



The San Francisco Smaller Apartment Building Market

**January 2023 Report
2-4 Unit Multi-Family Buildings**

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The San Francisco rental property market continued to be affected by general economic factors, such as interest rates and financial markets, as well as issues more specific to the city, such as tech lay-offs, work from home, social issues such as homelessness, the (still) high cost of housing relative to other regions, and half-empty office buildings. Weekly office attendance in the multi-county San Francisco Metro Area is more than 50% below pre-pandemic levels, a major factor in demand for rental apartments. In the space of less than 3 years, San Francisco has gone from one of the strongest office markets in the world to one of the weakest, impacting the downtown rental market the most. Employment has mostly recovered from the huge, initial pandemic plunge, but remains down by about 16,500 workers, reflecting a decline in the city's population. The unemployment rate is close to historic lows.

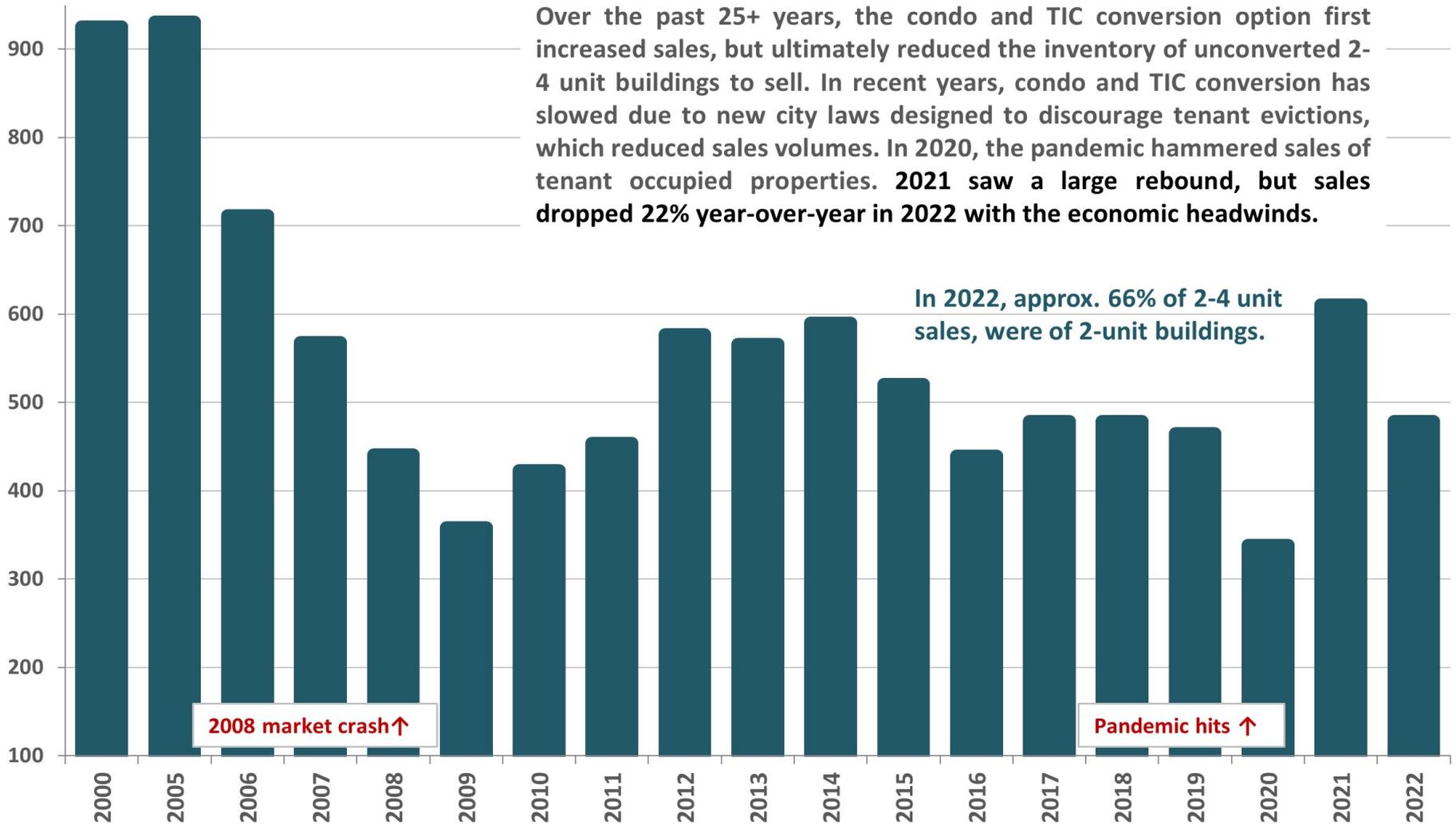
In the second half of 2022, sales volumes and values dropped in the residential income segment, paralleling similar changes in the general residential market. However, hundreds of apartment buildings continued to change hands, as buyers sought out good values and premium properties. Correct pricing is more important than ever. Average asking rents climbed in the first half of 2022, but declined in the second – ending up a little higher than where the year began, but still well down from early 2020.

Data reported to regional MLS associations. Q4 2022 numbers are estimates using data available in early January 2023: Late reported sales may alter these numbers. Statistics are generalities, essentially summaries of disparate data generated by dozens, hundreds or thousands of unique, individual sales. They are best seen not as precise measurements, but as broad, comparative indicators. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate. How these figures apply to any particular property is unknown without a specific comparative market analysis.

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San Francisco Residential 2-4 Unit Building Sales

Annual Number of Buildings Sold



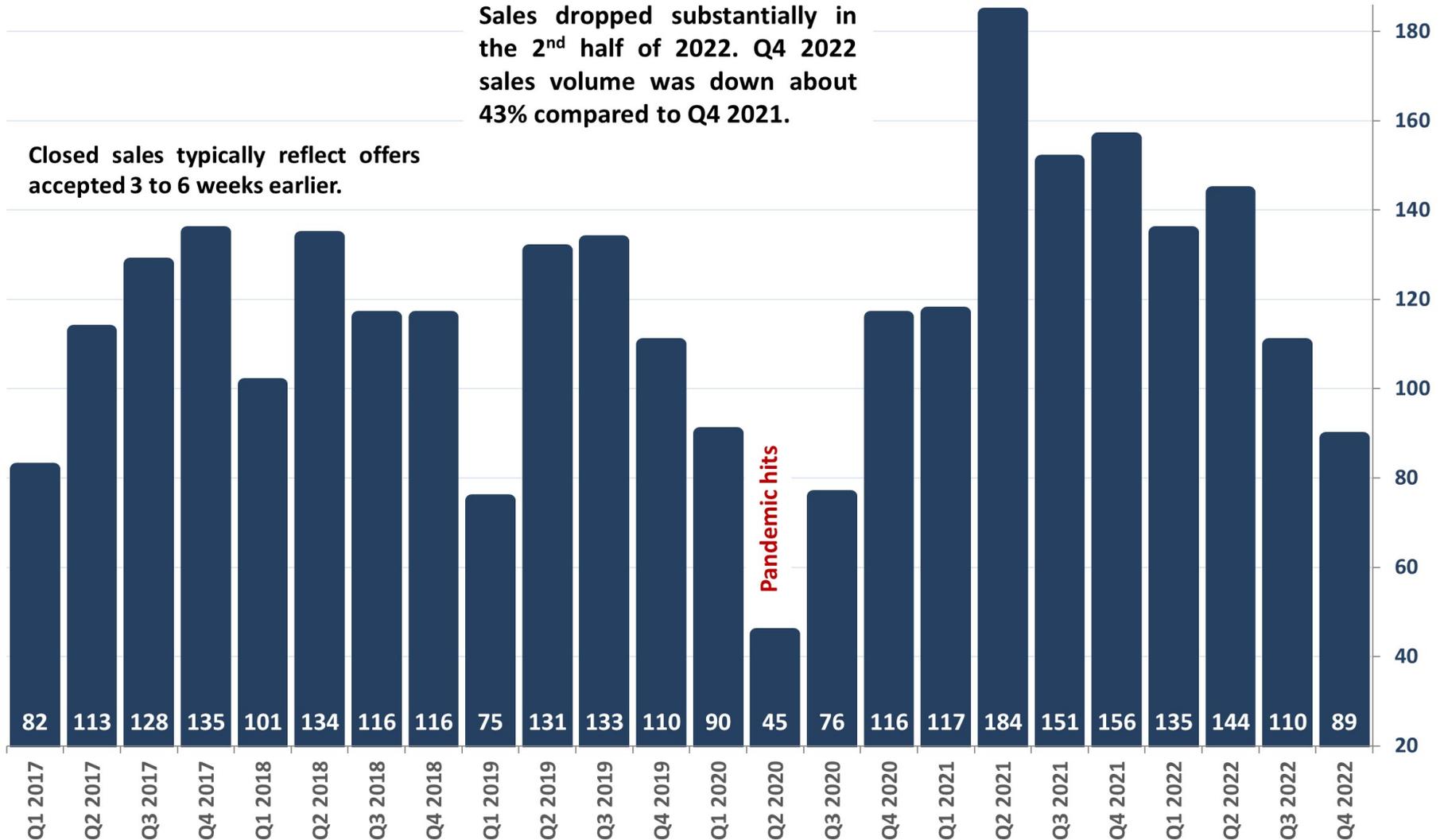
Sales reported to MLS. Years 2001-2004 omitted. Data from sources deemed reliable, but may contain errors and is subject to revision. All numbers are approximate, and may change with late reported sales.

San Francisco 2-4 Unit Building Sales

Sales Volume, 2017 – Present, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier.

Sales dropped substantially in the 2nd half of 2022. Q4 2022 sales volume was down about 43% compared to Q4 2021.

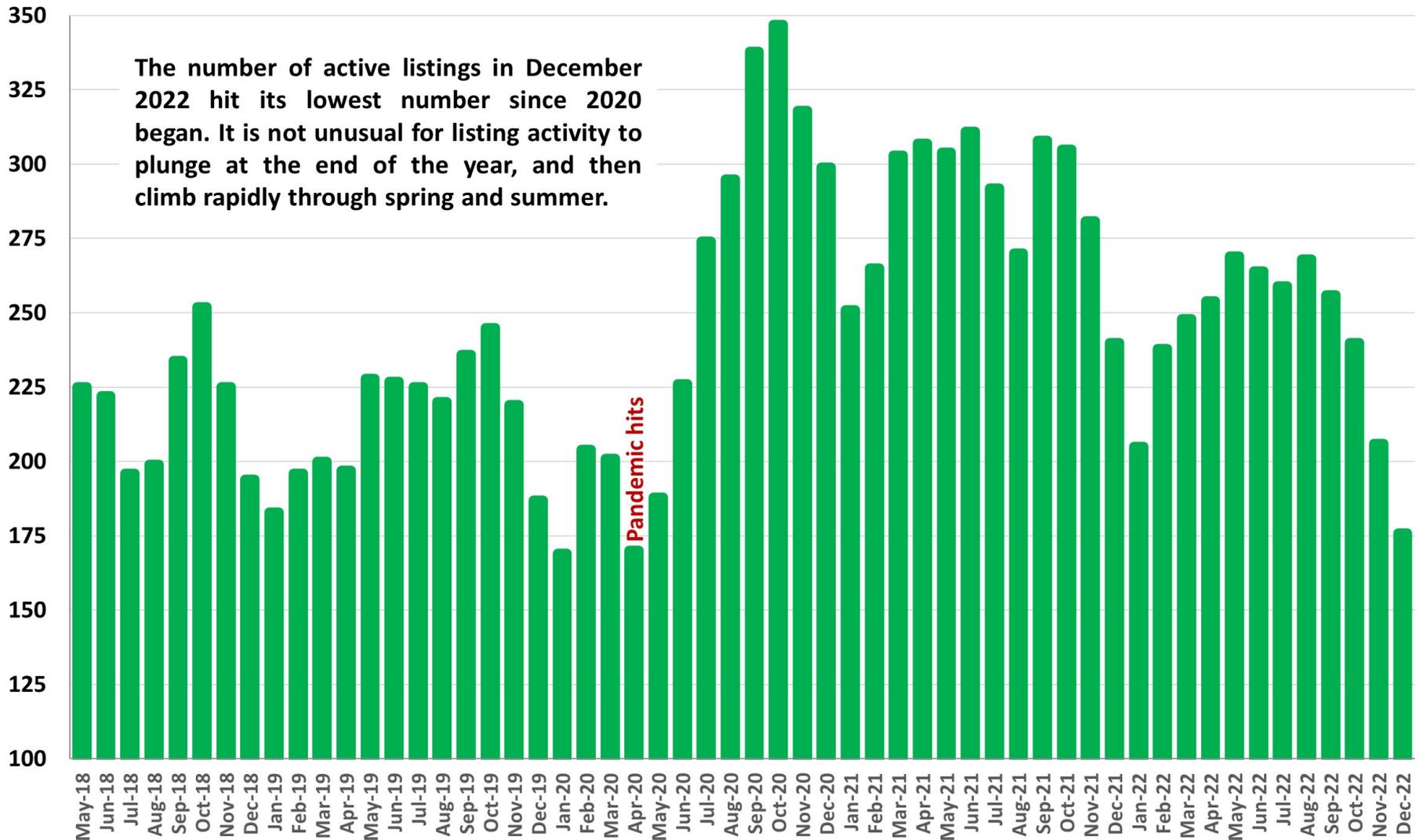


As reported to SFARMLS, MLSLISTINGS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last reading estimated and may change with late reported activity.



Active Listings on Market in Month

San Francisco 2-4 Multi-Family Building Market, since Spring 2020

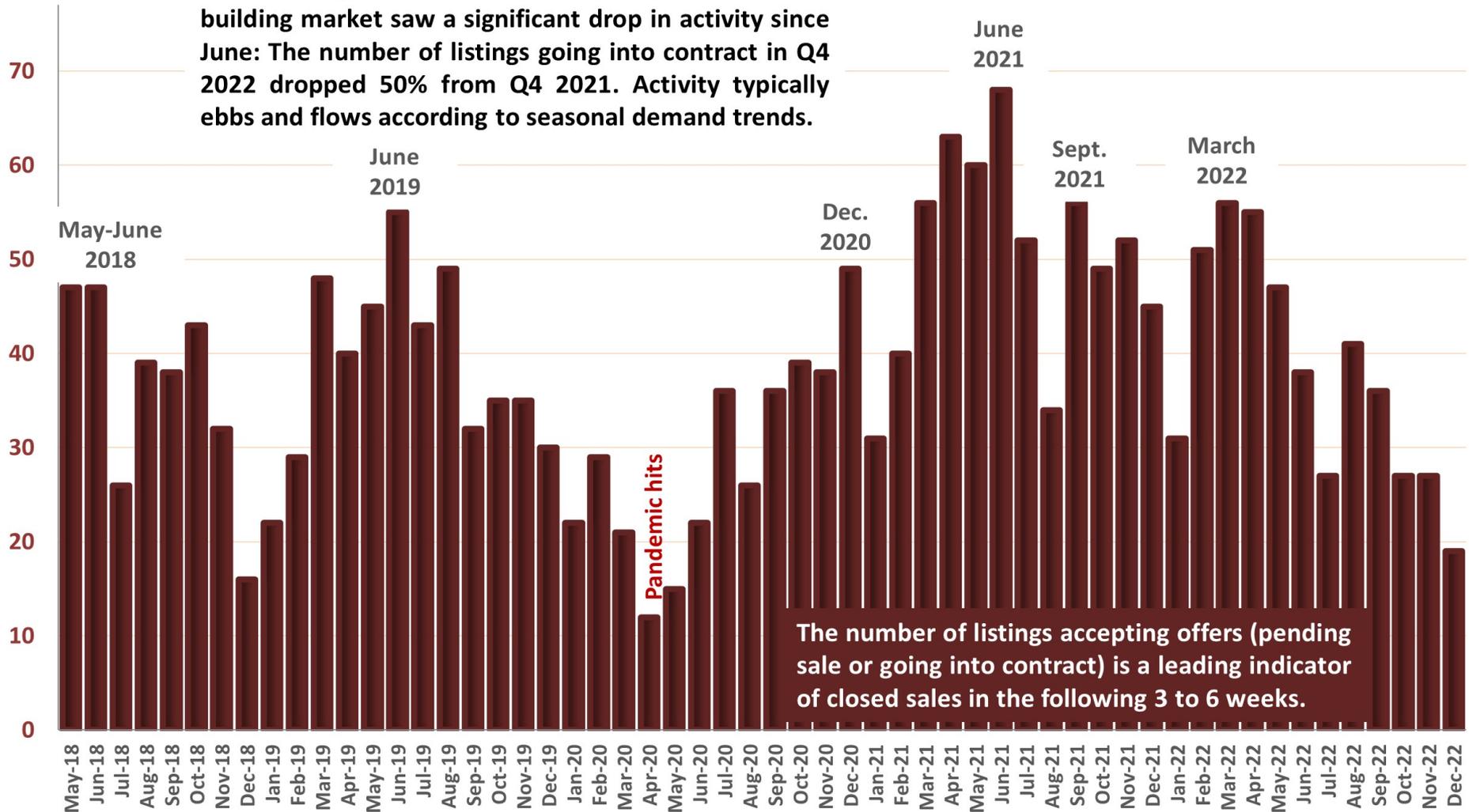


As reported to SFARMLS & MLSLISTINGS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate, and may change with late reported activity.



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

As in the general residential market, the 2-4 unit building market saw a significant drop in activity since June: The number of listings going into contract in Q4 2022 dropped 50% from Q4 2021. Activity typically ebbs and flows according to seasonal demand trends.



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

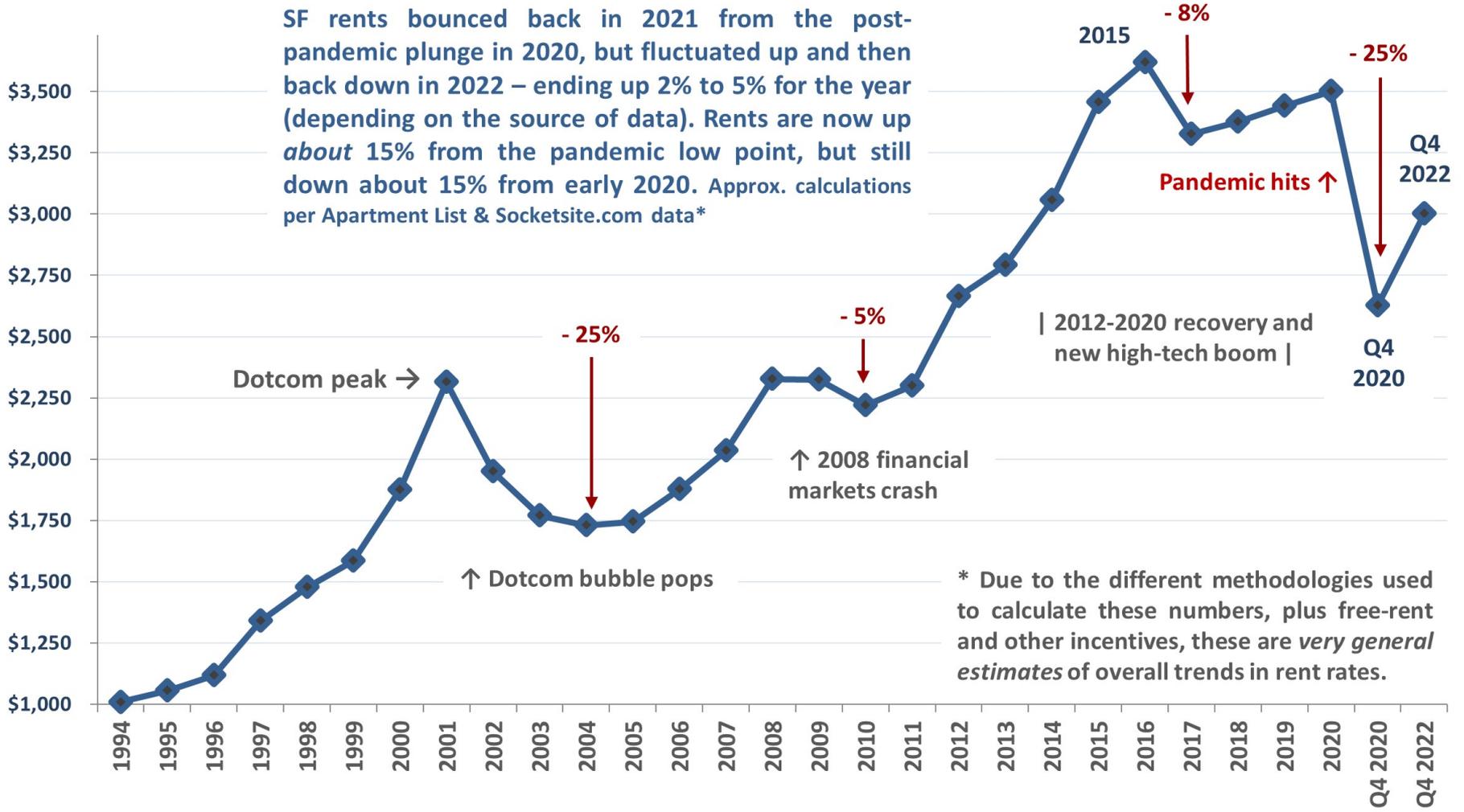
As reported to MLS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are approximate. Last reading estimated and may change with late reported activity.



San Francisco Residential Rents – Approximate, Good Faith Estimates*

Average Asking Rent, 1994 – Present, Q1 Data Points (except as noted)

SF rents bounced back in 2021 from the post-pandemic plunge in 2020, but fluctuated up and then back down in 2022 – ending up 2% to 5% for the year (depending on the source of data). Rents are now up *about* 15% from the pandemic low point, but still down about 15% from early 2020. Approx. calculations per Apartment List & Socketsite.com data*



* Due to the different methodologies used to calculate these numbers, plus free-rent and other incentives, these are *very general estimates* of overall trends in rent rates.

1st quarter data points except, as noted for Q4 2020 and Q4 2022. Numbers are estimated using data from a number of rental data sources. Data from sources deemed reliable but may contain errors and subject to revision. All numbers are good-faith estimates and very approximate.

Median Sales Price Trends since 2011 by Year

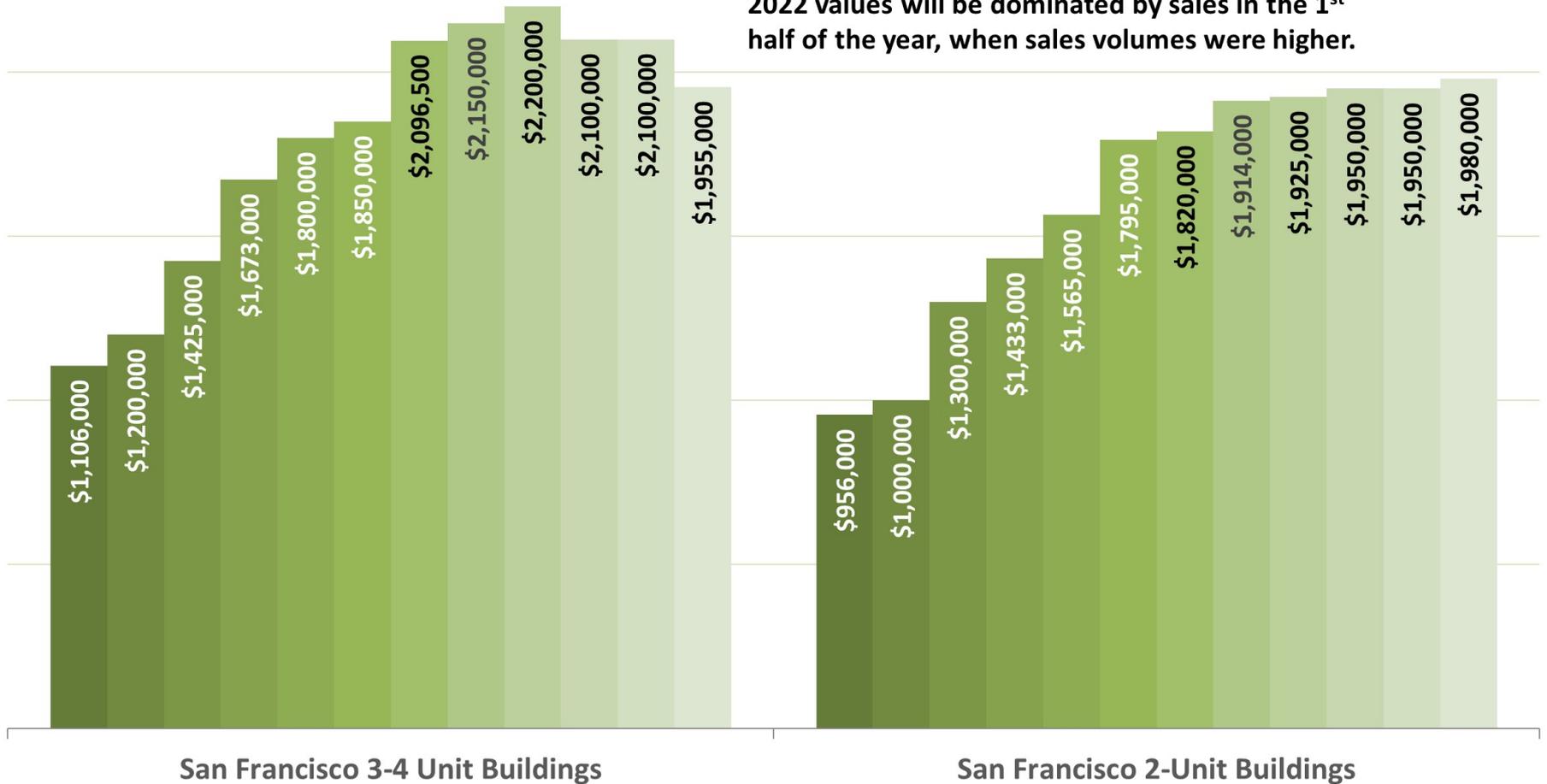
San Francisco 2-4 Unit Residential Buildings

A specific comparative market analysis is required to value any particular property.

Median Sales Prices

■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

2022 values will be dominated by sales in the 1st half of the year, when sales volumes were higher.



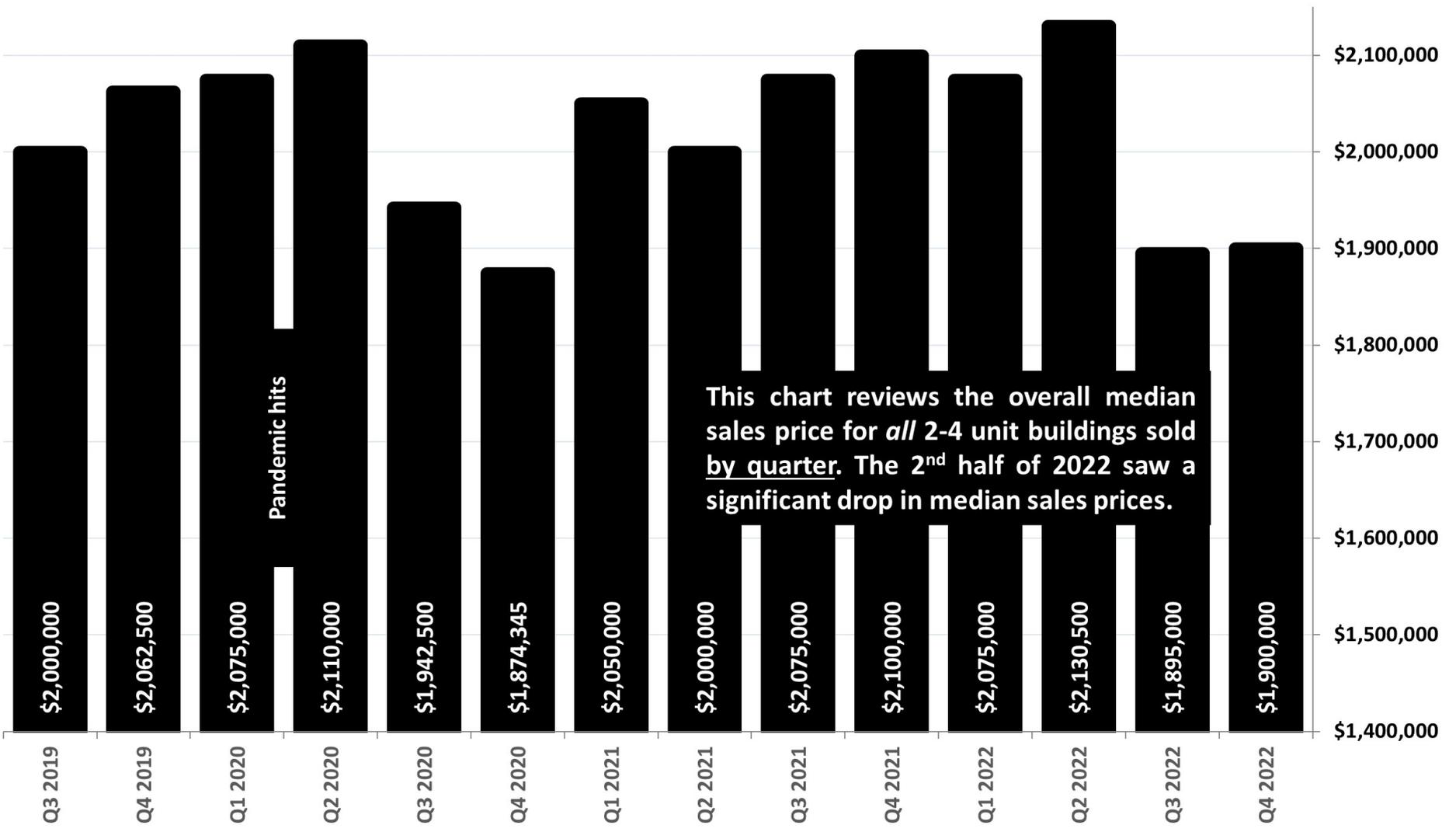
Sales reported to NorCal MLS Alliance. These prices are generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate. Late reported sales may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



San Francisco 2-4 Unit Building Values

Median Sales Prices, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier.



As reported to SFARMLS, 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.

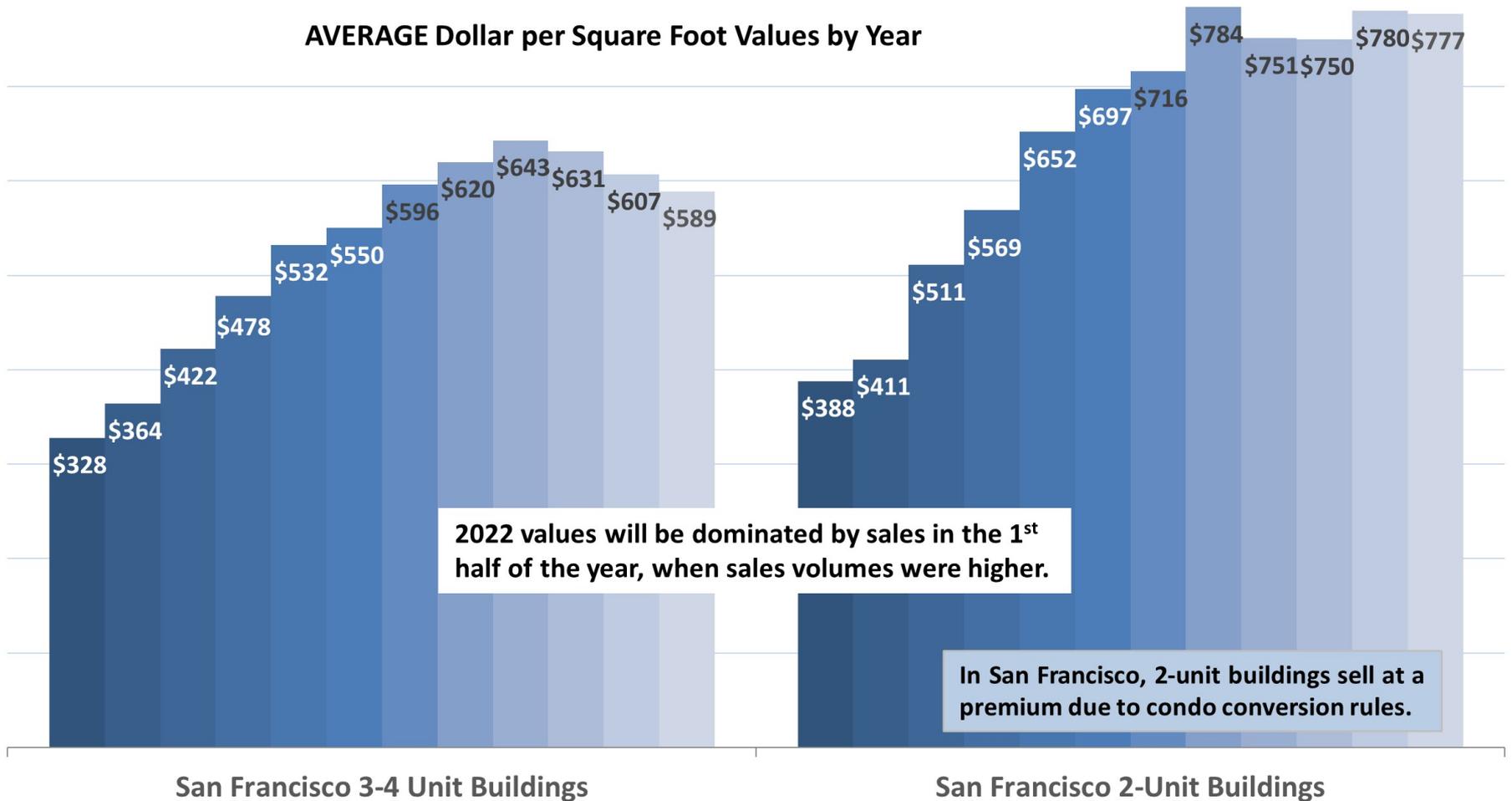
Average Dollar per Square Foot Values by Year

San Francisco 2-4 Unit Residential Building Sales since 2011

A specific comparative market analysis is required to value any particular property.

■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

AVERAGE Dollar per Square Foot Values by Year



2022 values will be dominated by sales in the 1st half of the year, when sales volumes were higher.

In San Francisco, 2-unit buildings sell at a premium due to condo conversion rules.

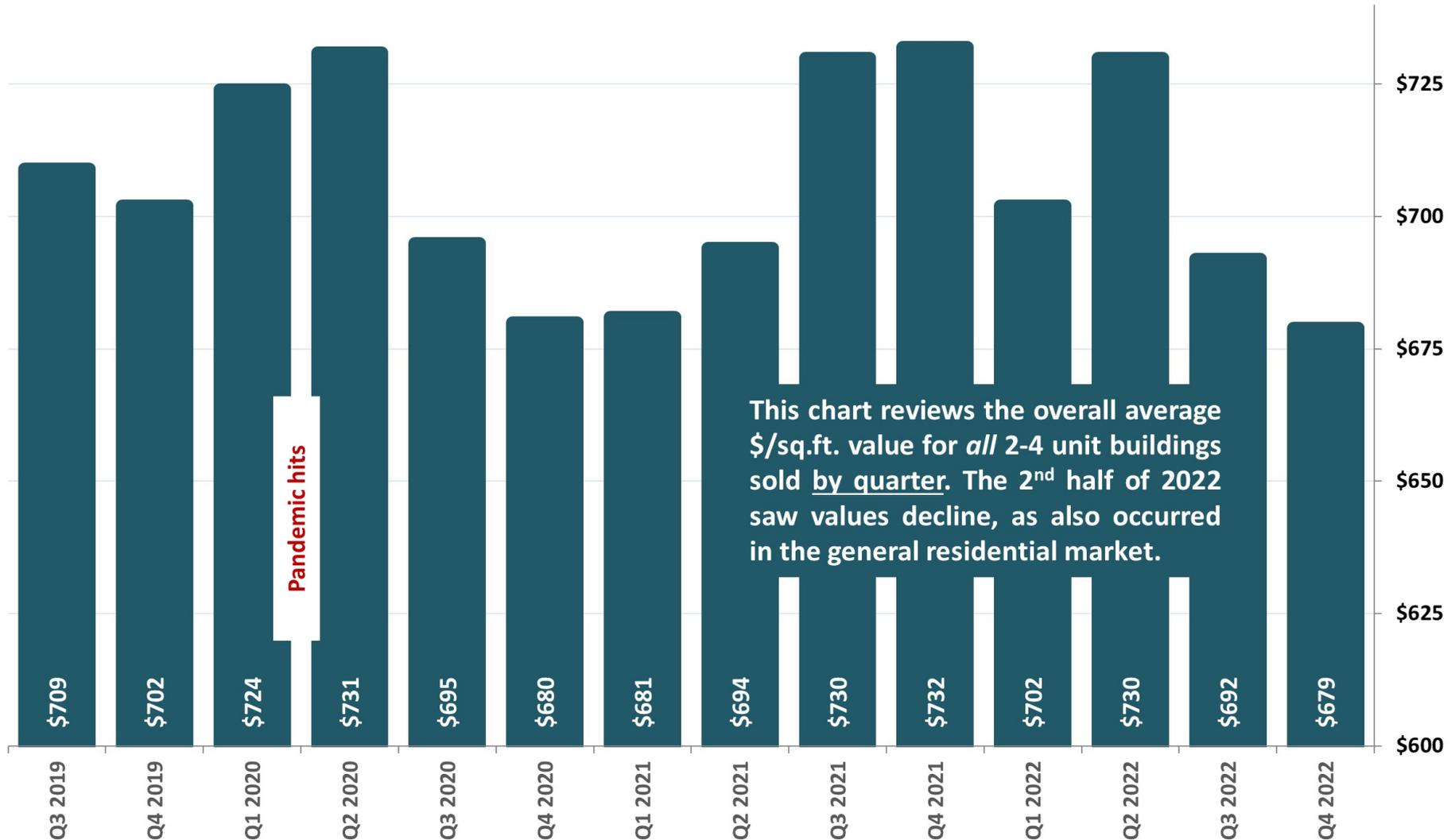
Sales reported to NorCal MLS Alliance. These values are generalities reflecting sales of a wide variety of buildings in locations of differing values. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate. Late reported sales may alter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



San Francisco 2-4 Unit Building Values

Average Dollar per Square Foot Values, by Quarter

Closed sales typically reflect offers accepted 3 to 6 weeks earlier.



As reported to SFARMLS, 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.

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

Median Sales Prices, Building Square Footage, \$/Sq.Ft. Values – 2022 Sales*

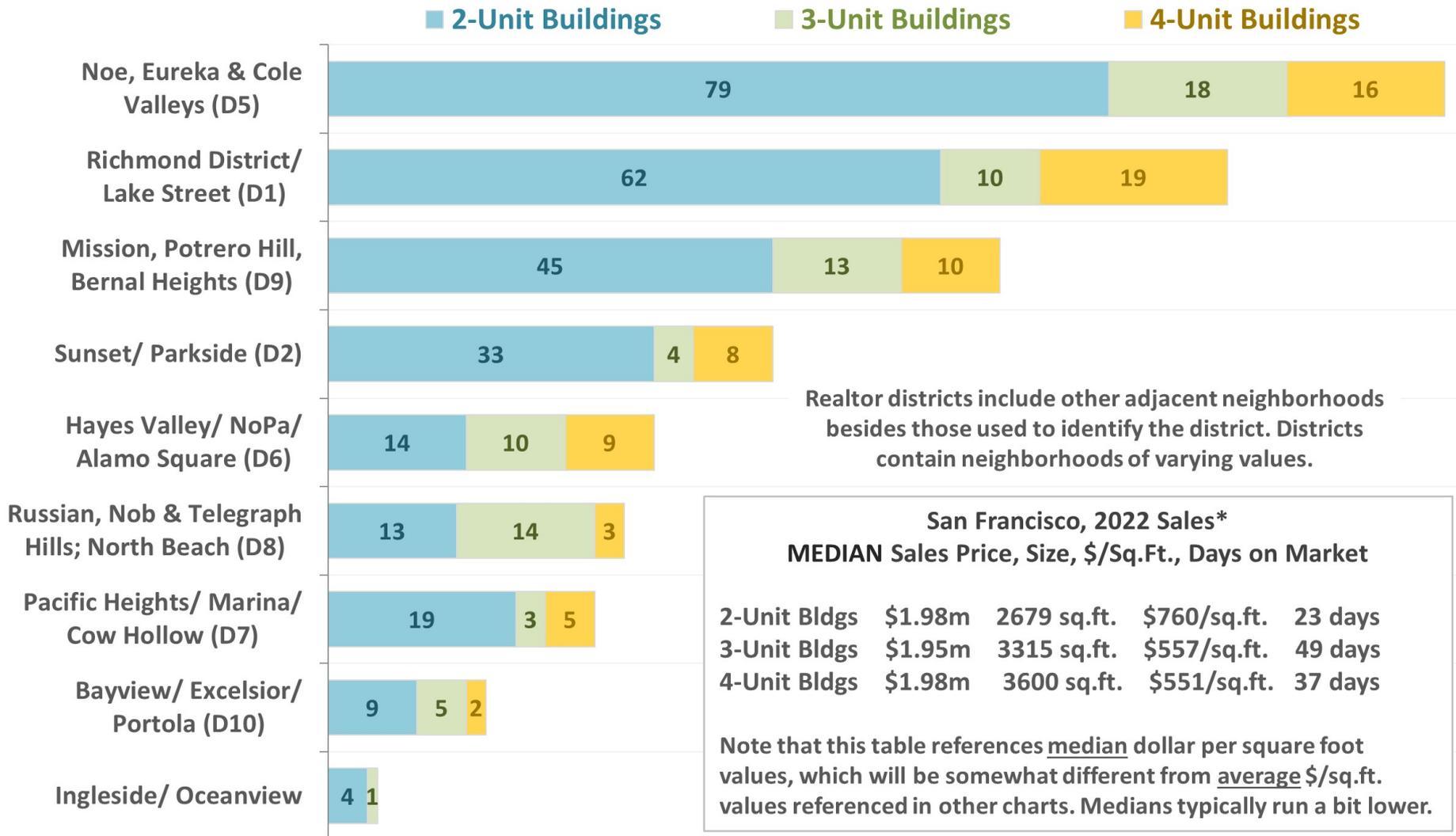
San Francisco District	2-Unit Buildings	3-Unit Buildings	4-Unit Buildings
Pacific & Presidio Heights, Cow Hollow & Marina (District 7)	\$2,963,000 3228 sq.ft. - \$953/sq.ft.	\$2,750,000 4085 sq.ft. - \$802/sq.ft.	\$2,750,000 3852 sq.ft. - \$873/sq.ft.
Russian, Nob & Telegraph Hills; North Beach (District 8)	\$1,975,000 2304 sq.ft. - \$841/sq.ft.	\$2,487,500 3848 sq.ft. - \$733/sq.ft.	Not enough sales for statistics
Noe, Eureka & Cole Valleys; Ashbury & Corona Heights; Mission Dolores (D5)	\$2,149,000 2637 sq.ft. - \$828/sq.ft.	\$1,800,000 3031 sq.ft. - \$599/sq.ft.	\$2,165,000 3600 sq.ft. - \$601/sq.ft.
North of Panhandle (NoPa), Alamo Square, Hayes Valley, Lower Pacific Heights (D6)	\$2,690,000 3200 sq.ft. - \$771/sq.ft.	\$2,000,000 4150 sq.ft. - \$514/sq.ft.	\$1,960,000 3801 sq.ft. - \$555/sq.ft.
Lake Street, Richmond District, Lone Mountain, Jordan Park (District 1)	\$1,981,000 2975 sq.ft. - \$715/sq.ft.	\$1,800,000 3270 sq.ft. - \$477/sq.ft.	\$2,100,000 3920 sq.ft. - \$575/sq.ft.
Potrero Hill, Bernal Heights, Inner Mission, South of Market (District 9)	\$1,525,000 2347 sq.ft. - \$738/sq.ft.	\$1,538,000 3411 sq.ft. - \$456/sq.ft.	\$1,460,000 2965 sq.ft. - \$545/sq.ft.
Sunset, Parkside (District 2)	\$1,900,000 2550 sq.ft. - \$754/sq.ft.	\$1,781,500 2200 sq.ft. - \$788/sq.ft.	\$1,562,500 3257 sq.ft. - \$478/sq.ft.
Bayview-Excelsior-Visitacion Valley (District 10)	\$1,050,000 2020 sq.ft. - \$514/sq.ft.	\$1,170,000 2218 sq.ft. - \$548/sq.ft.	Not enough sales for statistics

*Data from sales as reported to NorCal MLS Alliance in 2022 as reported by 12/28/22. 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, tenant profile and owner-occupancy. How these values apply to any particular property is unknown without a specific comparative market analysis. Due to the large variety of buildings and circumstances, these numbers to be considered very approximate. Not all listings gave square footage figures.

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2-4 Unit Residential Property Sales

by San Francisco Realtor District, 2022 Sales*



*2022 sales reported to NorCal MLS Alliance by 12/28/22. Not all sales are reported. Data 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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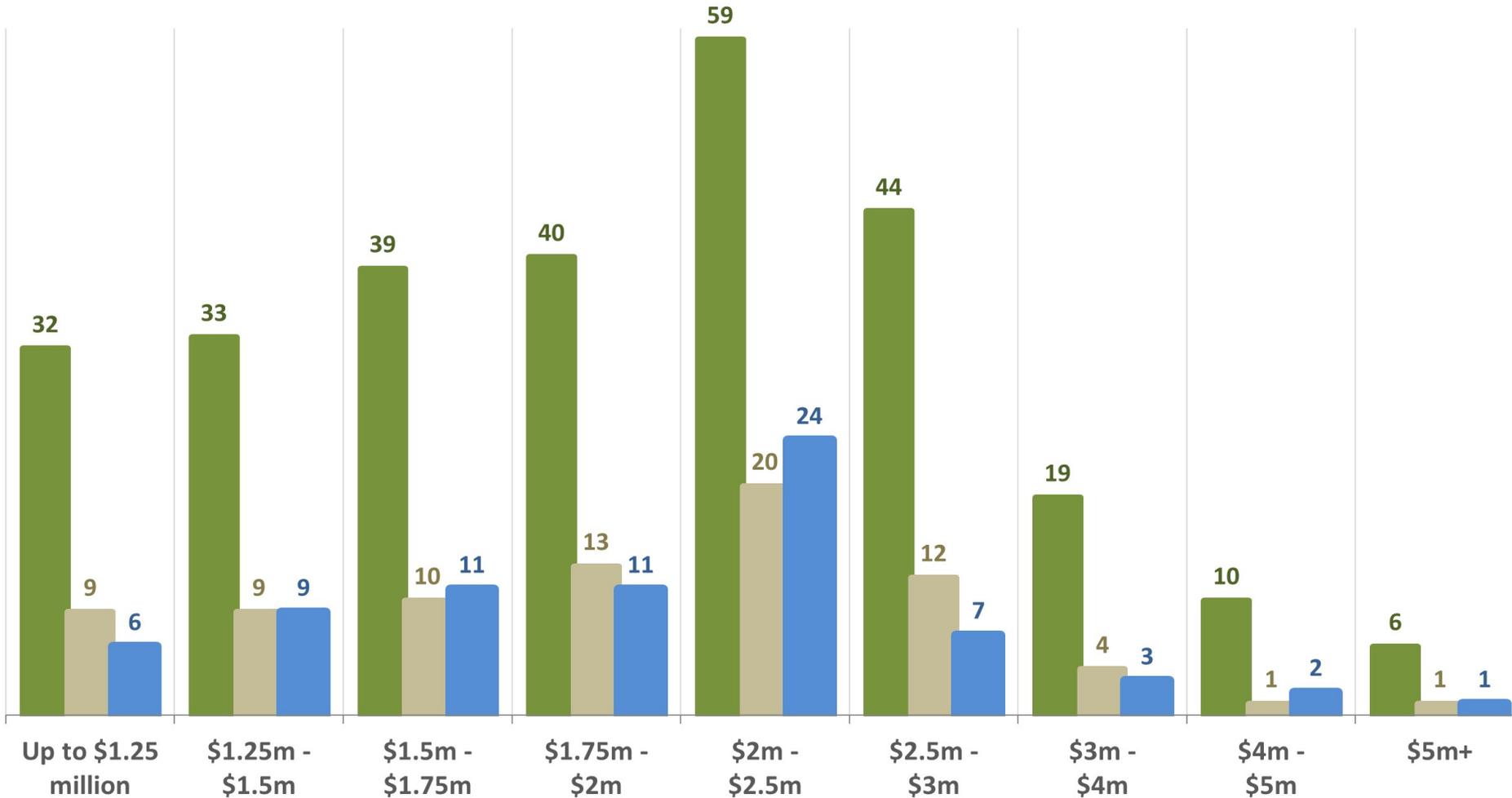
San Francisco 2-4 Unit Residential Buildings

2022 Sales by Number of Units & Price Segment*

■ 2-Unit Building Sales

■ 3-Unit Building Sales

■ 4-Unit Building Sales



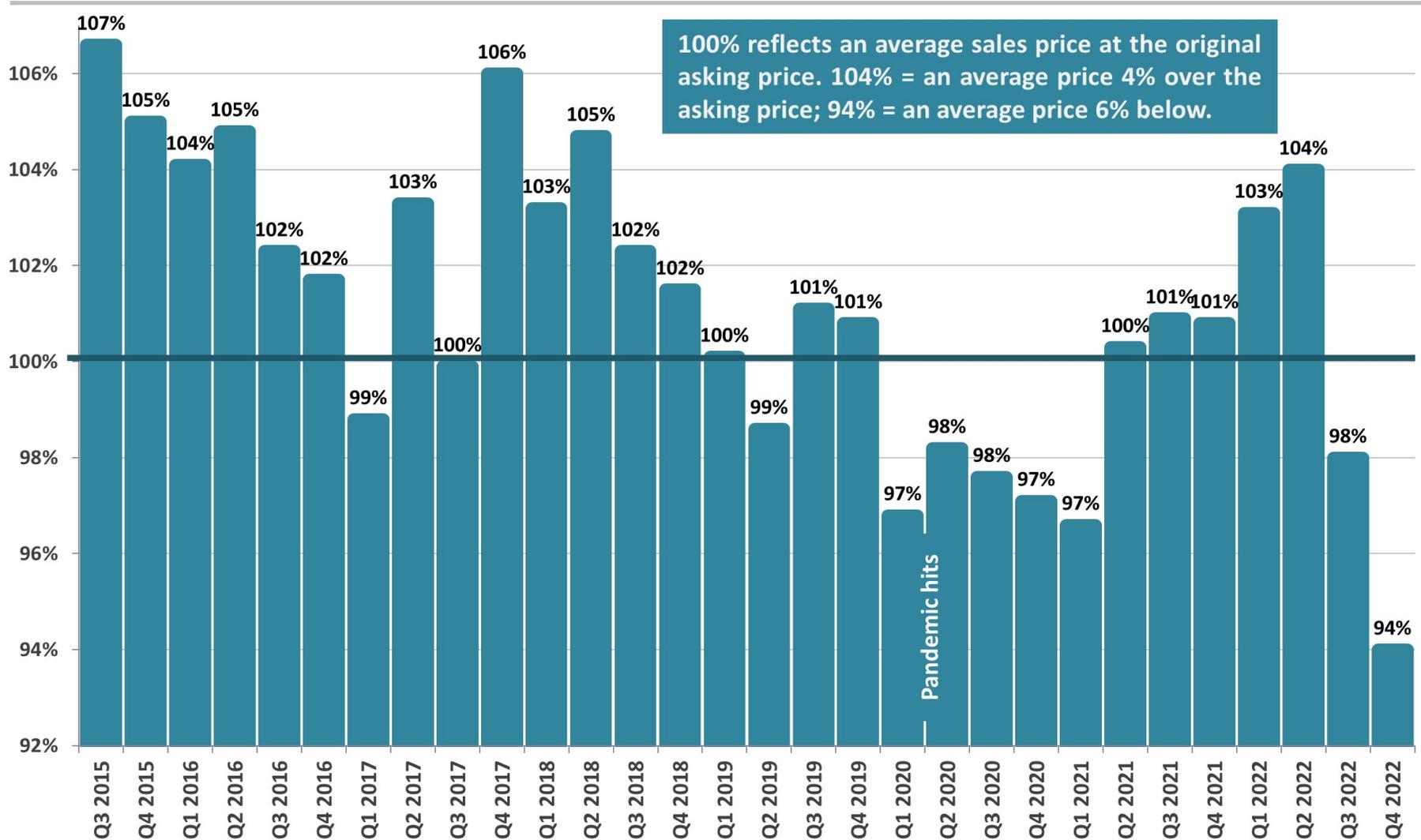
* "M" signifies millions of dollars. 2022 sales reported to NorCal MLS Alliance by 12/28/22. Late reported sales will alter these numbers. Data from sources deemed reliable, but subject to error and revision. Not all sales report square footage. All numbers approximate.

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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



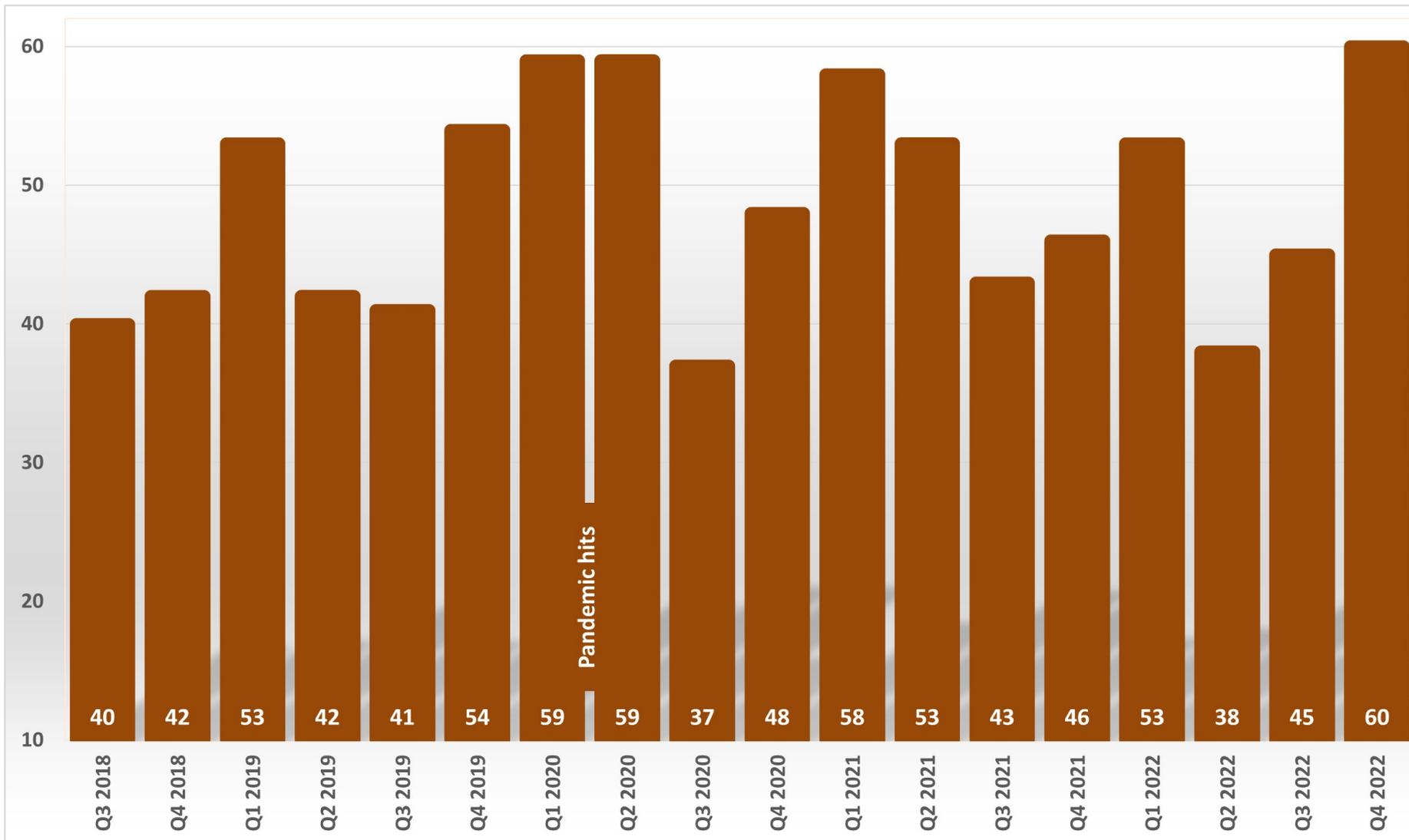
Data from sources deemed reliable, but may contain errors and subject to revision.
All numbers are approximate. Fluctuations in this metric are not unusual.



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.



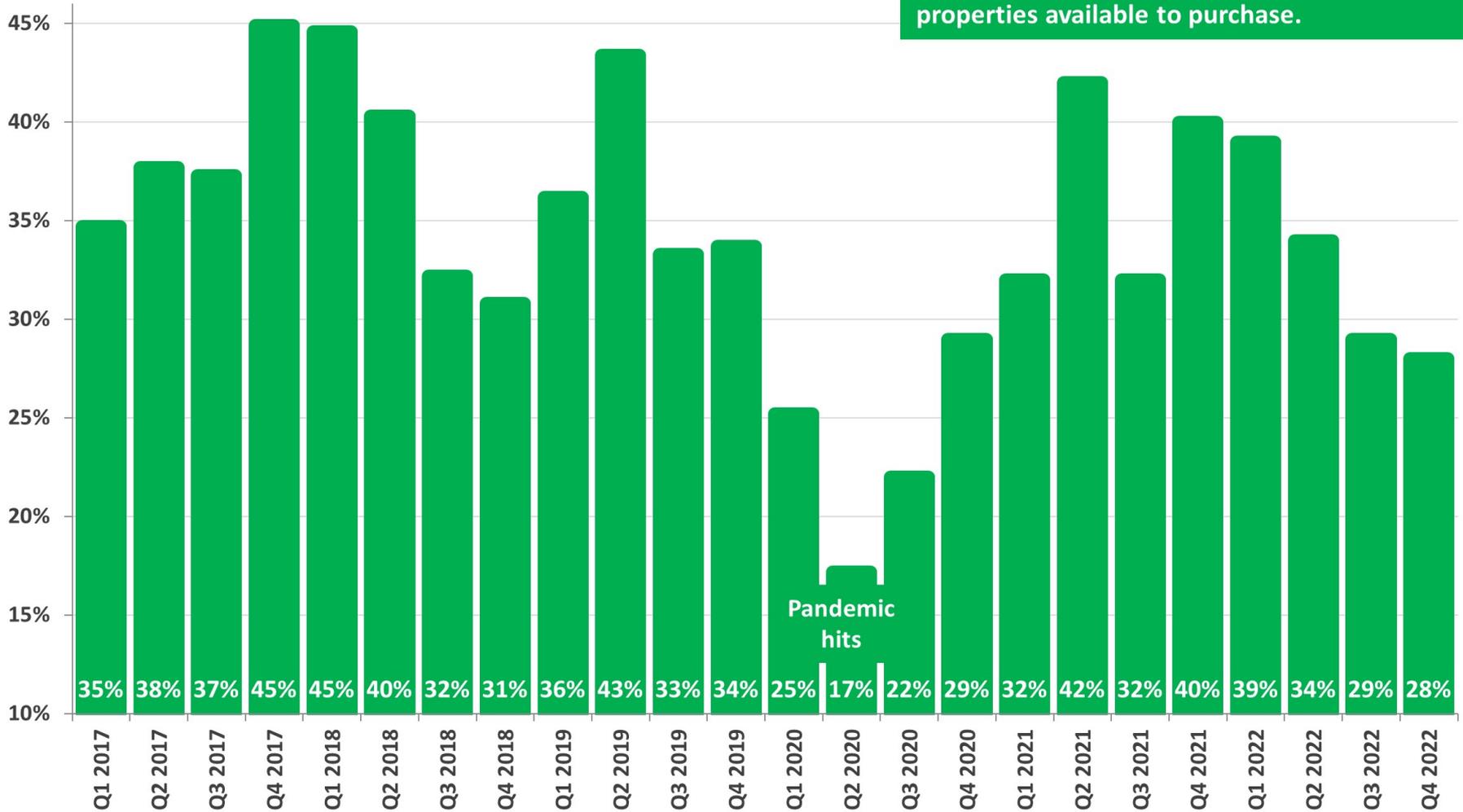
Residential market activity reported to SFARMLS, per Broker Metrics. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers are approximate. Last reading may change with late-reported activity.



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.



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.



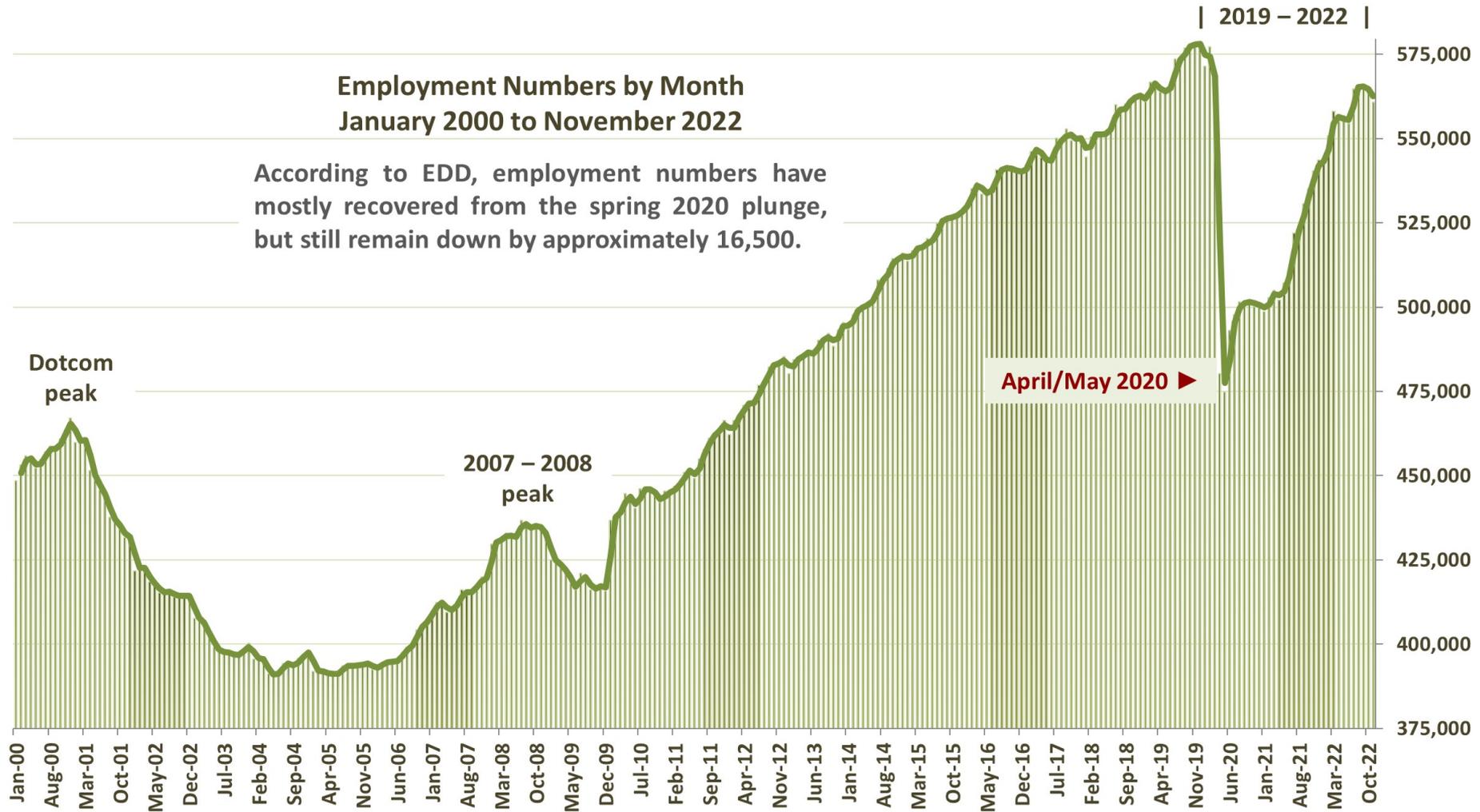
San Francisco Employment Trends

Number of Employed Residents since 2000

Per California Employment
Development Dept. (EDD)

Employment Numbers by Month January 2000 to November 2022

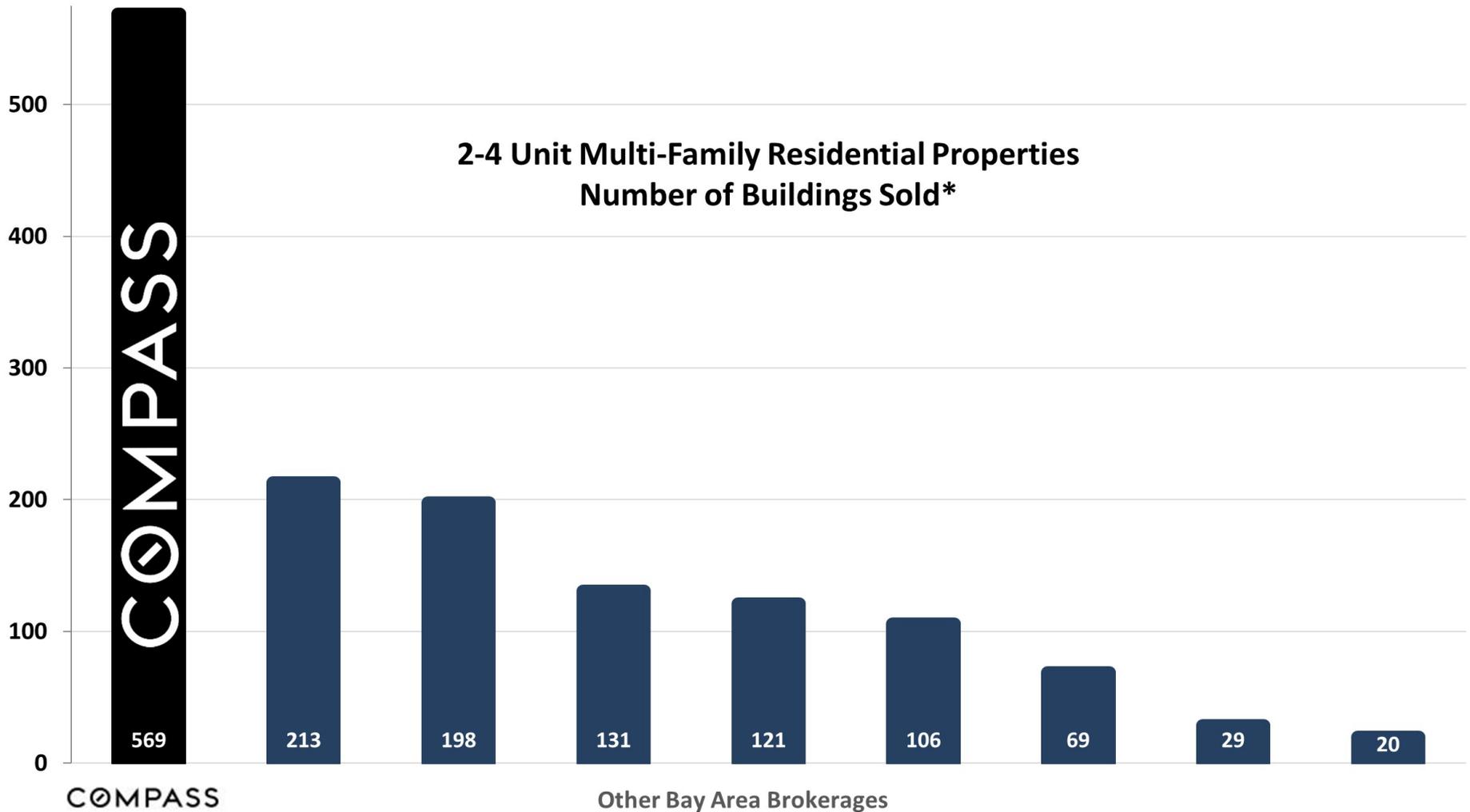
According to EDD, employment numbers have mostly recovered from the spring 2020 plunge, but still remain down by approximately 16,500.



EDD data. 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 2-4 Unit Multi-Family Building Sales By Broker, Residential Income Property Sales, 2021-2022*



* 2021-2022 transaction-side, residential 2-4 unit sales reported to NorCal MLS Alliance by 12/15/22, per MLS Ranking Report, top 30 companies by dollar volume sales. Analysis made in good faith. By brokerage/brand.

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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