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San Francisco Real Estate

February 2022 Report

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2022 Begins with Mixed Economic Indicators

2021 was one of the most frenzied real estate markets ever, with buyer demand far exceeding the supply of listings available to buy – and all the usual indicators, including home price appreciation trends, reflected this severe imbalance. As is the normal seasonal trend, listing and offer activity dropped substantially mid-November through early January, resulting in very low sales volume in the year's first month.

As of 2/3/22, mortgage interest rates have risen 14% in 2022, putting them 34% above the low 1 year ago. Inflation is at a 40-year high, and the Fed plans to make major changes to its interest-rate policies and its interventions in the economy generally. Consumer confidence has been dropping, and financial markets have seen considerable turbulence in the new year. Geopolitical risks of major-power conflict appear to be rising.

On the other hand, employment, GDP, and household-wealth indicators are quite positive; by historical standards, interest rates remain very low and stock markets very high; COVID infections are falling. The Bay Area is home to many of the world's most innovative and successful companies; there is an enormous concentration of local wealth; and a *staggering* amount of money sloshing around the economy looking for somewhere to invest. Many believe real estate to be an excellent hedge against inflation, and an excellent long-term investment generally (heightened by tax advantages).

In the Bay Area, real estate market indicators remain very strong: demand for homes still very high, inventory still low. So far, buyers do not seem to be significantly rattled by stock market gyrations, and increasing interest rates may be motivating some to buy sooner than later. As the new year wakes up, a common dynamic in heated markets is for buyers to jump back in much *faster* than sellers: Demand outpaces supply right from the start, with all the usual results (multiple offers, overbidding, fast sales), even as the number of new listings starts climbing. This describes 2022 to date, but more will be known once the spring selling season – typically the biggest of the year – really gets underway. (In the Bay Area, the “spring” market can begin in February.)

As an aside: Compared to the general market, luxury home buyers tend to be *less* sensitive to interest rate movements, but *more* sensitive to turbulence and uncertainty in financial markets.

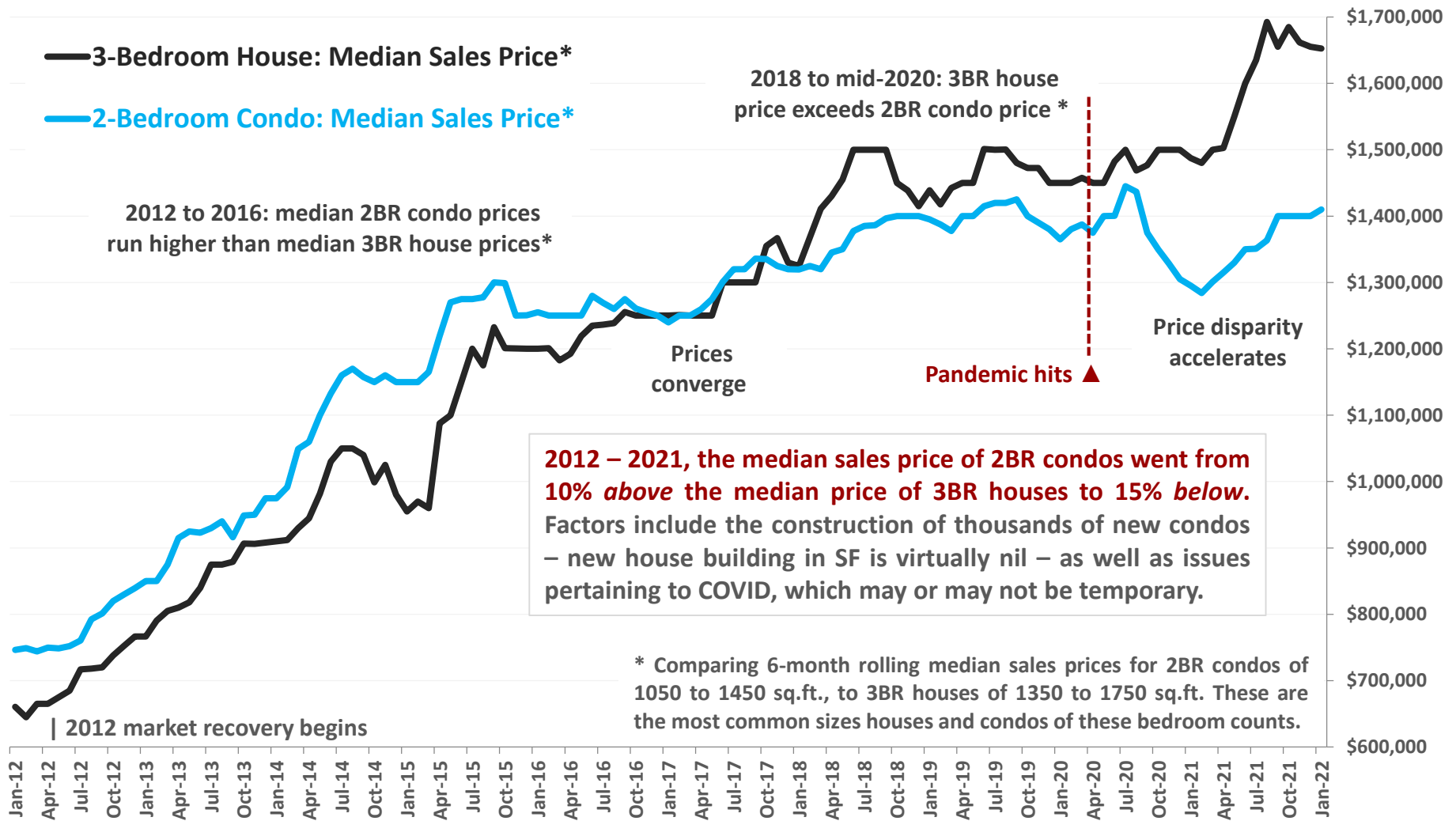
Data from a variety of sources deemed reliable, but may contain errors and subject to revision. Economic indicators and political conditions can change with great rapidity. Many different opinions exist regarding current conditions, and past and future trends among economists, commentators and other analysts.

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San Francisco Median Home Sales Prices, 2012-2021

3-Bedroom Houses vs 2-Bedroom Condos, 6-Month Rolling Figures*

Sales reported to NORCAL
MLS® ALLIANCE per Infosparks



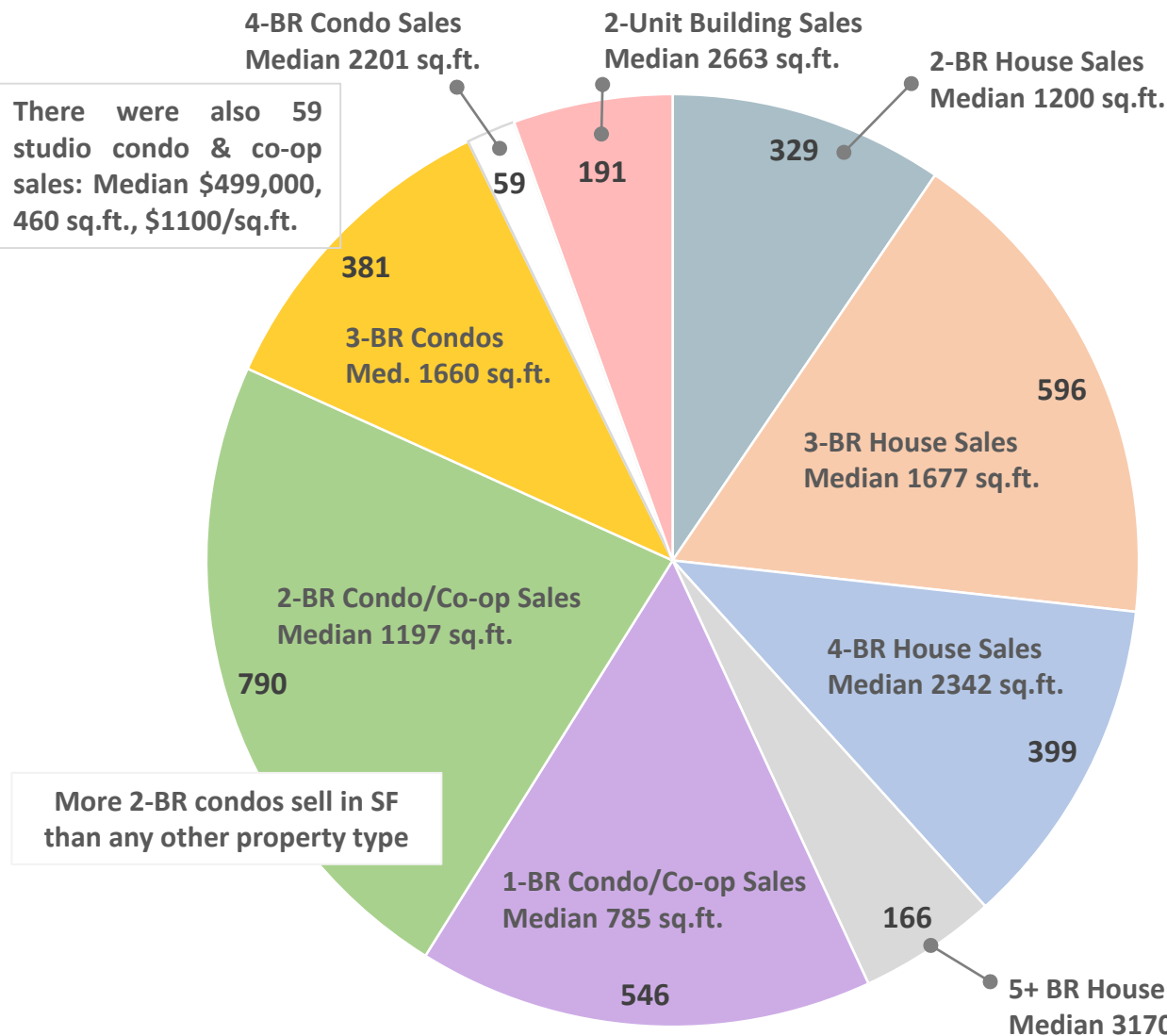
Median sales price is that price at which half the sales occurred for more and half for less. It is a very general statistic often affected by factors *other than changes in fair market value*. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. Markets vary by city district.

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San Francisco Home Sales Breakdown

6 Months Sales by Property Type & Bedroom Count

January 2022 update: 6 months
sales reported to NorCal MLS
Alliance through 1/21/22



Median Sales Prices & Median \$/Sq.Ft.

- 2-BR Houses - \$1,420,000, \$1149/sq.ft.
- 3-BR Houses - \$1,800,000, \$1099/sq.ft.
- 4-BR Houses - \$2,300,000, \$1017/sq.ft.
- 5+ BR Houses - \$3,052,500, \$978/sq.ft.
- 1-BR Condos - \$850,000, \$1067/sq.ft.
- 2-BR Condos - \$1,337,500, \$1148/sq.ft.
- 3-BR Condos - \$1,820,000, \$1104/sq.ft.
- 4-BR Condos - \$2,295,000, \$1048/sq.ft.
- 2-Unit Bldgs - \$1,933,000, \$726/sq.ft.

**In this analysis, "condos"
include co-op sales as well.**

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Does not include new-project condo sales unreported to MLS. Based upon data sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate.

San Francisco Home Sales, 2019-2021*

By Bedroom Count

Home Sales Volumes by Year
Percentage Increases, 2019-2021

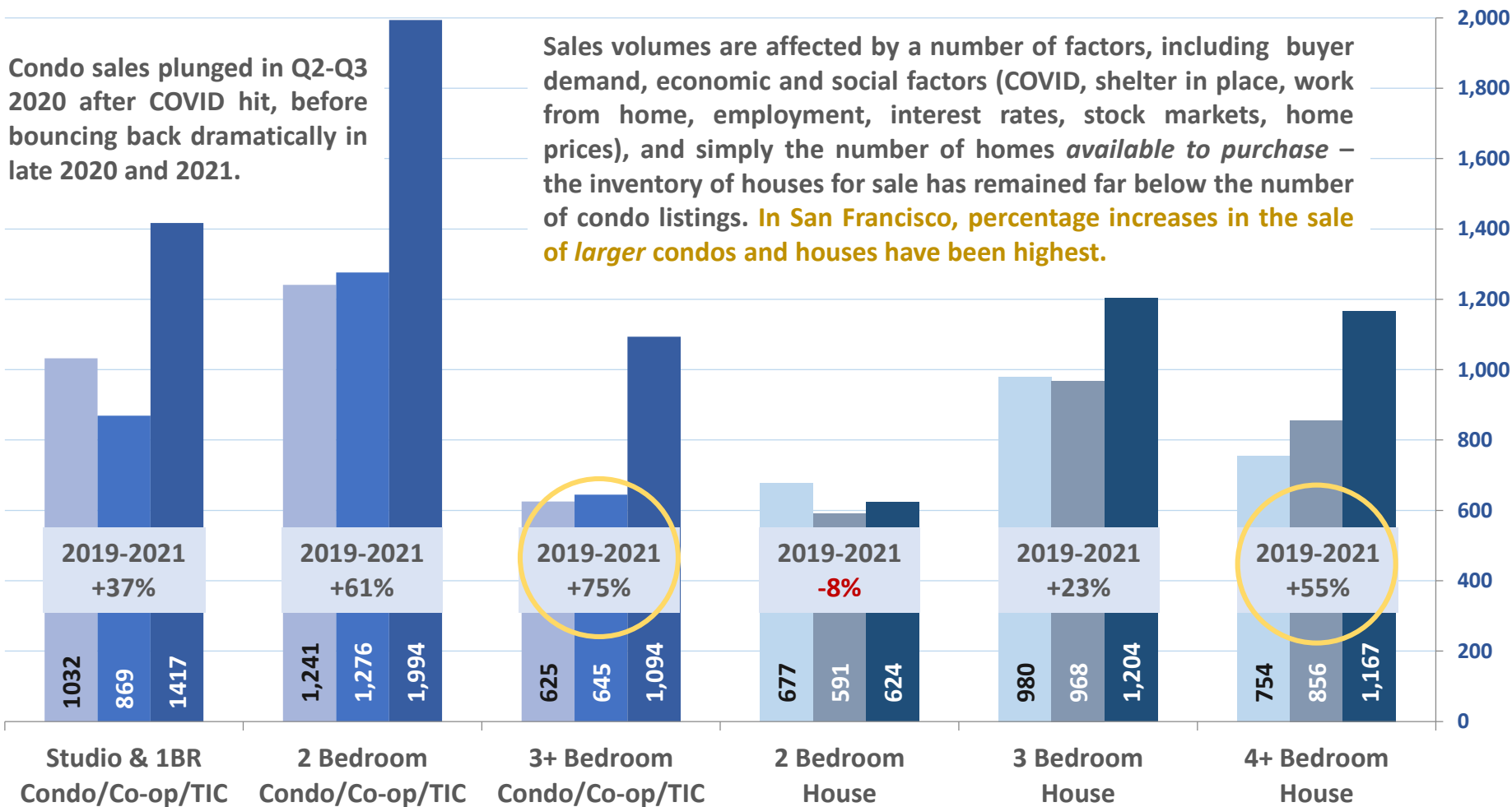
■ 2019

■ 2020

■ 2021

Condo sales plunged in Q2-Q3 2020 after COVID hit, before bouncing back dramatically in late 2020 and 2021.

Sales volumes are affected by a number of factors, including buyer demand, economic and social factors (COVID, shelter in place, work from home, employment, interest rates, stock markets, home prices), and simply the number of homes *available to purchase* – the inventory of houses for sale has remained far below the number of condo listings. **In San Francisco, percentage increases in the sale of larger condos and houses have been highest.**



* Sales reported to NorCal MLS Alliance. Data from sources deemed reliable, but may contain errors and subject to revision. **Not all sales are reported to MLS: Will not include new-project condo sales unreported to MLS.** All numbers are approximate.

San Francisco: Supply of Inventory*

Active Listings on 2/1/22

Generally speaking, under 2.5 to 3 months of inventory is typically considered a “seller’s market” in SF.

Inventory conditions vary by city district and price segment.

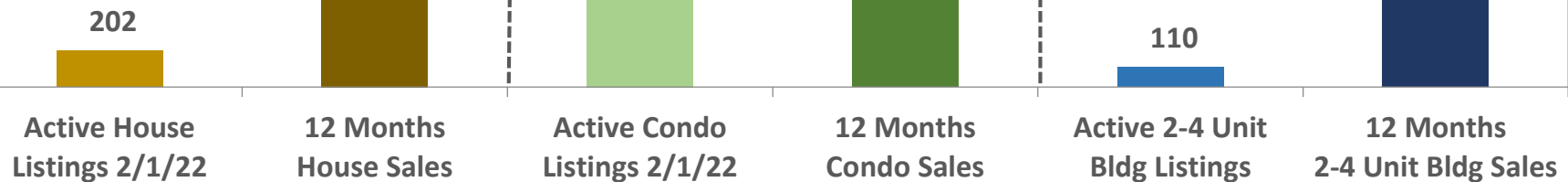
“Condo” includes co-op and TIC activity, but *not* new-project condos not listed on MLS.

New listing activity typically increases rapidly moving into early spring, but 2022 supply is starting from a low base – especially of house listings.

4-week supply of house listings on market on 2/1/22

8-week supply of condo listings on market on 2/1/22

10-week supply of 2-4 unit building listings on 2/1/22

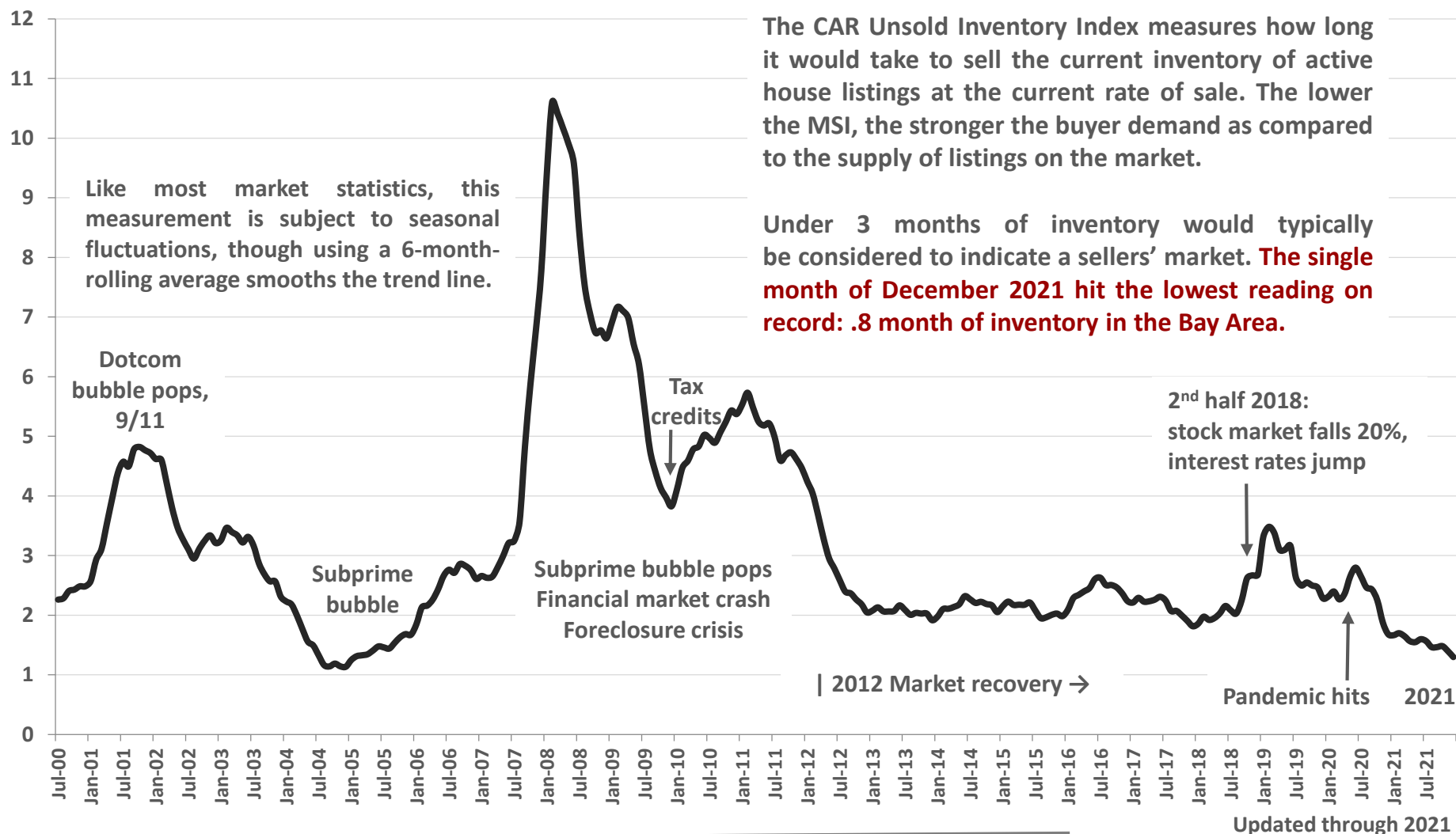


* Active/Coming Soon listings posted to NorCal MLS Alliance, and 12 months sales of MLS listings through 1/20/22. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. # of active listings changes on daily basis.

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Unsold Inventory Index in Months of Supply of Active Listings

Bay Area House Market, 2000 – 2021, 6-Month Rolling Average*



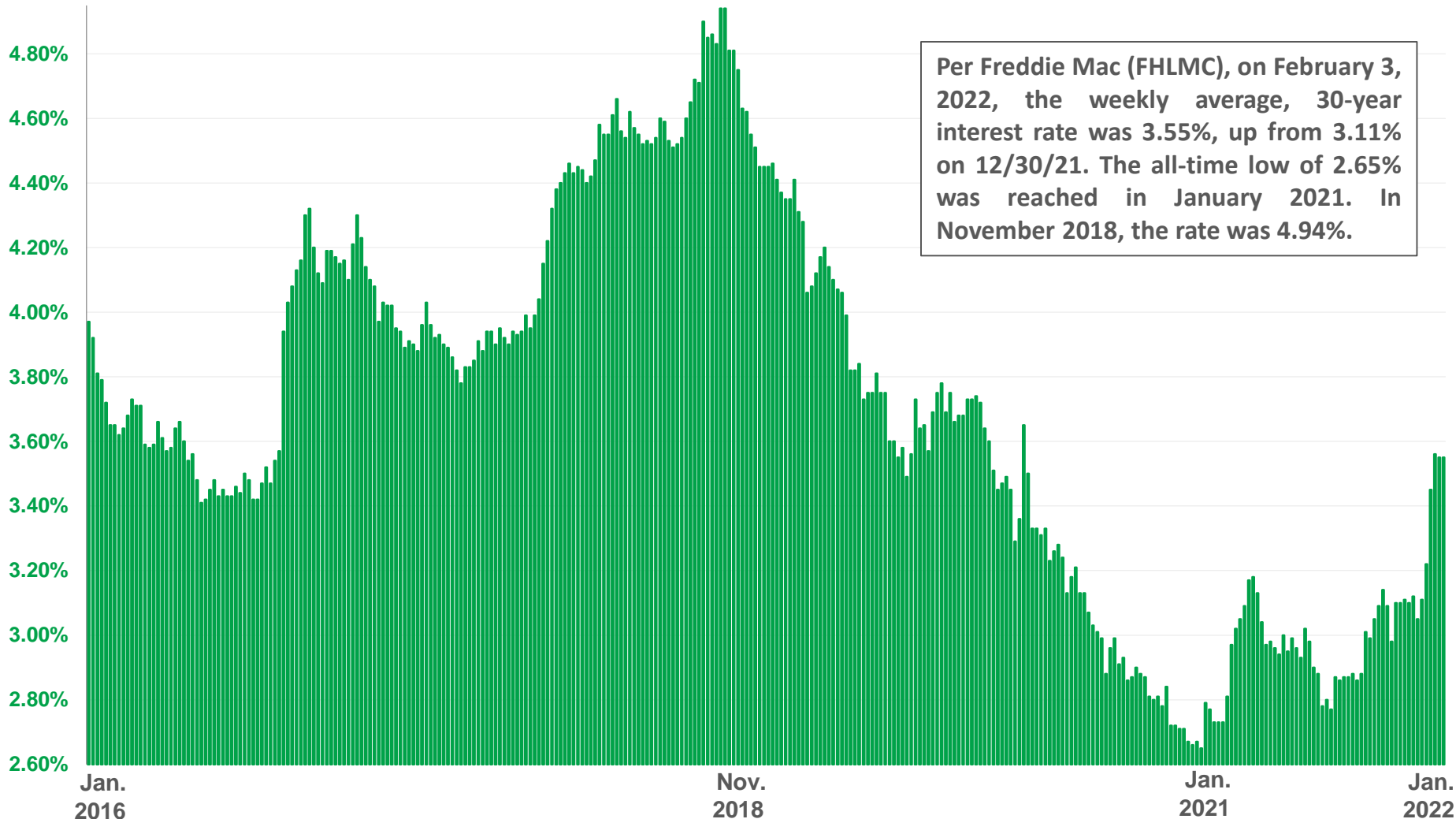
* 6-month rolling average of California Association of Realtors monthly data for existing single family dwellings, for 9 Bay Area Counties. Not seasonally adjusted; does not include condo Inventory (which would raise the reading). Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

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Mortgage Interest Rate Trends, 2016 – Present

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

Rates published by the FHLMC,



Interest rates may fluctuate suddenly and dramatically, and it is very difficult to predict rate changes. Data from sources deemed reliable but not guaranteed. Anyone interested in residential home loans should consult with a qualified mortgage professional and their accountant.

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Median House Sales Price Trends

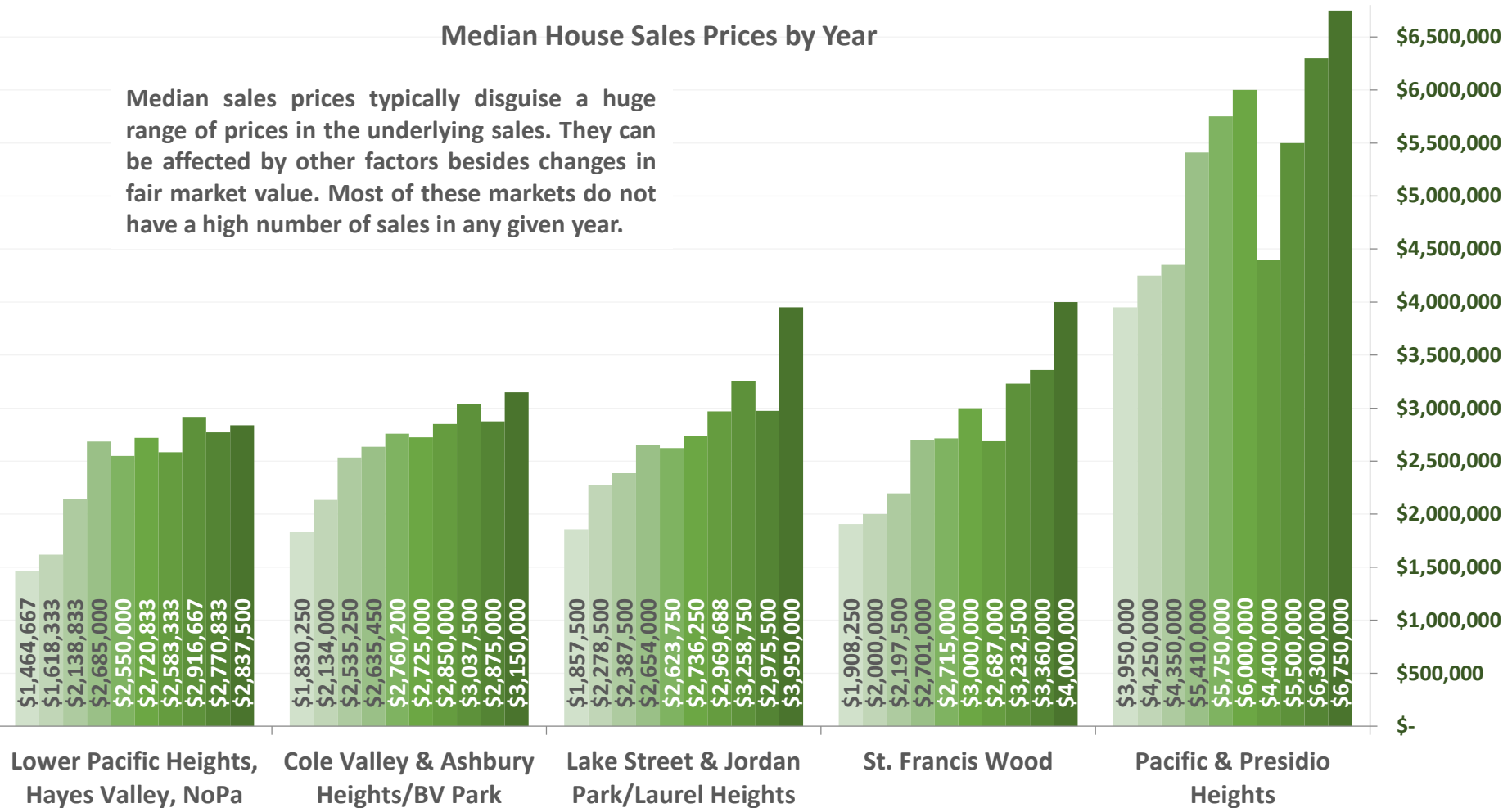
Selected San Francisco Neighborhoods, since 2012

Sales reported to NorCal MLS Alliance

2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Median House Sales Prices by Year

Median sales prices typically disguise a huge range of prices in the underlying sales. They can be affected by other factors besides changes in fair market value. Most of these markets do not have a high number of sales in any given year.



Median Sales Price is that price at which half the sales occurred for more and half for less. Multiple neighborhood values through 2020 are averages of median sales prices. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate and may change with late-reported sales.

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Median House Sales Price Trends

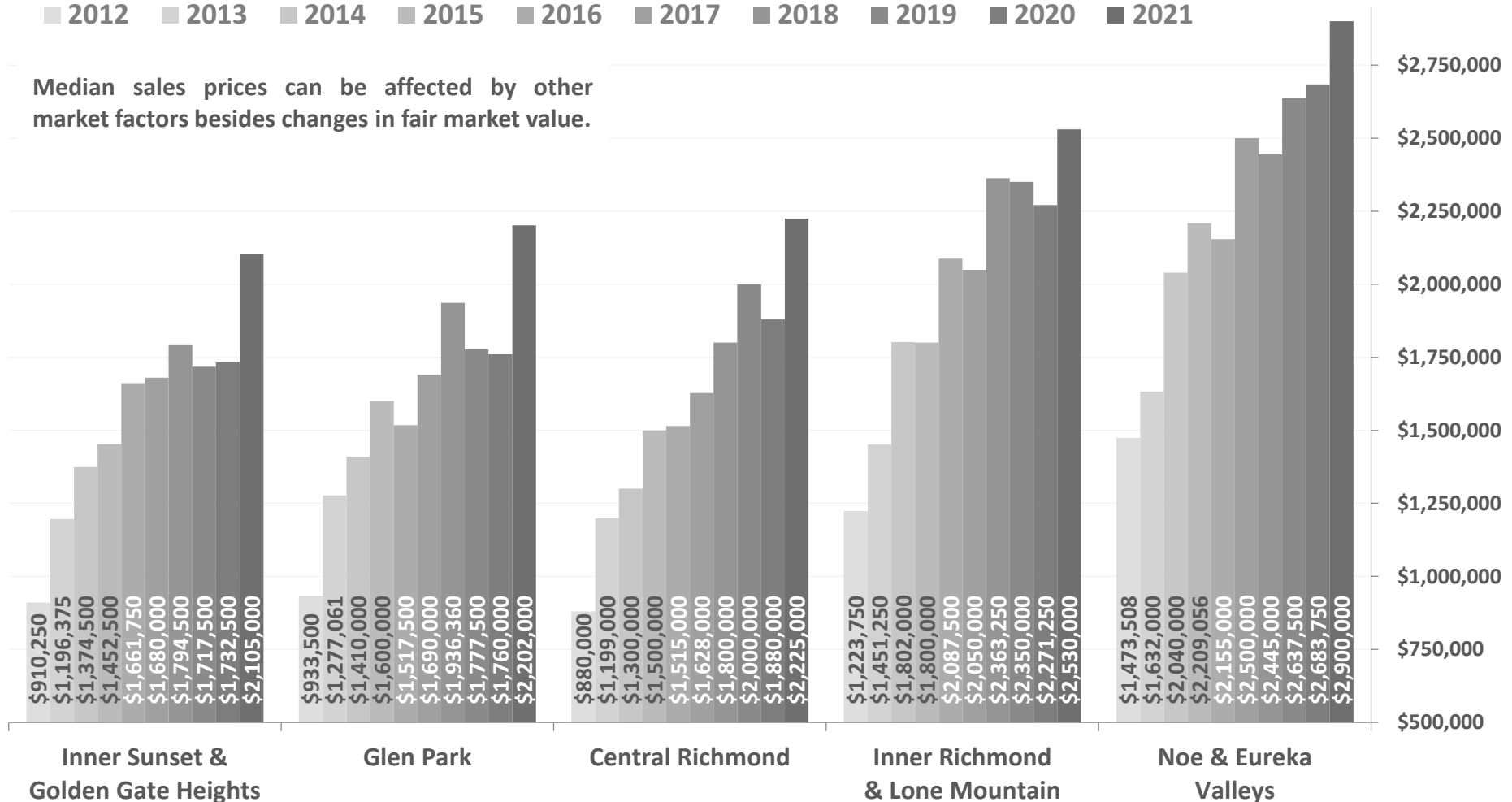
Selected San Francisco Neighborhoods, since 2012

Sales reported to NorCal MLS Alliance

Median House Sales Prices by Year

■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021

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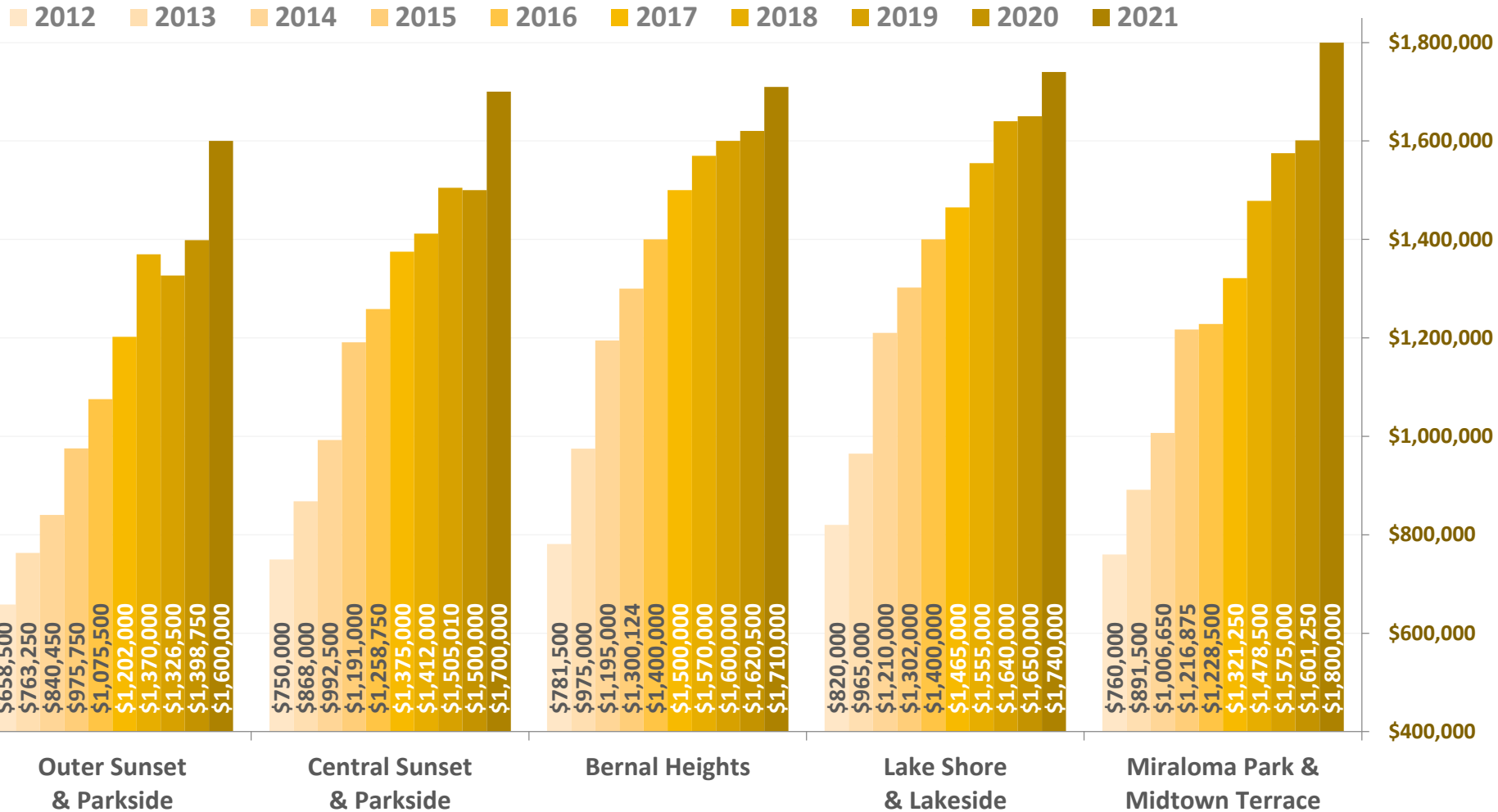
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Median House Sales Price Trends

Selected San Francisco Neighborhoods, since 2012

Sales reported to NorCal MLS Alliance

Median House Sales Prices by Year



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Median House Sales Price Trends

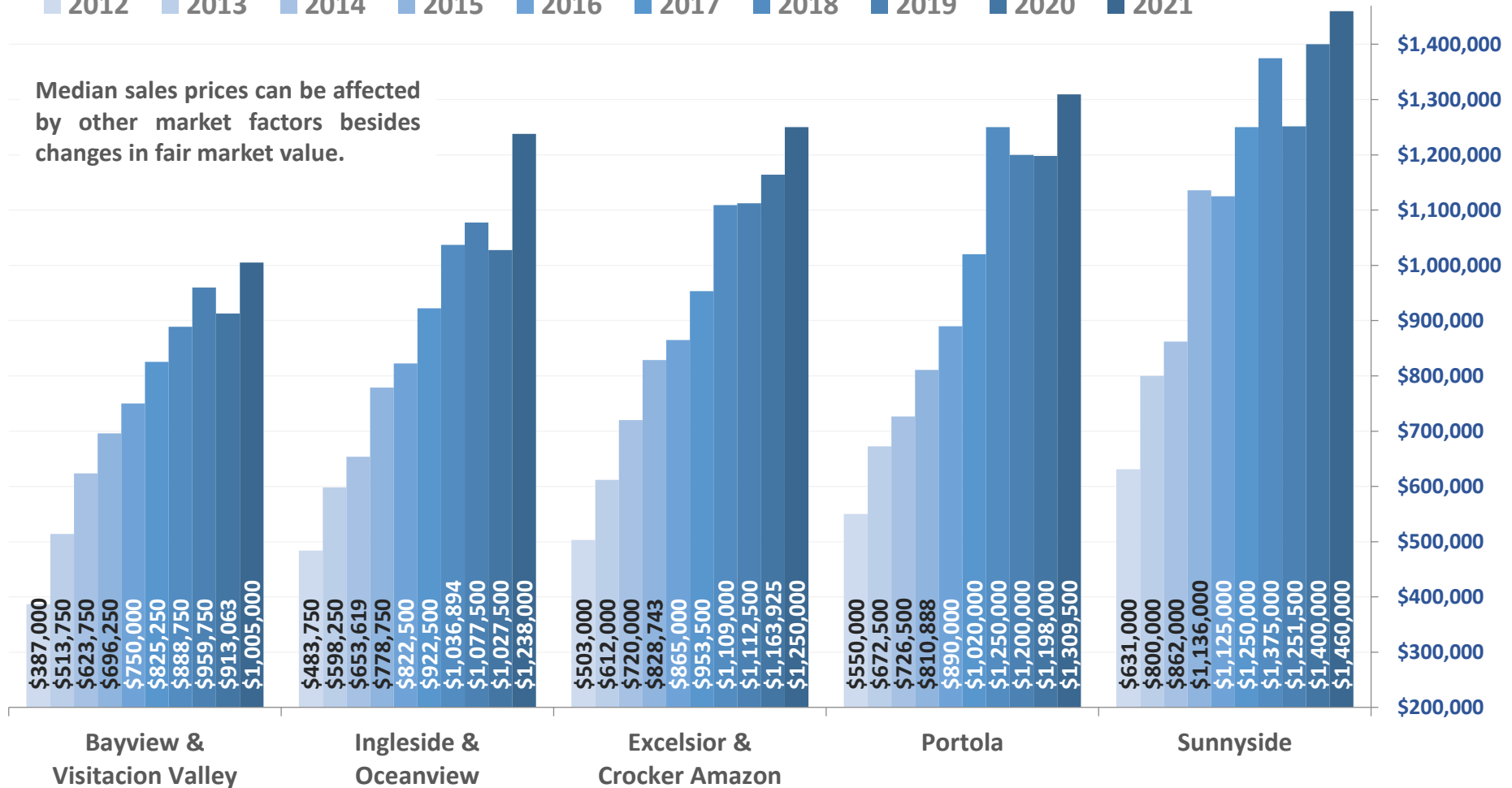
Selected San Francisco Neighborhoods, since 2012

Sales reported to NorCal MLS Alliance

Median House Sales Prices by Year

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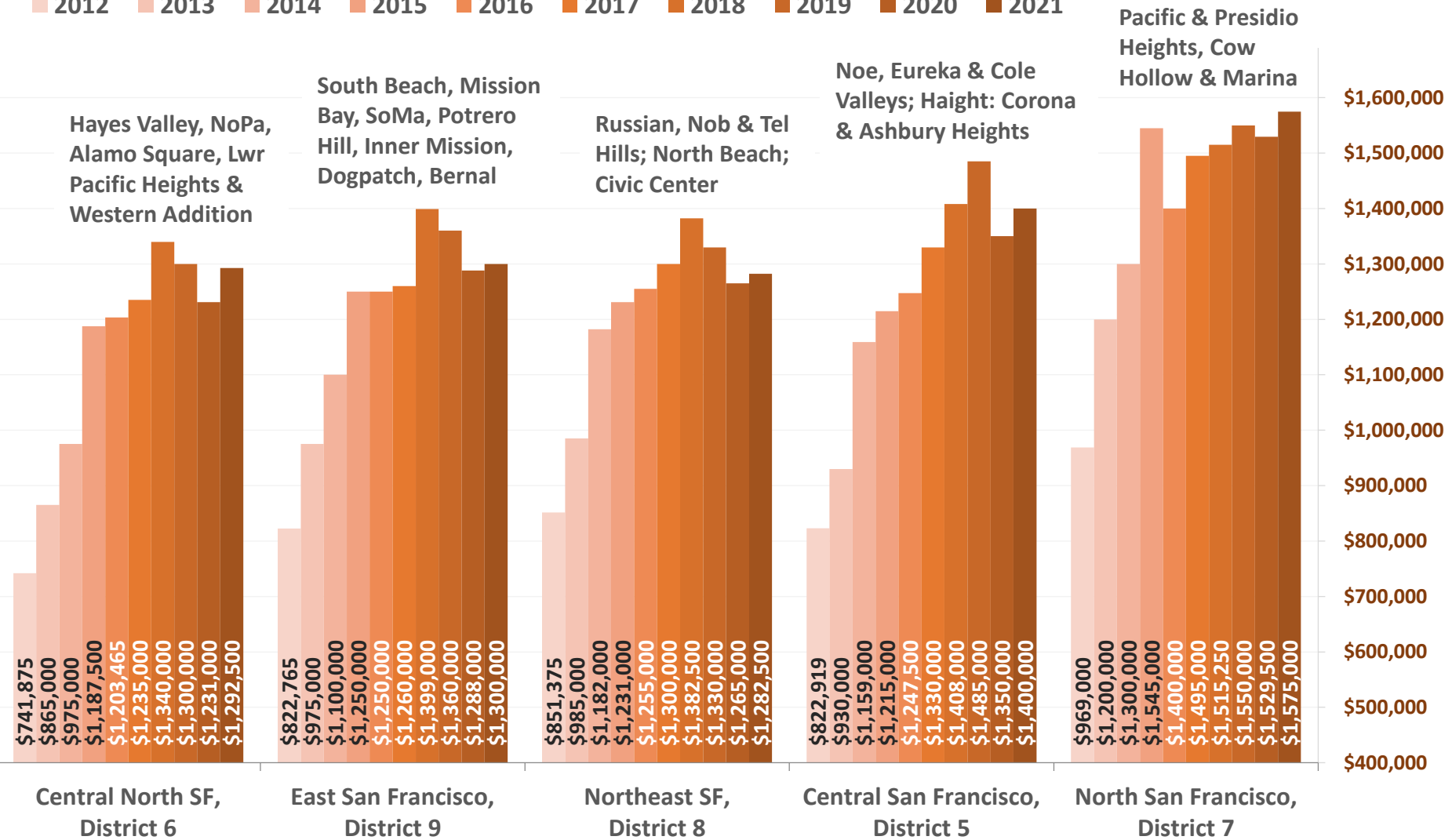
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Median 2-BR CONDO Sales Price Trends

Selected San Francisco Districts, since 2012

In some districts, new condo construction makes year-over-year, apples-to-apples price comparisons difficult. Upper floor units typically sell for a large premium over lower units.

2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

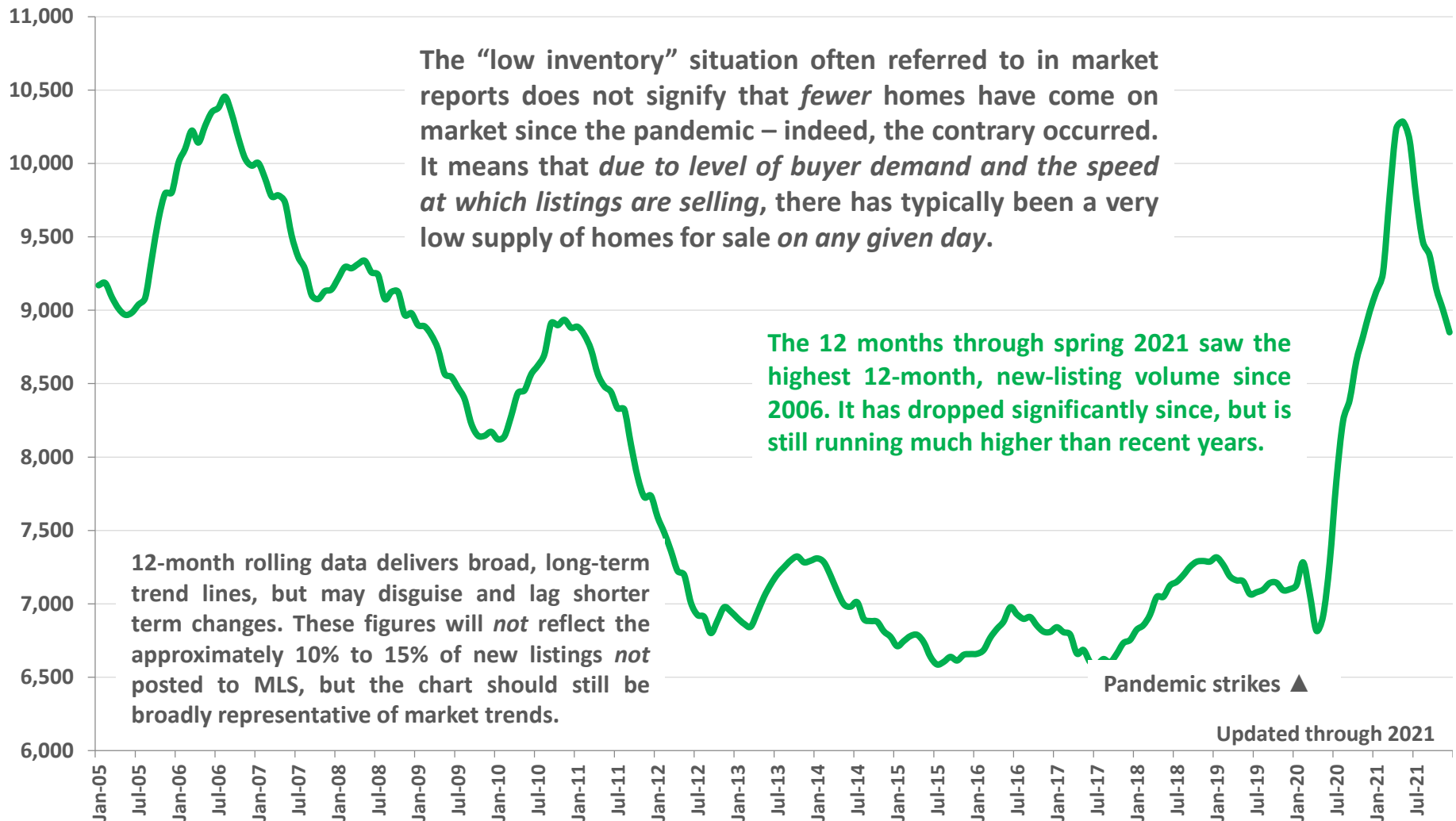


2-bedroom condo sales reported to NorCal MLS Alliance. Not all sales are reported. Median Sales Price is that price at which half the sales occurred for more and half for less, and may be affected by other factors besides changes in fair market value. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

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New Listings Coming on Market, Long-Term Trends

San Francisco, 12-Month Rolling, MLS Listing Data, since 2005*



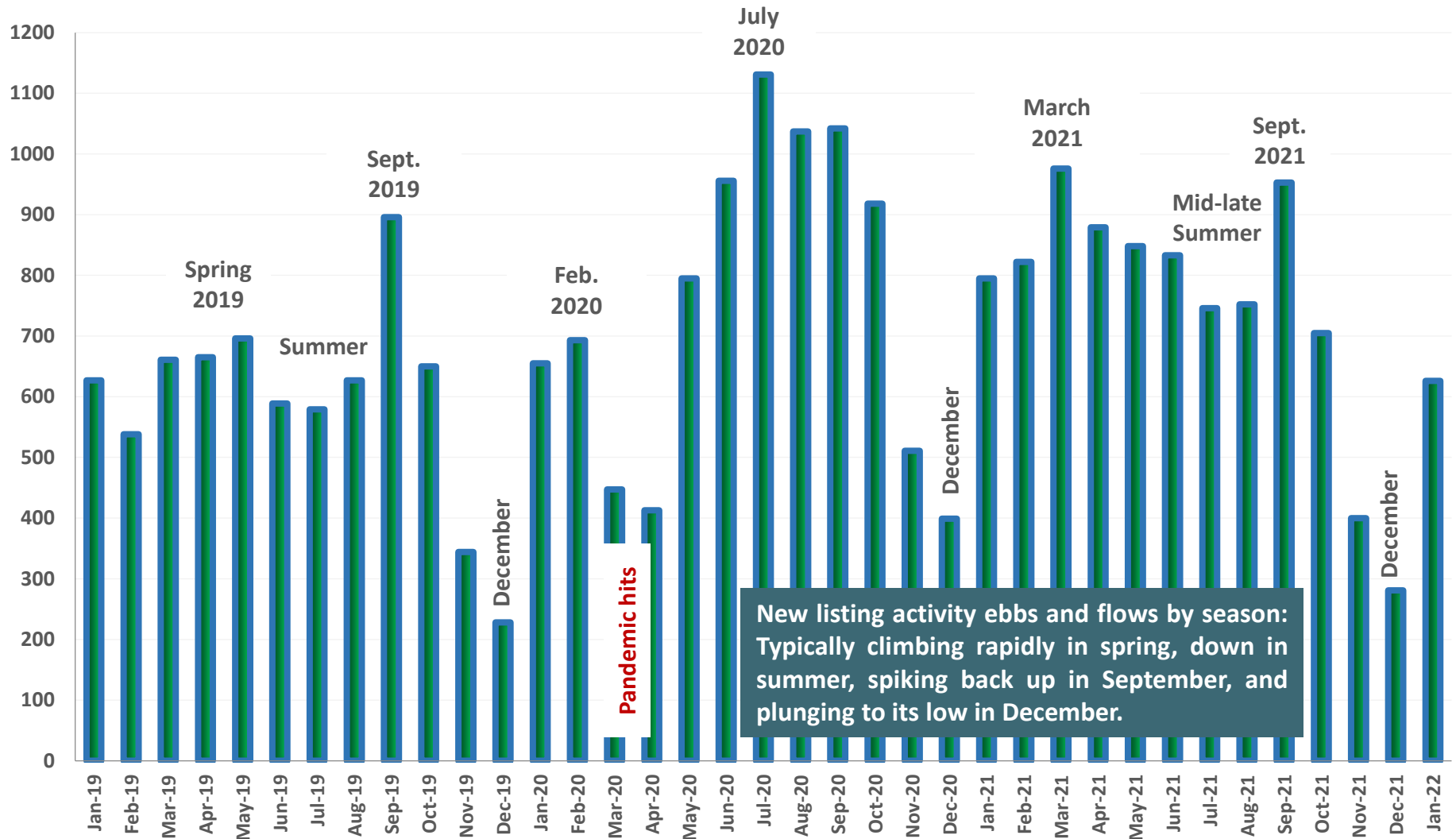
* Each data point reflects the TOTAL of 12 months of activity for houses, condos, co-ops and townhouses. 1/12 of these numbers = an average month within the 12 month period. New listings reported to MLS, per NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable, but may contain errors and subject to revision. Numbers are approximate and are meant to illustrate broad trends.

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New Listings Coming on Market by Month

San Francisco Market Dynamics & Seasonality

House, condo, TIC, co-op listings reported to NorCal MLS Alliance, per Infospartks



Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate. Last month numbers estimated based on available data.

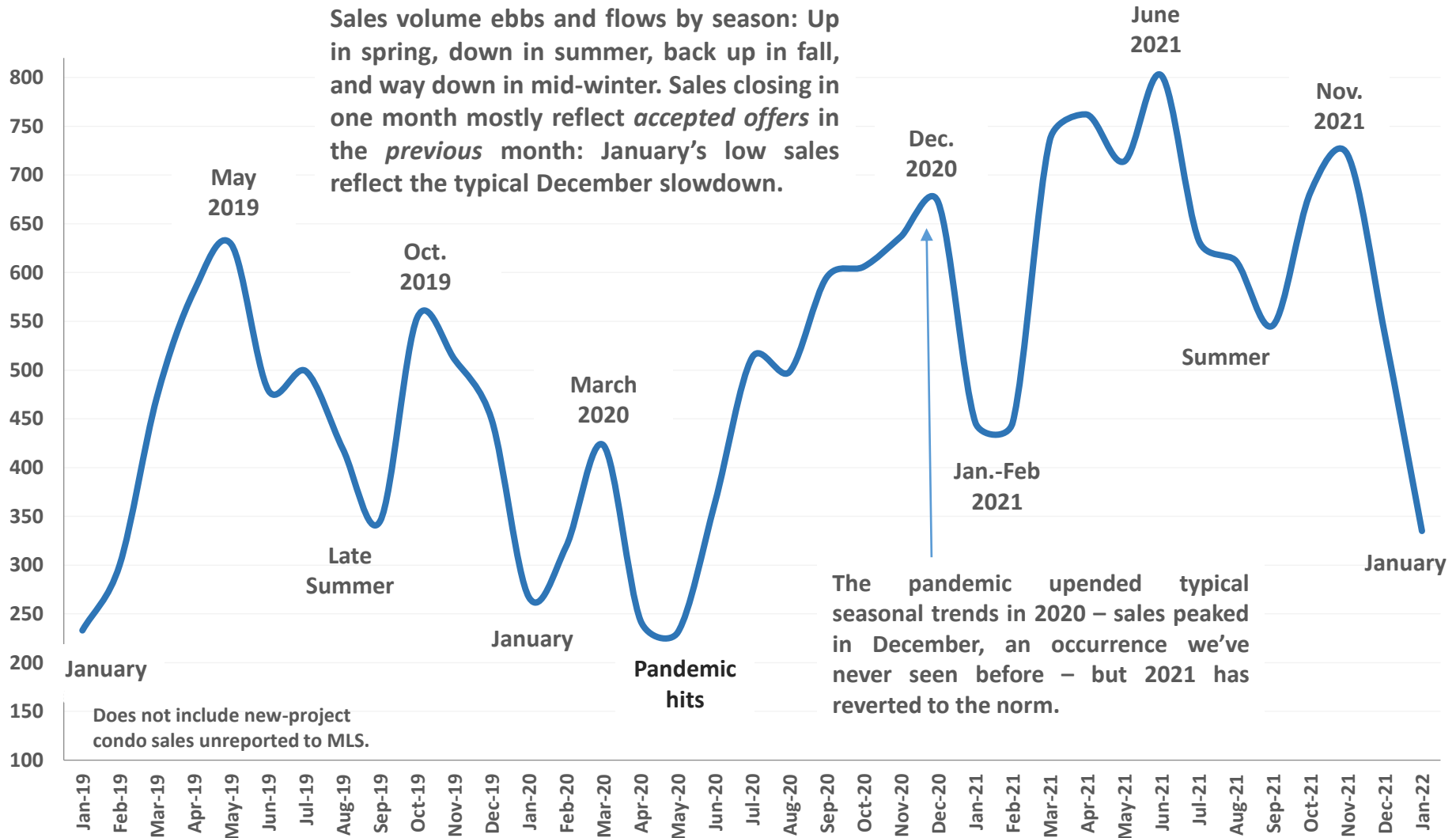
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Home Sales Volume by Month

San Francisco Market Dynamics & Seasonality

House, condo, TIC, co-op sales reported to NorCal MLS Alliance, per Infosparks

Sales volume ebbs and flows by season: Up in spring, down in summer, back up in fall, and way down in mid-winter. Sales closing in one month mostly reflect *accepted offers* in the *previous* month: January's low sales reflect the typical December slowdown.

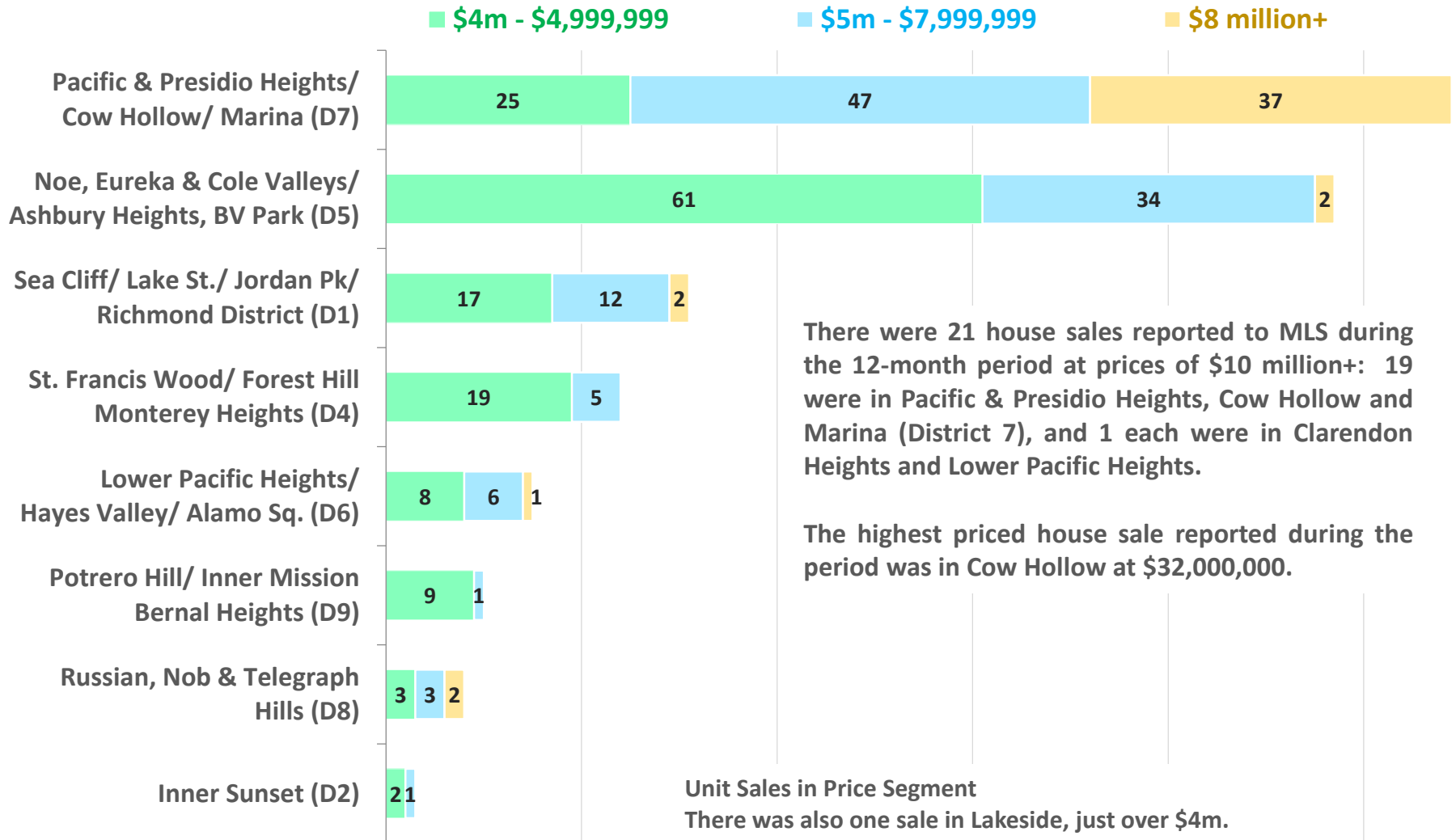


The pandemic upended typical seasonal trends in 2020 – sales peaked in December, an occurrence we've never seen before – but 2021 has reverted to the norm.

San Francisco Luxury House Market

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

January 2022 update: 12 months sales reported to MLS



There were 21 house sales reported to MLS during the 12-month period at prices of \$10 million+: 19 were in Pacific & Presidio Heights, Cow Hollow and Marina (District 7), and 1 each were in Clarendon Heights and Lower Pacific Heights.

The highest priced house sale reported during the period was in Cow Hollow at \$32,000,000.

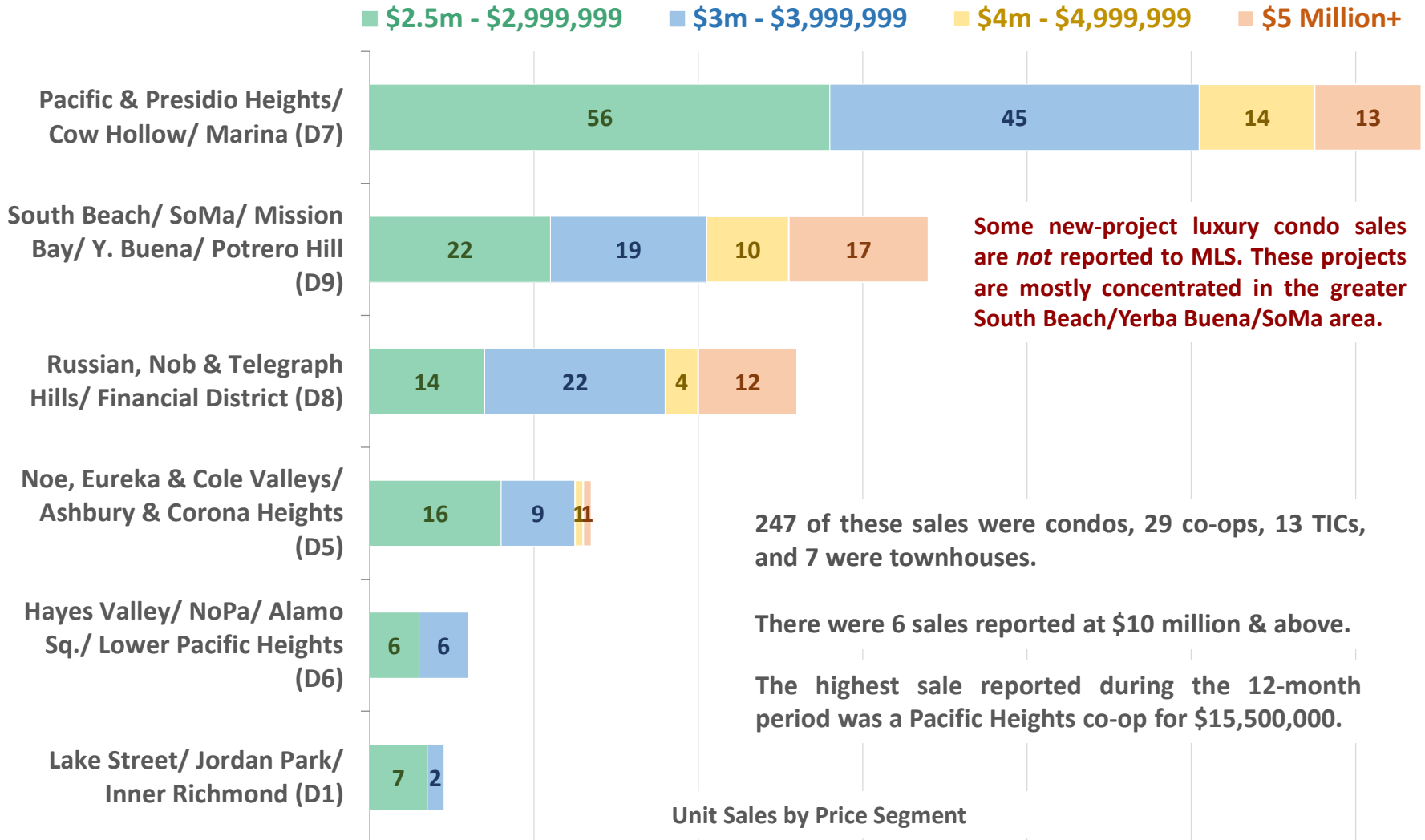
* 12 months sales reported to NorCal MLS Alliance through 1/20/22. **Not all luxury home sales are reported to MLS.** Neighborhood groupings correspond to SF Realtor districts, which often include adjacent neighborhoods not listed. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate.

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

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

January 2022 update: 12 months sales reported to MLS

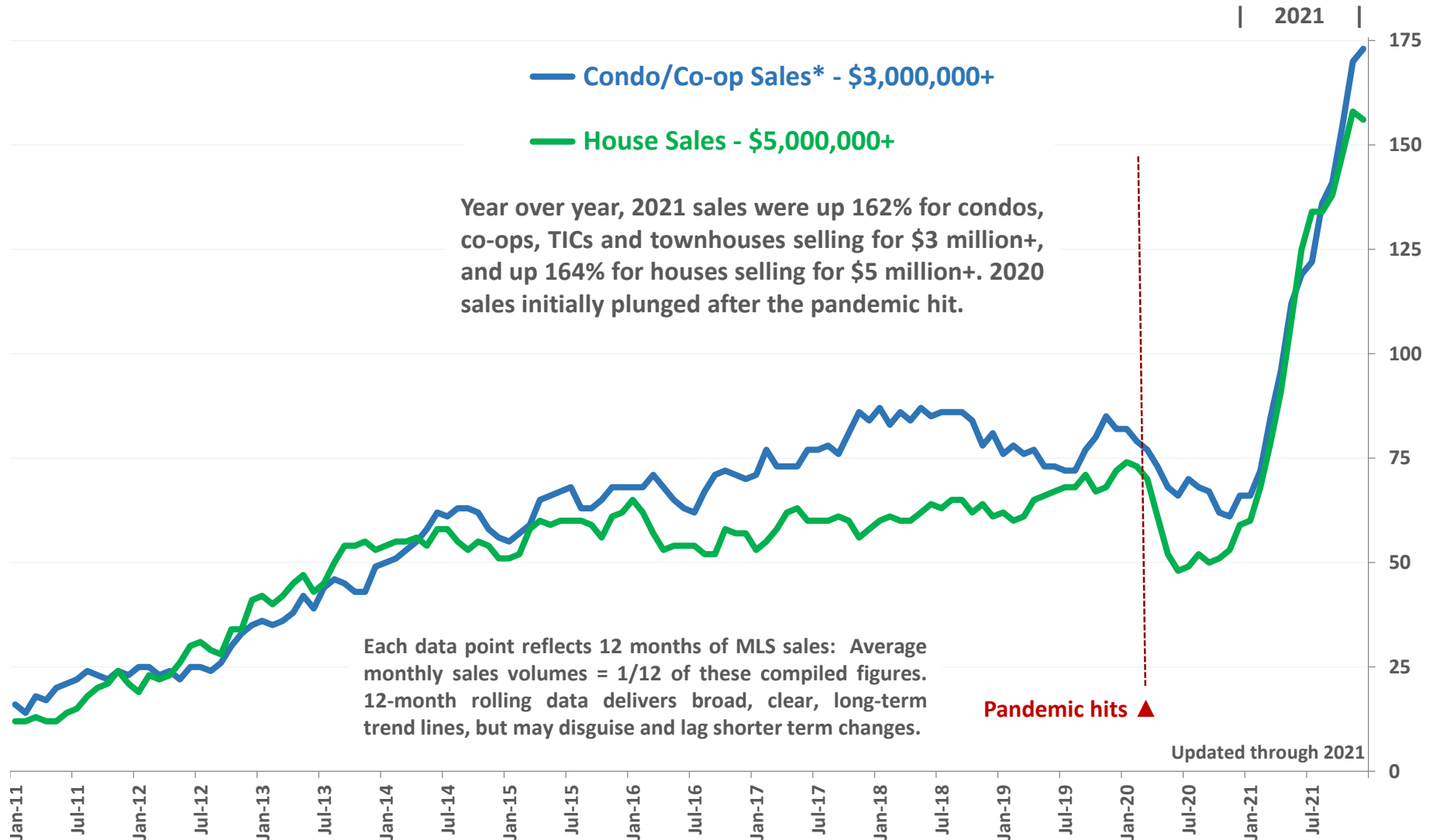


* 12 months sales reported to NorCal MLS Alliance through 1/20/22. **Not all sales are reported to MLS.** Neighborhood groupings correspond to SF Realtor districts, which often include adjacent neighborhoods. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate.

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San Francisco Long-Term Luxury Home Sales Trends

12-Month Rolling Sales Volumes since 2011*



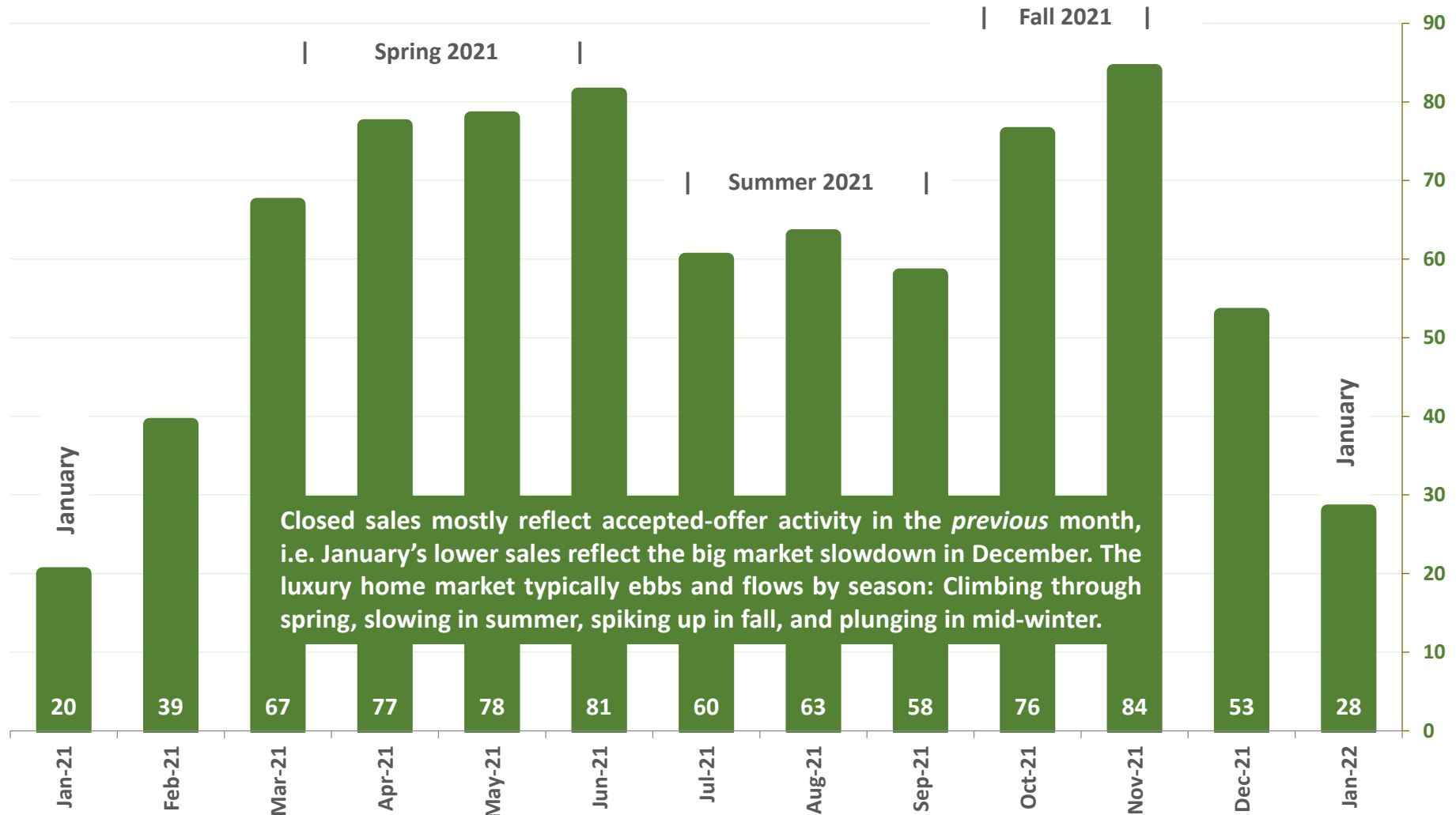
* Sales reported to NorCal MLS Alliance, per Infosparks. "Condo/Co-op Sales" include TICs and townhouses, but not new-project sales unreported to MLS. Numbers may change with late reported sales. Data from sources deemed reliable, but may contain errors and subject to revision. Not all sales are reported to MLS. All numbers approximate.

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San Francisco Short-Term Luxury Home Sales by Month

Homes Selling for \$3 Million+, January 2021 – January 2022

Residential sales reported to
NorCal MLS Alliance, per Infosparks



Sales reported to MLS. Data from sources deemed reliable but may contain errors and subject to revision. Last month estimated from available data, and may change with late-reported sales. All numbers approximate.

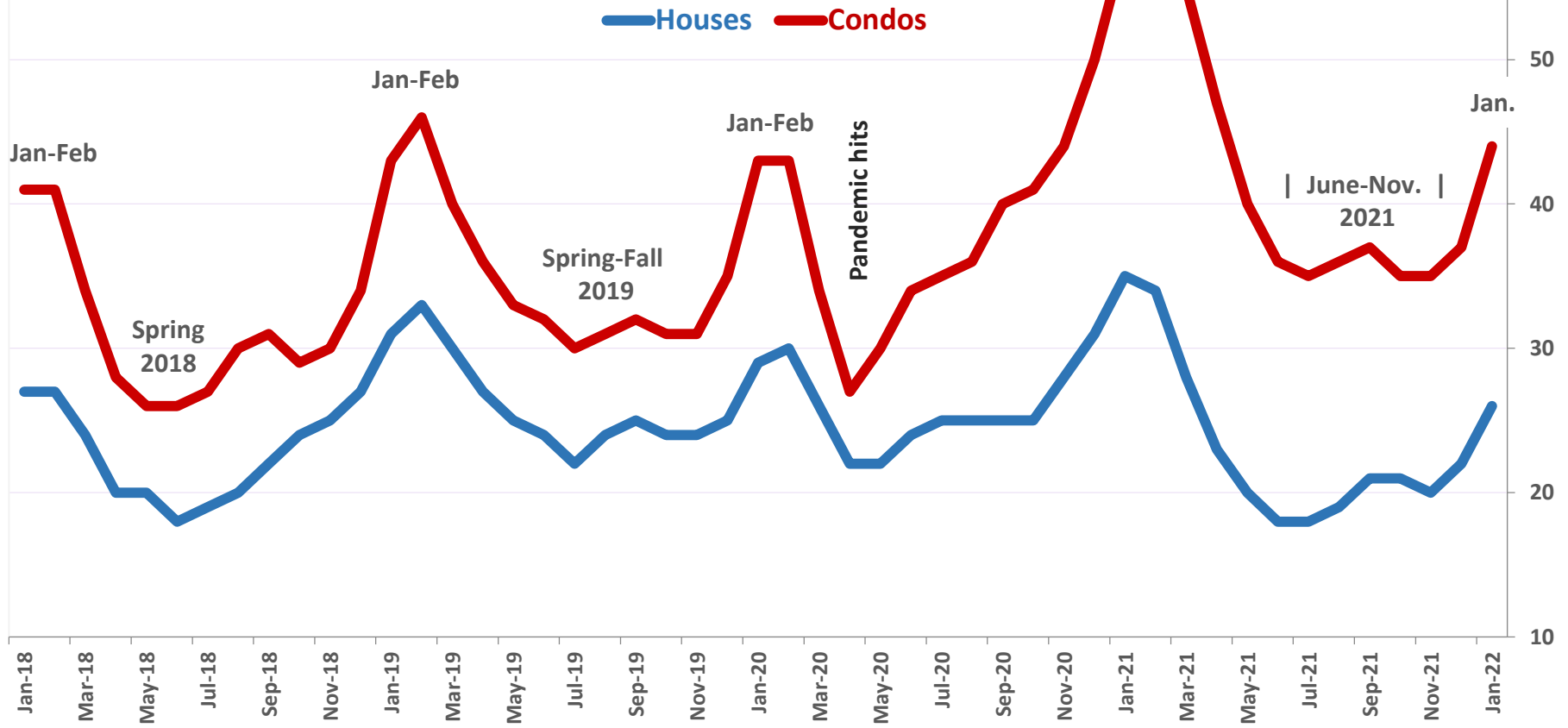
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Average Days on Market

San Francisco: Time on Market to Accepted Offer

3-month rolling sales reported to
NorCal MLS Alliance, per Infosparks

Days-on-market is an indicator of how quickly buyers are snapping up listings, and it typically rises and falls according to seasonal trends. **Houses** (blue line) generally sell significantly faster than **condos** (red line), and the variance between them widened with the pandemic.

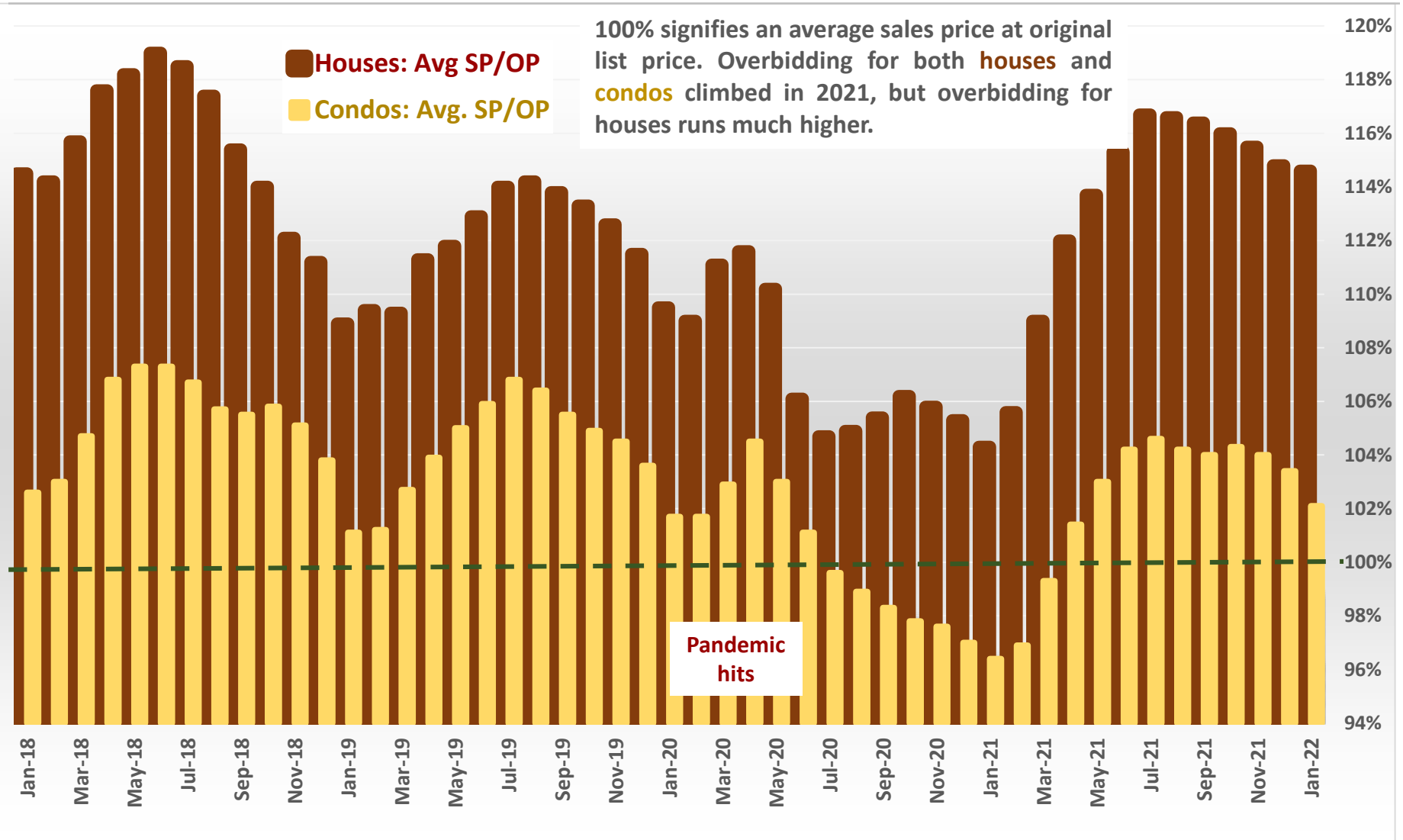


As reported to NorCal MLS Alliance: 3 month rolling sales data. These analyses were performed in good faith with data derived from sources deemed reliable, but they may contain errors and are subject to revision. All numbers approximate.

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

San Francisco Market Dynamics since 2018, 3-Month Rolling Sales



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.

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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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