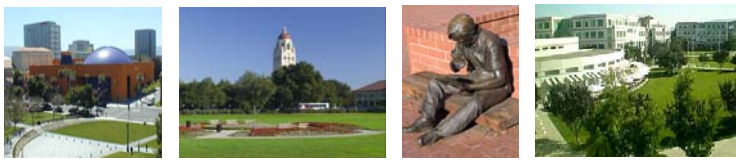


The Real Estate Report

SILICON VALLEY MARKET TRENDS



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Santa Clara County Home Sales Up Again

Home sales increased, year-over-year, by 20.8% in March. This is the ninth month in a row homes sales have been up compared to the year before. Year-to-date, home sales are up 33.6%.

Sales continue to be concentrated in the lower-priced cities such as San Jose where year-over-year sales were up 60%, and Gilroy where sales were up 161.9%.

The median price for single-family, re-sale homes was flat at

\$450,000 for the third month in a row. Year-over-year, the median price was off 44.1%. The average price gained 5.8%, month-over-month, but was down 39% compared to March 2008.

Inventory continues to be lower than the year before: down 26.2%.

The sales price to list price ratio for homes rose 0.4 of a point to 98.3%.

| Trends at a Glance (Single-family Homes) | | | |
|---|-----------|-----------|-----------|
| | Mar 09 | Feb 09 | Mar 08 |
| Median Price: | \$450,000 | \$450,000 | \$805,000 |
| Average Price: | \$595,064 | \$562,680 | \$975,417 |
| Home Sales: | 719 | 581 | 595 |
| Inventory: | 3,915 | 3,909 | 5,307 |
| Sale/List Price Ratio: | 98.3% | 97.9% | 98.6% |
| Days on Market: | 65 | 65 | 55 |
| Days of Inventory | 163 | 202 | 268 |

Days of inventory dropped 39 to 163 days for homes.

Condo sales rose 36.1% from February, and were up 23.3% year-over-year.

The median price for condos dropped 25.3% from February, and it was off 54.1% compared to last March. The average price fell 15.5%, month-over-month, and was down 45.4% compared to March 2008.

Condo inventory was down 22.7% year-over-year.

The sales price to list price ratio for condos was flat at 97.4%.

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 property, call me.

April 2009



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C.A.R. launches Mortgage Protection Program

LOS ANGELES (April 2) – The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) today launched the C.A.R. Housing Affordability Fund Mortgage Protection Program (C.A.R.H.A.F. MPP) for first-time home buyers. Through the Housing Affordability Fund Mortgage Protection Program, first-time home buyers who lose their jobs due to layoffs may be eligible to receive up to \$1,500 per month, for six months, to help make their mortgage payments. A qualified co-buyer also can participate in the program, and receive a monthly benefit of \$750 per month for up to six months. Program benefits

also include coverage for accidental disability and a \$10,000 death benefit. C.A.R.'s Housing Affordability Fund is dedicating \$1 million toward its Mortgage Protection Program, and estimates that as many as 3,000 families will benefit from the program this year.

"The Mortgage Protection Program was developed to help ease the anxiety of consumers who are concerned about potential job loss and its impact on their ability to pay their mortgage should they purchase a home," said C.A.R. President James Liptak. "It also provides peace of

mind to those buyers who are actively searching for a home."

- To qualify for the Mortgage Protection Program, applicants must: Be a first-time home buyer – someone who has not owned a home in three or more years
- Open escrow April 2, 2009, or later, and close on or before Dec. 31, 2009
- Use a California REALTOR® in the transaction
- Purchase the property in California

- Be a W-2 employee (cannot be self-employed)

To apply for the program, home buyers must request an application for the H.A.F. Mortgage Protection Program from their REALTOR®.

Many lenders offer similar Buyer Protection Plans that are less restrictive and worth considering.
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The Real Estate Report

Pending Home Sales Up, Housing Affordability Sets New Record

Pending home sales have edged up, hinting at a possible pickup of sales activity in coming months, according to the National Association of Realtors®.

The Pending Home Sales Index, a forward-looking indicator based on contracts signed in February, rose 2.1 percent to 82.1 from a reading of 80.4 in January, but is 1.4 percent below February 2008 when it was 83.3.

Lawrence Yun, NAR chief economist, said the market is continuing to underperform. "Pending home sales have a way to go for there to be a meaningful increase, but recent increases in shopping activity are hopeful indicators that we'll see additional sales gains," he said. "More buyers are getting into the market to take advantage of stimulus incentives and much improved housing affordability conditions,

but it will take a few months before we could see this turn up in measurable sales contract activity."

Also in February, NAR's Housing Affordability Index rose to a new high.

The PHSI in the Northeast rose 10.6 percent to 63.9 in February but is 11.2 percent below a year ago. In the Midwest the index jumped 14.5 percent to 83.1 and is 3.4 percent higher than February 2008. The index in the South rose 4.4 percent to 85.8 in February but is 0.1 percent below a year ago. In the West the index fell 13.5 percent to 89.6 and is 1.7 percent below February 2008.

NAR President Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth, said home buyers are in an excellent position. "The drop

in mortgage interest rates and home prices mean the buying power of a typical family has never been better," he said. "If you have a good job and long-term plans, it's unlikely that you'll find a much better time to buy a home. This is especially true for first-time buyers who can qualify for an \$8,000 tax credit this year, have a great selection of homes to choose from, and are in a favorable negotiating position."

NAR's Housing Affordability Index rose 0.9 percentage points to a record high of 173.5 in February from an upwardly revised index of 172.6 in January, and is 36.3 percentage points higher than a year ago. The HAI, a broad measure of housing affordability using consistent values and assumptions over time, shows that the relationship between home prices, mortgage interest

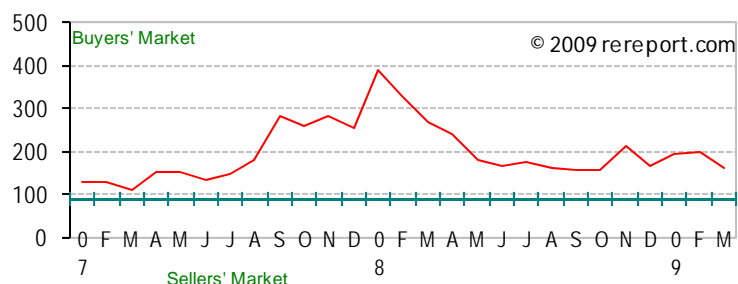
rates and family income is the most favorable since tracking began in 1970.

A median-income family, earning \$59,700, could afford a home costing \$285,600 in February with a 20 percent downpayment, assuming 25 percent of gross income is devoted to mortgage principal and interest. Affordability conditions for first-time buyers with the same income and small down payments are roughly 80 percent of that amount. The affordable price is considerably higher the median existing single-family home price in February, which was only \$164,600.

"Obviously, potential home buyers need to be managing their existing debt effectively," McMillan said. "A Realtor® can counsel you on what you may be able to afford given your personal financial situation. In some cases, buyers

| March Sales Statistics | | | | | | | | | | | | | | | | |
|------------------------|-----------|-----------|------------|----------|-------|------|-------|---------|-----------------------|--------|--------|--------|------------------------|--------|--------|--|
| Condos/Townhomes | | | | | | | | | | | | | | | | |
| County | Prices | | Unit Sales | Listings | | | DOM | SP/LP | Compared to Last Year | | | | Compared to Last Month | | | |
| | Median | Average | | New | Total | Med. | | | Ave. | Sales | Listed | Med. | Ave. | Sales | Listed | |
| County | \$238,900 | \$308,712 | 249 | 604 | 1,345 | 71 | 97.4% | -54.1% | -45.4% | 23.3% | -22.7% | -25.3% | -15.5% | 36.1% | -3.2% | |
| Campbell | \$377,500 | \$349,818 | 8 | 14 | 52 | 127 | 96.0% | -29.1% | -36.5% | -20.0% | -1.9% | -28.1% | -37.6% | 33.3% | 2.0% | |
| Cupertino | \$622,500 | \$629,981 | 6 | 21 | 41 | 84 | 97.0% | -6.7% | -18.7% | 0.0% | 127.8% | 0.4% | -1.1% | 100.0% | 5.1% | |
| Gilroy | \$155,250 | \$159,666 | 6 | 8 | 21 | 115 | 97.1% | -162.8% | -155.5% | 83.3% | -34.4% | 41.4% | 0.6% | -33.3% | 0.0% | |
| Los Altos | * | * | * | 10 | 25 | * | * | n/a | n/a | n/a | 257.1% | n/a | n/a | n/a | 4.2% | |
| Los Gatos | \$735,000 | \$728,750 | 4 | 16 | 58 | 108 | 97.4% | -9.3% | -12.4% | -42.9% | 93.3% | -3.9% | 3.9% | 33.3% | -7.9% | |
| Milpitas | \$300,000 | \$336,559 | 13 | 17 | 69 | 85 | 96.6% | -27.6% | -22.8% | 333.3% | 32.7% | -25.0% | -15.1% | 160.0% | -6.8% | |
| Morgan Hill | * | * | * | 8 | 26 | * | * | n/a | n/a | n/a | -3.8% | n/a | n/a | n/a | 13.0% | |
| Mountain View | \$575,000 | \$547,830 | 13 | 41 | 93 | 79 | 96.1% | -10.9% | -17.8% | -31.6% | 9.4% | 0.8% | -4.1% | -27.8% | 22.4% | |
| Palo Alto | \$728,000 | \$681,983 | 3 | 21 | 50 | 24 | 98.3% | -24.4% | -34.2% | -75.0% | 150.0% | -8.1% | -20.1% | -25.0% | 19.0% | |
| San Jose | \$185,000 | \$231,864 | 165 | 369 | 1,108 | 123 | 96.5% | -60.5% | -49.3% | 96.4% | -11.4% | -22.9% | -19.5% | 46.0% | -2.1% | |
| Santa Clara | \$372,000 | \$404,094 | 17 | 42 | 112 | 70 | 96.8% | -25.5% | -22.6% | -10.5% | -14.5% | -10.9% | -2.2% | 183.3% | 7.7% | |
| Saratoga | \$618,000 | \$618,000 | 1 | 7 | 22 | 239 | 98.9% | -16.2% | -20.6% | -75.0% | 50.0% | n/a | n/a | n/a | 4.8% | |
| Sunnyvale | \$479,000 | \$518,700 | 15 | 30 | 100 | 86 | 95.8% | -14.3% | -11.9% | 0.0% | 11.1% | 5.0% | 12.6% | 36.4% | 1.0% | |

Days of Inventory



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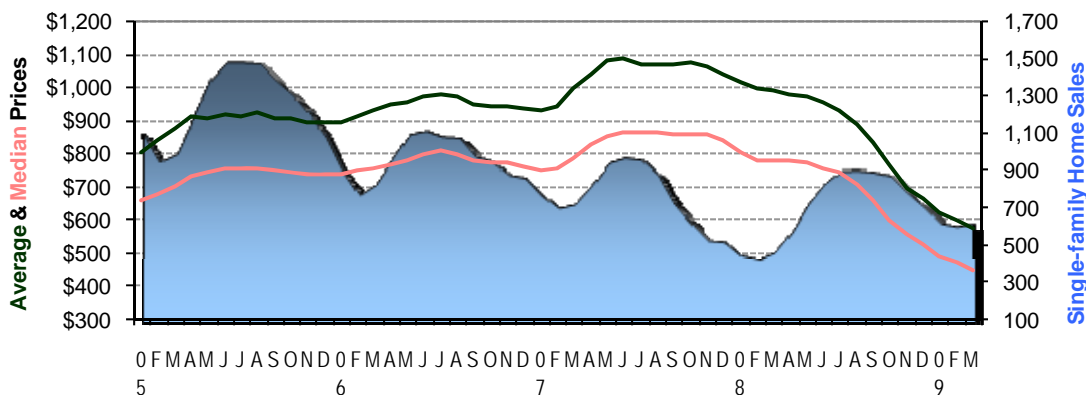
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Santa Clara County Homes: Prices and Sales (3-month moving average — price in 000's)

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(Continued from page 3)

who want to build their future through homeownership may need to start reducing their debt and improving their credit score before entering the housing market."

Last year at this time, the typical family could afford a home costing \$265,600, which is \$20,000 less than the current affordable price. "Homes in many areas are now

selling for less than replacement construction costs – clearly this is an abnormal situation which will change once inventory is drawn down and supply and demand come closer into balance," McMillan said.

Yun said he expects housing inventories to rise through early summer from a normal seasonal pattern of more sellers appearing in the spring. "But with the positive

housing stimulus incentives now in place, we expect home sales to gain momentum in the second half of the year with first-time buyers absorbing a lot of the excess inventory," he said. "Under these conditions, we should see price stabilization in most markets by the end of the year."

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