



The San Francisco 2-4 Unit Apartment Building Market

July 2024 Report

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The number of 2-4 unit multi-family building sales in Q2 2024 rose 33% from Q1, but fell about 8% year-over-year and remains well below long-term norms. The absorption rate – the percentage of listings going into contract – hit its highest quarterly percentage in 2 years. The median Q2 sales price was \$1,750,000, with a median building size of 2805 square feet, a median building age of 113 years, and a median days-on-market prior to acceptance of offer of 25 days. 58% of properties sold went into contract within 30 days and those quick-selling buildings averaged a sales price almost 6% over list price. Listings taking longer to sell typically sold significantly *below* list price.

Median values continue to reflect significant declines from those seen prior to mid-2022, when interest rates soared. Apartment rents have been ticking up in 2024, but are slightly down year-over-year, and remain (very approximately) 12% to 16% below pre-pandemic rates.

The office-building vacancy rate is above 32%, and leasing rates continue to fall. Office attendance rates remain down over 50% from pre-pandemic levels, a major factor in SF apartment demand and rent rates. Hopefully, this segment has hit bottom and will now begin to recover.

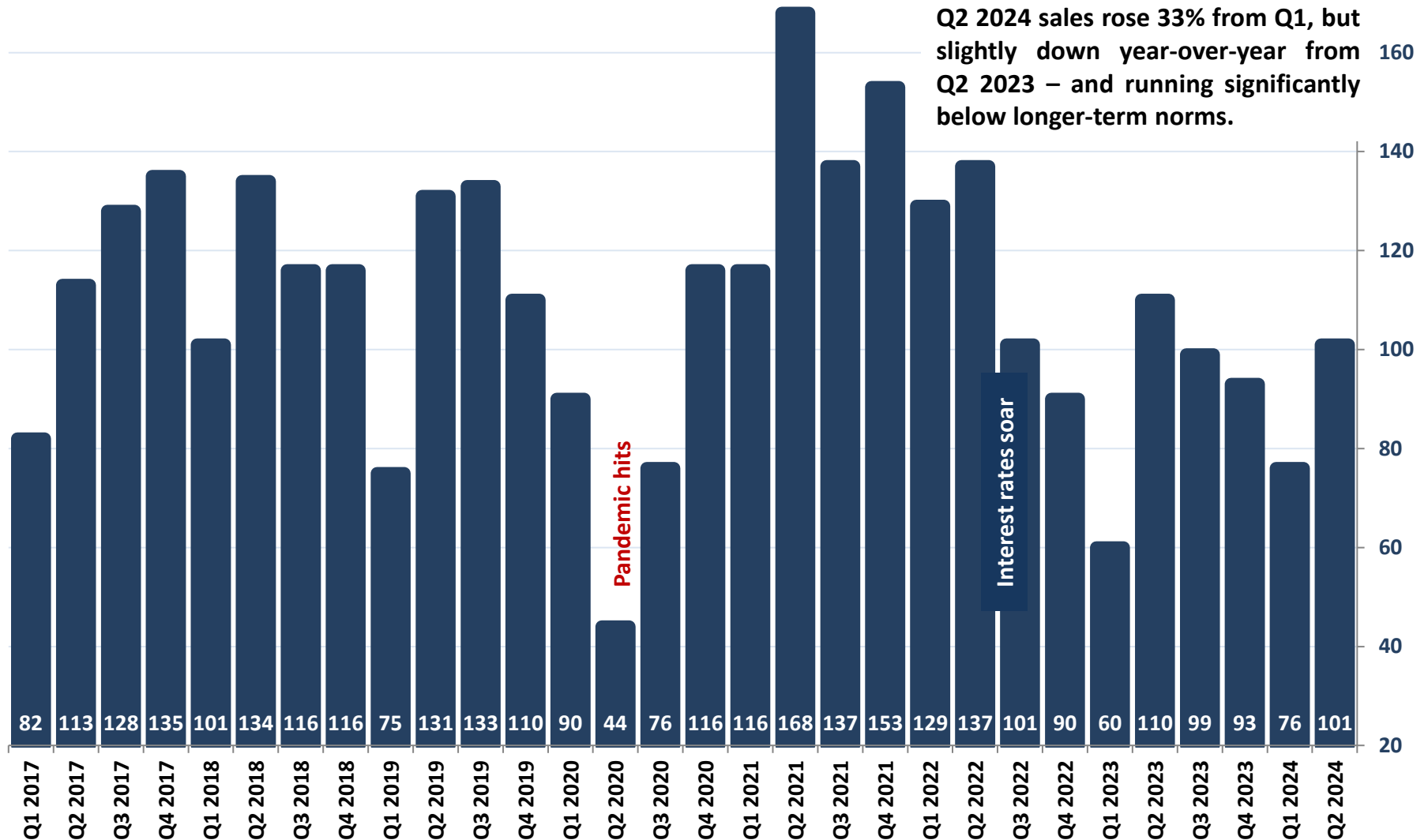
According to the CA Employment Development Department, the number of employed residents in San Francisco is about 7.5% below the pre-pandemic count. The largest drop occurred in the 25 to 44 working-age segment, primarily due to the advent of work from home and declines in high-tech employment. However, according to media reports, local hiring in AI continues to grow.

As of early July, there were 153 2-4 unit buildings listed for sale – with no offer accepted – with a median building size of 3315 square feet, a median age of 113 years, a median list price of \$1,995,000, and a median days on market of 56 days. 40 properties were listed as being in contract: These had a median building size of 3195 square feet, a median age of 100 years, a median list price of \$1,865,000, and median days-on-market of 46 days.

San Francisco 2-4 Unit Building Sales

Sales Volume, 2017 – Present, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier. The market is often subject to seasonal trends in supply and demand.



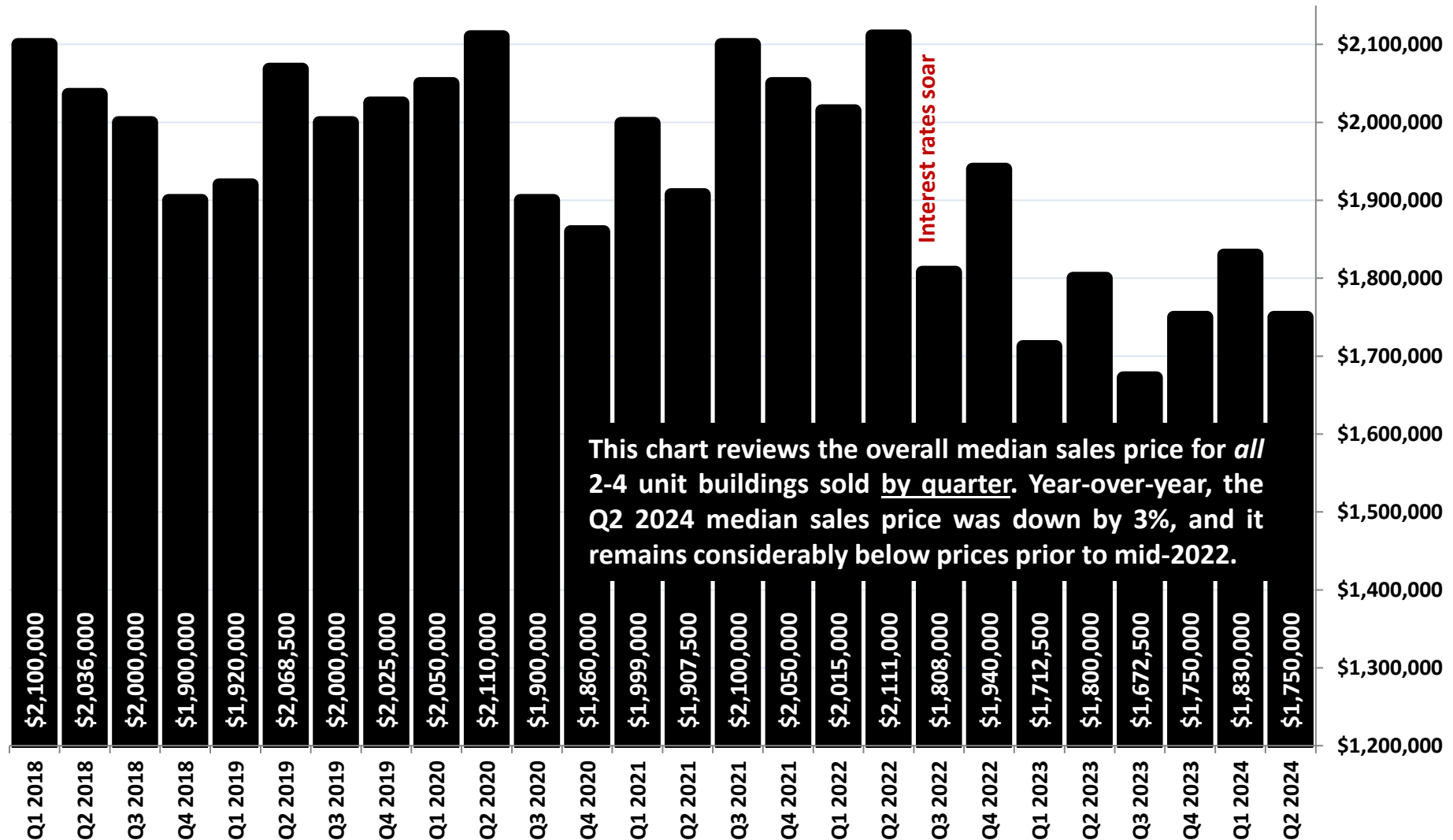
As reported NorCal MLS Alliance. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last reading estimated and may change with late reported activity.

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San Francisco 2-4 Unit Building Values

Median Sales Prices, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier. The market is often subject to seasonal trends in supply and demand.



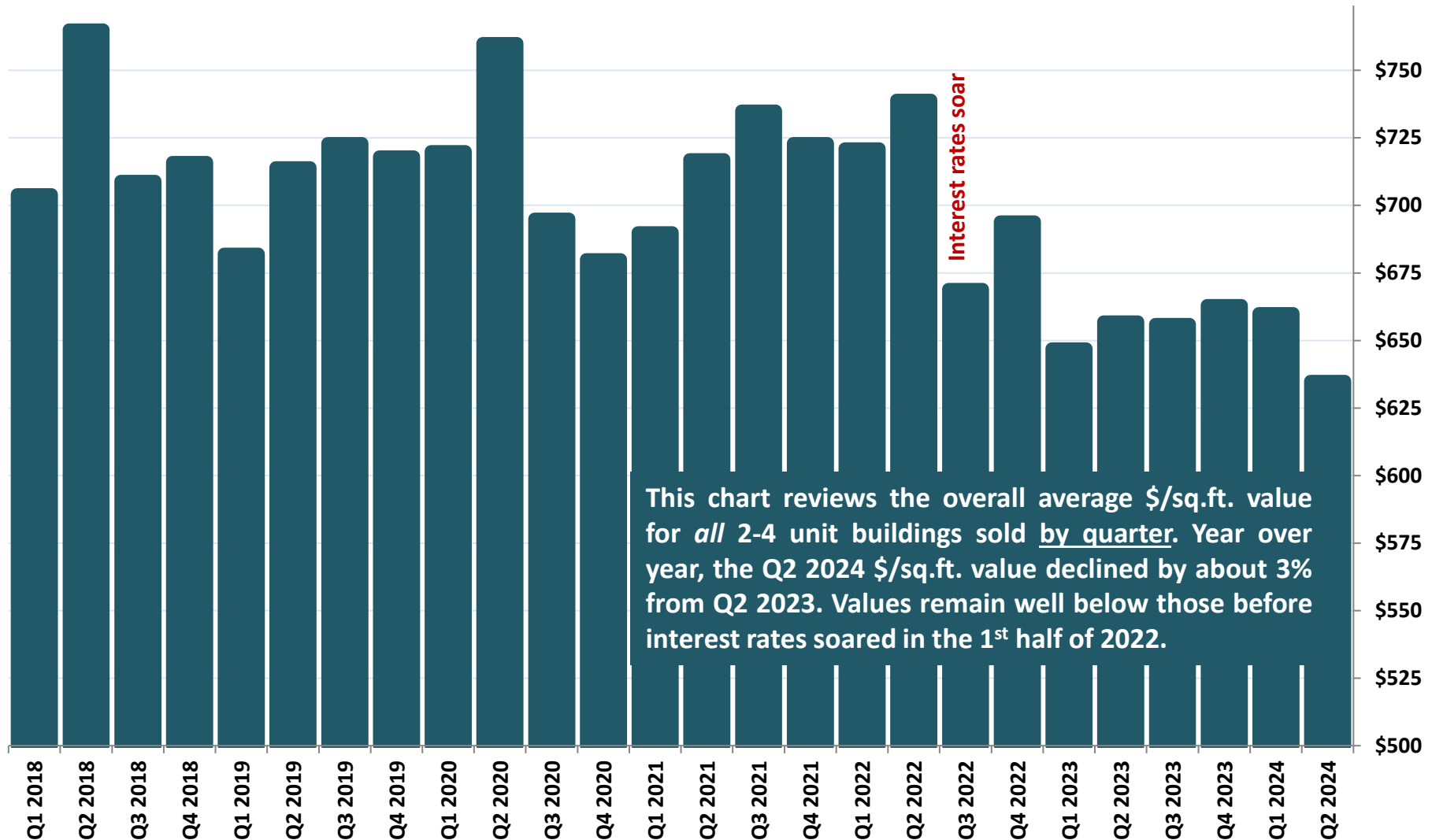
As reported to NorCal MLS Alliance. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate, and may change with late reported activity.

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San Francisco 2-4 Unit Building Values

Average Dollar per Square Foot Values, by Quarter

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Median Sales Price Trends since 2011 by Year

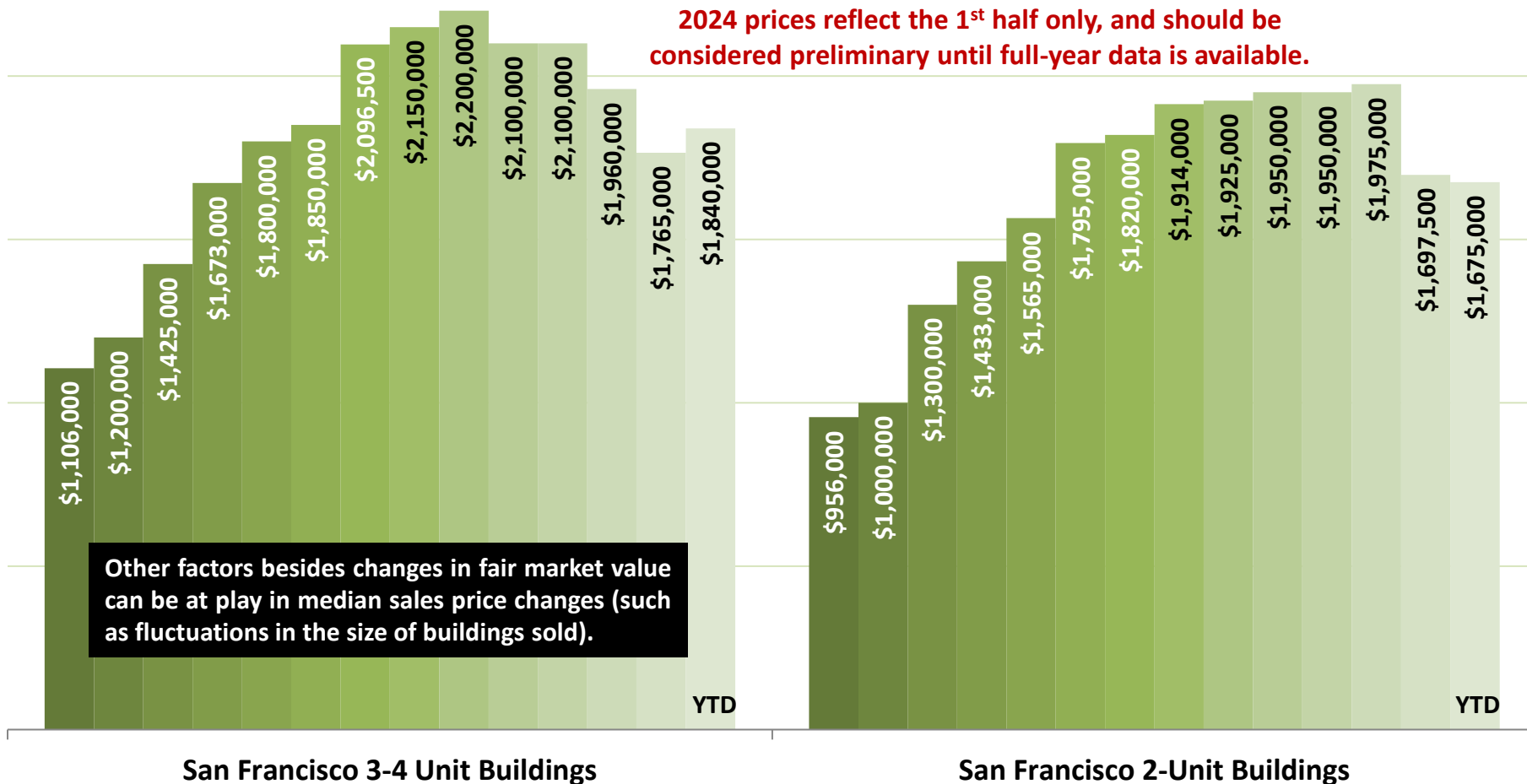
San Francisco 2-4 Unit Residential Buildings

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 ■ 2024

2024 prices reflect the 1st half only, and should be considered preliminary until full-year data is available.

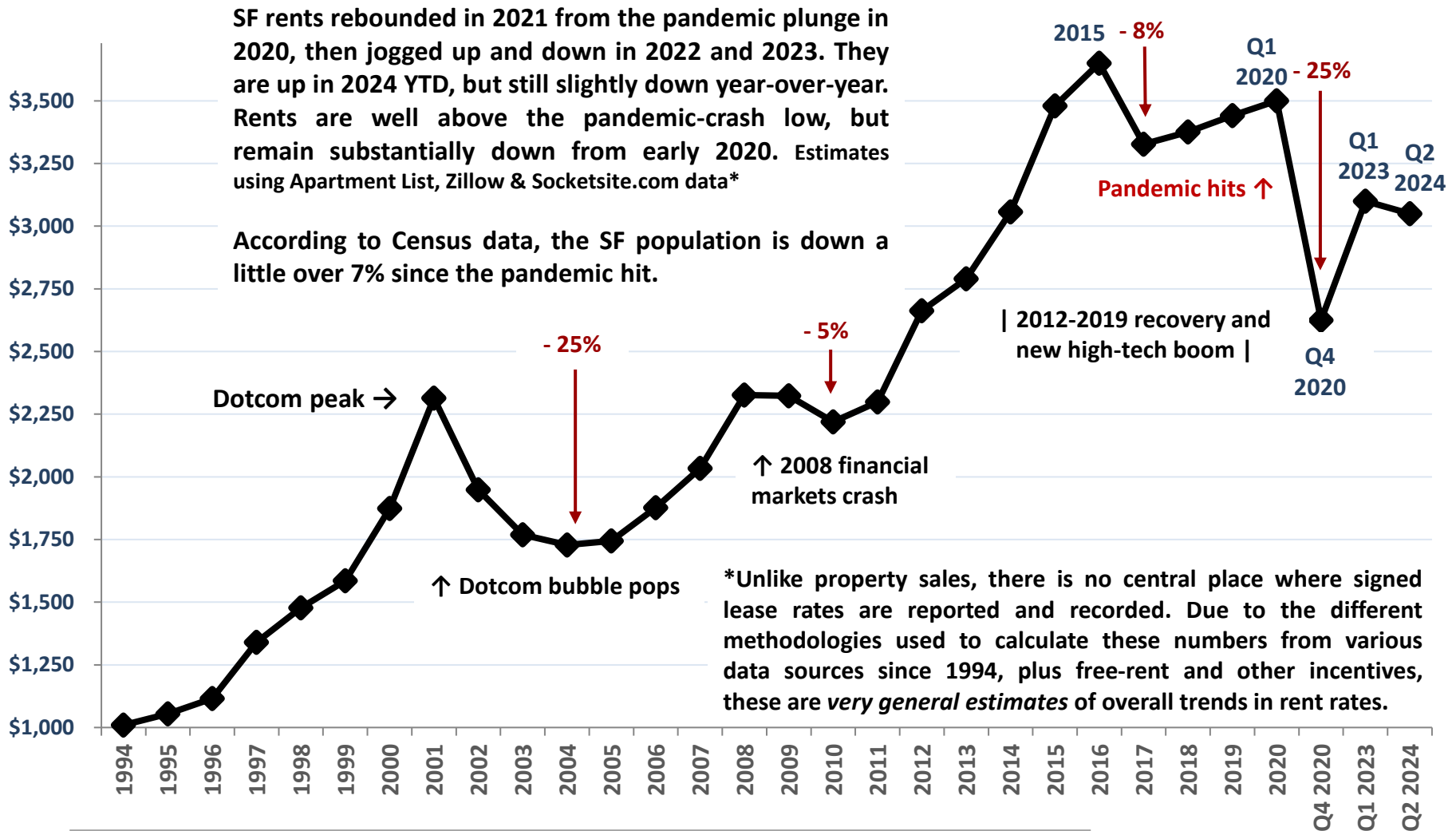


Sales reported to NorCal MLS Alliance. These prices are generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate. Late reported sales may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

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San Francisco Residential Rents – Approximate, Good Faith Estimates*

Average Asking Rent, 1994 – Present, Q1 Data Points (through 2020, then as labeled)



1st quarter data points except, as noted. Numbers are estimated using data from a variety of rental data sources over the past 25+ years, using differing methodologies. 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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2-4 Unit Residential Building Values by San Francisco Realtor District

Median Sales Price, Median Size & Median \$/Sq.Ft. Value – 12 Months Sales*

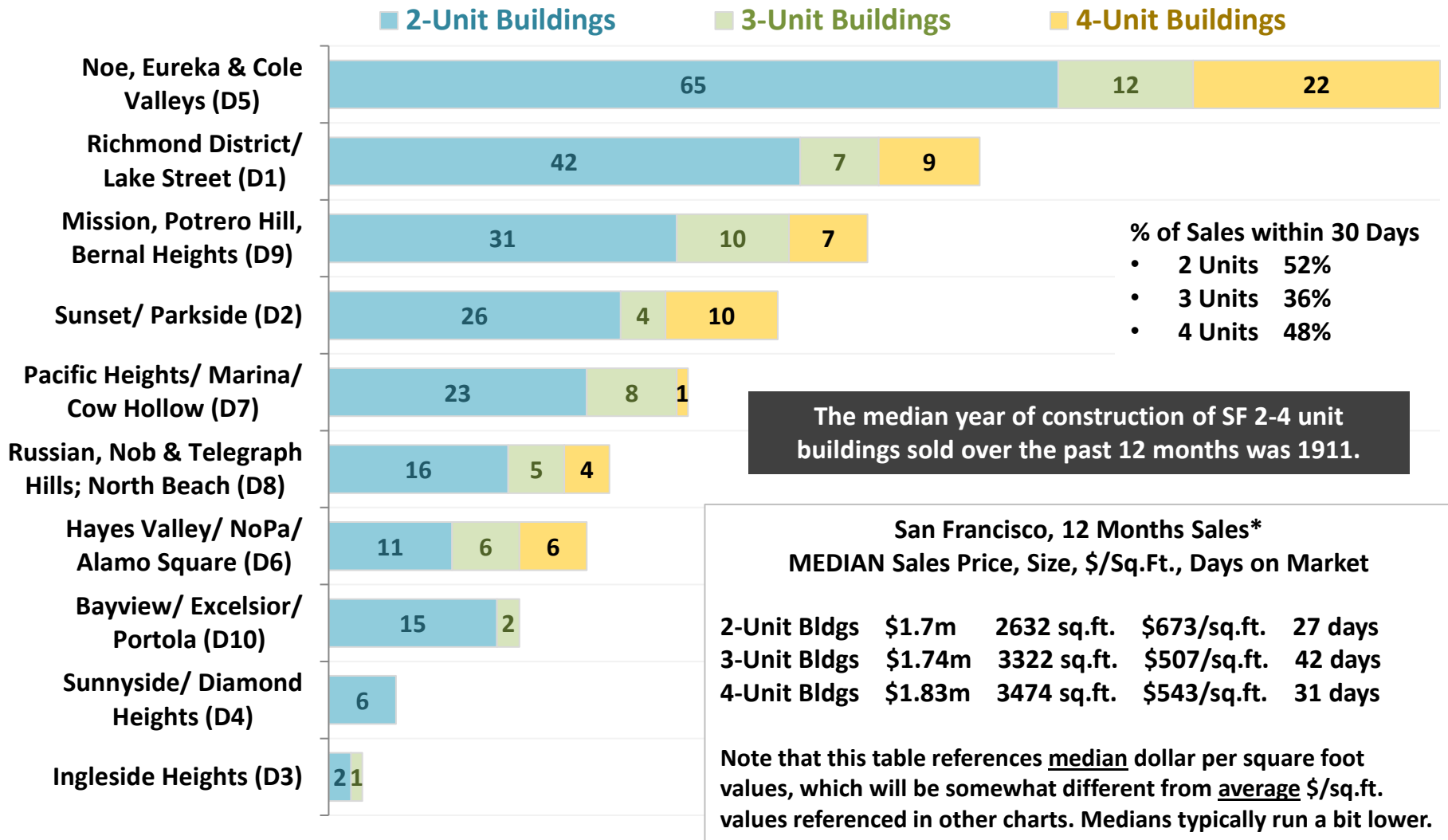
San Francisco District	2-Unit Buildings	3-Unit Buildings	4-Unit Buildings
Pacific & Presidio Heights, Cow Hollow & Marina (District 7)	\$2,645,000 3457 sq.ft.-\$843/sq.ft.	\$2,560,000 3663 sq.ft.-\$645/sq.ft.	Not enough sales for statistics
Russian, Nob & Telegraph Hills; North Beach (District 8)	\$1,765,000 2555 sq.ft.-\$725/sq.ft.	\$1,800,000 3550 sq.ft.-\$507/sq.ft.	\$1,787,500 3364 sq.ft.-\$560/sq.ft.
Noe, Eureka & Cole Valleys; Ashbury & Corona Heights; Mission Dolores (D5)	\$1,960,000 2544 sq.ft.-\$799/sq.ft.	\$1,800,000 3482 sq.ft.-\$522/sq.ft.	\$1,880,000 3503 sq.ft.-\$563/sq.ft.
North of Panhandle (NoPa), Alamo Square, Hayes Valley, Lower Pacific Heights (D6)	\$1,515,000 2099 sq.ft.-\$729/sq.ft.	\$2,020,000 3975 sq.ft.-\$478/sq.ft.	\$1,700,000 2726 sq.ft.-\$492/sq.ft.
Lake Street, Richmond District, Lone Mountain, Jordan Park (District 1)	\$1,650,000 3000 sq.ft.-\$605/sq.ft.	\$1,737,500 3200 sq.ft.-\$500/sq.ft.	\$1,900,000 3751 sq.ft.-\$516/sq.ft.
Potrero Hill, Bernal Heights, Inner Mission, South of Market (District 9)	\$1,450,000 2419 sq.ft.-\$609/sq.ft.	\$1,320,000 2562 sq.ft.-\$501/sq.ft.	\$1,350,000 2915 sq.ft.-\$438/sq.ft.
Sunset, Parkside (District 2)	\$1,515,000 2647 sq.ft.-\$601/sq.ft.	Not enough sales for analysis	\$1,775,000 3425 sq.ft.-\$567/sq.ft.
Bayview-Excelsior-Visitacion Valley (District 10)	\$1,000,000 2016 sq.ft.-\$473/sq.ft.	Not enough sales for analysis	Not enough sales for statistics

*12 months sales reported to NorCal MLS Alliance by late June 2024. 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 and may change with late-reported sales. Not all listings gave sq.ft.

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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.

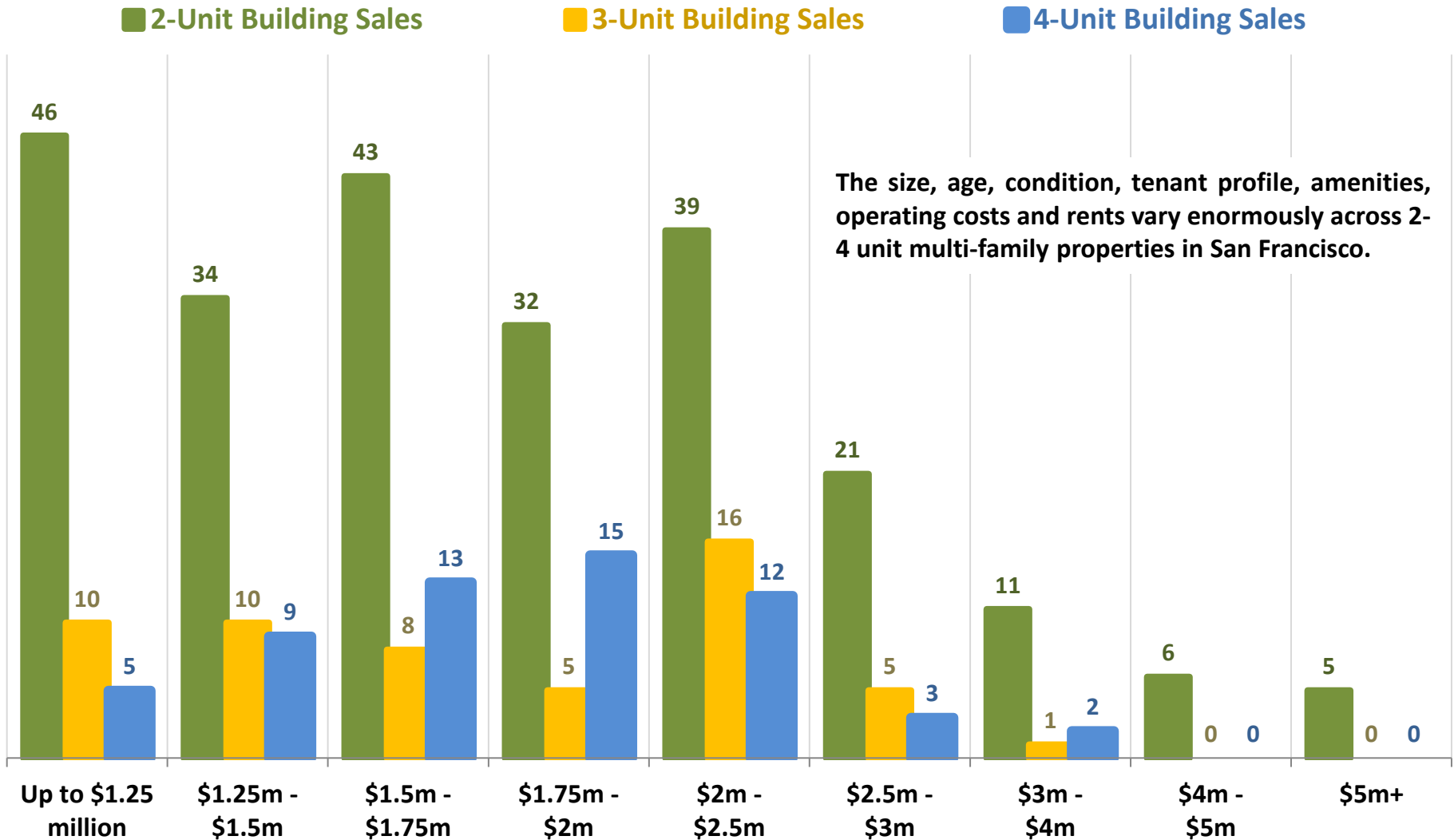


*12 months sales reported to NorCal MLS Alliance by late June 2024. This analysis was performed in good faith with data derived from sources deemed reliable but may contain errors and subject to revision. All numbers approximate and may change with late-reported sales. Not all listings provided square footage figures.

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San Francisco 2-4 Unit Residential Buildings

12 Months Sales by Number of Units & Price Segment*

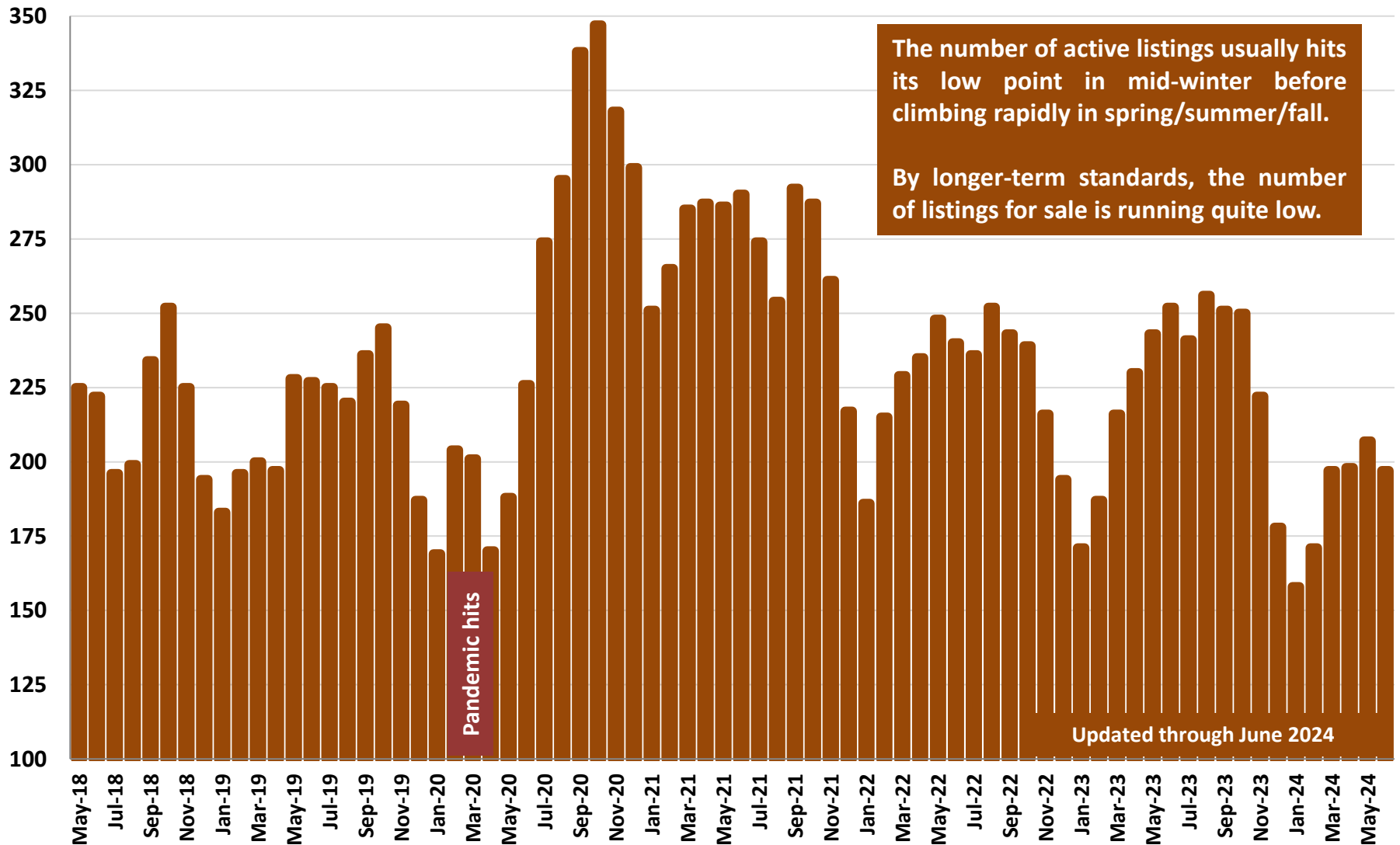


*12 months sales reported to NorCal MLS Alliance by late June 2024. Data derived from sources deemed reliable but may contain errors and subject to revision. All numbers approximate and may change with late reported sales.

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Active Listings on Market in Month

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



As reported to SFARMLS & MSLISTINGS, 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.

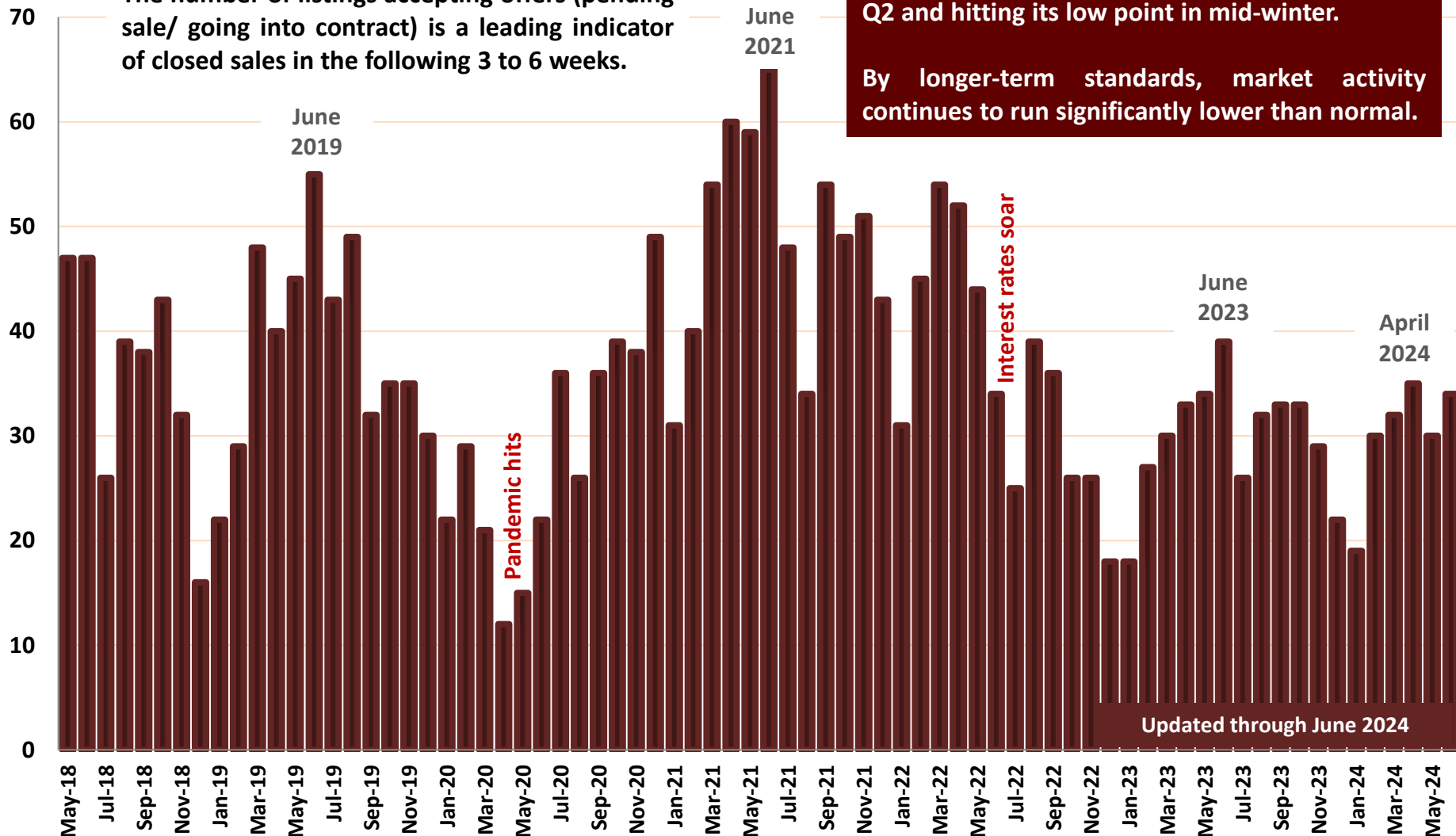
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Listings Accepting Offers (Going into Contract) San Francisco 2-4 Unit Building Market by Month

The number of listings accepting offers (pending sale/ going into contract) is a leading indicator of closed sales in the following 3 to 6 weeks.

Among other factors, the market is typically subject to seasonal trends in supply and demand, with accepted-offer activity usually peaking in Q2 and hitting its low point in mid-winter.

By longer-term standards, market activity continues to run significantly lower than normal.



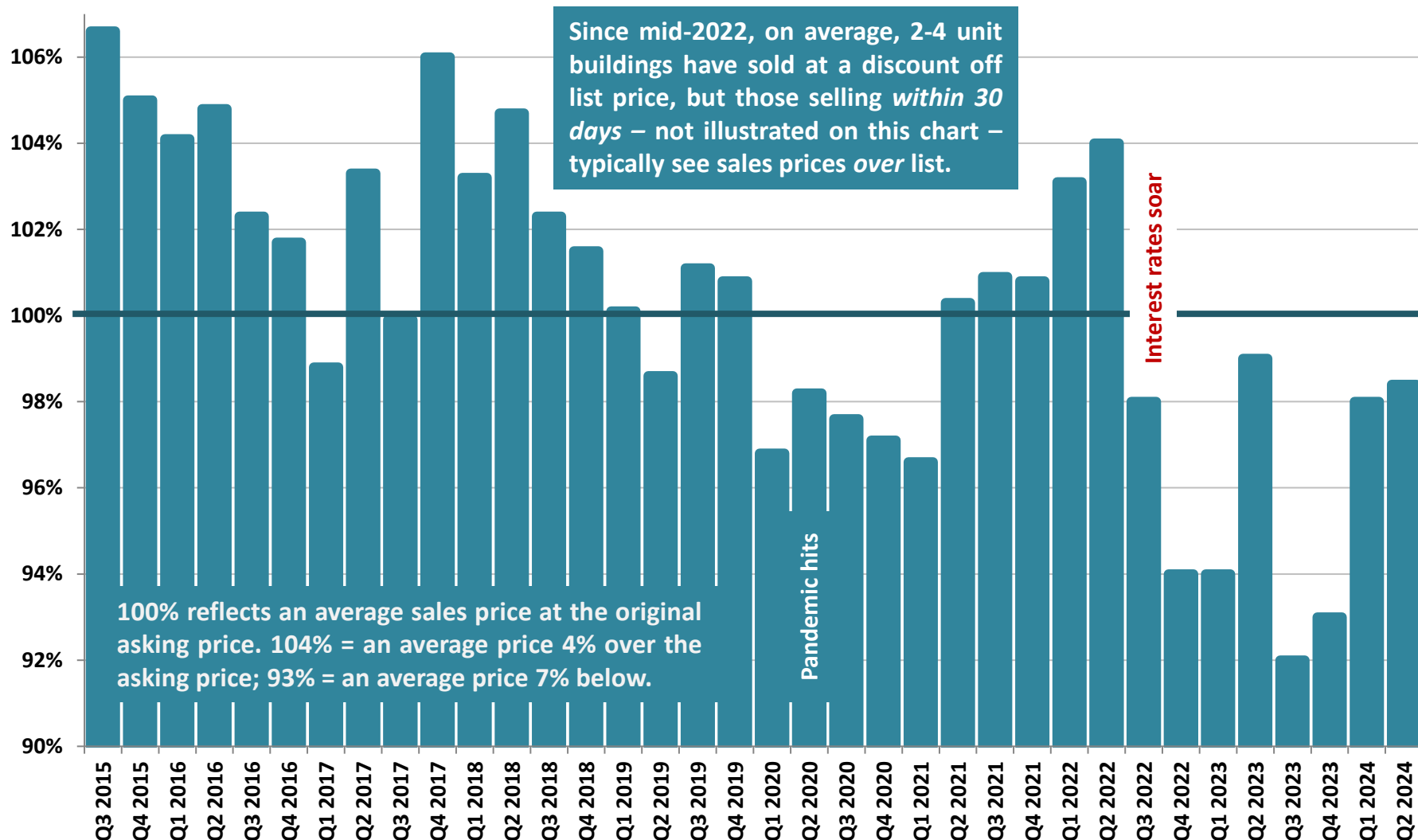
As reported to MLS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate. Last reading estimated and may change with late reported activity.

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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.

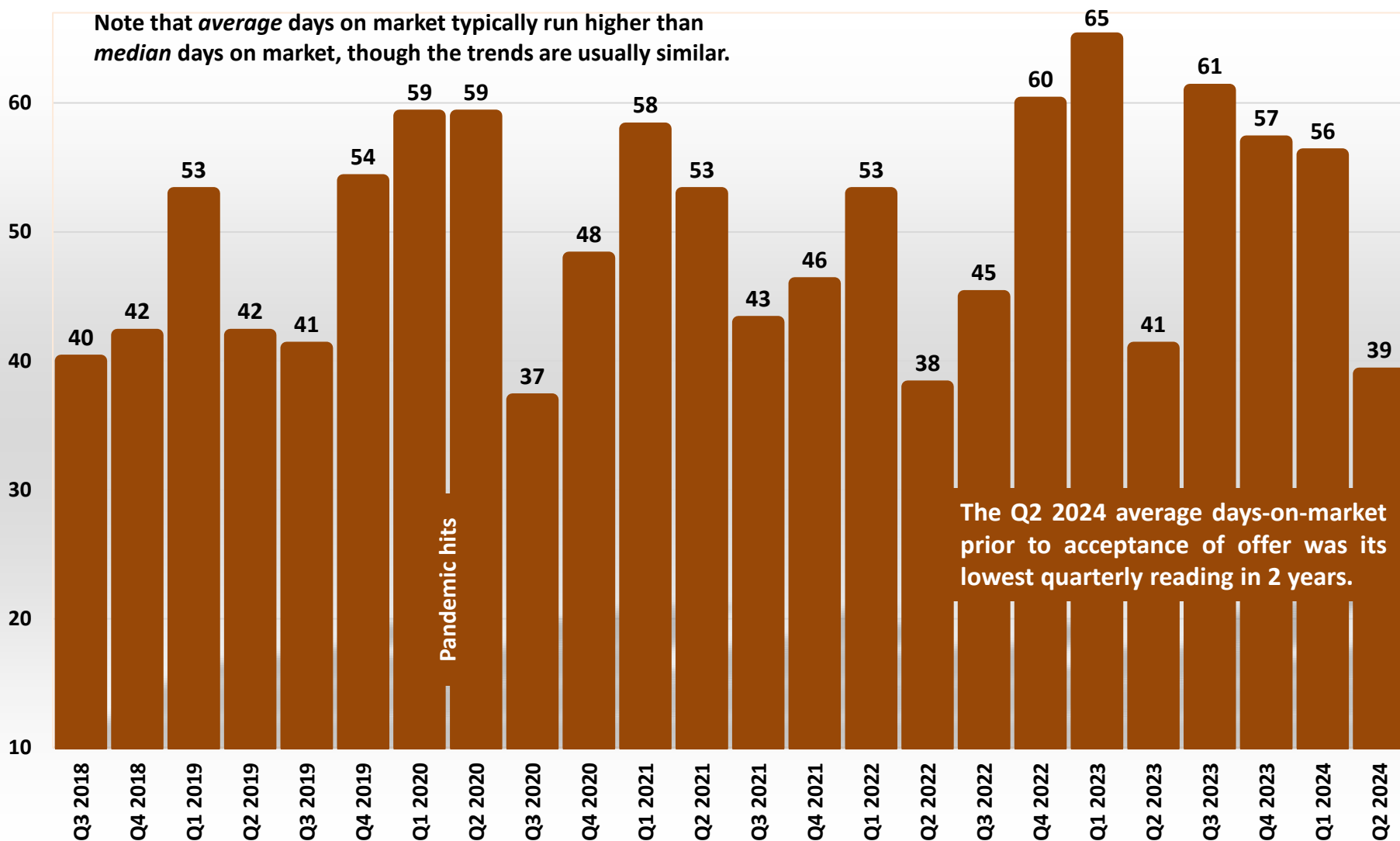
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Average Days on Market by Quarter

San Francisco 2-4 Residential Unit Building Sales

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

Note that *average* days on market typically run higher than *median* days on market, though the trends are usually similar.

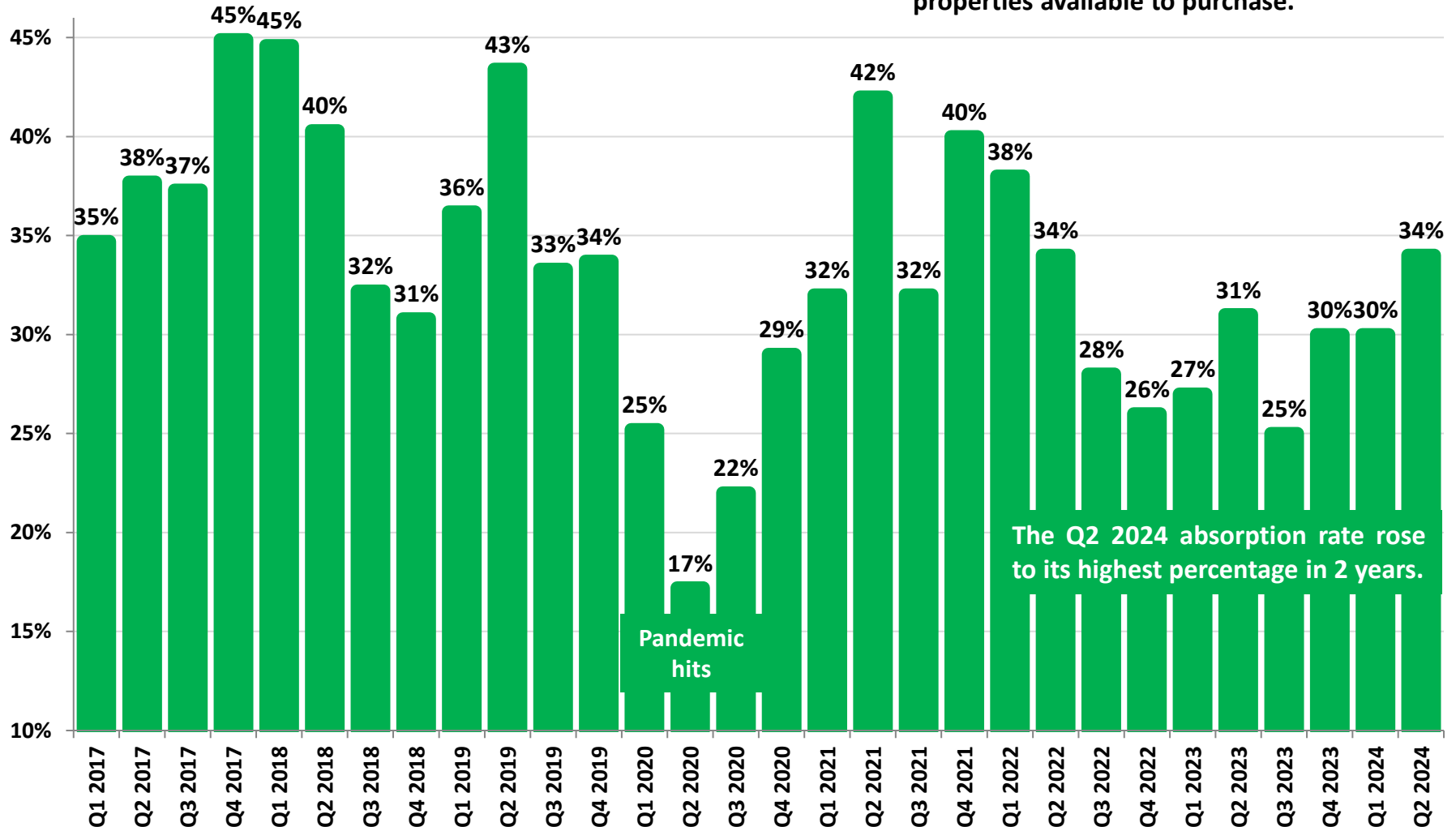


The Q2 2024 average days-on-market prior to acceptance of offer was its lowest quarterly reading in 2 years.

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.



The Q2 2024 absorption rate rose to its highest percentage in 2 years.

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.

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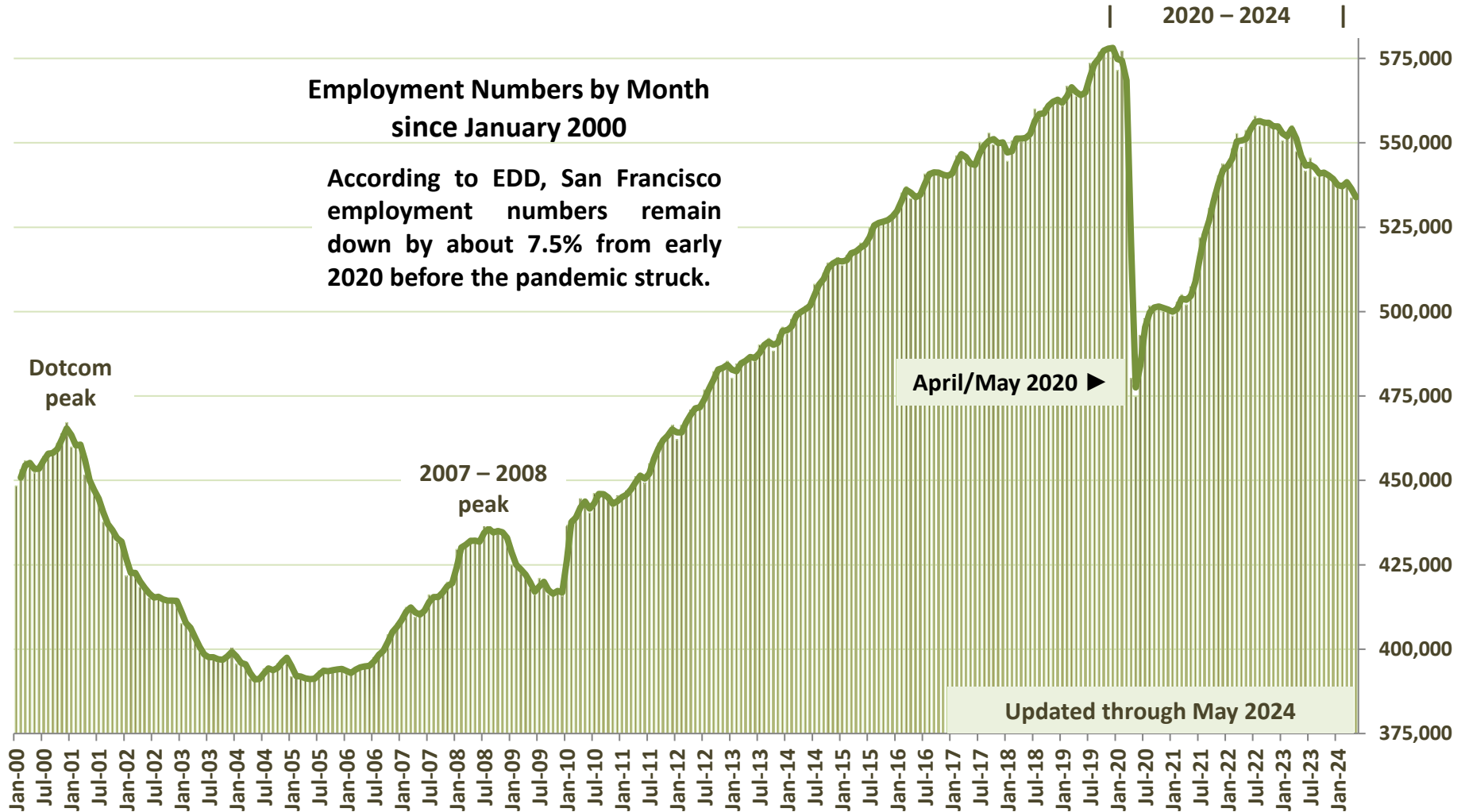
San Francisco Employment Trends

Number of Employed Residents since 2000

Per California Employment
Development Dept. (EDD)

Employment Numbers by Month since January 2000

According to EDD, San Francisco
employment numbers remain
down by about 7.5% from early
2020 before the pandemic struck.



Per California Employment Development Dept. (EDD) . 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 Population by Age Segment

U.S. Census Estimates, 2020 – 2023, as of July 1st of Each Year

■ 2020

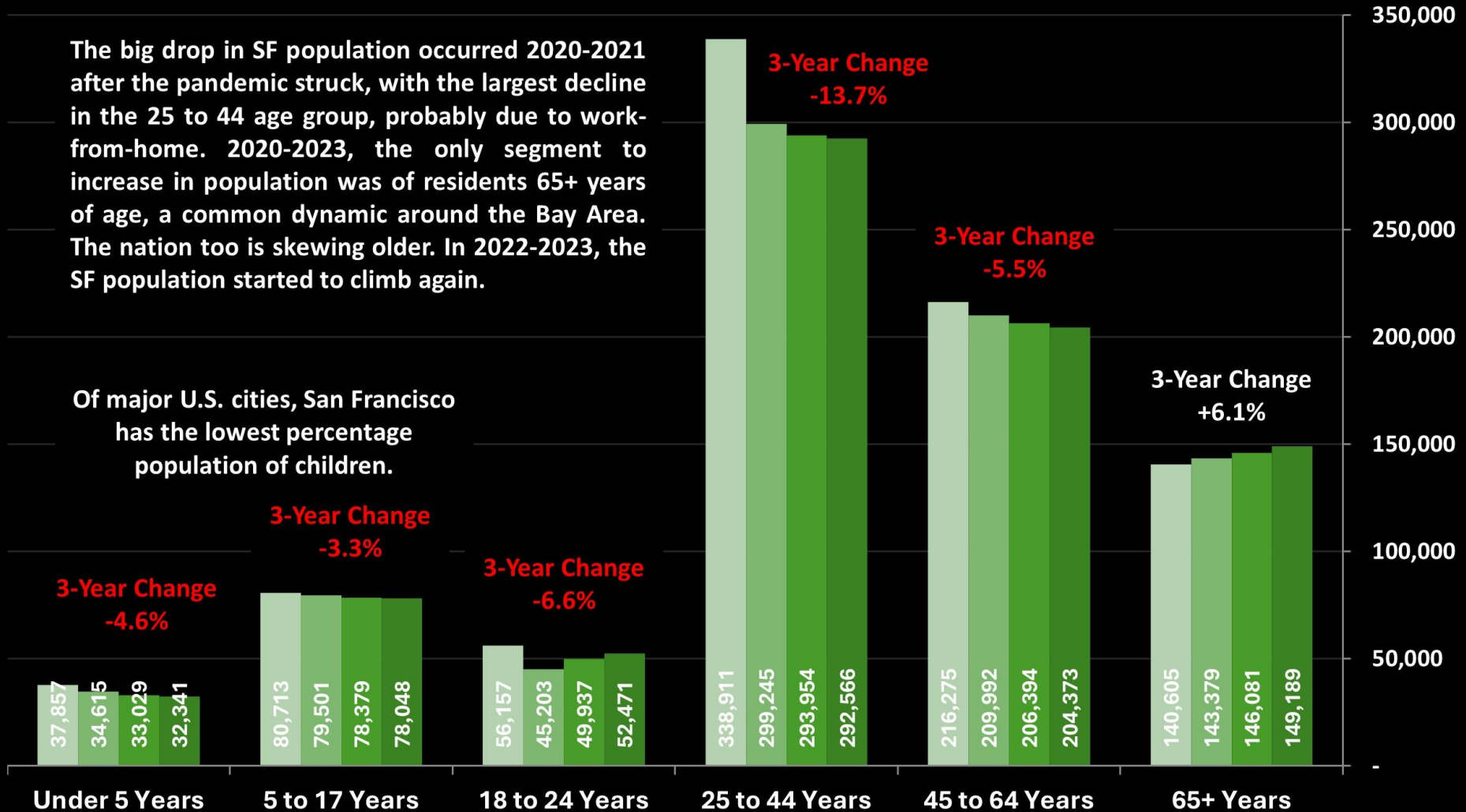
■ 2021

■ 2022

■ 2023

The big drop in SF population occurred 2020-2021 after the pandemic struck, with the largest decline in the 25 to 44 age group, probably due to work-from-home. 2020-2023, the only segment to increase in population was of residents 65+ years of age, a common dynamic around the Bay Area. The nation too is skewing older. In 2022-2023, the SF population started to climb again.

Of major U.S. cities, San Francisco has the lowest percentage population of children.



Per U.S. Census estimates published 6/27/24, population as of July 1st of each year:
<https://www.census.gov/newsroom/press-kits/2024/population-estimates-characteristics.html>.
 Data from sources deemed reliable but may contain errors and subject to revision.

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San Francisco Census Snapshots

Housing Occupancy*	
Owner-occupied	39.2%
Tenant-occupied	60.8%
Housing Units By Building Type*	
Single family	32.2%
2-9 unit buildings	29.5%
10+ unit buildings	38.0%
Other (mobile homes, etc.)	0.2%
Household Size*	
1 person	38.2%
2 persons	33%
3 persons	13.2%
4+ persons	15.6%
Housing by Era of Construction*	
1939 or earlier	45.0%
1940-1959	15.9%
1960-1979	15.6%
1980-1999	9.1%
2000-2019	13.3%
2020-2022	1.0%

Household Income	
Less than \$25,000	13.9%
\$25,000 - \$49,999	8.5%
\$50,000 - \$74,999	7.9%
\$75,000 - \$99,999	9.3%
\$100,000 - \$149,999	14.2%
\$150,000 - \$199,999	11.3%
\$200,000+	34.9%
Employment**	
Education, health, social assist.	20.8%
Professional, scientific, mgmt.	26.9%
Retail trade	7.8%
Manufacturing	4.7%
Arts, entertainment, hospitality	8.2%
Construction	3.2%
Finance, insurance, real estate	8.7%
Transport, warehousing, utilities	4.8%
Public administration	3.3%
Wholesale trade	1.4%
Information	6.0%
Agriculture, forestry, mining	0.2%

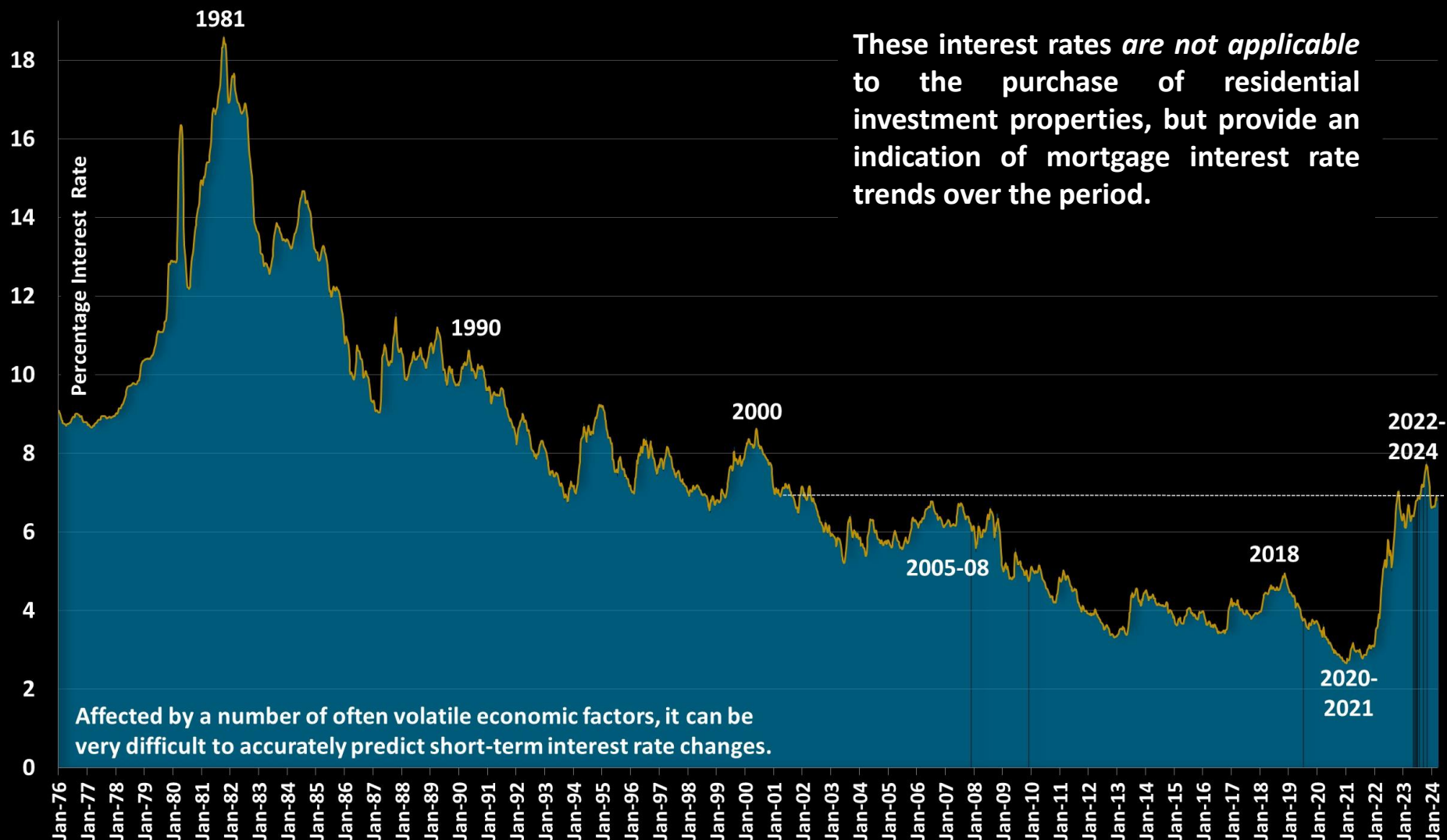
Educational Attainment***	
No high school diploma	11.1%
High school graduate	10.9%
Some college, no degree	11.2%
Associate degree	5.4%
Bachelor's degree	35.1%
Graduate/professional degree	26.2%
CA-Born Population: 41%	
Foreign-Born Population: 34% Source by Region	
Latin America	16.8%
Asia/Oceania	66.7%
Europe	11.8%
Africa	2.3%
North America	2.4%
Language Spoken at Home	
English only	56.7%
Spanish	10.4%
Other Indo-European	6.9%
Asian/Pacific Islander	25.0%

U.S. Census 2022, ACS 1-year estimates, published September 2023. *Occupied Housing Units, **Employment, 16+ years of age. ***25+ years of age. All numbers approximate, subject to revision.

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Mortgage Interest Rates, Long-Term Trends since 1976

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

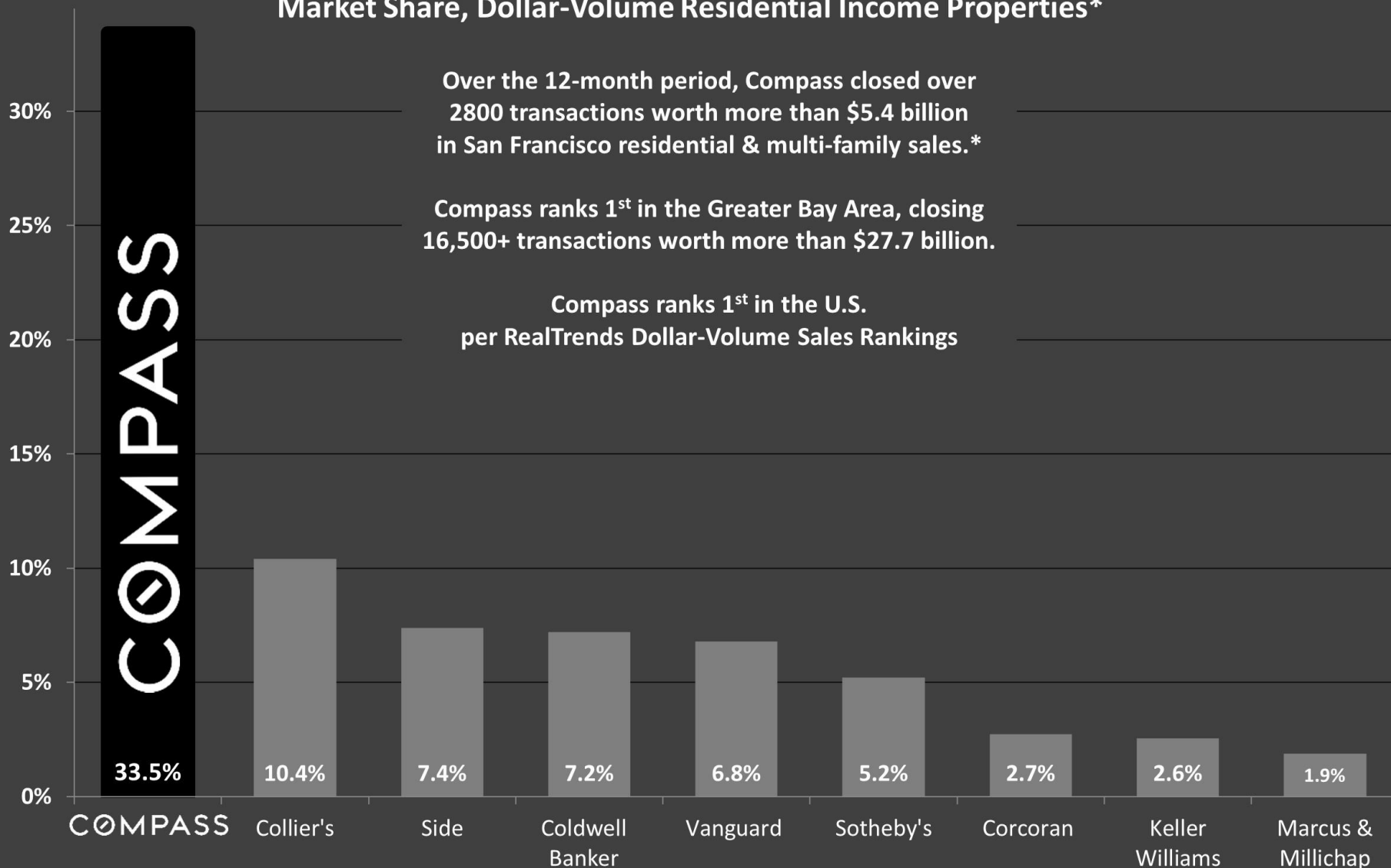


Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States, retrieved from Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MORTGAGE30US>. FHLMC: <https://www.freddiemac.com/pmms>. Data from sources deemed reliable but not guaranteed. All numbers approximate.

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San Francisco Multi-Family Building Sales by Broker

Market Share, Dollar-Volume Residential Income Properties*

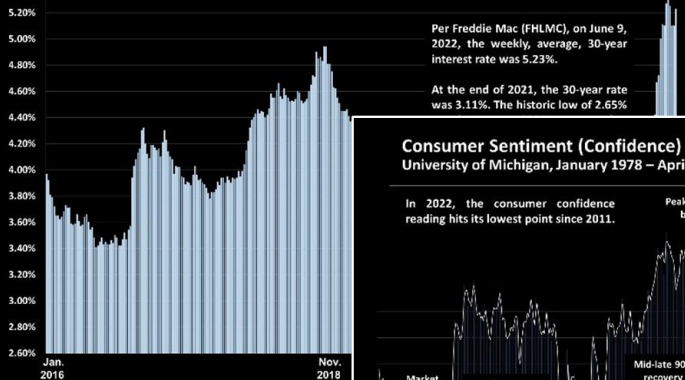


*12 months residential multi-family property sales reported to SFARMLS, 6/1/23-5/31/24. Analysis made in good faith using transaction-side, dollar-volume MLS data compiled by Broker Metrics. Data from sources deemed reliable but should be considered approximate.

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

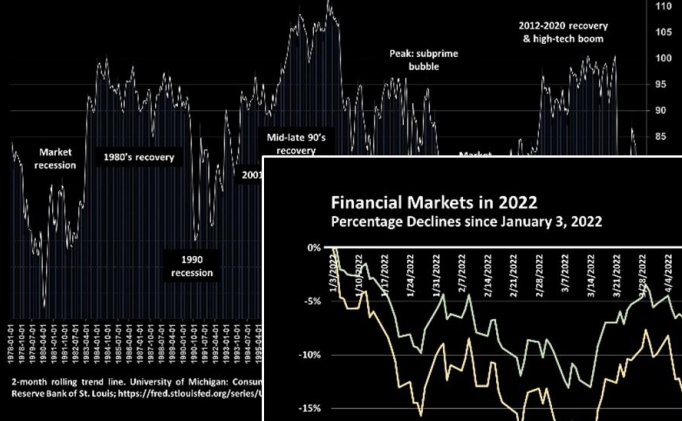
As published by the Federal Reserve Bank of St. Louis

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

Peak: dotcom bubble

Peak: subprime bubble

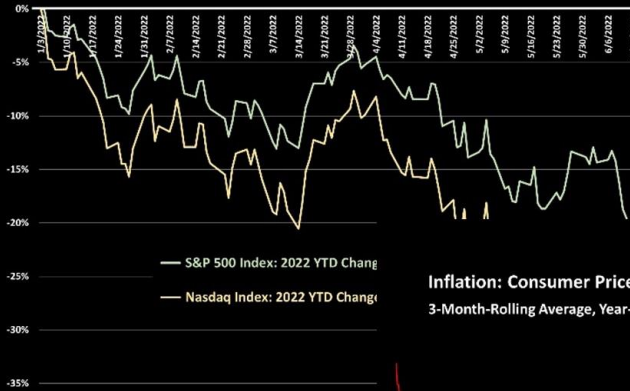
2012-2020 recovery & high-tech boom



[Click Here for Review of Selected Macroeconomic Trends](#)

Financial Markets in 2022

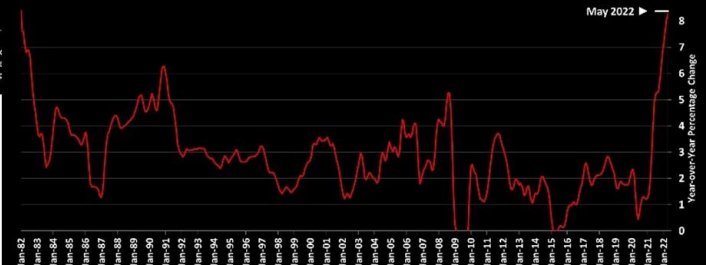
Percentage Declines since January 3, 2022



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

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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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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