



# **2025** Mid-Year Commercial Real Estate Investment Report

**San Francisco  
Capital Advisors**



Superior Client Representation





# BROKER CONFLICTS OF INTEREST



## How many is too many?

### Summary

One great advantage of living in the United States is that everything not forbidden is allowed. Not true everywhere, but outlined in our Charters of Freedom, each of us can pursue individual goals and prosperity. Unfortunately, a parallel exists between this personal liberty and a broker's laissez-faire listing agreement (permitting almost any conduct). Financial conflicts of interest then result between owners and brokers.

### Problem

Many brokerages are vertically-integrated fee “factories” designed to cross-sell different services to your transaction’s buyer. Apparent when viewing brokers’ property offerings with many agent disciplines, each demands separate payment.

To satiate agent’s ravenous wallets, some brokerages conduct private marketing schemes (favoring their most profitable clients), “shop” offers to them, secretly co-invest alongside these same buyers, delegate to inexperienced subordinates, work on competitive listings, and solicit non-disclosed buyer-paid commissions for a later property re-sale, acquisition financing, and even its purchase. All damage your deal.

Owners suffer reduced sale prices by permitting these ethical violations. Would you allow an attorney to decide which of *their* best clients you only can contract with, allow simultaneous (dual) representation, and then receive covert compensation?

Even if you believe an agent’s verbal promises to the contrary (conveniently nullified in listing agreements), there is no downside to prohibiting brokers (in writing) from engaging in egregious and adverse activities. But, as their early retirement, vacation home remodeling, and private jet aspiration can be dependent on obtaining several buyer-paid commissions from your single transaction, expect an opportunistic reply.

### Solution

Luckily, a straightforward solution exists. This raises sale prices by requiring that brokers represent only you with guaranteed fiduciary accountability (devoid of dual agency). Only then can brokerage behavior match client needs and performance expectations. Our efficient commission rate further improves transaction results.

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**For more information, please contact:**

*Charlie*

**Charles K. McCabe**  
**San Francisco Capital Advisors**  
(415) 770-9800





# Charlie McCabe

## San Francisco Capital Advisors

### MarketView Mid-Year 2025

#### Commercial Investment Real Estate

**Transaction  
Volume**  
**\$1.27B**



Transaction volume increased. This was powered by the highest ever sale percentages of both REO properties and deed-in-lieu of foreclosure loans by lenders. The latter category quadrupled on an annualized basis, and reflects lender reluctance to taking title, acceptance of market values, and knowledge about circumventing punitive transfer taxes.

**New  
Buyers**  
**26%**



New Buyers' (purchasing locally for the first time) market share fell, but remains strong. Their fresh market perspective is an important demand and capital availability barometer. Higher prices also result when brokers are forbidden from favoring *their* most profitable other clients (allowing you to connect with this ambitious capital source).

**Offshore  
Purchases**  
**5%**



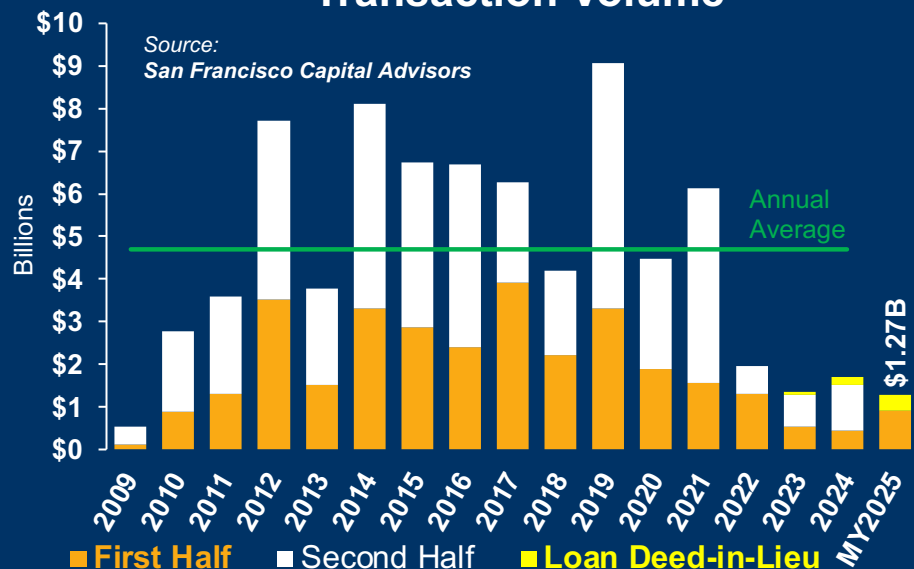
Offshore buyers' motivations remain strong and include higher yields (than in many home countries), geographic diversification, as well as perceived capital security. Cross-border investments were lower than they should have been. One cause is many dual-agent brokers not widely marketing properties for sale (causing a lack of availability awareness).

San Francisco Capital Advisors optimizes transactions with our unique marketing process, innovation, experience, ethics, and dedication.

Common brokerage conflicts-of-interest are eliminated by our superior representation.

The most efficient commission rate further improves your financial outcome.

### Transaction Volume

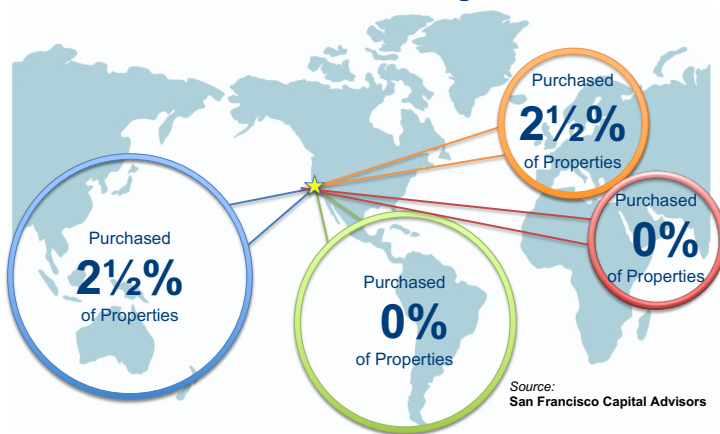


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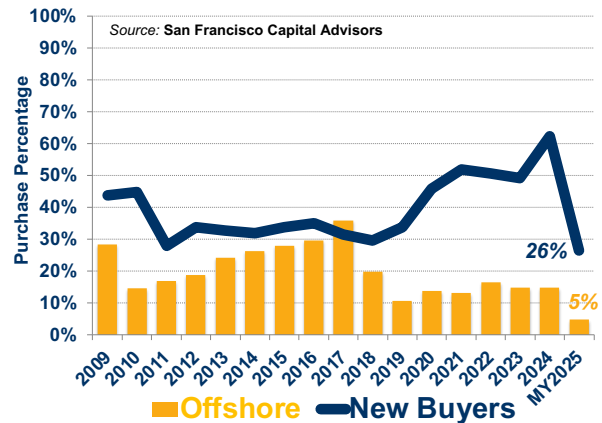
**(415) 770-9800**

[www.SFCAdvisors.com](http://www.SFCAdvisors.com)

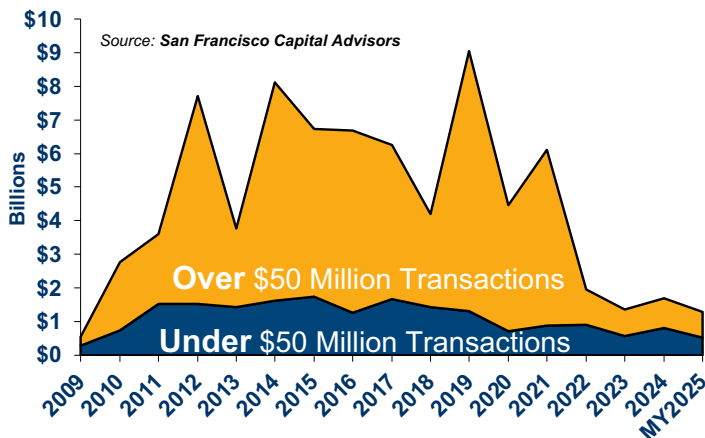
## Offshore Direct Investment Into San Francisco During MY2025



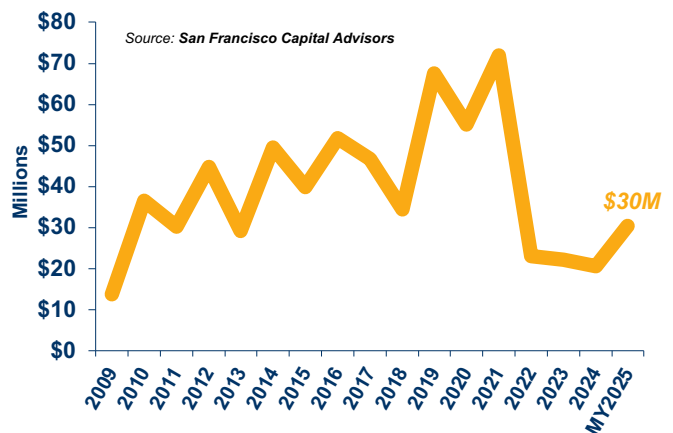
## Offshore and New Buyers' Historic Market Share



## Transaction Volume



## Average Transaction Size



## Completed Transaction Size and Type Summary for MY2025

Sale Price	Office	Retail	Industrial	Land	Total
\$100M+	3	-	-	-	3
\$50M-100M	3	-	-	-	3
\$25M-50M	6	2	-	-	8
\$10M-25M	5	2	1	1	9
\$3M-10M	7	8	1	2	18
Total Quantity	24	12	2	3	41

\* Loan sales (when followed by deed-in-lieu ownership transfers) are included in data and charts.

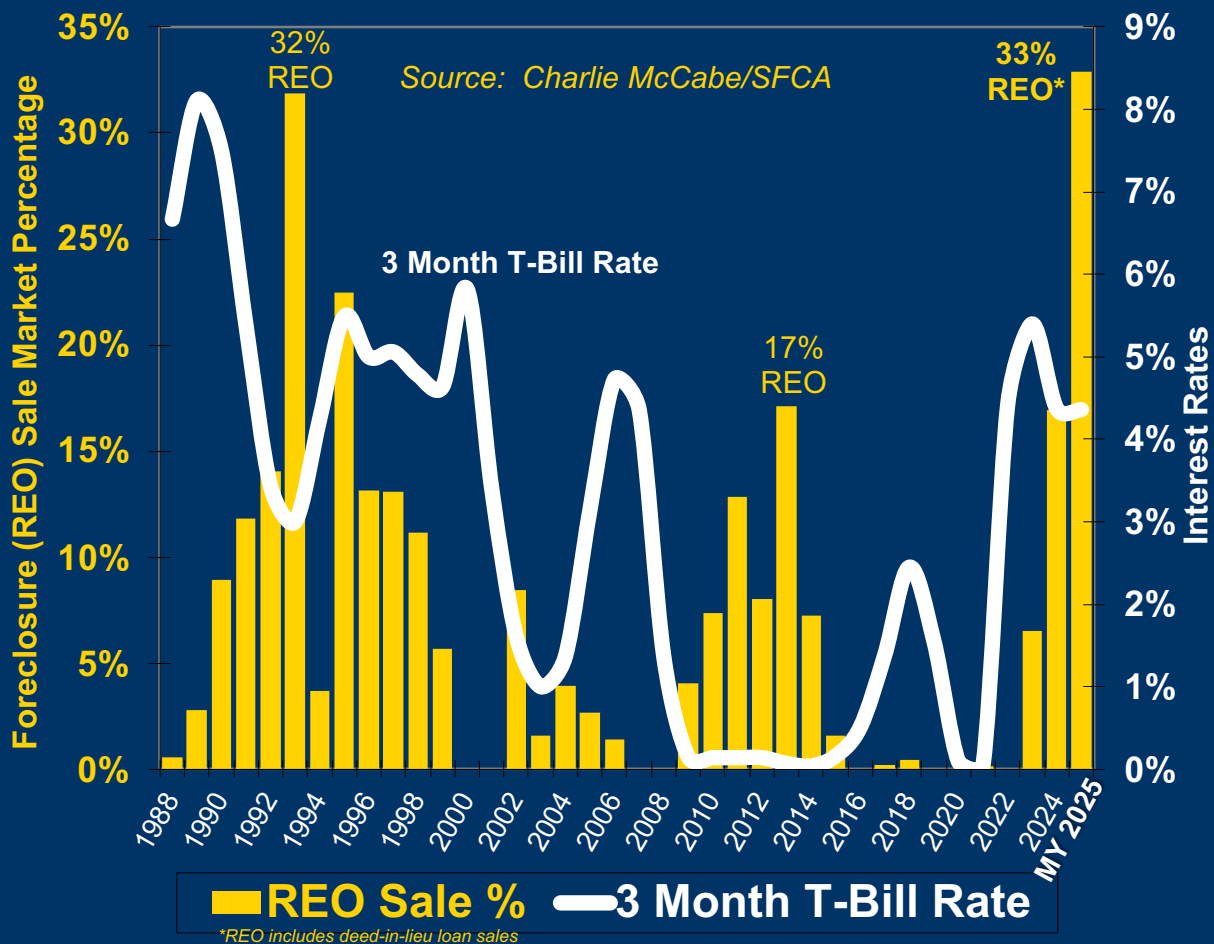
**Our unique marketing process achieves the highest sale prices**, by accessing the most-motivated buyers and then maximizing their payment. Please contact me to hear how your property's value can be increased, and transaction expenses reduced.

Charlie

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**San Francisco Capital Advisors**  
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[www.SFCAdvisors.com](http://www.SFCAdvisors.com)



# FORECLOSURE SALES AND INTEREST RATES



## Purchase Opportunity Results from “Broken” Counter-Cyclic Relationship

Soaring sales of foreclosed real estate owned (REO) by lenders represented 33 percent of all 2025 San Francisco mid-year transaction volume. Yet, short-term interest rates are high. This is unusual.

REO sale spikes indicate property values fell below the previous cycle’s loan balances, involved parties not able or wanting to forestall foreclosure (quick rebound not expected), and lenders accept current prices. Such real estate downturns are often triggered by national economic concerns. In response, the Federal Reserve eases credit (by lowering short-term interest rates). A counter-cyclic relationship between REO sales and interest rates historically followed. However, there is now inflationary pressure (keeping rates high) as well as a disconnect between the San Francisco and United States’ economies.

But, the best time to invest is when large intrinsic value discounts exist, elevated interest rates further reduce prices, and inflation pushes future profit. This is because improvement is likely when more can get better than go wrong. Contrarian buyers realize few alternative assets offer these same attractions.

Consequently, San Francisco’s total transaction volume is rising. This is causing current property values to be firmly established and price discovery to end. My previous report illustrated past and present prices, with estimated future values and returns, using different recovery scenarios.

Brokerage conflicts-of-interest are expensive and avoidable. For superior representation contact:

Charlie

**Charles K. McCabe**  
**San Francisco Capital Advisors**  
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## **San Francisco Capital Advisors**

We provide transactional and advisory services with an unrivaled combination of honor, dedication, experience, tenacity, market knowledge, and enthusiasm.

Your best interests are achieved without dual representation (or other common brokerage conflicts of interest) in the most effective, economic, and ethical manner.

Our unique disposition process also features the broadest reach to the most motivated buyers, which includes offshore capital originating in Asia, Europe, and the Middle East.

A maximization of sale proceeds and the highest levels of client satisfaction and service are the result.

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