San Francisco's Seismic Move

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DEREK DUNCAN

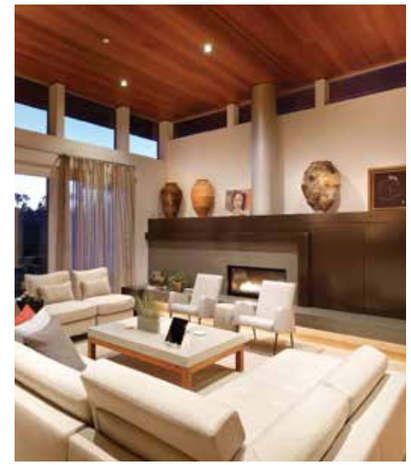
In San Francisco, the phrase "the Big One" carries ominous portent. But a different Big One occurred in 2013, a year the San Francisco real estate market rumbled to life and swallowed all remnants of the 2009 recession.

Fueled by the explosion of next-generation tech industries and the desire of workers to live inside the city, median sales prices for single family homes surpassed 2012 levels by over 20-percent. According to **Rebecca Schumacher**, Realtor at **Sotheby's International Realty—San Francisco Brokerage**, condo and co-op prices rose over 10-percent, and almost 35-percent of all properties sold above list price. Tech employers have streamed into the city, accounting for 40-percent more office lease space than in 2010 and 86-percent of all new office positions.

"Our inventory right now is the shortest I've seen in 30 years," Schumacher says. "We've never been this scarce, and that's keeping the market extremely strong."

Established northside neighborhoods like Russian Hill and Pacific Heights continue to thrive, but high demand has also reshaped nascent districts, where

...buyers can find more square footage and space for their money without sacrificing cultural or economic amenities.



Noe Valley, Liberty Hill and NoPa have felt an influx of restaurants, markets and young families.

Mark Attarha, President of **East Bay Sotheby's International Realty** in the San Francisco Bay area, says the Oakland and Berkeley areas traditionally rise in up-market or tech renaissance conditions since buyers can find more square footage and space for their money without sacrificing cultural or economic amenities. Predictably, 2013 "was the best year ever," he says.

If the crest of this cycle hasn't reached the North Bay area yet, **Bill Bullock**, Managing Broker at **Decker Bullock Sotheby's International Realty** in Marin County, says it will.

"Among many things I've observed in the 32 years I've been here is that Northern California, and Marin County in particular, seem to be the very last to recover from a down market."

But Bullock sees it coming, especially at the top end, citing sales or expected sales in the last six months of a number of properties between $10 and $25 million in locations like Belvedere and Tiburon near the Bay, and warmer inland locales like Ross and Kentfield.

Unlike either the dot-com or pre-recession bubbles, Schumacher believes the fundamentals behind this up-cycle are stable. Online- and digital-based business models are more proven, she says, and tech companies are showing actual profits. Attarha adds, "A very large percentage of these transactions are cash," versus previous cycles buoyed by borrowing. "[Buyers] have skin in the game."

"We're really starting to feel it," Bullock says. "I think we'll have a bull run for at least four years, and maybe even longer than that."

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