



## MULTIFAMILY REPORT

# San Jose Slows Down

December 2022

**Deliveries at All-Time Low**

**Construction Activity Declines**

**Job Market Prepares for Recession**

# SAN JOSE MULTIFAMILY



## San Jose Prepares for a Difficult Winter

San Jose's multifamily market kept a strong pace throughout the year, but signs of a slowdown are starting to appear. After a June peak of 2.0% rent growth on a trailing three-month basis through October was at 0.3%—just 10 basis points above the U.S. rate—to \$3,124. Both quality segments kept a similar pace, while occupancy rates rose 100 basis points to pre-pandemic levels, at 96.0%.

Job expansion was stronger than in similar markets, with San Jose adding 51,800 positions over a 12-month period through August. The 5.4% growth rate was well above the national average, but it had started to slow down from its June peak at 5.8%. Professional and business services (up 14,200 jobs) and leisure and hospitality (up 14,000 jobs) led gains. More and more tech companies in the Bay Area are announcing layoffs and strategic restructurings, highlighting the impending recession. Thousands of jobs were expected to be cut by a handful of large technology companies. The impact of these cuts on the local multifamily market remains to be seen.

Construction activity declined from last year, with developers bringing online 1,124 units as of October. This represented 0.8% of existing stock, 90 basis points below the national average. The metro had 8,908 units under construction and an additional 48,800 in the planning and permitting stages.

## Market Analysis | December 2022

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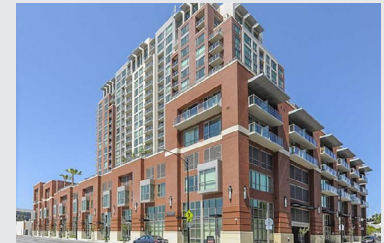
### Recent San Jose Transactions

#### The Platform Urban



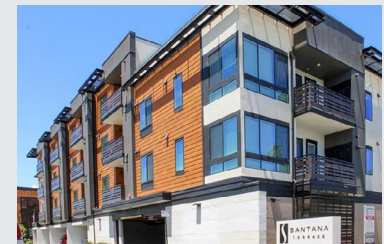
City: San Jose  
Buyer: MG Properties Group  
Purchase Price: \$320 MM  
Price per Unit: \$580,894

#### Centerra



City: San Jose  
Buyer: 3D Investments  
Purchase Price: \$185 MM  
Price per Unit: \$533,141

#### Santana Terrace



City: Santa Clara  
Buyer: Zurich Alternative Asset  
Management  
Purchase Price: \$53 MM  
Price per Unit: \$576,087

#### Montecito



City: Santa Clara  
Buyer: Pacific Urban Investors  
Purchase Price: \$51 MM  
Price per Unit: \$460,909