



The San Francisco Apartment Building Market

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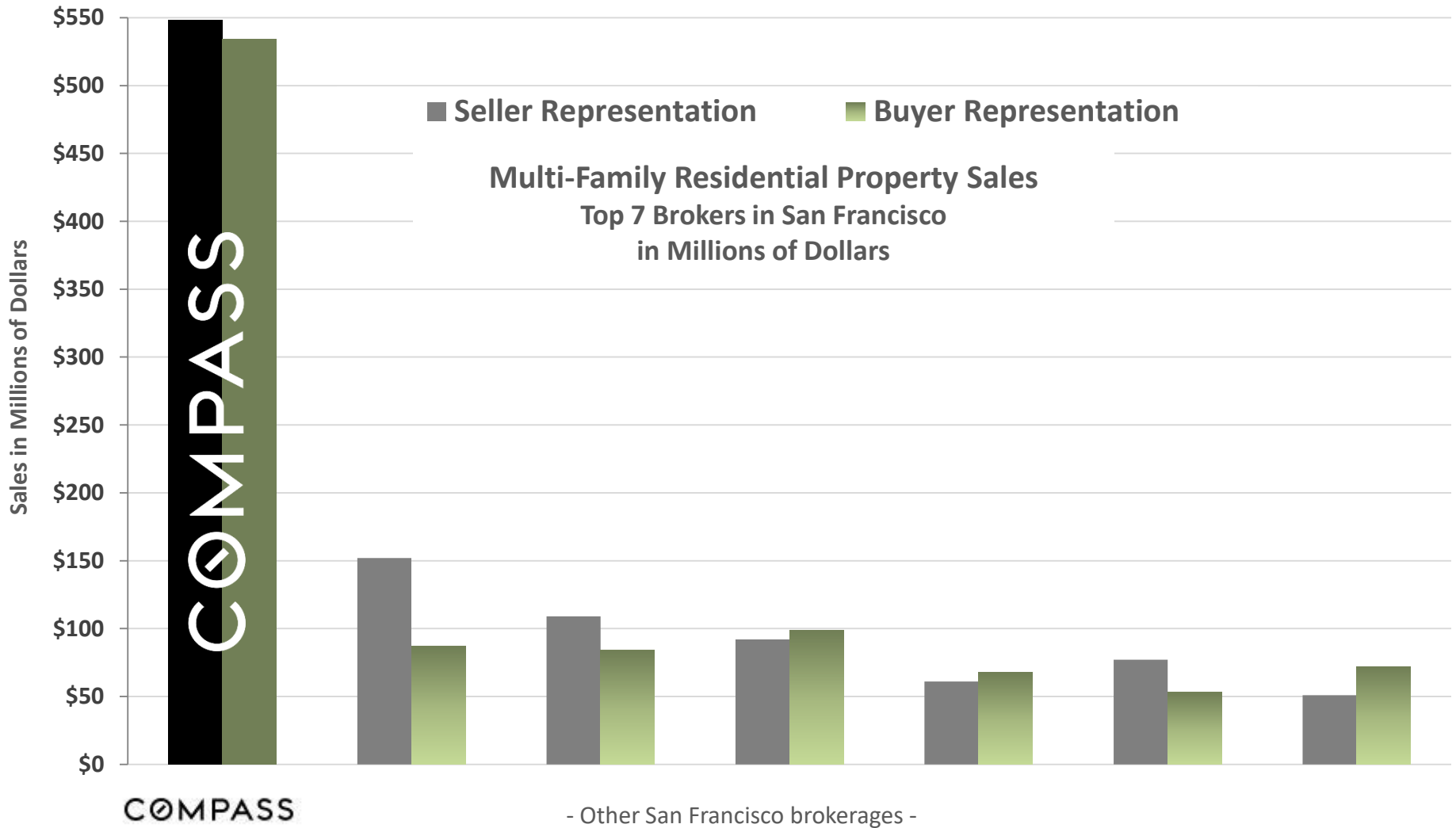
**Mid-Year 2019 Market Report
5+ Unit Buildings**

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San Francisco Apartment Building Sales

Top 7 Brokers, Multi-Unit Residential Sales*

12 months transaction sides, MLS sales of 2-4, 5+ unit bldgs. through 6/30/19



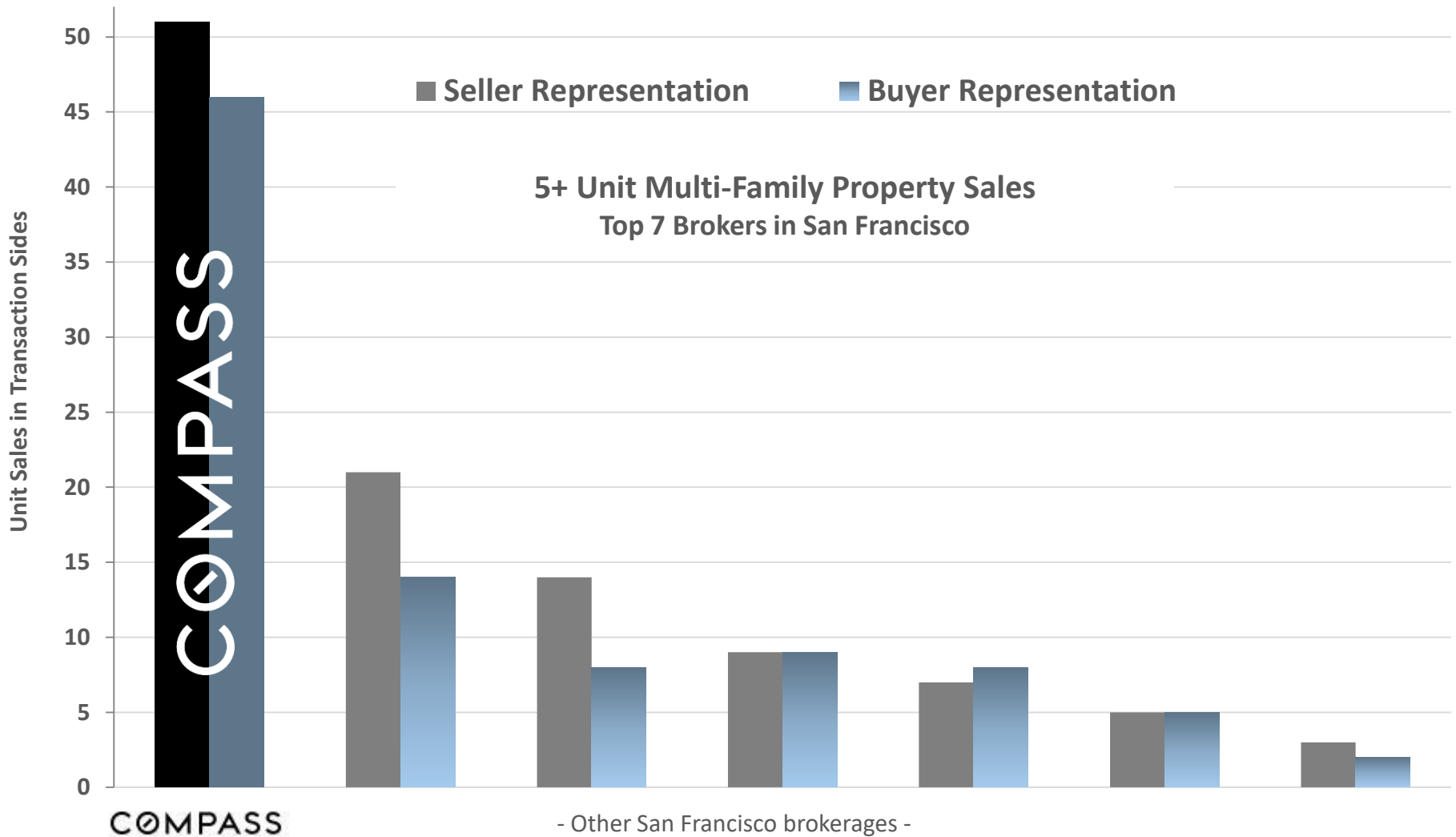
* 12 months dollar volume, transaction-side sales reported to MLS by 6/30/19, per Broker Metrics. Compass figures include Paragon, Pacific Union, Alain Pinel and Hill numbers with merger of brokerages.



San Francisco Apartment Building Sales

Top 7 Brokers, 5+ Unit Residential Sales*

12 months transaction sides, MLS sales of 5+ unit bldgs. through 6/30/19



* 12 months unit, transaction-side sales reported to MLS by 6/30/19, per Broker Metrics. Compass figures include Paragon, Pacific Union & Alain Pinel numbers with merger of brokerages.



5+ Unit Residential Building Markets

12 Months Sales, San Francisco Districts & Alameda County

12 months sales reported to
MLS by 6/27/19

San Francisco District or County	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)	\$3,512,500	\$8,100,000	17.2/ 3.8	\$662/sq.ft.
North of Panhandle, Alamo Square, Hayes Valley, Lower Pacific Heights (D6)	\$3,420,000	Too few sales for analysis	16.5/ 4.2	\$582/sq.ft.
Lake Street, Richmond District, Lone Mountain, Jordan Park (District 1)	\$2,200,000	\$5,300,000	16.6/ 4.2	\$527/sq.ft.
Noe, Eureka & Cole Valleys; Ashbury & Corona Heights; Mission Dolores (D5)	\$2,488,000	\$6,538,000	16.7/ 4.2	\$559/sq.ft.
Russian, Nob & Telegraph Hills; North Beach, Financial District (D8, North)	\$2,605,000	Too few sales for analysis	17.0/ 4.0	\$550/sq.ft.
Sunset, Parkside (District 2)	\$2,450,000	Too few sales for analysis	15.2/ 4.6	\$506/sq.ft.
Inner Mission, SoMa, Bernal Heights (District 9)	\$2,168,000	Too few sales for analysis	15/ 4.6	\$447/sq.ft.
Crocker Amazon, Mission Terrace, Visitacion Valley (District 10)	Too few sales for analysis	Too few sales for analysis	15/ 4.7	\$410/sq.ft.
Alameda County	\$1,540,000	\$2,600,000	N/A	\$355/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.

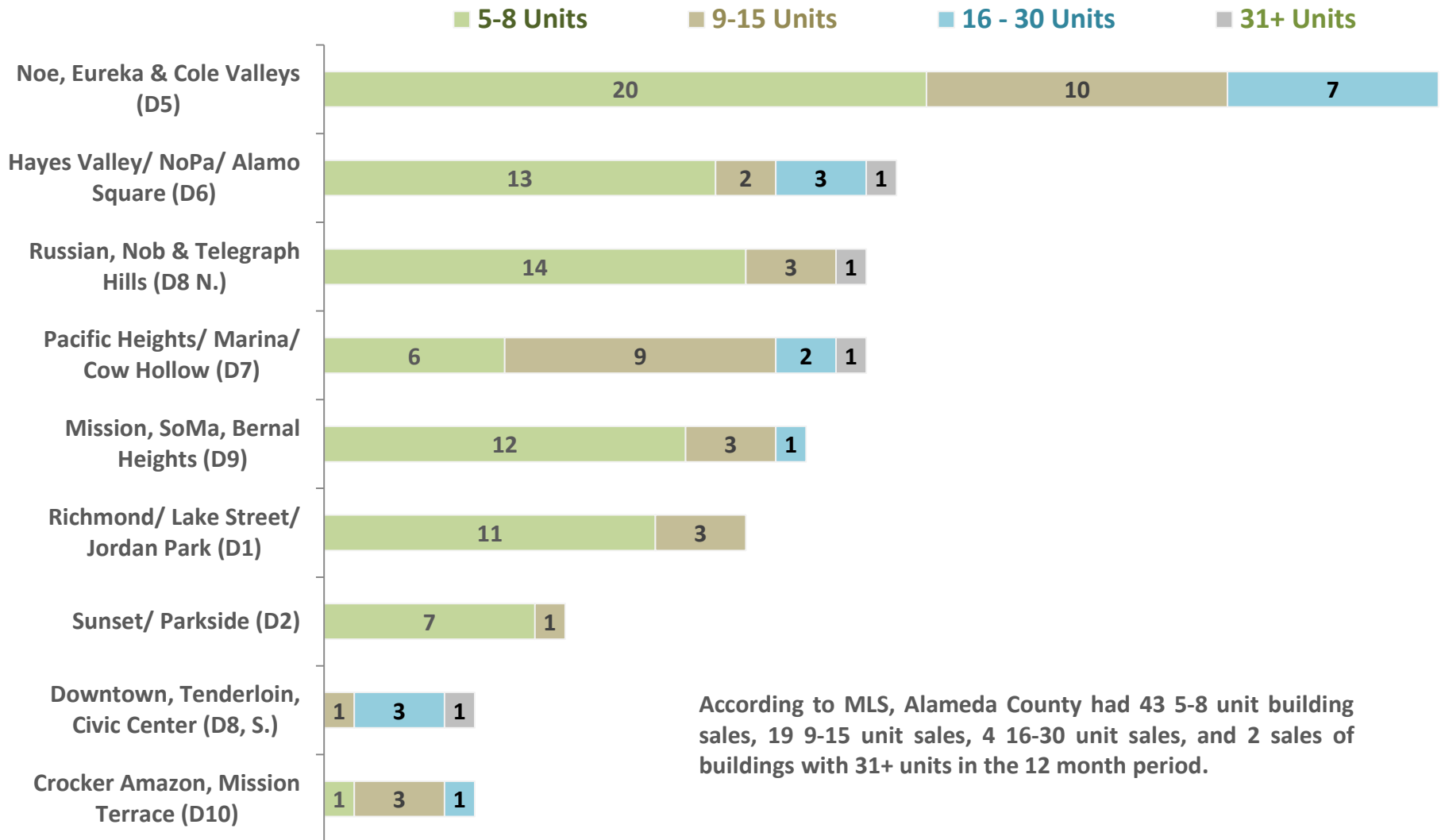
This analysis was performed in good faith with data derived from sources deemed reliable, but may contain errors and subject to revision. Data from MLS sales. Adjusted for outlier sales, when identified. All numbers approximate.

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Multi-Unit Residential Property Sales, 5+ Units

12 Months Sales, San Francisco Districts

12 months sales reported to
MLS by 6/27/19



According to MLS, Alameda County had 43 5-8 unit building sales, 19 9-15 unit sales, 4 16-30 unit sales, and 2 sales of buildings with 31+ units in the 12 month period.

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.



San Francisco 5+ Unit Apartment Building Sales

12 Months Sales by Price Segment*

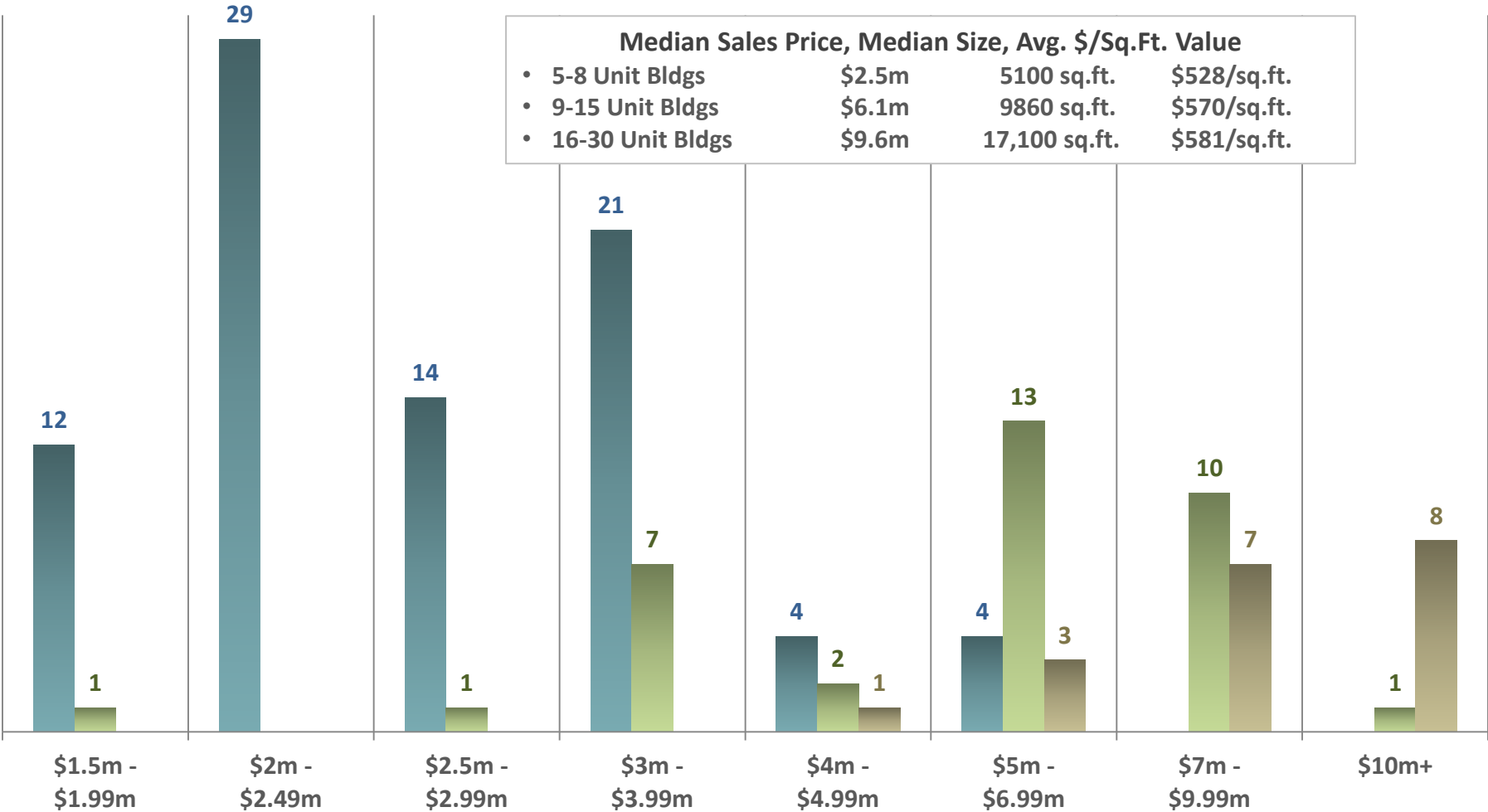
12 months sales reported to
MLS by 6/27/19

■ 5-8 Unit Buildings

■ 9-15 Unit Buildings

■ 16+ Unit Buildings

Median Sales Price, Median Size, Avg. \$/Sq.Ft. Value			
• 5-8 Unit Bldgs	\$2.5m	5100 sq.ft.	\$528/sq.ft.
• 9-15 Unit Bldgs	\$6.1m	9860 sq.ft.	\$570/sq.ft.
• 16-30 Unit Bldgs	\$9.6m	17,100 sq.ft.	\$581/sq.ft.

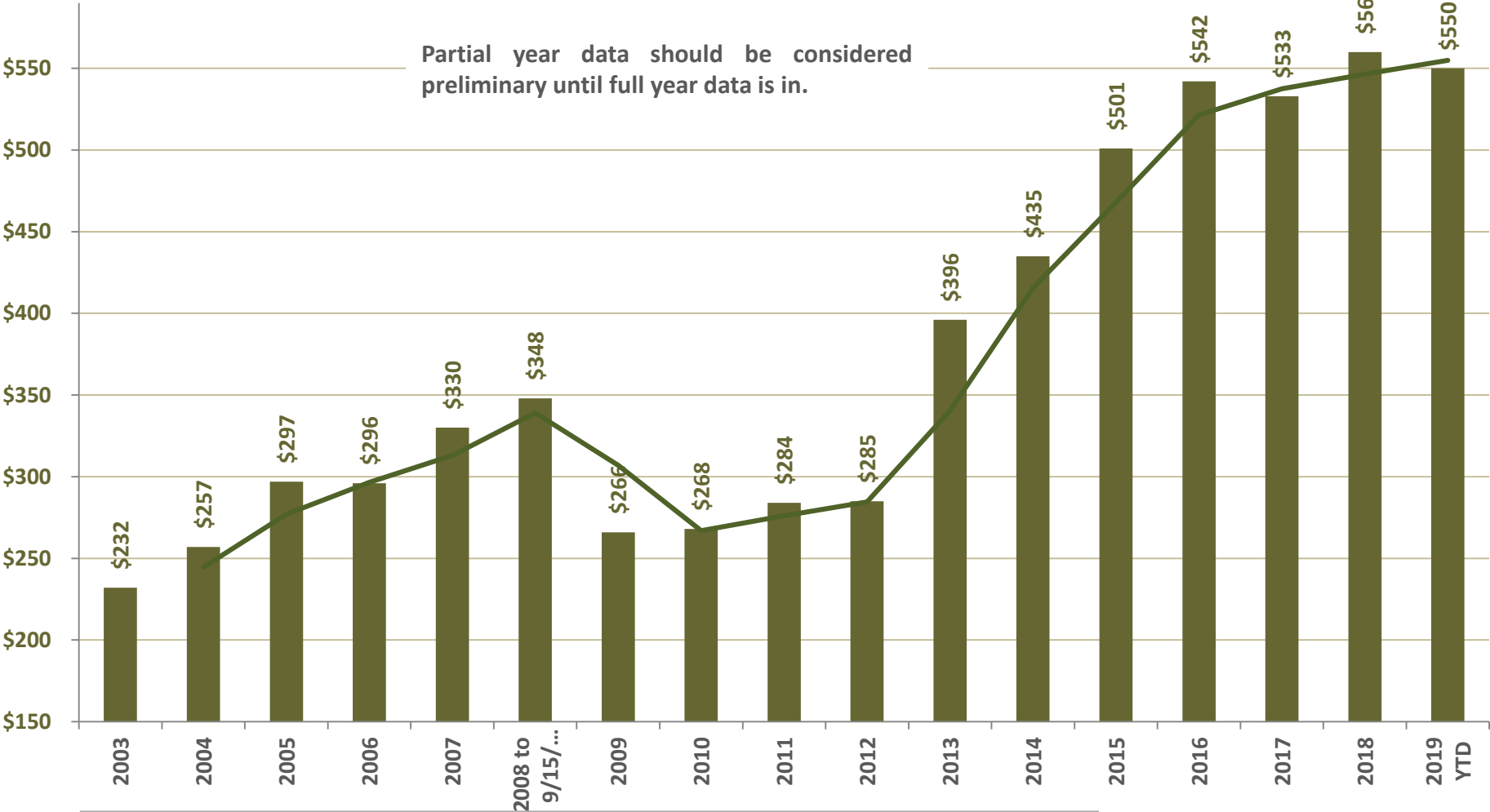


* 12 months sales reported to MLS by 6/27/19. "M" signifies millions of dollars. Data from sources deemed reliable, but subject to error and revision. All numbers to be considered approximate.

San Francisco 5+ Unit Apartment Building Sales

Average Dollar per Square Foot Values

Sales reported to
MLS by 6/30/19



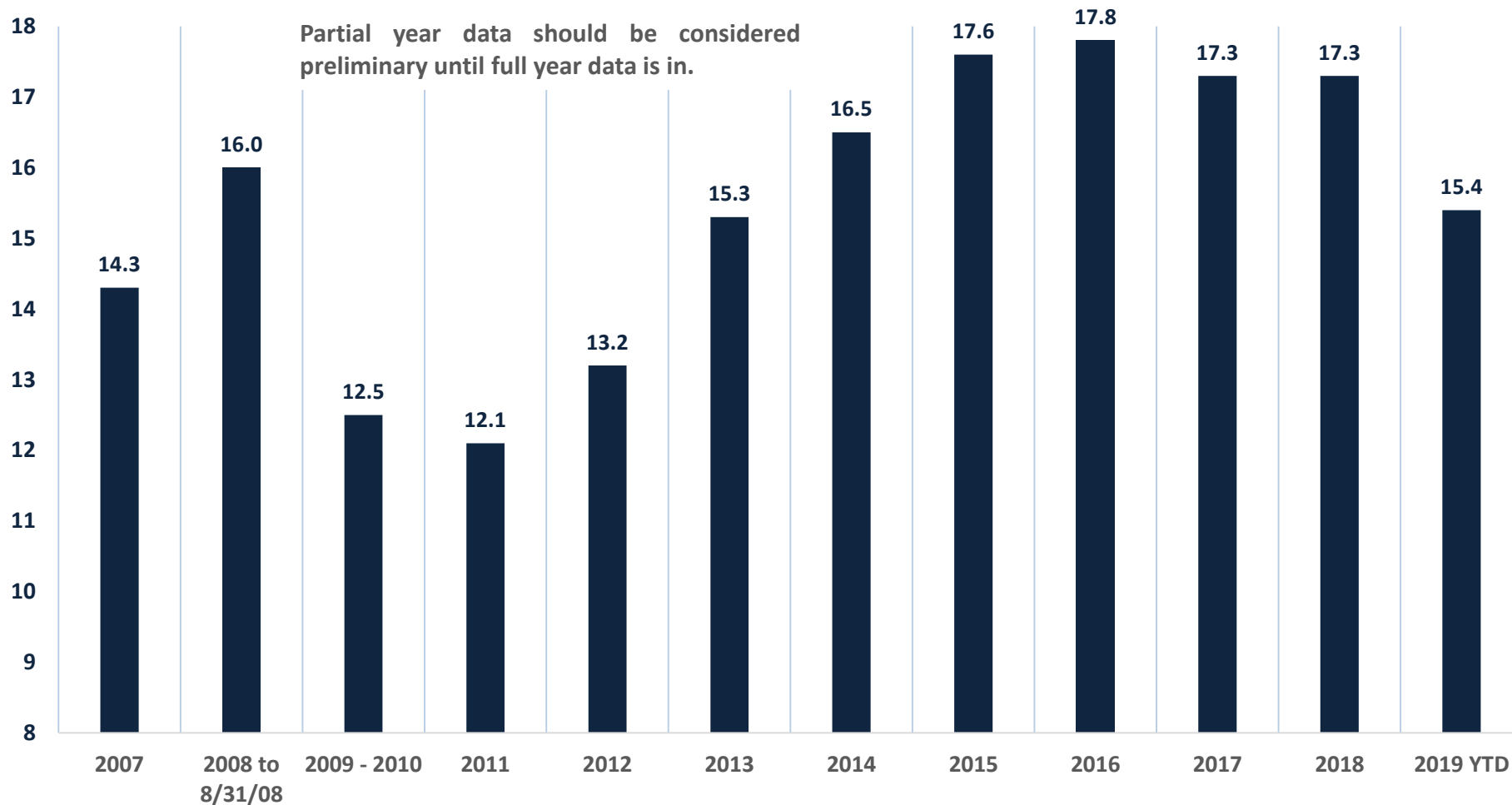
Because of the relatively small number of sales and the huge variety in buildings sold, average dollar per square foot is a very general statistic when applied to investment property sales. Data is from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.



Average Gross Rent Multiples

San Francisco 5+ Unit Apartment Building Sales

Sales reported to MLS
by 6/30/19



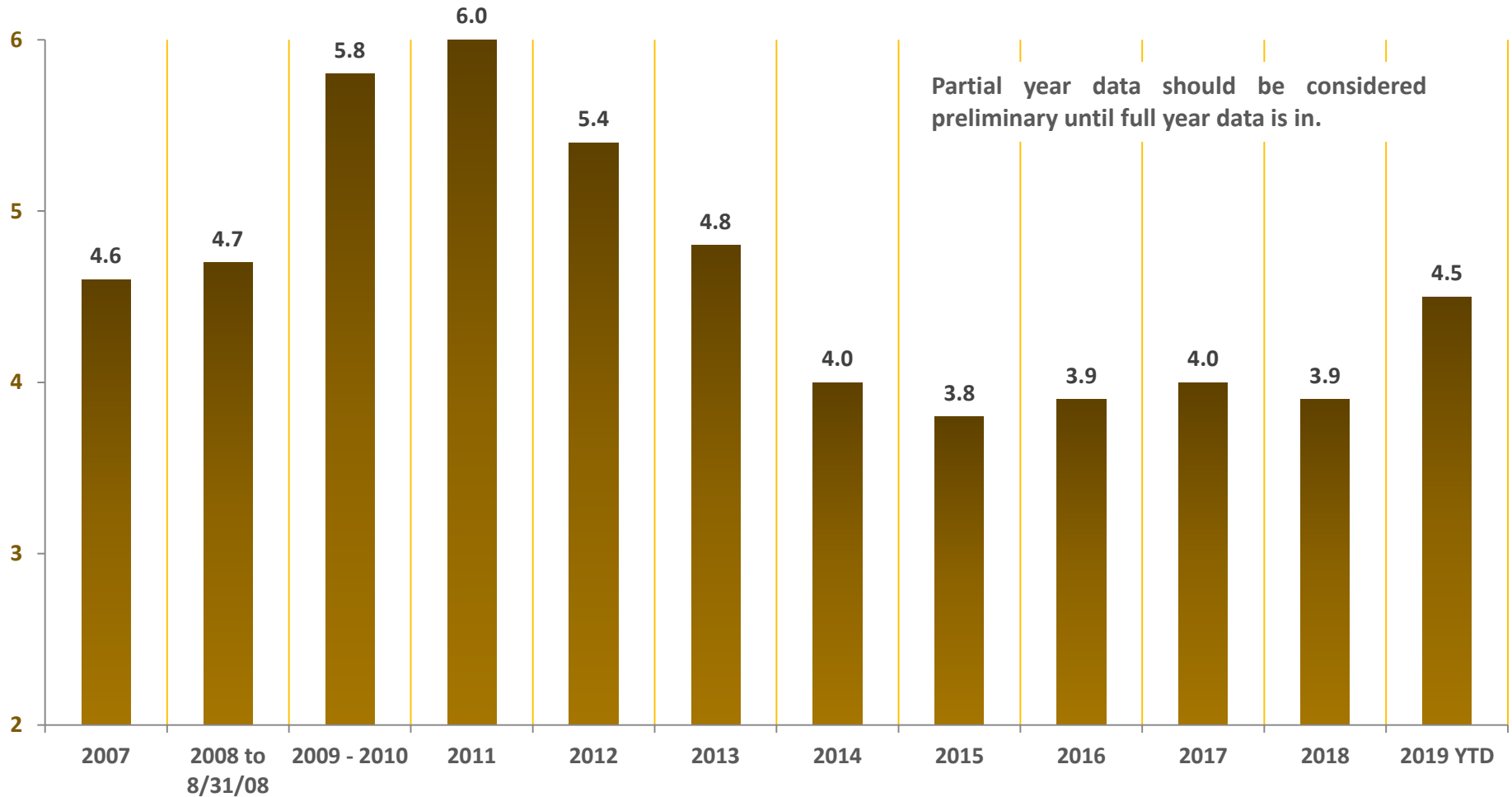
GRM is calculated by dividing the sales price by the annual gross rents. It is a very general statistic and all numbers should be considered approximate. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales that would distort the statistic were deleted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

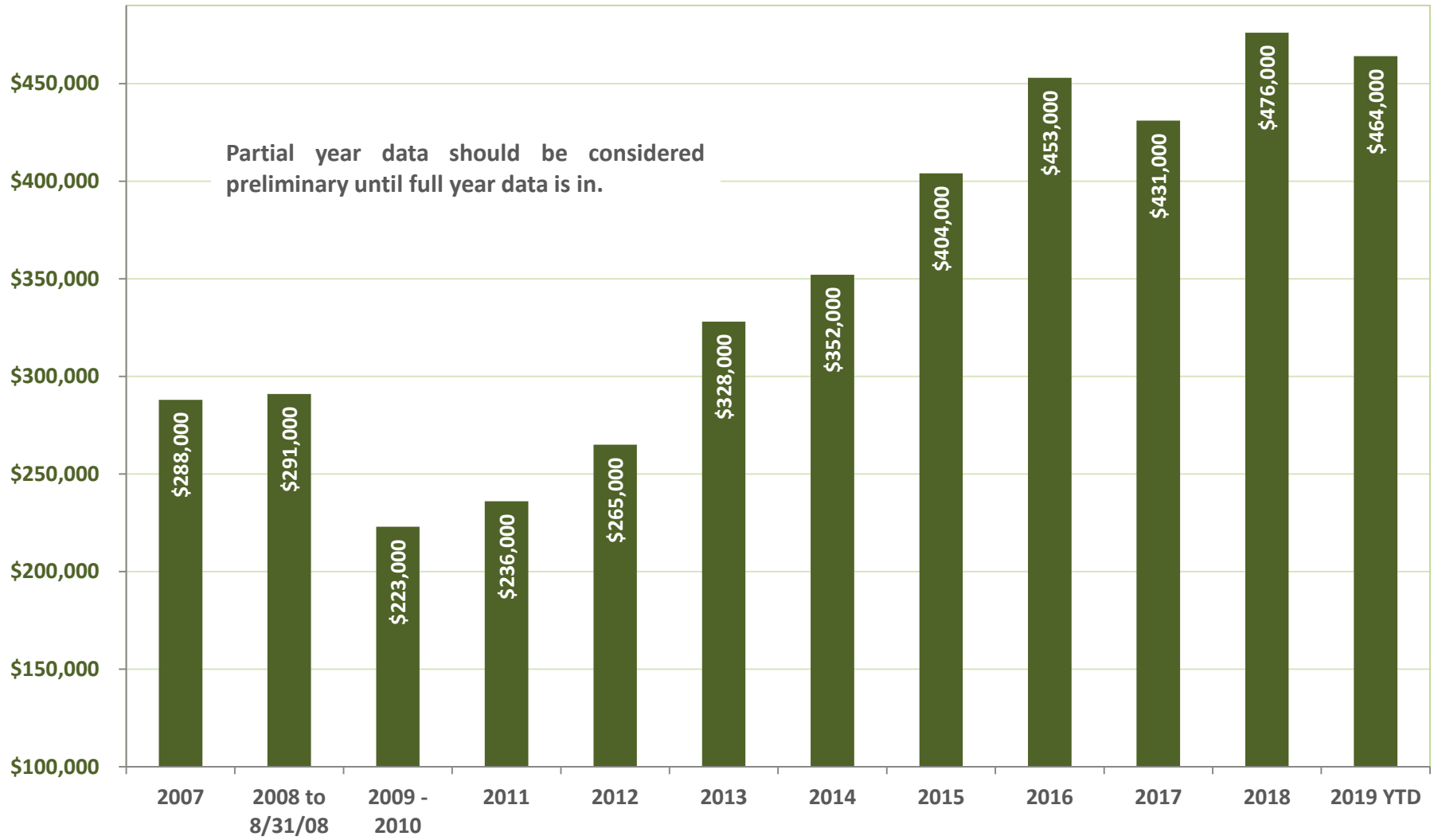
Sales reported to
MLS by 6/30/19



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

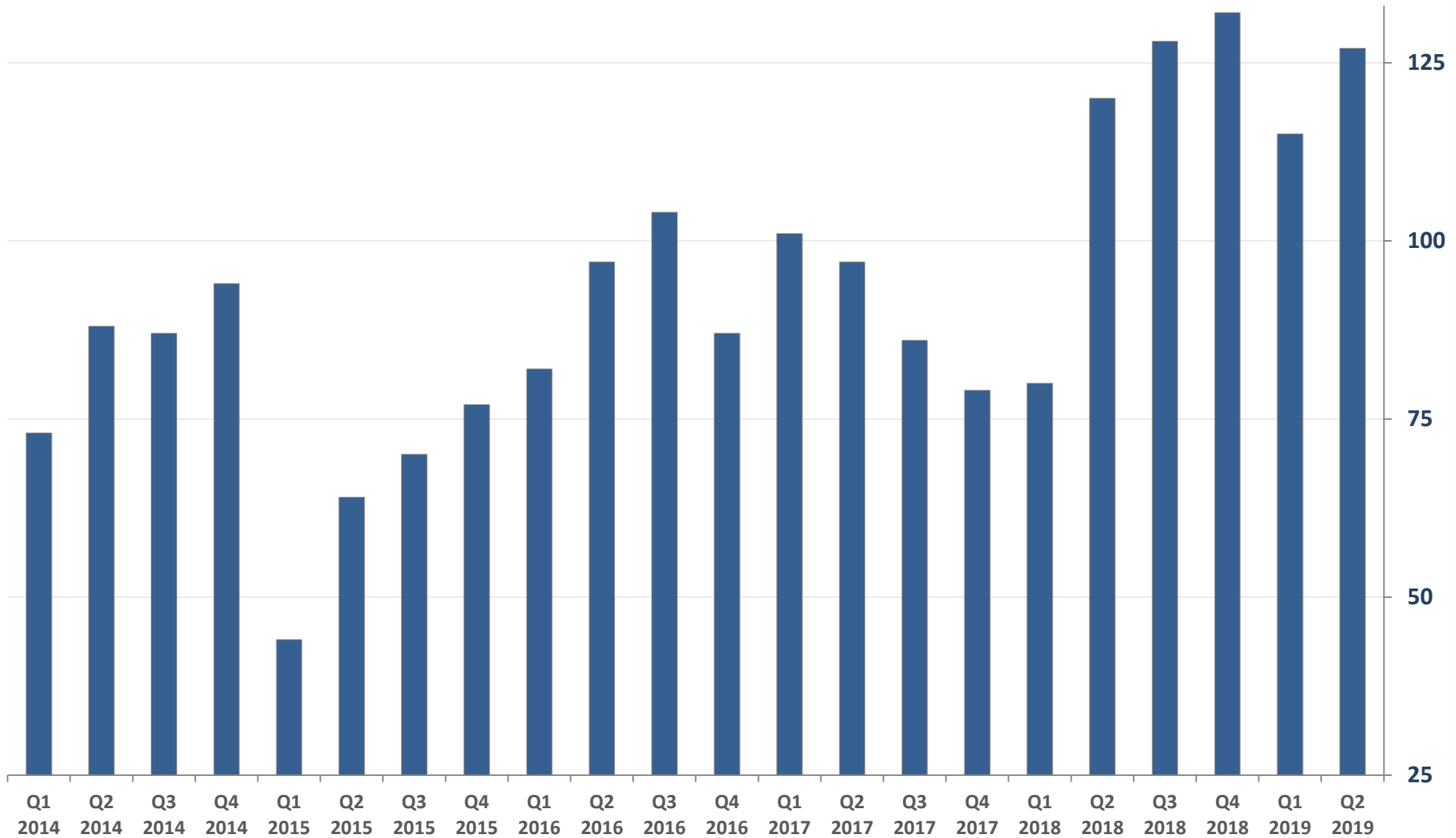


Because of the huge variety in buildings sold, this is a very general statistic when applied to SF investment property sales. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales deleted when identified. All numbers should be considered approximate.

San Francisco Apartment Building Market – 5+ Units

Active Listings: Units Listed for Sale in Quarter

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



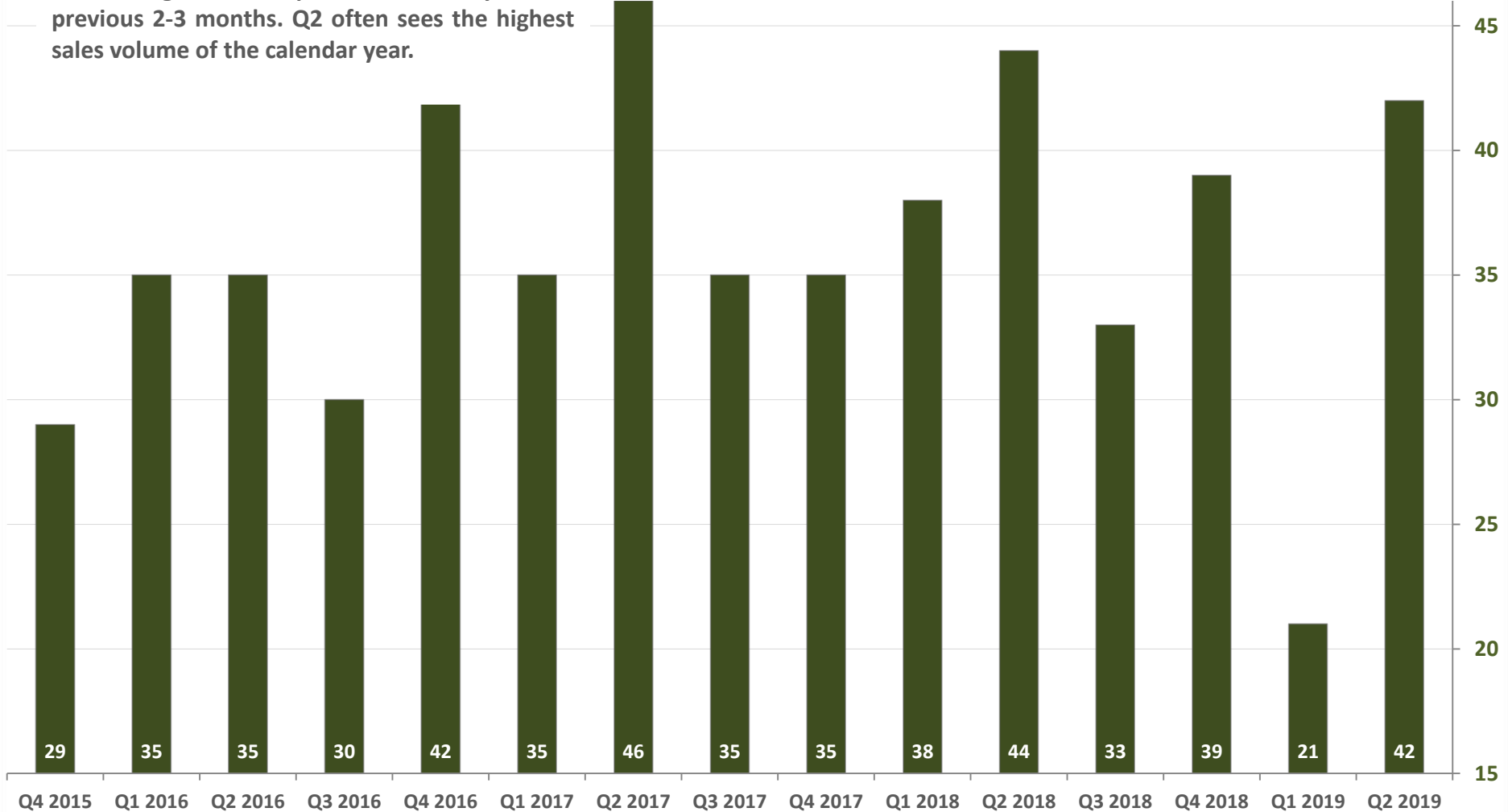
Data from sources deemed reliable, but may contain errors and subject to revision. Based upon MLS activity: Not all for-sale properties are posted to MLS. All numbers approximate and subject to revision.



San Francisco Apartment Building Market – 5+ Units

Listings Closing Sale in Quarter since 2015

Listings closing sale in 1 month generally reflect new listings and accepted-offer activity in the previous 2-3 months. Q2 often sees the highest sales volume of the calendar year.



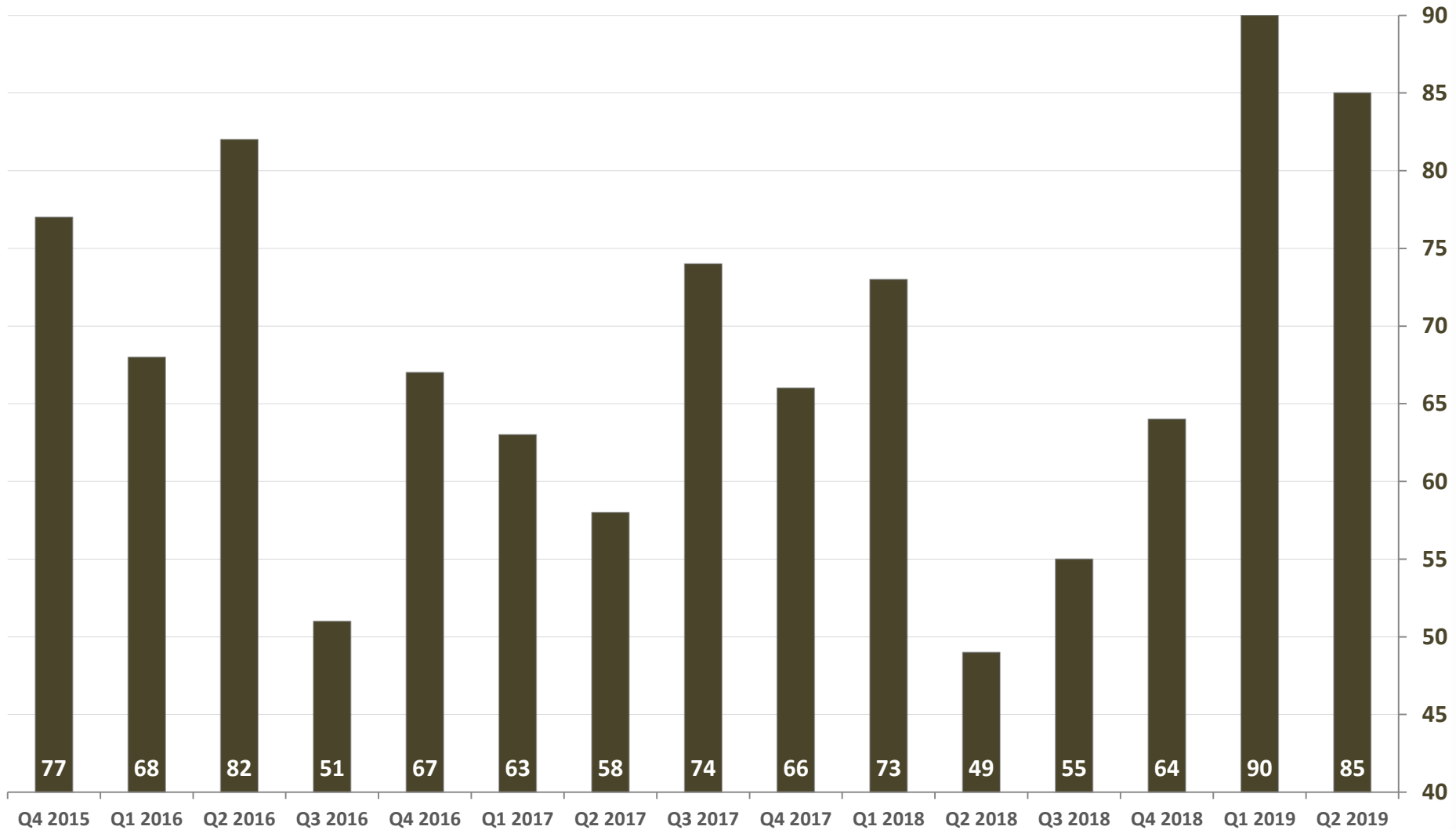
Sales reported to MLS by July 5, 2019 – additional sales may be reported for the quarter. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



San Francisco Apartment Building Market – 5+ Units

Average Days on Market, by Quarter

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



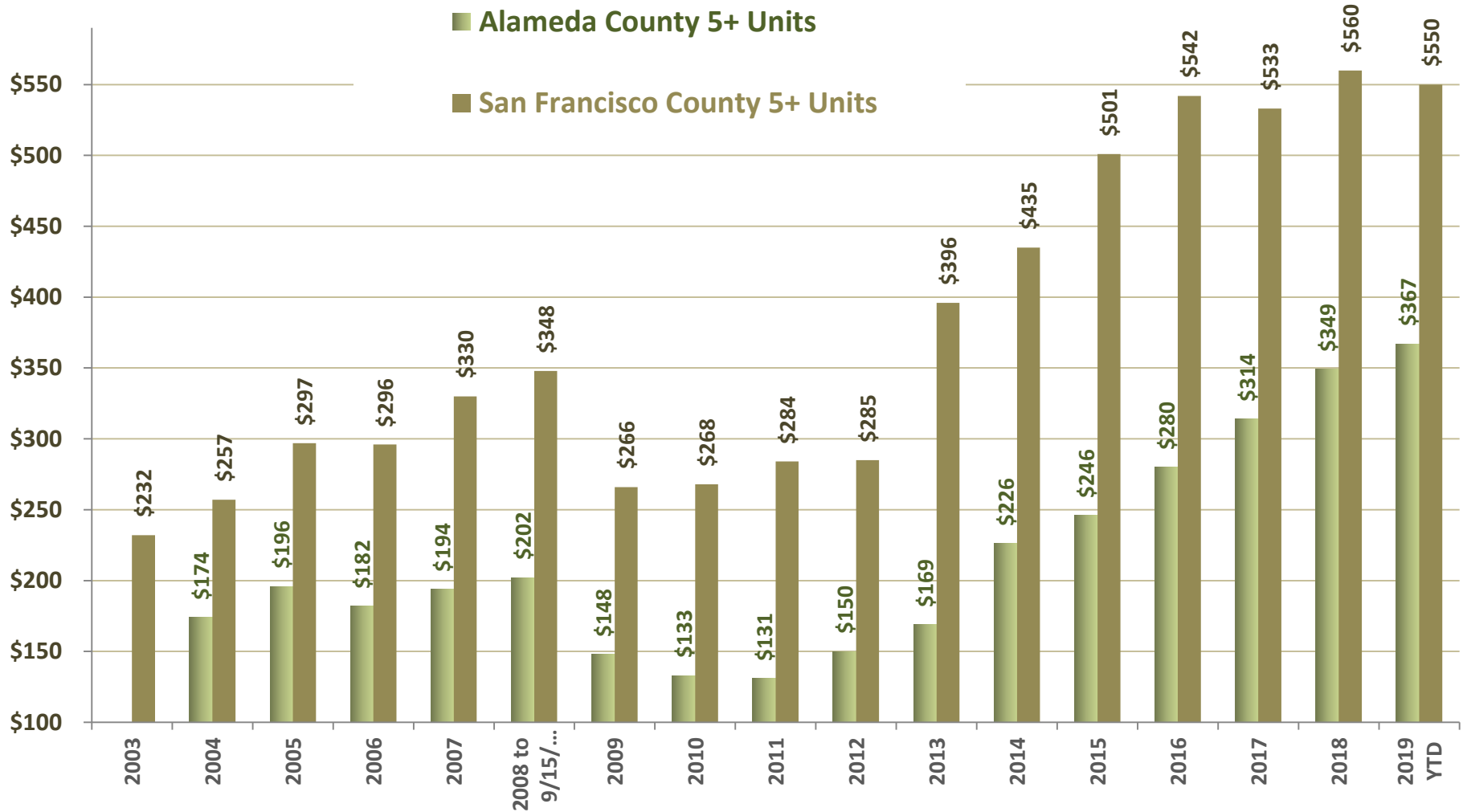
For listings sold in period. Data from sources deemed reliable, but may contain errors and subject to revision. Based upon MLS activity. All numbers approximate and subject to revision.



Average Dollar per Square Foot Values

San Francisco & Alameda, 5+ Unit Apartment Building Sales

Sales reported to MLS
by 6/30/19



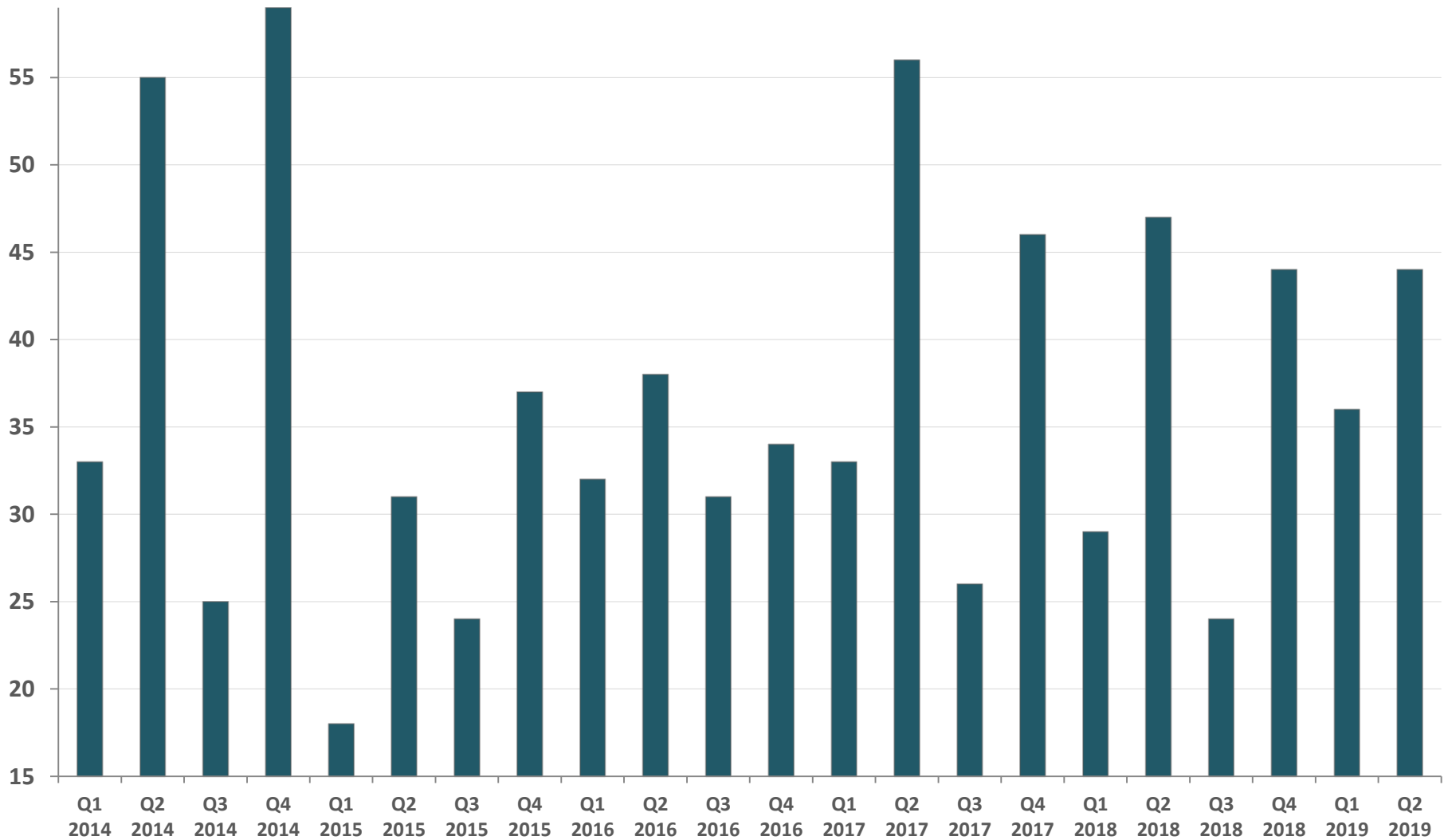
Because of the relatively small number of sales and the huge variety in buildings sold, average dollar per square foot is a very general statistic when applied to investment property sales. Data is from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.

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San Francisco Apartment Building Market – 5+ Units

Listings Accepting Offers in Quarter

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



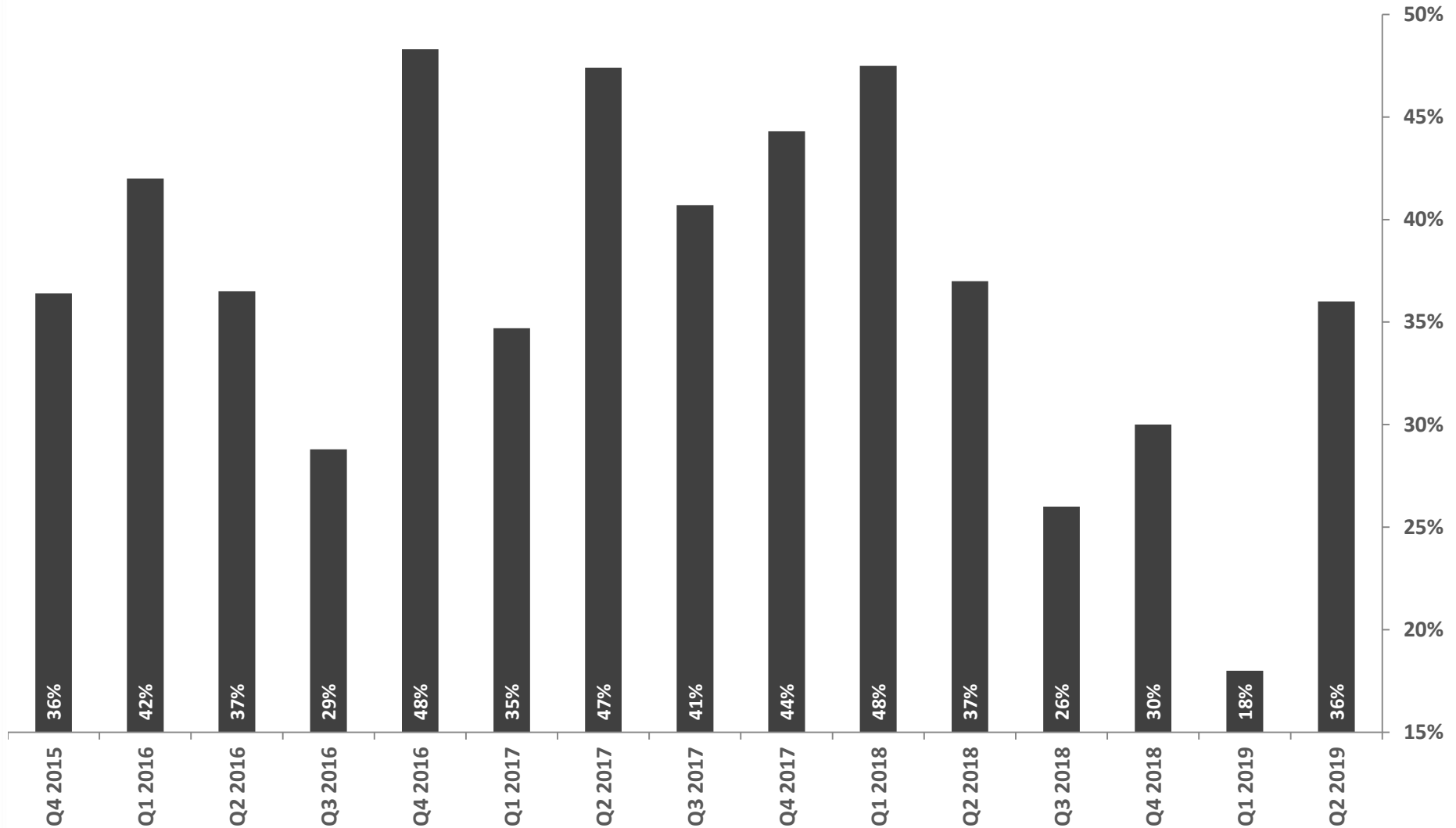
Data from sources deemed reliable, but may contain errors and subject to revision.
Based upon MLS activity. All numbers approximate and subject to revision.



Percentage of Listings Sold in Quarter

San Francisco 5+ Unit Building Market Dynamics

Per MLS sales data



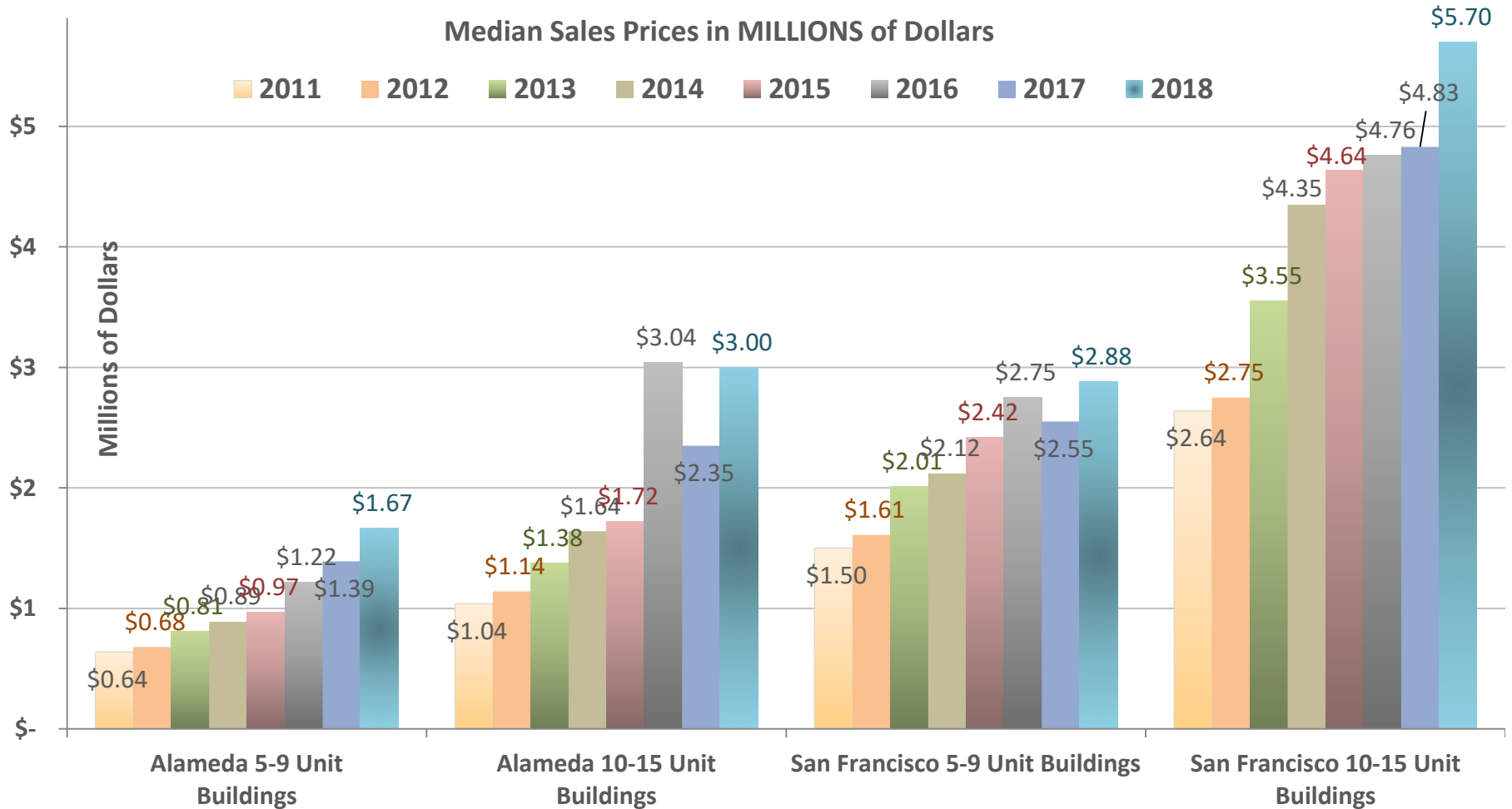
These analyses were performed in good faith with data derived from sources deemed reliable, but may contain errors and are subject to revision. All numbers to be considered approximate.

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Median Sales Price Trends since 2011

5-15 Unit Residential: San Francisco & Alameda Counties

Sales reported to MLS



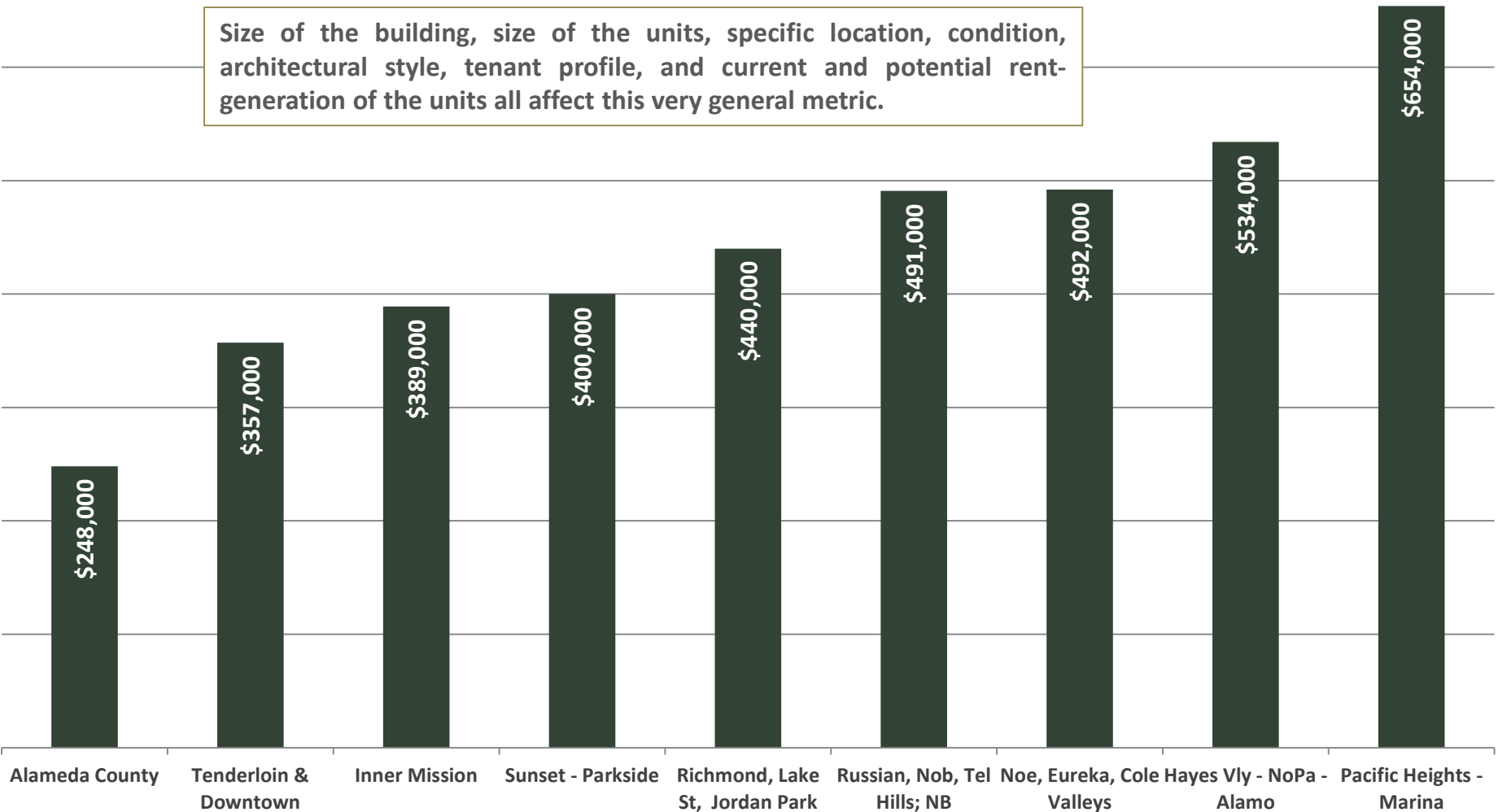
Sales reported to MLS by 12/26/18. These prices are gross generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximations.



Average Price per Unit – Selected Submarkets

5+ Unit Apartment Building Sales in 2018

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.



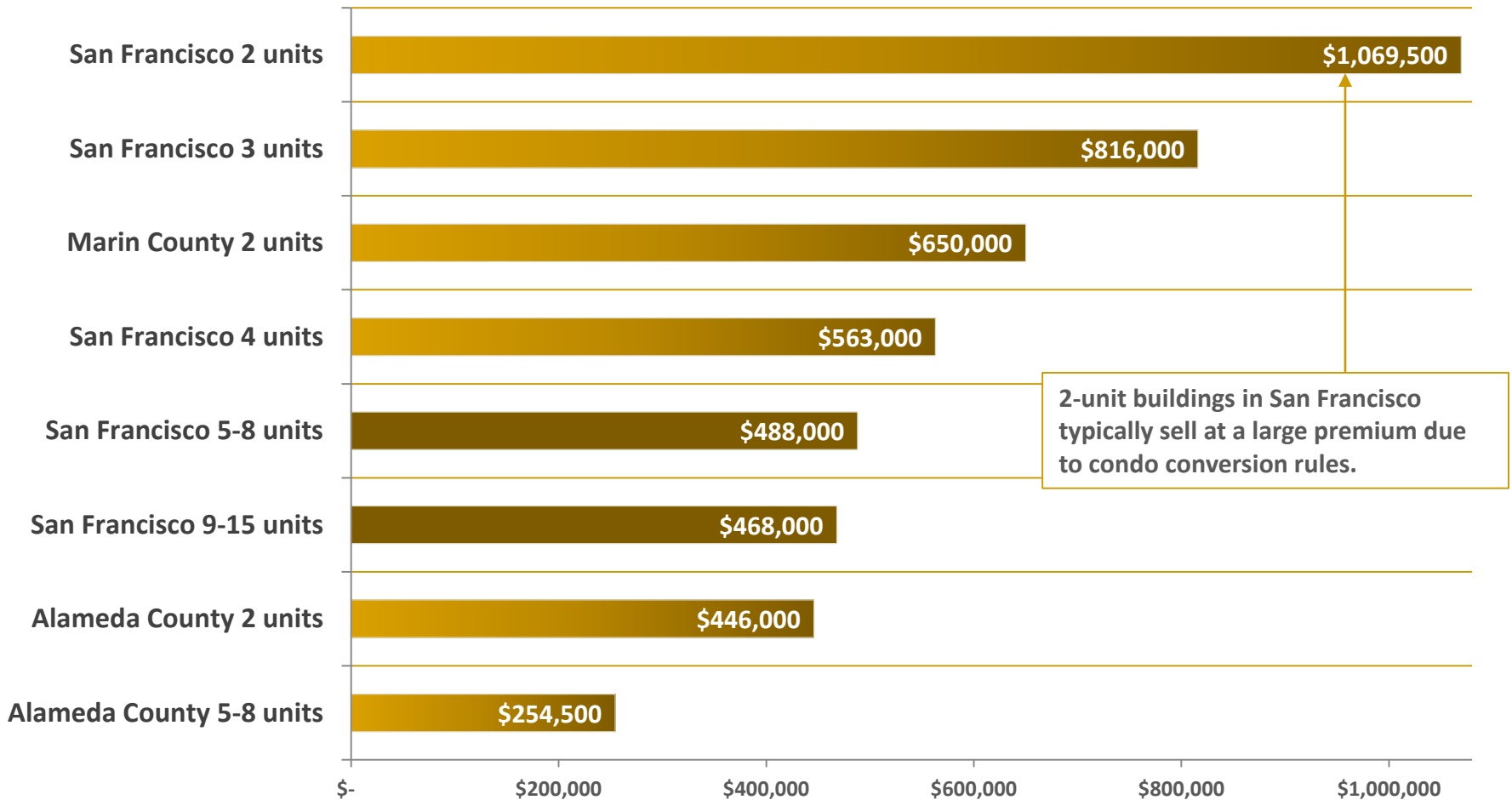
Neighborhood titles often stand for larger districts. Data from sources deemed reliable but may contain errors and subject to revision. Numbers should be considered very approximate since a very wide variety of buildings are in this mix.

Residential Multi-Family: Price per Unit upon Sale

Selected Markets: 2018 Sales*

Sales reported to MLS

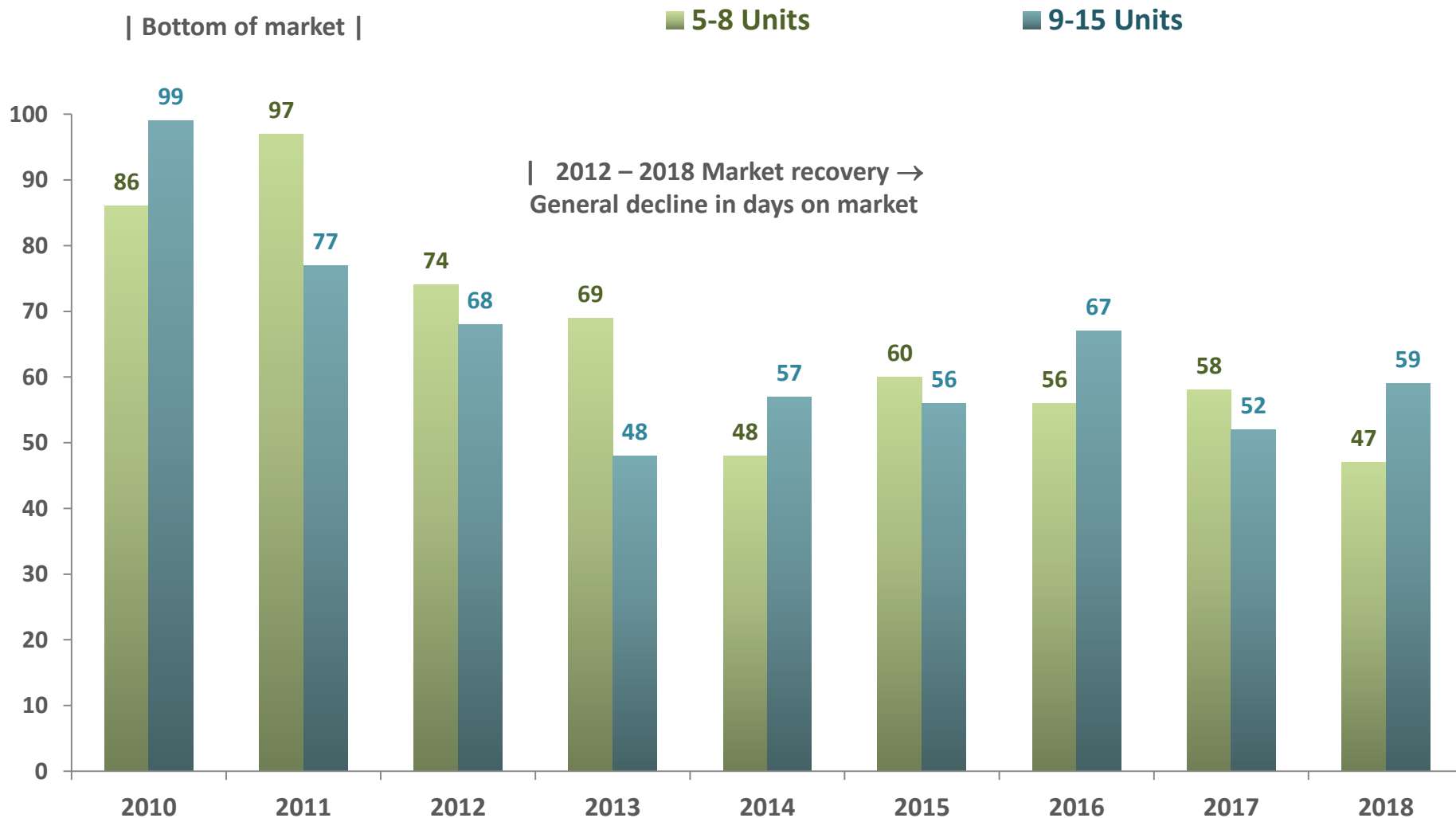
Average Price per Unit Values
Selected Building Sizes by Unit Count



* Sales reported to MLS by 12/26/18. These prices are gross generalities reflecting sales of a wide variety of buildings and unit sizes in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. Outlier sales were removed from the analysis when identified. All numbers to be considered general approximations.

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

Per MLS sales data
reported by 12/26/18.

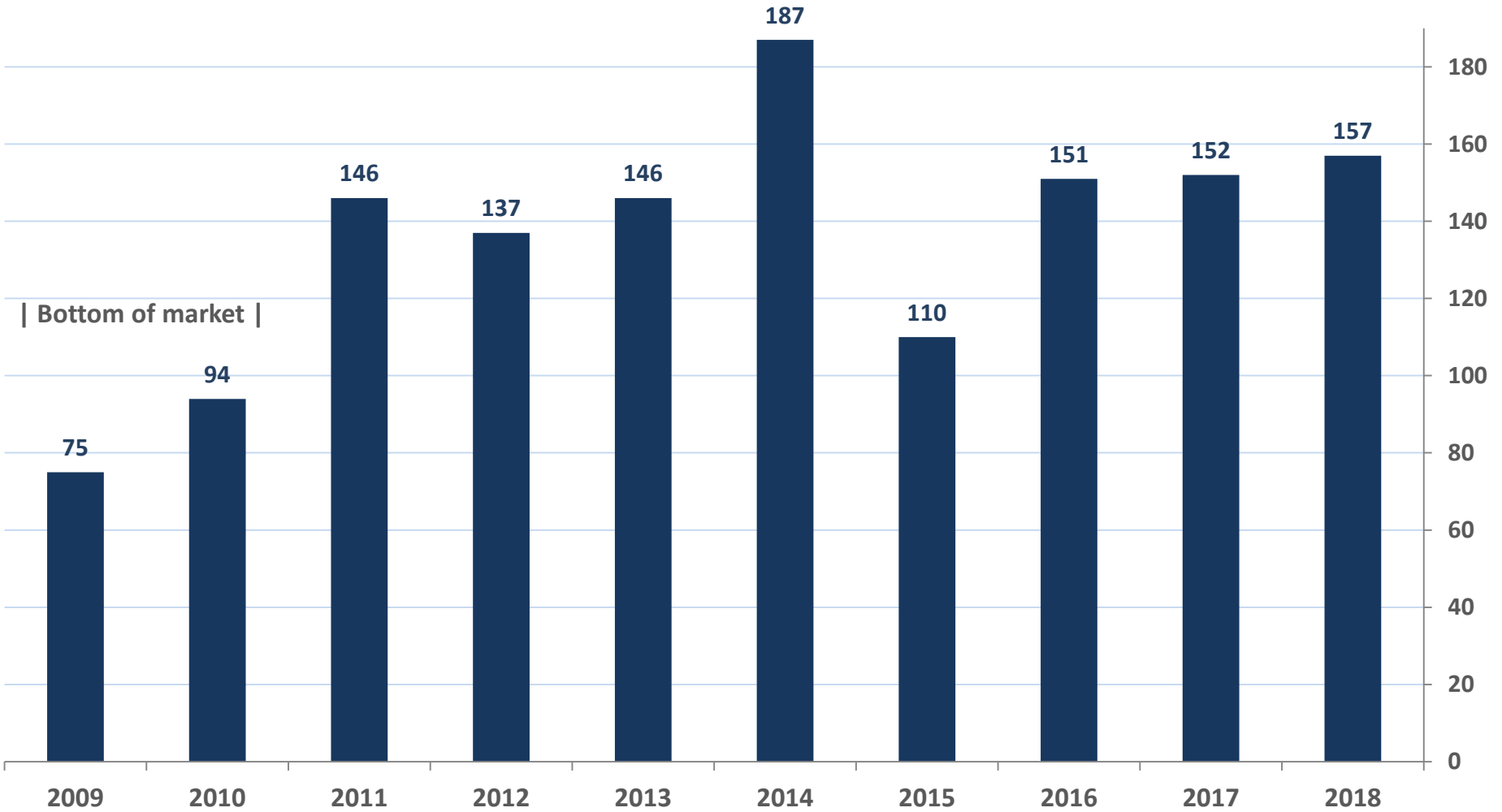


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Annual Sales Volume

San Francisco 5+ Unit Residential Building Sales



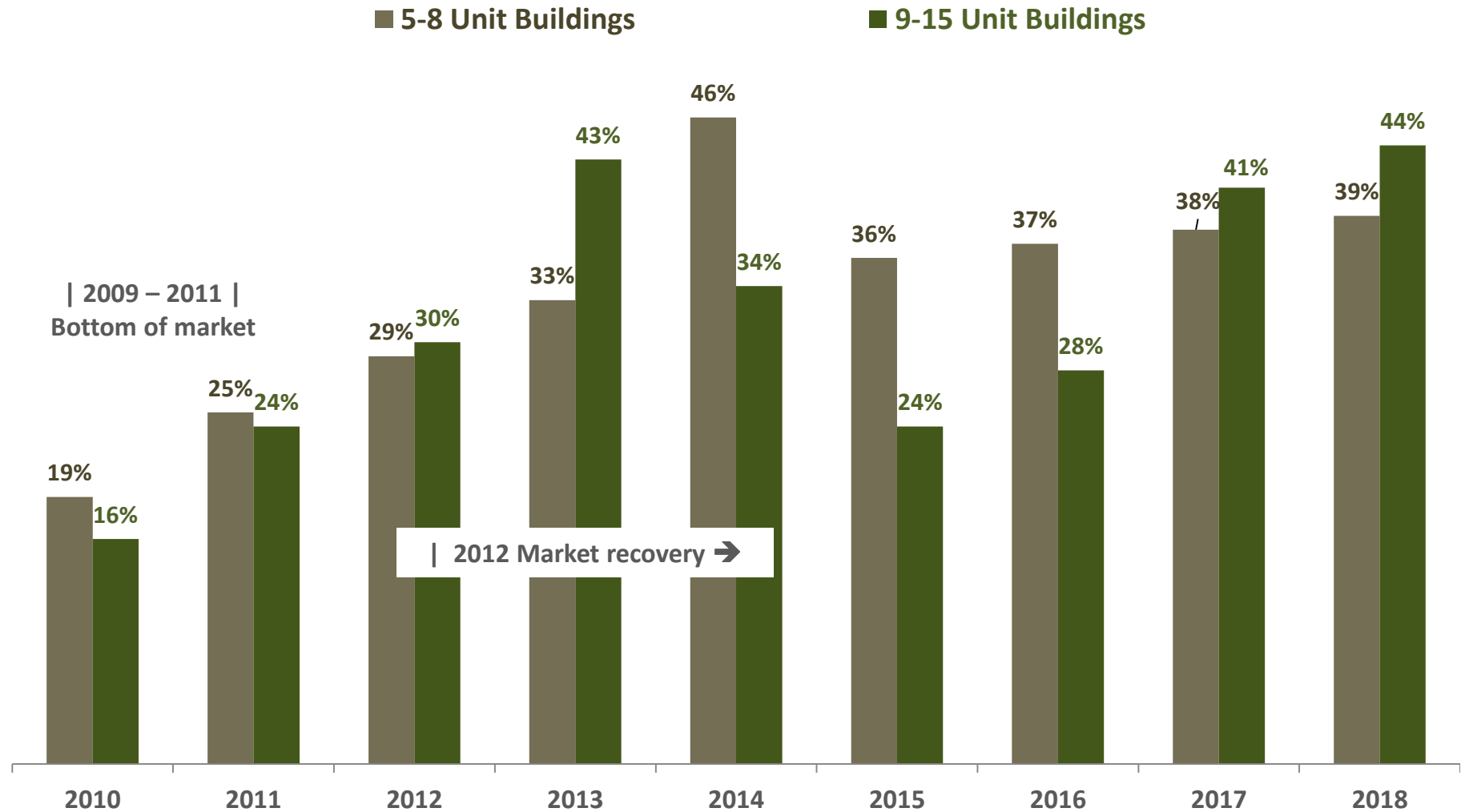
Sales reported by 1/3/19. These analyses were performed in good faith with data derived from sources deemed reliable, but may contain errors and are subject to revision. All numbers to be considered approximate.



% of Sales Selling Within 30 Days of Coming on Market

San Francisco Multi-Unit Residential Sales since 2010

Per MLS sales data reported by 12/26/18



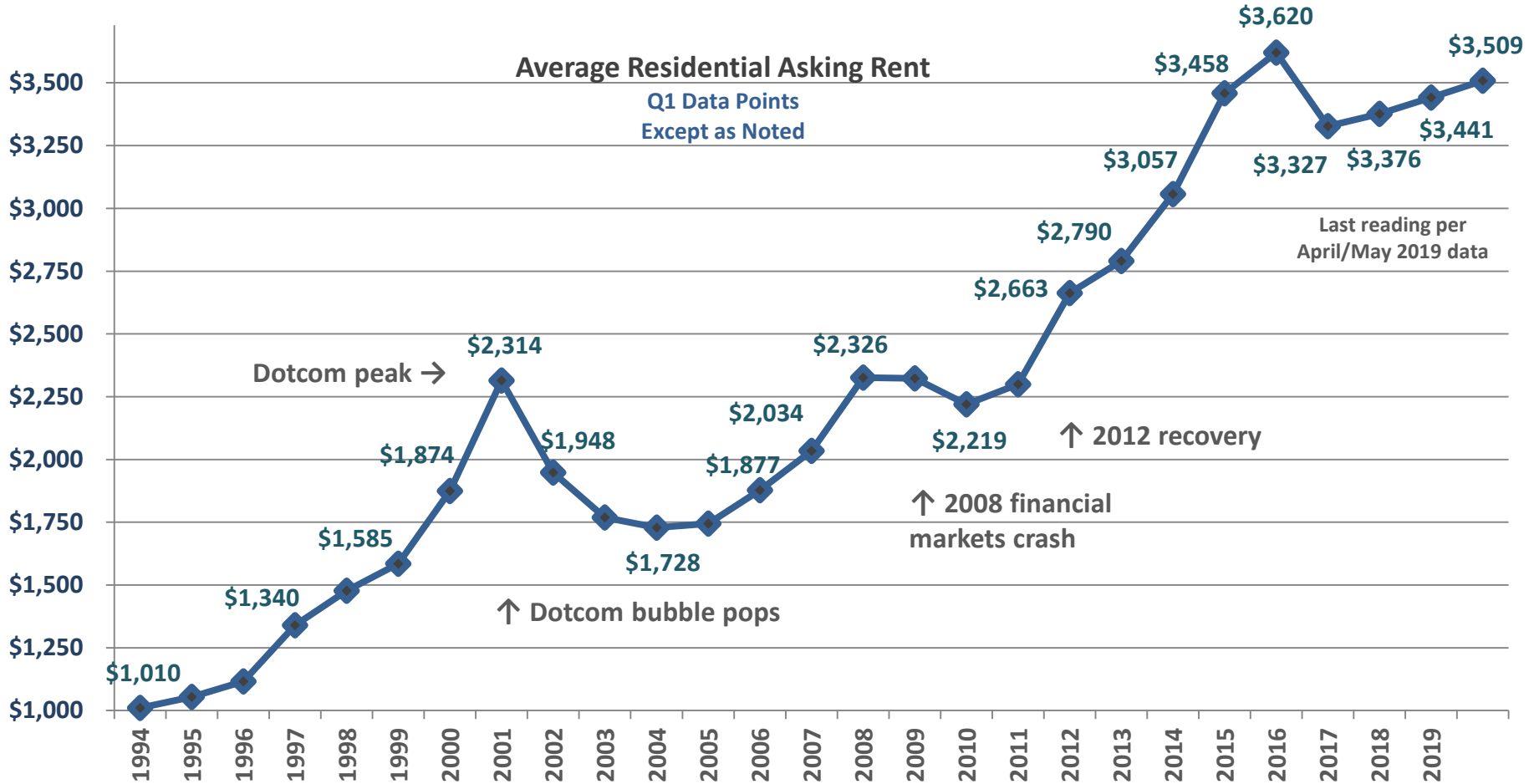
The selling period refers to the time between a listing coming on market and accepting an offer. These analyses were performed in good faith with data derived from sources deemed reliable, but may contain errors and are subject to revision. All numbers to be considered approximate.



San Francisco Residential Rents - Estimated

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

Per RealFacts LLC & Zillow Rent Index.



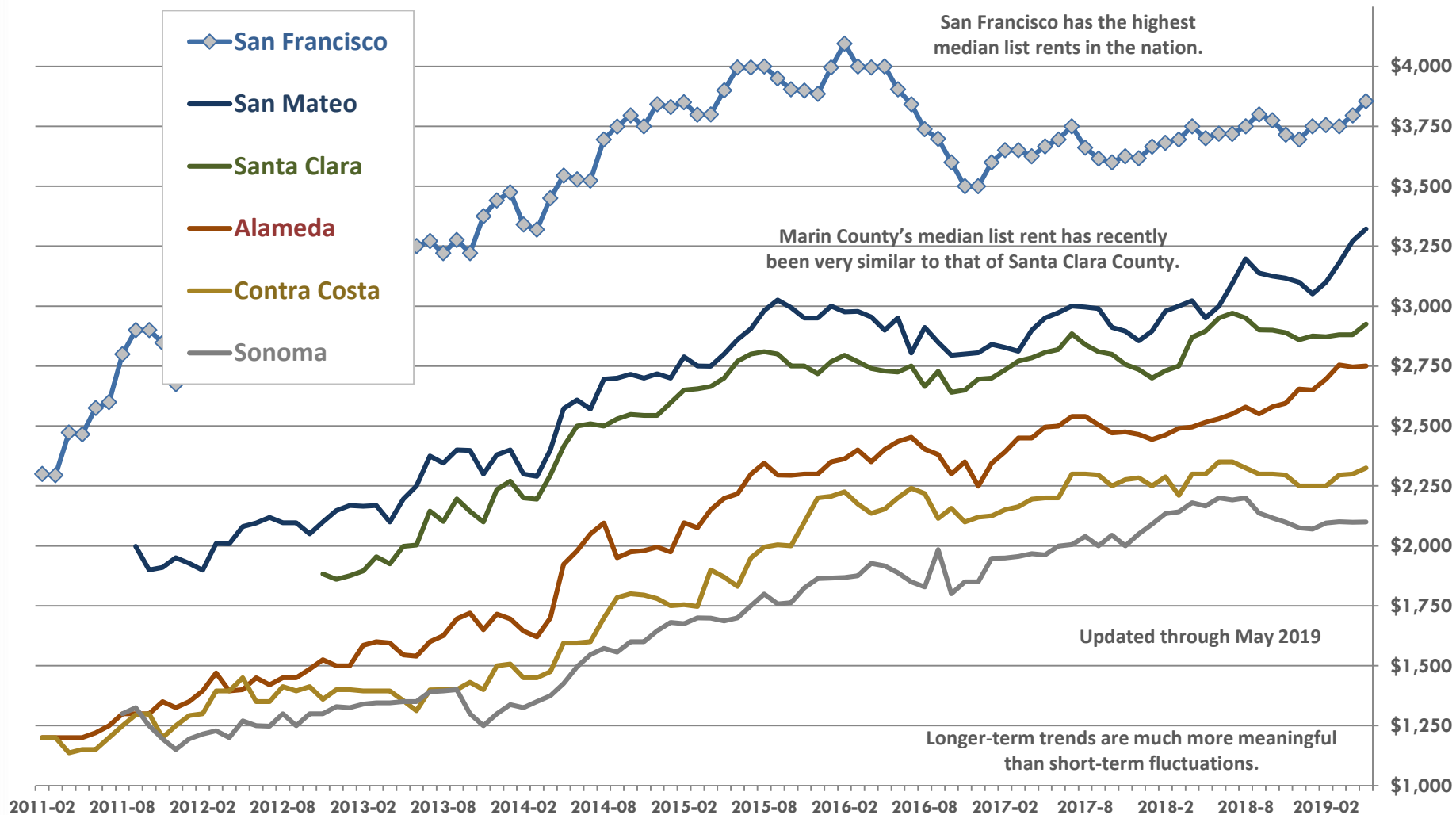
1st quarter data points except, as noted for last reading - per RealFacts LLC, for buildings with at least 50 units. 2017-onward estimated using Zillow Rent Index data (<https://www.zillow.com/research/data/#rental-data>). Data from sources deemed reliable but may contain errors and subject to revision.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



Median List Rent Trends

Bay Area Counties since 2011

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



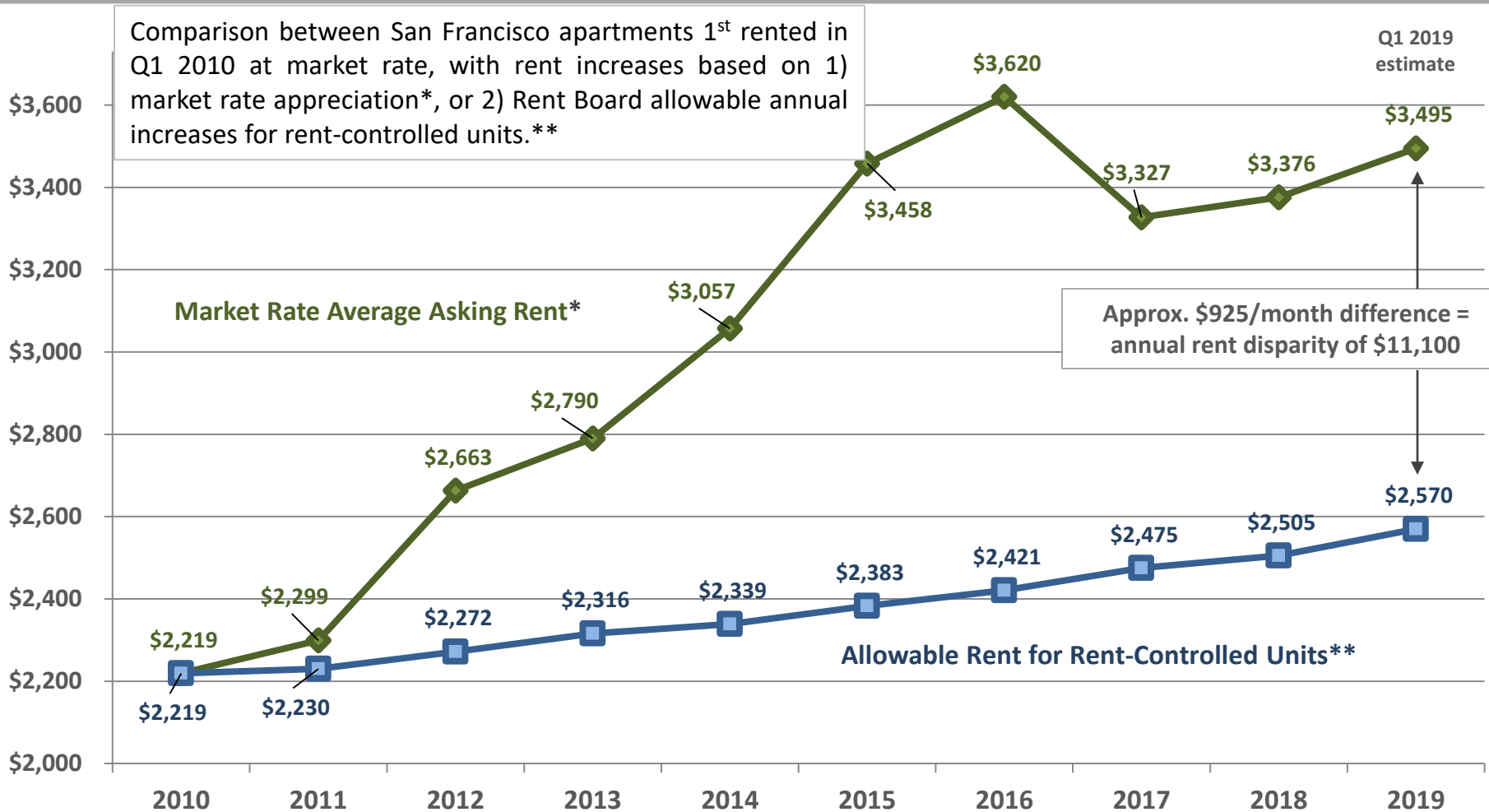
Per Zillow rental data by month: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.



San Francisco Residential Rents

Average Asking Rents vs. Rents under Rent Control

Estimates per RealFacts LLC, Zillow Research and the SF Rent Board

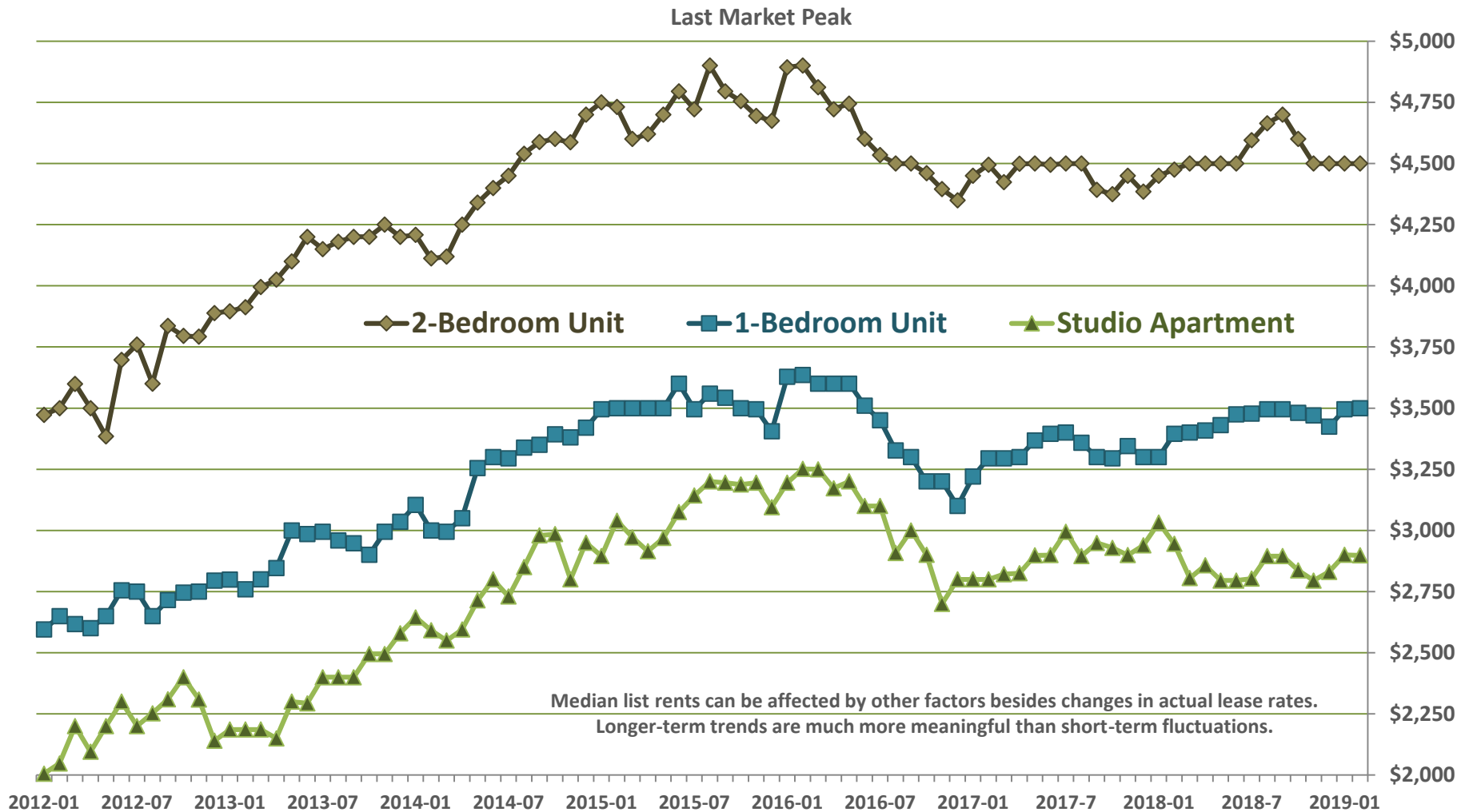


* 1st quarter market-rate average asking rents using RealFacts LLC and Zillow Research data; 2019 Q1 market rent estimated based on late 2018 data. ** Rent increases from 2010 per SF Rent Board annual allowable rent increase percentages; 2019 figure incorporates 3/1/19 allowable rent increase. Data from sources deemed reliable but may contain errors and subject to revision. Numbers to be considered very approximate estimates for illustrative purposes only.

San Francisco Median List Rents

by Unit Size (Bedroom Count) since 2012

Data per Zillow Research through February 2019



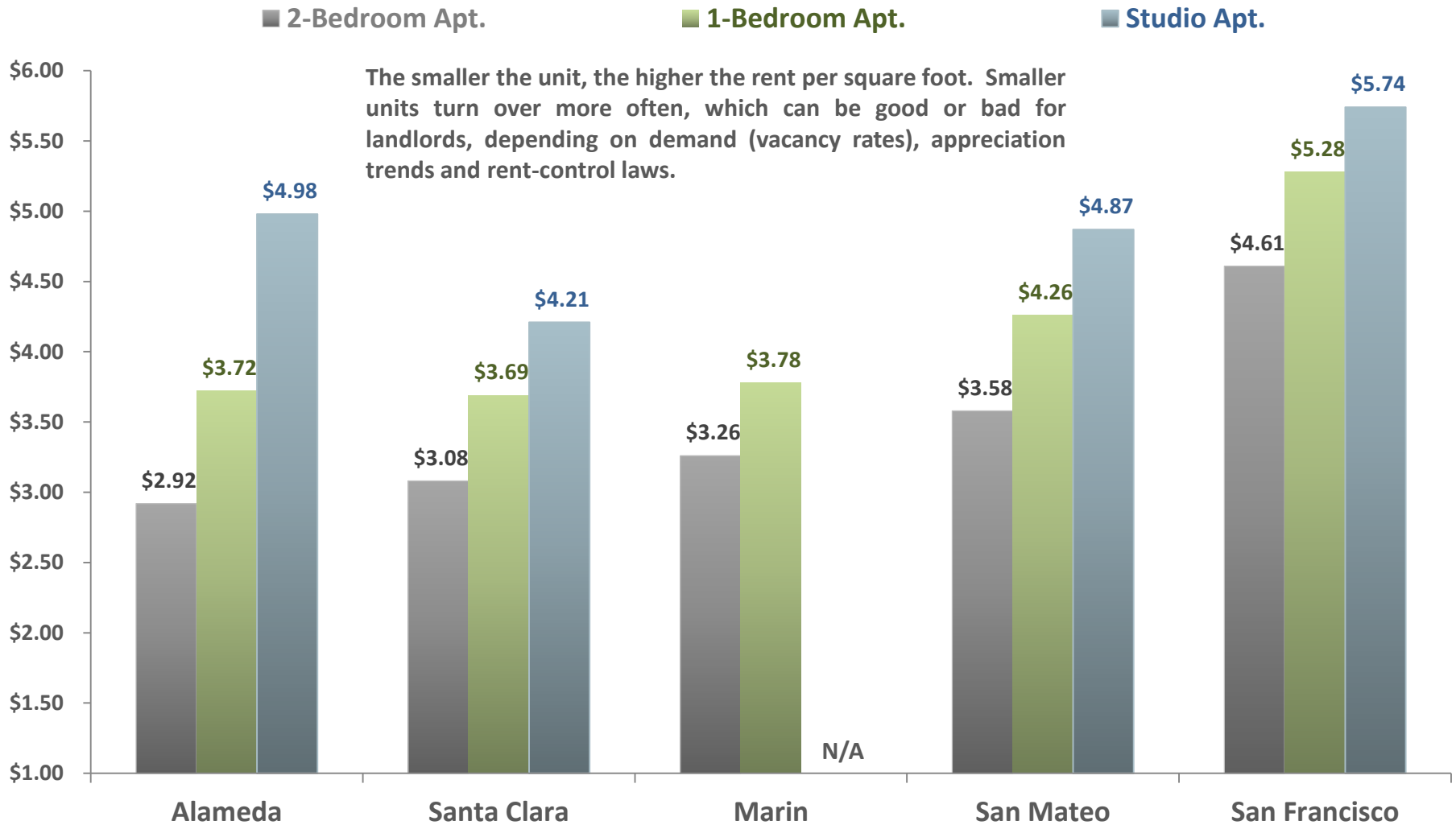
Per Zillow Research, median list rental data by month: <https://www.zillow.com/research/data/#rental-data> . Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.



Median List Rent per Square Foot

Selected Bay Area Counties

Data per Zillow for the first 5 months of 2019



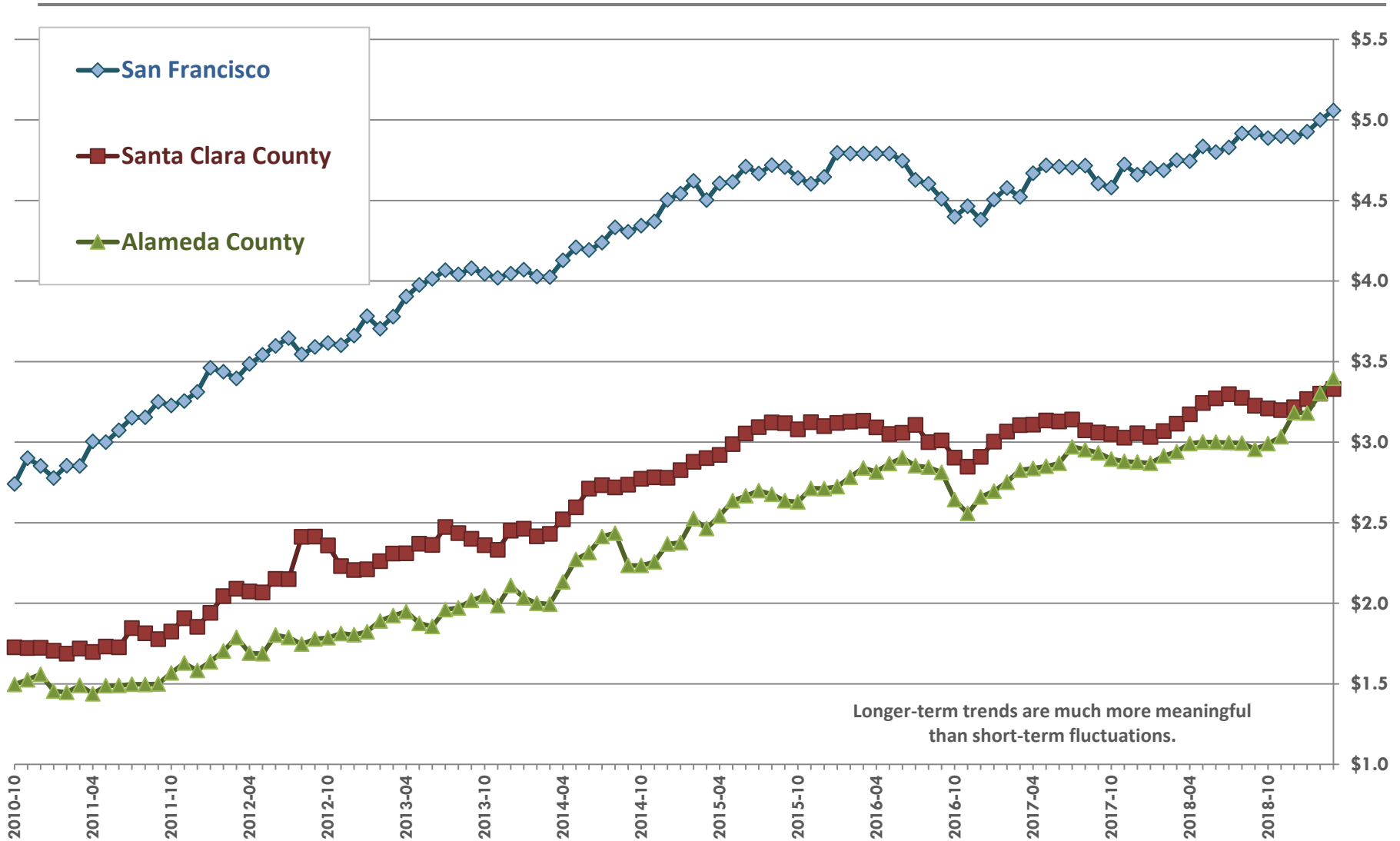
From Zillow Research: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and is subject to revision. Unit size and quality may vary by county. All numbers should be considered approximations.



Median List Rental Price per Square Foot

San Francisco, Santa Clara, Alameda Counties since 2010

Data per Zillow Research, 5+ unit buildings through March 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.

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Median List Rental Price per Square Foot

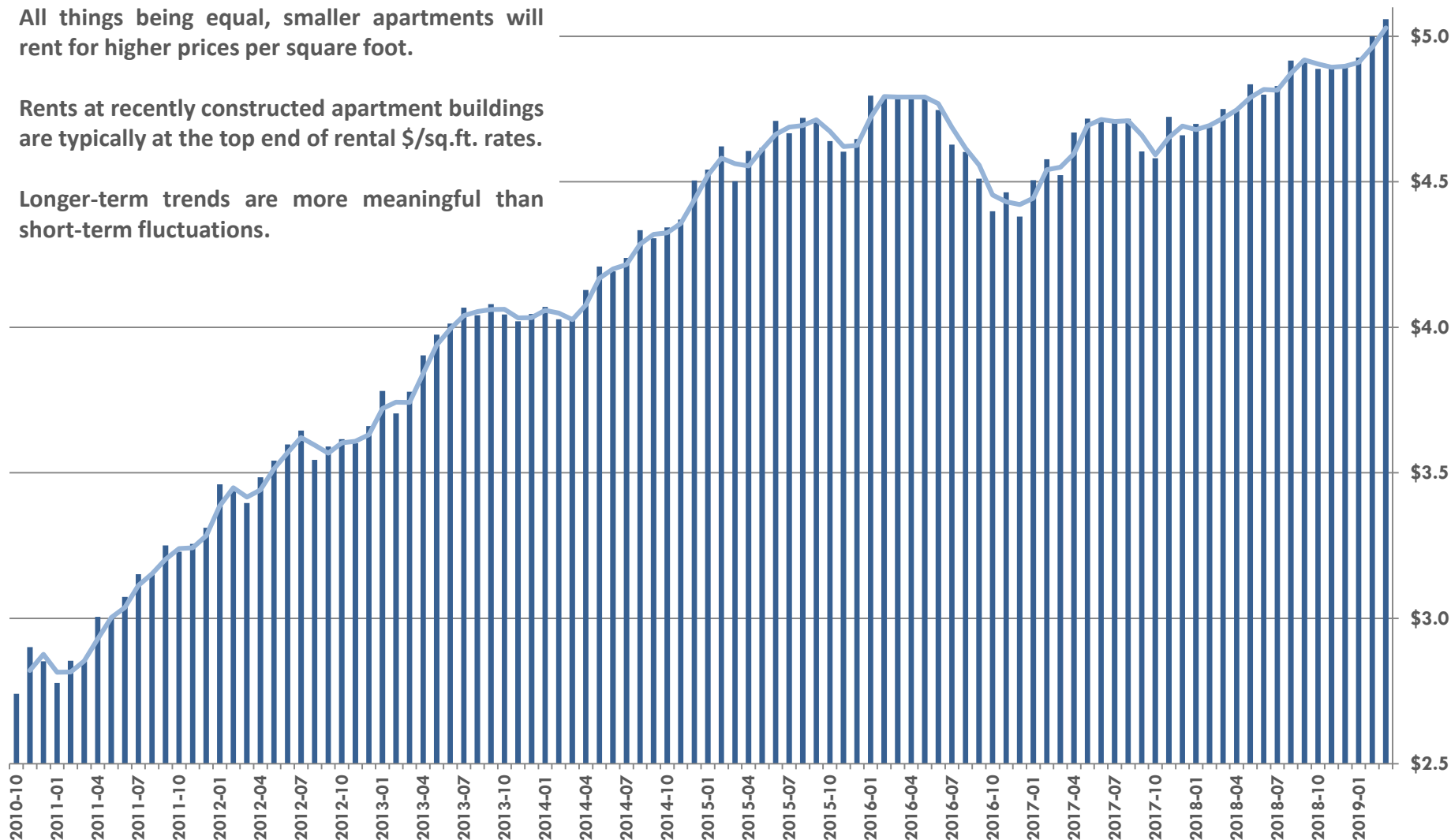
San Francisco Trends, October 2010 – March 2019

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.



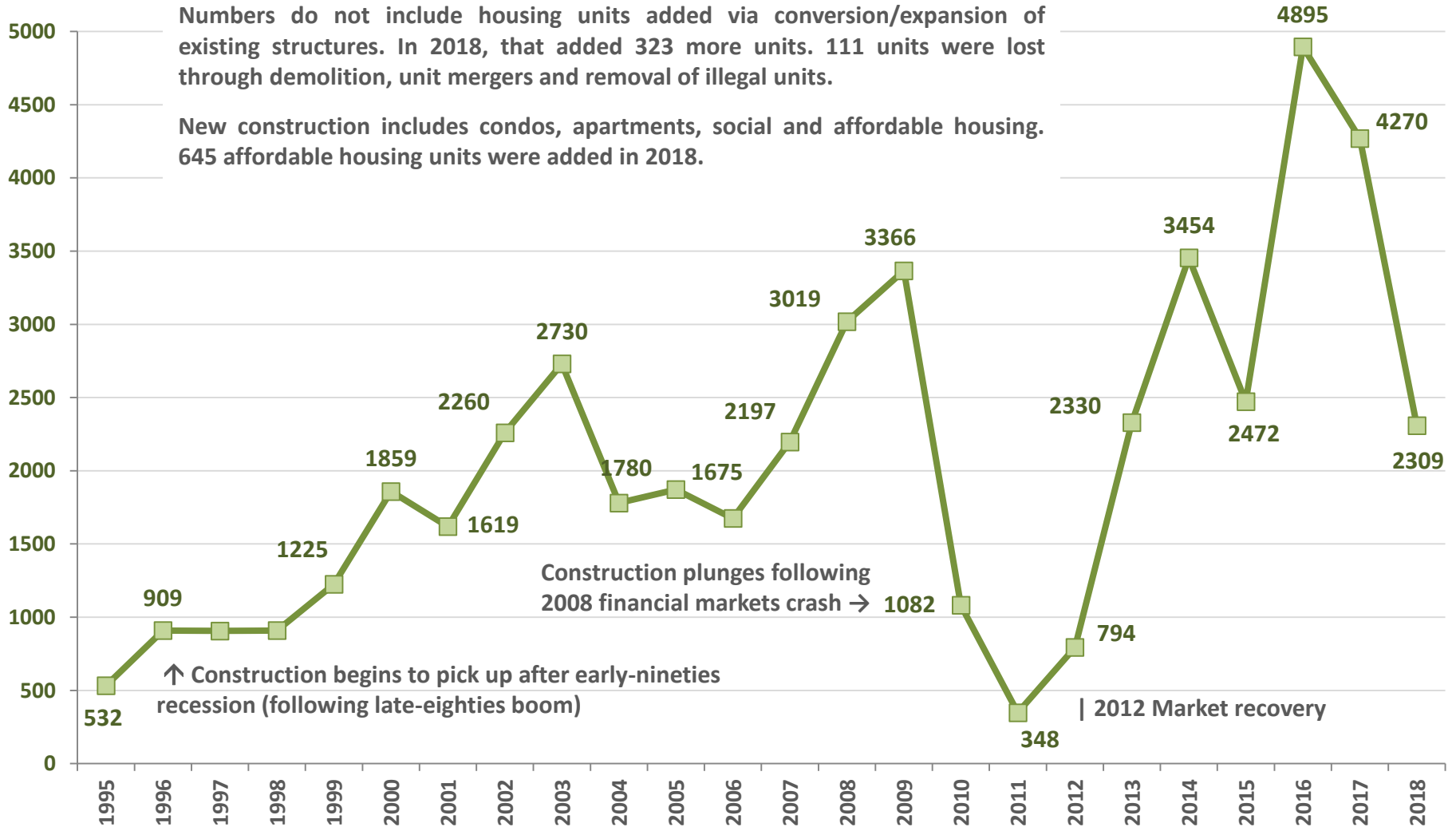
Per Zillow rental data by month: <https://www.zillow.com/research/data/#rental-data>. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.

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Ebbs & Flows in SF Housing Construction

New-Construction Housing Units Completed by Year

Per 2018 SF Planning Dept.
Housing Inventory Report



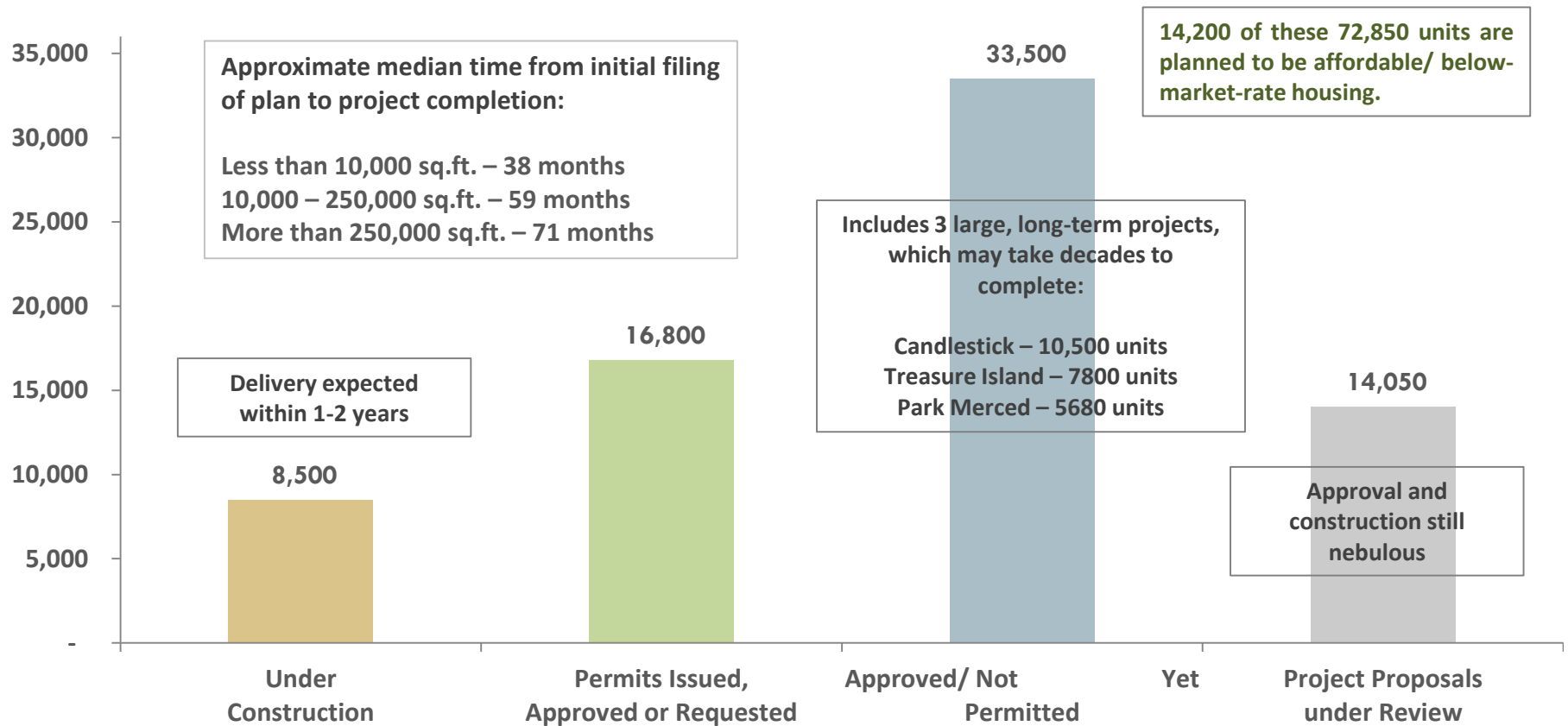
Analysis includes condos, houses, rental apartment units, affordable housing and units in social housing projects. Data from sources deemed reliable, but may contain errors and subject to revision.

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

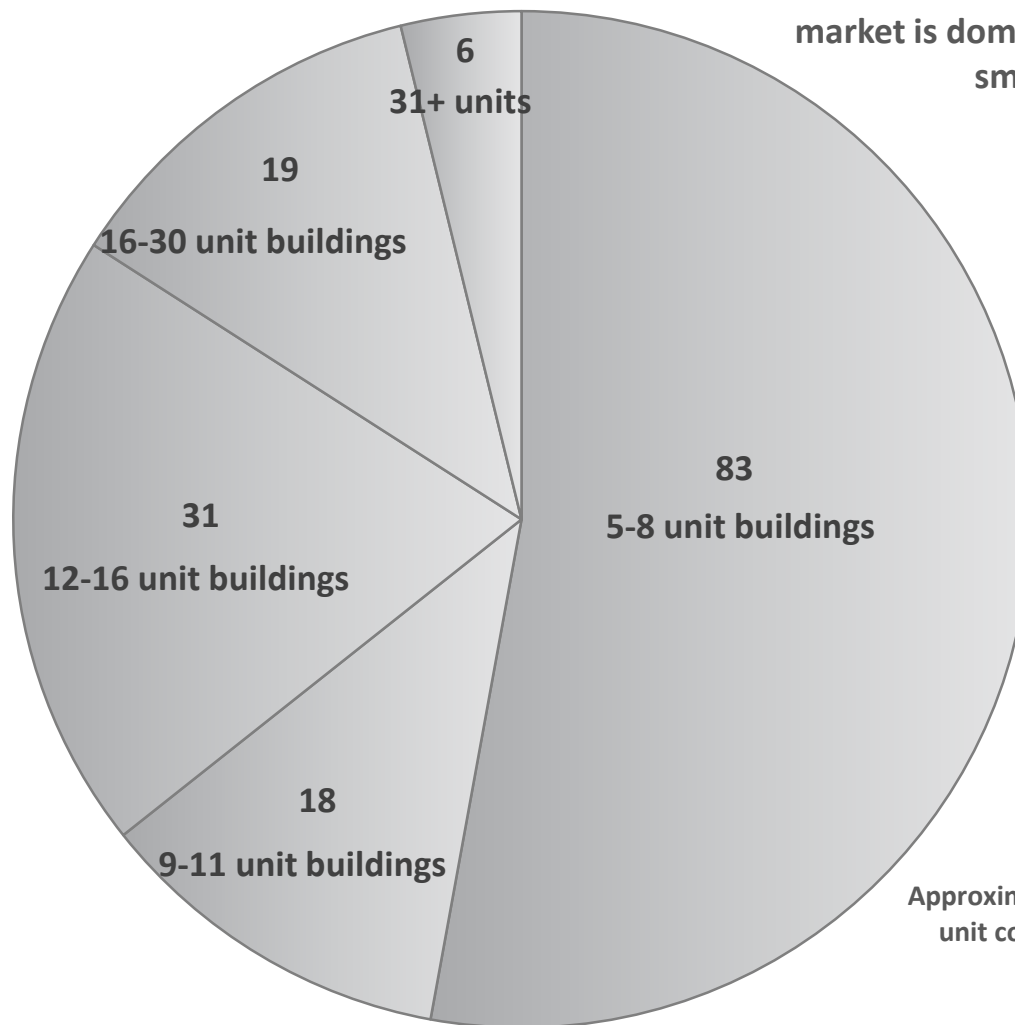
Includes market-rate condos and rental units, as well as affordable (below-market-rate) and social project housing. Changes in economic/political conditions can quickly impact plans and construction.



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 5+ Unit Residential Building Market

2018 Sales Review by Unit Count



San Francisco's residential investment market is dominated by the sale of older, smaller buildings.

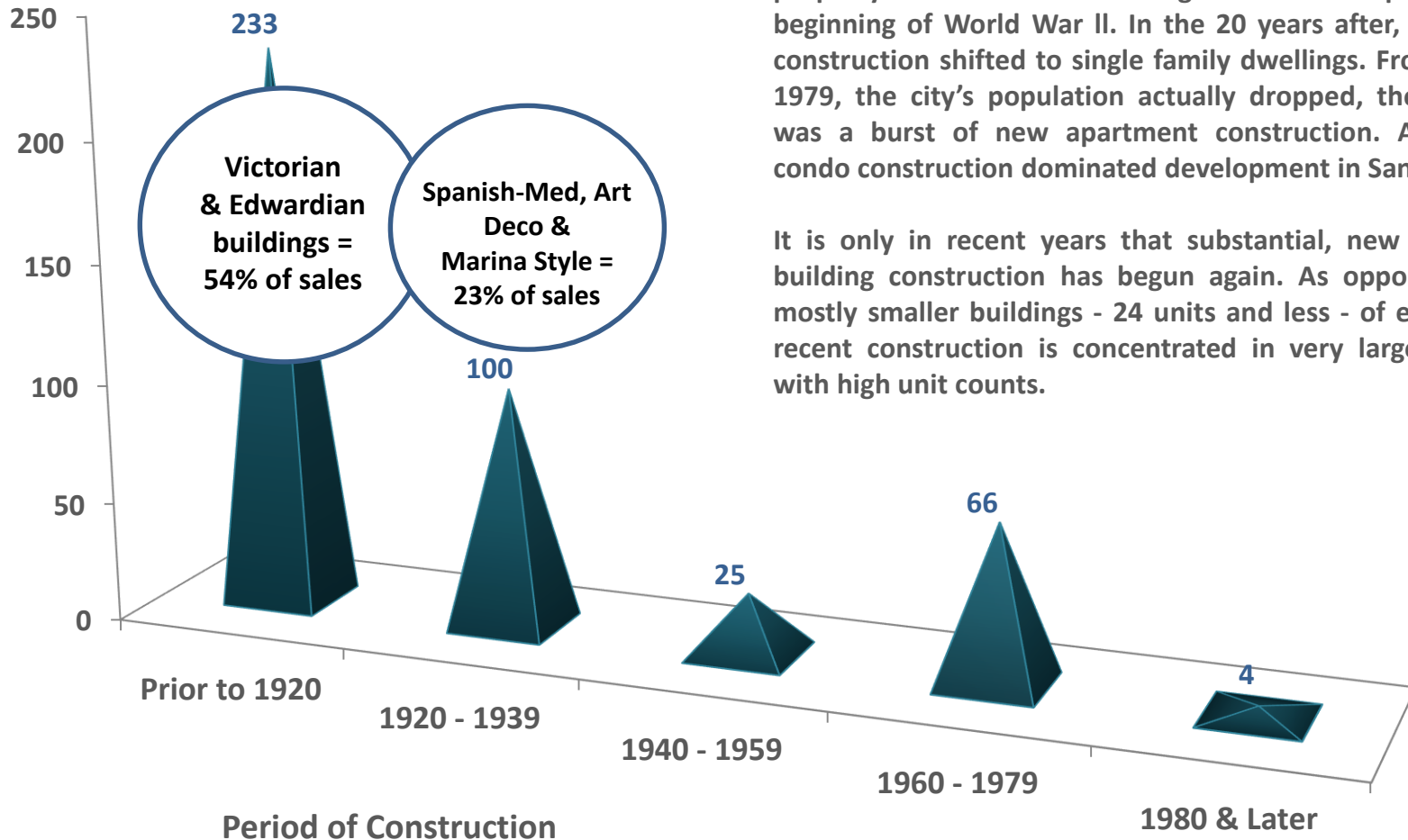
Approximate number of building sales by unit count. Includes some mixed-use properties.

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

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.

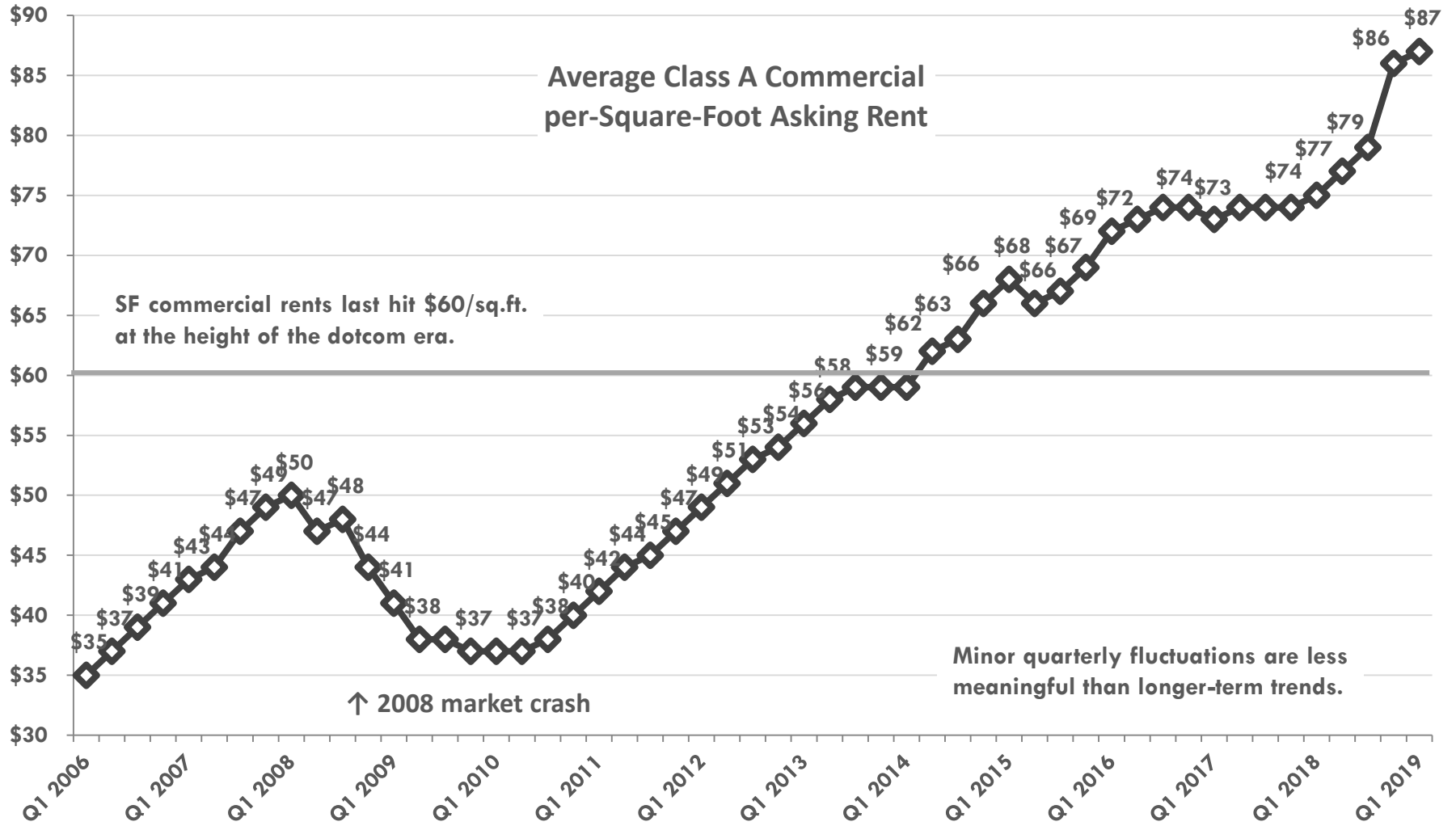
It is only in recent years that substantial, new apartment building construction has begun again. As opposed to the mostly smaller buildings - 24 units and less - of earlier eras, recent construction is concentrated in very large buildings with high unit counts.

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 2018; Q4 2018 and Q1 2019 data per CBRE. Data from sources deemed reliable but may contain errors and subject to revision.



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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