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# The Real Estate Report

## local market trends

### SAN MATEO COUNTY

## Should I Buy a Home Now?

With all the pundits talking about phantom inventory and the huge surplus of foreclosures, one would expect a massive number of bank-owned properties to be on the market.

They are not. Enquiring minds want to know why not.

First, let's look at some numbers. According to <http://foreclosureradar.com>, the number of bank-owned properties, called REOs, in San Mateo County have averaged about 1,100 for the past thirteen months.

Yet, in the MLS, only about 110 properties for sale are listed as REO. There are an additional 126 REO properties in escrow. Now, remember, banks are not in the real estate business so they won't be selling these properties themselves. They will be listing them with real estate brokers.

Which begs the question, why aren't the rest of the REOs on the market?

Well, it's pretty simple. The banks don't like to lose money. If they put all these properties on the market at once, prices would plummet.

The banks are being very judicious about selling their REO property.

For a more complete report on San Mateo County foreclosures, see the article on page three.

### MARKET STATISTICS

Home sales were quite strong in August. The sale of single-family, re-sale homes rose 14.1% from July and were up 9.4% year-over-year. Year-to-date, home sales are up 7.2%.

Condo sales were also strong in August, up 17.6% from July and up 17.3% year-over-year. Year-to-date, condo sales are up 11.2%. There have been more condos sold this year than any year since 2007.

The median price for homes was up 3% from July, but down 5.1% year-over-year.

The median price for condos rose 22.1% compared to July, but was down 9.6% year-over-year. That's sixteen months in a row the median price has been lower than the year before.

Inventory of both homes and condos continues to be weak. Home inventory was down 19.5% compared to last August: 2,222 homes actively

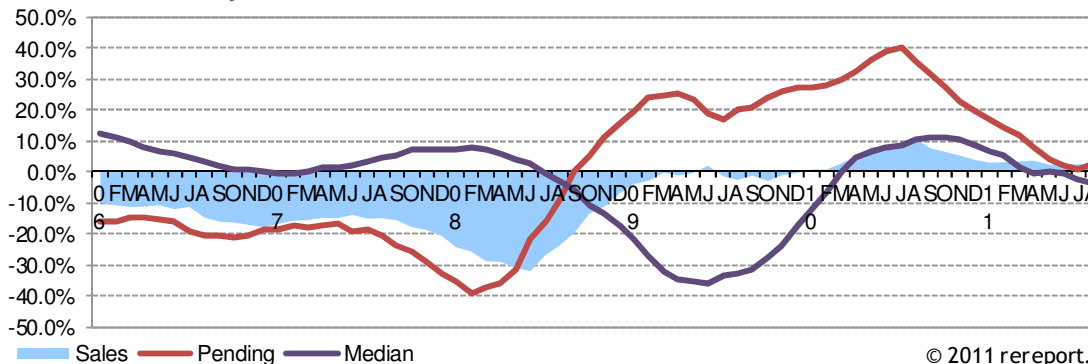
Trends at a Glance (Single-family Homes)			
	Aug 11	Jul 11	Aug 10
Median Price:	\$ 750,000	\$ 728,400	\$ 790,000
Average Price:	\$ 943,935	\$ 947,452	\$ 1,007,260
Home Sales:	429	376	392
Pending Sales:	686	716	604
Inventory:	1,140	1,202	1,417
Sale/List Price Ratio:	98.4%	98.6%	98.6%

listed. Please note, only active listings are included in this figure. Numbers from the local associations include properties that are also in a pending status, meaning they have an accepted offer, but haven't been taken off the market.

Condo inventory was down 21.6% year-over-year.

Please remember, while statistics are nice, they will not determine the price you pay or get for a property. That will come down to you and the buyer or seller.

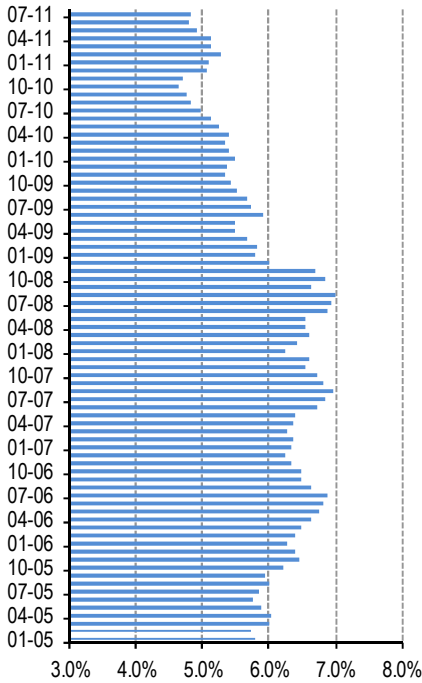
### San Mateo County Homes: Sales Momentum



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## Mortgage Rate Outlook

### 30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by [HSH.com](http://HSH.com). The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

Sep. 09, 2011 -- Labor Day came and went this week, and the administration has turned an eye toward one of the two most intractable problems facing the economy: joblessness. The other problem is the poor state of the housing market, and there are some rumors that a new plan may be afoot, either from the administration or perhaps in conjunction with other agencies, to promote a refinance plan for potentially millions of borrowers. The Federal Reserve is thought to be pondering a plan to foster economic growth. Meanwhile, the European debt crisis pressed interest rates down to record lows.

HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages decreased by seven basis points (0.07%) from last week, moving to a new record-low average of 4.42%. FHA-backed 30-year fixed-rate mortgages, especially important to first-time homebuyers and low-equity refinancers, have shed a full tenth percentage point, closing the week at just 4.06%. Hybrid 5/1 ARMs might interest a few borrowers, with five-year fixed-rate periods slipping by another four basis points this week to average an ultra-low 3.13%.

It goes without saying that conforming 30-year FRMs are sporting a new record low, too. The eight basis point decline this week puts the average at 4.23%.

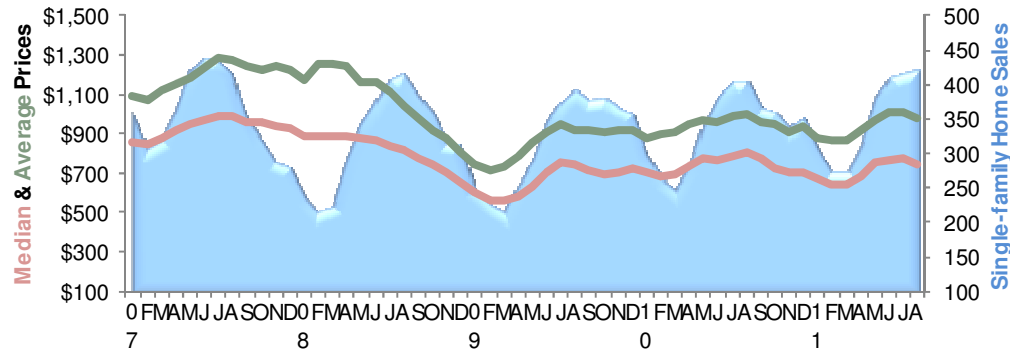
There are few signs that the economy is building the kind of momentum needed to significantly lower unemployment, and time is running short on hopes of seeing aggregate GDP growth near 3% for the year. The third quarter comes to a close in just a few weeks' time, and there has been little strength to talk about, but only perhaps less-bad-than-feared figures as growth stumbles along.

Anyone looking for a quick fix for the economic woes will need to keep looking. We are years into this mess at this point, and by some reckonings are in much better shape now, relative to both the depths of the mess and many other countries. That said, we are or have been in a near stasis for the recovery for 6-8 months, and the risk of faltering back into recession is a real one at this moment. Low interest rates -- whether at new record lows or only near them -- are likely to be with us for a long while yet as these difficult troubles slowly sort themselves out or otherwise come to resolution. Expect more of the same again next week.

San Mateo County - August 2011												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 750,000	\$ 943,935	429	686	1,140	80	98.4%	-5.1%	-6.3%	9.4%	13.6%	-19.5%
Atherton	\$ 4,515,000	\$ 4,422,000	5	7	36	216	97.3%	61.5%	29.6%	-44.4%	-12.5%	-29.4%
Belmont	\$ 860,000	\$ 910,708	17	22	40	71	97.6%	-2.9%	-4.3%	-15.0%	29.4%	-9.1%
Burlingame	\$ 1,320,000	\$ 1,433,920	22	22	39	53	97.8%	9.7%	12.7%	15.8%	-18.5%	-22.0%
Daly City	\$ 450,000	\$ 491,781	43	83	118	82	97.8%	-16.2%	-9.5%	38.7%	22.1%	-11.9%
El Granada	\$ 848,000	\$ 848,000	2	9	27	405	98.2%	33.1%	32.6%	-50.0%	200.0%	-22.9%
East Palo Alto	\$ 272,500	\$ 275,500	12	43	21	53	102.6%	26.7%	20.3%	-29.4%	22.9%	-40.0%
Foster City	\$ 945,000	\$ 990,820	20	12	29	44	97.6%	5.6%	7.0%	53.8%	-29.4%	26.1%
Hillsborough	\$ 2,735,000	\$ 2,706,770	13	13	62	143	95.9%	11.1%	-1.1%	-27.8%	-18.8%	-26.2%
Half Moon Bay	\$ 1,115,000	\$ 975,364	11	13	66	180	94.8%	47.2%	24.0%	10.0%	-23.5%	-1.5%
Millbrae	\$ 845,000	\$ 873,194	22	17	18	25	99.0%	-7.7%	-3.3%	83.3%	-19.0%	-53.8%
Menlo Park	\$ 860,000	\$ 1,031,360	29	40	46	48	100.2%	-33.1%	-23.8%	-9.4%	-13.0%	-38.7%
Montara	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
Moss Beach	\$ 587,500	\$ 545,833	3	3	7	70	97.5%	-2.9%	-9.8%	50.0%	-50.0%	-61.1%
Pacifica	\$ 450,500	\$ 476,713	27	44	82	91	98.1%	-13.2%	-18.2%	35.0%	-4.3%	5.1%
Portola Valley	\$ 1,657,500	\$ 1,691,250	8	4	27	101	96.0%	-28.5%	-28.7%	33.3%	33.3%	-15.6%
Redwood City	\$ 808,888	\$ 883,724	41	73	125	91	98.1%	0.5%	3.1%	10.8%	4.3%	-22.4%
Redwood Shores	\$ 1,040,440	\$ 1,138,310	6	11	10	50	98.4%	0.3%	7.7%	0.0%	175.0%	-41.2%
San Bruno	\$ 491,500	\$ 511,225	20	47	40	60	98.1%	-4.5%	0.8%	-9.1%	14.6%	-43.7%
San Carlos	\$ 1,007,500	\$ 1,040,140	26	31	44	51	99.2%	11.4%	5.6%	0.0%	29.2%	-21.4%
San Mateo	\$ 689,000	\$ 746,282	59	104	109	55	99.2%	-5.6%	-11.4%	3.5%	65.1%	-30.6%
S. San Francisco	\$ 465,000	\$ 478,358	28	62	85	91	99.2%	-12.9%	-10.6%	40.0%	17.0%	19.7%
Woodside	\$ 2,254,500	\$ 2,563,700	10	12	49	147	97.3%	21.2%	8.4%	150.0%	200.0%	-15.5%

## San Mateo County Homes - Prices & Sales

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



## FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in San Mateo County fell 17.1% in July from June. Year-over-year, notices were down 2.5%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were down 4.2% year-over-year, and down 9.9% from June. This is the second month in a row notices have been lower than the month before.

After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements. Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank's opening bid, the

property will be sold to the third party; if not, it will go back to the bank.

In July, cancellations were down 21.6% year-over-year, but up 15.6% from June.

Properties going back to the bank were up in July from June by 11.3%. Year-over-year, properties going back to the bank decreased 8.1%.

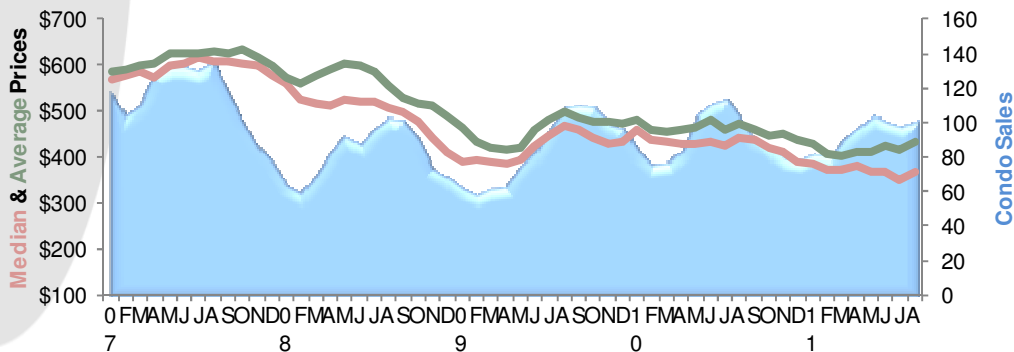
The total number of homes that have had a notice of default filed increased by 5.4% in July compared to July 2010.

The total number of homes scheduled for sale declined by 6% year-over-year

Unfortunately, the total number of homes owned by the bank was up 25.7% year-over-year. The banks now own 1,165 properties in San Mateo County.

## San Mateo County Condos - Prices & Sales

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



## 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.

## San Mateo County - August 2011

San Mateo County - August 2011												
Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 401,250	\$ 442,960	100	211	327	98	97.5%	-9.6%	-5.9%	4.2%	12.8%	-21.6%
Burlingame	\$ 587,500	\$ 587,500	1	5	9	270	99.7%	33.9%	27.8%	-83.3%	66.7%	-70.0%
Daly City	\$ 260,000	\$ 262,286	7	23	26	111	99.5%	-8.0%	-14.7%	16.7%	15.0%	0.0%
Foster City	\$ 500,000	\$ 539,711	13	19	29	67	97.6%	-28.0%	-19.6%	225.0%	5.6%	-17.1%
Menlo Park	\$ 692,500	\$ 750,550	10	3	11	33	98.4%	13.2%	5.6%	25.0%	-57.1%	-59.3%
Redwood City	\$ 882,000	\$ 882,000	2	2	14	210	99.1%	195.1%	186.6%	-60.0%	-81.8%	-26.3%
Redwood Shores	\$ 614,400	\$ 637,800	6	15	12	60	99.0%	2.9%	5.2%	-57.1%	7.1%	-66.7%
San Bruno	\$ 184,750	\$ 177,140	10	19	15	45	98.2%	-7.6%	-16.5%	11.1%	18.8%	-63.4%
San Carlos	\$ 500,000	\$ 426,000	5	13	22	132	92.2%	-14.5%	-26.8%	-58.3%	62.5%	-37.1%
San Mateo	\$ 327,500	\$ 350,923	24	56	108	135	97.0%	-12.7%	-20.5%	60.0%	47.4%	13.7%
S. San Francisco	\$ 375,000	\$ 362,031	6	28	23	115	98.3%	-11.8%	-7.8%	-14.3%	27.3%	-11.5%

# THE REAL ESTATE REPORT

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This is not intended as a solicitation if your home is currently listed.

**San Mateo County Homes:** Year-Over-Year Median Price Change

