

Real Estate Service With My Personal Guarantee



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KELLERWILLIAMS.

The Real Estate Report

Silicon Valley market trends report

How Absorption Rate Affects Prices

Absorption rate, also known as months of inventory, is the number of months it would take to sell all the homes currently for sale in the market.

Absorption rate is calculated by dividing the number of homes currently for sale by the number of homes that were sold in the previous month.

The National Association of REALTORS® consider a six month supply of homes as a balanced market. That's for the country as a whole. As you narrow the market, down to states or cities, a balanced market will be peculiar to that market.

In Santa Clara County, the average number of months of inventory since 2001 is 3.4 months.

As you can see in the chart below, there is a pretty direct inverse relationship between absorption rate and the median price of homes.

During the recent recession, the absorption rate spiked to 11.5 months, the blue line, while the median price, the black line, plunged to just over \$400,000.

Where are we now? Well, the absorption rate last month was at 1.3 months, up from the 1.0 months, a record low in December.

Prices? The 3-month moving average median price was near an all-time high of \$890,000, while the average price reached an all-time high of \$1,231,650.

The absorption rate for Santa Clara County has gone up the past three months. What happens this spring will tell us where the market is heading.

The absorption rate is also helpful in calculating how much to list your home for when you sell. If the absorption rate is rising, then prices will soon soften. If it is falling, then prices will start to rise.

MARCH MARKET STATISTICS

Year-Over-Year

- Median home prices increased by 9.4% year-over-year to \$940,000 from \$859,000.
- The average home sales price rose by 16.1% year-over-year to \$1,290,580 from \$1,111,550.
- Home sales rose by 6.8% year-over-year to 803 from 752.
- Total inventory* fell 13.9% year-over-year to 1,917 from 2,227.
- Sales price vs. list price ratio rose by 1.6% year-over-year to 107.3% from 105.6%.

CONDOMINIUMS

Year-Over-Year

SANTA CLARA COUNTY

Trends at a Glance

(Single-family Homes)

	Mar 15	Feb 15	Mar 14
Median Price:	\$ 940,000	\$ 930,000	\$ 859,000
Average Price:	\$1,290,580	\$1,272,310	\$1,111,550
Home Sales:	803	521	752
Pending Sales:	971	768	1,015
Active Listings:	946	740	1,212
Sale/List Price Ratio:	107.3%	105.0%	105.6%
Days on Market:	22	32	24
Days of Inventory:	35	38	48

Santa Clara County Price Differences

from January 2014 & Peak & Trough

Homes: detached

	YTD	Peak %	Trough %	Peak	Trough
3-month	18%	0%	102%	Jun-14	Mar-09
12-month	12%	4%	76%	Feb-15	Nov-09

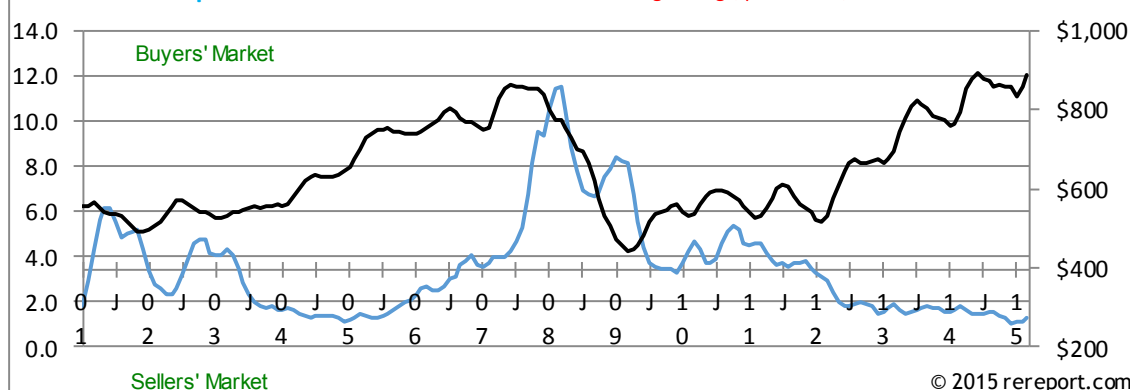
Homes: attached

	YTD	Peak %	Trough %	Peak	Trough
3-month	15%	1%	149%	Nov-14	Apr-09
12-month	12%	2%	79%	Feb-15	Dec-11

- Median condo prices increased by 9.2% year-over-year to \$570,000 from \$522,000.
- The average condo sales price rose by 13.3% year-over-year to \$656,134 from \$579,020.
- Condo sales fell by 9.5% year-over-year to 315 from 348.
- Total inventory* fell 27.2% year-over-year to 542 from 745.
- Sales price vs. list price ratio rose by 3.0% year-over-year to 106.9% from 103.8%.

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

SCC SFR: Absorption Rate & Median Price - 3-month moving average, prices in \$1,000s



VISIT

<http://avi.rereport.com/>

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

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

For more information go to the "Seminars" tab on my web site

<http://www.650and408homes.com>

MORTGAGE RATE OUTLOOK

Mortgage Rates Easing Back Again

Mar 27, 2015 -- Mortgage rates retreated a bit this week, still comforted by the outlook the Fed provided about the timing and trajectory for interest rates last week. Although average interest declined for the week, most of the warm glow from the Fed had faded by the end of the period, as the cold reality that the Fed will be raising rates before long began to again creep back into the market.

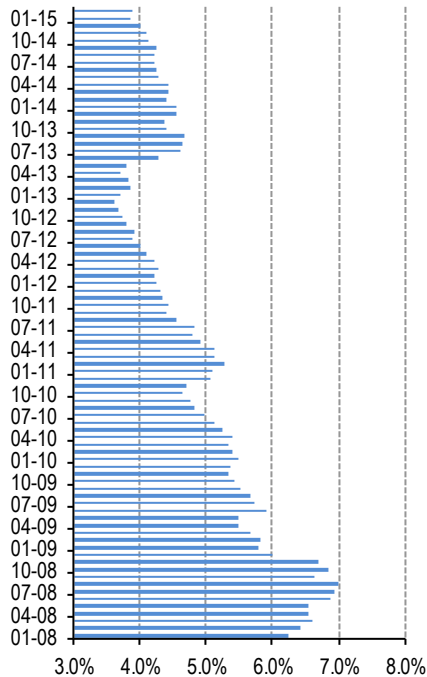
That's not to suggest there's any kind of strong likelihood that rates will be shooting up before long, but absent truly terrible data about the domestic or global economy, interest rates seem unable to hold any interim bottoms they manage, and after each leg down, up we go.

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 declined by seven basis points this week (0.07%), falling back to 3.81%. The FRMI's 15-year companion also shed seven basis points, sliding to an average rate of 3.16%. Popular with first-time homebuyers, rates on fully-insured FHA-backed 30-year FRMs remain well below their conforming counterparts but sported a decline of only three basis points this week, posting an average rate of 3.65%. Finally, the overall

5/1 Hybrid ARM fell by seven basis points (0.07%), slumping to 2.97% on average for the week. All the averages are far closer to 2015 bottoms than tops at the moment.

Sales of existing homes edged 1.2% higher in February. Sales growth has been muted for a while now despite generally lower mortgage rates. However, there are limits to how much help low rates can provide when income growth is as slow as it has been throughout the recovery as it fails to provide much offset for rising home prices. That said, for many borrowers, affordability remains strong (if somewhat diminished) and the issue is access to credit. Market forces and government regulation changes are seeing to this, with lower FHA insurance costs and 3% down loans back in the market. However, all this has done is add somewhat more demand at the margins of the market at a time when there is little housing supply to satisfy it. Inventory levels of unsold homes remain very thin and are likely the cause of sluggish sales growth in recent months; for many would-be home buyers, not only is there nothing desirable to buy, but it is relatively expensive, to boot. More than rates or prices, this situation could keep the spring home buying season from gaining much traction this year.

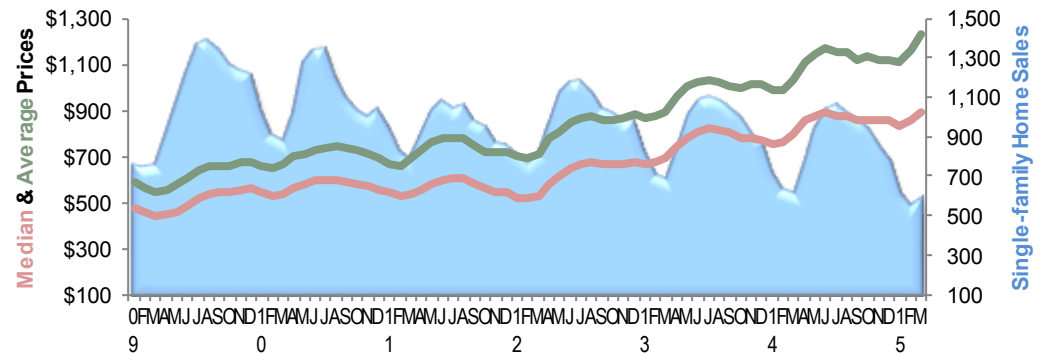
30-Year Fixed Mortgage Rates



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.

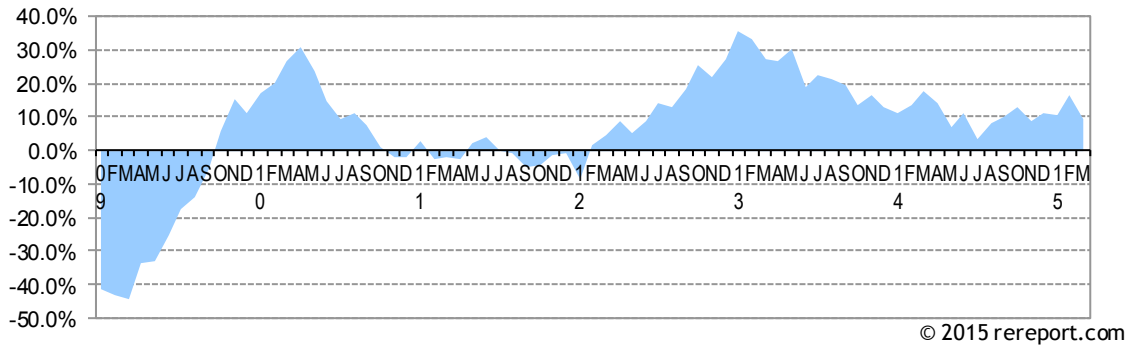
Santa Clara County Homes - Prices & Sales

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



Santa Clara County - March 2015														
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	\$ 940,000	\$ 1,290,580	803	971	946	35	107.3%	9.4%	16.1%	6.8%	-4.3%	-21.9%	8.2%	111.8%
Campbell	\$ 1,173,650	\$ 1,232,850	18	22	17	28	108.8%	36.8%	33.5%	-41.9%	-4.3%	-26.1%	13.1%	117.3%
Cupertino	\$ 1,970,000	\$ 2,019,020	23	28	11	14	114.2%	26.7%	26.6%	-8.0%	-22.2%	-42.1%	10.5%	131.2%
Gilroy	\$ 629,000	\$ 679,357	41	62	84	61	99.8%	5.0%	8.7%	17.1%	-8.8%	-8.7%	-22.8%	101.3%
Los Altos	\$ 3,075,000	\$ 3,139,120	26	23	20	23	112.4%	26.8%	25.0%	-3.7%	27.8%	-13.0%	22.8%	162.8%
Los Altos Hills	\$ 3,300,000	\$ 4,580,360	7	7	20	86	107.4%	1.2%	31.4%	-12.5%	0.0%	0.0%	-34.8%	91.3%
Los Gatos	\$ 1,745,000	\$ 2,062,870	35	38	80	68	103.5%	23.3%	33.7%	-12.5%	-2.6%	19.4%	-5.7%	85.6%
Milpitas	\$ 850,000	\$ 871,517	24	37	17	21	105.1%	32.8%	37.9%	-14.3%	-7.5%	-52.8%	3.0%	109.9%
Monte Sereno	\$ 3,600,000	\$ 3,500,000	4	7	13	97	101.2%	12.6%	9.4%	100.0%	75.0%	0.0%	-47.3%	326.0%
Morgan Hill	\$ 794,500	\$ 846,901	24	50	61	76	99.7%	34.7%	32.1%	-31.4%	-10.7%	-24.7%	-20.6%	91.4%
Mountain View	\$ 1,525,000	\$ 1,662,520	21	20	11	16	114.2%	34.1%	28.1%	5.0%	-37.5%	-38.9%	-2.7%	125.9%
Palo Alto	\$ 2,667,000	\$ 3,005,000	31	22	37	36	119.2%	9.5%	11.5%	29.2%	-37.1%	32.1%	-13.8%	132.9%
San Jose	\$ 810,000	\$ 916,726	428	538	457	32	105.5%	13.6%	15.6%	-9.7%	-19.6%	-28.9%	3.6%	100.0%
Santa Clara	\$ 939,000	\$ 982,112	38	42	25	20	112.6%	13.1%	17.4%	-26.9%	-16.0%	-40.5%	7.2%	80.6%
Saratoga	\$ 2,535,000	\$ 2,675,550	22	18	53	72	105.1%	24.6%	34.1%	-18.5%	-37.9%	-11.7%	12.4%	195.4%
Sunnyvale	\$ 1,385,000	\$ 1,298,170	55	47	28	15	117.5%	39.2%	22.3%	-8.3%	-23.0%	33.3%	9.4%	166.3%

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.

KEEPING YOUR PROPERTY TAX BASE

Under Proposition 60, California homeowners 55 and older get a one-time chance to sell their primary residence and transfer its property-tax assessment to a new one, but the market value of the new home generally must be equal to or less than the market value of the old home.

Prop. 60 was designed to help longtime California homeowners who want to downsize but don't want to give up the low property-tax assessment they enjoy in their existing home.

Under Proposition 13, homes are reassessed for property-tax purposes when there is a change in ownership or new construction. In between ownership changes, the assessed value can go up by an inflation rate not to exceed 2% a year. (Homeowners can get temporary reductions when property values go down.)

Prop. 60 lets homeowners 55 or older transfer their base-year value from an existing primary residence to a new primary residence, but there are restrictions.

The new home must be in the same county as the old one or in one of ten counties that accept transfers of base-year value from other counties. The ten counties are: Alameda, El Dorado, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara, and Ventura.

Also, the new home must be purchased or built within two years - before or after - the sale of the original property.

If the new house is purchased before the old house is sold, the market value of the new house on its purchase date cannot exceed 100% of the old home's market value on the date it is sold.

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.

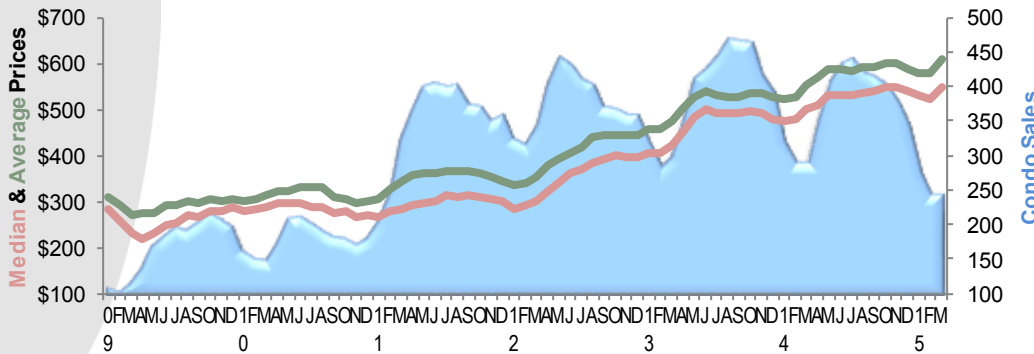
DOI
Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

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 - March 2015

Santa Clara County - March 2015														
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	\$ 570,000	\$ 656,134	315	346	196	19	106.9%	9.2%	13.3%	-9.5%	-6.2%	-47.9%	3.8%	170.8%
Campbell	\$ 739,500	\$ 684,199	18	20	2	3	109.4%	26.5%	18.1%	350.0%	233.3%	-33.3%	-1.4%	255.5%
Cupertino	\$ 1,032,500	\$ 1,028,000	12	4	6	15	114.5%	32.4%	17.9%	140.0%	0.0%	50.0%	-1.5%	128.2%
Gilroy	\$ -	\$ -	0	6	0	0	0.0%	n/a	n/a	n/a	200.0%	n/a	-100.0%	#DIV/0!
Los Altos	\$ 1,297,500	\$ 1,322,170	6	2	4	20	113.8%	57.3%	60.3%	200.0%	0.0%	33.3%	-44.2%	#DIV/0!
Los Gatos	\$ 1,010,000	\$ 878,750	10	6	6	18	104.7%	10.2%	-4.1%	400.0%	200.0%	50.0%	4.5%	255.0%
Milpitas	\$ 650,111	\$ 607,032	13	18	10	23	104.3%	61.7%	42.1%	62.5%	100.0%	0.0%	0.6%	247.7%
Morgan Hill	\$ 438,000	\$ 437,250	4	10	3	22	99.3%	-0.5%	-2.0%	33.3%	100.0%	50.0%	-25.6%	#DIV/0!
Mountain View	\$ 775,000	\$ 851,120	25	19	15	18	118.4%	76.9%	40.7%	257.1%	72.7%	66.7%	-10.9%	162.7%
Palo Alto	\$ 1,720,000	\$ 1,676,860	7	4	5	21	107.4%	117.4%	57.7%	-30.0%	-33.3%	0.0%	11.3%	244.0%
San Jose	\$ 490,000	\$ 509,293	181	208	124	21	104.1%	15.3%	12.7%	40.3%	44.4%	-17.3%	-3.2%	164.9%
Santa Clara	\$ 651,000	\$ 657,767	18	24	12	20	110.9%	26.4%	16.9%	-33.3%	-33.3%	-62.5%	0.2%	158.3%
Saratoga	\$ 1,140,500	\$ 1,140,500	2	4	1	15	101.0%	109.3%	109.3%	100.0%	0.0%	-66.7%	0.2%	158.3%
Sunnyvale	\$ 939,612	\$ 860,573	19	21	8	13	110.3%	77.3%	48.4%	72.7%	200.0%	-11.1%	16.1%	243.0%

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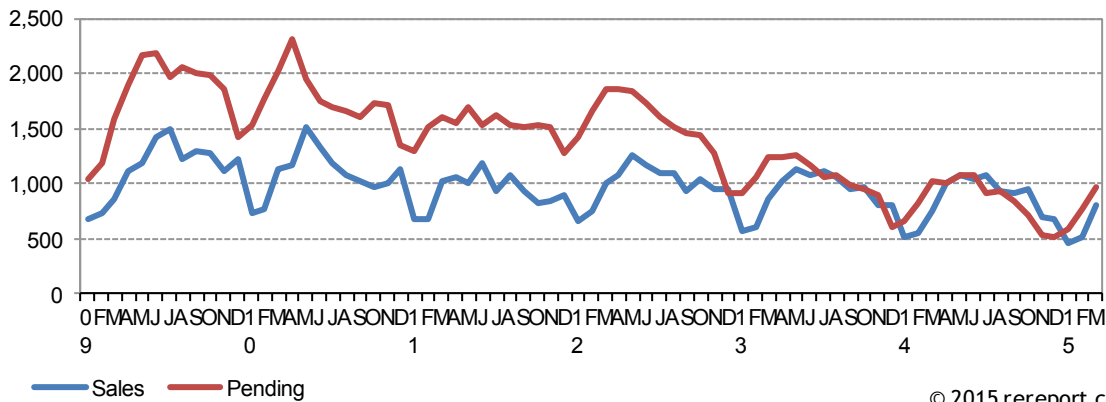
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Santa Clara County Homes: Pending & Existing Home Sales (3-month moving average)



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Investors Corner

Rise in Home Prices Paced by Denver, Miami, and Dallas According to the S&P/Case Shiller Home Price Indices

New York, March 31, 2015 – 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 January 2015 show that home prices continued their rise across the country over the last 12 months. However, monthly data reveal slowing increases and seasonal weakness. 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/yZ9J71>

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