

San Francisco Real Estate January 2024 Report

Dramatically Improving Economic Indicators Suggest a Brighter Housing Market

Q In the last 2 months of 2023, the average, weekly, 30-year mortgage interest rate dropped from 7.25% to 6.53%. With the fall in inflation this past year, the Fed is widely expected to begin dropping its benchmark rate, probably in multiple steps, in 2024. The consensus forecast among analysts is for further declines in mortgage interest rates.

Q After its end-of-year rally, the S&P index was up 25% and the Nasdaq up 43% in 2023 (though it has ticked down meaning 2024). This plays a major role in Bay Area household wealth.

Q On an annual basis, the 2023 median house sales price was down 13% from 2022, while on a quarterly basis, the Q4 price was down less than 1% year-over-year.

The 2023 market was characterized by high interest rates, financial market uncertainty, negative media "doom-loop" narratives (heavily overdone), social/economic issues pertaining to the downtown district, and a low supply of new listings in most neighborhoods – generally much lower for houses than for condos. Total sales volume fell, while for prospective sellers, the motivation to move was reduced by the mortgage lock-in effect. With interest rates falling, media coverage turning more positive, AI companies expanding downtown, and economic conditions and consumer confidence rebounding, the outlook is bright for San Francisco real estate.

Note: As often seen in recent years, the complex economic, political and social factors affecting interest rates, inflation, consumer confidence, and housing and financial markets can change rapidly in unexpected ways. Forecasts and projections are best guesses based on the interpretation of recent economic data and trends.

"Inflation around the globe is slowing way faster than expected. If economists are right...next year [will see] inflation back to normal levels for the first time in three years." - Wall Street Journal, 12/24/23, "For Much of the World, Inflation Will Be Normal in 2024 – Finally"

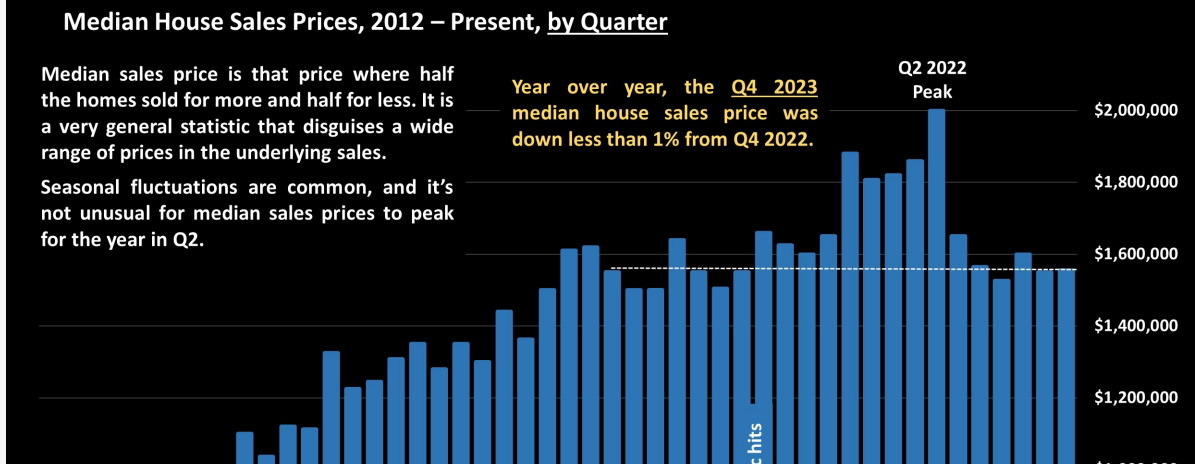
"Consumer sentiment soared 14% in December [due to] substantial improvements in how consumers view the trajectory of inflation...All age, income, education, geographic, and political identification groups saw gains in sentiment... (2024) inflation expectations plunged from 4.5% last month to 3.1% this month." - University of Michigan, Consumer Sentiment Index, December 2023

"Housing starts surged to a six-month high, sales of previously owned homes picked up in a 13-year low and builder optimism boosted by increased interest from prospective buyers. Meanwhile, Americans' home buying plans over the next months by their most in areas where a 2-year price bubble comes as mortgage rates have declined by...the biggest drop over a comparable period since 2009." - Bloomberg News, 12/30/23

"The 30-year fixed-rate mortgage remained below 7%...after 17 consecutive weeks above. Lower rates are bringing potential homebuyers who were previously waiting on the sidelines back into the market...Leading into the new year, the economy remains on firm ground with solid growth, a tight labor market, decelerating inflation, and a nascent rebound in the housing market." - Freddie Mac, 12/22/23-12/22/23

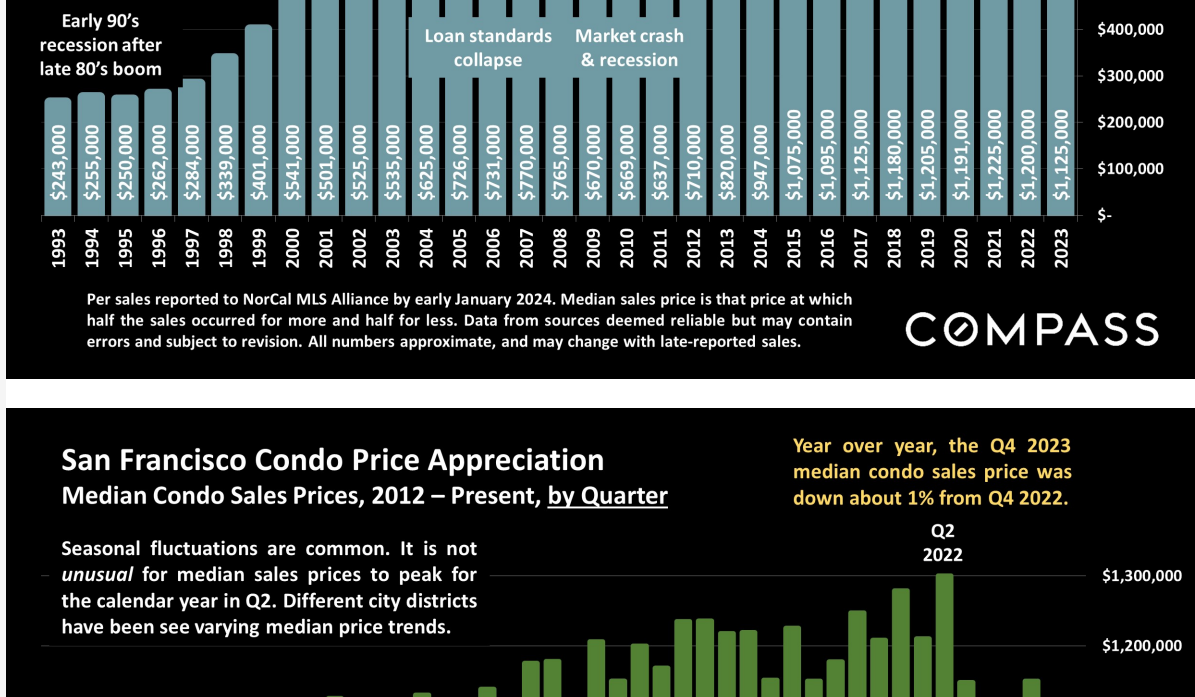
Since changes in economic indicators didn't begin to affect market psychology until early November (49% before the end-of-winter holiday slowdown) and the homebuying process takes 30 to 60 days from loan qualification and offer acceptance to closed sale, significant effects of these changes on real estate market statistics will not begin to show up until January data comes in.

Mortgage Interest Rates in 2023



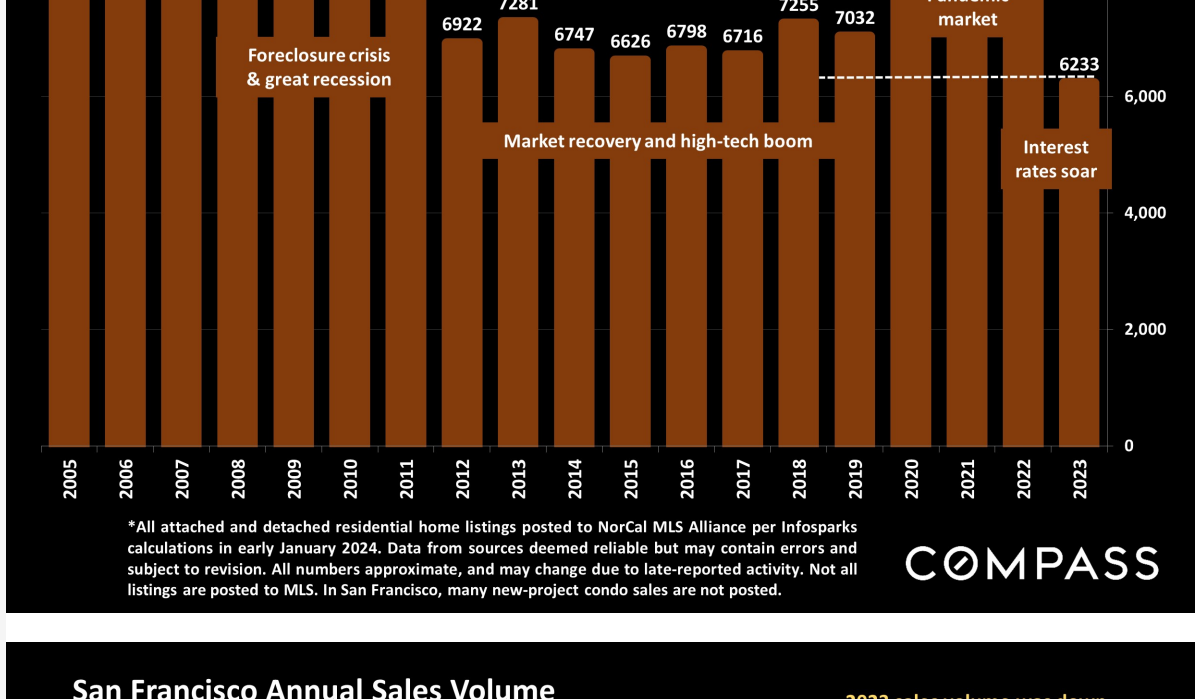
San Francisco Median House Prices

Median prices are generally most useful to discern broad market trends. They can be affected by other factors besides changes in fair market value. San Francisco contains neighborhoods of widely varying values. Annual data can disguise significant changes that occurred within the calendar year.



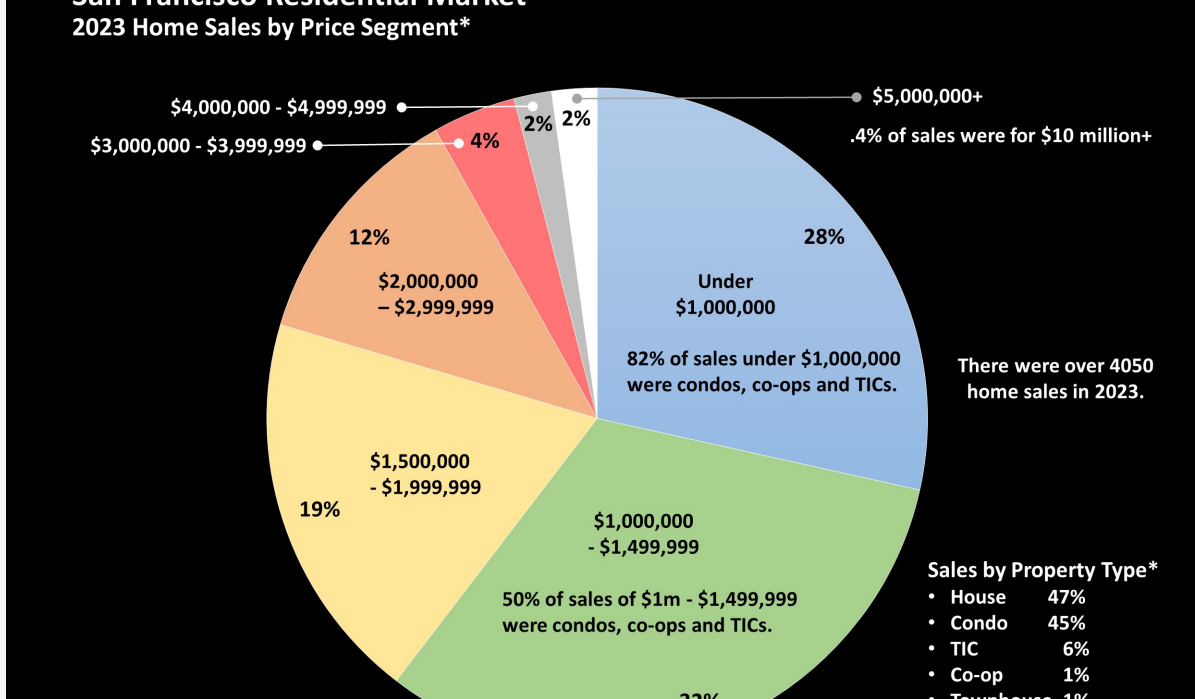
San Francisco House Price Trends

Median sales price is that price where half the homes sold for more and half for less. It is a general statistic that disguises a wide range of prices in the underlying sales.



San Francisco Median Condo Prices

Median prices are generally most useful to discern broad market trends. They can be affected by other factors besides changes in fair market value. The city contains projects and neighborhoods of widely varying values. Annual data can disguise significant changes that occur within the calendar year.



San Francisco Condo Price Trends

Median sales price is that price where half the homes sold for more and half for less. It is a general statistic that disguises a wide range of prices in the underlying sales.



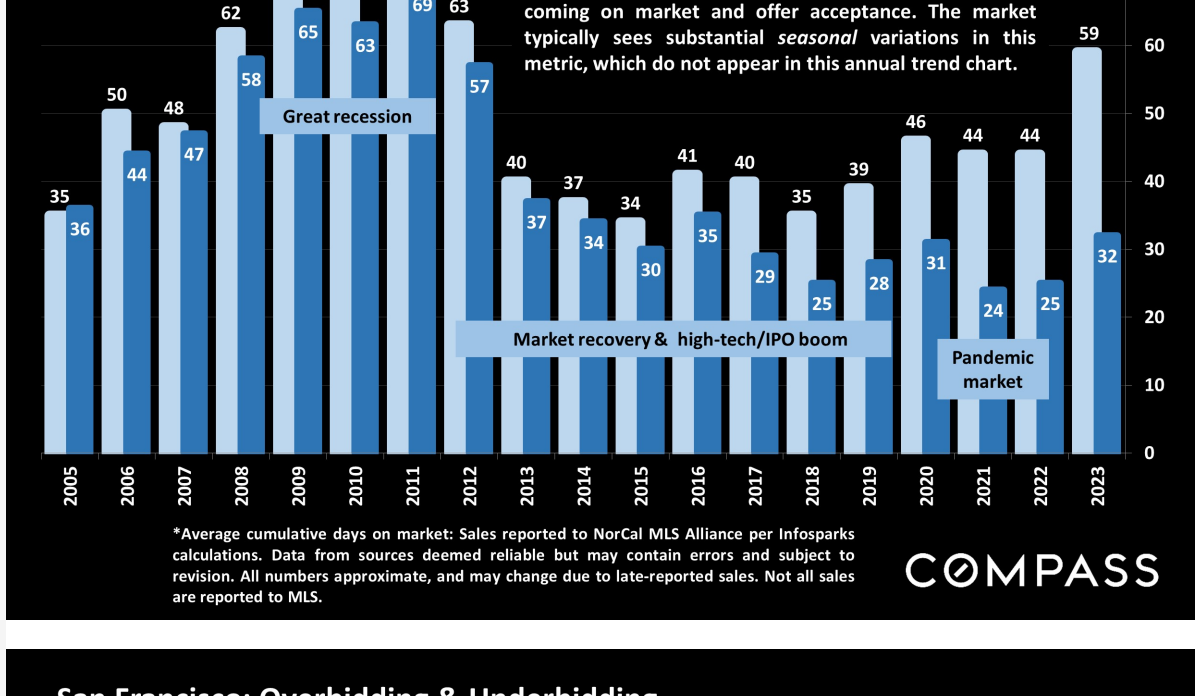
San Francisco Annual New-Listing Volume

The number of new listings in 2023 is the lowest since 2005.

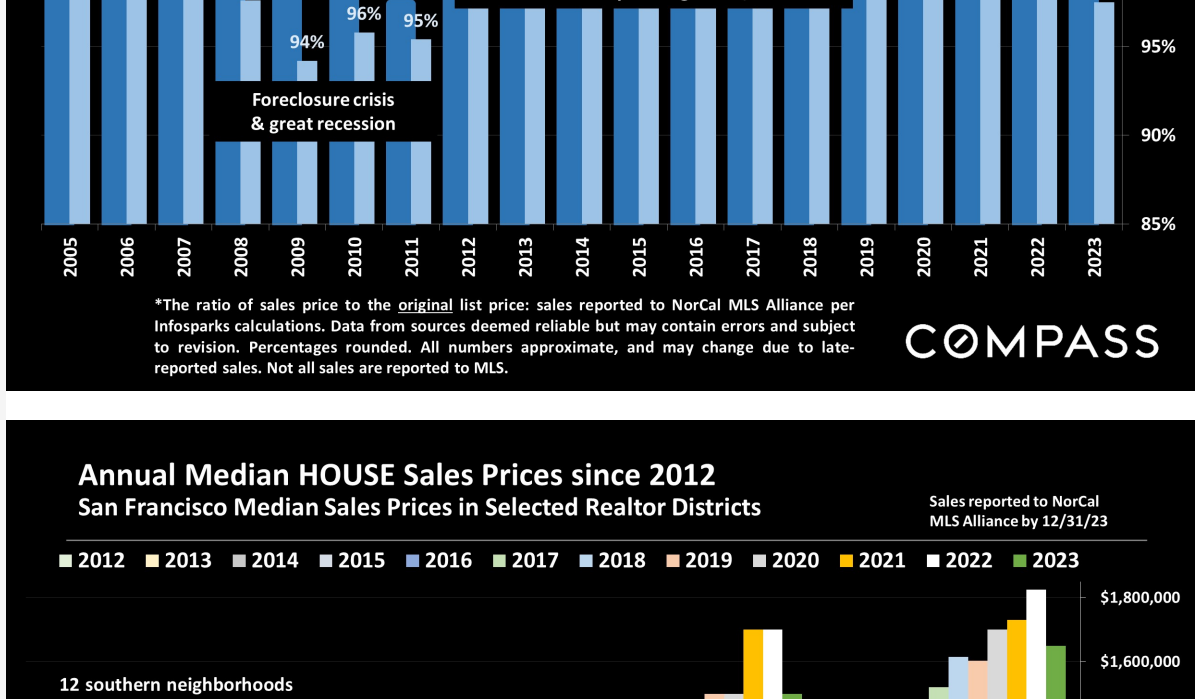


San Francisco Annual Sales Volume

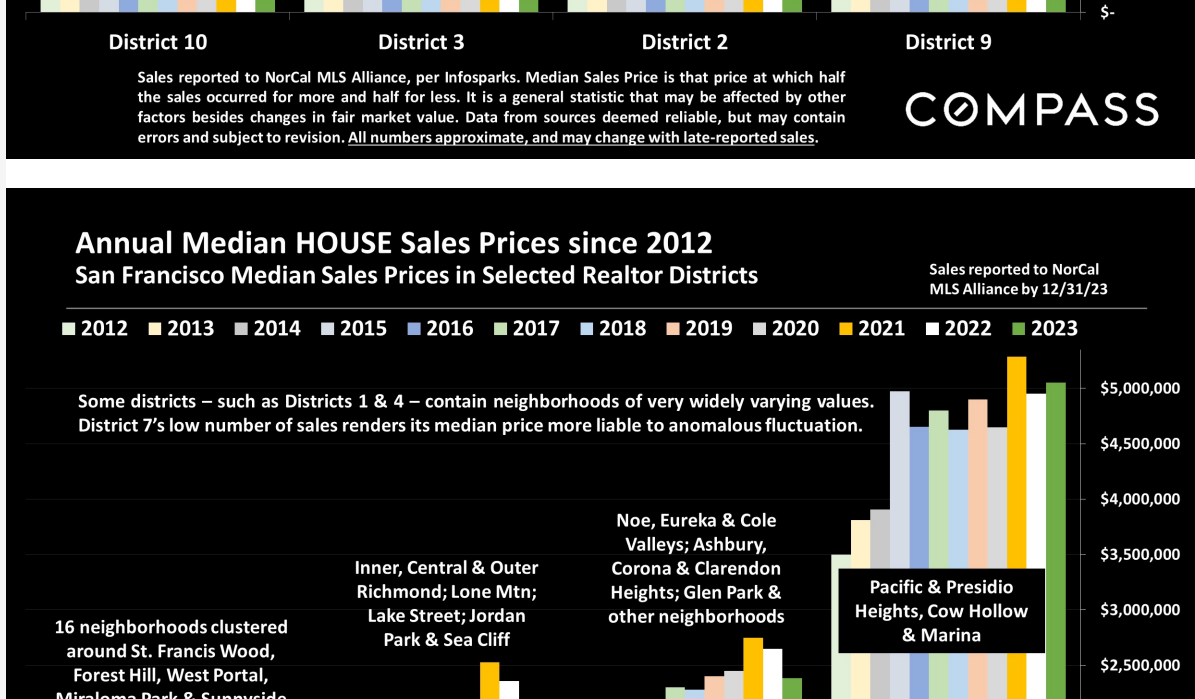
Sales volume is affected by both buyer demand and the number of listings available to purchase. It can be heavily impacted by positive and negative economic conditions. Large sales can occur within a single calendar year, as occurred in 2022.



San Francisco Residential Market 2023 Home Sales by Price Segment*



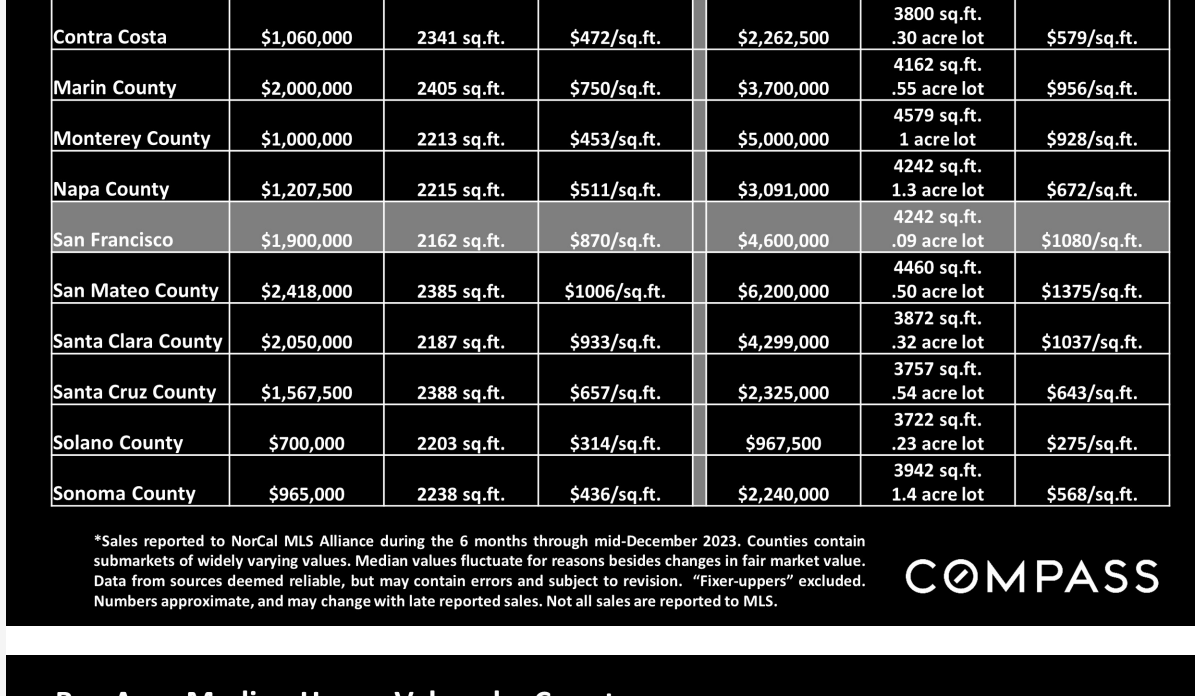
San Francisco Annual Sales - \$5,000,000+



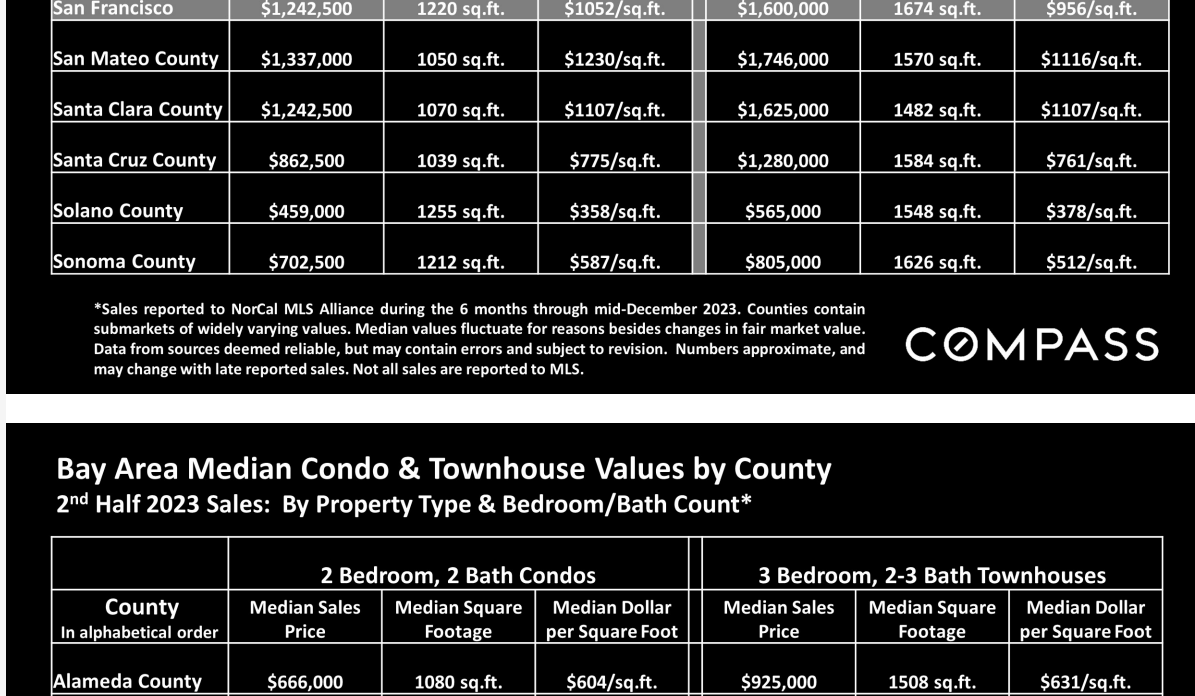
San Francisco Luxury Home Market

10 Highest Home Sales in 2023*		Most Expensive Active or Pending Listings*	
Neighborhood	Highest Home Sale*	Neighborhood	Highest Sale*
Presidio Heights	\$29,500,000	Pacific Heights	\$29,200,000
Pacific Heights	\$23,500,000	Pacific Heights	\$23,000,000
Sea Cliff	\$20,000,000	Sea Cliff	\$20,000,000
Sea Cliff	\$18,000,000	Pacific Heights	\$19,950,000
Pacific Heights (condo)	\$13,000,000	Pacific Heights (condo)	\$12,900,000
Cow Hollow	\$16,375,000	Sea Cliff - pending sale	\$16,300,000
Pacific Heights	\$16,300,000	Pacific Heights	\$16,300,000
Pacific Heights	\$16,300,000	Yerba Buena (condo)	\$16,300,000
Cow Hollow	\$16,300,000	Pacific Heights	\$16,300,000

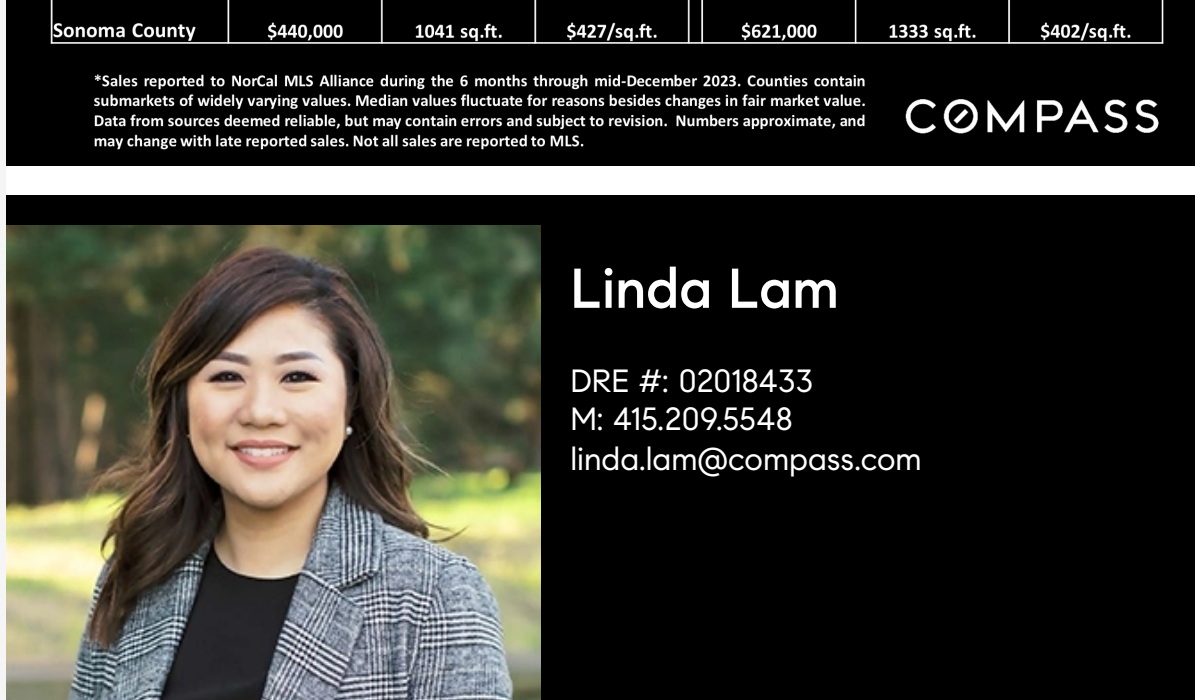
San Francisco Homes Market



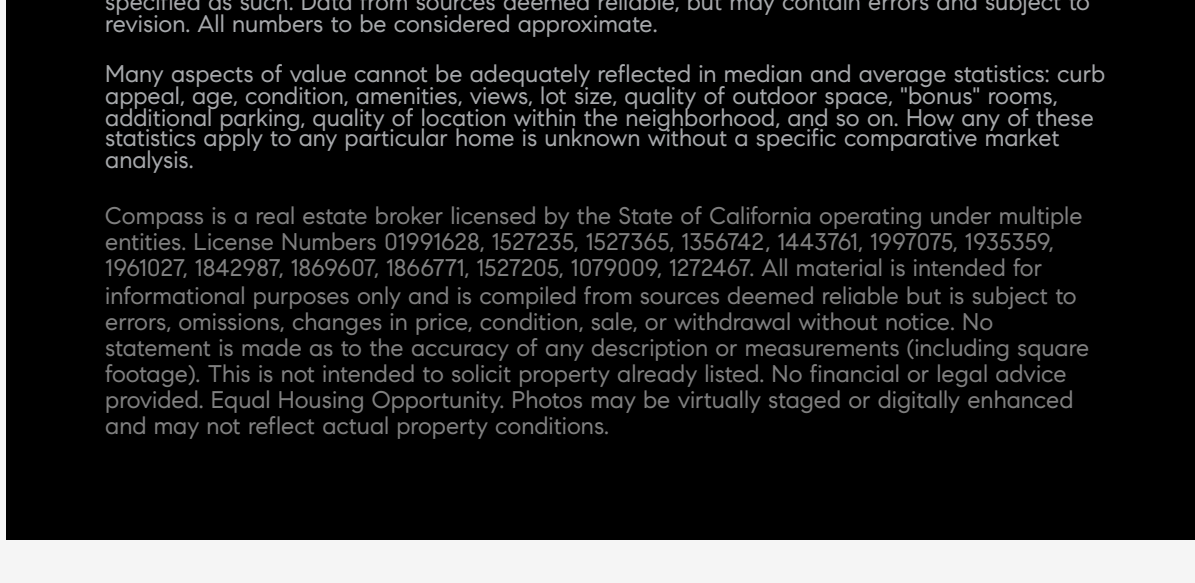
Listings Accepting Offers (Going into Contract)



San Francisco - Speed of Sale



San Francisco: Overbidding & Underbidding



Annual Median House Sales Prices since 2012

Annual Median Condo Sales Prices since 2012

Bay Area Median House Values by County

County	Median Sales Price	2 Bedroom, 2 Bath Homes	3 Bedroom, 2 1/2 Bath Homes
Alameda County	\$1,400,000	\$722/sq ft	\$1,275,000
Contra Costa	\$1,000,000	\$272/sq ft	\$1,262,000
Marin County	\$1,600,000	\$740/sq ft	\$1,700,000
Monterey County	\$1,000,000	\$453/sq ft	\$1,000,000
Napa County	\$1,200,000	\$715/sq ft	\$1,095,000
San Francisco	\$1,385,000	\$130/sq ft	\$1,009,000
San Mateo County	\$1,340,000	\$105/sq ft	\$1,746,000
Santa Clara County	\$1,240,000	\$114/sq ft	\$1,107/sq ft
Santa Cruz County	\$1,563,000	\$108/sq ft	\$1,325,000
Sonoma County	\$790,000	\$558/sq ft	\$1,372/sq ft
Sonoma County	\$982,000	\$582/sq ft	\$2,240,000

Bay Area Median Condo & Townhouse Values by County

County	Median Sales Price	2 Bedroom, 2 Bath Condos	3 Bedroom, 2 Bath Townhouses
Alameda County	\$660,000	\$108/sq ft	\$935,000
Contra Costa	\$600,000	\$110/sq ft	\$139,000
Marin County	\$760,000	\$113/sq ft	\$643/sq ft
Monterey County	\$830,000	\$646/sq ft	\$145,000
Napa County	\$760,000	\$114/sq ft	\$145,000
San Francisco	\$1,346,000	\$163/sq ft	\$1,009,000
San Mateo County	\$880,000	\$114/sq ft	\$1,103/sq ft
Santa Clara County	\$1,240,000	\$114/sq ft	\$1,202,500
Santa Cruz County	\$790,000	\$108/sq ft	\$940,000
Sonoma County	\$790,000	\$114/sq ft	\$149,000
Sonoma County	\$460,000	\$101/sq ft	\$422/sq ft

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Statistics are generalizations, essentially summaries of widely disparate data presented by dozens, hundreds or thousands of unique, individual sales occurring within different time periods. They are best used as general reference points, but do not constitute a forecast or prediction, and may not reflect the actual results of any specific program. Compares are made to the median sales price of all homes sold in the Bay Area during the same time period. All sales are reported to MLS and these won't be reflected in the data. "Homes" signifies real-property, single-family, detached, freestanding houses, condos, co-ops, townhomes, duplexes or other multi-unit residential buildings, but does not include mobile homes. City/town names refer specifically to the named cities and towns of large counties unless otherwise indicated. Multi-county metro areas will only be included in some statistics. All numbers are subject to revision. All numbers to be considered approximate.

Many aspects of value cannot be adequately reflected in median and average statistics, curb appeal, specific details, location, lot size, view, quality of construction, and so on. How any of these statistics apply to any particular home is unknown without a specific comparative market analysis.

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