



MULTIFAMILY REPORT

San Jose Endures

March 2025

T3 Rents Contract

Supply Remains Solid

Investment Improves Slightly

SAN JOSE MULTIFAMILY



Rents Still On Downward Trend, Supply Strong

San Jose's multifamily market started the new year with mixed performance. On one hand, advertised asking rents were down 0.3% on a trailing three-month basis through January, to \$3,145. This was 20 basis points below the U.S. figure and marked the fourth consecutive month of contractions. On the other hand, the occupancy rate in stabilized assets grew 40 basis points, to 96.4% as of January, while the national figure slid 10 basis points, to 94.5%. Year-over-year rent growth stood at 1.8% through January, placing San Jose above most metros tracked by Yardi Matrix.

Employment growth stood at 0.5% year-over-year through November, 80 basis points below the U.S. figure, according to data from the Bureau of Labor Statistics. Over the 12-month period ending in November, San Jose added 5,900 net jobs. Education and health services led growth, up 12,300 positions, while four sectors recorded a combined loss of 14,700 jobs, with information taking the hardest hit (-5,700 jobs).

Meanwhile, supply dynamics remained stable in San Jose. The metro added 4,592 units, or 3.2% of total stock, in 2024, marking the second best year for deliveries in the past eight years. A total of 6,524 units were under construction in January, along with an additional 53,000 units in the planning and permitting stages. Meanwhile, investment activity signaled a slight recovery, with \$1 billion in assets changing hands last year.

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Recent San Jose Transactions

Summerwood



City: Santa Clara, Calif.
Buyer: Interstate Equities Corp.
Purchase Price: \$203 MM
Price per Unit: \$434,081

The Harlowe



City: Milpitas, Calif.
Buyer: Pacific Urban Investors
Purchase Price: \$109 MM
Price per Unit: \$410,714

Parker Palo Alto



City: Palo Alto, Calif.
Buyer: Spieker Cos.
Purchase Price: \$66 MM
Price per Unit: \$242,408

Sofi at Los Gatos Creek



City: San Jose, Calif.
Buyer: Bridge Investment Group
Purchase Price: \$61 MM
Price per Unit: \$316,710