

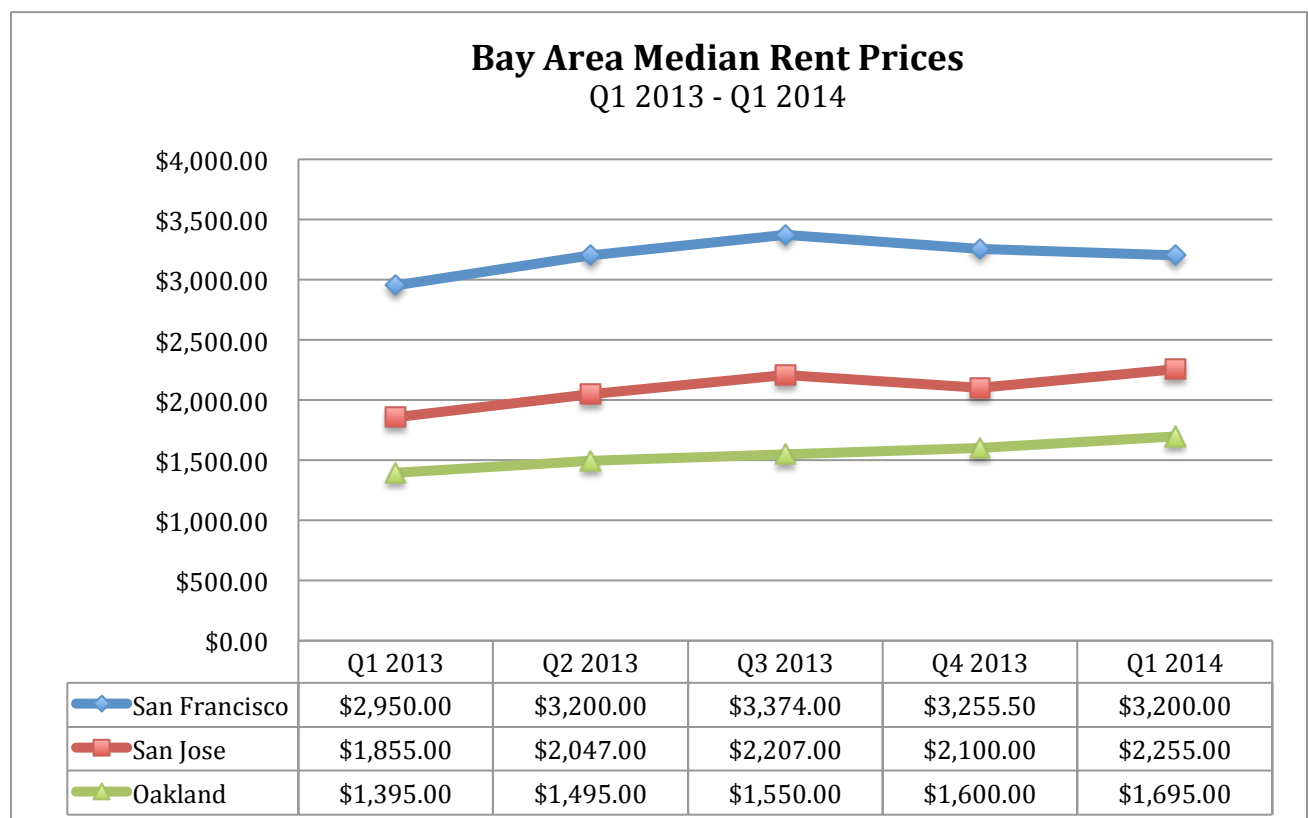


Lovely – San Francisco Bay Area Rental Market Report Q1 2014

Bay Area Rent Price Trends

For the second consecutive quarter, the median rent price in San Francisco showed a decline from the previous quarter, coming in at \$3,200 in Q1 2014. As we saw in the last quarter's Bay Area rental market report, winter months represent a historically low period for the rental market, with less inventory available and fewer renters actively searching for a new home. These factors likely contribute to the decline despite the steady boom the San Francisco rental market saw throughout most of 2013. However, even though there has been a slight decline in the median rent price since last quarter, the San Francisco median rent price in Q1 2014 is still approximately 8% higher than this time last year, Q1 2013. Though higher, the rate at which median rent prices increased year over year has slowed compared to the percentage increase from Q4 2012 to Q4 2013, which was almost double at 15%.

Despite an uncharacteristic consecutive decline in San Francisco median rent prices, San Jose and Oakland rental markets did not follow suit in Q1 2014. Both San Jose and Oakland saw an increase in rent prices. While the spike from the previous quarter was slight, San Jose had a median rent price of \$2,225 with Oakland at \$1,695. Both markets, San Jose and Oakland, have seen a more significant 18% increase year over year compared to Q1 2013.

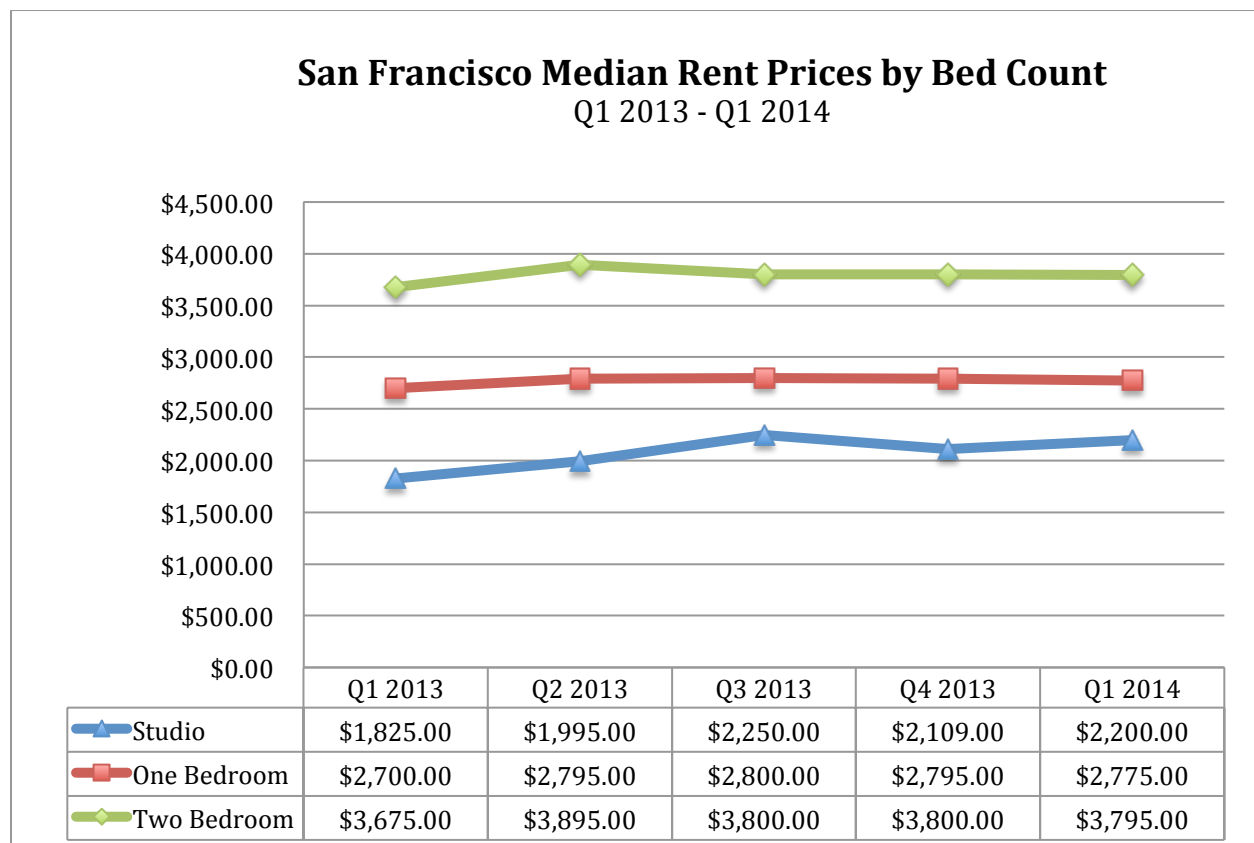




Studio Apartments Show Massive YoY Median Price Increase

Studio apartments stand out this quarter. Compared to one bedroom and two bedroom apartments, studio units saw a drastic increase in median price compared to this time last year. With median studio rent prices in San Francisco at \$2,200, this represents a 17% increase from Q1 2013. Both one-bedroom and two-bedroom apartments only saw a 3% increase YoY. Additionally, studio rent prices increased since last quarter as well, while one bedroom and two-bedroom median rent prices had a very slight decline.

Roommates continue to represent cost savings for renters. It is in renters' best interest in San Francisco to try to search for an apartment with roommates to help subsidize your portion of the steep rent. With the median price per bedroom of a two bedroom listing in San Francisco in Q1 2014 at \$1,898, living with one roommate would offer 32% savings, the same value as last quarter. This savings figure increases as you add more roommates to help supplement the cost of rent.





Slow Winter Months Give Renters a Slight Time Advantage

Notorious for being one of the most competitive (and expensive) rental markets in the United States, renters actually had some more time to decide in Q1 2014 before potentially losing an apartment. The average time on market across all listings in San Francisco was 13 days in Q1 2014. This isn't much time, but it did give renters a bit more time than in the previous quarter, which was also slightly longer than the quarter prior. However, renters shouldn't get too excited as this extra time is likely attributed to slow winter months. With spring and summer months quickly approaching, renters can expect the rental market to amp up in regards to competition with even fewer days to decide before potentially losing out on a property.

SF Average Time on Market Q1 2013 - Q1 2014 (days)					
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Studio	10	11	17	22	23
One Bedroom	10	7	7	10	12
Two Bedroom	9	7	7	10	13



In Depth – Rent Prices by San Francisco Neighborhood

The below chart shows the neighborhoods with the largest rent increases compared to the previous year. These neighborhoods represent the most dramatic year over year change in median rent price. However, it is important to note that despite the growth in rent prices compared to this time last year, many of these median rent prices have declined slightly since the previous quarter, Q4 2013. We see Chinatown with a median rent price growing 23.48%, Civic Center at 26.82%, and the Mission at 16.53%, to name a few. Despite these large growth percentages for the aforementioned neighborhoods, all three of these saw a decline in median rent from the previous quarter.

Biggest Neighborhood Rent Increase YoY Q1 2013 vs. Q1 2014			
Neighborhood	% Change	Q1 2013	Q1 2014
Ingleside Terrace	44.87%	\$1,778.00	\$3,225.00
Civic Center	26.82%	\$2,045.00	\$2,794.50
Duboce Triangle	24.34%	\$2,495.00	\$3,297.50
Chinatown	23.48%	\$2,200.00	\$2,875.00
Portola	22.22%	\$2,100.00	\$2,700.00
The Haight	21.43%	\$2,750.00	\$3,500.00
Presidio Heights	18.36%	\$3,425.00	\$4,195.00
Mission Delores	18.05%	\$2,725.00	\$3,325.00
Mission	16.53%	\$2,500.00	\$2,995.00
Lower Pacific Heights	16.21%	\$2,608.00	\$3,112.50

Among the least expensive neighborhoods in San Francisco in Q1 2014 was Visitacion Valley, which had a median rent price that was 37.5% lower than the citywide average at \$2,000 and actually decreased 2.64% YoY.

Among the most expensive neighborhoods in San Francisco in Q1 2014 were South Beach and Telegraph Hill, which were both 15.79% above the citywide median. Additionally, we see many of the usual suspects on this list including Pacific Heights and Noe Valley.



SF Neighborhoods Below Citywide Median (\$3,200)			
Neighborhood	Q1 2014 Price	% Below SF Median	YoY Change
Visitacion Valley	\$2,000.00	37.50%	-2.64%
Outer Sunset	\$2,445.00	23.59%	10.12%
Richmond District	\$2,695.00	15.78%	14.66%
Laurel Heights	\$2,750.00	14.06%	-3.64%
Civic Center	\$2,794.50	12.67%	26.82%
Alamo Square	\$2,800.00	12.50%	7.32%
Presidio	\$2,855.00	10.78%	-34.05%
Chinatown	\$2,875.00	10.16%	23.48%
Japantown	\$2,875.00	10.16%	-14.01%
Mission	\$2,995.00	6.41%	16.53%
Nob Hill	\$3,000.00	6.25%	-3.33%
Buena Vista Park and Dolores Park	\$3,000.00	6.25%	-50%



SF Neighborhoods Above Citywide Median (\$3,200)			
Neighborhood	Q1 2014 Price	% Above SF Median	YoY Change
Hayes Valley	\$3,400.00	5.88%	13.24%
Western Addition	\$3,480.00	8.05%	13.36%
Cow Hollow	\$3,497.50	8.51%	2.79%
The Haight	\$3,500.00	8.57%	21.43%
Castro	\$3,500.00	8.57%	8.57%
Sea Cliff	\$3,500.00	8.57%	2.86%
Pacific Heights	\$3,595.00	10.99%	4.03%
Russian Hill	\$3,600.00	11.11%	-5.81%
Noe Valley	\$3,750.00	14.67%	7.2%
Mission Bay	\$3,750.00	14.67%	2.4%
Telegraph Hill	\$3,800.00	15.79%	17.89%
South Beach	\$3,800.00	15.79%	-5.26%
Presidio Heights	\$4,195.00	23.72%	18.36%