

The Real Estate Report

LOCAL MARKET TRENDS



SAN MATEO COUNTY

December/January 2010



Mouna Kayed

Cashin Company
430 N. El Camino Real
San Mateo, CA 94401
(866) 780-1970
(650) 808-0207
Mouna@mounakayed.com
http://www.Mounakayed.com
DRE #01226294

Median Home Price Up Third Month in a Row

The median price for single-family, re-sale homes rose for the third month in a row in November, gaining 3.3% from October. Year-over-year, the median price was up 11.6%. This is the first time since February 2008 the median price has been higher than the year before.

Sales were down in November compared to October: 17.8%, but were up by 17.5% over last November. Year-to-date, home sales are off 2.4%.

Inventory of single-family, re-sale homes was down 48% year-over-year.

Pending sales, an indicator of sales for the next month or two, were up

87.6% compared to November 2008.

Our Days of Inventory indicator gained two days to 85 days.

Trends at a Glance (Single-family Homes)			
	Nov 09	Oct 09	Nov 08
Sale/List Price Ratio:	99.5%	99.3%	98.4%
Days of Inventory:	85	83	192
Days on Market:	52	50	60
Median Price:	\$725,000	\$702,000	\$649,500
Average Price:	\$858,851	\$939,764	\$839,543
Home Sales:	323	393	275

The sales price to list price ratio rose 0.2 of a point to 99.5%.

The median price for condos bounced back last month, rising 10.3% from October, and was up 12.4% year-over-year.

Condo sales were off 10.8% month-over-month, but were up 46.8% compared to November 2008. Year-to-date, condo sales are up 3.7%.

Condo inventory fell 6% month-over-month, and was down 39.2% year-over-year.

Condo pending sales were up 118.3% year-over-year.

The real estate market is very hard to generalize. It is a market made up of many micro markets. For complete information on a particular neighborhood or property, call me.

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FHA Mortgage Insurance Program Important to Housing Market & Recovery

The Federal Housing Administration mortgage insurance program is a critical part of the American housing fabric and has never been more important than it is in today's market, NAR President Vicki Cox Golder told a congressional panel today.

Testifying before the House Committee on Financial Services, Golder said that the FHA program is fiscally sound with responsible underwriting, and needs enhancements not radical reform. She urged Congress and the administration to tread lightly before making changes to a program that has a profound impact on economic recovery and serves the nation's families.

"With the collapse of the private mortgage market, the importance of the FHA mortgage insurance pro-

gram has never been more apparent. Thus far in 2009, nearly 80 percent of all FHA insured purchasers are first-time homebuyers. And if you take a closer look at the numbers, you'll see that program is doing exactly what it was designed to do—make more affordable mortgage financing available to homeowners," said Golder.

"As the leading advocate for homeownership and housing issues, NAR knows that without FHA mortgage insurance, our housing market could never start to recover," Golder said.

FHA's decline in reserves is in part a reflection of a projected change in home price values, and is not tied to excessive increases in defaults or unsound underwriting practices, she said. In citing the recent FHA

audit, Golder said, "If FHA makes no changes to the way it does business today, the reserves will actually exceed 2 percent in the next several years. FHA has sufficient reserves."

FHA cash reserves and capital reserves give the agency combined assets of \$30.4 billion—enough to pay all claims over a 30-year period. Most banks are required to hold reserves sufficient to pay only one year of claims. "Realtors® strongly believe that FHA is taking the necessary steps to assure its financial solvency," Golder said.

NAR strongly opposes H.R. 3706, the "FHA Taxpayer Protection Act of 2009," which would increase FHA's downpayment requirement. The bill would not add anything to FHA reserves but would put home-

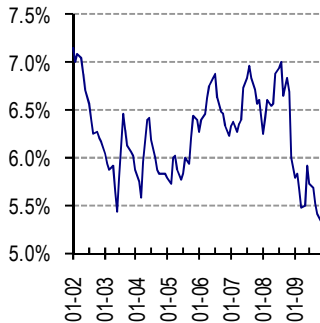
ownership out of reach for many creditworthy borrowers.

Golder also thanked Chairman Barney Frank (D-Mass.) and the committee for passing legislation to extend the higher loan limits through 2010, but urged the committee to make the higher limits permanent. "The higher limits are not just for a few states with high median prices. There are currently 245 counties in 28 states that have high cost limits—this is a national issue," she said.

The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Dec. 4, 2009 -- Mortgage rates have been easing a bit lately due to both softer demand for credit and, most recently, some flight-to-quality purchases of US Treasuries related to financing troubles at Dubai World, a state-backed corporation which asked to forego payments on its outstanding debts for at least six months. That is simply more fallout from the global financial crisis.

These troubles first came to light last Thursday. After initial concern, it seems Dubai World's effect on global finance markets is contained for the most part, so some of that move of cash into a safer haven has begun to unwind.

Some surprising economic news came late in the week, and if the again-influential yield on the 10-year Treasury is any indication, mortgage rates seem certain to rise in the days ahead. The 10-year

Treasury rose from a Tuesday low of 3.21% to an estimated 3.48% by Friday's market close; mortgage rates haven't yet fully reflected all of that move, but from Tuesday's low of 4.83%, the all-important 30-year Conforming interest rate had risen to 5.06% by Friday.

For the week, HSH.com's FRMI, our overall average for mortgage rates (including conforming, jumbo and agency jumbo), fell by five basis points, closing the at 5.24%. Both conforming and jumbo rates declined this week, with conforming 30-year FRMs slipping to a 4.91% average. At the same time, the overall average for 5/1 Hybrid ARMs fell five-basis points, landing at 4.56% for the week. Some aggressively-priced 5/1 ARMs can now be found in the market with rates starting as low as the mid-3% range.

Readers and visitors who regularly follow our work know that fluctuations in mortgage rates are a regular recurrence, and that rates rise much more quickly than they fall. This being the case, we always advise borrowers that when they've got a mortgage in place that makes their purchase or refinance deal work, they should lock in the interest rate, rather than trying to guess at any kind of bottom in the market.

Our educated readers also know that 30-year FRMs holding tightly to either side of a 5% threshold is a great deal, whether it's upper 4% or low 5% on the bottom line. Interest rates will kick a little higher next week, probably all the way back to (yawn) early November levels, when they were only outstanding.

November Sales Statistics

Single-family Homes

County	Prices		Unit				Compared to Last Year				Compared to Last Month			
	Median	Average	Sales	Active	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
Atherton	\$2,300,000	\$2,284,200	8	33	82	93.5%	-25.2%	-23.3%	100.0%	3.1%	-38.7%	-46.2%	14.3%	-21.4%
Belmont	\$800,000	\$814,909	22	42	22	99.5%	-8.0%	-13.9%	120.0%	-28.8%	-7.5%	-6.0%	57.1%	-2.3%
Burlingame	\$1,050,000	\$1,056,580	17	50	47	96.2%	-4.3%	-13.8%	70.0%	-24.2%	-10.6%	-22.6%	6.3%	-23.1%
Daly City	\$520,000	\$519,353	27	50	45	103.6%	-5.5%	-6.8%	-40.0%	-74.9%	-1.0%	-1.7%	-28.9%	-10.7%
El Granada	\$728,000	\$848,712	4	25	140	96.3%	2.7%	19.7%	100.0%	13.6%	-10.6%	4.2%	100.0%	-3.8%
East Palo Alto	\$237,000	\$254,120	15	34	34	104.2%	-18.3%	-15.9%	-11.8%	-65.3%	-9.7%	-14.6%	-16.7%	-10.5%
Foster City	\$1,117,500	\$1,150,330	6	15	38	97.1%	11.8%	10.3%	-14.3%	-59.5%	13.2%	13.4%	-25.0%	-21.1%
Hillsborough	\$2,050,000	\$2,333,500	8	54	47	94.9%	-23.4%	-10.3%	100.0%	-12.9%	7.9%	-7.9%	-27.3%	-19.4%
Half Moon Bay	\$674,500	\$700,590	10	55	261	95.2%	-35.8%	-37.6%	25.0%	-25.7%	-0.8%	-2.1%	42.9%	-3.5%
Millbrae	\$889,000	\$870,562	8	22	37	99.7%	-3.4%	-10.8%	-11.1%	-54.2%	-7.8%	-10.2%	-20.0%	-26.7%
Menlo Park	\$1,235,000	\$1,330,170	27	71	67	97.5%	40.2%	21.0%	68.8%	-44.1%	3.6%	-0.5%	-15.6%	-16.5%
Montara	\$750,000	\$802,400	5	15	78	94.5%	n/a	n/a	n/a	-34.8%	-4.4%	3.4%	25.0%	-21.1%
Moss Beach	*	*	*	12	*	*	n/a	n/a	n/a	-20.0%	n/a	n/a	n/a	0.0%
Pacifica	\$625,000	\$622,917	12	38	28	98.3%	17.5%	13.8%	33.3%	-57.8%	12.2%	-0.5%	-52.0%	-22.4%
Portola Valley	\$1,400,000	\$1,415,000	5	20	73	95.8%	n/a	n/a	n/a	-25.9%	-35.6%	-47.2%	66.7%	5.3%
Redwood City	\$699,000	\$692,136	47	108	50	100.5%	1.7%	-2.8%	17.5%	-50.9%	14.2%	-6.7%	-11.3%	-17.6%
Redwood Shores	\$1,092,500	\$1,125,500	6	10	67	96.0%	22.9%	26.6%	500.0%	-28.6%	9.6%	14.4%	0.0%	-37.5%
San Bruno	\$575,000	\$596,636	11	24	44	100.6%	-3.3%	8.6%	-31.3%	-70.4%	17.3%	15.9%	-31.3%	-22.6%
San Carlos	\$862,000	\$871,628	24	35	29	99.9%	-3.6%	-7.0%	71.4%	-51.4%	-2.0%	-6.0%	-4.0%	-25.5%
San Mateo	\$755,000	\$805,108	36	101	38	99.6%	-10.8%	-20.4%	20.0%	-42.9%	4.9%	-2.2%	-37.9%	-15.1%
S. San Francisco	\$544,000	\$566,523	22	30	33	102.6%	-2.9%	-8.2%	-12.0%	-77.3%	-2.0%	-3.0%	-18.5%	-6.3%
Woodside	\$1,955,000	\$1,753,330	3	42	106	94.6%	-43.2%	-49.0%	50.0%	-6.7%	-27.6%	-32.1%	-40.0%	-14.3%

The Real Estate Report

Nine Consecutive Gains for Pending Home Sales

Pending home sales have risen for nine months in a row, a first for the series of the index since its inception in 2001, according to the National Association of Realtors®.

The Pending Home Sales Index,* a forward-looking indicator based on contracts signed in October, increased 3.7 percent to 114.1 from 110.0 in September, and is 31.8 percent above October 2008 when it was 86.6. The rise from a year ago is the biggest annual increase ever recorded for the index, which is at the highest level since March 2006 when it was 115.2.

Lawrence Yun, NAR chief economist, said home sales are experiencing a pendulum swing. "Keep in mind that housing had been underperforming over most of the past year. Based on the

demographics of our growing population, existing-home sales should be in the range of 5.5 million to 6.0 million annually, but we were well below the 5-million mark before the home buyer tax credit stimulus," he said. "This means the tax credit is helping unleash a pent-up demand from a large pool of financially qualified renters, much more than borrowing sales from the future.

The PHSI in the Northeast surged 19.9 percent to 100.2 in October and is 44.2 percent above a year ago. In the Midwest the index rose 11.6 percent to 109.6 and is 36.6 percent higher than October 2008. Pending home sales in the South increased 5.4 percent to an index of 115.4, which is 31.6 percent above a year ago. In the West the index fell 11.2 percent to

127.7 but is 21.9 percent above October 2008.

Yun cautioned that home sales could dip in the months ahead. "The expanded tax credit has only been available for the past three weeks, but the time between when buyers start looking at homes until they close on a sale can take anywhere from three to five months. Given the lag time, we could see a temporary decline in closed existing-home sales from December until early spring when we get another surge, but the weak job market remains a major concern and could slow the recovery process.

"Still, as inventories continue to decline and balance is gradually restored between buyers and sellers, we should reach self-sustaining housing conditions and

firming home prices in most areas around the middle of 2010. That would mean broad wealth stabilization for the vast number of middle-class families," Yun said.

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

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*The Pending Home Sales Index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though

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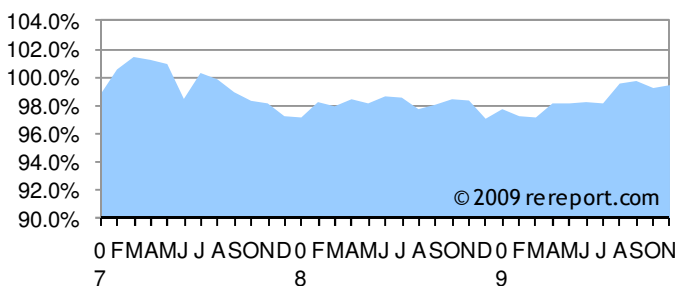
November Sales Statistics

Condos/Townhomes

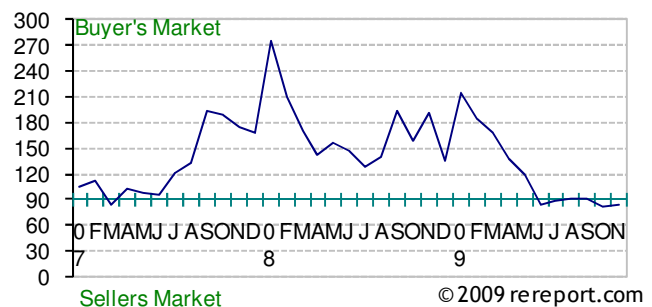
	Prices		Unit		Compared to Last Year						Compared to Last Month			
	Median	Average	Sales	Active	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$443,800	\$486,208	91	298	60	98.8%	12.4%	-3.4%	46.8%	-39.2%	10.3%	4.2%	-10.8%	-6.0%
Burlingame	\$644,500	\$812,000	6	18	56	96.7%	-19.3%	-24.1%	50.0%	20.0%	-1.8%	43.7%	500.0%	0.0%
Daly City	\$300,000	\$316,389	9	9	62	100.3%	16.2%	23.9%	-18.2%	-78.6%	14.1%	13.2%	-25.0%	-55.0%
Foster City	\$555,000	\$556,027	11	32	38	99.3%	-21.8%	-9.7%	22.2%	-23.8%	-8.3%	-4.0%	-8.3%	14.3%
Menlo Park	\$640,000	\$827,000	5	30	99	92.2%	-14.2%	15.7%	-16.7%	15.4%	-23.4%	-14.3%	-28.6%	-6.3%
Redwood City	\$411,000	\$473,667	3	5	10	96.3%	n/a	n/a	n/a	-78.3%	3.1%	22.8%	-50.0%	25.0%
Redwood Shores	\$590,000	\$585,652	5	22	82	100.9%	-22.4%	-22.9%	400.0%	-40.5%	4.1%	-0.6%	-16.7%	4.8%
San Bruno	\$177,500	\$189,989	10	16	64	100.4%	-26.0%	-27.3%	100.0%	-54.3%	-15.5%	-5.6%	42.9%	45.5%
San Carlos	\$760,000	\$683,333	3	26	68	96.3%	125.3%	102.6%	200.0%	52.9%	4.1%	3.3%	-50.0%	23.8%
San Mateo	\$435,000	\$477,674	20	91	54	98.0%	-7.9%	-5.4%	42.9%	-26.6%	13.0%	22.1%	17.6%	-15.0%
S. San Francisco	\$415,000	\$416,875	8	15	70	103.1%	9.4%	1.7%	33.3%	-73.2%	15.3%	18.8%	-20.0%	7.1%

San Mateo County: Homes

Sales Price/Listing Price Ratio



Days of Inventory: Homes



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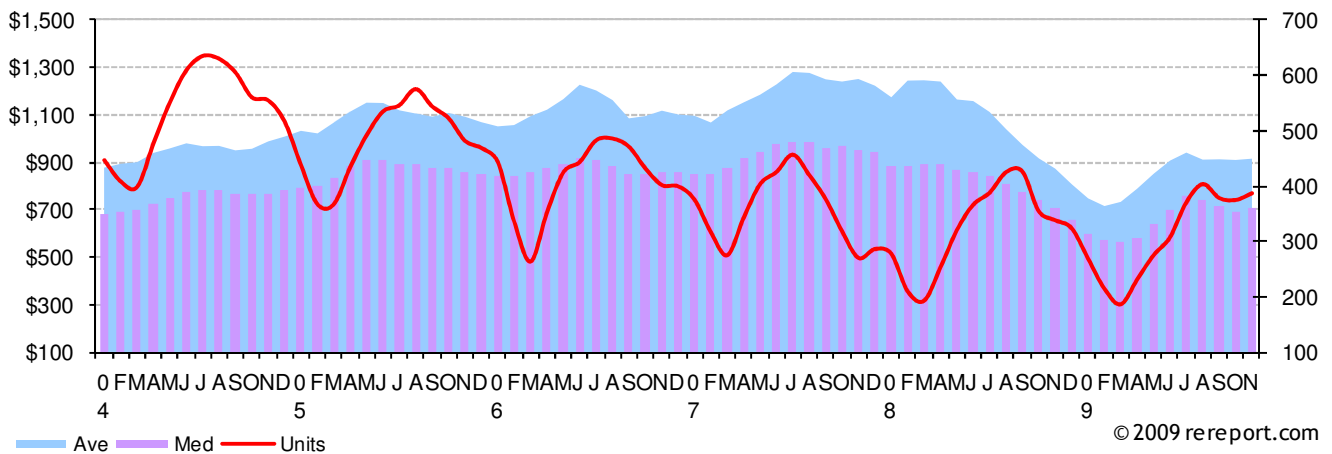
430 N. El Camino Real
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Go online to see the full monthly report including the city-by-city breakdown:

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

San Mateo County Homes: Prices & Sales (3-month moving average — 000's)



(Continued from page 3)

the sale usually is finalized within one or two months of signing.

The index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract

activity from 2001 through 2004 parallels the level of closed existing-home sales in the following two months. There is a closer relationship between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than with month-to-month comparisons.

An index of 100 is equal to the average level of contract activity

during 2001, which was the first year to be examined as well as the first of five consecutive record years for existing-home sales.

Existing-home sales for November will be reported December 22 and the next Pending Home Sales Index will be on January 5; release times are 10 a.m. EST.