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Oakland, Berkeley, Piedmont & City of Alameda

**Heading into the 2019 Market
February 2019 Report**

As of early February, the government shutdown is over - at least for a couple weeks - the stock market has recovered dramatically from its late 2018 plunge, and interest rates are well down from November highs. A good number of large, local, high-tech "unicorns" continue to plan IPOs in 2019. All these are positive economic indicators for the Bay Area real estate market - but indicators have proven to be quite volatile over the past 5 months, and future movements are not to be taken for granted.

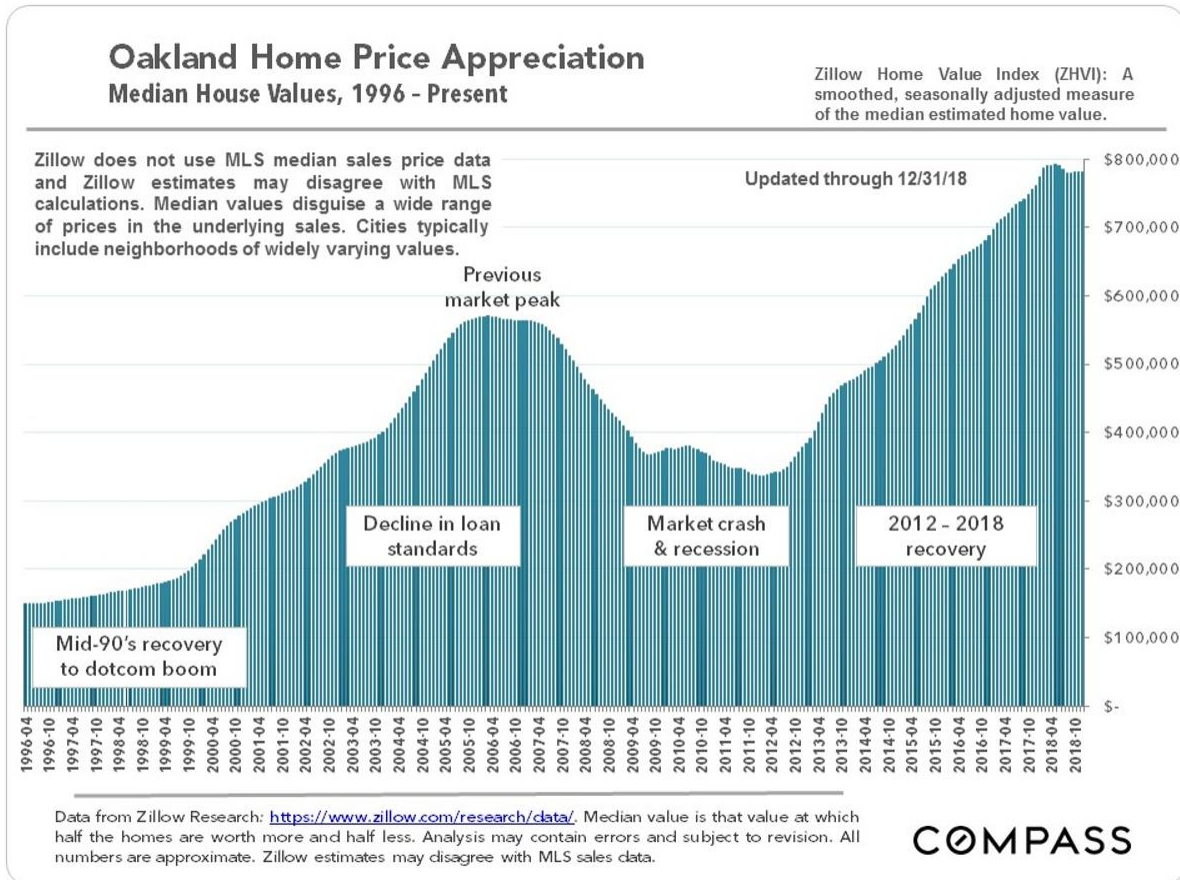
As detailed in previous reports, there was considerable cooling in Bay Area markets in the second half of 2018, but the change in the greater

Oakland-Berkeley region was much less dramatic than in most others. The month of January typically has the fewest sales of the year, sales which mostly reflect activity during the December market doldrums: So, we don't consider its data to be a reliable indicator of conditions or trends. But activity is picking up, and the beginning of the spring sales season - which in the Bay Area can start as early as February - will soon provide more direction as to where the market is heading.

Market Overviews

Home Price Appreciation Trends since 1996

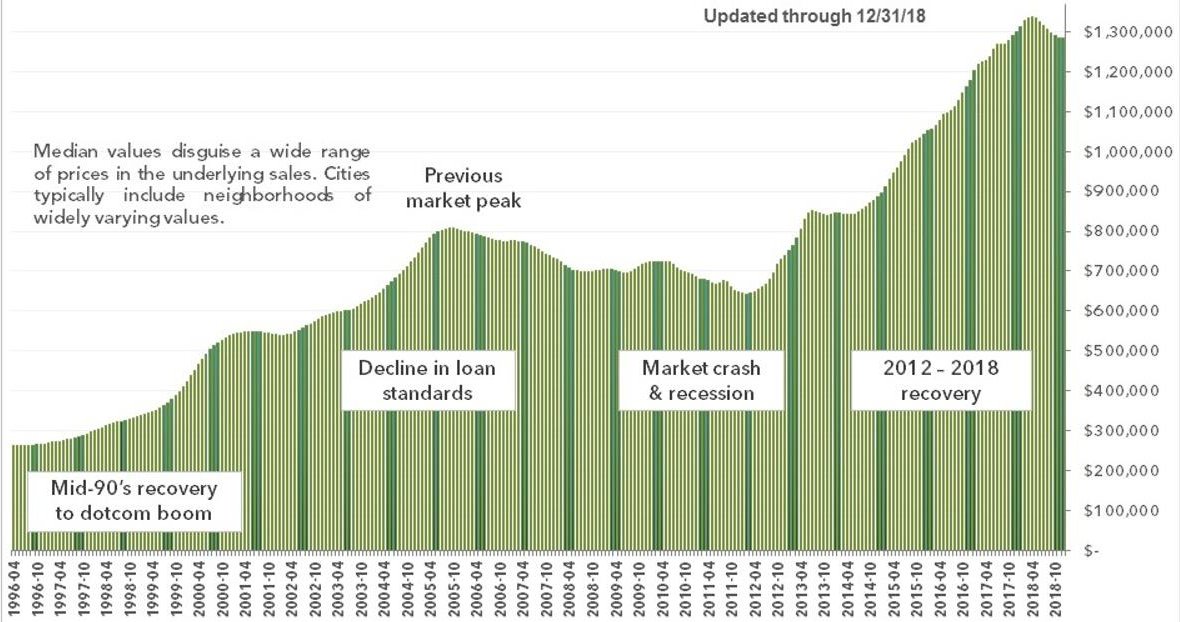
In these charts, monthly and seasonal fluctuations have been smoothed out to convey overall home price appreciation trends. Trends are similar across the 4 cities, though Oakland saw a bigger subprime bubble and crash, and then a somewhat steeper recovery since 2012.



Berkeley Home Price Appreciation

Median House Values, 1996 - Present

Zillow Home Value Index (ZHVI): A smoothed, seasonally adjusted measure of the median estimated home value.



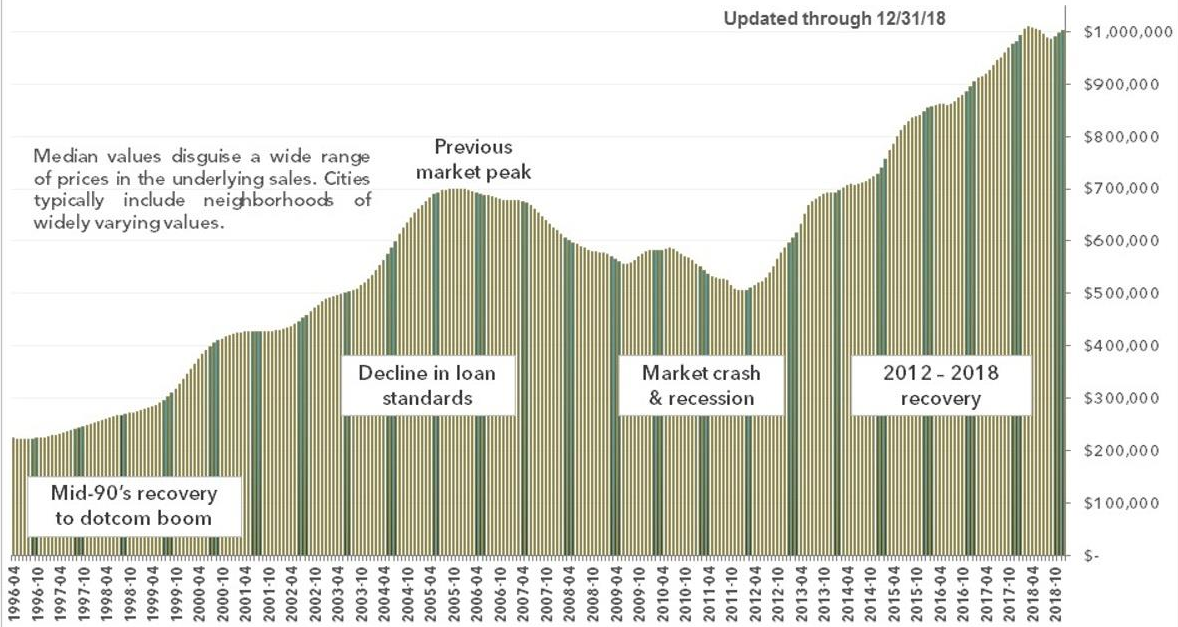
Data from Zillow Research: <https://www.zillow.com/research/data/>. Median value is that value at which half the homes are worth more and half less. Analysis may contain errors and subject to revision. All numbers are approximate. Zillow estimates may disagree with MLS sales data.

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City of Alameda Home Price Appreciation

Median House Sales Prices, 1996 - Present

Zillow Home Value Index (ZHVI): A smoothed, seasonally adjusted measure of the median estimated home value.



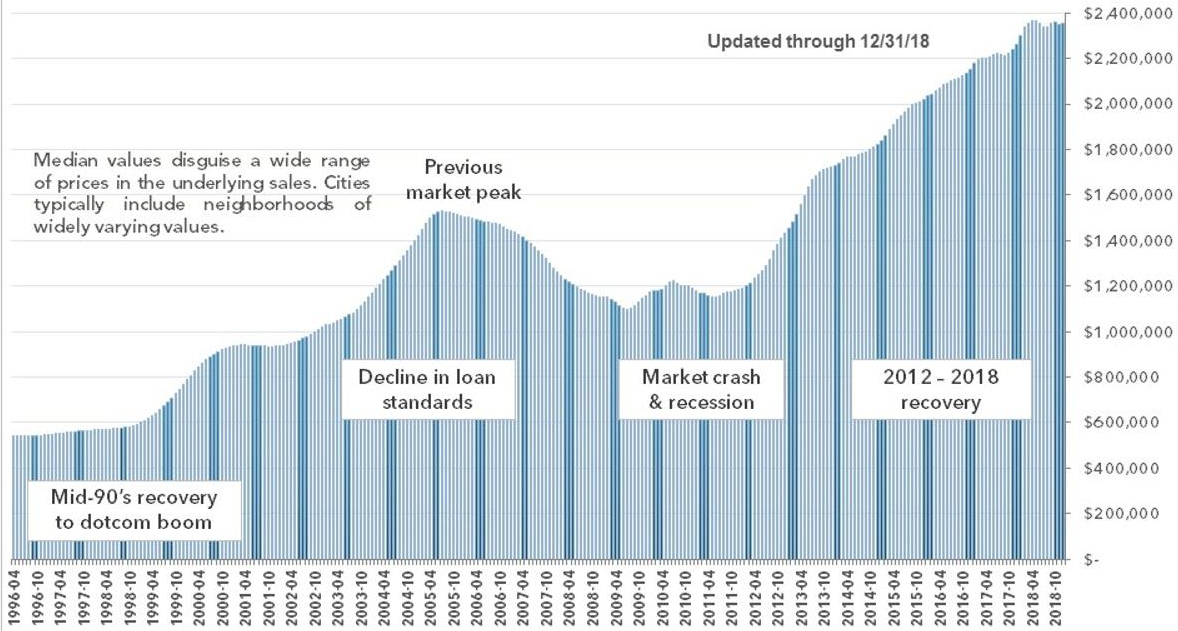
Data from Zillow Research: <https://www.zillow.com/research/data/>. Median value is that value at which half the homes are worth more and half less. Analysis may contain errors and subject to revision. All numbers are approximate. Zillow estimates may disagree with MLS sales data.

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Piedmont Home Price Appreciation

Median House Sales Prices, 1996 - Present

Zillow Home Value Index (ZHVI): A smoothed, seasonally adjusted measure of the median estimated home value.



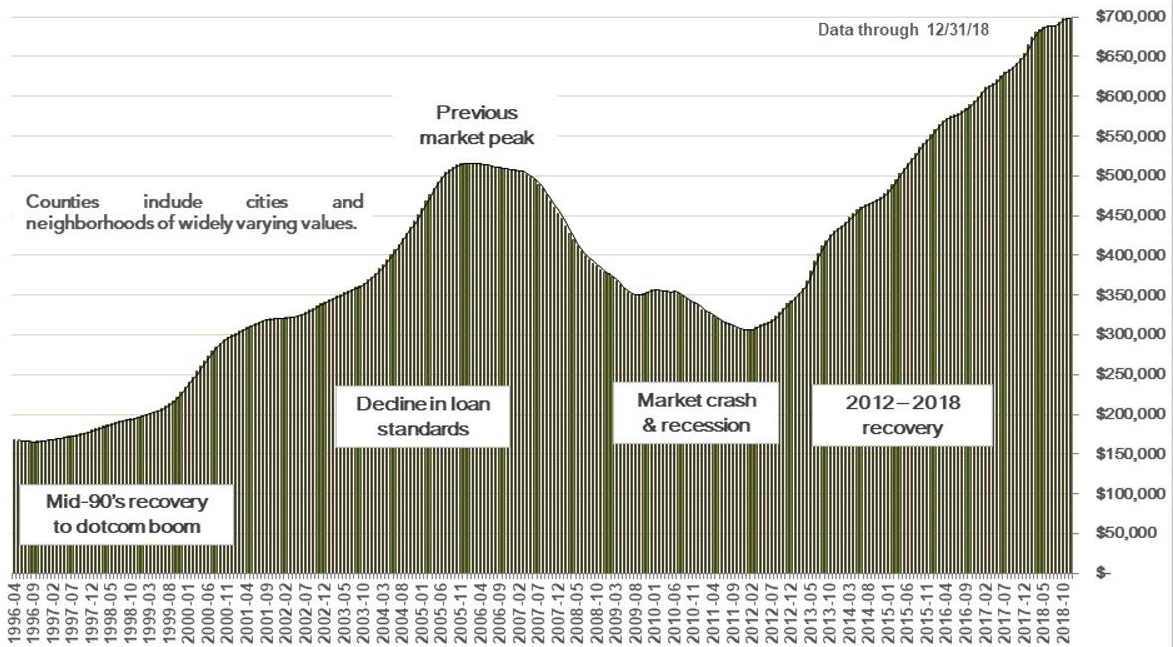
Data from Zillow Research: <https://www.zillow.com/research/data/>. Median value is that value at which half the homes are worth more and half less. Analysis may contain errors and subject to revision. All numbers are approximate. Zillow estimates may disagree with MLS sales data.

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Condo Price Appreciation since 1996 for Alameda County

Alameda County Condo Price Appreciation Median CONDO Values, 1996 – Present

Zillow Home Value Index (ZHVI): A smoothed, seasonally adjusted measure of the median estimated home value.



Data from Zillow Research: <https://www.zillow.com/research/data/>. Median value is that price at which half the homes are worth more and half less. Analysis may contain errors and subject to revision. All numbers to be considered approximate. Zillow's calculations may vary from median sales price data.

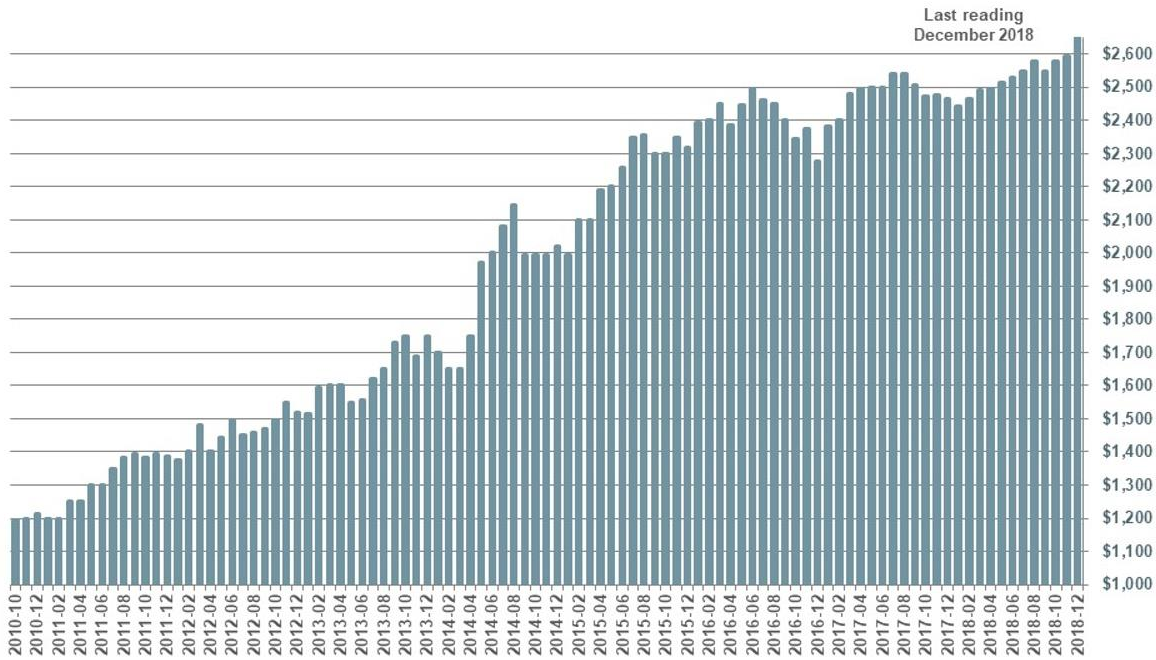
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Rent Appreciation Trends since 2010 in Alameda County

Generally speaking, there should be a relatively close correlation between home prices and rents: They constitute the 2 main options for paying for one's housing. It is not an apples-to-apples comparison, because there are other issues at play, such as building equity, the ability to remodel and improve, certain tax advantages (though greatly diminished under new tax laws) and so on. If home prices appreciate while rents plateau or decline, it can be a warning sign of an imbalance in the market.

Median List Rents, 5+ Unit Properties

Alameda County, 2010 – Present, by Month



Per Zillow Research Rent Index: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate.

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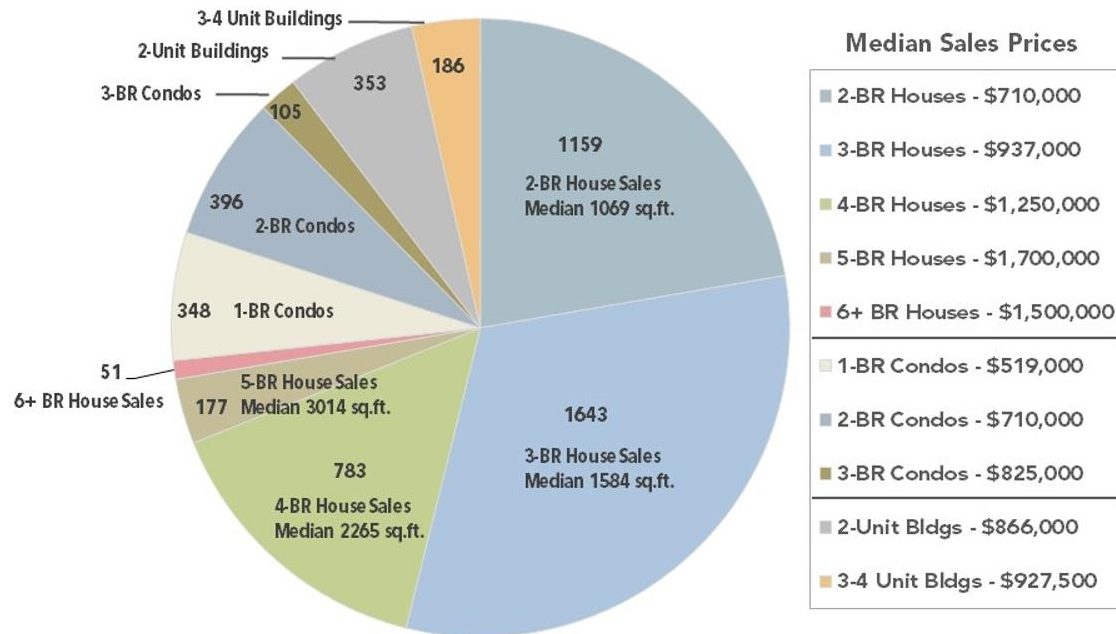
Home Sizes, Prices & Era of Construction

Sales & Prices by Property Type & Bedroom Count

The most common home sale in the area is a 3-bedroom house at a median sales price under \$1 million. As an interesting point of context, the most common sale in San Francisco is a 2-bedroom condo at a median price of \$1,375,000. A buyer gets much more for their money here than across the Bay Bridge.

Oakland, Berkeley, Piedmont, City of Alameda 2018 Sales by Property Type & Bedroom Count

House & condo sales reported to MLS



These percentages are estimates based upon data sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate.

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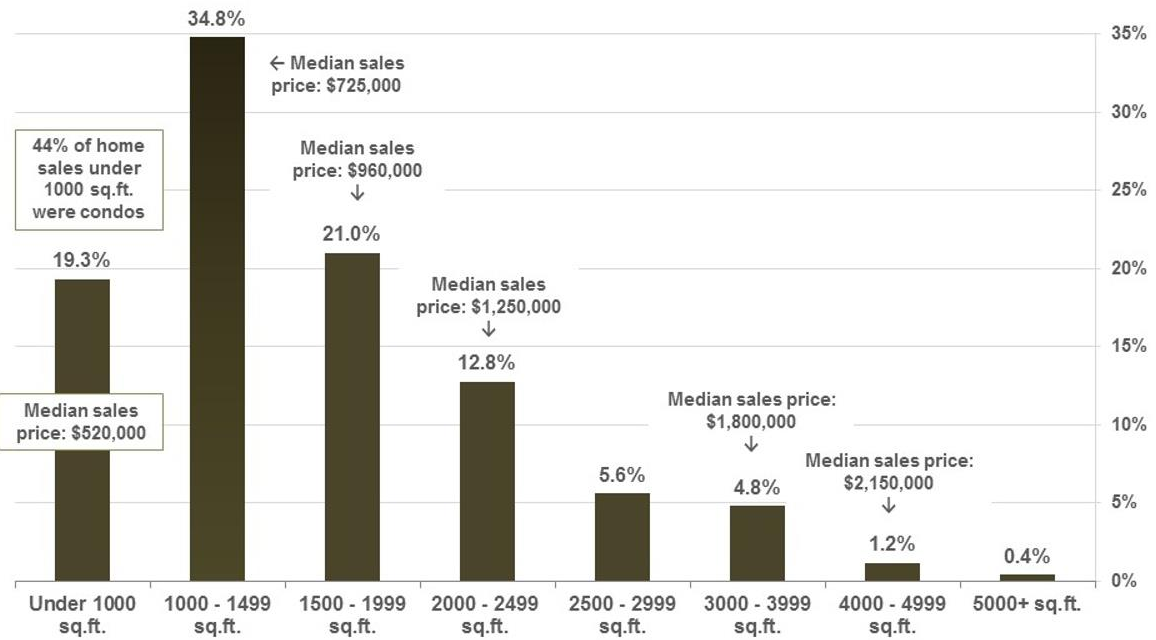
Home Sales by Square Footage

The greater Oakland-Berkeley market has the highest percentage of smaller home sales - sizes of 1500 square feet or less - of any major market in Bay Area. As noted in the pie chart above, it has a comparatively high number of 2-bedroom houses. Much of this has to do with era of housing construction: Just over 50% of its housing units were built prior to WWII. Newer houses tend to be bigger: When the Oakland hills rebuilt after the big fire in 1991, home sizes generally increased to make greater use of valuable lots. Unsurprisingly, bigger home sizes are typically found in more affluent neighborhoods.

Oakland, Berkeley, Piedmont, City of Alameda

Percentage of Home Sales by Square Footage in 2018

Sales reporting home square footage to MLS

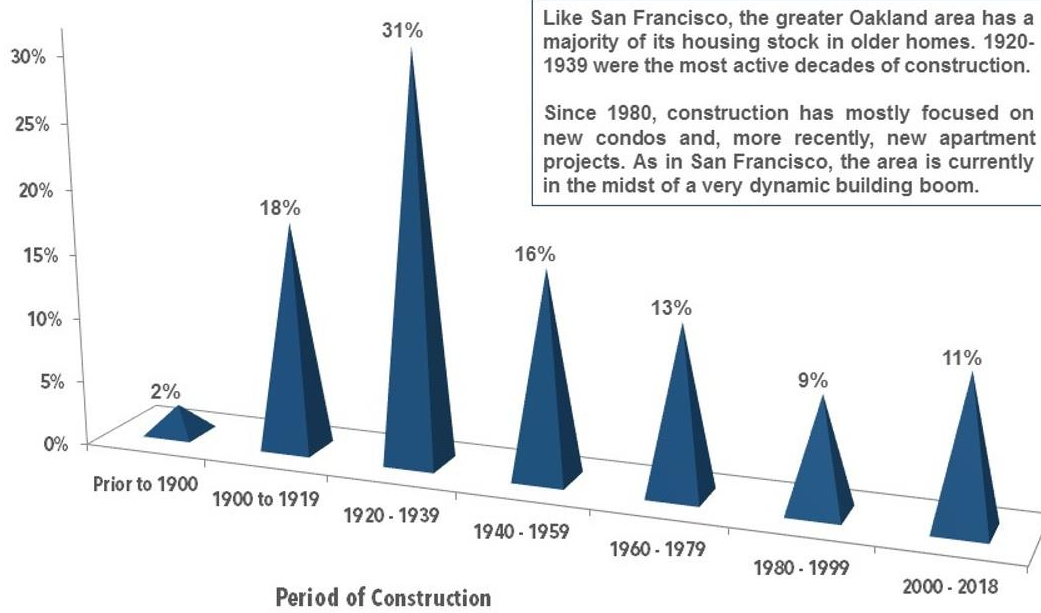


House and condo sales reported to MLS. Size figures are for "livable square footage" which does not include garages, storage, rooms built without permit, or outdoor spaces. Not all sales report square footage. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.



Sales by Era of Construction

Oakland, Berkeley, Piedmont, City of Alameda Percentage of Home Sales by Era of Construction



Estimates based on 2017-2018 house and condo sales reported to MLS. These analyses were performed in good faith with data derived from sources deemed reliable, but they may contain errors and are subject to revision. All numbers are approximate.

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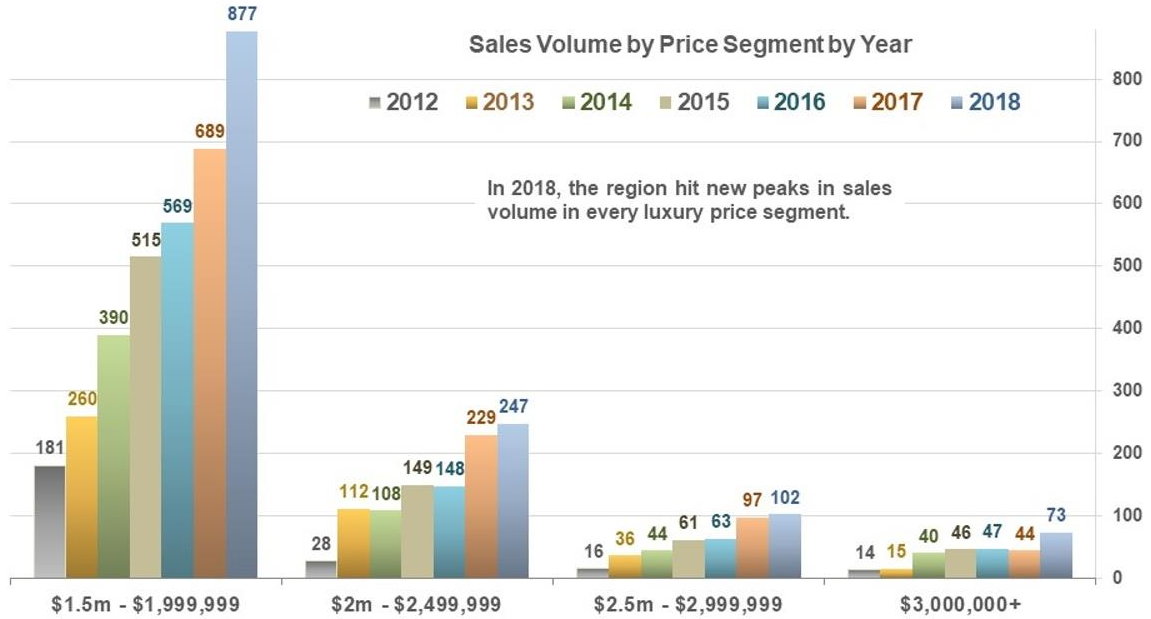
Luxury Home Sales

Luxury home sales in Alameda County hit new highs in 2018 in every price segment, as was the case in the four cities covered in this report.

Alameda County Luxury Home Sales

Sales by Price Segment since 2012, \$1.5 Million+

Sales reported to MLS



Some luxury home sales, especially in the highest price ranges, are not reported to MLS. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.

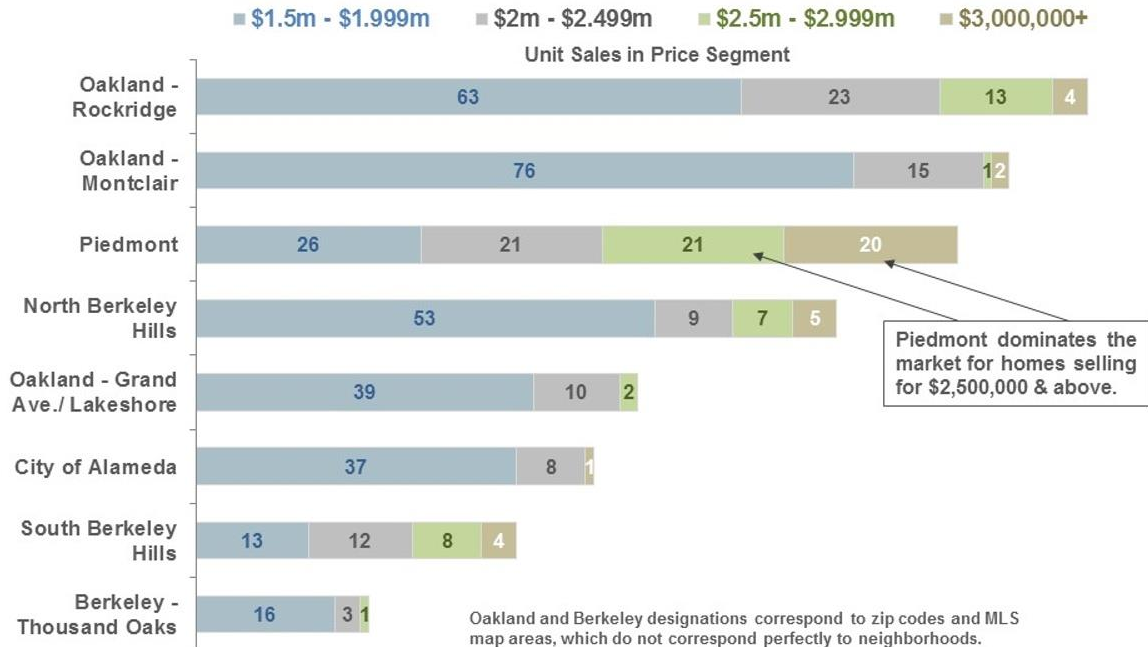
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The neighborhoods delineated on the next chart are usually representative of larger MLS areas, which often contain parts of different neighborhoods. Still, the chart gives an idea of where luxury home sales are clustered. Piedmont is the highest priced home market in the East Bay.

Oakland, Piedmont, Berkeley & City of Alameda

2018 High-End Home Sales, \$1,500,000+

Sales reported to MLS



Sales reported to MLS. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate.

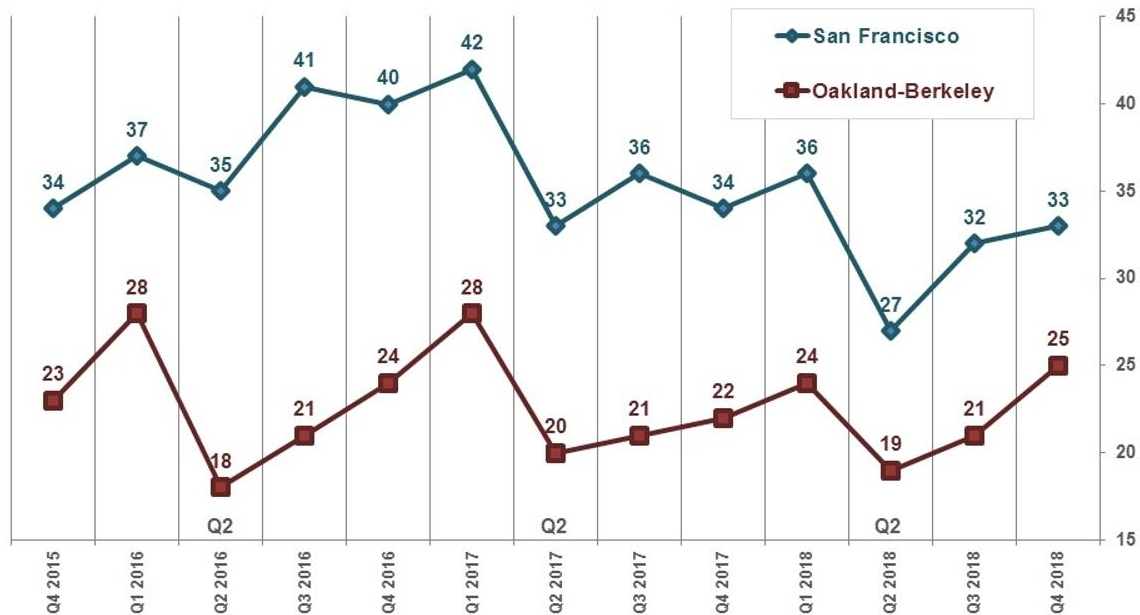
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Average Days on Market As Compared to San Francisco

For the last few years, homes have been selling more quickly here than in San Francisco. Much of this has to do with the area's much greater affordability, but, of course, many people simply prefer to live here for a variety of excellent reasons.

Average Days on Market to Acceptance of Offer

San Francisco vs. Oakland-Berkeley-Piedmont-City of Alameda



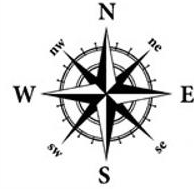
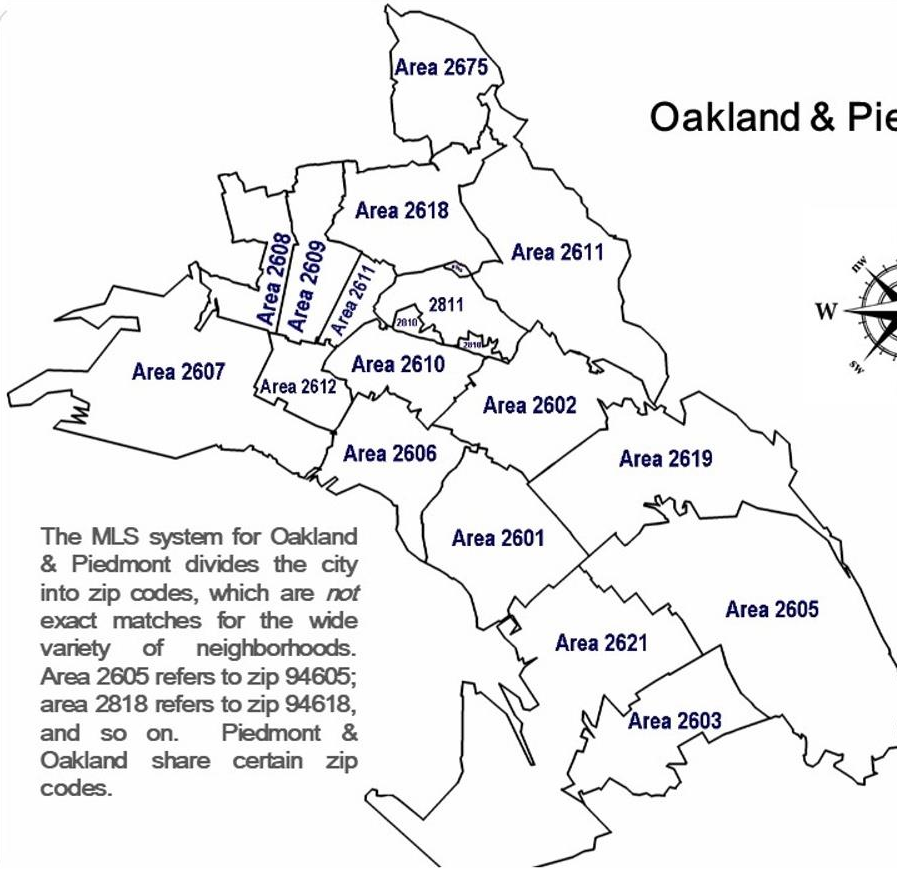
Listings and sales reported to MLS, per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision.

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Home Value Tables

Instead of breaking the market into neighborhoods, East Bay MLS divides it into zip codes for Oakland, the city of Alameda and Piedmont, and into map areas for Berkeley. This is not ideal because much of the time these delineations don't align particularly well with neighborhoods. But using the maps below, one can get a general idea of the widely varying home prices, average dollar per square foot values, and average home sizes by location within cities. But remember that the representative neighborhood names used for the MLS areas are inexact and incomplete.

Oakland & Piedmont



The MLS system for Oakland & Piedmont divides the city into zip codes, which are *not* exact matches for the wide variety of neighborhoods. Area 2605 refers to zip 94605; area 2818 refers to zip 94618, and so on. Piedmont & Oakland share certain zip codes.

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Oakland, Piedmont, Alameda: 2, 3 & 4 Bedroom House Values

2018 MLS Sales, Selected Zip Codes

	2-Bedroom Houses		3-Bedroom Houses		4-Bedroom Houses
Selected Zip Codes	Median Sales Price		Median Sales Price		Median Sales Price
Piedmont 94611			\$2,150,000		\$2,450,000
Piedmont 94610			\$1,820,000		
Oakland 94618 Rockridge	\$1,300,000		\$1,600,000		\$1,840,000
Oakland 94610 Lakeshore	\$935,000		\$1,350,000		\$1,700,000
Oakland 94611 Montclair	\$1,000,000		\$1,200,000		\$1,500,000
Oakland 94609 Temescal/Bushrod	\$936,500		\$1,100,000		\$1,200,000
City of Alameda 94501, 94502	\$870,000		\$1,109,000		\$1,285,000
Oakland 94602 Glenview/Oakmore	\$880,000		\$1,050,000		\$1,187,500
Oakland 94608 NOBE	\$799,500		\$805,000		\$1,000,000

Zip codes contain a mix of neighborhoods and do not match specific neighborhoods exactly. Data from MLS sales reported by 12/18/18. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

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Oakland: 2, 3 & 4 Bedroom House Values

2018 MLS Sales, Selected Zip Codes

	2-Bedroom Houses		3-Bedroom Houses		4-Bedroom Houses
Selected Zip Codes	Median Sales Price		Median Sales Price		Median Sales Price
Oakland 94619 Maxwell Park	\$695,000		\$850,000		\$1,100,000
Oakland 94607 Embarcadero	\$625,000		\$850,000		
Oakland 94606	\$540,000		\$740,000		
Oakland 94605 Oak Knoll	\$520,000		\$725,000		\$810,000
Oakland 94601 Fruitvale	\$540,000		\$581,500		\$751,000
South Oakland 94603	\$420,000		\$482,500		\$550,000
S.W. Oakland 94621	\$412,000		\$470,000		\$465,000

Median Sales Price is that price at which half the properties sold for more and half for less. It may be affected by "unusual" events or by changes in inventory and buying trends, as well as by changes in fair market value. The median sales price for an area will often conceal an enormous variety of sales prices in the underlying individual sales.

Zip codes contain a mix of neighborhoods and do not match specific neighborhoods exactly. Data from MLS sales reported by 12/18/18. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

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Oakland, Piedmont, Alameda: Average Dollar per Square Foot Values
2018 MLS HOUSE Sales, Selected Zip Codes

Selected Zip Codes	Average \$/Sq.Ft.	Average House Size		Selected Zip Codes	Average \$/Sq.Ft.	Average House Size
Piedmont 94610, 94611	\$857/sq.ft.	2972 sq.ft.		Oakland 94619 Maxwell Park	\$591/sq.ft.	1520 sq.ft.
Oakland 94618 Rockridge	\$808	2357 sq.ft.		Oakland 94607 Embarcadero	\$543	1518 sq.ft.
Oakland 94610 Lakeshore	\$725	2085 sq.ft.		Oakland 94606	\$490	1490 sq.ft.
Oakland 94611 Montclair	\$608	2294 sq.ft.		Oakland 94605 Oak Knoll	\$460	1583 sq.ft.
Oakland 94609 Temescal/Bushrod	\$773	1455 sq.ft.		Oakland 94601 Fruitvale	\$475	1309 sq.ft.
City of Alameda 94501, 94502	\$667	1807 sq.ft.		South Oakland 94603	\$417	1174 sq.ft.
Oakland 94602 Glenview/Oakmore	\$643	1673 sq.ft.		S.W. Oakland 94621	\$416	1087 sq.ft.
Oakland 94608 NOBE	\$652	1389 sq.ft.				

All things being equal – which they rarely are – a smaller house will sell for a lower price, but a *higher* dollar per square foot value. In Oakland, Piedmont and city of Alameda, not only are there areas of wide/y varying quality of location and median house sales prices, but of enormously varying average house sizes.

Zip codes contain a mix of neighborhoods and do not match specific neighborhoods exactly. Data from 2018 MLS sales reported by 12/18/18. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



Berkeley

The MLS system for Berkeley divides the city into MLS Areas, which are *not* exact matches for the wide variety of neighborhoods.



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Berkeley 2, 3 & 4 Bedroom House Values

2018 MLS Sales, by MLS Map Area Codes

Some of these areas do not have many sales within the segments delineated, which makes their median prices more subject to fluctuation.

	2-Bedroom Houses		3-Bedroom Houses		4-Bedroom Houses
MLS Map Areas	Median Sales Price		Median Sales Price		Median Sales Price
S. Berkeley Hills Map Area 2310			\$1,800,000		\$2,295,000
North Berkeley Map Area 2302	\$1,185,000		\$1,385,000		\$1,740,000
Berkeley Hills Map Area 2301	\$1,110,000		\$1,317,500		\$1,555,000
South Berkeley Map Area 2309	\$1,300,000				
Central Berkeley Map Area 2303	\$1,165,000		\$1,390,000		
West Berkeley Map Area 2304	\$900,000		\$1,225,000		\$1,350,000
Central Berkeley Map Area 2307	\$1,082,500		\$1,310,000		\$1,175,000
South Berkeley Map Area 2308	\$913,000		\$1,065,000		\$1,075,000
Berkeley 94705			\$1,287,500		\$1,229,000

Data from MLS sales reported by 12/18/18. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

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Berkeley Average Dollar per Square Foot House Values

2018 MLS House Sales, by MLS Map Area Codes*

Selected MLS Map Areas	Average Dollar per Square Foot	Average House Size
North Berkeley Map Area 2302	\$809/sq.ft.	1928 sq.ft.
Berkeley Hills Map Area 2301	\$716/sq.ft.	2190 sq.ft.
South Berkeley Map Area 2309	\$851/sq.ft.	1718 sq.ft.
S. Berkeley Hills Map Area 2310	\$762/sq.ft.	2571 sq.ft.
South Berkeley Map Area 2308	\$787/sq.ft.	1443 sq.ft.
Central Berkeley Map Area 2303	\$962/sq.ft.	1447 sq.ft.
Central Berkeley Map Area 2307	\$870/sq.ft.	1488 sq.ft.
West Berkeley 2304, 2305, 2306	\$882/sq.ft.	1277 sq.ft.

All things being equal – which they rarely are – a smaller house will sell for a lower price (of course), but for a *higher* dollar per square foot value.

This is why in Berkeley, one will sometimes find higher dollar per square foot values in less expensive home-price areas with smaller houses, than in pricier neighborhoods with much larger houses.

*Data from 2018 MLS sales reported by 12/18/18. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

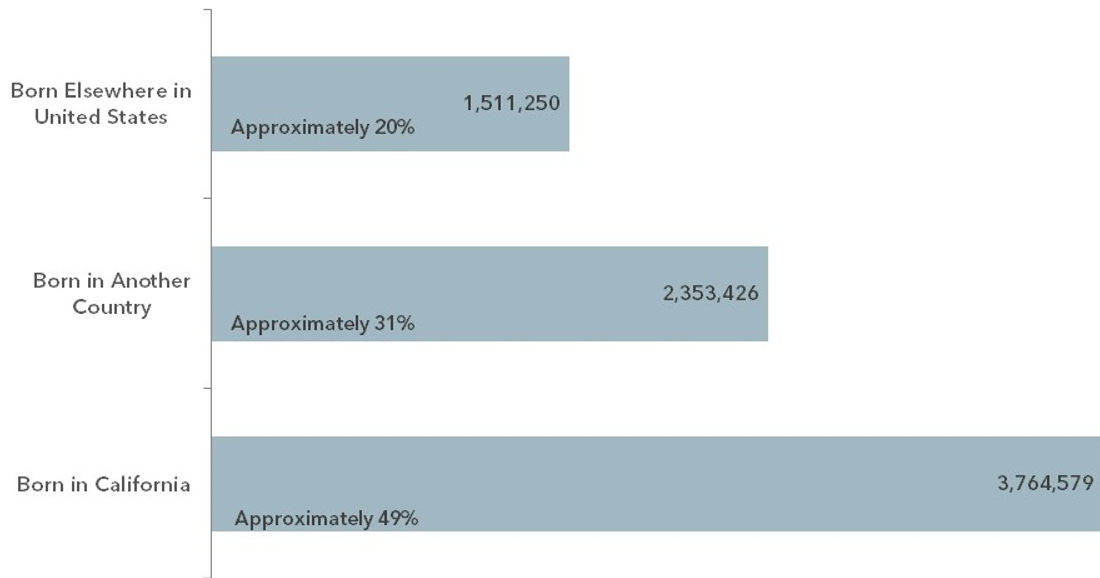
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A Very Multi-Cultural Place - Bay Area Demographics

Before looking at the charts below, here is today's demographics quiz question: What 4 nationalities account for the origin of the highest numbers of Bay Area residents?

Place of Birth Bay Area Demographics

Per U.S. Census ACS
estimates, 2013-2017



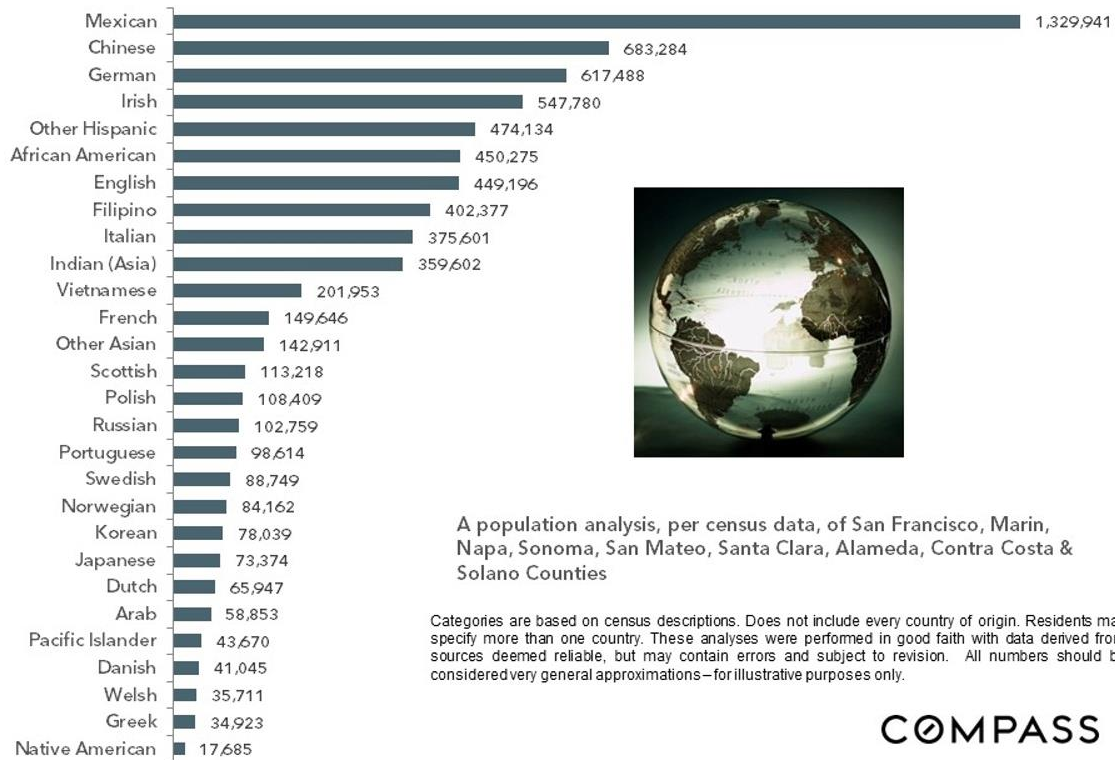
A population analysis, per census data, of San Francisco, Marin, Napa, Sonoma, San Mateo, Santa Clara, Alameda, Contra Costa & Solano Counties

These analyses were performed in good faith with data derived from sources deemed reliable, but they may contain errors and are subject to revision. All numbers should be considered very general approximations.

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Ancestry, Ethnicity, Country of Origin Bay Area Demographics

Per U.S. Census, 2017
5-Year ACS estimates



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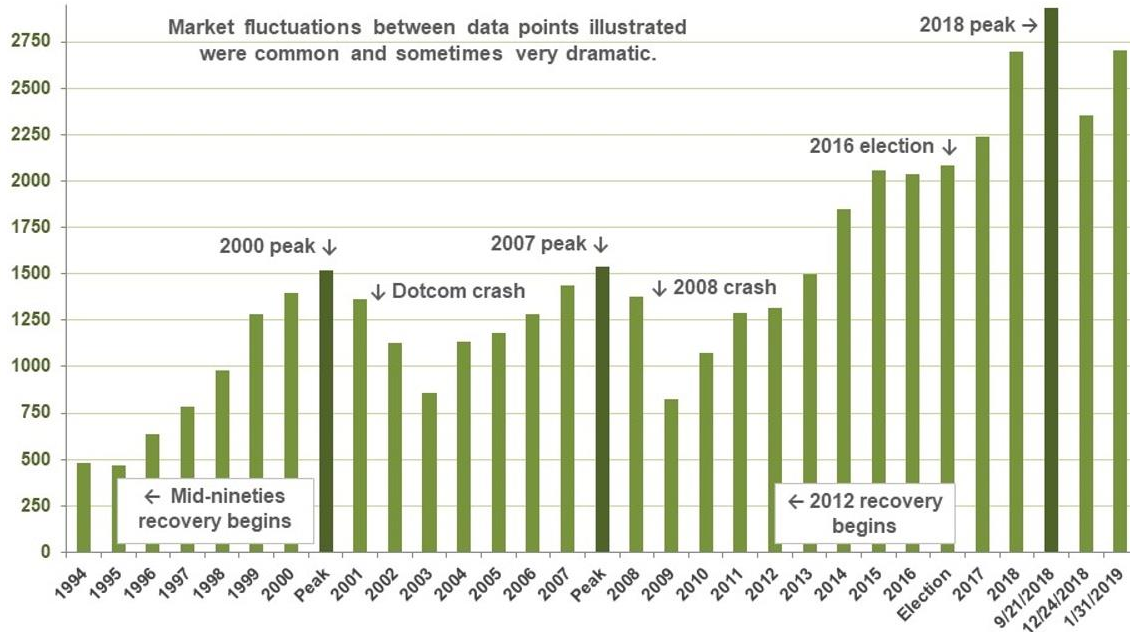
Stock Prices & Interest Rates

As seen in the first chart below, the changes in the S&P 500 Index have been very dramatic since the 2016 election, seeing an enormous jump to its most recent peak in September 2018 before entering a period of substantial volatility. Ups and downs and major volatility in financial markets - and their effects on household wealth - can play a large role in local real estate markets, especially in the higher price segments.

S&P 500 Stock Index, January 1994 – January 31, 2019

January Opening Values Except as Specified

Per Yahoo Finance as of 1/30/19



An approximate illustration only. January opening value data points except as noted. Data from sources deemed reliable but may contain errors and subject to revision. Financial markets can be prone to significant volatility even on a short-term basis.

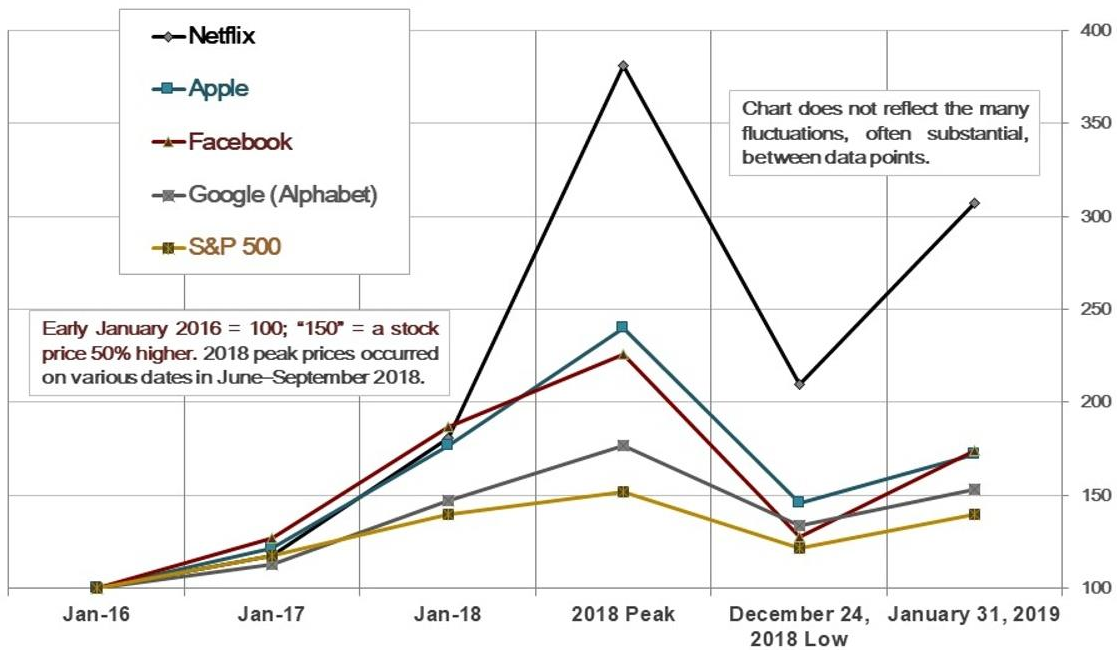
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As illustrated in this next chart, the movements in the S&P 500 have been distinctly modest compared to the stock price changes of some of our local high-tech giants. It has been a wild, queasy ride for investors and stock-owning employees - and for many home buyers.

If the big, local unicorn IPOs go forward as expected, and the market greets them enthusiastically, that could play a substantial role in demand as thousands of employees suddenly feel considerably more affluent.

Bay Area FANG Stock Price Movements

January 2016 – January 2017 – January 2018 – 2018 Peak – 2018 Low – January 31, 2019



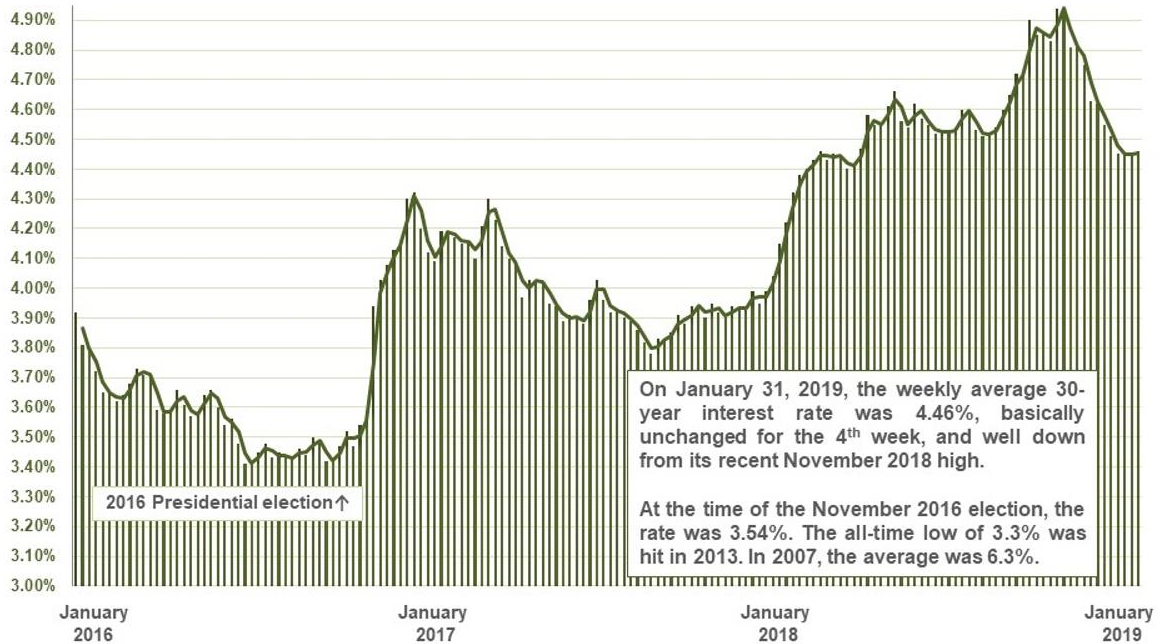
Data from sources deemed reliable but may contain errors and subject to revision. All numbers should be considered approximate, used for general illustrative purposes only. Stock prices can fluctuate dramatically even on a very short-term basis - as they have been doing recently.

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Interest rates are a major factor in housing costs and the ability to qualify for home loans. After hitting its most recent high in November, rates have dropped off considerably. Such declines sometimes spark renewed buyer motivation to move forward quickly.

Mortgage Interest Rate Trends in 2016 – 2019
30-Year Conforming Loans, Weekly Readings
January 7, 2016 – January 31, 2019

Rates as published
by the FHLMC.



Interest rates may fluctuate suddenly and dramatically. Data from sources deemed reliable but not guaranteed. Anyone interested in residential home loans should consult with a qualified mortgage professional and their accountant.

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