



MULTIFAMILY REPORT

Breeze of Hope Hits The Bay Area

Summer 2021

A large background image showing a panoramic view of San Francisco, including the city skyline, the bay, and distant hills. The image is used as a backdrop for the report cover.

Rent Growth Turns Positive
Investors Target Value-Add Plays
Construction Activity Remains High

SAN FRANCISCO MULTIFAMILY



Tech Sector Powers Economic Rebound

San Francisco and other gateway markets were last to enter the recovery phase and have a lot of catching up to do. May marked the second consecutive month of positive rent growth in San Francisco, with the average rent rising 0.4% on a trailing three-month basis, to \$2,475. Meanwhile, the national rate registered a 0.6% increase, to \$1,428. The steady flow of apartment deliveries and resident relocations spurred by the health crisis left a mark on the occupancy rate in stabilized properties, down 220 basis points year-over-year as of April, to 92.4%.

The unemployment rate dropped to 5.8% in April, 30 basis points below the 6.1% national average, according to preliminary data from the Bureau of Labor Statistics. The job market on the other hand posted a 10.7% decline in the 12 months ending in March, trailing the -6.9% U.S. rate. Still, a rebound is underway, led by major employers from the tech sector that are reopening offices. With some companies requiring their employees to work from the office a few days a week, demand for apartments should increase.

Despite rising construction costs, development activity remained elevated, with 25,455 units underway and 1,913 units delivered through May. Meanwhile, \$911 million in multifamily units traded through May, with investors focused on value-add plays, which further decreased the price per unit by 5.8% to \$399,389.

Market Analysis | Summer 2021

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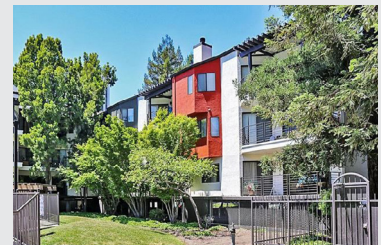
Recent San Francisco Transactions

Aster



City: Dublin, Calif.
Buyer: Catalyst Housing Group
Purchase Price: \$163 MM
Price per Unit: \$520,767

Creekwood



City: Hayward, Calif.
Buyer: Catalyst Housing Group
Purchase Price: \$129 MM
Price per Unit: \$416,505

Park 20



City: San Mateo, Calif.
Buyer: Virtú Investments
Purchase Price: \$113 MM
Price per Unit: \$573,604

Stoneridge



City: Walnut Creek, Calif.
Buyer: HCF Development
Purchase Price: \$91 MM
Price per Unit: \$434,952