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August/September 2017

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Santa Clara County

The Real Estate Market Trends Report

And the Beat Goes On

Although off the highs reached recently, prices for single-family homes and condominiums continue to post year-over-year gains.

The median price for single-family, re-sale homes was up by double-digits for the second month in a row, gaining 13.1% in July compared to last July.

The median price for condos/lofts posted a 14.0% gain.

The sales price to list price ratio continues to point to a very strong sellers' market. The ratio for homes was 105.5%, while the ratio of condos/lofts was 105.8%.

A Fix for the Housing Shortage

As the tech industry continues to expand, demand is soaring.

Most solutions to the housing problems in the Bay Area advocate building new units. While that is certainly desirable, it is also being fought against vigorously.

A blogger by the name of David Thielen posted a novel solution in the Huffington Post titled, "Saving San Francisco—A Solution to the Housing Crisis. While he focuses on San Francisco, his points are relevant to the South Bay also.

In brief, he points to the large number of well-paying tech jobs as the driver for increasing prices.

"The root problem is more jobs than the housing can support."

He looks at the two choices currently facing San Francisco: disallow any expansion of housing, which will dramatically increase prices, or, build, baby, build, to misquote Al Davis.

That, Mr. Thielen says, will result in a city of high-rises, turning it into deep canyons and congested streets.

His solution? Have the tech companies move jobs to other cities. He points to Detroit as a city that would be very welcoming to an influx of well-paid jobs.

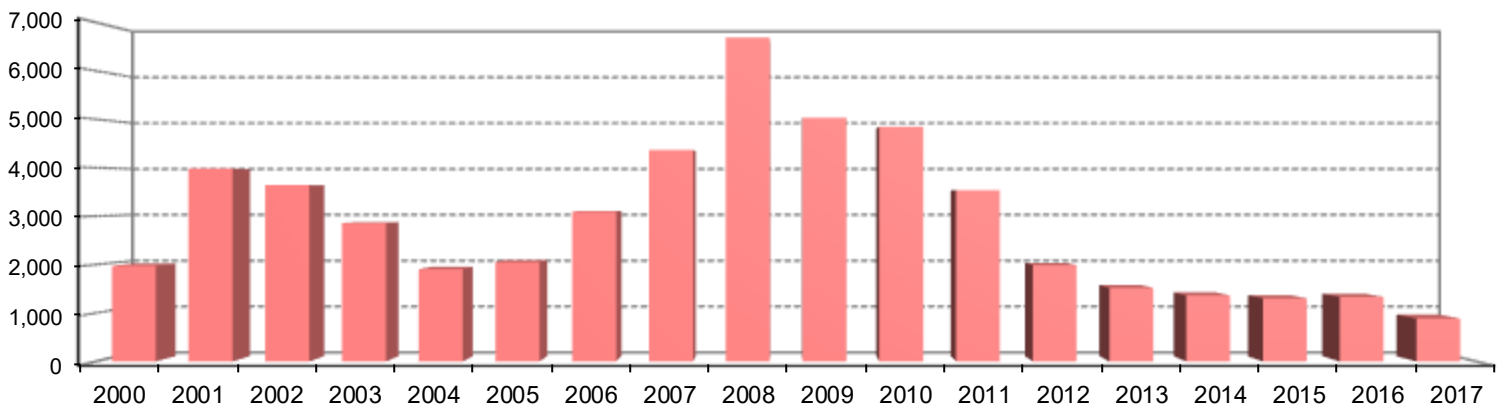
You can read his article here:

<http://tinyurl.com/ycz5frjv>

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Santa Clara County

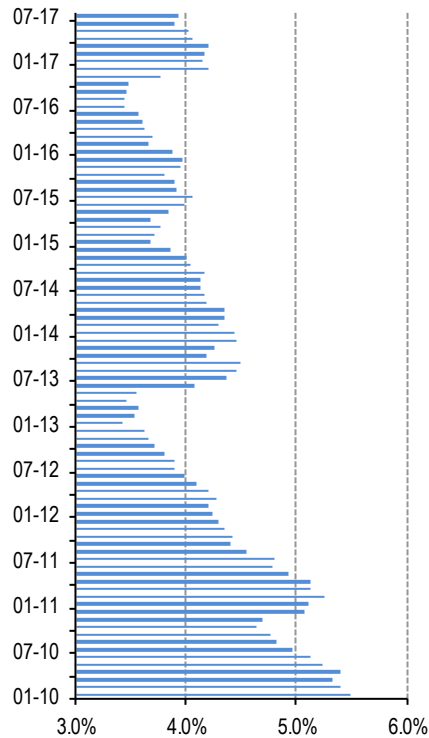
Average Monthly Active Listings SFR



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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/>.

Rates Drift Lower Again

Jul. 28, 2017 -- As we expected, mortgage rates drifted a little lower this week, edging a touch closer to 2017 lows. In reality, mortgage rates have been wandering about for several months, with the average conforming 30-year fixed rate ebbing and flowing in a range of just 17 basis points since late April.

The middle of the summer usually sees little movement in rates, unless there is some highly unusual event that jars the market. This kind of calm doesn't usually last forever, and odds favor a quickening of financial market activity that usually begins after Labor Day. Until then, only small moves seem likely.

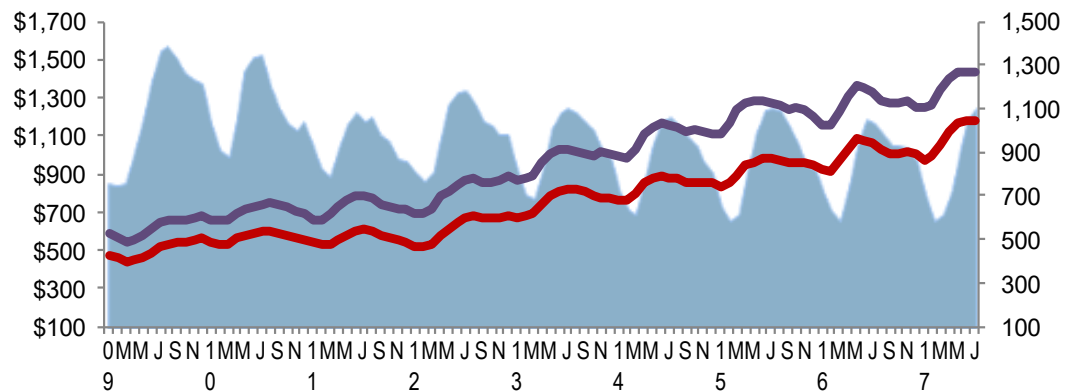
The economic news continues to be fair, but hardly the stuff on which sizable moves in interest rates are based. The Federal Reserve conducted a two-day meeting this week which ended with no change to the federal funds rate, but the Fed did acknowledge the recent fade in price pressures and tweaked the language used to describe inflation in June from a characterization of "running somewhat below 2%" to July's more explicit "prices... are running below 2%."

Low mortgage rates have done their part to drive demand for housing this spring. That said, sales of existing homes have been largely curtailed by a lack of affordable and desirable supply, and this continues

to be the case. Sales of existing homes declined by 1.8% in June when compared to May, easing to a 5.52 million (annualized) rate of sale. Homes that sold carried a median price tag 6.5% above the same measure a year ago, and affordability continues to be crimped as we go along. Inventories of unsold homes have edged up in the last three months and now stand a 4.3 months of supply, the highest since last October, but still remaining well below the 6 months which is considered healthy. The National Association of Realtors noted "June's inventory figures are down 0.5% from last month to 1.96 million homes for sale. Inventories are down 7.1% from a year ago which is 25 months of year over year declines".

The economy continues to rumble along, and now sports a fair 1.8% run rate for the first six months of the year. Home sales are encouraged by low mortgage rates and a continued solid job market, but are throttled by a lack of homes to buy. Homeowners and stock investors continue to see solid gains in their holdings, and in theory this should help to continue to power the economy along. Inflation remains more of a hoped-for situation than a reality, much less a problem. Overall, things seem OK, and the protracted process of filling in all the holes created in the Great Recession seems to be proceeding apace.

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



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Santa Clara County - July 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	\$ 1,175,000	\$ 1,409,380	1,015	931	816	24	105.5%	13.1%	10.7%	10.6%	-2.9%	-53.3%
Campbell	\$ 1,275,000	\$ 1,357,390	40	33	14	11	106.8%	6.4%	8.3%	81.8%	0.0%	-72.0%
Cupertino	\$ 2,060,000	\$ 2,021,040	23	14	20	26	109.7%	3.0%	-1.2%	53.3%	-17.6%	-25.9%
Gilroy	\$ 715,250	\$ 782,998	68	66	65	29	100.6%	8.4%	6.6%	23.6%	-9.6%	-48.8%
Los Altos	\$ 3,030,000	\$ 3,287,880	25	11	20	24	106.4%	8.2%	5.8%	-3.8%	-26.7%	-44.4%
Los Altos Hills	\$ 3,822,500	\$ 4,533,120	8	7	29	109	98.7%	30.4%	55.4%	33.3%	16.7%	-3.3%
Los Gatos	\$ 1,825,000	\$ 1,909,470	43	43	97	68	102.4%	7.4%	6.7%	-8.5%	19.4%	-29.2%
Milpitas	\$ 945,000	\$ 1,067,270	32	34	18	17	107.4%	3.6%	12.4%	3.2%	-15.0%	-61.7%
Monte Sereno	\$ 2,950,000	\$ 3,373,000	6	4	9	45	101.4%	105.6%	96.1%	100.0%	33.3%	-35.7%
Morgan Hill	\$ 1,025,000	\$ 1,101,030	45	78	81	54	100.8%	16.5%	19.3%	-15.1%	52.9%	-37.2%
Mountain View	\$ 2,070,000	\$ 2,101,490	21	23	7	10	113.4%	22.5%	15.8%	23.5%	15.0%	-75.0%
Palo Alto	\$ 2,760,000	\$ 3,064,150	32	21	34	32	106.5%	-1.4%	4.5%	3.2%	-25.0%	-41.4%
San Jose	\$ 982,000	\$ 1,103,980	532	485	313	18	105.2%	5.6%	8.9%	9.2%	-5.6%	-63.3%
Santa Clara	\$ 1,246,000	\$ 1,286,500	51	48	40	24	110.7%	13.3%	14.7%	18.6%	-2.0%	-45.9%
Saratoga	\$ 2,484,000	\$ 2,642,460	30	24	41	41	102.8%	18.3%	19.3%	11.1%	-17.2%	-46.1%
Sunnyvale	\$ 1,730,000	\$ 1,654,260	59	40	28	14	111.0%	15.3%	12.2%	7.3%	-11.1%	-54.1%

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.

Market Statistics

Trends at a Glance

(Single-family Homes)

	Jul 17	Month %	Jun 17	Year %	Jul 16
Median Price:	\$1,175,000	-0.4%	\$1,180,000	13.1%	\$1,038,750
Average Price:	\$1,409,380	-2.4%	\$1,444,410	10.7%	\$1,273,720
Home Sales:	1,015	-15.9%	1,207	10.6%	918
Pending Sales:	931	-13.9%	1,081	-2.9%	959
Active Listings:	816	-4.4%	854	-53.3%	1,747
Sale/List Price Ratio:	105.5%	-0.4%	105.9%	3.3%	102.1%
Days on Market:	20	10.6%	18	-13.2%	23
Days of Inventory:	24	17.5%	21	-57.8%	57

(Townhomes/Condos)

	Jul 17	Month %	Jun 17	Year %	Jul 16
Median Price:	\$735,000	-0.7%	\$739,975	14.0%	\$645,000
Average Price:	\$808,516	-0.8%	\$814,946	11.9%	\$722,551
Home Sales:	365	-21.7%	466	-2.7%	375
Pending Sales:	414	1.2%	409	-1.4%	420
Active Listings:	184	-16.4%	220	-63.8%	508
Sale/List Price Ratio:	105.8%	0.8%	105.0%	2.6%	103.2%
Days on Market:	17	6.8%	15	-25.3%	22
Days of Inventory:	15	10.5%	14	-62.8%	41

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to schedule

a complementary and confidential meeting.

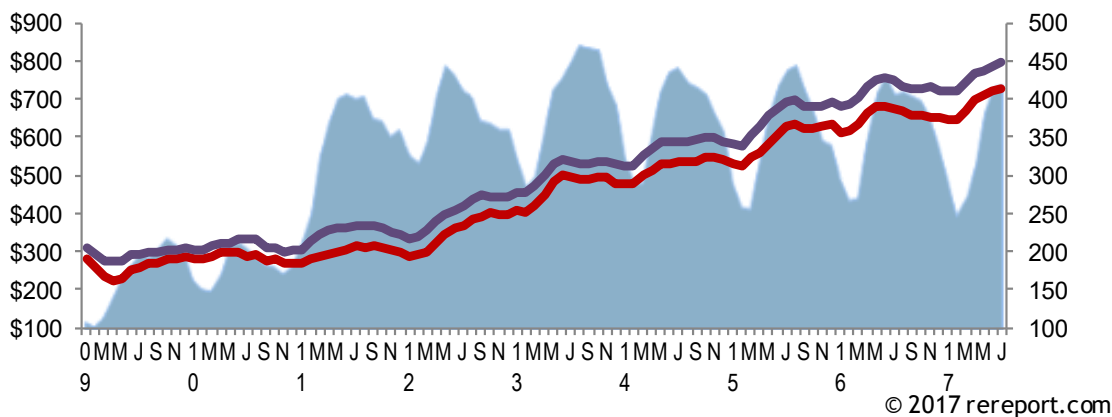
If your property is listed with a real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. We are happy to work with them and cooperate fully.

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 - July 2017

Condos/Townhomes									% Change from Year Before				
Prices									Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP		Med	Ave	Sales	Pend'	Inven'
SCC	\$ 735,000	\$ 808,516	365	414	184	15	105.8%		14.0%	11.9%	-2.7%	-1.4%	-63.8%
Campbell	\$ 920,000	\$ 899,714	7	11	0	0	106.5%		24.7%	24.9%	-61.1%	-21.4%	-92.3%
Cupertino	\$ 1,330,000	\$ 1,281,000	5	7	4	24	110.2%		13.1%	6.6%	0.0%	-53.3%	-75.0%
Gilroy	\$ 461,000	\$ 461,000	1	1	3	90	105.0%		38.4%	38.4%	0.0%	-85.7%	-50.0%
Los Altos	\$ 1,525,000	\$ 1,594,500	6	2	4	20	106.6%		2.3%	15.9%	-14.3%	-42.9%	-20.0%
Los Gatos	\$ 1,135,000	\$ 1,155,710	7	10	7	30	99.2%		12.9%	15.9%	0.0%	-9.1%	0.0%
Milpitas	\$ 768,750	\$ 745,765	16	16	6	11	103.6%		28.1%	17.3%	6.7%	-23.8%	-64.7%
Morgan Hill	\$ 532,500	\$ 532,500	2	17	7	105	103.4%		13.9%	9.4%	-66.7%	54.5%	0.0%
Mountain View	\$ 1,275,000	\$ 1,201,210	28	23	13	14	111.4%		24.1%	21.5%	-17.6%	-17.9%	-31.6%
Palo Alto	\$ 1,500,000	\$ 1,411,570	7	8	4	17	108.3%		7.5%	1.1%	-36.4%	33.3%	-77.8%
San Jose	\$ 629,215	\$ 651,347	218	248	108	15	104.1%		7.6%	9.1%	2.3%	6.9%	-67.6%
Santa Clara	\$ 858,000	\$ 847,470	33	30	17	15	106.5%		22.6%	17.5%	13.8%	3.4%	-46.9%
Saratoga	\$ 1,660,000	\$ 1,492,330	3	8	3	30	103.2%		63.5%	53.5%	-40.0%	14.3%	-62.5%
Sunnyvale	\$ 1,102,500	\$ 1,041,810	32	33	8	8	113.2%		26.4%	21.0%	33.3%	-15.4%	-69.2%

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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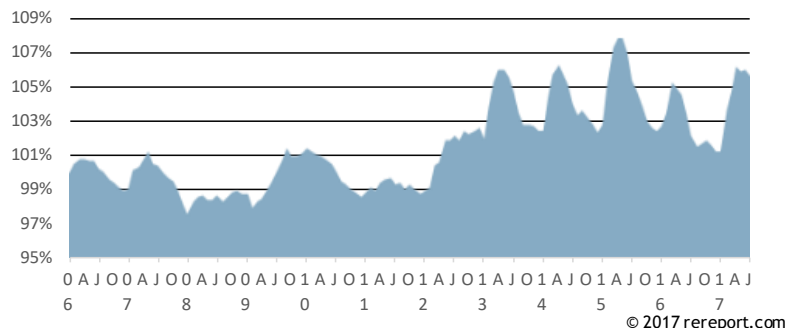
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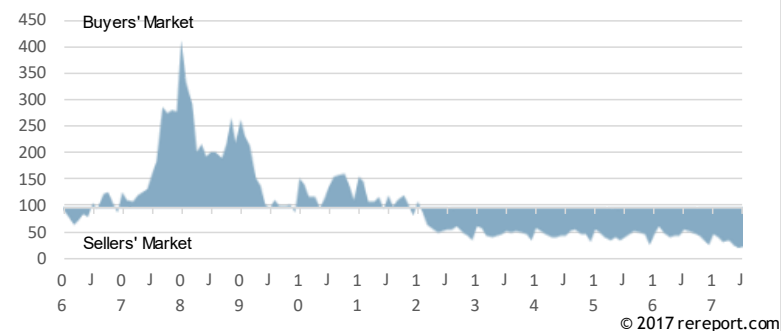
Check Us Out To See What Clients Are Saying Behind Our Backs



Santa Clara County Homes: Sales Price/Listing Price Ratio



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 innovation-based sector performs. The San Jose Mercury News tracks the performances of the largest 150 publicly traded companies headquartered in Silicon Valley through an index called the SV150, which may be found at www.mercurynews.com. Stocks are valued based on several criteria, but one of the more important criteria is a company's future earnings. Therefore, I see the SV150 as a leading indicator for Silicon Valley's real estate market.



Investors Corner

THE S&P CORELOGIC CASE-SHILLER NATIONAL HOME PRICE NSA INDEX SETS ALL TIME HIGH FOR SIXTH CONSECUTIVE MONTH

NEW YORK, JULY 25, 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 May 2017 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 <http://bit.ly/2vF4Z1y>

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