

The Real Estate Report

SILICON VALLEY MARKET TRENDS



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Prices Continue to Set New Record Highs

Prices of both single-family homes and condos set new record highs in April. The median price for homes rose 4.6% from March and was up 12.1% year-over-year. This is the largest annual increase since November 2005. The average price for single-family, re-sale homes also set a record last month by rising 4.2% from March, a year-over-year gain of 15.6%.

As I mentioned last month, these numbers are NOT revealing. The market has split due to the tightening of loan requirements which has dampened the entry-level and move-up markets. These numbers are higher than reality because the \$1,000,000+ market, which is not affected by loan tightening, is a larger percentage of sales than normal.

The median price for condos rose 3.8% to \$550,000, an annual gain of 10%. The average price rose 2.4% to \$573,005, up 7.7% year-over-year.

Sales were also affected by the tightening of loan requirements. Home sales fell 1.4% from March, off 16.9% year-over-year. Condo sales were down 12.7%, month-over-month, and were off 22.6% compared to last April.

Trends at a Glance (Single-family Homes)			
	Apr 07	Mar 07	Apr 06
Median Price:	\$868,406	\$830,000	\$775,000
Average Price:	\$1,099,005	\$1,055,192	\$950,308
Home Sales:	886	899	1,066
Inventory:	3,900	3,372	3,231
Sale/List Price Ratio:	100.4%	99.7%	100.1%
Days on Market:	46	57	36
Days of Inventory	132	113	91

Inventory continued to grow, with single-family homes up 15.7% from March and up 20.7% year-over-year. Condo inventory was up 19.5% month-over-month, and up 36.4% compared to last April.

The sales price to list price ratio for single-family homes went back over 100% for the first time since last June, rising 0.7 of a point to 100.4%.

The ratio for condos gained 0.6 of a point to 100.6%.

Days on market dropped 11 days to 46 for homes. Days on market for condos fell 17 to 44 days.

Our days of inventory indicator for single-family homes rose 19 days sending the indicator to 132 days. The indicator for condos gained 32 days to 119.

My advice? For buyers, with loan requirements being tightened, it is crucial that you be pre-approved and have a loan in place, especially if you are a first-time or move-up buyer.

For sellers, do not tie up your home in escrow on a buyer who doesn't already have a loan in place. If your home is in the entry-level or move-up market, you will need a comprehensive & accurate Comparative Market Analysis (CMA) to determine your asking price and probable sales price. Call.

** For **city-by-city statistics** go to www.aviurbanrealestate.com/pages/1/city.html

May/June 2007



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\$1 Billion Pledged to Help Fend Off Foreclosures

Neighborhood Assistance Corporation of America, an 18-year-old housing advocacy group, announced it would commit \$1 billion to refinancing the loans of lower-income people at risk of losing their homes.

The financing will come from Citigroup and Bank of America, which have been lending money for years to borrowers screened by the non-profit group.

The announcement comes as lawmakers, lenders and others with a stake in the housing sector scramble to stave off a wave of foreclo-

sures. Foreclosures and delinquencies are rising largely because of problems in the subprime segment of the mortgage market, which caters to people with blemished credit records, little money for a down payment or other factors that put them at greater risk of default.

In recent weeks, minority advocacy groups, which say their constituencies have been hit hardest by the crisis, have called for a six-month moratorium on foreclosures. Lawmakers have vowed to take action to ameliorate the housing problems but haven't offered details. And lenders, eager to avoid foreclo-

sures, say they have modified loans for some troubled homeowners, with mixed success.

Whether any of these measures will forestall a national housing disaster, with many people being forced out of their homes, has yet to be seen.

Lenders and other companies that manage mortgages say they're trying to do their part to remedy the foreclosure mess. They say their hands are sometimes tied because many mortgages have been packaged into huge bonds and sold to investors, so that the terms are not easily altered.

But rules on that have been relaxed a bit, which has allowed EMC Mortgage, a Texas subsidiary of Bear Stearns, to create a 50-person team to work with troubled borrowers to modify their loans, sometimes by reducing the interest rate.

Litton Loan Servicing said it too is modifying a record number of loans.

Litton's chief executive said his company modifies about a thousand loans a month versus about 200 a year ago. About one in three of those loans ultimately fails, but the tradeoff is worth it, he said.

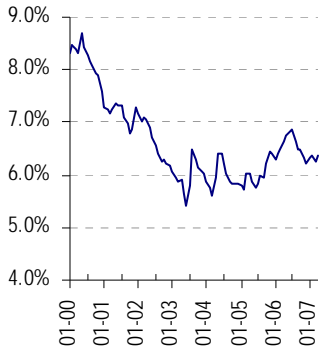
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The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



May 4, 2007 -- After weeks of weak economic news, the latest batch of data took on a more balanced note, prompting mortgage rates to balance as well. According to the nation's deepest survey of mortgage prices, the average 30-year fixed rate mortgage rose by a scant single basis point to 6.35%, while the still-popular 5/1 Hybrid ARM remained unchanged at 6.13%.

In the March and April economic data revealed this week, notes of weakness were often offset by signs of improvement. For example, Personal Incomes rose by a reasonable 0.7% during March, fast on the heels of a like-sized increase for February; this suggests that more cash is finding its way into consumer pockets. Much of that money stayed there, how-

ever, as spending for personal consumption rose by just 0.3% for the month. Of course, that was good news for the anemic national savings rate, which climbed up to -0.8% from -1.2% the month prior. In the Income report, the headline measure of inflation rose by 0.4%, rather high, but the 'core' measure found no change in prices from February.

It seems that the economy picked up a little bit during the first month of the second quarter of 2007. If manufacturing can get its feet under itself to a greater degree, the soft economic landing seen to date will probably continue, helping to offset the drag on growth which housing has certainly become.

The Fed meets again next week to talk about all of this, but the

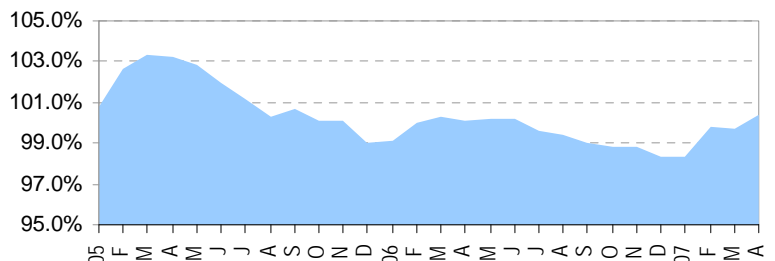
outcome is expected to be the same as last time -- no change to short-term rates -- and we'd be surprised if they made any change to any implied 'bias' for interest rates after the stir the last change created. We think that it will be a long while yet before the Fed moves rates in either direction.

In the meantime, a fair bit of fresh data about prices comes next week in the form of Import and Export Costs and PPI, and we'll bet that the Senior Loan Officer Opinion survey will reveal more tightening of credit conditions for mortgage borrowers (not unexpected). Mix in some inventory and trade numbers, and we'll probably see rates tick a basis point or two higher next week.

April 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	\$868,406	\$1,099,005	886	1,918	3,900	46	100.4%	12.1%	15.6%	-16.9%	20.7%	4.6%	4.2%	-1.4%	15.7%
Campbell	\$856,000	\$866,923	28	66	90	40	99.9%	10.5%	2.2%	16.7%	32.4%	8.9%	-2.1%	-3.4%	34.3%
Cupertino	\$1,225,000	\$1,269,694	43	68	74	32	103.5%	20.2%	16.4%	30.3%	-5.1%	7.5%	0.9%	4.9%	13.8%
Gilroy	\$685,000	\$749,806	16	125	383	94	98.1%	-0.7%	-3.3%	-72.4%	48.4%	-12.2%	-4.6%	-27.3%	21.2%
Los Altos	\$1,710,000	\$1,884,078	32	54	69	19	103.0%	9.7%	12.9%	10.3%	-10.4%	4.1%	11.5%	0.0%	50.0%
Los Altos Hills	\$2,500,000	\$3,265,259	15	16	46	65	98.8%	2.0%	0.9%	36.4%	-38.7%	4.2%	-14.7%	15.4%	-16.4%
Los Gatos	\$1,555,000	\$1,828,575	40	61	114	68	97.6%	26.4%	26.6%	53.8%	-5.8%	9.9%	21.0%	53.8%	11.8%
Milpitas	\$735,000	\$788,681	32	44	104	66	98.7%	5.0%	9.4%	0.0%	11.8%	5.0%	4.1%	28.0%	26.8%
Monte Sereno	\$1,999,950	\$2,301,650	3	11	20	37	98.6%	15.0%	11.5%	-33.3%	-16.7%	15.4%	27.7%	0.0%	25.0%
Morgan Hill	\$835,000	\$881,417	34	80	241	81	97.8%	3.1%	-4.9%	-19.0%	27.5%	-1.8%	-5.0%	-2.9%	12.6%
Mountain View	\$950,000	\$1,103,482	22	39	29	15	103.6%	4.6%	12.8%	-4.3%	-44.2%	-0.3%	6.8%	29.4%	31.8%
Palo Alto	\$1,700,000	\$1,783,156	45	58	52	46	103.9%	19.3%	13.5%	-10.0%	-46.4%	3.0%	-12.9%	-10.0%	13.0%
San Jose	\$762,000	\$860,296	431	1,047	2,271	49	99.4%	8.1%	9.6%	-25.4%	38.0%	3.7%	4.3%	-4.4%	15.3%
Santa Clara	\$753,525	\$773,312	43	84	125	20	102.7%	4.5%	3.4%	-10.4%	17.9%	3.9%	-0.7%	4.9%	34.4%
Saratoga	\$1,650,000	\$1,766,686	38	62	124	54	98.4%	4.4%	4.5%	8.6%	-10.8%	-5.6%	-2.8%	0.0%	3.3%
Sunnyvale	\$900,000	\$917,960	56	81	94	23	104.8%	2.9%	3.8%	12.0%	-11.3%	10.4%	9.6%	5.7%	23.7%

Sales Price/Listing Price Ratio



The Real Estate Report

What's Involved in a Comparative Market Analysis

A comparative market analysis, or CMA, is a real estate agent's evaluation, based on local listing and sales data, to determine the probable sale price of a property in the current market. Sellers can use a CMA to help determine a list price. Buyers can use a CMA to help them decide what to offer on a listing they want to buy.

The accuracy of the analysis will depend in part on the quality of the data. The listings used for comparison should ideally be located in the neighborhood, and they should be as similar as possible to the subject property.

To get a complete picture of your local marketplace, the CMA should include information about currently available comparable listings, pending sales, sales that occurred within the last 6 months, as well as information about listings that did not sell during the

listing period. These are called expired listings.

For sellers, the homes currently for sale are your competition. How you price your home relative to the competition is critical to the sale of your home. If possible, visit Sunday open houses to see how your home compares before you select a list price.

Pending sale listings in your neighborhood represent the most recent sales activity. Try to find out as much about these listings as possible. Beware of the neighborhood grapevine. A combination of wishful thinking and enthusiasm can result in a rumor that a listing sold for an inflated price. The actual sale price may be quite a bit lower.

Even before you have the closing price, inferences can be made about the selling price based on the market history of the listing.

Find out how long it took to find a buyer for the home. Were there multiple offers? Or, did the listing take months to sell? Did the sellers have to lower their price to attract a buyer? This sort of information tells you a lot about the current market conditions.

Carefully analyze the information about homes that have sold. This sales data is the most reliable indicator of what the market will bear price-wise.

Typically, the sales should have occurred no longer than 6 months ago. However, in a market that is changing rapidly, six months may be too long a time frame. When home prices are moving up or down quickly, it's wise to shorten the time frame. Six-month-old listings may be out of date. Try three or four months.

Estimating a probable sale price based on a CMA involves a

certain amount of subjectivity. Accurately predicting a sale price is easiest in neighborhoods of tract housing where all houses are pretty much the same. It's more difficult in neighborhoods where there's a lot of variability in home size, style and condition.

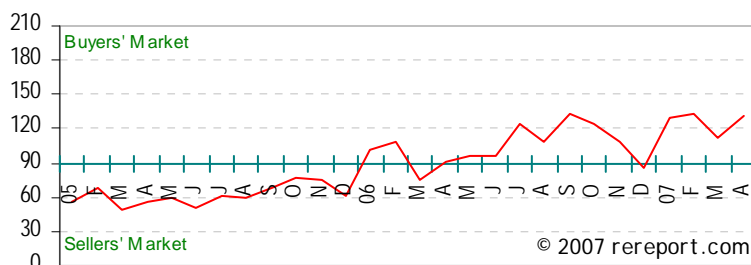
An agent's knowledge of the local market can affect the accuracy of a CMA, particularly in a neighborhood with a lot of variability in the housing stock. Unless the agent has actually seen the comparable listings, he may not draw the correct conclusions.

Call for an accurate Comparative Market Analysis.

** To automatically receive new listings and sale info for your neighborhood, go to the "Buyers" tab in my website, and click ["Listing Alert service"](#)

April Sales Statistics															
Condos/Townhomes															
	Prices		Unit Sales	Listings				Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	DOM	SPLP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$550,000	\$573,005	363	689	1,436	44	100.6%	10.0%	7.7%	-22.6%	36.4%	3.8%	2.4%	-12.7%	19.5%
Campbell	\$593,000	\$614,250	10	26	52	55	100.0%	5.0%	4.3%	-28.6%	30.0%	-5.2%	-0.5%	-41.2%	26.8%
Cupertino	\$693,940	\$702,616	19	12	25	41	101.5%	12.8%	2.2%	90.0%	8.7%	6.8%	-2.2%	35.7%	8.7%
Gilroy	*	*	*	8	21	*	*	n/a	n/a	n/a	31.3%	n/a	n/a	n/a	31.3%
Los Altos	\$828,000	\$959,333	3	6	8	14	103.6%	38.5%	27.0%	-50.0%	-27.3%	-2.0%	13.5%	200.0%	300.0%
Los Gatos	\$780,000	\$767,445	17	19	26	49	99.5%	24.8%	11.7%	21.4%	8.3%	10.1%	6.1%	21.4%	23.8%
Milpitas	\$580,000	\$567,258	12	20	34	23	99.4%	21.6%	8.9%	-45.5%	0.0%	16.0%	8.2%	-14.3%	13.3%
Morgan Hill	\$560,000	\$538,800	3	9	32	132	99.2%	6.7%	1.9%	-57.1%	0.0%	7.7%	9.9%	-57.1%	10.3%
Mountain View	\$630,000	\$620,592	32	52	55	20	103.2%	5.2%	6.1%	-17.9%	-14.1%	12.5%	8.8%	6.7%	52.8%
Palo Alto	\$801,000	\$752,626	11	8	16	18	103.5%	7.0%	-2.5%	-31.3%	-51.5%	5.4%	-9.7%	-15.4%	14.3%
San Jose	\$485,000	\$519,044	188	443	1,018	56	99.8%	2.1%	5.4%	-28.0%	56.6%	-4.9%	-0.7%	-20.3%	18.8%
Santa Clara	\$509,950	\$515,029	36	43	79	33	100.3%	12.1%	6.4%	-7.7%	12.9%	7.4%	0.5%	24.1%	2.6%
Saratoga	\$608,000	\$625,720	5	5	8	6	101.8%	24.1%	4.3%	25.0%	-27.3%	1.3%	-7.8%	25.0%	0.0%
Sunnyvale	\$642,000	\$617,122	26	37	59	22	101.8%	23.5%	12.8%	0.0%	43.9%	8.6%	4.8%	-18.8%	34.1%

Days of Inventory



Real Estate Service With My Personal Guarantee



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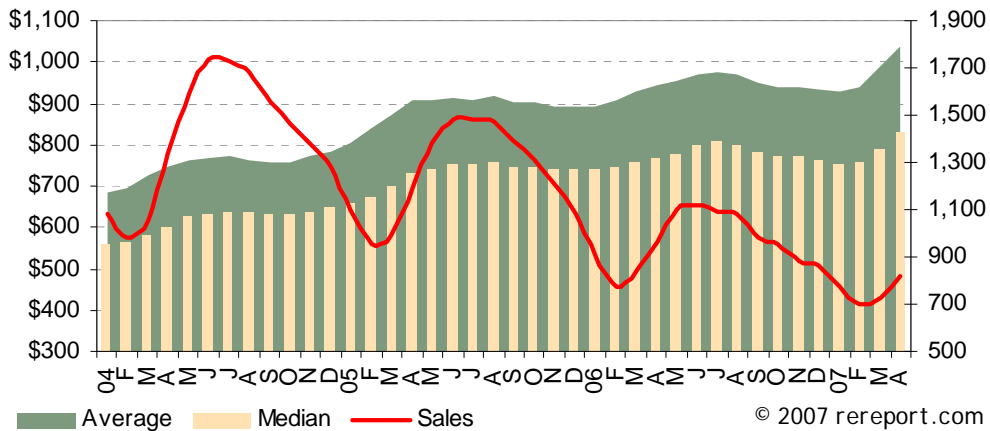
Home buying and selling
 shouldn't be like finding your way
 through a maze.



Let Avi Urban help you

This is not intended as a solicitation if your home is currently listed.

Silicon Valley Homes: Prices and Sales
 (3-month moving average — price in 000's)



for a [city-by-city breakdown](#) and to receive the [monthly report regularly](#), visit my website at www.650and408homes.com