

Yardi® Matrix

# San Jose: It's Still The Tech

Multifamily Report Fall 2019

Rent Growth Moderates

Employment Gains Accelerate

Developers Target Core Submarkets

# SAN JOSE MULTIFAMILY

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## Market Analysis

Fall 2019

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## Strong Job Gains Sustain Demand

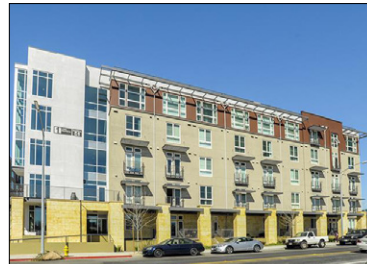
Even in the context of a job market stretched to full employment following a decade of massive growth, San Jose's tech sector is pushing Silicon Valley to be among the country's fastest-growing economies once again. This, in turn, is boosting rental demand in one of the least affordable U.S. multifamily markets, with rates up 2.6% year-over-year through August, to an average of nearly \$3,000.

Silicon Valley gained 27,400 jobs in the 12 months ending in June, a 2.5% increase, with information leading growth—9,000 new jobs for a 9.6% expansion, the metro's strongest performance by far. And since some of Silicon Valley's largest tech tenants are expanding, the sector is poised for further growth. With Google moving forward with its plans for a large campus near Diridon Station, where it could have as many as 20,000 employees once the project is complete, the city core is looking at continued expansion.

Developers continue to focus on upscale units in core submarkets. With nearly 2,300 apartments delivered in the first eight months of the year and an additional 11,472 units underway as of August, Silicon Valley is slated for a prolonged development run. And since high-paying job gains continue to boost upscale demand, we expect the average rent in the metro to rise 4.8% this year.

## Recent San Jose Transactions

Domain



City: San Jose, Calif.  
Buyer: Prime Group  
Purchase Price: \$256 MM  
Price per Unit: \$575,450

Lex



City: San Jose, Calif.  
Buyer: Equity Residential  
Purchase Price: \$181 MM  
Price per Unit: \$466,408

Avana San Jose



City: San Jose, Calif.  
Buyer: Greystar  
Purchase Price: \$80 MM  
Price per Unit: \$363,636

Lenzen Square



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