Western National Group plans to develop up to 560 multifamily units and approximately 37,000 sq. ft. of ground-floor retail space in the fifth phase at Market Park San Jose, a 120-acre, mixed-use, transit-oriented community adjacent to the Berryessa BART station, scheduled to open by June 2018. Modern one-, two- and three-bedroom apartments will be offered within a multi-building, mid-rise complex — with retail stores and restaurants occupying street-level spaces.
Q3 2017 San José Housing Market

• In Q3 2017, 321 residential permits were issued; none of them were affordable.

• SJ average rent growth is 4% year over year (YoY); vacancy remains low at 4.7%. ¹

• Average effective monthly rent for a 2 bedroom apartment is $2,607; Renters must earn $50/hour ($104,280/year) to afford the average rent for a two bedroom, apartment. ²

• SJ average single-family home price is $1,104,440; Residents must earn $101/hour ($211,000/year) to afford to buy an average priced home. ³

¹ Costar October 23, 2017 – Refer to end notes for details
² Based on October 23 2017 Costar average rents; income calculation assumes rents are 30% of income, 40 hour work week and a single income household.
³ Based on Santa Clara County Association of Realtors, September 2017 average prices; income calculation assumes monthly payments are 30% of income, 20% down, 3.8% interest rate, 1.25% property tax, 40 hour work week and a single income household.
SJ Residential Permit Activity Slow in Q3 2017

2014-23 Quarterly RHNA Goal is 997 Homes Permitted

Q3 2010 Q3 2011 Q3 2012 Q3 2013 Q3 2014 Q3 2015 Q3 2016 Q3 2017

Multi-family Affordable Multi-family Market Single-family/Second Units/Other

SOURCE: City of San José Housing Department, September 2017
SJ Average Rent Up 0.2% from Q2 2017 and Up 4% YoY
SJ Average Vacancy Remains Low, Drops 2% from Q2 2017 & Drops 13% YoY

SJ Average Vacancy Remains Low, Drops 2% from Q2 2017 & Drops 13% YoY

3rd Qtr-2000
3rd Qtr-2001
3rd Qtr-2002
3rd Qtr-2003
3rd Qtr-2004
3rd Qtr-2005
3rd Qtr-2006
3rd Qtr-2007
3rd Qtr-2008
3rd Qtr-2009
3rd Qtr-2010
3rd Qtr-2011
3rd Qtr-2012
3rd Qtr-2013
3rd Qtr-2014
3rd Qtr-2015
3rd Qtr-2016
3rd Qtr-2017

Quarterly Vacancy Rate % for SJ

Studio
1 Bdrm
2 Bdrm
3 Bdrm
Average
5% Healthy Vacancy Rate
National Rate

Avg. Vacancy 4.7%
3Bdrm Vacancy Rate even lower at 4.1%
Housing Costs Significantly Out of Reach for Many SJ Workers

SOURCE: Employment Development Department (EDD) – First Quarter 2017 Wages; Costar October 23, 2017 Average Rents; Income to rent calculation assumes rent at 30% of income and a single income household; Santa Clara County Association of Realtors Q3 2017 median prices; Income to mortgage calculations assume payments at 30% of income, 20% down, 3.8% interest, 1.25% Property Tax, $300 HOA dues for condos and a single-income household
SJ Renters Spend Greater % of Income on Rent than Renters Nationwide

SOURCE: Zillow Rental Affordability Index Q2 2017– One Quarter Lag
SJ Single-Family Median Home Price Up 0.2% from Prior Quarter and 17% YoY

SOURCE: Santa Clara County Association of Realtors, September 2017
SJ Metro Area Median Home Prices Nearly 3 Times the National Average

SOURCE: Zillow Price to Income Index Q2 2017– One Quarter Lag
SJ Homeowners Pay 2.6 Times the Mortgage Costs of the Average US Homeowner

[Graph showing mortgage payments as a % of median income over time for San Jose Metro and United States, with peaks at 42% and 16%]

SOURCE: Zillow Mortgage Affordability Index Q2 2017 – One Quarter Lag
SJ Housing Affordability Remains Low Relative to the Nation (5th least affordable)

Less than 1 in 7 families in San José can afford to own a median priced home

SOURCE: National Association of Home Builders, Housing Opportunity Index Q3 2017
SJ Townhome/Condo Median Prices Drop 4% from Prior Quarter, but Up 7% YoY

Source: Santa Clara County Association of Realtors September 2017

San José Housing Market Update : Q3 2017
SJ Single-Family Sales Down 19% From Prior Quarter; Inventory Low as Listings Fall
SJ Homes DOM Fall from Prior Quarter, Up 37% (11 days) YoY

SOURCE: Santa Clara County Association of Realtors September 2017
Interest Rates Remain Low

[source: Federal Reserve, Freddie Mac Primary Mortgage Market Survey, Q3 2017]
Endnotes

• The City of San José selected Costar to supply rental housing statistics as of July 1, 2017. The City’s previous vendor, RealAnswers, went out of business in Q4 2016.

• The City has restated rents and vacancy data beginning January 2000, using Costar. The revised data will be posted in the Housing Market Updates beginning in Q2 2017.

• The source of the quarterly rents and vacancy data will be 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).

• The rents reported are average market rate rents charged by existing market-rate apartments; Costar updates rents data once a month for apartments with more than 30 units and once a quarter for apartments with less than 30 units.

• For questions, please call the Housing Department at 408-535-3860.