

# San Francisco Market Update: Q1 2009

In Q1 2008, I wrote about whether 2005 prices could be the new benchmark. Are we going past 2004?

For Districts 1-8, the Q1 2009 median prices of 2-4 units with parking compare this way with 2004 and 2005.

Median Price	2 Units	3 Units	4 Units
Q1 09	\$1,281,000	\$1,341,500	\$1,344,750
Q1 05	\$1,280,000	\$1,500,000	\$1,500,000
Q1 04	\$1,115,000	\$1,535,000	\$1,400,000

Three factors come into play: volume, tenants and rates.

1. *The most noteworthy and astounding news for this quarter is sales volume.*

Duplex sales were down 71% from Q1 2008, 248% from 2005 and 198% from 2004. Triplex sales fell 64%, 83% and 76% compared with those previous three quarters. Fourplex sales fell 78%, 85% and 83% respectively.

# of Sales	2 Units	3 Units	4 Units
Q1 09	12	4	2
Q1 08	37	9	3
Q1 05	75	23	13
Q1 04	71	17	12

With few sales, median price is deceiving. Two fourplex sales in nine Districts won't accurately show a price trend.

So consider a smaller area to analyze: duplexes in Districts 1-2, which are primarily composed of the Richmond and Sunset. 44 duplexes with parking were available in Q1 2009. 16 were vacant and 28 had tenants.

The median list price of vacant duplexes with parking was \$1,249,944 and averaged \$466/sq ft. Tenant occupied duplexes had a median list price of \$1,099,000 and averaged \$411/sq ft. Based on the sales below, the latter have not yet met market.

Three vacant duplexes sold, which is about 19% of available inventory. Average \$/sq ft was over \$466. Based on the expired and withdrawn listings that I have seen, this pricing may not have stabilized.

One tenant occupied duplex sold, which was *only about 3.6% of available inventory*. 1934-1936 19<sup>th</sup> Avenue, which is on a very busy thoroughfare, had tenants in both units, with reasonable rents of \$2850 and \$1760. It sold for \$849,000 or \$310/sq ft.

Two early April sales suggest that the average price for tenant-occupied duplexes continue to be well below \$400/sq ft in these neighborhoods. 229 16<sup>th</sup> Avenue with two units rented at market rate sold on April 1 for \$1,280,000 or \$341/sq ft. 2335 Balboa with one vacant unit and one rented unit sold for \$950,000 or \$365/sq ft. Both are in better locations than 19<sup>th</sup> Avenue.

Linda Quinn  
Broker Associate  
Multi-Units &  
Owner User Investments



**(415) 786-7157**  
lind@quinnnsolutions.com  
www.quinnnsolutions.com

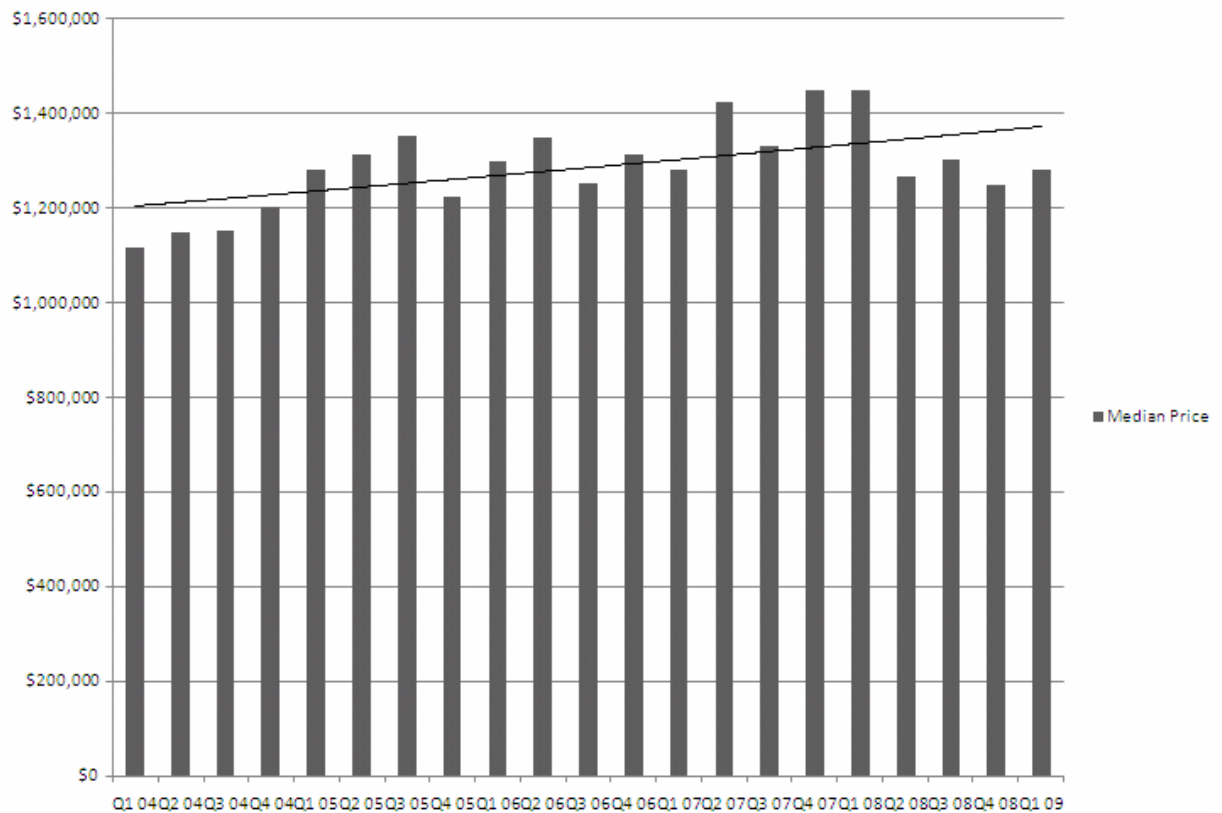
2. Obviously, the discount on tenant occupied units continues and few are selling. (Expected shorts sales will also affect pricing.)

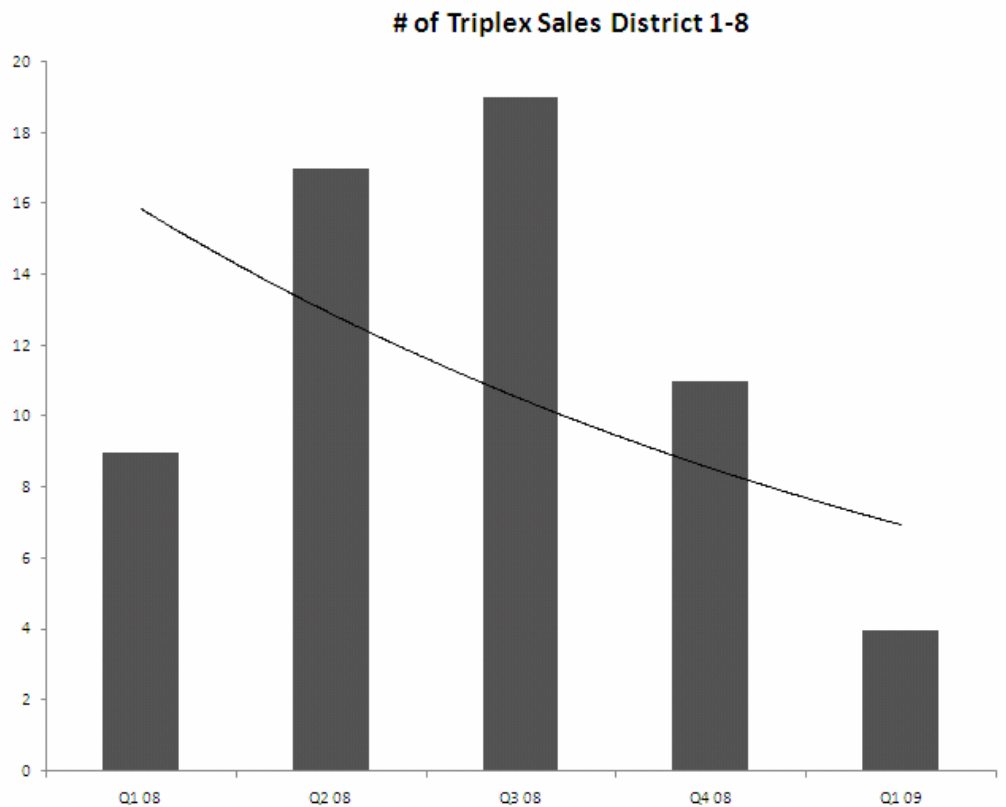
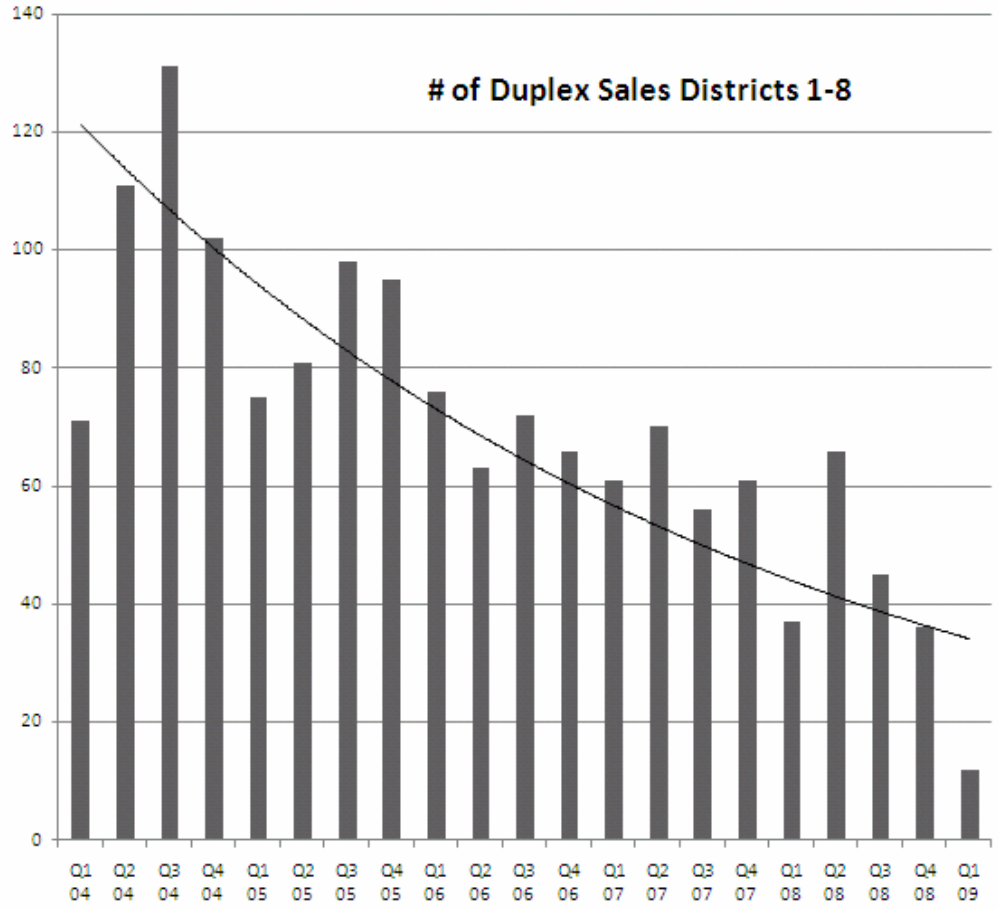
3. Interest rates. In the \$1,000,000 - \$1,250,000 range, many of the multi-unit buyers I have seen have \$200,000 to over \$400,000 for a down payment. Despite this amount of cash, none will qualify for conforming loan rates...yet.

In Q1 2009, the confirming loan (up to \$417,000) rate dipped at times below 5%. At \$700,000, some lenders were quoting over 7%. That's almost a 36% jump. Few offer loans over \$1,000,000.

The stimulus package is suppose to raise jumbo non-conforming to \$934,200 (duplex), \$1,129,250 (triplex), and \$1,403,400 (fourplex), but likely with stricter guidelines. As of mid-May, this has not occurred. If the rate gap can be reduced, it will be interesting to see what sales look like by Q3 and Q4. In the Richmond and Sunset, many extended families and other buyer groups are actively looking for multi-units.

**Duplex Median Price Districts 1-8**





# of Fourplex Sales Districts 1-8

