



OFFERING MEMORANDUM

BLUE HOTEL

620-626 O'FARRELL ST
SAN FRANCISCO, CA 94109



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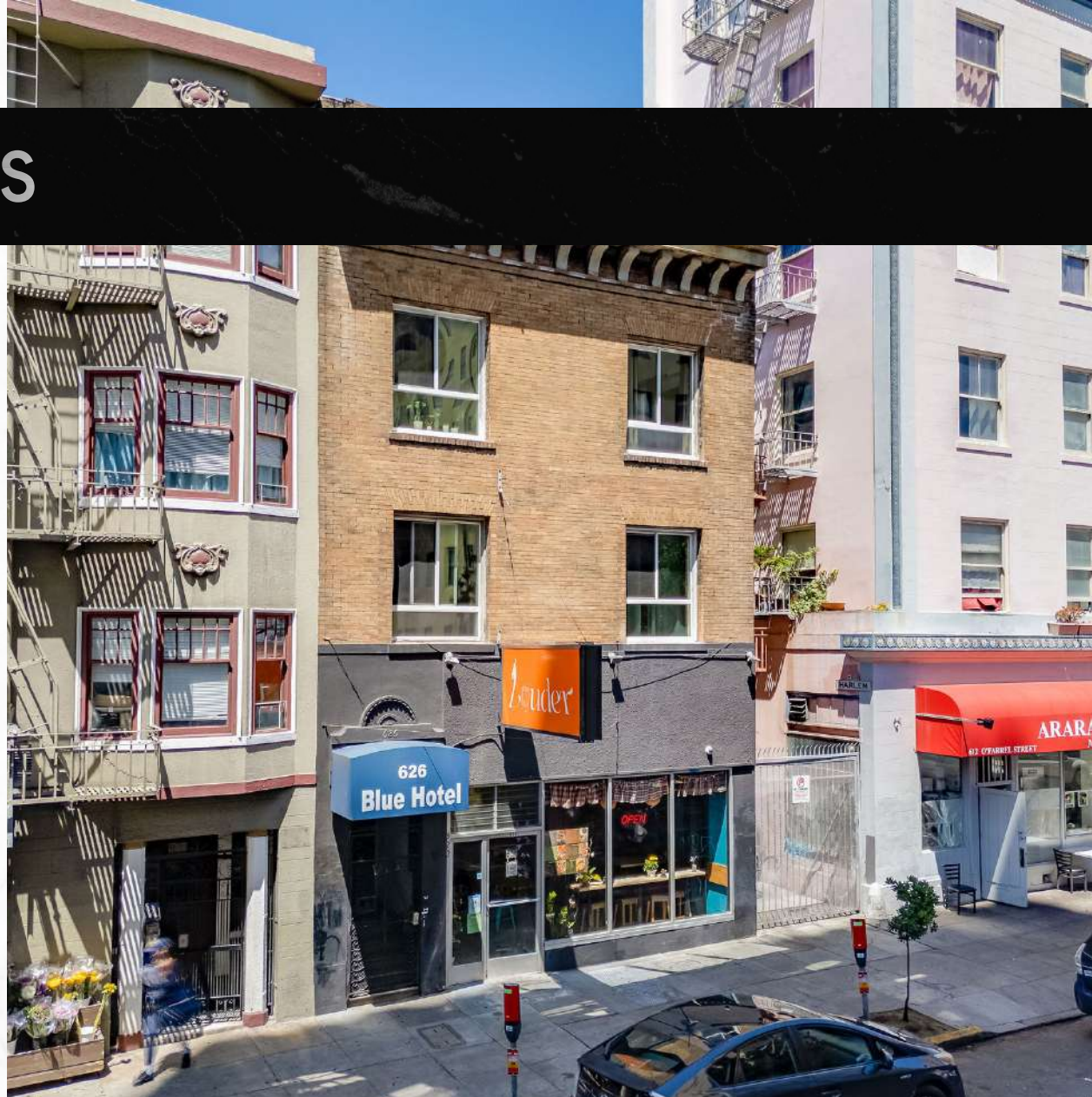
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COMPASS
COMMERCIAL



SECTION 1

PROPERTY INFORMATION



EXECUTIVE SUMMARY

Located less than a mile from San Francisco’s Union Square, the Blue Hotel presents a rare opportunity to acquire a mixed-use building in the heart of the city. The ground floor is anchored by the established Louder Restaurant, providing steady commercial income, while the upper floors consist of 13 SRO units. Residents benefit from access to a common area kitchen along with 9 private and shared restrooms. Seven of the rooms hold city-designated tourist licenses and are rented on a nightly basis, generating strong short-term rental income in one of the country’s top travel destinations. The remaining six rooms are suited for longer-term tenants, with four to be delivered vacant—allowing a new owner the flexibility to select tenants and stabilize rents. Offered at a 8.44% CAP rate and 9.02 GRM, the property provides immediate income with significant upside potential through lease-up and operational optimization.

PROPERTY TYPE	RETAIL/HOSPITALITY/SRO
NUMBER OF RETAIL	1
NUMBER OF SRO	13 (7 TOURIST LICENSES)
YEAR CONSTRUCTED	1909
BUILDING SIZE	4,240 SF
LOT SIZE	1,716 SF
ZONING	RC-4
APN	0319-008

PRICE ANALYSIS

OFFERING PRICE	\$2,600,000
PRICE PER UNIT	\$185,714
PRICE PER SF	\$613
CURRENT CAP	8.31%
CURRENT GRM	9.02

PROPERTY DETAILS

Blue Hotel

ADDRESS 620-626 O'FARRELL ST SAN FRANCISCO, CA 94109

APN 0319-008

The Blue Hotel includes 13 single-room occupancy (SRO) units spread across the second and third floors. Of these, seven units operate under city-designated tourist licenses and are rented on a nightly basis, creating a reliable source of short-term rental income. The remaining six rooms are leased to monthly tenants, with five to be delivered vacant at close—providing the incoming owner an opportunity to reposition and stabilize rents. Some rooms feature private restrooms, while others share access to clean, updated facilities. Guests and residents benefit from a fully equipped communal kitchen, on-site laundry facilities, and inviting common areas with charming period details and natural light, all of which enhance the long-term functionality and appeal of the asset.

Anchoring the ground floor is Louder Restaurant, a highly rated and locally loved Thai eatery that brings the vibrant flavors of Thailand to San Francisco. Known for its authentic dishes and premium ingredients, Louder has built a loyal following with menu highlights such as Pumpkin Curry, Thai Papaya Salad, Pad Thai, and Basil Stir-Fry. Whether guests choose to dine in, take out, or order delivery, the restaurant offers a consistent and compelling culinary experience that draws both local patrons and visiting tourists. Its location just steps from high-traffic entertainment venues further supports continued demand and visibility.

Together, the Blue Hotel and Louder Restaurant create a turnkey, income-producing property with both operational stability and growth potential. Offered at a current 8.44% CAP rate and 9.02 GRM, this investment combines hospitality and food service revenue in a high-demand submarket. With flexible unit configurations, strong tenant appeal, and a standout retail component, the Blue Hotel is a compelling opportunity for both seasoned investors and owner-operators seeking to establish a foothold in the heart of San Francisco.

HIGHLIGHTS

Prime Central Location Less Than One Mile from Union Square
Situating in the vibrant core of San Francisco, the property offers unmatched proximity to Union Square—one of the city's premier shopping, cultural, and transportation hubs. Tenants and guests benefit from easy access to MUNI, BART, and a rich mix of dining, retail, and nightlife destinations.

Rare Mixed-Use Opportunity in the Heart of the Entertainment Corridor

This is a unique chance to acquire a mixed-use asset in a high-traffic corridor that caters to both tourists and locals. The property combines stable commercial income with residential cash flow, positioned within a neighborhood known for its hotels, theaters, and boutique attractions.

Street-Level Retail Occupied by Louder Restaurant, a Highly Rated Thai Eatery

The ground floor retail space is leased to Louder, a popular Thai restaurant known for its loyal customer base, strong reviews, and consistent foot traffic. This long-term tenant adds stability and visibility to the property's income profile.

13 SRO Units Across Upper Floors Provide Diversified Revenue Streams

The second and third floors comprise 13 Single Room Occupancy (SRO) units, creating a balanced and flexible residential component. The unit mix allows the owner to capture both short-term and long-term income opportunities in a high-demand urban market.

7 Tourist-Approved Rooms with City Licenses for Nightly Rentals

Seven of the SRO rooms are officially licensed by the city for short-term tourist use, enabling the owner to capitalize on San Francisco's robust demand for alternative accommodations. These units are currently operated as nightly rentals, providing higher income per square foot.

6 Long-Term Occupied Units, with 4 Vacancies for Immediate Repositioning

The remaining six SRO rooms are occupied by long-term tenants, with four of these units scheduled to be delivered vacant, offering immediate upside through market-rate leasing or conversion to short-term use.

Strong Value-Add Potential via Operational Efficiencies and Revenue Optimization

Investors can unlock additional value through better management of short-term rentals, dynamic pricing strategies, and reducing vacancy. There is an opportunity to streamline expenses while increasing revenue in both the commercial and residential components.

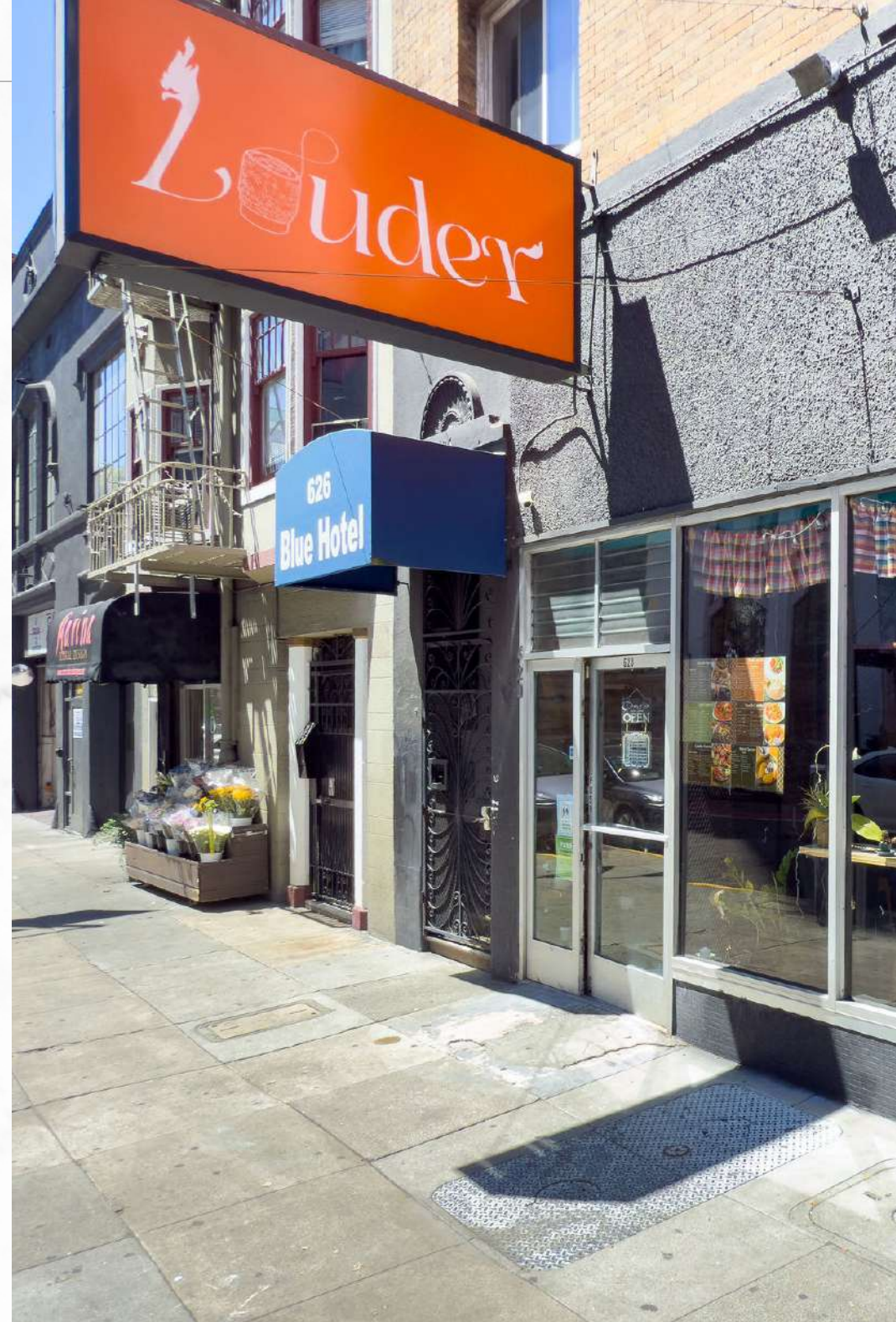
PROPERTY DETAILS

PROPERTY TYPE	Retail
TENANT TRADE NAME	Louder Restaurant
UNIT SIZE	1,712 SF
LEASE COMMENCEMENT DATE	8/3/2022
LEASE EXPIRATION DATE	8/3/2027
LEASE TYPE	Gross + Utilities Lease
CURRENT RENT	\$6,471.00
INCREASES	Annual
OPTIONS	(1) 5 YR Option Remaining at Market Rent

Louder Restaurant brings the vibrant flavors of Thailand to San Francisco, offering an unforgettable dining experience built on authenticity, quality, and passion. Every dish at Louder is meticulously crafted using the highest quality ingredients, ensuring that each bite captures the true essence of Thai cuisine. From the careful selection of aromatic herbs and spices to the delicate balancing of bold flavors, the restaurant's menu reflects a deep respect for traditional Thai culinary techniques.

Located on O'Farrell Street, just minutes from Union Square and the Great American Music Hall, Louder Restaurant is a convenient and inviting destination for locals and visitors alike. Popular menu highlights include the rich and comforting Pumpkin Curry, the refreshing Thai Papaya Salad, the iconic Pad Thai, and the flavorful, spicy Basil Stir-Fry. Whether guests choose to dine in, carry out, or order delivery, Louder offers an authentic taste of Thailand in every meal.

For those seeking a true Thai dining experience in the heart of the city, Louder Restaurant stands out as a must-visit destination.







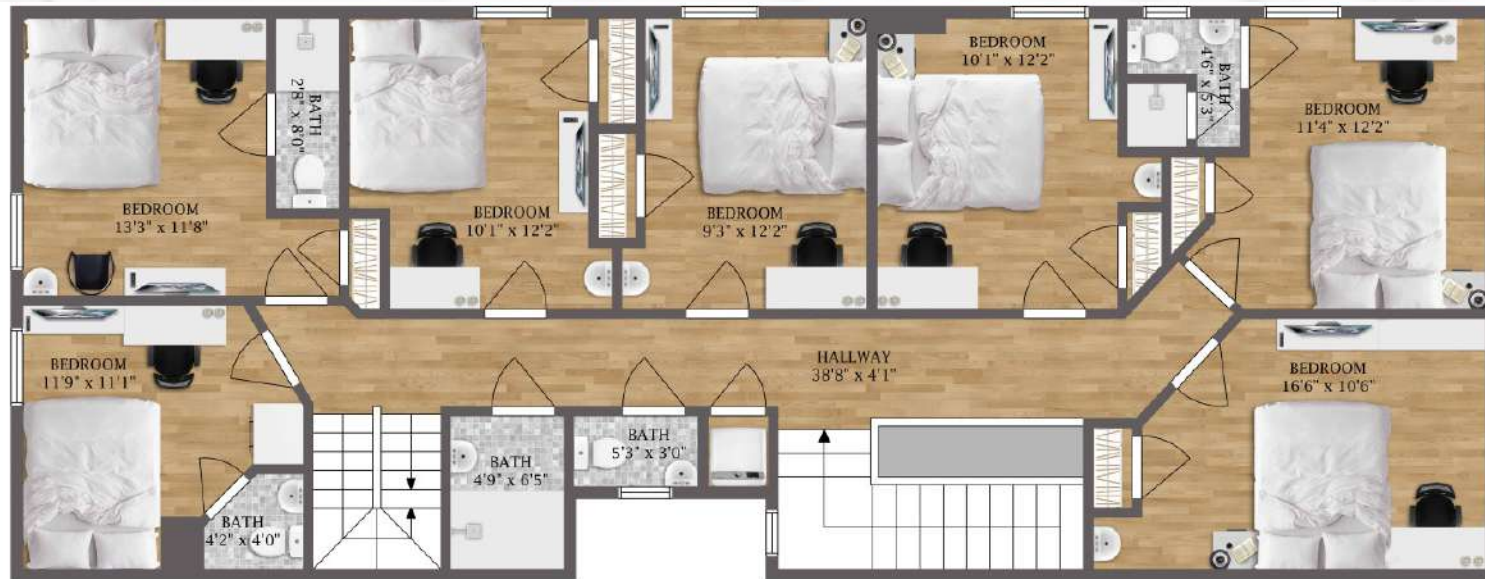


PROPERTY DETAILS

Blue Hotel

PROPERTY TYPE	Hospitality/SRO
NUMBER OF SRO	13 (7 TOURIST LICENSES)
HOTEL SIZE	4,240 SF
LOT SIZE	1,716 SF
YEAR BUILT	1909

Blue Hotel San Francisco offers travelers a convenient and affordable stay just 500 meters from The Regency Ballroom Theatre and within walking distance to Union Square and other key San Francisco attractions. The property features 13 private guest rooms, 9 bathrooms, and 7 rooms. 7 of the units are operated as short-term rentals—ideal for tourists and event attendees—and 6 units which can be leased on a monthly basis, catering to extended-stay guests and traveling professionals. Some rooms include private restrooms, while others share access to clean, updated facilities. Guests benefit from a fully equipped communal kitchen with full-size appliances and ample storage, as well as on-site laundry facilities that enhance convenience for longer stays. Interior details such as charming period architecture, abundant natural light, and modern updates throughout the common areas create a warm and inviting environment. With its flexible rental model, thoughtful amenities, and central location, Blue Hotel is well-positioned to serve a wide range of traveler needs in the heart of San Francisco.



FLOOR 2

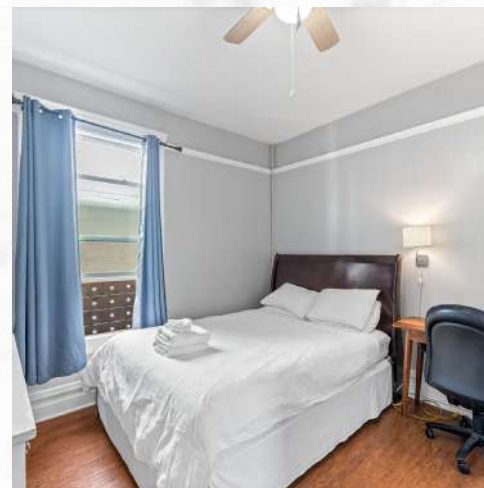
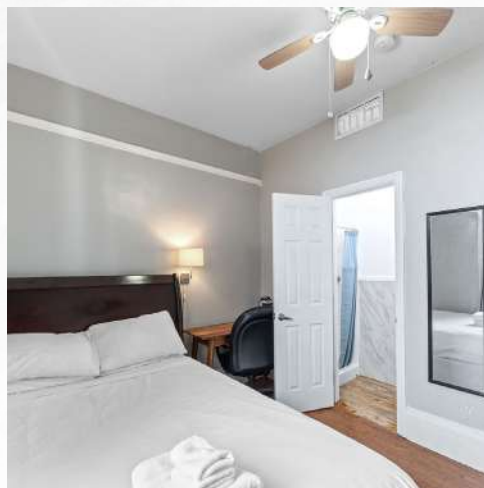


FLOOR 1

GROSS INTERNAL AREA
 FLOOR 1: 1,410 SF, FLOOR 2: 1,474 SF
 TOTAL: 2,884 SF
 SIZE AND DIMENSIONS ARE APPROXIMATE, ACUTAL MAY VARY









SECTION 2

LOCATION INFORMATION



SAN FRANCISCO, CA

San Francisco is a world-renowned cultural and economic hub located in Northern California. Founded in 1776 and rapidly developed during the Gold Rush of 1849, the city has a rich history of innovation, diversity, and resilience. Known for its iconic landmarks like the Golden Gate Bridge, Alcatraz Island, and cable cars, San Francisco is a top global travel destination, drawing over 20 million visitors annually.

The city is a leading center for finance, technology, and biotechnology. It is part of the broader Bay Area economy, which includes Silicon Valley and is home to some of the world's most influential companies such as Salesforce, Uber, Airbnb, and Wells Fargo. Major employers also include UCSF Medical Center, Kaiser Permanente, and city and county government agencies.

San Francisco offers world-class amenities, a robust public transit network (including BART and MUNI), and is served by San Francisco International Airport (SFO), one of the busiest airports in the U.S. The city's economic base is supported by a mix of tech, healthcare, tourism, education, and professional services, making it one of the most dynamic urban economies in the country.

POINTS OF INTEREST



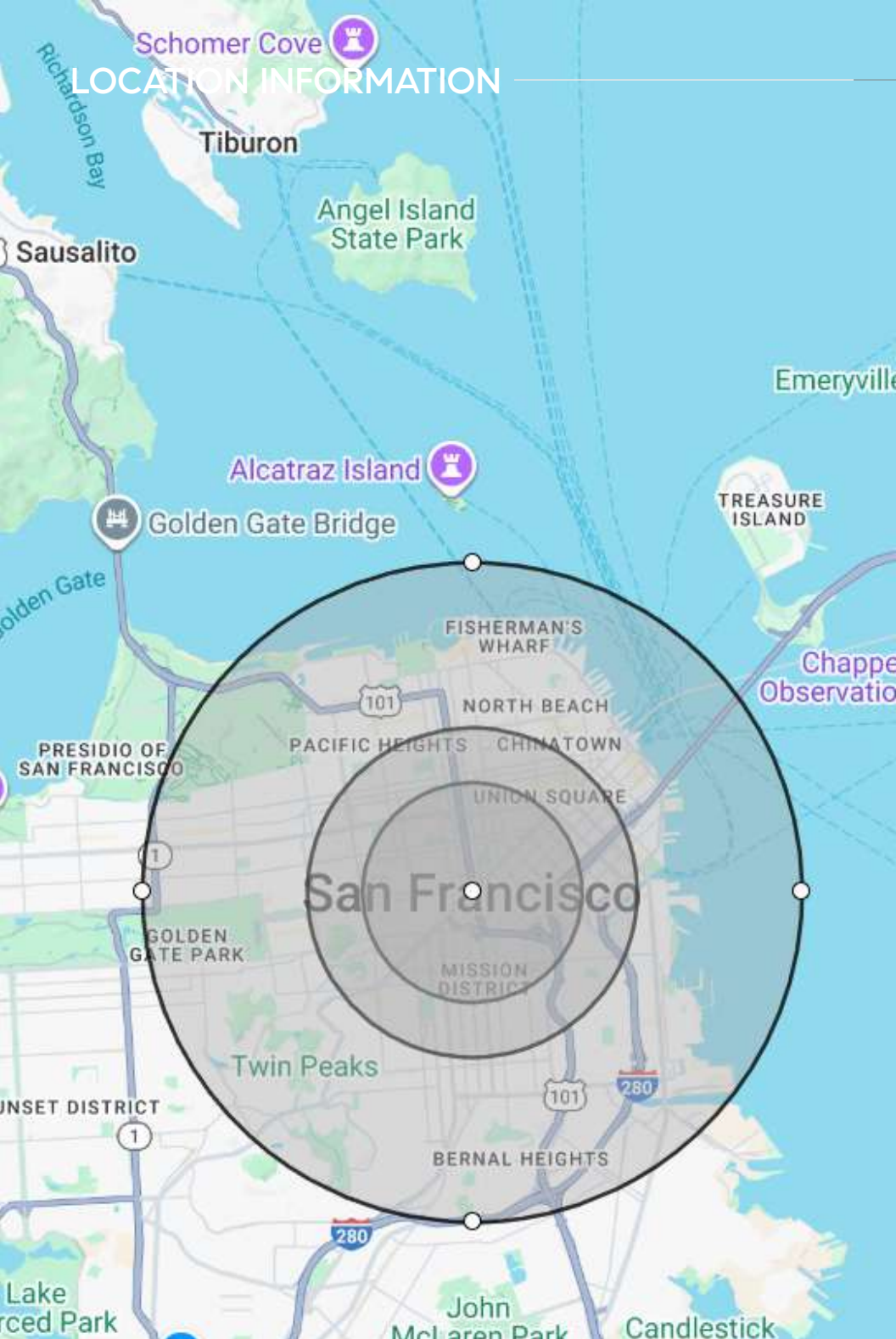
- A** Union Square
- B** Yerba Buena Center for the Arts
- C** The Moscone Center
- D** Westfield San Francisco Centre
- E** Salesforce Tower
- F** Transamerica Pyramid

- G** Coit Tower
- H** Pier 39
- I** Fisherman's Wharf
- J** Fort Mason
- K** Grace Cathedral
- L** Oracle Park

- M** Chinatown
- N** Lombard Street
- O** City Hall
- P** Ferry Building

RETAILER MAP





DEMOGRAPHICS

POPULATION	1 MILE	2 MILES	3 MILES
2024 POPULATION	142,625	449,685	692,555
2029	132,759	419,511	641,236
MEDIAN AGE	41.9	39.7	41
BACHELOR'S DEGREE/HIGHER	51%	63%	59%

HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
2024 HOUSEHOLDS	75,124	218,273	303,936
AVERAGE HOUSEHOLD SIZE	1.7	1.9	2.1
AVERAGE HOUSEHOLD INCOME	\$118,549	\$159,171	\$158,251
MEDIAN HOME VALUE	\$1,046,940	\$1,102,464	\$1,103,089

SHARE OF EMPLOYMENT

	1 MILE			3 MILES			5 MILES		
	EMPLOYEES	BUSINESSES	EMPLOYEES PER BUSINESS	EMPLOYEES	BUSINESSES	EMPLOYEES PER BUSINESS	EMPLOYEES	BUSINESSES	EMPLOYEES PER BUSINESS
SERVICE-PRODUCING INDUSTRIES	214,919	21,884	10	498,622	55,449	9	555,096	64,230	9
TRADE, TRANSPORTATION & UTILITIES	17,497	1,993	9	47,114	4,986	9	54,518	6,139	9
INFORMATION	17,166	859	20	41,972	2,045	21	43,370	2,202	20
FINANCIAL ACTIVITIES	28,382	3,013	9	53,445	6,248	9	58,055	7,230	8
PROFESSIONAL & BUSINESS SERVICES	48,176	5,010	10	99,616	10,375	10	106,729	11,827	9
EDUCATION & HEALTH SERVICES	33,453	6,262	5	123,438	21,457	6	140,673	24,177	6
LEISURE & HOSPITALITY	39,109	2,269	17	81,166	5,067	16	91,204	6,061	15
OTHER SERVICES	13,152	2,146	6	27,928	4,766	6	33,322	6,004	6
PUBLIC ADMINISTRATION	17,984	332	54	23,943	505	47	27,225	590	46
GOODS-PRODUCING INDUSTRIES	6,807	776	9	20,323	2,298	9	26,600	3,429	8
NATURAL RESOURCES & MINING	95	31	3	364	105	3	458	130	4
CONSTRUCTION	2,659	412	6	9,597	1,244	8	13,536	2,040	7
MANUFACTURING	4,053	333	12	10,362	949	11	12,606	1,259	10
TOTAL	221,726	22,660	10	518,945	57,747	9	581,696	67,659	9

MAJOR EMPLOYERS





CONSUMER SPENDING WITHIN A 1 MILE RADIUS

CATEGORIES	TOTAL SPENDING	AVG HOUSEHOLD
APPAREL	\$112,581,868	\$1,500
ENT., HOBBIES & PETS	\$300,415,389	\$4,003
FOOD & ALCOHOL	\$635,646,473	\$8,470
HOUSEHOLD	\$346,892,272	\$4,623
TRANSP. & MAINTENANCE	\$446,885,593	\$5,955
HEALTH CARE	\$100,621,666	\$1,341
EDUCATION & DAYCARE	\$179,087,351	\$2,386
TOTAL	\$2,122,130,612	\$28,278

TRAFFIC

COLLECTION STREET	CROSS STREET	TRAFFIC VOLUME
HYDE ST	MABEL ALY S	65,985
OFARRELL ST	LARKIN ST W	14,495
ELLIS ST	HYDE ST E	9,653
POST ST	MEACHAM PL E	13,931
LARKIN ST	MYRTLE ST S	14,920
EDDY ST	LARKIN ST W	5,472
HYDE ST	TURK BLVD N	76,936
POLK ST	MYRTLE ST S	47,723

SAN FRANCISCO SUBMARKET HOSPITALITY REPORT

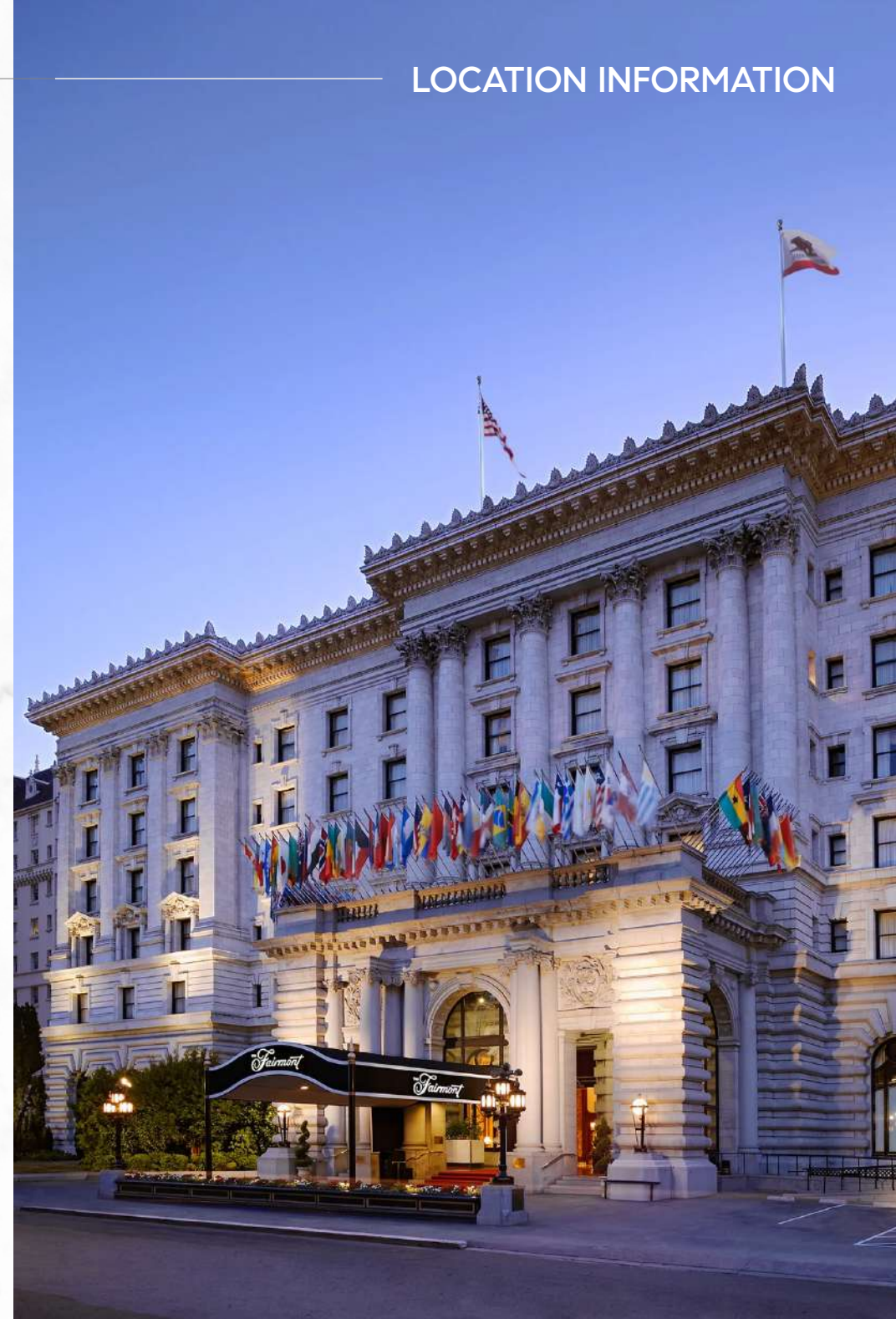
The San Francisco Submarket, particularly Nob Hill, leads the San Francisco/San Mateo market in 12-month average RevPAR (despite a slight YoY decline of 1.2%) and strong occupancy (70.7%). The submarket features a high concentration of luxury hotels and benefits from proximity to Moscone Convention Center, the Financial District, and tourist transit like cable cars.

2025 Outlook is optimistic, driven by a robust convention calendar, international tourism, and major events like the NBA All-Star Game, FIFA World Cup, and Super Bowl.

The area's ADR (\$222.32) is among the highest regionally, behind only Napa Valley and Market Street. However, labor cost pressures are expected to impact profitability, following recent union contract negotiations that resulted in higher wages and staffing protections through 2028.

There's been no new hotel development since 2018 and a decline in inventory (-1.2% over three years). Hotel transaction volume remains low due to market conditions, with only 4 sales totaling \$37.5M in the past year—well below the \$193M three-year average.

UNDER CONSTRUCTION ROOMS	0
12 MO DELIVERED ROOMS	0
12 MO OCCUPANCY	70.70%
12 MO OCCUPANCY CHG	2.40%
12 MO ADR	\$222.3
12 MO ADR CHG	-3.50%
12 MO REVPAR	\$157.19
12 MO REVPAR CHG	-1.20%





SECTION 3

FINANCIAL ANALYSIS

RENT ROLL

UNIT	CURRENT INCOME
7 - TOURIST (VACANT)	\$1,350.00
8 - TOURIST	\$1,400.00
9 - RESIDENTIAL (VACANT)	\$1,350.00
10 - RESIDENTIAL (VACANT)	\$1,350.00
11 - RESIDENTIAL (VACANT)	\$1,350.00
12 - TOURIST (VACANT)	\$1,350.00
14 - TOURIST (VACANT)	\$1,350.00
15 - RESIDENTIAL	\$1,300.00
16 - RESIDENTIAL (VACANT)	\$1,350.00
17 - RESIDENTIAL (VACANT)	\$1,350.00
18 - TOURIST (VACANT)	\$1,350.00
19 - TOURIST (VACANT)	\$1,350.00
20 - TOURIST (VACANT)	\$1,350.00
620 - RETAIL	\$6,471.00
TOTAL	\$24,021.00

OPERATING METRICS (7 TOURIST ROOMS)

MONTHS	ADR	REVPAR	OCCUPANCY RATE
JANUARY	\$78.76	\$30.49	38.71%
FEBRUARY	\$73.90	\$16.59	22.45%
MARCH	\$75.46	\$25.38	33.64%
APRIL	\$73.94	\$30.28	40.95%
MAY	\$72.53	\$40.78	56.22%
JUNE	\$80.14	\$45.03	56.19%
JULY	\$75.59	\$30.30	40.09%
AUGUST	-	-	-
SEPTEMBER	-	-	-
OCTOBER	-	-	-
NOVEMBER	-	-	-
DECEMBER	-	-	-

INCOME & EXPENSES

INCOME SUMMARY	CURRENT
SCHEDULED GROSS INCOME ⁽¹⁾	\$210,600.00
VACANCY FACTOR ⁽²⁾	-\$10,530.00
RETAIL INCOME	\$77,652.00
ADJUSTED GROSS INCOME	\$277,722.00
EXPENSE SUMMARY	CURRENT
PROPERTY TAXES ⁽³⁾	\$30,744.61
ASSESSMENTS ⁽⁴⁾	\$2,044.00
INSURNACE ⁽⁵⁾	\$5,000.00
UTILITIES ⁽⁶⁾	\$6,500.00
BUSINESS LICENSE ⁽⁷⁾	\$818.00
MANAGEMENT FEE ⁽⁸⁾	\$10,003.50
REPAIRS & MAINTENANCE ⁽⁹⁾	\$3,250.00
GROSS EXPENSES	\$61,610.11
NET OPERATING INCOME	\$216,111.89

1. Scheduled Gross Income – Reflects current in-place and proforma rents from the rent roll.
2. Vacancy – Underwritten at 5% of scheduled gross income.
3. Property Taxes – Estimated using a 1.18248499% ad valorem rate applied to the sale price.
4. Assessments – Pulled directly from the existing property tax statement.
5. Insurance – Pro forma estimate based on market rates.
6. Utilities – Derived from owner's historical operating statements.
7. Business License – Actual expense per owner's P&L.
8. Management Fee – Assumed at 5% of adjusted gross income from SRO operations.
9. Repairs & Maintenance - Estimated at \$250 per room annually.





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