



MULTIFAMILY REPORT

San Jose Finds Its Way

Summer 2021

Job Market Still Trails Nation

Multifamily Sales Hit the Brakes

Per-Unit Price Faces Hefty Decline

SAN JOSE MULTIFAMILY



All Eyes on Tech

The health crisis had a significant impact on San Jose's multifamily market, but some sense of recovery arose in the year's first quarter. Rent movement exited negative territory and rose 0.6% on a trailing three-month basis through May, to an average of \$2,604. Yet on a year-over-year basis, it posted the worst performance among major metros, down 9.0%. The occupancy rate in stabilized properties in the 12 months ending in April was also affected, recording a 210 basis-point drop to 92.2%.

The unemployment rate slid to 5.1% in April, leading the 6.1% national average, according to preliminary data from the BLS. The job market still has a lot of ground to cover, as it recorded an 8.2% contraction in the 12 months ending in March, below the -6.9% U.S. rate. The only sector that gained jobs during the period was information—which added 1,000 positions—while professional and business services (22.3% of the workforce) shrunk by just 1.2%. As large tech companies, such as Google and Apple, call employees back to the office this summer, it is likely they will create demand for jobs in the service industry, too.

Developers delivered 2,052 units to rental stock through May and had another 10,272 under construction. Meanwhile, investors remained cautious, with multifamily sales amounting to just \$57 million, for an average per-unit price of \$336,310.

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Recent San Jose Transactions

The Bungalows at Ahwanee



City: Sunnyvale, Calif.
Buyer: MJM Properties
Purchase Price: \$24 MM
Price per Unit: \$352,941

Green Villa



City: San Jose, Calif.
Buyer: CityTeam
Purchase Price: \$15 MM
Price per Unit: \$290,000