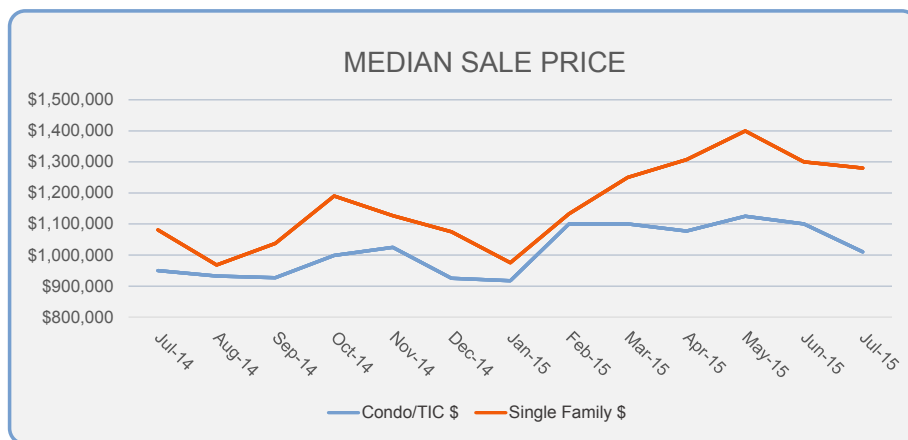


SAN FRANCISCO MARKET UPDATE AUGUST 2015

FED RATE HIKE LOOMS

It is widely anticipated that the Fed will raise interest rates come September, the first increase since 2006. The San Francisco Fed recently published an Economic Letter analyzing the effects of Fed rate hikes on housing prices. The Letter asserts that rate increases correlate directly to a slowdown in housing prices. However, it also states that the initial impact of a rate hike is minimal, and that only by the fourth year following an increase will there be a significant impact. Specifically, the Letter provides a scenario in which a one-percent rate increase translates into a 4.4% decline in housing prices by the fourth year. The Letter further states that "Slowing down a boom in house prices is likely to require a considerable increase in interest rates, probably by an amount that would be widely at odds with the (Fed's) dual mandate of full employment and price stability." Therefore, the prospect of a rate hike having a significant impact on housing prices is unlikely in the near term, and less practical in the long term.



MOST RECENT MEDIAN

Condo/TIC
\$1,010,000
 ↑6% year-over-year

Single Family
\$1,280,000
 ↑18% year-over-year

MEDIAN NEIGHBORHOOD VALUES

Sub-Market	Condo/TIC \$	Condo/TIC \$/SqFt	Single Family \$	Single Family \$/SqFt
Alamo Square/NOPA	\$1,302,500	\$920	\$2,112,500	\$841
Bayview/Hunters Point	\$880,125	\$670	\$655,000	\$515
Bernal Heights & Glen Park	\$968,000	\$995	\$1,405,000	\$989
Castro/Duboce Triangle	\$1,325,000	\$1,060	\$2,132,500	\$1,189
Cole Valley/Haight	\$1,069,000	\$1,002	\$2,787,500	\$996
Dogpatch	\$1,167,500	\$964	n/a	n/a
Hayes Valley	\$1,110,000	\$1,054	n/a	n/a
Marina/Cow Hollow	\$1,366,000	\$1,107	\$3,727,657	\$1,379
Mission/Mission Dolores	\$980,000	\$1,057	\$1,705,000	\$1,107
Mission Bay	\$1,300,000	\$1,070	n/a	n/a
Nob Hill	\$1,275,000	\$1,125	n/a	n/a
Noe Valley	\$1,280,000	\$1,078	\$2,250,000	\$1,257
North Beach/Fisherman's	\$1,000,000	\$934	n/a	n/a
Pacific/Presidio Heights	\$1,560,000	\$1,140	\$6,550,000	\$1,445
Potrero Hill	\$1,100,000	\$961	\$1,710,000	\$964
Richmond	\$990,000	\$765	\$1,610,000	\$780
Russian Hill	\$1,550,000	\$1,157	n/a	n/a
SOMA	\$950,000	\$898	n/a	n/a
South Beach/Yerba Buena	\$1,185,000	\$1,187	n/a	n/a
Sunset	\$1,178,000	\$837	\$1,160,944	\$734

Contact your Vanguard agent for a list of sales in your neighborhood.

Source: SFAR MLS, FRBSF; Data from 2/1/2015 - 7/31/2015 was used for neighborhood values. BMR and senior housing units have been excluded from statistics. All information is deemed reliable, but not guaranteed for accuracy. ©2015 Vanguard Properties. All rights reserved.

