



# **The San Francisco Apartment Building Market**

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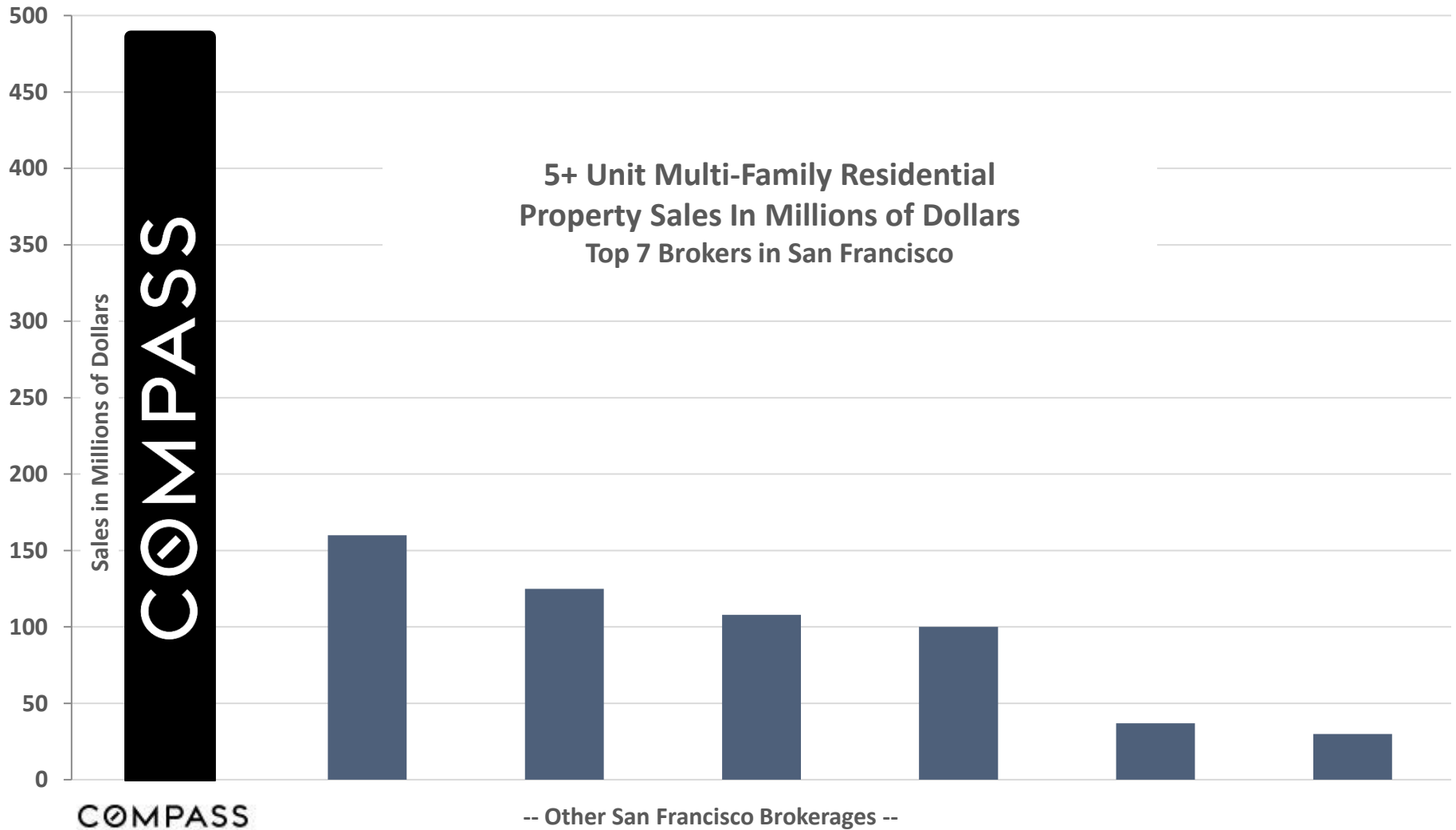
**Market Report for Residential  
5+ Unit Buildings**

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# San Francisco Apartment Building Sales

Top 7 Brokers, 5+ Unit Residential Sales\*

12 months MLS sales of 5+ unit buildings, per Broker Metrics\*



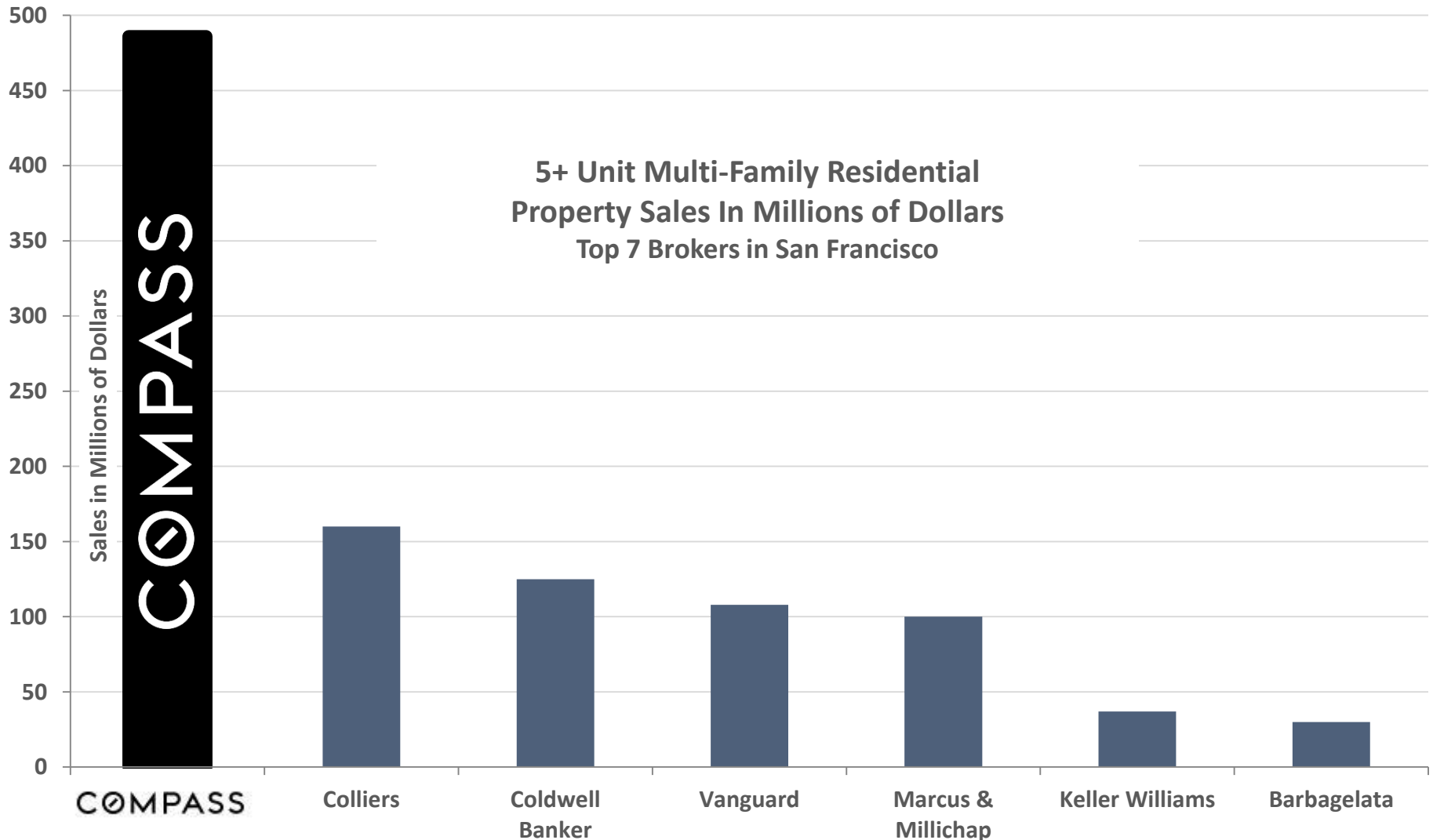
\* 12 months dollar volume, transaction-side sales reported to MLS by 11/30/19, per Broker Metrics. Compass figures include Paragon, Pacific Union, Alain Pinel and Hill numbers with merger of brokerages.



# San Francisco Apartment Building Sales

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# 5+ Unit Residential Building Markets

## 2019 Sales by San Francisco District

Sales reported to MLS

San Francisco Realtor District	5-8 Units: Median Sales Price	9-15 Units: Median Sales Price	All 5+ Units: Average GRM/ Cap Rate*	All 5+ Units: Average \$/Sq. Ft.
Pacific & Presidio Heights, Cow Hollow & Marina (District 7)	\$4.8 million	\$7.8 million	17.7/ 4.0	\$690/sq.ft.
North of Panhandle, Alamo Square, Hayes Valley, Lower Pacific Heights (D6)	\$3.33 million	\$6.5 million	16.2/ 4.3	\$543/sq.ft.
Lake Street, Richmond District, Lone Mountain, Jordan Park (District 1)	\$2.25 million	\$6.14 million	17/ 3.8	\$554/sq.ft.
Noe, Eureka & Cole Valleys; Ashbury & Corona Heights; Mission Dolores (D5)	\$2.9 million	\$3.9 million	15.3/ 4.5	\$566/sq.ft.
Russian, Nob & Telegraph Hills; North Beach, Financial District (D8, North)	\$3.6 million	Too few sales for analysis	16.3/ 4.4	\$576/sq.ft.
Sunset, Parkside (District 2)	\$2.3 million	Too few sales for analysis	15.6/ 4.4	\$466/sq.ft.
Inner Mission, Bernal Heights (D9)	\$2.7 million	Too few sales for analysis	15.2/ 4.5	\$488/sq.ft.
Downtown, Tenderloin, Van Ness/ Civic Center (D8 South)	Too few sales for analysis	For 16-36 units \$7.35 million	15.6/ 4.3	\$542/sq.ft.

\* GRM = Gross Rent Multiple. Median price is that price at which half the sales occurred for more and half for less. Dollar per square foot is based upon the building's interior living space and does not include garages, storage, unfinished attics and basements; or rooms built without permit. Cap rate measures the % return on investment – income less expenses – if the property was purchased all cash. These statistics are gross generalities for sales with wide disparities in size, quality, rent control factors, and values.

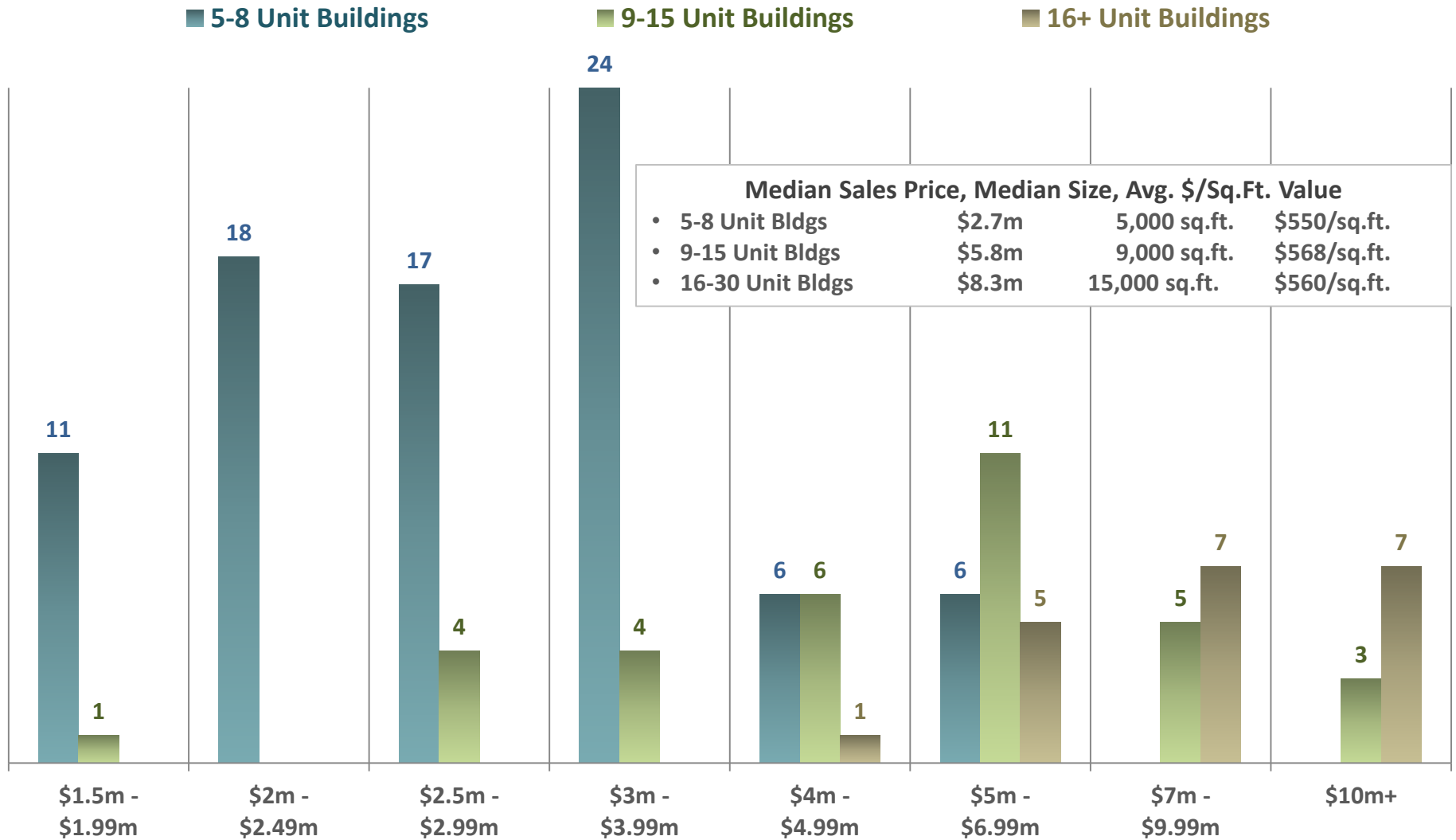
This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. Data from MLS sales. Adjusted for outlier sales, when identified. All numbers approximate.

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# San Francisco 5+ Unit Apartment Building Sales

## 2019 Sales by Price Segment

Sales reported to MLS by  
1/7/20



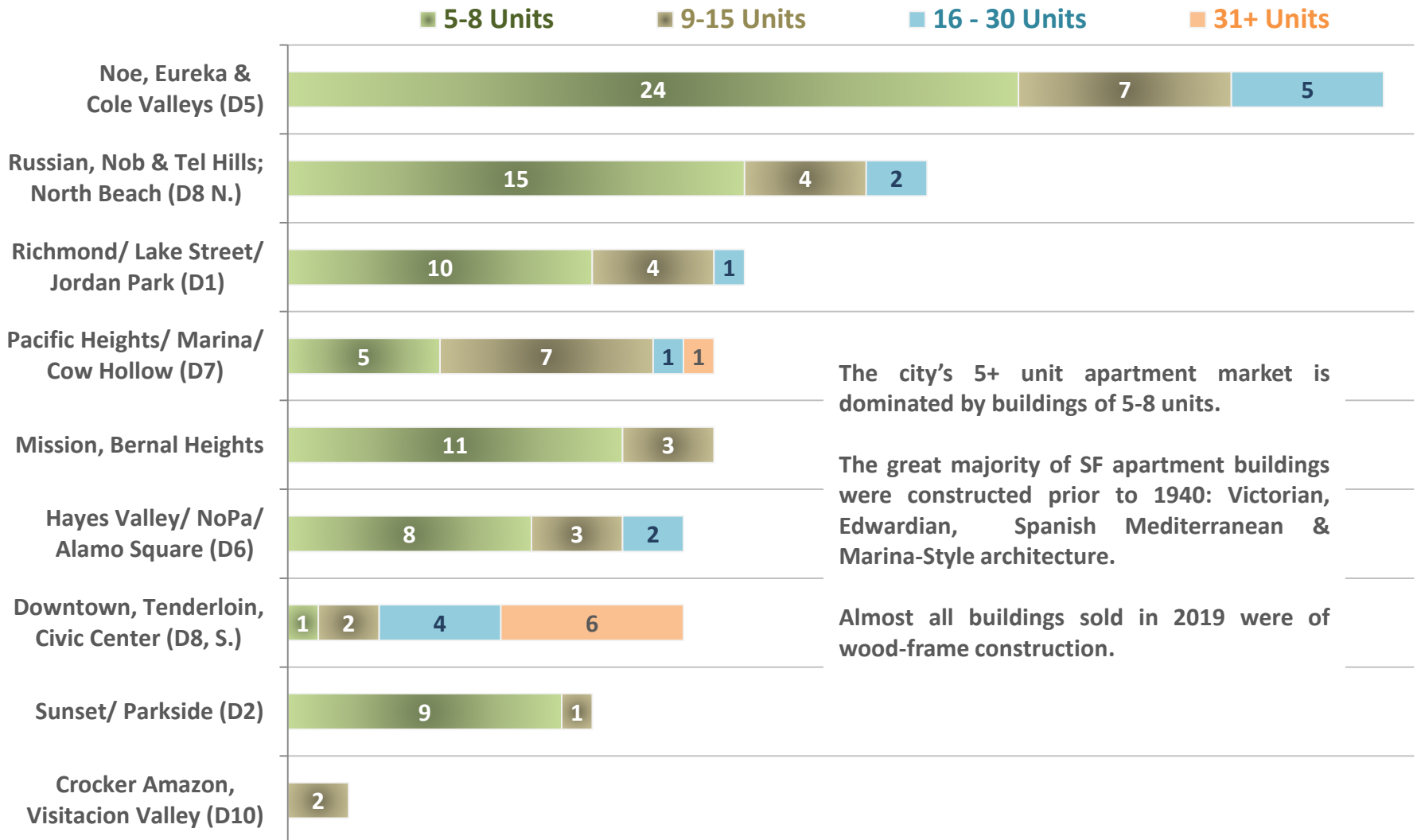
Sales reported to MLS. "M" signifies millions of dollars. Data from sources deemed reliable, but subject to error and revision. All numbers to be considered approximate.



# Multi-Unit Residential Property Sales, 5+ Units

## 2019 Sales by San Francisco District

Sales reported to  
MLS by 1/6/20



The city's 5+ unit apartment market is dominated by buildings of 5-8 units.

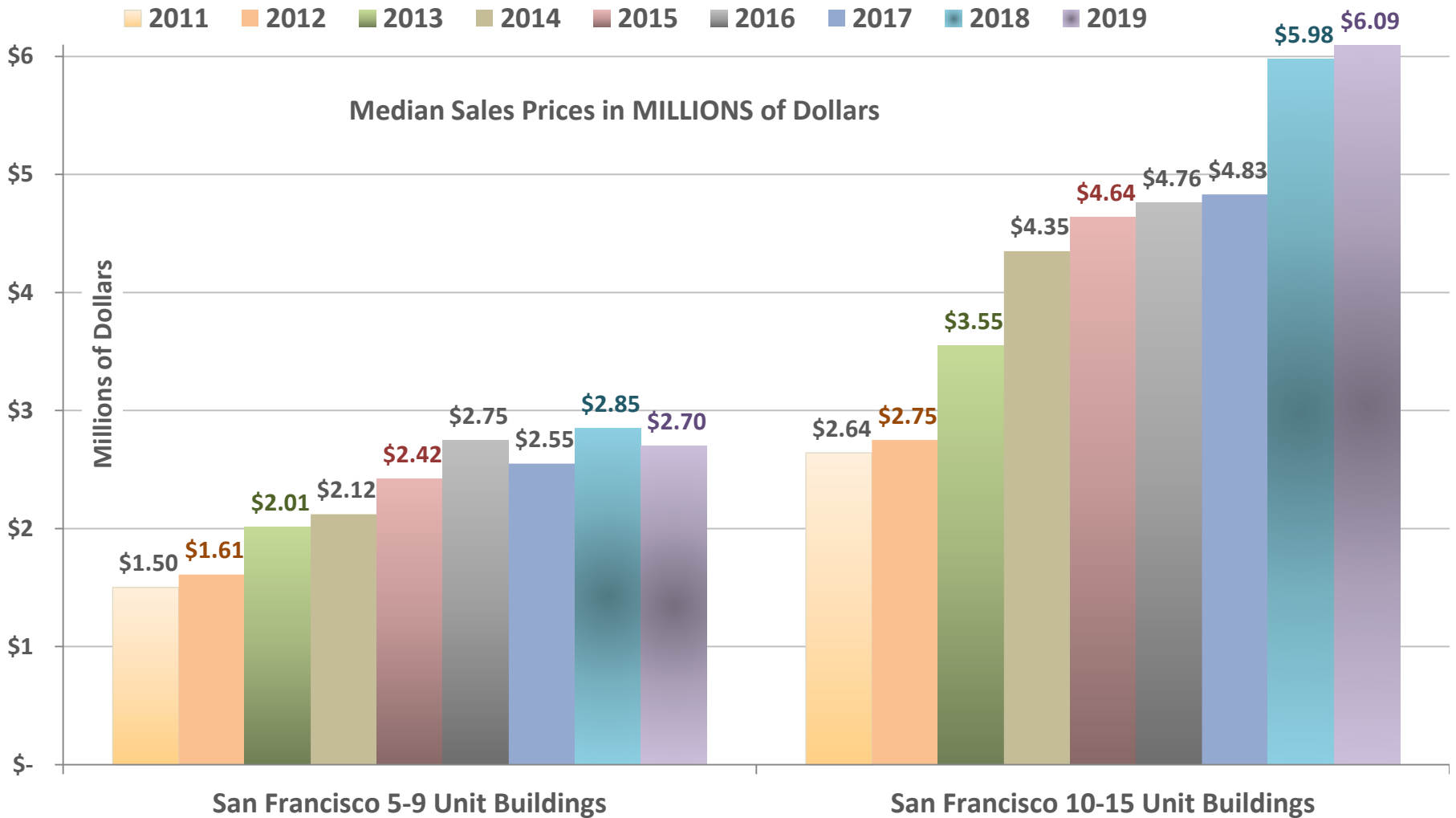
The great majority of SF apartment buildings were constructed prior to 1940: Victorian, Edwardian, Spanish Mediterranean & Marina-Style architecture.

Almost all buildings sold in 2019 were of wood-frame construction.

Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate. May not include all mixed-use building sales.

# Median Sales Price Trends since 2011

## San Francisco 5-15 Unit Residential Apartment Buildings

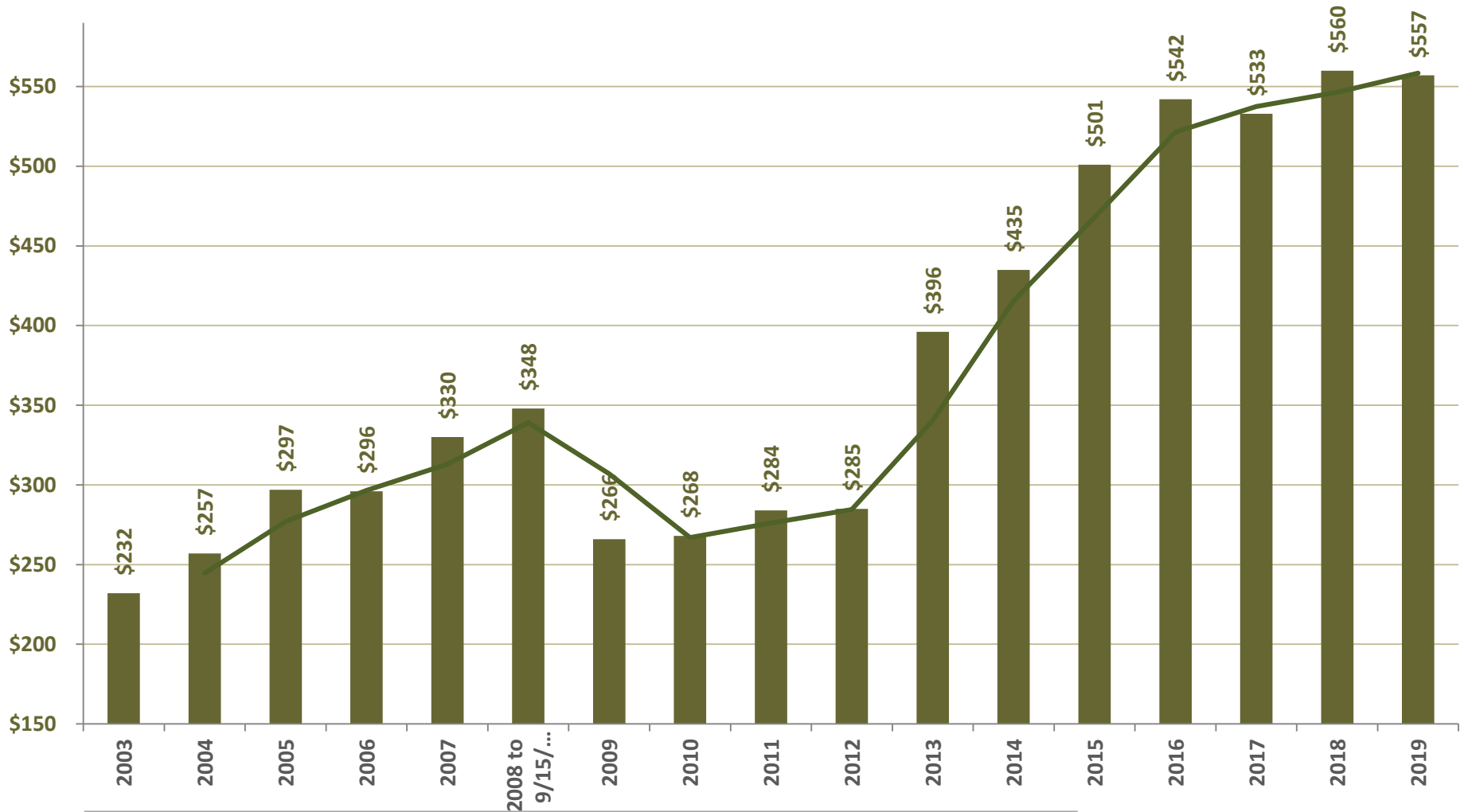


Sales reported to MLS by 9/30/19. These prices are gross generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximations.

# San Francisco 5+ Unit Apartment Building Sales

## Average Dollar per Square Foot Values

Sales reported to MLS



Because of the relatively small number of sales and the huge variety in buildings sold, average dollar per square foot is a very general statistic when applied to investment property sales. Data is from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.

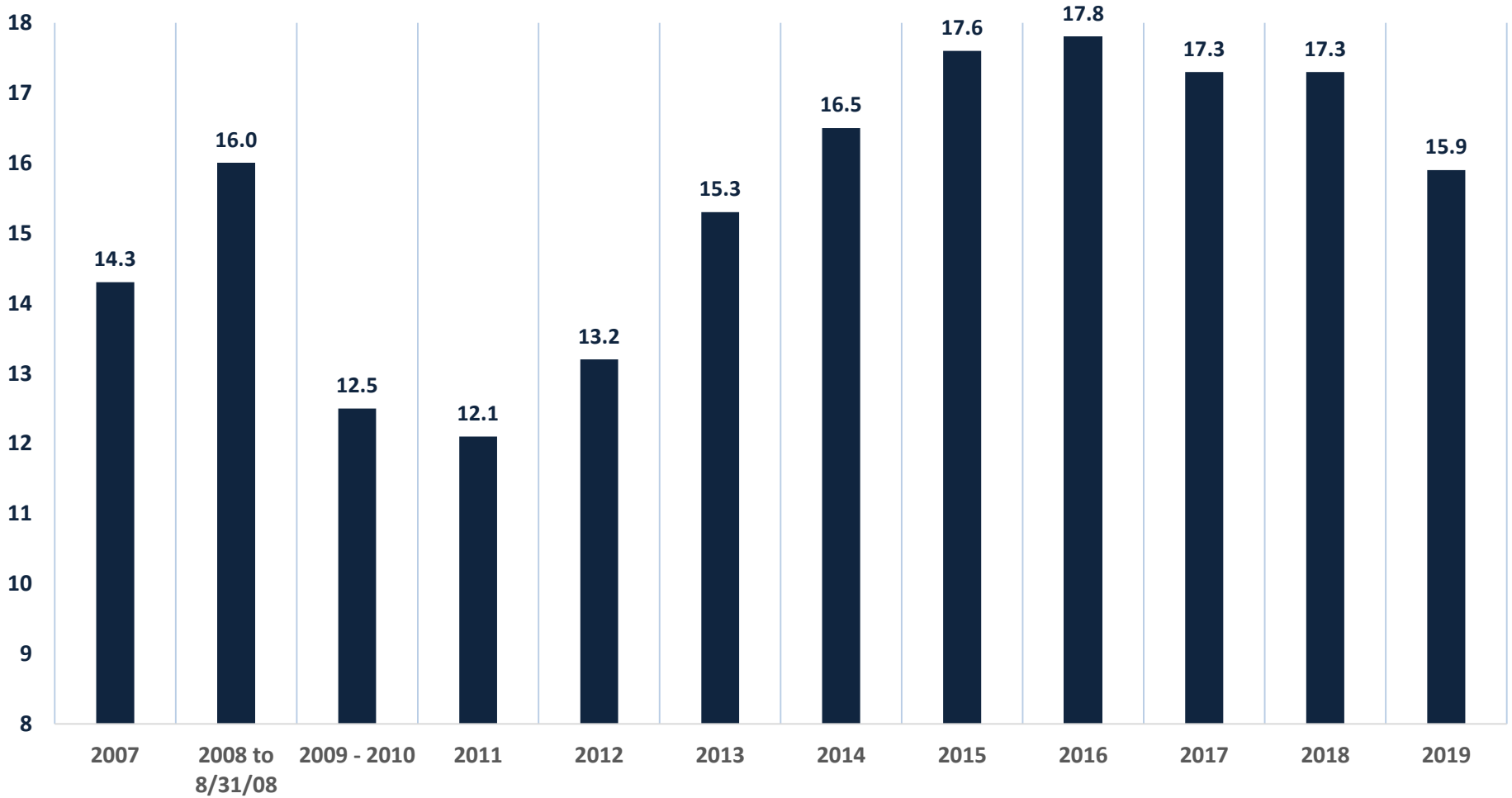
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# Average Gross Rent Multiples

## San Francisco 5+ Unit Apartment Building Sales

Sales reported to MLS



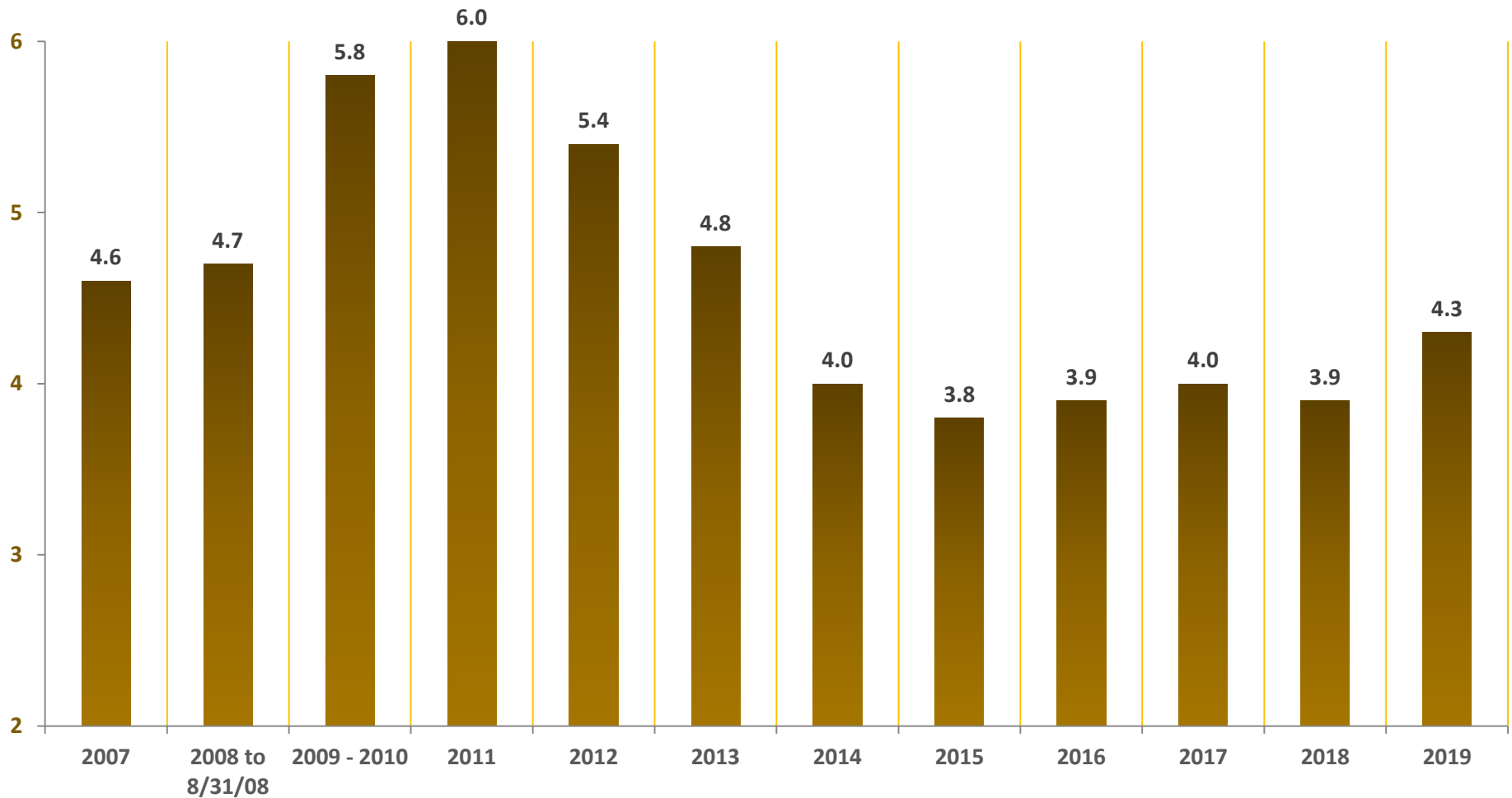
GRM is calculated by dividing the sales price by the annual gross rents. It is a very general statistic and all numbers should be considered approximate. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales that would distort the statistic were deleted from the analysis when identified. Based on data provided by listing agents.

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# Average Cap Rates

## San Francisco 5+ Unit Apartment Building Sales

Sales reported to MLS

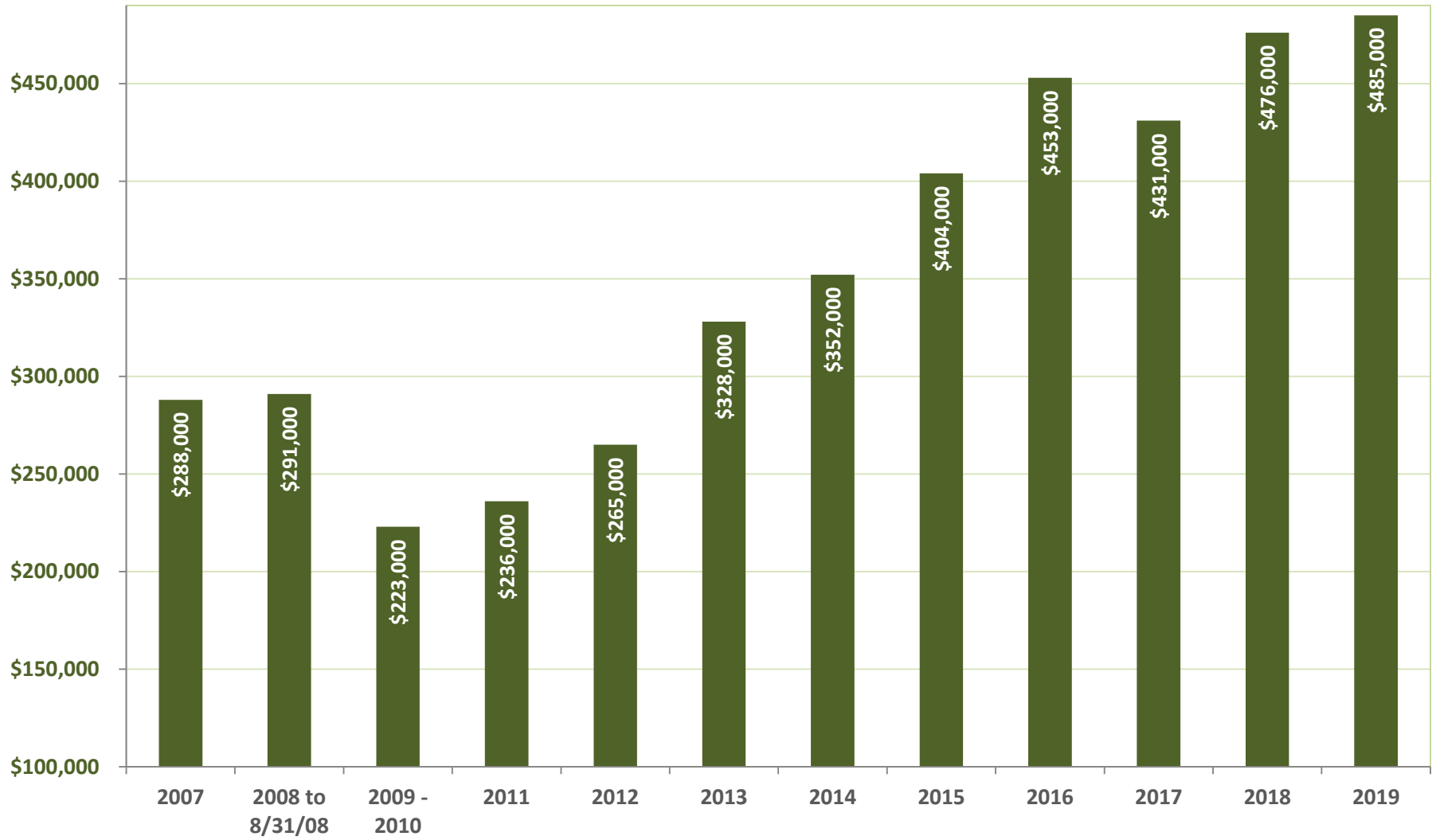


Capitalization rate calculations – sales price divided by net income (excluding mortgage costs), or return on investment as if the property had been purchased all cash – are only as good as the income and expense data provided by listing agents, and should be considered general approximations. Data from sources deemed reliable, but may contain errors and is subject to revision. Outlier sales that would distort the statistic were deleted from analysis when identified.

# Average Price per Unit

## San Francisco 5+ Unit Apartment Building Sales

Sales reported to MLS



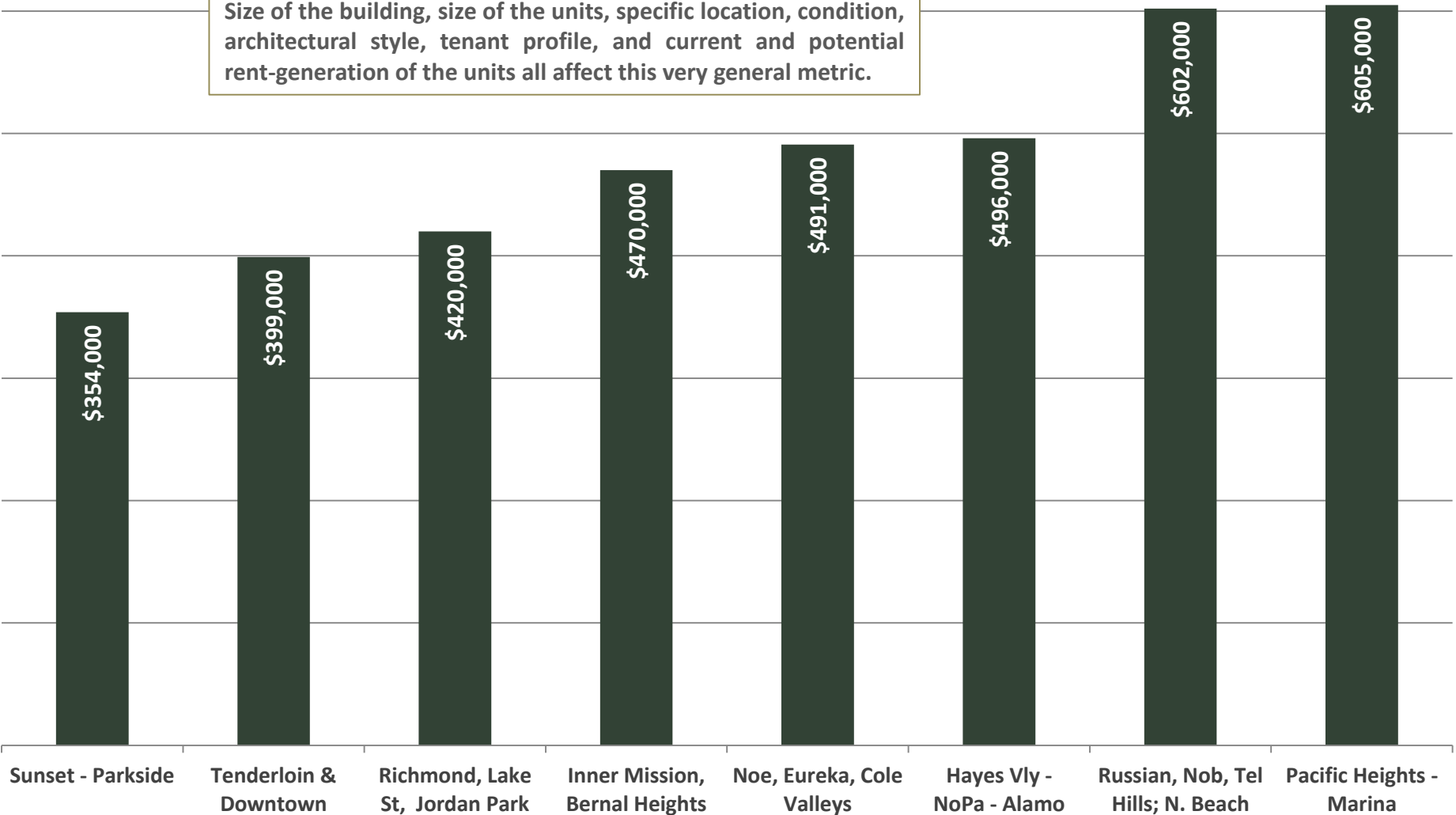
Because of the huge variety in buildings sold, this is a very general statistic when applied to SF investment property sales. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales deleted when identified. All numbers should be considered approximate.

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# Average Price per Unit – Selected Submarkets

## 5+ Unit Apartment Building Sales in 2019

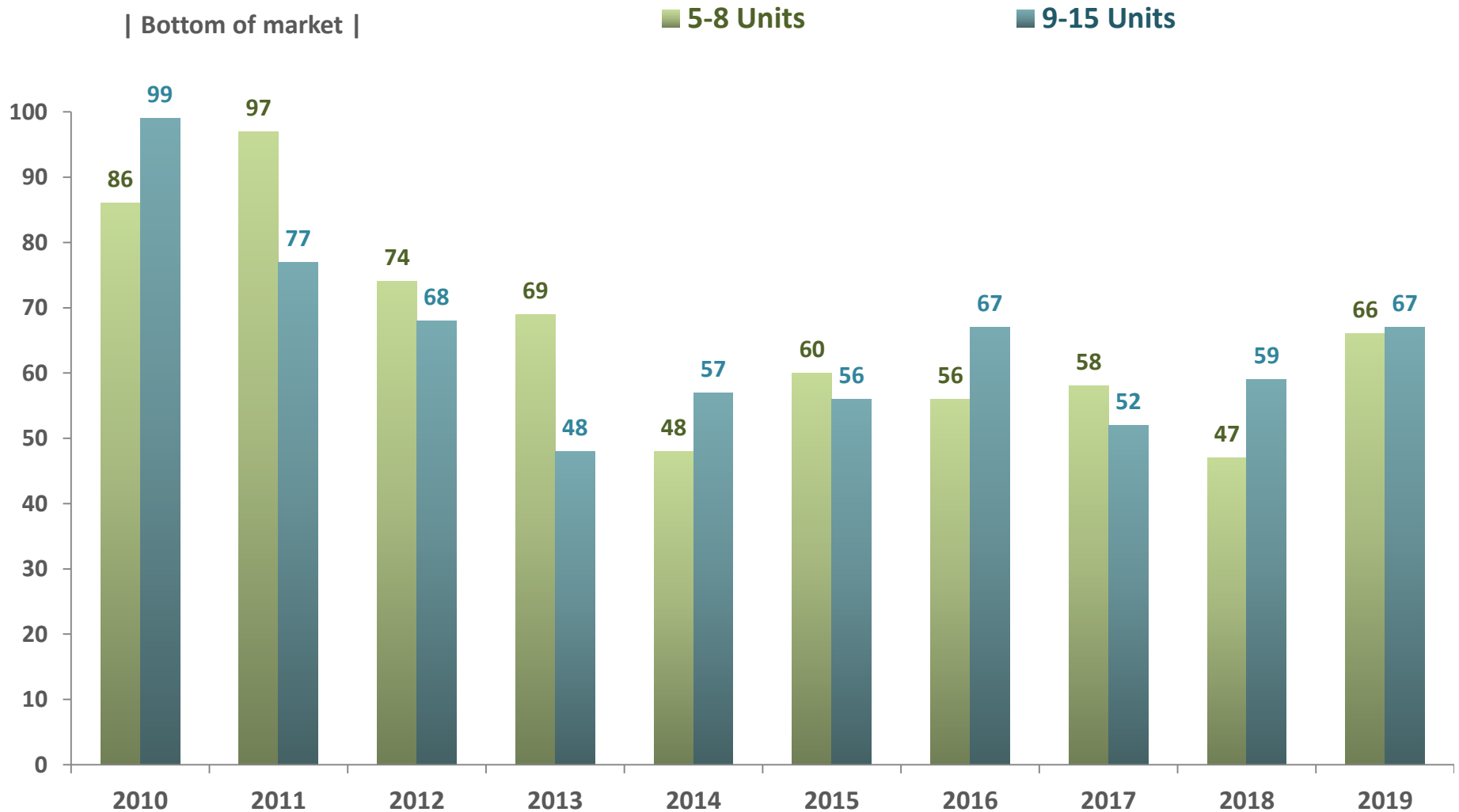
Size of the building, size of the units, specific location, condition, architectural style, tenant profile, and current and potential rent-generation of the units all affect this very general metric.



Neighborhood titles often stand for larger districts. Data from sources deemed reliable but may contain errors and subject to revision. Numbers should be considered very approximate since a very wide variety of buildings are in this mix.

# Average Days on Market until Acceptance of Offer San Francisco Multi-Unit Residential Sales since 2010

Per MLS sales data  
reported by 1/6/20.

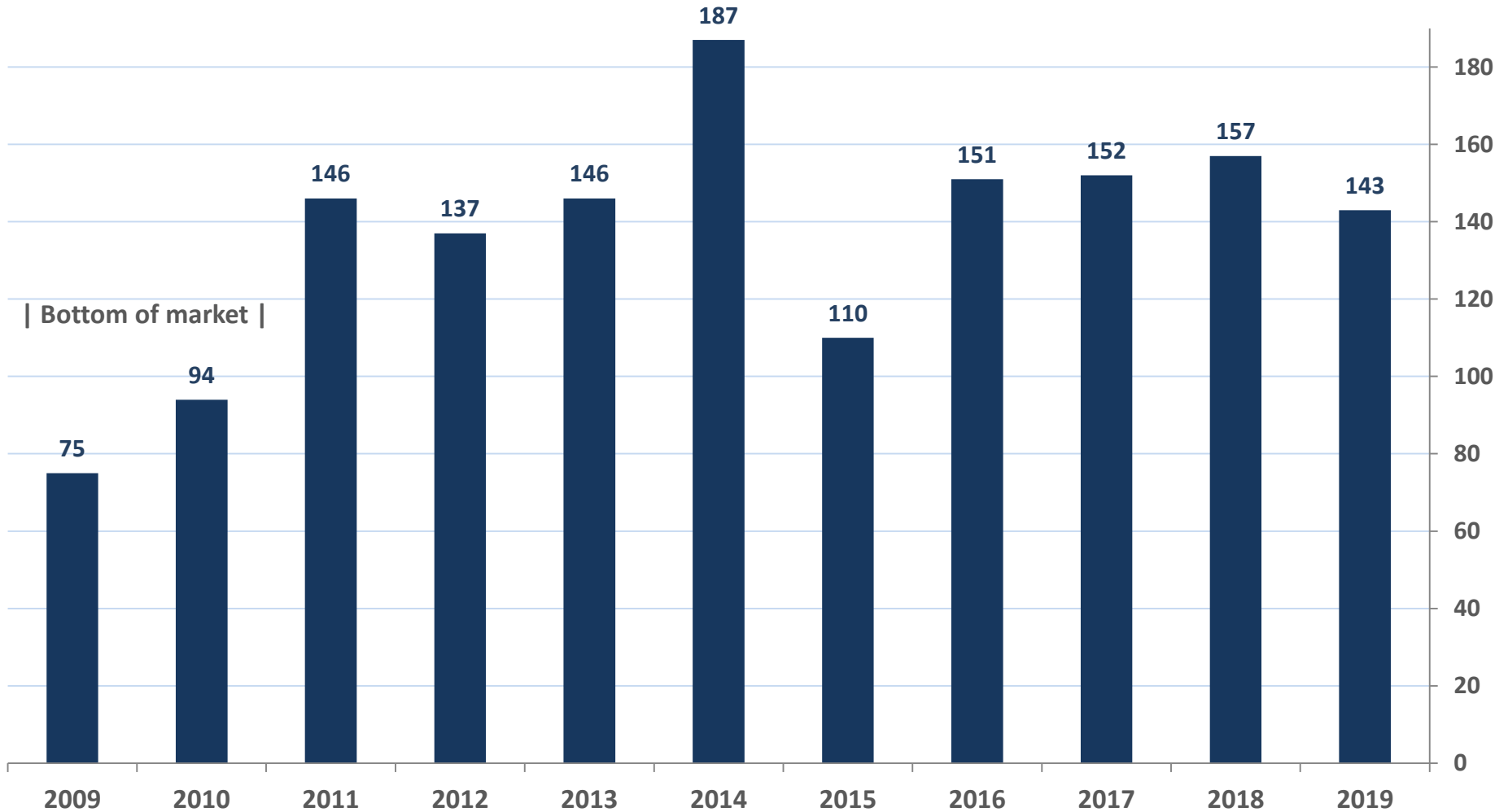


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# Annual Sales Volume

## San Francisco 5+ Unit Residential Building Sales

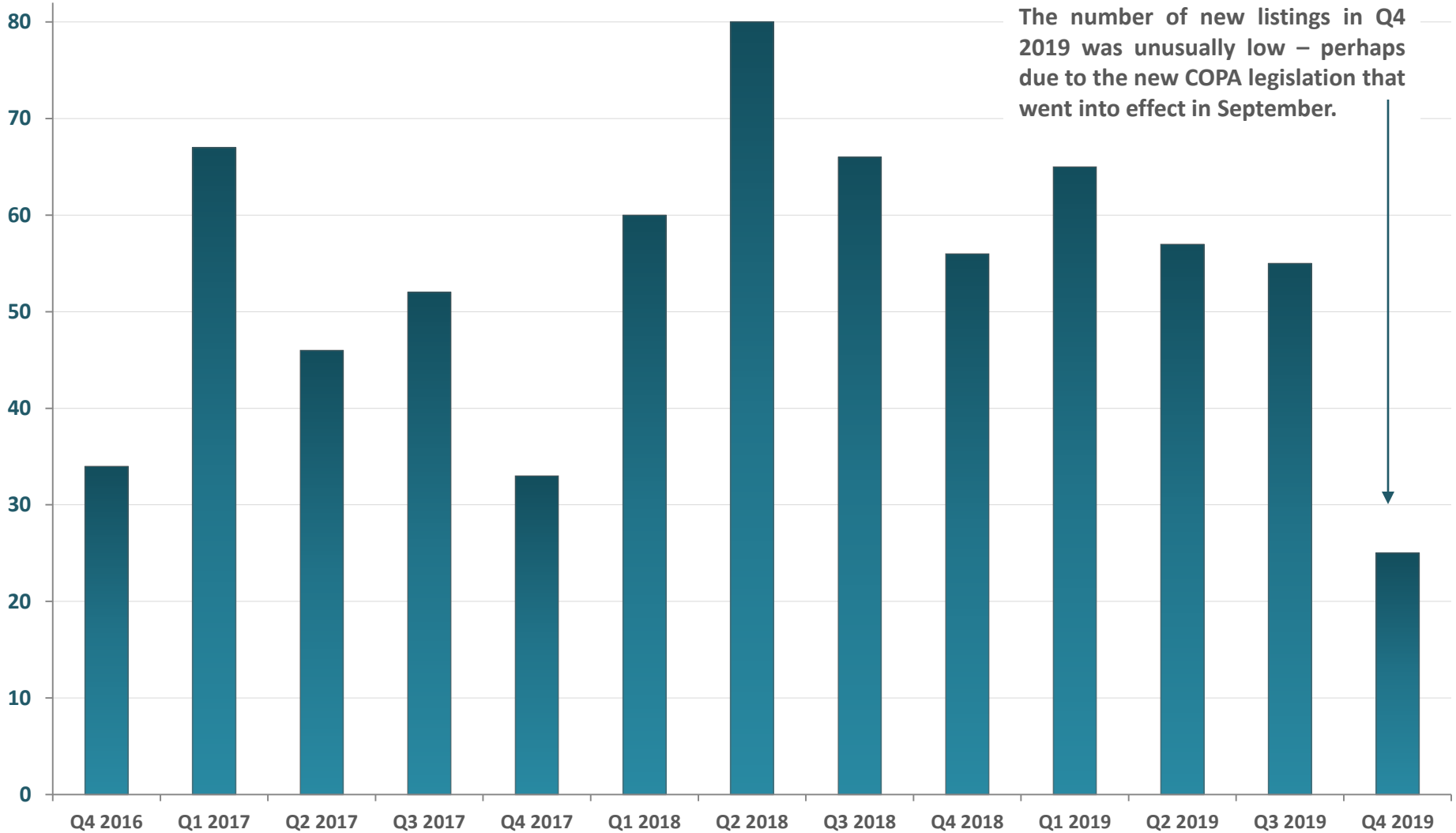


Sales reported to MLS by 1/6/20. These analyses were performed in good faith with data derived from sources deemed reliable, but may contain errors and are subject to revision. All numbers to be considered approximate.

# San Francisco Apartment Building Market – 5+ Units

## New Listings Coming on Market in Quarter

5+ unit buildings, MLS listing activity, per Broker Metrics



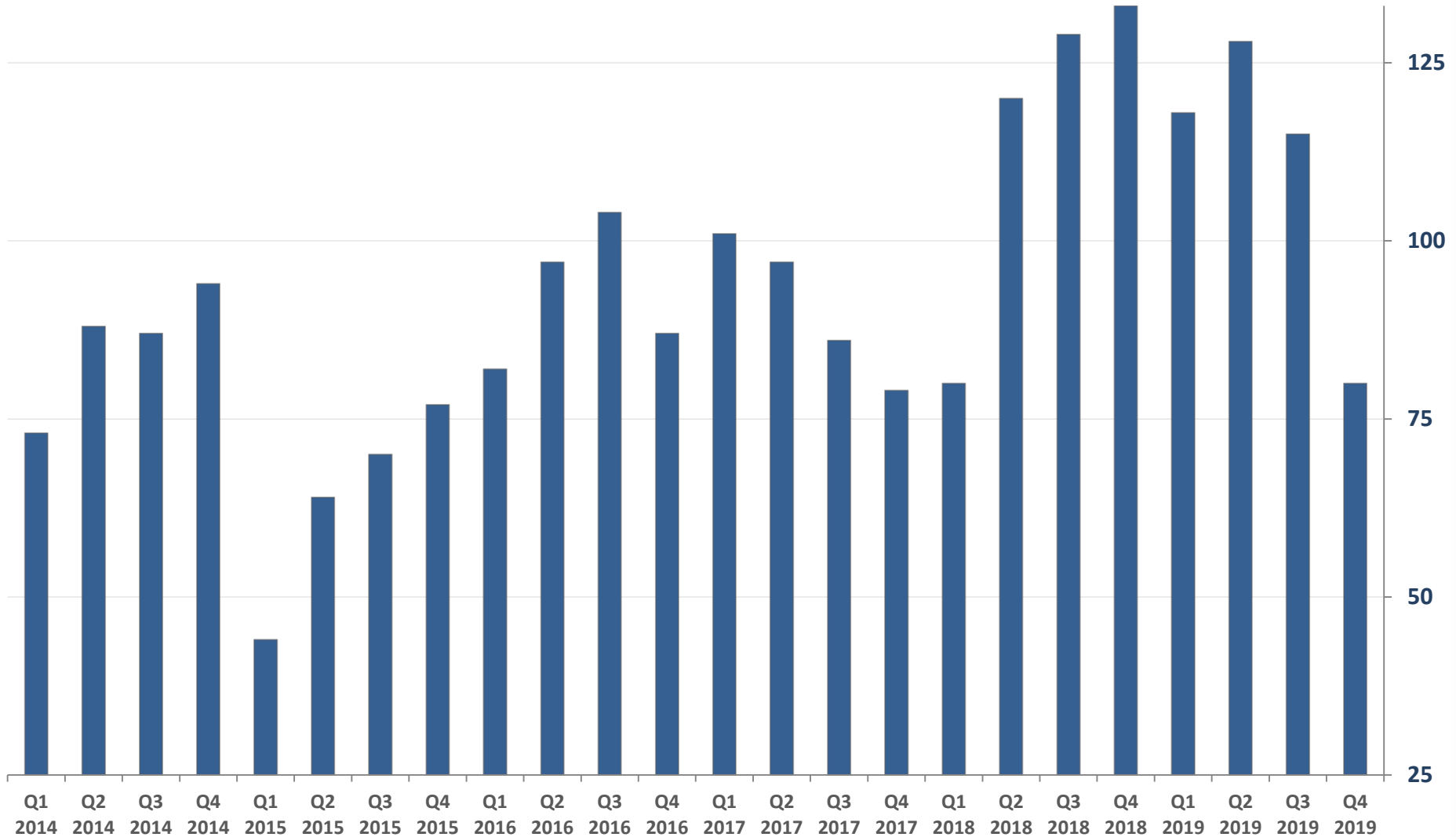
Data from sources deemed reliable, but may contain errors and subject to revision. Based upon MLS activity: Not all for-sale properties are posted to MLS. All numbers approximate and subject to revision.

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# San Francisco Apartment Building Market – 5+ Units

## Active Listings: Units Listed for Sale in Quarter

5+ unit buildings, MLS listing activity, per Broker Metrics



Data from sources deemed reliable, but may contain errors and subject to revision. Based upon MLS activity: Not all for-sale properties are posted to MLS. All numbers approximate and subject to revision.

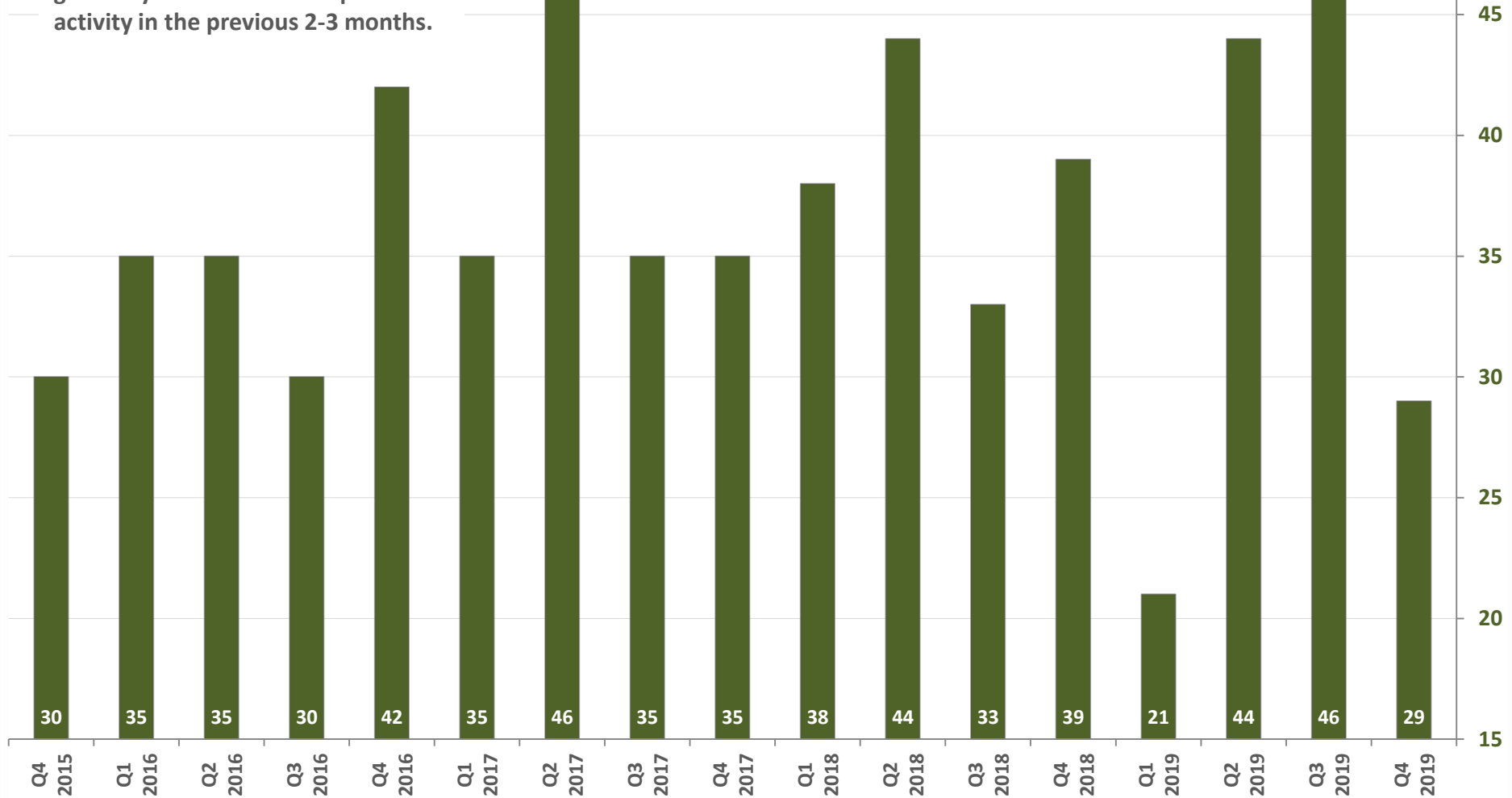




# San Francisco Apartment Building Market – 5+ Units

## Listings Closing Sale in Quarter since 2015

Listings closing sale in 1 month generally reflect accepted-offer activity in the previous 2-3 months.



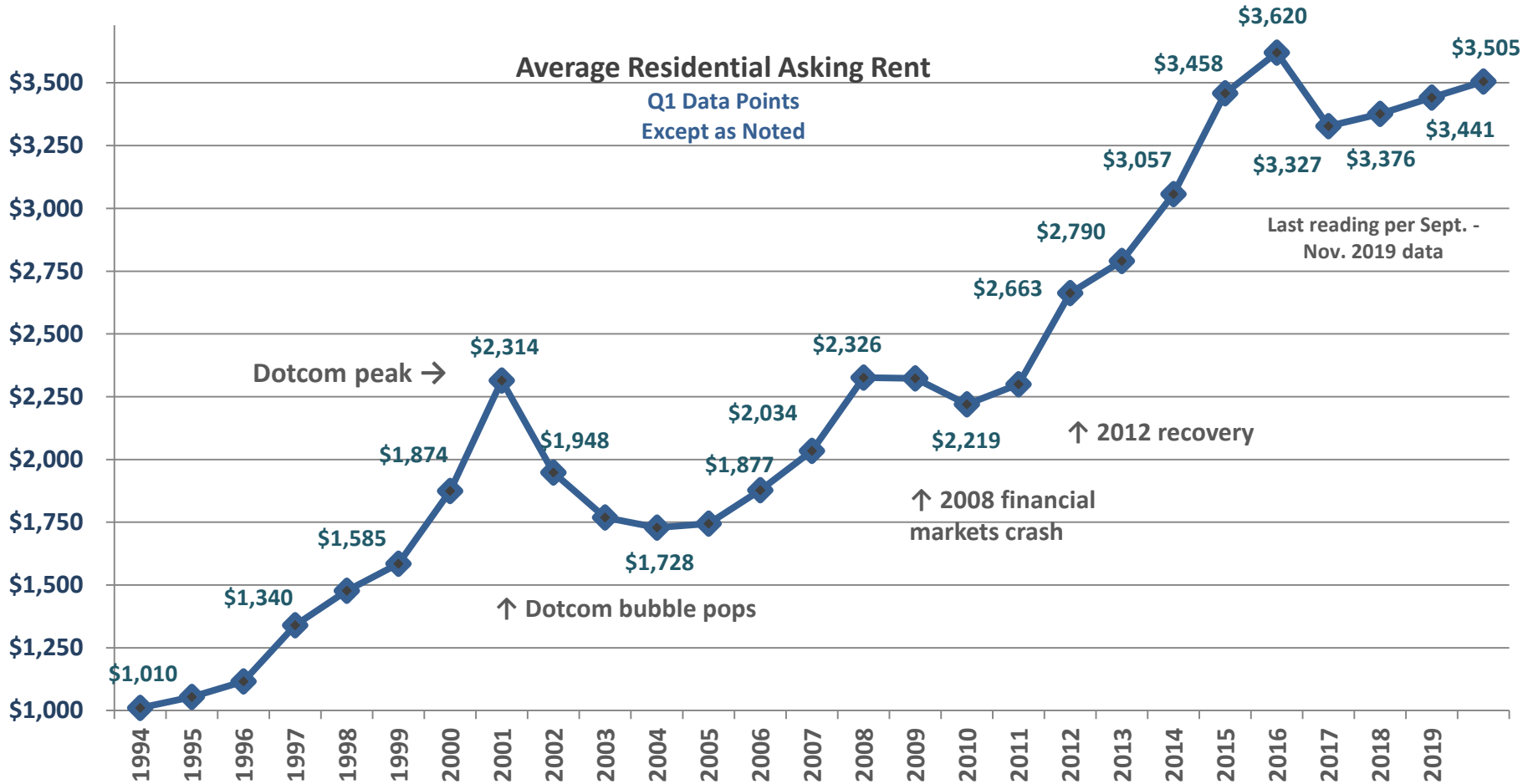
Sales reported to MLS by January 7, 2020— additional sales may be reported for the quarter. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



# San Francisco Residential Rents - Estimated

Weighted Average Asking Rent, Q1 Data Points, 1994 - Present

Per RealFacts LLC & Zillow Rent Index



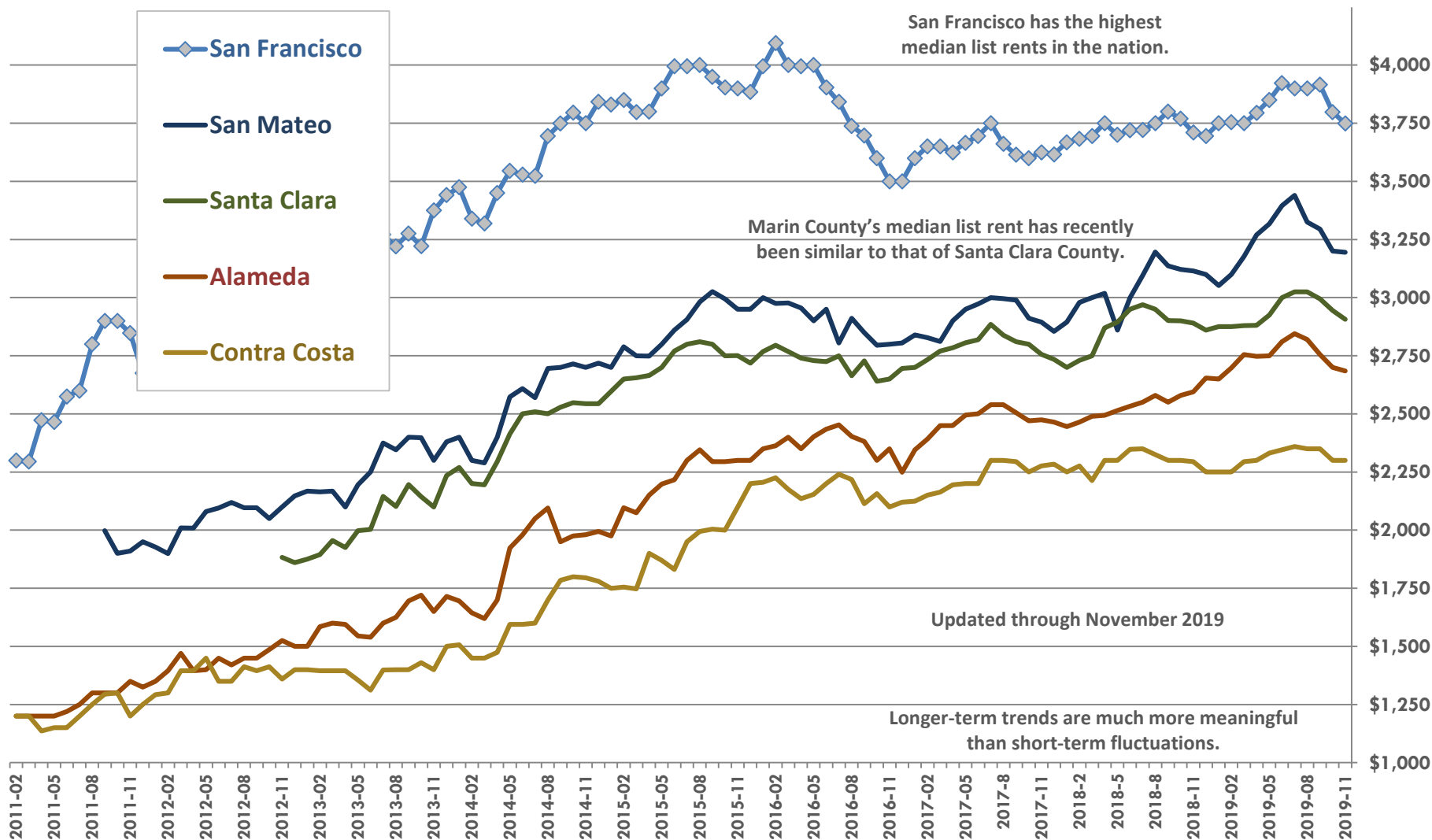
1<sup>st</sup> quarter data points except, as noted for last reading - per RealFacts LLC, for buildings with at least 50 units. 2017-onward estimated using Zillow Rent Index data (<https://www.zillow.com/research/data/#rental-data>). Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate.



# Estimated Median List Apartment Rents

Bay Area Counties since 2011

Data per Zillow Research, 5+ unit buildings through November 2019



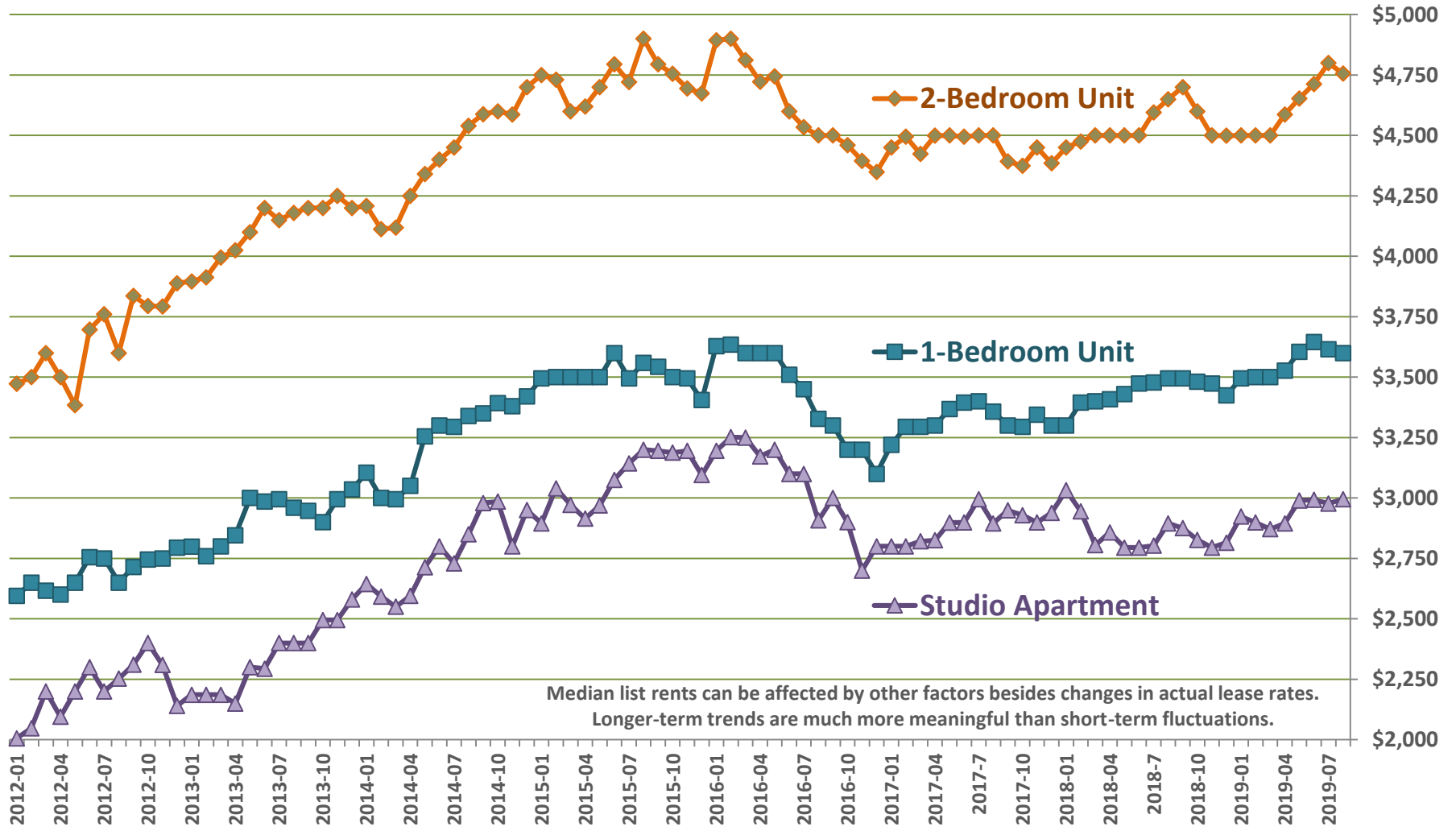
Per Zillow rental data by month: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.



# San Francisco Median List Rents

by Unit Size (Bedroom Count) since 2012

Data per Zillow Research through August 2019

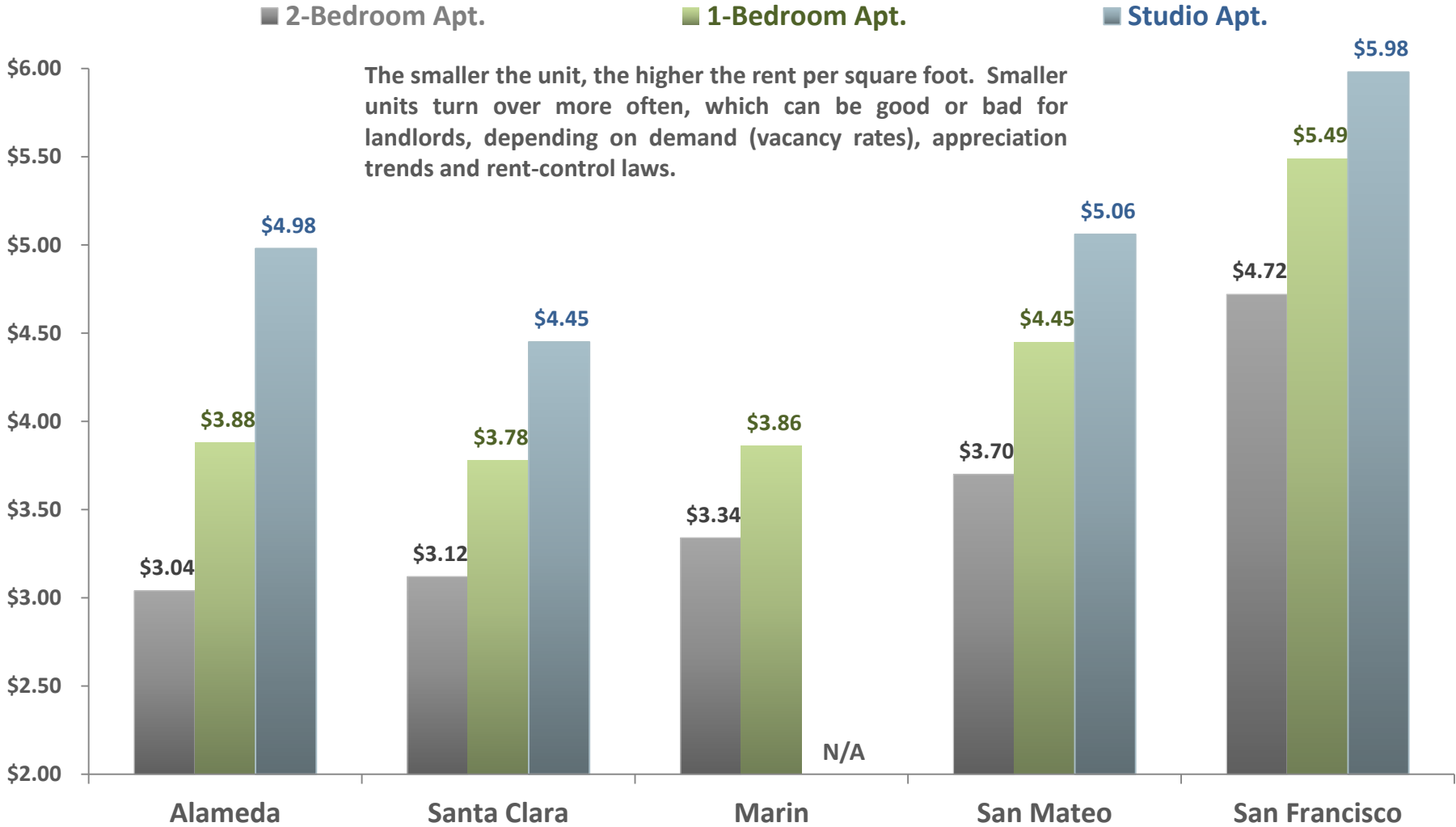


Median list rents can be affected by other factors besides changes in actual lease rates. Longer-term trends are much more meaningful than short-term fluctuations.

# Median List Rent per Square Foot

## Selected Bay Area Counties

Data per Zillow: Monthly average May-August 2019



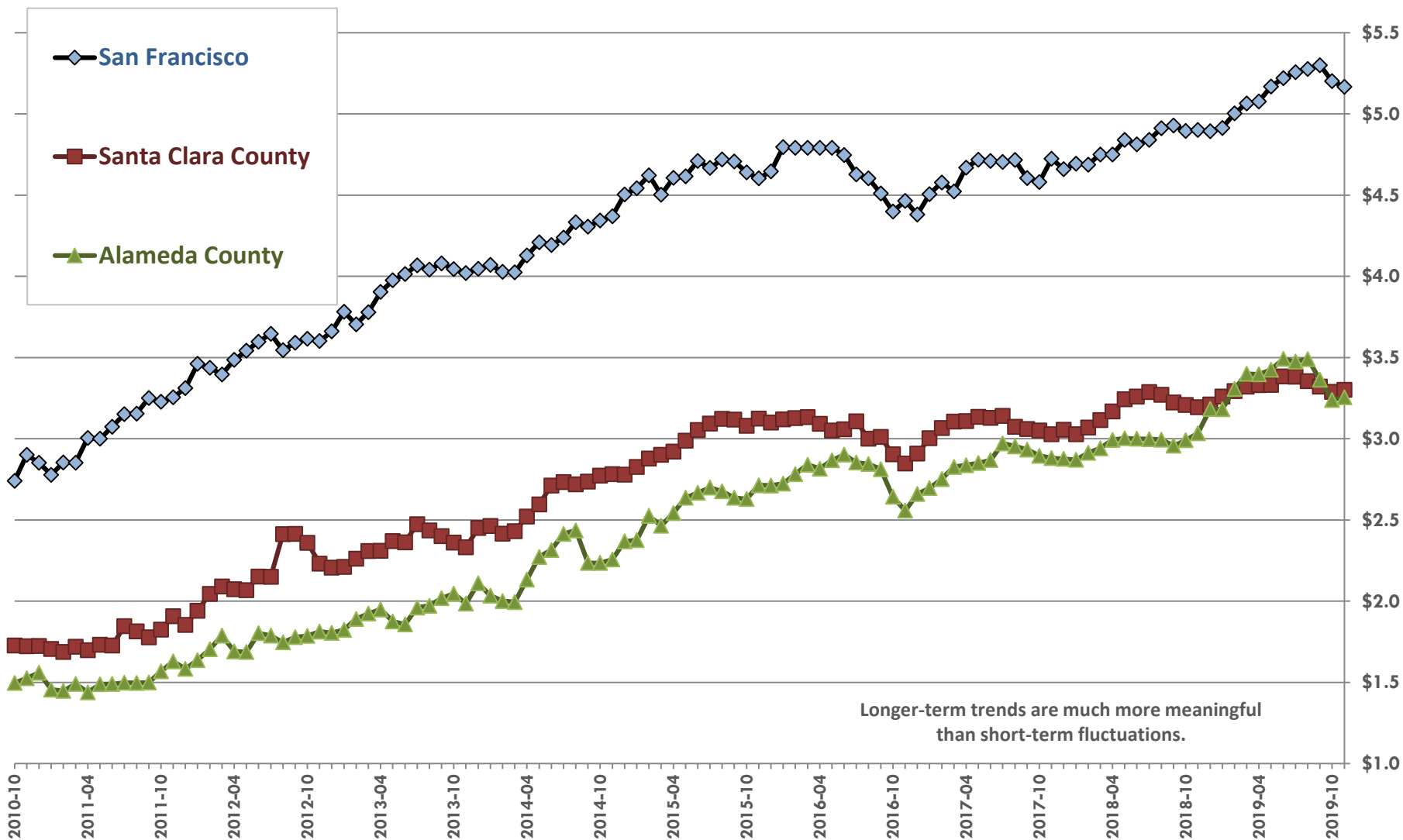
From Zillow Research: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and is subject to revision. Unit size and quality may vary by county. All numbers should be considered approximations.



# Median List Rental Price per Square Foot

San Francisco, Santa Clara, Alameda Counties since 2010

Data per Zillow Research, 5+ unit buildings through November 2019



Longer-term trends are much more meaningful than short-term fluctuations.

Per Zillow rental data by month: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.



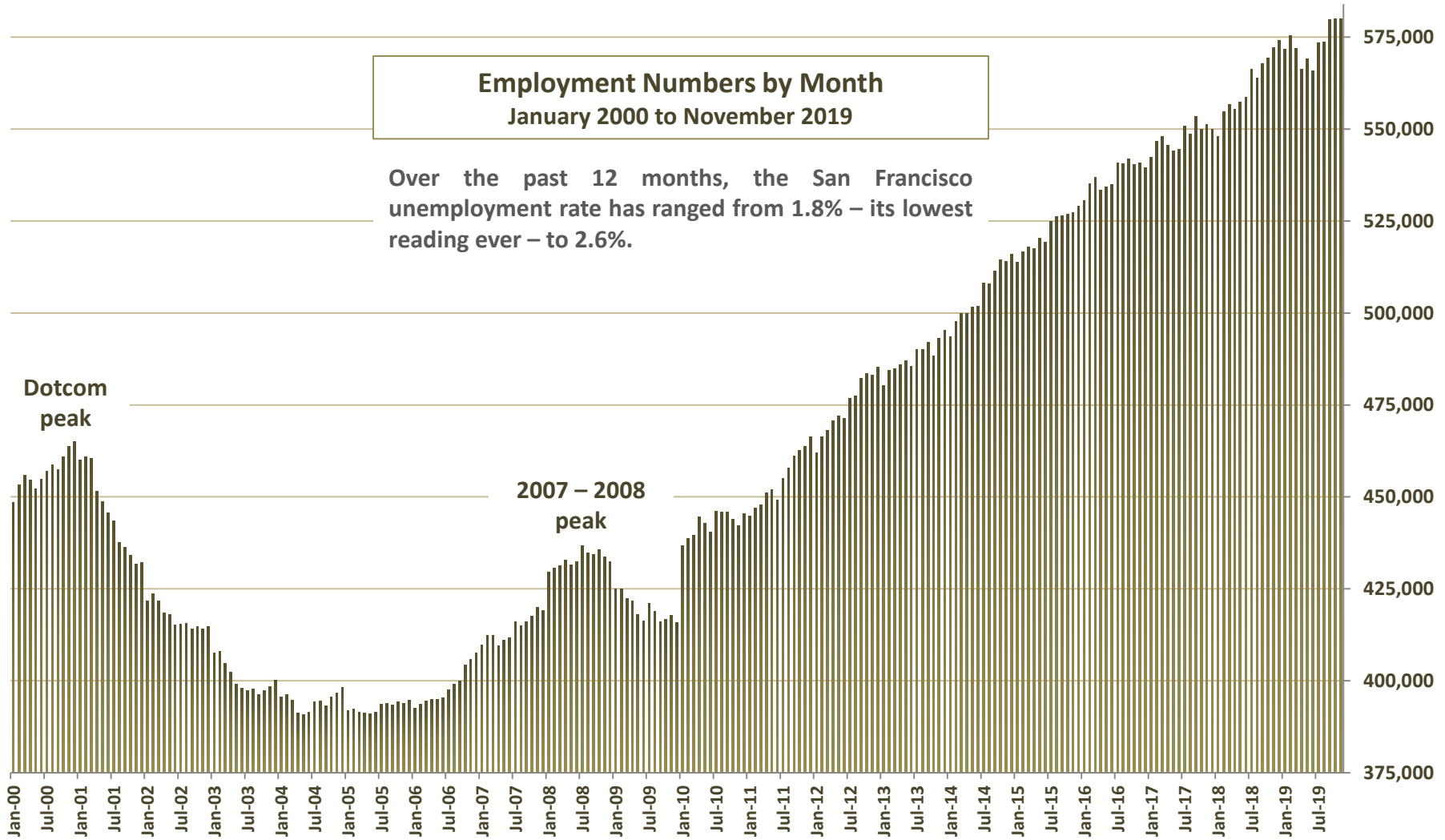
# San Francisco Employment Trends

## Number of Employed Residents since 2000

Per California Employment  
Development Dept. (EDD)

### Employment Numbers by Month January 2000 to November 2019

Over the past 12 months, the San Francisco unemployment rate has ranged from 1.8% – its lowest reading ever – to 2.6%.



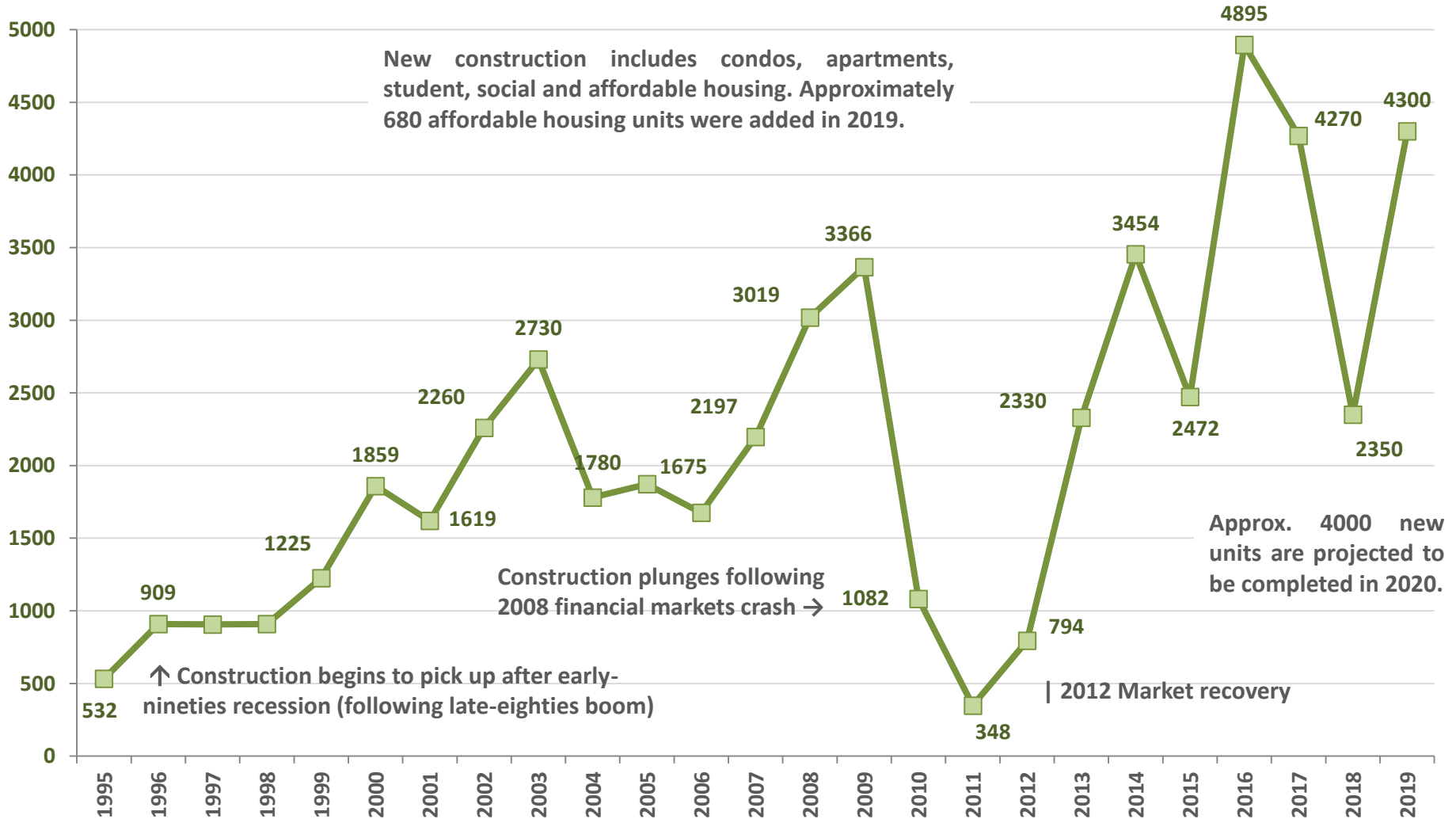
EDD data. Last month's data is labeled "preliminary" by EDD. EDD often goes back to revise past data releases. Data from sources deemed reliable but may contain errors and subject to revision.



# Ebbs & Flows in SF Housing Construction

## New-Construction Housing Units Completed by Year

Per SF Planning Dept. Housing Inventory Report and other sources



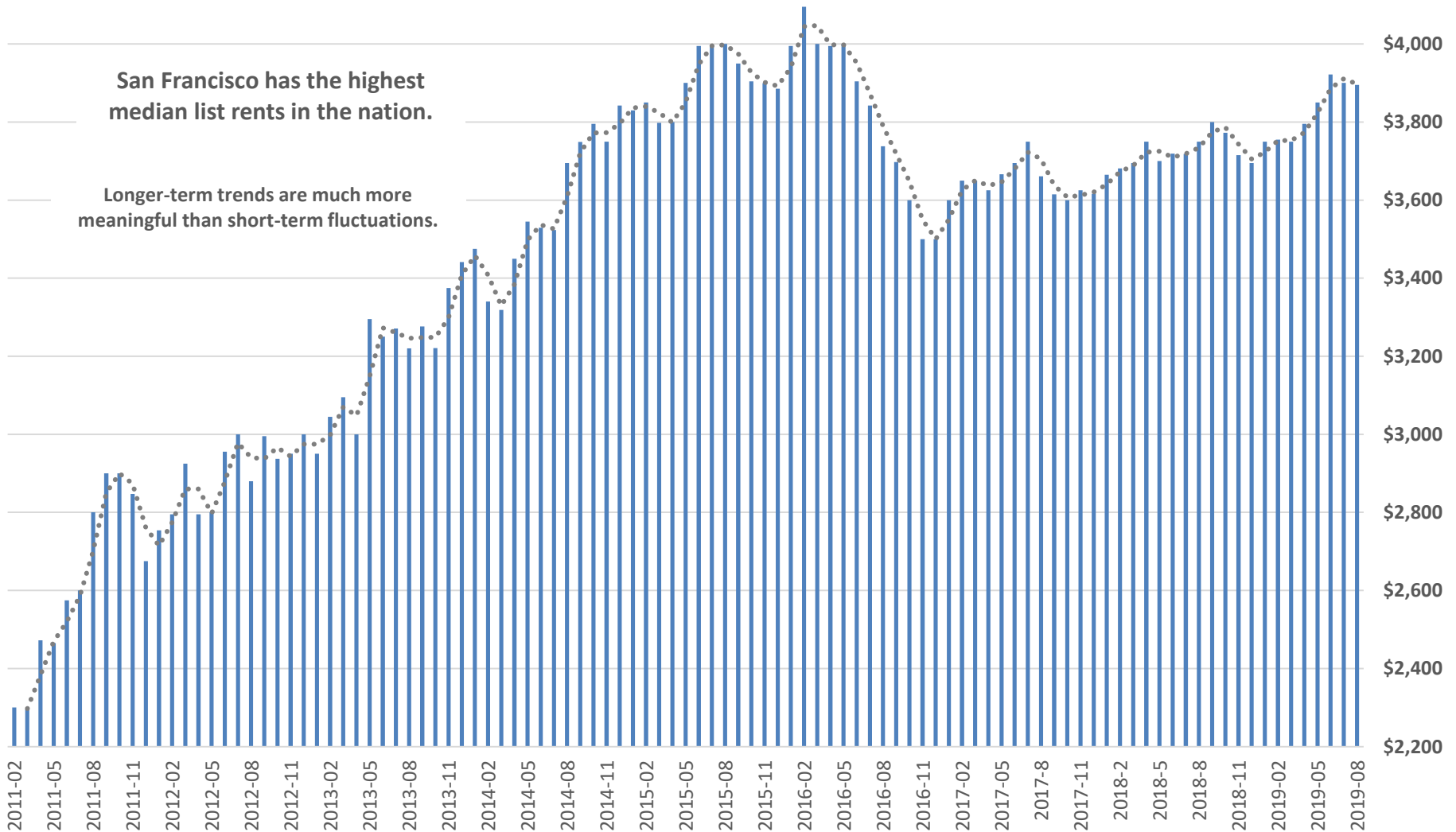
Analysis includes condos, houses, rental apartment units, affordable housing, student and senior housing and units in social housing projects. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered general approximations.



# Median List Rent Trends

## San Francisco since 2011

Data per Zillow Research, 5+ unit buildings through August 2019



Per Zillow rental data by month: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.



# Median List Rental Price per Square Foot

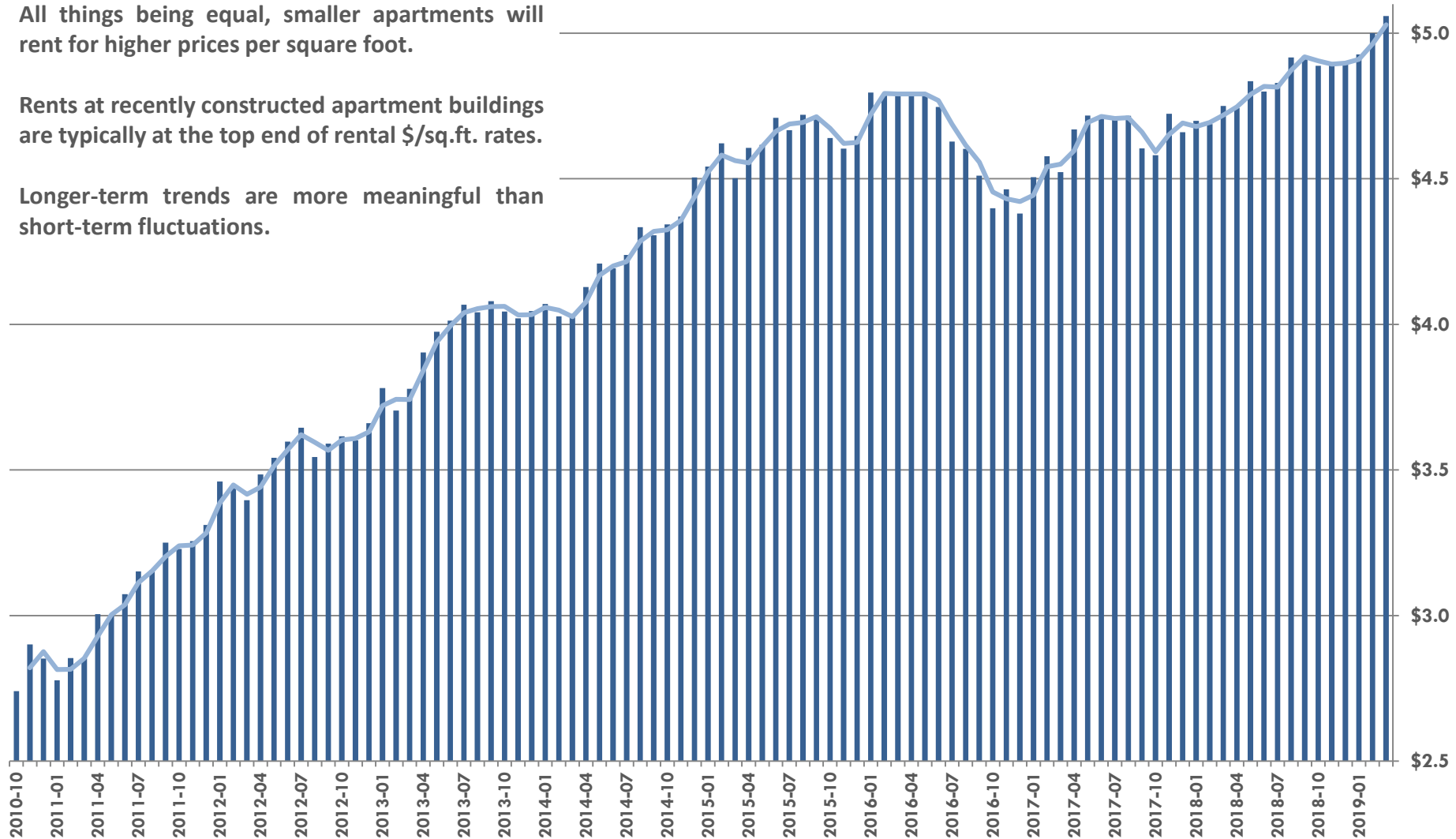
San Francisco Trends, October 2010 – March 2019

Data per Zillow Research,  
5+ unit buildings

All things being equal, smaller apartments will rent for higher prices per square foot.

Rents at recently constructed apartment buildings are typically at the top end of rental \$/sq.ft. rates.

Longer-term trends are more meaningful than short-term fluctuations.



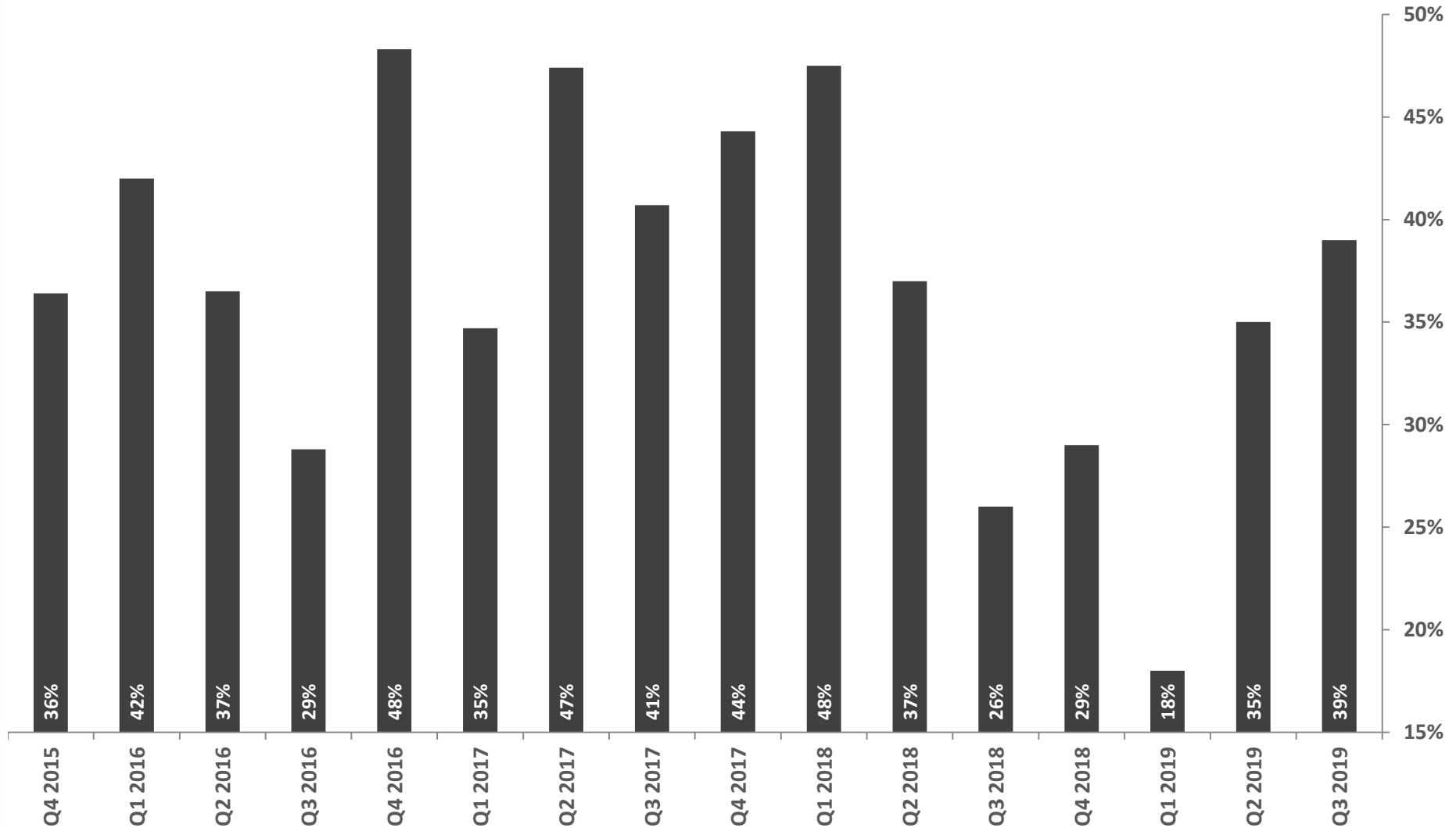
Per Zillow rental data by month: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.

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# Percentage of Listings Sold in Quarter

## San Francisco 5+ Unit Building Market Dynamics

Per MLS sales data



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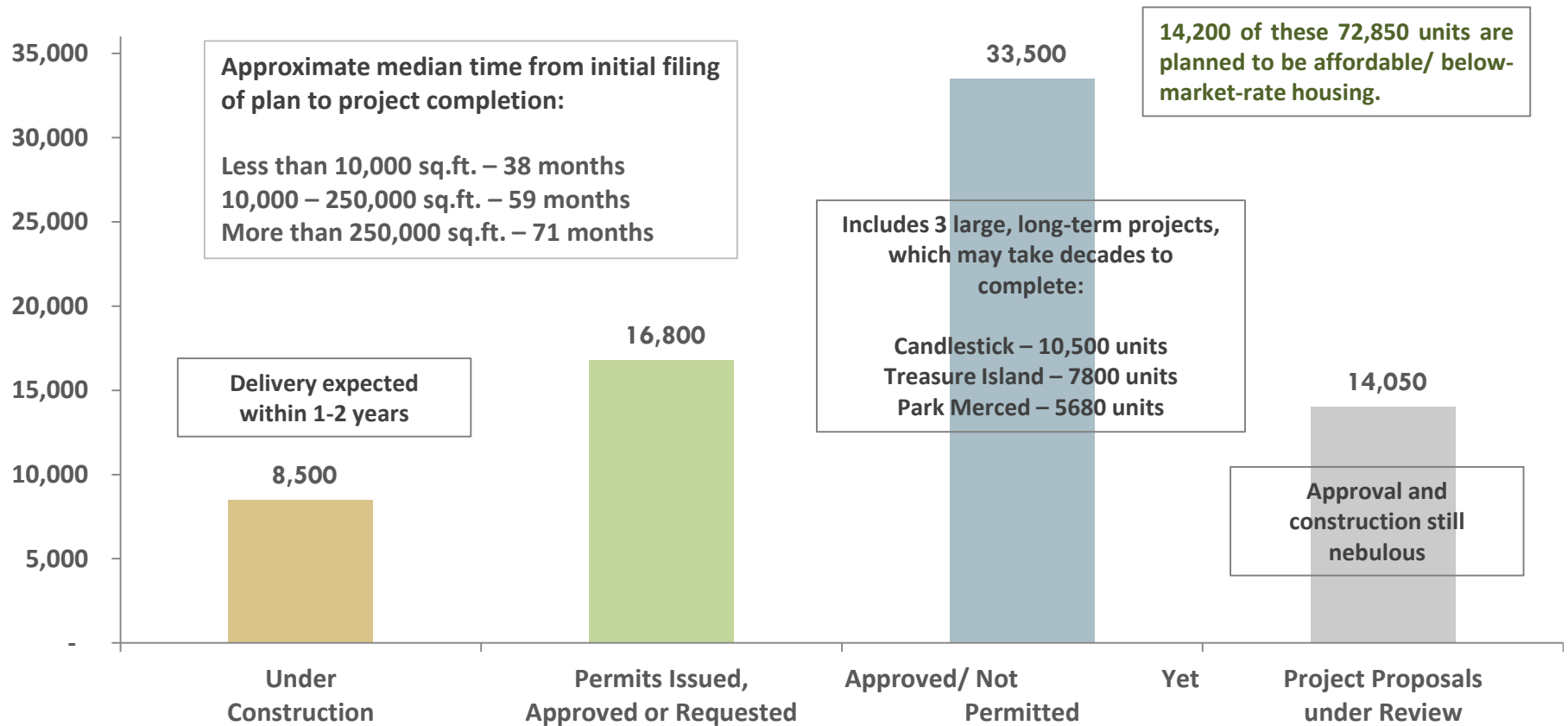


# San Francisco New-Home Construction Pipeline

Unit Count Data per Socketsite 6/18/19 Analysis of Planning Dept. Q1 2019 Pipeline Report

## Net New Housing Units

Includes market-rate condos and rental units, as well as affordable (below-market-rate) and social project housing. Changes in economic/political conditions can quickly impact plans and construction.

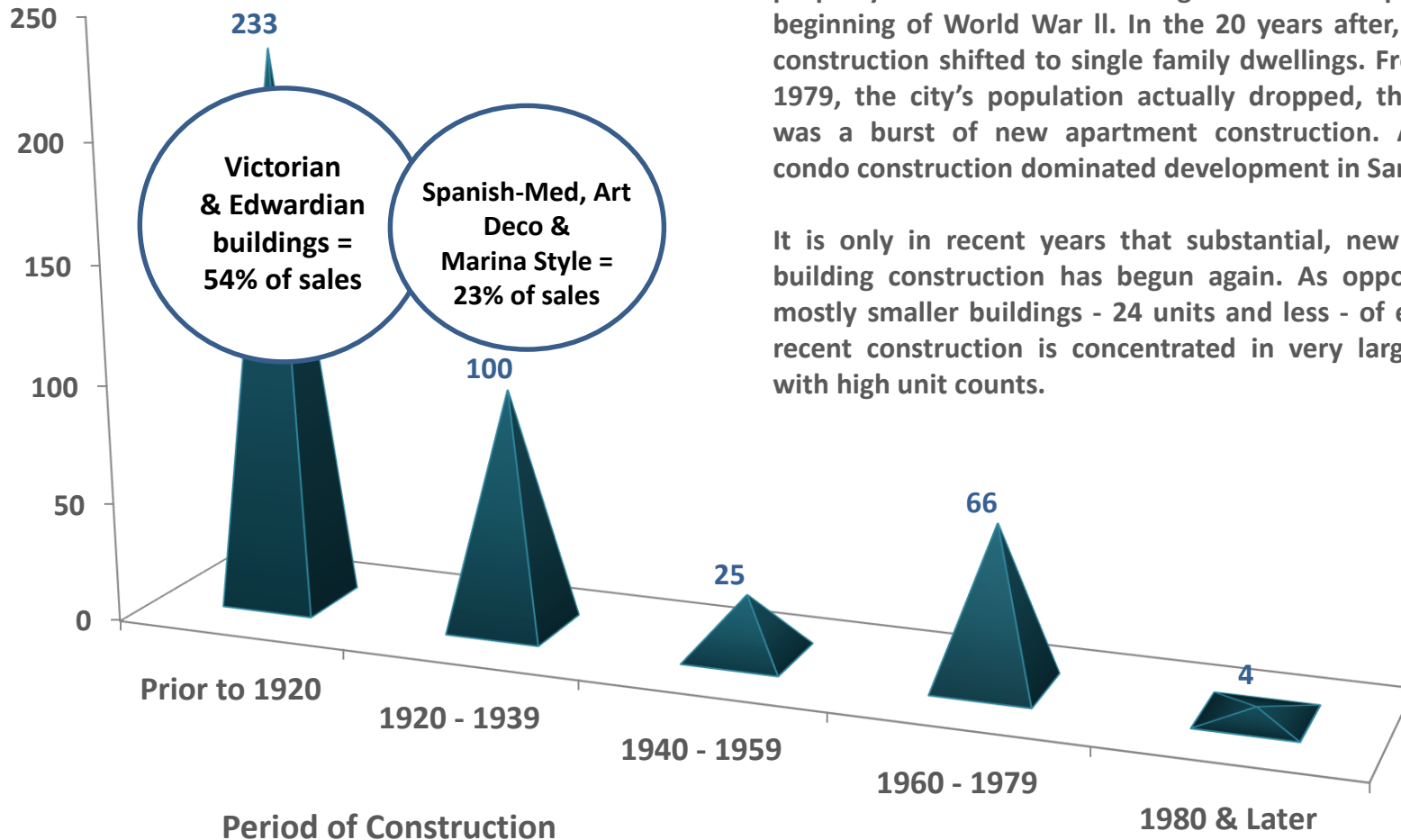


New plans are constantly being filed and existing plans changed or even abandoned. Data from sources deemed reliable, but may contain errors and subject to revision. Unit counts refer to “net-new” units. All numbers should be considered general estimates.

# San Francisco Residential 5+ Unit Buildings

## Sales by Era of Construction, 2016 - 2018

Sales reported to MLS



Approximately 78% of San Francisco residential 5+ unit property sales are of buildings constructed prior to the beginning of World War II. In the 20 years after, new home construction shifted to single family dwellings. From 1960 to 1979, the city's population actually dropped, though there was a burst of new apartment construction. After 1980, condo construction dominated development in San Francisco.

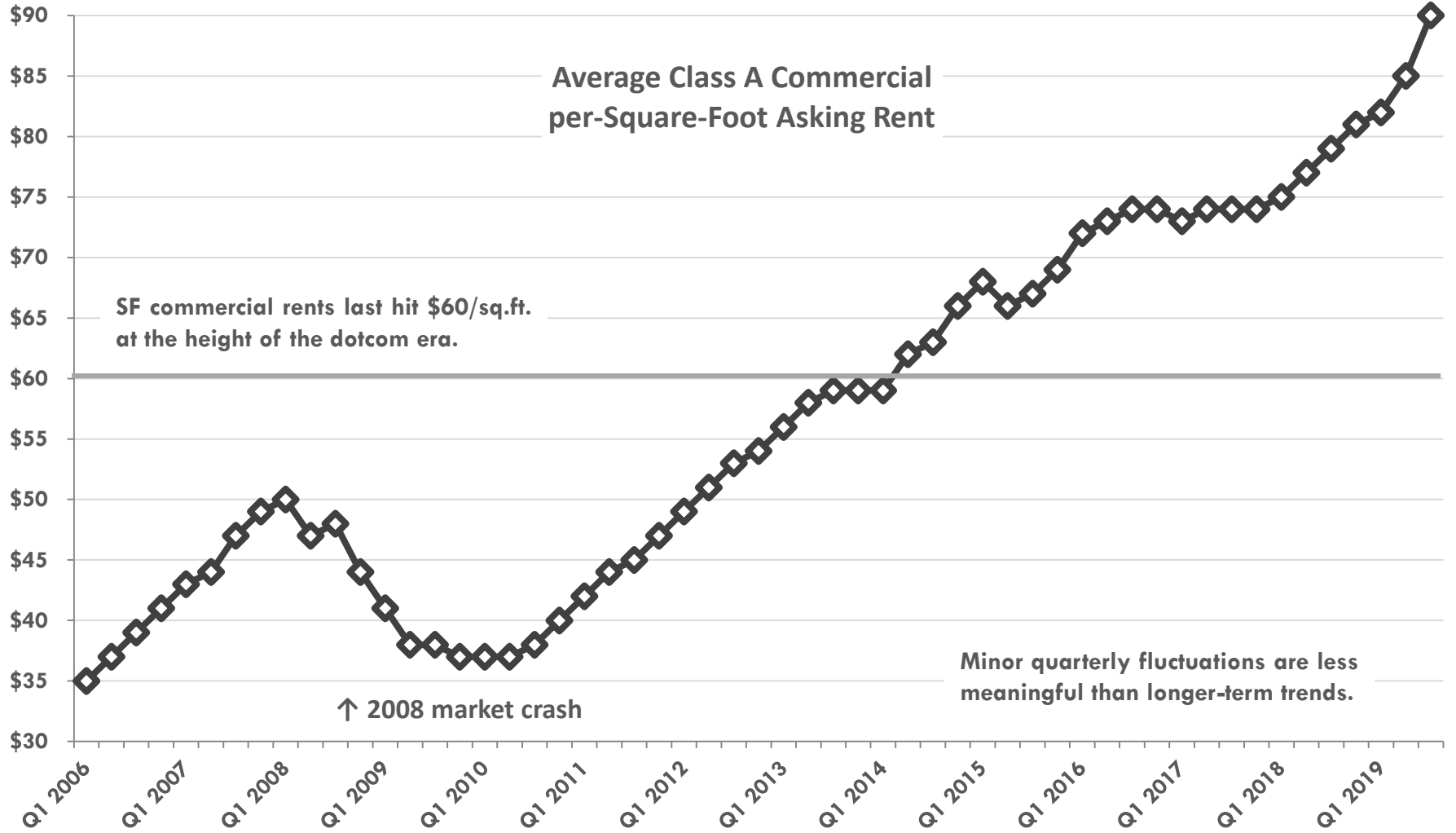
It is only in recent years that substantial, new apartment building construction has begun again. As opposed to the mostly smaller buildings - 24 units and less - of earlier eras, recent construction is concentrated in very large buildings with high unit counts.

Sales reported to MLS. These analyses were performed in good faith with data derived from sources deemed reliable, but they may contain errors and are subject to revision. All numbers should be considered general approximations.

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# San Francisco Commercial Lease Rates

## Class A Commercial Asking Rent



Data per SF Office of the Controller/ Jones Lang LaSalle through Q3 2019. Data from sources deemed reliable but may contain errors and subject to revision. All numbers should be considered approximate.



Note that the quantity of sales in any given local submarket is usually relatively small and/or the number of sales that report the necessary financial information can be limited. Buildings of different ages, qualities and sizes selling in different periods can cause these average and median figures to fluctuate significantly. Furthermore, the reliability of some of these calculations depends upon the quality of the income and expense figures provided by the listing agents, and sometimes instead of actual numbers, much less meaningful projected or scheduled figures are used. Therefore, the above statistics should be considered very general indicators, and how they apply to any particular property without a specific comparative market analysis is unknown. If you would like such a specific analysis, please contact me.

These analyses were made in good faith with data from sources deemed reliable, but they may contain errors and are subject to revision. Statistics are generalities and all numbers should be considered approximate.

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