

The Real Estate Report

SILICON VALLEY MARKET TRENDS



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the realtor for busy high-tech professionals

Prices Set New Record Highs in Santa Clara County

The problems in the sub-prime mortgage market have had some unintended consequences. Demand and sales in the entry-level segment of the real estate market have fallen as lending requirements have tightened. Coupled with a strong million dollar plus market, we have the illusion of higher prices because high-end sales are a larger portion of all sales. That is one of the inherent problems with statistics.

Prices of single-family homes and condos set new record highs in Santa Clara County last month. The median price for homes rose 5.1% from February and was up 9.2% year-over-year.

The average home price went over \$1,000,000 for the first time. It rose 9.3%, month-over-month, and was up 11.9% compared to last March.

The median price for condos rose 5% to \$530,000, an annual gain of 8.2%. The average price rose 3.7% to \$559,760, up 7% year-over-year.

Home sales were up 35.2% from February, off 20.9% year-over-year. Condo sales gained 27.2%, month-over-month, but were off 18.4% compared to last March.

Inventory continued to grow in March, with single-family homes up

Trends at a Glance (Single-family Homes)			
	Mar 07	Feb 07	Mar 06
Sale/List Price Ratio:	99.7%	99.8%	100.3%
Days on Market:	57	71	42
Days of Inventory	113	132	75
Median Price:	\$830,000	\$790,000	\$760,000
Average Price:	\$1,055,192	\$965,600	\$942,976
Home Sales:	899	665	1,137
Inventory:	3,372	2,931	2,850

15% from February and up 18.3% year-over-year. Condo inventory was up 12.3% month-over-month, and up 24.7% compared to last March.

Our days of inventory indicator for single-family homes dropped 19 days sending the indicator to 113 days. The indicator for condos fell eleven days to 87.

My advice? Prime property in the best school districts is selling quickly and, in many instances, with multiple offers. Buyers need to be prepared to make an offer immediately on prime property. That means you need to have a loan in place. For more information about buying in a multiple offer situation, call me.

For sellers, where your home is, the condition and what segment of the market it's in, entry-level, move-up or million plus, are the determining factors in whether or not you will be able to sell your home quickly and for a good price. Demand in the entry-level market has fallen, which will impact the move-up market. The million dollar plus market is pretty much immune to the sub-prime mortgage tightening.

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.

April/May 2007



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Nationwide Foreclosure Filings Drop Second Straight Month

The worst of America's home foreclosure crisis finally may be over. Nationwide, foreclosure filings dropped in February for the second straight month to 106,074, down 3.4 percent from January's 109,851 filings, and off 6.5 percent from December's soaring 113,486.

The latest numbers, however, still are up almost 65 percent from the 64,375 filings for the same time a year ago, according to ForeclosureS.com, a California-based real estate investment advisory firm and

publisher of foreclosure and property information.

"Of course time will tell for sure whether we've seen the bottom or not. However, other economic indicators reflect a leveling off between housing supply and demand, and reinforce the opinion that the worst really is behind us," she adds.

Consider a few of the recent housing statistics. Home construction starts are down – in January by 14.3 percent from December, and 37.8 percent from a year

earlier, according to U.S. Census Bureau/Department of Housing and Urban Development numbers. "That's a reflection of builders curbing construction to avoid oversupplying the market, which is what happened during the last major housing downturn in the '90s, but not now," says McGee.

Sales of existing homes were up in January following fourth-quarter 2006's drop, according to National Association of Realtor numbers. Single family home sales also

climbed in January – up 3.5 percent from December.

Looking closer at some of the national foreclosure filing numbers year to date, according to ForeclosureS.com:

- California came in second with 50,378 filings so far in 2007, a 184 percent increase over the 17,720 filings for January-February 2006.
- California took the top spot in numbers of overall filings during the same time period, with Florida (27,082), Texas (18,357), Colorado (11,506), and Illinois

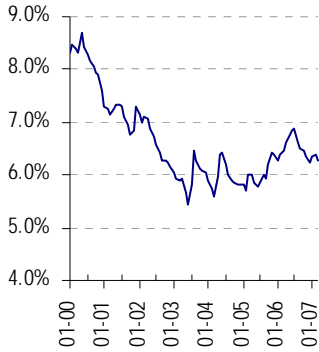
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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



POMPTON PLAINS, NJ (Mar. 30, 2007) – Fixed mortgage interest rates bumped a little higher this week, as whispers of inflation and greater prospects for steady Federal Reserve policy held sway. According to the nation's leading survey of mortgage prices, the average 30-year FRM rose two basis points to close the week at 6.29%. Hybrid five- one ARMs failed to move, holding steady at 6.08% for the period.

While there is on-going discussion about the effects of the sub-prime mortgage mess, it's still unclear as to the degree of damage the housing market may ultimately endure as a result of the shakeout for the riskiest borrowers. Most likely, somewhat tighter credit availability and terms for the most marginal borrowers will be a more lasting change. Home sales in some markets may be more affected than those in others, depending upon the composition of likely borrowers in each area. In any event, it's too soon to tell.

New Home Sales will be one of the areas we'll watch, and in that regard, things are slowing considerably, although probably not specifically due to sub-prime mortgage lending. The Commerce Department reported that an annualized 848,000 homes were sold in February, a much weaker number than was expected. Some of the softness may be explained away due to frigid weather in the weakest areas. The Northeast and Midwest regions cratered 27% and 20% respectively, so the decline may be temporary. However, the past several months of sales were revised downward, darkening the outlook somewhat, and there are some 8 months of inventory available for sale at the present rate.

With the falloff in Home Sales, it's to be expected that Construction Spending should be soft. While it is, aggregate spending rose by 0.3% in February, led by non-residential projects and public

spending. However, residential construction remains in decline, but the 1% drop in outlays was actually the best number since early 2006, so perhaps a bit of stability is forming.

Despite all the economic news, it actually seemed like a rather quiet week for mortgage markets as we become accustomed to the background din of sub-prime lawsuits, re-hedging, regulatory and congressional reviews and such. There much more to come in that regard, and we'll detail any new or significant developments as needed.

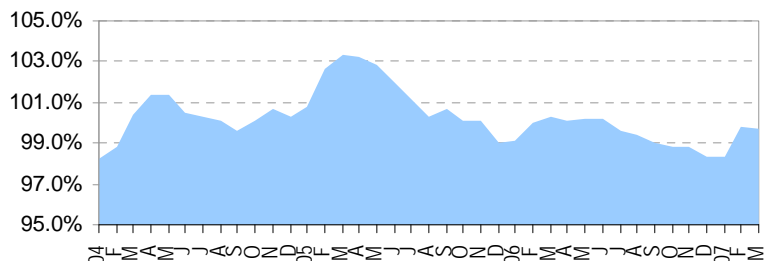
Upward pressure for good credit quality mortgage rates remained, but just mildly so. We'd bet on another couple of basis point increase in interest rates, especially if the ISM and employment reports meet or exceed their forecast targets.

March Sales Statistics

Single-family Homes

	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	\$830,000	\$1,055,192	899	1895	3,372	57	99.7%	9.2%	11.9%	-20.9%	18.3%	5.1%	9.3%	35.2%	15.0%
Campbell	\$786,000	\$885,136	29	54	67	40	99.8%	4.8%	12.3%	-6.5%	8.1%	7.7%	13.1%	61.1%	17.5%
Cupertino	\$1,140,000	\$1,257,985	41	53	65	42	99.7%	1.0%	8.3%	13.9%	-5.8%	-3.4%	-1.6%	32.3%	12.1%
Gilroy	\$780,000	\$786,164	22	123	316	98	98.1%	8.3%	-6.0%	-61.4%	36.8%	11.4%	1.5%	-8.3%	27.4%
Los Altos	\$1,643,000	\$1,689,367	32	43	46	49	101.8%	-3.4%	-11.0%	-13.5%	-32.4%	-10.2%	-7.9%	166.7%	12.2%
Los Altos Hills	\$2,400,000	\$3,828,462	13	20	55	170	95.0%	-12.7%	32.3%	30.0%	-15.4%	10.3%	38.2%	44.4%	1.9%
Los Gatos	\$1,415,000	\$1,511,154	26	59	102	62	98.7%	-4.7%	2.1%	-10.3%	-5.6%	4.7%	1.0%	13.0%	20.0%
Milpitas	\$700,000	\$757,802	25	59	82	46	99.4%	-5.4%	0.9%	-34.2%	32.3%	2.9%	3.6%	13.6%	22.4%
Monte Sereno	\$1,732,500	\$1,802,500	3	3	16	115	95.1%	4.8%	-0.7%	0.0%	-36.0%	-19.4%	-12.1%	-40.0%	-11.1%
Morgan Hill	\$849,950	\$927,630	35	88	214	104	97.6%	3.1%	-4.7%	2.9%	24.4%	10.5%	7.2%	12.9%	4.4%
Mountain View	\$953,000	\$1,033,500	17	37	22	20	105.9%	7.2%	9.5%	-39.3%	-43.6%	-4.1%	-5.5%	-5.6%	4.8%
Palo Alto	\$1,650,000	\$2,046,670	50	53	46	40	102.5%	17.9%	32.9%	8.7%	-41.0%	13.8%	37.7%	61.3%	-11.5%
San Jose	\$735,000	\$825,081	451	1066	1,969	56	99.5%	3.7%	6.0%	-26.9%	36.2%	2.8%	4.6%	31.1%	16.8%
Santa Clara	\$725,000	\$779,016	41	72	93	24	99.6%	-3.3%	3.0%	-10.9%	-4.1%	3.9%	-2.1%	86.4%	16.3%
Saratoga	\$1,748,000	\$1,818,345	38	62	120	72	98.0%	16.5%	7.8%	11.8%	-10.4%	26.8%	4.1%	90.0%	26.3%
Sunnyvale	\$815,000	\$837,586	53	75	76	35	103.7%	-2.4%	-2.1%	17.8%	-5.0%	-5.8%	-5.4%	26.2%	-8.4%

Sales Price/Listing Price Ratio



The Real Estate Report

Making An Offer

After finding the house you want to make a home, and after being pre-approved for a loan, comes the negotiating.

The offer is the first step in the negotiation process. A basic offer includes the price, financial terms, and contingencies, such as specifying what will happen if negative findings come up during the inspection.

Most agents in California use the purchase contract provided by the California Association of REALTORS®. It would be wise to get a copy and study it.

In the book "Home Buying for Dummies (Hungry Minds Inc., 2001)," authors Eric Tyson and Ray

Brown say there are three key elements to a good offer.

Begin with a realistic offering price. Your agent will help you with this, but you want to come up with a price based on similar houses sold in the neighborhood in the past six months. You'll also want to keep the local conditions in mind. In other words, if houses are selling quickly and many houses are receiving multiple offers, you'll need to bid competitively.

The second element to include in your offer is realistic financing terms. If you're pre-approved for a loan, be sure to include that in the offer so the seller knows you're serious. It will also give you an

edge over any other offers that don't have a pre-approved loan.

And finally, include a property inspection clause. What if it's determined the roof needs to be replaced, or the heating and cooling system is faulty and it will take \$3,000 to fix?

"It's smart to use property inspection clauses that enable you to re-open negotiations regarding any necessary corrective work after you've received the inspection reports," the home buying Dummies book says.

Additional items that should be covered in the offer are:

Concessions you'd like the seller to make, like paying part of the

closing costs or an allowance to get carpet replaced.

Financing contingencies. If you're in a hot seller's market, your loan should already be approved. But if it's not, you may choose to make the offer contingent on approval of a mortgage with a specific rate and terms.

Conveyances. This includes what is included in the sale. For instance, a refrigerator.

The amount of your deposit.

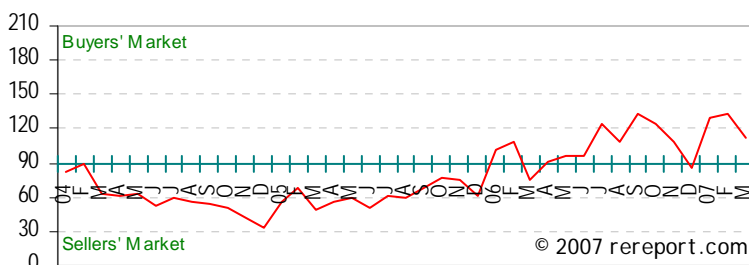
Also, most offers include a deadline for a response, perhaps three days.

Finally, put everything in writing. Don't rely on verbal agreements.

March 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	\$530,000	\$559,760	416	739	1,202	61	100.0%	8.2%	7.0%	-18.4%	24.7%	5.0%	3.7%	27.2%	12.3%
Campbell	\$625,550	\$617,565	17	31	41	71	99.0%	23.0%	12.3%	-15.0%	10.8%	22.7%	21.1%	-19.0%	10.8%
Cupertino	\$650,000	\$718,220	14	22	23	41	99.8%	-7.1%	0.4%	7.7%	0.0%	1.4%	5.9%	40.0%	21.1%
Gilroy	\$385,000	\$405,000	3	8	16	67	100.0%	8.3%	-1.4%	0.0%	23.1%	0.0%	-2.3%	0.0%	-27.3%
Los Altos	\$845,000	\$845,000	1	3	2	174	99.4%	-23.2%	-9.6%	-80.0%	-71.4%	-8.6%	-3.6%	-80.0%	-50.0%
Los Gatos	\$708,605	\$723,400	14	16	21	80	98.2%	-0.1%	13.0%	7.7%	-12.5%	9.9%	13.6%	55.6%	0.0%
Milpitas	\$500,000	\$524,464	14	15	30	52	100.2%	12.4%	7.7%	27.3%	-3.2%	0.0%	5.4%	40.0%	-9.1%
Morgan Hill	\$520,000	\$490,071	7	18	29	66	98.5%	9.5%	-0.9%	-41.7%	7.4%	11.8%	5.4%	133.3%	7.4%
Mountain View	\$560,000	\$570,617	30	40	36	24	102.4%	5.7%	5.2%	-43.4%	-32.1%	0.1%	-2.4%	15.4%	28.6%
Palo Alto	\$760,000	\$833,385	13	17	14	27	103.4%	27.7%	19.9%	30.0%	-26.3%	-12.7%	-2.1%	62.5%	16.7%
San Jose	\$510,000	\$522,677	236	457	857	67	99.7%	12.1%	8.6%	-18.1%	39.1%	8.1%	5.0%	29.7%	13.1%
Santa Clara	\$475,000	\$512,483	29	54	77	100	99.3%	5.6%	7.1%	-17.1%	20.3%	-7.8%	-0.4%	45.0%	20.3%
Saratoga	\$599,950	\$678,738	4	9	8	52	98.0%	-40.0%	-38.1%	-33.3%	33.3%	-6.3%	-17.2%	-42.9%	0.0%
Sunnyvale	\$591,000	\$588,799	32	46	44	28	100.8%	11.5%	5.1%	0.0%	15.8%	8.4%	8.1%	45.5%	29.4%

Days of Inventory



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In Silicon Valley, real estate market has two faces

By Sue McAllister/San Jose Mercury News

It's a buyers' real estate market, and sellers are hurting, right? Not most sellers in the northwest corner of Santa Clara County. From Palo Alto to Cupertino, houses are selling faster this month than they were in March 2006. In some places, the sales pace is faster than in 2005.

But in East San Jose and in Gilroy and Morgan Hill, for example, the story is different. So far this year, observing Silicon Valley real estate is like reading a tale of two markets: Homes in some areas are drawing multiple purchase offers and selling quickly, while other neighborhoods are dotted with "for sale" signs that have been in place for months.

"It's quite a dichotomy," said Mark Burns, an agent with Coldwell Banker who also heads the Silicon Valley Association of Realtors. He's listing a two-acre property in Gilroy where interest has been "very slow," he said; on the other hand, in the past two months he has guided five buyers through multiple-offer situations in Campbell, Cambrian, Almaden Valley and Blossom Valley. "We've paid a little bit more" than list price to get some of those homes, he said. "It hasn't been outrageous."

In Los Altos and Palo Alto, it would take just 23 days to exhaust the supply of houses on the market there this week, based on the sales pace of the previous few weeks. That means the market there is moving faster than it was at the same time last year, and also faster than in March 2005, before the nationwide housing market slowdown began.

In the area comprising Cupertino, Mountain View and Sunnyvale, it would take 27 days to sell out the houses on the market this week - a bit less than the 36 days worth of supply from a year earlier, according to data compiled from the local multiple listing service database by Richard Calhoun, owner of Creekside Realty in San Jose.

Calhoun collected the data based on groupings of cities or neighborhoods that tend to be priced similarly and "for the most part are geographically contiguous with one another." His data measures how long it would take to sell all the listed houses given sales pace during the preceding 35 days. Condos and townhouses were not included in the data.

For the complete article go to http://www.aviurbanrealestate.com/pages1/articles/art_53.html

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