



MULTIFAMILY REPORT

San Jose's Fall Balance Sheet

Fall 2021

Lifestyle Segment Leads Occupancy, Supply

Rents Growth Softens Going Into Q4

Deliveries Hit New Highs

SAN JOSE MULTIFAMILY



Demand Bolsters Rents, Occupancy, Supply

San Jose's multifamily market made good progress in 2021, sustained by unexpectedly strong demand. While Silicon Valley did not rebound as fast as less expensive inland markets, rent growth, occupancy and supply are following a steady recovery. Rents in the Lifestyle segment led growth on a trailing three-month basis through October, up 1.4% to \$3,080. The upscale segment also recorded a 200-basis-point jump in occupancy in the 12 months ending in September, to 94.3%. Considering the trough brought by last year's swift downturn, the metro's overall 7.6% year-over-year rent growth is highly notable.

The unemployment rate clocked in at 4.0% in September, according to the Bureau of Labor Statistics, outperforming the state (7.5%) and U.S. (4.8%) rates. The job market posted the second-consecutive month of annual growth, even though three sectors lost jobs—construction, government and financial activities. The metro added 11,000 office-using positions, but major tech employers have announced delays in return-to-office timelines due in good part to pandemic pains brought by the COVID-19 delta variant.

Development activity intensified, with 3,717 units delivered in 2021 through October, already surpassing last year's total. Another 9,520 units were under construction. Meanwhile, transaction activity nearly came to a halt, totaling just \$181 million.

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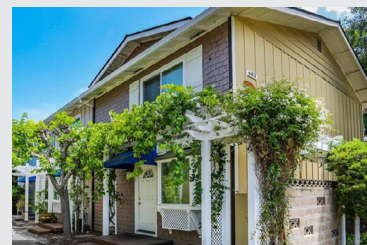
Recent San Jose Transactions

One38



City: San Jose, Calif.
Buyer: Carmel Partners
Purchase Price: \$53 MM
Price per Unit: \$529,208

678 Bellflower



City: Sunnyvale, Calif.
Buyer: Sack Properties
Purchase Price: \$49 MM
Price per Unit: \$526,882

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