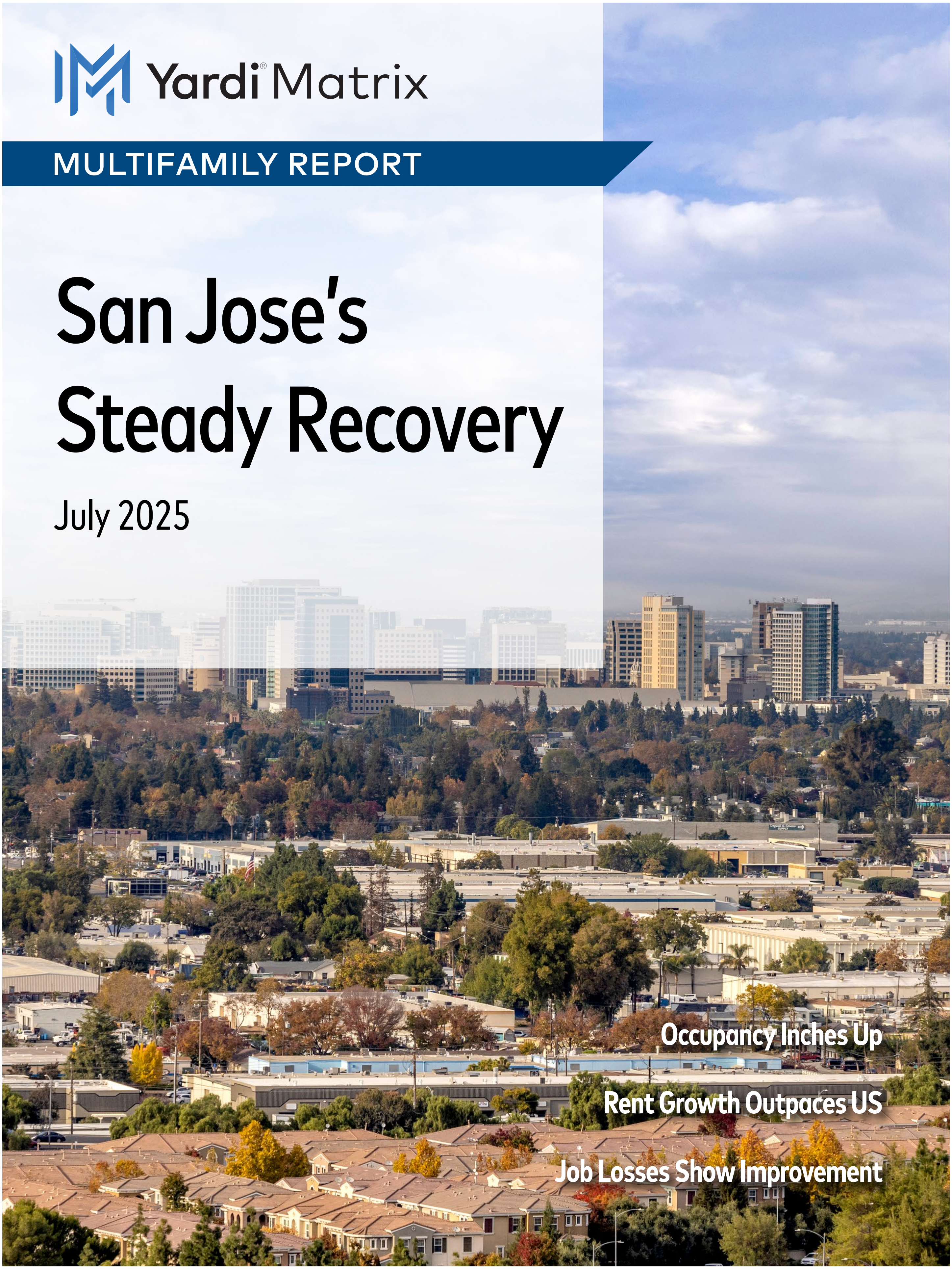
Yardi® Matrix

MULTIFAMILY REPORT

San Jose's Steady Recovery

July 2025



Occupancy Inches Up

Rent Growth Outpaces US

Job Losses Show Improvement

SAN JOSE MULTIFAMILY

Yardi Matrix

Rents Accelerate, Construction Slows

San Jose's multifamily market recovered faster than other West Coast markets, despite facing economic uncertainty at the start of 2025. Average advertised asking rents were up 0.6%, on a trailing three-month basis through May, to $3,259. The rate clocked in 30 basis points ahead of the U.S. figure. San Jose was among the top-performing markets for year-over-year rent growth, with the rate at 2.6%, while the national average was up 1.0%. Although 2024 was the the metro's second-best year in terms of new supply in the past eight years, occupancy in stabilized assets inched up 10 basis points over 12 months, to 96.3%.

San Jose's unemployment rate stood at 3.9% in April, down only 10 basis points since the start of the year, according to preliminary data from the Bureau of Labor Statistics. Silicon Valley employment improved slightly from last year, but with gains still in the red, at -0.2% through March. In the 12 months ending in March, Silicon Valley saw a net loss of 6,000 positions. Only education and health services (9,000 jobs), government (1,800) and other services (700) recorded improvements.

Completions totaled 1,597 units year-to-date through May, which accounted for 1.1% of existing stock. Activity slowed down, moving closer to historical averages, but there were still 5,202 units under construction as of May, along with an additional 56,000 apartments in the planning and permitting stages.

Market Analysis | July 2025

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Recent San Jose Transactions

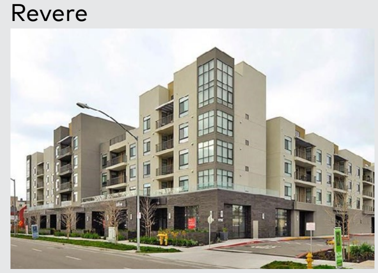
Villages at Cupertino

City: Cupertino, Calif.
Buyer: Rockpoint Group
Purchase Price: $207 MM
Price per Unit: $442,735

Parc at Pruneyard

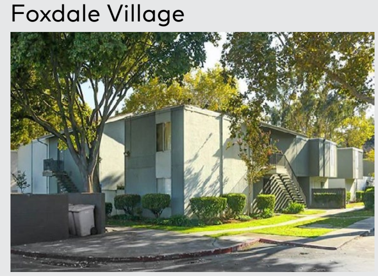
City: Campbell, Calif.
Buyer: Essex Property Trust
Purchase Price: $123 MM
Price per Unit: $486,111

Revere



City: Campbell, Calif.
Buyer: Essex Property Trust
Purchase Price: $118 MM
Price per Unit: $702,381

Foxdale Village



City: San Jose, Calif.
Buyer: Affordable Housing Access
Purchase Price: $84 MM
Price per Unit: $292,683

RENT TRENDS

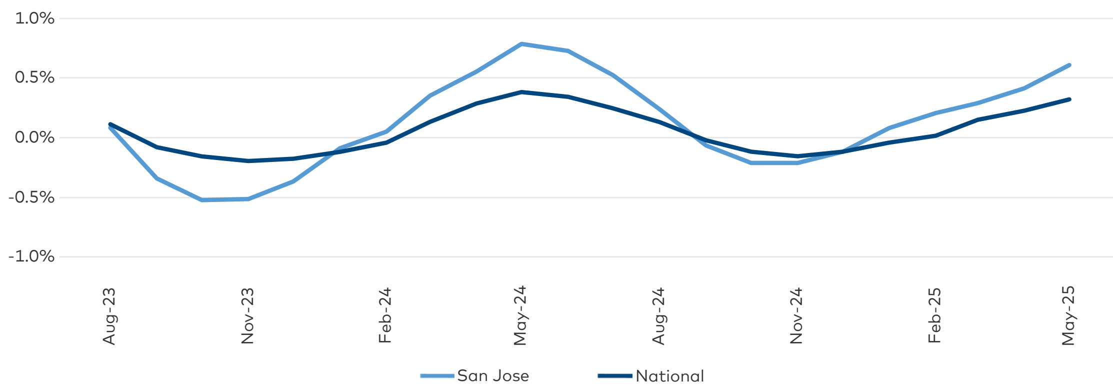
- San Jose advertised asking rents grew 0.6%, on a trailing three-month (T3) basis through May, to an average of $3,259. The rate was 30 basis points ahead of the national figure and has been on a continuous recovery since the start of the year. San Jose ended 2024 with four months of contractions. Since December, the T3 figure improved at a much faster pace than the national average. Rents in the metro were up 2.6% year-over-year, 160 basis points ahead of the U.S. figure.

- Asking rents in both quality segments recovered quickly from the start of the year. The average for upscale Lifestyle properties grew 0.7%, on a T3 basis through May, to $3,569, while the figure for the working-class Renter-by-Necessity segment was up 0.5%, to $2,866.

- The overall occupancy in stabilized San Jose assets inched up 10 basis points over 12 months, to 96.3% as of April. In the context of last year's supply surge, this highlights the need for more housing across the metro. RBN occupancy ticked up 20 basis points, to 95.8%, while the Lifestyle figure remained unchanged, at 96.7%. Meanwhile, the national average declined 30 basis points, to 94.4%.

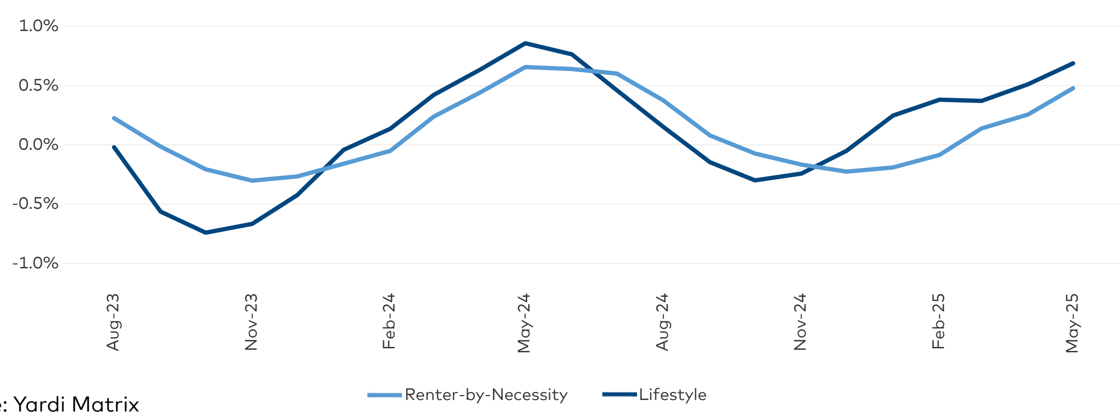
- Year-over-year rent growth was strongest in some of the most densely populated San Jose submarkets. North San Jose led gains (4.3% to $3,376), followed by Cupertino (4.3% to $3,694), the Far South San Jose (3.9% to $2,949), Santa Clara (3.6% to $3,482) and Mountain View–Los Altos (3.5% to $3,646).

San Jose vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

San Jose Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- San Jose's unemployment rate stood at 3.9% as of April, down only 10 basis points since December last year, according to preliminary BLS data. The trend remains on a positive trajectory, however. Compared to last year's highest point, unemployment was down 80 basis points. The national figure was 4.2% in April, while California's rate was 5.3%.
- Employment gains turned negative, with the rate at -0.2% as of March, which placed it 110 basis points behind the U.S. figure. While still contracting, San Jose employment improved, compared to last year when it hit a trough of -0.7%.
- In the 12 months ending in March, San Jose recorded a net loss of 6,000 jobs, with only three sectors posting gains: education and health services (9,000 jobs), government (1,800) and other services (700). The other sectors lost a combined 17,500 positions, with professional and business services down 6,200 jobs, followed by manufacturing (-4,200).
- Office-to-residential conversions are gaining traction in the area. Jay Paul Co. filed plans earlier this year to redevelop four office buildings comprising several million square feet into 320 units. Additionally, the developer will build a new residential high-rise as part of the project's second phase, bringing the total to 680 units.

San Jose Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	216.5	19.0%
90	Government	102.4	9.0%
80	Other Services	27.6	2.4%
40	Trade, Transportation and Utilities	116.3	10.2%
70	Leisure and Hospitality	100	8.8%
55	Financial Activities	35.3	3.1%
50	Information	92.2	8.1%
15	Mining, Logging and Construction	50.4	4.4%
30	Manufacturing	121.4	10.6%
60	Professional and Business Services	279.1	24.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- San Jose lost 13,767 net residents in 2022 to migration trends and the proliferation of hybrid work, marking a 0.7% decline. Meanwhile, the U.S. population grew by 0.4%.
- However, the population is rebounding, with some 30,000 residents gained between 2023 and 2024.

San Jose vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
San Jose	1,987,846	1,985,926	1,995,351	1,981,584

Source: U.S. Census

SUPPLY

- San Jose developers had 5,202 units under construction as of May, along with an additional 56,000 units in the planning and permitting stages. Along with nearby San Francisco, San Jose also stood out in terms of its growing share of much-needed affordable developments. Nearly 60% of all units under construction were in fully affordable projects, while roughly 29% were Lifestyle and 11% were RBN assets.

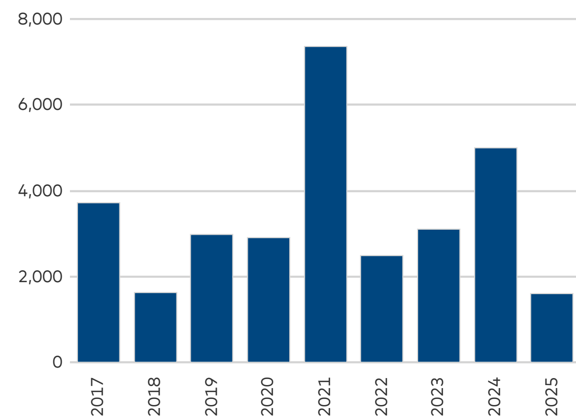
- San Jose added 1,597 units to its inventory year-to-date through May, which was 1.1% of existing stock and 10 basis points ahead of the national figure. This was roughly 400 units less than the total delivered in the same period last year, as nationwide trends point to a slowdown in activity. Developers completed an average of 3,647 units each year since 2017, with 2021 and 2024 recording the largest volumes—7,361 and 5,001 units. Should market conditions hold, Yardi Matrix expects 2025 completions to amount to roughly 3,700 units.

- A single project, comprising 164 units, broke ground in the metro during the first five months of the year. This was a significant decline from the five properties, or 689 units, that started construction in the same period last year.

- Construction volume in two submarkets exceeded the 1,000-unit mark as of May: Santa Clara (1,522 units under construction) and Mountain View–Los Altos (1,003).

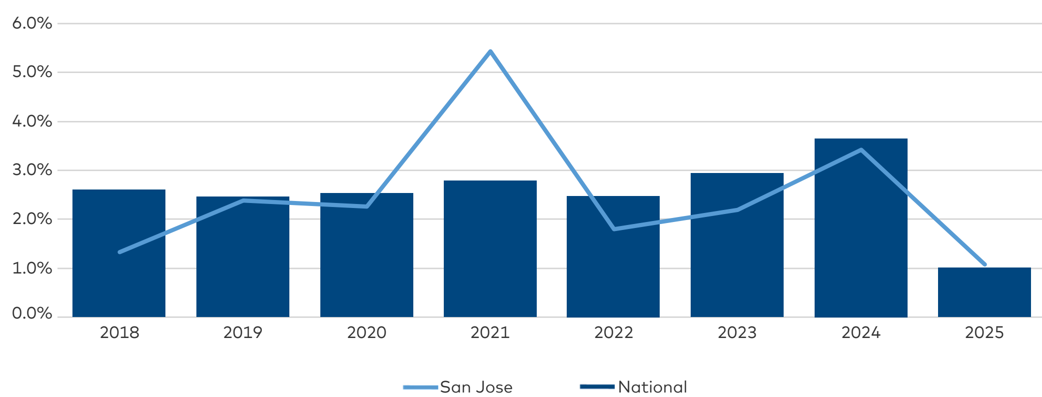
- Miramar Capital is developing the largest project underway in the area. The company is building a 716-unit, partially affordable teacher housing community in Mountain View–Los Altos, dubbed The Sevens. Some renters have already started moving in.

San Jose Completions (as of May 2025)



Source: Yardi Matrix

San Jose vs. National Completions as a Percentage of Total Stock (as of May 2025)

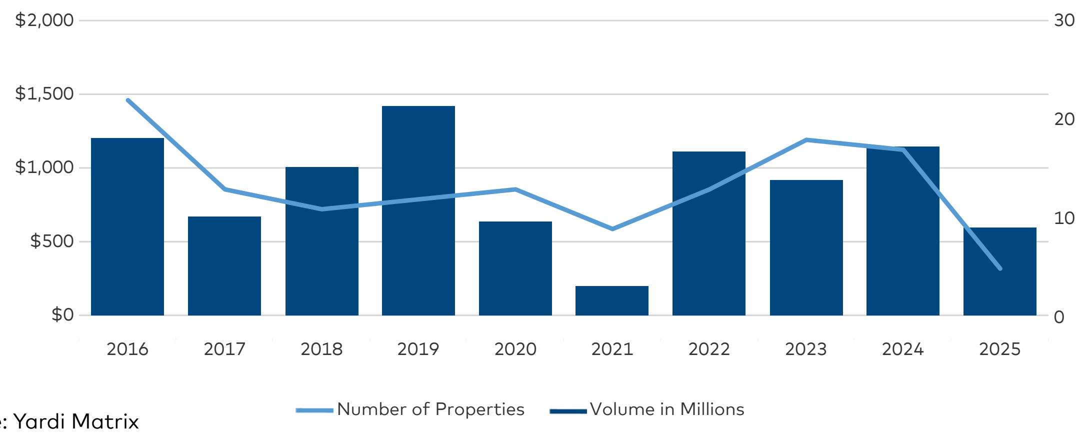


Source: Yardi Matrix

TRANSACTIONS

- San Jose investors traded five multifamily assets of more than 50 units each for a total of $598 million in the first five months of the year. That was $85 million more than the volume recorded in the same period last year and in line with nationwide trends, as investment showed signs of recovery. There is room for more, however. Over the past 10 years, San Jose investors have traded an average of $910 million in multifamily assets yearly.
- The average price per unit was $471,552 for the first five months of 2025, up 5.0% from 2024's average but also boosted by a small sample size. Three RBN assets changed hands for an average of $421,554 per unit, along with two Lifestyle properties that traded for $572,619 per unit.
- The Cupertino and Campbell submarkets consistently ranked high in terms of investment volume. Rockpoint Group paid $207 million—$442,735 per unit—to Koret Foundation for Villages at Cupertino, a 468-unit community.

San Jose Sales Volume and Number of Properties Sold (as of May 2025)



Source: Yardi Matrix

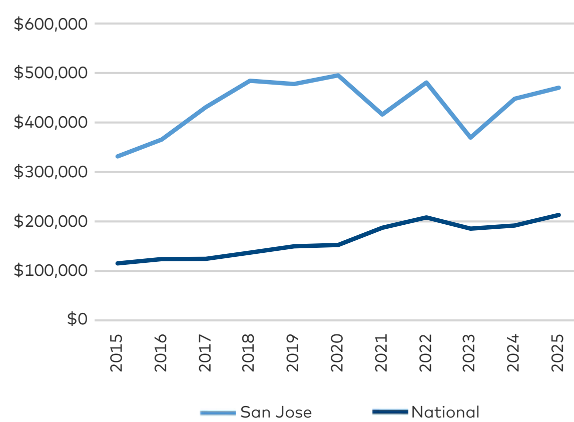
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Cupertino	398
Campbell	241
Santa Clara	203
Milpitas	109
East San Jose	84
West San Jose	71
Palo Alto–Stanford	66

Source: Yardi Matrix

[1] From June 2024 to May 2025

San Jose vs. National Sales Price per Unit



Source: Yardi Matrix

Expanding California's Affordable Housing Stock: A Local Perspective

By Diana Firtea

Between 2010 and 2020 alone, the cost of building multifamily housing in California increased by about 25 percent, according to a report by the Terner Center for Housing Innovation at UC Berkeley. Additionally, recent research from RAND found that California is the most expensive state for multifamily housing production. Despite all barriers, EAH Housing has delivered 600 new units in the past year alone and has more than 750 units currently under construction.

How do you identify new construction opportunities in California?

Location is paramount. We seek sites that offer residents easy access to public transportation, services and employment. Community and political support is another key factor. We look for areas where local governments recognize the need for affordable housing and offer the resources and incentives necessary to support these projects. Financial feasibility is equally as critical as securing diverse funding sources is key to long-term viability.

How do you ensure that the needs and preferences of local communities are incorporated into your project plans?

For a long-term developer, owner and operator, receiving feedback is an essential part of the development process, particularly for projects involving public land or city-led initiatives. Whether outreach is handled by the city or directly by EAH as the developer, engaging with neighbors and residents is key to understanding priorities and concerns.

Once we've gathered feedback, we integrate it in meaningful ways that align with project feasibility. Some aspects—such as exterior design choices or the inclusion of community amenities—can be tailored to reflect neighborhood preferences. At the same time, we must balance input with funding and regulatory requirements.

You recently developed Greenfield Commons I in Greenfield, Calif., your first modular construction development. What are the benefits of modular construction?

Modular construction has advantages, especially in areas with labor shortages or logistical constraints. At Greenfield Commons I, modular construction was a strategic choice to navigate challenges regarding the site's size, location and labor constraints.

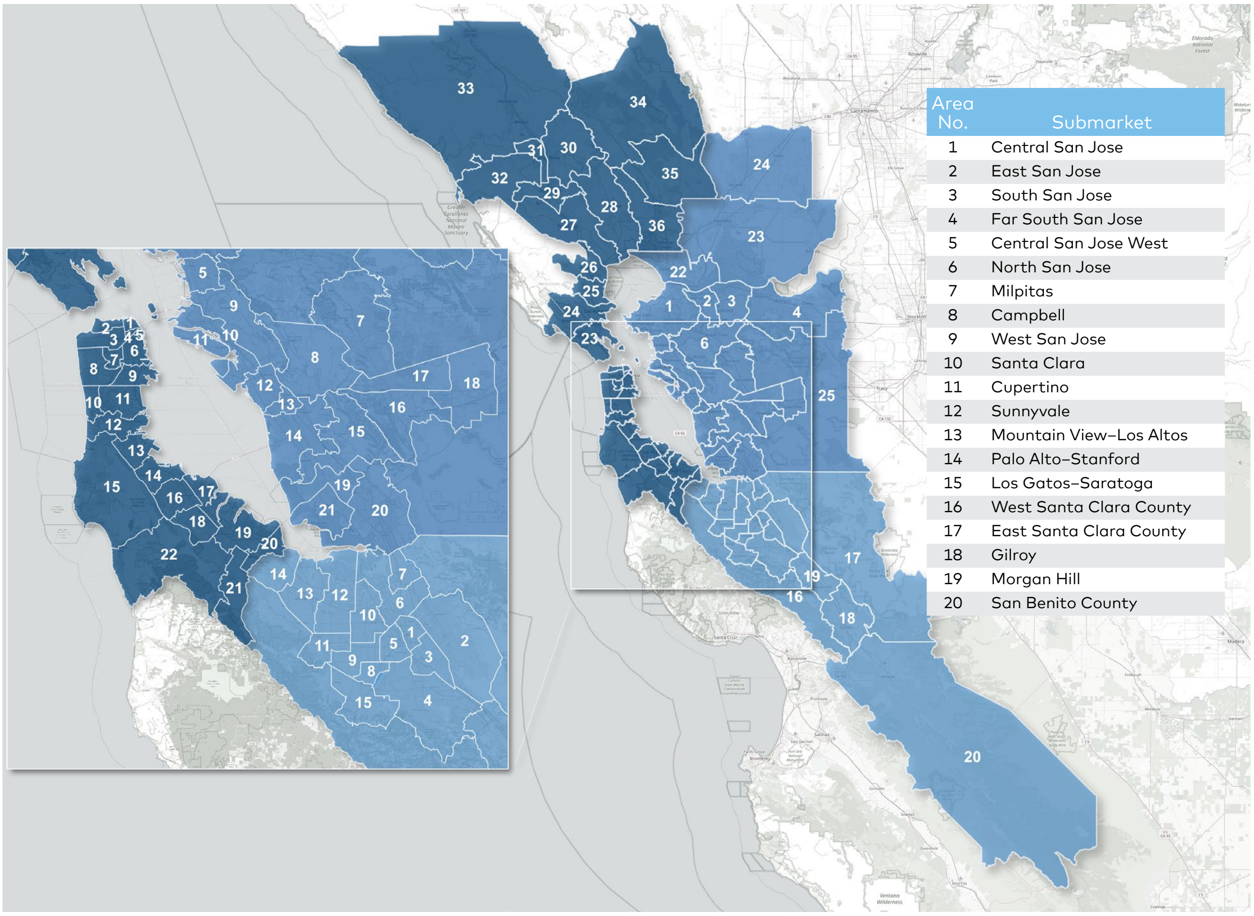
By taking the modular approach, we overcame risks and inefficiencies associated with framing—a labor-intensive process requiring skilled workers. Sourcing these workers is a challenge. Waste reduction is another upside of modular construction. Because components are built in a controlled environment, there's less material waste and room for error.

Are there any specific areas in California that are more suitable for new affordable housing development than others?

The need for affordable housing spans all of California, making it difficult to pinpoint specific regions as the most suitable.

(Read the complete interview on multihousingnews.com.)

SAN JOSE SUBMARKETS



Area No.	Submarket
1	Central San Jose
2	East San Jose
3	South San Jose
4	Far South San Jose
5	Central San Jose West
6	North San Jose
7	Milpitas
8	Campbell
9	West San Jose
10	Santa Clara
11	Cupertino
12	Sunnyvale
13	Mountain View–Los Altos
14	Palo Alto–Stanford
15	Los Gatos–Saratoga
16	West Santa Clara County
17	East Santa Clara County
18	Gilroy
19	Morgan Hill
20	San Benito County

Area No.	Submarket
1	Northeast San Francisco
2	Northwest San Francisco
3	Golden Gate Park
4	Market Street
5	China Basin
6	Eastern San Francisco
7	Central San Francisco
8	Southwest San Francisco
9	Southeast San Francisco
10	Broadmoor/Daly City
11	Colma/Brisbane
12	South San Francisco
13	Millbrae/Airport
14	Burlingame
15	Moss Beach
16	San Mateo
17	Foster City
18	Belmont/San Carlos

Area No.	Submarket
19	Redwood City
20	Menlo Park/East Palo Alto
21	Atherton/Portola
22	Woodside
23	Tiburon/Sausalito
24	San Rafael
25	Lucas Valley
26	Novato
27	Petaluma
28	Sonoma
29	Rohnert Park
30	Santa Rosa
31	Roseland
32	Sebastapol
33	Northern Sonoma County
34	Deer Park/St. Helena
35	Napa North
36	Napa South

Area No.	Submarket
1	Richmond
2	Pleasant Hill/Martinez
3	Concord
4	Antioch/Oakley
5	Berkeley
6	Walnut Creek/Lafayette
7	San Ramon–West/Danville
8	Castro Valley
9	Oakland East/Oakland Hills
10	Downtown Oakland
11	Alameda
12	San Leandro
13	San Lorenzo

Area No.	Submarket
14	Hayward
15	Union City
16	Pleasanton
17	Dublin
18	Livermore
19	West Fremont
20	East Fremont
21	Newark
22	Vallejo/Benicia
23	Fairfield
24	Vacaville
25	San Ramon–East

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

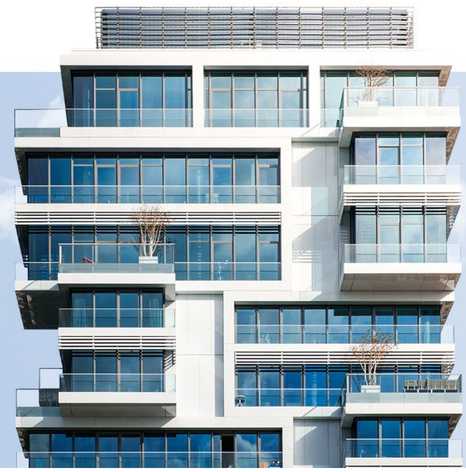
The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

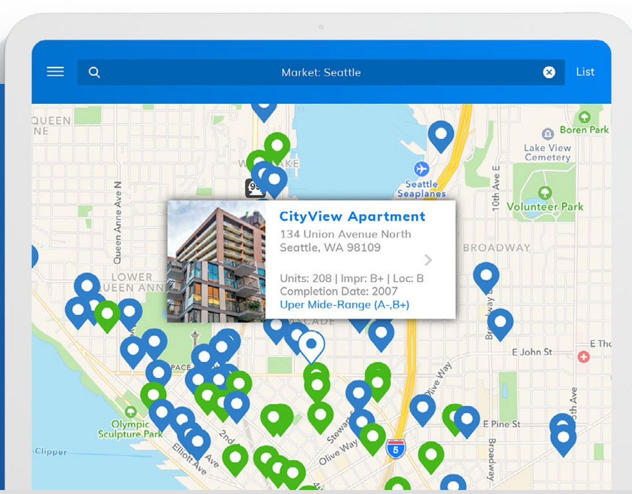
Yardi Matrix

Power your business with the industry's leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on nearly **23 million units**, covering over **92% of the U.S. population.**

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