



MULTIFAMILY REPORT

San Jose's Bumpy Recovery

July 2024

Short-Term Rent Gains Outperform

Job Market Sees Some Growth

Transactions Increase YoY

SAN JOSE MULTIFAMILY



Pipeline Slows, Advertised Rents Solid

San Jose's multifamily fundamentals showed signs of recovery, with advertised asking rents up a strong 0.8% on a trailing three-month basis through May, to \$3,114. This outpaced the 0.3% national rate on a T3 basis and marked the fourth consecutive month of positive movement. Despite steady deliveries over the past two years, occupancy was 96.0% as of April. The rate had been flat for the previous 12 months.

The jobless rate reached 3.9% as of April, according to data from the Bureau of Labor Statistics. This was on par with the nation but marked a 100-basis-point hike over 12 months. The area's job market hasn't fully recovered from post-pandemic tech layoffs, with employment down 0.4% in the 12 months ending in May. However, education and health services (up 11,900 jobs) recorded steady growth. Meanwhile, Sunnyvale updated plans to add 20,000 new homes and 10 million square feet of office space in the next 20 years, seeking to revitalize the downtown area.

San Jose had virtually no multifamily completions in the first five months of the year, signifying a correction after a short-term oversupply wave that crested in 2021. Developers are focused on finishing current projects, which amount to 10,862 units under construction. Meanwhile, the metro's multifamily sales volume was up almost 20% year-over-year, to \$453 million year-to-date through May.

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Recent San Jose Transactions

Prado



City: Santa Clara, Calif.
Buyer: Alliance Residential Co.
Purchase Price: \$125 MM
Price per Unit: \$498,008

Diridon West



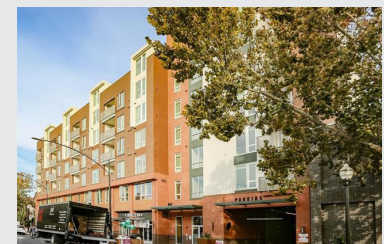
City: San Jose, Calif.
Buyer: Hines
Purchase Price: \$118 MM
Price per Unit: \$471,887

ARLO Mountain View



City: Mountain View, Calif.
Buyer: Essex Property Trust
Purchase Price: \$101 MM
Price per Unit: \$616,463

787 The Alameda



City: San Jose, Calif.
Buyer: Catalyst Housing Group
Purchase Price: \$78 MM
Price per Unit: \$465,476