SAN JOSE, CA

2024 MARKET AT A GLANCE

OCCUPANCY RATE (Q4 2024)	EFFECTIVE RENT (Q4 2024)	RENT SHARE OF WALLET (Q4 2024)
95.6%	$3,186	23.6%
UNCHANGED YOY	UP 4.4% YOY	UP 30 BPS YOY

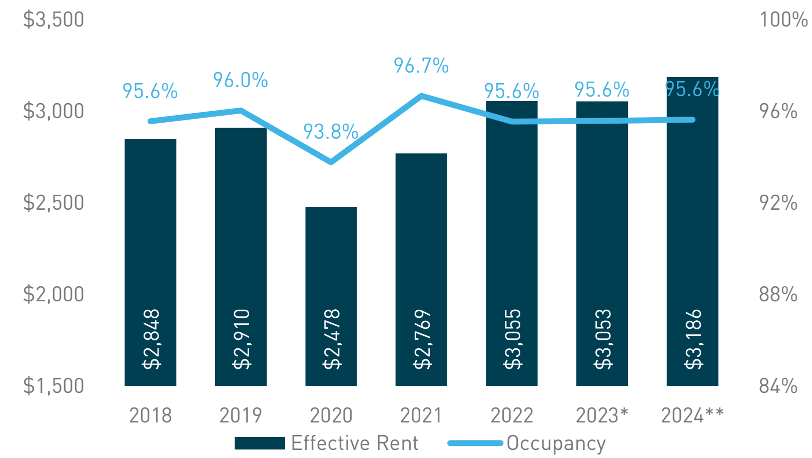
Sticky Home Prices, Return-to-Office Mandates Bolster Apartment Demand

The recent surge in the return-to-office trend has resulted in a notable upswing in both office occupancy rates and the demand for apartments across the San Jose metropolitan area. This resurgence correlates with a broader expansion in total employment figures, as the labor force is forecast to increase 0.9% by the end of 2024. Notably, downtown-based companies such as Zoom and Adobe have instituted mandates requiring their employees to work in the office for a minimum of three days per week. The scarcity of accessible and reasonably priced housing in the San Jose metro has steered residents towards apartments to address their housing needs. Projections indicate an annual decrease in home prices, although they are anticipated to remain above $1.7 million by the conclusion of 2024. This pricing outlook places homes beyond financial reach for a broad spectrum of residents, including high-wage earners. The introduction of 5,554 new apartment units by year-end is expected to nearly align with the pace of absorption, indicating a consistent demand for housing. Amid the rise in new apartment offerings, occupancy rates are forecast to remain level, giving a sense of assurance among apartment operators. The stability is complemented by a consistent annual growth in median household income, projected at 3.2% in 2024. Positive economic indicators and the equilibrium between supply and demand provide apartment owners with the confidence to increase rents. Monthly effective rent is expected to reach $3,186 in the fourth quarter of 2024 for an annual gain of 4.4%.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2023 are projected values. 2024 figures are forecast projections.

APARTMENT TRENDS

Effective Rent & Occupancy

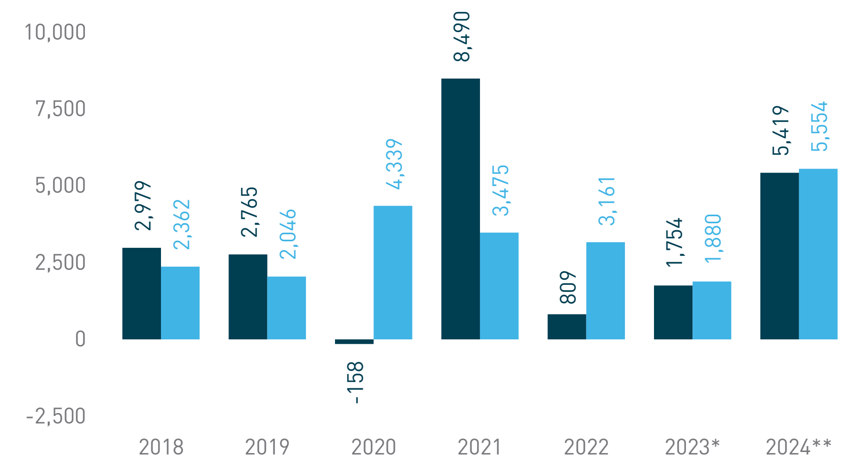


Sources: RealPage; CoStar Group; Yardi Systems

*Projected **Forecast

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Absorption & Deliveries



Sources: RealPage; CoStar Group; Yardi Systems

Net Absorption Deliveries

*Projected **Forecast

SAN JOSE, CA

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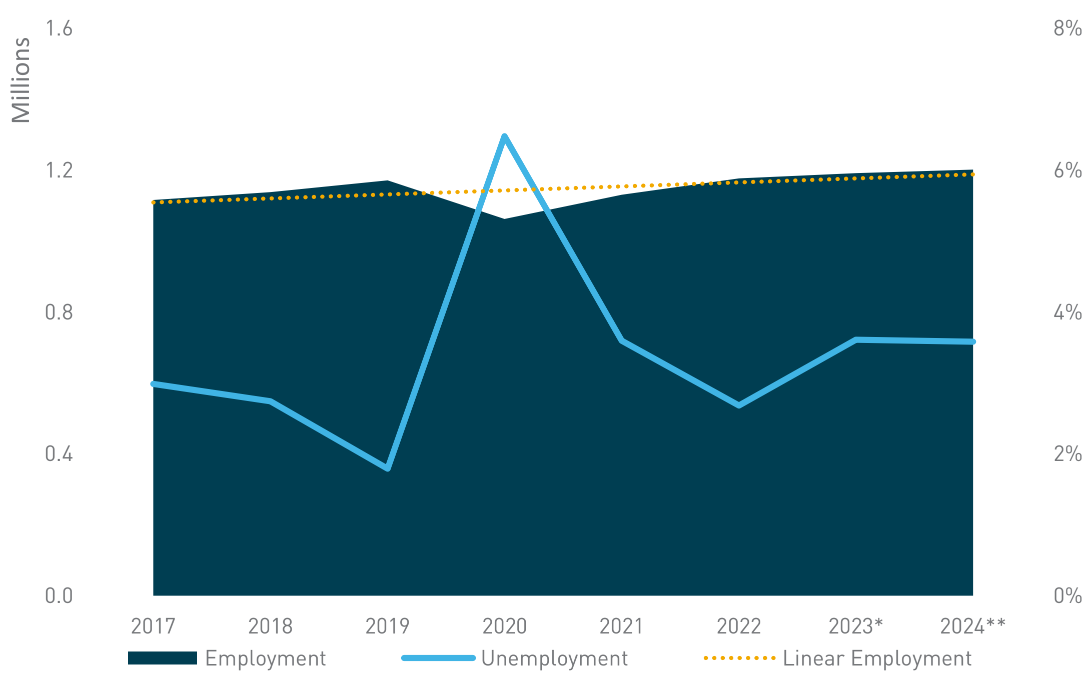
EMPLOYMENT TRENDS

Market Employment Trends

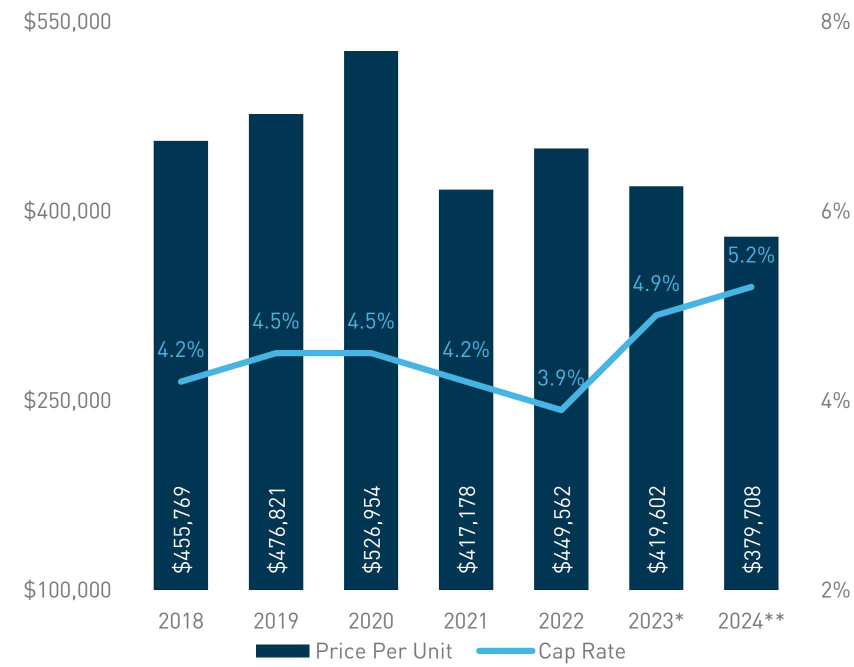


Source: Moody's Analytics

*Projected **Forecast

SALES TRENDS

Price Per Unit & Cap Rate



Sources: Berkadia; CoStar Group; MSCI

*Projected **Forecast

The apartment sales information represents transactions of apartment properties with a sales price of $2.5 million or more, unless otherwise indicated.

EMPLOYMENT (DEC. 2024)	UNEMPLOYMENT (DEC. 2024)	MEDIAN HOUSEHOLD INCOME (DEC. 2024 SAAR)	PRICE PER UNIT (2024 AVG.)	CAP RATE (2024 AVG.)
1,201,800	3.6%	$162,311	$379,708	5.2%
UP 0.9% YOY	UNCHANGED YOY	UP 3.2% YOY	DOWN 9.5% YOY	UP 30 BPS YOY