

# San Francisco Market Update: Q1 2008

A Chronicle article recently suggested that home prices are drifting back to 2004 prices.

The somewhat struggling 3-4 unit market reflects two different trends.

In Districts 1-8, which is north of Market and San Jose Streets, the general price trend is up.

In these districts, the Q1 median prices for 3 units between 2004 and 2008 show that 2007 was the low point. In Q1 2008, the median price rose by 39% to \$1,950,000. In Q1 2004, the median price was \$1,335,000.

The Q1 median prices for 4 units show that 2006 was the low point. The median price in Q1 2007 inched up by 5%. The median price in Q1 2008 rose by 33% to \$1,935,000. In Q1 2004, the median price was \$1,520,000.

Accompanying the rising prices was a dramatic decline in sales: 61% and 85% drops occurred in Q1 2008 (9 triplex sales; 3 fourplex sales) compared with Q1 2007 (23 triplex sales; 20 fourplex sales).

In contrast, the three soft markets of Bernal Heights 9A, Mission 9C and District 10 show a general price decline between Q1 2006 and Q1 2008. In Q1 2004, the median price for 3 units was \$776,000 and \$861,000 for 4 units. Since then, prices rose past \$1,000,000, but by Q1 2008 the median price was \$850,000 for 3 units and \$812,000 for 4 units.

Interestingly, fourplex sales have remained steady, always between 3-4 sales in Q1. Triplex sales dropped to 3 and 4 in Q1 2007 and Q1 2008, respectively, down from an average of 7.5 in the three years before. During Q1 2008, the two best value sales in these softer areas were:

(a) a *vacant* three 1BD/1BA Italianate Victorian at 1015-1017 South Van Ness Ave (at 21<sup>st</sup> St) with four parking spots that sold for \$970,000; and

(b) a vacant four 2BD/1BA 1975 corner building at 6236 3rd St. (at Gillman) with parking that sold for \$800,000. This latter property with average rents of \$1,700/unit could have a cap rate of almost 6%.

It is expected that below market rate rents, shorts sales and bank owned sales will continue to depress prices in Districts 9A, 9C and 10 for at least the next twelve months, if not longer. The demographics in Bernal Heights should support a recovery. The plight of the Bayview may depend more heavily on development activity than simply on an improved real estate market.

Linda Quinn

Broker Associate  
Multi-Units &  
Owner User Investments



(415) 786-7157

[lind@quinnsolutions.com](mailto:lind@quinnsolutions.com)  
[www.quinnsolutions.com](http://www.quinnsolutions.com)