



Q1 2026 MARKET OVERVIEW

San Francisco Multifamily

BAY AREA MULTIFAMILY TEAM REPORT

San Francisco Market Overview

Q1 2026

As we move into 2026, the San Francisco multifamily market continues to build on the momentum established throughout 2025. Transaction activity remains strong, with a healthy flow of deals coming to market and closing at a steady pace. Investor confidence has continued to strengthen as pricing expectations between buyers and sellers have become increasingly aligned, supporting a more fluid transaction environment. Capital remains active across the market, with both private and institutional investors pursuing opportunities across a range of asset types and sizes. As a result, transactions are becoming increasingly competitive, with well-located assets attracting deeper buyer pools and stronger bidding environments than we observed in recent years. As the year begins, the San Francisco multifamily sector continues to move in a positive direction, underpinned by strong fundamentals and growing investor conviction in the city's long-term outlook.

Over the past year, the spread between San Francisco multifamily cap rates and the 10-year Treasury has widened as borrowing costs have moderated while cap rates remain relatively stable. This shift reflects a return to a more traditional risk premium for real estate investors following the rapid interest rate adjustments seen in recent years. Rather than signaling weakening demand, the widening spread has helped restore balance to the market by allowing investors to achieve stronger risk-adjusted returns relative to fixed income alternatives. As a result, investor participation has remained strong, and competitive bidding has continued for well-located assets with durable income streams. In many ways, the current spread highlights a healthier and more sustainable pricing environment for San Francisco multifamily investments.

Transaction volume has also remained in line with the strong pace established in the first quarter of 2025, reinforcing the consistency and stability of the current market environment.

Looking at where activity was concentrated in the first quarter of 2026, District 5—which includes Noe Valley, Mission Dolores, Haight Ashbury, Duboce Triangle, and surrounding neighborhoods—recorded the highest number of multifamily transactions, with 10 closed deals. The district's combination of highly desirable residential communities, strong tenant demand, and consistent rent performance continues to attract steady investor interest. District 6—encompassing Hayes Valley, Alamo Square, NOPA, and Lower Pacific Heights—followed closely with 8 transactions, reinforcing its position as one of San Francisco's most established and historically active multifamily submarkets.

Market Indicators

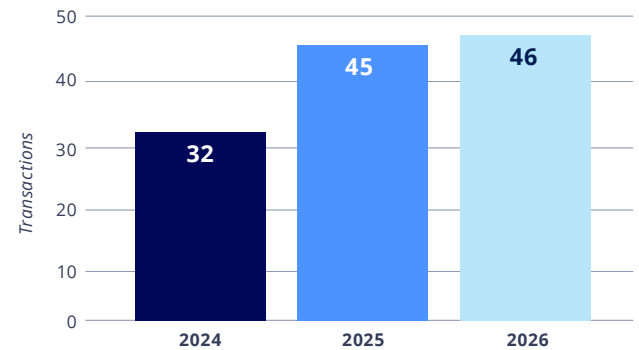
Q1 2025 vs. Q1 2026 YTD

Market Indicators	Q1 2025	Q1 2026	Y-O-Y Change
Average of FED (Qtly)	4.33%	3.64%	-69 (BPS)
Average of 10-Yr Treasury	4.45%	4.16%	-29 (BPS)
Average of \$/SF	\$419	\$433	+3.3%
Average of \$/Unit	\$329,650	\$360,992	+9.5%
Average of CAP	5.72%	5.72%	0 (BPS)

Source: 5+ Unit Buildings | Colliers, MLS, MacroTrends

Total 5+ Unit Sales

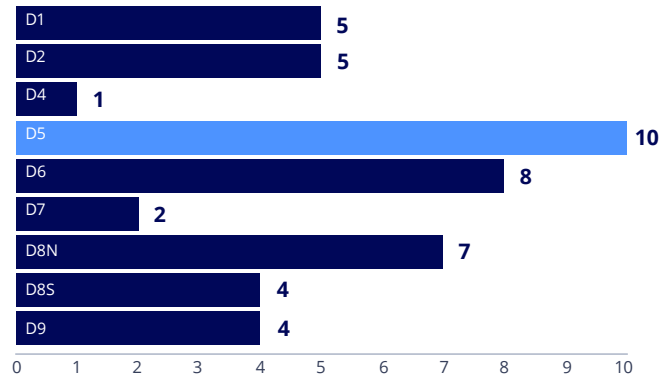
Q1 2024 - Q1 2026 YTD



Source: 5+ Unit Buildings | Colliers, MLS

Transactions by District (SF)

2026 YTD



Source: 5+ Unit Buildings | Colliers, MLS

Notable Colliers Sale Transactions

Address	Market	Units	Price	\$/SF	\$/Unit
7-19 Leroy Pl	Nob Hill	6	\$3,750,000	\$423	\$625,000
48 Haight St	Hayes Valley	26	\$8,700,000	\$532	\$334,615
135 Willard North St	Lone Mountain	6	\$2,860,000	\$555	\$476,667
132 Duncan St	Noe Valley	6	\$1,963,000	\$482	\$327,167
1868 Vallejo St	Pacific Heights	5	\$2,600,000	\$533	\$520,000

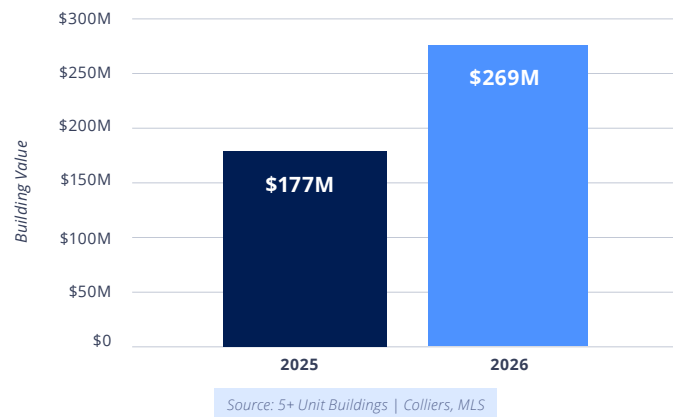
Investors Pursue Larger Opportunities

Total sold building value in the first quarter of 2026 reached \$269 million, a notable increase from the \$177 million recorded in Q1 2025. This rise in overall dollar volume reflects a growing willingness among investors to pursue larger transactions and more substantial investment opportunities. As market confidence continues to strengthen, buyers are increasingly comfortable writing larger equity checks targeting bigger assets across the city. This shift highlights the return of deeper capital pools and a more competitive investment landscape, signaling continued momentum in San Francisco's multifamily market.



Total Sold Building Value

Q1 2025 vs. Q1 2026 YTD

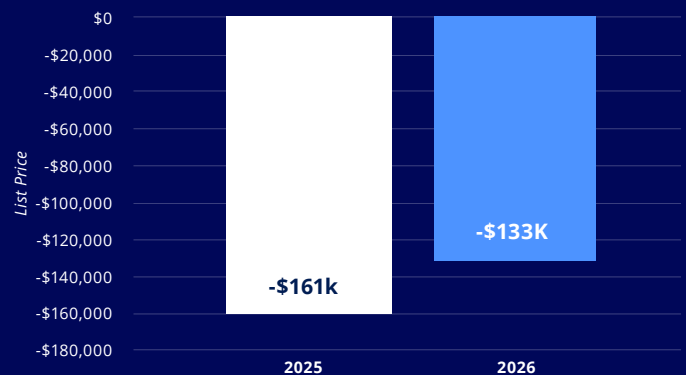


Tightening Price Gap Signals Competitive Market

A notable trend to consider is the continued narrowing of the list-to-sale price differential. In Q1 2025, the average difference between list price and sale price was negative \$160,600. By Q1 2026, that gap had tightened to negative \$125,279, an approximate 22.0% year-over-year improvement. At the same time, the percentage of transactions closing at or above asking price increased materially, rising from 37.8% in Q1 2025 (17 of 45 deals) to 60.9% in Q1 2026 (28 of 46 deals). The combination of a narrowing pricing gap and a growing share of deals trading at or above list highlights a market where buyer competition has increased and pricing execution has improved. As confidence continues to build and sellers price more in line with current conditions, the market appears to be operating with greater efficiency, less pricing uncertainty, and stronger overall liquidity.

List Vs. Sale Price Differential (5+ Units)

Q1 2025 vs. Q1 2026 YTD



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



\$5.972 B
in closed sales



1,009 +
apartment
buildings sold



90 +
years of
combined
experience

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