

Increase in Short Sales Sparks Renewed Interest

After a Seasonal Breather, Buyers Re-Emerge

FIRST QUARTER 2011

SANTA CLARA COUNTY

An increase in the number of short sale properties priced below market sparked renewed interest from Santa Clara County homebuyers as the first quarter came to a close, according to a report by the research division of Better Homes and Gardens Mason-McDuffie Real Estate based on an analysis of MLS data.

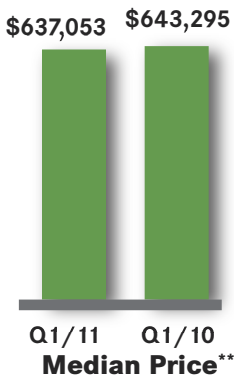
Countywide, 2,166 existing, single-family detached homes were sold in the first quarter of 2011, down 1 percent from 2,197 homes sold in the first quarter of last year and well below the 2,547 homes sold in the fourth quarter of 2010. Even with the increase in time-consuming short sale properties, the average number of days a home was on the market before attracting a final purchase contract remained unchanged from the first quarter a year ago at only 57 days and ranged from a high of 94 days in Los Altos Hills to a low of 10 days in Monte Sereno.

San Jose recorded more than half of the county's first quarter transactions with 1,290 sales, down 4 percent from the first quarter of 2010, followed by Gilroy and Sunnyvale with 121 and 104 closed sales, respectively. On an annualized basis, higher-priced markets tallied significant sales increases. Closed transactions were up by 76 percent from a year ago in Los Gatos, 50 percent year over year in Los Altos Hills, 14 percent

in Cupertino and 10 percent compared with a year ago in Saratoga – all communities with a median sales price of well over \$1 million.

As a result, the median price of a home sold in Santa Clara County during the first quarter dipped only slightly from \$676,216 in the fourth quarter to \$637,053 in this year's first quarter, 1 percent below last year's first quarter price of \$643,295. Of the county's most active real estate markets, Saratoga experienced a 15 percent drop in its median sales price on an annualized basis and Morgan Hill's median price fell 13 percent year over year. Los Altos Hills recorded the only double-digit median price increase with a 19 percent jump from \$2,061,000 a year ago to \$2,450,000 in the most recent quarter.

Looking ahead, short sales and bank REOs will continue to influence real estate sales and prices for the foreseeable future – even in higher-priced communities. Properties purchased over the last year by investors increasingly are being rehabilitated and returned to the market and are attracting considerable buyer interest. Homebuyers attempting to time the market will be closely watching both interest rates and the economy in the coming months. Movement in either may stimulate additional homebuying activity.



SANTA CLARA COUNTY YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q1/11	Homes Sold Q1/10	% Change	Avg DOM* Q1/11	Avg DOM* Q1/10	Change (days)	Median Price Q1/11	Median Price Q1/10	% Change
Campbell	40	45	-11	59	41	18	\$680,000	\$690,000	-1
Cupertino	64	56	14	37	47	-10	\$1,133,000	\$1,105,000	3
Gilroy	121	110	10	63	57	6	\$403,000	\$419,500	-4
Los Altos	46	62	-26	64	58	6	\$1,597,500	\$1,521,500	5
Los Altos Hills	18	12	50	94	90	4	\$2,450,000	\$2,061,000	19
Los Gatos	97	55	76	83	62	21	\$1,025,000	\$985,000	4
Milpitas	68	77	-12	71	42	29	\$437,000	\$480,000	-9
Monte Sereno	6	9	-33	10	115	-105	\$1,690,000	\$2,425,000	-30
Morgan Hill	56	79	-29	66	71	-5	\$516,500	\$592,000	-13
Mountain View	43	45	-4	49	36	13	\$880,000	\$835,000	5
Palo Alto	75	72	4	36	58	-22	\$1,469,000	\$1,436,785	2
San Jose	1,290	1,338	-4	70	48	22	\$468,000	\$492,500	-5
Santa Clara	93	99	-6	60	42	18	\$568,500	\$572,000	-1
Saratoga	45	41	10	52	46	6	\$1,350,000	\$1,600,000	-15
Sunnyvale	104	97	7	46	35	11	\$771,500	\$755,000	2

* 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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