

From the San Francisco Business Times:

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## Interest rate hikes weigh on Bay Area homebuyers

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The specter of rising interest rates is beginning to affect the behavior of some potential San Francisco home buyers.

While the Federal Reserve has raised its benchmark interest rate by 75 basis points — three-quarters of a point — in 2022, rates for a typical 30-year mortgage have jumped by over 200 basis points this year to a 12-year high, Bay Area real estate tracker SiteSocket reported

Wednesday. And on Thursday, after the Fed's latest increase, Wells Fargo announced it was increasing its prime rate from 3.5% to 4%.

Even as active units spiked in San Francisco to 1,173 on Tuesday — over 150 more than the same time last month — brokers are seeing a bit more hesitancy from buyers.

Coldwell Banker California President Jennifer Lind told me that agents are starting to feel a shift in the market, with fewer offers on properties and buyers being slightly more conservative with what they are including in their offers. Nonetheless, she said the



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Jennifer Lind is Coldwell Banker's new Northern California president.

market in San Francisco continues to be robust and is holding steady with 38% more properties being sold in the region in April compared to the beginning of the year.

"Over the past year, some buyers made the decision to sit on the bench because of how competitive the market was," she said.

"With interest rates rising, those sitting on the bench are reconsidering walking back on the field to capture rates at their current level and because they have a better opportunity to have their offers accepted."

Vanguard Properties co-owner Frank Nolan said that with respect to the rising rates, it's imperative buyers and agents adjust pricing and expectations to the changing market. He told me a lot of potential buyers have been pulling offers with some others even withdrawing bids after being told they had won — mostly because of confusion over the changing market conditions.

"Pent-up demand is still there, but people are just like, what happened?" he said regarding the interest rate hikes.

However, Nolan, like Lind, noted the situation also means that serious bidders are getting into homes faster — especially those shopping in the \$2 million and over range who are not as sensitive to the rising interest rates.

"Absorption is high," he said.

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