

Central City Property Values in San Francisco and Oakland

PAUL F. WENDT, Real Estate Research Program, Bureau of Business and Economic Research
University of California, Berkeley

The major objective of this study has been to reexamine the hypothesis that central city land values are declining. More broadly, the author has sought to analyze the factors influencing these land values in Oakland and San Francisco during the past quarter century and to relate the changes noted to the process of urban decentralization.

Evidence showing trends in type of activity, ownership, selling price, assessment, and gross and net income was assembled for a sample of typical properties. The data indicate that assessed values have been unreliable indicators of market values, that experience of office-building earnings has been more favorable than store properties, and that while the downtown districts have been substantially stable, certain notable shifts have occurred, often coincident with transportation developments or other changes. Several important problems of interpretation were encountered, including segregation of land and building values, assemblage of sufficient data on sales prices and gross and net incomes, and delineation of the several factors which influence values, such as taxes, leasing terms, depreciation, capitalization rates, and investors' expectations.

● THE principal objective of the present study is to describe long-term changes in the central business districts of Oakland and San Francisco and to analyze changes in downtown property values in these cities over the period from 1920 to 1950. The study represents one phase of a broad investigation of urban decentralization, transportation and parking, and downtown property value changes in the San Francisco Bay Area. Because of this broader orientation, long-term trends in central city property values will be examined and the general relationship between urban decentralization and property value changes will be discussed.

REVIEW OF CENTRAL CITY LAND-VALUE THEORY

The consistent trend toward urbanization of the population of the United States and toward expansion of personal incomes has aided in the establishment of the tradition that the values of well-situated urban land in the central core will continue to experience a long-term upward trend.¹

¹ Gustavus Myers, *History of the Great American Fortunes, First Modern Library Edition*, New York, 1936. "In the seventy years from 1800, the land owners were the conspicuous fortune possessors . . . fortunes based upon land in the cities were indued with a mathematical certainty and perpetuity."

Henry George, *Progress and Poverty*, Fiftieth Anniversary edition (Robert Schalkenbach Foundation, New York, 1932), p. 294. "Go, get yourself a piece of ground and hold possession. You may sit down and smoke your pipe; you may lie around like the *lazzaroni* of Naples or the *leperos* of Mexico, you may go up in a balloon or down a hole in the ground, and without doing one stroke of work, without adding one iota to the wealth of the community, in ten years you will be rich!"

John Stuart Mill, *Socialism* (New York, 1891), pp. 176, 178. "Now, the labors of the nation at large do add daily and yearly to the value of the land, whether the landlord plays the part of an improver or not . . . The income from rural lands has a constant tendency to increase; that from building lands still more. . . . It is often said that land, and particularly land in towns is liable to lose value as well as to gain it. Certain quarters of London cease to be fashionable, and are deserted by their opulent inhabitants; certain towns lose a portion of their trading prosperity when railway communication enables purchasers to supply themselves cheaply from elsewhere. Those cases, however, are the exception, not the rule; and when they occur, what is lost in one quarter is gained in another, and there is the general gain due to the prosperity of the country besides."

Evidence of the general acceptance in the 1920's of the thesis that long-term trends in urban land values were upward is found in the following quotation from a book widely used by appraisers at that time: "That land values in general will continue to rise with increasing population and increased production is generally conceded."² Some of the early writers on urban land-value theory were somewhat more cautious in generalizing about long-term trends in central city land values. Richard M. Hurd, writing in 1924, held that the total value of real estate in a city is based on population and wealth.³

Finding that Chicago land values in 1909 were, on the whole, lower than in 1890 when the city was only half as large, Homer Hoyt raised further question regarding the automatic relationship between population and central city values, in his study of land values in that city.⁴

A series of studies carried on during the 1920's substantiated the view that the long-term trend in urban

² Walter William Pollock and Karl W. H. Scholz, *The Science and Practice of Urban Land Valuation* (Philadelphia: 1926), p. 17.

³ Richard M. Hurd, *Principles of City Land Values* (New York: Record and Guide Publishing Company, 1924), p. 156. "If business expands and population increases in a city, the sum total of land values is certain to increase. All the land, however, will by no means increase in value, the great mass of medium business and residence property advancing but slowly since it supplies the wants of a large number of people of moderate earning power who cannot pay beyond a certain price . . . If population and business become stationary the sum total of land values will decrease in proportion to the previous discounting of future growth, subsequent movements consisting of redistribution of value, as one part of the city or another . . . flourishes or declines."

⁴ Homer Hoyt, *One Hundred Years of Land Values in Chicago* (Chicago: Univ. of Chicago Press, 1933), p. 219. Table XLVI, p. 347, shows the following Index Numbers of Chicago Land Values by Principle Types of Uses, 1910 = 100.

	<i>Outlying Bus.</i>	<i>Loop</i>	<i>Industrial</i>	<i>Residential</i>	<i>Total</i>
1910	100	100	100	100	100
1928	667	167	215	453	353
1933	150	83	100	200	143

land values in our major cities was upward.⁵ The conclusions of these studies were summarized in a special issue of the *Annals* devoted to Real Estate Problems in March, 1930.⁶ Arner found that the values of nine vacant tracts in Manhattan in 1880 expressed as percentages of the values in 1921, ranged from 8 to 44 percent, with a median of 20 percent. A study by Shannon and Bodfish revealed that the aggregate value of 20 tracts of vacant subdivided land, located in North and South Chicago, with an aggregate purchase price, based upon cost at varying dates between 1872 and 1921, of \$45,105, equalled \$221,800 in 1925. In his study of 50 tracts of vacant land in Philadelphia purchased between 1880 and 1900, Loucks reported that four subgroups of the properties were valued in 1913 at 129, 133, 144, and 166 percent of 1880 to 1900 cost figures. In a different type of study, R. M. Haig found that land beyond the mill gates in Gary which was worth \$6,500,000 in 1906, had a value of \$33,500,000 in 1917.⁷ Using the Somers unit system of land valuation, Haig also found that the value of all taxable land in the central (34 blocks) business district of Philadelphia advanced from \$123,005,419 in 1910 to \$280,384,707 in 1925, or an increase of 127 percent. There is little agreement today as to long-term trends in central city property values or as to the future of the downtown sectors of our large cities.

The tremendous rise in post-World War II suburban home ownership and in consumer preferences for suburban living has given support to those who propound the inevitability of central city decline. H. B. Dorau offered the thesis in 1949 that our large central cities are functionally obsolete and economically bankrupt, that central city land values have been declining since the wide acceptance of the automobile, and that capital investment in the city is less and less able to earn its replacement and a fair rate of return.⁸ In his analysis, Dorau focussed central attention upon the inability of the large city to adapt itself to the automobile.

Raymond W. Goldsmith, the author of the most recent estimates of national wealth, published in *Studies in Income and Wealth*, Vol. 14, Table 1, presented the

⁵ G. B. L. Arner, "Land Values in New York City," *Quarterly Journal of Economics*, Vol. 36, August, 1922, pp. 545-8.

H. L. Shannon and H. M. Bodfish, "Increments in Subdivided Land Values in Twenty Chicago Properties," *Journal of Land and Public Utility Economics*, Vol. 5, February, 1929, pp. 29-36.

W. N. Loucks, "Increments in Land Values in Philadelphia," *Ibid.*, Vol. I, October, 1925, pp. 469, 477.

R. M. Haig, "The Unearned Increment in Gary," *Political Science Quarterly*, Vol. 32, March, 1917, pp. 80-94.

W. W. Pollock and K. W. H. Scholz, *The Science and Practice of Urban Land Valuation*, pp. 189-205.

⁶ William N. Loucks, "The Unearned Increment in Land Values and Its Social Implications," *The Annals of the American Academy of Political and Social Science*, Part I, Real Estate Problems, Vol. CXLVIII, Number 237, March, 1930.

⁷ R. M. Haig, *op. cit.*, p. 84, as cited in Loucks, "The Unearned Increment in Land Values," p. 69.

⁸ Herbert B. Dorau, "Urbanism and the Future of Land Values," *The Appraisal Journal*, January, 1949, pp. 15-24.

following estimates of the value of private non-farm land (includes residential, commercial, and industrial):⁹

ESTIMATED VALUE IN BILLIONS OF DOLLARS				
	1900	1920	1928	1948
Value in current prices.....	\$8.2	\$28.9	\$53.9	\$49.8

Land values were calculated by use of ratios of land to total value of improved property, the latter represented by the depreciated cost of buildings. The ratios used were varied for different classes of property and over time for the same classes.

The relationship between the use of the automobile and the processes of urban decentralization in the 20th century is obvious, and the constantly increasing size of our metropolitan areas has centered increasing attention upon the problems of getting people to and from the central city. The urban transportation problem and the attendant parking problem have absorbed the attentions of private businessmen and public officials.

Authorities concerned with the parking and transportation problems have generally accepted the thesis that central city property values are declining and that there is a close relationship between the adequacy of parking facilities and the extent of decentralization of functions and consequent property value losses experienced. The American Automobile Association, in its *Parking Manual* published in 1946, stated that "many factors have brought about a trend of decline in business property values in many cities."¹⁰ The same study cited reports by the Parking Subcommittee, Traffic Committee of the Commission of City Plan, Baltimore, and the Mayor of Boston showing that downtown property values in those cities had declined substantially during the decade from 1931 to 1941.

A manual on parking issued by the Public Roads Administration in 1947 illustrates the general acceptance of this point of view: "There has been an almost universal decline in land values within the older and larger commercial centers. . . ."¹¹

Further evidence of the acceptance of the idea that central city land values are experiencing a long-term decline is found in the proceedings of a Conference on Urban Problems held at Portland, Oregon, in June, 1952. Speakers at that conference were almost unanimous in their contentions that central city property values were declining in response to congestion brought

⁹ Conference on Research in Income and Wealth, *Studies in Income and Wealth*, Vol. 14 (New York: National Bureau of Economic Research, 1951), Part I, pp. 20-36.

¹⁰ American Automobile Association, Traffic Engineering and Safety Dept., *Parking Manual* (Washington 6, D. C., American Automobile Association, 1946), p. 28.

¹¹ *Ibid.*, p. 29-30.
¹¹ Public Roads Administration, *Factual Guide on Automobile Parking for the Smaller Cities* (Washington: Government Printing Office, Sept. 1947), pp. 1-2.

about by the lack of adequate transportation and parking facilities.¹²

Contrasted with the pessimism expressed above, the authors of a recent article conclude that "central business districts" must be retained as the nerve center and heart of the metropolitan community.¹³ Careful students of office-building management also contend that the central city will continue to perform important economic functions and that central city values will be maintained.¹⁴

Current market evidence lends support to those who contend that the central city is here to stay. According to an article in the *Wall Street Journal* of January 21, 1952, "Veteran real estate men say they can't recall a time when the demand for property was as great as now." In the same vein, the *New York Times* reported on May 4th, 1952, that "City trade grows, belying pessimists and rivals claims."¹⁵ The National Institute

of Real Estate Brokers in the *Bulletin* for March, 1952, says, "In most cities prime investment real estate in the central business sections is tightly held in strong hands, consequently, there is a shortage of such properties available for sale. There is a ready market for such properties."¹⁶

Clearly a need exists for factual analysis of central city land-value trends. Little reliable statistical evidence on trends in urban values has been gathered since the period of the 1920's. Meanwhile, important decisions on public and private investment affecting our central areas are being made on the basis of broad generalizations unsubstantiated by well-organized facts.

In the sections that follow, long-term changes in the central business districts of San Francisco and Oakland are described and trends in selling prices and incomes for a sample of properties in each city are analyzed.

Central Business District of San Francisco

ORIGINS

The downtown district of San Francisco, outlined on Map I, includes an area of approximately 36 square blocks north of Market Street between Sansome and Mason Streets. The streets in this area diverge from Market Street, the main arterial of the city, at acute angles and run almost due west and north. This section has served as the commercial center of San Francisco for over 100 yr.¹⁷

The commercial life of early San Francisco revolved around Portsmouth Square (on Kearny Street, between Washington and Clay Streets, two blocks north of the intersection of Kearny and California streets, shown on Map I) until the 1870's. During this period Montgomery Street served as the waterfront and commercial artery of the roaring boomtown. By the turn of the century Montgomery Street had relaxed into a bohemian quarter which housed journalists, bankers, gamblers, merchants, bartenders, miners, sailors, stagecoach drivers, realtors, printers, lawyers, and pawnbrokers.

¹² Chamber of Commerce of the United States, *Business Action for Better Cities*, A complete report of the Businessmen's Conference on Urban Problems, Portland, Oregon, June 23 and 24, 1952. See also *The Wall Street Journal*, September 29, 1952, Vol. 47, No. 63, *Municipal Parking*, for a description of the decline in assessed values in Baltimore, Philadelphia, and Rochester, New York.

¹³ Wilbur S. Smith and Theodore Matson, "Will Large Cities Finally Succumb to Transportation Crises?" *Traffic Quarterly*, Vol. VI, October, 1952, pp. 402-415.

¹⁴ Maynard Hokanson, "The Central City is Here to Stay," *Skyscraper Management*, February, 1952, p. 3.

¹⁵ S. W. Toole, "Our Stake in the City of Tomorrow," *Skyscraper Management*, June, 1952, p. 7.

¹⁶ Russell Porter, "City Trade Grows," *New York Times*, May 4, 1952, p. 1.

¹⁷ National Institute of Real Estate Brokers of the National Association of Real Estate Boards, *The Brokers Institute Bulletin*, March, 1952 (22 W. Monroe Street, Chicago 3, Illinois), p. 58.

¹⁸ United States Works Projects Administration in Northern California, Workers of the Writers' Program, *San Francisco, The Bay and Its Cities*, American Guide Series (New York: Hastings House, 1940).

FINANCIAL-AND-OFFICE DISTRICT

Early banks, shipping houses, and insurance firms were located on filled ground between Battery and Montgomery Streets two blocks north of Sacramento Street. By the time of the San Francisco fire and earthquake of 1906, the financial district had moved south on Montgomery and Sansome Streets and was well established with its center at the intersection of Montgomery and California Streets. Most of the Class A buildings in the financial district needed only refitting, cleaning, and repairing following the 1906 fire. Since much of the new office-building construction after the fire took place in this area, the district soon reestablished itself.¹⁸

The construction of office and other business buildings in San Francisco has followed closely the development of the financial district. Early office buildings were situated between Battery and Montgomery Streets two blocks north of Sacramento Street. The Merchants Exchange Building, on the corner of California and Sansome Streets served as the center of commercial activity until 1911.¹⁹ Office-building construction in early years appears to have gradually moved south on and west of Montgomery Street.²⁰ However, a marked change is noted in later years as many office buildings were constructed on Market Street several blocks south-

¹⁸ North American Press Association, *San Francisco Standard Guide including the Panama Pacific Exposition* (San Francisco, 1915).

¹⁹ *San Francisco, the Bay and Its Cities*, p. 199.

²⁰ The Financial Center Building was built on the corner of California and Montgomery Streets in 1852. The Mills Building was built at 220 Montgomery Street, one block south in 1891. The Nevada Bank Building, corner of Montgomery and Market Streets, was built in 1894. *Ibid.*, Chapter III.

west of the financial district as such.²¹ Notwithstanding this movement, the office-building-construction boom of the 1920's again brought a heavy concentration of such buildings in the Montgomery Street area.²²

Heavy post-World War II demand for office space in the financial and office building district has resulted in extensions of the district north on Sansome Street, east on California, and south of Market Street on New Montgomery Street. Increased space requirements of governmental agencies, insurance companies, banks and other large corporations have been major factors in these developments. The recent completion of a new office building at California and Kearny streets by the Home Insurance Company and the addition to the offices of the Metropolitan Life Insurance Company on California Street west of Kearny are examples of this trend. The construction of the Cahill Building at 320 California Street and the addition to the Standard Oil Building on Bush Street, between Montgomery and Sansome, comprised the only major office space added to the heart of the old financial district during recent years.²³ However, plans were announced by the Equitable Life Assurance Society in 1952 for the construction of a large office building of approximately 320,000 sq. ft. of rentable area at the northeast corner of Montgomery and Sutter streets.

To illustrate the complexity of the changes in the demand for space in the office-building-and-financial district, it was also reported in 1952 that the Fireman's Fund Insurance Company was planning to move its offices from California Street, east of Montgomery, to a location several miles from the central business district of the city, in order to reduce space costs and lessen transportation and parking inconvenience for employees. The net effect of the expansion and contraction of old businesses, formation of new businesses and changes in the location of firms requiring office space, is shown by a study of postwar office-building-occupancy trends, published in the *Bay Area Real Estate Report* for the first quarter, 1953.²⁴ This study, based upon reports to the National Association of Building Owners and Managers for 180 to 206 office buildings for the

years 1947 to 1952, reveals a large net expansion in the demand for office space in downtown San Francisco in recent years. The summary shown below indicates that business expansions and the formation of new concerns have been the principal factors influencing the demand for office space in San Francisco since World War II.

<i>Nature of Tenant Move</i>	<i>Office Space Demanded 1947-52 sq. ft.</i>
New local tenants.....	+581,229
Tenants out of business.....	-223,161
Net increase.....	+358,068
Expansion by tenants.....	+622,792
Contraction by tenants.....	-274,933
Net increase.....	+347,859
Tenant moves to other cities.....	-132,046
Tenant moves from other cities.....	+101,108
Net decrease.....	- 29,938
Total net increase.....	+675,989

The same report also called attention to the fact that government occupancy of office building space in San Francisco, including those government owned and operated, equaled 15 percent of the 12,700,000 sq. ft. of total rentable area reported as of October 1, 1952, by 206 office buildings to the National Association of Building Owners and Managers. The percentage of government occupancy of office buildings is substantially higher in San Francisco than for all other cities reporting to the association.

The above trends evidence the strong locational attraction of the financial-and-office-building district of San Francisco. The past century has seen the rise of San Francisco as the financial and shipping center of the West Coast. In the light of this development, it is important to note that most of this tremendous growth has been absorbed within the long-established boundaries of the financial district.

RETAIL-SHOPPING DISTRICT

The early retail-shopping district was located in the present financial-and-office-building section on Montgomery Street, which was the San Francisco waterfront prior to the completion of the seawall in 1873. Early records tell of the location of such stores as The White House, Roos Brothers, and Shreve & Co. in the locality.

The position of Market Street as the hub of retail store trade was, however, clearly preordained by the O'Farrell survey of 1847, which established this street as a 120-ft. thoroughfare. By the turn of the century the retail-shopping district was firmly established in the area bounded by Market, Kearny, Sutter and

²¹ Examples of this trend are the De Young Building on the northeast corner of Market, Geary and Kearny, erected in 1890; the Spreckels Building on the southwest corner of Market and Third Street, constructed in 1895 (now known as the Central Tower); and the Flood Building, on the northeast corner of Market and Powell Streets, erected in 1876-7. *Ibid.*

²² Examples of this concentration of location were: Standard Oil Building, Sansome and Bush Streets, 1921; Alexander Building, Bush and Montgomery, 1921; Financial Center Building, Montgomery and California, 1926; Crocker Building, Montgomery and Post, 1926; 111 Sutter Building, Corner Montgomery and Sutter, 1927; Russ Building, Montgomery, between Bush and Pine Streets, 1928; and Shell Building, corner Battery and Bush Streets, 1929. *Ibid.*

²³ The following office buildings were constructed in the postwar period, according to a tabulation by the Building Owners and Managers Association: Appraisers Building, 1944; 320 California Street (Cahill Building), 1947; Stanley Dollar (addition) Building, 1947; Matson Steamship (addition, 1948); Pacific Gas and Electric (addition), 1948; Standard Oil Company (addition), 1950.

²⁴ Fred Bolter, "Office Building Occupancy Trends," *Bay Area Real Estate Report*, 1st Quarter 1953. Bay Area Real Estate Research Committee, San Francisco, 1953.

Powell streets. Market Street catered to the volume market—the Emporium Store, a leader in this field, has remained on Market Street between Fourth and Fifth streets since 1896; the Union Square district was the heart of the quality retail trade; while Kearny Street, the eastern boundary of the district, was an avenue of honky tonks, saloons, French restaurants and torch-light parades.

Sunset Magazine, in the April issue of 1909, reviewing the effects of the 1906 Fire and Earthquake, said:

Market street is changed—for the better. Take one instance. The street used to have big retail importance as far down as Sansome street; that importance now extends to the Ferry. There is no mistaking it. Singularly, this is ascribable in the main to the glass fronts of the new buildings. Lower Market did business before the fire in the iron-shuttered, small windowed brick buildings which survived from the gold days. There was little for pedestrian to see. He walked down as far as Kearny or Montgomery and took a car for the Ferry. The seventy-five thousand people who crossed the Bay every day had no intimate acquaintance with lower Market. Now all this is changed. The shop window is good all the way to East Street. When the office buildings loose their flood of commuters, the pavements are crowded down the full length of the street. The street cars mourn the loss of a wheatsack full of nickels, but lower Market merchants, who, like any merchants, know that the shop window is a reliable salesman, will tell you that business is good . . . The old district of big business in women's wares—and wears—ran down Market and right angled on Kearny. Market and Kearny are as before and the angle between is full of dry and fancy goods establishments; splendid, attractive stores . . .

The editors of *Sunset Magazine*, in their rosy-eyed view of lower Market Street, could not foretell the decline of that area which accompanied the opening of the Bay Bridge in 1935 and the Bridge Terminal Building at First and Mission streets in 1939. Following these developments, the mass of commuters who formerly surged to the Ferry Building at the foot of Market Street were drawn off Market Street at First.²⁵ A decline in lower Market Street retail trade was a direct result of this major transportation change.

It is notable that little mention is made in this same account of the fact that many retail businesses took up temporary quarters on Van Ness Avenue and on Geary Street west of Van Ness following the 1906 fire.²⁶ Most of the merchants who moved out to Van Ness Avenue had returned to their old locations in the central shopping district by the spring of 1909.

The completion of the Stockton Street tunnel in 1914 diverted a large percentage of the traffic from the North Beach area which had formerly moved to the downtown shopping district via Kearny Street. This probably was a factor in improving the relative position

of retail sites in the Union Square area and was followed by a definite fall in rentals on Kearny Street. According to an authority on property in that district, it had been the general opinion for many years that the overflow of business from the financial district, with its center on Montgomery Street, would move towards Kearny Street. The movement, however, up until 1937 had been easterly towards Sansome Street.²⁷ Since World War II, the expected movement of the financial district toward Kearny has been realized to some degree. This development has combined with a northward expansion of retail business on Kearny Street to effect an over-all improvement in values in that area.

The expansion of the exclusive shopping area on the south side of Union Square and the acquisition of the O'Connor Moffatt store on the northwest corner of Stockton and O'Farrell streets by Macy's following World War II appear to have strengthened the centripetal tendencies which have maintained the central shopping area in San Francisco in its present location. The recent opening of a new Woolworth store on the corner of Powell and Market streets and the acquisition by S. H. Kress Co. of a large parcel extending from O'Farrell to Ellis Streets, between Stockton and Powell, are evidences of the confidence of merchants in the central shopping district of San Francisco. Actual developments have belied the predictions of optimists in 1909 that lower Market Street would undergo great development as well as expectations of speculators in the 1920's that the downtown shopping district of San Francisco would move out Market Street, the main transportation route. According to informed opinion, the 100-percent location in San Francisco since the last part of the 19th century has been on Market Street between Fourth and Fifth streets.

This brief review of developments in downtown San Francisco over the past century points up the remarkable stability of land-use patterns in the entire downtown area. The topography of the city and the development of transportation facilities have undoubtedly been major influences in this stability. The large, area-wide expansion in population and incomes during and since World War II have been an underlying foundation accounting for the strong demands for business space in downtown San Francisco during this period.

Against this background of long term stability, over-all containment, and internal expansion, the value and income history of a sample of 31 San Francisco business properties will be examined below.

²⁵ *San Francisco, The Bay and Its Cities* p. 201.

²⁶ Among the larger stores taking up such quarters were the City of Paris and The White House. *Ibid.*, pp. 186-7.

²⁷ Notation from files of Philip P. Paaschel, president of Baldwin and Howell, 318 Kearny Street, September, 1937: "during the past 25 yrs., the rentals on Kearny Street between Bush and Pine have declined from \$350 to \$400 per month for a 16-ft. store to \$75.

Value, Income, and Expense Trends in San Francisco

DESCRIPTION OF SAMPLING METHOD

The central objective of the present study is to measure market value changes in Oakland and San Francisco central city property over the period from 1920 to 1950. Ideally, data would have been assembled for all downtown properties situated in each of the cities or for a random or carefully stratified sample of such properties. It was necessary to modify these procedures for two reasons: (1) the magnitude of the task of assembling data for any large sample of properties limited the number of cases and (2) historical property income and value data were not available for any large number of cases.

For these reasons the following sampling technique was employed. Advisory committees, appointed by the presidents of the Oakland and San Francisco Real Estate Boards, were asked to outline the boundaries of the central business districts in each city and the various subdistricts within which the sample properties should be chosen. Following this, the individual sample properties, shown on Map I, were selected by project staff members, having in view representation of each subdistrict and availability of data for the property selected. After the sample had been tentatively selected, the advisory committees in Oakland and San Francisco were asked to review each individual property to determine whether it was typical of the subdistrict and if the data available were adequate. Following this review, certain of the properties were rejected and substitutions made on the advice of these committees.²⁸

The data shown on Exhibit I were collected for each of the 31 sample properties in San Francisco and for the sample properties in Oakland. It was soon discovered that continuous income and expense data were available only for those properties which had been in continuous ownership over the period and that a record of sale prices was necessarily unavailable for such properties. It will be noted, therefore, that the properties which provide a useful record of changes in sale prices frequently lack an adequate income history and vice versa.

The only remedy for this difficulty was to supplement

²⁸ The membership of the advisory committees was as follows: *San Francisco*—B. A. Banker, chairman; Eugene S. Cox; Vincent F. Finigan; Charles F. Gibson; Andrew L. Harrigan; Benjamin J. Henley; James Hurst; Harry McClelland; Milton Meyer; Phillip D. Miller; Rae T. Smith; John A. Sullivan; George H. Thomas, Jr. *Oakland*—Reginald Kittrelle; Leon C. Banker; Ford Courneen; Abe R. Doty; Kirby E. Hughes; Mortimer Smith; Jack Sumborn; Madison E. Wulffing; Jack Gilberg.

James Stafford served as consultant to the Bureau of Business and Economic Research in planning the data collection forms and in assembling the basic data for San Francisco. J. Wayne Higson assembled the data for the Oakland properties. Albert Schaaf, graduate research economist, Bureau of Business and Economic Research, aided in the data collection and preparation of tables.

the sample by adding selected properties for which a comprehensive sales or income history was available.²⁹

The sample properties selected for San Francisco and Oakland are shown on Maps I and III. Existing evidence is inadequate with which one might generalize concerning the validity of these samples for purposes of describing trends in all downtown property values in Oakland and San Francisco or for broader generalization concerning all urban central city value and income trends.

According to the assessment rolls of the City and County of San Francisco, the total assessed value of land in the city for the fiscal year 1950-51 was \$350,080,400. This compares with a total assessed value of land in 1927-28 of \$340,908,020. Improvements to land were assessed at \$533,283,270 in 1950-51, compared with \$317,845,607 in 1927-28.³⁰ Land included in the central business district of San Francisco, as represented by Map I, was valued in 1950-51 at \$106,964,810, improvements at \$79,767,995. The central business district of the city, therefore, accounted for over 21 percent of the total assessed value of land and improvements in the City of San Francisco in 1950-51. The sample properties had a total assessed value of \$8,417,580 in 1950-51, as shown by Table 6, equal to approximately 4 percent of the assessed value of all properties in the central business district.

The total assessed value of land and improvements in the City of Oakland for the year 1950-51, shown in Appendix A, was \$322,668,000. This is considerably higher than the total assessed values of \$211,595,000 for the year 1927-28. The assessed values for the central business district of Oakland, as outlined on Map III, totaled \$35,450,400 in 1950-51, representing 10.9 percent of the total for the city as a whole. The total assessed value of the sample properties used in the Oakland study equalled \$3,429,425, or 9.7 percent of the total assessed value for the central business district.

By most statistical standards, the number of cases in each sample is far too small to provide safe generalization concerning all downtown properties in the subject cities. Attempts to generalize concerning trends in all central city values and income trends must await substantial additional collection of data.³¹

Because of the small numbers of cases studied and the lack of information about the characteristics of the

²⁹ Ten properties were added in Oakland and three properties in San Francisco.

³⁰ The breakdown of annual assessed values for San Francisco land and improvements by years from 1919-20 to 1951-52 is shown in Appendix A.

³¹ The Institute for Urban Land Use and Housing Studies, Columbia University, New York, has in process a study of approximately 600 investment properties situated in New York.

EXHIBIT I—

CENTRAL CITY PROPERTY ANALYSIS
Real Estate Market Data
BUREAU OF BUSINESS AND ECONOMIC RESEARCH
University of California, Berkeley, California

File No. _____
Block Book Page _____
Property No. _____

ADDRESS _____ Breviate No. _____
Date: _____ 19__

LOCATION: _____

LEGAL: _____

LAND: Size _____ x _____ Ft. (Irr.) Area, Square Feet: _____
Topography: _____ Grade of Street: _____
Sidewalk: _____ Curbs: _____ Pavement: _____

IMPROVEMENTS (Date of Sale) _____
Type: _____ Condition: _____
Year Built _____ or approximate age: _____ Years
Contract Cost \$ _____ Estimated 1951 Replacement Cost \$ _____

USE CHARACTERISTICS:
Date of Sale (_____ 19__) Rental \$ _____
Most profitable use, above date: _____
Transition uses: _____
Current 195 _____ Use: _____ Rental \$ _____

SALES TRANSACTIONS INVOLVING THIS PROPERTY:

No.	Date	Seller	Buyer	Price	Mortgage	I.R.S.
1.				\$	\$	\$
2.						
3.						
4.						
5.						

REMARKS RE TRANSACTION—KEYED TO NUMBERED ITEM

1. _____
2. _____
3. _____
4. _____
5. _____

EXHIBIT I—Continued

PROPERTY AND SUPPLEMENTARY SITE DATA

ASSESSED VALUES AND TAXATION DATA:

Ass'd Vals.	1920-21	1925-26	1930-31	1935-36	1940-41	1945-46	1950-51
Real Estate \$							
Improvements \$							
Total \$							
Taxes \$							

OPERATING EXPENSES: and Gross Income

Date of Sale: (_____ 19__)	Income \$ _____
	Expense \$ _____
	Indicated Net \$ _____

Similar Data for other Years:

	1920	1925	1930	1935	1940	1945	1950
Income							
Expense							
Net							

LOCATION RATING OF THIS FRONTAGE COMPARED WITH 100% SPOT, 19__ : _____ %

Progressive transition ratings for other years:

	1920	1925	1930	1935	1940	1945	1950
	%	%	%	%	%	%	%

TRAFFIC COUNT (Pod) (Date of Sale, _____ 19__) _____ a.m. _____ p.m.

	1920	1925	1930	1935	1940	1945	1950
A.M.							
P.M.							

COMMENT:

INTERVIEWS:

(A)

(B)

(C)

ANALYSIS AND CONCLUSION:

universe, these cases, which illustrate the variety of value and income trends typical among the nonhomogeneous universe of central city properties studied, can serve only as the basis for tentative conclusions.

DETERMINATION OF INCOME, EXPENSE, AND VALUE CONCEPTS

The concepts of value and income used in an investigation will vary with its purpose. If the objective were to describe investor experience, changes in investor equity after taxes and carrying charges over the period property was held would be measured. Investor experience in holding property would be calculated by taking the difference between (1) original down-payment on purchase price plus interest and debt amortization payments over the period held and (2) selling price less remaining indebtedness, plus net income received during the period after taxes. This calculation would reveal investor experience in holding property.³² Emphasis in the present study has been upon the returns downtown properties have produced rather than investor experience. Therefore, the analysis stops short of attempts to calculate changes in investor equity over time, and measures net income produced by the property. Although the net-income figure of significance will be that before income taxes, the influence of income taxes upon selling prices of the property will be considered. Some difficulties were experienced in obtaining acceptable measures of the net income produced from properties for the following reasons:

1. The treatment of certain types of expenditures was not uniform, with the result that certain types of capital expenditures were charged as operating expenditures for certain properties and as capital expenditures for others. This required adjustment of reported figures.

2. For properties operated under sandwiched leases, the income to the owner differed from the income returned to the lessee. In these cases the actual rentals paid by tenants to the lessee were used as the basis for calculating income.

3. Properties owned in corporate name reported income after Federal corporation income taxes. Such taxes were deducted from reported expenses.

4. In two instances the former tenant acquired the fee, sold, and leased back the property at a favorable rental. The actual income in these cases was not a fair reflection of the earning capacity of the property. This was noted.

5. It was necessary to exclude financing costs which

³² The calculation would be as follows: (Selling price — Mortgage debt remaining) plus (income received after taxes during the period held) — (Down payment plus interest paid plus amortization payments) equals Profit or Loss on Trans. A series of studies carried on in the 1920's directed toward the measurement of investor experience in holding vacant urban land, employed an elaborate technique for considering taxes, special assessments, interest foregone and all carrying charges in estimating investor experience.

were reported as expenses for certain of the properties. Such items would have been of significance for measuring investor experience but were not for measuring the income produced by the properties in the sample.

Similar problems arose in connection with determination of the market value history for the properties. Changes in ownership were obtained from title company records which showed the names of the buyer and seller and the federal revenue stamps attached to the recorded deed. Because the amount of federal revenue stamps is not an accurate indication of actual sales prices, the indicated market values were checked by personal interview to assure accuracy in the final market value figures used.³³ Many of the recorded transactions did not represent market sales of properties but were, instead, foreclosures, grant deeds in lieu of foreclosure, liquidation of estates, or gifts. Although foreclosures were not accepted as evidence of market value, it was found that in many cases institutions foreclosing properties subsequently sold them for the amount of the original loan.

DESCRIPTION OF PROPERTIES

The locations of the 31 sample properties selected for study in the downtown district of San Francisco are shown in Map I. The sample included the following use types:

Use Types	Number of Properties
Office use only.....	3
Office and retail store.....	13
Office and Loft.....	1
Retail use only.....	4
Retail and Loft.....	8
Retail and Hotel.....	2
Total number of properties.....	31

The advanced age of most of the sample properties and the influence of the 1906 fire and earthquake are clear from the tabulation below, showing the ages of the buildings chosen:

Date of Construction	Number of Properties
Date not available.....	6
1906.....	2
1907.....	1
1908.....	10
1909.....	3
1910.....	2
1911.....	3
1913.....	1
1916.....	1
1921.....	1
1923.....	1
Total number of properties.....	31

³³ From 1916-1926 Federal tax stamps in the amount of \$.50 per \$1,000 of valuation were required to be affixed to deeds. No Federal tax stamps were required from 1927-32. From July, 1932 through July, 1940 tax stamps in the amount of \$1.00 per \$1,000 of valuation were required. After that date the amount was increased to \$1.10 per \$1,000. More tax stamps than are required by law are frequently affixed to deeds in order to show an apparent higher price paid for property.

The representation in the sample of varying building heights is shown by the following tabulation:

Number of Stories above Basement	Number of Buildings
1	1
2	7
3	4
4	1
5	1
6	6
7	5
8	1
9	1
10	2
16	1
18	1
Total number of properties	31

The above brief description illustrates the varied use types, sizes, and ages of structures which were included in the sample.

SALES-PRICE TRENDS

Table 1 shows the trend in sale prices for the 31 sample properties in San Francisco over the period from 1920 to 1950. It is apparent that sales prices are not available for identical years during the period for any large number of the properties. Broadly, however, the data reveal the rising trend of the 1920's, the precipitate depression fall in values, the slow postdepression recovery, and the World War II and postwar rise in values which has carried prices back to their old peaks of the 1920 era.

Close examination of Table 1 reveals that the tendency for market values to reach double peaks in 1925 and 1950 has been a general trend for office buildings, retail stores, and combination-use structures, as well as for varied building sizes and ages of structures. The data, in other words, show a marked uniformity in price trend. The median of sales price relatives for 1950, based upon prices in 1924-29 as 100, was 104.15, with a quartile deviation of 16.52. One explanation for the similarity between the 1920 and 1950 boom prices might be that the peak prices of the 1920's were frequently adopted as a goal for future sales.

Study of the ownership history of the sample of properties revealed that approximately two thirds of the sample properties were acquired by banks or insurance companies as a result of foreclosure during the depression years. This high proportion was probably due in a measure to a bias in the sampling selection toward properties for which adequate income records were available. By 1950 all of these properties so acquired had been sold by the foreclosing institutions, for the

most part at a price approximately equalling the amount of the institution's original mortgage loan. It is interesting to note that new mortgage loans were being made in the early 1950's for amounts in many cases approximately equal to those originally granted in the 1920's and foreclosed upon during the depression years. The fact that mortgage institutions liquidated foreclosed properties at prices approximately equal to their original mortgage loans indicates that most of these properties are held by the new investors at prices considerably below present market values. Interviews with present owners revealed that low acquisition costs are an important factor in limiting the number of properties offered for sale in downtown San Francisco.³⁴ Investors who hold property bought during the late depression years express extreme reluctance to realize their gain and pay the subsequent high capital-gains tax. The effect of this is to limit the number of properties offered for sale and to raise the prices of those actually offered in the market. Tax considerations provide further incentive to new investors to pay these high offering prices, since new owners are usually able to depreciate an older building at a higher rate than the old owners and since depreciation charges represent "tax-free take-home pay" for the owner of income property.³⁵

Although tax influences help to explain the paucity of offerings in the San Francisco downtown area and in a measure the willingness of investors to acquire such properties, buyers' expectations and property incomes are fundamental factors in analyzing demand.

INCOME AND EXPENSE TRENDS

Table 2 summarizes the income history for the 31 sample properties in San Francisco. It is apparent that the income data are incomplete for many of the properties. It should also be noted that the incomes reflect the terms of leases made in the past and are in many cases a poor measure of estimated future incomes. Notwithstanding these considerations, the following trends are shown by the data: (1) gross incomes have increased for many of the properties, reaching levels in 1950 of 50 to 100 percent above the 1925 levels; (2) operating expenses have doubled for virtually all types of properties; and (3) net income has shown a varied trend—substantial increases were shown for many office and store properties in 1950 compared with 1925, but properties showing lower net incomes were notable exceptions.

³⁴ Leading realtors were almost unanimous in expressing the opinion that good offerings were scarce in 1950-52. Several owners stated that they "could not afford" to sell their properties owing to the large capital gains tax they would have to pay.

³⁵ Leo J. Sheridan, "Effect of Federal Income Taxes on Office Building Earnings and Investments," *Skyscraper Management*, Vol. 37, No. 4, April, 1952.

TABLE 1
MARKET VALUE HISTORIES AND SELLING PRICE MULTIPLIERS OF 31 SAMPLE PROPERTIES IN SAN FRANCISCO, 1920-50

Property No.	Type of Structure	1920-30		1930-40		1940-50					
		Price	Year	Price	Year	Price	Year				
1.	7 Story and Base., Office Bldg., Class C—1909	\$525,000	'25	\$493,425 ^a	'31	\$516,000 ^a	'45				
		487,000 ^a	'27								
	Gross Income Multiplier ^b	8.66	'25					10.04	'31	7.20	'45
	Net Income Multiplier ^c	18.53	'25					24.40	'31	14.33	'45
2.	4 Story and Base., Office Bldg., Class C—Brick—1911	156,000 ^a	'27	143,000	'36	185,000	'46				
				165,000	'38						
	Gross Income Multiplier			7.22	'36	9.34	'46				
	Net Income Multiplier			10.97	'36	25.61	'46				
3.	5 Story and Base., Retail and Office Bldg., Class C—Brick—1911	165,000	'20	175,000	'31	275,000	'49				
		225,000	'22								
		285,000	'24								
	Gross Income Multiplier	6.43	'22					6.03	'31	6.71	'49
	Net Income Multiplier	8.03	'22	8.75	'31	10.58	'49				
4.	16 Story Store and Office Bldg.—1921	2,050,000	'26	1,000,000 ^d	'33	2,200,000	'51				
		1,456,000 ^a	'27								
	Gross Income Multiplier	7.07	'26					5.26	'33	5.80	'51
	Net Income Multiplier	11.03	'26					12.50	'33	10.98	'51
5.	3 Story and Base., Office Bldg., Class A—1916	200,000	'17	145,000	'37	300,000	'48				
		285,000	'21								
		240,000	'28								
	Gross Income Multiplier										
	Net Income Multiplier	7.27	'28								
6.	3 Story and Base., Store and Office Bldg., Class C—Brick—1910	21,000	'21	22,500	'34	16,000	'41				
		56,000 ^a	'27			17,500	'43				
						55,000	'50 ^e				
	Gross Income Multiplier	4.37	'21			7.5	'34	4.86	'43		
	Net Income Multiplier	6.08	'21	11.25	'34	6.73	'43				
7.	6 Story and Loft, Store and Loft Bldg., Class C—1908	350,000	'20			565,000	'49				
		396,000 ^a	'27								
	Gross Income Multiplier										
	Net Income Multiplier	41.67	'20					18.83	'49		
8.	6 Story, Mezz. and Base.; Store and Office Bldg., Class C—Brick—1908	175,000	'20			125,000	'42				
		300,000	'23			168,000	'45				
		182,000 ^a	'27			200,000	'50				
	Gross Income Multiplier	9.02	'20			10.00	'50				
	Net Income Multiplier	13.85	'20			36.36	'50				
9.	2 Story and Base., Restaurant & Store, Class C—Brick—1908	213,800	'05			178,000	'46				
		360,000 ^d	'28								
		357,000 ^a	'27								
	Gross Income Multiplier	15.79	'28								
	Net Income Multiplier	21.43	'28			20.40	'46				
10.	9 Story and Base., Store Bldg., Class A—Steel Frame—1908	680,000	'27			650,000 ^e	'52				
		750,000	'28								
	Gross Income Multiplier	10.07	'27								
	Net Income Multiplier	12.25	'27					9.85	'52		
11.	2 Story Store and Office Bldg., Class C—Brick—1907	750,000	'23			730,000	'44				
		694,000 ^a	'27			900,000	'50				
	Gross Income Multiplier	14.40	'23			9.34	'50				
	Net Income Multiplier					16.85	'50				
12.	6 Story, Mezz., and Base., Store and Loft Bldg., Class C—1909	230,000	'09								
		550,000	'16								
		530,000 ^a	'27								
	Gross Income Multiplier	13.75	'16								
	Net Income Multiplier	14.56	'16								
14.	3 Story and Base., Store and Loft Bldg., Class C—Brick; Renovated in 1951 at cost of \$225,000	370,000	'23			175,000	'46				
		400,000	'25			450,000	'51				
	Gross Income Multiplier	16.67	'25			11.54	'51				
	Net Income Multiplier	18.18	'25			15.52	'51				

TABLE 1—Continued

Property No.	Type of Structure	1920-30		1930-40		1940-50	
		Price	Year	Price	Year	Price	Year
15.	7 Story, Mezz., and Base.; Store and Office Bldg.; Class A—1923	\$740,000	'22			\$725,000	'48
		622,000 ^a	'27				
						7.18	'48
	Gross Income Multiplier					16.11	'48
	Net Income Multiplier	18.50	'22				
16.	10 Story and Base., Store and Office Bldg., Class A—1913	350,000	'20	\$285,000 ^b	'34	155,000	'44
		370,000	'21			160,000	'45
		400,000	'22			350,000	'46
						432,000	'47
						525,000	'50
						5.96	'50
	Gross Income Multiplier	6.25	'20			12.13	'50
	Net Income Multiplier	9.72	'20	8.56	'34		
20.	1 Story, Mezz. and Base., Store Bldg., Class C—Brick—1908	554,000 ^a	'27			550,000	'42
						11.46	'42
	Gross Income Multiplier	12.30	'27			14.47	'42
	Net Income Multiplier	16.80	'27				
21.	2 Story, Mezz., & Base.; Store Bldg., Class C—1908	330,000	'23	220,000	'33	250,000	'43
		315,000	'20	200,000 ^a	'36	450,000 ^c	'51
		295,000	'10				
						12.50	'51
						13.60	'51
	Gross Income Multiplier	9.17	'23	9.80	'36		
	Net Income Multiplier	11.38	'23	13.60	'36		
22.	7 Story and Base., Store and Loft Bldg., Class B Steel Frame 1906	475,000	'15	672,000 ^f	'34	600,000	'44
		1,040,000	'19	825,000 ^d	'36	1,350,000 ^d	'52
		1,300,000 ^a	'27				
						8.53	'52
						17.31	'52
	Gross Income Multiplier			29.57	'36		
	Net Income Multiplier	11.90	'19				
23.	2 Story and Base., Store and Loft Bldg., Class C—Brick	477,000	'26	300,000	'37	300,000	'44
						400,000 ^a	'52
						11.49	'52
						18.87	'52
	Gross Income Multiplier	12.23	'26	17.54	'37		
	Net Income Multiplier			28.30	'37		
24.	2 Story and Base., Store Bldg., Class C—Brick	232,000	'21	175,000 ^d	'37	175,000	'44
		325,000	'23			154,000 ^h	'51
		250,000	'27				
						17.16	'37
						33.96	'37
	Gross Income Multiplier	8.17	'27	17.16	'37		
	Net Income Multiplier	10.04	'27	33.96	'37		
25.	6 Story and Base., Store and Office Bldg., Class C—1908	525,000	'11	638,000 ^a	'30		
		660,000 ^a	'29	660,000 ^a	'31		
				204,000 ^a	'32		
				8.54	'30		
				15.95	'30		
	Gross Income Multiplier	13.64	'11				
	Net Income Multiplier	21.34	'11				
27.	6 Story and Base., Store and Office Bldg., Class C—Brick—1908	275,000	'12	290,000	'33	650,000 ^d	'45
		589,000 ^a	'27			850,000 ^d	'46
						1,000,000 ^e	'51
						9.80	'51
						12.58	'51
	Gross Income Multiplier	5.61	'12	6.90	'33		
	Net Income Multiplier			10.00	'33		
28.	3 Story, Mezz. & Base., Store and Loft Bldg., Class C—Brick—1908	750,000 ^e	'28	550,000	'34	650,000 ^e	'52
		425,000 ^e	'16				
		600,000 ^d	'19				
						16.25	'52
						32.50	'52
	Gross Income Multiplier	18.75	'19				
	Net Income Multiplier	24.00	'19	15.28	'34		
32.	8 Story and Base., Store and Loft Bldg., Class A—1910	250,000	'20	300,000 ^e	'30	170,000	'44
		287,000 ^a	'27	250,000 ^f	'38	300,000	'47
				6.84	'30	8.33	'47
				7.46	'20	11.54	'47
	Gross Income Multiplier	6.22	'20				
	Net Income Multiplier	7.46	'20				
33.	6 Story, 206 Room Hotel and Restaurant, Class C, Reinforced Concrete—1909	500,000	'24			500,000	'44
		667,000 ^a	'27				
						3.29	'44
	Gross Income Multiplier					6.58	'44
	Net Income Multiplier	23.15	'24				
34.	2 Story and Loft, Store and Loft, Class C—Brick—1909	524,000 ^a	'27	180,000	'36		
						9.00	'36
	Gross Income Multiplier			12.86	'36		
	Net Income Multiplier						

TABLE 1—*Concluded*

Property No.	Type of Structure	1920-30		1930-40		1940-50	
		Price	Year	Price	Year	Price	Year
35.	7 Story and Base., Store and Office Bldg., Class C—Brick 1908	\$350,000	'23	\$285,000	'33		
	Gross Income Multiplier	379,000 ^a	'27				
	Net Income Multiplier	11.86	'23	7.92	'33		
		16.51	'23	11.40	'33		
36.	10 Story and Base., Store and Loft Bldg., Class A Steel Frame—1906	550,000 ^a	'28			\$240,000	'42
	Gross Income Multiplier	7.64	'28			350,000	'44
	Net Income Multiplier	13.09	'28			400,000	'50
						4.17	'50
						8.33	'50
37.	18 Story and Base., Store and Office Bldg., Steel Frame, Class A, 1929						
	Gross Income Multiplier						
	Net Income Multiplier						
38.	7 Story and Base., Hotel and Store, Steel Frame, Class A	850,000	'25				
	Gross Income Multiplier	11.04	'25				
	Net Income Multiplier	13.93	'25				
39.	2 Story and Base., Restaurant & Offices, Concrete, Class B	800,000	'25				
	Gross Income Multiplier	21.62	'25				
	Net Income Multiplier	40.00	'25				

^a Appraisal

^b Gross Income Multiplier = $\frac{\text{Sale Price}}{\text{Gross Income}}$. The date following each multiplier indicates the year of the sale or other value indicator, e.g., appraisal, upon which price the calculation is based.

^c Net Income Multiplier = $\frac{\text{Sale Price}}{\text{Net Income}}$

^d Listing^e Offer made^f Foreclosure^g Owner opinion^h Below true market value due to special net lease sale.

NOTE: Sample Properties 13, 17, 18, 19, 26, 29, 30, and 31 were excluded because of the lack of data.

Calculation of medians of relatives of gross and net incomes, based upon 1925 as 100, shown below, reveals the wide fluctuations which have occurred since 1925. The size of the indicated quartile deviations for both gross and net incomes are of such large magnitudes that generalization concerning trends is admittedly difficult.

	1925	1930	1935	1940	1945	1950
Median gross income	100	96.7	59.5	68.1	88.9	132.6
Quartile deviation		19.3	14.2	8.3	25.5	26.8
Median net income	100	90.5	50.6	55.2	73.3	97.7
Quartile deviation		30.5	19.0	25.5	30.4	19.6

Further examination of the reported gross incomes for Properties 9 and 24, which showed a decline over the period, revealed that the figures reported are a poor reflection of the true earning power of the properties. In these cases, the present lessees acquired ownership of the properties for the purpose of establishing long-term lease terms favorable to themselves as tenants.

The growing importance of local property taxes as

an expense factor during the period from 1925 to 1950 can be noted from Table 3, which shows that taxes have increased as a percentage of both gross and net incomes for practically all the properties during the period. In two cases, property taxes equalled or exceeded 50 percent of gross income in 1950 and, in three cases, taxes exceeded net income. The wide variation in taxes as a percentage of net income for the sample properties illustrates the inherent lag in adjustment of assessed values as well as the varying shiftability of property taxes for various classes of enterprise.

The expense data available for most of the sample properties do not permit more detailed analysis. Office buildings and other building types requiring elevator and janitor service by the landlord have obviously been subject to substantial increases in costs not shared in to the same degree by store-building types. The extent of these changes in costs is portrayed in the data in Table 4, furnished by the Building Owners and Managers Association, showing that building operating

TABLE 2
GROSS INCOME, OPERATING EXPENSES AND NET INCOME FOR 31 SAMPLE PROPERTIES IN SAN FRANCISCO FOR SELECTED YEARS,
1920-1950

Property No.	Type of Structure		1920	1925	1930	1935	1940	1945	1950	1952
1.	7 story and base., office building, Class C—1909	Gross Income		\$60,608 ('24)	\$73,563 ('29)	\$47,342	\$62,663	\$71,684	\$100,860	
		Expenses ^a		32,274	27,759	27,123	32,468	35,682	60,699	
		Net Income		28,334	45,803	20,219	30,195	36,002	40,167	
		Property Taxes	\$6,837	10,608	10,377	9,089	10,602	11,923	20,671	
2.	4 story and base., office building, Class C—brick—1911	Gross Income				19,800 ('36)	19,800	19,800	19,800	
		Expenses				6,772	8,000	12,576	14,576	
		Net Income				13,028	11,800	7,223	5,224	
		Property Taxes	1,725	2,829	2,768	2,459	3,651	4,106	6,057	
3.	5 story and base., retail and office building, Class C—brick—1911	Gross Income	35,100 ('22)	29,832 ('26)	29,160 ('31)				41,340	
		Expenses	7,230	9,505	8,680				15,100	
		Net Income	27,870	21,326	20,479				26,239	
		Property Taxes	2,620	4,350	4,255	3,694	4,309	4,846	7,668	
4.	16 story store and office building—1921	Gross Income		282,793 ('26)	265,256	190,193	219,882	250,162	379,536 ('49)	
		Expenses		106,216	120,993	109,731	119,461	125,223	179,252	
		Net Income	157,500 ('24)	176,577	144,263	80,462	100,421	124,939	200,285	
		Corp. Inc. Tax				8,007	18,911	36,002	62,241	
Property Taxes	5,991	30,769	34,704	20,345	34,231	38,495	52,132			
5.	3 story and base., office building, Class A—1916	Gross Income				Vacant			Owner Occ.	
		Expenses								
		Net Income		13,800	33,000 ('29)				8,982	
		Property Taxes	2,463	3,387	4,404	3,877	4,523	5,086		
6.	3 story and base., store and office building, Class C—brick—1910	Gross Income		4,800	5,400	3,000	3,000	3,600		\$7,200
		Expenses		1,349	1,500	1,000	1,000	1,000		1,570
		Net Income		3,451	3,900	2,000	2,000	2,600		5,630
		Property Taxes	974	1,302	1,273	811	946	735	1,201	
7.	6 story and loft, Store and loft building, Class C—1908	Gross Income								
		Expenses				14,000				
		Net Income	12,000 ^b	33,000	32,500	25,000 ^b	25,000	30,000	30,000	
		Property Taxes	7,239	9,832	9,616	6,871	7,844	8,821	13,518	
8.	6 story, mezz. and base., Store and office bldg., Class C—brick—1908	Gross Income	19,380	28,000	25,630 ('31)	14,580 ('37)	14,220		20,000	
		Expenses	6,747	7,000	6,528	5,336	6,110		14,500	
		Net Income	12,632	21,000	19,102	9,234	8,109	12,000	5,500	
		Property Taxes	3,594	4,255	4,162	3,278	3,823	4,300	7,550	
9.	2 story and base., Restaurant-store, Class C—brick—1908	Gross Income		22,800	22,800	26,400	13,992			
		Expenses		6,000	6,000	5,000	4,443			
		Net Income		16,800	16,800	21,400	9,449	8,700	8,700	
		Property Taxes	3,816	5,431	5,313	4,296	4,444	4,997	6,528	
10.	9 story and base., Store building, Class A—steel frame—1908	Gross Income		67,500 ('24)	67,500 ('27)	63,000	64,320		Vacant	
		Expenses		10,873	12,000	10,000	10,895			
		Net Income		56,626	55,500	53,000	53,424	66,000		
		Property Taxes	7,290	10,888	10,657	9,099	10,615	11,937	17,490	
11.	2 story store and office building, Class C—brick—1907	Gross Income		52,000 ('23)		40,770	39,810	87,330 ('46)	96,380 ('49)	
		Expenses				24,673	19,423	35,000	43,000	
		Net Income				16,096	20,387	52,330	53,380	
		Property Taxes	15,080	19,585	19,158	14,461	16,869	18,970	27,476	
12.	6 story, mezz. and base., Store and loft, Class C—1909	Gross Income	30,000 ('16)	60,000	60,000	36,000	42,000	83,400 ('46)	77,696	
		Expenses	40,000 ('18)	11,000	11,000	10,000	10,000	10,000	23,500	
		Net Income	37,767	49,000	49,000	26,000	32,600	73,400	54,196	
		Property Taxes	6,233	10,672	10,439	9,367	10,926	12,228	21,536	
14.	3 story, store-loft bldg., Class C—brick, Renovated 1951 (at \$225,000 cost)	Gross Income	24,000	33,600	12,000	19,000	12,000	14,160	39,000	
		Expenses	2,000	6,500	7,000	6,000	6,000	4,747	10,100	
		Net Income	22,000	27,100	5,000	13,000	6,000	9,412	28,900	
		Property Taxes	1,607	6,250	6,114	5,180	5,434	4,049	8,118	

TABLE 2—Continued

Property No.	Type of Structure		1920	1925	1930	1935	1940	1945	1950	1952
15.	7 story mezz. and base., Store and office bldg.—1923	Gross Income Expenses Net Income Property Taxes	\$40,000 ^b 13,456	\$50,000 ^b 12,208	\$40,000 ^b 11,942	Very low 9,321	\$10,000 ^b 9,829	\$90,000 53,000 35,000 11,053	\$101,000 56,000 45,000 17,743	
16.	10 story and base., Store and office bldg., Class A—1913	Gross Income Expenses Net Income Property Taxes	56,000 18,500 36,000 5,978		66,750 ('27) 22,375 44,435 7,975	33,300 ('34)		63,447 30,060 33,387 8,200	87,960 44,704 43,256 12,872	
20.	1 story, mezz. and base., Store and office bldg., Class C—brick—1908	Gross Income Expenses Net Income Property Taxes		45,000 12,000 33,000 11,337	45,000 11,000 34,000 10,888	48,000 ('38) 10,000 38,000 9,387	48,000 10,000 38,000 10,993	45,000 13,000 32,000 12,362	48,000 20,000 28,000 18,015	
21.	2 story, mezz. and base., Store building, Class C—1908	Gross Income Expenses Net Income Property Taxes		36,000 7,000 29,000 6,231	12,000 ('35) 6,435 5,565 6,096	20,400 ('37) 5,700 14,700 5,226	21,600 6,000 15,600 6,213	23,328 8,328 15,000 6,987	36,000 12,000 24,000 10,945	
22.	7 story and base., Store and loft bldg., Class B—steel frame—1906	Gross Income Expenses Net Income Property Taxes			114,099 ('31) 60,000 44,099 26,097	27,895 ('36) 30,669 -2,926 21,511	57,460 ('42) 42,000 15,220 25,307	61,879 38,447 23,432 28,460	156,222 78,459 77,978 43,423	
23.	2 story and base., Store bldg. and loft, Class C—brick	Gross Income Expenses Net Income Property Taxes		39,000 7,000 20,400 6,670	27,400 7,000 20,400 6,524	17,100 6,500 10,600 6,146	25,200 7,030 16,309 6,935	25,200 7,800	40,200 12,577	34,800 13,600 21,200
24.	2 story and base., Store bldg. Class C—brick. Lessor invested \$25,000 in bldg. 1937—38. Lessee acquired prop. in '43 to improve lease terms.	Gross Income Expenses Net Income Property Taxes	27,000 ('21) 29,400 ('22) 4,256 3,756	30,600 5,700 24,900 5,035		4,760 ('36) 5,047 5,153 4,194	10,200 ('37) 13,800 ('38) 5,000 8,800 4,705			18,000 (estimated true, market income value)
25.	6 story and base., Store and office bldg., Class C—1908	Gross Income Expenses Net Income Property Taxes	38,500 ('10) 13,900 24,600 6,996	70,468	74,670 40,000 10,847	70,188 34,731 35,456 8,413		25,072 10,554	21,887	
27.	6 story and base., Store and office bldg., Class C—brick—1908	Gross Income Expenses Net Income Property Taxes	49,000 4,827	7,992	7,817	42,000 13,000 29,000 6,959	48,000 14,000 34,000 8,118	43,800 16,000 27,800 9,129	102,000 22,500 79,500 16,921	96,000 25,000 71,000
28.	3 story mezz. and base., Store and loft bldg., Class C—brick—1908	Gross Income Expenses Net Income Property Taxes	32,000 7,000 25,000 6,455	48,000 ('21) 11,630	48,000 11,377	36,000 10,203	48,000 11,901	36,000 14,000 22,000 13,384	36,000 20,000 20,000	40,000 20,000 20,000
32.	8 story and base., Store and loft bldg., Class A—1910	Gross Income Expenses Net Income Property Taxes	40,200 ('23) 6,714 33,486 3,346	38,000 ('27) 7,800 30,200 5,562	43,800 5,441	17,064 ('37) 9,765 7,298 4,374	14,500 11,163 22,436 4,730	33,600 11,163 22,436 5,319	36,000 10,000 26,000 7,805	34,495 ('51)
33.	6 story, 206 room, Hotel and restaurant, Class C—concrete—1909	Gross Income Expenses Net Income Property Taxes		21,600 13,066	20,000 ('32) 12,781	22,804 10,871	44,699 37,524 31,349 11,701	152,162 ('43) 75,520 76,642 13,158	19,998	
34.	2 story Store and loft bldg., Class C—brick—1911	Gross Income Expenses Net Income Property Taxes		7,826	7,655	20,000 ('37) 6,000 14,000 5,845	21,000 7,000 14,000 6,222	32,000 8,000 24,000 6,539	30,000 10,000 20,000 12,437	
35.	7 story and base., Store and office bldg., Class C—brick—1908	Gross Income Expenses Net Income Property Taxes	29,500 ('22) 8,300 21,200 3,230	30,000	30,000 5,737	36,000 ('37) 11,000 25,000 5,092			60,000 23,500 36,500 11,472	

TABLE 2—Concluded

Property No.	Type of Structure		1920	1925	1930	1935	1940	1945	1950	1952
36.	10 story and base., Loft bldg. and of- fices, Class C—steel frame—1906	Gross Income	\$72,000	\$72,000	\$36,000	\$36,000	\$50,000	\$59,028	\$95,098	
		Expenses	30,000	30,000	25,000	25,000	27,000	29,453	47,290	
		Net Income	42,000	42,000	11,000	11,000	23,000	29,595	48,337	
		Property Taxes	8,816	10,604	10,161	7,703	8,516	9,577	12,472	
37.	18 story and base., Store and office bldg., Class A—steel frame—1929	Gross Income		1,178,828 ('29)	1,123,665 ('31)	748,598 ('34)	833,211 ('41)	998,588	1,563,476	1,680,140 ('51)
		Expenses		615,799	611,306	547,415	565,209	600,815	834,803	816,068
		Net Income		563,029	512,359	201,183	268,002	397,773	728,673	864,072
		Corp. Inc. Tax		27,768			23,500 ('44)	82,508 ('46)	220,437	317,362
		Property Taxes	20,122	29,336	128,282	112,493	129,078	147,571	228,410	
38.	7 story and base., Hotel and stores, Class A—steel frame	Gross Income		77,463 ('28)	36,663 ('33)	39,379	95,567	206,228	213,132	
		Expenses		16,685	21,506	18,140	68,434	91,524	126,787	
		Net Income		61,778	15,127	21,239	27,133	114,704	86,345	
		Property Taxes		13,348	18,572	17,127	18,684	22,293	31,115	
39.	2 story and base., Restaurant and of- fice, Class B—re- inforced concrete	Gross Income		38,861 ('28)	21,292 ('33)	22,738	25,745	111,772	86,627	160,733 ('51)
		Expenses		17,361	11,544	13,182	15,033	29,589	35,808	56,599
		Net Income		19,400	9,748	9,556	10,712	88,183	51,819	104,134
		Property Taxes		15,582	10,500	12,072	13,084	15,382	22,343	

^a Includes all operating expenses, when incurred by owner, plus local property taxes and insurance. Does not include income taxes, depreciation, or financing costs.

^b Estimated.

NOTE: Sample properties 13, 17, 18, 19, 26, 29, 30, and 31 were excluded because of the lack of data.

costs per square foot of rented space have more than doubled since 1927.

The net-income changes reflect the heterogeneous experience of business properties over a period which included the boom years of the 1920's, the severe depression years of the 1930's, and the World War II and postwar expansion. It is important to realize that both net and gross income figures reflect the lease terms prevailing. These terms are of particular importance in the case of retail-store properties, since these are typically written for long terms. In many cases, the owners of retail-store properties negotiated escalator-type leases in the 1920's providing for increasing rentals over 10- to 15-yr. periods. Leases of this type which expired in the depression 1930's or were readjusted during that period frequently provided for low minimum rentals with percentage clauses based on gross sales. In many cases, properties, on which the landlord had been forced to make generous reductions in the fixed minimum rental during the depression, paid off in a bonanza to the landlord during the phenomenal rise in San Francisco retail sales during the World War II and postwar years. These factors influenced the net incomes shown for at least seven of the retail store properties (Nos. 10, 12, 16, 21, 22, 23, 33) which showed a substantial increase in net income for 1950 compared with 1925.

It is significant to note that all of the properties which showed net income in 1950 below that for 1925 (Nos. 9, 20, 21, 22, 24, 28, 32) are store properties and that practically all of the office buildings showed increases in net income for 1950 compared with 1925 (Nos. 1,

3, 4, 27, 35). The trends noted indicate different leasing policies as well as basic demand and supply factors for office as compared with retail store space in San Francisco. As noted earlier, there was little office-building construction initiated in San Francisco in the two decades from 1930 to 1950. According to a local authority, the low level of office-building construction during this period reflected the fears and conservatism of mortgage lenders as much as any single factor. No doubt the conservatism of lenders reflected the depression experience in office-building properties. Lease terms for office buildings are usually shorter than for retail space. This accounts, in part, for the more favorable trend in net incomes for office buildings as compared with retail stores, since office rentals were probably raised more rapidly during the long period of rising prices. The nature of the increases in gross and net incomes for office buildings may be observed from the income data for Properties 4 and 37 (Table 5). Both of these properties showed a substantial increase in gross and net incomes during the postwar years. The increase in gross and net income during the war years for Property 38, a hotel property, was a result of the heavy demand for hotel accommodations in San Francisco during that period.

GROSS- AND NET-INCOME MULTIPLIERS

Attention has been drawn to the fact that gross and net incomes have increased for many of the properties above the levels of the 1920's, while sale prices have, in many cases, reached only the levels of that period. Since sale prices reflect the capitalized values of esti-

mated future incomes, explanation for the phenomenon must be found in buyers' estimates of future incomes or in the rates at which they capitalize these incomes.

Table 1 shows the relationship between sales prices and gross and net incomes for the sample properties for the decade of the 1920's and for the post-World War II

TABLE 3
PROPERTY TAXES AS A PERCENTAGE OF GROSS INCOME AND NET INCOME FOR 31 SAMPLE PROPERTIES IN SAN FRANCISCO; 1925, 1935, AND 1950

Property No.	1925		1935		1950	
	Gross	Net	Gross	Net	Gross	Net
1.	17% ('24)	37% ('24)	19%	45%	20%	49%
2.			12 ('36)	18 ('36)	30	115
3.	14 ('26)	19 ('26)			18	29
4.	10 ('26)	17 ('26)	15	40	13 ('49)	26 ('49)
5.		24				
6.	27	38	26	40	16	21
7.		29		27		45
8.	15	20	22 ('37)	36 ('37)	37	136
9.	24	33	15	20		74
10.	16 ('24)	20 ('24)	14	17		
11.	38 ('23)		35	90	28 ('49)	52 ('49)
12.	18	22	26	35	28	38
14.	19	23	27	39	21	28
15.		24		100	17	40
16.	15 ('27)	17	25 ('34)		14	29
20.	25	34	19 ('38)	24 ('38)	38	68
21.	17	22	43 ('37)	87 ('37)	30	45
22.		30	80 ('36)	(no net)	28	55
23.	17		35	57	36	59
24.	16	21	41 ('37)	81 ('37)	63	215
25.	14		12	23		
27.			15	23	16	20
28.		24 ('21)		28	50 ('52)	101 ('52)
32.	13 ('29)	17 ('29)	26 ('37)	60 ('37)	21	30
33.		60	18 ('36)	47 ('36)		
34.			29 ('37)	40 ('37)	42	62
35.	18		14 ('37)	20 ('37)	18	30
36.	14	25	21	70	13	26
37.	10 ('29)	23 ('29)	15 ('34)	50 ('34)	14	31
38.	17 ('28)	20 ('28)	44	80	14	36
39.	42 ('28)	78 ('28)	52	120	26	43

NOTE: Sample properties 13, 17, 18, 19, 26, 29, 30, and 31 were excluded because of the lack of data.

years. The measures shown are the sales prices as multiples of gross and net incomes, known as gross-income multipliers and net-income multipliers. These measures, which are used as rough rules of thumb in many real-estate transactions, provide some indication of capitalization rates.³⁶ Gross-rent multipliers showed a decline from the 1920's to the 1940-50 decade for most of the properties for which comparable data were

³⁶ Louis Winnick, "Long-Run Changes in the Valuation of Real Estate by Gross Rents," *The Appraisal Journal*, Vol. 20, No. 4, October 1952. The author's statement refers to the period 1890-1950, but the data shown in Table 1 of his article support the observation that capitalization rates have probably risen during the past 25 yr. See also H. B. Dorau, *op. cit.*, p. 17.

available. The net-income multipliers for most of the San Francisco sample properties showed a similar trend. The median of relatives of gross-income multipliers for the sample properties for 1950, based upon 1924-1929 as 100, was 93.55, with a quartile deviation of 16.2. The median of relatives of net income multipliers for 1950, based upon the same period, was 95.2 with a quartile deviation of 28.77. The wide range of observations and the relatively small change in median values over the period raises a question concerning the statistical reliability of these measures, considering the size of the sample. Subject to statistical limitations, the decline in gross- and net-income multipliers might appear to indicate that investors were capitalizing both net and gross incomes for San Francisco business properties at lower rates in the decade of the 1920's than in the decade of the 1940's. This statement cannot be defended on theoretical grounds, however, since sale prices reflect anticipated rather than present incomes. It is also impractical to discern whether sale prices reflect the capitalization of an income stream assumed to continue at present levels at a higher rate or the capitalization of an income stream assumed to decline in the future at the same rates as for the earlier period. In other words, it is not certain whether it is the capitalization rate which has changed or the estimated future-income stream. However, the conclusion that capitalization rates have risen is quite consistent with other market information available. The strength and persistence of the real-estate boom of the 1920's relied heavily upon the confidence of investors in the continued rise in realty values, which was expressed in the high gross- and net-income multipliers and low capitalization rates which prevailed during that period. The relationship between gross and net incomes and sale prices in the 1950's, considered with the market psychology present, suggests that investors are exercising an attitude of more cautious realism. In many cases, both gross- and net-income multipliers rose during the depression decade, because of reduced incomes and some greater degree of optimism for the future.

LAND VALUES

Considerable interest attaches to the trend in land values as distinct from the values of improved property in downtown San Francisco. The scarcity of vacant land sites in downtown San Francisco precludes the assembling of information on vacant land sales over the period. However, historical information has been gathered from other sources bearing on the long-term trend in downtown land values.

An appraisal made by Thomas Magee and Sons in 1896 recorded a number of sales of property on upper

TABLE 4
OPERATING COSTS FOR SAN FRANCISCO OFFICE BUILDINGS, 1927-1951
(Expressed in Cents Per Square Foot of Rented Area)

	Years											
	'27	'28	'29	'30	'31	'32	'33	'35 ^a	'36	'37	'38	'40 ^a
Number of Buildings Reporting.....	12	12	15	14	37	53	47	38	49	51	55	49
Building Operating Costs.....	50.2	51.6	63.8	61.4	53.3	51.7	50.0	50.0	51.5	59.1	61.6	59.6
Decorating, Maintenance and Repair.....	10.7	15.7	15.7	9.5	7.5	8.0	6.5	6.7	8.9	10.1	9.4	12.6
Insurance.....	2.8	2.8	1.6	4.4	3.8	3.3	3.6	3.3	3.2	3.0	2.6	2.0
Property Taxes.....	34.4	35.4	35.5	38.0	31.6	29.8	27.8	28.8	27.3	27.4	29.0	30.6
Total operating expense.....	98.1	105.5	116.6	113.3	96.2	92.8	87.9	88.8	90.9	99.6	102.6	104.8

	Years										
	'41	'42	'43	'44	'45	'46	'47	'48	'49	'50	'51
Number of Buildings Reporting.....	61	68	77	78	67	88	92	96	94	89	93
Building Operating Costs.....	58.1	59.6	62.3	67.1	73.6	78.1	87.7	95.5	117.4	101.0	108.9
Decorating, Maintenance and Repair.....	12.5	8.7	7.0	9.6	10.1	12.1	15.3	13.5	13.9	12.3	13.0
Insurance.....	2.6	3.1	3.4	3.1	2.7	3.0	3.9	4.7	5.6	5.9	6.6
Property Taxes.....	30.0	29.6	28.8	30.0	31.3	33.4	36.3	40.6	42.4	43.0	46.2
Total operating expense.....	103.2	101.0	101.5	109.8	117.7	126.6	143.2	154.3	179.3	161.6	174.7

SOURCE: Building Owners and Managers Association, San Francisco

^a No data are available for 1934 or 1939.

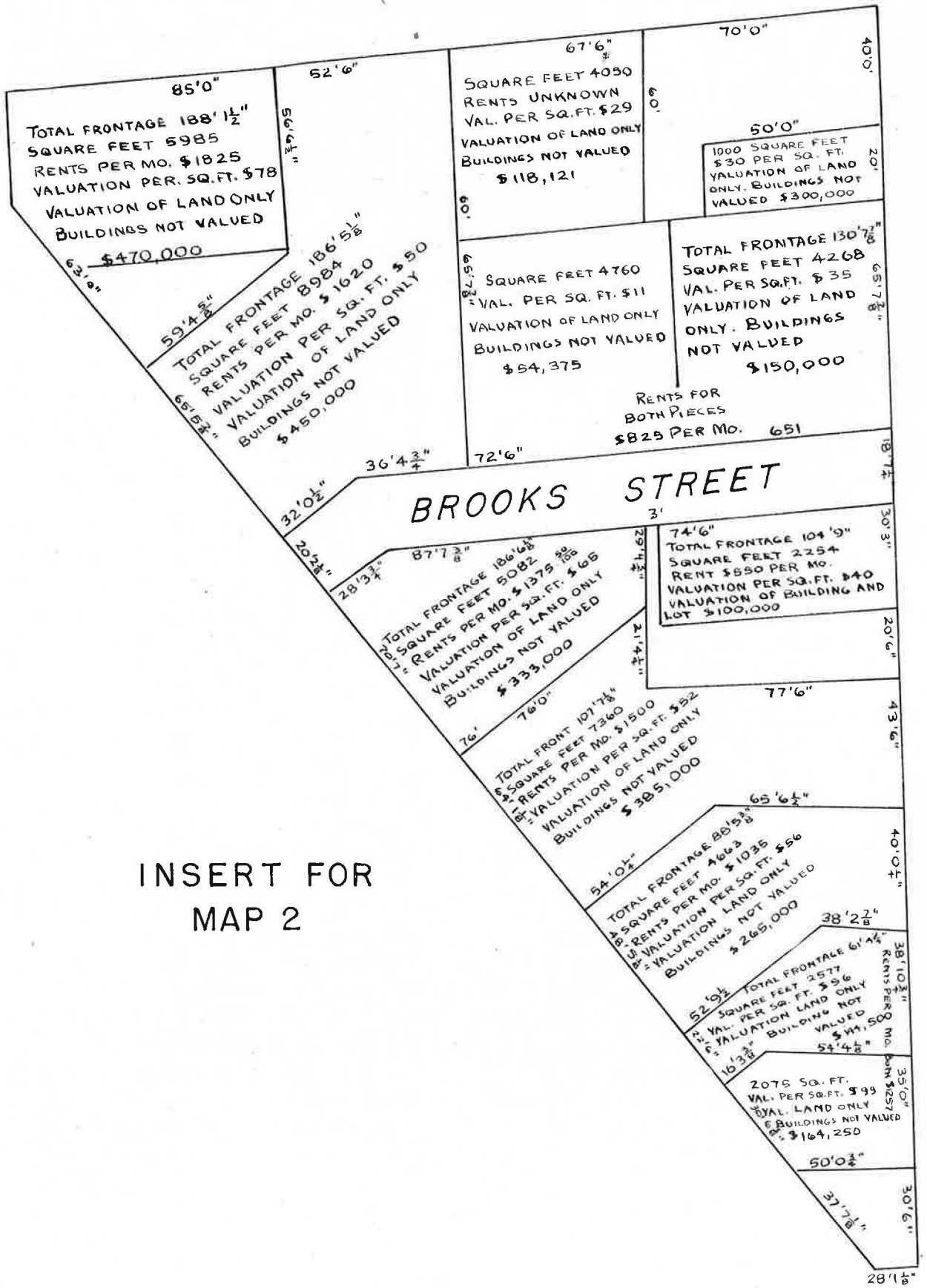
TABLE 5
ANNUAL INCOME AND EXPENSE DATA FOR FOUR SAMPLE PROPERTIES IN SAN FRANCISCO

Years	Property 4			Property 37			Property 38			Property 39		
	Gross Income	Expenses ^a	Net Income	Gross Income	Expenses ^a	Net Income	Gross Income	Expenses ^a	Net Income	Gross Income	Expenses ^a	Net Income
1926	\$282,792	\$106,215	\$176,576									
1927	267,870	131,474	136,396									
1928	253,146	120,287	132,859				\$77,463	\$16,685	\$61,778	\$38,861	\$17,361	\$19,400
1929	260,073	120,411	139,662	\$1,178,828	\$615,799	\$563,029						
1930	265,255	120,992	144,262	1,210,283	617,539	592,744						
1931	246,224	112,613	133,610	1,123,665	611,306	512,359						
1932	222,207	110,000	112,207	924,747	574,694	350,053						
1933	161,655	110,170	51,485	785,548	559,424	226,124	36,633	21,506	15,127	21,292	11,544	9,748
1934	171,065	110,728	60,337	748,598	547,415	201,183	39,017	17,251	21,776	21,120	11,677	9,443
1935	190,193	109,731	80,462	750,107	506,127	243,980	39,379	18,140	21,239	22,738	13,182	9,556
1936	202,180	106,145	96,035	809,784	510,085	299,699	67,811	48,715	19,096	26,836	12,448	14,388
1937	211,875	117,878	93,997	868,498	559,971	308,527	97,949	64,484	33,465 ^c	22,715	13,596	9,119
1938	219,191	115,073	104,118	825,164	515,041	310,123	97,607	63,132	34,475	23,842	13,983	9,859
1939	202,007	135,136	66,871	818,883	528,267	290,616	117,351	76,142	41,209	26,190	15,488	10,742
1940	219,882	119,461	100,421	826,252	525,777	300,475	95,567	68,434	27,133	25,745	15,033	10,712
1941	221,543	123,914	97,620	833,211	565,209	268,002	101,650	64,856	36,794	50,950	61,033	-10,083 ^b
1942	238,781	129,094	109,686	818,828	544,536	274,292	150,506	77,622	72,884	60,385	33,080	27,305
1943	239,426	119,297	120,129	861,888	543,133	318,755	184,901	81,020	103,881	81,597	27,649	53,948
1944	240,585	126,150	114,435	795,057	481,760	313,299	199,234	85,082	114,152	116,153	27,834	88,319
1945	250,162	125,223	124,939	998,588	600,815	397,773	206,228	91,524	114,704	117,772	29,589	88,183
1946	269,647	153,845	115,801	1,101,504	661,329	440,175	208,053	97,787	111,266	114,236	31,215	83,021
1947	319,776	180,049	139,728	1,243,270	713,955	530,315	208,427	100,411	108,016	104,141	33,021	71,120
1948	356,923	203,019	153,904	1,366,302	731,673	634,629	214,864	134,209	80,656	91,352	37,041	54,311
1949	379,536	179,252	200,285	1,474,118	812,731	661,457	213,236	122,408	90,828	85,344	38,610	46,734
1950	390,082	193,368	196,714	1,563,476	834,803	728,673	213,132	126,787	86,345	86,627	35,808	51,819
1951				1,680,140	816,068	864,072	222,264	140,975	81,289	160,733	56,599	104,134
	16 story Store and office building—1921			18 story and basement, Steel frame—Class A—1929, Store and office building			7 story and basement, Steel frame—Class A, Hotel and stores			2 story and basement, Concrete—Class B, Restaurant and offices		

^a Includes all operating expenses, when incurred by owner, plus local property taxes and insurance. Does not include income taxes, depreciation, or financing costs.

^b Owner converted upper loft spaces into offices.

^c Net lease ended and owner assumed operating expenses.



INSERT FOR
 MAP 2

San Francisco Downtown Shopping District

LAND VALUES 1926 & 1951

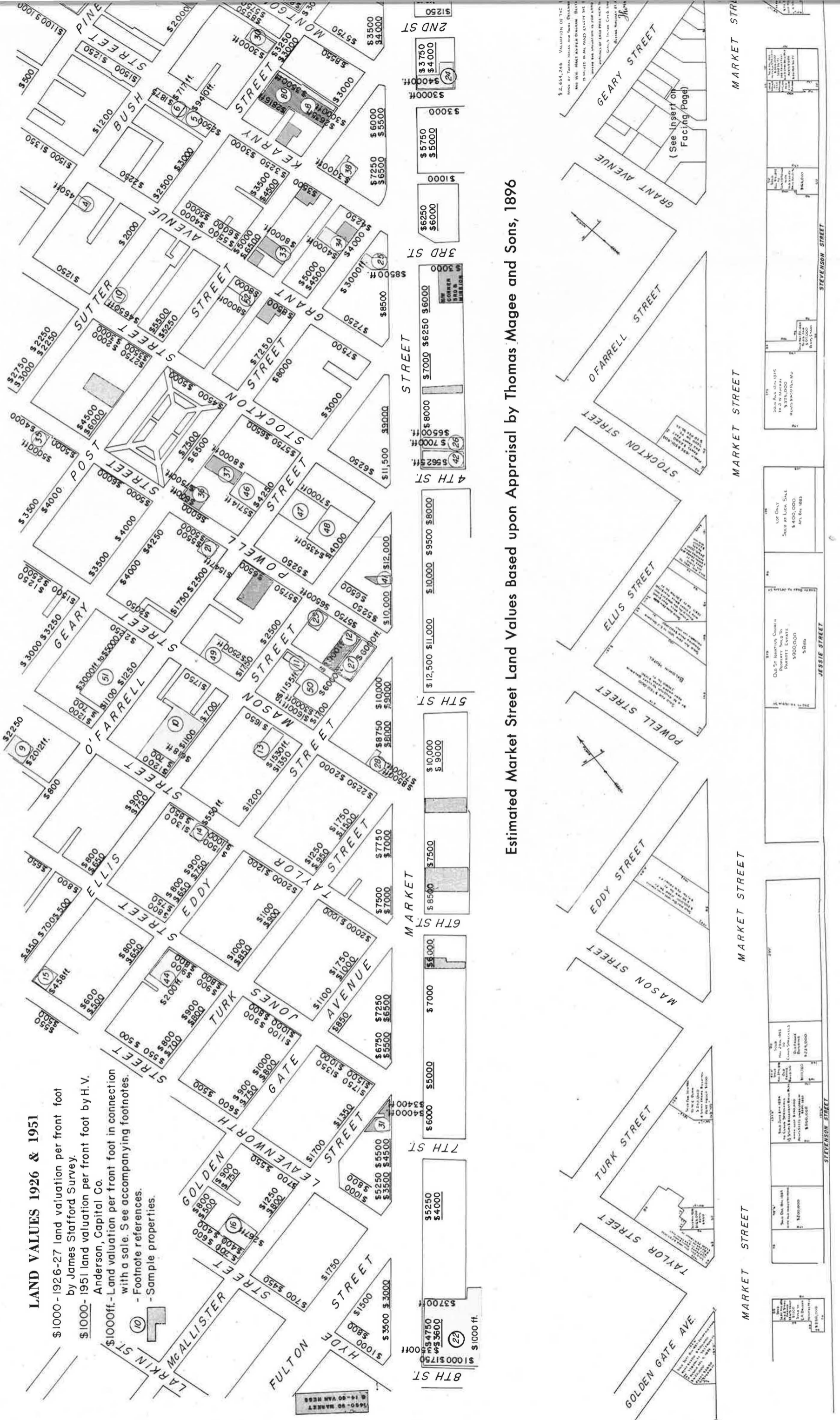
\$1,000 - 1926-27 land valuation per front foot by James Stafford Survey.

\$1,000 - 1951 land valuation per front foot by H.V. Anderson, Capital Co.

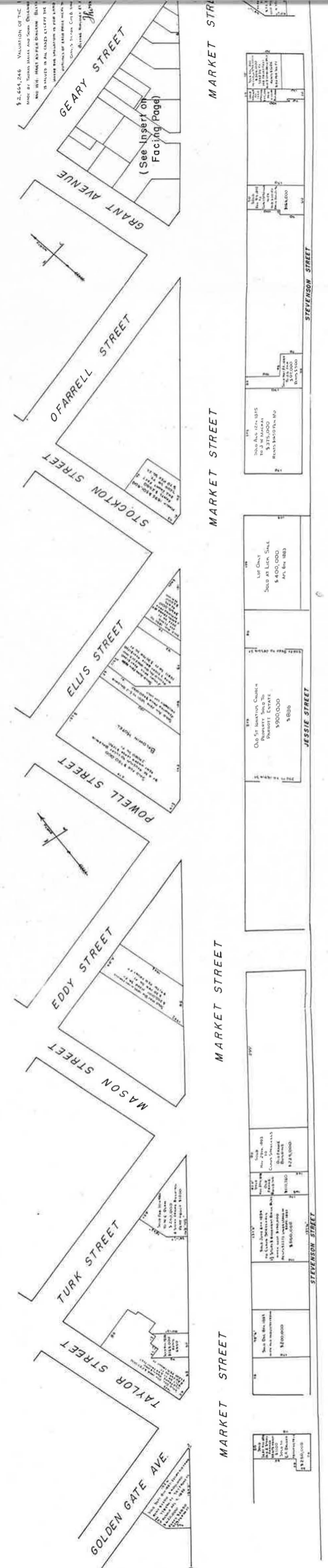
\$1,000ff. - Land valuation per front foot in connection with a sale. See accompanying footnotes.

- Footnote references.

- Sample properties.



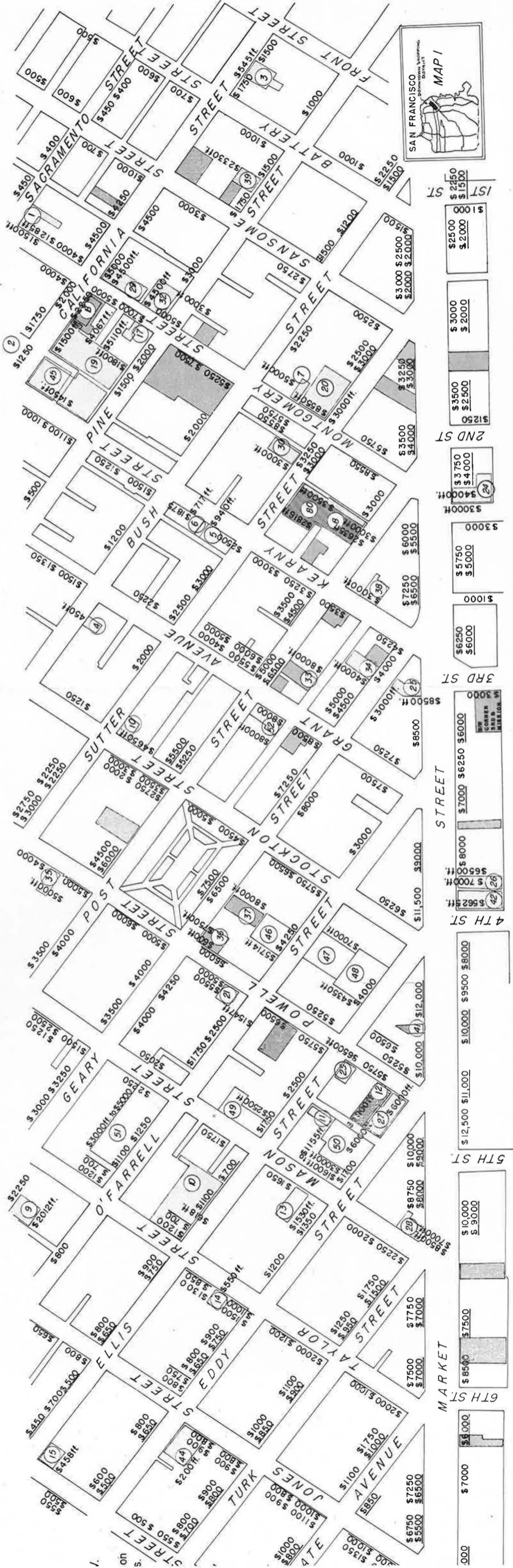
Estimated Market Street Land Values Based upon Appraisal by Thomas Magee and Sons, 1896



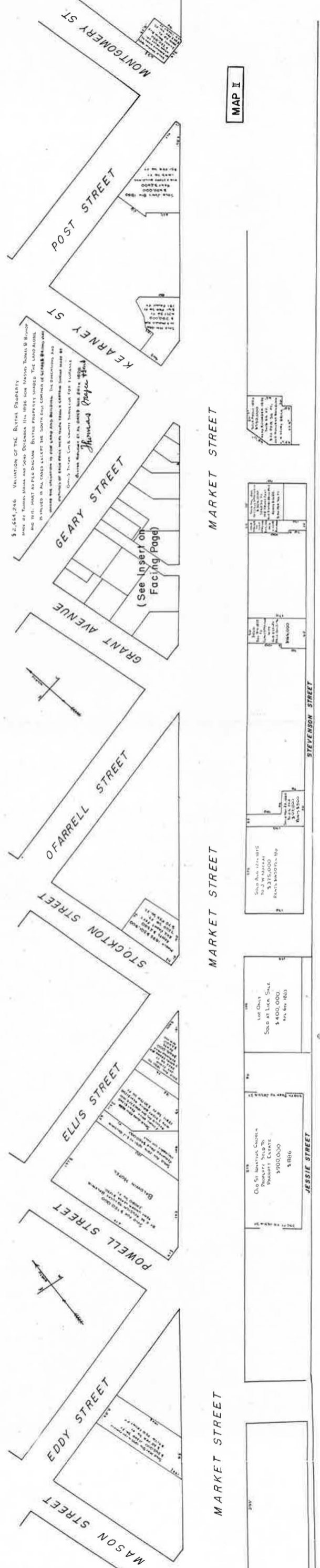
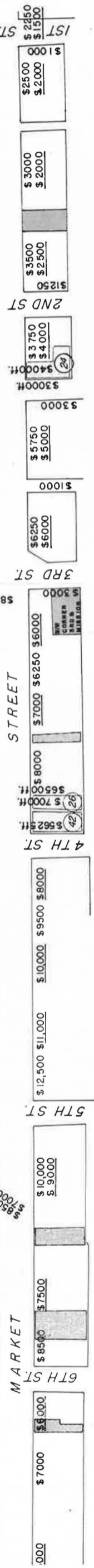
\$2,644,246 VALUATION OF THE DISTRICT BY THOMAS MAGEE AND SONS, CHICAGO, ILL. IN 1896. THIS VALUATION IS BASED UPON THE VALUE IN ALL CITIES EXCEPT THE CITY OF SAN FRANCISCO. THE VALUE IN SAN FRANCISCO IS BASED UPON THE VALUE IN ALL CITIES EXCEPT THE CITY OF SAN FRANCISCO. THE VALUE IN SAN FRANCISCO IS BASED UPON THE VALUE IN ALL CITIES EXCEPT THE CITY OF SAN FRANCISCO.

(See Insert on Facing Page)

San Francisco Downtown Shopping District



Estimated Market Street Land Values Based upon Appraisal by Thomas Magee and Sons, 1896



and lower Market Street during the years 1875 to 1896. The front-foot values established by these sales at that time are shown on Map II, with the year of the reported sale and the indicated values shown within the outlines of the plots sold. These values may be compared on Map I with (1) land values per front foot as established by a James Stafford Associates' survey in 1927-28, conducted for the purpose of equalizing assessed values in San Francisco, and with (2) an estimate of land values per front foot based upon sales and appraisals during the period from 1927 to 1951.³⁷ In making the survey of 1927, the land values for 100-percent locations in the downtown district were determined by comparable sales, and values on side streets were derived as percentages of the 100-percent locations. The values established by the Stafford survey have been regarded as reliable benchmarks by downtown San Francisco real-estate brokers for 25 yr. The value of improvements in the Stafford survey was obtained by the cost-less-estimated-depreciation method.

The data assembled by H. V. Anderson of the Capital Company were based upon approximately 50 transactions which took place in the downtown section of San Francisco during the period from 1938-1950. In the same manner as in the Stafford survey, Anderson estimated the value of improvements based upon cost-less-depreciation methods and, on this basis, assigned front-foot land values. Map I shows the front-foot values established by such sales for parcels numbered on the map from 1 through 45. Appendix B gives the details concerning each of these transactions and the basis for deriving the front-foot values. On the basis of these sales, estimates are shown on Map I for the 1951 front-foot land valuations, compared with the valuations established in 1926-27 Stafford survey. (The 1951 estimates are shown as underlined \$10,000, while the 1926-27 estimates appear as \$10,000.)

The substantial rise which took place between 1870 and 1890 and from 1890 to 1927 is apparent from comparison of Maps I and II. Land values rose from around \$2,000 a front foot on upper Market Street in the 1870's to approximately double that figure in the 1890's. By 1927, values on Market Street had climbed to \$9,000 and \$12,000 a front foot. Contrasted with this rapid rise, the changes in front-foot values from 1926-27 to 1951 were relatively small. Analysis of the changes, however, discloses important shifts in down-

town land values over the past 25 yr. Estimates of front-foot values on Market Street appear on the whole to be lower in 1951 than in 1927. The downward adjustments in values are proportionately larger for properties west of Sixth Street and east of Second Street on Market than for properties between Montgomery and Sixth streets. There is no noticeably different trend in front-foot values on the north as compared with the south side of Market Street. Contrasted with this trend, the 1951 estimates indicate that values on Post, Sutter, Geary, Powell, Stockton, Grant, Kearny, and Montgomery Streets were higher in 1951 than in 1926-27. Although the market evidence is not equally conclusive in all these cases, the conclusion seems warranted that land values have been well maintained in the heart of the shopping, office building, and financial districts. It is notable that front-foot values in the blocks northwest of Market and Taylor streets were not similarly maintained, according to the estimates in Map I. In 1927 the market expectations were that the downtown shopping district would expand into this area, and values at that time probably anticipated this development. Current values demonstrate that this expansion did not occur and are probably based upon more realistic present expectations. Some recent sales of property in this area have taken place for planned garage and parking facilities, and these uses may result in an improvement in values.

The assignment of a portion of purchase price or appraised value to land in the estimates of Map I is essentially arbitrary for improved property. In some cases, the value of improvements was estimated and deducted from the total purchase price to obtain land values. In others, the reverse procedure was employed; i.e., the value of the land was estimated based upon a comparable land sale or other evidence and the value of the improvements derived as a residual. These limitations do not apply, of course, to sales of vacant land.

INFLUENCE OF BUILDING-COST CHANGES

The conclusion drawn from the examination of the sample of improved properties in downtown San Francisco was that the value of improved property had recovered by 1950 to approximate peak prices of the mid-1920's. The data in Map I indicate relatively small changes in land values over this same period. Building-cost data show that the estimated replacement cost of improvements was maintained during the 25-yr. period. The apparent stability in replacement values of buildings was caused by a more-rapid rise in building costs than in accumulated physical depreciation. Although additions or improvements were made to some old

³⁷ A copy of the Stafford survey is on file at the Real Estate Department of the City of San Francisco. This survey was carried on under the direction of a committee made up of realtors, attorneys, merchants, bankers, and representatives of labor and government, appointed by the Mayor of San Francisco. The membership of the committee was as follows: B. A. Banker, chairman; James B. McSheehy, vice chairman; H. A. Mason, secretary; Milo F. Kent; Phillip F. Panschel; W. H. Gates; Frank Havennor; Paul Sinshneider; Andrew J. Gallagher; Henry Boyan; Paul Scharrenberg.

structures, generally no major improvements took place, and the replacement costs of buildings in 1950 and 1926-27 were comparable.

Table 6 shows the relationship between assessed and appraised values of land and buildings for 29 of the

cost computing table published by Marshall and Stevens which showed estimated building-replacement costs in 1950 by building types as multiples of comparable costs for earlier years. The estimated replacement costs for the buildings as of 1950 were then adjusted by use

TABLE 6
ASSESSED AND APPRAISAL VALUES OF LAND AND BUILDINGS FOR 29 SAN FRANCISCO PROPERTIES, 1925-26 AND 1951

Property No.	Assessed Value for Real Estate Tax				Stafford Survey		1951 Survey	
	Land	Building	Land	Building	Land Value	Depreciated Repl. Cost Building	Anderson Land Value	Depreciated Repl. Cost Building Marshall Stevens
	1925-26	1925-26	1950-51	1950-51	1927	1928	1951	1951
1.	\$156,850	\$100,000	\$219,090	\$109,550	\$429,920	\$176,800	\$300,000 ^b	\$210,000
2.	51,010	17,500	53,650	42,560 ^a	134,630	21,840	132,000	^a
3.	80,330	25,000	99,900	22,000	209,750	24,460	315,000	28,000
4.	195,000	550,000	234,000	594,300	545,780	909,370	545,000	1,720,000
5.	60,000	22,000	86,300	56,500	144,750	71,680	127,500	125,000
6.	24,620	6,900	13,790	5,300	48,110	7,745	50,000	17,400
7.	188,570	49,500	174,910	40,000	292,440	50,000 ^c	330,000 ^d	47,500
8.	78,020	25,000	91,530	28,500	152,070	30,068	150,000	49,500
9.	126,500	5,000	98,780	5,000	220,940	38,860	232,000	75,000
10.	137,140	126,500	168,060	110,000	341,410	215,580	450,000	400,000
11.	411,210	63,000	380,320	56,500	632,220	61,720	655,000 ^e	94,000 ^f
12.	156,000	40,000	235,030	107,350 ^g	493,470	36,530	523,000 ^g	46,000
14.	133,330	18,000	75,060	54,000	255,610	^h	173,000	^h
15.	155,600	140,000	136,830	145,250	313,450	308,180	282,000	520,000 ⁱ
16.	125,000	72,400	111,640	93,000	256,860	167,910	231,180	298,000
20.	256,500	18,000	267,350	19,050	519,330	34,400	407,000	31,600
21.	144,380	6,500	140,000	34,000	333,140	7,830	220,000	10,300 ^j
22.	531,900	100,000	526,350	164,000	1,004,900	430,000	735,000	460,000
23.	149,490	12,000	178,160	20,200	344,100	^k	300,000 ^l	^k
24.	111,870	10,000	114,210	24,700	219,380	11,500	180,000	18,200
25.	132,000	115,000	253,430	95,000	379,350	147,320	450,000	136,000
26.	224,440	895,000 ^m	427,670	891,000	736,650	1,128,000	736,650	1,788,000
27.	148,500	45,000	221,520	47,500	401,830	65,500	435,000	110,000
28.	236,600	45,000	261,800	62,500	724,800	31,240	724,800	51,500
32.	100,280	34,400	89,690	34,400	232,550	53,940	200,000 ⁿ	91,000
33.	249,370	67,000	226,240	91,700	512,080	58,500	486,000	74,500
34.	166,500	23,000	153,840	43,900	443,110	35,490	443,110	42,600
35.	108,000	34,000	152,090	30,300	296,760	28,580	300,000 ^o	37,400
36.	141,750	115,000	98,280	100,000	235,760	165,000	^k	321,000
Total ...	\$4,780,760	\$2,780,700	\$5,289,520	\$3,128,060				

^a Major alterations 1936 contract \$68,500. 1952 \$100,000.

^b Based on actual sale 1946. See #18 in Appendix B.

^c Building cost estimate new in 1928, \$103,630. Based on 50% depreciation.

^d Based on corner lot at 150% of inside values.

^e Based on actual sale 1945.

^f Building torn down 1951. Replacement cost less depreciation \$94,000.

^g Corner lot enhancement calculated as 72% of Post Street frontage 60' depth, plus 60% of Grant Street frontage value and based upon McMichael Corner Lot Appraisals.

^h Not available. Building remodelled at cost \$225,000, 1947.

ⁱ Building alteration 1951.

^j Remodelled 1943. Not allowing for \$135,000 owner investment.

^k Not available.

^l Based upon appraisal by Mr. Phil Miller 1951.

^m 1930 assessment. Building constructed in 1928.

ⁿ Actual sale 1947. See #21 in Appendix B.

^o Based on corner lot at 150% Geary Street front-foot values

^p Building alteration.

San Francisco sample properties in 1925-26 and in 1951. The estimates of the depreciated replacement cost of the improvements as of 1950 represent the broadest kind of approximations and are subject to all the weaknesses of any estimates of physical depreciation. They were compiled by using a replacement-

of the Marshall Stevens Physical Depreciation Table to obtain the 1950 depreciated replacement cost for improvements.³⁸ No adjustments were made for alterations over the period, and the assumption was made in

³⁸ Marshall Valuation Service, *Manual for Use in Western District*, Depreciation Tables (Los Angeles: Marshall and Stevens, 1945).

developing these tables that depreciation varies directly with age, which few accept without qualification. Although the tables include adjustment factors for the condition of buildings, the assumption was made that all the sample buildings were in average condition.

Assessed values in 16 of the 29 cases were higher in 1950-51 than in 1925-26, while in 13 cases they were lower. The changes on the whole were of minor proportions, although they do show an increase in assessments for selected office-building sites and for retail locations in the vicinity of Union Square. Small reductions were made in assessed values for properties on lower Market Street and on Kearny Street north of Sutter. In the aggregate, however, assessed values for the sample properties showed little change in 1950-51 compared with 1925-26 and, in this sense, show a trend similar to that for all San Francisco property assessments as given in Appendix A. The change in assessed values of downtown land does not, of course, measure changes in municipal revenue from these properties over the period because of the substantial rise in the tax rate on downtown property from \$4.13 per \$100 of valuation in 1925-26 to \$6.29 per \$100 of valuation in 1950-51.

The changes in the estimated land values from 1927 to 1951 in Table 6 are based upon the shifts in estimated front-foot values shown in Map I. In a few cases, the 1951 estimates are based upon actual sales during the period 1945 to 1951, but it was still necessary to segregate the land from the building values by some arbitrary method. Although 13 of the sample properties show declines in land value over the period, 10 show increases in appraised value of land and the remaining six properties no change. The changes, individually and in the aggregate, are of small magnitude. It can be seen from Table 6 that assessed values were unreliable indicators of the market value of downtown property both in 1925-26 and in 1951.

As indicated above, the estimates of depreciated building costs represent crude approximations only, and, of course, do not represent estimates of building values. The absurdity of using such cost figures to represent values is evident when it is noted that the improvements on Property 11, which had an estimated depreciated replacement cost of \$94,000 in 1951, were torn down in that year to make room for a new structure. The comparison of depreciated replacement cost of improvements for 1928 and 1951 shows that the rise in building costs from 1928-51 has, in most cases, more than offset the physical depreciation of the buildings during that same period. This comparison also reveals one reason why property values may have been so well maintained in downtown San Francisco over

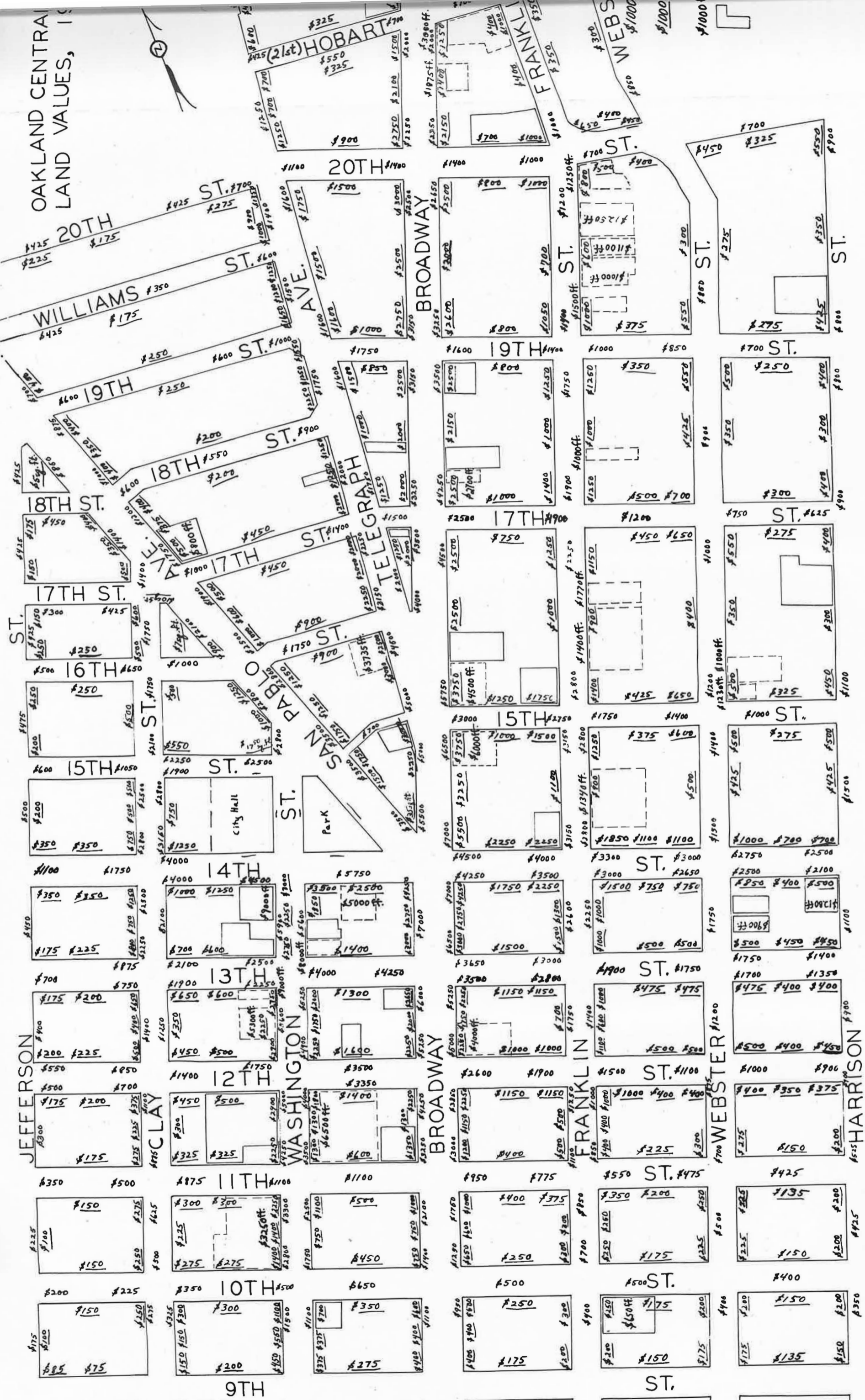
the period, since old buildings have in many cases represented bargains for investors confronted with the alternative of building new structures or buying and altering old ones. This observation suggests the further possibility that the availability of old structures in the downtown area, in many cases heavily depreciated on owners' records, has influenced many merchants and other businesses to locate in the downtown area rather than to face the high building costs of new construction in an outlying location. However, if purchasers have, in fact, been paying high prices for improvements because of the large increase in building costs, and if the observations above are correct that *improved property* has been selling at approximately the same prices in 1950 as in 1927, the conclusion may be justified that the portion of purchase price applicable to land only has shown a decline over the period.

SUMMARY OF VALUE, INCOME, AND EXPENSE STUDY

It is necessary to reconsider carefully the sampling and other limitations of this study before summarizing its results. As pointed out earlier, many influences affect property values, some of them only dimly related to shifts in urban functions. Further, the knotty problem of describing land-value trends for a built-up area presents a serious handicap. Although some adjustment in value figures is necessary to reflect the changing value of the dollar, no wholly satisfactory method exists. Added to these difficulties, the data are incomplete in some instances, and possibilities of error in certain of the historical income and expense figures are great.

Market-value changes have shown remarkable similarity over the past 25 yr., considering the small size of the sample and its heterogeneity of building types. Market prices in 1950 for improved properties in downtown San Francisco closely approximate the peaks of 1925-27 for many of the sample properties. This leveling trend in property values contrasts strikingly with the dynamic rise in downtown values during the period from the 1870's to the 1890's and from the 1890's to the 1925-27 era. Examination of gross- and net-income trends revealed that gross incomes had shown a substantial increase over the period, while net incomes in most instances were also higher in 1950 than in the 1920's. Office buildings appeared to show a better earnings performance as a group than retail properties, but certain retail properties with favorable lease terms were an exception. Exceptions to this trend were explainable in terms of unusual lease terms, or other institutional influences. Two important external factors were noted as influencing value trends in opposite

OAKLAND CENTRAL
LAND VALUES, 1900



9TH

ST.

HARRISON

JEFFERSON

CLAY

WASHINGTON

BROADWAY

FRANKLIN

WEBSTER

HARRISON

Park

City Hall

SAN PABLO

TELEGRAPH

BROADWAY

20TH

20TH

FRANKLIN

ST.

ST.

ST.

ST.

19TH

19TH

18TH

18TH

17TH

17TH

16TH

15TH

ST.

14TH

13TH

12TH

11TH

10TH

15TH

ST.

ST.

ST.

ST.

ST.

700 ST.

ST.

ST.

ST.

ST.

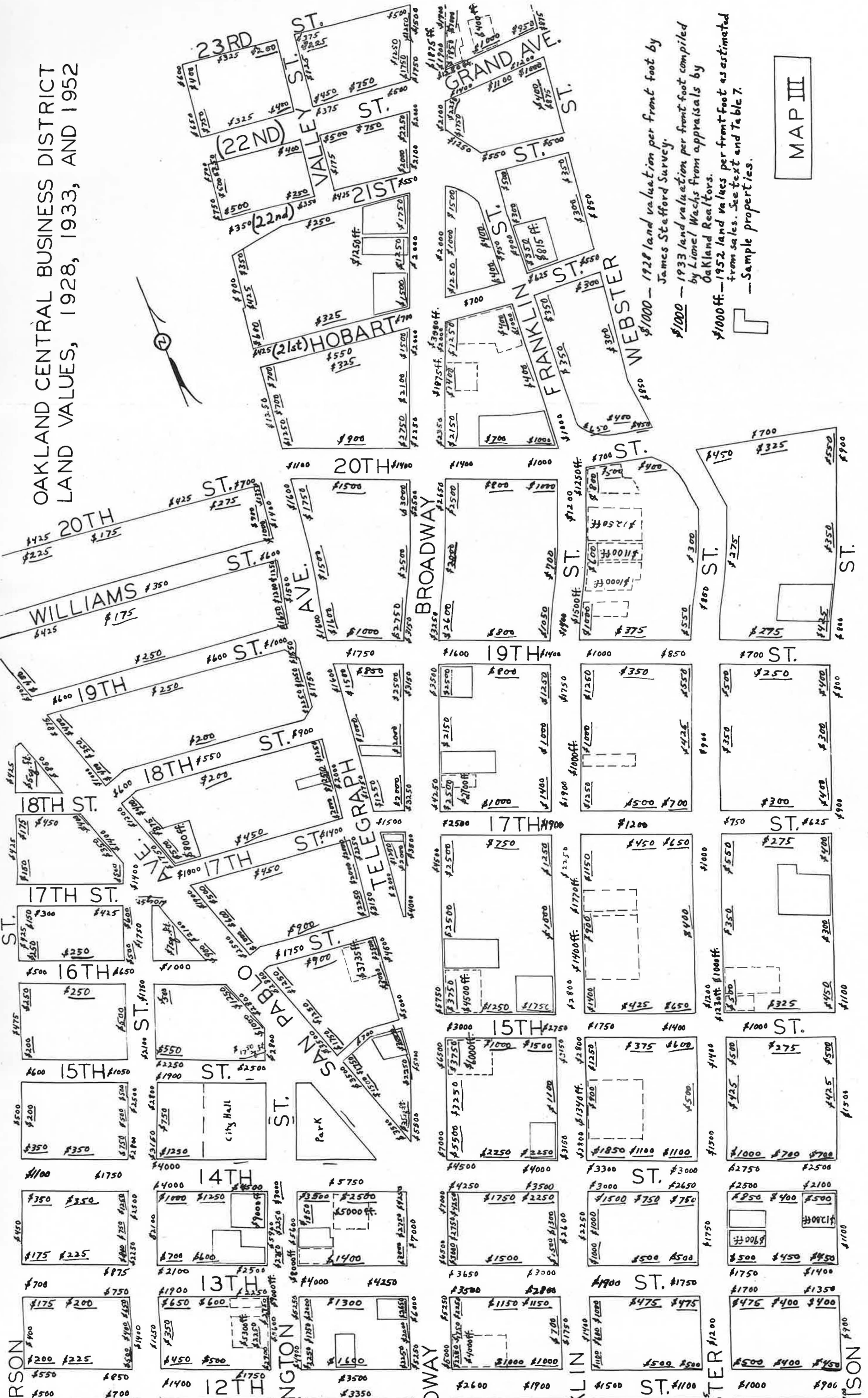
ST.

ST.

ST.

ST.

OAKLAND CENTRAL BUSINESS DISTRICT LAND VALUES, 1928, 1933, AND 1952



\$1000 - 1928 land valuation per front foot by James Stafford Survey.
 \$1000 - 1933 land valuation per front foot compiled by Lionel Wachts from appraisals by Oakland Realtors.
 \$1000ff. - 1952 land values per front foot as estimated from sales. See text and Table 7.
 --- Sample properties.

MAP III

directions over the period: (1) investors' expectations, reflected in either higher capitalization rates or in lower anticipated incomes, appeared to be less optimistic regarding income property in San Francisco in 1950 than in the 1920's and (2) large unrealized capital gains in the hands of present owners and the welcome prospects of high "tax-free take-home pay" as a result of higher depreciation charges, allowed to new owners, were offsetting factors causing higher prices to be paid for downtown property.

Although the data confirm in general the stability of San Francisco's central business district described earlier, some shifts in values within various sections of the district are apparent from the data. Market values in 1950 are lower for land on Market Street above Sixth Street and below New Montgomery Street. The same trend in land values hold for the area north of Market Street from Taylor to Hyde streets. Contrasted with these trends, land values in the central core of the shopping district bounded by Market, Powell, Sutter, and Kearny streets have risen over the period. Similarly,

land values have remained firm or risen in the office building district between Market, Battery, California, and Kearny streets.

Throughout the period studied, assessed values have been substantially below apparent market values for land and buildings. As a result of the rising tax rate, tax bills have represented a major increase in expenses to landlords. The relationship between taxes and gross and net incomes reveals a wide variation in the effect of taxes upon property income in San Francisco.

The substantial rise in building costs over the period appears to have more than offset physical depreciation as normally calculated. If the calculations of depreciated building costs in Table 6 bear any approximation to the actual loss in value for the sample improvements, it could be argued that the presence of existing buildings in the downtown area of San Francisco has tended to maintain property values and hold business in the downtown district during the period of rapidly rising building costs.

Central Business District of Oakland

Oakland, incorporated in 1852, is situated on an alluvial plain some 30 mi. in length and approximately 3 mi. in width, bounded on the east by the Contra Costa hills, rising about 2,000 ft. above sea level, and on the west by San Francisco Bay. The city had its origins as a transportation link between Stockton, Antioch, Pleasanton, Concord, East Oakland, Hayward, and other interior points and the thriving city of San Francisco across the bay.

The redwood timber resources of the Contra Costa hills and the large areas of cattle grazing land in the East Bay provided the basis for the early establishment of lumber mills and tanning establishments in the area.³⁹ From these early beginnings, the City of Oakland developed as the trading and shipping center of the East Bay, serving a large agricultural hinterland.

Communities situated in what is now East Oakland were early rivals during the period of urban expansion in the East Bay. Historians record the controversy over the location of the Alameda county seat, which was located in Alvarado in 1853, San Leandro in 1855, (after a close contest with the town of Alameda) in Brooklyn, and at East Fourteenth Street and Twentieth Avenue, in 1873-74. The court house was finally moved to Fifth and Broadway in Oakland, where it remained from 1875 to 1936. In 1936 the new county court house

was completed at its present location on the shores of Lake Merritt, adjacent to the center of downtown Oakland.

The natural advantages of Oakland as the meeting place of land and water transportation have been key factors in its growth. East Fourteenth Street, San Pablo Avenue, and Telegraph Avenue (see Map III) served as main thoroughfares in the East Bay as early as 1850 and linked the coastal plain with the water route to San Francisco via the Oakland Estuary (then known as San Antonio Creek).

Similarly, railroad terminals were established on the waterfront and on lower Broadway in 1869. The coming of the transcontinental railroads in the 1870's established Oakland as an important western terminus and ushered in its period of most-rapid expansion.

The central business district of Oakland maintained its roots on the estuary waterfront for the first 85 yr. of its existence. In expanding, the business district moved north on Broadway and on Washington streets, attracted by topographical conditions and existing transportation routes on San Pablo Avenue, Telegraph Avenue and East Fourteenth Street. In a review of a century of Oakland's growth, the editors of the *Oakland Tribune* stated in May, 1952:

The growth of Oakland has been written on Broadway and on Washington Street. Broadway was the first street, born from nothing. Originally known as Main, it took on the visionary

³⁹ Edgar J. Hinkel and William E. McCann, *Oakland, 1852-1938*, 2 volumes (Oakland: Oakland Public Library, 1939), Vol. II, Chapter XII.

name of Broadway when Oakland switched from town to city in 1854. At first it stretched only a few hundred yards, but Broadway grew as the city grew. It had the first horse car, the first gas lights, was the first to be macadamized. Washington Street, one block away, also started with a bustle never lost. At first known as "A" Street, it took its present name when the town was incorporated. It was on Washington that the first fire department was established in 1853. To give it never ending prestige, it was at the end of Washington that the city hall stood. Brooklyn, across the slough, also had its Broadway and Washington, but the names were dropped after it was annexed to Oakland.

The center of Oakland's business district has remained virtually stationary since 1876. *Bishops Register* for that year states that Broadway between Seventh and Fourteenth streets was the "paradise of retailers" and that Washington Street ranked next after Broadway as a retail center. Although the intervening 75 yr. have witnessed a great expansion of the Oakland business district on its periphery, it will be noted below that the hub of retail trade has moved only slightly during this entire period.

As is true for many modern cities, the area of downtown Oakland below Tenth Street, where the early city had its origins, has been given over to wholesale trade, light manufacturing, salvage yards, and marginal types of retail business. The central business district of Oakland, which may be described as the area bounded by Tenth Street, Clay Street, Grand Avenue, and Webster Street, encompasses a large area and includes a variety of sub-districts with varying densities of business development.

The popular-priced, high-volume retail market is centered on Washington Street between Tenth and Fourteenth streets. A competitive shopping area is situated between Fifteenth and Twentieth streets on Broadway. This area includes some of the larger department stores in Oakland and a few shops which cater to the luxury shopper. The high-quality luxury-shopping district is less well developed in Oakland, however, than in San Francisco.

The office-building center in Oakland is centered on Franklin Street between Thirteenth and Fifteenth streets. This area includes the Central Bank Building, Tribune Tower, Financial Center Building, and the Alameda County Title Insurance Building. This same area also serves as the main axis for financial and banking concerns, although such activities are not so fully developed in Oakland as in San Francisco.

The area of downtown Oakland bounded by Fifteenth and Seventeenth streets from Franklin to Webster Street is largely given over to real-estate offices and to related businesses. The remaining downtown area of Oakland is devoted to such uses as parking lots,

theaters, furniture stores, and miscellaneous types of retail use.

Substantial rivalry has existed over the past quarter century between the downtown retail business district centered on Washington Street and the newer district located on upper Broadway. The organization of the Uptown Association, formed in 1919 to promote the development of the Oakland Business district north of Fourteenth Street, and the formation of the Downtown Property Owners' Association in 1931 evidence this rivalry.

Kahn's Department store moved from the northeast corner of Twelfth and Washington to its present location on the northwest corner of Fifteenth and Broadway in 1913. The H. C. Capwell Company was one of the leaders in the attempt to move the Oakland retail shopping district north on Broadway in the 1920's. The predecessor company, Capwell's Lace House, which had moved from its original location on the corner of Washington and Twelfth Street to Fourteenth and Clay in 1912, opened its new store on the corner of Twentieth and Broadway in 1929. In the same year, I. Magnin paid \$650,000 for its present store site at the northwest corner of Twentieth and Broadway. The theater chains, active in the real-estate markets of the 1920's, were quick to follow this move, and the New Orpheum theater at Broadway and Nineteenth, the Fox Oakland theater at Telegraph and Nineteenth, and the Paramount theater on Broadway north of Twentieth Street were all located in the uptown area during this period.

Some office-building construction was attracted to the uptown area during the twenties. The Elks Club building at Twentieth and Broadway and the Pacific Gas and Electric offices at Seventeenth and San Pablo were both constructed in 1922. The Latham Square building at the corner of Sixteenth and Telegraph was completed in 1925.

The attempt to move the retail-shopping district northward was arrested, however, by a large-scale modernization-and-development program sponsored by the Downtown Merchants Association from 1931 to 1937. During this period the exteriors of some 27 business structures in downtown Oakland were modernized. In 1933 the tax committee of this group was also successful in obtaining reductions in municipal tax assessments for Oakland business property. During the early 1930's the Downtown Merchants' Parking Association, an affiliate, developed parking facilities for downtown shoppers and reported in 1937 that parking spaces were made available for the accommodation of 925,000 motorists who wished to shop in downtown Oakland.

These developments, coupled with the natural ad-

vantages the downtown business district possessed at the confluence of major transportation routes, have combined to maintain Washington Street as the hub of Oakland retail trade. This is reflected in the selection of this area for long-term leasing by the major national chain stores during recent years.

LAND-VALUE TRENDS IN DOWNTOWN OAKLAND

According to *Bishop's Guide*,⁴⁰

In the latter part of 1876, the choicest business property in Oakland sold for \$800 per front foot, and corner lots facing on Broadway, between Seventh and Fourteenth Streets, were regarded as the most valuable property in the city . . . Washington Street ranked next after Broadway in values of this type, was already drawing some of the commuters from Broadway to its stores. Property on Washington Street had increased in value during the 1870's and the best lots were bringing about \$325 per front foot in 1876. Sites in the vicinity of Broadway, on the cross streets from Eighth to Tenth, sold at \$200 to \$250 per front foot.

The same publication records specific sales which took place in downtown Oakland during the year 1878. The northeast corner of Twelfth Street and Broadway, a lot of 50½ by 100 ft., sold for \$62,000 or \$1,240 per front foot. A corner lot of the same dimensions at Tenth and Washington streets sold for \$16,000 or \$320 per front foot. The northwest corner of Washington and Thirteenth Street (100 by 200 ft.) sold for \$22,500, or \$225 per front foot. Property located outside the core of the downtown district sold at considerably lower prices. The northwest corner of Twelfth and Franklin (100 by 100 ft.) sold for \$13,000, while another parcel on Franklin Street near 12th (100 by 140 ft.) sold for \$7,500. The southwest corner of Ninth and Clay streets (100 by 150 ft.) sold in 1878 for \$16,000.⁴¹

Sale values of downtown property advanced steadily during the decade of the 1880's. According to a brochure issued by a leading East Bay real estate firm, the corner of Washington and Thirteenth streets (100 by 150 ft.) was offered for \$60,000 in 1887, a price almost triple the indicated front-foot values for a decade earlier.⁴² The same firm offered a lot 50 by 115 ft. at the corner of Twenty-first Street and Telegraph Avenue for \$5,000 in the same year. The decade of the 1890's witnessed a comparative lull in the upward movement of Oakland property values, and it was not until 1905 that another boom year occurred.

A big advance in downtown Oakland real-estate values occurred in the period from 1905 to 1917 and was accompanied by heavy building investment in downtown Oakland. Much speculative interest during this period was directed toward property on the fringe of

the central business district and in outlying business property. A reviewer of Oakland real estate developments in the annual number of the *Oakland Tribune* for 1916 stated optimistically: "There are several locations in the downtown district that are paying 6 per cent on \$10,000 a foot; a larger proportion paying on \$8,000 a foot and those paying on \$4,000 to \$6,000 are quite common." The same publication for the year 1917 stated that:

In the last ten years we have seen properties on Jefferson Street advance from \$70 to \$1200 a front foot, on Twelfth Street from \$40 to \$400 and on Broadway from \$400 a foot to a refusal of \$3250 a foot. We have seen lots in the Fruitvale district sell in 1907 for \$20 a foot, worth \$250 a foot today.

One hundred and fifty feet on Broadway, north of 28th Street sold in December, 1913, for \$15,000; today this property is valued at \$45,000. Seventeenth and Telegraph Avenue was valued at \$600 a foot in 1906 and is worth \$3000 a foot today.

Further advances in Oakland real-estate values occurred during the years of World War I. According to the *Oakland Tribune Yearbook* for 1920:

The highest values for Oakland commercial property obtain in the Uptown business district in the area between 14th and Clay, 12th and Broadway, and 17th and Broadway, where generally accepted valuations range from \$2500 to \$6000 per front foot, although the present earning power of property in certain cases would justify much higher figures, in one instance, a valuation of approximately \$10,000 per front foot.

Values were \$350 to \$450 per front foot on Webster Street, \$300 to \$600 per front foot along First Street for railroad frontage, and from \$300 to \$2500 per front foot on Washington and Broadway, the higher values applying to property near Twelfth Street.

The heights of optimism in the Oakland downtown real estate market were reached in the late 1920's, a period in which the drug, cigar, variety-store, and theater chains were frantically outbidding one another for choice business locations. Again, activity was particularly evident on the fringe of the downtown district, north of Seventeenth Street. Urging the purchase of property at Twentieth Street and Broadway and on Grand Avenue, a leading broker said in a 1930 sales brochure:

And Oakland—Didn't its retail business center of highest character move from 1st and Broadway to 7th and then to 12th, to 14th—and now, expanding to 20th and Broadway—moving always north—pulled by the purchasing power of the women shoppers living in the hills of Berkeley, and Rockridge, and Piedmont, and Adams Point, and Upper East Oakland?

Best merchants can only thrive in the best opportunity for trade. They always move in one direction—Uptown.

Buy today—near 20th and Broadway.

Nine years ago we sold the northeast corner of 20th and Broadway at \$800 a foot. Today its paying good interest on \$5500. There's a real estate record to remember.⁴³

⁴⁰ As cited in Hinkel and McCann, *op. cit.*, Vol. I, p. 129.

⁴¹ *Bishop's Directory of Oakland 1880-1881* (San Francisco, 1880), pp. 6-7.

⁴² H. J. McAvoy and Co., Oakland and California Land Agency, December, 1887, No. 1.

⁴³ From clippings found in the files of John A. Gilberg, realtor, Oakland, California.

Values of Franklin and Webster streets also rose to record levels during this period. A 50- by 100-ft. lot on Webster Street near Nineteenth Street sold for \$75,000 in 1929, and an offer of \$90,000 for a lot of approximately the same size near it was turned down in 1928.

A survey of Alameda County property values in 1926-27 by James G. Stafford Associates resulted in estimates as of that date for the entire downtown district. These estimates, which have been widely accepted by Oakland Realtors for many years, are reproduced in Map III. They reveal that values had increased to a range of \$4,000 to \$7,000 a front foot for downtown Oakland property. The peak values were placed upon property at Fourteenth and Broadway, while property on Washington Street between Twelfth and Fourteenth was valued at \$5,000 to \$6,000 a front foot.

During the depression years the largest percentage decline in front-foot values apparently took place on the fringe of the central business district. The two properties on Webster Street referred to above as selling at \$75,000 and over \$90,000 in 1928-29 both sold below \$16,000 in the early 1940's. According to an opinion survey conducted in 1933 among seven leading Oakland realtors and appraisers, front-foot values of property on the fringe of the business district had declined by 50 percent or more from the levels established in the Stafford survey of 1927-28, while central locations on Broadway and Washington near Fourteenth Street had shown declines of only 30 to 40 percent. It must be recognized that these figures represented appraisals and did not fully reflect sales declines that actually occurred because of distress conditions. The consensus of these estimates of front-foot values for key locations in the downtown district are also shown on Map III.

Turnover in downtown Oakland properties was low until the mid-1940's when the World War II expansion in population and incomes drew attention to the investment opportunities in Oakland commercial property. Leading merchants, insurance companies, and other investors have acquired key locations at rising prices during the postwar years. The next section will be devoted to a detailed examination of recent sales prices and incomes for specific downtown Oakland properties. Pending that examination, it may be observed that neither the values of land alone or of improved property generally in downtown Oakland have returned to the peak levels of the 1920's. Although it will be possible to examine evidence more closely which may serve to substantiate this conclusion later, it may be noted here that indicated front-foot land values based upon current sales are below those of the 1920's.

Three key downtown properties located near

Fifteenth Street and Broadway were sold in 1952. Land values in these locations were estimated to be between \$5,000 and \$7,000 a front foot in 1927. After allowing for a conservative building value in each of the three 1952 sales, the indicated values for the land were between \$3,800 and \$5,000 a front foot. Local realtors expressed the opinion that the lower front-foot values were influenced by unfavorable lease terms and are not a fair reflection of current values in this area. A property 40 by 100 ft. near Seventeenth and Broadway, which was valued in 1927 at \$5,392 a front foot, sold at a recent sale for a price equivalent to \$4,000 a front foot.

Land values on Washington Street, on the other hand, appear to be above 1928 levels. Several parcels in this area have been sold to insurance companies since World War II. These sales indicate values on Washington Street between Twelfth and Fourteenth at \$6,000 to \$9,000 a front foot, which is considerably above the 1928 estimates of value shown in Map III. These recent sales reflect the strong lease terms prevailing and the record volume of business in that area during and since the war.

Values have been slower in recovering to the peaks of the 1920's on Franklin and Webster Streets. Current sales prices, as shown on Map III, are below the estimated front-foot values in 1928. Values on upper Broadway, as indicated by recent sales, equal the level of the late 1920's but have not risen to the heights predicted by optimists of that period.

To the extent that it is possible to do so, indicated front-foot values based upon sales during the post-World War II years are included on Map III. Although there is a wide range of opinion concerning these estimates, based in no small measure upon the difficulty of segregating land value from the total value of improved real property, they provide some background from which the history of specific properties may be viewed in the next section of this study.

The central business district of Oakland has apparently shown strong centripetal tendencies over the past century. A companion study of the long-term influence of transportation and parking developments upon the business districts of Oakland and San Francisco will undoubtedly draw attention to the important part that these developments have played in maintaining the heaviest concentration of foot traffic in the district centered around Fourteenth Street and Broadway and Thirteenth Street and Washington Avenue. The coming of the railroads in the 1870's and the rapid expansion in East Bay population following the turn of the century inaugurated rapid rises in downtown Oakland land values. During the periods of greatest activity

in the market, the years from 1905 to 1918 and from 1920 to 1930, price movements were wide, and speculation was most active in properties on the fringe of the downtown 100-percent shopping district. Following severe declines in values during the depression 1930's, prices have recovered during the post-World War II

period, and in some cases have reached the all-time peak levels of the 1920 era. Examination of specific properties in the following chapter will reveal more clearly the magnitude of the current rise in values and the shifts in values which are occurring within the downtown business district.

Sales Prices and Incomes of Downtown Oakland Properties

DESCRIPTION OF SAMPLE

The sample of properties chosen for analysis in Oakland was selected in the same manner as in San Francisco. An advisory committee was appointed by the Oakland Real Estate Board to aid in the selection of the sample properties and in assembling the necessary data.

The 29 sample properties selected in Oakland are shown on Map III and included 20 improved parcels and 9 vacant lots. The difficulty encountered in segregating land value from the total value of improved property in San Francisco and the relatively large area of vacant land in downtown Oakland recommended the separate treatment of vacant and improved property. The sample included the following use types:

Use Types	Number of Properties
Office use only.....	0
Office and retail store.....	3
Retail use only.....	7
Retail and Loft.....	8
Retail and Hotel-Apt.....	2
Vacant Land.....	9

Examination of the ages of the buildings included in the Oakland sample reveals the stability of the downtown business district of Oakland, with a median age of 40 yr. Most of the older properties have been modernized and extensively altered since 1930.

Date of Construction	Number of Buildings
Date not available.....	1
Before 1900.....	4
1900-1905.....	2
1906-1910.....	1
1911-1915.....	3
1916-1920.....	2
1921-1925.....	5
1941-1945.....	1
Total improved properties.....	19

The following tabulation of building heights indicates the predominance of two- and three-story buildings in the sample. This reflects the heavy concentration of retail store properties in the sample and the fact

that building heights in Oakland are typically lower than in San Francisco.

Number of Stories above Basement	Number of Buildings
1	3
2	4
3	8
4	3
5	1
Total number of improved properties	19

Office buildings were not included in the Oakland sample because of the relatively small importance of this class of business use in Oakland and because of the lack of data. A somewhat exaggerated indication of the relative unimportance of office buildings in Oakland is found in a report issued in 1952 by the National Association of Building Owners and Managers. This report included operating data for 93 office buildings in San Francisco with a total rentable area of 7,112,295 sq. ft., compared with only five buildings reporting from Oakland with 255,681 sq. ft. of rentable area.⁴⁴ The data for Oakland probably include somewhat less than a third of the total number of large office buildings in Oakland, but a higher percentage of total rentable area.

SALES-PRICE TRENDS

Table 7 shows the trend in sales prices and estimates of market value for the 29 sample properties selected for study in Oakland. The table also shows gross and net income multipliers for the improved properties for selected years during the period from 1920 to 1950.

Price trends are similar to those observed for San Francisco, with many of the improved properties selling during the post-World War II period close to the 1928 levels. However, peak prices of the late 1920's have not been reached for over half of the 19 improved properties in Oakland. The median of sales price relatives for the improved properties in Oakland for 1950, based upon 1925 as 100, was 86.7, with a quartile deviation of 28.6. This indicates that the sales prices for Oakland properties in 1950 showed a less favorable comparison

⁴⁴ National Association of Building Owners and Managers, *1961 Office Building Experience Exchange Report* (Chicago: NABOM, 1952).

TABLE 7
MARKET VALUE HISTORIES AND SELLING PRICE MULTIPLIERS OF 29 SAMPLE PROPERTIES IN OAKLAND, 1920-50

Property No.	Improved Properties, Type of Structure	1920-30		1930-40		1940-50	
		Price	Year	Price	Year	Price	Year
1.	4 Story and Base., Steel Frame and Brick, 1915—Stores and Hotel	\$178,000	'19	\$90,000	'39	\$160,000	'47
	Gross Income Multiplier ^b	179,000 ^a	'27			167,000	'50
	Net Income Multiplier ^c	12.89	'19	8.28	'39	7.87	'50
		16.95	'19	10.67	'39	10.34	'50
2.	3 Story and Base., Brick, Tile Front, 1882—Store and Loft	203,000 ^a	'27			105,000	'45
	Gross Income Multiplier					130,000	'45
	Net Income Multiplier					165,000	'50
						8.73	'50
3.	Two 3 Story & Base. Bldg., Brick, 1907—Store and Loft	400,000	'27			650,000	'43
	Gross Income Multiplier					1,100,000 ^a	'52
	Net Income Multiplier	16.67	'27			6.27	'43
		17.39	'27			7.31	'43
4.	1 Story, no Base., Brick, 1916—Stores	175,000	'15			105,000	'43
	Gross Income Multiplier	400,000	'28			128,000	'44
	Net Income Multiplier					225,000 ^a	'52
		18.18	'28			6.34	'44
6.	3 Story and Base., Concrete, 1922—Clothing Stores	750,000	'26	350,000	'32	650,000 ^a	'52
	Gross Income Multiplier					12.56	'52
	Net Income Multiplier	22.22	'26	63.63	'32	18.95	'52
		22.40	'26				
7.	2 Story, Base. & Mezz., Steel Frame & Brick, 1925—Store and Loft	141,000 ^a	'27			170,000 ^a	'52
	Gross Income Multiplier					5.20	'52
	Net Income Multiplier					5.75	'52
8.	1 Story, no Base., Brick, 1922—Retail Stores	140,000	'27	90,000	'36	115,000	'43
	Gross Income Multiplier					140,000 ^a	'52
	Net Income Multiplier	16.67	'27	18.75	'36	7.67	'43
		19.44	'27	29.54	'36	8.71	'43
9.	1 Story, no Base., Frame, 1905—Retail Store	53,000 ^a	'27	51,000	'37	90,000 ^a	'52
	Gross Income Multiplier					12.86	'52
	Net Income Multiplier					18.75	'52
10.	5 Story and Base., Reinforced Concrete, Class A, 1913—Stores, 116 Rm. Apt.	464,000 ^a	'27			500,000 ^a	'52
	Gross Income Multiplier					7.68	'52
	Net Income Multiplier					10.91	'52
11.	3 Story and Base., Reinforced Concrete, 1945—Retail Store	135,000	'24			125,000	'44
	Gross Income Multiplier	260,000	'26			145,000 ^a	'52
	Net Income Multiplier	441,000	'28			(land only)	
12.	2 Story Brick, 1911—Store and Loft	150,000	'21			200,000 ^a	'52
	Gross Income Multiplier	301,000 ^a	'27			8.16	'52
	Net Income Multiplier	25.00	'21			12.02	'52
		39.47	'21				
13.	3 Story and Base., Concrete, 1925—Store and Loft	306,000	'21			600,000 ^a	'52
	Gross Income Multiplier	529,000 ^a	'27			11.14	'52
	Net Income Multiplier	13.30	'21			16.58	'52
		19.12	'21				
14.	4 Story and Base., Brick, 1908—Store and Offices	63,000	'21	40,000	'38	22,500	'42
	Gross Income Multiplier	123,000 ^a	'27			40,000	'44
	Net Income Multiplier					52,500	'50
						5.53	'50
15.	2 Story and Base., Brick, 1892—Stores and Offices	210,000	'08			275,000 ^a	'52
	Gross Income Multiplier	775,000 ^a	'27			7.77	'52
	Net Income Multiplier	25.83	'27			14.52	'52
		25.83	'27				

TABLE 7--Concluded

Property No.	Improved Properties, Type of Structure	1920-30		1940-50		1930-40	
		Price	Year	Price	Year	Price	Year
16.	2 Story and Base., Brick, 1892—Stores and Loft Bldg.	\$189,000	'20			\$225,000 ^a	'52
		368,000 ^a	'27				
	Gross Income Multiplier	8.27	'20			5.61	'52
	Net Income Multiplier	10.35	'20			7.71	'52
17.	3 Story and Base., Brick, 1894—Retail Store	1,131,000 ^a	'27			1,200,000 ^d	'47
						1,500,000 ^a	'52
	Gross Income Multiplier	14.73	'27			6.44	'47
	Net Income Multiplier	17.86	'27			7.16	'47
18.	3 Story and Base., Brick, 1902—Store and Loft	279,000 ^a	'27			300,000 ^a	'52
	Gross Income Multiplier	9.30	'27			8.33	'52
	Net Income Multiplier	10.73	'27			10.71	'52
19.	3 Story and Base., Brick & Concrete, 1925—Store and Loft	418,000 ^a	'27			650,000 ^a	'52
	Gross Income Multiplier	14.67	'27			8.61	'52
	Net Income Multiplier	14.67	'27			10.67	'52
20.	3 Story, Mezz. & Base., Brick, 1916—Retail Store	437,000	'27			185,000 ^a	'52
	Gross Income Multiplier	20.00	'27			11.21	'52
	Net Income Multiplier	28.32	'27			23.16	'52
21.	4 Story and Base., Class C—Store and Office Bldg.	1,750,000	'27				
	Gross Income Multiplier						
	Net Income Multiplier						
<i>Unimproved Properties, Description of Property^o</i>							
22.	100 x 150 ft., 2 Story House, 1906	3,500	'05	\$15,000 ^a	'38	85,000 ^d	'51
		4,500	'17				
		100,000	'27			150,000 ^a	'52
23.	210 x 83 ft. (Irr.), Vacant	75,000	'22	705,000 ^f	'38	52,000	'43
		574,000	'27				
24.	150 x 128 ft., Vacant	40,000	'22	60,000 ^f	'33	16,000	'43
		100,000	'24			120,000	'50
		150,000	'25				
25.	50 x 125 ft., Vacant	65,000	'22			40,000	'44
		120,000	'26				
		190,000	'27			62,500 ^a	'52
26.	92 x 133 ft. (Irr.), Vacant	54,000	'23	61,000	'33	20,000	'44
		108,000	'24			75,000 ^a	'52
		200,000	'27				
27.	119 x 156 ft. (Irr.), Vacant	240,000	'21	35,000	'38	125,000	'45
						95,000 ^a	'52
28.	100 x 150 ft., 1 and 2 Story Frame Bldg.	65,000	'24	70,000 ^g	'30	33,500 ^g	'43
		100,000	'27			18,000	'35
						25,000	'37	65,000^{a}	'52
29.	100 x 100 ft., Vacant	300,000	'26	85,000	'40	65,000	'44
						100,000	'45
						130,000	'46
						120,000	'52
30.	50 x 100 ft., Vacant	80,000	'24	52,000 ^f	'33	10,000	'44
		135,000	'26			22,500	'48
						45,000	'51

^a Appraisal.^b Gross Income Multiplier = $\frac{\text{Sale Price}}{\text{Gross Income}}$. The date following each multiplier indicates the year of the sale or other value indicator, e.g., appraisal, upon which price the calculation is based.^c Net Income Multiplier = $\frac{\text{Sale Price}}{\text{Net Income}}$.^d Offer made.^e Properties #22-30 represent primarily unimproved parcels.^f Foreclosure.^g Trade involved.

NOTE: Sample Property 5 was excluded because of the lack of data.

with 1925 than did those studied in San Francisco.⁴⁵ The exclusion of office buildings from the Oakland samples may account in part for less-favorable market-price performance in Oakland.

The widest price movements over the period were experienced in vacant properties on the fringe of the central business district, while more stable market conditions characterized the properties on Washington Street and on Broadway between Fifteenth and Seventeenth streets. The speculation during the 1920's in property on the fringe of the downtown business district was a magnified counterpart to that observed on Market west of Sixth Street in San Francisco during the same period. The degree of this speculative interest in property on the fringes of Oakland's central business district is apparent from the price histories for the vacant land parcels (Properties 22 to 30 inclusive). Examination of Table 7 reveals that in none of the cases studied have current market values for the vacant land parcels equalled 1926-27 levels, and in many cases current prices are substantially below those for the earlier period. These data not only reflect the more stable market performance of improved as compared with vacant property, but also confirm the earlier observation that the downtown shopping district has not expanded northward so rapidly as expected.

The interpretation of the sales price changes for the improved properties is difficult, owing to the fact that values were influenced by building cost changes and because of the extensive alterations made to many of the properties during recent years. It appears that the apparently favorable market-price trend for Properties 13, 17, and 19 was due in substantial measure to extensive improvements made in the properties. When these factors are taken into consideration, the comparison between downtown Oakland property values in the post-World War II years with values established in the late 1920's is unimpressive. As much as anything else, however, this comparison reveals the more-cautious optimism of the current real-estate boom as contrasted with the unbridled optimism of the 1920's.

ANALYSIS OF INCOME AND EXPENSE

Table 8 shows that comparable gross- and net-income data are available over the period from 1925 to 1950 for only 12 of the sample properties in Oakland. Although 10 of these 12 properties showed gross income for 1950 above the 1925 level, the increases in gross income over this quarter century period ranged from a mere 17 percent to increases of approximately 350

percent. The net incomes of seven of the 12 sample properties referred to above were higher for 1950 as compared with 1925, while reported net incomes were lower for five properties. The range of the percentage changes in net income was extremely wide. Net income in 1950 for one property was only 51.4 percent of the 1925 level while one property recorded income in 1950 as 720 percent of the 1925 figure.

Medians of relatives of gross and net incomes for the Oakland properties, based upon 1925 as 100, are shown below. The quartile deviations show a substantially wider range of fluctuation for the Oakland than for the San Francisco properties. In addition, median 1950 gross and net incomes for the Oakland properties are higher relative to the period of the 1920's than for the San Francisco sample. The range of fluctuation is so large for both Oakland and San Francisco that typical income experience cannot be described with any degree of statistical accuracy.

	1925	1930	1935	1940	1945	1950
Median gross income.	100	102.1	60.0	90.3	112.7	161.0
Quartile deviation...		21.4	20.0	29.8	78.0	54.6
Median net income...	100	85.6	50.0	76.2	136.1	131.0
Quartile deviation...		30.6	13.3	28.7	88.2	54.9

The wide variation in income performance for the sample properties in Oakland appears to follow the pattern observed for the San Francisco properties. In examining the record for the latter group, it was pointed out that present property incomes frequently are influenced by lease terms made in the past or by management factors and may bear limited relationship to property sale values, which reflect future income expectations. It can also be observed from Table 8 that gross and net income trends are in some cases divergent. In three cases, substantial increases in gross income over the period from 1925 to 1950 were accompanied by declines in net income. Obviously, this trend reflects rising expenses over the period.

Property taxes are a major element in expenses for the Oakland properties, representing about 20 to 30 percent of gross income and 30 to 40 percent of net income in 1950. Table 9 shows that property taxes have increased as a percentage of both gross and net income for most of the properties since 1925. The wider range in percentages for 1935 and the lack of any noticeable trend from the depression period to the present is a reflection of the widely varying income performance for the properties during the depression. The few properties in Table 9 which show taxes representing unusually high percentages of both gross and net incomes are those

⁴⁵ Median of sales price relatives for San Francisco for 1950, based upon 1925 as 100, was 104.15, with a quartile deviation of 16.5.

TABLE 8

GROSS INCOME, OPERATING EXPENSES AND NET INCOME FOR 20 SAMPLE PROPERTIES IN OAKLAND FOR SELECTED YEARS, 1920-50

Property No.	Type of Structure		1920	1925	1930	1935	1940	1945	1950	Gross 1950 as % 1925	Net 1950 as % 1925
1.	4 Story and Base., Steel Frame and Brick—1915, Stores and Hotel	Gross Income	\$13,800 ('19)	\$24,000	\$25,000	\$10,860	\$13,480 ('41)	\$18,602 ('48)	\$21,250	90%	78%
		Expenses*	3,300	3,285	5,518	2,427	2,307	4,963	5,108		
		Net Income	10,500	20,715	19,482	8,433	11,083	13,638	16,142		
		Property Taxes	2,402	2,785	5,018	2,127	2,227	2,495	4,019		
2.	3 Story and Base., Brick with Tile Front—1882, Store and Loft	Gross Income					6,240 ('43)	10,140	18,900	446%	364%
		Expenses					1,781	1,800	3,911		
		Net Income					4,459	8,340	14,989		
		Property Taxes	2,001	2,367	5,019	1,833	1,645	1,859	3,569		
3.	Two 3-Story and Base., Bldgs., Brick—1907, Store and Loft	Gross Income	33,000	24,000	90,000	48,833	66,000	103,615	107,000	121%	98%
		Expenses	1,000	1,000	3,150	12,600	12,940	14,700	23,500		
		Net Income	32,000	23,000	86,850	36,233	53,060	88,915	83,500		
		Property Taxes	Exempt	Exempt	21,473	11,598	12,030	13,074	22,331		
4.	1 Story, No Base., Brick—1916, Stores	Gross Income	11,040	22,000	30,000	10,000	12,620	20,185	27,856	153%	98%
		Expenses	1,532	None	11,968	5,664	4,363	4,635	6,415		
		Net Income	9,508	22,000	18,036	4,335	8,256	15,550	21,441		
		Property Taxes	1,432	3,951	11,464	5,463	4,314	4,138	5,916		
6.	3 Story and Base., Concrete—1922, Clothing Stores	Gross Income		33,750	5,500 ('33)	5,668 ('36)	34,444	83,640	51,768	178%	154%
		Expenses		270	16,328	15,117	8,992	9,165	17,467		
		Net Income		33,480	-10,828	-9,449	25,452	74,475	34,301		
		Property Taxes	3,441	6,361	15,336	9,592	8,699	8,849	16,933		
7.	2-Story, Mezz. and Base., Steel Frame & Brick—1925, Store & Loft	Gross Income				12,000	13,500	14,100	32,700	Owner Occupied	
		Expenses				2,149	1,981	2,310	3,153		
		Net Income				9,851	11,518	11,789	29,546		
		Property Taxes	627	1,440	3,504	1,949	1,781	2,060	2,853		
8.	One Story, No Base., Brick—1922, Retail Stores	Gross Income		8,400	3,000	4,800	8,800	15,000	15,000	169%	168%
		Expenses		1,188	3,145	1,753	1,604	1,777	3,939		
		Net Income		7,212	-145	3,047	7,276	13,223	11,061		
		Property Taxes	561	1,137	3,094	1,729	1,569	1,676	3,837		
9.	One Story, No Base., 1905—Frame, Retail Store	Gross Income			3,000	3,600 ('36)	3,600	10,000	7,000	445%	720%
		Expenses			1,850	800	1,300	1,000	2,200		
		Net Income			1,150	2,800	2,300	9,000	4,800		
		Property Taxes	373	563	1,753	918	890	930	2,089		
10.	5-Story and Base. Reinforced Concrete, Class A-1913, Stores & 116 Rm. Apt.	Gross Income				22,516	34,723	40,665	65,071	117%	63%
		Expenses				10,245	12,433	14,342	19,252		
		Net Income				12,271	22,290	26,323	45,819		
		Property Taxes	2,456	3,697	10,858	6,981	6,376	6,363	10,798		
11.	3-Story and Base. Reinforced Concrete—1945, Retail Stores	Gross Income	No Income	No Income	No Income	No Income	No Income	No Income	Owner Occupied	117%	63%
		Expenses									
		Net Income									
		Property Taxes	1,315	1,395	7,128	3,357	2,066	2,016	12,233		
12.	2-Story. Brick—1911, Store and Loft	Gross Income	6,000 ('21)	14,550	8,045		10,690 ('43)	14,855	24,500 ('51)	445%	720%
		Expenses	2,191	4,635	7,804		3,042	3,785	7,862		
		Net Income	3,809	9,915	241		7,648	11,070	16,638		
		Property Taxes	1,483	2,093	13,127	3,681	2,864	2,863	7,153		
13.	3-Story and Base., Concrete—1925, Store and Loft	Gross Income	23,034 ('22)	12,067	43,200	18,900	28,383	67,706	53,861	117%	63%
		Expenses	7,015	6,643	14,071	8,607	8,372	8,439	14,636		
		Net Income	16,019	5,424	29,128	10,292	20,010	59,267	39,224		
		Property Taxes	3,461	4,446	7,425	7,314	6,915	7,644	13,334		
14.	4-Story and Base., Brick—1908, Stores and Offices	Gross Income					7,200 ('43)	9,510	9,510	117%	63%
		Expenses					1,107	1,158	1,625		
		Net Income					6,093	8,351	7,885		
		Property Taxes	1,012	1,177	2,696	1,168	984	1,058	1,544		
15.	2-Story and Base., Brick—1892, Stores and Offices	Gross Income	32,422	30,000	30,000	18,162 ('36)	22,650	37,131	35,387	117%	63%
		Expenses	5,000	None	None	8,114	9,690	7,953	16,444		
		Net Income	27,422	30,000	30,000	10,048	12,929	29,177	18,943		
		Property Taxes	4,857	5,964	12,681	5,125	4,542	5,057	8,546		

TABLE 8—Concluded

Property No.	Type of Structure		1920	1925	1930	1935	1940	1945	1950	Gross 1950 as % 1925	Net 1950 as % 1925
16.	2-Story and Base., Brick—1892, Stores and Loft Bldg.	Gross Income	22,857 ('19)			16,004 ('36)	18,852	50,777	40,134		
		Expenses	4,602			10,034	5,385	8,169	10,946		
		Net Income	18,255			5,970	13,467	42,608	29,188		
		Property Taxes	4,402	5,353	11,458	4,048	4,706	5,330	8,005		
17.	3-Story and Base., Brick—1894, Retail Store	Gross Income		76,800	96,600	74,218	97,739	186,287	167,591	218%	200%
		Expenses		13,505	29,042	15,708	33,689	31,241	41,533		
		Net Income		63,295	67,558	58,510	64,050	155,045	126,057		
		Property Taxes	10,648	13,004	28,541	15,208	16,218	19,183	40,491		
18.	3-Story and Base., Brick—1902, Store and Loft	Gross Income		30,000	30,000	18,000	15,240	27,160	36,000	120%	108%
		Expenses		4,025	8,290	4,556	4,463	5,170	8,006		
		Net Income		25,975	21,710	13,444	10,776	22,440	28,004		
		Property Taxes	3,174	3,725	7,989	4,356	4,263	4,870	7,706		
19.	3-Story and Base., Brick & Concrete—1925, Store and Loft	Gross Income	28,500	28,500	31,500	23,900	32,400	99,000	75,500	262%	211%
		Expenses	None	None	16,838	8,595	7,342	9,630	14,588		
		Net Income	28,500	28,500	14,662	15,304	25,057	89,365	60,911		
		Property Taxes	5,379	6,511	16,038	7,795	6,542	8,834	13,788		
20.	3-Story, Mezz. & Base., Brick—1916, Retail Store	Gross Income		21,850 ('28)	21,000	14,875	11,282	32,442	16,500	75.6%	51.4%
		Expenses		6,420	8,214	5,663	5,305	8,027	8,513		
		Net Income		15,430	12,786	9,212	5,976	24,415	7,986		
		Property Taxes	2,287	2,839	7,906	4,885	4,206	4,589	7,501		
21.	4-Story and Base., Class C, Store and Office Bldg.	Gross Income			64,884 ('33)	66,846	64,813	91,260	79,935		
		Expenses			36,964	28,924	28,030	29,334	43,335		
		Net Income			27,920	37,922	36,783	61,926	36,600		
		Property Taxes			27,456	18,675	17,139	17,783	29,100		

^a Includes all operating expenses, when incurred by owner, plus local property taxes and insurance. Does not include income taxes, depreciation, or financing costs. NOTE: Sample Property 5 was excluded because of the lack of data.

properties showing the most unfavorable income trends over the period. These cases probably reflect leasing and management factors primarily, although they could, in addition, reflect unequal assessments.

Comparison of Table 3, which shows property taxes as a percentage of gross and net incomes for the San Francisco properties, with Table 9 for Oakland indicates that property taxes are higher on business property in San Francisco than in Oakland as a percentage of gross or net income. The fact that property taxes are higher in San Francisco is confirmed by comparing the property taxes paid per square foot of building space for San Francisco and Oakland office buildings. According to a report by the Building Owners and Managers Association, property taxes for 87 office buildings in San Francisco in 1950 equalled 43 cents per sq. ft. of building area, while taxes for five office buildings in Oakland averaged less than 33 cents per sq. ft.⁴⁶

It was noted that gross- and net-income multipliers for the San Francisco properties were higher in the 1920's than for 1950. The inference was drawn from this that investors in downtown real estate were more optimistic during the 1920's; i.e., they expected either a

TABLE 9

PROPERTY TAXES AS A PERCENTAGE OF GROSS INCOME AND NET INCOME FOR 20 SAMPLE PROPERTIES IN OAKLAND; 1925, 1935, and 1950

Property No.	1925		1935		1950	
	Gross	Net	Gross	Net	Gross	Net
1	12%	13%	19%	25%	19%	25%
2			26 ('43)	37 ('43)	19	24
3			24	32	21	27
4	18	18	55	126	21	28
6	18	19	17		33	49
7			16	20	9	10
8	13	16	36	57	26	35
9			26 ('36)	33 ('36)	30	43
10			31	57	17	24
11						
12	14	21			29	42
13	37	82	39	71	25	34
14					16	20
15	20	20	28	51	24	45
16	19 ('19)	24 ('19)	31 ('36)	83 ('36)	20	28
17	16	21	20	26	24	32
18	12	14	24	33	21	27
19	23	23	33	51	18	23
20	13	18	33	53	45	94
21			78	49	36	79

NOTE: Sample Property 5 was excluded because of the lack of data.

⁴⁶ National Association of Building Owners and Managers, 1950 Office Building Experience Exchange Report (Chicago: NABOM, 1951).

rise in income from the properties or they were capitalizing the expected future incomes at a lower rate in current sales. Table 7 shows a more nearly unmistakable decline in the gross- and net-income multipliers for Oakland properties over the period from 1925-50 than was observed for the San Francisco sample. Medians of relatives of gross and net income multipliers for 1950, based upon 1925 as 100, were 56.0 and 62.3 respectively. The quartile deviation of relatives of gross-income multipliers was 11.7, while the similar measure for relatives of the net-income multiplier was 18.5. Median relatives of multipliers for Oakland are substantially below those for San Francisco and the observed dispersion, as measured by the quartile deviation, is smaller. These measures substantiate the observation that the speculative optimism in the Oakland real estate market in the 1920's was great relative to the present time. Gross-income multipliers of 15 or 20 were common in the 1920's, while only four Oakland properties showed gross multipliers above 10 in 1950 and multipliers of 8 were typical. Net-income multipliers showed the same trend. Although they were, of course, higher than gross multipliers in all instances for the same year, the net-income multipliers for 1950 were substantially below the figures for the 1920 period.

Summary and Conclusions

The major objective of the present study has been to reexamine the hypothesis that central city land values are declining. More broadly, the author has sought to analyze the factors influencing these land values in Oakland and San Francisco during the past quarter century and to relate the changes noted to the process of urban decentralization.

SUMMARY OF RESULTS

The central business districts of San Francisco and Oakland have common characteristics. Both districts have been well defined in their approximate locations for over a half century. There has been a strong tendency in both cities for the central business district to remain compact, a tendency influenced in large measure by the confluence of major rapid-transportation routes at or near the center of the shopping areas. The influence of changes in transportation was clearly observed in San Francisco in the decline of values on Kearny Street following the completion of the Stockton Street tunnel in 1914 and on lower Market after the change from ferry to bridge transportation in 1935. The improvement of transportation and parking facilities in the vicinity of Union Square since 1937 has also

SUMMARY OF VALUE, INCOME, AND EXPENSE STUDY

Limitations of data preclude authoritative conclusions about long-term trends in Oakland downtown property values and incomes. Large office buildings were not represented in the Oakland sample. However, data from the limited sample of Oakland properties appear to confirm observations based upon other market information cited earlier. The sustained and rapid rise in Oakland downtown land values, which reached an all time peak in the late 1920's, appears to have been halted. Current incomes from downtown property in Oakland compare more favorably with the 1920's than do selling prices. Price movements appear to have been narrower and income trends more favorable for properties in the heart of the downtown business district than for those on the fringes. Property taxes are an important and increasing item of expense for most of the Oakland properties, but the level of property taxes appears to be higher in San Francisco than in Oakland. The indications are that speculation of the 1920's was more extended in Oakland, particularly in the fringe of the business district, than in San Francisco. Relative to earlier periods, current incomes are conservatively capitalized in today's selling prices for downtown Oakland real estate.

undoubtedly contributed to the strength noted in property values in that vicinity. In Oakland, the junction of mass-transit routes at the intersection of San Pablo Avenue, Broadway, and Fourteenth Street has been an important factor in maintaining values in downtown Oakland.

San Francisco has had a well-established financial-and-office-building district since the 1880's, while this type of development did not have its beginnings in Oakland until the period of rapid expansion following San Francisco's earthquake and fire of 1906. The office-building section of San Francisco is much-more-fully developed than in Oakland. Limited numbers of new office buildings have been constructed in both cities since the 1920's, although the demand for office space has been great during and since World War II.

The shopping districts of San Francisco and Oakland have remained virtually stationary for over 50 yrs. Market Street between Fourth and Fifth streets has been the hub of the volume retail market in San Francisco since 1890. The exclusive shopping district has expanded north of Market Street on O'Farrell, Geary, Post, and Sutter streets. Washington Street and Broad-

way between Tenth and Fourteenth have served as the center of Oakland's shopping district since the 1890's.

Rivalry between the uptown and downtown business groups in Oakland has resulted in strong business participation in parking and transportation developments and in an important modernization program in the downtown business district during the depression years. This has been a significant factor in holding the large-volume merchandisers in the district centered at Twelfth and Washington streets.

In both San Francisco and Oakland, downtown real estate values rose rapidly between the years from 1870 to 1890 and from 1905 to 1927. The great earthquake in 1906 inaugurated a period of heavy capital investment in downtown San Francisco and was coincident with a period of rapid population growth in the East Bay. Downtown San Francisco real estate had reached levels as high as \$4,000 a front foot by the 1890's, equal to three or four times the front-foot selling price for key property in Oakland. By 1916, however, speculative enthusiasm regarding the future of the East Bay had brought Oakland values to a level equal to those in San Francisco and, in some cases, to levels never equalled since that time. Speculation of the late 1920's was evident in peak prices of the years from 1927 to 1929 in both cities. This was particularly evident in Oakland and in properties on the fringe of the business districts of both Oakland and San Francisco.

Data on sales prices and gross and net incomes for the sample of properties in both cities covered the period from 1920 until 1950. The task of assembling data proved difficult and in many cases, it was impossible to obtain complete sales-price-and-income histories over the period. In spite of these limitations, the results appear to justify conclusions which are consistent with other observations.

By 1950, sales prices of downtown real estate in San Francisco and Oakland had risen from depression lows to values close to those established at the peak in the late 1920's. The fact that current sales prices for the sample of properties studied in San Francisco were higher relative to the 1920's than was true for the Oakland sample is probably a reflection of some differences in the composition of the sample in the two cities and the well-established investment position of San Francisco property, as well as the greater degree of optimistic speculation in Oakland real estate during the boom of the 1920's. The range of price fluctuations was found to be substantially higher over the period for properties on the fringe of the business districts and for vacant land. The very high prices reached by fringe business property during the 1920's undoubtedly re-

flected the hopeful assumptions of that era that the central business districts of both cities would experience large physical expansion.

Shifts were noted in property values within each central business district. In San Francisco, properties on upper and lower Market Street have shown declining tendencies during the past 25 yr., while rising prices were witnessed in the financial district and on Stockton, Grant, Geary, Post, and Sutter streets. In Oakland, Washington Street properties have shown the best market performance, while fringe properties are lower relative to the earlier boom period.

It is notable that many postwar sales of property on the fringe of the central business districts of Oakland and San Francisco have been for garage and parking development. The prices at which this property has been sold would seem to indicate that parking as a private business offers strong inducements to business-property investors.

Gross and net incomes received from San Francisco and Oakland downtown real estate have risen more in comparison to the 1920 levels than have sale prices. However, because of leasing and management factors, there is less uniformity of trend in income data for the properties studied. Oakland showed a more-favorable income performance in comparison with the 1920's than did San Francisco. Separate office-building data were available only for San Francisco. Incomes for office buildings in that city for 1950 were substantially above the 1920 levels. This observation is consistent with national trends and reflects the lag in office-building construction and the heavy demand for space in the postwar period. It is also confirmed by the study of long-term occupancy trends in San Francisco Office Buildings published in the *Bay Area Real Estate Report* for the first quarter of 1953.⁴⁷

Although gross incomes for most of the properties have increased from 50 to 100 percent as compared with the 1920's, net incomes have shown a varied trend, owing to changes in operating expenses over the period. Among the most-important factors has been the rise in property taxes, which in many cases equalled net incomes for the San Francisco properties. Although property taxes also increased in Oakland, the absolute and relative magnitudes of change were below those for San Francisco. Leasing terms were another important influence affecting income performance. Renegotiation of fixed-dollar-amount leases to a percentage type lease resulted in very large incomes to certain well-situated

⁴⁷Fred Boler, "Office Building Occupancy Trends," *Bay Area Real Estate Report*, First Quarter, 1953, Bay Area Real Estate Research Committee, 130 Montgomery Street, San Francisco.

properties with favorable percentage leases during the war and postwar years.

Sales prices as multiples of gross and net incomes were calculated for the period of the 1920's, for 1935, and for 1950. In general, it was found that gross- and-net-income multipliers were lower in 1950 than for the 1920's, although the decline was more clearly evident in Oakland. This indicates greater caution by real-estate investors today than in the earlier period. Implications of this greater conservatism will be discussed below.

The data examined fail to reveal any weakness in the market for centrally-located downtown property in San Francisco or Oakland. The fact that sales prices today have, in many cases, failed to exceed the peak levels of the 1920's is testimony to the heights of speculation during the earlier period and may be compared with the record of the stock market during the same era. It is important to observe, however, that the forces of business expansion in Bay Area central cities which caused such a sustained rise in land values for the period from 1870 to 1927 have apparently lost momentum during the past 25 yr.

Several factors appear to have acted to hold business and maintain values in the central business districts during recent years. Older buildings, which may be fully depreciated on the books of present owners, represent attractive investments to prospective new owners, since tax laws permit new owners to establish depreciation charges based upon purchase prices. Such permitted depreciation charges represent so-called tax-free income to investors. Further, the prospects of having to pay high capital-gains taxes upon the sale of properties has discouraged present owners from selling, thus tending to raise offering prices. During recent years of high construction costs, investors have found it profitable to acquire old buildings in preference to building new structures (in other locations), and consequently, they have bid up the prices of older buildings in central business districts. The combination of these factors has served to hold business and encourage investment in downtown real estate.

The conception that expansion of population and volume of business in central cities automatically results in higher land values seems to require major modification in view of the evidence assembled here for San Francisco and Oakland. Similarly, the contentions of Dorau and others that capital invested in large cities is less and less able to earn a fair return do not hold for the cities studied. Somewhat surprisingly, the results seem to confirm the over-all trend in current dollar prices of nonresidential urban real estate referred to in Goldsmith's estimates of national wealth.

ASSESSMENTS AND PROPERTY VALUES

It was noted that assessed values of real estate are frequently used to reflect property values. Assessed values can provide little more than the broadest indication of property value changes over long periods and then are infrequently comparable between different cities or for the same city over extended periods because of wide variations in assessment practices. Data in Appendix A show that assessed values in San Francisco remained stable over the period from 1925 to 1950, a period in which market sales prices fluctuated widely. Indication of the lack of standardized assessment practices in Oakland is found in a report issued in 1950, which recommended a complete reappraisal of all property in Alameda County at an estimated cost of over \$2,000,000.⁴⁸ Because these are general rather than isolated instances of difficulties, changes in assessed values of central city property cannot be used with any degree of reliability to describe long-term changes in property values, unless a very careful evaluation is made of the basis for fixing values and of the consistency of valuation procedures over the period.

PROBLEMS OF INTERPRETATION

Central city property values reflect the capitalization of future expected returns. They are influenced by the supply of funds seeking investment, by the returns available in competitive investment outlets, and by changes in anticipations of investors and speculators concerning future returns. Income in the past or present may be a poor guide to current sale values for real estate, since incomes may change in the future and current returns may reflect poor management or leases soon to expire.

The interpretation of property value changes over long periods is complicated by interest rate changes and changes in the value of money. Although it cannot be demonstrated statistically, the conclusion was reached that capitalization rates for most classes of business property have risen during the period from 1920 to 1950. This is not entirely surprising, since capitalization rates reflect an estimation of risk as well as the probable yield in alternative "safe" forms of investment. Investors in corporate stocks are capitalizing current returns at high levels, demonstrating a similar attitude of uncertainty about the future.⁴⁹ High individual and

⁴⁸ California State Board of Equalization, *Property Tax Assessment, Alameda County*, Report of a survey conducted under the direction of Section 3693 of the Political Code, Sacramento, April 1, 1950.

⁴⁹ *Federal Reserve Charts on Bank Credit, Money Rates and Business, Historical Supplement* (Washington: Board of Governors of the Federal Reserve System, September, 1952), pp. 39-41.

corporate income-tax rates probably have a bearing upon this upward shift in capitalization rates.

One might well ask whether changes in selling prices of downtown real estate over the past quarter century are an accurate reflection of value trends, in view of the depreciation of the dollar. Dorau gave forceful expression to this point in his article in *The Appraisal Journal* for January, 1949: "Thus price appreciation reflecting merely dollar depreciation is no evidence of the strength of a location or an upward trend." Our principal interest focusses upon changes in selling prices and income from downtown property as they reflect the volume of business done and investors' decisions. Investors are more interested in knowing whether investments in downtown property have kept pace with similar investments in outlying real estate or in alternative investment outlets than in knowing the present value of property investment calculated in dollars of constant purchasing power. Data are not available in this study to permit such comparative analysis. The gathering of sales price data for outlying real-estate-investment property is, however, a logical next step in extending the present study and, supplemented by an enlarged sample of central city properties, should permit conclusions regarding comparative price performance of central city and outlying business property.

PROPERTY VALUES AND URBAN DECENTRALIZATION

It is difficult to draw conclusions regarding the effects of urban decentralization upon central city property values for several reasons. Urban decentralization is a complex process brought about by many forces. As a result of the constant competition by various users for centrally located land, natural shifts occur which force many business firms to accept outlying locations, where savings in rent may more than offset the losses in income as a result of location.⁵⁰

Transportation and parking developments may combine with other changes in housing, shopping, and employment patterns to alter the locational decisions of various businesses. Many such changes may occur in an atmosphere of rapid metropolitan growth with no apparently adverse shifts in property values. The loss of some firms is more than offset by gains in others. During the past century this constant movement outward, accompanied by expansion and new growth within, has resulted in broad advances in central city values in the San Francisco Bay Area.

Quantitative evidence of this complexity of influences

⁵⁰ Robert Murray Haig, *The Quarterly Journal of Economics*, Vol. 40, May, 1926, pp. 402-434; February, 1926, pp. 179-208.
Richard U. Rateliff, *Urban Land Economics* (New York: McGraw Hill, 1949), Chapter 13.

was found in the study of long-term occupancy trends in San Francisco office buildings, showing tenant movement in San Francisco office buildings from 1947 to 1952. This study measured the changes in square feet of office space demanded by tenants as a result of new local businesses being established, expansions and contractions by existing tenants, and tenant moves to and from other cities. The data clearly revealed a large net expansion in the demand for office space in San Francisco during the postwar years and indicate that business expansions and new business formations are the principal factors influencing office-building occupancy in San Francisco. Similar data are not available showing the demand for space in the central cities for retail, wholesale, and manufacturing activities. Gross- and net-income figures for the retail properties studied in San Francisco and Oakland indicate, however, that there has probably been a well-sustained demand at rising rental levels for most key retail locations, bringing net incomes to levels equal to or exceeding those of the 1920's. Findings in this study suggest that there is a considerable gap between the simple proposition that "decentralization hurts downtown values" and the analysis of the effects of complex outward movements and inward expansions experienced by our central cities.

IMPLICATIONS OF THE FINDINGS

Separate investigations were conducted by the Bureau of Business and Economic Research at the University of California, Berkeley, dealing with the changes in urban economic functions in the San Francisco Bay Area and with the influence of transportation and parking developments upon the process of urban dispersion.⁵¹ Therefore, any tentative conclusions reached here regarding the influence of urban decentralization upon the central cities of the Bay Area will be subjected to further detailed examination and substantiated by additional data on changes in population distribution, transportation facilities, and volume of business transacted. The reader will be interested to know, however, what the implications of the present results seem to be for the central cities studied.

Rising land values, such as were noted in San Francisco and Oakland for the period from 1870 to 1927, reflect the locational advantage of central city property. These advantages developed rapidly while population growth in the metropolitan area was paralleled by improved means of transportation to and from downtown Oakland and San Francisco.

The progressive shift since the 1920's from the re-

⁵¹ See Part 5 of the Highway Research Board's composite report *Parking as a Factor in Business*.

liance upon mass transit to automotive transportation has decreased the relative advantage of central locations for many types of businesses, particularly those catering to the needs of shoppers located at a considerable distance from central cities. In spite of these fundamental shifts, gross and net incomes from central city properties and property values have continued to rise during the past decade, influenced by rising population, employment, and incomes. Evidence of caution exists, however, in the conservative capitalization of present incomes by investors in central city property in Oakland and San Francisco. This may indicate a pessimistic outlook by such investors. The record of property-tax increases during the past quarter century is almost certainly a factor influencing the attitudes of investors, although high income taxes and conditions in other investment markets must also be considered.

It is of marked importance that the tremendous gains in population, employment, and retail sales in San Francisco and Oakland during the past 25 yr. have been absorbed with such a minor extension of the central business districts. In all probability, further study will reveal that greater expansion occurred in outlying business centers and in the business districts of smaller cities. During the current period, shopping centers are being developed rapidly while limited new investments are being made in the central business districts. The competitive influence of these new shopping centers will certainly become greater as time progresses and will be of particular importance during any future period of declining employment and public spending.

Cities have a direct and vital concern in the trend in

real-estate values and income from central city property, since these are key influences upon municipal income. The implications of this study may be that Oakland and San Francisco can no longer rely upon a constantly rising business property tax base. The cities are faced with a dilemma, since most plans for improving transportation and parking facilities and otherwise modernizing downtown areas require large public investment. This would probably result in further increases in taxes and possibly in declines in values. Nevertheless, the welfare of the central areas of Oakland and San Francisco appears to be closely tied in with improved mass-transit facilities, since there is a serious question whether automobile transportation and parking facilities in central cities will ever equal the attractions to motorists of outlying shopping centers. Further, there is also a question whether extensive development of parking facilities in the heart of downtown areas contributes to the attractiveness of the central city for shoppers.

This study of a relatively small sample of properties in two Bay Area cities provides an extremely narrow base for any generalization. Past trends tell little about the future. No data have been developed here to show relative trends for outlying business property or central business property in smaller cities. It is hoped that the sample of properties in Oakland and San Francisco may be increased and that trends in property values in outlying business centers and in smaller cities may be studied in order to broaden the significance of these findings. The results of collateral studies of urban functions and transportation and parking developments should permit broader interpretation.

Acknowledgments

This study has been financed in equal parts by the Highway Research Board and by the Real Estate Program, Bureau of Business and Economic Research, University of California, Berkeley, California.

James Stafford, Wayne Higson, H. V. Anderson, and Lionel Wachs assisted the author in the task of data collection and interpretation. Particular thanks are due to the members of the Advisory Committees of the Oakland and San Francisco Real Estate Boards, who cooperated in many phases of the investigation. In

addition to the members of these committees, realtors and investors provided valuable assistance to the author. Lillian Whittington aided in the preparation of the manuscript. Marybeth Branaman and A. H. Schaaf of the bureau staff aided in many phases of data collection, preparation of tables, and editing. Particular thanks are due also to staff members of the San Francisco and Oakland assessors' offices for providing tax-assessment data.

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO^a ASSESSMENT ROLLS

Fiscal Years 1919-1920 to 1940-1941

Fiscal Year	Real Estate	Improvements	Tangible Personal Property	Total Valuations Subject to City and County Rates	Tax Rate Per \$100 Valuation
1919-20	\$297,744,425	\$184,756,781	\$84,311,606	\$566,812,812	\$3.08
1920-21	298,146,865	188,853,890	98,013,313	585,014,068	3.18
1921-22	297,625,295	204,402,007	107,884,462	609,911,764	3.47
1922-23	296,998,570	212,462,451	105,854,076	615,315,097	3.47
1923-24	303,170,530	230,371,461	110,620,662	644,162,653	3.47
1924-25	309,976,590	252,474,908	121,375,422	684,099,920	3.47
1925-26	328,345,480	275,483,311	129,944,189	733,772,980	4.13
1926-27	338,373,870	296,410,808	121,844,239	756,628,917	3.66
1927-28	340,908,020	317,845,607	125,673,196	784,426,823	3.80
1928-29	347,893,591	337,140,412	121,997,487	807,031,490	3.96
1929-30	349,457,070	349,915,305	108,086,685	807,459,060	3.94
1930-31	346,787,760	348,341,335	106,640,980	801,770,075	4.04
1931-32	344,350,099	351,127,948	97,810,358	793,288,405	4.04
1932-33	341,570,705	353,513,845	95,209,061	790,293,611	3.96
1933-34	335,496,235	331,475,855	79,975,152	746,947,242	3.48
1934-35	333,115,690	329,544,221	76,793,422	739,453,333	3.863622
1935-36	324,713,626	328,199,331	75,512,159	728,425,116	.....
^b	17,672,390	22,522,080	47,056,650	815,676,236	3.681917
1936-37	325,377,202	334,889,674	74,053,287	734,320,163	.....
^b	17,673,140	22,620,170	47,647,260	816,088,350	3.784
1937-38	324,562,756	336,291,966	79,036,646	740,891,368	.....
^b	17,441,550	41,501,170	31,073,360	823,545,218	3.871
1938-39	322,417,683	341,878,215	78,005,290	742,301,188	.....
^b	16,741,620	40,557,060	30,932,540	823,988,484	4.04
1939-40	322,469,139	343,216,155	74,871,973	741,557,267	.....
^b	16,445,250	40,385,710	30,765,680	821,376,558	3.937
1940-41	312,629,627	348,129,782	77,360,942	738,120,351	.....
^b	16,032,710	40,491,790	32,913,470	820,586,802	4.295

^a Includes Junior College, High School, and Elementary School Districts.

^b Property assessed by State Board of Equalization—Subject to City and County and School District tax levy.

CITY AND COUNTY OF SAN FRANCISCO ASSESSMENT ROLLS--Continued

Fiscal Year	Roll	Assessed by	Land	Improvements	Tangible Personal Property	Total Assessed Value Subject to City & Co. Ad Valorem Rate	Rate
1941-42	Unsecured	City and County Assessor	.....	.....	78,646,149	78,646,149	4.295
	Secured	City and County Assessor	306,293,403	352,478,552	6,836,182	658,430,511	4.396
	Secured	State Board of Equalization	15,601,250	40,883,490	32,908,920	89,393,660	4.396
	Total.....		\$321,894,653	\$393,362,042	\$118,391,251	\$826,470,320	
1942-43	Unsecured	City and County Assessor	.....	.....	82,047,025	82,047,025	4.396
	Secured	City and County Assessor	301,953,723	358,549,932	8,074,861	661,106,262	4.48
	Secured	State Board of Equalization	15,350,210	40,765,910	32,143,990	88,260,110	4.48
	Total.....		\$317,303,933	\$399,315,842	\$122,265,876	\$831,413,397	
1943-44	Unsecured	City and County Assessor	.....	.....	82,331,222	82,331,222	4.48
	Secured	City and County Assessor	297,567,134	361,878,165	9,901,885	661,896,542	4.36
	Secured	State Board of Equalization	14,843,520	41,293,890	32,631,960	88,769,370	4.36
	Total.....		\$312,410,654	\$403,172,055	\$124,865,067	\$832,997,134	
1944-45	Unsecured	City and County Assessor	.....	.....	92,459,287	92,459,287	4.36
	Secured	City and County Assessor	296,176,585	366,358,175	7,729,916	662,628,031	4.69
	Secured	State Board of Equalization	14,344,980	41,092,340	32,916,780	88,354,100	4.69
	Total.....		\$310,521,565	\$407,450,515	\$133,105,983	\$843,441,418	
1945-46	Unsecured	City and County Assessor	.....	.....	98,182,638	98,182,638	4.69
	Secured	City and County Assessor	295,953,215	371,683,405	5,884,172	664,836,158	4.83
	Secured	State Board of Equalization	11,365,640	40,280,850	31,957,590	83,604,080	4.83
	Total.....		\$307,318,855	\$411,964,255	\$136,024,400	\$846,622,876	
1946-47	Unsecured	City and County Assessor	.....	.....	110,180,654	110,180,654	4.83
	Secured	City and County Assessor	297,150,419	379,741,290	5,517,536	665,441,407	5.55
	Secured	State Board of Equalization	11,291,570	41,736,690	32,055,820	85,084,080	5.55
	Total.....		\$308,441,989	\$421,477,980	\$147,754,010	\$860,706,141	
1947-48	Unsecured	City and County Assessor	.....	.....	150,379,489	145,914,741	5.55
	Secured	City and County Assessor	304,975,992	403,718,630	4,811,461	678,606,691	5.62
	Secured	State Board of Equalization	11,441,450	43,692,360	33,962,940	89,096,750	5.62
	Total.....		\$316,417,442	\$447,410,990	\$189,153,890	\$913,618,182	
1948-49	Unsecured	City and County Assessor	.....	.....	176,254,123	174,083,573	5.62
	Secured	City and County Assessor	333,507,884	426,062,240	7,052,890	729,353,224	6.09
	Secured	State Board of Equalization	11,566,170	49,385,230	35,695,010	96,646,410	6.09
	Total.....		\$345,074,054	\$475,447,470	\$219,002,023	\$1,000,083,207	
1949-50	Unsecured	City and County Assessor	.....	.....	187,081,075	184,712,144	6.09
	Secured	City and County Assessor	338,327,522	447,097,465	7,996,786	753,648,062	5.66
	Secured	State Board of Equalization	11,634,050	60,688,540	40,147,520	112,470,110	5.66
	Total.....		\$349,961,572	\$507,786,005	\$235,225,381	\$1,050,830,316	
1950-51	Unsecured	City and County Assessor	.....	.....	174,987,355	172,527,080	5.66
	Secured	City and County Assessor	338,486,080	468,437,890	10,373,612	774,309,257	6.29
	Secured	State Board of Equalization	11,594,320	64,845,380	38,418,540	114,858,240	6.29
	Total.....		\$350,080,400	\$533,283,270	\$223,779,507	\$1,061,694,577	
1951-52	Unsecured	City and County Assessor	.....	.....	199,089,454	196,846,890	6.29
	Secured	City and County Assessor	340,439,080	492,967,440	13,490,816	800,393,806	6.19
	Secured	State Board of Equalization	15,762,340	66,620,930	41,853,110	124,236,380	6.19
	Total.....		\$356,201,420	\$559,588,370	\$254,433,380	\$1,121,477,076	

CITY OF OAKLAND ASSESSMENT ROLLS

Fiscal Years 1919-1920 to 1952-1953

Fiscal Year	Real Estate	Improvements	Tangible Personal Property	Total Valuations Subject to City and County Rates	Tax Rate Per \$100 Valuation
1952-53	\$122,141,000	\$214,471,000	\$110,279,000	\$424,571,000	\$7.27
1951-52	121,520,000	207,439,000	85,188,000	391,568,000	7.39
1950-51	121,472,000	201,196,000	78,562,000	379,648,000	7.57
1949-50	119,633,000	192,591,000	80,673,000	372,560,000	7.40
1948-49	116,232,000	182,123,000	77,211,000	356,621,000	7.46
1947-48	106,519,000	173,883,000	73,669,000	337,470,000	7.21
1946-47	100,031,000	164,662,000	56,518,000	312,814,000	6.86
1945-46	90,053,000	148,229,000	53,486,000	291,943,000	5.53
1944-45	94,874,000	141,228,000	47,865,000	284,081,000	5.05
1943-44	95,032,000	138,242,000	42,523,000	275,919,000	5.15
1942-43	95,588,000	134,957,000	42,902,000	273,481,000	5.13
1941-42	97,597,000	130,024,000	39,088,000	266,783,000	5.09
1940-41	98,841,000	126,485,000	37,826,000	263,232,000	5.12
1939-40	99,962,000	123,420,000	33,298,000	256,722,000	5.09
1938-39	102,704,000	119,971,000	34,579,000	257,296,000	5.13
1937-38	104,975,000	116,946,000	34,203,000	256,188,000	5.09
1936-37	105,306,000	106,811,000	40,580,000	252,749,000	4.89
1935-36	105,917,000	106,993,000	42,148,000	255,139,000	4.67
1934-35	106,222,000	96,314,000	20,948,000	223,527,000	4.87
1933-34	108,932,000	96,106,000	20,567,000	225,699,000	4.93
1932-33	122,571,000	107,191,000	25,692,000	255,527,000	5.50
1931-32	131,975,000	106,883,000	29,718,000	268,669,000	5.74
1930-31	135,387,000	104,658,000	30,672,000	270,915,000	5.84
1929-30	136,270,000	99,905,000	33,738,000	270,079,000	5.85
1928-29	136,939,000	95,440,000	23,756,000	256,400,000	5.42
1927-28	121,845,000	89,750,000	37,379,000	250,050,000	5.56
1926-27	108,909,000	81,678,000	35,948,000	227,232,000	5.98
1925-26	104,704,000	72,075,000	37,417,000	215,685,000	4.05 ^a
1924-25	100,794,000	62,652,000	19,597,000	183,615,000	3.77 ^a
1923-24	94,251,000	53,204,000	29,255,000	178,271,000	3.80 ^a
1922-23	90,376,000	47,713,000	26,164,000	165,502,000	3.80 ^a
1921-22	88,036,000	44,949,000	25,862,000	160,255,000	3.81 ^a
1920-21	87,426,000	42,685,000	23,194,000	154,651,000	3.96 ^a
1919-20	86,831,000	41,650,000	18,884,000	147,967,000	4.02 ^a

^a The rates for the period from 1919-1920 through 1925-1926 are the combined city and county rates only. The rates of other special district taxing units, which are included in the rates for later years, were not available for the years 1919-1920 through 1925-1926.

APPENDIX B

SALES APPRAISALS AND ASKING PRICES ON BUSINESS PROPERTIES—SAN FRANCISCO

Survey made by H. V. Anderson, Capital Company, 1951.

<p>(1) <i>Lot 14, Blk. 239</i>—Land and improvements sold 11-19-38 for..... \$190,000 Estimated that land value was 45% of total, or.... \$85,500 80% of land value on corner 42' x 102' 10½", or..... \$88,400 20% of value due to corner influence, leaving..... \$54,720 for normal lot exclusive of corner influence 42.5 ft. at \$54,720 indicates a sale price of..... \$1,287 ff Appraised by H. V. Anderson 9-15-31—Land \$114,000. Valued at \$1,500 ff plus corner influence plus extra depth..... \$1,500 ff</p> <p>(2) <i>Lots 7-8-9, Blk.</i>—Land & improvements sold 1-31-50 for..... \$650,000 cash The buildings were appraised at a total of..... \$140,000 This leaves a land value of..... \$510,000 All improvements were wrecked after purchase. It is estimated that the corner influence of four corners amounted to about 15%, leaving a remaining land valuation of..... \$433,500 275 ft. on Kearny at a total of \$433,500 indicates a normal inside lot value of..... \$1,575 ff</p> <p>(3) <i>Lot 10, Blk. 262</i>—Land and improvements sold for... \$43,500 This was a two-story and basement store and loft building with little earning power. The land was assessed at date of sale 12-18-43 for..... \$54,680 The property was offered from 1936 to 1943 at selling prices of \$75,000, \$57,500 & \$43,500. Charging entire sale price to land indicates 80' 3¼" @ \$43,500..... \$545 ff</p> <p>(4) <i>Lot 22, Blk. 286</i>—Sold 8-13-38 at a give away price of \$17,000 Assessments: Land, \$9,080. Improvements, \$10,000. The land was fairly worth \$15,000 and was so appraised 2-27-36, indicating a front-foot value on 100 ft. depth basis (add 20% for depth beyond 63 ft.) equals..... \$18,000 40 ft. at \$18,000 indicates..... \$450 ff</p> <p>(5) <i>Lot 4, Blk. 287</i>—Sold 10-22-34 for \$22,500. Improvements: 3-story and basement, Class "C" brick building.</p> <p>(6) <i>Lot 4, Blk. 287</i>—Resold 7-2-41 in very poor condition for..... \$16,000 Lot—25'6" x 60.5'. Land appraised 10-22-34 at \$20,000. For a 100 ft. depth would have been worth \$24,000. Indicates..... \$940 ff Appraisal 7-2-41 for \$15,300. For a 100 ft. depth the value would have been \$18,360 or..... \$717 ff</p> <p>(7) <i>Lot 6, Blk. 289</i>—Bank sold 6-11-46 to Western Title Insurance Company for..... \$500,000 Improvements: 6-story and basement Class "A" concrete "Title Ins. Bldg." Net rental \$2,750 per month, or \$33,000 per year. 6% net on a value of \$550,000. Lot 33'6" frontage by 77'6"—Land Value at time of sale estimated for 100 ft. depth at..... \$5,000 ff</p> <p>(8) <i>Lots 3-10-11, Blk. 292</i>—Sale to Crocker 1st National Bank in 1945 for..... \$730,000 Improvements: An old 2-story Class "C" store and cafeteria building assessed at \$56,500. Worth about \$75,000 physically but of no consideration in sale as inadequate improvements. Allowing for \$75,000 value of improvements, gives land value of..... \$655,000 Sutter St. frontage at \$400,000 for 125 ft. front x 137'6", 100 ft. depth, 12% less or \$352,000. Indicates..... \$2,816 ff Post St. frontage at \$255,000 for 85 ft. front x 137', or \$224,400 for 100' depth, or..... \$2,635 ff</p> <p>(8a) <i>Lots 3-10-11, Blk. 292</i>—Resold to Larry Barrett 8-29-50 for a reported value of..... \$900,000 Allowing \$75,000 for value of improvements, leaves \$825,000 for land. Making allowance for value of easement for Lick Alley, this latest sale indicates Sutter Street value of..... \$3,500 ff and Post Street value of..... \$3,000 ff</p>	<p>(9) <i>Lot 27, Blk. 317</i>—Capital Company sold to Fred Fournier on 7-12-38 for..... \$325,000 Former owner, Mr. Little, paid \$86,000 for land in 1922. Improved with 10-story and basement concrete apartments-stores. Land assessed in 1938 at \$45,160; Improvements at \$95,000. Land estimated to have been worth \$100,000 in 1938. Lot 50' x 87.6' deep-100 ft. depth \$108,000 or..... \$2,012 ff</p> <p>(10) <i>Lots 4-13-14, Blk. 325</i>—Bank to Nicholas Corp. 8-1-44 Exchange for Herald Hotel property. Land appraised Apr. 28, 1936 for \$237,500 vacant. Land depth 137'6". Deducting for extra depth and for corner influence at 15%, gives values for 100 ft. depth inside lot on trade value of..... \$170,000 275 ft. on Ellis at \$170,000 indicates..... \$618 ff</p> <p>(11) <i>Lot 19, Blk. 330</i>—Sold to James Keith 5-28-40 for..... \$50,000 Land appraised for \$42,350; Improvements \$30,150 on 12-30-38. Assessed land \$34,900; Improvements \$30,000. Lot 38'6" x 89'6" deep. On basis of \$42,350 for land 89'6" deep, a 100 ft. lot would be worth 5% more or \$44,500 or..... \$1,155 ff</p> <p>(12) <i>Lot 4, Blk. 330</i>—Capital Company sold to L. W. & S. G. David 1-4-44 for..... \$500,000 This was a 6-story Class "C" concrete Hotel property, "Powell Hotel." The land was assessed for \$205,430; Improvements \$67,000. Lot 75' frontage by depth of 175 feet. Land value estimated at \$375,000 for 175 ft. depth, A 100 ft. depth is less 20%, or \$300,000. Indicates..... \$4,000 ff Land appraised by H. V. Anderson 9-15-31 for \$438,500. Indicates..... \$6,000 ff</p> <p>(13) <i>Lot 4, Blk. 331</i>—Sold 11-2-31 for..... \$150,000 A 7-story brick and steel frame hotel building, now wrecked for parking lot. Land appraised in 1930 for \$100,000. Improvements \$95,000. Assessments: Land \$46,000. Imp's. \$35,000. Lot 57'6" x 137'6". On a \$100,000 value for 137'6" depth, a 100 ft. depth would be worth 12% less, or \$88,000, indicating..... \$1,530 ff</p> <p>(14) <i>Lot 2, Blk. 332</i>—Sold by Bank to B. D. Levin 7-24-42 for consideration of..... \$18,500 Land appraised at \$20,000, improvements \$7,500..... \$27,500 Date of appraisal—4-21-38. Sold below true value at total of \$18,500. Land assessed at \$16,240, improvements \$11,000 in 1942. Lot 50' x 80' On value of \$25,000 for land 80 ft. deep, a 100 ft. depth would be worth 10% more, or \$27,500, indicates..... \$550 ff</p> <p>(15) <i>Lot 15, Blk. 332</i>—Sold by Capital Company to T. P. Bodkin on 2-2-40 for..... \$39,000 cash Appraisal 12-4-39—Land \$25,000; Improvements \$15,500—Total appraisal..... \$40,500 Assessment: Land \$19,220. Improvements \$12,000. Lot 65.5' on Leavenworth by 82.5' on Ellis St. a 100 ft. depth lot less corner influence would be worth about \$30,000 for land, or..... \$458 ff</p> <p>(16) <i>Lots 9-10-12, Blk. 348</i>—Sold by Capital Company to Edward Rollins 12-15-39 for..... \$40,000 cash A vacant lot—Appraised 11-24-39 for..... \$40,000 Vacant parking lot 127.5' x 137.5'. 100 ft. depth lot less corner influence less 15% gives value of \$34,000, indicates..... \$267 ff</p> <p>(17) <i>Lot 2a, Blk. 259</i>—T. J. & G. Co. to J. B. Howell, Nominee for Bank on 6-22-48 for..... \$175,000 Land appraised at \$110,000, improvements \$65,000. Assessment: Land \$53,750. Improvements \$18,400. 21'6" front x 100 ft. deep. On a \$110,000 land value, the front foot value indicated is..... \$5,110 ff</p> <p>(18) <i>Lot 1, Blk. 259</i>—Capital Company sold to Premier Insurance Company 8-9-46 for consideration of..... \$450,000 Land appraised at \$300,000, improvements \$150,000. 59' frontage x 120' depth.</p>
--	--

For a parcel 100 ft. depth less corner influence, the land value would be 20% less, or \$240,000. 59 front feet at \$240,000 indicates	\$4,067 ff		
NOTE: The above sale was at a value below present values.			
(19) Lots 4-17, Blk. 259—Calif. Market Properties to Merchants Realty Corp. 11-21-45. Consideration	\$700,000		
Lands appraised at \$623,838, improvements \$80,148.			
Basis of Values—\$1,500 ff on California St.	\$1,500 ff		
\$1,800 ff on Pine St.	\$1,800 ff		
Additions made for depth 12%, plottage 20%			
(20) Lot 5, Blk. 289—Joseph Donohoe to Equitable Ins. Co. 1950			
Sold for a reported price of	\$1,650,000		
Improvements nil. Lot 121' on Montgomery St. x 167.5' on Sutter St.			
Deducting 25% for corner influence leaves \$1,237,500			
121' at \$8,550 ff on Montgomery x 100	\$8,550 ff		
67.5' at \$3,000 ff on Sutter St. x 100	\$3,000 ff		
An offer was made of \$1,550,000 on this property in 1927 but was refused, the owner holding out for	\$1,750,000		
(21) Lot 4, Blk. 315—Sheehan to Hall 10-31-47 for	\$330,000		
Land Value \$200,000. Indicates for 100 ft. depth	\$5,147 ff		
(22) Lots 4, 40, 41, 41a, 41b & 41c, Blk. 3702—Appraised for sales purposes 10-31-50 by H. V. Anderson, Capital Co. Appraised Market St. frontage for 100 ft. depth at 8th St. at \$3,500 ff. Appraised 165 front ft. on Market beginning 100 ft. E. of 8th St. at \$3,700 ff for 100 ft. depth. Frontage on 8th at \$1,000 for 385 ft.			
(23) Lot 1, Blk. 330—Appraisal for purchase—8-29-50. By H. V. Anderson, Capital Co.			
Appraised Powell St. frontage (for 100 ft. depth) at	\$6,500 ff		
(24) Lots 45-46-53, Blk. 3707—Appraisal by H. V. Anderson, Capital Co. 10-17-47	\$373,750		
Corner 55' on Market & New Montgomery Sts. at \$4,000 ff plus 30% corner influence. 68½ ft. frontage on New Montgomery St. at \$3,000 ff x 100 ft. depth, plus 15% for Stevenson St. frontage.			
Note: The above property was appraised by The American Appraisal Co. 12-31-39 for total of	\$350,000		
(25) Lot 3, Blk. 312—Market-Geary Bldg. Appraisal 5-3-49 by H. V. Anderson, Capital Co. Total land	\$387,000		
Appraised at \$8,500 ff for 100 ft. depth less 25% for short depth. Appraised at \$3,000 ff for 100 ft. depth less 35% for short depth.			
(26) Lot 48, Blk. 3706—Humboldt Bank Property. Appraised by H. V. Anderson 9-15-31 at \$7,000 ff.	\$402,500		
H. V. Anderson 10-8-47 for a total of	\$373,750		
Appraised at \$6,500 ff plus 15% for extra depth. This same land appraised by The American Appraisal Co. for the Bank of America NT & SA 12-31-39, total	\$325,000		
(27) Lot 5, Blk. 330—Day & Night Branch—Bank of America N.T. & S.A., #1 Powell Street.			
Land appraised by American Appraisal Co. 12-31-39.	\$700,000		
Land appraised by H. V. Anderson, Cap. Co. 9-15-31.	\$731,250		
H. V. Anderson's appraisal—65 ft. on Powell x 100' depth at \$6,000 ff. Added 25% for depth beyond 100 ft. and 50% for corner.			
(28) Lot 8, Blk. 341—Wells Fargo Bank & Union Trust Property. Appraisal by H. V. Anderson:			
Appraised 9-15-31 on basis of	\$8,500 ff		
Appraised 1936 on basis of	\$7,000 ff		
(29) Lots 12-12a-13-14, Blk. 280—California-Montgomery Streets. Appraised by H. V. Anderson 9-15-31, Land	\$634,750		
Based upon \$4,500 ff frontage, Calif.-Montgomery (See Property #32)			
(30) Lots 7-8-24, Blk. 288—French-American Bank. Appraisal by H. V. Anderson, Capital Co.—9-15-31. Land valuation at \$3,000 ff plus 10% for light and air on Trinity Alley	\$198,000		
American Appraisal Co. appraised 12-31-39 for land.	\$183,750		
(31) Lot 1, Blk. 351—Shaw Hotel Prop. Appraised by H. V. Anderson—9-15-31.			
Land total \$612,000 on basis	\$4,000 ff		
Reduced land valuation by 15% in 1936 to	\$3,400 ff		
(32) Lots 9a-10-11, Blk. 260—Former Rollins Property. Appraised 9-15-31 by H. V. Anderson: Montgomery St. frontage at \$4,500 ff, plus 20% for corner influence, 24½ ft. inside on Pine St. at \$3,000 ff. Total Valuation of Land	\$600,000		
American Appraisal Co. appraised Lots 9a to 14, Blk. 260 on 12-31-39 for a total of	\$1,925,000		
H. V. Anderson appraisal for same 9-15-31 (29) (32)	\$1,234,750		
(33) Lot 19, Blk. 310—St. Francis Inv. Co. Purchased 1922 for	\$726,000		
Offered for sale 9-28-51 for	\$750,000		
9-story, Class "A" Building. Land value claimed \$7,500 to \$8,000 ff. Land assessed \$168,060. Improvements \$110,000. Assessments 60% of total for land, or \$450,000, indicates for 53 front feet \$8,500 ff plus 10% for extra 26 ft. depth.			
(34) Lot 8, Blk. 310—Sarah Rosenstock Prop. Offered for sale 8-22-51 for	\$450,000		
A 7-story loft building. Sale price	\$450,000		
Assessments—Land \$121,180, improvements \$100,000. On basis of land values of \$245,000 indicates about	\$4,000 ff		
(35) Lots 3 & 4, Blk. 296—Offered for sale for	\$257,500		
Improvements, 6-story brick store and apartments and a 2-story brick store and loft. Assessments, land \$79,970, improvements \$15,300. On 80% basis for land, or \$200,000, 40' x 100' indicates	\$5,000 ff		
(36) Lots 11-12, Blk. 314—Appraised by H. V. Anderson 11-30-50 for purchase.			
Appraised land at \$7,500 ff for 100' depth on Geary and \$6,000 ff for Powell St. frontage.			
(37) Lot 14, Blk. 314—Appraisal for purchase by H. V. Anderson 11-30-50—Land appraised at \$8,000 ff for 100 ft. depth.			
(38) Lot 8, Blk. 311—Offered for sale 8-24-50. Appraisal submitted showed total value land & improvements of	\$310,000		
Assessments: Land \$124,640. Improvements \$60,000. Figuring land at 65% of total assessments or \$200,000—66 ff on Kearny indicates about	\$3,000 ff		
(39) Lot 6, Blk. 261—Offered for sale 7-5-51 for	\$165,000		
Size 52' x 90'—2 story and basement Class "C" building with Mezzanine.			
Land assessed at \$31,710—Bldg. \$12,000.			
On 70% ratio for land equals	\$115,500		
for 100 ft. depth, add 5%, or	5,775		
Indicates a front foot value for 100 ft. depth of	\$121,275		
This property has had no sale at above price.			\$2,330 ff
(40) Lot 15, Blk. 294—SE Cor. Sutter & Stockton. 8-story and basement class "B" structure offer for sale 4-4-51	\$500,000		
Land assessed at \$90,050, improvements \$50,000. On ratio of 65% of assessed values for land, the sale price would indicate a land value of \$325,000. Lot 50' x 80'. For 100 ft. depth, the value would increase 10%, or \$32,500. Full value 100 ft. depth, \$357,500.			
Reducing the value by 35% for corner influence, or \$125,125, would give an inside lot value for a 50' x 100' lot of \$232,375, indicating	\$4,650 ff		
Consider the asking price excessive.			
41) Lot 4, Blk. 329—Albert S. Samuels store property. Purchased 3-1-43 for	\$275,000		
Remodeled and now asking	500,000		
Land now assessed at \$140,000, improvements \$34,000. The assessments indicate 80% of value is in land—80% of \$500,000 equals \$400,000 or	\$13,330 ff		
The asking price at \$500,000 is considered very excessive as evidenced by purchase in 1943 for a total of \$275,000. 80% of \$275,000 purchase price for land equals \$220,000, indicates	\$7,330 ff		
(42) Lot 47, Blk. 3706—State Theatre Property. Offered at	\$1,200,000		
Reported that \$975,000 would be considered if offered. Land assessed \$550,380, improvements \$170,000. Land 75% plus, or \$750,000 of \$1,000,000. Less 25% for additional depth beyond 100 ft. and			

for corner, or \$187,500, gives inside standard lot value of \$562,600. Frontage 100 ft. indicates..... \$5,625 ff

(43) *Lots 5 to 15, Blk. 259*—City Parking Authority estimated the cost to acquire on 3-9-50 would be \$760,000. The total assessments on land amounts to \$197,310 and on improvements \$124,100. Estimating 60% for land indicates \$450,000 land value. Deducting 15% for extra depth and corners leaves \$382,500

Land value—263.5 ff indicates..... \$1,450 ff

(44) *Lot 1 & 1b, Blk. 338*—Bank of America to Paul Kuolus, Herald Garage Property—Sold 3-14-47 for..... \$242,000

Land assessed \$47,300, improvements \$17,750. Land 73% of \$242,000 indicates \$176,660 for land. Deducting 12% for extra 37 ft. depth and 20% for corner influence, or 32%, or \$58,530, leaves \$120,130 for land.

100 front feet for \$120,130 indicates..... \$1,200 ff

(45) *Lot 2, Blk. 340*—Sold 3-5-46 for..... \$99,000

Land assessed at \$61,200—Building \$22,500.

The following sales were added by the author, based upon records in the Office of the Assessor of the City and County of San Francisco:

(46) *Lot 4, Blk. 314—87½' x 137½'*
Sold—Fagan to O'Connor-Moffatt 9-15-45, vacant.. \$500,000 \$5,714 ff

(47) *Lot 19, Blk. 327—72½' x 137½'*
Sold by Kohler and Chase to S. H. Kress Co. 4-25-50, vacant..... \$507,500 \$7,000 ff

(48) *Lot 9, Blk. 327—137½' x 137½'*
Sold by Robson to S. H. Kress Co. 4-25-50, vacant.. \$600,000 \$4,350 ff

(49) *Lot 11, Blk. 326—87½' on Ellis x 137½' on Mason.*
Sold by Hibernia Bank to Cont. Ass. Co. 8-15-52.... \$317,500
Calculated @ \$2,500 a ff on Ellis and \$1,900 a ff on Mason. Improvements being removed.

(50) *Lots 8 to 10 & 21, Blk. 330—143'9" on Eddy x 185½' on alley.*
Sold to Hertz Shoe Clinic 11-23-51 and 10-23-52..... \$336,000
Calculated at \$1,600-\$2,000 a ff on Eddy.

(51) *Lots 2 to 5 & 7 to 9, Blk. 316—137½' on Mason Street x 274'8" on O'Farrell.*
Agreement of sale October 1952..... \$336,000
Calculated at \$3,100 to \$4,800 per ff on O'Farrell and at \$5,000 a ff on Mason.

(52) *Lot 1, Blk. 309—120' on Grant x 67'6" irregular.*
Sale not yet recorded. December 1952..... \$1,650,000
Land appraised at \$900,000..... \$7,500 ff