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## Executive Profile: Apartment List CEO John Kobs on where San Francisco's rental market will go from here

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John Kobs was 24 when he set out for New York City in 2005. Born and raised in an Ohio town of 5,000, he gave himself a weekend to find an apartment. He and a friend saw 15 apartments in a single day. The experience was a shock: He'd only known "good apartment karma" of Ohio, where renters negotiated with landlords, Kobs said. Instead, he encountered Craigslist for the first time, where he saw headwinds of all kinds. Landlords attempting to scam him out of his security deposit. Bait-and-switch listings. Apartments with tenants already inside. "It was a nightmare, and I thought, 'I can't believe no one has done anything about this,'" Kobs said. The idea behind Apartment List was born. For the record, things did work out for Kobs that weekend: He successfully made a "handshake deal" with his landlord for an apartment.



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Apartment List CEO & Founder John Kobs poses for a portrait at his home on Thursday, July 8, 2021 in San Francisco, California.

### **Tell me a little about yourself. How did you end up in the Bay**

**Area?** I was born and raised in a small town in Ohio called Granger Township, and I also went to school in Ohio. When I was 24, I

moved to New York City — I spent three years there — and then three years in Los Angeles, and now I've been in the San Francisco Bay Area ever since. I'm 40 now, so it's been over a decade.

**Do you have a morning routine?** Well, it's changed since I had a baby girl, Payton, during the pandemic. I take the morning shift, which is awesome. It's like our special one-on-one time. I grab a cup of coffee and make some breakfast for Payton, and that's how I start my day. I couldn't think of a better way to.

I think the pandemic has created an impetus to develop more flexible working arrangements. We became virtual during the pandemic; my day-to-day is very different than it was 18 months ago. I'm excited about our push to be successful in a virtual-first manner, in part because it creates opportunities to be closer to our daughter.

**How has Apartment List evolved?** In 2009, we built the original meta search business — the philosophy of aggregating all available inventory around one roof. We partnered with large discovery platforms, then helped renters find homes.

Then I took a hard look at that business — we were profitable, and growing fast, but didn't have direct relationships with property managers or owners. So we took a massive risk, and decided to raise our Series A financing. In 2014, the second chapter of the company commenced, which was the marketplace model. That was really the beginning.

We helped 183 families find homes that first year; this year, we helped over 175,000 throughout the country. 1.8% of America's renters found homes on Apartment List last year, but we're only just scratching the surface of our potential. We hit profitability last year during the pandemic.

**Was the pandemic a headwind or tailwind for Apartment List?** We have a two-sided marketplace: vacancies and renters. Every time a renter finds their home through us, we generate between 20% and 200% of one month's rent. We only get paid if the listing is filled.

We saw massive migration out of cities and into suburbs. We're in every major American city, so properties saw high vacancy rates.

Now, a lot of families are moving back into cities, so vacancies are the lowest they've been in some time. More renters are changing

their living circumstances, so for us that creates more liquidity and mobility, but now property managers have full buildings.

**What's the most interesting market you're currently in?** The Bay Area. We saw a lot of people move to smaller markets. San Francisco rents fell 27% last year. That led to new interest from a group of previously priced out renters, who started to look at what it would be like to live and work in the Bay.

The market is the hottest we've seen in a long time. Search traffic for "apartments for rent" is at a back-to-back high the last two months. Rent prices are rebounding — they've rose 10% in the last 10 months alone.

**What do you make of reports of a Bay Area exodus?** I think they're overblown. I know people have moved to Miami, and my chief of staff moved to Austin. But there's not a massive amount of data to support that there's been a huge migration. It was a sexy narrative, but the data didn't support the idea; people were moving out of cities. Now we're seeing people come back, which is driving rent increases.

**Have any housing or rental market trends caught your eye during the pandemic?** Renting is going to become more of a priority, part of preserving the flexible lifestyles the pandemic has highlighted.

**What will the S.F. rental market look like a year from now? What about in five years?** It all comes down to supply. I do not think our city will be able to create and facilitate the construction of new inventory for residents of San Francisco — and the Bay Area — faster than people want to move here. I don't look out of my window in Pac Heights and see cranes everywhere. We have restrictive policies in terms of new units coming into our ecosystem, but no shortage of job creation. That is a perfect cocktail for rent prices going up.

**Sarah Klearman**

Staff Reporter

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