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Silicon Valley homes & investments nationwide

**September 2019** *Inside This Issue*

- > LOCAL MARKET TRENDS .....1
- > HOME STATISTICS .....2
- > CONDO STATISTICS .....3
- > HOME SALES & PENDING CHART... 4
- > SV150 INDEX CORNER.....4
- > INVESTORS CORNER .....4

# Santa Clara County Real Estate Trends Report

## Home Prices Continue to Decline

Contrary to what we wrote in March that the plethora of tech IPOs would generate thousands of new millionaires and drive home prices upward, home prices have, instead, declined steadily.

The reason for the decline is the Chinese have abandoned the market. Sales of real estate to Chinese buyers is down 56% year-over-year. See this article in USA Today: <https://tinyurl.com/y5vmrq7f>.

The median sales price for single-family, re-sale homes in August was down for the seventh month in a row and nine of the past ten months, year-over-year. It fell 7.4%. It was also down 7.8% from July.

The average sales price was down for the tenth month a row, year-over-year. It fell 7.5%. It was down 6.7% compared to July.

The sales price to list price ratio dropped to 100.4% from 100.7%.

Home sales fell 4.6% from July, but they were up 13.2%, year-over-year. There were 873 homes sold in Santa Clara County last month. The average since 2000 is 987.

Inventory continues to expand. It has been higher than the year before fifteen months in a row. Last month, it was up 9.4% over last year.

Days of Inventory, or how long it would take to sell all homes listed for sale at the current rate of sales, fell three days to 44 days compared to July. The average since 2003 is 89.

As of September 5th, there were 1,293 homes for sale in Santa Clara County. The average since January 2000 is 2,778.

It is taking thirty-one 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 condos rose 4.7% from July, but, it was down 10.6% from last August.

The average sales price rose 0.2% from July, but was down 10.6% from last August.

The sales price to list price ratio fell from 100.6% to 100.0%.

Condo sales were up 15.1%.

Inventory continues to expand. It has been higher than the year before fifteen months in a row.

As of September 5th, there were 609 condos for sale in Santa Clara County. The average since January 2000 is 757.

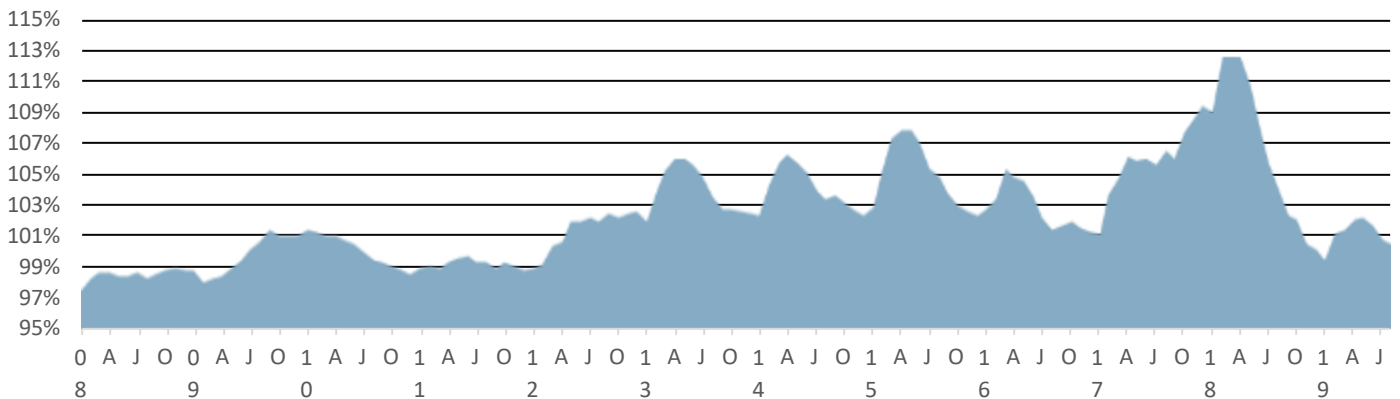
Days of inventory fell to fifty-six.

It took an average of thirty-two days to sell a condo last month.

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



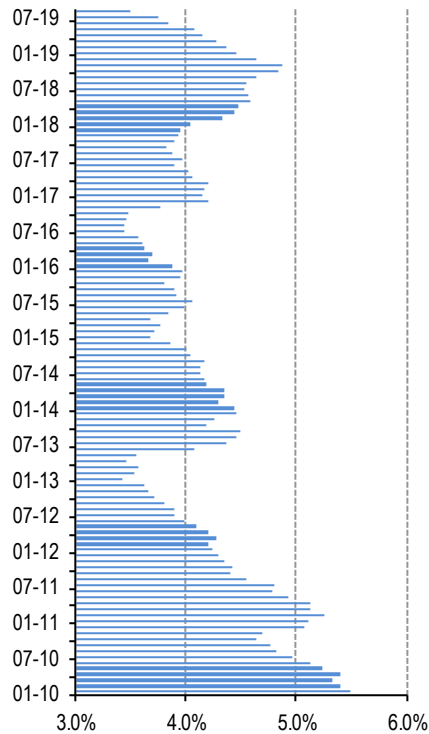
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30-Year Fixed Mortgage Rates



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

Comparative Calm To Close Summer

Aug. 30, 2019 -- By any reckoning, it was a turbulent summer for financial markets, with records highs for major stock indexes followed by massive selloffs, a Federal Reserve completing a pirouette on policy by cutting interest rates and ending its portfolio runoff early and interest rates plummeting around the world, sometimes to new record low yields in deeply negative territory. The intensification of the trade impasse and corresponding tit-for-tat tariff impositions has roiled economies across the globe, slowing growth and raising the prospects of multi-economy recessions. As a result of all this (and more) mortgage rates certainly are closing the summer at about a half-percentage point below where they began the period, and are much, much closer to historic lows than not.

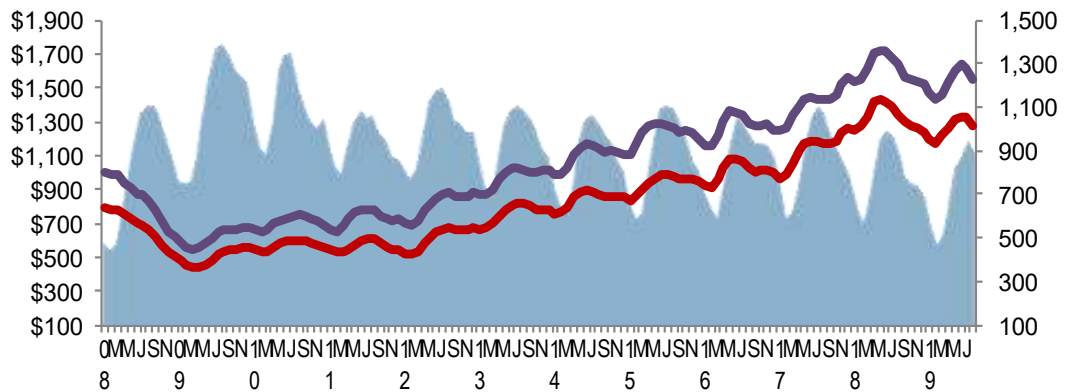
But to what effect? Certainly, a spate of elevated refinancing activity has broken out for much of the period, but the pool of potential refinances is limited compared to those in periods such as 2012 or 2016, where years of high interest rates followed by record lows and unprecedented refinancing programs (HARP, etc) made virtually all homeowners eligible (2012) or 2016, when a fresh round of

low rates appeared after years of property price and job market improvement saw a rush of missed-the-boat homeowners those getting out of HAMP modifications surge into the market.

In different times, we would be in the midst of a cash-out refinancing boom, but still stiff underwriting requirements (LTVs generally not greater than 85% at most) and unfavorable tax treatment of home equity debt (no longer deductible) have certainly trimmed enthusiasm for this particular avenue, although it remains viable for some. That leaves largely good old rate-and-term refinances to pick up the baton; however, home sales have been mostly moderate over the last few years (probably totaling perhaps 17 million or so all told), and mortgage rates were only meaningfully above today's levels (i.e. a half-point or more higher) for only about two-thirds of period since those 2016 lows, so the potential pool of homeowners who might refinance is not all that large. Recent estimates from Black Knight put that pool at potential-ly 9.7 million borrowers, but not all will have the moti-

(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 - August 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	\$ 1,190,000	\$ 1,454,670	873	868	1,293	44	100.4%	-7.4%	-7.5%	13.2%	14.2%	9.4%	
Campbell	\$ 1,380,000	\$ 1,502,670	29	17	45	47	99.3%	-1.4%	6.0%	38.1%	-10.5%	73.1%	
Cupertino	\$ 2,240,000	\$ 2,316,470	16	14	25	47	103.4%	12.0%	5.9%	-5.9%	7.7%	-10.7%	
Gilroy	\$ 805,000	\$ 862,785	51	76	89	52	99.5%	1.7%	-1.9%	6.3%	68.9%	14.1%	
Los Altos	\$ 3,268,400	\$ 3,482,990	24	29	32	40	97.8%	-9.7%	-19.6%	60.0%	141.7%	60.0%	
Los Altos Hills	\$ 3,675,000	\$ 3,675,000	2	7	22	330	98.2%	-12.2%	-15.9%	-71.4%	40.0%	29.4%	
Los Gatos	\$ 1,852,500	\$ 2,071,420	28	37	107	115	98.5%	-0.9%	-0.8%	-9.7%	-17.8%	0.9%	
Milpitas	\$ 1,100,000	\$ 1,129,350	34	16	34	30	102.1%	4.8%	-1.7%	17.2%	-27.3%	-17.1%	
Monte Sereno	\$ 3,000,000	\$ 2,673,000	5	5	12	72	98.6%	21.6%	-9.2%	-16.7%	0.0%	200.0%	
Morgan Hill	\$ 1,032,770	\$ 1,115,480	47	47	82	52	98.7%	-2.1%	-2.5%	14.6%	11.9%	30.2%	
Mountain View	\$ 2,013,000	\$ 2,075,870	27	22	22	24	100.1%	-7.0%	-12.9%	50.0%	120.0%	29.4%	
Palo Alto	\$ 3,000,000	\$ 3,366,960	23	27	58	76	106.2%	-8.5%	-10.4%	-11.5%	80.0%	81.3%	
San Jose	\$ 1,050,000	\$ 1,156,610	459	444	588	38	100.5%	-10.3%	-5.1%	13.9%	2.3%	-2.8%	
Santa Clara	\$ 1,300,000	\$ 1,369,680	43	53	50	35	100.8%	-12.2%	-6.3%	0.0%	89.3%	25.0%	
Saratoga	\$ 2,658,000	\$ 2,811,700	27	28	53	59	99.2%	-5.7%	-9.0%	22.7%	12.0%	-7.0%	
Sunnyvale	\$ 1,800,000	\$ 1,756,360	43	34	42	29	101.7%	-2.4%	-5.8%	-2.3%	-15.0%	-12.5%	

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)

	Aug 19	Month %	Jul 19	Year %	Aug 18
Median Price:	\$1,190,000	-7.8%	\$1,290,000	-7.4%	\$1,285,000
Average Price:	\$1,454,670	-6.7%	\$1,559,910	-7.5%	\$1,571,800
Home Sales:	873	-4.6%	915	13.2%	771
Pending Sales:	868	-4.4%	908	14.2%	760
Active Listings:	1,293	-9.5%	1,428	9.4%	1,182
Sale/List Price Ratio:	100.4%	-0.3%	100.7%	-3.5%	104.0%
Days on Market:	31	17.4%	27	47.1%	21
Days of Inventory:	44	-5.1%	47	-3.4%	46

(Condominiums)

	Aug 19	Month %	Jul 19	Year %	Aug 18
Median Price:	\$838,575	4.7%	\$800,777	-10.6%	\$937,500
Average Price:	\$882,252	0.2%	\$880,389	-10.6%	\$986,502
Home Sales:	327	1.9%	321	15.1%	284
Pending Sales:	357	2.0%	350	7.9%	331
Active Listings:	609	-3.8%	633	45.3%	419
Sale/List Price Ratio:	100.0%	-0.6%	100.6%	-5.7%	106.0%
Days on Market:	32	21.2%	27	81.8%	18
Days of Inventory:	56	-5.6%	59	26.2%	44

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 to schedule a complimentary and confidential meeting.

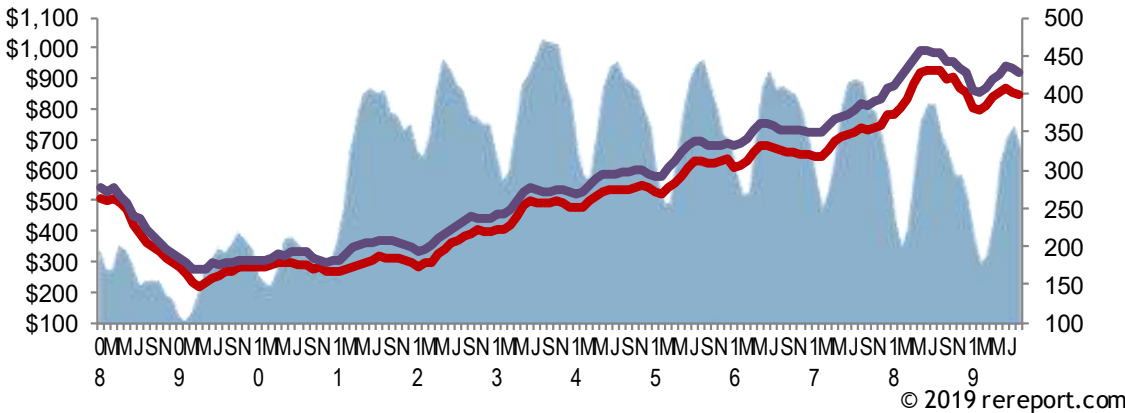
If your property is listed with a real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. We are happy to work with them and cooperate fully.

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.

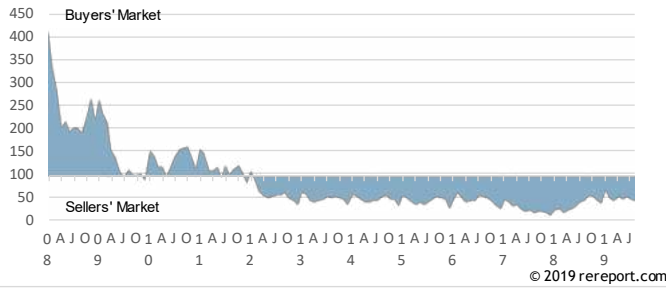
### Santa Clara County - August 2019

Condominiums								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	\$ 838,575	\$ 882,252	327	357	609	56	100.0%	-10.6%	-10.6%	15.1%	7.9%	45.3%
Campbell	\$ 930,000	\$ 878,885	13	12	24	55	99.2%	9.8%	-10.3%	-36.4%	9.1%	400.0%
Cupertino	\$ 1,427,500	\$ 1,396,670	6	11	13	65	103.9%	-6.3%	-3.3%	-50.0%	-63.6%	350.0%
Gilroy	\$ 532,495	\$ 532,495	2	5	7	105	100.5%	15.9%	1.9%	25.0%	133.3%	100.0%
Los Altos	\$ 1,776,000	\$ 1,776,000	2	2	7	105	98.5%	-27.4%	21.5%	300.0%	100.0%	-66.7%
Los Gatos	\$ 1,225,000	\$ 1,164,500	5	8	16	96	99.4%	19.6%	12.4%	-22.2%	0.0%	16.7%
Milpitas	\$ 890,000	\$ 849,007	25	20	43	52	98.9%	-22.3%	-13.3%	28.6%	-34.5%	291.7%
Morgan Hill	\$ 765,000	\$ 716,498	9	16	23	77	98.5%	-13.5%	11.7%	-25.0%	9.1%	500.0%
Mountain View	\$ 1,250,000	\$ 1,242,440	29	31	23	24	101.8%	-6.4%	-6.6%	-48.3%	88.0%	154.5%
Palo Alto	\$ 1,567,000	\$ 1,540,670	6	4	8	40	101.9%	-43.9%	-0.7%	-50.0%	40.0%	250.0%
San Jose	\$ 725,000	\$ 740,498	179	195	358	60	99.6%	1.1%	-8.7%	-12.6%	-7.0%	327.0%
Santa Clara	\$ 955,000	\$ 969,500	22	26	45	61	100.0%	3.1%	-3.7%	-34.6%	33.3%	344.4%
Saratoga	\$ 1,460,000	\$ 1,430,000	3	3	7	70	98.6%	-100.0%	8.5%	50.0%	0.0%	100.0%
Sunnyvale	\$ 1,066,440	\$ 1,043,650	26	23	32	37	101.1%	-5.5%	-17.5%	-11.1%	14.8%	211.1%

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

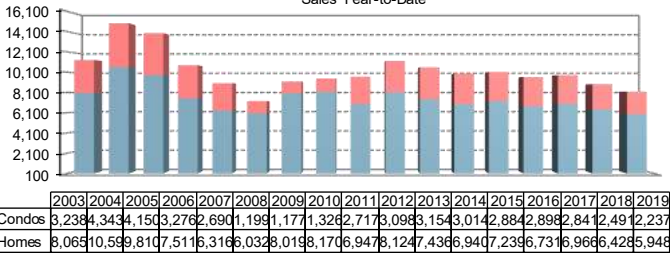
For more information go to <http://urban.realtor/home-buyers-seminar/>

**Santa Clara County Homes: Days of Inventory**



**Santa Clara County**

Sales Year-to-Date



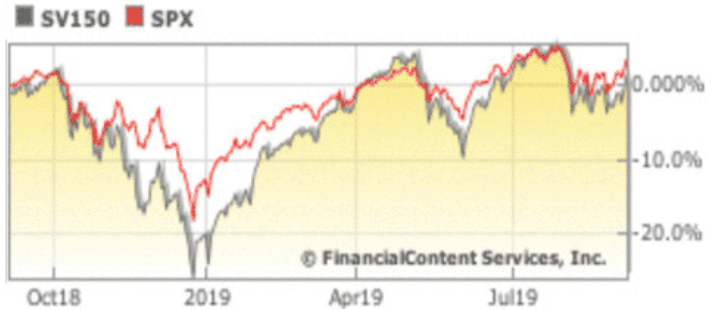
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vation, strength of credit, cash on hand or other necessities to jump back into the market... and for those without cash, a "no-cost" refinance will likely leave them with a rate little better than they have now.

Either here or somewhere else, low mortgage rates come from economic malaise, and headlines of impending doom and gloom can bring a psychological cost, too, one that could hinder the benefits of them. The Fed cutting interest rates can also send such a signal, as it shows that the central bank is increasingly worried about the outlook. In turn, consumers may start to anticipate a worsening economic climate and begin to become more cautious about spending, including on things like houses, which would further trim overall economic growth.

Underlying interest rates that influence mortgages ended the week at about their midpoint for the last five days, and provided that there is no outsized reaction to the economic fallout from the new tariffs come Tuesday morning (and absent any new inflammatory messages from either the U.S. or China) we may just see mortgage rates hold steady next week.

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](http://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

### PHOENIX REPLACES LAS VEGAS AS TOP CITY IN ANNUAL GAINS ACCORDING TO S&P CORE-LOGIC CASE-SHILLER INDEX

**NEW YORK, AUGUST 27, 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 June 2019 shows that the rate of home price increases across the U.S. continues to slow. More than 27 years of history for these data series is available, and can be accessed in full by going to [Clicking here](#)

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