

2021 MID-YEAR

SAN FRANCISCO CA

INSTITUTIONAL MULTIFAMILY REPORT

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INSTITUTIONAL SOLUTIONS

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SAN FRANCISCO, CA EMPLOYMENT

JOBS ADDED / LOST

LAST 12 MONTHS

201,000
↑ 9.6%

NEXT 12 MONTHS*

129,600
↑ 5.6%

UNEMPLOYMENT

MID-YEAR 2021

5.5%
↓ 870 BPS YOY

MID-YEAR 2022*

2.5%
↓ 300 BPS YOY

*PROJECTED

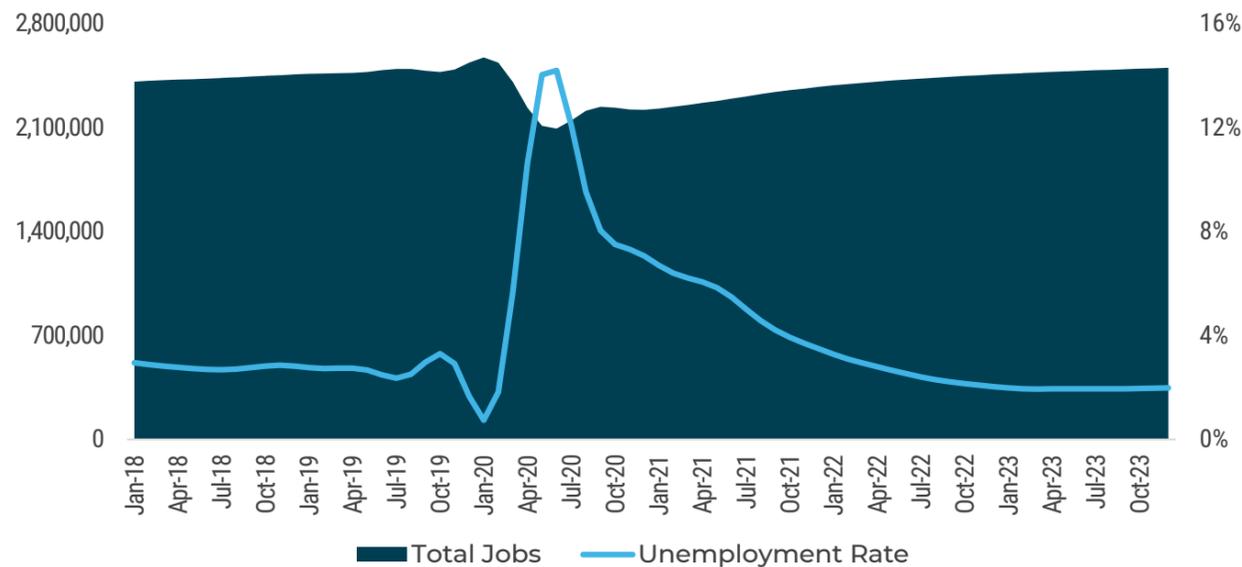
The San Francisco-Oakland metropolitan area recorded the fourth-highest quarterly increase in job creation among all major U.S. metros, outranking other coastal regions like Los Angeles and Seattle-Tacoma. Job openings are popping up throughout the Bay Area thanks to the economy's reliable industrial sector, booming tech center, and persistent entrepreneurial endeavors.

In the first half of 2021, companies in Silicon Valley and San Francisco launched a total of 17 initial public offerings, including e-commerce global companies Coursera and Poshmark. As a result, Silicon Valley's tech base continues to aggregate trillions of dollars in market capitalization. The information technology sector comprises

approximately 6% of the total regional workforce and employs 137,900 residents, 6,000 of which were added just this past year.

Job additions from multinational companies are also changing the outlook for the San Francisco-Oakland metropolitan area. United Airlines announced plans to expand its fleet and generate up to 4,000 new jobs at San Francisco International Airport over the next five years. There is still much opportunity for residents to look forward to in the metro as another 79,900 net jobs are projected to be added to payrolls by year-end 2021. The additions are part of 129,600 net positions expected to be added over the next 12 months.

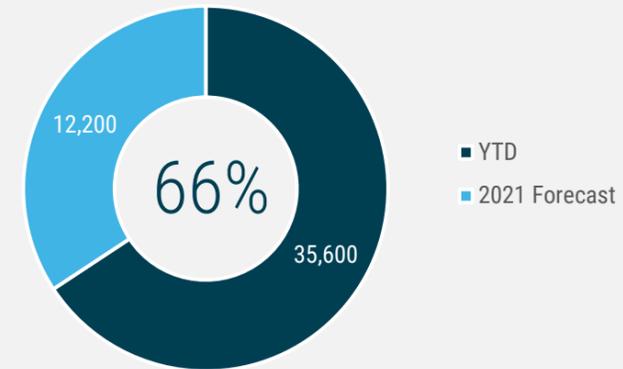
EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

WHO'S HIRING?

LEISURE & HOSPITALITY INDUSTRY



8%
OF ALL JOBS IN THE METRO

\$35,800
AVERAGE ANNUAL SALARY

TOP LEISURE & HOSPITALITY EMPLOYERS



3,800 JOBS



2,500 JOBS



2,200 JOBS

IN THE NEWS

- United Airlines expanding San Francisco workforce by 4,000
- FedEx Ground to hire 900 across Bay Area
- Genentech plans to expand HQ and hire thousands more
- Wish hiring for over 100 positions at reopened HQ
- More than 1,000 to be hired at Bayer Berkeley expansion



SAN FRANCISCO, CA

DELIVERIES & ABSORPTION

2021 UNITS*

DELIVERED

9,588

ABSORBED

15,211

2022 UNITS*

DELIVERED

10,400

ABSORBED

17,257

*PROJECTED

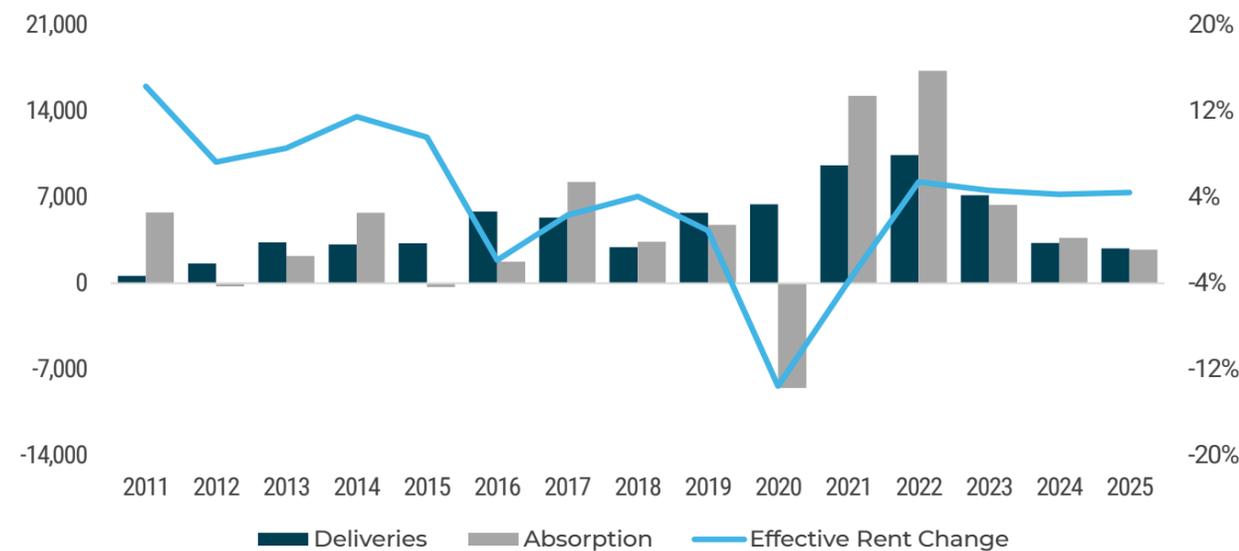
Nearly 4,800 net renters rushed back to the San Francisco-Oakland apartment market during the second quarter of 2021, contributing to the highest quarterly absorption rate in more than a decade. As one of the more expensive regions to live in the state of California, San Francisco-Oakland endured one of the largest out-migration trends during the pandemic. Now, steady statewide population growth generated a gradual return to coastal cities. Among San Francisco-Oakland's 16 apartment submarkets, leasing activity was most robust in Oakland/Berkeley where Bay Area residents can easily access major transportation networks at a more affordable cost of living.

performance so far this year, multifamily construction was once again on investors' minds as over 2,000 new units came online metrowide over the last three months. Oakland/Berkeley accounted for 65.3% of the metro's new supply and is expected to carry this momentum through the end of 2021 with an additional 1,500 units scheduled for completion.

There are currently 75 properties in the Bay Area that are under construction and set to deliver a combined total of over 15,200 units in the next five years. Between June and December 2021, at least 6,100 units will be brought online, expanding the metro's multifamily inventory by 1.3%.

With leasing activity turning in a strong

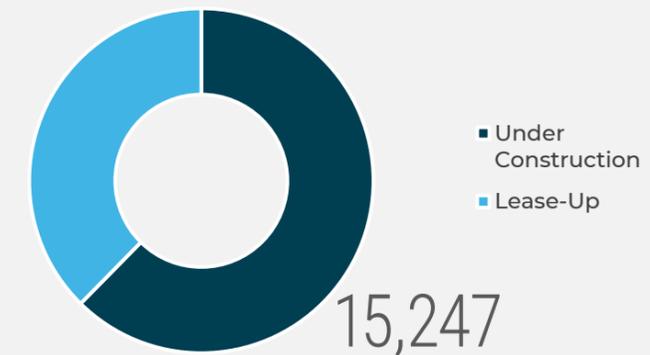
DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



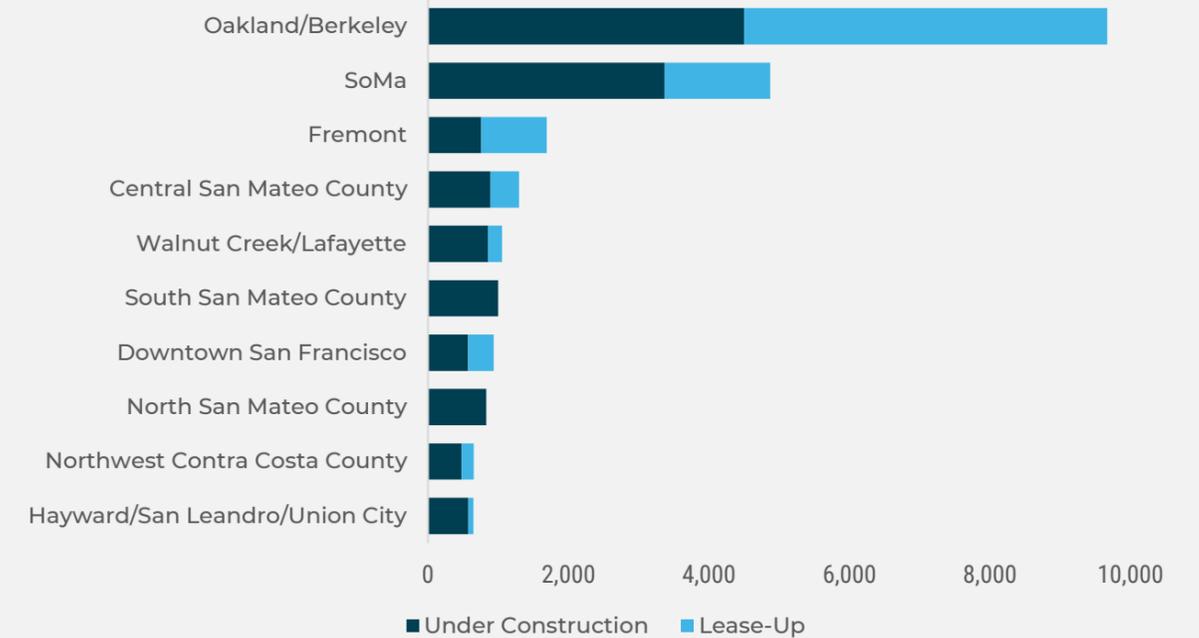
SOURCE: REALPAGE

MARKET PIPELINE

9,197



TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



SAN FRANCISCO, CA

RENT & OCCUPANCY

EFFECTIVE RENT

2Q 2021

\$2,596

↓ 10.1% YOY

OCCUPANCY

2Q 2021

93.8%

↓ 120 BPS YOY

Even as the home to one of the best-performing economies in the world, overall apartment fundamentals in Greater San Francisco-Oakland were still sensitive to the pandemic-induced economic downturn and its impact on renters' living expenses. As such, apartment operators decelerated effective rent to counterbalance further economic strain.

For five consecutive quarters, average effective rent decreased alongside an uptick in concession value. Nevertheless, the second quarter of 2021 delivered an optimistic turnaround in effective rent with a 2.2% quarterly growth rate. Concessions decreased 0.8% during this time. Rents appreciated in nearly every apartment submarket, permitting the metro average

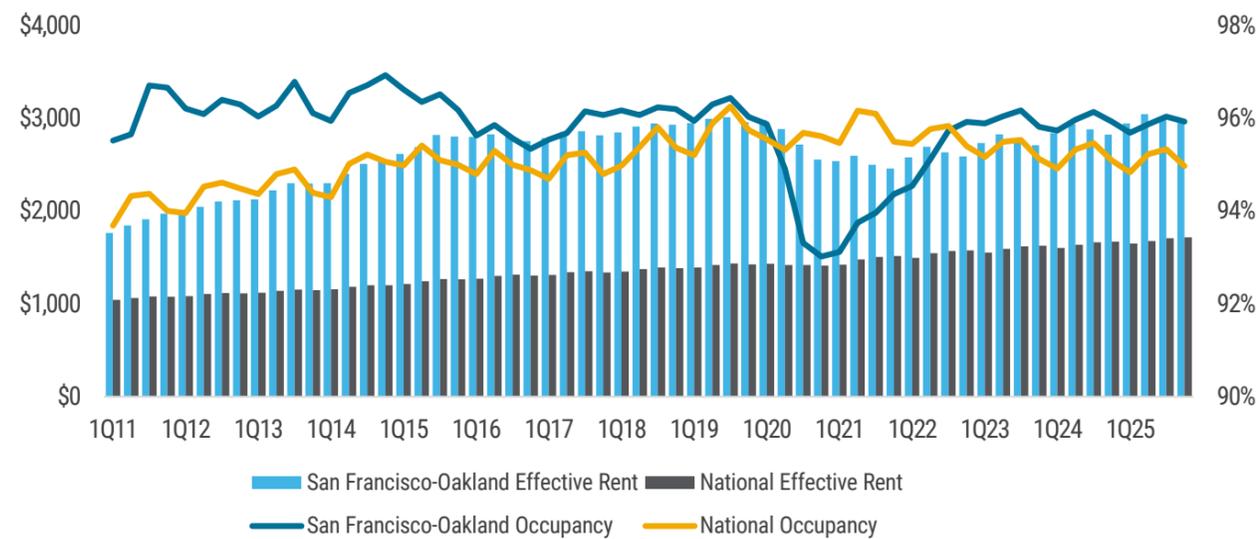
to reach \$2,596 per month. Quarterly rent growth was most robust in Central San Mateo County and Livermore/Pleasanton, where rents appreciated 5.8% and 5.2% since the end of the first quarter in 2021, respectively. Among these two, Livermore/Pleasanton is expected to continue its climb through the end of the year and surpass the metrowide growth rate.

This exciting resurgence in renter activity was also reflected in the average occupancy rate, which increased 70 basis points quarter over quarter to 93.8%. As job gains continue, the average occupancy rate is slated to reach the historical norm by fall 2022.

SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Central San Mateo County	94.8%	-60	\$2,846	-10.0%
Concord/Martinez	96.8%	60	\$2,113	4.0%
Downtown San Francisco	91.7%	-280	\$2,623	-16.5%
Fremont	95.3%	-110	\$2,243	-5.9%
Hayward/San Leandro/Union City	96.0%	-50	\$2,135	-1.3%
Livermore/Pleasanton	96.6%	210	\$2,521	2.8%
Marin County	96.2%	80	\$2,852	-0.9%
North San Mateo County	93.7%	-30	\$2,453	-11.2%
Northeast Contra Costa County	97.6%	220	\$2,000	6.6%
Northwest Contra Costa County	96.8%	40	\$2,177	-0.4%
Oakland/Berkeley	93.0%	-140	\$2,587	-9.4%
San Ramon/Dublin	96.5%	70	\$2,479	2.9%
SoMa	93.2%	30	\$3,049	-13.6%
South San Mateo County	94.2%	-90	\$3,042	-12.8%
Walnut Creek/Lafayette	95.8%	100	\$2,340	-1.5%
West San Francisco	90.7%	-540	\$2,789	-17.9%

SAN FRANCISCO VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE



SAN FRANCISCO, CA

POPULATION & MIGRATION

2021 RESIDENTS*

4,801,900

↑ 0.6% YOY

2022 RESIDENTS*

4,830,000

↑ 0.6% YOY

*PROJECTED

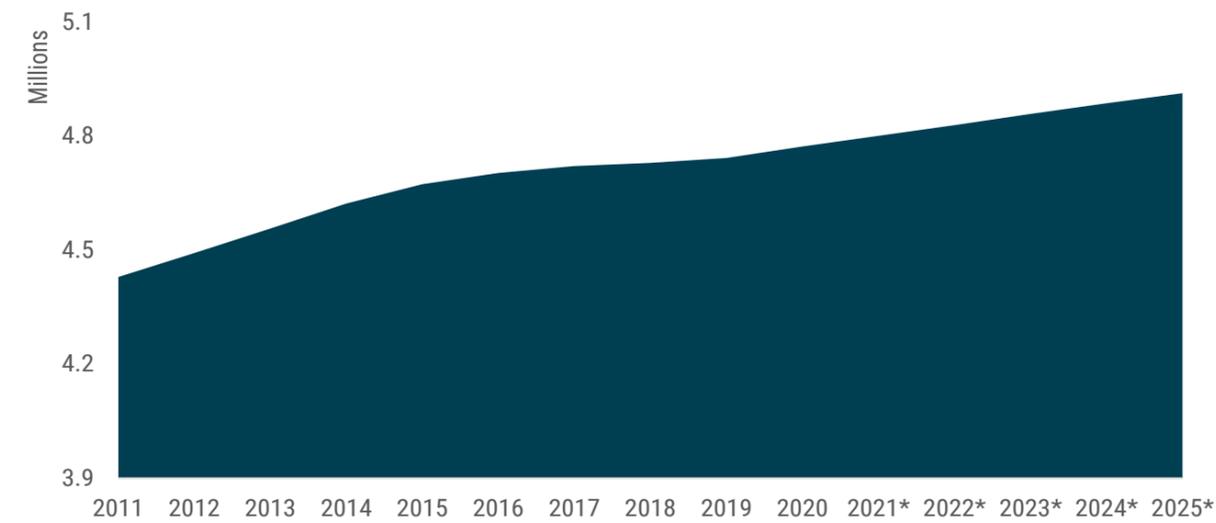
San Francisco-Oakland's metropolitan area contains some of California's largest cities that experienced a setback in in-migration as residents traded their city offices for a more comfortable at-home living space since the onset of the pandemic. According to a study from the University of California, approximately two-thirds of people who moved out of the city of San Francisco during the pandemic remained within the 11-county Bay Area region. Over 33.8% opted to pursue rental housing in the suburbs beyond the urban core.

The metro is still a highly desired area for its unparalleled economic and cultural landscape. In addition, professional industries are beginning to return to their offices and will inspire interest

in urban housing. Major employers including Apple, Facebook, Google, LinkedIn, Salesforce, Twitter, and Uber have all announced hybrid work plans for 2021. Multifamily developers are already on track to get ahead of the curve as they continue construction on more than 15,200 units throughout the Bay Area.

Net in-migration is gradually increasing as nearly 4,700 new residents moved into the metro during the first quarter of 2021 and an additional 4,800 residents moved in during the second quarter. By June of next year, metro San Francisco's population is projected to surpass 4.8 million residents, equating to a 0.6% annual increase.

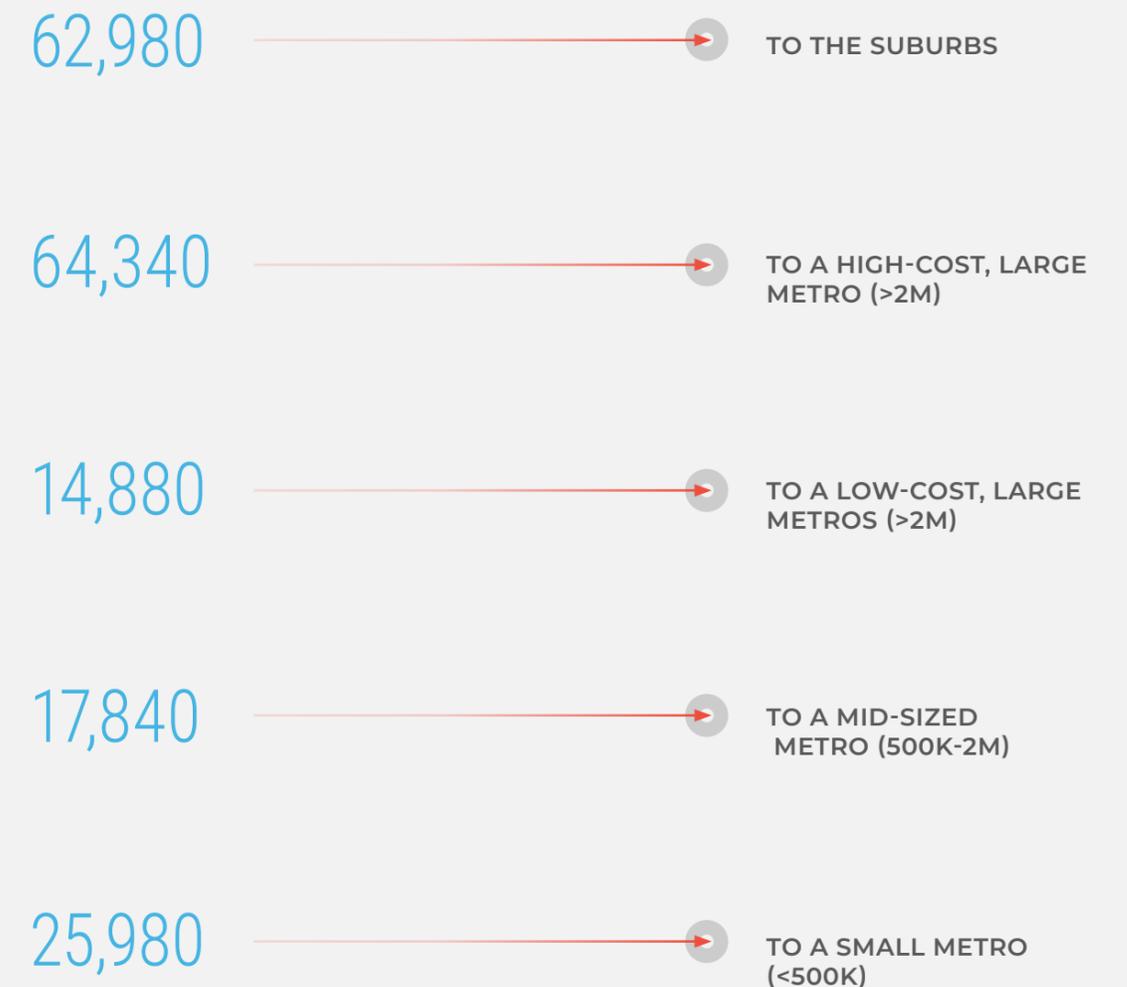
SAN FRANCISCO POPULATION



SOURCE: MOODY'S ANALYTICS

URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



SAN FRANCISCO, CA

SALES

2021 YEAR TO DATE*



VOLUME

\$427.0M



PRICE PER AVERAGE (AVG)

\$365,928



TRANSACTIONS

5



CAP RATE (AVG)

3.6%

WHAT'S TRADING?*



UNITS (AVG)

244



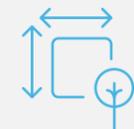
YEAR BUILT (AVG)

1980's



BUILDINGS (AVG)

37



ACRES (AVG)

18.61

TOP BUYERS**

BUYER	LOCATION
Catalyst Housing Group	Larkspur, CA
Essex Property Trust	San Mateo, CA
GID	Boston, MA
Acacia Capital Corp	San Mateo, CA
Pacific Urban	Palo Alto, CA

TOP SELLERS**

SELLER	LOCATION
Equity Residential	Chicago, IL
Greystar	Charleston, SC
Pauls Corp	Denver, CO
Fortress	New York, NY
Rockpoint Group	Boston, MA

**Past 24 Months

*\$50M+
SOURCE: REAL CAPITAL ANALYTICS



SAN FRANCISCO, CA

SALES

\$50+ MILLION TRANSACTIONS



CREEKWOOD APARTMENTS

Hayward, CA

UNITS	YEAR BUILT
309	1977

PRICE / UNIT	SALES PRICE
\$416,667	\$128,750,000



PARK 20

San Mateo, CA

UNITS	YEAR BUILT
197	2015

PRICE / UNIT	SALES PRICE
\$573,604	\$113,000,000



MIRA VISTA HILLS

Antioch, CA

UNITS	YEAR BUILT
280	1985

PRICE / UNIT	SALES PRICE
\$242,857	\$68,000,000



AVANA PLEASANTON

Pleasanton, CA

UNITS	YEAR BUILT
150	1984

PRICE / UNIT	SALES PRICE
\$392,667	\$58,900,000



VICTORY VILLAGE

Concord, CA

UNITS	YEAR BUILT
286	1965

PRICE / UNIT	SALES PRICE
\$203,846	\$58,300,000



Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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