Factors in Bay Area Real Estate Markets

Many of these factors' effects can swing both positive and negative, and effects can also be counter-intuitive (e.g. a pandemic causing a fierce housing boom). Economic, political, social and ecological dynamics constantly arise, change and interact in difficult-to-predict ways. Developments can percolate gradually or occur unexpectedly, be short or long term, and have widely varying impacts (or no impact whatsoever) on different market segments.

<table>
<tr><td colspan="4">Local economic conditions: High-tech booms, IPOs, employment, housing affordability & development, VC/foreign investment, work from home, pro/anti-business sentiment</td></tr>
<tr><td>Interest rates</td><td>Stock markets</td><td>Inflation</td><td>Consumer confidence</td></tr>
<tr><td>Household wealth; personal, corporate, govt. debt levels</td><td colspan="3">Massive, governmental economic interventions (including by the Fed): post 9/11/2001, post 9/2008, post 2/2020</td></tr>
<tr><td colspan="4">Natural disasters: COVID, 1989 earthquake, 2017-21 fires, drought, sea level rise</td></tr>
<tr><td colspan="4">Domestic & foreign migration; federal immigration policy; demographic changes</td></tr>
<tr><td colspan="2">Tax law e.g. real estate tax benefits & credits, 2017 SALT-deduction limitation</td><td>Investors & rental market dynamics</td><td>State income tax disparities</td></tr>
<tr><td colspan="4">International economic/political events, e.g. large oil price swings, military or economic conflict, foreign economic crises, terrorist attacks</td></tr>
<tr><td>Local, state & national politics; elections</td><td colspan="3">Social and quality of life issues: Crime, homelessness, cost of living, poverty, commute, schools, public services</td></tr>
<tr><td colspan="4">Financial industry manipulation, fraud, engineering, recklessness: junk bonds, S&L collapse, predatory lending, abandonment of risk mgmt. & underwriting standards, CDOs & rating-agency deceit, insider trading, over-leveraged investing; irrational exuberance</td></tr>
</table>

Each factor in itself constitutes a complex topic.

COMPASS