

Mary Pope-Handy's market update

LOS GATOS
95032

Current prices for condominiums, townhomes, TICs on the market
Trends in pricing
Current levels of supply and demand
Value metrics

Report for the week of
2009-01-30

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City Overview

Real-Time Market Profile		Trend
Median List Price	\$ 765,000	↔
Average List Price	\$ 735,321	
Least Expensive Listing	\$ 239,888	
Most Expensive Listing	\$ 1,329,000	
Asking Price per Square Foot	\$ 455	↔
Average Days on Market	110	↔
Total Inventory	57	↓
Absorbed This Week	0	
Percent of Properties with Price Reductions	39 %	
Percent Relisted (reset DOM)	16 %	
Percent Flip (price increased)	2 %	
Median Size (sq ft)	1,557	
Median Number of Bedrooms	3.0	
Median Number of Bathrooms	2.0	
Median Age	34	

Altos Research Value Statistics		
Market Action Index	Cold! Buyer's	12 ↓↓

Altos Research calculates the Market Action Index which measures available supply relative to the current level of demand. Index value above 30 indicates conditions favor the seller. See the section below for full details.

Trend Key

Last Month's Trend
 Last Quarter's
 No Clear Monthly/Quarterly

*Metric "Absorbed this Week" covers properties sold and those taken off the market for other reasons. Since sales sometimes take months to close, it is impossible to discern in real-time exactly which properties sold.

Characteristics per Quartile

Quartile	Median Price	Med. Sqft	Bed	Bath	Med. Age	Inven.	New	Ab-sorbed	Avg. DoM
1	\$ 1,037,000	2,046	3.0	2.0	33	14	1	0	76
2	\$ 799,000	1,530	3.0	2.0	30	14	0	0	104
3	\$ 669,000	1,557	3.0	2.0	35	14	1	0	109
4	\$ 459,000	1,017	2.0	2.0	37	15	0	0	152

LOS GATOS

THIS WEEK

The median condominium price in LOS GATOS this week is \$765,000. The 57 condos have been on the market for an average of 110 days.

The Market Action Index has been trending down lately, indicating demand falling along with supply. Conditions point to mildly negative trends for the market.

QUARTILES

To get a tightly targeted understanding of properties on the market, we break each locale into quartiles. Each quartile is 25% of the condos listed.

Most expensive 25% of condos

Upper-middle 25% of condos

Lower-middle 25% of condos

Least expensive 25% of condos

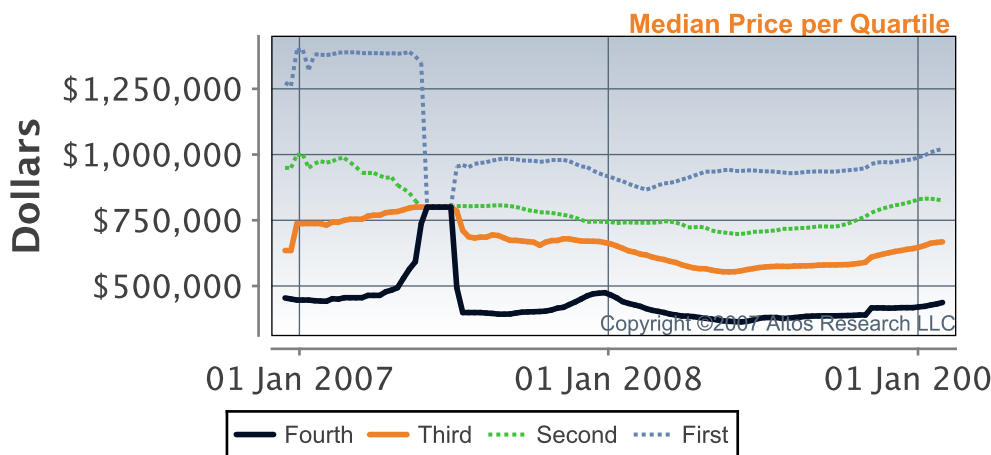
We'll refer to the quartiles in the trend graphs below.

PRICE

The market seems to have paused around this plateau. The Market Action Index is a good leading indicator for the durability of this trend.

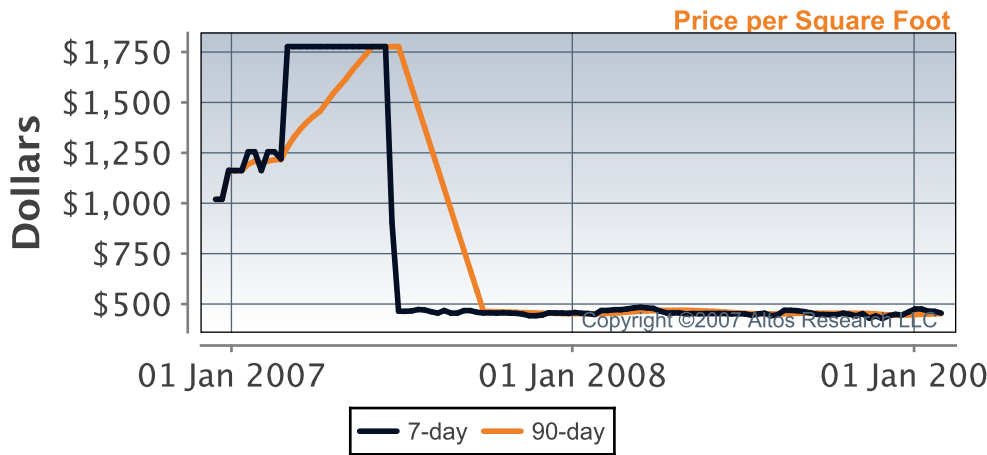
QUARTILE PRICES

Often, we find insights by watching pricing trends within the quartile segments. Prices in most of the market trending higher in recent weeks. However the upper-middle section of the market (Quartile 2) is showing some weakness lately. Major trend changes typically start from the top or the bottom of the market, so watch the high end of the market for persistent weakness before projecting this narrow downtrend onto the market as a whole.



PRICE AND VALUE

In a market where prices are rising fairly consistently, price per square foot is essentially flat. This often implies that new homes coming on the market are pricier, and also larger than older homes. As a result the value one can buy stays the same.



INVENTORY

Inventory has been falling in recent weeks. Note that declining inventory alone does not signal a strengthening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is changing with the available supply.



Property prices are a function of supply and demand, and market conditions can be characterized by analyzing those factors. Watch this index for sustained changes: if the index falls into the Buyer's Market zone for a long period, prices are likely in for a downward correction.



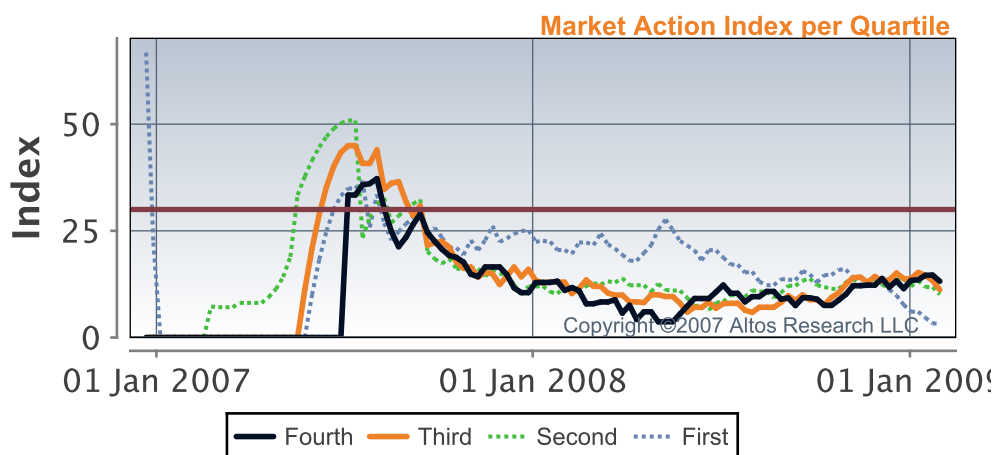
The Market Action Index (MAI) illustrates the balance between supply and demand using a statistical function of the current rate of sale versus current inventory.

An MAI value greater than 30 typically indicates a "Seller's Market" (a.k.a. "Hot Market") because demand is high enough to quickly gobble up available supply. A hot market will typically cause prices to rise. MAI values below 30 indicate a "Buyer's Market" (a.k.a. "Cold Market") where the inventory of already-listed homes is sufficient to last several months at the current rate of sales. A cold market will typically cause

MARKET ACTION

The condo market in LOS GATOS is currently quite strongly in the Buyer's zone (below 30). The 90-day Market Action Index stands at 12. With several months of inventory available at the current sales rate, buyers should find ample choice.

The market has settled in at a relative stasis in inventory and sales conditions. It's a Buyer's market that has seen prices trend lower. Expect that consistent up trends in demand will be required before price trends change significantly.



The quartiles can help you answer the question, "How hot is the market for homes in my price range?"

MARKET ACTION

Not surprisingly given the overall Market Action Index, all quartiles are in the Buyer's Market zone with several months of inventory given the current rate of demand for homes in the quartile. Watch the quartile for changes before the overall market shifts. Often one end of the market (e.g. the low end) will improve and signal a strengthening market before the whole group changes.

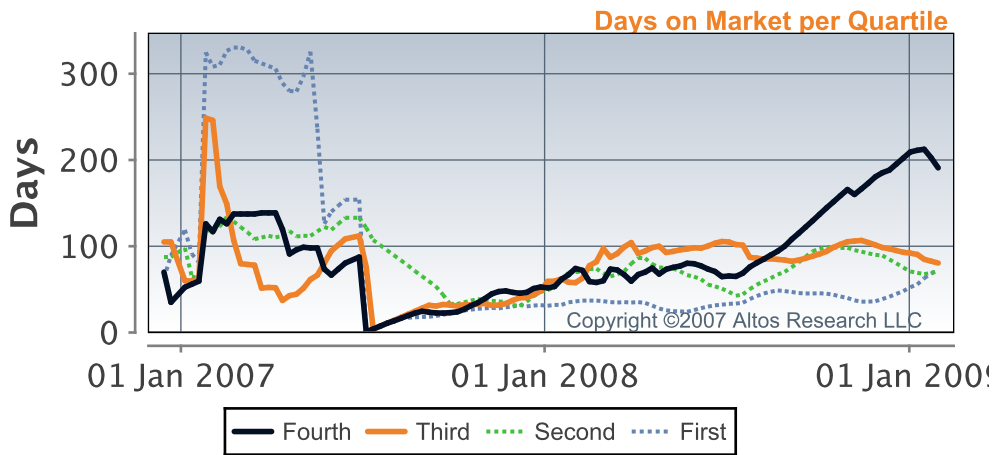
DAYS ON MARKET (DOM)

The properties have been on the market for an average of 142 days. Half of the listings have come newly on the market in the past 112 or so days.



DOM PER QUARTILE

It is not uncommon for the higher priced homes in an area to take longer to sell than those in the lower quartiles.



Neighborhood Detail

LOS GATOS 95032

Real-Time Market Profile		Trend
Median List Price	\$ 688,000	↑ ↑
Average List Price	\$ 698,729	
Least Expensive Listing	\$ 239,888	
Most Expensive Listing	\$ 1,329,000	
Asking Price per Square Foot	\$ 443	
Average Days on Market	115	↓ ↓
Total Inventory	45	
Absorbed This Week	0	
Median Size (sq ft)	1,543	
Median Number of Bedrooms	3.0	
Median Number of Bathrooms	2.0	
Median Age	34	
Altos Research Value Statistics		
Market Action Index	Cold! Buyer's	13

THIS WEEK

The median condominium price in LOS GATOS 95032 this week is \$688,000.

Inventory is tightening and days-on-market is falling. But demand as measured by the Market Action Index is also trending down. The market is not giving strong up or down signals from these data.

PRICE

The market for this zip code continues its bounce again this week. We're a long way from the market's high point so watch the Market Action Index to predict how long this trend will last.



PRICE PER QUARTILE

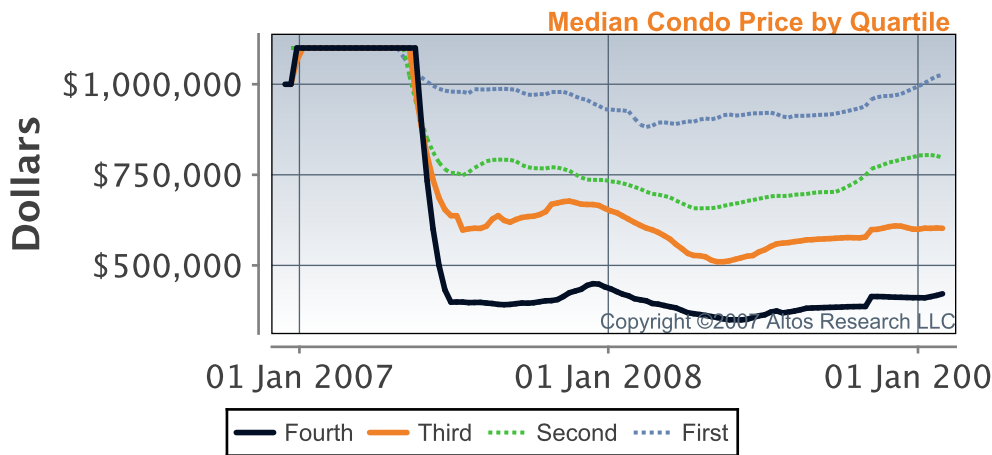
In the quartile market segments, we see prices in this zip code without strong directional trend lately. Prices in Quartiles 3 and 4 have been mixed in recent weeks, while Quartile 2 is down and Quartile 1 is up. Look to the Market Action Index to determine when we may see a shift in prices from these current levels.

QUARTILES

- Most expensive 25% of condos
- Upper-middle 25% of condos
- Lower-middle 25% of condos
- Least expensive 25% of condos

INVENTORY

Inventory has been falling in recent weeks. Note that declining inventory alone does not signal a strengthening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is changing with the available supply.



Characteristics per Quartile

Quartile	Median Price	Med. Sqft	Bed	Bath	Med. Age	Inven.	New	Ab-sorbed	Avg. DoM
1	\$ 1,025,000	2,156	3.0	2.0	32	11	1	0	83
2	\$ 775,000	1,604	3.0	2.0	32	11	0	0	101
3	\$ 588,800	1,520	3.0	2.0	37	11	1	0	108
4	\$ 438,750	1,016	2.0	1.5	37	12	0	0	164



MARKET ACTION INDEX

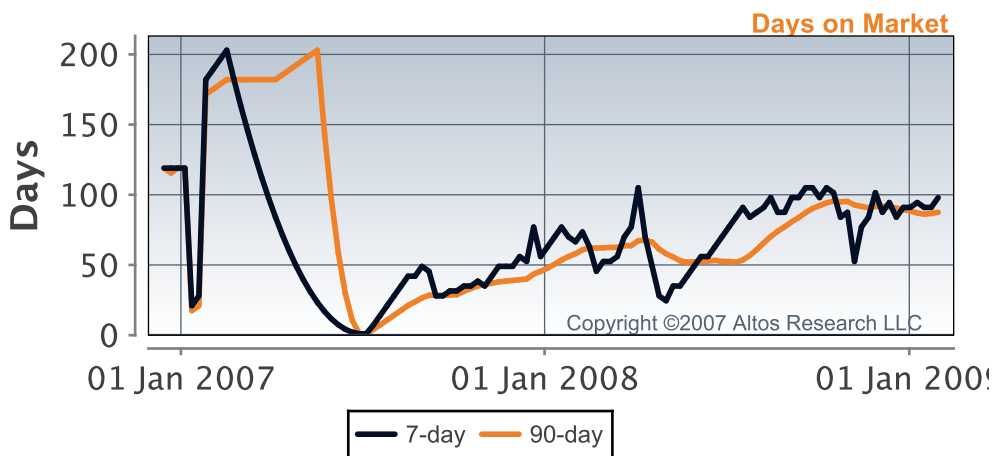
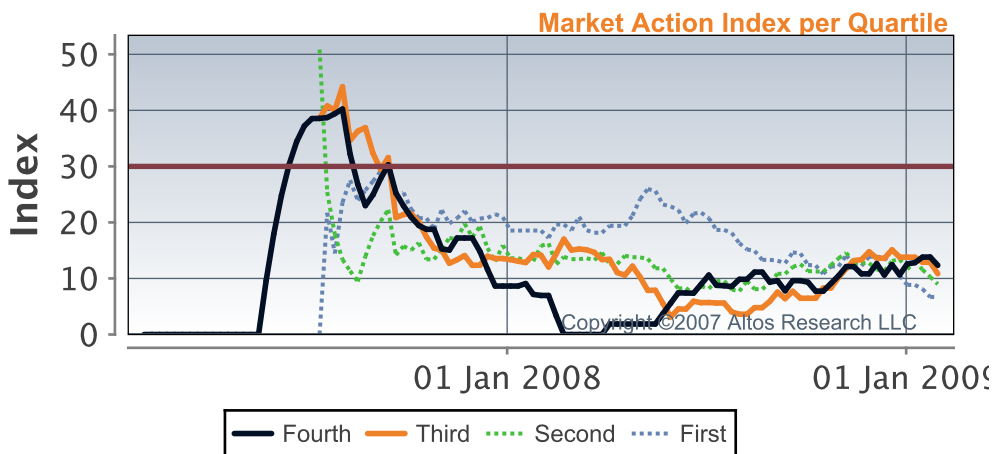
The LOS GATOS 95032 is quite strongly in the Buyer's Market zone. The 90-day Market Action Index stands at 13. With several months of inventory available at the current sales rate, buyers should find ample choice.

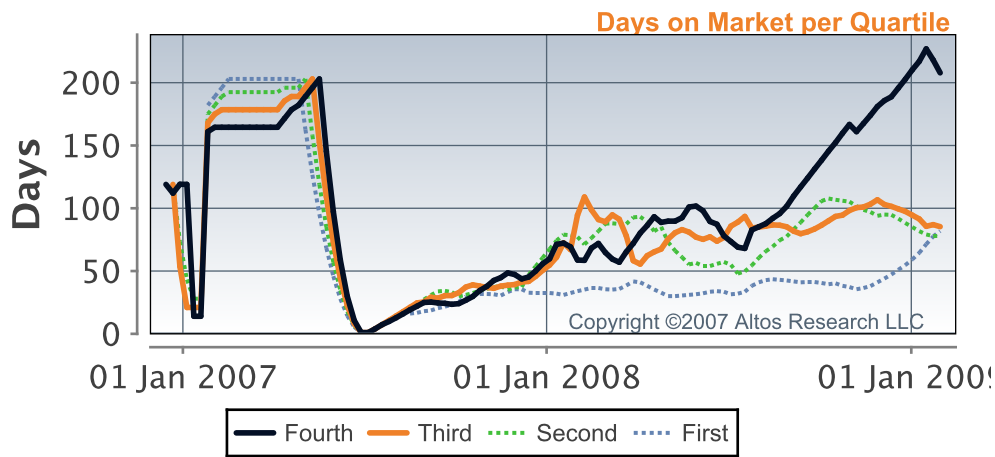
MARKET ACTION

Not surprisingly, all quartiles are in the Buyer's Market zone with several months of inventory given the current levels of demand. Watch the quartiles for changes before the overall market shifts.

DAYS ON MARKET

The properties have been on the market for an average of 115 days. Half of the listings have come newly on the market in the past 98 or so days. Watch the 90-day DOM trend for signals of a changing market.





DAYS ON MARKET

It is not uncommon for the higher priced properties in an area (Quartiles 1 and 2) to take longer to sell than those in the lower quartiles.

About Altos Research Corporation

Altos Research Corp. reports real-time analysis of the residential real estate market in local markets across the country. All information contained herein is based on properties currently listed for sale and available publicly. When evaluating a particular property, make sure you use comparable sales data in addition to the market trend information available in this report. The data presented in this report is accurate to the best of our knowledge, but cannot be guaranteed as such. Use this report as one input in the real estate decision making process, but do not rely on it for accuracy. Nothing in this report or any other Altos Research publication is a recommendation to buy or to sell real estate. We recommend you work with a licensed real estate agent or broker.