

Yardi® Matrix

No Slowing Down San Francisco

Multifamily Report Spring 2019

Rent Growth Picks Up

Development Slated for Cycle Peak

Transaction Activity Remains Strong

SAN FRANCISCO MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2019

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Anca Gagiuc

Associate Editor

Bay Area Braces for Development Surge

With rent growth steadily accelerating and development picking up, San Francisco's multifamily market finished 2018 on a strong note. The average rent was up 4.0% year-over-year through February, reaching \$2,660.

Employment growth was consistent, with the metro adding 59,200 jobs in 2018 for a 1.8% uptick. Professional and business services led growth with 20,500 positions, followed by education and health services (12,400). Both sectors are poised for further expansion, mirrored by strong office leasing activity and a large development pipeline, including the newly opened \$2.1 billion California Pacific Medical Center Van Ness Campus and the 824,000-square-foot Stanford hospital slated to open this fall in Palo Alto. Moreover, several large Bay Area tech players—including Uber, Lyft, Airbnb, Pinterest, Slack and Palantir—either have gone or are planning to go public in 2019, injecting a significant amount of wealth into the regional economy. This could, in turn, further boost the housing market.

More than 4,300 units were delivered last year, with an additional 19,683 units underway as of February. Meanwhile, rebounding rent growth boosted investor appetite, with \$2.2 billion in multifamily assets trading in 2018. With development slated to hit a new cycle peak this year and absorption keeping up, Yardi Matrix expects rents to rise 2.7% in 2019.

Recent San Francisco Transactions

Sofi Union City



City: Union City, Calif.
Buyer: Pacific Urban Residential
Purchase Price: \$92 MM
Price per Unit: \$366,000

Skyline Heights



City: Daly City, Calif.
Buyer: Interstate Equities Corp.
Purchase Price: \$92 MM
Price per Unit: \$359,375

The Mark



City: Hayward, Calif.
Buyer: New Standard Equities
Purchase Price: \$44 MM
Price per Unit: \$293,333

Bay Village



City: Vallejo, Calif.
Buyer: Waterton
Purchase Price: \$65 MM
Price per Unit: \$248,077