Union Square Plaza

HOUSING REPOSITIONING & MIXED-USE INVESTMENT OPPORTUNITY

AI / Tech Workforce Housing • Flexible Living • Adaptive Reuse

432 Geary Street | Union Square | San Francisco

Existing Commercial Tenant Income | Private Baths in Every Room | Consistent Residential Floor Plates | Irreplaceable Union Square Location

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LINKS

Union Square Plaza Website
www.usphotel.com

Property Investment Strategies Website
www.propertyinvestmentstrategies.net

PROPERTY INVESTMENT STRATEGIES

Historical Valuation Context

The property was appraised at **$17.0 million in 2015**, providing historical valuation context relative to the current **$14.0 million asking price**. Following the significant post-pandemic repricing experienced across San Francisco real estate, improving market fundamentals may provide additional long-term recovery potential.

2015 appraisal is historical in nature and is not indicative of current market value. Appraisal available to qualified investors upon request.

Union Square Plaza

A Rare Housing Repositioning Opportunity in the Center of San Francisco's AI Economy

THE OPPORTUNITY

Union Square Plaza presents the opportunity to acquire a 69-room, seven-story asset in one of San Francisco's most connected urban locations and reposition the property's existing units toward the city's rapidly expanding demand for flexible, workforce and technology-oriented housing.

The existing configuration offers rare flexibility to evaluate a comprehensive repositioning strategy without inheriting a substantially occupied residential tenant base. Residential occupancy provides a buyer with unique repositioning flexibility. All 69 rooms contain private bathrooms, upper floors feature repetitive layouts, and the property benefits from existing plumbing infrastructure, commercial laundry, elevator service, full sprinklers and prior seismic improvements.

Importantly, the repositioning opportunity is supported by substantial existing lease income from restaurant and signage tenants. The property's existing tenants provide approximately **$429,514 annually**, providing meaningful cash flow while a purchaser evaluates and executes its business plan.

Upon completion of a targeted capital improvement program, potential strategies include **AI/technology workforce housing, furnished flexible living, co-living, founder/startup housing, student/graduate housing and other residential-oriented concepts**, subject to applicable approvals.

Investment Highlights

Existing Density. Existing Infrastructure. Existing Income. *Multiple Repositioning Strategies.*

69
EXISTING ROOMS

100%
PRIVATE BATHROOM CONFIGURATION

±3,767 SF
TYPICAL UPPER FLOOR

Floors 3–7
CONSISTENT UPPER-FLOOR PLATES

±$429,514
CURRENT ANNUAL COMMERCIAL RENT*

Union Square
CENTRAL SF LOCATION

*with one retail space currently vacant.

Broad Repositioning Optionality

Rare flexibility to execute a comprehensive repositioning strategy without inheriting a substantially occupied tenant base.

Potential Seller Financing

Seller financing may be available to qualified purchasers, providing additional flexibility in structuring the acquisition and repositioning capitalization.

Multiple Paths to Value Creation

- AI / Tech Workforce Housing
- Flexible / Furnished Living
- Founder / Startup Housing
- Co-Living
- Traditional Residential / Micro-Studios
- Continued Hotel / SRO Operation
- Student / Graduate Housing

The Business Plan

ACQUIRE ⟶ REPOSITION ⟶ STABILIZE

01 Acquire

Acquire 69-room Union Square asset at attractive basis.

↓

02 Collect In-Place Income

Collect existing restaurant, retail and signage revenue during execution.

↓

03 Reposition

Upgrade rooms and common areas; evaluate kitchenette/cooking facilities and flexible-living amenities, subject to approvals.

↓

04 Stabilize

Lease repositioned inventory into San Francisco’s high-demand housing market.

↓

05 Create Value

Capture the spread between all-in basis and stabilized residential value.

Illustrative Repositioning Analysis

ACQUISITION

Asking Price	$14,000,000

REPOSITIONING

Illustrative Renovation / CapEx	$4,500,000
Soft Costs	$675,000
Carry / Contingency	$500,000

ALL-IN BASIS **$19,675,000**

STABILIZATION

Residential Revenue 69 rooms
at **$2,000 monthly** rent = **$1,656,000 gross rent**

– Vacancy **3%** (**$49,680**)

Commercial Revenue - **$501,514**

– Operating Expenses **35% of revenue**

Stabilized NOI **$1,370,092**

Exit Cap	Stabilized Value	Value Above $19.675M Basis
6.00%	$22.83M	$3.16M
5.75%	$23.83M	$4.15M
5.50%	$24.91M	$5.24M
5.25%	$26.10M	$6.42M

YIELD-ON-COST SENSITIVITY BY MONTHLY RESIDENTIAL RENT

69 units, 3% residential vacancy, $501,514 commercial revenue, 35% operating expenses, and $19.675M all-in basis:

Monthly Rent	Stabilized NOI	Yield on Cost
$1,900	$1,317,887	6.70%
$2,000	$1,370,092	6.96%
$2,100	$1,422,298	7.23%
$2,200	$1,474,503	7.49%
$2,300	$1,526,708	7.76%
$2,400	$1,578,914	8.02%

In-Place Income During Repositioning

Existing restaurant and signage income provides meaningful carrying-cost support while a purchaser completes design, permitting, construction and stabilization of the upper-floor business plan.

RENT ROLL

$140,914/year
for the exterior wall sign with under one year remaining on the lease (currently in negotiations for a long-term renewal)

$111,000/year
for restaurant space with 5 years remaining on the lease, Thai Restaurant called Thong Lor

$72,000/year
for restaurant space with 5 years remaining on the lease, Mexican Restaurant called La China Poblana

$63,600/year
for restaurant space with 5 years remaining on the lease, Chinese Restaurant called Bento

$42,000/year
for a restaurant space with 5 years remaining on the lease, Japanese Restaurant called Katana-Ya Ton Ton

$72,000/year
Market Rent for currently vacant unit

$429,514
Existing
Annual Commercial Rent

$501,514
Pro Forma
Commercial Rent

Union Square Plaza

A 69-Room Mixed-Use Asset in the Heart of Union Square

Union Square Plaza is a seven-story brick-and-steel building comprising 69 existing guest rooms with private bathrooms, approximately 5,800 SF of ground-floor commercial space, and basement restaurant, laundry and storage areas. Originally constructed in 1911, the property underwent a seismic retrofit in 1995 and approximately $250,000 of electrical and plumbing upgrades in 2021, providing an existing physical foundation for potential repositioning strategies, subject to applicable approvals.

PROPERTY HIGHLIGHTS

Address	432 Geary Street
Existing Rooms	61 SRO Units, 8 Tourist Licenses
Manager's Apartment	2 BR, 2 Bath, Kitchen
Gross Building Area	±31,405 SF
Lot Size	±4,125 SF
Stories	7 Stories over Basement
Ground-Floor Commercial	±5,800 SF
Room Sizes	Approximately 161–258 SF
Year Built	1911
Construction	Brick & Steel
Zoning	C-3-G — Downtown General Commercial
Seismic Retrofit	Completed 1995
2021 Upgrades	±$250,000 Electrical & Plumbing
Sprinklers	Fully Sprinklered
Historic Status	City-Listed Historic Resource Status "A"; Not on State or National Register

AI/Tech Has Created a New Housing Demand Cycle in San Francisco

San Francisco: The Epicenter of the AI/Tech Economy

80%
of U.S. AI venture-capital investment since 2020 has gone to the San Francisco Bay Area.

21 MILLION SF
leased by AI companies in San Francisco and Silicon Valley since 2019.

$578 BILLION
of AI venture capital invested nationally since 2020.

5M+ SF
Active tech and AI Space Demand in San Francisco

62%
of active tech tenant demand in San Francisco is attributable to AI companies.

San Francisco's concentration of AI investment and expanding technology-sector demand are supporting renewed employment growth and creating additional demand for centrally located housing.

CAPITAL ⟶ COMPANIES ⟶ JOBS ⟶ HOUSING DEMAND

Source: CBRE Research, 2026 Tech Gateway Office Markets, May 12, 2026.

AI investment → expanding companies → employees working in person → housing demand → existing founder/flexible-housing concepts already charging approximately $2,300–$2,500 → Union Square Plaza underwriting only $2,000/month.

Live in Union Square.
Work anywhere in San Francisco's AI/Tech core.

Existing Founder & Flexible Housing Validates the Concept

San Francisco already includes housing concepts specifically targeting founders, startup employees and technology workers.

Union Square Plaza Underwriting

$2,000/MONTH PROFORMA

Room Size: Approximately 161–258 SF
Private Bathrooms: Yes, in every room

Foundry Coliving

$2,290–$2,490

STARTING MONTHLY RATES

Room Size: Approximately 120–180 SF
Includes: Utilities, Wi-Fi, furnishings, common-area cleaning and founder/community programming.

Superhero Hotel

$2,400

EFFECTIVE 30-NIGHT FOUNDER STAY

Includes: A king bed, private en-suite bathroom, coworking access at Frontier Tower and access to founder programming/events.

THESE ARE MARKET EXAMPLES RATHER THAN DIRECT APARTMENT APPRAISAL COMPARABLES, BECAUSE THEIR SERVICES, AMENITIES AND OPERATING MODELS DIFFER.

kasa

Kasa

PROFESSIONALLY MANAGED FLEXIBLE LIVING

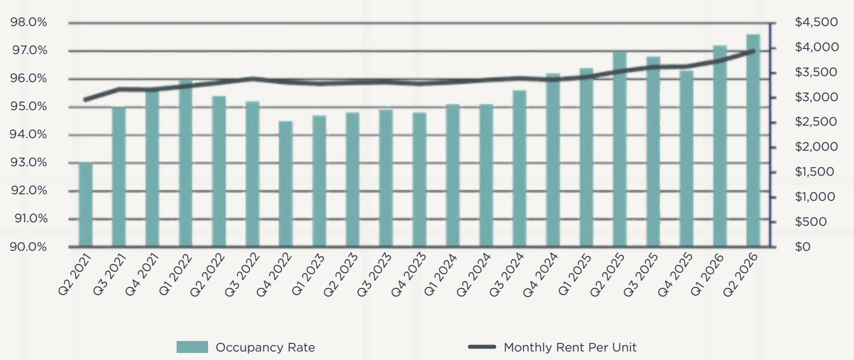
Kasa is an example of a professionally managed furnished/flexible-living operating model, helping demonstrate several potential operating approaches for Union Square Plaza:

- Traditional residential / micro-studios
- AI/tech workforce housing
- Founder/hacker-house community
- Furnished flexible living
- Professionally managed extended-stay model

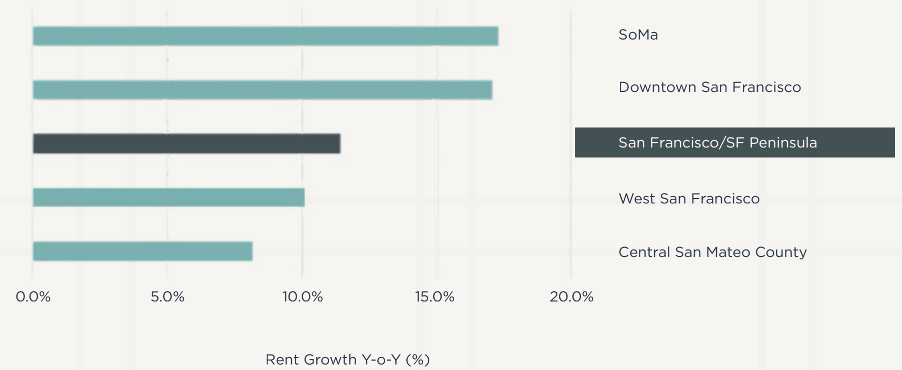
Rent Growth and Occupancy Continue to Strengthen

San Francisco/Peninsula multifamily fundamentals continued to strengthen through Q2 2026, supported by high occupancy and accelerating rental growth. The market reached 97.6% occupancy and an average rental rate of $3,936 per unit, while year-over-year rent growth reached 11.4%.

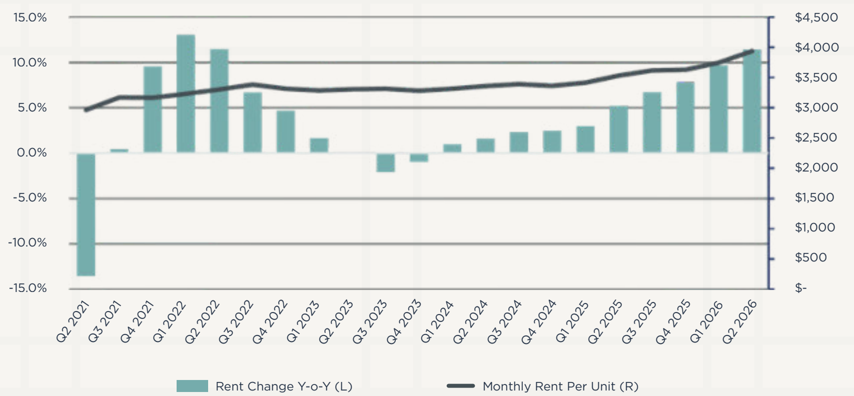
Occupancy and Average Asking Rental Rate – San Francisco/Peninsula



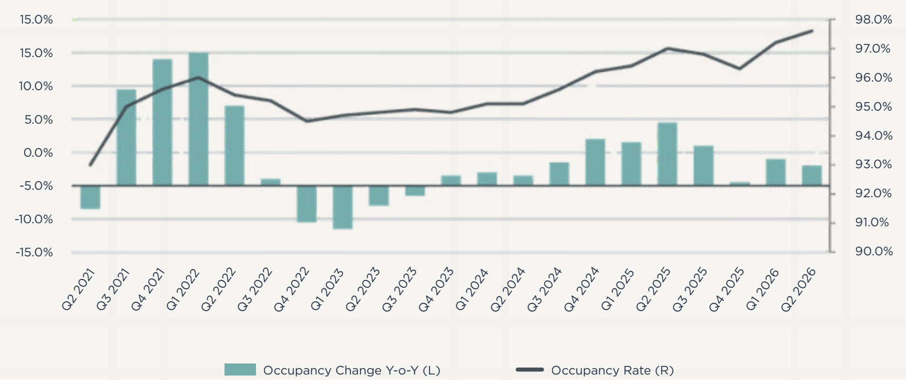
Top 5 Submarkets by Rent Growth



Rent Change Year over Year



Occupancy Rate Change Year over Year

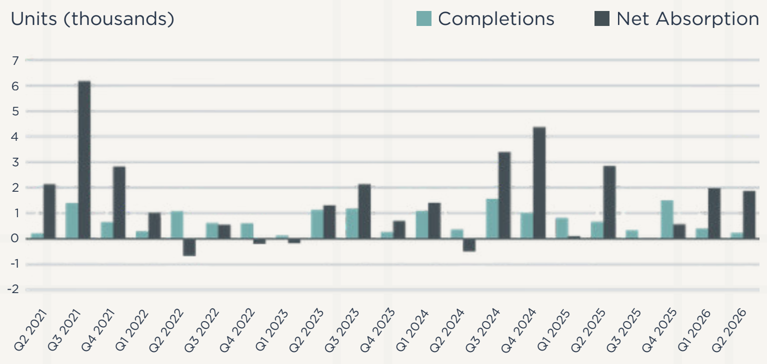


Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Demand Continues to Outpace New Supply

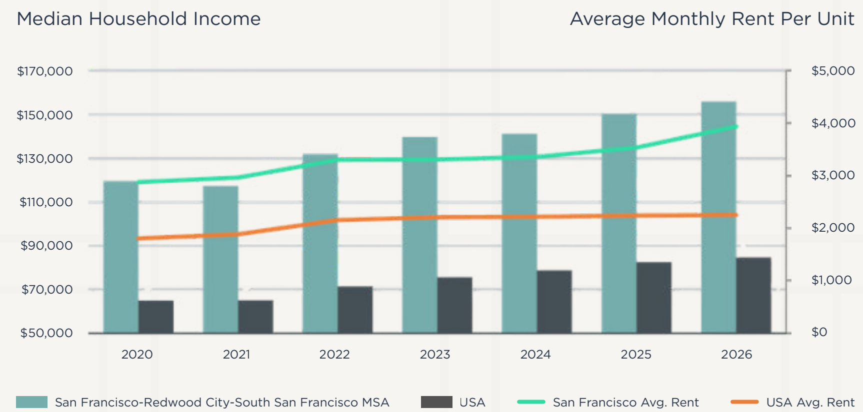
Multifamily demand remains strong relative to new construction across the San Francisco/Peninsula market. In Q2 2026, the market recorded 1,863 units of net absorption against only 228 completed units, reinforcing the limited-supply environment supporting occupancy and rental performance.

Completions and Absorption

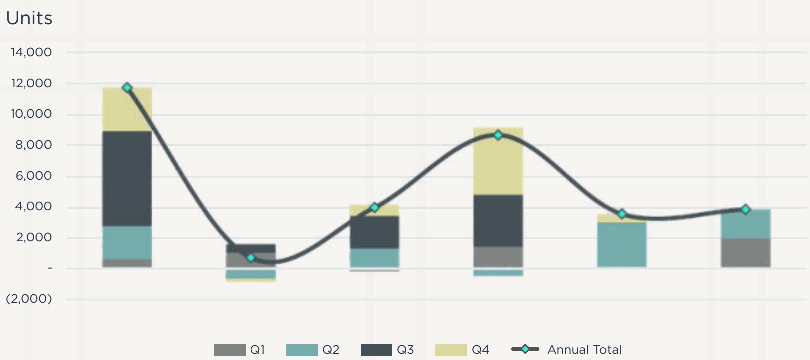


*Net Absorption: The change in occupied units from one period to the next, recognized at the tenant move-in date.

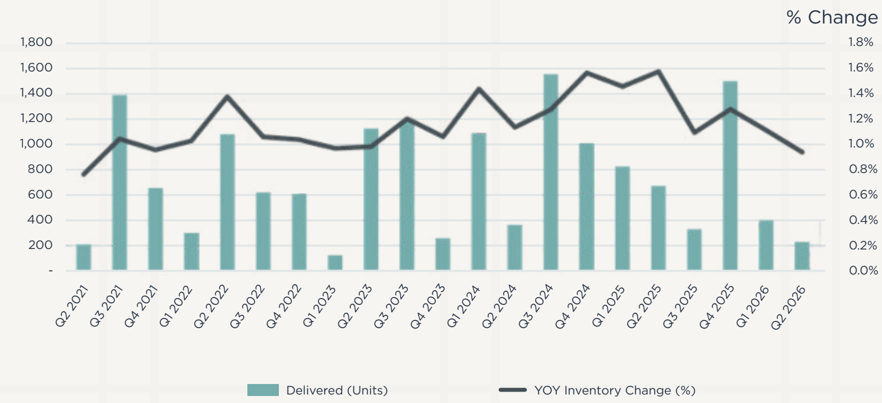
Median Household Income and National Comparison



Net Absorption



Units Delivered and Inventory Change



Sources: CBRE Research, CBRE Econometric Advisors; Oxford Economics, Q2 2026.

Civic Center Multifamily Fundamentals Continue to Strengthen

Civic Center continues to demonstrate improving multifamily fundamentals, supported by strengthening renter demand and exceptionally limited new supply. Over the trailing 12 months, the submarket recorded 110 units of net absorption, while vacancy declined to 4.9% from 6.7% one year earlier. Average asking rents increased 13.2% year-over-year to approximately $2,860 per unit.

New supply remains highly constrained. The submarket has no units currently under construction and recorded zero deliveries over the past 12 months, limiting near-term competitive supply. Across the broader San Francisco market, just 450 units were delivered during the trailing 12 months—approximately 0.24% of the market's 191,495-unit inventory.

These dynamics—rising rents, improving occupancy and limited new construction—provide a favorable backdrop for the repositioning of Union Square Plaza.

Metric	Civic Center	SF Market
Vacancy Rate	4.9%	3.5%
Asking Rent / Unit	$2,858	$3,764
Studio Asking Rent	$2,011	$2,734
Inventory Units	11,203	191,495
Units Under Construction	0	4,101
12-Month Deliveries	0	450

Hines

Source: CoStar

A Walkable Urban Location Surrounded by World-Class Amenities

Dining, retail, culture, entertainment, transit and major employment destinations are concentrated within and around Union Square, supporting a highly connected, car-light lifestyle for future residents.

Repetitive Floor Plates Create Repositioning Optionality

01 **EXISTING WET WALLS/PLUMBING**

02 **PRIVATE BATHROOMS**

03 **EXTERIOR WINDOWS**

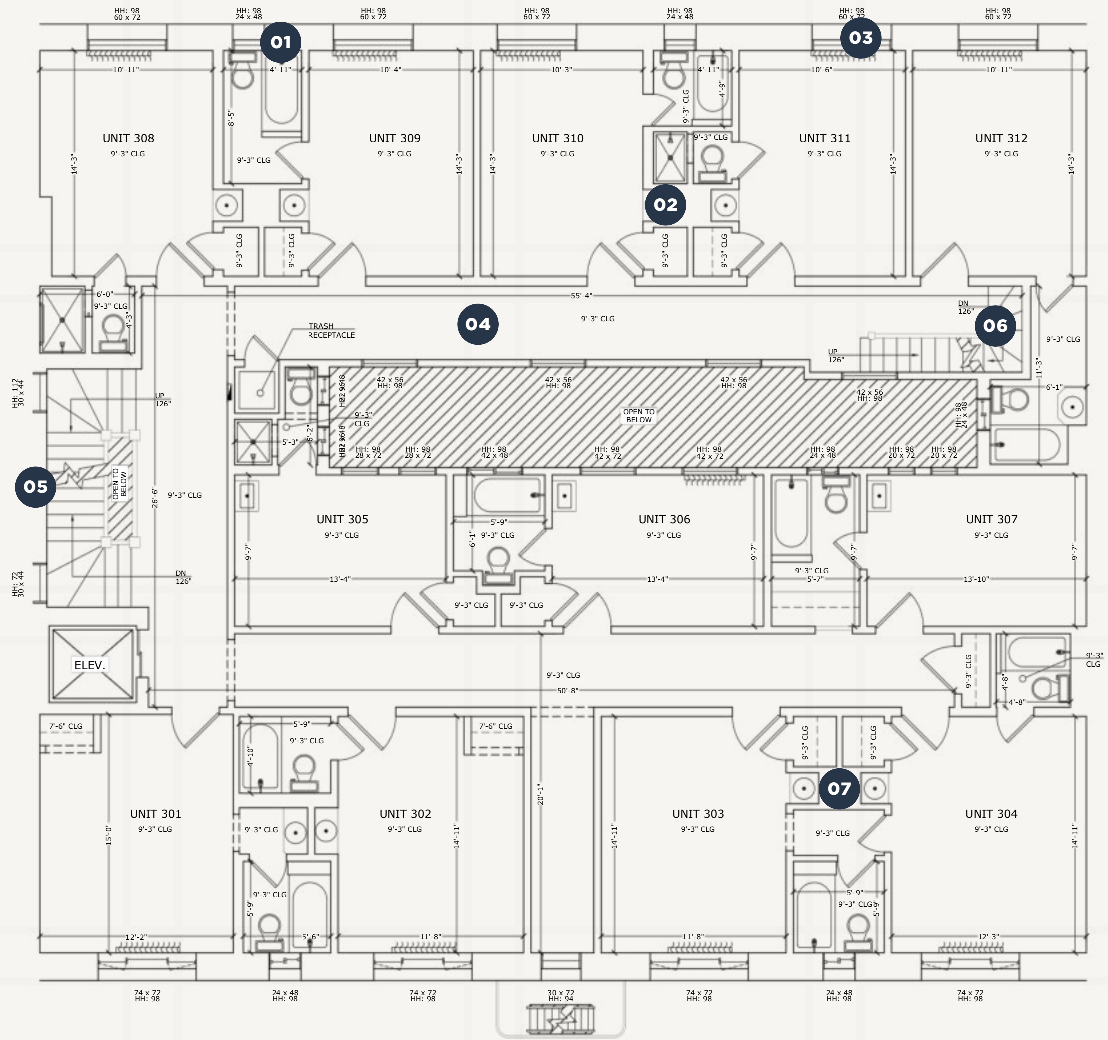
04 **CENTRAL CORRIDOR**

05 **ELEVATOR**

06 **STAIR / EGRESS**

07 **REPETITIVE ROOM CONFIGURATION**

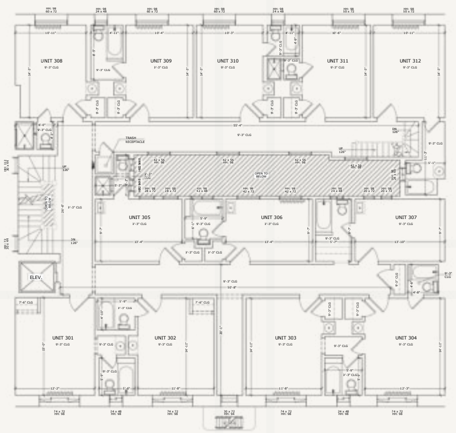
TYPICAL UPPER FLOOR (±3,767 SF / FLOOR)



The Building Stack

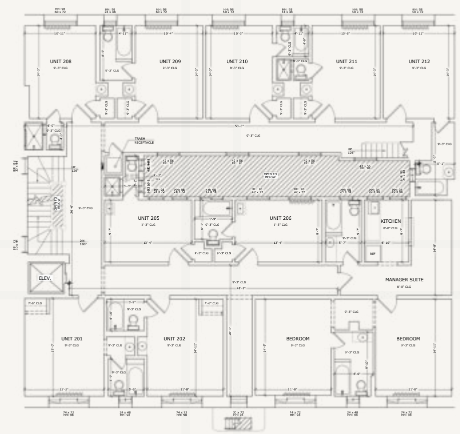
TYPICAL UPPER FLOOR (FLOORS 3–7)

12 ROOMS / FLOOR ±3,767 SF / FLOOR



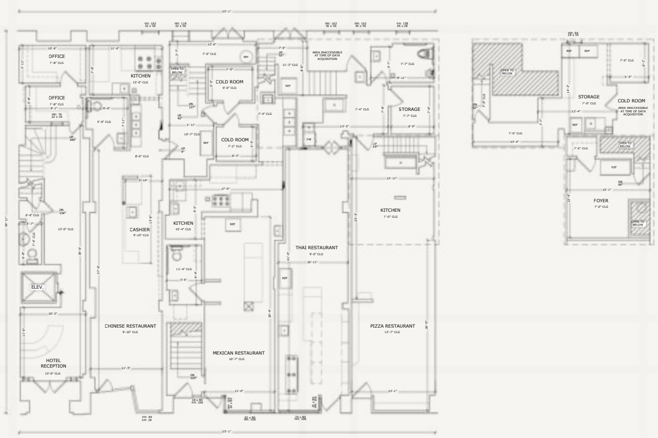
FLOOR 2

GUESTROOMS + EXISTING MANAGER SUITE



GROUND FLOOR

HOTEL LOBBY + RESTAURANT/RETAIL



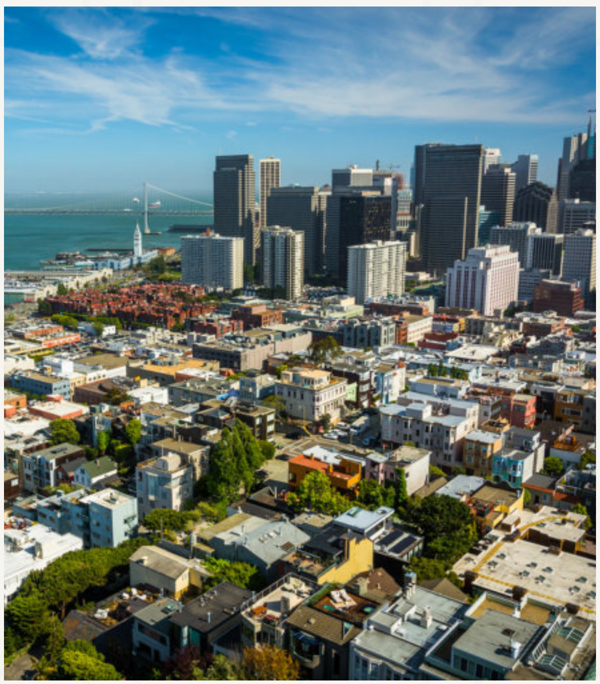
BASEMENT

RESTAURANT + LAUNDRY + STORAGE + BUILDING SYSTEMS

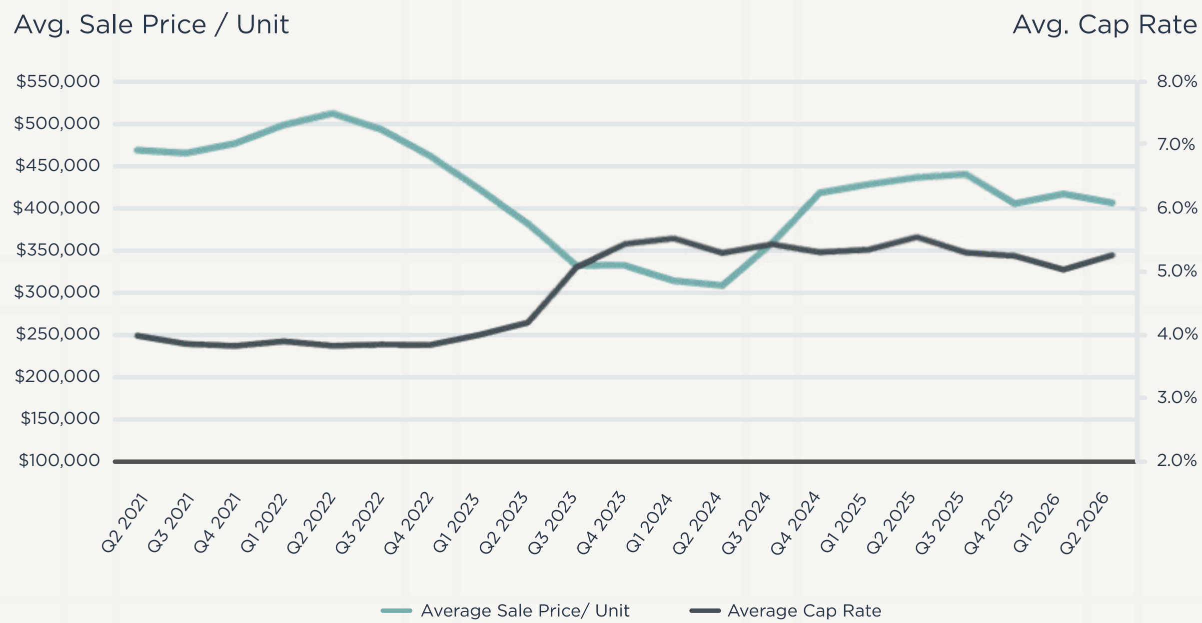
Repositioned Basis Creates Multiple Paths to Long-Term Value

The property combines 69 residential/hospitality units with substantial retail and commercial lease income, meaning only a portion of the acquisition basis is attributable to the upper-floor units.

Following repositioning, this creates the potential for a residential basis meaningfully below prevailing multifamily transaction values. As illustrated below, San Francisco/Peninsula multifamily assets are currently trading at approximately $450,000 per unit on average, providing investors with compelling long-term optionality for refinancing, continued ownership or an eventual sale.



Quarterly Average Sale Price per Unit vs. Cap Rate



Hines

Source: CBRE Research, Real Capital Analytics, Q2 2026

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