

# Real Estate

San Francisco Chronicle

## Rents soaring across region

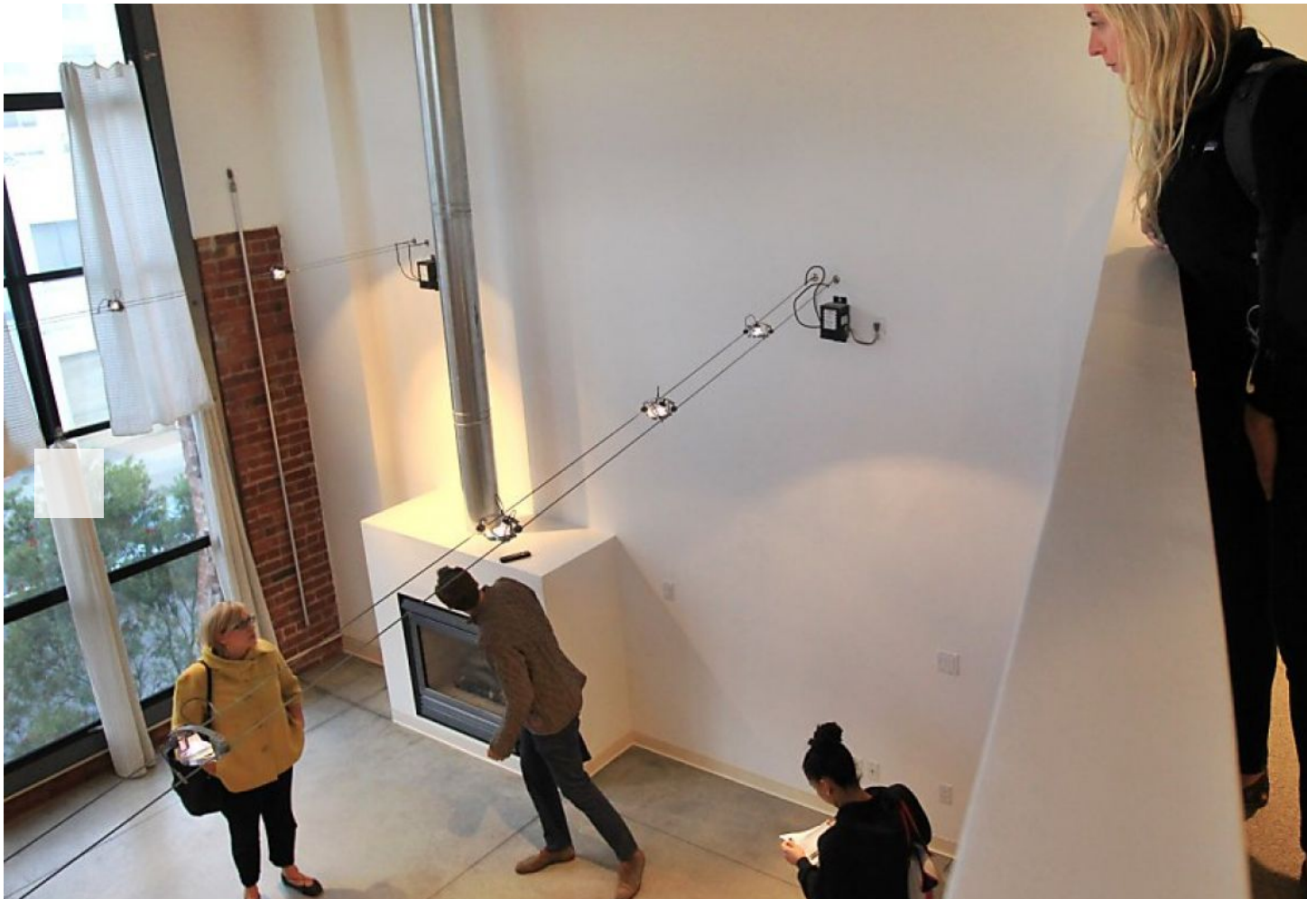


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Leah Millis/The Chronicle

*Leah Volger listens from above as real estate agent Jeanne Zimmerman (left) discusses details of a \$3,800 one-bedroom, two-bath loft South of Market with Seth and Maria Skiles.*

By **Carolyn Said**

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San Francisco rentals were a different world when Chuck Post became a leasing agent - just four years ago.

"In 2009 we were actually discounting rents, offering things like a free month's rent when you moved in, perhaps throwing in free parking," he said.

Those days are long gone.

Now as the economy roars back, his listings draw long lines of wannabe tenants, and apartments get snapped up in less than a week.

Rents in San Francisco are escalating at breakneck clips this year, largely driven by an influx of tech workers. Oakland and San Jose likewise are seeing steep run-ups.



San Francisco's bigger apartment complexes saw average asking rents break the \$3,000 mark in the third quarter, hitting a record \$3,096 across all size units, according to data service RealFacts. That's an 11.9 percent bump from the same time last year.

Median asking rents for San Francisco apartments listed on **www.livelovely.com** clocked in at a record \$3,398 in the third quarter, up 21 percent from 2012, said apartment-finding company Lovely.

"Rents are rising faster in San Francisco than almost anywhere else in the country," said Jed Kolko, chief economist with housing service Trulia. "Rising rents are a bigger challenge than rising home prices, especially in a place like San Francisco where buying is out of reach for many middle-class and lower-middle-class people."

Gabriel Metcalf, executive director of the think-tank San Francisco Planning and Urban Research, said the city is facing a "crisis of affordability."

"What happens when you let a city get this expensive, is that over time, only the wealthy can live there. You lose everyone else," he said.

A spike in evictions has spurred protests of gentrification, including one at City Hall on Thursday. Activists say San Francisco must act to maintain a diversity of income levels.

The root cause is simple, Metcalf said: "The growing regional economy coupled with decades of under-building housing."

San Francisco's construction boom is helping to increase inventory. But to really make a dent on the housing shortage, Metcalf said, the city would need to deliver 5,000 new housing units a year for quite some time. It's averaged 1,500 units a year over the past 20 years.

New buildings in Mid-Market and the Mission have a two-faceted impact on rents.

They command a pretty penny, driving up the median and average rental costs.

However, some experts said the new buildings are forcing some older units to drop their prices to compete, thus giving prospective tenants some relief.

"There's a lot of brand-new Mid-Market stuff with nice amenities and high prices competing for the well-paid tech people," said Laura Gray, a leasing agent with Paragon Real Estate Group.

"The not-brand-new units are left struggling a little bit."

For instance, she's listing for \$2,900 a one-bedroom at a 6-year-old luxury building near AT&T Park and Caltrain.

"A year ago, this would have rented for \$3,500," she said.

Other agents said that there remain plenty of wallflower apartments, either because they're in undesirable areas or overpriced.

But that's cold comfort to the folks engaged in the blood sport of apartment hunting in San Francisco.

Rosie Simeonova and Jay Dillon thought they were prepared when they moved here from Los Angeles last month.

"We knew San Francisco would be expensive, so we upped our budget," she said. "We knew it would be competitive, so we were very prepared with our renter's resume, employment confirmation, credit reports, pay stubs, anything you could possibly ask for."

They quickly discovered that their \$2,500 limit for a one-bedroom near Dillon's new job at the University of San Francisco didn't go far.

"We must have seen over 30 places," Simeonova said. "We'd go to an open house for a little tiny apartment and there'd be 20 people on the stairway frantically filling out applications. The landlords had no leeway for renters; a lot of times they would just offer 15-minute windows to see places. It was intimidating."

They got more aggressive. When they spotted an Inner Richmond place that seemed to fit their needs, they called the leasing agent and asked to meet before the open house, offering to sign a lease on the spot. That did the trick.

Lovely said that rents for studio apartments rose the most, with the \$2,370 median up 24 percent from last year and 16 percent from the second quarter.

For all sizes of apartment complexes, Oakland clocked in at \$1,595, a 15 percent increase, while San Jose was at \$2,180, up 13 percent from last year, Lovely said.

For buildings with 50 or more units, RealFacts said Oakland's average rents of \$2,124 in the third quarter were up 10.3 percent from 2012, while in San Jose the \$2,015 average was a 9.2 percent bump.

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