

# The Real Estate Report

LOCAL MARKET TRENDS



SAN MATEO COUNTY

May/June 2007

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## Median Price for Homes Sets New Record High

The median price for single-family, re-sale homes set a new record high in April. The median price rose 7.7% from March and was up 8.4% year-over-year. This is the largest annual increase since January 2006. The average price for homes rose 3.5% from March, a year-over-year gain of 4.4%.

As I mentioned last month, these numbers are NOT revealing. The market has split due to the tightening of loan requirements which has dampened the entry-level and move-up markets. These numbers are higher than reality because the \$1,000,000+ market, which is not affected by loan tightening, is becoming a larger percentage of sales than normal.

The median price for condos fell 1.7% to \$580,000, an annual gain of 3.6%. The average price lost

1.6% to \$613,079, up 6% year-over-year.

Sales were also affected by the tightening of loan requirements. Home sales fell 3.5% from March, off 6.5% year-over-year. Condo sales were down 1.5%, month-over-month, and were off 17.7% compared to last April.

Trends at a Glance (Single-family Homes)			
	Apr 07	Mar 07	Apr 06
Sale/List Price Ratio:	101.2%	100.9%	101.1%
Days of Inventory:	104	84	85
Days on Market:	45	51	36
Median Price:	\$976,000	\$906,000	\$900,000
Average Price:	\$1,213,467	\$1,172,884	\$1,161,832
Home Sales:	388	402	415

Inventory continued to grow, with single-family homes up 19.2% from March and up 14.2% year-over-year. Condo inventory was up 9.3% month-over-month, and up 7% compared to last April.

The sales price to list price ratio rose 0.3 of a point to 101.2% for

homes. The ratio for condos rose 0.1 of a point to 100% for condos.

Days of inventory rose 20 days to 104 for single-family homes, and gained 11 days to 105 for condos.

My advice? For buyers, with loan requirements being tightened, it is

crucial that you be pre-approved and have a loan in place, especially if you are a first-time home buyer or move-up buyer.

For sellers, do not tie up your home in escrow on a buyer who doesn't already have a loan in place. If your home is in the entry-level or move-up market, you will need a comprehensive & accurate Comparative Market Analysis (CMA) to determine your asking price and probable sales price. Call.

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## \$1 Billion Pledged to Help Fend Off Foreclosures

Neighborhood Assistance Corporation of America, an 18-year-old housing advocacy group, announced it would commit \$1 billion to refinancing the loans of lower-income people at risk of losing their homes.

The financing will come from Citi-Group and Bank of America, which have been lending money for years to borrowers screened by the non-profit group.

The announcement comes as lawmakers, lenders and others with a stake in the housing sector scramble to stave off a wave of foreclosures. Foreclosures and delinquen-

cies are rising largely because of problems in the subprime segment of the mortgage market, which caters to people with blemished credit records, little money for a down payment or other factors that put them at greater risk of default.

In recent weeks, minority advocacy groups, which say their constituencies have been hit hardest by the crisis, have called for a six-month moratorium on foreclosures. Lawmakers have vowed to take action to ameliorate the housing problems but haven't offered details. And lenders, eager to avoid foreclosures, say they have modified loans

for some troubled homeowners, with mixed success.

Whether any of these measures will forestall a national housing disaster, with many people being forced out of their homes, has yet to be seen.

Lenders and other companies that manage mortgages say they're trying to do their part to remedy the foreclosure mess. They say their hands are sometimes tied because many mortgages have been packaged into huge bonds and sold to investors, so that the terms are not easily altered.

But rules on that have been relaxed a bit, which has allowed EMC Mortgage, a Texas subsidiary of Bear Stearns, to create a 50-person team to work with troubled borrowers to modify their loans, sometimes by reducing the interest rate.

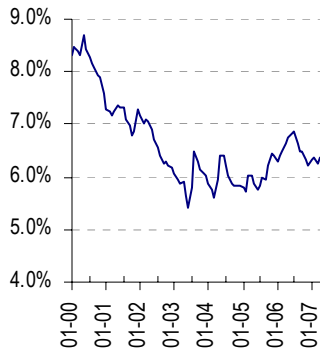
Litton Loan Servicing said it too is modifying a record number of loans.

Litton's chief executive said his company modifies about a thousand loans a month versus about 200 a year ago. About one in three of those loans ultimately fails, but the tradeoff is worth it, he said.

# The Real Estate Report

## Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



May 4, 2007 -- After weeks of weak economic news, the latest batch of data took on a more balanced note, prompting mortgage rates to balance as well. According to the nation's deepest survey of mortgage prices, the average 30-year fixed rate mortgage rose by a scant single basis point to 6.35%, while the still-popular 5/1 Hybrid ARM remained unchanged at 6.13%.

In the March and April economic data revealed this week, notes of weakness were often offset by signs of improvement. For example, Personal Incomes rose by a reasonable 0.7% during March, fast on the heels of a like-sized increase for February; this suggests that more cash is finding its way into consumer pockets. Much of that money stayed there, how-

ever, as spending for personal consumption rose by just 0.3% for the month. Of course, that was good news for the anemic national savings rate, which climbed up to -0.8% from -1.2% the month prior. In the Income report, the headline measure of inflation rose by 0.4%, rather high, but the 'core' measure found no change in prices from February.

It seems that the economy picked up a little bit during the first month of the second quarter of 2007. If manufacturing can get its feet under itself to a greater degree, the soft economic landing seen to date will probably continue, helping to offset the drag on growth which housing has certainly become.

The Fed meets again next week to talk about all of this, but the

outcome is expected to be the same as last time -- no change to short-term rates -- and we'd be surprised if they made any change to any implied 'bias' for interest rates after the stir the last change created. We think that it will be a long while yet before the Fed moves rates in either direction.

In the meantime, a fair bit of fresh data about prices comes next week in the form of Import and Export Costs and PPI, and we'll bet that the Senior Loan Officer Opinion survey will reveal more tightening of credit conditions for mortgage borrowers (not unexpected). Mix in some inventory and trade numbers, and we'll probably see rates tick a basis point or two higher next week.

## April Sales Statistics

### Single-family Homes

County	Prices		Unit Listings		Compared to Last Year				Compared to Last Month						
	Median	Average	Sales	New Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed	
Atherton	\$976,000	\$1,213,467	388	758	1,348	45	101.2%	8.4%	4.4%	-6.5%	14.2%	7.7%	3.5%	-3.5%	19.2%
Belmont	\$3,350,000	\$2,842,571	7	18	33	44	103.0%	-25.6%	-32.1%	-22.2%	-37.7%	4.4%	-21.4%	75.0%	22.2%
Burlingame	\$961,000	\$1,031,738	20	23	30	20	102.2%	5.2%	6.3%	0.0%	-25.0%	-0.2%	-0.8%	-28.6%	-3.2%
Daly City	\$1,423,500	\$1,502,738	23	24	32	58	102.0%	-4.5%	-0.3%	-8.0%	-8.6%	18.6%	21.4%	43.8%	18.5%
El Granada	\$715,000	\$723,627	26	87	183	39	100.6%	-6.7%	-6.6%	-39.5%	67.9%	-3.1%	-2.1%	-31.6%	29.8%
East Palo Alto	\$775,000	\$888,500	6	8	26	156	96.5%	-18.4%	7.7%	100.0%	4.0%	-1.6%	6.4%	-14.3%	4.0%
Foster City	\$625,000	\$722,381	8	25	99	67	99.0%	-2.3%	14.6%	-38.5%	37.5%	-7.4%	7.7%	100.0%	-1.0%
Hillsborough	\$1,118,000	\$1,126,571	7	15	20	24	101.3%	-4.0%	-4.2%	-50.0%	-16.7%	14.7%	10.5%	-12.5%	33.3%
Half Moon Bay	\$2,200,000	\$2,544,500	12	20	44	98	97.3%	-6.4%	-22.6%	0.0%	-13.7%	-0.6%	-9.4%	20.0%	-6.4%
Millbrae	\$968,000	\$1,225,591	11	16	53	92	98.5%	-22.7%	0.7%	37.5%	-1.9%	-2.7%	21.2%	-15.4%	15.2%
Menlo Park	\$1,102,000	\$1,093,385	13	19	30	46	101.7%	17.9%	12.4%	18.2%	36.4%	7.5%	7.4%	30.0%	11.1%
Montara	\$1,585,000	\$1,662,254	35	81	94	38	103.3%	36.6%	18.6%	-16.7%	38.2%	32.1%	7.3%	-12.5%	56.7%
Moss Beach	\$770,000	\$898,929	7	10	16	142	99.2%	-4.3%	-9.8%	75.0%	14.3%	1.4%	8.1%	-12.5%	14.3%
Pacifica	\$1,050,000	\$1,050,000	1	5	14	28	95.9%	46.9%	34.1%	-66.7%	75.0%	44.8%	44.8%	44.8%	55.6%
Portola Valley	\$735,000	\$752,732	21	37	78	66	98.7%	0.8%	-2.9%	-25.0%	14.7%	8.9%	7.0%	50.0%	11.4%
Redwood City	\$2,035,000	\$2,198,143	7	17	27	128	101.2%	31.0%	35.2%	16.7%	-12.9%	2.8%	-8.1%	-12.5%	42.1%
Redwood Shores	\$885,000	\$1,060,084	42	100	140	25	100.7%	-1.6%	7.8%	2.4%	52.2%	1.1%	5.6%	-16.0%	29.6%
San Bruno	\$1,135,000	\$1,220,488	9	14	7	15	101.5%	-2.2%	-0.4%	28.6%	-53.3%	-10.3%	-2.3%	28.6%	-36.4%
San Carlos	\$780,000	\$842,734	16	31	67	44	99.2%	6.8%	2.6%	14.3%	6.3%	2.8%	4.9%	23.1%	15.5%
San Mateo	\$1,026,000	\$1,092,194	35	34	43	23	101.9%	5.2%	0.2%	45.8%	-17.3%	1.5%	-2.1%	-5.4%	-4.4%
S. San Francisco	\$876,000	\$1,099,595	58	97	127	26	101.4%	-1.4%	9.6%	13.7%	4.1%	-10.2%	1.8%	9.4%	21.0%
Woodside	\$735,000	\$846,500	16	53	108	49	102.4%	-4.2%	4.9%	-51.5%	47.9%	2.1%	14.1%	-23.8%	38.5%
Woodside	\$2,450,000	\$2,832,500	6	13	36	44	104.0%	6.8%	19.4%	200.0%	-16.3%	-14.5%	-22.7%	-14.3%	5.9%

# The Real Estate Report

## What's Involved in a Comparative Market Analysis

A comparative market analysis, or CMA, is a real estate agent's evaluation, based on local listing and sales data, to determine the probable sale price of a property in the current market. Sellers can use a CMA to help determine a list price. Buyers can use a CMA to help them decide what to offer on a listing they want to buy.

The accuracy of the analysis will depend in part on the quality of the data. The listings used for comparison should ideally be located in the neighborhood, and they should be as similar as possible to the subject property.

To get a complete picture of your local marketplace, the CMA should include information about currently available comparable listings, pending sales, sales that occurred within the last 6 months, as well as

information about listings that did not sell during the listing period. These are called expired listings.

For sellers, the homes currently for sale are your competition. How you price your home relative to the competition is critical to the sale of your home. If possible, visit Sunday open houses to see how your home compares before you select a list price.

Pending sale listings in your neighborhood represent the most recent sales activity. Try to find out as much about these listings as possible. Beware of the neighborhood grapevine. A combination of wishful thinking and enthusiasm can result in a rumor that a listing sold for an inflated price. The actual sale price may be quite a bit lower.

Even before you have the closing price, inferences can be made about the selling price based on the market history of the listing. Find out how long it took to find a buyer for the home. Were there multiple offers? Or, did the listing take months to sell? Did the sellers have to lower their price to attract a buyer? This sort of information tells you a lot about the current market conditions.

Carefully analyze the information about homes that have sold. This sales data is the most reliable indicator of what the market will bear price-wise.

Typically, the sales should have occurred no longer than 6 months ago. However, in a market that is changing rapidly, six months may be too long a time frame. When home prices are moving up or

down quickly, it's wise to shorten the time frame. Six-month-old listings may be out of date. Try three or four months.

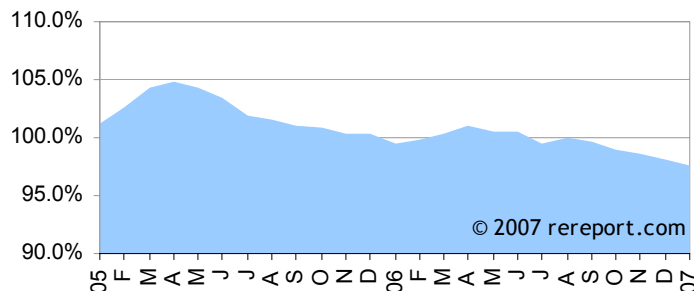
Estimating a probable sale price based on a CMA involves a certain amount of subjectivity. Accurately predicting a sale price is easiest in neighborhoods of tract housing where all houses are pretty much the same. It's more difficult in neighborhoods where there's a lot of variability in home size, style and condition.

An agent's knowledge of the local market can affect the accuracy of a CMA, particularly in a neighborhood with a lot of variability in the housing stock. Unless the agent has actually seen the comparable listings, he may not draw the correct conclusions.

April Sales Statistics															
Condos/Townhomes															
	Prices		Unit Listings					Compared to Last Year				Compared to Last Month			
	Median	Average	Sales	New	Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$580,000	\$613,079	135	215	471	52	100.0%	3.6%	6.0%	-17.7%	7.0%	-1.7%	-1.6%	-1.5%	9.3%
Burlingame	\$720,000	\$727,667	6	15	31	42	98.9%	10.8%	13.8%	0.0%	63.2%	20.4%	14.4%	0.0%	14.8%
Daly City	\$400,000	\$417,485	13	20	54	97	98.7%	2.8%	0.9%	-7.1%	35.0%	-10.1%	0.6%	44.4%	-10.0%
Foster City	\$695,000	\$690,900	10	16	30	30	100.4%	12.1%	9.6%	-52.4%	-26.8%	-6.0%	1.2%	-41.2%	76.5%
Menlo Park	\$735,000	\$846,435	10	8	8	64	102.3%	7.3%	3.7%	25.0%	-55.6%	-26.9%	-9.6%	-28.6%	14.3%
Redwood City	\$555,000	\$571,833	3	8	21	28	100.3%	-0.9%	-2.0%	-66.7%	50.0%	-21.8%	-12.8%	-57.1%	23.5%
Redwood Shores	\$741,000	\$765,267	10	19	19	22	102.1%	21.3%	16.8%	-33.3%	-17.4%	7.4%	3.3%	-16.7%	18.8%
San Bruno	\$360,000	\$354,878	5	21	51	27	100.2%	-2.7%	-7.1%	-68.8%	2.0%	7.5%	-0.4%	-54.5%	8.5%
San Carlos	\$715,400	\$755,022	9	9	8	39	99.1%	25.0%	31.4%	-10.0%	-42.9%	8.4%	6.7%	-10.0%	0.0%
San Mateo	\$560,500	\$605,273	41	59	146	39	99.2%	1.9%	3.8%	0.0%	28.1%	5.5%	8.8%	46.4%	15.9%
S. San Francisco	\$510,000	\$521,538	13	12	47	84	100.1%	-12.8%	-9.4%	44.4%	2.2%	0.0%	-0.4%	225.0%	-16.1%

### San Mateo County: Homes

Sales Price/Listing Price Ratio



### Days of Inventory: Homes



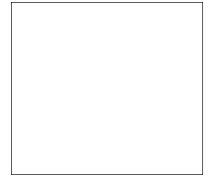
# THE REAL ESTATE REPORT

## SAN MATEO COUNTY

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Go online to see the full monthly report including the city-by-city breakdown:

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This is not intended as a solicitation if your home is currently listed.

### San Mateo County Homes: Prices & Sales

(3-month moving average — 000's)

