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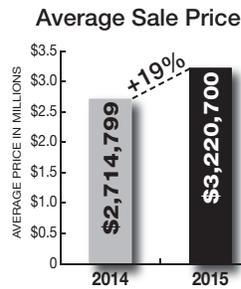
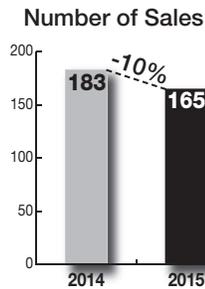
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If your home is currently listed for sale, this is not a solicitation of that listing. Information deemed reliable, but not guaranteed. Marketing Designs, Inc. 650.802.0888 marketingdesigns.net

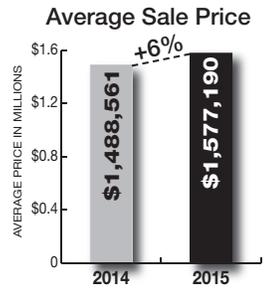
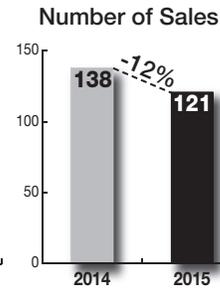
Year-to-Date Half-Year UPDATE 2014 vs. 2015*

* MLS data; call or email us for charts on other Bay Area cities.

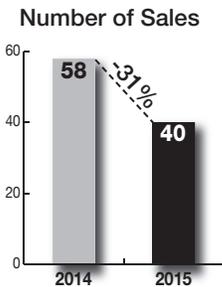
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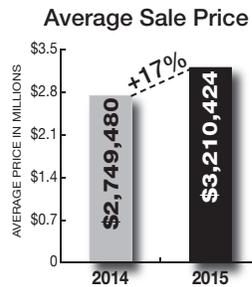
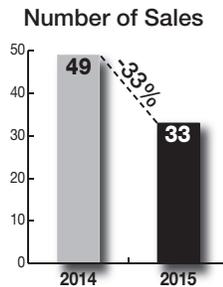
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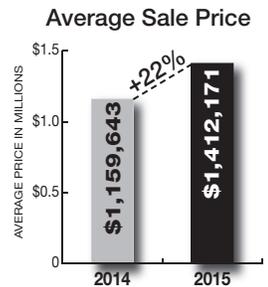
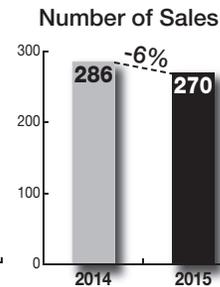
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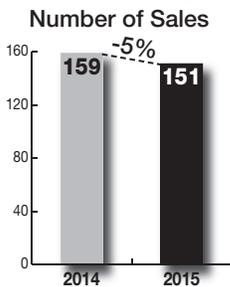
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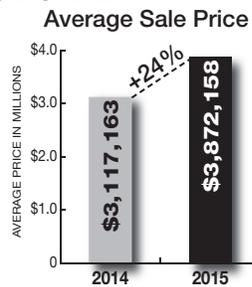
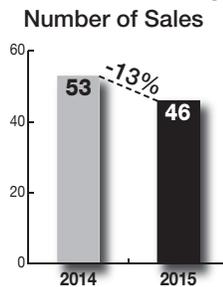
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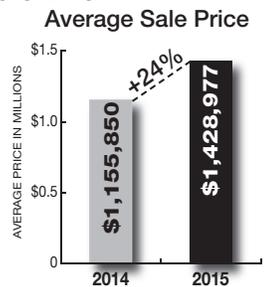
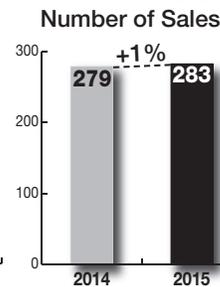
MENLO PARK



WOODSIDE



REDWOOD CITY



Our Housing Market is Not a **BUBBLE**

The spring buying season was incredibly strong and prices are going up faster than they were just a few months ago, according to nearly every report available. So does that mean we're in a bubble?

No, that's **just what happens when demand increases faster than supply**, according to a recent article on Realtor.com. After all, existing-home sales were up 9% year over year in March, reported the National Association of Realtors®. Inventory is also increasing, but not as fast as sales, resulting in a tight supply that's getting even tighter.

An equilibrium level of supply on the market is considered to be six to seven months; **supply has been under five months since December**. Looking at every quarter since 1988, when supply was under five months, prices rose 8% year over year on average. When supply was in the equilibrium range, prices went up only 4%

Today's higher prices are only to be expected as the economy improves and first-time buyers gradually return to the market.

on average.

During the peak years of the housing bubble, from 2003 to 2005, the data on supply versus price appreciation looked very similar to what we are seeing now but there are key differences.

The level of the current price appreciation is not like the bubble. In 2012 and 2013, prices went up 7% and

12%, respectively, as the market corrected for too-severe price declines in the prior years. Last year, the appreciation level moderated. Even factoring in the one-time bounce from the prior overcorrection, median prices have grown less than 8% on a compounded annual basis over the past three years. Median prices, by comparison, grew 10% on a compounded annual basis from 2002 to 2005, without any bounce from a prior decline.

So, **today's higher prices are only to be expected** as the economy improves and first-time buyers gradually return to the market. Eventually, those higher prices should encourage more owners to list their homes and more builders to start construction on new housing—which in turn should solve the problem of supply.

If you would like to hear exactly how homes are appreciating in your neighborhood, please give us a call.

Preparing for El Niño

Weather forecasters are hinting at an El Niño winter, and while we don't want to panic, we also don't want to be caught unprepared.

El Niño is the warming of ocean currents in the tropical Pacific Ocean. This warmer water increases air moisture and affects weather. When El Niño is active, there is a greater chance of heavy rains along the Pacific coast of California. These rains can cause small urban streams to overrun their banks and flood. Here are some tips to get prepared.

- To avoid flooding, open drains and keep ditches and other water collection ways clear of leaves and debris.
- Now is also a good time to check your windows, drainpipes, gutters, and of course the roof. While you're at it, check your foundation for cracks.
- Store emergency provisions. As electric power may be affected, have plenty of flashlight batteries along with canned food and bottled water – basically, your earthquake supplies.
- If your home is subject to leakage problems during heavy rains,



you might want to purchase a portable electric submersible pump that attaches to a garden hose. These pumps are hard to find once the rains get heavy!

All you need now is a decent pair of boots! We've been hoping for rain for quite a while, so let's be prepared in case our dreams come true!