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The Real Estate Report

local market trends

SANTA CLARA COUNTY

Pending Sales Up Sharply in October

Pending sales were up 10.4% in October compared to September, and up 9.2% year-over-year, according to the National Association of REALTORS®.

Lawrence Yun, NAR chief economist, said improved contract activity is a hopeful sign. "Home sales have been plodding along at a sub-par level while interest rates are hovering at record lows and there is a pent-up demand from buyers who normally would have entered the market in recent years. We hope this indicates more buyers are taking advantage of the excellent affordability conditions," he said.

"Many consumers are recognizing that home buyers in the past two years have had one of the lowest default rates in history. Moreover, continued inventory declines are another healthy sign for the housing market," Yun added.

"Although contract signings are up, not all contracts lead to closings. Many potential home buyers inadvertently hurt their credit scores and chances of getting a mortgage through easily averted actions, such as cancelling an old credit line while taking on a new one," Yun said. "Such actions

could unwittingly prevent buyers from obtaining a mortgage if their credit score is close the margins of qualifying, or they might get a loan but with less favorable terms."

NAR encourages consumers to be aware of their credit score and actions which could hurt or enhance it. <http://houselogic.com>, the association's consumer website devoted to all aspects of homeownership, offers tips for improving credit scores at <http://tinyurl.com/27czzgb>.

MARKET STATISTICS

Sale of single-family, re-sale homes fell 4.8% in November from October. Year-over-year, home sales were off 5.9%. Year-to-date, home sales are flat.

Condo sales were off 2.5% from October, but were up 26.9% year-over-year. Year-to-date, condo sales are up 12.3%.

The median price for homes was down 5.1% year-over-year. This is the thirteenth month in a row the median price for homes has been lower than the year before.

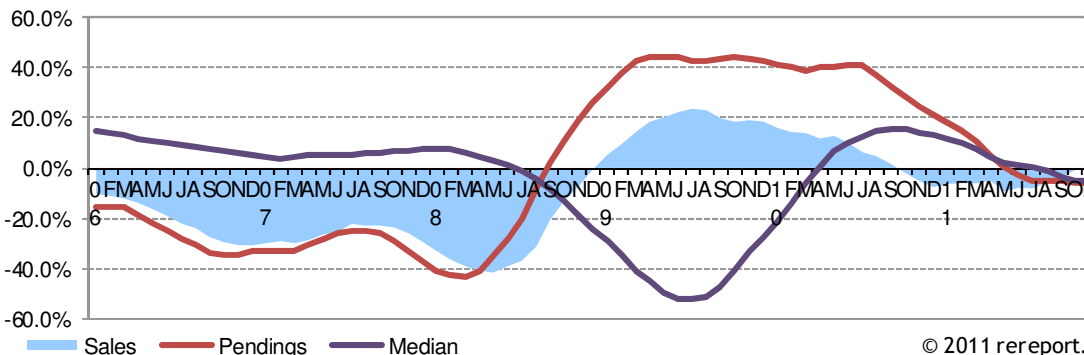
Trends at a Glance (Single-family Homes)			
	Nov 11	Oct 11	Nov 10
Median Price:	\$ 560,000	\$ 550,000	\$ 590,000
Average Price:	\$ 761,291	\$ 715,689	\$ 727,752
Home Sales:	761	799	809
Pending Sales:	1,862	2,054	1,967
Inventory:	1,672	2,014	2,350
Sale/List Price Ratio:	98.9%	99.3%	98.8%
Days on Market:	60	59	49

The median price for condos was off 12.5% compared to last November.

Inventory of both homes and condos continues to be weak, which should be good for prices. Home inventory was down 28.9% compared to last November: 1,672 homes actively listed. Condo inventory was down 46.1% year-over-year.

Please remember, while statistics are nice, they will not determine the price you pay or get for a property. That will come down to you and the buyer or seller.

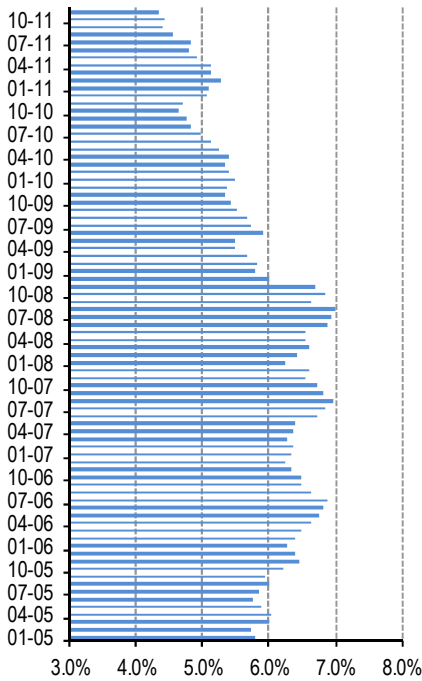
Santa Clara County Homes: Sales Momentum



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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Dec. 2, 2011 -- 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 was unchanged from last week, holding fast at an average 4.35%; the FRMI's 15-year companion closed the week with a single basis point increase to 3.67%. Important to homebuyers and low-equity-stake refinancers, 30-year FHA-backed mortgages climbed off last week's record low by three basis points (0.03%) to moved to 3.95%, while the overall average for 5/1 Hybrid ARMs trickled higher by just one hundredth of one percent to 3.12%.

The world remains awash in troubles, including slowing growth and recession likely forming in Europe, less-stellar growth in China and a still-weak recovery here at home. That being the case, and with fiscal policy flailing about both here and abroad, central banks announced both individual and coordinated actions to help address some of these issues, and stock investors cheered loudly at the efforts. A considerable rise in stocks this week came partly at the expense of bonds, and while underlying interest rates rose somewhat as a result, most mortgage rates didn't follow them.

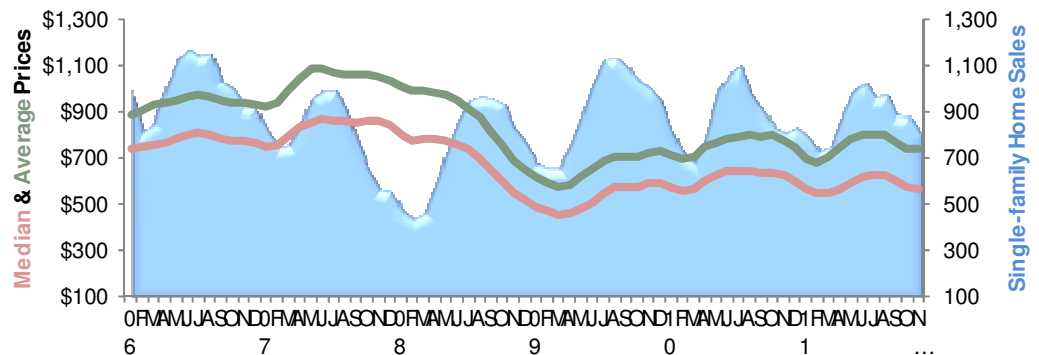
Equity markets were also cheered by reports of very solid sales on Black Friday and Cyber Monday to kick off the holiday retailing season. We'll need to see if these extreme bargain hunters continue to come out for the rest of the annual buying binge before it's all said and done, but a good start is an encouraging sign that consumers are hunkering down somewhat less than they had been.

For their part, the Federal Reserve, European Central Bank, Bank of Canada, Bank of England, Bank of Japan and the Swiss National Bank all pledged to make US dollars available more cheaply to one another in order to make certain that currency liquidity issues don't further disrupt global markets. This means that credit can keep flowing more easily despite tightening lending conditions in Europe, and that may help keep individual economies functioning as they address their debt difficulties. That credit will keep flowing means companies can continue to borrow and invest, and that improvement in potential business conditions improved the moods of equity investors measurably. While this does not directly address the Eurozone's troubles, it does address the results of those troubles to at least some degree.

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

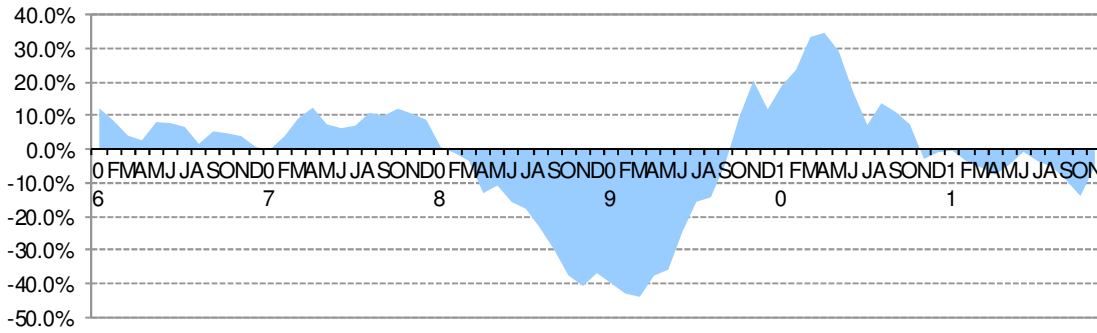
Santa Clara County Homes - Prices & Sales

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



Santa Clara County - November 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	\$ 560,000	\$ 761,291	761	1,862	1,672	64	98.9%	-5.1%	4.6%	-5.9%	-5.3%	-28.9%
Campbell	\$ 672,000	\$ 726,888	20	35	40	58	99.3%	-3.3%	6.9%	25.0%	-18.6%	-11.1%
Cupertino	\$ 1,122,500	\$ 1,127,420	28	29	34	35	98.9%	4.7%	5.9%	0.0%	-19.4%	-30.6%
Gilroy	\$ 397,000	\$ 442,562	36	148	104	84	97.3%	-3.8%	10.5%	12.5%	13.8%	-16.8%
Los Altos	\$ 1,706,700	\$ 1,975,430	26	28	40	45	97.6%	13.9%	31.6%	23.8%	-15.2%	17.6%
Los Altos Hills	\$ 2,235,000	\$ 2,279,000	5	8	35	203	92.6%	7.7%	5.2%	-37.5%	-33.3%	-27.1%
Los Gatos	\$ 1,225,000	\$ 1,859,980	21	45	82	113	95.6%	6.5%	43.2%	10.5%	-6.3%	-33.9%
Milpitas	\$ 451,000	\$ 476,353	17	68	55	94	98.9%	-16.5%	-16.0%	-39.3%	21.4%	7.8%
Monte Sereno	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
Morgan Hill	\$ 499,550	\$ 567,761	33	77	122	107	97.5%	-20.6%	-15.2%	37.5%	20.3%	-7.6%
Mountain View	\$ 844,400	\$ 892,795	18	34	28	45	99.8%	-12.0%	-9.0%	-18.2%	3.0%	-17.6%
Palo Alto	\$ 1,395,000	\$ 1,785,530	36	26	37	30	105.3%	14.9%	41.1%	-25.0%	-33.3%	-36.2%
San Jose	\$ 476,000	\$ 534,715	418	1,169	820	57	98.9%	-2.7%	-2.7%	-3.2%	-6.9%	-36.3%
Santa Clara	\$ 580,000	\$ 608,113	42	75	67	46	98.6%	-2.7%	-2.8%	-10.6%	-7.4%	-26.4%
Saratoga	\$ 1,660,000	\$ 1,844,730	15	35	87	168	95.5%	23.1%	28.1%	-34.8%	45.8%	-9.4%
Sunnyvale	\$ 734,566	\$ 692,123	38	61	50	38	99.5%	3.4%	-2.2%	-24.0%	-14.1%	-47.4%

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 2.5% in October from September, but they were up 8.8% from last October.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, fell 2.9% from September, and were down 28.9% year-over-year.

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 August, cancellations were down 23.2% year-over-year, and down 11.1% from September.

Properties going back to the bank spiked 22.9% in October from September. Year-over-year, they were down 12%.

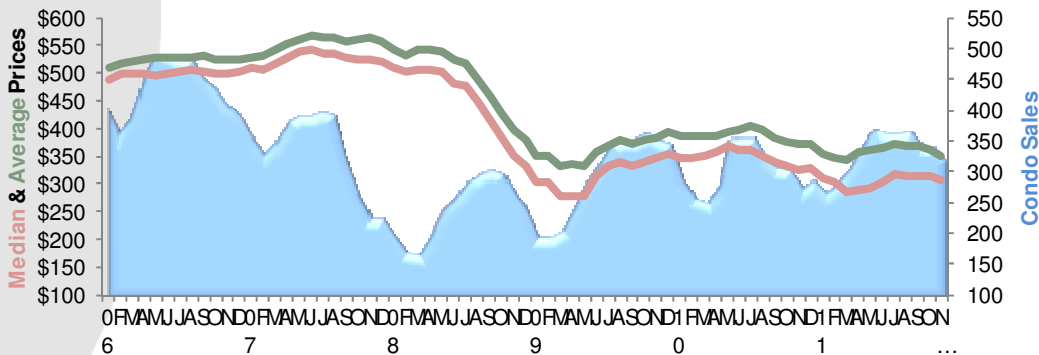
The total number of homes that have had a notice of default filed decreased by 7.6% year-over-year.

The total number of homes scheduled for sale declined by 21% year-over-year.

The total number of homes owned by the bank was down 14.4% year-over-year.

Santa Clara County Condos- Prices & Sales

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



Santa Clara County - November 2011

Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 280,000	\$ 336,004	316	772	576	53	99.7%	-12.5%	-8.4%	26.9%	1.6%	-46.1%
Campbell	\$ 392,500	\$ 393,375	8	29	27	98	101.4%	-8.2%	-13.2%	0.0%	70.6%	-37.2%
Cupertino	\$ 661,000	\$ 633,111	8	7	10	36	100.8%	-11.9%	-8.5%	0.0%	-41.7%	-52.4%
Gilroy	\$ 191,750	\$ 191,750	2	5	9	131	98.7%	44.2%	44.2%	0.0%	-37.5%	28.6%
Los Altos	\$ 785,000	\$ 746,731	5	1	5	29	98.4%	31.0%	25.3%	25.0%	-80.0%	-58.3%
Los Gatos	\$ 450,000	\$ 470,000	5	13	37	215	98.1%	-19.5%	-11.0%	-37.5%	30.0%	-2.6%
Milpitas	\$ 283,500	\$ 309,746	14	40	16	33	99.5%	9.2%	10.6%	75.0%	8.1%	-56.8%
Morgan Hill	\$ 255,495	\$ 260,498	6	16	6	29	100.2%	7.6%	-4.7%	-14.3%	-5.9%	-53.8%
Mountain View	\$ 387,000	\$ 453,526	21	30	42	58	98.5%	-25.3%	-11.6%	-4.5%	-14.3%	-44.7%
Palo Alto	\$ 833,750	\$ 765,917	6	8	17	82	101.0%	12.2%	-2.7%	-33.3%	-46.7%	-45.2%
San Jose	\$ 241,638	\$ 270,668	191	536	328	50	99.9%	-3.3%	-3.6%	29.9%	2.9%	-47.9%
Santa Clara	\$ 320,000	\$ 351,866	25	39	30	35	98.5%	-35.0%	-27.0%	78.6%	-27.8%	-59.5%
Saratoga	\$ 950,000	\$ 950,000	1	3	9	261	96.4%	n/a	n/a	n/a	n/a	n/a
Sunnyvale	\$ 434,286	\$ 418,130	24	45	40	48	99.2%	6.6%	6.2%	100.0%	87.5%	-45.9%

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

