

# City of San José

## Housing Market Update

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*Ascent Apartments—Charlotte Drive,  
San Jose CA - Shea Homes*

# Q2 2015 San José Housing Market

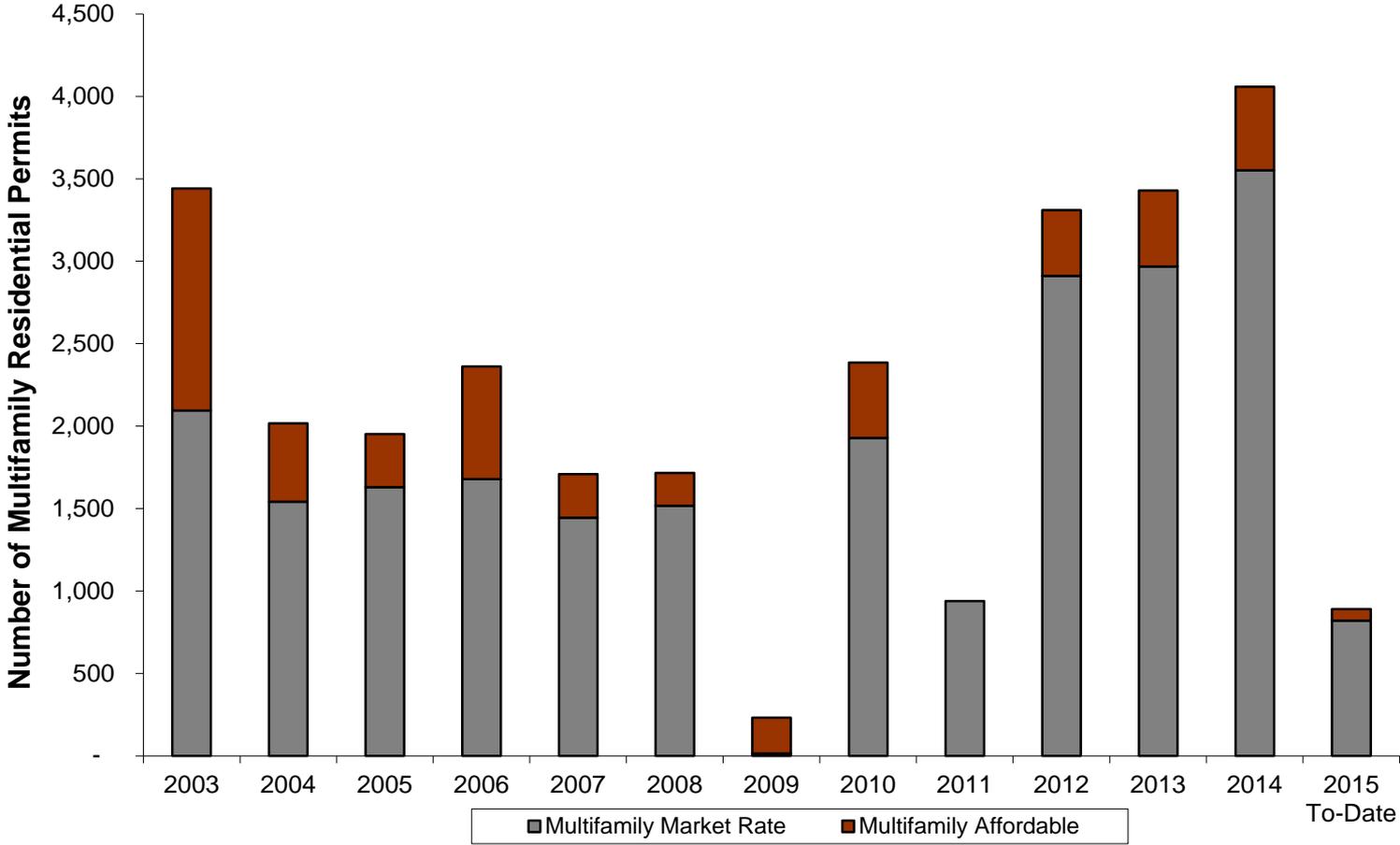
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- Rents continue to set records, grow 11% annually
- Renters must earn around \$52/hour (\$109,440/year) to afford the average rent for a two bedroom apartment <sup>1</sup>
- No-cause evictions filed with City continue to rise
- Median single-family home prices continue to set record highs, up 9% year over year (YoY); townhome prices increase even more, up 20% YoY
- Only 1 in 5 families can afford to purchase a median priced home in the San José, Sunnyvale, Santa Clara Metropolitan Service Area (MSA), compared to 3 of 5 families, nationally<sup>2</sup>

<sup>1</sup> Based on Realfacts average rents, income calculation assumes rents are 30% of income, 40 hour work week, and a single income household

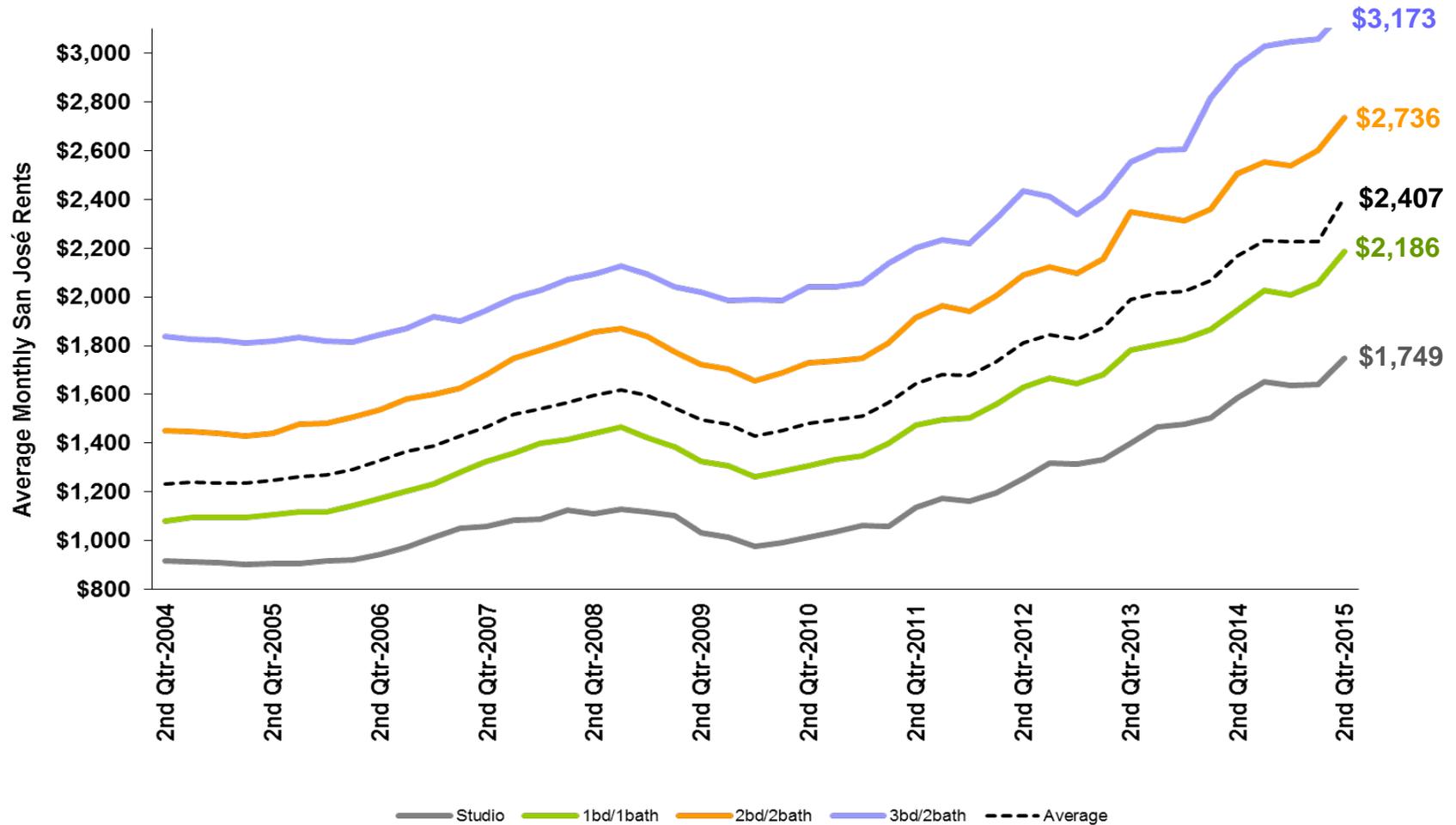
<sup>2</sup> National Association of Home Builders Housing Opportunity Index, Q2 2015

# Q2 2015 Multi-Family Residential Permit Activity Trends Low - 166 (all Market-Rate) Permits Pulled vs 1,287 Permits in Q2 2014



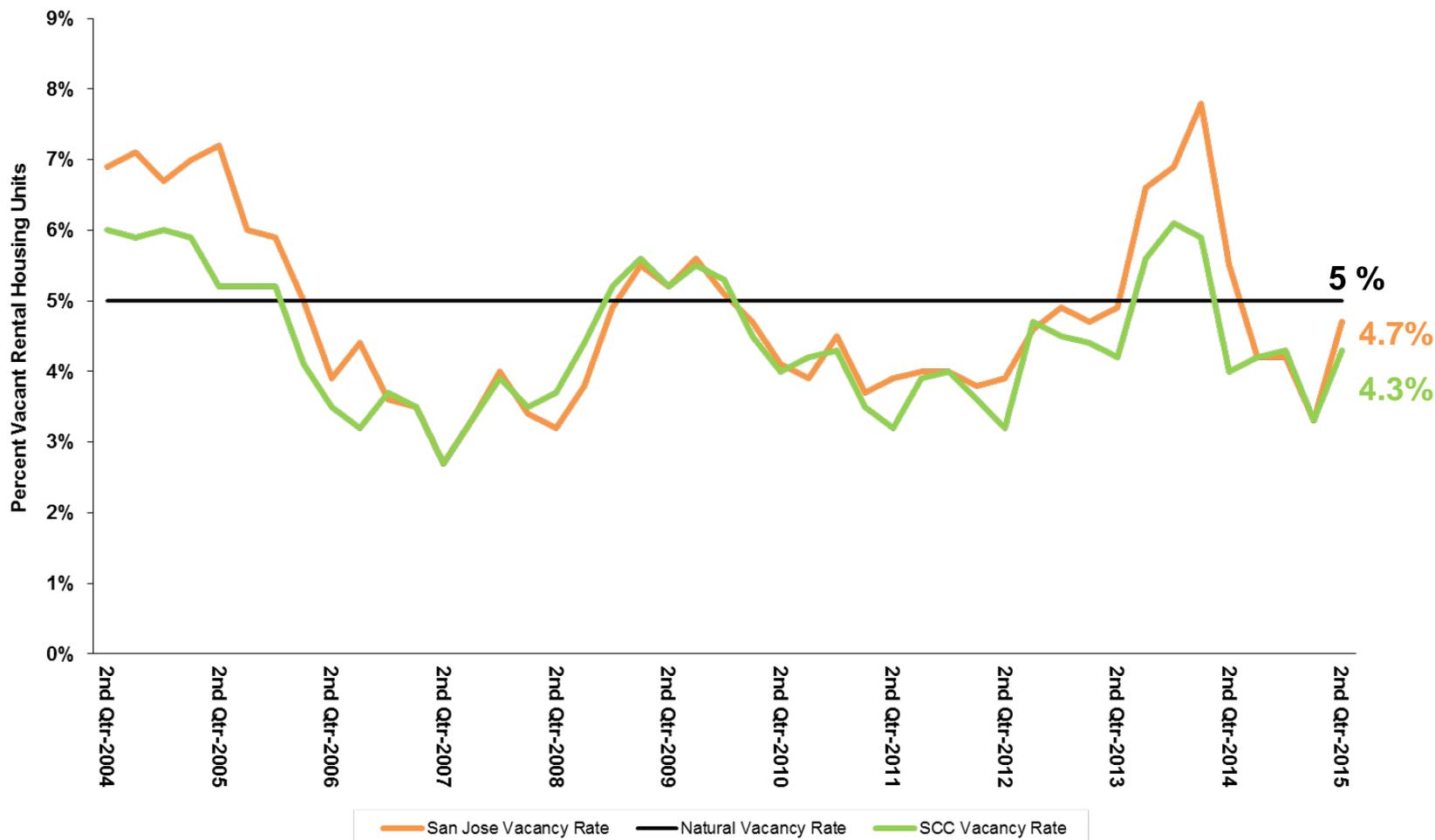
SOURCE: City of San José Housing Department, Q2 2015

# Average Rent Continues to Rise, Up 8% Quarterly and 11% YoY



SOURCE: RealFacts – Q2 2015 - Data only includes rental projects with 50 apartments or more

# SJ Vacancy Rate rises from 3.3% in Q1 to 4.7% in Q2 2015, Just Below the “Natural“ Rate



SOURCE: RealFacts Data Q2, 2015– Data only includes rental projects with 50 apartments or more

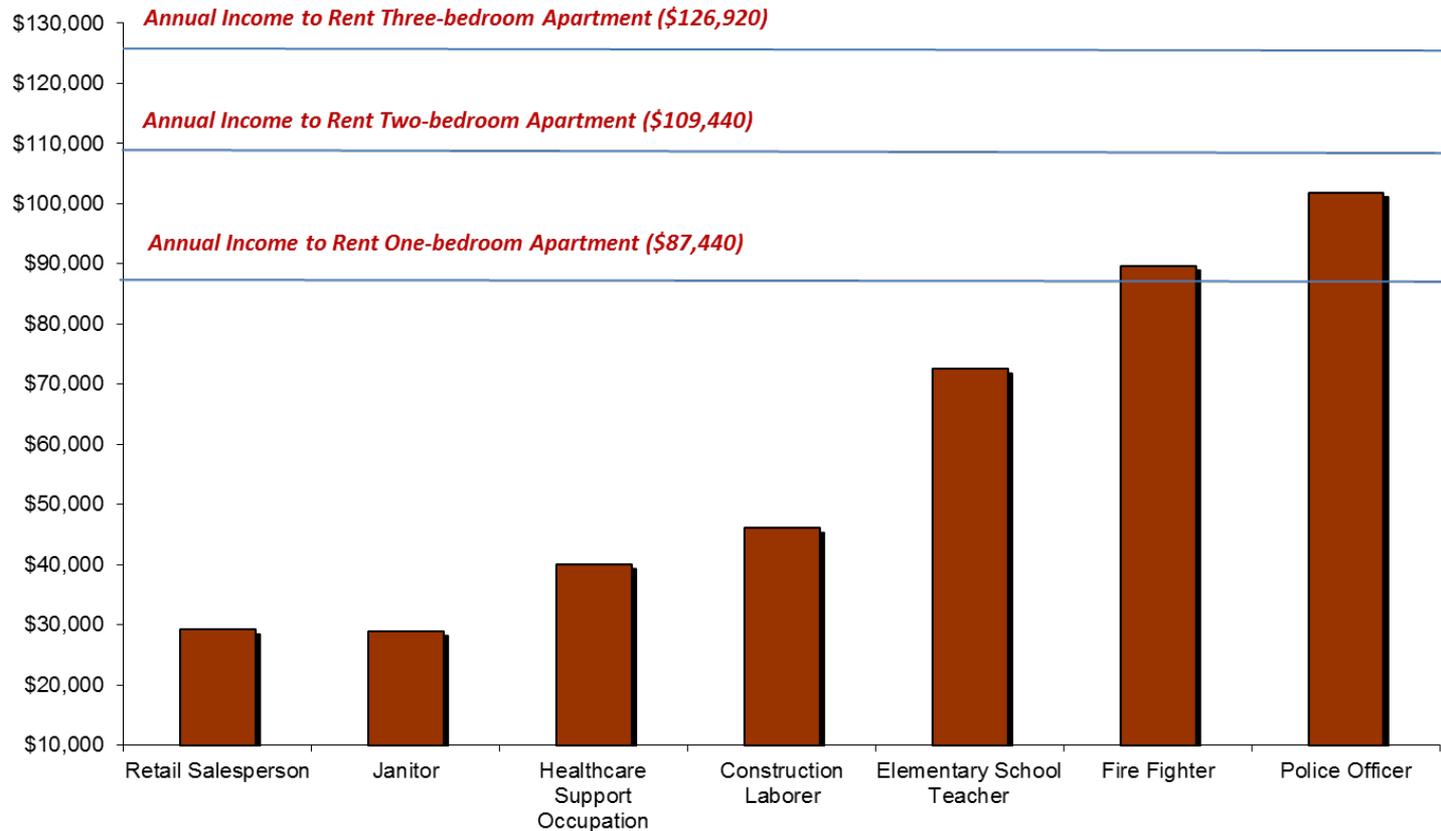
# Rents in Some Areas Trend Higher than Average Citywide Rents

Project	1BR	2BR
<b>Average Citywide Rents (Q2 2015 Realfacts)</b>	<b>\$2,186</b>	<b>\$2,736</b>
Riverview (North SJ)	\$2,645 - \$3,185	\$3,335 - \$3,685
Sycamores at North Park (North SJ)	\$2,650 - \$3,215	\$3,130 - \$3,520
One South Market (Downtown SJ)	\$2,616 - \$3,316	\$3,342 - \$8,858
101 San Fernando (Downtown SJ)	\$2,348 - \$2,894	\$3,393 - \$3,893
Ascent Apartments (Edenvale SJ)	\$2,136 - \$2,526	\$2,809 - \$3,382

SOURCE: Zillow, Aug 11, 2015

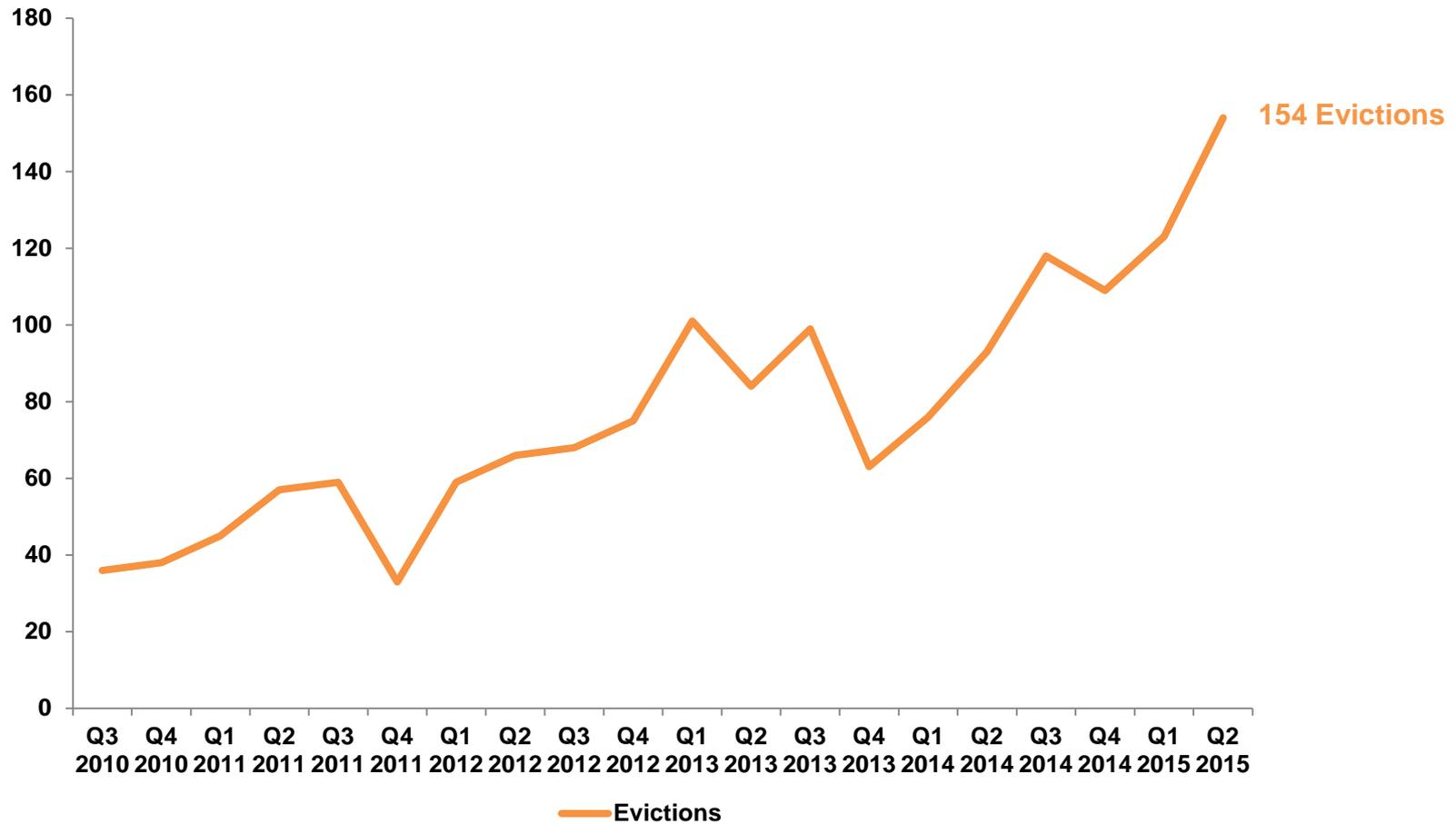


# Market Rents Significantly Out of Reach for Many San José Workers



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

# No Cause Evictions Filed with the City Continue to Climb

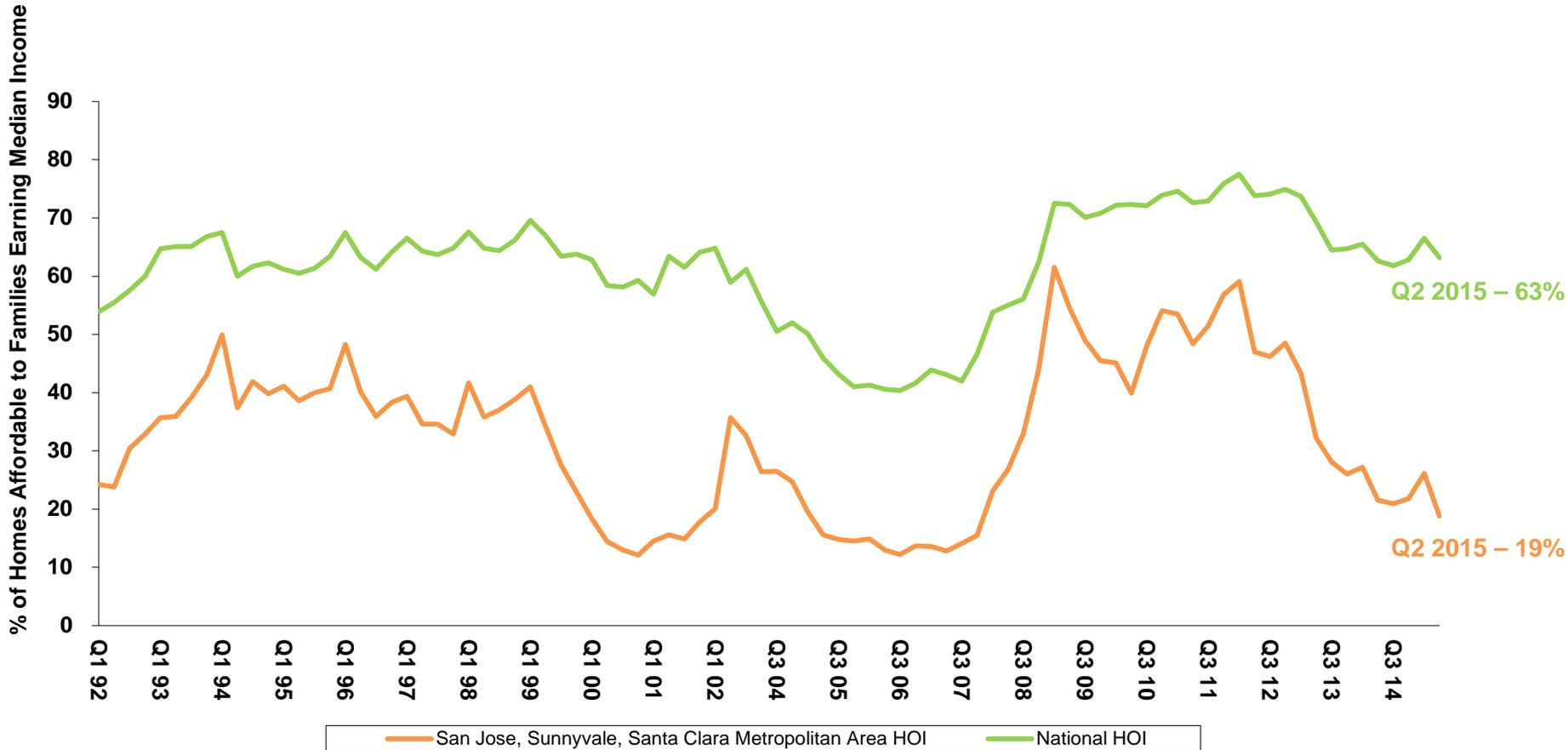


Source: City of San José Housing Department

Does not include all evictions in San Jose, only evictions filed with the City on rent controlled buildings.

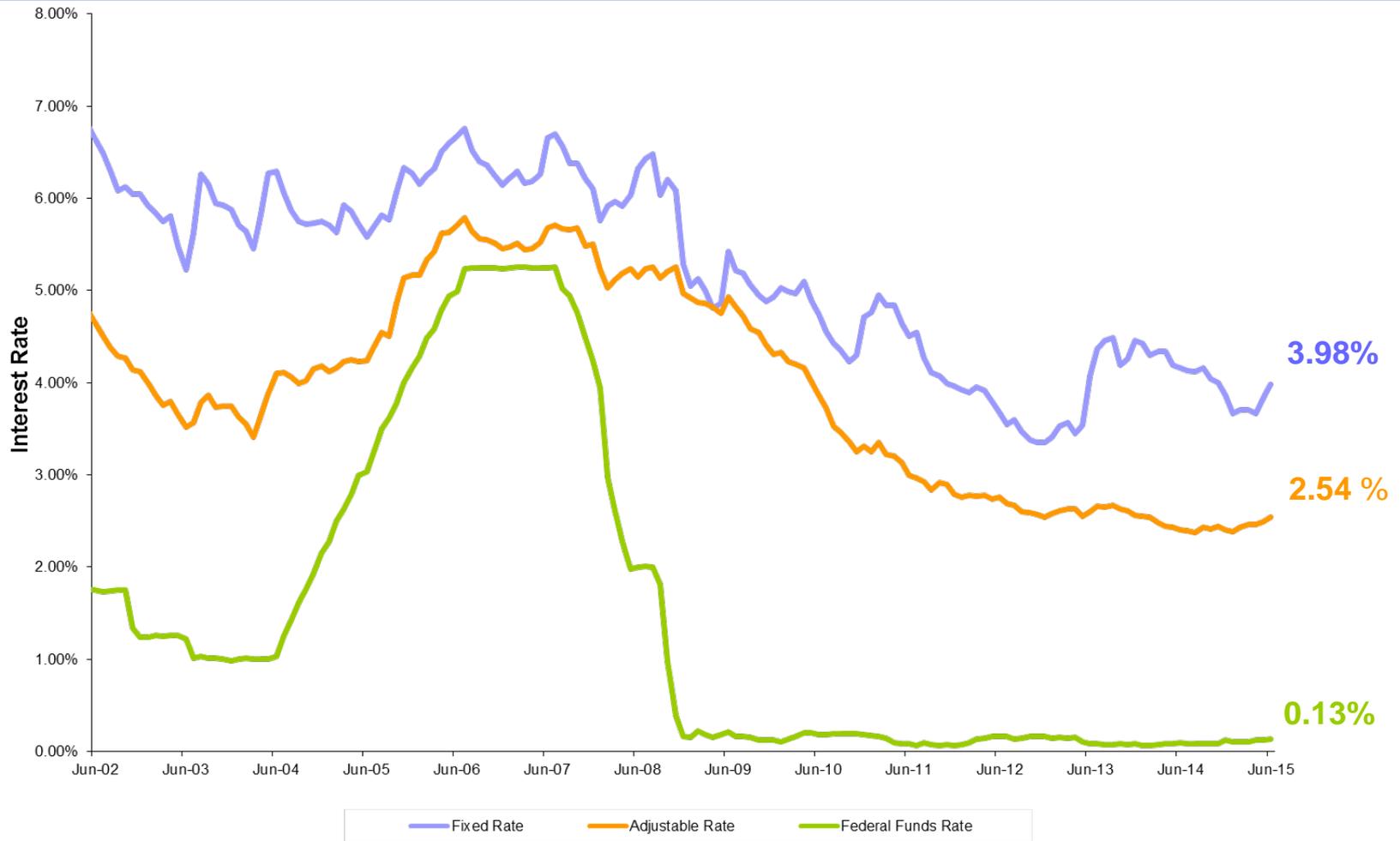
# San José Housing Affordability Remains Low Relative to the Nation (5<sup>th</sup> least affordable)

Only 1/5<sup>th</sup> of San José's Families Can Afford a Median Priced Home



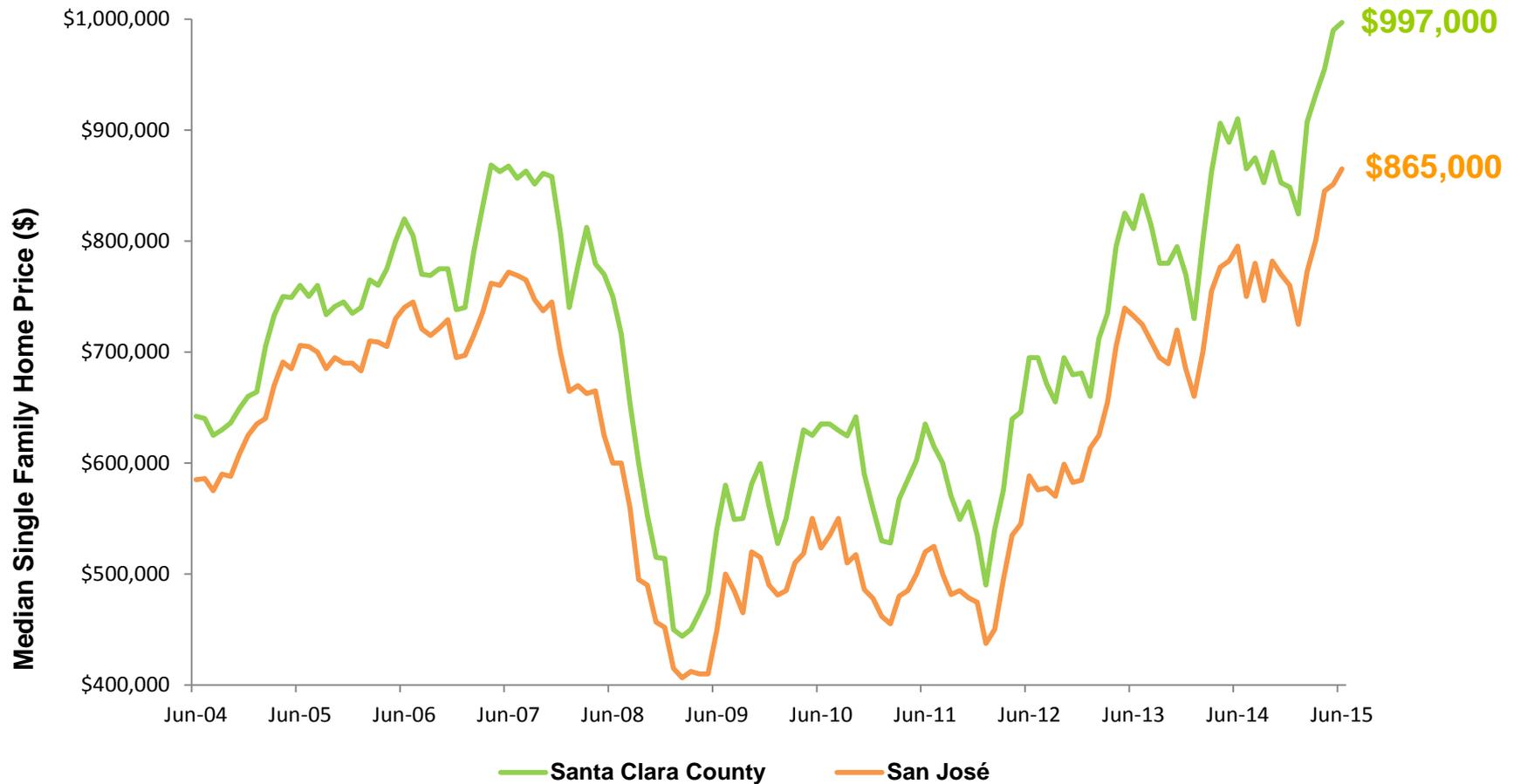
SOURCE: National Association of Home Builders, Housing Opportunity Index Q2 2015

# Mortgage Rates Record Slight Increase from Q1 2015



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

# Single-Family Median Home Prices Continue to Climb after Reaching Record Levels, Up 10% (SCC) & 9% (SJ)YoY



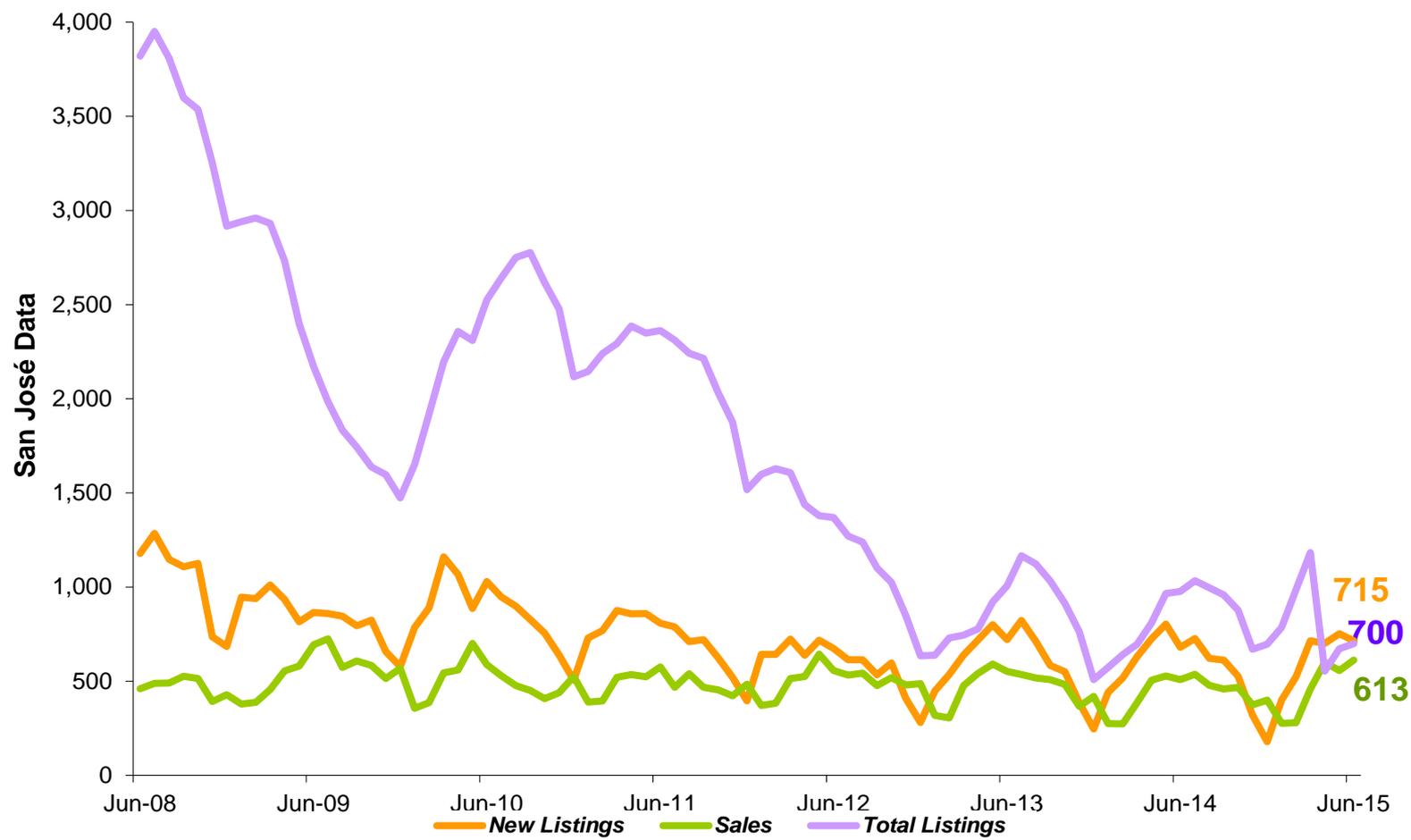
SOURCE: Santa Clara County Association of Realtors, June 2015

# Townhome/Condo Median Price at Record High, Up 22% (SCC) and 20% (SJ) YoY



SOURCE: Santa Clara County Association of Realtors , June 2015

# Inventory remains low



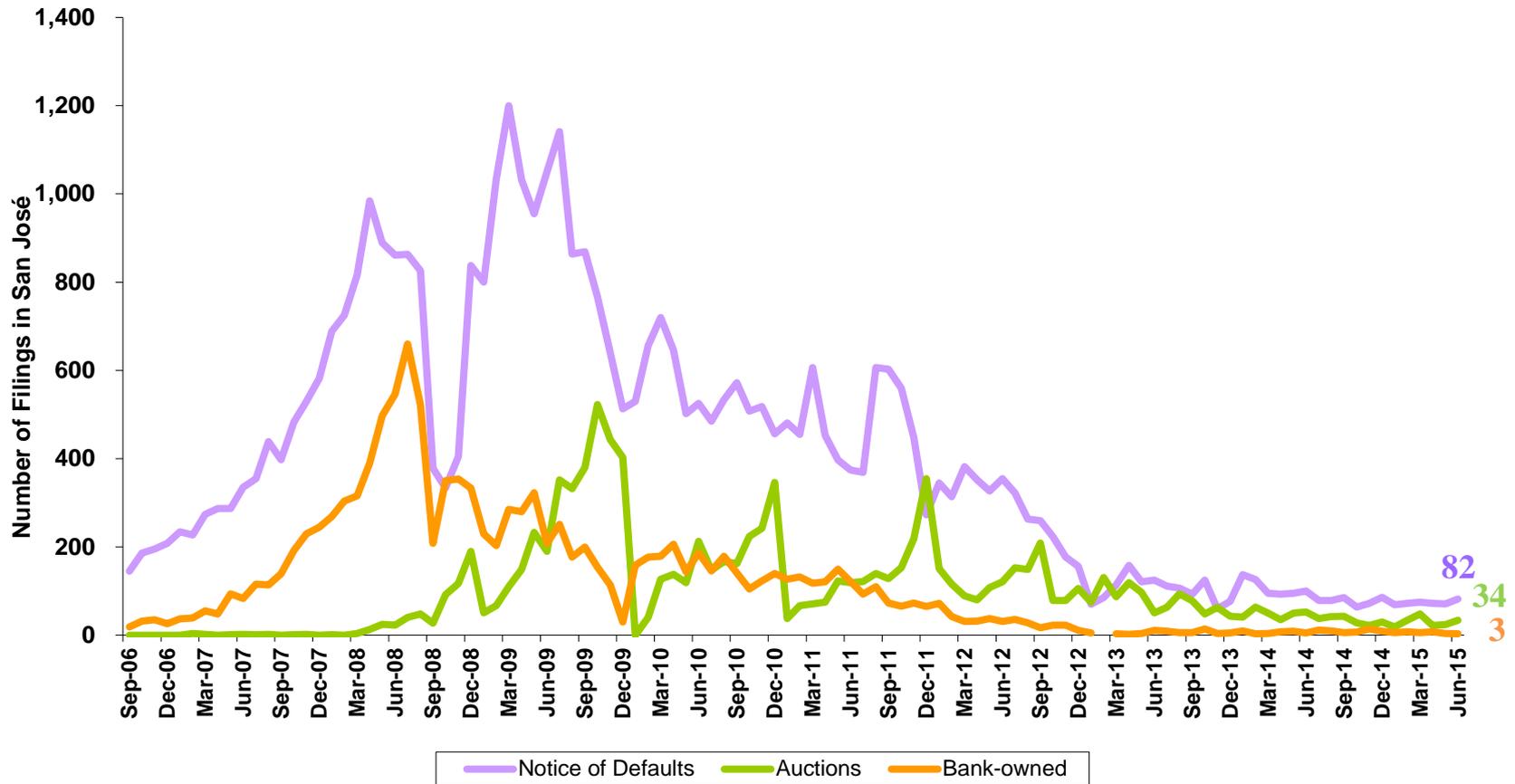
SOURCE: Santa Clara County Association of Realtors, MLS Listings June 2015

# Hot Market - DOM at Lowest Level since Mid 2005, SF down by 4 days and Condo down by 9 days from Q1 2015



SOURCE: Santa Clara County Association of Realtors June 2015

# Foreclosure Filings Stay Low, at Pre-Recession Levels



SOURCE: San José – PropertyRadar.com June 2015