

Real Estate Service With My Personal Guarantee



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JANUARY/FEBRUARY 2015

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KELLERWILLIAMS.

The Real Estate Report

Silicon Valley market trends report

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 175 units listed in the MLS as of January 5th.

The average number of homes listed per month from 2000 through 2013 was 1,287.

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 fell by 3% year-over-year to \$960,000 from \$990,000.
- The average home sales price rose by 2.4% year-over-year to \$1,429,870 from \$1,395,830.
- Home sales fell by 16.6% year-over-year to 286 from 343.
- Total inventory* fell 51.2% year-over-year to 344 from 705.
- Sales price vs. list price ratio rose by 2.1% year-over-year to 104.8% from 102.6%.
- The average days on market fell by 22.5% year-over-year to 28 from 37.

Compared To Last Month

- Median home prices slipped by 11.5% to \$960,000 from \$1,085,000.

SAN MATEO COUNTY

Trends at a Glance

(Single-family Homes)

	Dec 14	Nov 14	Dec 13
Median Price:	\$ 960,000	\$1,085,000	\$ 990,000
Average Price:	\$1,429,870	\$1,415,500	\$1,395,830
Home Sales:	286	337	343
Pending Sales:	169	244	263
Active Listings:	175	295	442
Sale/List Price Ratio:	104.8%	104.5%	102.6%
Days on Market:	28	32	37
Days of Inventory:	18	25	39

San Mateo County Price Differences

from January 2013 & Peak & Trough

Homes: detached

	YTD	Peak %	Trough %	Peak	Trough
3-month	41%	-7%	85%	Aug-07	Mar-09
12-month	53%	0%	63%	Feb-08	Oct-09

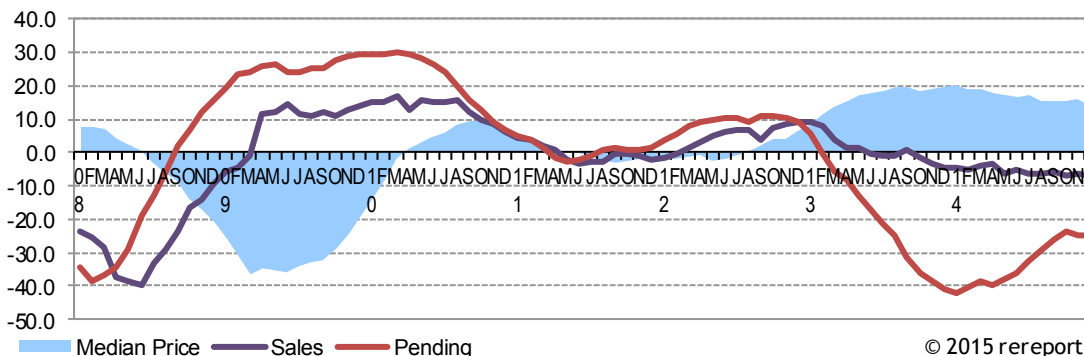
Homes: attached

	YTD	Peak %	Trough %	Peak	Trough
3-month	41%	0%	92%	Jul-07	Jan-12
12-month	64%	-1%	69%	Nov-07	Feb-12

- The average home sales price rose by 1.0% to \$1,429,870 from \$1,415,500.
- Home sales down by 15.1% to 286 from 337.
- Total inventory* dropped 36.2% to 344 from 539.
- Sales price vs. list price ratio increased by 0.2% to 104.8% from 104.5%.
- The average days on market dropped by 9.9% to 28 from 32.

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

San Mateo County Homes: Momentum



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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.

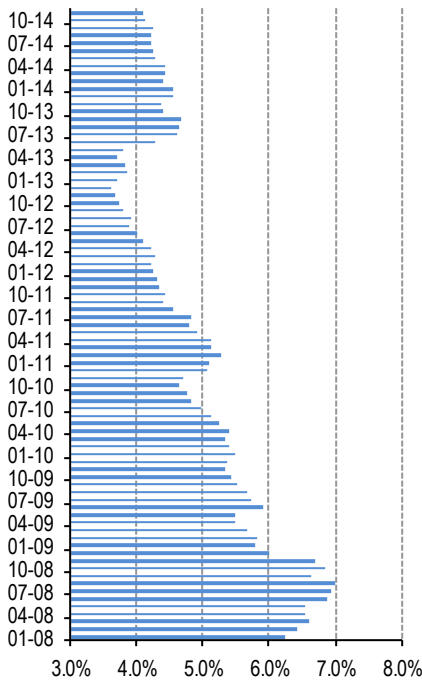
It goes without saying that mortgage rates confounded our (and most other) forecasts in 2014, moving nearly in an opposite direction of our expectation. The decline in fixed rate mortgages was appreciable, dramatic even, and provided an unexpected lift to refinancing and were also a useful offset to 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.

For an article on Federal Reserve Policy and Mortgage Rate Cycles, click here:

<http://tinyurl.com/mbz37x9>

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.

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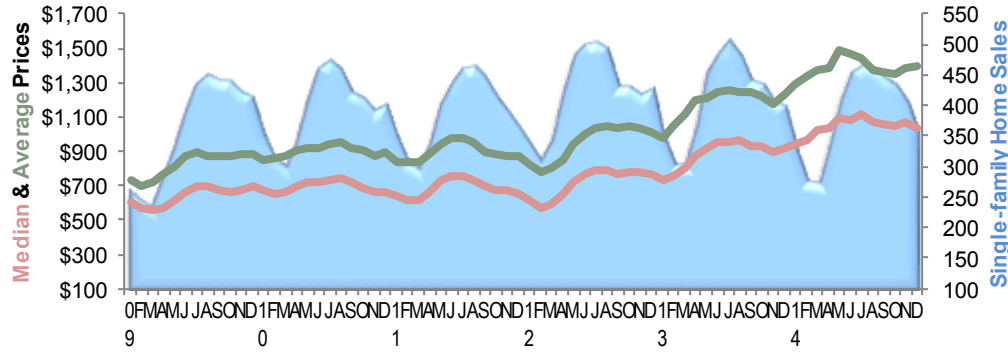
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San Mateo County - December 2014													
Single-Family Homes								% Change from Year Before					
Prices								Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'	
County	\$ 960,000	\$ 1,429,870	286	169	175	18	104.8%	-3.0%	2.4%	-16.6%	-35.7%	-60.4%	
Atherton	#####	#####	4	2	7	53	94.3%	151.0%	167.2%	-60.0%	-60.0%	-78.1%	
Belmont	\$ 1,150,000	\$ 1,230,000	9	7	2	7	110.4%	5.8%	6.7%	-50.0%	-12.5%	-66.7%	
Burlingame	\$ 1,689,000	\$ 1,854,110	17	5	7	12	108.0%	8.1%	9.5%	0.0%	-37.5%	-22.2%	
Daly City	\$ 688,000	\$ 698,440	25	17	11	13	104.6%	15.9%	18.9%	-13.8%	-43.3%	-79.2%	
El Granada	\$ 870,000	\$ 870,000	2	2	3	45	103.3%	9.1%	9.3%	-50.0%	-66.7%	-78.6%	
East Palo Alto	\$ 554,750	\$ 547,417	6	7	8	40	102.6%	29.0%	32.7%	-33.3%	-36.4%	-42.9%	
Foster City	\$ 1,700,000	\$ 1,550,000	3	4	3	30	113.4%	94.3%	52.9%	-66.7%	-33.3%	-40.0%	
Hillsborough	\$ 3,150,000	\$ 3,734,170	6	6	17	85	97.6%	-3.5%	-8.9%	-66.7%	-62.5%	-56.4%	
Half Moon Bay	\$ 860,000	\$ 1,217,560	9	6	14	47	97.1%	-23.6%	-5.0%	-35.7%	-33.3%	-54.8%	
Millbrae	\$ 1,150,000	\$ 1,240,250	8	8	6	23	104.1%	21.7%	25.5%	33.3%	-11.1%	100.0%	
Menlo Park	\$ 1,937,550	\$ 1,857,530	20	8	8	12	104.7%	7.6%	-2.9%	-4.8%	0.0%	-68.0%	
Montara	\$ -	\$ -	0	1	4	0	0.0%	n/a	n/a	n/a	-75.0%	-33.3%	
Moss Beach	\$ 732,000	\$ 732,000	2	2	1	15	97.9%	-22.9%	-22.9%	0.0%	-33.3%	-88.9%	
Pacifica	\$ 740,000	\$ 800,419	18	11	21	35	103.9%	20.3%	23.1%	-5.3%	-50.0%	5.0%	
Portola Valley	\$ 2,318,000	\$ 2,499,330	3	1	5	50	98.7%	-10.8%	-31.2%	-40.0%	-83.3%	-58.3%	
Redwood City	\$ 1,228,000	\$ 1,199,860	32	24	9	8	107.1%	19.5%	11.0%	-23.8%	-29.4%	-75.0%	
Redwood Shores	\$ 1,427,500	\$ 1,427,500	2	1	0	0	103.1%	28.9%	39.1%	-83.3%	-80.0%	n/a	
San Bruno	\$ 815,000	\$ 805,410	23	7	4	5	102.8%	10.2%	10.3%	-4.2%	-53.3%	-84.0%	
San Carlos	\$ 1,231,940	\$ 1,340,750	14	12	3	6	111.7%	-3.8%	0.0%	-44.0%	-20.0%	-50.0%	
San Mateo	\$ 1,165,000	\$ 1,299,610	47	18	7	4	105.6%	29.4%	12.0%	17.5%	-40.0%	-69.6%	
S. San Francisco	\$ 767,500	\$ 807,115	26	10	8	9	104.5%	18.5%	24.4%	-13.3%	-60.0%	-69.2%	
Woodside	\$ 2,289,000	\$ 4,803,830	6	5	16	80	98.3%	-17.5%	74.9%	-33.3%	-44.4%	-36.0%	

San Mateo County Homes - Prices & Sales

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



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FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in San Mateo County fell 16.7% in November from October. Year-over-year, notices were off 49.4%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, dropped 19.2% from October, and they were down 51.3% year-over-year.

After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be cancelled for reasons including: successful short sale or loan modification, 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.

In November, cancellations dropped 46.8% from October, and they were down 55.4% year-over-year.

Properties going back to the bank rose 50% in November from October. Year-over-year, properties going back to the bank were up 20%. Six properties went back to the banks.

The total number of properties that have had a notice of default filed jumped 64.5% from October, but they were down 10.8% compared to November 2013.

The total number of properties scheduled for sale declined 30.5% year-over-year.

The total number of properties owned by banks was down 12.4% year-over-year. The banks now own approximately 530 properties in the county.

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

San Mateo County Condos- Prices & Sales

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

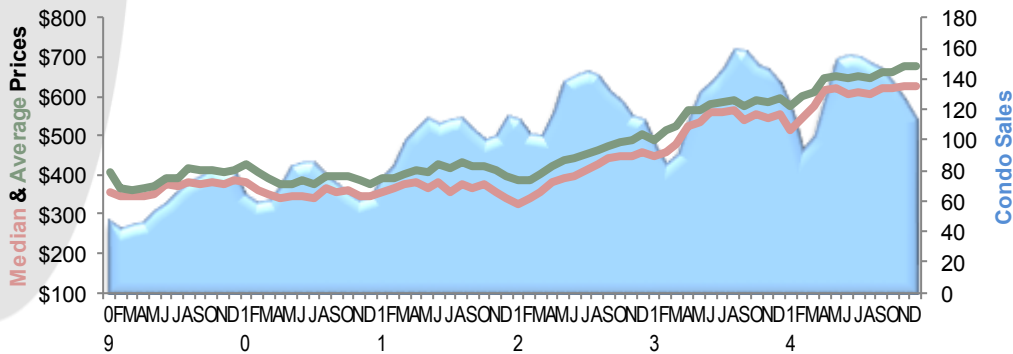


Table Definitions

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.

San Mateo County - December 2014

San Mateo County - December 2014												
Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
County	\$ 637,500	\$ 672,159	99	66	36	11	101.4%	17.0%	11.9%	-13.9%	-22.4%	-64.0%
Burlingame	\$ 655,000	\$ 718,333	3	5	1	10	96.7%	9.0%	15.2%	-25.0%	150.0%	-66.7%
Daly City	\$ 435,000	\$ 436,438	8	5	1	4	100.6%	57.9%	34.1%	33.3%	150.0%	-92.3%
Foster City	\$ 771,750	\$ 789,083	12	3	3	8	103.9%	27.1%	23.3%	71.4%	0.0%	200.0%
Menlo Park	\$ 1,395,000	\$ 1,501,340	4	2	2	15	103.4%	90.3%	89.5%	-42.9%	-60.0%	-33.3%
Redwood City	\$ 706,555	\$ 671,084	6	16	2	10	100.0%	-1.8%	2.3%	-25.0%	33.3%	-60.0%
Redwood Shores	\$ 690,000	\$ 698,925	10	2	0	0	100.5%	38.7%	26.7%	66.7%	100.0%	n/a
San Bruno	\$ 325,000	\$ 340,380	10	5	5	15	101.2%	12.1%	24.7%	66.7%	-58.3%	-50.0%
San Carlos	\$ 790,000	\$ 833,429	7	0	1	4	98.8%	21.7%	23.2%	133.3%	n/a	-75.0%
San Mateo	\$ 637,500	\$ 661,357	21	15	12	17	101.8%	31.4%	18.4%	-12.5%	-31.8%	-45.5%
S. San Francisco	\$ 500,000	\$ 478,750	4	4	4	30	104.5%	11.7%	10.2%	-50.0%	33.3%	-50.0%

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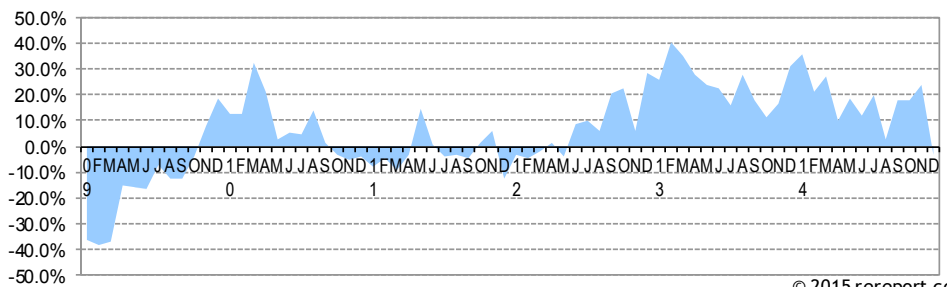
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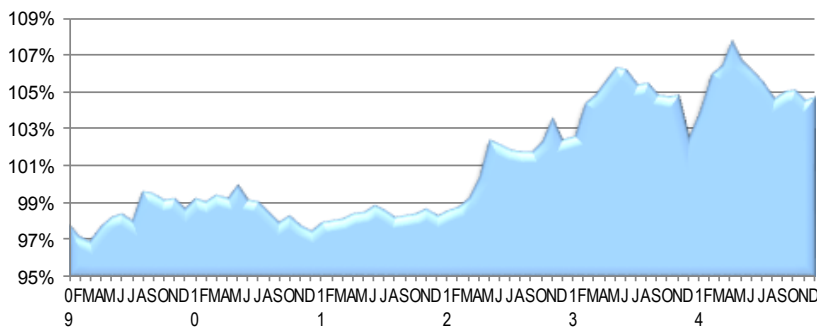


San Mateo County Homes: Year-Over-Year Median Price Change



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San Mateo County Homes: Sales Price/Listing Price Ratio



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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