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Bay Area Home Prices, Interest Rates & Housing Affordability

Q4 2021 to Q4 2022 Changes

A Special COMPASS Report, Early March 2023

An analysis of how year-over-year changes in county median house sales prices and mortgage interest rates – affected by changing economic and market conditions in 2022 – affected housing affordability, as measured by monthly housing cost (principal, interest, taxes and insurance). Based on the purchase of a median priced house, using a 30-year fixed-rate loan with a 20% downpayment.*

Despite some Bay Area counties seeing significant year-over-year declines in median home sales prices, all counties saw substantial *increases* in monthly housing costs.

*** Per California Association of Realtors (CAR): Traditional Housing Affordability Index, issued quarterly. Based on CAR calculations of quarterly median "existing single family dwelling" sales prices. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate. Median sales prices can be affected by other factors besides changes in fair market value. Different programs may arrive a varying calculations.**

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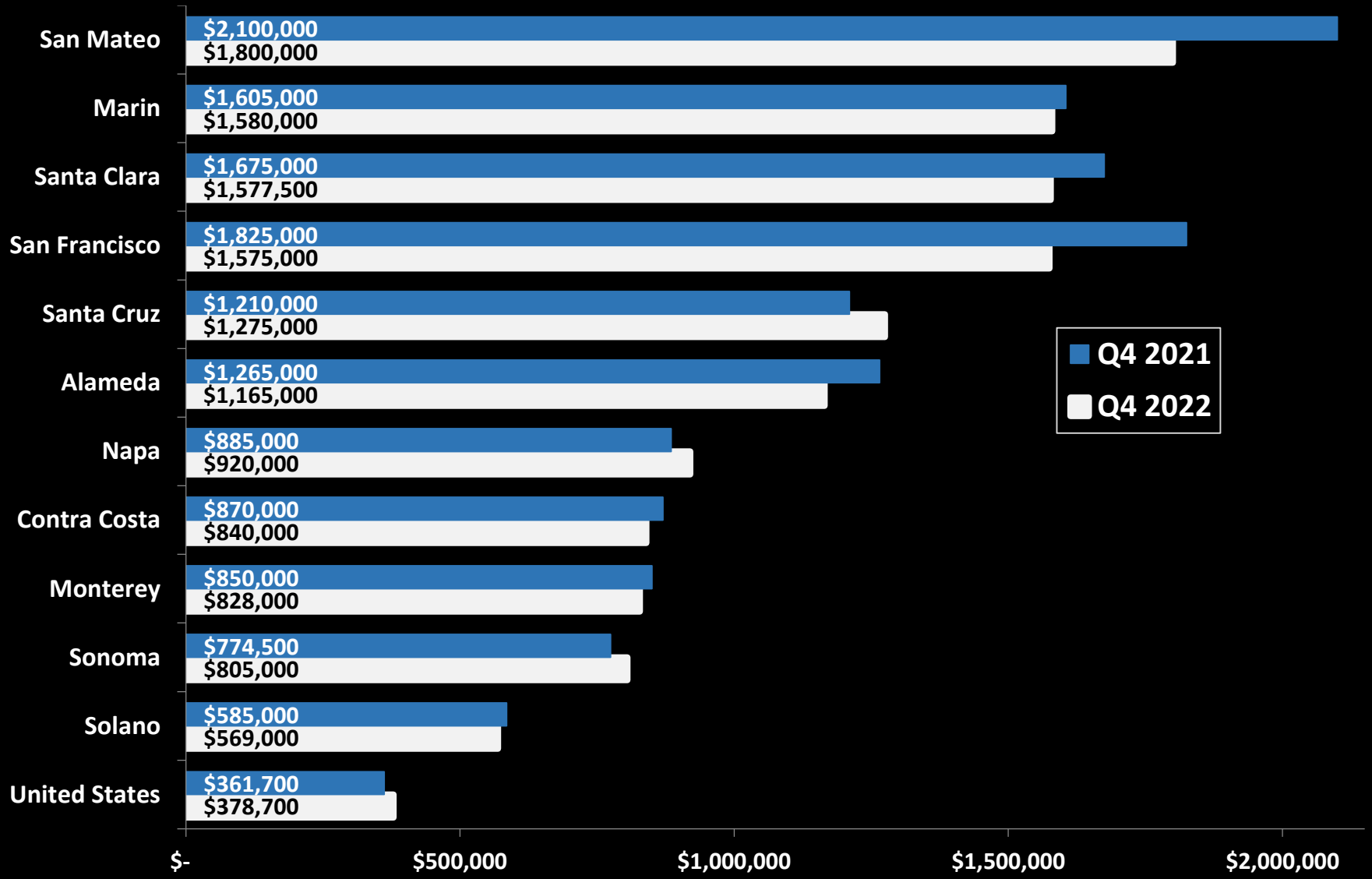
Change in Median House Sales Price

Q4 2021 to Q4 2022, by Bay Area County



Per California Association of Realtors (CAR): Traditional Housing Affordability Index (HAI). Based on CAR calculations of quarterly median "existing single family dwelling" sales prices. All numbers should be considered approximate. Median sales prices can be affected by a variety of factors besides changes in fair market value.

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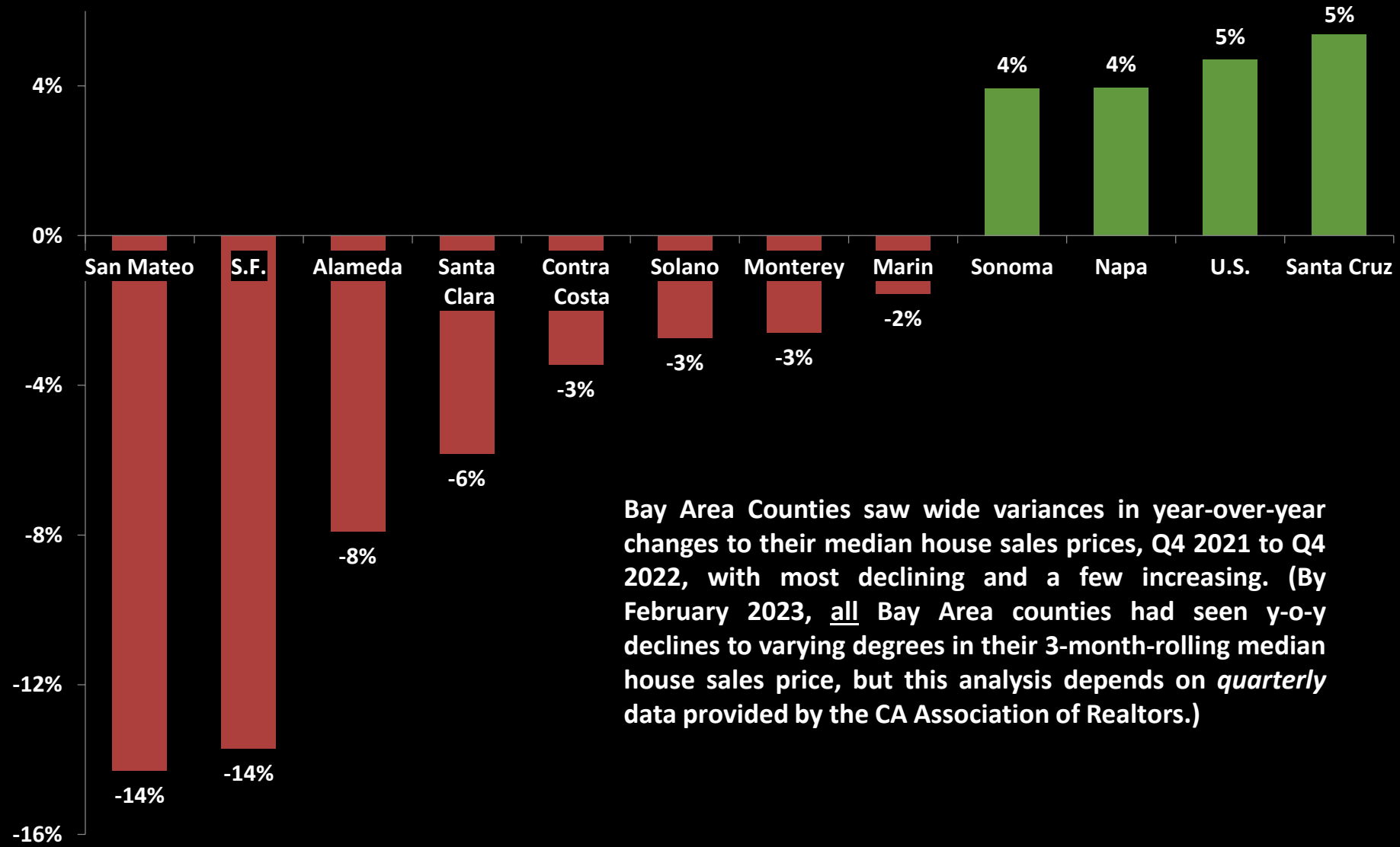
Year-over-Year Percentage Change in Median House Sales Price

Q4 2021 to Q4 2022, by Bay Area County



Bay Area Counties saw wide variances in year-over-year changes to their median house sales prices, Q4 2021 to Q4 2022, with most declining and a few increasing. (By February 2023, all Bay Area counties had seen y-o-y declines to varying degrees in their 3-month-rolling median house sales price, but this analysis depends on *quarterly* data provided by the CA Association of Realtors.)

Per California Association of Realtors (CAR): Traditional Housing Affordability Index (HAI). Based on CAR calculations of quarterly median "existing single family dwelling" sales prices. All numbers should be considered approximate. Percentages rounded.

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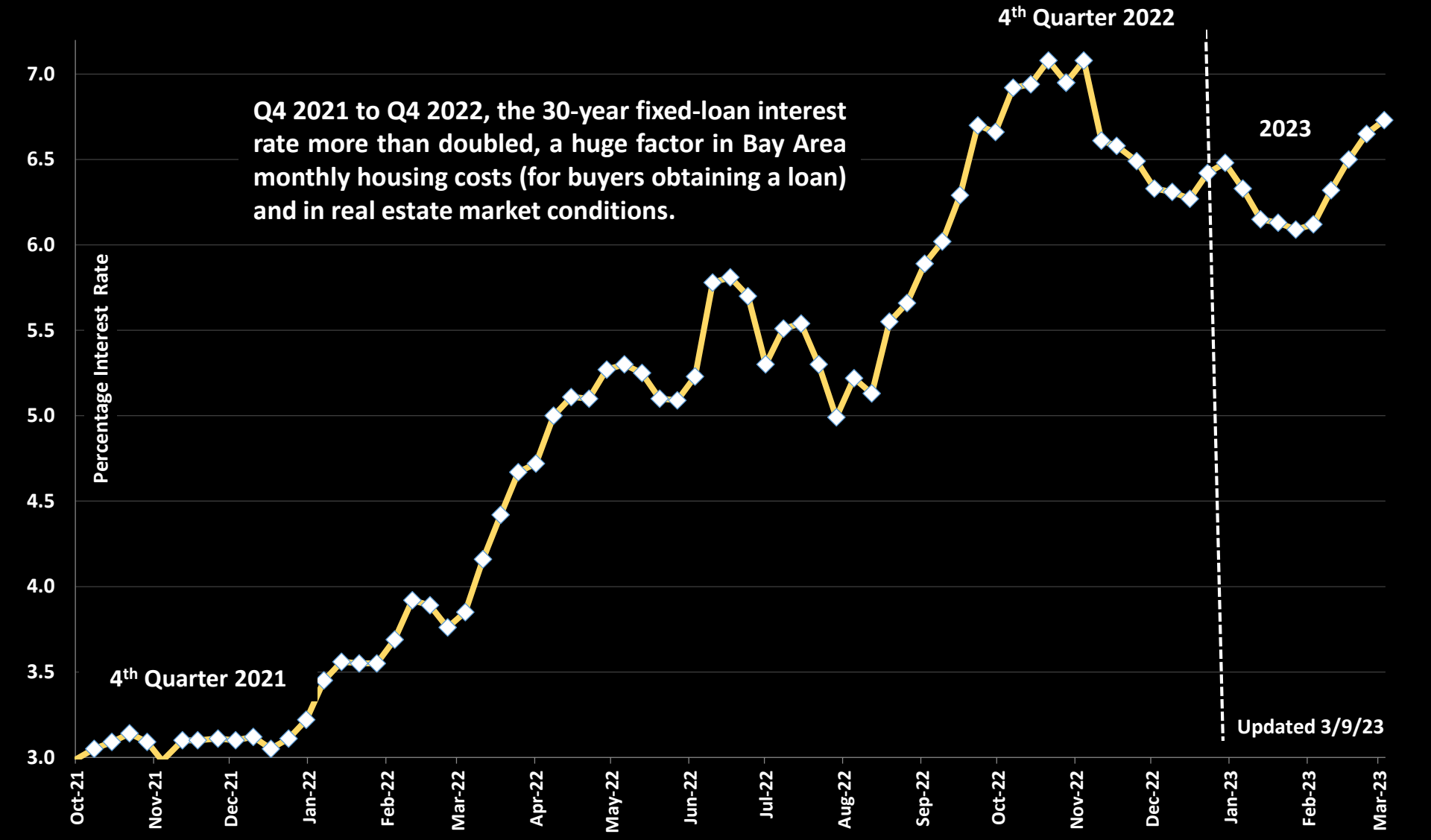
Mortgage Interest Rates, Q4 2021 – Q4 2022

30-Year Conforming Fixed-Rate Loans, Weekly Average Readings



Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/MORTGAGE30US. Data from sources deemed reliable. Different sources of mortgage data sometimes vary in their determinations of daily and weekly interest rates. All numbers approximate.

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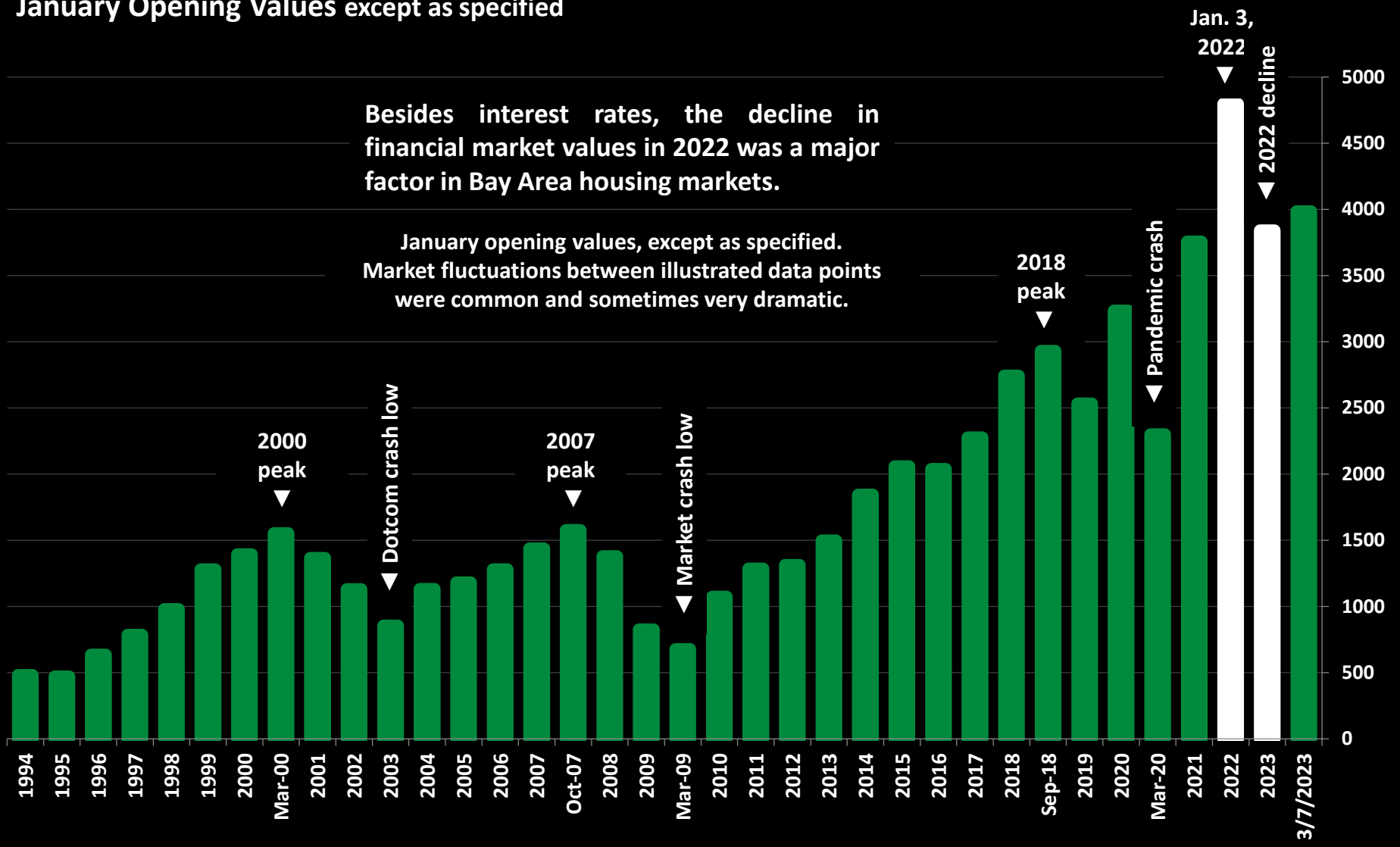
S&P 500 Stock Index, since 1994*

January Opening Values except as specified



*Last reading, end of day, 3/7/23. An approximate illustration only. January opening value data points except as noted in horizontal axis. Data from sources deemed reliable but may contain errors and subject to revision. Financial markets are prone to significant volatility even on a short-term basis.

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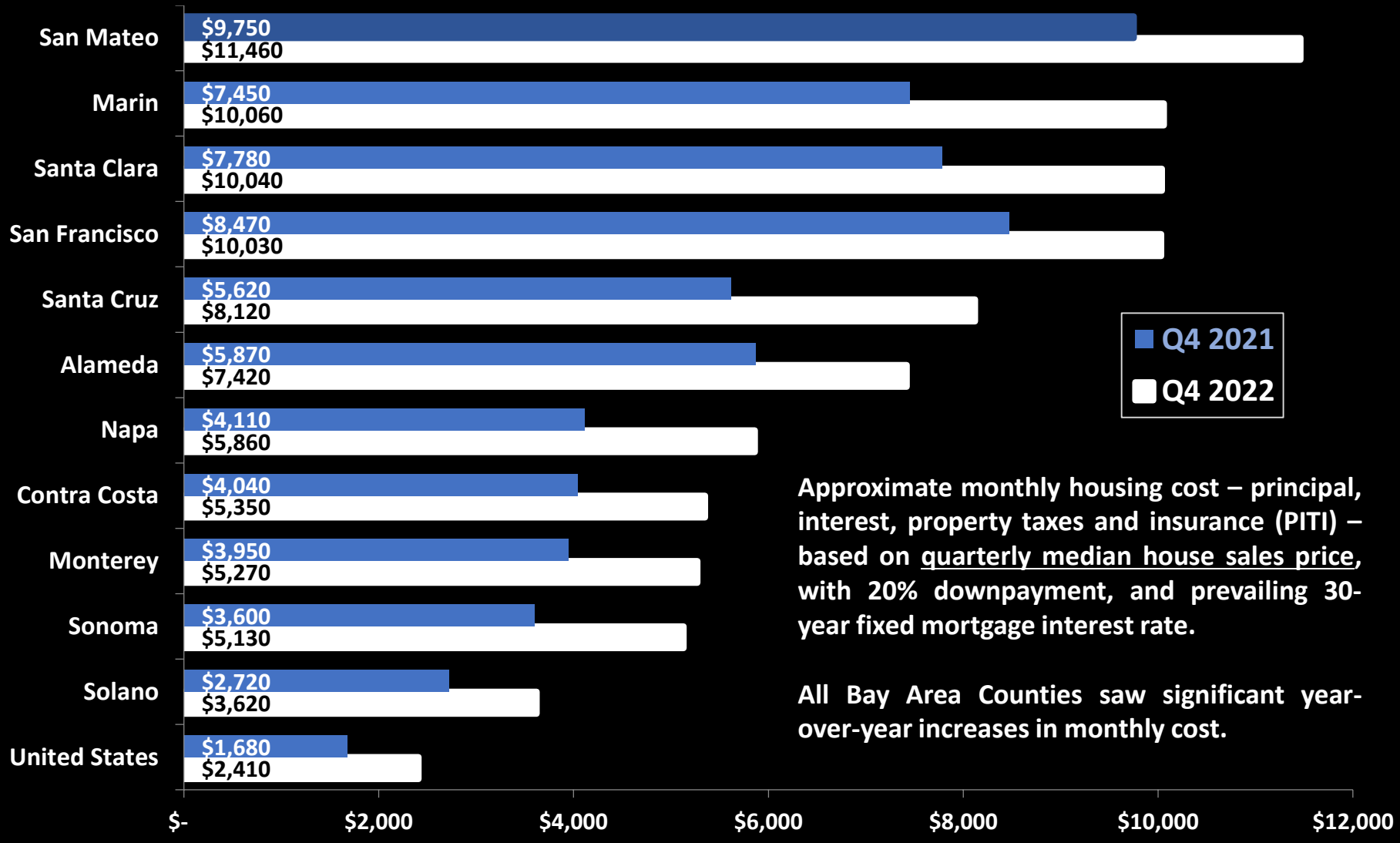
Change in Monthly Housing Cost

Q4 2021 to Q4 2022, by Bay Area County



Approximate monthly housing cost – principal, interest, property taxes and insurance (PITI) – based on quarterly median house sales price, with 20% downpayment, and prevailing 30-year fixed mortgage interest rate.

All Bay Area Counties saw significant year-over-year increases in monthly cost.

Data per California Association of Realtors (CAR): Traditional Housing Affordability Index (HAI). Methodology can be found on www.CAR.org, Market Data section. Based on CAR calculations of median "existing single family dwelling" sales prices. All numbers approximate.

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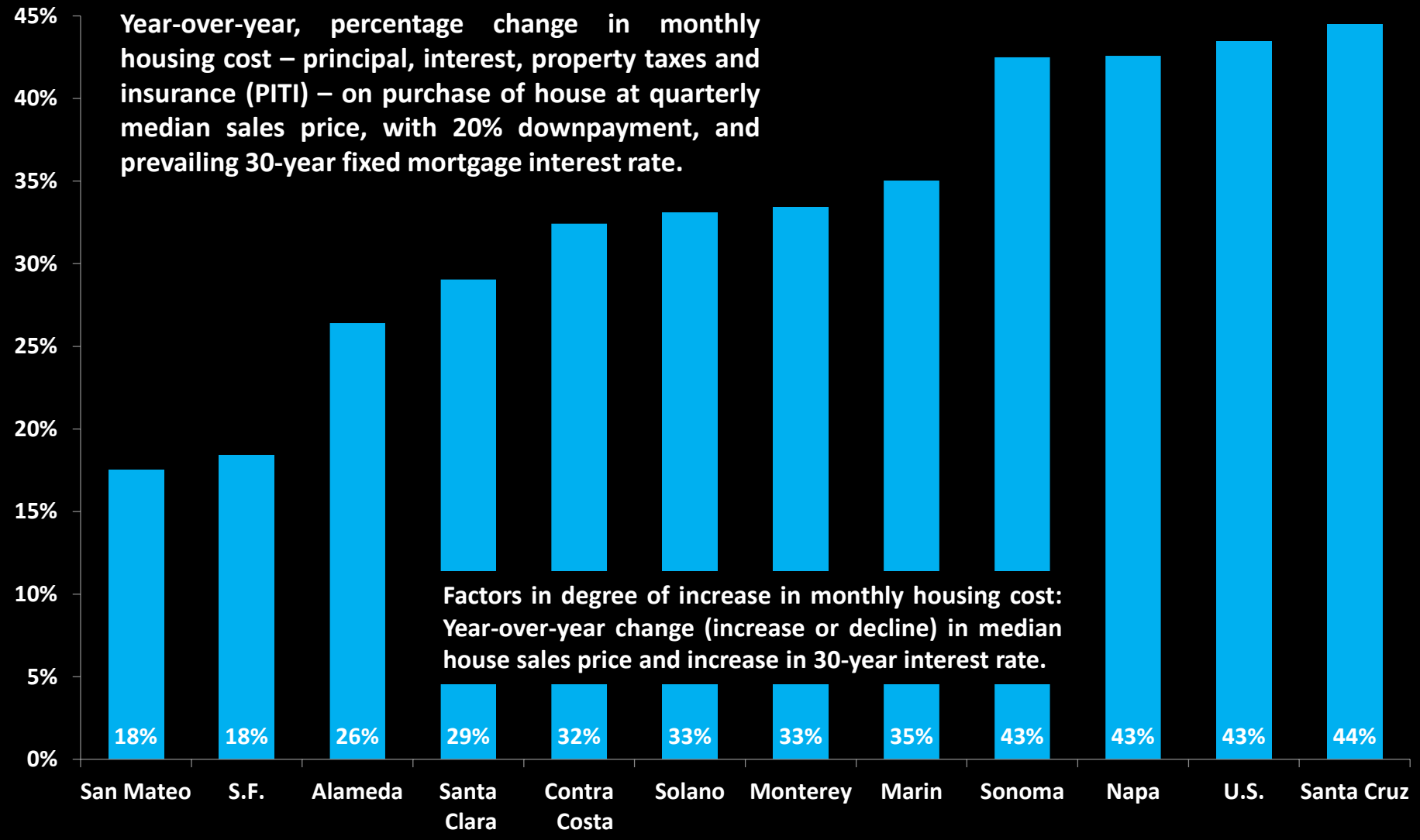
Year-over-Year Percentage Increase in Monthly Housing Cost

Q4 2021 to Q4 2022, by Bay Area County



Data per California Association of Realtors (CAR): Traditional Housing Affordability Index (HAI). Methodology can be found on www.CAR.org, Market Data section. Based on CAR calculations of median "existing single family dwelling" sales prices. All numbers approximate. Median sales prices can change due to a variety of factors.

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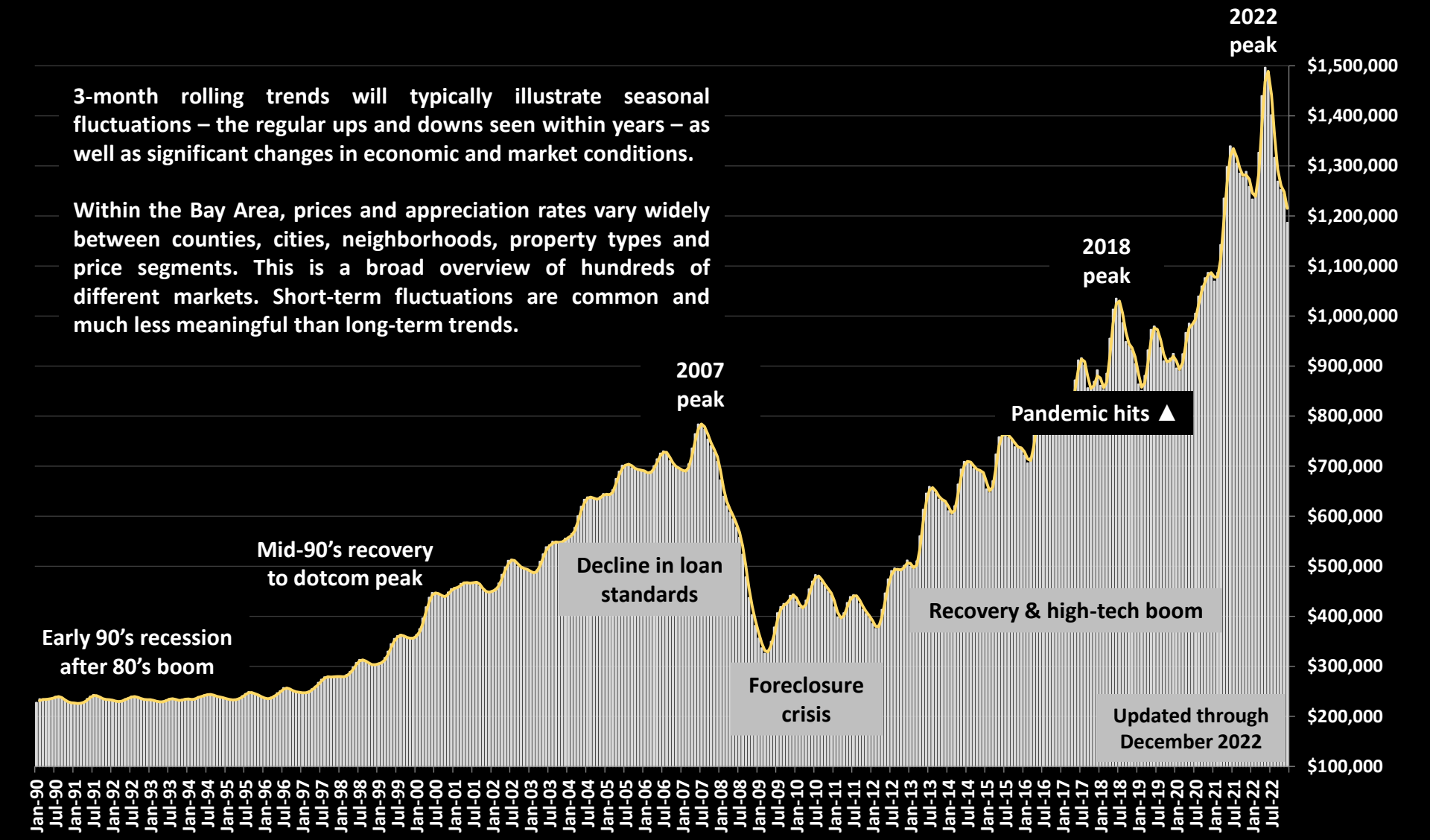
Bay Area Home Price Appreciation – Long-Term Overview

Monthly Median House Sales Prices since 1990, 3-Month Rolling Average



3-month rolling trends will typically illustrate seasonal fluctuations – the regular ups and downs seen within years – as well as significant changes in economic and market conditions.

Within the Bay Area, prices and appreciation rates vary widely between counties, cities, neighborhoods, property types and price segments. This is a broad overview of hundreds of different markets. Short-term fluctuations are common and much less meaningful than long-term trends.

Each point reflects a 3 month rolling average of monthly median sales prices for existing houses, 9 Bay Area Counties, per CA Assoc. of Realtors. Last month estimated. 2-period moving trend line. Analysis may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

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COMPASS San Francisco Bay Area Market Reports: https://www.BayAreaMarketReports.com/

Statistics are generalities, essentially summaries of widely disparate data generated by dozens, hundreds or thousands of unique, individual sales occurring within different time periods. They are best seen not as precise measurements, but as broad, comparative indicators, with reasonable margins of error. Anomalous fluctuations in statistics are not uncommon, especially in smaller, expensive market segments. Last period data should be considered estimates that may change with late-reported data. Different analytics programs sometimes define and calculate statistics differently: what is most meaningful are not specific calculations but the *trends* they illustrate. Most listing and sales data derives from the local or regional multi-listing service (MLS) of the area specified in the analysis, but not all listings or sales are reported to MLS and these won't be reflected in the data. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.

Many aspects of value cannot be adequately reflected in median and average statistics: curb appeal, age, condition, amenities, views, lot size, quality of outdoor space, "bonus" rooms, additional parking, quality of location *within* the neighborhood, and so on. Median sales prices are often affected by other factors – such as changes in median size, or large variances in luxury home sales – unrelated to changes in fair market value. How any of these statistics apply to any particular home is unknown without a specific comparative market analysis.

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