

MARKET AT A GLANCE



OCCUPANCY RATE

96.4%

Up 60 bps since 1Q19



EFFECTIVE RENT

\$2,937

Up 2.9% since 1Q19



DELIVERIES

1,166

Units YTD

MARKET IMPACT ANALYSIS

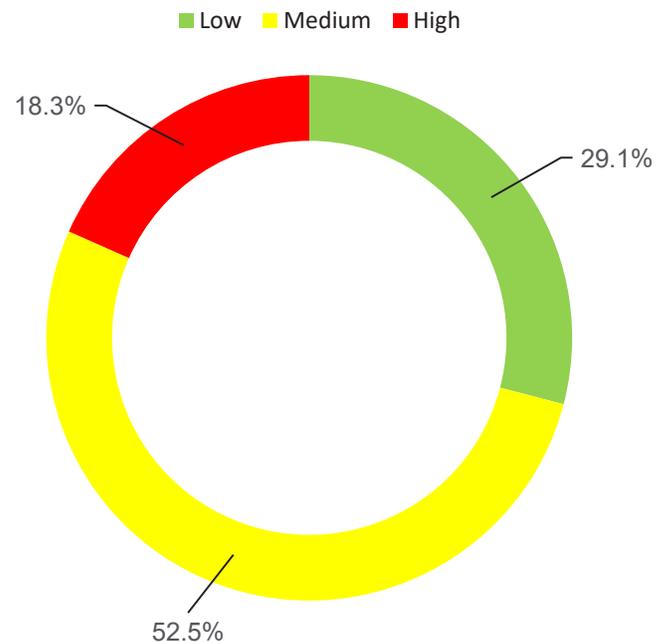
SOCIAL DISTANCING HURTS HOTELS AND CONSTRUCTION BUT SPARES TECH INDUSTRY

The long-reaching effects of social distancing have not only damaged hotel and resort revenues but hindered the entire San Jose metro hospitality industry. In fact, approximately 49% of the recent applications to the state unemployment office have been submitted by workers in local hospitality sectors. Even worse, stay-at-home orders have put the construction industry in a state of limbo. And while the construction industry makes up just 5% of the metro's total workforce, reports suggest that up to 90% of those approximately 50,000 residents are out of jobs. San Jose officials recently voted to extend the moratorium on evictions until May 31 and institute a rent freeze starting April 21 to help renters affected by coronavirus-related economic downturn. While the current status quo may not be friendly toward new multifamily development, there are silver linings for those who follow apartment markets to keep their eye on. Excluding recent furlough announcements by Yelp and Eventbrite, few tech companies in the San Jose metro and surrounding areas are reporting layoffs and salary cuts. Most have transitioned smoothly into work-from-home environments, allowing these firms to operate as normally as possible while disruption creates major hurdles for other industries. One would expect that the trend of tech companies retaining many highly paid employees will ultimately bode well in terms of supporting long-term demand for Class A apartments.

INDUSTRY COMPOSITION

Risk Level	% of Market	National Avg
LOW		
Agriculture, forestry, fishing and hunting	0.3%	1.1%
Finance and insurance	2.1%	4.7%
Health care and social assistance	12.2%	16.0%
Information	9.9%	2.2%
Transportation and warehousing	1.4%	4.4%
Utilities	0.2%	0.4%
Wholesale trade	3.0%	4.7%
Total	29.1%	33.4%
MEDIUM		
Administrative and waste services	6.1%	7.4%
Educational services	3.7%	2.3%
Manufacturing	16.4%	10.1%
Mining, quarrying, and oil and gas extraction	0.0%	0.5%
Other services, except public administration	2.7%	3.6%
Professional and technical services	15.7%	7.5%
Retail trade	7.9%	12.2%
Total	52.5%	43.6%
HIGH		
Accommodation and food services	8.8%	11.1%
Arts, entertainment, and recreation	1.5%	1.9%
Construction	5.1%	6.1%
Management of companies and enterprises	1.4%	1.9%
Real estate and rental and leasing	1.5%	1.8%
Unclassified	0.0%	0.1%
Total	18.3%	23.0%

JOBS EXPOSURE



Analysis based on RealPage Market Analytics' first quarter 2020 data, which sources more than 3 million units across more than 400 U.S. markets in real time. Data may be revised in future publications as additional information becomes available after the initial release. Risk level based on the percentage of essential vs. nonessential jobs for that sector, along with work-from-home opportunity and impacted revenue.



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