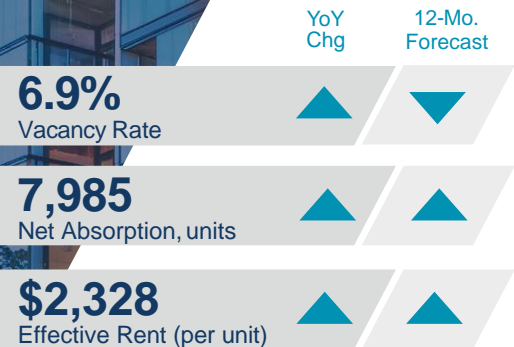
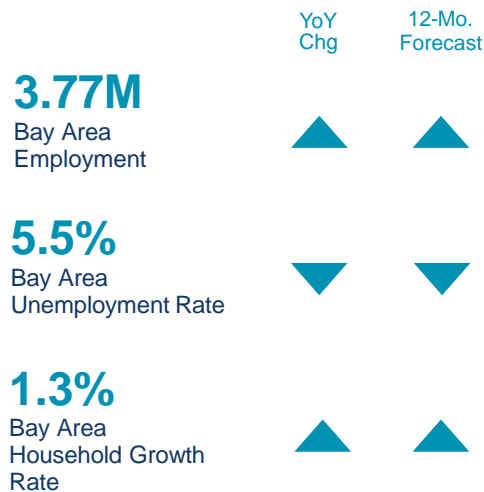


## Multifamily Q2 2021



Source: CoStar  
(Overall, All Property Classes,  
Net Absorption is Q2 2021 Only)

### ECONOMIC INDICATORS Q2 2021



Source: BLS, Census Bureau

### ECONOMIC OVERVIEW: Opening Up

The entire Bay Area economy continued to improve in the second quarter with restaurants, bars and cultural institutions allowed to open at full occupancy indoors and with many offices reopening including those of big tech. The pace of recovery from the effects of the COVID-19 pandemic has been swift largely due to the sharp uptick in vaccination rates within the region. The Bay Area unemployment rate has improved significantly after reaching double-digit highs last year, closing the second quarter at 5.5% compared to 12.7% one year ago. With the labor force closing the second quarter at just under 4.0 million people, it has yet to eclipse its record high of nearly 4.2 million in mid-2019. As a result, many service sector positions remain difficult to fill.

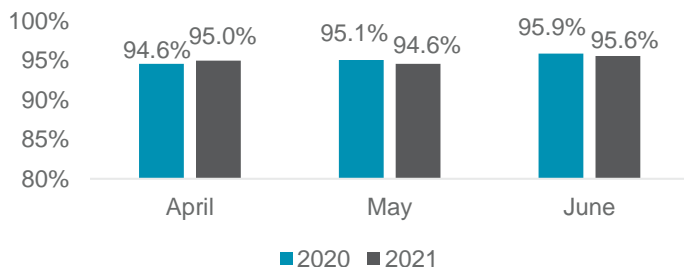
### SUPPLY AND DEMAND: Vacancy Tumbles While Net Absorption Soars

The Bay Area vacancy rate plunged 80 basis points (bps) in Q2 2021 to 6.9%, its lowest figure since the 6.8% in Q2 2020. Vacancy remains elevated from the mid-4.0% range that was standard prior to the pandemic. Though vacancy remains up year-over-year (YOY) in each of the core counties—aside from Contra Costa—it is below figures seen the prior three quarters. Net absorption soared at +7,985 units following an adjusted +5,905 units in Q1 2021, achieving back-to-back records going back to at least 2000. Though all nine counties are experiencing positive absorption, the counties with the largest inventories have, of course, been responsible for most of the net absorption at the half-way point of the year. Meanwhile, there were 2,519 units delivered in Q2 2021 after an adjusted 2,635 units in Q1 2021, above the quarterly average of 1,872 since the start of the century. Alameda County has registered the most deliveries by far year-to-date at 2,973 followed by Santa Clara County at 1,374. There are 22,836 units under construction, which is 3.1% of inventory, well above the historical average of 2.1%. Alameda County leads in product under construction followed by Santa Clara County.

### RENTS: Bouncing Back

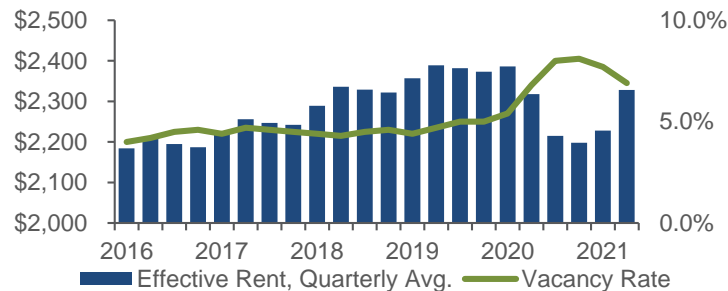
The Bay Area average effective rent per unit climbed for the second quarter in a row, up 4.5% in Q2 2021 after rising 1.4% in the previous quarter (though 2.4% below the pre-pandemic Q1 2020 figure). The YOY 0.4% increase has been driven by the suburban counties – Napa County rents rose by 8.9% while Solano County increased 7.4%. Meanwhile, the more urban counties remain slightly lower or flat over that period. That said, when looking solely at 2021 performance, the urban counties have seen strong upticks in effective rents, including San Francisco (+9.3%), San Mateo (+7.8%), Santa Clara (+6.6%), Alameda (+3.8%) and Contra Costa (+3.8%). Expect rents to continue to rise through the second half of 2021 due to an improving economy, easing rent concessions and additional high-end deliveries.

### 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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## Multifamily Q2 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	194,333	1,374	0.7%	6,279	4,277	7.1%	20	\$2,437	\$2.90	-0.3%
Alameda County	175,700	2,973	1.7%	6,728	2,980	7.8%	100	\$2,119	\$2.70	0.0%
San Francisco County	149,728	94	0.1%	4,235	3,340	8.8%	50	\$2,809	\$3.89	-0.8%
San Mateo County	72,295	158	0.1%	2,712	1,334	7.5%	60	\$2,651	\$3.30	-0.6%
Contra Costa County	66,394	337	0.5%	1,872	887	3.9%	-100	\$1,958	\$2.43	3.8%
Sonoma County	33,997	218	0.6%	679	634	3.4%	-160	\$1,757	\$2.11	5.0%
Solano County	26,549	0	0.0%	0	148	2.4%	-180	\$1,688	\$2.03	7.4%
Marin County	20,504	0	0.0%	18	110	3.5%	-100	\$2,505	\$2.94	3.9%
Napa County	7,860	0	0.0%	313	181	3.7%	-390	\$1,963	\$2.32	8.9%
<b>Market</b>	<b>747,360</b>	<b>5,154</b>	<b>0.7%</b>	<b>22,836</b>	<b>13,891</b>	<b>6.9%</b>	<b>10</b>	<b>\$2,328</b>	<b>\$2.89</b>	<b>0.7%</b>

### KEY SALES TRANSACTIONS Q2 2021

PROPERTY	UNITS	SALES PRICE	PRICE / \$ UNIT	SELLER / BUYER
Aster, Dublin	313	\$163,000,000	\$520,767	Bay West Properties / Catalyst Housing Group
Mira Vista Hills, Antioch	280	\$68,000,000	\$242,857	The Reliant Group / Catalyst Housing Group
Pacific Place, Daly City	83	\$33,600,000	\$466,667	MG Properties Group / Cumberland Holdings, LLC
Lakepoint, Oakland	88	\$26,800,000	\$304,545	Normand Groleau / Veritas Investments, Inc.

### KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	UNITS	BUILDING TYPE	PROPERTY MANAGER	OWNER / DEVELOPER
1717 Webster Street, Oakland	247	High-Rise	Holland	Douglas & Webster / Holland Partner Group
AERO, Alameda	200	Mid-Rise	Equity Residential	Equity Residential / Cypress Equity Investments
Assembly, Oakland	127	Mid-Rise	Align	Lowe Enterprises / Lowe Enterprises
The Morgan, San Mateo	74	Mid-Rise	Greystar	Stockbridge Capital Group / Wilson Meany

### MARKET DRIVERS

- Bay Area jobs have been roaring back and are expected to continue to do so; office sector employment is just below its record high of early 2020. A primary concern is in filling service jobs going forward – a difficult prospect with that segment of the labor force well below its pre-pandemic level.
- The more suburban markets are forecast to continue to perform well but will be hampered by minimal new product delivering thus pushing those looking for housing to other markets; the urban counties have heated up since the beginning of the year with a population absorbing units at a rapid pace along with a substantial number of new deliveries.

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