

San Francisco Real Estate Forecast Update

Written by Callum Hutchins, Sotheby's International Realty

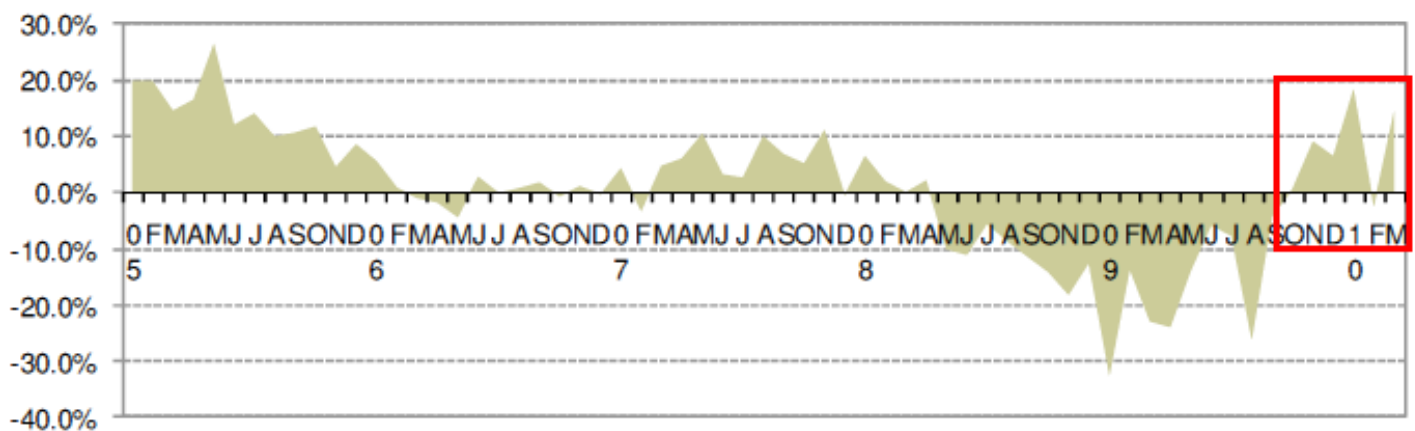
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Closing out 2009 we had seen price rebounds of approximately 10%, or about half of what we lost in the national meltdown from Q4 2008 thru Q1 2009. The 2010¹ prediction was for the market to be "fairly stable and have an overall neutral balance of power between Buyers and Sellers, with exceptions in favor of one side or the other depending on location, property type, and micro-demand. Today there are Buyers out there ready to pay market prices for good properties, waiting for inventory to improve." Four months into the year that prediction has held.

Looking at the numbers on the opposite page, the story is obviously about the increase in the number of transactions from Jan-Mar 2009 vs. the same period this year, up over 50% for single family sales and close to 70% for condos. Median prices have been flat over this same period, but when the number of sales are up 50-70% and prices are flat, this is classically the moment right before prices rise again. If prices are going up they will do so between now and July, so price performance for the next couple of months is critical for our continued recovery. It feels like prices are going up, and the *monthly* year over year graph below (numbers on the other side are quarterly) supports that proposition:

San Francisco Homes: Year-Over-Year Median Price Change



One of the pillars of our resurgence has been the low cost and availability of new home loans. The first money to come back to the market was the sub \$729,000 loan, a threshold set by the Fed specific to Bay Area home prices. Loans with interest rates fixed for 5 years have been as low as 4.125% and are currently running a little above that. The money we really needed was the "jumbo" money over the \$729,000 level, and although it was slow coming, it has been in place for about a year now at rates right around 5% for a loan fixed for 5 years, which is excellent. The money not available at a competitive rate is the jumbo money fixed for 30 years, the banks not willing to make such a long-term commitment to these remarkably low interest rate levels.

Thank you for taking the time to read this. I represent Buyers and Sellers in the purchase and sale of homes, condominiums, TIC's, and apartment buildings, so if you can ever think of anyone looking to buy or sell I am grateful for the referral. I work with Buyers and Sellers in all price ranges, so if you are reading this newsletter I am never too busy for you. It is impossible to address every aspect of the market in this Forecast, so if you have a specific question please contact me at (415) 901-1760 or at callum@callumhutchins.com. Thank you,

¹Available at <http://callumhutchins.com/2010Forecast.pdf>

QUARTERLY SALES UPDATE
Jan - Mar 2009 vs. Jan - Mar 2010

CITYWIDE

	# OF SALES			AVERAGE PRICE			MEDIAN PRICE			\$/ Sq Ft		
	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff
SINGLE FAMILY HOMES	219	336	53.42%	\$ 1,067,113	\$ 1,174,897	10.10%	\$ 810,000	\$ 825,000	1.85%	\$ 625	\$ 629	0.72%
CONDOS	227	383	68.72%	\$ 769,347	\$ 764,060	-0.69%	\$ 663,000	\$ 663,000	0.00%	\$ 655	\$ 647	-1.28%
2-4 UNITS	32	75	134.38%	\$ 1,193,242	\$ 1,088,232	-8.80%	\$ 1,112,500	\$ 1,000,000	-10.11%	\$ 390	\$ 361	-7.41%
5+ UNITS	10	15	50.00%	\$ 2,259,917	\$ 2,690,467	19.05%	\$ 1,889,084	\$ 2,015,000	6.67%	\$ 243	\$ 245	1.07%

DISTRICT 5

Glen Park, Haight Ashbury, Noe Valley, Twin Peaks, Parnassus/Ashbury Heights, Buena Vista Park, Corona Heights, Clarendon Heights, Duboce Triangle

	# OF SALES			AVERAGE PRICE			MEDIAN PRICE			\$/ Sq Ft		
	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff
SINGLE FAMILY HOMES	41	60	46.34%	\$ 1,300,207	\$ 1,453,853	11.82%	\$ 1,195,000	\$ 1,366,250	14.33%	\$ 648	\$ 652	0.69%
CONDOS	47	59	25.53%	\$ 773,321	\$ 841,679	8.84%	\$ 739,000	\$ 755,000	2.17%	\$ 628	\$ 620	-1.26%

DISTRICT 7

Marina, Pacific Heights, Presidio Heights, Cow Hollow

	# OF SALES			AVERAGE PRICE			MEDIAN PRICE			\$/ Sq Ft		
	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff
SINGLE FAMILY HOMES	11	21	90.91%	\$ 3,904,773	\$ 3,442,899	-11.83%	\$ 3,000,000	\$ 2,850,000	-5.00%	\$ 1,206	\$ 939	-22.15%
CONDOS	16	42	162.50%	\$ 1,153,500	\$ 1,212,440	5.11%	\$ 1,010,000	\$ 1,010,000	0.00%	\$ 856	\$ 803	-6.17%

DISTRICT 8

Downtown, Financial District, Nob Hill, North Beach, Russian Hill, Van Ness/Civic Center, Telegraph Hill, North Waterfront, Tenderloin

	# OF SALES			AVERAGE PRICE			MEDIAN PRICE			\$/ Sq Ft		
	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff
SINGLE FAMILY HOMES	1	4	300.00%	\$ 3,795,000	\$ 1,867,500	-50.79%	\$ 3,795,000	\$ 1,775,000	-53.23%		\$ 852	
CONDOS	40	71	77.50%	\$ 906,851	\$ 798,269	-11.97%	\$ 635,250	\$ 650,000	2.32%	\$ 862	\$ 721	-16.35%

DISTRICT 9

Bernal Heights, Inner Mission, Mission Bay, Potrero Hill, South of Market, South Beach, Central Waterfront

	# OF SALES			AVERAGE PRICE			MEDIAN PRICE			\$/ Sq Ft		
	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff	2009	2010	% Diff
SINGLE FAMILY HOMES	22	42	90.91%	\$ 773,284	\$ 734,857	-4.97%	\$ 729,500	\$ 761,500	4.39%	\$ 548	\$ 556	1.50%
CONDOS	77	144	87.01%	\$ 695,480	\$ 647,652	-6.88%	\$ 615,000	\$ 579,500	-5.77%	\$ 608	\$ 600	-1.36%