

The Stricker / TenBroeck Team's
Local Real Estate Market Snapshot
 ♦ 1st Quarter 2009 Report ♦

First Quarter 2009 vs. First Quarter 2008

The chart below shows the listing and sales activity for single family homes during the first quarter of 2009 as compared to the first quarter of 2008.

City	Closed Sales		Month-end Inventory		% of List Price Received by Seller		Median Sales Price	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>(north to south)</i>								
Atherton	6 ↓	13	43 ↑	27	90.7 ↓	96.1	1,601,500 ↓	4,975,000
Menlo Park	26 ↓	58	96 ↑	46	96.3 ↓	99.8	1,292,000 ↓	1,986,000
Portola Valley	5 ↑	9	23 ↑	22	94.5 ↓	100.3	1,612,500 ↓	2,901,000
Palo Alto	50 ↓	65	136 ↑	54	97.2 ↓	100.1	1,287,500 ↓	1,617,500
Los Altos	27 ↓	46	106 ↑	54	93.6 ↓	100.1	1,410,000 ↓	1,892,500
Los Altos Hills	5 ↓	11	53 ↑	43	94.3 ↑	95.9	3,400,000 ↑	2,900,000
Mountain View	20 ↓	47	76 ↑	50	96.4 ↓	99.6	1,015,000 ↑	1,050,000
Sunnyvale	84 ↓	94	153 →	168	97.0 ↓	100.2	536,500 ↓	893,000
Cupertino	30 ↓	52	110 ↑	65	96.1 ↓	100.3	1,039,000 →	1,185,000
Area Avg.	28 ↓	44	88 ↑	59	94.9 ↓	99.2	1,465,000 ↓	2,155,000

Info gathered from mlslistings.com

↓ ↑ → Indicates current trending in comparison to Q4 2008

ANALYSIS & COMMENTARY

Key Indicators

- Sales were down by nearly 50%, on average, compared to a year ago.
- The number of homes on the market has increased greatly (up 250% in Palo Alto).

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Local Markets Continue to Soften

The trend of more homes for sale and fewer closed sales continued through the first quarter of the year. This imbalance of supply and demand kept downward pressure on home prices. We expect this to continue into next year. The most reliable way to estimate changes in home values is to analyze price adjustments on homes that are bought and sold within a year or two. Based on our review of homes which were sold and then re-sold during the last 2 years, we estimate that local home prices have fallen approximately 15% on average – more for some, less for others.

An Update on Our 2009 Real Estate Forecast

In our 2008 Annual Real Estate Report released in January, we predicted “The inventory of south Peninsula homes for sale will rise significantly...creating a greater imbalance between supply and demand. As a result, home values will decline 10-20% on average...” So what has transpired during the first quarter of 2009? So far:

- Inventory of homes for sale has risen substantially in almost all areas
- Buyer demand remains flat
- Prices are falling in all areas

We believe our forecast will remain unchanged well into 2010.

The Best Time to Invest in Local Real Estate since the 1970’s?

Once each decade there has been a “best time to invest” in local real estate after which home values rise for several years until they have doubled in value, typically. In the recent past, these years were 1973, 1984, 1994, and 2003, which corresponds to a time shortly after home prices had fallen for 1-3 years. It will soon be (if not now) the “best time” to buy a first home, a move-up home, a vacation retreat, or a rental property. What may make this opportunity the “best since the 70’s” is the current availability of record low interest rates.

Want to Learn More About Investing in Real Estate?

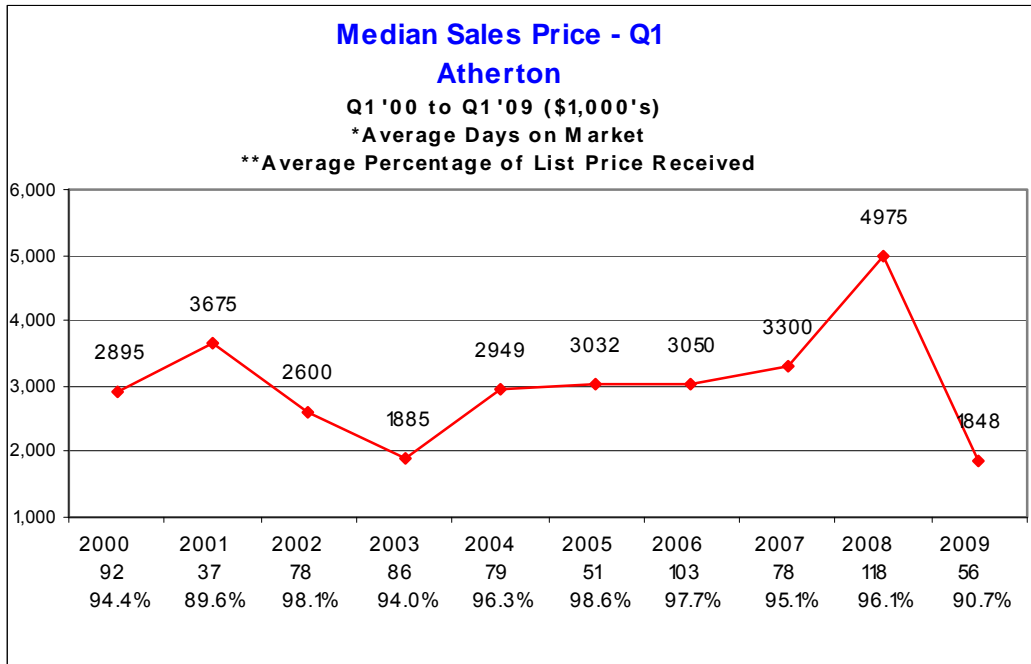
It is generally agreed that Real estate is the greatest source of wealth for the average “millionaire next door.” To help our clients build wealth through real estate investment, we have developed a personalized review of available opportunities entitled [Systematic Wealth Accumulation Via Real Estate](#). The review considers your personal profile in determining the best-suited investment options available to you. These appropriate options then become the basis of a long-term investment plan. If you would like to receive an outline of our review process, please visit www.JeffAndSteve.com, email us at JeffAndSteve@apr.com, or call us at the numbers below.

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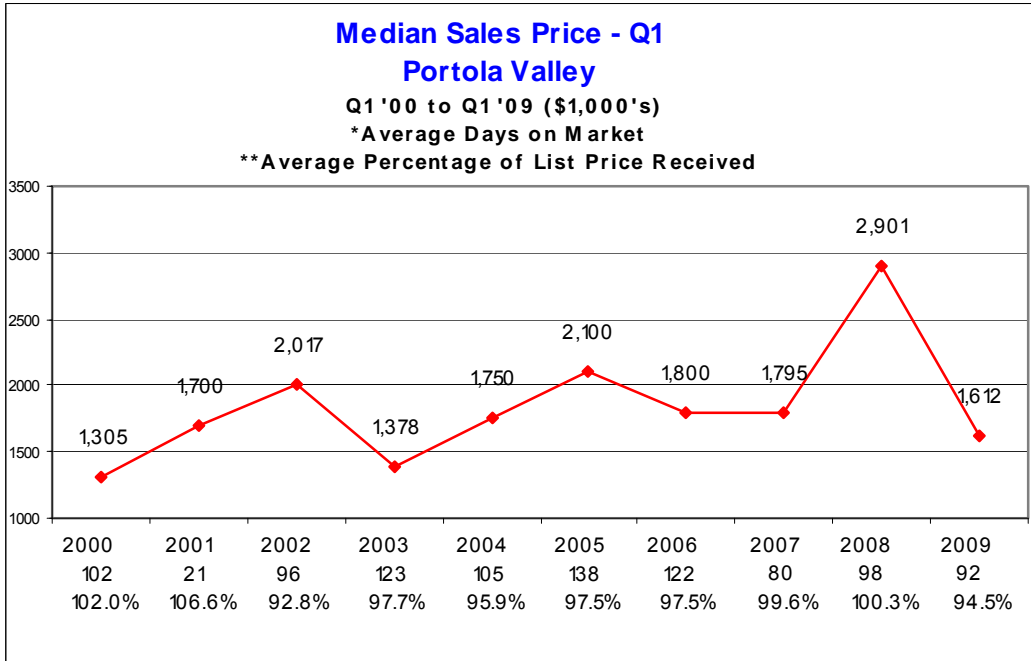
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Atherton Median Sales Prices Q1 '00 through Q1 '09

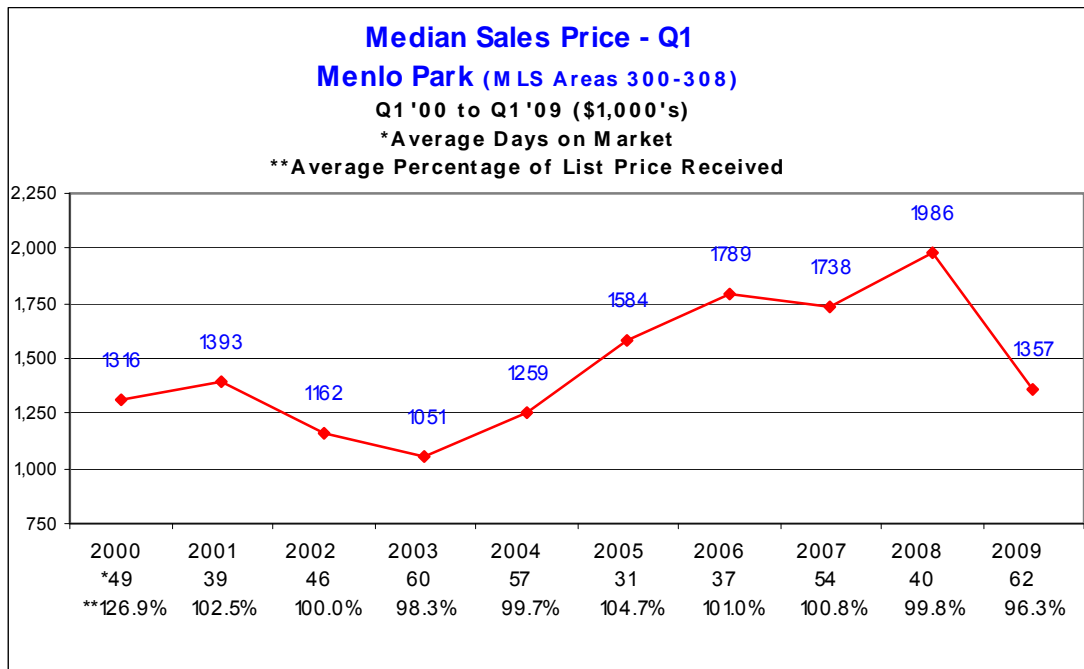


Portola Valley Median Sales Prices Q1 '00 through Q1 '09

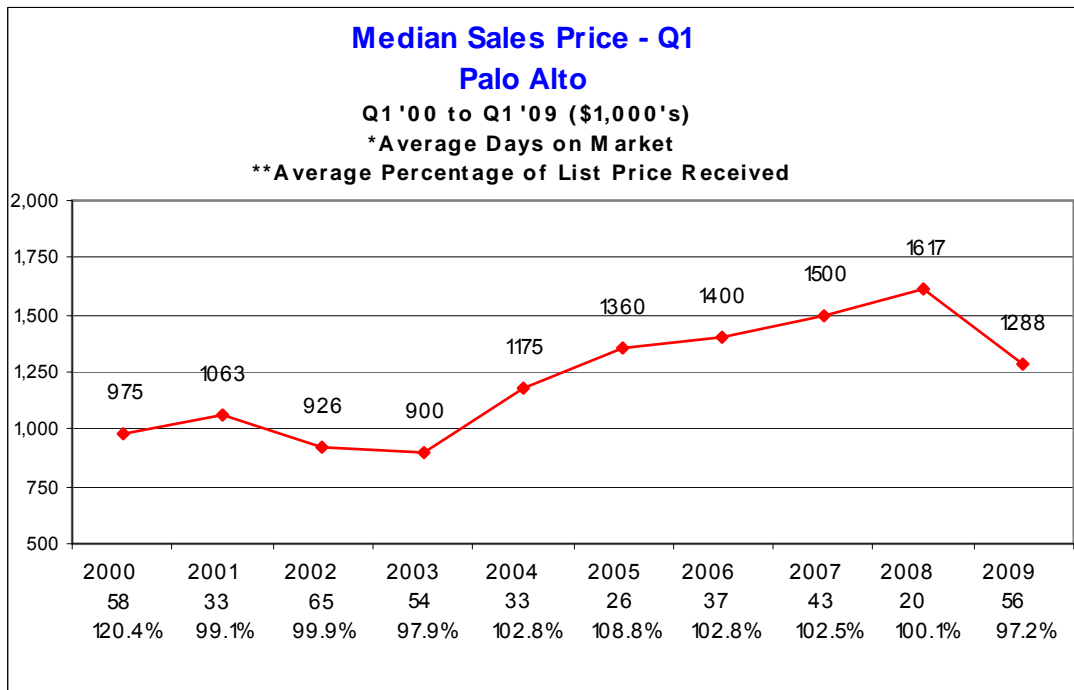


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Menlo Park Median Sales Prices Q1 '00 through Q1 '09

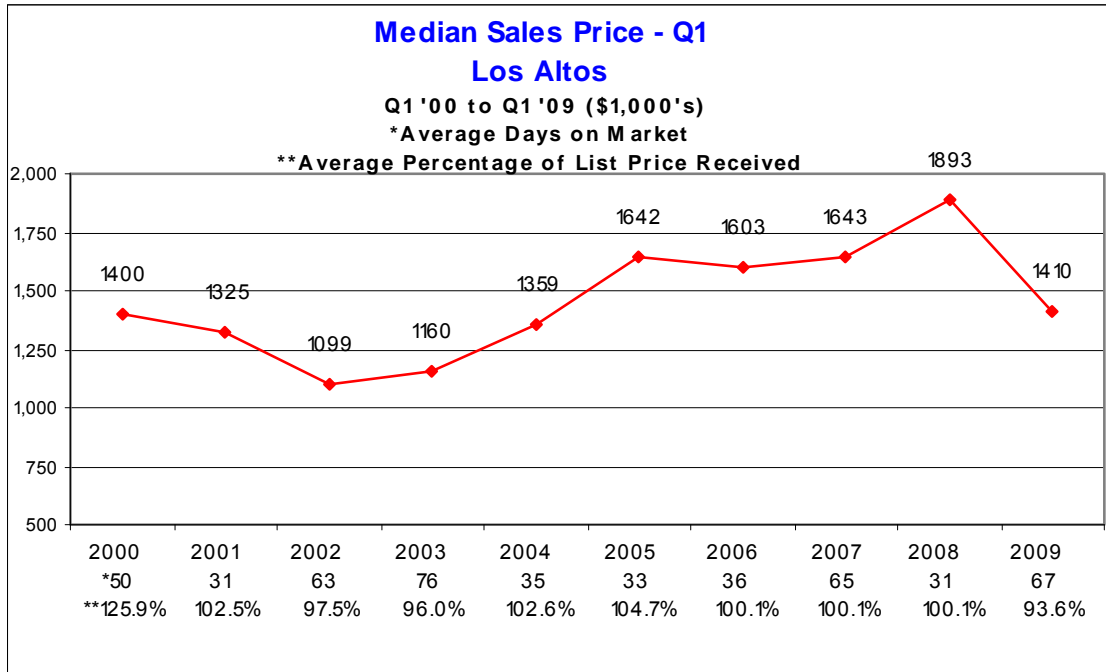


Palo Alto Median Sales Prices Q1 '00 through Q1 '09

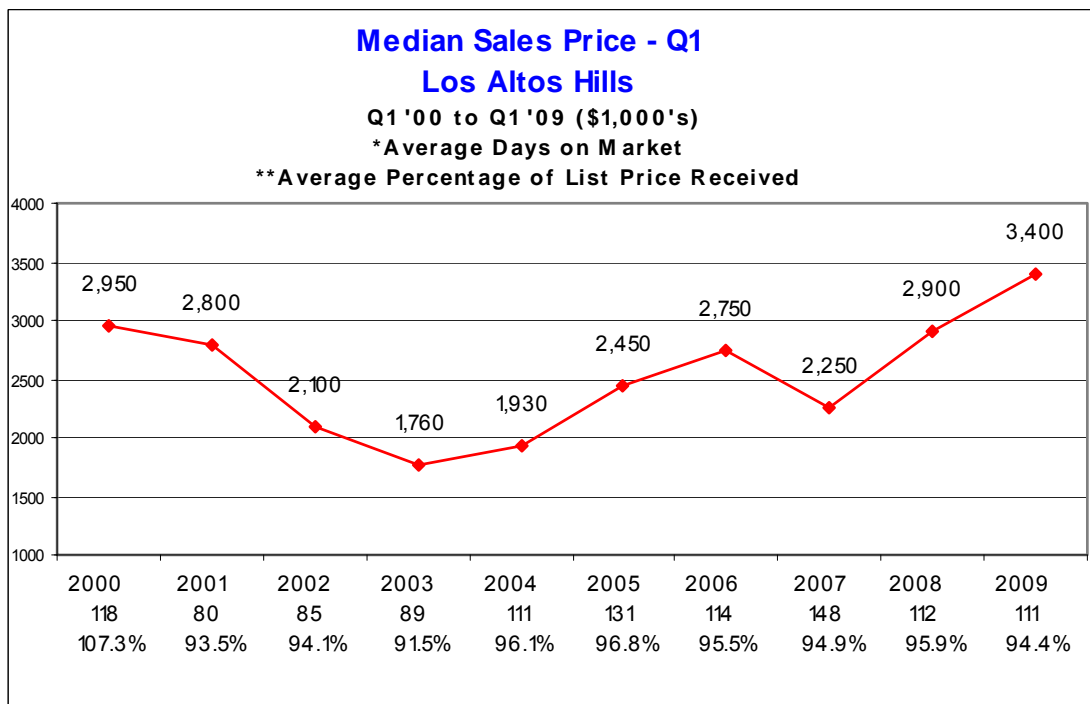


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Los Altos Median Sales Prices Q1 '00 through Q1 '09

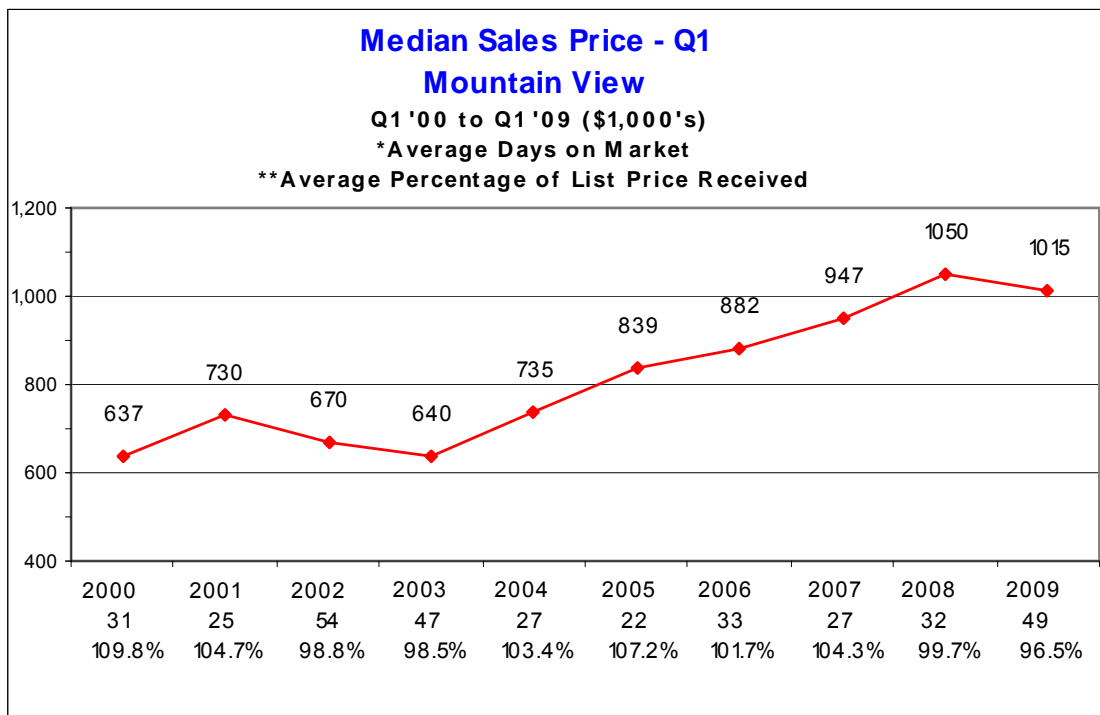


Los Altos Hills Median Sales Prices Q1 '00 through Q1 '09

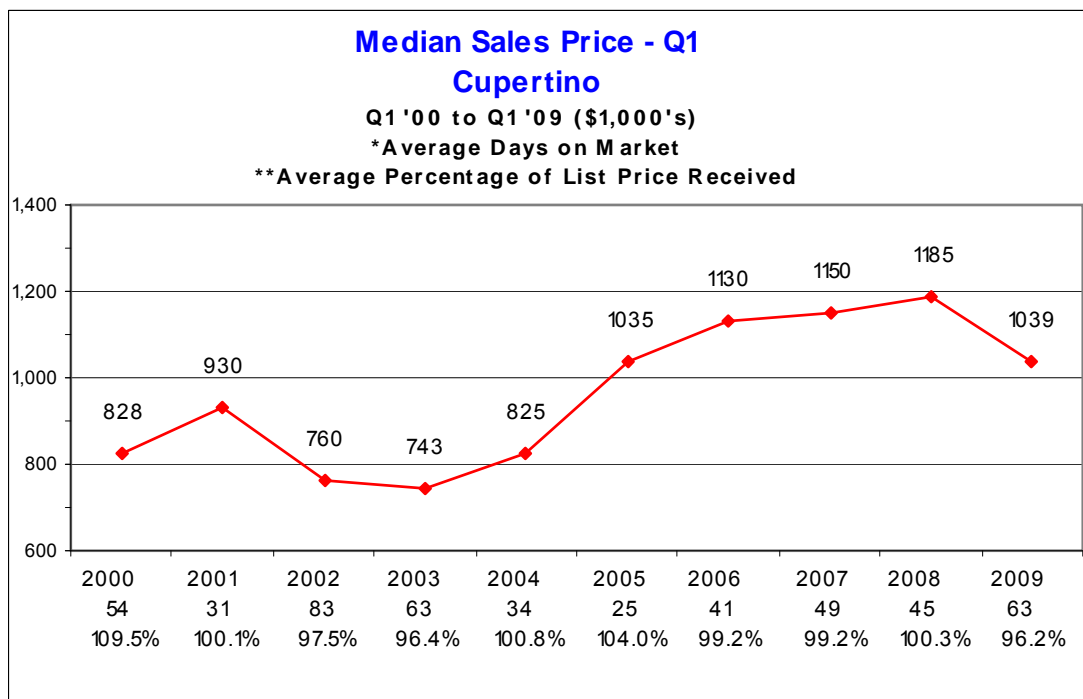


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Mountain View Median Sales Prices Q1 '00 through Q1 '09

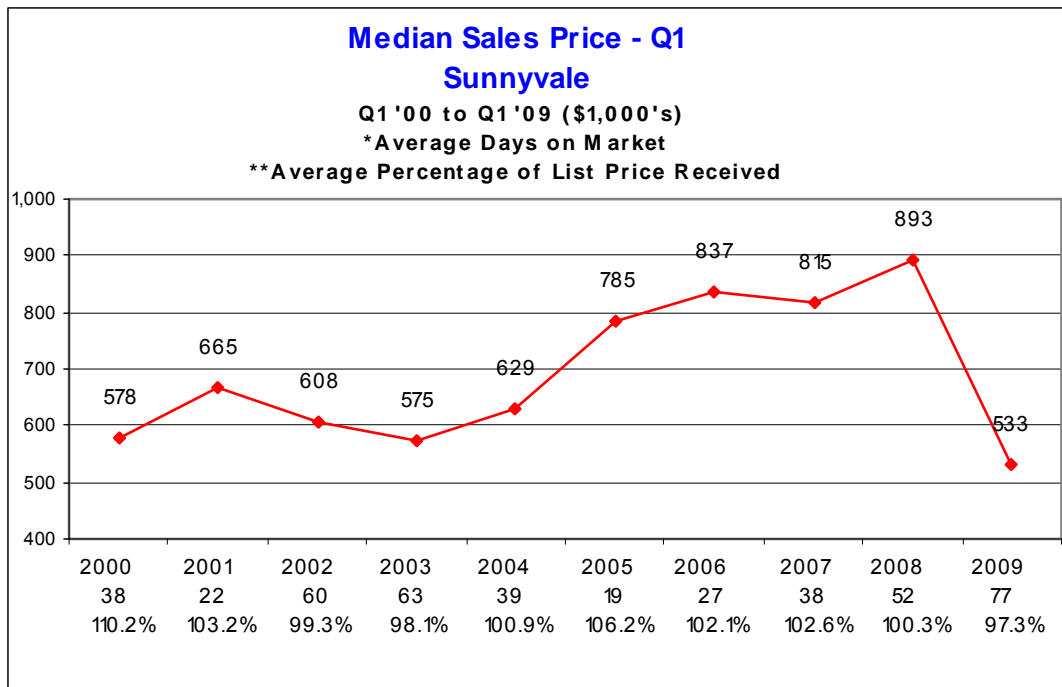


Cupertino Median Sales Prices Q1 '00 through Q1 '09



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Sunnyvale Median Sales Prices Q1 '00 through Q1 '09



Median Sales Prices Down to '04 Levels

The graphs above show the median sales prices in the southern portion of the S.F. Peninsula (Atherton through Sunnyvale) in the first quarter of each year of the past 10 years. As you can see, the average days on the market increased in 2009 and the average percentage of list price received by sellers decreased. We believe that values are likely to continue to erode until employment and consumer confidence both improve significantly. The "trade up" market has been hit particularly hard by the credit crunch as lenders no longer allow buyers to "buy first and sell second". Buyers now have to either a) hope to get an offer that is "contingent" upon the sale of their current home accepted by a seller or b) plan to move twice: move into an interim rental then shop for their next home. Most folks find moving twice to be a very distasteful alternative.

Market Advice for Sellers

If you need to sell your home (it is our belief that it will take 5-7 years for prices to return to 2008 levels), our strong advice is to sell as quickly as possible. Prices are likely to continue to fall for up to two more years. Realistic expectations and accurate pricing are critical for success.

Market Advice for Buyers

It may be the best time for you to buy. There is a great selection of homes for sale, flexible asking prices, and 50-year low interest rates. Buying strategy and choice of lender are now extremely important.

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Send your email address to JeffAndSteve@apr.com (if you are currently receiving newsletters via post, enter your home address in the subject line and we'll remove you from our mailing list). We promise to never forward your email address to anyone – period.

For more information, comments, suggestions, or if we can assist you in any way, simply call us or email: JeffAndSteve@apr.com

To read our blog or view our current listings and recent sales, go to:

www.JeffAndSteve.com