

S.F. condo sales soar amid fierce demand, low prices

Busiest spring in 16 years as prices stay below peak

By J.K. Dineen | Tuesday, June 8, 2021

San Francisco's pandemic battered condo market bounced back with a vengeance this spring, scoring its busiest three-month period in at least 16 years as vaccinated buyers rushed back into the city to take advantage of pricing that is still significantly below its 2018 highs, according to a new report from the brokerage Compass.

The San Francisco condo, tenancy-in-common and co-op market saw more than 1,300 sales in the three month period between March and May, up from about 400 sales a year ago.

"I've been doing this for 30 years and I've never seen the ferocious buyer demand that is going on right now," said Patrick Carlisle, chief market analyst for Compass.

San Francisco's condo market weakened considerably during the first year of the pandemic as downtown office towers went dark, theaters shuttered and restaurants closed. Apartment buildings in the downtown neighborhoods saw a 25% drop in rents, as many young tech workers took advantage of work-from-home flexibility to return home to their parents or move into more spacious and affordable cities. Now many of those workers are plotting their return, even if their jobs will remain partially remote, Carlisle said.

The spike in interest in condos may have been in part motivated by their value compared to the roaring single-family home market. While single-family



Condo sales at the Jeanne Gang-designed tower Mira in S.F. have boomed. (Liz Hafalia / The Chronicle)

homes in San Francisco jumped about 6% year over year, — to a median price of about \$1.8 million — condo prices are still off their highs. High-rise condo prices are down 9.1% from pre-pandemic highs, while mid-rise units are down 9.6% and low-rise homes are 5.2% below what they were. The median two-bedroom condo is about \$1.3 million, according to Compass.

Throughout the entire Bay Area, the three-month period saw 3,969 sales of homes and condos of \$2 million or more, a 103% increase from the same three-month period in 2019, according to Compass. San Francisco luxury condo and house sales — defined as over \$2 million — also hit all-time highs in sales, up 50% and 70%, respectively, from previous peaks. In Contra Costa County, luxury home sales were up 220% from their previous high.



Tishman Speyer Managing Director Carl Shannon shows a view of the Bay Bridge through the living room window at Jeanne Gang's tower Mira Condos, like this one, have been in a demand this spring for San Francisco home buyers. (Liz Hafalia / The Chronicle)

With condos still down almost 10% and single-family homes up 6% or more, "you are starting to see a bigger differential between condo and single-family home prices," said Carlisle. "It's likely that people are looking at that and deciding they can get more for their money" in a condo building, he said.

Tishman Speyer Senior Managing Director Carl Shannon said trade at the twisty white Jeanne Gang-designed Mira tower in downtown San Francisco is "vastly improved" over a year ago. So far this year, 50 condos have sold in the building, generating more than \$75 million in sales, he said. The 391-unit tower is more than 50% sold.

"2021 has been fantastic for us," he said. "We have seen the rate of absorption and pricing both improve dramatically. People are beginning to come back to San Francisco in a very real way. Every day and every week, the feeling on the streets downtown is better."

Tishman Speyer recently broke ground on two new buildings at Mission Rock, across from Oracle Park. One of the buildings is pre-leased to Visa; the other will be apartments.

"I think the vaccine rollout is a huge factor in the condo market," said Carlisle. "People are feeling better about getting into elevators and walking down hallways. Population density is no longer as much of an issue."

There are currently 904 unsold homes for sale in new developments in San Francisco, according to Polaris Pacific, which markets and sells condos. That is a 16.3% decrease from last year. Currently, 381 new condos are in contract, compared to an average of about 206 at any given time between 2015 and 2021, the brokerage said in a report.

"What a difference a year makes," said Miles Gerber, vice president of research for Polaris Pacific. "With San Francisco experiencing one of the highest vaccination rates in the country and the city has slowly rolled back its pandemic restrictions, the city is well-positioned for further growth in the coming months."

Sandra Eaton, head of Compass Development Marketing Group, said first-time buyers are fueling much of the activity at the entry levels. "Our market has an unusually high number of Millennial buyers who have support for a down payment from parents, or who have experienced financial events such as IPOs providing the capital that is required to get into the market," she said.

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