

The Real Estate Report

LOCAL MARKET TRENDS



Real Estate Service With
My Personal Guarantee

February/March 2006

Avi Urban
650.305.1111
avi@AviUrban1.com
www.AviUrban1.com



my success rests on your success™

Home Sales Plunge, Prices Tick Up

Home sales in Santa Clara County for January plunged to their lowest level since February 2001. Home sales fell 31.9% from December and were off 21.2% compared to January 2005.

Condo sales followed suit, dropping 33.1% from the month before, off 19.6% year-over-year.

The median price for single-family homes eked out a 0.7% gain to \$740,000, a year-over-year gain of 11.4%. If sales continue to be anemic, annual price gains should start drop-ping into the single-digits.

The median price for condos rose 1.6% to \$500,000, a new record high and a year-over-year gain of 22%.

The time it takes to sell property increased in January. Days on market for homes rose seven to 48, while days on market for condos rose six

to 42.

The sales price to list price ratio rose a scant 0.1 of a point for homes to 99.1%. The ratio for condos fell below 100% for the first time since January 2004.

My advice? For buyers, the market is turning in your favor. Take the time to get

qualified for a loan, pick the neighborhood you want to live in and keep a close eye on what comes to market, or let me do that for you. If I know what you want and where, I can notify you immediately when it is listed for sale.

For sellers, it's turning into a buyers' market. Perversely, that means there are fewer of them out there. Your home has to be in tip-top shape and priced aggressively to sell. Call me.

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.

Trends at a Glance

(Single-family Homes)

	Jan 06	Dec 05	Jan 05
Sale/List Price Ratio:	99.1%	99.0%	100.8%
Days on Market:	48	41	36
Days of Inventory	101	61	55
Median Price:	\$740,000	\$734,950	\$705,000
Average Price:	\$903,022	\$881,718	\$822,123
Home Sales:	661	970	839
Inventory:	2,229	1,958	1,547

Inside this issue:

CALIFORNIA HOUSING PRODUCTION DROPS	1
MORTGAGE RATE OUTLOOK	2
CITY STATISTICS	2
FIX YOUR CREDIT SCORE, QUICK!	3
CONDO STATISTICS	3
SELLING THIS SPRING WILL BE A CHALLENGE	4

Want to be automatically notified on new homes for sale in your neighborhood or what did your neighbor's house sale for?

Send me an email to
Sold@aviurban1.com

California Housing Production Drops Slightly in 2005

SACRAMENTO - Housing production in California was down slightly in 2005, but still broke the 200,000 mark for the second year in a row, the California Building Industry Association announced today.

Despite the strongest two-year production numbers in 15 years, however, homebuilders still did not build enough new homes and apartments to meet the state's unrelenting need for more housing, CBIA's top official said.

"Given California's constant population growth of between

500,000 and 600,000 people a year, the state needs about 240,000 new homes and apartments every year just to keep pace. Unfortunately, we haven't hit that level since the late 1980s, and unless major reforms are enacted at the state level to allow increased production, it does not appear that we will reach it anytime soon," warned Layne Marceau, CBIA's Chairman and a Bay Area homebuilder.

2005 marked only the fourth time since 1980 that single-

family production exceeded 150,000 homes.

For single-family construction, Riverside County remained No. 1, followed by San Bernardino, Los Angeles, Kern, and San Diego counties. In multifamily construction, Los Angeles County remained the leader, followed by San Diego, Riverside, Santa Clara, and Orange counties.

In 2006, Nevin projects that housing production will drop slightly, to between 185,000 and 205,000 homes, condo-

miniums and apartments statewide. He expects single-family production to decline from 2005 levels but believes multifamily starts are likely to increase slightly this year.

Marceau said the industry would have a much better chance of meeting the statewide housing need if state and local barriers that restrain production and drive up costs were removed - especially ones that aggravate the acute shortage of land that's zoned and ready to build new homes, condos, and apartments on.

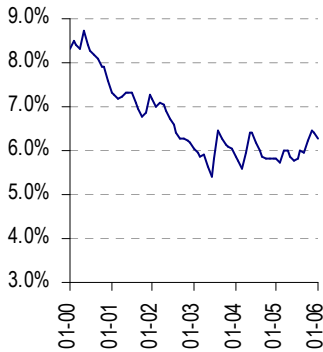
With projected ten-year IRR of over 10% its time you add real estate to your financial portfolio.

To learn more about investing in income producing properties send me an email to seminar@AviUrban1.com

The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



POMPTON PLAINS, NJ (Feb. 7, 2006) - Thirty-year fixed-rate mortgages (FRM) rose by a tenth-percent on average this week, closing the period at 6.37%. Five-one Hybrid ARMs cruised higher by a dozen basis points (.12%), landing at a final weekly average of 5.98%.

After the usual end-of-the-holiday-period meander, the last several weeks have featured a general creep upward for interest rates. We wonder if whether this reflects, in part, a market preparing for \$48 billion of new bills, notes and bond to be issued next week -- including, for the first time in

four-plus years, \$14 billion worth of new 30-year bonds.

Selling those bonds adds supply to the market at a time of lessened appetite for them, and the result is that yields -- and fixed mortgage rates -- trend higher (tempered by inflation, of course).

If nothing else, the return of the "long bond" may ultimately serve to reshape the yield curve, and while the \$14 billion represents a fairly small initial influence, we'd expect to see more, especially if demand is good -- and it likely will be. More supply (competition for the same investor dollar) could

mean that all longer rates, mortgages included, will move higher over time.

At the moment, the possible wide-ranging long-term effects are tough to discern. However, when the long bond was discontinued in August 2001, the concentration of investor assets into shorter maturities (i.e. ten-year) helped serve to drive rates down over time, much to the benefit of borrowers.

Given the recent trend, and the jittery feeling the market seems to hold at the moment, the most likely course for mortgage rates is a little more upward.

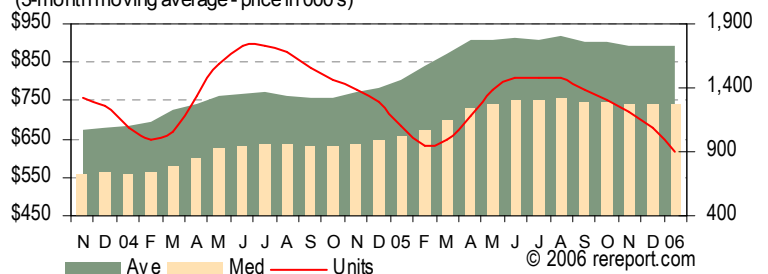
January Sales Statistics

Single-family Homes

County	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
Campbell	\$815,000	\$828,791	23	40	38	36	99.8%	17.3%	10.0%	-4.2%	5.6%	14.0%	1.8%	9.5%	-2.6%
Cupertino	\$969,000	\$1,066,628	18	60	68	35	98.0%	3.6%	0.3%	-14.3%	65.9%	-5.1%	6.1%	-35.7%	54.5%
Gilroy	\$815,000	\$811,696	15	102	199	57	97.9%	37.0%	25.5%	-69.4%	161.8%	13.2%	-1.6%	-73.7%	30.1%
Los Altos	\$1,500,000	\$1,614,043	23	42	35	39	98.2%	-10.4%	-8.5%	109.1%	-5.4%	-11.8%	-4.0%	9.5%	45.8%
Los Altos Hills	\$2,772,500	\$3,274,375	4	28	46	225	92.7%	48.3%	32.8%	-55.6%	-2.1%	46.7%	49.4%	-60.0%	12.2%
Los Gatos	\$1,375,000	\$1,431,596	13	46	75	85	98.1%	-0.4%	2.3%	-43.5%	-34.2%	2.6%	4.2%	-51.9%	-5.1%
Milpitas	\$695,000	\$763,941	25	35	45	41	99.7%	15.8%	18.4%	4.2%	50.0%	2.2%	5.7%	-37.5%	9.8%
Monte Sereno	\$2,000,000	\$2,256,650	7	8	13	217	93.8%	17.6%	8.5%	16.7%	-7.1%	47.1%	32.4%	250.0%	-13.3%
Morgan Hill	\$858,000	\$938,278	23	66	144	38	97.8%	1.2%	12.5%	-17.9%	50.0%	7.9%	4.9%	-46.5%	11.6%
Mountain View	\$785,000	\$900,369	16	34	28	38	101.8%	-2.7%	0.5%	6.7%	47.4%	-17.3%	-10.4%	-5.9%	-3.4%
Palo Alto	\$1,148,000	\$1,478,750	22	51	52	42	101.3%	-8.2%	-9.4%	0.0%	13.0%	5.3%	21.0%	-42.1%	36.8%
San Jose	\$683,000	\$756,699	385	849	1,179	45	100.0%	7.6%	9.2%	-22.7%	57.6%	-1.0%	-1.0%	-27.9%	8.2%
Santa Clara	\$710,000	\$755,835	28	55	69	29	100.2%	10.1%	16.5%	-34.9%	35.3%	0.0%	3.8%	-48.1%	15.0%
Saratoga	\$1,365,000	\$1,668,929	14	67	110	59	96.6%	-3.6%	7.2%	-26.3%	1.9%	-11.9%	-7.7%	-30.0%	29.4%
Sunnyvale	\$800,000	\$796,357	35	63	66	36	100.5%	24.8%	11.7%	-5.4%	32.0%	4.6%	-1.0%	-27.1%	65.0%

Silicon Valley Homes: Prices & Sales

(3-month moving average - price in 000's)



The Real Estate Report

Fix Your Credit Score, Quick!

When buying real estate, good credit is crucial.

The first, and most important, item to check is your FICO score. Any mistakes and incorrect entries will need to be fixed and it takes time to do that. Time you may not have when you are applying for a loan and your contingency period is running out.

Most lenders have carved-in-stone rules about handing out the best terms, and those rules almost always place a major emphasis on your credit score. If their best rates are offered to borrowers with a score of 700 or higher and yours is a 698, those two points could cost you thousands of dollars.

If you have a low FICO score, there are ways to increase it. Again, they take time and it is never too early to start.

Pay your bills on time. Delinquent payments and collections have a major negative impact on your score.

If you have missed payments, get current and stay current. The longer you pay your bills on time, the better your score. But also be aware even if you pay off a collection account, it will stay on your report for seven years.

Keep your balances low on credit cards and other "revolving credit." High outstanding debt can affect a score.

Pay off debt rather than moving it around. The most effective way to improve your score is by paying down your revolving credit.

The fastest route to a better score is paying down balances on credit cards, says Watts and David Herpers, chief marketing officer for Atlanta-based Amerisave Mortgage Corp.

"There's really no silver bullet, but I would think that over 60 days, it's possible to increase your score 20 points by paying down your credit lines," Herpers says.

Don't close unused credit cards as a short-term strategy to raise your score. Closing un-

used accounts without paying down your debt changes your utilization ratio, which is the amount of your total debt divided by your total available credit.

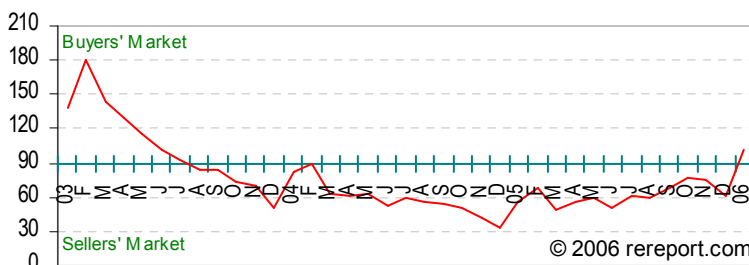
If you do close credit card accounts, though, leave the oldest one open. The length of your credit history is another factor in your score. If you close the account of the credit card you got when you were a freshman in college and leave open the ones you just got within the last couple years, it makes you look like a much newer borrower.

For a site that provides free FICO report, send me an email to FICO@aviurban1.com

January 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	\$500,000	\$512,031	283	658	825	42	99.8%	22.0%	17.6%	-19.6%	87.5%	1.6%	-0.5%	-33.1%	16.7%
Campbell	\$510,000	\$542,706	17	23	28	45	99.5%	-1.9%	4.2%	41.7%	75.0%	-2.1%	-6.7%	21.4%	16.7%
Cupertino	\$675,000	\$682,833	12	22	20	34	98.4%	7.1%	7.2%	71.4%	185.7%	-0.7%	-0.3%	-7.7%	42.9%
Gilroy	\$344,000	\$341,333	3	2	6	16	101.6%	1.2%	0.4%	200.0%	100.0%	0.3%	-8.7%	-66.7%	0.0%
Los Altos	*	*	*	5	5	*	#####	#####	#####	#####	-37.5%	#####	#####	#####	66.7%
Los Gatos	\$635,000	\$652,595	10	20	31	42	99.0%	-0.8%	2.1%	-9.1%	29.2%	6.7%	-10.4%	66.7%	3.3%
Milpitas	\$585,000	\$580,625	8	22	27	67	99.6%	59.0%	38.5%	-55.6%	58.8%	-2.5%	1.8%	-50.0%	42.1%
Morgan Hill	\$589,000	\$543,167	3	15	21	63	99.5%	28.0%	22.4%	-72.7%	162.5%	11.1%	3.7%	-70.0%	50.0%
Mountain View	\$535,000	\$545,214	21	46	46	29	101.0%	-6.1%	1.3%	16.7%	64.3%	-2.6%	-7.1%	-44.7%	17.9%
Palo Alto	\$565,500	\$728,500	4	16	16	50	98.8%	21.6%	34.3%	-33.3%	33.3%	-23.1%	-1.4%	-50.0%	23.1%
San Jose	\$449,888	\$465,239	153	389	510	44	100.0%	21.6%	16.3%	-28.5%	105.6%	2.0%	-0.1%	-36.3%	16.7%
Santa Clara	\$420,400	\$473,245	22	49	64	46	99.9%	1.3%	10.9%	-35.3%	64.1%	-22.9%	-11.0%	-18.5%	-7.2%
Saratoga	\$560,000	\$770,833	3	6	5	35	96.6%	19.1%	64.2%	0.0%	-50.0%	-11.1%	19.1%	-50.0%	-16.7%
Sunnyvale	\$593,000	\$570,046	27	41	44	28	99.7%	42.5%	27.3%	80.0%	120.0%	13.0%	7.5%	-12.9%	33.3%

Days of Inventory



means there were no sales either this month or a year ago or last month so the percentages don't compute.

Real Estate Service With My Personal Guarantee

Avi Urban
650.305.1111
avi@AviUrban1.com
www.AviUrban1.com



my success rests on your success™

PRSR STD
U.S. POSTAGE
PAID
Permit No. 014
Cupertino, CA

Buyer Guarantee

Within a year of close of escrow, either you are absolutely happy with your new home or **I'll sell it for FREE.** You'll be responsible for other normal closing costs, and buyer's agent commission.

Seller Guarantee

I'll pay you if your house is not under contract **within 90 days.** You agree to cooperate with my professional recommendations. You can also cancel listing agreement if not fully satisfied with my service.



KELLER WILLIAMS®
R E A L T Y

Selling This Spring Will Be A Challenge

Once you have decided to sell your home, make sure it is ready to be sold. Buyers pay a premium for a home that is in top-notch, move-in condition.

Properties in prime condition are a pleasure for real estate agents to show, so they get shown more often. The more exposure a property gets, the better the chance of selling it quicker and for a higher price.

Use the following checklist as your guide to preparing your home for sale.

SPRUCE UP THE OUTSIDE

Paint: Few things you will enhance the salability of your house quite as much as painting the outside. Pay special attention to wood, trim, gutters, and wrought iron.

Front Entry: Give special care to this area. First impressions do make a difference!

Yard: Mow and trim the lawn. Weed flower beds; remove or replace dead plants or trees. Water regularly during the growing season.

Driveway, garage/carport: Clean up grease or oil spots; remove the soil at least, if not the stains.

Air Conditioners: Paint or replace any rusted exposed metal.

Patio: A nice spread of outdoor furni-

ture looks very appealing. If necessary, borrow some from a friend.

Swimming pool: Adjust chemicals until the pool sparkles. Hose dust and cobwebs from filtration equipment. Store chemicals and tools neatly.

LOOK AT THE BASICS

Windows: Repair or replace torn or bent screens. Replace any cracked or broken panes.

Drapery rods should be affixed firmly to walls and work smoothly; draperies should be clean and hang properly.

Doors & Cabinets: Check to see they all open and close freely, including closet doors and patio or sliding glass doors. Oil any squeaky doors. Tighten the hardware, particularly doorknobs.

Walls: As with the exterior, painting indoors will pay dividends out of all proportion to the time and effort spent.

Floors: Repair or replace missing or damaged pieces of tile; polish if needed. Repair of a loose stair tread plate or loose carpeting on a stairway is a top priority.

Carpet: Steam cleaning is the best answer for soiled carpets, especially when shampooing isn't enough. If pet odors are present, clean the carpet some time before your home is placed

on the market to be sure the odors have been eliminated.

CHECK THE MECHANICALS

Lights: Every socket in and around the house should have a good bulb of adequate wattage. Don't overlook those outside and in the garage. Also the utility room, halls, closets, over the kitchen sink, oven and exhaust hood.

Switches and fixtures: Repair or replace wall switches, outlets, and light fixtures that don't work. Replace any broken switch plates.

Appliances: Those that will be sold with the home should be in good working condition. If specific equipment doesn't work and you don't intend to repair it, point this out.

Plumbing: Badly chipped or irreversibly stained sinks and tubs should be re-enameled, patched, or replaced. Leaky or noisy toilets should be fixed, as well as any dripping faucets.

Sprinkler systems: These should be working.

GO FOR THE SPACIOUS LOOK

One of the best and least expensive ways to improve the "showability" of your home is to open up as much space as possible. Openness stimulates positive feelings in buyers. Overstuffed

rooms or closets give the impression of being smaller than they really are.

Closets and storage areas: One of the most frequently voiced requirements of buyers is for more closet and storage space. Open up your storage areas by removing items you aren't using.

Counters and cabinets: The same principle used for closets applies here: overcrowding gives the impression of inadequacy. Store seldom used items.

Garage: Buyers will pay a premium for a garage if they can visualize it being of value to them, but it's hard to sell when the garage is filled. Move the excess to a mini-warehouse.

HOUSEKEEPING HINTS

It's important to keep your home spotless while it is being sold. You never know when someone will come by.

Bathrooms: Few places in the home can get so dirty so fast, and yet few things will "unsell" a house as fast as dirty bathrooms.

Kitchen: Most buyers will inspect the kitchen carefully, so time invested here is well spent.

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.

For a city-by-city breakdown, visit my website at: www.AviUrban1.com/pages/framset-market.html

To receive the report regularly, send me an email to trendreport@AviUrban1.com