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Rental competition fierce in S.F.'s market

Carolyn Said
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Sean Culligan / The Chronicle
Real estate agent Wendy Willbanks uses her smart phone to shoot photos and videos of a Pacific Heights apartment.

IMAGES



Michael Austin and Emily Morrison aren't highly paid tech workers. He's an actor with a day job as an administrative assistant; she's an arts teacher at CalShakes. Newly engaged, they've been seeking an apartment in San Francisco to move into together.

"We started combing Craigslist, and when we filtered by the

neighborhoods we want and our maximum price of \$2,000 for a two-bedroom, there is almost nothing," Austin said. "It was just shocking to me."

They broadened their search to the East Bay. Even there, "You show up at an open house and it's really intimidating," he said. "There are 20 other couples already ready to apply."

They decided to "get creative and get off the Craigslist merry-go-round," he said, posting their search on Facebook and placing their own Craigslist "apartment wanted" ad. A Facebook friend shared a tip on an Oakland apartment that may work out for them.

Their story is typical of San Francisco's overheated rental market, where well-compensated tech workers are flocking to desirable neighborhoods, driving up prices and locking out those who aren't big earners. The chichi areas, which also are closest to convenient transit, are hardest to break into. And the competition is spilling over into the East Bay.

"The Bay Area is growing in an extraordinary, unprecedented way," said Sarah Bridge, owner of Novato's RealFacts, which tracks apartment prices nationwide at buildings with 50 or more units.

"It has to do with job growth," she said. "It's a gold-rush mentality where the best and the brightest come to the Bay Area. The trend is for Gen Y folks, which is mostly what employers are hiring, and that particular generation has a preference for the urban core."

San Francisco rents rose 15.8 percent in the first quarter of this year compared with the same time last year, to an average of \$2,663 for all size units, according to RealFacts. Studio apartments average \$2,075, up 16.5 percent in a year. The steepest rise came in one-bedroom, one-bathroom apartments, which are now \$2,611 - up 19.9 percent in the past year and up 30 percent from just two years ago.

Growth was also strong in San Mateo County, where units of all sizes average \$2,003, a 15.6 percent annual increase, RealFacts said. In Santa Clara County, the \$1,857 average rent is a 12.5 percent annual increase. For Alameda County, the \$1,519 average rent is up 7 percent - still a big increase compared with other areas of the country.

"When you see markets like Oakland with rental growth, it's because it has proximity to San Francisco rather than in and of itself doing anything," Bridge said.

San Francisco is the most expensive metropolitan area in the country for renters, according to a recent report from the National Low Income Housing Coalition, which compared rents to wages. The going rate for a two-bedroom apartment in the counties of San Francisco, Marin and San Mateo requires a \$76,200 annual income, the report said. By contrast, the New York metropolitan area, which includes eight counties, requires a \$56,950 annual salary.

Even well-paid workers can find it hard to navigate San Francisco's blood-sport rental market.

That's spurred the creation of services targeting them. [Real estate](#) agent Wendy Willbanks last year decided to become a scout, or "rental concierge," for apartment hunters, calling her business She Moves You ([shemovesyou.com](#)).

"I swoop in and beat the competition," Willbanks said. "It's a fast track to jumping them ahead of the long lines of other applicants (and) landing a rental property in San Francisco without wasting time."

After nailing down her clients' wish lists, Willbanks sifts through listings and attends [open houses](#), armed with her clients' credit reports and renter profiles. She photographs and videos the spaces. Some clients, such as people moving from elsewhere in the country, decide on apartments based purely on her scouting.

Nicole Kumle was moving from Los Angeles for an occupational therapist job at San Francisco General Hospital. She tried apartment hunting during a brief visit, but every open house was filled with people, and the clock was ticking. She hired Willbanks, who found her a one-bedroom in Pacific Heights in her price range. Kumle applied for the apartment sight unseen.

Willbanks said she beat out 17 applicants by arriving early and befriending the rental manager.

"It worked out wonderfully with no drama," Kumle said. "But it was kind of pricey."

Willbanks' fee is about equal to an average month's rent, which is standard for real estate agents who perform similar services. She charges a few hundred dollars more for out-of-town clients who need more orientation to neighborhoods.

"This is a luxury service for the busy professional," she said.

Sheri Castilyn, a leasing agent with [Rentals](#) in SF, which finds tenants for about 400 rentals annually, said demand continues to escalate.

"It's a tight market," she said. "There are a lot of tech hires and also a lot of people who would have bought a few years ago, who are opting to rent instead."

Listings turn over quickly, especially if they're in popular neighborhoods with amenities such as parking, updated kitchens and outdoor space, she said.

Landlords make the final decisions after her firm checks credit, employment and references. But, she said, the applicants with the best income, credit and rental history and who can move in soonest tend to get the leases.

Competition heats up even more over the summer because people want to be settled before the school year starts.

"August is the crescendo of demand each year," she said. "Last summer there was one listing in a really hip, desirable part of the Mission, where I actually had a fistfight break out in the line of people to get into the open house. I needed a bouncer. There were 80 people there; it was really nuts."

Jed Kolko, chief economist at real estate site Trulia.com, said a couple of factors in addition to job growth conspire to keep San Francisco rents high. The city's rent control and limits on new construction "mean rents are higher to begin with, and they rise faster when demand increases."

Rent control also limits turnover, he said.

"It encourages some people to stay in an apartment longer than they otherwise would have."

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