COLDWELL BANKER
RESIDENTIAL BROKERAGE

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2013 Prognostications

"So goes the Peninsula, the rest of the U.S. will follow." OK, that is a highly egocentric statement, but it does appear that much of the United States is starting to parallel our area when it comes to real estate. The enclosed national-level Item of Value makes for interesting reading and reflects this trend.

We want to dedicate this newsletter to local trends and prognostications as we dash into 2013. As we type this we have already sidestepped the fiscal cliff, but much work remains to be done. Ah, uncertainty! In 2013 in the Bay Area we therefore predict:

- The housing market will continue to be tight with too few homes available to satisfy the growing list of buyers. Multiple offers will continue to be the norm and home prices will continue to rise.
- Interest rates will generally remain in the same range as they are now -at or near historic lows.
- A home's walking score will become increasingly important, especially for young buyers (a new take on location, location, location).
- The quantity of off market sales will start to decrease as sellers realize that selling off market may reduce their sale price. The MLS is also starting to crack down on agents that abuse the practice.
- The number of short sales and bank owned properties (REOs) will continue to decrease as rising home prices leave fewer and fewer homeowners under water.
- After 6 years banks will finally realize that a short sale will net them more money than going through the foreclosure process. In other words, REOs will mostly fade from existence.
- Rentals will remain difficult to find and their prices will continue to rise. Cash buyers will continue to buy rental properties for their appreciation value, tax benefits and monthly rents that generally outperform other often more risky investments.

Though we have seen some signs that more homes are coming on the market, the inventory of available homes is still tight (condos are similar). Here is a snapshot of the market as of January 10, 2013:

- Available home listings – Redwood City (35), Belmont (9), Menlo Park (21), Palo Alto (15), Santa Clara (14), East Palo Alto (4), San Carlos (14), Portola Valley (17), Woodside (25)
- 10 of the 22 Atherton listings (45%) are priced above $10M!
- Woodside has the greatest price range…$859,900 to $85,000,000!
- Foster City currently has the fewest homes for sale…3!
- Now is a <u>great</u> time to sell!

Finally, one last prediction – an ever growing number of print newsletter recipients will switch to the electronic edition. Let us know if you want to receive this newsletter electronically!

Best Regards,

Janie and John

Janie and John Barman
Exceptional Knowledge, Superior Service

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