

The Wild Ride Continues

The April 26, 2013 *San Jose Mercury News* had a great cover story and graphic entitled “Home Prices Start to Zip Past Peaks” (see back for graphic). This article confirmed what we have been telling our active clients for quite some time, namely that home prices are in the process of reaching all-time highs. As the graphic shows, some locations such as South Palo Alto reached this milestone some time ago, while other places are on the cusp.

What we found to be equally interesting though was that the green zip codes (those that have already surpassed pre-recession peaks) are generally those zip codes with the strongest schools. This makes sense since homes with great schools were generally among the last to decline in value during the recession, suffered the mildest effects, and started recovering the earliest. And the “other” areas? They got a little later start but are on the verge of hitting all-time highs, too (and many individual neighborhoods are already there despite what the graphic depicts).

What is driving these new highs? Quite simply, the number of serious buyers continues to outpace the number of available listings. Just last week, for instance, we were one of 12 offers for a home on Chilton in San Carlos, 8 offers for a condo on Eastridge in Menlo Park, and 8 offers for a townhome on Cherry Wood in Los Gatos. Whew!

If there is a bright side to this for buyers, it is that the number of competing offers is actually declining! Even in Palo Alto which tends to see the fiercest competition, the majority of sales in the last several weeks have seen offer counts in the single digits, with a few only receiving 1 or 2 offers. The bad news? Most *good* homes are still selling for 10%, 20%, and occasionally 30% over their list price!

What does the future hold? That is the question all of our buyers ask. Barring another recession, we see the pace of price increases slowing – which is **NOT** to say that we see home prices declining anytime soon. Put another way, we fully expect a buyer today to look back a year from now and say, “Thank goodness I bought when I did.”

Lastly, we were reminded recently how important it is to properly dispose of old documents. While disposing of some papers for the homeowner at a recent sale we came across some old pay stubs. What caught my eye was the fact that as recently as 10 years ago social security numbers were still used as ID numbers. It was time to break out the shredder! This month’s Item of Value provides some great tips on preventing and dealing with identity theft. It is well worth reading!

Best Regards,



Janie and John Barman

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“Oh, by the way, we are never too busy for your referrals.”

Source: San Jose Mercury News/PAI/Bay Area News Group. Data from Zillow.

