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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

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Santa Clara County

The Real Estate Market Trends Report

Median Price of Homes Below \$1MM

The median price of single-family, re-sale homes dropped below \$1MM for the first time since February.

Real estate in Silicon Valley continues to back off the frenzy we have experienced the past few years.

Sales of single-family, re-sale homes have been lower than the year before seven months in a row. Year-to-date, home sales are down 9% in Santa Clara County.

Pending sales rose 6.6% in August over the year before, but that was after seven straight months of being lower than the year before.

After months of double-digit gains, home prices, while still rising, are doing so only by single-digit gains. The median price rose 1.8% in August over last year.

Also, we are seeing a drop in the number of offers, especially in the high-end of the market.

A few of the reasons for the slow down in the Silicon Valley real estate market are:

1. As we mentioned two months ago, the IPO market in the Bay Area has dried up. While there were over 80 from 2013 to mid-2015, there has only been one so far in 2016. IPO money, and the instant riches it conferred, was a driving force in the upper end of the market the past few years. Of note, the San Jose Mercury News recently reported there were seven new IPOs announced in August.
2. Chinese buyers in the low and mid range have disappeared from the market.
3. Buyers are much more open to waiting, especially in the high-end where they are much more likely to let a property go rather than get involved in a bidding war.

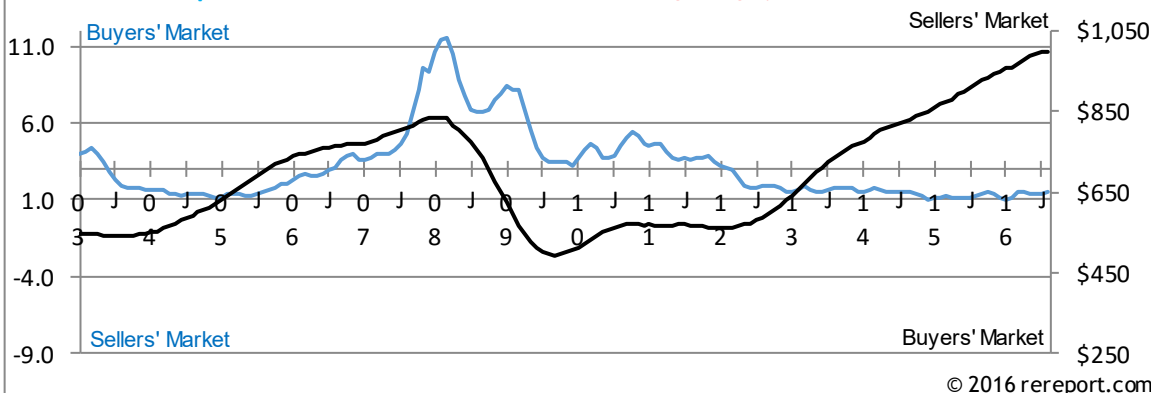
All-in-all, while the high-end of the market is slowing markedly, the low and mid-range are still holding up, albeit with slightly reduced demand.

Trends at a Glance
(Single-family Homes)

	Aug 16	Jul 16	Aug 15
Median Price:	\$985,000	\$1,050,000	\$967,400
Average Price:	\$1,262,610	\$1,278,010	\$1,252,710
Home Sales:	875	887	965
Pending Sales:	872	789	818
Active Listings:	1,337	1,460	1,349
Sale/List Price Ratio:	101.5%	102.2%	104.8%
Days on Market:	29	24	23
Days of Inventory:	46	49	42

	Aug 16	Jul 16	Aug 15
Median Price:	\$689,500	\$640,000	\$615,000
Average Price:	\$729,485	\$721,980	\$684,473
Home Sales:	410	359	404
Pending Sales:	317	347	292
Active Listings:	446	431	339
Sale/List Price Ratio:	102.9%	103.2%	105.9%
Days on Market:	21	22	16
Days of Inventory:	33	36	25

SCC SFR: Absorption Rate & Median Price - 12-month moving average, prices in \$1,000s



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.

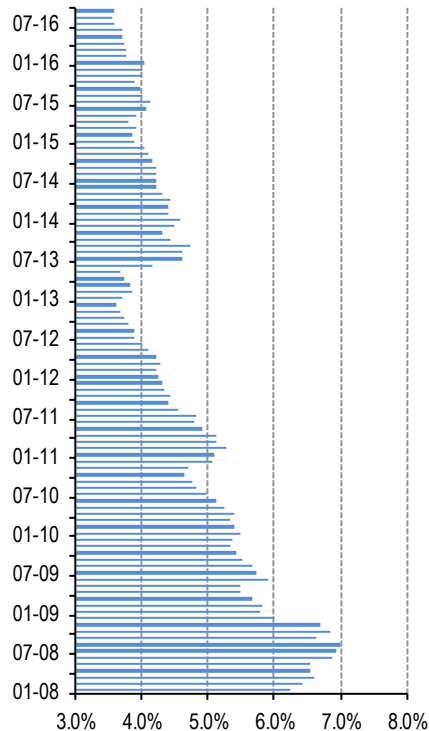
Is NOW a good time to buy your Silicon Valley Home?

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July Statistics—Prices Reach New Highs, Again

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.

SINGLE-FAMILY HOMES

Year-Over-Year

- Median home prices increased by 2.1% year-over-year to \$985,000 from \$965,000.
- The average home sales price rose by 1.2% year-over-year to \$1,262,610 from \$1,247,380.
- Home sales fell by 12.5% year-over-year to 875 from 1,000.
- Total inventory* fell 10.5% year-over-year to 2,209 from 2,468.
- Sales price vs. list price ratio fell by 3.1% year-over-year to 101.5% from 104.7%.
- The average days on market rose by 31.0% year-over-year to 29 from 22.

Compared To Last Month

- Median home prices slipped by 6.2% to \$985,000 from \$1,050,000.
- The average home sales price fell by 1.2% to \$1,262,610 from \$1,278,010.
- Home sales down by 1.4% to 875 from 887.
- Total inventory* dropped 1.8% to 2,209 from 2,249.
- Sales price vs. list price ratio dropped by 0.7% to 101.5% from 102.2%.
- The average days on market increased by 23.7% to 29 from 24.

CONDOMINIUMS

Year-Over-Year

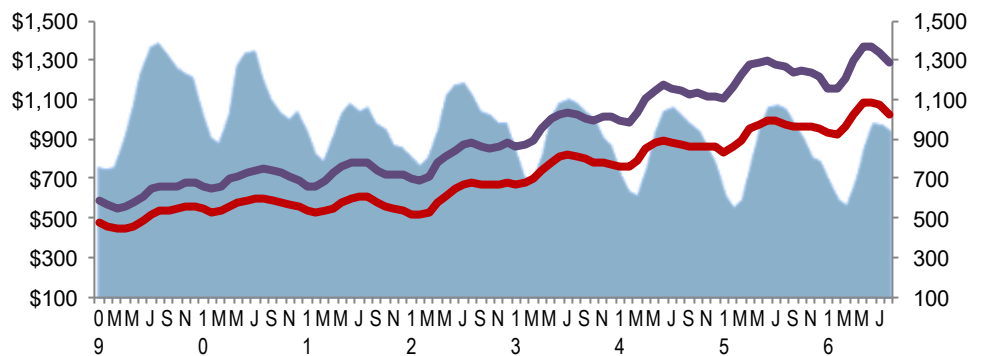
- Median home prices increased by 12.1% year-over-year to \$689,500 from \$615,000.
- The average home sales price rose by 6.5% year-over-year to \$729,485 from \$685,080.
- Home sales fell by 0.2% year-over-year to 410 from 411.
- Total inventory* rose 2.4% year-over-year to 763 from 745.
- Sales price vs. list price ratio fell by 2.8% year-over-year to 102.9% from 105.8%.
- The average days on market rose by 29.7% year-over-year to 21 from 16.

Compared To Last Month

- Median home prices improved by 7.7% to \$689,500 from \$640,000.
- The average home sales price rose by 1.0% to \$729,485 from \$721,980.
- Home sales up by 14.2% to 410 from 359.
- Total inventory* dropped 1.9% to 763 from 778.
- Sales price vs. list price ratio dropped by 0.3% to 102.9% from 103.2%.
- The average days on market dropped by 3.5% to 21 from 22.

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

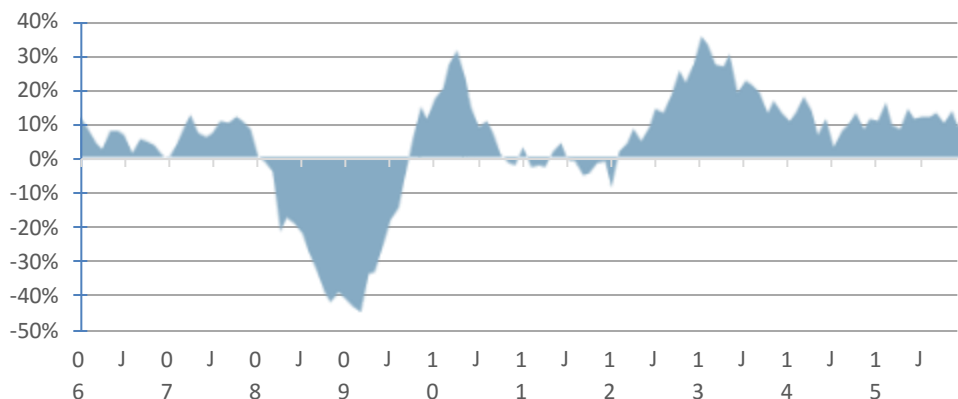
Santa Clara County Homes - Median & Average Prices & Sales (3-month moving average—prices in \$000's)



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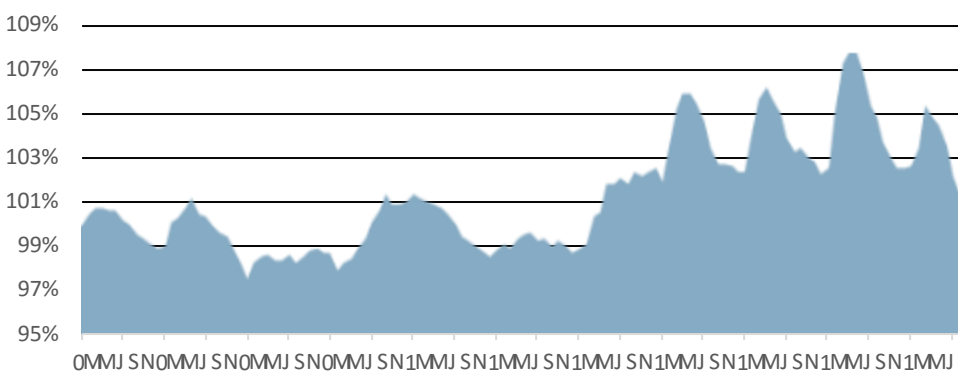
Santa Clara County - August 2016													
Single-Family Homes								% Change from Year Before					
Prices								Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend*	Inven*	
SCC	\$ 985,000	\$ 1,262,610	875	872	1,337	46	101.5%	1.8%	0.8%	-9.3%	6.6%	-0.9%	
Campbell	\$ 1,102,500	\$ 1,216,530	31	26	32	31	100.9%	3.0%	10.0%	63.2%	23.8%	3.2%	
Cupertino	\$ 1,880,000	\$ 1,959,810	17	22	20	35	105.2%	-3.6%	1.0%	-32.0%	57.1%	-37.5%	
Gilroy	\$ 680,000	\$ 728,079	51	50	112	66	99.7%	10.7%	10.8%	34.2%	-3.8%	2.8%	
Los Altos	\$ 2,380,000	\$ 2,489,090	15	25	27	54	101.9%	-15.0%	-13.6%	-44.4%	56.3%	42.1%	
Los Altos Hills	\$ 7,225,000	\$ 7,208,330	6	11	25	125	92.2%	112.5%	99.0%	-45.5%	10.0%	-7.4%	
Los Gatos	\$ 1,747,500	\$ 2,087,760	32	33	112	105	96.9%	14.2%	16.5%	-22.0%	-2.9%	23.1%	
Milpitas	\$ 895,000	\$ 978,155	40	38	30	23	102.0%	15.1%	14.6%	17.6%	18.8%	-33.3%	
Monte Sereno	\$ 4,000,000	\$ 4,322,670	3	3	10	100	98.2%	19.4%	5.8%	-40.0%	-57.1%	0.0%	
Morgan Hill	\$ 832,500	\$ 911,233	38	44	109	86	97.9%	-2.8%	3.1%	-7.3%	12.8%	36.3%	
Mountain View	\$ 1,663,000	\$ 1,711,450	22	21	17	23	104.2%	-7.9%	-7.2%	15.8%	10.5%	-10.5%	
Palo Alto	\$ 2,399,000	\$ 2,727,570	32	31	34	32	102.5%	-7.7%	-7.4%	-3.0%	181.8%	0.0%	
San Jose	\$ 865,000	\$ 973,347	470	441	652	42	101.8%	1.8%	5.3%	-10.3%	-3.5%	-3.8%	
Santa Clara	\$ 1,002,500	\$ 1,113,940	48	41	72	45	103.7%	2.4%	8.1%	-22.6%	10.8%	9.1%	
Saratoga	\$ 2,327,000	\$ 2,271,680	31	32	54	52	100.3%	0.1%	-9.5%	-8.8%	14.3%	-8.5%	
Sunnyvale	\$ 1,496,000	\$ 1,441,160	39	54	31	24	103.0%	1.4%	2.1%	-22.0%	38.5%	-24.4%	

Santa Clara County Homes: Year-over-year change in Median Price



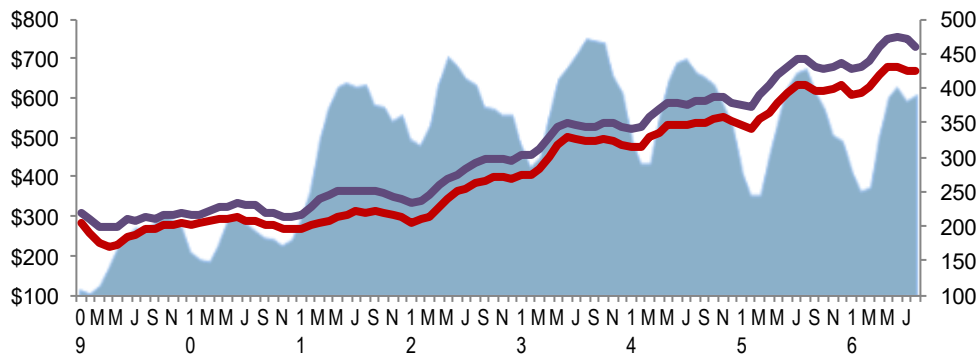
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Santa Clara County Homes: Sales Price/Listing Price Ratio



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Santa Clara County Condos - Median & Average Prices & Sales
(3-month moving average—prices in \$000's)



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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 - August 2016

Condos/Townhomes									% Change from Year Before				
Prices									Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP		Med	Ave	Sales	Pend'	Inven'
SCC	\$ 689,500	\$ 729,485	410	317	446	33	102.9%		12.1%	6.6%	1.5%	8.6%	31.6%
Campbell	\$ 811,000	\$ 779,231	13	10	13	30	101.6%		1.4%	2.4%	18.2%	-9.1%	-27.8%
Cupertino	\$ 1,001,000	\$ 1,046,130	14	14	7	15	101.9%		-18.3%	-8.6%	100.0%	600.0%	-12.5%
Gilroy	\$ 386,750	\$ 392,938	8	3	5	19	101.9%		0.4%	2.0%	300.0%	50.0%	150.0%
Los Altos	\$ 1,150,000	\$ 1,150,000	1	3	4	120	95.8%		-21.6%	-15.0%	-80.0%	50.0%	300.0%
Los Gatos	\$ 1,075,000	\$ 952,538	13	3	15	35	100.2%		46.9%	25.9%	225.0%	-62.5%	200.0%
Milpitas	\$ 700,000	\$ 664,506	20	23	14	21	103.1%		9.2%	4.6%	81.8%	27.8%	-12.5%
Morgan Hill	\$ 567,500	\$ 579,273	7	7	11	47	101.3%		24.7%	25.2%	16.7%	40.0%	175.0%
Mountain View	\$ 1,118,000	\$ 1,075,440	27	17	29	32	106.1%		8.8%	7.1%	-3.2%	57.1%	107.7%
Palo Alto	\$ 1,556,000	\$ 1,488,670	9	5	12	40	101.9%		-2.8%	-12.8%	0.0%	25.0%	9.1%
San Jose	\$ 597,500	\$ 612,528	232	177	268	35	102.5%		15.1%	10.4%	-10.3%	-17.4%	43.2%
Santa Clara	\$ 758,500	\$ 762,203	28	19	37	40	102.8%		10.1%	15.0%	-2.9%	-25.0%	5.0%
Saratoga	\$ 837,829	\$ 882,443	6	6	7	35	106.7%		9.9%	9.0%	-33.3%	-66.7%	28.6%
Sunnyvale	\$ 898,900	\$ 909,806	32	30	24	23	106.0%		0.0%	-2.2%	29.6%	-11.5%	33.3%

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kw
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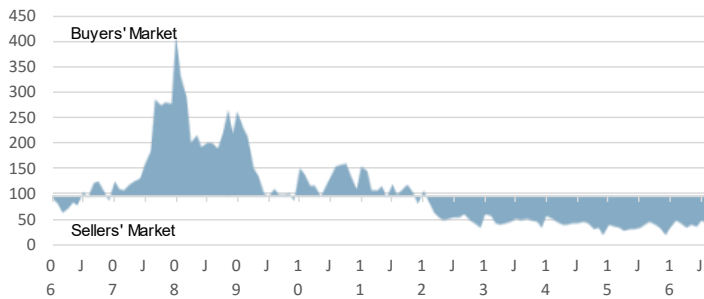
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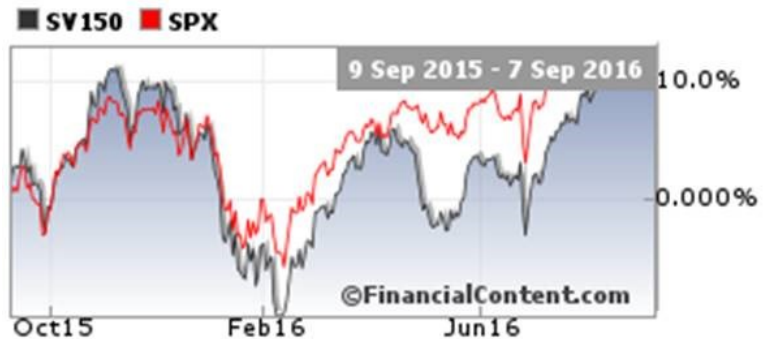
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Santa Clara County Homes: Days of Inventory



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. 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 GAINS IN JUNE CONCENTRATED IN SOUTH AND WEST ACCORDING TO THE S&P/CASE-SHILLER HOME PRICE INDICES

NEW YORK, August 30, 2016 – S&P Dow Jones Indices today released the latest results for the S&P CoreLogic Case-Shiller Indices, the leading measure of U.S. home prices. Data released today for June 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 www.homeprice.spdji.com. Additional content on the housing market can also be found at goo.gl/HzdXIQ

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