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The Real Estate Report

Zillow Sued Over Zestimates

Do Zillow 'Zestimates' mislead condo buyers? Lawsuit claims yes.

Suburban Chicago home builders filed legal action last week against the real estate marketing company Zillow, whose at-your-fingertips property-value approximations are misleading home buyers with lowball figures that roil sellers, the suit claims.

The so-called Zestimates that the Seattle-based Zillow app has calculated since 2006 pose as accurate appraisals in violation of the legal description in Illinois of an appraisal, which needs to be conducted by a licensed appraiser, according to the class-action complaint.

Zillow, for its part, maintains that its approximations are not actual appraisals, nor do they claim to be.

"We believe the claims in this case are without merit. We always say that the Zestimate is a starting point to determine a home's value, and isn't an official appraisal. It's a computer-automated estimate of your home's value," Emily Heffter, a Zillow spokeswoman, told MarketWatch.

Zillow says its value estimates are based on public records and other data using "a proprietary for-

mula." Public records such as those posted on property-tax assessment sites can also be far off prevailing sales prices. Zillow also provides a disclaimer about the accuracy of its approximations.

In Chicago, a Zestimate comes within 5.9% of the eventual sale price just over 44% of the time. Nationwide, Zillow Zestimates are within 5% of the actual sale price 53.9% of the time, within 10% of the sale price 75.6% of the time and within 20% of the closing price 89.7% of the time, according to the company.

Wow, that's not even good enough for government work!

As we wrote in this space last August, there is no way a computer program can give an accurate price for homes.

The problem begins with the fact that each home is different. Homes aren't like stock shares. Each share of Apple stock, for instance, is exactly the same as every other share of Apple stock.

Homes, on the other hand, are each completely different, regardless of whether they were built by the same builder and have the same plan.

Trends at a Glance (Single-family Homes)

	May 17	Apr 17	May 16
Median Price:	\$595,000	\$575,000	\$550,000
Average Price:	\$746,731	\$752,524	\$707,942
Home Sales:	2,350	2,076	2,418
Pending Sales:	3,267	3,102	3,828
Active Listings:	4,343	4,137	5,011
(Condos/Town Homes)			
Median Price:	\$390,000	\$398,200	\$380,000
Average Price:	\$469,232	\$461,512	\$455,142
Condo Sales:	933	807	951
Pending Sales:	1,136	1,111	1,549
Active Listings:	1,141	1,076	1,431

The major problem with all automated home estimate sites is they are limited to the data on hand. Typically, that includes only square footage, number of beds and baths, recent sales prices and assessor tax values.

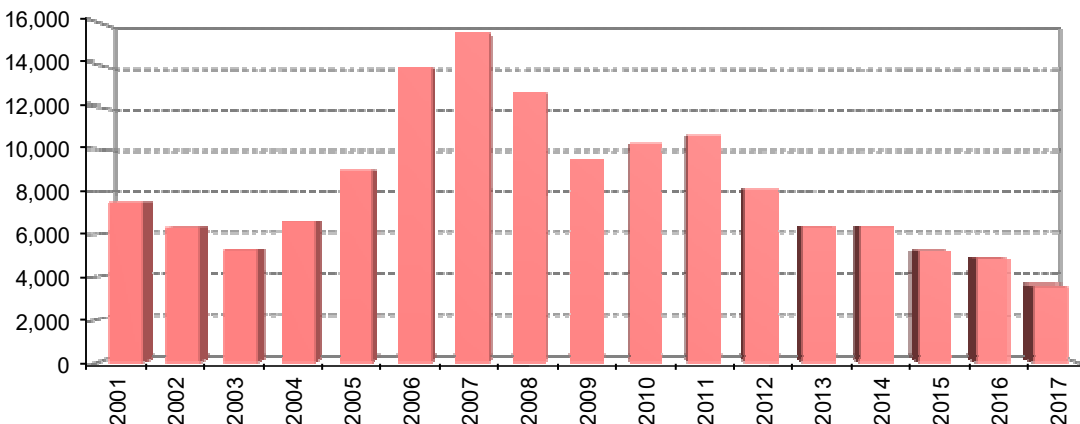
Not included are location nuances: is the property on a quiet street or next to a main thoroughfare. Not included are upgrades: did the owners remove that cheap carpeting and replace it with hardwood floors? Were the appliances replaced with high-end hardware? Granite countertops or tile? Dual-pane windows to replace single-pane windows. The list goes on.

There are three ways to get an accurate estimate of your home's worth.

Hire an appraiser. That costs money and they will be conservative.

San Diego County
Average Monthly Active Listings SFR

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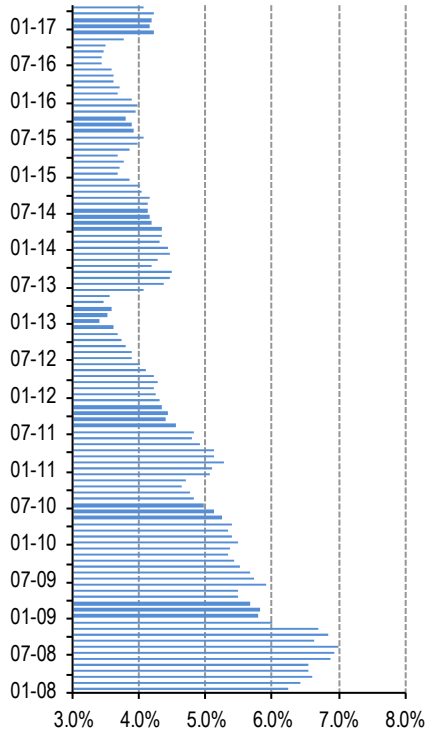


VISIT

for a free on-line market analysis of your property. You can also search for recent sales & listings in your neighborhood.

San Diego County Market Statistics

30-Year Fixed Mortgage Rates



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.

MAY SALES STATISTICS

SINGLE-FAMILY HOMES

Year-Over-Year

- Median home prices increased by 8.2% to \$595,000 from \$550,000.
- The average home sales price rose by 5.5% to \$746,731 from \$707,942.
- Home sales fell by 2.8% to 2,350 from 2,418.
- Total inventory* fell 13.9% to 7,611 from 8,839.
- Sales price vs. list price ratio rose by 0.4% to 98.8% from 98.4%.
- The average days on market fell by 13.1% to 31 from 36.

Month-Over-Month

- Median home prices improved by 3.5% to \$595,000 from \$575,000.
- The average home sales price fell by 0.8% to \$746,731 from \$752,524.
- Home sales up by 13.2% to 2,350 from 2,076.
- Total inventory* increased 5.1% to 7,611 from 7,240.
- Sales price vs. list price ratio increased by 0.1% to 98.8% from 98.7%.
- The average days on market dropped by 4.4% to 31 from 33.

CONDOMINIUMS

Year-Over-Year

- Median condo prices increased by 2.6% to \$390,000 from \$380,000.
- The average condo sales price rose by 3.1% to \$469,232 from \$455,142.
- Condo sales fell by 1.9% to 933 from 951.
- Total inventory* fell 23.6% to 2,277 from 2,980.
- Sales price vs. list price ratio rose by 0.7% to 99.3% from 98.6%.
- The average days on market fell by 28.1% to 24 from 33.

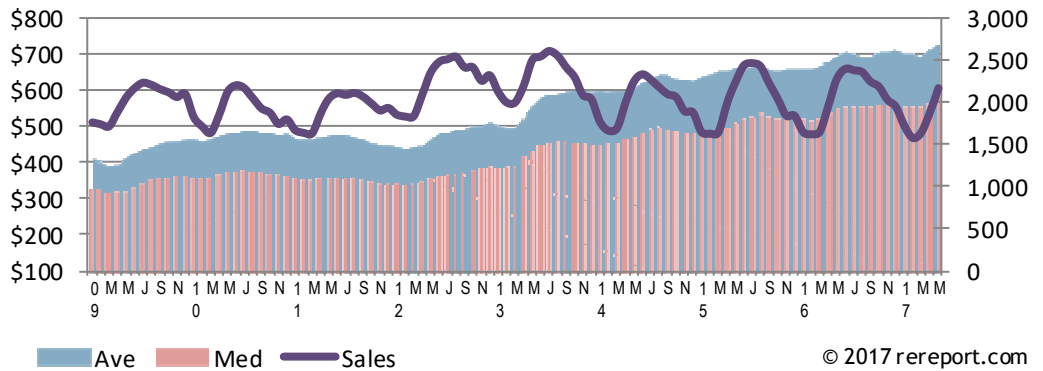
Month-Over-Month

- Median condo prices slipped by 2.1% to \$390,000 from \$398,200.
- The average condo sales price rose by 1.7% to \$469,232 from \$461,512.
- Condo sales up by 15.6% to 933 from 807.
- Total inventory* increased 4.1% to 2,277 from 2,187.
- Sales price vs. list price ratio dropped by 0.1% to 99.3% from 99.4%.
- The average days on market dropped by 10.9% to 24 from 27.

* Total inventory is active listings plus contingent or pending listings. Active listings do not include contingent listings.

San Diego County — Homes: Sold Prices & Unit Sales

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

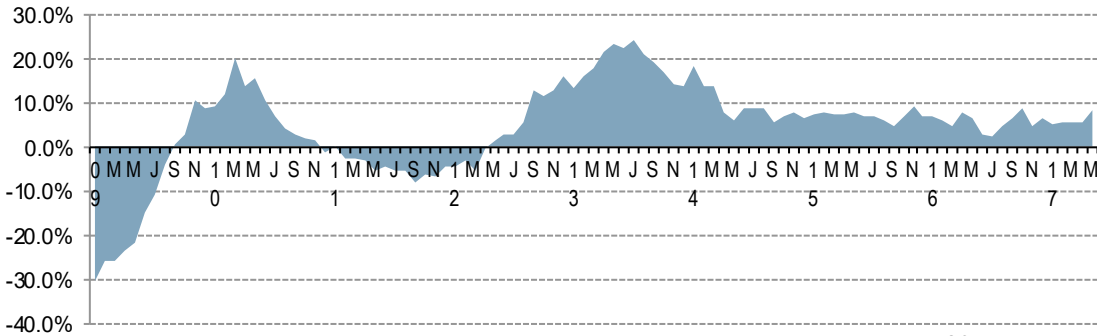


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South San Diego County - May 2017												
SINGLE-FAMILY HOMES								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend	Inven
County	\$ 595,000	\$ 746,731	2,350	3,267	4,343	55	98.8%	8.2%	5.5%	-2.8%	-14.7%	-13.3%
South County	\$ 530,000	\$ 549,746	191	316	315	49	98.9%	10.0%	6.1%	-13.6%	-16.8%	-6.5%
Bonita	\$ 650,000	\$ 711,337	14	27	26	56	98.9%	-1.1%	-11.6%	-40.0%	3.8%	-53.6%
Chula Vista	\$ 525,000	\$ 546,196	154	250	229	45	99.1%	7.1%	5.2%	-18.9%	-15.0%	-4.6%
Imperial Beach	\$ 570,000	\$ 573,962	7	13	22	94	98.2%	38.9%	40.3%	-12.5%	0.0%	22.2%
National City	\$ 413,000	\$ 415,083	12	21	29	73	97.8%	19.0%	20.1%	20.0%	-40.0%	45.0%
Otay Mesa	\$ 437,000	\$ 455,311	27	47	30	33	99.2%	0.5%	5.8%	-10.0%	-23.0%	-36.2%
San Ysidro	\$ 474,950	\$ 482,475	4	5	9	68	97.8%	7.9%	29.3%	33.3%	-58.3%	200.0%

San Diego County Homes: Year-Over-Year Median Price Change

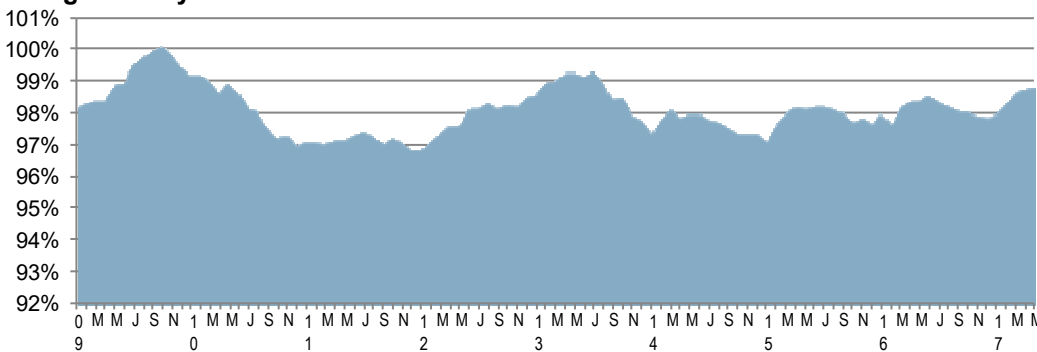


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If your house is currently listed with another broker this is not intended as a solicitation of that listing.

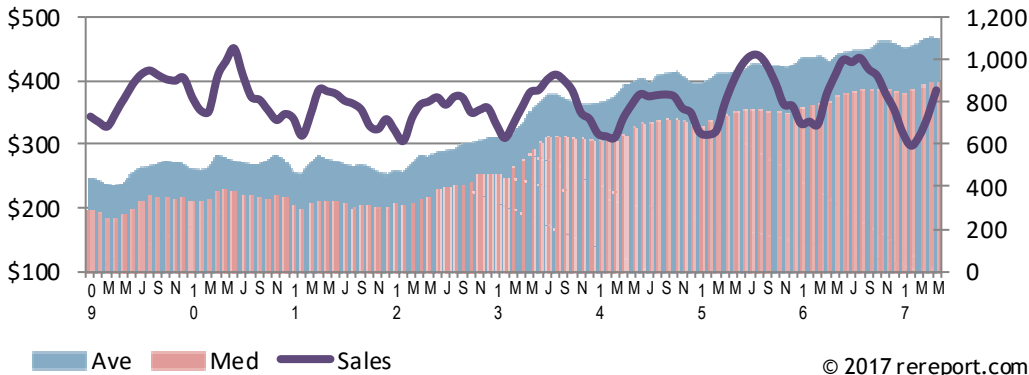
San Diego County Homes: Sales Price/List Price Ratio



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San Diego County — Condos: Sold Prices & Unit Sales

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



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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.

South San Diego County - May 2017

CONDOS											% Change from Year Before			
Prices							Prices							
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend	Inven		
County	\$ 390,000	\$ 469,232	933	1,136	1,141	37	99.3%	2.6%	3.1%	-1.9%	-26.7%	-20.3%		
South County	\$ 356,750	\$ 360,760	88	117	78	27	99.0%	1.9%	6.7%	3.5%	-35.4%	-17.0%		
Chula Vista	\$ 355,000	\$ 355,665	69	85	57	25	99.0%	0.0%	4.7%	0.0%	-43.3%	-16.2%		
Imperial Beach	\$ 490,000	\$ 476,625	8	21	18	68	98.3%	14.0%	22.5%	-11.1%	90.9%	0.0%		
National City	\$ 373,250	\$ 344,750	4	4	2	15	99.0%	18.5%	29.1%	-20.0%	0.0%	0.0%		
Otay Mesa	\$ 308,000	\$ 344,405	16	11	8	15	99.2%	3.4%	18.2%	-5.9%	-50.0%	-46.7%		
San Ysidro	\$ 250,000	\$ 244,667	3	5	1	10	100.7%	-18.8%	-20.6%	200.0%	-44.4%	-66.7%		



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(Continued from page 1)

Have a local REALTOR® come by to look at your property. A local REALTOR® will be familiar with your community, what's sold, the condition of the property, what's for sale and how desirable the property is in today's market.

The third way is to do it yourself. You've probably lived in the neighborhood for years and visited with your neighbors so you know what has been done to their homes. Plus, with our Recent Sales & Listings module, available on our on-line Market Trends Report, you can keep track of the activity going on in your neighborhood.

Remember, in the final analysis, your home is worth what you and a ready, willing and able buyer decide it's worth.

If you are thinking of selling your home and would like a proper estimate of what it will sell for in today's market, call me, please.

Softer Data, Softer Rates

Jun. 2, 2017 -- Even with a Monday holiday, there was lots of fresh data out this week for markets to consider, but most of it seemed to tend toward the softer side of things. As expected, mortgage rates were mostly level this week, but current indications are that we might see a bit of a decline next week, should markets hold where they are at the moment.

Spending on new construction projects dropped off in April. The overall decline of 1.4 percent in outlays contained no bright spots this time around, as outlays for residential projects fell 0.7 percent, commercial construction dipped by 0.6 percent, and spending on public-works projects slumped by 3.7 percent. The residential figure is surprising, but already suspected from the easing in the housing starts report; commercial interests are probably growing a little way given the troubles that retailers are having, but there should be plenty of public works projects that need attention. Spending on roads and schools and the like using taxpayer dollars have now declined in four of the last six months.

A spate of mostly modest to moderate data (to borrow a phrase from the Beige Book) and a lack of emergent price pressures would be sufficient to trim interest rates a little bit even if we didn't continue to have a difficult political climate.

Expectations for significant tax and regulatory relief haven't completely bled out of the market, but those hopes have faded considerably on recent months, tempering the outlook and expectation that the economy will soon be growing faster. Collectively, the environment is sufficient to keep rates both low and stable, and we'll need to see some warmer news to move rates up. That may come, but probably not next week; based upon where we finished this one, we are likely looking at another 3-4 basis point decline in the average conforming 30-year fixed rate mortgage as reported by Freddie come next Thursday morning.