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San Francisco Real Estate

Updated Market & Census Statistics, Home Prices & Appreciation Rates, Luxury Home Sales, Price Reductions, Employment & Interest Rates

October 2019 Report

It will be another month before hard data on the autumn selling season begins to become available. In the meantime, below is a review of market trends and statistics through the third quarter. Note that September sales data mostly reflects market activity in August, a historically slow month.

Year-over-Year Q3 Comparisons - Q3 2016 - Q3 2019

Looking back over the Q3 statistics in the past 4 years, the San Francisco market has remained quite strong, though the number of sales has declined. The "IPO effect" may well be playing a role in keeping demand up, especially in the higher price segments where sales volumes have continued to increase..

San Francisco Real Estate

Year-over-Year Q3 Comparisons: Selected Market Indicators

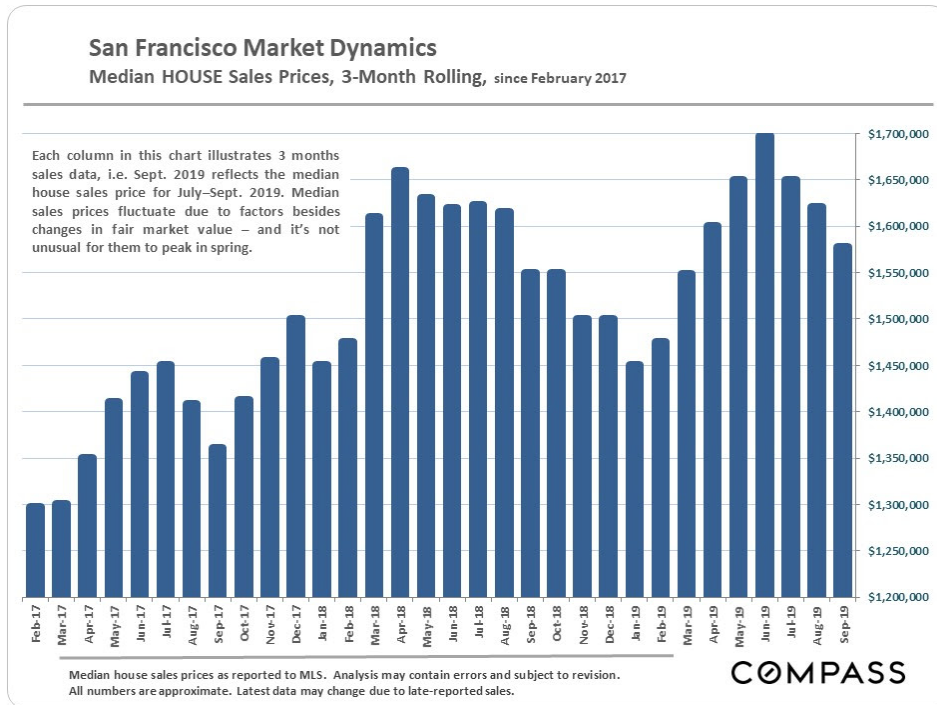
Statistic	Q3 2016	Q3 2017	Q3 2018	Q3 2019
Median House Sales Price	\$1,280,000	\$1,361,000	\$1,550,000	\$1,578,000
Median Condo Sales Price	\$1,055,000	\$1,150,000	\$1,185,000	\$1,275,000
Avg. House \$/Sq.Ft. Value	\$861/sq.ft.	\$906	\$974	\$1024
Avg. Condo \$/Sq.Ft. Value	\$1047/sq.ft.	\$1061	\$1120	\$1149
Average Days on Market	41 days	36 days	32 days	33 days
Sales Price to Orig. LP %	104.3% of LP	107.5%	107.4%	106.8%
Number of Sales	1313 sales	1233	1246	1146
% of Listings Sold	47% of listings	48%	44%	43%
# All Home Sales, \$2.5 Million+	90 sales	100	123	140
% of Home Listings Sold, \$2.5 Million+	29% of listings	31%	31%	32%
# All Home Sales, \$5 Million+	18 sales	11	12	16

Houses, condos, co-ops, TICs unless specified otherwise. Sales reported to MLS, per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. Q3 2019 sales are estimates using data available in early October 2019; Late reported sales may alter these numbers. All numbers are approximate. Not all sales are reported to MLS.

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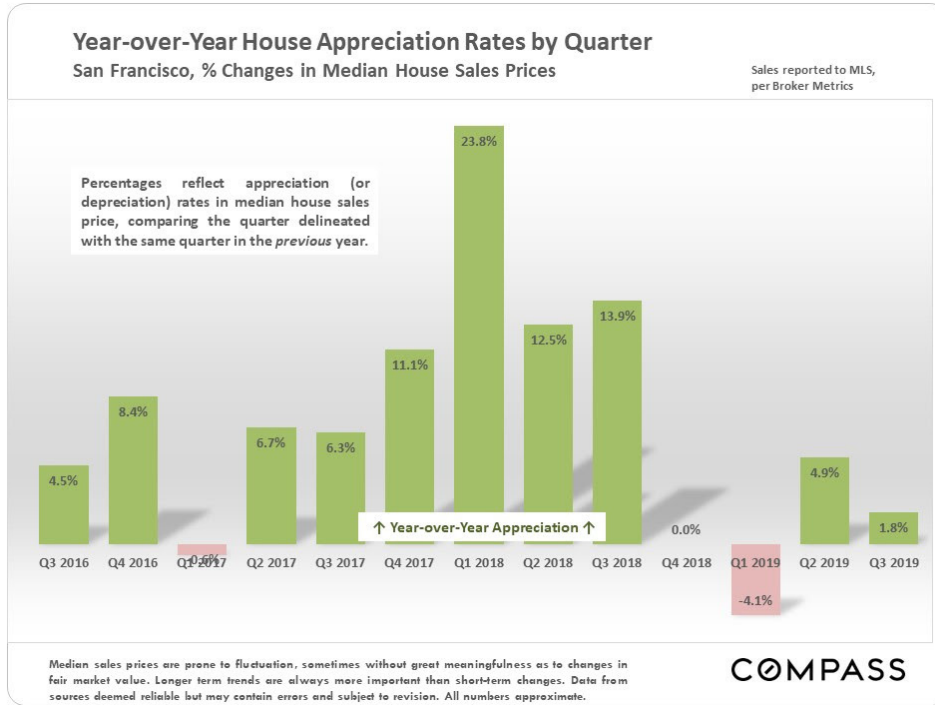
Median House Sales Price - 3-Month Rolling Figures

Median house sales prices hit a new high in spring, though the year-over-year increase was relatively modest. However, many Bay Area Counties have seen small declines in median home sales prices over the last 4 quarters.



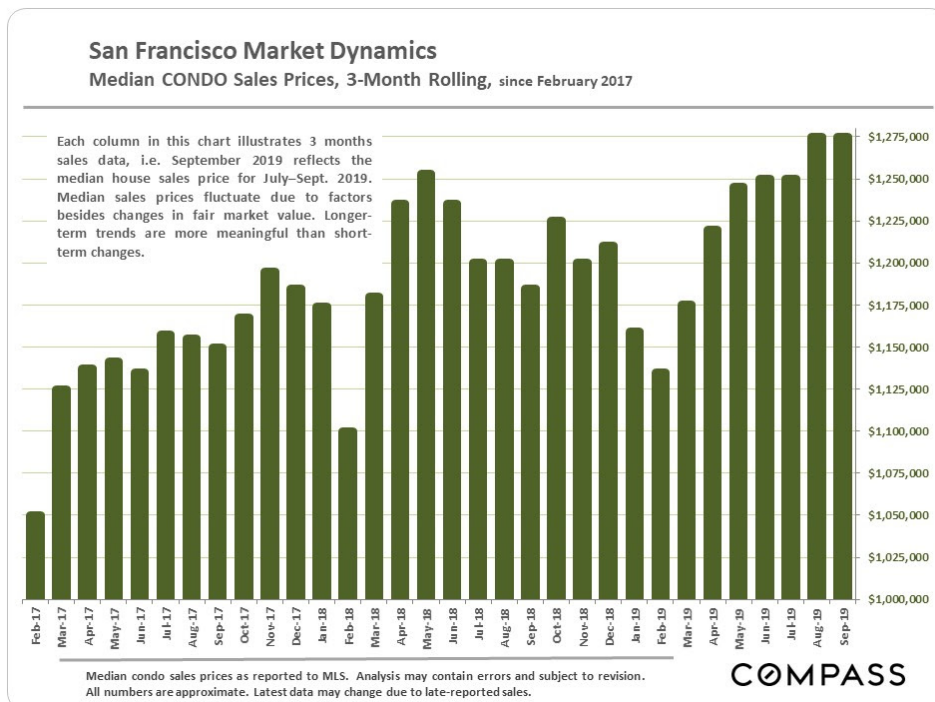
Year-over-Year, Quarterly Median House Sales Price Percentage Change

Generally speaking, San Francisco is seeing significantly better year-over-year home price appreciation rates over the past 2 quarters than most Bay Area Counties, but the increases are well down from those seen during much of the recovery since 2012.



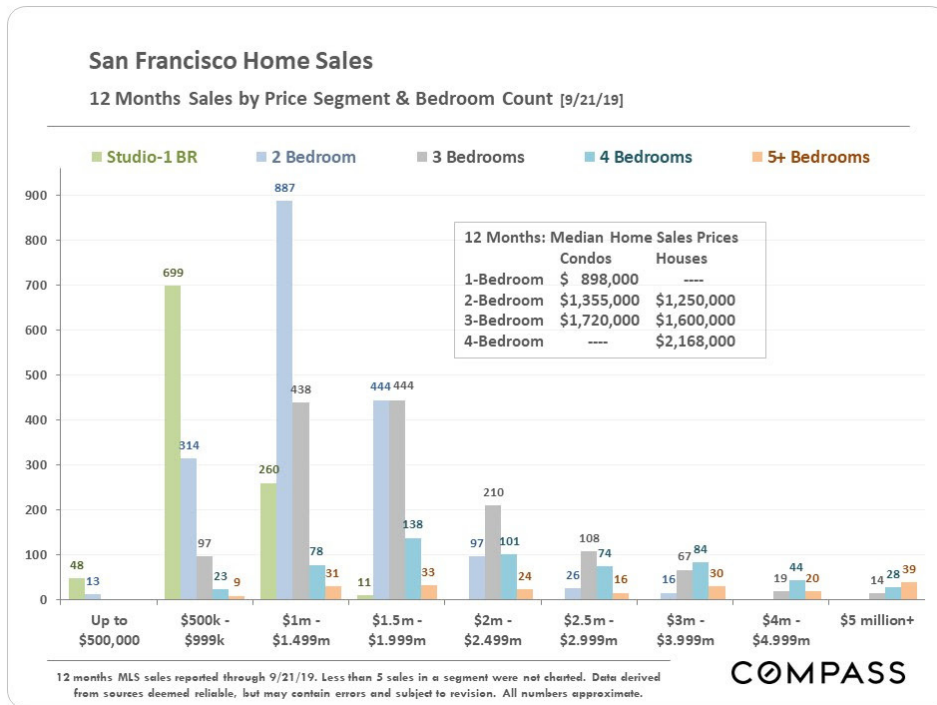
Median Condo Sales Price - 3-Month Rolling Figures

Median condo sales prices have hit new highs, but the apples-to-apples appreciation issue is complicated by the thousands of new condos that have come on market, many of which have been at higher price points.



San Francisco Home Sales by Price Segment & Bedroom Count

The most common sale in San Francisco is that of a 2-bedroom condo selling between \$1,000,000 and \$1,500,000. 2 & 3 bedroom condos now have higher median sales prices than 2 & 3 bedroom houses. This is due to 2 issues: 1) the tens of thousands of newly built, higher-price (often high-rise) condos coming on market in the last 15 years, and 2) condos are commonly found in more expensive neighborhoods than those where most house sales occur.



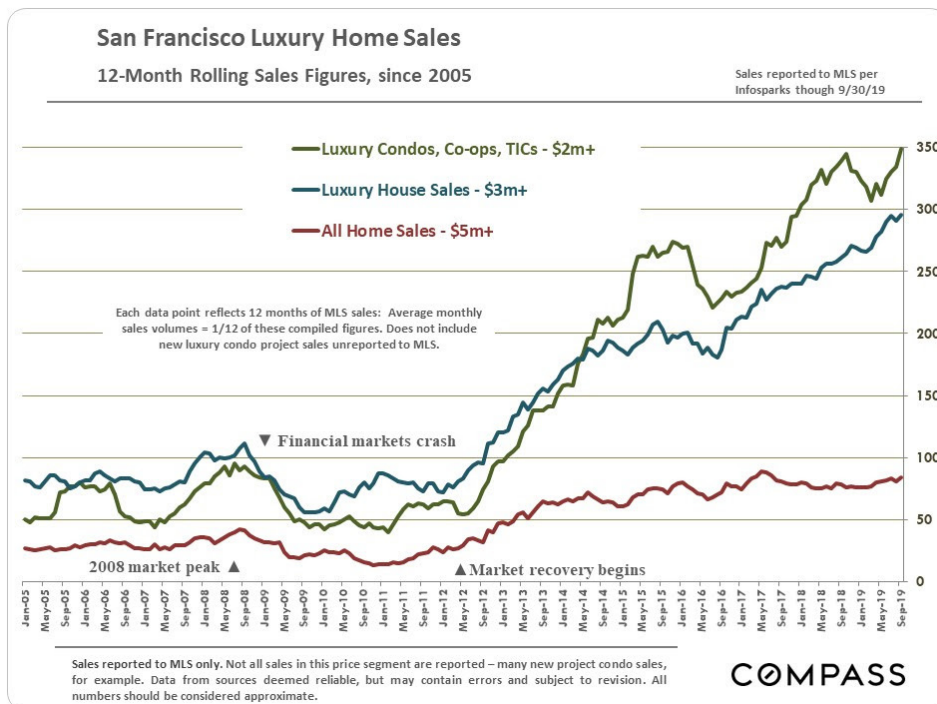
Updated Census Statistics

Underlying the real estate market are the changing details and circumstances of its population. At the end of September, the U.S. Census released its 2018 American Community Survey 1-year data estimates for a broad range of economic, social and demographic statistics. Below is a selection of survey insights into our community, plus 2 or 3 statistics from other sources. (You may want to expand this slide for easier reading.)

Selected San Francisco Statistics	
2018 U.S. Census American Community Survey Estimates*	
All numbers approximate	
Population: 883,305. Residents born in CA – 40%; born in other state – 24.4%; foreign born – 33.4%	
Language spoken at home: English only – 58.9%; Asian language – 24.6%; Spanish – 10.1%; other European – 5.3%	
Origin of foreign-born: Asia – 66.5%; Latin America – 17.2%; Europe – 12%; Africa – 1%; Oceania – 1.3%; Canada – 2%	
Percentage of foreign-born residents w/citizenship – 62.9%	
Housing units – 401,478; built before 1940 – 48%; with 3 or fewer rooms – 40.7%; tenant-occupied – 62.4%; residents spending 35%+ income on housing: owners (w/mortgage) – 30%, renters – 28.4%; living in poverty – 88,330; homeless – 8,011 (county data)	
Avg. household size – 2.38 persons; % of residents living alone – 34.6%; median age – 38.3 years; ratio of males to females – 51%/49%; residents under 5 years of age – 4.5%; age 25 to 34 years – 23.5%; over 65 years – 15.7%; residents w/disability – 9.9%; households with children under 18 – 17.2%; births in last 12 months – 8087; life expectancy: male – 79.3; female – 84.8	
Employment: professional, scientific, management – 25.2%; education, healthcare, social assistance – 18%; government – 11%; retail – 9.3%; arts, entertainment, food – 10.6%; finance, insurance, real estate – 8.3%; self-employed – 7.8%; information – 6%; manufacturing – 5.3%; transportation, warehousing – 4.5%; construction – 3.3%; public admin – 3.2%	
Median household income: \$112,376; households making \$200,000+ – 28.5%; making less than \$25,000 – 15.6%; median full-time male income - \$100,057; median f/t female income - \$80,879; residents w/o health insurance – 3.5%	
Education (25+ years of age): No diploma – 10.4%; HS diploma – 12.2%; Bachelors – 36.1%; Grad./Prof. degree – 23.7%	
Commuting: drive alone – 30.3%; carpool – 8.6%; public transport – 33.5%; walk – 12.7%; other means (Uber, Lyft, bike, etc.) – 8.6%; work at home – 6.3%; average commute time – 33 minutes; households without vehicles – 30.1%	
Race: white – 45.4%; African American – 5.2%; Asian – 34.3%; Native American - .3%; Other race – 8.1%; 2+ races – 6.5%; Hispanic or Latino (of any race) – 15.2%	
2016 Presidential election: % voting Democrat – 85%; % voting Republican – 9% (CA Secretary of State data)	
*Per U.S. Census 2018 1-year ACS estimates released 9/26/19 (except voting, homeless, life expectancy data). Data from sources deemed reliable but may contain errors and subject to revision. U.S. census website: https://data.census.gov/cedsci/	

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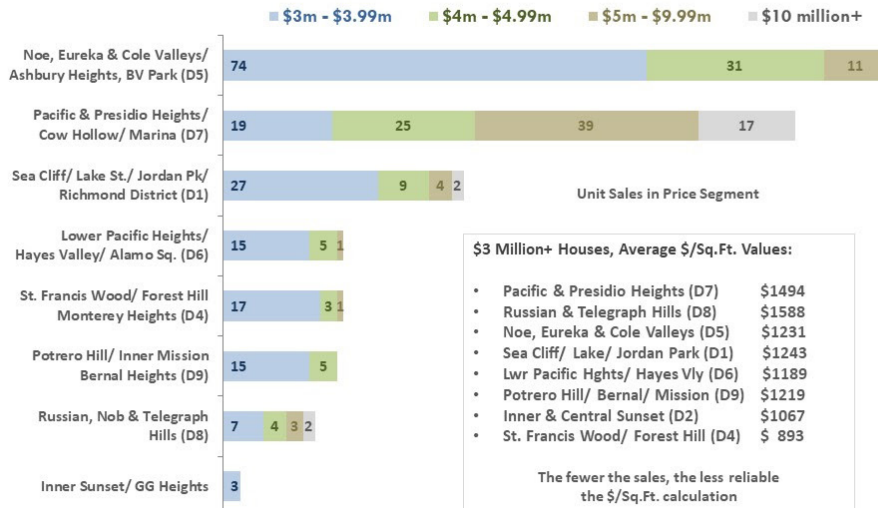
Luxury Home Sales



San Francisco Luxury House Market

Houses Selling for \$3,000,000+, 14 Months Sales*

As reported to MLS
7/15/18 through 9/15/19



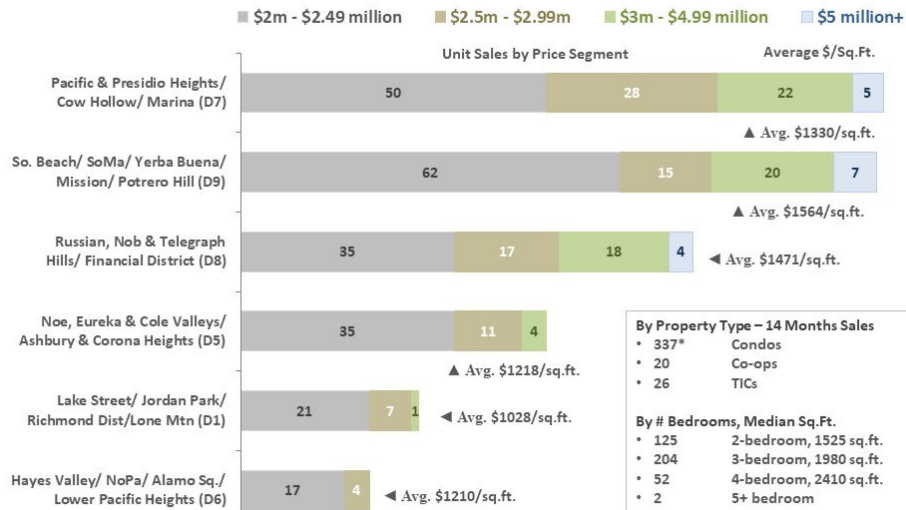
* 14 months sales reported to MLS, except non-MLS sales of \$10m+ are estimated. Not all sales are reported to MLS. Neighborhood groupings correspond to SF Realtor districts, which often include adjacent neighborhoods not listed. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate.

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San Francisco Luxury Condo Market

Condos, Co-ops & TICs, Sales Prices of \$2 Million+*

14 months sales reported to MLS
7/15/18 through 9/15/19



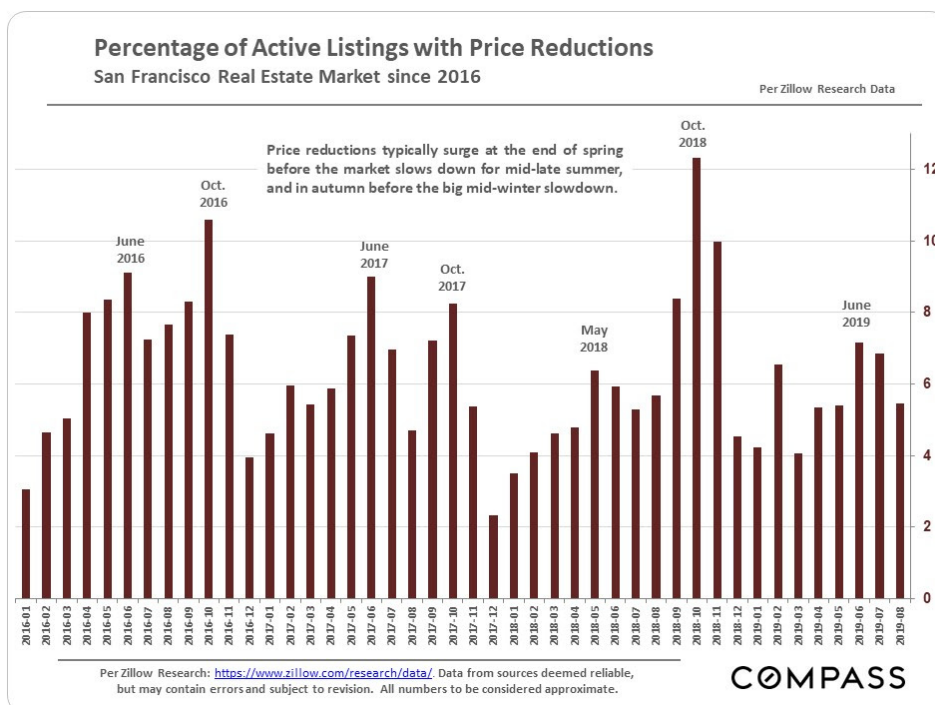
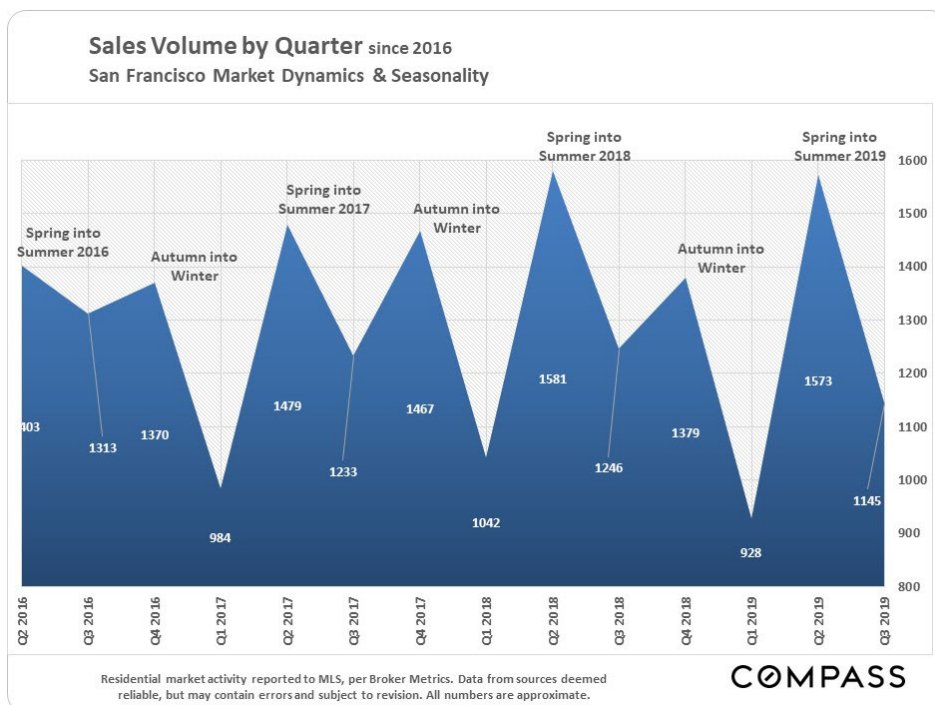
* 14 months sales reported to MLS through 9/15/19 – many new luxury condo projects do not report all sales. Neighborhood groupings correspond to SF Realtor districts, which include other neighborhoods as well. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate.

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Sales Volumes & Price Reductions

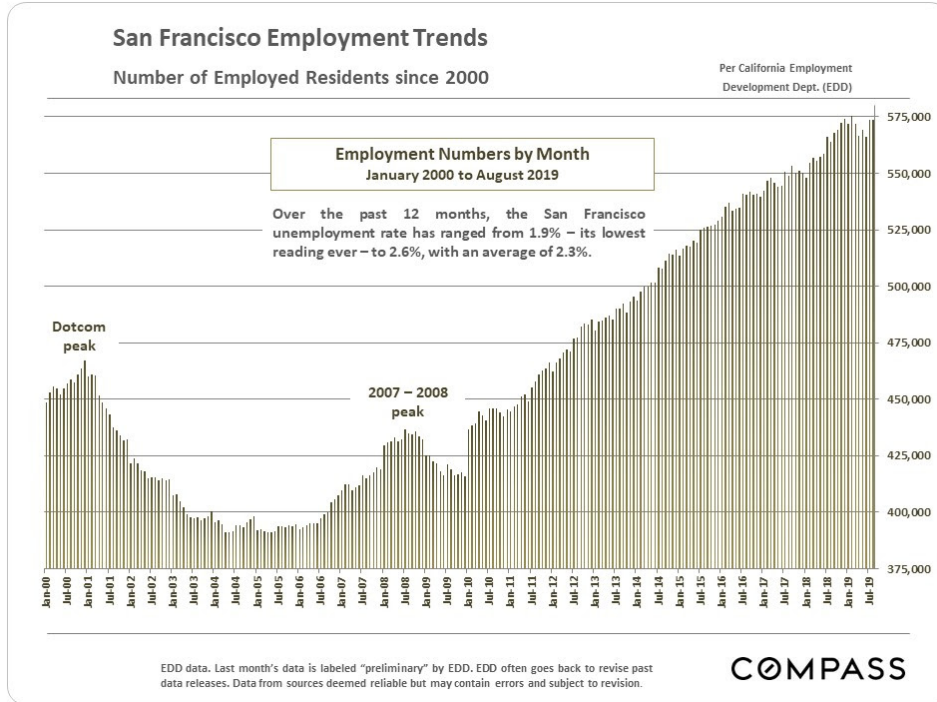
Looking forward, October is typically both a big month for closed sales, reflecting the surge in deals after September's big spike in new listings, as well as for price reductions, as sellers of unsold homes try to spark renewed buyer interest before the market slows in mid-November for the winter holidays.

Then in December, many sellers pull their unsold listings off the market altogether to wait for the market to wake up again in January-March. Of course, sales occur in every month of the year, and indeed, slower periods can be advantageous to buyers since competition for listings plunges.



SF Employment Trends

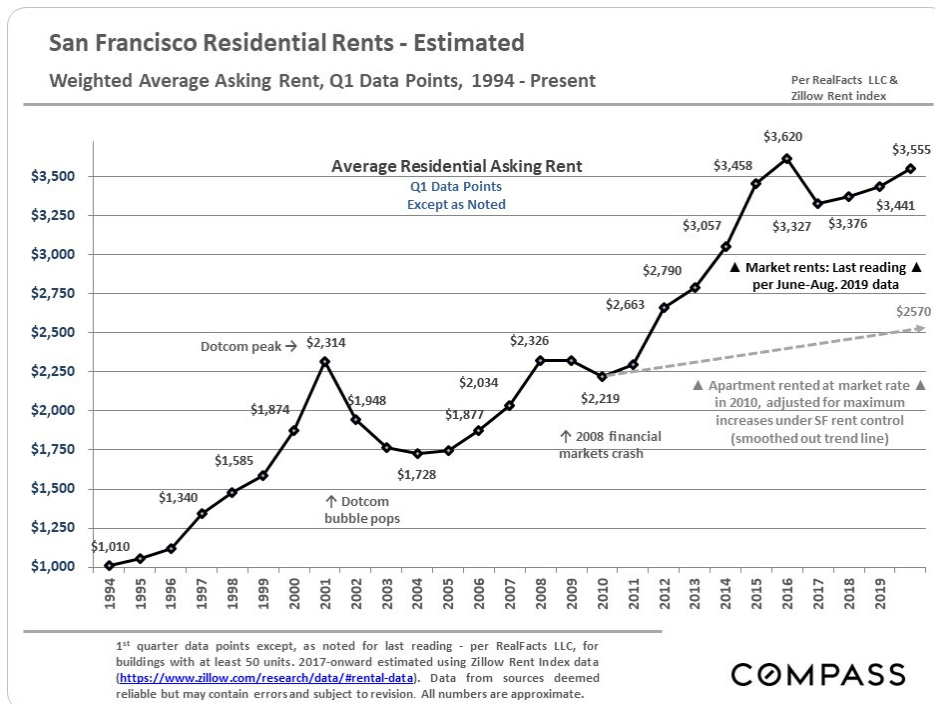
Behind the story of home price appreciation since 2000 are the ups and down in the number of employed residents. After a spectacular boom in job creation since 2010 - many of the jobs extremely well paid - the number has generally leveled off in the past year (according to the CA Employment Development Department).



Trends in Rents

The 2 big recent factors in rent rates have been changes in employment numbers, and the increase in the supply of apartments on the market due to the boom in rental unit construction (the first such boom in many decades). Economists believe there should be generally parallel trends in rents and ownership costs, those being the 2 housing options (besides living with one's parents).

The dotted line delineates the approximate divergence in rents between a market rate unit and a rent-controlled apartment leased in 2010.



Mortgage Interest Rates

A year ago, many experts predicted that interest rates in 2019 would average in the 5.5% range, but they plummeted instead, a major dynamic in this year's market. Buyers generally saw big drops in homeownership costs as compared to late 2018. If you are already a homeowner, depending on when you purchased your home, you might want to investigate the option of refinancing your mortgage with a new, long-term, fixed-rate loan. Note: Historically, it has been very difficult to predict interest rate movements.

