

The Stricker / TenBroeck Team's
Local Real Estate Market Snapshot
 ♦ 2nd Quarter 2009 Report ♦

Q2 2009 vs. Q2 2008

The chart below shows the listing and sales activity for single family homes during the 2nd quarter of 2009 as compared to the 2nd quarter of 2008. The arrows represent the direction of change from the first quarter of 2009.

City	Q2 Closed Sales		June 30 th Inventory		% of List Price Received by Seller		Q2 Median Sales Price	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>(north to south)</i>								
Atherton	17 ↑	22	44 →	33	92.6% →	96.2%	\$2,945,000 ↑	\$3,980,000
Menlo Park	76 ↑	79	77 ↑	47	96.4% →	99.9%	\$1,682,000 ↑	\$2,088,000
Portola Valley	16 ↑	24	34 ↑	25	97.6% ↑	96.8%	\$2,313,000 ↑	\$2,244,000
Palo Alto	114 ↑	124	126 ↓	67	93.9% ↓	105.2%	\$1,372,000 ↑	\$1,550,000
Los Altos	75 ↑	98	109 →	64	94.9% ↑	99.9%	\$1,500,000 ↑	\$1,723,000
Los Altos Hills	18 ↑	26	70 ↑	42	87.7% ↓	93.6%	\$2,800,000 ↓	\$2,588,000
Mountain View	76 ↑	68	73 ↓	63	93.5% ↓	96.2%	\$870,000 ↓	\$988,000
Sunnyvale	132 ↑	175	193 →	203	97.5% →	102.8%	\$740,000 ↑	\$905,000
Cupertino	94 ↑	112	132 →	79	95.4% →	101.0%	\$1,056,000 →	\$1,218,000
Area Avg.	69 ↑	81	95 →	69	94.4% →	99.1%	\$1,698,000 ↑	\$1,920,000

Info gathered from mlslistings.com

↓ ↑ → Indicates current trending in comparison to Q1 2009

ANALYSIS & COMMENTARY

Key Indicators

Sales in Q2 2009 were down 15%, on average, compared to the second quarter of last year. The number of homes for sale has increased by 38%, on average. Both of these figures show a significant improvement, however, from the first quarter of 2009.

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Local Markets Show Signs of Improvement

Following a sharp uptick in consumer confidence and interest rates, buyer demand increased during the second quarter. The imbalance of supply and demand improved significantly from Q1. This allowed local home prices to begin to stabilize. Buyers remain very uncertain about the future, however. As a result, an increased number of buyers are choosing to back out of home purchases during the contingency periods of the purchase contract. Up until recently, this was a rare event. Now it appears to be occurring in approximately 10% of transactions.

Consumer Confidence is a Key Indicator

April and May showed dramatic increases in consumer confidence. Home sales volume increased as a result. However, in June, consumer confidence retreated. The greatest factor affecting consumer confidence is the outlook for employment, which is currently bleak. We expect consumer confidence to remain low and continue to bounce up and down throughout the economic recovery. The local housing market will undoubtedly bounce up and down right along with it.

Will Commercial Property Be Next to Crash?

It is rumored that \$700 billion of commercial property debt is coming due over the next 18 months. The W hotel in SF was recently purchased by a foreign investor for 50c on the dollar. Commercial real estate brokers have reported that many local developments "in progress" (downtown Sunnyvale, for example) have come to a standstill. How all of these "toxic assets" are going to affect banks' solvency and the residential lending climate is anyone's guess. We believe it's likely to get ugly very quickly. More bank bailouts and failures ahead? It looks like it to us!

Attractive Asking Price: Critical to Success for Sellers in this Market

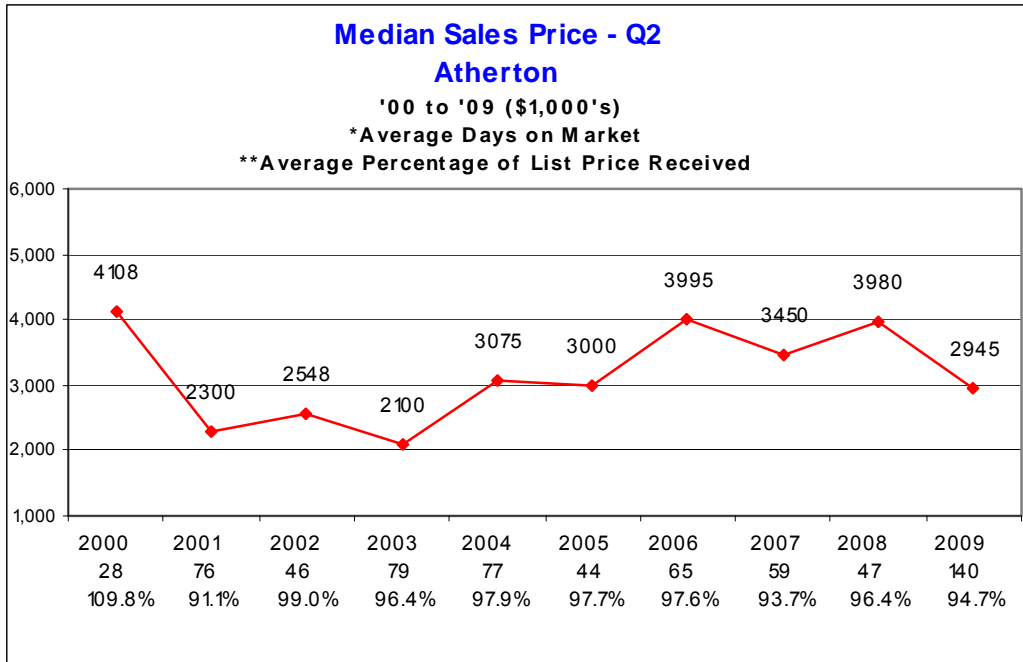
Sales prices in the areas listed above are back to mid-2004 levels, on average. Homes that are priced accordingly (and appropriately adjusted to reflect condition and location) are selling quickly. In fact, several have sold recently with multiple offers. In a strong "Sellers' Market" – the majority of years in this area – there is very little discount given for negative issues about a property. In a "Buyers' Market" or a "Neutral Market", as it is currently, the discount for "issues" can be steep. For example, in most years the discount for a home on a busy corner might be 5%. In a neutral market, it could easily be a 10-20% discount. If a home hasn't sold in 30 days, it's obviously over-priced. A seller then has two choices: improve the condition or reduce the asking price. For specific money-saving tips and advice for both sellers and buyers go to www.JeffAndSteve.com.

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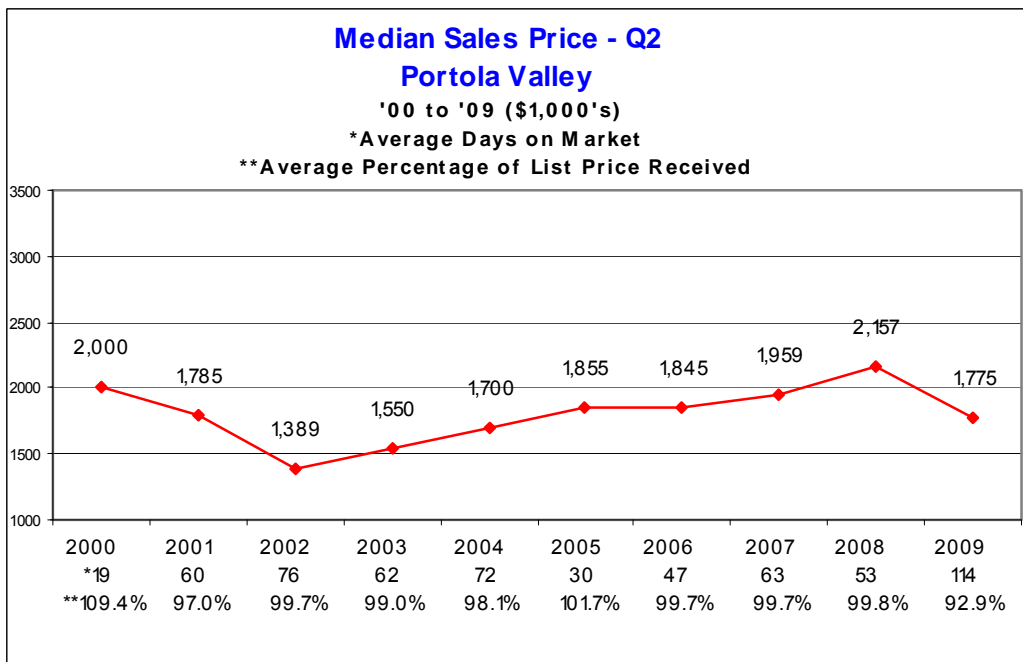
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Atherton Median Sales Prices Q2 '00 through Q2 '09

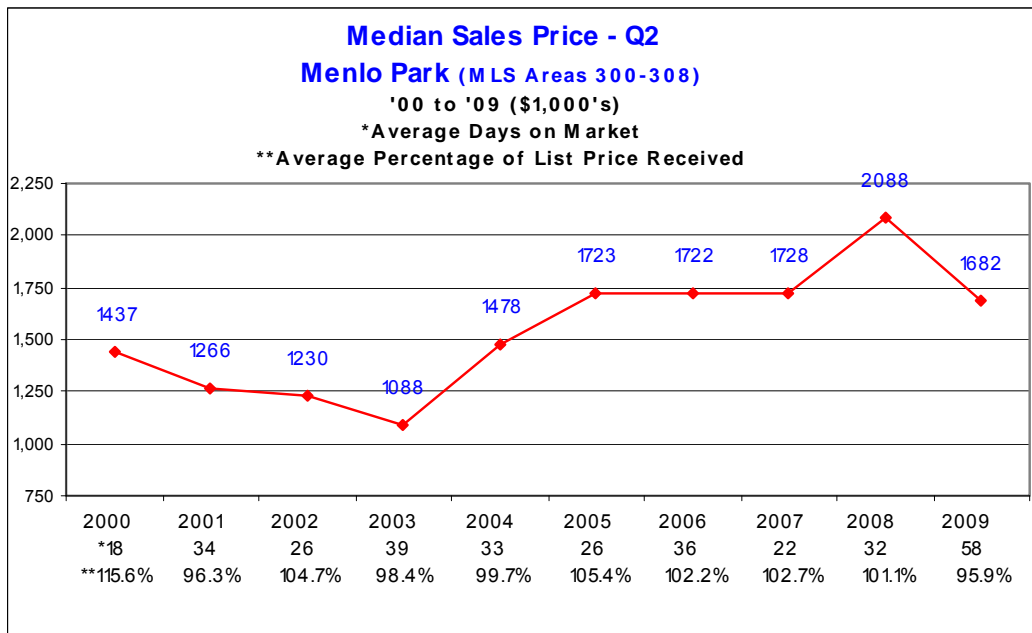


Portola Valley Median Sales Prices Q2 '00 through Q2 '09

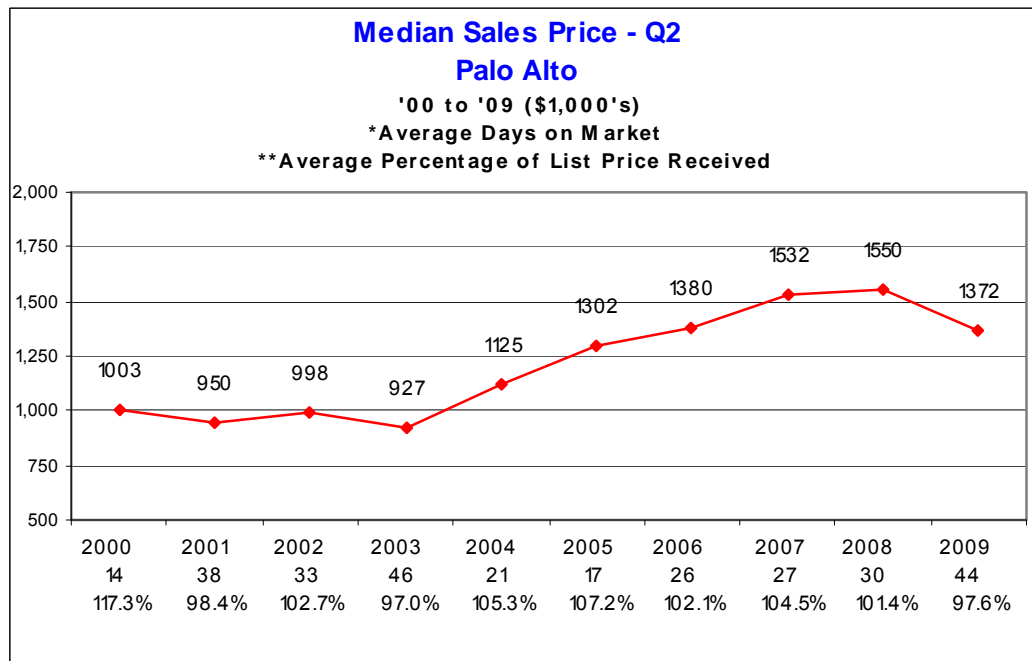


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Menlo Park Median Sales Prices Q2 '00 through Q2 '09

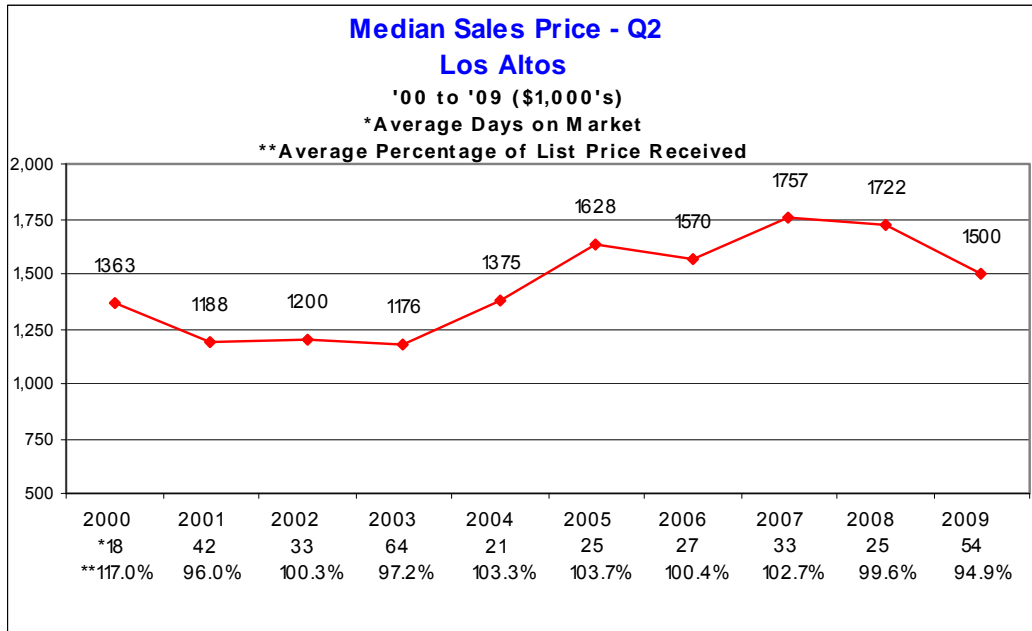


Palo Alto Median Sales Prices Q2 '00 through Q2 '09

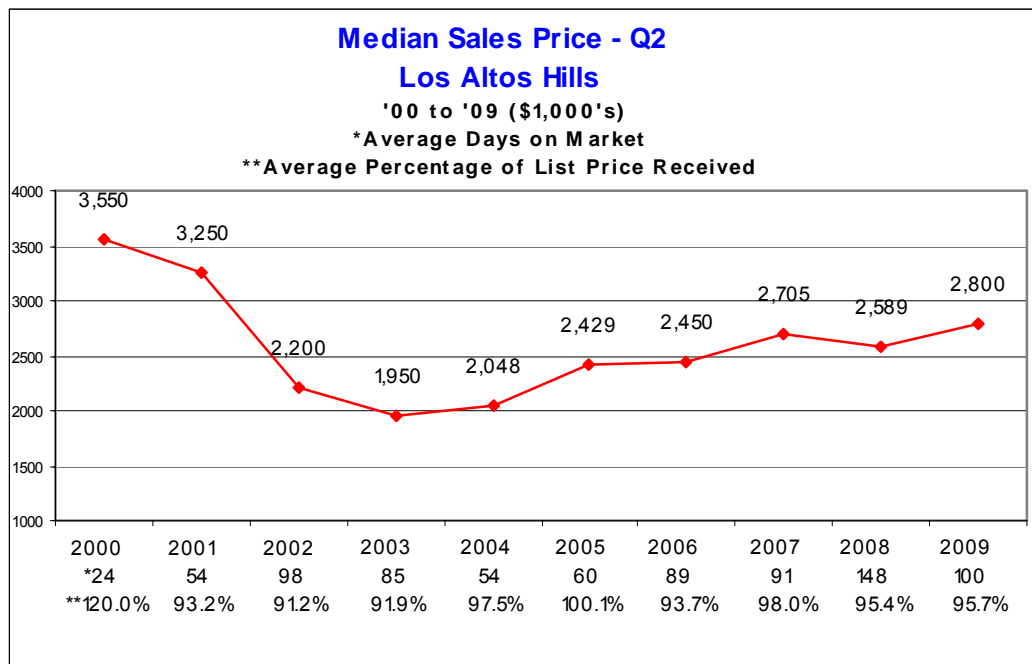


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Los Altos Median Sales Prices Q2 '00 through Q2 '09

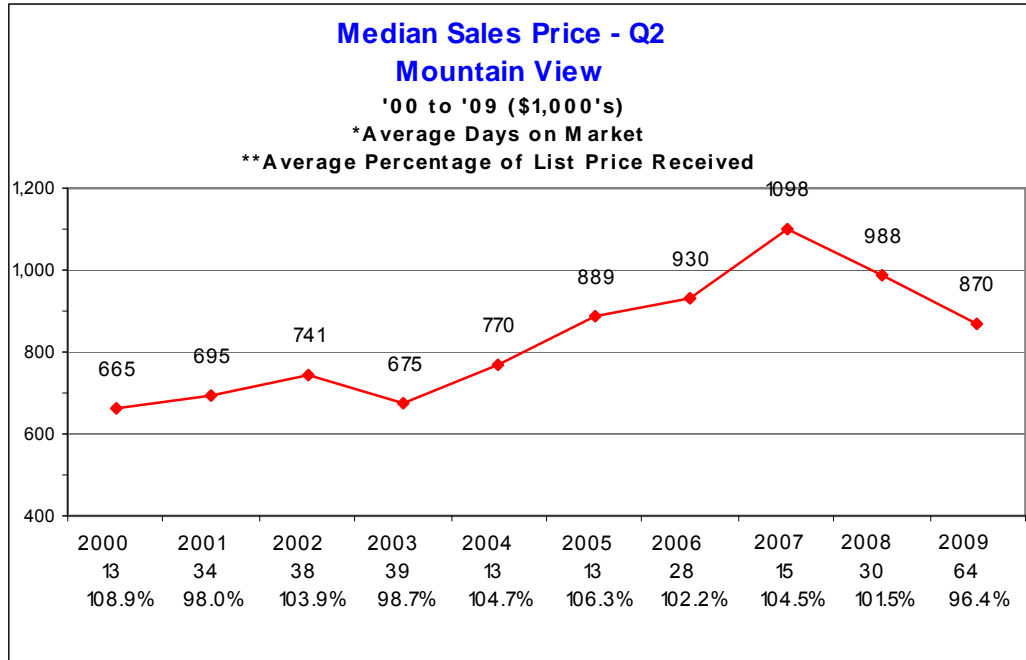


Los Altos Hills Median Sales Prices Q2 '00 through Q2 '09

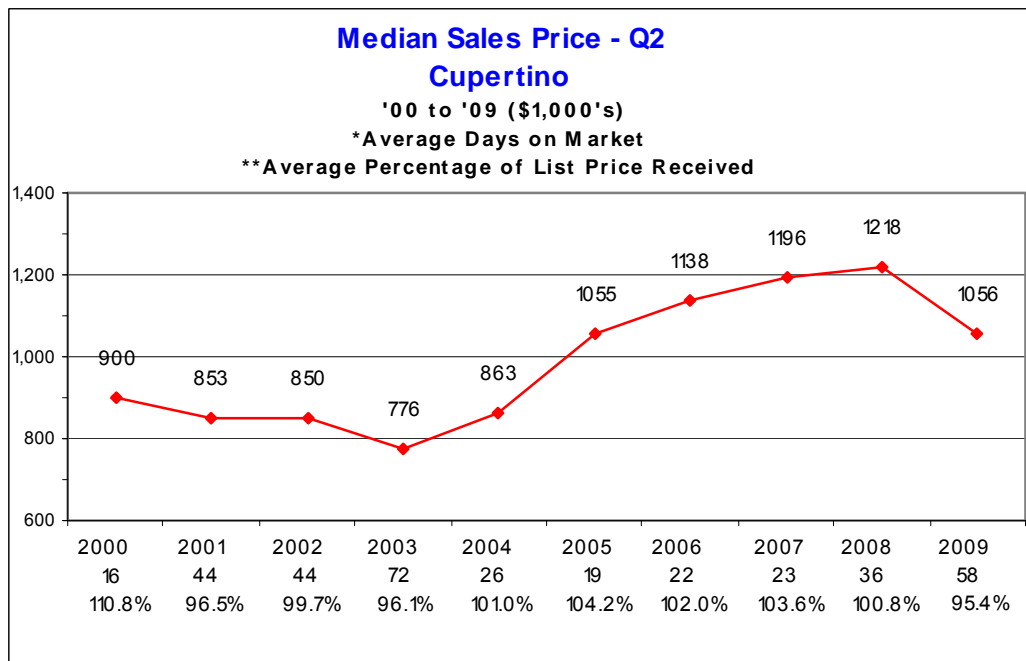


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Mountain View Median Sales Prices Q2 '00 through Q2 '09

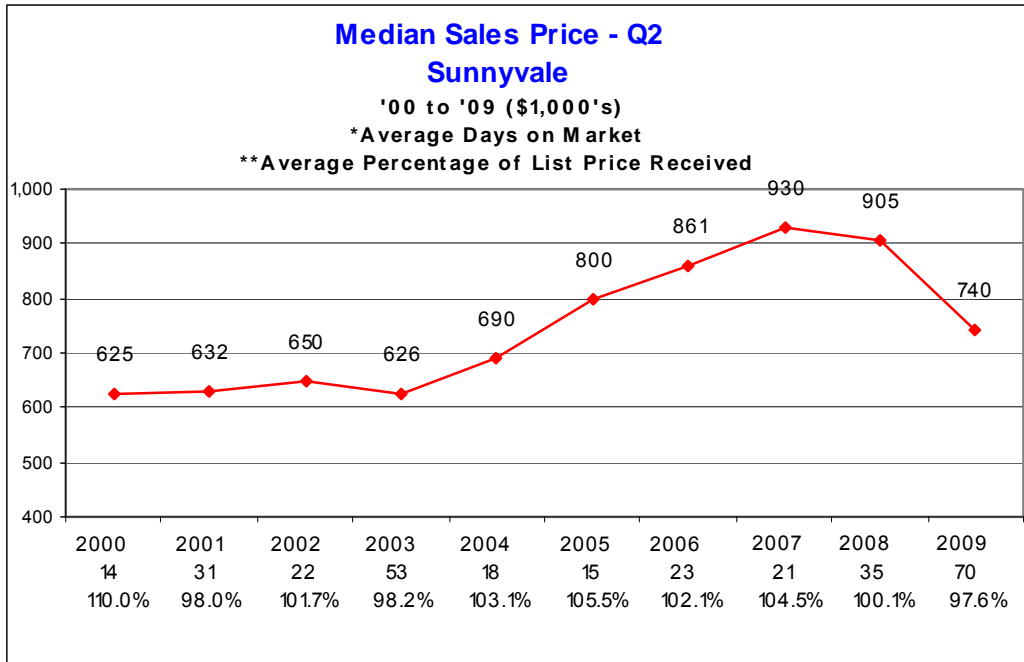


Cupertino Median Sales Prices Q2 '00 through Q2 '09



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Sunnyvale Median Sales Prices Q2 '00 through Q2 '09



Median Sales Prices Down by 15% on Average from a Year Ago

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. The average days on the market increased in 2009 and the average percentage of list price received by sellers decreased in most areas. We believe that home values are likely to continue to erode until local employment and consumer confidence have improved significantly.

Sellers May Need to Entertain "Contingent" Offers Once Again

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 accepted by a seller that is "contingent" upon the sale of their current home or, B) Plan to move twice by selling their current home, moving into an interim rental, and – with money in hand - shop for their next home.

Market Advice for Sellers

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

Market Advice for Buyers

The current downturn may be one of the best times for you to buy! To safely ride out any short-term price downturn, plan on holding for a minimum of 5 – 7 years. Take advantage of a good selection of homes for sale, flexible asking prices, and 50-year low interest rates. Buying strategy and choice of lender are now extremely important. For the best home price stability, look for a home that has few, if any, un-remediable defects.

Forward this Newsletter to Those Who May Benefit

Your friends or colleagues can send their email address to JeffAndSteve@apr.com to receive our emailed newsletters. We promise to never share anyone's email address with anyone – period.

For more information, comments, suggestions, or if we can assist you

Simply call us (650/450-0160) or email: JeffAndSteve@apr.com .

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