



## How Much Have San Francisco Home Values Declined Since their Peak?



**PARAGON**  
REAL ESTATE GROUP

An analysis of SF neighborhoods comparing dollar per square foot at the estimated time of peak value to the \$/sq.ft. for sales 10/15/08–1/30/09. Sales after 10/15/08 reflect the impact of the 9/15/08 financial meltdown.

Neighborhood or District	Property Type Price Range	Avg \$/sq.ft. at Peak of Market	\$/sq.ft. for Sales 10/15/08 – 01/09	Change in Avg \$/sq.ft. Value
<b>Bayview/Excelsior (District 10)*</b>	SFD (House) \$400 – 800k	\$554/sq.ft.	\$416/sq.ft.	- 25%
<b>Ingleside/Oceanview*</b>	SFD \$400k – 800k	\$572	\$459	- 20%
<b>Potrero Hill/Bernal Hgths**</b>	SFD \$700k – 1.6m	\$678	\$610	- 10%
<b>Richmond District**</b>	SFD \$700k – 1.6m	\$582	\$547	- 6%
<b>Parkside/ Outer &amp; Central Sunset**</b>	SFD \$550 – 1.1m	\$608	\$542	- 11%
<b>Miraloma/Sunnyside**</b>	SFD \$600k – 1.2m	\$667	\$611	- 8.4%
<b>SOMA**</b>	Condo \$500k – 900k	\$689	\$534	- 22.5%
<b>Noe &amp; Eureka Valleys***</b>	SFD \$800k – 2m	\$856	\$770	- 10%
<b>Noe &amp; Eureka Valleys***</b>	Condo \$500k – 1.2m	\$759	\$704	- 7%
<b>Pacific Hgths/Marina (Dist 7)***</b>	Condo \$600k – 1.2m	\$818	\$762	- 7%
<b>South Beach***</b>	Condo \$500k – 1m	\$785	\$713	- 9%
<b>Hayes Valley/Alamo/ NOPA***</b>	Condo \$500k – 900k	\$684	\$612	- 10.5%

\* Peak values estimated to have been reached 1/1/06 – 6/30/06

\*\* Peak values estimated to have been reached 1/1/07 – 6/30/07

\*\*\* Peak values estimated to have been reached 1/1/08 – 6/30/08

Only homes with parking were included in the analysis. SFD = single family dwelling (house)

**Important note: the above chart probably understates the actual decline in values for three reasons:**

1. In a declining market, sales data – which typically shows up 30 to 45 days after acceptance of offers – will always be *a step behind* current activity, i.e. offers being accepted right now.
2. The market has definitely shifted to smaller, less expensive homes (less expensive as to total sales price). All things being equal, a smaller home will have a higher dollar per square foot value than a larger one, therefore skewing current values higher than they ought to be in an apples-to-apples comparison.
3. In a sellers' market, virtually everything sells, but in a buyers' market, typically just the best homes sell – best appearing, best condition and/or best value. So the \$/sq.ft. for the recent period applies to the “best homes” while the \$/sq.ft. for the peak period applies to homes of a much wider range of quality.

**Dollar per square foot (\$/sq.ft.)** is based upon the home's interior living space and does not include garages, unfinished attics and basements, rooms built without permit, or exterior spaces. These figures are usually derived from appraisals or tax records, but are sometimes unreliable or unreported altogether. There are often surprisingly wide variations of value within neighborhoods, and averages may be distorted by one or two sales substantially higher or lower than the norm. All things being equal, a smaller home will have a higher \$/sq.ft. value than a larger one; a house a higher value than a condo; a condo a higher value than a tenancy-in-common.

The neighborhoods above were chosen because enough sales occurred in the comparison periods to generate what appeared to be reliable statistical results. (Many areas of the city did not have sufficient sales.) The \$/sq.ft. parameter was chosen because it is more trustworthy than median prices when buying trends are undergoing a major shift. Indeed, median prices have dropped significantly more than \$/sq.ft. because less expensive homes now make up a much larger proportion of sales than they did previously—for a variety of reasons, especially financing conditions. The below analysis of sales by price range quantifies this significant shift in the market.

### Changes in San Francisco House, Condo and TIC Sales by Price Range

Price Range	# Sales 10/15/07 – 1/30/08	# Sales 10/15/08 – 1/30/09	Change in # of Sales	% of Total Sales 10/07 – 1/08	% of Total Sales 10/08 – 1/09	Change in % of Total Sales
Under \$500k	139	165	+ 19%	11%	18%	+ 64%
\$500k – 749,999	418	366	- 12%	32%	41%	+ 28%
\$750k – 999,999	340	206	- 39%	26%	23%	- 12%
\$1m – 1,499,999	232	99	- 56%	18%	11%	- 39%
\$1.5m – 1,999,999	79	27	- 66%	6%	3%	- 50%
\$2m – 4,999,999	81	35	- 57%	6%	4%	- 33%
\$5m+	12	3	- 75%	1%	.3%	-70%

- The only price range which saw an increase in *number of sales* was the under \$500k market, reflecting an upsurge in the lower-end SF home market. Part of this was fueled by foreclosure sales, most of which is occurring in the southeastern quadrant of the city.
- Sales of homes under \$750,000 *increased* from 43% to 59% of total sales.
- Sales of homes \$1m+ *declined* from 31% to 18% of total sales, reflecting an enormous slow-down in the high-end home market in San Francisco since September 15, 2008.

Changes are approximate since all sales for the 08/09 period had not been reported by the date of the calculation.

### Average % of Sales Price to Original List Price by Days on Market\*

Days on Market	0-30 Days	31-60 Days	61-90 Days	91+ Days
% of Total Sales	28%	36%	24%	12%
<b>Avg SP/ LP**</b>	<b>100%</b>	<b>95%</b>	<b>89%</b>	<b>84%</b>

\* Days-on-Market = number of days from going on market until property is designated “pending sale”

\*\* Avg SP/LP = Average Sales Price to Original List Price Percentage

Statistics per the San Francisco MLS, analysis of SFD sales in 4 Realtor Districts, 11/08 – 1/09

As we see above, pricing a home correctly can make a large difference in the percentage of list price achieved upon sale. Properties that received and accepted offers within a few weeks of going on market are still averaging a sale price of 100% of list price. However, as days on market increases, that percentage starts to decline significantly, and homes that don’t accept offers until 90 days after going on market average a sale price 16% below the original list price. One aspect of our new market is a big increase in average days on market and a huge increase in the number of price reductions. Here is a quote from the bestselling book, *House Selling for Dummies*:

**“Ironically, instead of getting more money... [Over-pricing] usually stigmatizes a property and reduces the eventual sale price to less than it would have been with more realistic pricing.”**

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**Averages are generalities and cannot account for the varieties in location, condition, views and amenities found in SF homes. Statistics may be affected by unusual events or short-term trends, and do not necessarily reflect values for specific properties.**

All data from sources deemed reliable, but not guaranteed and may contain errors and omissions. Sales not reported to MLS – such as many new development sales – are not included in this analysis.

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