The Economic Context for Development in Post-COVID San Francisco
Building Permits Low for Most of the Past 2.5 Years

Number of Housing Units Permitted (3 Month Moving Average), San Francisco, Through April 2022

Source: U.S. Department of Housing and Urban Development (HUD)
Average Asking Apartment Rents (Overall Units),
San Francisco, Through May 2022

Source: Apartment List
SF Housing Prices Have Also Lagged the State

Condo and Single-Family Home Prices in San Francisco and California, Through May

Source: Zillow
Change in Zillow Home Values, Relative to the U.S. Average, 2/20 - 3/22

Source: Zillow
Why is This Happening? County Population, 2020-21

Counties with Largest Percentage Population Decline
(Among 100 Largest U.S. Counties), July 2020-July 2021

Source: U.S. Census Bureau
Net Migration by Occupation, Before and During COVID

Annual Net Migration to San Francisco by Occupation, Pre-Pandemic Average (Blue) and 2020 (Red)

Source: U.S. Census, American Communities Survey / ipums.org. Occupations ranked by average wages (highest to the left)
Tech Has Led the Job Recovery in the SF Metro Division

Employment Change by Industry: San Francisco Metropolitan Division
February 2020 - March 2022

Source: BLS
2021 Was a Record Year for Local Venture Capital

Silicon Valley funding reaches quarterly record total of $29.3B in Q4’21

Source: CB Insights
But the Bay Area Lags Other Regions in Return-to-Office

Source: Kastle Systems
San Francisco realized the largest net jump in office vacancy amongst major markets.

Source: JLL Research
Sublease availability has continued to plateau with some spaces having their leases expire and becoming direct.
San Francisco remains an outlier in the amount of sublease space available.
"Vacancy Risk" Ranges from 35%-50% in Some Areas

Source: JLL
Sales Tax Has Been Very Weak, Especially Downtown
Why Is This Happening? WFH Uncertainty Diminishing

Average Days per Week Working From Home After the Pandemic Ends: Workers Able to WFH

Sample: Workers able to work from home

Source: WFHResearch.com
San Francisco Expected to Lead This Trend

Reduction of person days on business premises (percent) by MSA of Current Residence

- San Francisco, CA: 53.3%
- New York, NY: 49.1%
- Phoenix, AZ: 47.9%
- Dallas, TX: 47.6%
- Los Angeles, CA: 47.0%
- Washington, DC: 46.0%
- Miami, FL: 44.7%
- Chicago, IL: 43.9%
- Atlanta, GA: 43.0%
- Houston, TX: 41.4%
- Boston, MA: 37.4%
- Philadelphia, PA: 35.0%

Source: WFHResearch.com
With full employment despite a reduced population, growth is peaking. Macroeconomic issues will likely make further economic recovery challenging for the city.

Rising interest rates means the housing market may also be reaching a peak. A further cooling of development can be expected in the months ahead.

While San Francisco office workers are returning to the office somewhat less than workers in other areas, the reaction of office tenants here has been more dramatic than in other places.

This reduction in office demand has had significant spillover effects on other parts of the local economy.

- Housing – falling prices and rents, due to less need to live near downtown jobs.
- Leisure & Hospitality – major declines in conventions and transient business tourism
- Downtown retail and restaurants – fewer customers and reduced revenues.