

MarketFOCUS

DECEMBER 2011



Single-Family Homes

Median Sales Price:

↓\$698,000

Active For-Sale Inventory:

↓753

Days on Market:

↑63.7

Condominiums

Median Sales Price:

↓\$631,500

Active For-Sale Inventory:

↓928

Days on Market:

↓68.2

San Francisco Housing Market Not Stopping

Although these fall months are not typically known for high real estate activity, this year has proven otherwise, with strong pockets of movement occurring throughout the city, keeping the market active during these shorter days. Families have been rushing to purchase and settle into their new homes to prepare for the holiday season and upcoming year.

Single-Family Homes

As the number of homes for sale fell throughout the city by 27.3 percent compared to November 2010, the number of homes under contract this past month rose by 21.1 percent, while the number of homes sold rose by a substantial 22.3 percent. For properties that were priced below \$700,000, the months of supply inventory dropped by 67.8 percent to 1.3 months. For properties priced between \$700,000 and \$1.2 million, the months of supply inventory fell by 12.1 percent to 2.8 months. Readings between one and four months typically indicate a seller's market, where sellers have more negotiating power over home buyers.

One part of the city which continues to experience healthy sales activity is the central district that provides ample shelter from San Francisco's famous fog and is one of the city's sunnier regions. Since November 2010, the number of homes sold has risen considerably by 60 percent to a total of 40 properties. From the colorful neighborhoods of Haight Asbury and the Castro, to the more contemporary and family-friendly Noe Valley, to the posh and upscale Clarendon Heights, this part of the city offers a diverse array of housing opportunities for just about any home buyer.

Another area of the city which saw heightened sales activity is the southern part of the city that stretches from San Francisco

City College to beyond Candlestick Park. Compared to this time last year, the number of homes under contract in this district has risen by a whopping 80 percent, while the number of homes sold has increased by 58.3 percent to a total of 57 properties. Some of the neighborhoods in the area, such as the Excelsior and Mission Terrace, offer a suburban feel, easy access to public transportation, and some of the best prices in the city, which makes them great locations for first-time home buyers.

Condominium Sales

Although the number of condominiums for sale fell throughout the city by 37.2 percent compared to November 2010, the number of condominiums under contract rose by 17.7 percent and the number of condominiums sold increased by 23.1 percent. For condominiums that were priced between \$500,000 and \$900,000, the months of supply inventory contracted by 61.4 percent to a reading of 2.2 months. For luxury condominiums priced above \$900,000, the months of supply inventory decreased, by 49.8 percent to 2.6 months.

One part of the city which experienced a robust increase in condominium sales activity is the central-eastern part of town, whose landscape continues to evolve from its former warehouse and factory occupied streets. Since November of last year, the number of condominiums sold has jumped by 56.4 percent, from 39 units to a total of 61. The central-eastern district includes such neighborhoods as up-and-coming South Beach, home to AT&T Park and some of the most stylish condominiums in the city, as well as SOMA (South of Market) and Yerba Buena, which has seen an infusion of moderately priced condominiums in recent years.

Outlook

The Conference Board reports that consumer confidence surged in November to its highest level since July, a sign that Americans may be more willing to spend. The Conference Board said that its consumer confidence index climbed by 15 points in November to 56 points, the highest it has been since a reading of 59.2 this past summer. Although still well below a reading of 90, which indicates an economy on solid footing, the confidence numbers are encouraging.

According to the State Employment Development Department, the statewide and local job outlook continues to improve as California's unemployment rate dropped for the second straight month in October to 11.7 percent. Bay Area counties were all below the State average, including San Francisco, which dropped to 8.1 percent from 8.3 percent the prior month.

As the cost of renting in the city continues to rise, and with the average rent currently at \$2,572, more and more people should be considering owning a home. There are a variety of rent vs. buy calculators available online and anyone of them can be used to help with a decision as to whether to rent or buy.

As local tech companies like Zynga and Yelp prepare for initial public offerings, more and more of their employees are looking towards owning a home in San Francisco. Reuters reports that recent competitive bidding in some neighborhoods has pushed home prices up more than 15 percent from last year in some areas such as Noe Valley, SOMA and Potrero Hill.

With the improving economy and surge in pending sales, 2012 is likely to see a stronger San Francisco real estate market than what buyers and sellers have been accustomed to since 2008.