Home Sales Continue to Surge

Sales of single-family, re-sale homes jumped 36.1% year-over-year. Home sales were up 10.1% compared to September. There were 1,051 homes sold in Santa Clara County last month. Last October there were 772 homes sold. The average since 2000 is 987.

The median sales price for single-family, re-sale homes set a new record high last month. It rose 18.1% compared to last year. That’s the twelfth month in a row the median sales price has been higher than the year before.

The average sales price was up 11.5% year-over-year. Higher priced homes are selling at a faster rate than lower priced homes.

The sales price to list price ratio went from 102.7% to 103.3%.

Pending sales were up 52.9% year-over-year.

Year-to-date, home sales are down 5.2%.

Inventory of single-family, re-sale homes was down 30% compared to last year. That is the fourteenth month in a row inventory has been lower than the year before. As of November 5th, there were 894 homes for sale in Santa Clara County. The average since January 2000 is 2,703.

Days of Inventory, or how long it would take to sell all homes listed for sale at the current rate of sales, fell one day to 26 days compared to September. 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 up 3.3% from last October. The average sales price gained 3.5% year-over-year.

Condo sales were up 12.3% year-over-year. There were 392 condos sold in October. Year-to-date, condo sales are down 7.3%.

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

Santa Clara County
Average Active Listings SFR YTD
A Quieting Roar

October 30, 2020 -- After an unprecedented decline in the second quarter of 2020, the economy rebounded in record fashion in the third quarter. You would expect to see these kinds of swings when you move from a nearly completely shut period to one that is nearly completely open, but even with a quarter where GDP growth was nearly double the previous record gain, the reality is that the economy has only recovered about two-thirds of the growth it lost in the short, severe coronavirus pandemic recession.

That roaring rebound of activity was measured in a quarter that closed a month ago already, and while there still seems at least some forward momentum still evident, the strong blast of growth of that period is quieting. Worse, perhaps, is that the virus is again surging, which may lead to new restrictions on economic activity, as it has overseas.

When the economy began to shut back in March, it tipped into recession, posting an annualized decline in Gross Domestic Product of 4.96% for the first quarter; once nearly fully stopped in the April-June period, the plummet moved to a -31.38% annual rate. A $2 trillion CARES Act spending spree by the federal government, interest rates slashed to zero and strong bond buying by the Fed and a re-opening of the economy on a widening basis over the period sparked a record annualized increase for GDP of 33.08% in the third quarter – nearly double the previous, post-WWII pop of 16.7% in 1950.

The strongest portion of the growth came early in the third quarter, but to us does seem to have settled back starting in August and more so in September. October’s just finishing up, but early signals point to additional moderation in activity, and there’s little reason to expect a continued surge for growth in the fourth quarter, although we will probably still be on the positive side of the ledger when the results are tallied... next year.

Housing has been one of the more roaring components of the unleashed economy. We learned last week that members of the National Association of Home Builders have never been happier or seen better conditions, and this week we learned that sales of new homes remained at a high level, if not quite as hot as they have been. In September, sales
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.

**Market Statistics**

**Trends at a Glance**

*Single-family Homes*

<table>
<thead>
<tr>
<th></th>
<th>Oct 20</th>
<th>Month %</th>
<th>Sep 20</th>
<th>Year %</th>
<th>Oct 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Price</td>
<td>$1,450,000</td>
<td>3.6%</td>
<td>$1,399,000</td>
<td>18.1%</td>
<td>$1,228,000</td>
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<tr>
<td>Average Price</td>
<td>$1,709,830</td>
<td>-1.9%</td>
<td>$1,743,640</td>
<td>11.5%</td>
<td>$1,533,610</td>
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<tr>
<td>Home Sales</td>
<td>1,051</td>
<td>10.1%</td>
<td>955</td>
<td>36.1%</td>
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<tr>
<td>Pending Sales</td>
<td>1,139</td>
<td>-2.5%</td>
<td>1,168</td>
<td>52.9%</td>
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<tr>
<td>Active Listings</td>
<td>894</td>
<td>1.9%</td>
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<td>Sale/List Price Ratio</td>
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<td>102.7%</td>
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<td>Days on Market</td>
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<td>Days of Inventory</td>
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<td>-4.2%</td>
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<td>-48.6%</td>
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</table>

*Condominiums*

<table>
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<th>Year %</th>
<th>Oct 19</th>
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</thead>
<tbody>
<tr>
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<td>Average Price</td>
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<td>Home Sales</td>
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<tr>
<td>Pending Sales</td>
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<tr>
<td>Sale/List Price Ratio</td>
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<td>0.4%</td>
<td>100.5%</td>
<td>0.9%</td>
<td>100.0%</td>
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<td>Days on Market</td>
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<td>-0.1%</td>
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<tr>
<td>Days of Inventory</td>
<td>48</td>
<td>3.7%</td>
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<td>-11.8%</td>
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**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.
of newly-constructed homes eased by 3.5%, slipping back to a 959,000 annual rate of sale, and August sales were trimmed back a bit as well. Regardless, these figures are still among the best seen in about 14 years, so there’s good reason why homebuilders are happy. Even with the slower pace of sales, inventories remain quite lean, with stockpiles of 3.6 months (284,000 units). With optimal inventory closer to six months, this level is certainly low enough to prompt builders to keep busy as we close 2020 and move into next year at a minimum. Also, and unlike spiking prices for existing homes, the median price of a new home sold was 0.5% below August levels, and costs of new homes are only about 3.5% higher this September than they were last year. At $324,000, the gap between the median price of a new and used home is quite narrow at just $12,200 -- about $50 per month at today’s interest rates.

With the delayed-to-summer spring homebuying season likely coming to a close, and normal seasonality starting to creep in, a slowdown in homebuying is likely (if perhaps not as pronounced as would normally be the case). New home sales eased in September; that change is based upon the signing of contracts to buy. In this way, the National Association of Realtors Pending Home Sales Index is similar -- a tally of purchase contracts signed during the month. September’s PHSI declined by 2.2%, a small but meaningful reversal of direction, and one that continues a moderating pattern. On a month-to-month basis, May saw a 44.3% increase over April, June saw a 15.8% increase over May, July added another 5.9% on top of June and August kicked 8.8% above that. Outside of the pandemic hard stop for sales contracts, September’s the first decline since the normal seasonal slide, last seen in the typically soft November-December period last year. No worries, though; even with the September slippage, contracts in play are still about 21% above year-ago levels. Still, things are less hot than they have been.

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 ANNUAL HOME PRICE GAINS INCREASED TO 5.7% IN AUGUST

NEW YORK, OCTOBER 27, 2020 – 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 August 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 click here.

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