City of San José
Housing Market Update
Q3 2014
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
- 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%

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

San Jose Housing Market Update: Q3 2014
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

<table>
<thead>
<tr>
<th>Project</th>
<th>1BR</th>
<th>2BR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average San José Rent (Q2 2014)</strong></td>
<td><strong>$2,026</strong></td>
<td><strong>$2,553</strong></td>
</tr>
<tr>
<td>The Pines</td>
<td>$2,245 - $2,590</td>
<td>$2,740 - $3,440</td>
</tr>
<tr>
<td>Aire</td>
<td>$2,245 - $2,785</td>
<td>$2,845 - $4,410</td>
</tr>
<tr>
<td>The Sycamores</td>
<td>$2,430 - $2,935</td>
<td>$2,960 - $3,430</td>
</tr>
<tr>
<td>Crescent Village</td>
<td>$2,250 - $2,870</td>
<td>$2,785 - $3,680</td>
</tr>
<tr>
<td>Epic</td>
<td>$2,098 - $2,525</td>
<td>$2,620 - $3,095</td>
</tr>
</tbody>
</table>

*Source: Zillow, October 16, 2014*
Market Rents Significantly Out of Reach for San Jose’s Working Class

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)

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 Down 10%
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

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

Q3 2014 – 61.8%
Q3 2014 – 20.9%

SOURCE: National Association of Home Builders