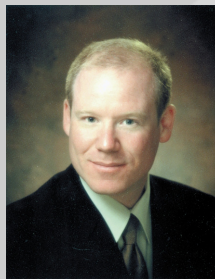


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Mark Barber
Alain Pinel Realtors
 12988 Saratoga-Sunnyvale Road
 Saratoga, CA 95070
 (408) 316-8112
mbarber@apr.com
<http://HomesOfSiliconValley.com>
 DRE #01220031

The Real Estate Report

local market trends

SANTA CLARA COUNTY

Median Price for Homes Up Again

The median price for single-family, re-sale homes reached its highest level since August 2008: up 34.6% year-over-year to \$632,450.

The sales price to list price ratio, a good indicator of demand, for single-family, re-sale homes in Santa Clara County was 101% in April.

This is the tenth month in a row the indicator has been over 100%.

The number of home sales were up 4.1% from March, but down 1.4% year-over-year.

Pending sales reached record levels in March with 2,519 homes under contract. This bodes well for sales in the next few months.

Inventory also increased in April from March: up 8.2%, and it was up 0.2% compared to April 2009. This is the first time inventory has been higher than the year before since January 2009. Seems like home owners are beginning to feel more confident in the market. Of the 1,022 homes put on the market in April, only 85 were bank-owned.

NEW STATE TAX CREDIT

Just a reminder that the new state tax credit is not limitless, as was the Federal tax credit. The state tax credit is limited to \$200,000,000 and is first-come, first-served.

It went into effect on May 1, 2010 for first-time home buyers and buyers of new, never-occupied homes. The state has allocated a total of \$200,000,000 to be split evenly between both groups.

The tax credit applies to taxpayers who purchase a qualified principal residence on or after May 1, 2010, and before January 1, 2011. Additionally, these tax credits are available for taxpayers who purchase a qualified principal residence on or after December 31, 2010, and before August 1, 2011, pursuant to an enforceable contract executed on or before December 31, 2010. The purchase date is defined as the date escrow closes. Taxpayers may apply for the tax credits if they have entered into a contract before May 1, 2010, as long as escrow

Trends at a Glance (Single-family Homes)			
	Apr 10	Mar 10	Apr 09
Median Price:	\$ 632,450	\$ 600,000	\$ 470,000
Average Price:	\$ 785,948	\$ 741,029	\$ 598,559
Home Sales:	896	861	909
Inventory:	4,935	4,560	4,927
Sale/List Price Ratio:	101.0%	100.8%	98.4%
Days on Market	43	47	61
Days of Inventory	78	79	113

closes on or after May 1, 2010. Taxpayers may not request a New Home Credit reservation if they have entered into the contract before May 1, 2010.

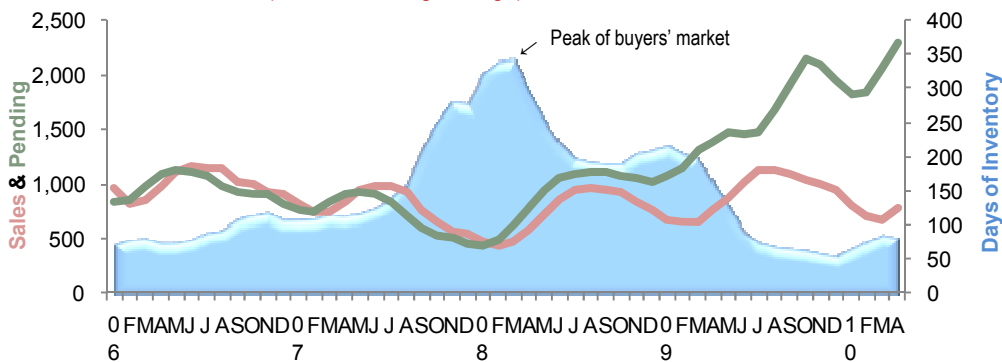
These tax credits are limited to the lesser of 5% of the purchase price or \$10,000. The tax credit must be applied over three years in amounts beginning in the year the home was purchased.

In any event, please do not construe this as legal or financial advice. Please contact your lawyer or financial advisor if you intend to use the credit.

For full information, go to:
http://www.ftb.ca.gov/individuals/New_Home_Credit.shtml

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 me.

Santa Clara County Homes - Sales, Pending & Days of Inventory
 (3-month moving average)



HOW TO READ THE CHART

The blue area is the number of days it would take to sell all the homes for sale at the current rate of sales.

The green line shows the number of homes in escrow. Normally, this line tracks closely with the red line, which shows actual sales.

As you can see, the two lines have diverged over the past year. This is due to many homes being put into escrow as short-sales, contingent upon the banks' approval. This is being done even before the banks know about the short sale. Subsequently, many of these escrows do not close.

Mortgage Rate Outlook

Apr. 30, 2010 -- The last of the extraordinary props for the nation's mortgage and home sales markets have come to an end. Just four weeks after the Federal Reserve stepped away from the mortgage market comes the end of first-time and trade-up homebuyer tax credits. Meanwhile, the effort to prop up failing homeowners through modification and other initiatives enjoys a continuing commitment.

While the Fed program of buying up \$1.25 trillion of Mortgage-Backed Securities was easily the more important of the two -- after all, both homebuyers and homeowners can enjoy low mortgage rates -- but the tax credit has arguably been a key element in fostering demand for home purchases, and spurring consumers to act. We won't know the actual results of the program for some time, until all tax filings for 2009 as well as for 2010 have been completed, but the home-sale indicators seem to suggest that there has been positive, measurable effect on weak housing markets.

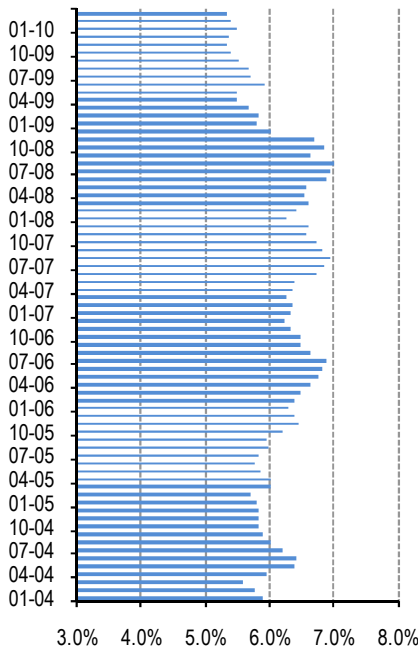
Mortgage rates have remained low since the Fed exited the stage, and have trended lower over the last couple of weeks as Greece's (and perhaps Spain's) economic issues have produced a run into the safe-haven investment of US-backed debt.

HSH's market-spanning Fixed-Rate Mortgage Indicator (FRMI) remained unchanged this week at an average

5.36%. The FRMI includes rates for conforming, jumbo and the GSE's "high-limit" conforming products in its calculation and so covers a wide swath of the market. The most popular alternative to the traditional fixed-rate mortgage -- a Hybrid 5/1 ARM -- sported an average interest rate of 4.41% this week, down just a single basis point from last week's 4.42%.

With the removal of a program said to spur demand, we wonder what the rest of the "spring homebuying season" will look like. It is fair to say that the original tax credit which expired in November 2009 borrowed some demand from the winter months of 2010, but all appearances are that demand was starting to ramp up in March and probably in April. If it turns out that today's midnight expiry of the extension borrowed demand from May and June, we could be in for a couple of very slow months. Slowing sales coupled with short-sale or foreclosure-boosted inventories are unwelcome news for home prices, which would be pressured downward again. That situation would be worsened considerably by any rise in mortgage rates, the likelihood of which increases with every sign of recovery. All things considered, it's hard to find much reason for strong optimism about the period just ahead for home sales, and even a spurt of new hiring won't improve these fortunes very soon.

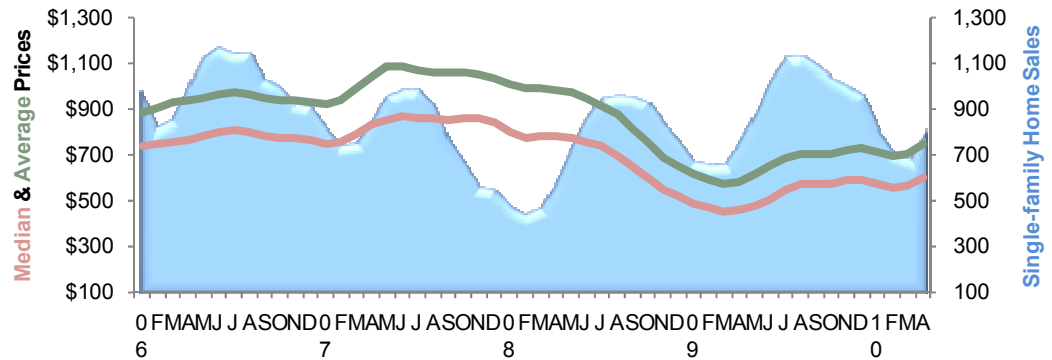
30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com.

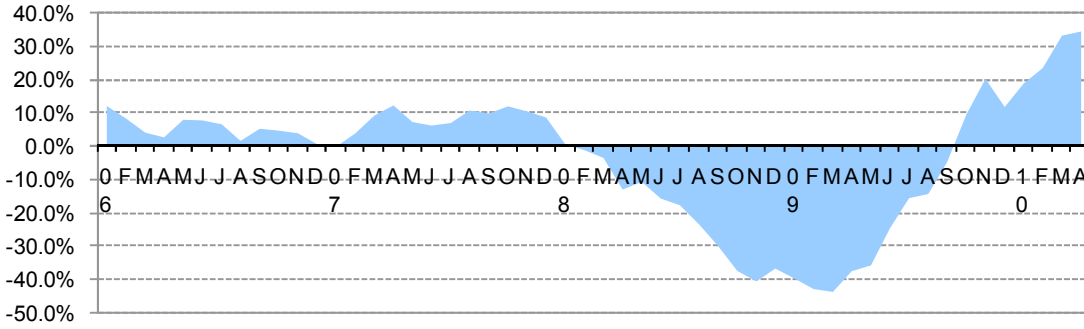
Santa Clara County Homes - Prices & Sales

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



Santa Clara County - April 2010												
Single-Family Homes							% Change from Year Before					
Prices							Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 632,450	\$ 785,948	896	2,519	4,935	78	101.0%	34.6%	31.3%	-1.4%	82.9%	0.2%
Campbell	\$ 705,000	\$ 701,600	14	51	113	128	104.5%	6.8%	8.6%	-26.3%	59.4%	-4.2%
Cupertino	\$ 1,259,500	\$ 1,286,540	34	57	119	53	100.4%	31.9%	17.5%	30.8%	96.6%	-16.2%
Gilroy	\$ 363,000	\$ 401,081	35	154	277	102	102.4%	-2.9%	-5.3%	-39.7%	52.5%	2.6%
Los Altos	\$ 1,494,500	\$ 1,576,360	28	36	118	85	97.9%	-0.4%	0.1%	154.5%	157.1%	-15.1%
Los Altos Hills	\$ 2,717,500	\$ 2,922,500	6	9	76	324	95.4%	-2.9%	11.5%	20.0%	28.6%	4.1%
Los Gatos	\$ 1,275,000	\$ 1,333,370	29	60	190	130	96.6%	33.5%	28.8%	16.0%	130.8%	-3.1%
Milpitas	\$ 530,000	\$ 554,114	22	99	147	63	99.9%	21.8%	12.8%	-24.1%	160.5%	50.0%
Monte Sereno	\$ 2,085,000	\$ 2,025,420	4	3	37	247	93.5%	22.7%	23.9%	0.0%	0.0%	27.6%
Morgan Hill	\$ 600,000	\$ 630,964	31	94	218	116	98.9%	3.3%	0.4%	-3.1%	32.4%	-11.0%
Mountain View	\$ 869,000	\$ 940,577	27	46	92	49	99.7%	3.8%	9.3%	35.0%	142.1%	-13.2%
Palo Alto	\$ 1,650,000	\$ 1,730,770	30	56	122	64	99.7%	32.5%	12.6%	3.4%	107.4%	-26.5%
San Jose	\$ 520,000	\$ 567,942	510	1,562	2,760	68	101.8%	26.8%	26.3%	-8.1%	79.3%	3.8%
Santa Clara	\$ 578,500	\$ 665,337	40	101	180	57	101.9%	9.2%	22.6%	-2.4%	98.0%	-4.8%
Saratoga	\$ 1,598,500	\$ 1,588,320	40	40	149	79	98.7%	11.4%	2.9%	185.7%	135.3%	-19.5%
Sunnyvale	\$ 899,295	\$ 858,538	40	106	208	74	101.0%	38.4%	33.2%	8.1%	135.6%	12.4%

Santa Clara County Homes: Year-Over-Year Median Price Change



PENDING HOME SALES AT FIVE-MONTH HIGH

Washington, May 04, 2010 -- Pending home sales increased again in March, affirming that a surge of home sales is unfolding for the spring home buying season, according to the National Association of Realtors®.

The Pending Home Sales Index,* a forward-looking indicator based on contracts signed in March, rose 5.3 percent to 102.9 from 97.7 in February, and is 21.1 percent above March 2009 when it was 85.0; this follows an 8.3 percent increase in February. The data reflects contracts and not closings, which usually occur with a lag time of one or two months.

Lawrence Yun, NAR chief economist, said favorable affordability conditions have been working with the tax credit. "Clearly the home buyer tax credit has helped stabilize the market. In the months immediately following the expiration of the tax credit, we expect

measurably lower sales," he said. "Later in the second half of the year, and into 2011, home sales will likely become self-sustaining if the economy can add jobs at a respectable pace, and from a return of buyer demand as they see home values stabilizing."

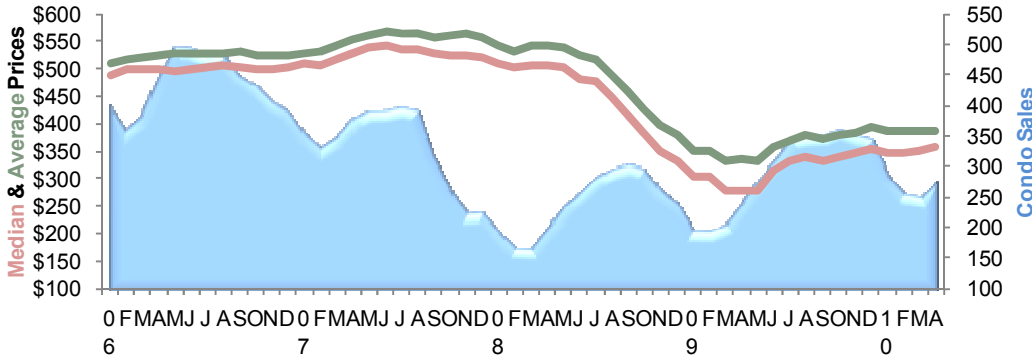
The PHSI in the Northeast declined 3.3 percent to 75.1 in March but remains 27.2 percent higher than March 2009. In the Midwest the index increased 1.2 percent to 98.9 and is 18.5 percent above a year ago. Pending home sales in the South jumped 12.7 percent to an index of 121.2, which is 28.3 percent higher than March 2009. In the West the index rose 1.9 percent to 99.9 and is 8.8 percent above a year ago.

"Another encouraging sign is the improvement in the availability for jumbo and second-home mortgages,"

(Continued on page 4)

Santa Clara County Condos- Prices & Sales

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



Santa Clara County - April 2010

Condos/Townhomes		% Change from Year Before										
Prices							Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 345,000	\$ 378,978	297	1,154	2,027	85	100.6%	23.2%	14.3%	13.8%	142.9%	20.2%
Campbell	\$ 500,000	\$ 465,548	8	40	68	102	98.5%	17.0%	8.9%	300.0%	166.7%	30.8%
Cupertino	\$ 585,000	\$ 645,400	5	18	48	174	97.9%	-10.3%	-4.6%	-16.7%	200.0%	20.0%
Gilroy	\$ 260,000	\$ 260,000	1	9	15	174	104.0%	17.1%	21.1%	-85.7%	12.5%	-16.7%
Los Altos	\$ 599,880	\$ 656,627	3	6	17	106	98.8%	-6.1%	-1.9%	-40.0%	50.0%	-39.3%
Los Gatos	\$ 692,500	\$ 683,625	8	19	59	145	95.9%	-2.5%	-2.4%	-11.1%	137.5%	0.0%
Milpitas	\$ 350,000	\$ 330,794	17	47	80	56	98.0%	40.0%	13.4%	54.5%	176.5%	53.8%
Morgan Hill	\$ 315,000	\$ 309,000	4	27	40	94	100.1%	8.8%	4.0%	0.0%	200.0%	66.7%
Mountain View	\$ 602,000	\$ 586,867	15	55	125	135	99.7%	19.2%	25.1%	-11.8%	189.5%	16.8%
Palo Alto	\$ 695,500	\$ 770,688	8	19	62	156	98.9%	7.0%	6.5%	33.3%	280.0%	21.6%
San Jose	\$ 261,000	\$ 306,212	180	783	1,239	73	101.6%	31.8%	20.8%	5.9%	142.4%	22.2%
Santa Clara	\$ 367,500	\$ 387,007	28	67	132	67	100.3%	2.1%	1.1%	154.5%	103.0%	12.8%
Saratoga	\$ 668,000	\$ 669,000	3	6	17	106	97.7%	24.9%	25.0%	200.0%	50.0%	-26.1%
Sunnyvale	\$ 451,000	\$ 477,471	17	58	125	114	100.0%	-9.6%	-3.3%	41.7%	141.7%	22.5%

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.

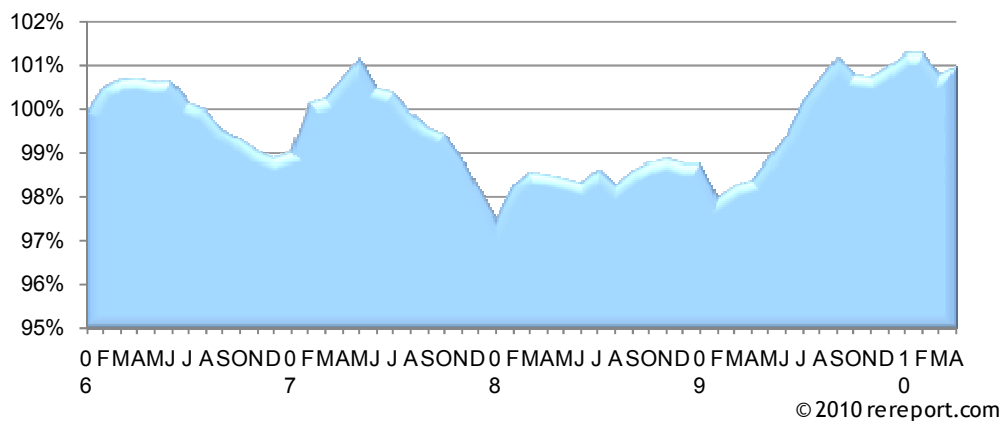
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Santa Clara County



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Santa Clara County Homes: Sales Price/Listing Price Ratio



(Continued from page 3)

Yun said. "As bank balance sheets strengthen, it is just a matter of time before lending of non-government-backed mortgages steadily opens up."

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*The Pending Home Sales Index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing.

The index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract activity parallels the level of closed existing-home sales in the following two months. There is a closer relationship between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than with month-to-month comparisons.

An index of 100 is equal to the average level of contract activity during 2001, which was the first

year to be examined as well as the first of five consecutive record years for existing-home sales.

First quarter metropolitan area home prices and state home sales will be released May 11. Existing-home sales for April will be reported May 24 and the next Pending Home Sales Index will be on June 2; release times are 10 a.m. EDT.