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**February/March 2016**

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**Santa Clara County**

# The Real Estate Market Trends Report

## Whither the market?

After four years of rapid price appreciation, there have been whispers of a market correction in the Bay Area, fueled by a wildly oscillating stock market and a depreciation in the Chinese currency, combined with the Chinese government cracking down on money moving out of the country.

The antics in the stock market has prompted some people to pull their money out. Where are they putting it? Real estate.

To get a grip on the local market, let's look at some of the underlying dynamics.

First, there is a very limited supply of properties for sale. There is next to no single-family homes being built. There is quite a bit of multi-family and high-rise building going on, which MAY, at some point in the future, relieve inventory.

Inventory of single-family homes in Santa Clara County has been lower than the year before for 57 of the past 60 months.

We expect, nay, hope, that the baby boomers will start cashing out and move to lower cost locales. But, we're not holding our breath.

Baby boomers may start selling when they see the market start to flatten. The market will probably start flattening when mortgage rates go over 5%. We don't see that happening this year.

Second, demand is still very strong. Multiple offers continue to dominate the market. Where is demand coming from? Mostly from the local economy, which is incredibly strong. Apple alone has been on a major acquisition spree of office space, enough to add 13,000 workers. Plus, the tech industry continues to mint millionaires.

Lest we slight them anymore than the mainstream media does, let's look at the much-maligned millennials. Reports from my compatriots across the Bay Area report that marriage and family are starting to become a topic. That always translates in purchasing property.

So, the market MAY slow down a bit, 6-8 multiple offers rather than 10-12. A full-blown correction? Not unless some cataclysmic event occurs, and let's all hope that does not happen.

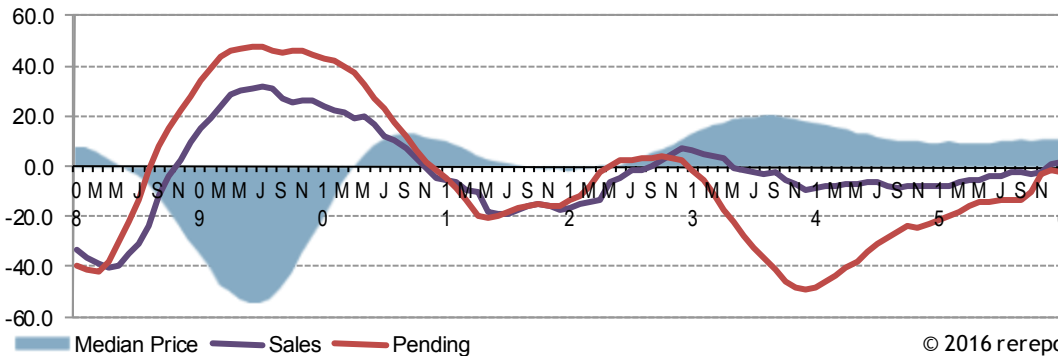
### Trends at a Glance (Single-family Homes)

	Jan 16	Dec 15	Jan 15
Median Price:	\$898,252	\$925,000	\$800,000
Average Price:	\$1,087,020	\$1,172,540	\$1,132,060
Home Sales:	512	811	461
Pending Sales:	473	536	587
Active Listings:	612	538	646
Sale/List Price Ratio:	102.6%	102.5%	102.6%
Days on Market:	37	33	39
Days of Inventory:	36	20	42

### (Townhomes/Condos)

	Jan 16	Dec 15	Jan 15
Median Price:	\$567,500	\$632,500	\$520,000
Average Price:	\$640,618	\$686,730	\$576,398
Home Sales:	214	324	208
Pending Sales:	190	182	219
Active Listings:	180	125	151
Sale/List Price Ratio:	103.0%	103.7%	102.2%
Days on Market:	26	21	32
Days of Inventory:	25	12	22

**Santa Clara 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.

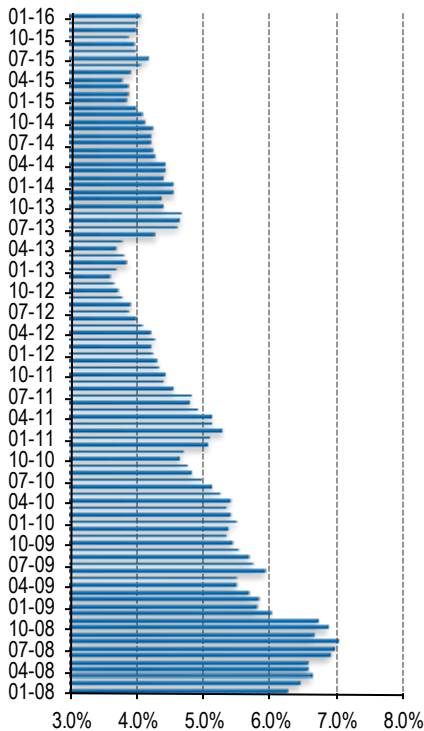
**Is NOW a good time to buy your Silicon Valley Home?**

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# January Statistics

## 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 12.3% year-over-year to \$898,252 from \$800,000.
- The average home sales price dropped by 4% year-over-year to \$1,087,020 from \$1,132,060.
- Home sales rose by 11.1% year-over-year to 512 from 461.
- Total inventory\* fell 12% year-over-year to 1,085 from 1,233.
- Sales price vs. list price ratio rose by 0.1% year-over-year to 102.6% from 102.6%.
- The average days on market fell by 5.8% year-over-year to 37 from 39.

### Month-Over-Month

- Median home prices slipped by 2% to \$898,252 from \$917,000.
- The average home sales price fell by 6.1% to \$1,087,020 from \$1,157,360.
- Home sales down by 40.4% to 512 from 859.
- Total inventory\* dropped 5.5% to 1,085 from 1,148.
- Sales price vs. list price ratio increased by 0.3% to 102.6% from 102.4%.
- The average days on market increased by 9.4% to 37 from 34.

## CONDOMINIUMS

### Year-Over-Year

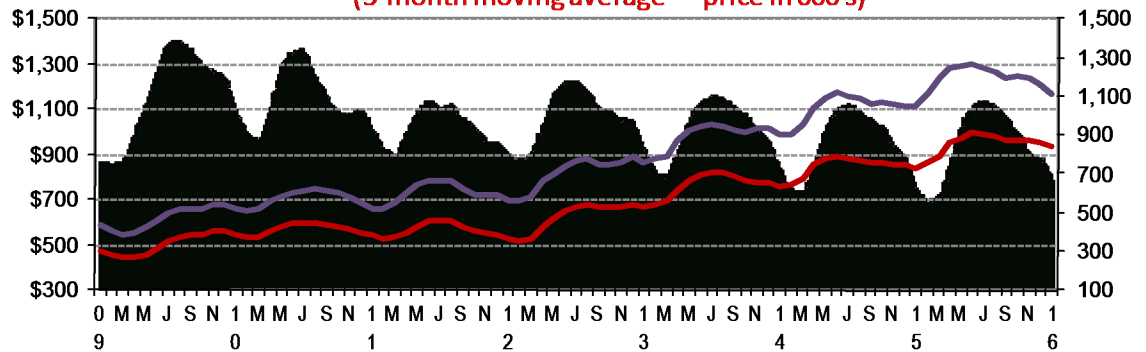
- Median condo prices increased by 9.1% year-over-year to \$567,500 from \$520,000.
- The average condo sales price rose by 11.1% year-over-year to \$640,618 from \$576,398.
- Condo sales rose by 2.9% year-over-year to 214 from 208.
- Total inventory\* fell 0.0% year-over-year to 370 from 370.
- Sales price vs. list price ratio rose by 0.8% year-over-year to 103.0% from 102.2%.
- The average days on market fell by 20.4% year-over-year to 26 from 32.

### Month-Over-Month

- Median condo prices slipped by 9.3% to \$567,500 from \$626,000.
- The average condo sales price fell by 5.5% to \$640,618 from \$678,182.
- Condo sales down by 38.2% to 214 from 346.
- Total inventory\* increased 14.9% to 370 from 322.
- Sales price vs. list price ratio dropped by 0.6% to 103.0% from 103.7%.
- The average days on market increased by 16.6% to 26 from 22.

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

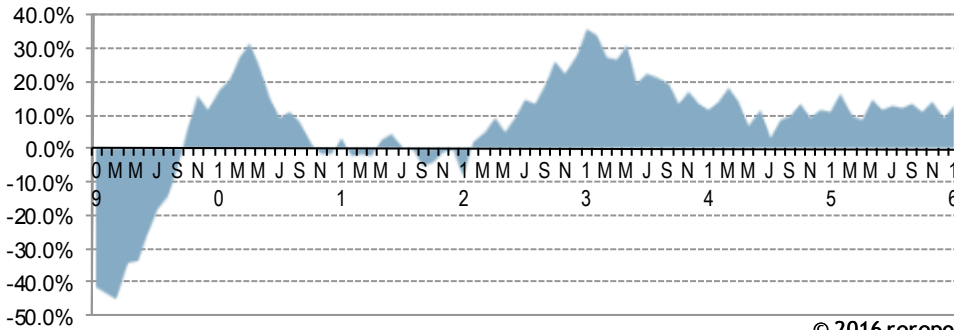
## Santa Clara County Homes: Median & Average Prices and Sales (3-month moving average — price in 000's)



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Santa Clara County - January 2016														
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
SCC	\$ 898,252	\$ 1,087,020	512	473	612	36	102.6%	12.3%	-4.0%	11.1%	-19.4%	-5.3%	3.4%	102.4%
Campbell	\$ 1,020,000	\$ 1,112,670	15	11	15	30	102.5%	-1.7%	10.6%	7.1%	-21.4%	275.0%	-1.7%	85.5%
Cupertino	\$ 1,750,000	\$ 1,830,320	14	7	11	24	106.5%	-0.3%	2.9%	133.3%	-36.4%	57.1%	-2.8%	88.2%
Gilroy	\$ 699,000	\$ 820,437	35	49	63	54	99.9%	21.6%	32.0%	34.6%	6.5%	-6.0%	-14.2%	121.9%
Los Altos	\$ 2,500,000	\$ 2,820,430	5	6	3	18	110.9%	6.4%	7.2%	-54.5%	-45.5%	-76.9%	-0.2%	113.7%
Los Altos Hills	\$ 4,175,000	\$ 3,841,000	3	3	20	200	93.3%	22.8%	-51.1%	-40.0%	-57.1%	25.0%	-17.5%	142.0%
Los Gatos	\$ 1,380,000	\$ 1,595,620	13	20	51	118	97.0%	-23.1%	-22.2%	-7.1%	-4.8%	15.9%	-29.2%	46.4%
Milpitas	\$ 795,000	\$ 846,219	20	24	12	18	103.4%	-3.6%	3.1%	100.0%	0.0%	-29.4%	-3.6%	91.6%
Monte Sereno	\$ 3,197,000	\$ 3,197,000	1	1	5	150	91.5%	-26.8%	-21.4%	-75.0%	-50.0%	-37.5%	-53.2%	278.3%
Morgan Hill	\$ 750,000	\$ 862,847	31	17	40	39	99.5%	2.7%	7.4%	29.2%	-50.0%	-16.7%	-25.0%	69.1%
Mountain View	\$ 1,615,000	\$ 1,768,090	16	9	10	19	107.3%	15.9%	18.8%	166.7%	-35.7%	-9.1%	-0.6%	118.8%
Palo Alto	\$ 2,225,000	\$ 2,404,450	11	9	21	57	107.6%	-28.1%	-30.8%	22.2%	0.0%	23.5%	-28.1%	87.0%
San Jose	\$ 813,500	\$ 890,958	290	258	290	30	102.2%	13.5%	9.3%	10.3%	-18.9%	-5.2%	2.6%	100.9%
Santa Clara	\$ 995,000	\$ 1,116,890	31	19	17	16	105.9%	15.0%	19.3%	3.3%	0.0%	6.3%	10.9%	91.3%
Saratoga	\$ 2,588,500	\$ 2,494,000	8	17	35	131	99.5%	14.8%	5.1%	-33.3%	0.0%	2.9%	14.8%	201.7%
Sunnyvale	\$ 1,336,000	\$ 1,294,370	19	23	19	30	108.6%	23.7%	14.4%	-9.5%	0.0%	5.6%	4.4%	156.9%

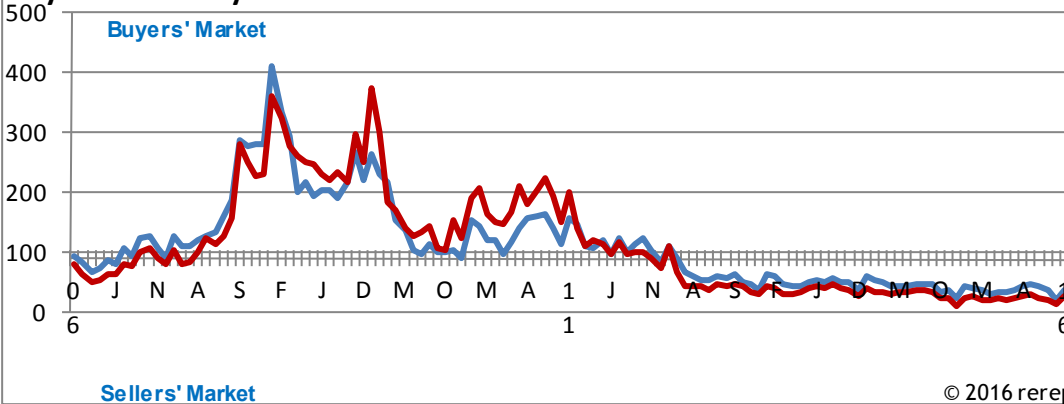
**Santa Clara County Homes: Year-Over-Year Median Price Change**



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**Days of Inventory: Homes and Condos**



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**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**

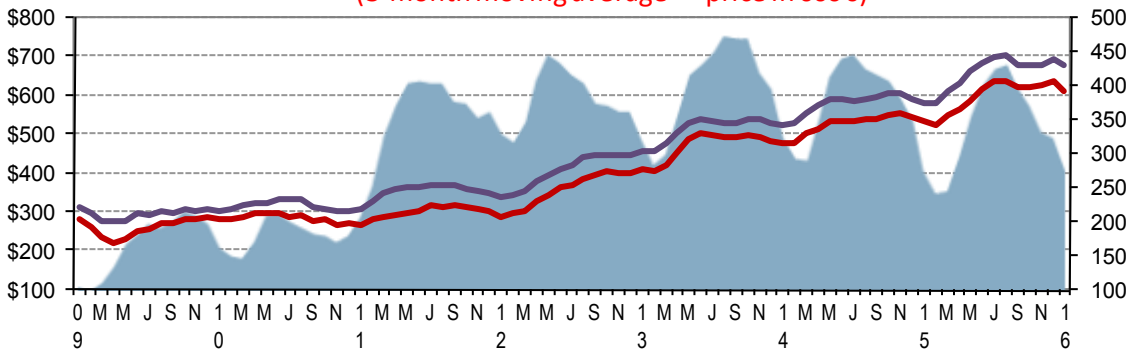
Property under contract to sell that hasn't closed escrow.

**Inven**

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

**Santa Clara County Condos: Median & Average Prices and Sales**

(3-month moving average — price in 000's)



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**Santa Clara County - January 2016**

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		
SCC	\$ 567,500	\$ 640,618	214	190	180	25	103.0%	9.1%	11.1%	2.9%	-13.2%	19.2%	3.4%	169.6%		
Campbell	\$ 720,000	\$ 750,017	6	4	2	10	105.2%	23.8%	39.2%	0.0%	-33.3%	-50.0%	-10.0%	148.3%		
Cupertino	\$ 1,458,000	\$ 1,497,670	3	4	3	30	101.7%	89.4%	83.4%	0.0%	-42.9%	50.0%	51.9%	168.6%		
Gilroy	\$ 515,000	\$ 515,000	2	1	1	15	97.6%	60.9%	67.0%	-33.3%	0.0%	-50.0%	1.0%	#DIV/0!		
Los Altos	\$ 1,280,000	\$ 1,238,000	5	0	3	18	101.6%	-7.2%	-10.3%	400.0%	n/a	50.0%	-44.9%	153.0%		
Los Gatos	\$ 965,000	\$ 965,000	1	4	2	60	107.3%	17.7%	28.1%	-80.0%	-42.9%	-60.0%	-3.5%	185.5%		
Milpitas	\$ 540,000	\$ 608,333	3	10	8	80	102.4%	-4.4%	12.7%	-62.5%	-16.7%	14.3%	-16.4%	168.7%		
Morgan Hill	\$ 562,500	\$ 564,500	6	1	3	15	101.5%	22.7%	17.4%	50.0%	-83.3%	50.0%	-4.5%	193.0%		
Mountain View	\$ 837,250	\$ 902,917	9	20	20	67	110.7%	-3.8%	7.7%	0.0%	66.7%	566.7%	-3.8%	113.3%		
Palo Alto	\$ 1,250,500	\$ 1,273,000	6	9	7	35	100.2%	-10.9%	-14.5%	50.0%	200.0%	250.0%	-17.9%	145.2%		
San Jose	\$ 502,000	\$ 538,618	149	101	101	20	102.7%	5.7%	9.0%	12.0%	-22.3%	-9.8%	-0.8%	171.4%		
Santa Clara	\$ 635,000	\$ 694,268	11	16	13	35	104.3%	22.1%	15.4%	0.0%	0.0%	116.7%	8.9%	138.3%		
Saratoga	\$ 650,000	\$ 650,000	1	2	2	60	108.5%	-29.5%	-30.5%	-75.0%	100.0%	0.0%	8.9%	138.3%		
Sunnyvale	\$ 842,500	\$ 866,407	12	18	15	38	101.5%	30.6%	19.5%	-29.4%	5.9%	650.0%	6.2%	144.2%		

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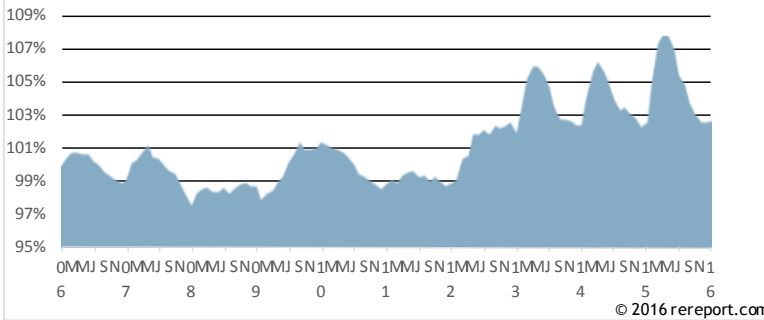


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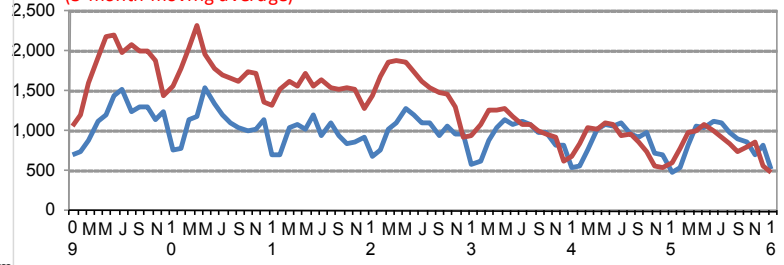


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**Santa Clara County Homes: Sales Price/Listing Price Ratio**



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



## The Silicon Valley SV150 Index Corner

The Silicon Valley's Real estate market is a derivative of the local economy, it prospers and withers depending on how well the local knowledge-based sector performs. The San Jose Mercury News tracks the largest 150 publicly traded companies headquartered in Silicon Valley via an index called the SV150, which you can lookup at [www.mercurynews.com](http://www.mercurynews.com). Stocks are valued based on many criteria, but the most important criterion is a company's future earnings. Therefore, I view the SV150 as a leading indicator for the Silicon Valley's real estate market. View this month's annual index chart



## Investors Corner

### Home Prices Continue to Increase in November According to the S&P/Case-Shiller Home Price Indices

**New York, January 26, 2016** – 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 November 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 <https://goo.gl/MeScc8>

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