City of San José

Housing Market Update

Q3 2014

Rendering of Centerra, 21 floors, 347 units, 7,000 sq. ft. retail
Barry Swenson Builder Architectural/Ankrom Moisan Architects Inc.

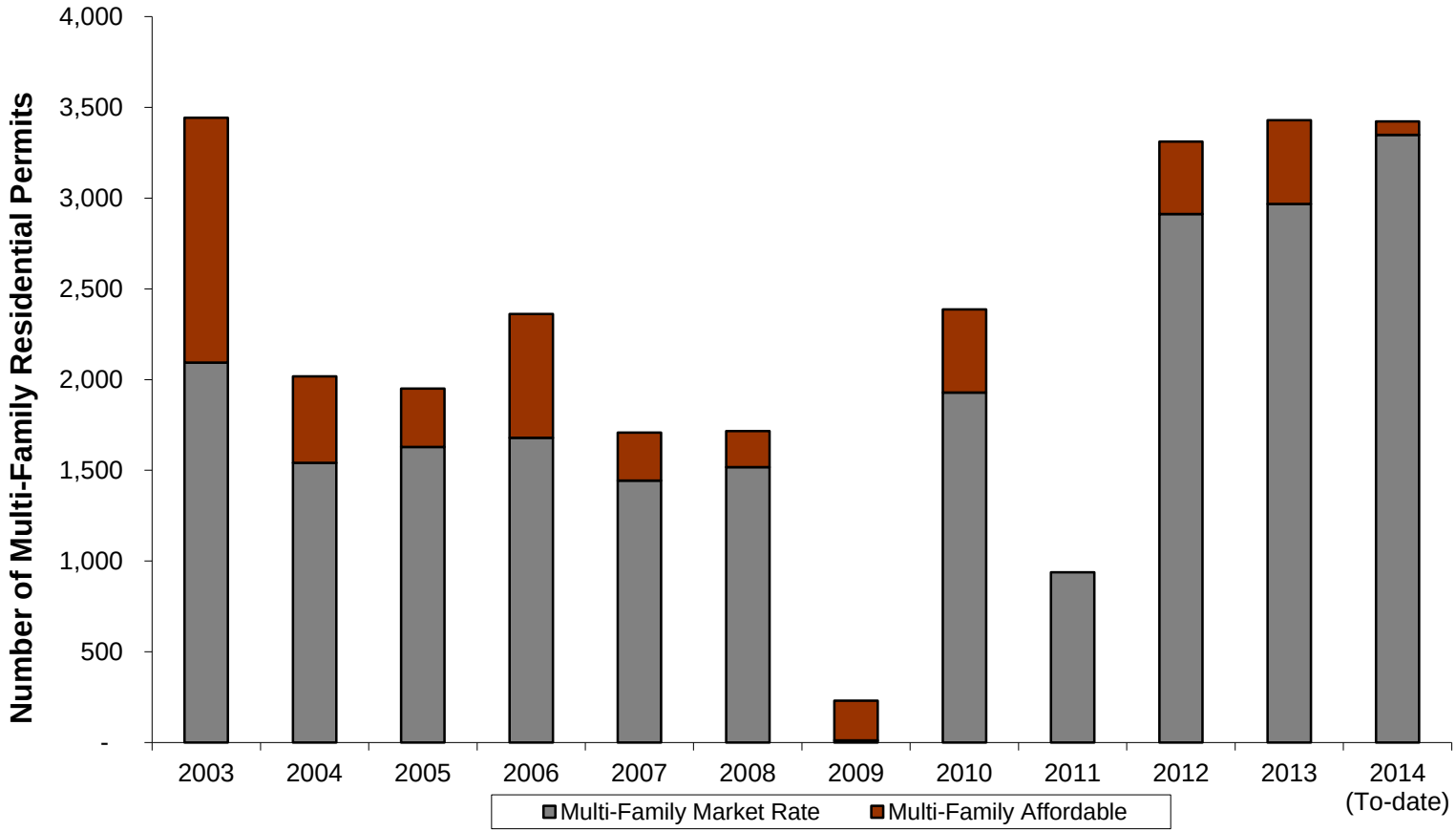
San José Housing Market

- Over 1,400 multi-family residential permits issued in Q3 2014
- 2014 on pace to exceed 2013 permit activity
- Rents continue to set records; average rents up 11% annually
- Renters must earn at least $31.70 an hour to afford a market-rate two bedroom apartment [1]
- Median home prices just 6% below all time high - set in Q2 2014
- Only 21% of the San José households can afford to buy a median priced home vs national average of 63% [2]

1 National Low Income Housing Coalition, Out of Reach 2014

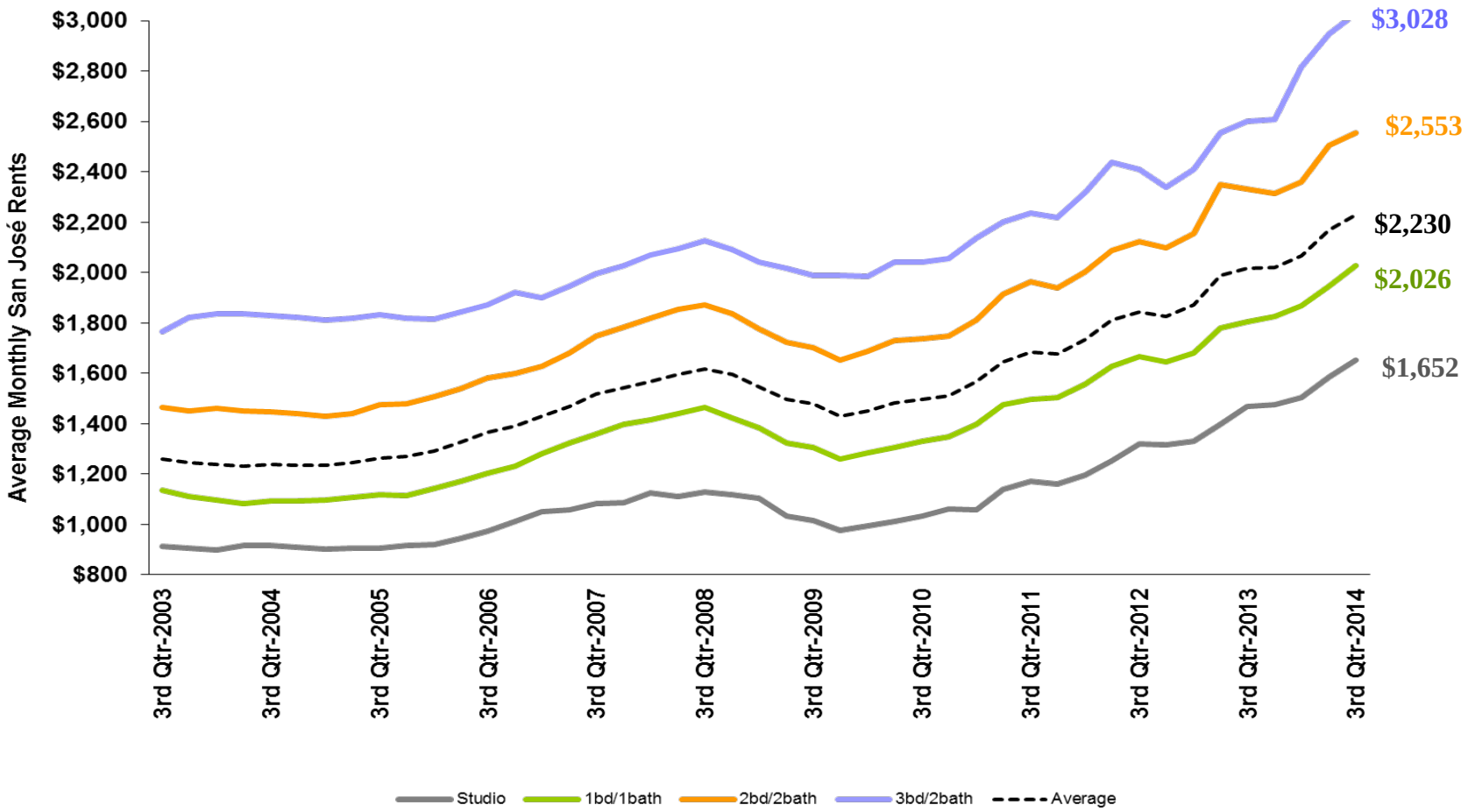
2 National Association of Home Builders Housing Opportunity Index, Q3 2014

2014 Year-to-Date San José Residential Permit Activity



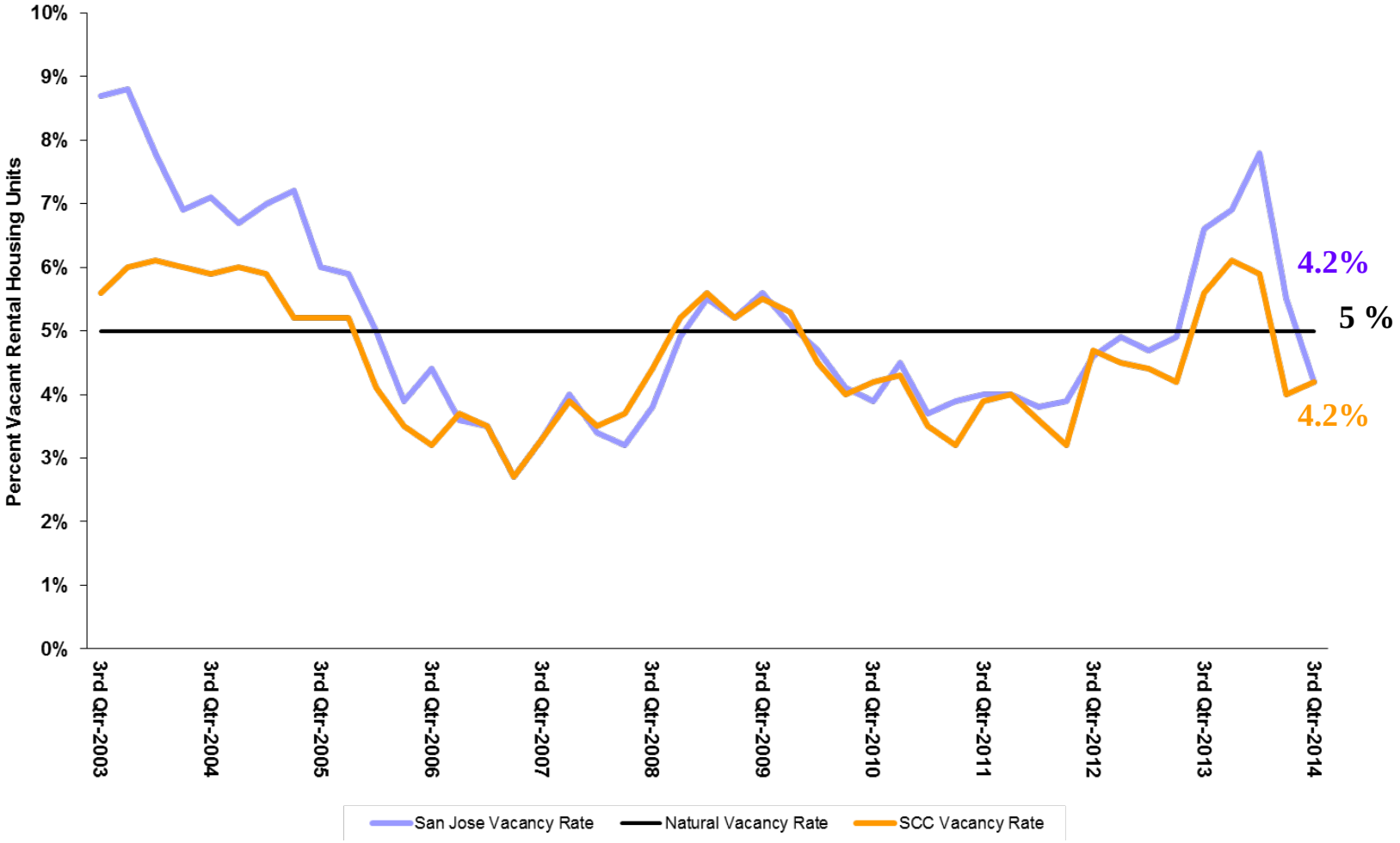
SOURCE: City of San Jose Housing Department

San José Average Rent Continues to Make New Records, Up 11% Annually



SOURCE: RealFacts – Third Quarter 2014 - Data only includes rental projects with 50 units or more

Tightening Rental Market - Vacancy Dips Below the "Natural" Rate



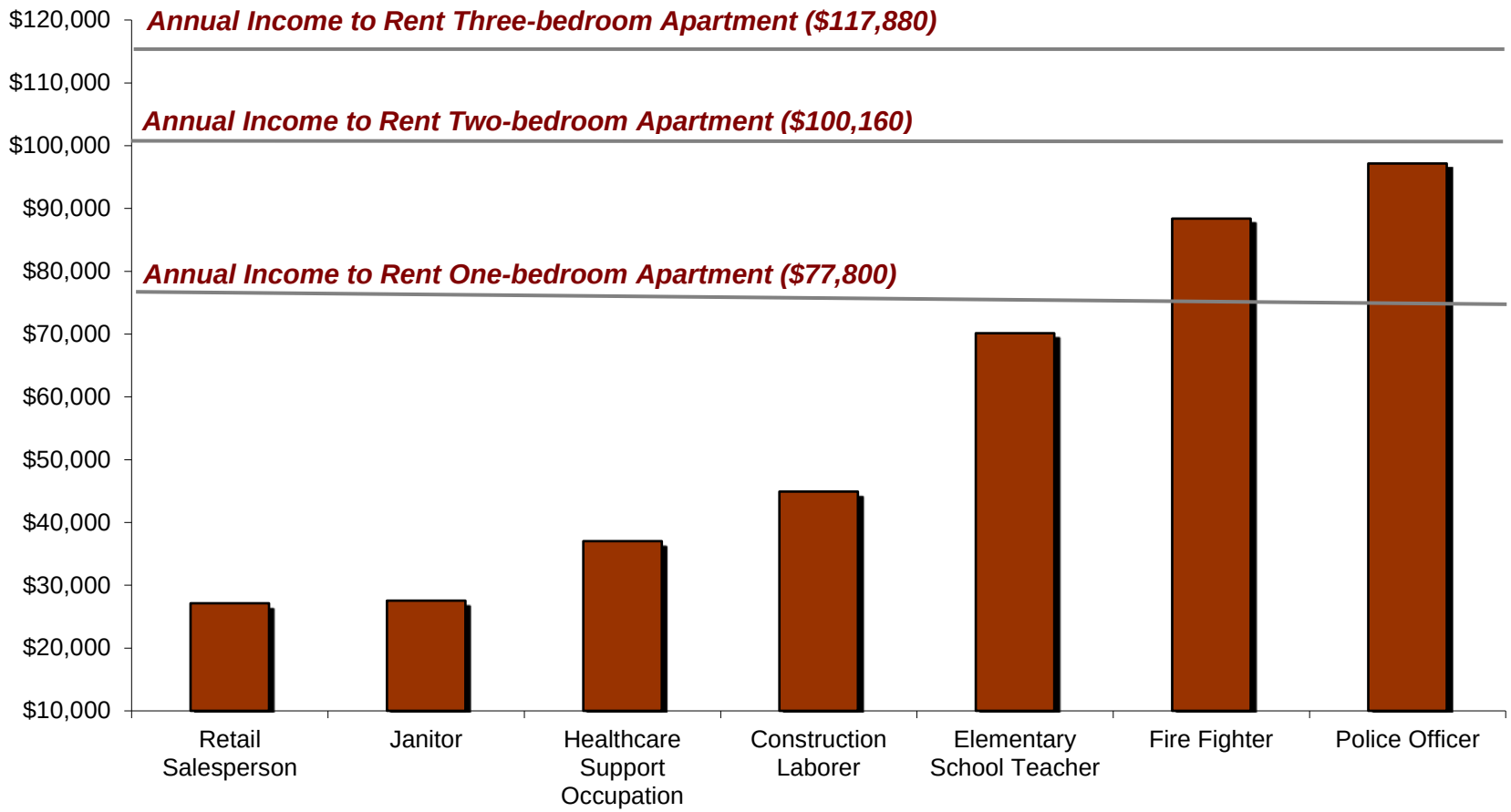
SOURCE: RealFacts Data Q3, 2014 – Data only includes rental projects with 50 units or more, which makes up about 20% of rental market

North San José Rents Trend Higher than Average Rents Citywide

Project	1BR	2BR
Average San José Rent (Q2 2014)	**$2,026**	**$2,553**
The Pines	$2,245 - $2,590	$2,740 - $3,440
Aire	$2,245 - $2,785	$2,845 - $4,410
The Sycamores	$2,430 - $2,935	$2,960 - $3,430
Crescent Village	$2,250 - $2,870	$2,785 - $3,680
Epic	$2,098 - $2,525	$2,620 - $3,095

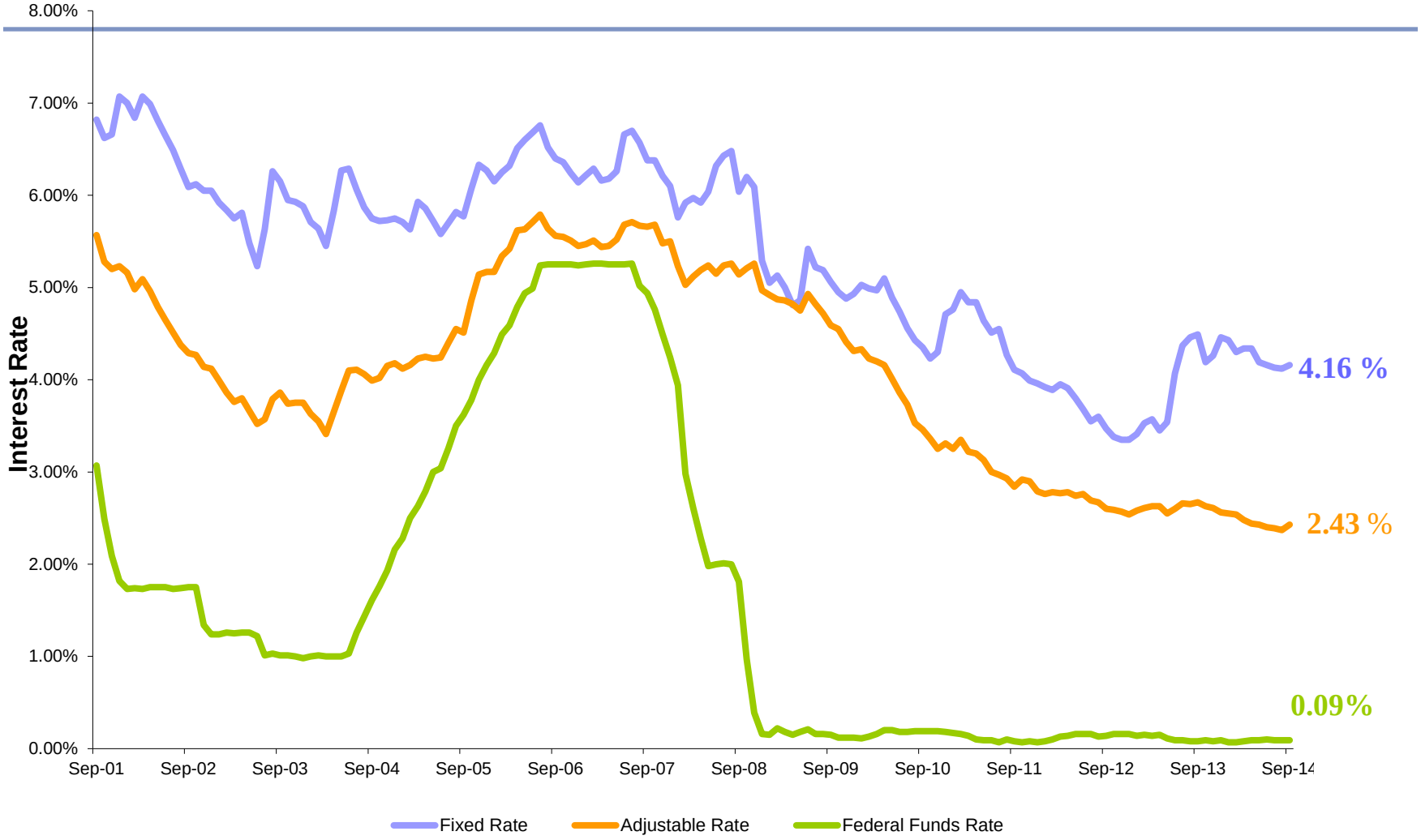
SOURCE: Zillow, October 16, 2014

Market Rents Significantly Out of Reach for San Jose's Working Class



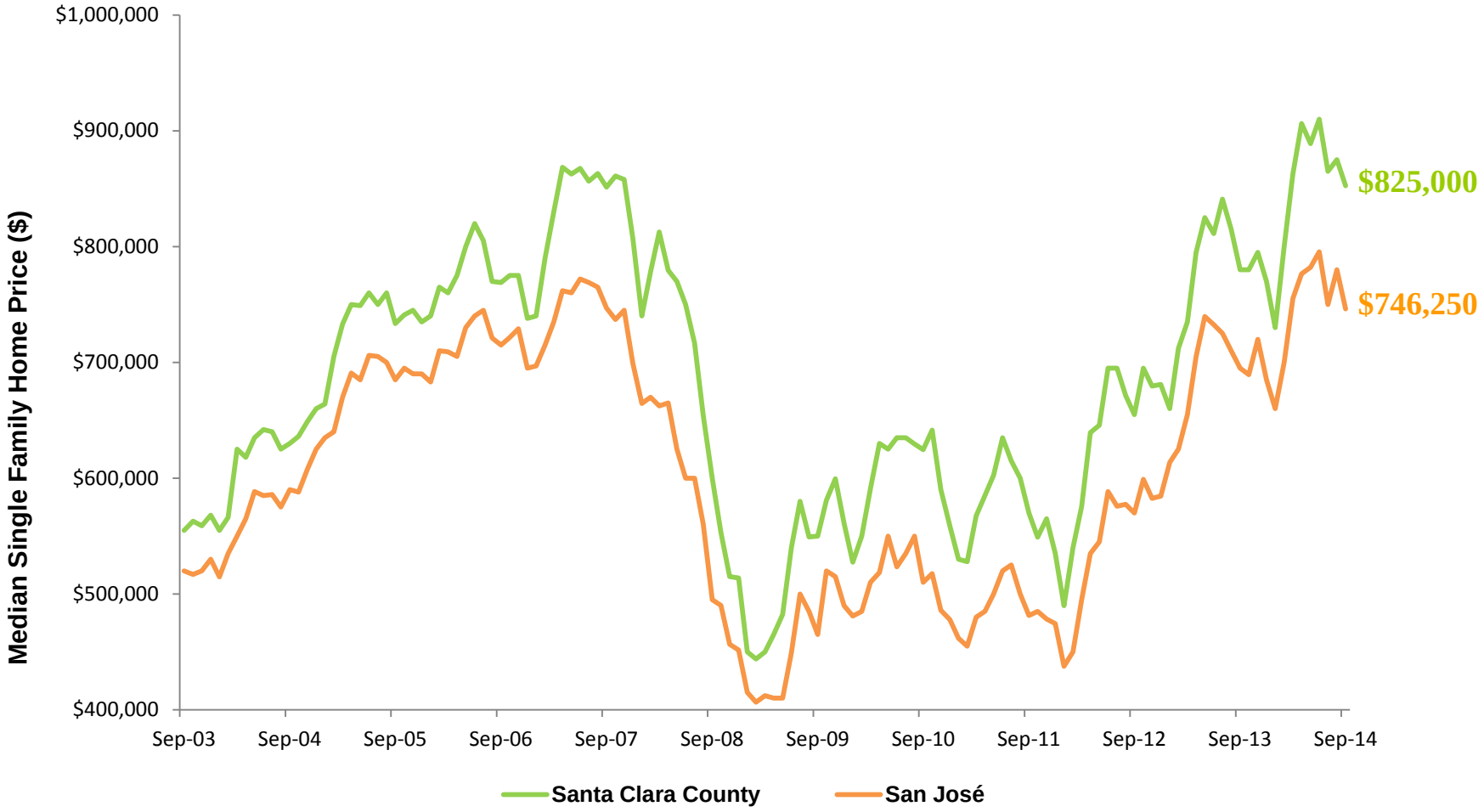
SOURCE: Employment Development Department (EDD) – May 2014 Wages. Income to rent calculation assumes rent is at 30% of income

Mortgage Rates Remain Historically Low



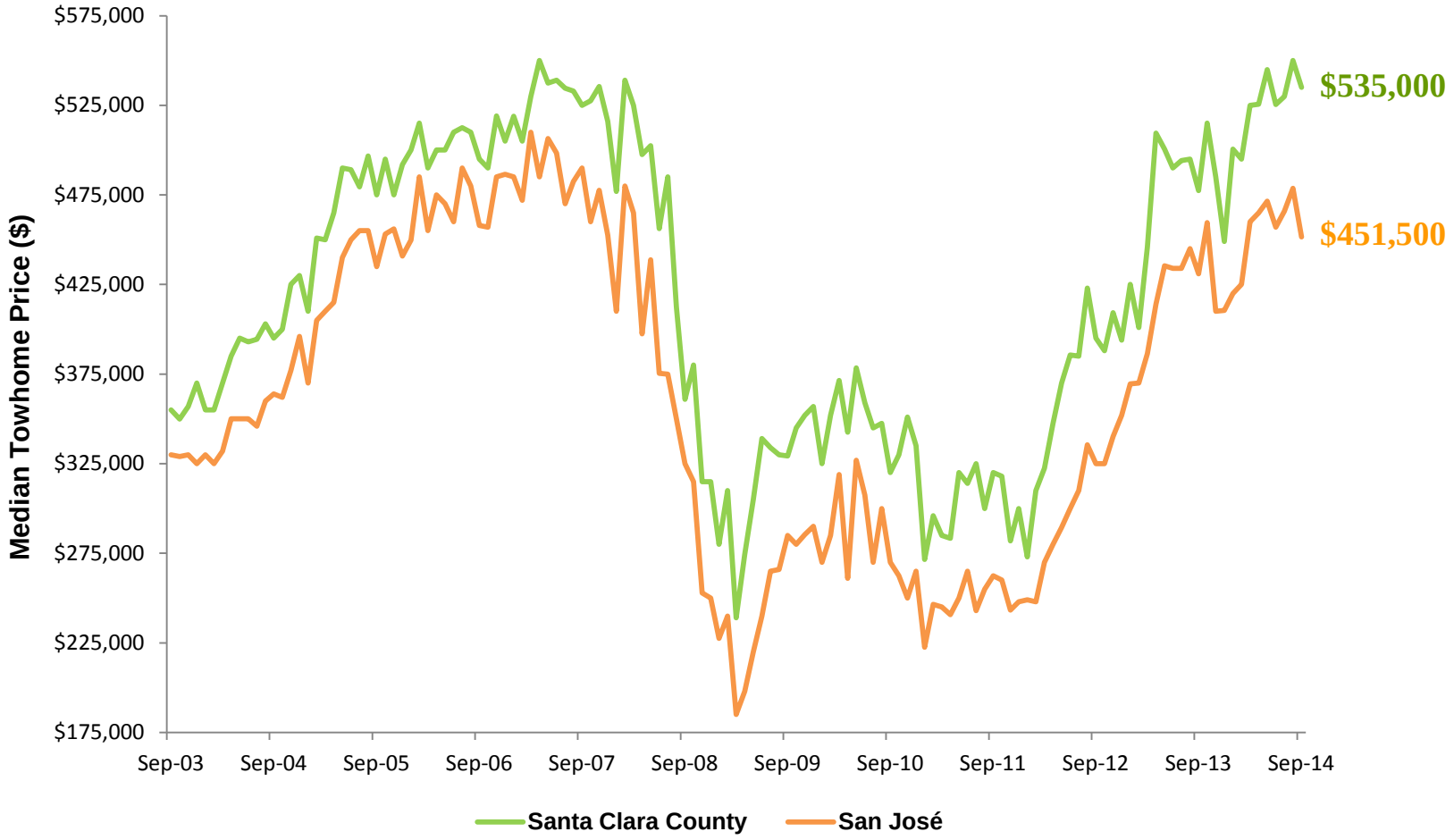
SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey

San Jose's Single-Family Median Home Price Up 7%YoY



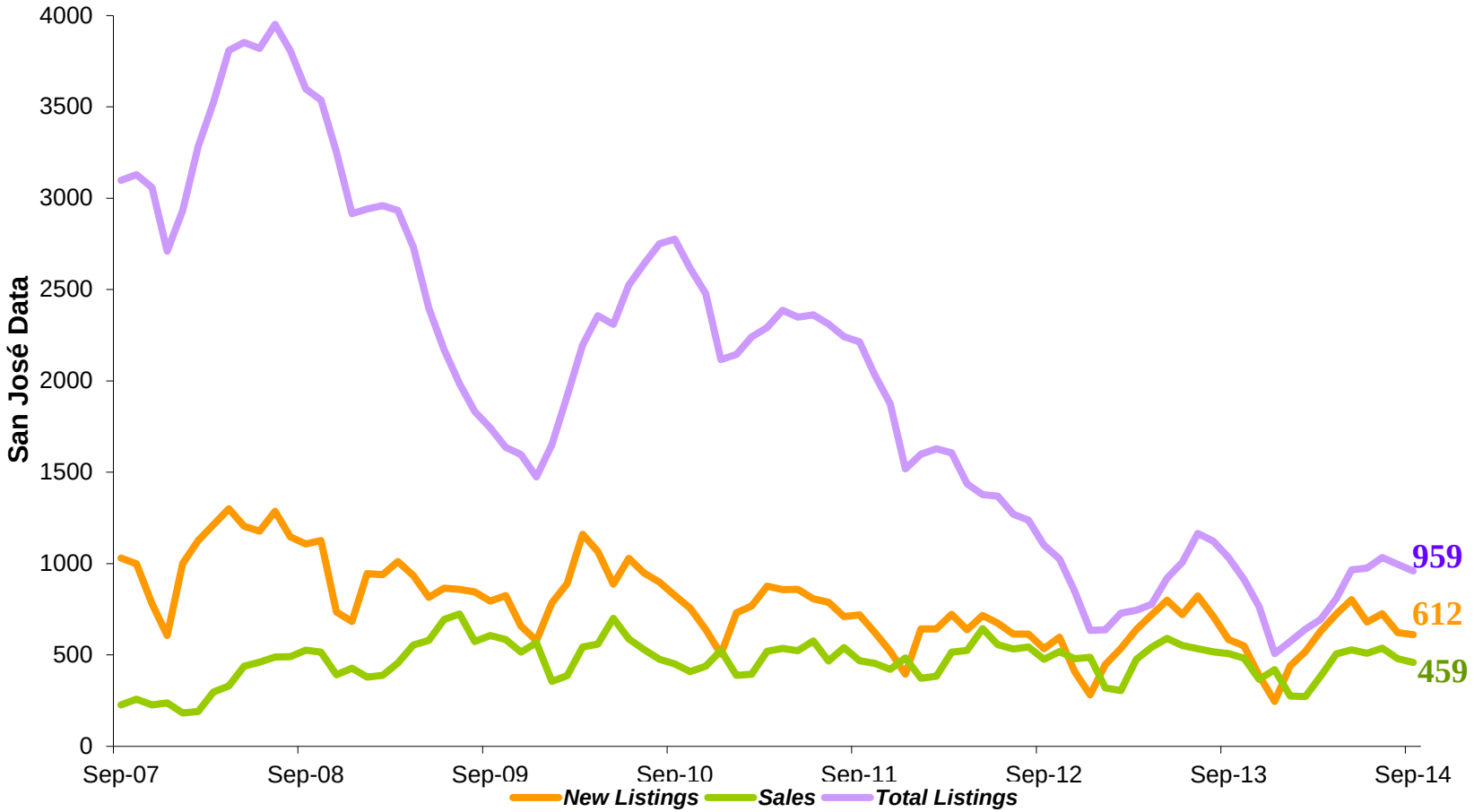
SOURCE: Santa Clara County Association of Realtors, MLS Listings – September 2014

San Jose's Townhome/Condo Median Price Up 5% YoY



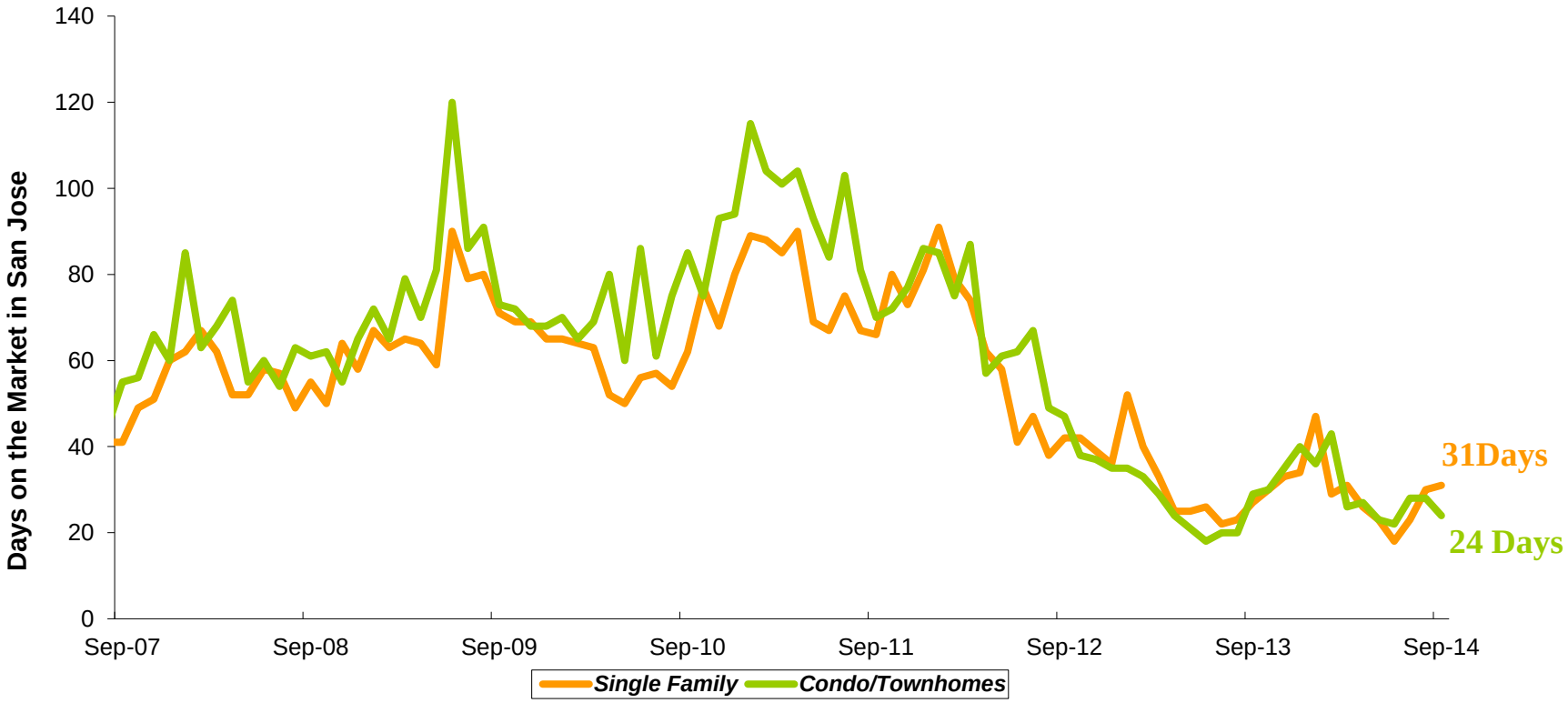
SOURCE: Santa Clara County Association of Realtors, MLS Listings – September 2014

YoY Sales Down 5% and Inventory Down 7%, Quarterly Sales Down 10%



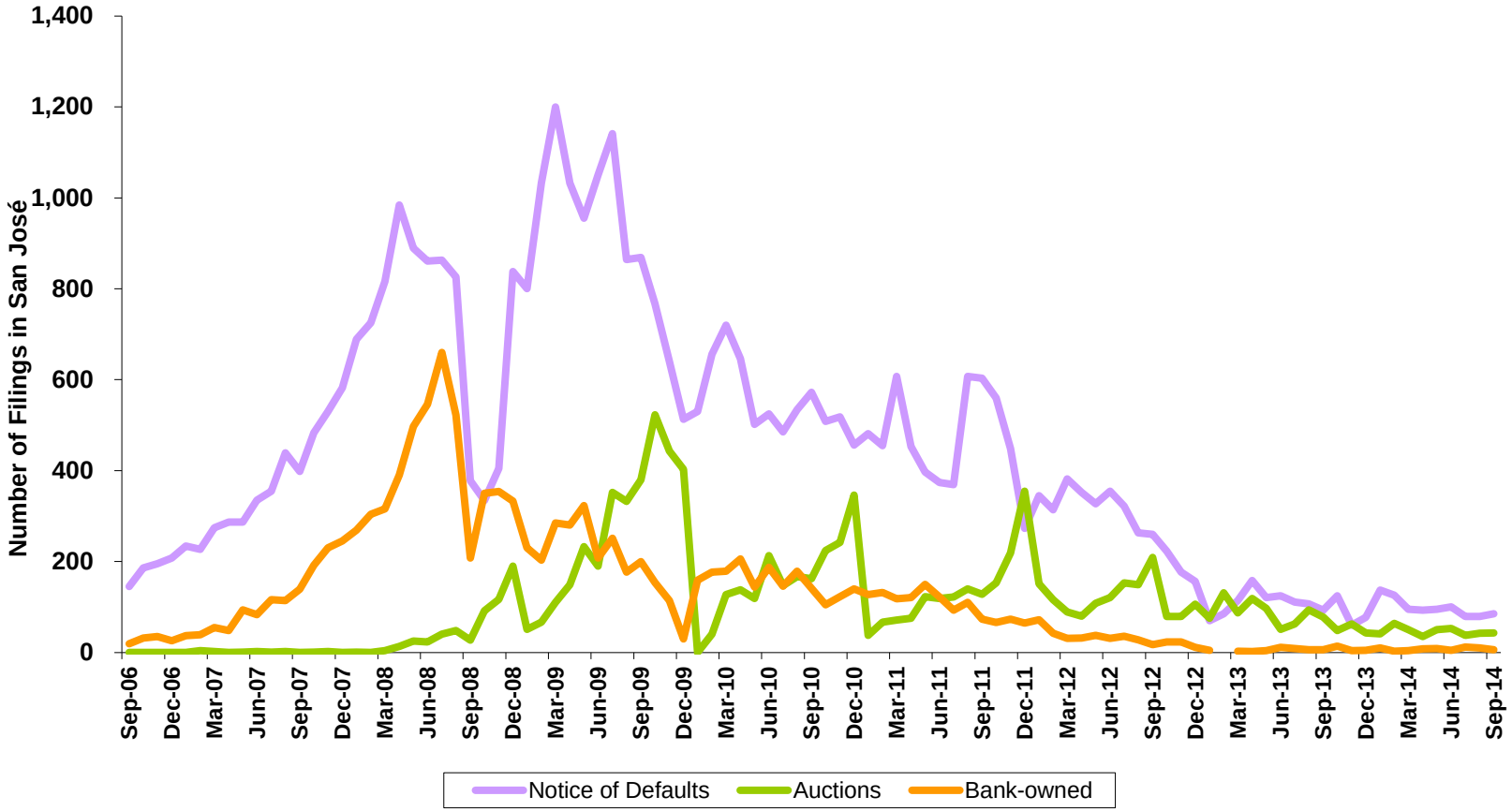
SOURCE: Santa Clara County Association of Realtors, MLS Listings – September 2014

Single-Family Homes Days on Market Trends Low



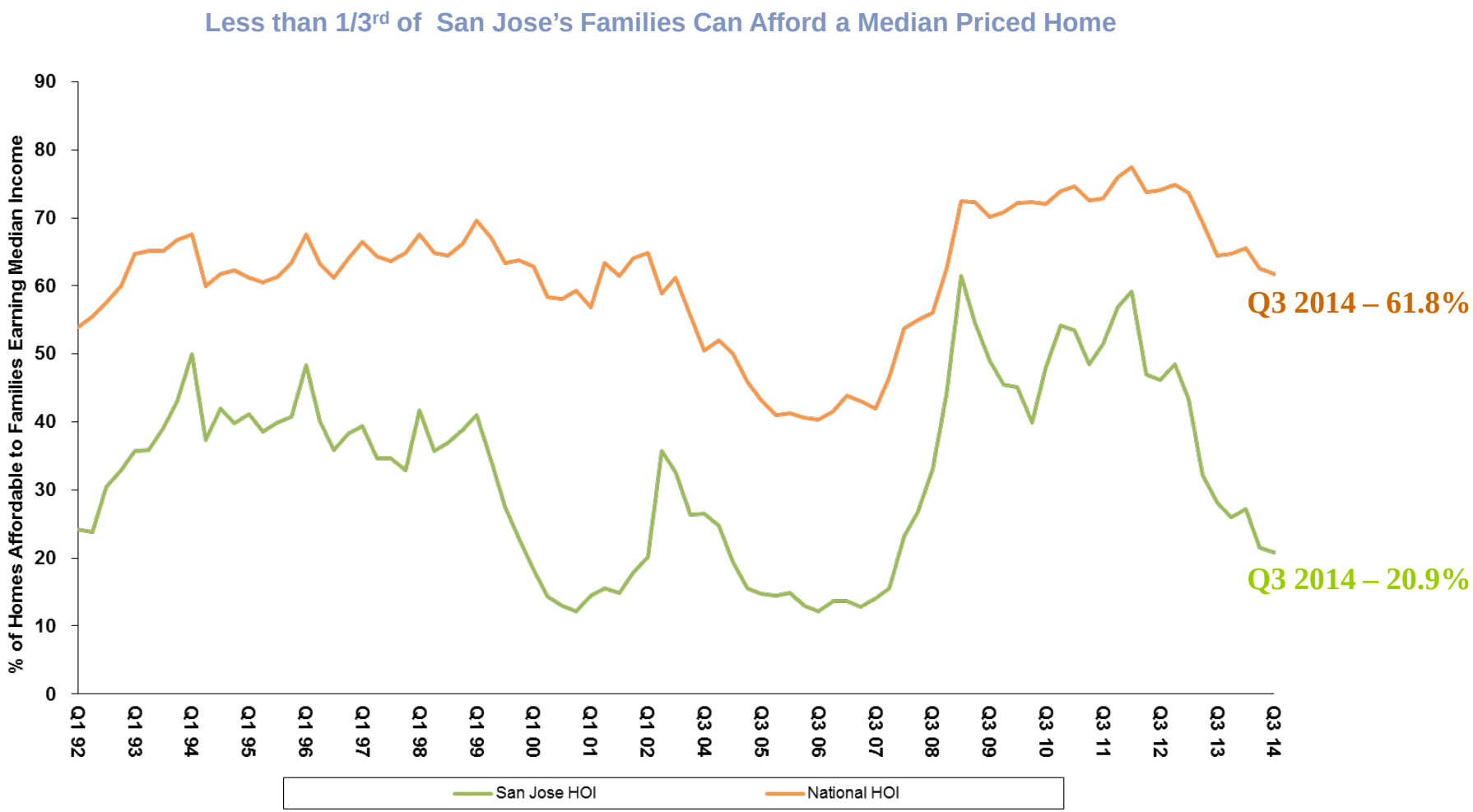
SOURCE: Santa Clara County Association of Realtors, MLS Listings – September 2014

Foreclosure Filings Stay at Pre-Recession Levels



SOURCE: San Jose – Foreclosure Radar – September 2014

San José Housing Affordability Remains Low Relative to the Nation



SOURCE: National Association of Home Builders