

Yardi® Matrix

# Rents on the Rise

Multifamily Report Summer 2018

Information Sector Leads Economic Growth

Developers Focus on Lifestyle Assets

Home Prices Reach New Peak



# SAN JOSE MULTIFAMILY

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## Market Analysis

Summer 2018

### Contacts

#### Paul Fiorilla

Associate Director of Research  
Paul.Fiorilla@Yardi.com  
(800) 866-1124 x5764

#### Jack Kern

Director of Research and Publications  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

### Author

#### Adina Marcut

Associate Editor

## Silicon Valley Prices Everyone Out

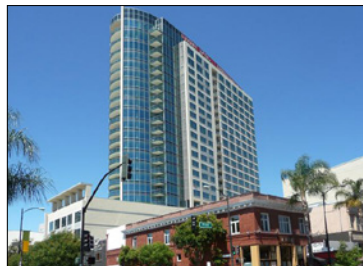
San Jose's multifamily market continues to be strong, driven by a technology-dominant economy. Developers are focusing on upscale assets in the vicinity of corporate campuses, further increasing the need for housing, especially for low- and median-income residents. The metro's affordability issues continue to be a major headwind for population growth, as Silicon Valley's residential market has some of the highest rents in the nation, as well as median home prices just under the \$1 million mark.

The information sector led employment growth in the metro, having added 9,700 jobs in the 12 months ending in April, up 11.9% year-over-year. The construction sector also continued gaining momentum, with major commercial projects taking shape in the metro, including Moffett Towers II, a 1.8 million-square-foot office building that's already fully pre-leased to tech giants Facebook and Amazon.

Development activity remains robust, with 9,800 units under construction as of June and another 46,000 in the planning and permitting stages. The overall high business and living costs, in addition to the prohibitive cost of homeownership, will continue to keep would-be homebuyers in the rental market. As a result, Yardi Matrix expects that metro rents will rise 3.1% in 2018.

## Recent San Jose Transactions

360 Residences



City: San Jose, Calif.  
Buyer: Essex Property Trust  
Purchase Price: \$134 MM  
Price per Unit: \$626,761

Avana Sunnyvale



City: Sunnyvale, Calif.  
Buyer: Greystar  
Purchase Price: \$107 MM  
Price per Unit: \$557,292

The Franciscan



City: Campbell, Calif.  
Buyer: Raintree Partners  
Purchase Price: \$67 MM  
Price per Unit: \$370,556

President Hotel



City: Palo Alto, Calif.  
Buyer: AJ Capital Partners  
Purchase Price: \$65 MM  
Price per Unit: \$866,666