



MULTIFAMILY REPORT

San Francisco: Room for Growth

July 2023



Rents Still Contracting

Job Gains on Par With US Rate

Development, Investment Activity Slow

SAN FRANCISCO MULTIFAMILY



Occupancy Declines, Rents Fare Better

The San Francisco multifamily market slowed down, following a modest 2022 that closed at 4.2%. Rents slid 0.1% on a trailing three-month basis through May, to an average of \$2,784, while the U.S. figure climbed. On a year-over-year basis, San Francisco rents were down 0.4%, making it one of eight major U.S. markets that saw rates decline over the 12 months ending in April. Meanwhile, occupancy highlighted the metro's ongoing need for more housing. Despite depreciating, the rate was down just 20 basis points in one year, hitting 95.3% in April, above the U.S. average.

Unemployment in the metro was 3.1% as of April, according to preliminary data from the Bureau of Labor Statistics. Although it remained below both the U.S. rate of 3.4% and California's 4.5%, it still increased from the end of last year, as tech layoffs and stifled economic expansions impact the Bay Area. In the 12-month period through March, employment expanded by 3.1%, with 61,100 jobs added. Leisure and hospitality remained the top performer, expanding by 9.0%, or 24,700 positions.

Year-to-date through May, developers added 1,420 units to the market, representing a 0.5% expansion of stock—less than half the figure recorded during the same period last year. Meanwhile, investment activity declined, as well, with \$770 million registered during the first five months of 2023.

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Recent San Francisco Transactions

Westlake Village



City: Daly City, Calif.
Buyer: Carmel Partners
Purchase Price: \$664 MM
Price per Unit: \$222,705

Clubview



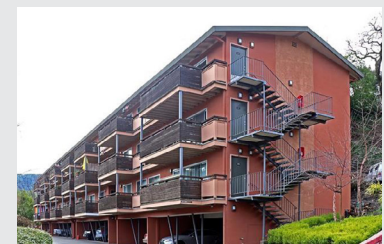
City: South San Francisco, Calif.
Buyer: Spieker Cos.
Purchase Price: \$48 MM
Price per Unit: \$470,588

Atherton Green



City: Redwood City, Calif.
Buyer: St. Francis Center Redwood
City
Purchase Price: \$24 MM
Price per Unit: \$480,710

Sherwood Oaks



City: Fairfax, Calif.
Buyer: MidPen Housing
Purchase Price: \$23 MM
Price per Unit: \$285,938