

SAN JOSE, CALIFORNIA

ECONOMIC REBOUND CONTINUES, FOLLOWING MARKET CORRECTION DUE TO COVID

The workforce in the San Jose metro experienced a major contraction last year due to COVID-19. Local employers laid off over 14.2% of their workers during the first two quarters. Even generously compensated residents employed in the finance and tech industries were not immune to the economic fallout. Over 14,000 job losses were in the information sector alone. Following metrowide payroll contractions, apartment operators observed an aberrant erosion of demand during the second and third quarters of 2020, and concessions significantly increased. As a result, effective rent fell 10.4% annually to \$2,582 per month in 2020. That trend will continue this year, as effective rent is expected to contract by a much smaller margin of 3.0%. Rent is projected to accelerate 4.9% in 2022 as the economy continues its recovery. Helping to transition the apartment market back to normal this year is an anticipated surge in pent-up demand following the pandemic and an increasingly inaccessible housing market for potential buyers where the median home price exceeds \$1 million. Renters are expected to absorb over 6,300 apartment units by the end of the year, trailing the 7,100 apartment units scheduled to come online and shifting down occupancy 20 basis points to 93.9%. The rapid transformation of Downtown San Jose, empowered in part by Google's plans to significantly expand its presence in the metro, will help to support both the apartment market's short-term recovery and long-term apartment demand.



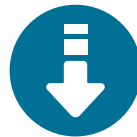
2021 MARKET AT A GLANCE



OCCUPANCY RATE

93.9%

Down 20 bps YOY



EFFECTIVE RENT

\$2,504

Down 3.0% YOY

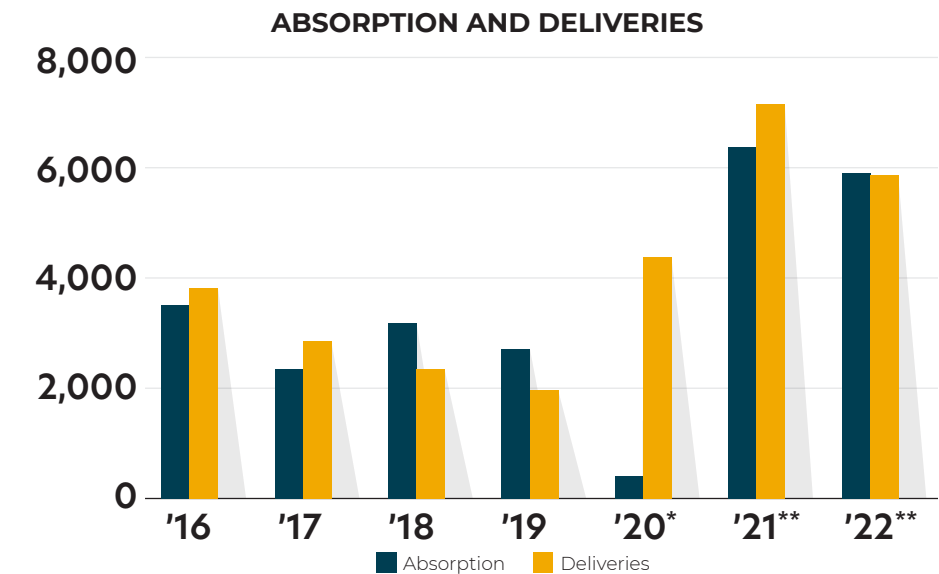
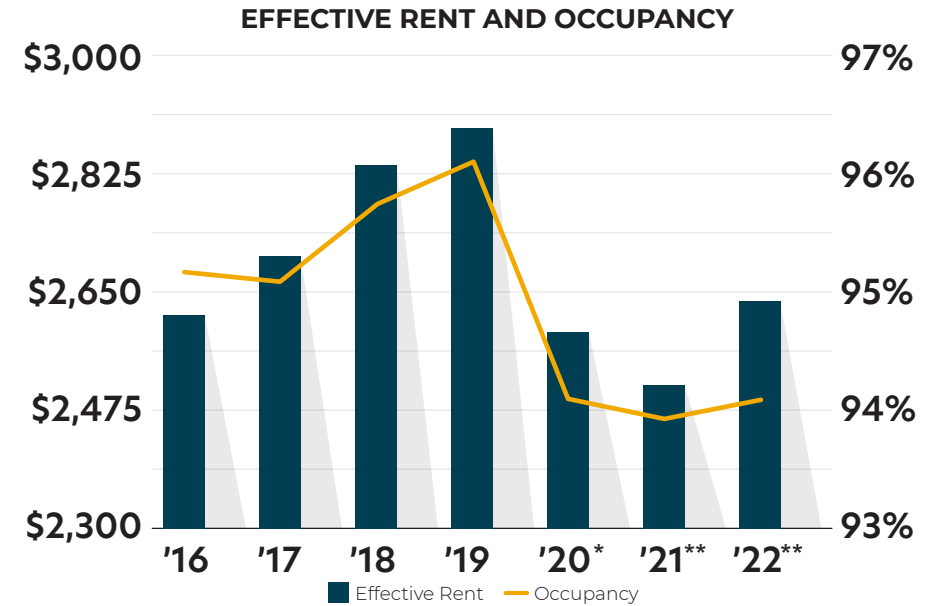


RENT SHARE OF WALLET

22.8%

Down 150 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
1,165,000	-8.4%	1,066,700	2.9%	1,097,400

2019	YOY CHANGE	2020	YOY CHANGE	2021
1.6%	650 BPS	8.1%	-130 BPS	6.8%

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,994,600	0.7%	2,008,100	0.7%	2,021,300

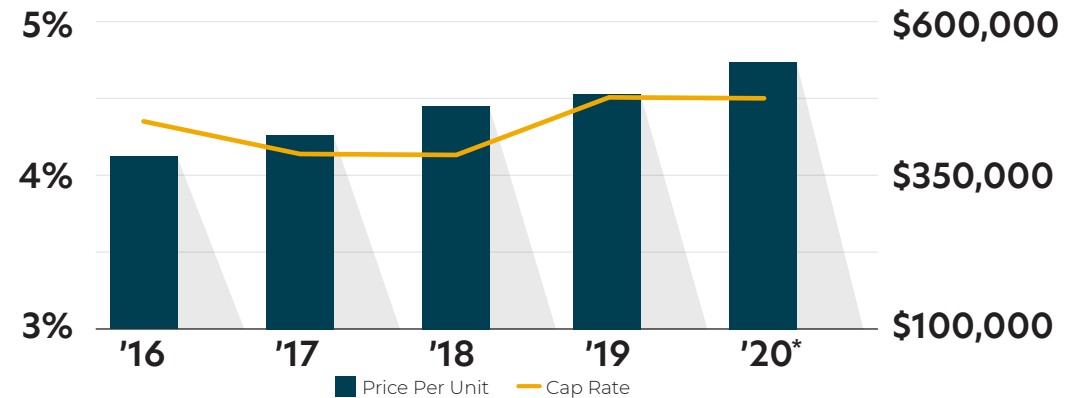
2019	YOY CHANGE	2020	YOY CHANGE	2021
665,300	0.8%	670,800	0.8%	676,100

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$132,000	-3.5%	\$127,329	3.6%	\$131,879

SALES TRENDS

2019	YOY CHANGE	2020*
\$476,821	10.8%	\$528,497

2019	YOY CHANGE	2020
4.5%	0 BPS	4.5%



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