

FIGURES | BAY AREA INVESTMENT | Q3 2024

# Buyers favor office assets due to bargain prices and hopeful signs of an office market rebound

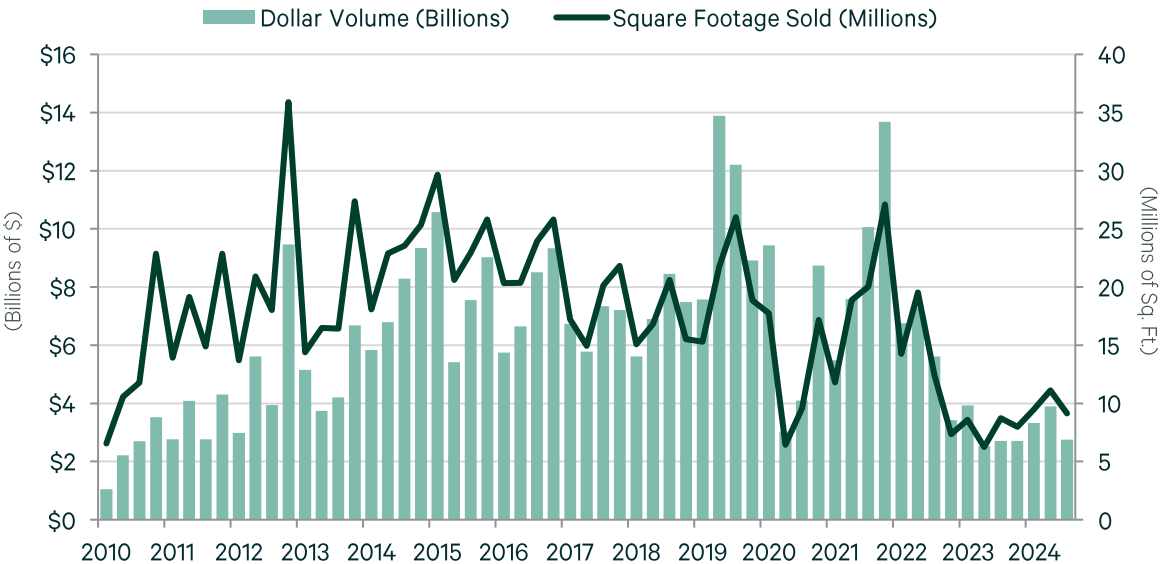


Note: Arrows indicate change from previous year.

## MARKET HIGHLIGHTS

- Total Bay Area investment sales volume declined to \$2.76 billion in Q3 2024, a 29% decrease from Q2 2024. Year-to-date investment sales volume was \$9.99 billion at the end of Q3 2024, an 8.7% increase from the same period in 2023.
- Santa Clara County led the nine-county Bay Area in sales volume in Q3 2024, and, for the second straight quarter, office was the most popular asset class traded in the Bay Area.
- The average price per sq. ft. for office, industrial, and retail properties sold in the Bay Area in Q3 2024 was \$421, a 5.2% decrease from the previous quarter.
- The average price per unit for multifamily properties sold in the Bay Area in Q3 2024 was \$305,696, an 18.5% decrease from the previous quarter.
- The overall average cap rate for all asset classes in the Bay Area in Q3 2024 was 5.0%, down from 5.5% in Q2 2024.
- Total Bay Area employment was 3.93 million in Q3 2024, a 0.18% increase from Q2 2024. The unemployment rate was 4.34%, up from 4.26% the previous quarter.

FIGURE 1: Bay Area Investment Sales Volume Trend



Source: CBRE Research, MSCI RCA, Q3 2024

INVESTMENT OVERVIEW

Total Bay Area investment sales volume in Q3 2024 was \$2.76 billion across 9.13 million sq. ft. of transactions. This was a 29% decrease in dollar volume from Q2 2024, but still higher than each of the final three quarters of 2023. Although the Bay Area investment sales market seems to have passed its trough, total sales volume is still far below the 10-year quarterly average of \$6.94 billion invested across 17.1 million sq. ft. of transactions.

In Q3 2024, Santa Clara County led the Bay Area with \$909 million of investment sales activity across 39 deals. Alameda County had the second highest volume with \$597 million invested across 41 deals, followed by San Francisco County with \$579 million invested across 39 deals.

Office was the most popular asset class with \$1.15 billion of sales volume, or 42% of the Bay Area’s total sales volume. Demand for office was driven by users and investors looking to purchase office properties from distressed sellers for bargain prices in anticipation of an office market recovery. Recently, the San Francisco and Silicon Valley office markets have shown some hopeful signs of a recovery, which has been led by emerging A.I. and tech companies signing large expansion deals in these markets.

Multifamily was the second most popular asset class with \$791 million invested, followed by industrial with \$490 million invested, and finally, retail with \$329 million invested. The attractiveness of each asset class varied by county. Office was the most active asset class in Santa Clara County, accounting for 80% of its total sales volume. The most active asset class in Alameda County was industrial, while San Francisco County’s most active asset class was multifamily.

In Q3 2024, the average price per sq. ft. for office, industrial, and retail transactions were \$388, \$350, and \$645, respectively. The average price per sq. ft. for office reached its lowest point in nearly a decade. The average price per unit for multifamily transactions was \$305,696.

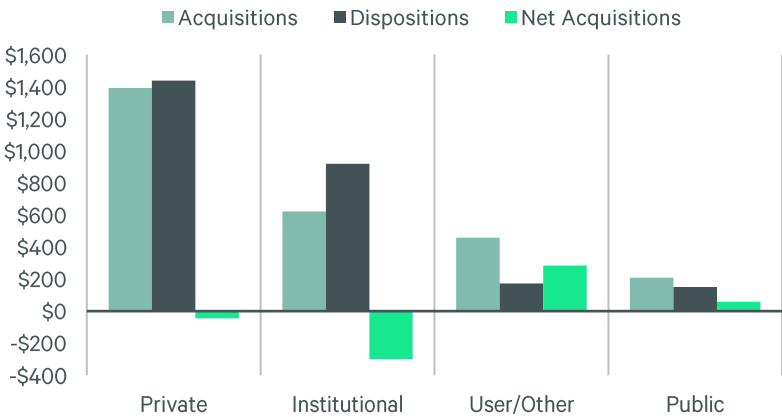
Private investors were the most active buyer and seller category in Q3 2024 with \$1.39 billion of total acquisitions and \$1.44 billion of total dispositions. Institutional investors were the second most active category with \$621 million in total acquisitions and \$919 million in total dispositions.

FIGURE 2: Bay Area Market Statistics Q3 2024

County	Sale Volume	Total RBA	Off. Cap	Ind. Cap	Ret. Cap	MF Cap	Avg Price / SF	Apt Units	Avg MF Price / Unit
Santa Clara	\$908,802,000	2,771,064	4.4%	N/A	N/A	N/A	\$501	52	\$449,107
Alameda	\$596,525,252	2,428,099	N/A	N/A	N/A	5.6%	\$358	203	\$351,728
San Francisco	\$579,000,962	1,380,725	N/A	N/A	N/A	7.0%	\$582	1,103	\$310,952
Contra Costa	\$182,498,000	569,382	N/A	N/A	N/A	4.6%	\$267	204	\$294,198
Napa	\$168,299,939	545,687	N/A	N/A	N/A	N/A	\$471	334	\$281,822
San Mateo	\$142,121,155	439,610	N/A	N/A	N/A	3.9%	\$444	142	\$467,390
Solano	\$115,288,490	687,231	N/A	N/A	N/A	N/A	\$178	407	\$160,219
Sonoma	\$47,338,500	246,298	N/A	N/A	N/A	N/A	\$187	40	\$271,907
Marin	\$17,320,000	58,774	N/A	N/A	N/A	5.1%	\$216	37	\$267,067
Total Bay Area	\$2,757,194,298	9,126,870	4.4%	N/A	N/A	5.8%	\$421	2,522	\$305,696

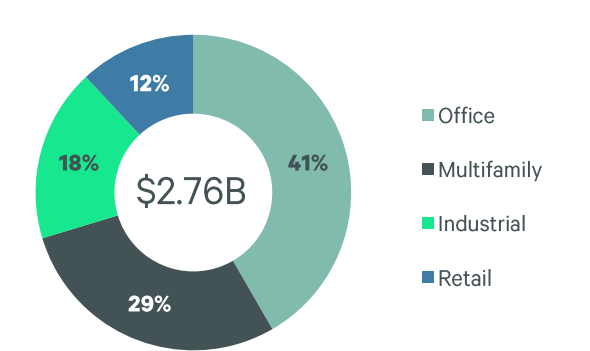
Source: CBRE Research, MSCI RCA, Q3 2024

FIGURE 3: Bay Area Net Acquisitions (\$M) Q3 2024



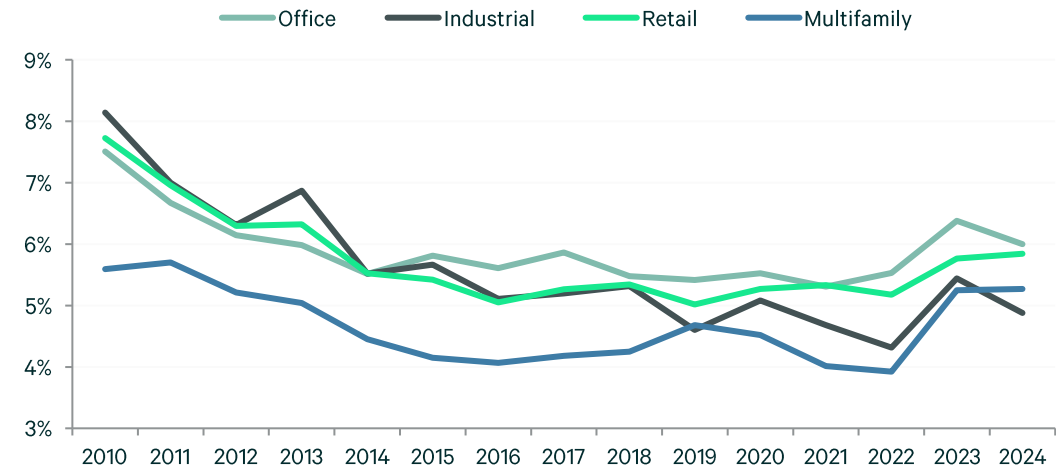
Source: CBRE Research, MSCI RCA, Q3 2024

FIGURE 4: Bay Area Investment by Asset Class Q3 2024



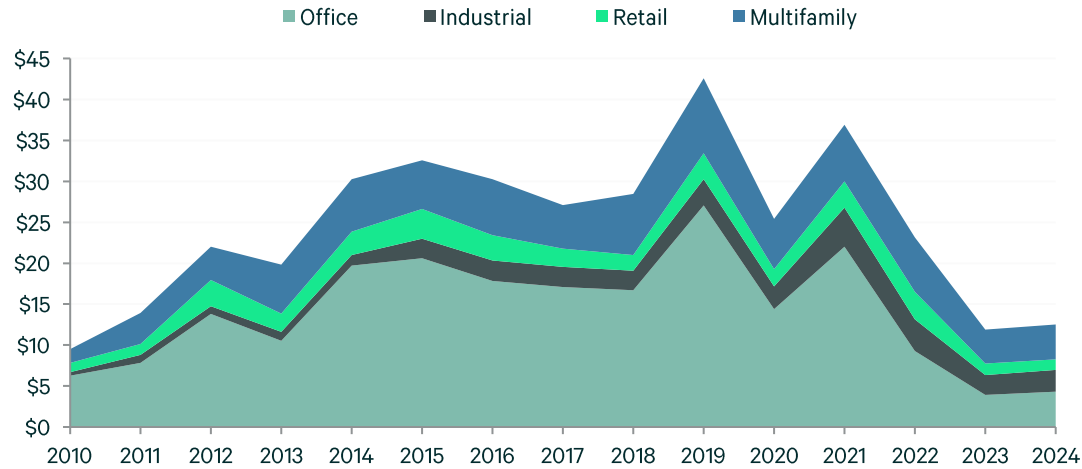
Source: CBRE Research, MSCI RCA, Q3 2024

FIGURE 5: Bay Area Average Cap Rate Trend by Asset Class



Source: CBRE Research, MSCI RCA, Q3 2024

FIGURE 6: Bay Area Total Dollar Volume (Billions) Trend by Asset Class



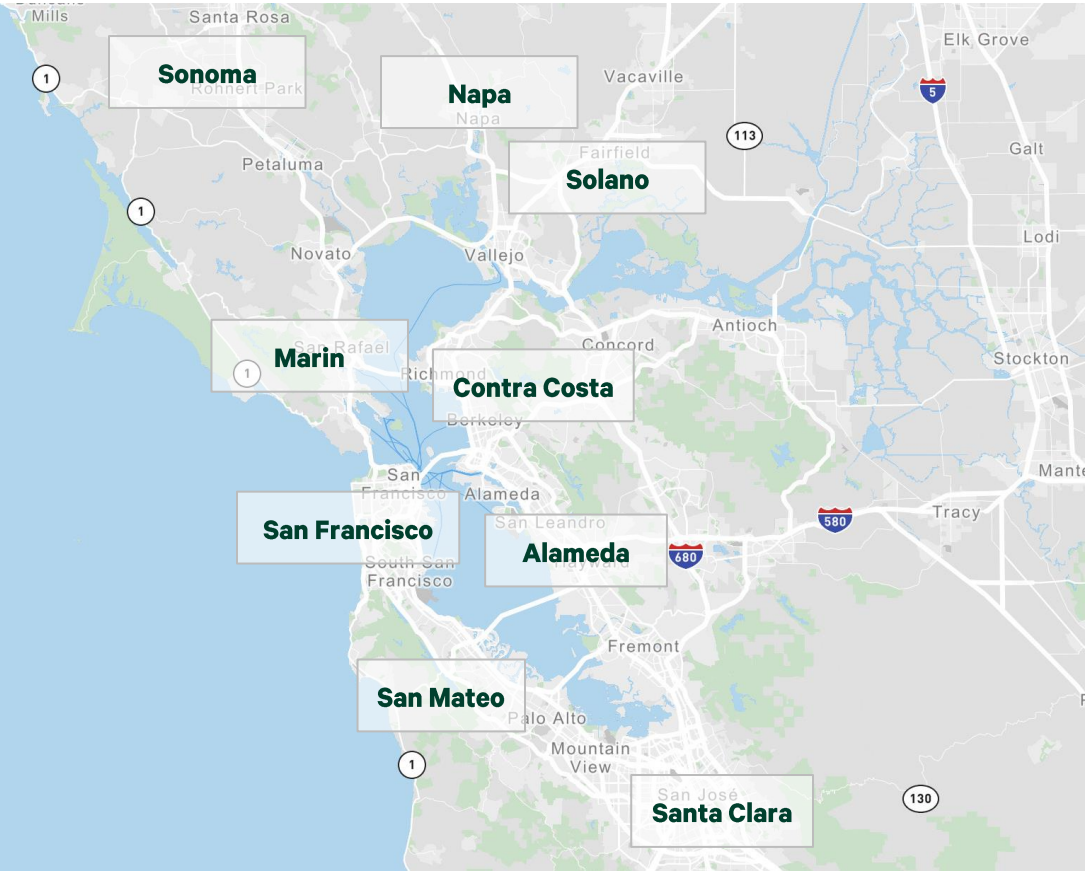
Source: CBRE Research, MSCI RCA, Q3 2024

FIGURE 7: Bay Area Notable Investment Sales Q3 2024

Property	City	Asset Class	Sq. Ft. or Units	Price	Price/SF or Price/Unit	Buyer	Seller
1190 Macon Ave	Mountain View	Office	643,622	\$330M	\$513	Microsoft	Berg Group
1222 Harrison St	San Francisco	Multifamily	410	\$177.5M	\$433K	Waterton Associates	AIG
1 Curtner Ave	San Jose	Retail	512,500	\$95.0M	\$185	Milan Capital Management	Global Net Lease
47020 Kato Rd	Fremont	Industrial	209,748	\$79.5M	\$379	KKR	Blackstone
950 Deguigne Dr	Sunnyvale	Office	175,000	\$65.0M	\$371	Tidewater Capital	Travelers Insurance
3011 North 1st St	San Jose	Office	146,159	\$63.6M	\$435	Klein Investments	Cannae Partners
1330 Fitzgerald Dr	Pinole	Retail	216,413	\$60.0M	\$277	Federal Realty	Stockbridge Capital
201-203 Coggins Dr	Pleasant Hill	Multifamily	147	\$58.5M	\$398K	Acacia Capital Corp	GID
3001-3003 Tasman Dr	Santa Clara	Office	401,402	\$52.0M	\$130	South Bay Development	TMG Partners
2942 Soscol Ave	Napa	Multifamily	168	\$49.2M	\$293K	Friedkin Realty Group	Mark Feichtmeir
795 Folsom St	San Francisco	Office	187,202	\$48.3M	\$258	Fountainhead Development	ASB Real Estate Investments
2024 Durant Ave	Berkeley	Multifamily	79	\$46.3M	\$585K	Hawkins Way Capital	Barings
2052 Wilkins Ave	Napa	Multifamily	166	\$45.0M	\$271K	PGIM Real Estate	Interstate Equities Corporation
230 Bay Pl	Oakland	Retail	57,218	\$44.4M	\$776	Apollo Global RE	SITE Centers Corp
333 Fremont St	San Francisco	Multifamily	83	\$44.3M	\$533K	JRK Property Holdings	City-Core Dev Inc

Excludes multi-market, bulk portfolio sales and entity acquisitions.  
Source: CBRE Research, MSCI RCA, Q3 2024

Market Area Overview



Definitions

**Methodology:** Bay Area investment market includes sales over \$2.5M across office, industrial, retail and multifamily asset classes.

**Metrics:** Total dollar volume is the sum of all sales for a given period and asset class. Capitalization or cap rate is calculated using actual NOI divided by the purchase price. Price per unit is the pricing metric used for multifamily properties and is sale price divided by total number of units. Gross rent multiplier or GRM is typically used for multifamily sales and is calculated using total sale price divided by gross rent. Total RBA is the total rentable square footage for the reporting period.

**Capital Sectors:** Institutional is mutual or pension funds, insurance companies, investment firms, private foundations, endowments or other large entities that manage funds on behalf of others. Private is individuals or multiple owners who tend to be local in geography. Private Equity is investment funds, generally organized as limited partnerships. Public is publicly traded real estate investment trusts. User is corporations that buy real estate for their own business operations.

Contacts

Aaron Goodale  
Senior Research Analyst  
aaron.goodale@cbre.com

Konrad Knutsen  
Research Director  
Northern CA & Greater LA  
konrad.knutsen@cbre.com

San Francisco  
415 Mission Street, Suite 4600  
San Francisco, CA 94105

San Francisco Peninsula  
1450 Chapin Avenue, Suite 200  
Burlingame, CA 94010  
  
400 Hamilton Avenue, 4th Floor  
Palo Alto, CA 94301

Silicon Valley  
225 W Santa Clara Street, 12th Floor  
San Jose, CA 95113

East Bay  
1111 Broadway, Suite 1850  
Oakland, CA 94607  
  
2175 N California Blvd Suite 300  
Walnut Creek, CA 94596

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