Days of, or the number of days it would take to sell the current inventory divided by home sales, jumped thirty-four days to seventy-one days. Since January 2003, San Mateo County has averaged eighty days of inventory.

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

The median sales price for re-sale condos was up 23.3% last month, year-over-year. The average sales price was up 5.2%.

The sales price to list price ratio rose 0.5% of a point to 101.7%.

Condo sales were up 22.9% in January. Inventory continues to expand. It has been higher than the year before six months in a row. In January it was up 138.3% over last year.

As of February 5th, there were 112 condos for sale in San Mateo County. Days of inventory more than doubled to seventy-eight.

It is taking thirty-three days to sell a condo.

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

For a focused review (your city, your neighborhood) of current and historical market trends go to http://avi.rereport.com/market_reports
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/](http://www.freddiemac.com/).

**San Mateo County Homes - Median & Average Prices & Sales**
(3-month moving average—prices in $000’s)

**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).

(Continued on page 4)
### Local Market Trends

#### San Mateo County

<table>
<thead>
<tr>
<th>Condominiums</th>
<th>Prices</th>
<th>% Change from Year Before</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities</td>
<td>Median</td>
<td>Average</td>
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<tr>
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### 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 Ratio**: 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.
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 homebuilder 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.

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 contend 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.

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