

From the San Francisco Business Times:

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S.F.'s luxury real estate remains active despite signs of cooling market

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San Francisco's housing market is beginning to show signs of cooling, with accounts of less-crowded open houses and fewer offers on new listings becoming the norm.



But some agents report no change, especially for properties with an asking price of several million dollars.

OPEN HOMES PHOTOGRAPHY FOR SOTHEBY'S INTERNATIONAL REALTY

With two more federal interest rate increases likely coming down the pike in June and July, and rates already way up over pandemic levels, buyers of less expensive homes are feeling the heat, and when hot markets shift cooler, effects are typically first reflected in reductions in multiple offers, overbidding and the number of homes going into contract, said Compass Chief Data Analyst Patrick Carlisle in a report released this month. He added that gradual increases in active listings, time-on-market and slow declines in year-over-year appreciation rates tend to follow.

Bay Area real estate tracker SocketSite noted earlier this week that the net number of homes on the market in San Francisco ticked up another 3% over the past week from what was already an 11-year seasonal high with the pace of sales currently down 15% on a year-over-year basis.

"Even the hottest markets eventually cool," Carlisle stated. "This does not necessarily imply a large 'bubble and crash.'"

But buyers of more expensive homes tend to be more influenced by sustained changes in financial markets, he said, and with all of these changes happening so fast, the \$3 million and over market is still humming along in the city.

Vanguard Properties co-owner Frank Nolan also told me that while lower-end properties need to be repriced for a new economy, most properties he has asking \$1.5 million or more are still selling above asking price — sometimes well above.

Meanwhile, Sandra Eaton — director of Compass Development Marketing Group for the West — told me first-quarter results of new condo sales in San Francisco indicate that amid low inventory across all markets, buyers took a momentary pause as they assessed the affects of inflation, rising interest rates and the war in Ukraine.

"Current mortgage rate adjustments we're seeing now will naturally limit the number of buyers able to purchase a home, which means less competition and fewer bidding wars for buyers," she said. "While this hike in rates may appear as a negative adjustment to younger buyers who have less history with the real estate market, the current interest rates are considered by many to be the 'old norm' and are actually historically low."

April sales mostly reflect buyers who locked in mortgage rates before the big late-March/April jumps, Carlisle noted, and sales data in coming months should soon provide more concrete indications of market direction.

Nonetheless, data from April still shows a strong demand for condos in luxury price range, and a number of new, high-end

listings have also recently come to market.

According to a recent study by RubyHome, average luxury home sales in San Francisco increased by 64% from 2020 to 2021, with properties worth \$10 million and above selling at an average price of \$15.88 million. In addition, San Francisco saw more homes sold in the luxury real estate market compared to pre-pandemic. The average luxury home in San Francisco has 7,667 square feet, costs \$2,302 per square foot and has 5 bedrooms and 6 bathrooms, according to the study. Luxury homes in San Francisco also have the longest average selling time, spending 630 days on the market.

Click through the gallery above to see inside some of the luxury homes that have recently come to market in San Francisco.

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