

# MarketFOCUS

JUNE 2011



## Single-Family Homes:

Median Sales Price:  
↓ \$715,000

Active For-Sale Inventory:  
↓ 864

Days on Market:  
↓ 65

## Condominiums:

Median Sales Price:  
↑ \$697,000

Active For-Sale Inventory:  
↑ 1,300

Days on Market:  
↑ 77

## Pending Sales Rise, Improving Real Estate Market Outlook

Despite losing some of its footing last month, the San Francisco housing market saw an increase in pending sales in 7 out of its 10 neighborhood districts compared to May of last year.

High-tech technology companies moving into the city have helped to energize the housing market, with many tech employees purchasing residences in San Francisco for cash.

And, in spite of a drop in the stock market in the past 6 weeks, which has eroded some assets for down payments, sales of luxury condominiums are still growing.

## Single-Family Home Sales

The number of pending single-family home sales in May rose citywide by 25.9 percent year-over-year and by 68.6 percent since the start of 2011. Just as important, the month's supply of homes selling for less than \$700,000 dropped by 50.9 percent and homes priced between \$700,000 and \$1.2 million fell by 27.9 percent, demonstrating that buyers are dominating the market.

One district which has been a source of heightened activity is Twin Peaks West. The number of sold homes in this area has grown by 11.1 percent since May 2010 and since the beginning of the year, the number of sold homes has accelerated by 130.8 percent. Twin Peaks West boasts the highest natural point in San Francisco, Mt. Davidson, and an assortment of neighborhoods, such as the upscale St. Francis Wood and the quaint, small town atmosphere of West Portal.

Another part of the city which has seen increased activity is the Marina and Pacific Heights neighborhoods. Although the number

of pending sales has remained relatively the same compared to this time last year, the median sales price has increased by 10 percent. And since the start of 2011, the number of sold homes in the area has vaulted by an impressive 125 percent. The Marina and Pacific Heights neighborhoods are home to some of the most impressive and desirable properties in the city, attracting both successful professionals and young entrepreneurs, alike.

## **Condominium Sales**

Even though, throughout the city, sales of condominiums have dropped by 12.2 percent year-over-year, the number of pending sales has increased by 39.4 percent and there are some areas performing exceptionally well.

Condominium sales in the Richmond district saw an increase in sales activity, with 90.9 percent more pending sales compared to May 2010. Situated in the northwestern part of town, the Richmond borders Golden Gate Park, making it the ideal place to live in the city for recreational enthusiasts.

Another area of the city which has seen a solid increase in condominium sales is the district known as South of Market. Luxury condominiums priced at \$2 million and more in this district experienced notable gains, with a 47.2 percent boost in the median sales price. The South of Market area, or SOMA for short, is fast becoming the premiere area for high-end condominiums, with views of the Bay extending to the east and south.

## **Outlook**

Fending off concerns of a possible double-dip in housing prices, the local market is slowly on the path to recovery. There are fewer REOs on the market, foreclosures are slowing way down due to government intervention, and employment is inching up.

According to a recent survey released by Move, Inc., an informational real estate company with a growing network of web sites, real estate investors will be more active in their local markets by a 3:1 margin compared to typical home buyers in the next two years. Sixty-nine percent of investors surveyed expect it will be easier to find properties in the near future and two out of five investors believe it will be easier to sell their properties in the next six months.

And, as reported in the San Francisco Chronicle, DataQuick, a real estate tracking firm, says that although the San Francisco Bay Area fell to a three-year low back in April, the portion of homes bought with adjustable-rate and jumbo loans rose, and the share of sales involving foreclosures, investors and cash buyers fell.

The latest Conference Board Consumer Index was released late May, surprising economists who thought the index would rise, but instead fell by six points to a reading of 60.3. Despite this, Lynn Franco, Director of the Conference Board Consumer Research Center says that, "Consumers' assessment of current conditions declined only modestly, suggesting no significant pickup or deterioration in the pace of growth."