



*Housing*

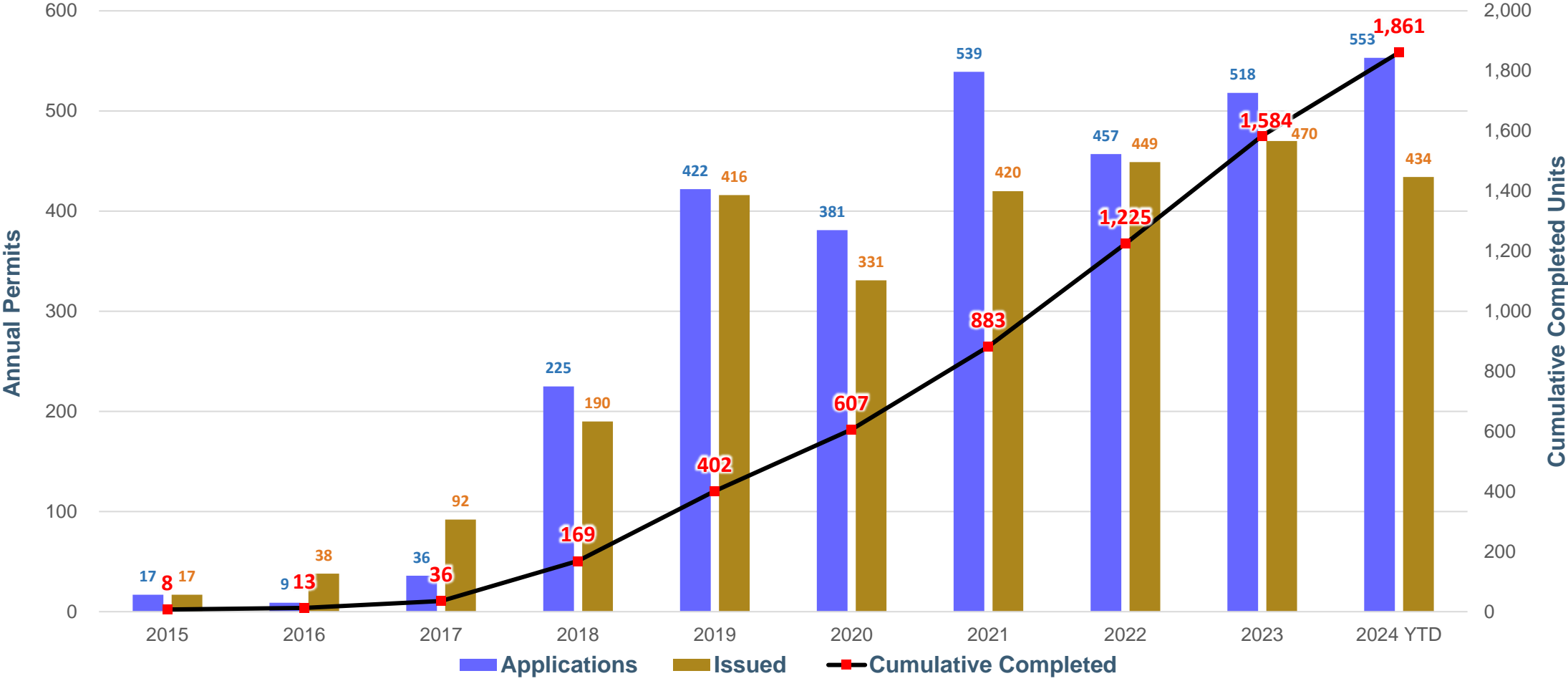
# Housing Market Update

Third Quarter 2024



Image courtesy of Charities Housing

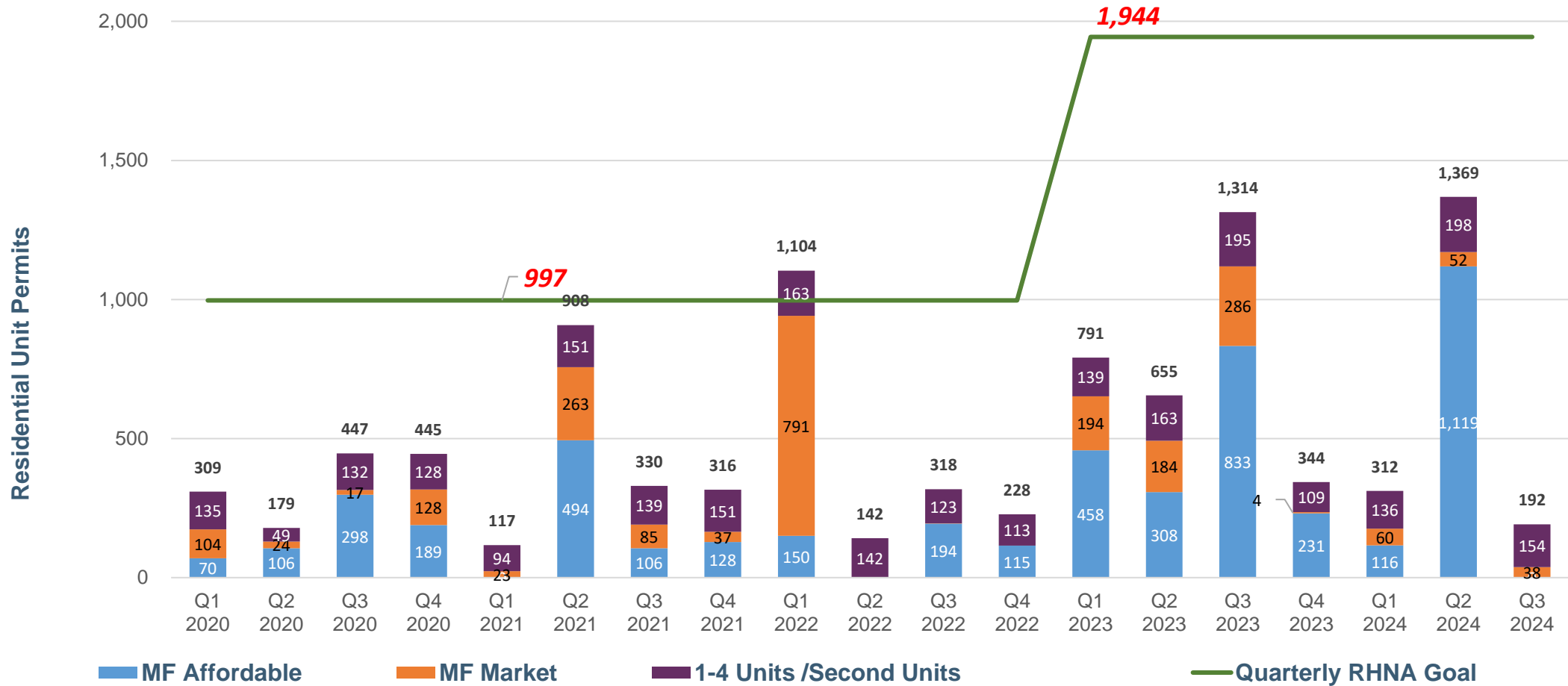
# Q3 2024 - Strong ADU Permit Activity Continued



Zoning code updated in Nov. 2016 and in June 2018 to conform with new State Legislation and to facilitate construction of ADUs.

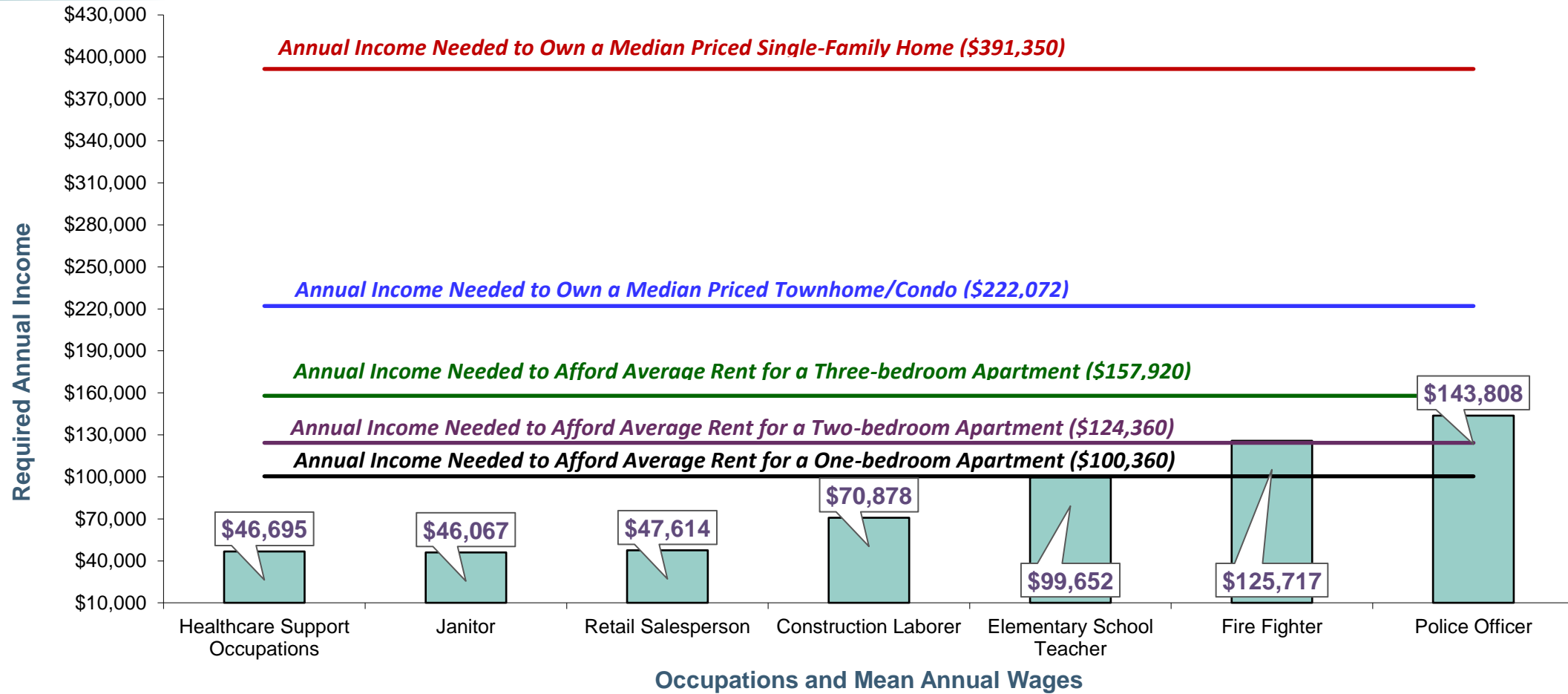
SOURCE: City of San José [ADU Dashboard](#) & PBCE Permit Activity Reports as of September 2024.

# Weak Overall Residential Permit Activity



SOURCE: CSJ PBCE & Housing. MF Affordable Includes some market-rate units without deed restrictions but counted as moderate-income units, per HCD guidelines for RHNA reporting. New RHNA Goal from 2023-2031 Housing Element.

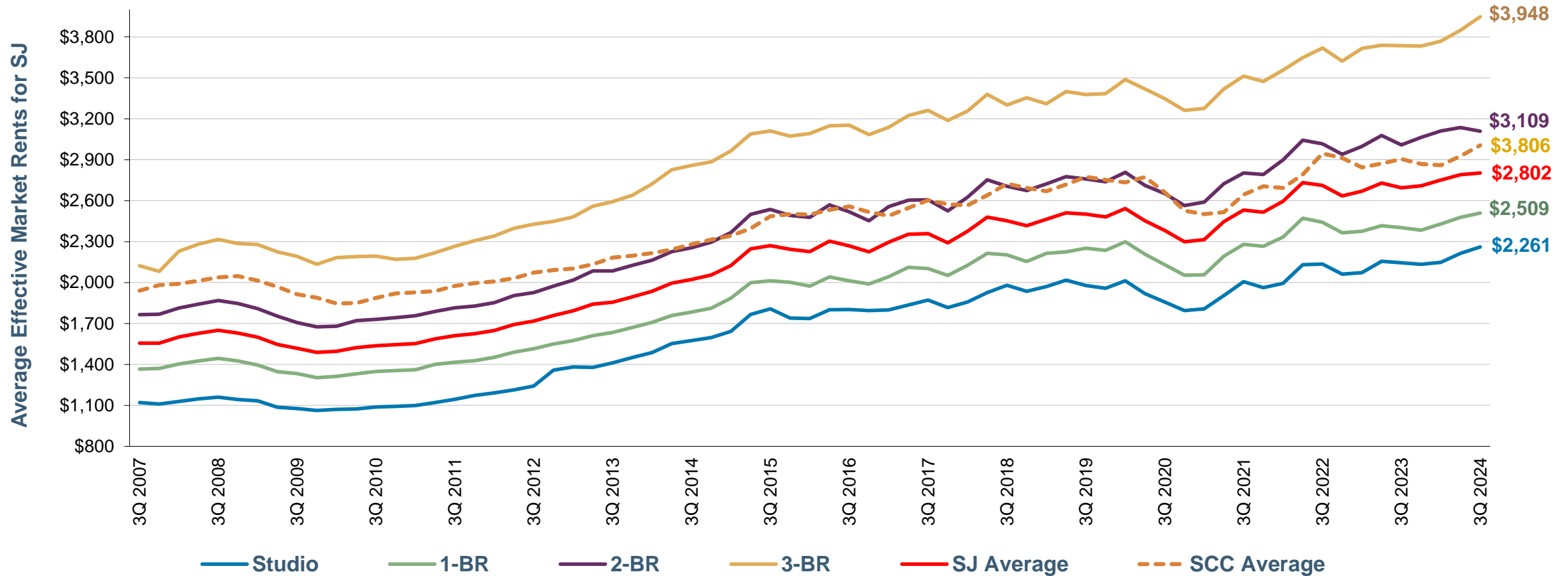
# Many Essential Workers Cannot Afford San José's Housing Costs



SOURCE: Employment Development Department (EDD) data for San José-Santa Clara MSA – Q1 2024 Wages; Income to afford average rent uses Costar Q3 2024 Average Effective Rents, rent at 30% of income, and a single-income household; Income to afford mortgage uses SCCOAR Sept 2024 median home sales prices; payments at 30% of income, 20% down, Sept 2024 Freddie Mac 30-year fixed interest rate of 6.08%, 1.46% Property Tax, \$557 HOA dues for condos, and a single-income household.

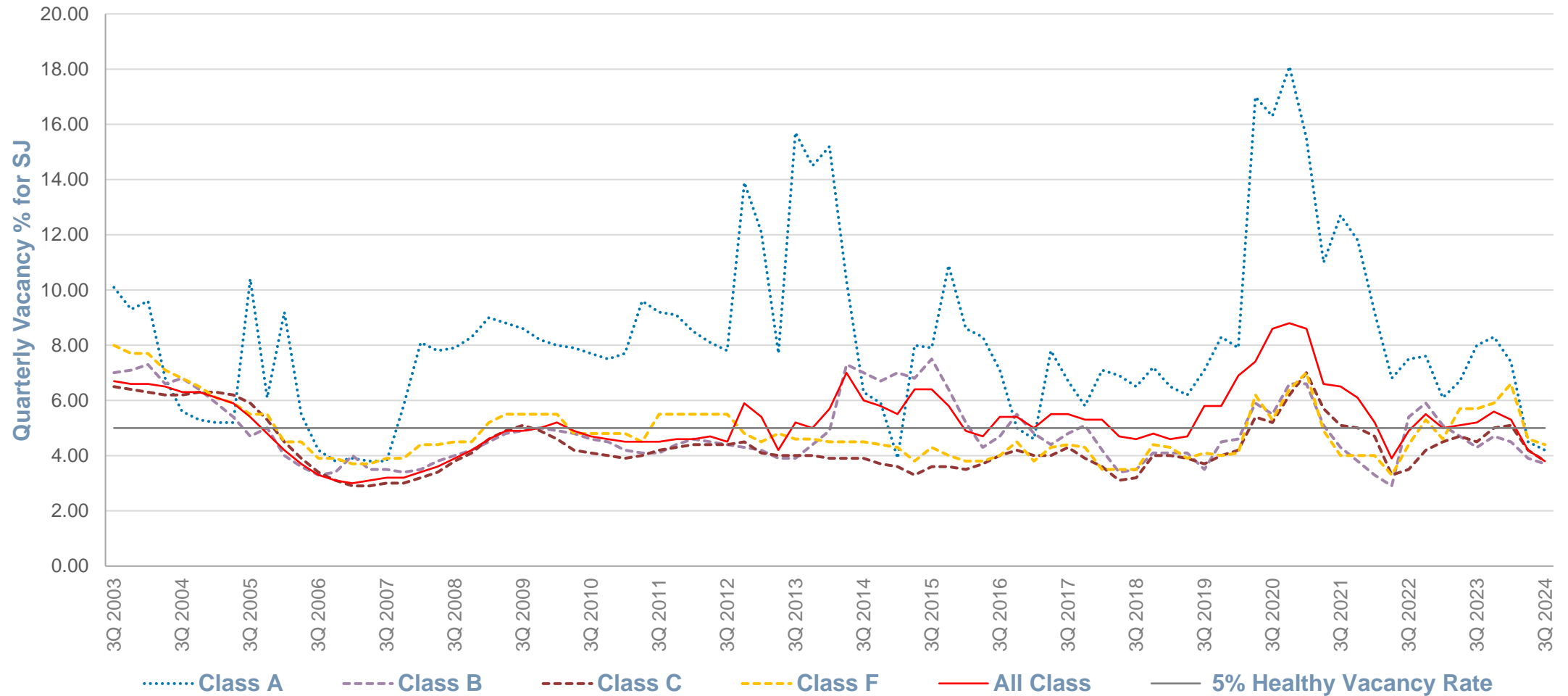
# San José Average Apartment Rent \$2,802

## Up 0.4% QoQ & 4% YoY



SOURCE: Costar. QoQ-Quarter over Quarter, YoY-Year over Year.

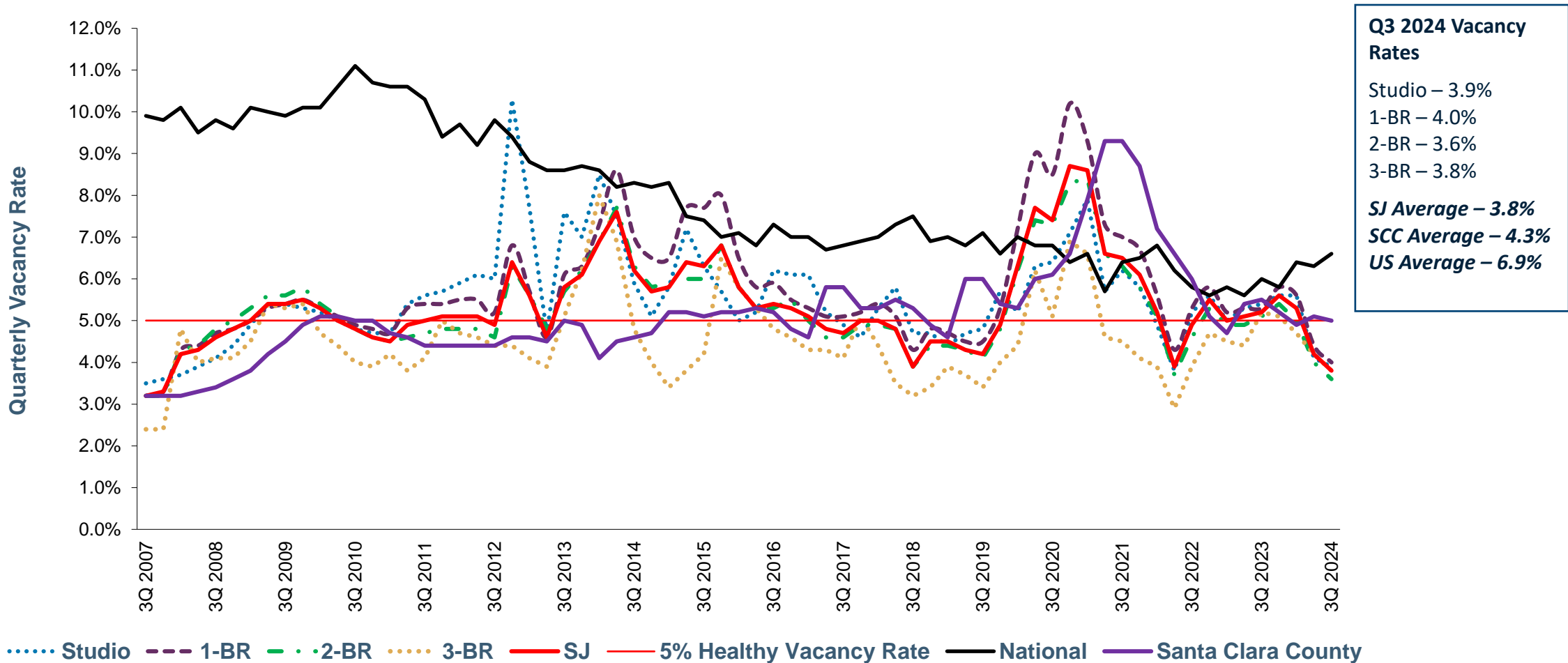
# Apartment Vacancies by Class – All Classes Now Below 5%



SOURCE: Costar. For Costar Class Definitions, please see last slide.

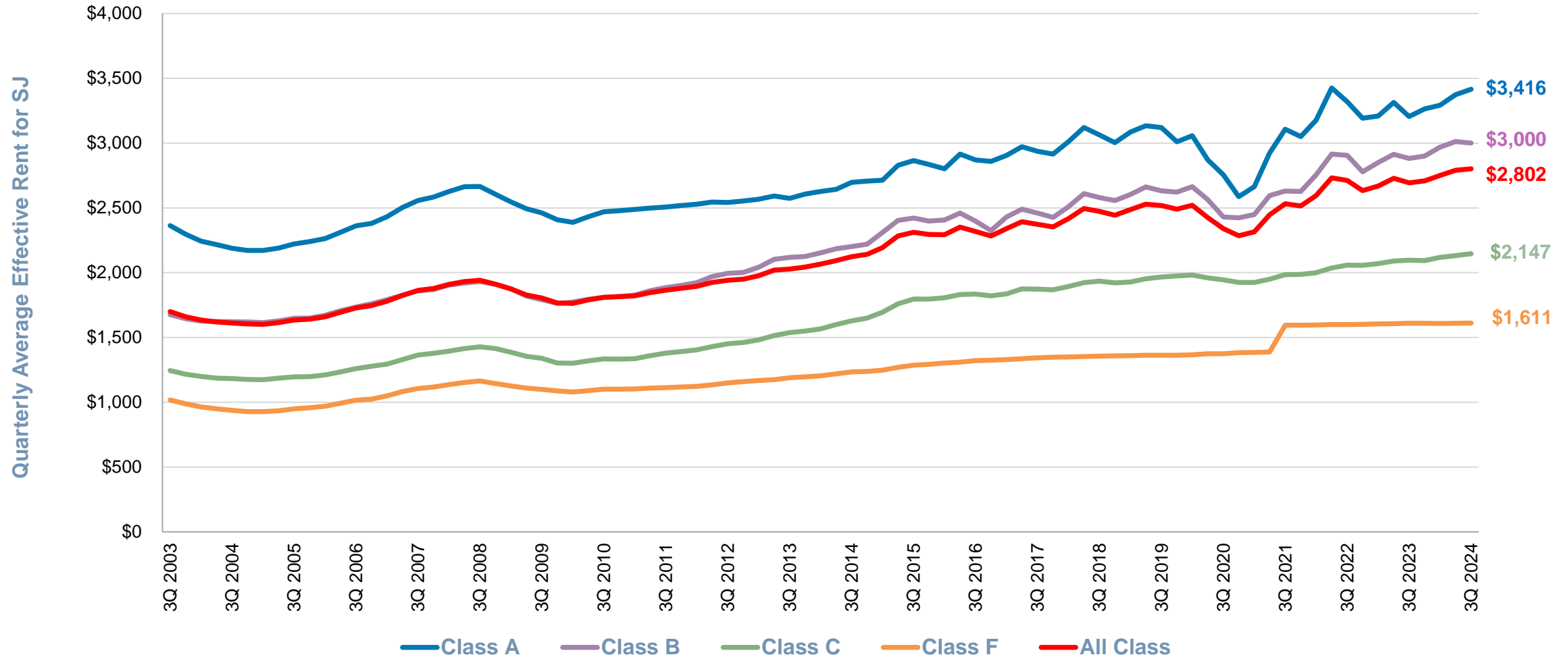
# Vacancies by Size - Demand Strong Across All Sizes

## Average Vacancy 3.8%, Down 9.5% QoQ & 27% YoY



SOURCE: Costar; National Rate – US Census Bureau Current Population Survey/ Housing Vacancy Survey.

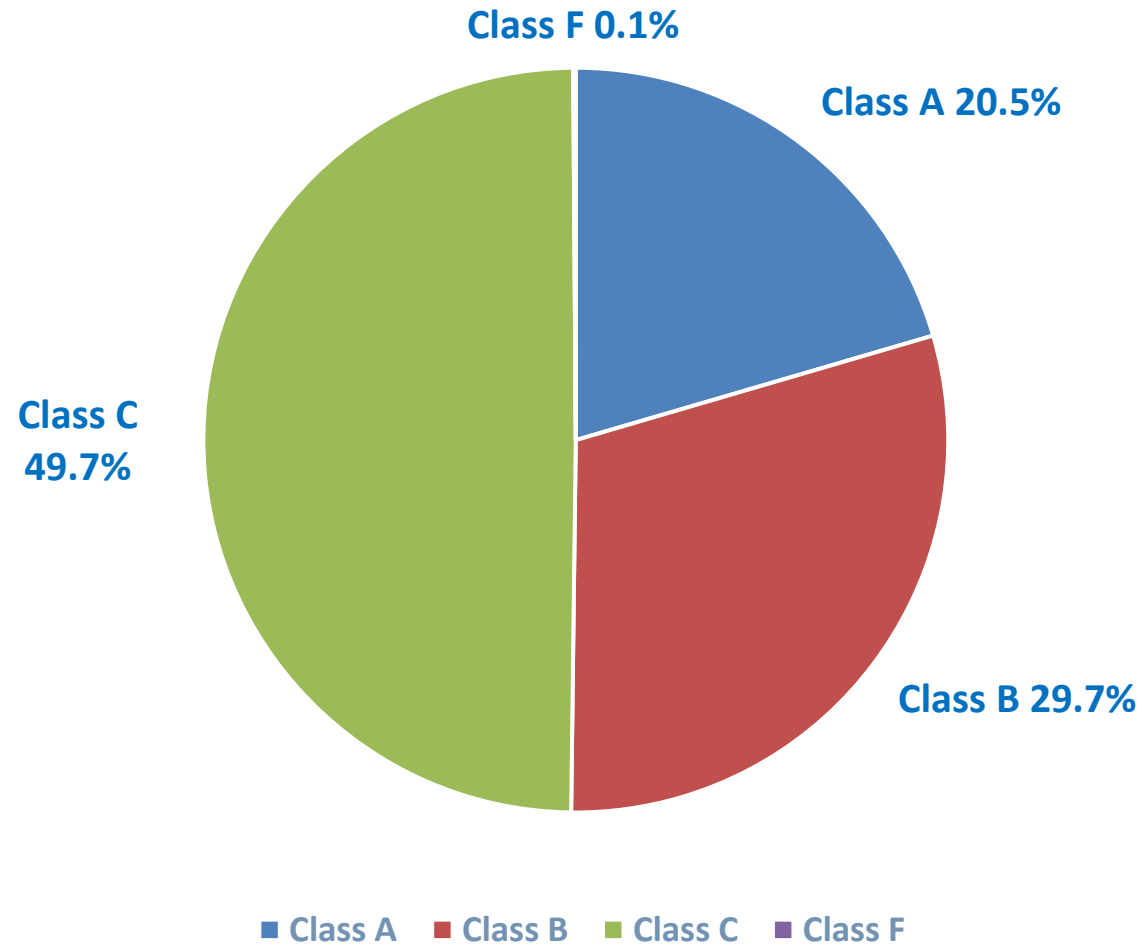
# Rents by Class – Generally Climbing and at Peak Prices



SOURCE: Costar. For Costar Class Definitions, please see last slide.

# San José Apartments Inventory by Class

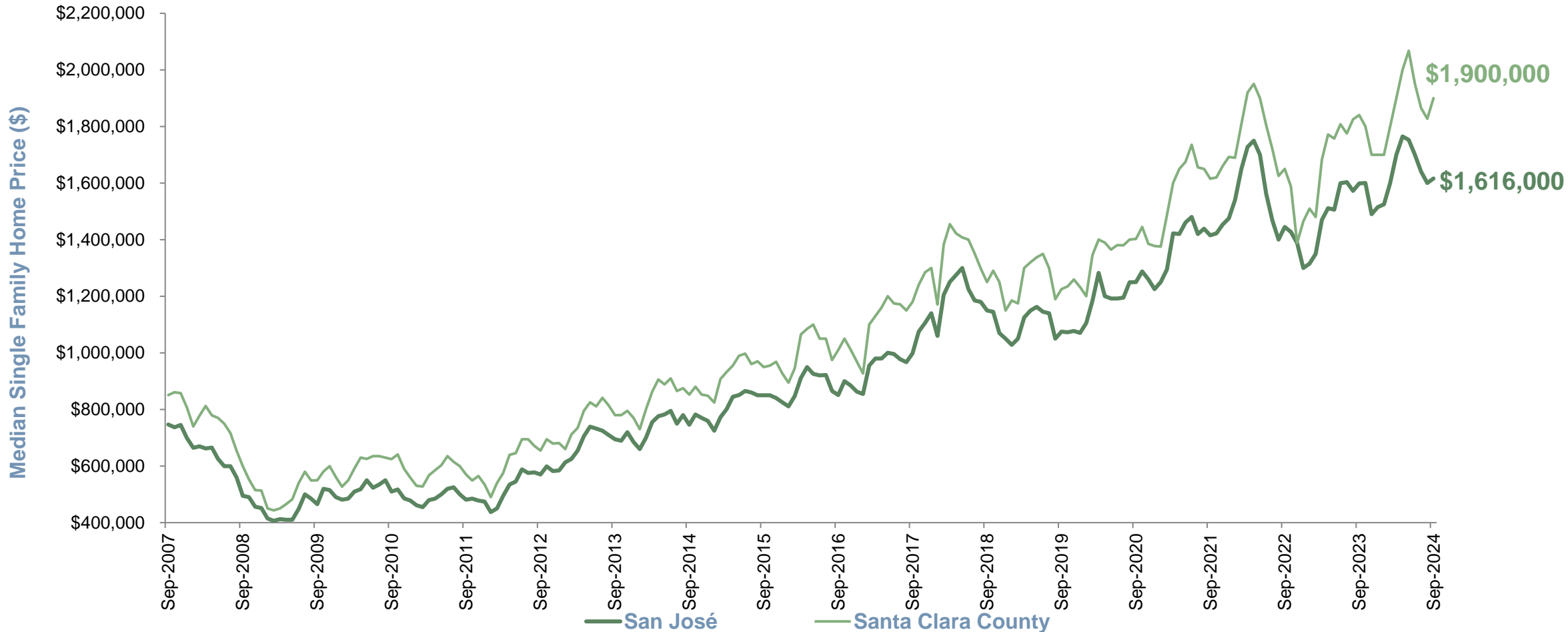
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SOURCE: Costar. Class A are newest and highest quality buildings while Class F refers to oldest and poorer quality buildings. For Costar Class definitions, please see last slide

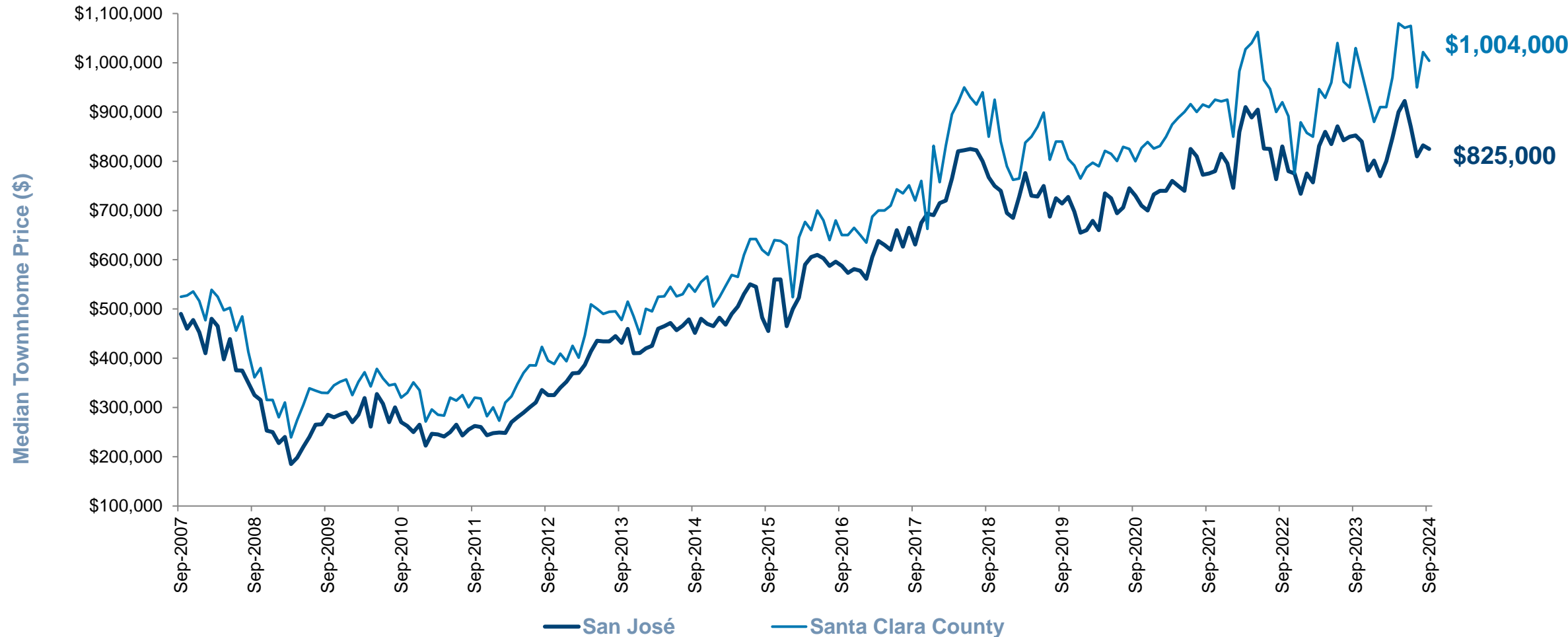
# San José Median Single-Family Home Price

## Down 4.9% QoQ & Up 1.1% YoY



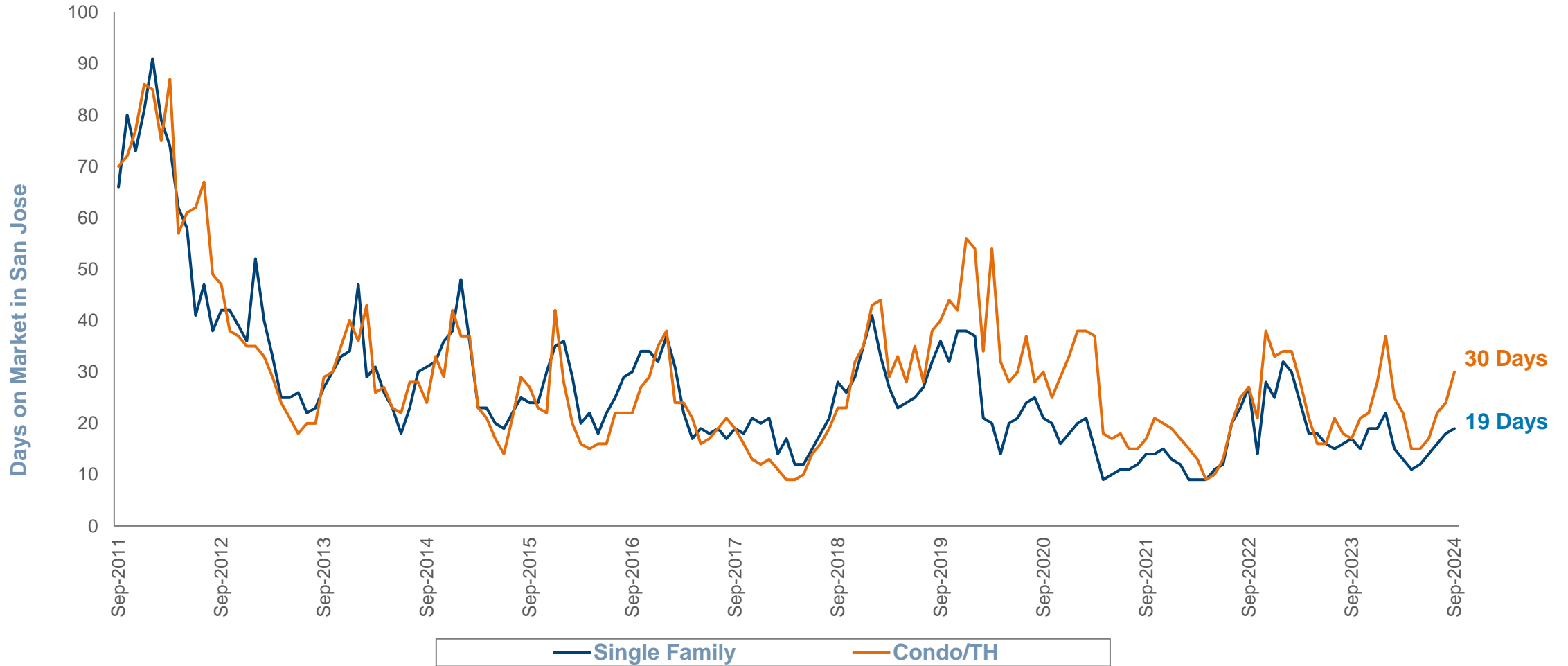
SOURCE: Santa Clara County Association of Realtors.

# San José Median Condo/Townhome Price Drops 5.2% QoQ & 3.2% YoY



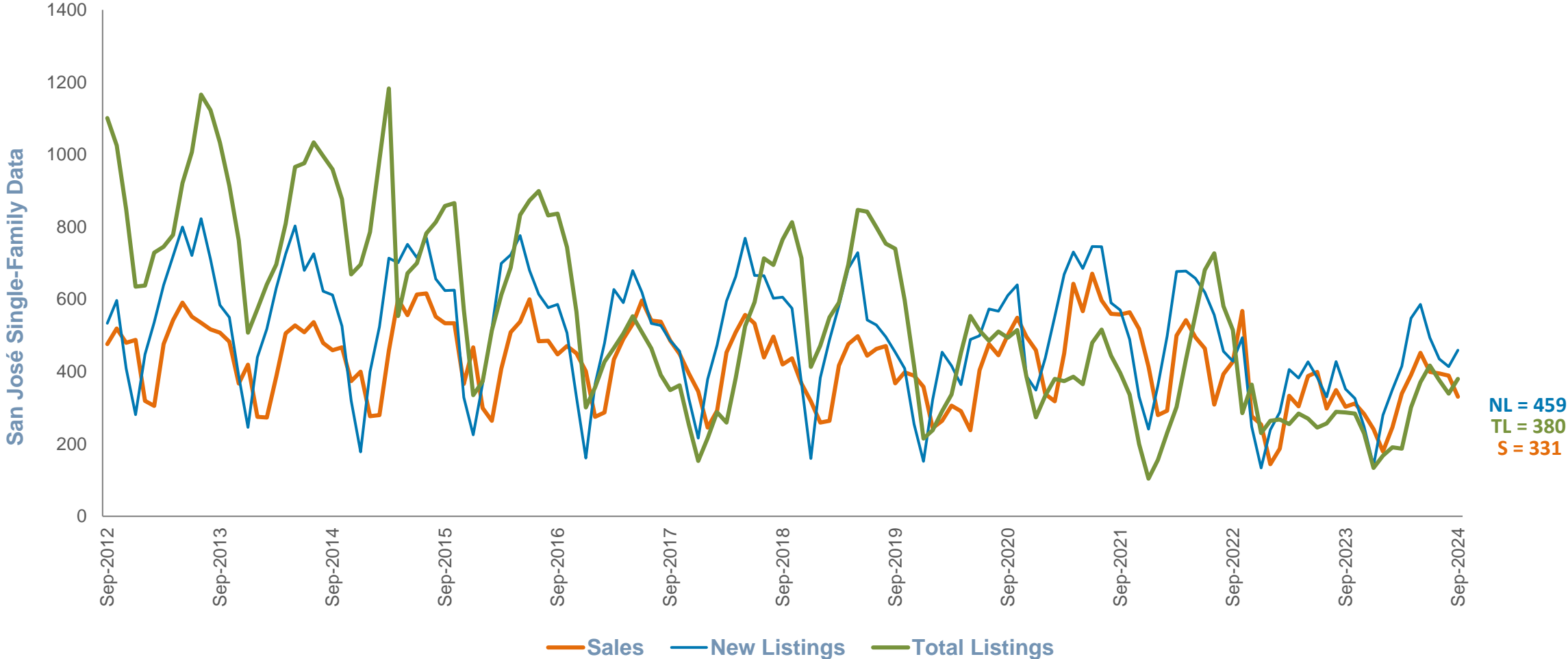
SOURCE: Santa Clara County Association of Realtors.

# San José Homes Taking Almost 3 Weeks to Sell



SOURCE: Santa Clara County Association of Realtors.

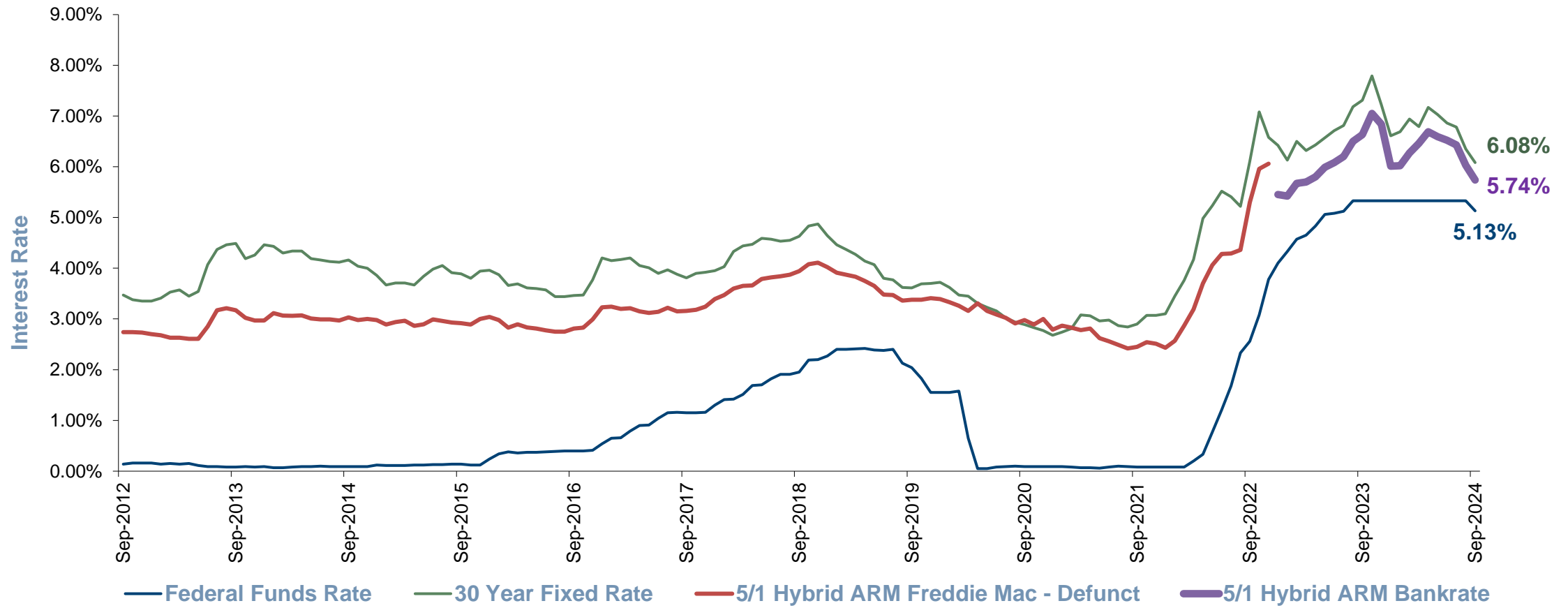
# San José Single-Family Sales Down 17% & Listings Down 7% QoQ



NL = 459  
TL = 380  
S = 331

SOURCE: Santa Clara County Association of Realtors.

# Interest Rates Begin to Drop



SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey, Bankrate.com.. Freddie Mac stopped publishing 5/1 Hybrid in Nov 2022; 5/1 Hybrid from Bankrate.com beginning Dec 2022. Annual Percentage rate will be higher based on points and fees paid.

# Data Sources and Definitions

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- The Quarterly Market Report is usually published by the middle of the second month of each quarter.
- Quarterly rents and vacancy data reflect *average, effective, market-rate apartment rents* for the geography encompassing the *City of San José*, as reported in Costar's proprietary database.
- *Effective rent* is the average rent paid over the term by a tenant adjusted downward for concessions paid for by the landlord (such as free rent, moving expenses, or other allowances), and upward for costs that are the responsibility of the tenant (such as operating expense pass-throughs).
- Costar Class Definitions: Class A refers to extremely desirable investment-grade property with the highest quality construction and workmanship. Class B offers more utilitarian space without the abundant amenities and location that a class A building will have. Class C refers to a no-frills, older building that offers basic space. Class F buildings will usually have physical or structural features that render them undesirable.
- Costar updates rents data once a month for apartments with more than 30 units and once a quarter for apartments with fewer than 30 units.
- *QoQ* refers to Quarter-over-Quarter; *YoY* refers to Year-over-Year.
- Freddie Mac stopped publishing its 5/1 ARM rate as of November 2022. Data is now being obtained from Bankrate.com, an independent, advertising-supported publisher and comparison service. To determine the ARM mortgage rate averages, Bankrate collects APRs and rates from the 10 largest banks and thrifts in 10 large U.S. markets. Rates are based on no existing relationship or automatic payments. For these averages, customer profile includes a 700 FICO score.
- For questions, please call the Housing Department at 408-535-3860.