

S.F. apartment rents cool in winter but still red hot

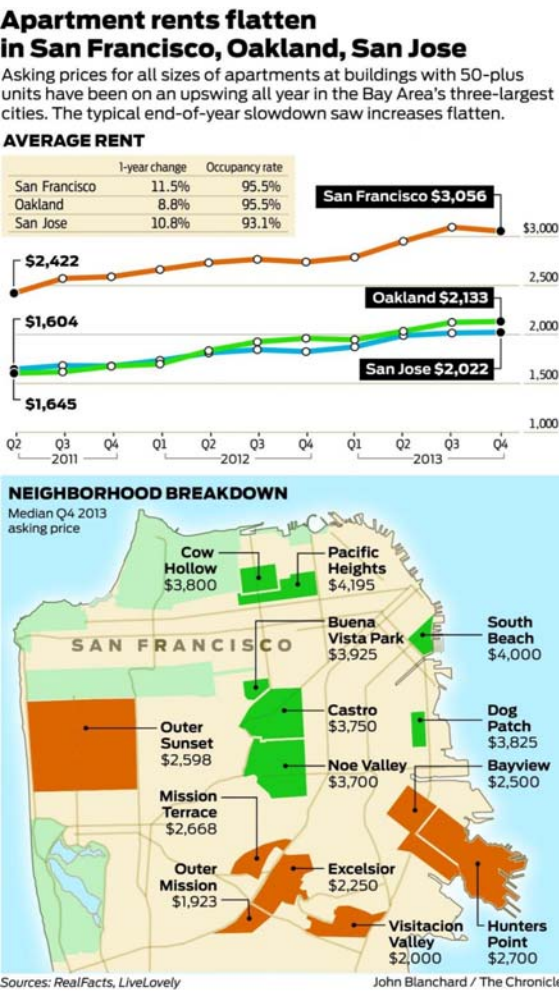


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By Carolyn Said

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The incredible, escalating prices for apartments in San Francisco, the South Bay and East Bay edged down or flattened in the final three months of 2013 - but don't get too excited.

The slight slump is a typical seasonal slowdown. After a year of rocket-like gains, asking rents remain sky-high compared with just a year ago.

"It's still a brutal market out there for prospective renters," said Craig Berendt, principal of Berendt Properties, which serves as leasing agent for several hundred rentals a year. "Things are very cyclical and start to taper off at the end of the year. It takes longer to get places rented because not as many (prospective) tenants are looking. The rental market is driven by hiring, and companies don't hire as much in the winter. But landlords are still getting extremely, ridiculously high rents."



Lovely, which runs the **www.LiveLovely.com** website, showed the median San Francisco asking rent price as \$3,256 in the fourth quarter, down 3 percent from the preceding three months - but still up 15 percent from a year earlier. San Jose's median of \$2,100 was slightly down compared with the fall but still up 11 percent annually.

Oakland rents edged up less than 1 percent from the fall, to a median year-end price of \$1,600, a 16 percent increase from a year earlier, Lovely said.

"It's a landlord's market if they have good location and parking is available," Berendt said. For instance, he just rented a 300-square-foot studio in the Marina for \$1,850 plus \$200 for parking. "The total was \$2,050 for the worst apartment in the building, a dark studio that hasn't been remodeled."

Tech workers

Not surprisingly, many prospective tenants are new tech workers, but not all are the highly compensated engineers who can drop several thousand a month on housing.

"People making \$85,000 to \$100,000 a year are being hired like wildfire now at tech companies, and they can afford junior one-bedrooms and micro-apartments for about \$2,500 bucks a month,"

Berendt said. "You have to make three times the monthly rent to qualify. So even for a \$2,000 studio, you have to make over \$70,000 a year."

RealFacts, which tracks rents at buildings with 50 or more units, also showed slight year-end decreases.

The average San Francisco asking rent in the fourth quarter was \$3,056, down \$40 from the third quarter, but up 11.5 percent from a year earlier, it said.

In San Jose, the average of \$2,022 was up just \$7 from the previous months, and up 10.8 percent for the year, RealFacts said. In Oakland, the \$2,133 average was up just \$8 from the fall, and 8.8 percent from a year earlier.

Shared living

For folks on a tighter budget, shared living is often the way to go. The two-bedroom median was \$3,800, Lovely said - but that \$1,900-per-room cost is much more affordable than getting a one-bedroom unit with a median of \$2,795 or a studio at \$2,109.

Jeff Waters, 27, a sales rep for Practice Fusion, used to live in a three-bedroom brand-new penthouse that cost \$2,000 a month - in Los Angeles.

"Here for that price you could barely get a place in the Tenderloin," he said.

Instead, he's seeking a shared apartment and hopes to pay \$1,400, "which is on the low end, probably for neighborhoods that are further out."

"The most shocking thing I see is people renting out half their studio," he said. "You see an ad that seems affordable; come to find out, it's just a room with a divider and you share it with a complete stranger."

Even though he has good credit, great references and stable employment, the competition is intense, he said.

"When you go to open houses, they are just zoos, packed full of people lined up with money in hand

who are willing to pay 10 percent over asking," he said.

'Slightly intimidating'

Jenna Shelburne, a recruiter at EventBrite, is also seeking a shared situation for around \$1,200 a month.

"Two years ago, it was a lot easier," she said. "I ended up getting the first place I e-mailed. Now it's really competitive. As soon as I go in to meet people, there's someone coming out they've just met with, and when I leave, there's someone else coming in. Open houses have 10 or 15 people looking. It's slightly intimidating."

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