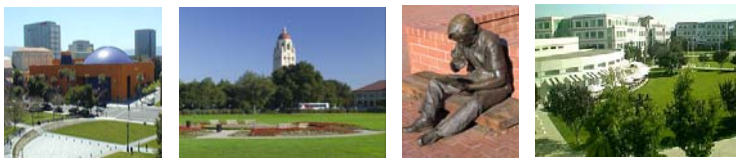


The Real Estate Report

SILICON VALLEY MARKET TRENDS



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Santa Clara County Median Home Price Rises in April

The median price for single-family, re-sale homes rose 4.4% in April from March. Year-over-year, the median price was off 37.3%. The average price gained 0.6%, month-over-month, but was down 38.3% compared to April 2008.

Home sales increased, year-over-year, by 33.1% in April. This is the tenth month in a row homes sales have been up compared to the year before. Year-to-date, home sales are up 33.4%.

Sales continue to be concentrated in the lower-priced cities such as San Jose where year-over-year sales were up 76.8%, and Gilroy where sales were up 93.3%.

Inventory continues to be lower than the year before: down 35.6%.

The sales price to list price ratio for homes rose 0.1 of a point to 98.4%.

Trends at a Glance (Single-family Homes)			
	Apr 09	Mar 09	Apr 08
Median Price:	\$470,000	\$450,000	\$750,000
Average Price:	\$598,559	\$595,064	\$970,084
Home Sales:	909	719	683
Inventory:	3,550	3,915	5,511
Sale/List Price Ratio:	98.4%	98.3%	98.6%
Days on Market:	61	65	49
Days of Inventory	117	163	242

Days of inventory dropped 23 to 139 days for homes.

Condo sales rose 4.8% from March, and were up 11.5% year-over-year.

The median price for condos rose 17.2% from March, and it was off 42.9% compared to last April. The average price gained 7.4%, month-over-month, but was down 36.9% compared to April 2008.

Condo inventory was down 33.3% year-over-year.

The sales price to list price ratio for condos dropped 0.3 of a point to 97.1p%.

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 property, call me.

May 2009



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Pending Home Sales Rise, Housing Affordability Near Record

Washington, May 04, 2009

The Pending Home Sales Index, a forward-looking indicator based on contracts signed in March, increased 3.2% to 84.6 from a level of 82.0 in February, and is 1.1% higher than March 2008 when it was 83.7.

Lawrence Yun, NAR chief economist, said it should take a few months for the market to gain momentum. "This increase could be the leading edge of first-time buyers responding to very favorable affordability conditions and an \$8,000 tax credit, which increases buying power even more in areas where special programs allow buyers to use it as a downpayment," he said. "We need several months of sus-

tained growth to demonstrate a recovery in housing, which is necessary for the overall economy to turn around." (press release text continues below)

NAR's Housing Affordability Index remained near record highs. The affordability index was 166.7 in March – down from an upwardly revised record of 174.4 in February due to higher home prices in March. The index remains 30.8% higher than a year ago. The HAI is a broad measure of housing affordability using consistent values and assumptions over time, which examines the relationship between home prices, mortgage interest rates and family income; tracking began in 1970.

The Pending Home Sales Index in the South rose 8.5% to 93.2 in March and is 7.7% above a year ago. In the West the index increased 3.9% to 93.1 and is 1.7% higher than March 2008. The index in the Northeast fell 5.7% to 59.5 in March and is 24.1% below a year ago. In the Midwest the index slipped 1.0% to 82.3 but is 8.2% higher than March 2008.

NAR President Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth, said the increase in buying power is quite remarkable. "Compared to a year ago, the typical family can pay much less in mortgage costs for the same home, or buy a better home without necessarily increasing their monthly

payment," he said. "For buyers who've been on the sidelines and have good jobs, the market has never looked more favorable. Homeownership has always offered immediate benefits and long-term value, but the advantages in today's market are unique."

A median-income family, earning \$61,100, could afford a home costing \$291,600 in March with a 20% downpayment, assuming 25% of gross income is devoted to mortgage principal and interest. Affordability conditions for first-time buyers with the same income and small downpayments are roughly 80% of that amount. The affordable price was notably higher than the median existing single-family home price in March, which was \$174,900.

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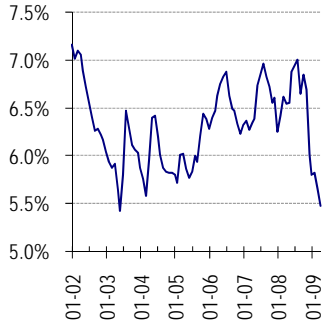
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The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



May 1, 2009 – Signs the economy may be stumbling back to life are becoming more evident. At some point, perhaps sooner than anticipated, we may find ourselves on the cusp of actual recovery. When that happens, concerns about inflation will quickly find their way back into the economy, and mortgage interest rates will begin to rise.

This week, the overall average for residential fixed-rate mortgages eased by four basis points. HSH's Fixed-Rate Mortgage Indicator -- inclusive of conforming, jumbo and "high-limit" conforming loans -- dipped back to 5.43%. The FRMI's 5/1 Hybrid counterpart also shed four basis points to land at 5.15% for the period. Conforming 30-year FRMs moved down a like amount, again landing at just under 5%, while "true" jumbo mortgages increased by a single basis point.

In addition to massive amounts of new "supply" of government bonds, the slightly improving economic picture is producing a bit of an increase in interest rates. After flirting with a 3% yield on a number of occasions, the yield on the 10-year Treasury blew right on by it this week, running as "high" as 3.16% on Thursday from about 2.95% on Monday. Of course, even with the increase, yields remain extraordinarily low. It wasn't all that long ago that the Fed announced its program to buy Treasuries, causing some speculation that they would drive interest rates even lower (and, in fact, we saw a 50-basis-point decline in the 10-year yield in the space of a couple of hours after the announcement). However, we believed that the Fed would be buying bonds not to lower interest rates, but rather to temper the kinds of increases that a glut of

supply would bring. That seems to be the case so far.

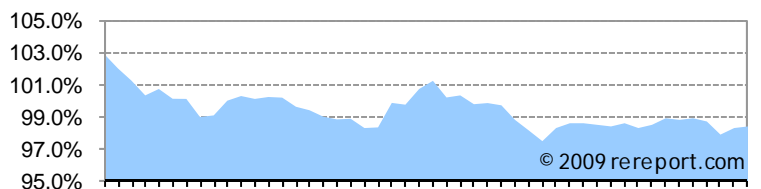
Mortgage rates are poised to move nowhere fast, either up or down. The impending bank "stress tests" may or may not move the market to any great degree as they are revealed, starting next week, but it's unclear what will be revealed and to whom. Even if some bad news is revealed, is there anyone at this stage of the game who could claim to be surprised by it, even if tens of billions of dollars of deficiencies were unearthed? We're hundreds of billions into losses already, and that just to a single company (AIG). We'll bet on little change to rates, no matter what or how much hits the news.

April Sales Statistics

Single-family Homes

County	Prices		Unit Sales	Listings			DOM	SP/LP	Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	Med.			Ave.	Sales	Listed	Med.	Ave.	Sales	Listed	
County	\$470,000	\$598,559	909	1,700	3,550	61	98.4%	-37.3%	-38.3%	33.1%	-35.6%	4.4%	0.6%	26.4%	-9.3%	
Campbell	\$660,000	\$645,781	19	39	110	90	95.3%	-12.3%	-26.4%	90.0%	20.9%	-1.5%	-2.9%	111.1%	-2.7%	
Cupertino	\$955,000	\$1,095,319	26	70	137	64	94.6%	-20.4%	-14.3%	-3.7%	44.2%	-9.0%	-6.4%	188.9%	7.9%	
Gilroy	\$374,000	\$423,718	58	73	285	116	96.3%	-32.6%	-29.8%	93.3%	-45.0%	6.9%	-2.3%	5.5%	-12.6%	
Los Altos	\$1,500,000	\$1,574,000	11	65	132	60	93.1%	-14.8%	-23.2%	-54.2%	103.1%	6.8%	4.9%	-21.4%	20.0%	
Los Altos Hills	\$2,800,000	\$2,620,000	6	27	70	154	95.5%	14.6%	-15.4%	0.0%	59.1%	24.4%	-45.1%	100.0%	27.3%	
Los Gatos	\$955,000	\$1,035,326	25	61	191	69	94.4%	-39.0%	-45.8%	13.6%	13.7%	0.5%	-16.4%	127.3%	0.5%	
Milpitas	\$431,450	\$474,935	30	36	95	123	94.9%	-26.2%	-28.1%	87.5%	-45.1%	-2.5%	-1.6%	0.0%	-14.4%	
Monte Sereno	\$1,699,500	\$1,634,125	4	3	29	76	96.2%	-29.4%	-33.2%	25.0%	16.0%	-5.9%	-5.9%	300.0%	-19.4%	
Morgan Hill	\$581,000	\$628,621	32	58	246	181	96.7%	-11.3%	-6.1%	28.0%	-26.3%	9.4%	0.2%	10.3%	-4.3%	
Mountain View	\$837,500	\$860,400	20	45	108	61	96.4%	-21.9%	-22.3%	33.3%	96.4%	-24.6%	-17.4%	100.0%	18.7%	
Palo Alto	\$1,245,000	\$1,536,586	29	73	161	30	95.7%	-26.8%	-20.8%	-6.5%	136.8%	3.3%	10.4%	20.8%	15.0%	
San Jose	\$410,000	\$450,021	555	934	2,732	103	98.3%	-38.1%	-38.3%	76.8%	-27.6%	-0.5%	-1.0%	21.7%	-6.8%	
Santa Clara	\$530,000	\$542,535	41	75	188	121	98.0%	-27.0%	-24.9%	2.5%	-22.0%	-2.2%	-6.9%	86.4%	-6.5%	
Saratoga	\$1,435,000	\$1,543,428	14	52	175	126	92.8%	-11.7%	-9.3%	-51.7%	73.3%	14.3%	6.0%	0.0%	0.6%	
Sunnyvale	\$600,000	\$639,043	38	75	186	76	97.2%	-33.1%	-29.2%	-9.5%	-8.4%	15.4%	4.6%	22.6%	2.2%	

Sales Price/Listing Price Ratio



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The Real Estate Report

Bernanke says recovery is around the corner

Federal Reserve Chairman Ben S. Bernanke added to the recent upbeat mood on the economy today, telling Congress that the recession was easing and that growth should begin by the end of the year.

But Bernanke warned that the recovery would be slow and unemployment rates would continue to remain high even after the recession had ended.

Bernanke's testimony to the Joint Economic Committee amplified on his comments on CBS' "60 Minutes" in March that the recession would end later this year if government rescue actions succeeded. He was more upbeat and detailed today, offering fewer qualifications. His forecast built on assessments by top economic officials in the Obama administration that the recession was showing signs of ending.

"We continue to expect economic activity to bottom out, then to turn up later this year," Bernanke said, noting that the Fed believes the housing market is beginning to stabilize. "We expect that the recovery will only gradually gain momentum and that economic slack will diminish slowly. In particular, businesses are likely to be cautious about hiring, implying that the unemployment rate could remain high for a time, even after economic growth resumes."

He said unemployment would probably peak early next year and then come down slower after that. The unemployment rate was 8.5% in March, the most recent data available.

The nation's economic activity has decreased by more than 6% in the last two quarters. But Bernanke said there was "a bit of good news" in the data from the

first three months of this year, noting that about half of the 6.1% decline in gross domestic product came from businesses accelerating the liquidation of their inventories.

"As inventories are worked down, then firms will be able to increase their production to meet what looks to be some stabilization in final demand," he said.

While businesses will be slow in hiring new workers to rebuild their inventories, that slower growth should continue to keep inflation low, Bernanke said.

"It's very hard for serious inflation to take off when you have this kind of slack in the economy," he said.

Bernanke would not reveal the results of stress tests on the nation's 19 largest banks, which are due to be publicly released by

the Fed on Thursday. The tests will determine if the banks need to raise more money to withstand another economic emergency in the next two years. If banks can't raise the capital they need privately, the government would step in with additional bailout money.

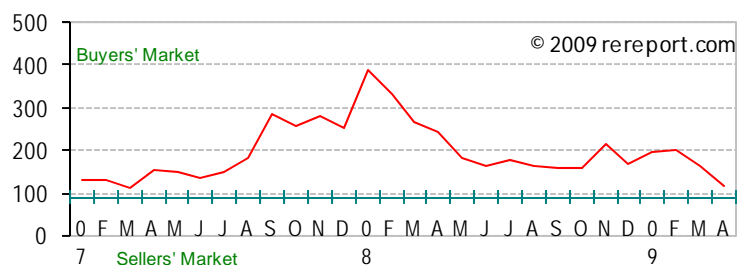
"I believe that many of them will be able to meet their capital needs without further government capital," he said.

April Sales Statistics

Condos/Townhomes

	Prices		Unit Sales	Listings			DOM	SP/LP	Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	SP/LP			Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$280,000	\$331,645	261	529	1,212	69	97.1%	-42.9%	-36.9%	11.5%	-33.3%	17.2%	7.4%	4.8%	-9.9%	
Campbell	\$427,500	\$427,500	2	8	44	161	94.0%	-17.0%	-18.3%	-83.3%	-21.4%	13.2%	22.2%	-75.0%	-15.4%	
Cupertino	\$652,500	\$676,833	6	14	39	36	94.7%	-9.8%	-9.2%	-50.0%	62.5%	4.8%	7.4%	0.0%	-4.9%	
Gilroy	\$222,000	\$214,685	7	4	19	174	96.4%	n/a	n/a	n/a	-51.3%	30.1%	25.6%	14.3%	-9.5%	
Los Altos	\$639,000	\$669,600	5	11	28	69	94.7%	-17.8%	-13.8%	150.0%	366.7%	n/a	n/a	n/a	12.0%	
Los Gatos	\$710,000	\$700,222	9	15	55	117	94.7%	-11.8%	-15.3%	50.0%	25.0%	-3.4%	-3.9%	125.0%	-5.2%	
Milpitas	\$250,000	\$291,590	11	11	62	105	95.1%	-55.3%	-45.1%	22.2%	6.9%	-16.7%	-13.4%	-15.4%	-10.1%	
Morgan Hill	\$289,500	\$297,250	4	7	29	117	98.4%	-19.0%	-15.9%	50.0%	13.8%	n/a	n/a	n/a	11.5%	
Mountain View	\$505,000	\$469,103	17	48	107	62	96.0%	-12.2%	-19.4%	-50.0%	5.9%	-12.2%	-14.4%	30.8%	15.1%	
Palo Alto	\$650,000	\$723,416	6	13	47	69	95.4%	-24.6%	-6.5%	-33.3%	80.8%	-10.7%	6.1%	100.0%	-6.0%	
San Jose	\$198,000	\$253,561	170	323	1,042	113	96.5%	-49.9%	-45.7%	66.7%	-20.9%	7.0%	9.4%	3.0%	-6.0%	
Santa Clara	\$360,000	\$382,727	11	43	128	115	97.1%	-45.6%	-36.5%	-8.3%	-10.5%	-3.2%	-5.3%	-35.3%	14.3%	
Saratoga	\$535,000	\$535,000	1	7	23	192	94.1%	-29.3%	-29.3%	-50.0%	57.1%	-15.5%	-15.5%	0.0%	4.5%	
Sunnyvale	\$498,944	\$494,015	12	25	100	125	97.4%	-10.7%	-16.1%	-20.0%	11.1%	4.2%	-4.8%	-20.0%	0.0%	

Days of Inventory



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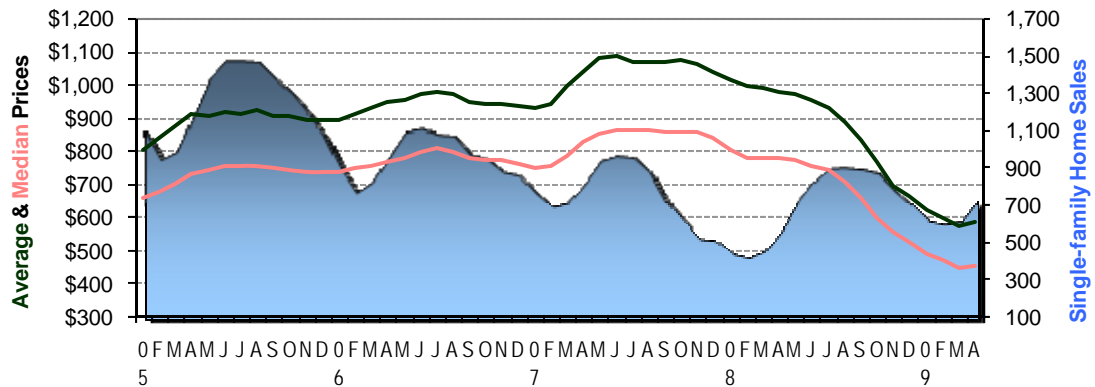
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The investor corner

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U.S. Foreclosure Activity Up 24 Percent From Q1 2008 March Activity Up 17 Percent From February, 46 Percent From March 2008. More information at: http://650and408homes.com/articles/2009/9_foreclosure_activity.html

Bidding Wars Are Emerging on Foreclosures

Prices Are Generally Falling, But a Few Markets Have Shortages of Mid priced Homes.

Falling home prices are starting to ignite bidding wars in a few parts of the U.S. as first-time buyers compete with investors for the same foreclosed properties. More information at:

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