



MULTIFAMILY REPORT

San Jose Stays Strong

March 2023

Yearly Rent Gains Among Nation's Highest

Investment Increases Fivefold

Delivery Volume Expands

SAN JOSE MULTIFAMILY



Fundamentals Temper, Remain Healthy

After a year of strong gains, San Jose rents followed the nationwide deceleration trend, with overall rates decreasing by 0.6% on a trailing three-month basis through January, to an average of \$3,067. Rents in the market contracted 30 basis points faster than the national average during the period, with the U.S. figure now at \$1,701. On a year-over-year basis, San Jose had one of the highest rent expansion rates in the nation, at 8.1%.

Despite a growing wave of tech layoffs, San Jose maintained strong employment growth, with the labor pool expanding by 5.1% during the 12-month period through November—120 basis points higher than the U.S. rate. According to preliminary data from the Bureau of Labor Statistics, the unemployment rate was a tight 2.1% as of December, lower than both the U.S. (3.5%) and California (4.1%) figures. The Silicon Valley BART extension project entered its second phase, which will add an additional four stations from Berryessa through downtown San Jose and to Santa Clara. The expansion is estimated to cost \$9.3 billion, with the testing phase scheduled for 2028-30.

San Jose recorded a 1.1% expansion of stock in 2022, equivalent to 1,470 units. The metro had 9,697 units under construction, with Yardi Matrix expecting roughly 4,000 units to be completed this year. The metro's investment volume in 2022 increased five times more than the previous year, with \$1.1 billion in sales recorded.

Market Analysis | March 2023

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

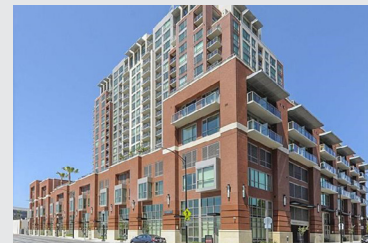
Author

Scolca-Seuşan Tudor-Vlad

Associate Editor

Recent San Jose Transactions

Centerra



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

ReNew Berryessa



City: San Jose, Calif.
Buyer: FPA Multifamily
Purchase Price: \$74 MM
Price per Unit: \$337,045

Santana Terrace



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

Montecito



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