City of San José

Housing Market Update

Q2 2014
San José Housing Market

• 1,280+ multi-family residential permits issued in Q2 2014, thrice the number of permits issued in Q2 2013

• Working class unable to afford average rents; renters must earn at least $31.70 an hour to afford a market-rate two bedroom apartment - 3rd most expensive rental market in the nation¹

• Santa Clara County has highest median household income in nation ²

• Only 27% of the households can afford to buy a median priced home vs national average of 66% ³

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¹ National Low Income Housing Coalition, Out of Reach 2014
² San José Mercury News – August 11, 2014
³ National Association of Home Builders Housing Opportunity Index, Q1 2014
2014 Year-to-Date San José Residential Permit Activity

![Graph showing multi-family residential permit activity from 2003 to 2014]

SOURCE: City of San Jose Housing Department
San José Average Rent Continues to Make New Records, Up 9% Annually, Up 5% from Q1, 2014

Average Monthly San José Rents

- Studio
- 1bd/1bath
- 2bd/2bath
- 3bd/2bath
- Average

SOURCE: RealFacts – Second Quarter 2014 - Data only includes rental projects with 50 units or more
Vacancy Down from Q1 2014, Approaching the “Natural“ Rate

SOURCE: RealFacts Data Q2, 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

<table>
<thead>
<tr>
<th>Project</th>
<th>1BR</th>
<th>2BR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Rent (Q2 2014)</td>
<td>$1,945</td>
<td>$2,504</td>
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<tr>
<td>Enso</td>
<td>$2,430 - $2,765</td>
<td>$3,095 – 3,380</td>
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<tr>
<td>Elan at River Oaks</td>
<td>$1,970 - $2,299</td>
<td>$2,617 – 2,922</td>
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<tr>
<td>Epic</td>
<td>$2,423 - $2,576</td>
<td>$2,908 - $2,917</td>
</tr>
<tr>
<td>The Oaks at North Park</td>
<td>$2,275 - $2,550</td>
<td>$3,015 - $3,315</td>
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<tr>
<td>The Sycamores</td>
<td>$2,530 - $3,470</td>
<td>$2,985 - $3,345</td>
</tr>
</tbody>
</table>

SOURCE: Zillow, July 16, 2014
Market Rents Significantly Out of Reach for San Jose’s Lower-Income Workers

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

Annual Income to Rent Three-bedroom Apartment ($117,880)

Annual Income to Rent Two-bedroom Apartment ($100,160)

Annual Income to Rent One-bedroom Apartment ($77,800)

Retail Salesperson
Janitor
Healthcare Support Occupation
Construction Laborer
Elementary School Teacher
Fire Fighter
Police Officer

San Jose Housing Market Update: Q2 2014
San José Housing Affordability Remains Low Relative to the Nation

Less than 1/3rd of San Jose’s Families Can Afford a Median Priced Home

Q1 2014 - 65.5%
Q1 2014 - 27.2%

SOURCE: National Association of Home Builders
Mortgage Rates Continue to Remain Historically Low

SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey
Single-Family Median Price for SCC at Highest Level, Up 12% YoY and 5% from Q1 2014

SOURCE: Santa Clara County Association of Realtors, MLS Listings – June 2014
Townhome/Condo Price Near Pre-Recession Highs, Up 5% YoY in San José, Slight Drop from Q1 2014

SOURCE: Santa Clara County Association of Realtors, MLS Listings – June 2014
YoY Sales and Inventory remain flat; Inventory up 40% from Q1 2014

Source: Santa Clara County Association of Realtors, MLS Listings – June 2014
Single-Family Homes Selling Faster - Days on Market Drops 30% YoY, 40% from Q1

SOURCE: Santa Clara County Association of Realtors, MLS Listings – June 2014
Foreclosure Filings Back to Pre-Recession Levels

SOURCE: San Jose – Foreclosure Radar – June 2014