

Yardi® Matrix

The Bay Comes At A Premium

Multifamily Report Winter 2018

Health Services,
Education Lead Job Gains

Sliding Supply
Powers Rent Growth

Transaction
Volume Tapers

SAN FRANCISCO MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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High Rents Drive Move to Fringes

San Francisco's booming economy, driven by its education and health services sector, is upholding a healthy housing demand. The tight multifamily market has spurred constant rent gains, pushing a 2.6% year-over-year growth in January, 20 basis points below the national rate.

Employment gains occurred across all sectors, except for professional and business services, which contracted by 1,200 jobs. The metro added 45,900 jobs through November, up 1.6% year-over-year and roughly on par with the 1.8% national average. The unemployment rate hit a record low, clocking in at 2.3% at the end of the year. The metro's prosperous education and health services sector will likely support the trend, with a pipeline of 6 million square feet of research and development space. HCP, Alexandria Real Estate, BioMed Realty and Phase 3 Real Estate Partners are all currently working on life science facilities.

San Francisco's healthy fundamentals and its continued economic expansion remain alluring to both investors and developers. More than \$1.4 billion in multifamily assets traded in 2017. The metro's average per-unit price rose 2.5% year-over-year to \$285,624, more than double the national average. Apartment construction has been robust, with more than 5,500 units delivered in 2017 and nearly 16,000 underway. Yardi Matrix expects rents to rise 2.8% in 2018.

Recent San Francisco Transactions

Summer House



City: Alameda, Calif.
Buyer: LivCor
Purchase Price: \$231 MM
Price per Unit: \$375,610

Concord 1441



City: Concord, Calif.
Buyer: Prime Group
Purchase Price: \$60 MM
Price per Unit: \$272,936

Kentwood



City: Napa, Calif.
Buyer: Prime Group
Purchase Price: \$57 MM
Price per Unit: \$254,464

Tralee Village



City: Dublin, Calif.
Buyer: JB Matteson
Purchase Price: \$55 MM
Price per Unit: \$423,077