

Introducing

PRICED TO SELL

17 Beautiful Garden Apartments

Foothill Square Apartments

10320 MacArthur Boulevard Oakland, CA 94605

REDUCED
\$425,000

Below Market Price: ~~\$3,570,000~~ **\$3,145,000**



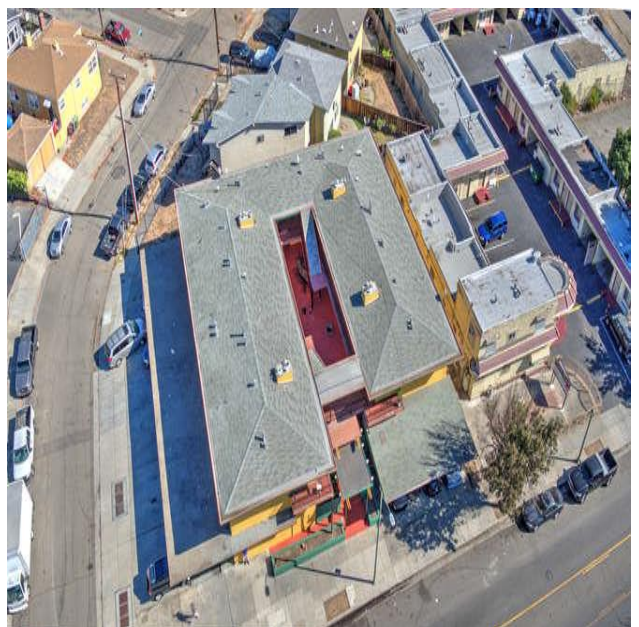
- ❖ Located on the San Leandro Border
- ❖ \$163,728 or 43% immediate Upside in Annual Rents
- ❖ Located in the Nation's Fastest Growing Rental Market
- ❖ Market Cash on Cash 20%
- ❖ Market Cap Rate 10%; Existing Cap Rate 5.1%
- ❖ Market GRM- 7.9; Existing GRM- 12.8
- ❖ Clear Section 1 and Section 2 Pest Clearances
- ❖ Great Add Value Investment – Huge Value Upside
- ❖ Hot and thriving Foothill Square Neighborhood
- ❖ High growth city influencing great appreciation potential
- ❖ No Deferred Maintenance
- ❖ Strong Rent Upside! Trouble free income, management and tenants!
- ❖ Great Investment- Short or Long Term

For more information about this fabulous opportunity:

Please call Fred Lewis at (209) 522-9999

Visit: www.hotdealsoakland.com

Email: info@hotdealsoakland.com





Foothill Square Apartments

10320 MacArthur Boulevard Oakland, CA 94605

Price: ~~\$3,570,000~~ **\$3,145,000** **Down Payment: \$1,070,000**

Existing Capitalization Rate:	5.1%	Market Cap Rate	10%
Existing Gross Rent Multiplier:	12.8	Market GRM:	7.9
Cost Per Unit	\$185,000	Market Cash on Cash	20%

Complex Description:

Assessor's parcel Number: 47-5578-24-1

10320 MacArthur Boulevard is a garden apartment complex in the Foothill Square and Mosswood neighborhood in Oakland. 10320 MacArthur Boulevard has a mix of (1) Studio, (12) 1 bedroom/ 1 Bathroom and (4) 2 bedroom/1 bathroom units (1) potential 3 bedroom unit. All apartments have separate hot water heaters, gas and electric meters to lower owners expenses. Seven units at 10320 MacArthur Garden Apartments have been substantially rehabilitated to include hardwood floors, new appliances, garbage disposals, granite countertops, tile backsplashes, tile bathrooms, kitchen floors, tile tub surrounds, a tasteful 4-color paint combination inside 6 colors on the exterior, new finish electrical and plumbing to include sinks and fixtures, heaters, lighting, and cabinets. Several other units have a light amount of renovation done. This garden apartment complex sits on a 0.3 acre lot.

The subject property presents an opportunity for an investor to acquire a well located property in a highly redeveloped area. Just a couple block from 10320 MacArthur Boulevard is the brand new \$45 million Foothill Square development that also borders San Leandro. The 200,000 square foot contemporary urban mixed use, life-style center is anchored by Foods Co., a supermarket run by the Kroger Company, America's largest supermarket chain. The mixed use development includes retail, medical/day-care, office and residential uses. Other retail tenants will include Ross Dress For Less, Anna's Linens, and a Wells Fargo. The sewer lateral has been completed.

Complex Potential:

There is \$163,728 or 43% of immediate annual upside in the rents. The apartment community has many shorter term tenancies, that upon turnover, may be rented at full market rents with cosmetic improvements to maximize rental return. In addition, as the longer term tenancies turn over, the increased return will also be substantial. Units are separately metered for gas & electric and the property has 16 parking spaces. The complex is 2 blocks from the popular Foothill Square Shopping Center and a few more blocks from San Leandro.

Rent Trends:

As of September 2017, the average apartment rent in Oakland is \$1,316 for a studio, \$1,660 for one bedroom, \$2,122 for two bedrooms, and \$2,548 for three bedrooms. Apartment rent in Oakland has increased by 3.8% in the past year.

Pest clearance:

There is a clear Section 1 and Section 2 Pest Clearance on the subject property. The building is clean as a whistle. Also the sewer lateral has been upgraded and completed.

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10320 MacArthur Boulevard Oakland, CA 94605

Area Description:

While shipping is still a major part of the local economy, Oakland is home to the corporate headquarters for everything from established consumer brands to younger tech businesses. The cultural diversity of the city is vast, meaning that it's easy to find art, food, and people from every corner of the world by just walking down the street.

California College of the Arts brings a creative streak to the community, which is reflected in the eclectic shops and cafes along College Avenue; In the Mosswood area, an eclectic mix of coffee houses, taverns, arts centers, and international restaurants line Telegraph Avenue, which runs all the way up to the UC Berkeley campus. Oakland is also home to famous tourist attractions that are well worth your time as well, including the Oakland Zoo, the Oakland Art Museum, and East Bay regional Park.

Nearby schools include Cox Academy, Independent Study, Sojourner Truth School and Alternative Learning Community Middle School. The closest grocery stores are Oaks Market, Foods Co and Macarthur foothill market. Nearby coffee shops include Island Cafe at the Oakland Zoo, Ol' Yeller Cafe 'N' Market and Oriental Tea House. Nearby restaurants include AMPM, Happy Hot Dog and Lucky Express. 10320 MacArthur Boulevard is near Verdese Carter Park, Verdese Carter Park and Knowland Park. There are some bike lanes and the terrain has some hills. 10320 MacArthur Boulevard is somewhat bikeable, there is minimal bike infrastructure.

Hottest Apartment Market in the Country:

The bay Area continues to lead the nation's apartment market in rent growth. According to MPF Research, during the first quarter of 2015, Oakland saw year-over-year rent growth of 14.1%.

Compelling Multifamily Fundamentals:

There are high barriers to entry and few large sites for development in the Oakland region. Vacancy rates in the area remain at historic lows, and rental rates continue to rise.

Commission

Owner is a principal and not a broker. A selling commission of 3% will be paid for the procurement and actual consummation of the transaction. A higher commission can be negotiated if multiple brokers are involved.

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Annual Property Operating Data					
PURPOSE:	Property Analysis			PRICE:	\$ 3,145,000
NAME:	Foothill Square Apartments			DOWN PAYMENT:	\$ 943,500
LOCATION:	10320 MacArthur Boulevard Oakland, CA 94605				
TYPE OF PROPERTY:	(17) Unit Apartment Building				
ASSESSED APPRAISED VALUES		LAND:	20%	\$	663,000
		IMPROVEMENTS:	78%	\$	2,582,000
		PERSONAL PROPERTY:	2%	\$	70,000
		TOTAL		\$	3,315,000
PROPOSED: 1ST 70 % LTV \$2,201,500 @ 4% 30 years \$10,200 Monthly Payment					
		EXISTING			MARKET
GROSS RENTAL INCOME		\$ 243,720			\$ 393,000
Laundry		\$ 1,800			\$ 1,800
TOTAL GROSS OPERATING INCOME		\$ 245,520			\$ 394,800
LESS OPERATING EXPENSES					
Vacancy		\$ 4,453			\$ 4,453
Property Insurance		\$ 8,237			\$ 8,237
Real Estate Taxes		\$ 41,410			\$ 41,410
Resident Manager		\$ 6,000			\$ 6,000
Repairs & Maintenance		\$ 4,800			\$ 4,800
Business Tax		\$ 1,400			\$ 1,400
Rap Fee		\$ 1,156			\$ 1,156
SERVICES					
Rubbish		\$ 10,044			\$ 10,044
UTILITIES					
Electric & Gas		\$ 1,816			\$ 1,816
Water & Sewer		\$ 10,286			\$ 10,286
TOTAL OPERATING EXPENSES (40% Expenses)		\$ 85,149			\$ 85,149
NET OPERATING INCOME		\$ 160,371			\$ 309,651
LESS: TOTAL ANNUAL DEBT SERVICE		\$ 122,400			\$ 122,400
CASH FLOW		\$ 37,971			\$ 187,251
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Summary Rent Roll

Foothill Square Apartments

Property Address: 10320 Macarthur Boulevard Oakland, CA 94605

Unit #	Unit Mix	Current Rent	Market Rent
24	1/1	\$1,850	\$1,850
25	1/1	\$1,850	\$1,850
26	1/1	\$1,321	\$1,850
27	2/1	\$793	\$2,250
28	2/1	\$2,250	\$2,250
29	** 1/1	\$687	\$1,850
30	** 1/1	\$1,600	\$1,850
31	1/1	\$1,795	\$1,850
32	1/1	\$714	\$1,850
33	1/1	\$634	\$1,850
34	1/1	\$1,850	\$1,850
35	2/1	\$793	\$2,250
36	2/1	\$943	\$2,250
37	1/1	\$634	\$1,850
38	S/1	\$529	\$1,550
39	1/1	\$1,381	\$1,850
40	1/1	\$687	\$1,850
Laundry		\$150	\$150
17	Units	\$20,460	\$32,900
Annual Income		\$245,520	\$394,800

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** Currently 1 bedrooms, but can be converted into 2 bedrooms.

Sales Comparables

<u>Subject Property Address</u>	<u># of Units</u>	<u>Unit Mix</u>	<u>Sales Price</u>	<u>Cost Per Unit</u>	<u>GRM</u>	<u>CAP</u>	<u>Close of Escrow</u>
10320 MacArthur Boulevard Oakland, CA 94605	17	1-Studio 12-1/1 4-2/1 1- 3/1	\$ 3,145,000	\$ 185,000	12.8	5.1%	Active
9849 MacArthur Boulevard Oakland, CA 94605	10	10- 3/2	\$4,500.00	\$450,000	15	4.71%	Active
6137 MacArthur Boulevard Oakland, CA 94605	5	5- 2/1	\$1,400,000	\$280,000		5.69	6/5/17
55 Marlow Drive Oakland, CA 94605	6		\$1,300,000	\$216,667			12/20/16
685 Cary Ave. Oakland, CA 94603	7	7- 2/1	\$1,278,000	\$182,571			7/10/17

Since owner has not owned property stabilized for more than 1 year, the above income and expenses are only estimates. Although the information contained herein is deemed reliable, no representations of any kind, expressed or implied, are being made as to the accuracy of such information. All of the data in this prospectus are estimates and approximations to include square footage. Any prospective purchaser and their tax and legal advisor should carefully verify all information contained herein and conduct an independent investigation. Seller bears no liability of any errors, inaccuracies or omissions.

Rent Comparables

<u>Surveyed Property</u>	<u>Studio</u>	<u>1 Bedrooms</u>	<u>2 Bedrooms</u>
2344 E 17th Street			
Oakland, CA 94601	\$529	\$634-\$1321	\$793-\$1995

8060 Greenridge Drive Oakland, CA	\$1595-\$1745		
8096 Greenridge Drive Oakland, CA	\$1595-\$1745		
9906 B Street #B Oakland, CA		\$1,800	
10403 Walnut Street Oakland, CA		\$1,700	
9719 Cherry Street Oakland, CA		\$2,200	
10601 Sheldon Street Oakland, CA			\$2,800
2340 92nd Street Oakland, CA			\$2,175

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ASSESSOR'S MAP 47

Code Area No. 1001 1-125

3576

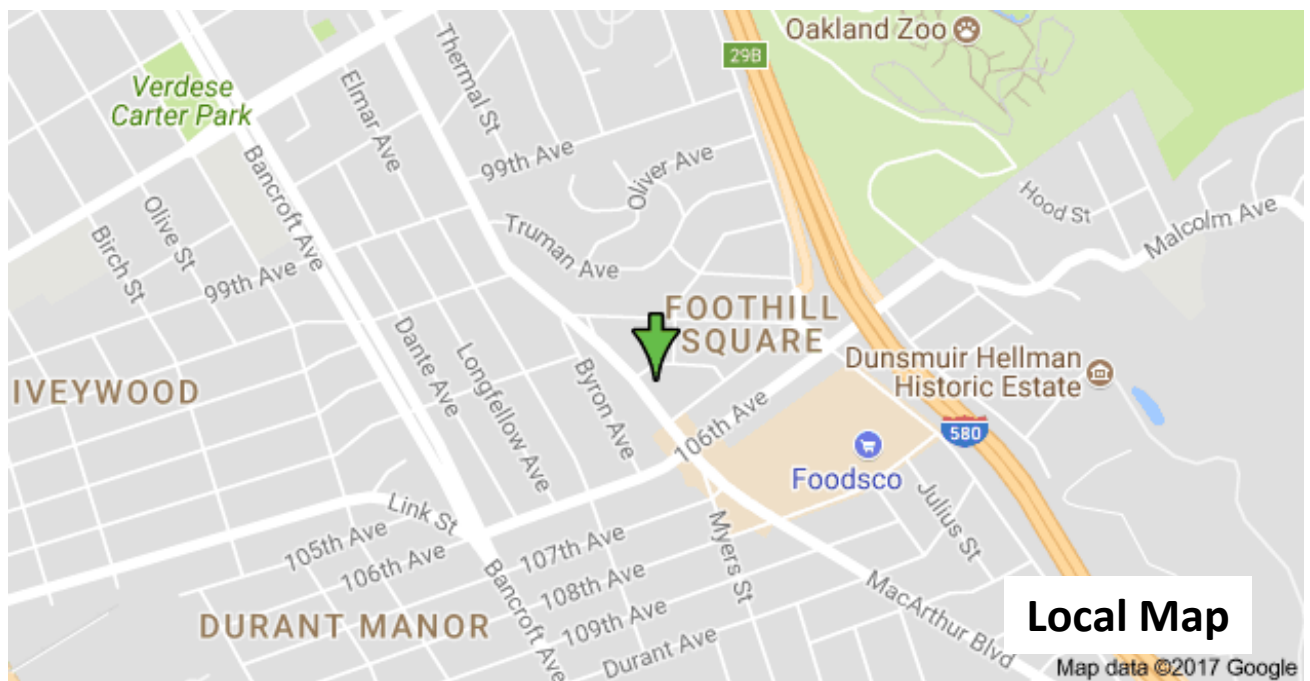
Deerly Terrace 19.23 P. 294

Scale 1"=50'

Committed 1985.12.15
1985.12.15



Location



Oakland: The nation's hottest rental market

Report Summary

In this anniversary edition of the Zumper National Rent Report, we take a look at how rent prices have changed year to date. To download our complete report, click here: [Zumper US Rent Report August 2015](#).

Year In Review

The past year saw a perfect storm for rising rents across the United States. As more millennials entered the workforce, and consequently the rental market, prices have surged across a number of major metro regions. Many of these young professionals have a propensity to rent rather than buy, and are drawn toward urban areas as a whole given the career opportunities and amenities.

Cities experiencing rapid population growth have also seen an asymmetry in the housing stock coming to market. In places like San Francisco, the most expensive city in the US to rent, new development has skewed to the high end as developers look to garner strong returns via the expensive plots of land they develop. Such activity has led to an affordable housing crisis for many, as demand continues to outpace supply in the middle-tier segment.

However, while a number of cities have skyrocketed, others saw significant drops in rent. Nashville, for instance, saw prices dip 19.6% for the median one bedroom over the past year.

Hottest Markets -- Oakland and Austin

Oakland, California rent prices surged 20% this past year to keep pace with demand overflowing from San Francisco. With quick access via BART to downtown San Francisco, many have fled the city for more space and relatively lower prices across the Bay. As we've noted in the past, the Bay Area is by far the fastest growing rental market in the country, with three out of the top six most expensive cities being located in the area.

Austin, Texas was the second hottest market in the year, with rent prices surging 17% for the median one bedroom and 12.8% for two bedrooms. The city is now the 17th most expensive market in the country, ahead of metros including Baltimore and Minneapolis.

Notable Changes by City This Year (One Bedroom)

Upward:

Oakland, CA - \$1,980 (+20%)

Austin, TX - \$1,170 (+17%)

Kansas City, MO - \$770 (+16.7%)

Sacramento, CA - \$900 (+15.4%)

DEMOGRAPHIC HIGHLIGHTS



FIVE-YEAR POPULATION GROWTH*

136,300



FIVE-YEAR HOUSEHOLD GROWTH*

64,000

1Q17 POPULATION AGE 20-34
(Percent of total population)

Metro 21%

U.S. 21%

POPULATION OF AGE 25+
PERCENT WITH BACHELOR DEGREE+**

Metro 22%

U.S. Average 29%



1Q17 MEDIAN HOUSEHOLD INCOME

Metro \$87,108

U.S. Median \$58,218

1Q17 TOTAL HOUSEHOLDS*



43% Rent



57% Own

* 2017-2022

**2Q16

* San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area

Lowest Vacancy Rates 1Q17

Submarket	Vacancy Rate	Y-O-Y Basis Point Change	Effective Rents	Y-O-Y % Change
Hayward/San Leandro/Union City	2.1%	40	\$1,893	2.7%
Fremont	2.2%	-10	\$2,242	-0.5%
Concord/Martinez	2.8%	40	\$1,873	2.5%
Northeast Contra Costa County	3.1%	40	\$1,548	7.9%
San Ramon/Dublin	3.1%	-40	\$2,251	1.4%
Livermore/Pleasanton	3.6%	20	\$2,255	2.2%
Walnut Creek/Lafayette	3.7%	90	\$2,257	7.8%
Northwest Contra Costa County	3.8%	0	\$1,635	6.4%
Oakland/Berkeley	4.8%	130	\$2,576	3.8%
Overall Metro	3.1%	30	\$2,097	3.4%

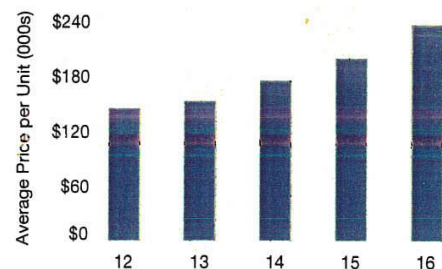
Oakland Apartments Ride Wave of Price Gains Into 2017

- Transaction volume in the past 12 months tapered 6 percent from the prior year's record pace, though the investment market remains highly active.
- The average sale price for Oakland apartments recorded a third straight year of double-digit growth with the level up 19 percent to \$236,200 per unit.

Outlook Investors will remain focused on Downtown Oakland and Berkeley, though Fremont, Hayward and other areas with easy access to the other side of the Bay will command greater investor attention.

SALES TRENDS

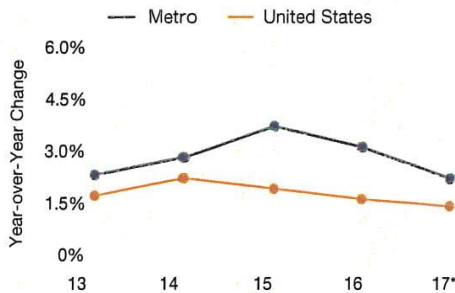
Pricing Trends



Pricing trend sources: CoStar Group, Inc.; Real Capital Analytics

Oakland

Employment Trends

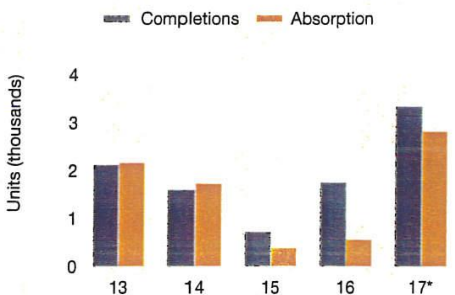


EMPLOYMENT:

2.8% increase in total employment Y-O-Y

- Oakland employers added 31,400 workers through the 12 months ending in the first quarter, a slight easing from the 36,400 new hires made in the prior year.
- Government agencies contributed 5,300 of the new jobs created since the first quarter last year. Expanding employment also supported a gain of 6,700 education and health services positions over the same span.

Completions and Absorption

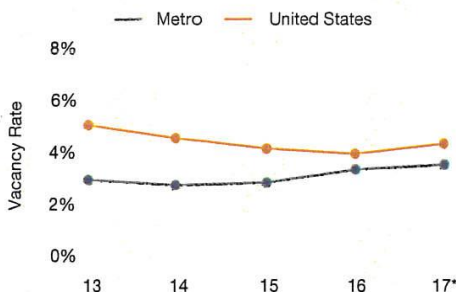


CONSTRUCTION:

2,177 units completed Y-O-Y

- Rentals placed in service in the 12 months ending in the first quarter represent an acceleration from the prior year, when only 763 units came online.
- The construction pipeline remains full with nearly 4,830 units underway. Developers continue to target downtown Oakland, where office and retail projects are transforming the area into a high-density employment hub.

Vacancy Rate Trends

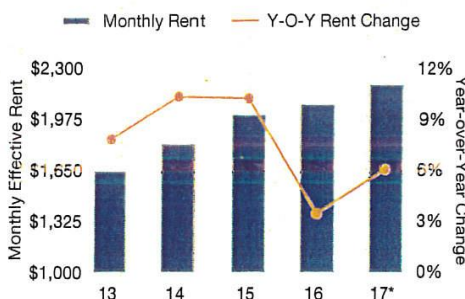


VACANCY:

30 basis point increase in vacancy Y-O-Y

- The Oakland vacancy rate was 3.1 percent in the first quarter, an increase from the year-ago level. In the prior 12 months, the vacancy rate also rose 30 basis points.
- Construction of high-end product may be at or approaching a saturation point. Complexes built since 2010 recorded a substantial rise in vacancy over the past four quarters to 6.3 percent in the first quarter 2017.

Rent Trends



RENTS:

3.4% increase in effective rents Y-O-Y

- The growth rate of the average rent is downshifting to a more moderate pace. The gain in the last four quarters to \$2,097 per month follows an increase of 10.2 percent in the previous 12-month stretch.
- High-end properties posted the strongest rent growth. The average Class A rent advanced 7.3 percent to \$2,781 per month.



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/ Bay Area Housing Set To Get Even Pricier Says

UCLA

Bay Area Housing Set To Get Even Pricier Says UCLA

Source: sf.curbed.com | Re-Post MNM Partners, LLC 6/29/2017 –



The good news in University of California Los Angeles's new Anderson Forecast—the Anderson School of Management's regular

assessment of how jobs and housing will shape up in California and the larger United States—is that California cities are building more housing than expected.

The bad news is that it's still not enough, at least not according to UCLA Senior Economist Dave Shulman. In an accompanying essay titled "Housing Activity Grinds Higher," Shulman says:

Recent Posts

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- › [Housing Construction California Struggles To Keep Up With Population Growth](#)
- › [San Francisco, Oakland Populations Reach All-Time High](#)
- › [Redwood City's Unemployment Rate Far Higher Than State Average](#)

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- › [House Crisis](#)

Although we marked up our forecast from last quarter to 1.27 million units in 2017 and 1.34 million units and 1.37 million units in 2018 and 2019, respectively; that level of activity remains below the 1.4-1.5 million units per year we estimate to be consistent with long-run demand.

Shulman expanded on the problem in comments to the Sacramento Bee this week, noting:

“California is still attracting high-income people, who are creating an enormous amount of wealth, but low and middle-income people like teachers are leaving because housing has become extraordinarily expensive.”

The UCLA report calculates that of the seven least affordable cities in America, six are in California and two are in the Bay Area—San Jose and San Francisco, naturally.

[Read the full article...](#)

[← San Jose Confirms Talks With Google For Massive Downtown Site](#)

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S.F. Multifamily – The Good News and The Bad News



Study Shows San Francisco Housing Rents Are Fastest-Growing Among Metro Areas in Country

For A NIMBY – It's Been A Fantastic Month For Housing



No Sign of a Slowdown: The Most and Least Affordable Bay Area Cities for Home Owners and Renters



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SF REAL ESTATE MARKET REPORTS

San Jose, Oakland homes sell faster than in any US city

San Francisco dropped to fourth place, but still hot

BY ADAM BRINKLOW | JUN 30, 2017, 11:00AM PDT



San Jose, where these homes won't last. | PBK PG

According to the real estate site Trulia, declining home inventory is generating more demand and faster sales in major US cities compared to five years ago. Naturally, nowhere do homes sell faster or more regularly than in the Bay Area.

Trulia economist Ralph McLaughlin writes in a report this week titled "Catch It If You Can":

Of the top ten fastest moving markets [...] the highest concentration [is] in the San Francisco Bay Area. Fewer than 25% of homes are still on the market after two months in San Jose (20% and number one on our list), **Oakland (20.2%** and number two on our list), and San Francisco (23.7% and number four).

Seattle is the only non-California city to beat San Francisco, coming in third place. Thus technically fulfilling last year's prophecy that "Seattle is the new San Francisco," at least in this one narrow context.

Note that McLaughlin used only homes on Trulia in his sample, which means it's not necessarily indicative of the market as a whole.

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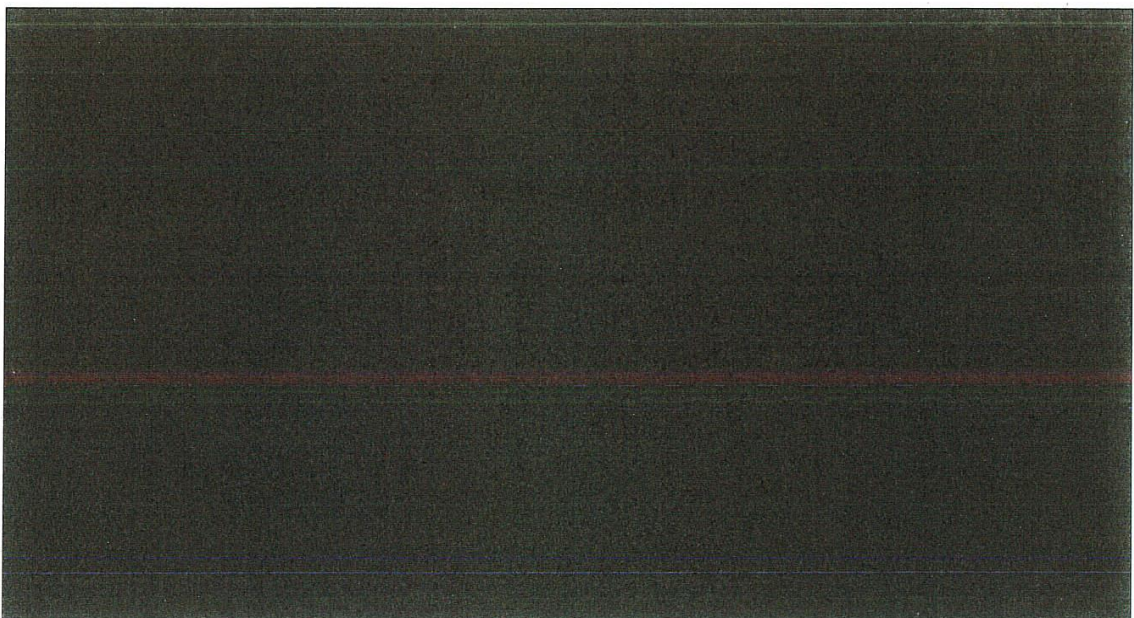
But McLaughlin tells Curbed SF that this same time last year, the number of San Francisco homes still on Trulia after two months was 26.4 percent, so we can at least say that a similar sample sells faster now.

In fact, at roughly this same time last year [Trulia released a report](#) titled “Fastest Markets Slowing Down,” noting that while almost all homes in the city sold in less than one month that the trend was slowing. But apparently it didn’t last.

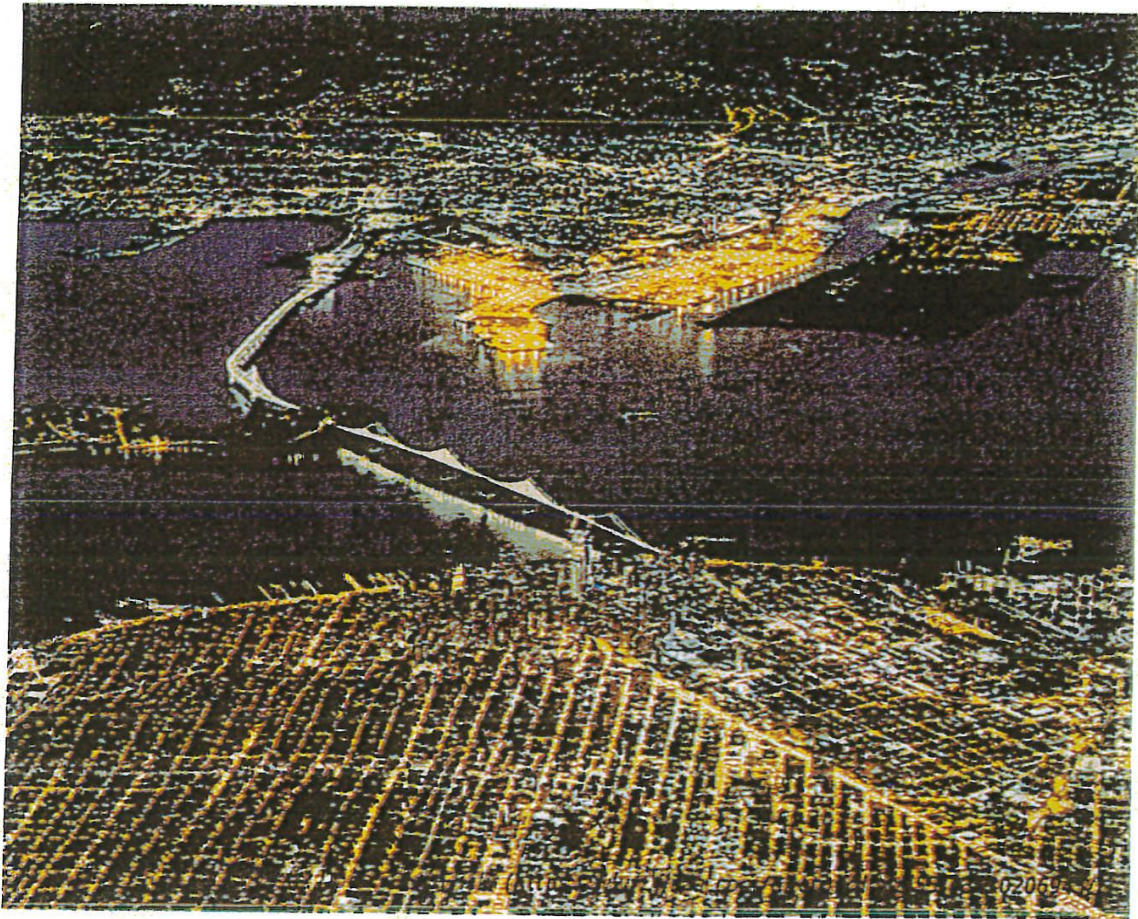
Compare these numbers to those on the home listing site Realtor.com, where sales are apparently less speedy than they used to be but still so fast they’re a bit of a blur.

At about this time in 2016, the average San Francisco/Oakland/Hayward area home on Realtor sold in 24 days. [Today that figure](#) is flat year over year, but in San Jose the sale times have slipped from a lightning-fast average of 20 days then to 25 days now.

So while it’s possible to assess the market as moving slower or faster year over year depending on which homes we’re looking at, when all is said and done we’re still always pushing the needle.



Peak City: San Francisco, Oakland Populations Reach All-Time High



Thu. May 4, 2017, 5:25pm

by **Shane Downing**

@SCdowning (<http://twitter.com/SCdowning>)
website (<http://www.scdowning.com/>)

Neighborhoods

Citywide, Oakland (/neighborhoods/oakland)

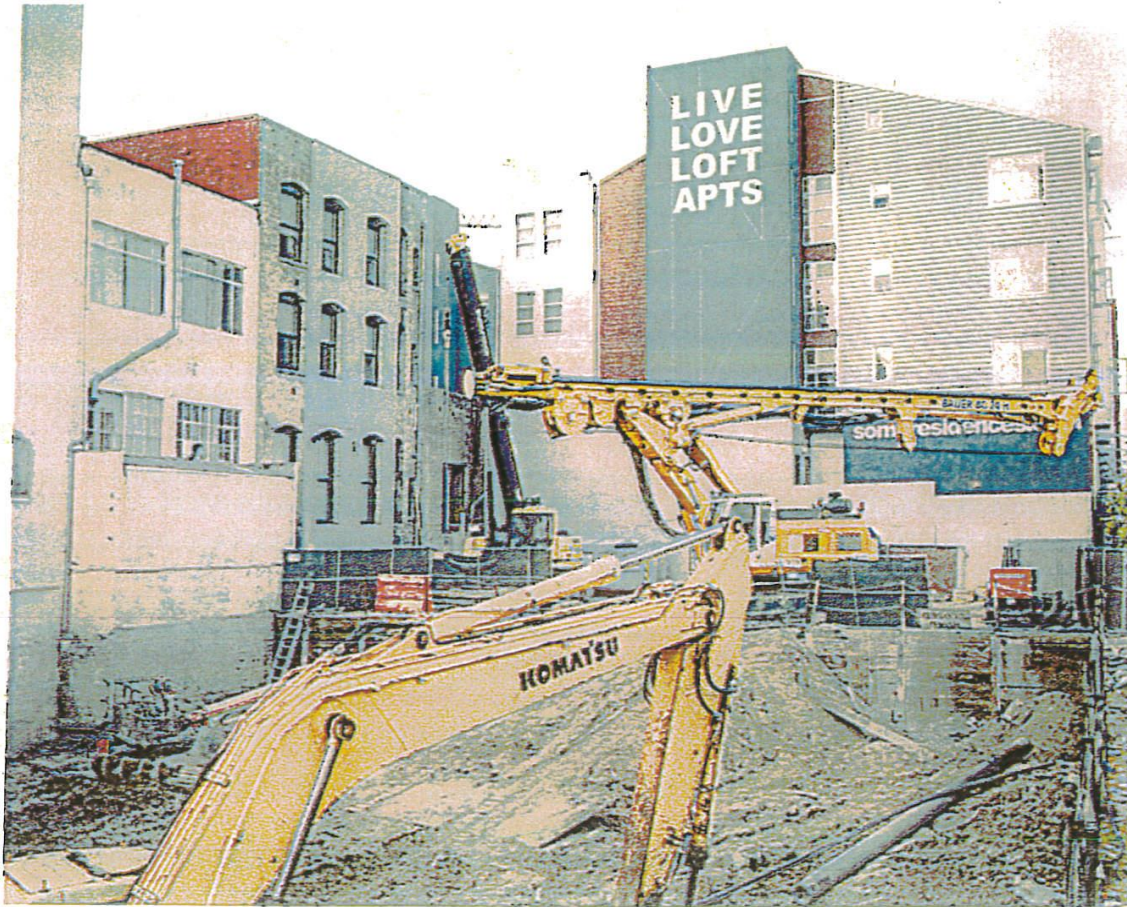
If San Francisco and Oakland feel more crowded than ever, the numbers back you up. According to a newly-released population report by the California Department of Finance (<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/docume>) the two cities have more people living in them than they've ever had before.

San Francisco now has 874,227 people, up by 9,000 residents from 2016's population count. Oakland has a population of 426,000, gaining 7,000 people from last year.

By 2030, San Francisco's population is expected to surge to a million.

Statewide, the number of housing units completed last year was 31 percent higher than in 2015, and 5.75 percent of the new homes (5,114 new units) completed in California were in San Francisco.

As Curbed SF points out (<https://sf.curbed.com/2017/5/4/15543668/san-francisco-new-home-construction-population-2017>), San Francisco has added one unit of housing per 1.82 new residents, doubling the state's ratio (one new unit of housing per 3.76 incoming residents).



Construction in San Francisco. | PHOTO: JAN F-F./FLICKR

([HTTPS://WWW.FLICKR.COM/PHOTOS/NO_STREAM/34398269986/](https://www.flickr.com/photos/no_stream/34398269986/))

California's population grew by a number equivalent to the entire population of Iceland, SF Weekly notes (<http://www.sfweekly.com/news/s-f-and-oakland-populations-hit-all-time-highs/>). Some 335,000 people moved into the state, carrying it to an all time high of 39.5 million people.

Los Angeles crossed the 4 million threshold and San Jose swelled to 1,046,000, maintaining its status as the Bay Area's largest city. Menlo Park was the fastest-growing city in the state, growing at a rate of 5.5 percent, and followed by the towns of Rocklin and Dublin.

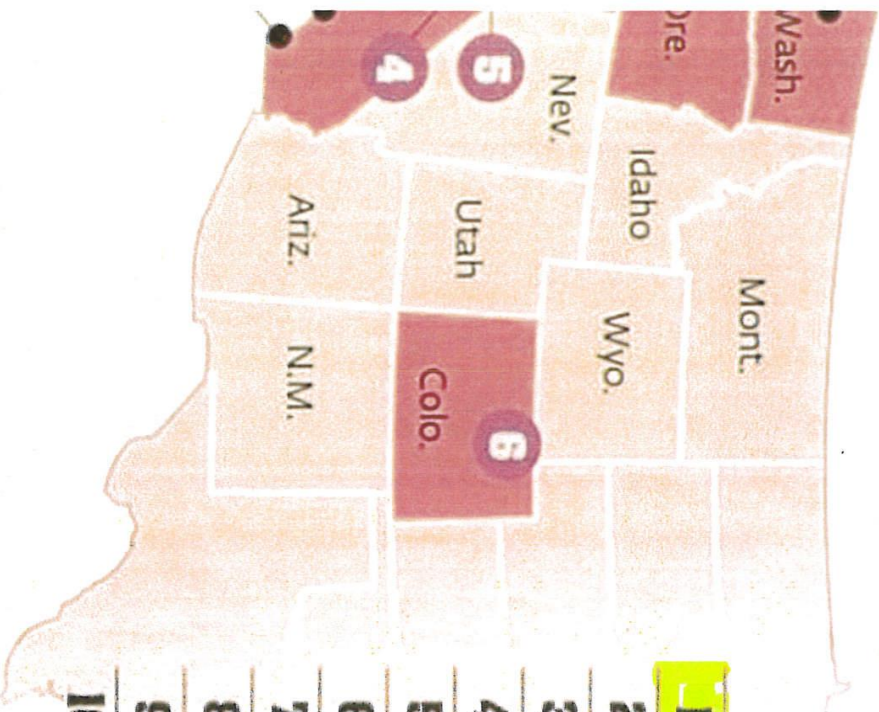
Tightest housing markets

RANK

HOMES
FOR SALE

1	San Francisco-Oakland-Hayward, Calif.	1 out of 332
2	Seattle-Tacoma-Bellevue, Wash.	1 out of 263
3	Santa Rosa, Calif.	1 out of 247
4	Vallejo-Fairfield, Calif.	1 out of 231
5	Stockton-Lodi, Calif.	1 out of 180
6	Denver-Aurora-Lakewood, Colo.	1 out of 177
7	Los Angeles-Long Beach-Anaheim, Calif.	1 out of 176
8	Salina, Calif.	1 out of 172
9	San Diego-Carlsbad, Calif.	1 out of 172
10	Portland-Vancouver-Hillsboro, Ore.-Wash.	1 out of 170

Source: Realtor.com



CITIES WHERE MILLENNIALS ARE MOVING

City	Net Migration
CHARLOTTE, NC	10,707
SEATTLE, WA	9,886
<u>OAKLAND, CA</u>	<u>7,494</u>
NORFOLK, VA	7,198
FARGO, ND	5,990
SPRING VALLEY, NV	5,347
SAN FRANCISCO, CA	4,833
FORT COLLINS, CO	4,315
DENVER, CO	4,221
ST. PAUL, MN	4,144



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From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2017/09/13/oakland-homeowners-profit-zillow.html>

Oakland homeowners' average profit is almost \$235,000 when they sell, a 78% return that's tops in the nation

Sep 13, 2017, 12:58pm PDT Updated: Sep 13, 2017, 1:24pm PDT

Home sellers in Oakland see the largest percentage gain on their properties of any U.S. city. They saw a 78 percent increase over what they paid, ahead of Portland, Ore. (64.7 percent), and San Jose (56.5 percent). Oakland home sellers also make an average profit of \$235,000, new statistics from home data tracker Zillow show.

The data collected by Zillow (NASDAQ: Z) found that Oakland homeowners on average own their properties for seven years and three months before selling, which means that their gains break down to about 8 percent appreciation a year.

Zillow senior economist Skylar Olsen told the Business Times that much of the upside enjoyed by Oakland homeowners is related to how well the city rebounded after previous lulls in the market.

"So upshot, it's about whether or not the average seller bought early, as home values continued to decline until around 2012, and how quickly homes have bounced back. In some areas, like Oakland, they have bounced back far beyond previous peaks," Olsen said.

That's a contrast with places like Seattle, where the average seller holds on to their homes for nine years and eight months, a longer time period that inevitably includes more years where home values dropped.

Olsen said that Bay Area homeowners also benefited from a constrained supply of housing that coincided with a major boom in population and high paying jobs. But she cautioned even that could hit a ceiling as sky-high prices dissuade buyers.

"Job growth in high earning fields generated even more job growth in service industries. This massive job growth fueled population increases in an area where it is notoriously difficult to build," Olsen said.

"Housing supply simply could not keep pace and home values increased dramatically. Home values have since slowed down as the too fast, too far pressure has begun to strain affordability, dampening demand."

Of the top 10 cities (Oakland, Portland, San Jose, Denver, Los Angeles, Sacramento, Seattle, Philadelphia, New Orleans and Boston), the first seven were in the West.

"Every city on this list has been growing extremely fast over the past decade with the majority passing peak home value hit during the housing bubble," Zillow's chief economist, Svenja Gudell, wrote in a blog



STEVEN E.F. BROWN

A home for sale in the Oakland Hills near the Mormon Temple.

9/14/2017 Oakland homeowners' average sales returns approaching a quarter of a million dollars, Zillow says, sports the highest percentage gain in the nation...
post.

Zillow's study jibes with the findings of Attom Data Solutions, which the Business Times reported on in July that the average return on investment for Bay Area home sellers was 75 percent, which ranked first in the nation.

Zillow's report was for calendar 2016 and based on individual cities; Attom's was for the second quarter of 2017 and grouped by metropolitan areas, which includes all of the Bay Area's nine counties.

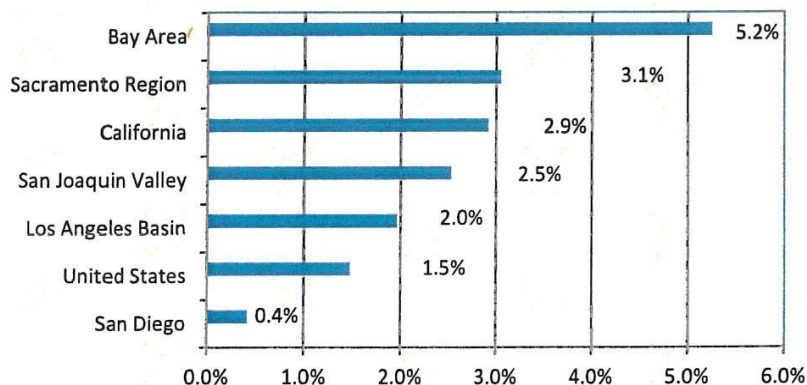
Jody Meacham, reporter for the Silicon Valley Business Journal, contributed to this report.

September 2017

The Bay Area Led the State and Nation in GDP Growth in 2016

The Bay Area led California and the nation with a real (inflation adjusted) GDP gain of 5.2% in 2016, more than 3 times faster than the national growth rate. The Sacramento region rebounded from years of slower growth to post a 3.1% real (beyond inflation) growth rate.

Real GDP Growth in Major California Regions in 2016



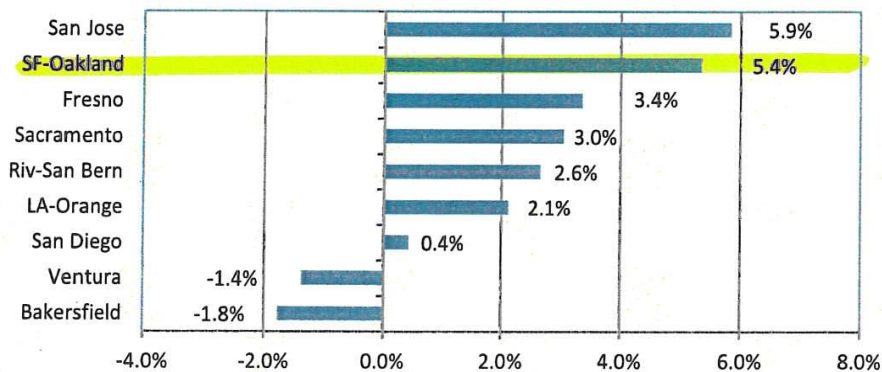
San Jose led all metro areas in California with a real GDP increase of 5.9% in 2016 led by gains in tech related sectors. The San Francisco-Oakland metro area was 2nd at 5.4% with gains in tech and finance.

2016 saw areas outside of the Bay Area with strong gains as these areas are now fully participating in the state's growth. Fresno GDP grew by 3.4% led by gains in agriculture, construction, health care and government. The Bakersfield metro lagged as the oil cutbacks restrained growth.

The Sacramento metro area was led by gains in finance and professional services. The Ventura and San Diego metro areas lagged as a result of major declines in manufacturing GDP.

The Riverside-San Bernardino metro area was led by gains in construction, finance and health care that offset losses in manufacturing. The LA-Orange metro area was led by gains in information, which includes motion pictures and Internet Services.

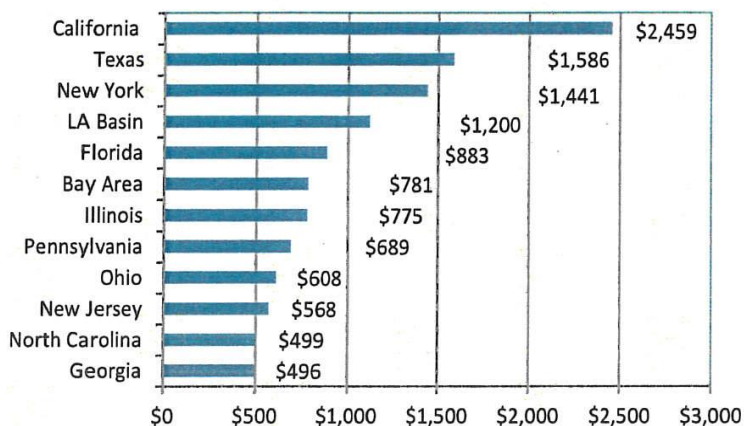
GDP Growth in Major Metropolitan Areas in California in 2016



The LA Basin and Bay Area rank high in comparison to most states.

The five county LA Basin economy ranks behind only California, Texas and New York in 2016 with a \$1.2 trillion dollar economy. The nine county Bay Area economy would rank 5th among all states (up from 6th last year) with a \$781 billion dollar economy measured by the value of goods and services produced in each area.

LA Basin and Bay Area Among Top Ten States (2016 GSP \$ Billions)



Where do California Regions Rank Worldwide?

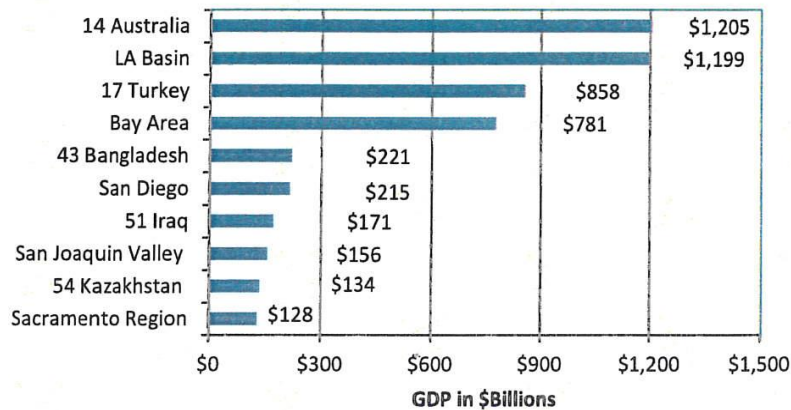
The LA Basin economy would rank 15th (up from 16th last year) in terms of the output of goods and services behind Australia and ahead of Mexico. The Bay Area would rank 18th behind Turkey and ahead of the Netherlands. San Diego County would rank 44th behind Bangladesh and ahead of Portugal. The eight county San Joaquin Valley would rank 52nd behind Iraq and ahead of Algeria. And the six county Sacramento region would rank 55th behind Kazakhstan and ahead of Hungary. California and the regions were not counted as countries in these rankings. See the below on page 4.

2017 Update and Commentary

Job growth has slowed in the Bay Area and statewide so far in 2017. But job growth continues to spread to areas previously left behind including the Inland Empire, Butte, and many San Joaquin Valley counties. So it is very likely that GDP growth in the state and many regions in 2017 will be below the 2015 and 2106 levels.

The recently released ACS data remind us of two important points: 1) that though poverty is falling, it remains far above the levels we hope for and 2) that in most areas of the state it is high housing costs that push a large number of residents below the poverty level and that housing remains both an economic, equity and environmental challenge that we need to meet.

California Regional Economies Ranking in the World 2016 (\$Billions)



Methodology

The estimates presented above are based on 2016 advance metropolitan area estimates published by BEA in September 2017.

GDP is referred to as output or the output of goods and services in the text. GDP is used instead of GSP (gross state product) although the meanings are similar).

The LA Basin includes Los Angeles, Orange, Riverside, San Bernardino and Ventura counties. The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano and Sonoma counties. The San Diego region includes San Diego County. The San Joaquin Valley region includes Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare counties. The Sacramento region includes El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba counties.

FOR THE EXCLUSIVE USE OF DEALMAKER@CHARTER.NET

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2017/08/28/downtown-oakland-residential-land-sale-tower.html>

Exclusive: Oakland tower site for sale in hot downtown district

KEY SUBSCRIBER CONTENT:

Aug 28, 2017, 2:05pm PDT Updated: Aug 28, 2017, 3:48pm PDT

A downtown Oakland site where a new 232-unit residential tower could rise is for sale.

The 20,904-square-foot property at 1523 Harrison St. is being sold without an asking price.

The property is currently a parking lot and doesn't have a height limit. It is zoned for up to one residential unit per 90 square feet of lot size and could also be office development, according to marketing materials.

A project hasn't been proposed for the site, so a new owner would submit a new plan and get city approvals, a process that generally takes at least a year.

Trending: Exclusive: Uber looks to sell its massive Oakland office property

Brokers Sid Ewing and Matthew Nebel of Colliers International are marketing the site.

Property records list the Brian Booth and Ellen McGarvey Trust as the owner of 1523 Harrison St. Ewing said the ownership was a family that has been active in Oakland for decades but isn't a developer.

"They really want to see something nice happen there," said Ewing.

A source familiar with the property estimated that it could sell between \$65,000 to \$95,000 per allowed unit, or between \$15 million and \$20 million.

The property is within two blocks of five other residential tower plans. Gerding Edlen's 206-unit 1700 Webster St. is under construction. Building permits have been filed for Holland Partner Group's 250-unit 1721 Webster St. and Carmel Partners' 634-unit 1314 Franklin St.

Adjacent to 1523 Harrison St., Michael Liu and Chuan Huang have proposed a 158-unit condo tower at 1510 Webster St. Bay Development also has approvals for a 126-unit tower at 250 14th St. but is seeking a reduction to 79 units.

"It's a good site. There are a lot of cool art and retail things happening on 15th Street. A lot of young people are hanging out right there," said Steve Saffold, managing director at the Agency, a real estate



An Oakland tower development site at 1523 Harrison St. is being sold.

brokerage, which isn't involved in 1523 Harrison St.

However, Saffold said rising construction costs, impact fees and softening rents could make the site challenging for a highrise project, and a wood midrise project could be more viable.

Join the conversation: Follow @SFBusinessTimes on Twitter, "Like" us on Facebook and sign up for our free email newsletters.

This story has been updated with comment from Sig Ewing.

Roland Li

Reporter

San Francisco Business Times





Tech news and guides to keep you in the know.

Top 12 cities to launch your tech startup



So you want to start a tech business. The three most important factors to consider? *Location, location, location.*

No, this isn't a real estate scheme. There's a lot more to launching a startup than picking out office space. But location is certainly something to think about if your plans are bigger than your parents' basement. That's why we went searching for the best U.S. cities to launch a startup.

Top 12 Tech Cities

Metro Area	State	Internet Usage Trending	Top Speeds Rank	Competitive Salary Rank
New-Haven-Milford	CT	65	8	296
Orlando-Kissimmee-Sanford	FL	83	34	250
Santa-Maria-Santa-Barbara	CA	31	41	335
Baton-Rouge	LA	21	105	70
Santa-Rosa	CA	32	72	347
New-Orleans-Metairie	LA	172	35	189
San-Francisco-Oakland-Hayward	CA	205	29	354
Barnstable-Town	MA	98	5	293
Spokane-Spokane-Valley	WA	137	7	183
Medford	OR	123	48	91
Stockton-Lodi	CA	139	75	202
Bellingham	WA	149	13	187

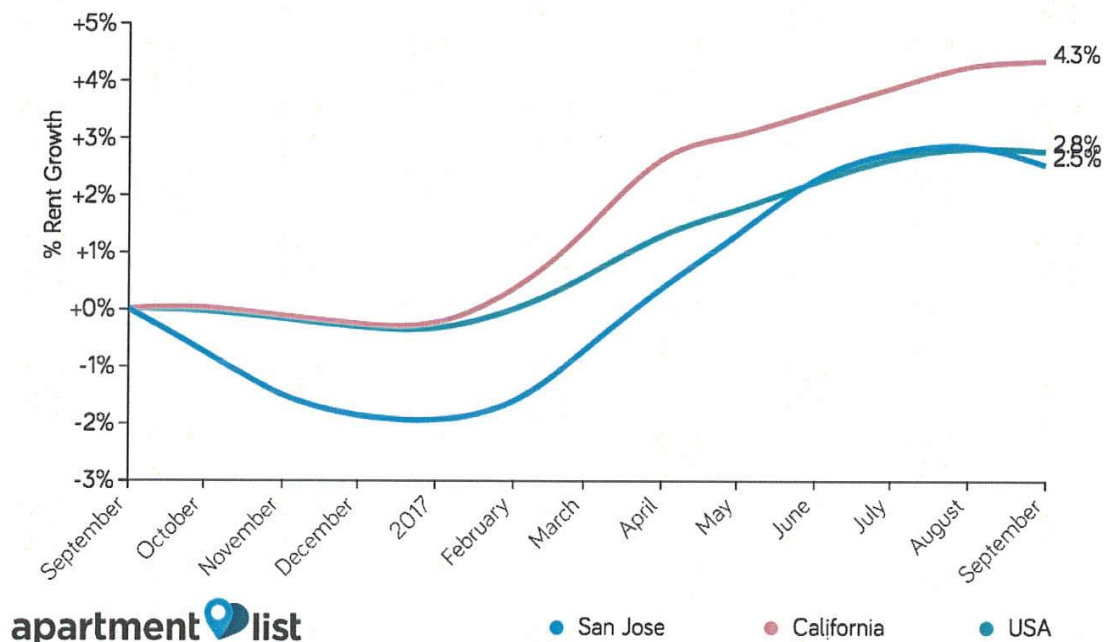
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Bay Area housing pressures continue: Rents rise again

By Richard Scheinin / October 2, 2017 at 11:22 AM

San Jose Rent Growth Over Past 12 Months



f 95 t in 5 r G+

Rents continued to rise across the Bay Area in September, with San Jose, Oakland and San Francisco all registering year-over-year increases, according to a new report.

It offers little relief to hard-pressed renters.

In San Jose, the median cost of rents rose 2.5 percent year-over-year to \$2,050 for a one-bedroom apartment and \$2,570 for a two-bedroom unit, according to the report by the ApartmentList.com web site, which tracks rents nationwide.

In Oakland, rents rose 5.4 percent from a year earlier to \$1,780 for a one-bedroom and \$2,240 for a two-bedroom, while San Francisco apartments inched up 1.6 percent to \$2,450 for a one-bedroom and \$3,080 for a two-bedroom.

The report points out that rent increases are more than a regional phenomenon; they're happening across California. Still, a spot-check of 17 Bay Area cities — where rents already were sky-high — shows continued increases almost everywhere. That means tenants must dig even deeper to get an apartment here.

There were a handful of exceptions, where rents fell year-over year. They were down 2.7 percent in Berkeley (to \$2,060 for a one-bedroom and \$2,590 for a two-bedroom); down 0.9 percent in Daly City (\$2,520 for a one-bedroom, \$3,170 for a two-bedroom); and down 0.4 percent in Campbell (\$1,890 for a one-bedroom, \$2,370 for a two-bedroom).

Elsewhere, it was plain old bad news for renters. In Cupertino, rents rose 6.0 percent year-over-year to \$4,020 for a one-bedroom and \$5,040 for a two-bedroom. Ouch. In Sunnyvale — close to Apple's new spaceship campus — rents jumped 4.2 percent to \$2,240 for a one-bedroom and \$2,800 for a two-bedroom.

In San Mateo, rents were up 1.3 percent, which doesn't sound like a lot until you see the cost of apartments: \$3,410 monthly for a one-bedroom and \$4,290 for a two-bedroom.

In the East Bay, rents rose 6.2 percent in Concord to \$2,370 for a one-bedroom and \$2,980 for a two bedroom; and 2.4 percent in Walnut Creek to \$2,400 for a one-bedroom and \$3,020 for a two-bedroom.

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From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2017/10/26/real-estate-cre-san-francisco-seattle-oakland.html>

Commercial real estate investors bypass San Francisco, flock to San Jose, Seattle and Oakland

🔑 SUBSCRIBER CONTENT:

Oct 26, 2017, 1:33pm PDT

San Francisco is losing its appeal for commercial real estate investors, who are looking to other markets for better deals, a new study says.

The City by the Bay dropped to 27th in the nation from 10th last year on a ranking of “overall real estate prospects,” according to the 2018 Emerging Trends in Real Estate report from Price Waterhouse Coopers and the Urban Land Institute.

“Investors and corporate America are glazing over larger cities, such as San Francisco, and turning their interests to smaller, secondary markets because of their affordability and inventory of young, educated workers,” the report states.

San Jose ranked 8th this year and Oakland came in at 20th. The top city for real estate prospects is Seattle, which moved up from fourth place last year.

“Many may know Seattle as being home to tech giants or for having a well-educated labor force. However, our survey respondents identified Seattle as being strong across a number of factors, including demographics and liveability, cost, and technology readiness,” the report states.

San Francisco remains a top national market, but is becoming more supply-constrained, which makes it harder for investors to find new deals at competitive prices, the report states. The same dynamic is playing out in other markets such as Manhattan and Washington D.C.

“There is just so much capital looking for a home that investors have no choice but to look at additional markets that they believe offer an adequate risk/return profile,” the report states.

Investors continue showing strong interest in San Francisco buildings, but prices are nearing record highs.

Earlier this year, Tishman Speyer paid \$1,200 per square foot to buy out J.P. Morgan Chase for 222 Second St. in San Francisco, a 452,000-square-foot building fully leased to LinkedIn. In the Mission, American Realty Advisors paid \$34 million or \$917 per square foot to buy the 37,104-square-foot Pioneer Building that is fully leased to Elon Musk’s Musk Industries.



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San Francisco's hot market for office buildings is turning investors away to cities with more potential to make money such as San Jose, Seattle and Oakland.

In the last several years, Oakland has started attracting more institutional investors such as TMG Partners and investors such as Harvest Properties are sprucing up historic buildings. Riding-sharing app maker Uber has garnered substantial interest from buyers for its former Sears department store turned tech building in downtown Oakland.

Blanca Torres

Reporter

San Francisco Business Times

