



- ◆ **Foreclosure Sale (REO):** for this analysis, a foreclosure/REO sale is the sale of a home by the financial institution which foreclosed upon it. (The term “REO” refers to the bank department “Real Estate Owned”.)
- ◆ **Short Sale:** a sale in which the existing property loans, other monetary liens and costs of sale *exceed* the sale price – i.e. the owner owes more than the property is worth. In a short sale, the lien holders—typically the bank(s)—have to agree to a reduced payoff for the sale to close. Short sales are complicated, usually take much longer to close escrow and may have significant ramifications that need to be recognized, but they can be a preferable alternative to foreclosure for sellers and can present buyers with purchase opportunities worth considering. (Paragon has a “Short Sale Advisory” that outlines many of issues pertinent to short sales.)

In the past year, 20% of all San Francisco house sales -- 403 sales -- have been REO or short sales: 14% REO and 6% short sale. All SF house sales (reported through MLS) totaled just below 2000 for the 12 months ending 8/31/09.

In the past year, 9% of city condo sales -- 130 sales -- have been REO or short sales. All SF condo sales reported through MLS totaled 1452. (Many new-development condo sales are not reported through MLS.)

There were only 2 TIC REO/short sales out of a total of approximately 350 Tenancy-in-Common units sold.

Approximately 80% of all SF REO and short sales of houses occurred in the city's less affluent, southern border neighborhoods stretching from Ingleside Heights and Oceanview through Crocker Amazon, Excelsior and Portola to Bayview/Bayview Heights. Approximately 6% were in the Sunset/Parkside district; 3 - 4% occurred in Bernal Heights. There was a Pacific Heights REO sale that exceeded \$11,000,000 – the largest SF home sale in 2009 year to date – though other than that 9-bedroom mansion, the higher end has been relatively unaffected so far by foreclosures.

- **58% of all REO house sales in the past year went pending sale within 30 days of going on market (i.e. very quickly) to close at an average of 6% above the list price: a hot market marked my multiple offers.**

Approximately 47% of all SF condo REO/short sales happened in Realtor District 9 which stretches from South Beach and Mission Bay through SOMA, Inner Mission, Potrero Hill and Bernal Heights – SOMA is the area with the greatest number of these distress condo sales. Another 30% occurred in the southern boundary neighborhoods mentioned above. The rest are scattered throughout the city.

As of September 11, 2009, there were 30 active REO house listings and 22 active REO condo listings; there were 56 active short-sale house listings and 46 active short sale condo listings. REO and short-sale listings constitute 15% of the total active houses listed and 8% of the total active condos listed. As of 9/11/09, there were 43 REO house listings and 31 condo listings that had accepted offers but not yet closed; there were 105 short-sale house listings and 75 short-sale condo listings that had accepted offers but not yet closed.

- **Generally, REO sales take longer to close escrow than regular sales (think bank bureaucracy and paperwork) and short sales take *much longer*** – 60 to 120+ days (add complicated buyer/seller/lender negotiations to bank bureaucracy) – which explains the high number of *pending* REO & short sales as compared to *active* listings and *closed* sales for these types of transactions. They just take a lot longer to close.

The median sales price for an REO/short-sale house was from \$490,000 to \$520,000 as compared to the general median house sales price of \$730,000 (all sales) over the past year. The 20% of REO/short sales had a significant lowering effect on the overall median house price. The median REO condo sales price was \$437,000; the median short-sale condo price was \$539,000. The median sales price for all condo sales over the past year was \$679,000.

San Francisco continues to have one of the lowest foreclosure rates in the state. According to DataQuick, in the 2nd quarter of 2009, there were 136 home foreclosures in the city (bank foreclosure repossessions, not bank resales of foreclosed homes) as compared to 1466 in Alameda County, 2048 in Contra Costa County and 6706 in Los Angeles County. On a per capita basis, the SF foreclosure rate was far below even Marin and Napa Counties.

Foreclosure Avoidance Counseling: The Department of Housing & Urban Development (HUD) offers free counseling services. You can find help understanding your options here: <http://www.hud.gov/offices/hsg/sfh/hcc/fc/>.

Loan Modification Programs: More information about government supported home loan modification programs can be found here: <http://makinghomesaffordable.gov/>.

