



# **The San Francisco Apartment Building Market**

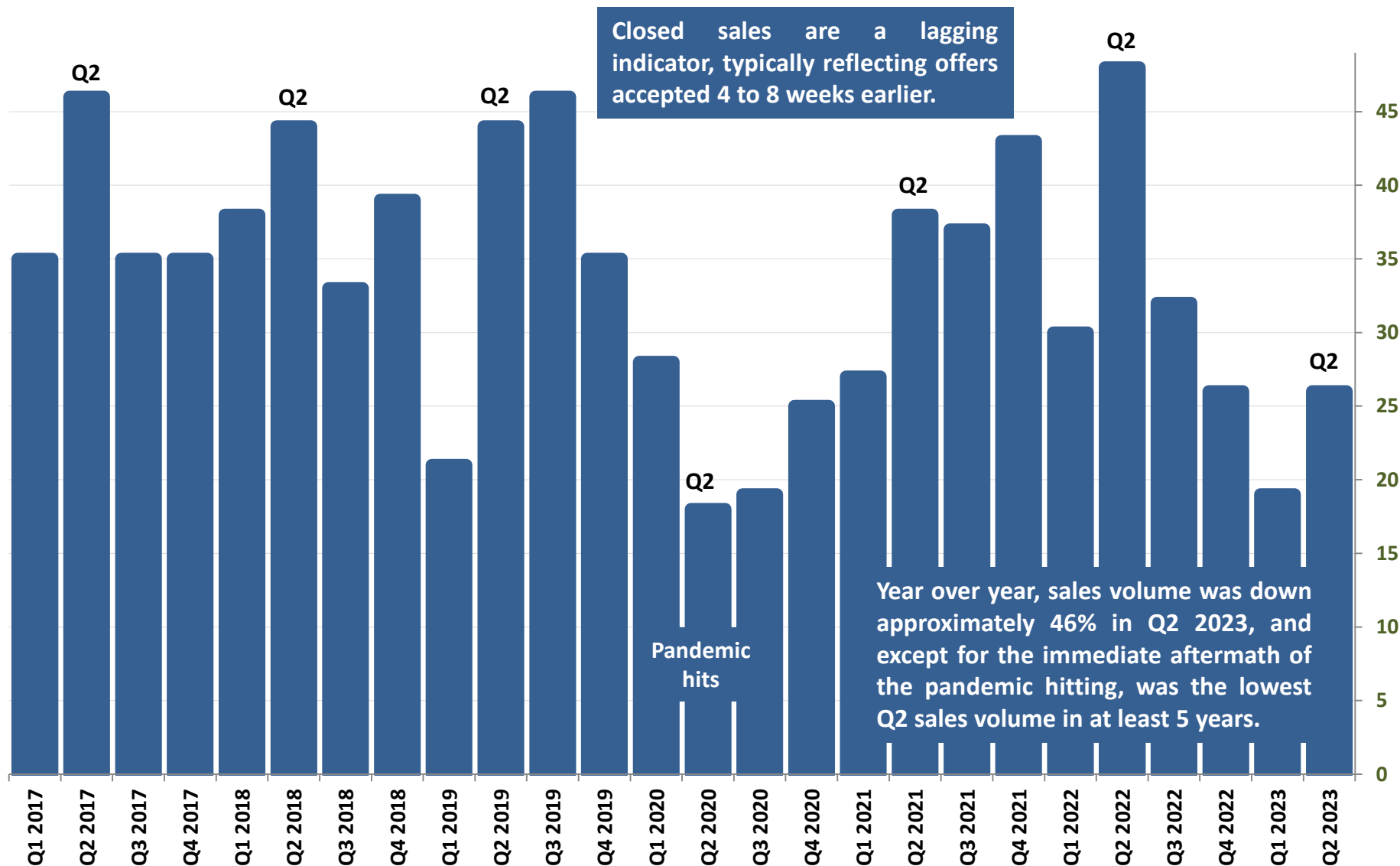
## **July 2023 Multi-Family Market Report for Residential 5+ Unit Buildings**

5+ unit residential income buildings. Listings and sales reported to NorCal MLS Alliance. 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. All numbers should be considered approximate.

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# San Francisco Apartment Building Market – 5+ Units

Listings Closing Sale in Quarter since 2017



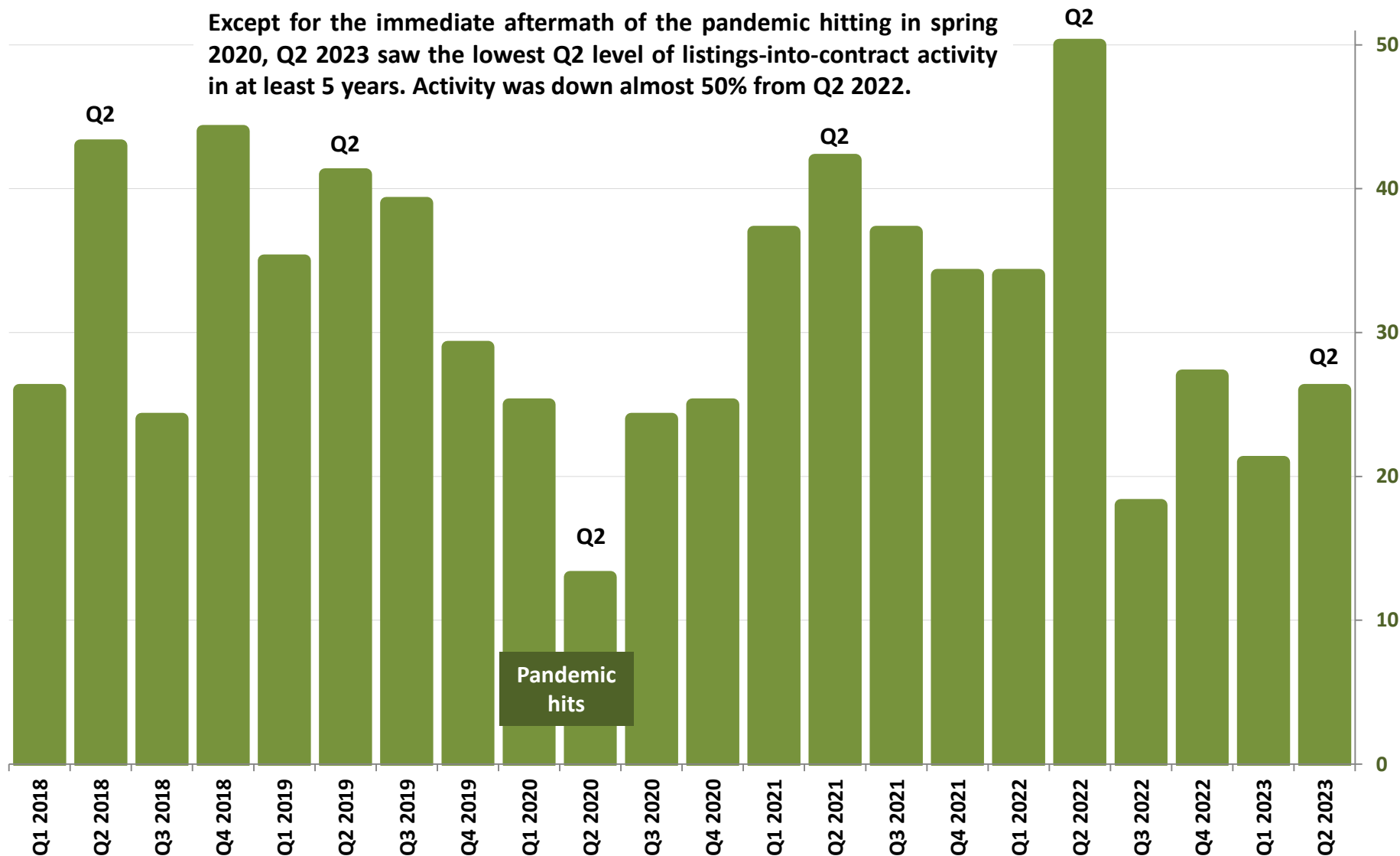
Sales reported to NorCal Regional MLS. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales. Not all sales are reported to MLS.

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# San Francisco Apartment Building Market – 5+ Units

## Listings Going into Contract in Quarter since 2018

Except for the immediate aftermath of the pandemic hitting in spring 2020, Q2 2023 saw the lowest Q2 level of listings-into-contract activity in at least 5 years. Activity was down almost 50% from Q2 2022.



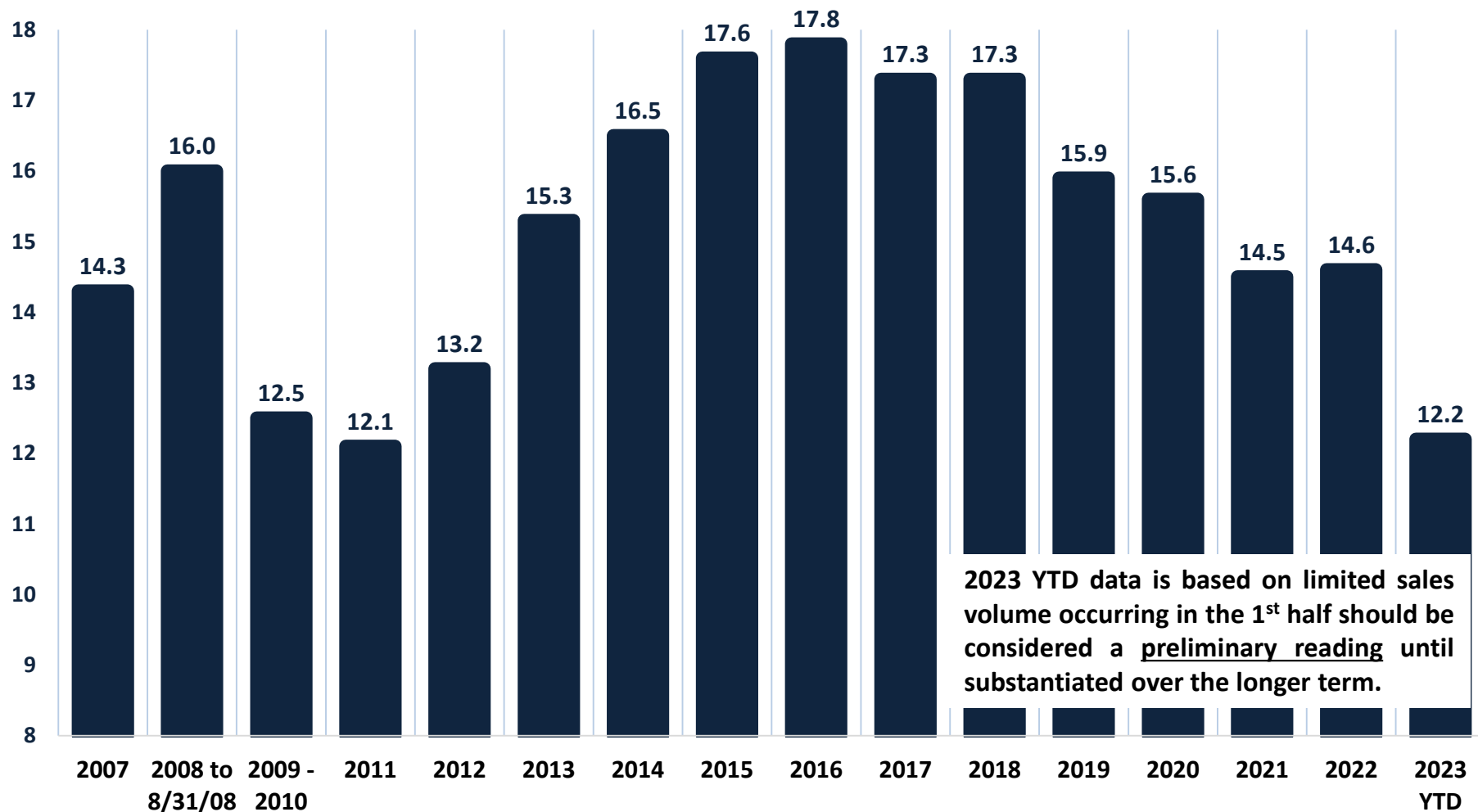
Sales reported to SFARMLS per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales. Not all sales are reported to MLS.

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# Average Gross Rent Multiples

## San Francisco 5+ Unit Apartment Building Sales

How this analysis applies to any particular property is unknown without a specific comparative market analysis.



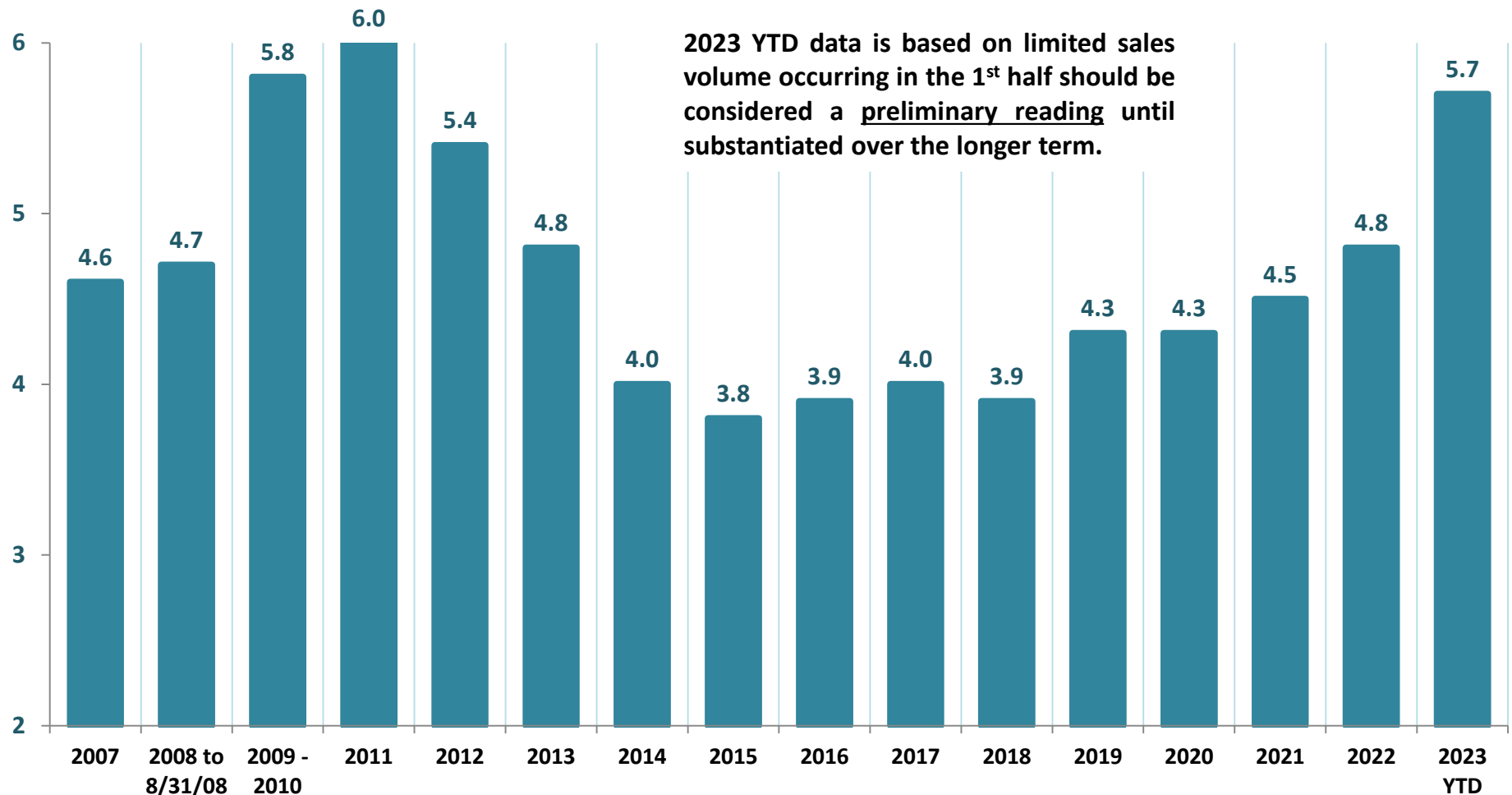
GRM is calculated by dividing the sales price by the annual gross rents. It is a very general statistic and all numbers should be considered very approximate. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales that would distort the statistic were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

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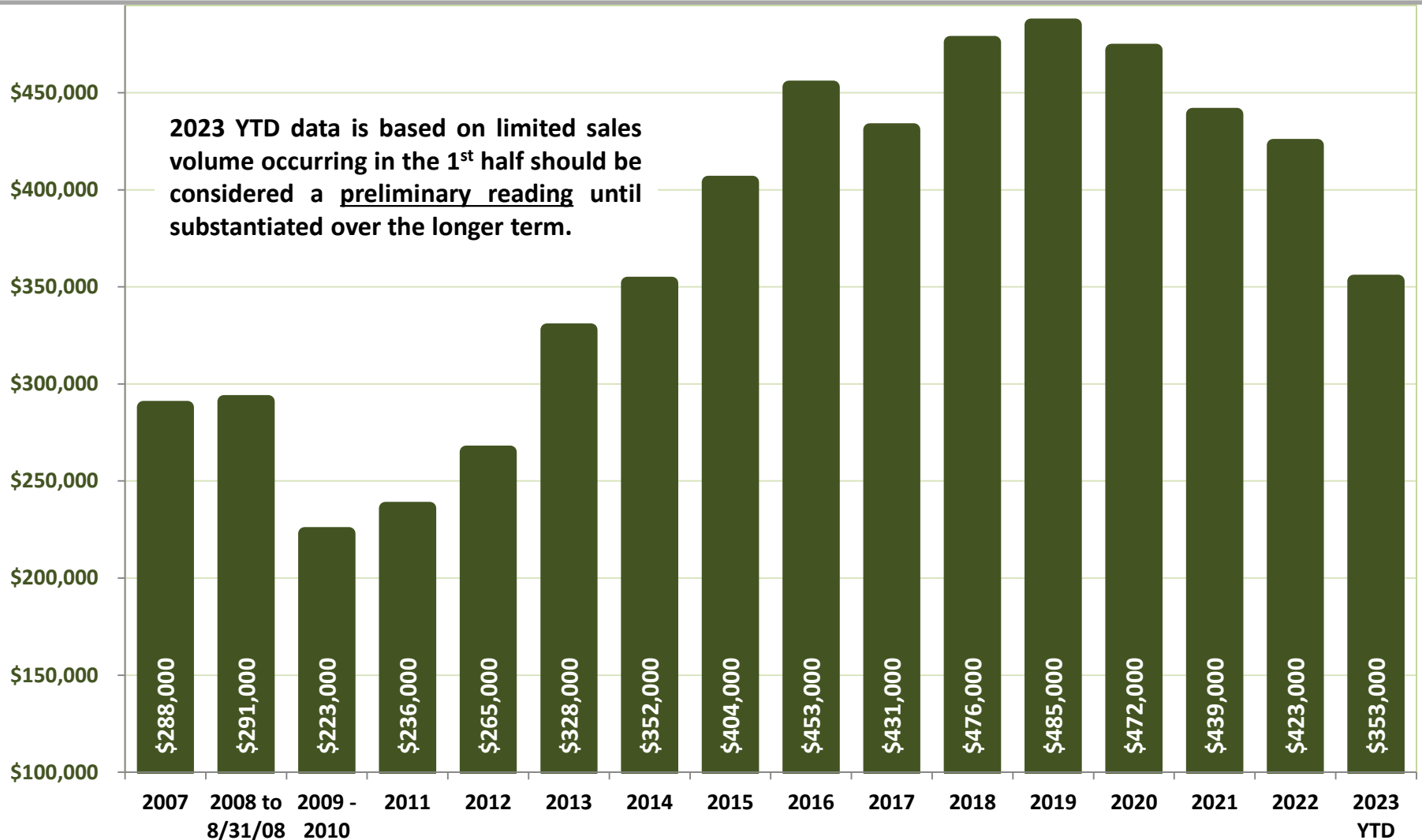


Capitalization rate calculations – sales price divided by net income (excluding mortgage costs), or return on investment as if the property had been purchased all cash – are only as good as the income and expense data provided by listing agents, and should be considered general approximations. Data from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

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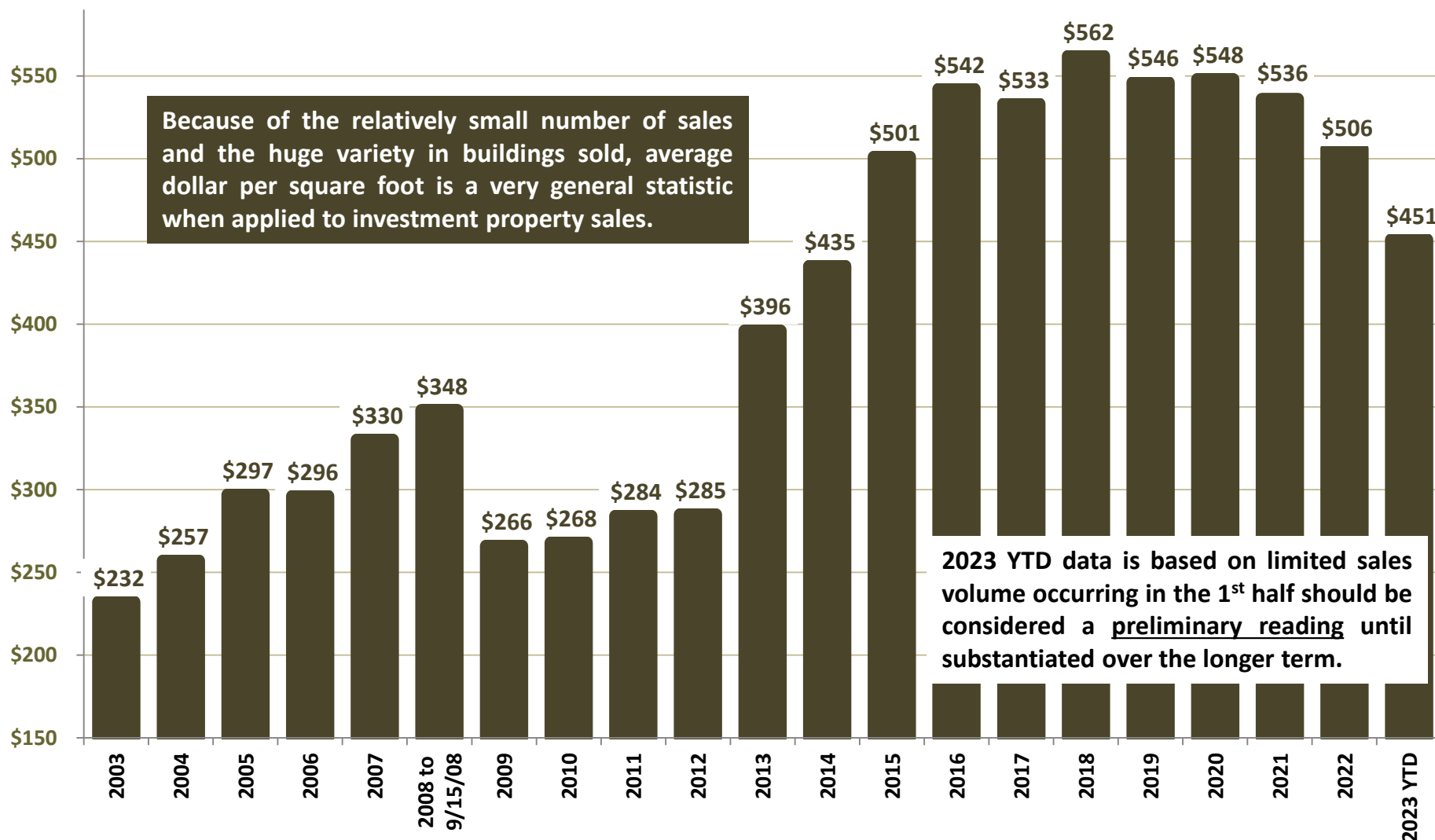
Because of the huge variety in buildings sold, this is a very general statistic when applied to SF investment property sales. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales deleted when identified. All numbers should be considered very approximate.

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# San Francisco 5+ Unit Apartment Building Sales

## Average Dollar per Square Foot Values

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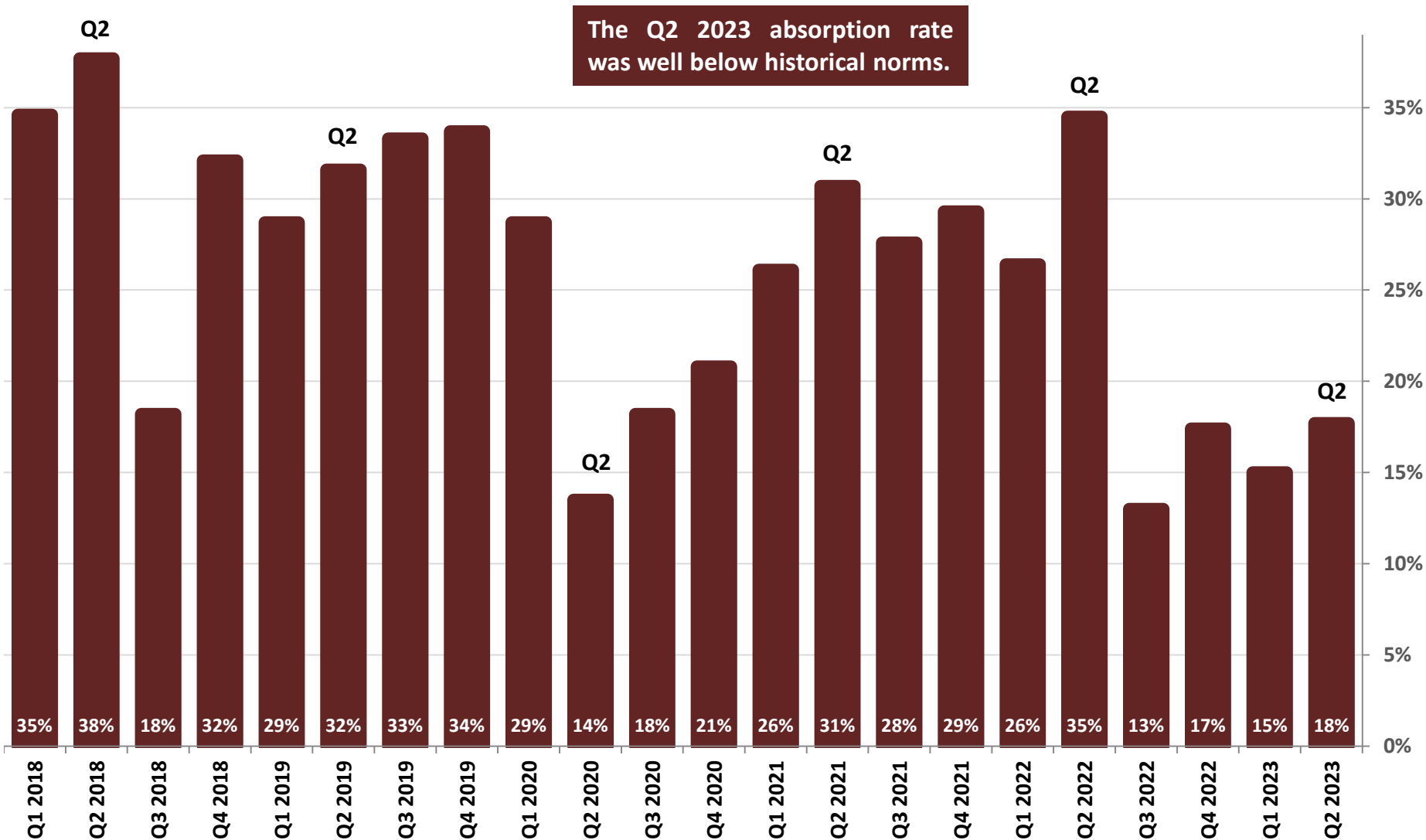


Data is from sources deemed reliable, but may contain errors and subject to revision.  
All numbers are approximate. Outliers adjusted when identified.

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# Percentage of Listings Accepting Offers in Quarter (Absorption Rate)

## San Francisco 5+ Unit, Multi-Family Building Market Dynamics



Per SFARMLS sales data. 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, and may change with late-reported activity. Not all listings or sales are reported to MLS.

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## 5+ Unit Multi-Family Building Markets

### 12 Months Sales by San Francisco Realtor District\*

How these analyses apply to any particular property is unknown without a specific comparative market analysis.

San Francisco Realtor District	Median Sales Price	Median \$/Sq.Ft.	Median # of Units	Median Size (Sq.Ft.)	Median GRM/ Cap Rate*	Median Year Built
Pacific & Presidio Heights, Cow Hollow & Marina (D7)	\$3,650,000	\$588/sq.ft.	8 units	6285 sq.ft.	14.7/ 4.6	1923
Noe, Eureka & Cole Valleys; Ashbury & Corona Hgts (D5)	\$2,310,500	\$449/sq.ft.	6 units	5509 sq.ft.	13.4/ 5.3	1926
Lake Street, Richmond District, Jordan Park (D1)	\$2,775,000	\$459/sq.ft.	7 units	6048 sq.ft.	13.6/ 5.1	1942
NoPa, Alamo Square, Hayes Valley, Lwr Pacific Heights (D6)	\$2,925,000	\$383/sq.ft.	10 units	7740 sq.ft.	12.3/ 5.3	1912
Russian, Nob & Telegraph Hills; North Beach (D8, North)	\$2,950,000	\$500/sq.ft.	9 units	6936 sq.ft.	13.7/ 5.3	1909
Sunset, Parkside (District 2)	\$2,512,500	\$428/sq.ft.	6 units	5655 sq.ft.	14.7/ 4.7	1960
Mission, Bernal Heights, Potrero Hill, SoMa (D9)	\$2,047,500	\$424/sq.ft.	7 units	5150 sq.ft.	12.2/ 5.8	1909
Downtown, Tenderloin	\$3,250,000	\$348/sq.ft.	16 units	11,500 sq.ft.	11/ 4.6	1913

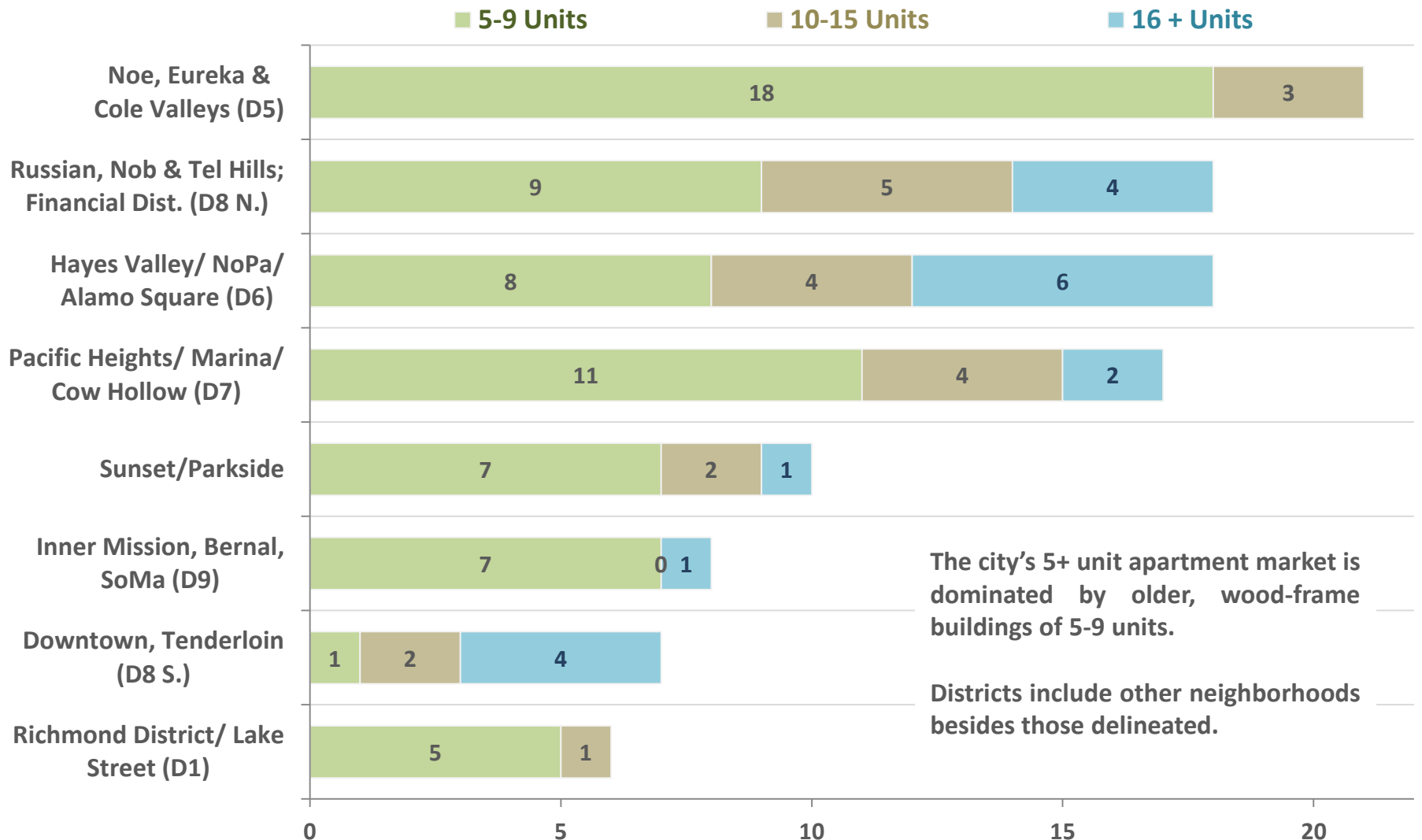
\* GRM = Gross Rent Multiple. Median price is that price at which half the sales occurred for more and half for less. Dollar per square foot is based upon the building's interior living space and does not include garages, storage, unfinished attics and basements; or rooms built without permit. Cap rate 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, condition, tenant profile, rent control factors, and values. Realtor districts contain neighborhoods of varying values. Not all sales are reported to MLS.

\*12 months sales reported to NorCal MLS Alliance through late June 2023. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

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# Multi-Unit Residential Property Sales, 5+ Units

## 12 Months Sales by San Francisco Realtor District\*



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

Districts include other neighborhoods besides those delineated.

\*12 months sales reported to NorCal MLS Alliance by late June 2023. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate, and late reported sales may change numbers. Not all sales are reported to MLS. Other city districts had fewer sales in the period.

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# San Francisco 5+ Unit Apartment Building Sales

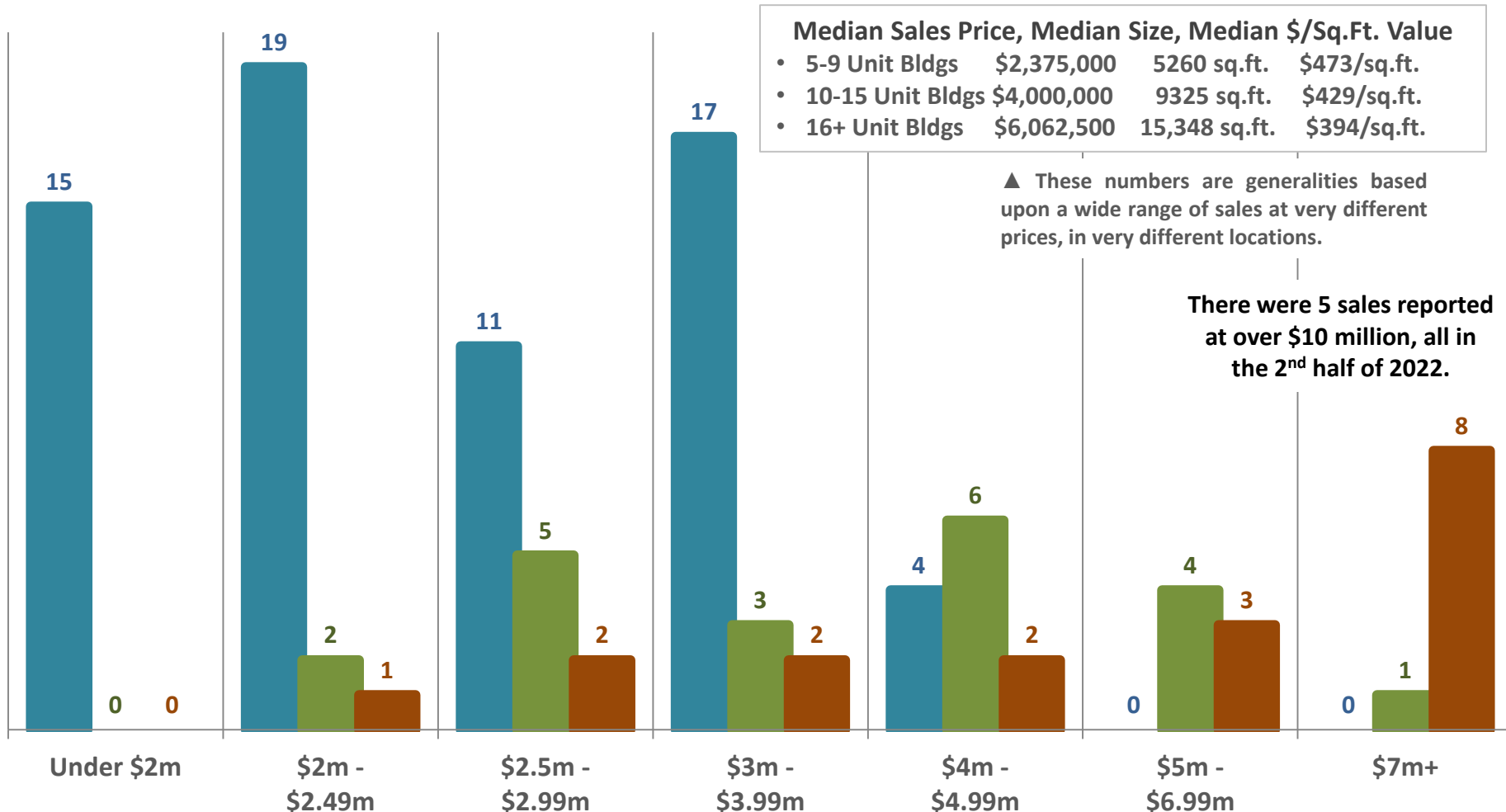
## 12 Months Sales by Price Segment\*

How these analyses apply to any particular property is unknown without a specific comparative market analysis.

■ 5-9 Unit Buildings

■ 10-15 Unit Buildings

■ 16+ Unit Buildings



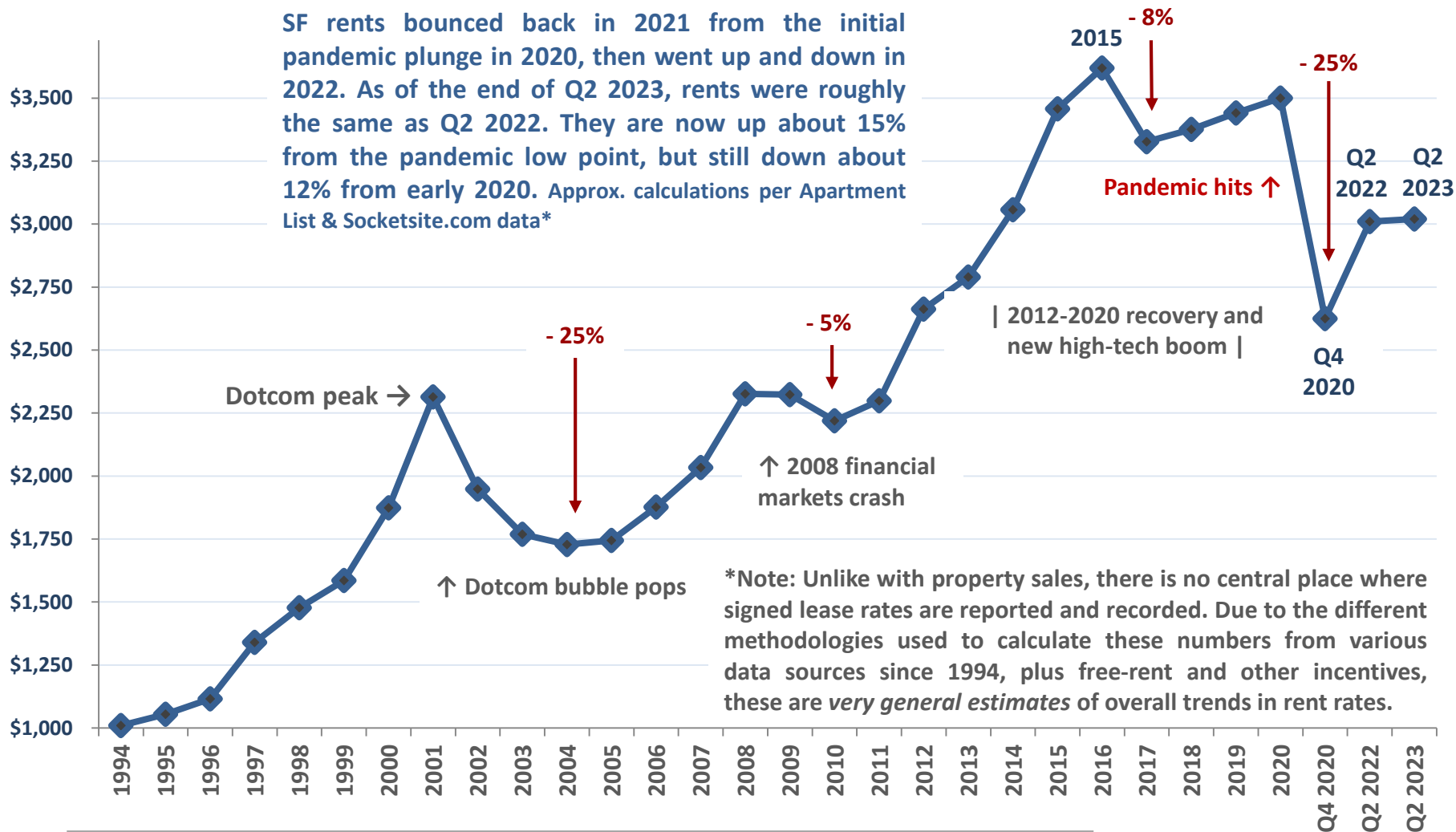
\*12 months sales reported to NorCal MLS Alliance by late June 2023. Data from sources deemed reliable, but subject to error and revision. All numbers approximate, and may change with late-reported sales. Not all sales are reported to MLS.

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# San Francisco Residential Rents – Approximate, Good Faith Estimates\*

## Average Asking Rent, 1994 – Present, Q1 Data Points (except as noted)

SF rents bounced back in 2021 from the initial pandemic plunge in 2020, then went up and down in 2022. As of the end of Q2 2023, rents were roughly the same as Q2 2022. They are now up about 15% from the pandemic low point, but still down about 12% from early 2020. Approx. calculations per Apartment List & Socketsite.com data\*



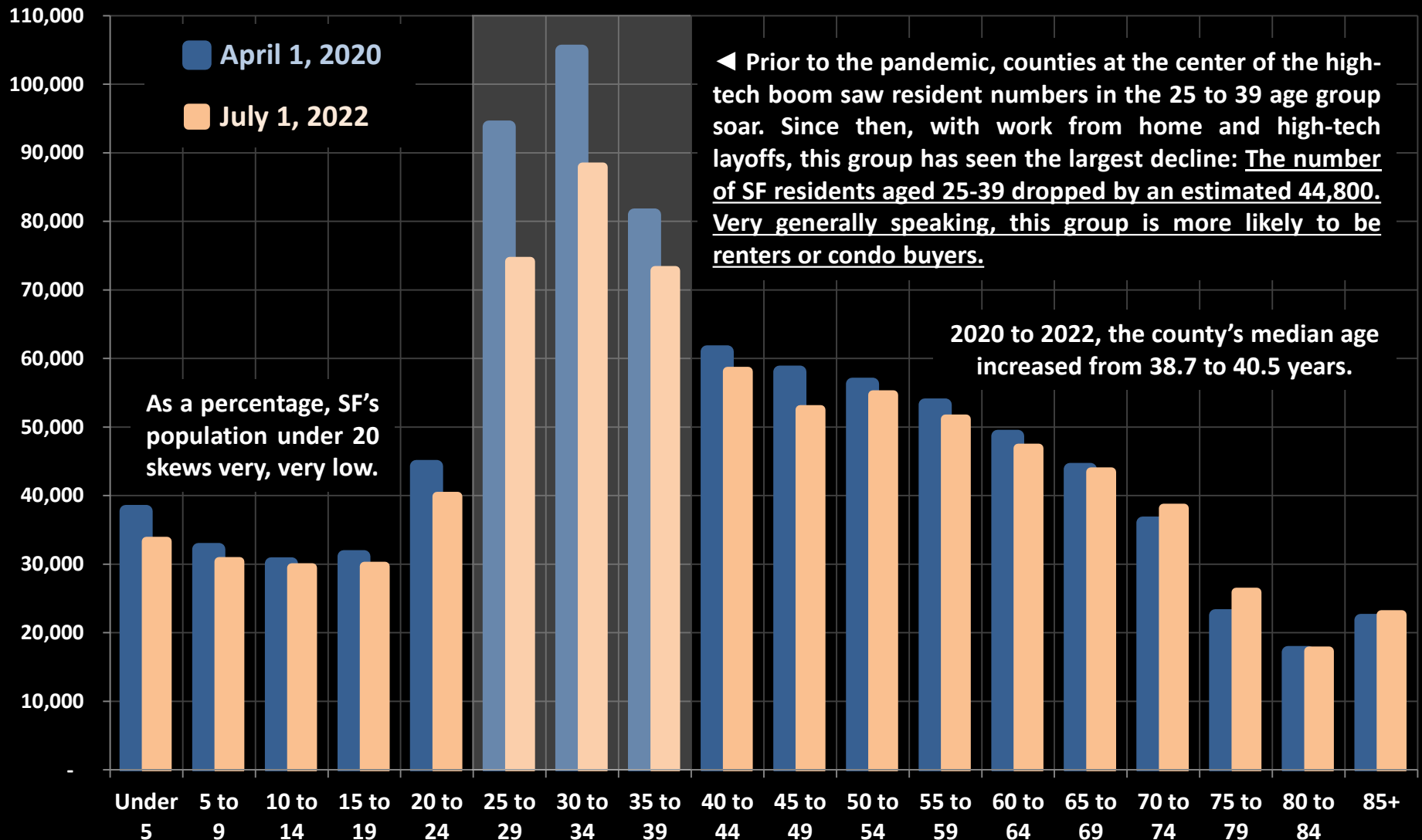
1<sup>st</sup> quarter data points except, as noted for Q4 2020. Numbers are estimated using data from a variety of rental data sources over the past 25+ years. Data from sources deemed reasonably reliable but may contain errors and subject to revision. All numbers are good-faith estimates and very approximate.

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# San Francisco County Population Changes

## Age Distribution, U.S. Census Estimates\*

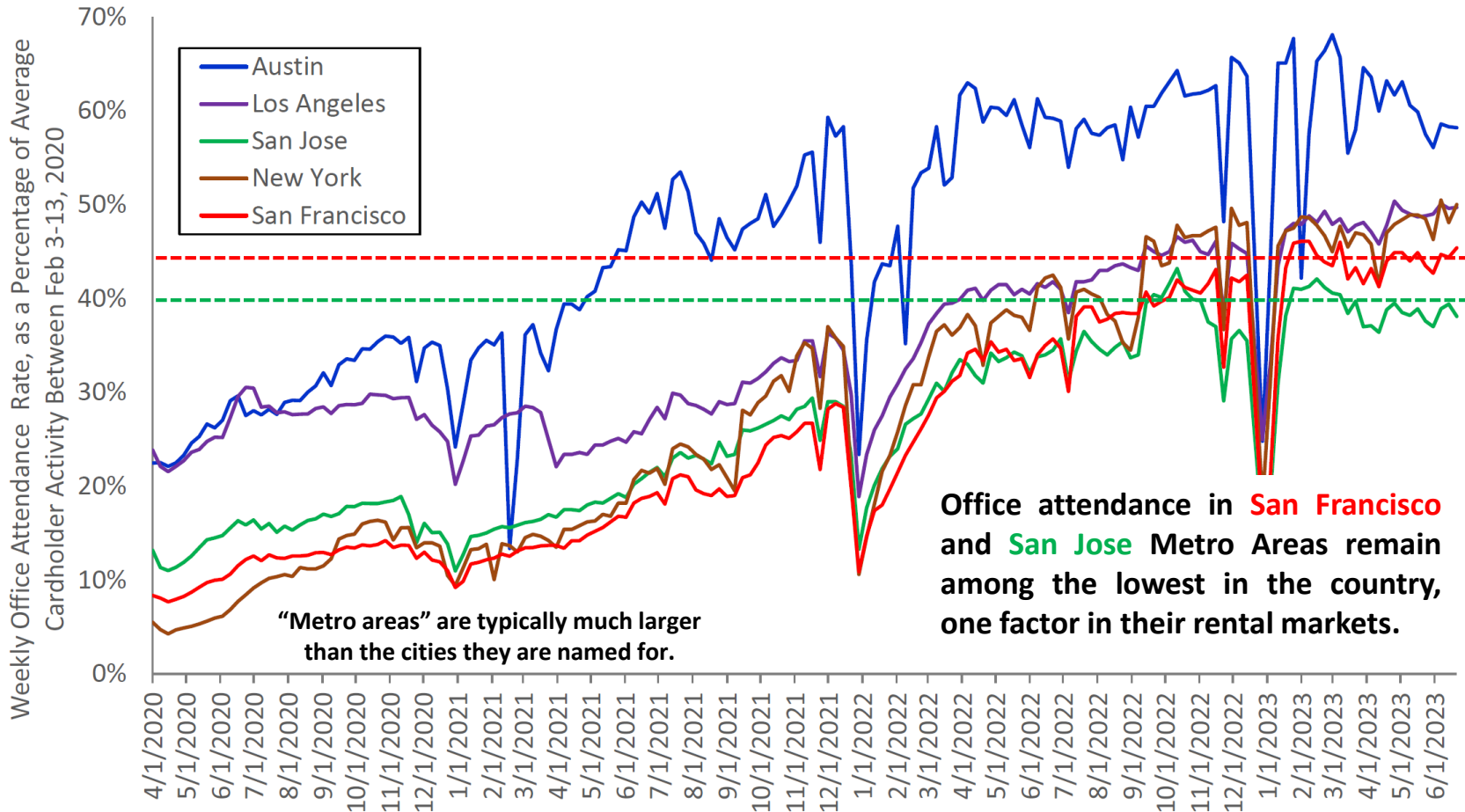
From April 2020 to July 1, 2022, the county's population dropped by an estimated 7.5%. Population changes are driven by domestic and foreign migration trends, and by natural causes (births & deaths).



\*U.S. Census Vintage 2022 Estimates, published June 22, 2023. Data from sources deemed reliable, but may contain errors and subject to revision. These estimates are published with margins of error.

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## Weekly Office Attendance: San Francisco, San Jose and Other Selected Metro Areas



Source: Kastle Systems

Chart from “Status of the San Francisco Economy: June 2023” as published by the Offices of the Controller and Economic Analysis, for the City & County of San Francisco. Data source: Kastle Systems

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# San Francisco Housing\*

**Total Housing Units: 414,581**

**Occupancy Rate: 85%. Vacancies are concentrated in rental units.**

**Highest % of studio and 1-BR units in Bay Area.**

Housing Units by Bedroom Count	
No bedroom	13%
1 bedroom	25%
2-3 bedrooms	50%
4+ bedrooms	12%

Housing Units by Room Count	
1 room	11%
2-3 rooms	29%
4-5 rooms	32%
6-7 rooms	17%
8+ rooms	11%

**19% of SF households have children under the age of 18 (the lowest ratio in the Bay Area), and 81% of households include no children.**

Units by Building Type	
Single family dwellings	34%
2-4 unit buildings	20%
5-9 unit buildings	9%
10+ unit buildings	37%

**Most of the Bay Area was relatively empty before WWII, except for San Francisco.**

Era of Construction	
1939 or earlier	44%
1940-1959	18%
1960-1979	15%
1980-1999	10%
2000-2021	13%

**Highest % of 1-person households in Bay Area.**

Household Size	
1-person	37%
2-person	34%
3-person	12%
4+ person	17%

**Multi-unit buildings make up 66% of total units – the highest % in the Bay Area – which include condos, co-ops, TICs, rental apartments, university & social housing.**

**40% of SF housing units are owner-occupied and 60% are tenant occupied: By far the highest tenant ratio in the Bay Area.**

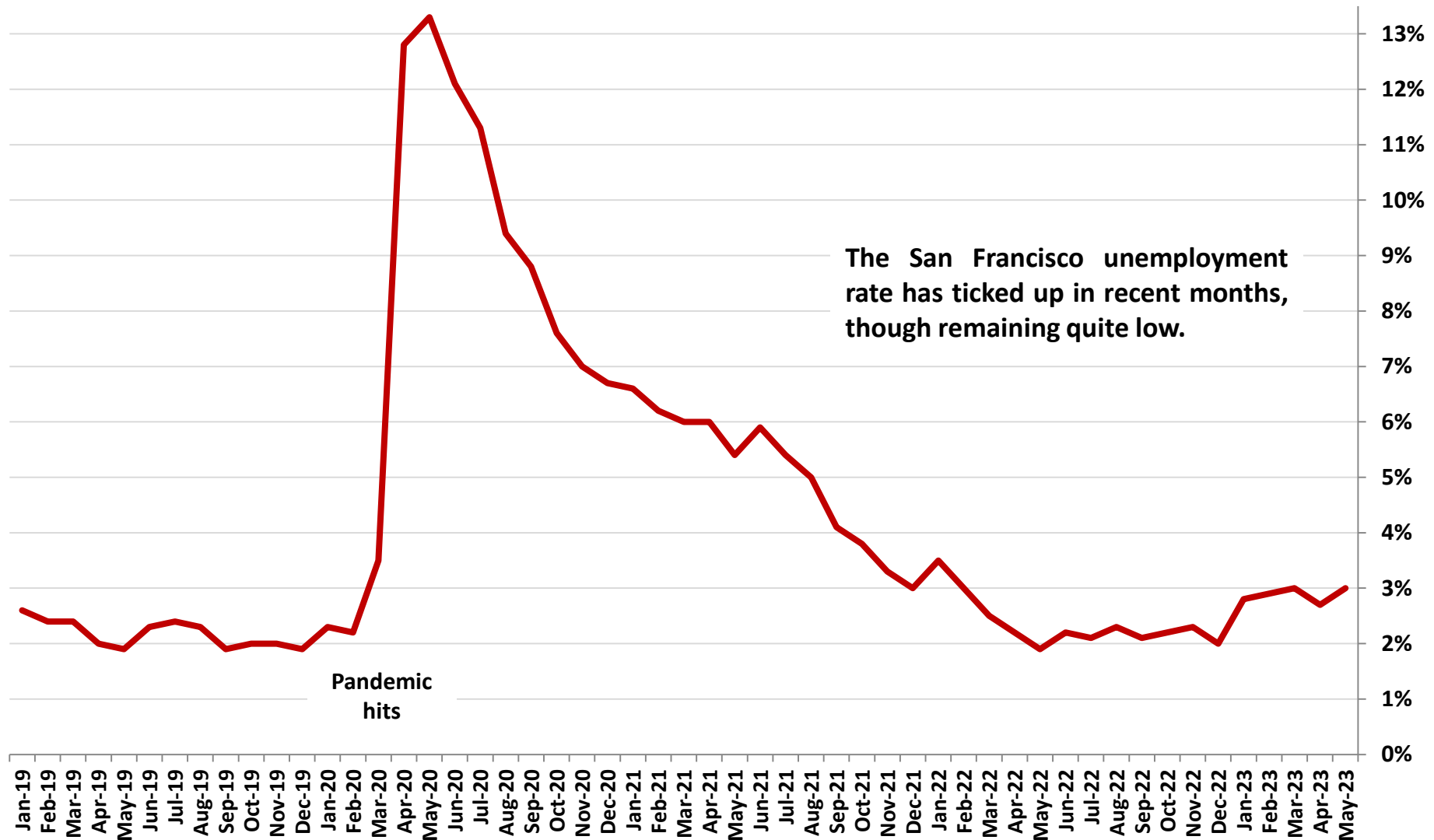


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\*"Total Housing Units" census estimate as of 7/1/22. Other data per U.S. census 2021, ACS 1-year estimates for occupied housing. Percentages usually rounded to nearest half or full percentage point. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

# San Francisco Unemployment Rates

2019 – 2023 YTD, per CA Employment Development Department



The San Francisco unemployment rate has ticked up in recent months, though remaining quite low.

Pandemic hits

Estimates per CA Employment Development Dept. (EDD). Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. EDD often revises estimates in later reports.

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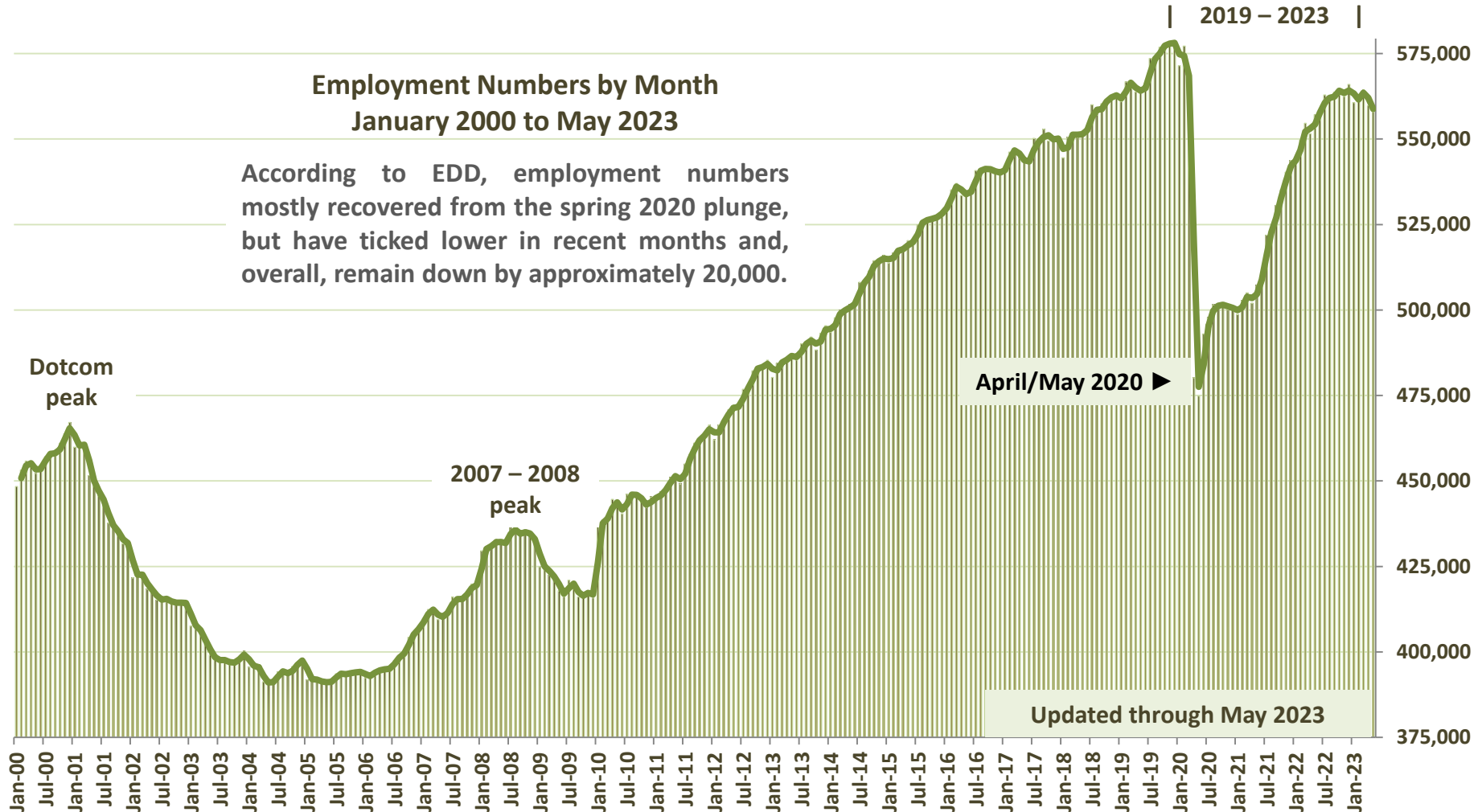
# San Francisco Employment Trends

## Number of Employed Residents since 2000

Per California Employment  
Development Dept. (EDD)

### Employment Numbers by Month January 2000 to May 2023

According to EDD, employment numbers mostly recovered from the spring 2020 plunge, but have ticked lower in recent months and, overall, remain down by approximately 20,000.



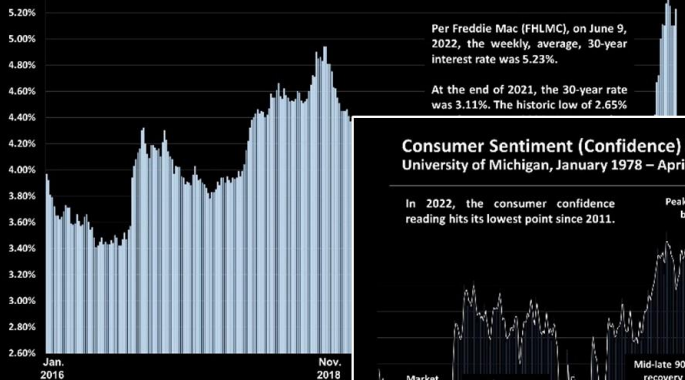
EDD data. Last month's data is labeled "preliminary" by EDD. EDD often goes back to revise past data releases. Data from sources deemed reliable but may contain errors and subject to revision. All numbers should be considered approximate.

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## Mortgage Interest Rate Trends, 2016 – Present

### 30-Year Conforming Fixed-Rate Loans, Weekly Average Readings

Rates published by the FHLMC



Interest rates may fluctuate suddenly and dramatically, and changes. Data from sources deemed reliable but not guaranteed. Home loans should consult with a qualified mortgage professional.

## Consumer Sentiment (Confidence) Index

### University of Michigan, January 1978 – April 2022

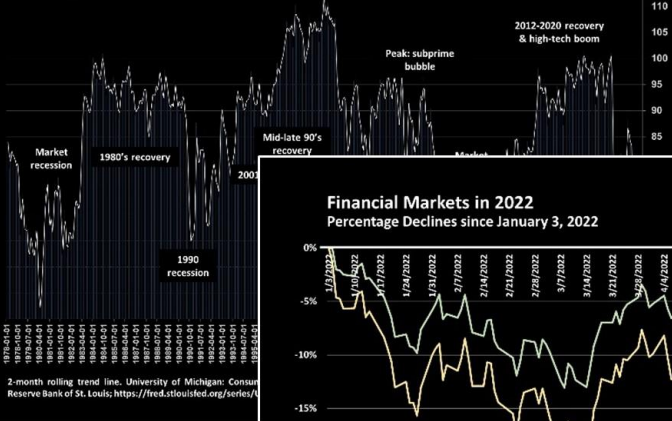
As published by the Federal Reserve Bank of St. Louis

In 2022, the consumer confidence reading hits its lowest point since 2011.

Peak: dotcom bubble

Peak: subprime bubble

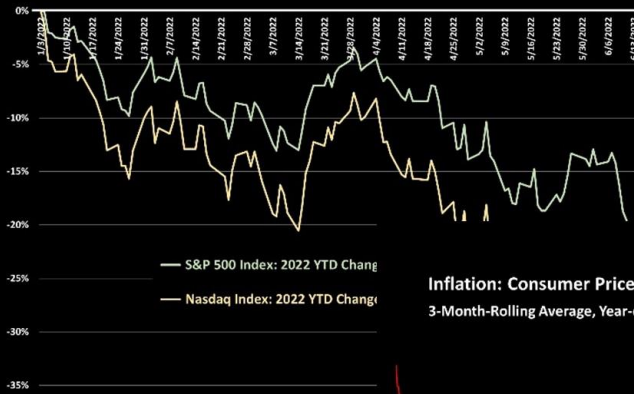
2012-2020 recovery & high-tech boom



**Click Here for Review of Selected Macroeconomic Trends**

## Financial Markets in 2022

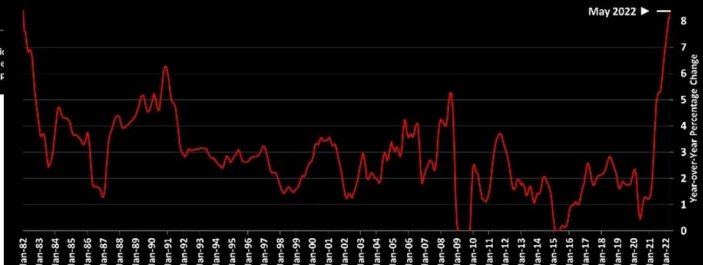
### Percentage Declines since January 3, 2022



Last reading as of 6/13/22 AM. Data per MarketWatch.com, daily closing price reading. Data from source deemed reliable, but may contain errors and subject to revision. Financial markets change constantly and all numbers should be considered as approximate.

## Inflation: Consumer Price Index, 1982 – 2022\*

### 3-Month-Rolling Average, Year-over-Year % Change



\*3-month rolling average of Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL), retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>, June 2022. Data from U.S. Bureau of Labor Statistics. All items (CPIAUCSL) is a price index of a basket of goods and services paid by urban consumers. This particular index includes roughly 88 percent of the total population. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

## Factors in Bay Area Real Estate Markets

Many of these factors' effects can swing both positive and negative; sometimes effects are deeply counter-intuitive (e.g., a pandemic causing a fierce housing boom). Economic, political, social and ecological dynamics constantly change and interact in difficult-to-predict ways. Market-changing developments can percolate gradually, or arise quickly and unexpectedly. The impact of specific factors can vary by market segment.

Local economic conditions: High-tech booms, employment, housing affordability & development, venture capital & foreign investment, pro/anti-business sentiment, etc.

Interest rates Stock markets Inflation Consumer confidence

Household wealth; personal, Massive, governmental economic interventions (including corporate, govt. debt levels by the Fed); post 9/11/2001, post 9/2008, post 3/2020

Natural disasters such as COVID, 1989 earthquake, 2017-21 fires, drought

Domestic & foreign migration; federal immigration policy; demographic changes

Tax law e.g. real estate tax benefits & credits, 2017 SALT-deduction limitation Rental market dynamics State income tax disparities

International economic/political events, e.g. large oil price swings, military/economic conflict, foreign economic crises, 9/11, 2015 Chinese stock market crash

Local, state & national politics Social and quality of life issues: Crime, homelessness, cost of living, economic inequality, partisan politics, etc.

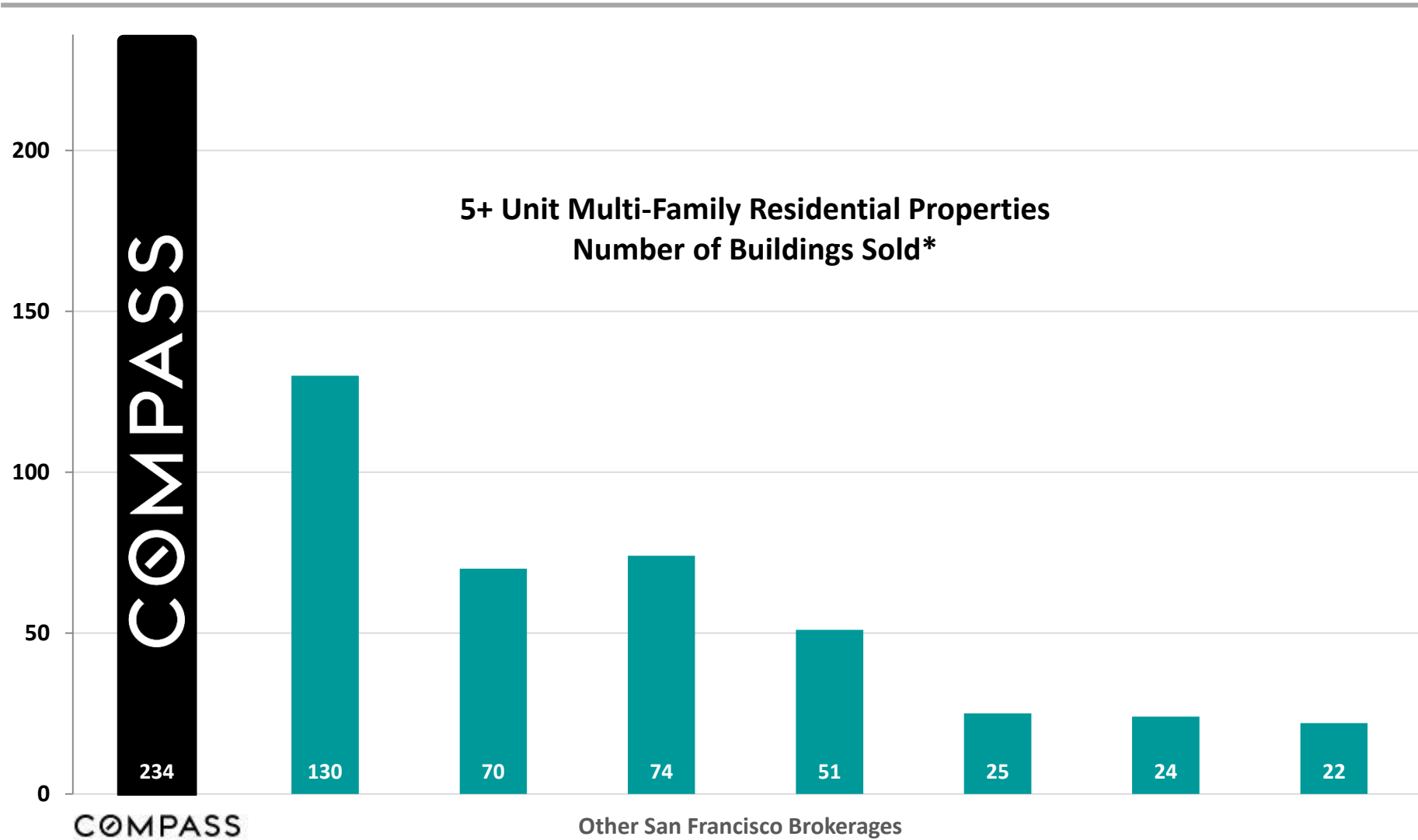
Financial industry manipulation, fraud, engineering, recklessness, e.g. junk bonds, S&L collapse, predatory lending, abandonment of risk mgmt. & underwriting standards, CDOs & rating-agency deceit, insider trading, over-leveraged investing; irrational exuberance

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# San Francisco Apartment Building Sales

By Broker, 5+ Unit Residential Sales, 2020-2023\*



\* 2020-2023 transaction-side, residential 5+ unit sales reported to NorCal MLS Alliance through 6/21/23, per MLS Ranking Report, top 30 companies. Analysis made in good faith. Not all sales are reported to MLS. By brokerage/brand.



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. Numbers may change with late-reported sales activity.

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