



The 2020 San Francisco Apartment Building Market

January 2021 Market Report
for Residential 5+ Unit Buildings

Pandemic, shelter in place, unemployment soars, terrible financial hardships for many residents and small businesses, new ways of working, office buildings empty, people move, vacancy rates climb, rents plunge, sales drop, rigorous limits on evictions, new landlord-tenant laws, dreadful fires, an anxious presidential election, interest rates to historic lows, stock markets to new highs, and IPO mania breaks out again. A year of extremes and a challenging year for the residential income market.

5+ unit residential income buildings. Sales reported to MLS. This market consists of a relatively small number of sales, of buildings of widely varying sizes, qualities and financial characteristics, across a broad range of locations: This makes meaningful statistical analysis more difficult. Data from sources deemed reliable, but may contain errors and subject to revision. 2020 numbers are estimates using data available in early 2021: Late reported sales may alter these numbers. All numbers are approximate.

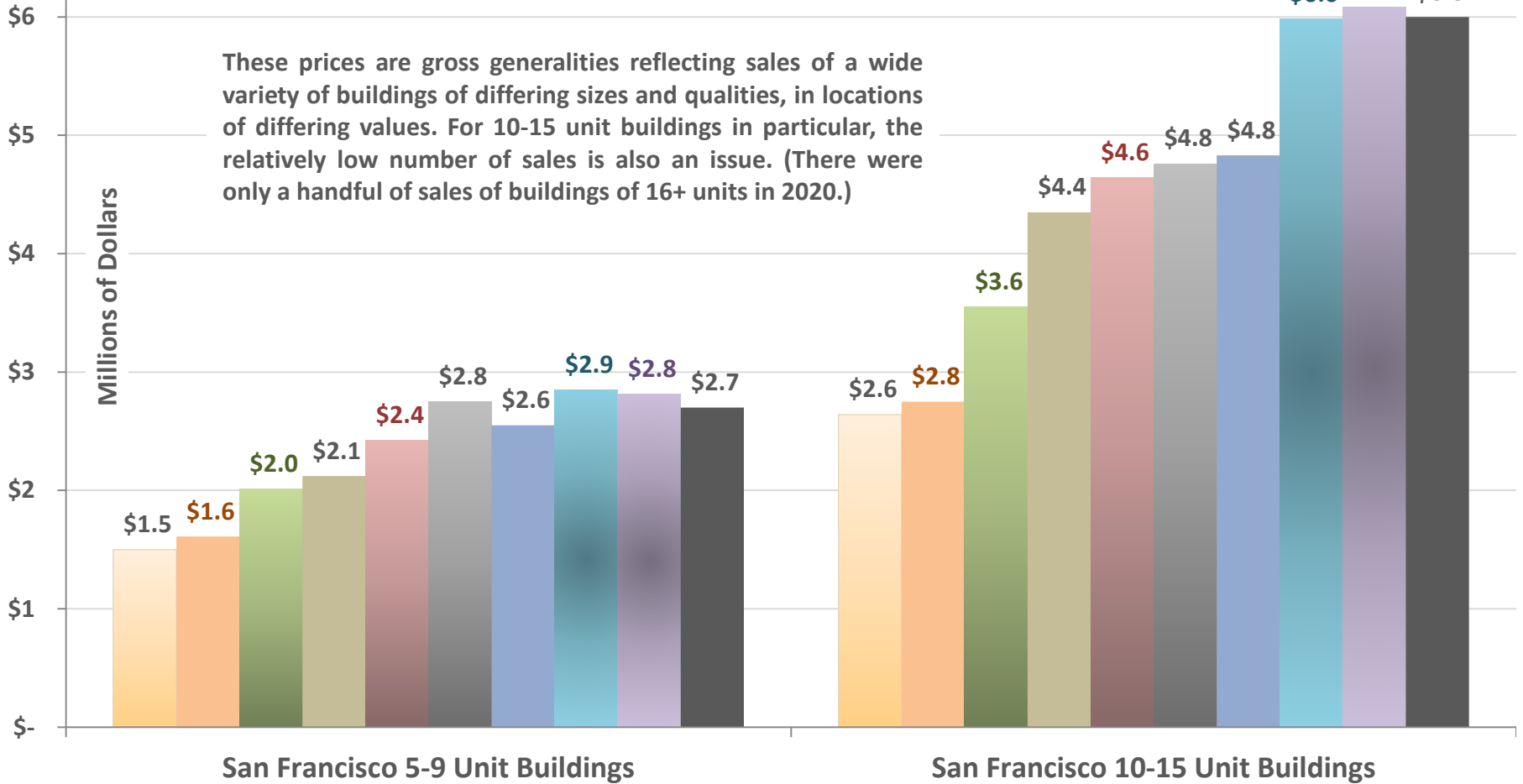
Median Sales Price Trends since 2011

San Francisco 5-15 Unit Residential Apartment Buildings

Sales reported to MLS

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

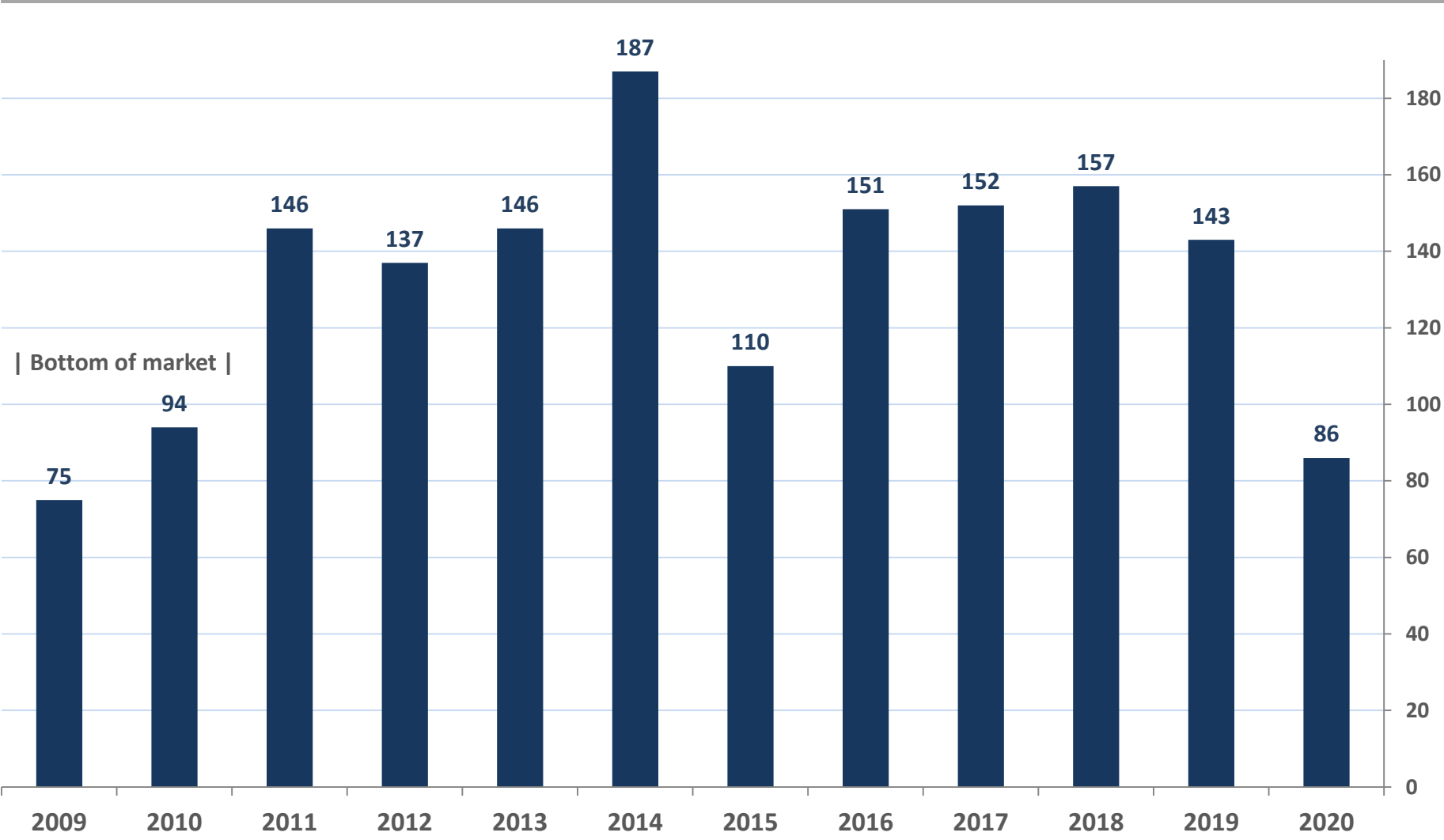
Median Sales Prices in MILLIONS of Dollars



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

Annual Sales Volume

San Francisco 5+ Unit Residential Building Sales



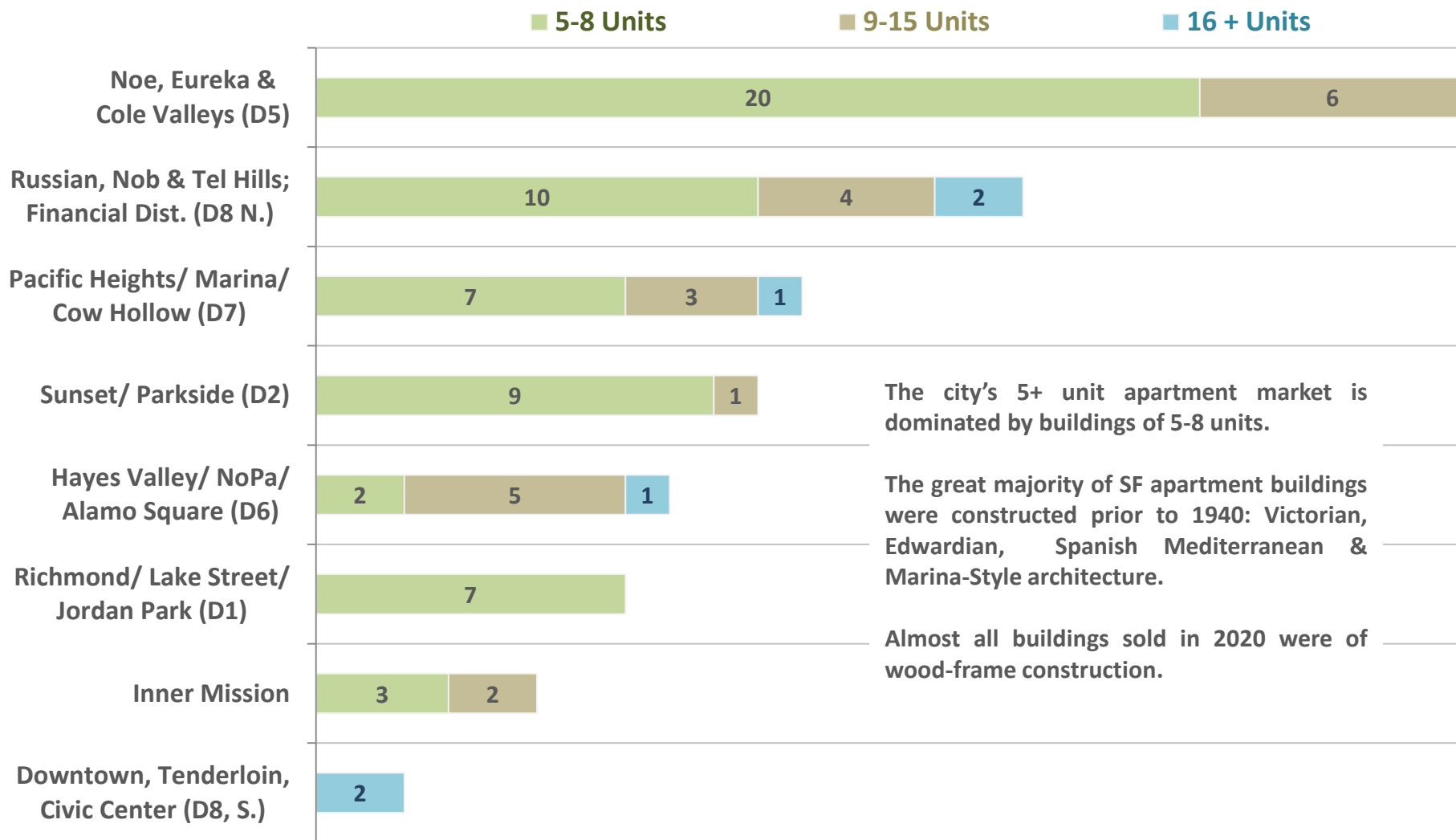
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Multi-Unit Residential Property Sales, 5+ Units

2020 Sales by San Francisco District

Sales reported to MLS



The city's 5+ unit apartment market is dominated by buildings of 5-8 units.

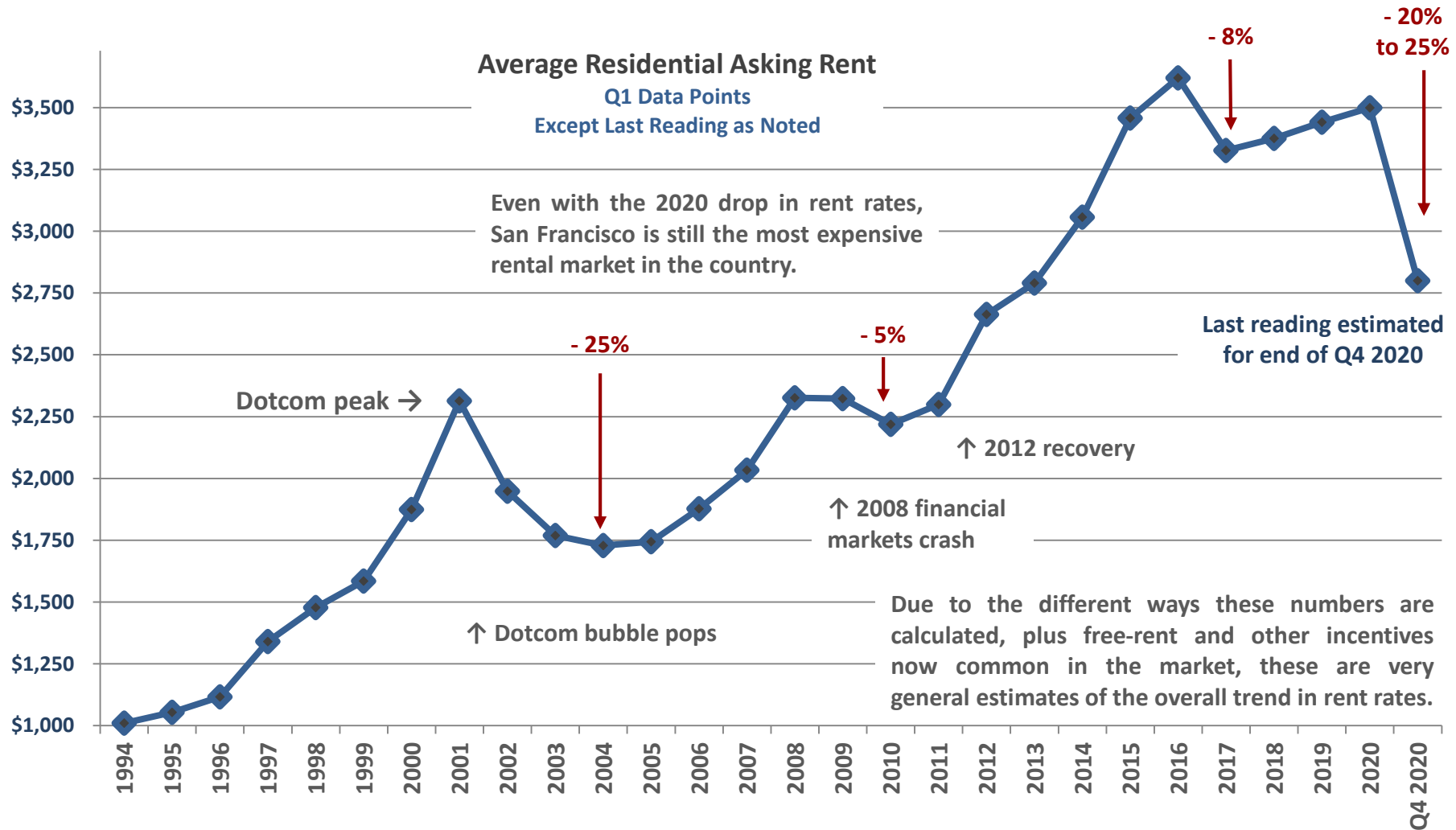
The great majority of SF apartment buildings were constructed prior to 1940: Victorian, Edwardian, Spanish Mediterranean & Marina-Style architecture.

Almost all buildings sold in 2020 were of wood-frame construction.

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 Residential Rents – Estimated & Approximate

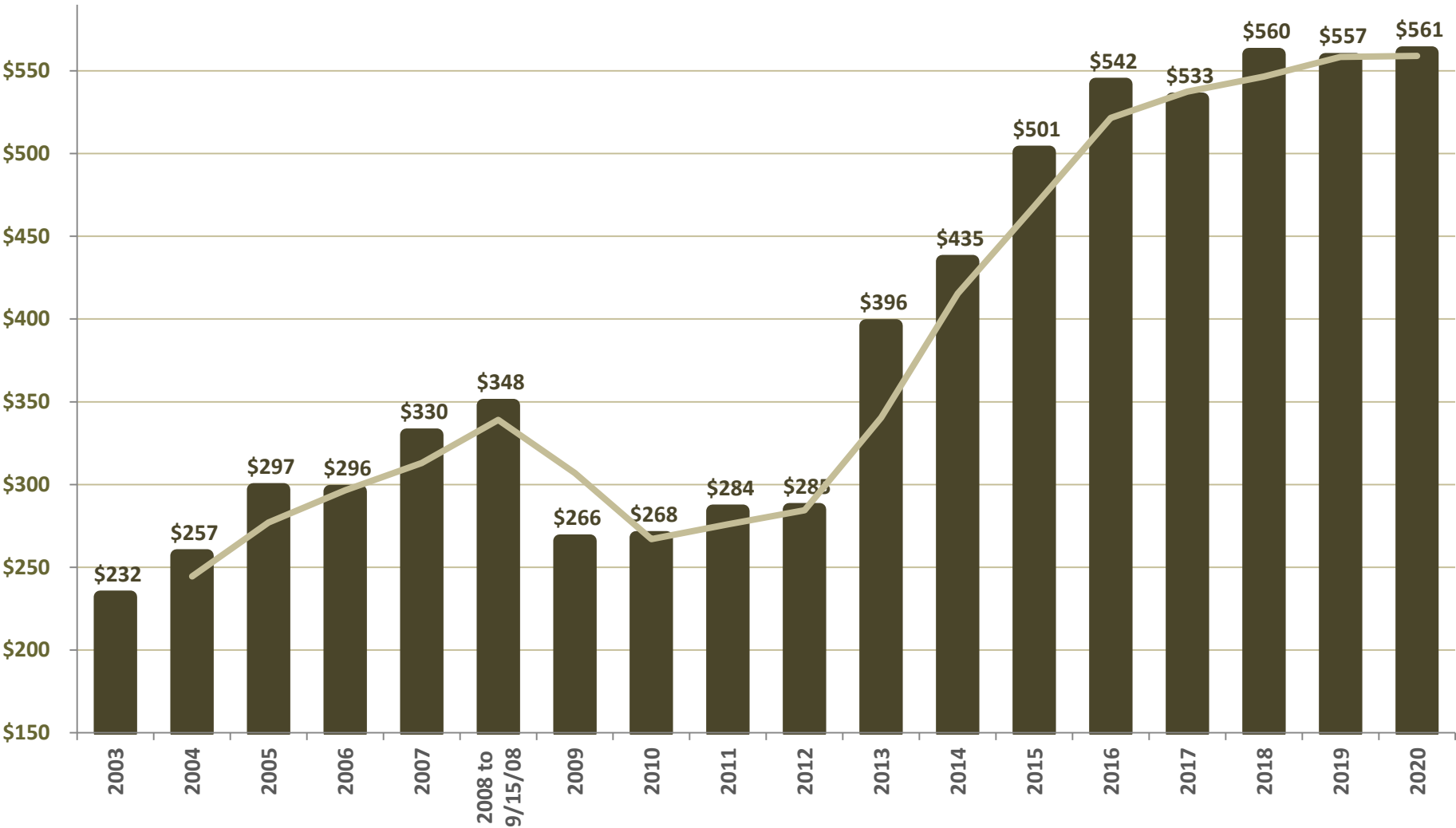
Weighted Average Asking Rent, Q1 Data Points, 1994 - Present



1st quarter data points except, as noted for last reading - per RealFacts LLC, for larger buildings. 2017-onward estimated using data from a number of rental data websites. Does not include rentals of single family dwellings, condos or units in smaller apartment buildings (which are often larger & more expensive). Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate.

San Francisco 5+ Unit Apartment Building Sales

Average Dollar per Square Foot Values

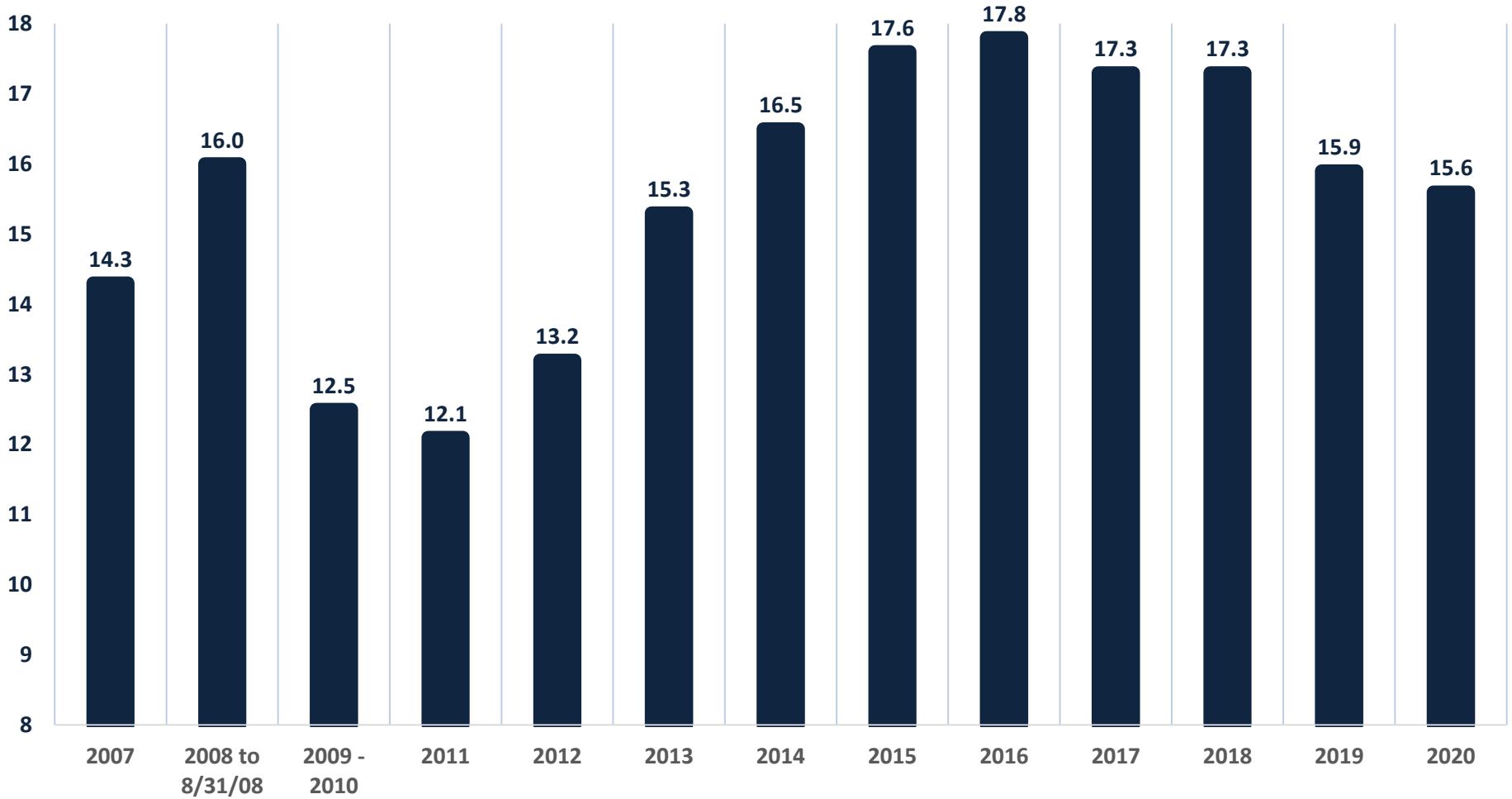


Because of the relatively small number of sales and the huge variety in buildings sold, average dollar per square foot is a very general statistic when applied to investment property sales. Data is from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate.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



Average Gross Rent Multiples

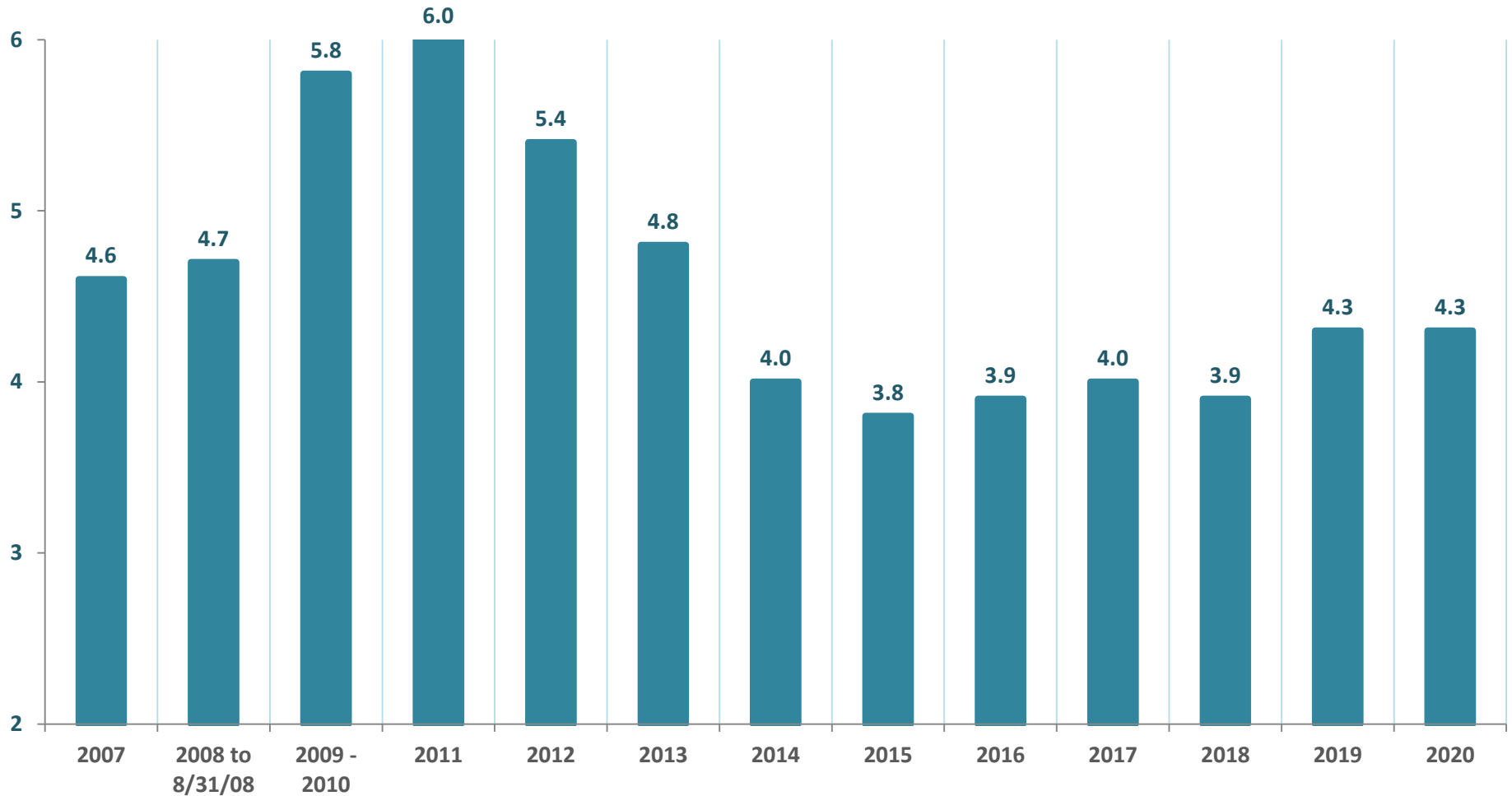
San Francisco 5+ Unit Apartment Building Sales



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.

Average Cap Rates

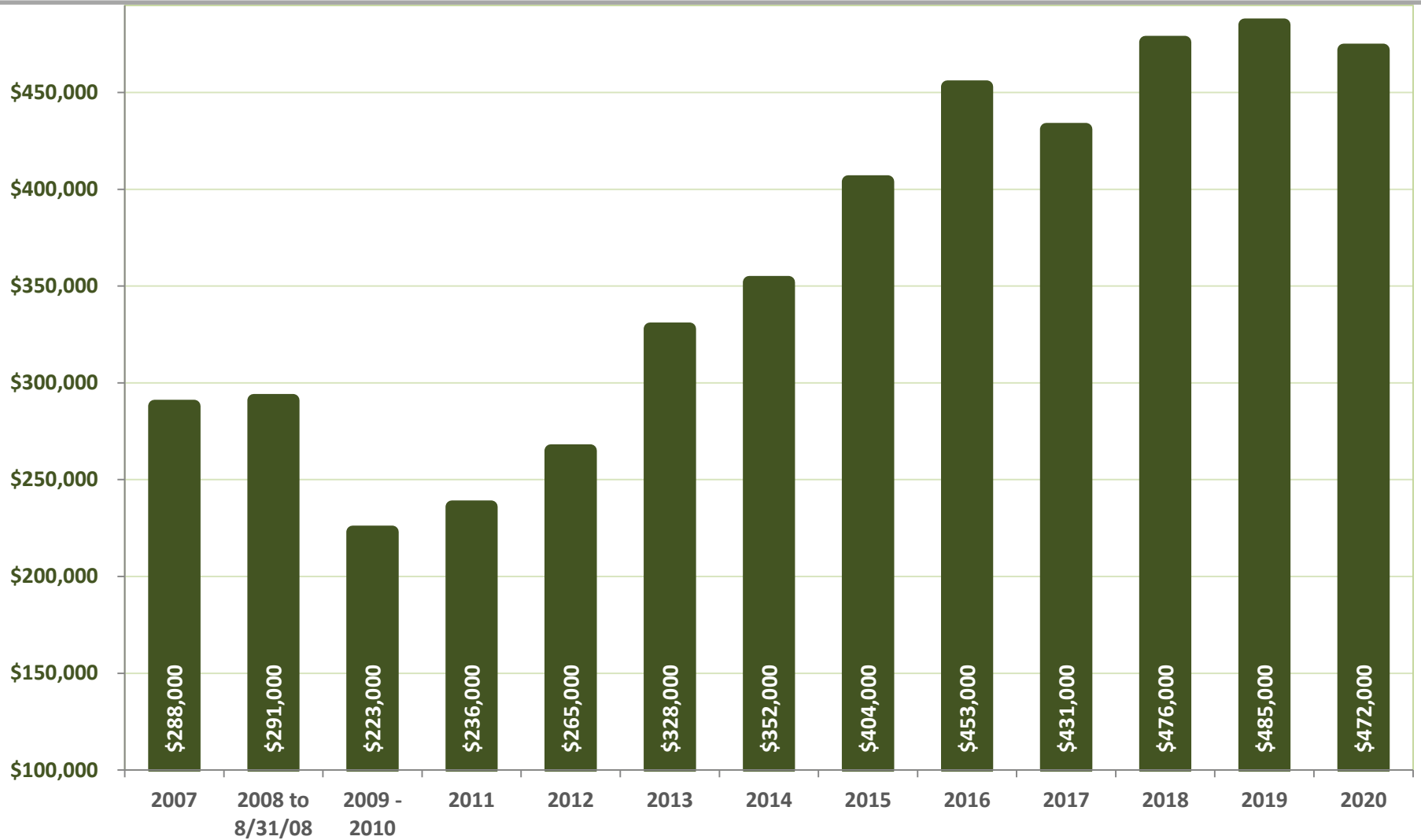
San Francisco 5+ Unit Apartment Building Sales



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

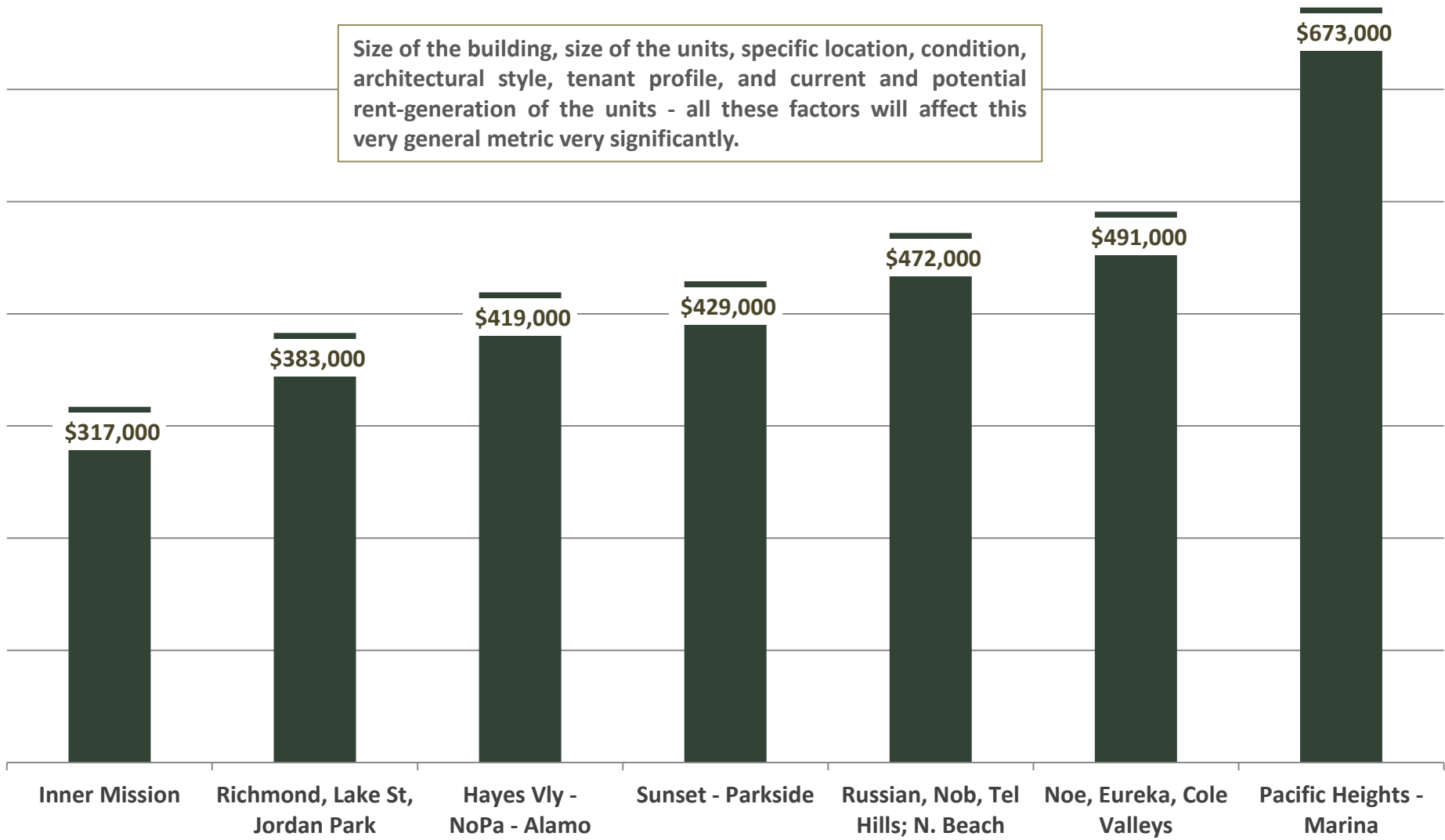


Because of the huge variety in buildings sold, this is a very general statistic when applied to SF investment property sales. This data is from sources deemed reliable, but may contain errors and subject to revision. Outlier sales deleted when identified. All numbers should be considered approximate.

Average Price per Unit – Selected Submarkets

5+ Unit Apartment Building Sales in 2020

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 these factors will affect this very general metric very significantly.



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



San Francisco 5+ Unit Apartment Building Sales

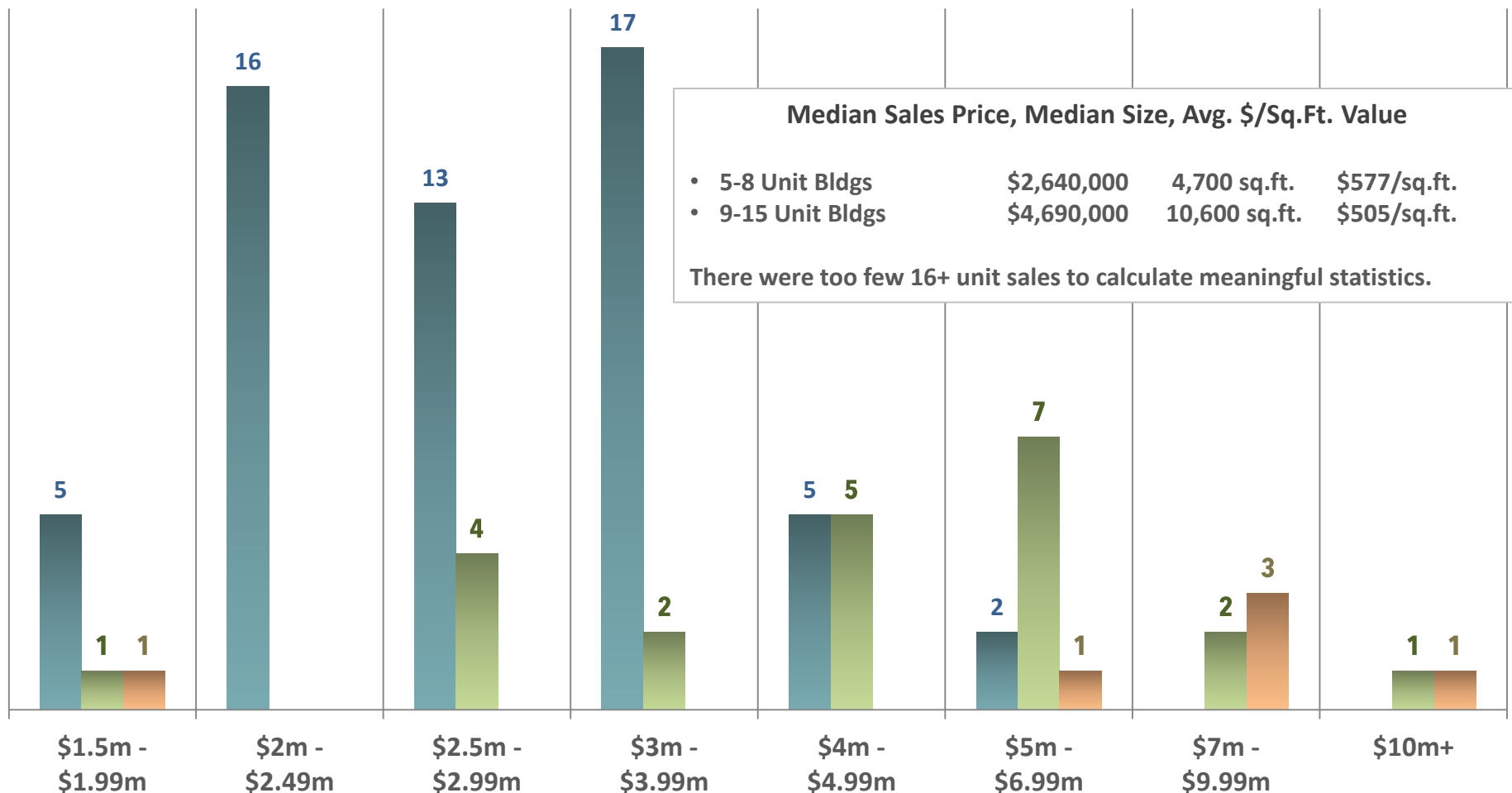
2020 Sales by Price Segment

Sales reported to MLS

■ 5-8 Unit Buildings

■ 9-15 Unit Buildings

■ 16+ Unit Buildings



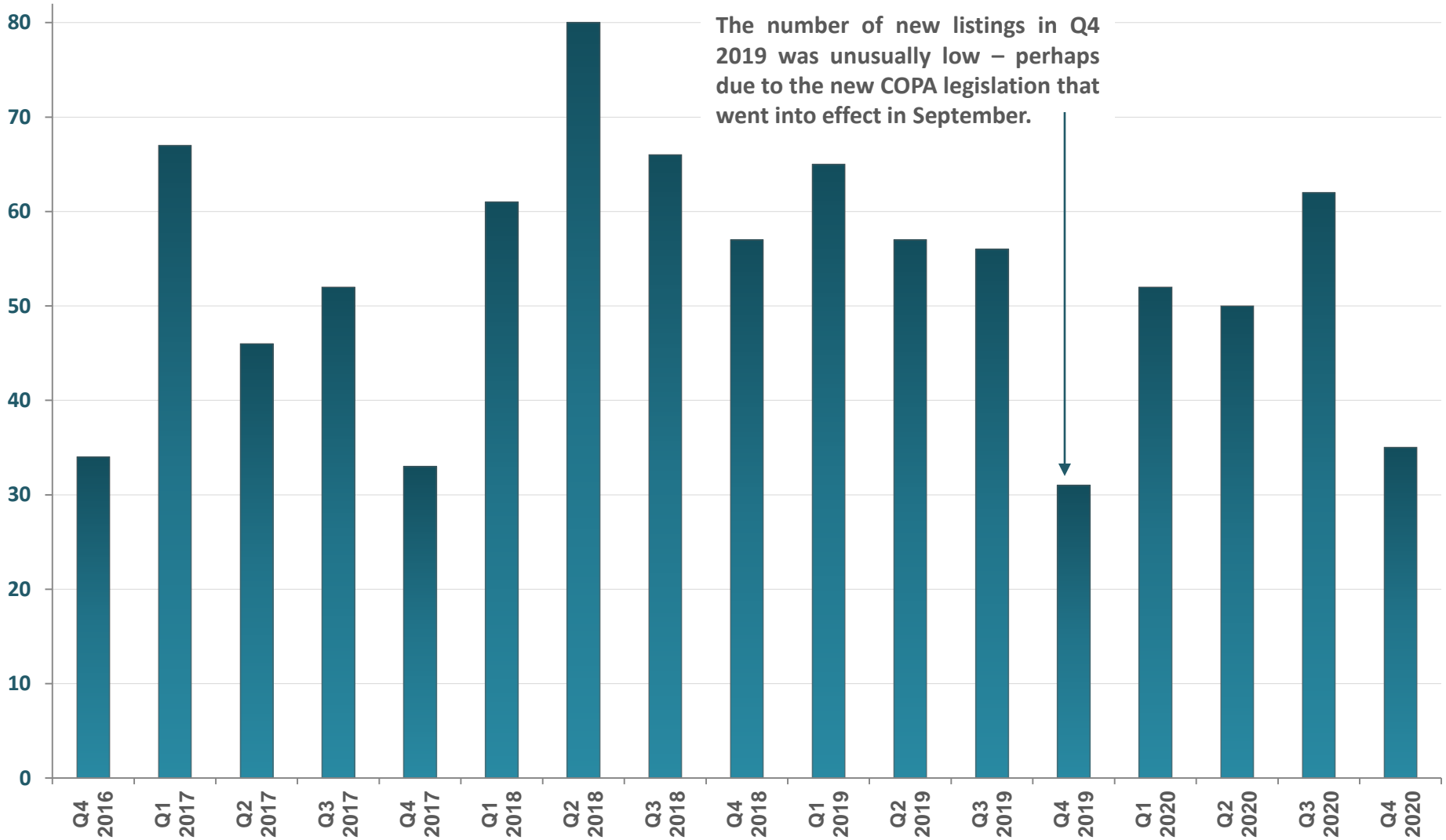
Sales reported to MLS. Data from sources deemed reliable, but subject to error and revision. All numbers to be considered approximate.

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San Francisco Apartment Building Market – 5+ Units

New Listings Coming on Market in Quarter

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



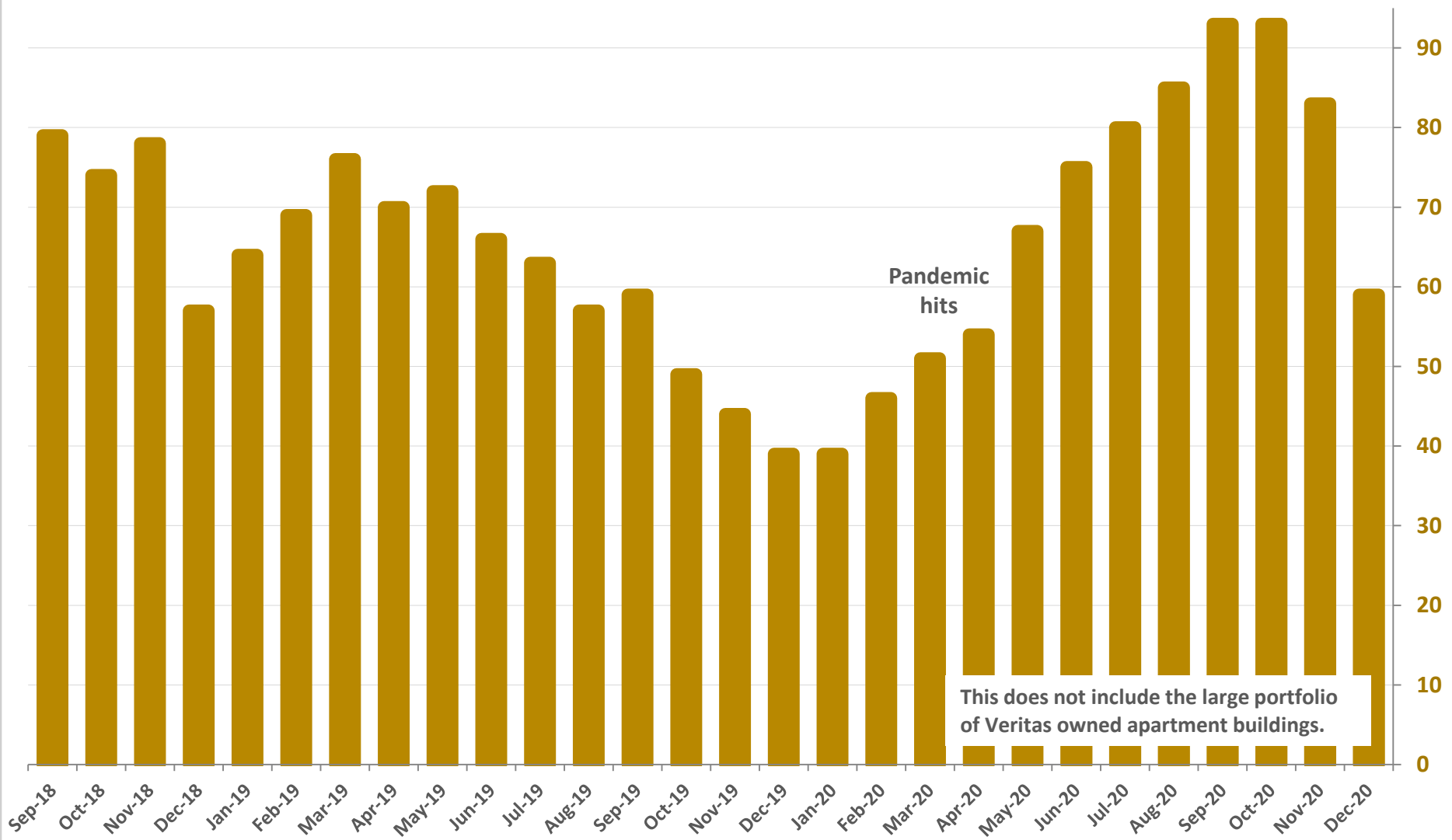
Data from sources deemed reliable, but may contain errors and subject to revision. Based upon MLS activity: Not all for-sale properties are posted to MLS. All numbers approximate and subject to revision.



San Francisco Apartment Building Market – 5+ Units

Active Listings Listed for Sale at End of Month

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



This does not include the large portfolio of Veritas owned apartment buildings.

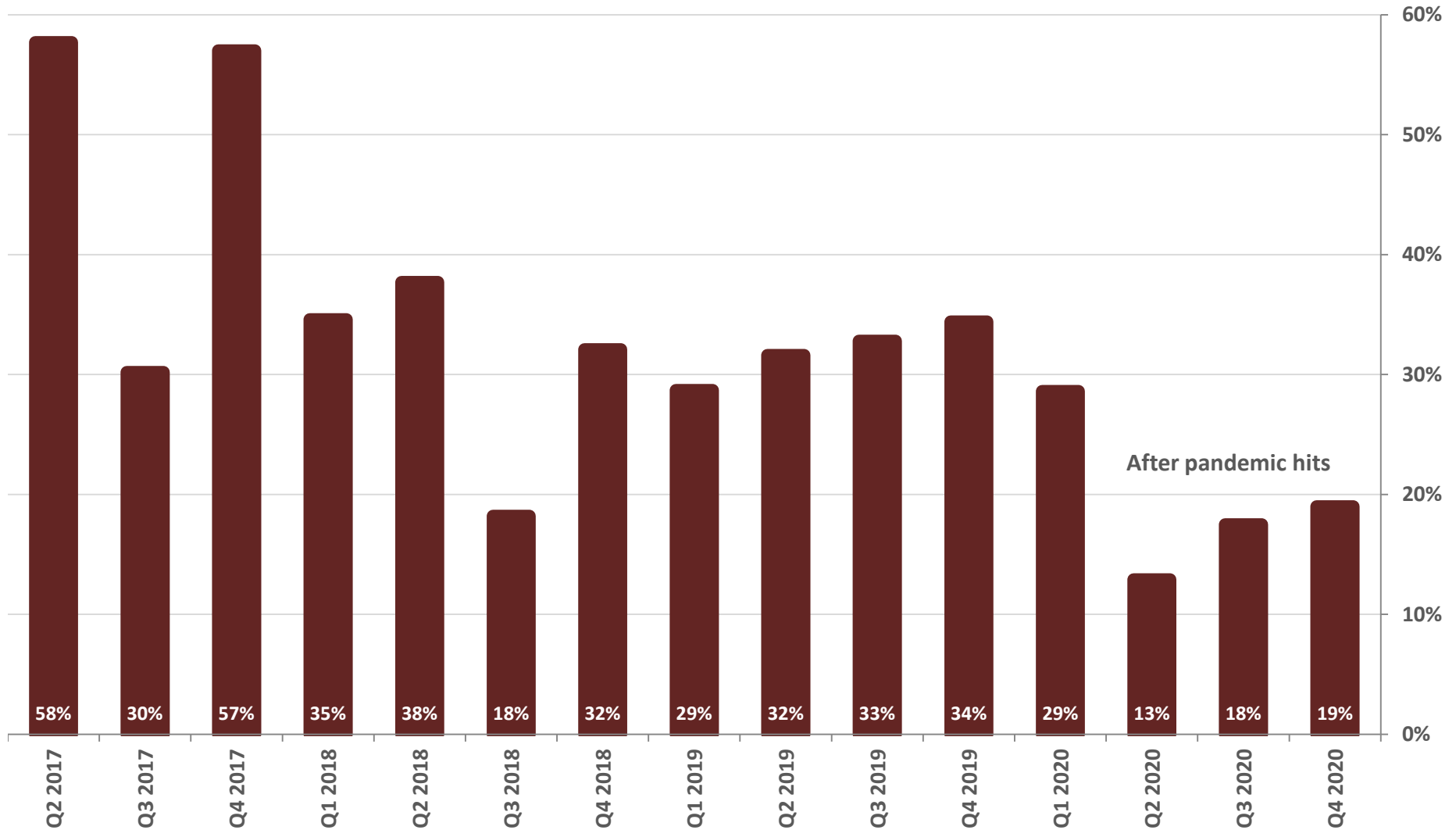
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Percentage of Listings Accepting Offers in Quarter

San Francisco 5+ Unit Building Market Dynamics

Per MLS sales data



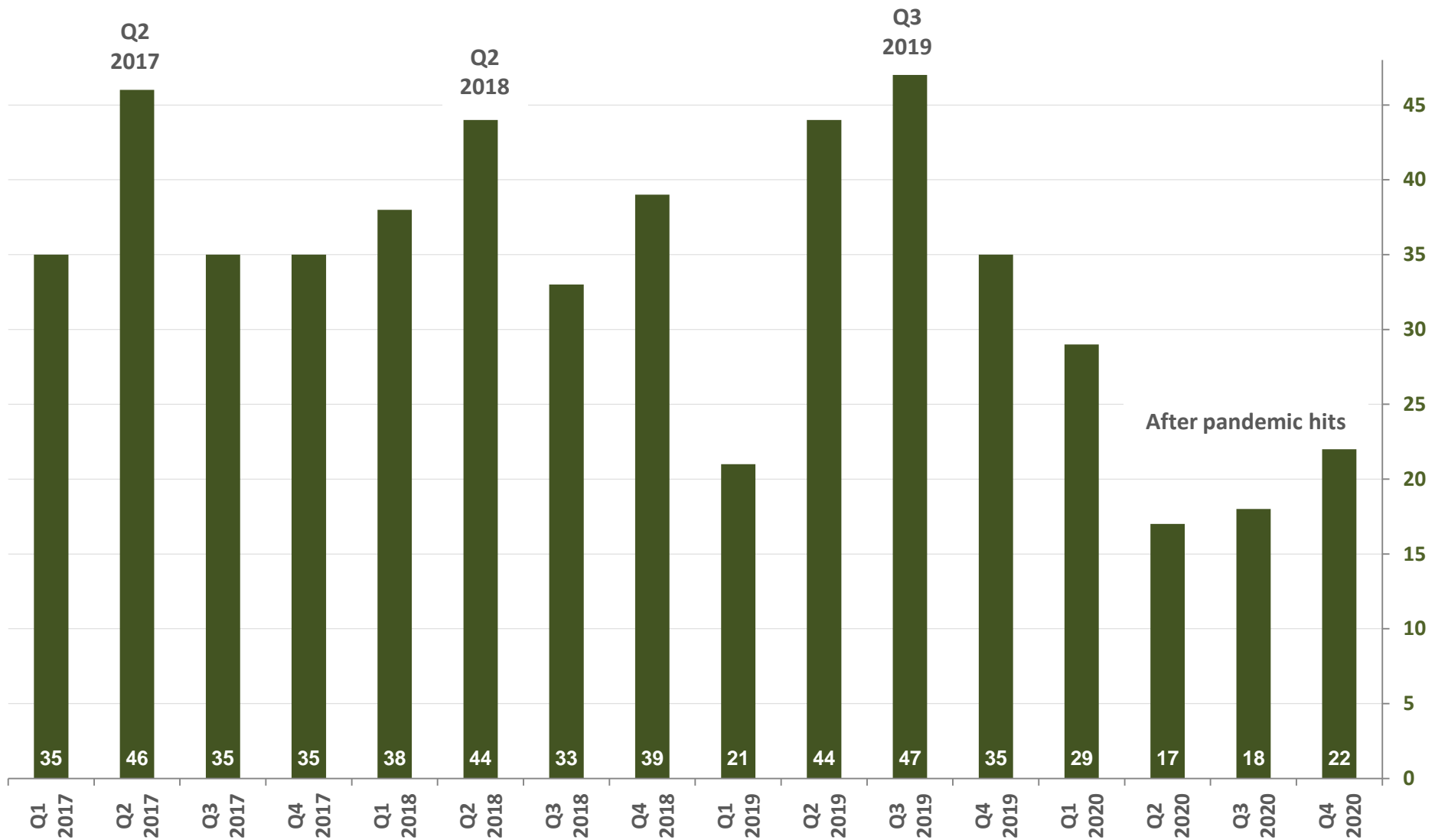
After pandemic hits

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San Francisco Apartment Building Market – 5+ Units

Listings Closing Sale in Quarter since 2017

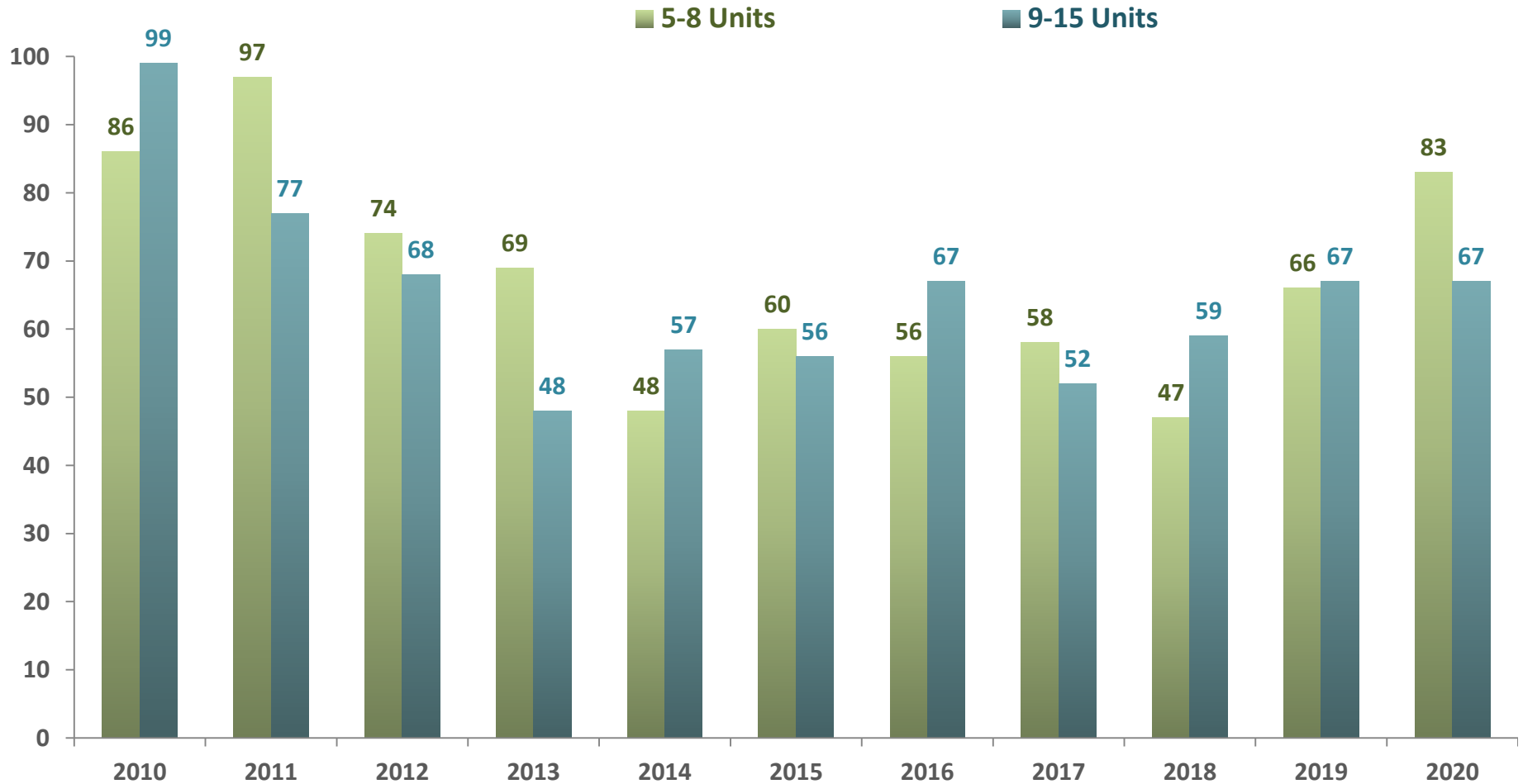


Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.



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

| Bottom of market |



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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. 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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