



MULTIFAMILY REPORT

San Jose's Stability

March 2024



Rents Improve in January

Construction Starts Slow

Occupancy Bucks National Trend

SAN JOSE MULTIFAMILY



Fundamentals Steady Amid Sluggish Economy

While national multifamily rents started 2024 on a downswing as economic growth slowed, San Jose was one of the few metros that recorded positive movement. The metro's rents were up 0.1% on a trailing three-month basis through January, while the nation recorded a 0.2% decline. Demand in San Jose remained steady, as occupancy improved 20 basis points year-over-year, to 95.9% as of January, 130 basis points above the U.S. rate.

Unemployment climbed to 4.0% in December, the highest rate since October 2021, according to preliminary data from the Bureau of Labor Statistics. As the job market slowed, a total of 11,800 jobs were added over the 12-month period ending in November. That accounts for a growth rate of 1.7%—50 basis points behind the 2.2% U.S. figure. The rate exceeded the national figure for the first eight months of the year. Education and health services led growth with 11,100 jobs. A few sectors recorded losses, with manufacturing taking a big hit, down 4,100 jobs for a 2.2% slide.

Development activity reflected a clear downward trend. San Jose had 10,488 units under construction as of January. In 2023, a total of 2,738 units came online, up 10.1% year-over-year. However, construction starts declined by a hefty 69.6% when compared to 2022, signaling an upcoming decline in new supply.

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Recent San Jose Transactions

Diridon West



City: San Jose, Calif.
Buyer: Hines Interests
Purchase Price: \$118 MM
Price per Unit: \$471,887

The Grove



City: San Jose, Calif.
Buyer: Jonathan Rose Cos.
Purchase Price: \$102 MM
Price per Unit: \$308,157

The James



City: San Jose, Calif.
Buyer: Virtu Investments
Purchase Price: \$74 MM
Price per Unit: \$390,789

Villa Del Sol



City: Sunnyvale, Calif.
Buyer: Acacia Capital
Purchase Price: \$62 MM
Price per Unit: \$502,016