



MULTIFAMILY REPORT

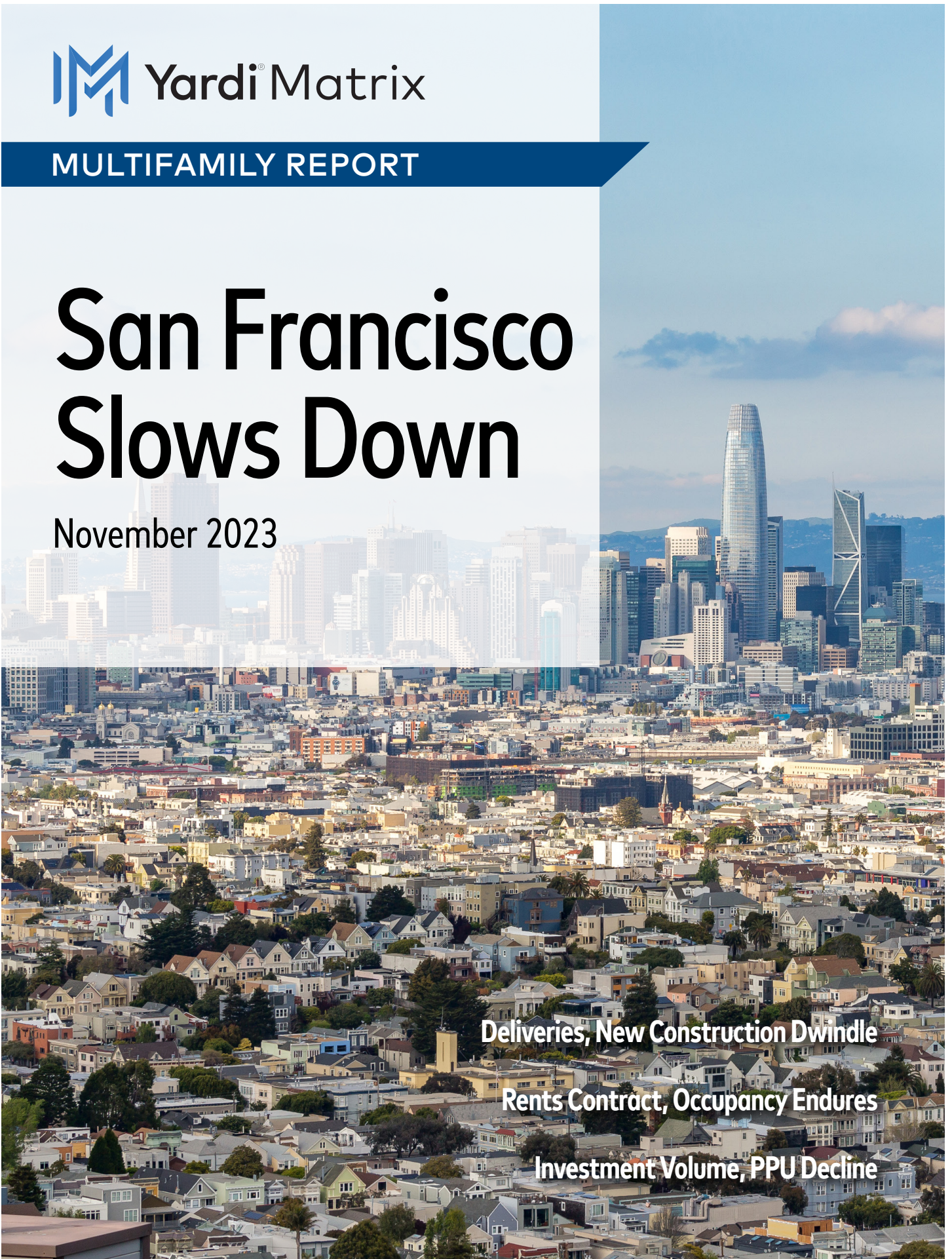
San Francisco Slows Down

November 2023

Deliveries, New Construction Dwindle

Rents Contract, Occupancy Endures

Investment Volume, PPU Decline



SAN FRANCISCO MULTIFAMILY



Fundamentals Moderate Across the Board

While the pandemic changed San Francisco's paradigm, with residents leaving in pursuit of more affordable markets and housing options, the metro is slowly stabilizing again. Although rent growth was negative again, down 0.3% on a trailing three-month basis through September to \$2,783, the period overlapped the start of the season, when gains typically slow down. This, in turn, helped occupancy remain nearly flat, declining 10 basis points year-over-year in August, to 95.3%. Meanwhile, the average U.S. asking rent also slid into negative territory, down 0.1% to \$1,722.

In the 12 months ending in July, San Francisco's employment market expanded 2.4%, or 71,500 jobs. Unemployment steadily increased from 3.3% in January to 4.0% in August, marking the highest rate in nearly two years, according to preliminary data from the Bureau of Labor Statistics. Still, the metro outperformed the state (4.6%), Sacramento (4.5%) and Los Angeles (5.4%), and trailed the U.S. figure by just 20 basis points. Two sectors lost jobs year-over-year through July—professional and business services and information, for 2,700 positions combined.

Developers delivered 4,241 units by the end of the third quarter and had 18,295 units under construction, but new construction volume tapered. Meanwhile, investment volume more than halved from the same period last year, at \$966 million in September, for a price per unit that decreased 39.4%, to \$245,510.

Market Analysis | November 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

Artist Walk



City: Fremont, Calif.
Buyer: MG Properties
Purchase Price: \$90 MM
Price per Unit: \$484,865

Eaves Daly City



City: Daly City, Calif.
Buyer: BRIDGE Housing
Purchase Price: \$66 MM
Price per Unit: \$337,913

Clubview



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