



MULTIFAMILY REPORT

San Jose: Looking Up

July 2023



Rent Expansion Rebounds

Investment Grows Y-o-Y

Construction Activity Tempers

SAN JOSE MULTIFAMILY



Some Fundamentals Slow, Demand Endures

The San Jose multifamily market slowed down amid economic headwinds, but demand remained positive. Year-over-year, rents were up 1.4% as of May, with the average at \$3,059. After fluctuating for several months, rates were up on a trailing three-month basis as of May, rising 40 basis points. And while occupancy rates dropped across most metros in the past 12 months, San Jose figures remained flat, at 95.9% as of April.

San Jose added 37,900 jobs in the 12 months ending in March, for a 4.0% expansion rate, 90 basis points above the U.S. figure. Amid tech layoffs and the overall economic landscape, job growth in the metro also slowed after a year of stronger gains. Unemployment clocked in at 3.1% as of April, 30 basis points lower than the U.S. rate and 140 basis points below the state figure, according to data from the Bureau of Labor Statistics. Leisure and hospitality led growth, with 12,000 jobs added, or a 13.2% expansion. Meanwhile, the area's main staple, information, lost 3,200 positions, contracting by 3.0%.

Year-to-date through May, developers completed 687 units, or 0.5% of existing stock, which was on par with the number recorded last year during the same period. The metro had 9,353 units underway, most of which were in Lifestyle assets. Notably, investment totaled \$306 million, growing nearly sixfold over the first five months of last year, when the metro's recovery was still in its early stages.

Market Analysis | July 2023

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Recent San Jose Transactions

Griffis South Bay



City: Milpitas, Calif.
Buyer: Griffis Residential
Purchase Price: \$154 MM
Price per Unit: \$411,528

Cherryhill



City: Sunnyvale, Calif.
Buyer: Spieker Cos.
Purchase Price: \$106 MM
Price per Unit: \$434,434

Ranchero Palms



City: San Jose, Calif.
Buyer: Spieker Cos.
Purchase Price: \$15 MM
Price per Unit: \$252,131