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Santa Clara County

The Real Estate Market Trends Report

Median Home Price Pops Back Over \$1MM

The median price for single-family, re-sale homes went back over \$1,000,000 in February, after being below for the previous two months.

The rise saw the first double-digit, year-over-year price gain since last May. The median price was up 16.9%.

The average price, which has been over \$1,000,000 every month since February 2014, gained 9.6% compared to last February.

Home sales were up 7.6%, but, at 493 sales that is less than half the average monthly sales for the past seventeen years.

The inventory of actively listed single-family, re-sales homes in Santa Clara County continues to define the market. There were 700 homes for sale as of March 5th. The average number of homes for sale each month since January 2000 is 3,000.

Days of Inventory, or how long it would take to sell all the homes on the market at the current rate of sales is thirty-eight days. The average in Santa Clara County since 2000 is ninety-five.

The sales price to list price ratio jumped to its highest level since last May: 103.7%.

As we wrote about several months ago, the inability of people who serve the community to afford to live here has a deleterious effect on the community.

Last fall, Governor Brown signed the "Teacher Housing Act of 2016" to make it easier for school districts to provide affordable housing for their employees.

Authored by Mark Leno, the former Democratic state senator from San Francisco, the law gives districts explicit permission to set aside housing exclusively for its employees and, crucially, to take advantage of state and federal low-income housing tax credits to develop these projects.

Under prior law, projects that make use of these low-income housing subsidies had to be open to all tenants who met the income guidelines, to prevent public funds from subsidizing housing discrimination. The new law makes an exception for teachers and district employees.

Trends at a Glance (Single-family Homes)

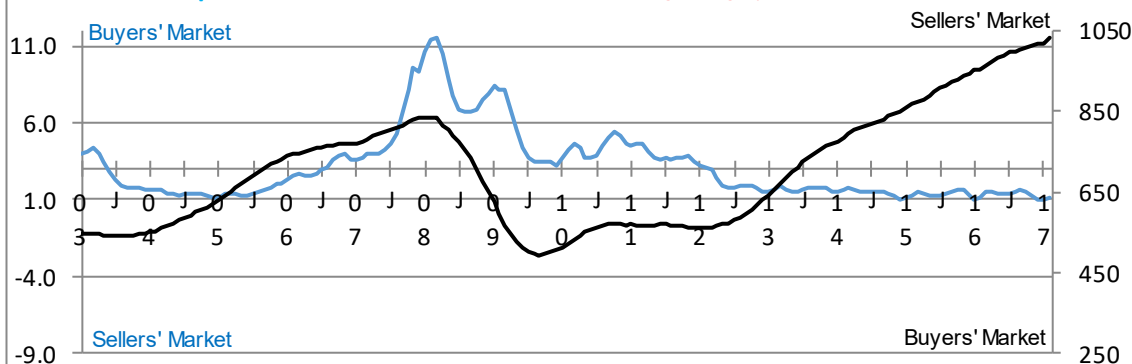
	Feb 17	Jan 17	Feb 16
Median Price:	\$1,099,000	\$915,000	\$940,000
Average Price:	\$1,326,980	\$1,230,170	\$1,210,850
Home Sales:	493	467	458
Pending Sales:	662	494	624
Active Listings:	700	605	843
Sale/List Price Ratio:	103.7%	101.4%	103.5%
Days on Market:	28	38	31
Days of Inventory:	38	39	52

(Townhomes/Condos)

	Feb 17	Jan 17	Feb 16
Median Price:	\$681,000	\$625,000	\$637,084
Average Price:	\$742,069	\$713,930	\$714,490
Home Sales:	215	212	206
Pending Sales:	305	213	280
Active Listings:	234	207	247
Sale/List Price Ratio:	103.4%	101.7%	106.3%
Days on Market:	21	35	18
Days of Inventory:	29	29	34

Kudos to the Governor and state legislature. Now, we need to consider how to provide a similar service for our police officers, firefighters, nurses, etc..

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



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VISIT

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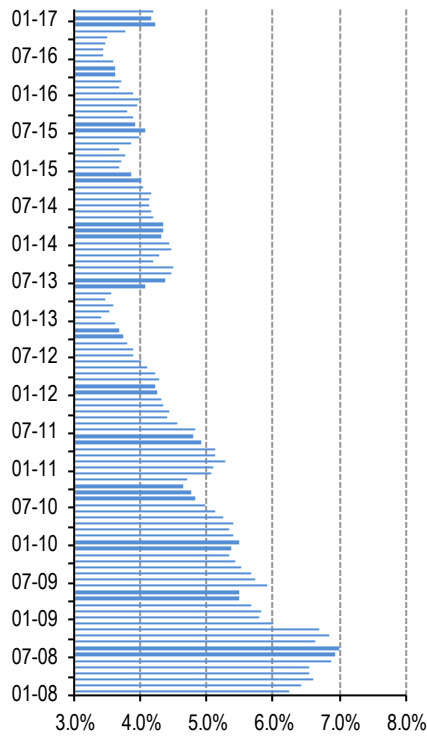
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Fed, Markets and Whipsaw Mortgage Rates

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.

Mar. 3, 2017 -- Although relatively contained, mortgage rates and bond markets remain restive. A stock market surging to new heights is drawing money out of safe-haven investments, while economic data and Federal Reserve rhetoric have finally convinced markets that there is a very good chance that an upward move in the federal funds rate is now just days away.

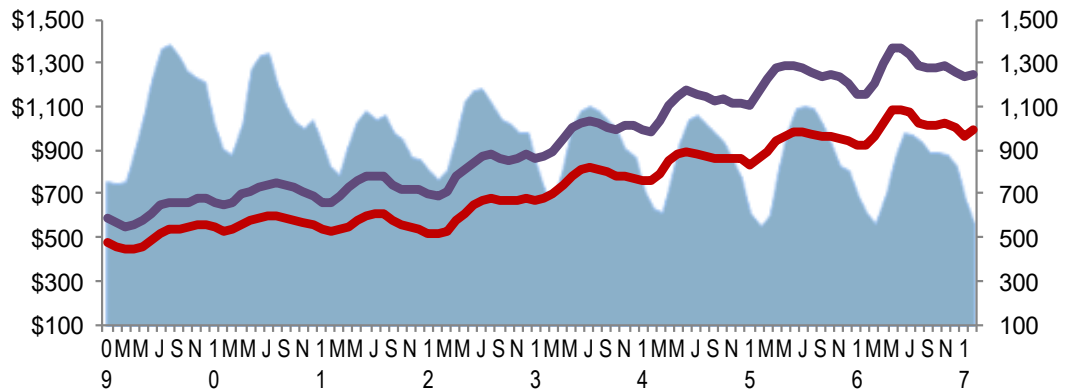
Futures markets now put the chance of a Fed move at about 75 percent; as recently as last Friday, this probability was less than one third this figure. The change in expectations comes despite a downward ratcheting of forecasts for economic growth in the first quarter, with one high-frequency tracker estimating present GDP growth at just 1.8 percent, and several noted forecasters expecting figures below this level. To be sure, growth in the last quarter of 2016 was only modest; the "preliminary" estimate of Gross Domestic Product for the fourth quarter of last year put economic growth at a 1.9 percent annualized rate, with the calendar year as a whole seeing output rise by just 1.6 percent. One caveat we've seen in the last few years is that growth in the first quarter has been the slowest of the year, but it's not clear whether this

has been due to actual slowing or issues with measurement adjustments.

Despite the dip in the average conforming 30-year fixed-rate reported by Freddie Mac this week, mortgage rates have again turned higher. The underlying yield for the 10-year Treasury has again pushed toward the 2.5 percent (up from about 2.3 to start the week) mark and other mortgage pricing indicators suggest that rates will move back up toward late January levels next week. This would move rates from 2017 lows back to perhaps 2017 highs... all within the space of about a tenth of a percentage point.

We think that Freddie will report a nine basis point increase in the average 30-year FRM when they report next Thursday morning, but it could even be a little more than this. As has been the case with many Fed meetings, rates have tended to rise as we head into the meeting (although usually this starts a week or more before... markets are a little late this time) and tend to ease a little in the weeks after. At the moment, we're on the upside of the bump.

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



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Santa Clara County - February 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	\$ 1,099,000	\$ 1,326,980	493	662	700	38 103.7%	16.9%	9.6%	7.6%	6.1%	-17.0%
Campbell	\$ 1,237,500	\$ 1,368,210	14	22	20	39 106.3%	-3.7%	8.0%	7.7%	29.4%	-4.8%
Cupertino	\$ 1,796,500	\$ 1,797,690	10	19	21	57 105.6%	2.9%	-1.5%	150.0%	18.8%	-32.3%
Gilroy	\$ 687,500	\$ 753,737	26	46	55	57 98.5%	5.2%	8.4%	-36.6%	-4.2%	-14.1%
Los Altos	\$ 2,666,500	\$ 2,721,490	16	12	20	34 107.8%	-4.8%	-7.5%	45.5%	50.0%	81.8%
Los Altos Hills	\$ 3,625,000	\$ 4,105,000	5	7	22	119 99.4%	16.9%	39.4%	66.7%	75.0%	-24.1%
Los Gatos	\$ 1,900,000	\$ 1,947,990	21	33	59	76 98.2%	31.0%	5.8%	-22.2%	13.8%	1.7%
Milpitas	\$ 925,000	\$ 1,007,260	8	22	14	47 98.5%	6.7%	15.5%	-57.9%	-24.1%	-30.0%
Monte Sereno	\$ 2,557,500	\$ 2,557,500	2	2	10	135 98.2%	5.9%	5.9%	0.0%	0.0%	66.7%
Morgan Hill	\$ 941,999	\$ 993,729	26	42	39	41 99.5%	15.6%	6.9%	44.4%	100.0%	-30.4%
Mountain View	\$ 1,777,500	\$ 1,765,930	14	12	13	25 109.7%	1.9%	-16.1%	27.3%	-25.0%	18.2%
Palo Alto	\$ 2,308,500	\$ 3,069,750	12	23	24	54 106.3%	1.7%	29.2%	0.0%	76.9%	-35.1%
San Jose	\$ 935,000	\$ 1,023,840	273	339	335	33 103.4%	10.3%	9.2%	11.0%	-0.6%	-18.7%
Santa Clara	\$ 1,109,000	\$ 1,116,680	28	34	18	17 107.5%	-3.6%	-5.2%	33.3%	61.9%	0.0%
Saratoga	\$ 2,500,000	\$ 3,012,670	15	19	28	50 105.1%	-7.4%	8.0%	-6.3%	0.0%	-26.3%
Sunnyvale	\$ 1,618,000	\$ 1,563,540	23	30	22	26 109.7%	0.0%	1.4%	64.3%	-25.0%	-29.0%

Market Statistics

February 2017 Sales Statistics

SINGLE-FAMILY HOMES

Year-Over-Year

- Median home prices increased by 16.9% year-over-year to \$1,099,000 from \$940,000.
- The average home sales price rose by 9.6% year-over-year to \$1,326,980 from \$1,210,850.
- Home sales rose by 7.6% year-over-year to 493 from 458.
- Total inventory* fell 7.3% year-over-year to 1,360 from 1,467.
- Sales price vs. list price ratio rose by 0.2% year-over-year to 103.7% from 103.5%.
- The average days on market fell by 7.5% year-over-year to 28 from 31.

Compared To Last Month

- Median home prices improved by 20.1% to \$1,099,000 from \$915,000.
- The average home sales price rose by 8.0% to \$1,326,980 from \$1,228,310.
- Home sales up by 5.1% to 493 from 469.
- Active listings increased 19.9% to 1,360 from 1,134.
- Sales price vs. list price ratio increased by 2.3% to 103.7% from 101.4%.
- The average days on market dropped by 24.8% to 28 from 37.

CONDOMINIUMS

Year-Over-Year

- Median condo prices increased by 6.9% year-over-year to \$681,000 from \$637,084.
- The average condo sales price rose by 3.9% year-over-year to \$742,069 from \$714,490.
- Condo sales rose by 4.4% year-over-year to 215 from 206.
- Active listings rose 2.3% year-over-year to 539 from 527.
- Sales price vs. list price ratio fell by 2.7% year-over-year to 103.4% from 106.3%.
- The average days on market rose by 15.5% year-over-year to 21 from 18.

Compared To Last Month

- Median condo prices improved by 9.0% to \$681,000 from \$625,000.
- The average condo sales price rose by 4.1% to \$742,069 from \$712,852.
- Condo sales down by 0.0% to 215 from 215.
- Total inventory* increased 27.4% to 539 from 423.
- Sales price vs. list price ratio increased by 1.7% to 103.4% from 101.7%.
- The average days on market dropped by 40% to 21 from 35.

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

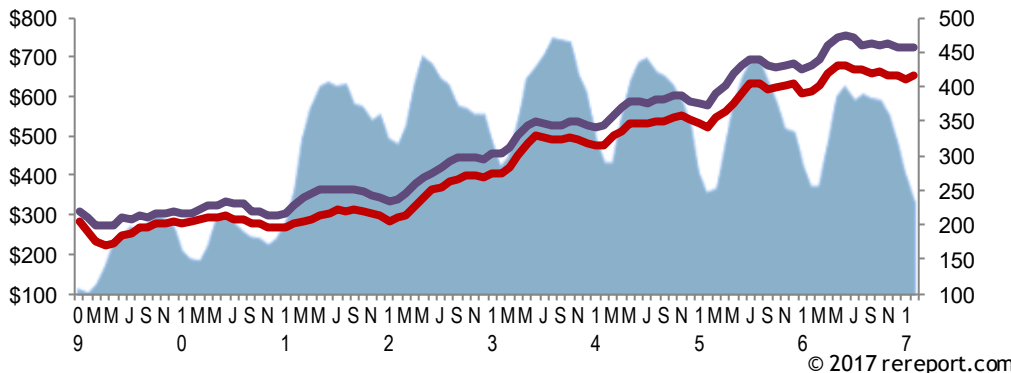
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Based on information from MLS Listings, Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

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

Santa Clara County Condos - Median & Average Prices & Sales

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



Santa Clara County - February 2017												
Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 681,000	\$ 742,069	215	305	234	29	103.4%	6.9%	3.9%	4.4%	8.9%	-5.3%
Campbell	\$ 710,000	\$ 732,857	7	8	4	15	104.2%	0.4%	4.9%	16.7%	166.7%	-55.6%
Cupertino	\$ 1,039,000	\$ 1,039,000	2	5	4	54	103.8%	-10.6%	-6.5%	-50.0%	0.0%	-55.6%
Gilroy	\$ -	\$ -	0	2	2	0	0.0%	-45.7%	-45.7%	0.0%	100.0%	-33.3%
Los Altos	\$ 2,260,000	\$ 1,842,030	3	1	3	27	99.6%	61.7%	31.8%	50.0%	-75.0%	200.0%
Los Gatos	\$ 1,310,000	\$ 1,310,000	1	5	9	243	109.3%	36.5%	25.5%	-80.0%	25.0%	125.0%
Milpitas	\$ 815,000	\$ 729,345	11	15	15	37	103.1%	37.6%	20.3%	10.0%	-6.3%	15.4%
Morgan Hill	\$ -	\$ -	0	4	3	0	0.0%	-10.7%	-4.5%	0.0%	33.3%	50.0%
Mountain View	\$ 1,067,500	\$ 1,087,420	12	18	13	29	107.0%	27.1%	14.9%	-36.8%	-43.8%	-38.1%
Palo Alto	\$ 1,000,000	\$ 1,565,000	5	7	5	27	100.5%	-31.0%	-12.3%	-28.6%	0.0%	-16.7%
San Jose	\$ 603,888	\$ 628,197	141	178	151	29	103.1%	17.8%	12.3%	25.9%	19.5%	4.1%
Santa Clara	\$ 630,500	\$ 756,893	18	17	14	21	102.1%	-1.6%	13.4%	0.0%	-48.5%	-6.7%
Saratoga	\$ 828,500	\$ 978,500	4	4	5	34	107.9%	-5.3%	14.4%	33.3%	300.0%	400.0%
Sunnyvale	\$ 945,000	\$ 953,647	11	41	6	15	105.5%	8.6%	7.5%	-35.3%	86.4%	-66.7%

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.

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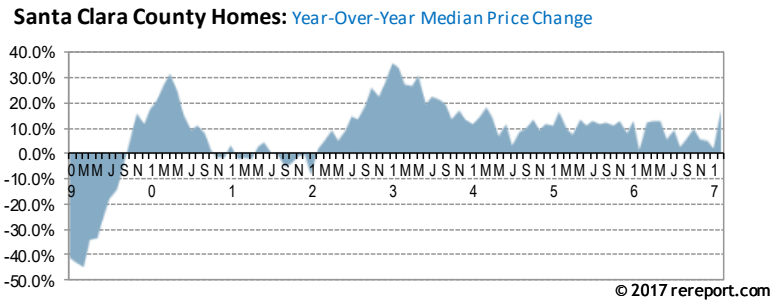
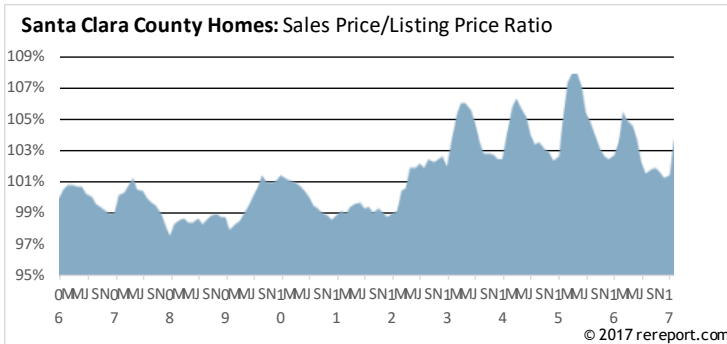
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The Silicon Valley's Real estate market is a derivative of the local economy, it prospers and withers depending on how well the local knowledge-based sector performs. The San Jose Mercury News tracks the largest 150 publicly traded companies headquartered 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 SETS 30-MONTH ANNUAL RETURN HIGH

NEW YORK, FEBRUARY 28, 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 December 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: goo.gl/8RFQwA

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