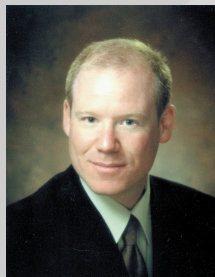


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# The Real Estate Report

## local market trends

SANTA CLARA COUNTY

### IPO millionaires boosting home prices

According to a story by Dan Levy of Bloomberg news, a surge in wealth from technology stock sales and initial public offerings is spilling into California's Silicon Valley real estate market as newly rich workers bid up home values in suburban cities south of San Francisco.

This is most evident in the average price of single-family, re-sale homes which has been higher than the year before for the past four months, while the median price has, while the median price has been lower year-over-year for the past eight months.

You can read the full story here:  
<http://tinyurl.com/3zw3dvd>

### COUNTY STATISTICS...

Sales of single-family, re-sale homes turned around last month after an abysmal May, rising 2.2% year-over-year.

The median price for homes in Santa Clara County has been rising, month-over-month, since February, but has been down year-over-year for the past eight months. In June, the median price rose 5.8% from May.

### PRICING MOMENTUM...

while still positive, has been trending down for the past eight months and now stands at +1, a decline of one point from the month before.

### SALES MOMENTUM...

turned up last month and gained one points to -8.

### PENDING MOMENTUM...

a harbinger of future sales turned negative in June, dropping four points to -3.

### MORE STATISTICS...

Year-over-year, home inventory was down by 11.1%. This is the fourth month in a row inventory has been lower than the year before. A decline in inventory will, eventually, put upward pressure on prices.

Pending inventory was down, year-over-year, for the eighth month in a row: 3.2%.

The sales price to list price ratio rose 0.1 of a point to 99.7%.

### IN THE CONDO MARKET...

the median price was down 13.5% year-over-year.

Trends at a Glance (Single-family Homes)			
	Jun 11	May 11	Jun 10
Median Price:	\$ 640,000	\$ 605,000	\$ 645,000
Average Price:	\$ 823,994	\$ 774,584	\$ 785,447
Home Sales:	1,099	965	1,075
Inventory:	2,381	2,391	2,678
Sale/List Price Ratio:	99.7%	99.6%	100.4%
Days on Market:	48	51	44
Days of Inventory:	63	74	72

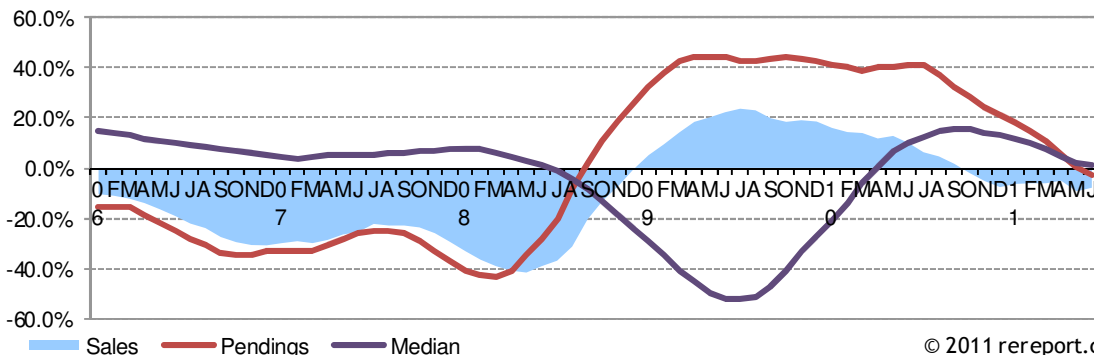
Condos sales were up 13.4% year-over-year.

Pending condo sales declined last month, falling 0.5% compared to last June.

Inventory decreased, year-over-year, for the first time since last May, falling 12.8%.

Remember, the real estate market is a matter of neighborhoods and houses. No two are the same. For complete information on a particular neighborhood or property, call.

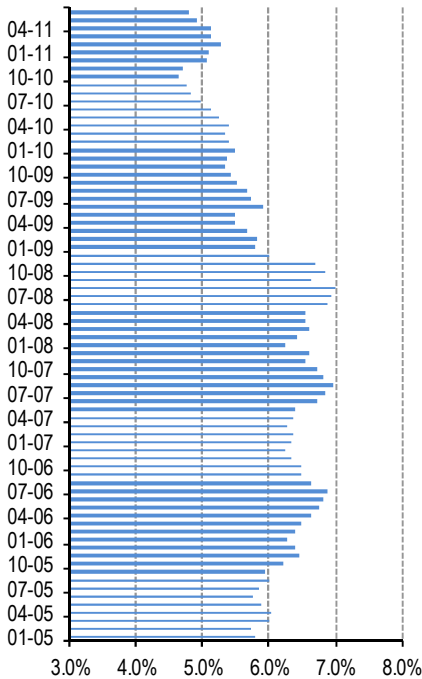
**Santa Clara County Homes:** Sales Momentum



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## Mortgage Rate Outlook

### 30-Year Fixed Mortgage Rates



July 1, 2011 -- The downward swing for mortgage rates may have come to at least a temporary end. Somewhat better economic news, a hopeful start to a resolution of the Greek debt mess, growing concerns about our own debt-limit ceiling and the turn of both the quarter and half-year are all factors contributing to the upward pressure. The end of the Fed's QE2 program no doubt has played a small role in the increase in rates, too. It's also worth noting that the government's push to drive oil prices downward through the use of the Strategic Petroleum Reserve should also help to put additional billions of dollars back in consumer pockets and eventually into the economy as the year moves forward. This should help continue or even possibly improve the strength of the recovery.

The benchmark 10-year Treasury has risen appreciably over the past seven days, running from 2.93% on June 24 to a close of 3.18% this afternoon. A little more optimism and a little less fear among investors pushed the Dow Jones Industrial Average up by a fat 650 points this week, and a lot of cash to fuel that rally seemed to be generated by selling Treasuries of all stripes. The quarter-point rise in the 10-year's risk-free yield puts pressure on the rates of other, more risky investment products, and mortgage

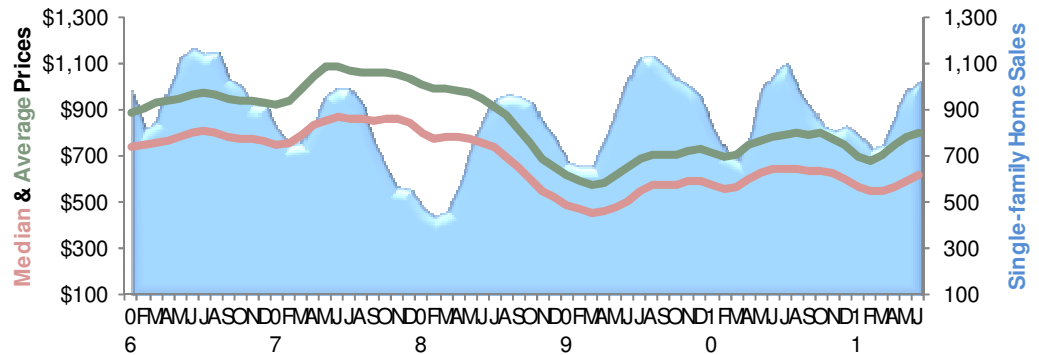
rates will begin the second half of 2011 moving higher.

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 moved two basis points higher, moving to an average of 4.79%. FHA-backed 30-year fixed-rate mortgages, especially important to first-time homebuyers and low-equity refinancers, also moved two basis points upward to close the week at 4.44%. Given the wide differential in interest rates, at least some borrowers should be considering hybrid 5/1 ARMs; whose five-year fixed periods now averages just 3.40%, up three hundredths of a percentage point from last week. A borrower with a \$300,000 loan willing to accept the risk of higher future payments would save about \$20,000 over the next five years.

The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by [HSH.com](http://HSH.com). The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

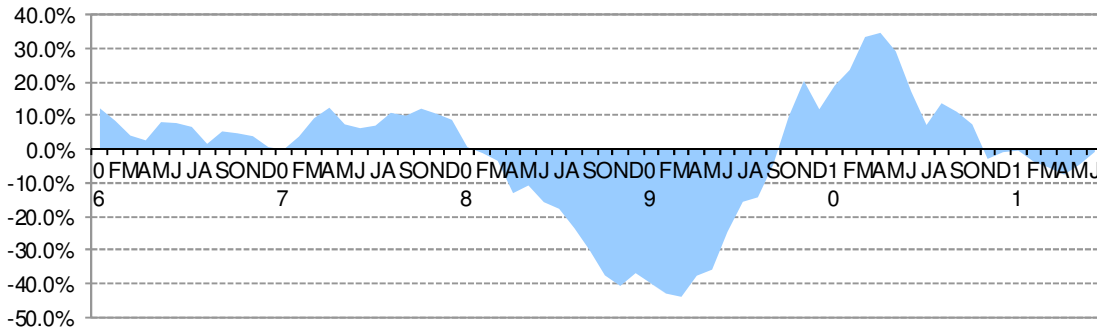
### Santa Clara County Homes - Prices & Sales

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



Santa Clara County - June 2011												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 640,000	\$ 823,994	1,099	2,169	2,381	63	99.7%	-0.8%	4.9%	2.2%	-3.2%	-11.1%
Campbell	\$ 667,500	\$ 685,346	23	38	66	83	99.3%	-10.2%	-11.2%	-11.5%	-15.6%	-14.3%
Cupertino	\$ 1,170,000	\$ 1,182,100	42	39	54	37	100.8%	15.7%	13.8%	-10.6%	2.6%	-29.9%
Gilroy	\$ 395,000	\$ 433,363	53	149	111	61	99.2%	-3.2%	-7.1%	17.8%	-5.1%	-8.3%
Los Altos	\$ 1,660,600	\$ 1,764,020	42	31	53	37	98.9%	10.7%	4.8%	20.0%	-29.5%	-31.2%
Los Altos Hills	\$ 2,220,000	\$ 2,557,500	10	16	53	154	97.4%	-1.2%	16.4%	25.0%	-5.9%	-17.2%
Los Gatos	\$ 1,377,500	\$ 1,393,450	32	44	140	127	97.3%	10.2%	3.3%	-22.0%	-29.0%	-8.5%
Milpitas	\$ 507,000	\$ 533,800	28	79	58	60	98.9%	5.6%	1.2%	-20.0%	11.3%	1.8%
Monte Sereno	\$ 1,640,000	\$ 1,750,830	3	6	9	87	96.5%	-31.3%	-26.7%	50.0%	-14.3%	-76.9%
Morgan Hill	\$ 511,450	\$ 671,057	41	107	164	116	97.8%	-13.3%	7.0%	17.1%	9.2%	17.1%
Mountain View	\$ 1,040,900	\$ 1,110,490	31	37	25	23	102.1%	10.7%	16.7%	-22.5%	15.6%	-55.4%
Palo Alto	\$ 1,625,000	\$ 2,095,620	46	42	49	31	105.2%	6.2%	24.2%	21.1%	7.7%	-52.4%
San Jose	\$ 520,000	\$ 585,487	575	1,344	1,193	60	99.7%	-1.7%	-1.8%	0.9%	-4.4%	-8.7%
Santa Clara	\$ 590,000	\$ 616,198	57	91	109	55	99.1%	3.6%	2.1%	29.5%	28.2%	28.2%
Saratoga	\$ 1,480,000	\$ 1,572,610	39	39	129	96	98.7%	4.7%	3.5%	21.9%	25.8%	-3.0%
Sunnyvale	\$ 857,500	\$ 816,694	64	83	81	37	100.0%	1.1%	0.9%	8.5%	-16.2%	-13.8%

## 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 dropped 12.2% in May from April. Year-over-year, notices were down 22.8%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were up 3.7% year-over-year, and up 21.3% from April.

After the filing of a Notice of Trustee Sale, there are only 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 and become part of that bank's REO inventory.

In May, cancellations were down 12.3% year-over-year, and down 24.9% from April.

Properties going back to the bank declined in May by 15.2% compared to last May. They were up 23% from April.

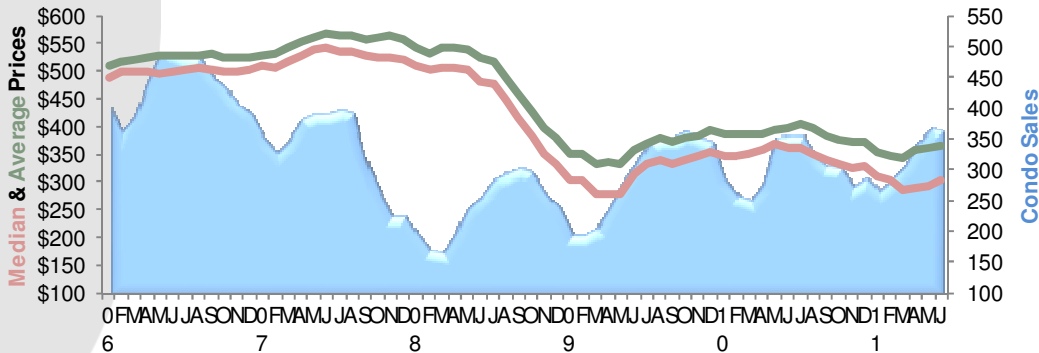
The total number of homes that have had a notice of default filed declined by 19.9% in May compared to May 2010.

The total number of homes scheduled for sale declined by 21.1% year-over-year.

The total number of homes owned by the bank was up 0.4% year-over-year.

## Santa Clara County Condos- Prices & Sales

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



### Santa Clara County - June 2011

Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 311,500	\$ 369,944	380	908	876	67	98.3%	-13.5%	-10.3%	13.4%	-0.5%	-12.8%
Campbell	\$ 462,500	\$ 431,000	6	33	42	203	96.7%	15.6%	13.5%	-53.8%	32.0%	35.5%
Cupertino	\$ 650,000	\$ 653,727	11	12	14	37	98.2%	-1.5%	-1.8%	120.0%	-33.3%	-58.8%
Gilroy	\$ 203,000	\$ 203,000	2	7	2	29	94.4%	n/a	n/a	n/a	n/a	n/a
Los Altos	\$ 960,000	\$ 944,000	5	4	5	29	96.6%	74.6%	62.8%	25.0%	33.3%	-64.3%
Los Gatos	\$ 445,000	\$ 448,565	13	16	39	87	95.1%	-30.5%	-28.4%	18.2%	100.0%	-25.0%
Milpitas	\$ 259,250	\$ 285,875	12	53	26	63	100.4%	-37.4%	-32.7%	-7.7%	43.2%	-25.7%
Morgan Hill	\$ 237,500	\$ 249,583	6	18	24	116	100.5%	-7.9%	-3.4%	0.0%	-40.0%	14.3%
Mountain View	\$ 515,000	\$ 481,308	24	52	55	66	98.1%	1.4%	-6.7%	14.3%	33.3%	-35.3%
Palo Alto	\$ 820,000	\$ 828,150	9	15	31	100	100.2%	13.5%	-30.2%	-35.7%	-11.8%	-13.9%
San Jose	\$ 265,000	\$ 313,577	237	566	497	61	98.3%	-13.8%	-3.2%	11.8%	-9.3%	-6.2%
Santa Clara	\$ 293,950	\$ 324,970	32	84	61	55	99.2%	-23.8%	-21.9%	100.0%	42.4%	1.7%
Saratoga	\$ 506,500	\$ 529,500	4	4	9	65	99.3%	-20.5%	-29.8%	33.3%	-20.0%	-57.1%
Sunnyvale	\$ 538,500	\$ 477,730	19	44	71	108	97.4%	8.1%	-5.3%	11.8%	25.7%	-13.4%

## 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

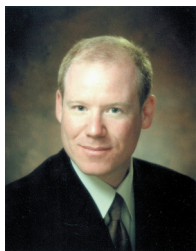
Property under contract to sell that hasn't closed escrow.

### Inven

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

# THE REAL ESTATE REPORT

## Santa Clara County



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### Santa Clara County Sales Year-to-Date

