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# The Real Estate Report

## local market trends

### SANTA CRUZ COUNTY

## Home Sales Up, Prices Flat

Sales of single-family, re-sale homes rose for the fourth month in a row in May, month-over-month, which is normal for this time of year. Home sales in the county still lag from the year before.

Active listings continue to be anemic, down by double-digits for the tenth month in a row. Pending sales were down double-digits for the ninth straight month.

The median price for homes stayed at \$779,000.

The sales price to list price ratio stayed over 100% for the third month in a row.

Days on Market was at 50 last month. The average since January 2003 is 70.

All these statistics point to strong demand, fueled by a lack of inventory.

### MAY MARKET STATISTICS

#### Year-Over-Year

- Median home prices increased by 13.7% year-over-year to \$779,000 from \$685,000.
- The average home sales price rose by 7.5% year-over-year to \$867,421 from \$806,967.
- Home sales fell by 17.5% year-over-year to 141 from 171.

- Total inventory\* fell 43.9% year-over-year to 420 from 749.
- Sales price vs. list price ratio rose by 1.1% year-over-year to 100.5% from 99.4%.
- The average days on market rose by 4.4% year-over-year to 50 from 48.

#### Month-Over-Month

- Median home prices slipped by 0.0% to \$779,000 from \$779,000.
- The average home sales price fell by 2.8% to \$867,421 from \$892,007.
- Home sales up by 6.0% to 141 from 133.
- Total inventory\* increased 4.0% to 420 from 404.
- Sales price vs. list price ratio increased by 0.6% to 100.5% from 100.0%.
- The average days on market increased by 14.4% to 50 from 44.

### CONDOMINIUMS

#### Year-Over-Year

- Median condo prices increased by 21.7% year-over-year to \$485,000 from \$398,500.
- The average condo sales price rose by 8.2% year-over-year to \$498,036 from \$460,364.
- Condo sales rose by 16.3% year-over-year to 50 from 43.

Trends at a Glance (Single-family Homes)			
	May 15	Apr 15	May 14
Median Price:	\$ 779,000	\$779,000	\$685,000
Average Price:	\$ 867,421	\$892,007	\$806,967
Units Sold:	141	133	171
Pending Sales:	132	118	250
Active Listings:	288	286	499
Sale/List Price Ratio:	100.5%	100.0%	99.4%
Days on Market:	50	44	48
Days of Inventory:	61	62	88

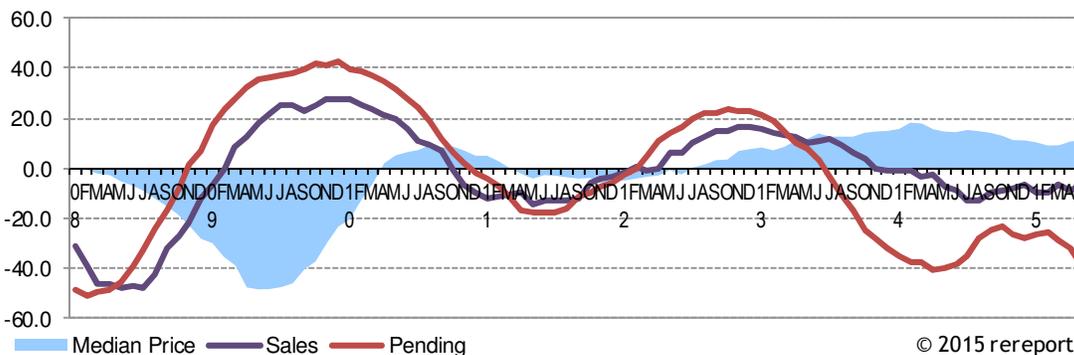
- Total inventory\* rose 16.0% year-over-year to 174 from 150.
- Sales price vs. list price ratio rose by 1.8% year-over-year to 101.0% from 99.2%.
- The average days on market fell by 55.7% year-over-year to 23 from 51.

#### Month-Over-Month

- Median condo prices improved by 13.1% to \$485,000 from \$429,000.
- The average condo sales price fell by 3.6% to \$498,036 from \$516,677.
- Condo sales up by 6.4% to 50 from 47.
- Total inventory\* increased 8.8% to 174 from 160.
- Sales price vs. list price ratio increased by 1.0% to 101.0% from 100.0%.
- The average days on market dropped by 47.2% to 23 from 43.

\* Total inventory is active listings plus contingent or pending listings. Active listings do not include contingent listings.

Santa Cruz County Homes: Momentum



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### VISIT

<http://www.mysantacruzrealestate.com>

for a free on-line market analysis of your property. You can also perform your own personal search of properties

## MORTGAGE RATE OUTLOOK

### Mortgage Rates Firming: Blame the Fed

May 29, 2015 -- 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 eased by a single basis point (0.01%) this week to an average of 3.97%. The FRMI's 15-year companion moved in reverse of that, climbing by one basis point to an average interest rate of 3.27%. Rates on fully-insured FHA-backed 30-year FRMs remain considerably below their conforming counterparts but were at a standstill this week, holding at an average 3.73%. Meanwhile, the overall 5/1 Hybrid ARM added a single basis point to bump up to an average 2.98%. HSH's FRMIs include both conforming and jumbo rates, providing borrowers with a broader view of mortgage conditions.

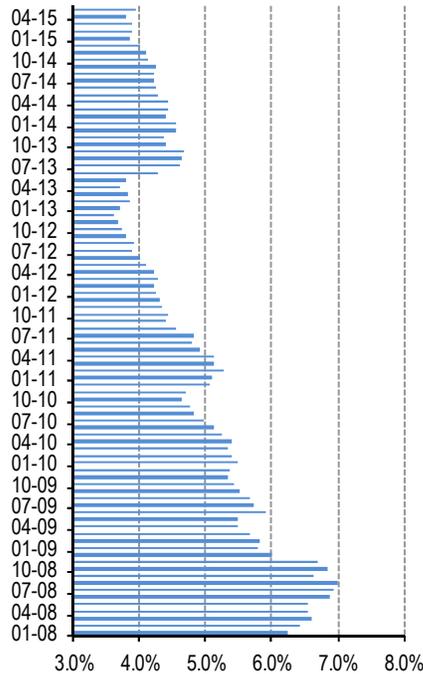
The downtrend in mortgage rates in April helped sales of new homes to improve. The Census Bureau reported sales of newly-built homes rose by 6.8% for the month, climbing to a 517,000 annualized rate of sale. Inventory levels here are somewhat more elastic; that is, more new homes can be built to meet demand. According to the report, there is about 4.8 months of built and ready-to-sell stock available; this is thinner than optimal at about 205,000 units. Builders continue to express caution about adding to stock even as the housing market continues on an overall path of slow improvement. The 5.3% month-over-

month rise in prices may see a little more enthusiasm for that, though -- it was the first increase in prices seen since last November.

Long-term interest rates (and mortgage rates) are of course forward-looking by their nature. Soft economic patches aside, interest rates have nudged higher this spring not because the current climate is much to write home about, but rather that the prospects for more widespread growth (here and abroad, especially in the Eurozone) are improving. That said, it seems as though it will be more of a slowly rising tide lifting all boats for this go-round, rather than the U.S. pulling hard to help keep afloat many other economies.

Also, no panic here and certainly less over there seems to have softened the conditions which produced recent lows for rates, which are likely to be sticky around these levels, give or take a little. If everything goes according to expectations (a process not likely, or at least not smoothly) we may be soon be at or near the start of a long and gradual upturn for rates. Before then, we will need to take the first step, probably in September, and see where we'll go from there.

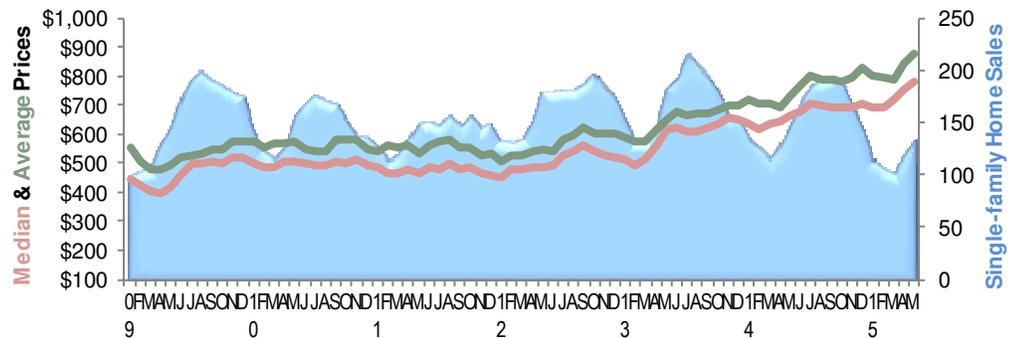
### 30-Year Fixed Mortgage Rates



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

### Santa Cruz County Homes - Prices & Sales

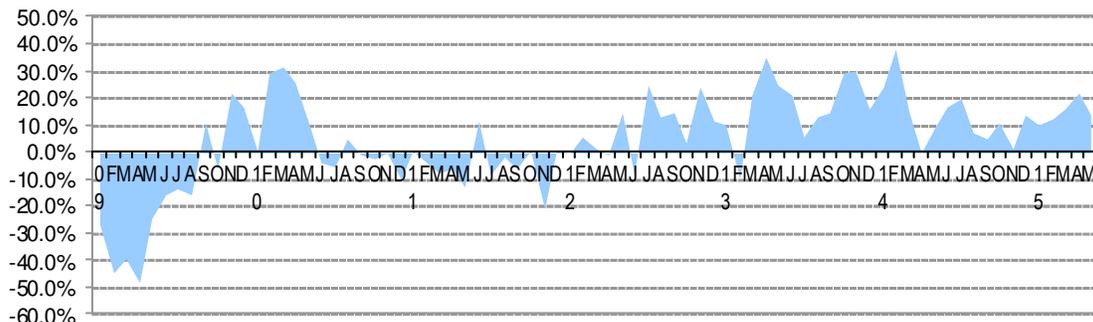
(3-month moving average—prices in \$000's)



### Santa Cruz County - May 2015

Santa Cruz County - May 2015												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inv	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven
SZC	\$ 779,000	\$ 867,421	141	132	288	61	100.5%	17.8%	7.4%	-14.1%	-14.8%	-42.8%
Aptos	\$ 845,000	\$ 888,209	26	23	64	74	103.1%	1.8%	2.5%	100.0%	53.3%	88.2%
Capitola	\$ 885,500	\$ 935,167	6	3	16	80	98.5%	17.3%	16.9%	-45.5%	0.0%	-36.0%
Rio del Mar	\$ 540,000	\$ 540,000	1	2	5	150	94.8%	-39.9%	-57.5%	-92.3%	-87.5%	-90.0%
Seacliff	\$ 759,500	\$ 759,500	2	2	1	15	97.9%	-26.6%	-34.8%	-33.3%	-33.3%	-83.3%
San Lorenzo Vly	\$ 306,500	\$ 306,500	2	3	5	75	107.0%	-39.2%	-40.8%	-93.8%	-93.2%	-92.8%
Soquel	\$ 875,000	\$ 1,030,050	11	6	8	22	101.5%	9.5%	23.3%	22.2%	-53.8%	-69.2%
Scotts Valley	\$ 740,000	\$ 838,889	13	14	23	53	100.3%	-1.0%	-1.0%	-7.1%	-51.7%	-54.9%
Santa Cruz	\$ 835,000	\$ 930,990	41	49	102	75	101.4%	10.2%	0.9%	36.7%	-29.0%	5.2%
East County SZC	\$ 1,236,500	\$ 1,236,500	2	3	6	90	87.8%	136.9%	54.2%	-88.9%	-85.7%	-90.5%
West County SZC	\$ -	\$ -	0	1	3	0	0.0%	1100.0%	n/a	n/a	-66.7%	-76.9%
Watsonville	\$ 497,500	\$ 603,343	30	26	44	44	98.8%	14.9%	45.7%	150.0%	23.8%	131.6%

### Santa Cruz County Homes: Year-Over-Year Median Price Change



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## WHAT IS YOUR HOME WORTH?

### On-line Home Estimate are NOT Accurate

All homes have a price, and sometimes more than one. There's the price owners would like to get, the value buyers would like to offer and a point of agreement which can result in a sale.

In considering home values, several factors are important:

The value of your home relates to local sale prices. The same home, located elsewhere, would likely have a different value.

Sale prices are a product of supply and demand. If you live in a community with an expanding job base, a growing population and a limited housing supply, it is likely prices will rise. Alternatively, it's important to be realistic. If the local community is losing jobs and people are moving out, then you'll likely have a buyer's market.

Owner needs can impact sale values. If owner Smith "must" sell quickly, he will have less leverage in the marketplace. Buyers may think that Smith is willing to

trade a quick closing for a lower price -- and they may be right. If Smith has no incentive to sell quickly, he may have more marketplace strength.

Sale prices are not based on what owners "need." When an owner says, "I must sell for \$300,000 because I need \$100,000 in cash to buy my next home," buyers will quickly ask if \$300,000 is a reasonable price for the property. If similar homes in the same community are selling for \$250,000, the seller will not be successful.

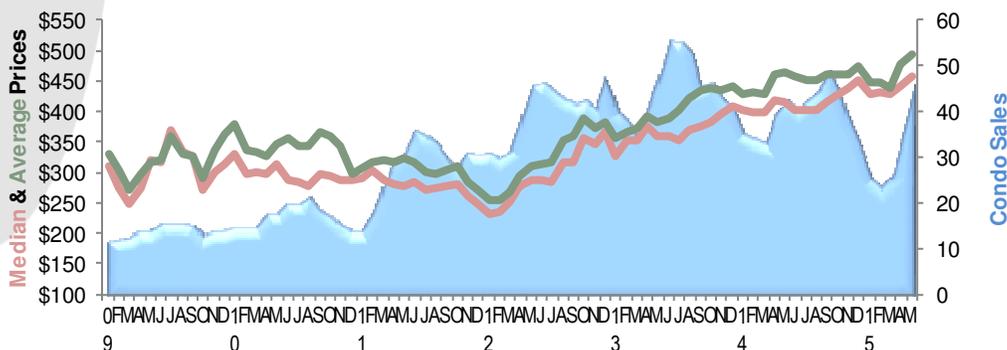
Sale prices are NOT the whole deal. Which would you rather have: A sale price of \$200,000, or a sale price of \$205,000 but where you agree to make a "seller contribution" of \$5,000 to offset the buyer's closing costs, pay a \$2,000 allowance for roof repairs, fund two mortgage points, re-paint the entire house and leave the washer and dryer?

Because all transactions are unique there is flexibility in the marketplace. The amount of flexibility depends on local conditions.

(Continued on page 4)

### Santa Cruz County Condos- Prices & Sales

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



### Santa Cruz County - May 2015

Santa Cruz County - May 2015												
Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inv	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven
County	\$ 485,000	\$ 498,036	50	38	136	82	101.0%	21.7%	8.2%	16.3%	-30.9%	43.2%
Aptos	\$ 570,000	\$ 576,333	12	9	19	48	100.0%	37.6%	30.0%	200.0%	80.0%	375.0%
Capitola	\$ 395,000	\$ 434,704	9	5	6	20	98.9%	-15.1%	1.8%	80.0%	150.0%	0.0%
Rio del Mar	\$ -	\$ -	0	0	3	0	0.0%	n/a	n/a	n/a	n/a	-88.0%
Scotts Valley	\$ 587,500	\$ 566,833	6	3	1	5	103.0%	48.0%	42.8%	500.0%	200.0%	-66.7%
Santa Cruz	\$ 500,000	\$ 518,575	16	11	30	56	102.3%	30.9%	23.2%	6.7%	-57.7%	3.4%

### 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.



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

*(Continued from page 3)*

For example, suppose you're selling a townhouse. Suppose also that there have been five recent sales of the model you own and that sale values have ranged between \$200,000 and \$210,000. You now have an idea of how your home might be priced. In a strong market perhaps you can ask for \$210,000 or a little more. If the market has slowed, \$210,000 may be a reasonable asking price, but perhaps more than the final sale price.

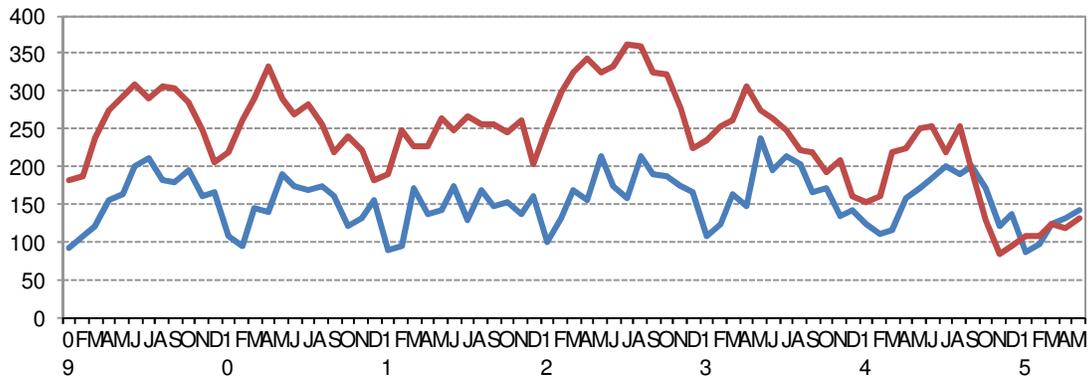
Here's another scenario. Imagine that you live in a community of Victorian-style homes, most of which were built in the 1920s. All the homes are different in terms of size, condition, modernization, style and features. In such a neighborhood, an average sale price is just a statistic without much practical meaning. On a single block one home may sell for \$400,000 while another is

priced at more than \$1 million. The average price may be outrageously high for one home and staggeringly low for another.

In this day and age, on-line home valuation web sites are a dime a dozen. In fact, we have one also. The thing to remember is no online algorithm alone can determine accurate pricing of your home. You need a personalized comparative market analysis done by a real estate agent who has come and seen your home.

In sum, real estate is a very local, and personal, business.

**Santa Cruz County Homes: Pending & Closed Home Sales**  
(3-month moving average)



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