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July 2026 The San Francisco 5 Unit+ Apartment Building Market

Market Research

COMPASS INTERNATIONAL HOLDINGS

Data through June 2026

July 2026
Housing Market Report

The Bay Area housing market is the center of national attention this summer. AI-driven wealth has offset persistently higher mortgage rates, pushing demand in a handful of neighborhoods to dramatic levels.

The most intense competition is concentrated in San Francisco itself. In June, 44 homes in the city sold for at least $1 million over asking (see charts, next page). Sales in San Francisco, San Mateo, and Marin are running well above last year's pace.

Other parts of the Bay Area are more exposed to AI's other edge: jobs, inflation, and rates. Most buyers need a mortgage, and rates have stayed elevated — though still below last year's level. Nationally, inflation remains well above what policymakers and bond markets are comfortable with, driven by energy costs, government spending, and quite possibly the AI investment boom itself. Mortgage rates spent another month near 6.5%.

Santa Clara County is feeling a different edge: Bay Area tech companies have cut 58,000 jobs so far in 2026, and in the South Bay, inventory is climbing while average sale prices trail last year.

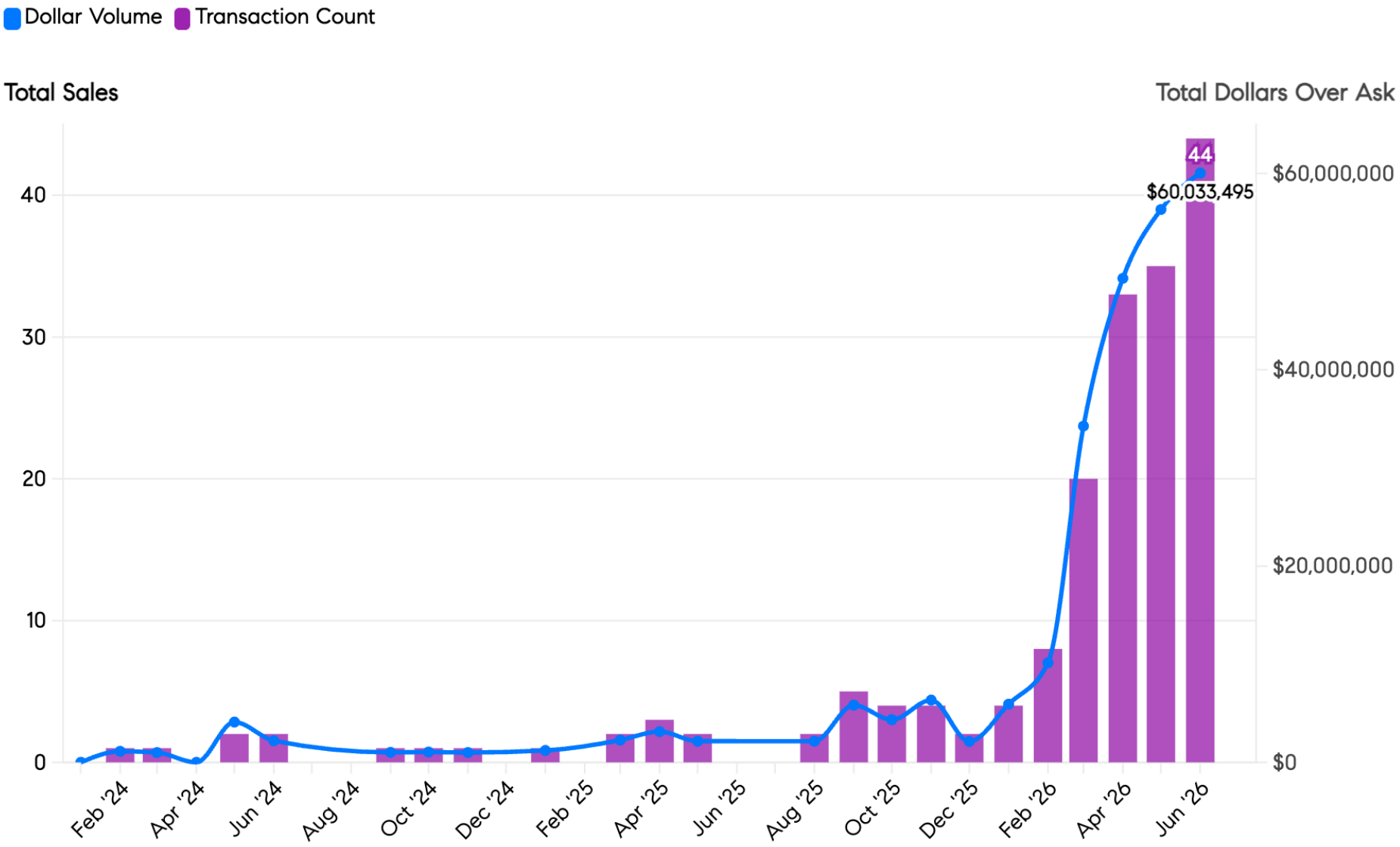
In many ways, the Bay Area is leading the nation's housing story in both directions — new wealth pulling the top of the market to record heights, while job insecurity and high rates weigh on buyers further down. It's always worth watching the Bay Area markets closely as we often signal where the rest of the country is headed next.

Mike Simonsen
Chief Economist, Compass International Holdings

The first section of this report are select macro-economic and demographic data for the country and the Bay Area. In the second half of the report, we share all the details of the housing market.

AI Boom Hits San Francisco Home Sales

In June, 44 transactions in San Francisco closed at least $1 million above the final ask price.

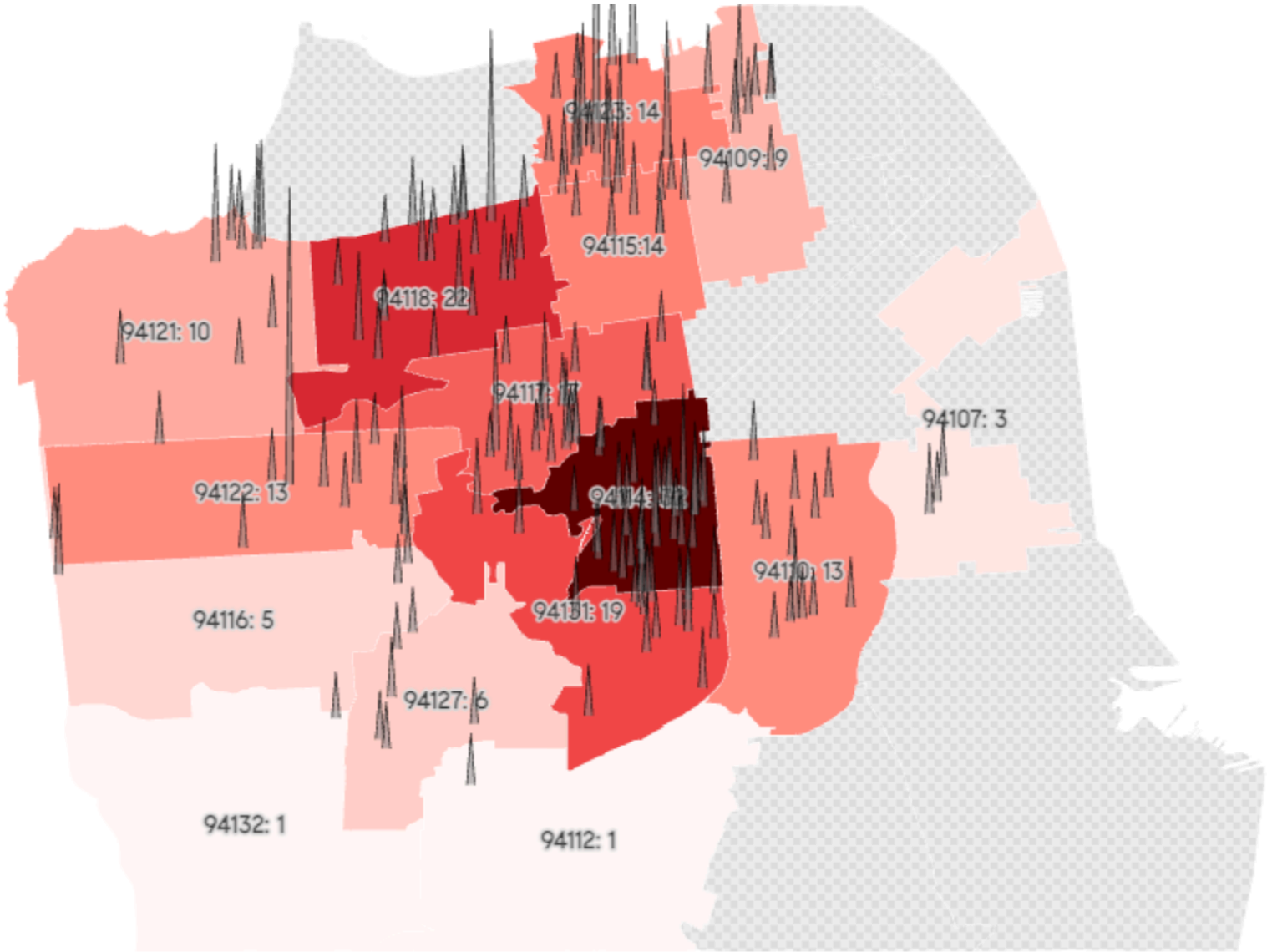


Source: Compass via MLS Data · Home sales where sale price exceeded the final list price by at least $1 million.

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Where The Money is Concentrating

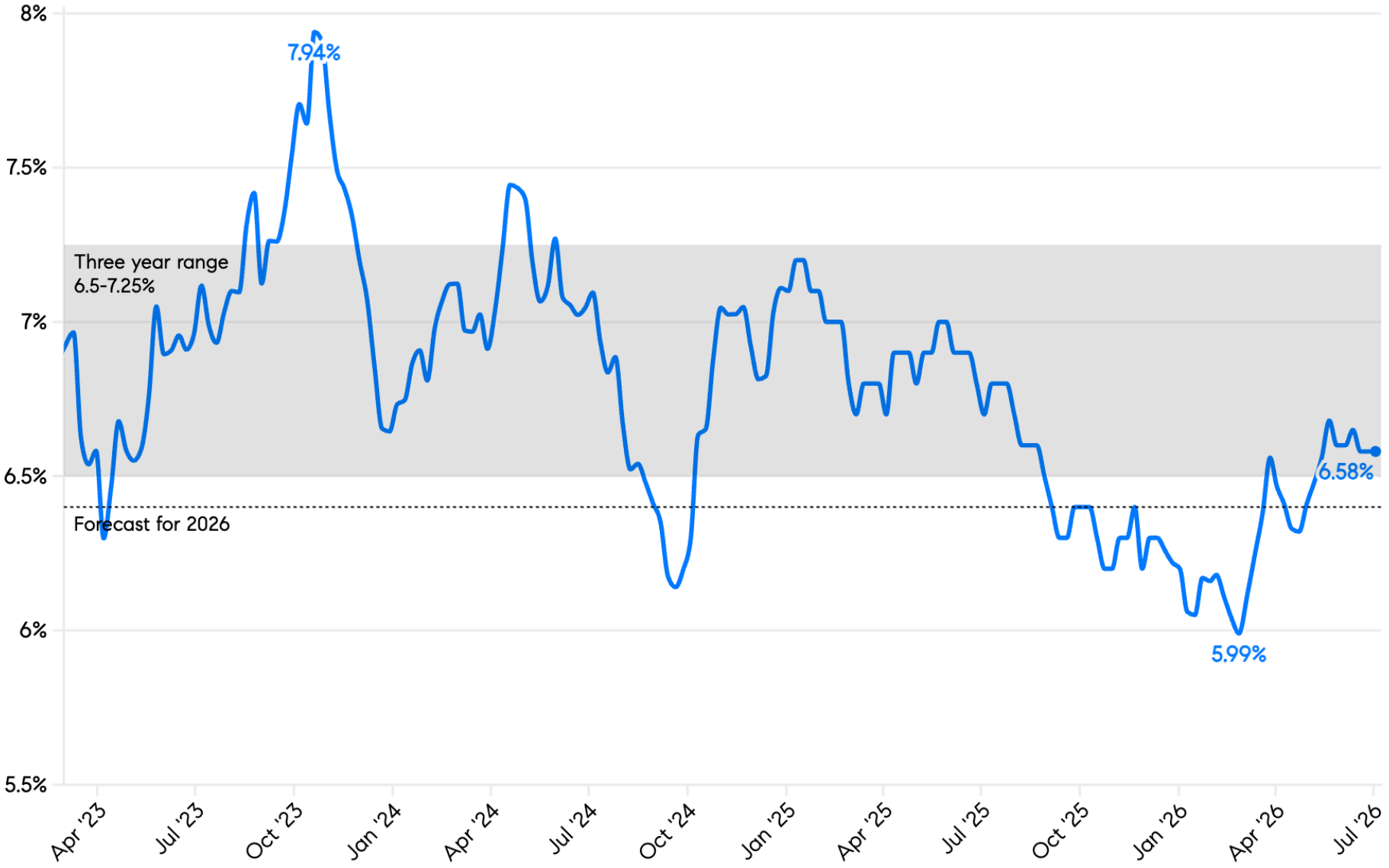
San Francisco home sales at least $1 million over the asking price. The pace of those closing at least $1 million over ask illustrates the most desirable neighborhoods.



Source: Compass via MLS data · Home sales where sale price was at least $1 million over the final ask price. The height of each spike represents the total dollars over asking.

Mortgage Rates Stay In The Mid-6s

Interest have stayed elevated due persistent inflation news and recently improved jobs data. Still at the low-end of the range over the past three years, any push into the upper 6s is likely to slow home purchase demand again.

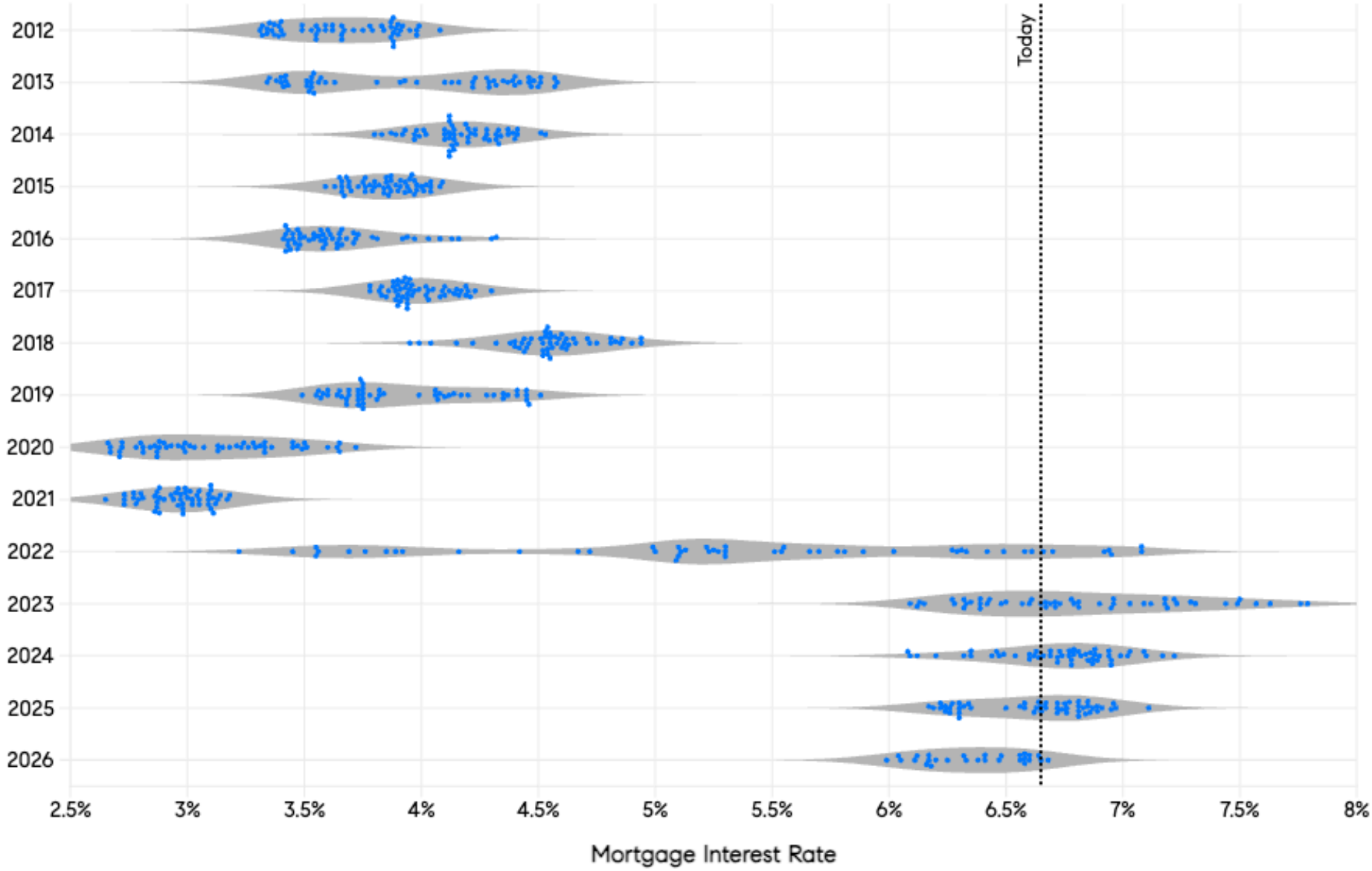


Source: Mortgage News Daily, Compass

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Will Mortgage Rates Return to the Low 6s?

Even as interest rates are at highs for the year, affordability is better than it has been for most of the last four years.

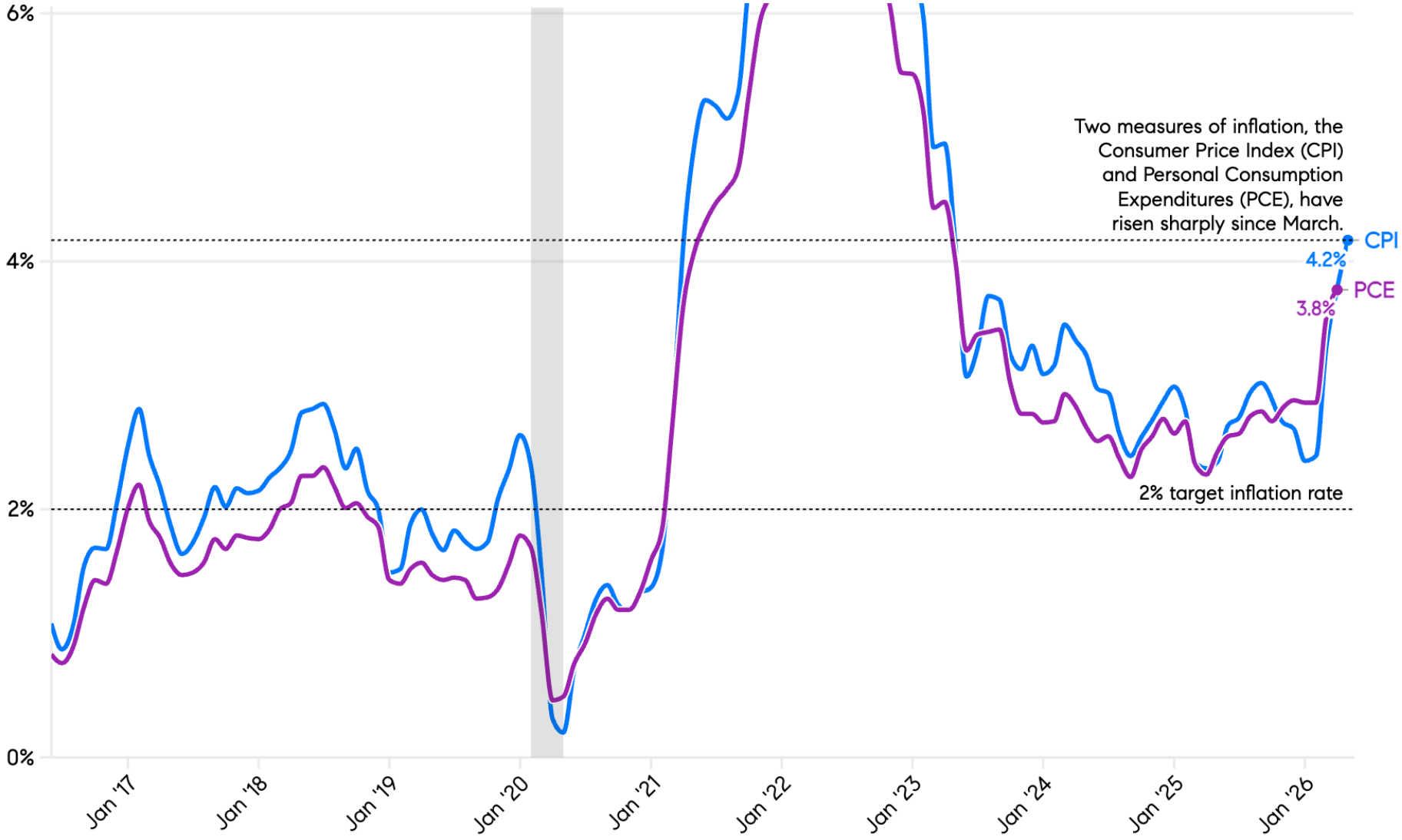


Source: Mortgage News Daily, Compass · 30-year fixed rate mortgage. Each dot is a weekly average

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Inflation Accelerates in June

Tariffs, oil, and government spending are all contributing to re-accelerating inflation. Recently falling oil prices are not yet visible in the inflation data. Inflation has forced interest rates higher, adding to affordability challenges with real estate.

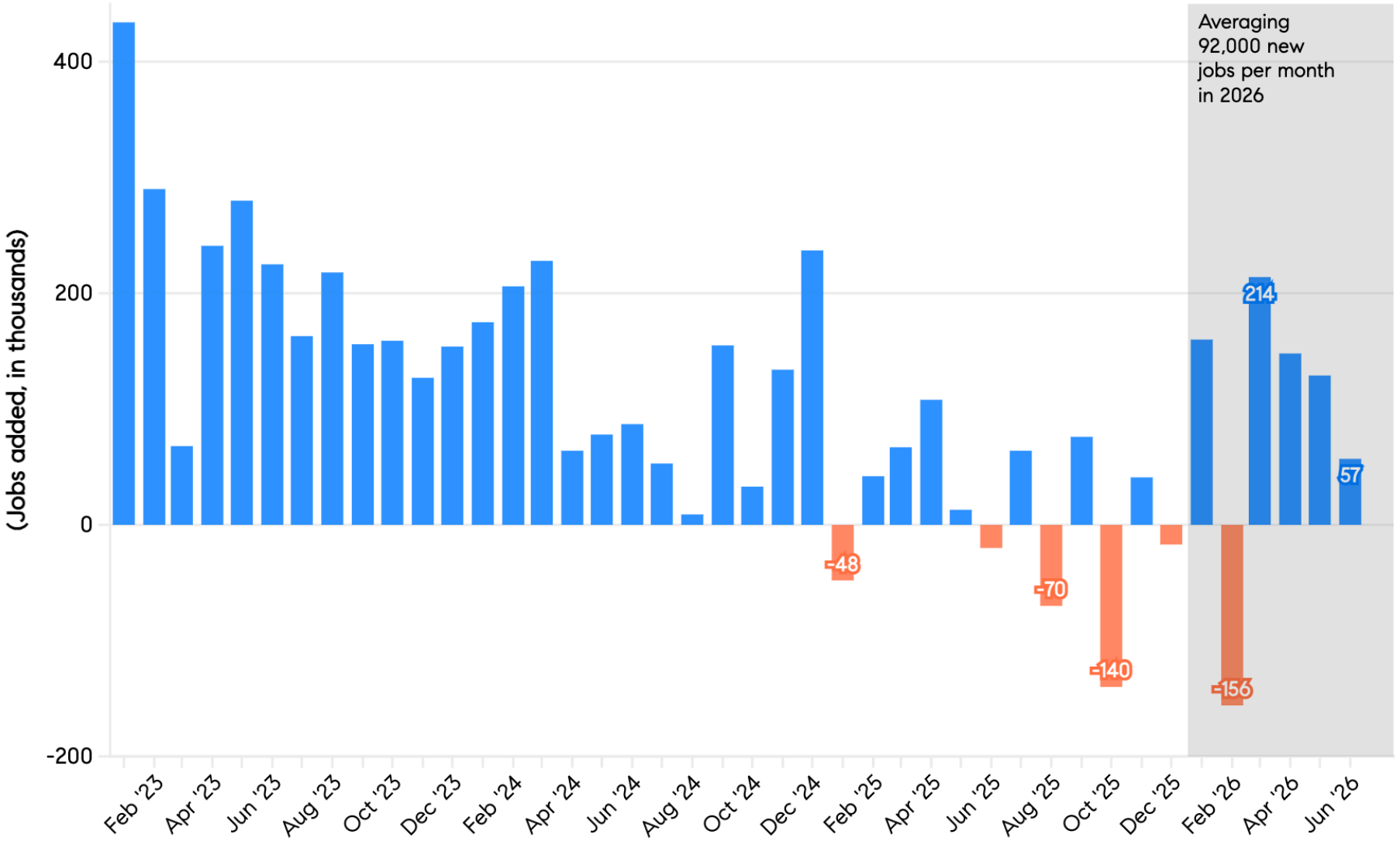


Source: US BLS, BEA

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National Employment Grows Slowly

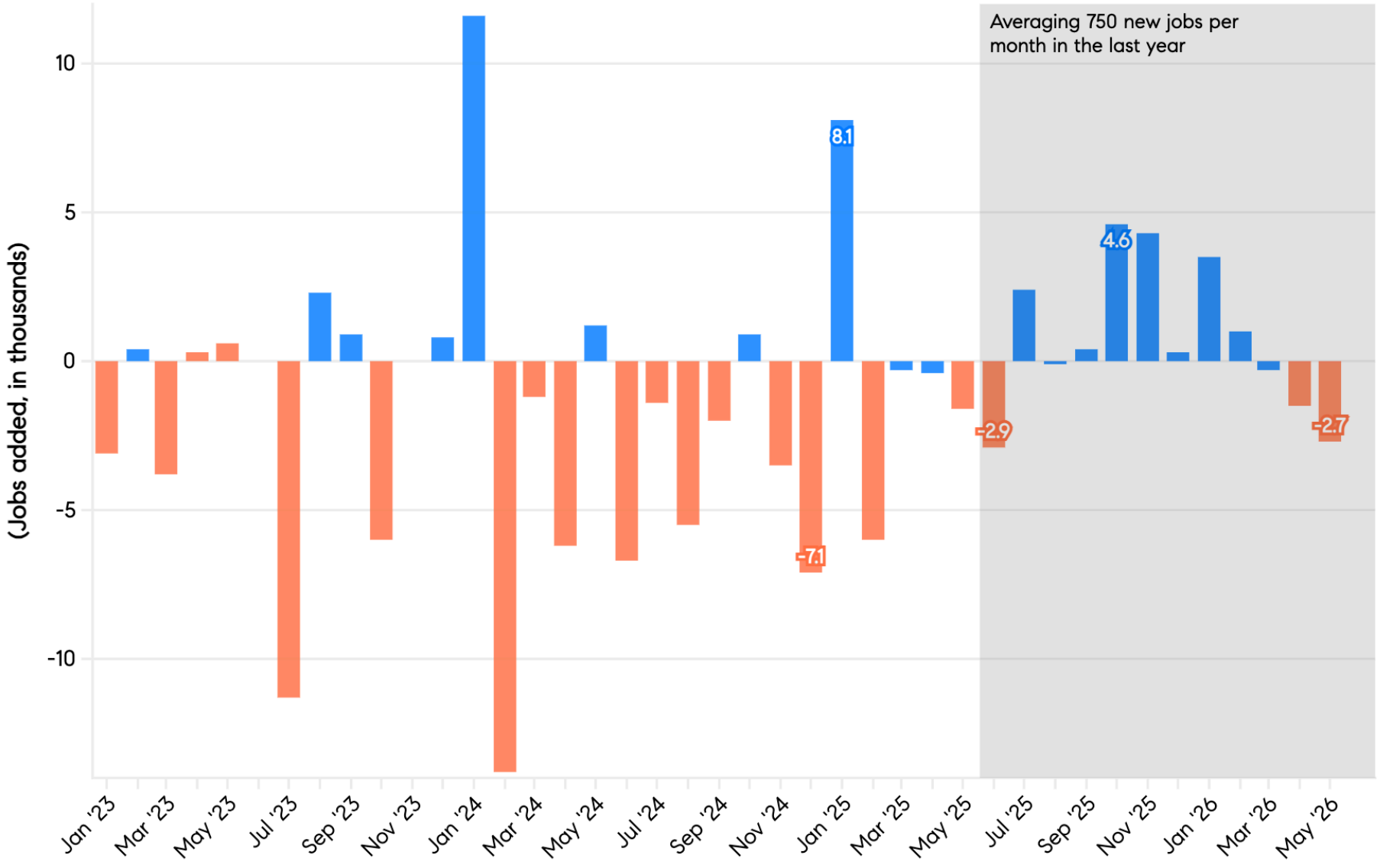
The labor market shows four months of growth after a very weak 2025. Corporate profitability is improving, AI investment is booming, and government spending is unabated, all of which are drivers of continued expansion in 2026. An improving labor market is generally positive for housing.



Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

Bay Area Job Growth Slows Again

While the most recent 12 months have been mildly positive for job growth in the Bay Area, the most recent two months report a weakening job market again.

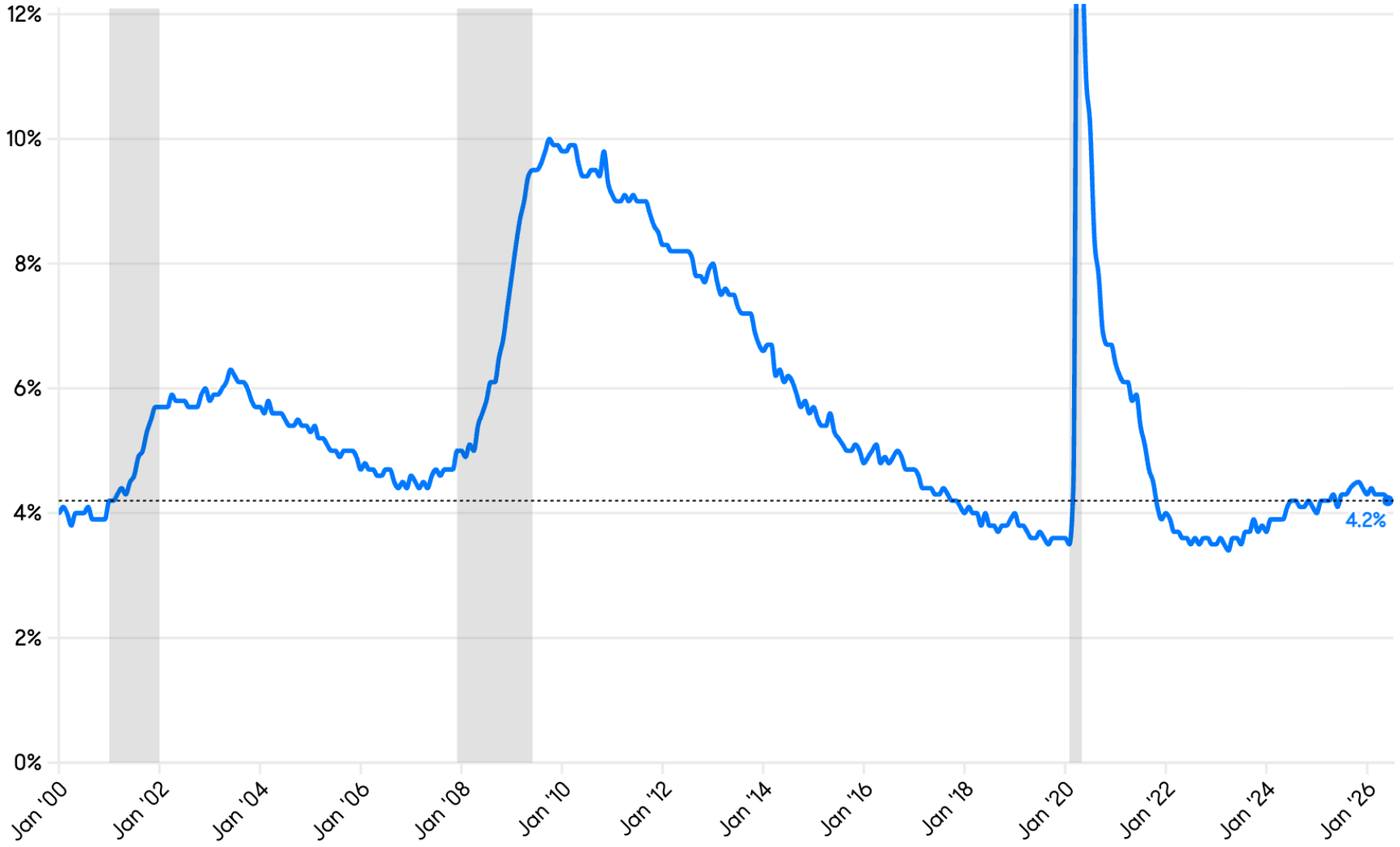


Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

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June Unemployment Declined

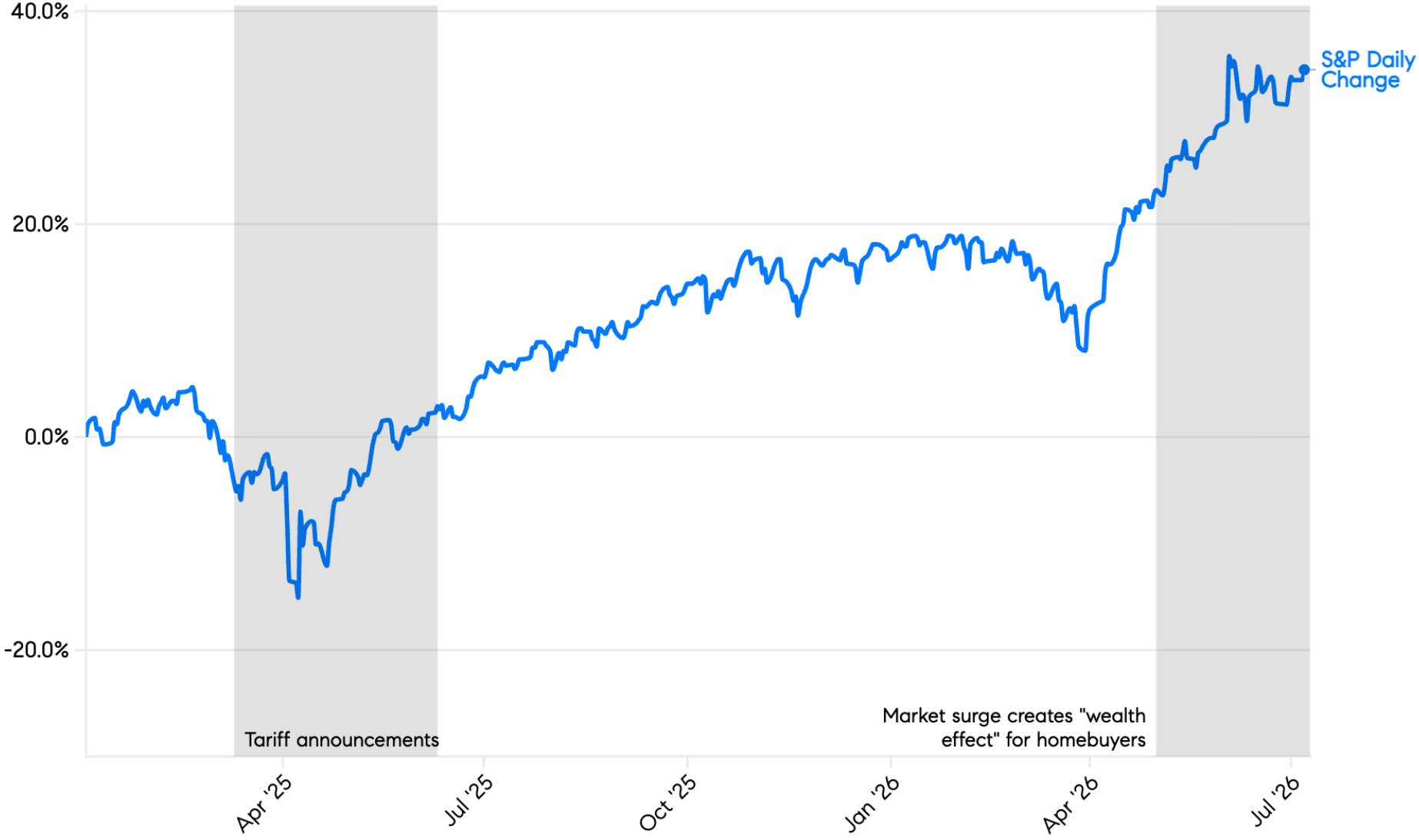
Headline Unemployment (U3) has moved lower since November. The June numbers defied expectations and dropped to 4.2%. Continued low unemployment implies very few distressed home sales but also generally holds interest rates higher.



Source: US BLS

Wealth Effect Drives Home Purchase Demand

With stock markets near all time highs, a powerful "wealth effect" is created for potential homebuyers. The opposite effect was felt in 2025 after tariffs slowed the economy and ate up business profits. This wealth effect has had dramatic results in the Bay Area with AI related market boom and IPOs in the pipeline.

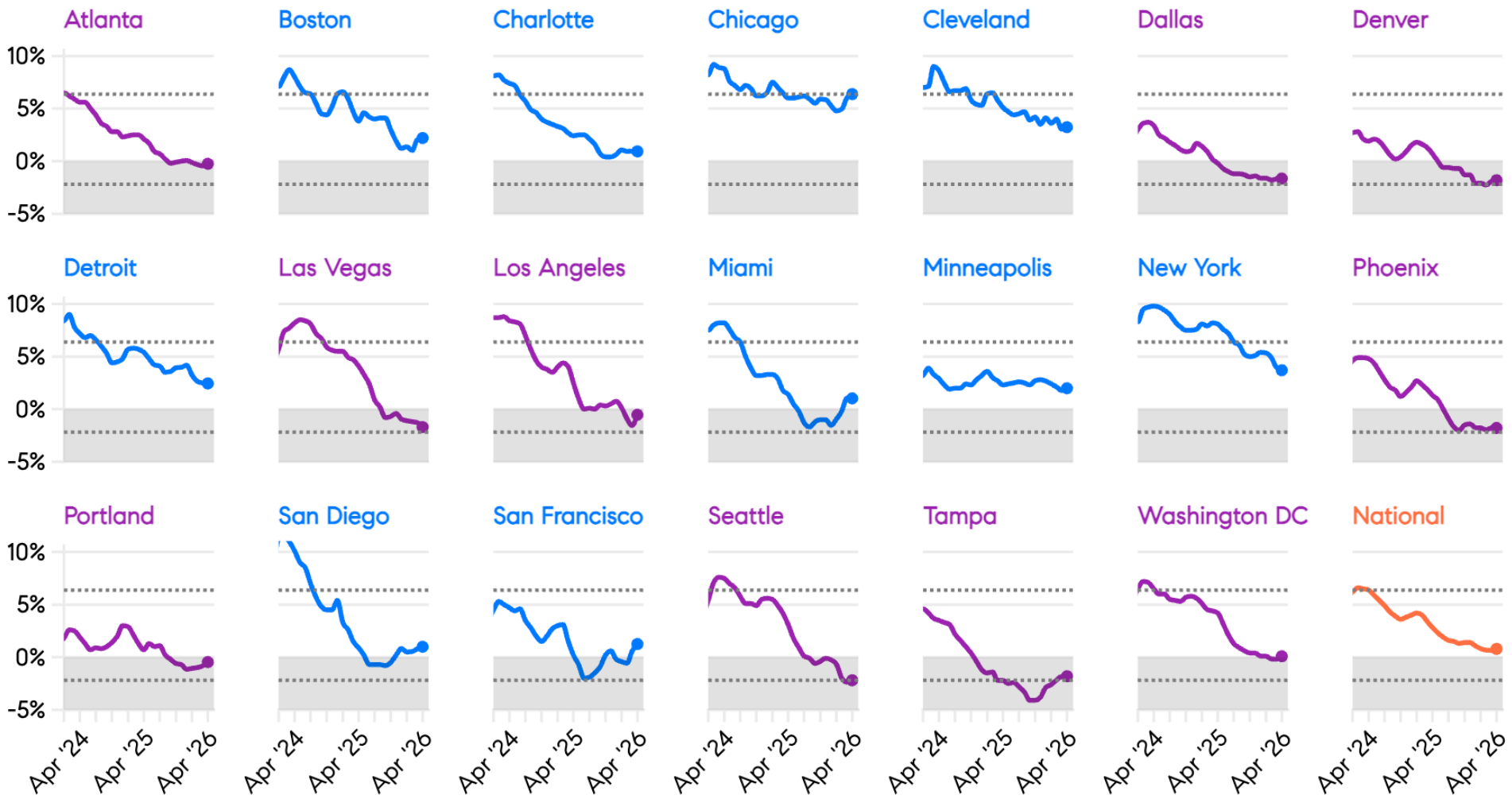


Source: MarketWatch.com
Index change vs. Jan 1. 2025

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Bay Area Sales Price Growth is Accelerating

According to the Case Shiller Index, nationally home prices are only 0.8% above last year. San Francisco prices have recently swung positive while other Western US cities show prices falling compared to last year.

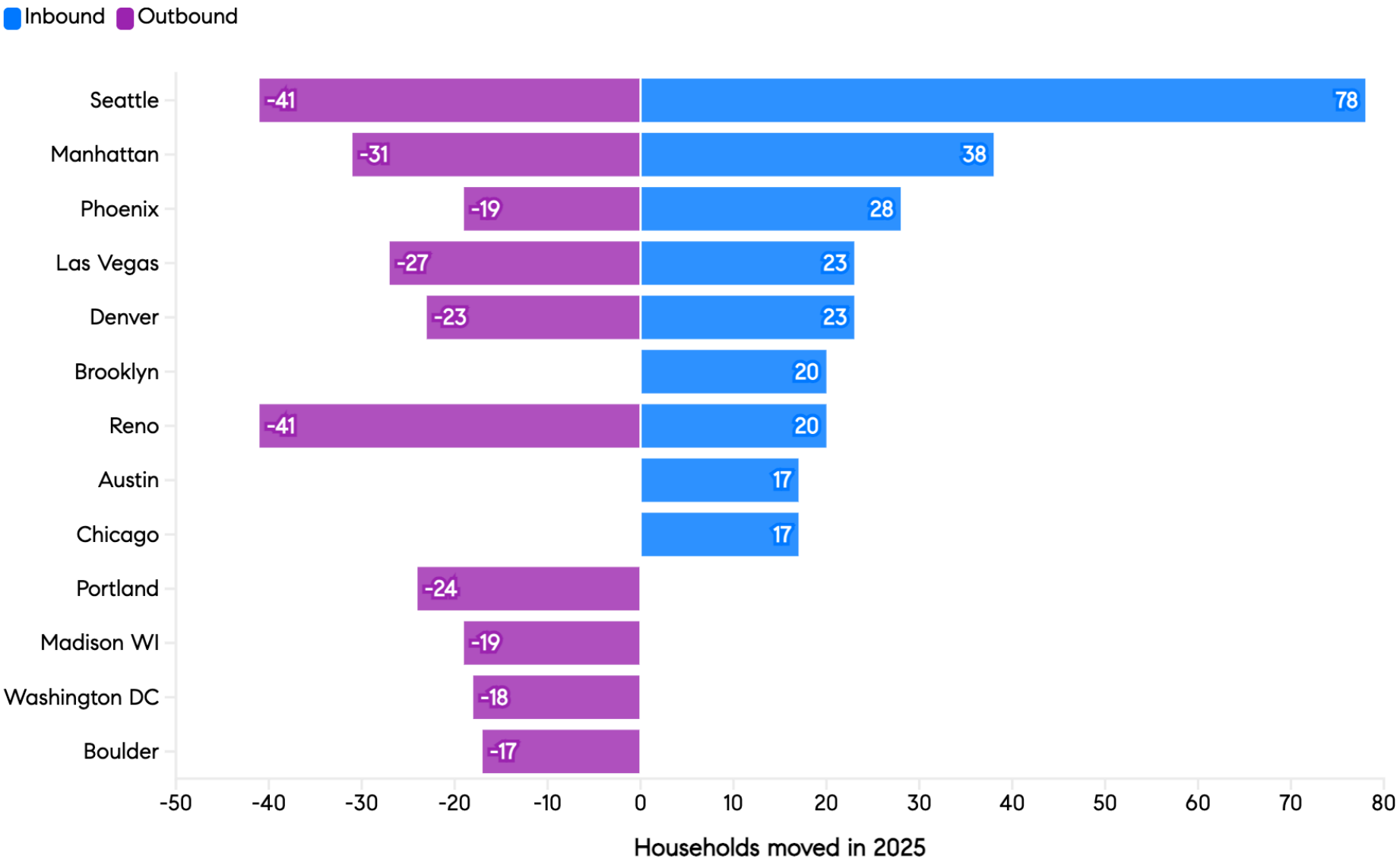


Source: S&P CoreLogic Case-Shiller · Purple cities have home price appreciation vs. March 2025. Orange cities have home price declines from Mar 2025. Dotted lines are top and bottom performing markets. Gray area is below 0%

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Bay Area Migration Sources & Destinations

In 2025, inbound migration to the Bay Area resumed for the first time in many years. Seattle and Austin are net inbound to San Francisco. Lower cost of living cities remain popular destinations for outbound movers.

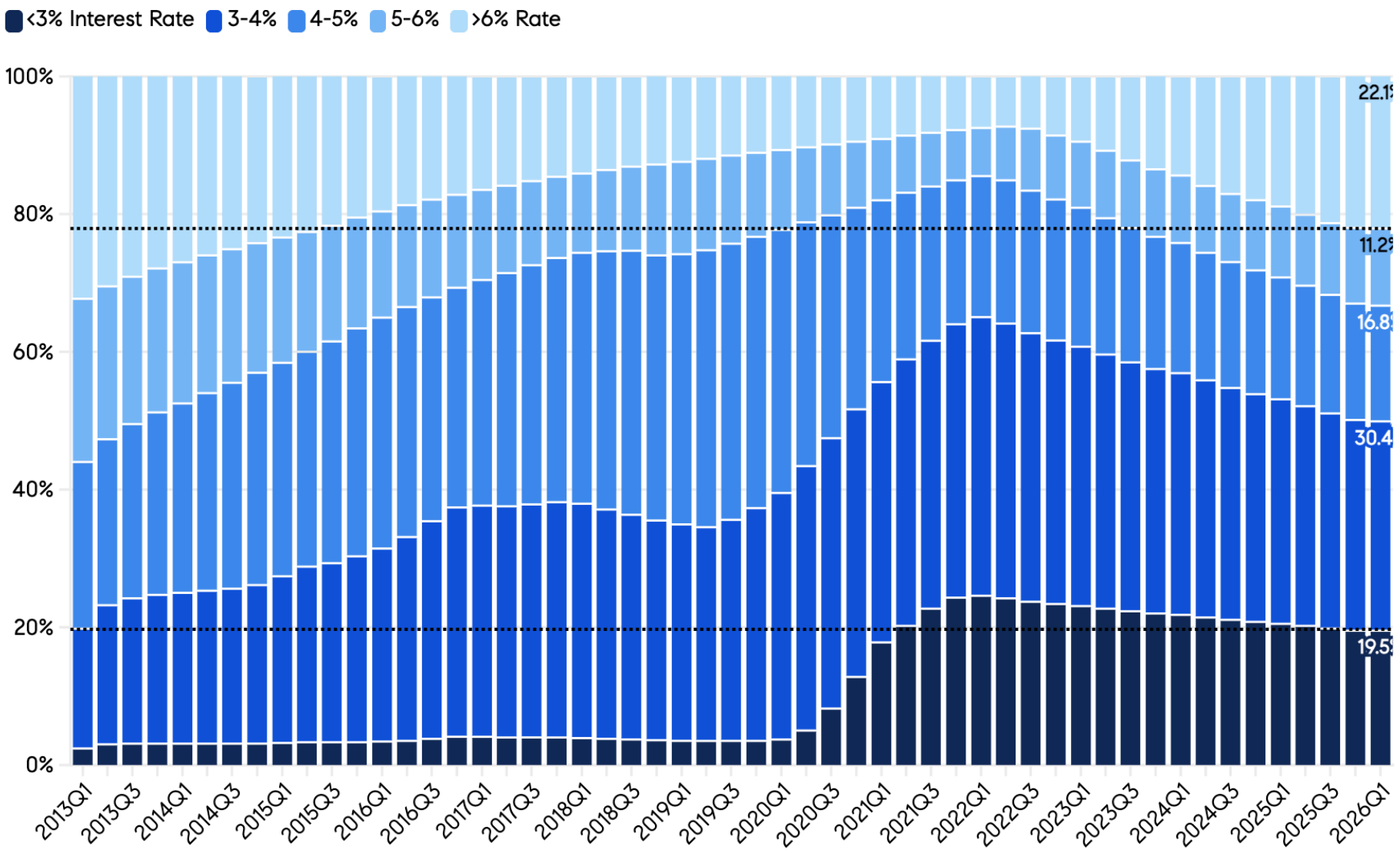


Source: Censai Analytics · Top 10 inbound and outbound counties tracked. Sources include change of address forms and voter registration changes. Likely undercounts students and non-voters.

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Expensive and Cheap Mortgages

More mortgages now carry a 6-plus% rate than under 3%. Homeowners with very cheap mortgage payments are reluctant to ever sell, so inventory remains tight and sales are fewer than normal. Over time, fewer homeowners are locked-in to ultra low rates and home sales will grow.



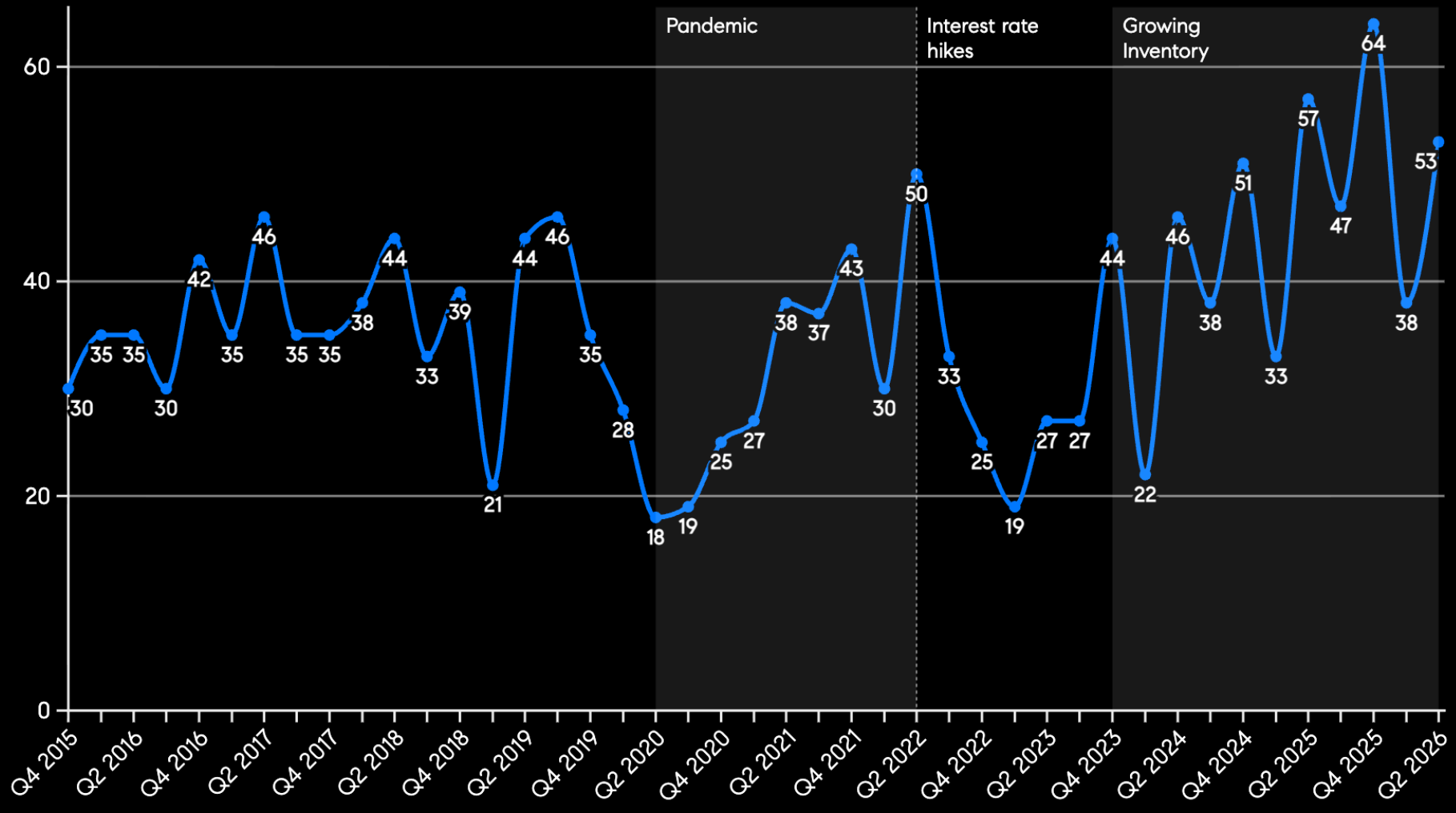
Source: FHFA · All outstanding mortgages, through December 2025

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Closed Sales, by Quarter

San Francisco Apartment Buildings

5+ Units



Source: Compass via MLS

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San Francisco 5+ Unit Apartment Building Sales

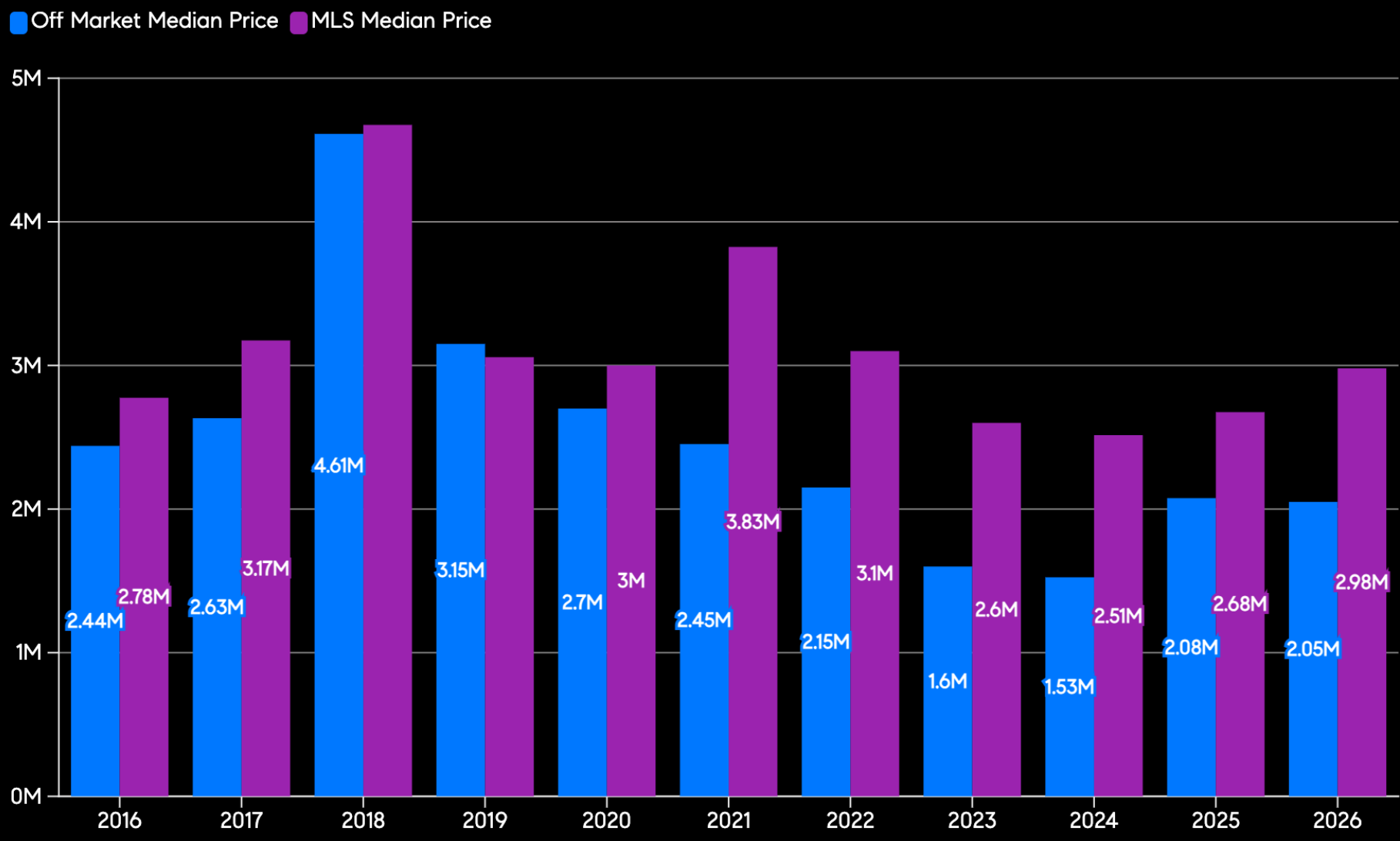
Closed Transactions by Year



Source: Compass via Assessor Data

San Francisco 5+ Unit Apartment Building Median Price

Median Sale Price by Year

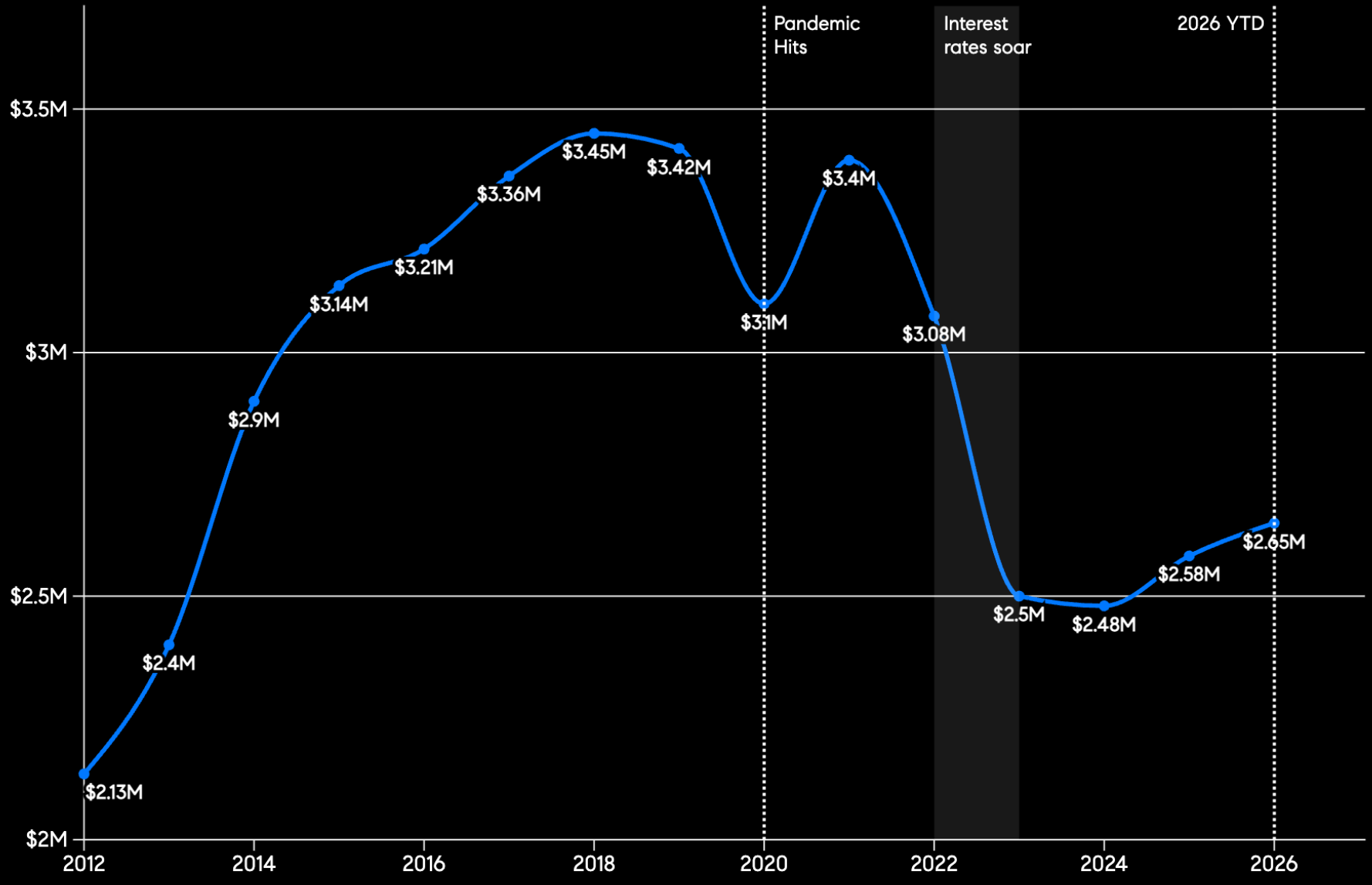


Source: Compass via Assessor Data

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Median Sales Prices, by Year

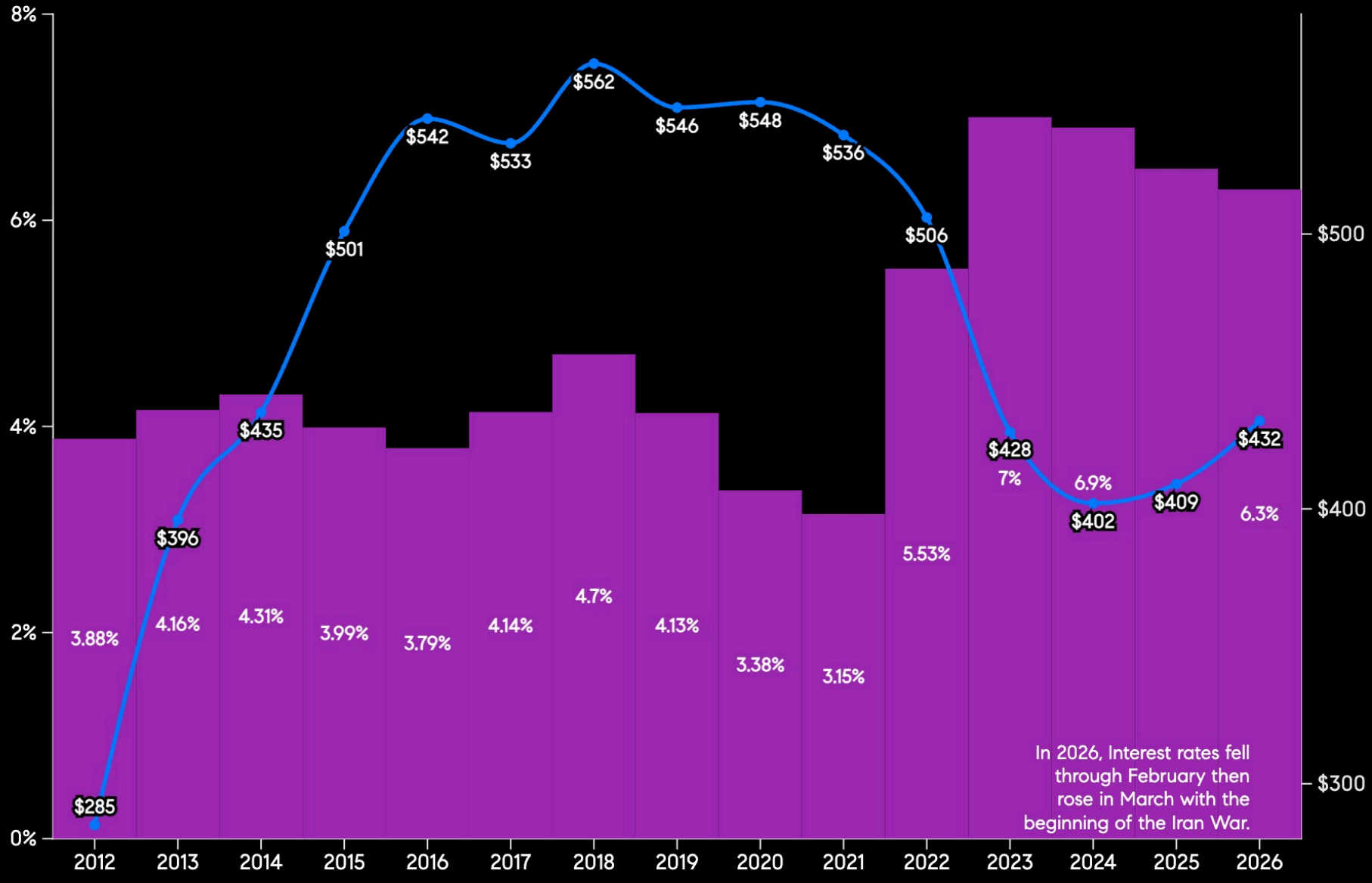
San Francisco 5+ Unit Apartment Building Sales



Source: Compass via MLS

Average $/Sq.Ft. Vs. Annual Interest Rate

San Francisco 5+ Unit Apartment Building Sales

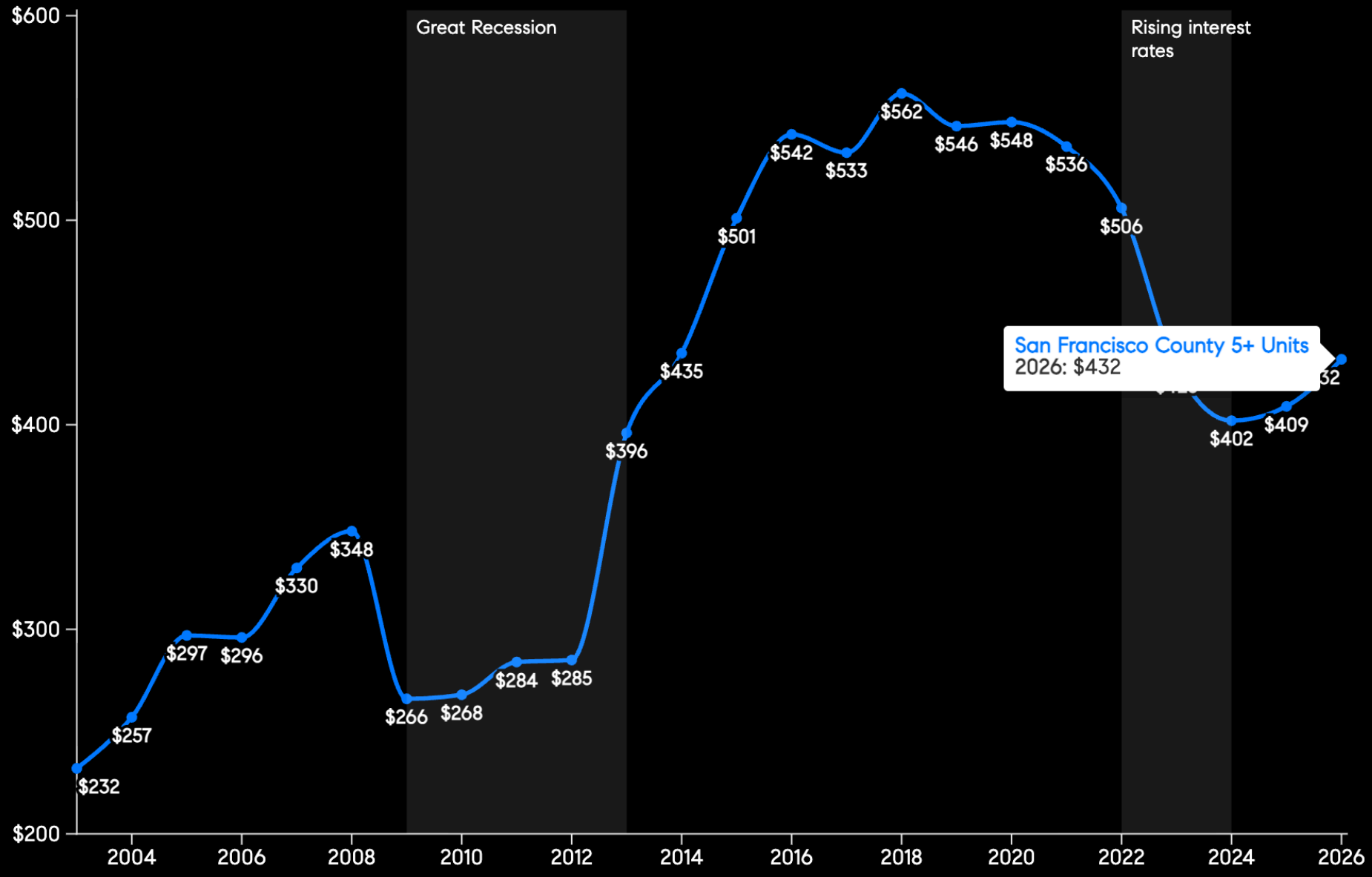


Source: Compass via MLS

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Average Dollar per Square Foot

San Francisco 5+ Unit Building Sales

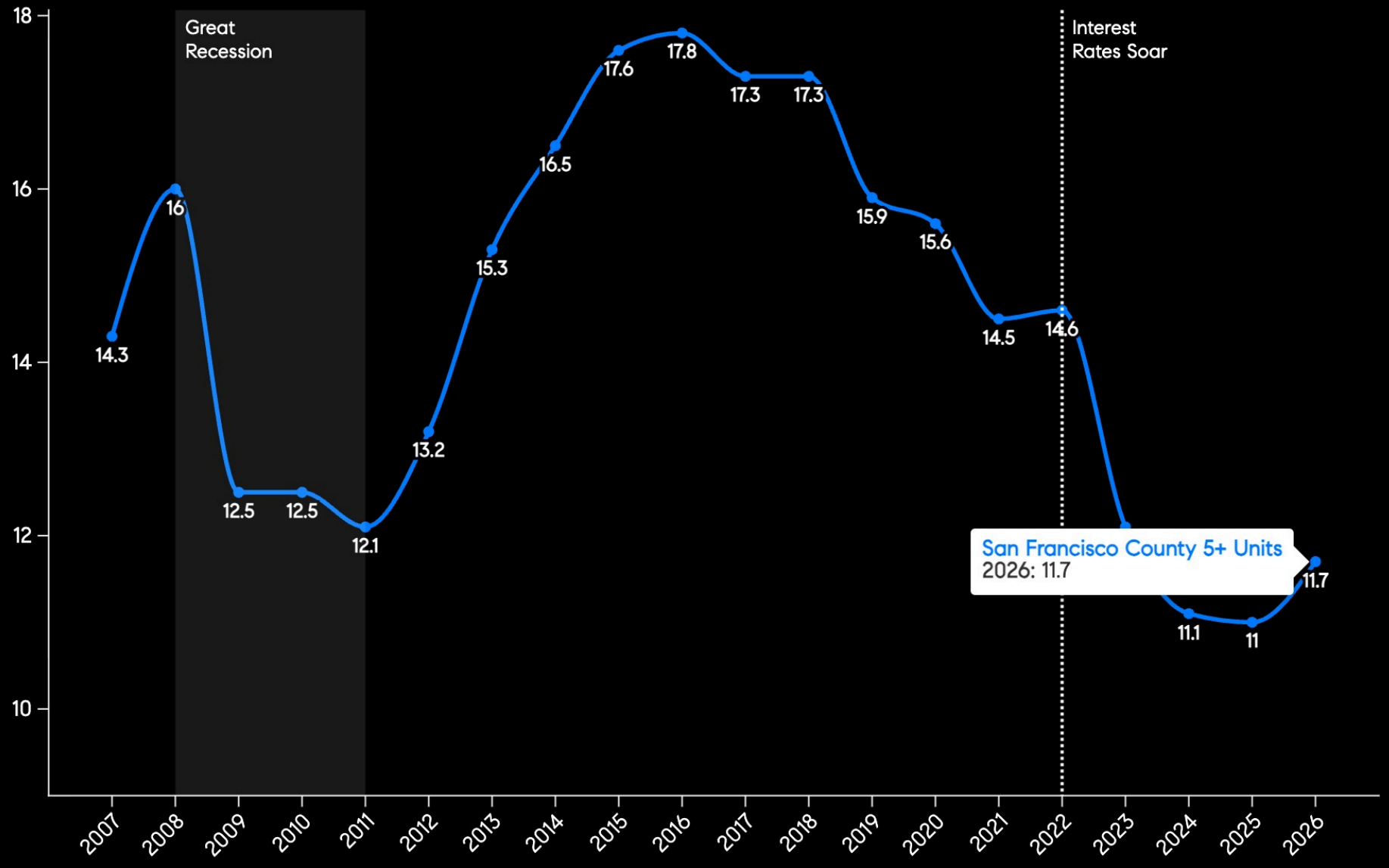


Source: Compass via MLS

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San Francisco Gross Rent Multiplier, 5+ Units

GRM is calculated by dividing the sales price by the annual gross rents. It is an estimate of how many years it would take for a property to pay for itself through gross rental income.



Source: Compass via MLS

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Gross Rent Multiplier vs. Interest Rate

San Francisco 5+ Unit Apartment Building Sales

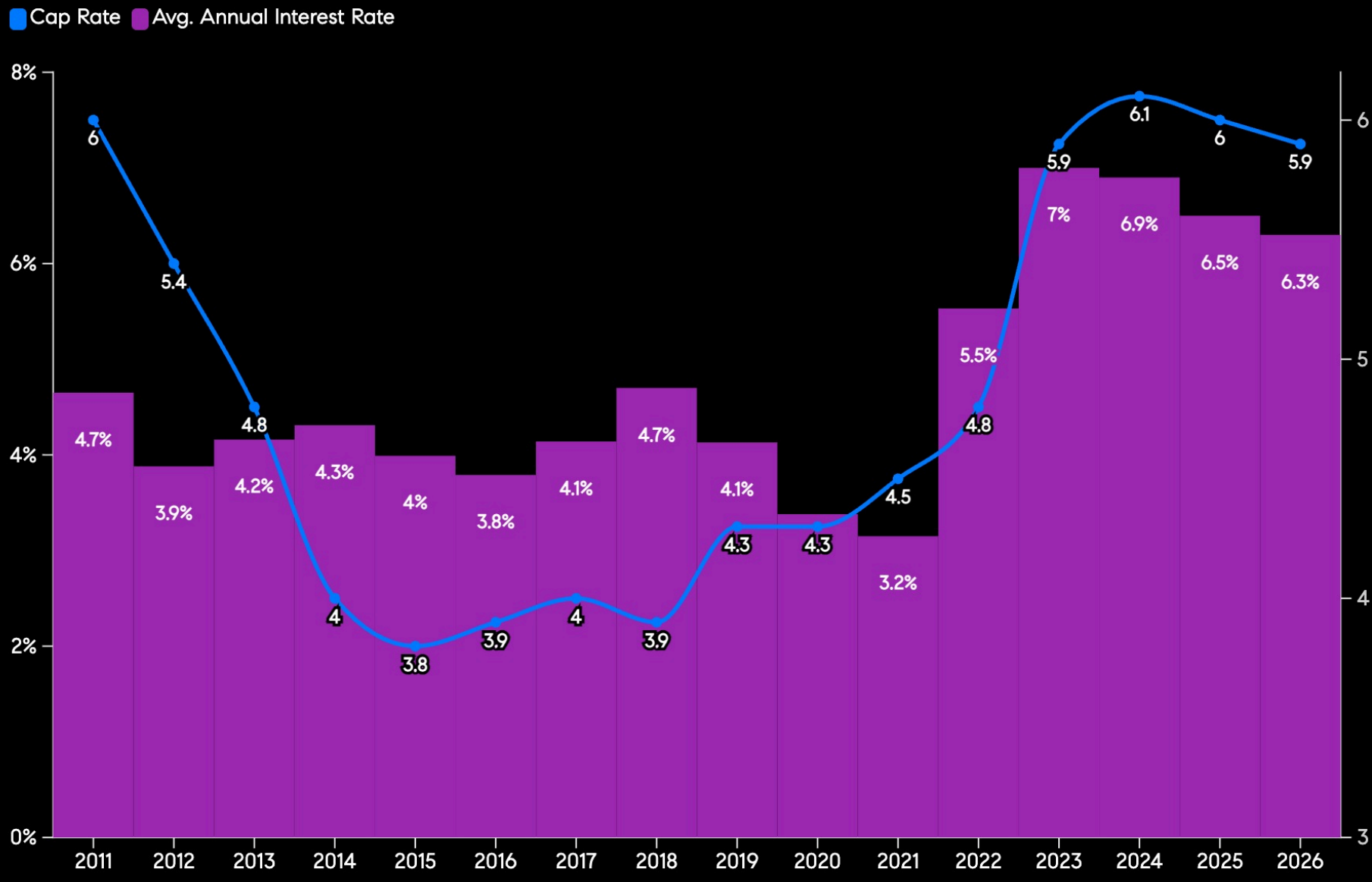


Source: Compass via MLS

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Cap Rate Vs. Interest Rate, by Year

San Francisco County 5+ Units

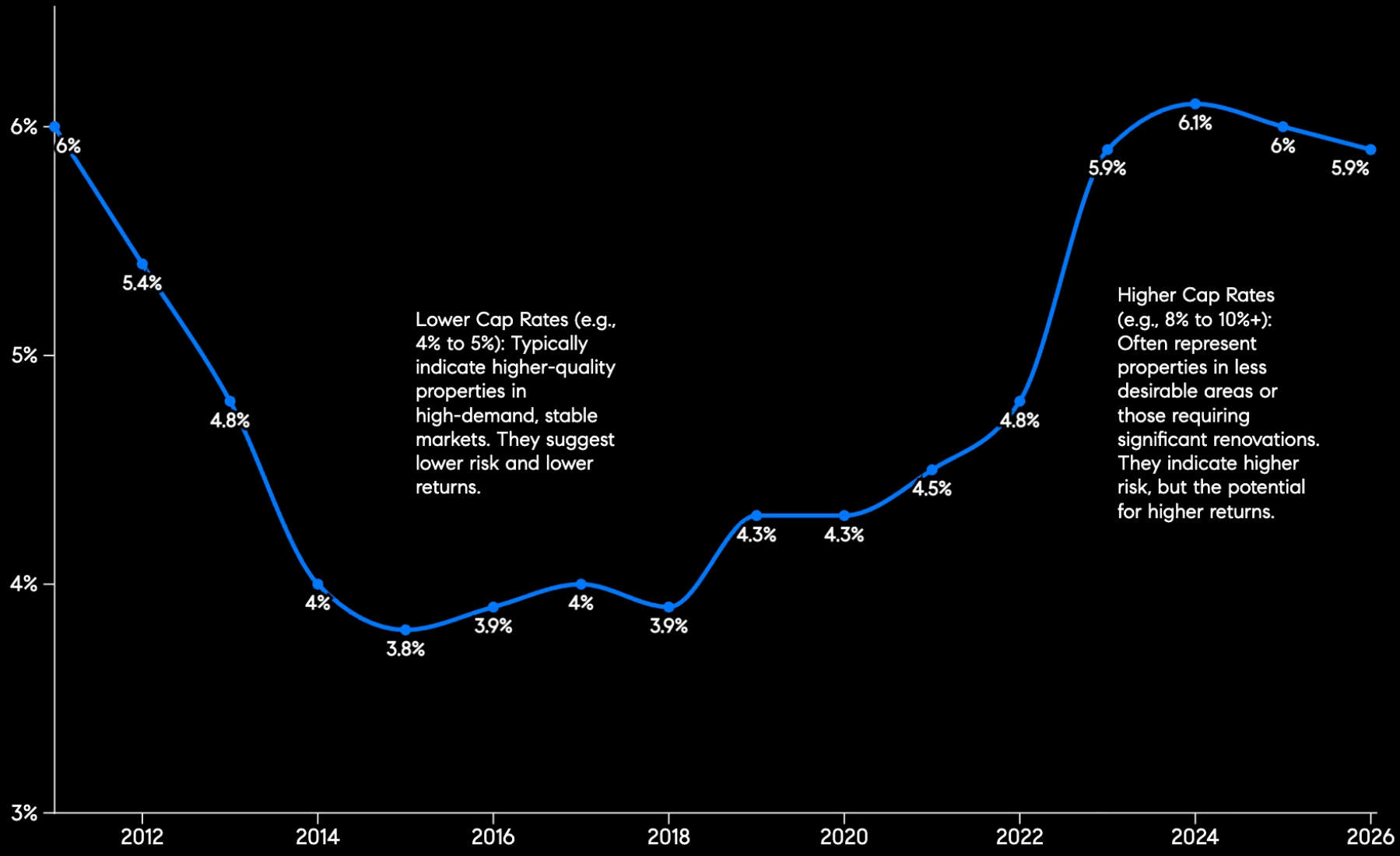


Source: Compass via MLS

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San Francisco Cap Rate, 5+ Units

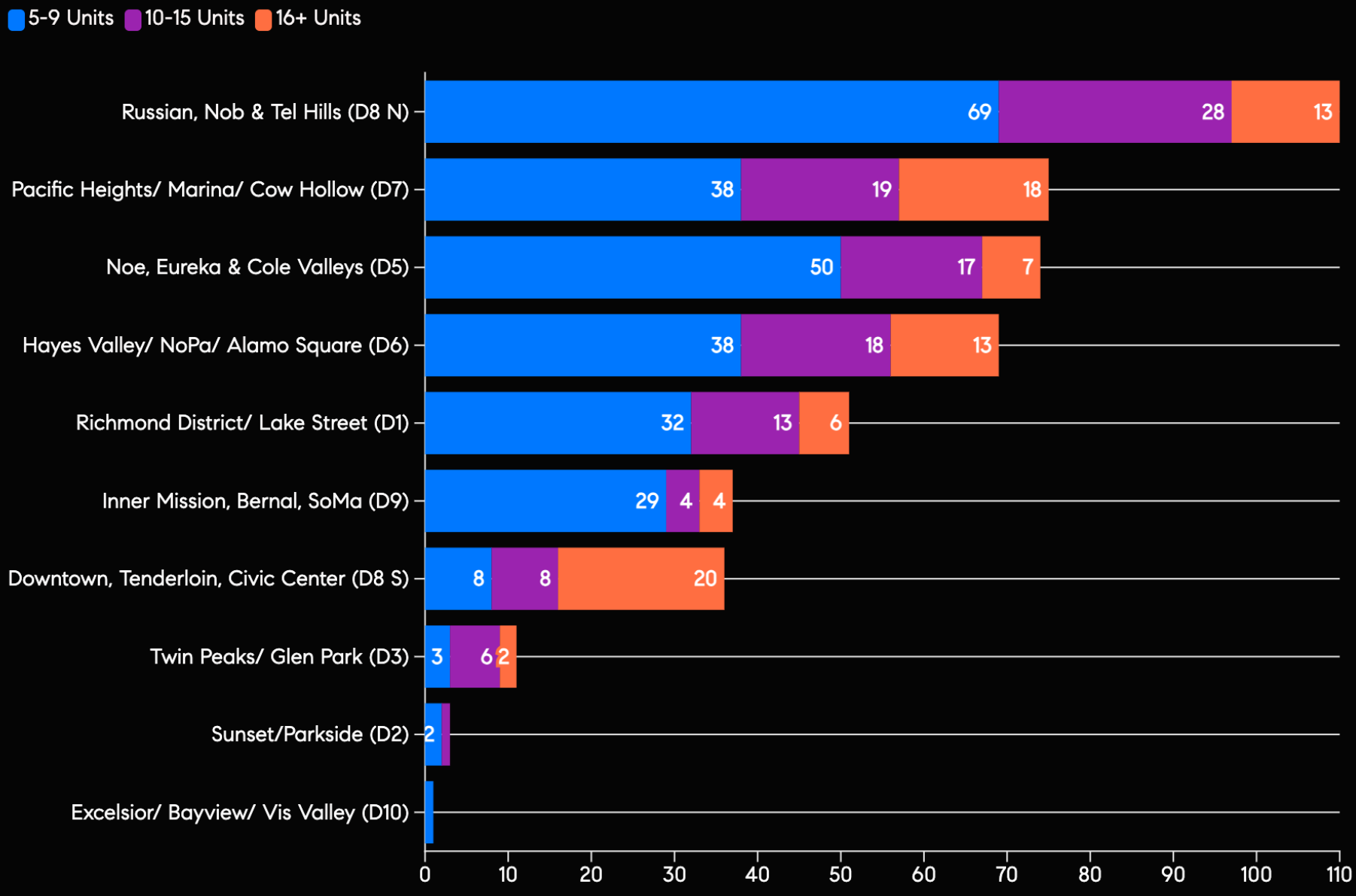
Capitalization rate calculations - sales price divided by net income (excluding mortgage costs) or return on investment as if the property had been purchased in all cash.



Source: Compass via MLS

Multi-Unit Residential Property, Sales, 5+ Units

Q2 2025 - Q2 2026 Sales by San Francisco Realtor District

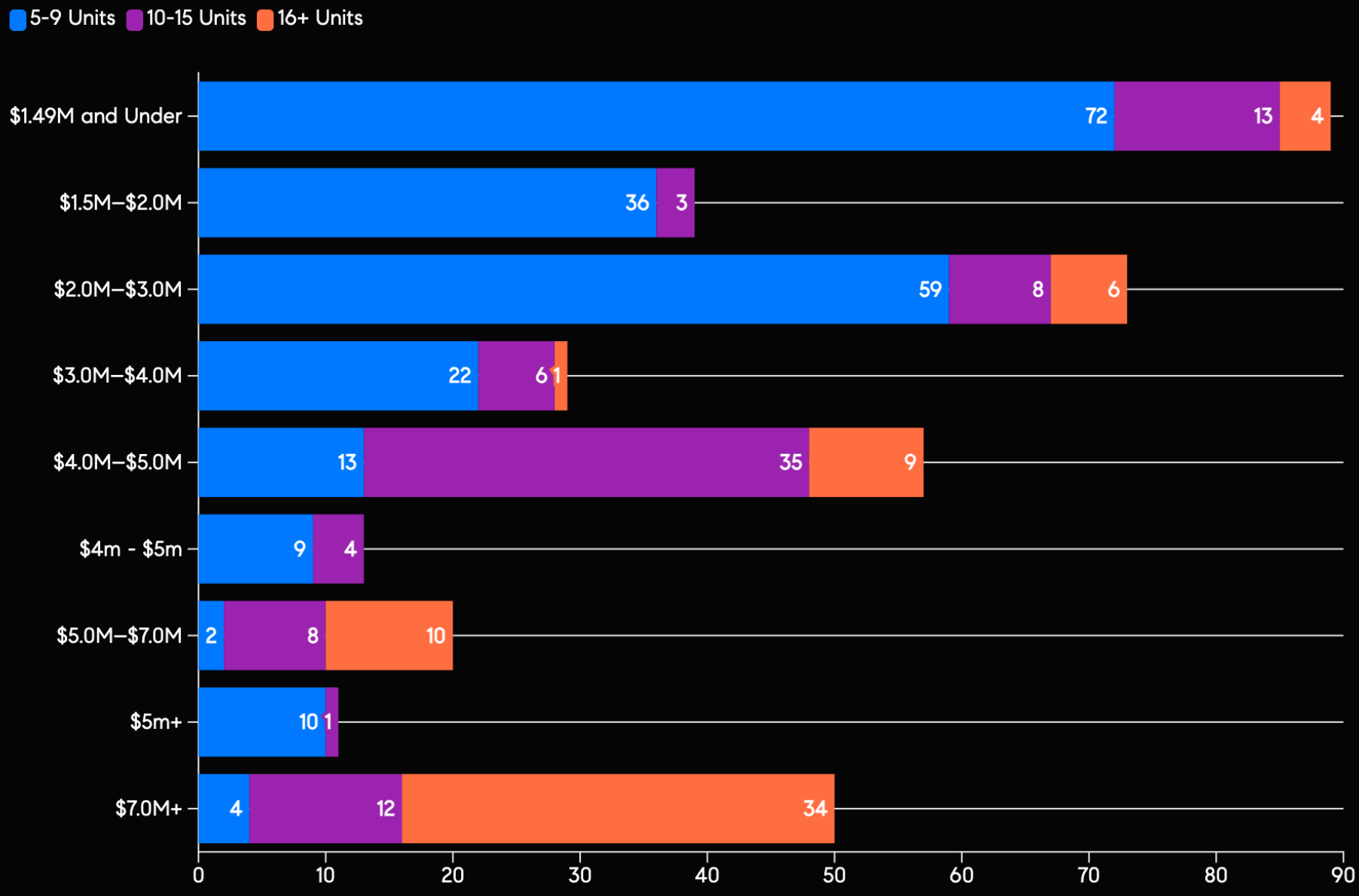


Source: Compass via MLS

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San Francisco 5+ Unit Apartment Building Sales

12 Months Sales by Price Segment



Source: Compass Assessor Data · This includes transactions not reported to the MLS.

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5+ Unit Multi-Family Building Markets

Rolling 12-month pricing strengthened across nearly every San Francisco district in Q2, supported by larger property sales, while market pace varied significantly by neighborhood.

San Francisco Realtor District	Sales	Median Sales Price	Median $/Sq. Ft.	Median Units	Median Size	GRM / Cap Rate	Avg. DOM
Pacific & Presidio Heights, Cow Hollow & Marina (D7)	13	4,950,000	596	6	11,385	6.5 / 9.3	31
Noe, Eureka & Cole Valleys (D5)	14	3,870,000	404	9	8,375	8.2 / 7.35	78
Lake Street, Richmond District (D1)	4	4,320,000	446	6	9,678	9.7 / 6.2	81
NoPa, Alamo Square, Hayes Valley (D6)	18	3,700,000	413	7	7,544	7.5 / 7.98	44
Russian, Nob & Telegraph Hills; North Beach (D8 North)	15	3,625,000	455	7	8,004	7.8 / 7.69	76
Sunset, Parkside (D2)	5	3,950,000	431	11	9,168	9.5 / 6.37	17
Mission, Bernal Heights, Potrero Hill, SoMa (D9)	10	2,095,000	326	7	5,346	15.7 / 3.81	89
Downtown, Tenderloin, Civic Center (D8 South)	9	6,400,000	339	10	13,239	7.8 / 7.72	109
Bayview, Excelsior, Visitacion Valley (D10)	2	1,520,000	141	6	4,732	6.3 / 9.6	48
Sunnyside, Forest Knolls, Diamond Heights (D4)	1	4,210,000	397	8	10,596	9.9 / 6.07	21

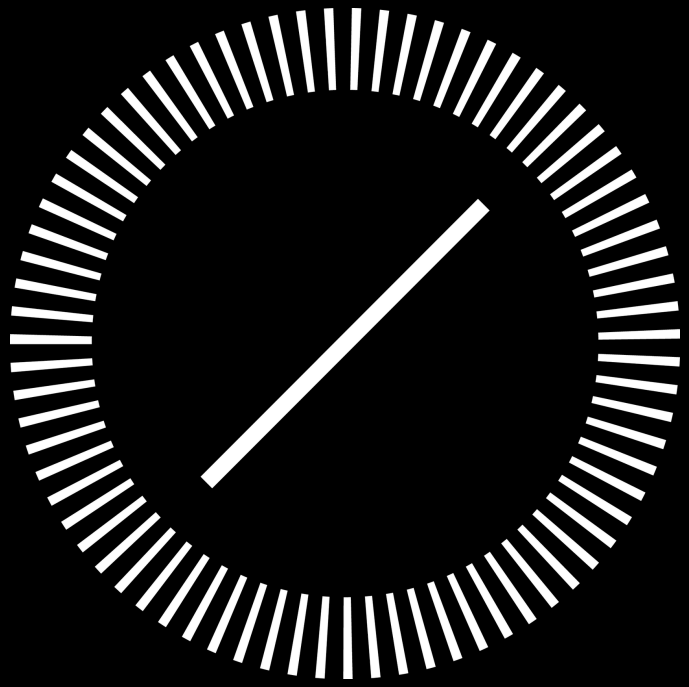
Source: Compass via MLS · Not all activity is reported to MLS. Multiple unit buildings classified as houses or condos excluded. All numbers approximate. Statistics based on past activity may not apply to future trends and can be distorted by outlier data (especially in low sales volume segments). Outlier data removed when identified. Numbers change constantly.

San Francisco 5+ Units Metrics

2026 YTD through Q2

Metric	Value
Closed sales	315
Median sale price	$2,000,000
Average sale price	$3,597,000
75th percentile price	$3,830,000
Median building sqft	5,325
Sqft range (P25–P75)	3,774 – 8,168
Median $/sqft	$376
Average $/sqft	$496
Median year built	1916
Non-arm's-length ($0 sales)	21 of 315 (6.7%)

Source: Compass via Assessor Data · This includes properties not listed on the MLS



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