

The Real Estate Report

LOCAL MARKET TRENDS



SAN FRANCISCO

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November/December 2009

San Francisco Home Sales & Prices Up in October

After eighteenth months of declines, the median price of single-family, re-sale homes in San Francisco recorded its first year-over-year median price increase of 0.7%.

Sales of single-family, re-sale homes gained 26.3% last month compared to September, and were up 18.8% year-over-year. That's the fourth month in a row year-

over-year sales have been higher than the year before. Year-to-date, home sales are down 1.2%.

Condo/loft sales, on the other hand, were off 1.4% month-over-month, but up 9.7% compared to October 2008. This is the third month in a row condo/loft sales have been up year-over-year.

Year-to-date, condo sales are off 9.6%.

The median price for lofts/condos

to 100.3%. This is the second month in a row the sp/lp ratio has been over 100%. The ratio for condos/lofts gained 1.4 points to

98.1%. That's the highest the ratio has been for condos/lofts since November 2008.

The graph on page four shows the sales price to list price ratio as reported at sale

compared to the sales price to original list price ratio.

The real estate market is very hard to generalize. It is a market made up of many micro markets. 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)			
	Oct 09	Sep 09	Oct 08
Home Sales:	221	175	186
Median Price:	\$765,000	\$750,000	\$760,000
Average Price:	\$1,003,773	\$925,088	\$936,487
Sale/List Price Ratio:	100.3%	100.1%	100.5%
Days on Market:	55	57	53

in San Francisco dropped 1.2% from October, and was down 11.9% year-over-year. The average price fell 9.8% month-over-month, and was off 13.8% compared to October 2008.

Sales price to list price ratios for single-family homes rose 0.2 points

Extension of Federal Tax Credit passes

The U.S. House of Representatives passed a bill extending and expanding the Federal Tax Credit for First-time Home Buyers on November 5th. The bill was passed in the U.S. Senate the day before and will now go to President Obama for his signature, where it is expected to be signed this week.

The tax credit will be extended through April 30, 2010, with a 60-day extension if a binding contract is in place prior to the deadline. First-time home buyers will continue to receive a tax credit of up to \$8,000, while existing homeowners will receive a reduced credit of up to \$6,500. Existing homeowners will be eligible for the \$6,500 if they have

lived in their current residences for at least five years. The bill also will increase the qualifying income limits from \$75,000 for single tax filers and \$150,000 for joint filers, to \$125,000 and \$225,000, respectively. The purchase price of the home is capped at \$800,000.

The changes, among other things, are aimed at encouraging so-called "move-up buyers" to sell their first homes and buy a larger or more expensive place.

Under additional provisions in the bill, taxpayers can claim the credit on purchases completed in 2010 on their 2009 income tax returns. The bill maintains the provision that home buyers do

not have to repay the credit provided the home remains their primary residence for 36 months after purchase, and waives this requirement for active duty military personnel who move due to a military order.

"The success of the home buyer tax credit and its positive impact on the real estate market is clear," said C.A.R. President James Liptak. "According to our research, nearly 40 percent of first-time buyers said they would not have purchased a home if the federal tax credit for first-time home buyers was not offered. This underscores the significance of the federal tax credit to the housing market's recovery in California.

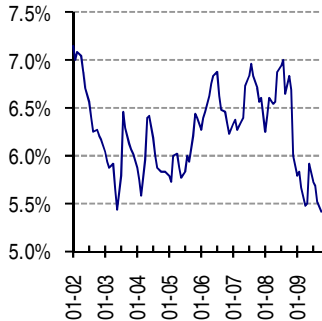
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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Oct. 30, 2009 -- Mortgage rates held fairly steady again this week, as the economy showed its first tentative signals that the recession is being replaced by at least a technical recovery. The good news about the economy couldn't prevent a stock market rout on Friday, but at least that selloff did produce somewhat lower Treasury yields; that could potentially help mortgage rates ease next week.

The overall average for mortgage rates as measured by HSH's Fixed-Rate Mortgage Indicator (FRMI) ticked just three basis points higher, so the average price of all loans this week -- conforming, jumbo and agency jumbo -- rose to 5.45%. The FRMI's 5/1 Hybrid ARM companion was unchanged at a 4.69% average rate for the week. Thirty-year

Jumbo FRMs put in their third week out of the last four just below the 6% level.

At the prodding of any number of special interests, Fannie Mae and Freddie Mac will continue to be allowed to purchase mortgages up to a maximum of \$729,750 for all of 2010. The "temporary" program allowing the GSEs to do so was slated to expire at the end of 2009, and would have been replaced with a maximum limit about \$100,000 lower.

Recall that the \$729,750 limit was originally developed as part of the Housing and Economic Recovery Act of 2008 -- using late 2007 home values. Some two years later, home values have fallen appreciably in many areas of the country, includ-

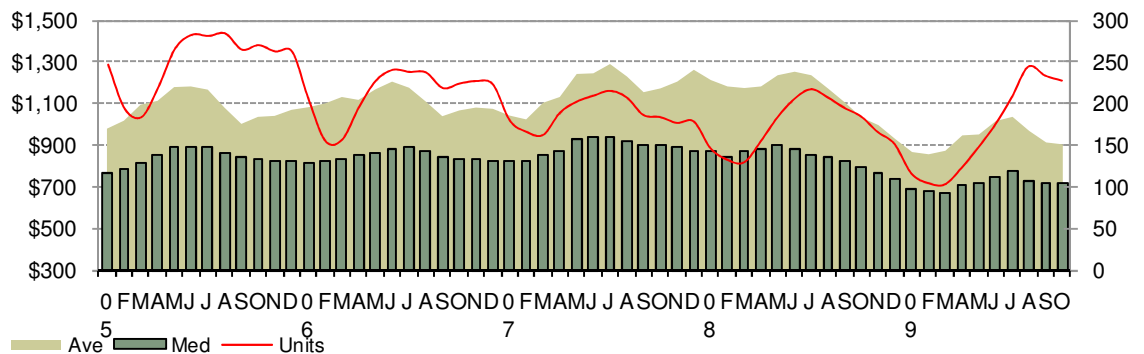
ing so-called "high-cost" areas, and these "expanded conforming" limits were supposed to be adjusted to reflect those changes in home prices. With Congress setting a permanent floor under the traditional Conforming maximum loan amount of \$417,000, the new limits -- based on the median home price in a given metropolitan area times 1.15, and subject to maximum amount no more than 150% of the traditional \$417,000 limit -- would have been capped at \$625,500 for 2010. With the decline in home prices, the number of areas in which the program is available and viable would have diminished greatly, too, which is why we didn't think that it warranted being extended for another year.

October Sales Statistics

(Single-family Homes)

	Prices		Unit			Change from last year		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales
San Francisco	\$765,000	\$1,003,773	221	55	77.6%	0.7%	7.2%	18.8%
D1: Northwest	\$1,075,000	\$1,263,182	11	65	95.7%	16.5%	-2.4%	-26.7%
D2: Central West	\$752,000	\$785,584	43	54	100.9%	-2.3%	0.9%	26.5%
D3: Southwest	\$550,000	\$653,822	23	52	101.7%	0.9%	4.9%	27.8%
D4: Twin Peaks	\$955,000	\$1,077,866	25	54	96.7%	0.3%	7.3%	0.0%
D5: Central	\$1,112,500	\$1,131,881	20	53	99.6%	-15.1%	-24.2%	11.1%
D6: Central North	\$1,631,000	\$1,449,625	8	61	95.8%	30.5%	25.9%	166.7%
D7: North	\$2,506,250	\$3,254,643	14	83	94.1%	-16.5%	2.4%	180.0%
D8: Northeast	\$2,487,500	\$2,487,500	2	222	77.4%	24.4%	-2.5%	-33.3%
D9: Central East	\$799,500	\$847,777	24	43	98.6%	5.2%	10.2%	100.0%
D10: Southeast	\$538,000	\$530,449	51	46	31.9%	0.0%	-2.7%	-3.8%

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



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Pending Home Sales Up Eighth Month in a Row

Pending home sales rose again, marking eight consecutive monthly gains – the longest streak since measurement began in 2001, according to the National Association of Realtors®.

The Pending Home Sales Index,* a forward-looking indicator based on contracts signed in September, rose 6.1 percent to 110.1 from a reading of 103.8 in August, and is 21.2 percent higher than September 2008 when it stood at 90.9. The gain from a year ago is the largest annual increase on record, and the index is at the highest level since December 2006 when it was 112.8.

Lawrence Yun, NAR chief economist, said the momentum is understandable. “What we’re

witnessing is a rush of first-time buyers trying to beat the expiration of the tax credit at the end of this month,” he said. “Home values will stabilize sooner rather than over-correcting. That, in turn, will mean wealth stabilization for the vast number of middle-class families and lay the foundation for a durable economic recovery.”

NAR estimates approximately 3 million renters are now financially well-qualified to buy a median-priced home. “As long as buyers do not overstretch and stay well within their budget, a sizable pent-up demand can be tapped among financially qualified potential buyers,” Yun said. “Although the tax credit is greatly reviving the existing home market, new-home

sales may continue to struggle as home builders hold back production to drive down inventory. In addition, there remains an ongoing credit crunch for construction loans.”

The Pending Home Sales Index in the Northeast slipped 2.0 percent to 83.6 in September but remains 16.9 percent above September 2008. In the Midwest the index rose 8.1 percent to 98.2 in September and is 17.8 percent higher than a year ago. In the South, pending home sales increased 4.9 percent to an index of 109.7 and is 22.8 percent above September 2008. In the West the index jumped 10.2 percent to 143.8 and is 23.7 percent above a year ago.

Yun added that strong near-term reports should not be overstated. “We’re clearly not out of the woods because an excess of homes remains on the market despite recent improvements,” he said. “Although current inventory is getting closer to price equilibrium, foreclosures will continue to enter the pipeline. An extended and expanded tax credit would help absorb this incoming inventory.”

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

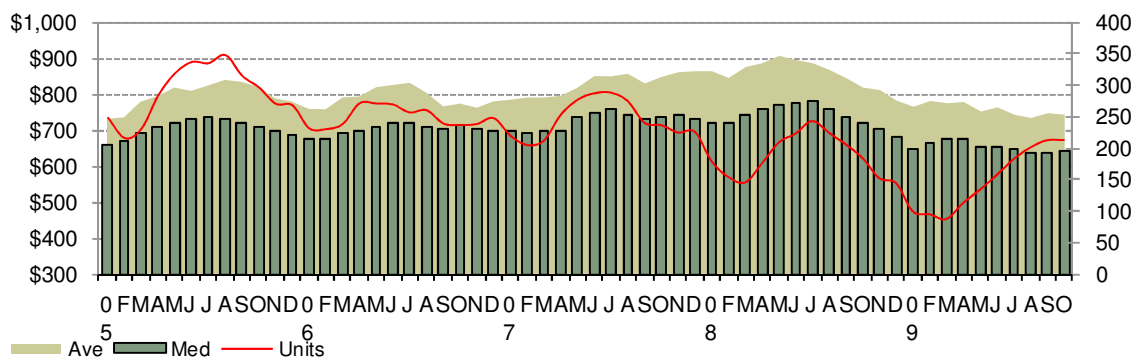
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October Sales Statistics

(Condos/TICs/Co-ops/Lofts)

	Prices		Unit			Change from last year		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales
San Francisco	\$642,250	\$701,268	214	79	98.1%	-11.9%	-13.8%	9.7%
D1: Northwest	\$600,000	\$642,350	10	91	98.6%	-26.7%	-20.0%	42.9%
D2: Central West	\$405,000	\$405,000	2	31	100.0%	-23.9%	-28.7%	-80.0%
D3: Southwest	\$300,000	\$343,600	5	133	99.4%	-25.0%	-14.3%	66.7%
D4: Twin Peaks	\$362,550	\$414,275	4	48	100.4%	-52.2%	-46.8%	0.0%
D5: Central	\$660,750	\$681,859	46	72	99.2%	-15.8%	-8.8%	35.3%
D6: Central North	\$640,000	\$625,860	25	66	100.4%	-19.6%	-20.7%	25.0%
D7: North	\$847,000	\$964,080	25	66	99.4%	-29.4%	-24.2%	-7.4%
D8: Northeast	\$678,104	\$845,212	34	101	97.2%	-7.0%	9.7%	3.0%
D9: Central East	\$644,500	\$666,047	55	74	96.0%	-3.8%	-11.1%	0.0%
D10: Southeast	\$404,500	\$372,375	8	124	96.0%	-7.3%	-14.6%	300.0%

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



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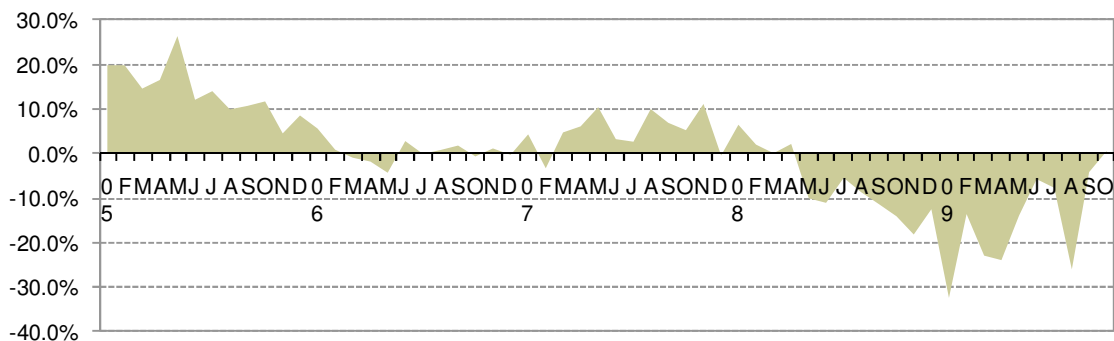
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Go online to see the full report
with the district by district breakdown:

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

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



(Continued from page 3)

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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, though the sale usually is finalized within one or two months of signing.

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 from 2001 through 2004 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.