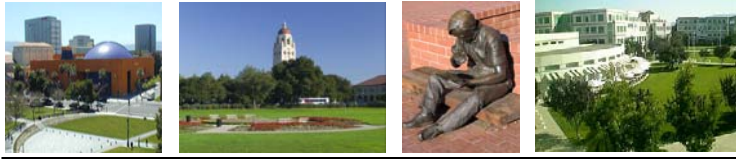


The Real Estate Report

SILICON VALLEY MARKET TRENDS



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Home Sales Continued to Rise in June

Sales of single-family, re-sale homes in Santa Clara County rose 4.7% in June from the month before.

Even better, the year-over-year difference, -5.4%, was the best since February 2007.

Inventory dropped 3.6% from May, and is now up 14.4% year-over-year.

Combine the rise in sales with the drop in inventory, and our Days of Inventory indicator shed 15 days to 166. That is its lowest level since July 2007.

The median price was down 2.6% from May, and it was off 13.5% year-over-year. This is the fifth month in a row the median price

has been lower than the year before.

The average price didn't fare much better, dropping 13.6% from June 2007.

Trends at a Glance (Single-family Homes)			
	Jun 08	May 08	Jun 07
Median Price:	\$750,000	\$770,000	\$867,500
Average Price:	\$921,795	\$966,239	\$1,066,610
Home Sales:	929	887	982
Inventory:	5,153	5,343	4,504
Sale/List Price Ratio:	98.4%	98.5%	100.2%
Days on Market:	48	46	53
Days of Inventory	166	181	138

The sales price to list price ratio fell 0.1 of a point to 98.4%. Days on market gained two days to 48.

After rising four months in a row, condo sales fell 6.9% in June from

May, and they were down 41.7% year-over-year.

The median price for condos lost 9.2% from May, \$456,250. This was off 15.4% compared to June 2007.

The sales price to list price gained a full point to 98.7%. Days on market fell four to 46.

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.

July/August 2008



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State Survey Shows Lenders are Rewriting Troubled Loans

The Schwarzenegger administration released a survey saying lenders are rewriting more of their troubled loans.

A new California Department of Corporations tally showed loan modifications – in which lenders froze or lowered interest rates – hit 8,686 in May, down from 9,448 in April. Still, the May figure was 49.4 percent higher than January's modifications.

The deals included everything from short sales, in which the lender accepts less than owed, to forbearances, in which the lender

temporarily suspends monthly payments.

The largest number of modifications allowed the borrower to keep the original starter interest rate or get a lower one.

Administration officials, who have acknowledged a slow start to their November agreement with subprime lenders to help more people avoid foreclosure, said they were encouraged by the improved results.

The administration also announced a \$1.2 million statewide "90 Days of Hope" ad campaign with a message for struggling borrowers: Call your lender for help. In the ads, borrow-

ers who received help urge others to keep trying.

Meanwhile, the state Senate weighed in Wednesday, voting 32-8 to send Schwarzenegger a bill requiring lenders to contact homeowners in person or by phone to seek solutions before starting foreclosure proceedings.

Senate Bill 1137 also gives tenants 60 days to move after a property is foreclosed. It requires those who buy a foreclosed property to keep it maintained or face \$1,000-a-day fines. The changes will take effect as soon as the governor signs the bill.

These initiatives are playing out amid a continuing sharp rise in foreclosures. California has recorded nearly 117,000 home foreclosures in the first half of 2008, according to Foreclosures.com, a Fair Oaks Web site for real estate investors. That's up from 94,969 all last year, the site reported.

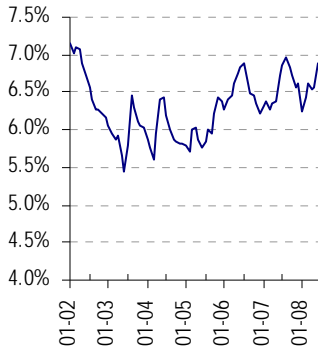
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The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



July 3, 2008 -- The tug-of-war for the ultimate direction for mortgage rates continues. After weeks of rising on the heels of inflation fears, the drag of a dispirited economy exerted greater leverage this week, pulling mortgage rates back from 10-month highs.

This week's overall average for 30-year fixed rate mortgages in declined by nine basis points (0.09%) to 6.91%, breaking a five-week string where rates rose by a full half-percent. HSH's index includes rates from conforming, jumbo, and the new "agency jumbo" loans.

Beginning in August 2007, mortgage rates have traveled a full-circle path, with rates at just over 7% in the early stages of the credit crisis (8/24/07) before sinking all the way down to just above 6% in January, and then ramping all the way up to an inflation-fear-goosed

flat 7% last week. For a number of different reasons, we've traveled this range for mortgage rates a number of times, and with the economy signaling weakness anew, we may just see rates settle back somewhat once again.

The cost of mortgage money responds to the vagaries of growth and especially inflation, but it's also influenced strongly by investor demand for mortgage instruments. There continues to be a considerable lack of demand for certain types, and in order to attract even the meager amount of attention currently in evidence -- and in light of market risks -- mortgage debts need to pay higher yields to keep attracting money. Thus, mortgage rates remain not only higher than they would normally be (compared to risk-free investments) but remain stubbornly firm, too.

Conforming loans which can easily be sold to Fannie Mae and Freddie Mac continue to absorb much of the available investor dollars, and so those rates remain comparatively low relative to private-market jumbos. The average for a 30-year fixed-rate conforming loan slipped by nine basis points this week, as did jumbo mortgages. Other products continue to offer little significant relief from elevated rates, with the popular 5/1 ARM standing at an overall average of 6.42%.

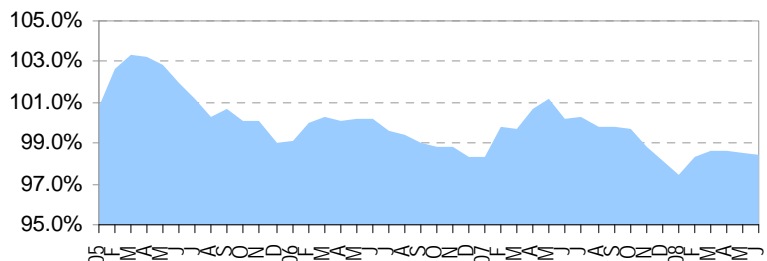
At the moment, a weakening economy is pressing mortgage rates downward. A lighter calendar of economic data is due out, and it's reasonable to expect that the markets will be fully in "summer mode" now that July is here. This argues for little significant change in interest rates next week, but mortgage rates may tick down a basis point or two.

June Sales Statistics

Single-family Homes

	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	\$750,000	\$921,795	929	1,977	5,153	48	98.4%	-13.5%	-13.6%	-5.4%	14.4%	-2.6%	-4.6%	4.7%	-3.6%
Campbell	\$780,000	\$784,971	21	49	112	48	98.7%	1.7%	-7.9%	-36.4%	34.9%	12.4%	7.3%	75.0%	8.7%
Cupertino	\$1,197,000	\$1,199,084	38	50	79	35	100.1%	-0.7%	-7.3%	11.8%	6.8%	-4.2%	-7.7%	-17.4%	-2.5%
Gilroy	\$510,000	\$586,816	59	124	519	123	96.6%	-31.5%	-31.3%	78.8%	21.8%	-6.4%	-4.3%	78.8%	-1.5%
Los Altos	\$1,675,000	\$1,921,306	33	26	64	20	99.6%	0.0%	3.8%	-26.7%	45.5%	-3.7%	-3.0%	-19.5%	-17.9%
Los Altos Hills	\$2,500,000	\$2,600,000	7	11	42	30	94.7%	-7.2%	-11.3%	-36.4%	-12.5%	-13.8%	-28.3%	-46.2%	-2.3%
Los Gatos	\$1,450,000	\$1,680,028	35	67	160	72	97.4%	11.5%	7.5%	-10.3%	41.6%	5.3%	16.8%	-2.8%	-0.6%
Milpitas	\$528,888	\$544,756	21	50	178	92	97.2%	-27.5%	-28.4%	-19.2%	32.8%	-3.4%	-4.9%	-4.5%	-2.7%
Monte Sereno	\$1,825,000	\$2,068,333	3	8	28	55	99.3%	-1.4%	10.6%	66.7%	47.4%	17.4%	30.6%	-25.0%	-6.7%
Morgan Hill	\$807,500	\$898,229	34	72	329	100	95.5%	-2.1%	7.5%	13.3%	8.9%	21.7%	26.0%	78.9%	-1.5%
Mountain View	\$951,000	\$1,080,348	22	51	63	29	100.8%	-8.3%	3.5%	10.0%	90.9%	-2.5%	3.3%	-29.0%	12.5%
Palo Alto	\$1,605,500	\$1,857,779	53	48	67	36	101.1%	12.1%	5.6%	-8.6%	42.6%	11.9%	18.5%	35.9%	-11.8%
San Jose	\$600,000	\$670,452	460	1,178	3,820	87	97.3%	-22.3%	-21.9%	-3.8%	42.3%	-4.0%	-4.8%	5.0%	-0.9%
Santa Clara	\$780,000	\$797,777	57	86	228	55	98.4%	4.0%	3.0%	18.8%	55.1%	16.2%	14.5%	42.5%	-3.0%
Saratoga	\$1,670,000	\$1,895,777	18	59	124	30	98.9%	-6.2%	-2.2%	-41.9%	4.2%	-7.7%	-0.3%	-28.0%	13.8%
Sunnyvale	\$898,000	\$918,552	63	89	203	35	99.7%	-6.0%	-6.8%	-23.2%	61.1%	-3.4%	-0.8%	-7.4%	1.5%

Sales Price/Listing Price Ratio



The Real Estate Report

Getting Your Home Ready to Sell

In today's real estate environment, selling a home can be a challenge. The two most important aspects of selling your home in the current market is first, price it properly. Well-maintained homes priced properly often receive multiple offers. Second, a clean, well-kept home will sell for more money than one that is run down.

If you are getting ready to sell your home, we have some tips for you.

First, make sure people will be enticed into your home when they first look at it from their car. This is called curb appeal. The next time you drive up to your home, look at it as if you were thinking of buying it. What could you do to make it more appealing from the curb? Is the yard neat? The grass green? The bushes trimmed? The kid's toys put away? Is the front

door clean? The garage door? A little paint and elbow grease here ensures more people will visit your home.

Next, you know all those little niggling things you've been meaning to fix? The squeaky door. The door knob that doesn't work properly. The closet door that slides roughly. Fix them!

Go for the spacious look. You are going to be moving, that's why the house is on the market. Start packing. Pack everything but the essentials, then put them in storage. This goes for the kitchen as well. Take all those appliances and containers off the counter tops and pack them away.

Spruce up your back yard. The back yard has evolved into one of the most important rooms of the house, especially in warmer climates. Buyers will be attracted to

back areas that have a nice deck or patio area with plenty of space for dining, grilling, and entertaining. And if you have a section of your yard that is child-friendly -- perhaps with a swing set, sandbox or play area -- play it up as much as possible.

Make your windows sparkle. Make sure your windows are nice and clean, especially if you live in a sunny region that doesn't get much summer rain.

Keep your walls light. If you're thinking about touching up the paint on your walls before you put your home on the market, keep the colors neutral and light. A light yellow or beige will make the room feel cooler than darker hues, like brick red or dark taupe.

Let the light in. Open blinds and curtains so plenty of light illuminates the home's interior.

Keep the pool clean. If you have a pool or spa, make sure it's clean. If you have a fence, make sure locks and latches are working properly.

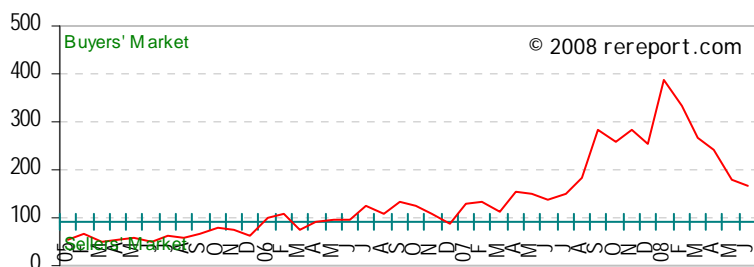
All this may seem like a lot of work, and it is, but it means a quicker sale with less hassle and more money in your pocket. Not to mention the pleasure you and your family will receive from living in a well-kept home.

To set the proper price, a seller must be aware of current market conditions, including what has sold recently in your neighborhood, and what is your competition.

Your local REALTOR®, that's me, can assist you with this. Call me.

June 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	\$456,250	\$521,677	242	660	1,728	46	98.7%	-15.4%	-9.1%	-41.7%	7.7%	-9.2%	-2.1%	-6.9%	-3.8%
Campbell	\$530,000	\$561,430	9	25	74	54	98.7%	-7.7%	-1.5%	-71.9%	45.1%	8.2%	27.1%	50.0%	10.4%
Cupertino	\$749,000	\$808,812	12	21	26	31	99.6%	9.6%	15.1%	-45.5%	36.8%	16.8%	20.1%	0.0%	4.0%
Gilroy	\$210,000	\$210,000	1	8	39	45	93.5%	n/a	n/a	n/a	21.9%	-54.8%	-54.8%	0.0%	2.6%
Los Altos	\$867,250	\$906,812	8	1	6	11	99.5%	-17.4%	-21.5%	60.0%	-64.7%	-7.2%	8.8%	166.7%	-40.0%
Los Gatos	\$795,000	\$837,617	7	15	43	31	104.4%	0.5%	5.6%	-50.0%	16.2%	-9.1%	-5.9%	133.3%	-15.7%
Milpitas	\$523,500	\$523,500	2	23	78	15	98.8%	-10.5%	-6.4%	-77.8%	50.0%	0.7%	3.9%	-71.4%	6.8%
Morgan Hill	\$320,000	\$344,966	3	8	27	242	97.7%	-65.6%	-50.3%	-33.3%	-14.8%	-25.0%	-16.3%	-33.3%	12.5%
Mountain View	\$620,000	\$586,456	23	37	80	41	99.0%	-3.1%	-6.3%	-41.0%	73.9%	4.7%	7.4%	-23.3%	-8.0%
Palo Alto	\$907,500	\$967,100	10	20	30	24	100.5%	24.3%	7.7%	-23.1%	200.0%	13.4%	16.2%	-41.2%	3.4%
San Jose	\$375,500	\$408,692	135	397	1,328	76	98.3%	-24.6%	-19.5%	-32.5%	18.9%	-14.4%	-8.9%	16.4%	-2.0%
Santa Clara	\$457,500	\$503,508	12	48	129	80	98.4%	-6.1%	-3.5%	-57.1%	16.2%	3.5%	-0.4%	-52.0%	-3.0%
Saratoga	\$664,250	\$664,250	2	6	19	152	100.3%	-7.1%	-5.0%	-33.3%	-100.0%	1.0%	-16.2%	-200.0%	0.0%
Sunnyvale	\$592,500	\$576,333	18	51	129	29	98.9%	5.3%	1.2%	-60.9%	76.7%	13.4%	6.9%	-18.2%	16.2%

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Rents Climb Despite 'Shadow Market' BY *WSJ's Nick Timiraos*, July 5, 2008

Landlords continue to see a strong rental market undercut by a "shadow market" — the glut of unsold homes on the market as rentals. But the housing downturn continues to provide landlords with solid rent increases nonetheless, as more homeowners become renters and as existing renters defer homeownership.

Rents climbed by 1.1% last quarter, slightly off the 1.3% growth in the same quarter last year, according to figures to be released Saturday by Reis Inc., a New York real estate research firm. Apartment vacancies held constant at 5.9% from the previous quarter.

Rent growth remains ahead of where it should be given the economic downturn and slowing wage growth. "That's giving landlords more power than we'd normally expect to see in the cycle," says Sam Chandan, chief economist at Reis. At the recession earlier this decade, he notes, "we had declines in rent certainly not on the order of what we're seeing now."

Four of 79 markets tracked by Reis showed negative rent growth, all in parts of the country hardest hit by big home prices declines: Miami; Palm Beach, Fla.; Ventura County, Calif., and Detroit. (See charts below)

Rents increased in some strong housing markets, including Seattle and Boston, where tightened mortgage lending terms continue to discourage homeowners. The energy sector helped boost rents in markets across the West, including Denver, which led the nation with 1.9% rental growth. Houston, Oklahoma City and Tulsa, Okla., also posted above-average rental increases.

Reis's Mr. Chandan suggests that the data show "very preliminary" signs of stabilization in the hardest-hit housing markets in Florida. Vacancies fell in overbuilt housing markets including California's Inland Empire and Fort Lauderdale, Fla., and California's Inland Empire, which also posted an above-average rental growth. Rents gained a robust 1.5% in Orlando, Fla.

One big question that remains: When will the shadow market disappear? Analysts say that the most overbuilt housing markets will continue to see homes and condos converted to rentals through 2009. "Given the extent of overbuilding that's a fairly speedy correction," says Mr. Chandan.

Others point to the lack of rental demand due to renters who double or triple up or move in with their parents. Lawrence Yun, chief economist for the National Association of Realtors, says that the practice should abate in the short-term, in part because "it's not sustainable to keep adding roommates."

Strongest Rent Growth

1. Denver	1.9%
2. Wichita, Kan.	1.9%
3. Syracuse, N.Y.	1.9%
4. Seattle	1.9%
5. Dayton, Ohio	1.7%
6. Tulsa, Okla.	1.7%
7. Louisville, Ky.	1.7%
8. Little Rock, Ark.	1.6%
9. Hartford, Conn.	1.6%
10. Boston	1.6%

Weakest Rent Growth

1. Palm Beach, Fla.	-0.40%
2. Miami	-0.2
3. Detroit	-0.1
4. Ventura County, Calif.	-0.1
5. Fort Lauderdale, Fla.	0
6. Tucson, Ariz.	0.2
7. Portland, Ore.	0.3
8. Phoenix	0.3
9. Columbia, S.C.	0.5
10. Columbia, S.C.	0.5

Source: Reis Inc

for a [city-by-city breakdown](#) and to receive the [monthly report regularly](#), visit my website at

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