	62.7%
Saratoga	\$ 2,050,000	\$ 2,300,170	11	16	23	63	104.9%	7.9%	3.3%	-56.0%	33.3%	-23.3%	-8.9%	138.9%
Sunnyvale	\$ 1,215,000	\$ 1,220,040	47	24	6	4	109.4%	36.0%	24.1%	-23.0%	-4.0%	-66.7%	-4.0%	133.7%

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



Get straight answers to your real estate questions?
 Call 650-305-1111 or [email me](#) to schedule a complementary and confidential meeting.

FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in Santa Clara County rose 6.7% in November from October. They were up 42.6% year-over-year.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were down 12.5% compared to October, and they were down 29% year-over-year.

After the filing of a Notice of Trustee Sale, there are three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements.

Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank's opening bid, the

property will be sold to the third party; if not, it will go back to the bank.

Properties going back to the bank fell 4.8% in November from October. Year-over-year, they were down 25.9%. Twenty properties went back to banks.

The total number of properties that have had a notice of default filed jumped 31.5% from October, and they were up 26.7% year-over-year.

The total number of properties scheduled for sale declined by 8.9% year-over-year.

The total number of properties owned by banks was down 10.4% year-over-year to about 542.

For further details and a city-by-city breakdown of foreclosure statistics, go to <http://propertyradar.com>.

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

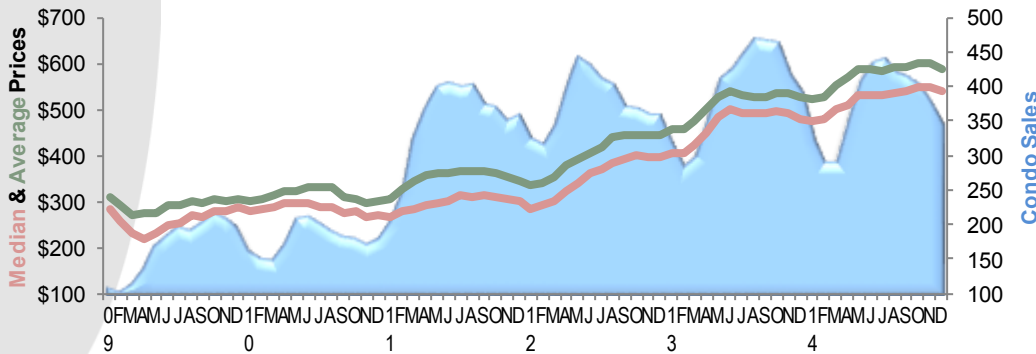
Property under contract to sell that hasn't closed escrow.

Inven

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

Santa Clara County Condos- Prices & Sales

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



Santa Clara County - December 2014

Santa Clara County - December 2014														
Condos/Townhomes								% Change from Year Before					% Change	
Prices								Prices					Median Price	
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'	Peak	Trough
County	\$ 502,500	\$ 560,693	308	201	99	10	102.0%	11.8%	11.4%	-12.0%	-23.3%	-68.7%	-8.5%	138.7%
Campbell	\$ 656,000	\$ 612,773	11	7	2	5	104.6%	63.0%	46.5%	57.1%	133.3%	-50.0%	-12.5%	215.4%
Cupertino	\$ 835,000	\$ 870,034	3	1	0	0	109.0%	0.0%	4.2%	50.0%	n/a	n/a	-20.3%	84.5%
Gilroy	\$ 260,000	\$ 282,333	3	4	1	10	101.2%	-5.5%	-7.7%	0.0%	n/a	n/a	-49.0%	#DIV/0!
Los Altos	\$ 2,325,000	\$ 2,325,000	1	1	0	0	101.1%	181.8%	196.9%	-66.7%	n/a	n/a	0.0%	#DIV/0!
Los Gatos	\$ 955,000	\$ 887,028	9	4	2	7	100.4%	203.2%	181.6%	800.0%	100.0%	-50.0%	-1.2%	235.7%
Milpitas	\$ 598,214	\$ 581,402	18	6	7	12	99.5%	37.5%	36.0%	157.1%	-45.5%	16.7%	-7.4%	219.9%
Morgan Hill	\$ 450,000	\$ 440,056	9	7	3	10	98.2%	36.4%	28.9%	200.0%	133.3%	-25.0%	-23.6%	#DIV/0!
Mountain View	\$ 814,000	\$ 833,760	10	6	1	3	113.4%	29.0%	43.1%	25.0%	-25.0%	-80.0%	-1.9%	175.9%
Palo Alto	\$ 1,175,000	\$ 1,182,830	6	4	0	0	111.6%	108.0%	46.6%	100.0%	100.0%	n/a	-23.9%	135.0%
San Jose	\$ 465,000	\$ 477,782	194	130	77	12	100.7%	22.4%	14.0%	35.7%	30.0%	-49.7%	-8.1%	151.4%
Santa Clara	\$ 540,000	\$ 579,696	23	10	6	8	105.5%	11.3%	3.8%	-4.2%	-54.5%	-72.7%	-16.9%	114.3%
Saratoga	\$ 730,000	\$ 775,000	3	4	0	0	100.4%	17.0%	24.2%	200.0%	300.0%	n/a	-16.9%	114.3%
Sunnyvale	\$ 793,300	\$ 776,644	18	17	0	0	104.6%	70.6%	53.9%	100.0%	183.3%	n/a	-2.0%	189.6%

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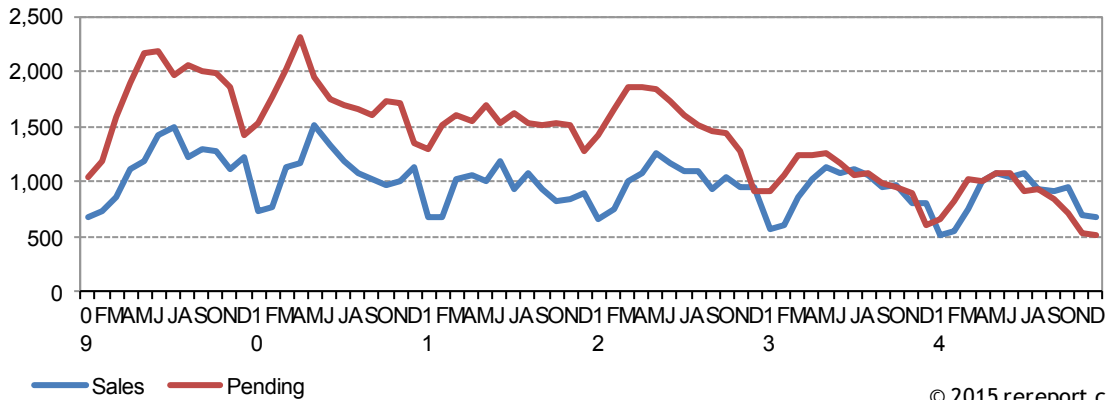
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Santa Clara County Homes: Pending & Existing Home Sales (3-month moving average)



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Investors Corner

S&P/Case-Shiller National Home Price Index Pace Eases While Eight Cities Show Faster Gains

New York, December 30, 2014 – 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 October 2014, shows that the pace of home prices across the country continues to decelerate although eight cities did see prices rise faster.

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 also be found on S&P Dow Jones Indices' housing blog: www.housingviews.com. Read more at <http://goo.gl/0xeS6M>

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