



MULTIFAMILY REPORT

Shifting Tides In The Bay Area

Winter 2021



Employment Continues Difficult Climb

Transaction Volume Sees Weakening

Rents Stay on Downward Path

SAN FRANCISCO MULTIFAMILY



Rent Drops Linger, Market Seeks Balance

San Francisco's rental market took quite a hit in 2020 amid the ongoing health crisis, with the average rent down 1.1% on a trailing three-month basis, and 9.4% for the whole year. With residents moving away from high-density metros such as San Francisco, New York and LA, rent growth is overperforming in smaller nearby markets including Sacramento and the Inland Empire.

It's not all doom and gloom for the Bay Area, though. California's economy continued to dig itself out of the hole that the health crisis dug in March and April, with unemployment dropping to 8.1% as of November. Meanwhile, San Francisco's financial activities sector recorded gains, adding 1,900 positions in the 12 months ending in November. Although severely hit, trade transportation and utilities and construction may have better days in sight, with the new administration's plan to inject capital into infrastructure projects likely to yield a rebound for these sectors.

Multifamily sales slowed considerably in 2020, totaling less than half the volume recorded in 2019, as uncertainty put investors off for most of the year's first half. Meanwhile, development powered through, and 23,247 rental units were underway at the end of last year, with deliveries likely to continue at a steady pace. We expect rent loss to be curbed this year, at -1.7% for all of 2021.

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Recent San Francisco Transactions

The Arbors



City: Livermore, Calif.
Buyer: Catalyst Housing Group
Purchase Price: \$49 MM
Price per Unit: \$302,469

Napa Green



City: Napa, Calif.
Buyer: Interstate Equities Corp.
Purchase Price: \$40 MM
Price per Unit: \$235,119

Creekside Park



City: Santa Rosa, Calif.
Buyer: Prime Group
Purchase Price: \$33 MM
Price per Unit: \$236,170

Laurel Creek



City: Fairfield, Calif.
Buyer: Glencrest Group
Purchase Price: \$27 MM
Price per Unit: \$257,547