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Silicon Valley homes & investments nationwide

April 2020 *Inside This Issue*

Santa Clara County Real Estate Trends Report

Home Sales Fall in March

Sales of single-family, re-sale homes fell in March compared to last year. I think we all expected this amidst the Covid-19 pandemic. Home sales were down 16.7%. There were 612 homes sold in Santa Clara County last month. The average since 2000 is 987.

The sales price to list price ratio jumped to 105.5% from 104.4%. That's the highest it has been since July 2018.

Inventory of single-family, re-sale homes was down 41.8% compared to last year. That is the seventh month in a row inventory has been lower than the year before. As of April 5th, there were 669 homes for sale in Santa Clara County. The average since January 2000 is 2,703.

The median sales price for single-family, re-sale homes in March was up 8.1% compared to last year. The average sales price was up 9.6% year-over-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 33 days compared to February. The average since 2003 is 89.

It took only twenty days to sell a home last month. That is the time from when a home is listed for sale to when it goes into contract.

The median sales price for condos was down 6.4% from last March. The average sales price fell 3.6% year-over-year.

Condo sales were up 6.7% year-over-year. There were 288 condos sold in February.

The sales price to list price ratio rose to 102.6% from 101.7%.

Condo inventory dropped 49.5% from last March.

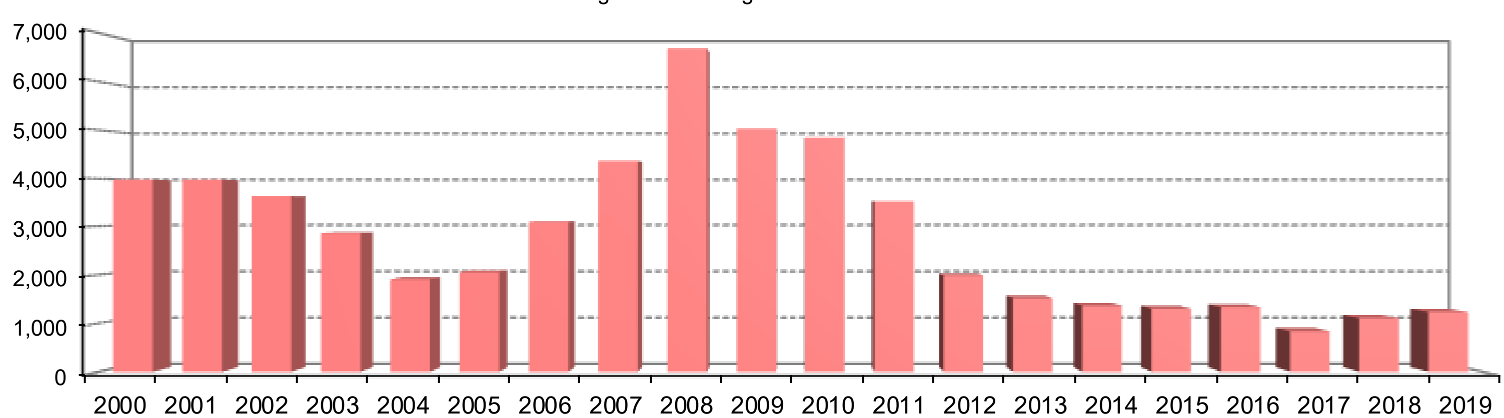
As of April 5th, there were 277 condos for sale in Santa Clara County. The average since January 2000 is 757.

Days of inventory rose to twenty-nine from twenty-five.

It took an average of twenty days to sell a condo last month.

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

Santa Clara County
Average Active Listings SFR YTD



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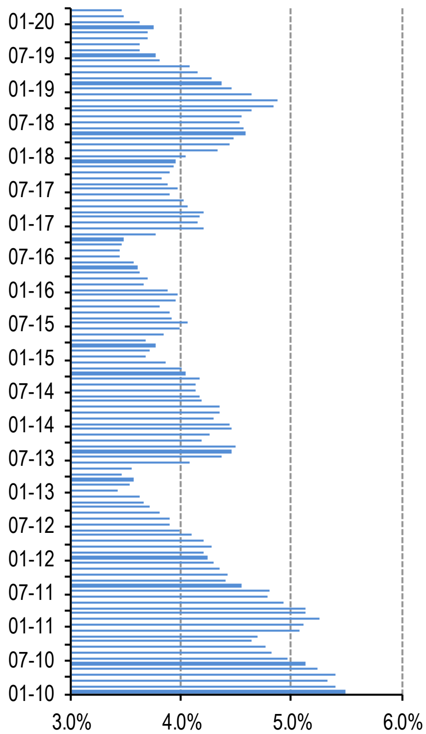
30-Year Fixed Mortgage Rates



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

Hard Economic Realities

Mar. 27, 2020 -- The first signs of the effects of the shutdown of broad regions and wide swaths of the economy showed this week, even as the Federal Reserve and federal government moved to improve the functioning of financial markets and try to ameliorate the damage of a hard stop for most economic activity.

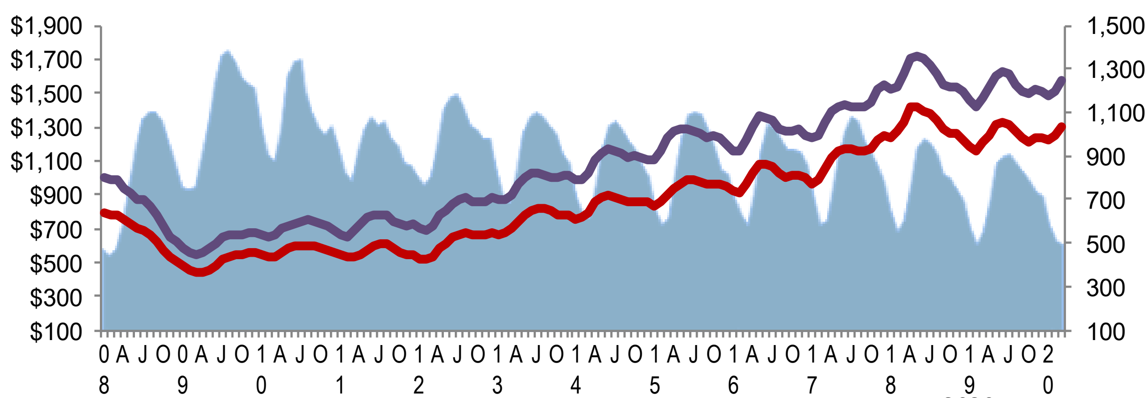
Last week, the Federal Reserve announced a restart of QE programs to buy up Treasuries and MBS -- $500 billion and $200 billion, respectively. After the Fed ran through much of that cash in just the fire few days of the program, markets began to seize up again as investors continued a mad dash to sell holdings and rush to cash. Likely fearing another terrible opening for the financial markets on Monday morning, the Fed announced it would have no limits on how many Treasuries or MBS it would purchase, saying "The Federal Reserve will continue to purchase Treasury securities and agency mortgage-backed securities in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions."

This reassured investors that there would be a purchaser in the markets for these instruments regardless of price or yield, and did finally seem to have the desired effect. Interest rates began to settle; the yield on the 10-year Treasury was as high as 1.26% last Thursday, but closed on Friday at about 0.68%. Stock markets rallied starting Tuesday as the shape of the $2 trillion stimulus bill began to show, but faded on Friday. The selloff did show that markets were functioning more normally -- stocks selling off led to bond buys, driving yields down. In recent weeks, both stocks and bonds were being liquidated, so stock prices were falling and bond yields were rising.

Suffice it to say that the Fed actions are a virtual firehose of liquidity aimed at as many facets of the financial markets as the Fed can reach. It seems very likely that if stress shows someplace else, the Fed will look to quickly address it. One such place might be seen in our own backyard, so to speak, for while government-engineered or -backed mortgage markets remain functional, private mortgage markets for non-QM loans remain largely closed and jumbo mortgages somewhat more difficult to come by.

(Continued on page 4)

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



Santa Clara County - March 2020												
Single-Family Homes								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	$ 1,400,000	$ 1,680,940	612	729	669	33	105.5%	8.1%	9.6%	-17.6%	-4.3%	-41.8%
Campbell	$ 1,495,000	$ 1,507,350	21	19	17	24	105.1%	-0.7%	-9.5%	-22.2%	26.7%	-10.5%
Cupertino	$ 2,550,000	$ 2,357,480	13	22	12	28	106.3%	20.6%	6.9%	-7.1%	-4.3%	-62.5%
Gilroy	$ 822,500	$ 858,193	34	45	67	59	98.2%	-1.1%	-1.1%	3.0%	-16.7%	19.6%
Los Altos	$ 3,210,000	$ 3,560,340	18	23	23	38	103.7%	-9.6%	3.9%	12.5%	35.3%	-45.2%
Los Altos Hills	$ 5,560,000	$ 6,103,570	7	9	17	73	95.6%	39.6%	53.2%	600.0%	200.0%	-22.7%
Los Gatos	$ 1,884,000	$ 2,355,190	36	34	78	65	101.4%	-11.5%	4.0%	5.9%	-27.7%	11.4%
Milpitas	$ 1,285,000	$ 1,416,100	18	20	15	25	103.6%	23.6%	27.7%	-33.3%	17.6%	-53.1%
Monte Sereno	$ 2,200,000	$ 2,200,000	1	4	8	240	104.8%	-31.7%	-31.7%	0.0%	0.0%	-38.5%
Morgan Hill	$ 1,124,000	$ 1,114,800	32	40	59	55	101.2%	15.8%	1.8%	-5.9%	-18.4%	-7.8%
Mountain View	$ 2,155,000	$ 2,223,250	20	12	18	27	108.1%	-15.7%	-11.3%	66.7%	-33.3%	-37.9%
Palo Alto	$ 3,100,000	$ 3,140,680	19	23	40	63	105.9%	9.5%	2.2%	-34.5%	4.5%	-16.7%
San Jose	$ 1,277,500	$ 1,364,520	300	360	245	25	105.8%	13.6%	11.2%	-18.9%	-19.6%	-45.1%
Santa Clara	$ 1,485,000	$ 1,486,690	47	51	21	13	111.9%	8.4%	5.5%	-6.0%	30.8%	-58.0%
Saratoga	$ 2,597,500	$ 2,657,900	10	20	37	111	105.5%	-9.7%	-9.0%	-37.5%	-16.7%	-42.2%
Sunnyvale	$ 1,965,000	$ 1,950,010	40	39	24	18	110.4%	9.9%	7.2%	8.1%	-27.8%	-41.5%

Market Statistics

Trends at a Glance

(Single-family Homes)	Mar 20	Month %	Feb 20	Year %	Mar 19
Median Price:	$1,400,000	5.3%	$1,330,000	8.1%	$1,295,100
Average Price:	$1,680,940	6.7%	$1,575,680	9.6%	$1,533,710
Home Sales:	612	30.5%	469	-17.6%	743
Pending Sales:	729	-2.9%	751	-4.3%	762
Active Listings:	669	10.2%	607	-41.8%	1,150
Sale/List Price Ratio:	105.5%	1.1%	104.4%	4.2%	101.3%
Days on Market	20	-19.2%	25	-26.0%	27
Days of Inventory:	33	-9.5%	36	-29.4%	46
(Condominiums)	Mar 20	Month %	Feb 20	Year %	Mar 19
Median Price:	$789,000	0.2%	$787,500	-6.4%	$843,000
Average Price:	$862,865	-0.7%	$868,898	-3.6%	$895,281
Home Sales:	288	12.5%	256	6.7%	270
Pending Sales:	298	-19.9%	372	-10.2%	332
Active Listings:	277	18.9%	233	-49.5%	548
Sale/List Price Ratio:	102.6%	0.8%	101.7%	1.9%	100.7%
Days on Market	20	-35.5%	31	-30.8%	29
Days of Inventory:	29	13.2%	25	-52.6%	61

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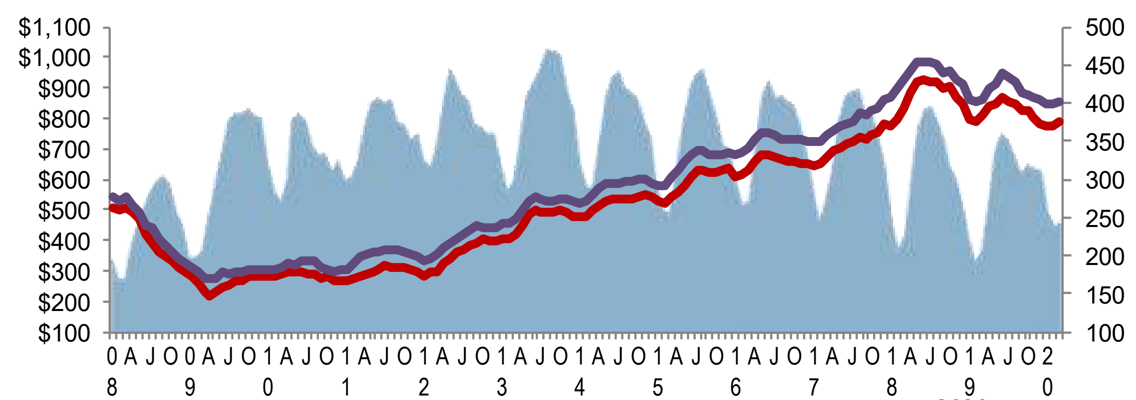
Based on information from MLS Listings. Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

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 - March 2020												
Condominiums								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	$ 789,000	$ 862,865	288	298	277	29	102.6%	-6.4%	-3.6%	6.7%	-10.2%	-49.5%
Campbell	$ 921,800	$ 891,081	13	11	6	14	102.1%	9.8%	6.5%	-36.4%	9.1%	400.0%
Cupertino	$ 1,165,000	$ 1,219,000	5	7	6	36	105.9%	-6.3%	4.2%	-50.0%	-63.6%	350.0%
Gilroy	$ 499,000	$ 499,000	1	4	3	90	95.0%	15.9%	4.2%	25.0%	133.3%	100.0%
Los Altos	$ 1,517,500	$ 1,517,500	2	2	4	60	99.8%	-27.4%	24.0%	300.0%	100.0%	-66.7%
Los Gatos	$ 1,425,000	$ 1,398,290	7	4	11	47	104.0%	19.6%	29.8%	-22.2%	0.0%	16.7%
Milpitas	$ 818,261	$ 839,284	15	25	14	28	102.2%	-22.3%	-0.4%	28.6%	-34.5%	291.7%
Morgan Hill	$ 735,000	$ 700,337	10	29	15	45	99.8%	-13.5%	-8.6%	-25.0%	9.1%	500.0%
Mountain View	$ 1,012,500	$ 1,107,790	14	14	25	54	104.1%	-6.4%	-7.1%	-48.3%	88.0%	154.5%
Palo Alto	$ 1,240,000	$ 1,449,290	7	9	14	60	102.2%	-43.9%	2.7%	-50.0%	40.0%	250.0%
San Jose	$ 700,000	$ 728,509	167	157	131	24	102.4%	-10.0%	-8.3%	14.4%	-15.6%	-51.3%
Santa Clara	$ 950,000	$ 1,033,720	23	18	27	35	103.1%	3.1%	6.0%	-34.6%	33.3%	344.4%
Saratoga	$ 1,610,000	$ 1,366,670	3	4	5	50	105.0%	-100.0%	0.5%	50.0%	0.0%	100.0%
Sunnyvale	$ 1,140,000	$ 1,109,780	20	14	16	24	103.2%	-5.5%	-3.9%	-11.1%	14.8%	211.1%

Table Definitions

Median Price
The price at which 50% of prices were higher and 50% were lower.

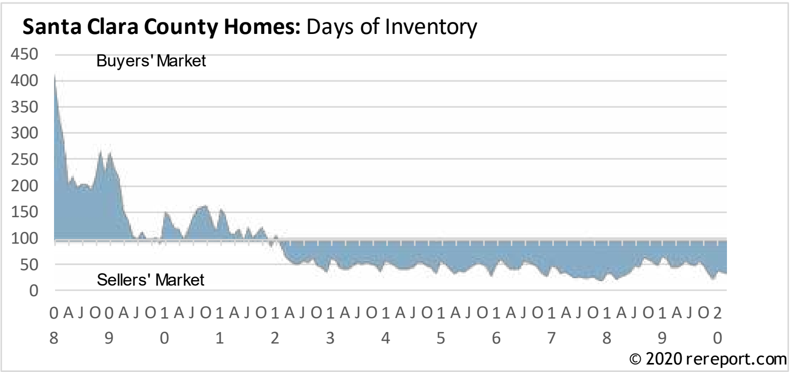
Average Price
Add all prices and divide by the number of sales.

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



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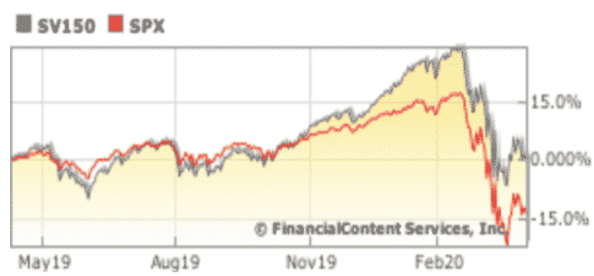
In recent weeks, investors have shunned risk, and there certainly can be plenty of risk in making money available to mortgage lenders who are making loans without government backing to borrowers. As such, funding for these kinds of loans has dried up; at the same time, there are few investors at the moment who might be interested in buying up any loans or MBS comprised of non-guaranteed mortgages. Jumbo markets are still supported in both direct and indirect ways; Fannie and Freddie will buy loans with amounts of up to $765,600 in "high-cost" areas, and depository institutions are almost always interested in making high-dollar loans to customers with the best possible credentials, if probably less so at the moment.

It is good that the Fed has pledged unlimited amounts of MBS purchases, because selling them to investors might prove difficult for a while. Risks of investing in mortgages are on the rise, not only from consumers losing their incomes due to shutdowns creating payment risk but also from various government forbearance programs that may allow mortgage holders to skip making payments for up to a full year. Couple this with the surge in prepayment risk from able homeowners refinancing (something that will likely cool due to job loss in the near term, but may re-fire as mortgage rates will probably test "all-time" lows again in the coming weeks or months), and keeping in mind that new MBS will likely be issued at or near record low yields, it's not hard to see why investors might not want them... and why the Fed may need to buy up a huge number of them.

Of course, risks in mortgages are likely to persist long after the coronavirus pandemic has been quelled as the effects of the government mandated recession. This will probably result in at least some future need for measures beyond temporary forbearance for some borrowers, and while it's too soon to tell, we may again be looking at the need for loan modifications for some borrowers at some point.

Sales of new homes were still solid in February, running at a 765,000 annual clip, down a little from an upwardly-revised 800K figure for January. There were 5 months of available supply of new homes at the February sales pace, with 319,000 actual units built and ready to be sold. That was the lowest figure since August 2018, and suggested that we would see a faster pace of building heading into the spring. Again, this is no longer likely.

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

S&P CORELOGIC CASE-SHILLER INDEX SHOWS CONTINUED GROWTH IN ANNUAL HOME PRICE GAINS TO START 2020

NEW YORK, March 31, 2020 – 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 January 2020 show that home prices continue to increase at a modest rate across the U.S. More than 27 years of history are available for these data series, and can be accessed in full by going to