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SAN JOSE

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

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Jobs Added / Lost

LAST 12 MONTHS
2,500

0.2% YOY

Unemployment

JUNE 2025
4.1%

10 BPS YOY

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Source: Moody's Analytics

Employment

Metro San Jose's population growth underpinned employment expansion in the last year as employers in the private education and healthcare sector and the government sector hire to fill the critical needs of more residents. The 7,700 net additions by private education and healthcare employers led all sectors for hiring since mid-2024. A significant share, nearly 40% of recent jobs gains, has come from ambulatory care services, such as urgent care clinics, outpatient diagnostics, and dental providers. These services are expanding to help relieve pressure on major hospitals and address regional labor shortages in healthcare delivery. Continued investments should benefit the sector in the near- and long-term.

Sutter Health's East Santa Clara Campus with more than 1 million square feet of next-generation outpatient facilities will be completed in late 2025. In the government sector, San Jose State University continues to implement its campus master plan, with over 2,000 new student beds and accompanying academic infrastructure expected to support sustained job creation in operations, administration, and construction. Also in the public sector, Santa Clara County regained control of Regional Medical Center operations in early 2025, helping to restore continuity of care and preserve healthcare jobs in the area. Overall, employers in the metro added 2,500 jobs over the past 12 months ending in June 2025, representing a 0.2% increase.

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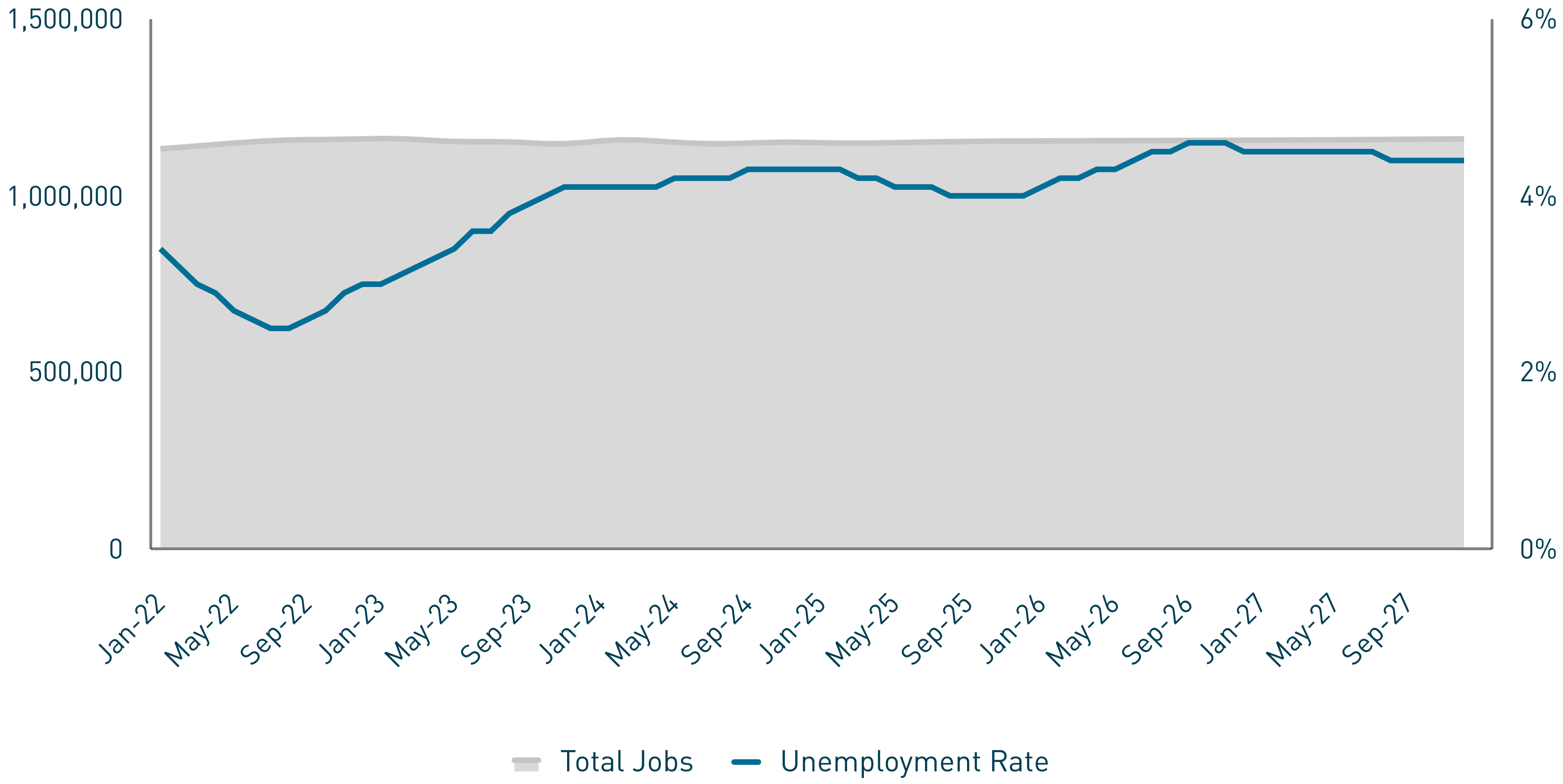
Employment Trends



Source: Moody's Analytics

In the News

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Sutter Health new flagship campuses coming to Silicon Valley
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$1.2B overhaul of Good Samaritan Hospital approved
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Deliveries & Absorption

2025 Year to Date

DELIVERIES
3,169 UNITS

ABSORPTION
5,036UNITS

2025 Projected

DELIVERIES
3,989 UNITS

ABSORPTION
4,877 UNITS

Source: RealPage

Renters continued to seek apartments employment hubs in San Jose to build on the apartment demand increases from the past two years. Net absorption totaled 5,036 units in the first half of 2025, a significant share of which were in the Santa Clara and the Mountain View/Palo Alto/Los Altos submarkets. These submarkets outperformed others due to their proximity to Silicon Valley's highest-paying tech and life sciences employers, as well as a deep pool of affluent renters seeking high-end units with the best amenities. Many of the newest deliveries in these areas feature luxury amenities and walkable access to job centers and retail. With strong household incomes and limited affordability constraints, renters in these nodes were best positioned to absorb the wave of newer, amenity-rich units.

Developers brought 3,169 new apartment units online during metrowide the first half of 2025, already surpassing the total number of new units delivered last year. However, construction volumes will continue to moderate in response to tighter capital markets and selective underwriting. Builders will slow the pace of development in the second half of the year to bring the total number of projected units coming online in 2025 to 3,989 units. Following the trend of having the highest rates of net absorption in the metro, the Santa Clara submarket also had the highest annual inventory change from mid-2024, highlighting its dual role as both a supply and demand leader.

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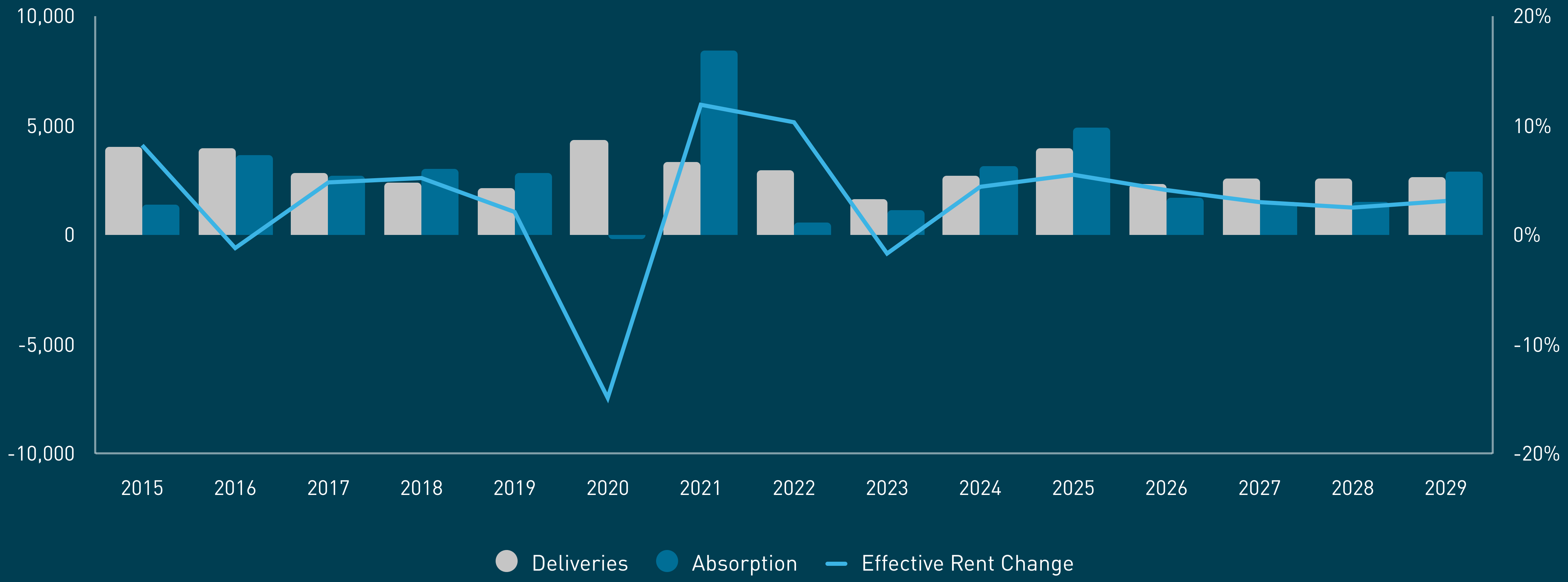
Deliveries, Absorption, & Effective Rent Change



Source: RealPage

Effective rent and occupancy reflect stabilized properties only. A newly constructed property is considered stabilized once it becomes 85% occupied.

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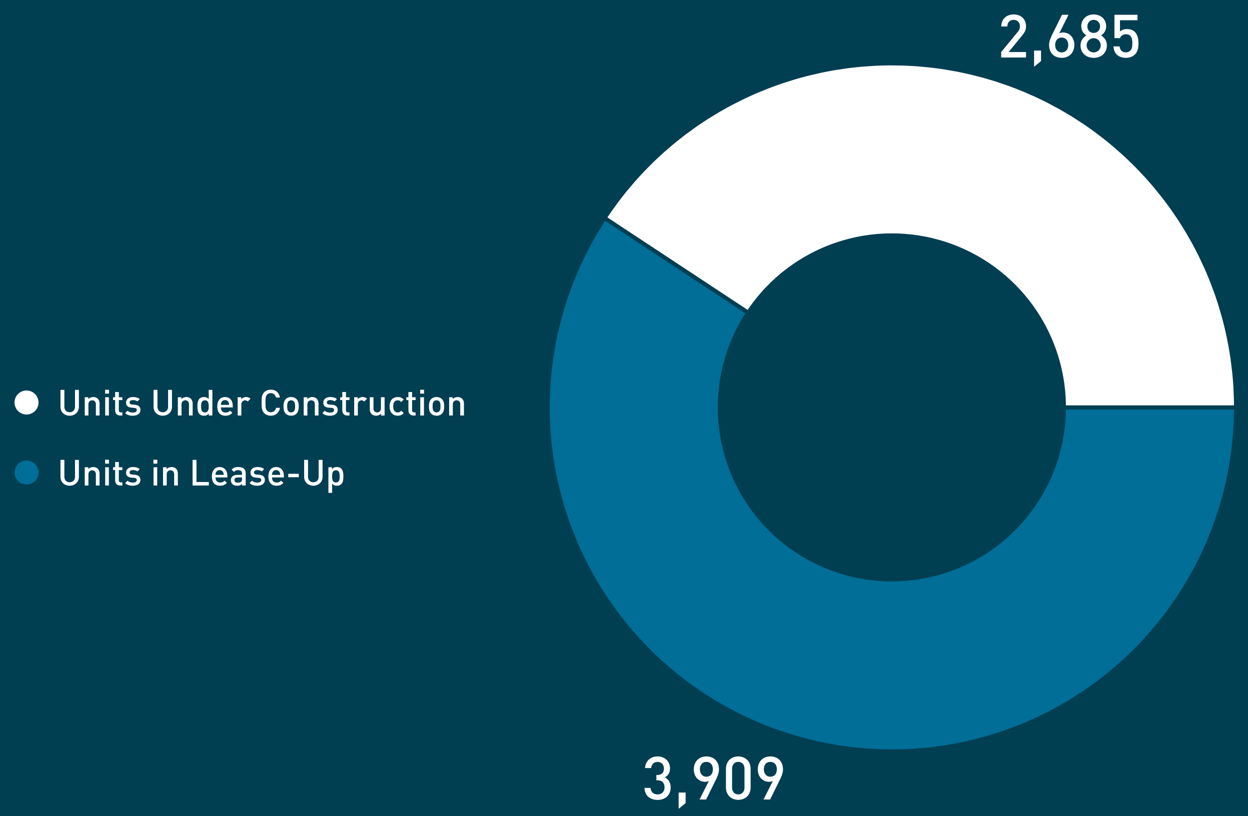
San Jose Pipeline



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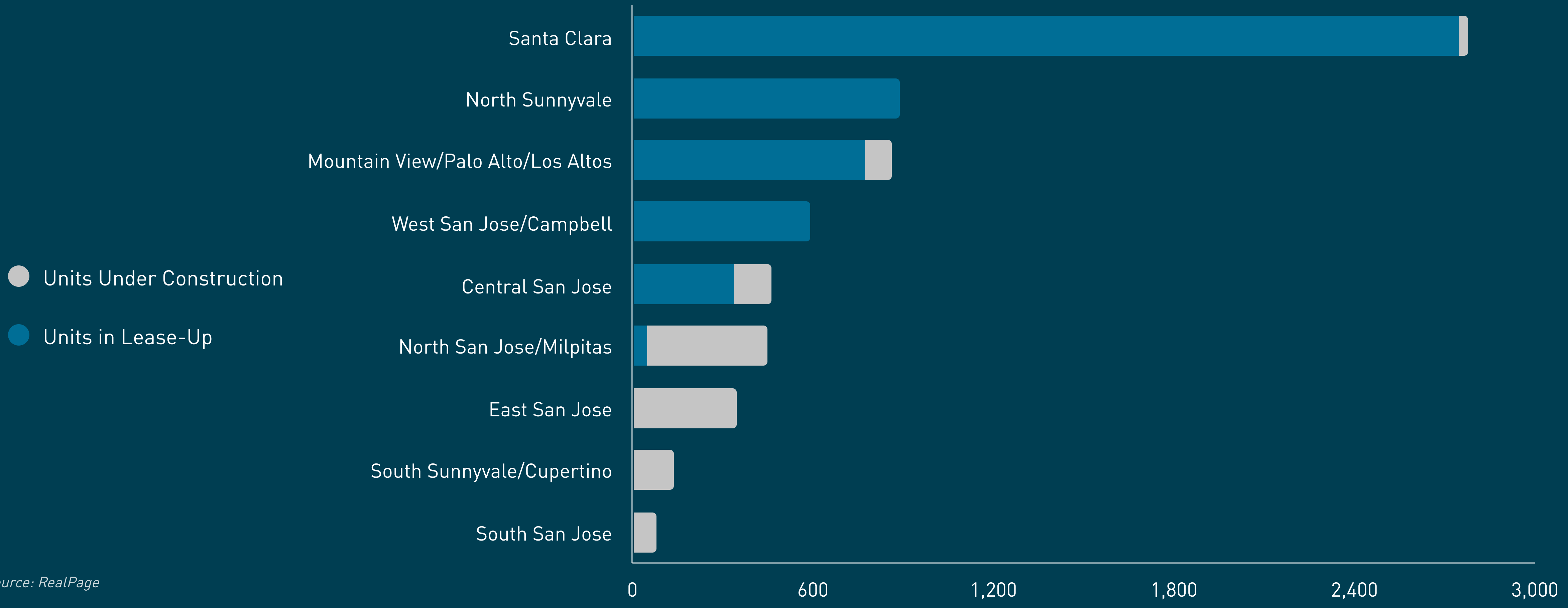
Submarkets with Largest Construction Pipelines



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Rent & Occupancy

Effective Rent

Q2 2025
$3,280

5.0% YOY

Occupancy

Q2 2025
96.7%

110 BPS YOY

An affluent renter base faced with limited housing availability contributed to the San Jose apartment market outperforming the nation in terms of annual rent increase and occupancy in the second quarter of 2025. Metro San Jose average effective rent rose 5.0% year over year, reaching $3,280 per month in the second quarter of 2025, compared to the nation's 2.1% increase to $1,869. Climbing 110 basis points over the last four quarters, Greater San Jose's multifamily occupancy rate stood at 96.7%. Local occupancy was 100 basis points above the national average occupancy rate. While many large markets cut effective rents to uphold occupancy rates, the share of San Jose landlords offering concessions dropped amid robust absorption to contribute to the annual rise in effective rent.

Submarkets such as North Sunnyvale, Santa Clara, and Mountain View/Palo Alto/Los Altos outperformed the rest of the metro, with respective rent gains of 7.7%, 4.2%, and 5.9% and with occupancy rates that exceeded 96%. These areas benefit from their proximity to major employers like Google, Nvidia, and Apple, as well as a flight-to-quality dynamic favoring newer product offerings and premium locations with strong tenant demand. More moderately priced areas, including East San Jose and South San Jose, are also showing signs of strength, with effective rent growth between 1.2% and 4.4%.

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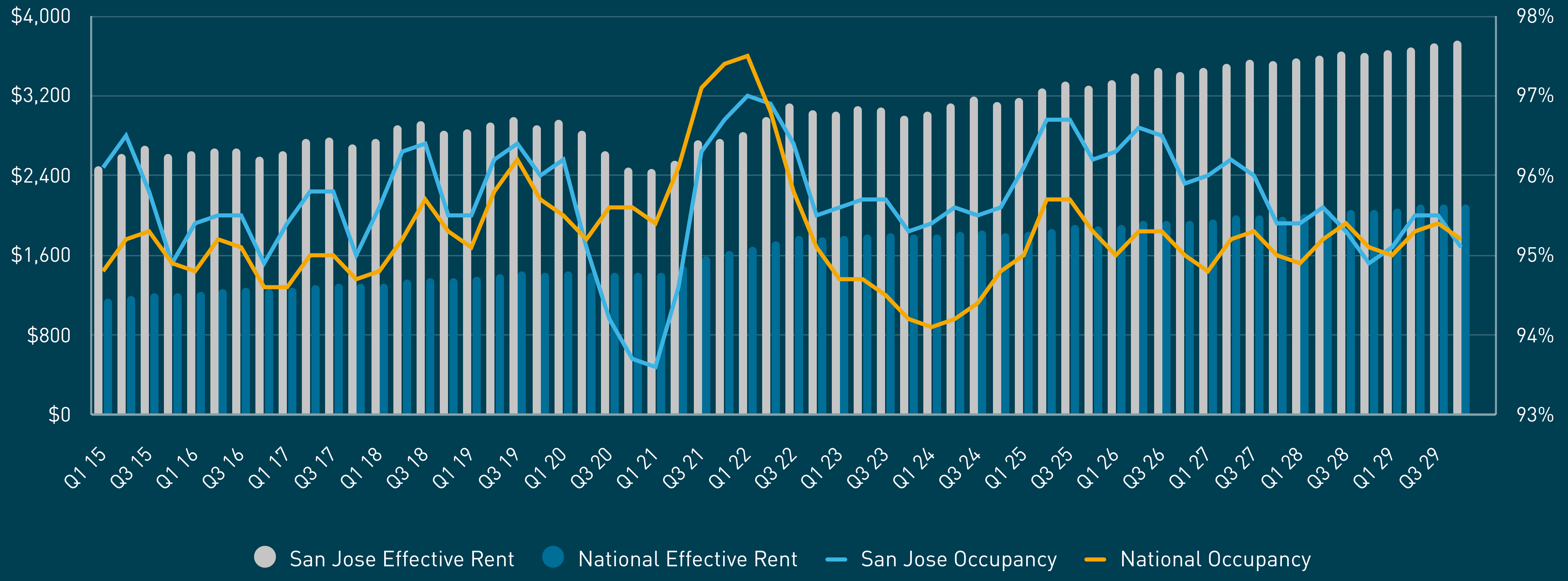
San Jose vs. National Effective Rent & Occupancy



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Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY Change (Bbs)	Q2 25 Effective Rent	YOY Change (%)
Central San Jose	96.5%	90	$3,085	4.0%
East San Jose	96.8%	390	$2,790	4.4%
Mountain View/Palo Alto/Los Altos	96.6%	270	$3,595	5.9%
North San Jose/Milpitas	97.2%	50	$3,323	5.6%
North Sunnyvale	97.6%	120	$3,438	7.7%
Santa Clara	96.5%	30	$3,447	4.2%
South San Jose	96.1%	10	$2,953	1.2%
South Sunnyvale/Cupertino	96.5%	90	$3,480	5.0%
West San Jose/Campbell	95.8%	90	$2,986	4.4%

Source: RealPage

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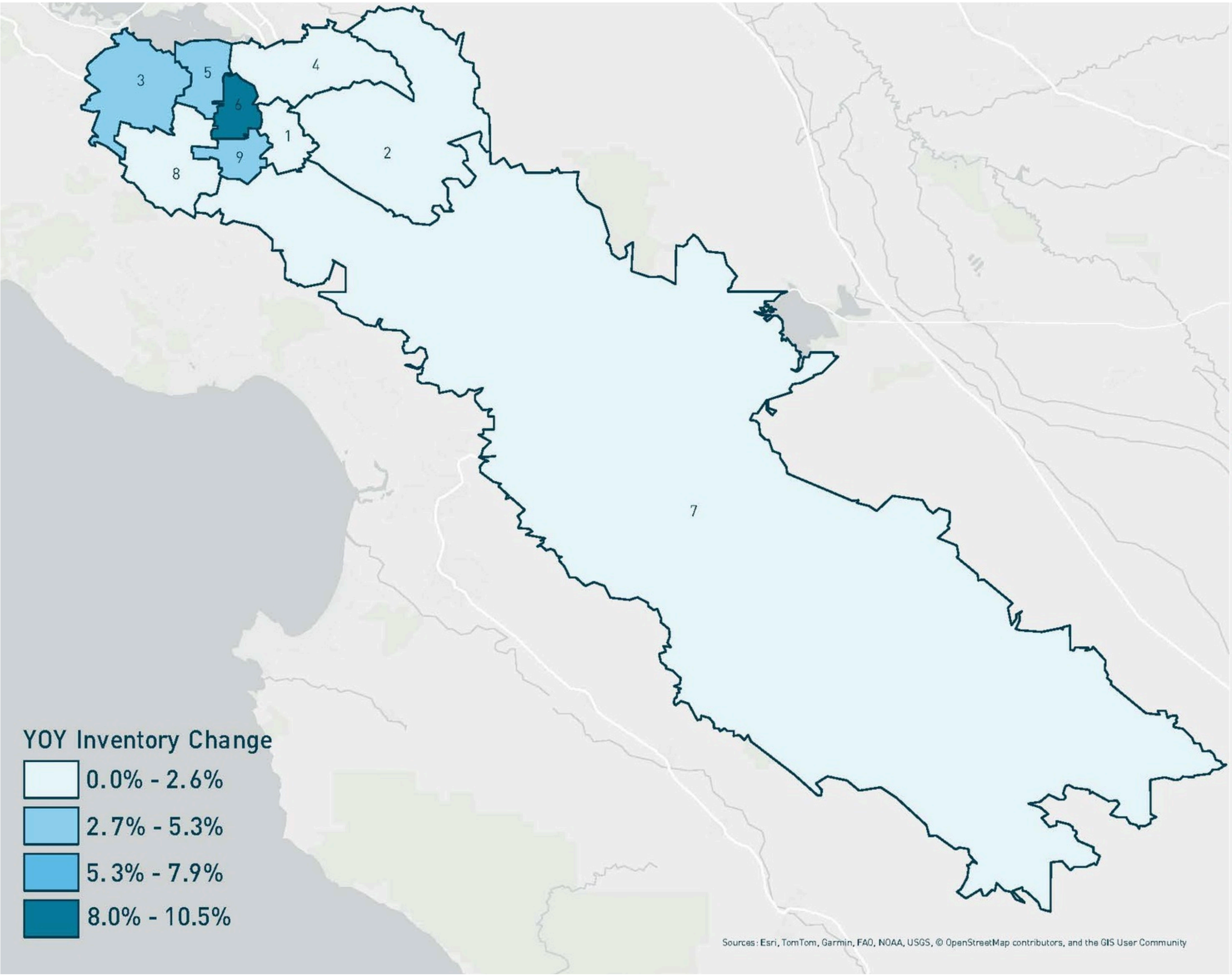
YOY Inventory Change by Submarket | Q2 2025

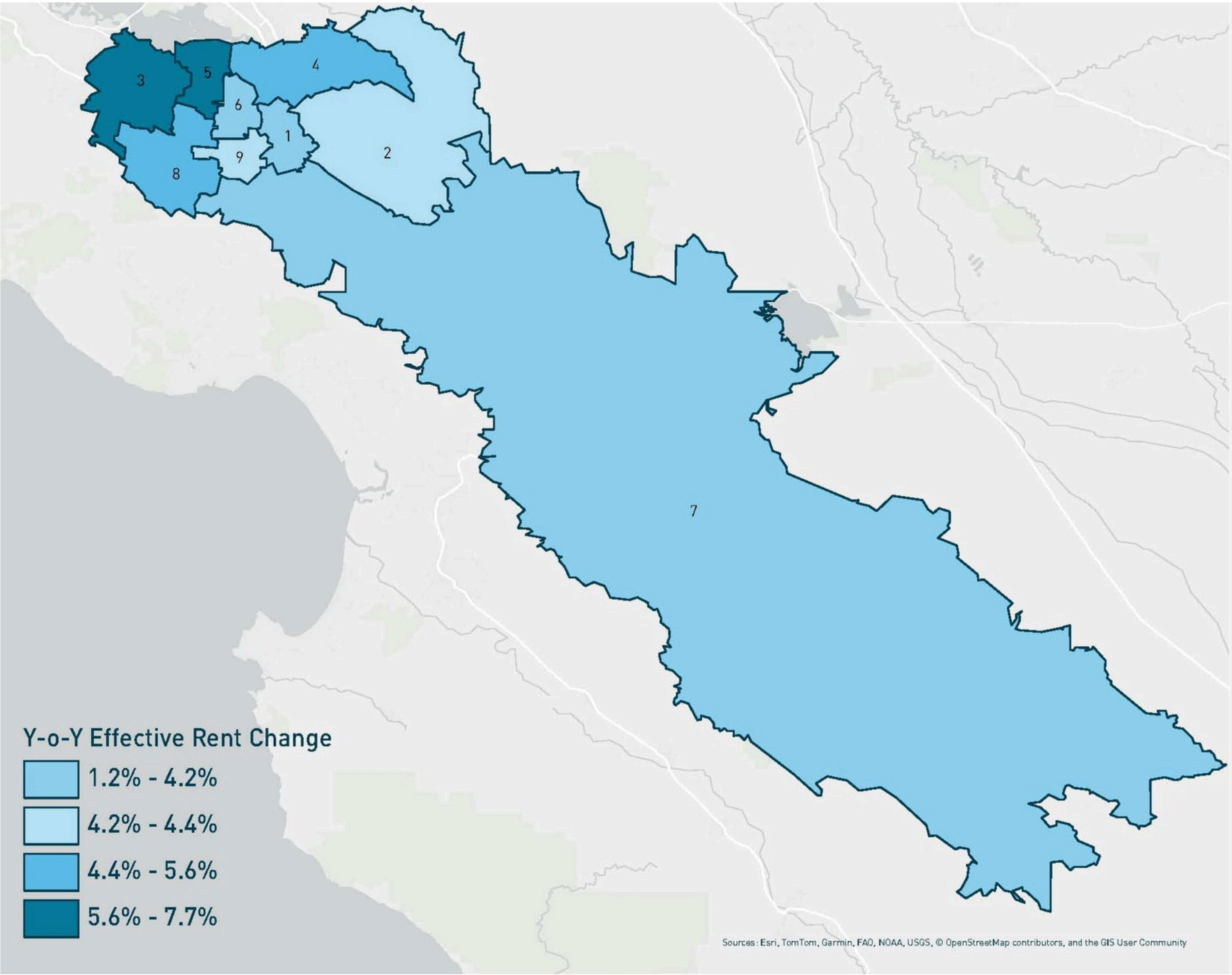


SUBMARKET BOUNDARIES

1. Central San Jose
2. East San Jose
3. Mountain View / Palo Alto / Los Altos
4. North San Jose / Milpitas
5. North Sunnyvale
6. Santa Clara
7. South San Jose
8. South Sunnyvale / Cupertino
9. West San Jose / Campbell

Source: RealPage

YOY Effective Rent Change by Submarket | Q2 2025



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Source: RealPage

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