



MULTIFAMILY REPORT

San Francisco's Oscillation

February 2024



Occupancy Stays Flat

PPU Continues Deceleration

Construction Starts Moderate

SAN FRANCISCO MULTIFAMILY



Occupancy Plateau Bucks Trend

Despite some San Francisco officials bracing for a potential "doom loop," optimism persists for a rebound to pre-pandemic performance. Rents declined 0.4% on a trailing three-month basis through December, to \$2,753, but last year developers also delivered the third-largest annual volume since 2016. Meanwhile, demand kept occupancy flat at a still healthy 95.3% in December.

San Francisco's employment market expanded 2.1%, or 42,000 net jobs, on a year-over-year basis, trailing the 2.3% U.S. rate. During this time, three sectors lost 14,200 jobs combined, and the hardest hit remained professional and business services (-9,500 jobs). Unemployment in the metro rose from 3.3% in January to 4.0% in November, but still outperformed the state (4.9%), Los Angeles (4.7%), San Diego (4.2%) and Sacramento (4.5%), and trailed the national (3.7%) and San Jose (3.9%) figures. Education and health services and leisure and hospitality led job gains, adding 39,200 jobs combined.

Developers delivered 7,737 units in 2023, and in December had 16,573 units underway and 126,500 in the planning and permitting stages. Meanwhile, transaction activity dropped to the lowest level recorded this past decade, at \$1.1 billion in sales, for a price per unit that plummeted 38% year-over-year, to \$215,575 in December.

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Recent San Francisco Transactions

Artist Walk



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

Arrive Sonoma Ridge



City: Santa Rosa, Calif.
Buyer: FPA Multifamily
Purchase Price: \$60 MM
Price per Unit: \$\$333,333

The Boulders



City: Walnut Creek, Calif.
Buyer: Granite Capital Group
Purchase Price: \$58 MM
Price per Unit: \$353,393

ReNew Avery Park



City: Fairfield, Calif.
Buyer: FPA Multifamily
Purchase Price: \$27 MM
Price per Unit: \$196,691