

Yardi® Matrix

Sun Shines Bright on the Valley

Multifamily Report Spring 2019

Deliveries, Acquisitions Slow Out of the Gate

Investors Target Core Submarkets

Rent Growth Stays Strong

SAN JOSE MULTIFAMILY

Market Analysis

Spring 2019

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Tech Industry Powers Rent Growth

Fueled by a strong economy led by its technology industry, San Jose's multifamily sector remains healthy. Although it ranks among the most rent-burdened metros in the country, the market benefits from a strong, highly skilled renter cohort that can largely accommodate the market's high rents.

San Jose's economy has continued to be strong, adding 25,600 jobs in the 12 months ending in February, a 2.0% growth in rate of employment year-over-year. The information sector led growth in the metro with the addition of 8,500 jobs. The industry also saw the largest year-over-year change (9.7% as of March) and is expected to continue to increase as tech companies like Facebook, Google, Amazon and Apple expand local operations. Contributing to the bulk of office projects coming to the metro, Google's mixed-use campus is set to include roughly 3 million square feet of office space, 400,000 square feet of retail and 8,000 residential units.

Transaction activity slowed during the first quarter, following a \$1 billion year in 2018, with two assets trading for a total of \$101 million. Core submarkets close to corporate campuses remained in high demand. Despite a sluggish start to the year for deliveries, nearly 11,958 units were underway as of March. With strong fundamentals driving the housing market, we expect rents to continue to grow—by 2.4% in 2019.

Recent San Jose Transactions

Foundry Commons



City: San Jose
Buyer: Tilden Properties
Purchase Price: \$110 MM
Price per Unit: \$463,235

Willow Creek



City: San Jose
Buyer: Decron Properties
Purchase Price: \$85 MM
Price per Unit: \$406,731

Avana San Jose



City: San Jose
Buyer: Greystar
Purchase Price: \$80 MM
Price per Unit: \$636,636

Lenzen Square



City: San Jose
Buyer: WNC & Associates
Purchase Price: \$21 MM
Price per Unit: \$238,636