MARKETBEAT

SF BAY AREA

MULTIFAMILY Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.9% Vacancy Rate	▼	▼
2,078 Net Absorption, units	▲	▲
$3.66 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.0M Bay Area Employment*	▲	▲
4.2% Bay Area Unemployment Rate*	▼	▲
0.2% Bay Area Household Growth Rate*	▲	▲

Source: BLS

**Q3 2026 figures are latest data available*

ECONOMY: SOLID FUNDAMENTALS

Bay Area nonfarm employment increased year-over-year (YOY) by 0.9% to over 4.0 million. At the same time, the unemployment rate declined by 40 basis points (bps) to 4.1%. Employment growth is expected to continue rising over the next 12 months. Median household income increased by 6.7% YOY, to $153,800, remaining the highest of all metropolitan markets in the US. While tech layoffs have persisted, the artificial intelligence and machine learning (AI/ML) sector continues to expand its hiring and concurrently leasing large blocks of space. Through the third quarter of 2026, Bay Area-based companies captured 75.9% ($324.5 billion) of venture capital funding into AI/ML in the U.S.

SUPPLY AND DEMAND: DEMAND OUTPACES SUPPLY

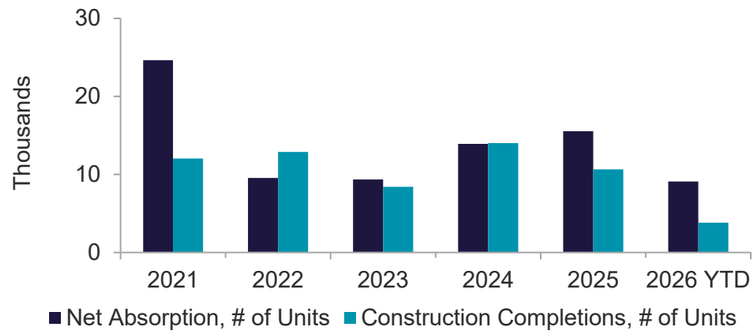
Vacancy fell across the Bay Area for the 12th consecutive quarter, to 3.9%, as new construction has not been able to keep up with increasing demand. Vacancy is down 110 bps YOY and currently sits at the lowest level since the fourth quarter of 2007. Net absorption has slowed in back-to-back quarters, as deliveries have been quiet, but remains positive, with 2,077 units absorbed in the third quarter. As the number of available units continues to dwindle, absorption may continue to slow until new supply meets demand.

Units delivered in the third quarter totaled 969, up 306 units from the prior quarter but down by over 500 units YOY. Excluding the prior quarter, it was the lowest quarterly total since the second quarter of 2013. The pipeline, however, is growing, as units under construction have risen for five consecutive quarters, reaching 18,625 units through the third quarter. There are over 100,000 units proposed across the Bay Area, but development is not likely to see a significant uptick in the short term as rising construction costs and a difficult financing environment prove to be headwinds. However, strong market conditions and state housing mandates may help to counteract these challenges.

PRICING: RECORD RENTS

Rents have surpassed record highs yet again as vacancy continued to decrease. The effective rent as of the end of the third quarter was $2,982 per unit, up nearly 10% YOY. San Francisco County is responsible for much of this growth, as it reached $3,756 per unit in the third quarter, an increase of over 15% YOY. San Francisco is showing no signs of slowing down having posted YOY rental growth greater than 10% for three consecutive quarters, a feat that has not occurred since 2001.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Santa Clara County	175,236	796	0.1%	7,633	2,880	3.1%	-1.5%	$3,264	$3.86	9.7%
Alameda County	139,562	855	0.2%	2,284	2,280	4.8%	-1.4%	$2,524	$3.20	8.6%
San Francisco County	122,524	442	0.0%	1,763	677	3.5%	-0.4%	$3,756	$5.25	15.7%
San Mateo County	58,320	194	0.2%	4,217	1,280	3.1%	-1.5%	$3,550	$4.29	11.4%
Contra Costa County	55,193	464	0.4%	1,121	1,039	4.2%	-1.2%	$2,305	$2.76	4.4%
Sonoma County	29,578	420	0.3%	1,062	387	5.1%	-0.2%	$2,092	$2.43	2.2%
Solano County	22,051	354	0.0%	173	309	6.4%	-0.6%	$2,015	$2.32	2.2%
Marin County	15,459	0	0.0%	372	88	3.4%	-0.3%	$2,940	$3.40	5.5%
Napa County	7,739	291	0.0%	0	163	8.1%	+1.1%	$2,223	$2.50	-1.4%
Market	625,662	3,816	0.2%	18,625	9,103	3.9%	-1.1%	$2,982	$3.66	9.6%

Source: CoStar; communities with 10 or more units; market and market/affordable rental units excluding senior, student, military, corporate and vacation units

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	CITY	SELLER / BUYER	UNITS	PRICE / $ UNIT
919 South Winchester Boulevard – Lynhaven	San Jose	Greystar Real Estate Partners / Kohlberg Kravis Roberts & Co. L.P.	636	$346.5M / $544,811
293 Laurie Meadows Drive – Laurel Crossing Apartment Homes	San Mateo	AIR Communities / Prometheus Real Estate Group, Inc.	418	$208.5M / $498,804

KEY CONSTRUCTION COMPLETIONS Q3 2026

PROPERTY	CITY	PROPERTY TYPE	UNITS	OWNER / DEVELOPER
6001 Country Hills Drive – Sagecrest	Antioch	Townhome	216	Brightsky Residential / Van Daele Homes
722 West Tennyson Road – La Vista Residential	Hayward	Mid-Rise (Affordable)	176	Eden Housing, Inc. / Eden Housing, Inc. & The Pacific Companies

MARKET DRIVERS

- While deliveries remain subdued, units under construction reached the highest level in over a year. However, a significant increase in construction is still needed to meet the rising demand.
- Effective rents continue to climb, nearing $3,000 per unit in the Bay Area. With no signs of demand slowing and supply remaining constrained for now, rent growth is forecast to continue into the foreseeable future.
- Despite making headlines, office to residential conversions have made very little impact in the Bay Area. The exception is the demolition of existing office in favor of residential taking place in suburban markets like the Tri Valley in the East Bay.

ROBERT SAMMONS
Senior Research Director
Tel: +1 415 773 3540
robert.sammons@cushwake.com

ALEXANDER BRANDT
Research Analyst
Tel: +1 510 267 6096
alexander.brandt@cushwake.com

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