



MULTIFAMILY REPORT

San Francisco Still Up

November 2022

Job Market Improves

Investment on the Rise

Construction Starts Up

SAN FRANCISCO MULTIFAMILY



Employment Rates Climb, Development Strong

San Francisco's multifamily market continued to show signs of strength toward the end of the third quarter, despite rent growth slowing down. On a trailing three-month (T3) basis through September, rates were up 0.3%—10 basis points above the national rate—to \$2,854. Concerns over a potential recession have brought rent development down across most U.S. metros, but San Francisco multifamily remains in high demand. Occupancy across stabilized properties was up 60 basis points year-over-year, to 95.5% as of August.

The economic recovery continued, as San Francisco's unemployment rate exceeded 2019 levels, at 2.8% in August, 90 basis points below the nation's average. Over a 12-month period ending in July, San Francisco added 133,700 jobs, a 5.9% expansion and 140 basis points higher than the national rate. Growth was led by professional and business services, which gained 34,900 jobs over this period, followed by the leisure and hospitality sector, which was up by 33,800 jobs.

Development activity was very strong across both sides of the bay. Year-to-date through September, 4,102 units were brought online, representing 1.5% of existing stock and matching the national rate, but down by 54.1% year-over-year. In September, the metro had 20,914 units under construction, with an additional 125,341 units in the planning and permitting stages.

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Recent San Francisco Transactions

Crystal Springs Terrace



City: San Bruno
Buyer: Prometheus Real Estate
Group
Purchase Price: \$188 MM
Price per Unit: \$429,062

Twin Creeks



City: Antioch
Buyer: California Community
Housing Agency
Purchase Price: \$76 MM
Price per Unit: \$315,000

The Arroyo Residences



City: Walnut Creek
Buyer: Rockwood Capital
Purchase Price: \$66 MM
Price per Unit: \$660,000

ReNew on Merritt



City: Oakland
Buyer: FPA Multifamily
Purchase Price: \$56 MM
Price per Unit: \$311,798