

Q1 2009 REPORT

UP TO DATE MARKET INFORMATION FROM YOUR TRUSTED ADVISORS

THE CURRENT STATE OF THE MARKET

QUITE A FEW PHENOMENA ARE PLAYING OUT IN THE MARKET AT THIS TIME. FIRST AND FOREMOST, THE EFFECTS OF LAST YEAR'S FINANCIAL MARKET IMPLOSION HAVE NOW FOUND THEIR WAY INTO REAL ESTATE. BECAUSE PRICES IN REAL ESTATE MARKETS TEND TO LAG MACRO-ECONOMIC FORCES, Q1 2009 WAS REALLY THE FIRST GLIMPSE WE'VE HAD OF HOW THE EVENTS OF LATE '08 ARE CHANGING THE LANDSCAPE OF SAN FRANCISCO REAL ESTATE.

1. WHEN WE LOOK AT Q1 2009 VERSUS Q1 2008, THERE ARE TWO MAIN THINGS THAT JUMP OUT. FIRST ARE THE MEDIANS. SINGLE FAMILY HOME MEDIANS ARE DOWN 24.27% AND CONDO MEDIANS ARE DOWN 14.53%. THE NEXT THING THAT JUMPS OUT IS SALES VOLUME. SALES OF SINGLE FAMILY HOMES HAVE DROPPED 22.22% YEAR OVER YEAR AND CONDOS ARE DOWN EVEN MORE, DECREASING 35.33% YEAR OVER YEAR. IT'S NOT AS IF 2008'S NUMBERS WERE STELLAR EITHER, SO TO SEE THESE KINDS OF DROPS IS PRETTY DRAMATIC. SEE FIGURES I & II.

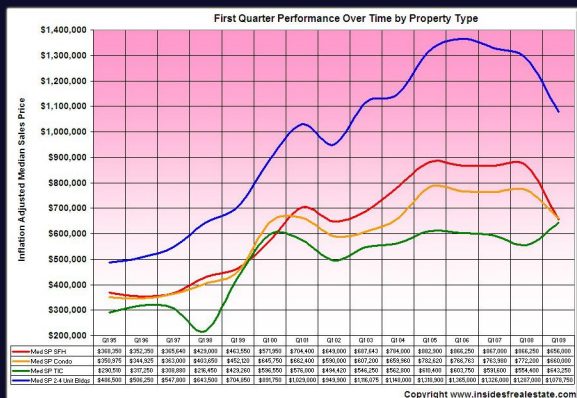


FIGURE I

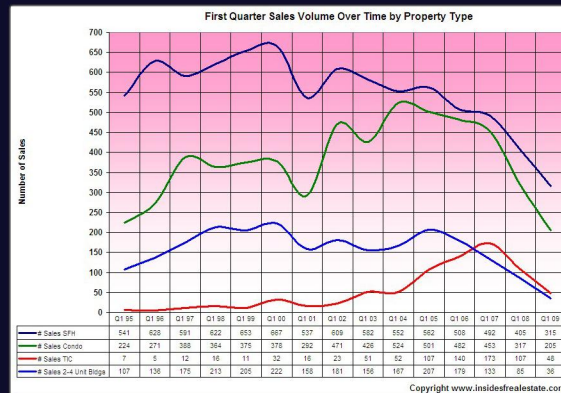


FIGURE II

2. THE SAN FRANCISCO MARKET SHOWED SOME INCREDIBLE SIGNS OF RESILIENCE IN THE PAST FEW YEARS. EVER SINCE 2005-2007, THINGS HAVE BEEN ON A DOWNWARD TREND NATIONWIDE. SAN FRANCISCO WAS LATE TO REACT. WE ARE NOW SEEING SIGNIFICANT DROPS IN THE SF MARKET. WE ARE NOT IMMUNE.

3. DIFFERENT NEIGHBORHOODS ARE OF COURSE REACTING IN DIFFERENT WAYS. WHEN DOWNWARD TRENDS BEGAN, IT WAS THE LOW END OF THE MARKET (SUB \$500,000) THAT REACTED FIRST IN THE CITY. THE LOW END IS NOW THE ONLY SEGMENT OF THE MARKET SHOWING ROBUST ACTIVITY IN Q1 2009. THE HIGH END OF MARKET WAS LAST TO REACT. WE ARE NOW SEEING THE HIGH END EXPERIENCE THE DIFFICULTIES THAT THE LOW END EXPERIENCED A WHILE AGO. BECAUSE OF THESE TRENDS, IT IS (AS ODD AS IT MAY SEEM) A GREAT TIME TO BE SELLING IN EXCELSIOR BUT A BAD TIME IN PACIFIC HEIGHTS. CONVERSELY, IF YOU'RE A BUYER AND LOOKING TO GET INTO SAN FRANCISCO'S HIGH END NEIGHBORHOODS, SIGNS ARE NOW HERE THAT OPPORTUNITY IS RIPENING.

4. THE DISCONNECT BETWEEN BUYERS AND SELLERS CONTINUED THROUGH FEBRUARY. MANY SELLERS COULD NOT COME TO GRIPS WITH THE FACT THAT THEIR HOME VALUE COULD BE DOWN ANYWHERE FROM 5-40%. BECAUSE OF THIS, BUYERS REMAINED RELUCTANT, PARTICULARLY DURING JANUARY AND FEBRUARY... A GOOD OLD FASHIONED STALEMATE. IN MARCH, WE SAW MORE BUYERS COMING INTO THE MARKET TO TAKE ADVANTAGE OF WORN OUT SELLERS, ALL-TIME LOW INTEREST RATES, AND INVENTORY LEVELS THAT OFFER CHOICES FOR EVEN THE PICKIEST OF BUYERS.

5. COMPETITIVE BIDS ON PROPERTIES, BELIEVE IT OR NOT, STILL EXIST IN SAN FRANCISCO. WE'VE SEEN TRULY UNIQUE AND DESIRABLE PROPERTIES GETTING MULTIPLE OFFERS, OFTEN WITH RATIFIED BACKUPS. HOMES ON THE LOW END OF THE MARKET, WHICH WE MENTIONED EARLIER ARE GAINING STEAM, HAVE ALSO SEEN MANY MULTIPLE OFFER SITUATIONS. THESE TRENDS SHOW US TWO THINGS. A) PRICES ARE CONTINUING TO GO DOWN FOR PROPERTIES THAT NO ONE WANTS. HOMES THAT ARE THE MOST DESIRABLE, HOWEVER, ARE CONTINUING TO SELL AT OR ABOVE THEIR ASKING PRICES. B) THE ACTION ON THE LOW END OF THE MARKET IS DRIVEN BY BARGAIN HUNTERS ENJOYING A MINIATURE CREDIT THAW.

IN CONCLUSION, WE ARE SEEING MANY DIFFERENT TRENDS EVOLVING OUT OF THE UNIQUE OPPORTUNITIES TODAY'S UNPRECEDENTED MARKETPLACE PRESENTS. IT IS CERTAINLY AN EXCITING TIME TO BE FOLLOWING THESE TRENDS CLOSELY. IF YOU ARE THINKING OF BUYING OR SELLING, IT'S MORE IMPORTANT THAN EVER TO HAVE THE GUIDANCE OF A TRUSTED ADVISOR WHO HAS A THOROUGH UNDERSTANDING OF THE MARKET. OTHERWISE, SIT THE SIDELINES AND WATCH HOW THIS THING UNFOLDS. WE'LL BE REPORTING ON IT ALL ALONG THE WAY.

DID YOU KNOW THAT WE CAN PROVIDE MANY FREE SERVICES TO YOU? THINKING OF SELLING YOUR HOME? LET US APPRAISE IT FOR YOU. THINKING OF BUYING? MAKE SURE THE TIME IS RIGHT FOR THE NEIGHBORHOODS YOU'RE INTERESTED IN. WE HAVE ALL THE DATA AND KNOW WHICH NEIGHBORHOODS ARE BUYERS' MARKETS OR SELLERS' MARKETS. LET US BE YOUR TRUSTED ADVISORS. CALL ARRIAN AT 415.830.2384 OR SEJAL AT 415.515.5266 TODAY.

117 GREENWICH STREET
SAN FRANCISCO, CA
94111 LIC# 01811368

THE BINNING'S TEAM

ARRIAN.BINNING@SOTHEBYSHOMES.COM | WWW.BINNINGSTEAM.COM | SEJAL.BINNING@SOTHEBYSHOMES.COM

Sotheby's
INTERNATIONAL REALTY