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**January/February 2017**  
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**Santa Clara County**

**The Real Estate Market Trends Report**

**Santa Clara County Market Eases Slightly in 2016**

Prices for single-family homes and condos/townhomes, while reaching new highs in 2016, ended the year with modest gains. The median prices for homes gained 7.4% compared to 2015. This is the lowest gain since 2011. The median price for condos/townhomes rose 8.2% from 2015, after four years of double-digit gains. (See tables on next page for details.)

Sales were down last year. Single-family home sales fell 5.4% year-over-year. Condo/townhome sales were off 0.5%.

The sales price to list price ratio was also at its lowest level since 2012: 102.8%.

**NEW FHA LOAN LIMITS FOR 2016**

The Federal Housing Finance Agency has released the conforming loan limits change for 2017. This change resulted in higher loan limits beginning in January for many counties across the country.

The Federal Housing Administration is insuring loans for people looking to purchase a home or refinance a home with a little equity. The program insures loans up to the maximum loan limit in the county in which the property is located.

Using Sonoma County, California, as an example, the maximum loan limit for 2016 was \$554,600. This number is rising to \$595,600 for 2017. This represents a significant change for people looking to purchase a home who have good income, sufficient credit, and a healthy debt-to-income ratio who are otherwise tight on cash to close. This applies to a home buyer by allowing them to purchase up to \$615,000 in the county of Sonoma with just 3.5% down. This change represents bigger borrowing power in nearly every county across the United States.

The fact that both FHA and the Conforming loan balances are now higher in nearly every county nationwide represents a growing trend of a more exuberant economy. Higher loan balance limits can mean the difference between renting and owning for many. This is particularly beneficial because the FHA Loan, while allowing a low down payment, is also very flexible in unique or difficult circumstances consumers sometimes are faced with.

Some of the things included are:

- Debt-to-income ratios as high as 55%

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

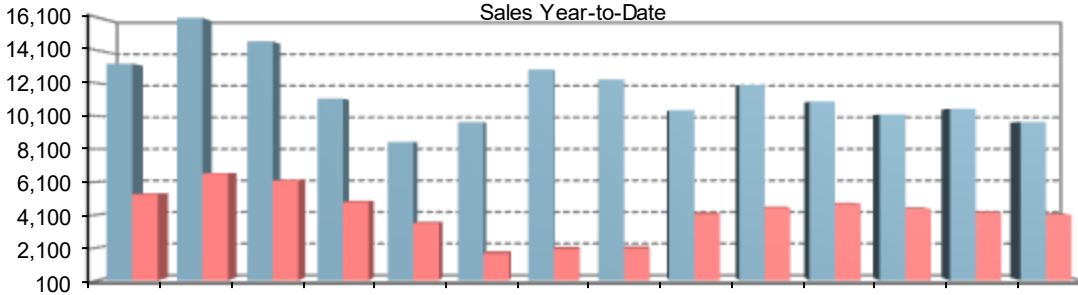
	Dec 16	Nov 16	Dec 15
Median Price:	\$961,000	\$1,010,000	\$917,000
Average Price:	\$1,185,940	\$1,297,260	\$1,157,360
Home Sales:	719	850	859
Pending Sales:	493	697	570
Active Listings:	495	834	578
Sale/List Price Ratio:	101.2%	101.6%	102.4%
Days on Market:	34	31	34
Days of Inventory:	21	28	20

(Townhomes/Condos)

	Dec 16	Nov 16	Dec 15
Median Price:	\$650,004	\$661,000	\$626,000
Average Price:	\$723,110	\$732,436	\$678,182
Home Sales:	270	348	346
Pending Sales:	186	232	192
Active Listings:	158	270	130
Sale/List Price Ratio:	101.9%	101.7%	103.7%
Days on Market:	34	28	22
Days of Inventory:	18	23	11

- Credit scores as low 580 for loans up to \$424,100 and 640 score for loans exceeding \$424,100
- Waiting time on previous short sale: three years
- Waiting time on previous foreclosure: three years
- Waiting time on previous Chapter 7 Bankruptcy: two years
- Will allow a borrower to refinance a second mortgage up to 96.5 loan-to-value

**Santa Clara County**  
Sales Year-to-Date



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Homes	13,283	16,068	14,641	11,159	8,520	9,731	12,930	12,313	10,454	11,990	10,981	10,196	10,547	9,740
Condos	5,339	6,607	6,178	4,865	3,570	1,734	2,003	2,041	4,149	4,517	4,754	4,450	4,230	4,086

If you are looking to buy a home in 2017, an FHA loan could be a favorable vehicle to help get you there. An experienced mortgage lender who specializes in FHA loans may be the best place to begin looking.

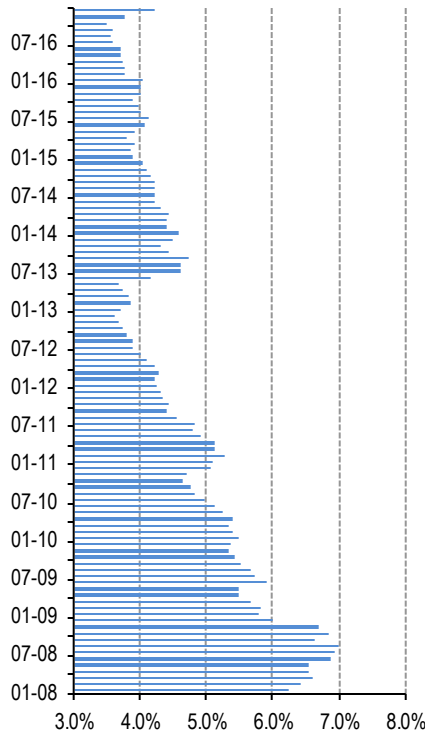
- Keep in mind that, before you begin the lending process—or even start looking for a home—it's a good idea to check your credit scores to see where you stand. It will let you know exactly how much loan you'll qualify for. Also, it's a good time to pull your credit reports to ensure there aren't any mistakes, which could hurt you.

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

For more information go to <http://urban.realtor/home-buyers-seminar/>

## Mortgage Rates Start 2017 With Retreat

### 30-Year Fixed Mortgage Rates



January 6, 2017 -- After many weeks of creeping (or surging) higher, mortgage rates took a step back to start the new year. Although there is a chance that they may ease a bit more now that the Fed has moved and we have turned the calendar past the end of the fourth quarter and the end of the calendar year, borrowers that are in the market at the moment would be well-advised to take advantage of the dip in rates and lock in their interest rate.

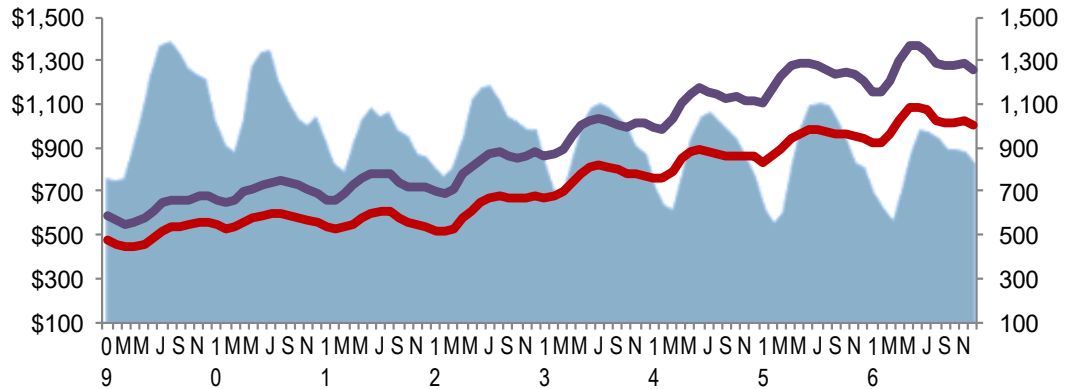
We would have likely seen a little more decline in rates next week, or at least that's the way things were heading until Friday's employment report for December was released. No, there was no surge in hiring to end the year; in fact, the 156,000 new hires that took place during the month was less than forecast and could actually be counted among the smallest increases of the year. Rather, it was information that average hourly earnings rose a relatively stout 0.4 percent, leaving 2016 with a 2.9 percent growth rate for wages, the fastest in about 7 years. While that's of course good for consumers, it is a consideration for the Fed, as faster wage growth can be the spark that lifts inflation over time.

As such, bond markets turned a wary eye toward the report, and the rallying in bond yields that has seen the 10-year Treasury's return fall to about 2.35 percent abruptly halted and reversed, chopping off a fair bit of the decline by the close of business Friday. This will stanch the decline in mortgage rates for at least the moment.

With about half the rally in the 10-year Treasury yield wiped out on Friday, it's unlikely that mortgage rates will decline again by the time Freddie Mac reports next Thursday morning. Between now and then, there are no milestone economic reports that might cause a decline from present levels, so the 12-basis point dip in the conforming 30-year FRM we saw to start the year seems likely to be at least partially erased next week. The decline this week was rather more than we expected, and the retracement will probably total 5 or 6 basis points, so look for an uptick of this amount next week. An optimist might note that this will be the second lowest rate of 2017, so that's something to consider, at least.

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.

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



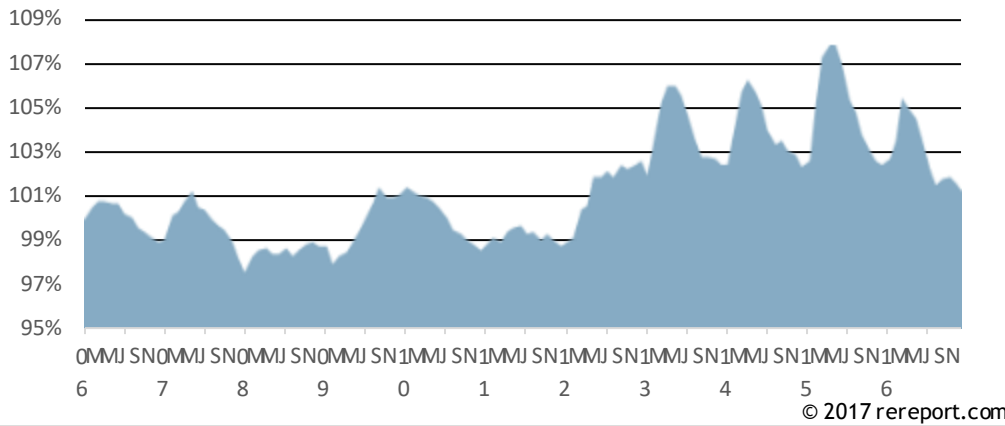
Santa Clara County - December 2016												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 961,000	\$ 1,185,940	719	493	495	21	101.2%	4.8%	2.5%	-16.3%	-13.5%	-14.4%
Campbell	\$ 1,137,500	\$ 1,204,660	22	14	13	18	101.4%	9.9%	5.9%	-18.5%	40.0%	18.2%
Cupertino	\$ 1,921,250	\$ 2,031,310	9	11	13	43	100.3%	8.2%	9.9%	-52.6%	-26.7%	62.5%
Gilroy	\$ 664,500	\$ 721,559	50	32	63	38	99.1%	1.1%	-1.6%	19.0%	-33.3%	-12.5%
Los Altos	\$ 2,552,000	\$ 2,768,410	13	13	9	21	101.5%	-2.2%	0.4%	-31.6%	333.3%	350.0%
Los Altos Hills	\$ 5,125,000	\$ 6,070,000	4	4	15	113	94.7%	32.3%	36.6%	0.0%	33.3%	-11.8%
Los Gatos	\$ 1,310,000	\$ 1,693,500	39	19	52	40	97.5%	-28.2%	-16.1%	-2.5%	26.7%	-20.0%
Milpitas	\$ 876,500	\$ 982,049	18	23	9	15	102.0%	16.1%	22.1%	38.5%	-25.8%	-47.1%
Monte Sereno	\$ 2,500,000	\$ 2,500,000	1	0	8	240	109.2%	-4.2%	-3.7%	-83.3%	-66.7%	100.0%
Morgan Hill	\$ 900,000	\$ 972,917	37	29	31	25	99.1%	6.2%	0.7%	8.8%	16.0%	-29.5%
Mountain View	\$ 1,820,000	\$ 1,789,000	16	13	4	8	99.6%	6.4%	-1.3%	6.7%	0.0%	0.0%
Palo Alto	\$ 2,385,000	\$ 2,437,250	16	12	13	24	107.0%	-4.7%	-12.2%	-20.0%	0.0%	8.3%
San Jose	\$ 864,000	\$ 954,293	400	268	215	16	101.2%	5.4%	6.5%	-11.7%	-12.4%	-6.9%
Santa Clara	\$ 1,070,000	\$ 1,131,820	33	19	19	17	104.9%	14.8%	15.2%	-44.1%	-26.9%	90.0%
Saratoga	\$ 2,351,000	\$ 2,225,890	17	14	22	39	99.5%	9.3%	2.7%	-10.5%	75.0%	-29.0%
Sunnyvale	\$ 1,467,500	\$ 1,473,040	44	22	9	6	105.3%	8.3%	7.5%	4.8%	0.0%	-10.0%

**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.

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

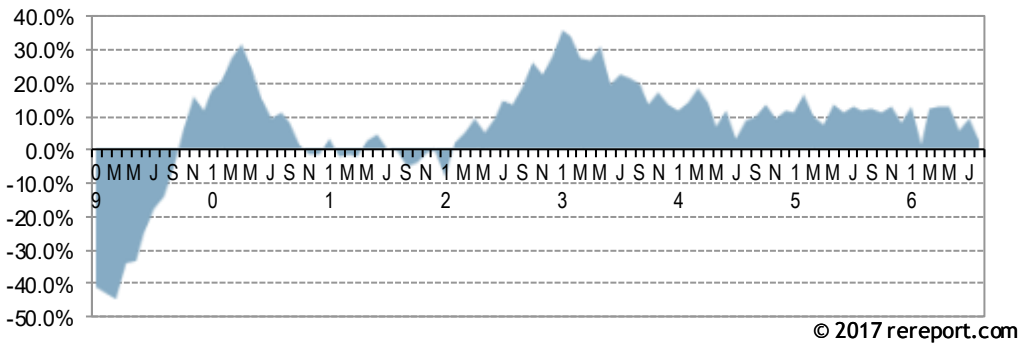


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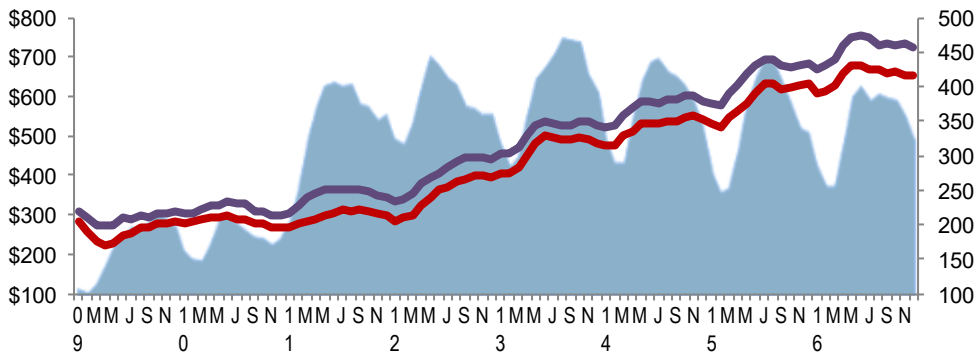
Based on information from MLS Listings, Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

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

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



**Santa Clara 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.

**Santa Clara County - December 2016**

Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 650,004	\$ 650,004	270	186	158	18	101.9%	3.8%	6.6%	-22.0%	-3.1%	21.5%
Campbell	\$ 745,000	\$ 745,000	12	8	6	15	101.2%	9.1%	8.0%	50.0%	700.0%	100.0%
Cupertino	\$ 1,250,000	\$ 1,250,000	3	2	1	10	101.6%	17.3%	-2.2%	-50.0%	0.0%	-80.0%
Gilroy	\$ 389,500	\$ 389,500	2	2	3	45	100.0%	13.6%	11.9%	-33.3%	100.0%	200.0%
Los Altos	\$ 1,188,000	\$ 1,188,000	7	1	2	9	102.1%	-15.7%	-2.3%	250.0%	-66.7%	0.0%
Los Gatos	\$ 1,030,000	\$ 1,030,000	4	7	1	8	100.2%	-5.5%	-3.6%	-55.6%	250.0%	0.0%
Milpitas	\$ 620,000	\$ 620,000	11	9	6	16	103.7%	-3.1%	7.9%	-47.6%	50.0%	50.0%
Morgan Hill	\$ 550,000	\$ 550,000	9	3	3	10	99.7%	-8.3%	-9.4%	28.6%	0.0%	50.0%
Mountain View	\$ 1,045,000	\$ 1,045,000	18	10	4	7	105.6%	16.1%	15.5%	-18.2%	-16.7%	-42.9%
Palo Alto	\$ 1,260,000	\$ 1,260,000	6	6	3	15	104.4%	-5.8%	-1.3%	-25.0%	-25.0%	-40.0%
San Jose	\$ 581,288	\$ 581,288	157	104	110	21	101.1%	0.2%	3.0%	-18.7%	-11.9%	39.2%
Santa Clara	\$ 728,000	\$ 728,000	19	8	12	19	104.0%	2.2%	2.6%	-17.4%	-27.3%	33.3%
Saratoga	\$ 1,450,000	\$ 1,450,000	4	0	0	0	98.6%	0.3%	-2.5%	100.0%	0.0%	100.0%
Sunnyvale	\$ 955,000	\$ 955,000	18	26	7	12	103.4%	-1.8%	0.2%	-10.0%	73.3%	16.7%

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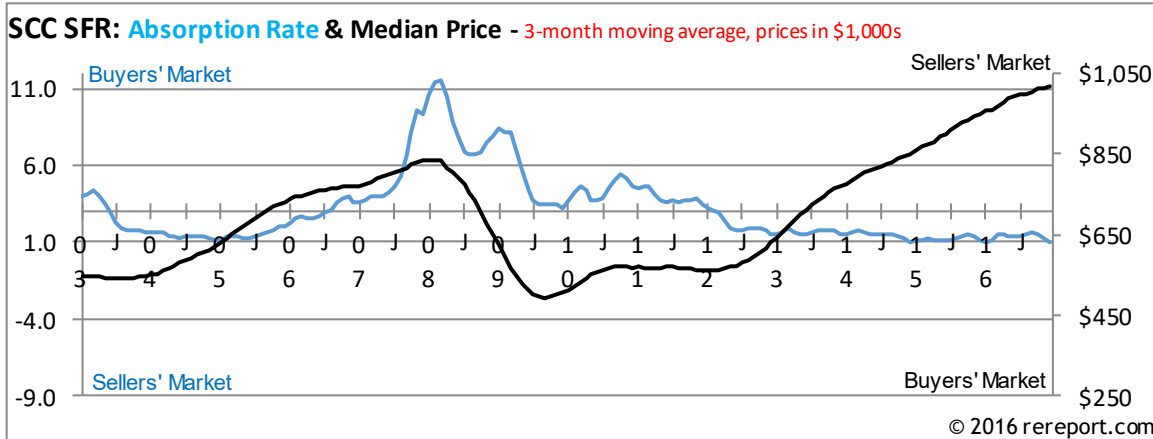


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The Silicon Valley's Real estate market is a derivative of the local economy, it prospers and withers depending on how well the local knowledge-based sector performs. The San Jose Mercury News tracks the largest 150 publicly traded companies headquartered 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

### THE THE S&P CORELOGIC CASE-SHILLER NATIONAL INDEX EXTENDS NEW HIGH AS HOME PRICE GAINS CONTINUE NEW

**YORK, December 27, 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 October 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 at [goo.gl/c22Dj5](http://goo.gl/c22Dj5)

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