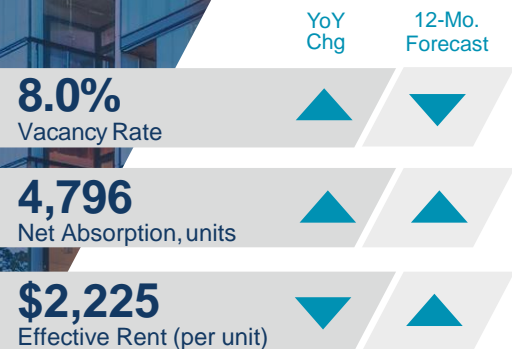
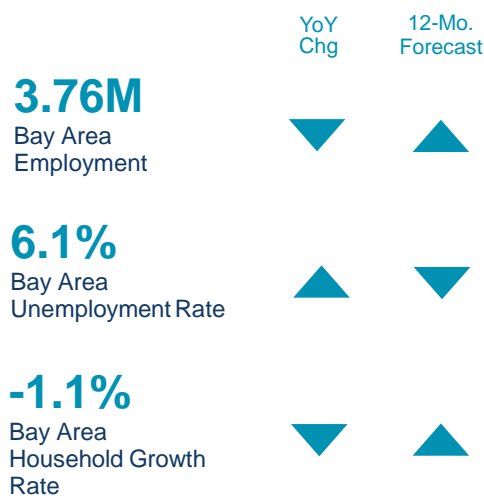


Multifamily Q1 2021



Source: CoStar
(Overall, All Property Classes,
Net Absorption is Q1 2021 Only)

ECONOMIC INDICATORS Q1 2021



Source: BLS, Census Bureau

ECONOMIC OVERVIEW: Recovery Underway

Economic metrics continued to improve across the Bay Area through the early part of 2021. The reopenings have varied across the region with seven of the nine counties currently at the Orange (moderate) tier; the two exceptions are Napa and Solano counties, which remain at the Red (substantial) tier. Most, if not all, counties in the region are expected to move into the Yellow (minimal) tier by early summer. The Bay Area unemployment rate has improved substantially since peaking in April 2020 at 13.6%, closing March at 6.1%, though that is still well above the 2.8% recorded in March 2020. The labor force has ebbed and flowed over the past year as residents relocated out of the area at the height of the pandemic; it has been edging higher since September of last year but remains 4.4% below the pre-pandemic level.

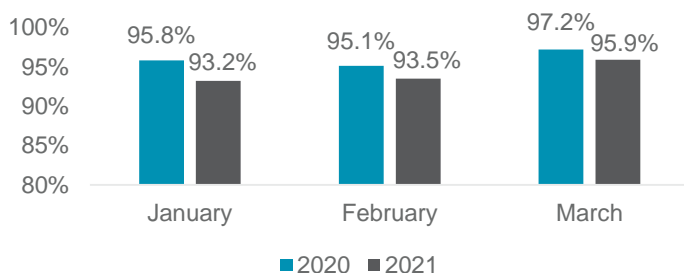
SUPPLY AND DEMAND: Construction Continues While Vacancy Reverses Course

The spigot was turned back on in the first quarter with +4,796 units absorbed across the Bay Area; this is a complete change from the previous four quarters which were all in the red and totaled -2,869 units for 2020. The dense urban core counties led the charge in positive absorption, particularly Santa Clara County at +1,451 units and San Francisco County at +1,404 units. These two counties, along with Alameda and San Mateo, recorded steep negative absorption last year due to a combination of two factors: 1) temporary moves to the suburbs or other markets; and 2) 11,546 units added to inventory in those four core counties during 2020. In Q1 2021, 2,147 delivered across the region, below the five-year quarterly average of 2,683. The construction pipeline remains substantial with 23,265 units under construction which translates to 3.1% of current inventory; this is below the peak percentage of 4.1% recorded in 2019.

RENTS: Quarterly Rise But Still Down Year-Over-Year

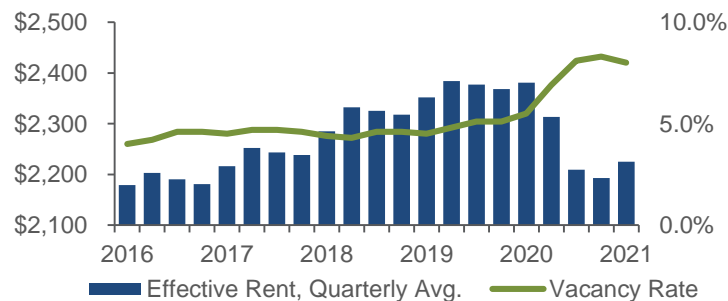
After three quarters in decline, the Bay Area average effective rent per unit turned a corner and increased 1.5% from Q4 2020 to Q1 2021. At \$2,225, the market's average effective rent is the highest it has been since Q3 2020; however, it remains down 6.6% year-over-year (YOY). San Francisco County continued to record the highest average effective rent followed closely by San Mateo County, despite both posting the largest submarket declines YOY at -9.9% and -9.8%, respectively. On the opposite end of the spectrum, suburban counties Solano and Sonoma posted the lowest effective rents while growth remained flat positive YOY. Notably, Solano County recorded the most significant YOY increase of 7.0%.

NHMC NATIONAL RENT COLLECTIONS



Source: Cushman & Wakefield Research, NMHC

OVERALL VACANCY & EFFECTIVE RENT



Source: Cushman & Wakefield Research, CoStar

MARKETBEAT SF BAY AREA

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WAKEFIELD

Multifamily Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD% INVENTORY GROWTH	UNDER CONSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (bps)	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT CHANGE
Santa Clara County	193,908	993	0.5%	5,995	1,451	8.4%	280	\$2,316	\$2.75	-9.5%
Alameda County	172,986	916	0.5%	8,574	821	8.2%	260	\$2,044	\$2.61	-5.1%
San Francisco County	149,380	94	0.1%	4,059	1,404	10.4%	440	\$2,651	\$3.66	-9.9%
San Mateo County	72,173	0	0.0%	1,659	354	9.1%	360	\$2,514	\$3.13	-9.8%
Contra Costa County	66,187	144	0.2%	1,754	312	4.7%	-20	\$1,910	\$2.37	0.9%
Sonoma County	33,779	0	0.0%	893	291	3.9%	-130	\$1,694	\$2.04	2.0%
Solano County	26,506	0	0.0%	0	77	2.8%	-130	\$1,643	\$1.98	7.0%
Marin County	20,506	0	0.0%	18	40	4.0%	0	\$2,426	\$2.85	0.0%
Napa County	7,848	0	0.0%	313	46	5.8%	-260	\$1,884	\$2.22	2.8%
Market	743,273	2,147	0.3%	23,265	4,796	8.0%	250	\$2,225	\$2.76	-6.8%

TOP SALES TRANSACTIONS Q1 2021

PROPERTY	UNITS	SALES PRICE	PRICE / \$ UNIT	SELLER / BUYER
Creekwood, Hayward	309	\$128,750,000	\$416,667	Bridge Investment Group / Catalyst Housing Group
Park 20, San Mateo	197	\$113,000,000	\$573,604	Essex Property Trust / Virtu Investments
Stoneridge, Walnut Creek	209	\$90,905,000	\$434,952	Tilden Properties / HCF Development
Bell, Rohnert Park	232	\$85,200,000	\$367,241	GID Investment Advisers / Bell Partners

TOP CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	UNITS	BUILDING TYPE	PROPERTY MANAGER	OWNER / DEVELOPER
The Julian, San Jose	381	Mid-Rise	Greystar	UBS / Intracorp Homes
Channel House, Oakland	333	Mid-Rise	Greystar	CIM
Webster Eleven, Oakland	333	Mid-Rise	Brookfield	Brookfield / The Martin Group
Prado, Santa Clara	251	Mid-Rise	Sares Regis Group	Summer Hill Housing Group

MARKET DRIVERS

- Markets are expected to re-open further in the second and third quarters of 2021 thanks to cases significantly lower with the majority of the population vaccinated. Many of the larger employers in the region have announced that employees are to be back on-site in some capacity by September 2021.
- Though the suburban markets benefited from the relocations of residents from the urban core at the height of the pandemic in 2020, there has been at least a partial reversal to kick off 2021. Factors contributing to this trend include the reopening of bars, restaurants and other businesses in the city; a decline in pricing and an uptick in concessions; and a rise in the number of new top-tier deliveries.

ROBERT SAMMONS

Senior Director - Research

+1 415 773 3514

robert.sammons@cushwake.com

cushmanwakefield.com

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