



MULTIFAMILY REPORT

San Francisco's Momentum

July 2025

T3 Rent Growth Outpaces Nation

Investment Momentum Grows

Completions Slow Down



SAN FRANCISCO MULTIFAMILY



Rent Recovery on Track, Supply Winds Down

The San Francisco multifamily market neared the end of the second quarter with mixed results, with some fundamentals pointing to a potential recovery amid wider economic uncertainty. Average advertised asking rents were up 0.5%, on a trailing three-month basis through May, to an average of \$2,880, outpacing the national figure by 20 basis points. Rent development continued its recovery after last year's contractions. The supply surge recorded in 2024 did not impact the metro's overall occupancy, which ticked up 10 basis points year-over-year, to 95.4% as of April. The rate was 100 basis points higher than the national average.

Unemployment in the metro stood at 3.9% in April, with only a 10-basis-point downtick from December last year, according to preliminary data from the Bureau of Labor Statistics. Job growth did not improve, with the year-over-year figure down 0.5% as of March. Over the 12-month period ending in March, the metro recorded a net loss of 18,900 jobs. Only two sectors recorded a net positive performance: education and health services, which added 16,600 positions, and government, which gained 2,800 jobs.

Development activity slowed down but moved closer to historic averages, with just 1,430 units, or 0.5% of existing stock, added in the first five months of the year. A total of 12,255 units were under construction in May, while an additional 130,000 units were in the planning and permitting stages.

Market Analysis | July 2025

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Recent San Francisco Transactions

The Plaza



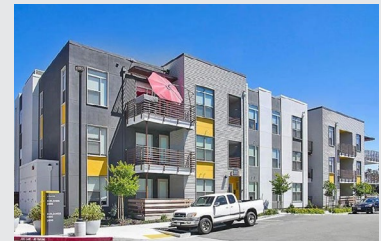
City: Foster City, Calif.
Buyer: Essex Property Trust
Purchase Price: \$161 MM
Price per Unit: \$525,733

The Union Flats



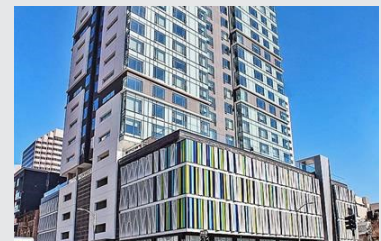
City: Union City, Calif.
Buyer: The Roxborough Group
Purchase Price: \$82 MM
Price per Unit: \$335,802

ROEN Menlo Park



City: Menlo Park, Calif.
Buyer: Essex Property Trust
Purchase Price: \$79 MM
Price per Unit: \$539,384

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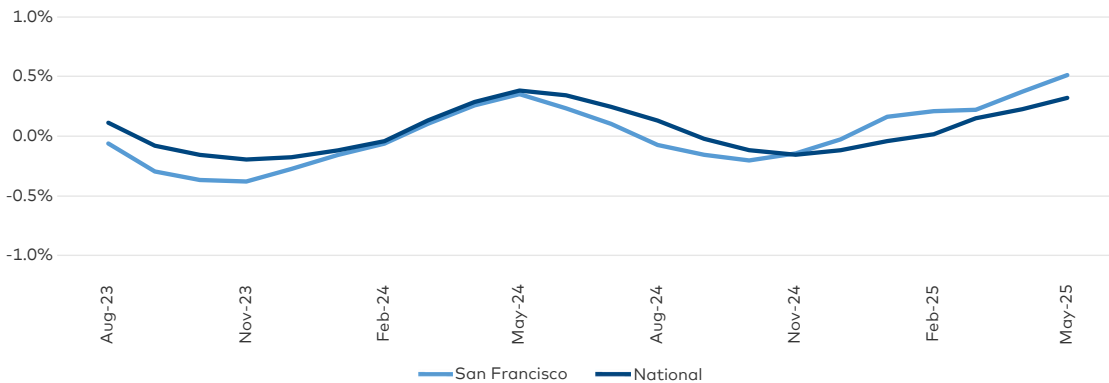


City: Oakland, Calif.
Buyer: Three Steps Properties
Purchase Price: \$78 MM
Price per Unit: \$378,641

RENT TRENDS

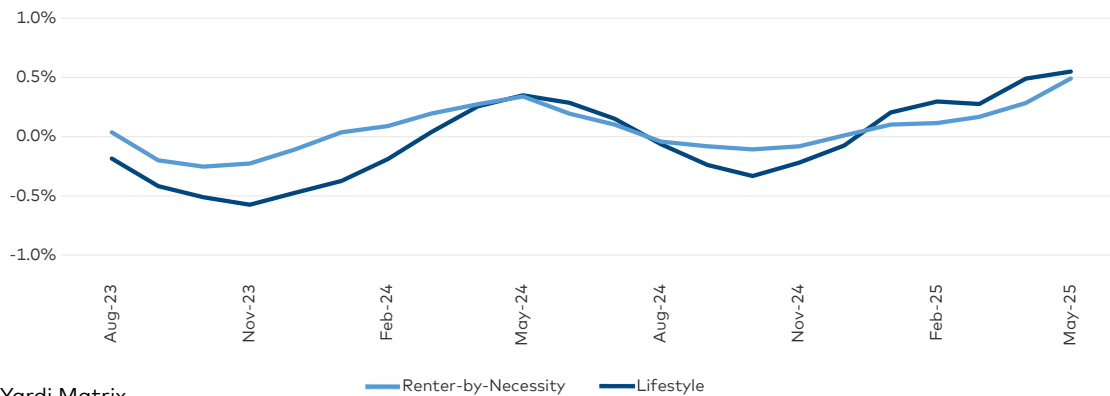
- ▶ San Francisco average advertised asking rents were up 0.5% on a trailing three-month (T3) basis through May, to an average of \$2,880, while the U.S. figure stood at 0.3%. Rent development continued its momentum, with the T3 rate up 50 basis points since the start of the year, following four months of contractions in the latter part of 2024. Year-over-year, rents in the metro were up 1.5%, clocking in 50 basis points ahead of the U.S.
- ▶ Both quality segments rebounded. Average advertised asking rents for working-class Renter-by-Necessity properties grew 0.5%, on a T3 basis through May, to \$2,585, while the figure for upscale Lifestyle assets was up 0.6%, to \$3,293. While RBN rents saw some small dips throughout last year, the Lifestyle segment contributed more to overall contractions.
- ▶ The average occupancy rate for stabilized assets in San Francisco ticked up 10 basis points year-over-year, to 95.4% as of April, while the national average dipped 30 basis points, to 94.4%. This highlighted the market's resilience, as 2024 was especially strong in terms of new supply. Occupancy for Lifestyle assets grew 10 basis points, to 95.7%, while the RBN figure remained unchanged, at 95.1%.
- ▶ A few submarkets stood out for year-over-year average advertised asking rent growth. San Mateo (up 6.6% to \$3,679 in May), Eastern San Francisco (up 5.8% to \$3,742) and Burlingame (5.8% to \$3,342) led gains in the Peninsula. Dublin (6.5% to \$2,917), Alameda (5.7% to \$2,923) and Livermore (4.3% to \$2,621) were the East Bay's best performing submarkets.

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 clocked in at 3.9% in April, posting only a 10-basis-point improvement since December 2024, according to preliminary data from the BLS. The figure also increased 20 basis points year-over-year. California's 5.3% and the nation's 4.2% were both higher in April, however.
- ▶ Job growth was down 0.5% year-over-year through March across the metro, while the national figure stood at a positive 0.9%. San Francisco's performance was a perfect storm of tech layoffs, high office vacancy, a higher cost of living and broader economic pressures, leading to only a partial recovery. The rate improved just 10 basis points from December 2024.
- ▶ Over the 12-month period ending in March, San Francisco recorded a net loss of 18,900 jobs, with only two sectors at a net positive. Education and health services added 16,600 positions, while government gained 2,800. The largest losses were in professional and business services (-10,000), manufacturing (-9,100) and construction (-5,500).
- ▶ Led by the Port of San Francisco, the \$10 million overhaul of Fisherman's Wharf promises to boost tourism in the area, with a new public plaza and improvements to lighting infrastructure. Meanwhile, the \$8.25 billion Caltrain expansion project is scheduled to start construction this year.

San Francisco Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	507.5	17.9%
90	Government	392.7	13.8%
40	Trade, Transportation and Utilities	413.5	14.6%
80	Other Services	101.3	3.6%
55	Financial Activities	141.5	5.0%
50	Information	137.1	4.8%
70	Leisure and Hospitality	295	10.4%
15	Mining, Logging and Construction	144.5	5.1%
30	Manufacturing	181.6	6.4%
60	Professional and Business Services	523.8	18.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ San Francisco's population contracted 0.7% from 2021 to 2022, down more than 33,000 residents due to a higher cost of living and remote work trends.
- ▶ Meanwhile, the U.S. population grew 0.4%.

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

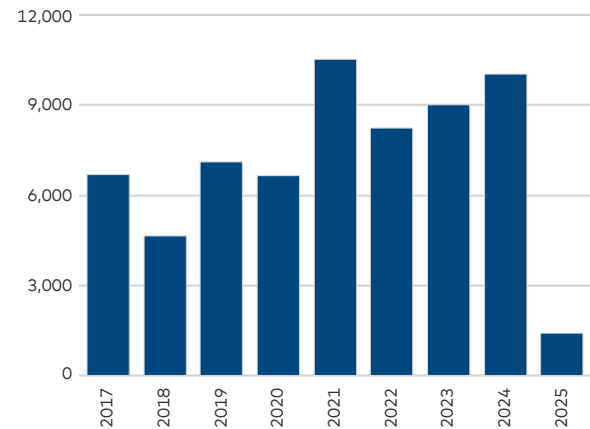
Source: U.S. Census

SUPPLY

- ▶ San Francisco developers had 12,255 units under construction as of May, across the Peninsula and the East Bay—with the former being slightly more active. An additional 130,000 units were in the planning and permitting stages. The metro's fully affordable pipeline continued to grow, with more than half of all units underway in such developments. The remaining 43.6% and 6.3% were in Lifestyle and RBN assets, respectively.
- ▶ Developers completed 1,430 units in the first five months of the year, which represented 0.5% of existing stock and was half of the 1.0% national rate. Compared to the same period last year, this was a 69.0% decrease, as 2024 marked a high point for completions nationwide—San Francisco had a total of 10,019 units delivered last year, making it the second strongest year since 2017. On average, completions amounted to 7,858 units per year in this eight-year period. Yardi Matrix expects 2025's volume to fall below this figure, with roughly 5,300 units set to come online, should market conditions hold.
- ▶ Only 494 units across four properties broke ground in the first five months of 2025. During the same period last year, work kicked off on a total of 1,506 units across 10 developments.

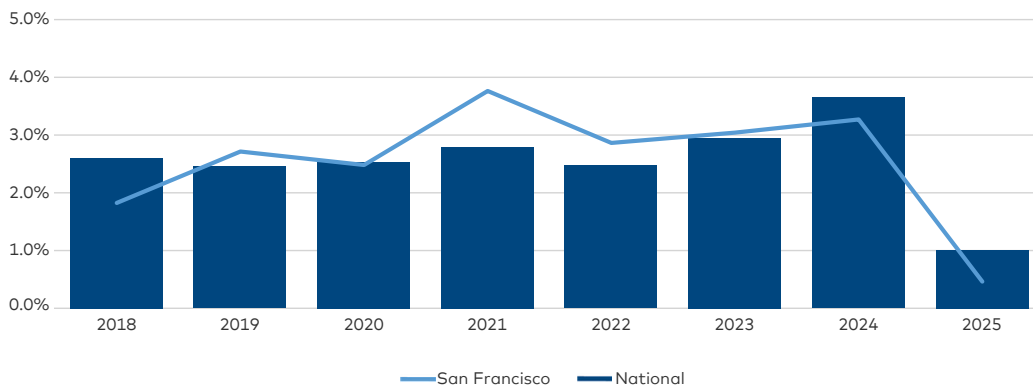
- ▶ Two submarkets exceeded the 1,000-unit mark for construction activity. Eastern San Francisco led with 1,129 units underway, followed by Downtown Oakland with 1,012. East Fremont (990), Santa Rosa (821) and Burlingame (800) rounded out the top five.
- ▶ The Sobrato Organization's Broadway Plaza was the largest project underway, at 518 units. It will also include 420,000 square feet of office and 26,000 square feet of retail.

San Francisco Completions (as of May 2025)



Source: Yardi Matrix

San Francisco vs. National Completions as a Percentage of Total Stock (as of May 2025)

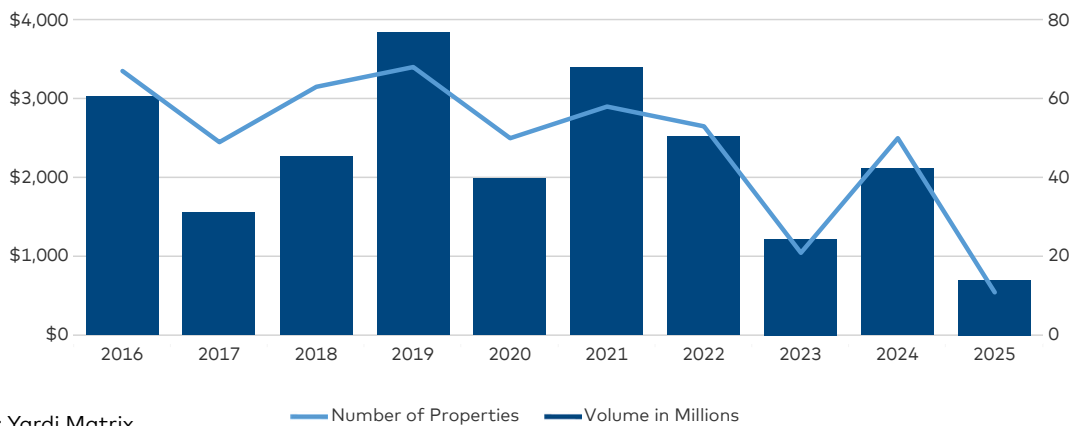


Source: Yardi Matrix

TRANSACTIONS

- ▶ San Francisco investors traded \$697 million in multifamily assets year-to-date through May, which was more than triple the \$181 million recorded during the same period last year, indicating that activity is slowly picking up. However, considering current economic uncertainties, it is unlikely 2025's total will reach past peak figures. In the past 10 years, investors traded an average of \$2.4 billion annually, with 2019 and 2021 posting the largest volumes—\$3.8 billion and \$3.4 billion, respectively.
- ▶ The 11 transactions that closed in the first five months of the year involved Lifestyle assets. This increased the average price per unit to \$400,960, up 15.0% from last year's figure. The U.S. average grew 11.1% in the same period, to \$213,979.
- ▶ The largest sale this year was in the Peninsula. Essex Property Trust paid \$161 million for The Plaza, a 307-unit community in the Foster City submarket. Northwestern Mutual Real Estate sold it for roughly \$525,732 per unit.

San Francisco Sales Volume and Number of Properties Sold (as of May 2025)



Source: Yardi Matrix

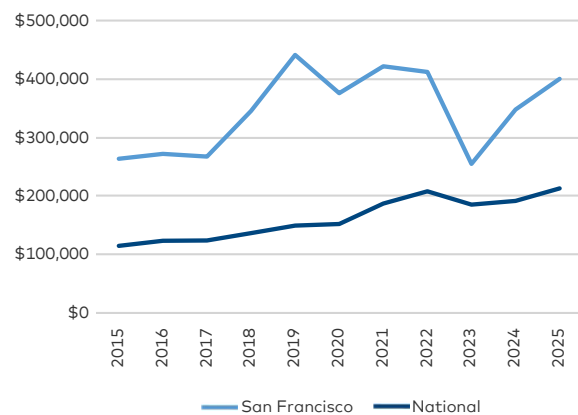
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Eastern San Francisco	387
Redwood City	373
San Mateo	273
Downtown Oakland	238
Alameda	171
Foster City	161
Pleasant Hill–Martinez	157

Source: Yardi Matrix

¹ From April 2024 to May 2025

San Francisco vs. National Sales Price per Unit



Source: Yardi Matrix



Expanding California's Affordable Housing Stock: A Local Perspective

By Diana Firtea

Density restrictions, ballooning land prices and high construction costs have forced some developers to postpone their California projects or even look for other areas for their developments. Despite all these barriers, nonprofit EAH Housing has delivered 600 new units in the past year alone and has more than 750 units currently under construction. Chief Real Estate Development Officer Welton Jordan elaborates.

How do you identify new construction opportunities in California?

Location is paramount. We seek sites that offer residents easy access to public transportation, services and employment. Community and political support is another key factor. We look for areas where local governments recognize the need for affordable housing and offer the resources and incentives necessary to support these projects. Financial feasibility is equally as critical as securing diverse funding sources is key to long-term viability.

How do you ensure that the needs and preferences of local communities are incorporated into your project plans?

For a long-term developer, owner and operator, receiving feedback is an essential part of the development process, particularly for projects involving public land or city-led initiatives. Whether outreach is handled by the city or directly by EAH as the developer, engaging with neighbors and residents is key



to understanding priorities and concerns.

Once we've gathered feedback, we integrate it in meaningful ways that align with project feasibility. Some aspects—such as exterior design choices or the inclusion of community amenities—can be tailored to reflect neighborhood preferences. At the same time, we must balance input with funding and regulatory requirements.

You recently developed Greenfield Commons I in Greenfield, your first modular construction development. What are the benefits of modular construction?

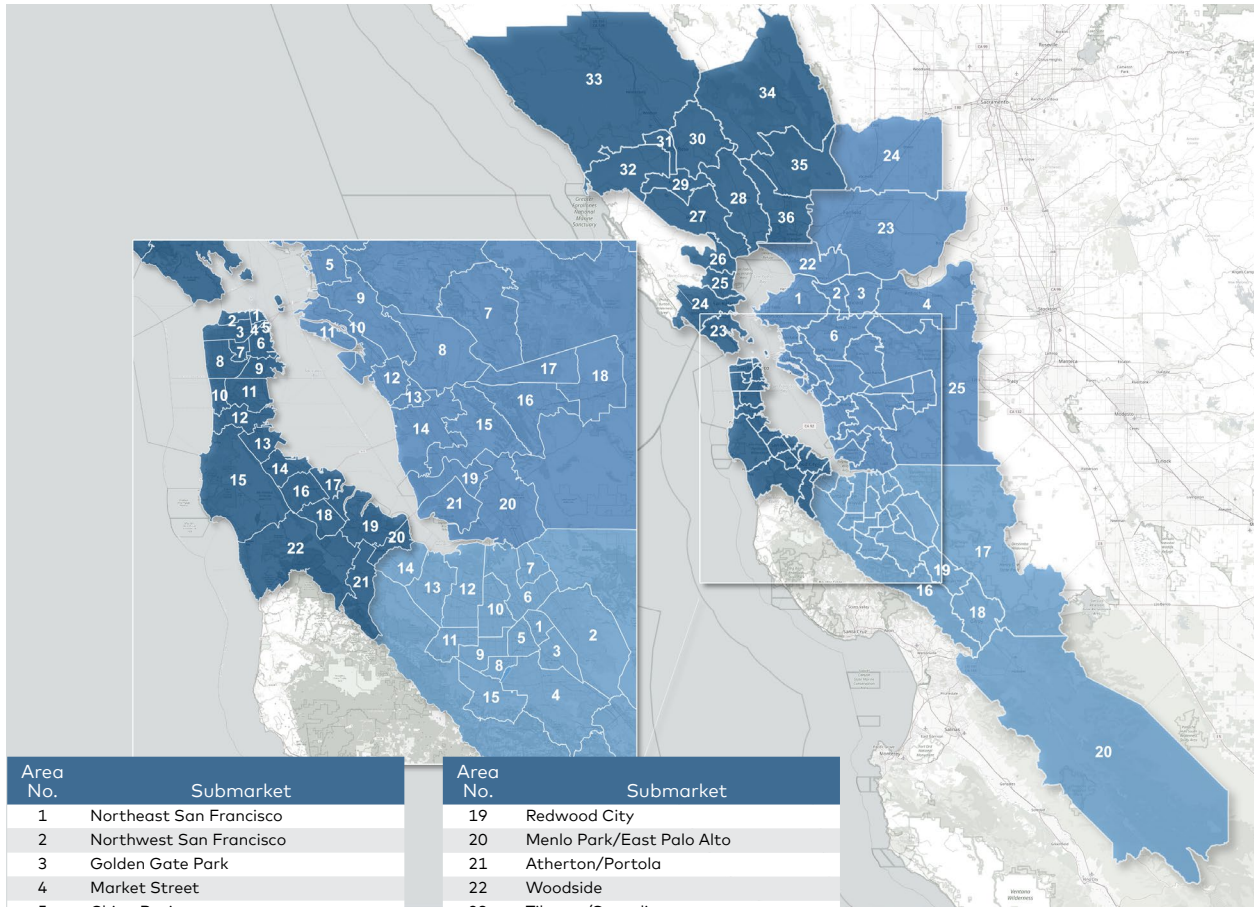
Modular construction has advantages, especially in areas with labor shortages or logistical constraints. At Greenfield Commons I, modular construction was a strategic choice to navigate challenges regarding the site's size, location and labor constraints.

Are there any specific areas in California that are more suitable for new affordable housing development than others?

The need for affordable housing spans all of California, making it difficult to pinpoint specific regions as the most suitable. However, some areas like Sacramento, Monterey County and parts of the San Francisco Bay Area have been more receptive to development. Local governments in these areas are taking a more proactive approach, recognizing that expanding affordable housing is critical to addressing workforce shortages and economic stability.

(Read the complete interview on multihousingnews.com.)

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	Sebastapol
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.

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