

# City of San José

## Housing Market Update

Q3 2014



Rendering of Centerra, 21 floors, 347 units, 7,000 sq. ft. retail  
Barry Swenson Builder Architectural/Ankrom Moisan Architects Inc.

# San José Housing Market

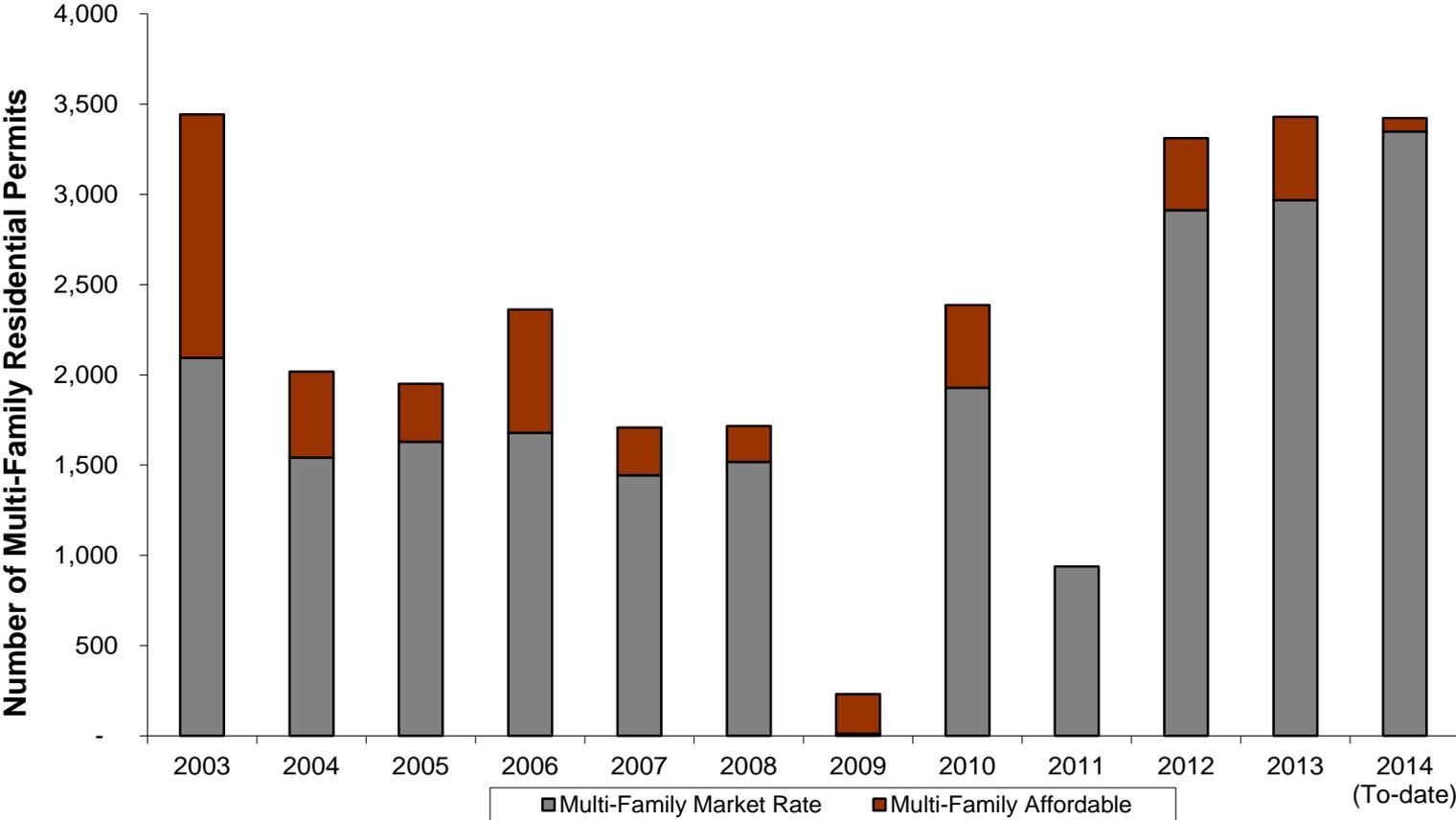
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- Over 1,400 multi-family residential permits issued in Q3 2014
- 2014 on pace to exceed 2013 permit activity
- Rents continue to set records; average rents up 11% annually
- Renters must earn at least \$31.70 an hour to afford a market-rate two bedroom apartment <sup>1</sup>
- 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% <sup>2</sup>

<sup>1</sup> National Low Income Housing Coalition, Out of Reach 2014

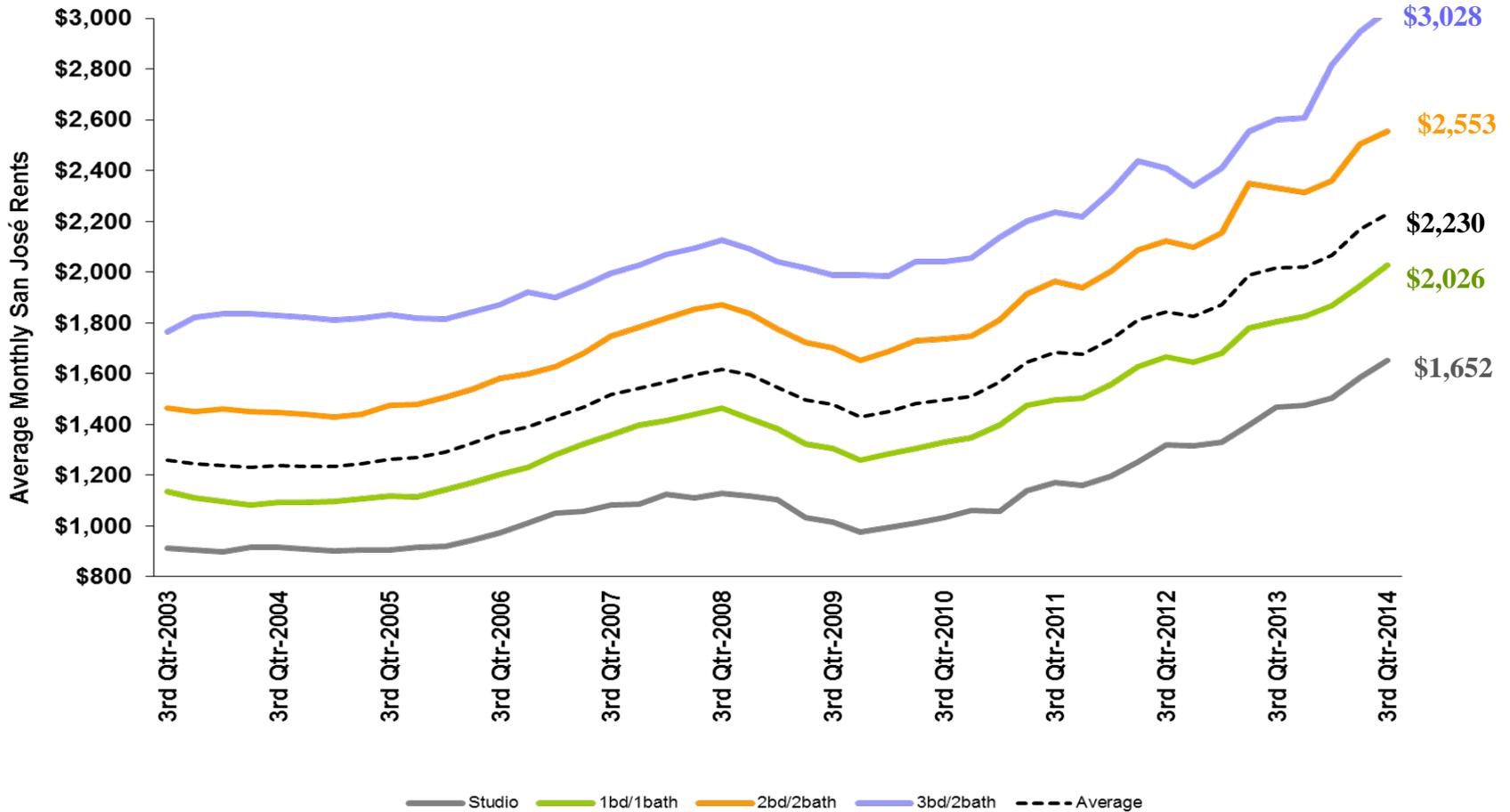
<sup>2</sup> National Association of Home Builders Housing Opportunity Index, Q3 2014

# 2014 Year-to-Date San José Residential Permit Activity



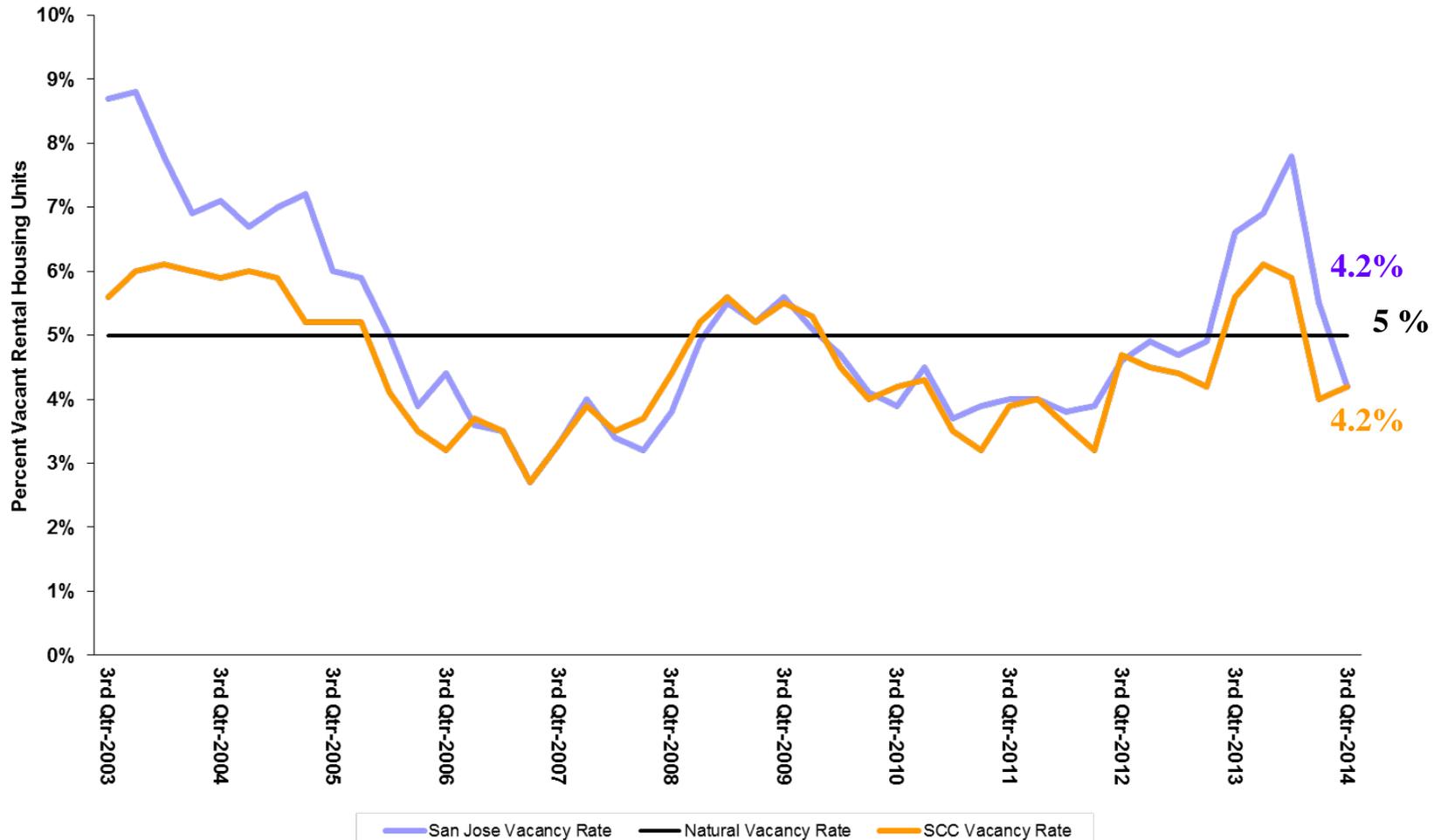
SOURCE: City of San Jose Housing Department

# 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

# 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

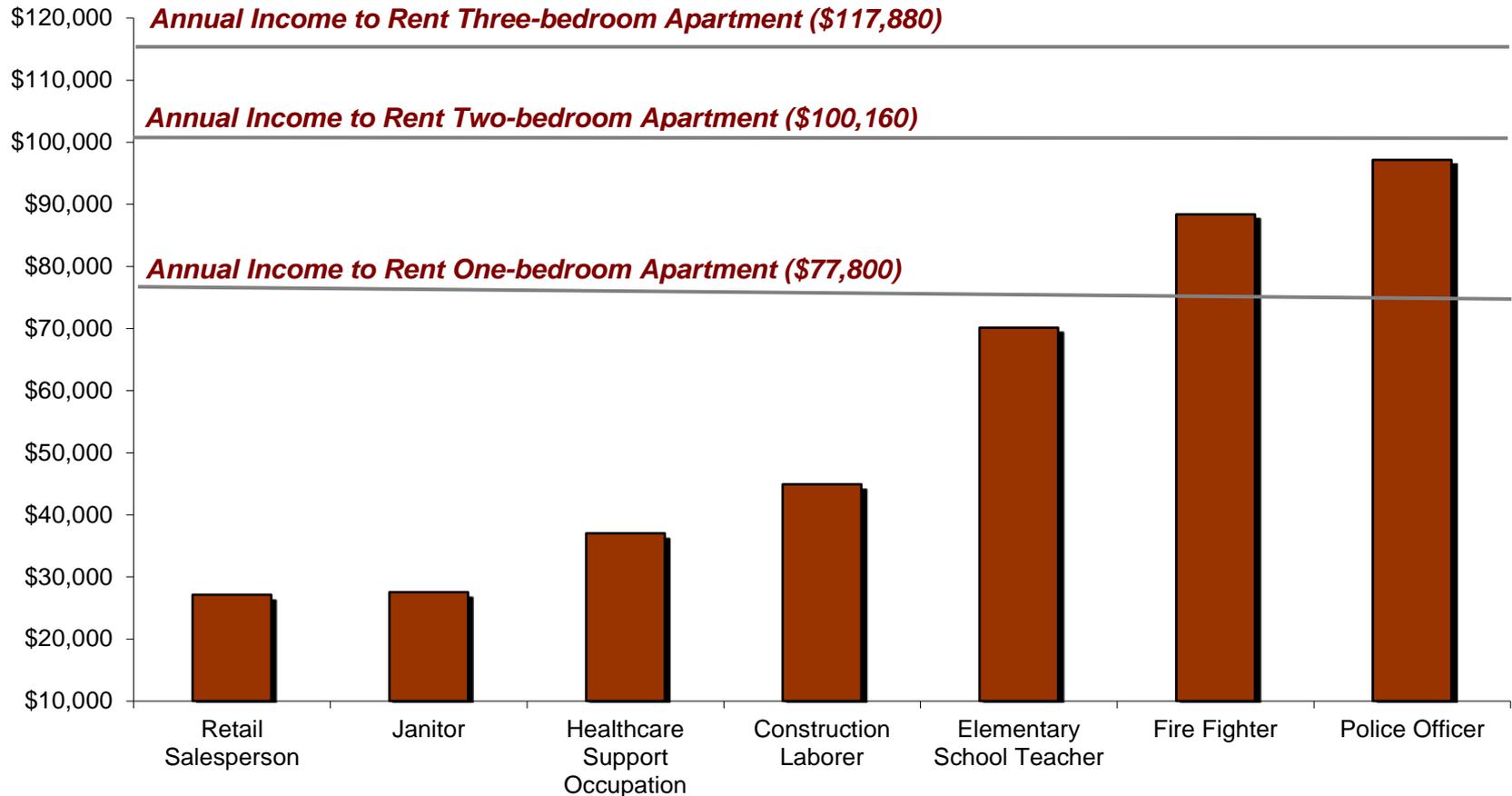
# North San José Rents Trend Higher than Average Rents Citywide

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

SOURCE: Zillow, October 16, 2014

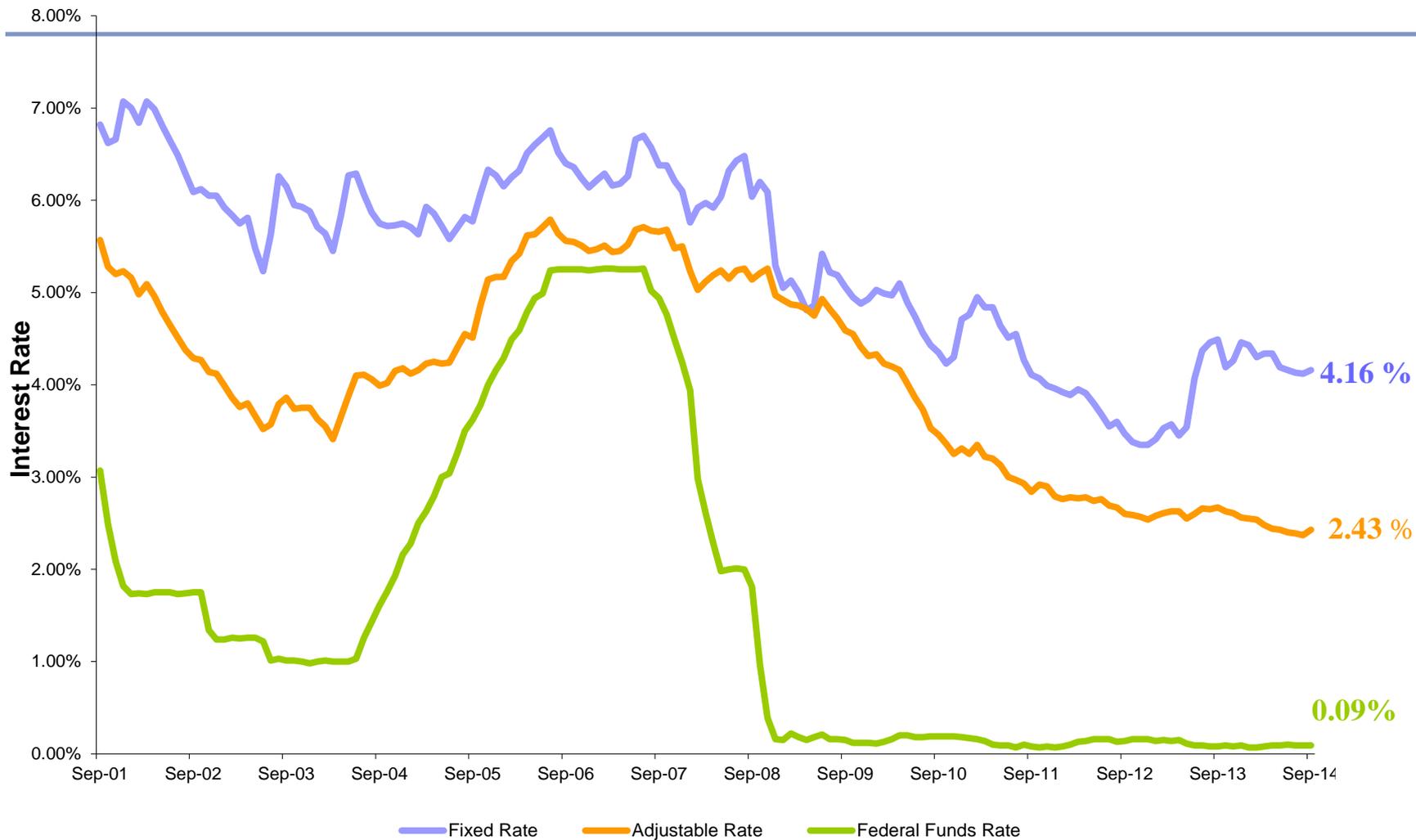


# Market Rents Significantly Out of Reach for San Jose's Working Class



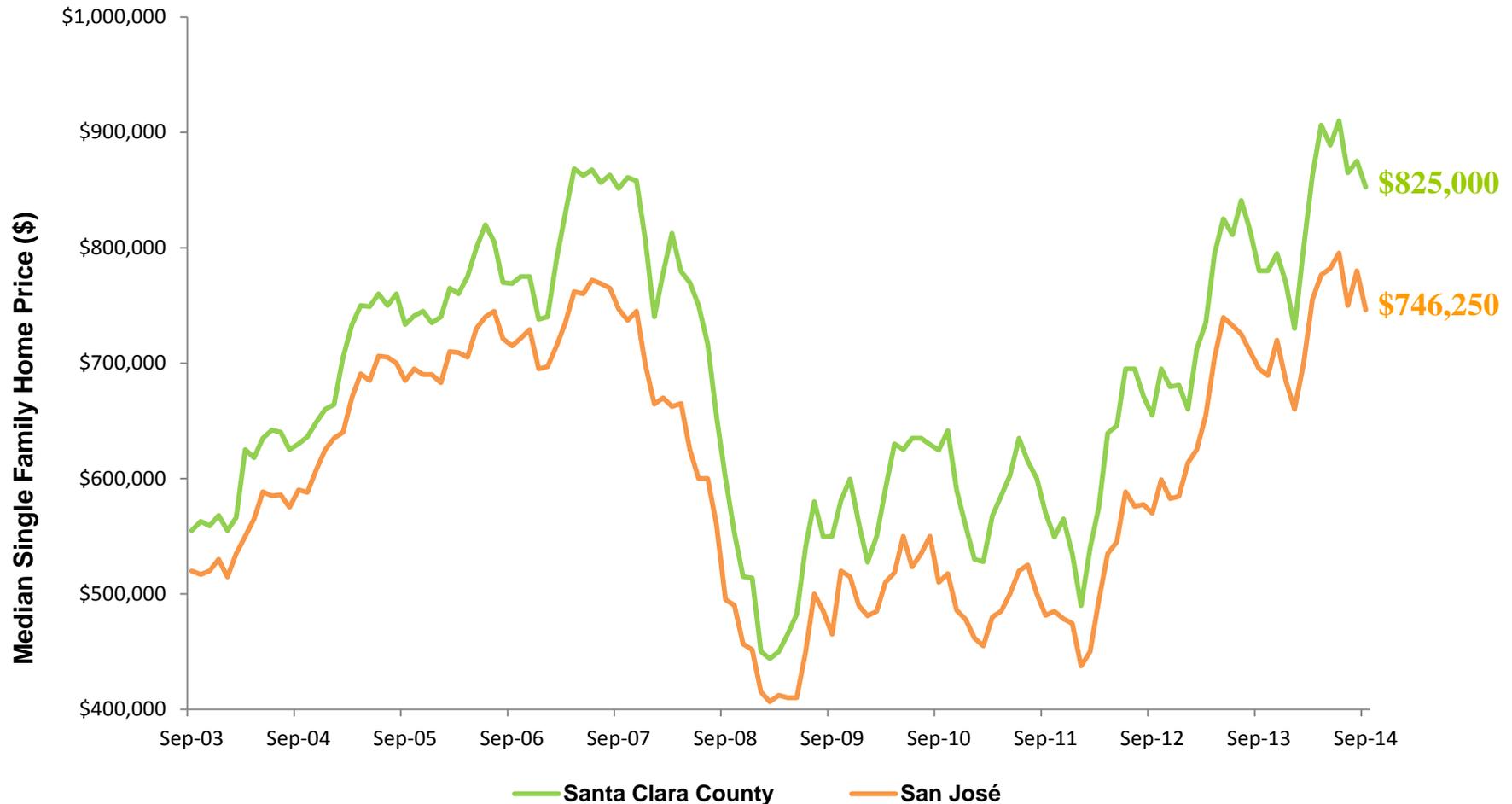
SOURCE: Employment Development Department (EDD) – May 2014 Wages. Income to rent calculation assumes rent is at 30% of income

# Mortgage Rates Remain Historically Low



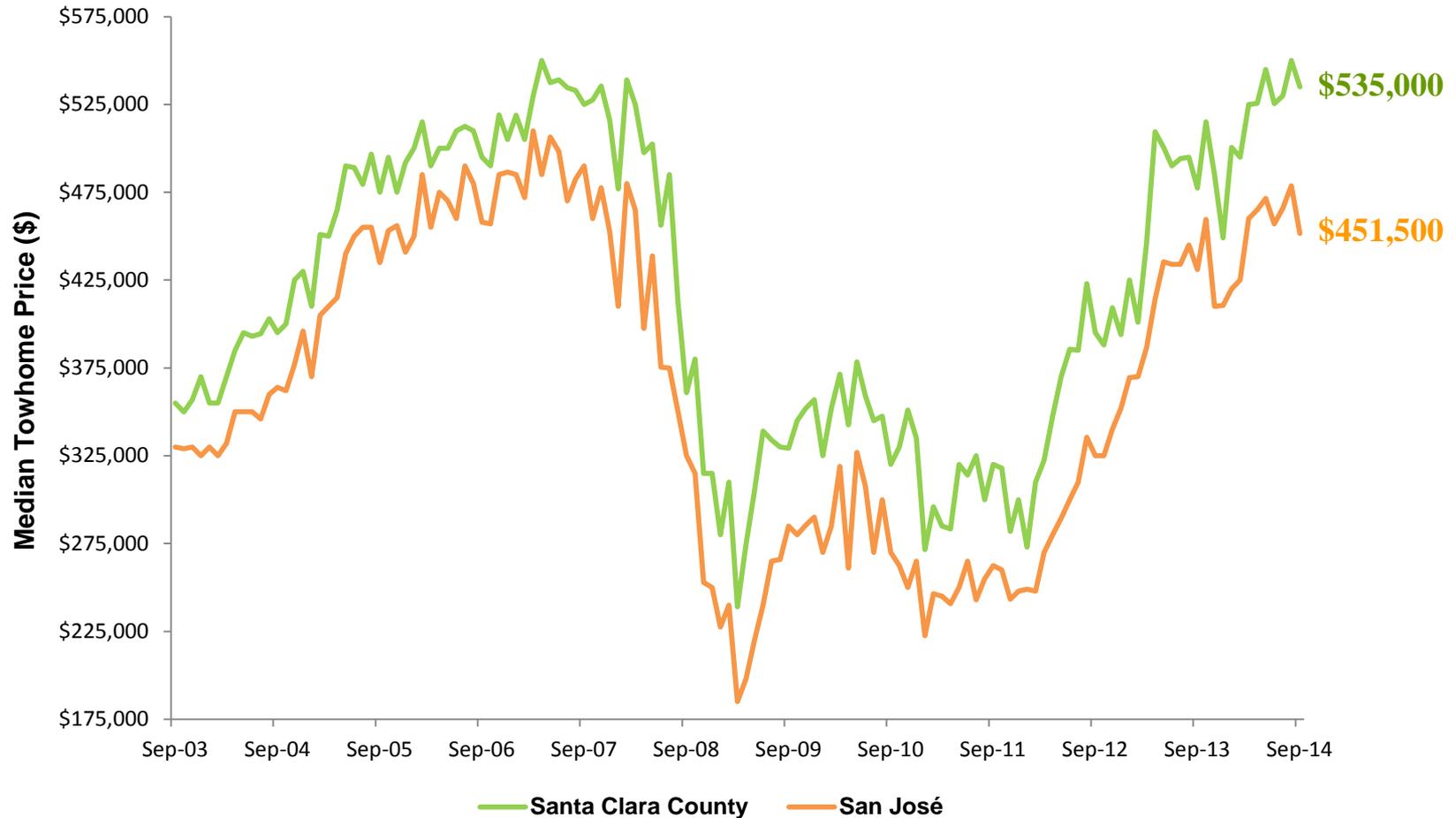
SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey

# San Jose's Single-Family Median Home Price Up 7%YoY



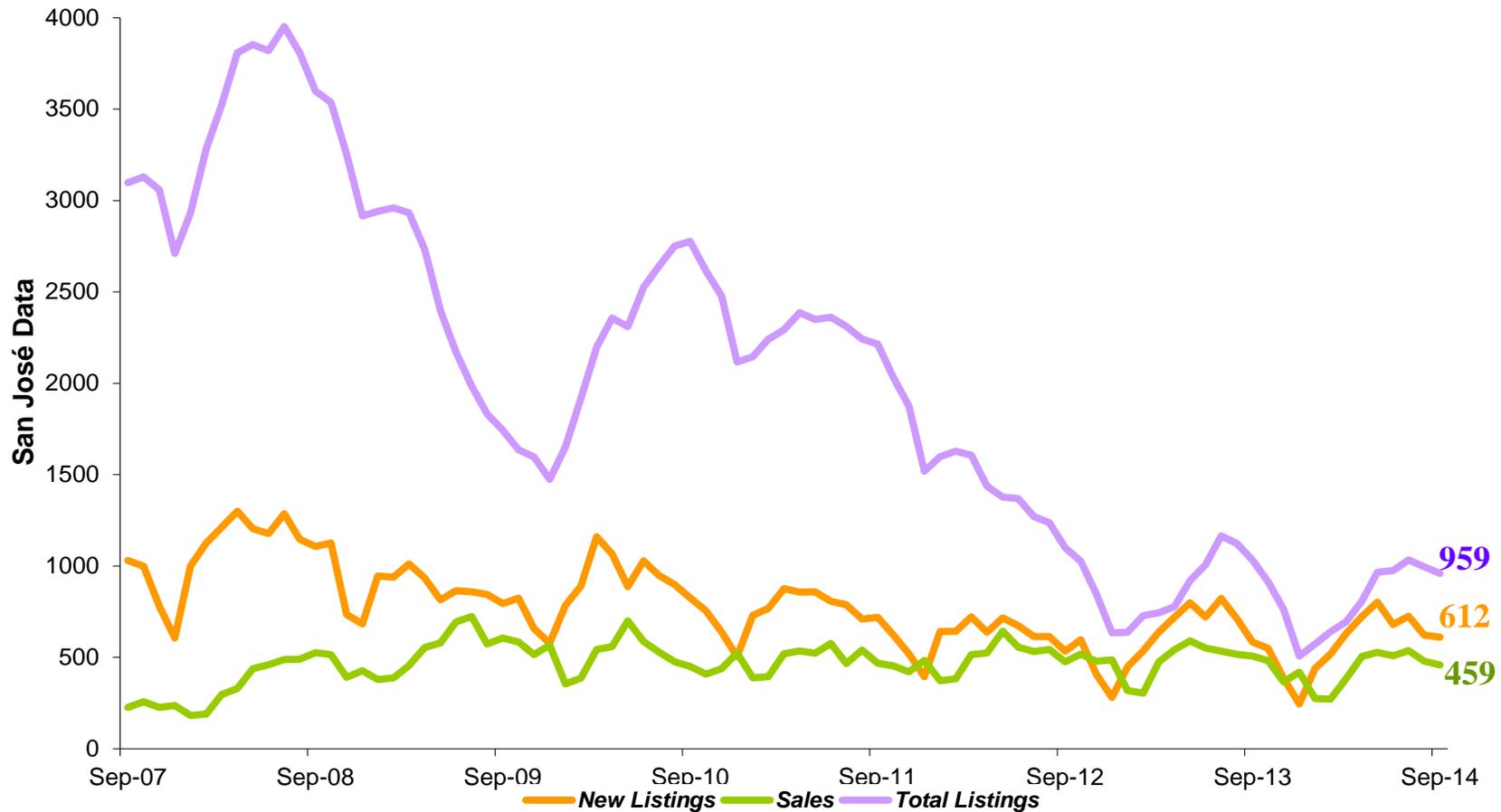
SOURCE: Santa Clara County Association of Realtors, MLS Listings – September 2014

# San Jose's Townhome/Condo Median Price Up 5% YoY



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

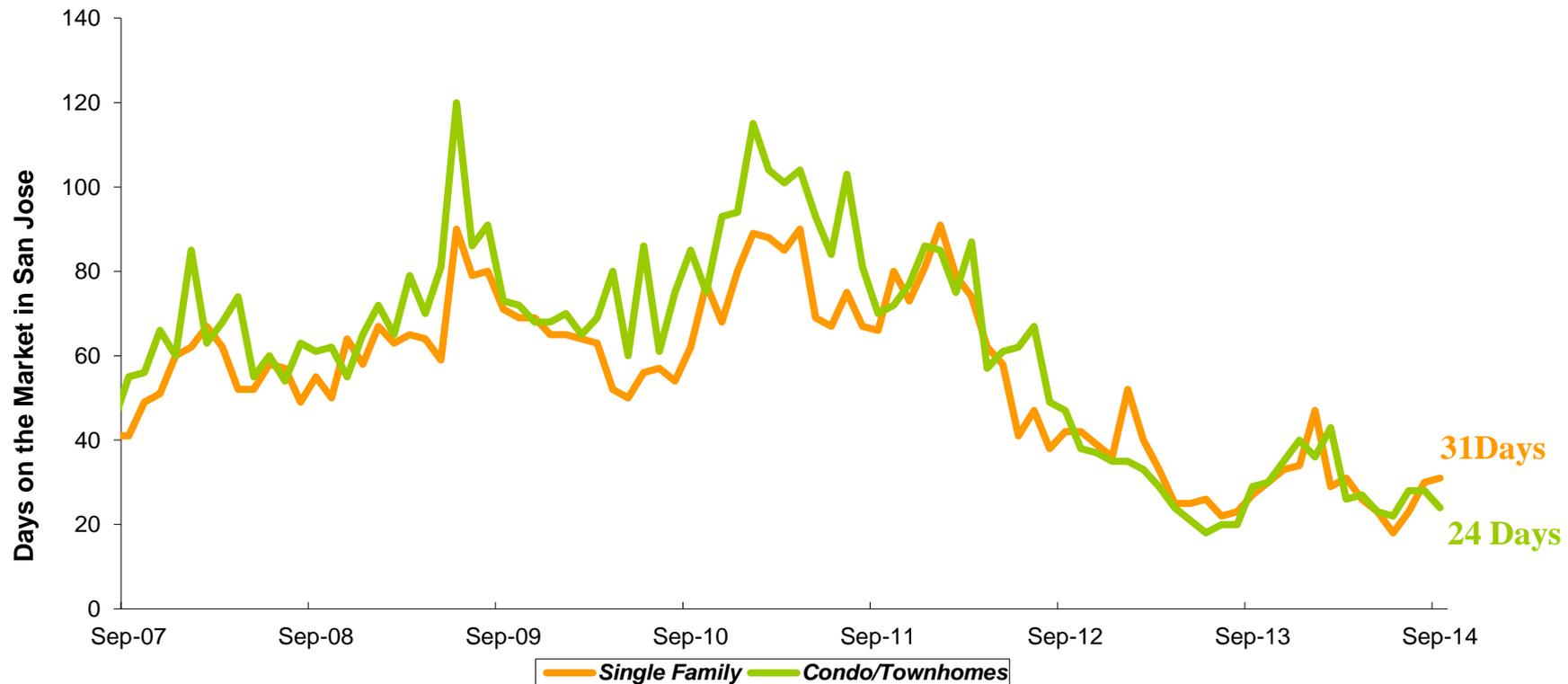
# YoY Sales Down 5% and Inventory Down 7%, Quarterly Sales Down 10%



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

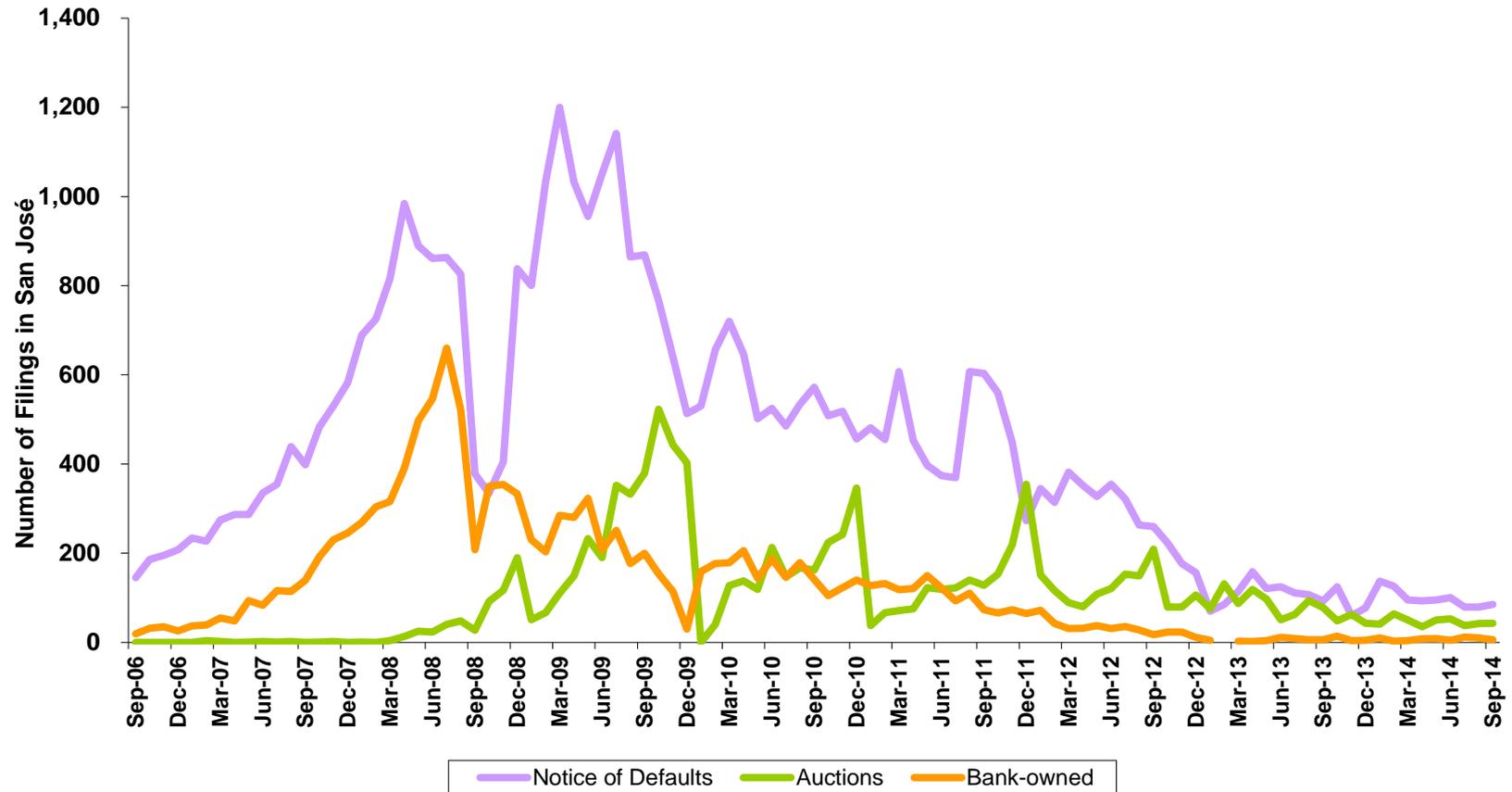
# Single-Family Homes Days on Market Trends

## 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 1/3<sup>rd</sup> of San Jose's Families Can Afford a Median Priced Home



SOURCE: National Association of Home Builders