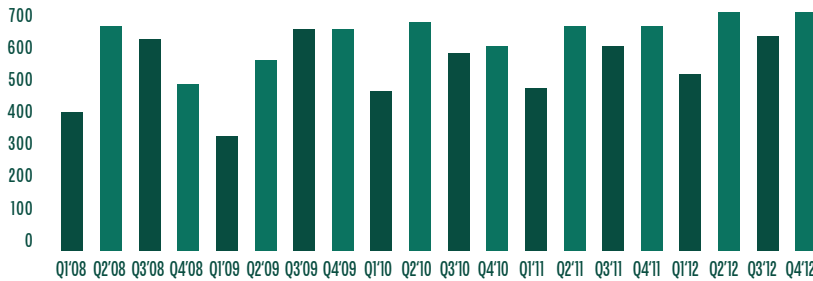


The sale of several high-priced homes in the city's prestigious Presidio Heights neighborhood contributed to significant gains in the fourth quarter. The average price of a single family home in San Francisco rose to \$1.29 million in the quarter, a gain of 32 percent from the fourth quarter 2011 and 23 percent from this year's third quarter. The price per square foot also climbed to \$561, an increase from both the prior year and prior quarter. The number of days on market declined compared with the fourth quarter of 2011 and was essentially flat when compared with the third quarter.

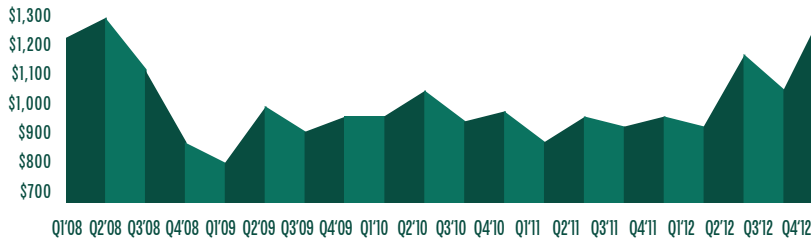
Gains were particularly notable in neighborhoods including Sea Cliff, Presidio Heights and Eureka Valley. Presidio Heights saw not just an appreciation in price, but also a flurry of sales activity. In the three months between October and December, nine homes sold for more than \$3 million in Presidio Heights. Two of those homes were marquee Jackson Street properties, selling for \$11.7 million and \$12.5 million. (For more on the luxury market see Page 6).

| | Average Sales Price | Days on Market | Average Price per SqFt | |
|---------------|---------------------|----------------|------------------------|-------|
| SAN FRANCISCO | Q4 2012 | \$1,289,731 | 48 | \$561 |
| | change | 23% | 2% | 7% |
| SAN FRANCISCO | Q3 2012 | \$1,048,673 | 47 | \$522 |
| | change | 32% | -17% | 14% |
| SAN FRANCISCO | Q4 2011 | \$978,148 | 58 | \$492 |

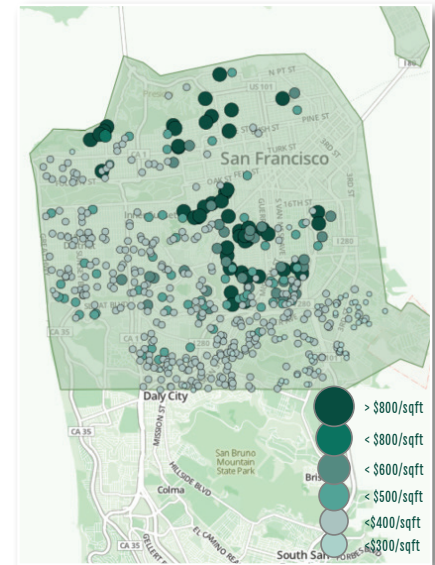
Quantity Sold — Five Years/Quarter



Average Sales Price Five Years/Quarter (in thousands)



San Francisco Single Family Home Sales Price by Square Foot



Sales Price Change

Pricing correctly again proved important during the quarter even in the strong market. Homes that were well-priced and didn't require a price change fared well, with 7 percent of those homes selling above their original asking price, an increase from 2 percent a year earlier that reflects increased competition. On the other hand, sellers who tested the market were forced sell an average of 10 percent below their original asking price.

| Sales | without price change | with price change |
|---------|----------------------|-------------------|
| Q4 2012 | 7% | -10% |
| Q4 2011 | 2% | -11% |

Average Sales Price by Neighborhood - The Top 10

Home prices rose significantly (25 percent or more) in seven of the city's 10 most expensive neighborhoods in the fourth quarter, with the greatest gains coming in Sea Cliff and Presidio Heights.

| Neighborhood | Q4 2012 | Q4 2011 | % Change |
|-------------------------------|-------------|-------------|----------|
| Presidio Heights | \$6,757,778 | \$4,180,500 | 62% |
| Pacific Heights | \$5,546,500 | \$5,584,393 | -1% |
| Cow Hollow | \$5,495,000 | \$2,516,750 | 118% |
| Seacliff | \$3,943,536 | \$2,360,000 | 67% |
| Clarendon Heights | \$2,918,000 | \$2,332,500 | 25% |
| Marina | \$2,762,188 | \$2,158,722 | 28% |
| Lower Pacific Heights | \$2,075,333 | \$1,660,350 | 25% |
| Lake | \$2,033,990 | \$2,155,115 | -6% |
| Eureka Valley/Dolores Heights | \$1,966,250 | \$1,334,525 | 47% |
| Hayes Valley | \$1,940,000 | \$1,765,000 | 10% |

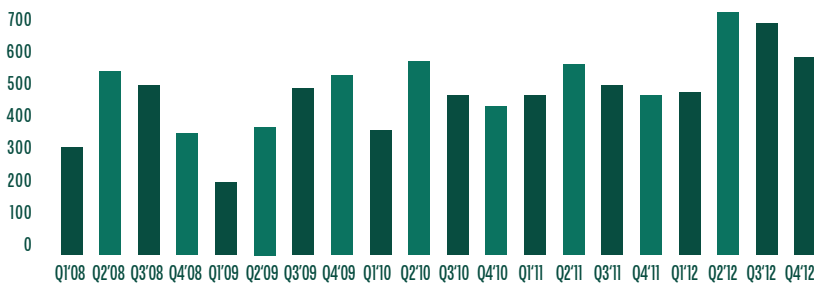
*Data is sourced from the San Francisco Multiple Listing Service, the East Bay Region District Listing Service, Bay Area Real Estate Information Services, and MLS Listings (MLS). MLS data is provided by individual listing brokerages. These are sources we deem reliable. We have no reason to doubt their accuracy, but we do not guarantee them. Past performance does not guarantee future performance.

San Francisco's condo market experienced substantial gains in the quarter with the average price of a San Francisco condo climbing to \$913,067, a gain of 16 percent from the fourth quarter 2011 and 11 percent from the third quarter of this year. The gains were strongest in Mission Bay, the Financial District and Nob Hill. Another significant trend is the uptick in pace of sales. For the second consecutive quarter we saw condo sales quicken, with the number of days on market dropping by 39 percent to just 49 days.

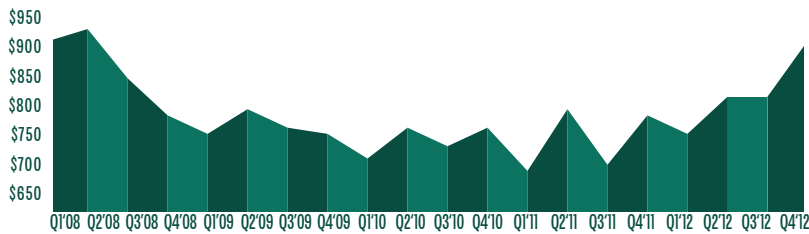
Agents site several factors driving the market, including an increase of empty nesters returning to the city and second home buyers. The fact that the San Francisco Giants are again World Champions (for the second time since 2010!) also creates interest in an urban lifestyle that includes proximity not just to restaurants, but also to the ballpark.

| | Average Sales Price | Days on Market | Average Price per SqFt | |
|---------------|---------------------|----------------|------------------------|-------|
| SAN FRANCISCO | Q4 2012 | \$913,067 | 49 | \$729 |
| | change | 11% | -4% | 8% |
| | Q3 2012 | \$823,217 | 51 | \$676 |
| SAN FRANCISCO | Q4 2012 | \$913,067 | 49 | \$729 |
| | change | 16% | -39% | 20% |
| | Q4 2011 | \$788,471 | 80 | \$605 |

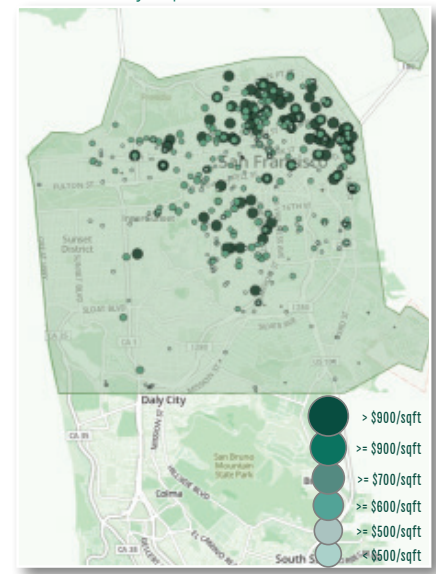
Quantity Sold — Five Years/Quarter



Average Sales Price Five Years/Quarter (in thousands)



San Francisco Condominium Sales Price by Square Foot



Average Sales Price by Neighborhood - The Top 10

Home prices rose in eight of the city's 10 most expensive neighborhoods for which data was available in the quarter, with the greatest gains coming in Mission Bay, the Financial District and Nob Hill.

| Neighborhood | Q4 2012 | Q4 2011 | Change |
|--------------------|-------------|-------------|--------|
| Yerba Buena | \$1,473,574 | \$2,248,589 | -34% |
| Financial District | \$1,451,000 | \$890,000 | 63% |
| Nob Hill | \$1,277,750 | \$784,660 | 63% |
| Mission Bay | \$1,242,375 | \$749,850 | 66% |
| Telegraph Hill | \$1,193,375 | \$1,052,333 | 13% |
| Pacific Heights | \$1,178,401 | \$1,064,432 | 11% |
| Presidio Heights | \$1,151,833 | \$1,434,750 | -20% |
| Cow Hollow | \$1,114,500 | \$775,115 | 44% |
| Haight Ashbury | \$1,076,286 | \$812,000 | 33% |
| Marina | \$1,064,444 | \$896,091 | 19% |

Sales Price Change

Pricing correctly remains important. Condos that didn't require a price change fared well, with those units selling for an average of 4 percent above their original asking price, a reversal from a year earlier when the average was 1 percent below original asking price. On the other hand, sellers who tested the market and were forced to lower their asking price wound up selling their homes an average of 9 percent below their original asking price.

| Sales | without price change | with price change |
|---------|----------------------|-------------------|
| Q4 2012 | 4% | -9% |
| Q4 2011 | -1% | -11% |

*Data is sourced from the San Francisco Multiple Listing Service, the East Bay Region District Listing Service, Bay Area Real Estate Information Services, and MLS Listings (MLS). MLS data is provided by individual listing brokerages. These are sources we deem reliable. We have no reason to doubt their accuracy, but we do not guarantee them. Past performance does not guarantee future performance.