



BROKER REPRESENTATIONWhy it matters, How to fix it



Summary

Commercial real estate brokerage is rife with conflicts-of-interest. Everyone knows it, and brokers can cost you money by taking covert situational advantage.

To avoid financial liability (for your loss), brokerages' in-house corporate attorneys frequently craft one-sided listing agreements allowing almost any agent behavior. Your legal recourse is curtailed, and their verbal and previous promises are revoked.

However, you would never let your lawyer simultaneously represent the other party (and grab non-disclosed payments), so why permit brokers when stakes are higher?

Problem

Goal misalignments exist when you want optimal transaction results, but brokers opt instead to maximize their own commission revenue (with minimal effort).

To identify just some common issues: Listing agreements often allow dual agency (with hidden broker payoffs), offer "shopping" (to a broker's most-profitable clients), overpromising, delegation, co-broker obstruction, competitive listings, private marketing schemes, and even secret broker/agent co-investing with buyers.

Premier buyers and sellers avoid participation when property marketing processes appear both corrupt and manipulated against them. Inferior transaction outcomes follow. The largest brokerages can have the worst conflict problems, so "safe" name brands may demand the ability to stealthily work against your best interests.

Hoping you are an exception isn't a good strategy. Luckily, straightforward cures exist. These protection solutions (with guarantees) are easy and prevent injury.

Solution

Successful representation is only achieved when brokers are required to work for you as genuine fiduciaries. Since brokers get paid, why not insist they provide valuable services? Our efficient commission rate further improves results.

For more information, please contact:

Charlie

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Charlie McCabe San Francisco Capital Advisors MarketView Year-End 2024

Commercial Investment Real Estate

Transaction Volume \$1.17B



Transaction volume slightly decreased (even when including growing deed-in-lieu linked loan sales). REO sales (original lender foreclosed) totaled just \$102 million. Domestic sellers accounted for 91 percent of all transactions, while purchasing 84 percent, making ownership increasingly geographically diversified. Despite abundant bargain-hunting capital, buyer discipline and seller patience postpones transactions.

New Buyers 63%



The market share of New Buyers (purchasing locally for the first time) continued to soar. This group's fresh market perspective is an important demand and capital availability barometer. Sellers can benefit from the higher prices paid by this ambitious capital source, if the necessary steps to connect with them are recognized and implemented.

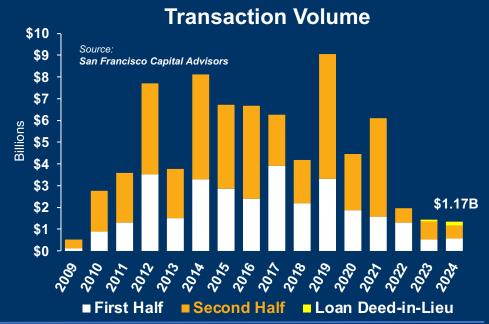
Offshore Purchases 16%



Offshore buyers' motivations remain strong and include higher yields (than in many home countries), geographic diversification, as well as perceived capital security. Crossborder 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 a unique
marketing process, ideas,
experience, and dedication.
Common brokerage
conflicts-of-interest are
also eliminated.

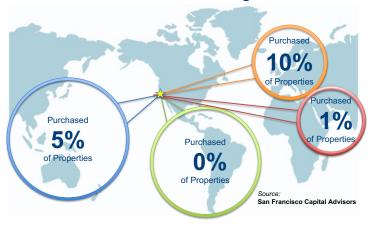
Accessing the mostmotivated offshore and domestic buyers, our efficient commission rate further improves your financial results.



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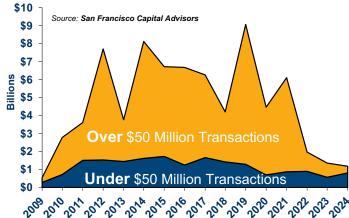
Offshore Direct Investment Into San Francisco During 2024



Offshore and New Buyers' Historic Market Share







Average Transaction Size



Completed Transaction Size and Type Summary for 2024

Sale Price	Office	Retail	Industrial	Land	Total
\$100M+	1	-	-	-	1
\$50M-100M	4	-	-	-	4
\$25M-50M	8	-	-	1	9
\$10M-25M	6	3	2	3	14
\$3M-10M	12	23	11	6	52
Total Quantity	31	26	13	10	80

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

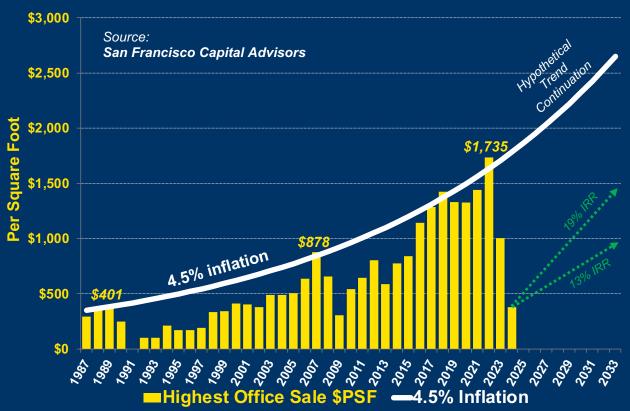
Our unique marketing process achieves the highest sale prices, by accessing the most-motivated buyers and then maximizing their payment. Please contact me to hear how your property's value can be increased, and transaction expenses reduced.



Charles K. McCabe San Francisco Capital Advisors (415) 770-9800 www.SFCAdvisors.com



HISTORICAL SALE PRICES PSF AND INFLATION



Sale prices reflect the highest amount paid each year for a large San Francisco office building.

Current Prices, Versus Past and Future Values

Today's discounted purchase opportunities make yesteryear's supposed "bargain" prices appear expensive. This is evident when comparing each era's highest sale price per square foot (PSF), using minimum discounts after a cycle's peak/recession. Inflationary trends assist estimating future values.

For example: Following the late 1980s real estate cycle's peak, large San Francisco office transactions enjoyed minimum 75 percent discounts (\$100 PSF in 1993 versus \$401 PSF during 1989's peak). After 2001's recession; the minimum discount was just 7.5 percent, and briefly after 2008, 65 percent. However, recent pricing discounts are *all* greater than 78 percent (and some much more).

Additionally, office building maximum sale prices increased an average of 4.5 percent annually over the past three+ decades (\$401 PSF in 1989 to \$1,735 PSF during 2022). With pricing cycles averaging 11 years in duration, a trend extrapolation suggests future peak values could next be over \$2,600 PSF.

Furthermore, assuming a buyer now pays 2024's highest sale price of \$380 PSF (for argument's sake), and the property's inflation-boosted value recovers to just \$1,000 PSF in 2033, this investment still equates to a 13 percent Internal Rate-of-Return (IRR) in absence of both income and operating costs.

Prices have always come back to reach a new pricing height. Consequently, real estate is one of few effective long-term investments (and the basis of many enduring fortunes) because of its monetary debasement protection. As Federal fiscal discipline is unlikely, ongoing inflation remains probable.

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

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San Francisco Capital Advisors

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

Your best interests are achieved without dual representation (or other conflicts of interest) in the most economic and effective 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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