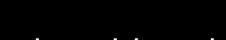




San Francisco Real Estate
June 2023 Report



Recapping the Spring 2023 Market

Median home sales prices have begun to recover from mid-winter lows, though remaining far below peak prices hit in spring 2022.

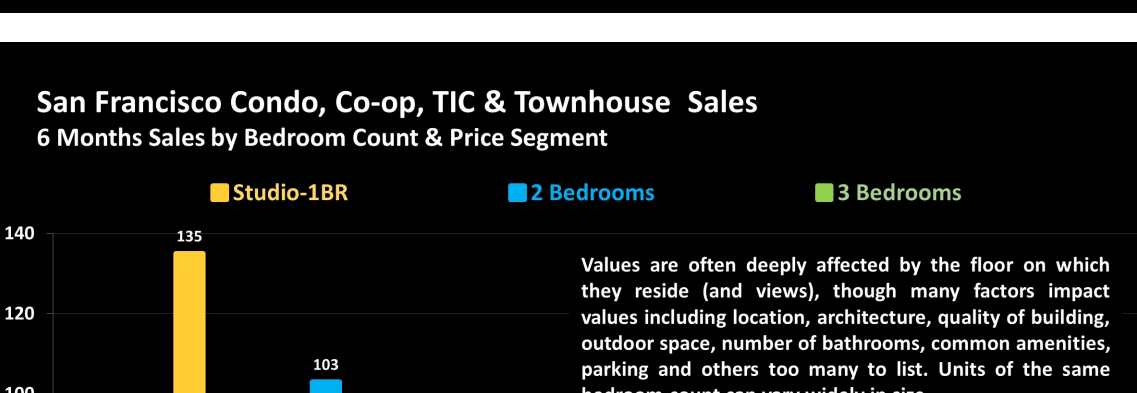
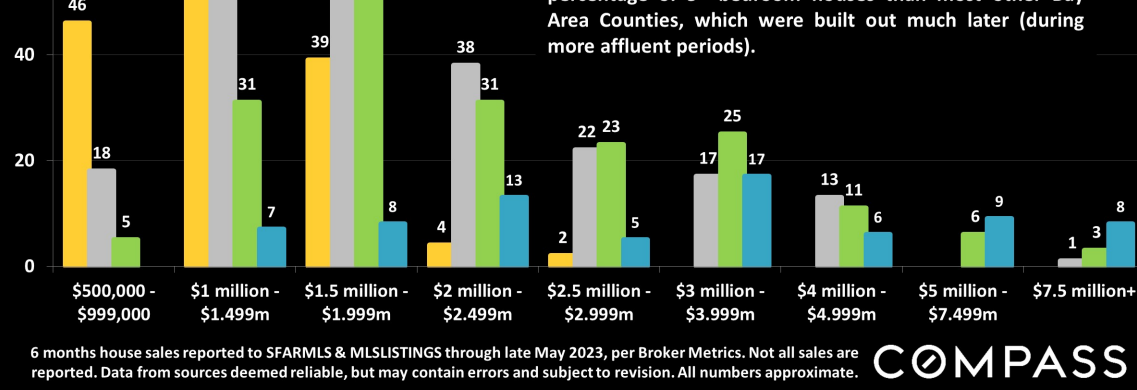
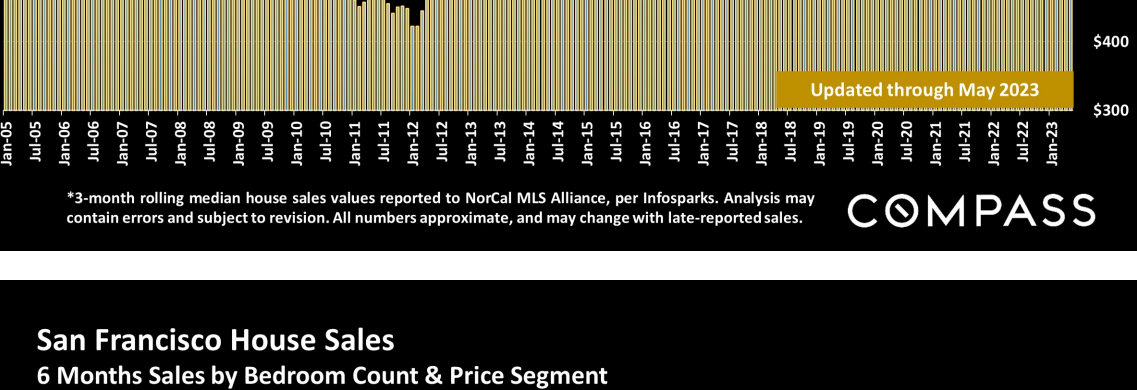
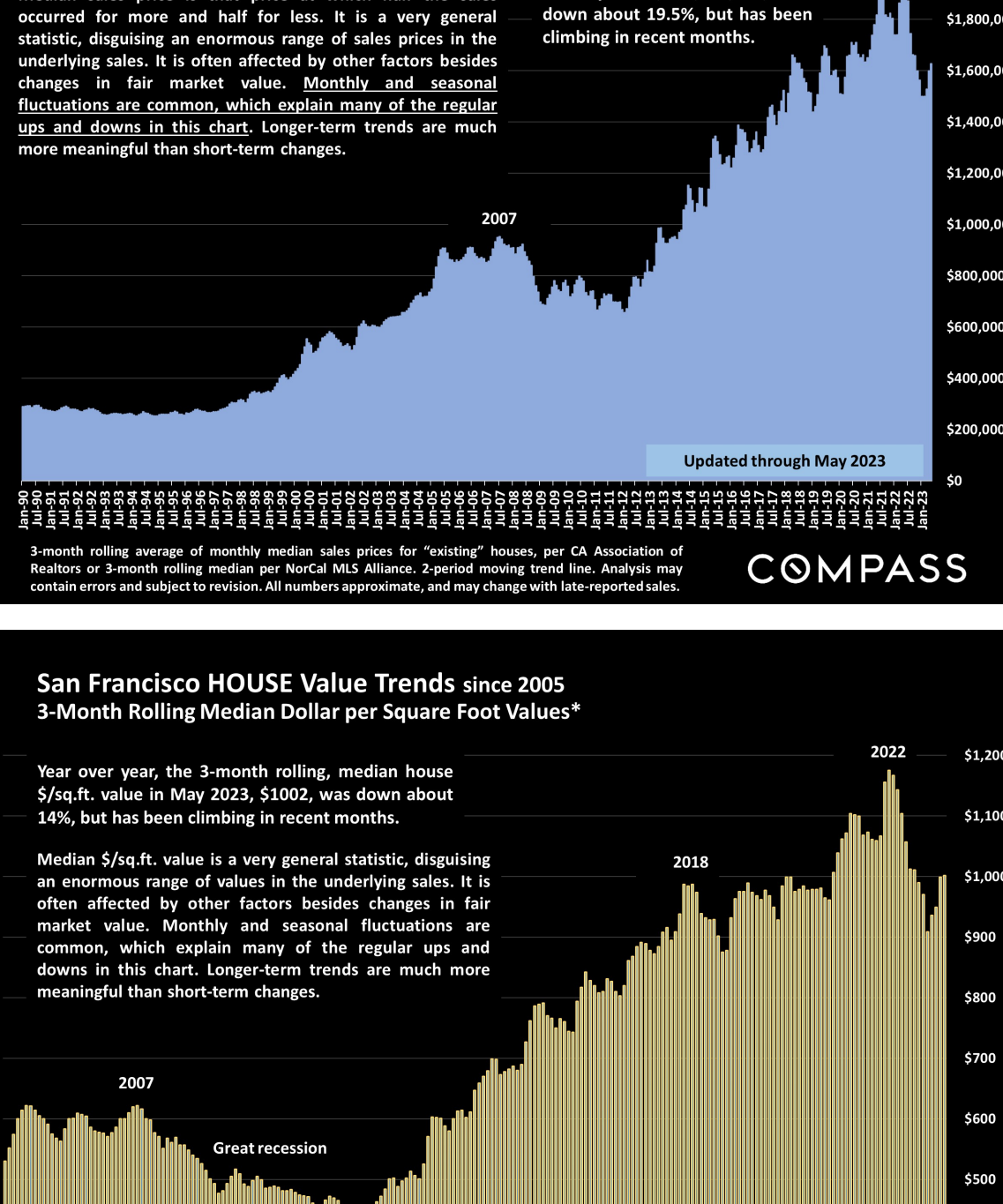
The SF house market continues to be substantially stronger than the condo market, and the condo market in the downtown/South of Market/Civic Center area – affected by a number of economic and social factors – is considerably weaker than condo markets in the rest of the city.

The number of new listings coming on market and the number of home sales over the past 12 months were the lowest since both plunged after the pandemic first struck. New listing and sales volumes have risen from their nadirs in 2022, but remain historically low. Average days on market dropped considerably in 2023 as buyer demand recovered, and the percentage of home sales closing over asking price increased. The average house sale is now, once again, selling well above its original asking price. The average condo sale is selling slightly below list price.

Luxury home sales remain well down from peaks seen at the height of the pandemic boom, but significantly up from late 2022.

With bank crises, fed actions, inflation readings, and U.S. debt/default fears, interest rates have been volatile in 2023, with significant ups and downs. As of early June, 30-year, fixed-rate mortgages are running about a quarter percent below 7% (but rates can change quickly).

The 1st and 6th largest insurers of CA homes, State Farm and Allstate, have announced they will no longer write new policies in this state due to rising claims costs. It is too early to quantify the exact financial and market effects of these actions, or if other insurers will follow suit. Similar issues have come up in other states, such as Florida and Louisiana, and occurred with earthquake insurance in CA in the mid-1990's, leading to the creation of CA Earthquake Authority.



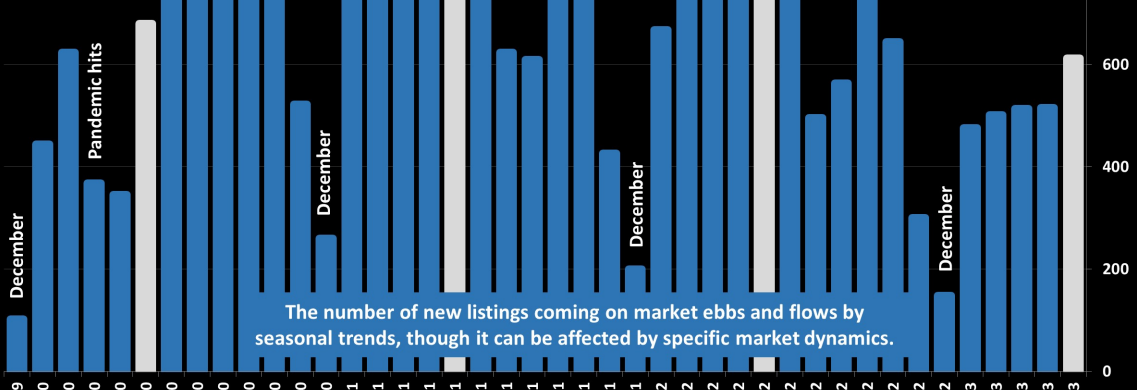
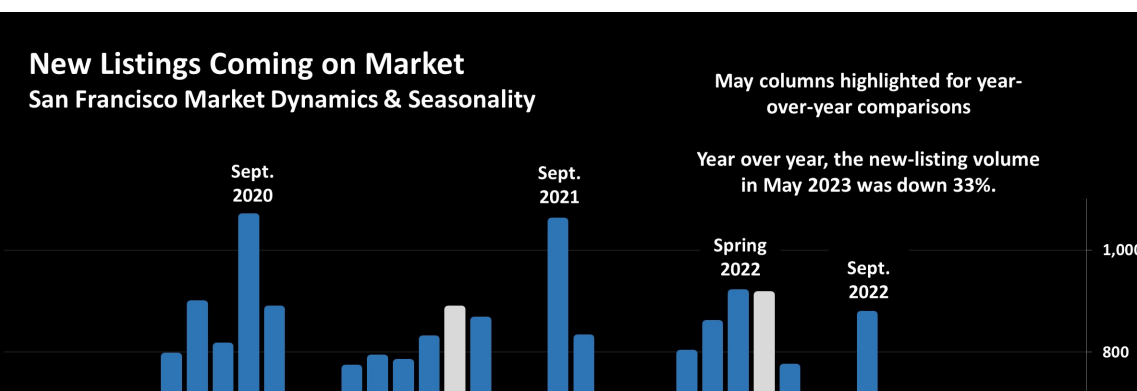
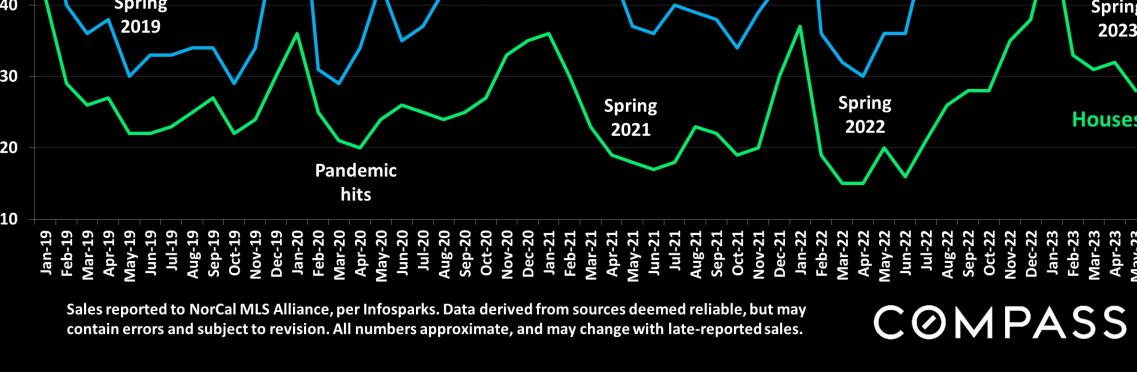
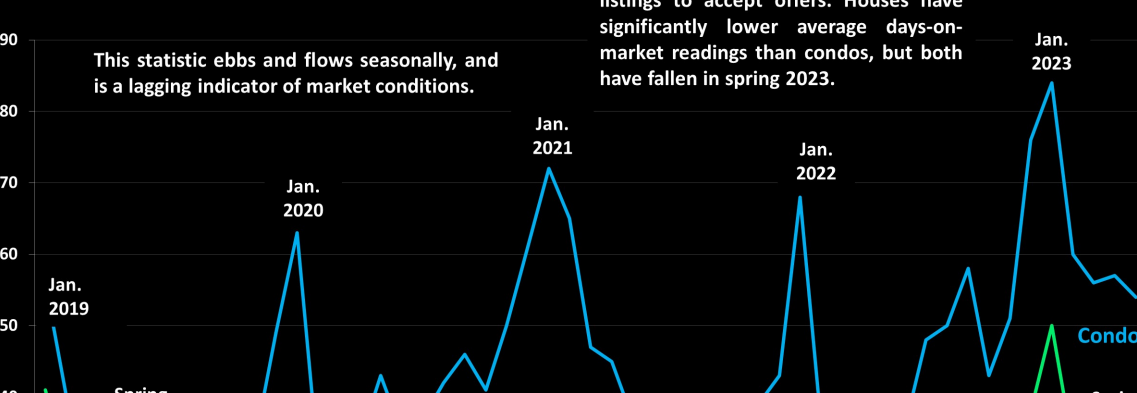
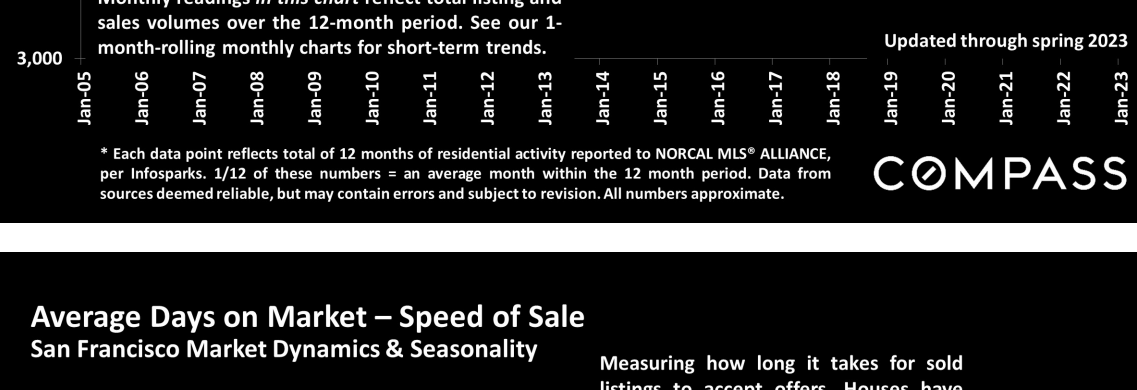
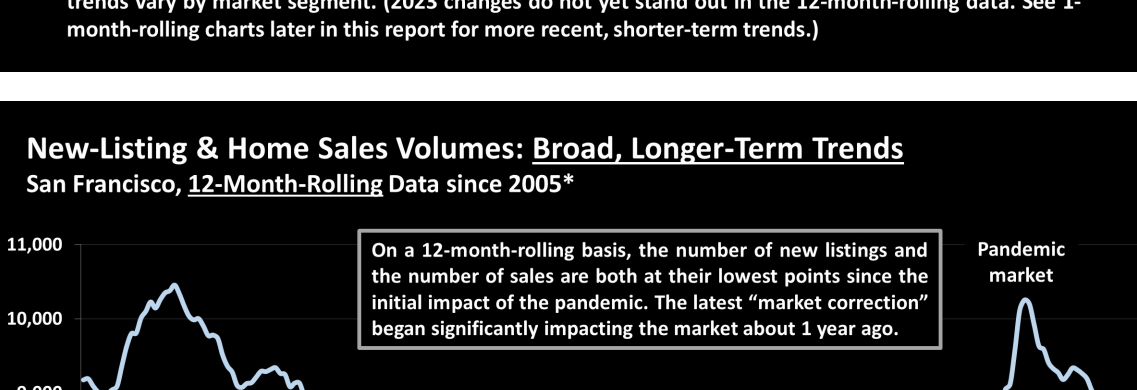
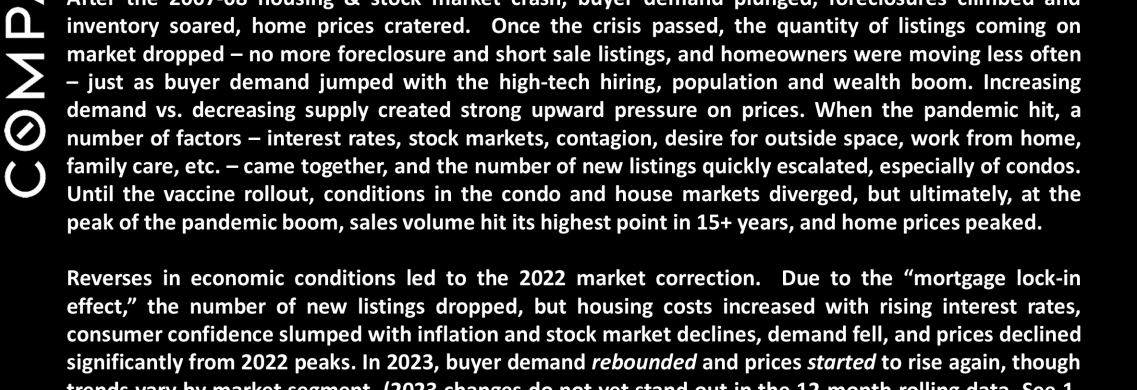
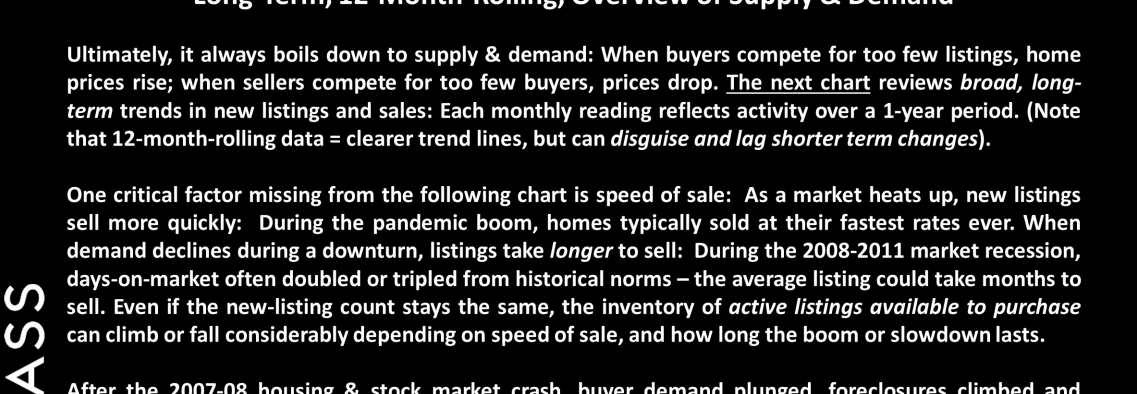
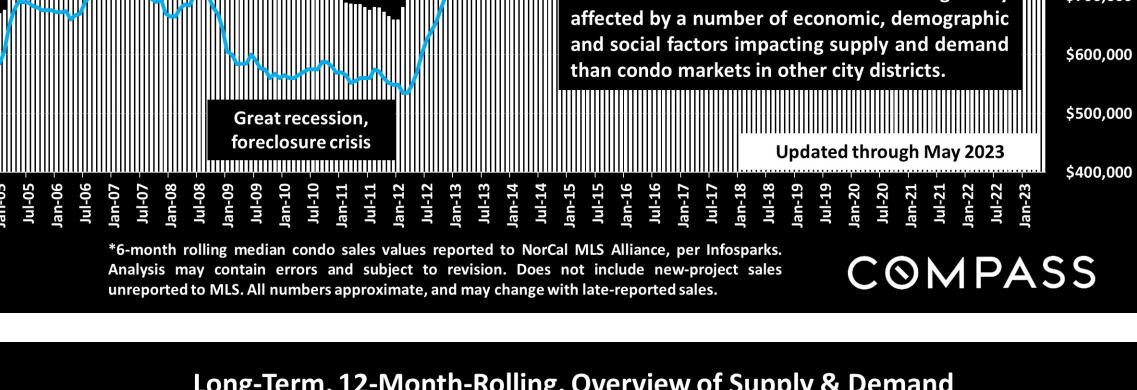
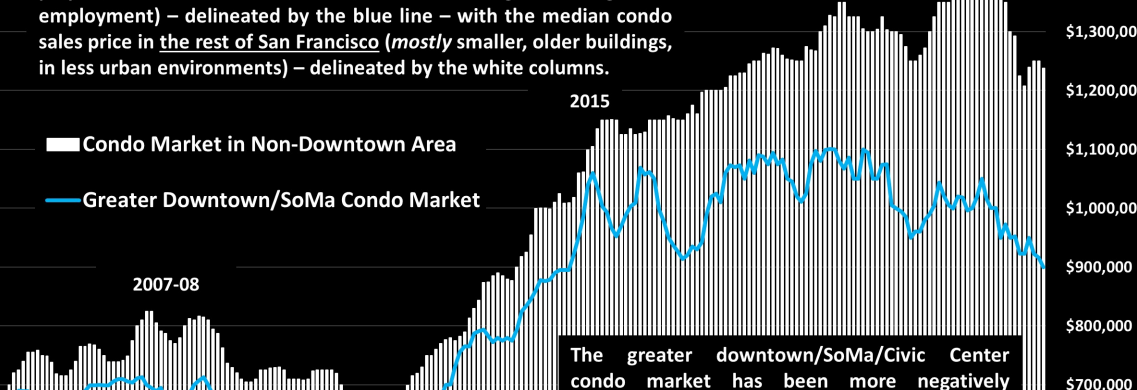
Long-Term, 12-Month-Rolling, Overview of Supply & Demand

Ultimately, it always boils down to supply & demand. When buyers compete for too few listings, home prices rise when sellers compete for too few buyers, prices drop. The stock chart reviews broad, long-term trends in new listings and sales. Each monthly reading reflects activity over a 1-year period. (Note that 12-month-rolling data – clearer trend lines, but can disguise and lag shorter-term changes).

One critical factor missing from the following chart is speed of sale: As a market heats up, new listings sell more quickly. During the pandemic boom, homes typically sold at their greatest price year. When demand declines during a downturn, listings take longer to sell. During the 2008-2013 market recession, days-on-market often doubled or tripled from historical norms – the average listing could take months to sell. Even in the current recovery, days on the same, the inventory of active listings remains high, and can climb or fall considerably depending on speed of sale, and how long the boom or slowdown lasts.

After the 2007-08 housing & stock market crashes, buyer demand plunged, foreclosures climbed and inventory soared, home prices cratered. Once the crisis passed, the quantity of listings coming on market dropped – or no new listings and short sales listings, and homeowners were moving less often – just as demand jumped with the high-tech hiring, population and wealth boom. Increasing demand vs. decreasing supply created strong upward pressure on prices. When the pandemic hit, a number of factors – interest rates, stock markets' correction, desire for outside space, work from home, family care, etc. – came together, and the number of new listings quickly escalated, especially of condos. Until the vaccine rollout, conditions in the condo and house markets diverged, but ultimately, at the peak of the pandemic boom, sales volume hit its highest point in 15+ years, and home prices peaked.

Reverses in economic conditions led to the 2022 market correction. Due to the "mortgage lock-in effect," the number of new listings dropped, but housing costs increased with rising interest rates, consumer confidence slumped with inflation and stock market declines, demand fell, and prices declined significantly from 2022 peaks. In 2023, buyer demand rebounded and prices started to rise again, though trends vary by market segment. (2023 changes do not yet stand out in the 12-month-rolling data. See 1-month-rolling charts later in this report for more recent, shorter-term trends.)



Statistics are generalities, essentially summaries of widely disseminated data generated by dozens, hundreds or thousands of unique individuals occurring within different time periods. They are best viewed not as precise measurements, but as general, comparative indicators, with reasonable margins of error. Anomalous fluctuations in statistics are not uncommon, especially in smaller, less liquid markets. Different analysis programs sometimes utilize different methods of data collection, and may produce slightly different results. Most listings and sales data derives from the local or regional multiple listing services (MLS) of the area being reported. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

Many aspects of value cannot be adequately reflected in median and average statistics: curb appeal, age condition, amenities, view, lot size, quality of outdoor space, "bonus" rooms, positional pricing, quality of finishes within the neighborhood, etc. In any city the above statistics apply to any particular home is unknown without a specific comparative market analysis.

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