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# The Real Estate Report

## local market trends

### SAN MATEO COUNTY

## San Mateo County Market Heats Up

Low inventory and high demand are pushing the local real estate market to the extreme with buyers waiving contingencies, property inspections and even appraisals.

The last few months of multiple offers has forced the sales price to list price ratio for single-family, re-sale homes up to 100.3%, a level we haven't seen since August 2007.

Prices have followed with the average home price now at it's highest level since June 2011.

The high end of the market, however that is defined in a particular city, is on fire. The low end of the market is being driven by investors with cash and is also totally out of whack. The middle market, the move-up market is soft because the entry-level homeowners are still underwater.

What's next?

That's hard to tell because inventory is incredibly low. Home inventory is at its lowest point since March 2006. We don't see that changing much in the near future for several reasons.

First, there is not a lot of new home building going on, which is necessary to relieve the pressure.

Second, many existing homeowners aren't going anywhere. If they have good jobs here, where would they go?

Lastly, forget about phantom inventory. As of March, the banks owned 1,100 properties in the county. That number includes homes AND condos. There are currently 828 homes AND condos actively listed for sale.

Even if the banks put all their inventory on the market, it's only five weeks worth!

We're stuck with this market for at least the next year.

### MARCH MARKET STATISTICS

The median price for single-family, re-sale homes, year-over-year, gained 6.4% in the county.

Even more telling is the sales price to list price ratios. Menlo Park weighs in at 104.6%. San Mateo was at 101.5%. Daly City was 101.1%.

Home sales were up 15. year-over-year, this in spite of low inventory. As of February, the banks owned 1,100 properties, of which only a small percentage are currently listed. Compare that with the 828 properties actively for sale.

Trends at a Glance (Single-family Homes)			
	Apr 12	Mar 12	Apr 11
Median Price:	\$ 745,000	\$ 690,000	\$ 700,000
Average Price:	\$ 935,701	\$ 904,905	\$ 915,571
Home Sales:	436	453	379
Pending Sales:	732	761	631
Inventory:	690	645	829
Sale/List Price Ratio:	100.3%	99.3%	98.4%
Days on Market:	52	57	58
Days of Inventory:	46	43	63

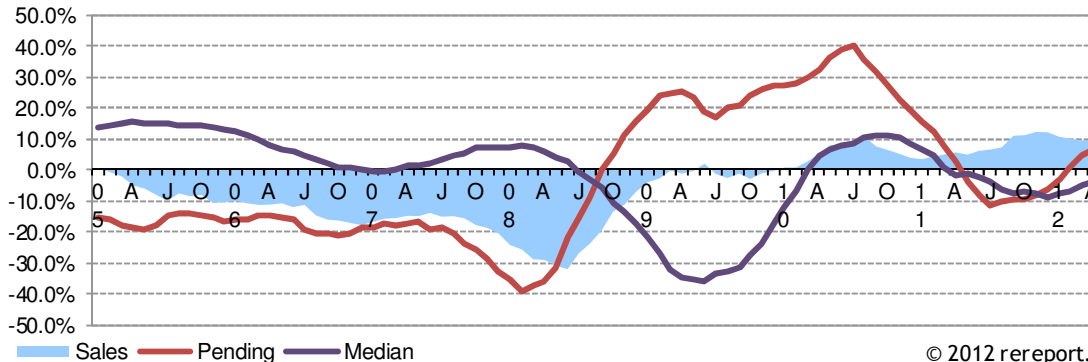
The median price for condos was up 3.6% compared to last April.

Inventory of both homes and condos continues to be weak. Home inventory was down 16.8% compared to last April. Condo inventory was down 71.7% year-over-year.

Pending home sales were up 16% year-over-year. Condo pending sales were up 29% year-over-year.

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.

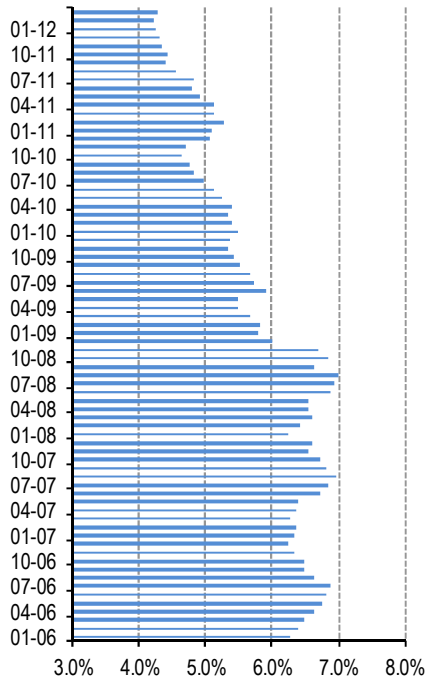
**San Mateo County Homes:** Sales Momentum



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## Mortgage Rate Outlook

### 30-Year Fixed Mortgage Rates



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

May 4, 2012 -- Mortgage rates eased downward this week to again land at new record lows. After a hopeful late winter and early spring, the economic data began to point to a lower trajectory for growth, and that's where we find ourselves at the moment. Troubles in overseas economies continues to show, while inflation has leveled for the moment. These ingredients are the recipe for lower interest rates in general, as investors look for places to park cash away from uncertain stock markets. Once you mix in a Federal Reserve still accumulating long-term Treasuries and mortgages, you've got everything you need for rock-bottom mortgage rates.

It would be better if more borrowers could take advantage of them, though.

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 eased by two basis points (0.02%) for the week, and at 4.15%, now stands at a new record low, the third record-setting week of 2012. The FRMI's 15-year companion also shed two basis points (.02%), slipping to a new record low of 3.39%. Important to homebuyers and low-equity-stake refinancers, already-low FHA-backed 30-year mortgages dropped by another single basis point to 3.79%, a fresh low-water mark, while the overall average for 5/1 Hybrid ARMs was unchanged, holding at an average 2.97% for the survey period, its lowest level ever.

In a special question, the Fed asked lenders to compare their willingness to make a mortgage to borrowers in 2006 and 2012 using similar FICO and LTV standards. It what has been painfully obvious to even a casual observer of the mortgage market, lenders are much less willing to lend now compared to then. The reasons are widespread, but include trouble getting mortgage insurance for borrowers, the GSEs requiring buybacks on failed loans, unclear regulations, weak home prices and more. To a degree, all of these issues rely on the other to be solved, and given the thorny issues involved, it may be some time before that happens.

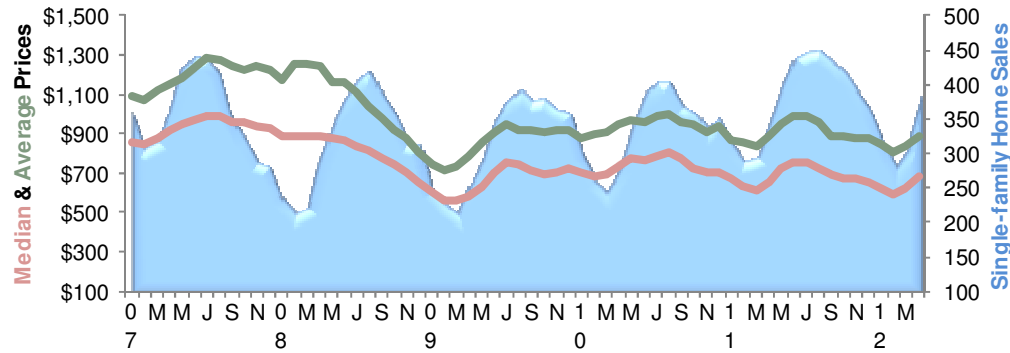
That's a shame, since making it somewhat easier to get a mortgage loan would tend to foster demand, firming home prices. If prices start to rise, losses on failed loans would slow, which might allow some leeway on buybacks. Fewer failing loans would see mortgage insurers in better fiscal straits, allowing them to ease rigid rules. If the market starts to function better all around, regulators might be less tempted to make drastic changes, and new regulations might come sooner rather than later, easing the anxiety of over-regulation which has hung over the market for several years now.

It goes without saying that a functioning housing market would revive the economy in a number of ways. Presently, it's not the only facet of the economy which isn't firing on all cylinders, but it is a sizable one.

San Mateo County - April 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	\$ 745,000	\$ 935,701	436	732	690	46	100.3%	6.4%	2.2%	15.0%	16.0%	-16.8%	
Atherton	\$ 4,280,000	\$ 3,514,380	8	10	21	76	98.5%	29.7%	22.5%	166.7%	66.7%	-32.3%	
Belmont	\$ 865,000	\$ 958,669	23	34	29	37	100.8%	3.6%	20.7%	43.8%	30.8%	7.4%	
Burlingame	\$ 1,294,000	\$ 1,405,250	24	23	42	51	101.2%	-4.9%	8.5%	60.0%	-37.8%	5.0%	
Daly City	\$ 455,000	\$ 474,502	43	79	34	23	101.1%	-2.9%	0.7%	19.4%	-15.1%	-68.2%	
El Granada	\$ 795,000	\$ 667,333	3	8	20	193	99.9%	52.3%	27.8%	50.0%	14.3%	-16.7%	
East Palo Alto	\$ 242,000	\$ 274,148	13	33	16	36	101.3%	-5.1%	5.1%	-7.1%	-15.4%	-27.3%	
Foster City	\$ 908,000	\$ 970,423	13	15	8	18	101.2%	-9.9%	-5.0%	116.7%	-6.3%	-70.4%	
Hillsborough	\$ 2,769,500	\$ 2,904,970	14	15	54	112	99.1%	42.0%	22.4%	55.6%	-31.8%	-20.6%	
Half Moon Bay	\$ 952,500	\$ 1,077,780	14	22	40	83	97.9%	41.1%	41.7%	16.7%	69.2%	-48.1%	
Millbrae	\$ 940,000	\$ 941,991	13	19	14	31	100.2%	4.7%	-4.0%	0.0%	-9.5%	-51.7%	
Menlo Park	\$ 1,305,000	\$ 1,107,060	17	42	41	70	104.6%	-6.7%	-26.3%	-37.0%	-32.3%	-40.6%	
Montara	\$ 808,750	\$ 808,750	2	2	8	116	98.8%	37.4%	37.4%	0.0%	-60.0%	-55.6%	
Moss Beach	\$ 944,850	\$ 944,850	1	6	5	145	99.5%	37.5%	37.5%	0.0%	20.0%	25.0%	
Pacifica	\$ 462,500	\$ 497,302	28	58	43	45	98.5%	-5.6%	-2.2%	64.7%	23.4%	-50.0%	
Portola Valley	\$ 2,142,500	\$ 2,108,330	6	11	24	116	105.7%	15.9%	-14.3%	-40.0%	-15.4%	-17.2%	
Redwood City	\$ 760,000	\$ 825,580	61	84	69	33	99.6%	10.1%	1.5%	5.2%	6.3%	-47.3%	
Redwood Shores	\$ 1,160,500	\$ 1,140,750	4	8	8	58	97.2%	42.4%	40.0%	100.0%	300.0%	0.0%	
San Bruno	\$ 485,000	\$ 455,018	19	39	24	37	100.8%	-11.5%	-22.3%	26.7%	0.0%	-52.9%	
San Carlos	\$ 850,000	\$ 931,546	35	40	23	19	99.9%	-9.7%	-3.8%	45.8%	-9.1%	-62.3%	
San Mateo	\$ 723,000	\$ 792,279	54	91	64	34	101.5%	-0.3%	0.8%	14.9%	21.3%	-45.8%	
S. San Francisco	\$ 470,000	\$ 489,677	31	71	29	27	98.4%	-11.3%	-8.7%	63.2%	44.9%	-67.0%	
Woodside	\$ 1,905,750	\$ 1,867,870	6	9	52	251	99.9%	1.9%	-23.1%	-25.0%	-57.1%	13.0%	

## San Mateo County Homes - Prices & Sales

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



## FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in San Mateo County rose 13.2% in March from February. Year-over-year, notices were down 38.6%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were down 12.4% from February, and down 24% 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.

In February, cancellations were down 13.9% year-over-year, but up 12.8% from February.

Properties going back to the bank were down in March from February by 25.9%. Year-over-year, the number of properties going back to the bank was down 57.8%.

The total number of homes that have had a notice of default filed decreased by 19.8% in February compared to February 2011.

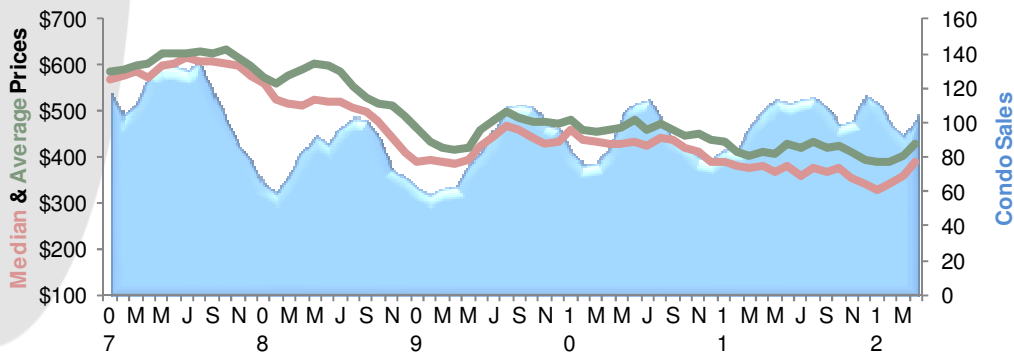
The total number of homes scheduled for sale declined by 9.2% year-over-year

The total number of homes owned by the bank was down 1.5% year-over-year. The banks now own approximately 1,100 properties in San Mateo County.

For further details and a city-by-city breakdown of foreclosure statistics, go to <http://foreclosureradar.com>.

## San Mateo County Condos - Prices & Sales

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



## 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.

San Mateo County - April 2012													
Condos/Townhomes									% Change from Year Before				
Prices									Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP		Med	Ave	Sales	Pend2	Inven
County	\$ 406,500	\$ 454,677	114	236	138	35	99.8%		3.6%	8.9%	3.6%	29.0%	-71.7%
Burlingame	\$ 660,000	\$ 610,160	3	17	9	87	103.6%		-10.2%	-41.7%	0.0%	183.3%	-30.8%
Daly City	\$ 262,000	\$ 252,109	11	27	9	24	98.8%		11.0%	-10.1%	-35.3%	28.6%	-75.7%
Foster City	\$ 550,000	\$ 544,309	14	26	10	21	101.6%		15.9%	9.8%	-17.6%	36.8%	-74.4%
Menlo Park	\$ 930,000	\$ 1,056,460	9	10	11	35	98.0%		47.6%	63.9%	28.6%	150.0%	-56.0%
Redwood City	\$ 535,000	\$ 483,875	8	13	9	33	100.1%		35.4%	46.3%	166.7%	85.7%	-30.8%
Redwood Shores	\$ 692,500	\$ 629,500	8	11	5	18	101.4%		48.9%	33.4%	60.0%	-26.7%	-75.0%
San Bruno	\$ 172,728	\$ 201,312	11	26	9	24	99.5%		-6.6%	3.8%	0.0%	13.0%	-65.4%
San Carlos	\$ 461,000	\$ 511,222	9	8	8	26	103.2%		-17.0%	-7.7%	50.0%	-20.0%	-72.4%
San Mateo	\$ 284,123	\$ 335,454	20	45	43	62	97.7%		-36.5%	-24.9%	-9.1%	7.1%	-58.3%
S. San Francisco	\$ 325,000	\$ 317,227	11	23	7	18	99.5%		7.4%	17.5%	83.3%	27.8%	-74.1%

# THE REAL ESTATE REPORT

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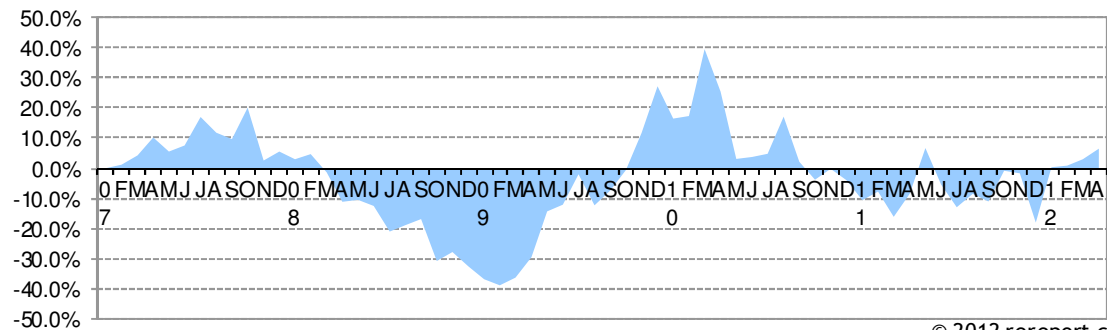
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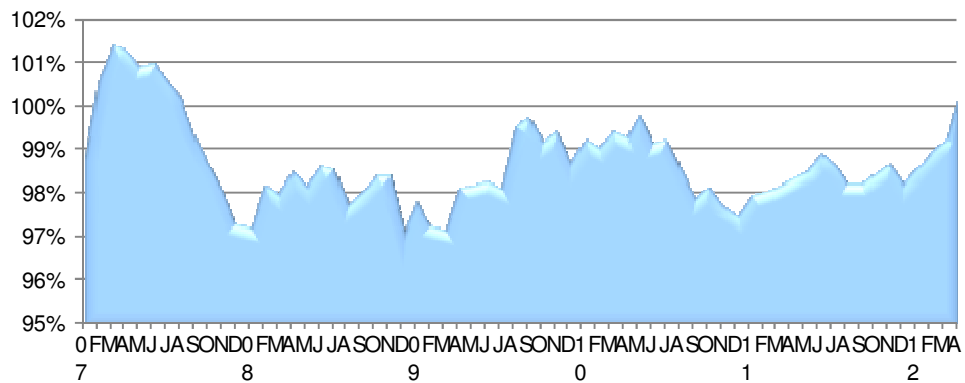
This is not intended as a solicitation if your home is currently listed.

### San Mateo County Homes: Year-Over-Year Median Price Change



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### San Mateo County Homes: Sales Price/Listing Price Ratio



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