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The Real Estate Report

Silicon Valley market trends report

Mortgage Rates Pop

As we mentioned last month, mortgage rates are on the rise. What we didn't expect, and I don't think anyone else did either, was that they would jump by half a point in three days.

Rates have since been retreating, but the long term trend is for rates to increase.

Initially, when mortgage rates begin increasing, many buyers who have been on the fence come into the market thereby boosting demand.

We expect sales and prices to increase over the next two months.

JUNE MARKET STATISTICS

The median price for single-family, re-sale homes eased off in June, dropping 1.7% from May. Year-over-year, the median price was up 18%. That's seventeen months in a row it has been higher than the year before.

Sales of single-family, re-sale homes were down 10.5% year-over-year. There were 1,027 homes sold last month. Home sales were off 15.2% for the first six months of the year.

The sales price to list price ratio has been over 100% for the past sixteen months. It was 105.5% in June.

Pending home sales were off 24.9% year-over-year. That's the eighth month in a row pending sales have been lower than the year before.

SALES MOMENTUM...

for homes dropped 0.9 of a point to -6.4.

PRICING MOMENTUM...

has been on the up-swing the past fifteen months. It rose 0.4 of a point to +20.

CONDO STATISTICS...

The median price for condos was up 27.3% year-over-year. That's fifteen straight months of double-digit gains.

Closed sales were off 0.5%, while pending sales fell 22.8%.

In a surprise, condo inventory rose last month, up 33.3%. That's the first time since March 2011 inventory has been higher than the year before.

Trends at a Glance (Single-family Homes)			
	Jun 13	May 13	Jun 12
Median Price:	\$ 816,000	\$ 830,000	\$ 691,500
Average Price:	\$1,028,130	\$1,044,490	\$ 901,687
Home Sales:	1,027	1,101	1,147
Pending Sales:	1,367	1,458	1,821
Inventory:	1,194	1,113	1,392
Sale/List Price Ratio:	105.5%	105.8%	101.8%
Days on Market:	21	22	35
Days of Inventory:	34	30	35

Santa Clara County Price Differences

from January 2012 & Peak & Trough

Homes: detached

	YTD	Peak %	Trough %	Peak	Trough
3-month	56%	-5%	82%	Jun-07	Mar-09
12-month	27%	-15%	40%	Nov-07	Nov-09

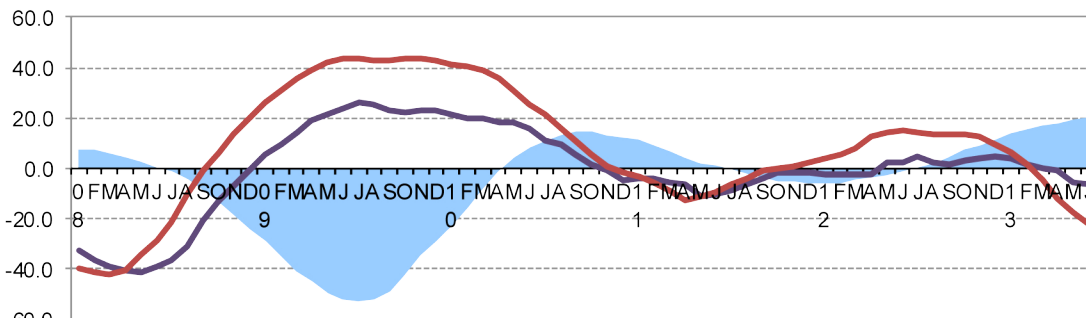
Homes: attached

3-month	76%	-8%	82%	Jun-07	Apr-09
12-month	41%	-20%	41%	Dec-07	Dec-11

The sale price to list price ratio stayed over 100% for the fifteenth month in a row: 106.5%.

This is an extraordinarily tough market for buyers. It's important to be calm and realistic. If you don't know what to do or where to begin, give me a call and let's discuss your situation and your options.

Santa Clara County Homes: Momentum



Median Price Sales Pending

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MORTGAGE RATE OUTLOOK

Jun 28, 2013 -- The aftermath of the Fed's meeting and Mr. Bernanke's press conference remarks continued to roil markets this week, but there are some indications that the "sell everything and run" panic has subsided.

HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages leapt by forty three basis points (0.43%) to 4.62%, the highest average rate since August 2011. The FRMI's 15-year companion added thirty eight basis points to its average (0.38%), rising to 3.73% for the week. FHA-backed 30-year FRMs rose by a whopping 49 basis points to move to an average rate of 4.30%, while the overall 5/1 Hybrid ARM moved added forty-three hundredths of a percentage point (0.43%) to 3.34% for the week.

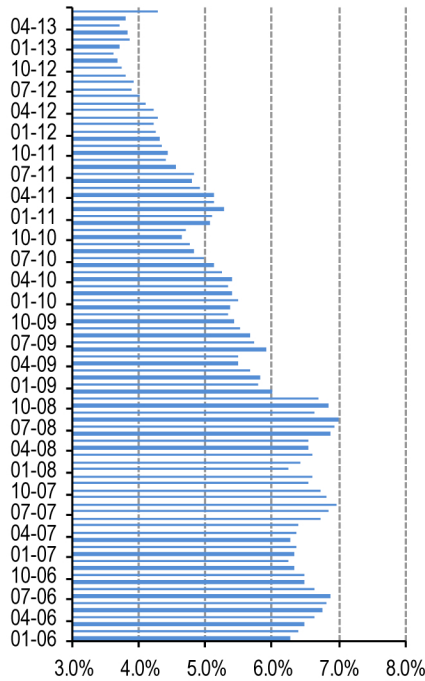
Sales of new homes continued upward in May, rising to a 476,000 annualized pace. Inventories remained lean at 4.1 months of available supply, while the actual number of units available continues to slowly grow. Over the past 11 months, built-and-ready to sell stock has risen from 142,000 units to May's 161,000 and both demand and supply are tracking one another pretty closely.

While gains in sales are encouraging, it bears remembering that even with the steady rise -- and sales in May were some 29% above year-ago levels - today's annualized sales pace is about one-third of what a "normal" economy should be producing. Should it continue, the recent rise in interest rates may retard the recovery in housing markets.

After popping strongly higher on 6/20, 6/21 and 6/24, mortgage rates moderated as the week progressed, improving by more than 20 basis points from Monday's 4.63% daily conforming 30-year FRM to Friday's 4.42%. Although markets remain tense and wary, mortgage rates seem poised to slip backwards as we move into next week. Failing an outsized improvement in the ISM manufacturing (seems unlikely) or service business reports (possible) on Monday and Wednesday respectively, that leaves us with only the June employment report as a concern for rates.

At present, we expect a 12 to 15 basis point decline next week in HSH's FRMI, a trim off the top of this week's rise. As with last week, you might check hsh.com for daily updates next week to see how things are going.

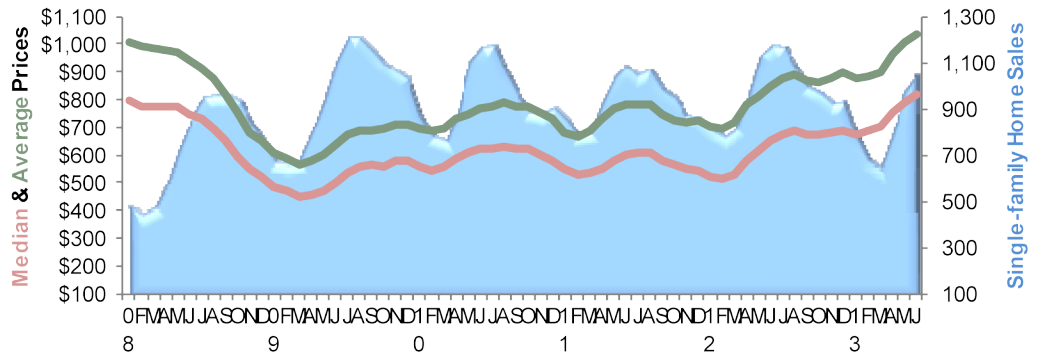
30-Year Fixed Mortgage Rates



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.

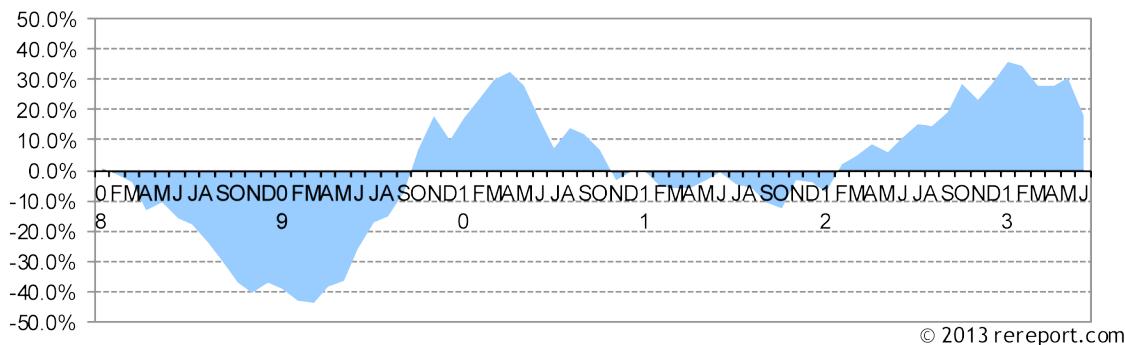
Santa Clara County Homes - Prices & Sales

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



Santa Clara County - June 2013												
Single-Family Homes							% Change from Year Before					
Prices							Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven3
County	\$ 816,000	\$ 1,028,130	1,027	1,367	1,194	34	105.5%	18.0%	14.0%	-10.5%	-24.9%	-14.2%
Campbell	\$ 810,500	\$ 894,483	24	29	31	37	104.0%	9.8%	9.1%	-4.0%	-23.7%	10.7%
Cupertino	\$ 1,550,000	\$ 1,555,660	27	27	33	35	111.1%	15.7%	16.7%	-12.9%	-30.8%	-13.2%
Gilroy	\$ 534,000	\$ 607,379	49	76	50	30	102.1%	22.8%	32.6%	4.3%	-33.9%	-20.6%
Los Altos	\$ 1,988,000	\$ 2,077,640	37	30	29	23	107.8%	13.6%	14.9%	-5.1%	-21.1%	-25.6%
Los Altos Hills	\$ 2,550,000	\$ 3,154,710	7	18	41	170	103.9%	-12.8%	-4.3%	-53.3%	20.0%	-24.1%
Los Gatos	\$ 1,670,000	\$ 1,798,610	42	42	73	50	101.1%	18.3%	16.5%	-16.0%	20.0%	-25.5%
Milpitas	\$ 740,000	\$ 729,068	23	48	27	34	106.0%	54.2%	38.3%	-30.3%	-21.3%	0.0%
Monte Sereno	\$ 2,455,000	\$ 2,446,250	4	10	18	131	92.5%	4.7%	7.2%	33.3%	100.0%	80.0%
Morgan Hill	\$ 667,500	\$ 698,328	38	63	70	53	102.4%	6.1%	16.7%	-30.9%	-22.2%	-30.0%
Mountain View	\$ 1,416,250	\$ 1,431,620	30	32	14	14	110.0%	27.9%	28.0%	0.0%	6.7%	-26.3%
Palo Alto	\$ 1,883,000	\$ 2,316,120	28	34	32	33	112.5%	9.4%	22.3%	-31.7%	-19.0%	-28.9%
San Jose	\$ 739,000	\$ 804,343	556	761	575	30	105.1%	25.6%	22.7%	0.0%	-27.5%	12.1%
Santa Clara	\$ 775,000	\$ 775,686	59	62	40	20	107.0%	15.2%	10.9%	11.3%	1.6%	-7.0%
Saratoga	\$ 1,975,000	\$ 2,093,110	28	41	60	62	101.2%	22.8%	7.6%	-33.3%	20.6%	-31.0%
Sunnyvale	\$ 1,120,000	\$ 1,072,380	53	64	43	24	112.2%	26.1%	21.4%	-14.5%	-8.6%	-4.4%

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



FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in Santa Clara County turned downward in May from April, losing 20.3%. They were down 57.4% year-over-year.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were off 15.1% compared to April, and were down 50.8% year-over-year.

After the filing of a Notice of Trustee Sale, there are three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements.

Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank's opening bid, the

property will be sold to the third party; if not, it will go back to the bank.

Properties going back to the bank dropped 55.6% in May from April. Year-over-year, they were down 86.4%.

The total number of properties that have had a notice of default filed dropped 28.4% from April, and were down by 60.3% year-over-year.

The total number of properties scheduled for sale declined by 69.5% year-over-year.

The total number of properties owned by banks was down 48% year-over-year to about 630.

For further details and a city-by-city breakdown of foreclosure statistics, go to <http://propertyradar.com>.

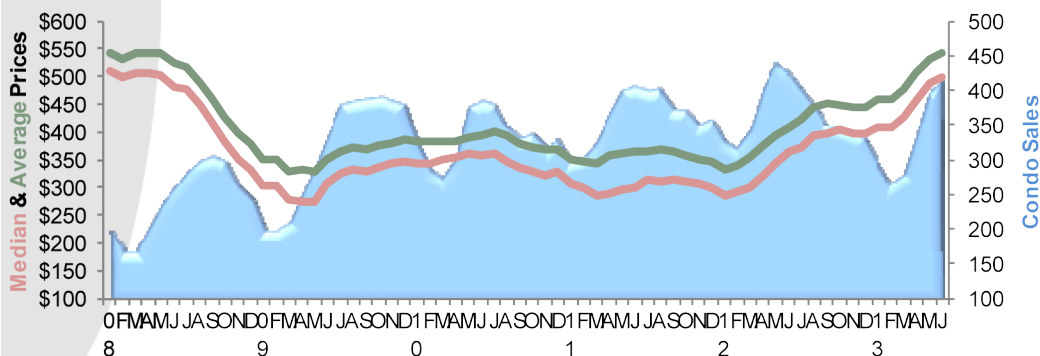
If your property is listed with a real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. We are happy to work with them and cooperate fully.

Based on information from MLS Listings, Inc. Due to MLS reporting and allowable reporting policy, this data is only informational and may not be completely accurate. Therefore, we do not guarantee the data accuracy.

Data maintained by the MLS may not reflect all real estate activity in the market.

Santa Clara County Condos- Prices & Sales

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



Santa Clara County - June 2013

Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven2
County	\$ 490,000	\$ 536,106	409	570	388	28	106.5%	27.3%	24.7%	-0.5%	-22.8%	33.3%
Campbell	\$ 491,000	\$ 519,920	21	18	9	12	106.7%	22.8%	19.7%	133.3%	-30.8%	50.0%
Cupertino	\$ 740,008	\$ 869,728	11	8	7	18	109.2%	27.6%	25.2%	0.0%	-38.5%	75.0%
Gilroy	\$ 280,000	\$ 291,260	5	10	10	58	100.6%	156.9%	167.2%	150.0%	42.9%	n/a
Los Altos	\$ 940,000	\$ 896,600	5	4	5	29	101.3%	-7.4%	-1.7%	66.7%	-33.3%	-16.7%
Los Gatos	\$ 690,188	\$ 759,244	11	14	7	18	102.8%	14.1%	21.7%	-8.3%	55.6%	-61.1%
Milpitas	\$ 479,750	\$ 477,025	20	23	25	36	106.6%	17.5%	23.7%	25.0%	-34.3%	127.3%
Morgan Hill	\$ 367,500	\$ 367,500	2	16	12	174	108.5%	41.3%	42.5%	-60.0%	-23.8%	200.0%
Mountain View	\$ 623,000	\$ 652,135	34	24	10	9	108.3%	-4.2%	7.2%	-2.9%	-20.0%	11.1%
Palo Alto	\$ 1,000,000	\$ 981,865	15	6	5	10	109.1%	11.4%	5.5%	36.4%	-53.8%	-70.6%
San Jose	\$ 435,000	\$ 447,756	226	349	225	29	106.3%	45.0%	32.2%	-0.4%	-19.0%	58.5%
Santa Clara	\$ 466,500	\$ 507,734	28	45	32	33	106.5%	2.5%	1.4%	12.0%	-16.7%	60.0%
Saratoga	\$ 679,500	\$ 788,167	6	7	3	15	100.7%	n/a	n/a	n/a	n/a	n/a
Sunnyvale	\$ 735,000	\$ 687,058	25	46	38	44	108.2%	37.4%	31.0%	4.2%	-2.1%	137.5%

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

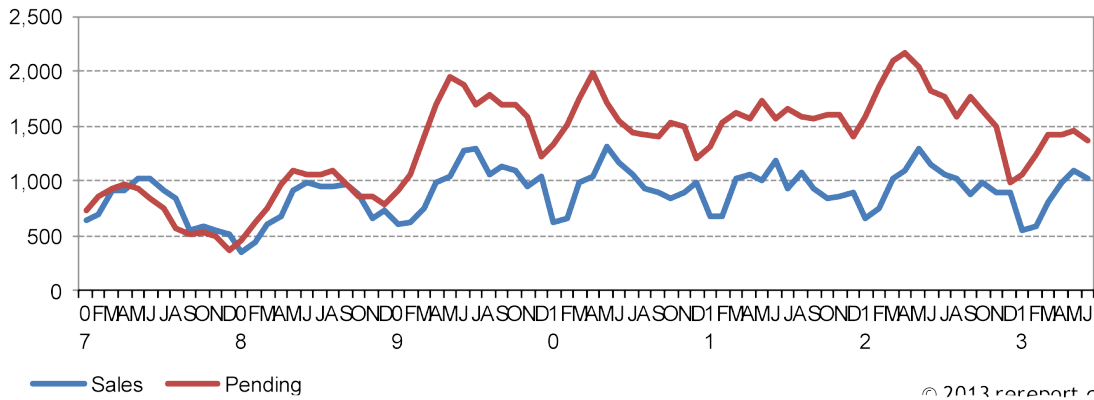
Number of properties actively for sale as of the last day of the month.



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Santa Clara County Homes: Pending & Existing Home Sales
(3-month moving average)



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