



San Francisco Real Estate
October 2022 Report

COMPASS

Virtually across the Bay Area, Q3 median sales prices retreated dramatically from their spring peaks, and SF was hit harder than most area markets. Part of this was due to seasonal trends – median sales prices often peak for the calendar year in Q2, then drop in summer – but part of the decline was clearly due to changing market conditions prompted by shifts in interest rates, inflation, stock markets, and consumer confidence. In this report, home prices will be reviewed from a variety of angles to provide greater context. On the supply and demand side, it appears that after the big drop in demand in early-mid summer, conditions have mostly stabilized: Generally speaking, sales numbers are no longer appreciably dropping, though overbidding statistics continue to decline and days on market to climb.

When looking at recent market changes, it is important to remember how *overheated* the market was in 2021 and early 2022 – many quarter-to-quarter, and year-over-year comparisons are distorted by the unusual (sometimes frenzied) conditions that prevailed then. It is also wise not to jump to definitive conclusions based upon a single quarter's data: The economy and real estate market are still in a period of adjustment.

Comparisons with the crash of 2008 continue to be made, but the precipitating factor in the 2008 crash – tens of millions of households talked into home loans they could never afford, forcing a tsunami of frantic sales during the great recession – simply does not apply today. Mortgage payments as a percentage of income, and loan delinquency rates are both close to all-time lows; most homeowners' mortgages are held at historically low rates. There has been no surge of desperate sellers: New listing numbers are actually down from last year. Stock market declines, though substantial, cannot compare with those seen in 2008-2009, and employment remains very strong. This is not to minimize the correction the market is going through: There are certainly major economic and demographic challenges at play right now, but a market correction is not a crash, being more like a slow leak in an over-pressurized tire than a blowout on the highway at high speed.

The relatively short autumn selling season began after Labor Day and runs through mid-November. The mid-winter holiday slowdown then runs through mid-January. Though sales continue in every month of the year, listing and sale activity drops dramatically as we near Thanksgiving. Slower markets can offer opportunities to buyers, but the selection of homes for sale usually tumbles.

Our reports are not intended to convince you regarding a course of action or to predict the future, but to provide, to the best of our ability, straightforward information and good-faith analysis to assist you in making your own informed decisions. Statistics should be considered very general indicators, and all numbers should be considered approximate. How they apply to any particular property is unknown without a specific comparative market analysis.

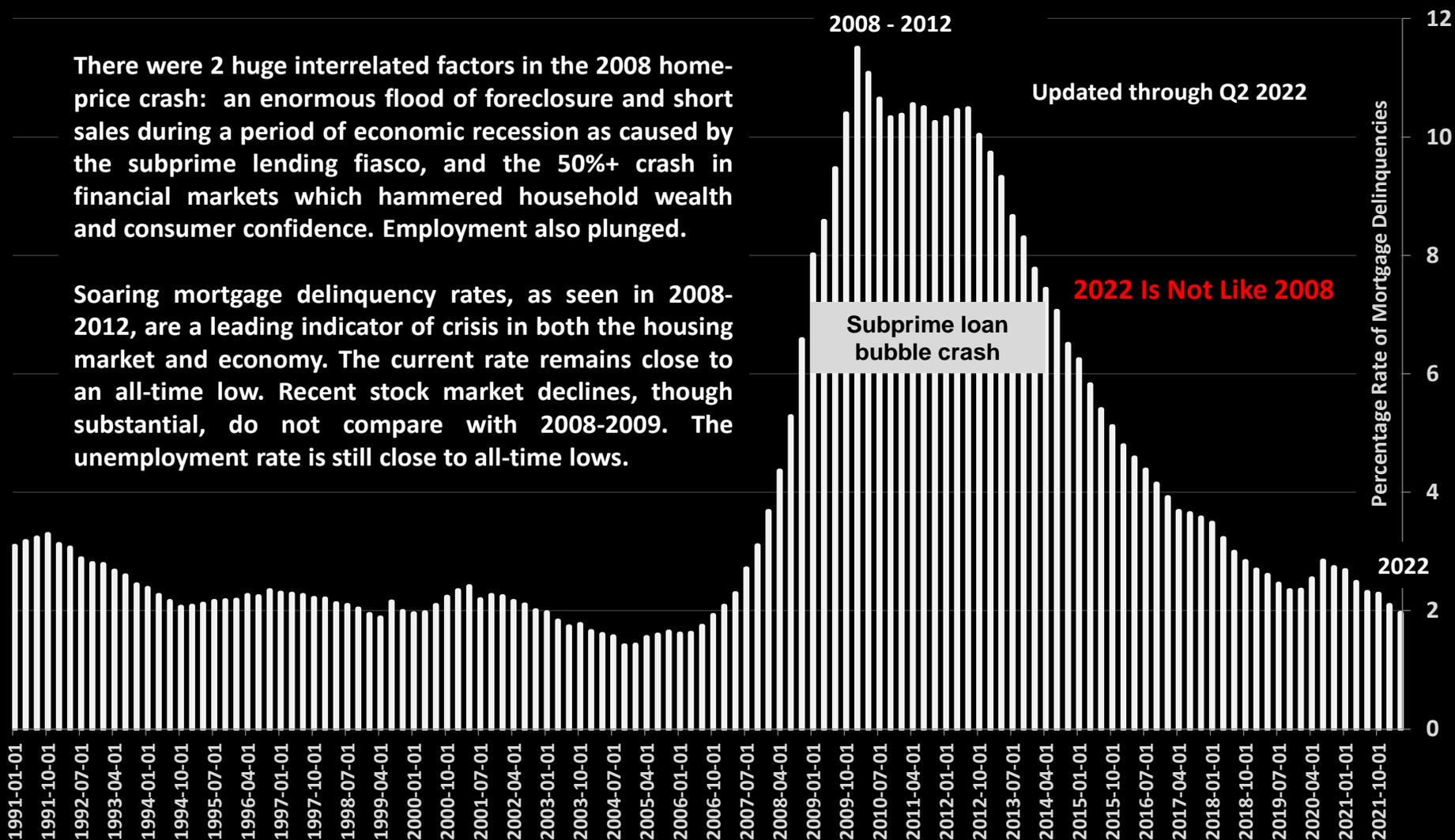
Delinquency Rate on U.S. Single Family Mortgages

Percentage by Quarter, 1991 – Q2 2022

As published by the Federal Reserve Bank of St. Louis

There were 2 huge interrelated factors in the 2008 home-price crash: an enormous flood of foreclosure and short sales during a period of economic recession as caused by the subprime lending fiasco, and the 50%+ crash in financial markets which hammered household wealth and consumer confidence. Employment also plunged.

Soaring mortgage delinquency rates, as seen in 2008-2012, are a leading indicator of crisis in both the housing market and economy. The current rate remains close to an all-time low. Recent stock market declines, though substantial, do not compare with 2008-2009. The unemployment rate is still close to all-time lows.



Delinquency Rate on Single-Family Residential Mortgages, Domestic Offices, All Commercial Banks], per Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DRSFRMACBS>. Data from sources deemed reliable but may contain errors and subject to revision. All numbers to be considered approximate.



San Francisco House Price Trends

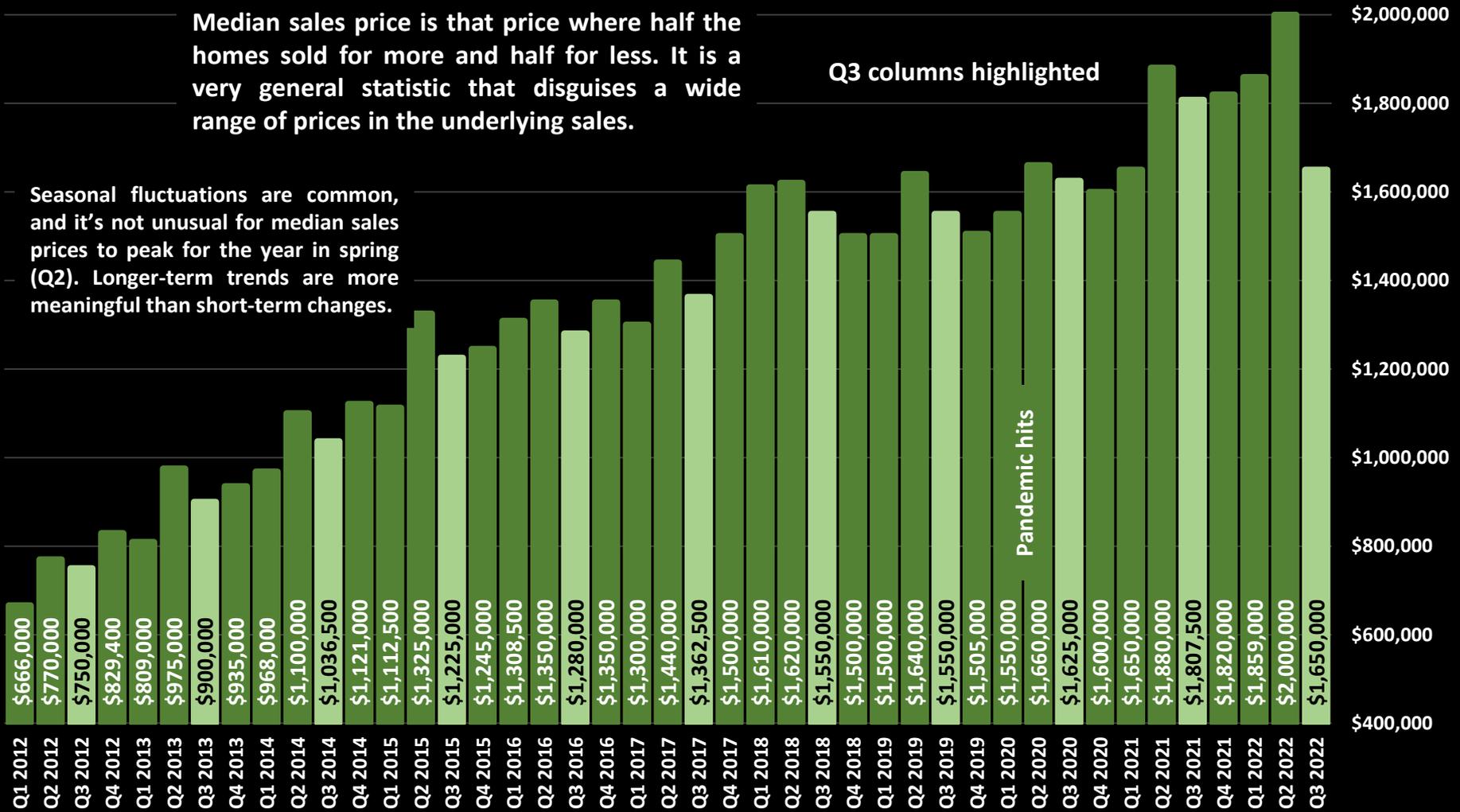
Median House Sales Prices, 2012 – Present, by Quarter

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

Seasonal fluctuations are common, and it's not unusual for median sales prices to peak for the year in spring (Q2). Longer-term trends are more meaningful than short-term changes.

Q3 columns highlighted

Pandemic hits



As reported to NORCAL MLS® ALLIANCE, per Broker Metrics/Infosparks. All numbers are approximate and subject to revision. Last quarter may change with late reported sales.



San Francisco: Year-over-Year House Appreciation Rates since 2020

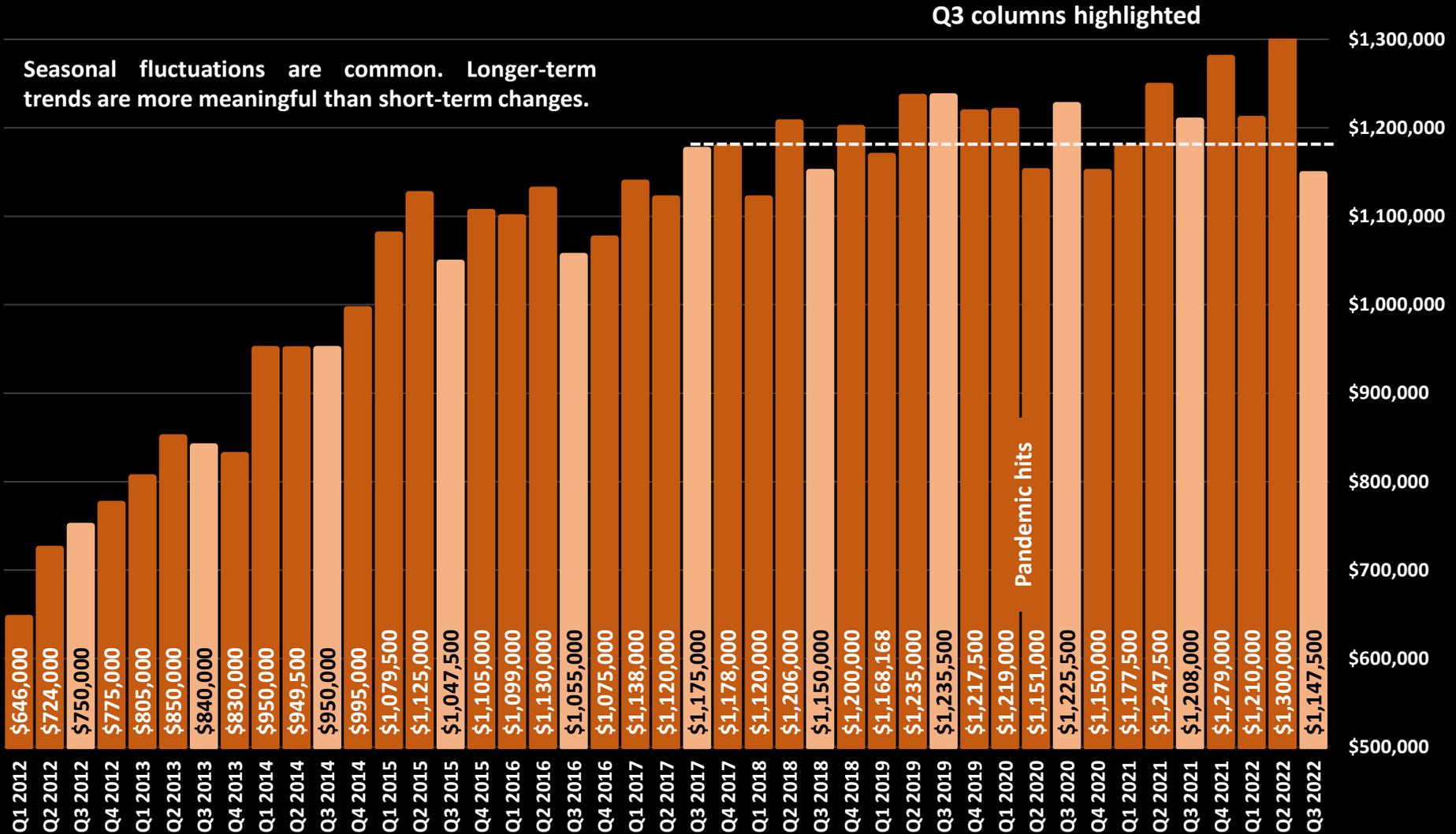
Y-o-Y Percentage Change in Quarterly Median HOUSE Sales Price*



*Sales reported to NorCal MLS Alliance. Median sales prices can be affected by a variety of factors other than changes in fair market value. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

San Francisco Condo Price Appreciation

Median Condo Sales Prices, 2012 – Present, by Quarter

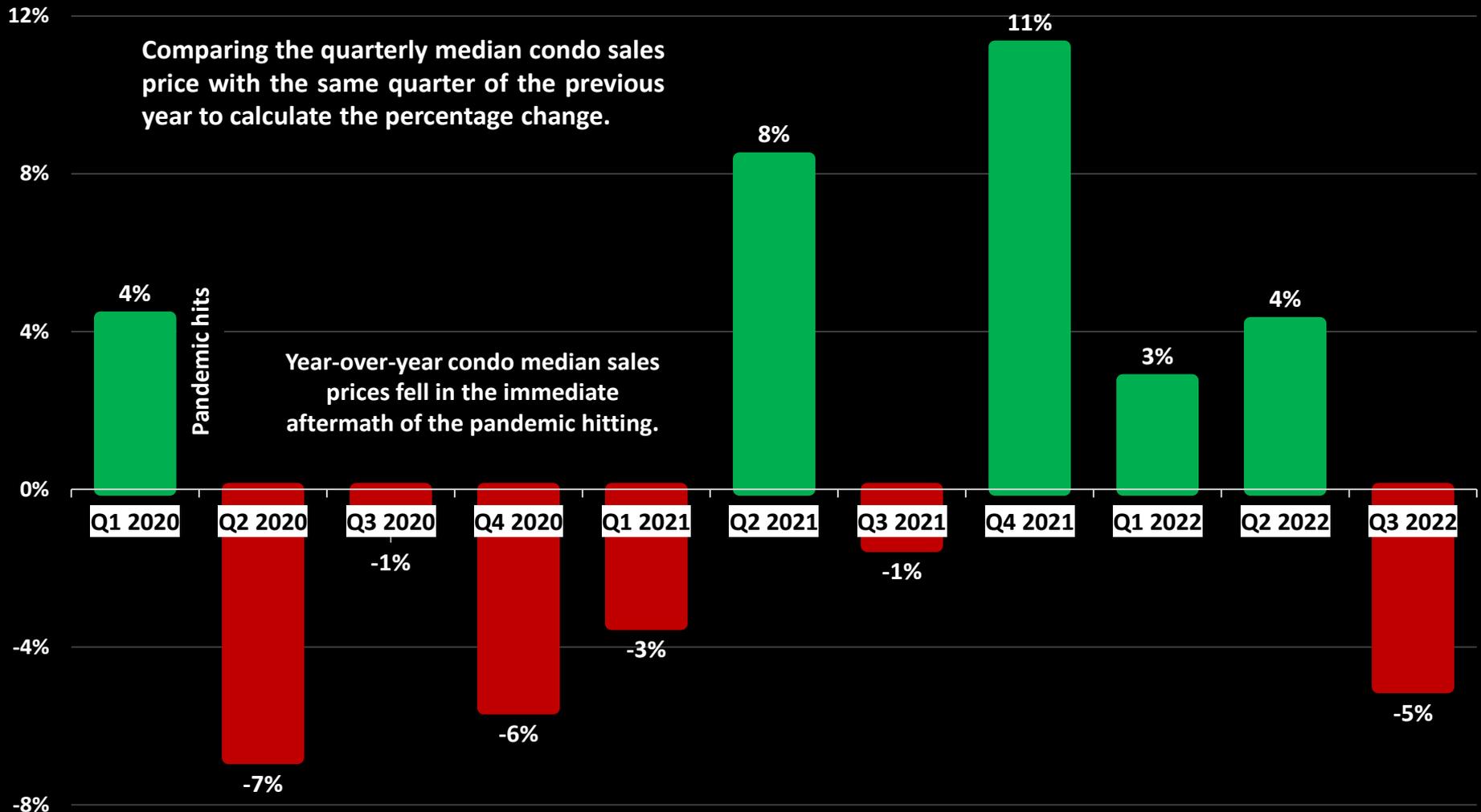


As reported to NORCAL MLS® ALLIANCE, per Broker Metrics/Infosparks. All numbers are approximate and subject to revision. Last quarter may change with late reported activity. Does not include new-project condo sales unreported to MLS.



San Francisco: Year-over-Year Condo Appreciation Rates since 2020

Y-o-Y Percentage Change in Quarterly Median CONDO Sales Price*



*Sales reported to NorCal MLS Alliance. Will not include new-project condo sales unreported to MLS. Median sales prices can be affected by a variety of factors other than changes in fair market value. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

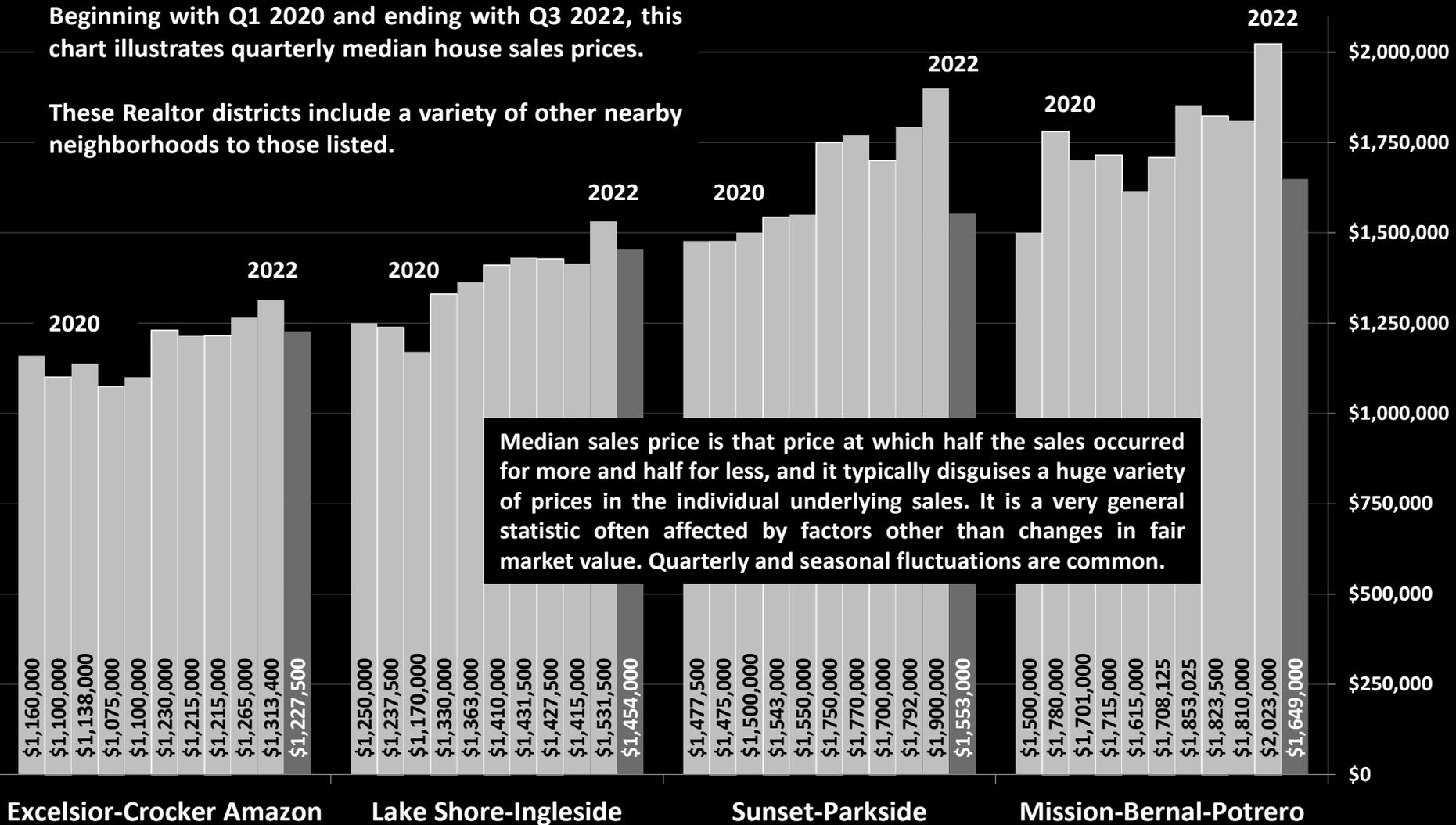
San Francisco Home Price Trends – Selected District Markets

Median House Sales Prices, by Quarter, Q1 2020 – Q3 2022

By Quarter

Beginning with Q1 2020 and ending with Q3 2022, this chart illustrates quarterly median house sales prices.

These Realtor districts include a variety of other nearby neighborhoods to those listed.



Sales reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate, and may change with late reported sales. Quarterly sales volumes can fluctuate, affecting median sales price calculations.

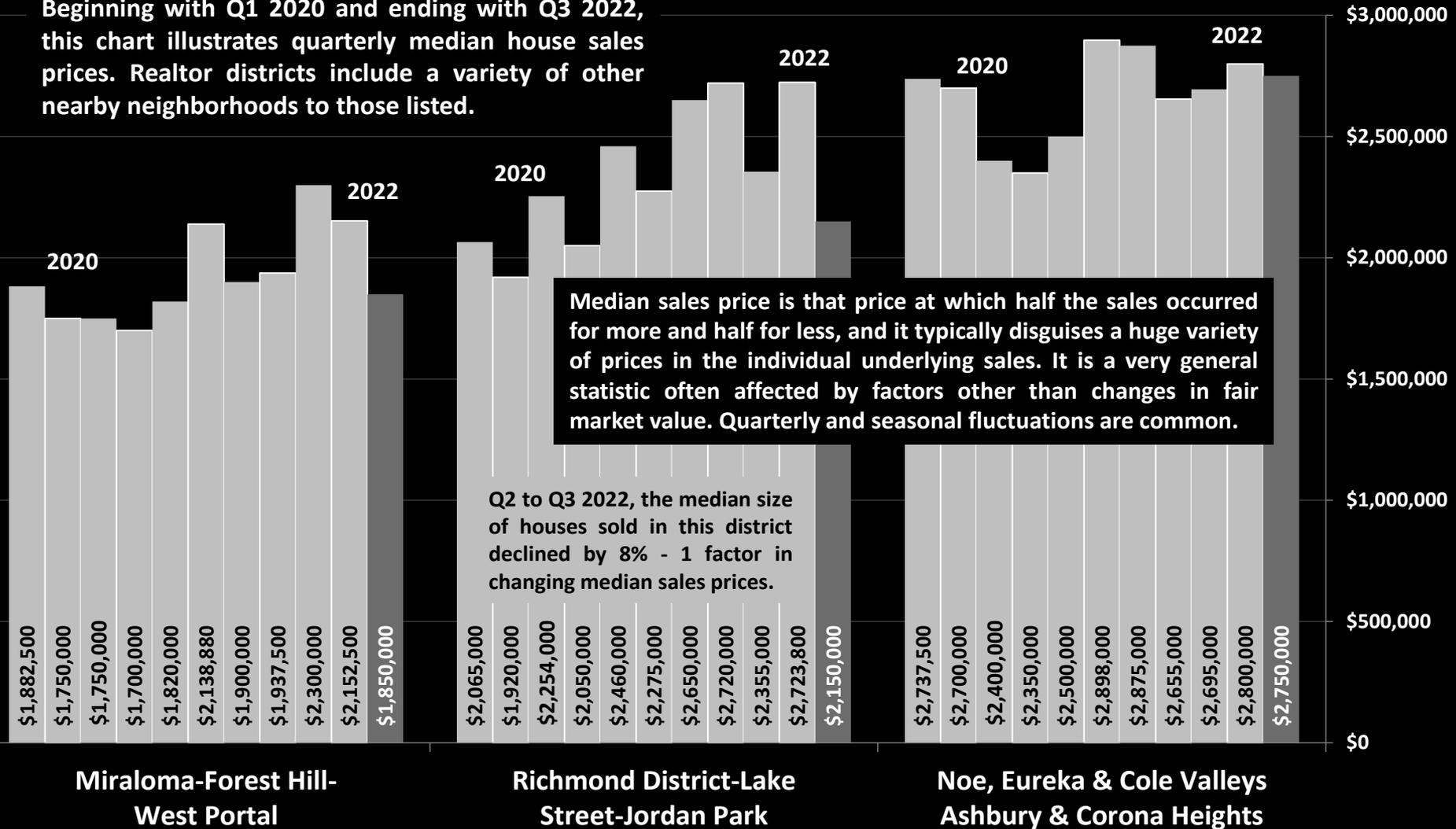


San Francisco Home Price Trends – Selected Districts

Median House Sales Prices, by Quarter, Q1 2020 – Q3 2022

Note: There are not enough quarterly sales in the very expensive Pacific & Presidio Heights, Cow Hollow & Marina District for reliable analysis.

Beginning with Q1 2020 and ending with Q3 2022, this chart illustrates quarterly median house sales prices. Realtor districts include a variety of other nearby neighborhoods to those listed.



Median sales price is that price at which half the sales occurred for more and half for less, and it typically disguises a huge variety of prices in the individual underlying sales. It is a very general statistic often affected by factors other than changes in fair market value. Quarterly and seasonal fluctuations are common.

Q2 to Q3 2022, the median size of houses sold in this district declined by 8% - 1 factor in changing median sales prices.

Sales reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate, and may change with late reported sales. Quarterly sales volumes can fluctuate, affecting median sales price calculations.

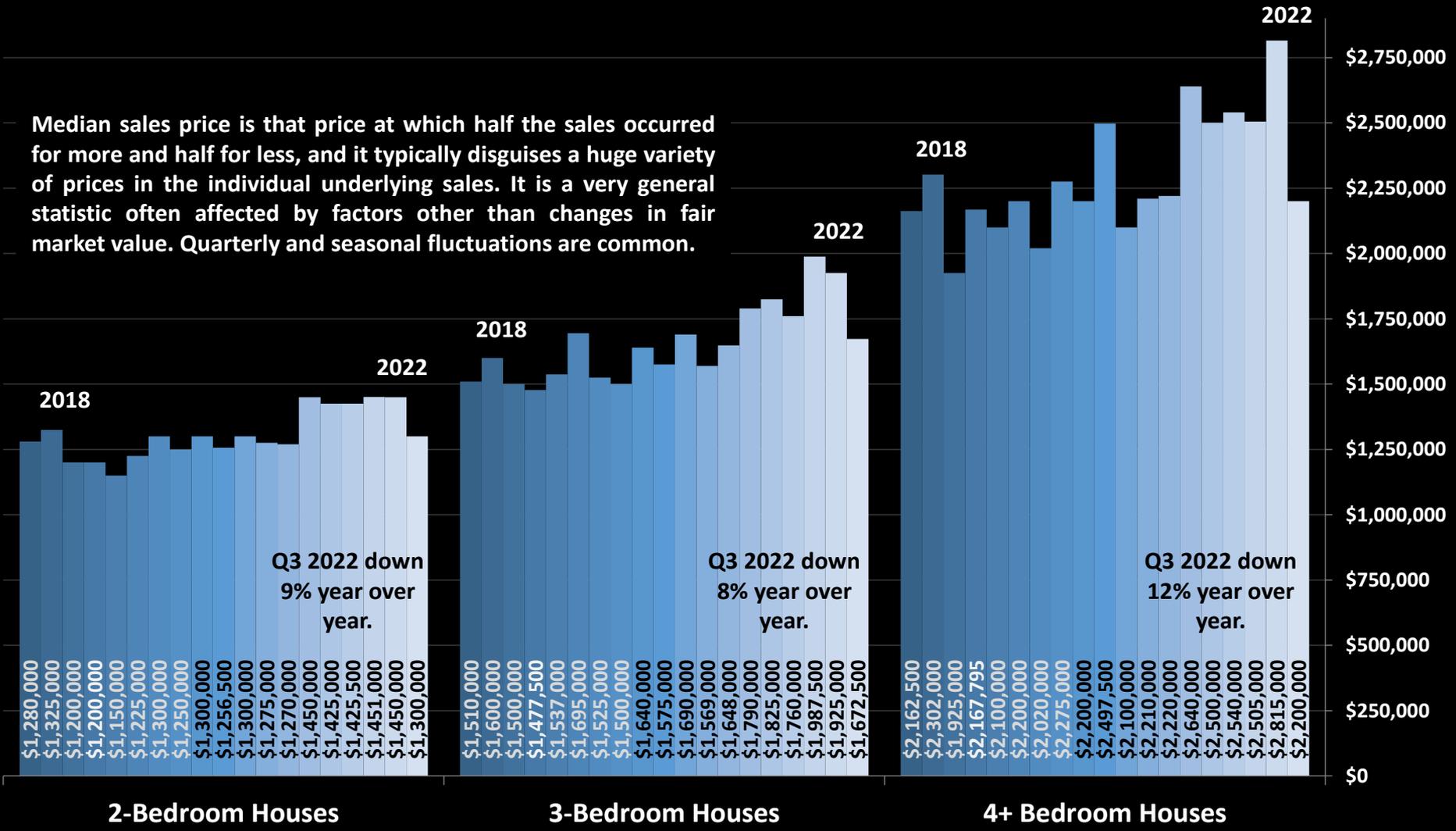


San Francisco House Price Trends – by Bedroom Count

Median House Sales Prices, by Quarter, Q1 2018 – Q3 2022

By Quarter

Median sales price is that price at which half the sales occurred for more and half for less, and it typically disguises a huge variety of prices in the individual underlying sales. It is a very general statistic often affected by factors other than changes in fair market value. Quarterly and seasonal fluctuations are common.



Q3 2022 down 9% year over year.

Q3 2022 down 8% year over year.

Q3 2022 down 12% year over year.

Sales reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. Percentages rounded. All numbers are approximate, and may change with late reported sales. Quarterly sales volumes can fluctuate, affecting median sales price calculations.



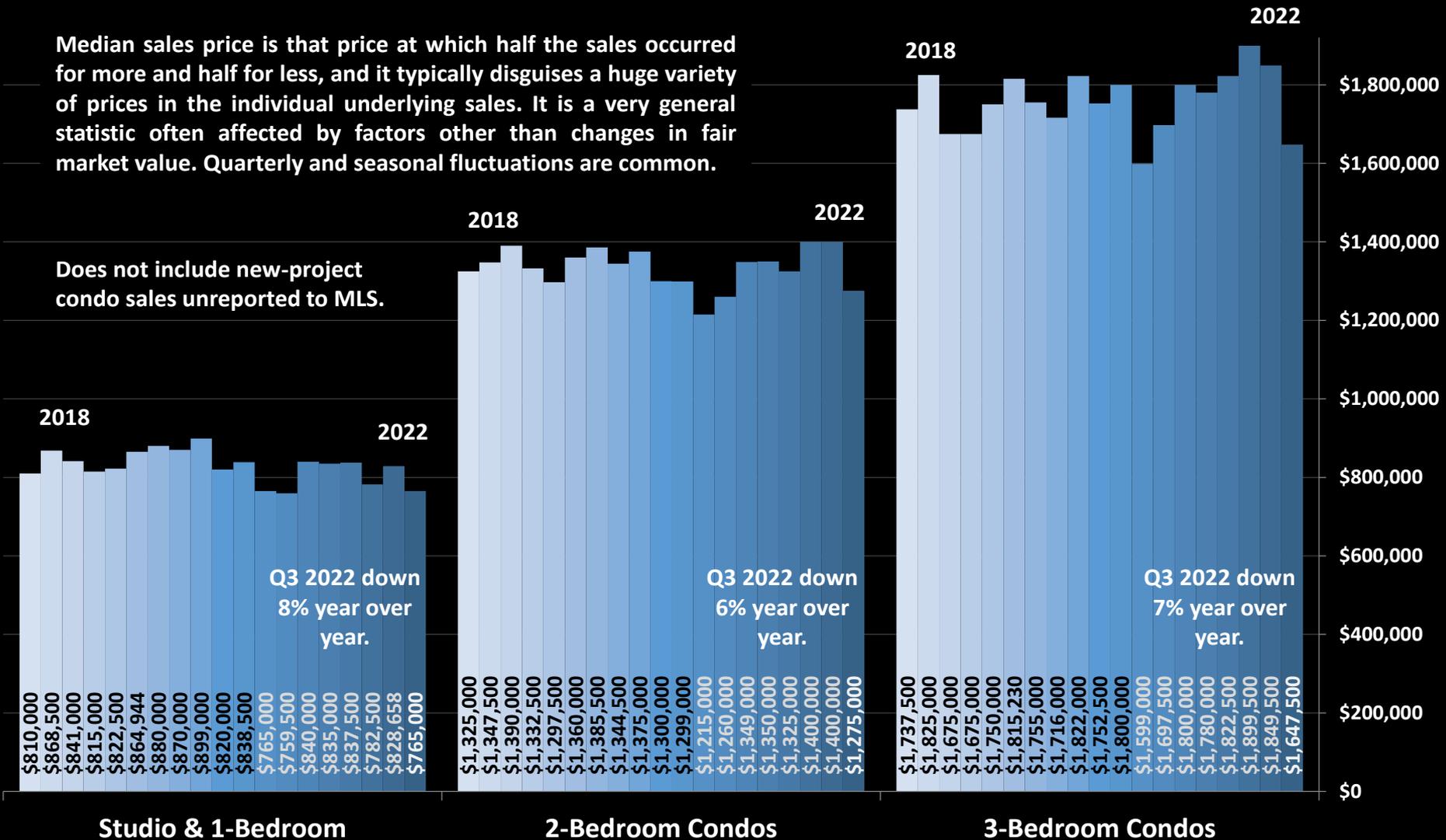
San Francisco Condo Price Trends – by Bedroom Count

Median Condo Sales Prices, by Quarter, Q1 2018 – Q3 2022

By Quarter

Median sales price is that price at which half the sales occurred for more and half for less, and it typically disguises a huge variety of prices in the individual underlying sales. It is a very general statistic often affected by factors other than changes in fair market value. Quarterly and seasonal fluctuations are common.

Does not include new-project condo sales unreported to MLS.



Q3 2022 down 8% year over year.

Q3 2022 down 6% year over year.

Q3 2022 down 7% year over year.

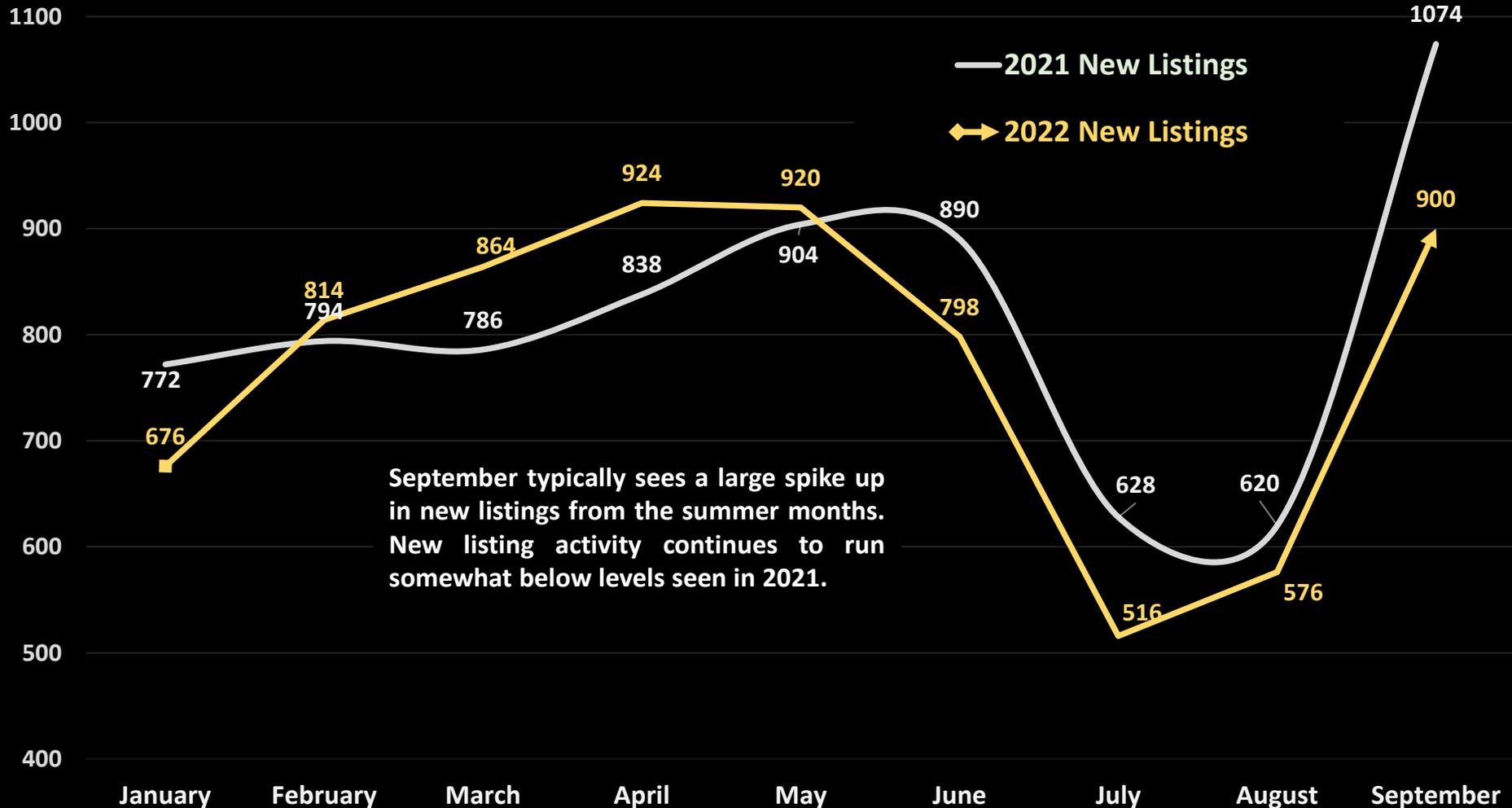
Sales reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. Percentages rounded. All numbers are approximate, and may change with late reported sales. Quarterly sales volumes can fluctuate, affecting median sales price calculations.



New Listings Coming on Market

San Francisco Market Dynamics: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022



September typically sees a large spike up in new listings from the summer months. New listing activity continues to run somewhat below levels seen in 2021.

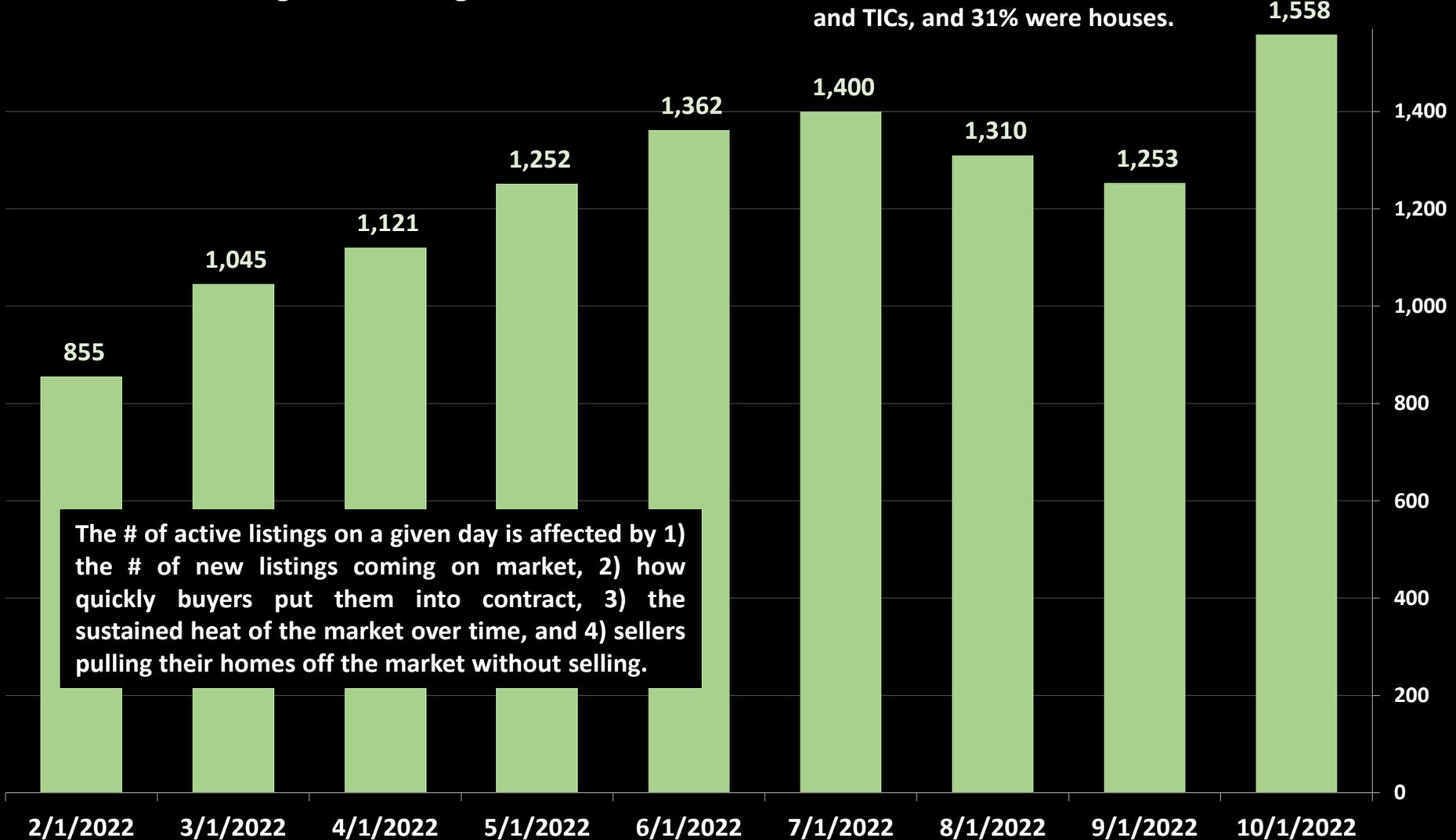
Per Realtor.com Research, residential listings database: <https://www.realtor.com/research/data/>, listings posted on site. Data from sources deemed reliable, but may contain errors and subject to revision. May not include "coming soon" listings posted to MLS. All numbers approximate.



San Francisco Homes Market

Active & Coming-Soon Listings on 1st of Month*

As of 10/1/22, 69% of these listings were condos, co-ops, townhouses and TICs, and 31% were houses.



The # of active listings on a given day is affected by 1) the # of new listings coming on market, 2) how quickly buyers put them into contract, 3) the sustained heat of the market over time, and 4) sellers pulling their homes off the market without selling.

* Houses, condos, co-ops, TICs, townhouses: Active/Coming-Soon listings posted to NorCal MLS Alliance. Does not include new-project condos not listed on MLS. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. The # of active listings changes constantly.

Active Listings on Market – Longer-Term Trends

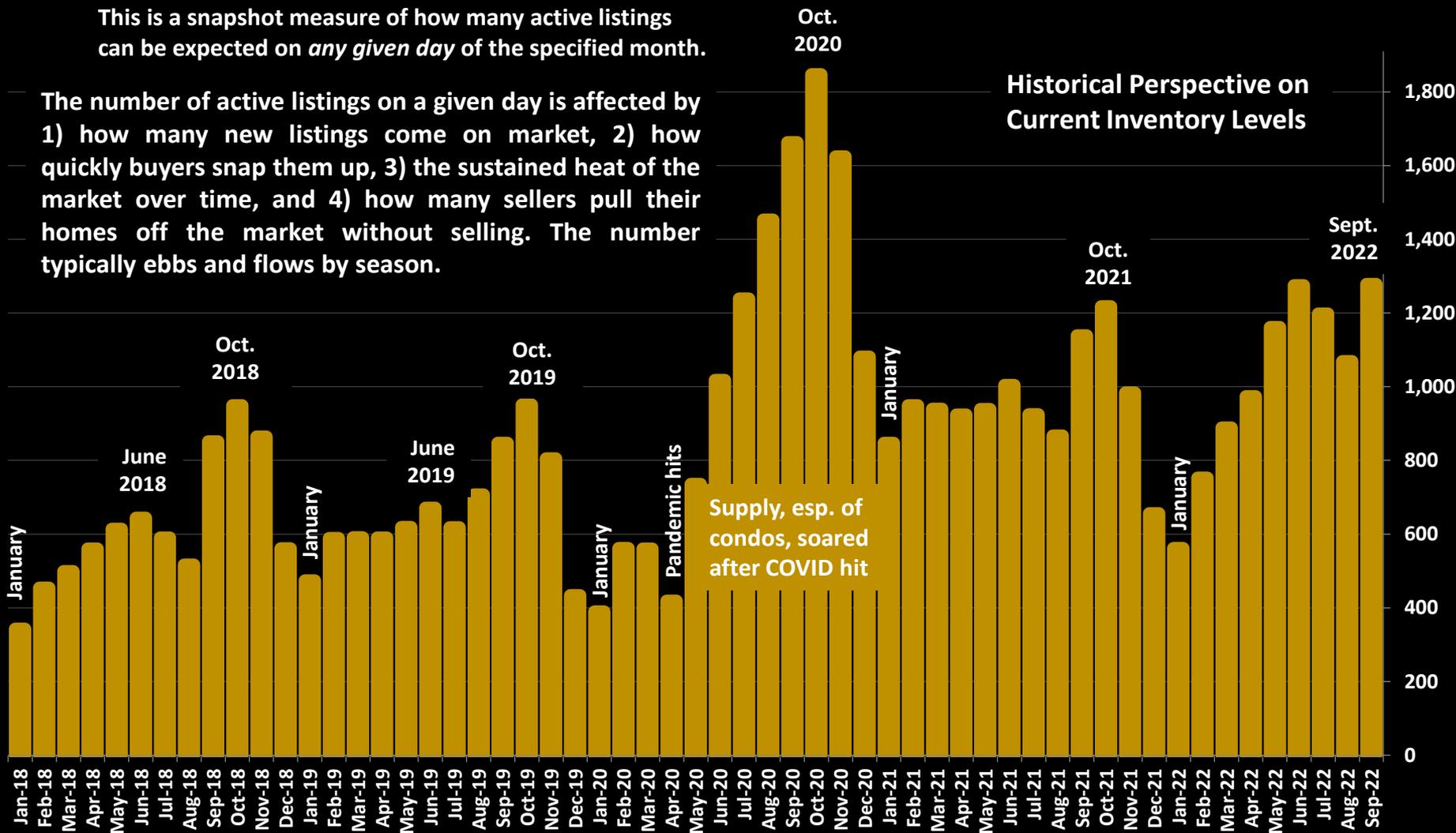
San Francisco Real Estate Market Dynamics & Seasonality

For houses and condos

This is a snapshot measure of how many active listings can be expected on *any given day* of the specified month.

The number of active listings on a given day is affected by 1) how many new listings come on market, 2) how quickly buyers snap them up, 3) the sustained heat of the market over time, and 4) how many sellers pull their homes off the market without selling. The number typically ebbs and flows by season.

Historical Perspective on Current Inventory Levels



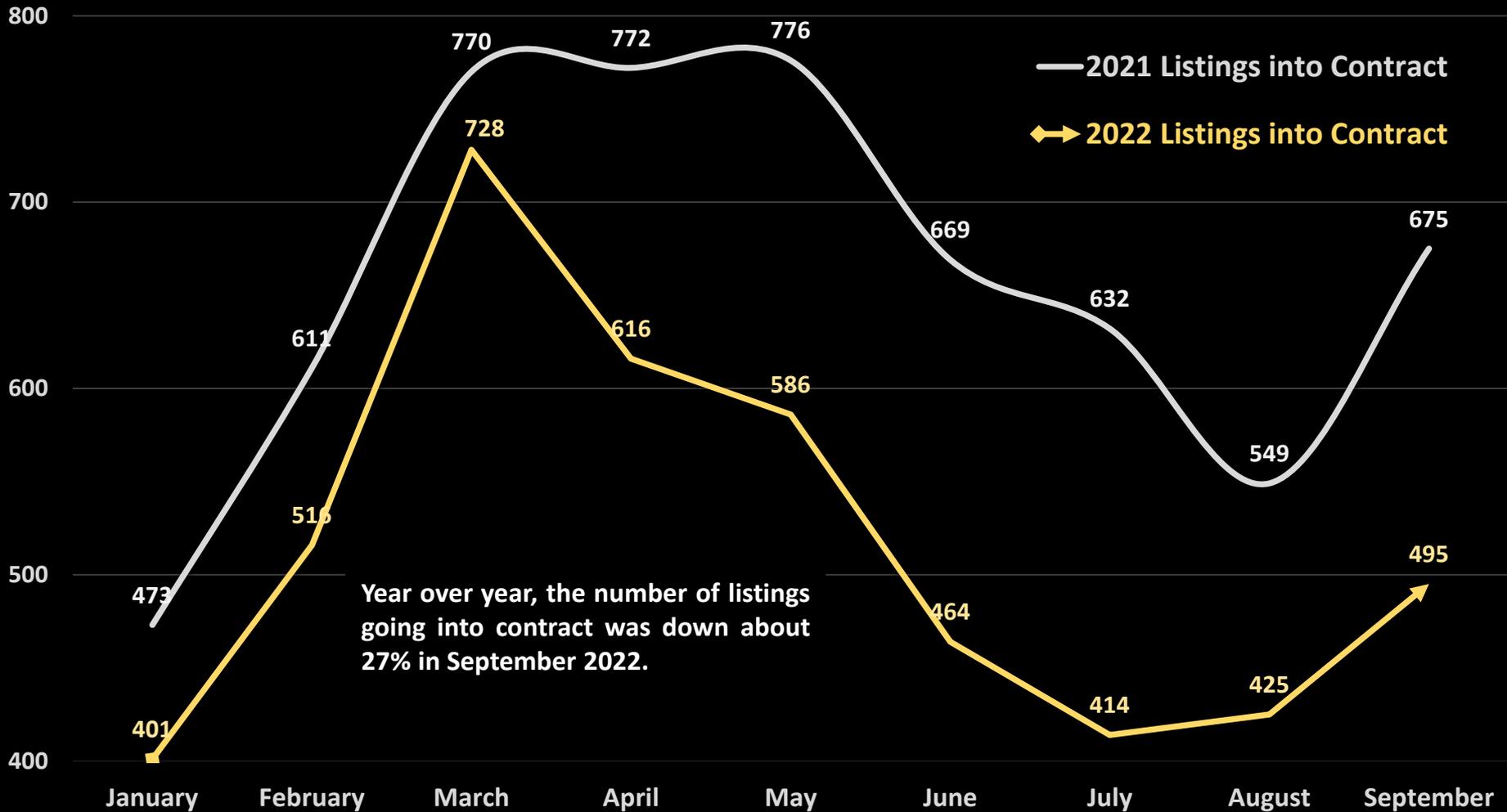
Per Realtor.com Research: <https://www.realtor.com/research/data/>, listings posted on site. May not include “coming-soon” listings. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



Listings Accepting Offers (Going into Contract)

San Francisco Market Dynamics: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022

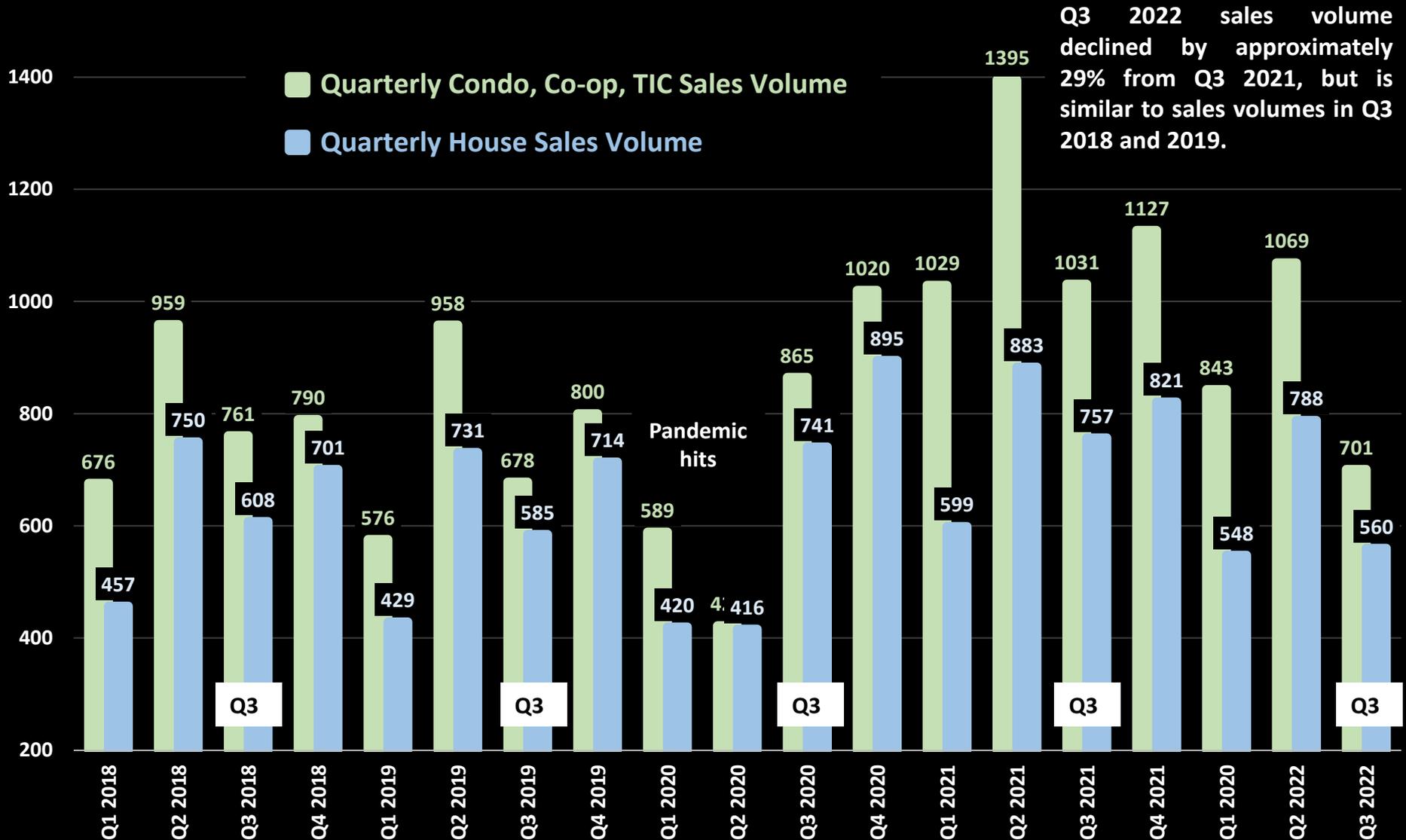


House, condo, TIC, co-op, townhouse activity reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last month estimated based on available data, and may change with late-reported activity.



San Francisco Home Sales by Quarter

San Francisco Market Dynamics & Seasonality



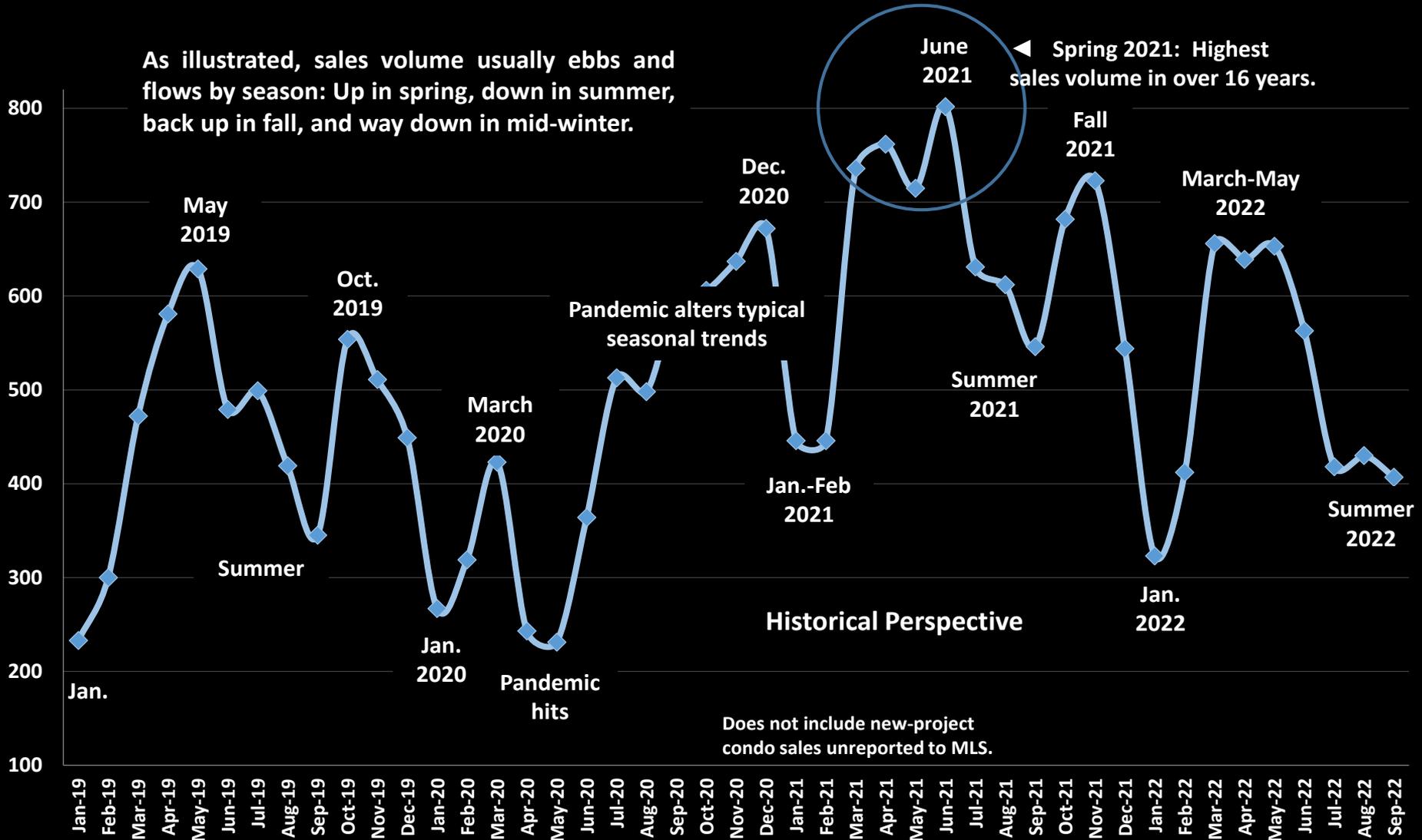
Sales reported to NorCal MLS Alliance, per Infosparks. Not all sales are reported to MLS. Data from sources deemed reliable, but subject to error and revision. All numbers approximate, and may change with late-reported sales.



Monthly Sales Volume – Longer-Term Trends

San Francisco Market Dynamics & Seasonality

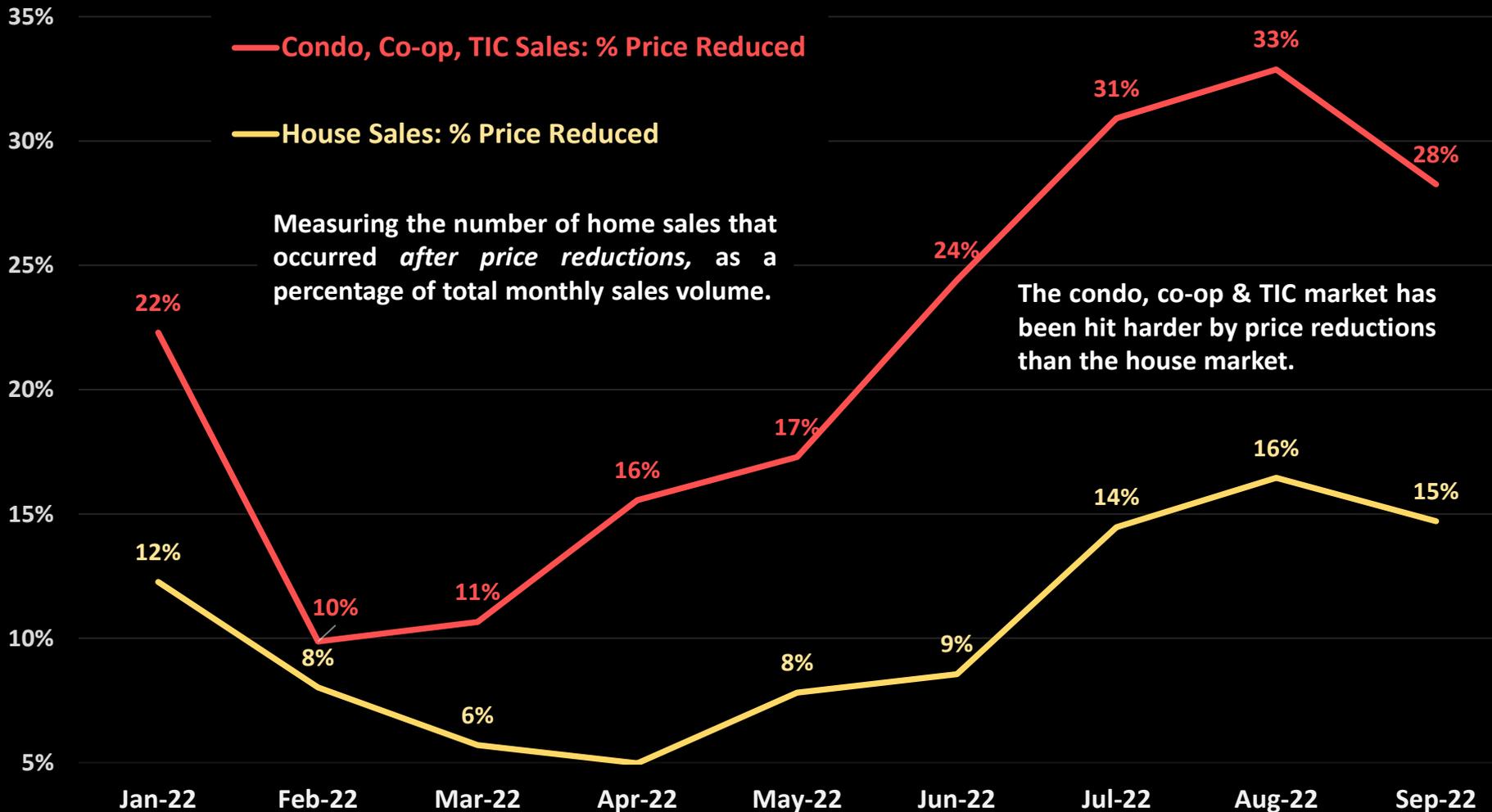
As illustrated, sales volume usually ebbs and flows by season: Up in spring, down in summer, back up in fall, and way down in mid-winter.



House, condo, TIC, co-op sales reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last month estimated based on data available early the next month, and may change with late reported sales.

Sales of Priced Reduced Listings

As Percentage of Total Sales: San Francisco Market Dynamics

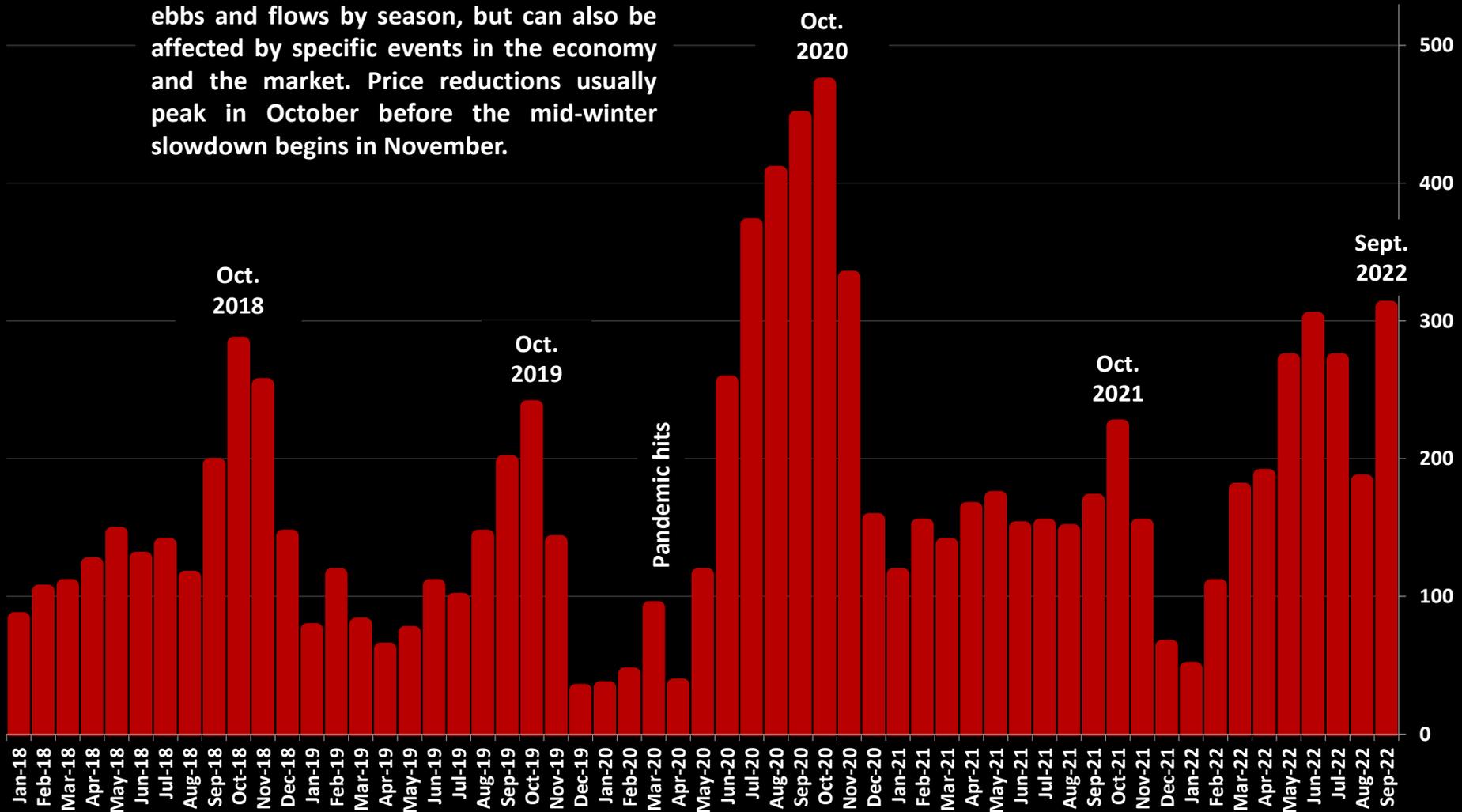


Residential sales reported to SFARMLS, per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

Price Reductions on Active Listings

San Francisco Market Dynamics & Seasonality

The number of price reductions typically ebbs and flows by season, but can also be affected by specific events in the economy and the market. Price reductions usually peak in October before the mid-winter slowdown begins in November.

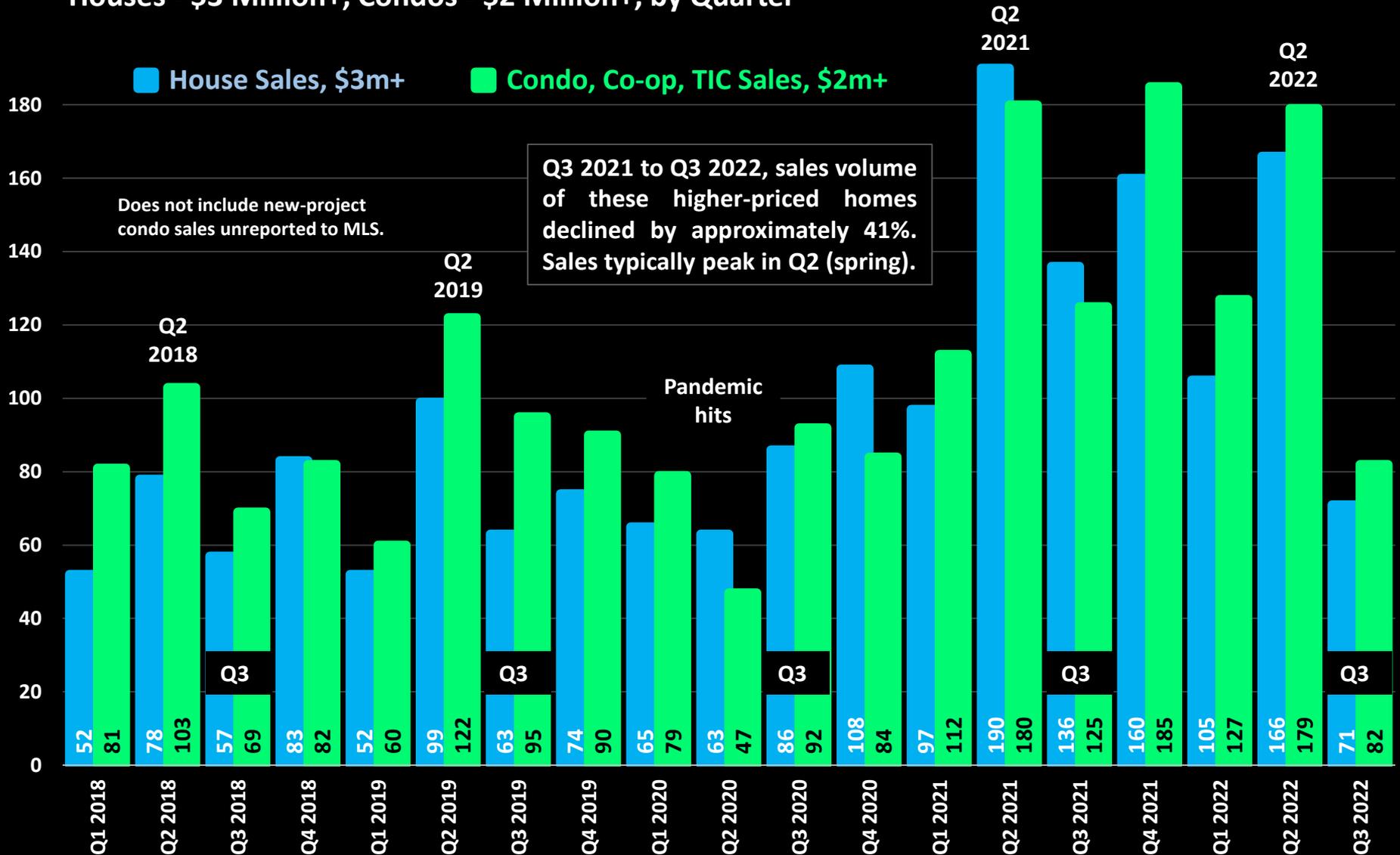


Per Realtor.com Research, residential listings database: <https://www.realtor.com/research/data/>, listings posted to site. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



San Francisco Higher-Price Home Sales since 2018

Houses - \$3 Million+, Condos - \$2 Million+, by Quarter



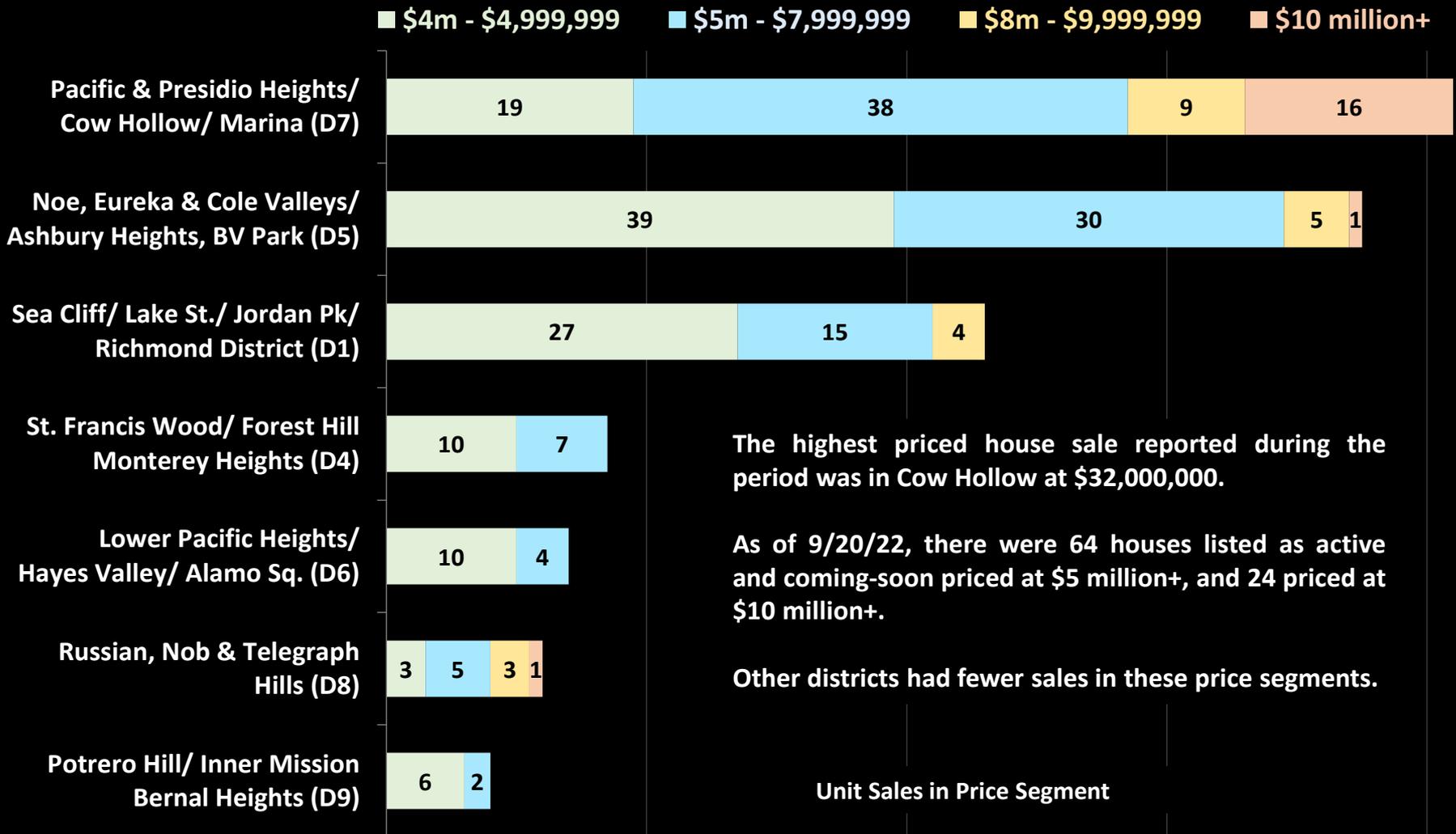
Sales reported to NorCal MLS Alliance, per Infosparks. Condos include co-op, townhouse, TIC sales. Not all sales are reported to MLS. Data from sources deemed reliable, but subject to error and revision. All numbers approximate.



San Francisco Luxury House Market

House Sales of \$4,000,000+, by District, 12 Months Sales*

Autumn 2022 update



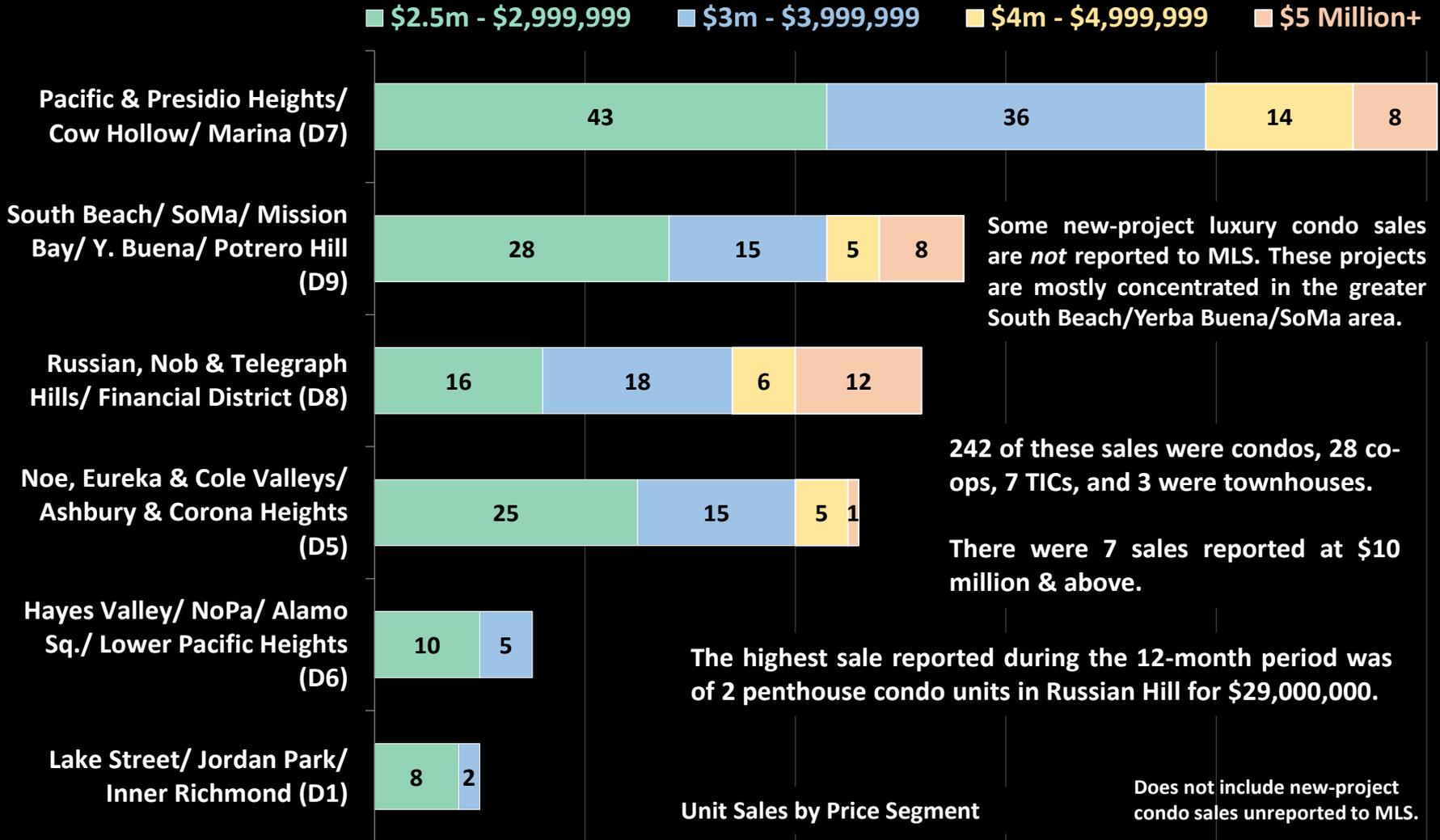
* 12 months sales reported to NorCal MLS Alliance through 9/20/22 (plus a few media-reported sales). Not all luxury home sales are reported to MLS. Neighborhood groupings correspond to SF Realtor districts, which often include adjacent neighborhoods not listed. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate.



San Francisco Luxury Condo, Co-op, Townhouse & TIC Market

Sales Prices of \$2.5 Million+, by District, 12 Months Sales*

Autumn 2022 update

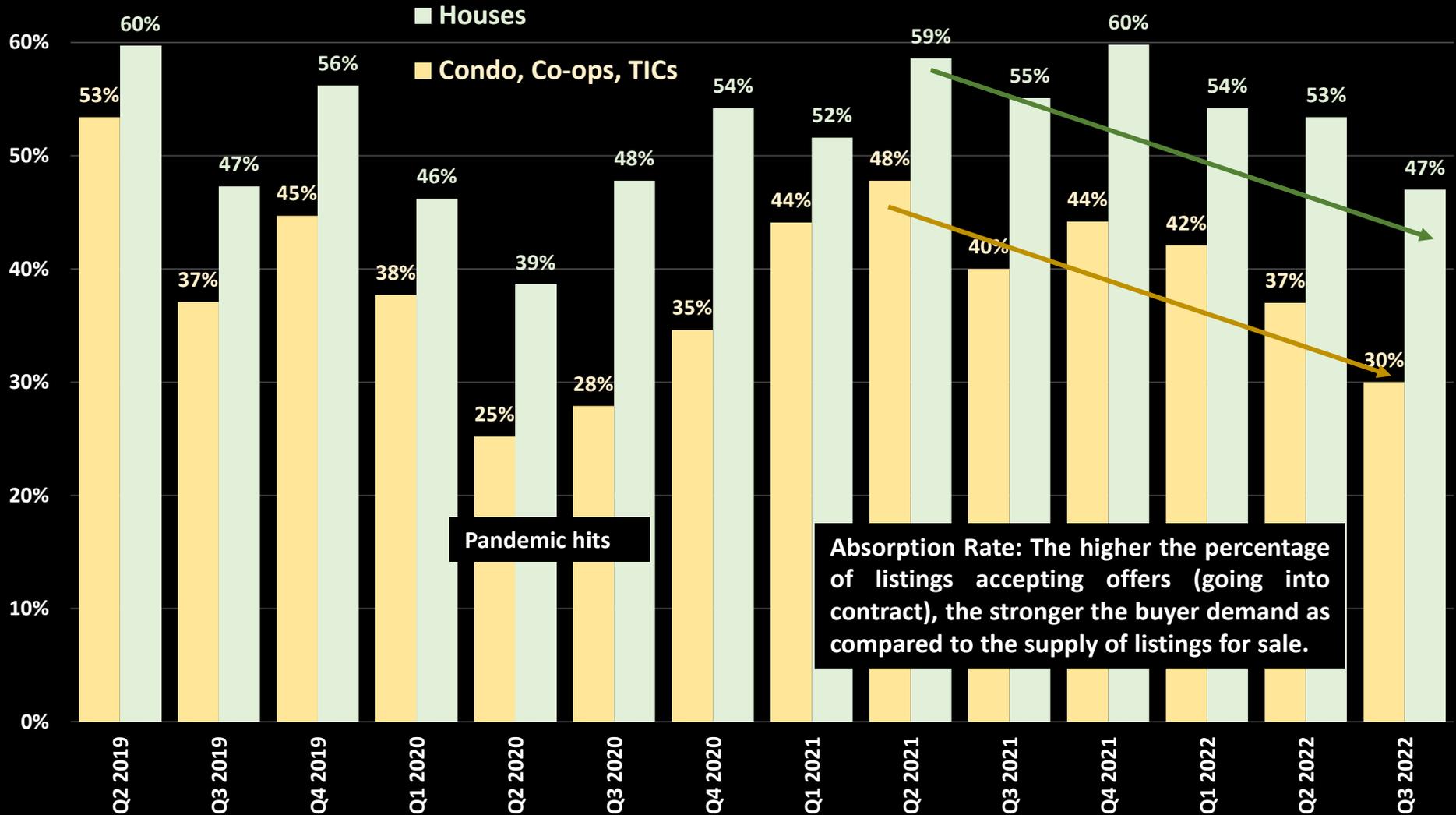


* 12 months sales reported to NorCal MLS Alliance through 9/20/22. Not all sales are reported to MLS. Neighborhood groupings correspond to SF Realtor districts, which often include adjacent neighborhoods. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate.



Percentage of Listings Accepting Offers (Absorption Rate)

San Francisco Market Dynamics & Seasonality, by Quarter



Pandemic hits

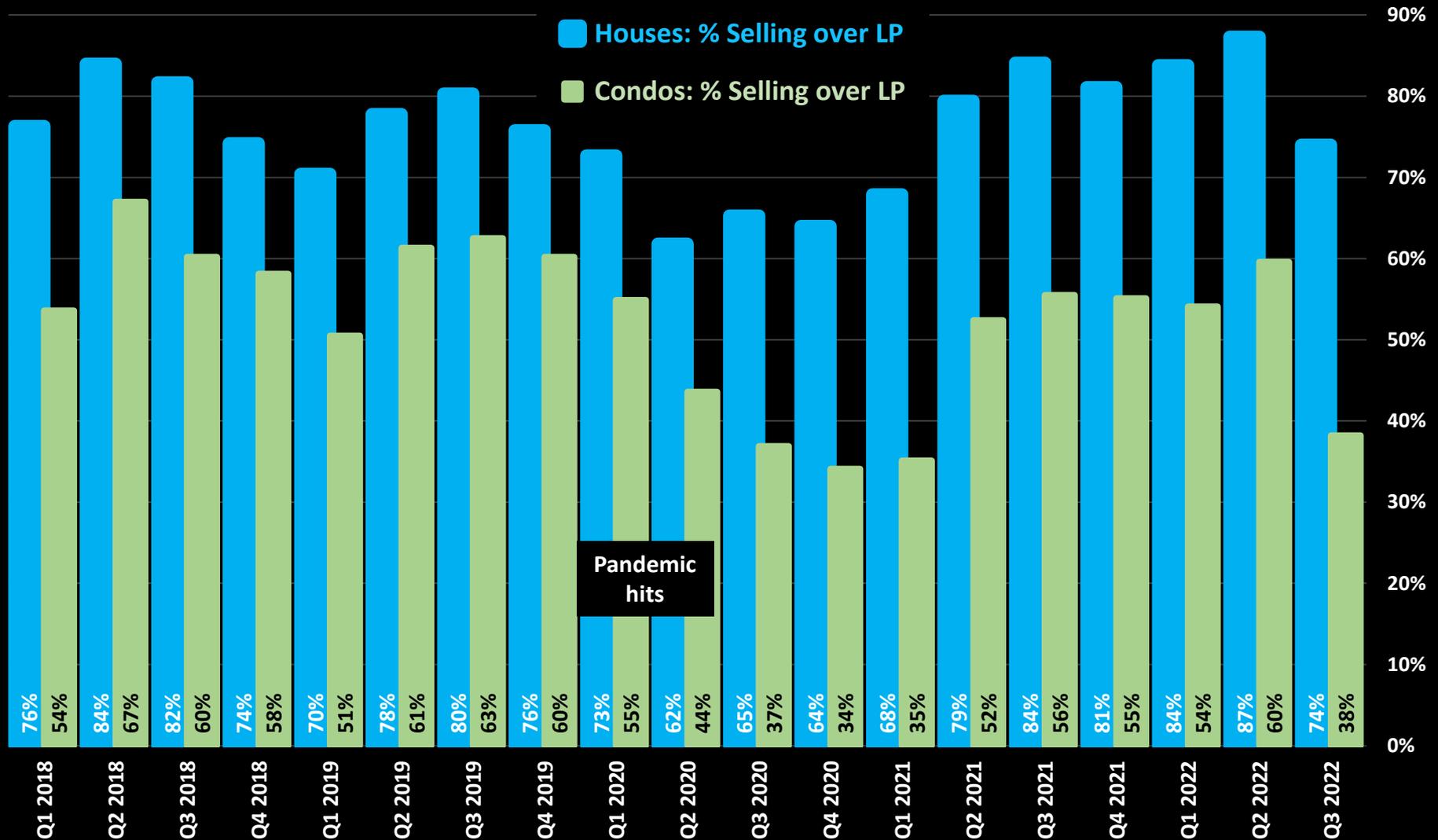
Absorption Rate: The higher the percentage of listings accepting offers (going into contract), the stronger the buyer demand as compared to the supply of listings for sale.

Residential market activity reported to SFARMLS, per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported activity. Does not include new-project condo activity unreported to MLS.



Percentage of Sales Selling Over List Price

San Francisco Market Dynamics since 2018, by Quarter



Residential market activity reported to NORCAL MLS® ALLIANCE, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate, and may change with late-reported sales.

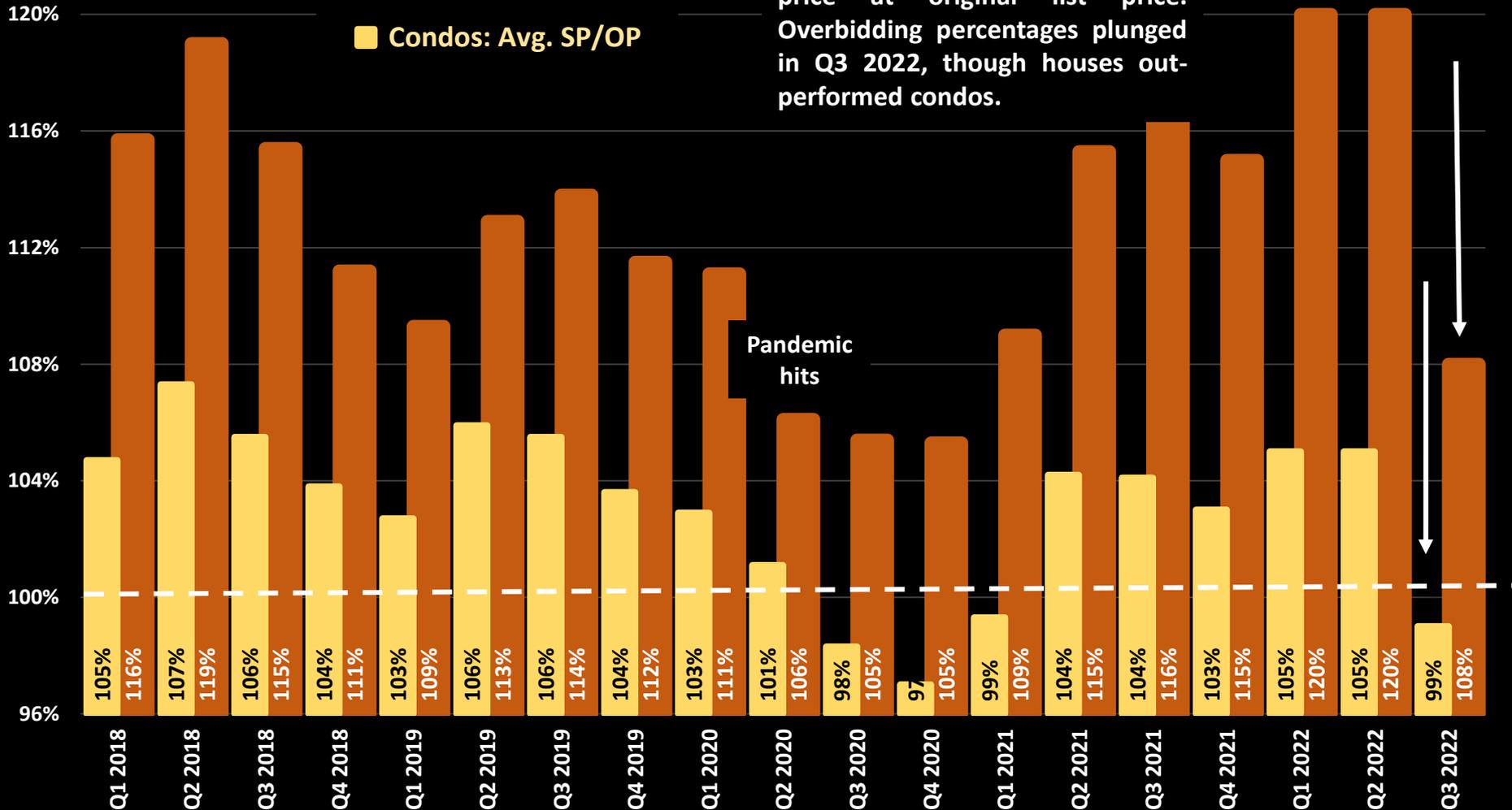


Avg. Sales Price to Original List Price Percentage (SP/LP %)

San Francisco Market Dynamics since 2018, by Quarter

■ Houses: Avg SP/OP
■ Condos: Avg. SP/OP

100% signifies an average sales price at original list price. Overbidding percentages plunged in Q3 2022, though houses outperformed condos.



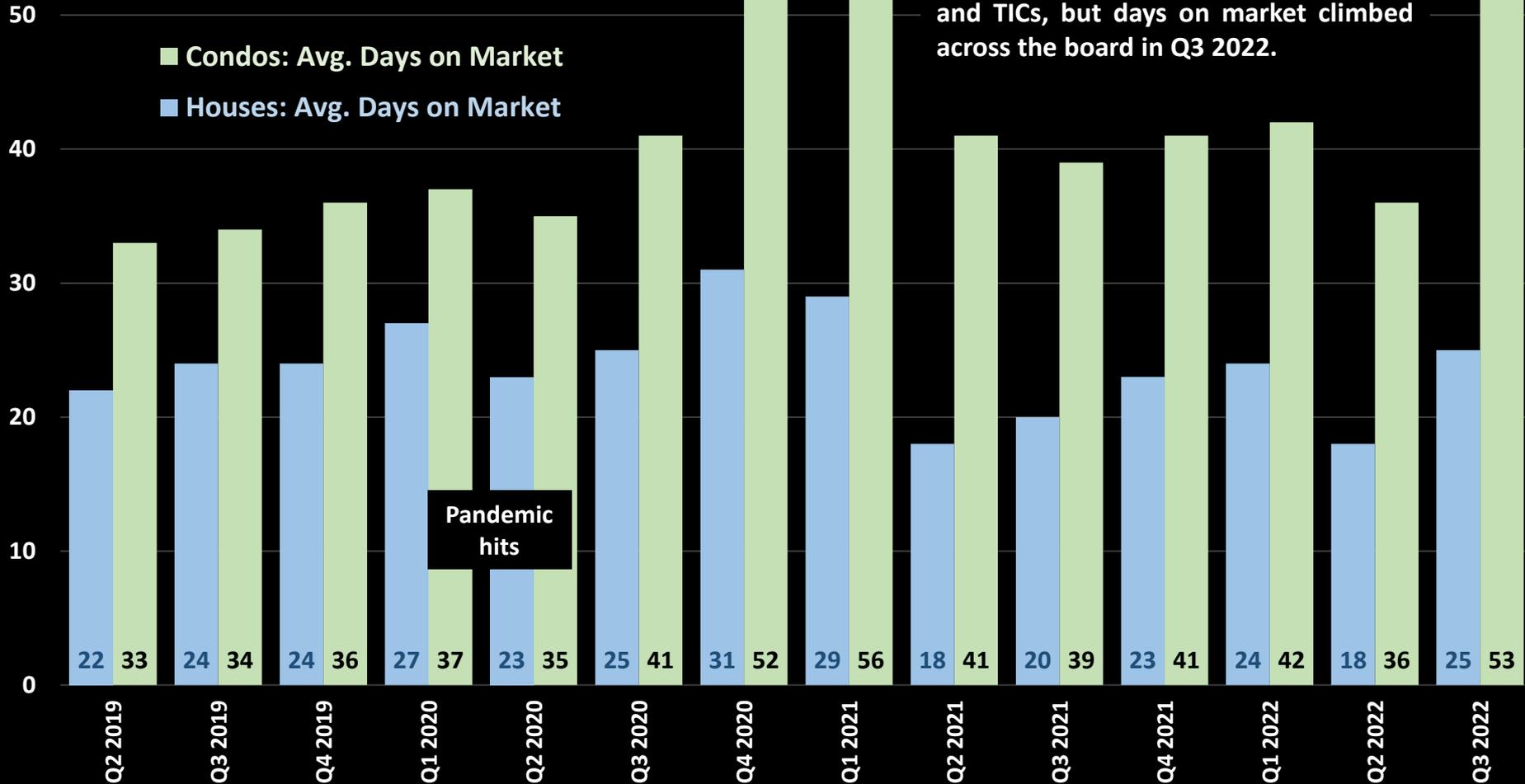
Residential market activity reported to NORCAL MLS® ALLIANCE, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate, and may change with late-reported sales.



Average Days on Market by Quarter

San Francisco Market Dynamics since 2019

Generally speaking, the lower the average days on market, the stronger the buyer demand. House listings in SF sold in half the time of condos, co-ops and TICs, but days on market climbed across the board in Q3 2022.



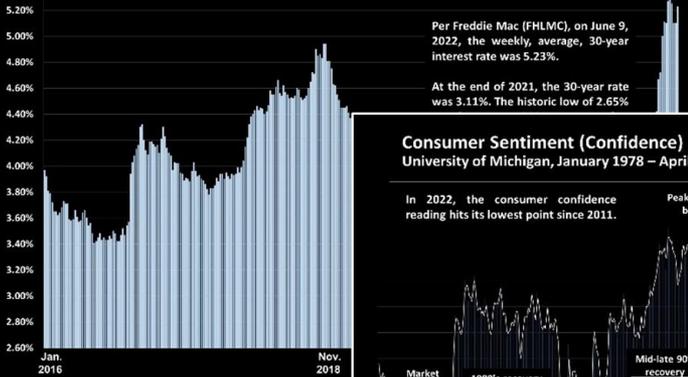
Activity reported to NORCAL MLS® ALLIANCE, per Infosparks. "Condos" include co-op and TIC sales. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales. Does not include new-project condo sales unreported to MLS.



Mortgage Interest Rate Trends, 2016 – Present

30-Year Conforming Fixed-Rate Loans, Weekly Average Readings

Rates published by the FHLMC



Per Freddie Mac (FHLMC), on June 9, 2022, the weekly, average, 30-year interest rate was 5.23%.

At the end of 2021, the 30-year rate was 3.11%. The historic low of 2.65%

Interest rates may fluctuate suddenly and dramatically, and changes. Data from sources deemed reliable but not guaranteed. Home loans should consult with a qualified mortgage professional.

Consumer Sentiment (Confidence) Index

University of Michigan, January 1978 – April 2022

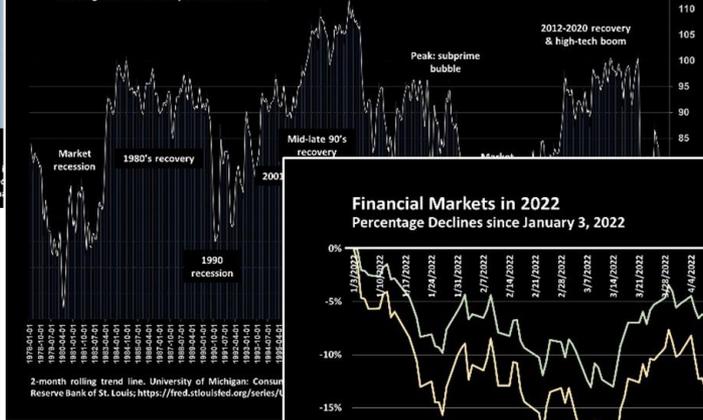
As published by the Federal Reserve Bank of St. Louis

In 2022, the consumer confidence reading hits its lowest point since 2011.

Peak: dotcom bubble

2012-2020 recovery & high-tech boom

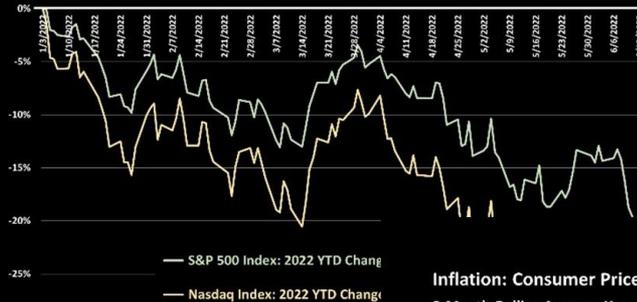
Click Here for Review of Selected Macroeconomic Trends



2-month rolling trend line. University of Michigan. Consumer Sentiment Index. Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/UCS>

Financial Markets in 2022

Percentage Declines since January 3, 2022



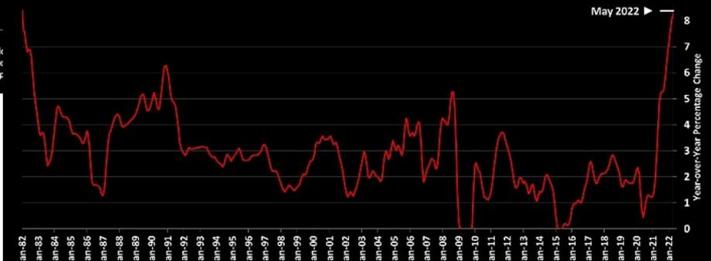
— S&P 500 Index: 2022 YTD Change

— Nasdaq Index: 2022 YTD Change

Last reading as of 6/13/22 AM. Data per MarketWatch.com, daily closing price reading. Data from source deemed reliable, but may contain errors and subject to revision. Financial markets change constantly and all numbers should be considered as approximate.

Inflation: Consumer Price Index, 1982 – 2022*

3-Month-Rolling Average, Year-over-Year % Change



*3-month rolling average of Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL), retrieved from FRED, Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/CPIAUCSL>, June 2022. Data from U.S. Bureau of Labor Statistics. All Items (CPIAUCSL) is a price index of a basket of goods and services paid for by urban consumers. This particular index includes roughly 88 percent of the total population. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

Factors in Bay Area Real Estate Markets

Many of these factors' effects can swing both positive and negative; sometimes effects are deeply counter-intuitive (e.g. a pandemic causing a fierce housing boom). Economic, political, social and ecological dynamics constantly change and interact in difficult-to-predict ways. Market-changing developments can percolate gradually, or arise quickly and unexpectedly. The impact of specific factors can vary by market segment.

Local economic conditions: High-tech booms, employment, housing affordability & development, venture capital & foreign investment, pro/anti-business sentiment, etc.

Interest rates Stock markets Inflation Consumer confidence

Household wealth; personal, corporate, govt. debt levels Massive, governmental economic interventions (including by the Fed); post 9/11/2001, post 9/2008, post 3/2020

Natural disasters such as COVID, 1989 earthquake, 2017-21 fires, drought

Domestic & foreign migration; federal immigration policy; demographic changes

Tax law e.g. real estate tax benefits & credits, 2017 SALT-deduction limitation Rental market dynamics State income tax disparities

International economic/political events, e.g. large oil price swings, military/economic conflict, foreign economic crises, 9/11, 2015 Chinese stock market crash

Local, state & national politics Social and quality of life issues: Crime, homelessness, cost of living, economic inequality, partisan politics, etc.

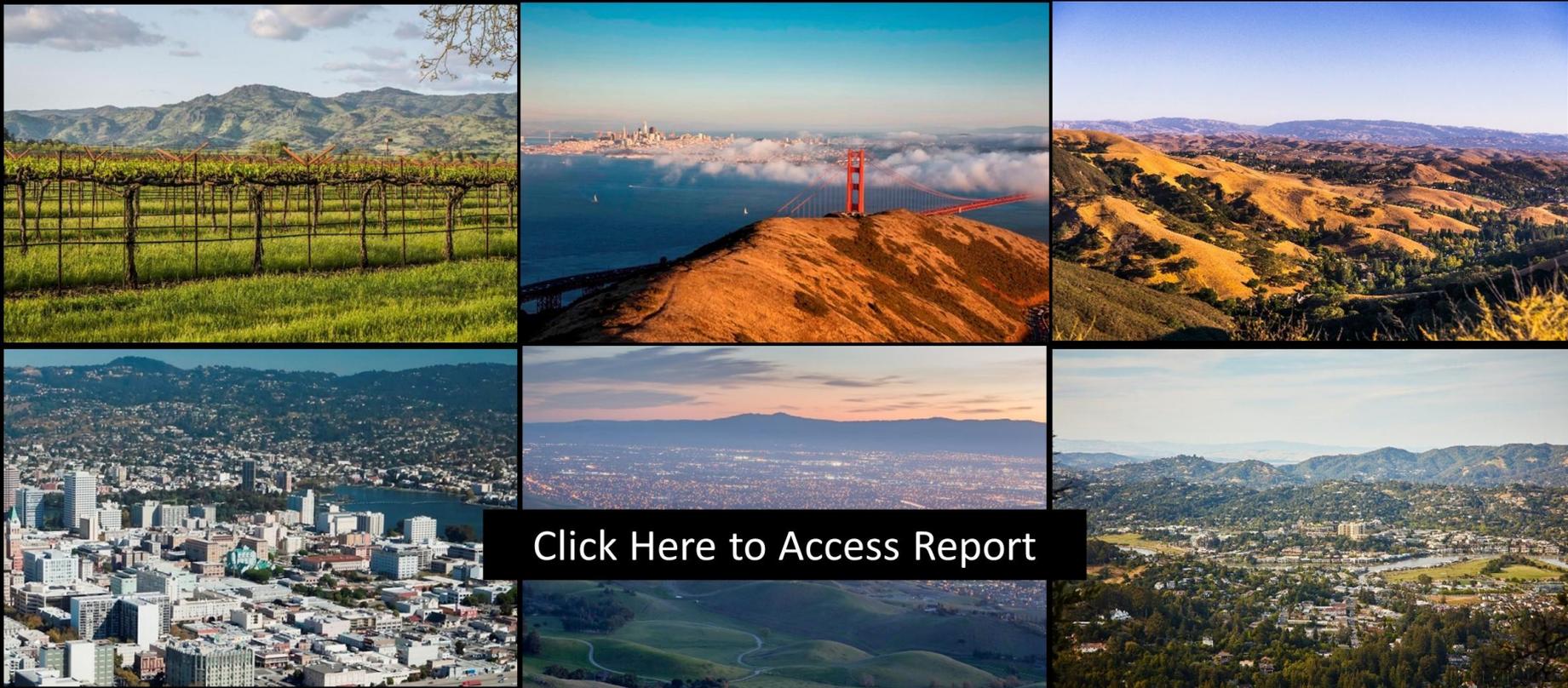
Financial industry manipulation, fraud, engineering, recklessness, e.g. junk bonds, S&L collapse, predatory lending, abandonment of risk mgmt. & underwriting standards, CDOs & rating-agency deceit, insider trading, over-leveraged investing; irrational exuberance



San Francisco Bay Area Real Estate Survey

[Click Here to Access the Full Report](#)

The focus of this survey is on broad, Bay Area market trends. Though submarkets will often diverge to various degrees, over longer periods of time, general trends in supply and demand typically apply across the region.



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San Francisco Bay Area Home Price Appreciation Trends since 1990

The early 1990's recession, the dotcom boom, subprime bubble and crash, market recovery and high-tech boom – and the pandemic.

Statistics are generalities, essentially summaries of widely disparate data generated by dozens, hundreds or thousands of unique, individual sales occurring within different time periods. They are best seen not as precise measurements, but as broad, comparative indicators, with reasonable margins of error. Anomalous fluctuations in statistics are not uncommon, especially in smaller, expensive market segments. Last period data should be considered estimates that may change with late-reported data. Different analytics programs sometimes define statistics – such as “active listings,” “days on market,” and “months supply of inventory” – differently: what is most meaningful are not specific calculations but the *trends* they illustrate. Most listing and sales data derives from the local or regional multi-listing service (MLS) of the area specified in the analysis, but not all listings or sales are reported to MLS and these won’t be reflected in the data. “Homes” signifies real-property, single-household housing units: houses, condos, co-ops, townhouses, duets and TICs (but not mobile homes), as applicable to each market. City/town names refer specifically to the named cities and towns, unless otherwise delineated. Multi-county metro areas will be specified as such. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.

Many aspects of value cannot be adequately reflected in median and average statistics: curb appeal, age, condition, amenities, views, lot size, quality of outdoor space, “bonus” rooms, additional parking, quality of location *within* the neighborhood, and so on. How any of these statistics apply to any particular home is unknown without a specific comparative market analysis.

Median Sales Price is that price at which half the properties sold for more and half for less. It may be affected by seasonality, “unusual” events, or changes in inventory and buying trends, as well as by changes in fair market value. The median sales price for an area will often conceal an enormous variety of sales prices in the underlying individual sales.

Dollar per Square Foot is based upon the home’s interior living space and does not include garages, unfinished attics and basements, rooms built without permit, patios, decks or yards (though all those can add value to a home). These figures are usually derived from appraisals or tax records, but are sometimes unreliable (especially for older homes) or unreported altogether. The calculation can only be made on those home sales that reported square footage.

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