

Yardi® Matrix

# Technology Propels San Jose

Multifamily Report Winter 2019

Job Growth Rate  
Outpaces Nation

Deliveries  
Taper Off

Sliding Supply Powers  
Rent Growth

# SAN JOSE MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2019

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## Demand Pressured by Lagging Supply

San Jose's tech sector propelled the metro to a position among the world's fastest-growing economies. The ranking is reflected in the multifamily sector, where demand for housing has increased rents by 5.0% year-over-year through November to \$2,862, more than double the national average.

Employment growth has been solid, hovering around the 3.0% mark all year long, hitting 3.3% in September, above the 2.0% national rate. San Jose added 36,500 jobs in the year ending in September, with all but one sector seeing net positives. Consequently, the unemployment rate clocked in at 2.5% as of September. Education and health services led growth with the addition of 9,600 jobs and is expected to sustain its performance. In early 2019, Stanford's new 35-acre Redwood City campus is anticipated to open and add 2,700 jobs. Other notable developments estimated to boost the area's economy are JPMorgan Chase's 195,000-square-foot fintech campus in Palo Alto's Stanford Research Park and Google's plan to build a mixed-use campus that will accommodate some 20,000 employees by 2035.

Deliveries fell in 2018, as only 1,370 units were added through November, about 1.1% of total stock. The transaction volume hit \$935 million through the first 10 months of the year, with an overall per-unit price of \$503,827, as assets continued to rise in value in an undersupplied market.

## Recent San Jose Transactions

El Rancho Verde



City: San Jose, Calif.  
Buyer: WNC & Associates  
Purchase Price: \$370 MM  
Price per Unit: \$528,571

Meridian at Midtown



City: San Jose, Calif.  
Buyer: Essex Property Trust  
Purchase Price: \$104 MM  
Price per Unit: \$477,064

The Verandas at Cupertino



City: Cupertino, Calif.  
Buyer: Prometheus Real Estate Group  
Purchase Price: \$74 MM  
Price per Unit: \$614,583

The Crossing



City: Sunnyvale, Calif.  
Buyer: Interstate Equities Corp.  
Purchase Price: \$64 MM  
Price per Unit: \$429,054