

September, 2011**Condominium vs. TIC Analysis****Summary**

1. Tenants-in-Common (TICs) is now about 16% of the combined (sales and listings) condo/TIC market segment.
2. TICs comprise approx. 13% of sales of the condo/TIC market segment and their average selling price is approx. 10-30% less than a comparable condominium.
3. TICs comprise approx. 16% of all condo/TIC listings and their average listing price is about 12-22% less than a comparable condominium.
4. While controversy remains whenever TICs are mentioned, the data clearly shows that many buyers have decided that the price differential between condos and TICs make any potential risks worth taking in order to own a home and a piece of San Francisco.

Background

A unique segment of the San Francisco market is Tenancy-in-Common. It has developed as a market response to the strict condominium conversion lottery system which permits only 200 units (not buildings -- units) to win the lottery and begin the condo conversion process each year. After the February 2011 lottery it was estimated that there were over 2,000 units that didn't win. This number is expected to grow each year.

Active (as of 10/25/11)

| | Combined (Condos & TICs) | | | Condos only | | | TICs only | | | Price Difference (condo vs. TIC) (000s) |
|--------------|--------------------------|---------------------------|----------------|-------------|---------------------------|----------------|------------|---------------------------|----------------|---|
| | # of Units | Avg. Listing Price (000s) | Days on Market | # of Units | Avg. Listing Price (000s) | Days on Market | # of Units | Avg. Listing Price (000s) | Days on Market | |
| 1 bd/1ba | 255 | \$641 | 104 | 222 | \$468 | 106 | 33 | \$413 | 90 | \$55 |
| 2bd/1ba | 130 | \$628 | 73 | 95 | \$668 | 65 | 35 | \$522 | 97 | \$146 |
| 2bd/2ba | 211 | \$812 | 87 | 189 | \$823 | 86 | 22 | \$712 | 94 | \$111 |
| Total / Avg | 596 | \$565 | | 506 | \$638 | | 90 | \$547 | | |
| All Listings | 1,045 | \$746 | 93 | 881 | \$769 | 93 | 164 | \$623 | 92 | |

Pending (as of 10/25/2011)

| | Combined (Condos & TICs) | | | Condos | | | TICs | | |
|--------------|--------------------------|---------------------------|----------------|------------|---------------------------|----------------|------------|---------------------------|----------------|
| | # of Units | Avg. Listing Price (000s) | Days on Market | # of Units | Avg. Listing Price (000s) | Days on Market | # of Units | Avg. Listing Price (000s) | Days on Market |
| 1 bd/1ba | 41 | \$400 | 78 | 38 | \$398 | 82 | 3 | \$429 | 20 |
| 2bd/1ba | 27 | \$519 | 64 | 18 | \$606 | 64 | 9 | \$347 | 65 |
| 2bd/2ba | 44 | \$655 | 64 | 44 | \$655 | 64 | - | - | - |
| Total / Avg | 112 | \$529 | | 100 | \$549 | | 12 | \$368 | |
| All Listings | 173 | \$586 | 77 | 155 | \$608 | 77 | 18 | \$404 | 72 |

Sold (1/1/11 through 9/30/11)

| | Combined (Condos & TICs) | | | Condos | | | TICs | | | Price Difference (condo vs. TIC) (000s) |
|--------------|--------------------------|-------------------------|----------------|------------|-------------------------|----------------|------------|-------------------------|----------------|---|
| | Units Sold | Avg. Sales Price (000s) | Days on Market | Units Sold | Avg. Sales Price (000s) | Days on Market | Units Sold | Avg. Sales Price (000s) | Days on Market | |
| 1 bd/1ba | 437 | \$473 | 82 | 394 | \$481 | 81 | 43 | \$405 | 93 | \$76 |
| 2bd/1ba | 254 | \$613 | 76 | 169 | \$656 | 71 | 85 | \$529 | 86 | \$127 |
| 2bd/2ba | 486 | \$767 | 86 | 456 | \$771 | 85 | 30 | \$703 | 101 | \$68 |
| Total / Avg | 1,077 | \$624 | | 1,019 | \$640 | | 158 | \$528 | | |
| All Listings | 1,948 | \$738 | 80 | 1,693 | \$748 | 79 | 255 | \$670 | 85 | |

(Our survey covers approx. 60% of all condos and TICs in San Francisco.)

| <i>Year</i> | <i>Condos</i> | <i>TICs</i> | <i>Condos & TICs combined</i> | <i>% of TICs</i> |
|-------------|---------------|-------------|---|------------------|
| 2000 | 1,833 | 129 | 1,962 | 7% |
| 2001 | 1,637 | 79 | 1,716 | 5% |
| 2002 | 2,462 | 154 | 2,616 | 6% |
| 2003 | 2,887 | 269 | 3,156 | 9% |
| 2004 | 3,224 | 394 | 3,618 | 11% |
| 2005 | 2,923 | 540 | 3,463 | 16% |
| 2006 | 2,540 | 652 | 3,192 | 20% |
| 2007 | 2,349 | 724 | 3,073 | 24% |
| 2008 | 1,892 | 436 | 2,328 | 19% |
| 2009 | 1,737 | 407 | 2,144 | 19% |
| 2010 | 2,056 | 272 | 2,328 | 12% |
| 2011* | 1,693 | 255 | 1,948 | 13% |

*year-to-date



1500 Franklin St.
San Francisco, CA 94115

Frank Bodnar, DRE #01247118
415-260-8724
John Oldfield, DRE #01292184
415-762-9608