

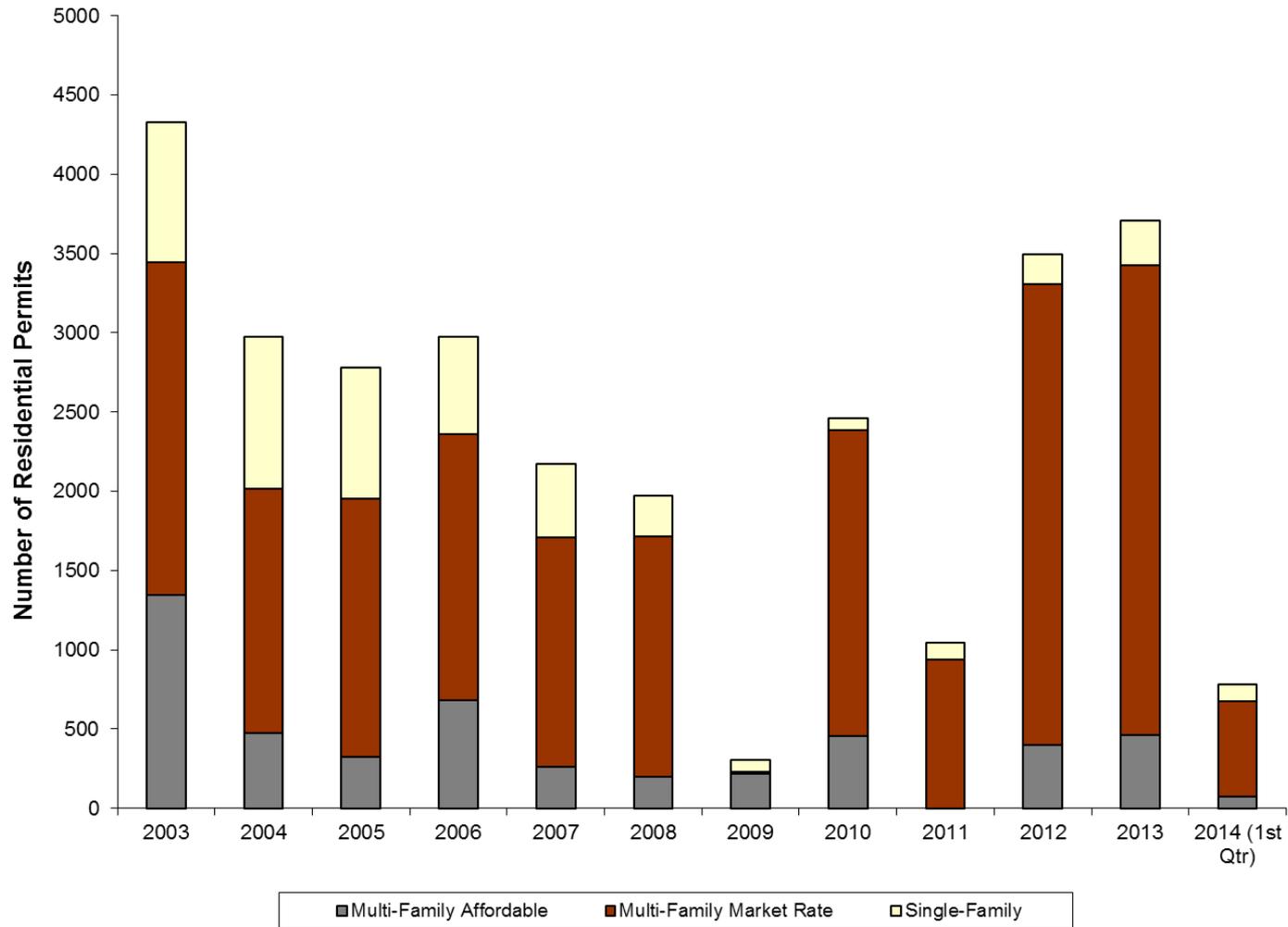
San Jose Housing Market Update Q1 2014



San José Housing Market

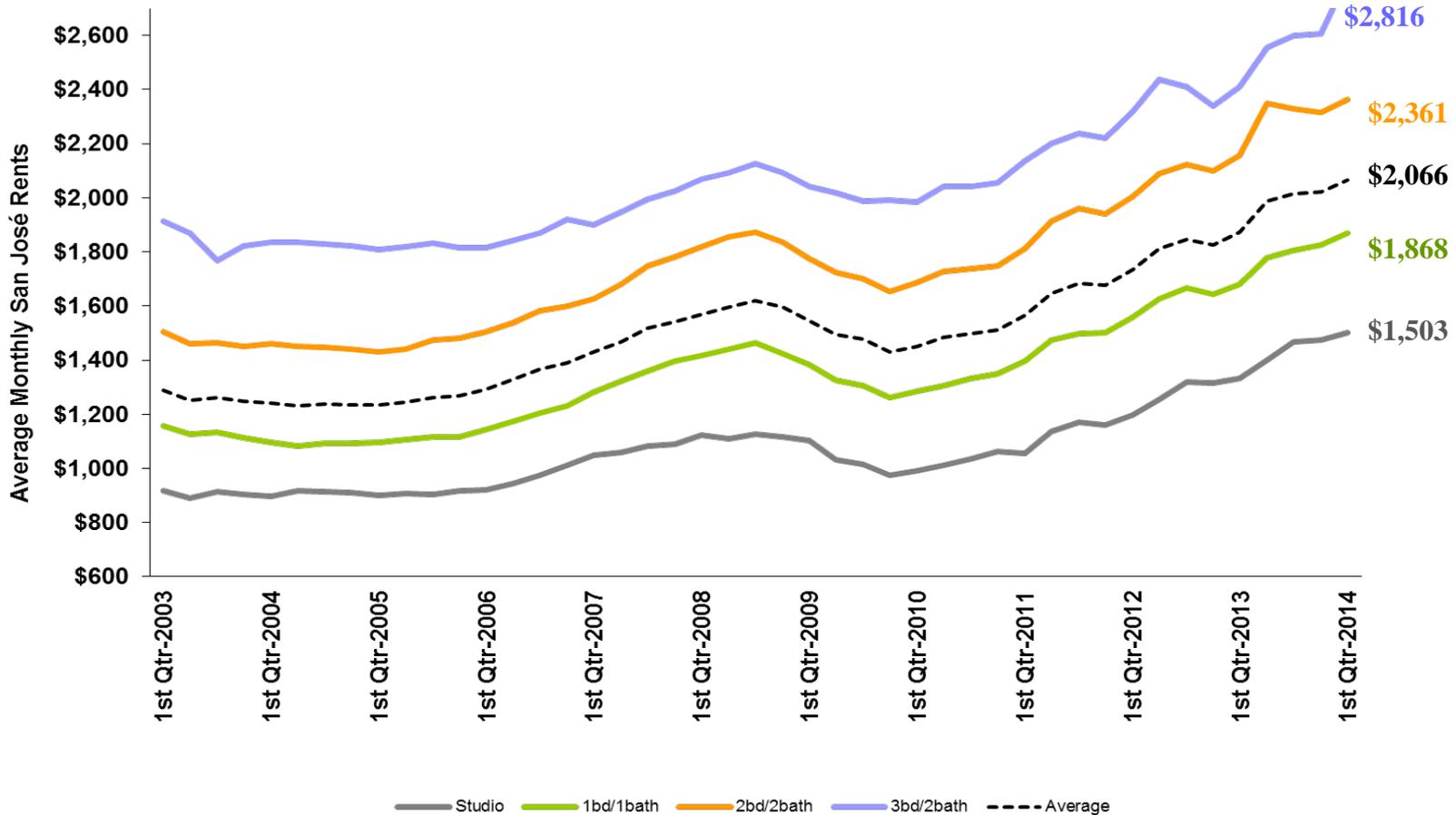
- 670+ multi-family residential permits issued Q1 2014.
- Ranks 4th nationally for expected 2014 rent growth. (*Multifamily Executive*, Dec 2013 - http://www.multifamilyexecutive.com/rent-trends/top-10-rent-growth-markets-of-2014_o.aspx)
- Strongest rental market in US due to strong economy. (*Silicon Valley Business Journal*, March 10, 2014 - <http://www.bizjournals.com/sanjose/news/2014/03/10/san-jose-tops-san-francisco-austin-in-ranking-of.html?page=all>)
- Record housing cost increases make San José 87% more expensive to live in than anywhere in the US (*Silicon Valley Business Journal* – March 3, 2014 - <http://www.bizjournals.com/sanjose/news/2014/03/03/san-joses-cost-of-living-shot-up-13.html?page=all>)
- Moderate increase in median prices & housing inventory in Q1, 2014.

Q1 2014 Residential Permit Activity



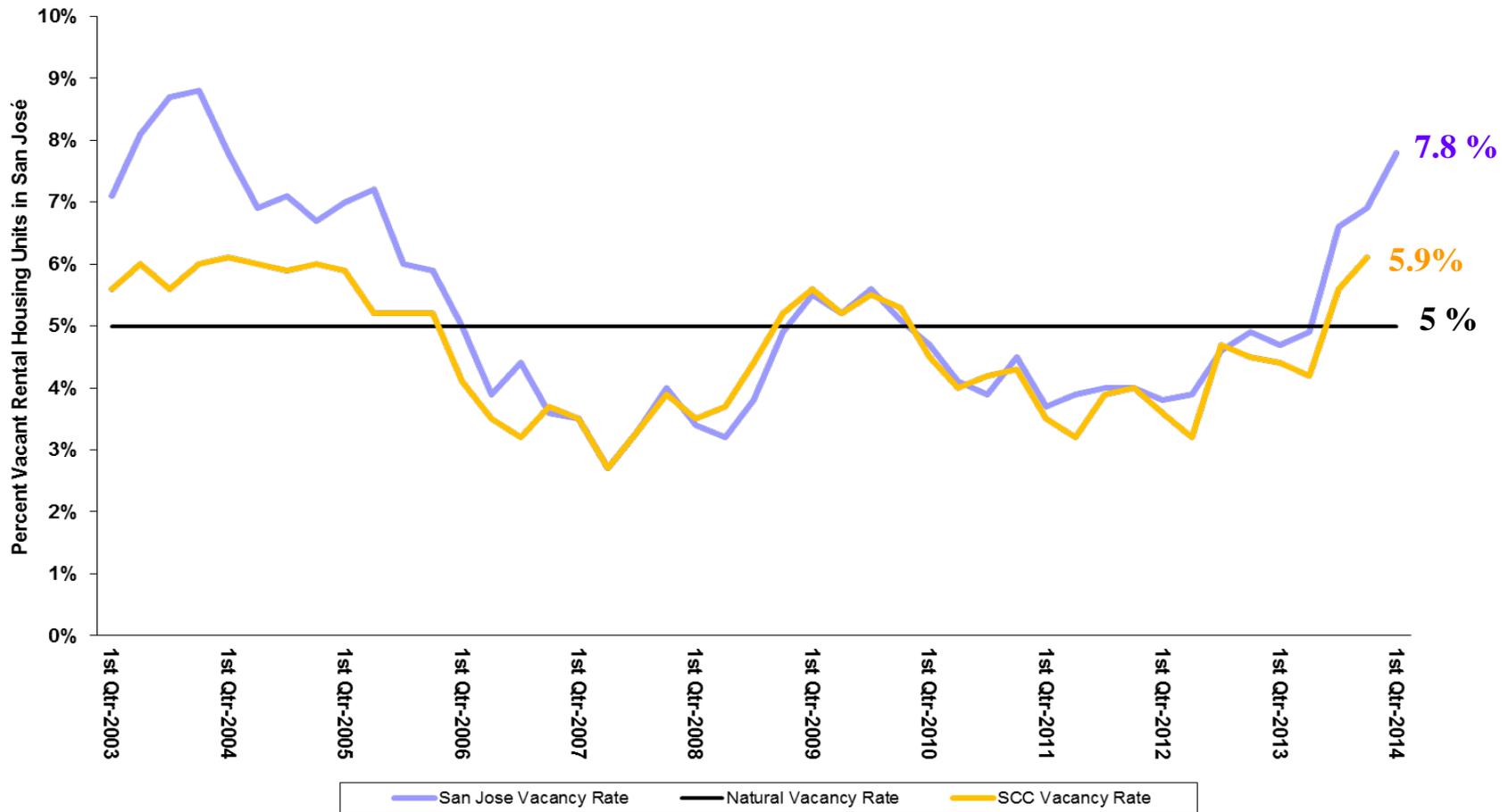
SOURCE: City of San Jose Housing Department

San José Average Rent Up 10% Annually



SOURCE: RealFacts – First Quarter 2014 - Data only includes rental projects with 50 units or more

Vacancy Above the “Natural“ Rate, Affected by New Communities Coming into Market



SOURCE: RealFacts Data Q1, 2014 – Data only includes rental projects with 50 units or more, which makes up about 20% of rental market

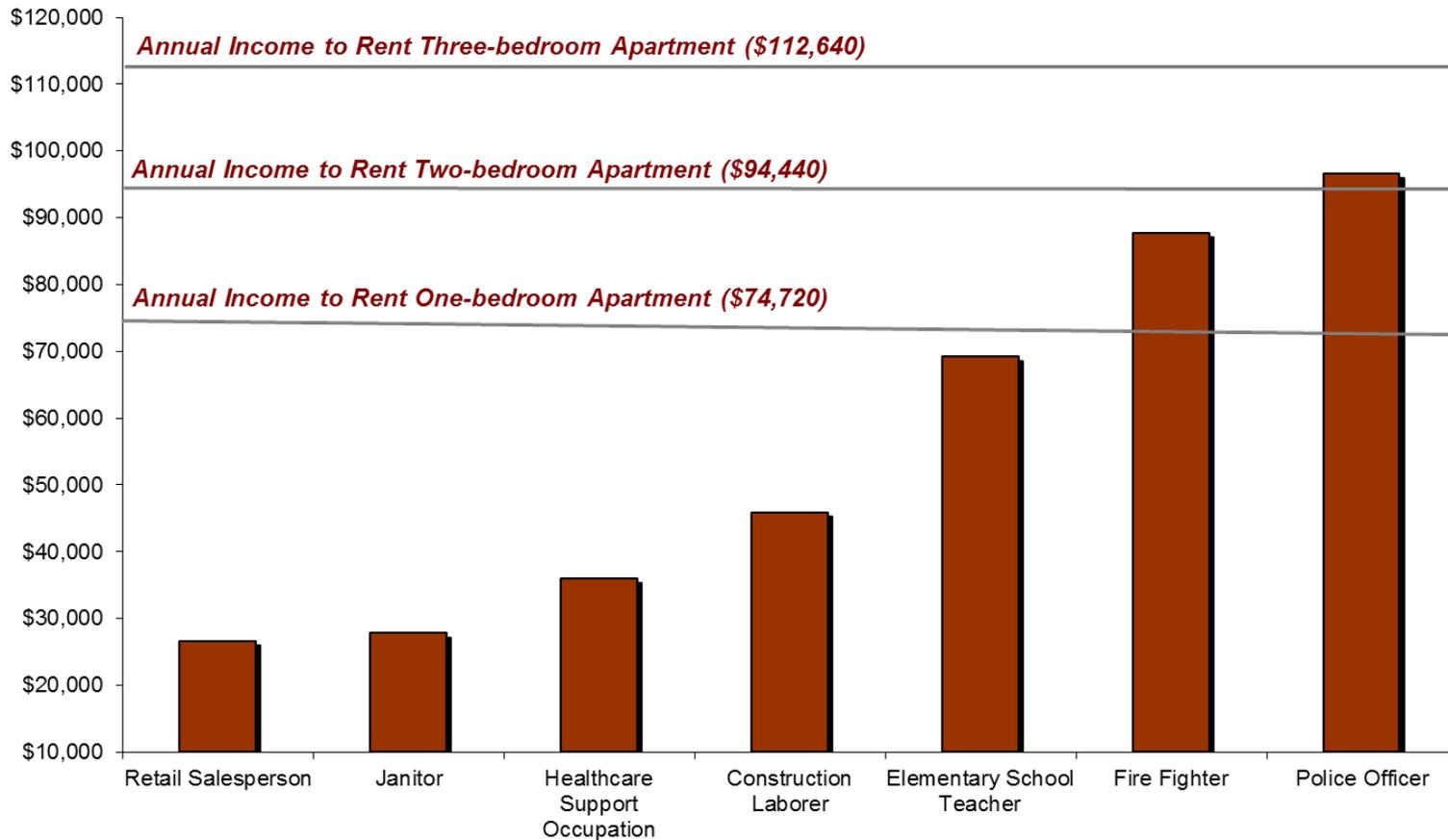
North San José Rents Trend Higher than Average Rents Citywide

Project	1BR	2BR
Average Rent (Q1 2014)	\$1868	\$2361
Enclave	\$1,878 - \$2,318	\$2,182 - \$2,634
Elan at River Oaks	\$2,167 - \$2,308	\$2,680 - \$2,808
Aire	\$2,180 - \$2,735	\$2,750 - \$4,410
The Oaks at North Park	\$2,390 - \$2,665	\$3,130 - \$3,375
The Sycamores	\$2,495 - \$3,895	\$3,125 - \$3,765

SOURCE: Zillow, May 2014



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



SOURCE: Employment Development Department (EDD) – May 2013 Wages. Income to rent calculation assumes rent is at 30% of income

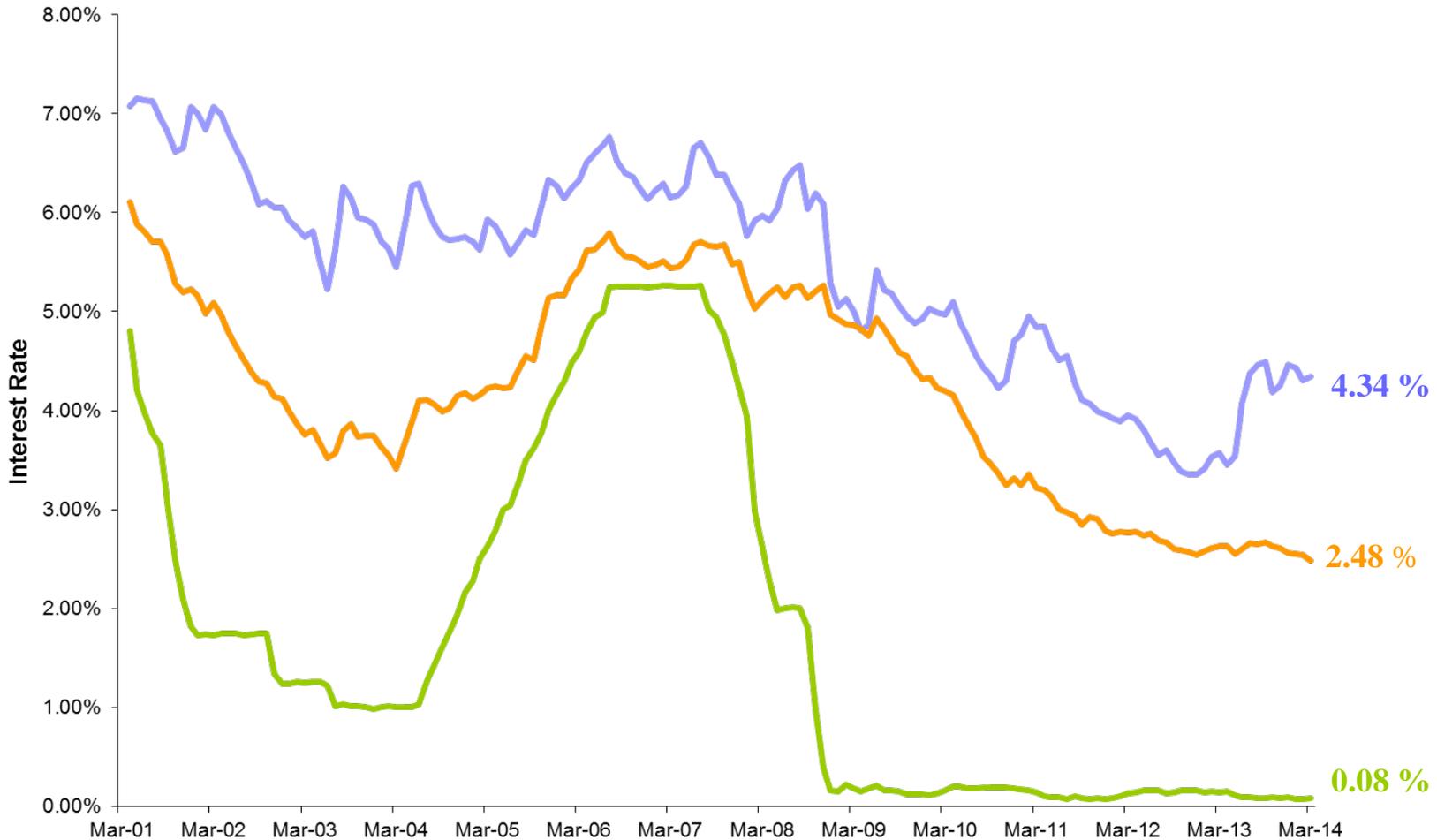
San José Housing Affordability Remains Low Relative to the Nation

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 Prime

— 30-year Fixed Rate — One-year Adjustable Rate — Federal Funds Rate

Single-Family Median Price Up 15% YoY in San José, Up 57% in 3 Years



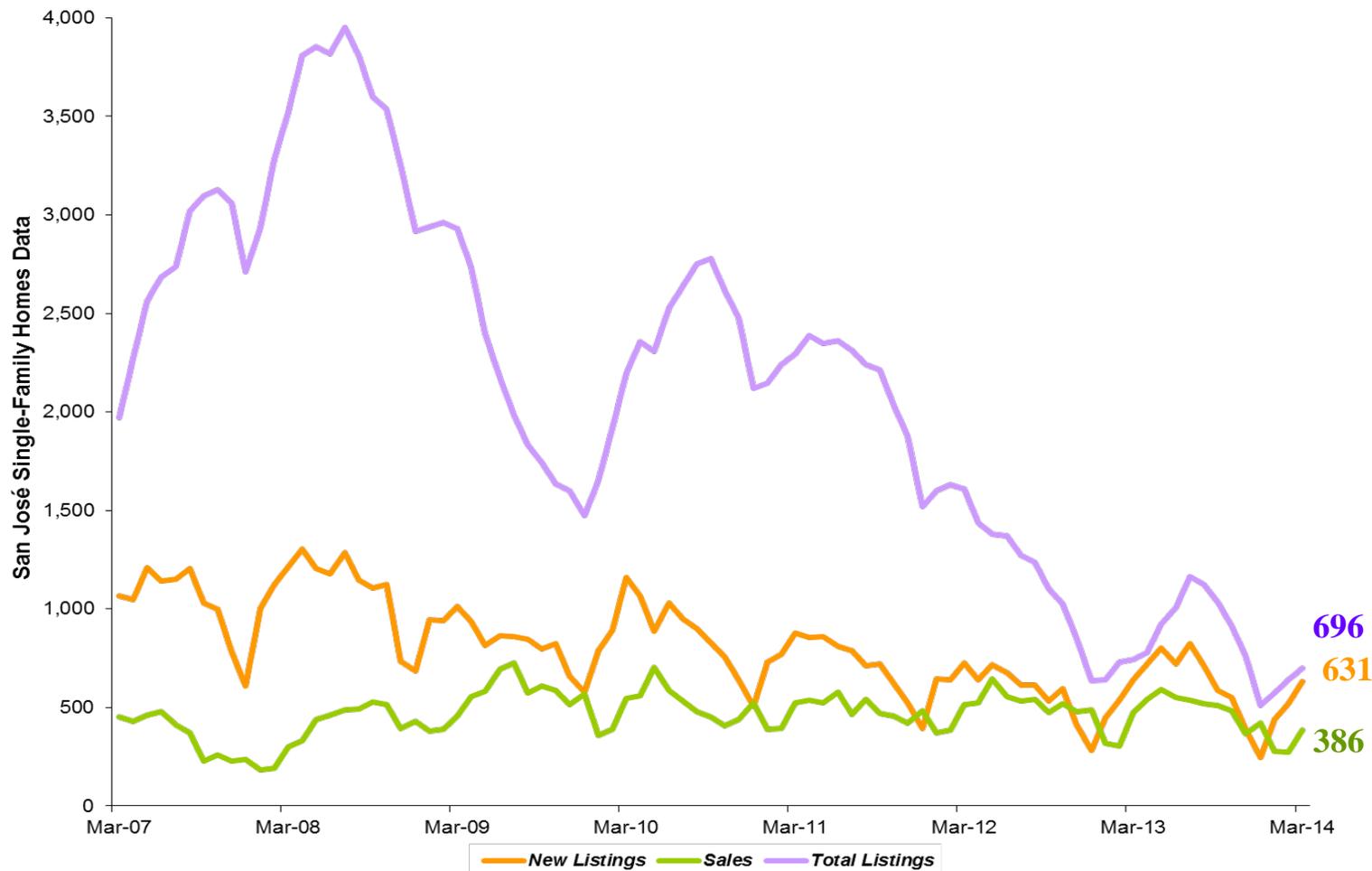
SOURCE: Santa Clara County Association of Realtors, MLS Listings – March 2014

Townhome/Condo Price Up 19% YoY in San José, Only 10% below the all-time high of March '07



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

Inventory, New Listings Rise in First Quarter 2014; Quarterly Sales Drop Slightly



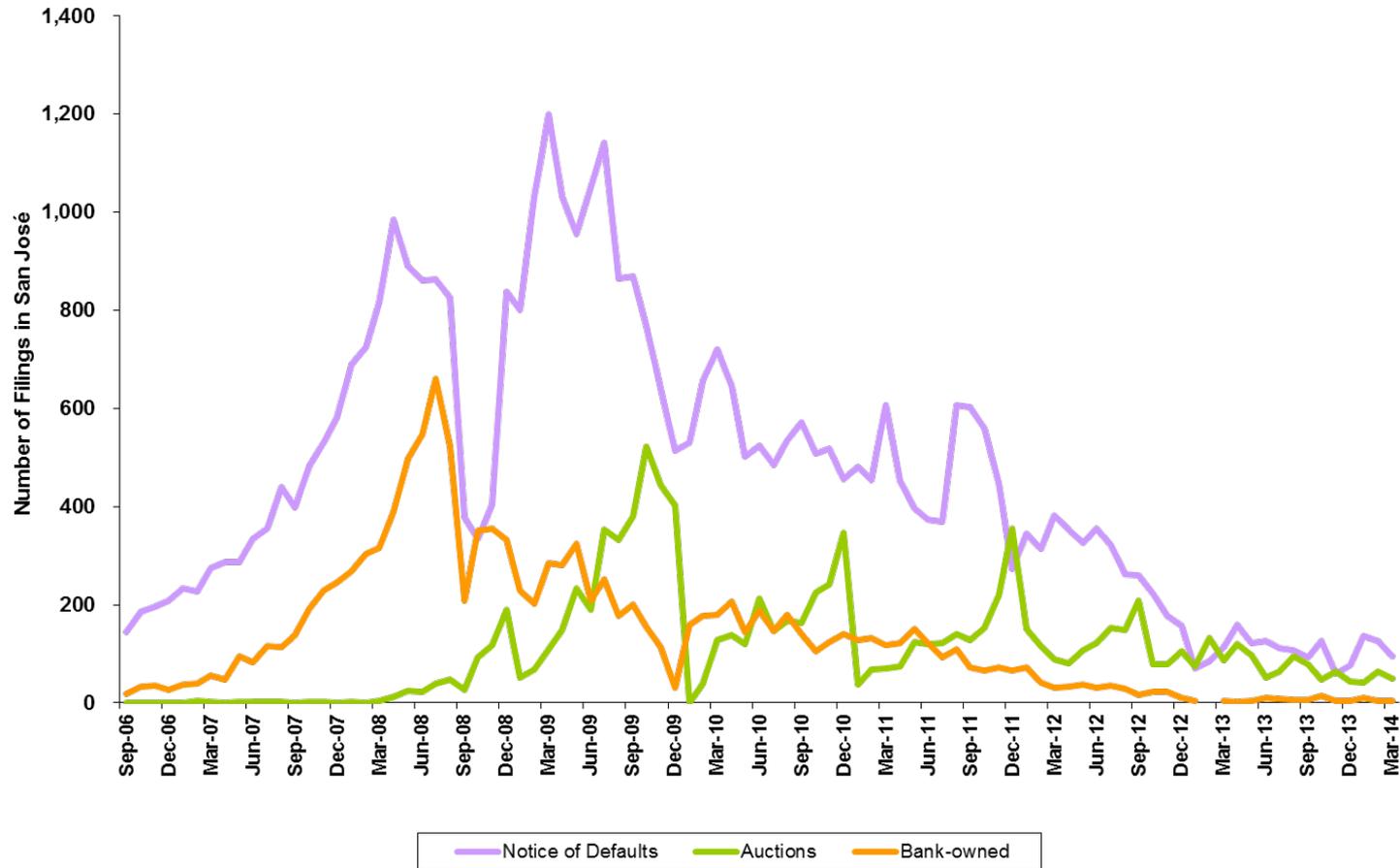
SOURCE: Santa Clara County Association of Realtors, MLS Listings – March 2014

Days on Market Drops in First Quarter of 2014



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

Foreclosure Filings Back to Pre-Recession Levels



SOURCE: San Jose – Foreclosure Radar – March 2014