

Yardi® Matrix

Demand-Driven San Francisco

Multifamily Report Winter 2019

Professional, Business Services Top Job Gains

Development Activity Remains Elevated

Rent Growth Rebound Continues

SAN FRANCISCO MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2019

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Rebounding Market Pushes Rents Further

Fueled primarily by technology and health care, the Bay Area economy continues to expand, boosting rental demand along the way. The tepid construction activity and softening deliveries have pushed rents up 3.9% year-over-year through October to \$2,662, nearly double the \$1,420 national average.

Employment growth is accelerating, with the metro adding 56,700 jobs in the 12 months ending in September for a 1.7% uptick. It's a stronghold for tech, but the professional and business services sector led growth with the addition of 17,800 positions, while education and health services gained 13,200 jobs. A notable development in the works is Mission Rock, led by Tishman Speyer and the Giants baseball team. The public-private collaboration includes the port, city and county of San Francisco, and is set to transform a 28-acre waterfront parcel into a mixed-use neighborhood with some 1,400 residential units and 1.4 million square feet of office space.

Roughly 2,700 units came online in the first 10 months of 2018, but an additional 19,647 apartments were underway as of October. Following rent growth, investor interest is also on the upswing: Transaction volume in the first 10 months of the year totaled \$1.8 billion, already surpassing the 2017 annual increase.

Recent San Francisco Transactions

IMT Pleasant Hill



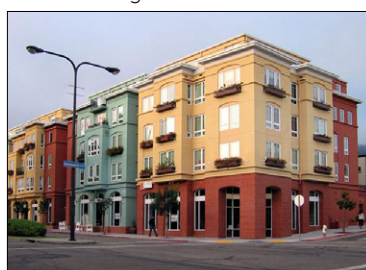
City: Pleasant Hill, Calif.
Buyer: IMT Capital
Purchase Price: \$91 MM
Price per Unit: \$361,111

IMT Pleasanton



City: Pleasanton, Calif.
Buyer: IMT Capital
Purchase Price: \$83 MM
Price per Unit: \$413,500

Hillside Village



City: Berkeley, Calif.
Buyer: Clarion Partners
Purchase Price: \$58 MM
Price per Unit: \$614,362

980 Bush



City: San Francisco
Buyer: Ballast Investments
Purchase Price: \$38 MM
Price per Unit: \$524,377