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# The Real Estate Report

## local market trends

### SANTA CLARA COUNTY

## Low Inventory Besets Real Estate Market

Low inventory is taking a toll on buyers' patience. With the limited number of properties for sale in Santa Clara County, multiple offers are becoming common. The problem is only one party can buy a property.

On the last day of May, there were 1,663 homes and condos for sale in the county. That was up a smidge from 1,552 in April, but way down from the 3,167 properties for sale in May 2011. That's a 48% decline.

Last month there were 1,690 properties sold. That equates to a one month supply on the market. In a balanced market, we would have a 5-6 months supply of inventory.

As we mentioned last month, the phantom inventory that was the rage last year just evaporated. Banks own a total of 1,252 properties in Santa Clara County. With about 110 of them actively for sale, and another 300 or so in escrow, dumping them all on the market would only add two weeks of supply.

There is no easy fix for the inventory problem. While this is tough on buyers, sellers are very happy.

### MAY MARKET STATISTICS

Sales of single-family, re-sale homes surged 25.7% year-over-year in May.

The median price for homes rose 7.5% year-over-year. This pushed the sales price to list price ratio to 101.8%.

Pending home sales, another good indicator of market movement, were up 11.7% year-over-year.

The market right now is all about momentum.

**SALES MOMENTUM...**  
 for homes jumped 4 points to +3.3.

**PRICING MOMENTUM...**  
 Which had been on the up-swing the past six months, continued moving upward in May, gaining 4.3 point to -3.2.

**WE CALCULATE...**  
 momentum by using a 12-month moving average to eliminate seasonality. By comparing this year's 12-month moving average to last year's, we get a percentage showing market momentum.

Trends at a Glance (Single-family Homes)			
	May 12	Apr 12	May 11
Median Price:	\$ 645,000	\$ 645,000	\$ 600,000
Average Price:	\$ 828,157	\$ 844,804	\$ 766,704
Home Sales:	1,262	1,023	1,004
Pending Sales:	1,942	2,086	1,738
Inventory:	1,341	1,221	1,875
Sale/List Price Ratio:	101.8%	100.6%	99.6%
Days on Market:	44	45	52
Days of Inventory:	32	35	56

### CONDO STATISTICS...

Condo sales were up 5.4% year-over-year.

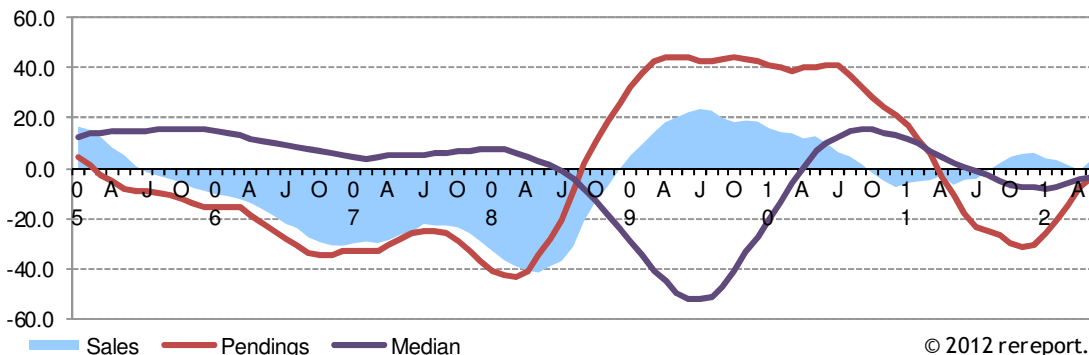
The median price for condos gained 16.8% year-over-year. This is the third month in a row of double-digit price increases.

Much of these price increases are due to the incredibly low inventory for condos. Condo inventory was off 75.1% compared to last May. This is the fourth month in a row condo inventory has been down by over 70%.

The 322 condos for sale is the lowest number of condos for sale we have ever seen.

This is an extraordinarily tough market for buyers. It's important to be calm and realistic. If you don't know what to do or where to begin, give me a call and let's discuss your situation and your options.

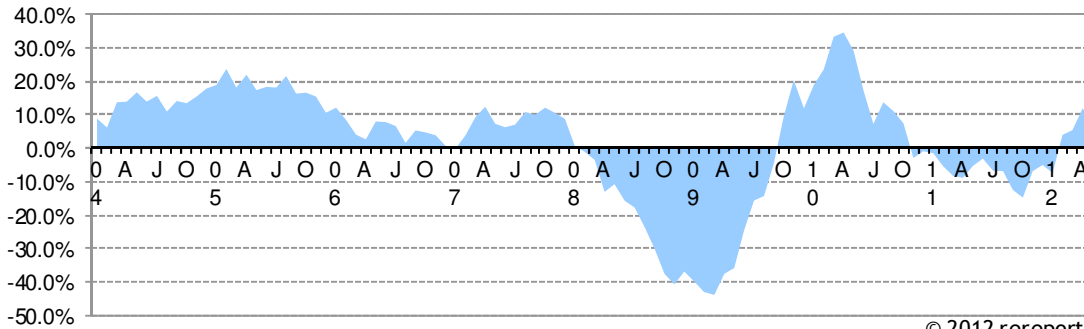
**Santa Clara County Homes:** Sales Momentum



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



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## FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in Santa Clara County fell 9.7% in April from March, and they were down 24.7% from April 2011.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were down 5% compared to March, and were off 38% year-over-year.

After the filing of a Notice of Trustee Sale, there are 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.

In April, cancellations were off 48.6% year-over-year, and flat compared to March.

Properties going back to the bank dropped 25.7% in April from March. Year-over-year, they were down 73.9%.

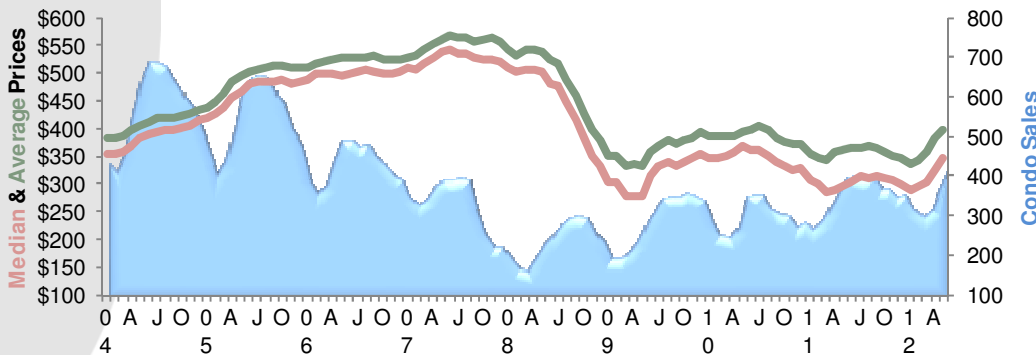
The total number of properties that have had a notice of default filed decreased by 30.2% year-over-year.

The total number of properties scheduled for sale declined by 17.5% year-over-year.

The total number of properties owned by banks was down 28.8% year-over-year to about 1,444.

## Santa Clara County Condos- Prices & Sales

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



### Santa Clara County - May 2012

Condos/Townhomes		% Change from Year Before										
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 368,500	\$ 408,021	428	810	322	23	101.4%	16.8%	12.6%	5.4%	-6.3%	-75.1%
Campbell	\$ 450,500	\$ 477,625	16	20	8	15	100.4%	15.5%	17.5%	45.5%	-9.1%	-81.4%
Cupertino	\$ 588,950	\$ 621,992	12	12	6	15	101.7%	-18.9%	-13.4%	50.0%	20.0%	-64.7%
Gilroy	\$ 220,000	\$ 203,400	3	7	5	50	96.5%	100.0%	84.9%	200.0%	40.0%	0.0%
Los Altos	\$ 922,500	\$ 956,000	4	4	3	23	100.9%	32.0%	36.6%	-20.0%	-20.0%	-50.0%
Los Gatos	\$ 659,000	\$ 658,441	17	18	10	18	98.8%	13.1%	11.6%	183.3%	5.9%	-77.3%
Milpitas	\$ 317,500	\$ 303,821	14	44	11	24	105.5%	-9.3%	-16.7%	-26.3%	-10.2%	-54.2%
Morgan Hill	\$ 235,500	\$ 264,333	6	15	12	60	99.3%	-14.1%	-3.3%	50.0%	-6.3%	-36.8%
Mountain View	\$ 608,000	\$ 597,706	38	47	13	10	102.6%	23.1%	23.9%	35.7%	4.4%	-75.9%
Palo Alto	\$ 750,000	\$ 921,182	11	13	11	30	104.6%	-9.7%	14.5%	-21.4%	18.2%	-65.6%
San Jose	\$ 285,500	\$ 320,050	254	525	195	23	101.1%	14.2%	13.4%	12.4%	-12.2%	-63.8%
Santa Clara	\$ 384,568	\$ 396,435	24	59	24	30	101.8%	-9.0%	-9.7%	0.0%	-33.7%	-67.6%
Saratoga	\$ 568,000	\$ 615,550	5	7	3	18	100.3%	2.3%	-0.2%	66.7%	40.0%	-66.7%
Sunnyvale	\$ 510,500	\$ 472,046	24	39	21	26	102.2%	19.3%	8.0%	0.0%	-2.5%	-70.8%

### 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

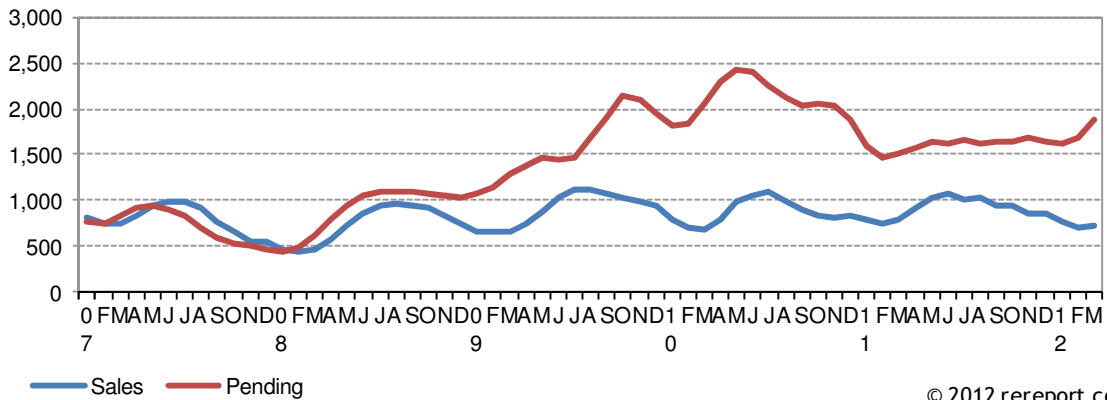
Number of properties actively for sale as of the last day of the month.

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**Santa Clara County Homes:** Pending & Existing Home Sales  
(3-month moving average)



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