



Q1  
2019

# MARKET REPORT

## SAN FRANCISCO BAY AREA

Golden Gate

Sotheby's  
INTERNATIONAL REALTY



# The Bay Area Housing Market

Welcome to our Q1 Market Report. The following pages present the current state of the Real Estate market throughout the entire San Francisco Bay Area. We begin with economic and real estate commentary presented in partnership with the Rosen Consulting Group (RCG). For our statistical report of the regional housing market, we take a close look at the ten counties associated with the Bay Area. This report focuses primarily on detached single family homes, with added coverage of the significant condominium market in San Francisco. All data is sourced from local Multiple Listing Service (MLS) organizations.

## EMPLOYMENT KEEPS RISINGS

Bay Area employment grew by 2.1% year-over-year through February 2019, according to the most recently available data, on par with recent years and greater than the national rate of 1.7%. In absolute terms, payrolls increased by nearly 85,000 jobs. The professional and business services sector, which includes a significant share of technology-related employment, accounted for nearly a third of total job creation. Employment in the sector increased by more than 3.0% year-over-year, or 26,000 jobs. While a few technology firms announced layoffs in recent months, the technology expansion continued and drove elevated hiring in the information services sector, which added 15,000 jobs within the last year.

Employment in the educational and health services sector expanded by 2.5% year-over-year, for a total of 15,000 jobs added, and while payroll growth slowed in the leisure and hospitality sector, the sector still added 10,000 jobs. Payrolls in the trade and natural resources and mining sectors contracted, the only two sectors to not post gains. Hiring in the retail trade sector has been increasingly constrained by the tight labor market and employers continued to report difficulties in finding workers.

## CONSUMER CONFIDENCE

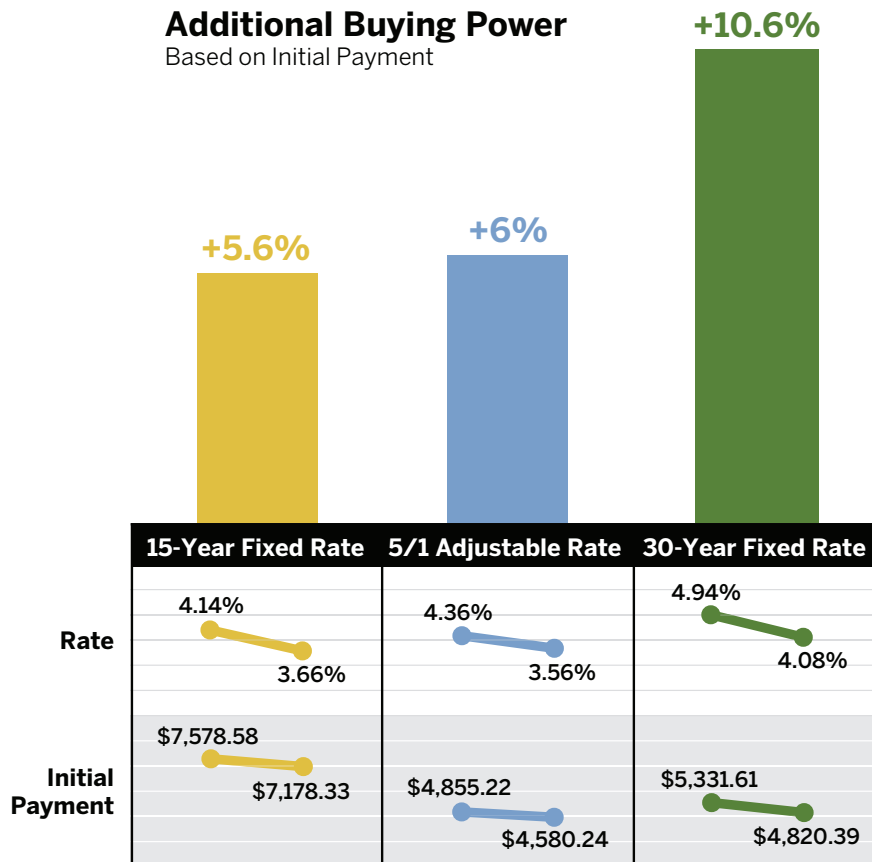
While a wait-and-see approach defined homebuyer attitudes through much of the first three months of 2019, tracing back in part to

the sudden stock market sell-off that ended 2018 and eroded consumer confidence, the Federal Reserve did its part in March to resolve one source of unease that had weighed on the economy by taking any further interest rate hikes off the table in 2019 and the foreseeable future. Not only did this move soothe investors and provide further momentum to the stock market rally this year, which should encourage some luxury homebuyers to come off the sidelines, but it also provided direct support to the housing market through lower financing costs. The drop in mortgage rates that

immediately followed the announced Federal Reserve policy wiped out the last of the increase in mortgage rates from 2018.

**RATES AFFECT BUYING POWER**

Total home sales activity in the Bay Area housing market, as well as statewide, was especially sensitive to the availability and terms of financing in recent years. RCG estimates that a one percentage point decrease in the average mortgage rate could boost total home sales significantly in the current environment. As compared to just four months ago, homebuyers



Reflects change in rates from November 15, 2018 to April 4, 2019  
Source: RCG

## SALES BY COUNTY · SINGLE FAMILY HOMES

County	Median Price			Avg. Price per Sq. Foot			Number of Sales		
	2018 Q1	2019 Q1	Change	2018 Q1	2019 Q1	Change	2018 Q1	2019 Q1	Change
<b>Alameda</b>	\$875,000	\$870,000	-1%	\$568	\$569	0%	1786	1710	-4%
<b>Contra Costa</b>	\$615,000	\$631,250	3%	\$385	\$401	4%	2059	1694	-18%
<b>Marin</b>	\$1,319,420	\$1,247,500	-6%	\$717	\$700	-2%	356	342	-4%
<b>Napa</b>	\$689,500	\$672,500	-3%	\$470	\$453	-4%	254	188	-26%
<b>San Francisco</b>	\$1,609,000	\$1,549,500	-4%	\$986	\$964	-2%	400	368	-8%
<b>San Mateo</b>	\$1,560,000	\$1,525,000	-2%	\$984	\$960	-3%	758	719	-5%
<b>Santa Clara</b>	\$1,370,000	\$1,209,000	-12%	\$872	\$806	-8%	1939	1726	-11%
<b>Santa Cruz</b>	\$850,000	\$900,000	6%	\$589	\$581	-1%	340	284	-17%
<b>Solano</b>	\$435,000	\$433,000	-1%	\$266	\$272	2%	1000	827	-17%
<b>Sonoma</b>	\$685,000	\$632,500	-8%	\$463	\$434	-6%	894	725	-19%
<b>Bay Area</b>	<b>\$880,000</b>	<b>\$890,000</b>	<b>1%</b>	<b>\$602</b>	<b>\$595</b>	<b>-1%</b>	<b>9,786</b>	<b>8,583</b>	<b>-12%</b>

can now purchase more than 10% more home than before, when financed with a 30-year fixed rate mortgage, and between 5% and 6% more home when financed with a 15-year fixed rate or adjustable rate product.

While cash will always be king, the material increase in purchasing power for those financing their purchase will increase the number of qualified buyers and competition for homes on the market. We expect the reset in the home finance market to support both increased sales activity and prices in the Bay Area. Current homeowners that either purchased their home or refinanced within the last few years to take advantage of historically low interest rates, may now have an opportunity to trade up without losing their favorable financing terms. As importantly, increased confidence in the local and state economy and recent equity market rally should motivate some buyers and sellers to close on home purchases this year.

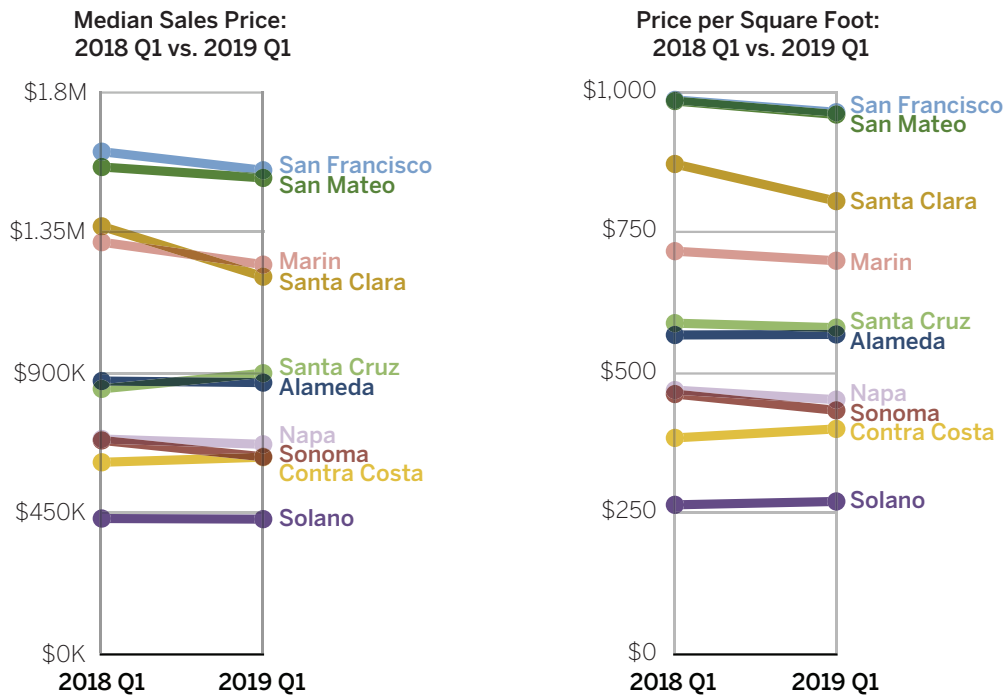
### POSITIVE TAILWINDS

As the weather and buying season began to warm up, Bay Area home sales accelerated from February to March, and a number of positive tailwinds are forming that may carry that momentum into April, May and June. In addition to the surprise boon of lower financing costs, which should motivate buyers and sellers, the minting of new Bay Area millionaires has begun. Lyft was the first unicorn out of the IPO gate in March, and there are a handful more to follow. Continued regional economic growth, a surge in newly minted all-cash buyers, and favorable financing terms for those utilizing a mortgage, should contribute to a strengthening housing market through the spring and summer.



### YEAR-OVER-YEAR PRICE CHANGES

The median Bay Area home price increased incrementally to \$890,000 in the first quarter of 2019, as compared to \$880,000 in the first quarter of 2018. The median home price was relatively unchanged or decreased modestly in a number of Bay Area counties, including Alameda, Marin, Napa, San Francisco, San Mateo, and Solano. Santa Clara and Sonoma counties showed the largest decreases in the median home price, while the largest increase in the median home price was 6% in Santa Cruz County. The median home price also increased by 3% in Contra Costa County.



#### About Rosen Consulting Group

Rosen Consulting Group was founded in 1990 by Dr. Kenneth T. Rosen. Today, Rosen and Arthur Margon are the partners and active managers of the firm consisting of 18 research professionals. Educational backgrounds include PhDs, MBAs, and graduate and undergraduate degrees in real estate, planning, finance, public policy, and economics. In addition to serving as Chairman of RCG, Dr. Rosen is Chairman of the Fisher Center for Real Estate and Urban Economics and Professor Emeritus at the Haas School of Business at the University of California, Berkeley. Dr. Rosen has authored over 100 articles and four books on real estate and real estate finance.



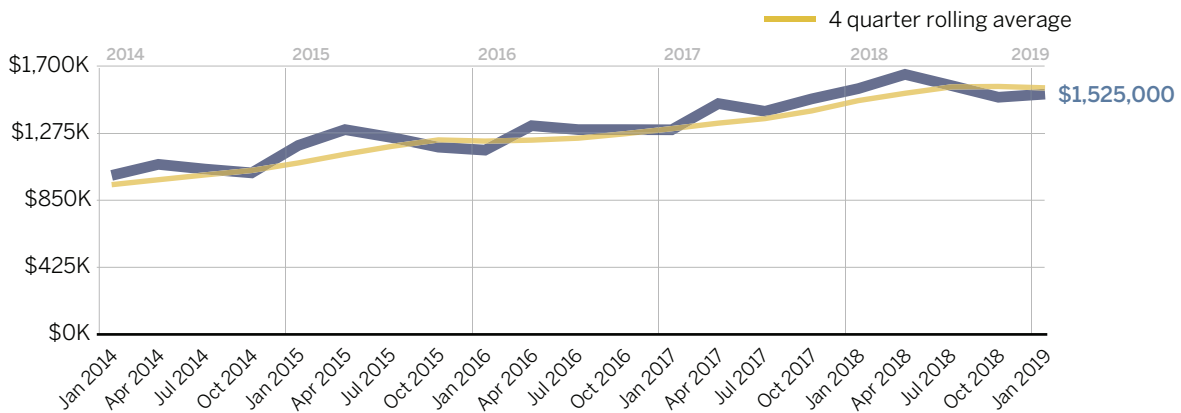


# SAN MATEO COUNTY

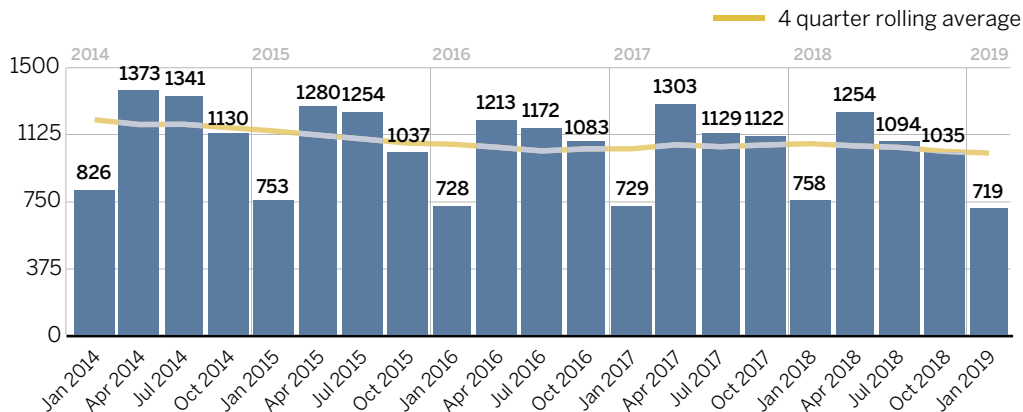
## YEAR-OVER-YEAR COMPARISON

	Median Price	Price/SF	# of Sales	DOM
<b>Q1 2018</b>	\$1,560,000	\$984	758	19
<b>Q1 2019</b>	\$1,525,000	\$960	719	30
<b>% Change</b>	<b>-2.2%</b>	<b>-2.5%</b>	<b>-5.1%</b>	<b>52.6%</b>

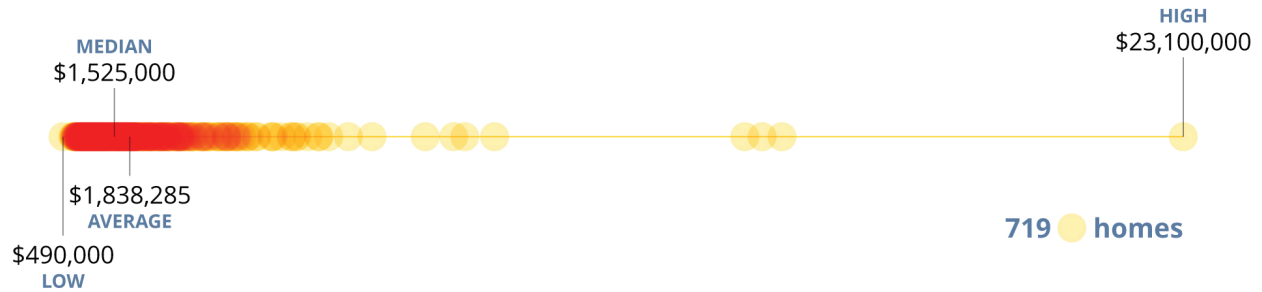
## 5 YEAR TREND: MEDIAN SALE PRICE



## 5 YEAR TREND: # OF HOMES SOLD







SALES BY CITY · SINGLE FAMILY HOMES · Q1 2019

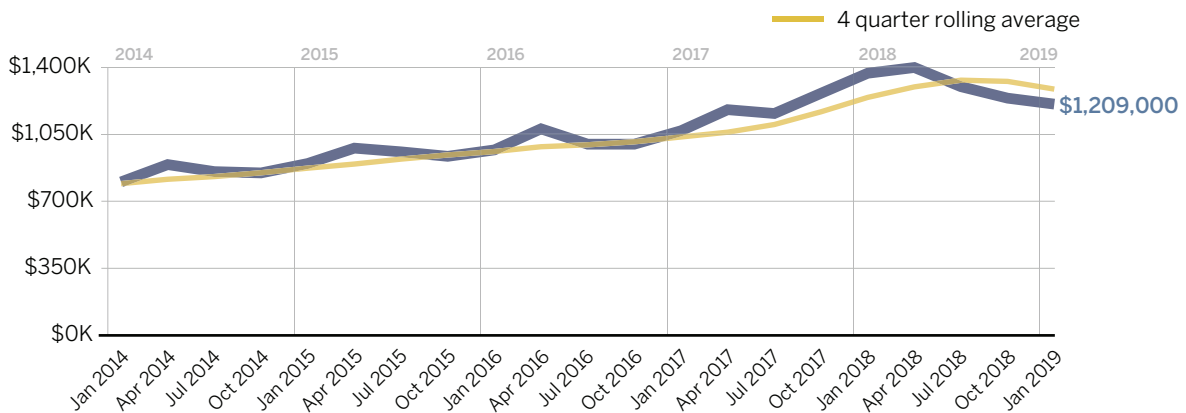
City	Average	Median	High Sale	Price/SF	# of Sales	DOM
Atherton	\$7,577,636	\$5,425,000	\$23,100,000	\$1,575	11	39
Belmont	\$1,731,000	\$1,652,500	\$2,600,000	\$1,045	34	21
Brisbane	\$1,461,600	\$1,498,000	\$1,875,000	\$744	5	45
Burlingame	\$2,518,681	\$2,305,000	\$5,100,000	\$1,120	32	17
Colma	\$1,361,667	\$1,550,000	\$1,725,000	\$696	3	4
Daly City	\$988,888	\$940,000	\$1,450,000	\$745	53	21
East Palo Alto	\$1,017,912	\$972,500	\$1,275,000	\$764	20	36
El Granada	\$1,301,143	\$1,250,000	\$1,549,000	\$527	7	59
Foster City	\$1,874,244	\$1,750,000	\$2,766,100	\$921	25	21
Half Moon Bay	\$1,334,518	\$1,320,000	\$3,000,000	\$641	27	44
Hillsborough	\$4,991,733	\$3,680,000	\$15,000,000	\$1,135	15	52
La Honda	-	-	-	-	0	-
Loma Mar	-	-	-	-	0	-
Menlo Park	\$2,515,555	\$2,500,000	\$4,900,000	\$1,340	55	28
Millbrae	\$1,888,643	\$1,801,500	\$3,126,000	\$1,102	14	13
Montara	\$1,509,567	\$1,382,500	\$3,800,000	\$728	18	56
Moss Beach	\$1,532,500	\$1,532,500	\$2,065,000	\$554	2	74
Pacifica	\$1,075,266	\$1,035,000	\$1,700,000	\$807	45	31
Pescadero	\$908,333	\$735,000	\$1,500,000	\$838	3	85
Portola Valley	\$5,161,667	\$4,375,000	\$9,200,000	\$1,447	6	97
Redwood City	\$1,762,672	\$1,617,750	\$5,650,000	\$1,012	98	29
Redwood Shores	\$1,648,600	\$1,677,500	\$2,140,000	\$1,025	10	50
San Bruno	\$1,154,902	\$1,150,000	\$1,798,888	\$810	33	28
San Carlos	\$2,076,458	\$1,910,000	\$3,625,000	\$1,041	48	18
San Gregorio	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800	1	48
San Mateo	\$1,540,842	\$1,406,000	\$3,800,000	\$952	96	30
South San Francisco	\$1,056,768	\$1,000,000	\$1,415,000	\$792	47	19
Woodside	\$4,033,838	\$3,050,000	\$14,250,000	\$1,125	11	39
San Mateo County	\$1,838,285	\$1,525,000	\$23,100,000	\$960	719	30

# SANTA CLARA COUNTY

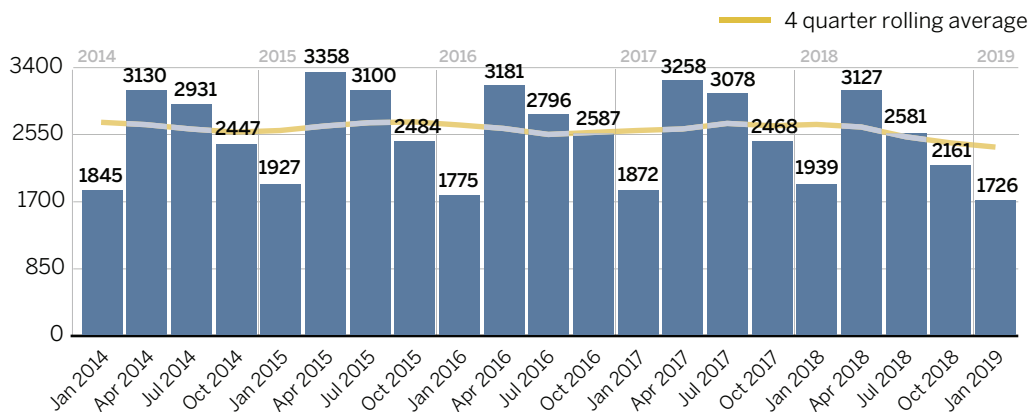
## YEAR-OVER-YEAR COMPARISON

	Median Price	Price/SF	# of Sales	DOM
<b>Q1 2018</b>	\$1,370,000	\$872	1939	16
<b>Q1 2019</b>	\$1,209,000	\$806	1726	31
<b>% Change</b>	<b>-11.8%</b>	<b>-7.5%</b>	<b>-11.0%</b>	<b>89.4%</b>

## 5 YEAR TREND: MEDIAN SALE PRICE



## 5 YEAR TREND: # OF HOMES SOLD







SALES BY CITY · SINGLE FAMILY HOMES · Q1 2019

City	Average	Median	High Sale	Price/SF	# of Sales	DOM
Alviso	-	-	-	-	0	-
Campbell	\$1,605,613	\$1,455,000	\$2,550,000	\$828	46	34
Cupertino	\$2,276,759	\$2,224,000	\$4,000,000	\$1,159	44	31
Gilroy	\$840,877	\$788,500	\$1,750,000	\$410	90	45
Los Altos	\$3,646,744	\$3,450,000	\$7,300,000	\$1,415	39	16
Los Altos Hills	\$4,394,667	\$4,200,000	\$5,000,000	\$1,352	3	31
Los Gatos	\$2,433,218	\$2,350,000	\$6,995,000	\$917	78	41
Milpitas	\$1,114,656	\$1,066,500	\$1,903,500	\$693	61	29
Monte Sereno	\$2,675,000	\$2,675,000	\$3,150,000	\$1,166	2	8
Morgan Hill	\$1,115,011	\$995,000	\$2,145,000	\$463	69	40
Mountain View	\$2,474,577	\$2,550,000	\$3,458,888	\$1,365	27	23
Palo Alto	\$3,086,935	\$2,810,000	\$6,800,000	\$1,604	66	25
San Jose	\$1,160,752	\$1,067,500	\$3,250,000	\$701	952	30
San Martin	\$820,833	\$800,000	\$1,140,000	\$643	6	40
Santa Clara	\$1,393,131	\$1,375,000	\$2,450,000	\$922	118	25
Saratoga	\$2,882,458	\$2,637,500	\$5,155,000	\$1,094	38	42
Stanford	\$2,886,483	\$2,759,000	\$4,250,900	\$1,001	6	52
Sunnyvale	\$1,707,416	\$1,720,000	\$2,700,000	\$1,080	81	24
Santa Clara County	\$1,480,444	\$1,209,000	\$7,300,000	\$806	1726	31



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# Thank you!

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