

Market Update 2025 & What's Ahead in 2026

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The Bay Insider

with Amanda Martin & Ying He



2025 Highlights

Single Family Homes



Condos/TICs



2025 Highlights

	Single Family Homes	Condos
Median Price	1,700,400 (5% ↑)	1,125,000 (1% ↑)
Price Per SF	1,022 (2% ↑)	994 (-0.3% ↓)
Days on Market	13	29

2025 Highlights

Residential	2025
Single Family Homes Sold	2,298
Condo/TIC Sold	2,587
Total	4,885

10% higher than 2024, but still
6% lower than historical average

What's Ahead in 2026

What's Ahead in 2026

- We may not return to our pre-pandemic transaction levels.
- The outcome largely depends on interest rate trends.
- Lower rates tend to encourage more home sales
- Mortgage applications are currently on the rise.

Primary Mortgage Market Survey®

U.S. weekly averages as of 01/22/2026

30-Yr FRM

6.09%

1-Wk change

^ 0.03

1-Yr change

▼ -0.87

Monthly avg.

6.12%

52-Wk avg.

6.54%

52 Week Range

6.06% | 6.95%

15-Yr FRM

5.44%

1-Wk change

^ 0.06

1-Yr change

▼ -0.72

Monthly avg.

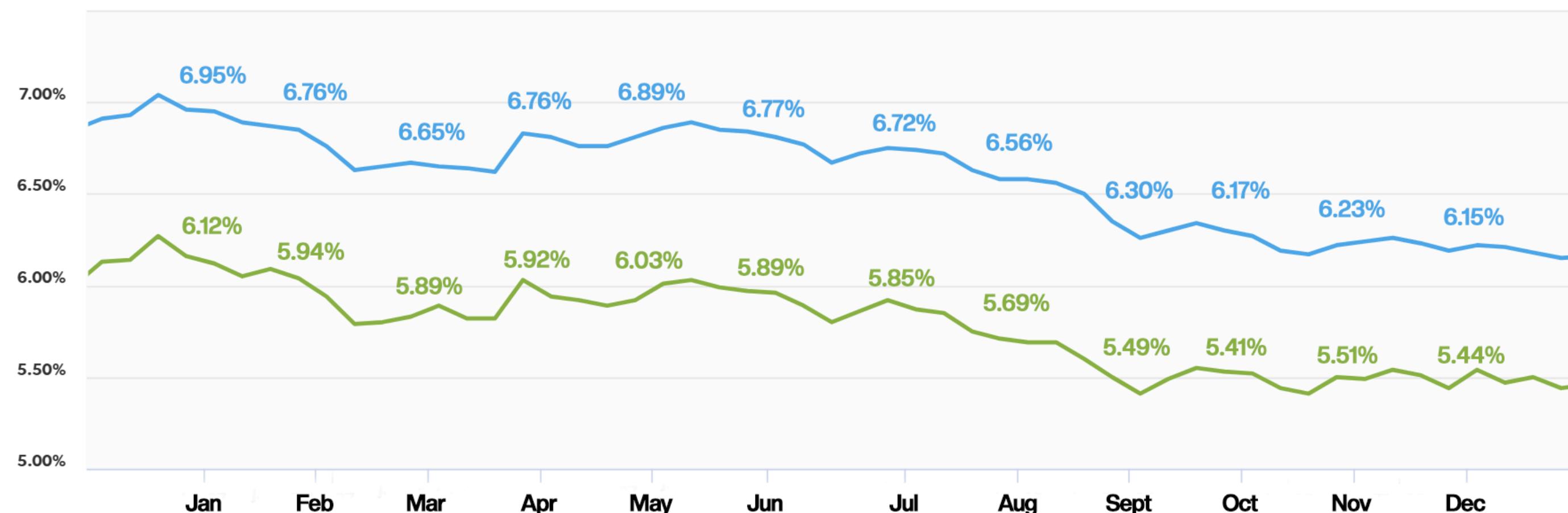
5.43%

52-Wk avg.

5.73%

52 Week Range

5.38% | 6.12%



What's Ahead in 2026

- Extremely low inventory at the end of 2025
- Many active buyers are searching and bidding for good properties
- AI and tech jobs drive up demand
- Commercial activities have picked up
- Snowball effect

What's Ahead in 2026

- Inventories generally come on a bit later
- Inventory is low and demand is high
- Beginning of the year is for sellers, while buyers need to be very motivated to get a house.

Myth Number One – San Francisco Market is Not Hot

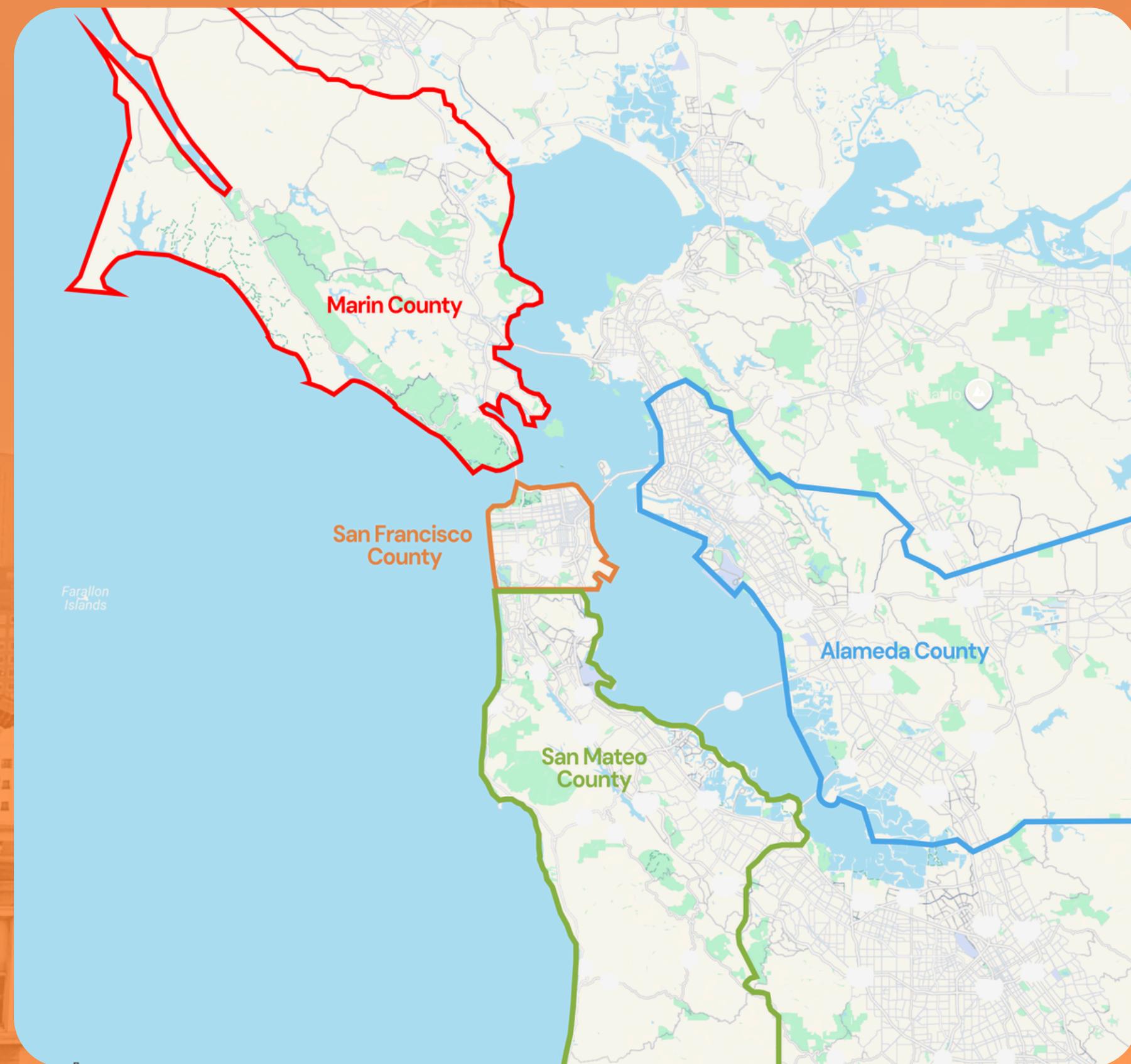
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S.F. didn't make Zillow's list of hottest markets - but one part of the Bay Area did

Christian Leonard 
Tue, January 20, 2026 at 8:00 PM GMT+8 • 4 min read





Myth Number One – San Francisco Market is Not Hot

The San Jose metro area, which is made up of Santa Clara and San Benito counties, and the Los Angeles area were the only West Coast regions in the top 10. The San Francisco area, which includes Marin, San Mateo and Alameda counties, ranked 38th.

Myth Number One – San Francisco Market is Not Hot

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Our Recommendations

- The San Francisco market is constantly evolving
- Smart strategy and patience create opportunity
- The right agent turns complexity into confidence
- Courage is what moves you forward

The Story of the Condo Market

- The condo market behaves very differently from single-family homes
- After a few sluggish years, the market has begun to regain momentum
- South Beach and Downtown have made significant progress, with much of the inventory now absorbed
- In the most desirable buildings, inventory is extremely limited

Lumina



Arden



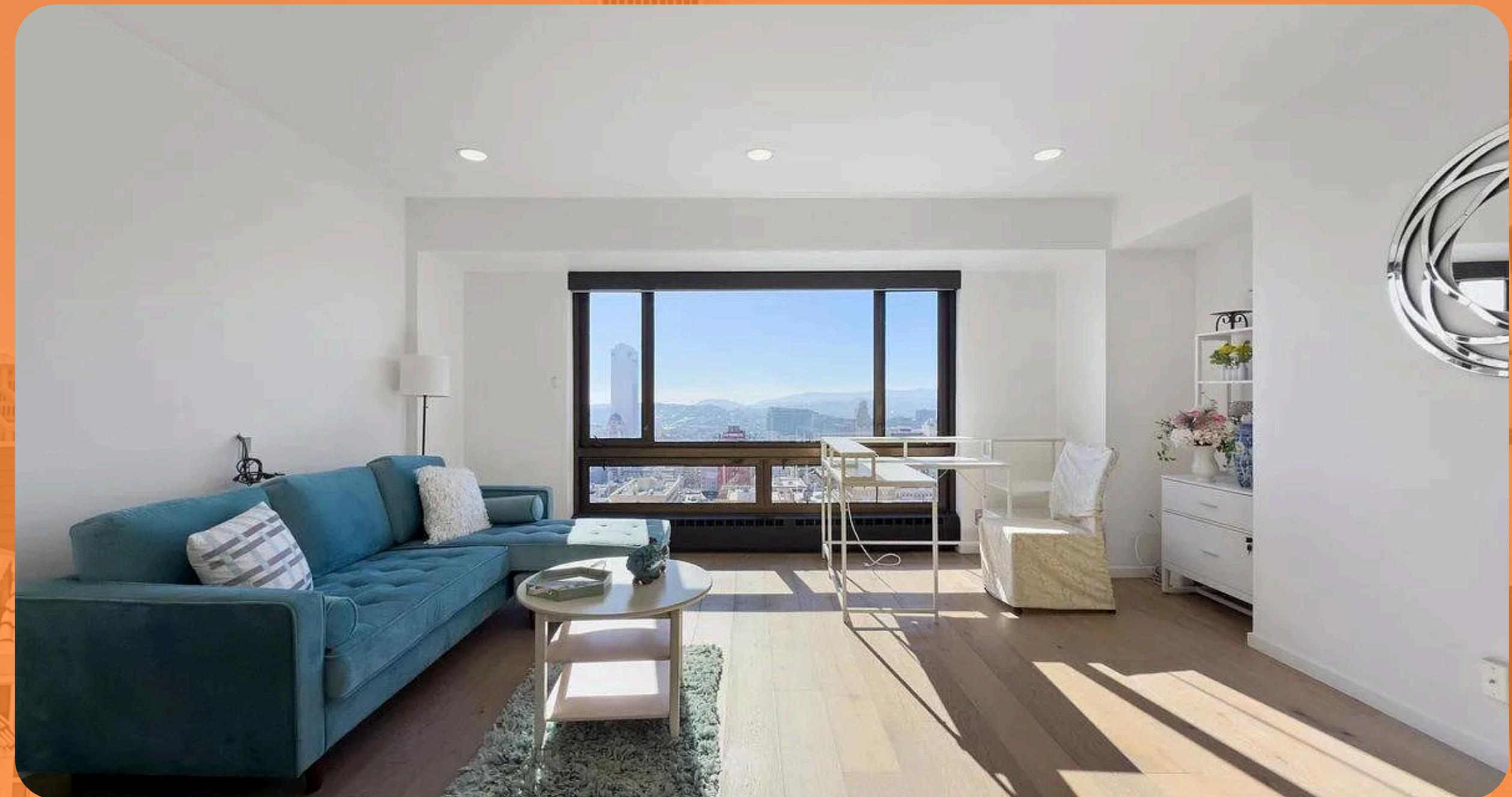
New Condominium Laws

- **SB 721** – was introduced in response to the tragic 2015 Berkeley balcony collapse, which killed six people and injured seven. The incident revealed serious issues with wood rot and moisture intrusion in the balcony's structure, defects that went unnoticed due to a lack of routine inspections.
- **SB 326** – requires HOAs/condos in California to complete periodic inspections of Exterior Elevated Elements (balconies, decks, stairs, walkways) by a licensed structural engineer. This guide explains who's covered, what must be inspected, documentation requirements, and deadlines.

Sprinkler Retrofit

- San Francisco is in the middle of updating its Fire Code
 - This sprinkler retrofit mandate would primarily affect ~126 pre-1975 high rise buildings, approximately ~9,800 units, in neighborhoods stretching from the Marina to the Embarcadero.
- For many homeowners, this mandate could mean retrofit costs of up to \$300,000 per unit or monthly fees upwards of \$2,500 just to finance the work. The construction work and financial cost incurred to meet the sprinkler retrofit requirement could displace thousands of residents

Condo Market is facing a multitude of challenges



Condo Market is facing a multitude of challenges

- Elevated HOA fees continue to impact affordability
- Obtaining insurance policies has become more challenging
- New regulations may result in high special assessments
- These factors contribute to a higher level of uncertainty
- Lower competition presents lower barrier to entry and potential for greater value
- Careful evaluation of all relevant factors is essential for making the right decision

Myth Number Two – 20% Price increase in Pacific Heights and Cow Hollow



San Francisco Chronicle

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BAY AREA // REAL ESTATE

These San Francisco neighborhoods have hit record high home prices

The data reflects larger trends in the luxury Bay Area housing market last year.

By **Christian Leonard**, Staff Writer

Jan 11, 2026

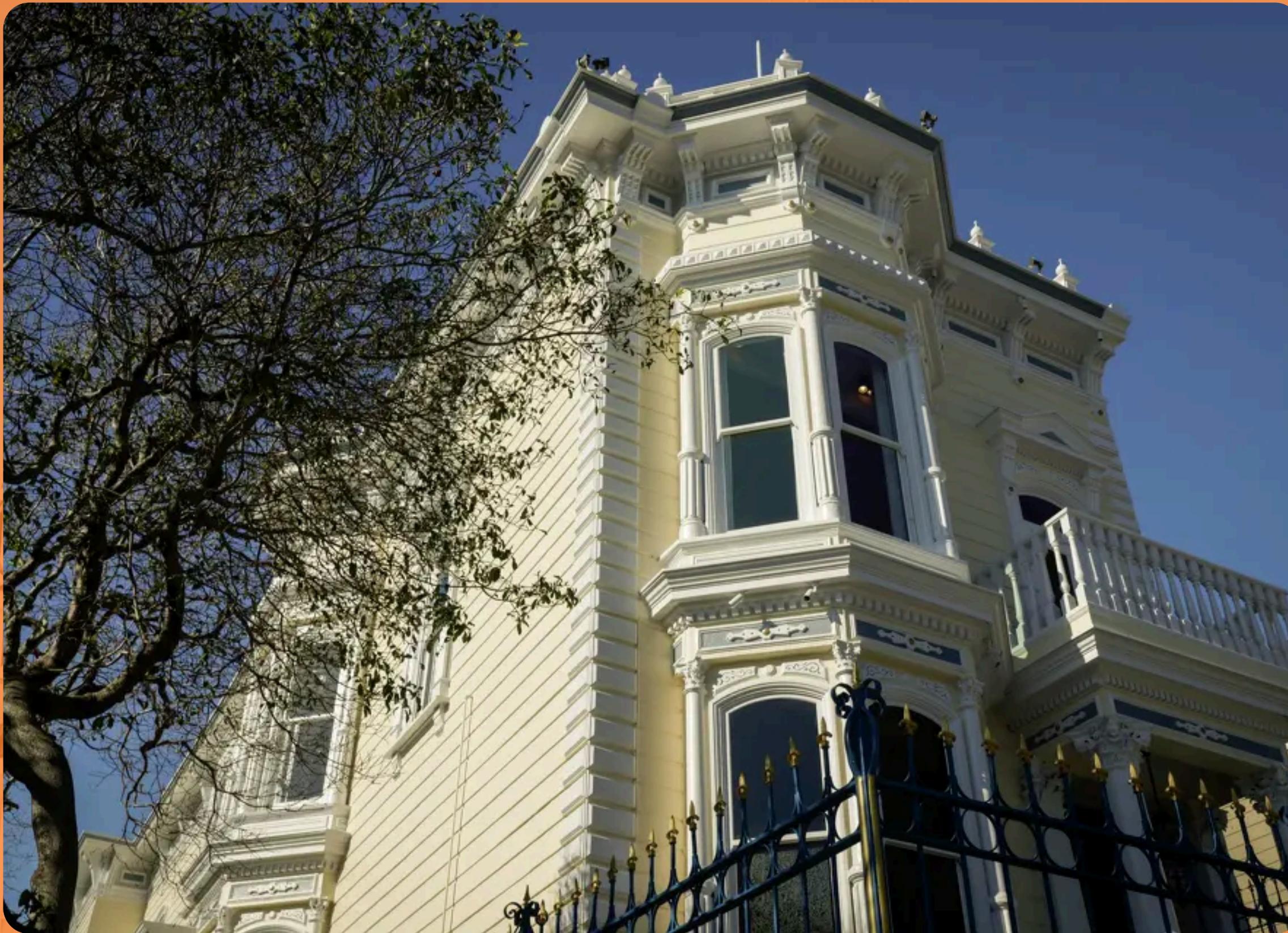


Myth Number Two – 20% Price increase in Pacific Heights and Cow Hollow

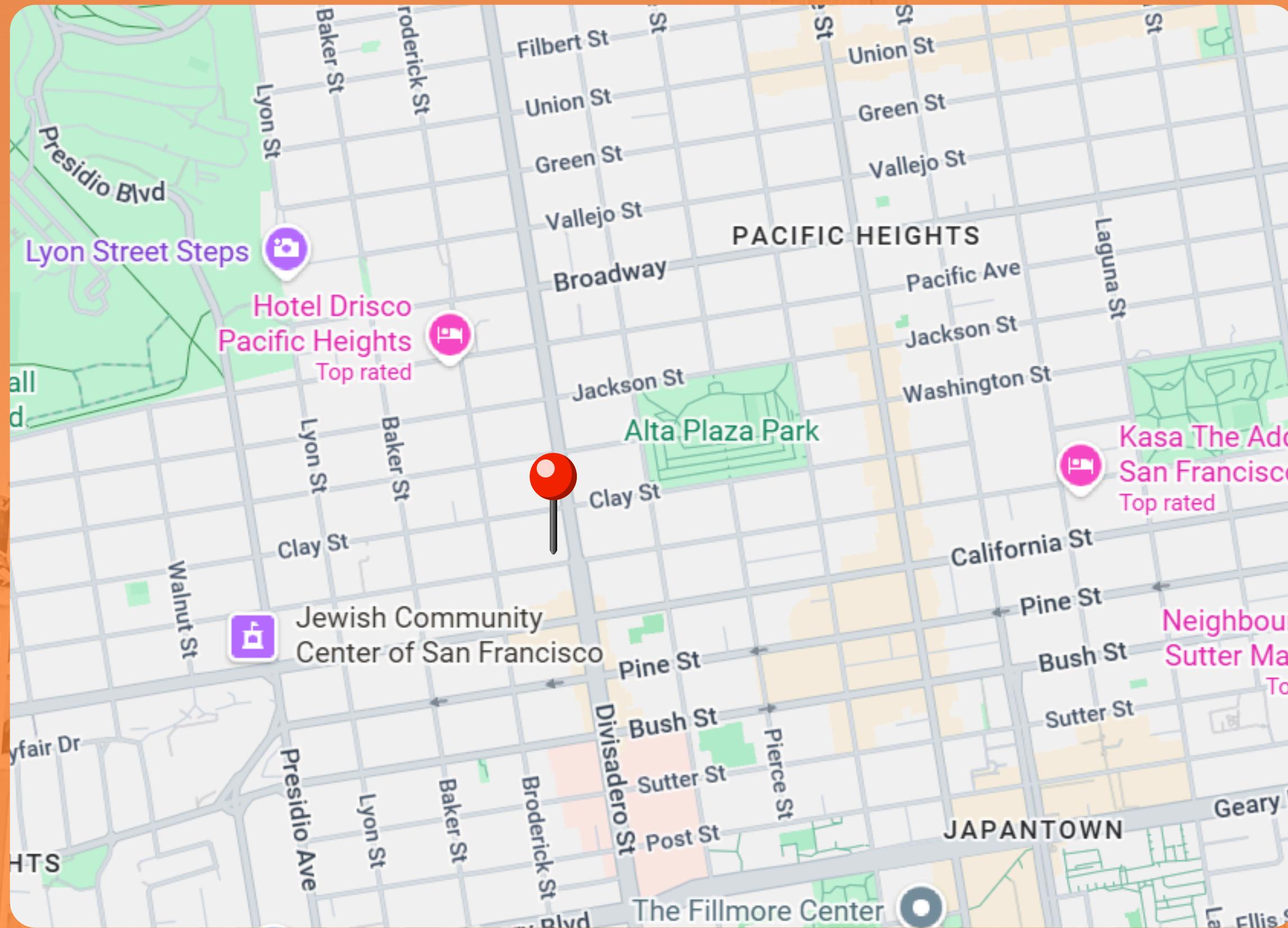
The ultra-luxury San Francisco neighborhoods that make up the city's seventh Realtor district — a collection of neighborhoods defined by the San Francisco Association of Realtors — saw house prices rise to their highest-ever levels last year, according to a recent report from home brokerage Compass. The median sale price for houses in that district, which includes Pacific Heights, the Marina and Cow Hollow, rose to a whopping \$6 million in 2025, up 20% from 2024. That was the fastest surge among any part of the city for which Compass had data.

Myth Number Two – 20% Price increase in Pacific Heights and Cow Hollow

- The 20% District 7 increase reflects a sales price with different type of properties
- More larger houses sold in 2025, making overall prices appear higher
- Price per square foot rose over 11% in 2025 compared to 2024
- District 7 experienced a cumulative increase of over 10% over the two-year period
- In comparison, District 4 saw a similar two-year increase of about 10%, though the gains were more front-loaded



2101
Divisadero Street



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San Francisco Chronicle

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BAY AREA // SAN FRANCISCO

This 146-year-old San Francisco Victorian hits the market with a surprise: A secret garden

By Peter Hartlaub, Culture Critic
Jan 17, 2026

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State and Local Taxes (SALT)

- Previously, the limit for deductions was \$10k and now that's been increased to \$40k at least up until 2029

Compass Merger

- Compass Inc. completed its acquisition of Anywhere Real Estate on January 9, 2026, creating the world's largest residential real estate brokerage. This merger brings together Compass with Anywhere's iconic brands, including Coldwell Banker, Century 21, Sotheby's International Realty, and Corcoran.
- “Private Exclusives” is primarily a marketing tool, as only a small number of transactions are actually conducted that way.
- Full market exposure benefits sellers and often buyers by maximizing opportunities.
- Ultimately, individual agents drive success; the strength of the brokerage is important, but agents are the key.

Our Crystal Ball



Our Crystal Ball

- Rates might dip but prices will adjust
- Focus on timing and your situation
- Think long term - at least 5 years horizon
- Only strong offers can compete
- More options coming soon

Feel Free to Reach Out!



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