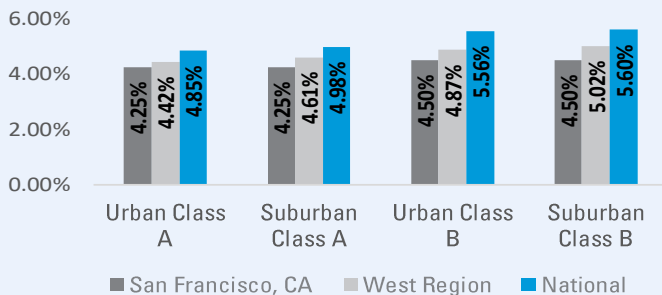


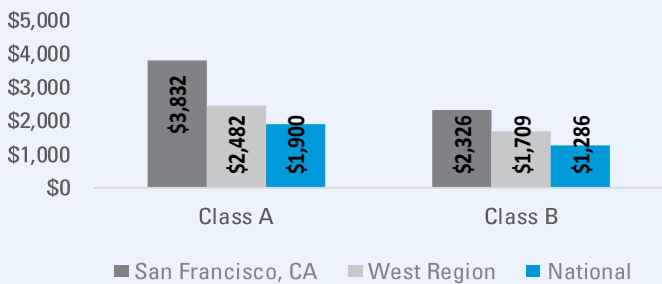
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

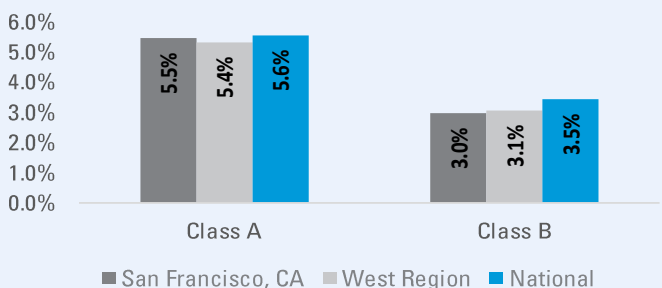
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



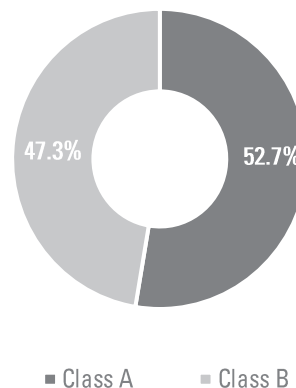
Vacancy Rates (%)



San Francisco, CA Multifamily Market Overview

The San Francisco apartment market was the most significantly impacted in the Bay Area by the effects of the pandemic, as the very high cost of living prompted a large outflow of renters with the emergence of remote work. Conditions declined through 2020 - job losses, particularly in the retail, hospitality, restaurants and services sectors, were substantial in the economic downturn and have been slow to recover. Renters began returning to San Francisco after a reopening of the economy in mid-2021, strengthening occupancy and slowly bringing vacancy levels down. Rental rates likewise began to recover after declining more than 20% in 2020. Although improvement continued in 2022, market fundamentals in the San Francisco market remain below their pre-pandemic levels, particularly with regard to rental rates and occupancy. New construction activity has also moderated over the past several years. Since mid-2018, prior to the effects of the pandemic, there have been fewer new projects breaking ground due to rising construction costs making them not feasible. More developers then put growth plans on hold in response to the economic and market uncertainty brought about by the pandemic. New construction that is currently in progress represents projects that previously commenced on high-rise projects that require several years for completion. Sales activity improved in 2022 in conjunction with occupancy increases and rental rate growth but remains below pre-pandemic levels as investors continue to exercise caution after a period of declining sales volume and pricing, and increases in the average capitalization rate. The recent significant increases in interest rates have given investors additional pause. Demand moving forward will be driven by companies' implementation of return to office policies and the need for employees to once again be near their offices. Rental rates will likewise continue to recover in response to growing demand. Outside of the San Francisco metro, the San Francisco Peninsula (San Mateo County) has had stronger recovery. The market saw an initial outflow of renters following the onset of the pandemic, but those occupancy losses have mostly been recovered as more companies implement return to the office or hybrid work plans. The region stands to benefit from both in-person and remote working options, due to greater affordability and proximity to San Francisco and Silicon Valley. Rental rates are also on the path to recovery, reaching near pre-pandemic levels in the latter part of 2022. Positive market indicators have once again prompted new development and investor interest, though sales activity in the near term will be impacted by the recent increases in interest rates. The peninsula region benefits from a thriving life science presence, creating job opportunities which will translate to an increase in demand for housing. Coupled with a steady return to the office, the market is poised for continued recovery and subsequent stability.

Distribution of Total Inventory



157,148 Units
Multifamily Inventory

1.20% - 12 Mo. Proj.
Construction/Inventory

2023 SAN FRANCISCO, CA MULTIFAMILY ANNUAL REPORT

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Change In Value Next 12 Months



+/- 0%

Urban Class A

+/- 0%

Urban Class B



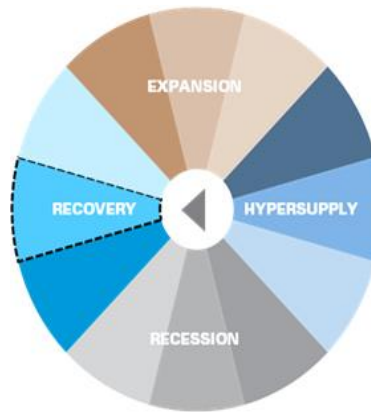
+/- 0%

Suburban Class A

+/- 0%

Suburban Class B

Market Cycle: Recovery Stage 2



- Moderate Absorption
- Decreasing Vacancy Rates
- Low New Construction
- Neg/Low Rental Rate Growth
- Low/Moderate Employment Growth

Forecasts

San Francisco, CA 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	1,886			
Market Rent Change	+2.00%	+2.00%	+2.00%	+2.00%
Expense Rate Change	+4.00%	+4.00%	+4.00%	+4.00%
Years to Balance	In Balance			

San Francisco, CA 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+9.87%			
Change in Value	Increase 1%-1.9%	Increase 1%-1.9%	Increase 1%-1.9%	Increase 1%-1.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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