



EOY 2025 MARKET OVERVIEW

San Francisco Multifamily

BAY AREA MULTIFAMILY TEAM REPORT

San Francisco Market Overview

EOY 2025

As 2025 has come to a close, the San Francisco multifamily market has continued its steady march toward recovery, building on the momentum established throughout 2024. What began as cautious optimism early last year has evolved into sustained confidence from both buyers and sellers, supported by stronger fundamentals, rising transaction volume, and persistent improvements in rental demand. The market today is markedly more active, efficient, and competitive than it was just 12-18 months ago—a clear indication that San Francisco's multifamily sector is entering a renewed phase of stability and long-term growth.

Although interest rates have held steady, investors have demonstrated renewed confidence in San Francisco's multifamily sector, supporting continued growth and stronger deal flow. Activity throughout the year showed a noticeable uptick, particularly among larger assets, where investor demand remained both consistent and competitive. Buyers continued to prioritize buildings with scale, stable rent rolls, and long-term repositioning potential, while sellers benefited from clearer expectations and a more efficient transaction process. This momentum has been driven in large part by more than 11% rent growth citywide, which has meaningfully improved cash flow, reinforced property valuations, and further strengthened overall market sentiment.

Looking at where activity was concentrated in 2025, District 5—which includes Noe Valley, Mission Dolores, Haight Ashbury, Duboce Triangle, and surrounding neighborhoods—recorded the highest number of multifamily transactions this year, with 48

closed deals. The district's blend of desirable residential communities, strong tenant demand, and consistent rent performance continues to draw steady investor interest. District 8 North—encompassing Russian Hill, Nob Hill, Telegraph Hill, and North Beach—followed closely with 45 transactions, reaffirming its position as one of San Francisco's most established and historically active multifamily submarkets. District 7, which includes Pacific Heights, Cow Hollow, Presidio Heights, and the Marina, ranked third with 35 transactions, underscoring the enduring appeal of the city's premier neighborhoods. Together, these districts reflect the strength of both San Francisco's luxury markets and its dynamic, centrally located submarkets, each playing a key role in sustaining the city's multifamily momentum throughout 2025.

While macroeconomic conditions remained relatively steady, the deeper story behind San Francisco's multifamily recovery is being shaped by the city's technology resurgence, particularly the rapid expansion of artificial intelligence. AI driven firms are leasing office space, hiring aggressively, and drawing highly paid workers back into the urban core, which is translating directly into increased housing demand. This wave of job growth and household formation is tightening vacancy, pushing rents higher, and restoring long term confidence in the city's residential fundamentals. As a result, investors are increasingly underwriting not just today's income, but San Francisco's position as the global center of the next major technology cycle.

Looking ahead to 2026, we believe San Francisco's multifamily market is entering the early stages of its next growth cycle. The city's renewed technology momentum and strengthening housing demand are beginning to shift investor behavior from defensive to forward looking. As confidence continues to build, we expect capital to flow not only into large institutional assets but increasingly into mid sized and value add properties, where investors can better capture upside. This evolving outlook should translate into improved liquidity, more competitive bidding, and a deeper, more dynamic investment market across San Francisco in the year ahead.

Market Indicators

2024 vs. 2025 YTD

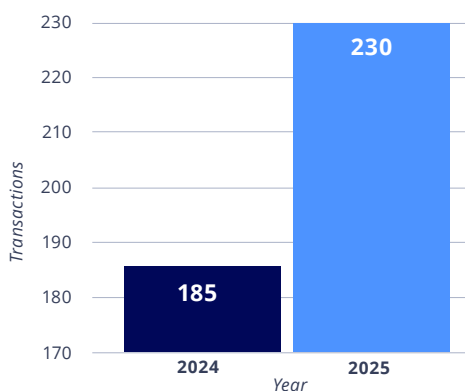
Source: 5+ Unit Buildings | Colliers, MLS

Market Indicators	2024	2025	Y-O-Y Change
Average of FED (Qtly)	5.13%	4.18%	-95 (BPS)
Average of 10-Yr Treasury	4.10%	4.26%	+16 (BPS)
Average of \$/SF	\$405	\$417	+3.0%
Average of \$/Unit	\$338,956	\$359,191	+6.0%
Average of CAP	5.71%	5.79%	+8 (BPS)

Total 5+ Unit Sales

2024 vs. 2025 YTD

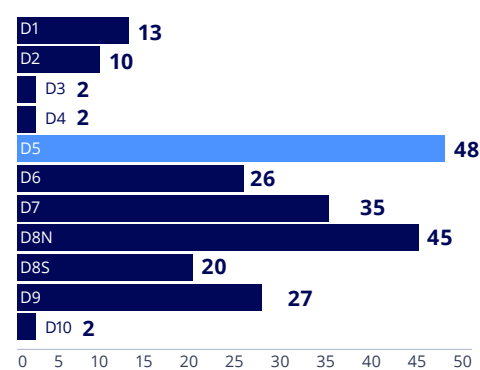
Source: 5+ Unit Buildings | Colliers, MLS



Transactions by District (SF)

2025

Source: 5+ Unit Buildings | Colliers, MLS



Notable Colliers Sale Transactions

Address	Market	Units	Price	\$/SF	\$/Unit
3260 Gough St	Marina	18	\$9,700,000	\$644	\$538,889
1645 Golden Gate Ave	Alamo Square	6	\$2,100,000	\$476	\$350,000
3740 Fillmore St	Marina	18	\$9,250,000	\$489	\$513,889
224 Valencia St	Mission Dolores	6	\$2,150,000	\$308	\$358,333
1516 Larkin St	Nob Hill	14	\$5,615,000	\$517	\$401,071
1158 Montgomery St	Telegraph Hill	14	\$6,500,000	\$703	\$464,286
2201 Pacific Ave	Pacific Heights	38	\$21,883,000	\$514	\$575,868
1340 Kearny St	Telegraph Hill	6	\$2,421,000	\$461	\$403,500
1135-1175 Ellis St	Cathedral Hill	108	\$35,000,000	\$507	\$324,074

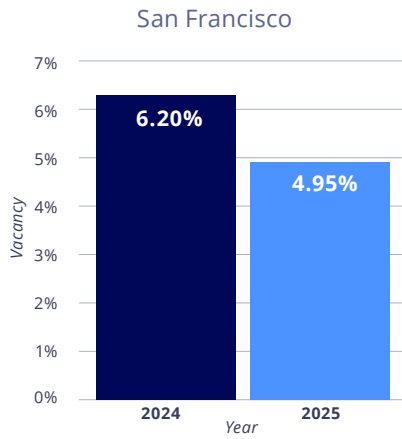
Strong & Steady Deal Flow

The San Francisco rental market continued to gain meaningful traction through the end of 2025, marking one of the strongest periods of improvement the city has seen in recent years. Vacancy has tightened significantly across nearly every neighborhood, falling from an average of 6.20% in 2024 to 4.95% in 2025. This decline reflects a sustained return of tenant demand, driven by stronger household formation, increased in-migration, and renewed confidence in urban living not seen since the pandemic. Units are leasing faster, competition has intensified, and landlords are reporting firmer pricing with noticeably fewer concessions compared to prior years.

Deal volume has remained consistently strong, signaling sustained engagement from investors across the market. This year, the city recorded 230 multifamily transactions, up from 185 in 2024, representing a 24.3% year-over-year increase in total sales. Activity in the 10+ unit segment was even more pronounced, with 101 transactions in 2025 compared to 72 in 2024, a 40.3% year-over-year increase. This segment continues to outperform the smaller-scale market, as investors prioritize buildings with operational scale, and long-term repositioning potential. The increase in large-asset trading volume underscores how much investor confidence has returned to the market and highlights the depth of capital actively seeking opportunities in San Francisco.

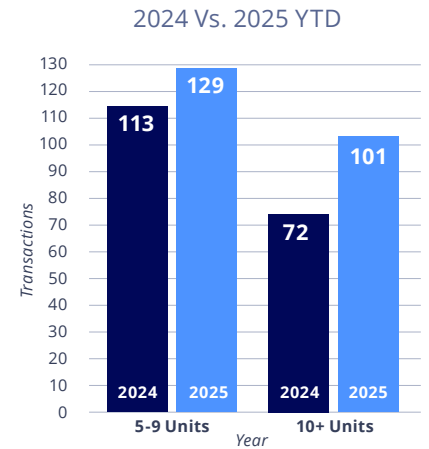
A review of annual deal volume alongside average price per square foot highlights the market's renewed strength in 2025. Following a notable slowdown in 2023—driven by heightened economic uncertainty—transaction activity has rebounded significantly and now exceeds levels seen in recent years. This upswing has occurred alongside an increase in average \$/SF, indicating that buyers are not only more active but are also assigning greater value to quality assets. The parallel rise in both deal volume and pricing reflects a market that has regained its footing, supported by healthier operating fundamentals, improved clarity among participants, and steady demand for well-located multifamily properties. Together, these trends point to a sector that has reestablished momentum and is positioned for continued stability moving into 2026.

Overall Multifamily Vacancy Rates

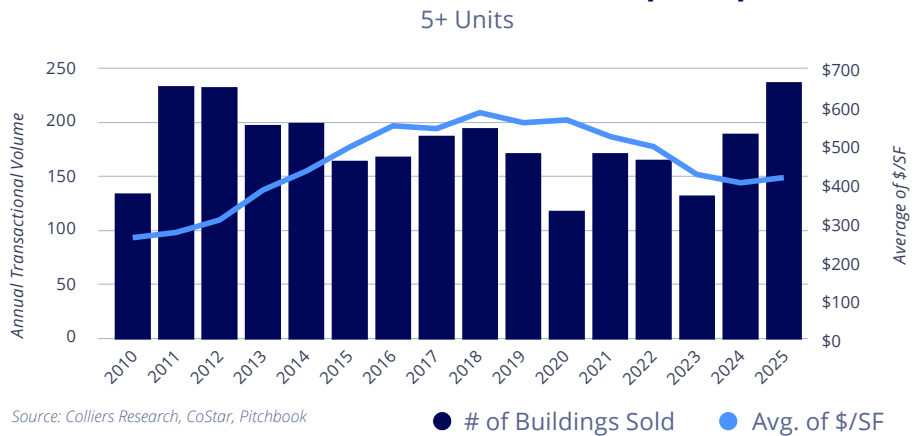


Source: Colliers Research, CoStar, Pitchbook

5-9 vs 10+ Unit Sales

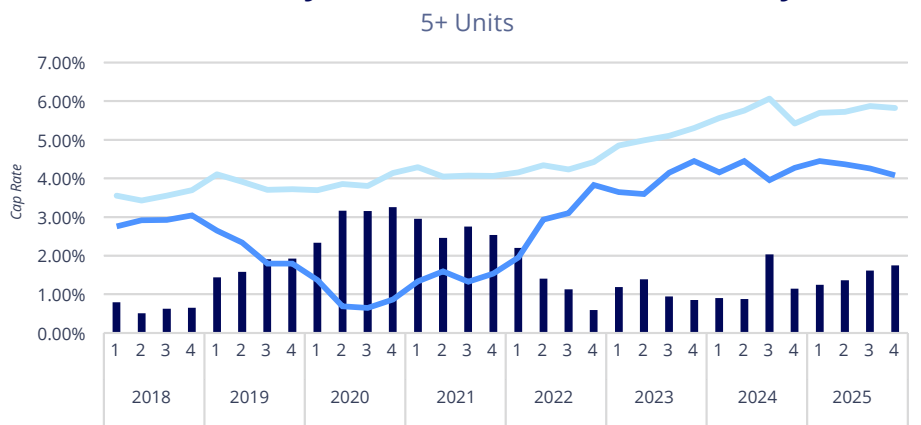


Annual Transactional Volume vs Price per Square Foot



Source: Colliers Research, CoStar, Pitchbook

Multifamily CAP Rates & 10 Year Treasury



Source: Colliers Research, CoStar, Pitchbook

This year, the yield spread between average cap rates and the 10-year Treasury widened slightly—typically a sign that investors may demand higher returns from real estate relative to bonds. However, in San Francisco's multifamily market, this shift has not translated into softer demand. Instead, it underscores a recalibration already underway, with cap rates adjusting to better reflect strengthened rent rolls, improving occupancy, and clearer income performance. In many ways, the widening spread has brought the market back into alignment, offering investors more predictable pricing and risk-adjusted opportunities. Rather than dampening activity, this subtle adjustment has supported a more balanced environment, reinforcing the steady confidence that continued throughout 2025.

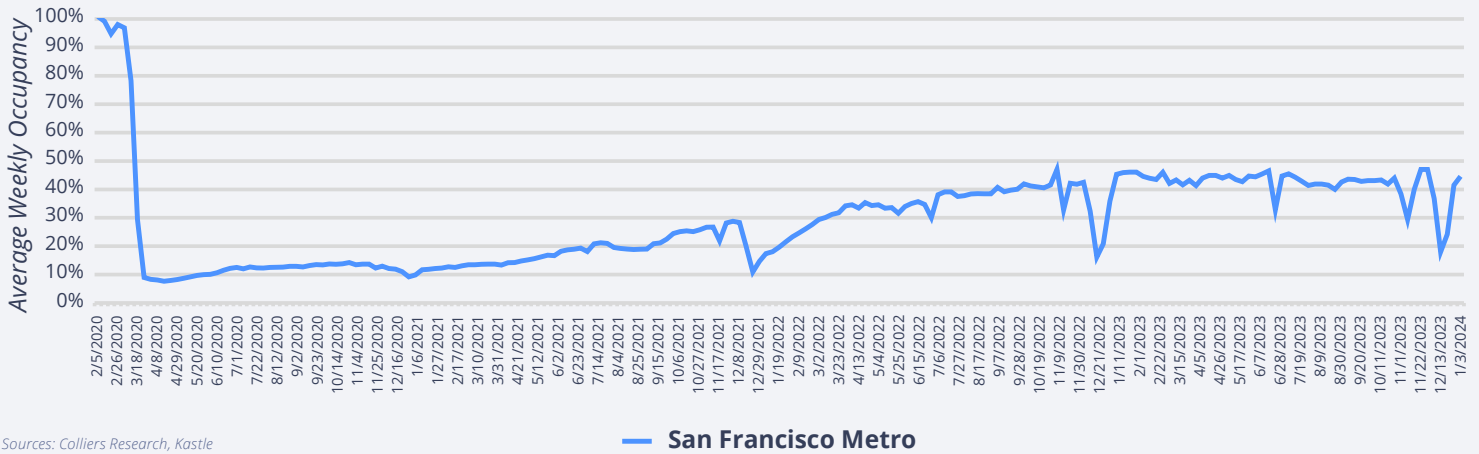
Return to Office Normalizes

Return-to-office activity in San Francisco rose steadily throughout 2025 and has now stabilized at a consistent, sustainable level, signaling continued momentum in bringing employees back to the workplace. The data suggests that in-office attendance has moved beyond the early recovery phase and is now demonstrating durability and predictability, providing greater clarity for employers, property owners, and investors.

This stabilization in return-to-office behavior supports a more constructive outlook for the city's office market and broader downtown ecosystem, reinforcing the foundation for ongoing economic activity and long-term recovery.

San Francisco RTO Trends

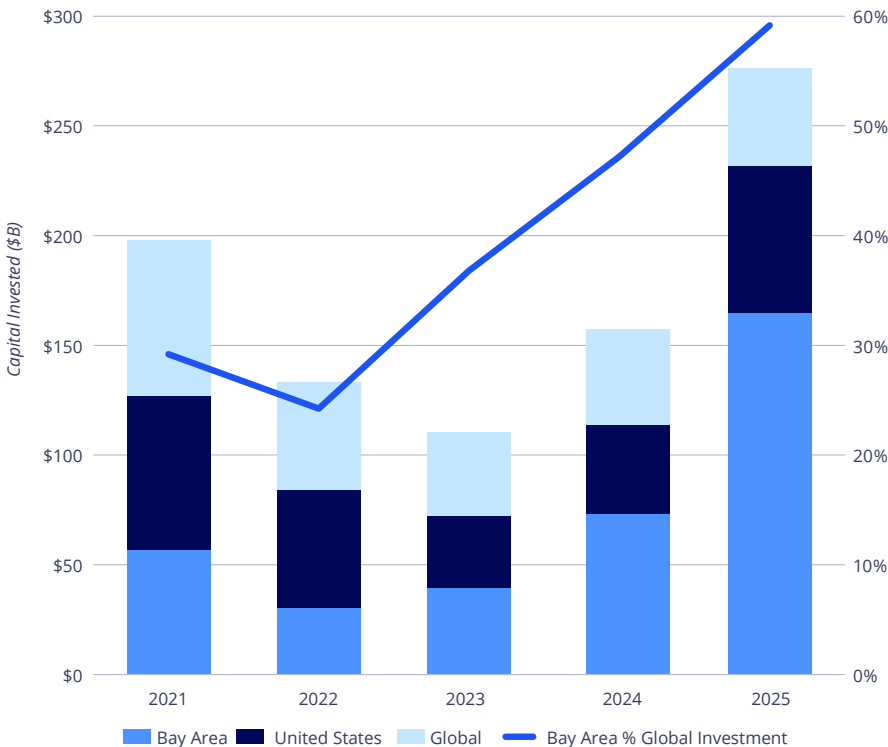
Kastle Systems Weekly Back to Work Barometer | Jan '22 - Dec '25



Sources: Colliers Research, Kastle

— San Francisco Metro

Annual Capital Invested into AI



Sources: Colliers Research, CoStar, Pitchbook, Kastles

↑
AI Investment
Continues to
Accelerate

Annual capital investment into artificial intelligence has grown meaningfully over the past several years, with Bay Area investment outpacing both national and global trends. The region's share of global AI investment has expanded steadily, reinforcing San Francisco's role as a hub for innovation, capital formation, and company growth. This concentration of talent, infrastructure, and institutional capital is translating into real economic impact, supporting business expansion, employment growth, and rising household formation. These factors continue to drive demand in the local housing market, providing an additional tailwind for the city's multifamily sector.

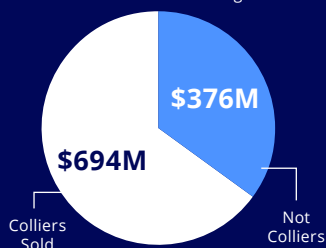
San Francisco Multifamily Team

In 2025, the San Francisco 10+ unit rent-controlled multifamily market recorded approximately \$1.07 billion in total transaction volume. The Colliers team is proud to have represented \$694 million of that activity—nearly two-thirds of the market—highlighting our continued leadership and deep expertise in one of San Francisco's most competitive real estate segments.

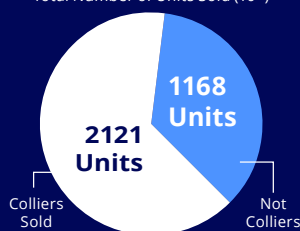
Our presence in the 10+ unit space was particularly strong, with Colliers responsible for 54% of all transactions completed this year. In total, 3,289 units changed hands in 2025, and Colliers represented 2,121 of those units, underscoring both the scale of our involvement and the strength of our client relationships throughout the city.

These results reflect more than just market share. They demonstrate the team's deep understanding of rent-controlled assets, our extensive network among both local and institutional investors, and our ability to execute successfully across all neighborhoods and market conditions—enabling Colliers to help clients capitalize on San Francisco's evolving multifamily market.

Total Value of 10+ Unit Buildings that Sold



Total Number of Units Sold (10+)



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.

101 Second Street, 11th Floor
San Francisco, CA 94105

+1 415 788 3100
thedlteam.com | colliers.com



Contact Information

Brad Lagomarsino

Vice Chair
+1 415 288 7847
brad.lago@colliers.com
CalBRE#01058500

Dustin Dolby

Vice Chair
+1 415 288 7869
dustin.dolby@colliers.com
CalBRE#01963487

James Devincenti

Vice Chair
+1 415 288 7848
j.d@colliers.com
CalBRE#00951916

Payam Nejad

Senior Vice President
+1 415 288 7872
payam@colliers.com
CalBRE#01372042

Ryan O'Keefe

Senior Associate
+1 415 288 7806
ryan.okeefe@colliers.com
CalBRE#02122038

Adam Carosso

Investment Associate
+1 415 501 9949
adam.carosso@colliers.com
CalBRE#02122807

Contributors

Dara Kasrovi

Financial Analyst
dara.kasrovi@colliers.com
CalBRE#02235885

Annie Evans

Marketing Specialist
annie.evans@colliers.com