COMPREHENSIVE HOUSING MARKET ANALYSIS

San Jose-Sunnyvale-Santa Clara, California

U.S. Department of Housing and Urban Development,
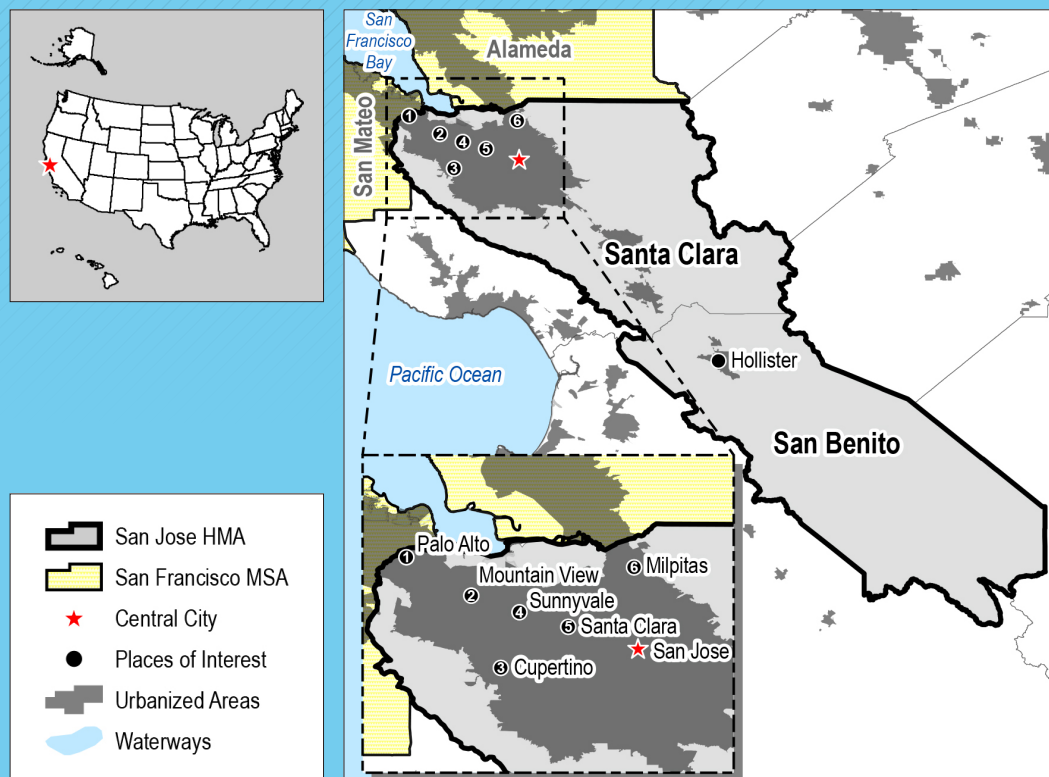Office of Policy Development and Research

As of December 1, 2024

Executive Summary

Housing Market Area Description

The San Jose-Sunnyvale-Santa Clara Housing Market Area (hereafter, San Jose HMA) is coterminous with the San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area and is defined as San Benito and Santa Clara Counties. The HMA is located in northern California, approximately 35 miles southeast of the city of San Francisco.

The current population of the HMA is estimated at 1.97 million.

Commonly known as Silicon Valley, the HMA is a hub for technological innovation and entrepreneurship, anchored by the presence of companies including Alphabet Inc. (the parent company of Google LLC), Apple Inc., and Meta Platforms, Inc. (the parent company of Facebook Inc.). Home to three large universities, including Stanford University, the HMA is a center for higher education, supplying a highly educated workforce that has supported the proliferation of technology companies and startups in the HMA.

Legend:
- San Jose HMA
- San Francisco MSA
- ★ Central City
- ● Places of Interest
- Urbanized Areas
- Waterways

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.

Additional data for the HMA can be found in this report's supplemental tables.

For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: During the 12 months ending November 2024, nonfarm payrolls rose by 2,200 jobs, or 0.2 percent, compared with 0.6-percent growth during the 12 months ending November 2023.

Although the economy in the San Jose HMA is growing, the pace of job growth slowed during the past 12 months to a rate much lower than the 1.7-percent national rate. Nonfarm payrolls in the HMA increased in 5 of the 11 nonfarm sectors during the past 12 months, led by gains in the education and health services sector, which rose by 11,400 jobs, or 5.8 percent, from a year earlier. The unemployment rate averaged 4.2 percent during the 12 months ending November 2024, up from 3.5 percent during the previous 12 months. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 1.2 percent.

Sales Market

Tight: The HMA had a 1.2-month supply of homes for sale in November 2024, down slightly from 1.3 months in November 2023 (Redfin, a national real estate brokerage, with adjustments by the analyst).

The sales vacancy rate is estimated at 0.9 percent as of December 1, 2024, up from 0.7 percent in 2020, when the sales market was also tight. Home sales rose during the past 12 months following 2 years of declines. New and existing home sales totaled 14,150 during the 12 months ending November 2024, reflecting a 14-percent increase from a year ago (Cotality, with adjustments by the analyst). The average home sales price increased 8 percent to $1.67 million during the 12 months ending November 2024. During the next 3 years, demand is estimated for 7,900 new homes in the HMA; the 1,025 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market

Balanced: The overall rental market has an estimated vacancy rate of 4.8 percent, down slightly from 4.9 percent in 2020.

Conditions in the apartment market in the HMA are slightly tight, with a stabilized apartment vacancy rate of 4.4 percent as of the fourth quarter of 2024, down from 4.7 percent as of the fourth quarter of 2023 (CoStar Group). The average monthly apartment rent in the HMA was $3,088 as of the fourth quarter of 2024, up 3 percent from the fourth quarter of 2023. During the forecast period, demand is estimated for 12,050 new rental units. The 8,400 rental units under construction will satisfy all of the demand during the first and second years of the forecast period and a portion of the demand during the third year.

TABLE OF CONTENTS

3-Year Housing Demand Forecast		
	Sales Units	Rental Units
San Jose HMA Total Demand	7,900	12,050
Under Construction	1,025	8,400

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2024. The forecast period is December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst

Comprehensive Housing Market Analysis San Jose-Sunnyvale-Santa Clara, California

U.S. Department of Housing and Urban Development, Office of Policy Development and Research

Economic Conditions

Largest Sector: Professional and Business Services

Payrolls in the professional and business services sector have increased from 165,600 jobs in 2010 to 247,000 jobs currently, reflecting an increase of 81,400 jobs—the largest gain of any nonfarm sector during the period.

Primary Local Economic Factors

Generally referred to as Silicon Valley, the San Jose HMA is home to some of the world's largest high-tech companies and is globally recognized as a technology hub for innovation and entrepreneurship. The HMA is a center for higher education, with three large universities: San José State University (SJSU), Santa Clara University, and Stanford University. Approximately 56 percent of people aged 25 or older in the HMA have at least a bachelor's degree compared with 36 percent in the nation (2023 American Community Survey [ACS] 1-year data). The presence of a highly educated workforce and a large venture capital network allowed the HMA to become a center for the technology industry, with more than 6,660 technology companies (Visit San Jose).

Most technology company payrolls are classified in the professional and business services, the manufacturing, and the information sectors, which together account for 44 percent of all nonfarm payrolls in the HMA (Figure 1). Hiring by high-tech companies was the primary source of job growth in the information sector, the fastest growing sector since 2011 (Figure 2). Five of the 10 largest employers in the HMA are technology companies with global headquarters in the HMA, including Alphabet Inc.—the largest employer in the HMA—Apple Inc., and Meta Platforms, Inc., with approximately 91,750 employees in the HMA combined (Table 1). The proliferation of venture capital firms in the HMA has supported the rapid expansion of technology companies, contributing to local economic growth. Venture capital investments in Silicon Valley totaled $30 billion in 2023, up significantly from $5.9 billion in 2010 but well below the all-time high of $95 billion in 2021 (Silicon Valley Institute for Regional Studies, February 2011, 2022, 2024).
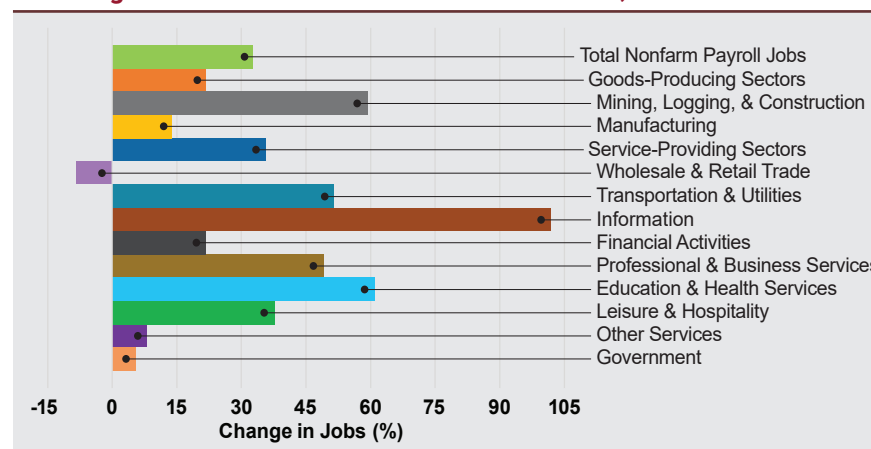
Figure 1. Share of Nonfarm Payroll Jobs in the San Jose HMA, by Sector
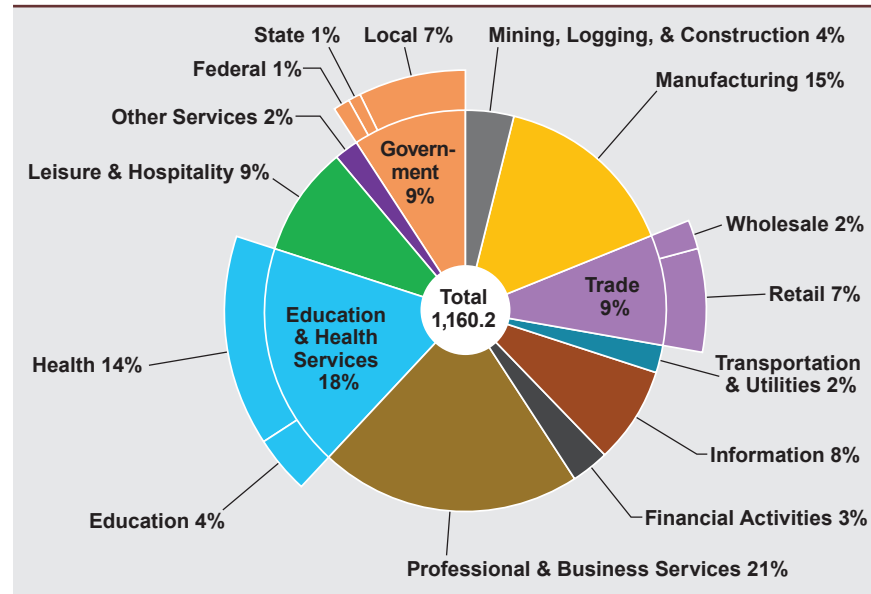
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through November 2024.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the San Jose HMA, 2011 to Current

Note: Current data are based on the 12-month averages ending November 2024.
Source: U.S. Bureau of Labor Statistics

Comprehensive Housing Market Analysis San Jose-Sunnyvale-Santa Clara, California

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The presence of large universities established the HMA as a center for higher education, supporting job growth in the education and health services sector, the second largest job sector in the HMA, with 18 percent of nonfarm payrolls. Stanford University and Stanford Health Care are among the largest employers in the HMA, with approximately 35,400 employees combined. In addition to supporting job growth in the education and health services sector, the university has supported job growth in the technology industry. From the 1930s to 2011, Stanford University faculty and alumni created 39,900 for-profit companies and more than 30,000 nonprofit organizations, accounting for 5.4 million jobs and $2.7 trillion in annual revenue worldwide (Stanford University, 2012 study). Hewlett Packard Enterprise Company; LinkedIn Corporation; Google LLC; Nike, Inc.; and Cisco Systems, Inc. are some of the companies founded or led by Stanford graduates. In 2017, SJSU and Stanford University were among the top 10 universities from which technology companies in the HMA hired employees (HiringSolved).

Current Conditions—Nonfarm Payrolls

Economic conditions in the HMA are stable. Nonfarm payrolls increased year over year during the past 12 months, but growth slowed from a year earlier. During the 12 months ending November 2024, nonfarm payrolls averaged 1.16 million jobs, up by 2,200 jobs, or 0.2 percent, from a year ago (Table 2). By comparison, jobs increased by 7,400, or 0.6 percent, during the 12 months ending November 2023. Nationally, jobs rose 1.7 percent during the past 12 months, slowing from a 2.4-percent increase during the 12 months ending November 2023. Five of the 11 nonfarm payroll sectors in the HMA added jobs during the past 12 months. The education and health services sector had the largest job gain and fastest growth, up by 11,400 jobs, or 5.8 percent, accelerating from an increase of 8,800 jobs, or 4.7 percent, during the 12 months ending November 2023. The health care and social assistance subsector accounted for 78 percent of gains in the sector, rising by 8,900 jobs, or 6.1 percent, during the 12 months ending November 2024. Jobs in the education subsector rose by 2,500, or 5.0 percent, from a year earlier and accounted for the remaining 22 percent of job additions in the sector during the

Table 1. Major Employers in the San Jose HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Alphabet Inc.	Information	44,244
Tesla, Inc.	Manufacturing	30,000
Apple Inc.	Manufacturing	25,000
Meta Platforms, Inc.	Information	22,515
County of Santa Clara	Government	21,590
Cisco Systems, Inc.	Manufacturing	18,500
Stanford University	Education & Health Services	18,192
Stanford Health Care	Education & Health Services	17,200
City of San Jose	Government	8,134
Intel Corporation	Manufacturing	7,000

Note: Excludes local school districts.
Sources: County of Santa Clara, *Annual Comprehensive Financial Report*, June 30, 2024; State of California Employment Development Department; Stanford Health Care; Stanford University Institutional Research & Decision Support

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the San Jose HMA, by Sector

	12 Months Ending November 2023	12 Months Ending November 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**1,158.0**	**1,160.2**	**2.2**	**0.2**
Goods-Producing Sectors	233.5	226.6	-6.9	-3.0
Mining, Logging, & Construction	53.9	51.9	-2.0	-3.7
Manufacturing	179.7	174.7	-5.0	-2.8
Service-Providing Sectors	924.5	933.6	9.1	1.0
Wholesale & Retail Trade	102.9	103.0	0.1	0.1
Transportation & Utilities	18.5	18.2	-0.3	-1.6
Information	98.5	91.8	-6.7	-6.8
Financial Activities	37.9	37.8	-0.1	-0.3
Professional & Business Services	246.0	247.0	1.0	0.4
Education & Health Services	195.2	206.6	11.4	5.8
Leisure & Hospitality	101.3	103.5	2.2	2.2
Other Services	26.3	26.2	-0.1	-0.4
Government	97.7	99.6	1.9	1.9

Notes: Based on 12-month averages through November 2023 and November 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

past year. As of the fall of 2024, jobs at Stanford University increased by approximately 740, or 4 percent, from the fall of 2023, supporting job gains in the education and health services sector.

Notable job growth also occurred in the leisure and hospitality and the government sectors. The leisure and hospitality sector rose by 2,200 jobs, or 2.2 percent, during the past 12 months, slowing from a 5.6-percent increase during the 12 months ending November 2023. The May 2024 opening of the 127-room Home2 Suites by Hilton San Jose South in the city of San Jose supported job growth in the leisure and hospitality sector. The government sector added 1,900 jobs, or 1.9 percent, year over year, slowing slightly from a 2.0-percent increase during the 12 months ending November 2023. All job gains during the past 12 months were in the local government subsector, which was up by 2,000 jobs, or 2.5 percent, offsetting a decline of 100 jobs, or 0.7 percent, in the federal government subsector.

Payrolls in the information and the manufacturing sectors declined during the 12 months ending November 2024, falling by 6,700 and 5,000 jobs, or 6.8 and 2.8 percent, respectively. By comparison, during the 12 months ending November 2023, jobs in the manufacturing sector rose by 1,800, or 1.0 percent, from a year earlier, whereas jobs in the information sector declined by 7,900, or 7.4 percent, year over year. The job losses during the past year in both sectors were partly due to contraction in the technology industry following overzealous hiring during the pandemic. Job cuts at Google LLC contributed to declines in the information sector during the past 24 months, with approximately 650 layoffs in the city of Mountain View in March and June 2024, following nearly 470 layoffs in March 2023 (State of California Employment Development Department, Worker Adjustment and Retraining Notification). In addition, layoffs at Intel Corporation in the city of Santa Clara accounted for approximately 560 jobs lost in the information sector in August 2024. Job losses in the manufacturing sector occurred at Cisco Systems, Inc., with a combined 760 layoffs in the cities of San Jose and Milpitas in October and November 2024, and at Apple Inc., with approximately 610 layoffs in the city of Santa Clara during May 2024.

Current Conditions—Unemployment

The unemployment rate in the HMA averaged 4.2 percent during the 12 months ending November 2024, up from 3.5 percent during the 12 months ending November 2023 (Figure 3). The increase was due to the 1.5-percent decline in resident employment being faster than the 0.8-percent labor force decline. Despite the recent increase, the unemployment rate was below the recent peak of 7.9 percent during the 12 months ending March 2021. The average unemployment rate in the HMA was higher than the national rate, which was 4.0 percent during the 12 months ending November 2024, up from 3.6 percent a year earlier but less than a recent 8.7-percent national peak during the 12 months ending March 2021. Before the COVID-19 pandemic, the average unemployment rate in the HMA had generally declined from 2011 through 2019, similar to the nationwide trend, and the HMA unemployment rate was less than or equal to the national average from 2013 through 2023.

Figure 3. 12-Month Average Unemployment Rate in the San Jose HMA and the Nation
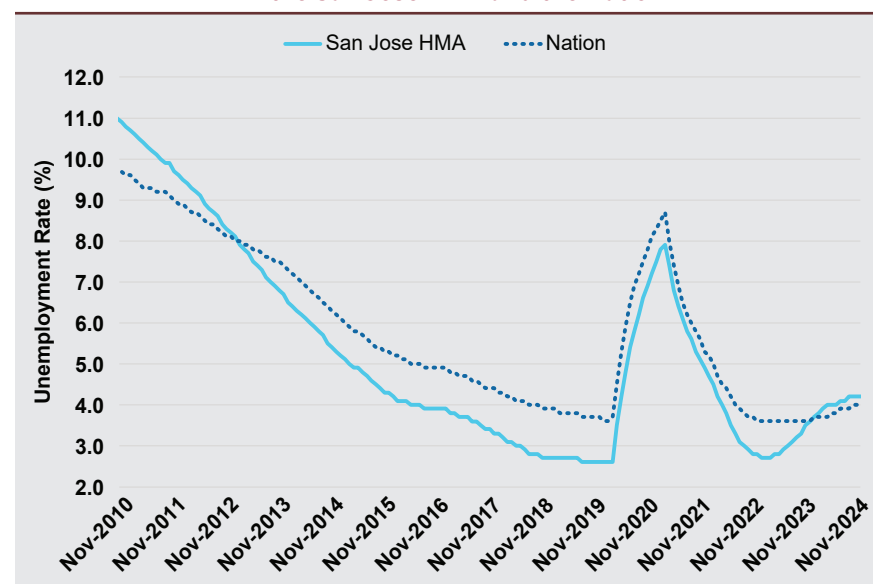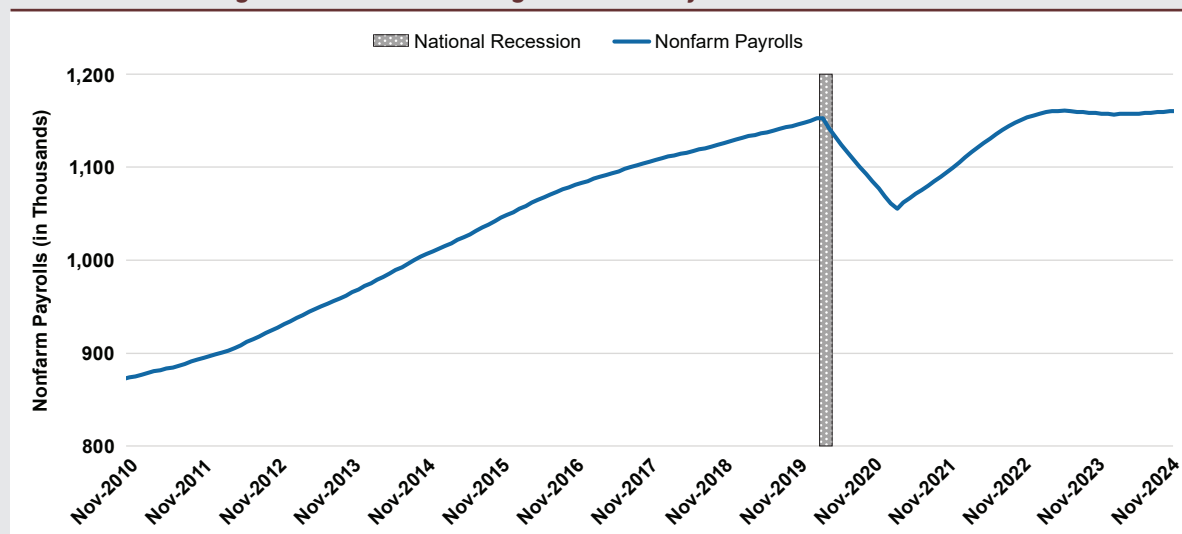

Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2011 Through 2019

The economy in the HMA began recovering from the effects of the Great Recession in 2011. From 2011 through 2015, job growth was strong, averaging an annual increase of 3.7 percent, or 34,700 jobs (Figure 4). By comparison, nonfarm payroll growth nationwide was slower, averaging 1.7 percent annually during the period. The boom in the technology industry contributed significantly to job gains in the HMA. Payroll growth occurred in 10 of the 11 nonfarm sectors but was concentrated among sectors in the technology industry, with substantial additions to the professional and business services and the information sectors, which rose annually by averages of 11,600 and 4,700 jobs, or 6.2 and 8.7 percent, respectively. In September 2015, Samsung Electronics Co., Ltd. opened a $300 million, 1.1-million-square-foot campus in the city of San Jose with space for 2,000 employees, supporting growth in the sectors. Job growth was also strong in the education and health services sector, rising by 6,100 jobs, or 4.3 percent, annually from 2011 through 2015. Job growth in the sector was supported by rising enrollment and added employees at Stanford University, with fall enrollment and employee headcount increasing by nearly 90 students and 250 employees, or 0.5 and 2.7 percent, annually from 2011 to 2015 (Stanford University Institutional Research & Decision Support).

Figure 4. 12-Month Average Nonfarm Payrolls in the San Jose HMA

Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Following 5 years of relatively strong growth, the pace of job additions in the HMA moderated during the subsequent 4 years, partly because of tight labor market constraints and the movement of some company operations to other less expensive parts of the country. From 2016 through 2019, nonfarm payroll growth averaged 24,900 jobs, or 2.3 percent, annually. Payroll growth in the nation also decelerated and was significantly slower than growth in the HMA, averaging 1.6 percent a year during the same period. Although the same sectors that accounted for most of the earlier increases led job growth during this period, job gains in the information sector surpassed those in the professional and business services and the education and health services sectors, making it the leading growth sector. From 2016 through 2019, payrolls in the information, the education and health services, and the professional and business services sectors increased by respective averages of 7,900, 5,000, and 4,900 jobs, or 9.9, 3.0, and 2.1 percent, annually. In 2019, Google LLC expanded in the city of San Jose with the $123 million purchase of three buildings previously owned by Cisco Systems, Inc., supporting a payroll expansion in the information sector during the period. Job additions in the education and health services sector were partly due to continued increases in enrollment and staffing at Stanford University and the addition of more than 500 jobs when the Lucile Packard Children's Hospital Stanford opened in 2017 in the city of Palo Alto. The number of employees at the university increased from

approximately 10,000 as of the fall of 2015 to nearly 11,700 as of the fall of 2019, reflecting an average annual increase of nearly 430 employees, or 4.0 percent (Stanford University Institutional Research & Decision Support). Job growth in the leisure and hospitality sector slowed 37 percent from the average annual growth during the 2011-through-2015 period, partly because high hotel room rates shifted some business travel, such as conferences, trade shows, and conventions, to other parts of the country. The sector added an average of 2,700 jobs, or 2.7 percent, annually. Job losses in the wholesale and retail trade sector, which fell by an average of 2,000 jobs, or 1.7 percent, a year from 2016 through 2019, partially offset net jobs gains in the HMA.

2020
The economy in the HMA contracted severely in 2020 because of countermeasures taken to slow the spread of COVID-19. On an annual basis, nonfarm payrolls declined by 70,700 jobs, or 6.2 percent, from a year earlier. The rate of decline in the HMA was greater than in the nation, where payrolls fell 5.8 percent during the same year. Nine of the 11 sectors in the HMA lost jobs. The largest share was in the leisure and hospitality sector, which accounted for 49 percent of job declines in the HMA and decreased by 34,400 jobs, or 32.0 percent, from a year earlier. Many establishments in the sector, including restaurants and hotels, were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic, contributing to the elevated number of jobs lost. Jobs in the sector also fell because of a decrease in visitors to the HMA and a decline in hotel occupancy. In December 2020, the average occupancy rate at hotels in the CoStar Group-defined Santa Clara/Sunnyvale/Milpitas Hospitality market area declined by nearly one-half, from 56.1 percent in December 2019 to 29.2 percent (CoStar Group). In the San Jose Northwest/Palo Alto Hospitality market area, the average hotel occupancy rate declined from 57.5 percent in December 2019 to 33.6 percent in December 2020. Significant job losses also occurred in the wholesale and retail trade sector, which declined by 12,300 jobs, or 10.7 percent, from a year earlier and accounted for 17 percent

of net job losses in the HMA. Payrolls in the information and the financial activities sectors, however, increased by 5,300 and 100 jobs, or 5.3 and 0.3 percent, from a year earlier. Jobs in the information sector rose because demand for technology services surged, and most jobs in the sector could be performed remotely. Jobs increased in the financial activities sector largely because historically low interest rates contributed to increased demand for homeownership and mortgage lending services.

2021 and 2022
Economic conditions in the HMA began improving in 2021, and by the end of 2022, the HMA had recovered the number of jobs lost during 2020, similar to the timing of the national recovery. Nonfarm payroll growth in the HMA during 2021 and 2022 was robust, with payrolls increasing by an average of 37,900 jobs, or 3.5 percent, annually. Nationwide job growth was slightly stronger, averaging 3.6 percent each year. Job gains in the HMA occurred in 10 of the 11 sectors but were strongest in the leisure and hospitality and the education and health services sectors, which rose by respective averages of 11,800 and 7,200 jobs, or 15.0 and 4.1 percent, annually and accounted for a combined 50 percent of net job growth in the HMA. During 2021 and 2022, 12 hotels opened in the HMA, concentrated in the cities of Milpitas, Palo Alto, San Jose, Santa Clara, and Sunnyvale. Significant job growth also occurred in the manufacturing and the professional and business services sectors, each adding an average of 6,400 jobs, or 3.8 and 2.6 percent, a year, respectively. Partially offsetting the significant growth in the manufacturing sector, Tesla, Inc. moved its corporate headquarters from the city of Palo Alto to the city of Austin, Texas, in 2021, and Hewlett Packard Enterprise Company moved its global headquarters from the city of San Jose to the city of Spring, Texas, in 2022, partly because of generous tax incentives, less stringent regulations, lower real estate prices, and lower living costs for workers. The information sector was the only sector with no job gains, partly because nearly all the jobs added during 2021 were lost during 2022, when the technology industry contracted because of overzealous hiring during 2020 and 2021.

Forecast

During the 3-year forecast period, job growth is expected to average 1.2 percent annually, faster than the growth during the past 12 months but slower than the average annual rate during the prepandemic period of economic expansion. Job gains are expected to continue to be strongest in the education and health services and the leisure and hospitality sectors. Notable job announcements include a plan by Sutter Health to convert two vacant offices into two medical campuses in the city of Santa Clara. Patient care is expected to begin in late 2025, and the conversion is expected to be complete by 2031. The healthcare provider plans to hire 200 to 300 physicians and advanced clinicians annually through 2030. In the leisure and hospitality sector, four hotels are under construction in the HMA and are expected to be complete during the 3-year forecast period. In addition, Levi's Stadium in the city of Santa Clara was selected as one of 16 locations in the United States to host the FIFA World Cup and Super Bowl LX (60) in 2026, contributing to job gains in the leisure and hospitality sector.

Population and Households

Current Population: 1.97 Million

Population growth in the San Jose HMA since 2021 has been entirely due to net natural increase.

Population Trends

The population of the HMA is estimated at 1.97 million as of December 1, 2024 (Table 3). Approximately 97 percent of the HMA population lives in Santa Clara County, and the remaining 3 percent resides in San Benito County. The city of San Jose in Santa Clara County, with a population of 969,491 as of January 1, 2024, is the most populous city in the HMA and the third most populous city in California, trailing the cities of Los Angeles and San Diego (California Department of Finance population estimates as of January 1, 2024).

Economic growth and housing costs have influenced migration trends and population growth in the HMA since 2010. Strong population growth in the HMA from the early- to mid-2010s reflected a combination of net in-migration and net natural increase, but net out-migration since 2015 contributed to slower population growth and eventual population decline from 2020 to 2021 (U.S. Census Bureau; California Department of Finance; Figure 5). From 2010 to 2015,

Table 3. San Jose HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	2,000,468	1,972,000	1,989,000
	Average Annual Change	16,350	-6,100	5,750
	Percentage Change	0.9	-0.3	0.3

Household Quick Facts		2020	Current	Forecast
	Households	675,547	695,700	711,400
	Average Annual Change	5,450	4,325	5,225
	Percentage Change	0.8	0.6	0.7

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (December 1, 2024) to December 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the San Jose HMA, 2010 Through the Forecast
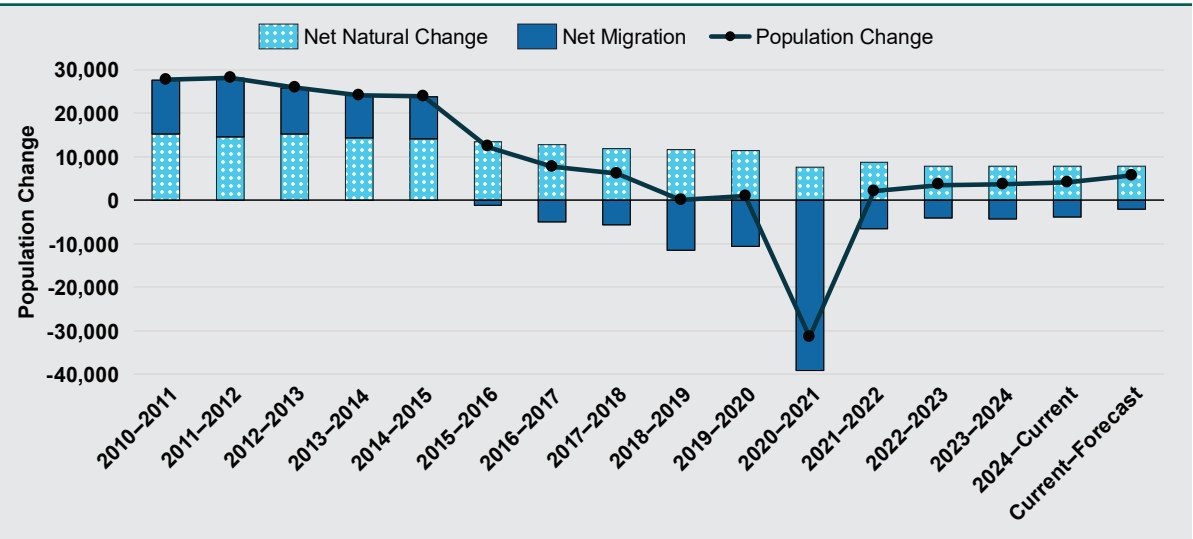
Notes: Data displayed are average annual totals. The forecast period is the current date (December 1, 2024) to December 1, 2027.
Sources: U.S. Census Bureau; California Department of Finance; current to forecast—estimates by the analyst

population growth averaged 26,050 people, or 1.4 percent, annually. Following the Great Recession, robust economic growth, largely attributable to the technology boom, contributed to net in-migration averaging 11,300 people a year from 2010 to 2015. Net natural increase averaged 14,750 people a year. From 2015 to 2020, population growth slowed to an average of 5,650 people, or 0.3 percent, annually

because of lower levels of net natural increase combined with net out-migration, which averaged 6,650 people a year. The net out-migration was partly due to subdued economic growth from 2016 through 2019 and rapidly rising home prices. Although net natural increase slowed to an average of 12,300 people a year, it accounted for all of the population growth from 2015 to 2020. Population growth subsequently declined from April 2020 to July 2021 by an average of 31,600, or 1.6 percent, annually. Lower levels of net natural increase due to excess deaths related to COVID-19 and accelerating net out-migration led to the population decline. During the COVID-19 pandemic, a large number of people moved out of the HMA because the increased availability of remote work enabled workers to move to areas with lower housing costs. Net out-migration accounted for all of the population loss in the HMA, surging to an average of 39,200 people a year, whereas net natural increase averaged 7,600 people a year. Population growth in the HMA has resumed since 2021, although at a slower pace than before the pandemic, partially because housing prices are elevated and recent job growth in the HMA has been slower than in the nation overall, largely because of tech layoffs. The population in the HMA has increased by an average of 3,225, or 0.2 percent, annually since 2021, with net natural increase averaging 8,100 people a year partly offset by net out-migration of 4,875 people a year.

Student Population

From 2010 to 2024, the combined fall enrollment at Santa Clara University, SJSU, and Stanford University rose an average of 0.6 percent annually and totaled approximately 64,650 full-time students enrolled in the HMA as of the fall semester of 2024 (Santa Clara University Institutional Research; SJSU Institutional Research and Strategic Analytics; Stanford University Institutional Research & Decision Support). The student population at the three universities accounts for approximately 2 percent of the HMA population. Approximately 28,150 students are housed in on-campus dormitories and are not included in the household population. The remaining students—including those in university-affiliated apartments and an estimated 36,500 students living off campus, most of whom are renters—account for an estimated 2 percent of renter households in the HMA.

Spartan Village on the Paseo in downtown San Jose is an SJSU residence hall in the HMA that was completed in August 2024. This development was part of a conversion of the 264-room Signia by Hilton San Jose to an off-campus residence hall and is expected to accommodate approximately 670 students as part of SJSU off-campus housing.

Household Trends

An estimated 695,700 households reside in the HMA as of December 1, 2024. Since 2020, the number of households has increased by an average of 4,325, or 0.6 percent, annually. The number of households in the HMA grew despite the overall decrease in the population because of a decline in the average household size. A decrease in the share of families with children and an increase in the share of retirement-aged residents, which tend to be in smaller households, have contributed to a shrinking average household size in the HMA. From 2010 to 2023, the share of the population younger than 18 declined from 24.2 to 20.1 percent, and the cohort of residents aged 65 and older increased from 11.0 to 15.3 percent (2010 and 2023 ACS 1-year data).

From 2010 to 2020, the number of households increased by an average of 5,450 households, or 0.8 percent, a year—slightly slower than the 0.9-percent annual population growth rate in the HMA during the same period. An estimated 52.9 percent of households are homeowners, down from 54.1 percent in 2020 and 57.8 percent in 2010 (Figure 6). As of the current date, 367,700 owner households and 328,000 renter households reside in the HMA. The number of owner households has increased by an average of 0.1 percent each year since 2020, compared with renter household growth averaging 1.2 percent annually.

Forecast

During the next 3 years, the population is expected to grow although at a slower rate than during the 2010-to-2020 period. The population is expected to increase by 5,750, or 0.3 percent, annually to an estimated 1.99 million by December 1, 2027. Net out-migration is expected to continue but slow each year of the forecast period. Household growth is anticipated to continue outpacing population growth and is expected to average 5,225, or 0.7 percent, annually, reaching 711,400 households in the HMA by the end of the forecast period.

Figure 6. Households by Tenure and Homeownership Rate in the San Jose HMA
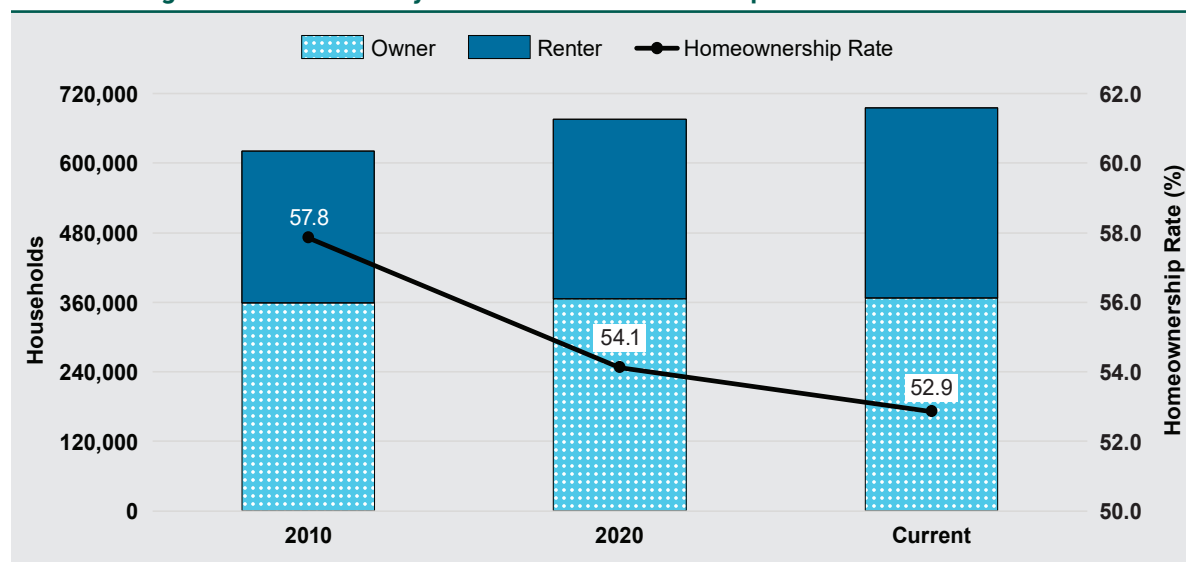
Note: The current date is December 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Tight

During the 12 months ending November 2024, home sales and average home prices rose in the HMA, following a decline in home sales and a relatively unchanged average home price during the 12 months ending November 2023.

Current Conditions

The home sales market in the San Jose HMA is currently tight, with an overall estimated vacancy rate of 0.9 percent (Table 4), compared with 0.7 percent in 2020, when conditions were also tight. In November 2024, the inventory of homes available for sale represented a 1.2-month supply, down slightly from 1.3 months in November 2023 (Redfin, a national real estate brokerage, with adjustments by the analyst). Despite elevated mortgage interest rates, home sales demand in the HMA has increased during the past year. A decrease in the average mortgage interest rate, from 7.4 percent for a 30-year, fixed-rate mortgage in November 2023 to 6.8 percent in November 2024 (Freddie Mac), partly supported an increase in home sales during the past year. During the 12 months ending November 2024, new and existing home sales rose by approximately 1,700 homes, or 14 percent, to 14,150 homes sold, following a 27-percent decline a year earlier (Cotality, with adjustments by the analyst). Existing home sales increased 13 percent to 13,350 during the 12 months ending November 2024, whereas new home sales rose 33 percent from a year earlier to approximately 800 homes sold (Figure 7). New home sales accounted for 6 percent of total home sales during the 12 months ending November 2024, up slightly from 5 percent 1 year earlier. Among existing home sales, resales accounted for 99 percent of the total during the 12 months ending November 2024, and the remaining 1 percent was distressed sales. Distressed sales in the HMA were greater during the early 2010s, and their effect on the sales market has declined since peaking in 2011. As a share of all existing home sales, distressed sales averaged 26 percent from 2010 through 2013 and declined to an average of 3 percent from 2014

Table 4. Home Sales Quick Facts in the San Jose HMA

		San Jose HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	0.9%	NA
	Months of Inventory	1.2	3.4
	Total Home Sales	14,150	4,955,000
	1-Year Change	14%	-6%
	New Home Sales Price	$1,432,000	$497,100
	1-Year Change	9%	1%
	Existing Home Sales Price	$1,682,000	$429,300
	1-Year Change	8%	8%
	Mortgage Delinquency Rate	0.2%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2024; and months of inventory and mortgage delinquency data are as of November 2024. The current date is December 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—Cotality; home sales and prices—Cotality, with adjustments by the analyst

**Figure 7. 12-Month Home Sales Totals by Type of Sale in the San Jose HMA**
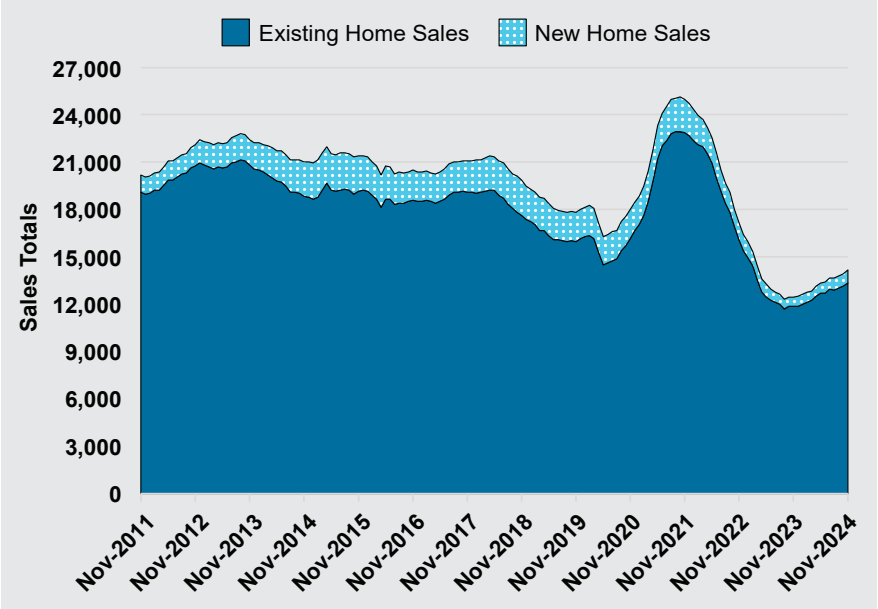
Source: Cotality, with adjustments by the analyst

through 2017. Since 2018, distressed sales have accounted for 1 percent of existing home sales.

Along with increasing home sales, home prices rose during the past year. The average home price increased 8 percent to $1.67 million during the 12 months ending November 2024 after being relatively unchanged a year earlier. The average price of an existing home rose 8 percent to $1.68 million during the 12 months ending November 2024, and the average new home price increased 9 percent to $1.43 million (Figure 8). Average existing home prices have been consistently higher than new sales prices since 2014, partly because of the prevalence of smaller sized new units being built and locational differences, such as new home construction occurring in relatively lower cost areas with more available vacant land. Home prices in the HMA are very high, with approximately 75 percent of homes selling for more than $1.00 million and 29 percent of all homes selling for more than $2.00 million (Zonda; Figure 9).

During the 12 months ending November 2024, Santa Clara County accounted for 94 percent of all home sales in the HMA, and San Benito County accounted for the remaining 6 percent (Cotality, with adjustments by the analyst). The average home price in Santa Clara County during the 12 months ending November 2024 was $1.72 million, reflecting an 8-percent increase from a year ago. Home price growth was slower in San Benito County during the past year, with the average home price rising 2 percent to $820,000.

Figure 8. 12-Month Average Home Sales Price by Type of Sale in the San Jose HMA
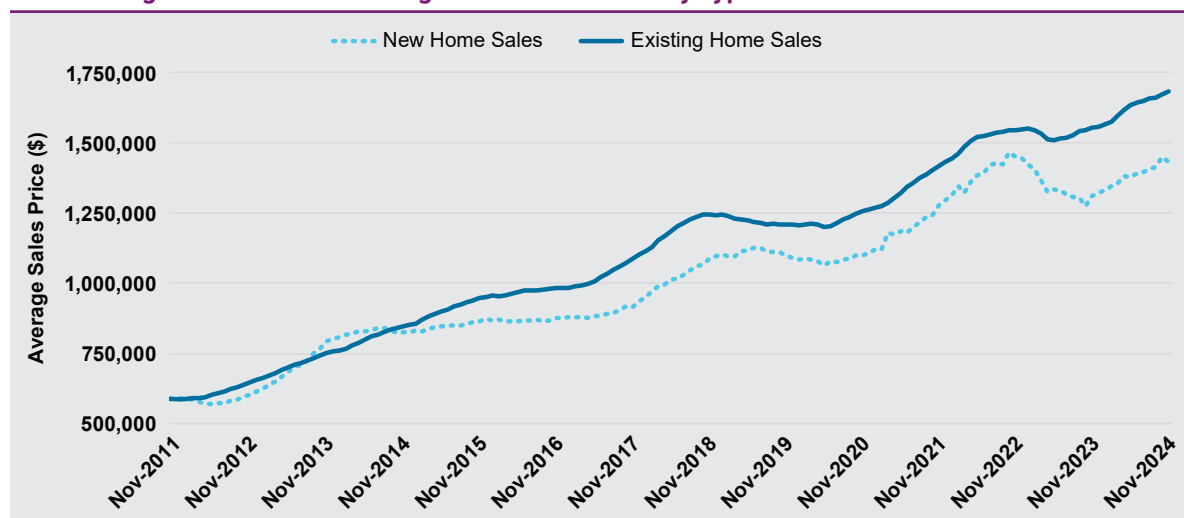
Source: Cotality, with adjustments by the analyst

Figure 9. Share of Overall Home Sales by Price Range During the 12 Months Ending November 2024 in the San Jose HMA
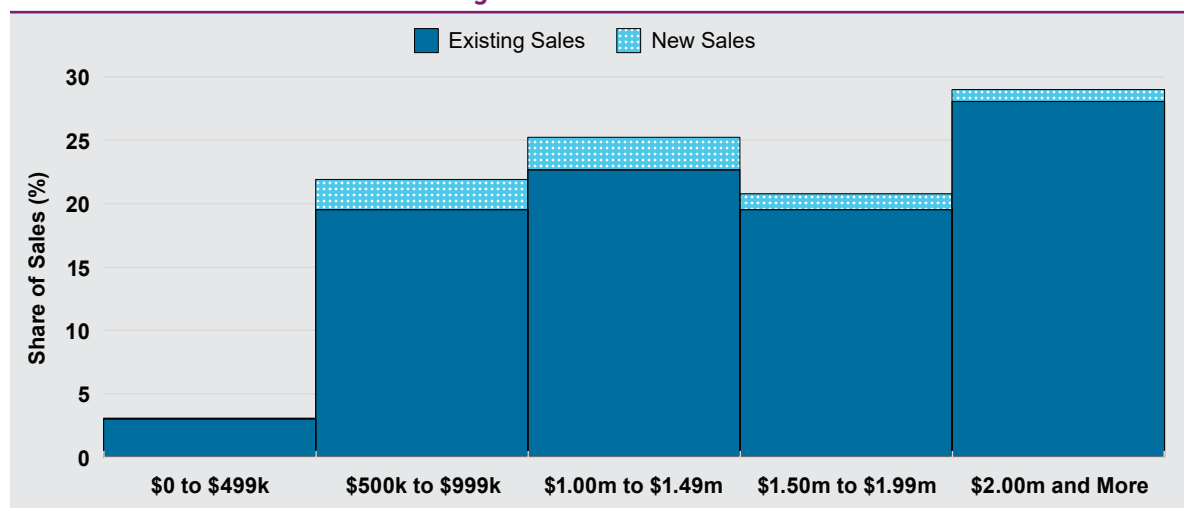
Notes: New and existing sales include single-family homes, townhomes, and condominiums. Existing sales include regular resales and real estate owned sales.
Source: Zonda

Home Sales Trends

Existing home sales levels in the HMA were generally stable from the early-through-mid-2010s before trending downward during the latter one-half of the decade. Relatively strong economic growth and net in-migration contributed to existing home sales from 2010 through 2015 averaging 19,550 homes sold each year (Cotality, with adjustments by the analyst). Slowing job growth and net out-migration during the latter one-half of the decade suppressed home sales demand, and existing home sales declined by an average of 760, or 4 percent, annually from 2016 through 2019. Despite a brief decline in April and May 2020, after the onset of the pandemic, existing home sales increased by 530, or 3 percent, during 2020 before rising sharply in 2021 by 6,025 homes, or 36 percent, from a year earlier. The acceleration in home sales was partly due to historically low mortgage interest rates, which averaged 3.0 percent during 2020 and 2021 (Freddie Mac). Existing home sales fell sharply during 2022 and 2023, down by 5,400 homes, or 28 percent, each year, largely because of rising mortgage interest rates and tech industry layoffs.

New home sales in the HMA were generally low during the early 2010s, when sales construction was at low levels, before rising into the early 2020s. From 2010 through 2013, new home sales averaged 1,400 homes annually. As existing home prices surpassed new home prices, new home sales rose to higher levels. From 2014 through 2021, an average of 2,025 new homes sold each year, reflecting a 45-percent increase from the 2010-through-2013 average. Rising mortgage interest rates contributed to a substantial decline in new home sales during 2022 and 2023, down an average of 46 percent a year to 600 homes sold in 2023.

Home Sales Price Trends

Following a decline in 2011, new and existing home prices in the HMA generally increased from 2012 through 2020 before surging in 2021. The pace of price increases, however, was faster during the 2010s compared with the early 2020s, partly because of rising demand and greater competition for homes in higher priced cities where major employers, particularly high-tech companies, are located. The average existing home price declined by $9,775, or 2 percent, in 2011 before increasing by an average of $75,050, or 9 percent, a year from 2012 through 2020 (Cotality, with adjustments by the analyst). In a similar fashion, the average new home price declined during 2011 by $4,875, or 1 percent, followed by an average annual increase of $57,500, or 7 percent, from 2012 through 2020. Historically low mortgage interest rates after the onset of the pandemic contributed to strong demand for homes in the HMA, placing additional upward pressure on home prices. The average existing home price rose by $169,000, or 13 percent, in 2021, and the average new home price increased by $186,900, or 17 percent. Existing home price growth slowed during 2022 and 2023 to an average increase of $62,900, or 4 percent, each year. New home price growth also decelerated, with prices up 11 percent, or by $147,100, during 2022, and in 2023, new home prices fell 8 percent, or by $122,500.

Seriously Delinquent Mortgages and Real Estate Owned Properties

In November 2024, 0.2 percent of home loans in the HMA were seriously delinquent or had transitioned into real estate owned (REO) status, unchanged from November 2023 and below the 7.2-percent peak in February 2010 (Cotality). By comparison, the rate for the nation was higher, at 1.0 percent as of November 2024, unchanged from a year ago and down from an 8.6-percent peak in February 2010.

After generally declining from the peak in February 2010, the percentage of seriously delinquent mortgages and REO properties in the HMA rose sharply during the early months of the COVID-19 pandemic, when job losses made staying current on mortgage payments more difficult for many homeowners. The rate increased from a low of 0.2 percent in April 2020 to a recent high of 2.3 percent in August 2020. By comparison, the rate nationwide increased from 1.4 percent in April 2020 to 4.4 percent in August 2020.

Housing Affordability: Sales

The affordability of homeownership in the HMA has generally declined since 2013 because income growth has not kept pace with home price growth. In addition, low inventory levels have placed upward pressure on home prices, suppressing growth in homeownership. The HUD Homebuyer Affordability Index—a ratio of the HUD median family income in the HMA to the income required to purchase a median-priced home—indicates that affordability in the HMA is significantly lower than in the nation. In the HMA, the index was 0.4 as of the third quarter of 2024, whereas the comparable national index was 1.0 (Figure 10). The index in the HMA has been below 1.0 since the third quarter of 2010 because of strong home price growth in the HMA.

Homeownership in the HMA has become particularly less affordable for households in the 25-to-44 age cohort, the prime demographic for first-time homebuyers. The HUD First-Time Homebuyer Affordability Index measures the median household income for householders aged 25 to 44 relative to the income needed to purchase a home priced at the 25th percentile, which includes many starter homes. The index for the HMA declined from 0.90 in the third quarter of 2021 to 0.65 as of the third quarter of 2023 (Figure 11). The index for the nation fell from 1.76 to 1.22 during the same period.

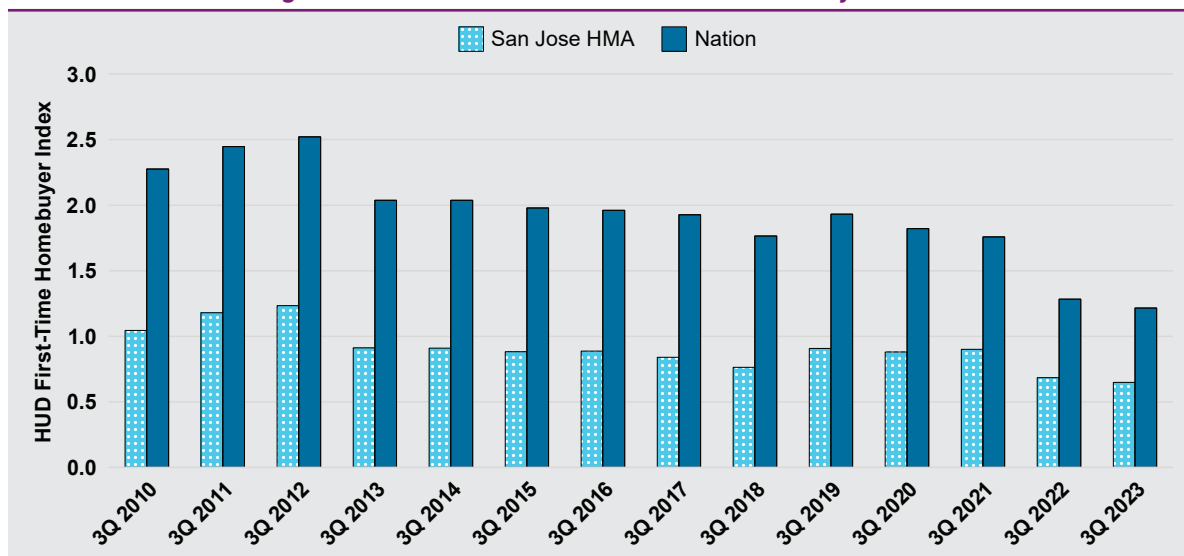### Figure 10. San Jose HMA HUD Homebuyer Affordability Index
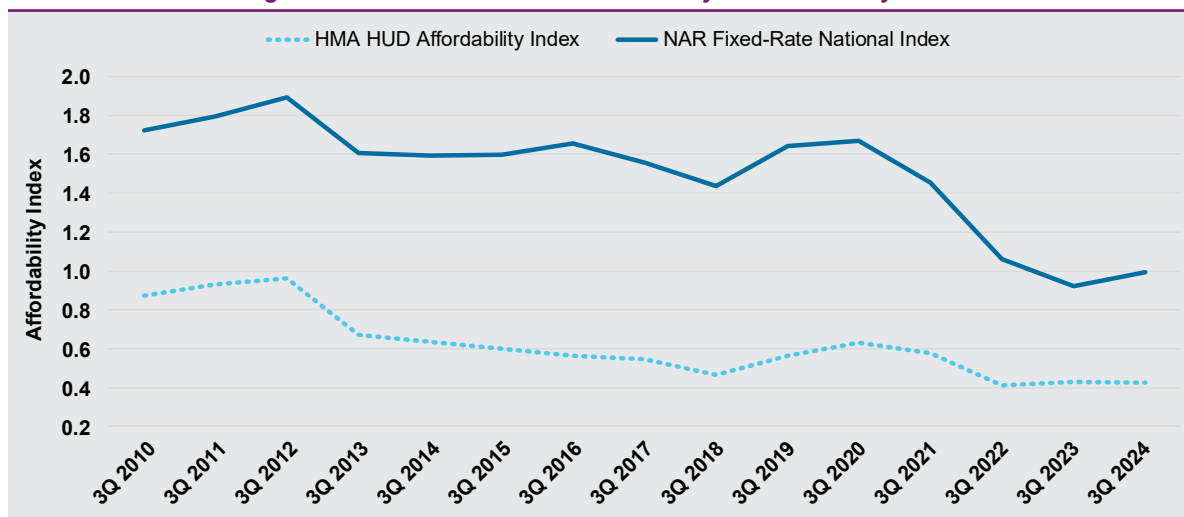
3Q = third quarter. NAR = National Association of REALTORS®.
Sources: HUD Median Family Income data; Freddie Mac; National Association of REALTORS®; Zonda

### Figure 11. San Jose HMA HUD First-Time Homebuyer Index

3Q = third quarter.
Sources: American Community Survey 1-year data; HUD Median Family Income data; Freddie Mac; Zonda

Sales Construction Trends

Homebuilding activity in the HMA—as measured by the number of single-family homes, townhomes, and condominiums underlined permitted—generally increased through the 2010s before spiking in 2022 (Figure 12). From 2011 through 2015—a period of strong economic and population growth—new home construction rose rapidly, increasing an average of 25 percent, or by 370 homes, annually to 2,700 homes in 2015. In response to slower economic and population growth during the mid-to-late-2010s, homebuilding activity was generally steady from 2016 through 2019, averaging 2,575 homes each year. Homebuilding activity fell by 990 homes, or 35 percent, in 2020 to 1,850 homes, largely because of the economic contraction and a surge in net out-migration. New home production rose 49 percent annually during 2021 and 2022 to a recent high of 4,125 homes in 2022 because builders responded to tight market conditions marked by rapidly rising home prices and low inventories of existing homes for sale. Elevated mortgage interest rates since 2022 have hindered housing affordability, contributing to lower sales demand that led to a 47-percent decline in homebuilding activity to 2,200 homes in 2023. Homebuilding activity recently stabilized, however. During the 12 months ending November 2024, approximately 2,425 homes were permitted, up 4 percent from a year earlier (preliminary data, with adjustments by the analyst).

Figure 12. Annual Sales Permitting Activity in the San Jose HMA
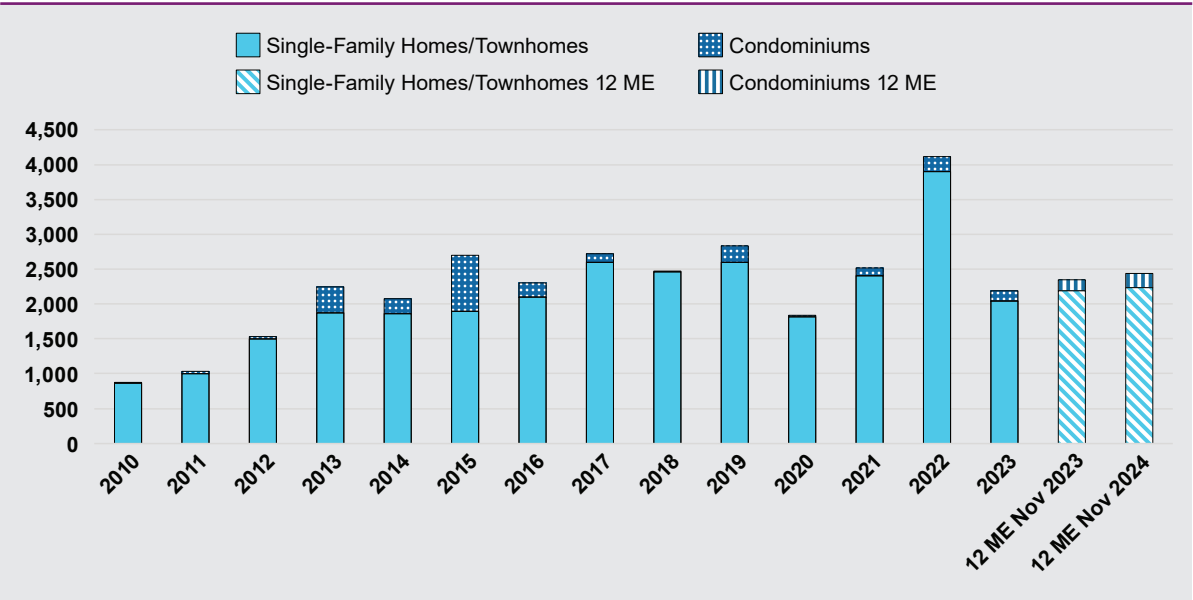
12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Sales Construction

New home sales construction has been concentrated in Santa Clara County, accounting for 86 percent of all single-family home permitting in the HMA since 2010, with the remaining 14 percent in San Benito County. During the 12 months ending November 2024, approximately 1,900 new single-family homes were permitted in Santa Clara County, rising 1 percent from the previous 12 months. Construction is underway at Vida, a townhome community in the city of Sunnyvale. The community is expected to have 50 two-, three-, and four-bedroom homes during the first phase of construction, with a total of 85 homes planned at buildout. The townhomes range in size from 1,378 to 2,037 square feet, with prices starting at $1.39 million. Currently, 35 homes have sold. Willow Landing, a single-family home community in the city of Hollister in San Benito County, is under construction and is expected to have 144 homes at buildout. The prices range from $699,900 to $818,900, and sizes range from 1,684 to 2,494 square feet for the three- and four-bedroom homes. Seven homesites are available for purchase at this time.

Forecast

During the next 3 years, demand is expected for 7,900 new homes (Table 5). The 1,025 homes under construction in the HMA will satisfy a portion of the demand in the first year of the forecast period. Demand is expected to be relatively steady throughout the forecast period. Sales housing demand is expected to continue to be primarily in Santa Clara County because of proximity to major employers, but demand for generally lower priced homes in San Benito County is expected to increase.

Table 5. Demand for New Sales Units in the San Jose HMA During the Forecast Period

Sales Units	
Demand	7,900 Units
Under Construction	1,025 Units

Note: The forecast period is December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst

Rental Market

Market Conditions: Balanced

The stabilized apartment vacancy rate declined and the average apartment rent increased as of the fourth quarter of 2024 compared with a year earlier.

Current Conditions and Recent Trends

The overall rental housing market in the San Jose HMA—including apartments, single-family homes, and other housing units available for rent—is balanced. As of December 1, 2024, the overall rental vacancy rate is estimated at 4.8 percent, down slightly from 4.9 percent in April 2020 (Table 6) but higher than 4.3 percent in April 2010, when market conditions were tighter. In 2023, approximately 56 percent of renter households lived in multifamily buildings with five or more units, predominantly apartments, up from 50 percent in 2010 (2010 and 2023 ACS 1-year data). The remaining 44 percent of renter households in 2023 resided in attached and detached single-family homes, mobile homes, or two- to four-unit multifamily structures.

Single-Family Home Rentals

During 2023, 31 percent of renter households in the HMA lived in attached or detached single-family homes, down slightly from 32 percent in 2010 (2010 and 2023 ACS 1-year data). Among

Table 6. Rental and Apartment Market Quick Facts in the San Jose HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	4.9	4.8
		2010 (%)	**2023 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	32	31
	Multifamily (2–4 Units)	17	12
	Multifamily (5+ Units)	50	56
	Other (Including Mobile Homes)	2	1

		4Q 2024	YoY Change
Apartment Market Quick Facts	Stabilized Vacancy Rate	4.4%	-0.3
	Average Rent	$3,088	3%

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is December 1, 2024. Percentages may not add to 100 due to rounding. A property is stabilized once the occupancy rate reaches 90 percent or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

professionally managed, single-family rental homes in the HMA—which represent a small portion of all single-family rentals in the HMA—the vacancy rate was 1.4 percent as of November 2024, unchanged from November 2023 and November 2022 (Cotality). The growth in the average rent for larger single-family homes with higher bedroom counts was strong during the past year. As of November 2024, monthly rents for three- and four-bedroom homes in the HMA averaged $4,733 and $5,059, respectively, up 5 and 4 percent from a year earlier. By comparison, monthly rents for one- and two-bedroom homes in the HMA averaged $3,039 and $3,843, respectively, down 2 percent and up 1 percent from November 2023.

Apartment Market Conditions

Apartment market conditions in the HMA were slightly tight as of the fourth quarter of 2024, with a 4.4-percent stabilized vacancy rate, down from 4.7 percent as of the fourth quarter of 2023 and significantly below the recent peak of 8.0 percent as of the fourth quarter of 2020, when the apartment market was temporarily soft (CoStar Group; Figure 13). During the past 4 years, the absorption of approximately 15,450 units has outpaced the number of apartment completions, totaling approximately 10,050 units, leading to lower vacancy rates and tighter apartment market conditions since 2021. As of the fourth quarter of 2024, the average apartment rent in the HMA rose 3 percent from a year earlier to $3,088, accelerating from a 1-percent increase as of the fourth quarter of 2023. Rent growth was significantly faster in 2021 and 2022,

when apartment absorption was stronger, with rents increasing an average of 5 percent year over year.

Apartment market conditions in the HMA ranged from tight to slightly tight before the COVID-19 pandemic. From the fourth quarters of 2010 to 2015, apartment market conditions in the HMA were tight, with low stabilized vacancy rates and relatively strong rent growth averaging 5 percent annually. Stabilized apartment vacancy rates during the period ranged from a low of 3.9 percent as of the fourth quarter of 2014 to a high of 4.5 percent as of the fourth quarter of 2015. From the fourth quarters of 2016 to 2019, apartment market conditions were slightly tight, easing somewhat compared with the preceding 6 years largely because the supply of new apartments entering the market outpaced the absorption of apartment units, contributing to higher vacancy rates. Approximately 12,900 apartment units were completed from 2016 to 2019, while approximately 10,950 units were absorbed. During this period, year-over-year rent growth moderated to an average of 3 percent, and stabilized apartment vacancy rates ranged from a low of 4.6 percent as of the fourth quarter of 2019 to a high of 5.0 percent as of the fourth quarter of 2016.

The apartment market in the HMA softened following the onset of the COVID-19 pandemic. Severe job losses and a surge in net out-migration that led to population decline from 2020 to 2021 contributed to falling demand and negative

Figure 13. Apartment Rents and Stabilized Vacancy Rates in the San Jose HMA
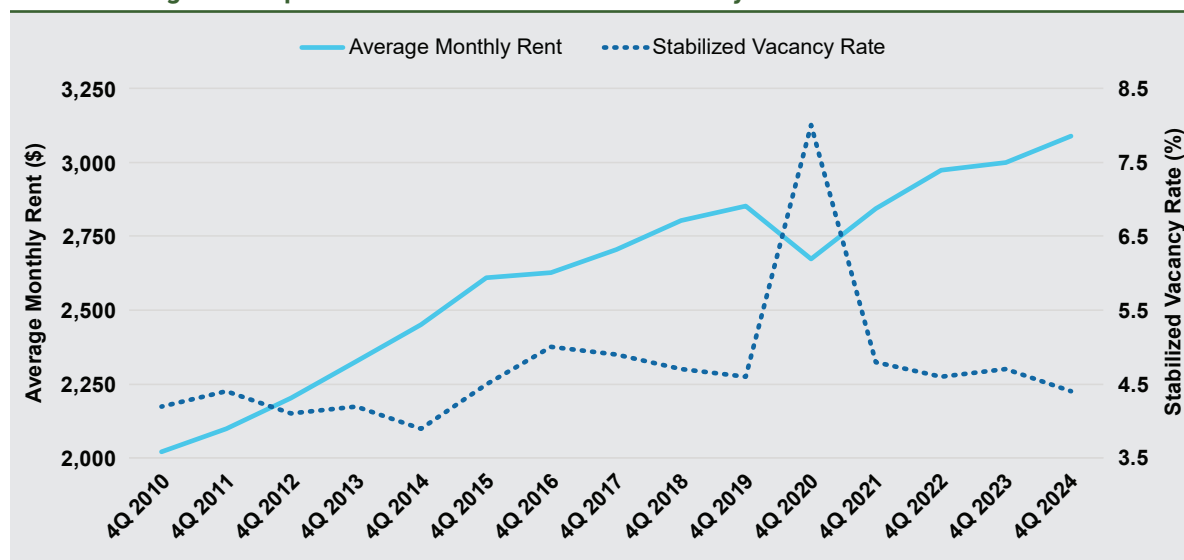
4Q = fourth quarter.
Notes: The stabilized vacancy rates and average monthly rents are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are in lease up. A property is stabilized once the vacancy rate has reached 90 percent or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.
Source: CoStar Group

absorption of units as of the fourth quarter of 2020, causing the vacancy rate to rise. The stabilized apartment vacancy rate spiked to 8.0 percent as of the fourth quarter of 2020, and the average rent fell 6 percent year over year. Improving economic conditions and resumed population growth contributed to tightening apartment market conditions, and the stabilized vacancy rate declined to 4.8 percent as of the fourth quarter of 2021. Since the fourth quarter of 2021, apartment market conditions have been slightly tight, with relatively steady stabilized vacancy rates.

Apartment Market Conditions by Geography

Among the 15 CoStar Group-defined market areas in the HMA, apartment market conditions ranged from very tight in the San Benito County market area, where the stabilized vacancy rate as of the fourth quarter of 2024 was 1.6 percent, to balanced in the Mountain View/Los Altos market area, where the stabilized vacancy rate was 5.8 percent. Nine of the 15 market areas had declines in stabilized vacancy rates from a year earlier. The Downtown San Jose market area had the largest percentage-point decline in the vacancy rate as of the fourth quarter of 2024, down by 1.9 percentage points to 5.1 percent compared with the fourth

quarter of 2023. The South San Jose and the Sunnyvale market areas were the only areas with increases in stabilized vacancy rates as of the fourth quarter of 2024, up 0.4 and 0.2 percentage points to 4.5 and 4.8 percent, respectively.

Average apartment rents rose year over year in 10 of the 15 market areas as of the fourth quarter of 2024, ranging from 4-percent increases in the North San Jose, the Santa Clara, the Campbell/Los Gatos, and the Cupertino market areas to modest 1-percent increases in the Milpitas/Berryessa and the Midtown San Jose market areas. The Morgan Hill/Gilroy market area was the only market area with a relatively unchanged average apartment rent as of the fourth quarter of 2024, with an average rent of $2,674. The Cupertino market area had the highest apartment rents in the HMA as of the fourth quarter of 2024, averaging $3,503. The lowest average rent was in the San Benito County market area, with an average rent of $2,324, up 2 percent from $2,285 as of the fourth quarter of 2023. The San Benito County market area is the smallest in the HMA by number of units, with approximately 740 units, and accounts for less than 1 percent of all units in the HMA.

Stanford University is located in the Palo Alto market area, SJSU is in the Downtown San Jose market area, and Santa Clara University is in the Santa Clara market area. The 3.2-percent stabilized vacancy rate in the Palo Alto market area as of the fourth quarter of 2024 was down from 4.4 percent a year earlier and 4.5 percent as of the fourth quarter of 2022 (CoStar Group). The $3,275 average rent as of the fourth quarter of 2024 was up 2 percent from $3,214 as of the fourth quarter of 2023. In the Downtown San Jose market area, the stabilized vacancy rate was 5.1 percent as of the fourth quarter of 2024, down from 7.0 percent a year earlier. The average rent of $2,797 as of the fourth quarter of 2024 reflected a 2-percent increase from a year earlier. The stabilized vacancy rate in the Santa Clara market area was 3.9 percent as of the fourth quarter of 2024, down from 4.1 from a year earlier, and the average rent of $3,385 as of the fourth quarter of 2024 was up 4 percent from the fourth quarter of 2023.

Apartment properties targeted to students are generally located near the campuses and offer leases by the bedroom. The vacancy rate at apartments targeted to students at Stanford University was 3.2 percent as of the fourth

quarter of 2024, down from 4.0 percent as of the fourth quarter of 2023 (CoStar Group). As of the fourth quarter of 2024, the average asking rent per bedroom was $2,426, up nearly 1 percent from the fourth quarter of 2023. The vacancy rate at student apartments near SJSU was 8.2 percent as of the fourth quarter of 2024, down from 8.7 percent a year earlier. The average asking rent per bedroom was $1,977, up nearly 2 percent from $1,947 as of the fourth quarter of 2023. The vacancy rate at student apartments near Santa Clara University was 4.6 percent as of the fourth quarter of 2024, down from 4.9 percent a year earlier. As of the fourth quarter of 2024, the average asking rent per bedroom was $1,923, up 7 percent from $1,805 as of the fourth quarter of 2023.

Housing Affordability: Rental

Despite extremely expensive rental housing in the HMA, rental affordability generally improved from the mid-2010s through 2021 because income growth for renter households was generally greater than the increase in the gross rent (Figure 14). During 2022 and 2023, however, rental affordability declined.

Figure 14. San Jose HMA Gross Rent Affordability Index
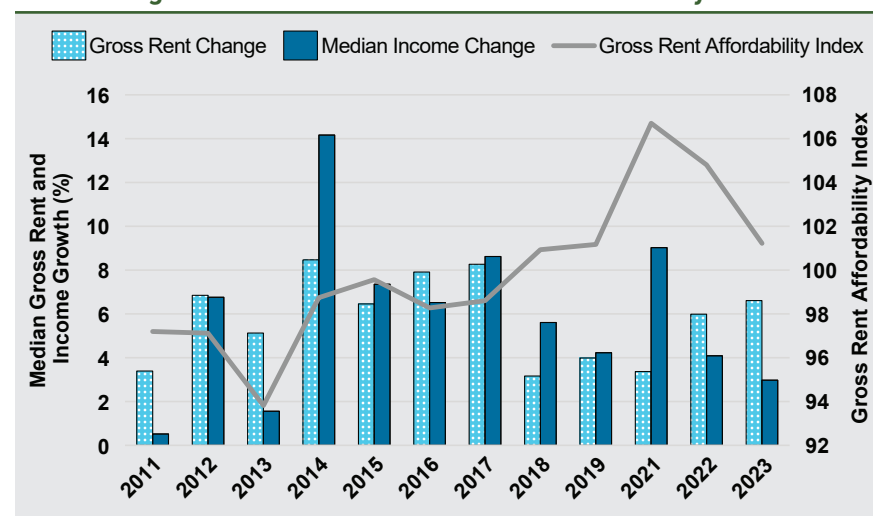
Notes: Rental affordability is for the San Jose HMA. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

The median monthly gross rent in the HMA rose 50 percent, from $1,640 in 2013 to $2,454 in 2021. During the same period, the median renter household income increased 70 percent, from $61,550 to $104,743. As a result, the Gross Rent Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, increased from 93.8 in 2013 to 106.7 in 2021. A value of 100.0 or more indicates that a renter with the median renter household income is able to afford a unit at the median rent. From 2021 to 2023, the median gross monthly rent increased 13 percent, from $2,454 to $2,773, whereas the median renter household income rose only 7 percent, from $104,743 to $112,277. As a result, the Gross Rent Affordability Index declined from 106.7 in 2021 to 101.2 in 2023.

Renter Cost Burdens

A comparatively high percentage of all renter households in the HMA were cost burdened during the 2017-through-2021 period. During the period, an estimated 21.8 percent of all renter households in the HMA experienced a moderate to high cost burden—spending between 31 and 50 percent of their income on housing costs—and 19.7 percent were severely cost burdened, spending 51 percent or more of their income toward housing costs (Table 7). By comparison, the proportions of renter households nationwide that had moderate to high cost burdens or were

Table 7. Percentage of Cost-Burdened Renter Households in the San Jose HMA by Income, 2017–21

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	San Jose HMA	Nation	San Jose HMA	Nation
Renter Households with Income <50% HAMFI	26.1	25.9	54.0	49.9
Total Renter Households	21.8	21.7	19.7	22.2

HAMFI = HUD Area Median Family Income.
Sources: Consolidated Planning/Comprehensive Housing Affordability Strategy data; 2017–2021 American Community Survey 5-year estimates

severely cost burdened were 21.7 and 22.2 percent, respectively. Cost burdens are particularly notable for lower income renter households in the HMA. For renter households with incomes less than 50 percent of the HUD Area Median Family Income in the HMA, 26.1 percent had a moderate to high cost burden, but most households at these income levels, 54.0 percent, were severely cost burdened. By comparison, nationwide, 25.9 percent of lower income renter households had moderate to high cost burdens, whereas 49.9 percent were severely cost burdened.

An estimated 8,050 people throughout the HMA experienced homelessness in January 2024 (Point-in-Time Count). Of that number, approximately 73 percent were unsheltered, compared with approximately 70 percent in California and 43 percent throughout the nation, Puerto Rico, and the U.S. territories.

Current Affordable Housing Options: LIHTC, PBRA, HCV

The low-income housing tax credit (LIHTC) is the primary funding source for new affordable rental housing in the nation. Since 2010, 4,700 new LIHTC units—or an average of 340 units annually—have been placed in service in the HMA. Of those units, approximately 58 percent were in the city of San Jose, nearly 10 percent were in the city of Mountain View, and 9 percent were in the city of Sunnyvale.

In addition to LIHTC, income-eligible residents may qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCVs) through the local public housing authority (PHA). The HMA had 24,729 units subsidized through PBRA and other programs reported in 2023 (Picture of Subsidized Households; Table 8). The PHAs in the HMA administered 19,043 HCVs in 2023. The waiting lists that PHAs administer for HCVs and public housing in the HMA are currently closed, with a waiting time of approximately 6 years. The number of households that have an HCV in the HMA has increased 16.2 percent since 2010, but because of inflation, the average monthly rent subsidy from HUD increased

22.9 percent. By comparison, the number of voucher households in the nation has increased 17.9 percent since 2010, whereas the inflation-adjusted HUD subsidy has increased 9.2 percent.

Rental Construction Activity

Rental construction activity in the HMA, as measured by the number of rental units permitted, ranged from a low of 2,075 units in 2011 to a high of 7,950 units in 2014; since 2022, rental construction has been generally steady (Figure 15). In response to net in-migration and tight apartment market conditions, rental construction activity generally increased from 2011 through 2014, up by an average of 1,175 units, or 25 percent, annually. Builders scaled back construction activity from 2015 through 2020 to an average of 4,500 units each year in response to net out-migration and lower levels of absorption. Rental construction fell 40 percent in 2021 to a recent low of 2,725 units, partly because of a surge in net out-migration from 2020 to 2021 that coincided with a spike in the stabilized vacancy rate and a decline in rents as of the fourth quarter of 2020. During 2022 and 2023, builders responded to tightening apartment market conditions and lower levels of net out-migration by increasing rental construction to an average of 4,375 units each year. Approximately 4,275 rental units were permitted during the 12 months ending November 2024, representing a 7-percent decline from the 12 months ending November 2023 (preliminary data, with adjustments by the analyst).

Table 8. Picture of Subsidized Households, 2023

	San Jose HMA	HMA Change Since 2010	National Total	National Change Since 2010
Total Assisted Households (2023)	24,729	12.5%	4,569,973	3.2%
Total Housing Voucher Households (2023)	19,043	16.2%	2,404,197	17.9%
Average HCV Tenant Monthly Contribution	$639	-1.0%	$450	-1.2%
Average Monthly HUD Subsidy	$2,152	22.9%	$1,068	9.2%

HCV = housing choice voucher.
Note: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers.
Source: HUD Picture of Subsidized Households

Figure 15. Annual Rental Permitting Activity in the San Jose HMA
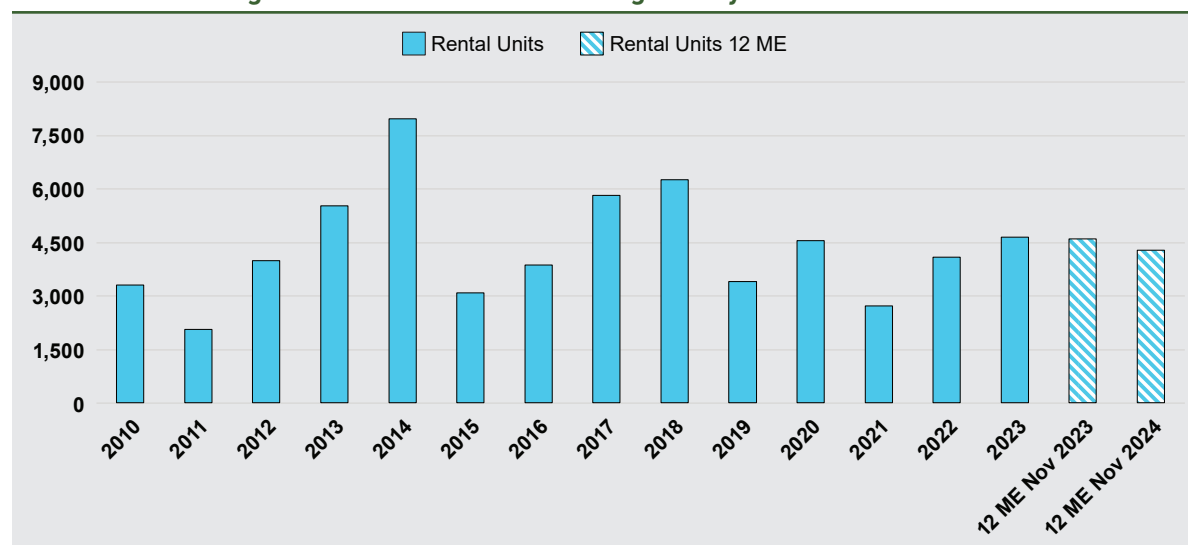
12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Developments

Since 2010, multifamily permitting in Santa Clara County has accounted for nearly all multifamily permitting in the HMA. Within Santa Clara County, apartment construction has been concentrated in the city of San Jose. Since 2010, the city of San Jose has accounted for approximately 48 percent of all multifamily permitting in Santa Clara County and the HMA overall. Maxwell at Bascom apartments, a 590-unit

development, is under construction in the city of San Jose. When complete in 2025, the property will include studio, one-bedroom, and two-bedroom apartments with monthly rents ranging from $2,650 to $7,065. The Fay, a 231-unit apartment community in the city of San Jose, is currently in lease up. The apartment community includes studio, one-bedroom, and two-bedroom units with monthly rents starting from $2,810, $3,615, and $4,330, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 12,050 new rental units in the HMA (Table 9). The 8,400 units under construction are expected to satisfy all of the demand during the first and second years of the forecast

period and a portion of the demand during the third year. Demand is expected to be relatively steady throughout the forecast period and will continue to be concentrated in Santa Clara County.

Table 9. Demand for New Rental Units in the San Jose HMA During the Forecast Period

Rental Units	
Demand	12,050 Units
Under Construction	8,400 Units

Note: The forecast period is December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.   Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Building Permits/ Permitting/ Permitted	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	12/1/2024–12/1/2027—Estimates by the analyst.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

HUD Homebuyer Affordability Index	The HUD Homebuyer Affordability Index is calculated as the ratio of the HUD median family income in the HMA to the income required to purchase the median-priced home while spending no more than 30 percent of income on housing costs, including mortgage, insurance, and taxes. An index greater than 1 indicates that a family earning the median income is able to afford a median-priced home.
HUD First-Time Homebuyer Affordability Index	The HUD First-Time Homebuyer Affordability Index is calculated as the ratio of the median household income for the age cohort 25–44 years old in the HMA to the income required to purchase a home priced at the 25th percentile, spending no more than 30 percent of income for housing costs, including mortgage, insurance, and taxes. Data for median household income by age are not available for 2020 and 2024; in those cases, the index is calculated by applying CPI inflation factors to 2017 and 2022 data, respectively.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized Apartment Vacancy Rate/ Average Monthly Apartment Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are in lease up. A property is stabilized once the occupancy rate has reached 90 percent or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.

B.   Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.

C.   Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D.   Photo/Map Credits

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