

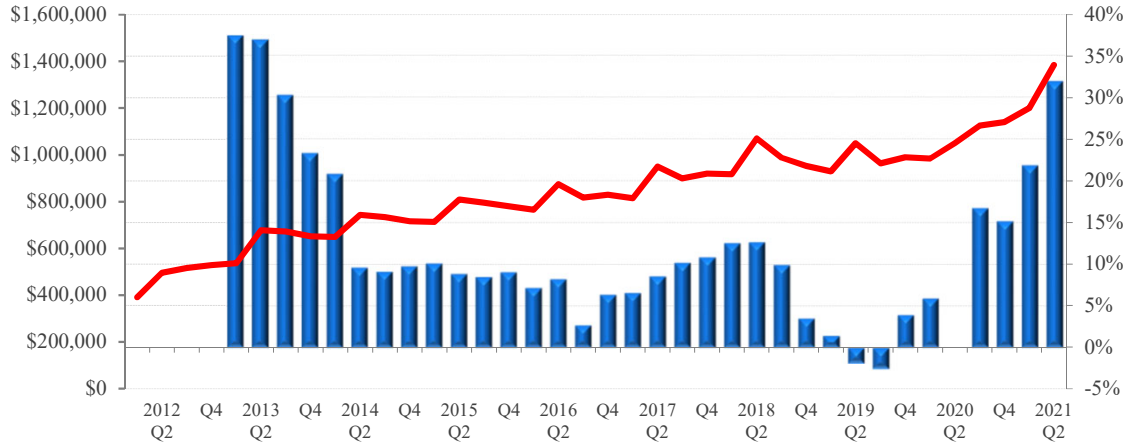
San Francisco-Oakland-Hayward Area

Local Market Report, Second Quarter 2021

reflecting 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 (2021 Q2)	\$1,385,000	\$351,267	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2021 Q2)	31.9%	21.9%	
3-year (12-quarter) Appreciation (2021 Q2)	29.4%	32.3%	
3-year (12-quarter) Housing Equity Gain*	\$315,000	\$85,667	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$642,000	\$139,433	
9-year (36 quarters) Housing Equity Gain*	\$889,600	\$170,333	

*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	181%	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 2021 Q2 from quarter in which home was of purchased

Price Activity	San Francisco	U.S.	Local Trend
1-year (4-quarter)	\$354,124	\$68,283	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$364,177	\$97,874	
5-year (20-quarter)*	\$590,706	\$134,190	
7-year (28 quarters)*	\$733,245	\$165,448	
9-year (36 quarters)*	\$975,907	\$201,855	

*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...

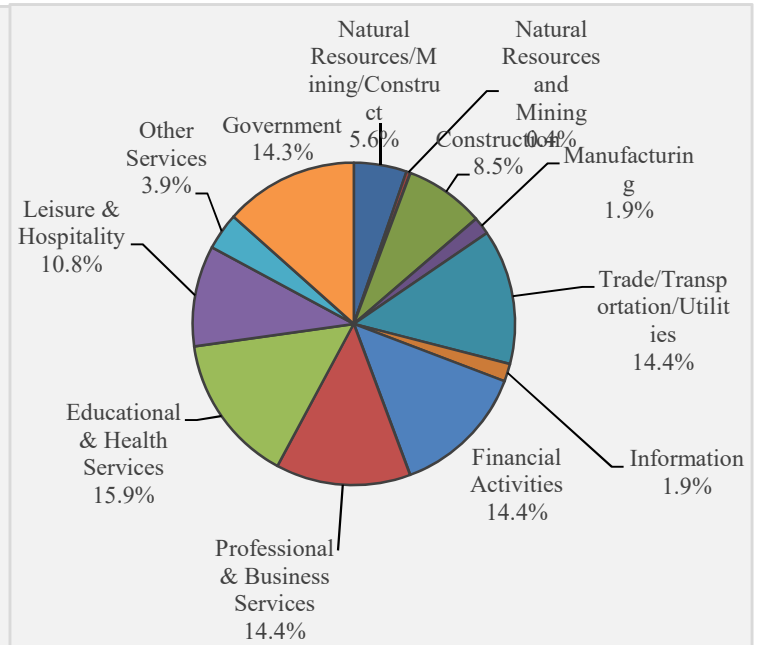
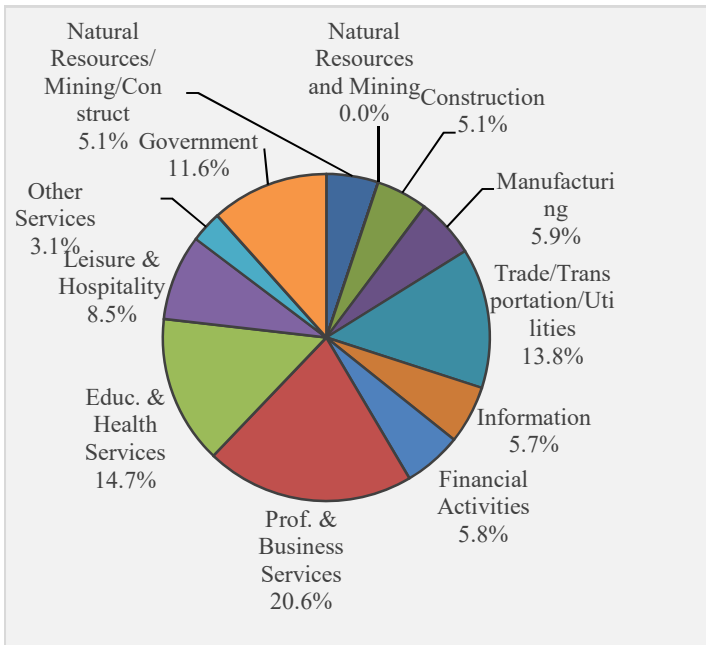


Local Economic Outlook	San Francisco	U.S.	
12-month Job Change (Aug)	107,300	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Jul)	106,100	Not Comparable	
36-month Job Change (Aug)	-132,500	Not Comparable	San Francisco's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Jul)	5.8%	5.4%	
Year-ago Unemployment Rate	11.1%	10.2%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	4.9%	-0.8%	

Share of Total Employment by Industry

San Francisco-Oakland-Hayward Area

U.S.



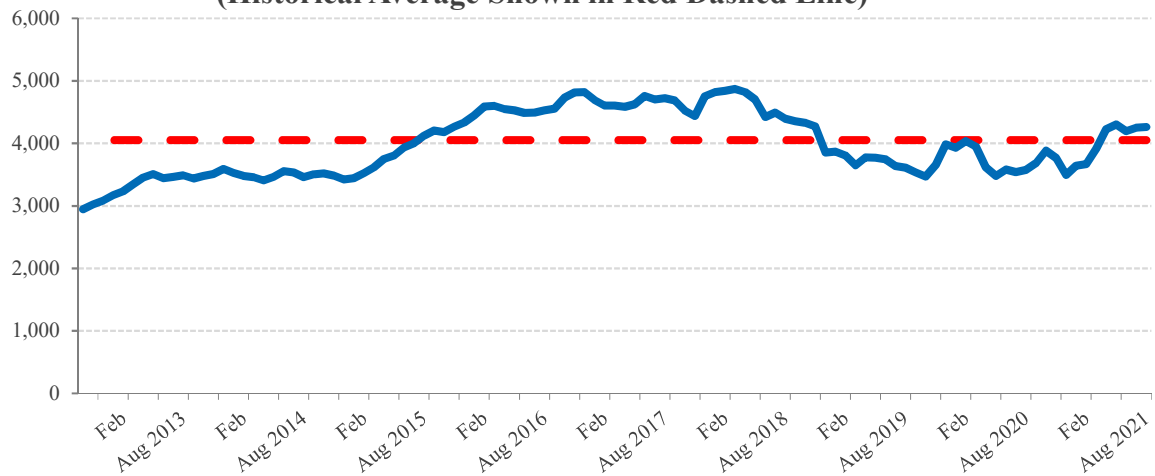
12-month Employment Change by Industry in the San Francisco-Oakland-Hayward Area (Aug - 2021)

Goods Producing	NA	Information	4,500
Natural Resources/Mining/Construction	2,200	Financial Activities	1,300
Natural Resources and Mining	0	Prof. & Business Services	25,000
Construction	2,200	Educ. & Health Services	14,800
Manufacturing	4,000	Leisure & Hospitality	47,900
Service Providing Excluding Government	NA	Other Services	11,000
Trade/Transportation/Utilities	5,200	Government	-9,800

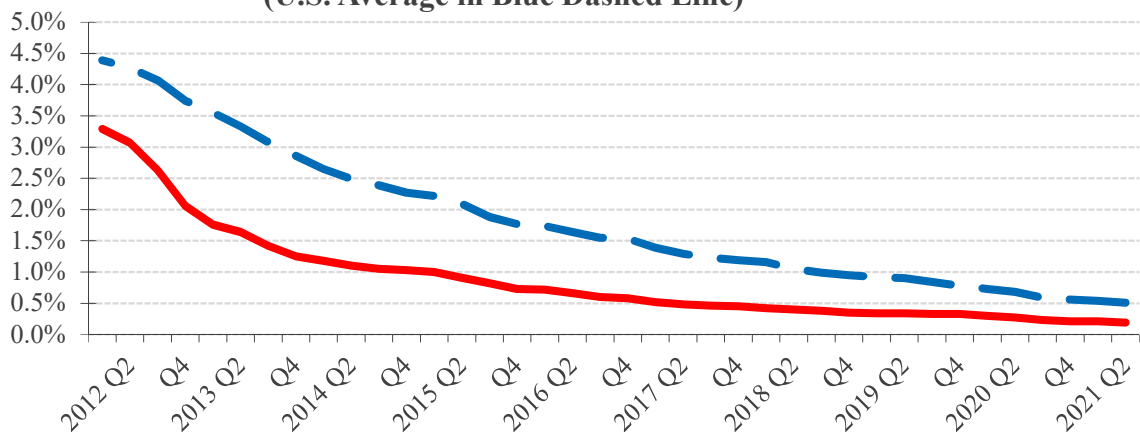
State Economic Activity Index	California	U.S.	
12-month change (2021 - Jul)	16.3%	6.8%	California's economy is stronger than the nation's, but slowed from last month's 18.21% change
36-month change (2021 - Jul)	3.0%	2.7%	

New Housing Construction			
Local Fundamentals	San Francisco	U.S.	
12-month Sum of 1-unit Building Permits through Aug 2021	4,264	not comparable	The current level of construction is 5.3% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,050	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Aug 2021) 12-month sum vs. a year ago	19.2%	26.8%	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)**

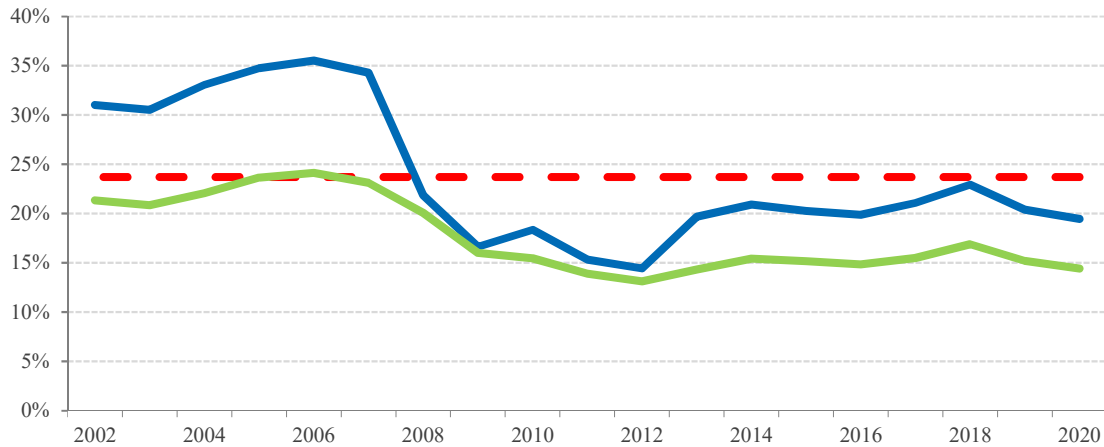


**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



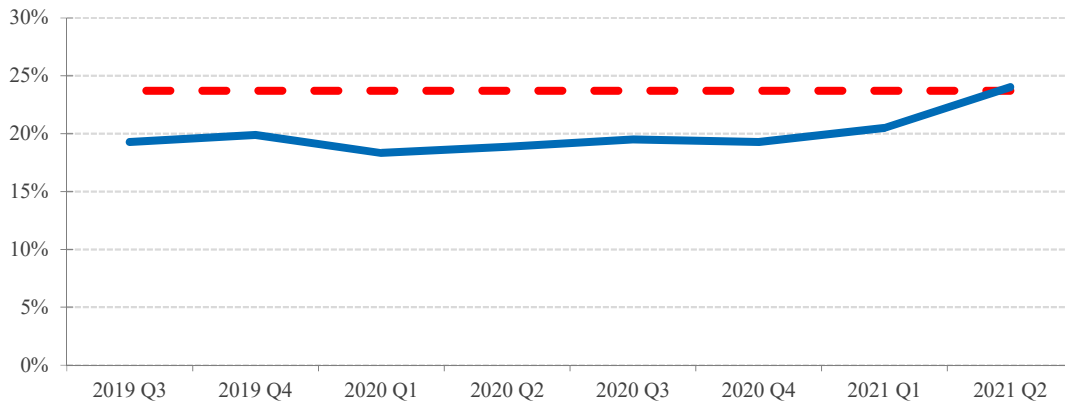
Affordability

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

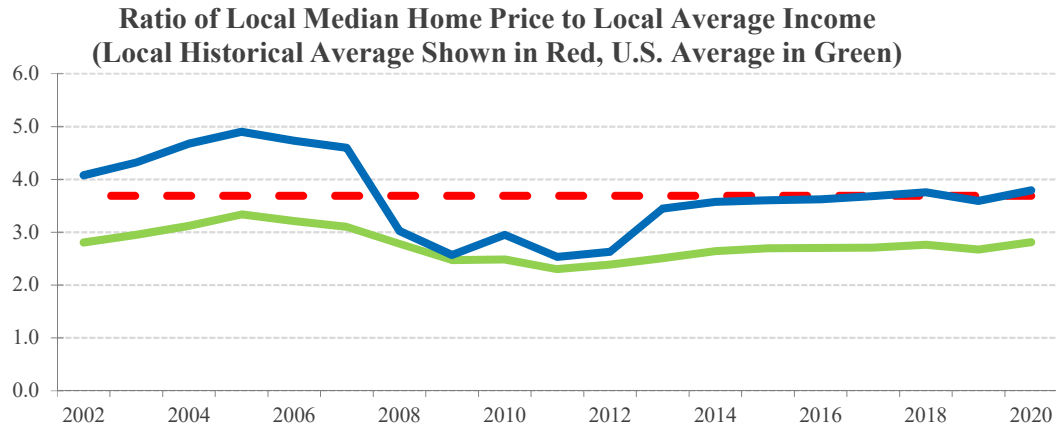


Monthly Mortgage Payment to Income	San Francisco	U.S.	
Ratio for 2020	19.5%	14.4%	Weak by local standards and could weigh on demand
Ratio for 2021 Q2	24.0%	16.0%	
Historical Average	23.7%	18.0%	Weaker affordability than most markets

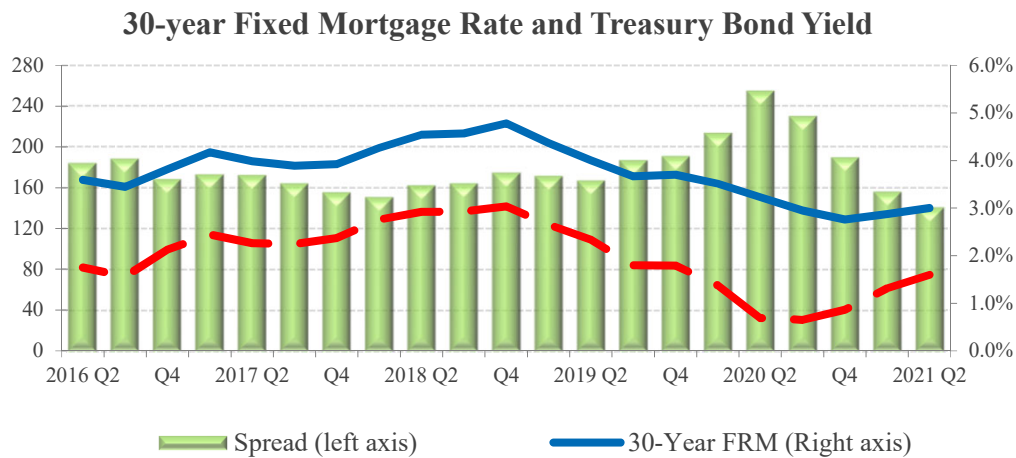
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	San Francisco	U.S.	
Ratio for 2020	3.8	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2021 Q2	4.7	3.2	
Historical Average	3.7	2.7	Less affordable than most markets



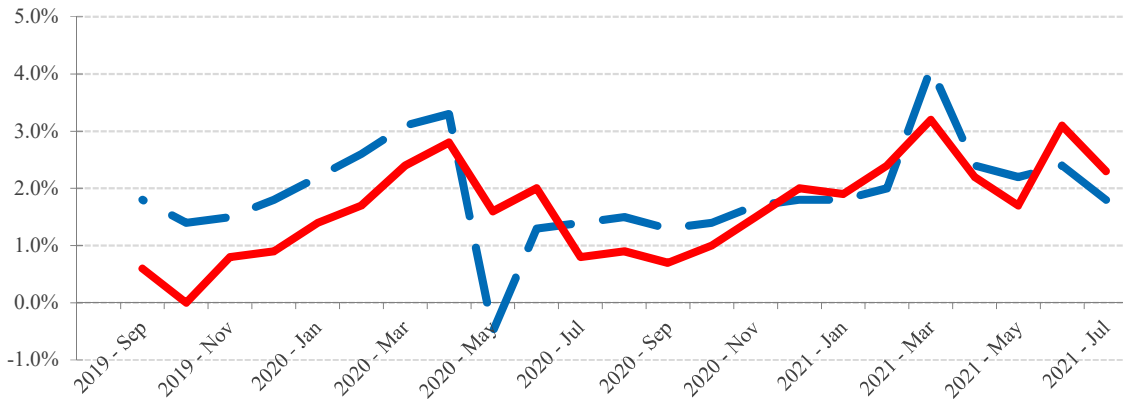
The Mortgage Market



In the second quarter of 2021, mortgage rates were higher than the previous quarter as the economy grew faster than expected with millions of Americans resuming traveling, going to restaurants, bars, events and shows. Nevertheless, mortgage rates were still lower than a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate was 3.00 percent in Q2 2021 compared to 3.23 percent a year earlier. What to expect from mortgage rates in the upcoming quarters? Rates are expected to rise further as the Fed will likely start reducing its bond purchases before the end of the year and raise interest rates by the middle of next year. NAR forecasts the 30-year fixed mortgage rate to reach 3.5% by mid-2022.

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.	
2021 - Aug	1.7%	1.1%	REALTORS® expect higher price growth in California than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	1.0%	1.4%	

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/