REAL ESTATE

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INSIDE

SOUND OFF

What are your thoughts on the Bay Area's real estate market this past year?

A: This past year, the Bay Area real estate market felt a little slower and more measured than many consumers and experts expected. At the beginning of the year, higher interest rates seemed to cause pause for both buyers and sellers. The market started off fairly slowly as many people took a wait-and-see approach.

Buyers had more choices: There was more inventory for buyers to choose from, which allowed them to be more selective and move at a more comfortable pace. Instead of rushing into decisions, many buyers took their time, asked questions and felt less pressure to have to compete.

Sellers faced a learning curve: Because buyers had more choices, homes that were priced well and thoughtfully prepared performed better, while many others needed longer time on the market or price adjustments before attracting buyers.

Buyers became more confident: As we approached the last quarter of the year, activity picked up a bit. Buyers adjusted to interest rates and appeared more confident, while sellers felt more comfortable listing their homes as well.

This year's Bay Area real estate market felt calmer and more balanced, which gave buyers room to breathe and reminded sellers that preparation and pricing really matter.

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A: If you had told me a year ago what 2025 would bring for the City's real estate market, I wouldn't have believed you. This year delivered surprises.

Personally, I got a new pup, business partner and home. More people also got new homes as closed MLS transactions rose 10%.

Unlike years past, the fall market proved stronger than spring.

While condo prices recovered, single-family homes were king: multiple offers, only a weekend or two on market, and sale prices hundreds of thousands — sometimes a million — over list. The gap between the least and most expensive home sales grew to roughly 100 times — $265,000 versus $26.5 million — all within a five-mile radius.

Rents also rose quickly in the second half of the year; it may now be less expensive to buy than to rent.

Policy-wise, Mayor Lurie's upzoning plan passed, the Marina Safeway may go a bit Miami, and the Great Highway debate appears far from over. Industry-wide, Compass' bid to acquire the parent company of Sotheby's and Coldwell Banker — potentially capturing 75% market share in the city — was reverse of what I had thought.

San Francisco once again proved unpredictable, but at least it's interesting.

Kevin Ho, Vanguard Properties, 415-297-7462, kevin@team-kho.com.

A: Despite headwinds that typically slow housing markets — higher inflation, layoffs, and elevated mortgage rates — the Bay Area real estate market proved remarkably resilient this past year. Demand remained strong, and in many areas, the supply-demand imbalance continued to drive competition.

While buying a home in the Bay Area can be challenging, it remains one of the most powerful paths to long-term wealth. A recent National Association of Realtors survey shows homeowners have, on average, 40 times the net worth of renters. That's why I encourage clients to think long term: get into a home, build equity over time, and use that equity to move up or pass wealth on to the next generation.

Looking at San Mateo County, the median home price was $2.2 million in October — up 10% year over year — while November's median of $2.0 million was down 9%. Sales activity was steady, with October up 7% and November even with last year.

And while I am deeply experienced on the San Mateo Peninsula, my 40 years in real estate allow me to assist clients throughout the entire Bay Area. When's the best time to buy real estate? Whenever you can.

Wishing you and your family a happy holiday season.

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Average long-term mortgage rate falls to 6.18% this week

By Matt Ott
AP BUSINESS WRITER

WASHINGTON — The average rate on a 30-year U.S. mortgage ticked down modestly this week, remaining in the same narrow range of the past two months.

The average long-term mortgage rate fell to 6.18% from 6.21% last week, mortgage buyer Freddie Mac said Wednesday. A year ago, the rate averaged 6.85%.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, rose this week. The rate averaged 5.50%, up from 5.47% last week. A year ago it averaged 6%, Freddie Mac said.

Mortgage rates are influenced by several factors, from the Federal Reserve's interest rate policy decisions to bond market investors' expectations for the economy and inflation. They generally follow the trajectory of the 10-year Treasury yield, which lenders use as a guide to pricing home loans.

The 10-year yield was at 4.15% at midday Wednesday, up modestly from last week's 4.12%.

The average rate on a 30-year mortgage has been mostly holding steady in recent weeks since Oct. 30 when it dropped to 6.17%, its lowest level in more than a year.

Mortgage rates began easing in July in anticipation of a series of Fed rate cuts, which began in September and continued this month.

The Fed doesn't set mortgage rates, but when it cuts its short-term rate that can signal lower inflation or slower economic growth ahead, which can drive investors to buy U.S. government bonds.