

Yardi® Matrix

MULTIFAMILY REPORT

The Bay Area's Tech Cushion

Spring 2020



Deal Flow Comes to a Halt
Rent Growth Turns Negative
Service Industry Marks Job Losses

SAN FRANCISCO MULTIFAMILY

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An Economic Balancing Act Develops

The multifamily market in the Bay Area has gone through a series of challenges in recent years. While the impacts of rent and eviction control have yet to be determined, the COVID-19 outbreak has thrown a new complication into the mix. Already on a moderating trend throughout 2019, rents took a downward turn in the first third of 2020. The average rent in the metro contracted 0.2% on a trailing three-month basis through April—20 basis points below the national rate. Even so, at \$2,694, the metro's average is nearly double the \$1,465 U.S. figure.

The market's largest employment sectors—education and health services and professional and business services—are better prepared to withstand the impact of the ongoing crisis, especially as the possibility of working from home is higher. Four sectors had already seen contraction on a year-over-year basis through March, with most job losses registered in the leisure and hospitality and trade, transportation and utilities sectors. Meanwhile, tech giants Facebook, Google and Salesforce announced new job openings.

After 2019's \$3.7 billion cycle peak in multifamily deals, sales in 2020's first third totaled \$702 million, with a per-unit price of \$436,142—almost triple the U.S. average. Meanwhile, developers delivered 629 units and had another 21,985 underway.

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Recent San Francisco Transactions

Park Hacienda



City: Pleasanton, Calif.
Buyer: Acacia Capital
Purchase Price: \$248 MM
Price per Unit: \$459,259

Serenity at Larkspur



City: Larkspur, Calif.
Buyer: Catalyst Housing Group
Purchase Price: \$223 MM
Price per Unit: \$650,585

Northridge



City: Pleasant Hill, Calif.
Buyer: Vista Investment Group
Purchase Price: \$91 MM
Price per Unit: \$411,765

Hilltop Commons



City: San Pablo, Calif.
Buyer: Fairfield Residential
Purchase Price: \$90 MM
Price per Unit: \$277,076