

Real Estate Views

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Santa Clara County Region

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Mortgage Rates*

30-year Fixed (Zero Points, \$417,000, 3.774 APR)	3.75%
15-year Fixed (Zero Points, \$417,000, 3.087 APR)	3.00%

* As of September 6, 2016. For reference only.

Santa Clara County Market Snapshot* August 2016

# of Listings (Single Family Homes)	1,337
Average selling price	\$1,262,610
% of asking price	101.5%
Avg. number of days on market	29
Number of Homes Sold	875

* MLSListings.com

Market Review Yields No Major Surprises

In real estate, the passing of Labor Day marks the end of the most active sales cycle and represents a good opportunity to see how the housing market performed. Not only does it give a gauge as to how predictions going into the sales cycle worked out, but it also gives some insight of what we might expect in the coming months.

As you may recall, I focus on April sales data to get a sense of how the market will perform for the rest of Spring and Summer. Based on that data, I predicted the ensuing months would continue to favor sellers, but at a more tepid pace than the past few years. While home prices would still appreciate on a year-over-year basis, they will do so at a slower rate.

Multiple offers would still prevail at competitively priced homes, but the number of offers would be fewer. I thought inventory would continue to improve based on the trend and time of year.

So how did things turn out? For the most part, there were no major surprises. Things were pretty much as predicted. In the last 4 months, year-over-year average price increased 9.8%, 1.2%, 4.6% and 1.2%. The increase was above 10% in the previous 3 years. Also, in the last 4 months, days on the market (DOM) steadily increased (19, 21, 24, and 29) and sales price to list ratio steadily moved back towards 100% (104.4%, 103.5%, 102.2%, and 101.5%). The market was predicted to be softer and, indeed, it was.

What was a little more surprising than anticipated was the intensity of the shift. Going into the period, I thought the effects would be a little more subtle than what it turned out to be.

So where does the market go from here? In my view, I don't see anything standing in the way of the current trends. I think the market will continue to move toward a balance where neither buyer nor seller has a decided advantage. Next month's sales data will set the tone for the coming months. I'll be sure to offer comments at that time.

HOW IS THE REAL ESTATE MARKET IN YOUR AREA? CALL OR EMAIL ME FOR MARKET DATA SPECIFIC TO YOUR NEIGHBORHOOD.

(CONTACT INFORMATION ON LEFT SIDEBAR)

Sellers Have To Be More Flexible In Shifting Market

The past few years have treated sellers kindly. A lot of all cash purchases. Multiple offers. Quick sales. Excellent prices. Great terms. It's been a nice run.

Now, it seems that run is coming to an end. Multiple offers and offer deadlines are more rare. Time on the market is now weeks instead of days. Listing agents are now spending their time following up with buyers rather than reviewing offers.

What is the result of this shift in the market? For buyers it means a little more leverage when making offers. For sellers, it means having to be more flexible on terms and price.

This doesn't mean sellers have to yield to every buyer demand. It simply means sellers have to adjust their expectations and realize that the market is giving more options to the buyers than in the past few years.

