

YARDI® Matrix

San Francisco: Suburbs Rising

Multifamily Winter Report 2017

Rent Growth Slows to 2%

Development Pipeline Swells

Pricing Plateaus in Face of Low Yields

SAN FRANCISCO MULTIFAMILY

YARDI® Matrix

Market Analysis

Winter 2017

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Rent Growth Decelerates in The Bay

San Francisco has been the poster child for booming technology markets on the West Coast, but the effects of those surging years are coming back to haunt its multifamily market. Supply is lagging demand, pushing rents past any reasonable level of affordability, even for high-paid workers. Renters are moving into the suburbs, driving up rents there as a result. Meanwhile, demand for Bay Area assets has compressed acquisition yields to some of the lowest levels in the nation, sending investors toward the lower Peninsula and Alameda County.

Technology remains a key driver of growth, but other job segments—such as education and health services, and hospitality—are also surging. The Transbay Transit Center is one of the most significant multimodal transit hubs taking shape in the Western United States. Once completed, it will create an entire neighborhood, with 4,000 new units, more than a third of which will be designated for affordable housing. In addition, the development will contain 6 million square feet of office space.

Roughly 15,000 units are underway in the Bay Area, pointing toward an escalation in completions. However, demand is very high, due to employment and population growth. Rent gains have decelerated, improving affordability, but we expect growth to rebound to moderate levels in 2017.

Recent San Francisco Transactions

Woodland Park



City: East Palo Alto, Calif.
Buyer: Sand Hill Property Co.
Purchase Price: \$413 MM
Price per Unit: \$228,027

Indigo Apartment Homes



City: Redwood City, Calif.
Buyer: Aimco
Purchase Price: \$320 MM
Price per Unit: \$691,145

Franklin 299



City: Redwood City, Calif.
Buyer: TIAA
Purchase Price: \$213 MM
Price per Unit: \$699,507

The Marston by Windsor



City: Redwood City, Calif.
Buyer: GID
Purchase Price: \$153 MM
Price per Unit: \$780,612

To Subscribe

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