



The San Francisco Apartment Building Market

October 2021 Multi-Family Market Report for Residential 5+ Unit Buildings

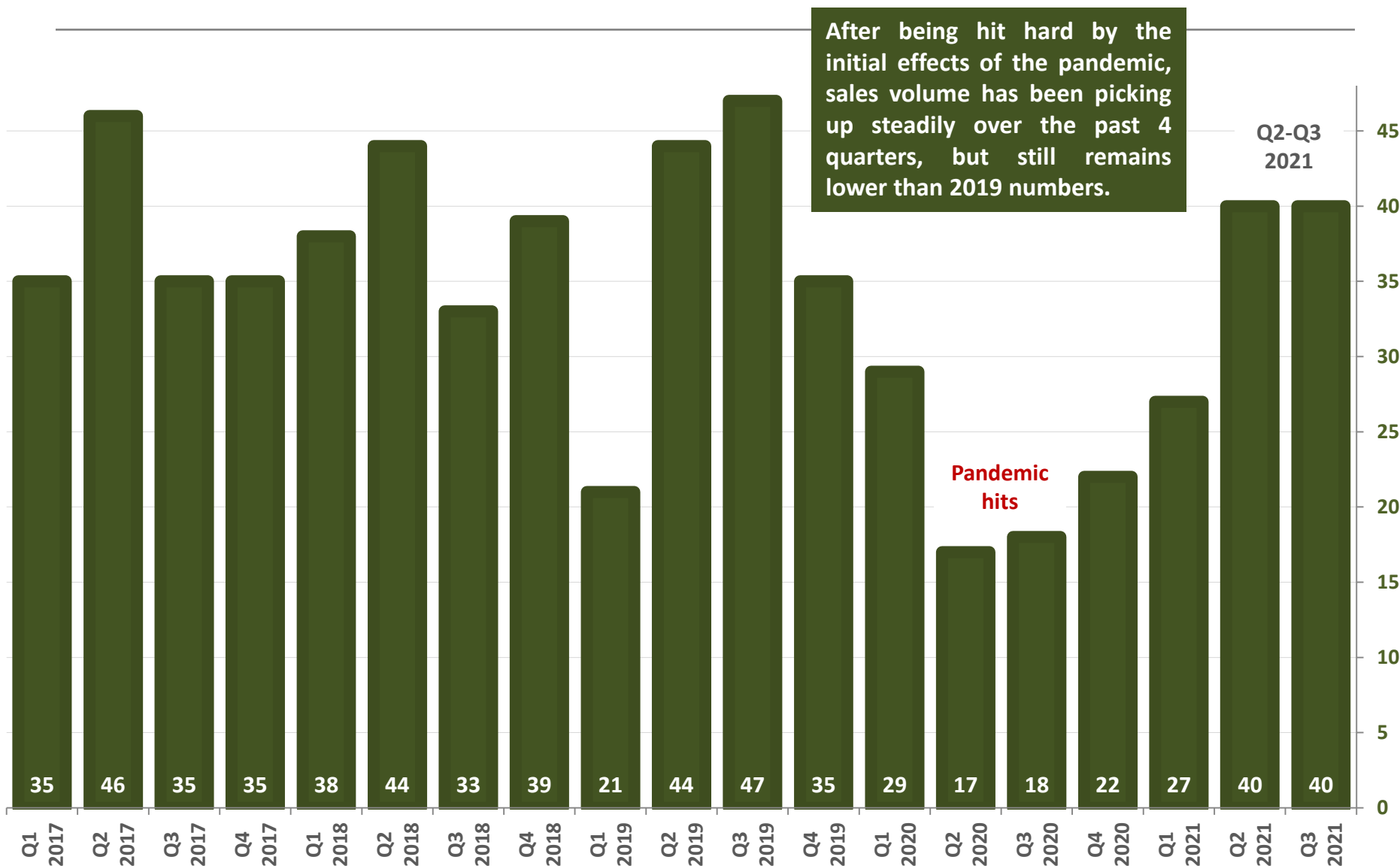
Sales activity has picked up significantly since the plunge in sales occurring in 2020 after the pandemic first hit. Rents continue to rebound from the large decline, but still remain well below pre-pandemic rates. Office occupancy remains very low, with SF probably having the lowest rate of any major metro area in the nation. The state-wide eviction moratorium has expired, but certain protections continue: As with anything to do with our extremely complex and constantly changing tenant-landlord law in San Francisco, one is strongly advised to consult a local attorney specializing in the field before taking any action.

5+ unit residential income buildings. Sales reported to SF and NorCal MLS. This market consists of a relatively small number of sales, of buildings of widely varying sizes, qualities and financial characteristics, across a broad range of locations: This makes meaningful statistical analysis more difficult. Data from sources deemed reliable, but may contain errors and subject to revision. Q3 2021 numbers are estimates using data available in early October 2021: Late reported sales may alter these numbers. All numbers approximate.

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San Francisco Apartment Building Market – 5+ Units

Listings Closing Sale in Quarter since 2017



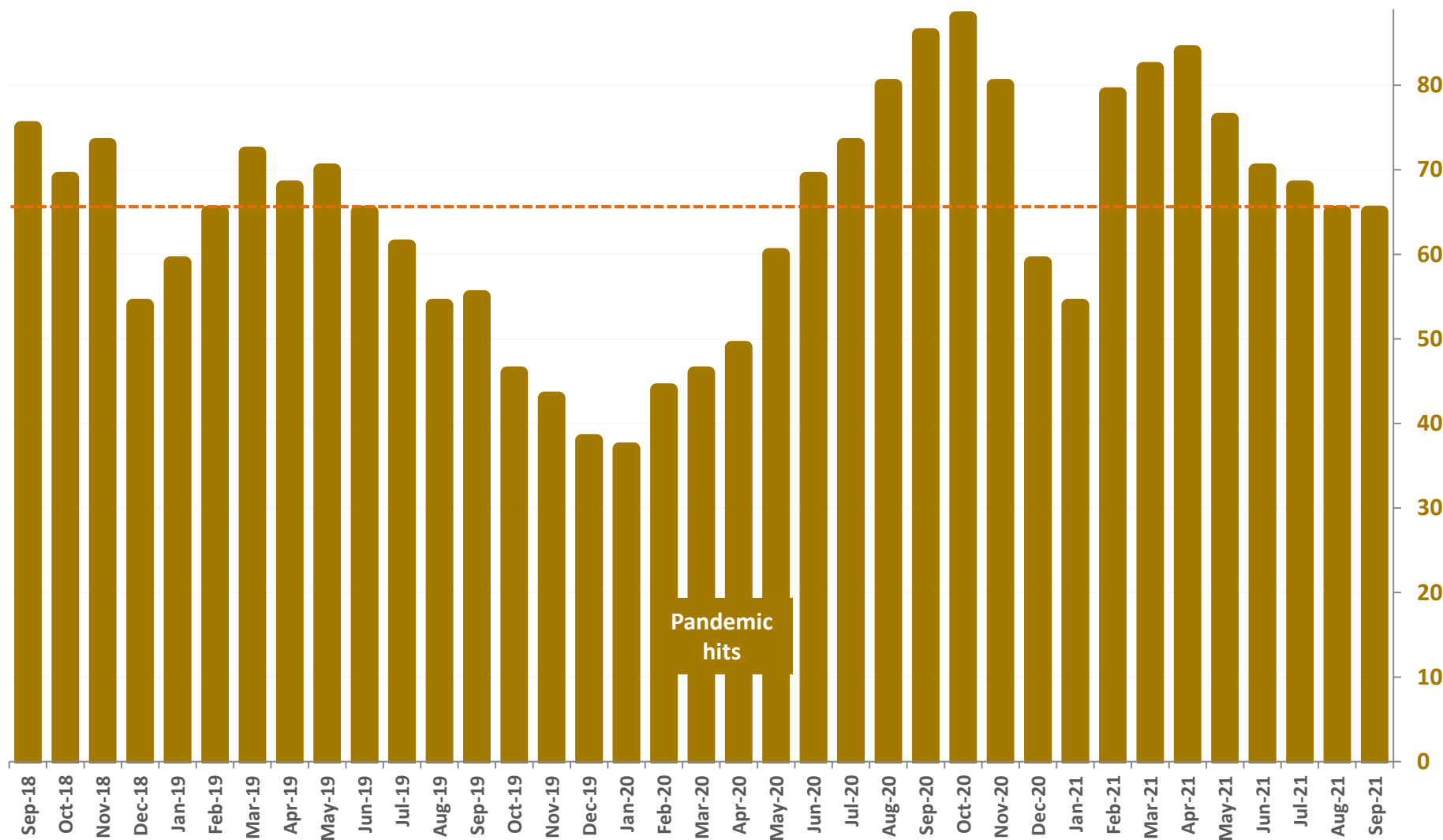
Sales reported to NorCal Regional MLS. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. Not all sales are reported to MLS.

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San Francisco Apartment Building Market – 5+ Units

Active Listings Listed for Sale at End of Month

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



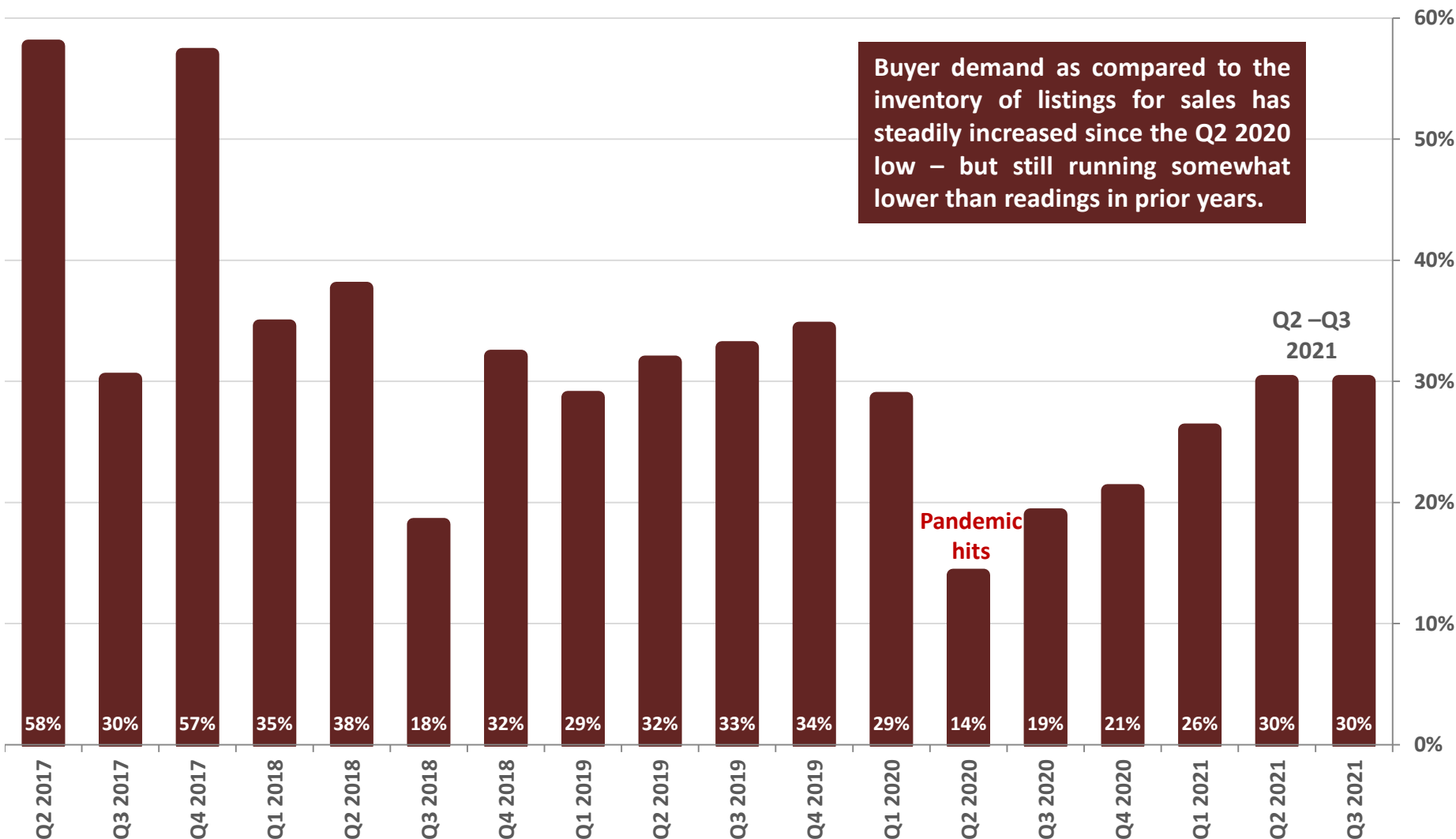
Data from sources deemed reliable, but may contain errors and subject to revision. Based upon MLS activity: **Not all for-sale properties are posted to MLS.** All numbers approximate and subject to revision.

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Percentage of Listings Accepting Offers in Quarter

San Francisco 5+ Unit Building Market Dynamics

SFARMLS sales data,
per Broker Metrics

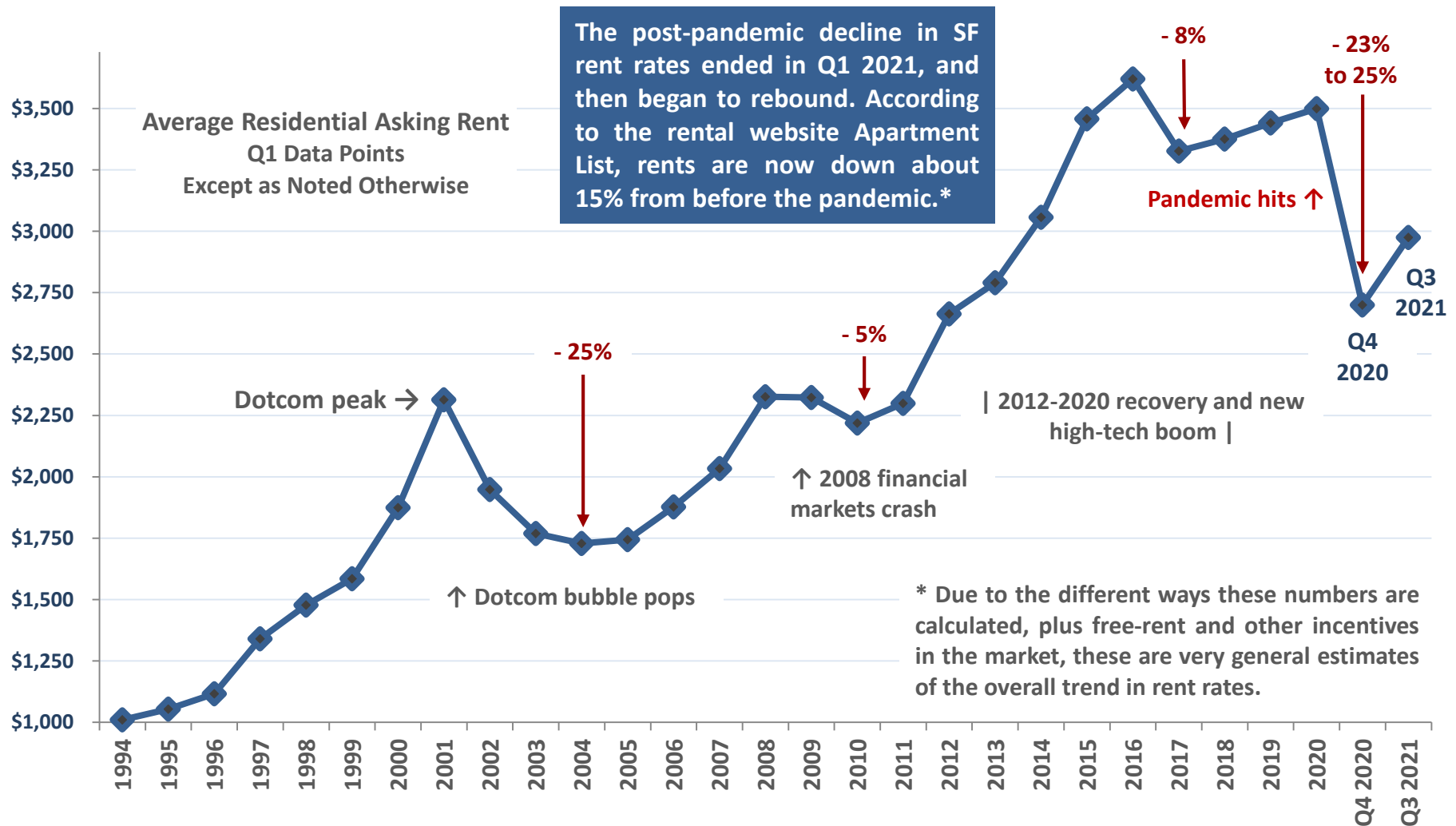


These analyses were performed in good faith with data derived from sources deemed reliable, but may contain errors and are subject to revision. All numbers to be considered approximate.

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San Francisco Residential Rents – Good Faith Estimates*

Average Asking Rent, 1994 - Present

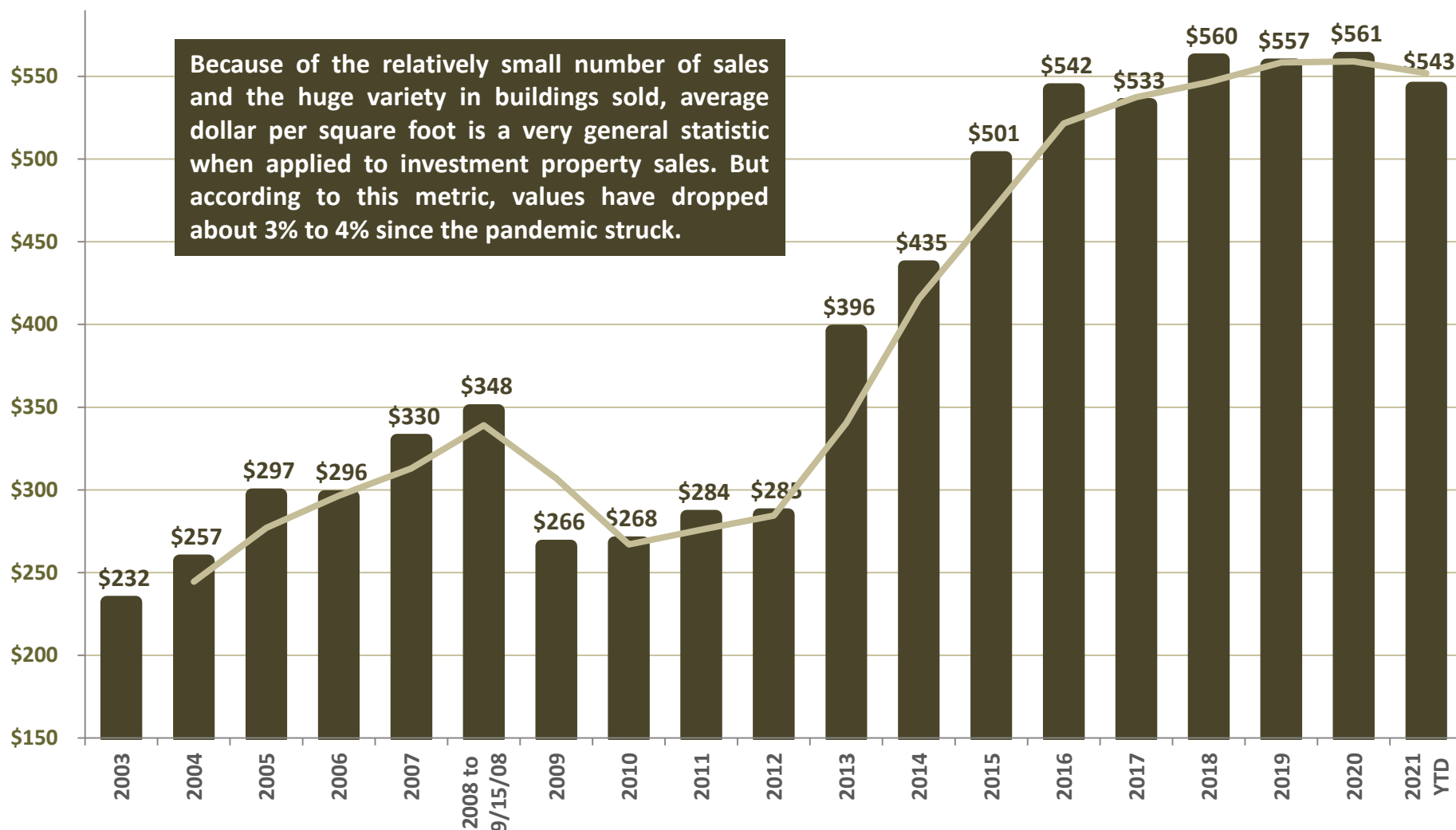


1st quarter data points except, as noted for Q4 2020 and Q3 2021. Numbers are estimated using data from a number of rental data sources. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are good-faith estimates and very approximate.

San Francisco 5+ Unit Apartment Building Sales

Average Dollar per Square Foot Values

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. But according to this metric, values have dropped about 3% to 4% since the pandemic struck.



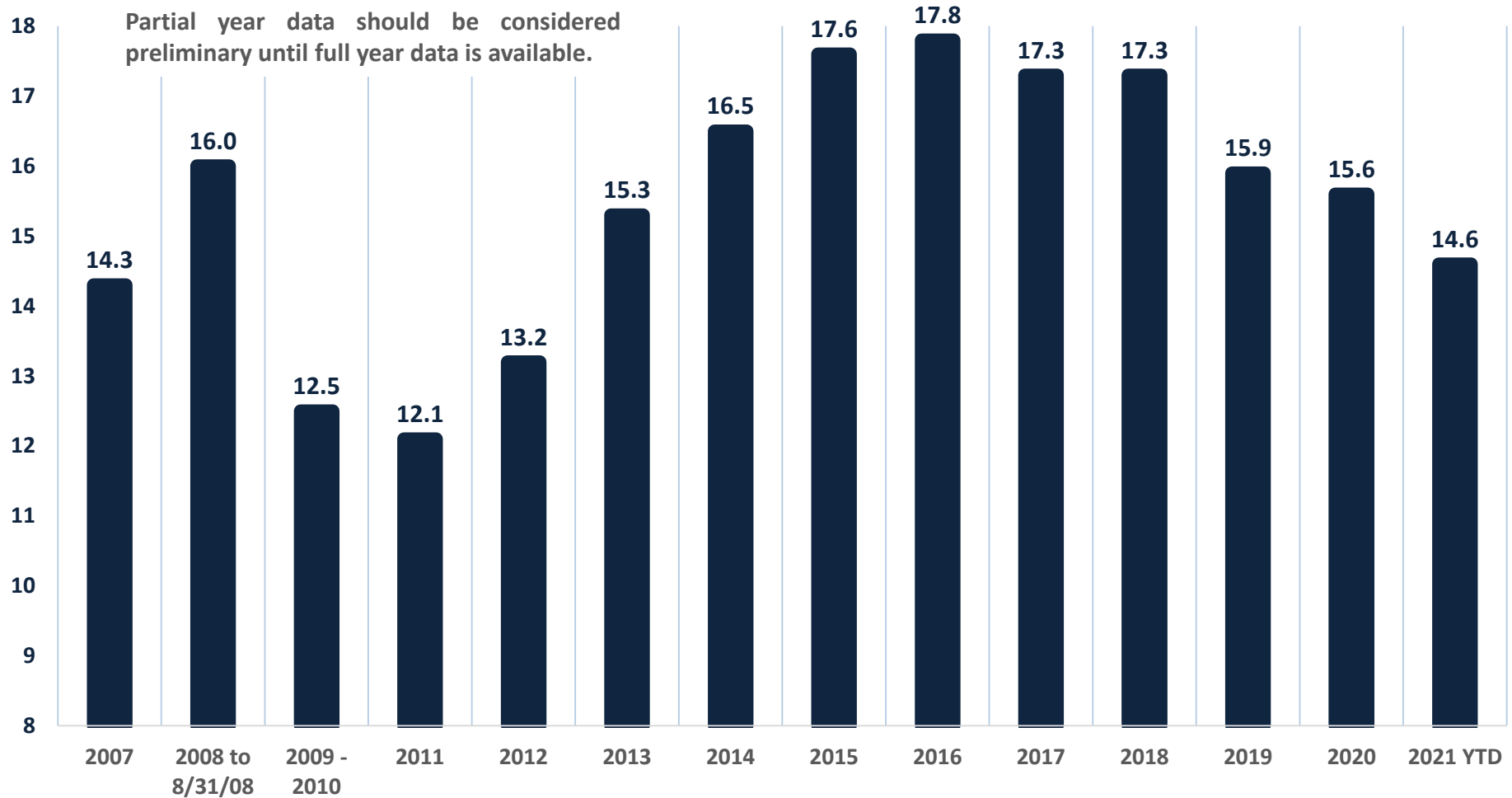
Sales reported to NorCal Regional MLS through 9/30/21 Data is from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate. Outliers deleted when identified.

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Average Gross Rent Multiples

San Francisco 5+ Unit Apartment Building Sales

Sales reported to NorCal
Regional MLS through 9/30/21



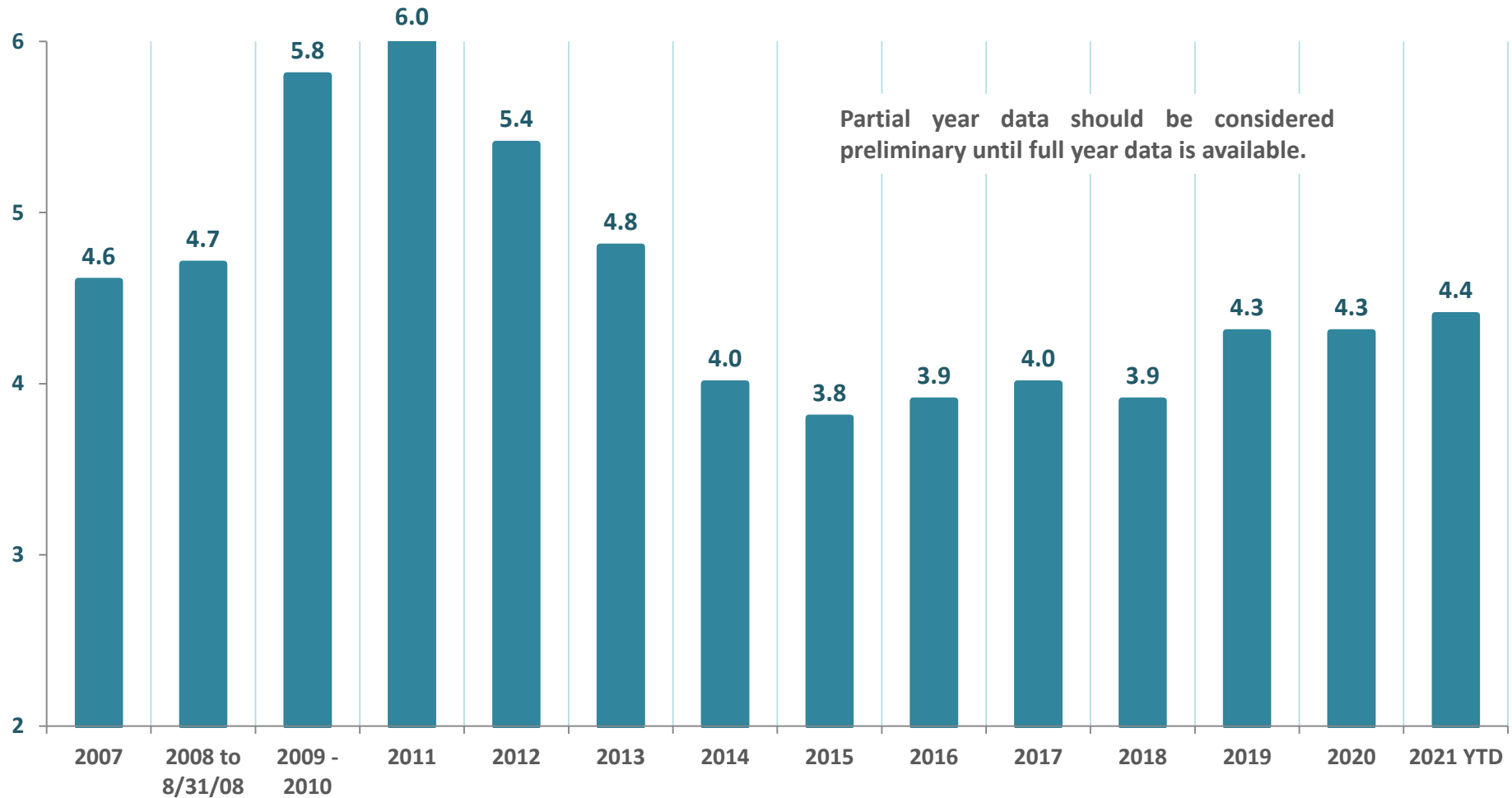
GRM is calculated by dividing the sales price by the annual gross rents. It is a very general statistic and all numbers should be considered approximate. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales that would distort the statistic were deleted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

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Average Cap Rates

San Francisco 5+ Unit Apartment Building Sales

Sales reported to NorCal
Regional MLS through 9/30/21



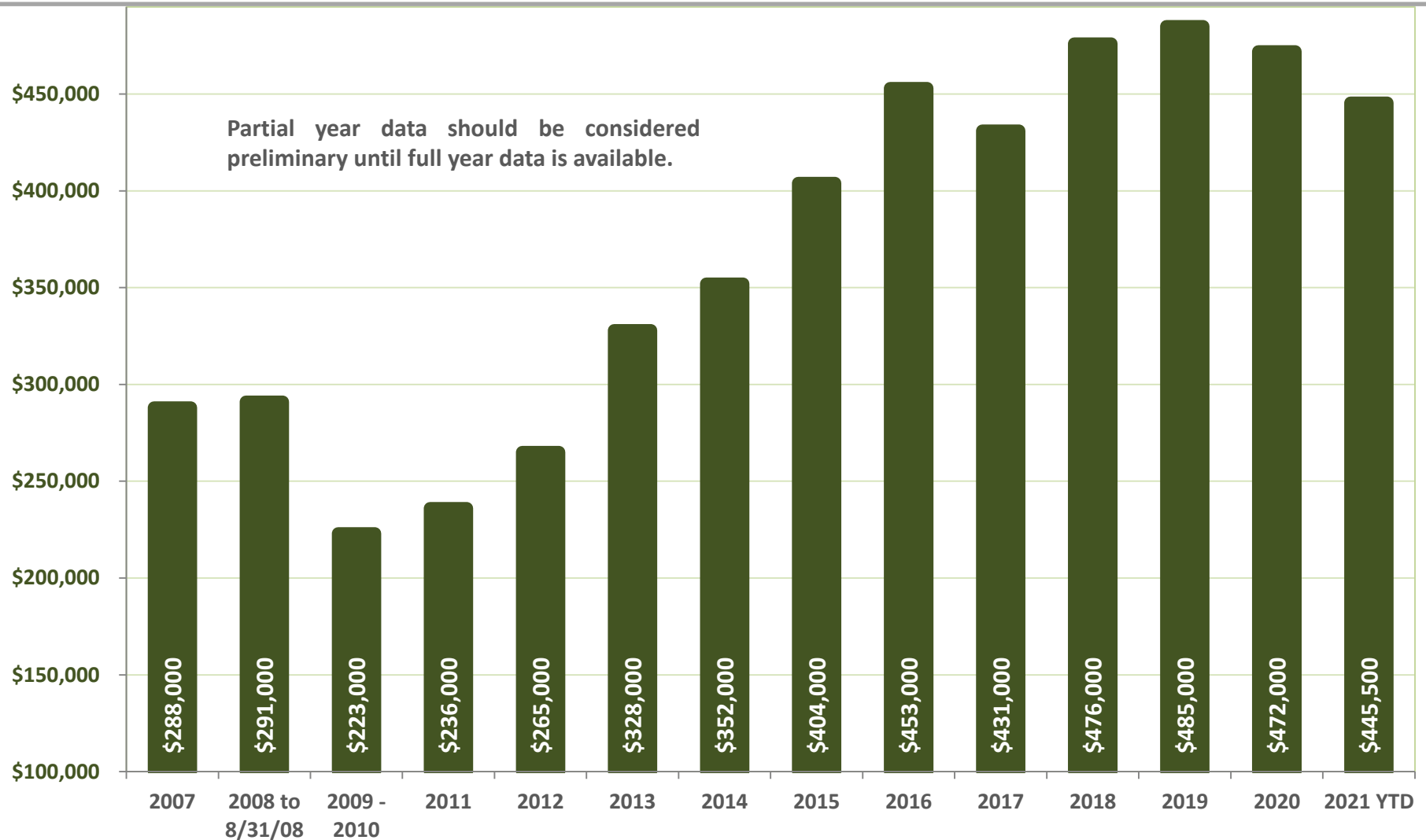
Capitalization rate calculations – sales price divided by net income (excluding mortgage costs), or return on investment as if the property had been purchased all cash – are only as good as the income and expense data provided by listing agents, and should be considered general approximations. Data from 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.

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Average Price per Unit

San Francisco 5+ Unit Apartment Building Sales

Sales reported to NorCal
Regional MLS through 9/30/21



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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Median Sales Price Trends since 2011

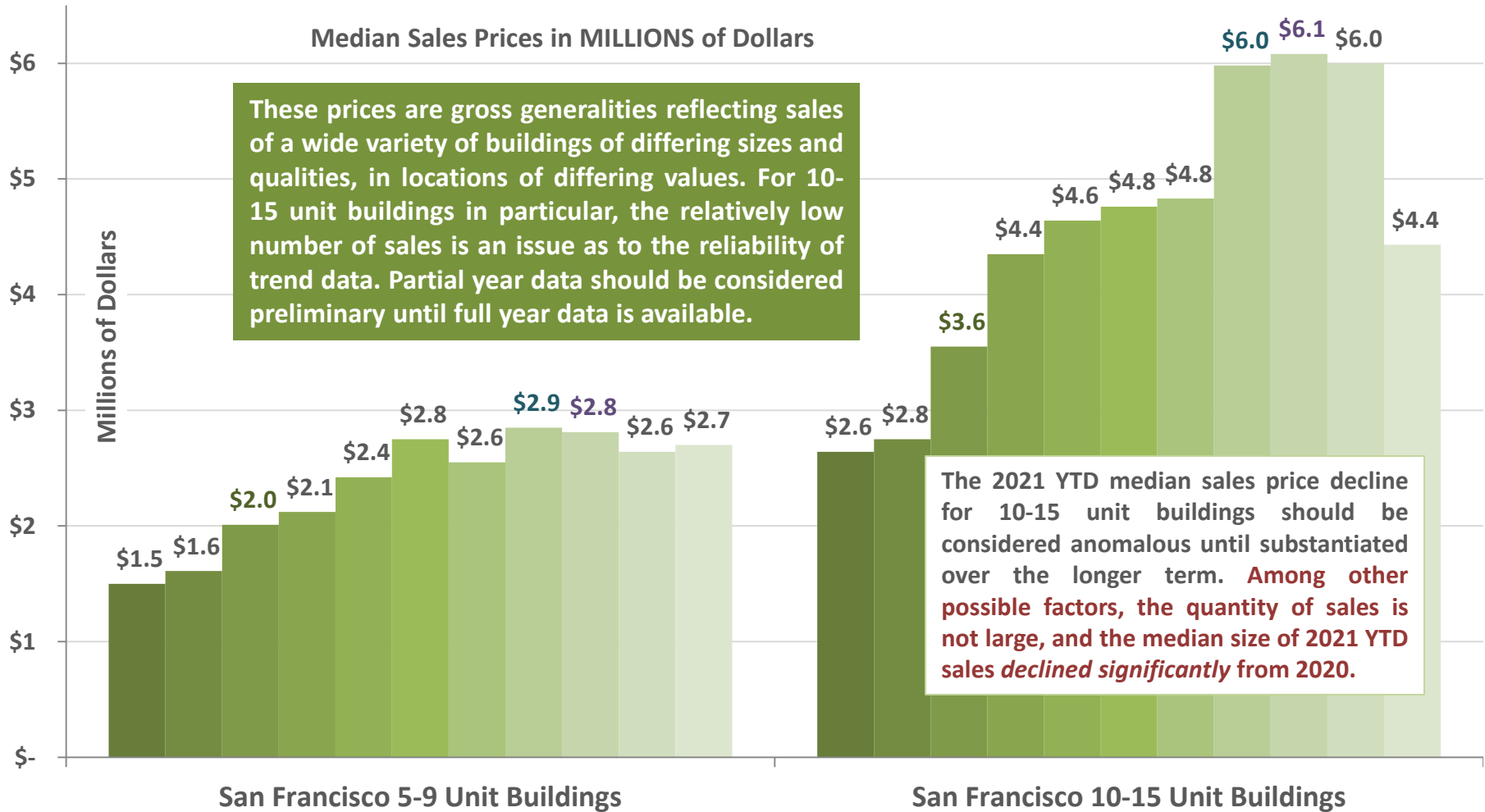
San Francisco 5-15 Unit Residential Apartment Buildings

Sales reported to NorCal
Regional MLS by 9/30/21

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 YTD

Median Sales Prices in MILLIONS of Dollars

These prices are gross generalities reflecting sales of a wide variety of buildings of differing sizes and qualities, in locations of differing values. For 10-15 unit buildings in particular, the relatively low number of sales is an issue as to the reliability of trend data. Partial year data should be considered preliminary until full year data is available.



The 2021 YTD median sales price decline for 10-15 unit buildings should be considered anomalous until substantiated over the longer term. **Among other possible factors, the quantity of sales is not large, and the median size of 2021 YTD sales declined significantly from 2020.**

Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximations.

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San Francisco 5+ Unit Apartment Building Sales

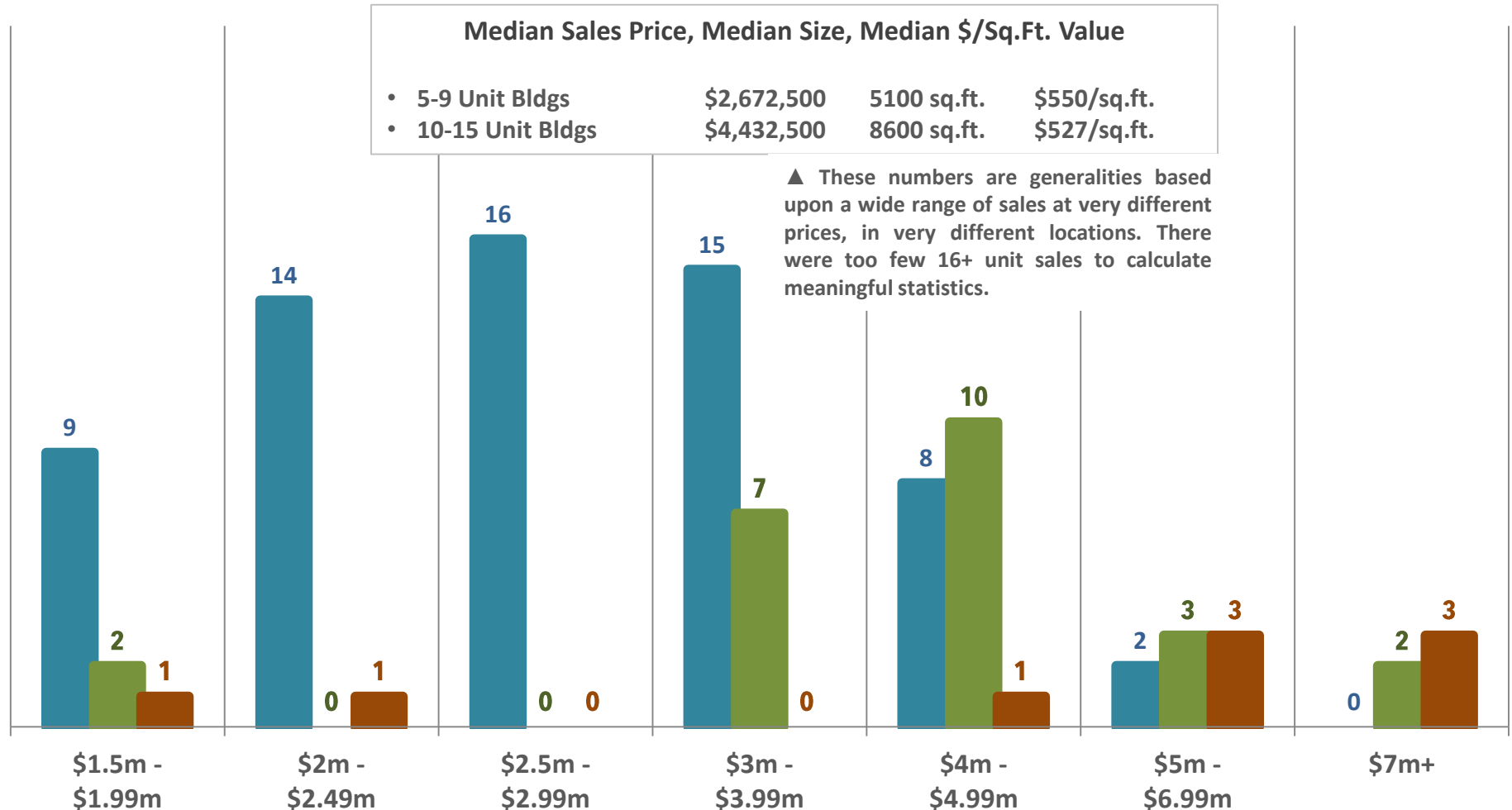
2021 YTD Sales by Price Segment

2021 sales reported to
MLS through 9/30/21

■ 5-9 Unit Buildings

■ 10-15 Unit Buildings

■ 16+ Unit Buildings



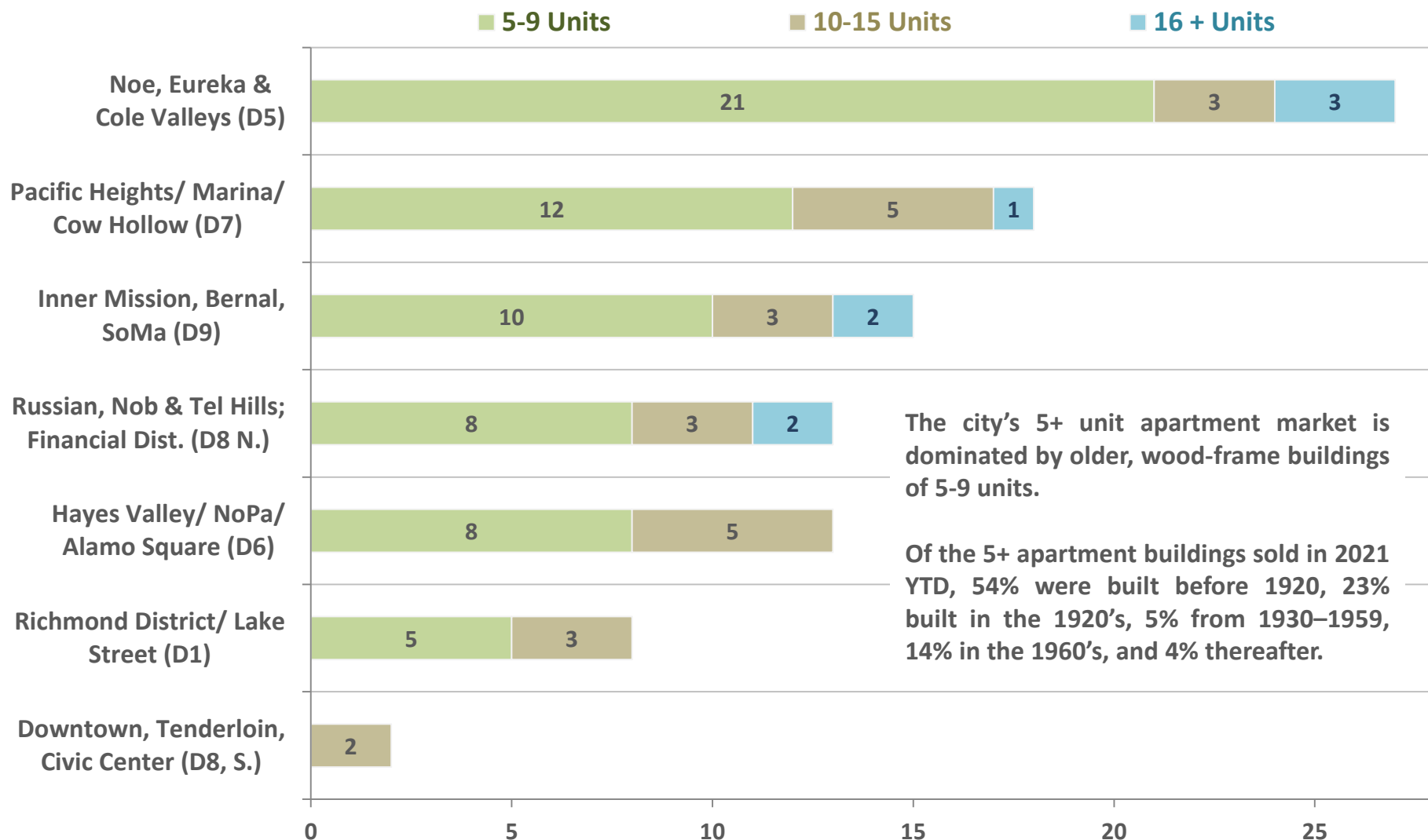
Sales reported to NorCal Regional MLS. Data from sources deemed reliable, but subject to error and revision. All numbers are approximate. Not all sales are reported to MLS. There were a couple sales under \$1,500,000.

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Multi-Unit Residential Property Sales, 5+ Units

2021 YTD Sales by San Francisco Realtor District

2021 sales reported to MLS
through 9/30/21



The city's 5+ unit apartment market is dominated by older, wood-frame buildings of 5-9 units.

Of the 5+ apartment buildings sold in 2021 YTD, 54% were built before 1920, 23% built in the 1920's, 5% from 1930–1959, 14% in the 1960's, and 4% thereafter.

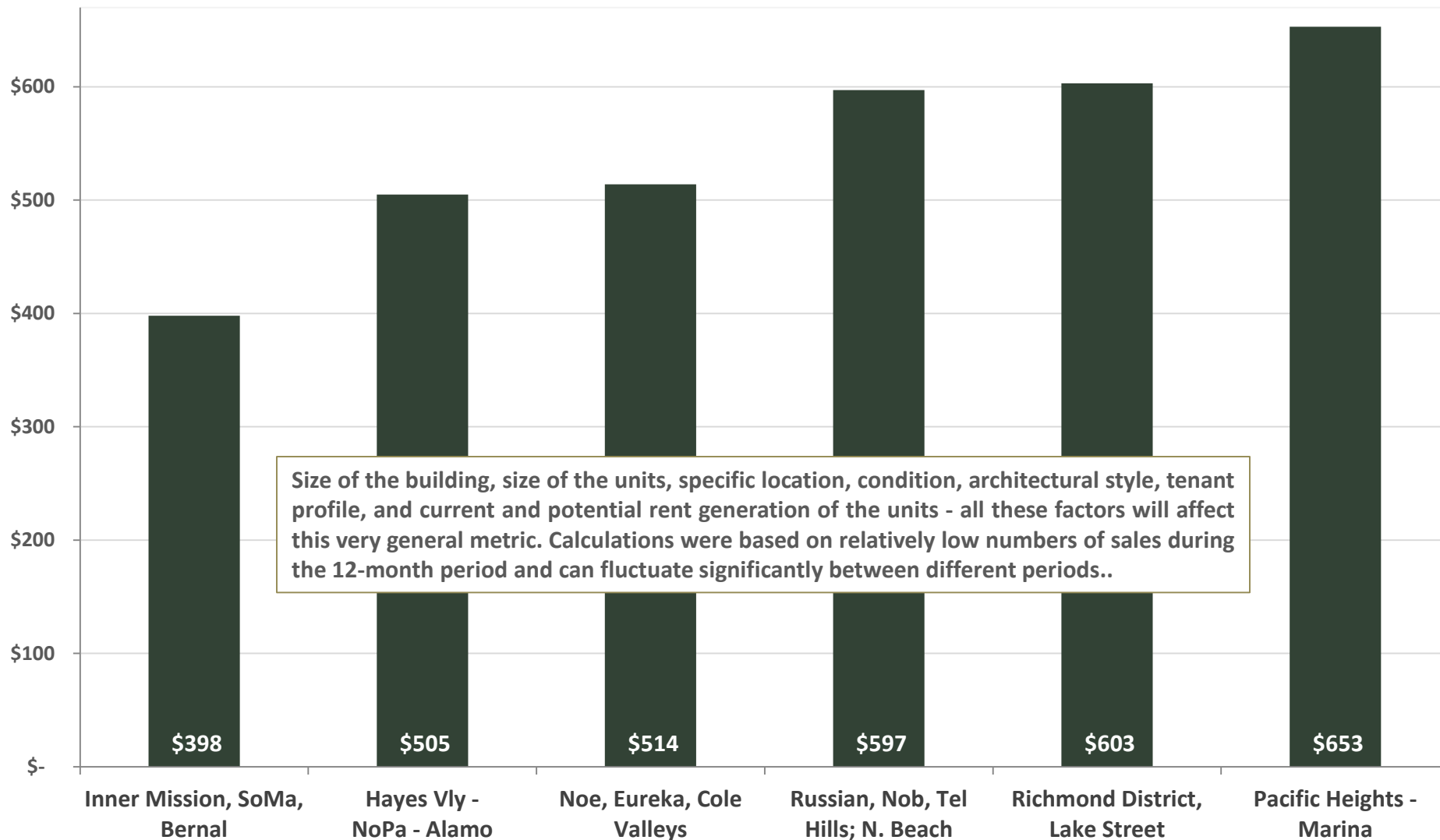
Sales reported to NorCal Regional MLS. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate. May not include all mixed-use building sales. Not all sales are reported to MLS. Other city districts had less than 2 sales in the period.

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Median Price per Square Foot – Selected Submarkets

5+ Unit Apartment Buildings – 2021 YTD Sales

2021 sales reported to NorCal
Regional MLS through 9/30/21



Neighborhood titles often stand for larger districts. Data from sources deemed reliable but may contain errors and subject to revision. Not all sales report square footage, nor are all sales reported to MLS. Numbers should be considered very approximate since a very wide variety of buildings are in this mix.

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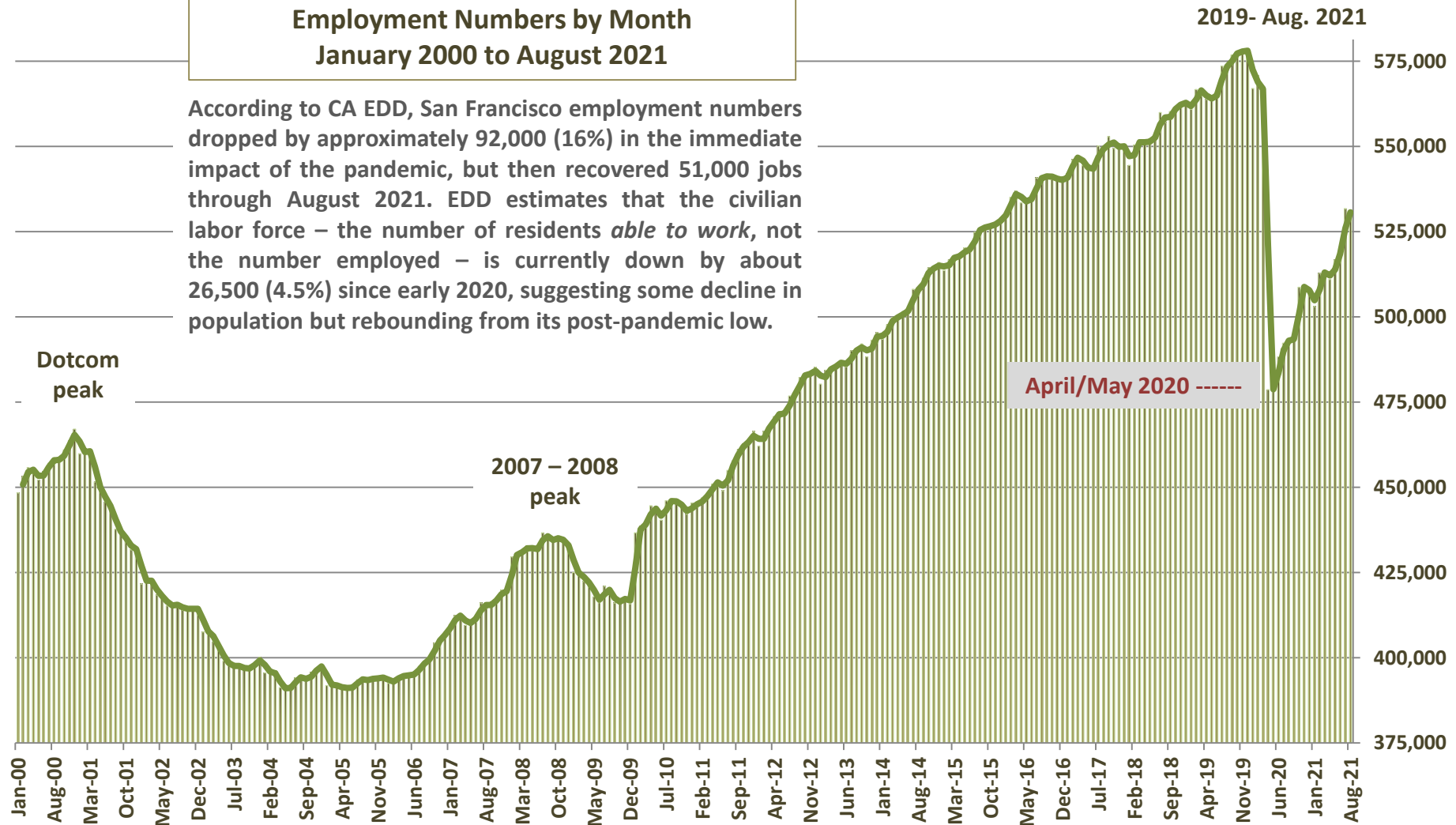
San Francisco Employment Trends

Number of Employed Residents since 2000

Per California Employment
Development Dept. (EDD)

Employment Numbers by Month January 2000 to August 2021

According to CA EDD, San Francisco employment numbers dropped by approximately 92,000 (16%) in the immediate impact of the pandemic, but then recovered 51,000 jobs through August 2021. EDD estimates that the civilian labor force – the number of residents *able to work*, not the number employed – is currently down by about 26,500 (4.5%) since early 2020, suggesting some decline in population but rebounding from its post-pandemic low.

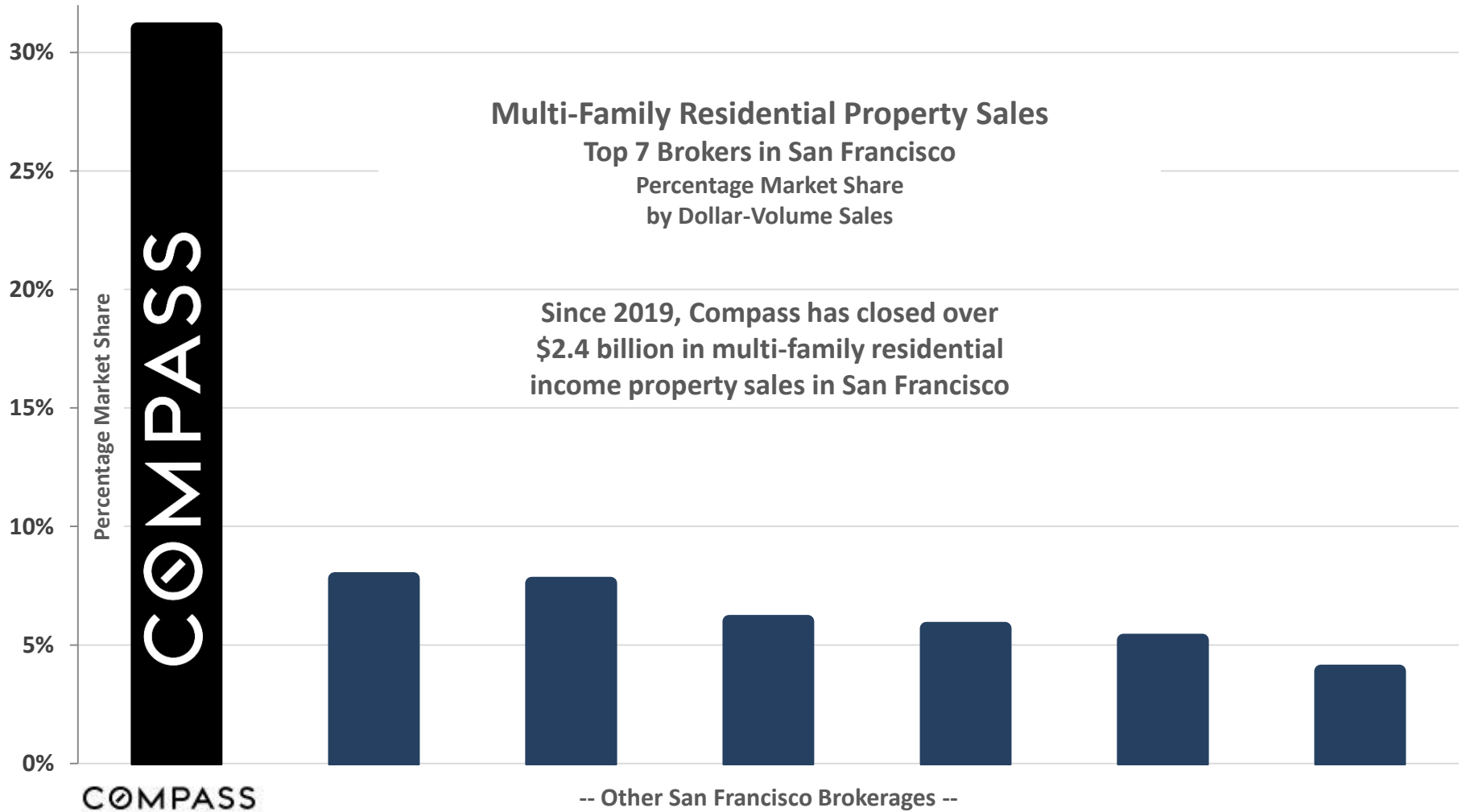


EDD data. Last month's data is labeled "preliminary" by EDD. EDD often goes back to revise past data releases. Data from sources deemed reliable but may contain errors and subject to revision. All numbers should be considered approximate.

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San Francisco Multi-Family Building Sales

Top 7 Brokers, Multi-Unit Residential Sales, 2019-2021*



* Dollar-volume, transaction-side sales, multi-unit "residential income" buildings, reported to SFARMLS, 1/1/19 – 9/15/21, per Broker Metrics as of 9/17/21. Sales reported to MLS: Not all sales are reported.

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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. Late reported listings and sales may change these statistics. 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.

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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