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December 2015 Market Report

Silicon Valley

San Jose, Los Gatos, Cupertino, Saratoga
Sunnyvale, Mountain View





Introducing Intero Real Estate's December 2015 Silicon Valley Market Report

Silicon Valley tends to have, by and large, the reputation of being an expensive and even impossible place to live. The stereotype is consistent: unless you're in the tech industry (and even if you're in the tech industry), or very wealthy, you're going to have a hard time living in Silicon Valley.

While it's true that the tech industry is largely responsible for Silicon Valley's high cost of living, it's not true that Silicon Valley is exclusively for the wealthy. The tech industry, in fact, has provided an affluence of jobs, causing the area to exist in an excellent state of financial self-sustainment. As Intero's CEO and President Tom Tognoli puts it, "A strong tech market that has been fueled by an accommodative money supply and historically low interest rates has made the Bay Area the envy of the world."

According to the California Association of Realtors (C.A.R.), California as a whole should see an increase in existing home sales of 6.3% in 2016, reaching up to 433,000 homes. "Solid job growth and favorable interest rates will drive a strong demand for housing next year," said C.A.R. President Chris Kutzkey.

As far as solid job growth goes, Silicon Valley is the place to be, with the added bonus of income growth as well. As the area continues to be populated by more and more successful companies, in addition to expansions from our tried and true tech giants (Google, Apple, eBay, Facebook, etc.), more and more jobs are being created. As such, more and more people are looking for homes.

According to REALTOR® Mag, millennials (defined as 25-34 years old) are expected to make up 30% of the existing home market. As Silicon Valley's tech industry is largely populated by employed millennials, the area should see in a significant increase in home sales from millennials alone. Income growth and job security are probable factors in this, as well as the knowledge that owning a home is likely more financially sound than renting. In fact, we believe that 2016 will yield a significant increase in renters choosing to become homeowners.

Tognoli weighs in on this as well: "Even as much as home prices have appreciated over the last several years, it's still much cheaper to own than to rent when you take into consideration the tax write off. Even if a home did not appreciate a nickel, it's still smarter to own than rent if you can qualify."

Now that we've given you some background, we'd like to give you a closer look at the most prominent trends that have defined the Silicon Valley housing market. The market is constantly shifting in small yet meaningful ways, and we want to make sure you always have the most accurate and up to date insights possible. The following pages will utilize market data to illustrate these changes and trends; more specifically, we've analyzed inventory, pricing, and how long homes have been on the market. We get that data can be a lot to sift through, which is why we did it for you. Whether you want to buy, sell, or stay, reading this report will give you the knowledge to make informed decisions every step of the way.

Market Highlights

Silicon Valley



Total Homes for Sale

301



Luxury Homes for Sale*

44



*Homes for sale above \$3 million.



Total Homes Sold

591



Days on Market

32



Average List Price

\$1,889,000



Average Sold Price

\$1,101,000

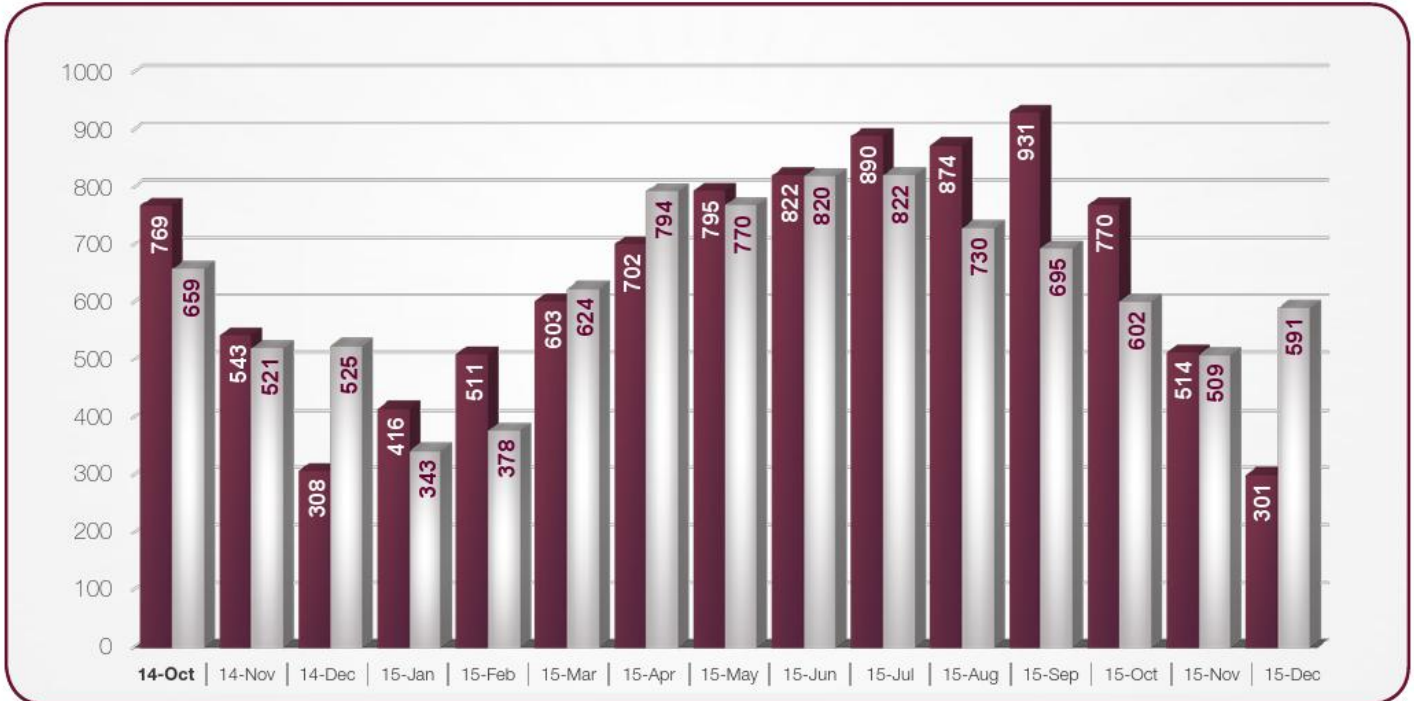




Inventory

Silicon Valley

Total Number Of Homes: ■ For Sale ■ Sold



Congratulations sellers! It's a great market!

Total property sales in December were slightly higher than this time last year, as well as this time the previous month, which reinforces our predictions of a general upswing in home sales.

The holiday season is historically slower than the rest of the year when it comes to home sales, as families want to enjoy the holidays without being disturbed. As a result, the total number of homes available in December was very slightly down compared to last year, and down by a significant 41.4% compared to the previous month. This smaller inventory means that buyers who have been waiting to buy will have fewer homes to choose from, which is great news for sellers!

When it comes to luxury real estate, however, buyers had the upper hand.

The total number of luxury homes available in December was 33.3% higher than this time last year, indicating overall growth, and slightly lower than this time the previous month. Still, this is a relatively high inventory, which means that luxury buyers who have been bidding their time may have a larger selection of homes to choose from.

This gainful time for luxury buyers may be attributed to the strengthening of the US dollar compared to other global economies, causing a decrease in, and less competition from, international buyers (which usually account for a large portion of US luxury sales). Either way, this is your time to shine, luxury buyers, so take advantage!



Inventory By The Numbers

Home Price Range	Homes For Sale	Year Over Year % Difference
< \$500K	8	-68%
\$500K - \$1M	124	-17.30%
\$1M - \$3M	126	24.80%
\$3M - \$5M	26	52.90%
\$5M - \$10M	15	50.00%
\$10M +	3	-57.10%



Pricing

Silicon Valley

Average Prices in \$,000: ■ Sold Price ■ Active Price



Good News!

The average "For Sale" price increased in December to \$1,889,000. This is a pretty slight increase compared to last year, and to the previous month, but it's still good news for sellers!

This increase in "For Sale" pricing doesn't necessarily need to be foreboding for buyers. The average "Sold" price was slightly higher than last year at \$1,101,000, but it was also very marginally lower than the previous month. Still, that's a pretty significant difference between "For Sale" and "Sold" average prices, which means that there's always room for negotiation, something both buyers and sellers should keep in mind.

According to C.A.R. (California Association of Realtors), another positive to consider is the potential for job and income growth in the Silicon Valley area. This is good for both sellers and buyers, as more and more workers will be able to afford making the leap from renting to owning.



Pricing By The Numbers

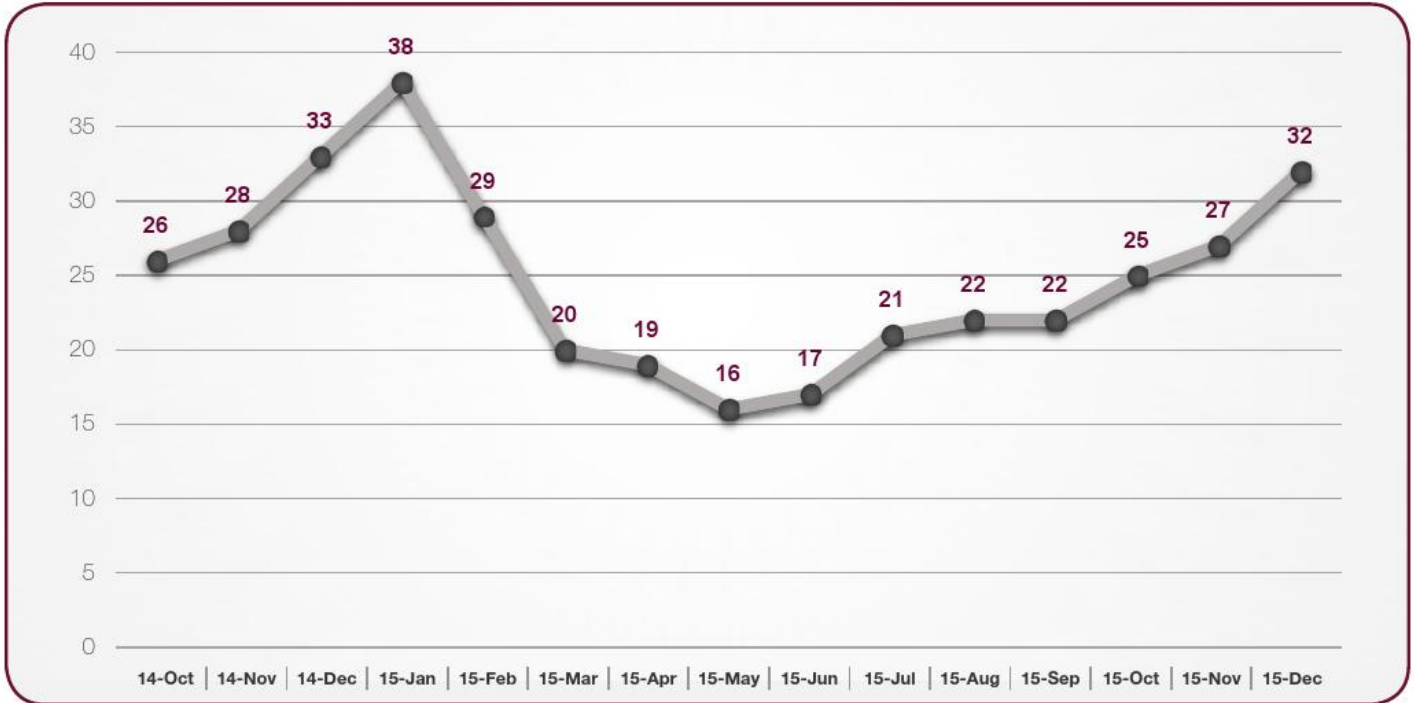
Average Price Per Square Foot.

\$605



-0.7%
Month over Month

Average Days On Market



Favorable For Sellers!

The average Days on Market (DOM) shows, on average, how long properties are on the market before they sell. An upward trend (longer time on the market) indicates a move in favor of buyers, whereas a downward trend (shorter time on the market) indicates a move in favor of sellers.

The DOM showed a generally upward trend for December; the average DOM was 32 days, a slight increase from the previous month, and just one day shorter than this time last year.

Buyers, this is good news for you! The longer a house is on the market, the more likely it is that there will be room for negotiation, or lowered prices. Sellers should not be discouraged, though! It's quite common for a house to be on the market for at least a month.



DOM By The Numbers

Home Price Range	Days on Market	Year Over Year % Difference
< \$500K	22	-82%
\$500K - \$1M	34	24%
\$1M - \$3M	29	21%
\$3M - \$5M	109	47%
\$5M - \$10M	0	N/A
\$10M +	0	N/A