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October 2023 Inside This Issue

Santa Clara County Real Estate Trends Report

Prices Rise, Sales Down

The median sales price for single-family, re-sale homes was up 8.3% compared to last year.

The average sales price for single-family, re-sale homes was up 9% year-over-year.

Sales of single-family, re-sale homes were down for the twenty-first month in a row, year-over-year, in September. Sales fell 44.1%. There were 409 homes sold in Santa Clara County last month. The monthly average since 2000 is 987.

The sales price to list price ratio rose from 105.3% to 106.1%.

Pending sales were down 52.4% year-over-year.

Inventory of single-family, re-sale homes was down for the sixth month in a row. It fell 37.9% compared to last year. As of October 5th, there were 661 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 from 29 days to 47 days. The average since 2003 is 89.

It took nineteen 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 14.1% compared to last September. The average sales price gained 9.8% year-over-year.

Condo sales were down 51.1% year-over-year. There were 158 condos sold in September.

The sales price to list price ratio fell from 103.4% to 103.2%.

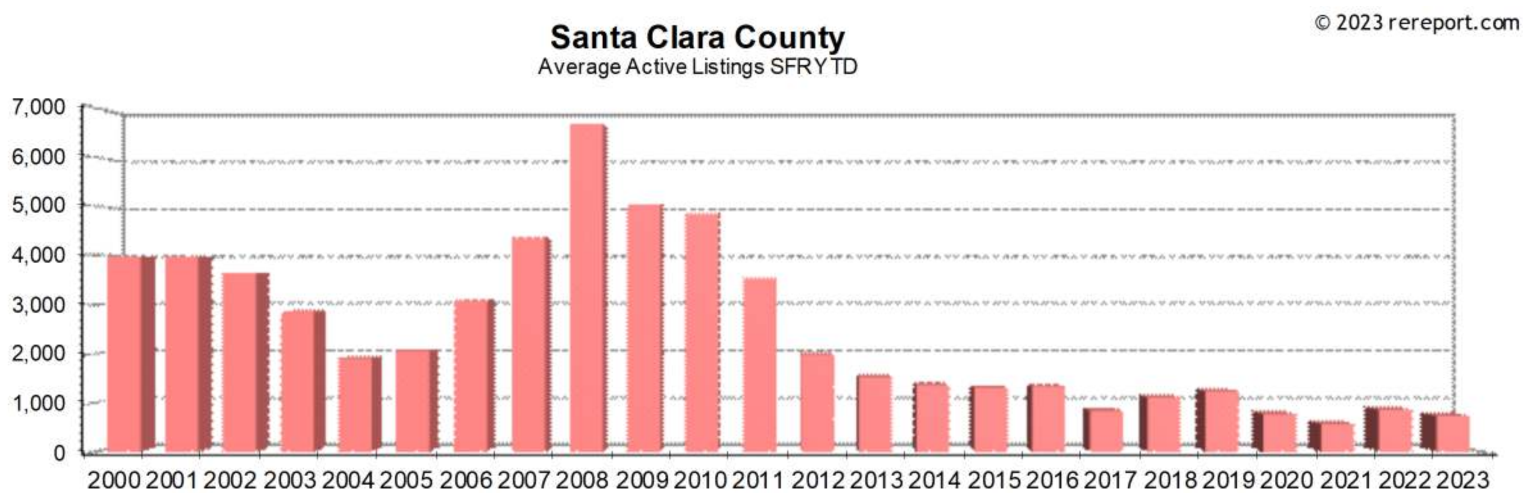
Condo inventory was down 32.9% compared to last September.

As of October 5th, there were 310 condos for sale in Santa Clara County. The average since January 2000 is 757.

Days of inventory rose from twenty-seven to fifty-seven.

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

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



KELLERWILLIAMS.

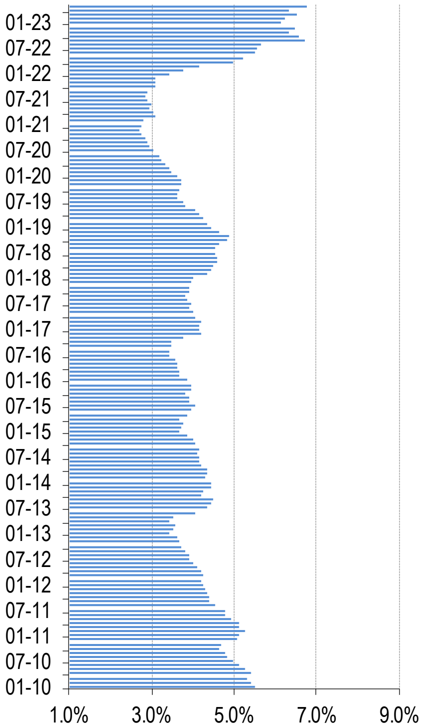
Avi Urban
DRE# 01485729
650. 305. 1111
avi@urban.realtor

Netanel
DRE# 01952410
408. 759. 1347
nati.nutman@gmail.com

Assaf Urban
DRE# 01986662
650. 219. 2117
assaf@urban.realtor

Ella Barak
DRE# 02022437
650. 646. 4784
ella@urban.realtor

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/.

Back to Y2K Again

Sep 29, 2023 -- From time to time, reminiscing about the past can be a nice thing. Revisiting the good old days, remembering how things were. However, there can be times when looking back isn't such a comfort, and with 30-year fixed mortgage rates touching about 23-year highs this week, it's more unpleasant than not.

In such a case, it might be better not to have such a memory at all; in the case of many of today's homebuyers, today's interest rate climate isn't one of deja vu, but rather the first time they are experiencing such a high and sustained period of high mortgage rates. It's reasonable to think that a potential homebuyer is lamenting today's conditions, where high mortgage rates are just a kicker on top of near-record high home prices and very few homes available to buy in the market at any reasonable price.

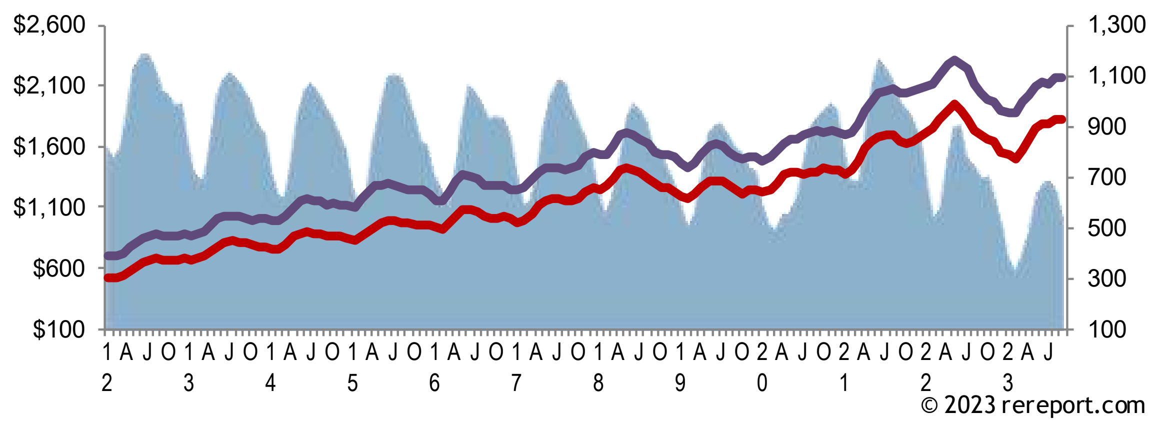
In contrast to today's homebuying audience, potential homebuyers back at the end of Y2K were actually cheered by the then-current level of mortgage rates, as they were actually declining from even loftier levels. While mortgage interest rates now may be similar to then, there are other key differences in the housing market. In another contrast, the median price of existing single-family homes in the fourth quarter of 2000 was just $139,400 per the National Association of Realtors; at least through August of this year, that same median-price figure was $407,100, so the pain of today's higher mortgage rates is a little more acute, even if accounting for increases in incomes over time. As well, potential homebuyers had more homes to choose from -- there was about 3.9 months of supply at the then-present pace of sales back in the end of year 2000, well above today's 3.3 months available.

Looking back, mortgage rates may be the same, but it's to be expected that today's potential homebuyers would be envious of those who had to brook high mortgage rates during the last episode, given the beneficial offsets in home price and supply.

High rates and unfavorable conditions damped sales of existing homes to a very quiet level starting earlier this year, with sales of newly-constructed homes faring better. Supplies of homes to buy are more

(Continued on page 4)

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



Santa Clara County - September 2023												
Single-Family Homes								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	$ 1,835,000	$ 2,170,610	409	551	661	47	106.1%	8.3%	9.0%	-44.1%	-52.4%	-37.9%
Campbell	$ 1,900,000	$ 2,112,080	12	14	26	63	106.5%	10.5%	15.9%	-57.1%	-57.6%	13.0%
Cupertino	$ 3,250,000	$ 3,269,390	18	14	18	29	111.8%	16.6%	13.7%	-5.3%	-61.1%	-40.0%
Gilroy	$ 1,137,500	$ 1,116,770	18	28	42	68	101.8%	2.0%	-12.9%	-52.6%	-44.0%	-43.2%
Los Altos	$ 4,272,000	$ 4,692,870	15	16	14	27	104.3%	3.6%	13.1%	-53.1%	-60.0%	-68.2%
Los Altos Hills	$ 4,690,000	$ 4,896,670	3	4	14	135	102.3%	20.4%	25.8%	50.0%	-60.0%	-26.3%
Los Gatos	$ 2,200,000	$ 2,429,570	21	38	92	127	103.4%	-14.7%	-17.4%	-22.2%	-38.7%	31.4%
Milpitas	$ 1,387,500	$ 1,523,580	12	14	14	34	104.0%	7.5%	4.6%	-33.3%	-39.1%	-46.2%
Monte Sereno	$ 3,375,000	$ 3,375,000	2	2	7	102	96.7%	-7.5%	-12.3%	-60.0%	-71.4%	-12.5%
Morgan Hill	$ 1,410,000	$ 1,708,420	19	33	36	55	100.9%	-9.0%	4.2%	-38.7%	-41.1%	-33.3%
Mountain View	$ 2,510,000	$ 2,745,310	13	13	22	49	112.1%	16.4%	13.7%	-43.5%	-69.0%	-21.4%
Palo Alto	$ 3,165,000	$ 3,261,070	14	24	51	106	104.8%	-2.6%	-8.5%	-57.6%	-62.5%	-34.6%
San Jose	$ 1,590,000	$ 1,787,000	201	274	237	34	106.7%	9.7%	15.1%	-46.7%	-51.5%	-53.7%
Santa Clara	$ 1,790,900	$ 1,786,720	18	28	26	42	109.1%	5.3%	1.1%	-61.7%	-47.2%	-13.3%
Saratoga	$ 4,300,000	$ 4,542,270	11	16	22	58	106.0%	13.8%	14.9%	-35.3%	-56.8%	-21.4%
Sunnyvale	$ 2,497,000	$ 2,398,600	25	26	29	34	106.5%	21.5%	9.3%	-28.6%	-66.2%	-42.0%

Market Statistics

Trends at a Glance (Single-family Homes)	Sep 23	Month %	Aug 23	Year %	Sep 22
Median Price:	$1,835,000	-0.8%	$1,850,000	8.3%	$1,694,000
Average Price:	$2,170,610	-3.1%	$2,239,640	9.0%	$1,991,750
Home Sales:	409	-35.6%	635	-44.1%	732
Pending Sales:	551	5.8%	521	-52.4%	1,157
Active Listings:	661	8.4%	610	-37.9%	1,065
Sale/List Price Ratio:	106.1%	0.7%	105.3%	5.7%	100.4%
Days on Market:	19	7.2%	18	-32.6%	28
Days of Inventory:	47	62.6%	29	11.1%	42
(Condominiums)	Sep 23	Month %	Aug 23	Year %	Sep 22
Median Price:	$1,050,000	10.1%	$953,500	14.1%	$920,000
Average Price:	$1,105,540	7.4%	$1,029,190	9.8%	$1,006,810
Home Sales:	158	-46.3%	294	-51.1%	323
Pending Sales:	221	12.2%	197	-39.1%	363
Active Listings:	310	19.2%	260	-32.9%	462
Sale/List Price Ratio:	103.2%	-0.2%	103.4%	3.2%	100.0%
Days on Market:	18	-7.4%	19	-36.3%	28
Days of Inventory:	57	114.5%	27	37.2%	41

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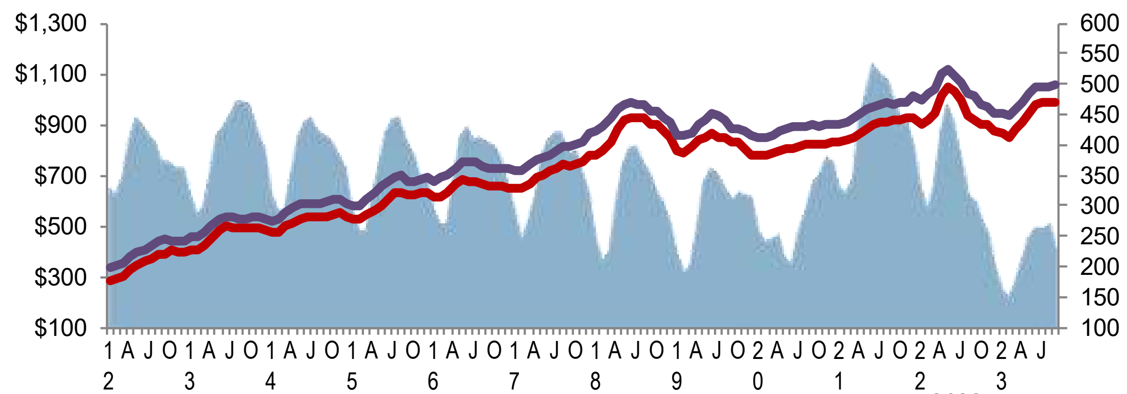
Based on information from MLS Listings. Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

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 - September 2023												
Condominiums								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SCC	$ 1,050,000	$ 1,105,540	158	221	310	57	103.2%	14.1%	9.8%	-51.1%	-39.1%	-32.9%
Campbell	$ 1,131,500	$ 1,108,830	6	3	8	39	101.6%	15.5%	9.1%	-14.3%	-62.5%	-20.0%
Cupertino	$ 1,385,000	$ 1,389,500	4	4	5	36	103.5%	6.4%	3.3%	-55.6%	-71.4%	-66.7%
Gilroy	$ 830,000	$ 830,000	1	2	6	174	100.0%	25.8%	36.1%	-66.7%	-50.0%	100.0%
Los Altos	$ 1,699,800	$ 1,667,600	3	4	5	48	101.8%	-6.5%	-13.8%	-25.0%	33.3%	-54.5%
Los Gatos	$ 1,700,000	$ 1,481,000	5	8	17	99	105.0%	31.5%	23.9%	-16.7%	0.0%	-15.0%
Milpitas	$ 1,100,000	$ 1,140,400	7	14	11	46	102.6%	-3.3%	8.6%	-50.0%	-30.0%	-38.9%
Morgan Hill	$ 942,500	$ 963,000	4	10	7	51	100.6%	8.3%	11.4%	-42.9%	150.0%	-36.4%
Mountain View	$ 1,487,500	$ 1,261,690	16	11	29	53	102.7%	12.7%	-0.6%	-27.3%	-68.6%	-27.5%
Palo Alto	$ 1,684,000	$ 2,125,750	4	5	12	87	96.9%	21.6%	44.4%	-60.0%	-58.3%	-33.3%
San Jose	$ 898,500	$ 949,513	88	121	160	53	103.8%	7.6%	11.3%	-50.6%	-34.6%	-31.0%
Santa Clara	$ 1,265,000	$ 1,243,330	3	18	21	203	108.0%	53.3%	31.6%	-89.7%	-30.8%	-30.0%
Saratoga	$ 1,060,000	$ 1,060,000	2	2	3	44	103.9%	-16.4%	-16.4%	0.0%	-66.7%	-40.0%
Sunnyvale	$ 1,380,000	$ 1,286,310	15	19	22	43	102.5%	-3.4%	-7.0%	-51.6%	-26.9%	-51.1%

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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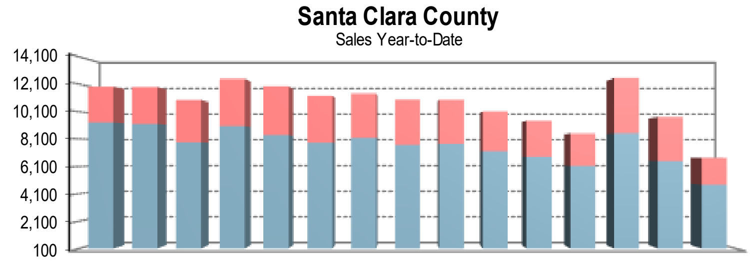
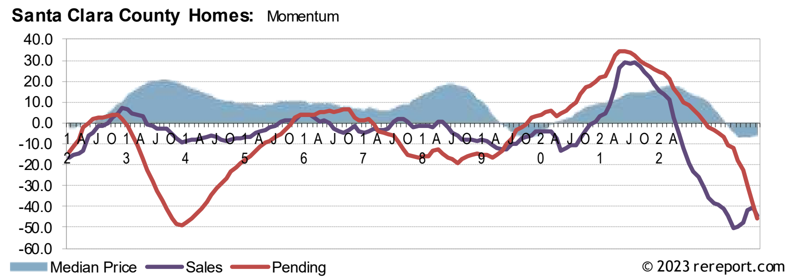


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Condos	2,627	2,715	3,068	3,439	3,577	3,418	3,251	3,302	3,196	2,903	2,620	2,360	4,026	3,216	1,977
SFR	9,309	9,193	7,873	9,053	8,390	7,836	8,176	7,668	7,751	7,214	6,814	6,141	8,514	6,488	4,757



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elastic in the new construction side of the market, but where they are built and available isn't a perfect replacement for a lack of existing homes for sale. At the same time, new homes sales are also affected by higher financing costs, although these may be partly offset by builder incentives. Still, these only goes so far.

Sales of newly-built homes throttled back in August, declining by 8.7% compared to an upwardly-revised figure for July (+17k to 739.000 annualized units sold). This dropped the present rate of sale to a four-month low after a promising spring and early summer selling season. The decline in homes sold helped re-lift the number of homes available to buy to 7.8 months of supply at a current sales pace, some 431,000 actual units. Months of supply aside, the number of units ready for sale has been firming back up in recent months, and the combination of sliding sales and rising supply may have contributed to the recent darkening of builder moods as reported by the National Association of Home Builders. Builder incentives to help move houses can include financing incentives and price reductions, and the median price of a new home sold in August was $430,300, down from $436,600 in July.

As noted, sales of existing homes have already been damped, not just from high mortgage rates and prices but also from a lack of supply. The outlook isn't getting any brighter; the National Association of Realtors Pending Home Sales Index for August pointed to a 7% decline from July, and is 15.7% lower compared to August 2022. This measure of signed contracts last month won't be incorporated into existing home sales until September or even October sales are tallied (late October, late November) and point to even slower sales heading into the normally softer fall and winter months. Also, and at least for some of August, mortgage rates then were rather lower then than now, so the headwinds they create may actually be more considerable for September, with prospects for improvement in sales diminished.

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 Positive Momentum Continues in June

NEW YORK, AUGUST 29, 2023: S&P Dow Jones Indices (S&P DJI) 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 2023 show all 20 major metro markets reported month-over-month price increases for the fourth straight month. 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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