

Marc Anthony Buyer of One Thousand Museum Condo in Miami

Shea Monahan

Home values have taken a month-to-month dip across the Bay Area for the first time since the pandemic, according to real estate estimates, with Greater San Francisco leading a national cooling trend.

The shift comes as rising mortgage rates and rocky stock markets have caused housing markets in the Bay Area and Northern California to cool faster than the rest of the U.S., [the San Francisco Chronicle reported](#).

There were month-over-month decreases in home values from May to June for five out of the top 50 largest metro areas, with San Francisco and San Jose joined by San Diego, Austin and Seattle, according to Zillow.

“Because the combination of [prior] home price growth and the recent rise in mortgage rates are pushing monthly payments past what many buyers can afford, you’re seeing inventory gains in these markets and competition among buyers ease the fastest,” Matt Creamer, data spokesman for Zillow, told the Chronicle in an email.

Meanwhile, Redfin data shows similar trends, with five California cities among its “fastest-cooling housing markets.”

San Jose (1st), Sacramento (2nd), Oakland (3rd), Stockton (5th) and San Francisco (10th) made up half of the 10 fastest decliners in a report by Redfin. The site ranked markets based on year-to-year price growth, price drops, supply, sales, and home-sales speeds from February to May.

The Bay Area was overrepresented in the rankings because the jump in mortgage interest rates, rising inflation and stock market turmoil priced out more prospective buyers in a region already notorious for its high housing costs, according to Redfin analysts.

The Zillow data shows the five-county San Francisco metro area had a slight decline of 0.1 percent in home values, from \$1,494,103 in May to \$1,492,535 in June. Before that, San Francisco home values had been rising since the beginning of the pandemic in 2020.

Compass reported that the median home sale price [fell 5 percent in June to \\$1.89 million](#), down from \$2 million in May.

The San Jose metro area, which includes Santa Clara and San Benito counties, saw a 0.8 percent month-over-month decline in home values, to \$1,679,555 in June from \$1,692,646 in May.

Brokers have seen a noticeable shift in buyer behavior since mortgage rates surged in June.

Listings that would have attracted 10 offers just a few months ago now yield about two or three competitive bids, said Erin Stumpf, a broker associate with Coldwell Banker and president of the Sacramento Association of Realtors. As demand slows, bidding wars have become less common.

Buyers are also more cautious and more likely to hold firm on attaching strings to their offers — such as appraisal value and inspection-related contingencies — that were commonly waived in months prior.

“The buyers have a little bit more leverage,” Stumpf said. “They don’t have to be as accommodating or give up quite as much on the front side that they may have had to to get into contract six months ago.”

– *Dana Bartholomew*

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