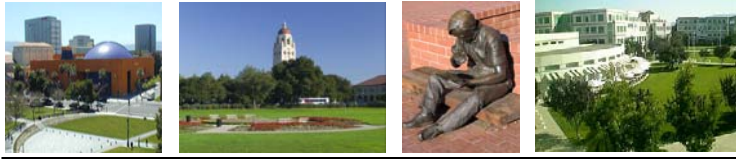


# The Real Estate Report

SILICON VALLEY MARKET TRENDS



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## Home Sales Bounce Back in October

Home sales re-bounded in October from a dismal September. Sales of single-family, re-sale homes rose 11.9% from the month before, but were down 35.5% year-over-year. Year-to-date, home sales are down 19.5%.

Prices also reversed course with the median price rising 1.1% from September, up 11.1% compared to last October. The average price fell 1.5%, a yearly gain of 9.9%.

The median price for condos rose 0.5% to \$527,500, up 7.7% over last October. The average price gained 2.9% to \$571,169, an annual gain of 10.4%.

Condo sales were up 17% from September, and were off 39.5%

year-over-year. Year-to-date, condo sales are off 20.8%.

Inventory continued to grow, with single-family homes up 1.7% from

Trends at a Glance (Single-family Homes)			
	Oct 07	Sep 07	Oct 06
Median Price:	\$861,000	\$851,250	\$775,000
Average Price:	\$1,053,483	\$1,069,346	\$958,220
Home Sales:	575	514	892
Inventory:	4,957	4,875	3,708
Sale/List Price Ratio:	99.7%	99.8%	98.8%
Days on Market:	55	49	54
Days of Inventory	259	285	125

September, and up 23.6% year-over-year. Condo inventory was up 1.8% month-over-month, and up 23.6% compared to last October.

The sales price to list price ratio for single-family homes fell 0.1 99.7%.

The ratio for condos fell a full point to 98.4%.

Days on market rose six days to 55 for homes. Days on market for condos also rose six to 56 days.

Our days of inventory indicator for single-family homes finally turned around with the increase in sales. It lost 26 days sending the indicator to 259 days. The indicator for condos fell 35 days to 236.

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.

November/December 2007



### INSIDE THIS ISSUE:

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## Eight Quick Credit Tips to Combat the Credit Crunch

1. Apply for business credit cards

Most people don't realize that over 90% of business credit cards do not get reported to personal credit reports. If they are not reported, they are not scored, period.

Many people run their businesses from their personal credit cards and as a result their credit score suffers. Your client doesn't need a big company to get approved for a business credit card; it is much easier to get approved than most people think.

Once approved, your client can move their personal credit card debt over to the business credit cards and watch their credit score go through the roof once everything is updated on the credit report.

2. Zero out all unpaid collection accounts less than 24 months old.

You need to pick your battles as to which accounts you focus on during the credit crunch to assure your credit

score increases enough to get your loan approved.

When payment is made on a collection account that is less than 24 months old, the score will either stay about the same or increase a few points.

Once an account goes beyond 24 months you need to be careful when settling because the account may erroneously have the date of last activity updated to the current date and bring the score down as a result.

3. Make sure you get rid of all past due amounts on non-collection/charge-off accounts and make sure to pay before the due date until after the loan closes to be safe.

Within the delinquent accounts on your client's credit report, there is a column called "Past Due". Credit Scoring software penalizes clients for keeping accounts past due, so past dues destroy a credit score.

4. Get rid of your late payments

Contact all creditors that report late payments on their credit and request a good faith adjustment that removes the late payments reported.

5. Ask for a credit limit increase on your credit cards and either pay-off if possible or at a minimum evenly distribute the balances you're carrying.

Credit scoring software likes to see borrowers carry credit card balances as close to zero as possible and also see that they have been trusted with a lot of credit - which is why increasing their limits is good.

If you can't afford to pay down your credit card balances, evenly distribute your credit card balances among all of your credit cards rather than carry a large balance on one credit card to maximize your score.

6. Do not close your credit cards

Closing a credit card can hurt your credit score, since doing so effects your debt to available credit ratio.

7. Keep your old credit cards active.

15% of a credit score is determined by the age of the credit file.

Use your old cards at least once every six months to avoid the account rating changing to "Inactive".

An inactive account is given less weight by Fair Isaac's credit scoring software, so you won't get the benefit of the positive payment history and low balance that card may have as much as if the account were active.

8. Pay down Negative Amortization mortgage balances below the original amount borrowed to increase the score

Pay down the balance on any and all negative amortization loans that the client owes more than the original loan amount. This includes mortgages and student loans. Once your client brings the balances below the original amounts borrowed, a credit score increase of 5 to 10 points is very common.

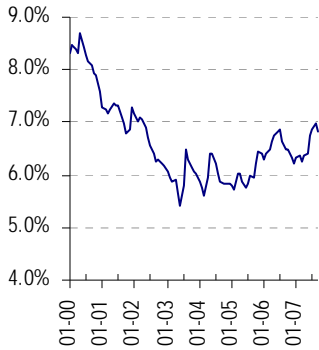
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# The Real Estate Report

## Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Nov. 2, 2007 -- Credit markets had trouble deciding whether the economy is weakening, holding on, or getting better this week. As a result, 30-year fixed mortgage interest rates bounced around, but ended with a decline of two basis points (.02%). Hybrid 5/1 ARMs went the other direction, rising by four basis points, closing the survey week at 6.26%.

Price worries were at the forefront of the Fed's message which accompanied this week's cut in short-term interest rates. While trimming both the Federal Funds and Discount rates a quarter-percentage point, they took pains to note that "recent increases in energy and commodity prices, among other factors, may put renewed upward pressure on inflation" and left the distinct impression that no additional rate cuts are planned at present. After all, if "the upside risks to inflation roughly balance the downside risks to growth",

as they said, there is little reason to need to trim interest rates.

If not for the relentless pressure of financial markets, it does seem likely that the Fed would have preferred not to cut interest rates. Growth at 3.9% in the most recent quarter and record high oil prices are usually the kinds of numbers which see increases in short-term rates, not decreases. Amid on-going concerns about liquidity and worries that even tighter lending standards may hit the market, the Fed's move this week (just as last time) represents a decline in input credit costs for lenders and financial firms, which in turn should help make lending more profitable and help keep lending windows open. New profitable lending opportunities can provide some offset for bad loans already on lender books.

Construction spending closed out the third quarter on a positive note, rising by 0.3%. All of the increase was non-

residential and government-led spending, as spending for residences slumped yet again, this time falling by 1.4%. Over the past year, spending on homebuilding has slumped by almost 17%, and by this time last year, markets were already weakening, and there's little reason to expect measurable improvement anytime soon.

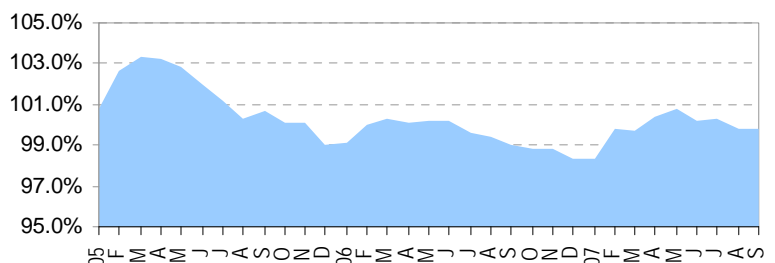
Given the whipsaw nature of the markets at the moment, it's hard to get a clear sense of what will happen to mortgage rates next week. There are a handful of fairly prominent economic reports due next week, too, but the question is whether they buttress the "weaker" or "stronger" arguments laid out in this week's data. At least at the moment, the economic disappointment seen this week should tilt rates a little bit lower next week, but that may turn on a dime without warning.

## October Sales Statistics

### Single-family Homes

	Prices		Unit Sales		Listings		DOM		SP/LP		Compared to Last Year		Compared to Last Month	
	Median	Average	Sales	New	Total	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$861,000	\$1,053,483	575	1,736	4,957	55 99.7%	11.1%	9.9%	-35.5%	33.7%	1.1%	-1.5%	11.9%	1.7%
Campbell	\$742,500	\$800,309	16	33	83	62 96.4%	-4.2%	-4.2%	-23.8%	-3.5%	-18.4%	-15.1%	45.5%	-1.2%
Cupertino	\$1,137,500	\$1,174,286	32	40	58	26 102.2%	8.3%	4.5%	3.2%	-13.4%	-12.8%	-15.1%	14.3%	-20.5%
Gilroy	\$624,000	\$712,083	11	106	399	171 95.6%	-13.2%	-9.0%	-78.0%	41.0%	-20.1%	-8.0%	-21.4%	-0.7%
Los Altos	\$1,775,000	\$1,975,619	21	35	54	22 103.6%	-0.3%	6.9%	-19.2%	-31.6%	-1.1%	3.4%	40.0%	10.2%
Los Altos Hills	\$1,952,000	\$1,952,000	2	8	46	104 88.8%	-19.0%	-27.8%	-75.0%	-29.2%	-45.4%	-43.1%	-50.0%	-11.5%
Los Gatos	\$1,540,000	\$1,785,769	13	47	113	75 100.2%	13.7%	21.5%	-60.6%	-11.0%	19.6%	31.0%	-18.8%	21.5%
Milpitas	\$721,500	\$782,704	22	50	153	51 98.0%	6.1%	5.8%	-24.1%	44.3%	8.1%	11.5%	-4.3%	0.0%
Monte Sereno	\$1,797,500	\$1,956,250	4	4	18	48 97.2%	-16.8%	-9.4%	0.0%	12.5%	-5.4%	5.6%	33.3%	5.9%
Morgan Hill	\$885,000	\$951,029	17	100	299	98 97.1%	-7.8%	-5.7%	-46.9%	12.4%	16.6%	19.7%	0.0%	7.9%
Mountain View	\$1,025,000	\$1,043,411	26	42	53	15 102.3%	1.7%	-1.5%	-10.3%	23.3%	-14.8%	-15.2%	52.9%	15.2%
Palo Alto	\$1,587,500	\$1,822,155	50	38	33	18 103.3%	7.6%	10.7%	16.3%	-48.4%	-7.7%	-19.8%	61.3%	-21.4%
San Jose	\$737,000	\$809,272	258	999	3,129	66 98.0%	2.1%	1.3%	-44.2%	51.2%	-0.4%	-2.8%	12.2%	1.0%
Santa Clara	\$765,000	\$790,077	39	88	196	50 98.4%	8.5%	9.4%	2.6%	75.0%	3.2%	3.0%	-7.1%	5.9%
Saratoga	\$1,546,405	\$1,884,623	19	48	107	29 97.4%	6.6%	19.6%	0.0%	-17.7%	-7.7%	-0.7%	11.8%	0.9%
Sunnyvale	\$900,500	\$918,008	40	81	133	37 102.0%	16.2%	11.2%	-28.6%	3.9%	-7.6%	-9.8%	2.6%	16.7%

## Sales Price/Listing Price Ratio



# The Real Estate Report

## Seller's Guide - Step 4: Marketing

If you bought a car, you could purchase a given model with selected features from any dealer. Since the car comes from one assembly plant, it's going to be the same whether purchased from dealer Smith or dealer Jones.

Homes are different. Each is unique, the marketplace is always in flux, interest rates constantly change and new buyers search for homes each day. With such fluidity, it requires a professional to craft marketing plans specifically for individual homes and market conditions.

Selling can entail a variety of marketing strategies. Once listed, the home will be quickly entered into the local MLS (Multiple Listing Service). Marketing includes mailing new-listing announcements, newsletters, posting on various web sites and e-mail campaigns. Open houses, broker access to the home via the use of a lock box and networking with both local and out-of-town brokers are also common.

Much of a broker's work will be quiet and unseen -- yet important. The quiet telephone calls, the work with contacts, the follow-ups with open-house visitors, conversations with ad respondents, the web postings and other outreach efforts are all part of the process required to sell homes.

### HOW TO MARKET YOUR HOME

There are five general areas in the home-selling process.

- **Preparation:** Before being placed on the market, homes must be in "show" condition. I can explain what repairs and upgrades are required for individual homes which are most likely to produce the best results.
- **Pricing:** Brokers do more than price homes for sale, they also construct sale terms designed to speed the selling process. It may be, for example, that a home priced at \$150,000 with a 2 percent seller credit to the buyer at closing will be far more attractive to purchasers than a home priced at \$147,000. Why? That 2 percent

credit is worth \$3,000 to the purchaser at closing -- the time when buyers are most likely strapped for cash.

- **Marketing:** Typically this includes placement in the local MLS, on my personal web site and on various real estate related sites. Marketing includes advertising and networking.
- **Negotiation:** I assist owners in the bargaining process, offering advice and counsel as offers are received and by working closely with legal counsel, tax specialists and inspectors as required.
- **Closing:** Once a contract for the purchase of a home has been accepted, a series of inspections and checks are typically required to satisfy buyers and lenders. I help owners complete the transaction process by assisting with the many requirements found in a typical sale agreement.

### HOW TO HOLD AN OPEN HOUSE

There are no universal marketing standards for real estate because marketplaces are localized. For

instance, open houses may be common in some communities but rarely used in others.

In the case of an open house, I advertise that the home will be open for a given period (2-5 p.m. on Sunday). During the open period, I host the home while the owners leave for a few hours.

At the open house, I provide literature, maintain a visitor log and answer questions. By interacting with visitors, I seek feedback regarding the home and pursue opportunities to follow up with prospective purchasers.

### SHOWING YOUR HOME ONLINE

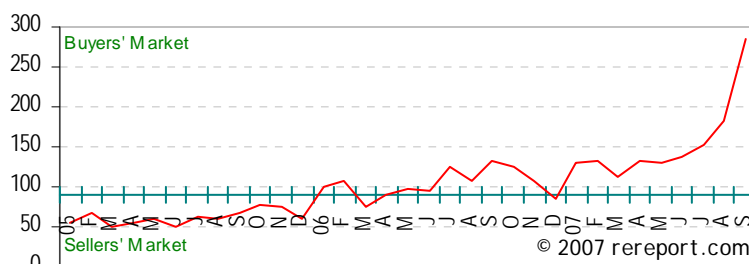
The Internet is an important factor in real estate marketing and will likely become more important in the future.

The Internet has two important roles in the real estate selling process. First, it is a "place" to view real estate. Realtor.com, for example, lists about 1.4 million homes, the largest

Continues on the next page

	October Sales Statistics															
	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	\$527,500	\$571,169	227	609	1,783	56	98.4%	7.7%	10.4%	-39.5%	23.6%	0.5%	2.9%	17.0%	1.8%	
Campbell	\$681,000	\$596,714	7	14	54	55	84.8%	36.2%	12.8%	-50.0%	-5.3%	28.0%	7.4%	16.7%	0.0%	
Cupertino	\$690,000	\$700,750	8	12	18	20	101.1%	-2.8%	-0.6%	-38.5%	-43.8%	-4.4%	-8.6%	-11.1%	5.9%	
Gilroy	\$400,000	\$423,333	3	3	30	153	96.2%	6.9%	5.9%	-133.3%	-3.2%	-2.5%	3.1%	66.7%	-9.1%	
Los Altos	\$910,500	\$922,357	14	9	12	9	101.3%	22.5%	7.1%	366.7%	9.1%	17.4%	18.9%	600.0%	-14.3%	
Los Gatos	\$665,000	\$743,919	12	15	29	15	98.4%	3.1%	3.1%	71.4%	-6.5%	-15.8%	-0.5%	71.4%	11.5%	
Milpitas	\$542,500	\$559,823	8	18	55	49	98.6%	9.6%	13.2%	-57.9%	7.8%	-2.2%	-1.2%	33.3%	7.8%	
Morgan Hill	\$400,000	\$400,000	1	12	35	9	100.0%	-20.0%	-17.1%	-90.0%	94.4%	-7.2%	-18.1%	-66.7%	16.7%	
Mountain View	\$577,440	\$571,253	22	54	88	33	100.7%	0.4%	-0.5%	-24.1%	33.3%	13.2%	4.3%	-4.3%	10.0%	
Palo Alto	\$921,000	\$1,018,200	5	12	17	26	99.0%	39.5%	47.7%	0.0%	-10.5%	9.4%	25.0%	66.7%	30.8%	
San Jose	\$460,000	\$493,584	102	361	1,237	77	97.9%	0.7%	0.3%	-52.3%	32.6%	-4.6%	-2.4%	17.2%	1.3%	
Santa Clara	\$450,000	\$470,620	23	47	122	59	98.1%	5.9%	2.7%	-17.9%	8.9%	1.1%	-2.9%	27.8%	-2.4%	
Saratoga	\$665,900	\$665,900	3	8	15	27	98.6%	9.2%	2.3%	50.0%	25.0%	10.1%	-14.2%	0.0%	7.1%	
Sunnyvale	\$590,000	\$586,965	19	44	71	43	99.5%	7.7%	6.8%	-20.8%	10.9%	-3.9%	-0.6%	-9.5%	-4.1%	

### Days of Inventory



## Real Estate Service With My Personal Guarantee



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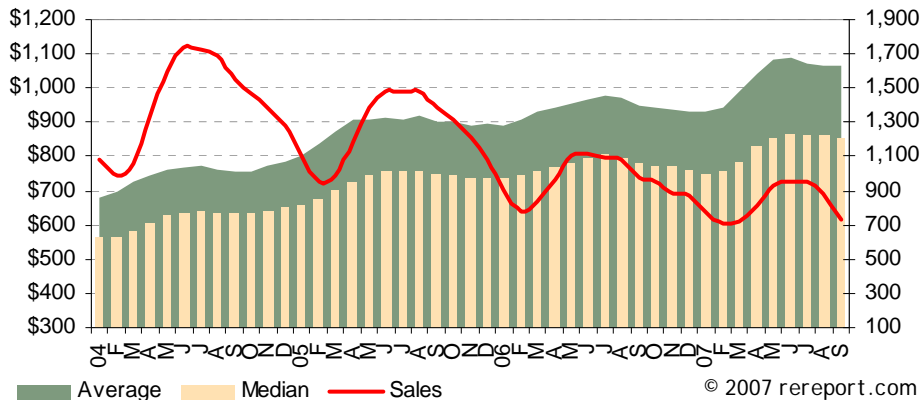
Home buying and selling  
shouldn't be like finding your way  
through a maze.



**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)



group of homes online or off. I also maintain a personal web site, plus, our local MLS offers access to the public for all the homes listed for sale in the area (Go to [www.650and408homes.com](http://www.650and408homes.com)).

Online real estate information includes not only home listings, but numerous additional features and benefits. For instance, Move.com® offers neighborhood information, school data, recent home sale prices, video tours, model forms, real estate news and consumer information.

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