

MarketFOCUS

JUNE 2012



Single-Family Homes

Median Sales Price:
↑\$785,000

Active For-Sale Inventory:
↓660

Days on Market:
↓43

Condominiums

Median Sales Price:
↓\$700,000

Active For-Sale Inventory:
↓877

Days on Market:
↓43

San Francisco Housing Market Continues to Strengthen

The San Francisco housing market continues to heat up, as evidenced by the increasing sale prices of homes in the city. Compared to one year ago, the median price for a single-family home rose by 10.6 percent to \$785,000. And, with a limited supply of homes for sale, the city has remained a seller's market, with aggressive bidding and multiple offers occurring regularly.

Single-Family Home Sales

Compared to May 2011, the city's inventory of single-family homes for sale fell by 10.8 percent, while the number of homes under contract rose by 13.9 percent. During the same period, the number of homes sold increased by 23.3 percent.

For homes that were priced below \$700,000, the months of supply inventory fell by 70.6 percent to a reading of 0.9. For higher-priced homes between \$700,000 and \$1.2 million, the months of supply inventory also dropped, by 52.7 percent to 1.1 months.

One area of the city which continues to experience healthy sales activity is Twin Peaks West, located in the mid-western part of town. Since May of last year, the number of homes under contract here has increased by 13.9 percent, while the number of homes sold has jumped by 23.3 percent, with 37 transactions closed. Twin Peaks West offers a variety of neighborhood communities, from the upscale and exclusive St. Francis Wood, to the charming mom and pop shops of the West Portal. Homes for sale here typically receive multiple offers and do not last on the market for very long. The median price for a home in Twin Peaks West is \$918,000.

Another area of the city which experienced high sales activity is the northernmost district, which includes classic San Francisco neighborhoods such as the Marina and Pacific Heights. Compared to one year ago, the number of homes for sale in this region rose by 24.4

percent, being one of only three districts in the last month which experienced an increase in for-sale inventory. At the same time, the number of homes under contract increased by 18.8 percent, while the number of homes sold rose by 22.2 percent. Here you will find some of the most impressive views and properties in the city, and whose close proximity to Presidio Park and the waters of the San Francisco Bay, provide an endless array of outdoor recreational activities. The median price for a home here is \$2,875,000.

Condominium Sales

In the same fashion as single-family homes, the inventory of condominiums for sale in the city dropped by 38.1 percent compared to May 2011. As a result, the number of condominiums under contract increased by 38.7 percent, while the number of condominiums sold rose by 9.1 percent.

For condominiums that were priced between \$500,000 and \$900,000, the months of supply inventory contracted by 72.5 percent to a reading of 0.9. For luxury condominiums priced above \$900,000, the months of supply inventory also fell by 57.2 percent to 1.4 months.

One area of the city which experienced positive condominium sales activity is Downtown San Francisco, in the northeast section of town. Since May 2011, the number of condominiums under contract here increased by 4 percent to a total of 52 properties, making it the second highest district in the city with the greatest number of condominiums under contract. The number of condominiums sold also rose by 8.5 percent, with 51 units sold. Downtown San Francisco not only includes the center of the city's commerce, it also features quintessential and historic San Francisco neighborhoods such as North Beach, or "Little Italy" as it is also commonly known, and Nob Hill, home to not only some of the city's most luxurious condominiums, but also to a number of famous landmark hotels such as the Fairmont and Mark Hopkins. The median price for a condominium here is \$734,333.

Outlook

The National Association of REALTORS® reports that, "Pending home sales retrenched in April following three consecutive monthly gains, but are notably higher than a year ago." Lawrence Yun, NAR chief economist, said a one-month setback against a background of many months of gains does not change the fundamentally improving housing market conditions. "Home contract activity has been above year-ago levels now for 12 consecutive months. The housing recovery momentum continues," he said.

The consumer confidence index, which had declined slightly in April, fell further in May. The index now stands at 64.9, down from a reading of 68.7 in April. Regarding the short-term outlook, Lynn Franco, director of the Conference Board Consumer Research Center, says that, "Consumers were less positive about current business and labor market conditions, and they were pessimistic about the short-term outlook. However, consumers were more upbeat about their income prospects, which should help sustain spending."

According to the California Employment Development Department, California's unemployment rate decreased to 10.8 percent in May, and nonfarm payrolls increased by 33,900 during the month for a total gain of 425,000 jobs since the recovery began in September 2009.

As reported earlier this month in the San Francisco Chronicle, "U.S. mortgage rates dropped to record lows for a sixth straight week as concerns over slowing job growth pushed investors into the safety of government bonds that guide interest costs. The average rate for a 30-year mortgage dropped to 3.67 percent from 3.75 percent in the week ended Thursday, Freddie Mac reported. It was the lowest rate in the mortgage-finance company's records dating to 1971. The average 15-year rate declined to 2.94 percent, also a record, from 2.97 percent."