

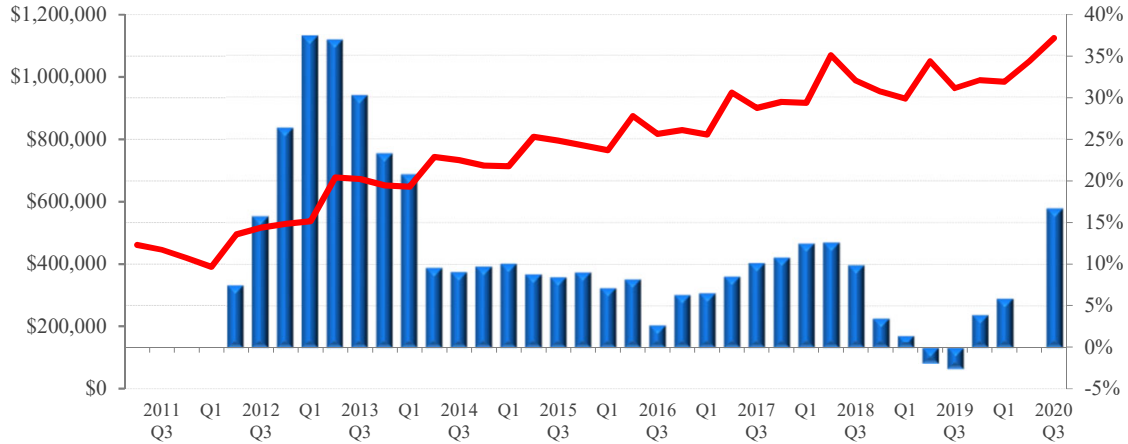
San Francisco-Oakland-Hayward Area

Local Market Report, Third Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...

Median Price (Red Line) and One-year Price Growth



Local Price Trends

Price Activity	San Francisco	U.S.	Local Trend
Current Median Home Price (2020 Q3)	\$1,125,000	\$309,100	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q3)	16.7%	11.6%	
3-year (12-quarter) Appreciation (2020 Q3)	25.0%	22.2%	
3-year (12-quarter) Housing Equity Gain*	\$225,000	\$56,167	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$452,800	\$102,233	
9-year (36 quarters) Housing Equity Gain*	\$679,300	\$139,867	

*Note: Equity gain reflects price appreciation only

	San Francisco	U.S.	
Conforming Loan Limit**	\$765,600	\$765,600	Government-backed financing is limited in this market, hampering home sales
FHA Loan Limit	\$765,600	\$765,600	
Local Median to Conforming Limit Ratio	147%	not comparable	

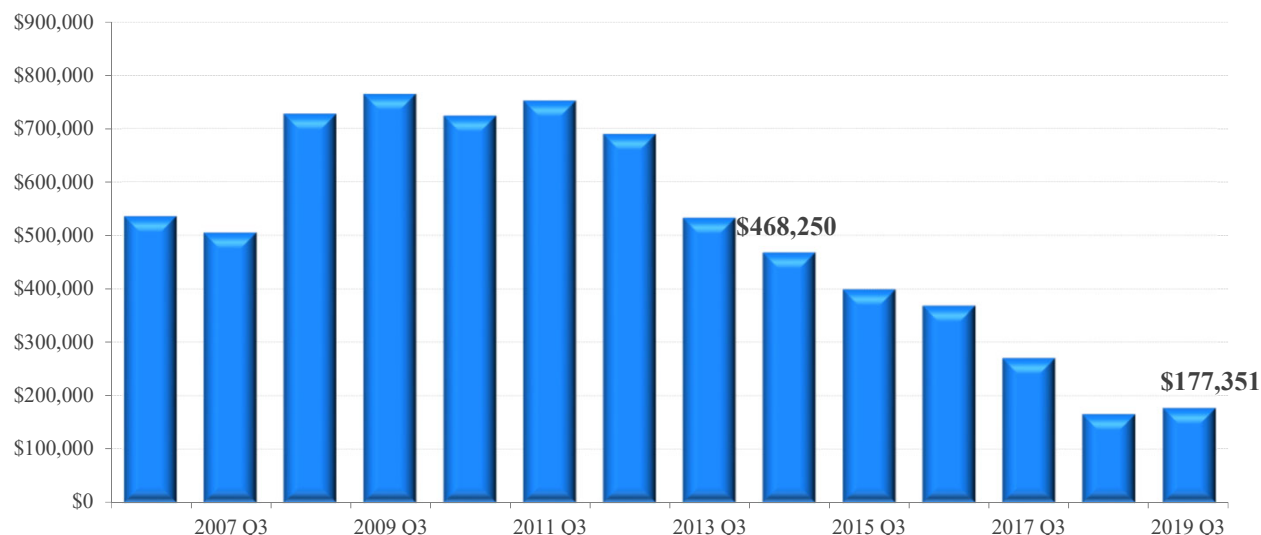
Note: limits are current and include the changes made on January 1st 2020.

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 2021 NAR Regional Vice President representing region 13 is Chris Kutzkey.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q3 from quarter in which home was of purchased

Price Activity	San Francisco	U.S.	Local Trend
1-year (4-quarter)	\$177,351	\$16,096	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$270,892	\$47,598	
5-year (20-quarter)*	\$399,152	\$80,260	
7-year (28 quarters)*	\$532,988	\$109,512	
9-year (36 quarters)*	\$752,073	\$147,140	

*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...

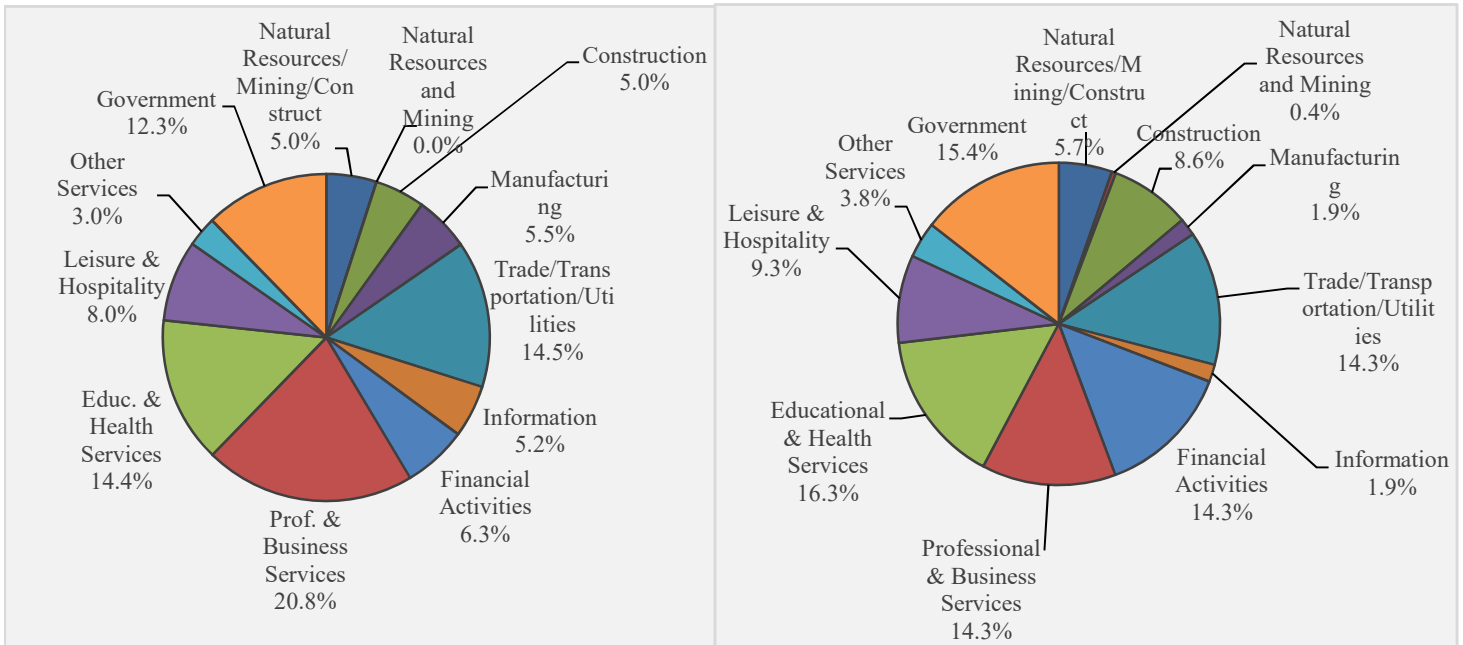


Local Economic Outlook	San Francisco	U.S.	
12-month Job Change (Sep)	-260,200	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Aug)	-280,700	Not Comparable	
36-month Job Change (Sep)	-159,900	Not Comparable	San Francisco's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Sep)	8.6%	7.9%	
Year-ago Unemployment Rate	2.3%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-10.5%	-3.9%	

Share of Total Employment by Industry

San Francisco-Oakland-Hayward Area

U.S.



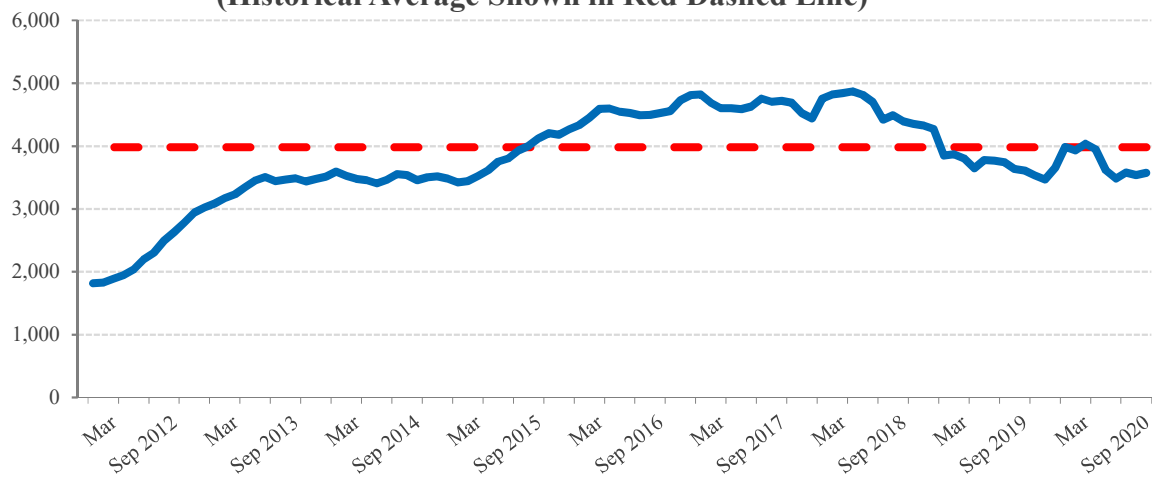
12-month Employment Change by Industry in the San Francisco-Oakland-Hayward Area (Sep - 2020)

Goods Producing	NA	Information	-10,400
Natural Resources/Mining/Construction	-15,500	Financial Activities	-1,200
Natural Resources and Mining	0	Prof. & Business Services	-24,700
Construction	-15,500	Educ. & Health Services	-25,700
Manufacturing	-16,900	Leisure & Hospitality	-102,200
Service Providing Excluding Government	NA	Other Services	-19,500
Trade/Transportation/Utilities	-35,800	Government	-28,800

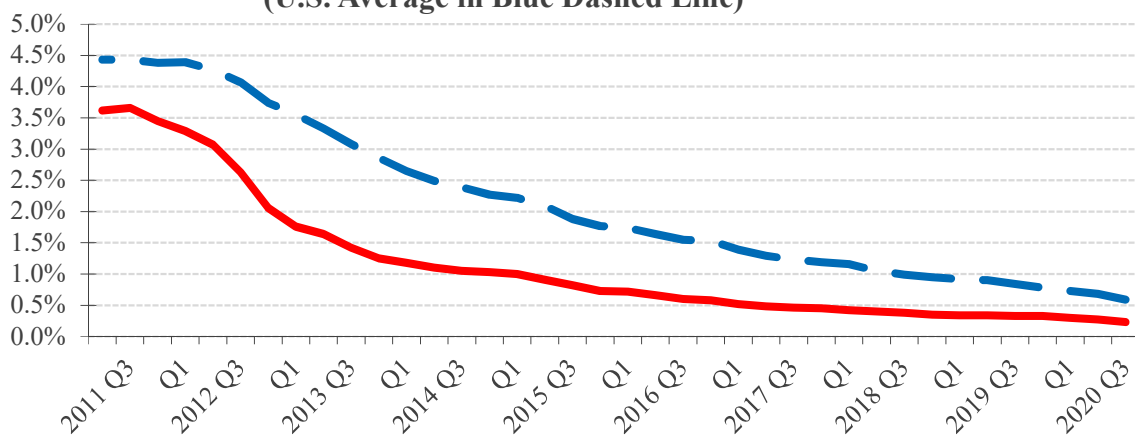
State Economic Activity Index	California	U.S.	
12-month change (2020 - Sep)	-10.7%	-4.9%	The economy of California is still in recession, but improved modestly from last month's -10.81% change
36-month change (2020 - Sep)	-3.8%	0.6%	

New Housing Construction			
Local Fundamentals	San Francisco	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2020	3,684	not comparable	The current level of construction is 7.4% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	3,980	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Sep 2020) 12-month sum vs. a year ago	4.2%	10.2%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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

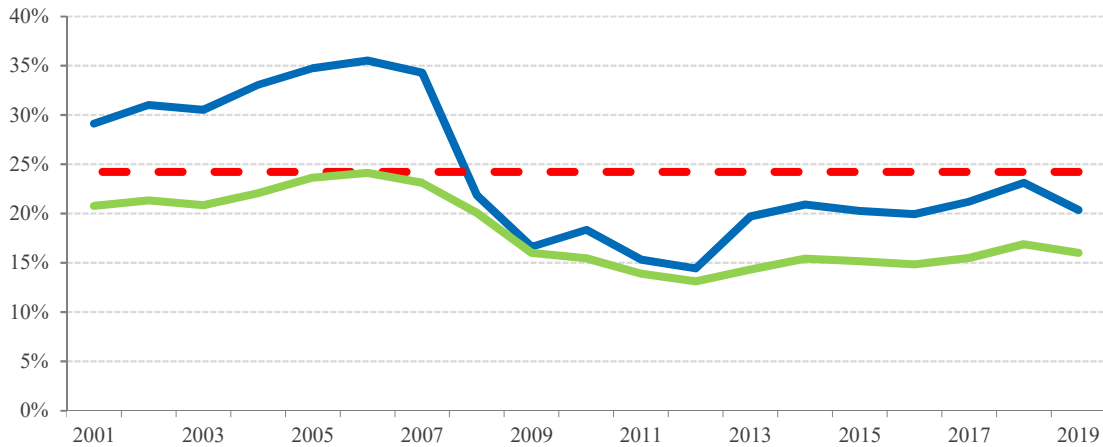


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



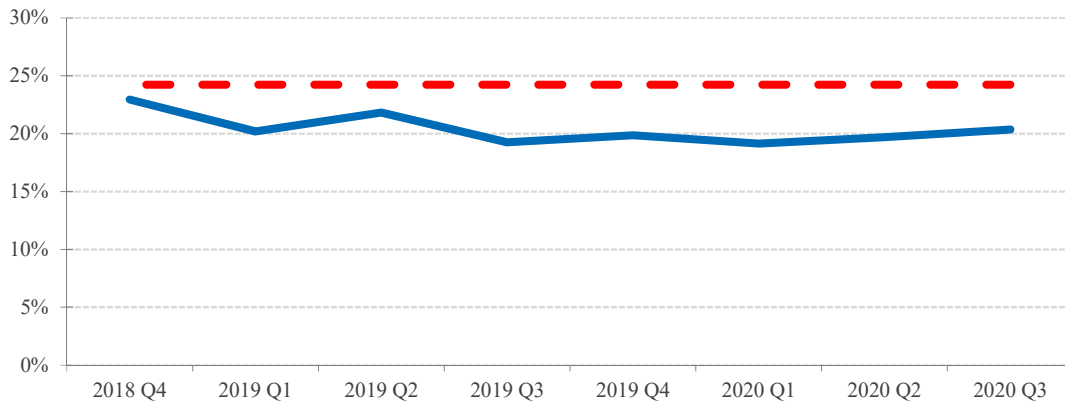
Affordability

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

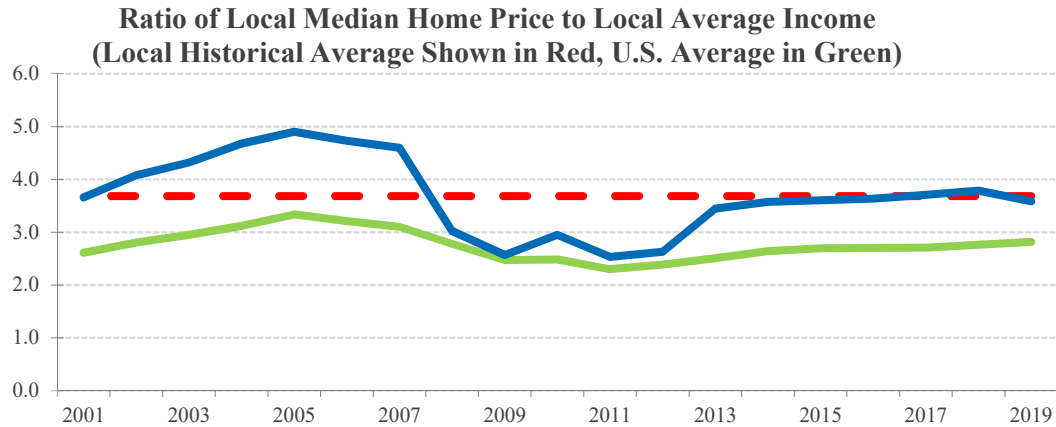


Monthly Mortgage Payment to Income	San Francisco	U.S.	
Ratio for 2019	20.4%	16.0%	Historically strong, but weaker than the second quarter of 2020
Ratio for 2020 Q3	20.3%	15.4%	
Historical Average	24.2%	18.4%	Weaker affordability than most markets

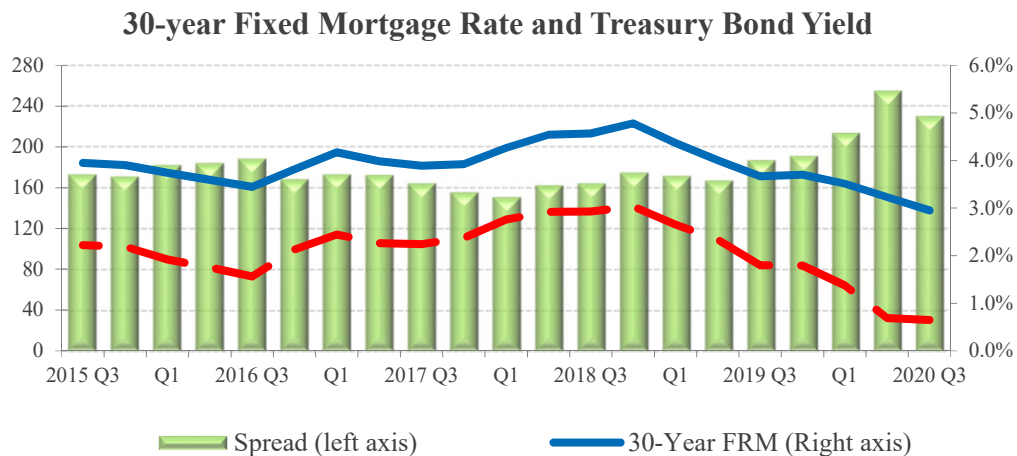
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	San Francisco	U.S.	
Ratio for 2019	3.6	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q3	4.0	3.1	
Historical Average	3.7	2.7	Less affordable than most markets



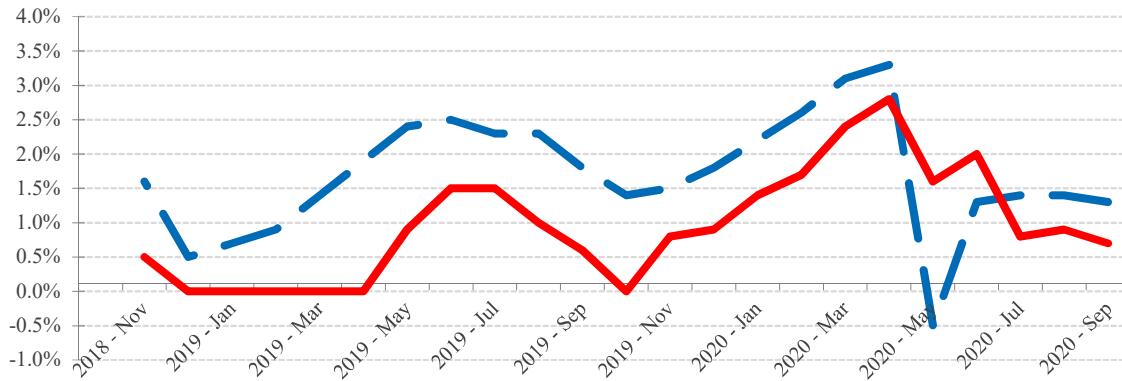
The Mortgage Market



In the third quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the shutdowns. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.95 percent in Q3 2020 from 3.67 percent a year earlier. In the meantime, in August, the Fed announced the adoption of a more flexible policy that will seek to achieve inflation that averages 2 percent over time. This means that a period where inflation is above 2 percent can compensate for a period when inflation is below 2 percent. This significant change can keep interest rates low for longer periods, which could translate into both long periods of cheap mortgages and stronger job market. Thus, more and more homebuyers and homeowners are expected to take advantage of these ultra-low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.1 percent for both 2020 and 2021.

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.	
2020 - Sep	0.0%	1.7%	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	0.8%	1.5%	

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/