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March 2021 *Inside This Issue*

Santa Clara County Real Estate Trends Report

Home Sales Prices Set New Highs in February

The median sales price for single-family, re-sale homes set a new high of $1,485,000 last month. It rose 11.7% compared to last year. That's the sixteenth month in a row the median sales price has been higher than the year before.

The average sales price for single-family, re-sale homes also set a new high last month. It was up 14.8% year-over-year.

The sales price to list price ratio went from 104.4% to 106.5%. Multiple offers are the norm.

Sales of single-family, re-sale homes were up 24.3% year-over-year in February. There were 583 homes sold in Santa Clara County last month. The monthly average since 2000 is 987.

This was the sixth month in a row that home sales were higher than the year before.

Pending sales were up 29.3% year-over-year.

Inventory of single-family, re-sale homes was down 4.1% compared to last year. That is the eighteenth month in a row inventory has been lower than the year before. As of March 5th, there were 582 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, rose two days to 27 days compared to January. The average since 2003 is 89.

It took only twenty-five 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 7.9% from last February. The average sales price gained 7.4% year-over-year.

Condo sales were up 33.6% year-over-year. There were 342 condos sold in February.

The sales price to list price ratio went from 100.6% to 102.4%.

Condo inventory rose 55.4% compared to last February.

As of March 5th, there were 362 condos for sale in Santa Clara County. The average since January 2000 is 757.

Days of inventory fell to twenty-nine from forty-two.

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

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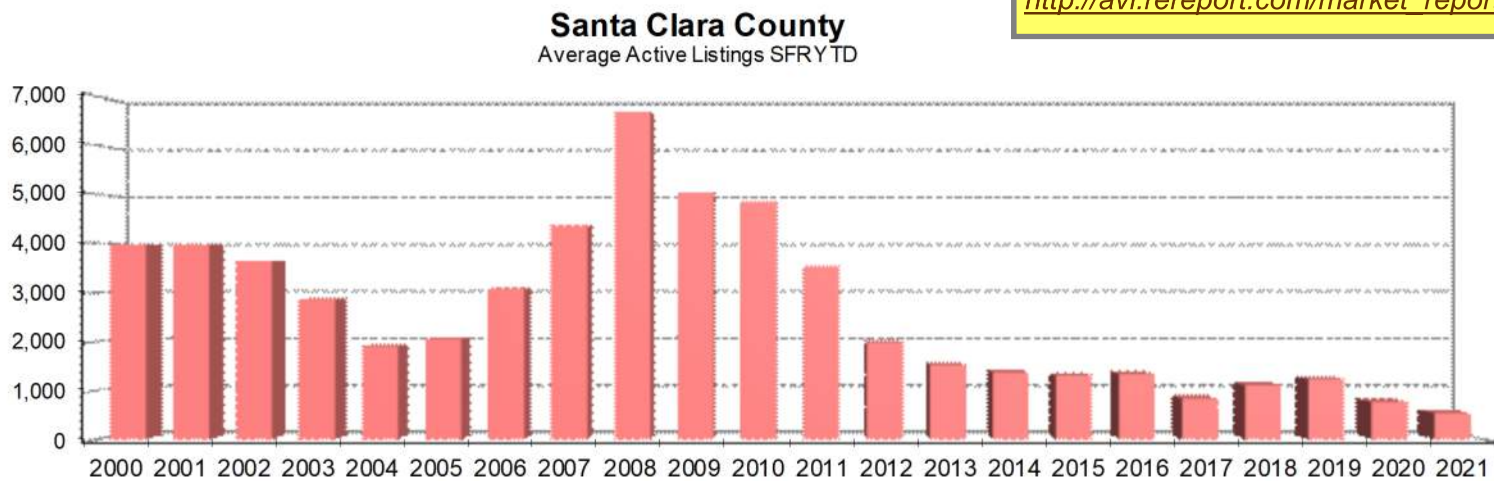

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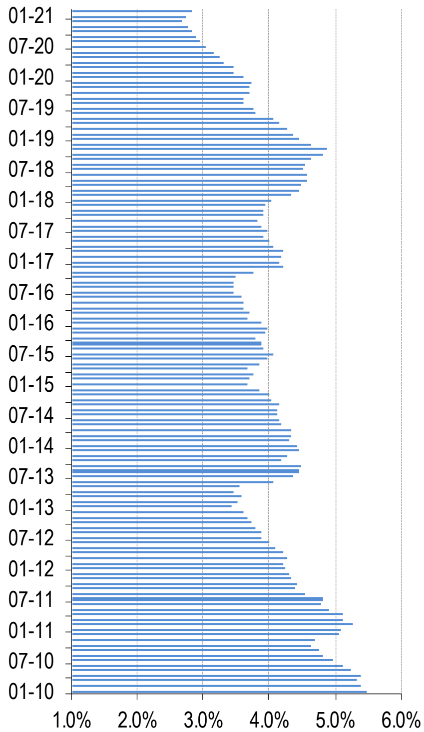
30-Year Fixed Mortgage Rates



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

Market Recalibration

February 26, 2021 -- Bonds continued their weeks-long selloff this week, lifting the yield on the ten-year U.S. Treasury to levels last seen about a year ago, and dragging mortgage rates higher along with them. Based on the Freddie Mac PMMS, mortgage rates only rose about as far as July levels, but Freddie's survey week was closing even as Treasury yields were still rising, so not all of the uptick has been realized just yet.

While the current economic data doesn't seem to support such an upward run, there appears to be a combination of factors at work lifting yields and rates. Most especially, that quickly-falling levels of new COVID-19 infections and increasing levels of vaccination will soon allow a much more complete engagement of economic activity. Although this optimism alone would probably be sufficient to firm rates a bit, the prospects of adding another $1.9 trillion in fiscal fuel to the economic fire as the economy is coming back on line raises investor concerns about the prospects for higher inflation.

With mortgage rates on the uptick, a fair question to ask is whether or not there will be any outsized effect on the housing market. To be sure, an increase in rates is rarely welcomed by potential homebuyers, but even with the rise over the last couple of weeks, rates remain very favorable, just less so. The rise in rates will curtail refinancing, though, as a smaller interest rate gap between an existing loan to a new one can change the refinancing calculation for a homeowner.

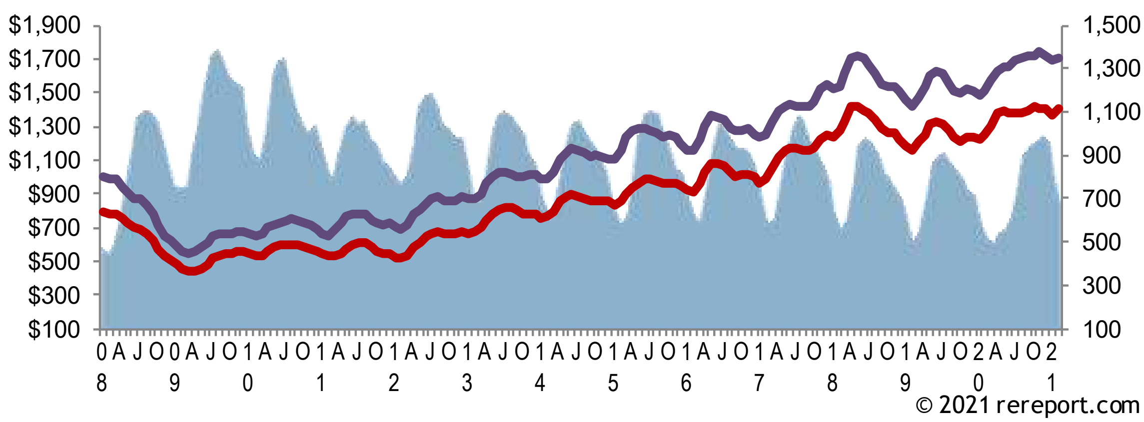
As far as home sales go, well, a little cooling in the pace might actually not be a bad thing, as a slowing in demand would allow inventory levels of existing homes for sale to recover a bit and help to damp surging prices. The National Association of Realtors Pending Home Sales Index was already showing a bit of buyer fatigue in January; the sales indicator based on signed contracts eased by another 2.8% for the month, and has drifted back to a level roughly akin to last July (still about 13% above a year ago January, though). Firmer mortgage rates as February progressed may see the PHSI settle back a little more in February as affordability is impinged a bit, but there have been times when a sudden shift in rates has actually seen folks jump into the market before costs and rates get any higher. We'll know which occurred in a month's time.

Sales of new homes popped 4.3% higher in January, rising to a 923,000 annual rate, and that on the heels of an upward revision to December sales. Since more can be built on demand, sales of new homes don't have the same inventory issues as does the existing home market, but supplies here are tight at four months of supply at the present rate of sale. This is an actual 307,000 built and ready to be sold, the highest level of inventory since last May. Also, and while there are issues with shortages of land and skyrocketing lumber prices, the median price of a new home sold last month was $345,600 – up just 1.7% compared to year-ago prices. Conversely,

(Continued on page 4)

Santa Clara County Homes - Median & Average Prices & Sales

(3-month moving average—prices in $000's)



Santa Clara County - February 2021												
Single-Family Homes								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	$ 1,485,000	$ 1,809,470	583	971	582	27	106.5%	11.7%	14.8%	24.3%	29.3%	-4.1%
Campbell	$ 1,601,000	$ 1,840,840	19	34	20	28	106.0%	-11.1%	-1.7%	111.1%	61.9%	17.6%
Cupertino	$ 2,608,890	$ 2,659,520	19	20	22	31	109.9%	17.6%	13.3%	11.8%	42.9%	15.8%
Gilroy	$ 888,888	$ 1,091,960	39	64	32	22	103.6%	5.2%	27.0%	95.0%	36.2%	-53.6%
Los Altos	$ 4,400,000	$ 4,332,170	9	29	23	69	102.7%	33.3%	16.9%	-40.0%	20.8%	-8.0%
Los Altos Hills	$ 3,650,000	$ 4,088,000	6	7	23	104	96.5%	-22.4%	-19.8%	50.0%	-30.0%	-4.2%
Los Gatos	$ 2,375,000	$ 2,653,690	41	63	48	32	101.2%	21.8%	33.6%	127.8%	46.5%	-28.4%
Milpitas	$ 1,357,500	$ 1,484,080	10	17	7	19	108.6%	5.2%	19.1%	-33.3%	6.3%	-58.8%
Monte Sereno	$ 3,150,000	$ 3,196,670	3	0	7	63	97.3%	72.3%	74.9%	50.0%	200.0%	-36.4%
Morgan Hill	$ 1,335,000	$ 1,309,100	23	53	38	45	105.0%	30.3%	13.2%	-32.4%	35.9%	-26.9%
Mountain View	$ 2,617,500	$ 2,656,530	26	35	21	22	102.2%	28.3%	19.4%	44.4%	66.7%	110.0%
Palo Alto	$ 3,350,000	$ 3,824,530	19	35	42	60	104.1%	0.0%	16.7%	35.7%	52.2%	-4.5%
San Jose	$ 1,285,000	$ 1,361,120	310	479	240	21	107.8%	9.0%	11.8%	21.1%	46.5%	-18.9%
Santa Clara	$ 1,550,000	$ 1,571,660	27	47	25	25	105.9%	8.0%	5.1%	35.0%	11.9%	8.7%
Saratoga	$ 3,427,500	$ 3,626,140	18	33	14	21	106.8%	24.9%	30.4%	12.5%	135.7%	-60.0%
Sunnyvale	$ 1,990,000	$ 1,797,340	20	52	25	34	111.4%	4.7%	-5.4%	53.8%	33.3%	-3.8%

Market Statistics

Trends at a Glance

(Single-family Homes)

	Feb 21	Month %	Jan 21	Year %	Feb 20
Median Price:	$1,485,000	9.2%	$1,360,000	11.7%	$1,330,000
Average Price:	$1,809,470	11.8%	$1,618,190	14.8%	$1,575,680
Home Sales:	583	-1.2%	590	24.3%	469
Pending Sales:	971	31.9%	736	29.3%	751
Active Listings:	582	20.2%	484	-4.1%	607
Sale/List Price Ratio:	106.5%	2.0%	104.4%	2.0%	104.4%
Days on Market	25	6.8%	23	-1.6%	25
Days of Inventory:	27	9.5%	25	-25.6%	36

(Condominiums)

	Feb 21	Month %	Jan 21	Year %	Feb 20
Median Price:	$850,000	2.4%	$830,000	7.9%	$787,500
Average Price:	$932,944	4.5%	$893,072	7.4%	$868,898
Home Sales:	342	29.1%	265	33.6%	256
Pending Sales:	493	17.9%	418	32.5%	372
Active Listings:	362	-2.4%	371	55.4%	233
Sale/List Price Ratio:	102.4%	1.9%	100.6%	0.7%	101.7%
Days on Market	29	-15.0%	34	-8.1%	31
Days of Inventory:	29	-32.0%	42	12.1%	25

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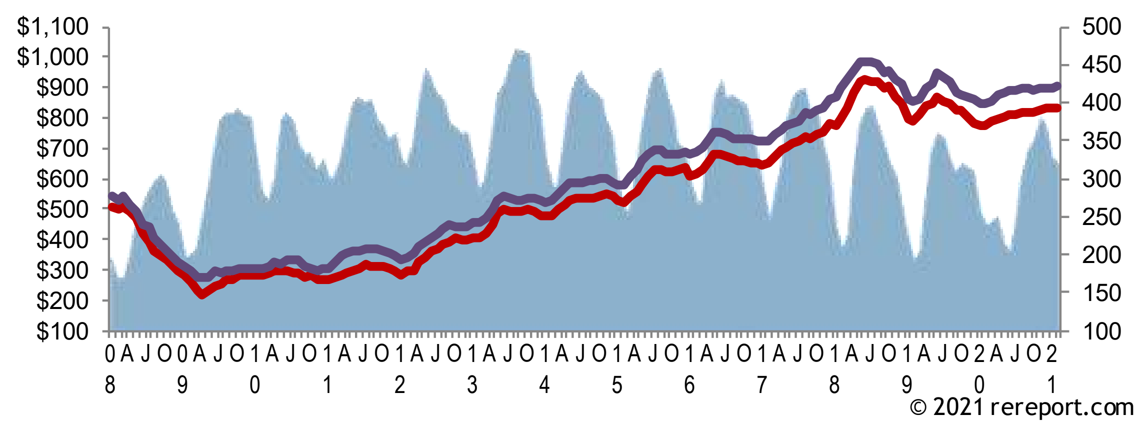
Based on information from MLS Listings. Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

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 - February 2021													
Condominiums								% Change from Year Before					
	Prices							Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	$ 850,000	$ 932,944	342	493	362	29	102.4%	7.9%	7.4%	33.6%	32.5%	55.4%
Campbell	$ 870,000	$ 934,712	15	13	22	40	103.5%	-8.4%	0.3%	15.4%	8.3%	214.3%
Cupertino	$ 1,288,000	$ 1,350,160	11	14	11	27	106.1%	26.9%	20.8%	57.1%	100.0%	120.0%
Gilroy	$ 536,500	$ 536,500	2	5	3	41	100.9%	-8.3%	-8.3%	100.0%	150.0%	-40.0%
Los Altos	$ 1,625,000	$ 1,551,000	5	6	12	65	97.1%	-20.7%	-24.3%	150.0%	500.0%	71.4%
Los Gatos	$ 1,500,000	$ 1,250,000	13	13	10	21	104.3%	10.1%	-3.6%	62.5%	160.0%	66.7%
Milpitas	$ 985,000	$ 973,706	17	21	16	25	105.0%	5.9%	9.9%	0.0%	-30.0%	-20.0%
Morgan Hill	$ 715,000	$ 718,571	7	18	9	35	102.2%	-2.1%	-1.6%	-30.0%	-18.2%	-57.1%
Mountain View	$ 1,238,000	$ 1,215,830	27	37	42	42	102.1%	0.7%	-3.9%	145.5%	94.7%	110.0%
Palo Alto	$ 1,170,000	$ 1,297,860	7	11	14	54	99.2%	-40.9%	-33.4%	133.3%	83.3%	0.0%
San Jose	$ 695,000	$ 733,431	175	258	153	24	102.1%	2.4%	2.8%	24.1%	38.7%	-0.6%
Santa Clara	$ 1,004,000	$ 991,981	26	35	35	36	102.7%	25.5%	8.8%	30.0%	25.0%	400.0%
Saratoga	$ 1,460,000	$ 1,436,670	6	4	4	18	99.1%	62.8%	29.8%	100.0%	0.0%	-33.3%
Sunnyvale	$ 1,325,000	$ 1,253,520	31	57	31	27	103.0%	9.0%	11.2%	19.2%	147.8%	106.7%

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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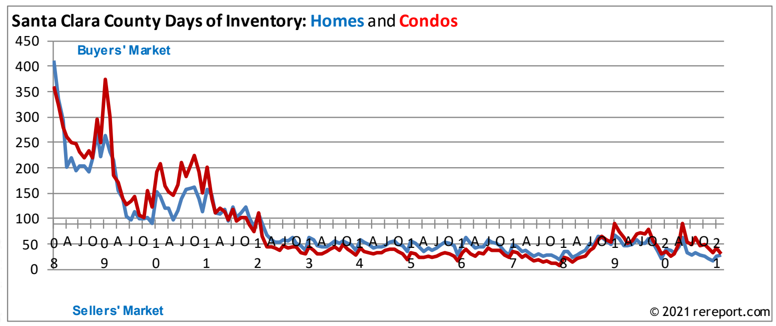
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Series2	340	157	198	224	309	565	509	523	441	446	446	361	345	447	607
Series1	698	447	725	767	675	1,410	1,172	1,073	1,028	1,014	993	978	917	858	1,173



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at $303,900, the median existing homes cost was 14.1% higher than a year ago, and existing home prices are likely still set to accelerate into the spring homebuying season, if perhaps at a lesser pace.

With the rise in mortgage rates over the last couple of weeks (and perhaps a bit more yet to be revealed), applications for mortgage credit have been backsliding. Overall, the Mortgage Bankers Association reported a 11.4% decline in requests for mortgage credit in the week of February 19, with the decline nearly equally balanced between an 11.6% drop in applications for purchase-money mortgage and an 11.3% fall in requests for refinancing funds. To be sure, mortgage apps have been declining of late, with the latest week being a third consecutive fall for both purchases and refinances.

So here we are, in the midst of a financial market recalibration, with investors shifting positions abruptly in the last couple of weeks. This isn't an uncommon occurrence; we had several such episodes in the last year alone, but since those resulted in lower mortgage rates, little concern was expressed. It's worth remembering that the lowest interest rates are usually a product of the worst economic times, and that market-based (if not policy-based) rates have moved from emergency, shelter-in-place levels in response to both real and expected improvements in economic activity, and that is actually a good thing.

Of course, too much of a good thing can also have negative consequences, so we hope that the uptick and readjustment has run its course for now. Although there are some signs that it has, mortgage rates are still likely to kick higher again next week, probably by another 8 basis points or so... but our crystal ball has been undershooting the last couple of rises. Don't panic, though... we'll likely see the highest mortgage rates since... last June.

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 REPORTS 10.4% ANNUAL HOME PRICE GAIN TO END 2020

NEW YORK, FEBRUARY 23, 2021: S&P Dow Jones Indices (S&P DJI) today releases the latest results for the S&P CoreLogic Case-Shiller Indices, the leading measure of U.S. home prices. Data released today for December 2020 show that home prices continue to increase across the U.S. More than 27 years of history are available for the data series, and can be accessed in full by going to **click here**

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