



MULTIFAMILY REPORT

San Jose Holds Its Own

December 2025

Occupancy Outperforms US

Investment Hits Decade Peak

Rent Gains Decelerate

SAN JOSE MULTIFAMILY



Investment Hits Peak, Supply Slows

San Jose entered the fourth quarter of 2025 with multifamily fundamentals holding up relatively well considering the wider economic climate. Average advertised asking rents slid 0.1%, on a trailing three-month basis through October, to \$3,310—10 basis points ahead of the nation—following a six-month period of slowing gains. Year-over-year, however, San Jose asking rents were up 3.7% through October, ahead of both the nation (0.5%) and all other major California markets, including San Francisco (3.4%), Los Angeles (0.3%), Sacramento (-0.1%) and San Diego (-0.5%). Further, occupancy in stabilized assets climbed 40 basis points, to 96.7%, once again outpacing the 94.7% U.S. figure.

Silicon Valley employment slid 0.2% through August 2025, down to 100 basis points behind the U.S. and continuing an eight-month streak of contractions. In the 12 months ending in August, the metro lost a net 2,000 jobs, with education and health services standing out as a strong performer (up 8,600 positions), while professional and business services lost the most jobs (-8,100). Several ongoing projects promise to boost the health-care sector, including a new, \$422 million inpatient psychiatric facility.

Completions slowed down across metro San Jose, with developers adding 3,769 units in 2025 through October. Meanwhile, investment activity picked up, with \$1.5 billion trading—already exceeding every other year since at least 2015.

Market Analysis | December 2025

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Recent San Jose Transactions

The Park Kiely



City: San Jose, Calif.
Buyer: Standard Communities
Purchase Price: \$370 MM
Price per Unit: \$390,295

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

ViO

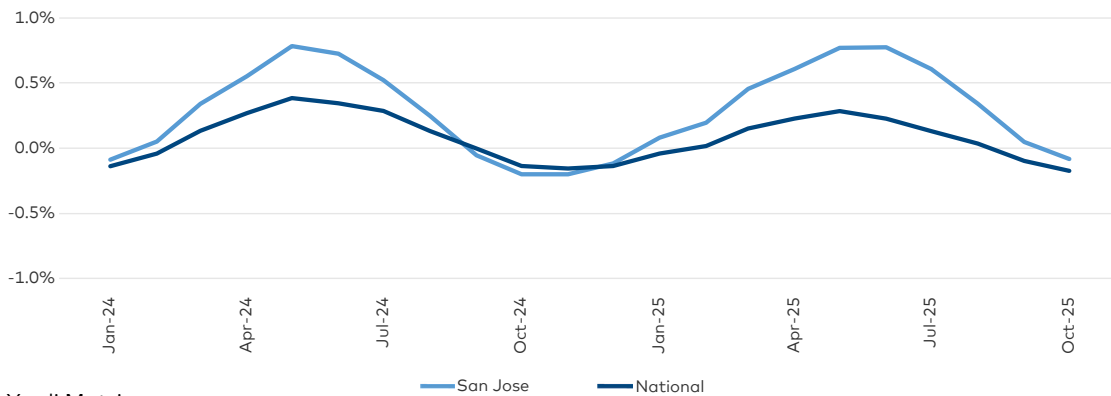


City: San Jose, Calif.
Buyer: Essex Property Trust
Purchase Price: \$100 MM
Price per Unit: \$427,350

RENT TRENDS

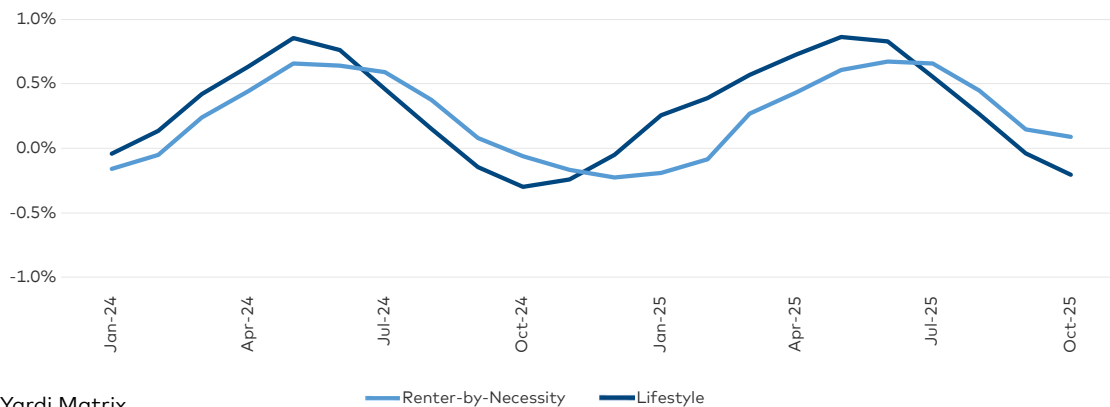
- ▶ San Jose advertised asking rents slid 0.1%, on a trailing three-month (T3) basis through October, 10 basis points above the national figure, to an average of \$3,310. This followed relative solid gains for the metro in the first part of the year, especially in the summer months, when San Jose outpaced the nation by 50 basis points. Rates in the metro were up 3.7% year-over-year through October, significantly ahead of the 0.5% national average.
- ▶ Rates for the working-class Renter-by-Necessity segment held up better, ticking up 0.1%, on a T3 basis through October, to \$2,924. The figure for upscale Lifestyle properties was down 0.2%, to \$3,610. Both segments decelerated in somewhat equal measure starting in the third quarter of 2025.
- ▶ Occupancy in stabilized assets rose 40 basis points year-over-year, to 96.7% as of September. That was 200 basis points higher than the U.S. figure, pointing to steady demand in the context of strong 2024 supply. Lifestyle occupancy ticked up 40 basis points, to 96.9%, while the RBN figure climbed 50 basis points, to 96.3%.
- ▶ A few San Jose submarkets stood out for rent growth year-over-year through October. Sunnyvale led gains (6.2% to \$3,378). Mountain View–Los Altos (5.4% to \$3,740), Palo Alto–Stanford (5.4% to \$3,818), North San Jose (5.1%, \$3,418) and Santa Clara (5.0%, \$3,538) rounded out the top five. The AI boom, with NVIDIA's staggering growth as a flagship, coupled with relatively low supply contributed to some of this performance.

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

- ▶ The metro's unemployment rate stood at 4.7% as of August 2025. That was 40 basis points higher than the national figure but 80 basis points below California's average. San Jose's rate started improving in September 2024 and hovered between 3.9% and 4.2% until June 2025, when it spiked again.
- ▶ San Jose employment slid 0.2% through August, 100 basis points behind the national average. Little to no improvement occurred across the Silicon Valley job market over the past 15 months. Several rounds of tech layoffs coupled with overall uncertainty have contributed to a slow year.
- ▶ In the 12 months ending in August, San Jose lost a net total of 2,000 jobs. Education and health services remained an outlier, mirroring the national trend and adding 8,600 positions. Government (1,900) and leisure and hospitality (1,500) followed. Professional and business services (-8,100), financial activities (-1,300) and information (-500) all contracted.
- ▶ Among upcoming projects expected to further boost the Inland Empire's health-care sector is a \$422 million inpatient psychiatric facility for children and adolescents. The 207,000-square-foot facility is part of Santa Clara Medical Center and will include 66 hospital beds and a 50-bed emergency section. It is set to open later this year.

San Jose Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	215.5	18.8%
90	Government	98.4	8.6%
70	Leisure and Hospitality	106.2	9.2%
15	Mining, Logging and Construction	54.8	4.8%
80	Other Services	27.2	2.4%
50	Information	93.7	8.2%
40	Trade, Transportation and Utilities	116	10.1%
55	Financial Activities	35.2	3.1%
30	Manufacturing	122.3	10.6%
60	Professional and Business Services	279.6	24.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Silicon Valley's population has swung both ways since 2020, often influenced by work-from-home policies.
- ▶ Between mid-2023 and mid-2024, the area added 30,006 people, which the most recent Census estimates show.

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

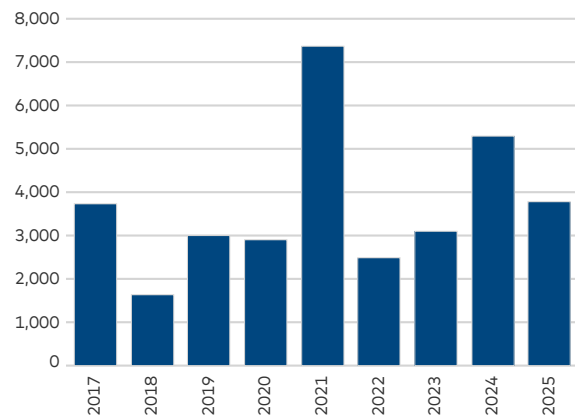
Source: U.S. Census

SUPPLY

- ▶ San Jose developers had 4,188 units under construction as of October, along with an additional 58,000 units in the planning and permitting stages. The metro's under-construction pipeline comprised a whopping 65.7% of units in fully affordable developments, significantly ahead of other major California metros, as well as the national average (16.4%). The remaining portion were units in Lifestyle projects.
- ▶ A total of 3,769 units came online across the market in 2025 through October. That was 2.5% of existing stock, just 10 basis points behind the U.S. average. Completions slowed down, in line with nationwide trends, following a strong 2024, when 5,285 units came online. Still, deliveries this year remained above the 3,683-unit annual average recorded since 2017. According to our latest forecast, 2026 will see just about 1,200 units added across metro San Jose, after which deliveries are expected to pick up again in 2027 and 2028.
- ▶ Developers broke ground on 1,900 units across 10 projects this year through October. That was slightly above the 1,281 apartments in 10 as-sets that started construction during the same period of 2024.

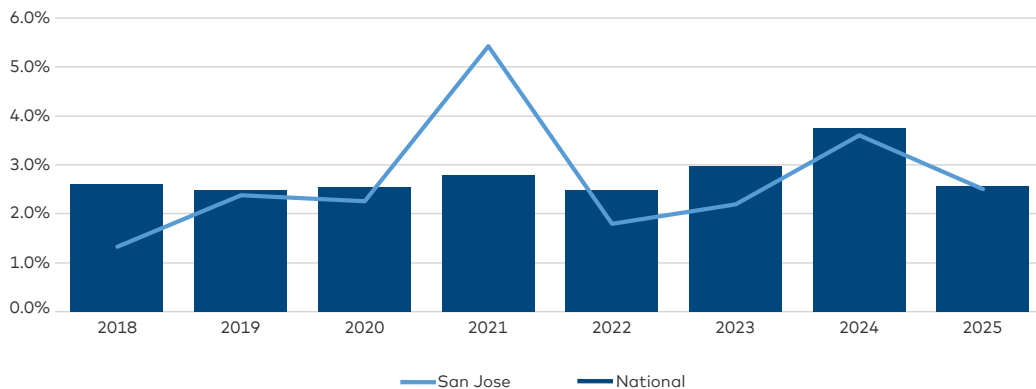
- ▶ Four San Jose submarkets comprised more than half of all units underway as of October, partly driven by incentive programs to bring more housing to these areas, as well as transit-led investments. Central San Jose came first (693 units), followed by Central San Jose West (654), East San Jose (509) and Santa Clara (411).
- ▶ In April, The Hanover Co. started work on the largest project underway this year, a 345-unit community at 905 N. Capitol Ave. in San Jose.

San Jose Completions (as of October 2025)



Source: Yardi Matrix

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

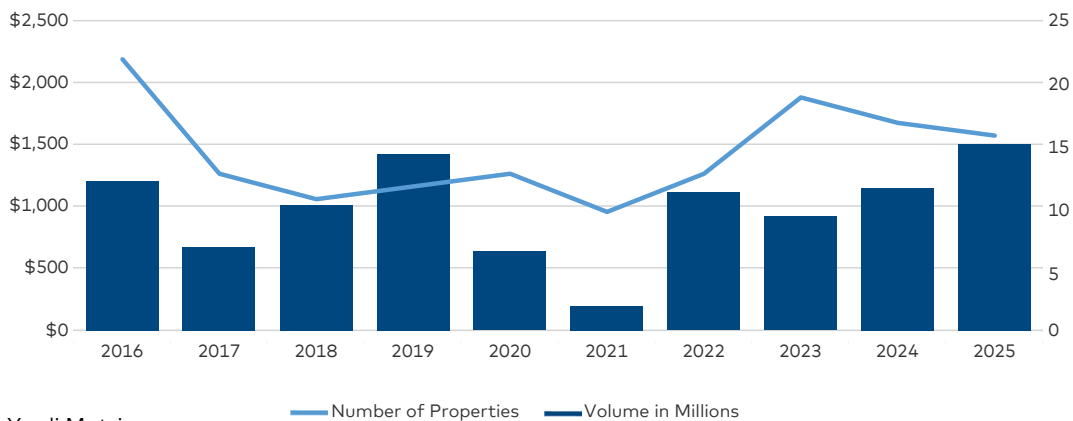


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investors traded \$1.5 billion in metro San Jose multifamily assets in 2025 through October, already marking the best year for transactions since at least 2015. Volume increased 70% from the same period of 2024, when \$883 million in communities changed hands. Over the past decade, investors traded an average of \$910 million per year. Out-of-reach homeownership coupled with sturdy rental fundamentals and capital spillovers from other sectors were among the factors boosting the year's performance.
- ▶ The average price per unit was \$397,972 in 2025 through October, down 11.4% compared to 2024. This was due to a shift in sales distribution—this year, six Lifestyle and 10 RBN properties traded, while in 2024, 10 Lifestyle and only seven RBN assets changed hands.
- ▶ A couple of blockbuster deals spurred investment volume this year. The largest was Standard Communities' \$370 million acquisition of the 948-unit Park Kiely in West San Jose. Greystar sold the asset for \$390,295 per unit.

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



Source: Yardi Matrix

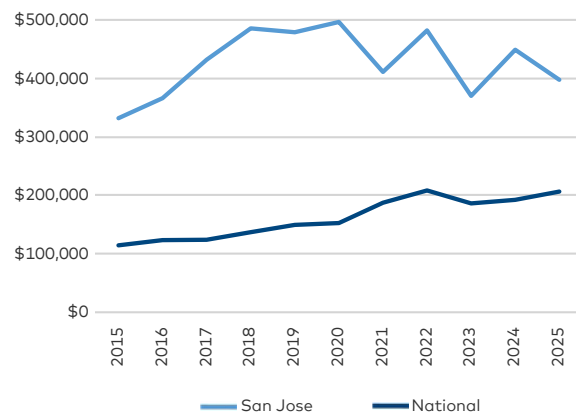
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
West San Jose	507
Cupertino	274
Campbell	241
Santa Clara	203
East San Jose	182
Far South San Jose	100
Central San Jose West	87

Source: Yardi Matrix

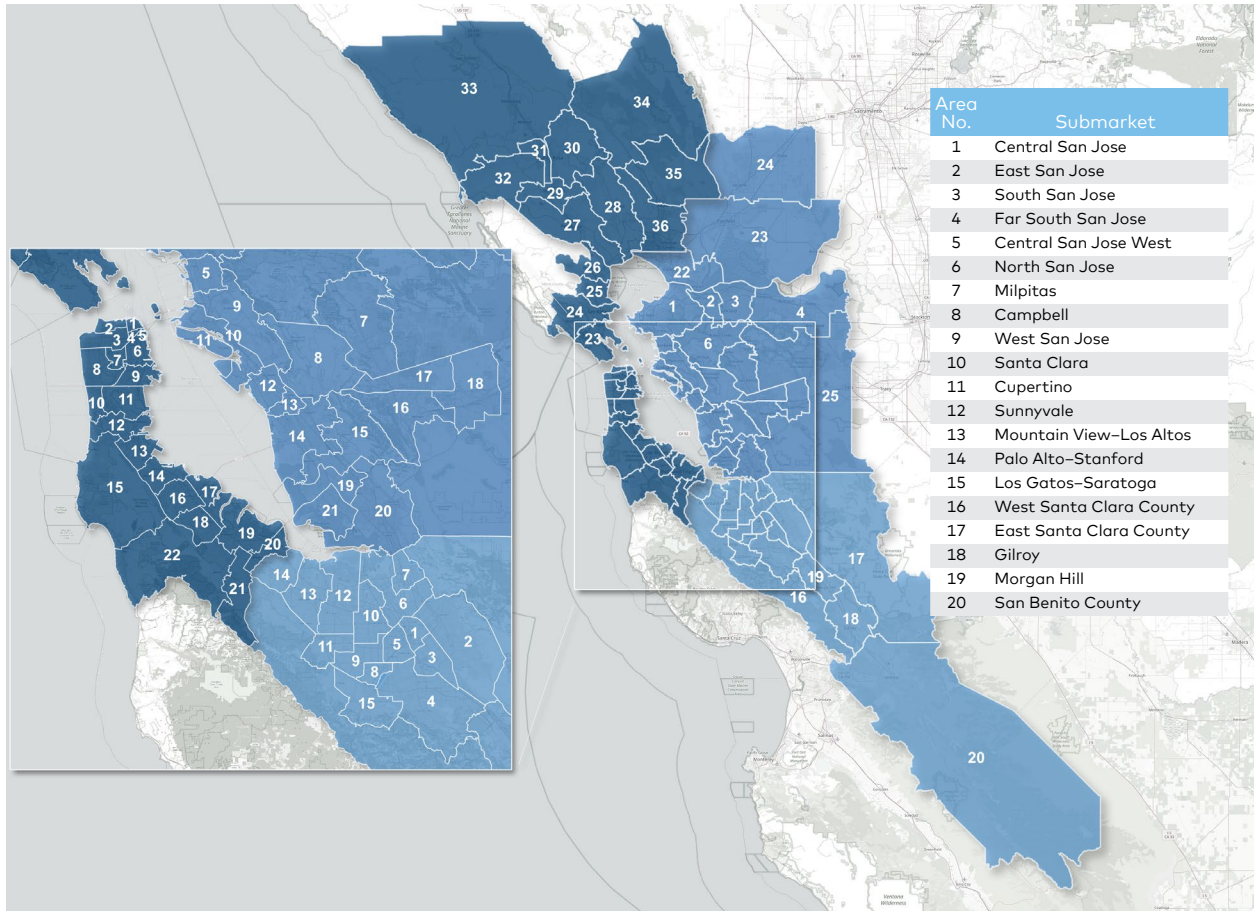
¹ From November 2024 to October 2025

San Jose vs. National Sales Price per Unit



Source: Yardi Matrix

SAN JOSE SUBMARKETS



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.

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- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



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