



Housing Market Update



Fourth Quarter 2012

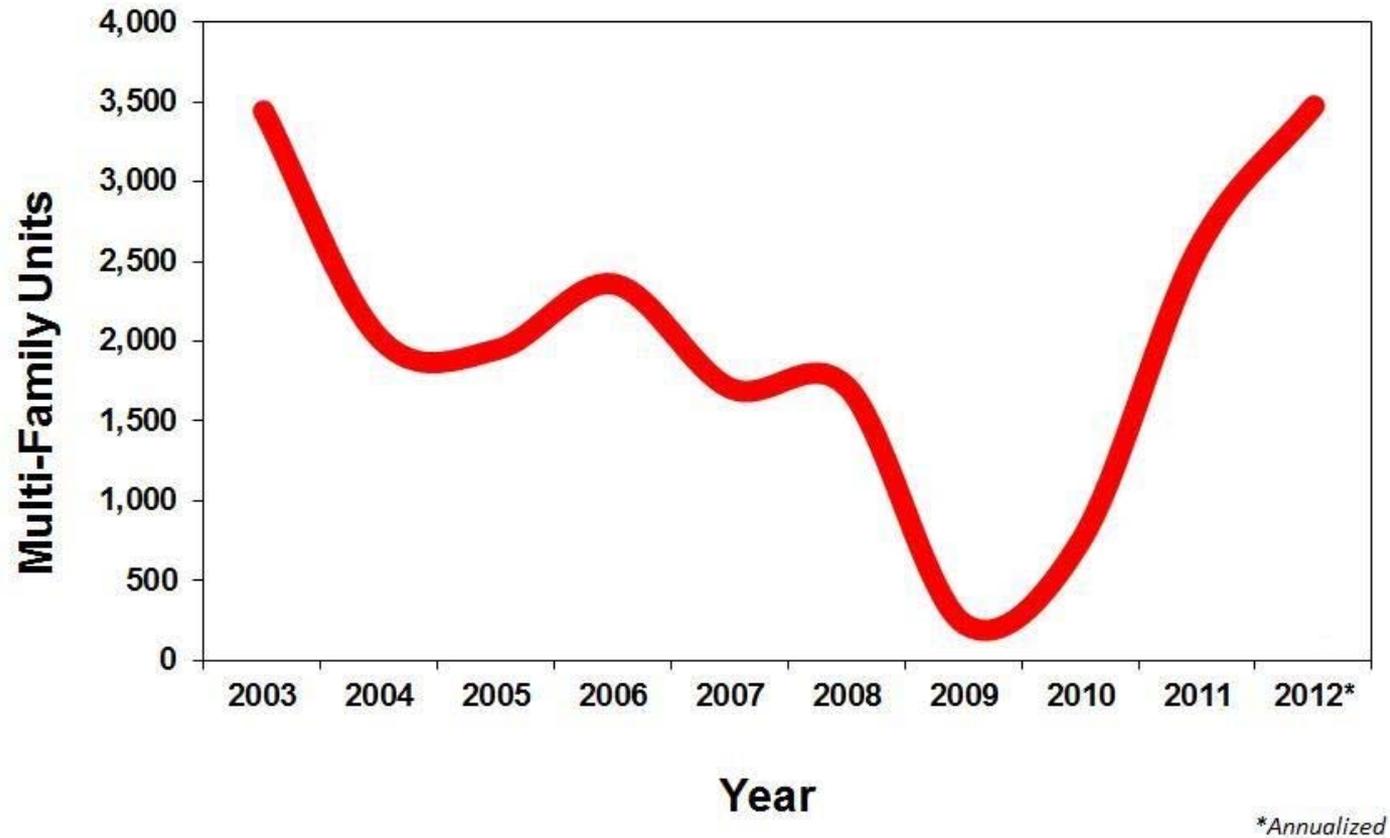


Market Trends

- Hot rental development but may be peaking
- Occupancy in downtown high rise projects continues to increase (rental more than for sale)
- Permits for over 3,300 residential units were awarded in San José in the last 12 months, 12% of which will provide affordable housing. Almost 60% of permit activity was for projects in North San José.

“Boom-Bust-Boom” Decade, 2003-2012

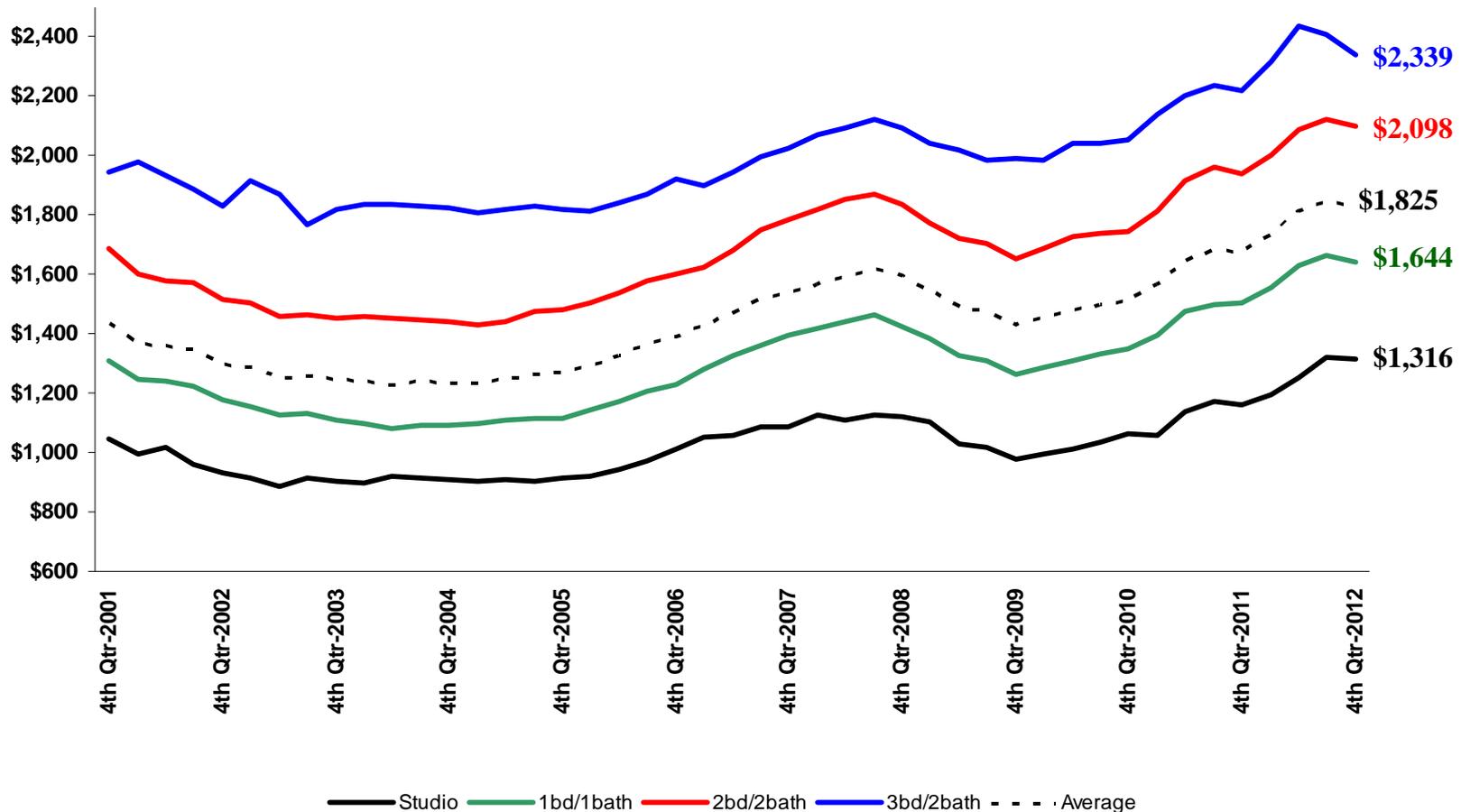
Building Permits Issued



*Annualized

Average Rents Up 8.8% YoY

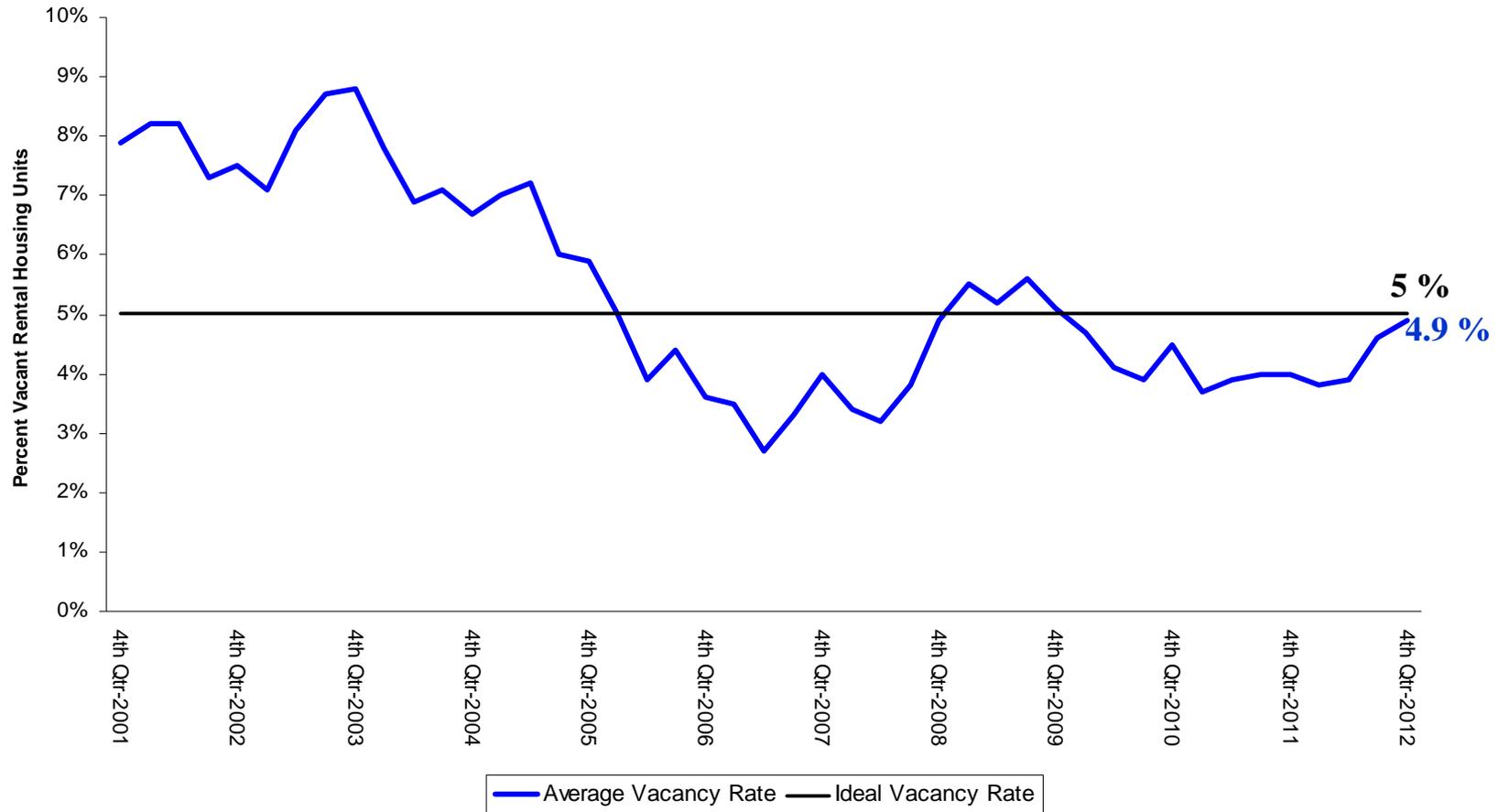
Average Rental Rates for Units in San José



SOURCE: RealFacts – Fourth Quarter 2012 - Data only includes rental projects with 50 units or more

Vacancy Rates Approaching “Natural” Rate as Supply Increases

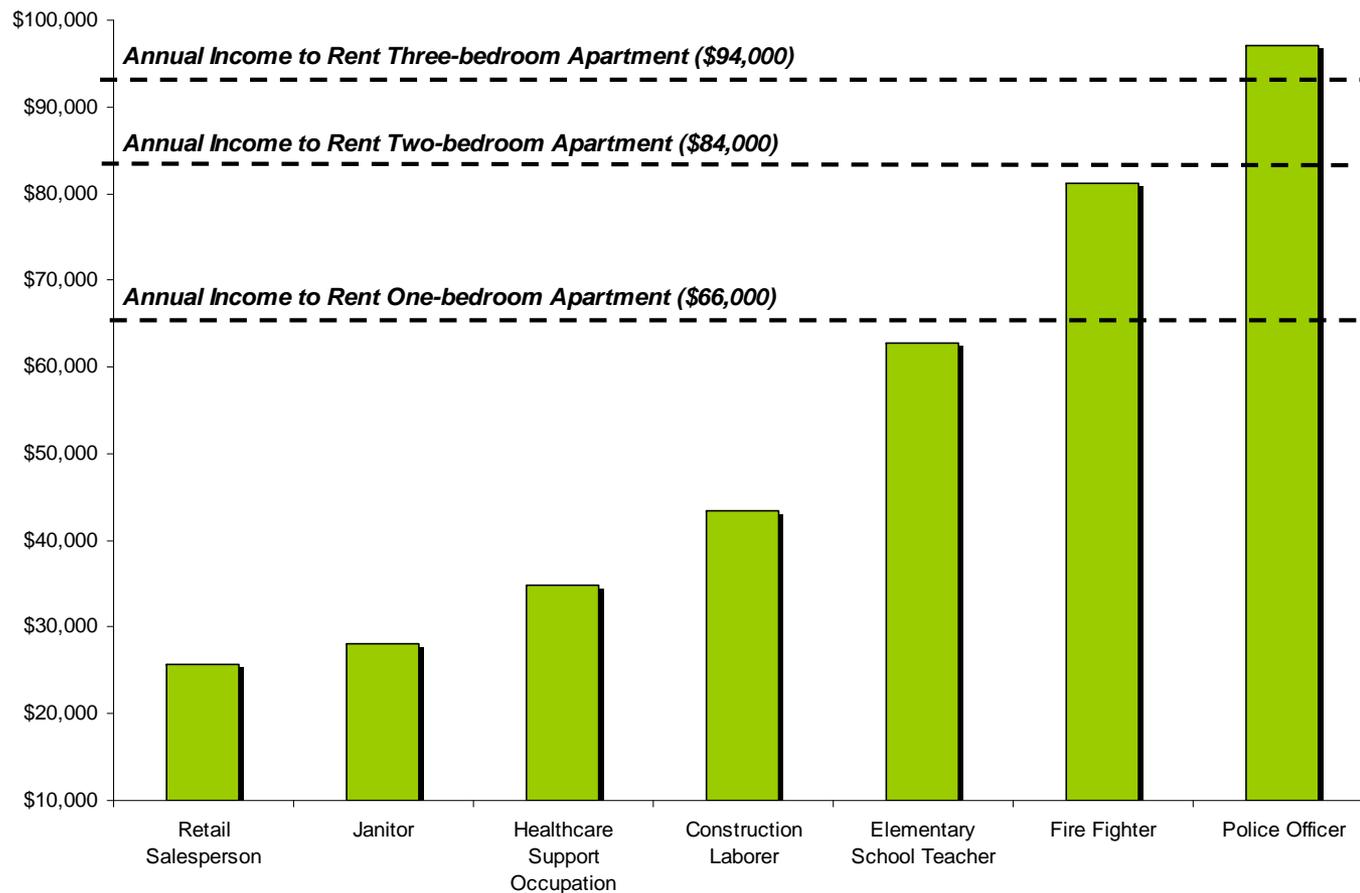
San José Rental Housing Vacancy Rates



SOURCE: RealFacts Data, 4th Quarter 2012 – Data only includes rental projects with 50 units or more

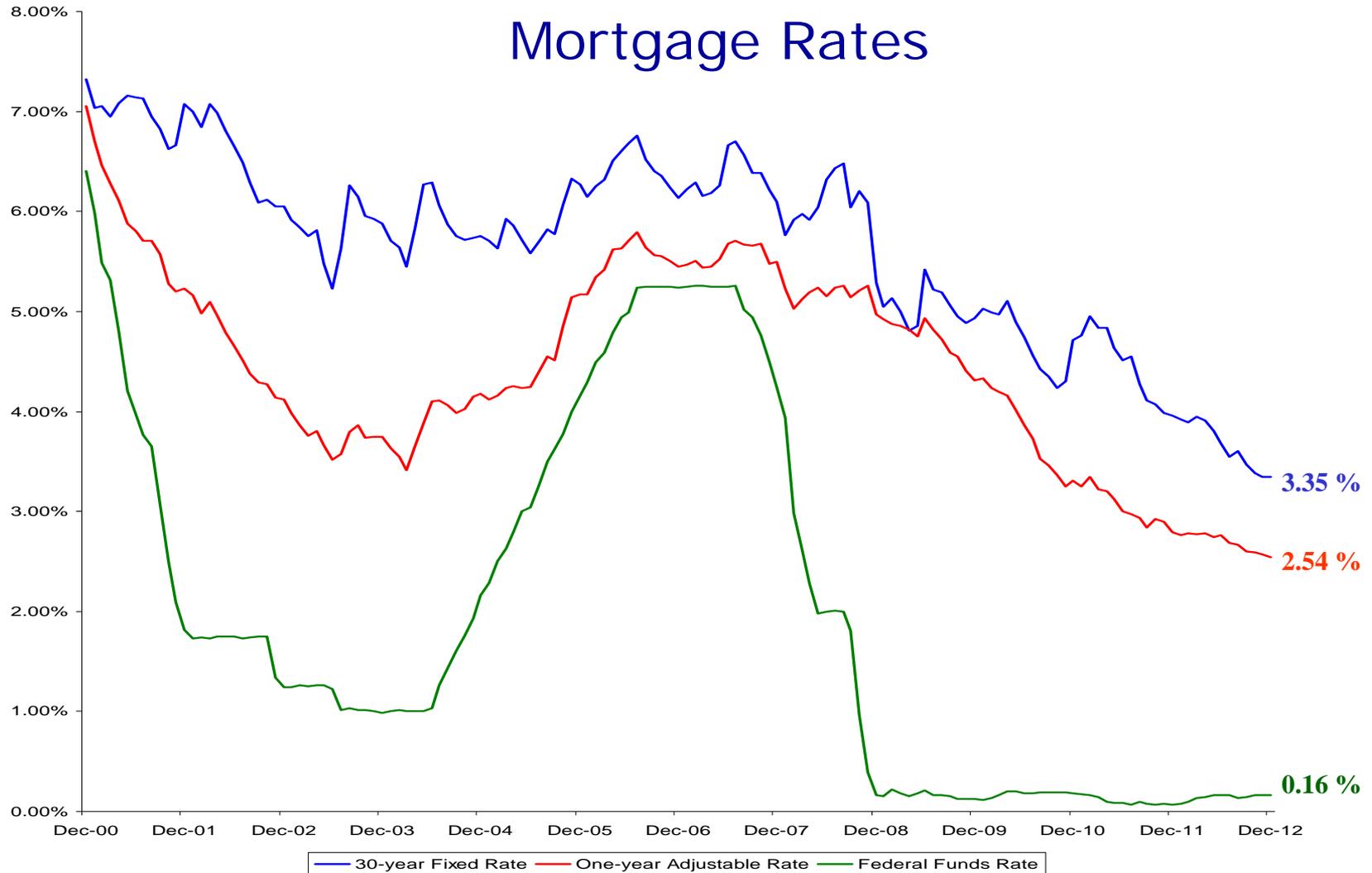
Rents Increasingly Unaffordable for Many San José Workers

Mean Annual Wages for San José Service Workers



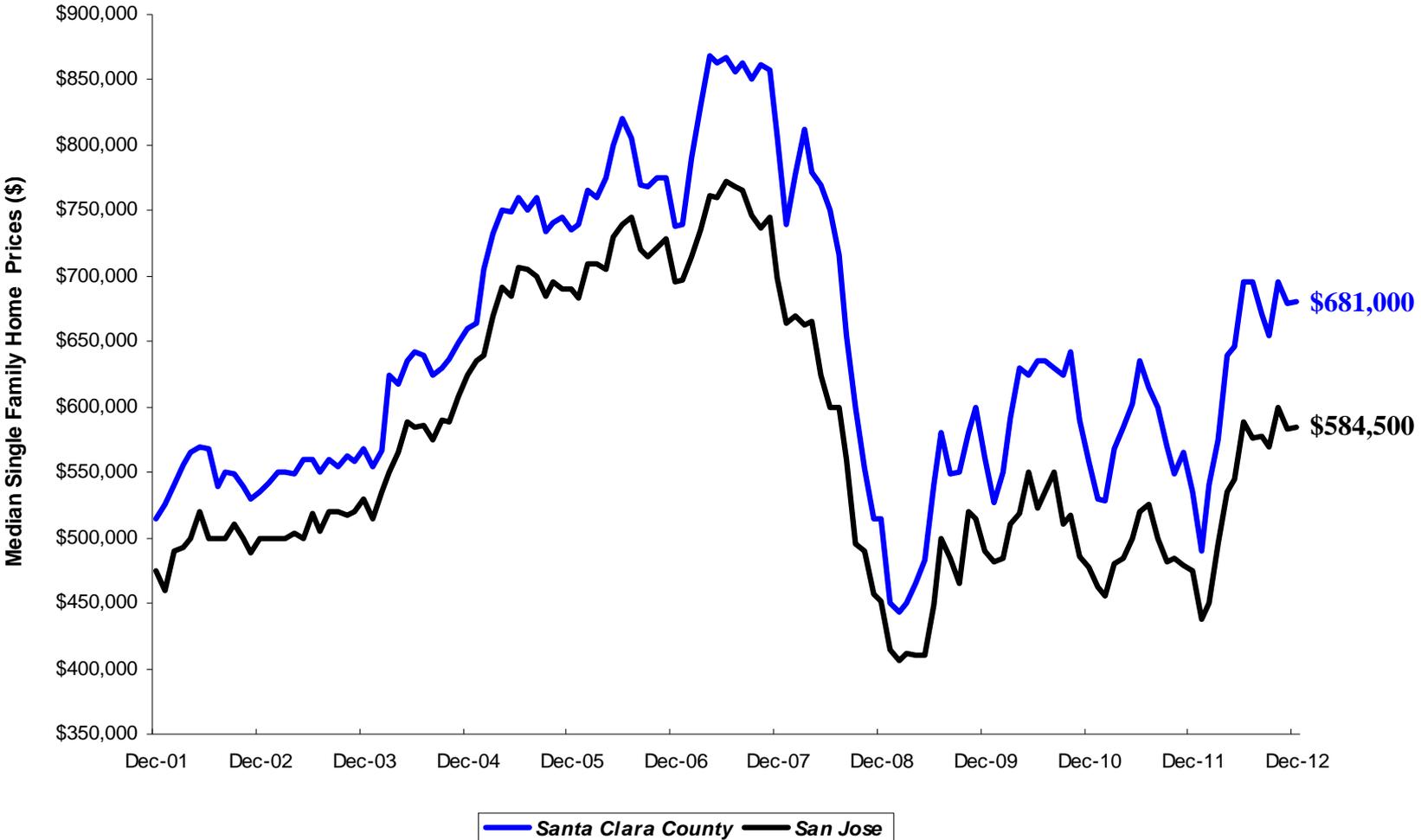
SOURCE: Employment Development Department (EDD) – 2012 1st Quarter Wages, Income to rent calculation assumes rent is at 30% of income

Interest Rates Remain at Historic Lows



Single-family Detached Homes (SFD) Sales Price Up 23% YoY in San José

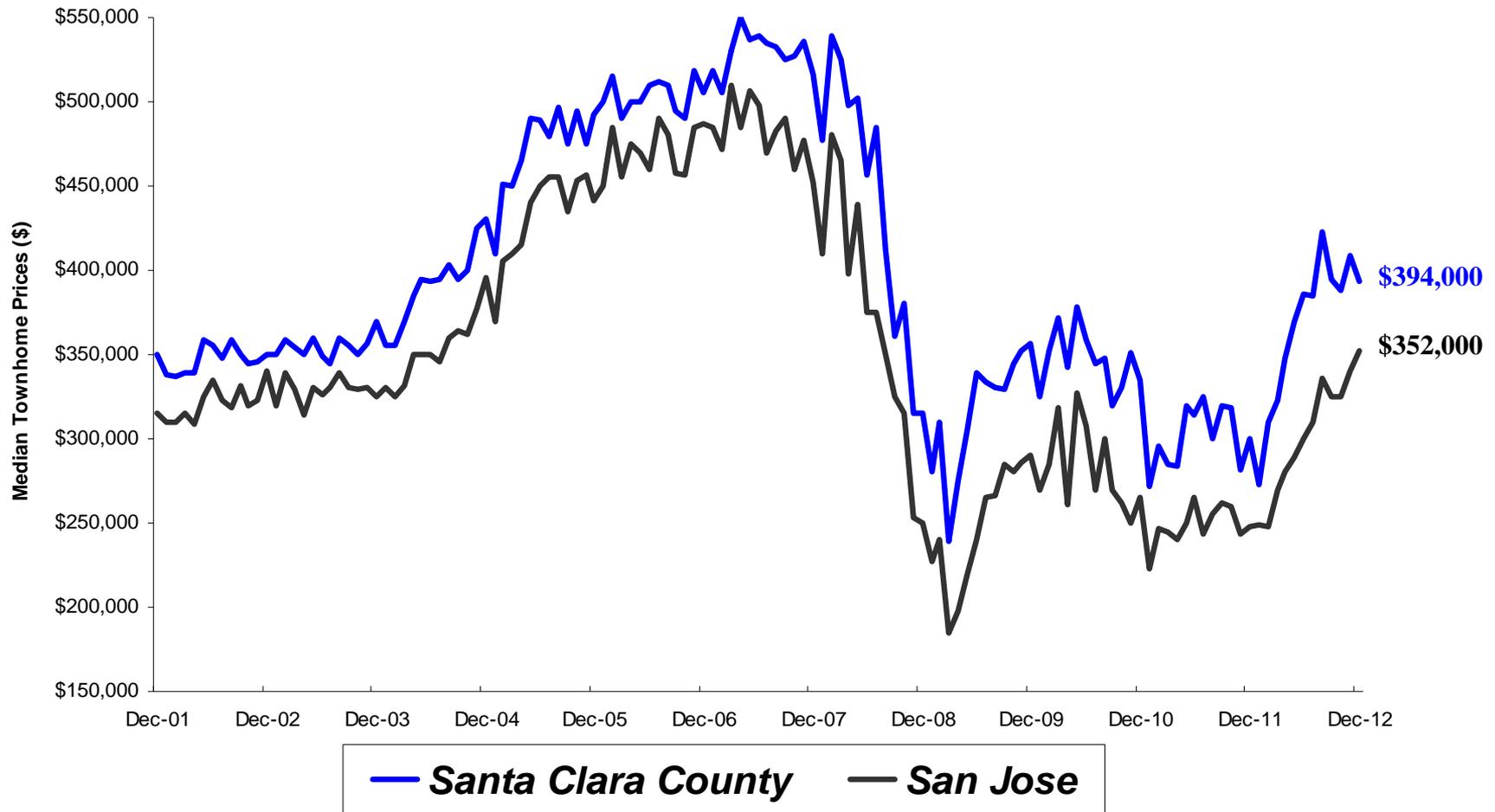
Santa Clara County/San José Median SFD Sales Prices



SOURCE: Santa Clara County Association of Realtors, Dec2012

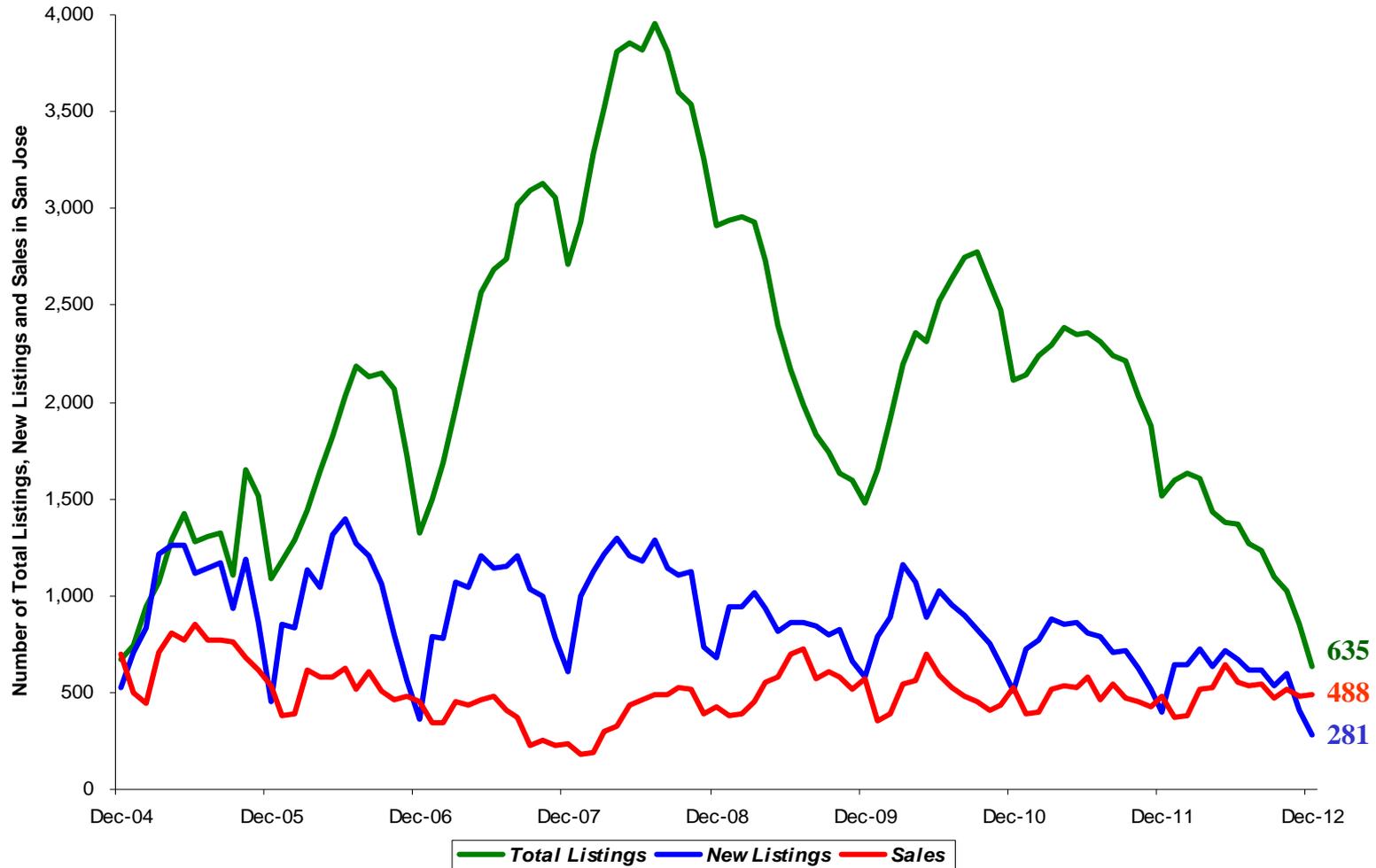
Townhome/Condo Prices Up 42% YoY in San José

Santa Clara County/San José Condos Median Sales Prices



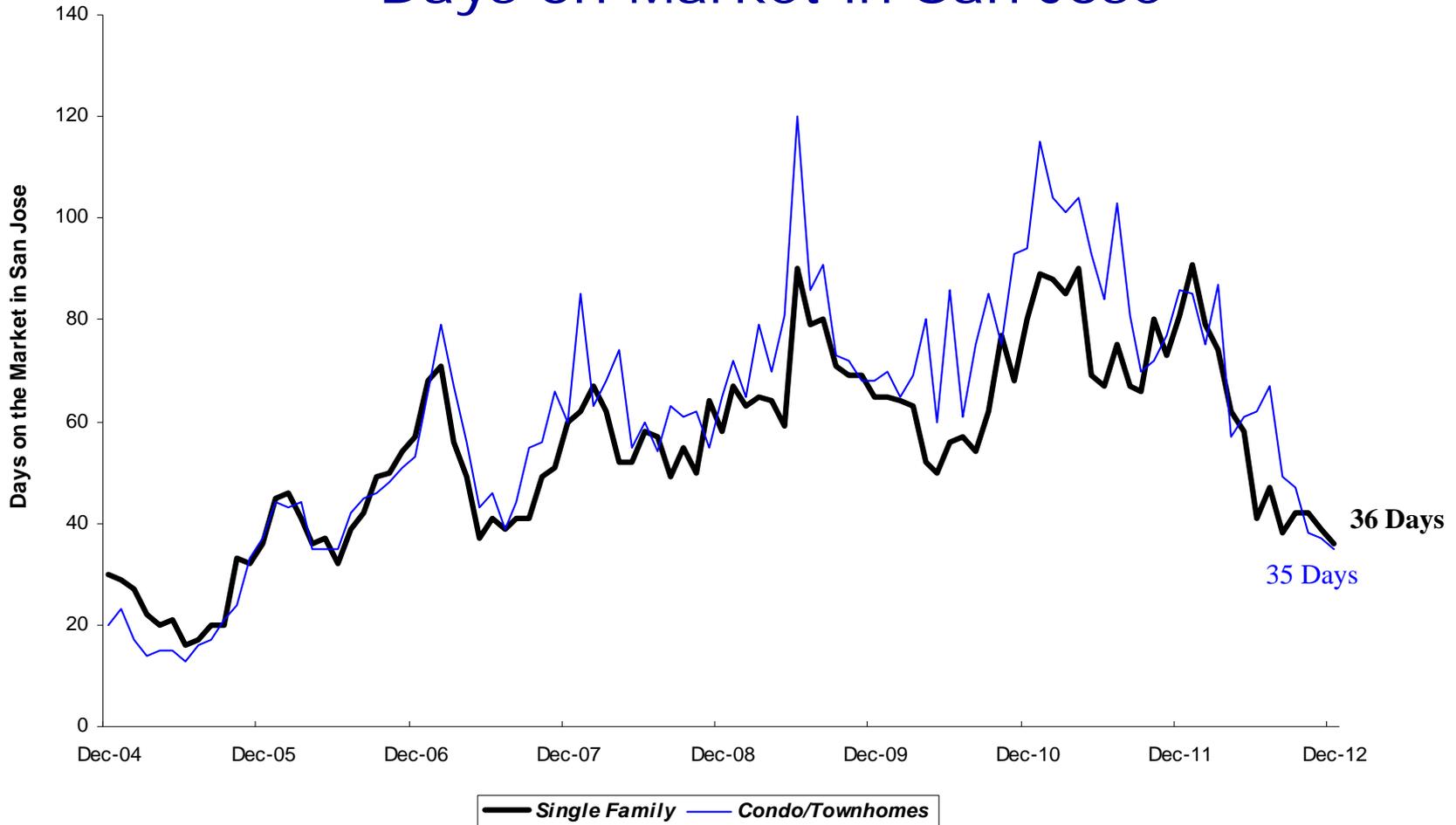
Falling Total Listings Fuel Tight Inventory and Higher Prices

Listings and Sales of SFD Homes in San José



SFD Homes Selling 2x Faster than a Year Ago

Days on Market in San José



Foreclosure Filings Reflect a Longer-term Downtrend

