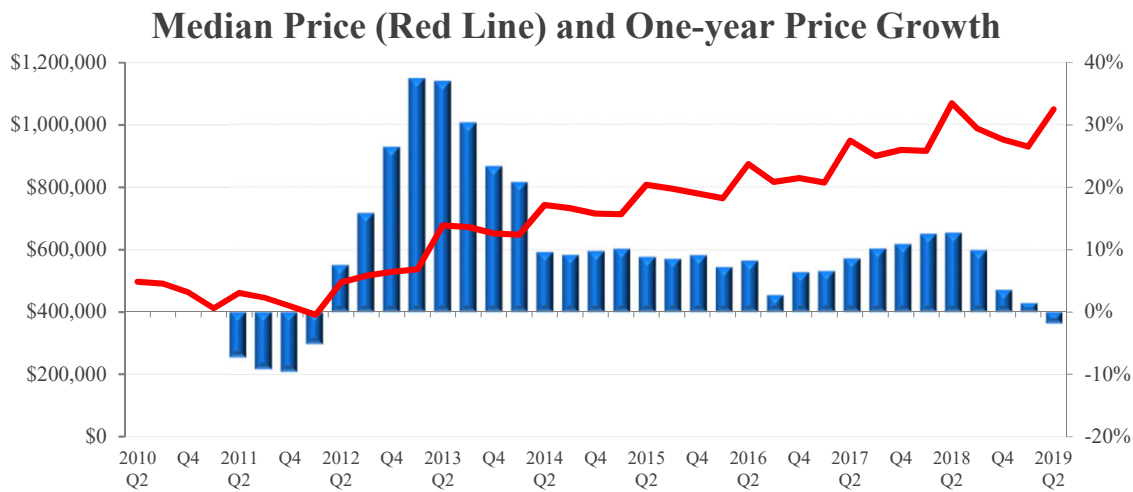


San Francisco-Oakland-Hayward Area

Local Market Report, Second Quarter 2019

Today's Market...



Local Price Trends			
Price Activity	San Francisco	U.S.	Local Trend
Current Median Home Price (2019 Q2)	\$1,050,000	\$276,800	Prices are down compared to a year earlier and continue to weaken
1-year (4-quarter) Appreciation (2019 Q2)	-1.9%	4.2%	
3-year (12-quarter) Appreciation (2019 Q2)	20.0%	15.8%	
3-year (12-quarter) Housing Equity Gain*	\$175,000	\$37,667	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$554,600	\$95,867	
9-year (36 quarters) Housing Equity Gain*	\$553,300	\$100,200	

*Note: Equity gain reflects price appreciation only

	San Francisco	U.S.	
Conforming Loan Limit**	\$726,525	\$726,525	Government-backed financing is limited in this market, hampering home sales
FHA Loan Limit	\$726,525	\$726,525	
Local Median to Conforming Limit Ratio	145%	not comparable	

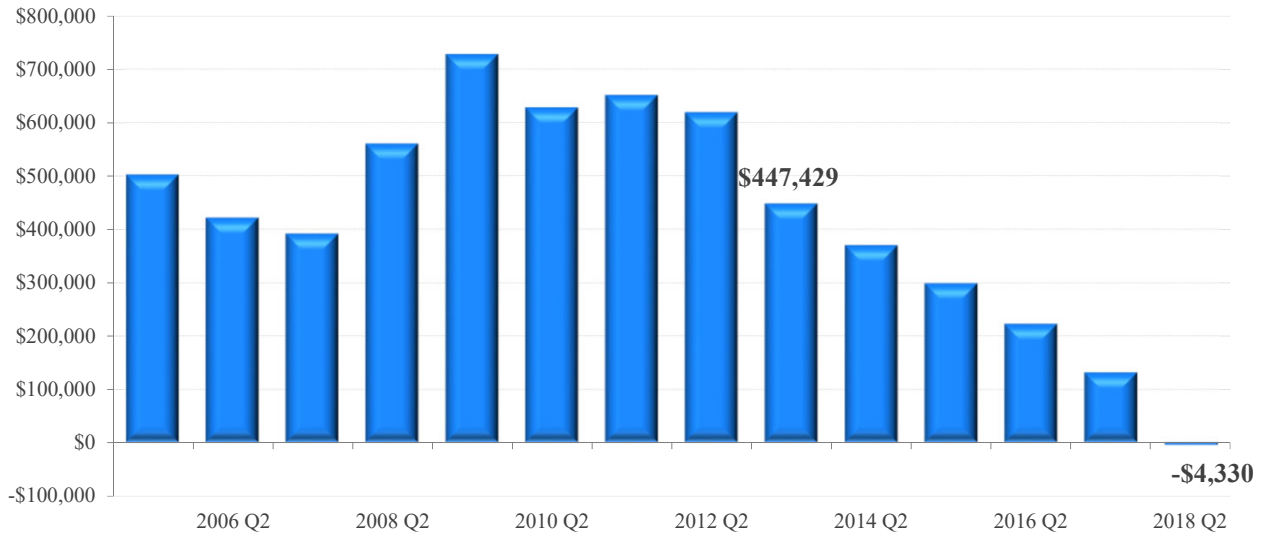
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The San Francisco-Oakland-Hayward market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2019 NAR Regional Vice President representing region 13 is Don Faught.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2019 Q2 from quarter in which home was of purchased

Price Activity	San Francisco	U.S.	Local Trend
1-year (4-quarter)	\$4,330	\$15,090	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$221,705	\$50,431	
5-year (20-quarter)*	\$369,423	\$79,779	
7-year (28 quarters)*	\$619,153	\$108,518	
9-year (36 quarters)*	\$628,367	\$112,549	
If purchase in 2005, the national price peak	\$502,209	\$75,039	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

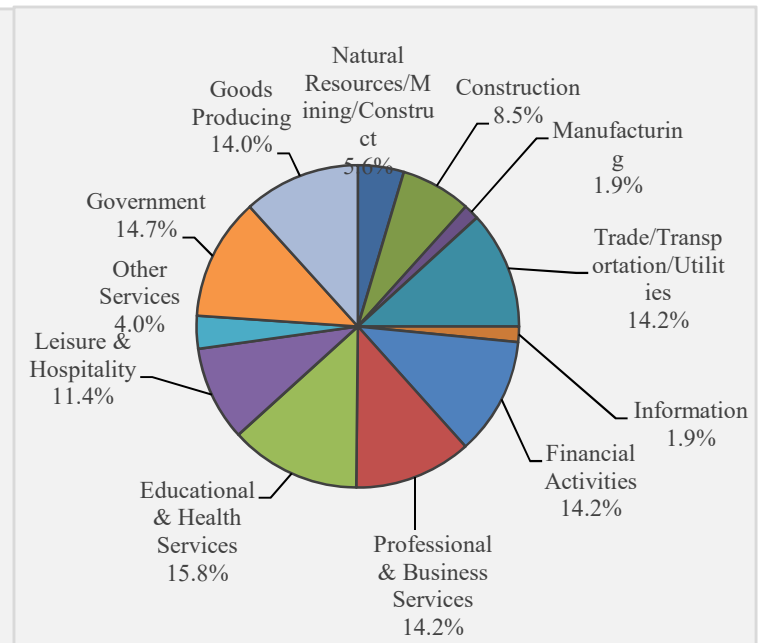
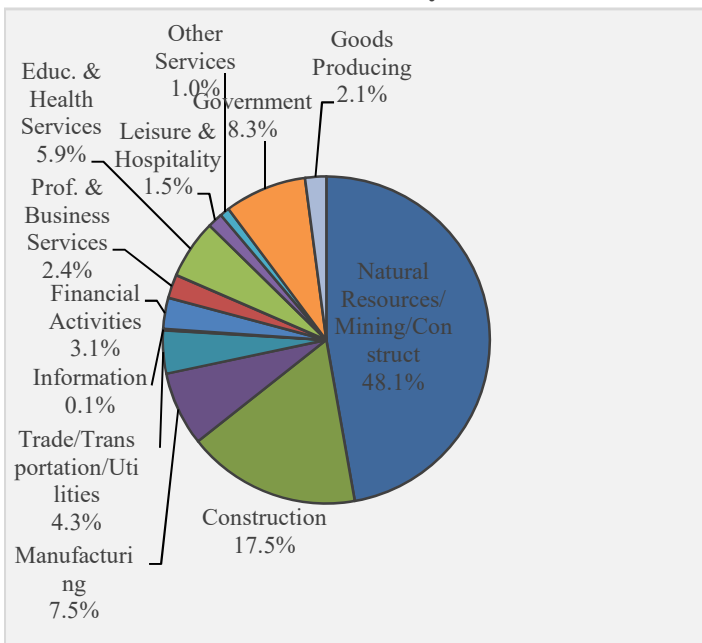
Drivers of Local Supply and Demand...

Local Economic Outlook	San Francisco	U.S.	
12-month Job Change (Jun)	62,300	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (May)	63,500	Not Comparable	
36-month Job Change (Jun)	179,100	Not Comparable	Unemployment in San Francisco is better than the national average and improving
Current Unemployment Rate (Jun)	2.7%	3.7%	
Year-ago Unemployment Rate	2.9%	3.9%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	2.5%	1.7%	

Share of Total Employment by Industry

San Francisco-Oakland-Hayward Area

U.S.



12-month Employment Change by Industry in the San Francisco-Oakland-Hayward Area (Jul - 2019)

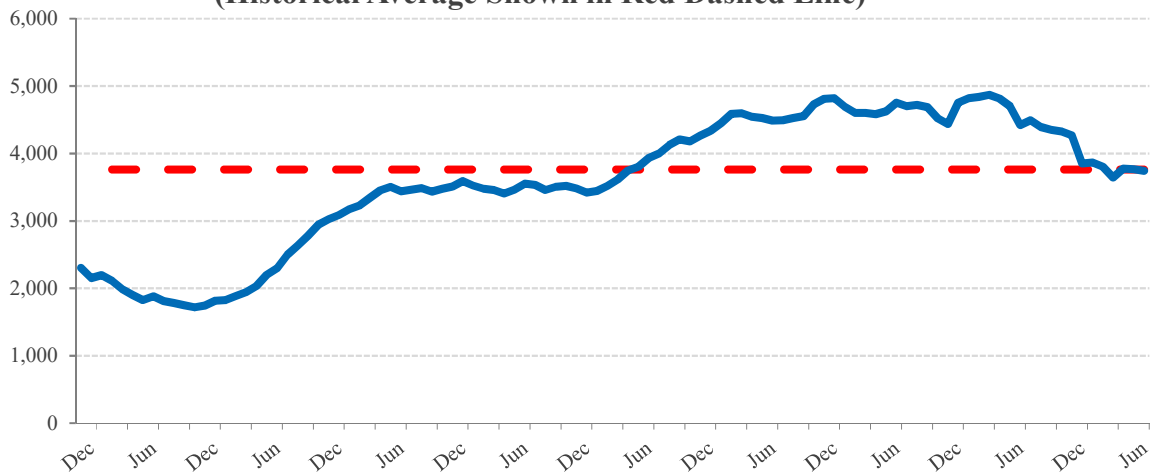
Goods Producing	100	Information	0
Natural Resources/Mining/Construction	11,300	Financial Activities	-500
Natural Resources and Mining	NA	Prof. & Business Services	600
Construction	100	Educ. & Health Services	300
Manufacturing	300	Leisure & Hospitality	0
Service Providing Excluding Government	NA	Other Services	-100
Trade/Transportation/Utilities	0	Government	100

State Economic Activity Index	California	U.S.	
12-month change (2019 - Jun)	3.1%	3.0%	California's economy is stronger than the nation's, but slowed from last month's 3.16% change
36-month change (2019 - Jun)	NA	9.2%	

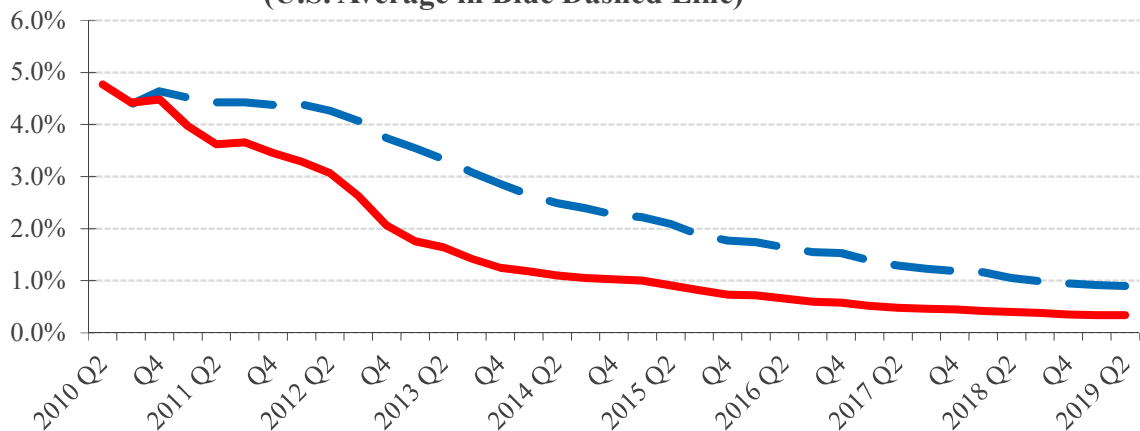
New Housing Construction

Local Fundamentals	San Francisco	U.S.	
12-month Sum of 1-unit Building Permits through Jun	3,745	not comparable	The current level of construction is 0.5% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	3,763	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Jun) 12-month sum vs. a year ago	-15.3%	-2.5%	Construction is down from last year, but appears to have bottomed.

**Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)**



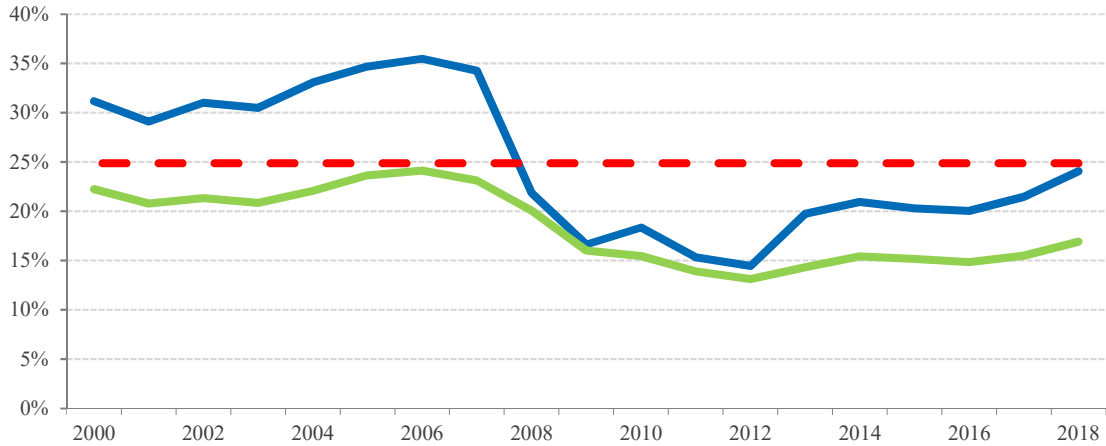
**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



Affordability

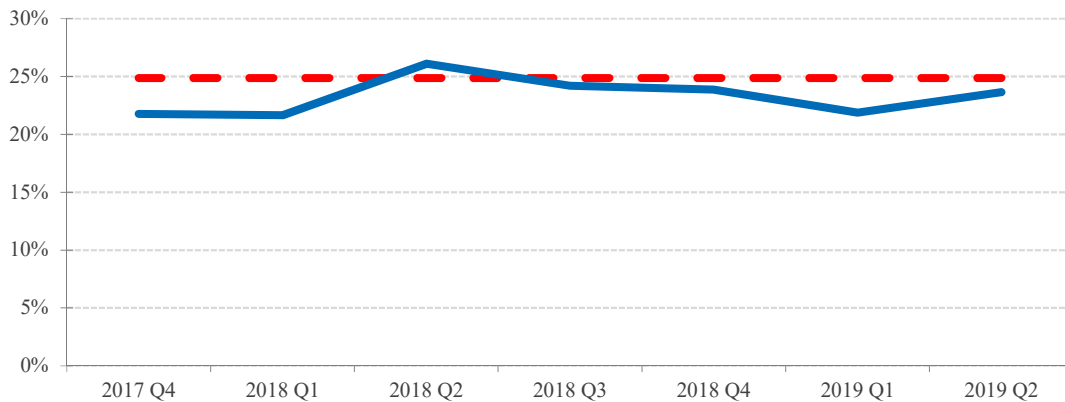


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

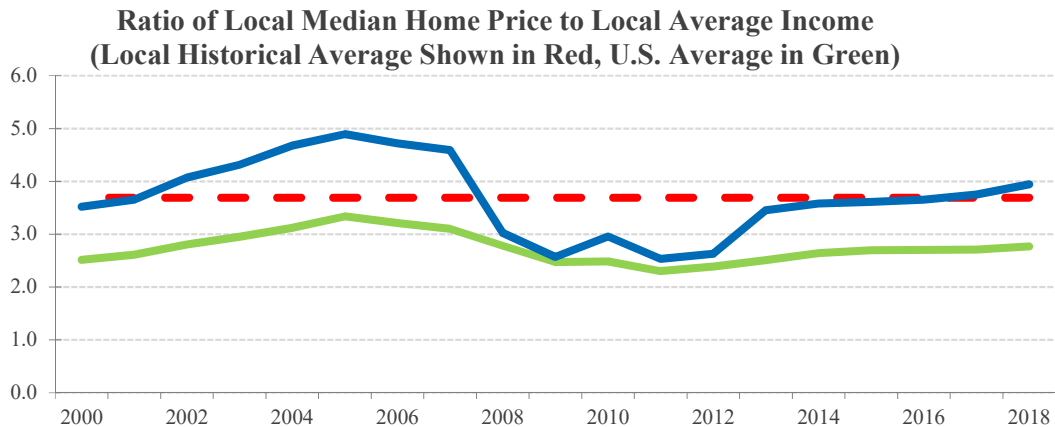


Monthly Mortgage Payment to Income	San Francisco	U.S.	
Ratio for 2018	24.1%	16.9%	Historically strong, but weaker than the first quarter of 2019
Ratio for 2019 Q2	23.7%	16.3%	
Historical Average	24.9%	18.6%	Weaker affordability than most markets

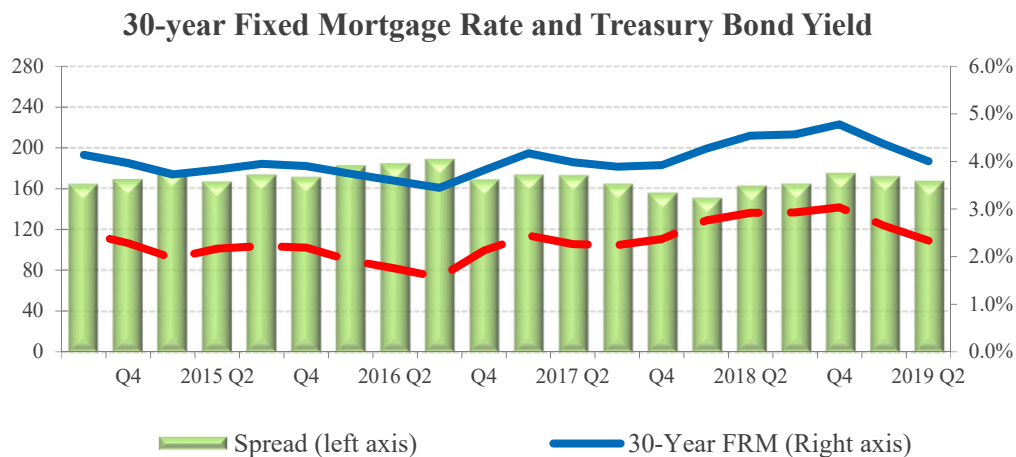
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	San Francisco	U.S.	
Ratio for 2018	3.9	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2019 Q2	4.1	2.8	
Historical Average	3.7	2.7	Less affordable than most markets



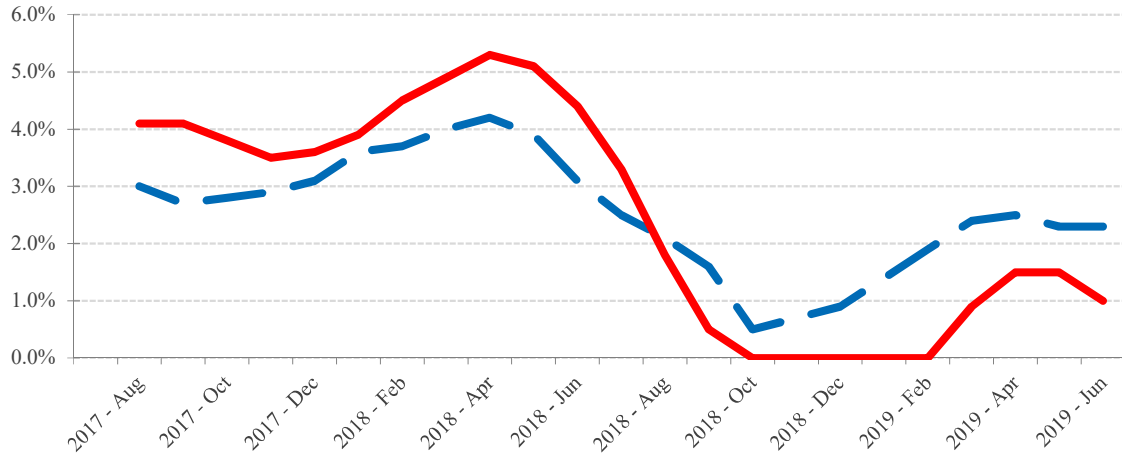
The Mortgage Market



Home loans grew cheaper in the second quarter of the year. Interest rates for long-term fixed-rate loans have decreased substantially since the end of 2018. Not that long ago (November 2018), the average interest rate for a 30-year fixed-rate mortgage was near 5%. In contrast, as the second quarter ended, the 30-year fixed rate mortgage dropped to 4.00 percent in Q2 2019 from 4.54 percent in the Q2 2018, according to mortgage finance provider Freddie Mac. Stock market volatility and global trade worries are pushing rates down. In the meantime, homebuyers and homeowners benefit from these low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.9 percent for 2019 and 3.6 percent for 2020, respectively.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	California	U.S.	
2019 - Jun	1.0%	2.3%	REALTORS® expect weaker price growth in California than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	4.4%	3.1%	



Geographic Coverage for this Report

The San Francisco area referred to in this report covers the geographic area of the San Francisco-Oakland-Hayward metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

[Alameda County, Contra Costa County, Marin County, San Francisco County, and San Mateo County](#)

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/