

City of San José

Housing Market Update



Q4 2015

Rendering of 777 West San Carlos Urban Village, SVGA Architecture & Planning

Q4 2015 San José Housing Market

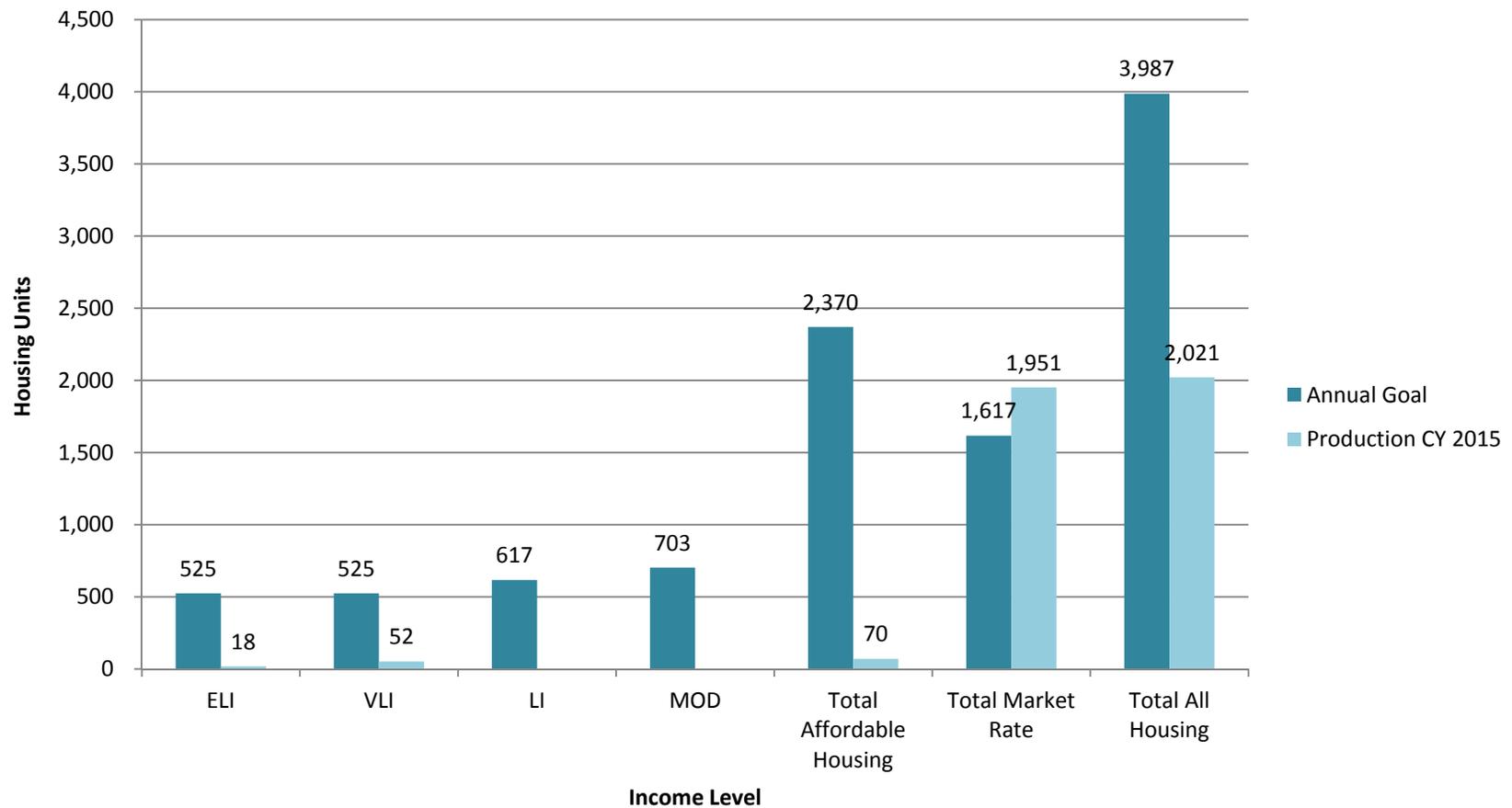
- In 2015, San José met **3%** of its annual affordable housing RHNA goal and **121%** of its market-rate RHNA goal¹
- San José is the **third** most expensive *rental* market and the **second** most expensive *homeownership* market in the nation ²
- Rents continue to set records, growing **9%** year over year (YoY)
- Average monthly rent for a 2 bedroom apartment is **\$2,750**; Renters must earn **\$53/hour** (\$110,000/year) to afford the average rent for a two bedroom, two-bath apartment ³
- Median single-family home price is **\$825,000**, up 14% YoY

¹ San José's Regional Housing Needs Allocation (RHNA) January 2014 – October 2022 is 35,080 units; annualized goal is 3,987 units assuming an 8.8 year RHNA cycle

² Based on NHC Report Paycheck to Paycheck 2015 - <http://www2.nhc.org/chp/p2p/>

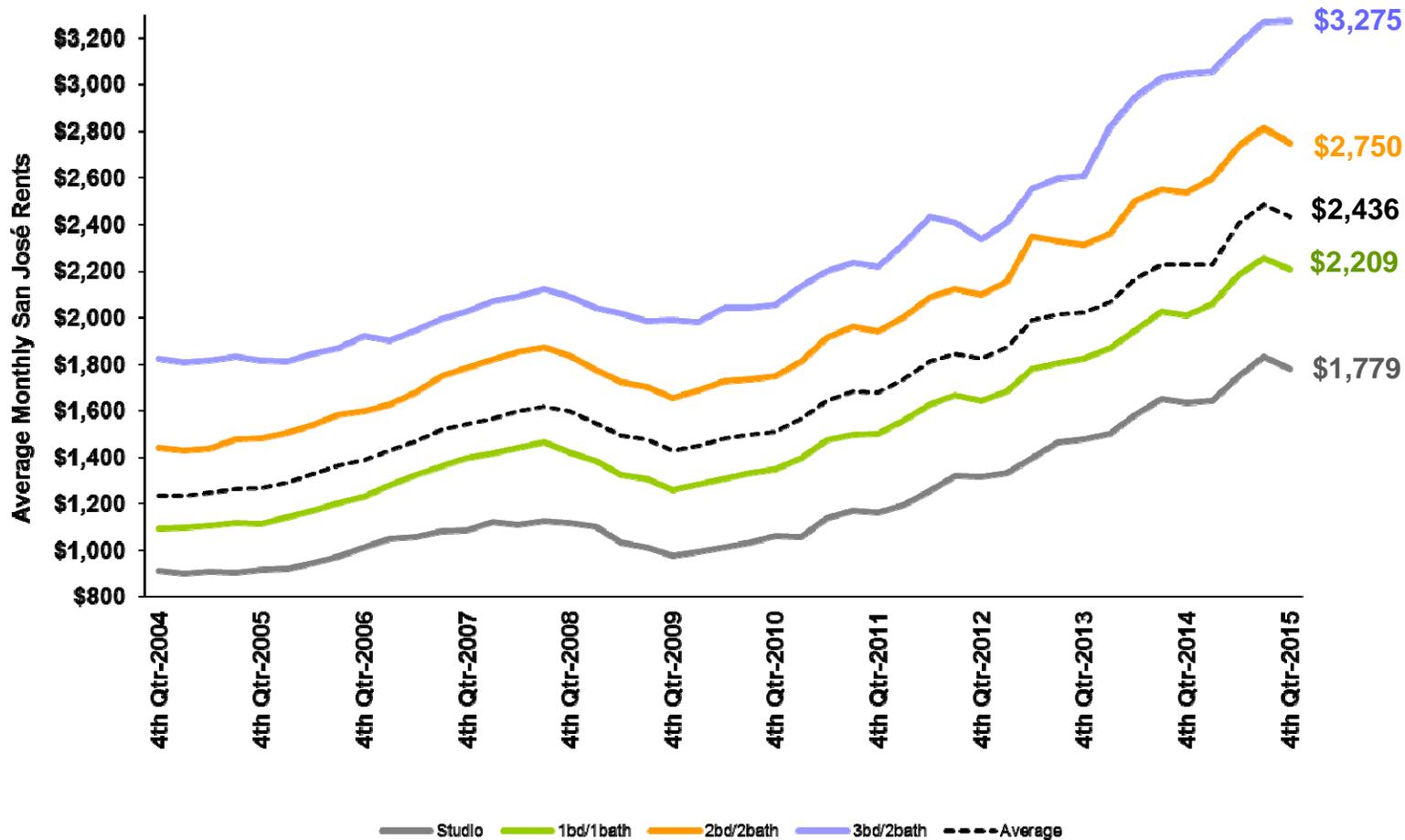
³ Based on Q4 2015 realAnswers average rents, income calculation assumes rents are 30% of income , 40 hour work week ,and a single income household

2015 Regional Housing Needs Allocation (RHNA) Performance – Residential Permits Fall Short of Annual Goal



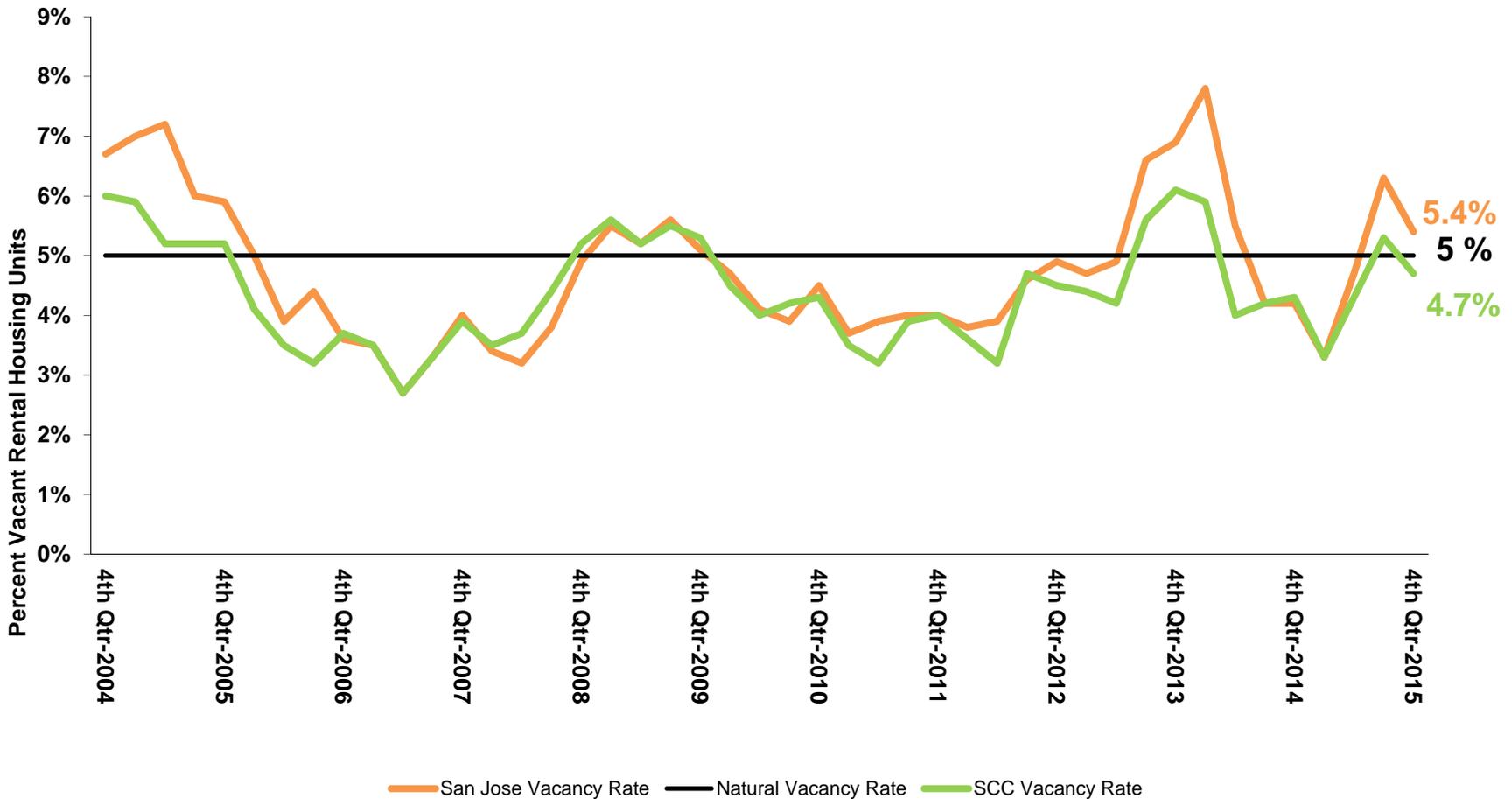
SOURCE: City of San José Housing Department, Q4 2015; RHNA goal set by Association of Bay Area Governors (ABAG)

Average Rent Down 2% from Q3 2015, Up 9% Year Over Year (YoY)



SOURCE: realAnswers – Q4 2015 - Data only includes rental projects with 50 apartments or more

SJ Vacancy Rate Falls From 6.3% in Q3 to 5.4% in Q4 2015, Still Above the “Natural” Rate



SOURCE: realAnswers Data Q4, 2015– Data only includes rental projects with 50 apartments or more

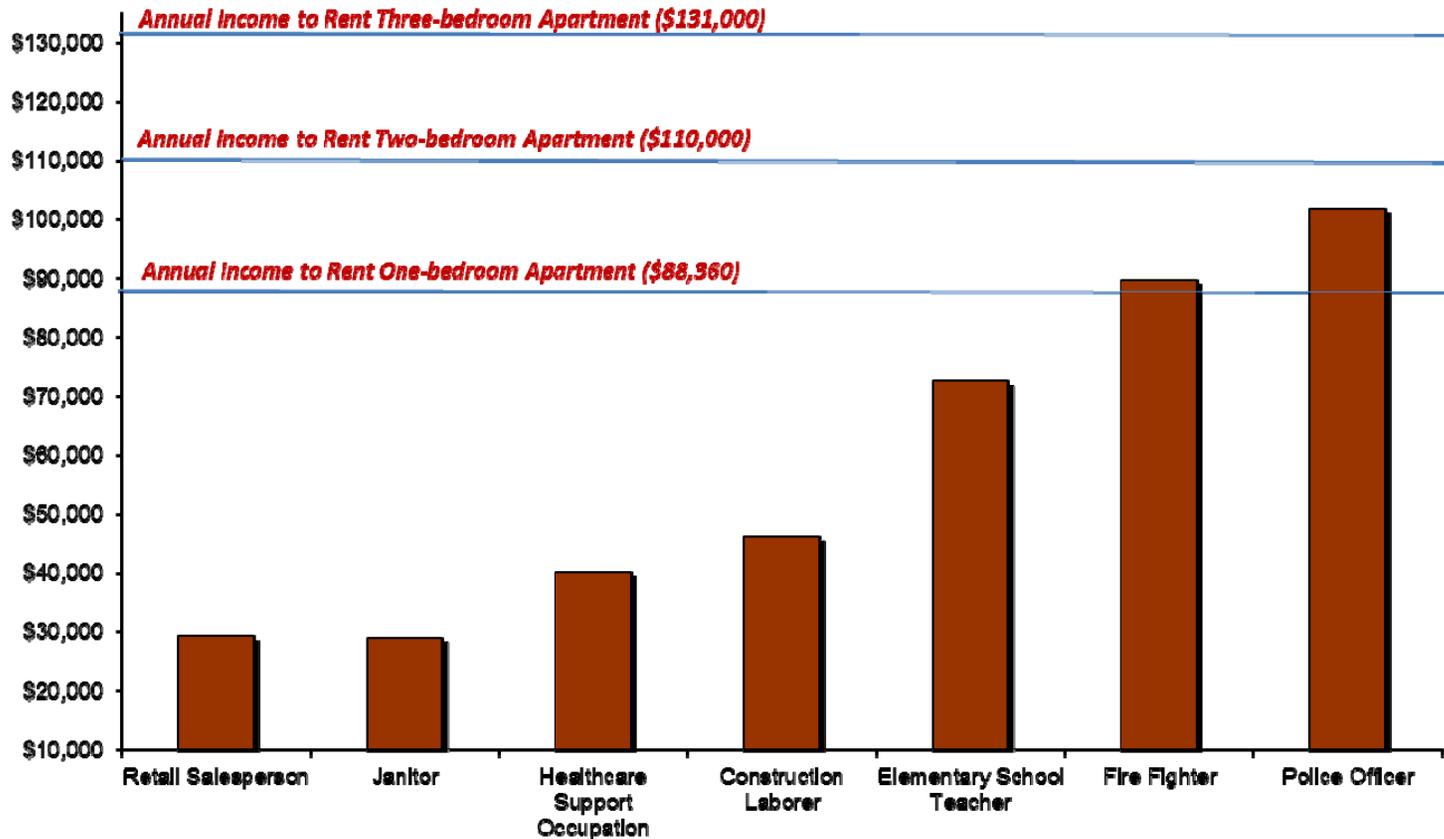
Rents in Some Areas Trend Higher than Average Citywide Rents

Project	1BR	2BR
Average Citywide Rents (Q4 2015 realAnswers)	\$2,209	\$2,750
Crescent Village (North SJ)	\$2,715 - \$3,385	\$3,165 - \$4,120
North Park (North SJ)	\$2,365 - \$3,800	\$2,605 - \$3,425
One South Market (Downtown SJ)	\$2,823	\$4,255 - \$6,245
Centerra (Downtown SJ)	\$2,514 - \$5,686	\$3,274 - \$4,594
Ascent Apartments (Edenvale SJ)	\$2,355 - \$2,685	\$2,745 - \$4,280



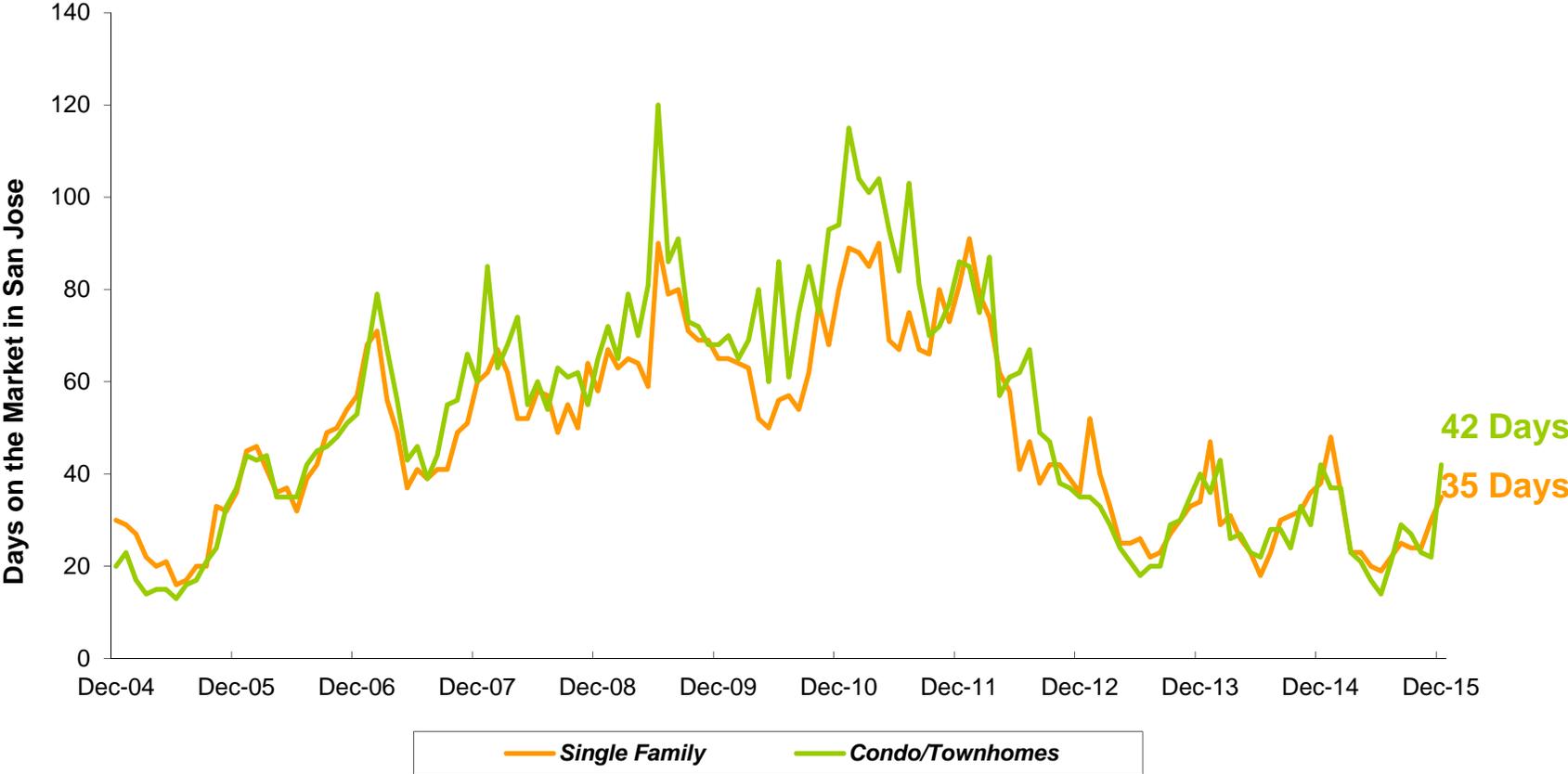
SOURCE: Zillow.com, February 16, 2016

Market Rents Significantly Out of Reach for Many San José Workers



SOURCE: Employment Development Department (EDD) – July 2015 Wages; Income to rent calculation assumes rent at 30% of income and a single income household

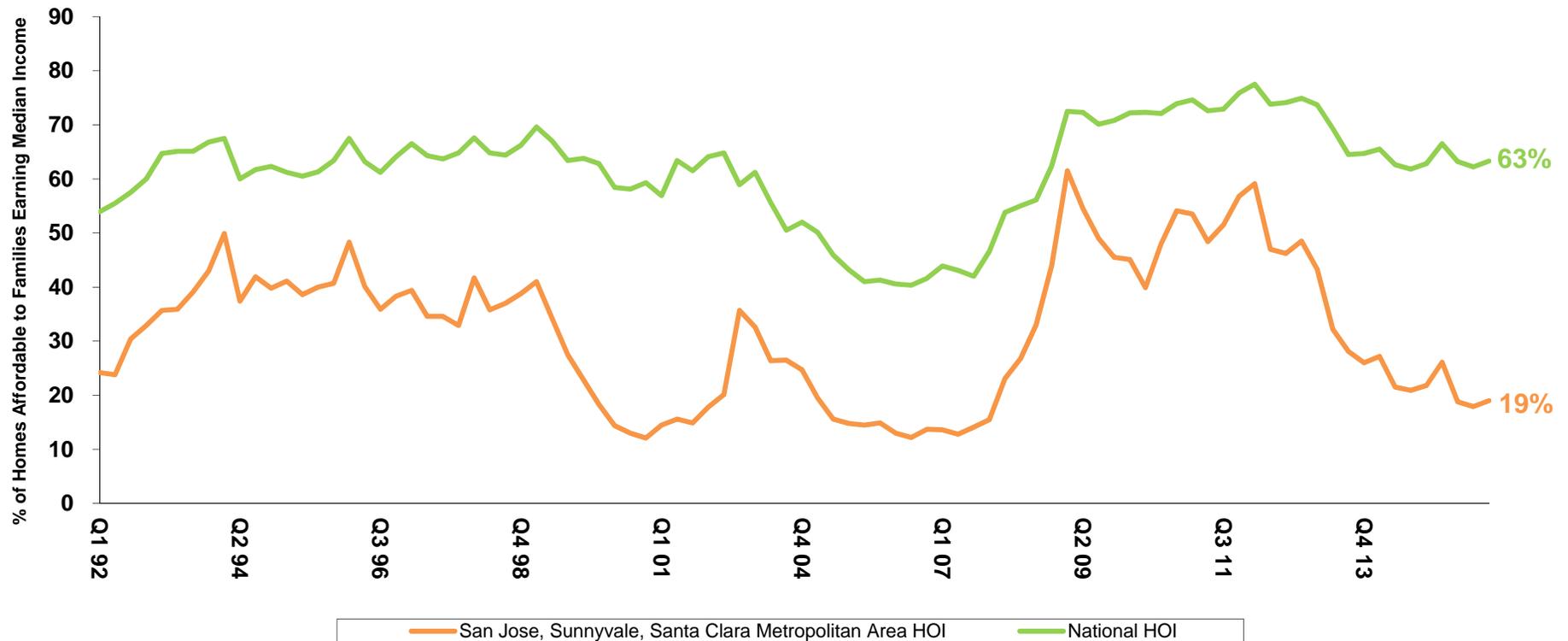
Days on Market Rises 11 Days for Single Family and 15 Days for Condos/Townhomes from Q3 2015



SOURCE: Santa Clara County Association of Realtors December 2015

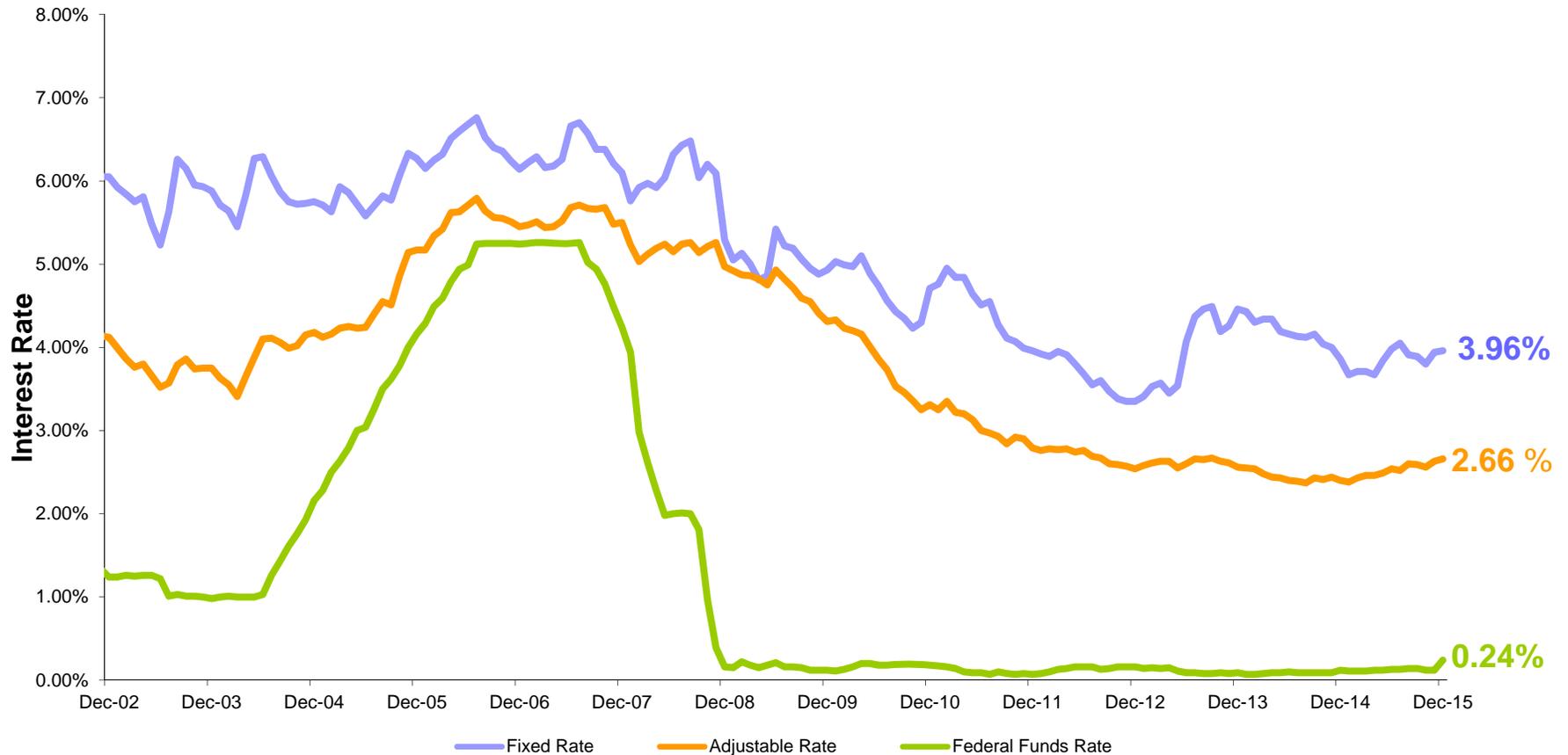
San José Housing Affordability Remains Low Relative to the Nation (6th least affordable)

Less than 1 in 5 families in San José can afford a median priced home



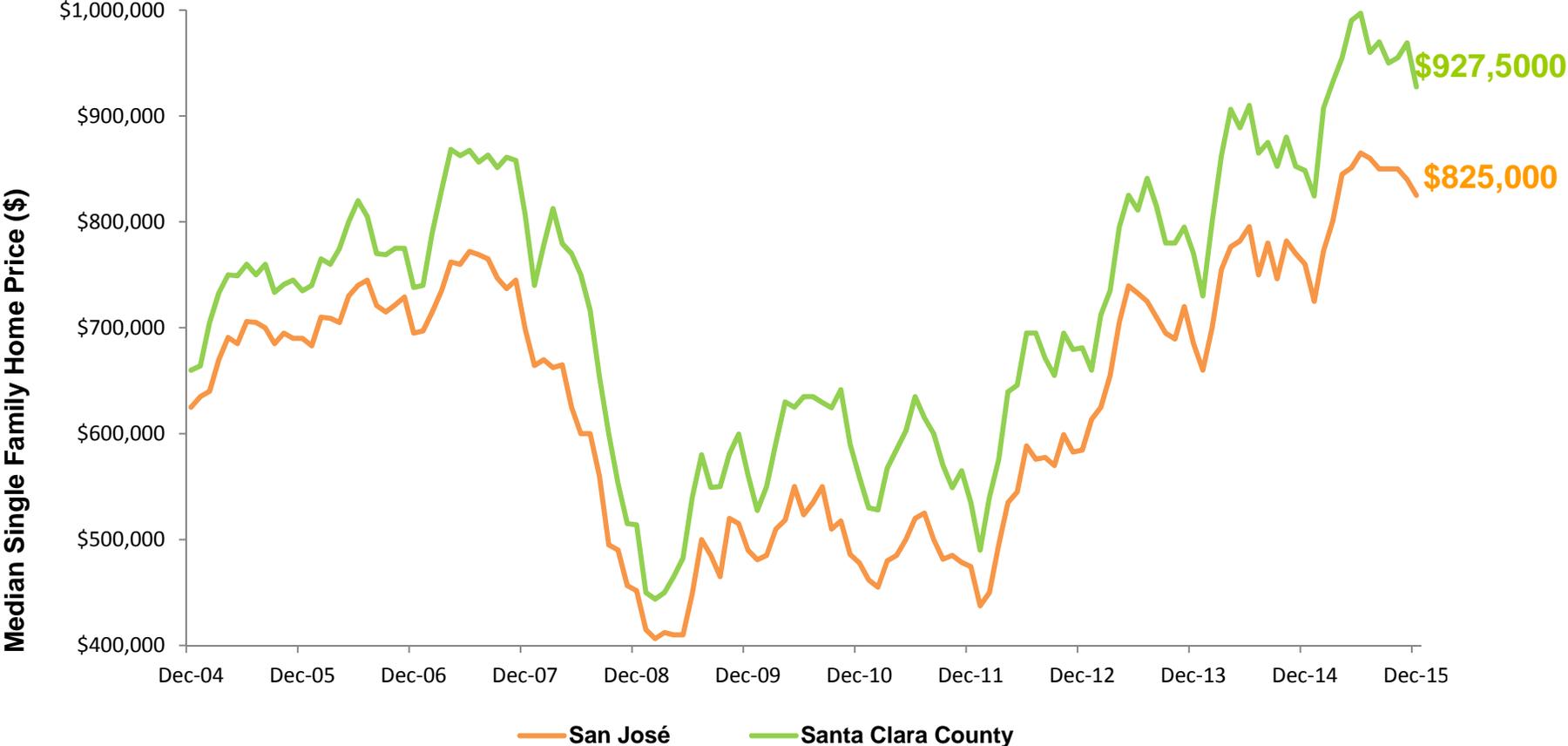
SOURCE: National Association of Home Builders, Housing Opportunity Index Q4 2015

Interest Rates Record Slight Uptick from Q3 2015



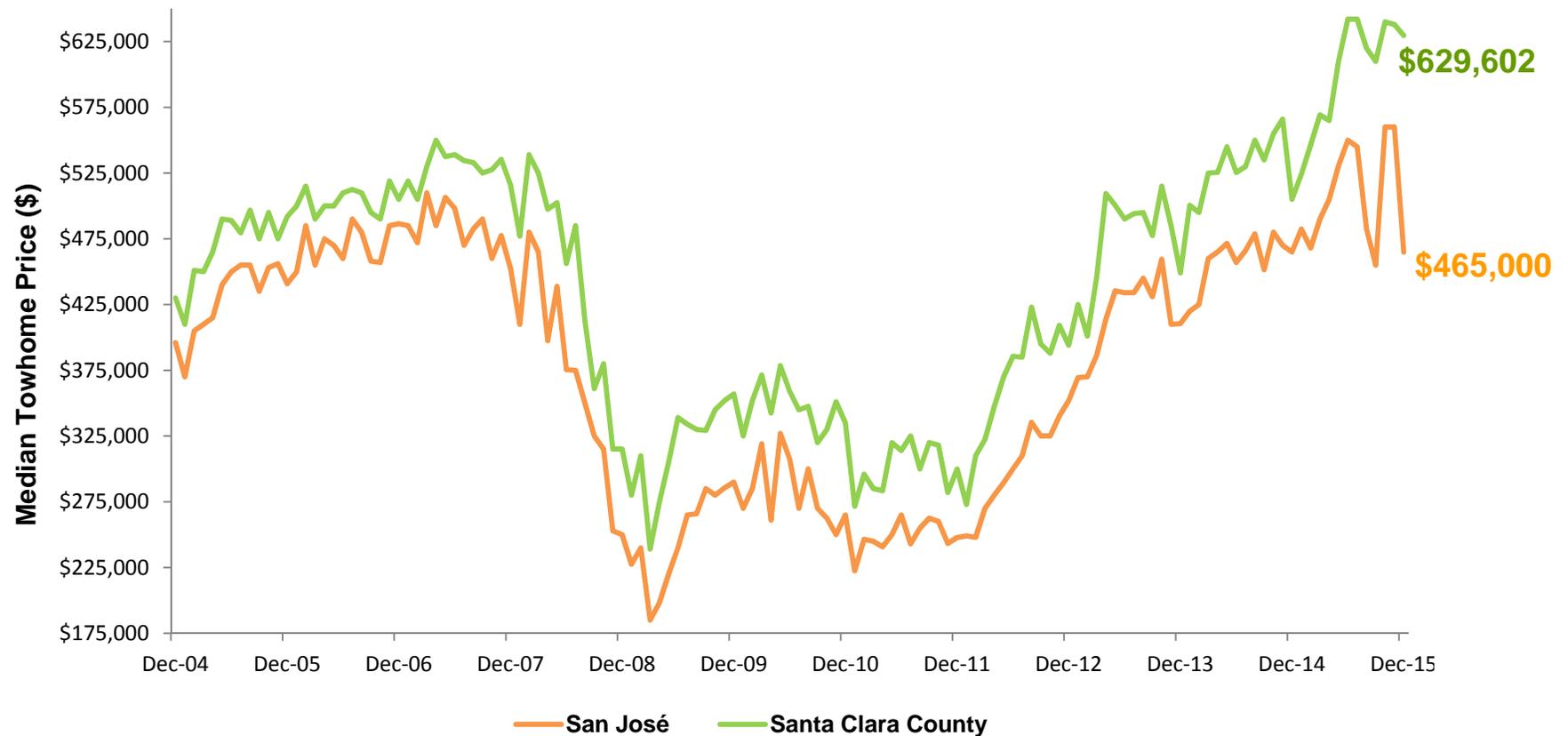
SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey, December 2015

SF Median Home Prices Fall Slightly from Q3 2015, up 9% YoY



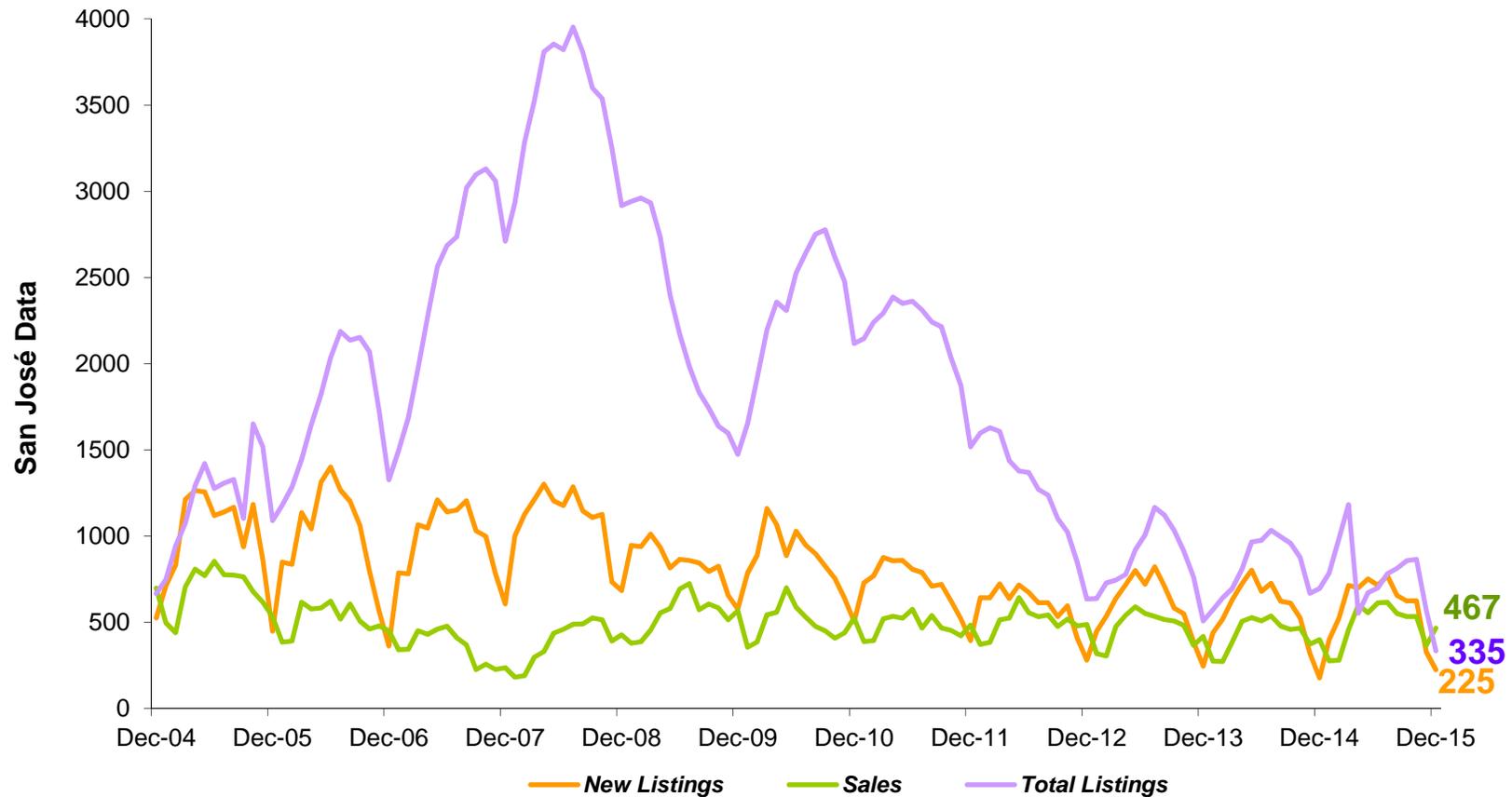
SOURCE: Santa Clara County Association of Realtors, December 2015

Townhome/Condo Median Prices Up Slightly from Q3 2015; YoY Rises 25% in SCC, Remains Unchanged in SJ



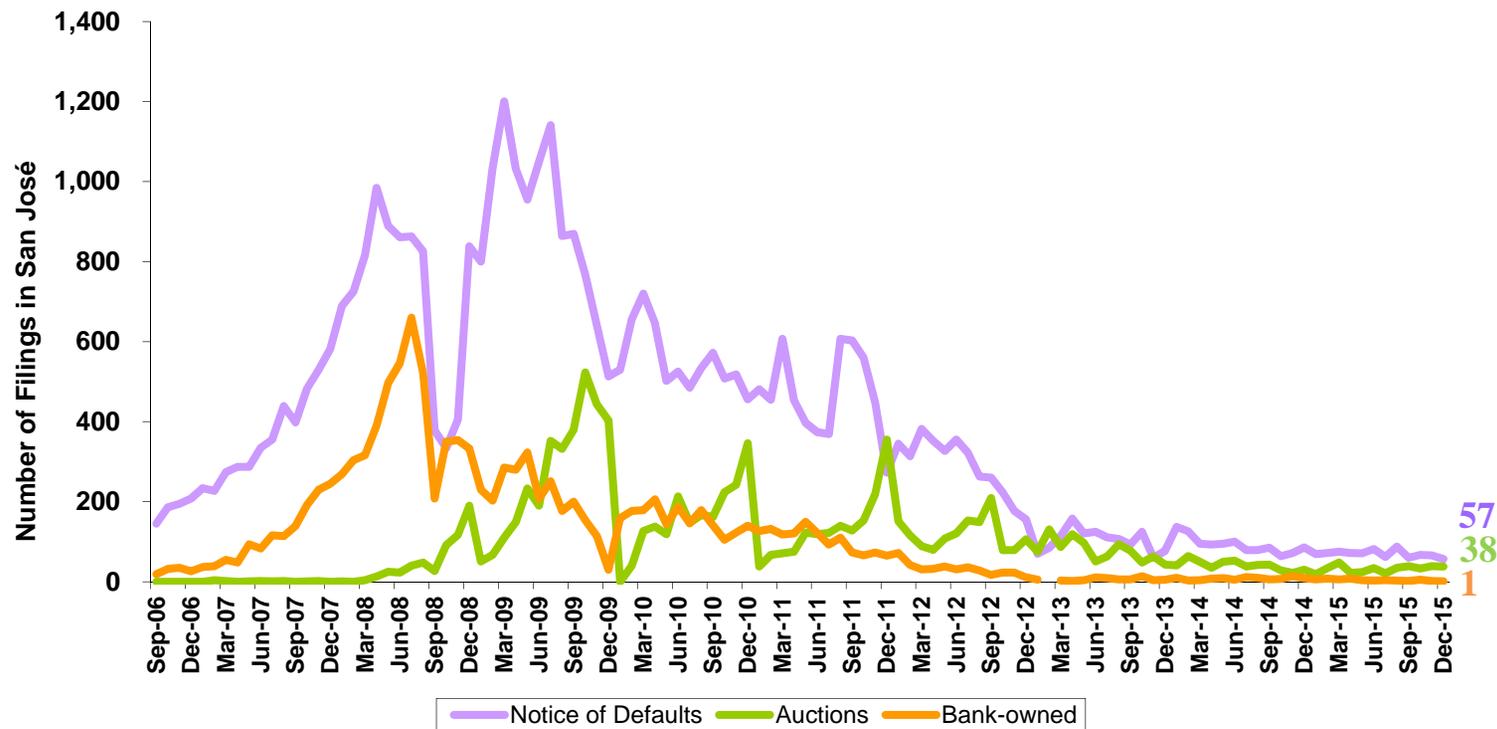
SOURCE: Santa Clara County Association of Realtors , December 2015

SF New Listings & Total Listings Down 60%, Sales Down 13% from Q3 2015



SOURCE: Santa Clara County Association of Realtors, MLS Listings December 2015

Foreclosure Filings Stay Low, at Pre-Recession Levels



SOURCE: San José – PropertyRadar.com December 2015