

Yardi® Matrix

High-Tech San Francisco

Multifamily Report Summer 2019

Rent Growth Moderates

Construction Stays Elevated

Investment Activity Remains High

SAN FRANCISCO MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Job Growth Powers the Bay

San Francisco's housing shortage is putting a lot of pressure on residents and policymakers alike, with local authorities revisiting rent control legislation. In the meantime, rents continued their rise, up 3.2% year-over-year to \$2,735 as of June. The amount is nearly twice the \$1,465 U.S. figure.

San Francisco gained 69,200 jobs in the 12 months ending in April. Professional and business services (20,200 jobs), education and health services (14,400 jobs) and mining, logging and construction (12,400 jobs) led growth and are poised to continue on an upward trend. In the past year, Google expanded its local office footprint to 1.5 million square feet, making it the metro's third-largest tenant. Additionally, its \$15 billion partnership with Lendlease to develop three new neighborhoods in the Bay Area will incorporate forces from all sectors. The project's design encompasses 15.1 million square feet of mixed-use developments as well as 15,000 units spanning all income levels, including low-income housing.

By mid-year, nearly \$908 million in apartments had traded in the metro. With 21,687 units underway as of June and 5,771 units slated for delivery by the end of 2019, supply will likely affect rent growth. We expect the average rent in San Francisco to advance 2.8% this year.

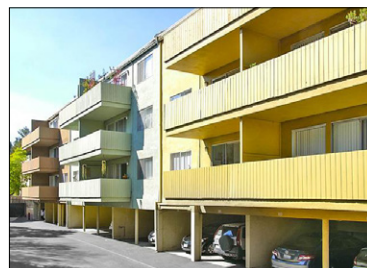
Recent San Francisco Transactions

Jasper



City: San Francisco
Buyer: Northwestern Mutual Real Estate Investors
Purchase Price: \$307 MM
Price per Unit: \$957,813

Sofi Redwood Park



City: Redwood City, Calif.
Buyer: Pacific Urban Residential
Purchase Price: \$50 MM
Price per Unit: \$447,321

Cotton Wood



City: Dublin, Calif.
Buyer: Acacia Capital
Purchase Price: \$102 MM
Price per Unit: \$409,274

Marina Heights



City: Pittsburg, Calif.
Buyer: Foundation for Affordable Housing
Purchase Price: \$36 MM
Price per Unit: \$178,835