

City of San José

Housing Market Update

Q2 2014



KB Homes, Towns at Berryessa Crossing

San José Housing Market

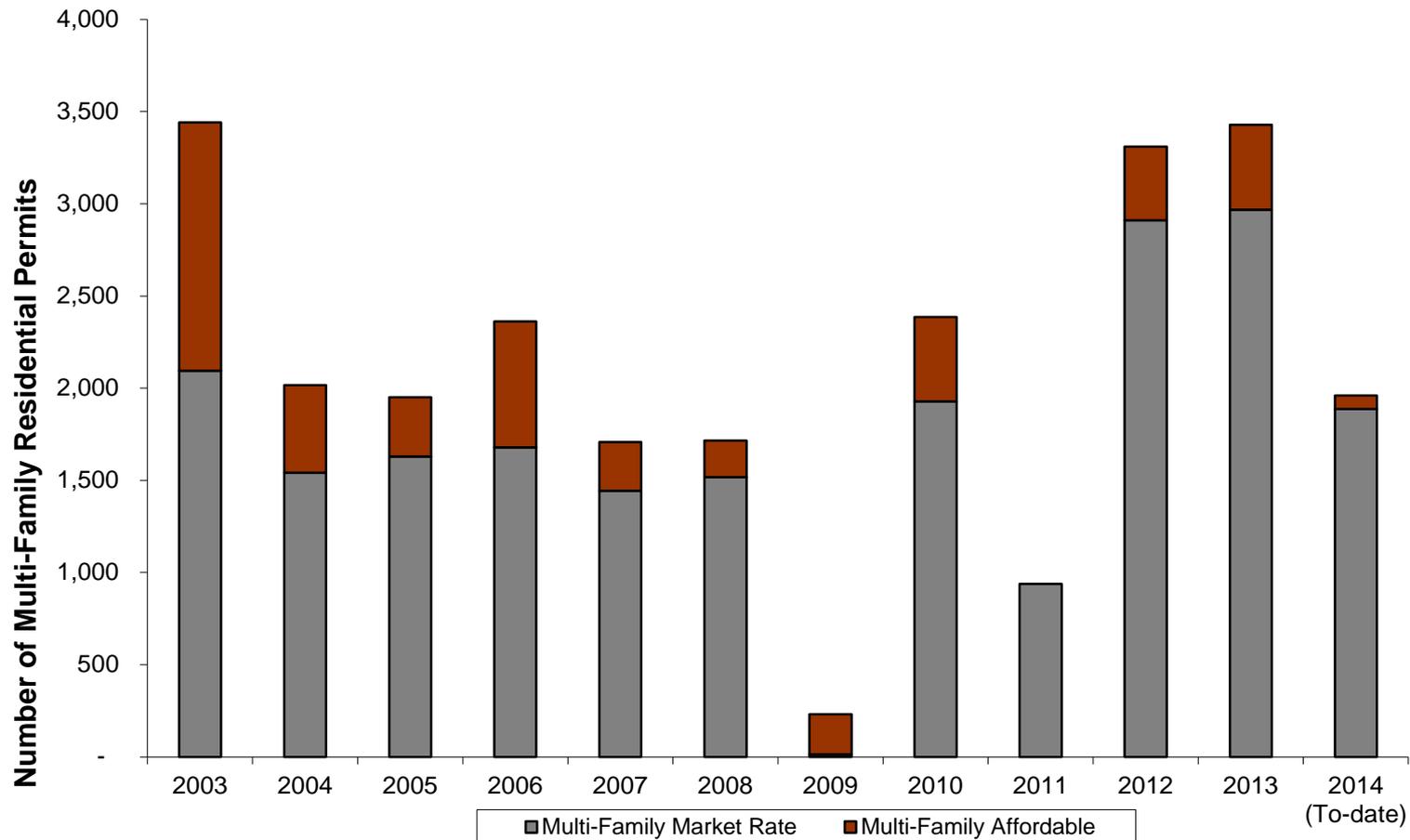
- 1,280+ multi-family residential permits issued in Q2 2014, thrice the number of permits issued in Q2 2013
- Working class unable to afford average rents; renters must earn at least \$31.70 an hour to afford a market-rate two bedroom apartment - 3rd most expensive rental market in the nation¹
- Santa Clara County has highest median household income in nation²
- Only 27% of the households can afford to buy a median priced home vs national average of 66%³

1 National Low Income Housing Coalition, Out of Reach 2014

2 San José Mercury News – August 11, 2014

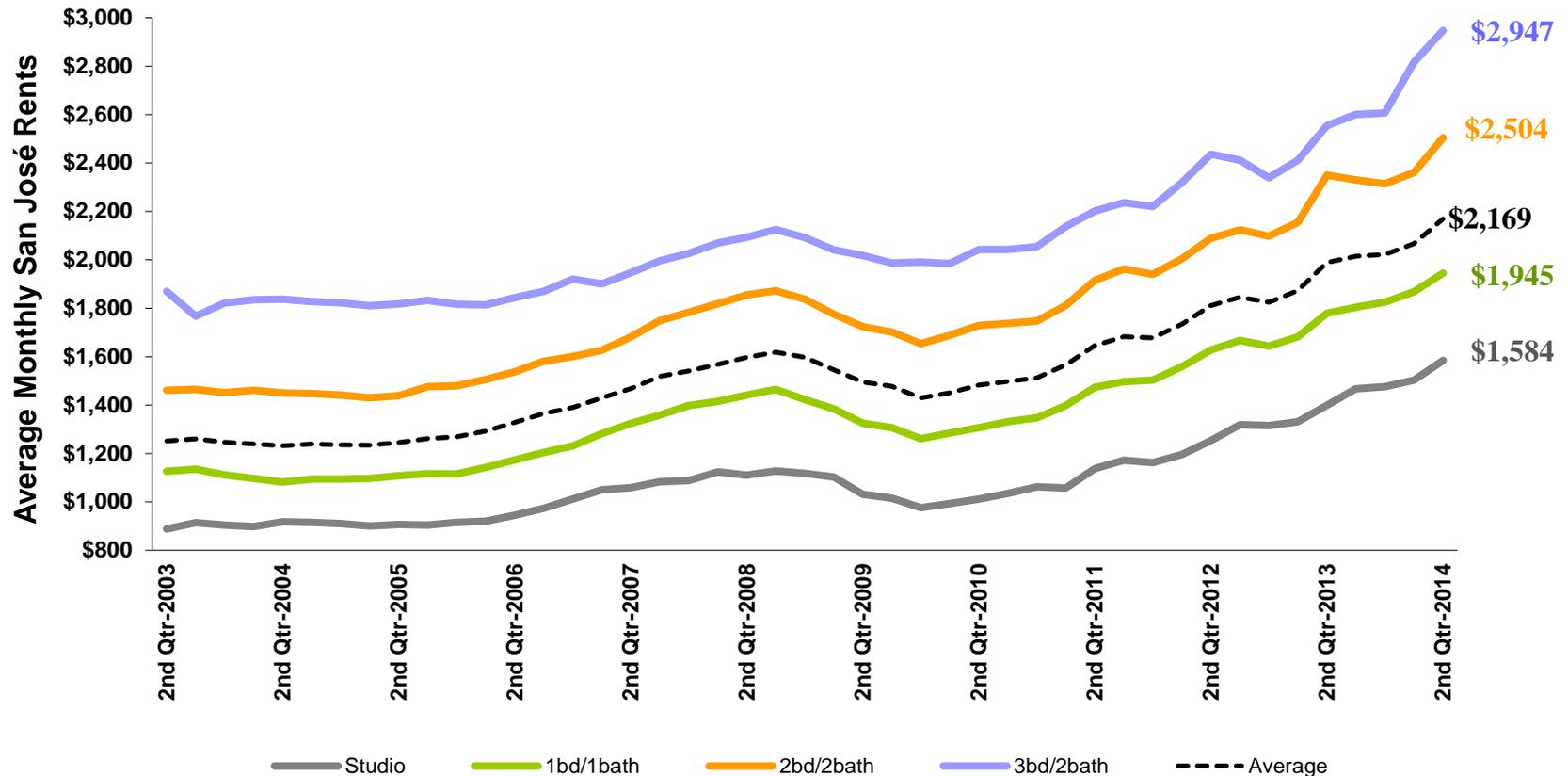
3 National Association of Home Builders Housing Opportunity Index, Q1 2014

2014 Year-to-Date San José Residential Permit Activity



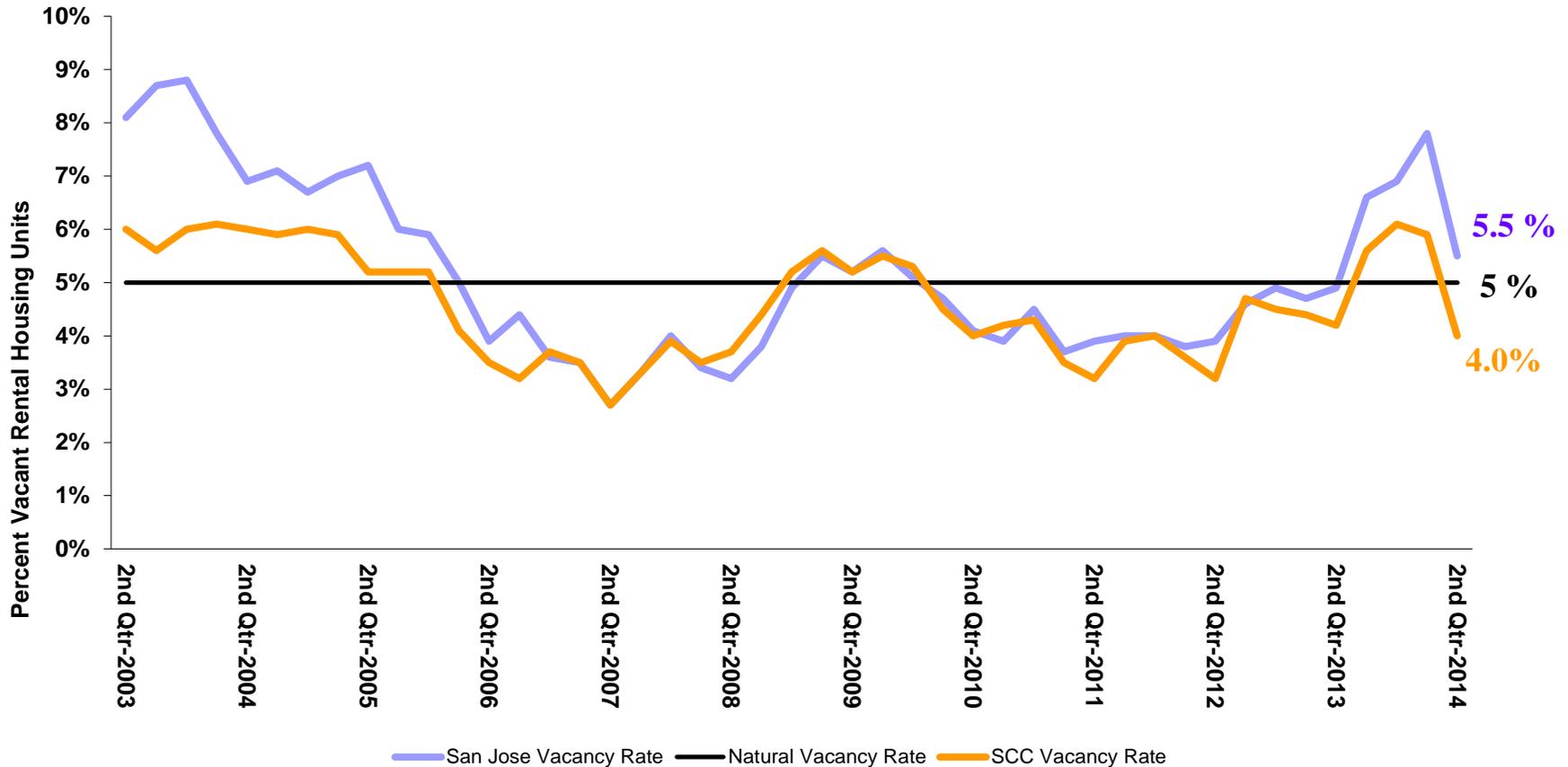
SOURCE: City of San Jose Housing Department

San José Average Rent Continues to Make New Records, Up 9% Annually, Up 5% from Q1, 2014



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

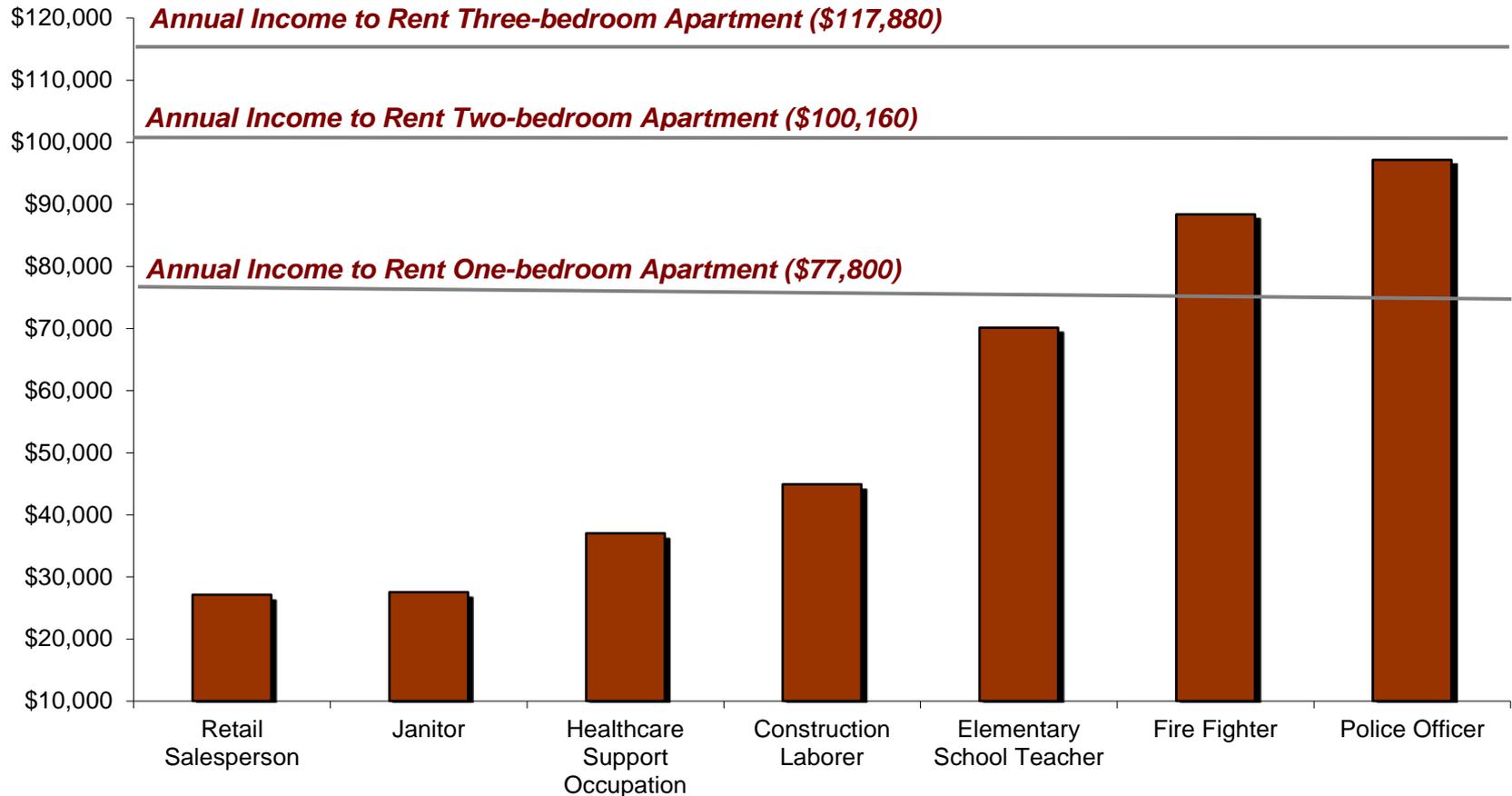
North San José Rents Trend Higher than Average Rents Citywide

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



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

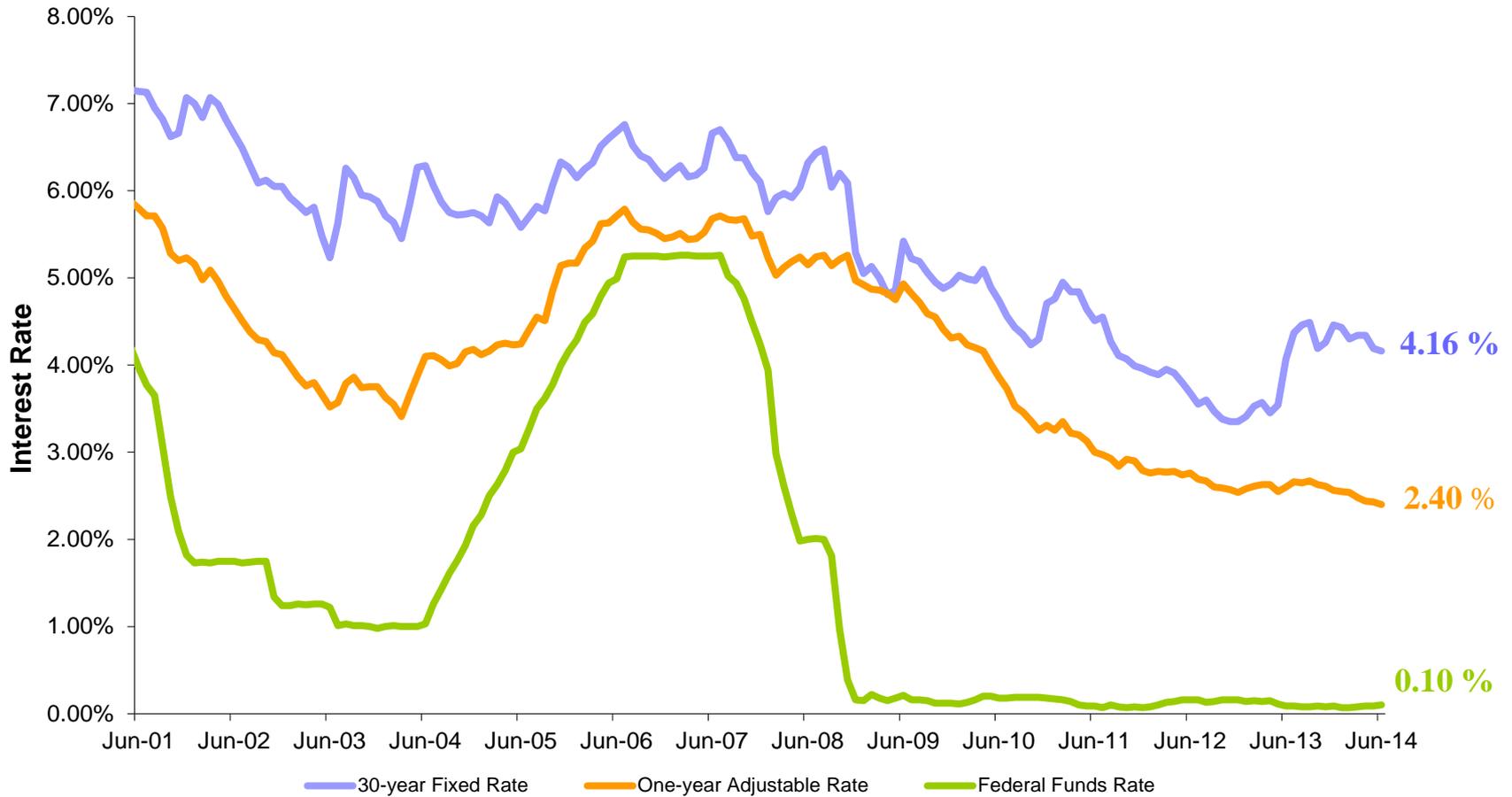
San José Housing Affordability Remains Low Relative to the Nation

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



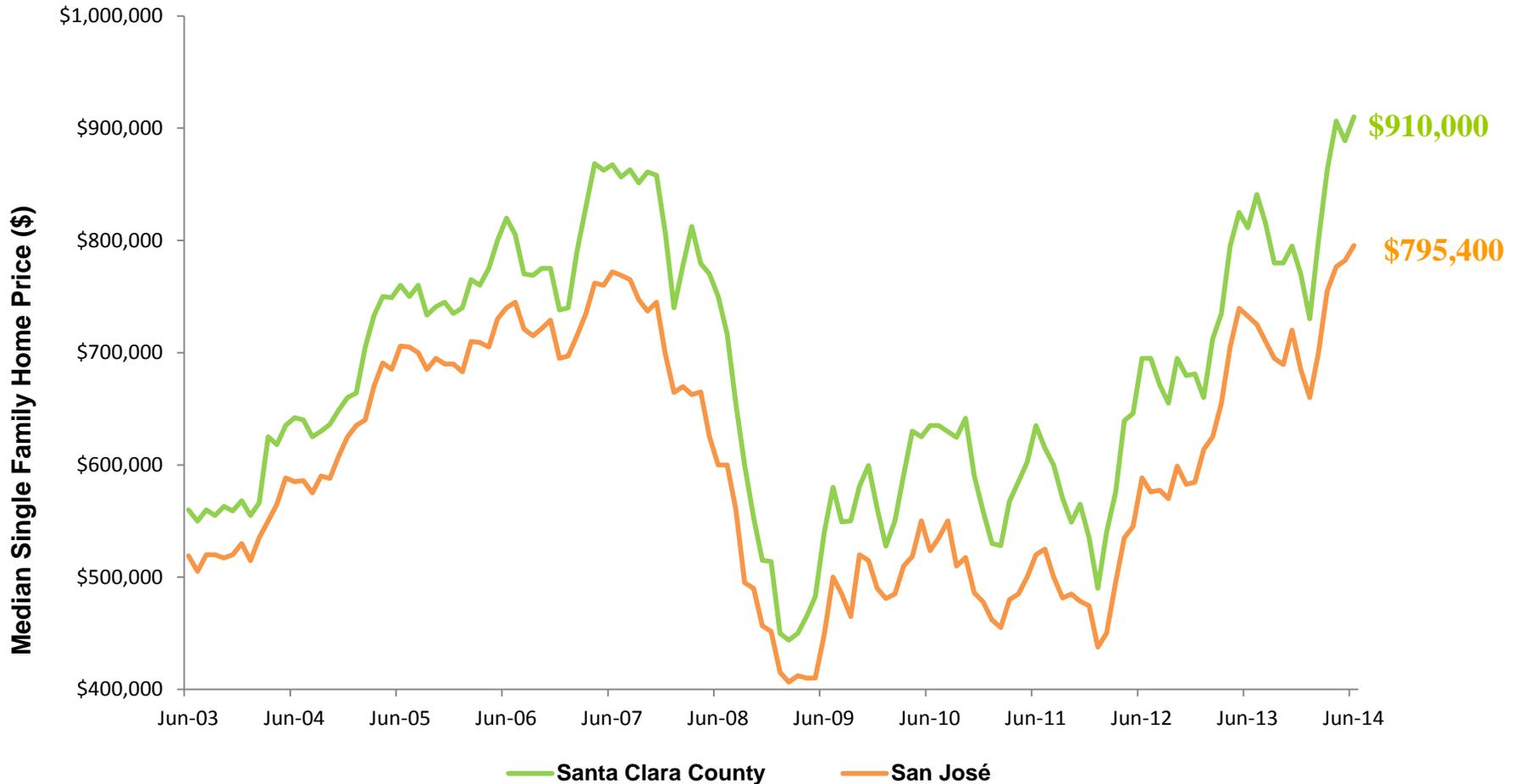
SOURCE: National Association of Home Builders

Mortgage Rates Continue to Remain Historically Low



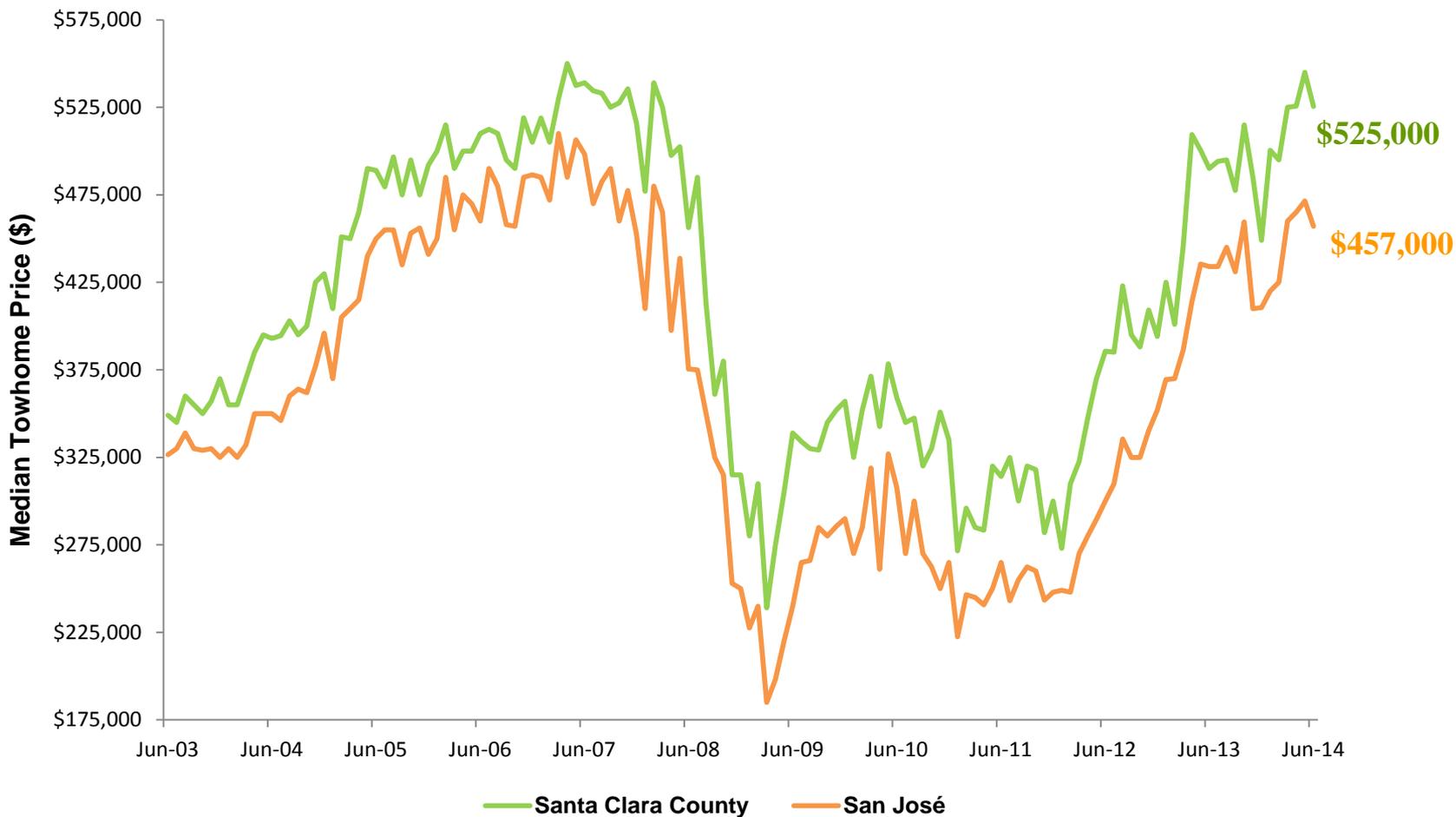
SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey

Single-Family Median Price for SCC at Highest Level, Up 12% YoY and 5% from Q1 2014



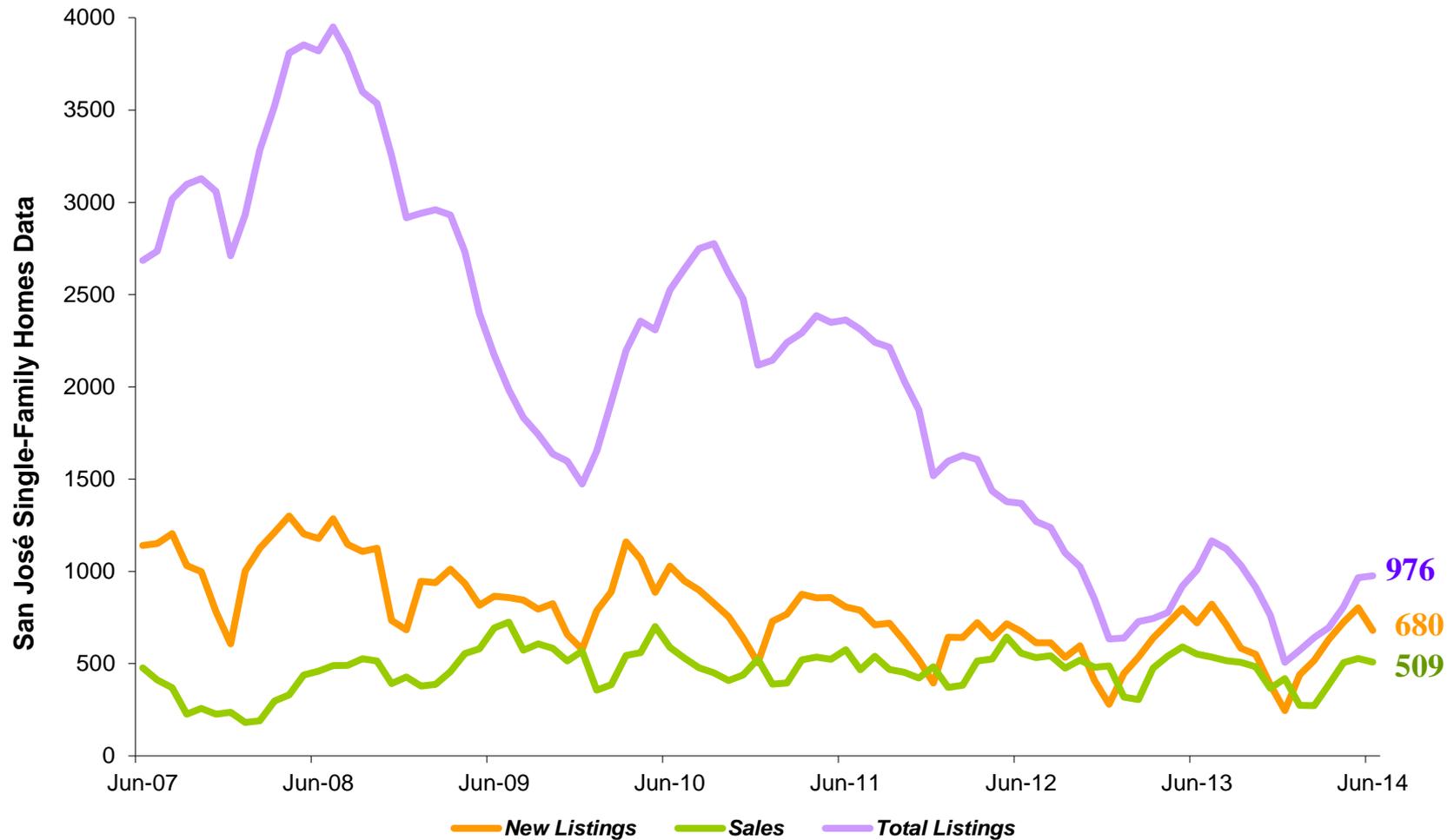
SOURCE: Santa Clara County Association of Realtors, MLS Listings – June 2014

Townhome/Condo Price Near Pre-Recession Highs, Up 5% YoY in San José, Slight Drop from Q1 2014



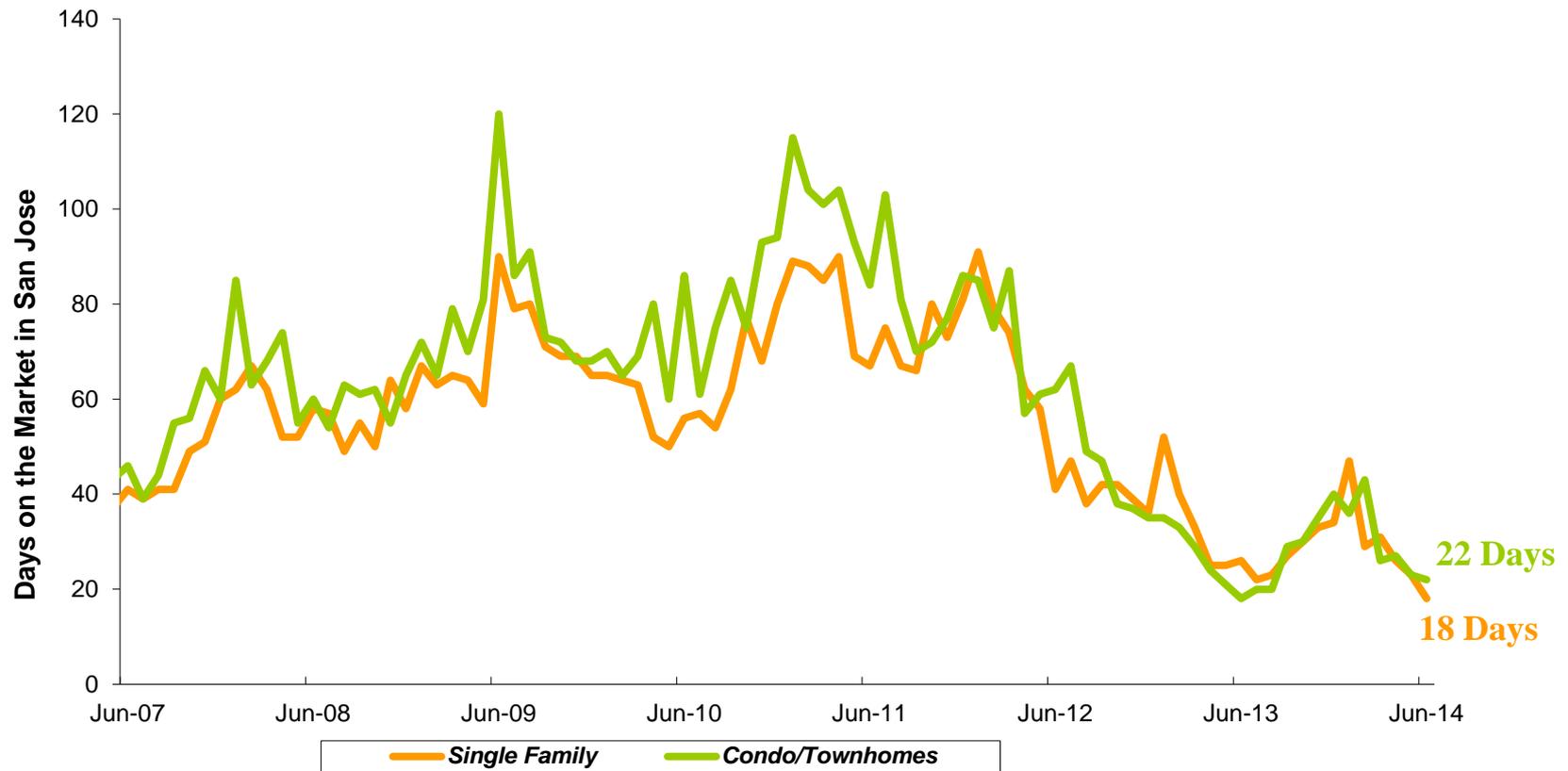
SOURCE: Santa Clara County Association of Realtors, MLS Listings – June 2014

YoY Sales and Inventory remain flat; Inventory up 40% from Q1 2014



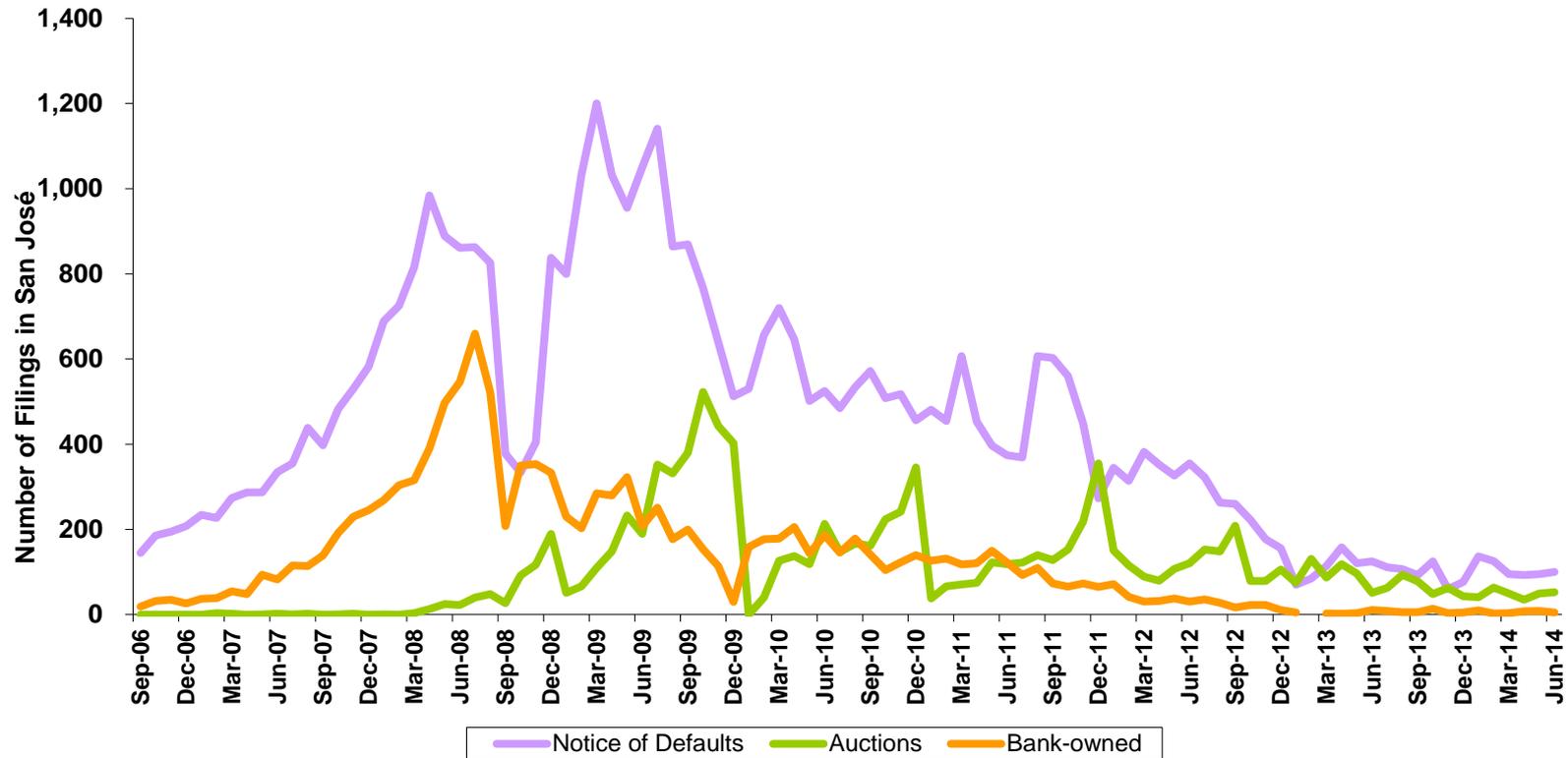
SOURCE: Santa Clara County Association of Realtors, MLS Listings – June 2014

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