

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2022/09/15/real-estate-san-francisco-september-market-compass.html>

Where is the San Francisco real estate market headed? Here's what local brokers say.

Sep 15, 2022, 3:00pm PDT **Updated: Sep 16, 2022, 8:03pm PDT**

With autumn just a week away, the San Francisco real estate market has officially entered its high season.

But with rising interest rates, persistent inflation and a volatile stock market coming off the back of a very slow August, one wonders just how high this season will fly.

According to brokers doing business in the city, buyer pools are again beginning to grow in size and some choice properties will likely come to market some time this month.

Vanguard Properties co-owner Frank Nolan told me that after a "very quiet August" he has seen inventory spike 30% week-over-week at mid-month. He told me there's a little bit of paralysis right now because there are so many properties to see, but that "this is when all the good stuff comes out."

"There are definitely more buyers, without a doubt," he said.



VANGUARD PROPERTIES

Many new S.F. listings have come to market in September, such as this 4-bedroom, 4-bathroom home at 365 Douglass St. in Eureka Valley for \$5.3 million. Its listing agent, Frank Nolan, told me he's starting to see an uptick in buyer interest.

"People are back from their vacations and there are a lot of people shopping."

Nolan mentioned an open house he recently held for a house at Sacramento and Lyon streets that drew 25 people. "All groups that visited — with one exception — were real buyers," he said. "It just sold for \$150,000 over asking."

"July and August were very slow — everyone was gone, in Tahoe, Europe, squeezing in vacations before school starts back up," Compass agent Aaron Bellings said. "The last two weeks the phone has been ringing pretty regularly, and I'm looking forward to an active fall. Things seem to be gaining a bit of momentum. Cautious optimism!"

Compass agent Max Armour said that fall is when San Francisco has its highest amount of inventory at any give time during the calendar year, and that properties taken off the market during the summer, along with "Coming Soon" listings, typically all arrive to the market. But measured expectations are best.

"There will not be as many transactions as the recent past because the recent past broke the record books," Armour said. "This is a rebuild year, to take a page from the Giants."

One example of a recent dynamic listing is the Presidio Heights home of Slack's Stewart Butterfield and his wife, Away co-founder Jen Rubio — which is asking \$19.8 million. Listed by Sotheby's International Realty's Neill Bassi, the seven-bedroom, nearly 8,000-square-foot circa 1900 mansion, was last purchased in 2019 for \$19 million.

Another is the former Sea Cliff home of the Architectural Digest-celebrated interior designer Michael Taylor. The home, 9 25th Ave., is listed for \$32 million.

The issue of pricing homes correctly still seems to be a concern, as price reductions became very common over the summer.

"I am pricing like I did back in 2010, which means pricing closer to what a seller will take vs. listing lower at a 10-20% lower 'marketing price,'" said Compass agent Amanda Jones. "Prices are

still solid but demand is not as great for condominiums and there is a concern for the economy that is making buyers more thoughtful."

Compass agent Nina Hatvany said that a lot of buyers are circling but there's still a lot of hesitation about overspending, construction costs and rising interest rates, as mortgage rates topped 6% this week, their highest level since 2008.

"Recently we set an offer date for what seemed to be a well-priced Pacific Heights home. However, even though there were 30 showings, and a dozen disclosure package requests, we only actually received one offer well under asking, and it took some negotiating to have the seller and buyer settle on a price both could accept," Hatvany said. "It looks like sellers are going to have to deal with the harsh reality of today's market and quickly adapt their pricing if they want to be successful."

KW Advisors agent Jennifer Rosdail told me it seems like the market for single-family homes is slowly ticking back up in terms of activity as people are slowly being driven back to the office.

"We've seen underpricing start to work again in the Richmond and the Sunset on single-family homes," she told me. "Last week for the first time in a couple of months, my team sold two houses in a week — which is our normal pace, approximately."

After reaching new heights this spring, San Francisco median home sale prices fell in June and July and continued to slide through the dog days of summer, according to a Compass report compiled with August data. The median sales price for a home in San Francisco dipped 6% in August to \$1,735,000, down from \$1,850,000 in July — a figure that is also down 2% since August 2021.

Compass Chief Market Analyst Patrick Carlisle mentioned that in early August agents were reporting that buyer demand was picking up largely due to price reductions, less competition, an increase in listings for sale, a drop in interest rates and recovery in stock markets.

"A noticeable rebound in sales did show up in August, though

sales volume was still substantially below last year," Carlisle said, noting that home sales, which were down 32% year-over-year, were actually up 9% from July.

Nevertheless, sellers pulled back on listing their homes and the number of new listings remained low. Active listings dropped in August after six months of increases. The number of new listings coming on the market in August was down 22% year-over-year.

Now, it seems a change of course is taking place.

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