

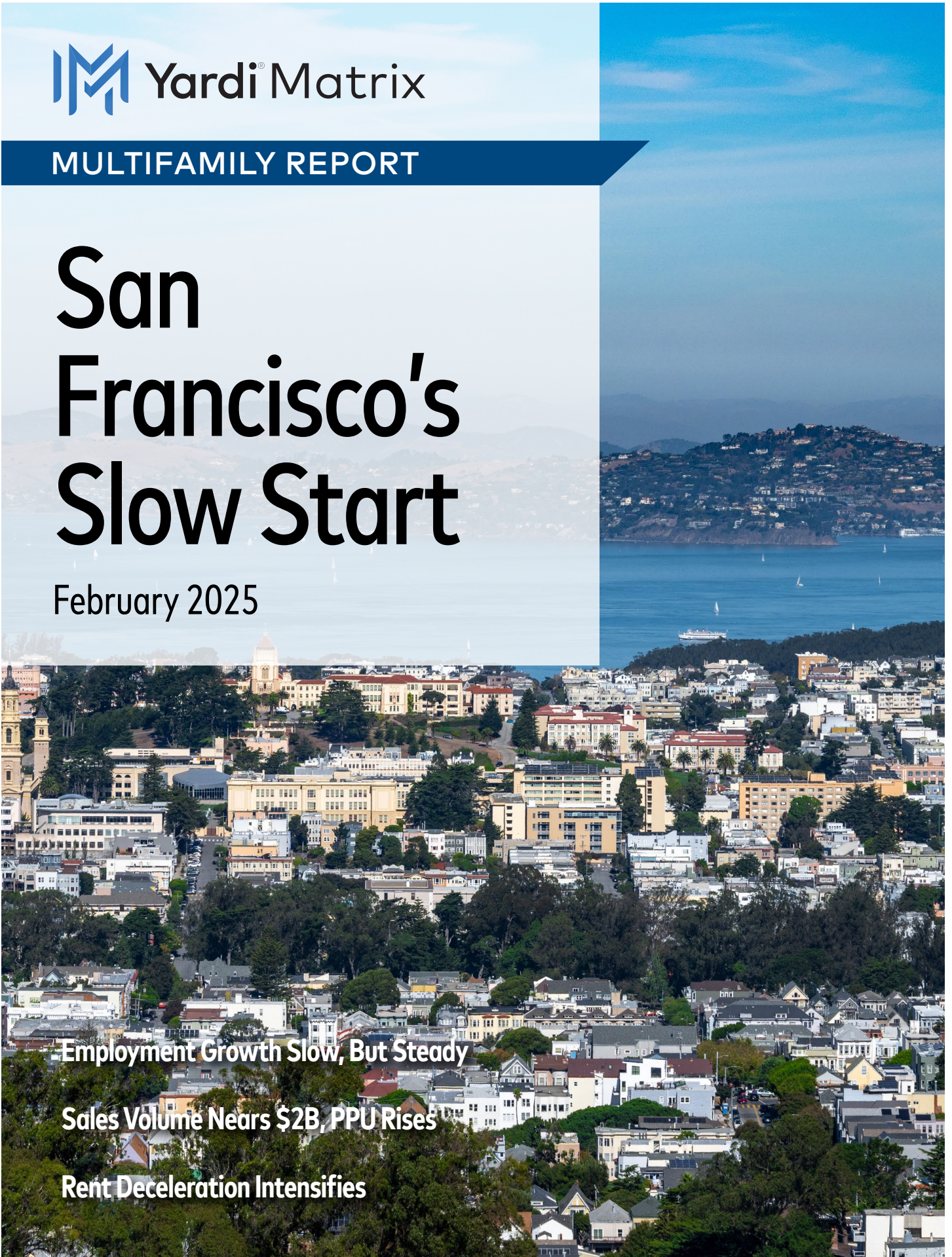
# San Francisco's Slow Start

February 2025

**Employment Growth Slow, But Steady**

**Sales Volume Nears \$2B, PPU Rises**

**Rent Deceleration Intensifies**



# SAN FRANCISCO MULTIFAMILY



## Affordable Housing Dominates Pipeline

San Francisco's overall performance in 2024 was stable, amid seasonal slowdowns and economic challenges. Average advertised asking rents declined 0.4%, on a trailing three-month basis through December, and by 0.5% year-over-year, to \$2,786. Meanwhile, the U.S. rate rose 0.6% year-over-year. The occupancy rate in stabilized properties was up 30 basis points year-over-year through November, to 95.6%, ahead of the 94.7% U.S. figure.

Employment growth rebounded in 2024, climbing 0.6% year-over-year through November, but was still behind the 1.3% U.S. average. San Francisco added 14,300 net jobs over the 12-month period through November, led by education and health services (16,200) and trade, transportation and utilities (7,100). Half of the metro's sectors lost a combined 19,200 positions, with the most losses recorded in information (-9,100) and manufacturing (-6,500). The metro's unemployment rate stood at 4.3% in November, just above the 4.2% U.S. figure. Project updates include the completion of the first phase of San Francisco's Mission Rock 28-acre masterplan and the delivery of the first two buildings at Southline, a 31-acre science and technology development in South San Francisco.

Developers delivered 7,754 units in 2024, down 13.9% year-over-year. The pipeline included 13,620 units under construction as of December. More than half of these were in fully affordable projects.

## Market Analysis | February 2025

### Contacts

#### Jeff Adler

Vice President & General  
Manager of Yardi Matrix  
[Jeff.Adler@Yardi.com](mailto:Jeff.Adler@Yardi.com)  
(303) 615-3676

#### Ron Brock, Jr.

Industry Principal, Matrix  
[JR.Brock@Yardi.com](mailto:JR.Brock@Yardi.com)  
(480) 663-1149 x14006

#### Doug Ressler

Media Contact  
[Doug.Ressler@Yardi.com](mailto:Doug.Ressler@Yardi.com)  
(480) 695-3365

#### Author

#### Anca Gagiuc

Senior Associate Editor

On the cover: Photo by tobiasjo/iStockphoto.com

### Recent San Francisco Transactions

#### Hillsdale Garden



City: San Mateo, Calif.  
Buyer: Ethos Real Estate  
Purchase Price: \$252 MM  
Price per Unit: \$362,070

#### Franklin 299



City: Redwood City, Calif.  
Buyer: Acacia Capital  
Purchase Price: \$184 MM  
Price per Unit: \$605,263

#### Larkspur Courts



City: Larkspur, Calif.  
Buyer: Carmel Partners  
Purchase Price: \$132 MM  
Price per Unit: \$530,242

#### Encore

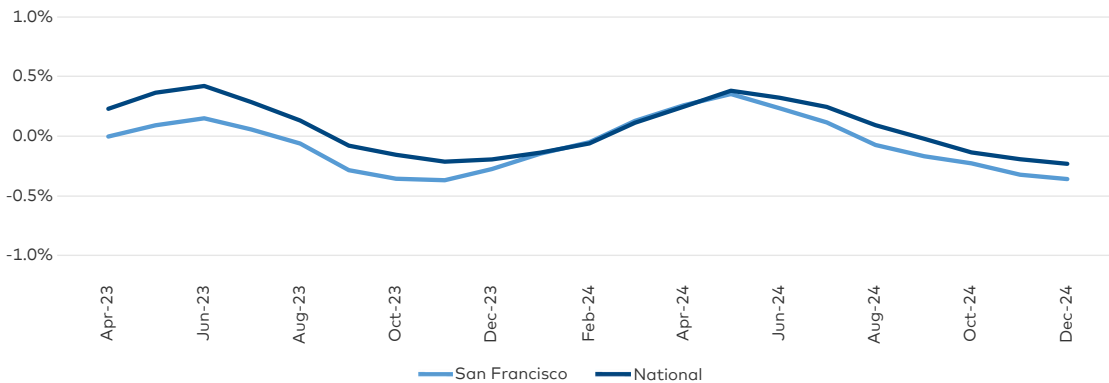


City: Redwood City, Calif.  
Buyer: SCS Development Co.  
Purchase Price: \$66 MM  
Price per Unit: \$733,333

## RENT TRENDS

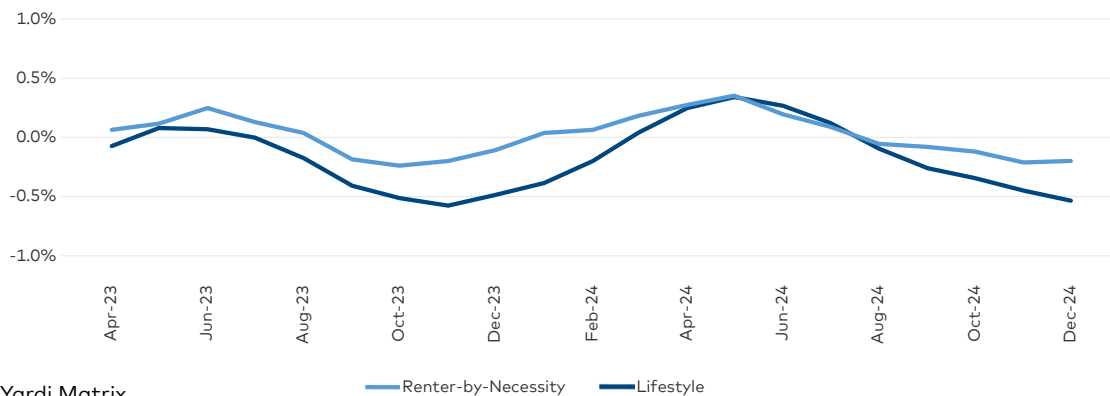
- ▶ San Francisco's average advertised asking rent fell 0.4% on a trailing three-month (T3) basis through December, to \$2,786, while the national rate inched down 0.2%, to \$1,742. Rents declined year-over-year as well, down 0.5% in December, while the U.S. rate rose 0.6%. With rent growth typically falling to its lowest point in the fourth quarter, gains at the start of 2025 are likely to remain weak.
- ▶ Average asking rents for the working-class Renter-by-Necessity segment decreased 0.2% on a T3 basis through December, to \$2,528. Lifestyle rents posted a 0.5% drop, to \$3,156.
- ▶ The overall occupancy rate in stabilized properties grew 30 basis points year-over-year, to 95.6% as of November, above the 94.7% U.S. figure. Lifestyle occupancy improved 40 basis points, to 95.6%, while the RBN rate was up 20 basis points, to 95.5%.
- ▶ Advertised asking rents decreased on a year-over-year basis in one-third of the metro's sub-markets, including the third- and fourth-most expensive ones—China Basin (-0.1% to \$3,877) and Tiburon/Sausalito (-2.7% to \$3,756). Growth was steady at the top, up by 0.5% to \$5,575 in Atherton/Portola, and by 0.3% to \$4,572 in NW San Francisco. Two-thirds of the 61 submarkets tracked by Yardi Matrix posted average rates below the \$3,000 mark (lowest at \$2,133).
- ▶ Rents for the SFR sector were up 0.6% last year, to \$3,395, while occupancy was down 0.7% year-over-year, to 94.3% in November.

### San Francisco vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

### San Francisco Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- ▶ San Francisco's unemployment rate was at 4.3% in November, according to preliminary data from the BLS, 10 basis points higher than the U.S. rate and 110 basis points below California's jobless figure. Among the other major California metros, San Francisco's unemployment rate trailed only San Jose, at 4.1%.
- ▶ Employment growth stood at 0.6%, year-over-year through November—less than half of the 1.3% U.S. rate—for the fourth consecutive month at this level.
- ▶ San Francisco added 14,300 jobs over the 12-month period through November. Education and health services led growth (16,200 jobs), followed by government (7,200) and trade, transportation and utilities (7,100). Half of the metro's sectors lost a combined 19,200 jobs, with information taking the largest hit, down 9,100 jobs.
- ▶ San Francisco's Mission Rock masterplan reached a new milestone with the completion of its first phase—a 23-story, 254-unit tower. Another component of this project, a 5-acre public open space dubbed China Basin Park, also opened in 2024. Progress was reported at Southline, a 31-acre purpose-built science and technology development in South San Francisco, which delivered a six-story, 375,000-square-foot amenity building and a five-level parking structure.

### San Francisco Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	500.4	17.1%
90	Government	394.1	13.5%
40	Trade, Transportation and Utilities	435.7	14.9%
70	Leisure and Hospitality	311.3	10.6%
80	Other Services	102.4	3.5%
55	Financial Activities	152.2	5.2%
60	Professional and Business Services	547.1	18.7%
15	Mining, Logging and Construction	156.6	5.4%
30	Manufacturing	193.1	6.6%
50	Information	133.8	4.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

## Population

- ▶ San Francisco's population fell 0.3% between 2019 and 2022, while the U.S. rate increased 2.0%.
- ▶ The decline follows a 0.7% dip in 2022, the first contraction since the 2010 Census. The U.S. population rose 0.4% in 2022.

### San Francisco vs. National Population

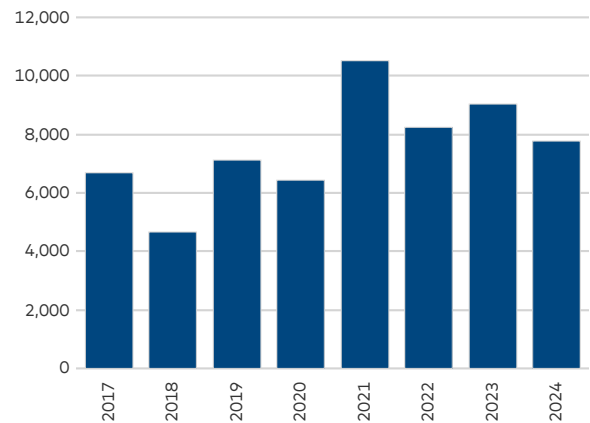
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
San Francisco	4,701,332	4,709,220	4,725,584	4,692,242

Source: U.S. Census

## SUPPLY

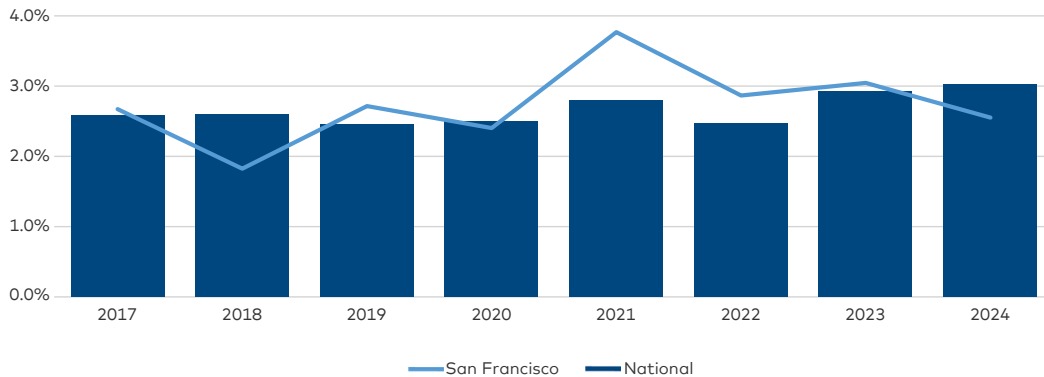
- ▶ San Francisco gained 7,754 new units in 2024, equal to 2.6% of existing stock, 40 basis points below the U.S. figure. The San Francisco Peninsula accounted for two-thirds of these deliveries. Developers remained focused on the upscale segment, with nearly three-quarters of units completed situated within Lifestyle projects.
- ▶ San Francisco had 13,620 units under construction as of December and another 130,000 in the planning and permitting phases. Developers in the metro continued to push for more affordable housing—more than half of all units underway were in fully affordable projects, while the share of units in Lifestyle assets dropped to just over 40%.
- ▶ Construction starts dropped considerably, to 2,909 units across 20 properties in 2024, from 7,593 units across 55 projects in 2023.
- ▶ Activity across the metro area was slightly uneven—the San Francisco–Peninsula submarket had 7,217 units underway, while the East Bay had 6,403 units as of December. Four submarkets had more than 1,000 units underway, including East Fremont (1,218 units), Downtown Oakland (1,162) and Santa Rosa (1,133).
- ▶ In 2024, four properties with more than 400 units each were delivered in San Francisco, three of which were in the San Francisco Peninsula. The fourth, and largest of all, was located in the East Bay’s Downtown Oakland. The property includes 452 units, 54,000 square feet of office and 6,700 square feet of retail space. Dubbed 1900 Broadway, it is owned by Behring Cos. and was built with aid from a \$175 million construction loan issued by Bank OZK in 2020.

**San Francisco Completions** (as of December 2024)



Source: Yardi Matrix

**San Francisco vs. National Completions as a Percentage of Total Stock** (as of December 2024)

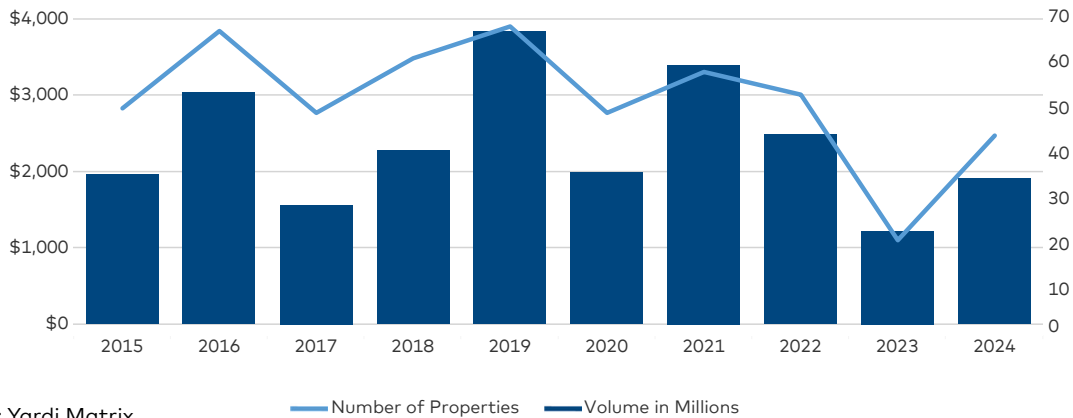


Source: Yardi Matrix

## TRANSACTIONS

- ▶ San Francisco investors traded \$1.9 billion in multifamily assets last year. While the overall volume marked a steady recovery from 2023's \$1.2 billion total, it remained below the \$2.5 billion annual average recorded in the five years before the pandemic.
- ▶ The overall per-unit average rose 34.1% in 2024, to \$343,033. Of the 44 single-asset transactions that closed last year, 26 involved RBN assets. These traded at an average of \$265,440 per unit, while the Lifestyle figure stood at \$750,373.
- ▶ Sales recorded in San Francisco Peninsula submarkets accounted for nearly three-quarters of the total volume, while the East Bay recorded \$530 million in total. The largest transaction in 2024 was the \$387 million acquisition of L Seven, a 410-unit partially affordable property. Waterton bought it from Brookfield Properties with aid from a \$115 million CMBS loan issued by Prudential Financial.

### San Francisco Sales Volume and Number of Properties Sold (as of December 2024)



Source: Yardi Matrix

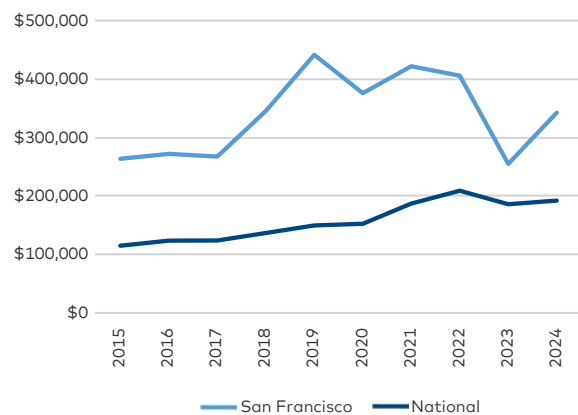
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Eastern San Francisco	387
San Mateo	273
Redwood City	250
East Fremont	162
Pleasant Hill/Martinez	157
Tiburon/Sausalito	132
Napa North	96

Source: Yardi Matrix

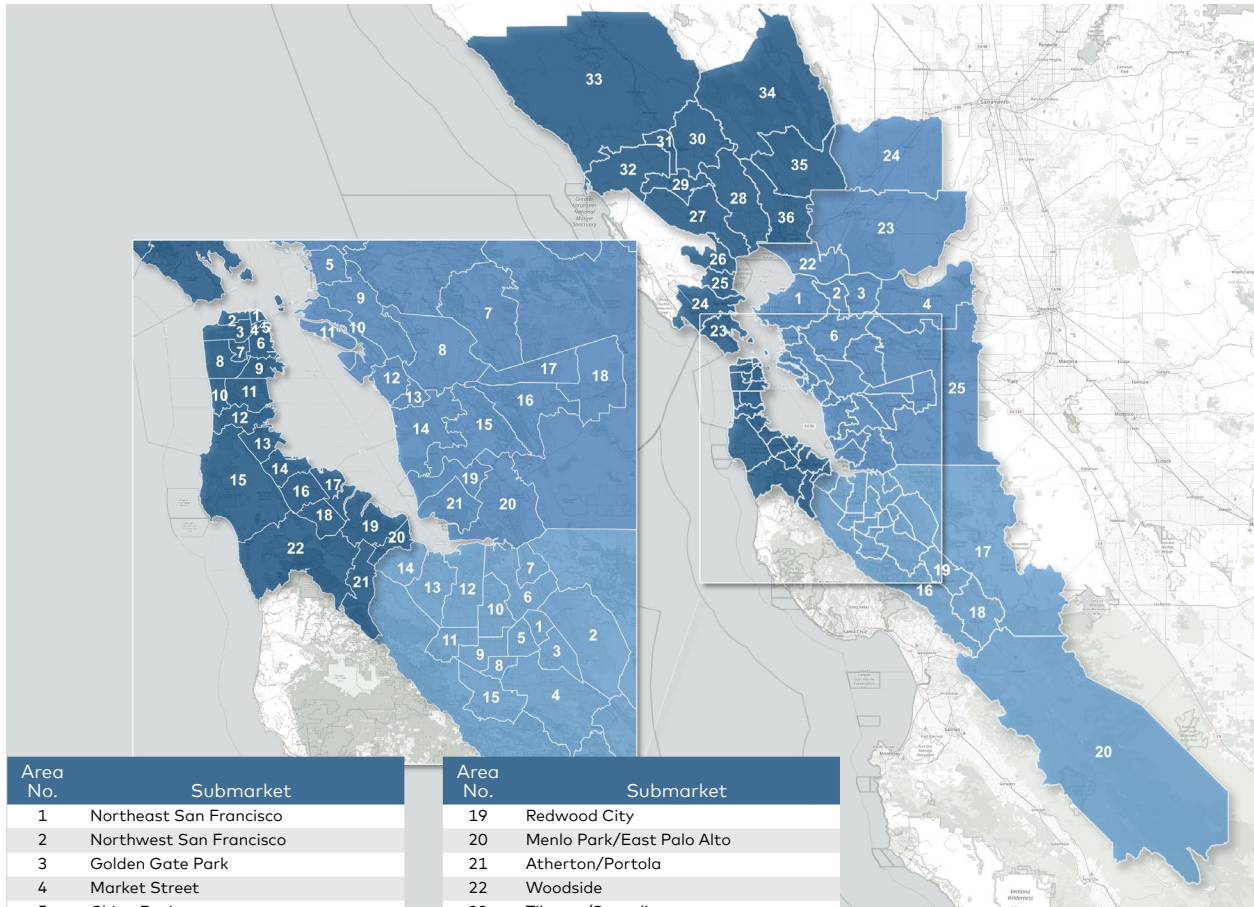
<sup>1</sup> From January 2024 to December 2024

### San Francisco vs. National Sales Price per Unit



Source: Yardi Matrix

# SAN FRANCISCO SUBMARKETS



Area No.	Submarket
1	Northeast San Francisco
2	Northwest San Francisco
3	Golden Gate Park
4	Market Street
5	China Basin
6	Eastern San Francisco
7	Central San Francisco
8	Southwest San Francisco
9	Southeast San Francisco
10	Broadmoor/Daly City
11	Colma/Brisbane
12	South San Francisco
13	Millbrae/Airport
14	Burlingame
15	Moss Beach
16	San Mateo
17	Foster City
18	Belmont/San Carlos

Area No.	Submarket
19	Redwood City
20	Menlo Park/East Palo Alto
21	Atherton/Portola
22	Woodside
23	Tiburon/Sausalito
24	San Rafael
25	Lucas Valley
26	Novato
27	Petaluma
28	Sonoma
29	Rohnert Park
30	Santa Rosa
31	Roseland
32	Sebastopol
33	Northern Sonoma County
34	Deer Park/St. Helena
35	Napa North
36	Napa South

Area No.	Submarket
1	Central San Jose
2	East San Jose
3	South San Jose
4	Far South San Jose
5	Central San Jose West
6	North San Jose
7	Milpitas
8	Campbell
9	West San Jose
10	Santa Clara
11	Cupertino
12	Sunnyvale
13	Mountain View-Los Altos
14	Palo Alto-Stanford
15	Los Gatos-Saratoga
16	West Santa Clara County
17	East Santa Clara County
18	Gilroy
19	Morgan Hill
20	San Benito County

Area No.	Submarket
1	Richmond
2	Pleasant Hill/Martinez
3	Concord
4	Antioch/Oakley
5	Berkeley
6	Walnut Creek/Lafayette
7	San Ramon-West/Danville
8	Castro Valley
9	East Oakland/Oakland Hills
10	Downtown Oakland
11	Alameda
12	San Leandro
13	San Lorenzo

Area No.	Submarket
14	Hayward
15	Union City
16	Pleasanton
17	Dublin
18	Livermore
19	West Fremont
20	East Fremont
21	South Buckhead
22	Midtown
23	Lindbergh
24	North Druid Hills
25	North Decatur/Clarkston/Scottdale

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit [www.yardimatrix.com](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x14006.



# Yardi<sup>®</sup> Matrix

Power your business  
with the industry's  
leading data provider



## MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily  
provides accurate data on  
nearly **23 million** units, covering  
over **92%** of the U.S. population.



(800) 866-1144

Learn more at [yardimatrix.com/multifamily](https://yardimatrix.com/multifamily)

Contact  
US



## DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

## COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2025 Yardi Systems, Inc. All Rights Reserved.