ably furnish a clue to this misapprehension. These figures show in brief that during the years 1935, 1936 and four months in 1937 there had been insured in San Francisco under Title II, 4,078 mortgages on homes, of which 871 were for new construction, 434 for new houses less than twelve months old, and 3,273 for existing construction. (See Appendix Page 166-A.) A majority of these mortgages were given in connection with the purchase of homes and so decreased the demand for rental properties and at the same time had a stimulating effect on residential values.

There is little to be said in regard to the fluctuation of rentals in the individual areas. It is noted, however, that those areas having the highest percentage of vacancy show the lowest rentals, greatest decrease, and the least recovery.

It seems to be the general practice in San Francisco to moderate rental advances in the case of satisfactory tenants but to raise the rate sharply when a property is vacated. This applies not only to single-family residences but to multi-family units as well. This has the effect of making rentals seem irregular and indicates that horizontal raises in rentals are not the practice. In the case of multi-family units, there is a much greater differential in rental rates for the same amount of accommodation than is the case in single-family dwellings. This is thought to be an unusual situation and is accounted for by the fact that there is a greater difference in supply and demand between the modern apartment in a favorable neighborhood and the unkempt apartment in the poor location, than there is between a standard six-room single-family dwelling in the various areas. In other words, there is a greater demand than there is supply of high-class flats or apartments, whereas the supply is much greater than the demand for low-grade accommodations. The demand for single-family dwellings is fairly uniform in all the areas, and the differential in rentals is based almost wholly upon location.

Business property rentals in the financial and retail districts are very generally based upon a percentage of the volume of business done by a tenant. Mr. William A. Magee, Sr., is responsible for the statement that, "This practice has proved invaluable in stabilizing rents and values during the depression period and will continue to do so as conditions improve." Rentals upon this basis vary from 3 to 16% of gross sales, depending upon the line of business.