



The San Francisco Smaller Apartment Building Market

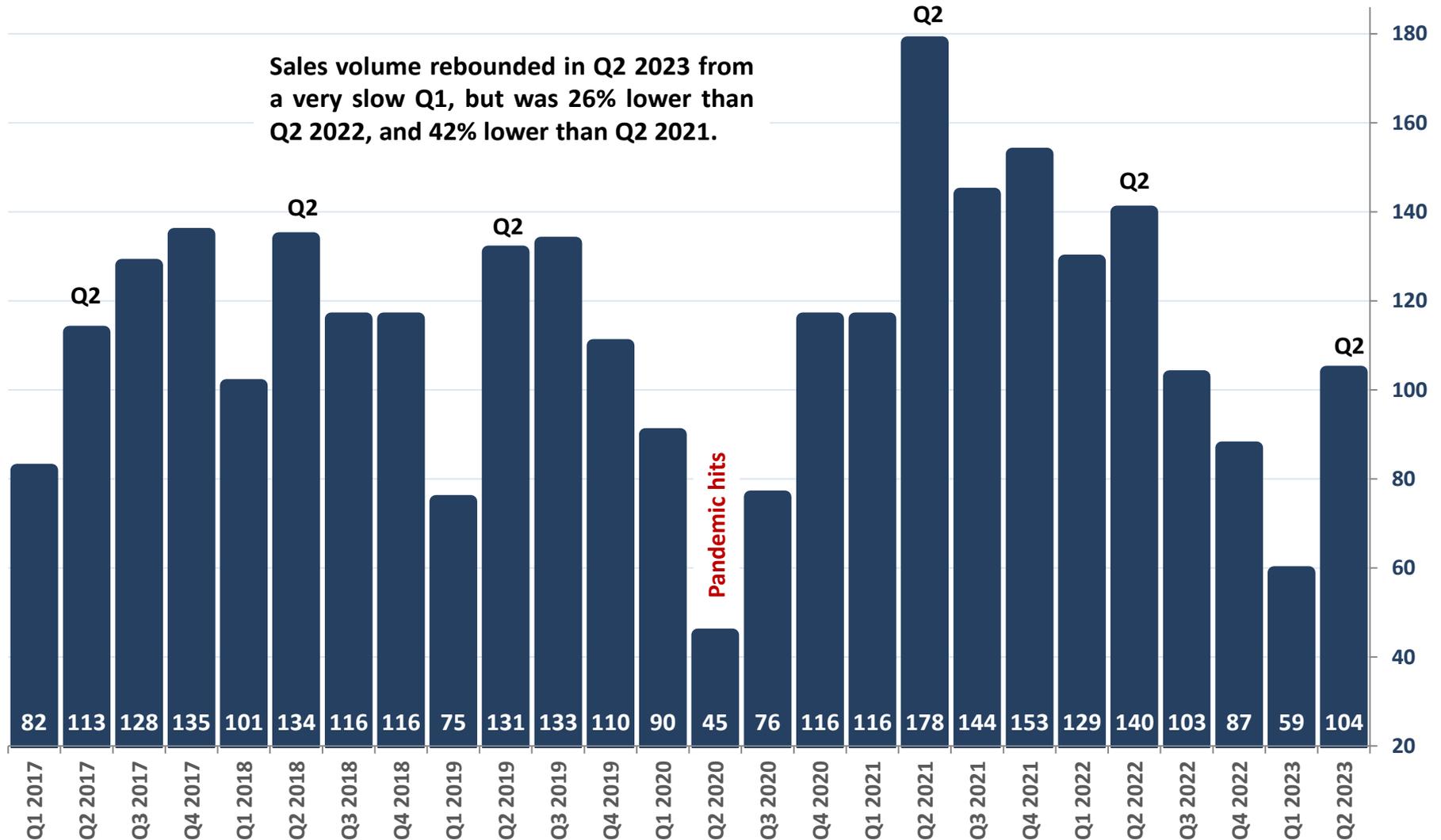
**July 2023 Report
2-4 Unit Multi-Family Buildings**

COMPASS

San Francisco 2-4 Unit Building Sales

Sales Volume, 2017 – Present, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier.



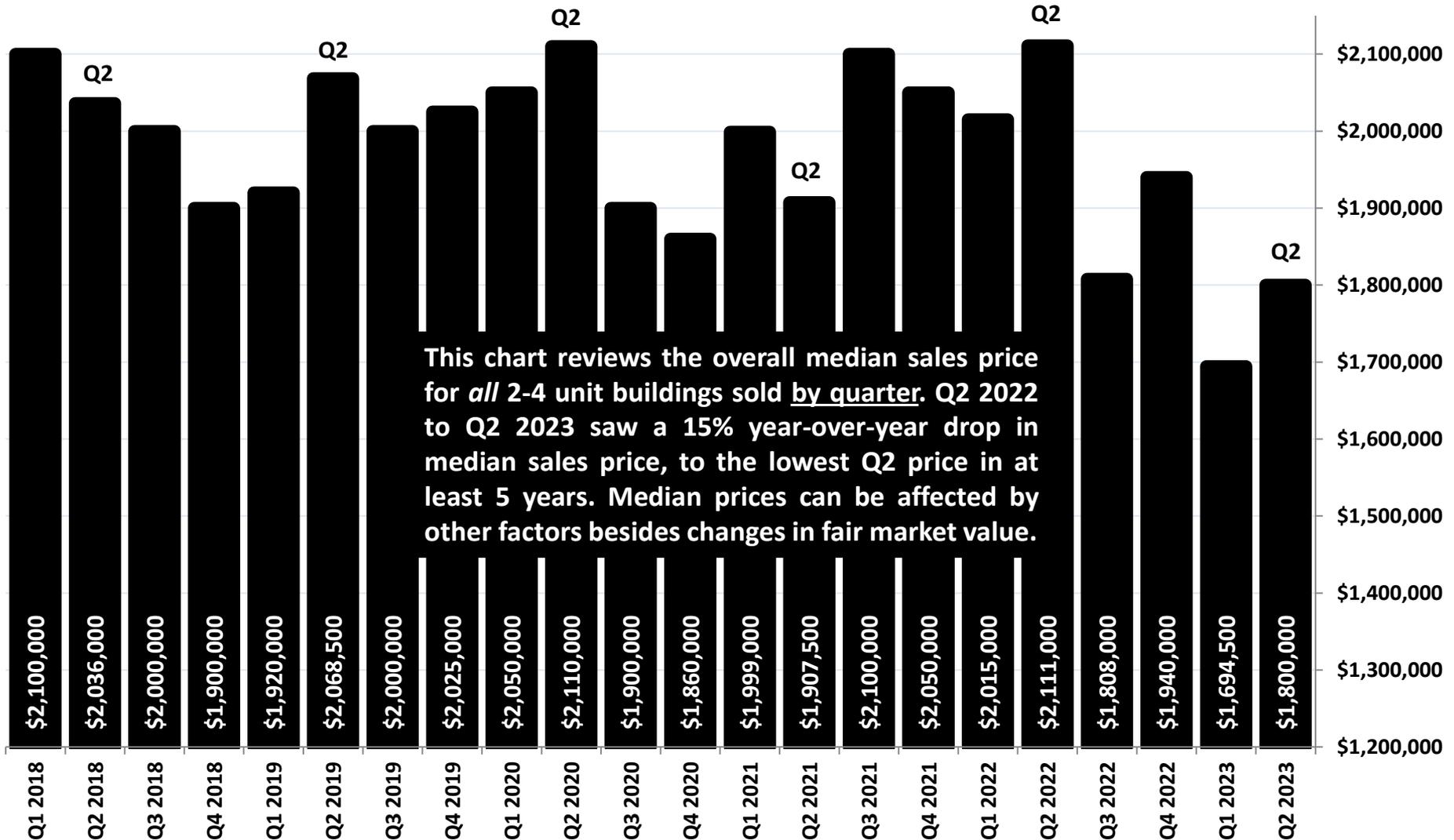
As reported to SFARMLS, MLSLISTINGS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last reading estimated and may change with late reported activity.



San Francisco 2-4 Unit Building Values

Median Sales Prices, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier.



As reported to NorCal MLS Alliance. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate, and may change with late reported activity.



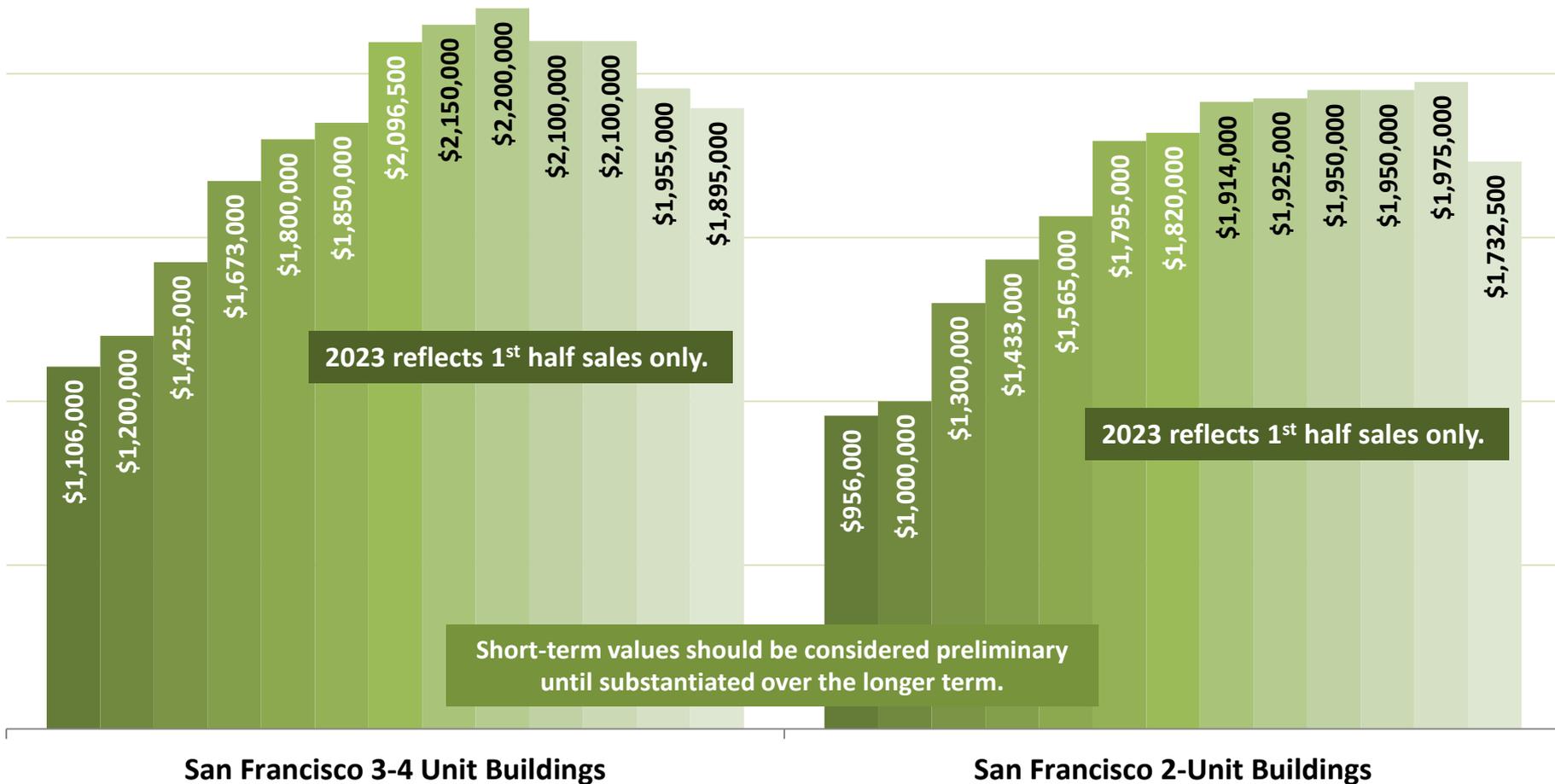
Median Sales Price Trends since 2011 by Year

San Francisco 2-4 Unit Residential Buildings

A specific comparative market analysis is required to value any particular property.

Annual Median Sales Prices

■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023



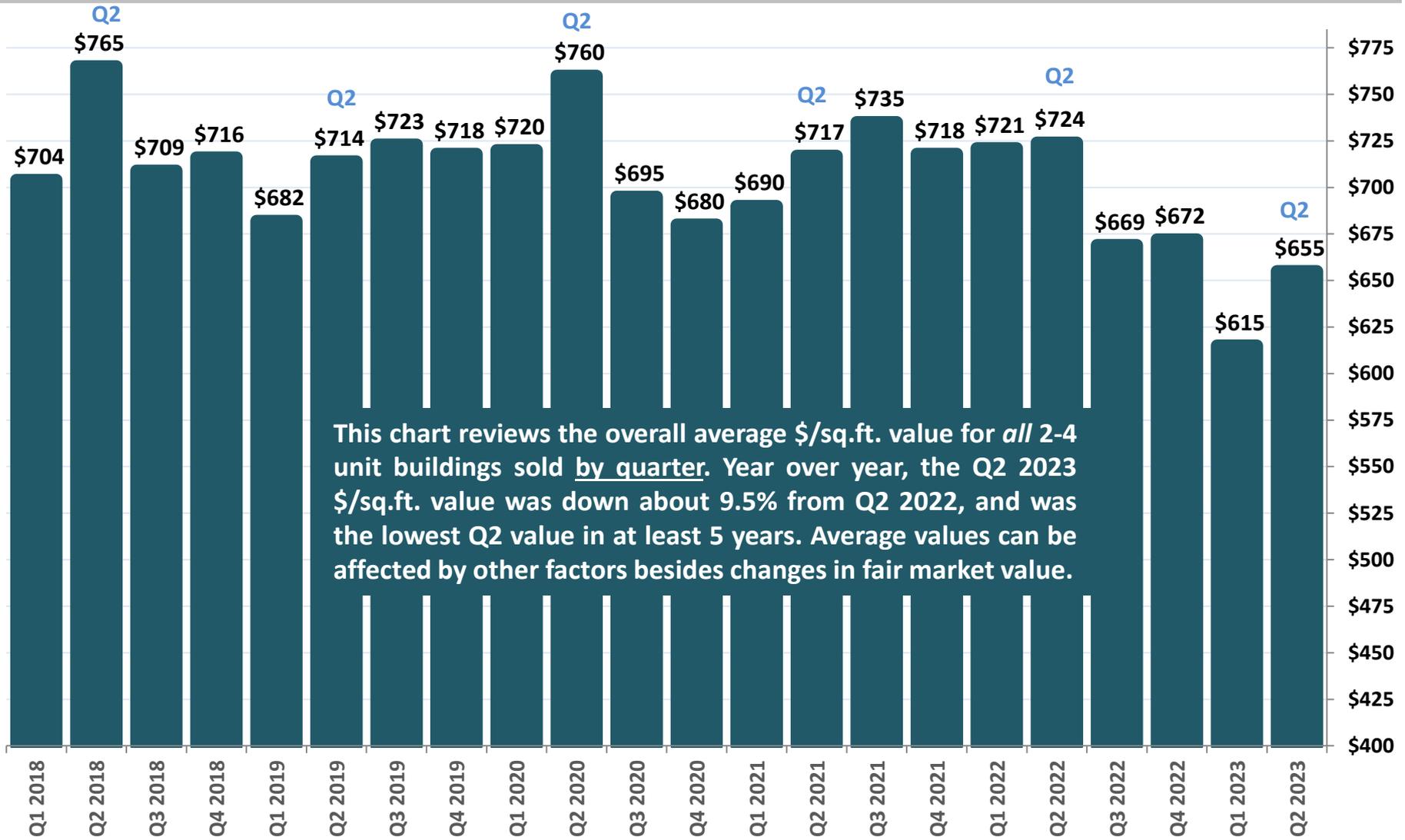
Sales reported to NorCal MLS Alliance. These prices are generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate. Late reported sales may change data.



San Francisco 2-4 Unit Building Values

Average Dollar per Square Foot Values, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier.



This chart reviews the overall average \$/sq.ft. value for *all* 2-4 unit buildings sold by quarter. Year over year, the Q2 2023 \$/sq.ft. value was down about 9.5% from Q2 2022, and was the lowest Q2 value in at least 5 years. Average values can be affected by other factors besides changes in fair market value.

As reported to NorCal MLS Alliance. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate, and may change with late reported activity.



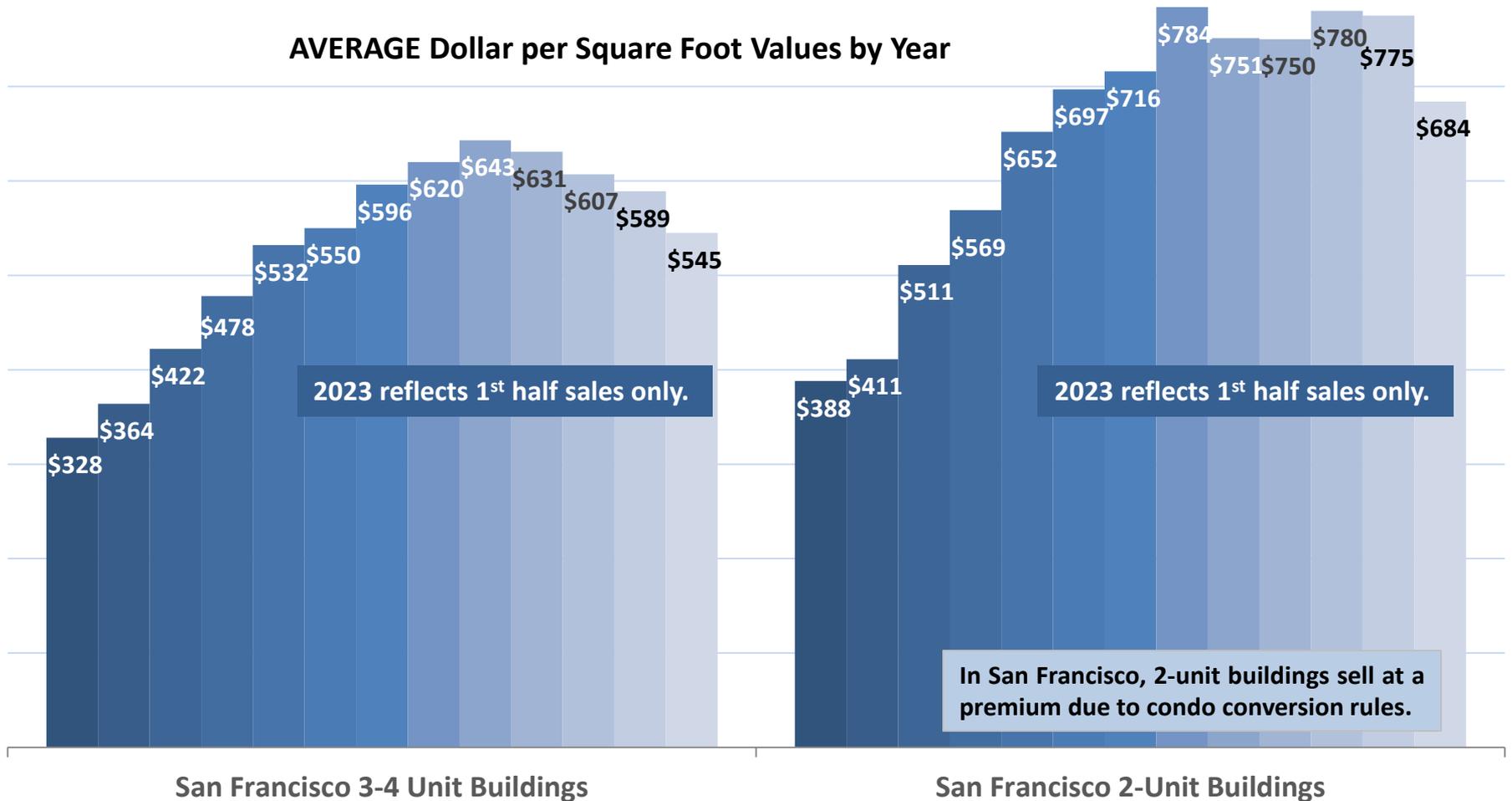
Average Dollar per Square Foot Values by Year

San Francisco 2-4 Unit Residential Building Sales since 2011

A specific comparative market analysis is required to value any particular property.

■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

AVERAGE Dollar per Square Foot Values by Year

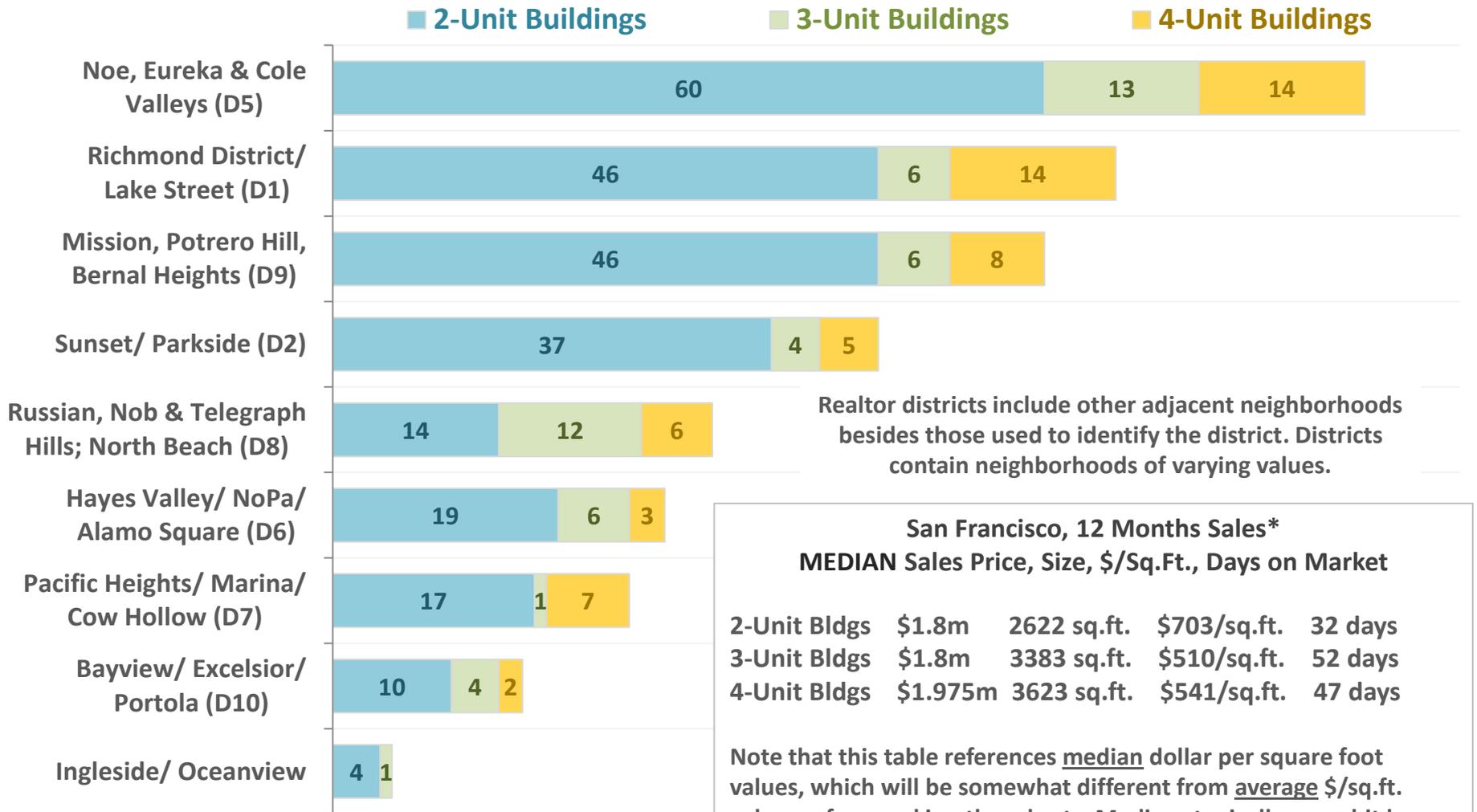


Sales reported to NorCal MLS Alliance. These values are generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate. Late reported sales may alter these numbers.



2-4 Unit Residential Property Sales

by San Francisco Realtor District, 12 Months Sales*



Realtor districts include other adjacent neighborhoods besides those used to identify the district. Districts contain neighborhoods of varying values.

San Francisco, 12 Months Sales*				
MEDIAN Sales Price, Size, \$/Sq.Ft., Days on Market				
2-Unit Bldgs	\$1.8m	2622 sq.ft.	\$703/sq.ft.	32 days
3-Unit Bldgs	\$1.8m	3383 sq.ft.	\$510/sq.ft.	52 days
4-Unit Bldgs	\$1.975m	3623 sq.ft.	\$541/sq.ft.	47 days

Note that this table references median dollar per square foot values, which will be somewhat different from average \$/sq.ft. values referenced in other charts. Medians typically run a bit lower.

*12 months sales reported to NorCal MLS Alliance by late June 2023. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. Not all listings gave square footage figures.



2-4 Unit Residential Building Values by San Francisco Realtor District

Median Sales Prices & Median \$/Sq.Ft. Values – 12 Months Sales*

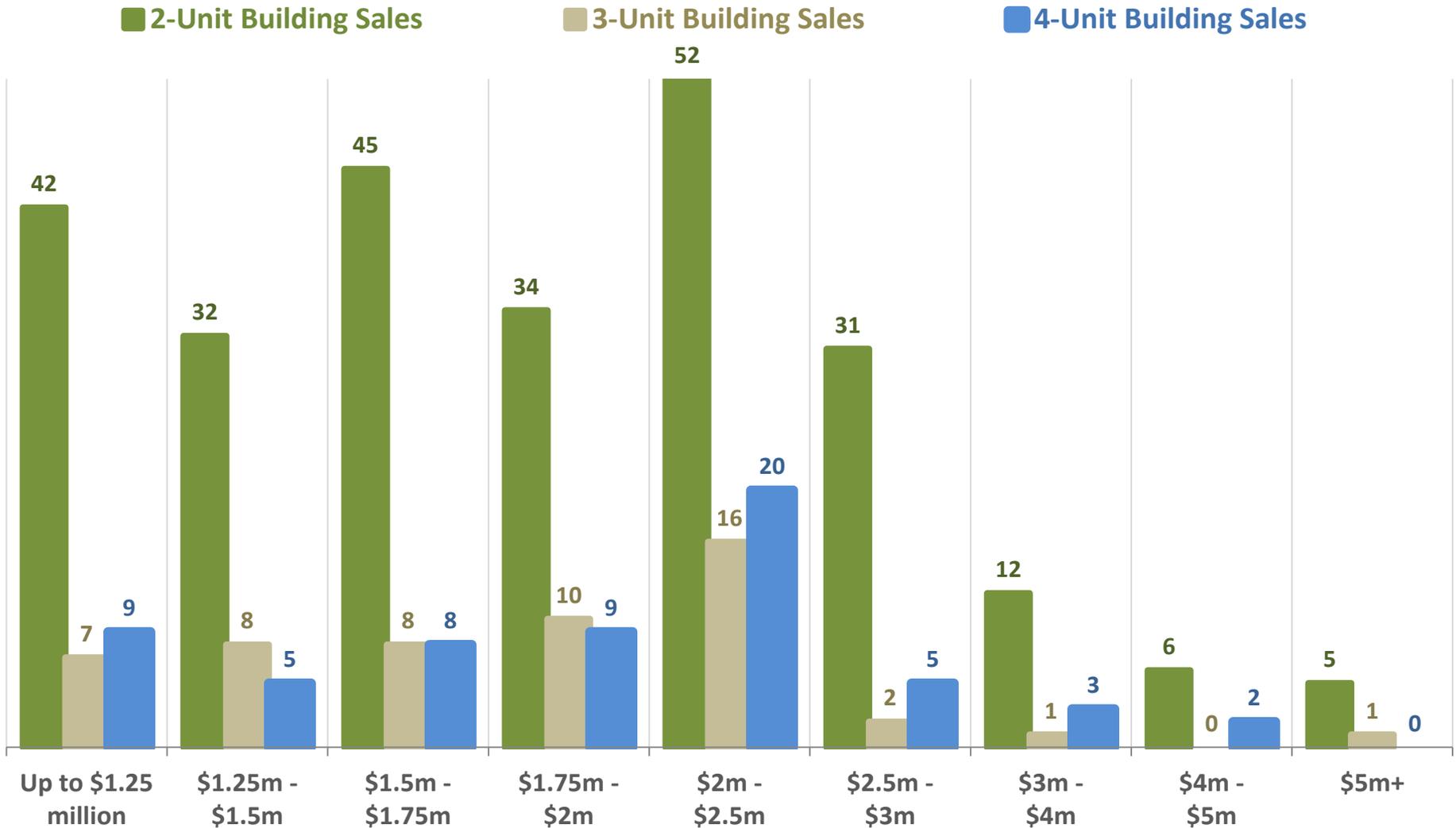
San Francisco District	2-Unit Buildings	3-Unit Buildings	4-Unit Buildings
Pacific & Presidio Heights, Cow Hollow & Marina (District 7)	\$2,850,000 \$949/sq.ft.	Not enough sales for analysis	\$2,405,000 \$793/sq.ft.
Russian, Nob & Telegraph Hills; North Beach (District 8)	\$1,964,000 \$866/sq.ft.	\$1,985,000 \$551/sq.ft.	\$2,987,500 \$684/sq.ft.
Noe, Eureka & Cole Valleys; Ashbury & Corona Heights; Mission Dolores (D5)	\$2,100,000 \$751/sq.ft.	\$1,900,000 \$585/sq.ft.	\$2,027,500 \$601/sq.ft.
North of Panhandle (NoPa), Alamo Square, Hayes Valley, Lower Pacific Heights (D6)	\$1,650,000 \$617/sq.ft.	\$2,000,000 \$438/sq.ft.	Not enough sales for analysis
Lake Street, Richmond District, Lone Mountain, Jordan Park (District 1)	\$1,920,000 \$662/sq.ft.	\$1,765,500 \$447/sq.ft.	\$2,005,000 \$535/sq.ft.
Potrero Hill, Bernal Heights, Inner Mission, South of Market (District 9)	\$1,610,000 \$699/sq.ft.	\$1,651,500 \$456/sq.ft.	\$1,275,000 \$461/sq.ft.
Sunset, Parkside (District 2)	\$1,740,000 \$685/sq.ft.	Not enough sales for analysis	Not enough sales for analysis
Bayview-Excelsior-Visitacion Valley (District 10)	\$1,112,500 \$523/sq.ft.	Not enough sales for analysis	Not enough sales for statistics

*12 months sales reported to NorCal MLS Alliance by late June 2023. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. Many factors affect multi-unit values, including income, condition, tenant profile and owner-occupancy. How these values apply to any particular property is unknown without a specific comparative market analysis. Houses with units and condo buildings excluded. All numbers approximate. Not all listings gave square footage figures.

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San Francisco 2-4 Unit Residential Buildings

12 Months Sales by Number of Units & Price Segment*

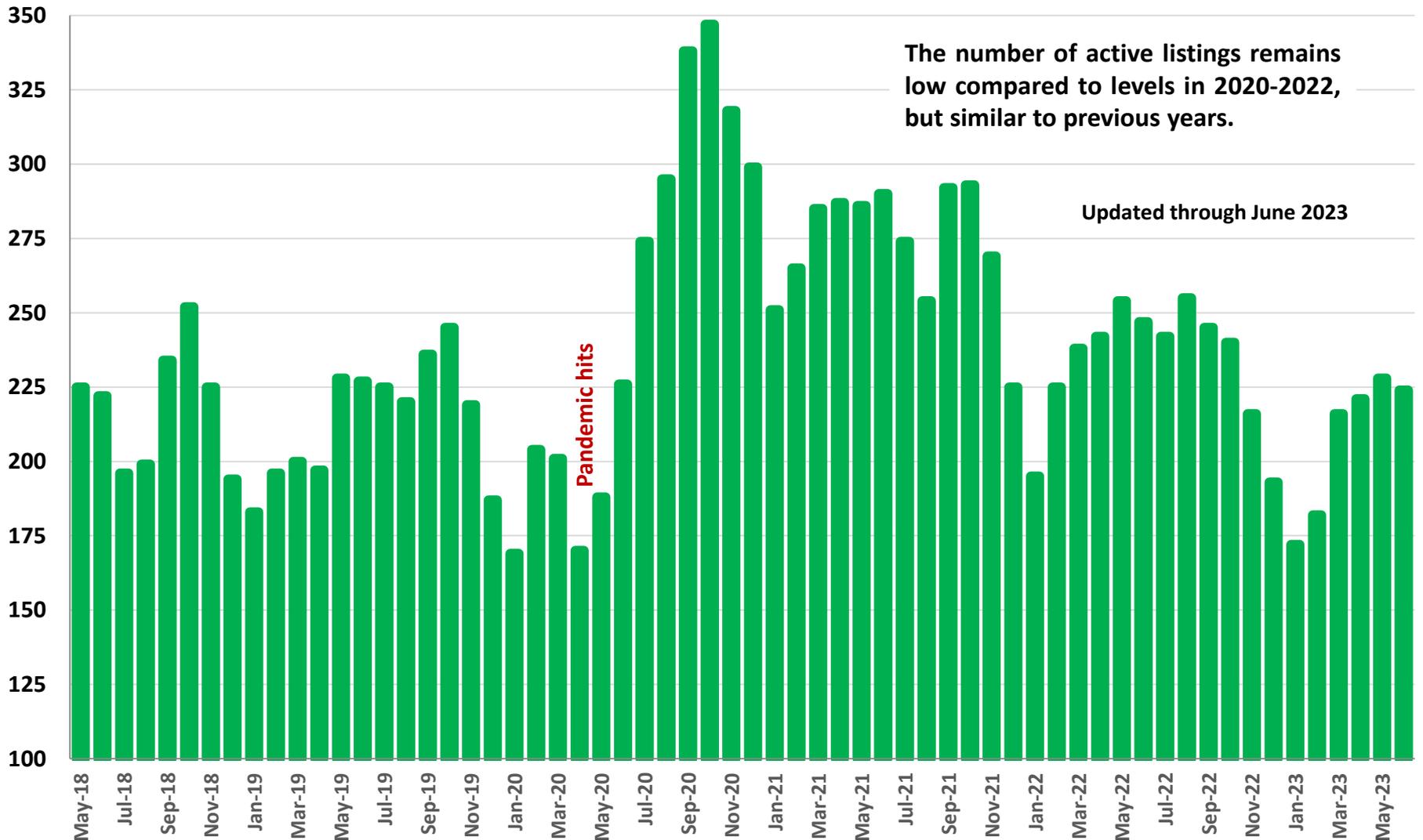


*12 months sales reported to NorCal MLS Alliance by late June 2023. Analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



Active Listings on Market in Month

San Francisco 2-4 Multi-Family Building Market, since Spring 2018

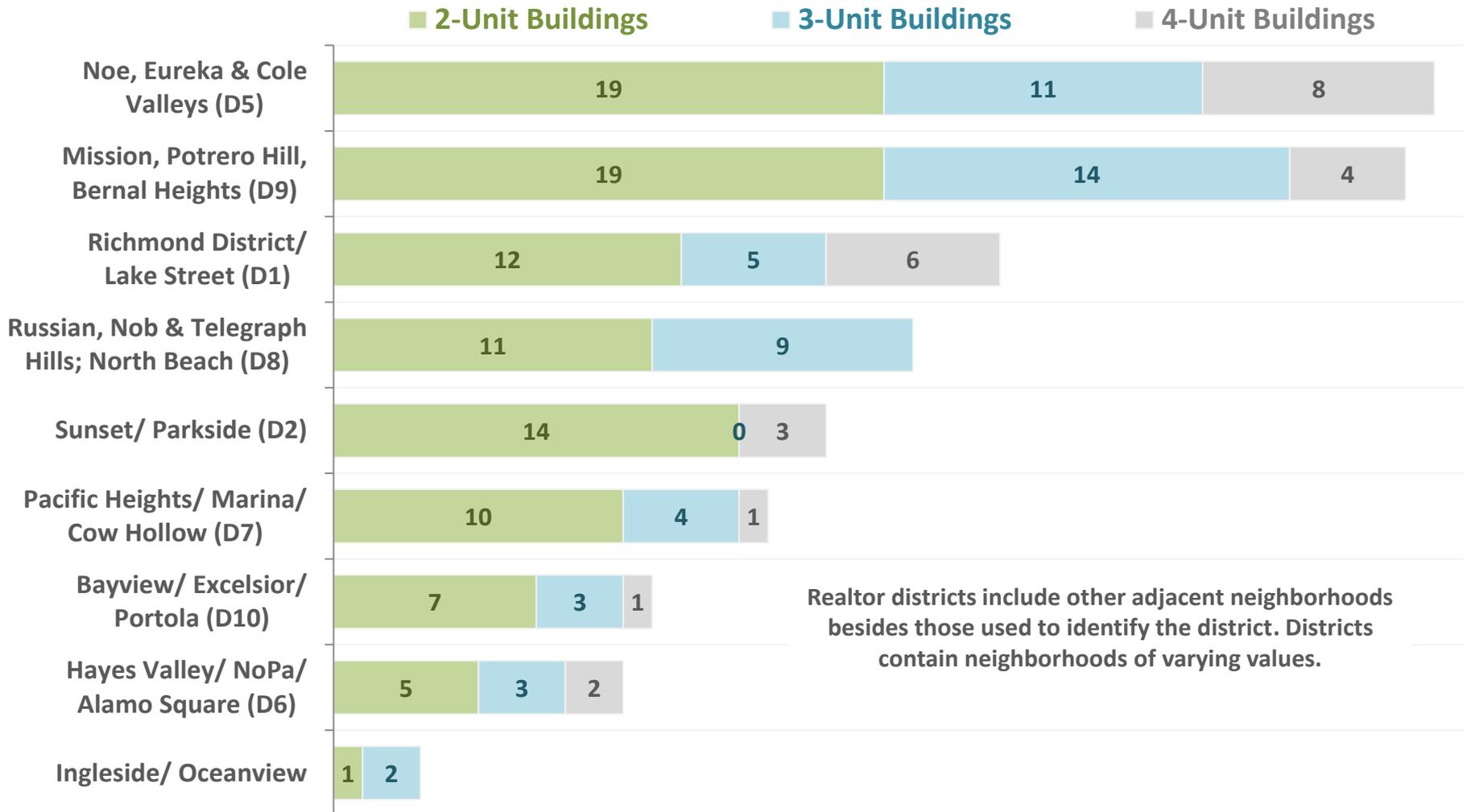


As reported to SFARMLS & MLSLISTINGS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate, and may change with late reported activity.



2-4 Unit Residential Buildings: Active Listings on Market*

Properties Listed for Sale, by San Francisco Realtor District

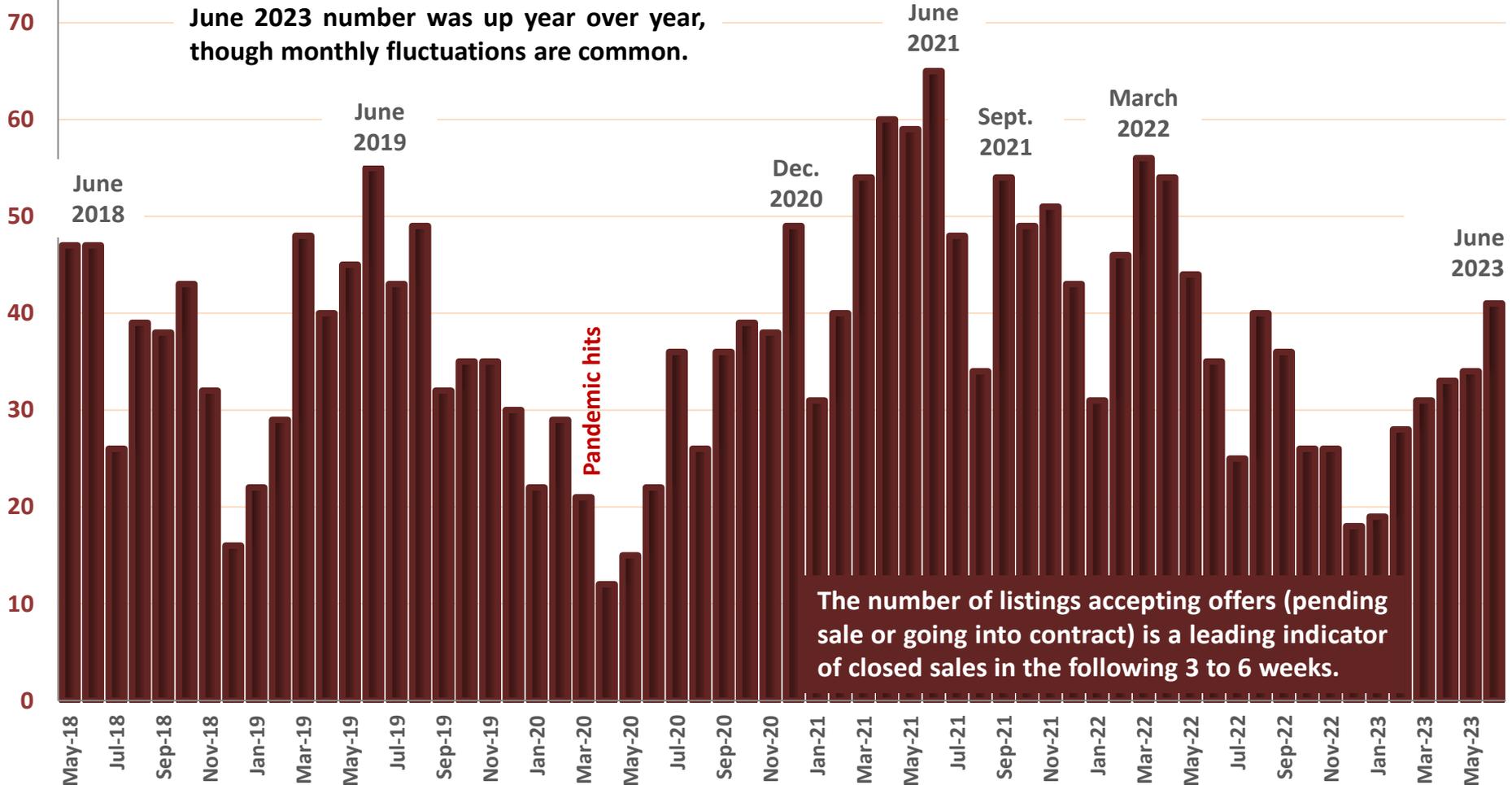


*Active/Coming-Soon listings posted to NorCal MLS Alliance on June 28, 2023. This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and change constantly.

Listings Accepting Offers (Going into Contract)

San Francisco 2-4 Unit Building Market by Month

The number of listings going into contract continued to climb in spring 2023, and the June 2023 number was up year over year, though monthly fluctuations are common.

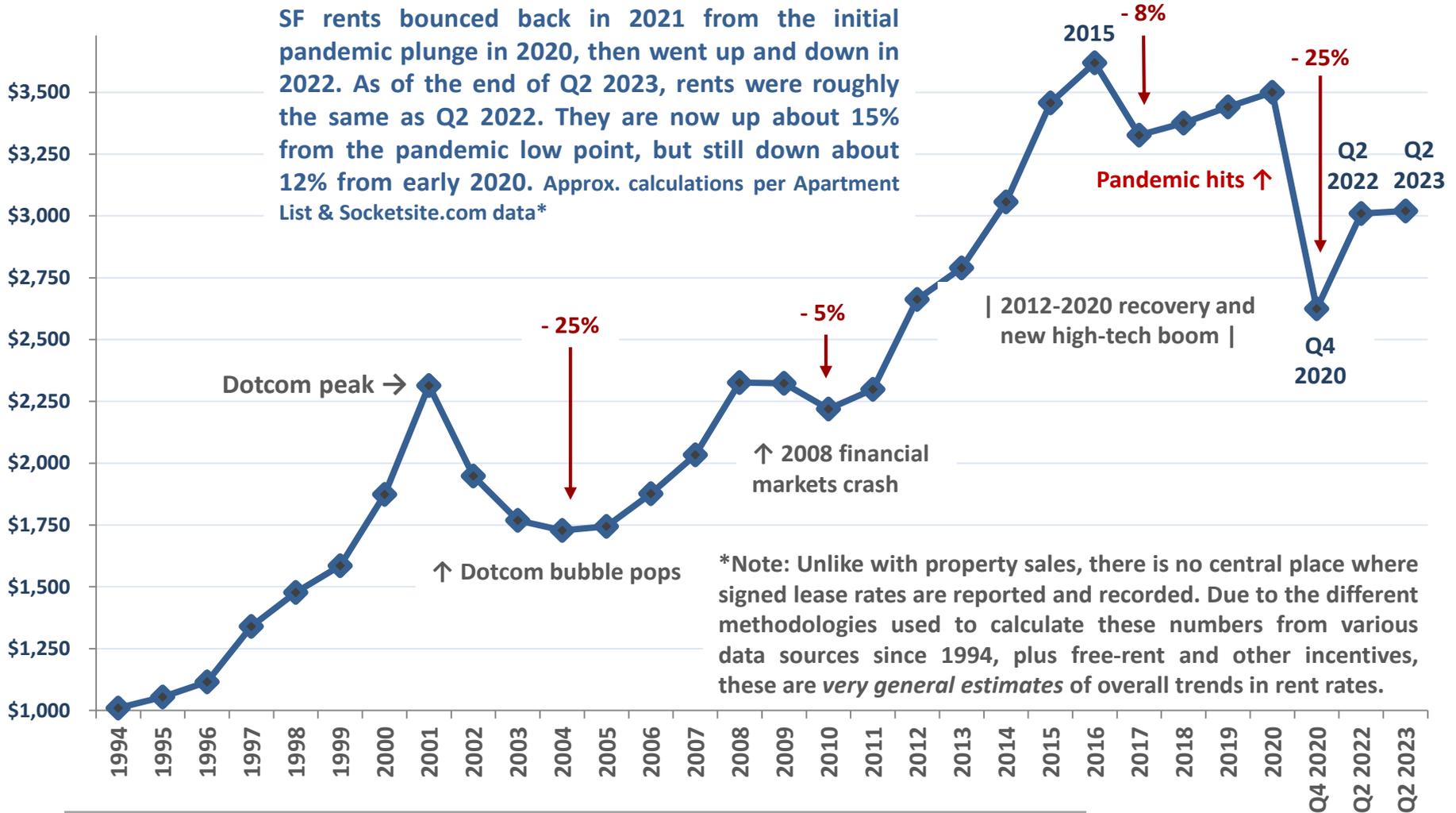


As reported to MLS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate. Last reading estimated and may change with late reported activity.

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*



*Note: Unlike with property sales, there is no central place where signed lease rates are reported and recorded. Due to the different methodologies used to calculate these numbers from various data sources since 1994, plus free-rent and other incentives, these are *very general estimates* of overall trends in rent rates.

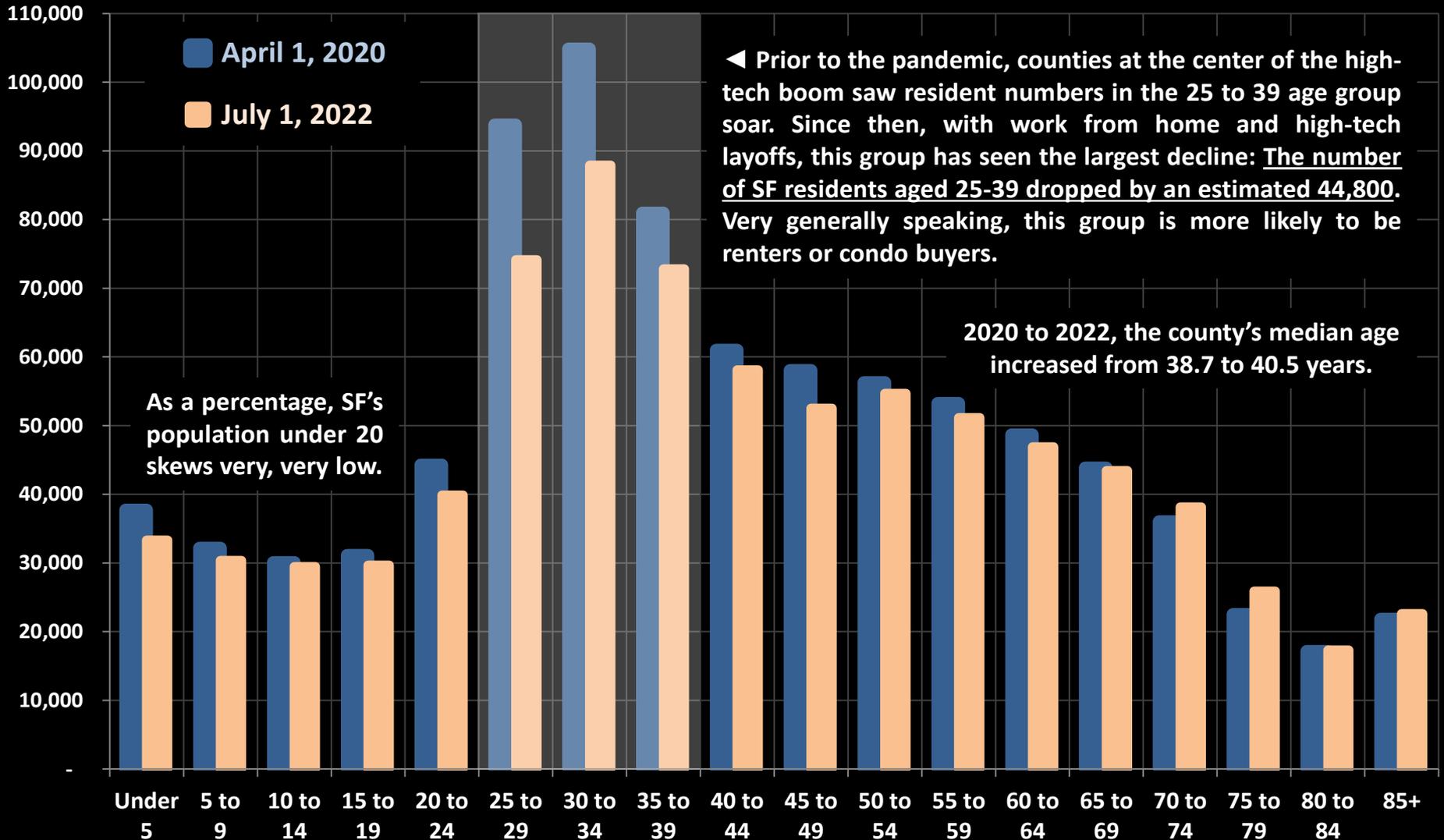
1st quarter data points except, as noted for Q4 2020. Numbers are estimated using data from a variety of rental data sources over the past 25+ years. Data from sources deemed reasonably reliable but may contain errors and subject to revision. All numbers are good-faith estimates and very approximate.



San Francisco County Population Changes

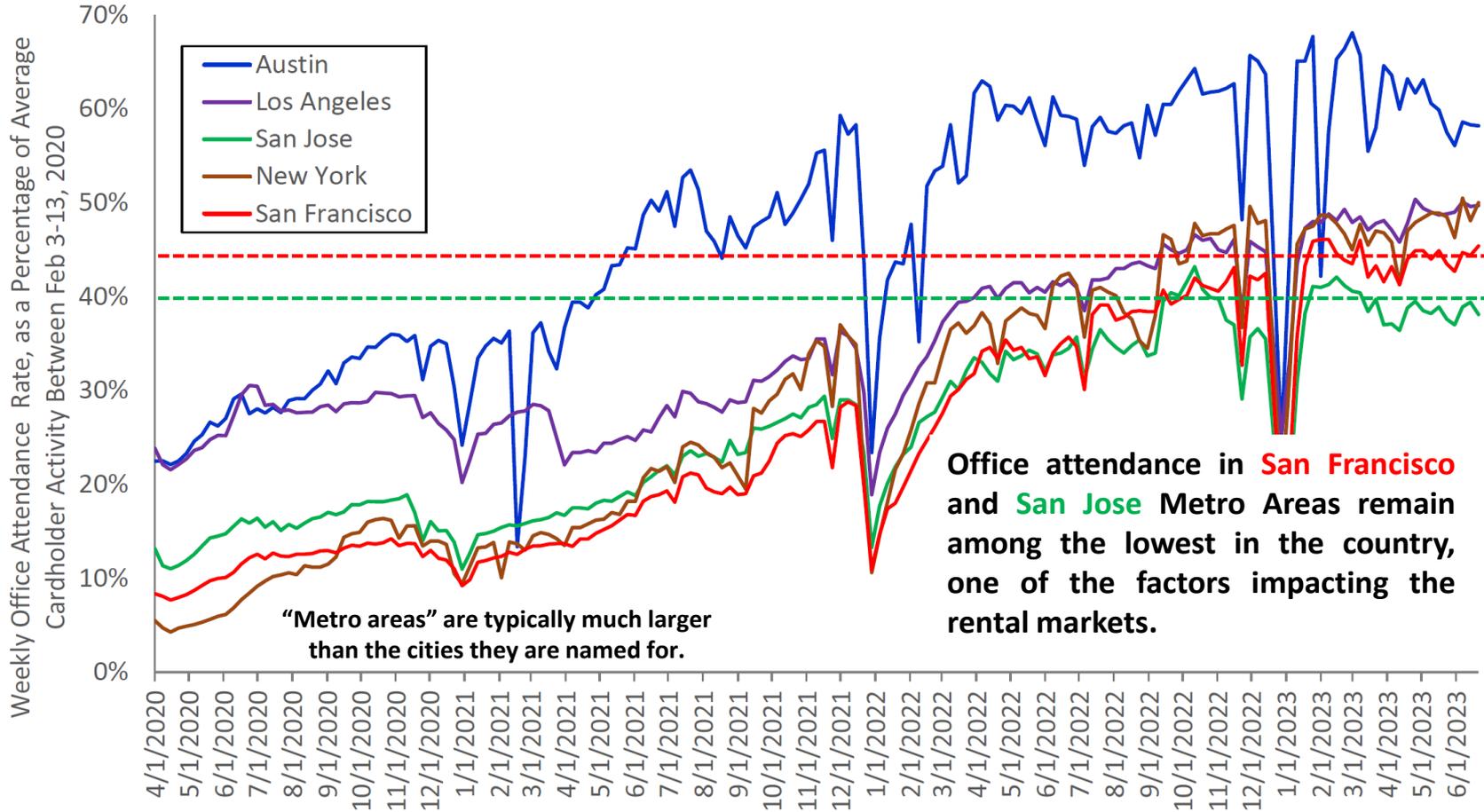
Age Distribution, U.S. Census Estimates*

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.

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



“Metro areas” are typically much larger than the cities they are named for.

Office attendance in **San Francisco** and **San Jose** Metro Areas remain among the lowest in the country, one of the factors impacting the rental markets.

Source: Kastle Systems

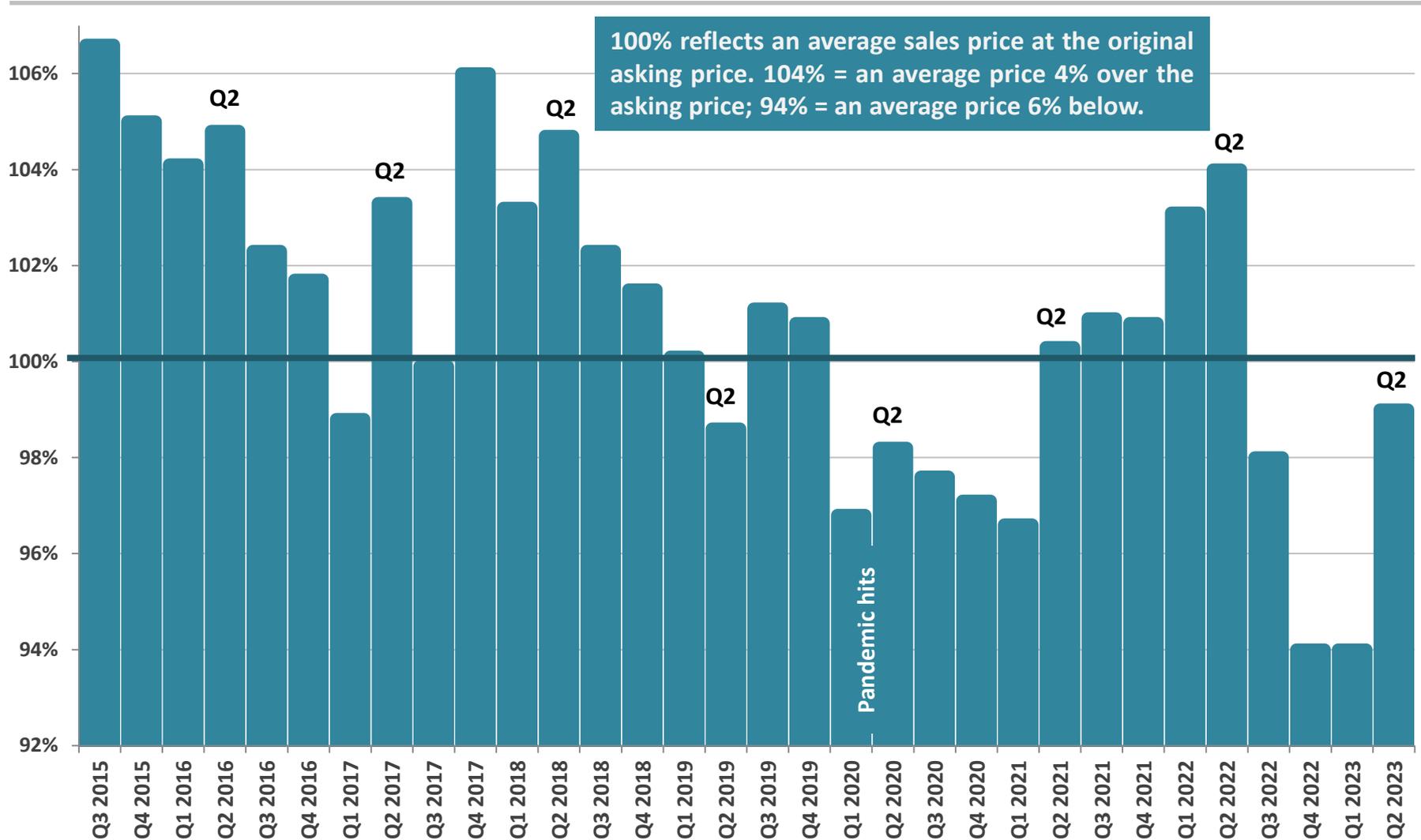
Chart from “Status of the San Francisco Economy: June 2023” as published by the Offices of the Controller and Economic Analysis, for the City & County of San Francisco. Data source: Kastle Systems



Sales Price to Original List Price Percentage

San Francisco 2-4 Unit Buildings, by Quarter

Based upon SFARMLS activity, per Broker Metrics



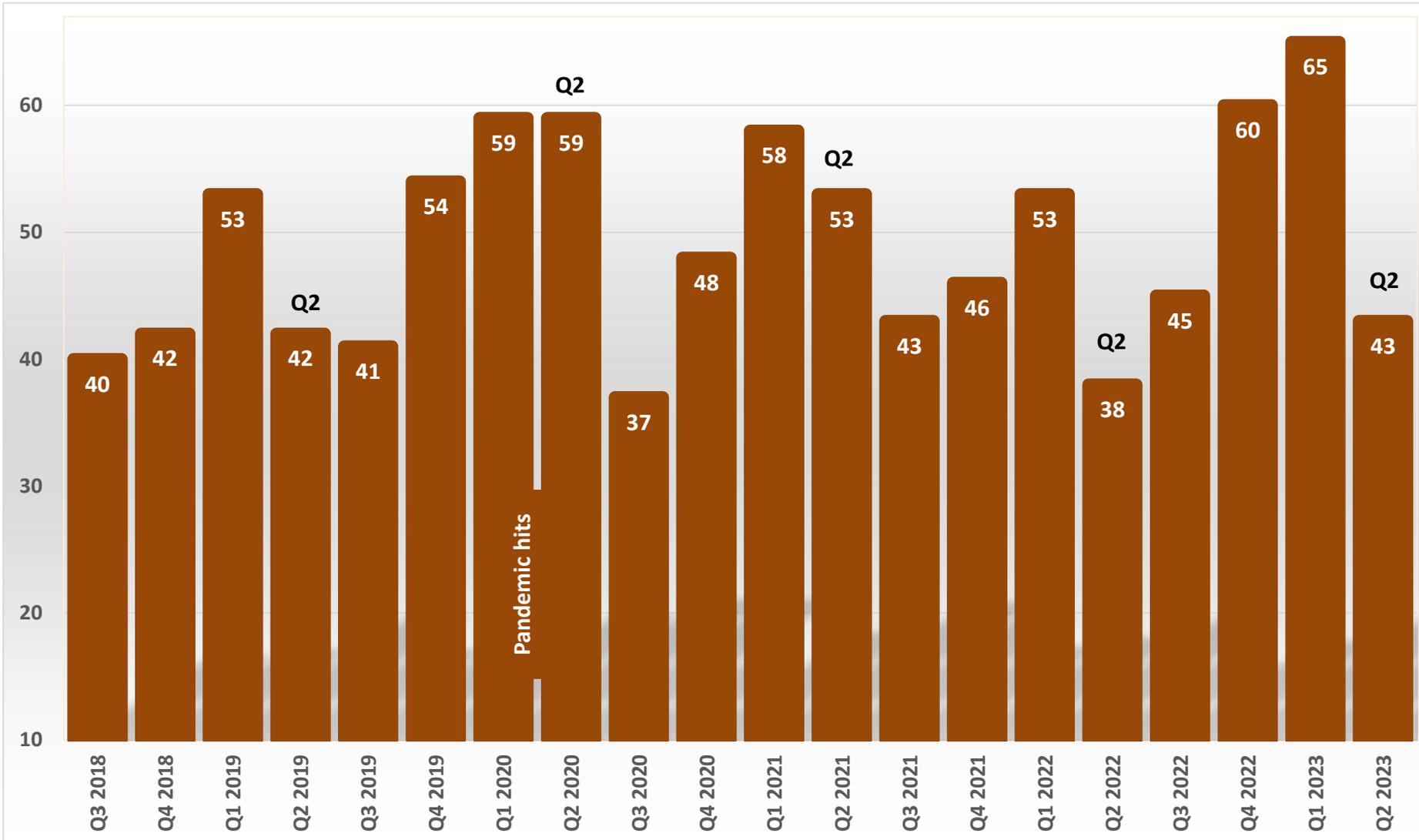
Data from sources deemed reliable, but may contain errors and subject to revision.
All numbers are approximate. Fluctuations in this metric are not unusual.



Average Days on Market by Quarter

San Francisco 2-4 Residential Unit Building Sales

2-unit buildings typically sell faster than 3-4 unit properties.



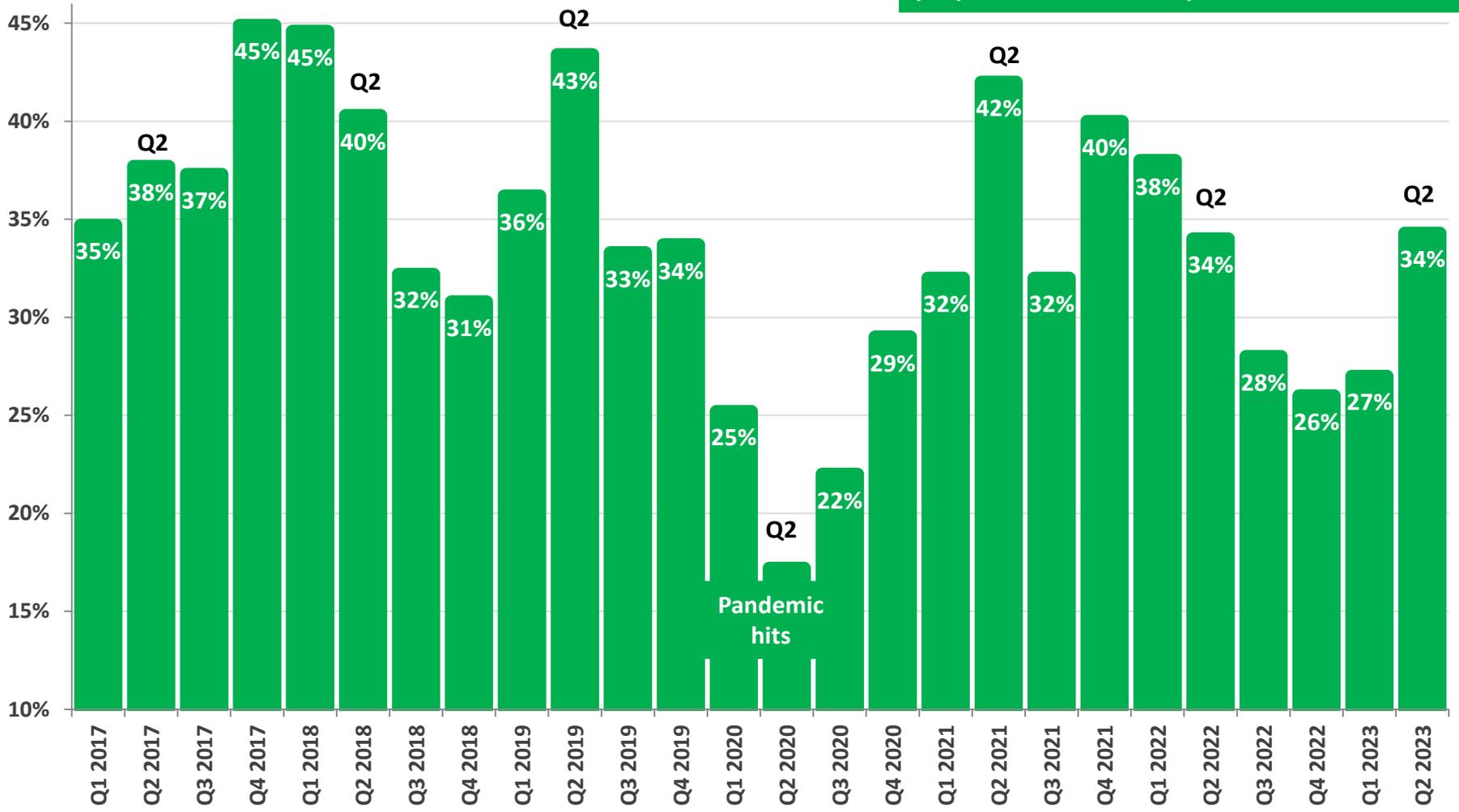
Residential market activity reported to SFARMLS, per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate. Last reading may change with late-reported activity.



Percentage of Listings Accepting Offers

San Francisco 2-4 Unit Building Market by Quarter

Absorption Rate: The higher the percentage of listings accepting offers, the stronger the buyer demand *as compared to* the supply of properties available to purchase.



Based upon SFARMLS activity; per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate, and may change with late reported activity.



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.

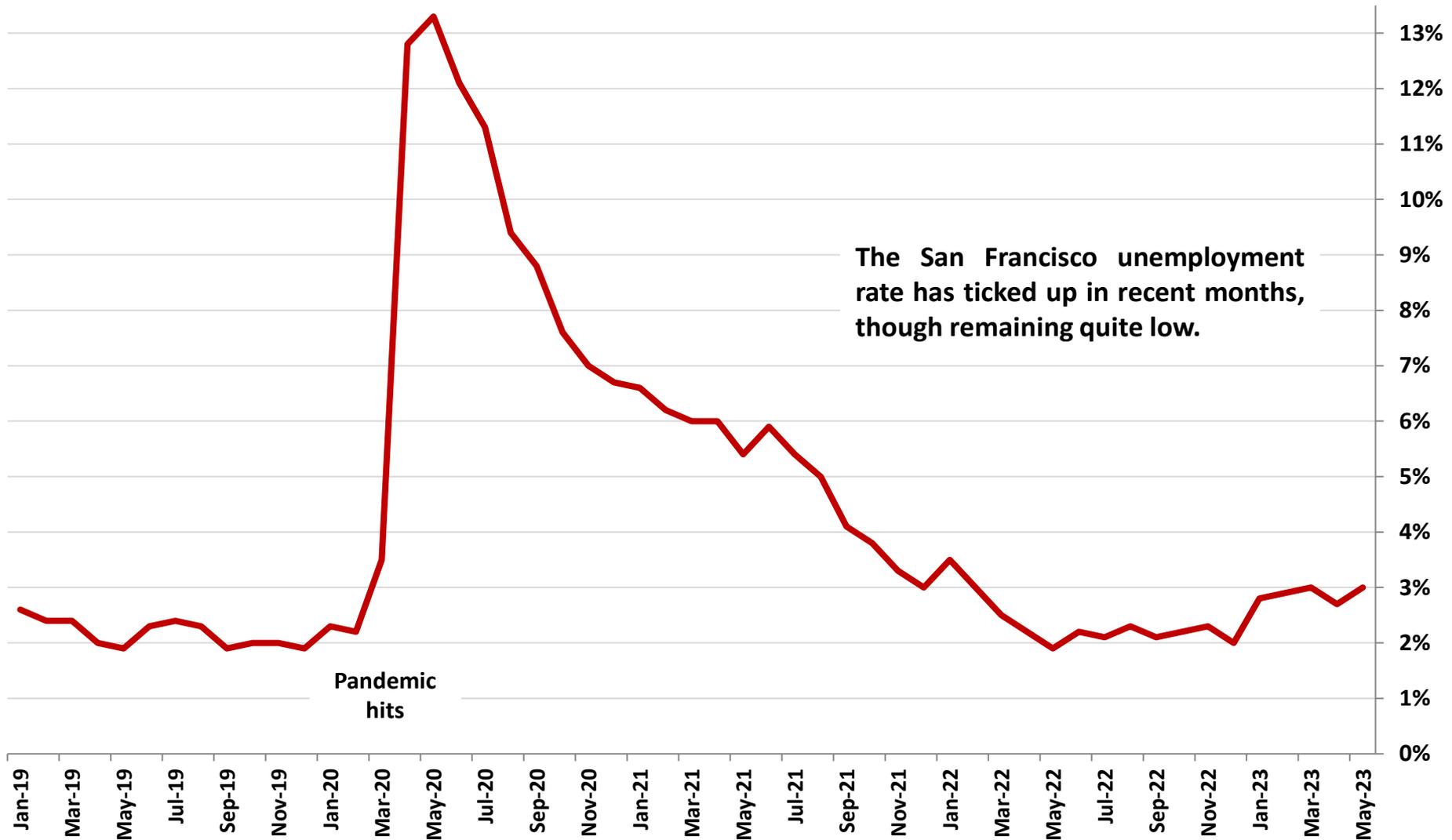
40% of SF housing units are owner-occupied and 60% are tenant occupied: By far the highest tenant ratio in the Bay Area.



*"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.



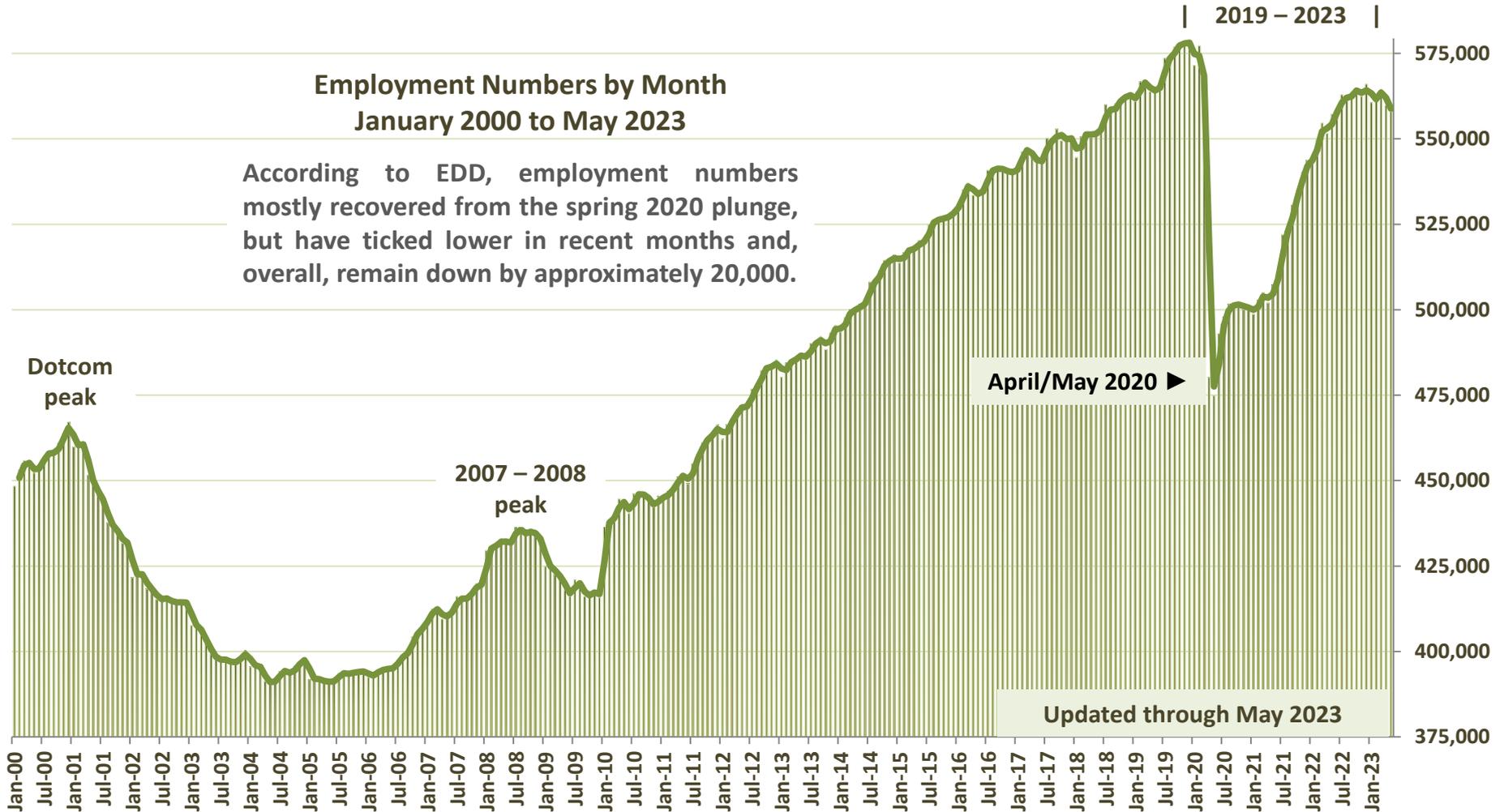
San Francisco Employment Trends

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.



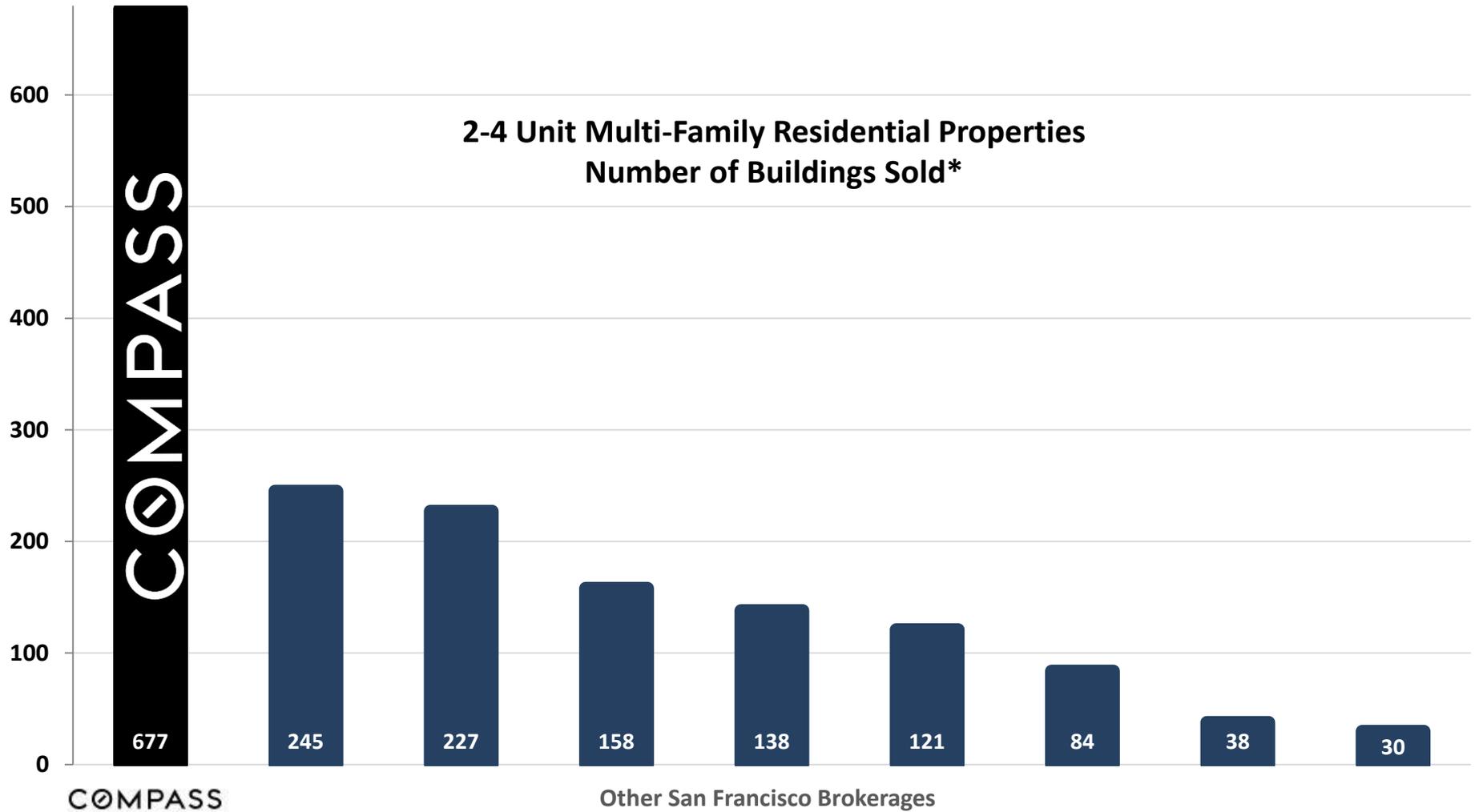
April/May 2020 ▶

Updated through May 2023

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.



San Francisco 2-4 Unit Multi-Family Building Sales By Broker, Residential Income Property Sales, 2021-2023*



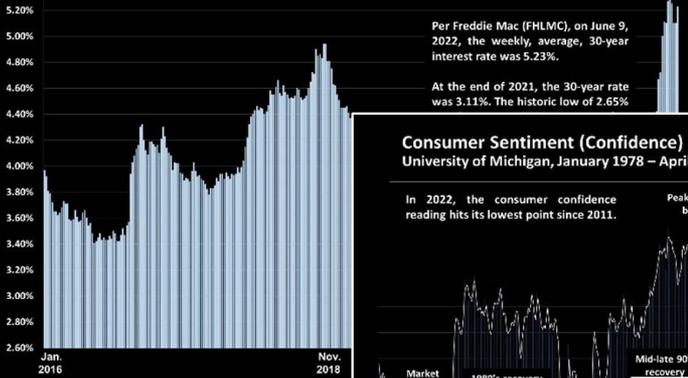
* 2021-2023 transaction-side, residential 2-4 unit sales reported to NorCal MLS Alliance through 6/21/23, per MLS Ranking Report, top 50 companies by dollar volume sales. Analysis made in good faith. By brokerage/brand.



Mortgage Interest Rate Trends, 2016 – Present

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

Rates published by the FHLMC



Per Freddie Mac (FHLMC), on June 9, 2022, the weekly, average, 30-year interest rate was 5.23%.

At the end of 2021, the 30-year rate was 3.11%. The historic low of 2.65%

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

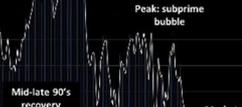
University of Michigan, January 1978 – April 2022

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

2012-2020 recovery & high-tech boom

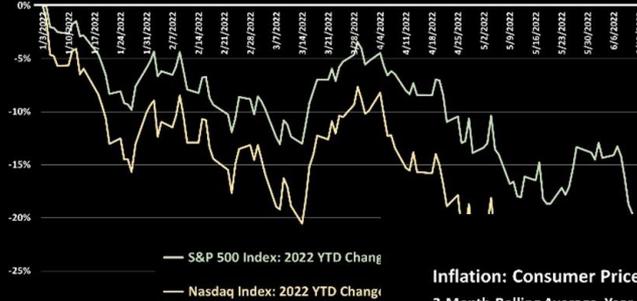


2-month rolling trend line. University of Michigan. Consumer Sentiment Index. Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/MIUCSL>

Click Here for Review of Selected Macroeconomic Trends

Financial Markets in 2022

Percentage Declines since January 3, 2022

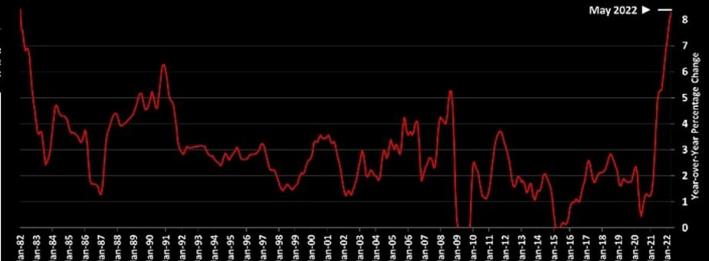


— S&P 500 Index: 2022 YTD Change
— Nasdaq Index: 2022 YTD Change

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 for 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, corporate, govt. debt levels Massive, governmental economic interventions (including 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

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.

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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