

# The Real Estate Report

LOCAL MARKET TRENDS



SAN MATEO COUNTY



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June 2009

## Median Home Price Goes Over \$700,000 in May

The prices for single-family, re-sale homes rose for the fourth month in a row in May, compared to the month before. The median price was up 19.3%, while the average price gained 10.2%. Year-over-year, the median price was down 14.4%, and the average price was off 21.3%.

This is the highest the median price has been since September 2008.

Home sales were up 9.6% from April, but off 13.9% compared to last May. Year-to-date, home sales are down 11.1%.

Inventory was down 5.9% from April, and off 35.2% compared to last May.

Our Days of Inventory indicator fell 20 days to 118 days.

The sales price to list price ratio was flat at 98.2%.

The average price for condos gained 2.7%, month-over-month, but was down 26% year-over-year.

Condo inventory fell 7% month-over-month, and was down 30% year-over-year.

The sales price to list price ratio dropped 0.3 of a point to 96.7%.

The real estate market is very hard to generalize. It is a market made up of many micro markets. For complete information on a particular neighborhood or property, call me.

Trends at a Glance (Single-family Homes)			
	May 09	Apr 09	May 08
Sale/List Price Ratio:	98.2%	98.2%	98.2%
Days of Inventory:	118	138	157
Days on Market:	55	65	45
Median Price:	\$728,000	\$610,000	\$850,000
Average Price:	\$933,698	\$847,017	\$1,186,890
Home Sales:	321	293	373

Condo sales were up 45.9% from April, but were off 6.3% year-over-year.

The median price for condos rose 9.1% month-over-month, but was off 20.8% compared to last May.

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## The Basics: 2009 First-Time Home Buyer Tax Credit

As part of its plan to stimulate the U.S. housing market and address the economic challenges facing our nation, Congress has passed legislation that grants a tax credit of up to \$8,000 to first-time home buyers.

### WHO QUALIFIES?

First-time home buyers who purchase homes between January 1, 2009 and December 1, 2009.

To qualify as a "first-time home buyer" the purchaser or his/her spouse may not have owned a residence during the three years prior to the purchase.

### WHICH PROPERTIES ARE ELIGIBLE?

The 2009 First-Time Home Buyer Tax Credit may be applied to primary residences, including: single-family homes, condos, townhomes, and co-ops.

### HOW MUCH WILL THE CREDIT BE?

The maximum allowable credit for home buyers is \$8,000. Each home buyer's tax credit is determined by two factors:

The price of the home—the credit is equal to 10% of the purchase price of the home, up to \$8,000.

The buyer's income—single buyers with incomes up to \$75,000 and married couples with incomes up to \$150,000—may receive the maximum tax credit.

### IF THE BUYER(S)' INCOME EXCEEDS THESE LIMITS, CAN HE/SHE STILL GET A CREDIT?

Yes, some buyers may still be eligible for the credit.

The credit decreases for buyers who earn between \$75,000 and

\$95,000 for single buyers and between \$150,000 and \$170,000 for home buyers filing jointly. The amount of the tax credit decreases as his/her income approaches the maximum limit. Home buyers earning more than the maximum qualifying income—over \$95,000 for singles and over \$170,000 for couples are not eligible for the credit.

### WILL THE TAX CREDIT NEED TO BE REPAID?

No. The buyer does not need to repay the tax credit, if he/she occupies the home for three years or more. However, if the property is sold during the three-year period, the credit will be recouped on the sale.

### TAX CREDIT CAN BE USED ON CLOSING COSTS

FHA-approved lenders received the go-ahead to develop bridge-loan products that enable first-time buyers to use the benefits of the federal tax credit upfront, according to eagerly awaited guidance from the U.S. Department of Housing and Urban Development on so-called home buyer tax credit loans that was released today.

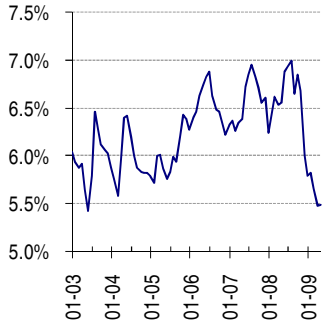
Under the guidance, FHA-approved lenders can develop bridge loans that home buyers can use to help cover their closing costs, buy down their interest rate, or put down more than the minimum 3.5 percent.

The loans can't be used to cover the minimum 3.5 percent, senior HUD officials told reporters on a conference call Friday morning.

# The Real Estate Report

## Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



May 29, 2009 -- Bond and mortgage markets spasmed this week, and the corresponding sharp rise in rates over a two-day period served as a reminder that even a battered private market can be a dangerous animal. It wasn't completely clear what sparked the rout, but there was speculation that a combination of unclear goals in Federal Reserve quantitative easing programs, floods of new sovereign debt and shoddy treatment of GM bondholders all led to the selloff.

Yields on the 10-year Treasury bond had lifted by just over a half a percentage point in a few days' time, rising from the low- to the upper-3% range and taking conforming fixed mortgage rates along for the ride. After standing at 5.03% on Tuesday, Conforming 30-year FRMs leapt to 5.29% on Wednesday and then 5.44% on Thursday

before finally settling back some on Friday to 5.30%.

Overall, HSH's Fixed-Rate Mortgage Indicator (FRMI), which includes rates for conforming, jumbo and "high-limit" conforming data, rose by only 18 basis points to 5.64%, as the increase in the conforming portion was tempered somewhat by a softer response in Jumbos. An all-inclusive average for 5/1 hybrids increased by 10 basis points, closing the survey week at 5.15%.

Home Sales continue to trend along a bottom. Existing Home Sales rang in at a 4.68 million (annualized) rate of sale in April, a slight increase from March's figure but in line with recent figures, which have been showing a kind of "backing and filling" pattern for the past five months. Prices continue to ease -- they are 15.4% below year-ago

levels, and the supply of inventory increased back to 10.2 months at the present rate of sale. Expiring foreclosure moratoria among property-holding banks and seasonal selling patterns likely accounted for the increase in homes for sale.

New Homes sold at a 352,000 annualized clip in April, almost exactly the same pace seen in March. Like their 'used' counterparts, prices here are about 15% below last year, but inventory levels continue to improve and now stand at 10.1 months available. According to the Commerce Department, the actual number of units on the market is now 297,000 and is starting to approach half of the peak levels seen a couple of years ago. The sooner inventory disappears, the sooner new construction can begin, and we are approaching that day steadily, if slowly.

## May Sales Statistics

### Single-family Homes

County	Prices		Unit				Compared to Last Year				Compared to Last Month			
	Median	Average	Sales	Active	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
Atherton	\$4,550,000	\$5,043,750	4	1,265	55	98.2%	54.2%	51.0%	-60.0%	23.7%	48.7%	58.5%	-20.0%	-14.5%
Belmont	\$820,000	\$831,250	14	45	37	98.9%	-25.4%	-20.7%	-17.6%	-28.6%	6.8%	5.6%	16.7%	-15.1%
Burlingame	\$1,225,000	\$1,164,000	14	59	30	95.8%	-7.5%	-20.6%	-36.4%	-14.5%	33.5%	-0.7%	16.7%	13.5%
Daly City	\$470,000	\$493,419	31	48	75	100.7%	-20.2%	-17.6%	6.9%	-78.9%	-4.1%	3.8%	-6.1%	-35.1%
El Granada	\$957,500	\$957,500	2	36	56	100.9%	42.0%	29.2%	-50.0%	24.1%	83.3%	83.3%	0.0%	-2.7%
East Palo Alto	\$235,000	\$258,441	25	51	72	100.7%	-26.6%	-39.3%	177.8%	-67.5%	-7.1%	1.9%	127.3%	-22.7%
Foster City	\$928,000	\$1,004,560	9	34	50	94.5%	-9.7%	-10.5%	-10.0%	21.4%	6.1%	7.5%	50.0%	-5.6%
Hillsborough	\$2,904,000	\$3,056,000	8	74	43	97.6%	-1.6%	-0.5%	-38.5%	34.5%	10.4%	-0.3%	60.0%	8.8%
Half Moon Bay	\$850,000	\$889,286	7	79	161	94.4%	8.9%	2.8%	-12.5%	31.7%	30.8%	36.0%	75.0%	3.9%
Millbrae	\$965,000	\$944,875	8	20	48	96.0%	-3.5%	-5.1%	-27.3%	-62.3%	13.5%	9.1%	-27.3%	-16.7%
Menlo Park	\$1,160,500	\$1,332,700	30	98	60	97.5%	-15.0%	-11.0%	-16.7%	-6.7%	12.7%	-6.9%	25.0%	-7.5%
Montara	*	*	*	18	*	*	n/a	n/a	n/a	-21.7%	n/a	n/a	n/a	0.0%
Moss Beach	\$687,500	\$687,500	2	12	43	89.4%	-8.9%	-8.9%	0.0%	-33.3%	n/a	n/a	n/a	9.1%
Pacifica	\$540,000	\$592,224	21	56	63	97.9%	-16.7%	-9.1%	10.5%	-50.9%	9.9%	16.4%	16.7%	-13.8%
Portola Valley	\$2,487,500	\$3,246,670	6	32	14	97.8%	8.2%	28.3%	-45.5%	23.1%	76.7%	105.8%	-25.0%	18.5%
Redwood City	\$742,000	\$784,163	30	159	62	97.7%	-9.4%	-14.8%	-34.8%	-34.6%	15.0%	14.6%	-16.7%	-3.6%
Redwood Shores	\$1,045,000	\$1,011,250	4	18	54	96.9%	-9.1%	-10.5%	-55.6%	-28.0%	4.7%	-1.9%	33.3%	28.6%
San Bruno	\$527,500	\$525,143	14	39	41	100.6%	-23.0%	-22.8%	-6.7%	-66.1%	-7.5%	-4.3%	-6.7%	11.4%
San Carlos	\$750,000	\$868,844	16	65	35	97.2%	-20.2%	-17.4%	-33.3%	1.6%	-20.0%	-5.7%	-20.0%	-1.5%
San Mateo	\$745,000	\$877,318	41	137	29	98.4%	2.3%	3.0%	0.0%	-24.3%	23.1%	23.9%	24.2%	-6.8%
S. San Francisco	\$492,450	\$563,829	24	56	50	99.9%	-13.6%	-5.7%	-4.0%	-64.1%	-1.5%	5.5%	-22.6%	-24.3%
Woodside	\$945,250	\$1,009,120	4	52	167	94.1%	-66.2%	-70.4%	-55.6%	2.0%	-28.6%	-41.8%	33.3%	6.1%

# The Real Estate Report

## Pending Home Sales Up Third Month in a Row

Record low mortgage interest rates boosted pending home sales for the third consecutive month, with some benefit now from the first-time buyer tax credit, according to the National Association of Realtors®.

The Pending Home Sales Index, a forward-looking indicator based on contracts signed in April, rose 6.7 percent to 90.3 from a reading of 84.6 in March, and is 3.2 percent above April 2008 when it was 87.5.

Lawrence Yun, NAR chief economist, said buyers are responding to very favorable market conditions. "Housing affordability conditions have been at historic highs, but now the \$8,000 first-time buyer tax credit is beginning to impact the market," he said. "Since first-time

buyers must finalize their purchase by November 30 to get the credit, we expect greater activity in the months ahead, and that should spark more sales by repeat buyers."

The Pending Home Sales Index in the Northeast shot up 32.6 percent to 78.9 in April and is 0.8 percent above a year ago. In the Midwest the index rose 9.8 percent to 90.4 and is 11.1 percent above April 2008. The index in the South slipped 0.2 percent to 93.0 in April but is 3.5 percent higher than a year ago. In the West the index rose 1.8 percent to 94.8 but is 2.9 percent below April 2008.

NAR President Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth, said there are

numerous buyer assistance programs around the country. "Some states are offering bridge loans that allow first-time buyers to use the tax credit for downpayment and closing costs, but there are many other local government and nonprofit programs available to buyers, depending on location," he said.

"Just last week, HUD announced that qualifying buyers can use the tax credit for closing costs on FHA loans, to buy down the interest rate or make a larger downpayment. Buyers who are wondering about their options should contact a Realtor®, who can advise consumers on the housing assistance programs and resources available in a given area."

NAR's Housing Affordability Index<sup>2</sup> is in record territory. The affordability index rose to 174.8 in April from an upwardly revised 171.9 in March, and was the second highest monthly reading on record after peaking at 176.9 in January of this year. The HAI is a broad measure of housing affordability using consistent values and assumptions over time, which examines the relationship between home prices, mortgage interest rates and family income; tracking began in 1970.

A median-income family, earning \$60,900, could afford a home costing \$296,800 in April with a 20 percent downpayment, assuming 25 percent of gross income is devoted to mortgage principal and interest. Affordability

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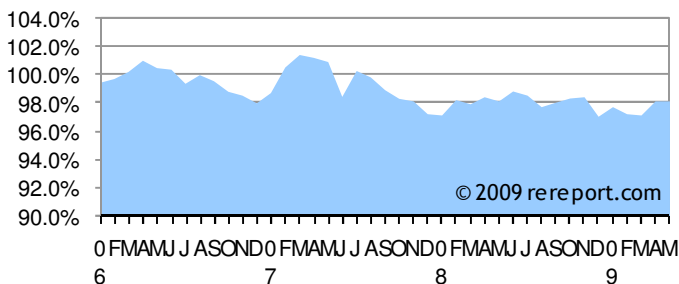
## May Sales Statistics

### Condos/Townhomes

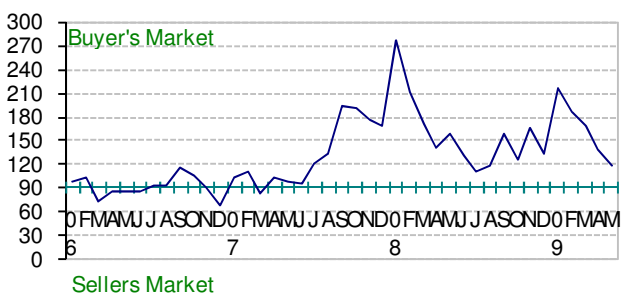
	Prices		Unit		Compared to Last Year						Compared to Last Month			
	Median	Average	Sales	Active	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$419,950	\$438,821	89	385	66	96.7%	-20.8%	-26.0%	-6.3%	-30.0%	9.1%	2.7%	45.9%	-7.0%
Burlingame	\$400,000	\$400,000	1	22	30	95.5%	-70.4%	-72.7%	-66.7%	0.0%	n/a	n/a	n/a	-4.3%
Daly City	\$314,900	\$318,433	9	14	97	96.3%	-6.6%	-3.3%	12.5%	-81.6%	2.4%	4.1%	50.0%	-6.7%
Foster City	\$626,000	\$572,736	13	46	40	98.0%	-10.6%	-14.2%	8.3%	17.9%	13.8%	-3.2%	160.0%	-25.8%
Menlo Park	\$561,250	\$563,625	4	38	43	96.3%	-25.6%	-25.8%	-33.3%	58.3%	-6.5%	-23.1%	-33.3%	-13.6%
Redwood City	\$305,000	\$337,700	7	16	66	96.7%	-48.5%	-43.0%	75.0%	-23.8%	-1.0%	9.6%	250.0%	-5.9%
Redwood Shores	\$591,500	\$611,000	8	21	47	97.3%	-12.8%	-7.4%	-11.1%	-8.7%	-8.0%	-5.0%	300.0%	5.0%
San Bruno	\$225,000	\$233,714	7	13	24	95.9%	-21.1%	-18.8%	40.0%	-67.5%	12.5%	0.6%	0.0%	-7.1%
San Carlos	\$485,000	\$513,333	6	23	56	94.9%	-20.0%	-14.0%	20.0%	-4.2%	-5.8%	6.9%	50.0%	-11.5%
San Mateo	\$450,000	\$471,219	15	103	49	98.5%	-13.9%	-22.3%	-42.3%	-24.8%	4.7%	1.6%	15.4%	4.0%
S. San Francisco	\$323,000	\$329,340	10	20	133	96.3%	-24.9%	-17.4%	100.0%	-69.7%	0.3%	5.5%	11.1%	-23.1%

### San Mateo County: Homes

Sales Price/Listing Price Ratio



### Days of Inventory: Homes



# THE REAL ESTATE REPORT

## SAN MATEO COUNTY



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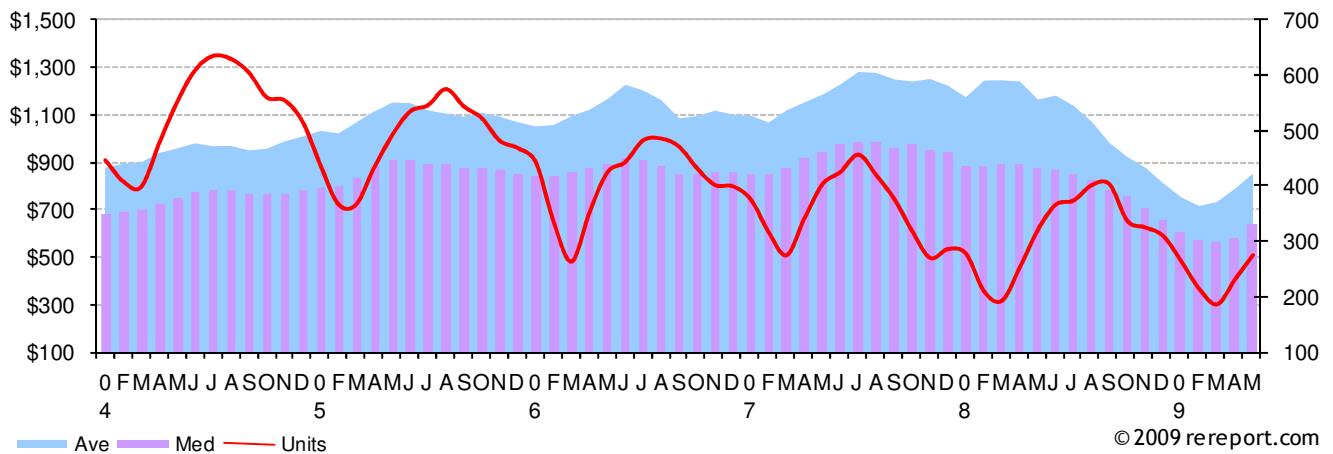
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Go online to see the full monthly report including the city-by-city breakdown:

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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)



(Continued from page 3)

conditions for first-time buyers with the same income and small downpayments are roughly 80 percent of that amount. The affordable price was well above the median existing single-family home price in April, which was \$169,800.

Yun cautions that the reporting sample for pending home sales is smaller than that of existing-home

sales, so it is subject to greater variability. "In addition, the relationship between contracts on pending home sales and closings on existing-home sales is taking longer than in the past for several reasons," he said. "Mortgage processing time has increased, it is taking many months to close on those homes requiring short sales with lender approval, and some

sales are falling through at the last moment."

The total number of existing-home sales is expected to improve but with dramatic local market variation in the timing of recovery. "The market has already bottomed in some areas, but this is an unusual housing cycle with some areas improving rapidly while others languish or decline," Yun said.