

Yardi® Matrix

MULTIFAMILY REPORT

San Jose's Peaks And Valleys

Spring 2020

Construction Takes a Hit, but Relief is Expected

Rent Growth Positive Through the First Quarter

Economic Profile Favors Quicker Recovery

SAN JOSE MULTIFAMILY

Yardi® Matrix

The South Bay Economy Preps for a Reset

The San Jose metro is bolstered by its tech-anchored economy, which, in the course of the ongoing slowdown, is fairly well insulated to withstand the economic fallout. Rents in the metro were even up 0.1% on a trailing three-month basis as of April, while the U.S. rate plateaued. The metro had been gearing up for record rental inventory growth this year, but delays due to pandemic-related restrictions will likely curb that rise.

With the state processing over 4.7 million initial unemployment claims since the start of the outbreak, economic issues are in sight for California as a whole. While the South Bay's economy is well insulated against the bulk of the issues that are projected, some sectors saw mounting trouble as early as March—leisure and hospitality, the hardest-hit industry, had already lost 9,100 jobs year-over-year. With construction procedures put in place to help get projects back underway, some relief in that sector is expected this summer.

San Jose's average occupancy in stabilized assets stood at 95.4% as of March, well above the national figure. With broad eviction moratoriums in place, that figure hasn't seen significant fluctuations yet, although county authorities are seeking to prolong the measure, pending state-level decisions.

Market Analysis | Spring 2020

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Recent San Jose Transactions

Sofi Waterford Park



City: San Jose, Calif.
Buyer: Pacific Urban Residential
Purchase Price: \$194 MM
Price per Unit: \$449,074

Terra House



City: San Jose, Calif.
Buyer: Nuveen Real Estate
Purchase Price: \$145 MM
Price per Unit: \$417,241