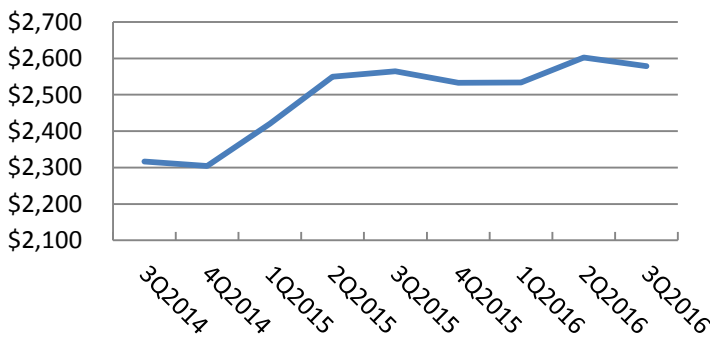


Santa Clara & San Mateo County Rental Trends

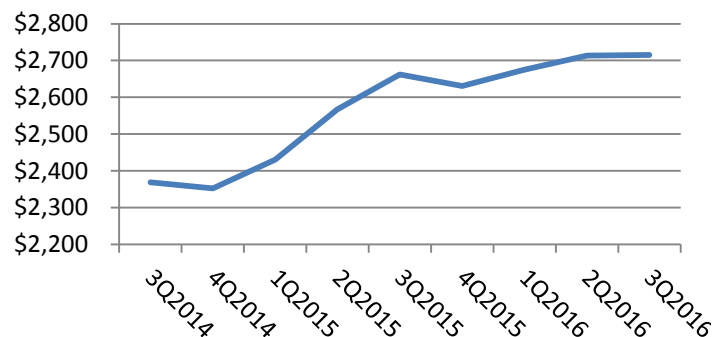
While rent growth in 2016 began with a BANG, it fizzled to a whimper by the end of the year. Today, it's common for renters to pay half or more of their monthly income on rent, especially in California's coastal, urban areas like the Bay Area and Los Angeles. The pace of increase has slowed in 2016, giving renters a desperately needed break, much to the chagrin of landlords. As of October 2016, rents have increased over the past year by 2.7% in San Jose and 2.6% in San Francisco and The Peninsula according to Zillow's rental index. Though it is true that the annual pace of increase across California is still higher than the national average (1.7% as of Oct. 2016) this reductive year-over-year figure doesn't reflect the fact that rents in some of these metros have actually decreased in recent months. This has been especially true in the Downtown San Jose Market where asking rents have declined \$100 - \$200 per unit depending on type and location. Contrast this relatively placid growth with just last year, where the annual change in rents was much higher, boasting an 11% annual increase in San Jose and more

than a 12% annual increase in San Francisco and The Peninsula. Landlords take heart, however. In 2017 economists predict that California will continue to dominate the list of rent-growth leaders for the coming year, with many areas still considered top rental markets. Oakland tops the list, with San Francisco and San Jose still in the top 10 despite these later areas experiencing rent cuts. This is due in part to oversupply in these markets, as well as the local economy experiencing a notable recent decline. But fear not, job-addition volumes are still substantial. "[Apartment operators] will pretty quickly realize that the [Bay Area] market hasn't gone off the edge of the cliff, regaining some confidence on pricing power," says Greg Willett of MPF Research. So it appears that while rent growth in 2017 will not quite match the fireworks of New Years', they will probably reflect that of a more normal rental growth period.

Santa Clara County
Average Rent by Quarter



San Mateo County
Average Rent by Quarter



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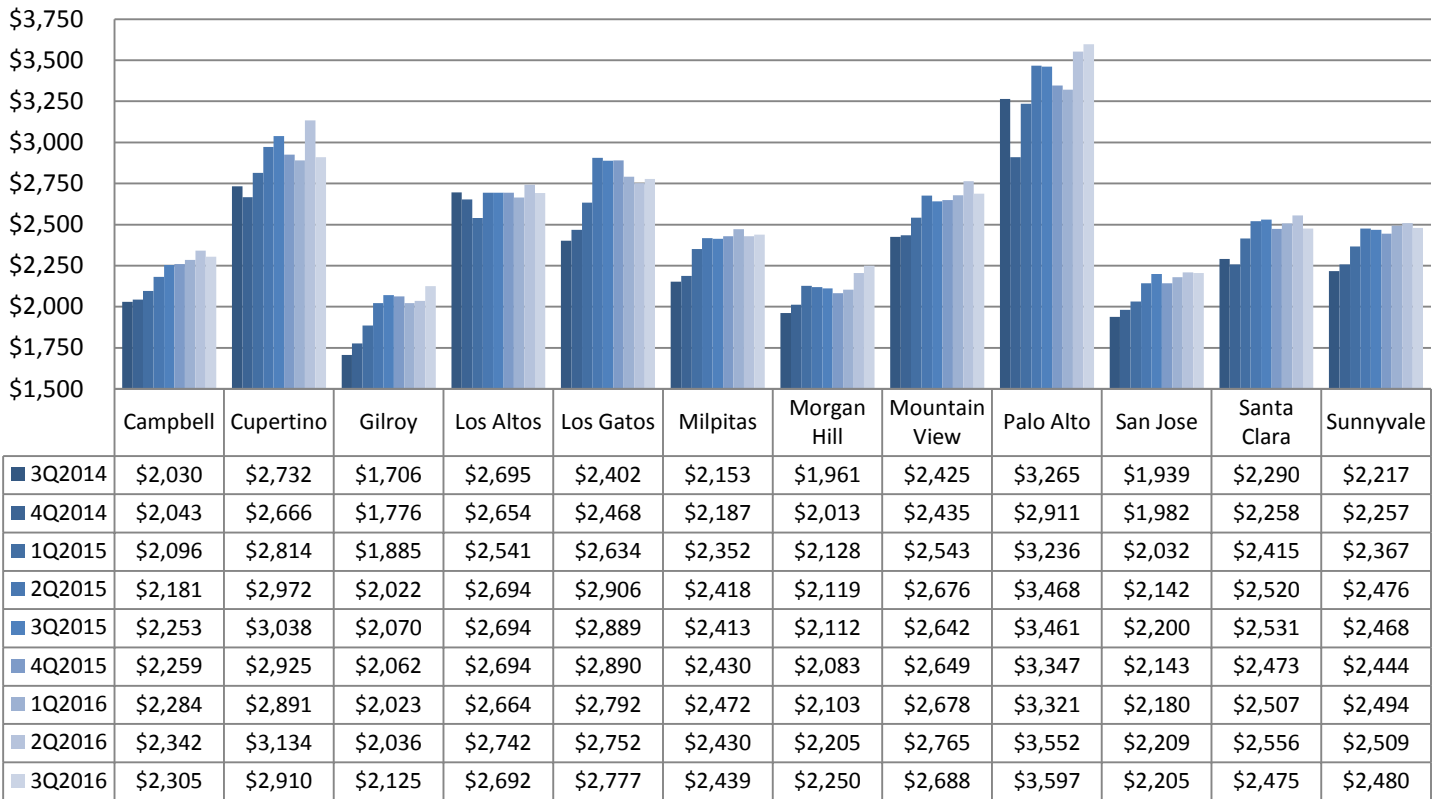
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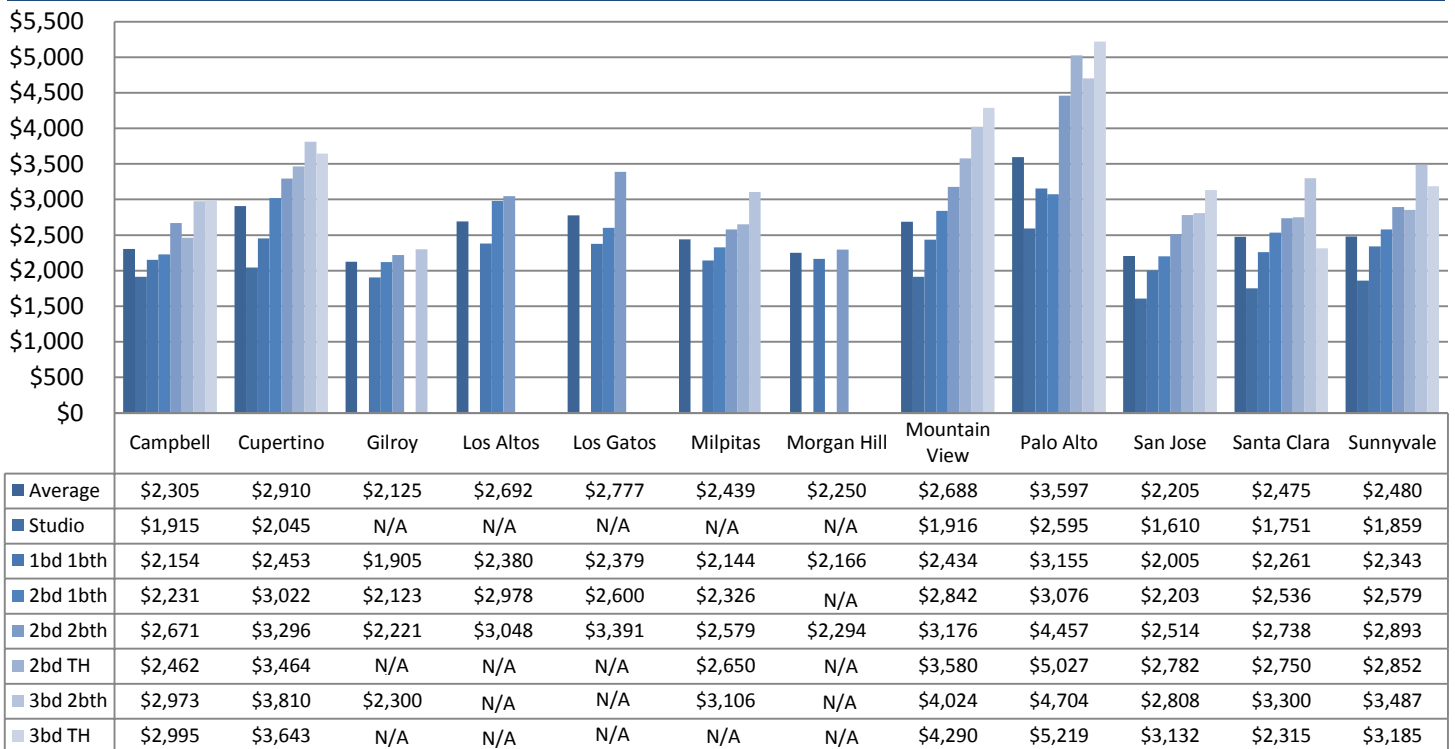
Santa Clara County Rental Trends By City

Class C Properties, Q3 2014 – Q3 2016



Santa Clara County Rental Trends By Unit

Class C Properties, Q3 2016



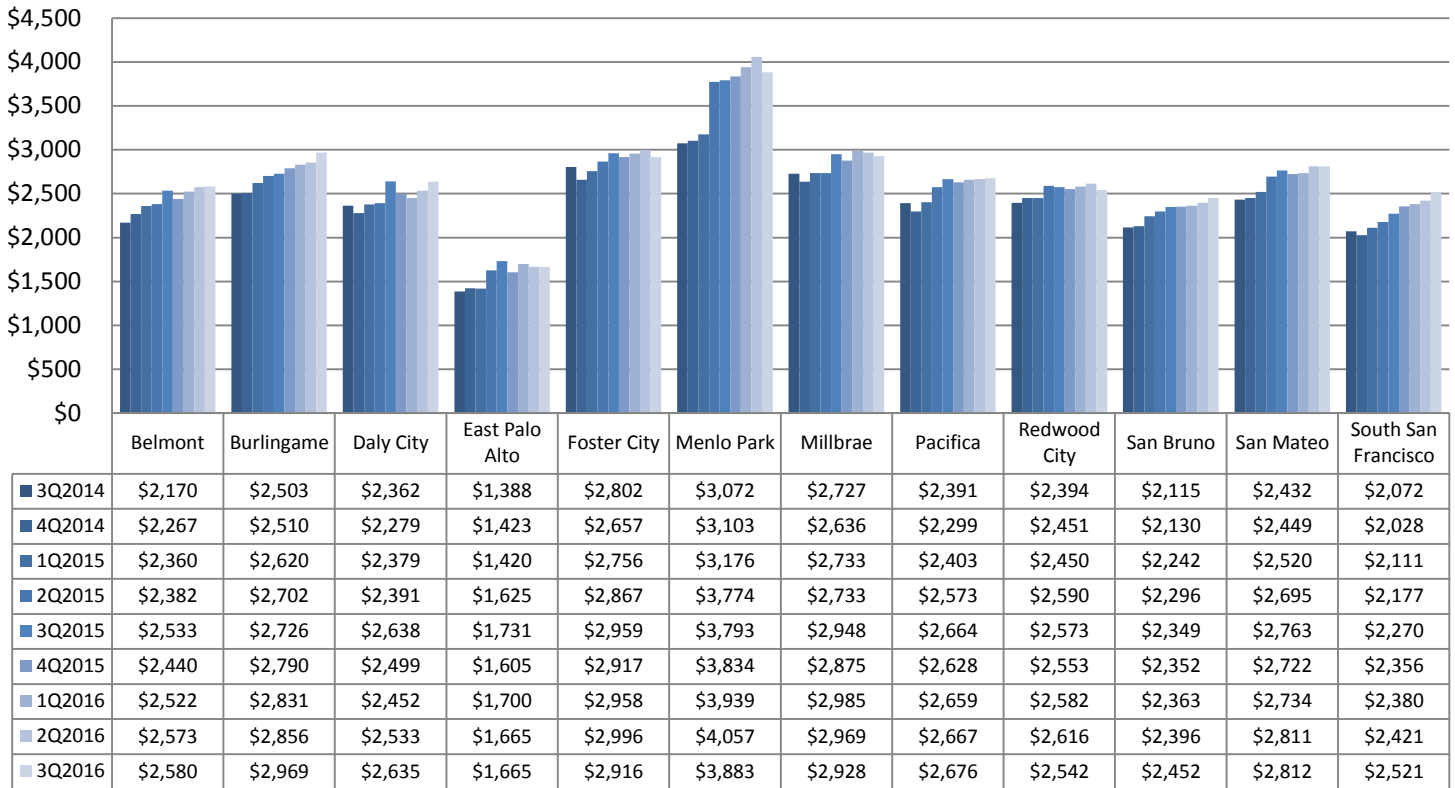
Source: Real Answers

Data is deemed reliable but Silicon Valley Multifamily Group does not guarantee the accuracy of this information.

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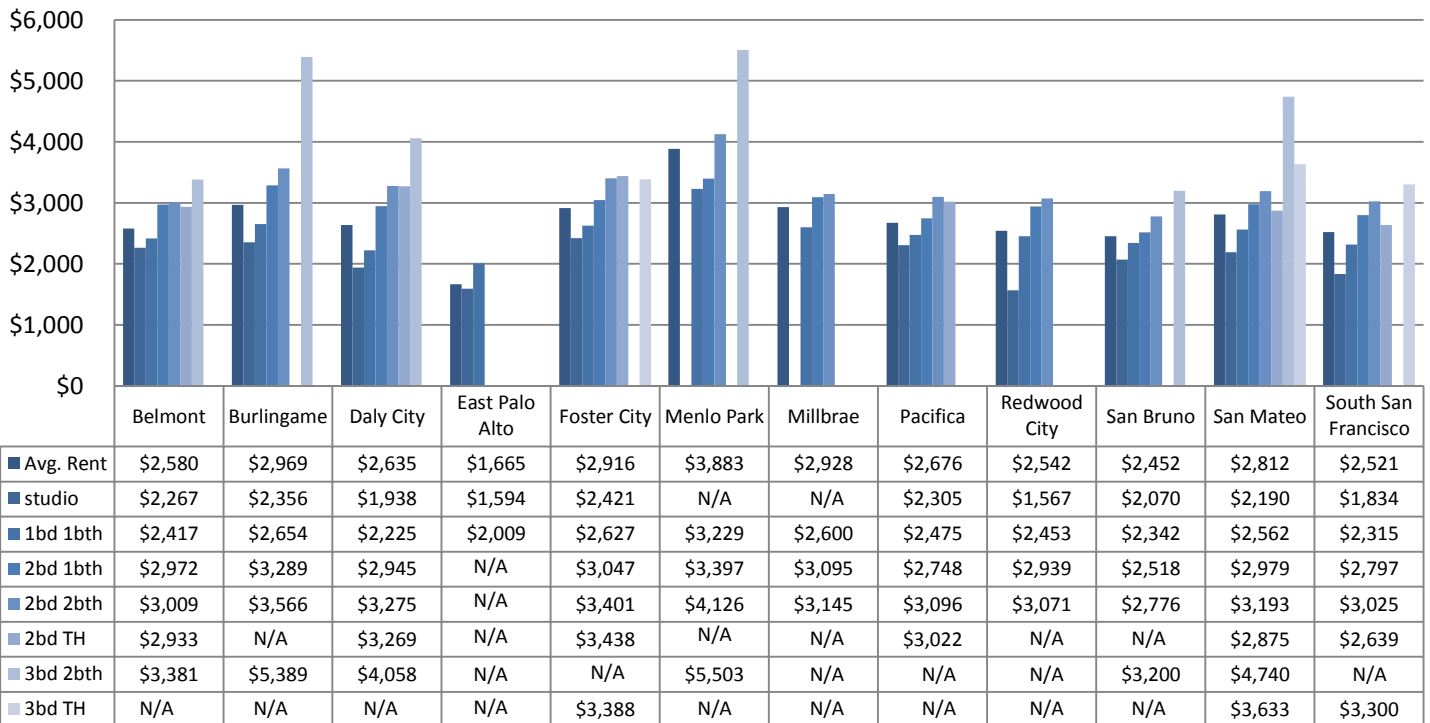
San Mateo County Rental Trends By City

Class C Properties, Q3 2014 – Q3 2016



Santa Clara County Rental Trends By Unit

Class C Properties, Q3 2016



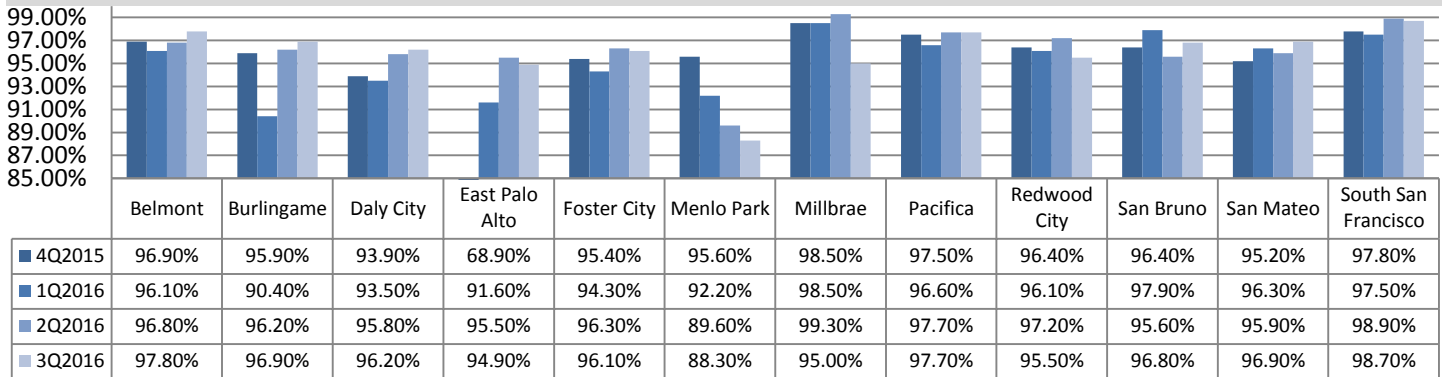
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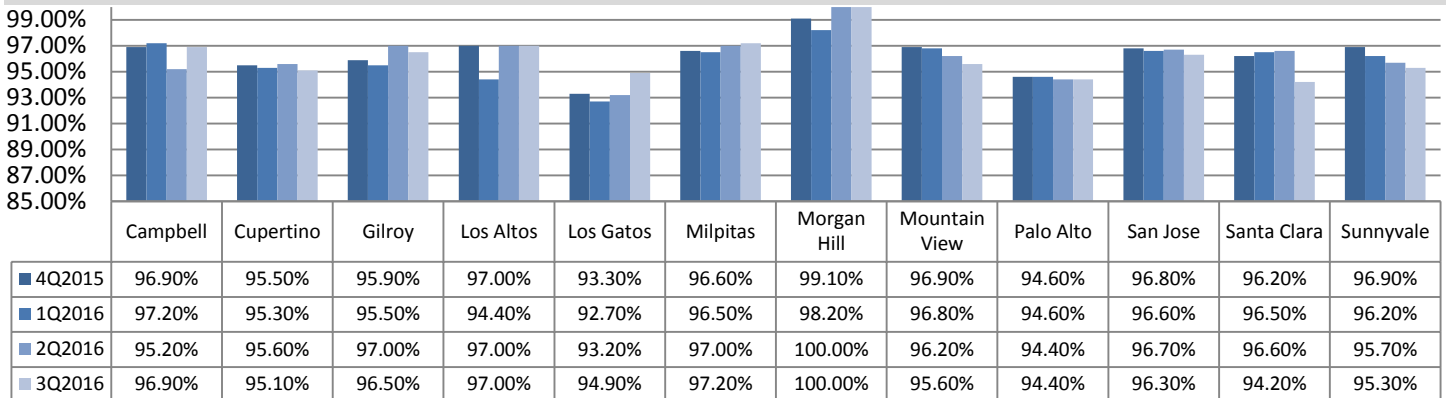
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Occupancy Trends

San Mateo County



Santa Clara County



Data source: Real Answers. The survey data for this newsletter consists of properties with 50 or more units. These properties typically have more amenities than smaller Class C properties so the rental numbers will reflect this. Owners with smaller properties without amenities should take this into consideration and discount the rents accordingly. Data is deemed reliable but neither Silicon Valley Multifamily Group nor Michael Shields represent or guarantee the accuracy of this information.

**Have a question about rents, sales comps or the market in general?
Curious to learn the value of your property?
Contact us at 408-356-1900**



Silicon Valley Multifamily Group is a commercial brokerage specializing in apartment properties in Northern California including the San Francisco Bay Area Counties of Santa Clara (Silicon Valley) and San Mateo, as well as the Coastal Counties of Santa Cruz and Monterey. Our investment brokerage services include assisting investors in the purchase and sale of multifamily properties from 4-100 units in the following cities: San Jose, Santa Clara, Sunnyvale, Mountain View, Cupertino, Palo Alto, Campbell, Milpitas, Los Gatos, Menlo Park, Redwood City, San Mateo, Redwood City, Burlingame, Millbrae, Daly City, South San Francisco, Fremont, Santa Cruz, Salinas, Seaside, Watsonville, Pacific Grove and Monterey. We also represent 1031 exchange buyers and sell medical office product in Northern California and net-leased investments across the nation.



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