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The Real Estate Report

local market trends

SAN FRANCISCO

Sales Up Sharply, Prices Down in 2011

Both single-family, re-sales homes and condo/loft sales were strong in 2011. Home sales increased for the third year in a row and were up 46.4% over 2010. Condo/loft sales rose for the second year in a row, gaining 19.2% over 2010.

Home prices turned around last year after eking out a small gain in 2010. The median price for homes dropped 14.9% while the average price was off 18.2%. The median price for condos/lofts was down for the third year in a row: 4.5%. The average price dropped 13%.

Visit us on-line for full details plus the California Association of REALTORS® forecast for 2012.

DECEMBER MARKET STATISTICS

Sales of single-family, re-sale homes were up 35.6% year-over-year.

Sales of single-family, re-sale homes were up 35.6% year-over-year.

Condo/loft sales were up 7.6% year-over-year.

The median price for condos/lofts fell 2.6% from November, and was off 4.3% compared to last December.

SALES MOMENTUM...

Home sales momentum rose two points to +7. Condo/loft momentum gained two points to +4.

IN THE CHART BELOW...

the green shows momentum for home sales while the purple line shows momentum for the median price for single-family, re-sale homes.

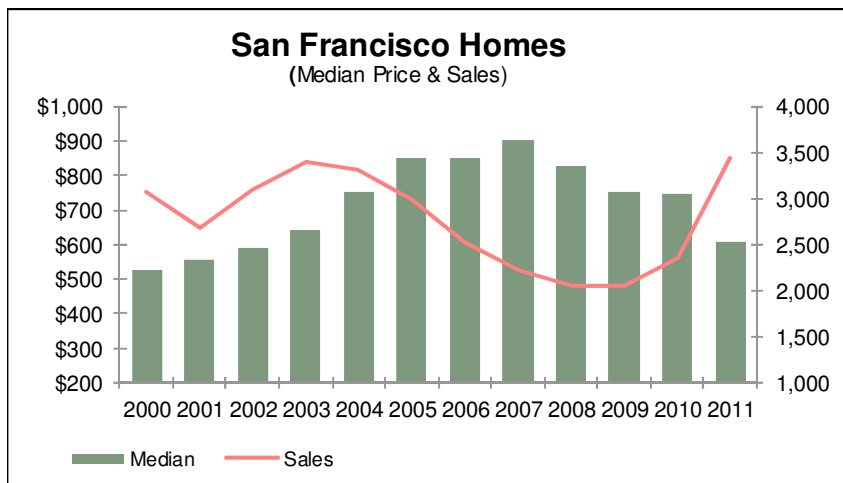
PRICING MOMENTUM...

after peaking in September 2010, dropped one point to -8. Pricing momentum for condos/lofts was flat at -3.

Please remember, while statistics are nice, they will not determine the price you pay or get for a property. That will come down to you and the buyer or seller.

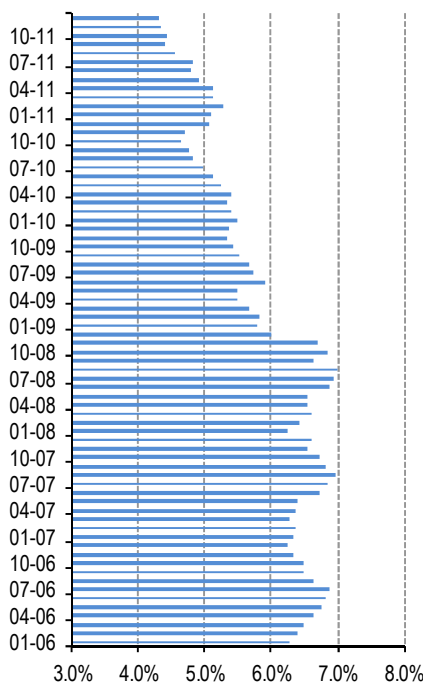
Trends at a Glance (Single-family Homes)			
	Dec 11	Nov 11	Dec 10
Home Sales:	293	225	216
Median Price:	\$ 599,000	\$ 698,000	\$ 724,000
Average Price:	788,704	1,119,288	1,028,094
Sale/List Price Ratio:	98.9%	98.3%	98.9%
Days on Market:	68	57	66

(Lofts/Townhomes/TIC)			
	Dec 11	Nov 11	Dec 10
Condo Sales:	212	201	197
Median Price:	\$ 602,684	\$ 633,000	\$ 630,000
Average Price:	769,733	790,330	724,941
Sale/List Price Ratio:	94.6%	97.5%	97.3%
Days on Market:	86	83	95



Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Jan. 6, 2012 -- Out with the old year, in with the new. After several months of improving economic reports, optimism appears to be growing for the moment that the new year will bring steadily improving economic growth. There will no doubt be challenges both expected and unexpected as 2012 progresses, and probably, some beneficial surprises as well.

Will the housing market be one of them? Could be. Sales of existing homes are nudging higher, builders are building again (at least multifamily stock) and mortgage rates, well, mortgage rates really don't get any lower than they are at the moment and are starting 2012 at approximately 60-year lows. That said, better economic news, should it persist, will tend to bump rates higher as we go.

HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages slid by three basis points (.03%) from last week, easing to an average 4.26%, while the FRMI's 15-year companion lost four basis points (.05%) to finish the weekly survey at an average 3.56%. Important to homebuyers and low-equity-stake refiners, FHA-backed 30-year mortgages retreated by four hundredths of a percentage point to

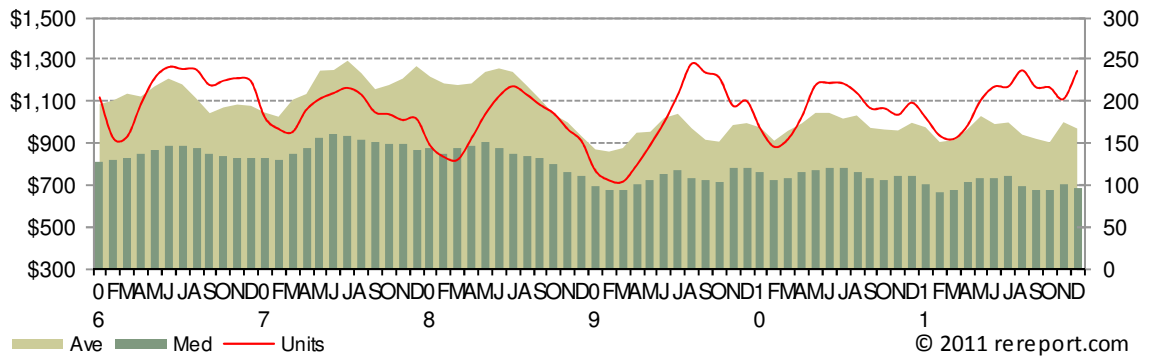
3.89%, while the overall average for 5/1 Hybrid ARMs erased three basis points to end at 3.07%. All the averages are within a basis point or so of record lows.

Mortgage rates are at favorable levels, and it would take monumental economic change for better or worse to move them in either direction very much. At the moment, the warmer economic climate here is providing some much-needed distraction from the troubles in Europe, but those issues continue to influence the markets.

Will the good news continue? More clarity should come next week with the release of Retail Sales data for December, consumer borrowing, initial January consumer sentiment readings and a few other indicators. Look for little change in mortgage rates next week, perhaps a couple of basis point upward movement at most.

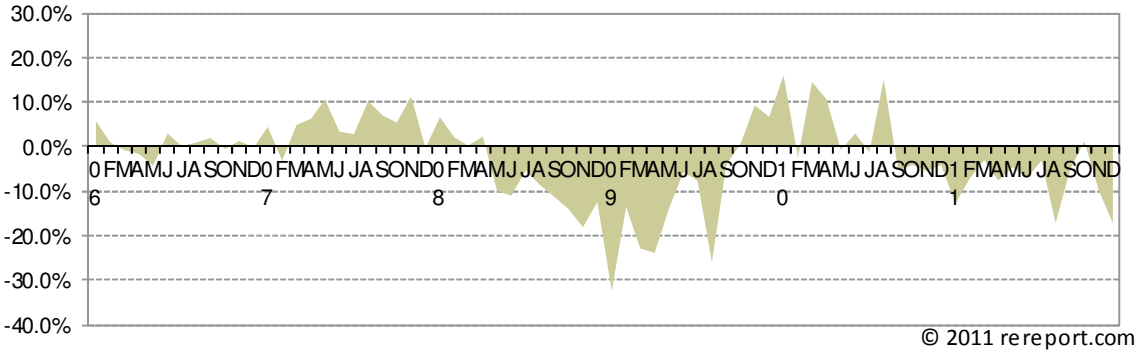
The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com. The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

San Francisco Homes: Sold Prices & Unit Sales
(3-month moving average — \$000's)



December Sales Statistics											
(Single-family Homes)											
	Prices		Unit			Change from last year			Change from last month		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales	Median	Average	Sales
San Francisco	\$ 599,000	\$ 788,704	293	68	98.9%	-17.3%	-23.3%	35.6%	-14.2%	-29.5%	30.2%
D1: Northwest	\$ 850,000	\$ 1,122,094	17	70	96.2%	-11.9%	-15.3%	6.3%	-0.6%	0.7%	21.4%
D2: Central West	\$ 608,000	\$ 651,583	31	52	101.4%	-8.0%	-7.4%	-3.1%	-6.5%	-11.7%	-18.4%
D3: Southwest	\$ 501,000	\$ 539,046	22	57	100.4%	8.7%	0.8%	120.0%	-4.1%	-2.2%	37.5%
D4: Twin Peaks	\$ 783,000	\$ 857,300	34	73	99.0%	-13.0%	-13.6%	25.9%	-0.9%	-4.7%	47.8%
D5: Central	\$ 1,348,500	\$ 1,356,800	20	57	101.2%	-7.6%	-7.8%	-42.9%	-5.7%	-0.5%	-51.2%
D6: Central North	\$ 1,285,000	\$ 1,584,000	3	49	99.2%	16.8%	34.6%	-40.0%	-36.8%	-22.1%	50.0%
D7: North	\$ 2,875,000	\$ 2,860,000	9	53	96.2%	-12.2%	-23.0%	-25.0%	-15.0%	-46.7%	-35.7%
D8: Northeast	\$ 2,950,000	\$ 2,950,000	1	221	93.7%	196.5%	196.5%	0.0%	16.8%	16.8%	-50.0%
D9: Central East	\$ 723,500	\$ 802,062	16	45	107.5%	-0.2%	10.3%	-30.4%	13.9%	15.5%	-15.8%
D10: Southeast	\$ 465,000	\$ 438,052	64	69	100.8%	-6.9%	-9.2%	18.5%	5.7%	-2.3%	18.5%

San Francisco Homes: Year-Over-Year Median Sales Price Change



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FORECLOSURE STATISTICS

In San Francisco, notices of default, the first step in the foreclosure process, dropped dramatically in November: down 71% from October and down 68.3% from the year before.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, also fell off a cliff: down 75.9% from October, and down 81.5% year-over-year.

After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements. Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically

an investor, bids more than the bank's opening bid, the property will be sold to the third party; if not, it will go back to the bank and become part of that bank's REO inventory.

In November, cancellations were down 3% from the year before.

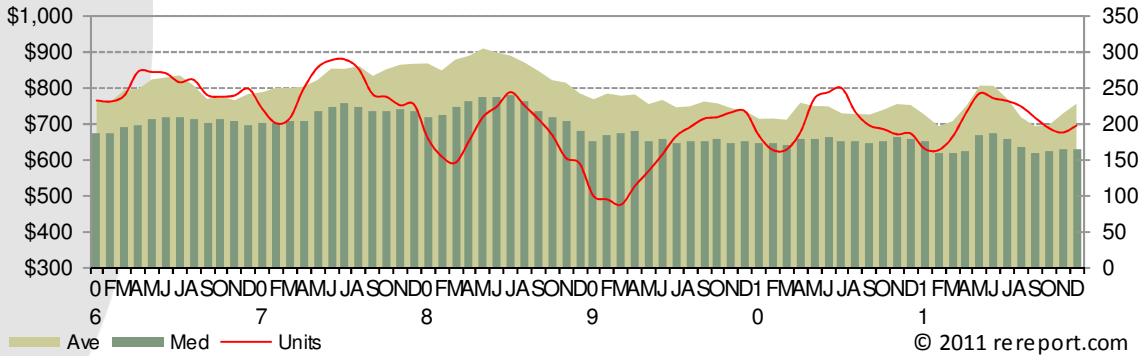
Properties going back-to-bank fell 13.5% from October, and were down, year-over-year, by 21.1%.

The total number of homes that have had a notice of default filed increased by 12.1% compared to last year.

The total number of homes scheduled for sale decreased by 22.2% year-over-year.

(Continued on page 4)

San Francisco Condos: Sold Prices & Unit Sales
(3-month moving average — \$000's)



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Table Definitions

Median Price

The price at which 50% of prices were higher and 50% were lower.

Average Price

Add all prices and divide by the number of sales.

SP/LP

Sales price to list price ratio or the price paid for the property divided by the asking price.

DOI

Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

Pend

Property under contract to sell that hasn't closed escrow.

Inven

Number of properties actively for sale as of the last day of the month.

December Sales Statistics

(Condos/TICs/Co-ops/Lofts)

	Prices		Unit			Change from last year			Change from last month		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales	Median	Average	Sales
San Francisco	\$ 602,684	\$ 769,733	212	86	94.6%	-4.3%	6.2%	7.6%	-4.8%	-2.6%	5.5%
D1: Northwest	\$ 665,000	\$ 707,418	16	69	96.4%	-13.6%	-0.8%	166.7%	-0.4%	10.9%	23.1%
D2: Central West	\$ 325,950	\$ 325,950	2	48	90.0%	-35.9%	-28.7%	-66.7%	-13.1%	-13.1%	100.0%
D3: Southwest	\$ 448,150	\$ 448,150	2	63	95.8%	34.8%	34.8%	0.0%	85.7%	58.7%	-33.3%
D4: Twin Peaks	\$ 338,500	\$ 338,500	2	45	99.9%	-18.4%	-26.6%	-75.0%	-16.8%	-16.8%	0.0%
D5: Central	\$ 775,000	\$ 790,689	27	81	99.5%	5.4%	-3.8%	-22.9%	0.0%	1.1%	-37.2%
D6: Central North	\$ 602,000	\$ 618,000	23	76	100.7%	-2.9%	-7.2%	155.6%	-10.8%	-13.6%	53.3%
D7: North	\$ 845,000	\$ 959,896	18	104	97.9%	-15.5%	-12.1%	-5.3%	-9.6%	-22.5%	-14.3%
D8: Northeast	\$ 654,500	\$ 733,778	34	99	96.1%	2.3%	-3.9%	-10.5%	16.9%	-16.3%	-15.0%
D9: Central East	\$ 610,000	\$ 1,119,887	57	85	89.9%	13.2%	69.7%	-9.5%	9.9%	63.8%	-9.5%
D10: Southeast	\$ 265,000	\$ 261,560	5	140	89.8%	-41.4%	-39.9%	25.0%	n/a	n/a	n/a



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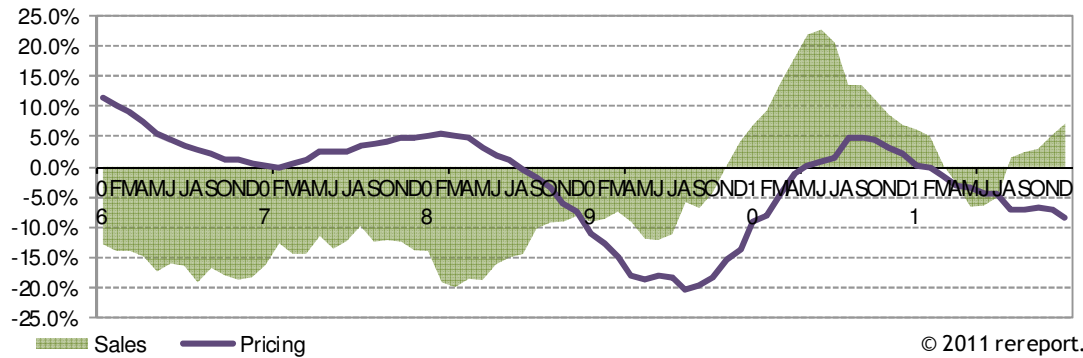
Go online to see the full report
with the district by district breakdown:

[HTTP://WWW.ANNIEWILLIAMSHOMES.COM](http://www.anniewilliamshomes.com)

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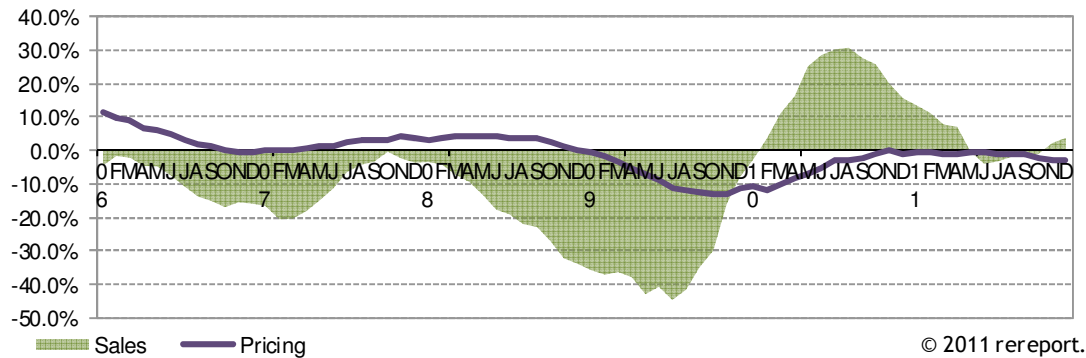
Unfortunately, the number of homes owned by the bank rose 5.8% year-over-year. Banks now own over 700 properties in San Francisco. At the current rate of sales, this is about a three month supply.

San Francisco Homes: Sales Momentum



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San Francisco Condos/Lofts: Sales Momentum



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