

# The Real Estate Report

LOCAL MARKET TRENDS



SAN FRANCISCO

May/June 2010



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## Property Sales Up Sharply in March

Sales of single-family, re-sale homes were up 87.5% from February. Year-over-year, home sales were up 66.7%. This is the ninth month in a row home sales have been higher than the year before.

The median price for homes gained 13.5% from February, and was up 14.5% year-over-year.

Sales of lofts/condos also increased sharply last month, rising 51.1% from February, and up 82.1% year-over-year.

The median price for lofts/condos rose 3.1% from February, and was up 3.2% year-over-year.

The increase in sales was welcome and put home sales up 39.9% year-to-date. For lofts/condos, sales are up 73.8%.

With the new state tax credit, and the federal tax credit still in effect until the end of April, we expect sales for the Spring selling season to be strong.

### NEW STATE TAX CREDIT

A new state tax credit goes into effect on May 1, 2010 for first-time home buyers and buyers of new, never-occupied homes. The state has allocated a total of \$200,000,000 to be split evenly between both groups.

The tax credit applies to escrows that close on or after May 1, 2010, and before January 1, 2011. Additionally, if escrow is entered prior to December 31, 2010, you have until August 1, 2011 to close escrow.

These tax credits are limited to the lesser of 5% of the purchase price or \$10,000. The tax credit must be

applied over three years in amounts beginning in the year the home was purchased.

The tax credit is not refundable, meaning if your total tax is less than \$10,000, you will not be getting a check for the difference.

In any event, please do not construe this as legal or financial advice.

Please contact your lawyer or financial advisor if you intend to use the credit.

For full information, go to:

Trends at a Glance (Single-family Homes)			
	Apr 10	Mar 10	Apr 09
Home Sales:	210	112	126
Median Price:	\$790,000	\$696,250	\$690,000
Average Price:	\$1,113,451	\$839,389	\$895,448
Sale/List Price Ratio:	99.8%	100.8%	98.0%
Days on Market:	53	58	62

[http://www.ftb.ca.gov/individuals/New\\_Home\\_Credit.shtml](http://www.ftb.ca.gov/individuals/New_Home_Credit.shtml)

P.S. If you open escrow before April 30th, you can take advantage of the state and the federal tax credits.

### More Stats

Sales price to list price ratios for single-family homes fell a full point to 99.8%. The ratio for condos/lofts also dropped a full point to 97.6%.

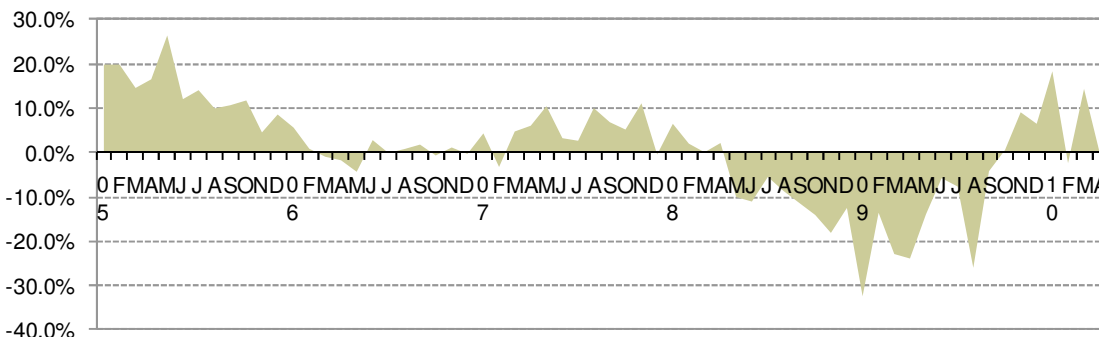
Days on market for homes fell five to 53 days. For condo/lofts, days on market dropped eight days to 71 days.

The real estate market is very hard to generalize. It is a market made up of many micro markets, especially in San Francisco. For complete information on a particular neighborhood or property, or for an evaluation of your home's worth, call me.

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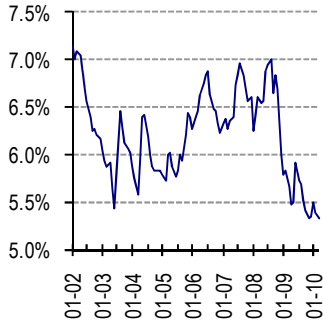
### San Francisco Homes: Year-Over-Year Median Price Change



# The Real Estate Report

## Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



### DEFINITIONS:

**Median Price:** The price at which 50% of prices were higher and 50% were lower.

**Average Price:** All all prices and divide by the number of sales.

**SP/LP:** Sales price to list price ratio, or the price paid for the property divided by the asking price.

**SP/OLP:** Sales price to the original list price ratio, or the price paid for the property divided by the original asking price.

Apr. 30, 2010 -- The last of the extraordinary props for the nation's mortgage and home sales markets have come to an end. Just four weeks after the Federal Reserve stepped away from the mortgage market comes the end of first-time and trade-up homebuyer tax credits. Meanwhile, the effort to prop up failing homeowners through modification and other initiatives enjoys a continuing commitment.

While the Fed program of buying up \$1.25 trillion of Mortgage-Backed Securities was easily the more important of the two -- after all, both homebuyers and homeowners can enjoy low mortgage rates -- but the tax credit has arguably been a key element in fostering demand for home purchases, and spurring consumers to act. We won't know the actual results of the program for some time, until all tax filings for 2009 as well as for 2010 have been completed, but

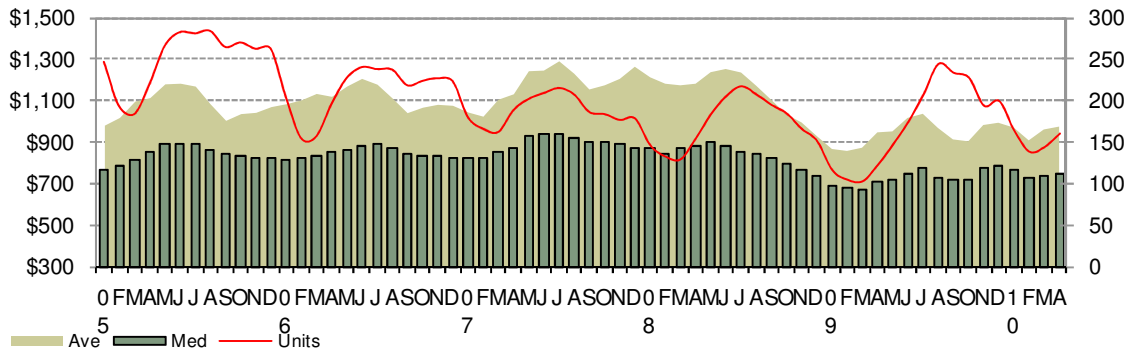
the home-sale indicators seem to suggest that there has been positive, measurable effect on weak housing markets.

HSH's market-spanning Fixed-Rate Mortgage Indicator (FRMI) remained unchanged this week at an average 5.36%. The FRMI includes rates for conforming, jumbo and the GSE's "high-limit" conforming products in its calculation and so covers a wide swath of the market. The most popular alternative to the traditional fixed-rate mortgage -- a Hybrid 5/1 ARM -- sported an average interest rate of 4.41% this week, down just a single basis point from last week's 4.42%.

With the removal of a program said to spur demand, we wonder what the rest of the "spring homebuying season" will look like. It is fair to say that the original tax credit which expired in November 2009 borrowed some

demand from the winter months of 2010, but all appearances are that demand was starting to ramp up in March and probably in April. If it turns out that today's midnight expiry of the extension borrowed demand from May and June, we could be in for a couple of very slow months. Slowing sales coupled with short-sale or foreclosure-boosted inventories are unwelcome news for home prices, which would be pressured downward again. That situation would be worsened considerably by any rise in mortgage rates, the likelihood of which increases with every sign of recovery. All things considered, it's hard to find much reason for strong optimism about the period just ahead for home sales, and even a spurt of new hiring won't improve these fortunes very soon.

San Francisco Homes: Prices & Sales  
(3-month moving average — \$000's)



## April Sales Statistics

(Single-family Homes)

	Prices		Unit			Change from last year			Change from last month		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales	Median	Average	Sales
San Francisco	\$790,000	\$1,113,451	210	53	99.8%	14.5%	24.3%	66.7%	13.5%	32.7%	87.5%
D1: Northwest	\$1,230,000	\$1,608,132	19	54	96.7%	2.5%	27.5%	171.4%	78.5%	96.2%	533.3%
D2: Central West	\$753,500	\$781,650	30	40	101.7%	3.2%	6.2%	57.9%	1.7%	7.6%	172.7%
D3: Southwest	\$555,000	\$604,930	16	53	100.6%	23.3%	16.4%	77.8%	0.9%	-4.2%	23.1%
D4: Twin Peaks	\$818,500	\$1,009,268	28	52	100.7%	-3.4%	8.1%	75.0%	4.4%	5.6%	133.3%
D5: Central	\$1,424,595	\$1,568,818	32	40	101.4%	29.5%	16.8%	68.4%	5.4%	17.4%	100.0%
D6: Central North	\$1,307,500	\$1,374,237	4	48	100.4%	16.2%	22.2%	300.0%	-47.7%	-45.0%	300.0%
D7: North	\$3,238,750	\$3,896,531	12	55	96.6%	4.3%	4.5%	200.0%	62.3%	89.6%	200.0%
D8: Northeast	\$1,960,000	\$1,960,000	2	219	96.8%	n/a	n/a	n/a	10.4%	10.4%	0.0%
D9: Central East	\$790,000	\$758,316	19	61	103.7%	10.4%	-3.1%	90.0%	-4.2%	-4.8%	46.2%
D10: Southeast	\$447,500	\$439,516	48	62	101.9%	-14.3%	-14.2%	17.1%	-8.3%	-9.1%	29.7%

# The Real Estate Report

## Pending home sales at five-month high

Washington, May 04, 2010 -- Pending home sales increased again in March, affirming that a surge of home sales is unfolding for the spring home buying season, according to the National Association of Realtors®.

The Pending Home Sales Index,\* a forward-looking indicator based on contracts signed in March, rose 5.3 percent to 102.9 from 97.7 in February, and is 21.1 percent above March 2009 when it was 85.0; this follows an 8.3 percent increase in February. The data reflects contracts and not closings, which usually occur with a lag time of one or two months.

Lawrence Yun, NAR chief economist, said favorable affordability conditions have been working with the tax credit.

"Clearly the home buyer tax credit has helped stabilize the market. In the months immediately following the expiration of the tax credit, we expect measurably lower sales," he said. "Later in the second half of the year, and into 2011, home sales will likely become self-sustaining if the economy can add jobs at a respectable pace, and from a return of buyer demand as they see home values stabilizing."

The PHSI in the Northeast declined 3.3 percent to 75.1 in March but remains 27.2 percent higher than March 2009. In the Midwest the index increased 1.2 percent to 98.9 and is 18.5 percent above a year ago.

Pending home sales in the South jumped 12.7 percent to an index of 121.2, which is 28.3 percent

higher than March 2009. In the West the index rose 1.9 percent to 99.9 and is 8.8 percent above a year ago.

"Another encouraging sign is the improvement in the availability for jumbo and second-home mortgages," Yun said. "As bank balance sheets strengthen, it is just a matter of time before lending of non-government-backed mortgages steadily opens up."

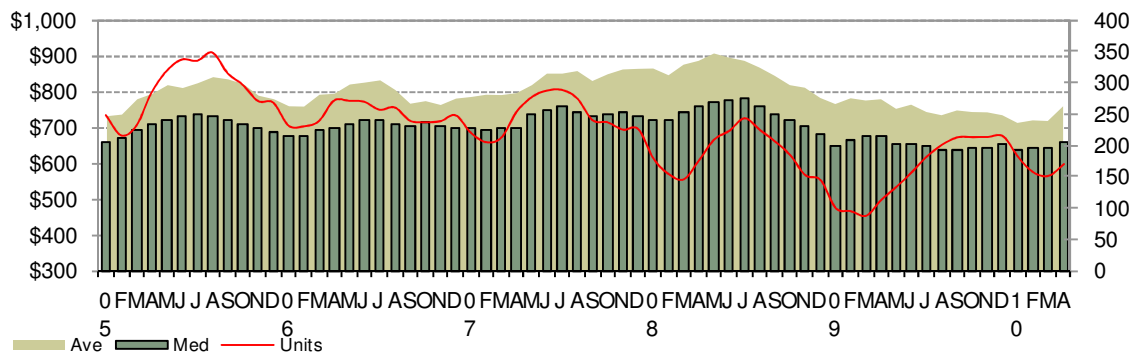
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\*The Pending Home Sales Index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed.

The index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract activity parallels the level of closed existing-home sales in the following two months. There is a closer relationship between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than with month-to-month comparisons.

An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined as well as the first of five consecutive record years for existing-home sales.

### San Francisco Condos: Prices & Sales (3-month moving average — \$000's)



## April Sales Statistics

(Condos/TICs/Co-ops/Lofts)

	Prices		Unit			Change from last year			Change from last month		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales	Median	Average	Sales
<b>San Francisco</b>	\$670,000	\$747,052	204	71	97.6%	3.2%	6.2%	82.1%	3.1%	-3.2%	51.1%
<b>D1: Northwest</b>	\$639,000	\$667,164	14	48	100.2%	-3.2%	-0.6%	75.0%	3.7%	10.8%	27.3%
<b>D2: Central West</b>	\$705,000	\$705,000	1	66	97.2%	-17.1%	-17.1%	-50.0%	8.5%	-6.3%	-80.0%
<b>D3: Southwest</b>	\$377,500	\$360,750	4	35	102.1%	-21.4%	-27.6%	-20.0%	8.0%	3.2%	100.0%
<b>D4: Twin Peaks</b>	\$570,000	\$570,000	2	118	99.7%	n/a	n/a	n/a	38.2%	38.2%	0.0%
<b>D5: Central</b>	\$744,500	\$815,883	38	49	99.2%	14.7%	11.4%	52.0%	4.5%	1.4%	137.5%
<b>D6: Central North</b>	\$683,500	\$671,625	22	67	98.3%	1.6%	0.3%	57.1%	24.2%	5.9%	120.0%
<b>D7: North</b>	\$1,080,000	\$1,218,333	15	50	97.6%	54.3%	49.6%	66.7%	8.0%	-12.0%	-21.1%
<b>D8: Northeast</b>	\$669,500	\$832,221	38	81	96.4%	31.3%	62.9%	123.5%	33.9%	13.0%	52.0%
<b>D9: Central East</b>	\$579,000	\$642,381	67	90	96.4%	-10.9%	-23.9%	131.0%	-1.9%	-3.6%	63.4%
<b>D10: Southeast</b>	\$302,000	\$350,667	3	56	96.2%	-24.5%	4.3%	0.0%	24.5%	31.2%	-25.0%

# THE REAL ESTATE REPORT

SAN FRANCISCO



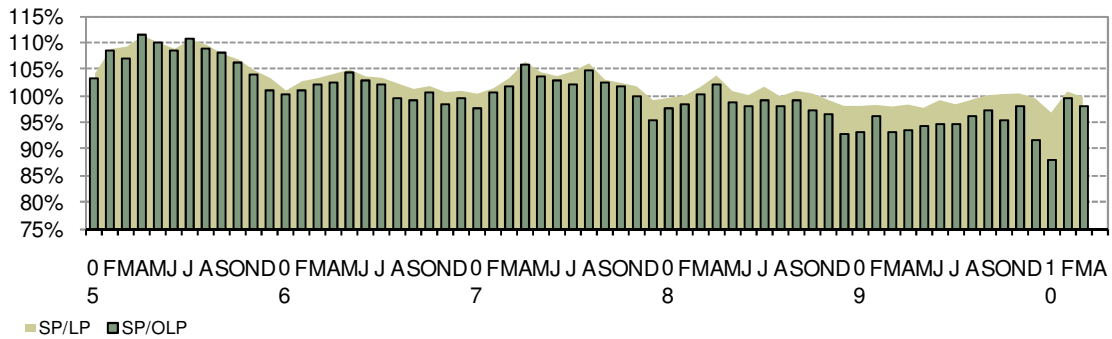
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Go online to see the full report  
with the district by district breakdown:

[HTTP://WWW.ZEPHYR-REAL ESTATE.COM](http://www.zephyr-realestate.com)

### San Francisco Homes: SP/LP Ratio vs. SP/OLP Ratio



### San Francisco Homes: Days on Market

