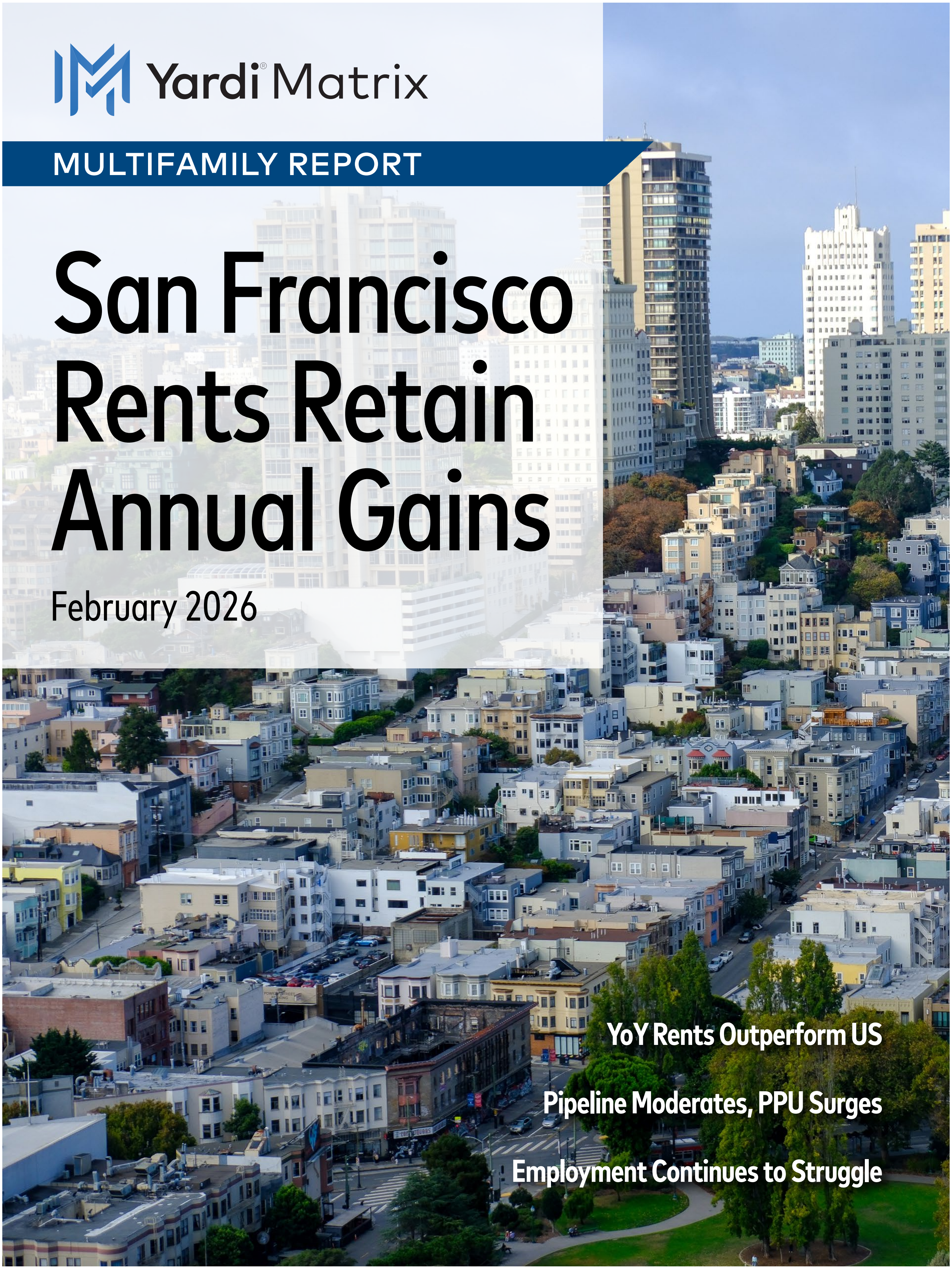
Yardi Matrix

MULTIFAMILY REPORT

San Francisco Rents Retain Annual Gains

February 2026



YoY Rents Outperform US

Pipeline Moderates, PPU Surges

Employment Continues to Struggle

SAN FRANCISCO MULTIFAMILY

Yardi Matrix

Short-Term Rents Soften, Occupancy Climbs

San Francisco's fundamentals softened at year-end 2025, as average advertised asking rents fell 0.4%, on a trailing three-month basis through December, to $2,885, while the national rate declined 0.3% to $1,737. Year-over-year, rents rose 1.9%, marking the fifth strongest performance among Yardi Matrix's top 30 metros. The occupancy rate in stabilized properties continued to climb, up 40 basis points year-over-year, to 95.8% in November.

Employment was down 0.5% year-over-year through September, while the national average was up 0.8%. Unemployment held at 4.4% in November, on par with the U.S. and below the state (5.5%). San Francisco lost 12,100 net jobs in the 12 months ending in September, with gains recorded only in education and health services (21,600 jobs) and other services (1,300). All other sectors lost 35,000 jobs combined, with professional and business services (-11,200) and manufacturing (-8,900) taking the largest hits. Notable project updates included the $2.6 billion Terminal 3 West Modernization at San Francisco International Airport and UCSF's Helen Diller Hospital at Parnassus Heights moving forward under a $4.3 billion budget, with an expected opening in 2030.

Supply growth moderated in 2025, with 5,811 units delivered and 10,851 underway. Investment volume totaled $2.4 billion in 2025, and the average price per unit rose 20% year-over-year, to $415,946 in December.

Market Analysis | February 2026

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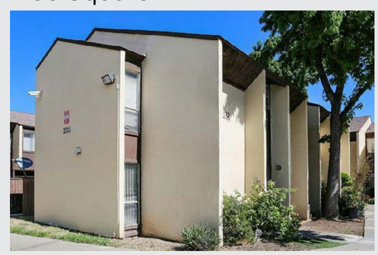
On the cover: Photo by David Cameron/iStockphoto.com

Recent San Francisco Transactions

The Overlook at Walnut Creek

City: Walnut Creek, Calif.
Buyer: TA Realty
Purchase Price: $163 MM
Price per Unit: $571,930

Lido Square



City: Pittsburg, Calif.
Buyer: Reliant Group
Purchase Price: $90 MM
Price per Unit: $552,147

Bay Village

City: Vallejo, Calif.
Buyer: Sack Capital Partners
Purchase Price: $57 MM
Price per Unit: $219,231

Grosvenor Court

City: San Francisco
Buyer: Ballast Investments
Purchase Price: $32 MM
Price per Unit: $370,930

RENT TRENDS

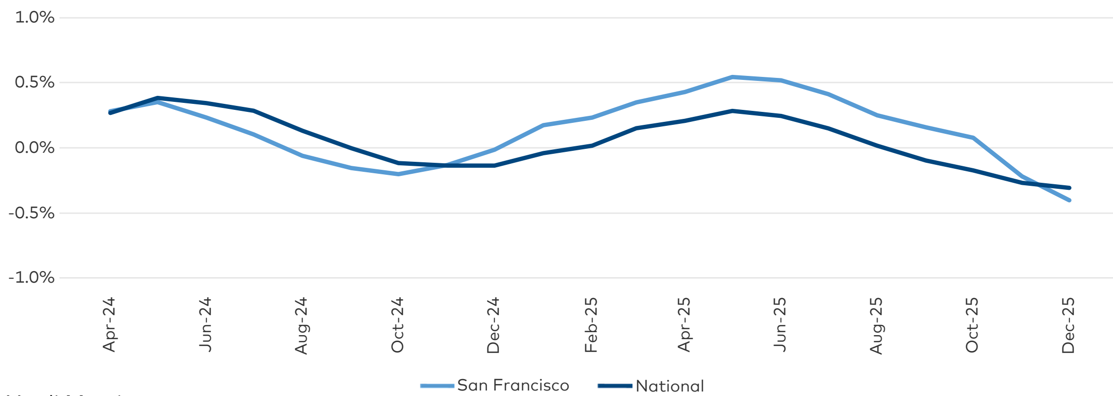
- San Francisco advertised asking rents decreased 0.4%, on a trailing three-month (T3) basis through December, to $2,885. Year-over-year performance was solid, however, up 1.9% and ranking fifth among Yardi Matrix's top 30 metros. Meanwhile, the national average fell 0.3% on a T3 basis, to $1,737 in December, and was flat year-over-year.

- Rent declines were even across asset classes, down 0.4%, on a T3 basis through December, to $3,311 for upscale Lifestyle properties, and to $2,572 for the working-class Renter-by-Necessity segment.

- The occupancy rate for stabilized properties rose 40 basis points year-over-year, to 95.8% in November. RBN occupancy saw a 50-basis-point increase, to 95.7%, while Lifestyle hit 96%, following a 30-basis-point gain. Meanwhile, the overall U.S. average remained unchanged, at 94.6%.

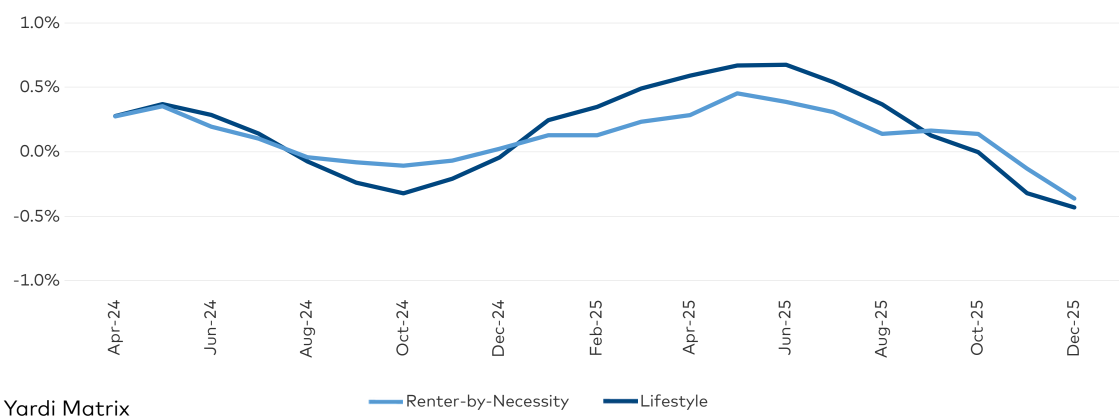
- Of the 61 submarkets tracked by Yardi Matrix, 37 recorded year-over-year gains for advertised asking rents. Growth was broad at the top end, as the priciest one-third of submarkets all recorded gains, with hotspots including NW San Francisco (7.8% to $5,073) and China Basin (8.6% to $4,418). Another 18 submarkets had averages in the $3,000 to $3,999 range, and the remaining 38 in the $2,000 to $2,999 band. Rent declines were registered in SW San Francisco (-7.5% to $2,999), Dublin (-1.8% to $2,766) and Menlo Park/East Palo Alto (-10.2% to $2,737).

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 employment market continued to struggle, down 0.5% year-over-year for the eighth consecutive month in September. Meanwhile, the U.S. rate held at 0.8% for the sixth straight month. Unemployment stood at 4.4% in November, at the same level as in January 2025, outperforming the state (5.5%) and on par with the national rate. Among the other major California metros, San Francisco trailed only San Jose (4.3%).
- San Francisco lost 12,100 net jobs in the 12 months ending in September, with gains recorded in only two sectors—education and health services (21,600 jobs) and other services (1,300). The other eight sectors collectively lost 35,000 jobs, with the steepest drops recorded in professional and business services (-11,200) and manufacturing (-8,900).
- Civic investment remained a key support for the region's employment base, led by San Francisco International Airport, where the $2.6 billion Terminal 3 West Modernization includes renovating 650,000 square feet with a seismic retrofit, along with upgrades to security capacity, building systems and passenger amenities. The University of California, San Francisco is advancing the 15-story Helen Diller Hospital at Parnassus Heights under a $4.3 billion Regents-approved program budget that keeps the project on track for a 2030 opening.

San Francisco Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	514.4	18.1%
80	Other Services	103.2	3.6%
90	Government	384.1	13.5%
40	Trade, Transportation and Utilities	412.4	14.5%
70	Leisure and Hospitality	303	10.7%
15	Mining, Logging and Construction	151.7	5.3%
55	Financial Activities	141.5	5.0%
50	Information	133.4	4.7%
30	Manufacturing	180	6.3%
60	Professional and Business Services	520.2	18.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- San Francisco's population marked a 0.2% decline between 2019 and 2022, down 9,090 residents, while the U.S. rate rose 2.0%.
- Census population estimates point to a 1.1% gain in San Francisco between 2022 and July 2024, trailing the 1.8% U.S. rate.

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

- Developers completed 5,811 units in San Francisco last year, a significant drop from 2024 (10,418 units) and representing just 1.9% of existing stock—well below the 3.0% national average. More than 50,000 units came online since 2020, with an average of 8,406 units added per year. The distribution of completions tilted slightly toward fully affordable (51.9%), followed by Lifestyle (44.5%), while RBN accounted for nearly 4.0%. The Peninsula led with 3,147 new units, while the Bay Area—East Bay submarket added 2,664 units.

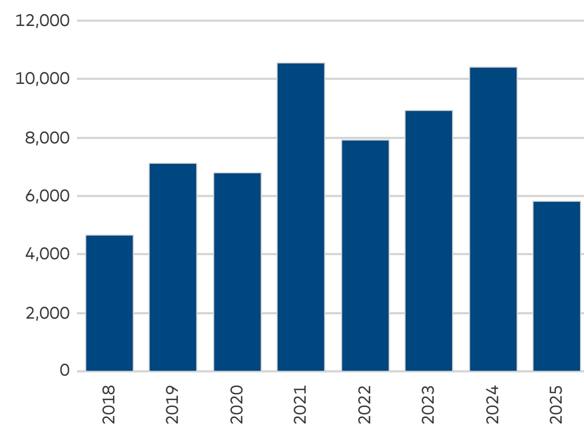
- The supply pipeline included 10,851 units underway as of December, along with another 137,000 in the planning and permitting phases. Units in fully affordable projects accounted for 42.6% of the under-construction total, followed by Lifestyle (49.9%) and RBN (7.5%). Yardi Matrix's winter outlook shows San Francisco has the lowest projected 2026 supply among gateway markets, with roughly 4,600 units expected to come online.

- Construction starts in San Francisco totaled 3,958 units across 22 properties in 2025, slightly below the 4,010 units across 27 properties that broke ground in 2024.

- Active development was recorded in 33 of the 61 submarkets tracked by Yardi Matrix, led by Redwood City (1,493 units), South San Francisco (1,361) and Santa Rosa (653).

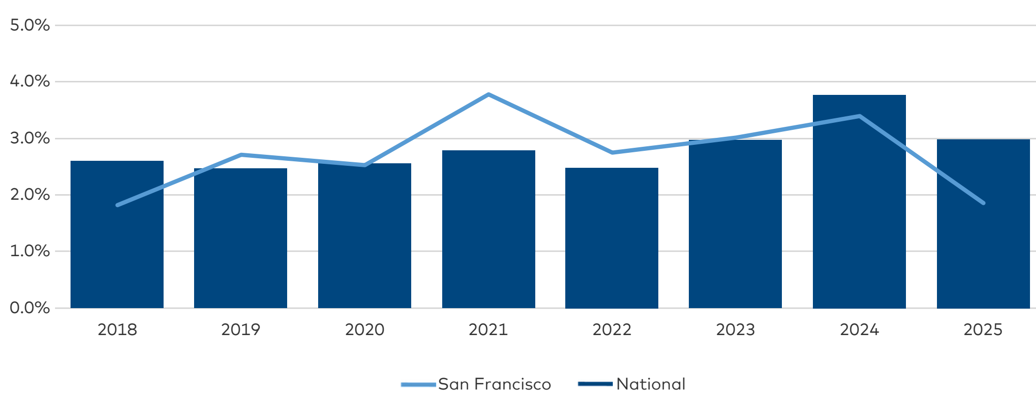
- The largest project delivered in 2025 was Quincy, a 501-unit, Lifestyle asset in Eastern San Francisco. The mixed-use property is owned by Strada Investment Group and includes 20,600 square feet of retail space and 71 affordable units.

San Francisco Completions (as of December 2025)



Source: Yardi Matrix

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



Source: Yardi Matrix

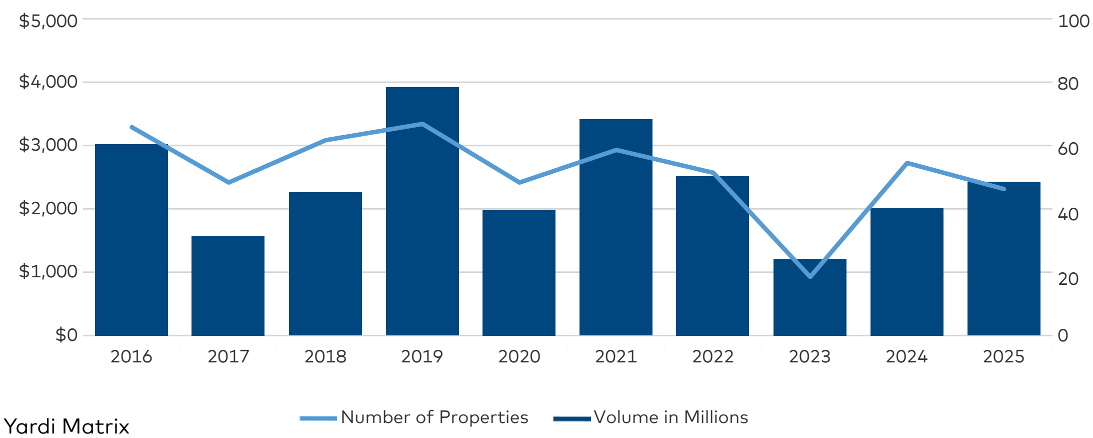
TRANSACTIONS

- Investment activity increased in San Francisco, with $2.4 billion in multifamily assets trading in 2025, a 20.6% year-over-year increase, but still below the decade peak recorded in 2019 ($3.9 billion). Investors traded $1 billion in assets on the Peninsula, while transactions in the East Bay area totaled $1.4 billion.

- Even though the sales composition was fairly balanced between asset classes, the average price per unit rose 20% year-over-year through December, to $415,946. Meanwhile, the U.S. figure reached $205,495, following a 6.7% increase. The discrepancy between asset classes remained high in the metro, with the per-unit average at $467,477 for Lifestyle and $331,288 for RBN.

- Notable transactions included The Madelon, a 203-unit asset acquired by Rubicon Point Partners from JRE Partners for $119 million, with aid from an $81 million loan. The sale price translates to $1.4 million per unit, the largest recorded in San Francisco last year.

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



Source: Yardi Matrix

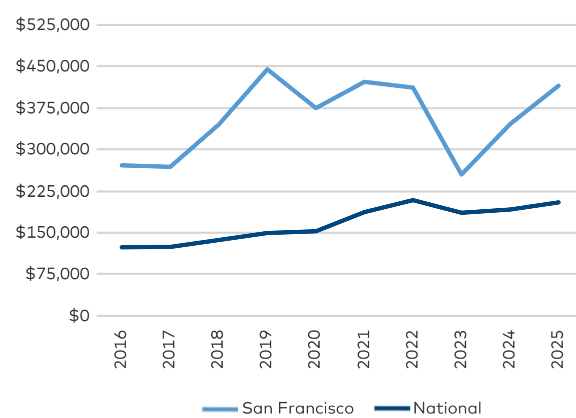
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Walnut Creek/Lafayette	394
Golden Gate Park	274
Foster City	267
Downtown Oakland	175
Alameda	170
NE San Francisco	124
Berkeley	120

Source: Yardi Matrix

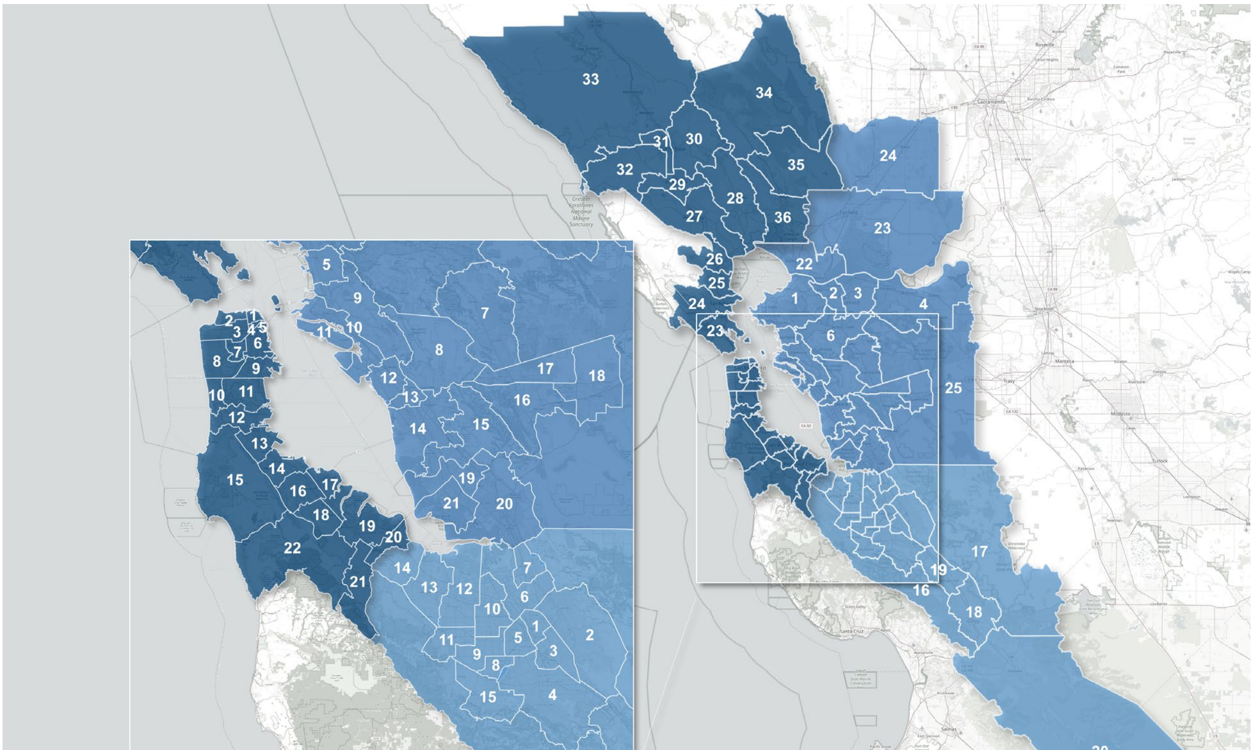
[1] From January 2025 to December 2025

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	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:

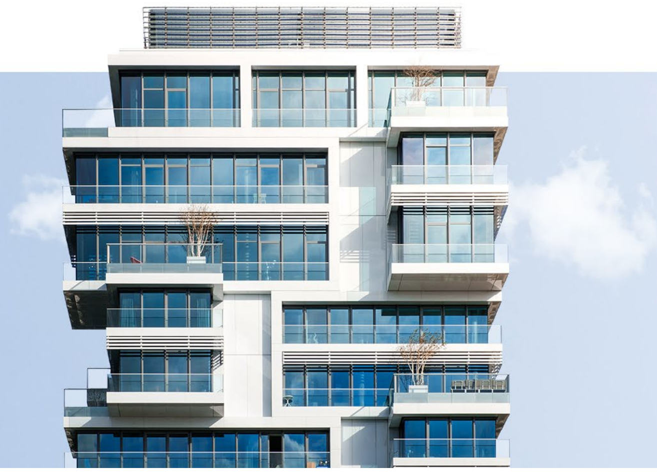
Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

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.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

Yardi Matrix



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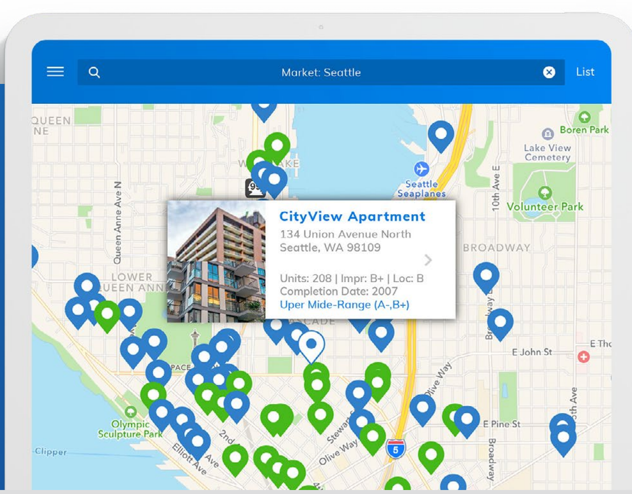
MULTIFAMILY KEY FEATURES

- 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 **23.5 million units,** covering over **92% of the U.S. population.**

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