



Colliers

Q2 2024 MARKET OVERVIEW

San Francisco Multifamily

San Francisco Market Overview

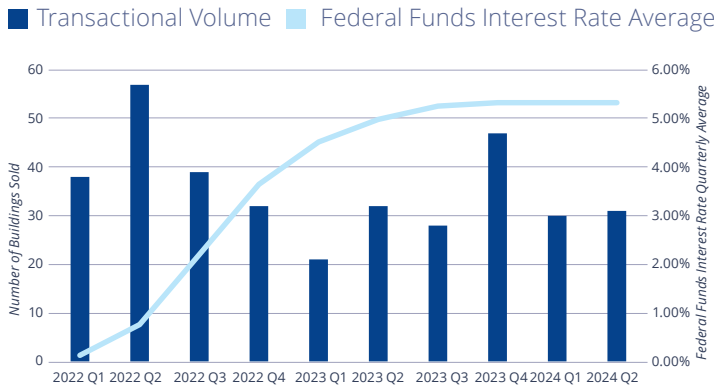
During the second quarter of 2024, the San Francisco Multifamily market endured high interest rates and delayed cuts. Between June and December of 2023, expectations of the Federal Reserve cutting rates spurred an increase in transactional activity following an apparent lull in Q1 of 2023 as interest rates remained elevated. This two-peat of complacent transactions can be attributed to the looming decision concerning interest rate trajectories and their projections. Upon reaching the second quarter of 2024, we have yet to see any such cuts applied. This, aligned with the Federal Reserve's consistent reluctance to cut, has resulted in a plateau of transactional volume within the San Francisco Multifamily Market.

Despite macro-economic hesitancy and the effect that the high cost of debt has had on multifamily acquisitions and dispositions, San Francisco's Multifamily Market have shown significant improvement. As demonstrated by the increase in average Price per Square Foot, Rent per Square Foot, and Price per Unit, these increases, when compared with the second quarter of 2023 attest to pricing rebounds and with it, a shifting market perspective when analyzing multifamily transactions.

Market Indicators	Q2 2023	Q2 2024	YOY Change
Average of FED (Quarterly)	4.99%	5.33%	6.9% ↑
Average of \$/SF	\$385.17	\$408.35	6.0% ↑
Average of Rent/SF	\$2.74	\$2.83	3.3% ↑
Average of \$/Unit	\$333,063	\$346,976	4.2% ↑
Average of CAP	4.99%	5.37%	7.7% ↑

Source: Colliers | MacroTrends

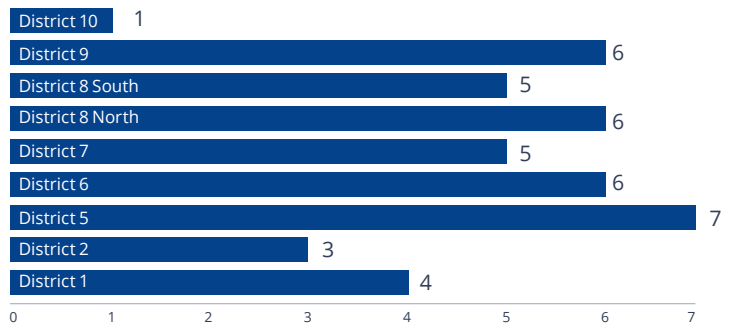
Transactional Volume (5+ Units) vs. Federal Funds Interest Rate Quarterly Average



Source: Colliers, MLS

Transactions by District

Quarter 2, 2024



Source: 5+ Unit Buildings | Colliers, MLS

CAP Rate

- 4.80 - 5.00 %
- 5.01 - 5.20 %
- 5.21 - 5.40 %
- 5.41 - 6.49 %
- 6.50 % +

Price / SF

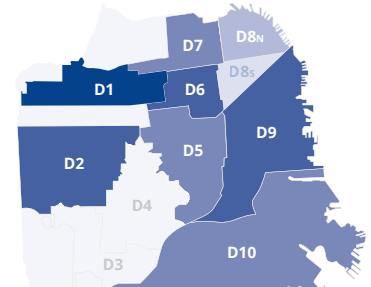
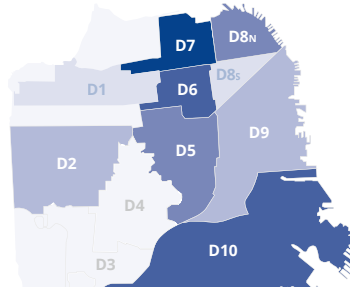
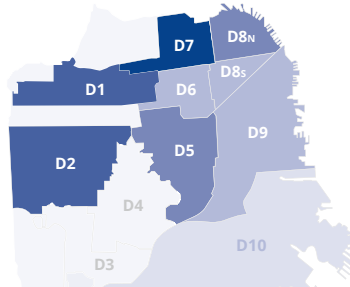
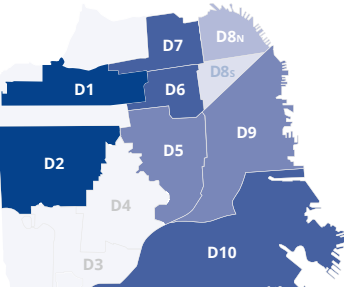
- \$600 +
- \$400 - 599
- \$375 - 399
- \$361 - 374
- \$280 - 360

Price / Unit

- \$490k +
- \$405 - 489k
- \$335 - 404k
- \$301 - 334k
- \$205 - 300k

GRM

- 12.5 +
- 11.7 - 12.4
- 11.4 - 11.6
- 10.1 - 11.3
- 9.3 - 10.0





Mayoral Candidate Daniel Lurie Comments on Real Estate Industry Initiatives

Through an exclusive collaboration with Mayoral Candidate Daniel Lurie, upcoming real estate and asset-specific changes are poised to, if elected, significantly reshape the market landscape. Lurie's focus on affordable housing, zoning reforms, and transfer tax incentives promises to create new opportunities for development while addressing long-standing market challenges.

“As Mayor, I’m going to do what it takes to build new housing at all income levels,” said Daniel Lurie, nonprofit executive and candidate for Mayor of San Francisco. “We’ll fix the broken permitting process, eliminate layers of bureaucracy, and enforce a permitting “shot clock” to get projects moving. We’ll remove barriers to building new housing by lowering fees, inclusionary requirements, and **exempting multi-family projects from transfer taxes**. It’s time we use public sector tools to make the economics of building housing work.”

- Daniel Lurie



Development Pipeline & Supply

As the facade installation for 730 Stanyan Street in Haight-Ashbury nears completion, it stands as a significant case study on the balance of sub-market specific housing supply. The upcoming addition of 160 units represents nearly a 12% increase in apartment availability within the neighborhood. Meanwhile, the city continues its efforts to achieve its goal of 82,000 new low-income homes by 2031. With similar developments like 4840 Mission St. and 78 Haight St. also nearing completion, surrounding districts and sub-markets anticipate corresponding adjustments in their pricing dynamics.

Development Progress



“The rental units will be designated as affordable to households earning between 25-80% of the Area’s Median Income. Twenty units will be for transitional aged youth, twelve units for families exiting homelessness, and 32 units will be supported by the Project Based Vouchers system administered by the city’s housing Authority.”

Source: SF YIMBY, <https://sfyimby.com/2024/06/facade-installation-underway-for-730-stanyan-street-in-haight-ashbury-san-francisco.html>

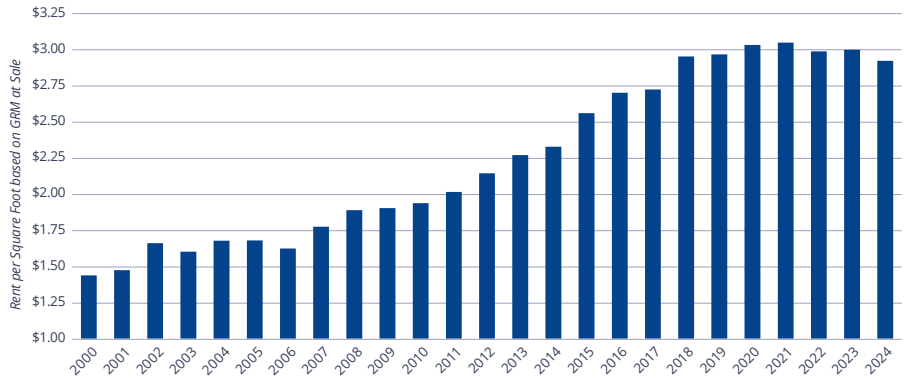


Rent per Square Foot Remains Consistently High

Despite negative connotations concerning San Francisco’s rebound as a city and its lingering Covid-Era real estate bounce-back, rents amongst buildings sold remain high in the Multifamily Market, signaling strong tenant demand well into the second quarter of 2024. Although property values have suffered given hesitancy to cut federal interest rates, this reflection of the rental market demonstrates San Francisco’s Multifamily Real Estate market as a viable investment.

Average of Rent/SF for Multifamily Transactions

2000-2024



Source: Colliers

Notable Sale Transactions

ADDRESS	Market	Units	GRM	CAP	\$/SF	\$/Unit
1257 Bush Street	Downtown	35	8.36	6.78%	\$249.30	\$168,571
985 Pine Street	Downtown	19	9.12	7.17%	\$450.08	\$171,316
1840 Sacramento Street	Pacific Heights	16	11.13	4.87%	\$377.91	\$325,000
3006 Gough Street	Marina	13	11.97	5.69%	\$446.43	\$432,692
2340 Filbert Street	Cow Hollow	12	11.58	5.69%	\$421.42	\$470,833
1359 Hayes Street	Hayes Valley	12	11.59	5.74%	\$476.54	\$350,000

■ Sold by Colliers

Our Team

Colliers has one of the largest and most experienced teams of multifamily advisors in the industry with professionals located in key markets throughout North America.

Our combination of market dominance, expertise, and singular focus makes us uniquely successful in helping our clients achieve their acquisition and/or disposition objectives.

San Francisco Multifamily Team



\$5.023 B
in closed sales



877 +
apartment
buildings
sold



80 +
years of
combined
experience

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 62 countries, our 17,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of 20% for shareholders. With annual revenues of \$4.1 billion and more than \$50 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people.

#welovesf



Colliers is actively engaged in supporting #WeLoveSF by encouraging businesses, property owners, and individuals to embrace the #WeLoveSF message. They facilitate the incorporation of the campaign's logo into various marketing materials, promoting it on social media, and encouraging people to share their affection for the city in their daily lives.

Significant stakeholders like BXP, Hudson Pacific, Presidio Bay Ventures, and Invesco are also on board, incorporating the #WeLoveSF logo into their properties and marketing efforts. With Colliers facilitating these initiatives, the collective goal is to revitalize the city's image and foster a positive atmosphere within the real estate market.

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