



MULTIFAMILY REPORT

San Jose Winds Down

December 2023

Deliveries on Par With 2022

Employment Growth Tempers

YoY Rents Decelerate

SAN JOSE MULTIFAMILY



Rents Trend Downward, Development Up

San Jose's multifamily fundamentals stalled at the beginning of the last quarter, as high interest rates continued to leave their mark across the nation. Rent growth stood at -0.6% on a trailing three-month basis through October—50 basis points lower than the U.S. figure—to an overall average of \$3,042. Demand for multifamily remained sturdy, however, as the occupancy rate in stabilized assets was up 10 basis points year-over-year, to 96.0% as of September, 100 basis points above the U.S. rate.

Continued tech layoffs and an overall slower economy contributed to San Jose's 2.6% employment growth on a trailing 12-month basis through August, just above the 2.5% national rate. According to preliminary data from the Bureau of Labor Statistics, unemployment stood at 3.3% as of September, up 90 basis points year-over-year. A total of 18,400 jobs were added in the 12 months ending in August, with education and health services accounting for more than half of that (10,300 positions). Losses were recorded by professional and business services (down 4,000 jobs) and manufacturing (down 2,800 jobs).

Construction activity remained the only fundamental metric on a positive note. San Jose developers delivered 2,361 units year-to-date through October—slightly above the 2022 total. The metro had 10,333 more units under construction, while an additional 42,700 were in the planning and permitting stages.

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Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Tudor Scolca-Seuşan

Associate Editor

Recent San Jose Transactions

DUO



City: San Jose, Calif.
Buyer: Two Coast Living
Purchase Price: \$94 MM
Price per Unit: \$310,631

Vespaio



City: San Jose, Calif.
Buyer: Windy Hill Property
Ventures
Purchase Price: \$84 MM
Price per Unit: \$515,432

The James



City: San Jose, Calif.
Buyer: Virtu Investments
Purchase Price: \$74 MM
Price per Unit: \$390,789