

# Mary Pope-Handy's market update

**LOS GATOS**  
**95033**

Current prices for homes on the market  
Trends in pricing  
Current levels of supply and demand  
Value metrics

Report for the week of  
Sunday December 26, 2010

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# City Overview

Real-Time Market Profile		Trend
Median List Price	\$ 1,250,000	↓ ↓
Average List Price	\$ 1,931,949	
Least Expensive Listing	\$ 224,900	
Most Expensive Listing	\$ 17,400,000	
Asking Price per Square Foot	\$ 510	↓ ↓
Average Days on Market	177	← →
Total Inventory	199	↓ ↓
Absorbed This Week*	15	
Percent of Properties with Price Decrease	39 %	
Percent Relisted (reset DOM)	10 %	
Percent Flip (price increased)	2 %	
Median House Size (sq ft)	2,354	
Median Lot Size	0.25 - 0.50 acre	
Median Number of Bedrooms	4.0	
Median Number of Bathrooms	2.0	
Median Age	41	

Altos Research Value Statistics		
Market Action Index	<b>Cold! Buyer's Market</b>	16 ↑ ↑

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 Trend  
 No Clear Monthly/Quarterly Trend

\*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

Quart	Median Price	Med. Sqft.	Med. Lot Size	Bed	Bath	Med. Age	Inven.	New	Ab-sorbed	Avg. DoM
1	\$ 2,995,000	4,299	1.0 - 2.5 acres	4.0	4.0	22	49	0	7	251
2	\$ 1,525,000	2,940	0.25 - 0.50 acre	4.0	3.0	32	50	2	2	162
3	\$ 949,000	1,935	8,001 - 10,000 sq ft	3.0	2.0	46	50	2	2	143
4	\$ 589,475	1,548	0.25 - 0.50 acre	3.0	2.0	51	50	2	4	156

## LOS GATOS

### THIS WEEK

The median single family home price in LOS GATOS this week is \$1,250,000. The 199 homes have been on the market for an average of 177 days.

Inventory has been lightening lately and the Market Action Index has been trending up. These are mildly positive indications for the market.

### QUARTILES

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

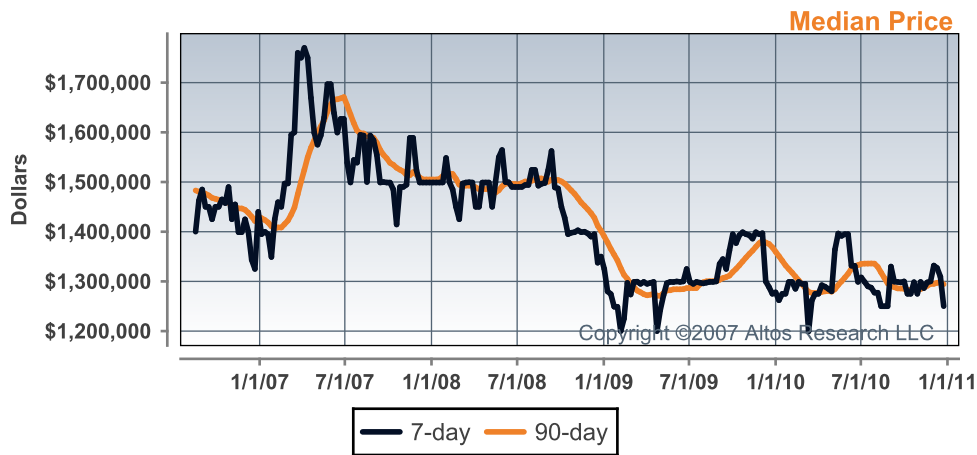
Most expensive 25% of homes

Upper-middle 25% of homes

Lower-middle 25% of homes

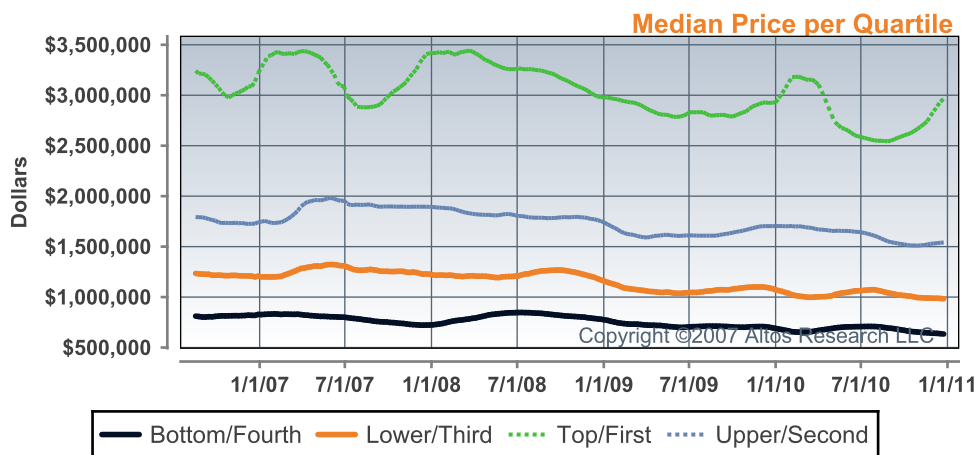
Least expensive 25% of homes

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



### PRICE

Again this week we see a downward notch for prices. Pricing has been weak in recent weeks and versus their absolute-high levels. 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 have been mixed-to-negative trends in recent weeks. Quartile 4 is down, while the rest of the market is basically flat. Look to the Market Action Index to determine if this plateau is the stage for a prolonged price decline.

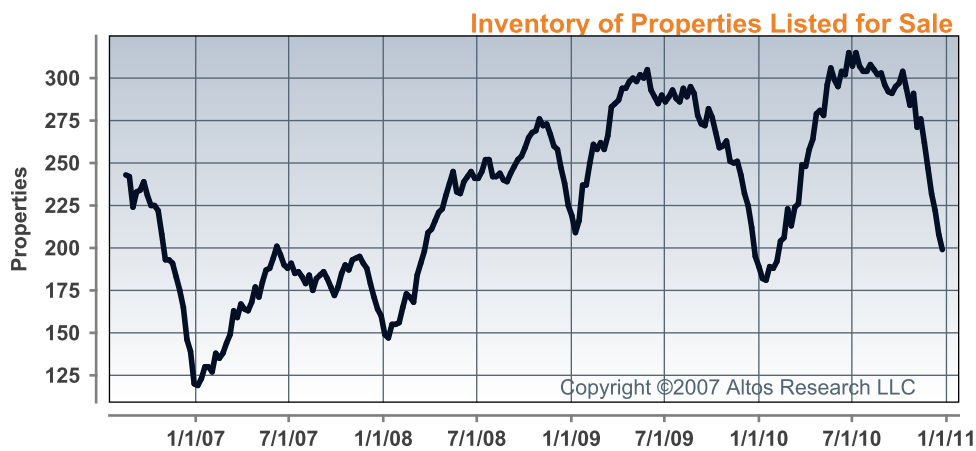
## PRICE AND VALUE

The market plateau is seen across the price and value. The price per square foot and median list price have both been reasonably stagnant. Watch the Market Action Index for persistent changes as a leading indicator before the market moves from these levels.



## 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.



Residential house 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.



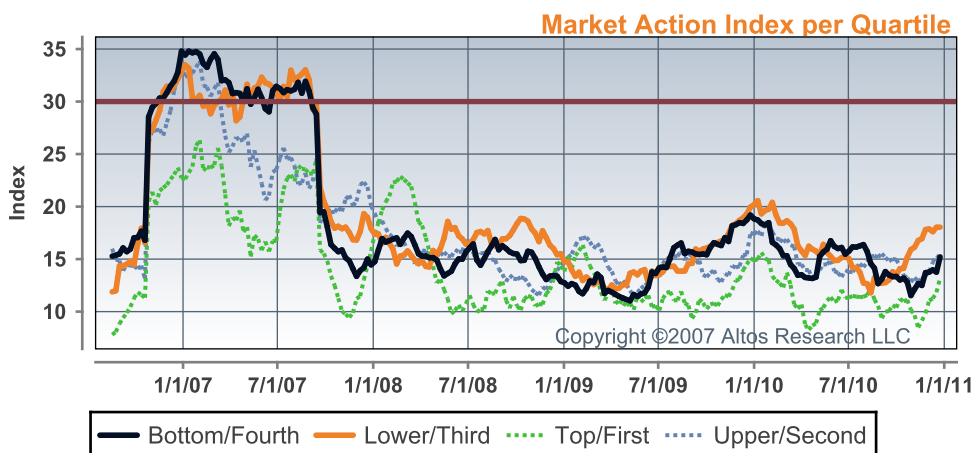
The Market Action Index (MAI) illustrates the balance between supply and demand using a statistical function of the current rate of sale versus current inventory.

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 prices to fall.

## MARKET ACTION INDEX

The LOS GATOS market is currently quite strongly in the Buyer's Market zone (below 30). The 90-day Market Action Index stands at 16. With several months of inventory available at the current sales rate, buyers should find ample choice.

Home sales have been exceeding new inventory for several weeks. Since this is a Buyer's market prices are not yet moving higher as excess inventory is consumed. However, as the supply and demand trends continue, the market moves into the Seller's zone, and we are likely to see upward pressure on pricing.



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

## MARKET ACTION QUARTILES

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.

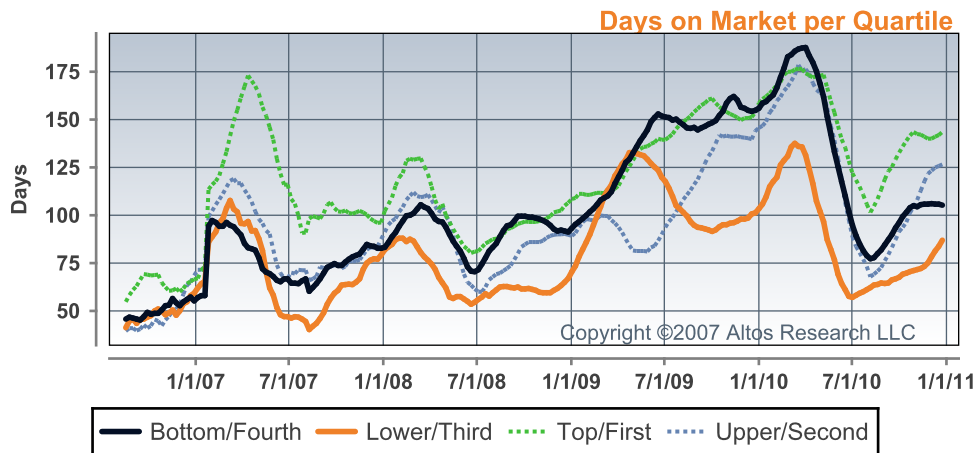
### DAYS ON MARKET (DOM)

The properties have been on the market for an average of 177 days. Half of the listings have come newly on the market in the past 119 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**  
**95033**

Real-Time Market Profile		Trend
Median List Price	\$ 746,450	↓ ↓
Average List Price	\$ 1,350,442	
Least Expensive Listing	\$ 224,900	
Most Expensive Listing	\$ 11,000,000	
Asking Price per Square Foot	\$ 399	
Average Days on Market	207	← →
Total Inventory	74	
Absorbed This Week	1	
Median House Size (sq ft)	2,001	
Median Lot Size	1.0 - 2.5 acres	
Median Number of Bedrooms	3.0	
Median Number of Bathrooms	2.0	
Median Age	36	
Altos Research Value Statistics		
Market Action Index	<b>Cold! Buyer's Market</b>	14 ← →

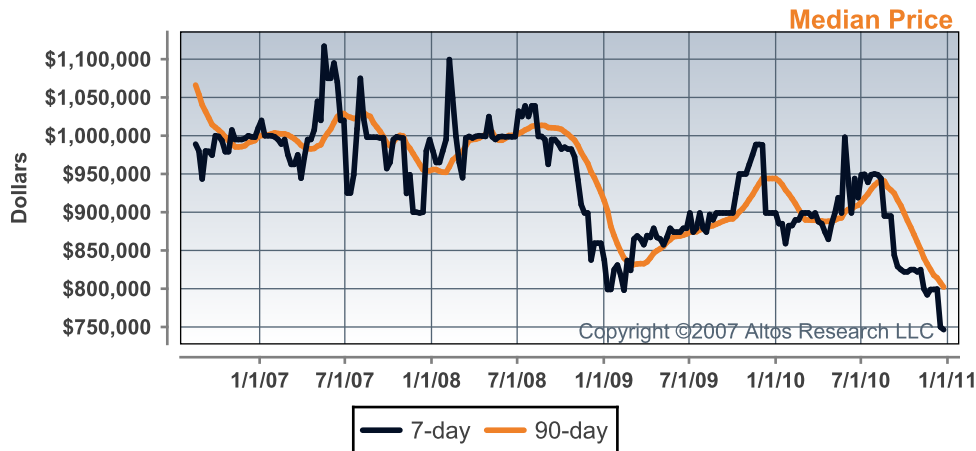
## THIS WEEK

The median single family home price in LOS GATOS 95033 this week is \$746,450.

Inventory has been tightening but days-on-market and the Market Action Index have been basically unchanged, not providing strong indication for market conditions.

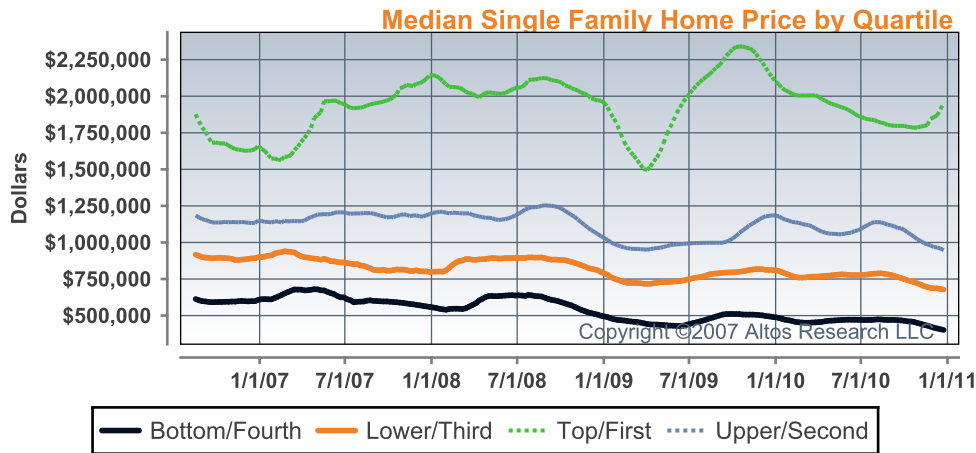
## PRICE

Prices in this zip code have been on a downward trend recently and this week, while essentially flat, doesn't break us out of that cycle.



### PRICE PER QUARTILE

In the quartile market segments, we see prices in the individual quartiles without strong directional correlation lately. Quartiles 2 and 4 have been in price decline in recent weeks, with Quartiles 1 and 3 remaining basically flat. Look to the Market Action Index as a leading indicator of the bottom of the market.



### Characteristics per Quartile

Quart	Median Price	Med. Sqft	Med. Lot Size	Bed	Bath	Med. Age	Inven.	New	Ab-sorbed	Avg. DoM
1	\$ 2,350,000	3,808	5.0 - 10.0 acres	4.0	3.0	23	18	0	0	297
2	\$ 899,000	2,255	2.5 - 5.0 acres	4.0	2.0	34	18	0	1	199
3	\$ 649,000	1,838	1.0 - 2.5 acres	3.0	2.0	37	19	0	0	150
4	\$ 380,000	1,109	0.25 - 0.50 acre	2.0	2.0	57	19	0	0	187

### QUARTILES

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

### PRICE AND VALUE

The market's downward trends are shared across both price and value. People are recently placing less value on homes (you can see the recent declines in price per square foot as evidence.) Look for significant changes in the Market Action Index as a precursor to price and value changes, possibly as inflection points for good investment opportunities.





## INVENTORY

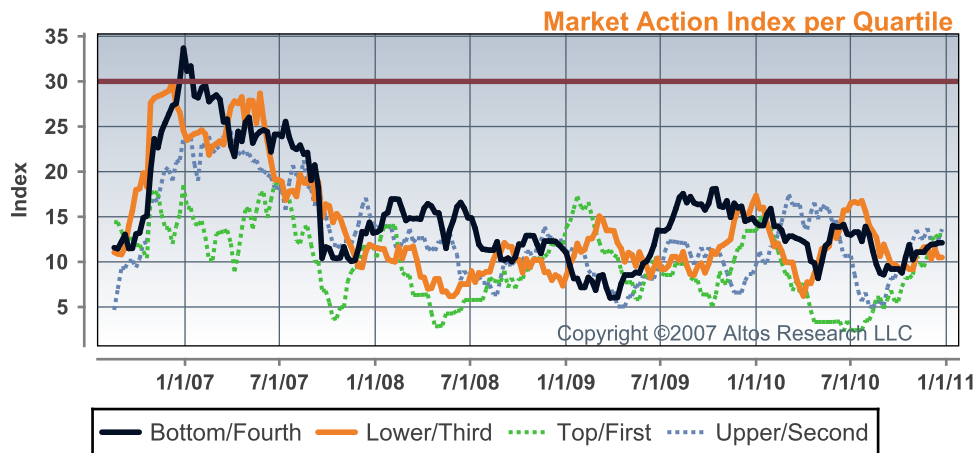
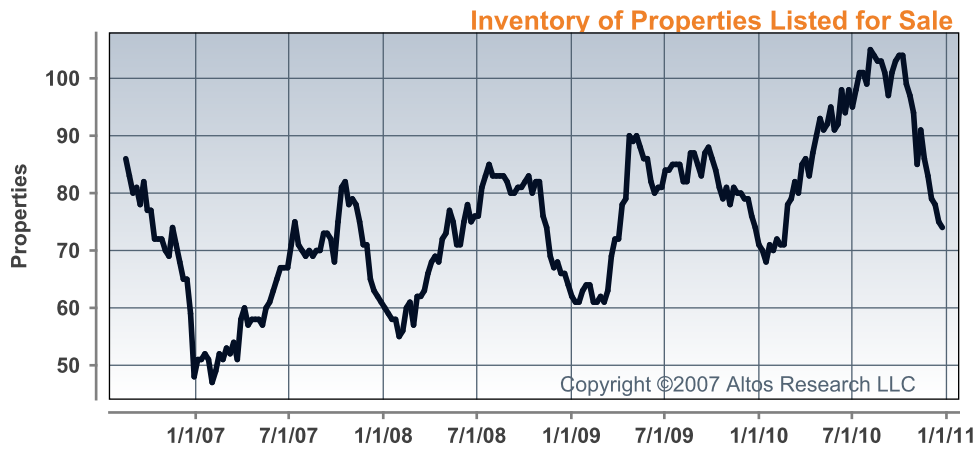
Inventory has been falling in recent weeks with 74 properties available this week. Note that declining inventory alone does not signal a strengthening market. Look to the Market Action Index to gauge whether buyer interest is falling with the available supply.

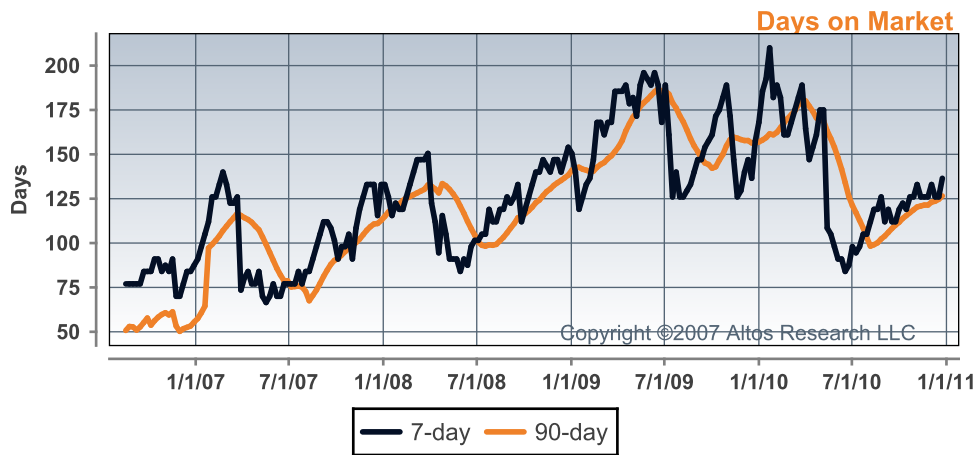
## MARKET ACTION INDEX

The LOS GATOS 95033 is quite strongly in the Buyer's Market zone. The 90-day Market Action Index stands at 14. With several months of inventory available at the current sales rate, buyers should find ample choice.

## MARKET ACTION QUARTILES

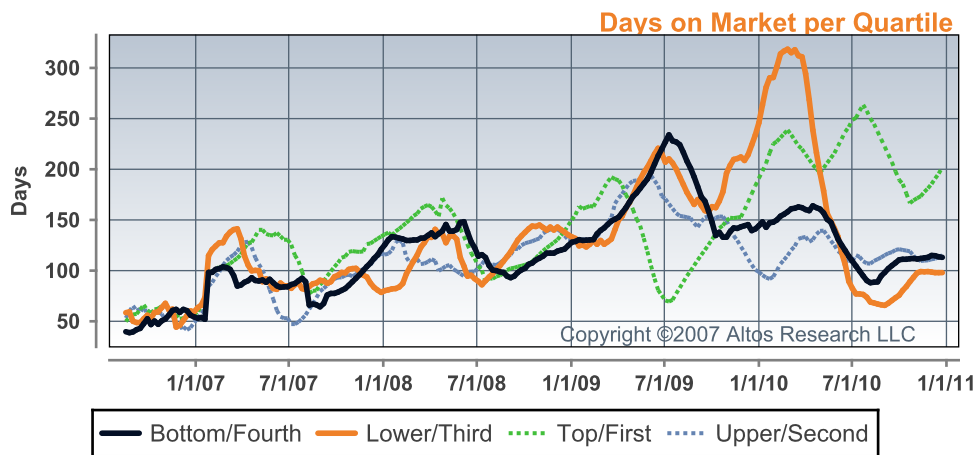
Not surprisingly, all quartiles are in the Buyer's Market zone with several months of inventory given the current levels of demand. Watch the quartiles for changes before the overall market shifts.





### DAYS ON MARKET

The properties have been on the market for an average of 207 days. Half of the listings have come newly on the market in the past 136 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 homes 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.