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The Real Estate Report

local market trends

SANTA CLARA COUNTY

California Homeowner Bill of Rights Passes Legislature

State lawmakers passed a groundbreaking set of foreclosure relief bills Monday that supporters say will help hundreds of thousands of struggling Californians stay in their homes.

The legislation, the first of its kind in the nation, stops a practice by mortgage lenders that critics call one of the most egregious: "dual tracking," where a lender pursues foreclosure proceedings on a homeowner even though the homeowner is seeking a modification on the terms of the loan.

A second part of the legislation requires banks to provide a single point of contact to borrowers at risk of default: someone who is responsible for helping them avoid foreclosure.

In addition, the legislation imposes a \$7,500 civil penalty on banks that approve documents that have not been verified for accuracy.

For renters of property that has been foreclosed on, the new laws will require the purchasers of foreclosures to honor existing leases, and to give at least 90 days notice to move if there is no lease.

Lastly, the National Mortgage Settlement that the states' attorney generals signed with the five major

banks will be extended to home loans that are not currently covered.

The next step will be for Governor Brown to sign the bills.

Kudos to Attorney General Kamala Harris for shepherding these bills through the state senate and assembly.

JUNE MARKET STATISTICS

Sales of single-family, re-sale homes were off 7% year-over-year. That makes six of the last seven months where sales have been lower than the year before. It's certainly not due to lack of demand, just lack of inventory.

Speaking of which, home inventory was off 33.7% from last June. That's seventeen months in a row inventory has been lower than the year before.

The beneficiary of low inventory has been prices. The median price for homes rose 11.7% year-over-year. This pushed the sales price to list price ratio to 101.8%. The median price has been higher that the year before for the past five months.

Trends at a Glance (Single-family Homes)			
	Jun 12	May 12	Jun 11
Median Price:	\$ 698,000	\$ 645,000	\$ 625,000
Average Price:	\$ 908,571	\$ 828,157	\$ 808,302
Home Sales:	1,099	1,262	1,182
Pending Sales:	1,741	1,942	1,541
Inventory:	1,277	1,341	1,927
Sale/List Price Ratio:	101.8%	101.8%	99.6%
Days on Market:	34	44	49
Days of Inventory:	34	32	47

Pending home sales, another good indicator of market movement, were up 13% year-over-year.

SALES MOMENTUM...

for homes dropped 1.7 points to +1.6.

PRICING MOMENTUM...

had been on the up-swing the past six months, continued moving upward again in June, gaining 1.4 points to -1.8.

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.

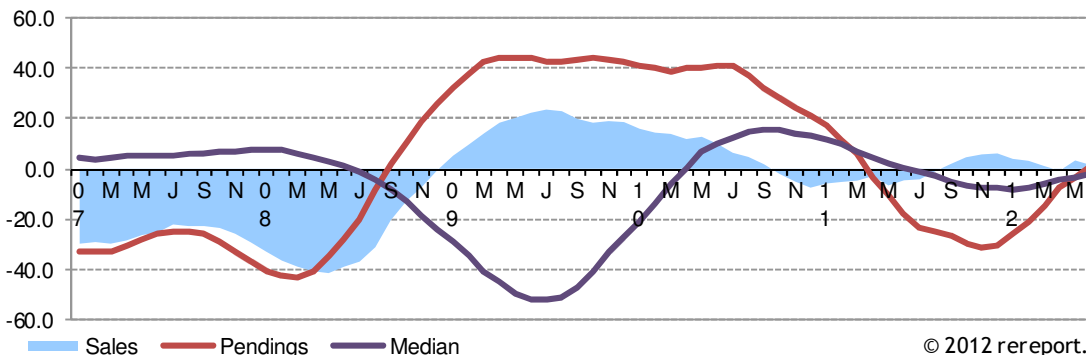
CONDO STATISTICS...

The median price for condos gained 26.4% year-over-year. Inventory problems affected sales which were down 12.8% from last June.

The 256 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.

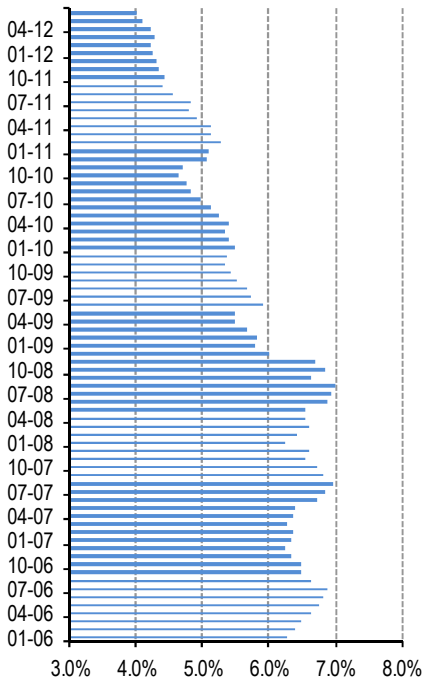
Santa Clara County Homes: Sales Momentum



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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Jul 6, 2012 -- Given the increasingly bleak economic data, no one should be very surprised that mortgage and other interest rates are finding some additional space to fall, even if that fall is measured in only hundredths of a percentage point.

With each report, it becomes more clear that the US economy is close to stall speed, and that the slow-down in the economies of our trading partners is having a considerable effect. Several central banks took action this week to lower interest rates, which may ultimately help, but there is little immediate benefit to be seen.

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 declined by two basis points (.02%), easing to a new record low of 3.96%. The FRMI's 15-year companion also managed a decline of two basis points, landing at 3.25%, just a lone basis point above a record low. Important to homebuyers and low-equity-stake refinancers, already-low FHA-backed 30-year mortgages shed eight basis points to slide to an incredible 3.58%, while the overall average rate for 5/1 Hybrid ARMs finished at 2.88%, a decline of a just 0.01% but enough to set a new low.

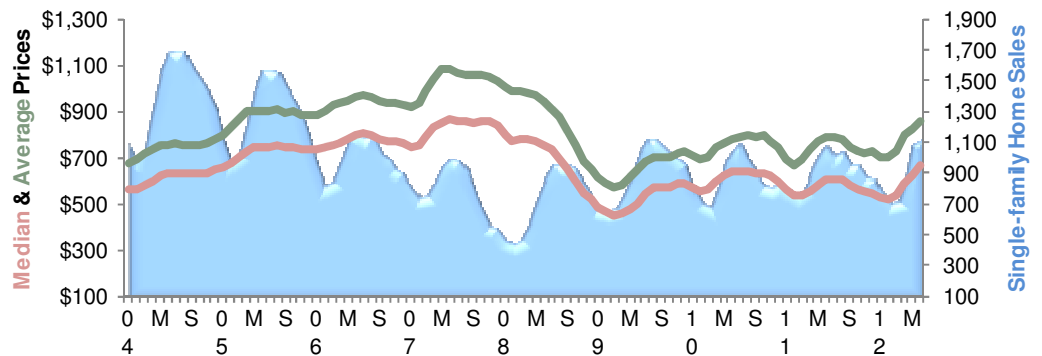
There's not a lot of good news to report. Undoubtedly many homeowners and homebuyers are happy to see mortgage rates at new record lows. For us, we would trade slightly higher rates for some additional economic growth, a sliding unemployment rate or even some regulatory clarity. All would collectively be healthier over the long haul, and it is worth remembering that these record low interest rates are a symptom of a still-sick economy and floundering financial system.

It would be hard to expect that there will be much news out next week that will move rates by much; after the employment report today, they will at least start the week headed into new record territory (again). The minutes of the Fed's last meeting could shed some light into any potential plans for more extraordinary support to come, but there will probably not be much to work with at this point. Consumer credit trends, the producer price index, international trade and consumer sentiment readings round out the news. Lower rates seem in the offing for next week, but you probably already guessed that.

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.

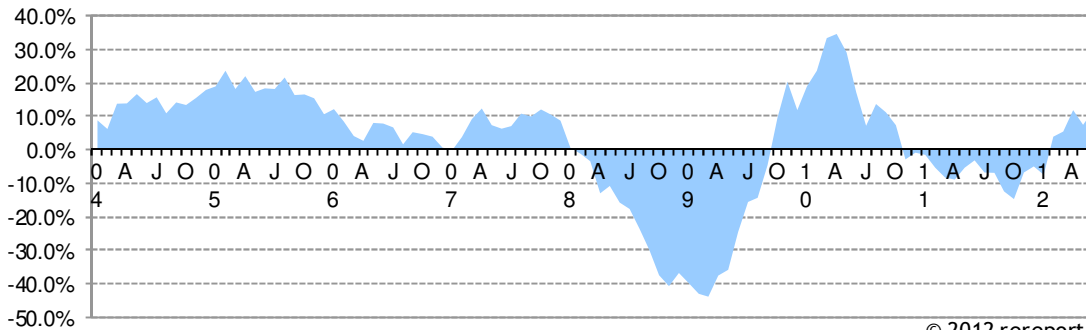
Santa Clara County Homes - Prices & Sales

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



Santa Clara County - June 2012												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 698,000	\$ 908,571	1,099	1,741	1,277	34	101.8%	11.7%	12.4%	-7.0%	13.0%	-33.7%
Campbell	\$ 738,000	\$ 819,854	25	38	28	32	101.0%	10.6%	19.6%	8.7%	0.0%	-57.6%
Cupertino	\$ 1,340,000	\$ 1,332,820	31	39	38	36	104.9%	14.5%	12.8%	-26.2%	0.0%	-29.6%
Gilroy	\$ 435,000	\$ 458,113	47	115	63	39	101.0%	10.1%	5.7%	-11.3%	-22.8%	-43.2%
Los Altos	\$ 1,750,000	\$ 1,808,570	39	38	39	29	103.0%	5.4%	2.5%	-7.1%	22.6%	-26.4%
Los Altos Hills	\$ 2,925,000	\$ 3,297,240	15	15	54	104	99.2%	31.8%	28.9%	50.0%	-6.3%	1.9%
Los Gatos	\$ 1,411,520	\$ 1,543,920	50	35	98	57	99.0%	2.5%	10.8%	56.3%	-20.5%	-30.0%
Milpitas	\$ 480,000	\$ 527,330	33	61	27	24	102.0%	-5.3%	-1.2%	17.9%	-22.8%	-53.4%
Monte Sereno	\$ 2,345,000	\$ 2,281,670	3	5	10	97	94.8%	43.0%	30.3%	0.0%	-16.7%	11.1%
Morgan Hill	\$ 629,000	\$ 598,207	55	81	100	53	98.3%	23.0%	-10.9%	34.1%	-24.3%	-39.0%
Mountain View	\$ 1,107,500	\$ 1,118,440	30	30	19	18	107.1%	6.4%	0.7%	-3.2%	-18.9%	-24.0%
Palo Alto	\$ 1,721,000	\$ 1,893,340	41	42	45	32	105.3%	5.9%	-9.7%	-10.9%	0.0%	-8.2%
San Jose	\$ 588,444	\$ 655,606	556	1,049	513	27	101.5%	13.2%	12.0%	-3.3%	-21.9%	-57.0%
Santa Clara	\$ 673,000	\$ 699,676	53	61	43	24	104.4%	14.1%	13.5%	-7.0%	-33.0%	-60.6%
Saratoga	\$ 1,608,000	\$ 1,944,780	42	34	87	60	100.2%	8.6%	23.7%	7.7%	-12.8%	-32.6%
Sunnyvale	\$ 888,500	\$ 883,140	62	70	45	21	104.9%	3.6%	8.1%	-3.1%	-15.7%	-44.4%

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 3.1% in May from April, and they were down 17% from May 2011.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were up 1% compared to April, but were off 48.4% 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 26.3% year-over-year, but up 7.6% compared to April.

Properties going back to the bank rose 5.5% in May from April. Year-over-year, they were down 77.4%.

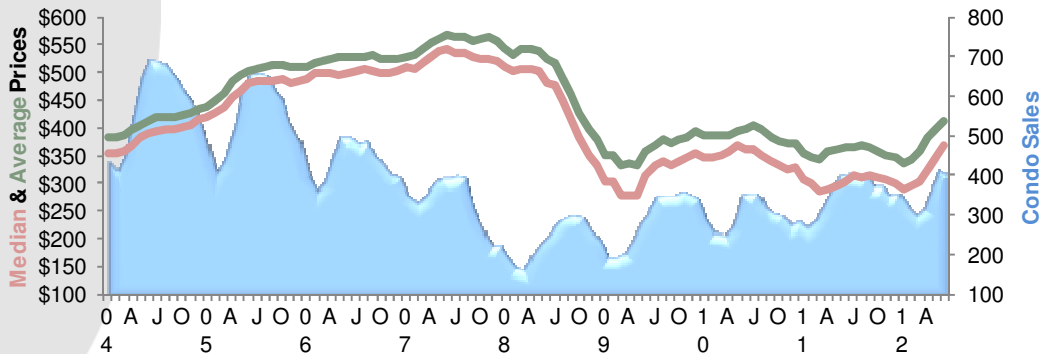
The total number of properties that have had a notice of default filed decreased by 30.2% year-over-year.

The total number of properties scheduled for sale declined by 28.4% year-over-year.

The total number of properties owned by banks was down 38.1% year-over-year to about 1,252.

Santa Clara County Condos- Prices & Sales

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



Santa Clara County - June 2012

Condos/Townhomes		% Change from Year Before										
Prices							Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 385,650	\$ 428,855	380	701	256	20	102.7%	26.4%	16.9%	-12.8%	-15.1%	-79.1%
Campbell	\$ 400,000	\$ 434,444	9	26	6	19	104.1%	-13.5%	0.8%	50.0%	-21.2%	-85.7%
Cupertino	\$ 580,000	\$ 694,571	11	13	4	11	102.1%	-10.8%	6.2%	0.0%	8.3%	-71.4%
Gilroy	\$ 109,000	\$ 109,000	2	7	0	0	99.7%	-46.3%	-46.3%	0.0%	0.0%	n/a
Los Altos	\$ 1,015,000	\$ 911,667	3	6	6	58	99.9%	5.7%	-3.4%	-40.0%	50.0%	20.0%
Los Gatos	\$ 605,000	\$ 623,958	12	9	18	44	98.6%	36.0%	39.1%	-7.7%	-43.8%	-53.8%
Milpitas	\$ 408,150	\$ 385,781	16	35	11	20	103.7%	57.4%	34.9%	33.3%	-34.0%	-57.7%
Morgan Hill	\$ 260,000	\$ 257,880	5	21	4	23	102.1%	9.5%	3.3%	-16.7%	16.7%	-83.3%
Mountain View	\$ 650,000	\$ 608,120	35	30	9	7	105.2%	26.2%	26.3%	45.8%	-42.3%	-83.6%
Palo Alto	\$ 898,000	\$ 930,773	11	13	17	45	104.2%	9.5%	12.4%	22.2%	-13.3%	-45.2%
San Jose	\$ 300,000	\$ 338,662	227	431	142	18	102.4%	13.2%	8.0%	-4.2%	-23.9%	-71.4%
Santa Clara	\$ 455,000	\$ 500,912	25	54	20	23	102.6%	54.8%	54.1%	-21.9%	-35.7%	-67.2%
Saratoga	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
Sunnyvale	\$ 534,975	\$ 524,595	24	47	16	19	104.3%	-0.7%	9.8%	26.3%	6.8%	-77.5%

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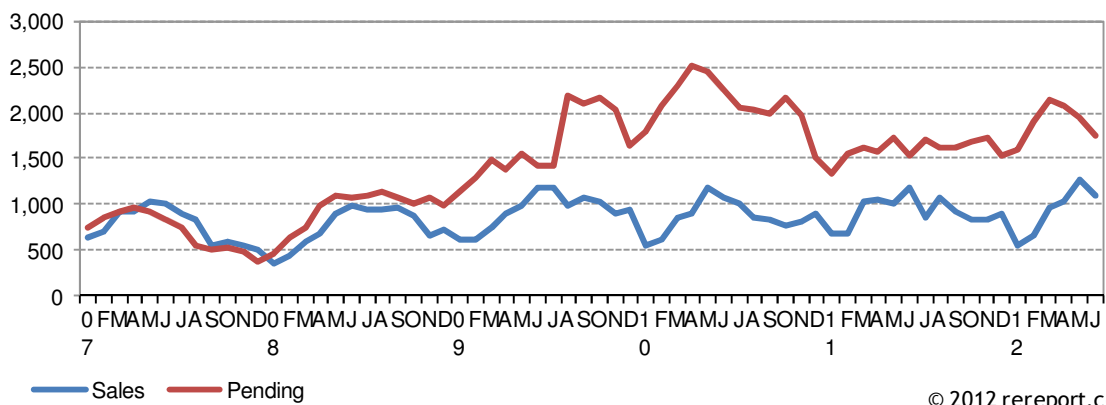
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Santa Clara County Homes: Pending & Existing Home Sales
(3-month moving average)



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