



Santa Clara County Duplex Report

3Q 2010

Duplex Market Showing Signs of Recovery

VALUES:

Duplex prices are beginning to rebound from the devastating market of 2009. Values in Santa Clara County have increased by 5 percent from last year. Mountain View and Sunnyvale posted the largest gains at 18 and 12 percent, respectively. However, not all submarkets enjoyed the same returns. Palo Alto duplexes have plummeted thirty-four percent from the prior year with Santa Clara suffering a twenty-one percent decline.

SALES:

2009 was the year of short sales and REO's (real estate owned). Seventy-three percent of duplex sales in 2009 were distressed properties. That number has decreased to fifty-one percent in 2010, a sign that the market is rebounding. Currently, there are 111 active duplexes in Santa Clara County.

Duplex sales in Santa Clara County are at the same pace as 2009. There have been 131 transactions this year, half of the 261 from the previous year. San Jose has posted the most sales, with 92 so far this year. Of those fifty-six percent are located in downtown San Jose, where duplex values are the lowest in the bay area.

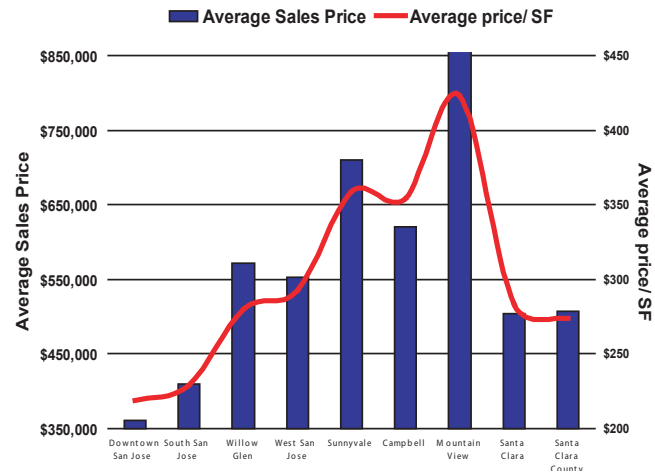
RENTS:

Asking rents have been on the rise since the beginning of the year. The market is trying to recoup some of the significant rental decline from 2009. This is mainly due to jobs coming back to the bay area. San Jose added over 3,000 new jobs in 2010. Another factor is that new construction for apartment units decreased significantly in 2010. Without new units to accommodate the influx of renters, they will pay a premium for rent as demand increases. Local economists predict between 7-8 percent rent growth in the next twelve months.

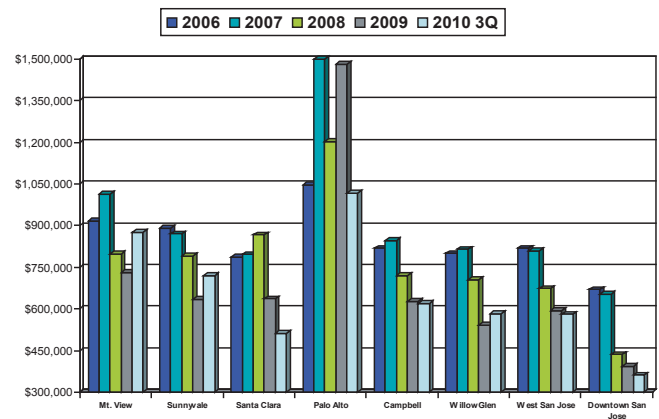
SUMMARY:

The bottom of the market has passed. Rents are gradually rising and the job market is beginning to stabilize. Sales velocity has remained constant and sales prices steadily increased. Sellers are optimistic the recent influx of potential renters will increase rental income and sales prices.

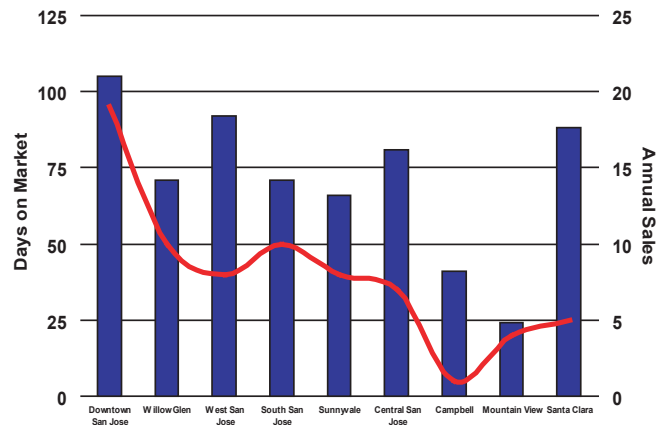
If you have enough equity in your duplex, you may want to consider exchanging into a larger building while prices are still low. CAP rates have dropped since last year in Santa Clara County. Now that jobs have returned and rents forecasted to rise, there is no better time to increase the number of units you own.



Historical Average Sale Price



Days on Market and Annual Sales



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