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**May/June 2016**

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**Santa Clara County**

# The Real Estate Market Trends Report

## Reading the Graphs

We get asked occasionally, o.k., maybe a little more than that, about how to read the graphs.

Graphs are a way to provide a visual interpretation of mass quantities of data.

A well-crafted graph will condense large amounts of statistical data into an easy to understand visual. Or at least that's the theory.

Let's take the graph below, our Absorption Rate & Median Price graph. This graph was designed to show what direction the local market is trending: does it favor buyers or sellers.

Looking at the graph, it has two main axes: the X axis, which shows the time frame we are considering, in this case from January 2001 to April 2016. The second is the Y axis, of which we have two. These are the axes we use to graph the statistics.

The graph tracks two statistics: the absorption rate, which shows how long it would take to sell all homes for sale at the current rate of sales. You could view the absorption rate by days, weeks, or months. If you use one month, then

simply find the number of homes available vs the number of homes sold in the last 30 days. If the available inventory is 90, and 60 homes sell, the 90 divided by 60 is 1.5 - so one and a half months of inventory.

We used a three-month moving average to smooth out month-to-month fluctuations in the data, yet still retain seasonal fluctuations. You can see this in the data where prices rise in the spring and peak in the summer before falling to their low point of the year in January. Absorption rate is charted on the Y1 axis. That is the left hand side axis and the absorption rate is colored in light blue.

The smaller the absorption rate number, the more of a sellers' market it is. A balanced market, according to the National Association of Realtors, is about 6 months of inventory. In Silicon Valley, though, normal is more like 3-4 months of inventory.

The second statistic is median price, which is tracked by the Y2 axis, the axis on the right and the median price data is graphed in black.

## Trends at a Glance

(Single-family Homes)

	Apr 16	Mar 16	Apr 15
Median Price:	\$1,080,000	\$1,050,000	\$975,000
Average Price:	\$1,342,830	\$1,328,750	\$1,280,480
Home Sales:	936	705	1,049
Pending Sales:	969	841	991
Active Listings:	1,194	1,035	1,046
Sale/List Price Ratio:	104.8%	105.3%	107.7%
Days on Market:	20	23	20
Days of Inventory:	37	44	29

(Townhomes/Condos)

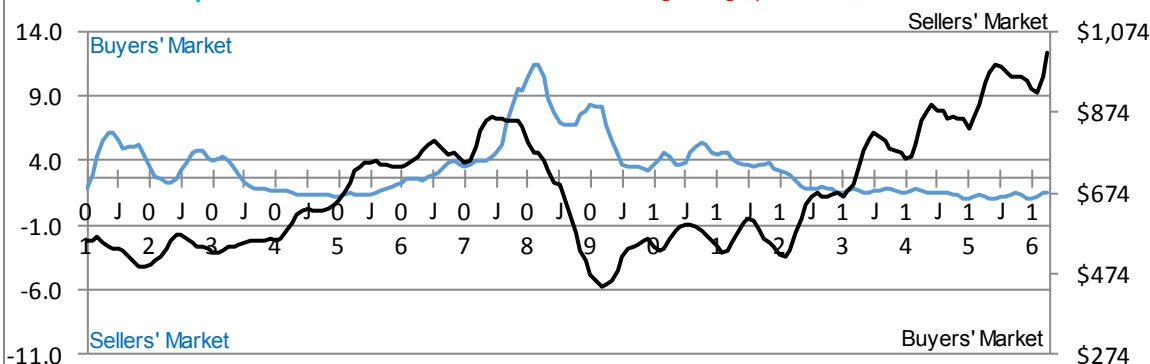
	Apr 16	Mar 16	Apr 15
Median Price:	\$662,500	\$677,000	\$565,000
Average Price:	\$740,476	\$728,524	\$641,360
Home Sales:	420	347	361
Pending Sales:	350	360	362
Active Listings:	341	291	257
Sale/List Price Ratio:	105.6%	105.5%	107.9%
Days on Market:	15	18	18
Days of Inventory:	24	25	21

The higher the median price number, the more of a sellers' market it is.

As you can see, the Santa Clara County real estate market is firmly in a sellers' market. Some pockets are hotter or cooler, but the county as a whole remains a strong seller's market.

We will explain the remaining graphs next month.

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



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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.

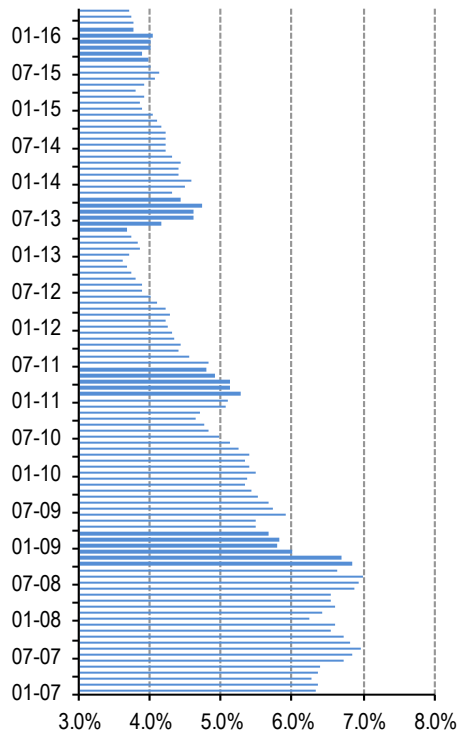
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## April Statistics—Home Prices Reach New Highs

### 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 \$1,080,000 from \$961,353.
- The average home sales price rose by 6.0% year-over-year to \$1,342,830 from \$1,267,230.
- Home sales fell by 13.8% year-over-year to 936 from 1,086.
- Total inventory\* fell 5.7% year-over-year to 2,163 from 2,293. Active listings up third month in a row: +14.1%.
- Sales price vs. list price ratio fell by 2.7% year-over-year to 104.8% from 107.7%.

#### Compared To Last Month

- Median home prices improved by 2.9% to \$1,080,000 from \$1,050,000.
- The average home sales price rose by 1.1% to \$1,342,830 from \$1,328,750.
- Home sales up by 32.8% to 936 from 705.
- Total inventory\* increased 15.3% to 2,163 from 1,876.
- Sales price vs. list price ratio dropped by 0.5% to 104.8% from 105.3%.

### CONDOMINIUMS

#### Year-Over-Year

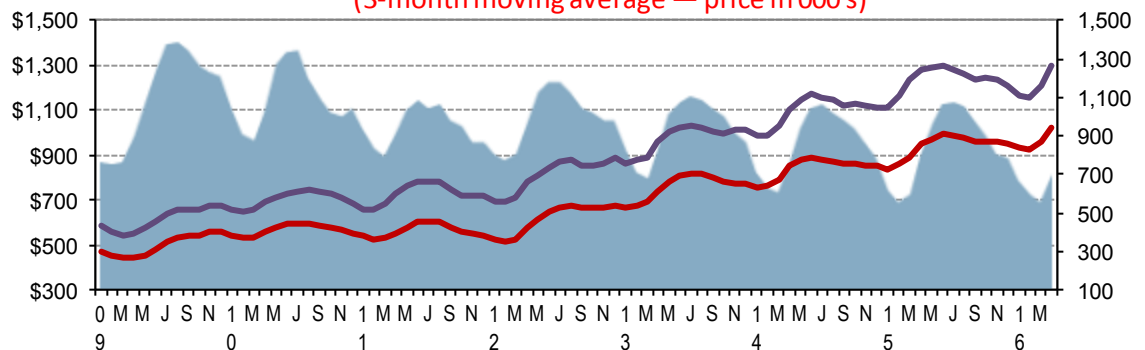
- Median home prices increased by 17.3% year-over-year to \$662,500 from \$565,000.
- The average home sales price rose by 16.0% year-over-year to \$740,476 from \$638,314.
- Home sales rose by 9.1% year-over-year to 420 from 385.
- Total inventory\* rose 0.9% year-over-year to 691 from 685. Active listings up fifth month in a row: +32.7%.
- Sales price vs. list price ratio fell by 2% year-over-year to 105.6% from 107.7%.

#### Compared To Last Month

- Median home prices slipped by 2.1% to \$662,500 from \$677,000.
- The average home sales price rose by 1.6% to \$740,476 from \$728,524.
- Home sales up by 21.0% to 420 from 347.
- Total inventory\* increased 6.1% to 691 from 651.
- Sales price vs. list price ratio increased by 0.1% to 105.6% from 105.5%.

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

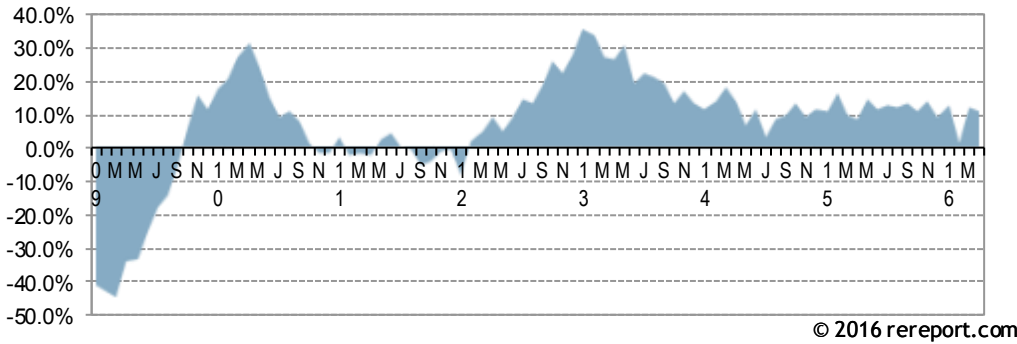
### Santa Clara County Homes: Median & Average Prices and Sales (3-month moving average — price in 000's)



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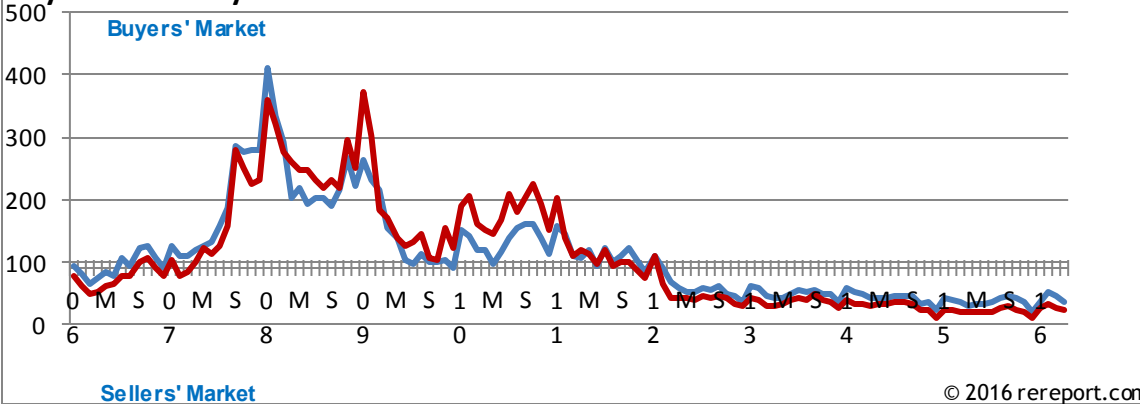
Santa Clara County - April 2016														
Single-Family Homes								% Change from Year Before					% Change	
Prices								Prices					Median Price	
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'	Peak	Trough
SCC	\$ 1,080,000	\$ 1,342,830	936	969	1,194	37	104.8%	10.8%	4.9%	-10.8%	-2.2%	14.1%	24.4%	143.4%
Campbell	\$ 1,180,500	\$ 1,246,140	24	19	31	37	103.3%	0.2%	4.0%	-11.1%	11.8%	-6.1%	13.8%	114.7%
Cupertino	\$ 1,968,100	\$ 2,070,920	30	34	26	25	105.9%	4.4%	5.3%	3.4%	36.0%	8.3%	9.3%	111.6%
Gilroy	\$ 650,000	\$ 716,156	40	58	80	58	100.9%	7.1%	9.9%	-23.1%	-15.9%	6.7%	-20.2%	106.3%
Los Altos	\$ 2,834,000	\$ 2,730,540	26	27	30	33	109.6%	5.4%	-6.0%	-13.3%	0.0%	0.0%	13.1%	142.2%
Los Altos Hills	\$ 3,737,500	\$ 3,799,310	16	12	37	67	101.8%	0.9%	-3.3%	33.3%	100.0%	54.2%	-26.1%	116.7%
Los Gatos	\$ 1,379,000	\$ 1,779,610	35	36	111	92	98.0%	-23.5%	-7.8%	-20.5%	28.6%	4.7%	-29.3%	46.3%
Milpitas	\$ 910,000	\$ 950,321	31	25	30	28	106.2%	3.2%	11.2%	-3.1%	-26.5%	50.0%	10.3%	119.3%
Monte Sereno	\$ 3,125,000	\$ 2,766,730	3	4	13	126	97.3%	43.3%	28.7%	-57.1%	33.3%	8.3%	-54.2%	269.8%
Morgan Hill	\$ 812,500	\$ 875,969	32	57	86	78	99.6%	1.1%	-5.0%	-44.8%	50.0%	11.7%	-18.8%	83.2%
Mountain View	\$ 1,755,000	\$ 1,825,710	24	20	15	18	108.1%	-4.4%	1.2%	4.3%	-20.0%	36.4%	8.0%	137.8%
Palo Alto	\$ 2,635,000	\$ 3,211,290	30	44	56	54	105.3%	-0.8%	-3.2%	-25.0%	76.0%	47.4%	-14.9%	121.4%
San Jose	\$ 950,000	\$ 1,031,410	501	498	539	31	104.6%	12.1%	9.4%	-10.5%	-9.0%	17.7%	19.8%	134.6%
Santa Clara	\$ 1,130,000	\$ 1,135,490	51	45	50	28	108.5%	12.7%	8.4%	27.5%	2.3%	85.2%	25.9%	117.3%
Saratoga	\$ 2,247,500	\$ 2,233,800	32	27	54	49	104.3%	-12.6%	-15.7%	45.5%	-20.6%	-18.2%	-0.3%	161.9%
Sunnyvale	\$ 1,527,000	\$ 1,476,550	61	63	36	17	109.7%	7.1%	5.5%	-9.0%	14.5%	-7.7%	19.3%	193.7%

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



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**Days of Inventory: Homes and Condos**



Based on information from MLS Listings, Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

Data maintained by the MLS may not reflect all real estate activity in the market.

**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**

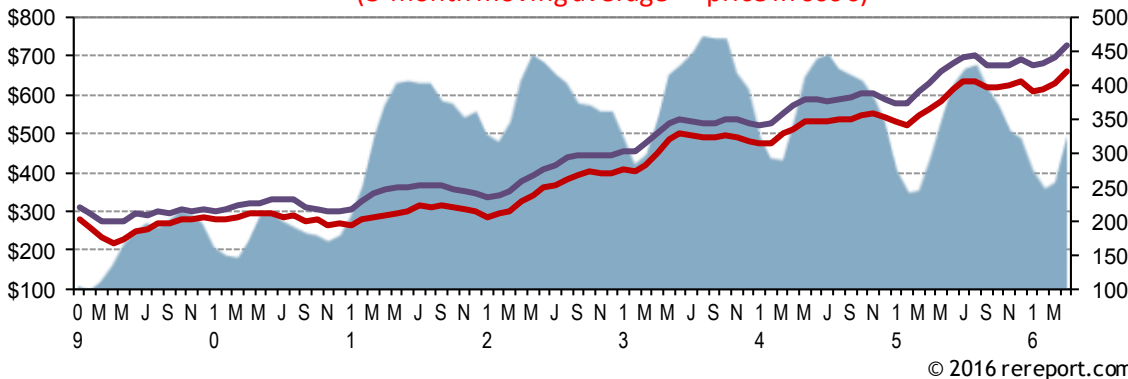
Property under contract to sell that hasn't closed escrow.

**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)



Santa Clara County - April 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	\$ 662,500	\$ 740,476	420	350	341	24	105.6%		17.3%	15.5%	16.3%	-3.3%	32.7%	20.7%	214.7%
Campbell	\$ 680,000	\$ 696,385	13	4	9	20	106.6%		-4.2%	1.6%	0.0%	-69.2%	28.6%	-15.0%	134.5%
Cupertino	\$ 1,087,500	\$ 1,097,500	10	7	10	29	108.8%		-15.7%	-10.0%	25.0%	75.0%	100.0%	13.3%	100.4%
Gilroy	\$ 520,000	\$ 520,000	1	2	3	87	109.5%		143.0%	112.5%	-66.7%	0.0%	50.0%	2.0%	#DIV/0!
Los Altos	\$ 1,378,750	\$ 1,578,080	6	3	3	15	106.0%		-17.6%	-5.7%	200.0%	0.0%	-25.0%	-40.7%	172.6%
Los Gatos	\$ 1,307,500	\$ 1,287,500	4	10	14	102	108.6%		61.7%	54.9%	-60.0%	-28.6%	180.0%	30.7%	286.8%
Milpitas	\$ 615,000	\$ 596,425	15	20	10	19	105.4%		13.9%	5.8%	15.4%	11.1%	-28.6%	-4.8%	206.0%
Morgan Hill	\$ 525,000	\$ 487,000	5	10	6	35	98.6%		2.2%	3.4%	-37.5%	11.1%	50.0%	-10.9%	173.4%
Mountain View	\$ 1,040,000	\$ 1,104,690	30	39	26	25	106.3%		19.5%	21.7%	20.0%	77.3%	73.3%	19.5%	165.0%
Palo Alto	\$ 1,700,000	\$ 1,628,780	9	8	13	42	107.6%		20.4%	8.2%	50.0%	33.3%	160.0%	11.7%	233.3%
San Jose	\$ 601,000	\$ 619,718	249	176	205	24	104.7%		16.7%	14.8%	13.2%	-18.9%	39.5%	18.8%	224.9%
Santa Clara	\$ 721,000	\$ 708,140	35	35	17	14	106.7%		20.2%	9.6%	12.9%	29.6%	-29.2%	23.6%	170.5%
Saratoga	\$ 1,131,000	\$ 1,218,670	3	2	3	29	108.5%		-16.8%	3.6%	0.0%	0.0%	-25.0%	23.6%	170.5%
Sunnyvale	\$ 799,500	\$ 847,547	40	34	22	16	108.4%		-3.1%	5.1%	110.5%	36.0%	4.8%	0.8%	131.7%

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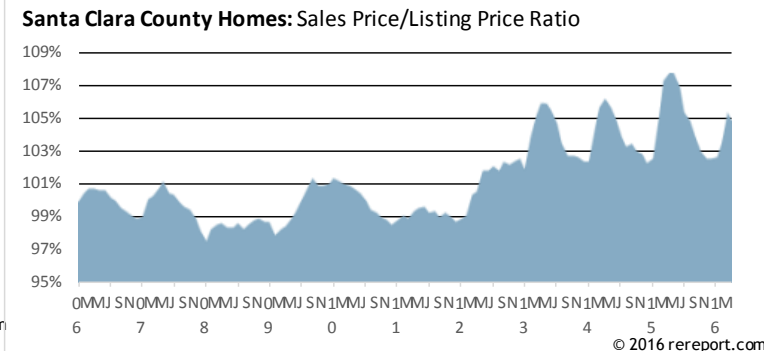
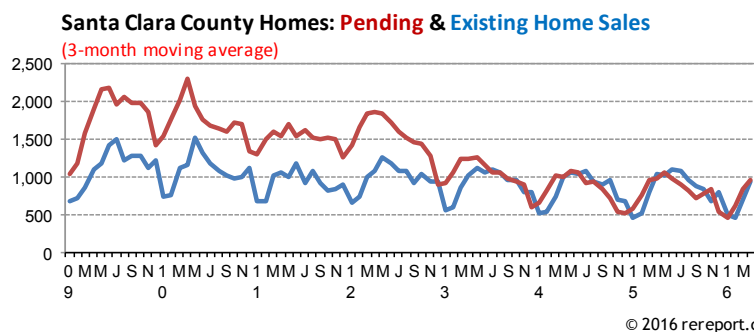
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The Silicon Valley's Real estate market is a derivative of the local economy, it prospers and withers depending on how well the local knowledge-based sector performs. The San Jose Mercury News tracks the largest 150 publicly traded companies headquartered 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 Price Increases Slow Down in February According to the S&P/Case-Shiller Home Price Indices

**New York, April 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 February 2016 shows 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/XEw55K>

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