CUPERTINO

2018/19 PROPERTY TAX SUMMARY

The City of Cupertino experienced a net taxable value increase of 8.8% for the 2018/19 tax roll, which was modestly more than the increase experienced countywide at 7.3%. The assessed value increase between 2017/18 and 2018/19 was $2.0 billion. The change attributed to the 2% Proposition 13 inflation adjustment was $363 million, which accounted for 18% of all growth experienced in the city.

The largest secured roll increase was reported again this year on eight commercial and formerly vacant properties owned by Campus Holdings Inc. at 3 Apple Park Way, 10300, 10335 and 10600 N. Tantau Ave and 19400 Homestead Road with a collective increase of $432 million. This is the newly developed Apple Campus. Commercial property owned by Tantau Cupertino Development One LC at 10900 Tantau Avenue reported an increase of $32.8 million. This site was purchased in 2017 for $78 million and the new value reflects the sale price and the intervening CPI adjustment for the growth reported. This is the site of an office building and is the headquarters of PRDCA Cupertino- Panasonic Research and Development. Commercial property at 10201 Torre Avenue was purchased by Torre Plaza Associates LLC in late 2017 for $66.2 million and the sale price has been enrolled as the market value for an increase of $31 million. This is an office building that is leased by Amazon.

The largest declines were posted by Apple Inc. at 3 locations- 2, 6 and 3 infinite Loop. The reductions were the result of the removal of fixture and personal propoerty assets at this location. The reductions totalled $19.9 million.

The housing market has fully recovered from the recent recession in many urban and coastal areas of the State while housing recovery has tended to lag in more rural and inland areas. Current median home prices, in many regions are at or above the pre-recession peak values. Affordability and inventory constraints are the main contributor to increases in home prices over the last year. The numbers of sales year over year have declined and the lack of significant new home construction in California is one of the main factors affecting supply. The median sale price of a detached single family residential home in Cupertino from January through June 2018 was $2,390,000. This represents a $330,000 (16.0%) increase in median sale price from 2017.

Year	D-SFR Sales	Median Price	% Change
2012	377	$1,210,000	
2013	360	$1,377,500	13.84%
2014	316	$1,632,000	18.48%
2015	312	$1,780,000	9.07%
2016	265	$1,818,000	2.13%
2017	271	$2,060,000	13.31%
2018	143	$2,390,000	16.02%

2018/19 Tax Shift Summary

ERAF I & II	$-4,271,126
VLFAA (est.)	$8,219,090

Top 10 Property Owners

	Owner	Net Taxable Value	% of Total	Use Type
1.	APPLE COMPUTER INC	$6,243,855,537	24.79%	Commercial
2.	MAIN STREET CUPERTINO	$356,035,768	1.41%	Commercial
3.	VALLCO PROPERTY OWNER LLC	$333,251,833	1.32%	Commercial
4.	BVK PERIMETER SQUARE RETAIL LLC ET AL	$177,766,088	0.71%	Commercial
5.	CUPERTINO PROPERTY DEVELOPMENT LLC	$169,923,550	0.67%	Residential
6.	CUPERTINO CITY CENTER	$148,730,176	0.59%	Commercial
7.	MISSION WEST PROPERTIES LP II ET AL	$137,663,665	0.55%	Commercial
8.	SVF CUPERTINO CITY CENTER CORPORATION	$132,468,803	0.53%	Commercial
9.	PR CUPERTINO GATEWAY LLC	$128,103,411	0.51%	Commercial
10.	CUPERTINO HOTEL OWNER LLC	$116,436,541	0.46%	Commercial
	Top Ten Total	**$7,944,235,372**	**31.55%**	

Real Estate Trends

Home Sales

According to industry experts, price growth isn't the only problem that current home shoppers are facing. The median price increases coupled with the principal and rising interest payments have resulted in double digit percentage increases in the cost of a median-priced home over last year. The reported median price of an existing, single-family detached homes in California during June 2018 was $602,760. This was a 8.5 percent increase from $555,420 in June 2017.

All Homes	Units Sold June-2017	Units Sold June-2018	% Change	Median Price June-2017	Median Price June-2018	% Change
Alameda County	1,844	1,665	-9.71%	$765,000	$850,000	11.11%
Contra Costa County	1,926	1,515	-21.34%	$580,000	$630,000	8.62%
Marin County	388	359	-7.47%	$1,124,000	$1,115,000	-0.80%
Napa County	160	131	-18.13%	$591,000	$665,000	12.52%
San Francisco County	572	530	-7.34%	$1,250,000	$1,305,000	4.40%
San Mateo County	773	635	-17.85%	$1,200,000	$1,350,000	12.50%
Santa Clara County	2,101	1,714	-18.42%	$960,000	$1,200,000	25.00%
Solano County	660	584	-11.52%	$395,000	$425,000	7.59%
Sonoma County	591	429	-27.41%	$560,000	$600,000	7.14%

Comparison of Current Median Sale Price to Peak Price Before the Great Recession

In 1978 California voters approved Proposition 8 that requires county assessors to reduce the value of properties below their Proposition 13 taxable values when the real estate market declines. These reductions are to be restored as the real estate market improves. One of the gauges of the values to be restored is the progress each community is seeing in the growth of the median sale prices of single family homes. As we have moved through the Great Recession, we have seen the recovery of the real estate home prices in many regions approach or exceed pre-recession peak prices. The graph below provides a comparison of the detached home (excluding Condos and Townhomes) median peak price experienced at the height of the real estate bubble in Cupertino and Santa Clara County well as several other counties in this region. Considering these trends, we expect to see that a majority of the homes under review per Proposition 8 will be completely restored in most of the urban and coastal counties. More counties have neared a 90-100% restoration level after our review of the 2017-18 data in this segment of residential properties. **As we begin the 2017-18 fiscal year 98.7% of properties in Cupertino awaiting restoration of value since 2012-13 have been FULLY restored.**

Comparison of Median Sale Price to Pre Recession Peak Price