

The Real Estate Report

SILICON VALLEY MARKET TRENDS



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the One Stop Realtor for busy professionals

Prices Ease as Sales Rise in May

Prices of both single-family homes and condos fell slightly from the records set in April. The median price for homes dipped 0.7% from April, but was up 7.8% year-over-year. The average price for single-family, re-sale homes fell 0.2% from April, a year-over-year gain of 13.6%.

The median price for condos dropped 2.4% to \$537,000, an annual gain of 7.4%. The average price fell 2.5% to \$558,695, up 5.3% year-over-year.

Sales of single-family, re-sale homes rose 12.2% from April, off 9.5% year-over-year. Condo sales were flat, month-over-month, and were off 21.1% compared to last May.

Inventory continued to grow, with single-family homes up 10.5% from

April and up 21.6% year-over-year. Condo inventory was up 1.5%, month-over-month, and up 32.5% compared to last May.

The sales price to list price ratio for single-family homes rose for the

Trends at a Glance (Single-family Homes)			
	May 07	Apr 07	May 06
Median Price:	\$862,500	\$868,406	\$800,000
Average Price:	\$1,096,571	\$1,099,005	\$965,495
Home Sales:	994	886	1,098
Inventory:	4,308	3,900	3,542
Sale/List Price Ratio:	100.8%	100.4%	100.2%
Days on Market:	44	46	37
Days of Inventory	130	132	97

second month in a row, gaining 0.4 of a point to 100.8%. The ratio for condos fell 0.4 of a point to 100.2%.

Days on market dropped two days to 44 for homes. Days on market for condos gained two to 46 days.

Our days of inventory indicator for single-family homes fell two days sending the indicator to 130 days. The indicator for condos gained eleven days to 130.

My advice? For buyers, homes in move-in condition in the best locations, think school districts, are selling with multiple offers. If schools aren't important, you have much more choice.

For sellers, it pays to put your home in tip-top condition. Inventory is increasing, which means your competition is also. Make your home stand out.

The real estate market is very hard to generalize. It is a market made up of many micro markets. For complete information on a particular neighborhood or for an evaluation of your home's worth, call me.

June /July 2007



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Affordability Low Despite Market Slowdown

California home sales continued to slow during the first quarter of the year, even as the statewide median price showed a slight gain. Seasonally adjusted annualized sales of existing detached homes fell to 443,080 units in the first quarter of 2007, down 1.3% from the fourth quarter of 2006 and down 14.4% compared to the first quarter a year ago. Larger year-to-year declines in sales were expected for the first half of this year, with smaller changes anticipated for the second half.

At \$565,490, the statewide median price remained in the \$560,000 range for the fourth quarter in a row, rising just 0.7% quarter-to-quarter and 3.0% year-to-year. However, the statewide median masks a very mixed picture at the county and regional level, where 10 of 16 regions registered

year-to-year declines, nearly all measuring less than five percent. In general, the greatest downward pressure on existing home prices has appeared in areas of the state that are either second-home locations or areas that have sizable new home inventories in direct competition with the existing home market.

Despite the slowdown in activity and price appreciation across the state, housing affordability has shown little improvement. The C.A.R. Housing Affordability Index for First-Time Buyers (HAI-FTB), which measures the share of all households that can afford the entry-level home, held steady at 25% in the first quarter of this year. This was unchanged from the fourth quarter of 2006, and down 1 point from a year ago. At 85% of the overall median, the price of an

entry-level home in the first quarter was \$480,670. With the entry-level price increasing slightly faster than income gains in California and with mortgage rates not moving much over the past year, it is no surprise that the HAI-FTB has shown little variation.

The monthly payment (including taxes and insurance) in the first quarter was \$3,230, assuming a 10% down payment, a 1-year adjustable rate mortgage, and a 40% qualifying ratio. The minimum qualifying income for that home loan was \$96,910 annually. By comparison, the median income for all California households is about \$57,000 per year.

The entry-level price in California was more than twice the national entry-level price of \$180,460. The HAI-FTB

for the nation was 64, meaning that 64% of households nationally could afford the entry-level home. No region of the state came close to the national affordability reading. The High Desert was the most affordable part of the state with an HAI-FTB of 44%, up from 41% a year earlier. The Santa Barbara area was the least affordable at 12%, down from 13% a year ago.

If price changes (positive and negative) throughout the state remain in the small, single-digit percent range over the next few months as expected, there may be slight improvements in affordability. However, marked improvements in affordability seem less likely, as they would require much larger declines in home prices.

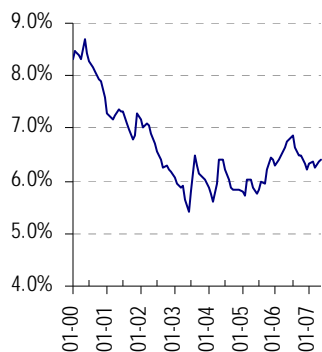
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The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



June 1, 2007 -- As the economy begins to firm, interest rates have begun to creep higher, with a strong stock market mopping up available investment dollars. Many of those funds had previously been heading into Treasuries, helping to keep downward pressure on interest rates, but investors seem somewhat disinterested in bonds at the moment. The average 30-year fixed-rate mortgage (FRM) moved five basis points higher to land at 6.51%, the highest average rate in about eight months (but still a quarter-percentage point below last year at this time). Five-one hybrid ARMs ticked a smidgen higher, and the addition of one basis point (.01%) left the average at 6.31%.

A rise in rates isn't especially welcome just now. Thanks to low

interest rates, many borrowers have been refinancing their way out of subprime products -- and ARMs in general -- as a means to sidestep increases in monthly payments. As the credit markets work out delinquency and foreclosure issues though loan modifications (especially to fixed-rate products), higher interest rates make those opportunities less compelling. Higher rates may also serve to cool already-flagging demand for homes, putting pressure on prices.

The upward pressure for interest rates and mortgage prices may not be fully behind us just yet, but as the biggest pieces of economic data for the month now are, things should quiet somewhat. The stock market is unlikely to continue to break records forever, and the economic calendar lightens a little

next week. Last year, a spring-into-summer lift in mortgage rates left us just shy of 7% by late June, but inflation concerns were still rising at that point, and the Fed was about to make its last-of-the-regular-cycle increase in the Funds rate (June 29, 2006). A year has passed, inflation (if stubborn) has flattened, and we still have a reasonably strong economy perhaps regaining some momentum.

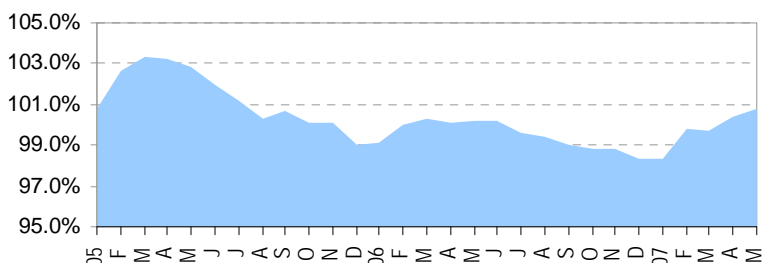
Figure on a rise of a few more basis points in the averages for next week, as reports covering Productivity and Labor Costs, ISM-covered services and factory orders are the market movers.

May Sales Statistics

Single-family Homes

County	Prices		Unit Listings				Compared to Last Year				Compared to Last Month				
	Median	Average	Sales	New	Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$862,500	\$1,096,571	994	2,130	4,308	44	100.8%	7.8%	13.6%	-9.5%	21.6%	-0.7%	-0.2%	12.2%	10.5%
Campbell	\$795,000	\$851,585	28	53	93	37	101.4%	-0.6%	2.0%	-3.4%	38.8%	-7.1%	-1.8%	0.0%	3.3%
Cupertino	\$1,171,900	\$1,249,363	60	67	73	16	105.0%	-6.2%	2.2%	42.9%	-19.8%	-4.3%	-1.6%	39.5%	-1.4%
Gilroy	\$710,000	\$867,788	34	109	411	105	97.5%	-5.3%	7.6%	-22.7%	48.9%	3.6%	15.7%	112.5%	7.3%
Los Altos	\$1,864,000	\$1,999,984	46	51	52	24	102.6%	19.9%	8.1%	100.0%	-39.5%	9.0%	6.2%	43.8%	-24.6%
Los Altos Hills	\$3,575,000	\$3,234,999	11	19	47	46	97.8%	45.9%	24.5%	57.1%	-38.2%	43.0%	-0.9%	-26.7%	2.2%
Los Gatos	\$1,412,500	\$1,643,932	28	58	131	87	95.4%	4.6%	4.6%	-17.6%	2.3%	-9.2%	-10.1%	-30.0%	14.9%
Milpitas	\$715,000	\$729,284	18	64	129	30	98.6%	-4.0%	-7.7%	-48.6%	18.3%	-2.7%	-7.5%	-43.8%	24.0%
Monte Sereno	\$2,012,500	\$1,985,000	4	7	21	28	95.8%	n/a	n/a	n/a	-16.0%	0.6%	-13.8%	33.3%	5.0%
Morgan Hill	\$877,499	\$976,500	40	110	268	65	98.8%	-5.6%	0.2%	37.9%	20.7%	5.1%	10.8%	17.6%	11.2%
Mountain View	\$1,161,000	\$1,180,480	35	41	28	12	104.6%	33.4%	23.4%	0.0%	-45.1%	22.2%	7.0%	59.1%	-3.4%
Palo Alto	\$1,517,500	\$1,891,622	58	73	57	22	105.0%	16.7%	30.8%	-10.8%	-31.3%	-10.7%	6.1%	28.9%	9.6%
San Jose	\$760,000	\$837,446	461	1,210	2,563	51	99.4%	4.1%	2.5%	-21.1%	40.6%	-0.3%	-2.7%	7.0%	12.9%
Santa Clara	\$759,000	\$794,523	55	83	143	28	100.4%	5.4%	6.1%	-9.8%	15.3%	0.7%	2.7%	27.9%	14.4%
Saratoga	\$1,807,500	\$1,908,481	40	48	120	37	99.4%	17.0%	17.2%	11.1%	-27.3%	9.5%	8.0%	5.3%	-3.2%
Sunnyvale	\$920,000	\$921,689	67	116	106	20	104.9%	5.1%	3.2%	13.6%	-9.4%	2.2%	0.4%	19.6%	12.8%

Sales Price/Listing Price Ratio



The Real Estate Report

What to Know When Buying a Home

Buying a home is one of the most complicated transactions you will ever do. So many people and companies are involved that it is easy for mistakes to be made. Freddie Mac offers a number of tips:

- Get pre-approved for a loan. With competition fierce, you'll want to be ready to make an offer. With a pre-approved loan, you'll have more clout as the seller considers your offer.
- Make sure it's in writing. Don't settle for verbal agreements. If the seller says he'll replace the carpet or leave his washer and dryer, get it in writing.
- Get a good-faith estimate. Your mortgage lender is required to provide you with a good-faith estimate of closing costs within three days of receiving your application.

They need to provide it in writing. If you don't have to pay loan application fees, you may want to compare lenders and compare closing costs.

- Don't settle for the first lender you come across. Contact at least three lenders and compare rates.
- Lock-in your rate. One of the most stressful parts of the loan process is watching rates inch up and down each day and trying to figure out when to lock in your rate. Once you do lock in, be sure to get a written statement that outlines your interest rate and length of the lock.
- Get a home inspection. A professional home inspector will examine the house's major systems and let you know if there are any problems or defects. You can then use the

information in your negotiations. Look for an inspector who is a member of the American Society of Home Inspectors. Members are required to have completed at least 250 paid professional home inspections and passed two written exams that test the inspector's knowledge. Also, ask for references.

- Shop for homeowners' insurance as soon as your offer is accepted. The National Association of Realtors recently cautioned homebuyers to not take homeowners insurance for granted. You and your spouse may have a clean claims history and a stellar credit history - something insurance companies use to determine whether they will insure you - but it's not just you they're looking at. If the

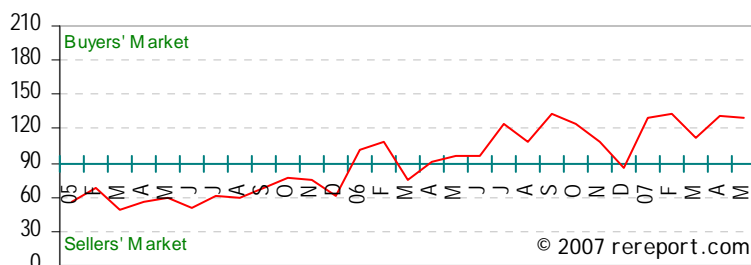
house you're eyeing has had claims, there's a chance they won't insure you, especially if it's a water-related claim.

- Read everything. When you have the closing meeting to sign the mountain of papers, make sure you read through everything carefully and don't hesitate to ask questions if there is anything you don't understand.

Finally, give yourself enough time between your closing and your move date, just in case there are delays in the closing process.

May 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	\$537,000	\$558,695	363	864	1,573	46	100.2%	7.4%	5.3%	-21.1%	32.5%	-2.4%	-2.5%	0.0%	9.5%
Campbell	\$509,500	\$507,474	14	40	51	38	98.1%	2.9%	-9.7%	-12.5%	30.8%	-14.1%	-17.4%	40.0%	-1.9%
Cupertino	\$609,925	\$638,816	14	27	25	20	99.8%	-16.3%	-11.4%	-17.6%	-7.4%	-12.1%	-9.1%	-26.3%	0.0%
Gilroy	\$396,500	\$396,500	1	20	36	72	99.2%	-19.8%	-16.6%	-700.0%	140.0%	n/a	n/a	n/a	71.4%
Los Altos	\$1,150,000	\$1,088,000	3	22	15	28	102.4%	40.2%	31.1%	-40.0%	150.0%	38.9%	13.4%	0.0%	87.5%
Los Gatos	\$759,000	\$742,571	7	21	30	23	100.0%	22.4%	26.1%	0.0%	20.0%	-2.7%	-3.2%	-58.8%	15.4%
Milpitas	\$535,000	\$503,000	11	31	46	56	100.2%	4.1%	-5.6%	-21.4%	2.2%	-7.8%	-11.3%	-8.3%	35.3%
Morgan Hill	\$509,500	\$494,750	10	15	32	77	99.4%	6.4%	3.8%	25.0%	-3.0%	-9.0%	-8.2%	233.3%	0.0%
Mountain View	\$629,000	\$618,226	41	60	56	19	103.1%	18.7%	12.4%	5.1%	-21.1%	-0.2%	-0.4%	28.1%	1.8%
Palo Alto	\$668,500	\$806,500	12	22	18	57	100.8%	-19.0%	-1.8%	-7.7%	-41.9%	-16.5%	7.2%	9.1%	12.5%
San Jose	\$506,500	\$515,409	204	470	1,073	55	99.6%	7.8%	4.6%	-24.7%	42.9%	4.4%	-0.7%	8.5%	5.4%
Santa Clara	\$519,950	\$506,534	23	59	100	51	99.9%	8.8%	-0.9%	-11.5%	28.2%	2.0%	-1.6%	-36.1%	26.6%
Saratoga	\$985,000	\$938,500	4	7	7	10	98.1%	52.7%	38.7%	-20.0%	-50.0%	62.0%	50.0%	-20.0%	-12.5%
Sunnyvale	\$655,000	\$623,495	19	70	84	23	100.6%	21.5%	10.7%	-36.7%	78.7%	2.0%	1.0%	-26.9%	42.4%

Days of Inventory



Real Estate Service With My Personal Guarantee



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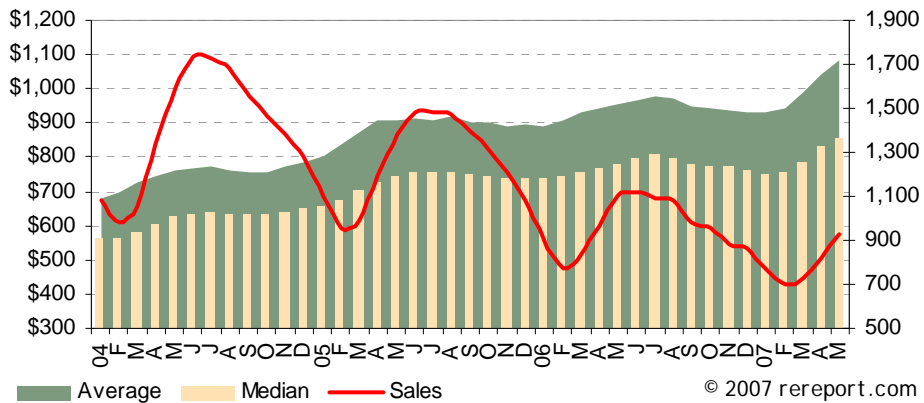
Home buying and selling
 shouldn't be like finding your way
 through a maze.



Let Avi Urban help you

This is not intended as a solicitation if your home is currently listed.

Silicon Valley Homes: Prices and Sales
 (3-month moving average — price in 000's)



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