

The Real Estate Report

LOCAL MARKET TRENDS



Real Estate Service With
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my success rests on your success™

Median Price of Homes Sets New Record in April

The median price for single-family homes set a new record in April of \$775,000, rising 2% from the month before, and a year-over-year gain of 3.3%. That's the third month in a row annual appreciation has been in single-digits.

This in the face of increasing inventory and declining sales: inventory of homes rose 13.4% from the month before, while home sales fell 6.2%. Normally, under these conditions, one would expect prices to soften. I expect what's happening is the high-end of the market is garnering a greater share, thereby forcing up the median price.

The median price for condos rose 2% to \$500,000, while sales fell 8%.

The sales price to list price ratio for single-family homes fell 0.2

of a point to 100.1% and the ratio for condos rose 0.1 of a point to 100.5%

Days on market dropped six days to 36.

buy. Although prices are still increasing, the rate of increase has slowed and there's a good deal of inventory, so take your time to find what you like.

Trends at a Glance

(Single-family Homes)

	Apr 06	Mar 06	Apr 05
Sale/List Price Ratio:	100.1%	100.3%	103.3%
Days on Market:	36	42	26
Days of Inventory	91	75	55
Median Price:	\$775,000	\$760,000	\$749,000
Average Price:	\$950,308	\$942,976	\$923,102
Home Sales:	1,066	1,137	1,422
Inventory:	3,231	2,850	2,621

Our days of inventory indicator tacked on ten to 67 days.

My advice? For buyers, it really depends on your specific micro market. In general if, you are a buyer and plan to stay in your home for over three years, go ahead and

For sellers, right now it is all about the pricing. Price it right and your home will sell. Also, make sure it shows well. Buyers are looking for fairly priced homes, if not bargains. The question is how do you make your home a bargain, or at least look like a bargain, to attract many buyers and offers.

The real estate market is very hard to generalize. For complete information on a particular neighborhood or for an evaluation of your home's, current market value call me.

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California Association of REALTORS® releases annual historical data

The California Association of REALTORS® (C.A.R.) has released its "2005 California Housing Market Annual Historical Data Summary." The publication includes historical data generated by C.A.R.'s Research and Economics department and other statistical information about the California housing market compiled from 1968 to 2005.

Highlights of C.A.R.'s historical data series include:

- Monthly existing single-family median home price in California (1979 – 2005);
Annual California/U.S. existing single-family home sales (1970 – 2005);
- Annual California/U.S. existing single-family median home price (1968 – 2005);
Statewide condominium median sales price (1981 – 2005);

- Annual Housing Affordability Index (1984 – 2005);
Unsold Inventory Index (1982 – 2005);
- Monthly median time on market (1982 – 2005).

Call me for a copy of this report.

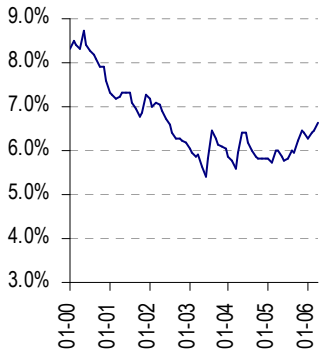
Take Away the Veil of Uncertainty about Real Estate Investing and Secure Your Financial Future

To learn more about investing in income producing properties send me an email to seminar@AviUrbanRealEstate.com

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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



POMPTON PLAINS, NJ (May 5, 2006) - Fixed mortgage rates moved a little higher this week, with the average 30-year FRM ticking five basis points (.05%) higher. The final weekly average rate was 6.73%. Five-one hybrid ARMs edged higher by a lesser amount, finishing the survey week at 6.38%.

Economic news from March continues to reflect strong growth for the first quarter of this year, but April's more recent news suggests somewhat mellow activity.

Construction Spending rose by 0.9% in March, led by residential building. Higher rates have begun to slow housing activity,

which is trending down from its mid-2005 peaks, but builders who have permits in hand will put those into play as quickly as possible, as a home can't be sold and moved off the books until it's built, regardless of any recent trend.

Borrowing by consumers continues to be meager. In March, new non-mortgage credit bookings rose by only \$2.5 billion, which translates to a scant 1.4% annualized rate. Consumers are either paying cash for more purchases or, more likely, using the equity in their homes to fuel continued buying activity.

All the above leads us to believe that mortgage rates will trip higher again next week, continuing the pretty steady drip-drip- drip we've endured since January. Since then, 11 out of 15 weeks have featured higher rates. Next week should make it twelve out of (sweet?) sixteen.

For the latest rates visit my web site at:
www.AviUrbanRealEstate.com/pages1/buyers/financing.html

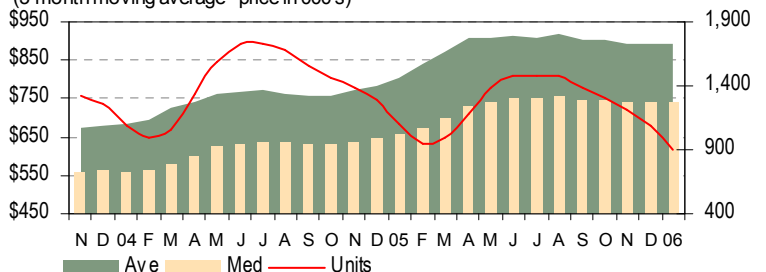
April Sales Statistics

Single-family Homes

County	Prices		Unit Sales	Listings				Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
Campbell	\$775,000	\$950,308	1,066	1939	3,231	36	100.1%	3.3%	2.9%	-25.0%	23.3%	2.0%	0.8%	-6.2%	13.4%
Cupertino	\$1,018,888	\$1,090,694	33	55	78	27	103.0%	-11.4%	-0.3%	0.0%	2.6%	-9.7%	-6.1%	-8.3%	13.0%
Gilroy	\$690,000	\$775,216	58	117	258	56	100.1%	-0.7%	-1.5%	7.4%	76.7%	-4.2%	-7.3%	1.8%	11.7%
Los Altos	\$1,559,000	\$1,668,769	29	53	77	20	101.3%	-9.6%	-10.5%	-6.5%	-8.3%	-8.3%	-12.1%	-21.6%	13.2%
Los Altos Hills	\$2,450,000	\$3,237,273	11	18	75	93	92.5%	6.5%	20.0%	-35.3%	38.9%	-10.9%	11.9%	10.0%	15.4%
Los Gatos	\$1,230,000	\$1,444,856	26	60	121	32	100.9%	-5.5%	2.0%	-38.1%	-21.4%	-17.2%	-2.3%	-10.3%	12.0%
Milpitas	\$699,950	\$720,801	32	65	93	26	100.6%	6.9%	4.3%	-25.6%	34.8%	-5.4%	-4.0%	-15.8%	50.0%
Monte Sereno	\$1,700,000	\$2,036,250	4	8	24	20	100.1%	-21.5%	-17.9%	-33.3%	-4.0%	3.0%	12.2%	33.3%	-4.0%
Morgan Hill	\$810,000	\$927,225	42	84	189	50	98.8%	-6.4%	1.6%	-20.8%	62.9%	-1.8%	-4.8%	23.5%	9.9%
Mountain View	\$908,000	\$977,965	23	42	52	32	101.6%	2.1%	-2.4%	-30.3%	20.9%	2.1%	3.6%	-17.9%	33.3%
Palo Alto	\$1,425,000	\$1,570,981	50	74	97	33	101.0%	9.2%	-0.7%	-10.7%	18.3%	1.8%	2.0%	8.7%	24.4%
San Jose	\$705,000	\$785,204	578	1042	1,646	36	100.1%	2.0%	4.1%	-28.6%	27.4%	-0.6%	0.9%	-6.3%	13.8%
Santa Clara	\$721,000	\$748,134	48	81	106	29	101.9%	5.3%	5.6%	-34.2%	-7.0%	-3.9%	-1.1%	4.3%	9.3%
Saratoga	\$1,580,000	\$1,690,921	35	71	139	40	99.7%	-8.9%	-9.2%	-25.5%	-8.6%	5.3%	0.3%	2.9%	3.7%
Sunnyvale	\$875,000	\$884,103	50	86	106	22	102.3%	10.6%	7.5%	-39.0%	-16.5%	4.8%	3.3%	11.1%	32.5%

Silicon Valley Homes: Prices & Sales

(3-month moving average - price in 000's)



The Real Estate Report

Making An Offer

After finding the house you want to make a home, and after being pre-approved for a loan, comes the negotiating.

The offer is the first step in the negotiation process. A basic offer includes the price, financial terms, and contingencies, such as specifying what will happen if negative findings come up during the inspection.

In Silicon Valley the purchase contract used is provided by the California Association of REALTORS® or SILVAR. It would be wise to get a copy and study it.

In the book "Home Buying for Dummies (Hungry Minds Inc., 2001)," authors Eric Tyson and

Ray Brown say there are three key elements to a good offer.

Begin with a realistic offering price. I will help you with this, but you want to come up with a price based on similar houses sold in the neighborhood in the past six months. You'll also want to keep the local conditions in mind. In other words, if houses are selling quickly and many houses are receiving multiple offers, you'll need to bid competitively.

The second element to include in your offer is realistic financing terms. If you're pre-approved for a loan, be sure to include that in the offer so the seller knows you're serious. It will also give you an edge over any

other offers that don't have a pre-approved loan.

And finally, include a property inspection clause. What if it's determined the roof needs to be replaced, or the heating and cooling system is faulty and it will take \$3,000 to fix?

"It's smart to use property inspection clauses that enable you to re-open negotiations regarding any necessary corrective work after you've received the inspection reports," the home buying Dummies book says.

Additional items that should be covered in the offer are:

Concessions you'd like the seller to make, like paying part of the

closing costs or an allowance to get carpet replaced.

Financing contingencies. If you're in a hot seller's market, your loan should already be approved. But if it's not, you may choose to make the offer contingent on approval of a mortgage with a specific rate and terms.

Conveyances. This includes what is included in the sale. For instance, a refrigerator.

The amount of your deposit.

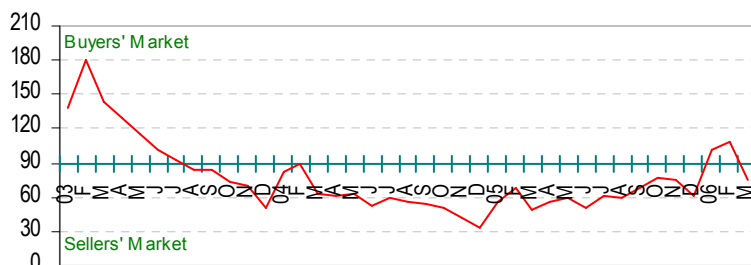
Also, most offers include a deadline for a response, perhaps three days.

Finally, put everything in writing. Don't rely on verbal agreements.

April Sales Statistics Condos/Townhomes

	Prices		Unit Sales	Listings				Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$500,000	\$532,219	469	714	1,053	34	100.5%	7.5%	6.1%	-20.4%	54.6%	2.0%	1.7%	-8.0%	9.2%
Campbell	\$565,000	\$588,679	14	31	40	37	100.7%	3.7%	7.7%	-51.7%	73.9%	11.1%	7.0%	-30.0%	8.1%
Cupertino	\$615,000	\$687,589	10	21	23	22	101.3%	-10.9%	-1.5%	-33.3%	-8.0%	-12.1%	-3.8%	-23.1%	0.0%
Gilroy	\$375,000	\$438,738	4	8	16	77	98.9%	17.2%	37.1%	300.0%	100.0%	6.2%	6.8%	33.3%	23.1%
Los Altos	\$598,000	\$755,500	6	6	11	13	99.6%	-29.6%	-16.4%	0.0%	83.3%	-45.6%	-19.2%	20.0%	57.1%
Los Gatos	\$625,000	\$687,295	14	8	24	59	99.5%	0.2%	7.6%	-39.1%	-11.1%	-11.8%	7.4%	7.7%	0.0%
Milpitas	\$477,000	\$521,045	22	21	34	30	99.4%	-13.3%	-0.1%	15.8%	30.8%	7.2%	7.0%	100.0%	9.7%
Morgan Hill	\$525,000	\$528,850	7	19	32	78	99.7%	22.1%	13.4%	75.0%	113.3%	10.5%	7.0%	-41.7%	18.5%
Mountain View	\$599,000	\$584,665	39	59	64	22	101.4%	16.3%	6.1%	-25.0%	39.1%	13.0%	7.8%	-26.4%	20.8%
Palo Alto	\$748,888	\$771,751	16	20	33	25	102.1%	30.2%	13.4%	-33.3%	175.0%	25.9%	11.0%	60.0%	73.7%
San Jose	\$475,000	\$492,608	261	424	650	35	100.5%	14.5%	12.1%	-15.3%	66.2%	4.4%	2.4%	-9.4%	5.5%
Santa Clara	\$455,000	\$483,965	39	51	70	41	99.6%	-0.2%	3.0%	-33.9%	27.3%	1.1%	1.1%	11.4%	9.4%
Saratoga	\$490,000	\$600,106	4	8	11	29	99.8%	-22.8%	-16.6%	-42.9%	10.0%	-51.0%	-45.3%	-33.3%	83.3%
Sunnyvale	\$520,000	\$547,104	26	37	41	24	101.1%	-8.8%	-3.6%	-38.1%	7.9%	-1.9%	-2.4%	-18.8%	7.9%

Days of Inventory



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Buyer Guarantee

Within a year of close of escrow, either you are absolutely happy with your new home or **I'll sell it for FREE.** You'll be responsible for other normal closing costs, and buyer's agent commission.

Seller Guarantee

I'll pay you if your house is not under contract **within 90 days.** You agree to cooperate with my professional recommendations. You can also cancel listing agreement if not fully satisfied with my service.



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R E A L T Y

How Accurate is a Comparative Market Analysis?

A comparative market analysis, or CMA, is a real estate agent's evaluation, based on local listing and sales data, to determine the probable sale price of a property in the current market. Sellers can use a CMA to help determine a list price. Buyers can use a CMA to help them decide what to offer on a listing they want to buy.

The accuracy of the analysis will depend in part on the quality of the data. The listings used for comparison should ideally be located in the neighborhood, and they should be as similar as possible to the subject property.

To get a complete picture of your local marketplace, the CMA should include information about currently available comparable listings, pending sales, sales that occurred within the last 6 months, as well as information about listings that did not sell during the listing

period. These are called expired listings.

For sellers, the homes currently for sale are your competition. How you price your home relative to the competition is critical to the sale of your home. If possible, visit Sunday open houses to see how your home compares before you select a list price.

Pending sale listings in your neighborhood represent the most recent sales activity. Try to find out as much about these listings as possible. Beware of the neighborhood grapevine. A combination of wishful thinking and enthusiasm can result in a rumor that a listing sold for an inflated price. The actual sale price may be quite a bit lower.

Even before you have the closing price, inferences can be made about the selling price based on the market history of the listing. Find out how long it

took to find a buyer for the home. Were there multiple offers? Or, did the listing take months to sell? Did the sellers have to lower their price to attract a buyer? This sort of information tells you a lot about the current market conditions.

Carefully analyze the information about homes that have sold. This sales data is the most reliable indicator of what the market will bear price-wise.

Typically, the sales should have occurred no longer than 6 months ago. However, in a market that is changing rapidly, six months may be too long a time frame. When home prices are moving up or down quickly, it's wise to shorten the time frame. Six-month-old listings may be out of date. Try three or four months.

Estimating a probable sale price based on a CMA involves a certain amount of subjectivity.

Accurately predicting a sale price is easiest in neighborhoods of tract housing where all houses are pretty much the same. It's more difficult in neighborhoods where there's a lot of variability in home size, style and condition.

An agent's knowledge of the local market can affect the accuracy of a CMA, particularly in a neighborhood with a lot of variability in the housing stock. Unless the agent has actually seen the comparable listings, he may not draw the correct conclusions.

Recently, a new internet-base service that provides home and neighborhood values was launched (www.zillow.com). Use it as a reference not as an accurate assessment of your home value.

Call me for an accurate Comparative Market Analysis.

For a city-by-city breakdown, visit my website at: www.aviurbanrealestate.com/pages1/fi_monthly.html

To receive the report regularly, send me an email to trendreport@AviUrbanRealEstate.com