

Colliers



Q3 2024 MARKET OVERVIEW

# San Francisco Multifamily

# San Francisco Market Overview

Looking at the recent rebound in San Francisco's multifamily transactional volume in Q1 to Q3 2024, the market shows signs of recovery after a period of stagnation in 2020-2023. Comparing the current volume to previous spikes, such as 2010-2011, 2013-2015, and 2019, we can identify similar phases of recovery or expansion, often triggered by macroeconomic changes, especially interest rate movements.

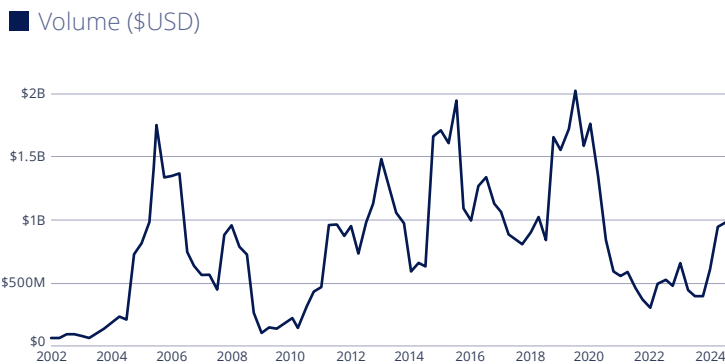
Anticipating the first rate cut on September 18, 2024, transactional volume has increased over the trailing six months, as buyers preemptively factored in lower borrowing costs. This resurgence is expected to push the projected 2024 year-end total to near pre-COVID

and healthy market levels, given the trailing three quarterly averages. Reflecting upon the third quarter, the San Francisco multifamily market has experienced minor year-over-year shortcomings with metrics such as average \$/SF and \$/Unit while at the same time, boasting a notable 14.8% increase in \$/SF.

Market Indicators	Q3 2023	Q3 2024	YOY Change
Average of FED (Quarterly)	5.26%	5.27%	0.1% ↑
Average of \$/SF	\$419.16	\$411.21	-1.9% ↓
Average of \$/Unit	\$342,377	\$330,855	-3.4% ↓
Average of CAP	5.13%	5.96%	16.2% ↑

Source: Colliers | MacroTrends

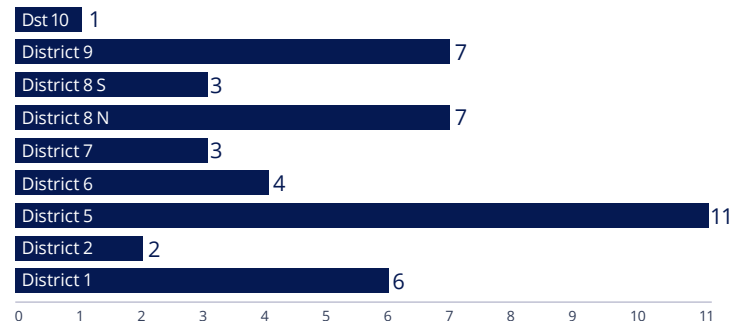
## San Francisco Multifamily Transactional Volume 2002-2024 YTD



Source: 5+ Unit Buildings | MSCI Real Capital Analytics

## Transactions by District

Quarter 3, 2024



Source: 5+ Unit Buildings | Colliers, MLS

### CAP Rate

- 4.65 - 5.45 %
- 5.46 - 5.50 %
- 5.51 - 6.09 %
- 6.10 - 9.99 %
- 10.0 % +

### Price / SF

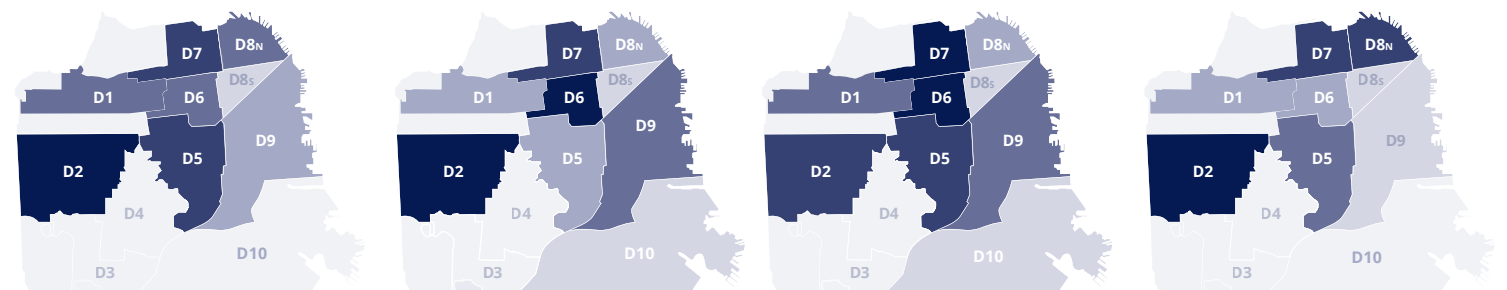
- \$475 +
- \$465 - 474
- \$435 - 464
- \$361 - 434
- \$180 - 360

### Price / Unit

- \$420k +
- \$331 - 419k
- \$306 - 330k
- \$236 - 305k
- \$95 - 235k

### GRM

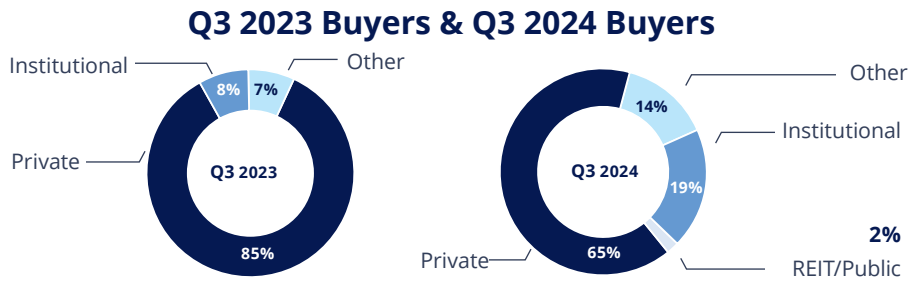
- 13 +
- 11.3 - 12.9
- 10.9 - 11.2
- 10.3 - 10.8
- 5.5 - 10.2





### Sales by Buyer Type: Q3 2023 & 2024 Comparison

There has been a significant rise in institutional-level activity in the San Francisco multifamily market, with their share of transactions jumping from 8% to 19%. Given the first rate cut in nearly four years occurring this quarter, institutional investors are re-entering the market as asset values begin to rebound. Acknowledging stabilized asset values coupled with lower borrowing costs, institutions are moving quickly to scale up purchases while prices recover.



- Institutional:** Includes banks, endowments, insurance companies, investment managers, pension funds, sovereign wealth funds and special servicers.
- Private:** Includes developers, individuals who are not owner users, private REITs, tenants in common and trusts.
- Public:** Includes listed funds, REITs and REOCs.
- Other:** Includes owner user and non-profit purchases.

Source: 5+ Unit Buildings | CoStar

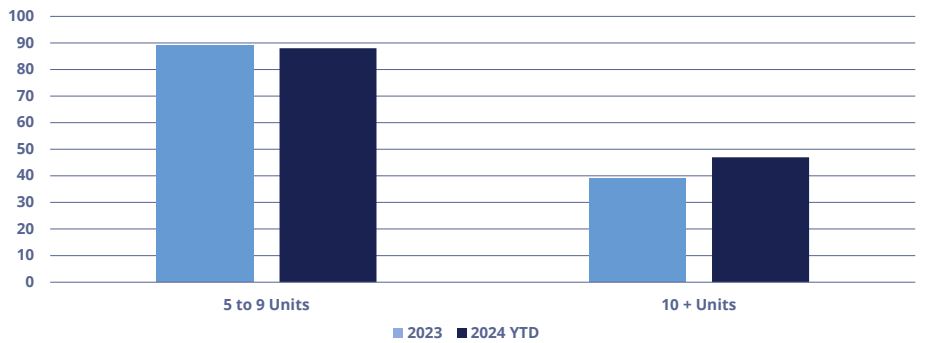


### Projecting the Rebound and Fourth Quarter Momentum

In Q3, we have reached a critical inflection point within the San Francisco multifamily market. The total sales of 10+ unit assets have officially surpassed 2023 figures, with a projected 61% increase by year-end. Additionally, if current investment trends remain steady, we are on track to exceed 5-9 unit asset sales by 32% by the end of the year. This surge highlights renewed investor confidence in larger multifamily assets, signaling a robust recovery for the market.

### Transactional Volume of Assets by Unit Count

2023 vs 2024 YTD



Source: 5+ Unit Buildings | Colliers, MLS

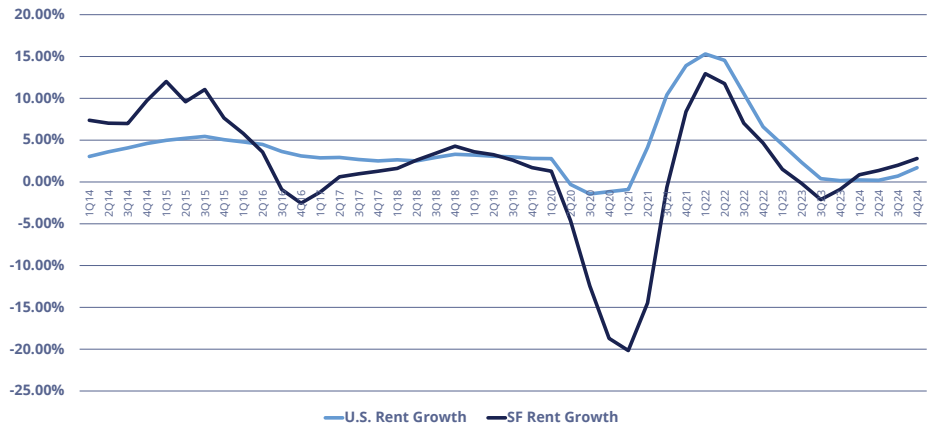


### San Francisco vs. National Multifamily Effective Rent Growth

For the third consecutive quarter, San Francisco's effective rent growth has surpassed the national average, marking a trend not seen since Q2 of 2019. Following eight consecutive quarters of downturns and negative growth, the 2024 metrics are demonstrating a significant rebound in the multifamily market. This recovery highlights the city as a viable location for multifamily investment, making it a compelling case study for market resilience and investment feasibility.

### Effective Rent Growth

Q1 2014 - Q4 2024



Source: 5+ Unit Buildings | AXIOMETRICS

### Notable Sale Transactions

ADDRESS	Market	Units	GRM	CAP	\$/SF	\$/Unit
2059-2061 Mission St	Inner Mission	39	11.58	6.09%	\$697.82	\$291,026
501 Hayes St	Hayes Valley	18	10.59	6.70%	\$632.06	\$551,014
1448 Pacific Ave	Nob Hill	11	10.25	6.10%	\$485.05	\$277,273
744 Guerrero St	Mission Dolores	12	9.00	6.17%	\$423.68	\$291,667
950 Cabrillo St	Inner Richmond	14	9.80	6.10%	\$416.33	\$288,158
112 Parnassus Ave	Cole Valley	6	11.59	5.42%	\$353.03	\$388,333

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



\$5.090 B  
in closed sales



889 +  
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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