



MULTIFAMILY REPORT

The Worst Is Over In San Francisco

February 2022

Sales Reflect Investors' Renewed Confidence

Stock Expansion Marks All-Time High

Rent Performance Moderates In Q4

SAN FRANCISCO MULTIFAMILY



Demand Boosts Occupancy

San Francisco's multifamily market made great strides in 2021, although there are still hurdles to overcome. Rents rose by just 0.1% on a trailing three-month basis through December, to \$2,647, but the softening mirrors the national trend during winter. The occupancy rate in stabilized properties paints the picture of a market with an improving demand for rentals, rising by 200 basis points in the 12 months ending in November, to 94.6%.

The unemployment rate gained 240 basis points in 2021 through November when it dropped to 3.8%, faring better than both the state (6.9%) and national (4.2%) rates, according to data from the Bureau of Labor Statistics. The job market expanded by 5.0% in the 12 months ending in October, trailing the nation by 30 basis points. Of the 122,000 positions gained during the period, leisure and hospitality accounted for nearly half (53,100 jobs), but uncertainty persists. Professional and business services added 41,900 jobs and continues to sustain the economy as large employers are adjusting to current conditions.

Developers delivered an all-time high of 8,425 units in 2021 and had another 22,175 units under construction. Transaction activity also picked up, surpassing \$2.6 billion for the year, and the per-unit price rose 13.7%, to \$413,709.

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Recent San Francisco Transactions

Bell Mt. Tam



City: Corte Madera, Calif.
Buyer: Bell Partners
Purchase Price: \$156 MM
Price per Unit: \$866,667

Acacia on Santa Rosa Creek



City: Santa Rosa, Calif.
Buyer: Opportunity Housing Group
Purchase Price: \$118 MM
Price per Unit: \$424,188

The Rexford



City: Fremont, Calif.
Buyer: Essex Property Trust
Purchase Price: \$113 MM
Price per Unit: \$551,471

Maris at Martinez



City: Martinez, Calif.
Buyer: MG Properties Group
Purchase Price: \$67 MM
Price per Unit: \$400,298