SAN FRANCISCO-OAKLAND, CA
MULTIFAMILY REPORT

2024 | MID-YEAR

Jobs Added / Lost*

LAST 12 MONTHS

18,700

0.8%

Unemployment*

JUNE 2024

4.2%

60 BPS YOY

**Seasonally Adjusted*

SAN FRANCISCO-OAKLAND, CA

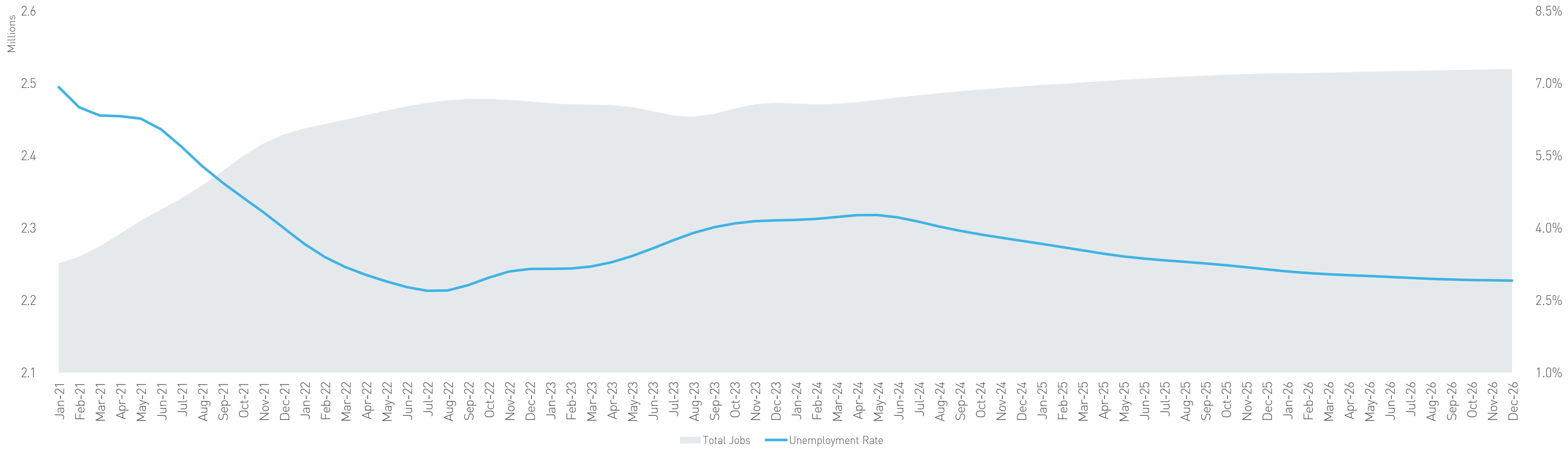
EMPLOYMENT

Nonfarm employment grew by 0.8% since the second quarter of 2023 in the Bay Area, with the private education and healthcare sector posting more net new jobs than any other sector at 19,100 hires. The private education sector has exploded during the past year in San Francisco, with at least nine schools having recently completed an expansion, are in the process of undergoing an expansion, or have plans to expand in the near future. According to the California Department of Education, there were approximately 100 private schools in the Bay Area with an estimated 23,900 students in attendance during 2023. Many of the projects surrounding private education in the area are focused on making improvements to existing facilities, additional hiring, adding extra space, and increasing student enrollment. La Scuola International School, which is in the Mission District of the city, is in the process of increasing the number of teachers and staff to support a 150% increase in student enrollment, as well as redeveloping three existing buildings on campus. IVX Health, a provider of outpatient care centers, announced in June that it would continue to add to its growing footprint in the Bay Area. As of the middle of 2024, the healthcare group has eight centers regionwide, and recently opened its newest center in Mill Valley last month. Other future announcements include a $4.3 billion investment for University of California San Francisco Health's new hospital, which won't open until 2030.

In the News

- Nine San Francisco private schools are in expansion process
- Sutter Health to begin construction on $442 million expansion
- UCSF Health launches $4.3 billion hospital of the future

Employment Trends



Source: Moody's Analytics

2024 YEAR TO DATE

DELIVERIES
2,754 UNITS

ABSORPTION
3,965 UNITS

2024 TOTAL*

DELIVERIES
4,876 UNITS

ABSORPTION
8,177 UNITS

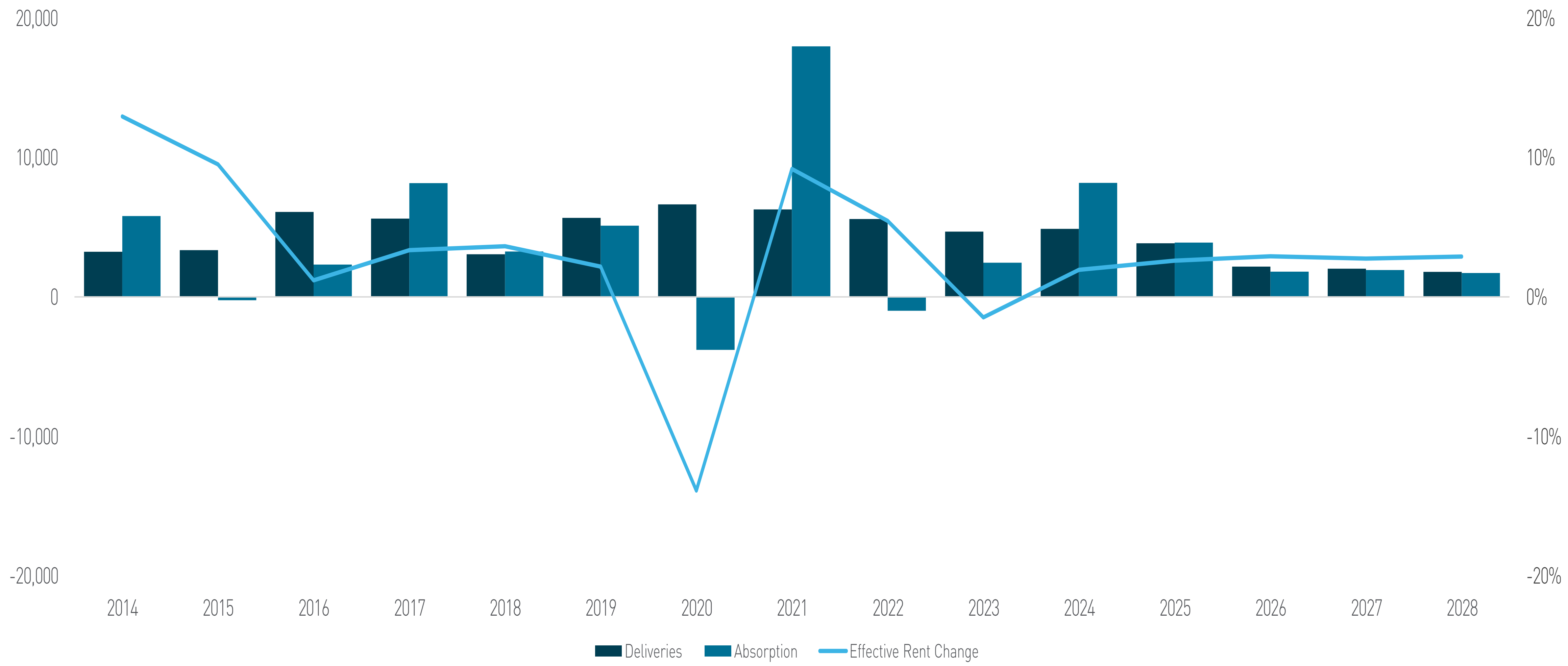
**Projected*

SAN FRANCISCO-OAKLAND, CA

DELIVERIES & ABSORPTION

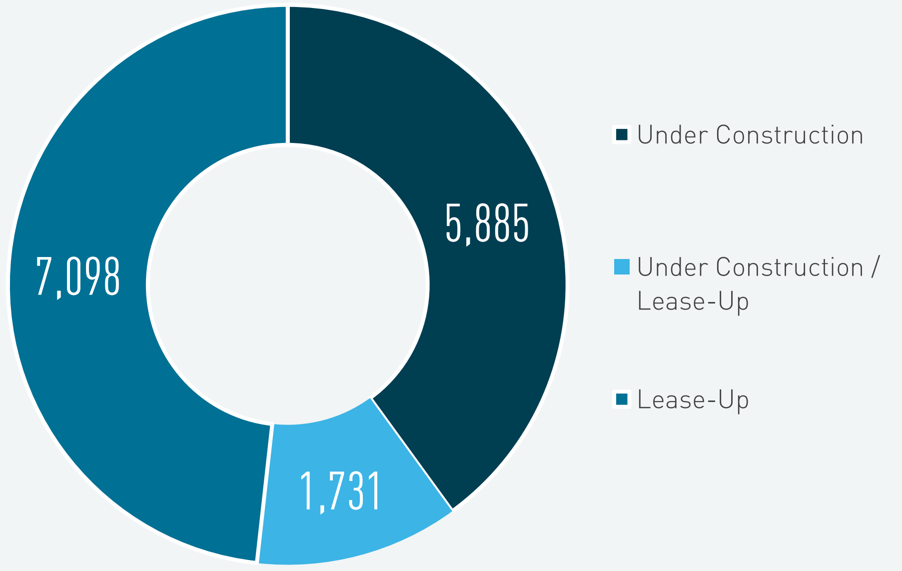
The rate of net move-ins surpassed the level of apartment deliveries in Greater San Francisco during the first half of 2024 as San Francisco reverses the strong out-migration trends from during the pandemic. Positive trends including population growth are influencing factors of the growth in apartment demand in the Bay Area after it experienced below average rental activity in 2022 and 2023 when many residents migrated to other metros. As of the first half of 2024, 2,754 units were delivered across the market, with net absorption of 3,965 units. Class A and B apartments appealed most to renters in the first and second quarters. Luxury apartments are a focal point for new development, as more than half of the existing inventory is comprised of Class C properties. Historically, building activity has concentrated on areas close to downtown, but recent trends show a significant shift, with the majority of new developments now occurring in San Mateo County submarkets as well as the Oakland/Berkeley submarket. The Bay Area's enhanced transit nodes, providing Caltrain services to residents in expanding markets south of the city center, as well as Bay Area Rapid Transit trains connecting Oakland to Downtown San Francisco, have significantly influenced builders' focus on further developing other parts of the metro. The Oakland/Berkeley submarket had 1,093 net units come online during the first half of 2024, and accounts for approximately 35% of the supply pipeline.

Deliveries, Absorption, & Effective Rent Change

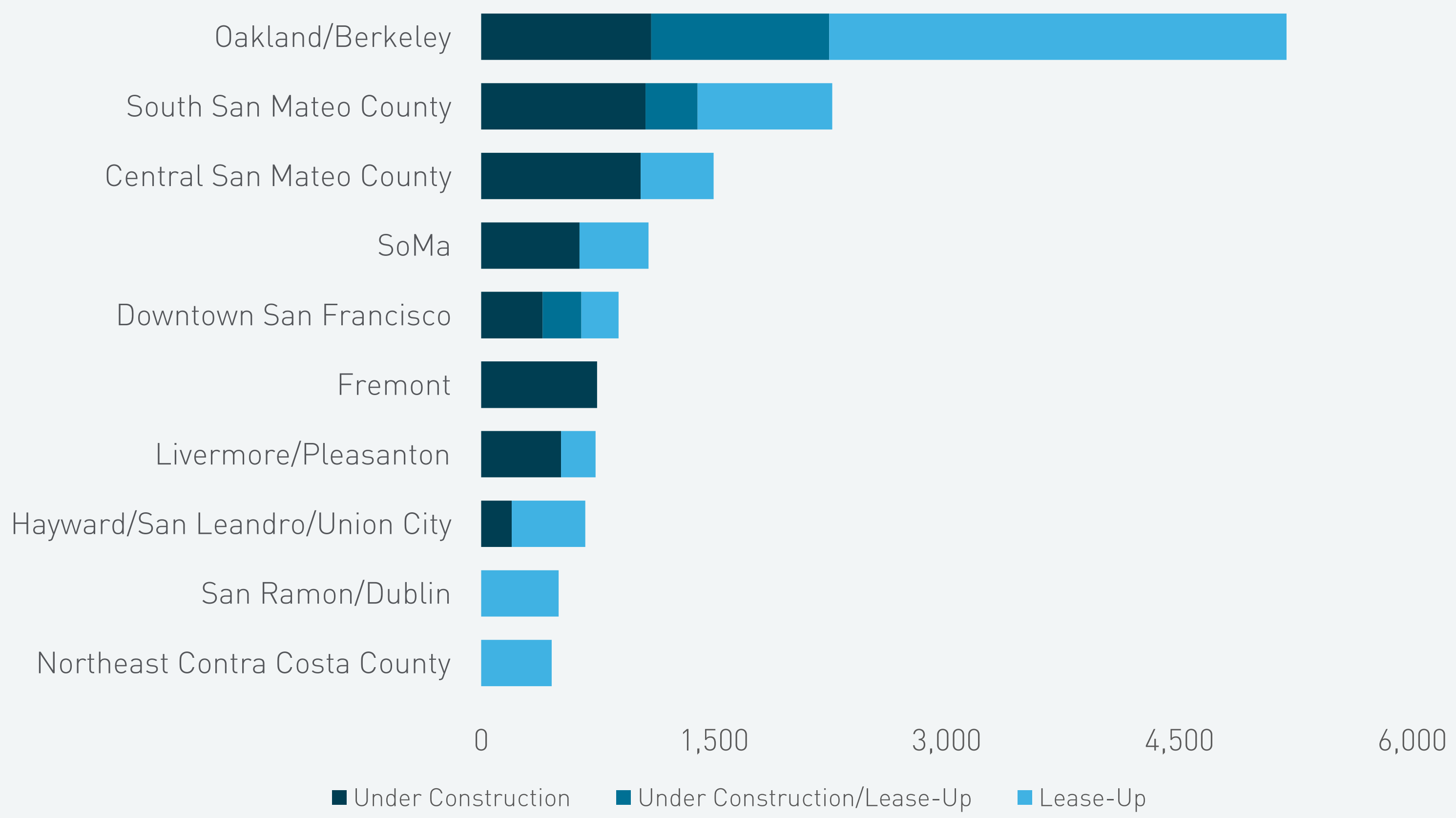


Source: RealPage

Market Pipeline



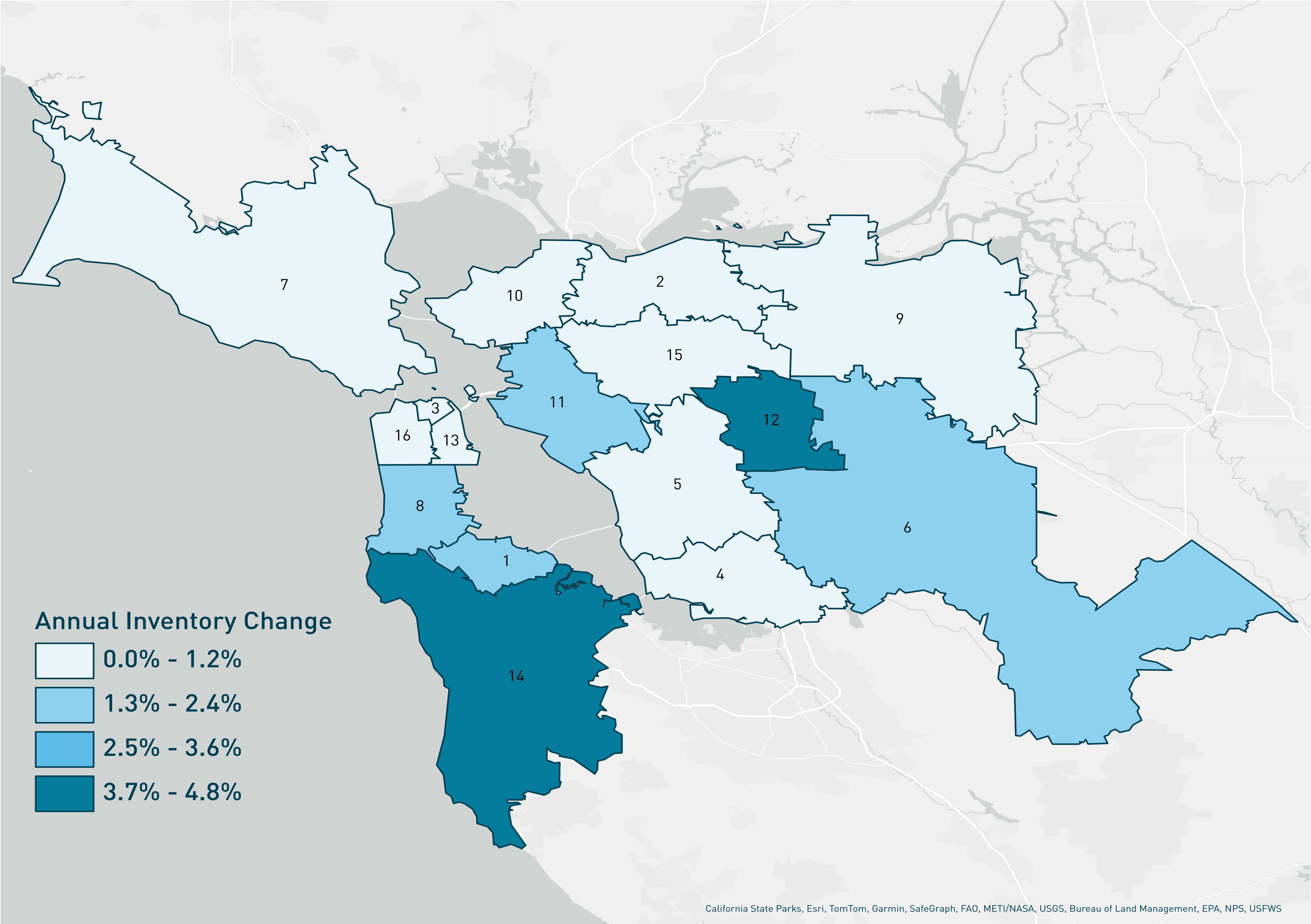
Top Submarket Pipelines



Inventory growth through the second quarter took place primarily in San Mateo County and the Oakland/Berkeley submarket, which are located south and east of the downtown area. San Mateo County submarkets posted a combined 1,195 new deliveries across its three submarkets thus far in its north, south, and central submarkets, with approximately 2,000 units remaining in the delivery pipeline. Renters are attracted to San Mateo County because it offers suburban living with an easy commute into the city enabled by nearby Caltrain stations. San Mateo County also has emerging developments in biotechnology, life sciences, and technology, and is referred to as the "Birthplace of Biotech." Notable employers within the county include Gilead Sciences, Meta, and Genentech. Gilead Sciences' 72-acre, 2.5 million-square-foot campus is used for both laboratory and office space and is situated along the county's waterfront.

SAN FRANCISCO-OAKLAND, CA

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE



SUBMARKET BOUNDARIES

1. Central San Mateo County
2. Concord / Martinez
3. Downtown San Francisco
4. Fremont
5. Hayward / San Leandro / Union City
6. Livermore / Pleasanton
7. Marin County
8. North San Mateo County
9. Northeast Contra Costa County
10. Northwest Contra Costa County
11. Oakland / Berkeley
12. San Ramon / Dublin
13. SoMa
14. South San Mateo County
15. Walnut Creek / Lafayette
16. West San Francisco

Effective Rent

Q2 2024

$2,953

0.9% YOY

Occupancy

Q2 2024

95.1%

10 BPS YOY

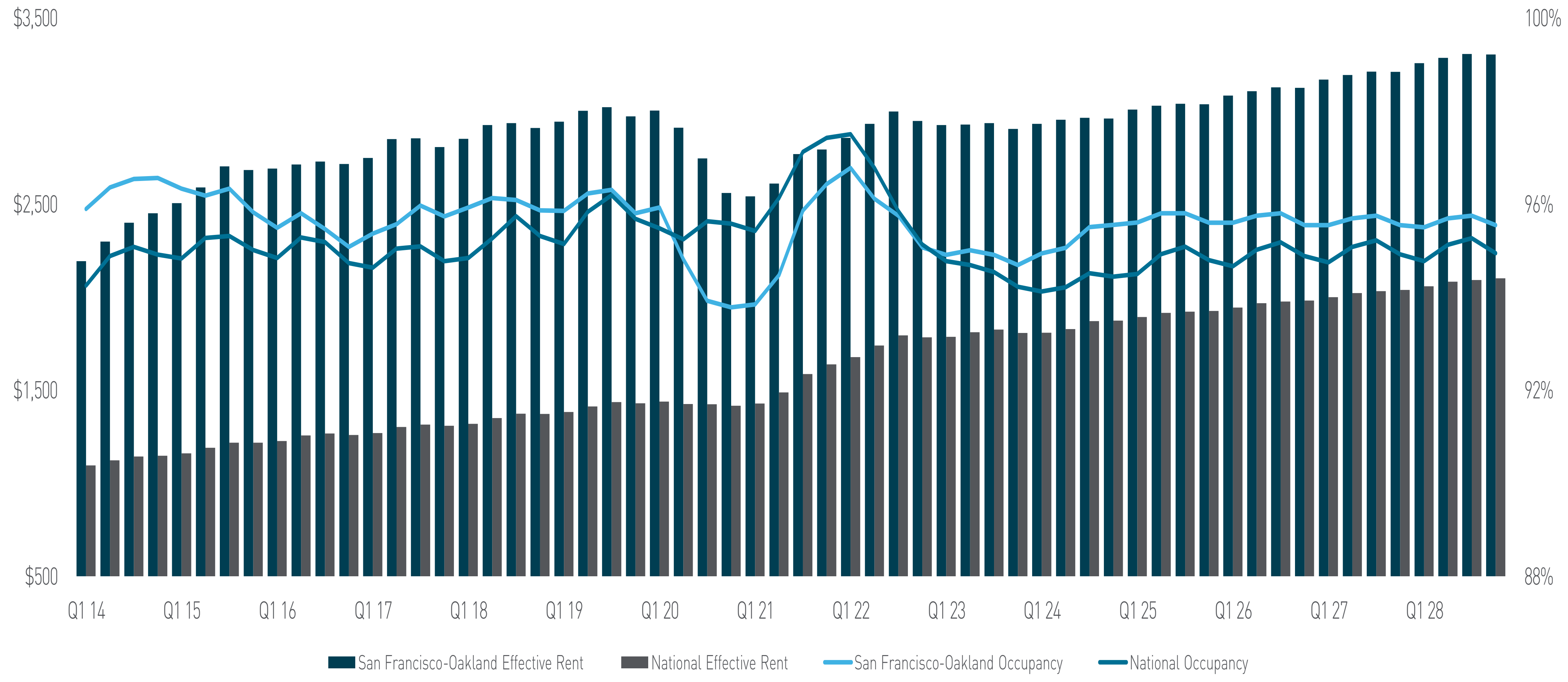
SAN FRANCISCO-OAKLAND, CA

RENT & OCCUPANCY

On par with the national trend, the average effective rent in Greater San Francisco increased 0.9% annually to $2,953 in the second quarter of 2024. The Bay Area commands one of the highest rents in the nation on average and shows no signs of receding. Persistent high mortgage rates have kept many prospective buyers renting for longer. As the median home price in San Francisco remained above $1.4 million in June 2024 according to Redfin, many renters are priced out of purchasing homes, which in turn has enabled operators to gradually increase rents. Rent increases were most prevalent in San Mateo County submarkets south of the city, an area which has grown in popularity for its concentration of high-paying wages and cluster of notable biotech employers. The county averaged a 3.4% rent gain since the middle of last year across its three submarkets.

The occupancy rate finished the second quarter of 2024 at 95.1% on average, which is 10 basis points above their level during the same time last year. Bay Area occupancy rates were 90 basis points above the national average, a metric which San Francisco has typically been below since the start of the pandemic. The trend of positive net absorption across San Francisco is indicative of the market's gradual recovery following the pandemic.

San Francisco-Oakland vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

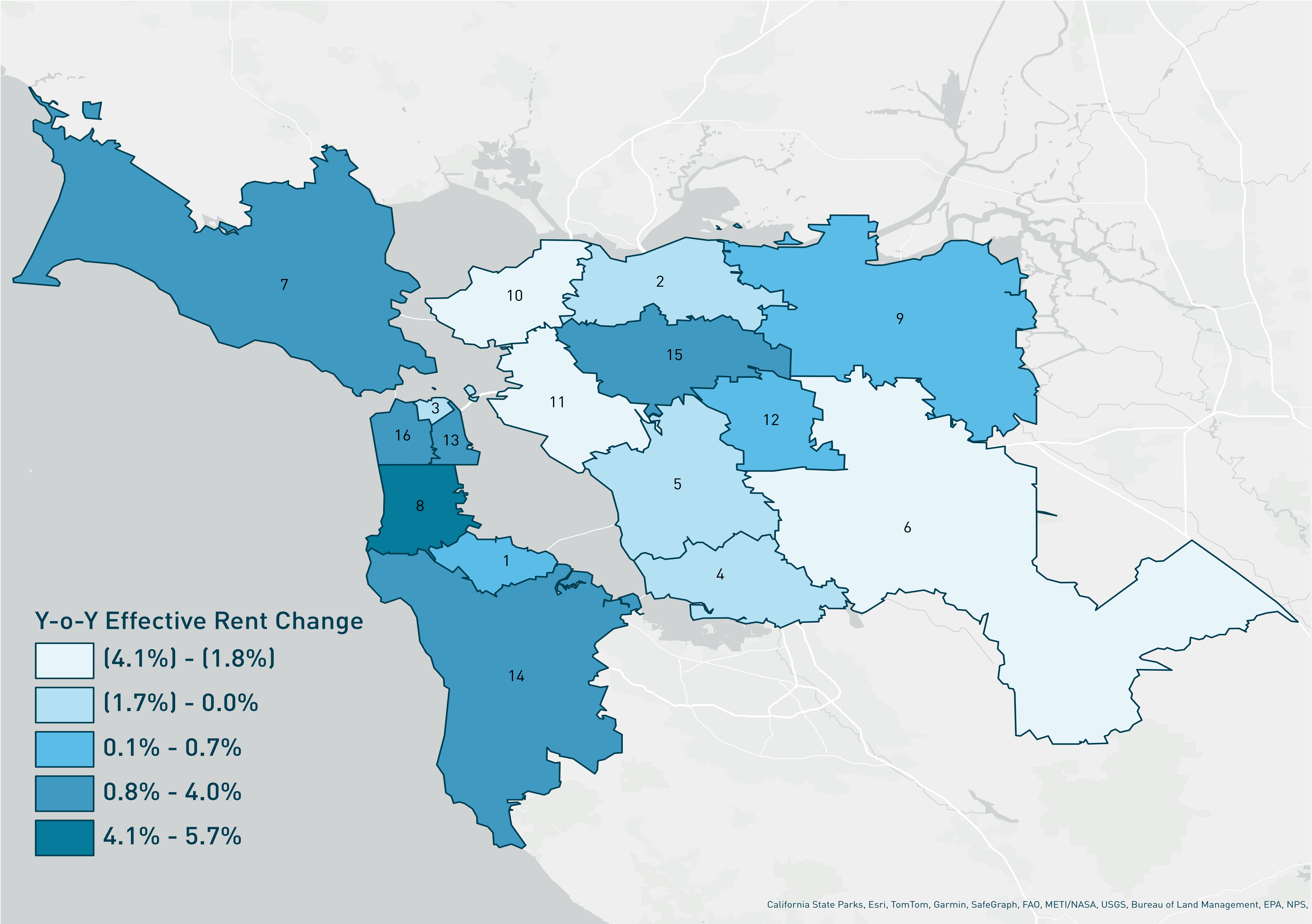
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Central San Mateo County	96.3%	0	$3,295	0.5%
Concord/Martinez	95.0%	90	$2,321	-0.2%
Downtown San Francisco	93.4%	70	$3,147	-1.0%
Fremont	95.6%	-10	$2,713	-0.3%
Hayward/San Leandro/Union City	94.2%	-160	$2,409	-0.9%
Livermore/Pleasanton	95.3%	30	$2,776	-2.0%
Marin County	95.8%	30	$3,124	3.1%
North San Mateo County	97.1%	30	$2,857	5.7%
Northeast Contra Costa County	95.5%	120	$2,194	0.2%
Northwest Contra Costa County	94.3%	100	$2,452	-1.8%
Oakland/Berkeley	92.4%	-60	$2,718	-4.1%
San Ramon/Dublin	96.6%	10	$2,711	0.7%
SoMa	95.0%	30	$3,397	2.3%
South San Mateo County	95.7%	0	$3,731	4.0%
Walnut Creek/Lafayette	94.2%	-80	$2,634	2.7%
West San Francisco	95.8%	100	$3,340	3.4%

Apartment rents have increased at rapid rates in areas south of Downtown San Francisco, primarily concentrated in San Mateo County. Of the county's three submarkets, North San Mateo County increased at the highest rate among the Bay Area's 16 submarkets. Rents rose 5.7% annually in the second quarter to $2,857, as landlords could be more bullish since the submarket has the highest average occupancy in the Bay Area. South San Mateo County posted the market's second highest annual increase at 4.0% and achieved the highest rent in the market at $3,731. Effective rent in the submarket is roughly 26% above San Francisco's average rent. Landlords capitalized on the influx of renters south of the city's center thanks to the increased number of remote and hybrid workers post pandemic and access to transit that makes commuting, if necessary, easy.

SAN FRANCISCO-OAKLAND, CA

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



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SAN FRANCISCO-OAKLAND, CA

SALES

2024 Year to Date*

VOLUME $389.3M	**PRICE PER UNIT (AVG)** $409,501
TRANSACTIONS 4	**CAP RATE (AVG)** N/A

What's Trading?*

UNITS (AVG) 273	**YEAR BUILT (AVG)** 2000s
BUILDINGS (AVG) 9	**ACRES (AVG)** 3.30

Top Buyers*

BUYER	LOCATION
Acacia Capital Group	San Mateo, CA
KKR	New York, NY
Bridge Investment Grp	Sandy, UT
Hines	Houston, TX

Top Sellers*

SELLER	LOCATION
Fore Property	Andrews AFB, MD
Lennar Corp.	Miami, FL
Align Real Estate	San Francisco, CA
Encore	Boca Raton, FL

Source: MSCI Real Capital Analytics
**$50m+*