



OFFERING MEMORANDUM

BLUE HOTEL

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



CONFIDENTIALITY & DISCLAIMER

All materials and information received or derived from Compass Commercial - San Francisco & Los Angeles its directors, officers, agents, advisors, affiliates and/or any third party sources are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, developability or suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters.

Neither Compass Commercial - San Francisco & Los Angeles its directors, officers, agents, advisors, or affiliates makes any representation or warranty, express or implied, as to accuracy or completeness of the any materials or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significance to such party. Compass Commercial - San Francisco & Los Angeles will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing.

EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. Compass Commercial - San Francisco & Los Angeles makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions. Compass Commercial - San Francisco & Los Angeles does not serve as a financial advisor to any party regarding any proposed transaction. All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property.

Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by Compass Commercial - San Francisco & Los Angeles in compliance with all applicable fair housing and equal opportunity laws.

TABLE OF CONTENTS

04 PROPERTY INFORMATION

15 LOCATION INFORMATION

23 FINANCIAL ANALYSIS



Theodore Wong, CCIM
Vice President
License: CA 02016737
650.228.9930
theodore.wong@compass.com

Rai Lee
Associate
License: CA 02118177
510.604.6132
rai.lee@compass.com

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 9.22% CAP rate and 8.25 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	\$2,300,000
PRICE PER UNIT	\$164,286
PRICE PER SF	\$542
CURRENT CAP	9.22%
CURRENT GRM	8.25

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 9.22% CAP rate and 8.25 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

Situated 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.

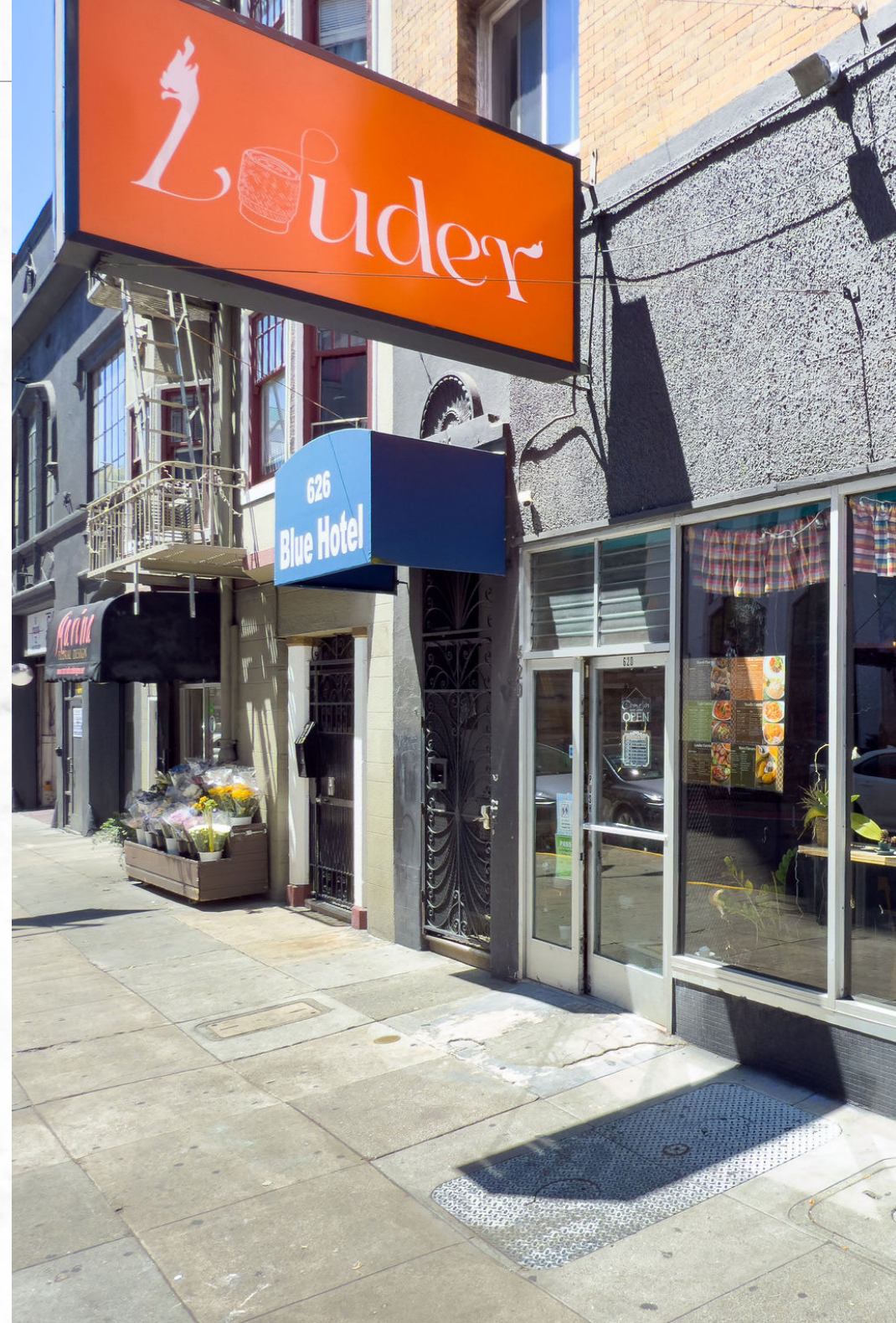
PROPERTY DETAILS

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
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.







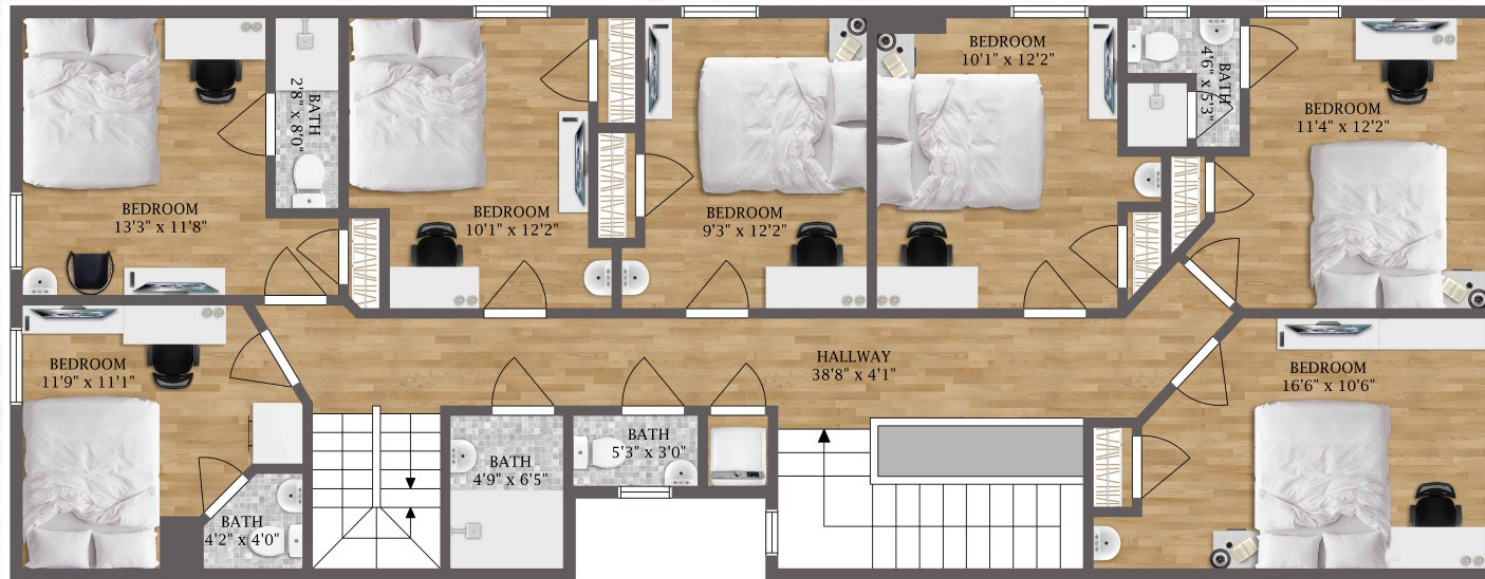


PROPERTY DETAILS

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.

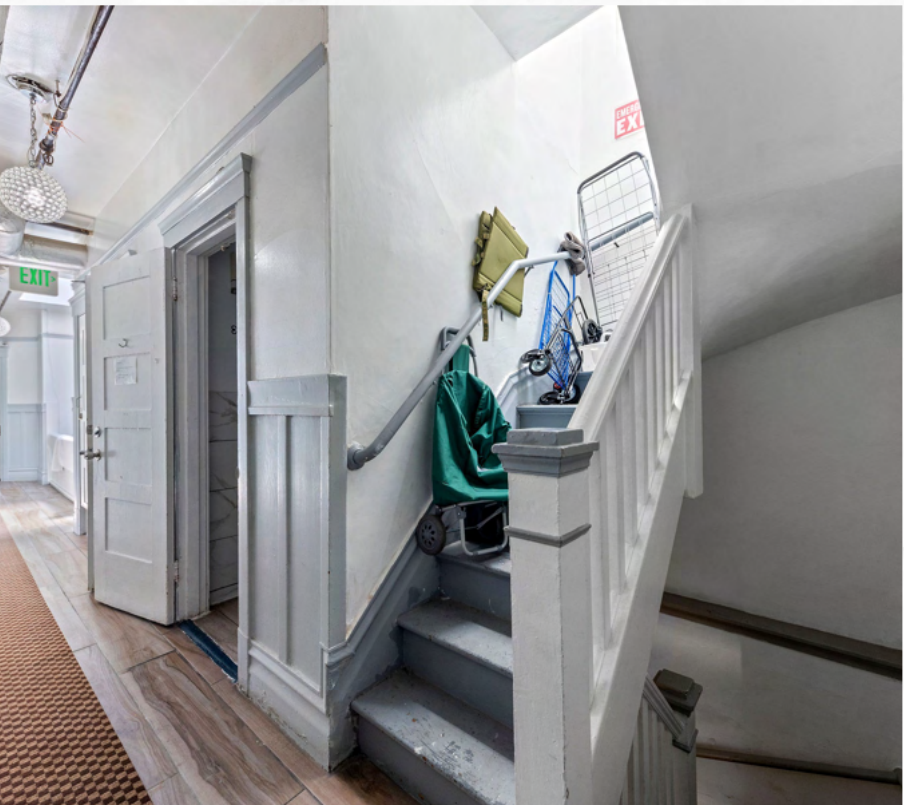


FLOOR 2



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



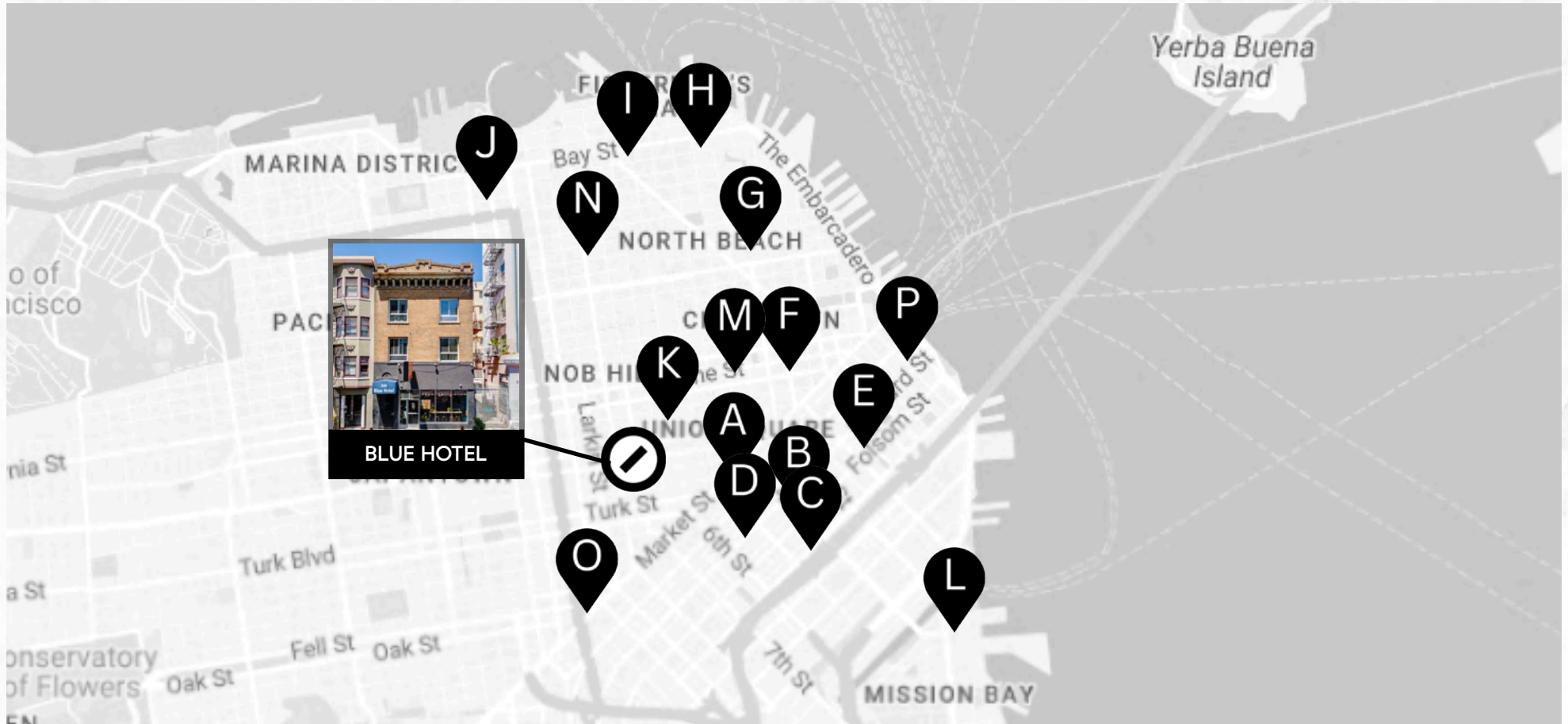
SAN FRANCISCO, CA

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

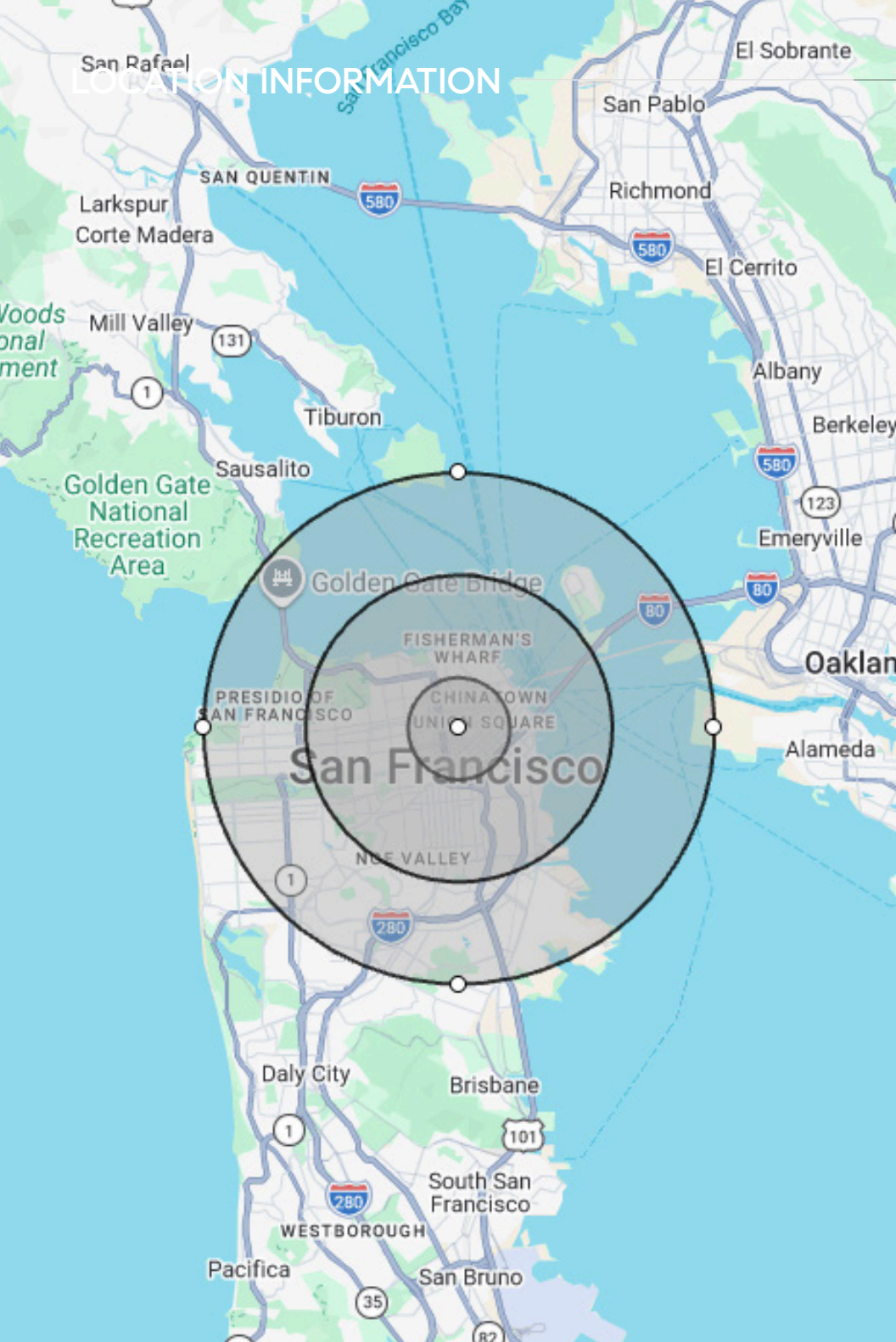


- | | | |
|--|----------------------------|-------------------------|
| A Union Square | G Coit Tower | M Chinatown |
| B Yerba Buena Benter for the Arts | H Pier 39 | N Lombard Street |
| C The Moscone Center | I Fisherman's Wharf | O City Hall |
| D Westfield San Francisco Centre | J Fort Mason | P Ferry Building |
| E Salesforce Tower | K Grace Cathedral | |
| F Transamerica Pyramid | L Oracle Park | |

RETAILER MAP



LOCATION INFORMATION



DEMOGRAPHICS

POPULATION	1 MILE	2 MILES	3 MILES
2025 POPULATION	149,746	471,289	727,690
2030	152,843	481,742	738,629
MEDIAN AGE	42.7	40.7	41.8
BACHELOR'S DEGREE/HIGHER	51%	63%	59%

HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
2025 HH	78,107	227,136	317,033
AVERAGE HH SIZE	1.7	1.9	2.1
AVERAGE HH INCOME	\$122,419	\$163,059	\$163,058
MEDIAN HOME VALUE	\$1,031,111	\$1,096,285	\$1,100,482
OWNER OCCUPIED HH	10,468	55,161	101,789
RENTER OCCUPIED HH	69,103	176,820	220,326

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

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	210,602	22,120	10	471,480	55,716	8	527,471	64,551	8
TRADE, TRANSP. & UTILITIES	15,880	1,862	9	44,514	4,714	9	51,571	5,780	9
INFORMATION	18,327	891	21	41,511	2,075	20	42,911	2,239	19
FINANCIAL ACTIVITIES	27,959	2,963	9	50,544	6,033	8	54,630	6,939	8
PROFESSIONAL & BUS. SERVICES	49,995	5,159	10	99,089	10,899	9	108,664	12,582	9
EDUC. & HEALTH SERVICES	31,739	6,650	5	107,889	21,923	5	123,535	24,682	5
LEISURE & HOSPITALITY	38,258	2,236	17	78,964	4,984	16	88,978	5,978	15
OTHER SERVICES	12,146	2,054	6	26,948	4,608	6	32,038	5,793	6
PUBLIC ADMINISTRATION	16,298	305	53	22,021	480	46	25,144	558	45
GOODS-PRODUCING INDUSTRIES	6,946	770	9	20,449	2,356	9	26,780	3,445	8
NATURAL RESOURCES & MINING	86	29	3	381	110	3	477	138	3
CONSTRUCTION	2,374	381	6	9,015	1,191	8	12,949	1,938	7
MANUFACTURING	4,486	360	12	11,053	1,055	10	13,354	1,369	10
TOTAL	217,548	22,890	10	491,929	58,072	8	554,251	67,996	8

MAJOR EMPLOYERS



Hilton
SAN FRANCISCO
UNION SQUARE



Uber



Consumer Spending

	1 MILE		3 MILES		5 MILES	
	TOTAL SPENDING	AVG HOUSEHOLD	TOTAL SPENDING	AVG HOUSEHOLD	TOTAL SPENDING	AVG HOUSEHOLD
APPAREL	\$114,267,003	\$1,463	\$397,531,938	\$1,750	\$581,965,226	\$1,836
ENTERTAINMENT, HOBBIES & PETS	\$304,064,684	\$3,893	\$1,107,462,551	\$4,876	\$1,604,086,638	\$5,060
FOOD & ALCOHOL	\$651,139,828	\$8,337	\$2,229,311,017	\$9,815	\$3,203,761,355	\$10,105
HOUSEHOLD	\$342,113,376	\$4,380	\$1,304,366,300	\$5,743	\$1,921,012,961	\$6,059
TRANSPORTATION & MAINTENANCE	\$449,037,448	\$5,749	\$1,620,789,916	\$7,136	\$2,410,177,266	\$7,602
HEALTH CARE	\$103,526,154	\$1,325	\$356,791,545	\$1,571	\$526,673,723	\$1,661
EDUCATION & DAYCARE	\$171,632,673	\$2,197	\$680,639,433	\$2,997	\$972,946,472	\$3,069
TOTAL SPECIFIED CONSUMER SPENDING (\$)	\$2,135,781,166	\$27,344	\$7,696,892,700	\$33,887	\$11,220,623,641	\$35,393



SAN FRANCISCO SUBMARKET HOSPITALITY REPORT

The San Francisco Market Street Submarket rebounded in early 2025, with 12-month RevPAR through February up 21.2% YOY, driven by stronger conventions and major events. ADR held at \$260, among the highest in California but still below 2019 levels. Occupancy rose 9.6% to 63.6%, the lowest in the metro and among the weakest statewide.

Growth is expected to continue in 2026 at a slower pace, supported by the Super Bowl, Moscone Center events, and World Cup matches. Risks remain from global uncertainty and softer travel demand.

Lingering reputational impacts continue to divert some tourism and group demand. Moscone Center is projected to host 32 conventions in 2025, generating about 670,000 room nights, up over 70% year over year.

Office-driven demand remains pressured by elevated vacancies following tenant pullbacks from Salesforce, Meta, and Visa.

Still, key demand drivers including Union Square, Oracle Park, San Francisco Museum of Modern Art, and Yerba Buena Gardens continue to attract visitors.

Development remains stalled with no new supply since 2022. Investment activity rebounded in 2025, but distress is increasing as owners face maturing debt and rising costs.

OCCUPANCY	68.30%
OCCUPANCY CHANGE	23.50%
ADR	\$323
ADR CHANGE	34.30%
REVPAR	\$220
REVPAR CHANGE	66.00%





SECTION 3

FINANCIAL ANALYSIS

RENT ROLL

UNIT	CURRENT INCOME
7 - TOURIST (VACANT)	\$1,350
8 - TOURIST	\$1,400
9 - RESIDENTIAL (VACANT)	\$1,350
10 - RESIDENTIAL (VACANT)	\$1,350
11 - RESIDENTIAL (VACANT)	\$1,350
12 - TOURIST (VACANT)	\$1,350
14 - TOURIST (VACANT)	\$1,350
15 - RESIDENTIAL	\$1,300
16 - RESIDENTIAL (VACANT)	\$1,350
17 - RESIDENTIAL (VACANT)	\$1,350
18 - TOURIST (VACANT)	\$1,350
19 - TOURIST (VACANT)	\$1,350
20 - TOURIST (VACANT)	\$1,350
620 - RETAIL	\$6,471
TOTAL	\$24,021

Note: This is assumed that the units are rented on a monthly basis for long term rental.

OPERATING METRICS (7 TOURIST ROOMS)

2025

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	\$86.97	\$51.70	59.45%
SEPTEMBER	\$86.46	\$33.76	39.05%
OCTOBER	\$86.75	\$46.37	53.46%
NOVEMBER	\$72.39	\$13.44	18.57%
DECEMBER	\$98.78	\$7.28	7.37%
AVERAGE	\$79.71	\$31.07	38.98%

YEAR

YEAR	ADR	REVPAR	OCCUPANCY RATE
2024	\$80.77	\$28.44	35.21%
2025	\$79.71	\$31.07	38.98%

FINANCIAL ANALYSIS

INCOME & EXPENSES

INCOME SUMMARY	PROFORMA
TOURIST ⁽¹⁾	\$113,400
RETAIL INCOME ⁽²⁾	\$73,200
SRO ⁽³⁾	\$97,200
VACANCY FACTOR ⁽⁴⁾	-\$10,530
ADJUSTED GROSS INCOME	\$277,722
EXPENSE SUMMARY	PROFORMA
PROPERTY TAXES ⁽⁵⁾	\$27,197
ASSESSMENTS ⁽⁶⁾	\$2,044
INSURANCE ⁽⁷⁾	\$8,000
UTILITIES ⁽⁸⁾	\$6,000
BUSINESS LICENSE ⁽⁹⁾	\$818
SUPPLIES ⁽¹⁰⁾	\$1,500
TELEPHONE ⁽¹¹⁾	\$4,500
MANAGEMENT FEE ⁽¹²⁾	\$10,287
REPAIRS & MAINTENANCE ⁽¹³⁾	\$6,500
GROSS EXPENSES	\$66,846
NET OPERATING INCOME	\$212,094

1. Assumes Tourist Rooms are rent out for \$1,350/Mo
2. Based on Scheduled Rent
3. Assumes each room is rented out for \$1,350/Mo
4. 5% Vacancy Factor on SRO
5. Estimated using a 1.18248499% ad valorem rate applied to the sale price
6. Pulled directly from the existing property tax statement
7. Pro forma estimate based on market rates
8. Derived from owner's historical operating statements
9. Actual expense per owner's P&L
10. Estimated based on owner's historical operating statements
11. Estimated based on owner's 2024 operating statement
12. Assumed at 5% of adjusted gross income from SRO operations
13. Estimated at \$500 per room annually





Theodore Wong, CCIM

Vice President

License: CA 02016737

650.228.9930

theodore.wong@compass.com

Rai Lee

Associate

License: CA 02118177

510.604.6132

rai.lee@compass.com

COMPASS
COMMERCIAL