

Economic Uncertainty Slows Existing Home Sales

Limited Inventory Puts Additional Pressure on Prices

THIRD QUARTER 2011

SANTA CLARA COUNTY

A shortage of inventory and uncertainty about the economy put a damper on sales of existing, single-family detached homes in Santa Clara County during the third quarter of 2011, according to a report by the research division of Better Homes and Gardens Mason-McDuffie Real Estate based on an analysis of MLS data.

Countywide, 2,753 existing, single-family detached homes changed hands in the third quarter, down 11 percent from 3,090 homes sold in the second quarter and 1 percent lower than the 2,769 homes sold in the third quarter of 2010. The median price of a home sold during the quarter was \$702,903, a 4 percent decline from \$732,277 in the second quarter and down 3 percent from last year's third quarter median sales price of \$725,124. The decline in the number of homes sold and the price paid for those homes was influenced by a lack of inventory of homes in some price ranges and by the continued availability of value-priced short sale properties.

Homebuyers lacking an urgent motivation to complete a purchase were distracted by negative economic news. Home sales in the City of San Jose, which typically accounts for more than half of the county's total transactions, declined by more than 11 percent from 1,668 in the second quarter to 1,493 in the third quarter as buyers awaited better news. That figure was essentially unchanged from the third quarter of 2010, when the market temporarily stalled following the expiration of the federal tax credit for homebuyers. Only Milpitas, Morgan Hill and Mountain View

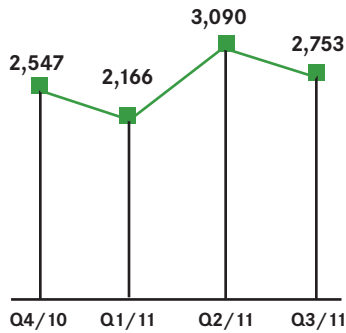
— all of them with median home prices that attract entry-level homebuyers — experienced both quarter-over-quarter and year-over-year increases in the number of homes sold. Conversely, higher-priced Cupertino, Los Altos, Los Gatos and Sunnyvale joined San Jose in recording sales declines on both a quarterly and annualized basis.

Of the 15 communities included in the report, only two, Campbell and Cupertino, registered both quarter-over-quarter and year-over-year increases in the median price of homes sold. Four other markets — Gilroy, Los Altos Hills, Morgan Hill and Saratoga — reported quarter-over-quarter median price increases with modest year-over-year price declines, while Milpitas, Monte Sereno, Palo Alto and Santa Clara joined San Jose in reporting flat or modestly lower median prices over both periods.

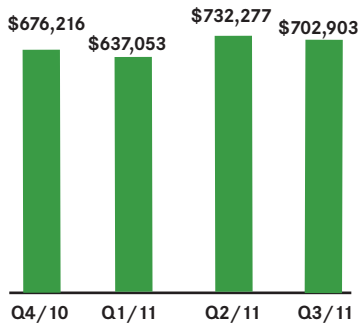
Homes continued to sell quickly. The number of days a home was on the market before receiving a contracted offer declined to 48 days in the third quarter from 51 days in the second quarter. Average days on the market ranged from a low of 25 days in Palo Alto to a high of 82 days in Monte Sereno.

Looking ahead, short sales and bank REOs are expected to continue to attract homebuyer and investor interest. Homebuyers interested in a short sale purchase remain well-advised to work with a REALTOR® experienced in helping clients complete these complex transactions.

Unit Sales



Median Price**



SANTA CLARA COUNTY YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q3/11	Homes Sold Q3/10	% Change	Avg DOM* Q3/11	Avg DOM* Q3/10	Change (days)	Median Price Q3/11	Median Price Q3/10	% Change
Campbell	67	62	8	57	48	9	\$681,781	\$674,000	1
Cupertino	75	102	-26	27	30	-3	\$1,170,000	\$1,095,000	7
Gilroy	137	133	3	77	60	17	\$412,000	\$415,000	-1
Los Altos	78	88	-11	32	40	-8	\$1,605,000	\$1,570,000	2
Los Altos Hills	29	24	21	49	92	-43	\$2,405,000	\$2,490,000	-3
Los Gatos	85	107	-21	50	58	-8	\$1,245,000	\$1,175,000	6
Milpitas	90	74	22	49	53	-4	\$487,750	\$520,000	-6
Monte Sereno	6	8	-25	82	54	28	\$1,630,371	\$1,787,500	-9
Morgan Hill	126	114	11	66	53	13	\$549,500	\$649,000	-15
Mountain View	82	69	19	33	33	0	\$956,250	\$900,000	6
Palo Alto	119	119	0	25	27	-2	\$1,380,000	\$1,400,000	-1
San Jose	1,493	1,500	-.5	54	46	8	\$500,000	\$525,000	-5
Santa Clara	144	123	17	50	43	7	\$580,000	\$585,000	-1
Saratoga	79	76	4	43	34	9	\$1,630,000	\$1,634,250	-.3
Sunnyvale	143	170	-16	31	36	-5	\$840,000	\$802,500	5

* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.

** The median home price for the entire county is the mean of median home prices of cities within Santa Clara County.

Data are sourced from multiple listing services and are deemed reliable but not guaranteed. All percentages rounded to nearest whole number



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