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Has San Francisco real estate lost it?

Inventory up, rents down in techie neighborhoods

By [LOUIS HANSEN](#), Bay Area News Group

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TRACY, CA - SEPTEMBER 30: Laura and Don Zapata, are photographed at their newly built Tracy Hills home in Tracy, Calif., on Wednesday, Sept. 30, 2020. The San Francisco natives were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)



Don and Laura Zapata grew up in San Francisco, attended public schools, raised their two daughters in the city and, until August 31, lived their entire lives there.

The appeal of being close to their family and jobs waned after years of paying up to \$3,000 a month in rent and disappeared with COVID-19. The couple toured houses for months during the pandemic, finally finding a dream home 70 miles away in Tracy.

“It was time to just change our life,” said Laura Zapata, 37, a hair restoration stylist. “It was time to go.”

The Zapatas joined a procession from San Francisco this summer that has sent rents plummeting, home inventory soaring and chilled home and condo prices in what remains the most expensive city in the nation.

Outside of San Francisco, the Bay Area COVID-19 real estate market has been red-hot, with few homes for sale, quick deals, cash transactions and high-end, spacious properties selling for a premium.

Zillow economist Jeff Tucker said San Francisco is running contrary to national trends as well.

In fact, only Manhattan and San Francisco among major U.S. cities have seen a growth in home listings and falling prices during the first several months of the pandemic, according to Zillow. The number of homes for sale in San Francisco nearly doubled during that time, and list prices in the city dropped about 5 percent, tilting ever-so-slightly toward a buyer's market.

"It's not a mass sell-off. You're not getting fire-sale prices," Tucker said. "I don't see anything that says San Francisco is going to be a ghost town anytime soon."

San Francisco rents have fallen faster than any other city, according to listing site Zumper. The median price for a two-bedroom plummeted 20 percent in October from the previous year, although the monthly rate of \$3,800 remained the highest in the nation.

Strong markets in rural and resort communities, such as Lake Tahoe and Sierra foothill towns, suggest Bay Area buyers are willing to move or purchase a second home once they get the green light from their employers. Major Silicon Valley tech companies and other white-collar businesses have extended remote work into 2021. "Everyone has been waiting to get guidance from their employers," Tucker said. "The resort towns are a pretty good compromise."

Bay Area brokers say clients are fleeing their urban condos and flats for suburban space. As offices, restaurants, bars and theaters have closed, San Francisco's social and community failings have taken center stage.

Property crime, drug use and a growing homeless population are central concerns for many leaving the pandemic-struck city. In a January survey conducted for the Silicon Valley Leadership Group and this news organization, 96 percent of San Francisco residents said homelessness was the most serious problem facing their community.

In tech-popular neighborhoods downtown, Mission Bay and SoMa have seen condo listings roughly triple from the previous summer, according to San Francisco Redfin agent Gabrielle Bunker.

The pandemic has dulled the appeal of condos for many buyers. The close proximity to neighbors and workers in hallways, stairways and elevators creates a health scare. And many of the amenities pitched to buyers — community spaces, gyms and pools — have closed during shelter-in-place restrictions.

Bunker said many buildings have refused to lower homeowner fees, which can range from several hundred to a few thousand dollars a month for luxury units, despite diminished service and amenities during the crisis.

Marc Dickow, president of the San Francisco Association of Realtors, said the growing inventory of condos has been driven by investors who have seen renters leaving the city as work-from-home routines have stretched into months.

Strong renter protections and a softening market have made the decision easier for many investors, he said. “They were not their homes anyway, so they’re putting them on the market,” he said. Generally, SoMa and South Beach have seen the most for-sale listings, he said.

But, Dickow said, homes in desirable neighborhoods are still selling.

Silicon Valley agents say many clients retreating from the city are already familiar with the suburbs — they grew up there. Compass agent Mark Wong in Saratoga said his office has had several inquiries from buyers leaving urban condos for more space in the South Bay. They’re searching for workspaces called Zoom-rooms and “Zoom-ios” — patios for video conferencing

Wong said a lot of tech couples have family in the Bay Area suburbs and are coming back to be closer to family and friends. “It’s their roots,” he said.

Some former San Francisco residents are returning to more distant roots.

Jennifer Spoerri, a communications professional, is leaving the Bay Area after more than three decades, including the last 14 in San Francisco.

Spoerri, her husband and teenage son are packing up their rent-controlled apartment near Nob Hill and moving near her family in her hometown of Lexington, Mass. She’s been ready for a while, after suffering a mediocre public school experience, safety issues of raising a teenager in the city, and the diminishing chances of ever buying a home in San Francisco. The pandemic health risks finally convinced her husband to leave.

A recent apocalyptic day — the sky orange with ash, the air heavy and toxic — felt like a sign. It was time to go home, Spoerri said. “It just reminded us what’s important.”

The Zapatas moved to Tracy Hills, a growing planned community. Their new, 2,500-square-foot home has ample space for their family and remote work, and fit their \$600,000 budget.

They will miss the restaurants and theater in San Francisco, but “these are all things the pandemic took away from us,” said Don Zapata, 38, who works in sales and finance for a software company. “We really wanted to own.”

ADDITIONAL PHOTOS FROM SLIDESHOW:



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TRACY, CA - SEPTEMBER 30: Don and Laura Zapata's newly built Tracy Hills home is photographed in Tracy, Calif., on Wednesday, Sept. 30, 2020. The San Francisco natives were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)



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TRACY, CA - SEPTEMBER 30: The Tracy Hills housing development's new Starcross Park is seen next to a row of new homes in Tracy, Calif., on Wednesday, Sept. 30, 2020. San Francisco natives, Don and Laura Zapata, were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)





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TRACY, CA - SEPTEMBER 30: The Tracy Hills housing development's Welcome Center swimming pool is photographed in Tracy, Calif., on Wednesday, Sept. 30, 2020. San Francisco natives, Don and Laura Zapata, were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)



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TRACY, CA - SEPTEMBER 30: The new playground at Starcross Park in the Tracy Hills housing development is photographed in Tracy, Calif., on Wednesday, Sept. 30, 2020. San Francisco natives, Don and Laura Zapata, were fed up with city living, and with the new-found ability to work from anywhere, moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)



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TRACY, CA - SEPTEMBER 30: A home under construction is seen between two completed homes in the Tracy Hills housing development in Tracy, Calif., on Wednesday, Sept. 30, 2020. San Francisco natives, Don and Laura Zapata, were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)





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TRACY, CA - SEPTEMBER 30: Construction workers stand atop a house being built at the Tracy Hills housing development in Tracy, Calif., on Wednesday, Sept. 30, 2020. San Francisco natives, Don and Laura Zapata, were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)



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TRACY, CA - SEPTEMBER 30: Don and Laura Zapata, stand with their 9-year old daughter Alaina at their newly built Tracy Hills home in Tracy, Calif., on Wednesday, Sept. 30, 2020. The San Francisco natives were fed up with city living, and with the new-found ability to work from anywhere, they moved into a four-bedroom home in the new housing development. (Doug Duran/Bay Area News Group)

