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Santa Clara County

The Real Estate Market Trends Report

Low Inventory & Sales Continue to Plague Market

The inventory of actively listed single-family, re-sales homes in Santa Clara County continues to define the market. There were 605 homes for sale as of February 5th. The average number of homes for sale each month since January 2000 is 3,000.

Low inventory results in lower sales and higher prices.

Home sales were lower in January for the thirteenth month in a row.

Prices, meanwhile, were up year-over-year, with the median price higher than the year before every month since February 2012. Of note, the median price was down in January from December while the average price was up. That points to more homes being sold at the low end while there were a few ultra high-end homes sold.

All-in-all, what we're seeing in the market is an uptick in multiple offers.

January 2017 Sales Statistics

SINGLE-FAMILY HOMES

Year-Over-Year

- Median home prices increased by 1.9% year-over-year to \$915,000 from \$898,252.

- The average home sales price rose by 13.2% year-over-year to \$1,230,170 from \$1,087,020.
- Home sales fell by 8.8% year-over-year.
- Total inventory* rose 1.3% year-over-year to 1,099 from 1,085.
- Sales price vs. list price ratio fell by 1.2% year-over-year to 101.4% from 102.6%.

Compared To Last Month

- Median home prices slipped by 4.8% to \$915,000 from \$961,000.
- The average home sales price rose by 3.7% to \$1,230,170 from \$1,185,940.
- Home sales down by 35% to 467 from 719.
- Total inventory* increased 11.2% to 1,099 from 988.
- Sales price vs. list price ratio increased by 0.1% to 101.4% from 101.2%.

CONDOMINIUMS

Year-Over-Year

- Median condo prices increased by 10.1% year-over-year to \$625,000 from \$567,500.
- The average condo sales price rose by 11.4% year-over-year to \$713,930 from \$640,618.
- Condo sales fell by 0.9% year-over-year.
- Total inventory* rose 13.5% year-over-year to 420 from 370.
- Sales price vs. list price ratio fell by 1.3% year-over-year to 101.7% from 103.0%.

Trends at a Glance

(Single-family Homes)

	Jan 17	Dec 16	Jan 16
Median Price:	\$915,000	\$961,000	\$898,252
Average Price:	\$1,230,170	\$1,185,940	\$1,087,020
Home Sales:	467	719	512
Pending Sales:	494	493	473
Active Listings:	605	495	612
Sale/List Price Ratio:	101.4%	101.2%	102.6%
Days on Market:	38	34	37
Days of Inventory:	39	21	36

(Townhomes/Condos)

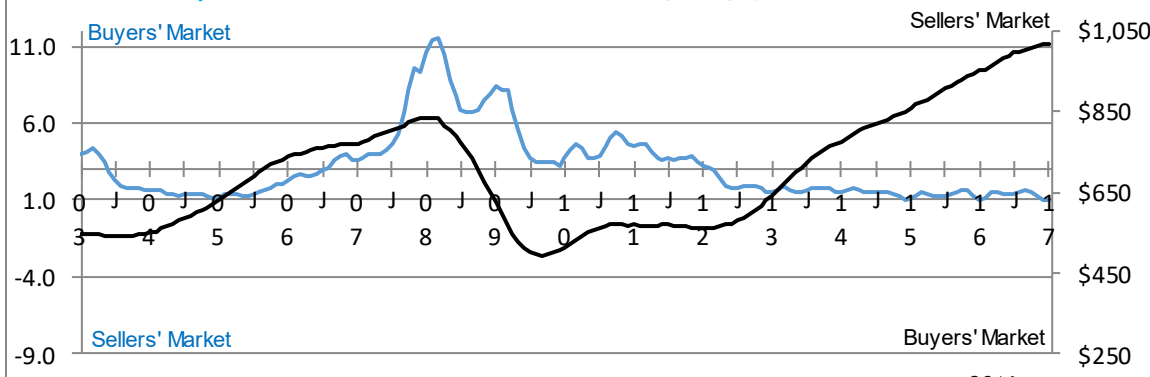
	Jan 17	Dec 16	Jan 16
Median Price:	\$625,000	\$650,004	\$567,500
Average Price:	\$713,930	\$723,110	\$640,618
Home Sales:	212	270	214
Pending Sales:	213	186	190
Active Listings:	207	158	180
Sale/List Price Ratio:	101.7%	101.9%	103.0%
Days on Market:	35	34	26
Days of Inventory:	29	18	25

Compared To Last Month

- Median condo prices slipped by 3.8% to \$625,000 from \$650,004.
- The average condo sales price fell by 1.3% to \$713,930 from \$723,110.
- Condo sales down by 21.5% to 212 from 270.
- Total inventory* increased 22.1% to 420 from 344.
- Sales price vs. list price ratio dropped by 0.2% to 101.7% from 101.9%.

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

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



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Fed, Mortgage Rates Hold Steady Amid Busy Week

Feb. 3, 2017 -- Thanks to an early-week settling of interest rates from a soft stock market, our expected small bump for mortgage rates failed to materialize this week for the most part. That's actually a good sign, given the onslaught of new data to process and a Federal Reserve meeting to digest, situations that have produced higher rates in the not-that-distant past.

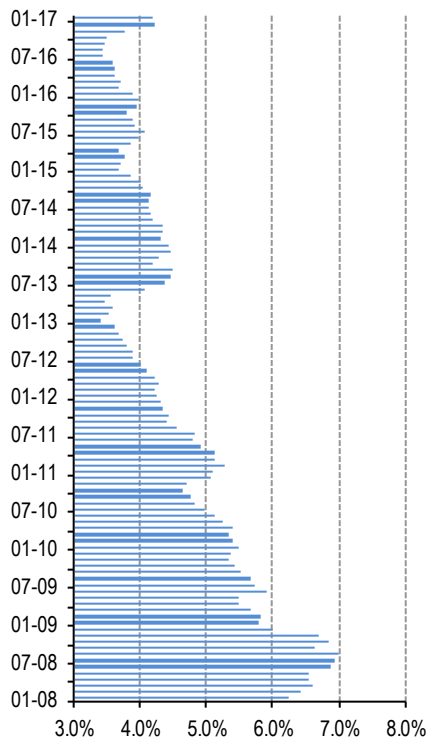
The Federal Reserve met on Tuesday and Wednesday to discuss monetary policy. No action by the central bank was expected, and none came, but we did detect perhaps a bit more confidence being expressed by the Fed in the statement that closed the two-day affair. Although the text was mostly unchanged from the prior missive, those usually noted that "inflation is expected to rise to 2 percent over the medium term"; the latest was more absolute, stating that "inflation will rise to 2 percent over the medium term."

Futures markets had already discounted the likelihood of a move by the Fed at its next meeting in mid-

March to less than a 20 percent chance, but new data in the days after the meeting took this to below 10 percent by late Friday. Our view is that a lot can change in six weeks, and if the Fed is serious about making perhaps three moves in short-term rates this year it may not want to cram them all in to the last half of 2017. We'll see how all that plays out as we go.

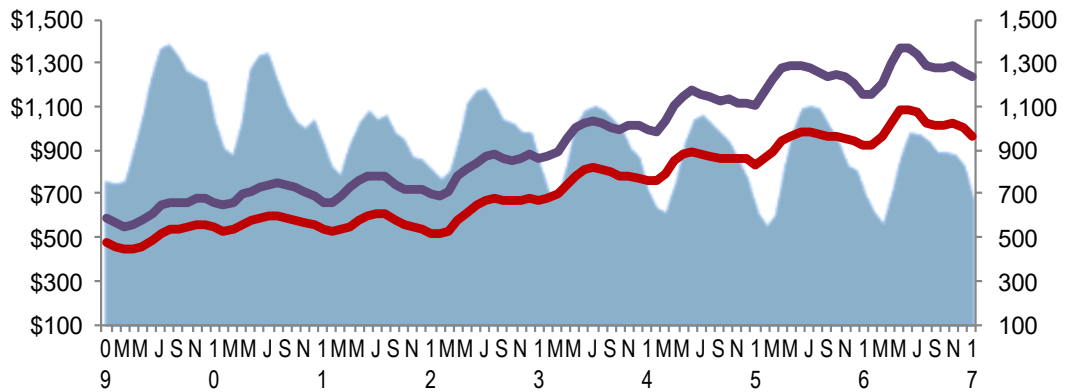
Mortgage rates seem to us to be back in a place where they are in no hurry to run strongly in one direction or the other, at least not by much and not for long. As such, we'll figure on a wobble of a few basis points in Freddie Mac's average 30-year FRM, probably downward (but nearly equally as likely to rise).

30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by <http://www.freddiemac.com/>. The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

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



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Santa Clara County - January 2017											
Single-Family Homes							% Change from Year Before				
Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 915,000	\$ 1,230,170	467	494	605	39 101.4%	1.9%	13.2%	-8.8%	4.4%	-1.1%
Campbell	\$ 1,194,440	\$ 1,316,890	10	18	20	60 100.0%	17.1%	18.4%	-33.3%	63.6%	33.3%
Cupertino	\$ 2,000,000	\$ 2,130,540	13	7	18	42 104.6%	14.3%	16.4%	-7.1%	0.0%	63.6%
Gilroy	\$ 668,750	\$ 711,015	42	28	59	42 98.3%	-4.3%	-13.3%	20.0%	-42.9%	-6.3%
Los Altos	\$ 3,002,500	\$ 3,390,430	14	11	20	43 102.4%	20.1%	20.2%	180.0%	83.3%	566.7%
Los Altos Hills	\$ 4,411,250	\$ 4,411,250	2	4	16	240 89.9%	5.7%	14.8%	-33.3%	33.3%	-20.0%
Los Gatos	\$ 1,520,000	\$ 1,685,100	22	22	51	70 98.2%	10.1%	5.6%	69.2%	10.0%	0.0%
Milpitas	\$ 835,000	\$ 930,698	14	19	10	21 105.3%	5.0%	10.0%	-30.0%	-20.8%	-16.7%
Monte Sereno	\$ 2,222,500	\$ 2,222,500	2	2	9	135 94.8%	-30.5%	-30.5%	100.0%	100.0%	80.0%
Morgan Hill	\$ 840,000	\$ 1,088,230	25	29	37	44 99.2%	12.0%	26.1%	-19.4%	70.6%	-7.5%
Mountain View	\$ 1,585,000	\$ 1,655,620	8	14	10	38 102.2%	-1.9%	-6.4%	-50.0%	55.6%	0.0%
Palo Alto	\$ 3,225,000	\$ 3,517,790	8	14	17	64 98.5%	44.9%	46.3%	-27.3%	55.6%	-19.0%
San Jose	\$ 850,000	\$ 955,637	263	261	271	31 102.0%	4.5%	7.3%	-9.3%	1.2%	-6.6%
Santa Clara	\$ 959,000	\$ 1,040,640	14	33	17	36 102.8%	-3.6%	-6.8%	-54.8%	73.7%	0.0%
Saratoga	\$ 2,250,000	\$ 2,858,000	11	15	30	82 99.1%	-13.1%	14.6%	37.5%	-11.8%	-14.3%
Sunnyvale	\$ 1,400,000	\$ 1,420,580	19	17	20	32 104.1%	4.8%	9.8%	0.0%	-26.1%	5.3%

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.

Looking to Downsize?

KEEP 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, as Proposition 90 added, in one of eleven counties that accept transfers of base-year value from other counties. The eleven counties are: Alameda, El Dorado, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara, Tuolumne 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.

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a complementary and confidential meeting.

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

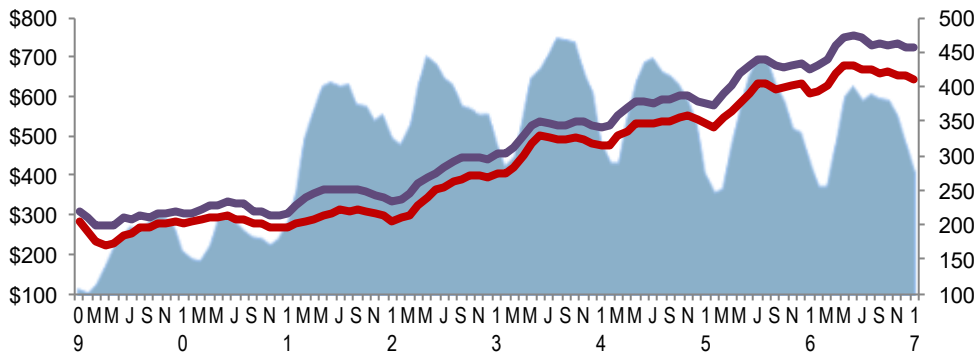
Property under contract to sell that hasn't closed escrow.

Inven

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

Santa Clara County Condos - Median & Average Prices & Sales

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



Santa Clara County - January 2017

Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 625,000	\$ 625,000	212	213	207	29	101.7%	10.1%	11.4%	-0.9%	12.1%	15.0%
Campbell	\$ 767,500	\$ 767,500	10	8	4	12	101.2%	6.6%	-4.4%	66.7%	100.0%	100.0%
Cupertino	\$ 1,200,000	\$ 1,200,000	5	1	2	12	110.2%	-17.7%	-15.2%	66.7%	-75.0%	-33.3%
Gilroy	\$ 279,500	\$ 279,500	2	0	1	15	93.5%	-45.7%	-45.7%	0.0%	100.0%	0.0%
Los Altos	\$ 2,378,000	\$ 2,378,000	2	4	0	0	114.5%	85.8%	92.1%	-60.0%	-66.7%	0.0%
Los Gatos	\$ 910,000	\$ 910,000	6	4	4	20	101.4%	-5.7%	-10.9%	500.0%	0.0%	100.0%
Milpitas	\$ 781,000	\$ 781,000	2	14	6	90	100.2%	44.6%	28.4%	-33.3%	40.0%	-25.0%
Morgan Hill	\$ 502,500	\$ 502,500	6	1	4	20	100.1%	-10.7%	-4.5%	0.0%	0.0%	33.3%
Mountain View	\$ 1,166,500	\$ 1,166,500	12	13	7	18	106.6%	39.3%	20.8%	33.3%	-35.0%	-65.0%
Palo Alto	\$ 1,672,500	\$ 1,672,500	5	5	6	36	104.8%	33.7%	24.3%	-16.7%	-44.4%	-14.3%
San Jose	\$ 555,000	\$ 555,000	136	122	142	31	100.5%	10.6%	9.2%	-8.7%	20.8%	40.6%
Santa Clara	\$ 717,500	\$ 717,500	10	14	16	48	102.7%	13.0%	-3.3%	-9.1%	-12.5%	23.1%
Saratoga	\$ 985,000	\$ 985,000	1	2	4	120	99.0%	51.5%	51.5%	0.0%	0.0%	100.0%
Sunnyvale	\$ 801,000	\$ 801,000	15	25	11	22	105.0%	-4.9%	6.8%	25.0%	38.9%	-26.7%

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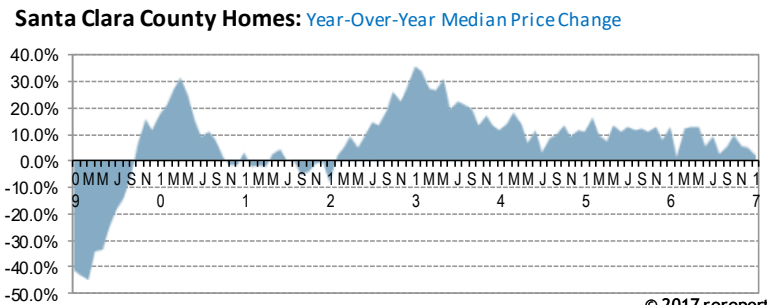
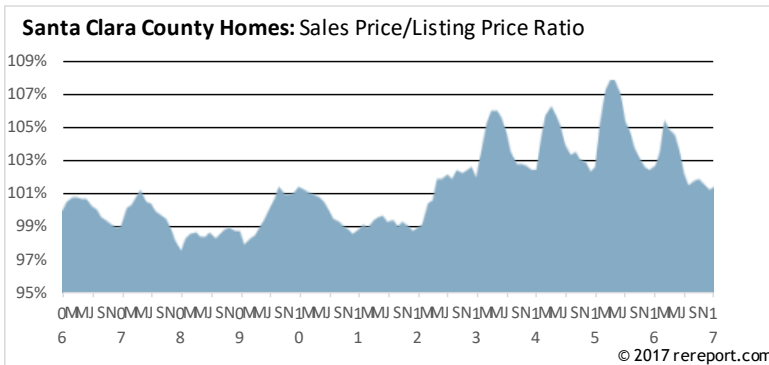
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The Silicon Valley's Real estate market is a derivative of the local economy, it prospers and withers depending on how well the local knowledge-based sector performs. The San Jose Mercury News tracks the largest 150 publicly traded companies headquartered in Silicon Valley via an index called the SV150, which you can lookup at www.mercurynews.com. 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

THE S&P CORELOGIC CASE-SHILLER NATIONAL INDEX HITS NEW PEAK AS HOME PRICE GAINS CONTINUE

YORK, January 31, 2017— 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 November 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...can be accessed in full by going to: <https://goo.gl/G3mNQz>

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