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July 2026 The San Francisco 2-4 Unit Apartment Building Market

Data through June 2026

Market Research

COMPASS INTERNATIONAL HOLDINGS

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.

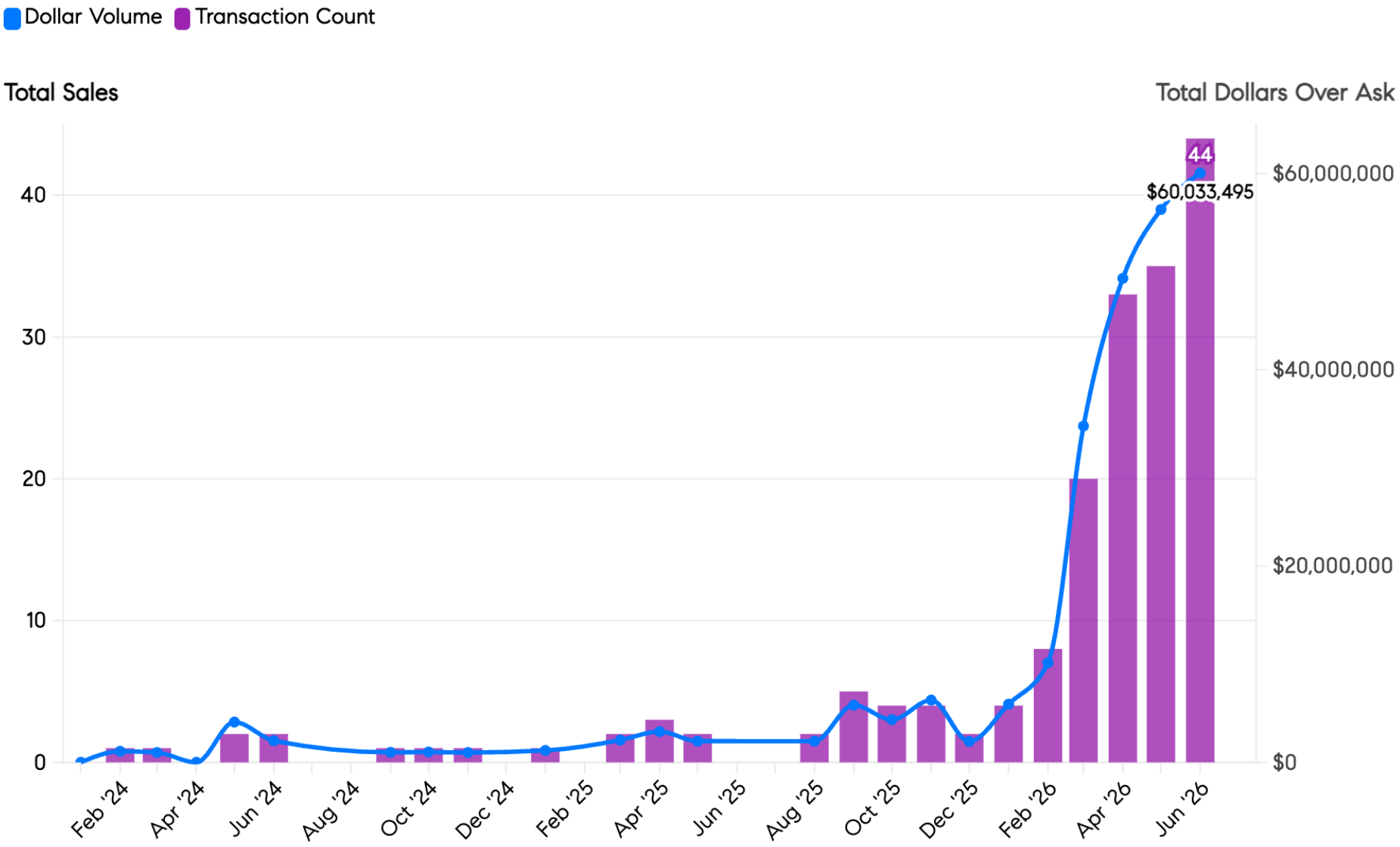
In many ways, the Bay Area is leading the nation's housing story in both directions — new wealth pulling the top of the market to record heights, while job insecurity and high rates weigh on buyers further down. It's always worth watching the Bay Area markets closely as we often signal where the rest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

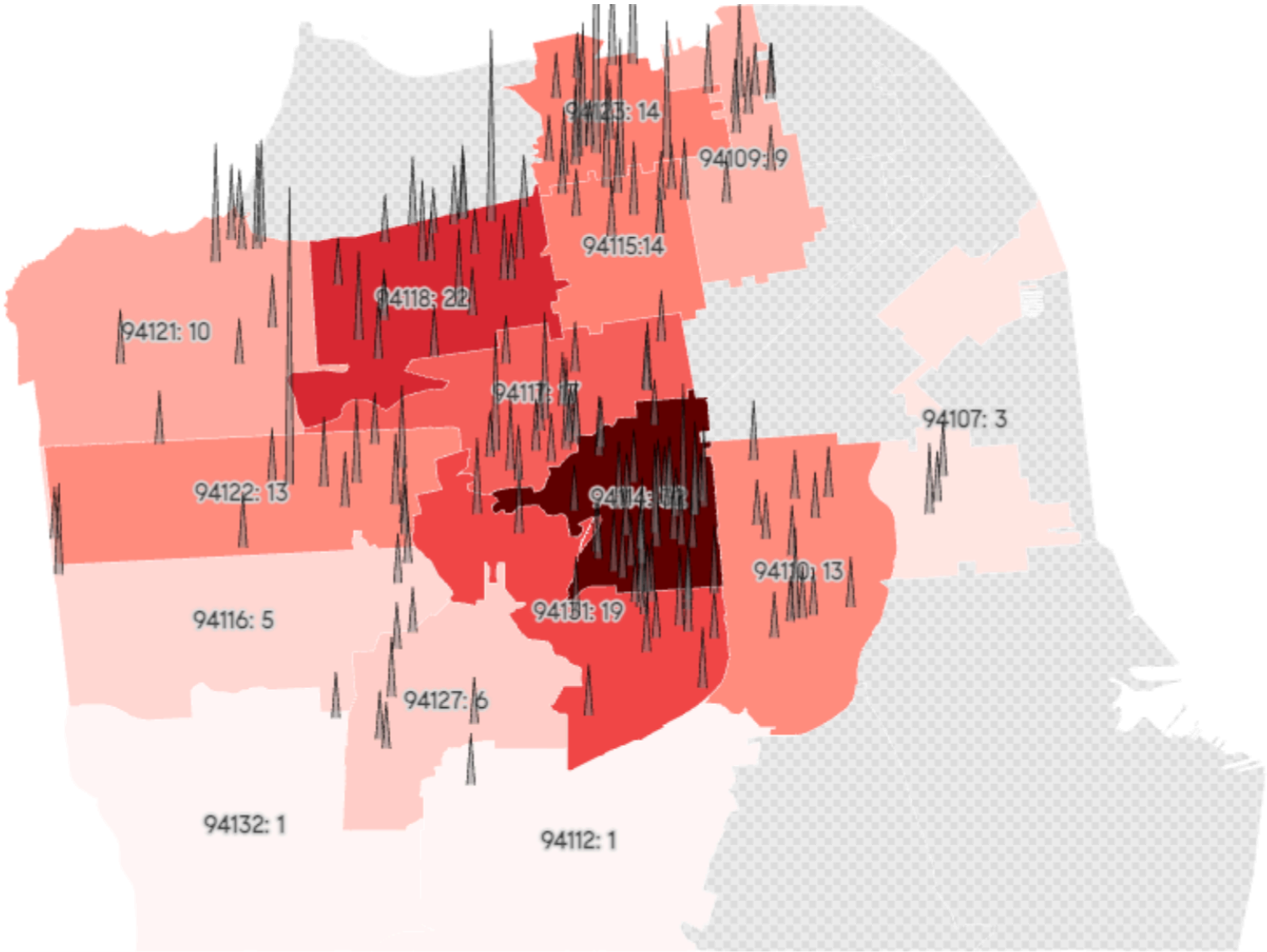


Source: Compass via MLS Data · Home sales where sale price exceeded the final list price by at least $1 million.

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Where The Money is Concentrating

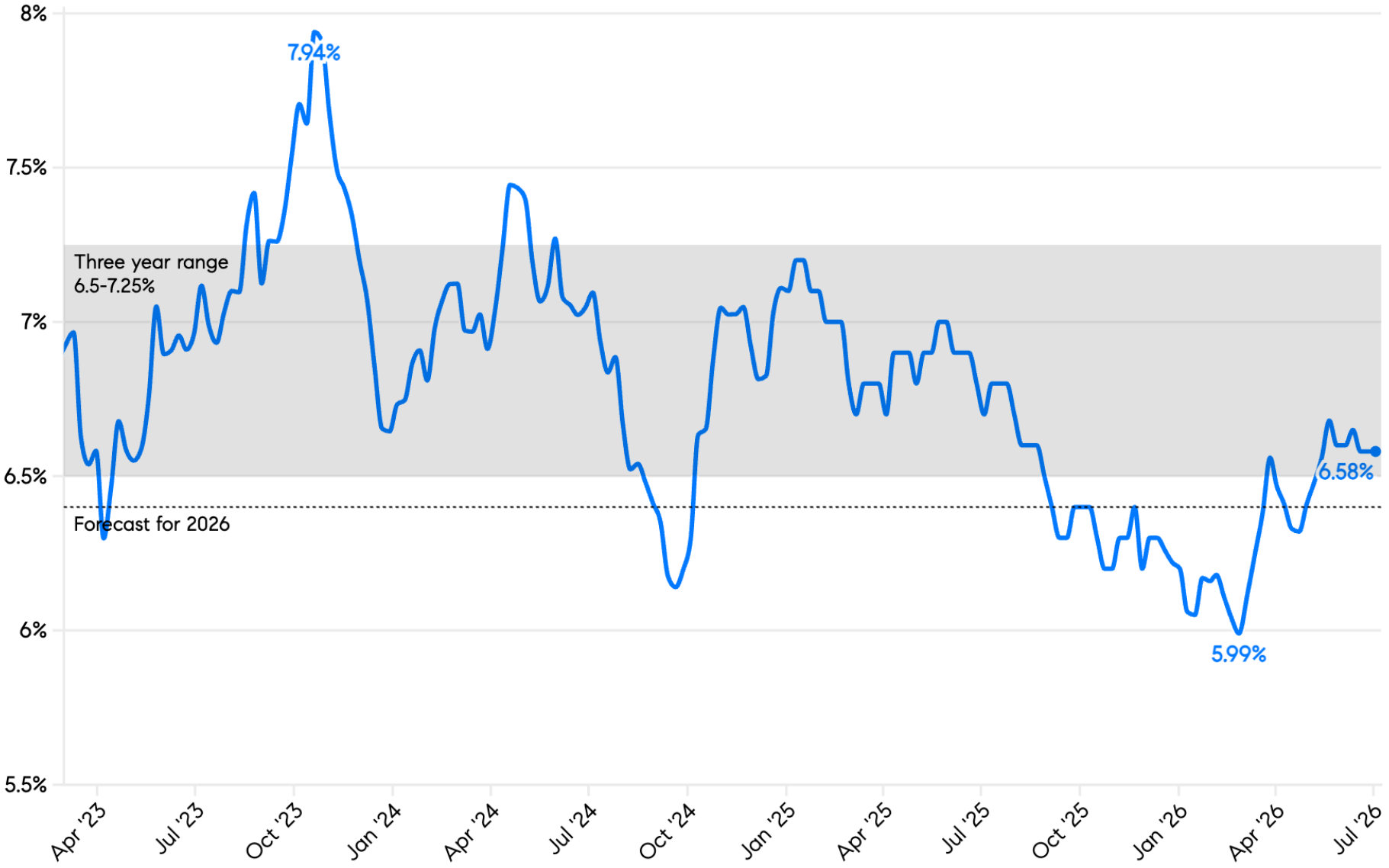
San Francisco home sales at least $1 million over the asking price. The pace of those closing at least $1 million over ask illustrates the most desirable neighborhoods.



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.

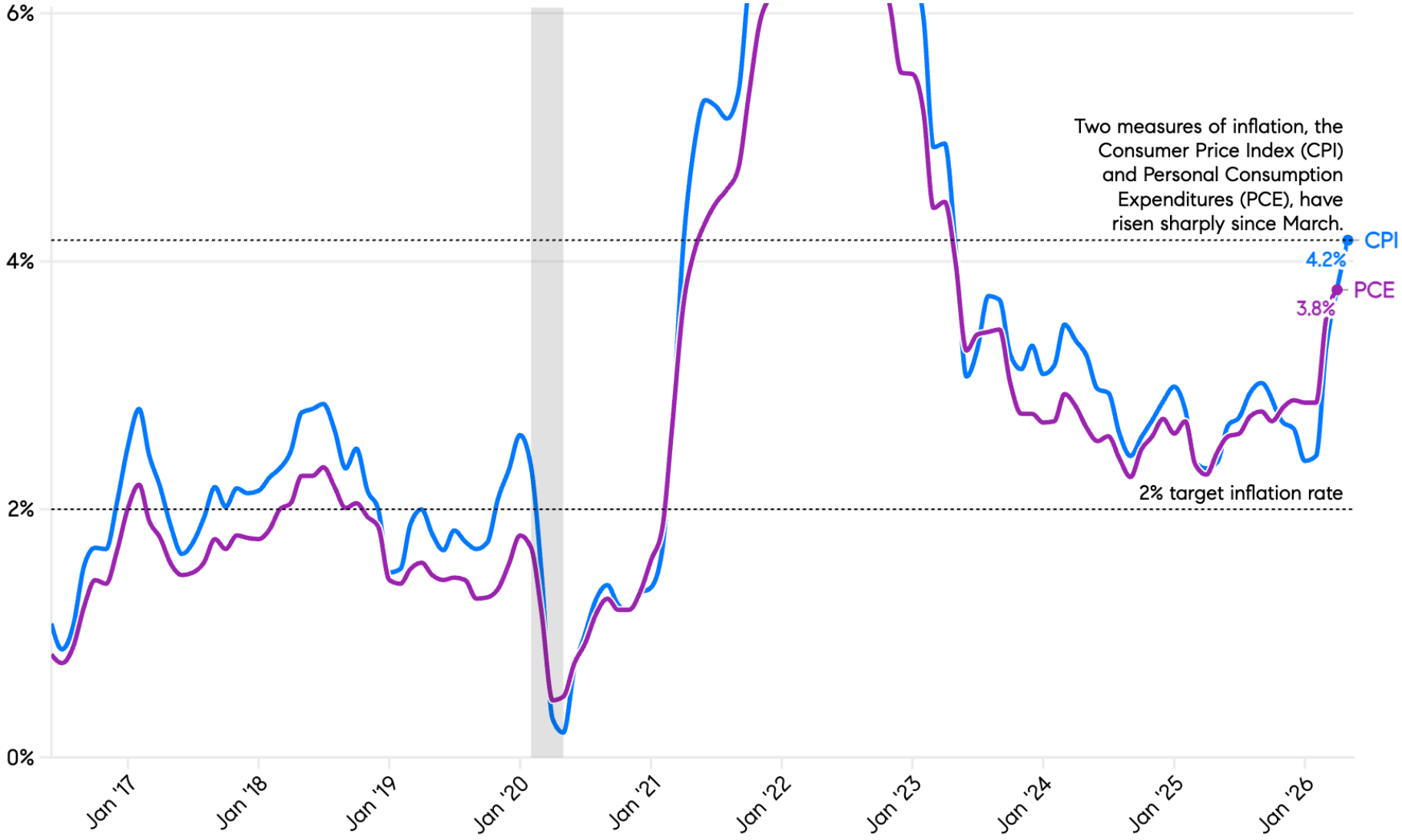


Source: Mortgage News Daily, Compass

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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.

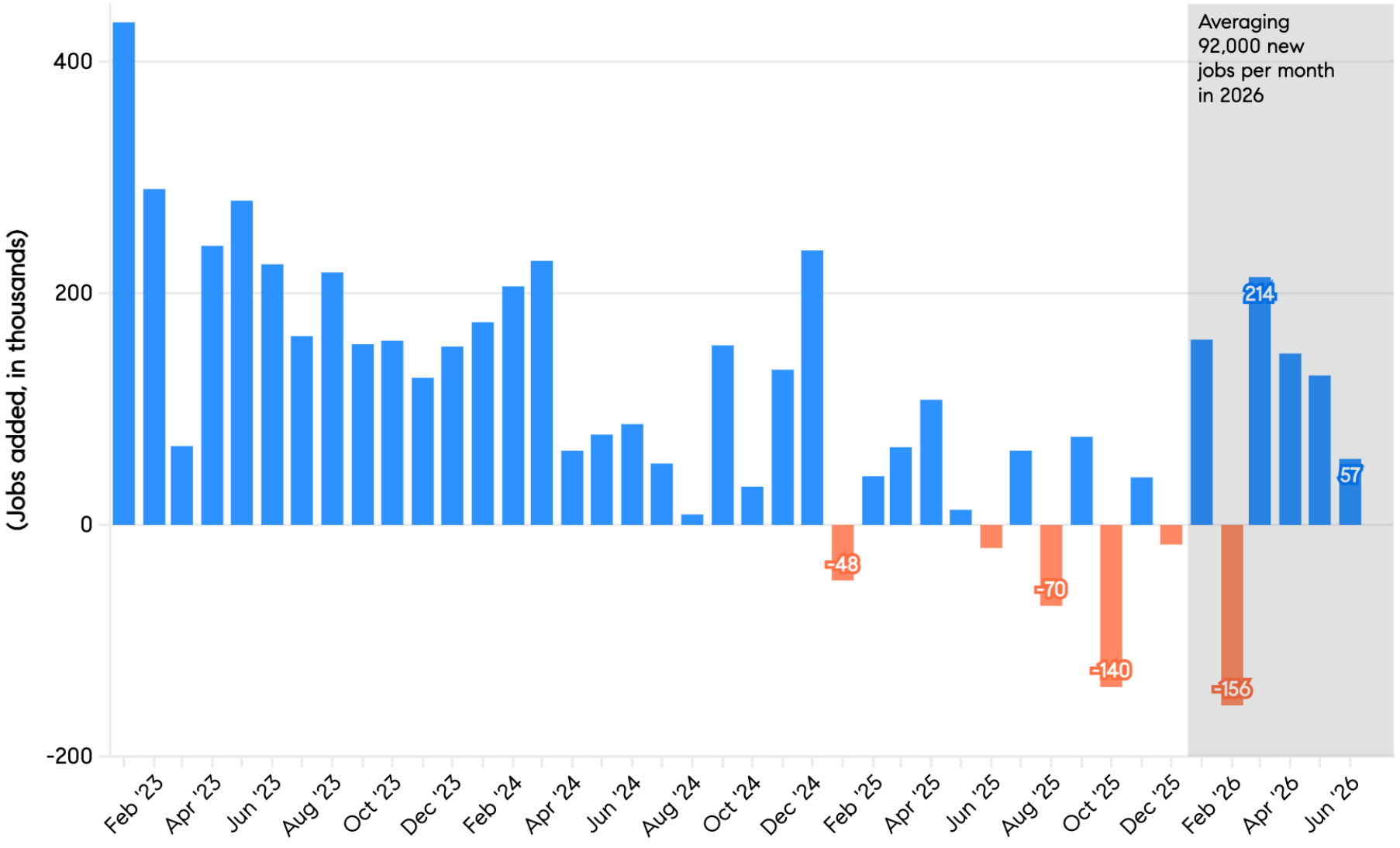


Source: US BLS, BEA

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National Employment Grows Slowly

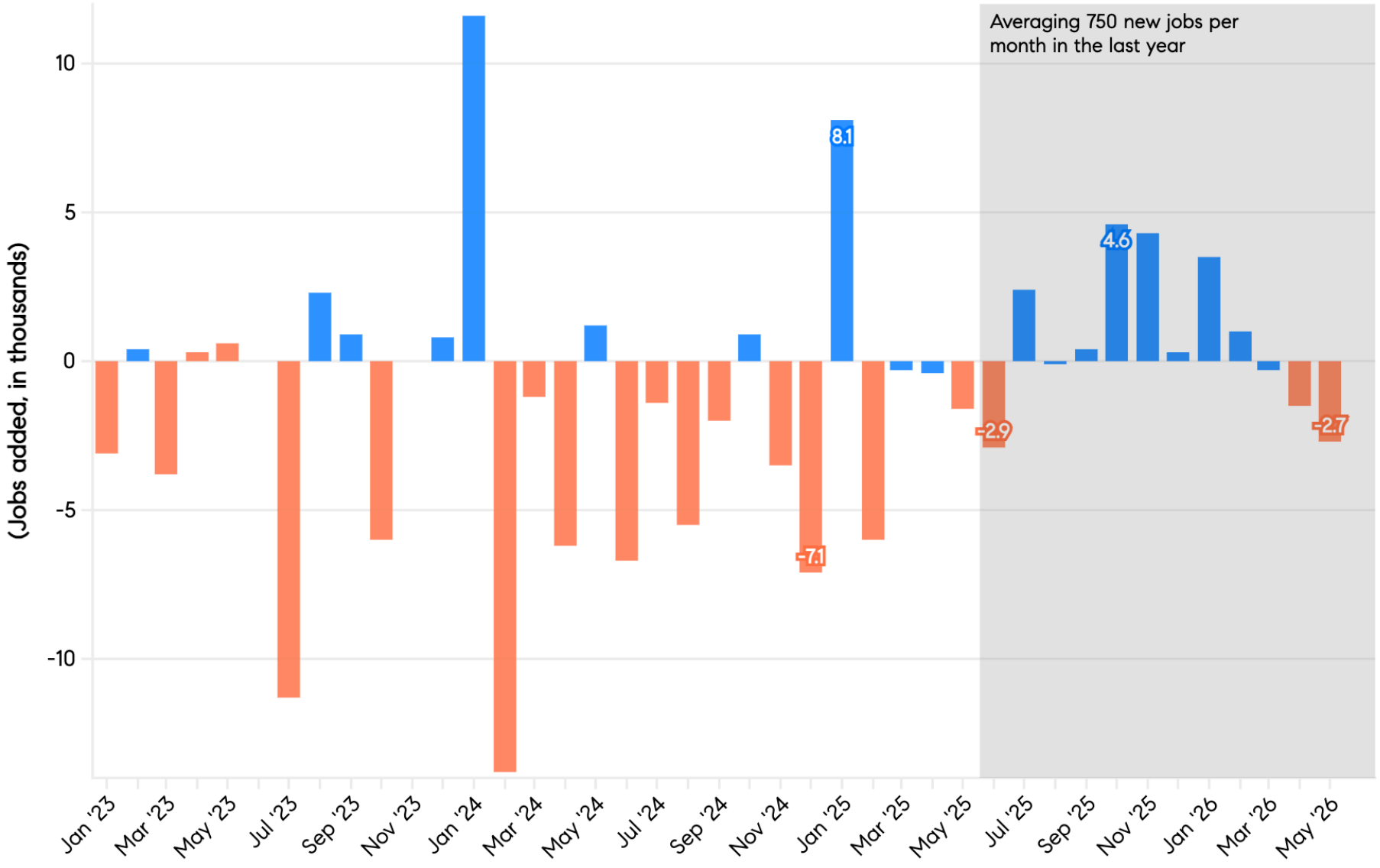
The labor market shows four months of growth after a very weak 2025. Corporate profitability is improving, AI investment is booming, and government spending is unabated, all of which are drivers of continued expansion in 2026. An improving labor market is generally positive for housing.



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.

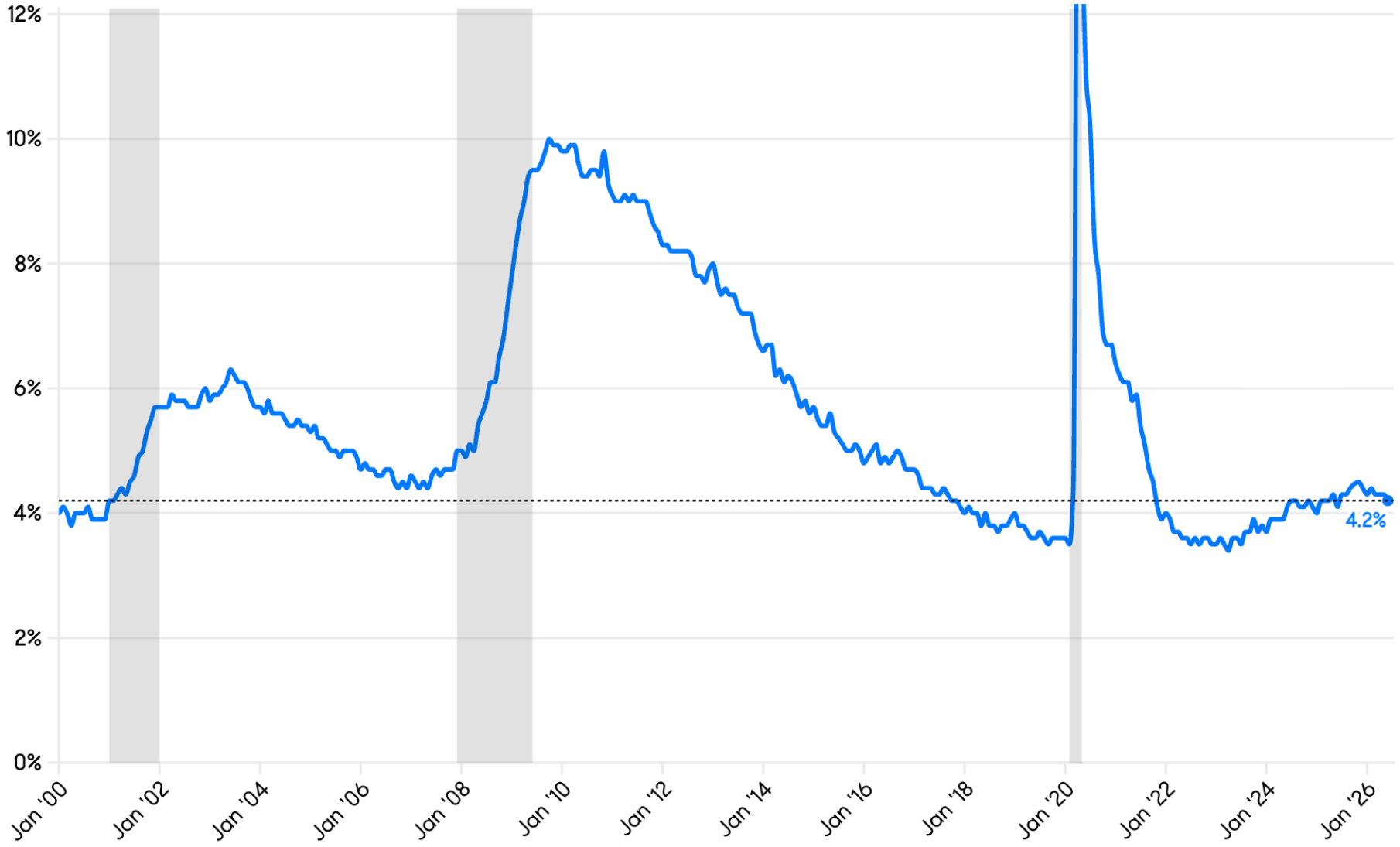


Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

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June Unemployment Declined

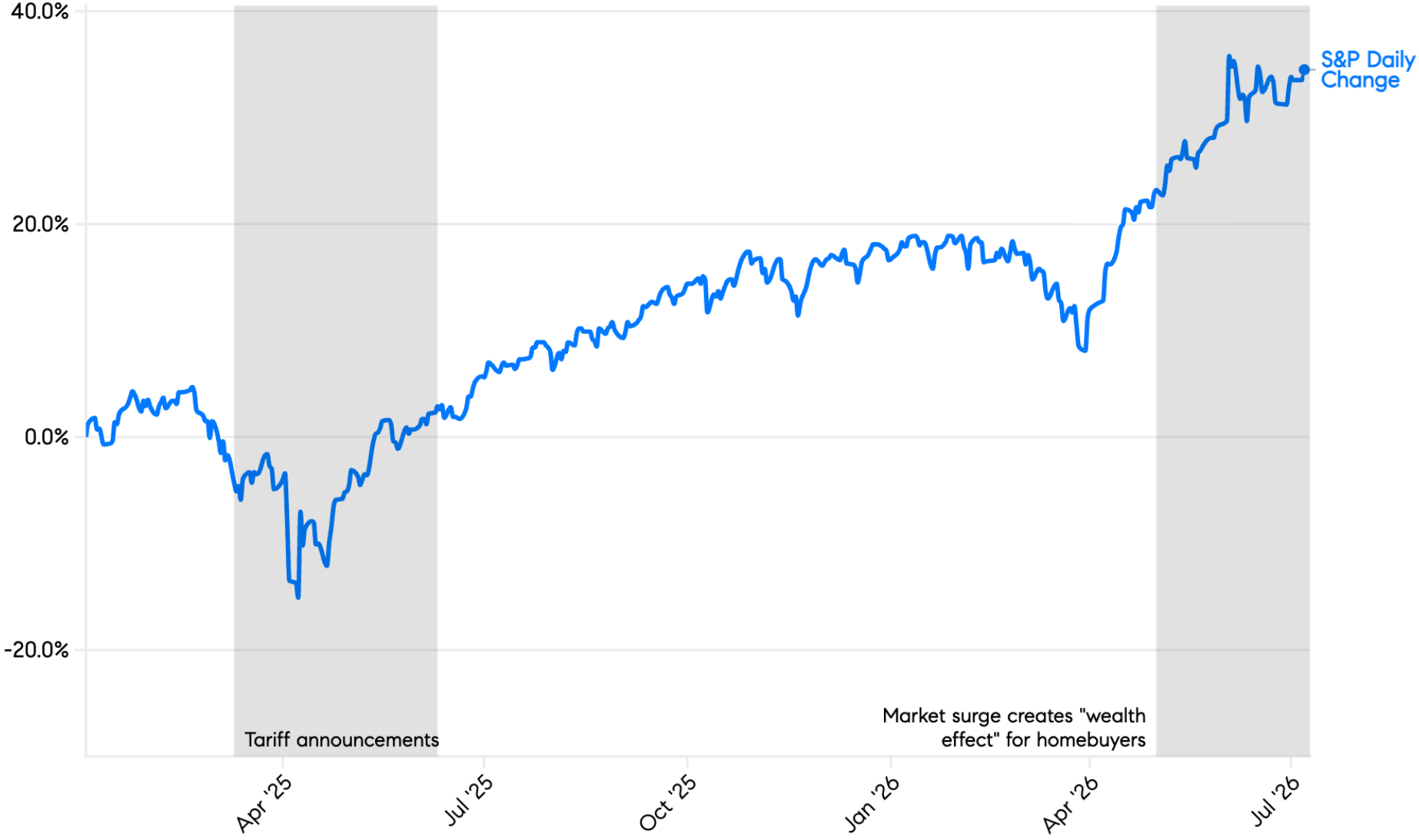
Headline Unemployment (U3) has moved lower since November. The June numbers defied expectations and dropped to 4.2%. Continued low unemployment implies very few distressed home sales but also generally holds interest rates higher.



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.

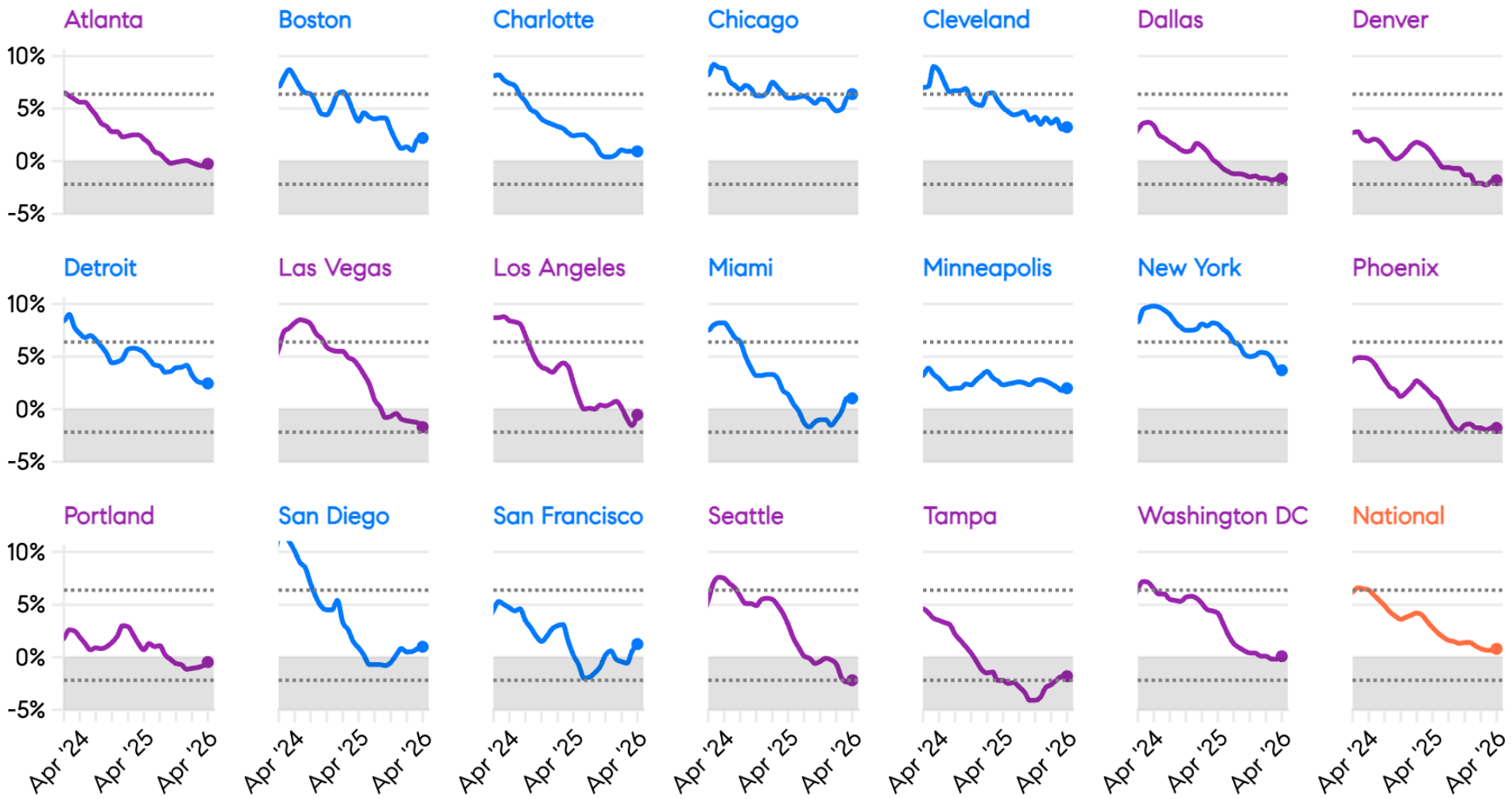


Source: MarketWatch.com
Index change vs. Jan 1. 2025

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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.

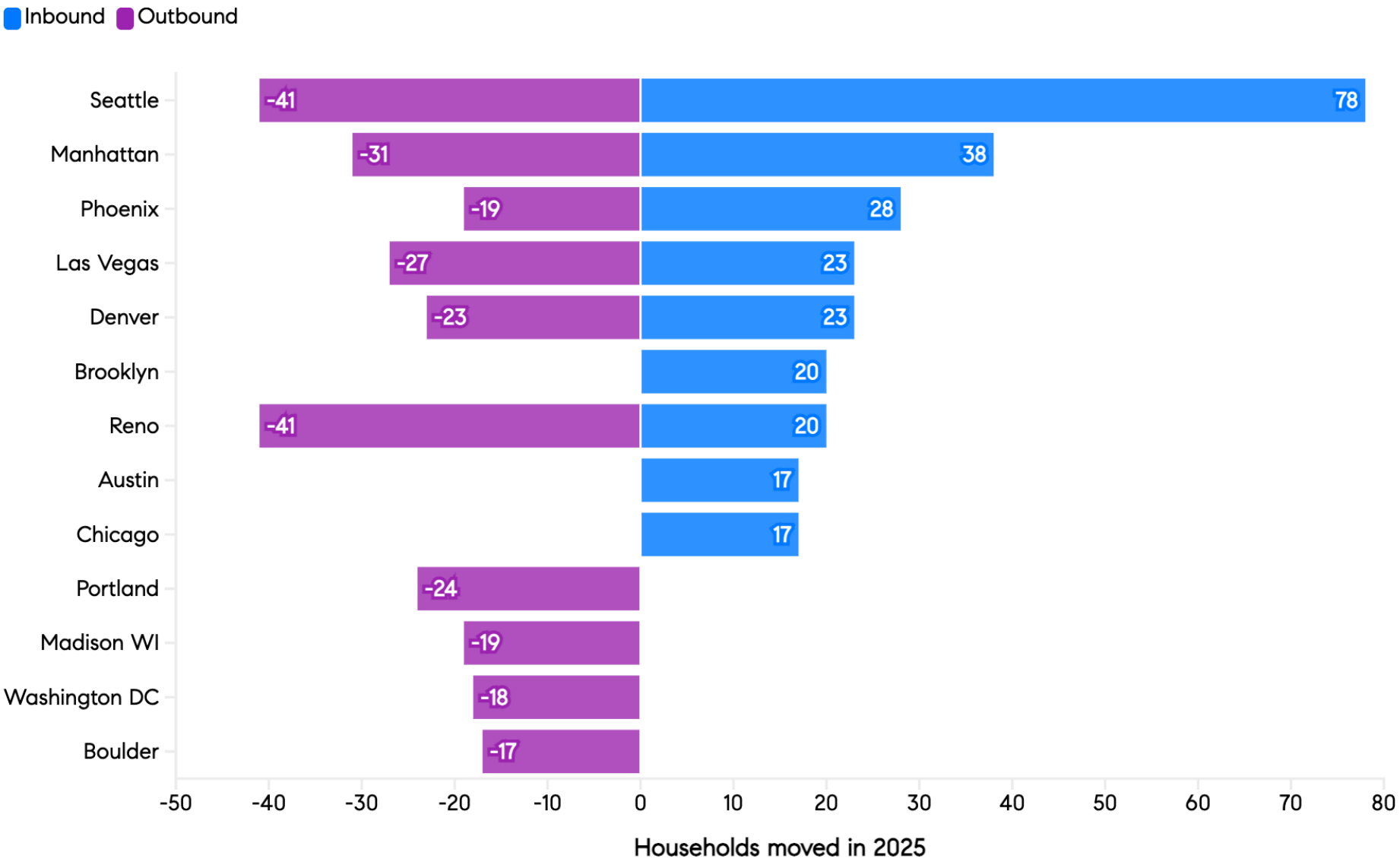


Source: S&P CoreLogic Case-Shiller · Purple cities have home price appreciation vs. March 2025. Orange cities have home price declines from Mar 2025. Dotted lines are top and bottom performing markets. Gray area is below 0%

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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.

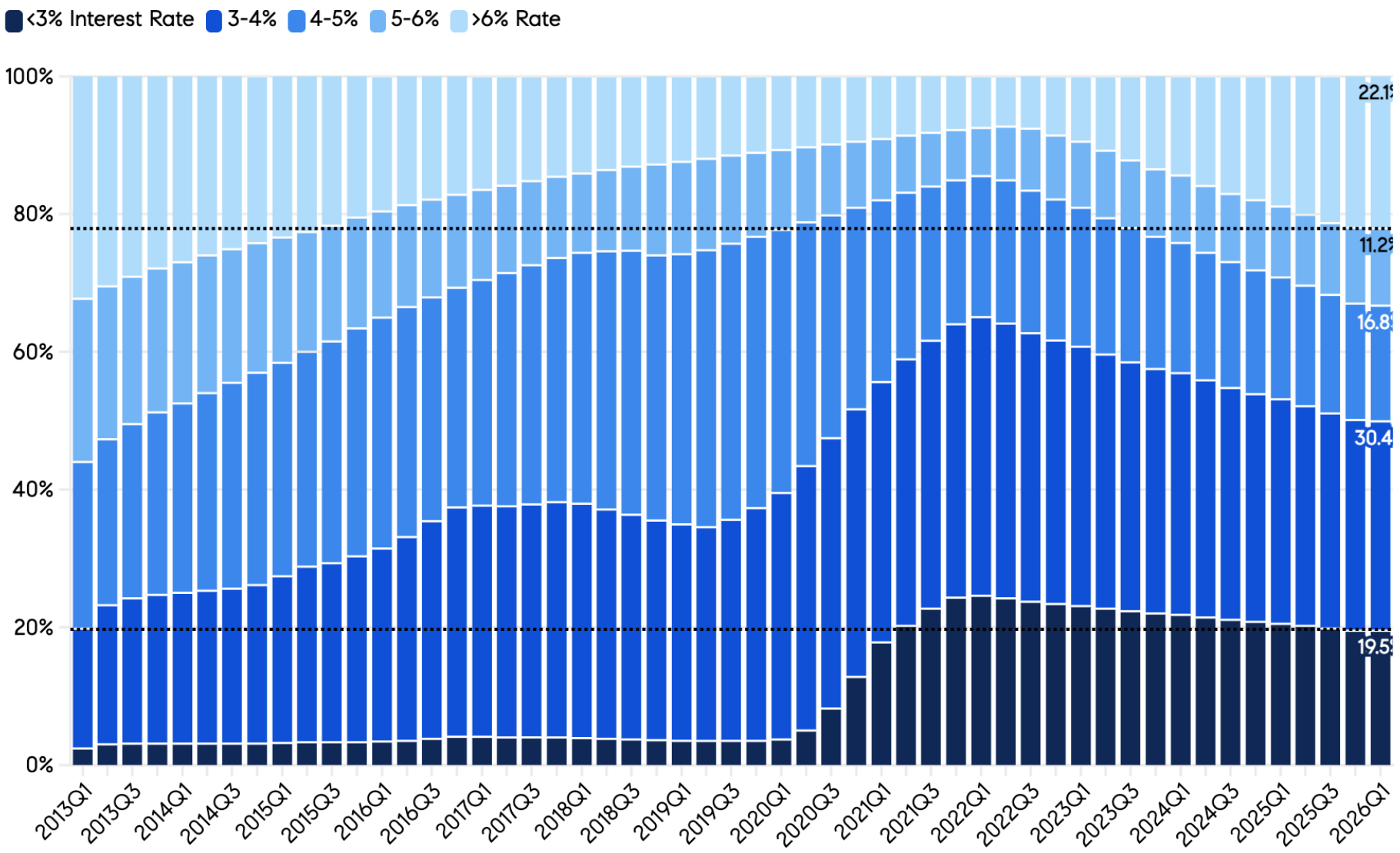


Source: Censai Analytics · Top 10 inbound and outbound counties tracked. Sources include change of address forms and voter registration changes. Likely undercounts students and non-voters.

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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.

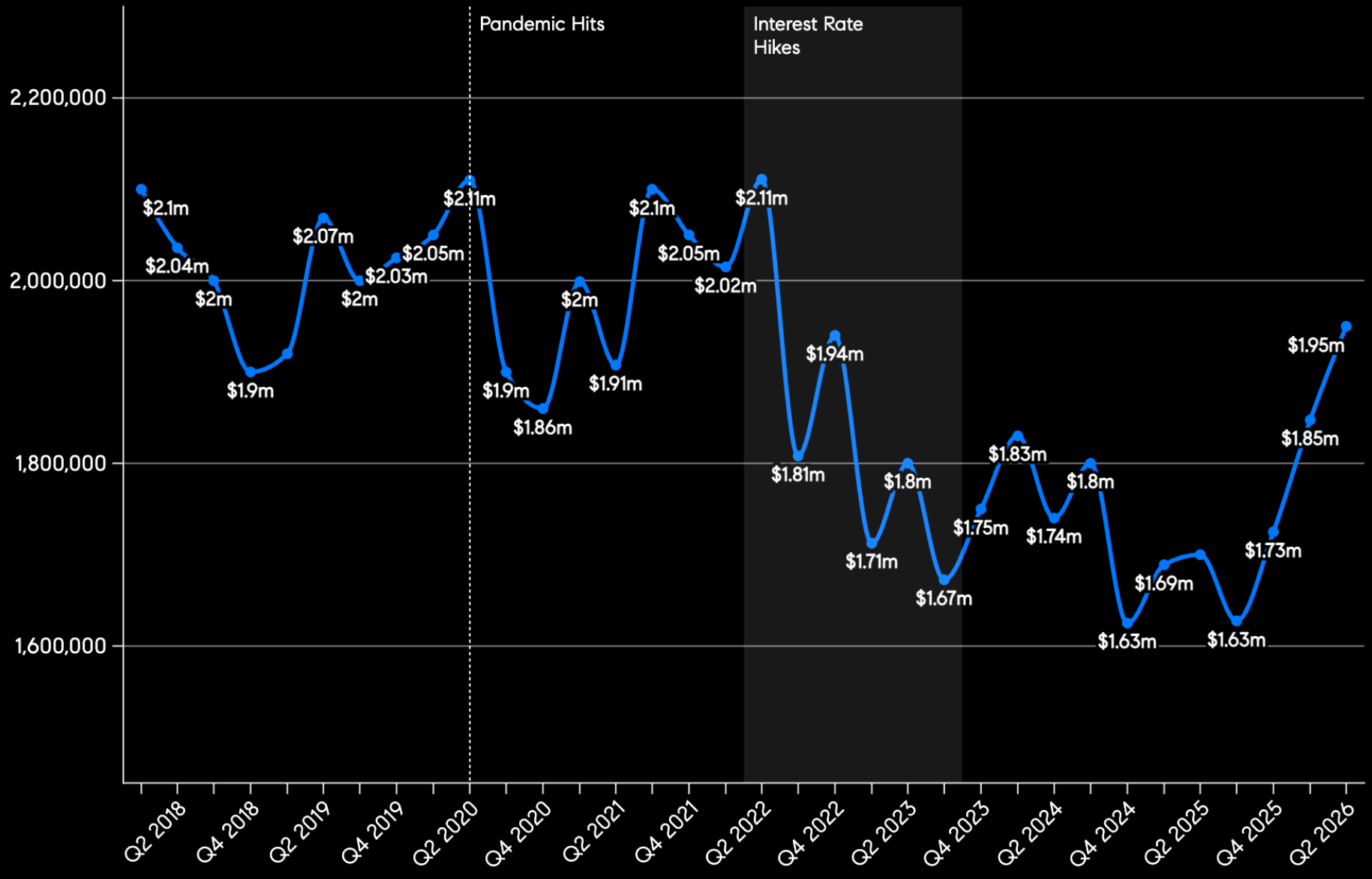


Source: FHFA · All outstanding mortgages, through December 2025

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Median Sales Prices, by Quarter

San Francisco 2-4 Unit Building Values

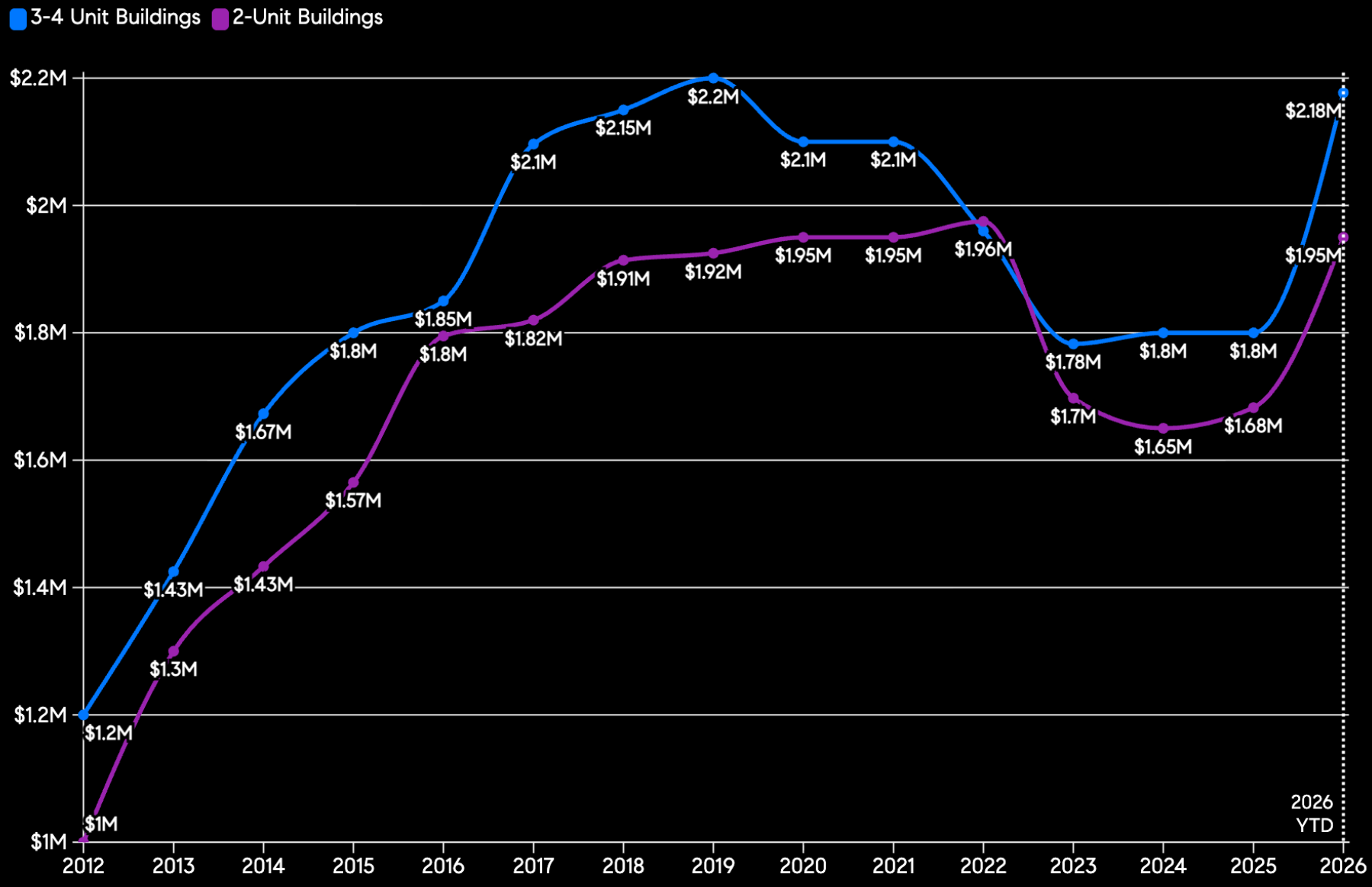


Source: Compass via MLS

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Median Sales Prices, by Year

San Francisco 2-4 Unit Building Values



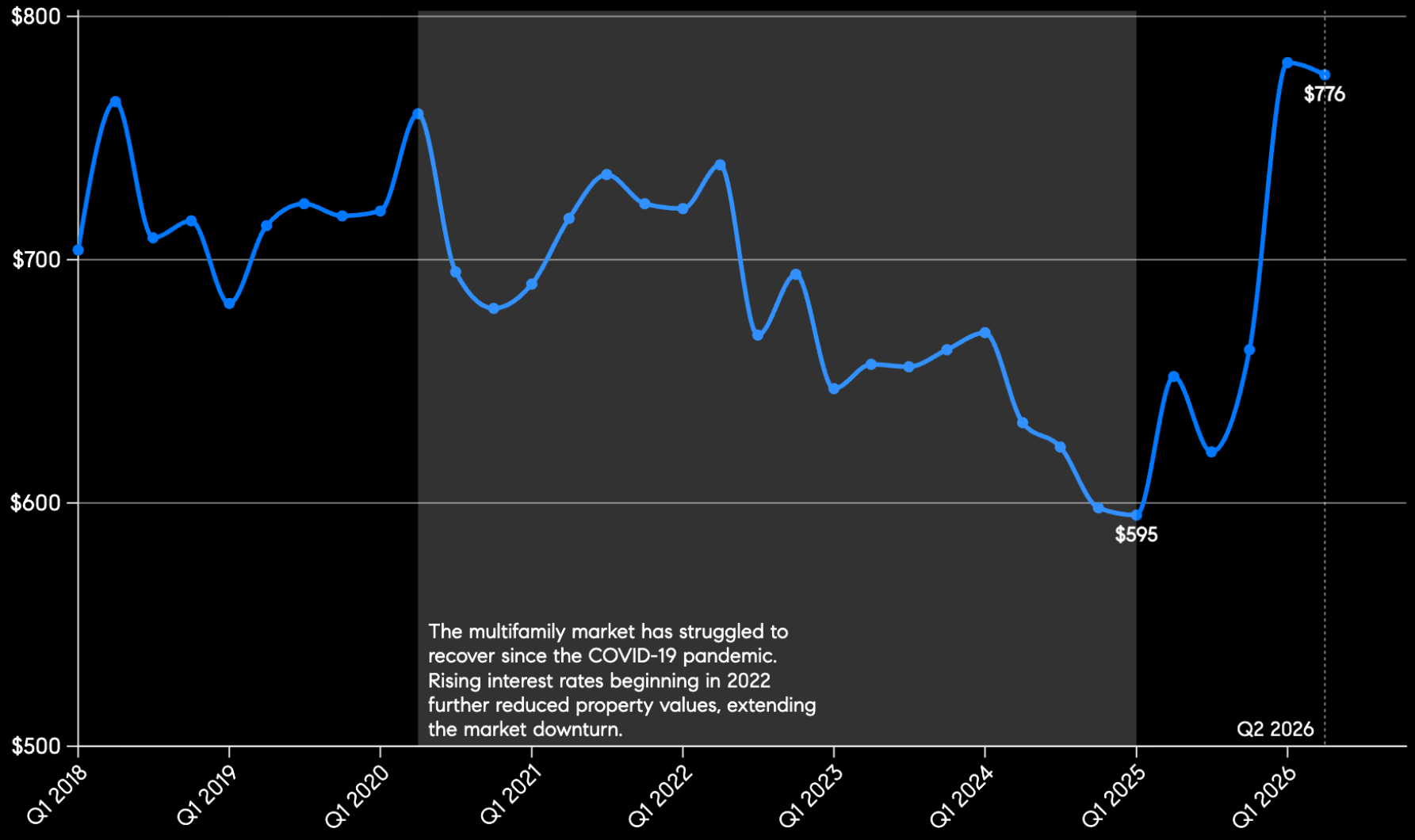
Source: Compass via MLS

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Quarterly Average Price Per Square Foot

San Francisco 2-4 Unit Building Values.

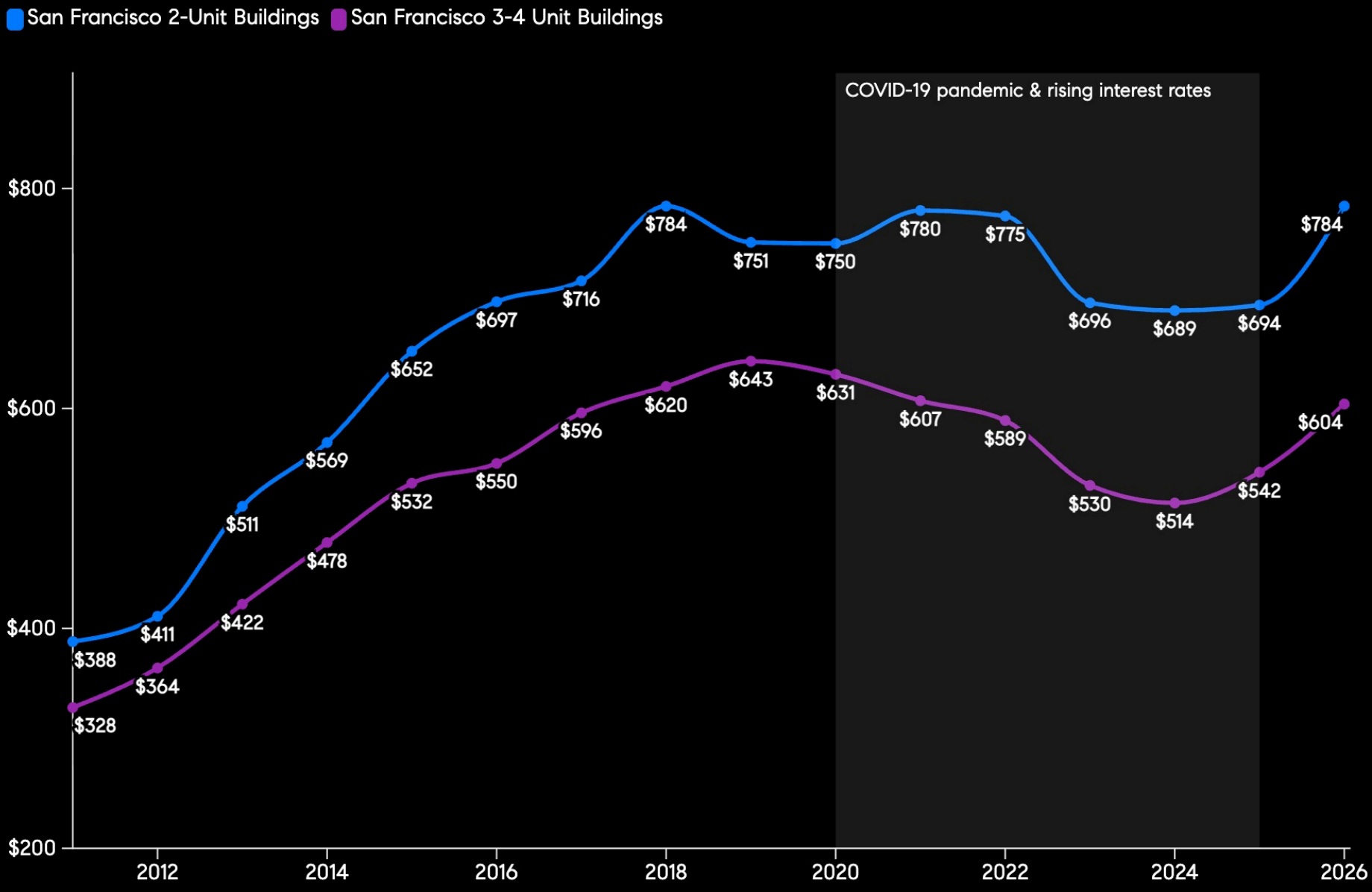
Average price per square foot is calculated using all closed sales. Because every sale contributes equally to the calculation, unusually high or low-priced properties can pull the average up or down.



Source: Compass via MLS

Average Price Per Square Foot, by Year

San Francisco 2-4 Unit Building Values



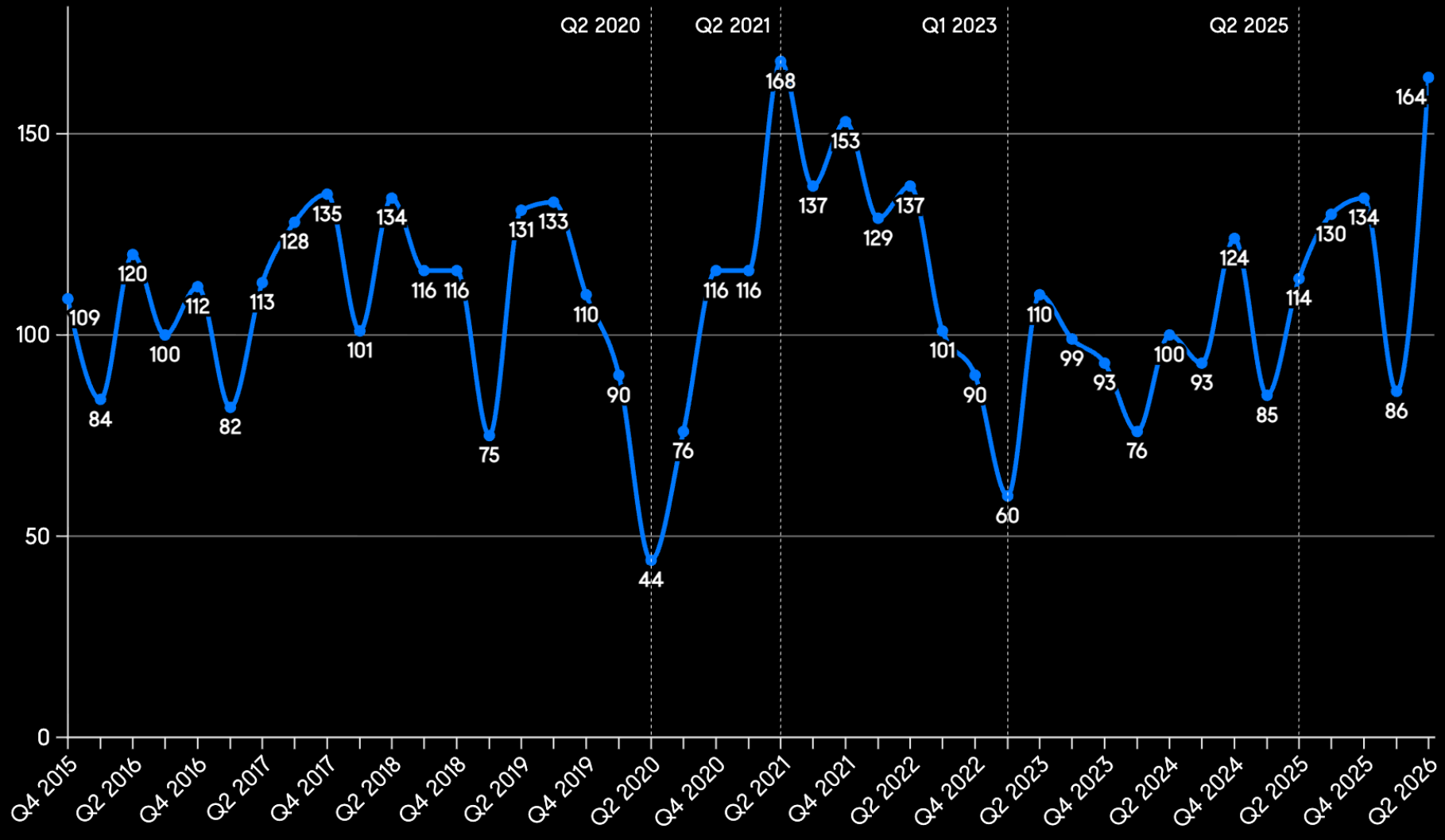
Source: Compass via MLS

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Closed Sales, by Quarter

San Francisco

2-4 Units



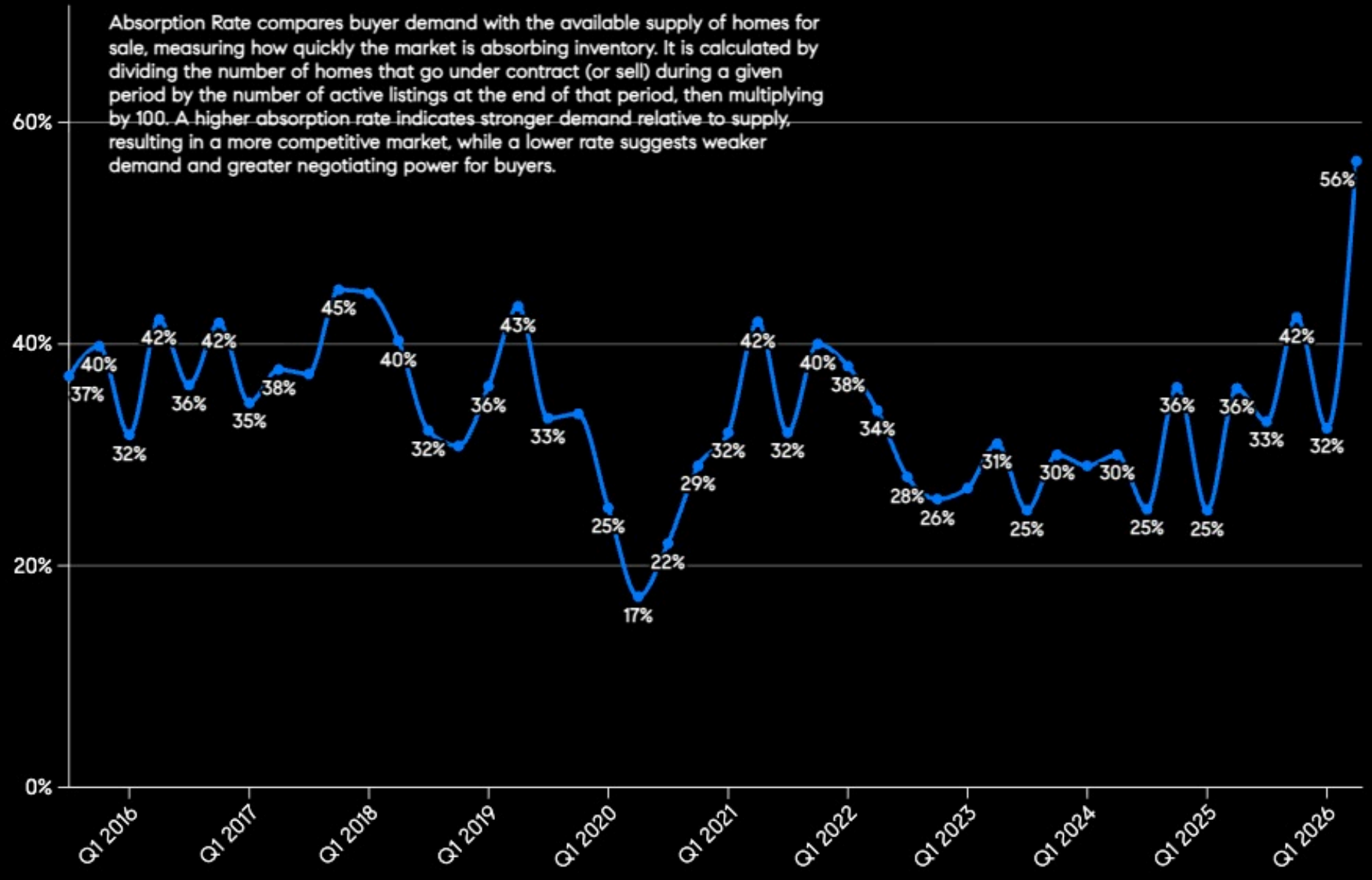
Source: Compass via MLS

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Percentage of Listings in Contract

San Francisco 2-4 Unit Building Market by Quarter

Absorption Rate compares buyer demand with the available supply of homes for sale, measuring how quickly the market is absorbing inventory. It is calculated by dividing the number of homes that go under contract (or sell) during a given period by the number of active listings at the end of that period, then multiplying by 100. A higher absorption rate indicates stronger demand relative to supply, resulting in a more competitive market, while a lower rate suggests weaker demand and greater negotiating power for buyers.

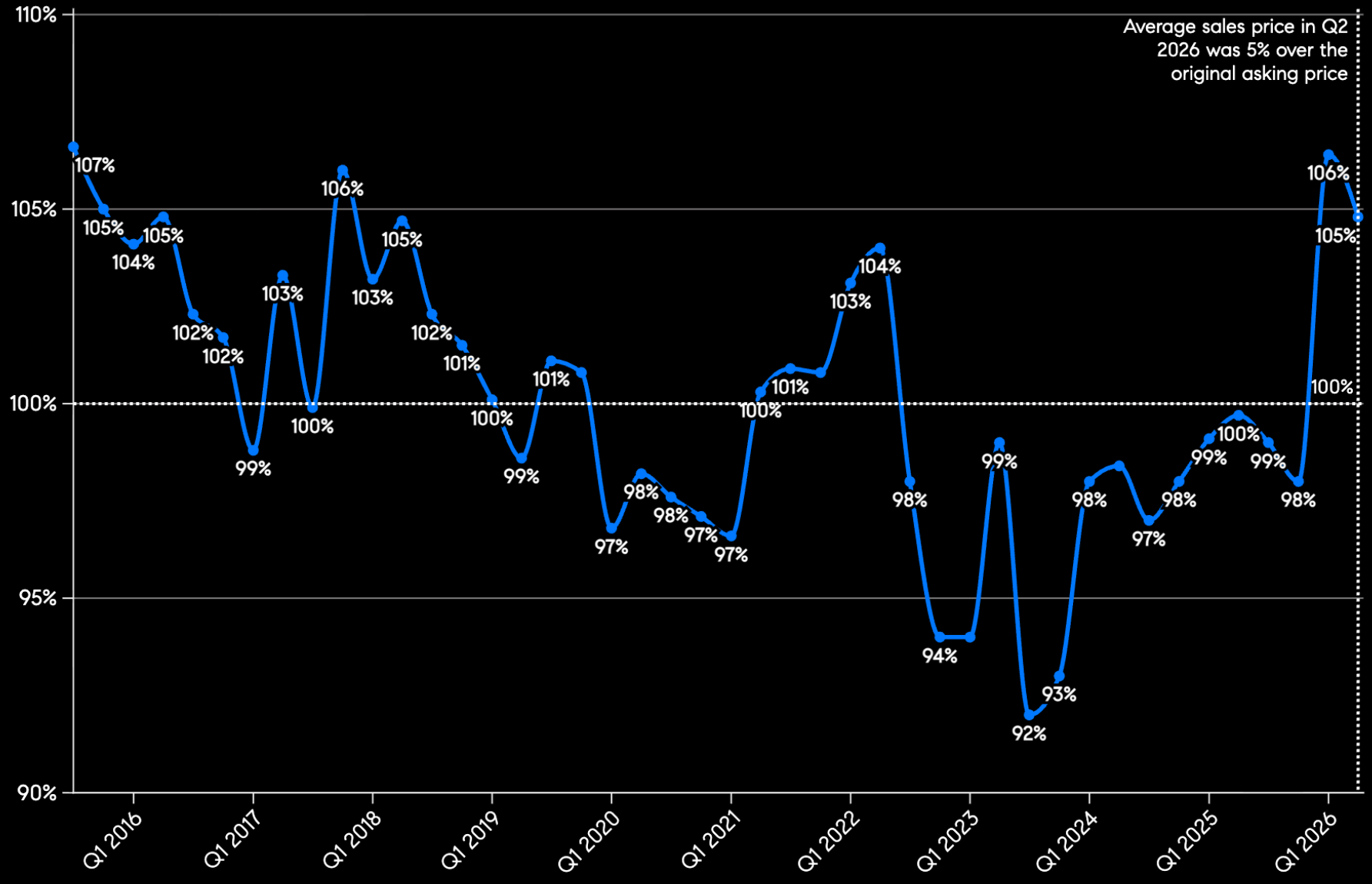


Source: Compass via MLS

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Sale-to-list Ratio

San Francisco 2-4 Unit Building Values.

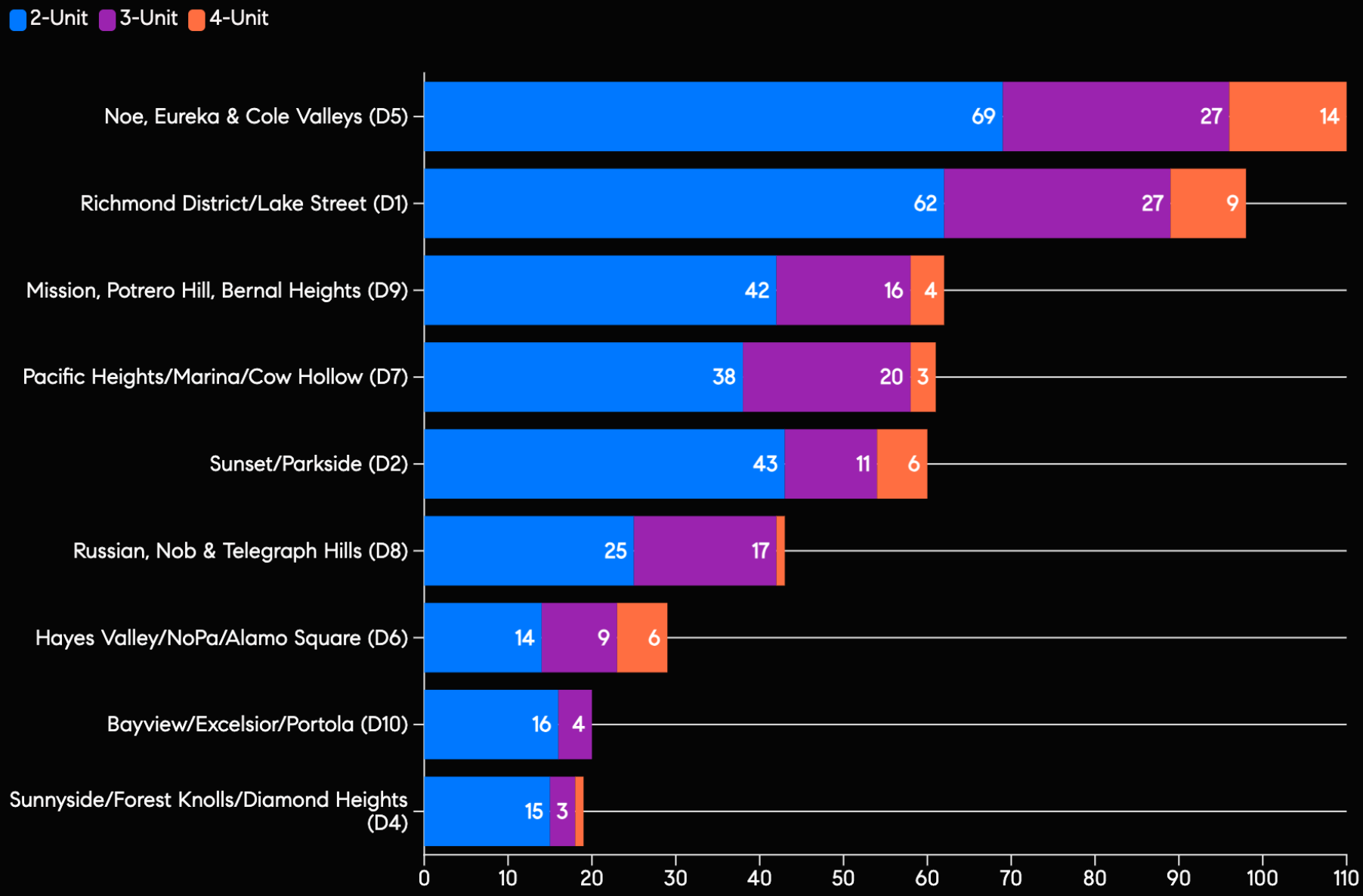


Source: Compass via MLS

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2-4 Unit Residential Property Sales

by San Francisco Realtor District, 12 Months Sales

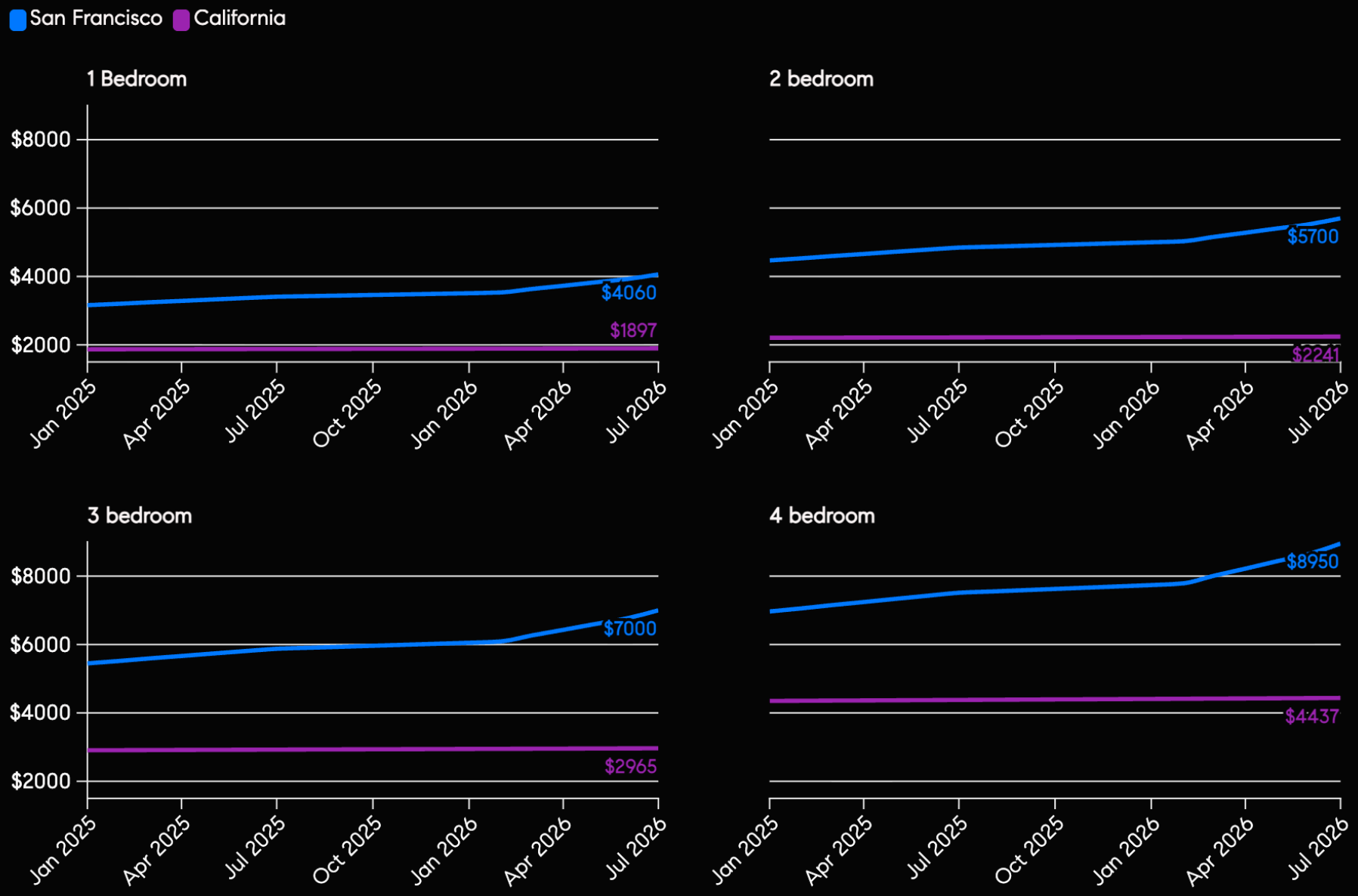


Source: Compass via MLS

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Median Rent In San Francisco by Bedroom Count

Quarter 2 2026

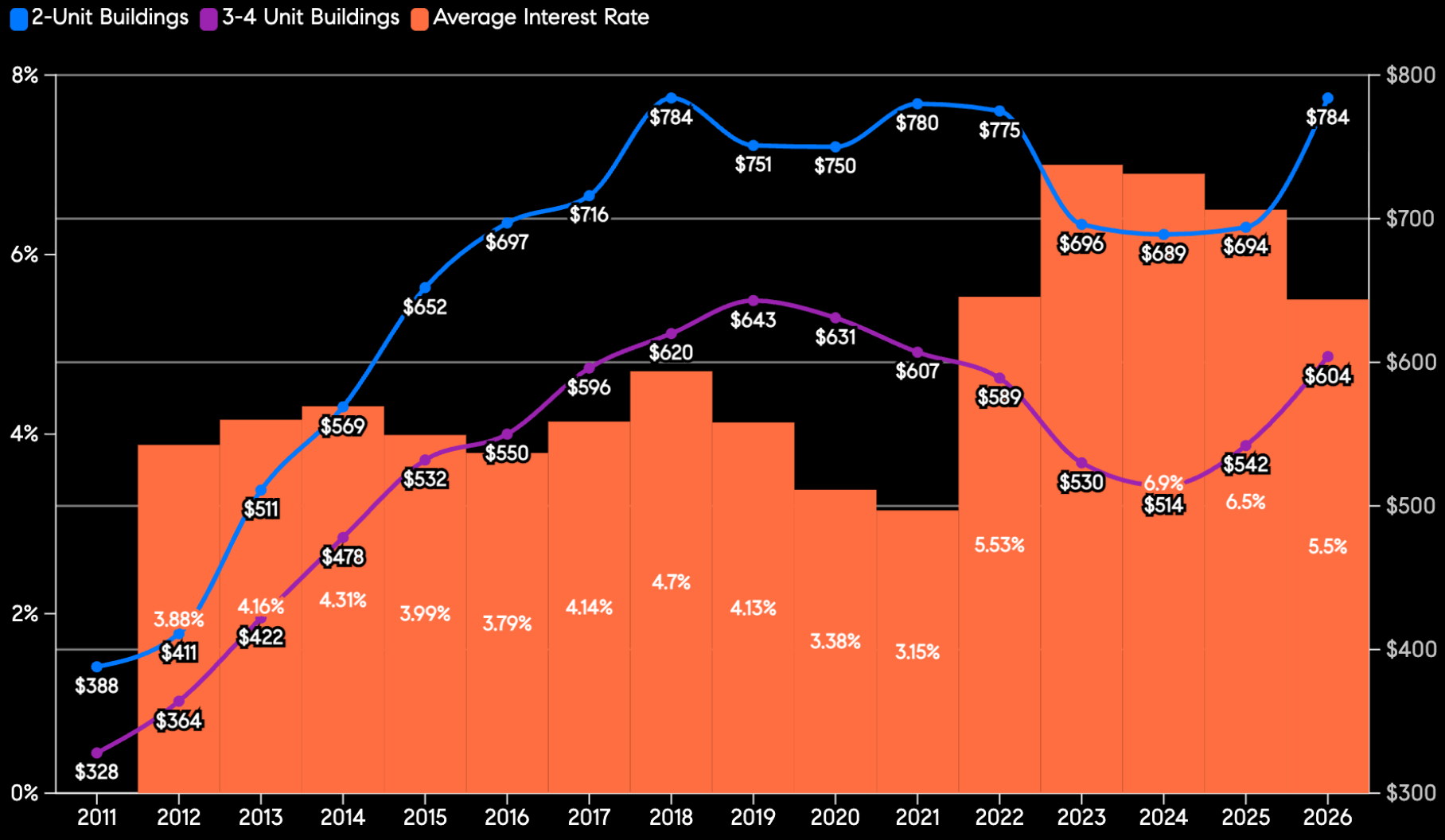


Source: Compass via MLS

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Average Price Per Square Foot Vs. Annual Interest Rate

San Francisco Multi-family

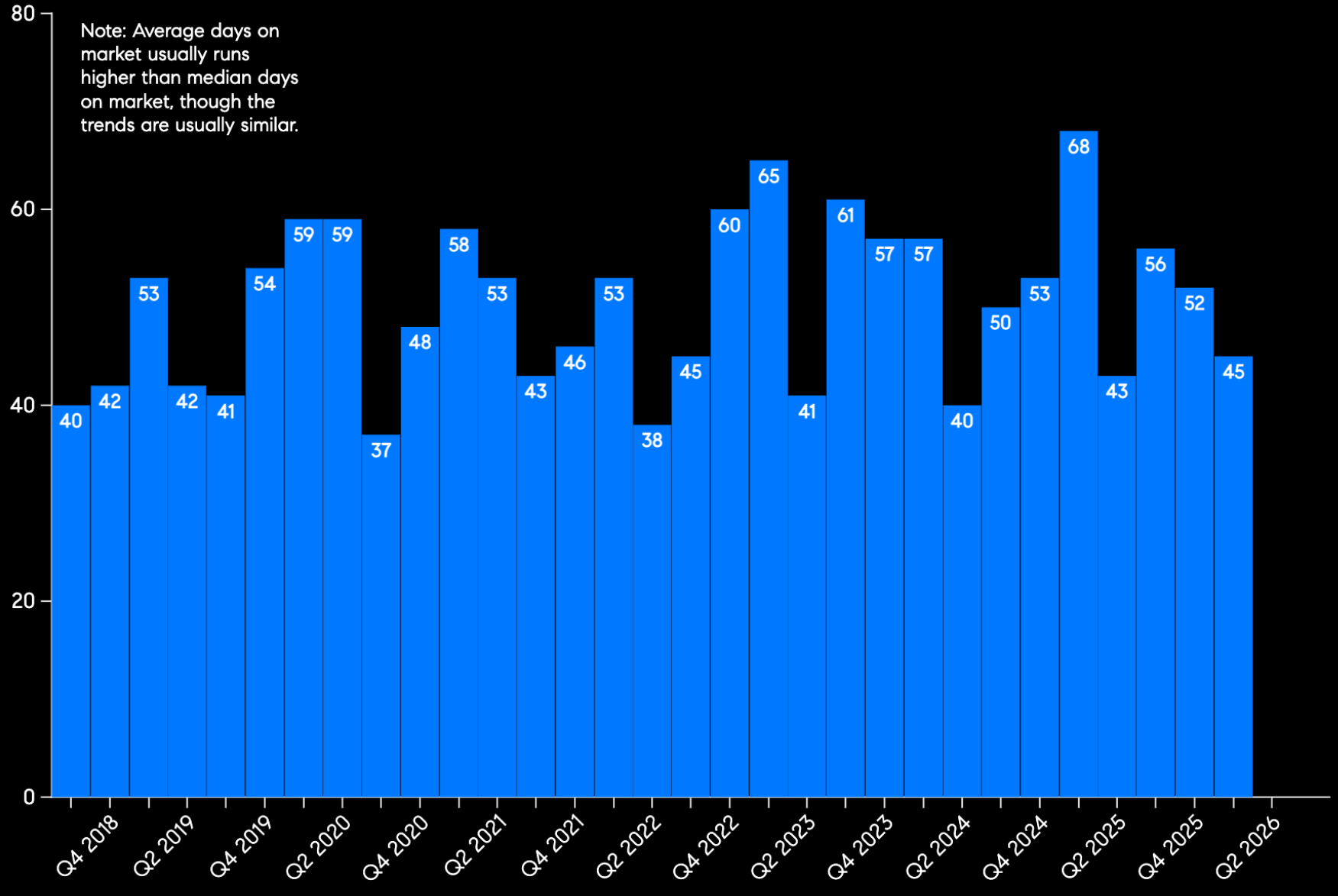


Source: Compass via MLS

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Median Days on Market, by Quarter

San Francisco 2-4 Residential Unit Building Sales



Source: Compass via MLS

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San Francisco Residential Income Market

Market Dynamics: Buildings by Number of Units* Multi-Family Buildings with Up to 8 Units: The number of new listings typically accelerates in spring.

Prop. Type	Listings for Sale	Listings in Contract	12 Months Sales	Median Sales Price	Median $/Sq.Ft.	Median Size (Sq.Ft.)	Avg. Days on Market
2-Unit Buildings	24	8	80	1,538,000	665	2,400	46
3-Unit Buildings	64	17	244	1,775,000	625	2,850	44
4-Unit Buildings	52	21	178	2,208,000	571	3,965	47

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.

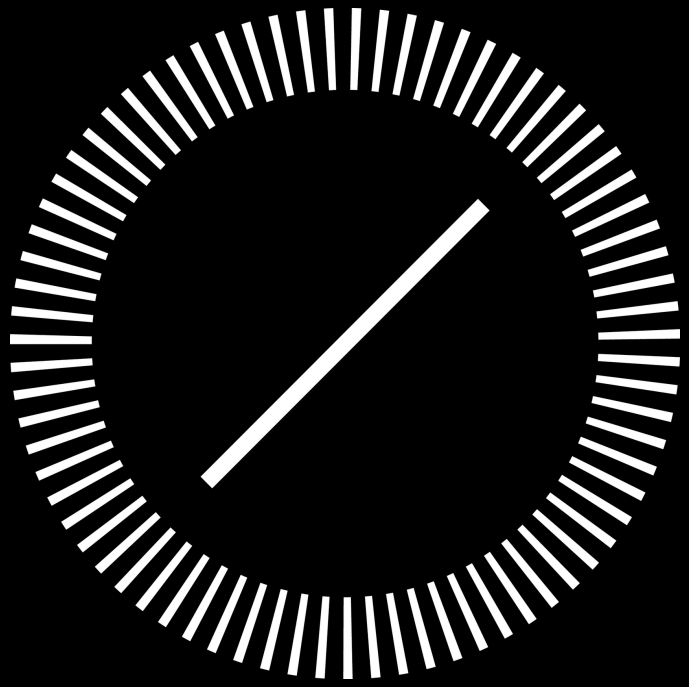
2-4 Unit Residential Building Values by San Francisco Realtor District

Median Sales Price, Median Size & Median $/Sq.Ft. Value – 12 Months Sales* Multi-Family Buildings with Up to 8 Units: The number of new listings typically accelerates in spring.

SF District	2U Sales	2U Price	2U Sq. Ft. · PSF	3U Sales	3U Sq. Ft. · PSF	4U Sales	4U Price	4U Sq. Ft. · PSF
D7 Pacific/Presidio Hts, Marina	8	$1,800,000	2,629 · $701	30	3,160 · $885	23	$3,400,000	4,308 · $909
D8 Russian/Nob/Telegraph, N. Beach	8	$1,535,000	3,390 · $408	17	2,678 · $629	18	$2,202,000	3,666 · $600
D5 Noe/Eureka/Cole Valleys	17	$1,675,000	2,300 · $714	52	2,952 · $598	41	$2,600,000	4,283 · $633
D6 NoPa/Alamo/Hayes Valley	7	$1,750,000	2,500 · $711	7	3,518 · $557	15	$1,725,000	3,930 · $525
D1 Richmond/Lake Street	8	$1,600,000	2,400 · $635	54	3,011 · $607	36	$2,208,000	3,931 · $553
D9 Mission/Potrero/Bernal	15	$1,300,000	2,408 · $631	27	2,700 · $583	20	$1,550,000	3,377 · $469
D2 Sunset/Parkside	9	$1,400,000	1,615 · $665	34	2,500 · $625	17	$2,050,000	3,589 · $537
D10 Bayview/Excelsior	4	—	—	12	2,180 · $551	4	—	—
D4 Sunnyside/Diamond Hts	4	—	—	11	2,696 · $584	4	—	—

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.

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