

Real Estate Service With My Personal Guarantee



Avi Urban
 EE, Real Estate Consultant
 DRE #: 01485729
 650.305.1111
avi@650and408homes.com
www.650and408homes.com

the One-Stop Realtor for busy professionals

AUGUST/SEPTEMBER 2010

INSIDE THIS ISSUE

- > LOCAL MARKET TRENDS 1
- > MORTGAGE RATE OUTLOOK..... 2
- > HOME STATISTICS..... 2
- > DOUBLE [DIP] OR NOTHING? 3
- > CONDO STATISTICS..... 3
- > CHARTS: SP/LP & SALES YTD..... 4

Silicon Valley market trends report

SANTA CLARA COUNTY

Sales Slip After Fed Tax Credit Expires

Sales of both single-family, re-sale homes and condos fell in July with the expiration of the Federal tax credit.

Home sales were off 15.6% compared to last July, while condo sales were down 18.8%.

The new state tax credit has pumped a little life into the high-end market. With more sales in that segment of the market, the average price for homes in July went over \$800,000 for the first time since August 2008.

The high-end market has been helped by increasing access to jumbo and super-jumbo loans. Historically, and until July 2007, the spread or difference between conforming mortgage rates and jumbo rates moved within a narrow range of about 0.20%. At the trough of the market, the spread was 1.9%. Now, the spread is down to 0.5%, and the secondary market for jumbo loans is awakening.

The median price for homes was off 1.1% from June, but it was up 7.2% year-over-year. The average price was up 2.4% from June and up 12.3% compared to last July. This is the tenth month in a row prices have been higher than the year before.

The sales price to list price ratio for homes stayed over 100% for the thirteenth month in a row: 100.2%.

The median and average prices for condos were up 3.3% and 9.5% respectively year-over-year.

Pending sales were down from June, but were still higher than the year before. Pending home sales were up 44.2%, while pending condo sales rose 44.7%.

Inventory for homes rose 9.6% year-over-year. This is the first month since November 2008 inventory has been higher than the year before.

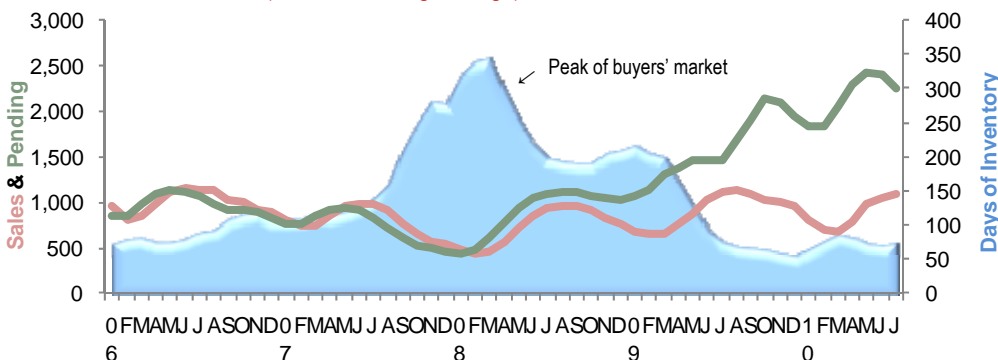
| Trends at a Glance (Single-family Homes) | | | |
|---|------------|------------|------------|
| | Jul 10 | Jun 10 | Jul 09 |
| Median Price: | \$ 637,685 | \$ 645,000 | \$ 595,000 |
| Average Price: | \$ 804,110 | \$ 785,447 | \$ 716,163 |
| Home Sales: | 1,004 | 1,075 | 1,190 |
| Inventory: | 2,899 | 2,678 | 2,645 |
| Sale/List Price Ratio: | 100.2% | 100.4% | 100.2% |
| Days on Market | 43 | 44 | 58 |
| Days of Inventory: | 87 | 72 | 67 |

Speaking of inventory, Leslie Appleton-Young, chief economist for the California Association of REALTORS® (C.A.R.), said, at a recent Silicon Valley Association of REALTORS® (SILVAR) meeting in Palo Alto last month, in five to ten years California will experience a housing shortage.

She said household growth for the state is expected to be 200,000 a year. The CBIA reports only 13,000 permits pulled in the first six months of the year.

Remember, the real estate market is a matter of neighborhoods and houses. No two are the same. For complete information on a particular neighborhood or property, call me.

Santa Clara County Homes - Sales, Pending & Days of Inventory
 (3-month moving average)



HOW TO READ THE CHART

The blue area is the number of days it would take to sell all the homes for sale at the current rate of sales.

The green line shows the number of homes in escrow. Normally, this line tracks closely with the red line, which shows actual sales.

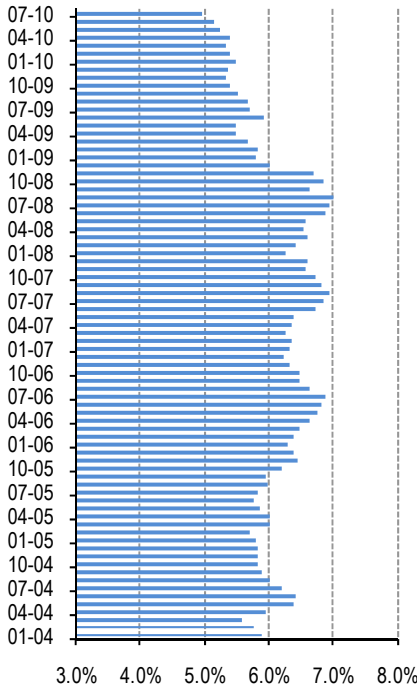
As you can see, the two lines have diverged over the past year. This is due to many homes being put into escrow as short-sales, contingent upon the banks' approval. This is being done even before the banks know about the short sale. Subsequently, many of these escrows do not close.

Is **NOW** a good time to buy your Silicon Valley Home?

FREE Buyers Seminar, more information at: http://www.650and408homes.com/sv_seminar_req.html

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Jul. 30, 2010 -- With the deceleration in the economy now quantified, mortgage rates stopped falling this week. As prospects for a speedy recovery begin to fade, and inflation pressures bleed from the system, interest rates are less likely to find reasons to rise anytime soon.

Each week for some 30 years, HSH has produced an overall mortgage monitor -- our Fixed-Rate Mortgage Indicator (FRMI). The FRMI includes rates for conforming, jumbo, and most recently the GSE's "high-limit" conforming products and so covers much of the mortgage-borrowing public. This week, the FRMI remained in record-low territory even though it lifted by two basis points (.02%) to 4.92%. For borrowers for whom a long-term fixed-rate mortgage doesn't fit the bill, the next-most popular choice is the hybrid 5/1 ARM, which finished the survey week at 3.92%.

Low mortgage rates produce benefits only to those who can access them -- namely people with incomes, good credit, equity and more. While some can, many more cannot, because they have no job to produce the income needed to participate in today's markets. Untold additional numbers have little or no equity in their homes and cannot recast their balance sheets through conventional refinancing means.

These two issues -- jobs and underwater homeowners -- are the problems which most need addressing if we are to produce a faster economic recovery. Grandiose health care and financial market overhaul mean very little relative to the problems so many face today, and the regulatory and tax uncertainty inherent in such plans are more than likely serving as additional deterrents to the kind of hiring which would produce a better economic climate.

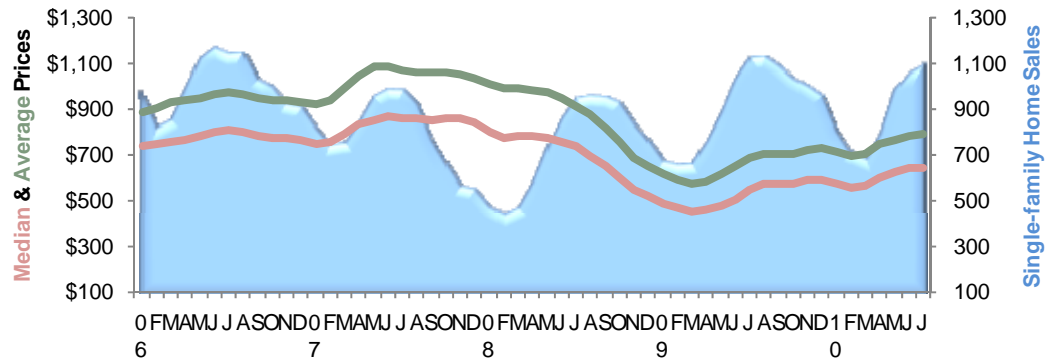
Until that better economic climate shows, we'll continue to have low mortgage rates and high unemployment, and continue in this stagnant holding pattern.

Next week we get all the big first-week of the month reports, including the ISM manufacturing index, auto sales, income and spending, consumer borrowing and the employment report. We'll be looking for bright spots but expect to see few coming, and so mortgage rates have little reason to do anything different than they have in recent weeks -- decline mildly.

The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com. The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

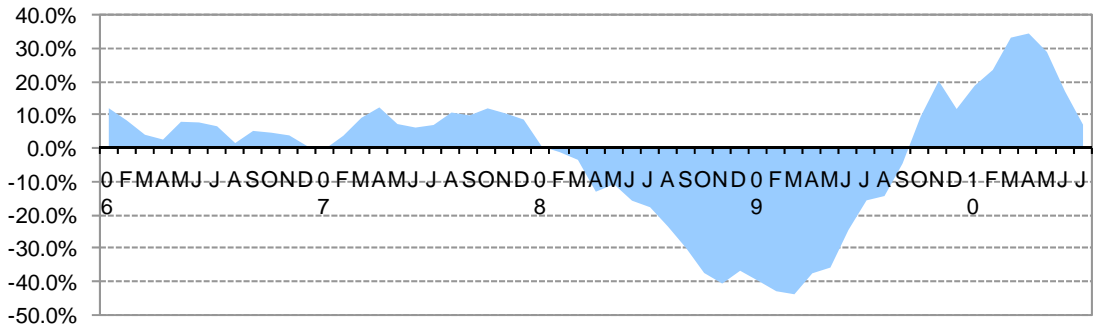
Santa Clara County Homes - Prices & Sales

(3-month moving average—prices in \$000's)



| Santa Clara County - July 2010 | | | | | | | | | | | | |
|--------------------------------|--------------|--------------|-------|-------|-------|-----|--------|---------------------------|--------|--------|--------|--------|
| Single-Family Homes | | | | | | | | % Change from Year Before | | | | |
| Prices | | | | | | | | Prices | | | | |
| Cities | Median | Average | Sales | Pend | Inven | DOI | SP/LP | Med | Ave | Sales | Pend2 | Inven |
| County | \$ 637,685 | \$ 804,110 | 1,004 | 2,063 | 2,899 | 87 | 100.2% | 7.2% | 12.3% | -15.6% | 44.2% | 9.6% |
| Campbell | \$ 690,000 | \$ 735,445 | 29 | 25 | 82 | 85 | 97.9% | 2.2% | 14.6% | -26.1% | 13.6% | 18.8% |
| Cupertino | \$ 1,120,000 | \$ 1,202,210 | 39 | 45 | 83 | 64 | 99.5% | 9.5% | 9.2% | 2.6% | 18.4% | -26.5% |
| Gilroy | \$ 434,800 | \$ 462,993 | 56 | 130 | 124 | 66 | 100.8% | 17.1% | 11.8% | -17.6% | 38.3% | 4.2% |
| Los Altos | \$ 1,480,000 | \$ 1,628,600 | 39 | 34 | 67 | 52 | 98.7% | -3.7% | -7.1% | 30.0% | 88.9% | -27.2% |
| Los Altos Hills | \$ 2,480,000 | \$ 3,071,510 | 9 | 10 | 66 | 220 | 94.4% | -10.0% | 22.7% | 50.0% | 66.7% | -4.3% |
| Los Gatos | \$ 1,230,000 | \$ 1,332,280 | 33 | 53 | 157 | 143 | 98.8% | 3.8% | -0.1% | 17.9% | 130.4% | -6.5% |
| Milpitas | \$ 552,500 | \$ 565,930 | 24 | 58 | 72 | 90 | 99.3% | -1.4% | -6.1% | -14.3% | 16.0% | 24.1% |
| Monte Sereno | \$ 1,522,500 | \$ 1,765,000 | 4 | 4 | 41 | 308 | 92.6% | -53.8% | -46.4% | 100.0% | 0.0% | 46.4% |
| Morgan Hill | \$ 620,000 | \$ 646,669 | 43 | 90 | 152 | 106 | 99.4% | 11.1% | 6.8% | 0.0% | 36.4% | 14.3% |
| Mountain View | \$ 925,000 | \$ 960,656 | 20 | 38 | 54 | 81 | 99.8% | 3.1% | -4.8% | -37.5% | 153.3% | -16.9% |
| Palo Alto | \$ 1,525,000 | \$ 1,794,580 | 43 | 42 | 101 | 70 | 104.1% | 12.5% | 20.1% | 2.4% | 82.6% | -13.7% |
| San Jose | \$ 534,888 | \$ 578,779 | 529 | 1,305 | 1,436 | 81 | 100.7% | 7.0% | 4.3% | -24.0% | 46.6% | 25.0% |
| Santa Clara | \$ 552,400 | \$ 602,883 | 40 | 75 | 118 | 89 | 100.0% | -0.9% | 2.1% | -25.9% | 5.6% | 26.9% |
| Saratoga | \$ 1,650,000 | \$ 1,796,930 | 25 | 42 | 134 | 161 | 95.9% | 5.9% | 7.7% | 0.0% | 13.5% | -13.0% |
| Sunnyvale | \$ 815,500 | \$ 812,855 | 64 | 86 | 111 | 52 | 99.5% | 3.0% | 3.8% | -3.0% | 48.3% | -8.3% |

Santa Clara County Homes: Year-Over-Year Median Price Change



DOUBLE [DIP] OR NOTHING?

Over the last several months, sales in the California housing market have been leveling out while the median price of homes has stayed over the \$300,000 threshold. Along with reports on weakness in the national numbers and large numbers of distressed sales across the board, the front and center question is: Are we headed for a double dip?

As far as sales are concerned, the pace has been near or above the 500,000 mark for the past two years, which is consistent with pre-peak levels of activity. The seasonally adjusted annualized rate of 492,800 existing detached home sales in June 2010 was down 4.2% from year ago levels and down 11.1% month-to-month. Despite the month-to-month and year-to-year declines, the June rate of sales was well above the trough of 254,650 homes that occurred in October 2007. Given

the high levels of affordability compared to peak years, a drop off in sales to trough levels of 255,000 homes seems very unlikely.

As for home prices, the California median price was \$311,950 in June 2010, 13.6% above the year ago median of \$274,640, and up 27.2% from the trough price of \$245,230 of February 2009. While a 13.6% increase from the low point is welcome, the median actually declined over the last two months, causing concerns about a double dip in the median price. The possibility of a return to the \$245,000 range seems remote for the following reasons. First, even at current prices, affordability is more than double the levels of two and three years ago. This should continue to drive demand and prevent a significant decline in home prices. Second,

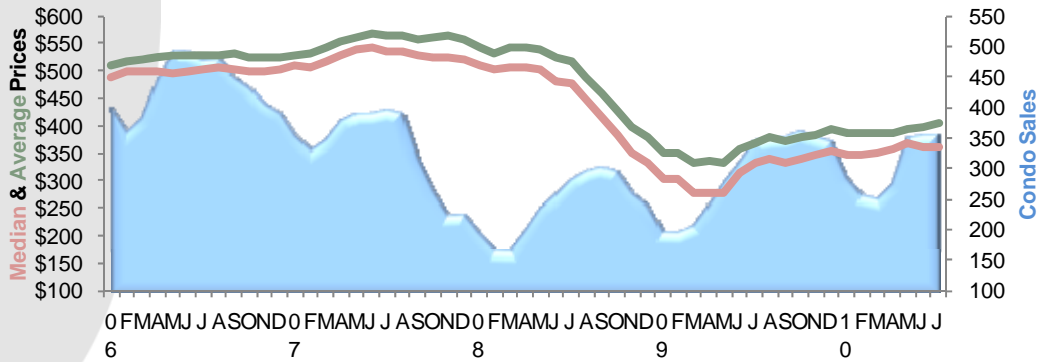
(Continued on page 4)

Want straight answers to your real estate questions?
 Call 650-305-1111 or email to schedule a complementary & confidential one-on-one meeting.

Do you want to be notified of investment opportunities across the country?
 Email me with subject "investment's opportunities"

Santa Clara County Condos- Prices & Sales

(3-month moving average—prices in \$000's)



| Santa Clara County - July 2010 | | | | | | | | | | | | |
|--------------------------------|------------|------------|-------|------|-------|-----|---------------------------|--------|--------|--------|--------|--------|
| Condos/Townhomes | | | | | | | % Change from Year Before | | | | | |
| Prices | | | | | | | Prices | | | | | |
| Cities | Median | Average | Sales | Pend | Inven | DOI | SP/LP | Med | Ave | Sales | Pend2 | Inven |
| County | \$ 345,000 | \$ 403,846 | 298 | 839 | 1,073 | 108 | 99.3% | 3.3% | 9.5% | -18.8% | 44.7% | 30.1% |
| Campbell | \$ 430,000 | \$ 412,667 | 3 | 20 | 40 | 400 | 96.9% | -14.9% | -20.6% | -57.1% | 81.8% | 33.3% |
| Cupertino | \$ 647,500 | \$ 668,722 | 18 | 12 | 34 | 57 | 99.0% | 1.2% | 2.4% | 100.0% | 0.0% | 47.8% |
| Gilroy | \$ 157,250 | \$ 157,250 | 2 | 11 | 3 | 45 | 101.5% | 41.7% | -2.6% | -71.4% | 10.0% | -25.0% |
| Los Altos | \$ 572,500 | \$ 572,500 | 2 | 3 | 12 | 180 | 97.1% | -40.4% | -40.4% | 100.0% | -50.0% | -25.0% |
| Los Gatos | \$ 582,000 | \$ 615,345 | 10 | 5 | 50 | 150 | 96.0% | 12.4% | 15.1% | 25.0% | -58.3% | 11.1% |
| Milpitas | \$ 230,000 | \$ 252,333 | 12 | 34 | 33 | 83 | 96.4% | -14.8% | -17.4% | 9.1% | 47.8% | 106.3% |
| Morgan Hill | \$ 242,500 | \$ 247,500 | 4 | 27 | 16 | 120 | 96.3% | -21.8% | -21.4% | -33.3% | 350.0% | 220.0% |
| Mountain View | \$ 642,500 | \$ 567,356 | 18 | 40 | 91 | 152 | 98.6% | 39.3% | 13.5% | -43.8% | 11.1% | 49.2% |
| Palo Alto | \$ 670,000 | \$ 705,385 | 13 | 14 | 32 | 74 | 97.6% | -34.0% | -39.1% | 225.0% | 133.3% | -37.3% |
| San Jose | \$ 270,000 | \$ 331,527 | 185 | 574 | 586 | 95 | 100.0% | 0.0% | 12.9% | -17.0% | 52.3% | 27.7% |
| Santa Clara | \$ 370,000 | \$ 421,286 | 14 | 62 | 56 | 120 | 100.8% | 8.8% | 2.2% | -44.0% | 47.6% | 14.3% |
| Saratoga | \$ 446,000 | \$ 460,000 | 3 | 7 | 18 | 180 | 98.4% | 3.0% | 6.2% | 50.0% | 250.0% | 20.0% |
| Sunnyvale | \$ 518,750 | \$ 531,950 | 14 | 30 | 102 | 219 | 98.6% | -6.4% | 0.6% | -56.3% | -18.9% | 100.0% |

Table Definitions

Median Price
 The price at which 50% of prices were higher and 50% were lower.

Average Price
 Add all prices and divide by the number of sales.

SP/LP
 Sales price to list price ratio or the price paid for the property divided by the asking price.

DOI
 Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

Pend
 Property under contract to sell that hasn't closed escrow.

Inven
 Number of properties actively for sale as of the last day of the month.

Real Estate Service With My Personal Guarantee



Avi Urban
 EE, Real Estate Consultant
 DRE #: 01485729
 650.305.1111
avi@650and408homes.com
www.650and408homes.com

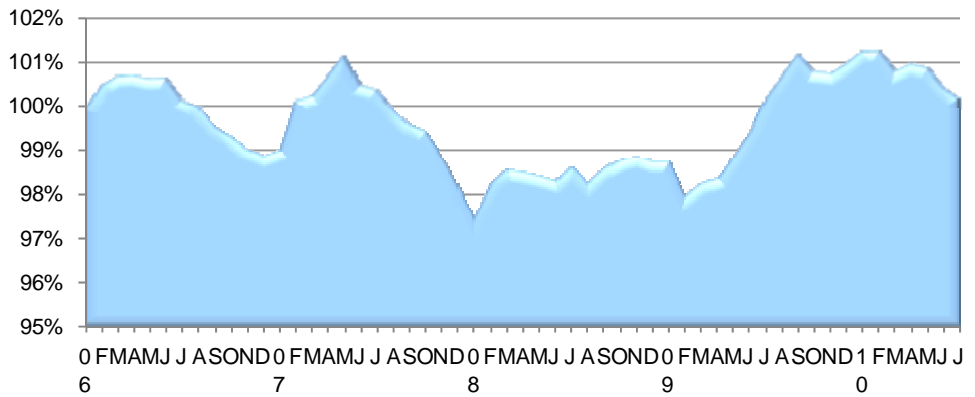
the One-Stop Realtor for busy professionals

PRSRT STD
 U.S. POSTAGE
 PAID
 Permit No. 408
 Palo Alto, CA

despite recent increases in inventory levels (4.8 months in June) inventory in California was still below the long-run average of 7 months. Historically, inventory levels below that threshold have fueled year-to-year price gains. This would suggest that as long as inventory remains relatively low, prices should remain stable over the coming months, all else being equal.

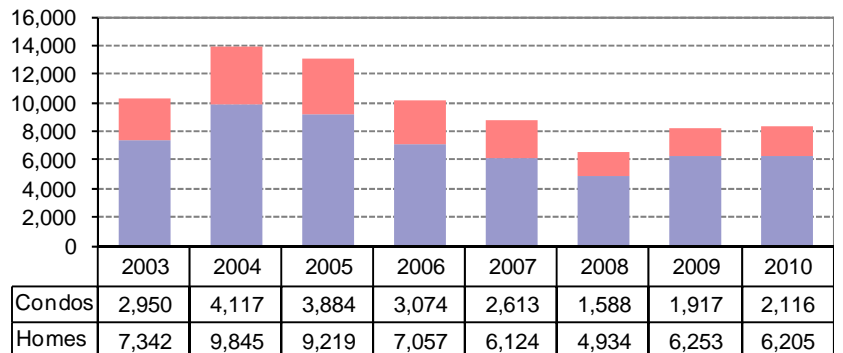
Collectively, these observations imply that the market should see prices stabilize or edge up over the foreseeable future, yet there is still a lot of uncertainty about the rest of the year. For one thing, it remains to be seen how the housing market will sustain itself now that the federal Homebuyer Tax Credits have ended. Moreover, there are long-standing concerns about a second wave of foreclosures and how it will impact housing market values. Recent changes to the HAMP loan modification program, including principal forgiveness, and similar changes to the loan modification programs of major banks, along with growing evidence that the California market has shown improvement in recent months, the likelihood the housing market will experience a double dip is small, especially in the San Francisco Bay Area where six of the top ten cities in the state with the highest median prices in June are located: Los Altos, Saratoga, Palo Alto, Los Gatos, Cupertino and Lafayette.

Santa Clara County Homes: Sales Price/Listing Price Ratio



© 2010 rereport.com

Santa Clara County Sales Year-to-Date



for a city-by-city breakdown (<http://avi.rereport.com>) and to receive the monthly report (http://www.650and408homes.com/pages/newsletter_request.html) regularly, visit my website at www.650and408homes.com