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**Avi Urban**  
EE, Real Estate Consultant  
CalBRE #: 0148572  
**The Urban Team**

650.305.1111

avi@650and408homes.com  
www.650and408homes.com



505 Hamilton Ave. Suite 100  
Palo Alto, CA 94301

**OCTOBER/NOVEMBER 2015**

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**San Mateo County**

**The Real Estate Market Trends Report**

**What to do with Excess Capital Gains**

Over the past fifteen years, the value of homes in San Mateo County has doubled.

In January 2003, the median price for single-family, re-sale homes was \$600,000. In September 2015, the median price was \$1,200,000.

Many homeowners will find they may owe capital gains tax on the sale of their property.

Most homeowners know they can exclude \$250,000 of their capital gains. For married couples filing jointly, the exclusion goes up to \$500,000.

The exclusion is **only** for your principal residence. You must have lived in the home for an aggregate of at least two of the five years before the sale.

One nice thing about calculating your gain is it is based on your home's selling price minus deductible closing costs, selling costs and your tax basis in the property. Your basis is the original purchase price, plus purchase expenses, plus the cost of capital improvements, minus any depreciation and minus any casualty losses or insurance payments.

Deductible closing costs include points or prepaid interest on your mortgage and your share of the prorated property taxes.

Of course, like any law, there is a lot of fine print. If you are planning on selling your home, we highly recommend consulting with an accountant or real estate attorney.

If your capital gains exceeds the exclusionary amount, then things can get very interesting.

We are now in the land of trusts.

There are three basic trusts: revocable, irrevocable and the charitable remainder trust.

A revocable trust does not provide the ability to shelter capital gains above the exclusionary amount from taxes.

**A revocable trust does not provide the ability to shelter capital gains above the exclusionary amount from taxes.**

Irrevocable trusts come in two flavors: simple and complex. In both types, the trust would have to pay taxes on the capital gains from the sale of a home. That doesn't sound good.

The last time, the charitable remainder trust, will exempt gains from all taxes. Of course, there is a

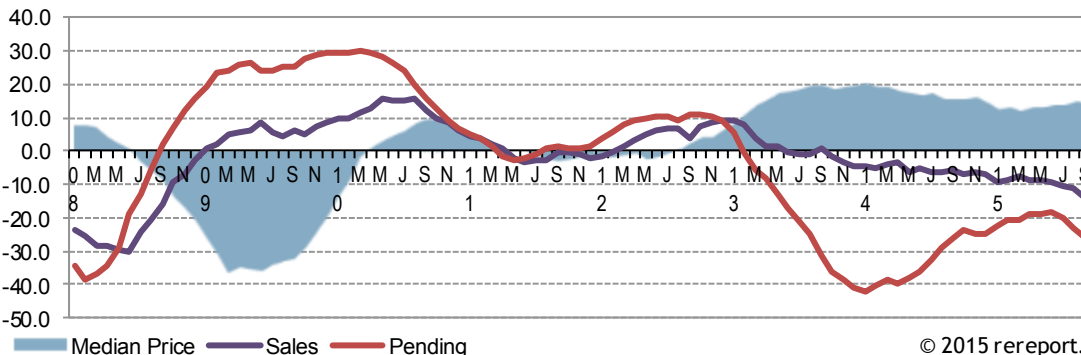
Trends at a Glance (Single-family Homes)			
	Sep 15	Aug 15	Sep 14
<b>Median Price:</b>	\$1,200,000	\$1,225,000	\$1,061,000
<b>Average Price:</b>	\$1,570,000	\$1,586,620	\$1,401,360
<b>Home Sales:</b>	365	373	419
<b>Pending Sales:</b>	284	302	404
<b>Active Listings:</b>	506	476	543
<b>Sale/List Price Ratio:</b>	106.5%	108.7%	105.0%
<b>Days on Market:</b>	23	20	30
<b>Days of Inventory:</b>	40	38	38

catch: you do not get to use all the proceeds from the sale of the home at once.

There are other financial tools to legally shelter capital gains, these tools are complicated and beyond the scope of this article. Please contact me if you want to further explore this option.

Needless to say, please consult an accountant or attorney for a detailed explanation.

**San Mateo County Homes: Momentum**



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**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.

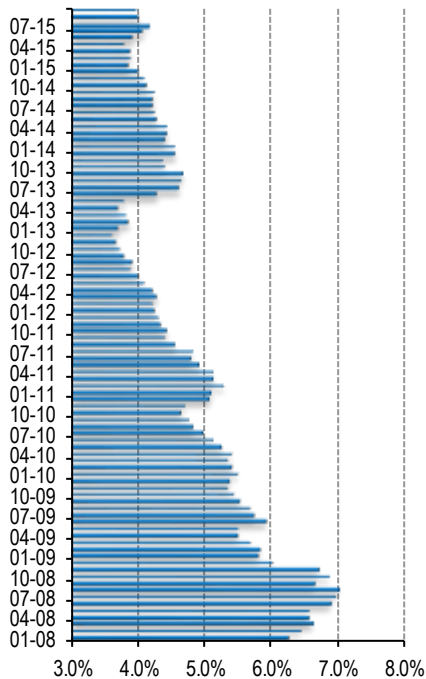
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## September Stats

### 30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by [HSH.com](http://HSH.com). The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

### SINGLE-FAMILY HOMES

#### Year-Over-Year

- Median home prices increased by 13.1% year-over-year to \$1,200,000 from \$1,061,000.
- The average home sales price rose by 12.0% year-over-year to \$1,570,000 from \$1,401,360.
- Home sales fell by 12.9% year-over-year to 365 from 419.
- Total inventory\* fell 16.6% year-over-year to 790 from 947.
- Sales price vs. list price ratio rose by 1.4% year-over-year to 106.5% from 105.0%.
- The average days on market fell by 22.1% year-over-year to 23 from 30.

#### Month-Over-Month

- Median home prices slipped by 2% to \$1,200,000 from \$1,225,000.
- The average home sales price fell by 1% to \$1,570,000 from \$1,586,620.
- Home sales down by 2.1% to 365 from 373.
- Total inventory\* increased 1.5% to 790 from 778.
- Sales price vs. list price ratio dropped by 2% to 106.5% from 108.7%.
- The average days on market increased by 14.1% to 23 from 20.

### CONDOMINIUMS

#### Year-Over-Year

- Median condo prices increased by 28.3% year-over-year to \$803,000 from \$626,000.
- The average condo sales price rose by 26.2% year-over-year to \$840,528 from \$665,832.
- Condo sales fell by 18.4% year-over-year to 111 from 136.
- Total inventory\* fell 18.5% year-over-year to 220 from 270.
- Sales price vs. list price ratio rose by 5.4% year-over-year to 108.5% from 102.9%.
- The average days on market fell by 15.9% year-over-year to 18 from 21.

#### Month-Over-Month

- Median condo prices improved by 10.9% to \$803,000 from \$724,000.
- The average condo sales price rose by 9.1% to \$840,528 from \$770,339.
- Condo sales up by 18.1% to 111 from 94.
- Total inventory\* increased 17.0% to 220 from 188.
- Sales price vs. list price ratio dropped by 0.4% to 108.5% from 109.0%.
- The average days on market increased by 7.1% to 18 from 17.

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

## VISIT

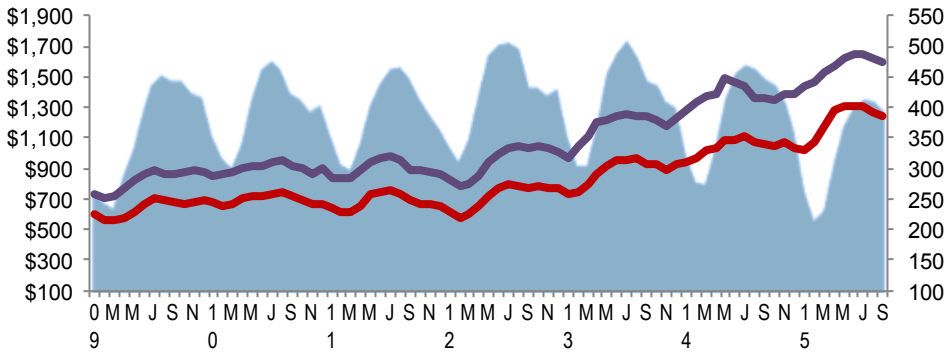
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San Mateo County - September 2015												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SMC	\$ 1,200,000	\$ 1,570,000	365	284	506	40	106.5%	13.1%	12.0%	-12.9%	-29.7%	-6.8%
Atherton	\$ 5,900,000	\$ 6,246,100	10	2	25	73	103.7%	-13.2%	-15.1%	100.0%	-77.8%	-7.4%
Belmont	\$ 1,500,000	\$ 1,553,440	15	15	7	14	107.6%	17.6%	15.0%	-44.4%	-16.7%	-36.4%
Brisbane	\$ 994,800	\$ 1,184,930	3	1	8	77	103.2%	51.4%	31.0%	-38.9%	-66.7%	-13.3%
Burlingame	\$ 2,350,000	\$ 2,384,180	11	7	13	34	101.3%	19.1%	14.1%	0.0%	-11.1%	-15.0%
Daly City	\$ 827,500	\$ 841,024	42	40	34	23	109.6%	50.9%	44.3%	-33.3%	n/a	-27.3%
El Granada	\$ 1,207,500	\$ 1,202,500	4	0	8	58	99.6%	31.1%	15.7%	-66.7%	-68.8%	-6.3%
East Palo Alto	\$ 650,000	\$ 666,000	4	5	15	109	109.1%	13.8%	20.3%	-33.3%	125.0%	8.3%
Foster City	\$ 1,536,500	\$ 1,656,990	10	9	13	38	104.6%	-9.9%	-35.8%	22.2%	-16.7%	-27.9%
Hillsborough	\$ 4,050,000	\$ 4,208,000	11	10	31	82	100.7%	1.7%	0.8%	-70.0%	-70.6%	21.7%
Half Moon Bay	\$ 967,000	\$ 1,082,780	6	5	28	135	100.3%	-1.4%	-0.3%	-7.7%	-30.0%	0.0%
Millbrae	\$ 1,409,440	\$ 1,538,200	12	7	23	56	116.6%	-18.4%	4.0%	14.3%	-51.4%	32.0%
Menlo Park	\$ 2,093,000	\$ 2,475,880	24	18	33	40	105.7%	-5.8%	-13.1%	-50.0%	-85.7%	-50.0%
Montara	\$ 800,000	\$ 845,000	3	1	5	48	98.1%	52.4%	52.7%	200.0%	-33.3%	-25.0%
Moss Beach	\$ 1,120,000	\$ 1,122,500	6	2	3	15	96.0%	22.3%	31.7%	-5.0%	-54.5%	-3.2%
Pacifica	\$ 805,000	\$ 906,526	19	10	30	46	105.5%	-14.6%	-23.7%	-75.0%	-62.5%	-8.3%
Portola Valley	\$ 2,200,000	\$ 2,200,000	1	3	11	319	122.6%	41.3%	10.7%	33.3%	2.9%	-16.9%
Redwood City	\$ 1,320,000	\$ 1,398,420	48	36	49	30	105.9%	2.7%	5.0%	200.0%	25.0%	33.3%
Redwood Shores	\$ 1,479,000	\$ 1,512,480	6	5	4	19	106.3%	16.1%	17.0%	24.0%	-31.8%	-15.0%
San Bruno	\$ 865,000	\$ 899,323	31	15	17	16	108.0%	10.1%	12.1%	-35.5%	-40.7%	-33.3%
San Carlos	\$ 1,520,000	\$ 1,626,090	20	16	10	15	110.5%	12.8%	4.4%	-20.3%	6.7%	21.7%
San Mateo	\$ 1,308,890	\$ 1,328,220	47	48	56	35	107.9%	19.0%	17.7%	-24.2%	-24.0%	-12.1%
S. San Francisco	\$ 815,000	\$ 831,831	25	19	29	34	104.2%	0.0%	0.0%	0.0%	0.0%	8.3%
Woodside	\$ 2,520,000	\$ 3,081,000	6	6	39	189	101.0%	13.1%	12.0%	-12.9%	-29.7%	-6.8%

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

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



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**TILA-RESPA Integrated Disclosure Rule**

Starting October 3rd, the Consumer Financial Protection Bureau has introduced a new rule for loan estimates and closing disclosure.

The rule includes two new "Know Before You Owe" forms, which will replace four current forms. By introducing forms that are expected to be less confusing, the goal is to make sure consumers understand at every step along the way the terms of their loans and the fees they are paying. The new forms will be used in every mortgage transaction.

The Loan Estimate and the Closing Disclosure replace four existing forms: the Good Faith Estimate and the initial Truth-in-Lending disclosure provided when you apply for a loan, and the HUD-1 Settlement Statement

and the final Truth-in-Lending form issued just before closing.

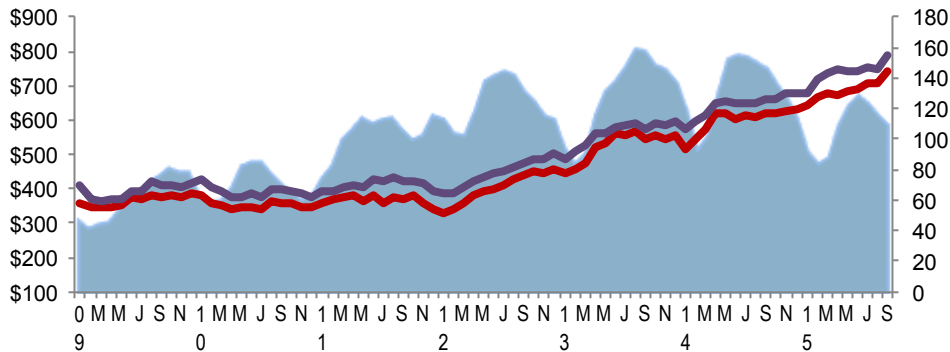
The Loan Estimate form includes the interest rate, the fees for both lender and third-party services such as appraisals and title insurance, estimated closing costs and whether the borrower has the right to shop for services like title insurance. It also lists any prepayment penalties or future expected changes in interest rates. Lenders will be required to provide this form within three days of a loan application.

The Closing Disclosure includes the final figures for closing costs, prepaid taxes and insurance, payments,

(Continued on page 4)

**San Mateo 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 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 - September 2015**

Condos/Townhomes												
Cities	Prices							% Change from Year Before				
	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
County	\$ 803,000	\$ 840,528	111	93	127	33	108.5%	28.3%	26.2%	-18.4%	-30.1%	-7.3%
Burlingame	\$ 1,075,000	\$ 893,333	3	2	5	48	107.3%	25.4%	14.7%	0.0%	-75.0%	-16.7%
Daly City	\$ 455,000	\$ 487,555	7	10	13	54	103.9%	6.9%	13.8%	-12.5%	-28.6%	30.0%
Foster City	\$ 1,050,000	\$ 1,010,900	21	10	12	17	113.1%	31.6%	34.5%	40.0%	0.0%	-29.4%
Menlo Park	\$ 1,350,000	\$ 1,331,200	10	6	5	15	102.9%	14.9%	19.1%	66.7%	20.0%	-37.5%
Redwood City	\$ 815,000	\$ 790,000	6	6	11	53	110.7%	16.4%	8.8%	-45.5%	-64.7%	37.5%
Redwood Shores	\$ 885,000	\$ 1,003,860	7	6	4	17	109.7%	18.8%	30.4%	-56.3%	0.0%	-42.9%
San Bruno	\$ 485,000	\$ 446,500	5	5	4	23	104.7%	45.2%	35.1%	-16.7%	-37.5%	-75.0%
San Carlos	\$ 1,062,500	\$ 1,051,830	6	5	8	39	111.9%	66.0%	63.1%	-45.5%	-16.7%	0.0%
San Mateo	\$ 625,000	\$ 742,931	29	21	37	37	108.4%	25.0%	18.9%	0.0%	-34.4%	37.0%
S. San Francisco	\$ 580,000	\$ 578,143	7	7	14	58	108.1%	26.1%	17.7%	-12.5%	-12.5%	-6.7%

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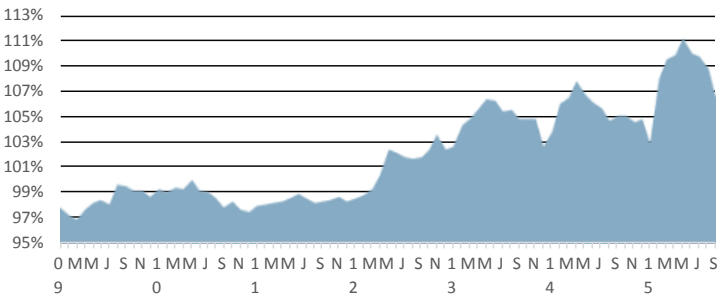
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fees and mortgage terms, plus what costs are being paid by buyer and seller and, for the first time, how much is paid to each real estate company involved in the transaction.

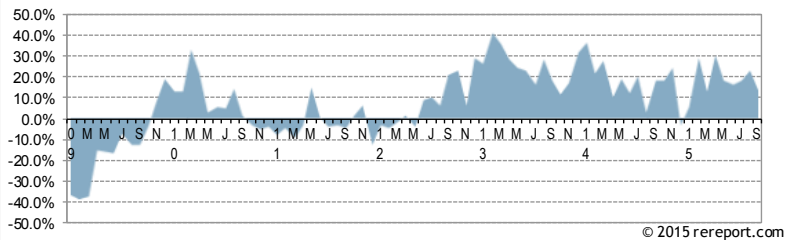
Borrowers will receive the Closing Disclosure three days in advance, rather than waiting until the day of the closing to see the final figures.

Another big change is that the closing documents now will be drawn up by lenders, rather than by closing agents. While the law doesn't require the lender to draw up the documents, the law holds the lender accountable for errors.

**San Mateo County Homes: Sales Price/Listing Price Ratio**



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



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## Investors Corner

### July Home Price Gains Concentrated in the West According to the S&P/Case-Shiller Home Price Indices

**New York, September 29, 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 July 2015 show 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 [www.homeprice.spdji.com](http://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](http://www.housingviews.com). Read more at <https://goo.gl/sq8KMZ>

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