

Yardi® Matrix

San Francisco's Endurance Race

Multifamily Report Summer 2018

**Professional, Business
Services Lead Job Gains**

**Housing Crisis Remains
Pressing Issue**

**Property Values Surge
Despite Lower Volume**

SAN FRANCISCO MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Rent Growth Rebounds

A surge in the Bay Area's technology and health-care sectors has powered the region's economic output past that of top-performing nations. This has echoed once again in the multifamily market, where rents went up 2.7% year-over-year through June, to \$2,645. Housing affordability is at its lowest level since 2008, while home price appreciation continues to outpace wage growth.

Employment gains span sectors, with San Francisco adding 50,600 jobs in the 12 months ending in April, up 1.9% and 20 basis points above the U.S. rate. Professional and business services led growth, having generated 13,000 positions, as tech behemoths continue their expansion in the metro, either by leasing or by acquiring large office buildings. Meanwhile, venture capital firms invest massively into a wide range of startups. The construction sector is thriving, as the city has multiple large projects underway, including Oceanwide Center, 400 Folsom and Folsom Bay Tower.

Almost 2,200 units came online in the first half of 2018 and another 4,900 are slated for completion by year-end. Some \$728 million in assets traded this year through June, many of them in the Oakland area, with per-unit prices rising to \$338,360, more than double the U.S. average. Yardi Matrix expects rents to rise 3.0% in 2018.

Recent San Francisco Transactions

Domain Oakland



City: Oakland, Calif.
Buyer: Magnolia Capital
Purchase Price: \$140 MM
Price per Unit: \$530,303

North Pointe



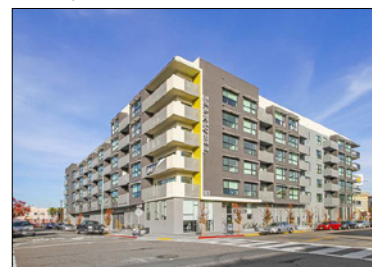
City: Vacaville, Calif.
Buyer: MG Properties Group
Purchase Price: \$86 MM
Price per Unit: \$274,038

The Lodge at Napa Junction



City: American Canyon, Calif.
Buyer: Taube Investments
Purchase Price: \$67 MM
Price per Unit: \$311,343

Bell Uptown District



City: Oakland, Calif.
Buyer: Bell Partners
Purchase Price: \$45 MM
Price per Unit: \$557,500