



Dear Client,

Condo Sales in San Francisco are slowing down

Sales of Condominiums in San Francisco (Districts 1 - 9) are down almost 40% in March 2008 compared to March 2007. Only 133 condos sold during March. In January sales were down about 30% and then showed some improvement in February with only 20% down which led some to believe that the worst of the slump was over. This doesn't seem to be the case. So why are median prices still up?

The median price for a condo in districts 1 - 9 was \$747,000 in March 2007 (using sold data from the MLS), however in March 2008 this figure went to \$806,000, a 7.9% increase! This can be explained by the fact that while lower income households are struggling more through tough economic times, higher income households often don't feel the pinch and continue purchasing real estate. Their salaries remain the same or increase, and they are less likely to be affected by layoffs. Often they have significant other investments which help them make larger mortgage payments or larger down payments. An increase in median price really only means that more properties in the higher price ranges were sold, rather than in the lower price ranges. This makes sense, since lower income households who would generally purchase lower priced condos have postponed their purchases waiting for better economic times.

Therefore an increase in median price does not automatically mean that your property has gone up in value. In order to figure out whether your home has increased in value, it would need to be compared to similar properties in the same neighborhood and with similar amenities as your own. The more recent the last sale of a comparable property, the more accurate the estimate will be.

Overbidding on condos has finally decrease somewhat and I am pleased to note that over 40% of all condos sold in March 2008 were sold for below asking price. It is also noteworthy that the number of condos which failed to sell and where taken off the market in March 2008 was over 36% higher than in March 2007. This means that for every two condos sold in March 2008, one was withdrawn from the market. In March 2007 this ratio was over 4:1 indicating a much stronger market back then.

As always I'm here to answer your questions. And if you know of somebody who needs a buyer's agent, I hope you consider referring me. It's the greatest compliment you can give me.

Sincerely yours,

Bettina



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