



A unique "whole-istic" approach to real estate ownership
Silicon Valley homes & investments nationwide

February 2019 *Inside This Issue*

- > LOCAL MARKET TRENDS1
- > HOME STATISTICS2
- > CONDO STATISTICS3
- > HOME SALES & PENDING CHART... 4
- > SV150 INDEX CORNER.....4
- > INVESTORS CORNER4

Santa Clara County Real Estate Trends Report

Sales Price to List Price Ratio Falls Below 100%

The real estate market in Santa Clara County continues to soften. The sales price to list price ratio, or what buyers are paying over what sellers are asking, fell below 100% for the first time since February 2012. It was 99.5%.

Although the market is turning towards buyers, it still favors sellers. The National Association of REALTORS® considers a 95% ratio to be a balanced market.

After being lower than the year before two months in a row, the median price of single-family, re-sale homes was up 1.9% year-over-year. The average price was down for the third month in a row, dropping 1.8% year-over-year. This indicates softening in the high-end of the marketplace.

Home sales were down 19.8% from last January.

Inventory continues to expand. It has been higher than the year before eight

months in a row. In January, it was up 121.8% over last year.

As of February 5th, there were 834 homes for sale in Santa Clara County.

Days of Inventory, or the number of days it would take to sell the current inventory divided by home sales, jumped thirty-two days to sixty-nine days. Since January 2000, Santa Clara County has averaged ninety-four days of inventory.

It is taking thirty-nine days to sell a home. That is the time from when a home is listed to when it goes into contract.

The median price for re-sale condos was flat last month, year-over-year. The average price was down 7.4%.

The sales price to list price ratio was below 100% for the second month in a row: 99.6%.

Condo sales were down 14.2% in January.

Inventory continues to expand. It has been higher than the year before eight months in a row. In January, it was up an 423.8% over last year.

As of February 5th, there were 409 condos for sale in Santa Clara County.

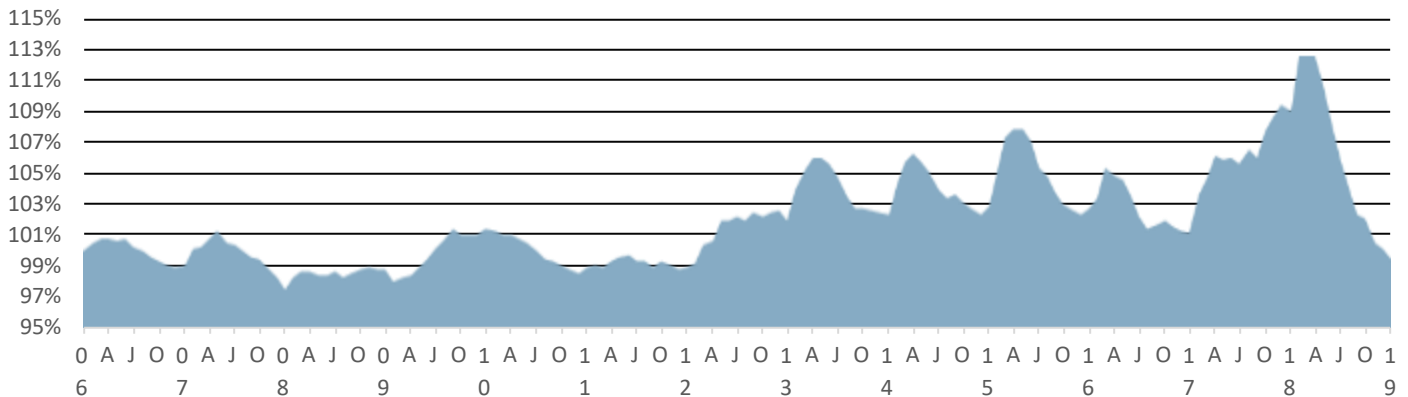
Days of inventory more than doubled, going from to forty-one days to ninety-two.

It is taking forty days to sell a condo.

If you are planning on selling your property, call me for a free comparative market analysis.

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focused review (your city,
your neighborhood) **of current
and historical market
trends**
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http://avi.rereport.com/market_reports

Santa Clara County Homes: Sales Price/Listing Price Ratio



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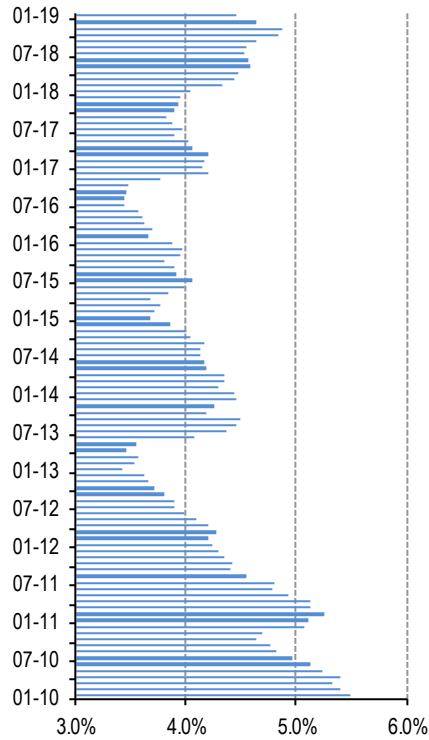
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30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by <http://www.freddiemac.com/>.

Friendlier Fed, Softer Rates Countered By Improving Data

February 1, 2019 -- After a stumble in December, the Federal Reserve seemed to present a more cohesive message to markets at the close of its January meeting this week. Last month, markets responded poorly to what they perceived as a Fed intent on lifting rates until the economy broke, and one that would not alter a balance sheet reduction plan that was said to be on "autopilot."

The January statement was quite clear about the central bank's intentions: "In light of global economic and financial developments and muted inflation pressures, the Committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes."

Wholly omitted from the statement was any reference to the balance of risks to the economy, an indication that Fed members may not be certain if risks of concern are accumulating somewhere. Perhaps more important was the removal of any "forward guidance"; last month, the statement indicated that the Committee judged "that some further gradual increases in the target range for the federal funds rate will be consistent" with meeting their twin

goals of stable employment and prices. Six weeks later, and it's simply "what future adjustments... may be appropriate".

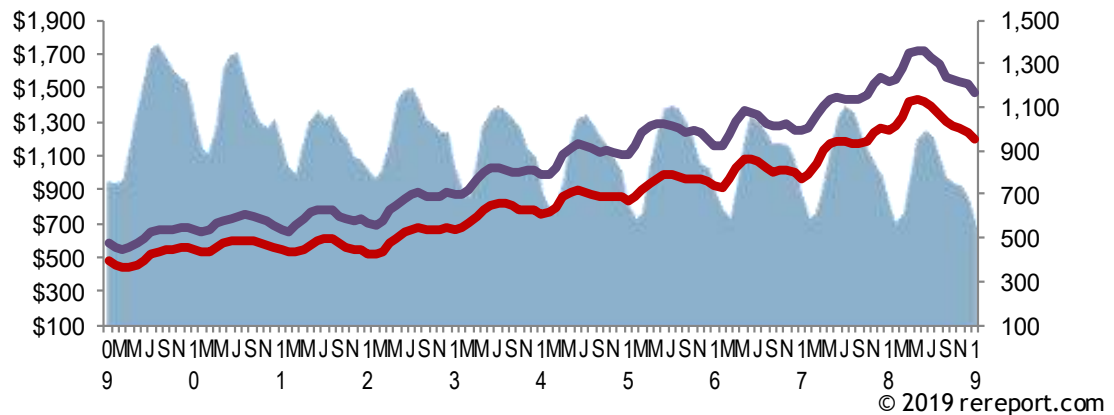
In the press conference after the meeting, Mr. Powell notably said that "The case for raising rates has weakened somewhat."

Collectively, investors liked what they heard, and both a sizable rally in stocks and a fall in bond yields happened in the aftermath. The former was enough to provide stock markets their best January in 30 years (unfortunately, it came on the heels of the worst December for stocks in about 90 years).

We have known for some time that home sales were slowing due to a combination of higher home prices, higher mortgage rates and a lack of desirable inventory. As well, we saw measurable declines in home-builder sentiment indexes in November and December as they fell back to earth from lofty levels, but believed that a couple of point rebound in January might have revealed an uptick in sales of new homes.

(Continued on page 4)

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



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Santa Clara County - January 2019												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 1,185,000	\$ 1,413,210	361	487	834	69	99.5%	1.9%	-1.8%	-19.8%	-16.2%	121.8%
Campbell	\$ 1,390,000	\$ 1,580,200	9	7	21	70	100.2%	-9.8%	-3.3%	-10.0%	-30.0%	133.3%
Cupertino	\$ 2,300,000	\$ 2,361,680	13	12	10	23	99.9%	-7.4%	-7.0%	44.4%	-20.0%	-16.7%
Gilroy	\$ 740,000	\$ 806,538	13	40	58	134	101.4%	-7.2%	-7.9%	-65.8%	8.1%	107.1%
Los Altos	\$ 2,900,000	\$ 2,849,290	7	8	16	69	105.1%	-1.7%	-14.0%	0.0%	-52.9%	77.8%
Los Altos Hills	\$ 4,600,000	\$ 4,600,000	2	2	16	240	94.8%	-16.4%	-19.8%	-33.3%	-66.7%	6.7%
Los Gatos	\$ 2,160,000	\$ 2,446,190	13	38	67	155	97.1%	39.4%	46.6%	-40.9%	26.7%	31.4%
Milpitas	\$ 1,100,000	\$ 1,099,260	11	16	29	79	97.4%	0.5%	-6.0%	-15.4%	-23.8%	866.7%
Monte Sereno	\$ -	\$ -	0	1	3	0	0.0%	-11.4%	-11.4%	0.0%	-50.0%	200.0%
Morgan Hill	\$ 1,020,000	\$ 1,130,930	17	27	45	79	97.7%	13.6%	15.2%	-34.6%	-32.5%	50.0%
Mountain View	\$ 2,137,000	\$ 2,125,400	5	6	18	108	101.5%	-11.0%	-14.7%	0.0%	-64.7%	260.0%
Palo Alto	\$ 2,659,000	\$ 2,964,560	16	8	36	68	99.2%	-32.7%	-28.4%	33.3%	-38.5%	227.3%
San Jose	\$ 1,022,500	\$ 1,110,680	216	245	398	55	99.6%	-3.5%	-4.1%	-10.7%	-17.2%	163.6%
Santa Clara	\$ 1,313,250	\$ 1,326,570	22	39	41	56	98.0%	-11.0%	-8.6%	-12.0%	21.9%	192.9%
Saratoga	\$ 2,379,650	\$ 2,598,640	8	12	46	173	100.8%	-11.9%	-5.1%	14.3%	-40.0%	100.0%
Sunnyvale	\$ 1,635,000	\$ 1,617,560	9	26	30	100	99.0%	-18.0%	-15.7%	-71.0%	4.0%	114.3%

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.

Market Statistics

Trends at a Glance

(Single-family Homes)

	Jan 19	Month %	Dec 18	Year %	Jan 18
Median Price:	\$1,185,000	1.9%	\$1,163,000	1.9%	\$1,163,000
Average Price:	\$1,413,210	-1.7%	\$1,437,380	-1.8%	\$1,439,310
Home Sales:	361	-34.1%	548	-19.8%	450
Pending Sales:	487	-7.8%	528	-16.2%	581
Active Listings:	834	22.3%	682	121.8%	376
Sale/List Price Ratio:	99.5%	-0.6%	100.1%	-8.6%	108.8%
Days on Market:	39	16.2%	34	84.5%	21
Days of Inventory:	69	85.6%	37	176.5%	25

(Condominiums)

	Jan 19	Month %	Dec 18	Year %	Jan 18
Median Price:	\$765,000	-3.8%	\$795,250	0.0%	\$765,000
Average Price:	\$807,596	-7.2%	\$870,564	-7.4%	\$872,197
Home Sales:	133	-37.9%	214	-14.2%	155
Pending Sales:	203	-1.5%	206	3.0%	197
Active Listings:	409	38.2%	296	349.5%	91
Sale/List Price Ratio:	99.6%	-0.3%	99.9%	-12.1%	113.3%
Days on Market:	40	20.0%	33	218.6%	12
Days of Inventory:	92	122.3%	41	423.8%	18

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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)

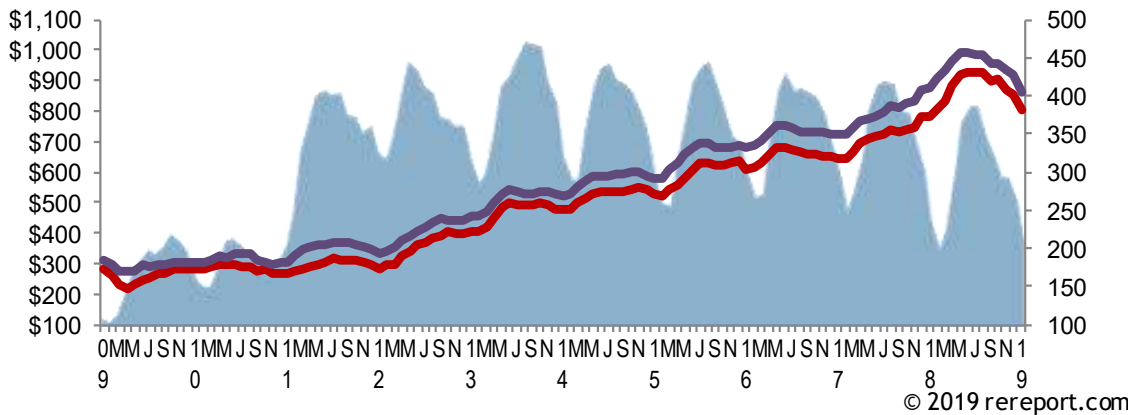


Table Definitions

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

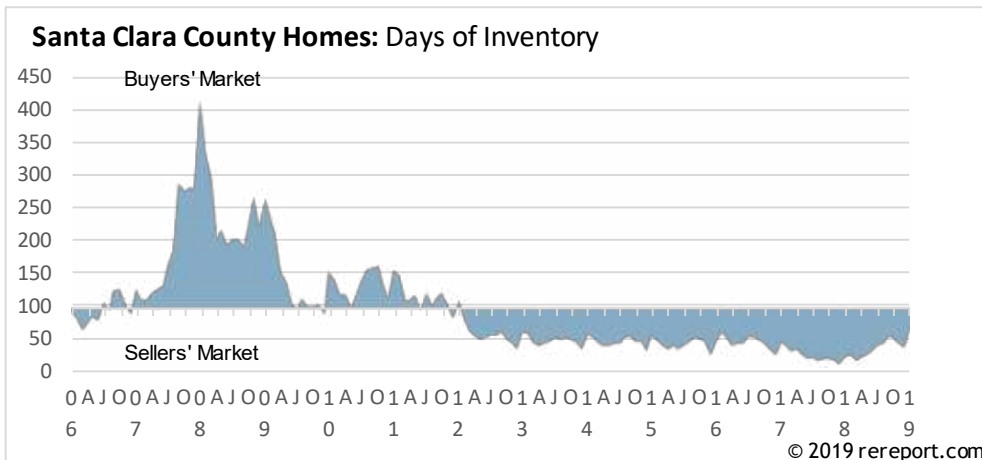
Number of properties actively for sale as of the last day of the month.

Santa Clara County - January 2019

Condominiums								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 765,000	\$ 807,596	133	203	409	92	99.6%	0.0%	-7.4%	-14.2%	3.0%	349.5%
Campbell	\$ 885,000	\$ 838,000	5	5	11	66	98.5%	17.8%	11.6%	150.0%	-16.7%	1000.0%
Cupertino	\$ 1,370,000	\$ 1,370,000	1	4	9	270	98.6%	0.1%	0.1%	-50.0%	-42.9%	80.0%
Gilroy	\$ -	\$ -	0	1	7	0	0.0%	15.9%	15.9%	0.0%	50.0%	133.3%
Los Altos	\$ 1,799,000	\$ 1,681,330	3	1	3	30	105.2%	13.5%	6.1%	200.0%	100.0%	50.0%
Los Gatos	\$ 973,000	\$ 1,061,500	4	3	9	68	97.5%	-27.1%	-14.9%	-20.0%	-62.5%	125.0%
Milpitas	\$ 810,000	\$ 752,099	13	12	36	83	99.9%	2.1%	-5.0%	225.0%	9.1%	3500.0%
Morgan Hill	\$ 652,500	\$ 682,500	4	6	14	105	98.9%	-1.1%	3.5%	-42.9%	-53.8%	366.7%
Mountain View	\$ 900,000	\$ 861,535	11	16	32	87	101.0%	-38.7%	-38.4%	0.0%	6.7%	433.3%
Palo Alto	\$ 1,160,000	\$ 1,163,330	3	1	9	90	97.7%	-18.6%	-18.4%	50.0%	0.0%	125.0%
San Jose	\$ 691,250	\$ 701,958	74	114	213	86	99.0%	-3.3%	-4.5%	-21.3%	8.6%	334.7%
Santa Clara	\$ 794,000	\$ 892,520	10	22	32	96	99.0%	-12.3%	-11.5%	-41.2%	46.7%	357.1%
Saratoga	\$ -	\$ -	0	4	3	0	0.0%	-100.0%	-100.0%	-100.0%	-66.7%	100.0%
Sunnyvale	\$ 1,200,000	\$ 1,243,200	5	14	31	186	106.6%	25.0%	16.6%	-37.5%	-12.5%	416.7%

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(Continued from page 2)

In fact, the delayed November report covering sales of new homes out this week did just that, revealing that a significant rebound in sales took place during November. The report noted that the annualized rate of sale rose by 95,000 to 657,000 units, the best reading since March 2018; Of course, this flare in sales was arguably caused by price cutting by builders to help clear inventory, as the month-to-month change in median sales prices fell by more than 10%. With the boos in sales, inventory levels at the present pace of sale fell back to six months (some 330,000 units, the highest actual-unit figure of the years-long recovery and expansion).

It's unlikely that existing homeowners would (or could) cut prices so aggressively, which in turn would help fuel more sales of existing homes, so potential buyers will have to content themselves with mortgage rates about a half-percentage point below recent peaks to help offset affordability troubles. That said, lower rates may not be sufficient to provide much immediate help, as the National Association of Realtors reports that Pending Home Sales Index declined another 2.2% in December, a twelfth consecutive month that this index has posted year-over-year declines.

For the moment, though, markets think a Fed on hold and not saying where it thinks it is going is a good thing. That said, data will drive interest rates, and after the "dovish" Fed messaging Wednesday saw rates trending lower, solid data countered that on Thursday and Friday, firming them back up again. Overall, the yield on the influential 10-year Treasury ended the week at a lower level than where it began, so we think there's a good chance that the average 30-year FRM reported by Freddie Mac next week will likely shed a few basis points, perhaps even 5 or 6... unless investors change their thinking, of course.

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

SOUTHWEST REGION LEADS IN ANNUAL GAINS ACCORDING TO S&P CORELOGIC CASE-SHILLER INDEX

NEW YORK, JANUARY 29, 2019 – 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 2018 shows that the rate of home price increases across the U.S. has continued to slow. More than 27 years of history for these data series is available, and can be accessed in full by going to: <https://bit.ly/2HY7m6h>

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