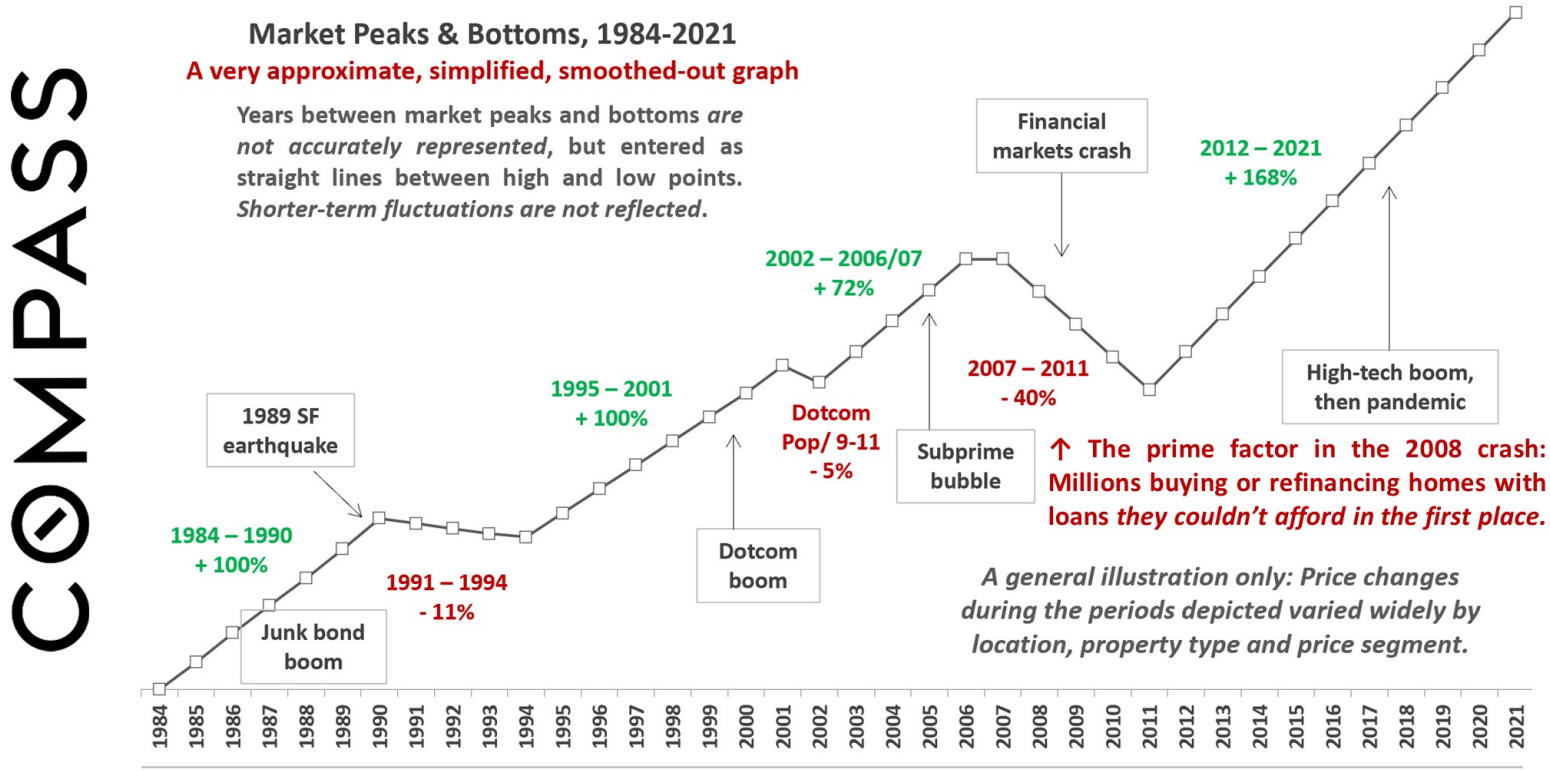
Bay Area Real Estate Cycles*

Financial and real estate markets typically move in cycles, but it is extremely difficult to predict how long a cycle will last, when it will transition to the next, and how dramatic the shift will be. The current up-cycle, starting in 2012, has seen spectacular appreciation in home and stock prices – which doesn't imply it will either continue or soon end. Cycles can go on longer than expected, get second winds, or be suddenly and deeply affected by unexpected events. Shorter-term hiccups within cycles are not uncommon: One occurred in late-2015 with the Chinese stock market crash and oil-price turbulence; another followed the superheated spring-2018 market, after interest rates jumped and the S&P 500 dropped 20% in the 2nd half; in 2020, COVID initially had severe, negative effects on financial and certain housing segments. In all these cases, markets ultimately rebounded higher. In this simplified, smoothed-out chart, fluctuations *within* larger cycles are not shown.



*Approximate, good-faith illustration based on S&P CoreLogic Case-Shiller House Price Index for 5-county SF Metro Area. (Not based on median sales price changes.) ***Though we believe the broad cycles depicted generally apply across the Bay Area, substantial variations occurred, and % changes cannot be relied upon to apply to any specific home, submarket or market segment.***