

# The Real Estate Report

LOCAL MARKET TRENDS



SAN FRANCISCO

July/August 2010

## Double Dip Underway!?!?!?!?

Forbes magazine, quoting Zillow.com of all sources, is reporting the dreaded double-dip appears to be underway, except in certain cities, such as San Francisco. So, please, if you see that headline, just ignore it.

The median price for single-family homes reached \$800,000 in June for the first time since last November. That is a 2.6% increase over last

June, and it is the second highest level since August 2008.

Home sales dipped slightly from May, down 0.9%, but were up 2.8% year-over-year. This is the twelfth month in a row home sales have been higher than the year before. Year-to-date, home sales are up 27.3%.

The median price for condos/lofts was up 5% year-over-year last month. The \$690,000 median price is the second highest price since February 2009.

Condo/loft sales were up 24.7% year-over-year. Year-to-date, condo/loft sales are up 46.2%.

### STATE TAX CREDIT

The state tax credit fund is almost out of money. If you've been thinking of using it, you need to apply now.

For full information, go to:

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

### OTHER THOUGHTS

Inflation is coming, make no mistake about that.

It's not a matter of if, but when. In the future, you will look back on this period as a golden time to buy real estate and lock-in a 30-year fixed rate mortgage. Whether or not you

look back and smile will depend upon whether you buy or not.

Sales price to list price ratios for single-family homes fell 0.6 of a point to 99.2%. The ratio for condos/lofts rose 1.3 points to 98.9%.

Days on market for homes rose seven to 59 days. For condo/lofts, days on market rose one day to 72 days.

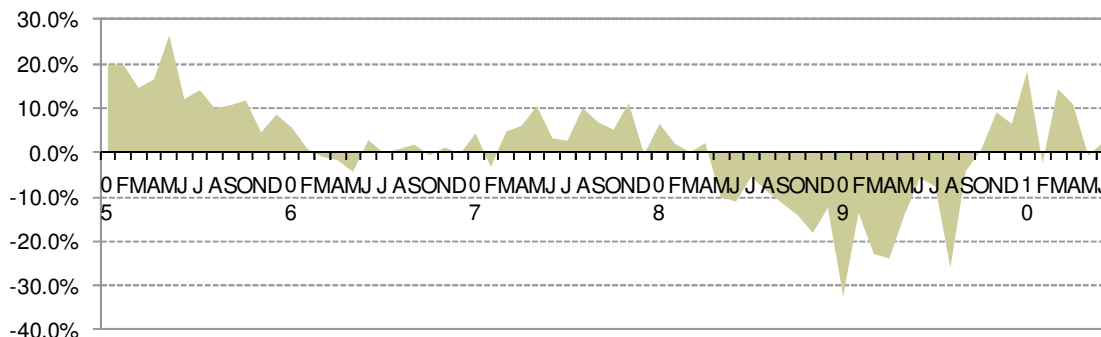
The real estate market is very hard to generalize. It is a market made up of many micro markets, especially in San Francisco. For complete information on a particular neighborhood or property, or for an evaluation of your home's worth, call me.

Trends at a Glance (Single-family Homes)			
	Jun 10	May 10	Jun 09
Home Sales:	219	221	207
Median Price:	\$800,000	\$751,000	\$780,102
Average Price:	\$1,107,049	\$1,005,482	\$1,091,398
Sale/List Price Ratio:	99.2%	99.8%	99.2%
Days on Market:	59	52	65

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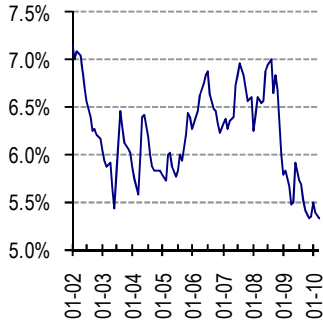
San Francisco Homes: Year-Over-Year Median Price Change



# 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:** Add 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.

Jul. 2, 2010 -- If you're concerned about the direction of the economy and the prospects for a robust recovery, not only are you not alone. The already-slow economic recovery seems likely to slow further.

Weak growth and investors hungry for protection against roiling stock markets are pushing interest rates down, with investor appetites for mortgage-backed securities joining that for Treasury obligations. Mortgages aren't quite as safe as government-sponsored debt, but they sport far better yields at the moment. With the world still awash in central-bank cash, the money has to find a home somewhere.

HSH's overall mortgage-rate gauge, our Fixed-Rate Mortgage Indicator (FRMI) includes rates for conforming, jumbo, and the GSE's "high-limit" conforming products and so includes a broad swath of the mortgage-borrowing public. This week, the FRMI declined seven basis points (.07%), beginning the second half of 2010 at a flat 5%. The 'best' alternative to the 30-year FRM for many folks, especially jumbo borrowers, is the hybrid 5/1 ARM, which finished the week at 4.02%.

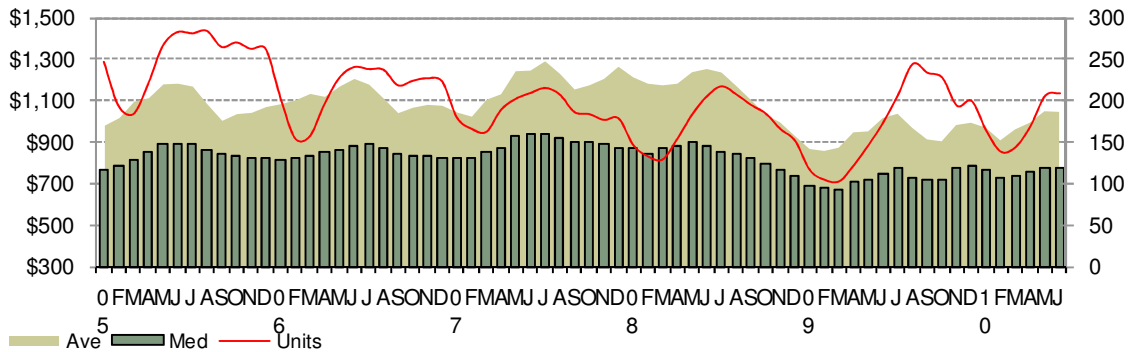
Conforming 30-year FRMs moved down by six basis points to new 'record' lows, wandering somewhat more deeply into 1956 territory.

Low mortgage rates are a favorable support for housing markets, but the pool of folks who can take advantage of them remains limited, and the recent decline to new record-low levels is in actuality only a small dip from rates we've seen on any number of occasions over the past eight months. In this way, and aside from historical reference, it's not all that much to get excited about.

More exciting to some, though, was the extension of the transaction period to obtain the homebuyer tax credit. Decoupled from a bill objected to by Republicans, this solid and valuable idea got an 11th-hour reprieve, but it should have stood on its own merits rather than be hung on another bill. Congress could have saved itself this exercise by allowing a reasonable time frame (relative to market conditions) for transactions to be completed. The new September 30 deadline should be plenty... possibly even more than needed.

Rates are low, and even if not at record lows every week, will remain low by any comparison for some time yet. Here's hoping that during that time, economic conditions improve so that more folks can take advantage of them.

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



## June 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	\$800,000	\$1,107,049	219	59	99.2%	2.6%	1.4%	5.8%	6.5%	10.1%	-0.9%
D1: Northwest	\$1,481,250	\$1,654,841	22	54	99.6%	30.2%	13.4%	57.1%	74.8%	34.6%	22.2%
D2: Central West	\$732,000	\$766,593	41	51	101.7%	-7.9%	-5.1%	5.1%	1.6%	4.2%	-14.6%
D3: Southwest	\$602,600	\$695,754	19	48	99.7%	7.6%	8.9%	72.7%	10.6%	7.0%	11.8%
D4: Twin Peaks	\$979,500	\$1,063,109	32	80	100.6%	23.6%	22.7%	33.3%	10.6%	2.1%	23.1%
D5: Central	\$1,135,000	\$1,255,100	28	53	101.1%	-12.4%	-13.1%	-15.2%	-25.6%	-19.7%	21.7%
D6: Central North	\$1,885,000	\$1,757,333	6	104	96.6%	-16.8%	-22.4%	200.0%	36.3%	26.6%	50.0%
D7: North	\$2,550,000	\$3,597,273	11	57	95.3%	-8.1%	8.3%	-35.3%	-20.9%	-1.7%	10.0%
D8: Northeast	\$2,875,000	\$2,875,000	1	27	96.0%	119.5%	119.5%	0.0%	25.0%	25.0%	-50.0%
D9: Central East	\$755,000	\$909,633	24	79	97.8%	0.0%	22.2%	41.2%	-6.0%	7.7%	14.3%
D10: Southeast	\$488,000	\$497,291	35	47	100.8%	2.5%	3.7%	-28.6%	-7.0%	-1.4%	-32.7%

# The Real Estate Report

## State Tax Credit Money Almost Gone

The Franchise Tax Board announced it has received First-Time Buyer applications totaling more than \$100 million. However, since many of these are duplicate, revised or invalid applications, the FTB will accept at least 28,000 applications. This will insure the FTB has enough valid applications to allocate the full \$100 million. These additional applications will be subject to the availability of remaining credits. The FTB will only issue approved certificates of allocation until the \$100 million is exhausted. They will announce the cut-off date on this webpage [http://ftb.ca.gov/individuals/new\\_home\\_credit.shtml](http://ftb.ca.gov/individuals/new_home_credit.shtml) at least one full day before they stop accepting First-Time Buyer applications.

The FTB has not processed any applications yet as their computer system is still being developed. Once the computer system is completed, the FTB will provide weekly updates on the number of certificates that have been mailed and the amount of credits that have been allocated.

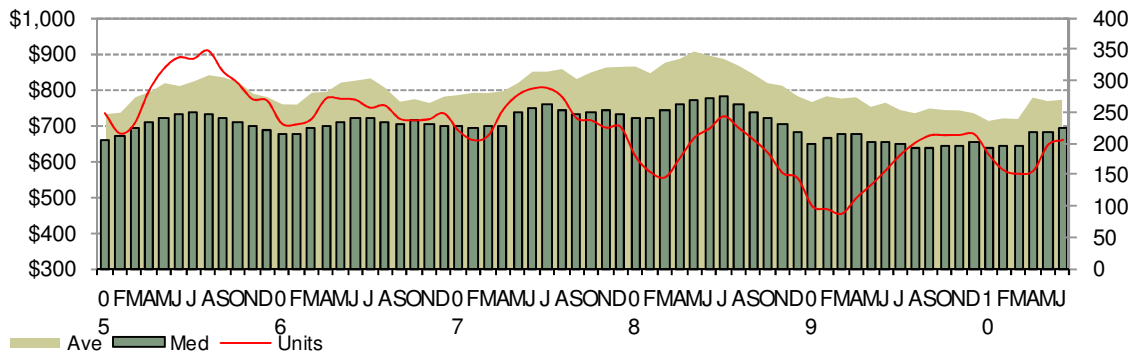
### FAX DELAYS

Due to the high volume of faxes the FTB is receiving, you may experience some delays or difficulties in connecting to their fax number during normal business hours. It can take several minutes or possibly up to an hour to connect and transmit the fax. If you receive a busy signal, try again later. Check your fax confirmation to make sure all pages were transmitted successfully and keep a copy of the fax confirmation. The FTB fax number is open 24 hours a day so you may fax your application to them during non-business hours when the line is not so busy.

Applying for the 2010 New Home/First-Time Buyer tax credits: Applications must be faxed after escrow closes. The FTB will deny the application if the 2009 form is used, if they receive the 2010 application before May 1, 2010, or they receive the application before escrow closes. (Updated 04/28/10).

(Continued on page 4)

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



## June Sales Statistics

(Condos/TICs/Co-ops/Lofts)

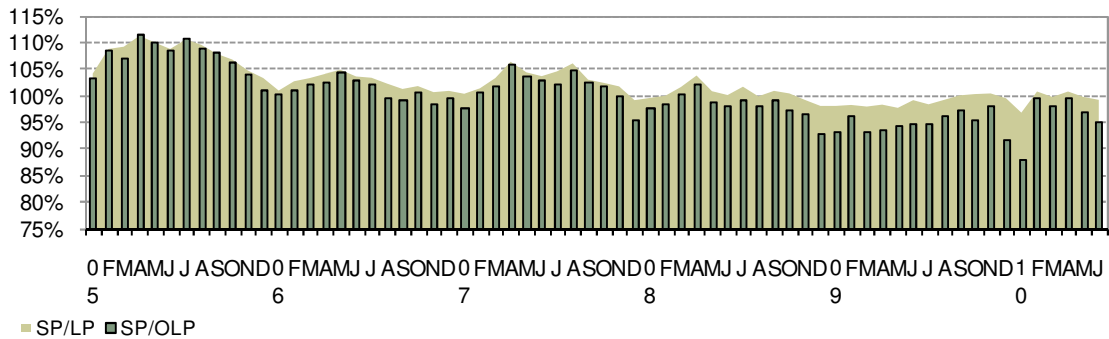
	Prices		Unit			Change from last year			Change from last month		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales	Median	Average	Sales
<b>San Francisco</b>	\$690,000	\$756,894	227	72	98.9%	5.0%	2.7%	24.7%	4.7%	1.8%	-12.4%
<b>D1: Northwest</b>	\$575,000	\$627,500	9	109	98.5%	-9.7%	-29.0%	80.0%	-21.3%	-11.1%	-18.2%
<b>D2: Central West</b>	\$613,000	\$613,000	2	56	98.6%	70.3%	70.3%	100.0%	20.0%	31.1%	-60.0%
<b>D3: Southwest</b>	\$297,500	\$297,500	2	158	103.7%	-11.2%	-16.0%	-50.0%	-19.6%	-20.6%	-60.0%
<b>D4: Twin Peaks</b>	\$400,000	\$384,100	5	135	101.8%	-38.7%	-35.7%	-16.7%	-7.1%	-13.3%	-50.0%
<b>D5: Central</b>	\$765,000	\$782,369	46	54	101.5%	12.7%	11.6%	17.9%	0.4%	-0.8%	15.0%
<b>D6: Central North</b>	\$652,000	\$617,091	22	64	100.9%	-9.6%	-12.1%	57.1%	5.8%	0.3%	-21.4%
<b>D7: North</b>	\$1,300,000	\$1,282,634	21	57	98.7%	66.9%	43.0%	-16.0%	35.4%	17.3%	-22.2%
<b>D8: Northeast</b>	\$680,000	\$747,884	43	88	95.9%	-4.1%	-10.6%	10.3%	8.8%	-13.5%	-2.3%
<b>D9: Central East</b>	\$639,500	\$702,675	76	69	98.5%	8.0%	6.6%	58.3%	-2.4%	1.4%	-8.4%
<b>D10: Southeast</b>	\$363,500	\$363,500	1	125	99.6%	-32.7%	-32.7%	0.0%	-9.6%	-7.1%	-83.3%

# THE REAL ESTATE REPORT

SAN FRANCISCO

[HTTP://WWW.CLEANOFFER.COM](http://www.cleanooffer.com)

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



(Continued from page 3)

The New Home / First-Time Buyer Credits are available only for purchases that close escrow on or after May 1, 2010.

Applications for First-Time Buyer Credit received as of 06/29/10

As of	Apps Received	Total
5/4/2010	430	\$2,351,000
5/11/2010	2,470	\$13,283,000
5/18/2010	4,830	\$25,473,000
5/25/2010	7,330	\$38,357,000
6/1/2010	9,760	\$50,948,000
6/8/2010	12,740	\$65,787,000
6/15/2010	15,220	\$78,108,000
6/22/2010	17,860	\$91,404,000
6/29/2010	20,760	\$105,898,000