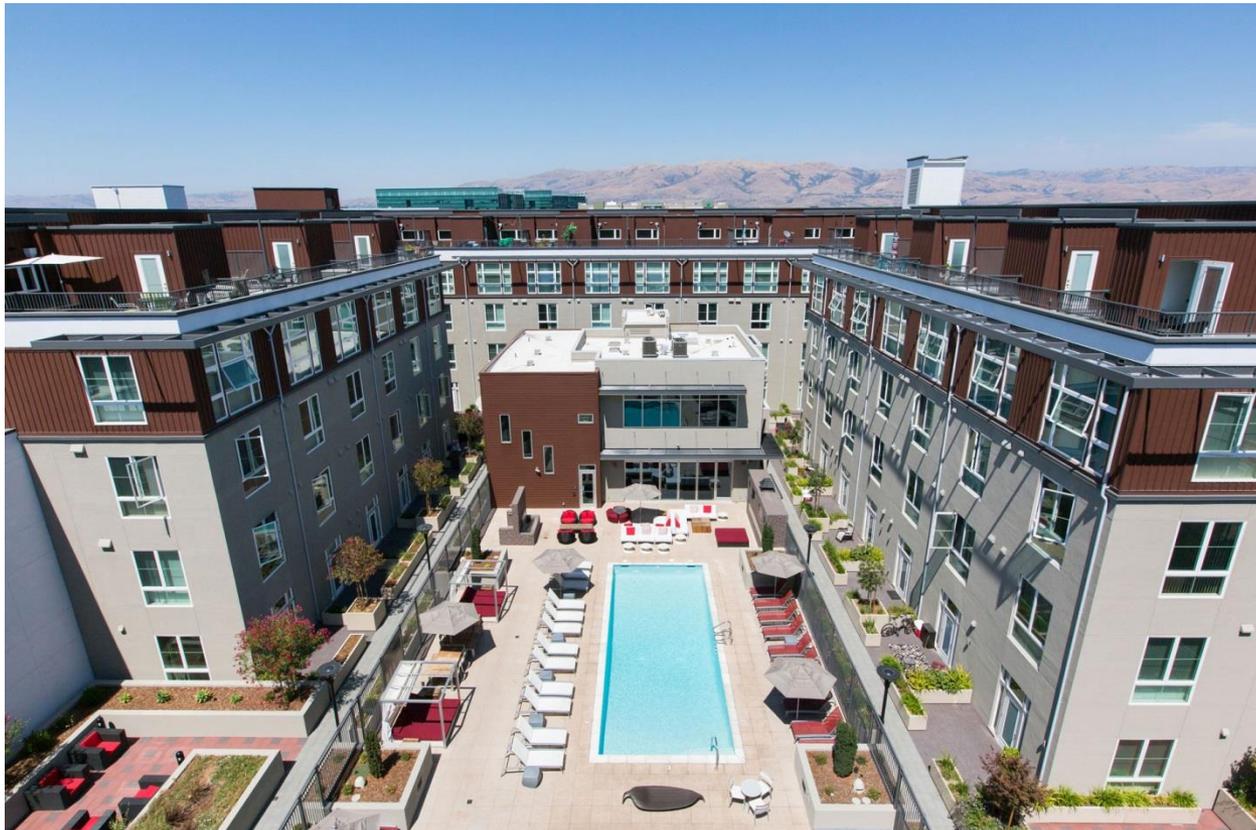


# City of San José

## Housing Market Update

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*Domain Apartments San José CA – 444 Units; Largest project in the nation with pre-manufactured modular units*

# Q3 2015 San José Housing Market

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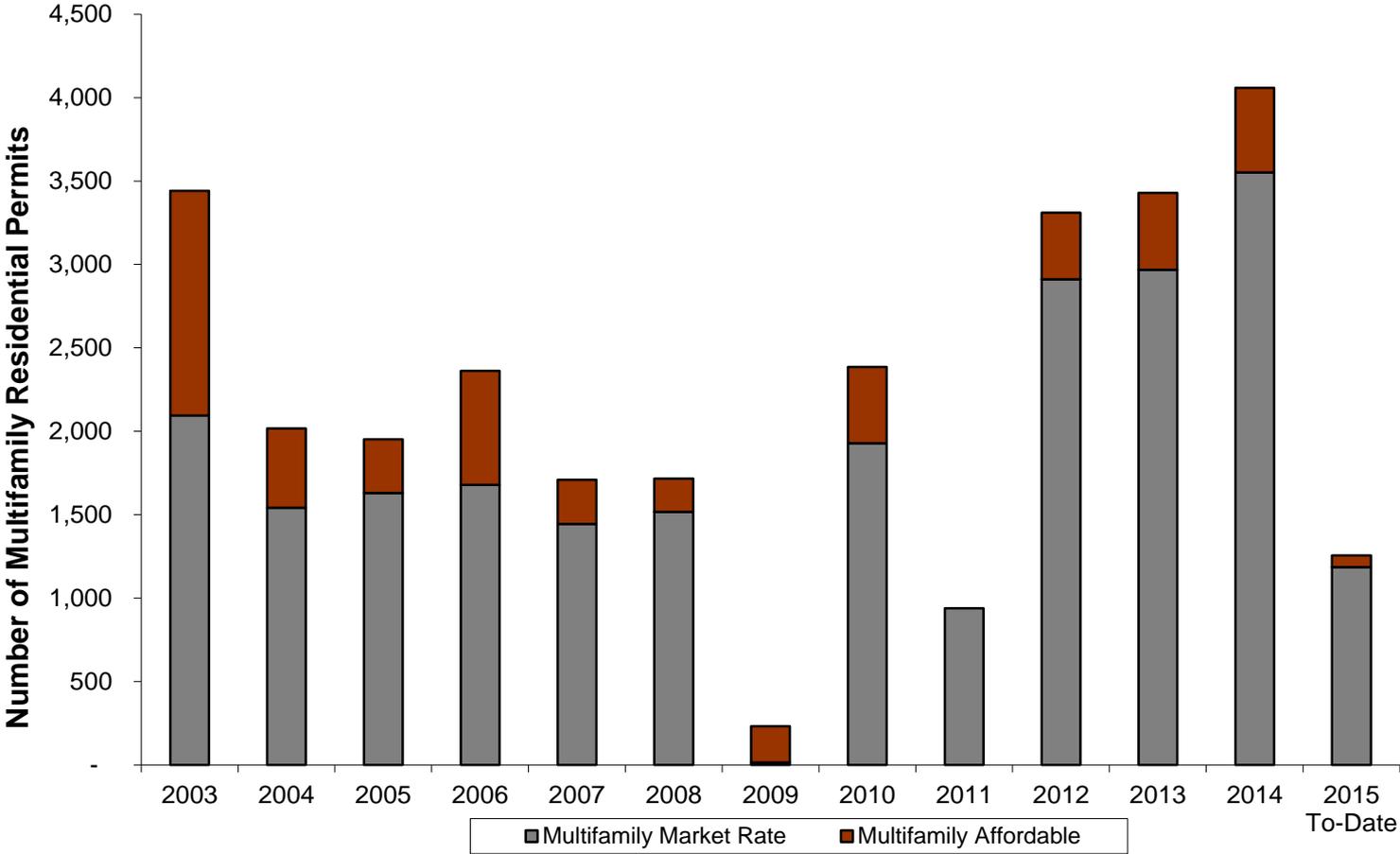
- San José is the third most expensive *rental* market and the second most expensive *homeownership* market in the nation <sup>1</sup>
- To date San José has met 3% of its annual affordable housing RHNA goal and 81% of its market-rate RHNA goal<sup>2</sup>
- Rents continue to set records, growing 11% year over year (YoY)
- Renters must earn \$54/hour (\$112,520/year) to afford the average rent for a two bedroom, two-bath apartment <sup>3</sup>
- Median single-family home prices remain high, up 14% YoY

<sup>1</sup> Based on NHC Report Paycheck to Paycheck 2015 - <http://www2.nhc.org/chp/p2p/>

<sup>2</sup> 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

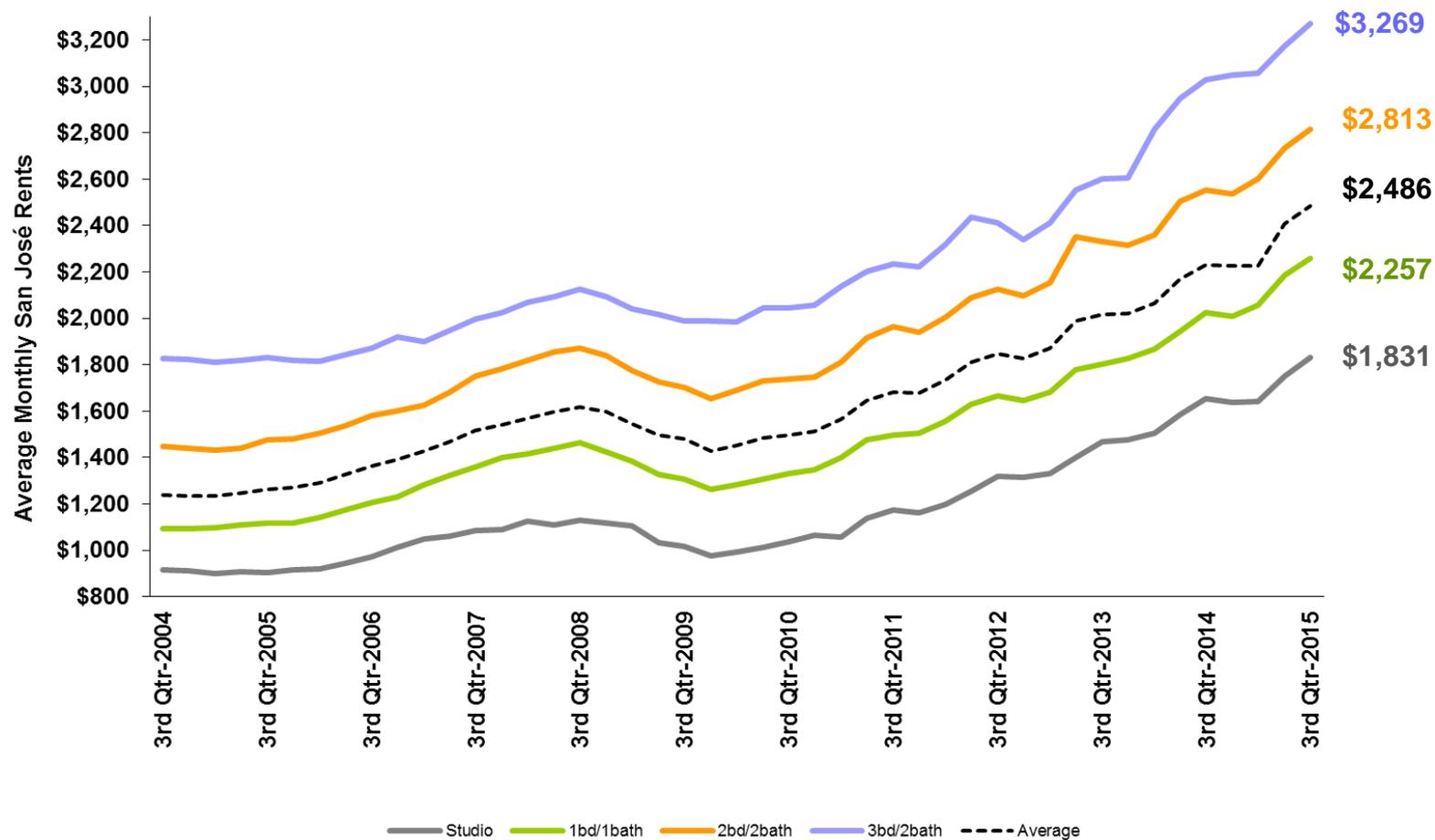
<sup>3</sup> Based on Q3 2015 realAnswers average rents, income calculation assumes rents are 30% of income, 40 hour work week, and a single income household

# 2015 Multi-Family Permit Activity Trends Low Compared to 2014



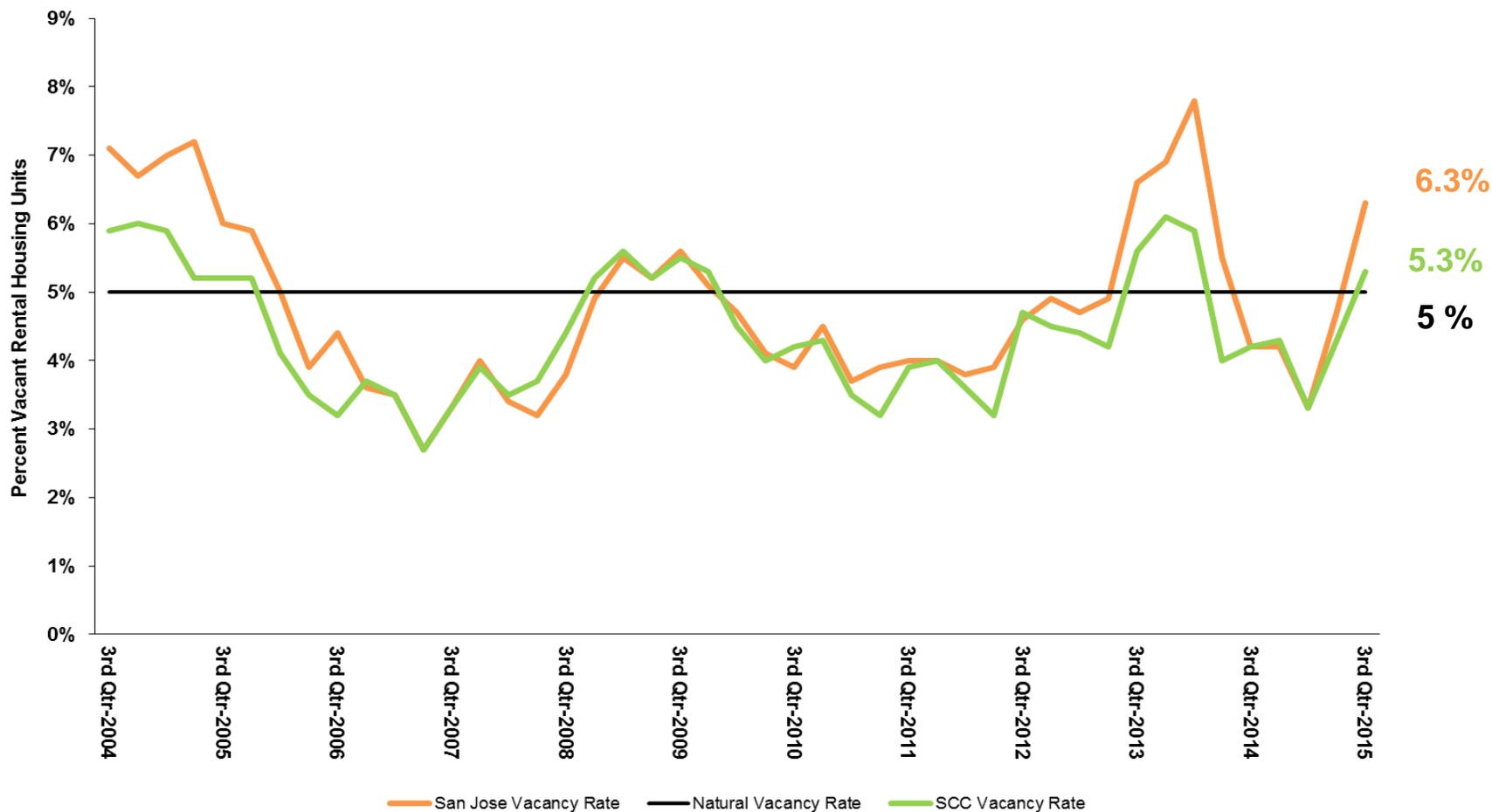
SOURCE: City of San José Housing Department, Q3 2015

# Average Rent Up 3% Quarterly and 11% YoY



SOURCE: realAnswers – Q3 2015 - Data only includes rental projects with 50 apartments or more

# SJ Vacancy Rate Rises From 4.7% in Q2 to 6.3% in Q3 2015, Above the “Natural“ Rate



SOURCE: realAnswers Data Q3, 2015– Data only includes rental projects with 50 apartments or more

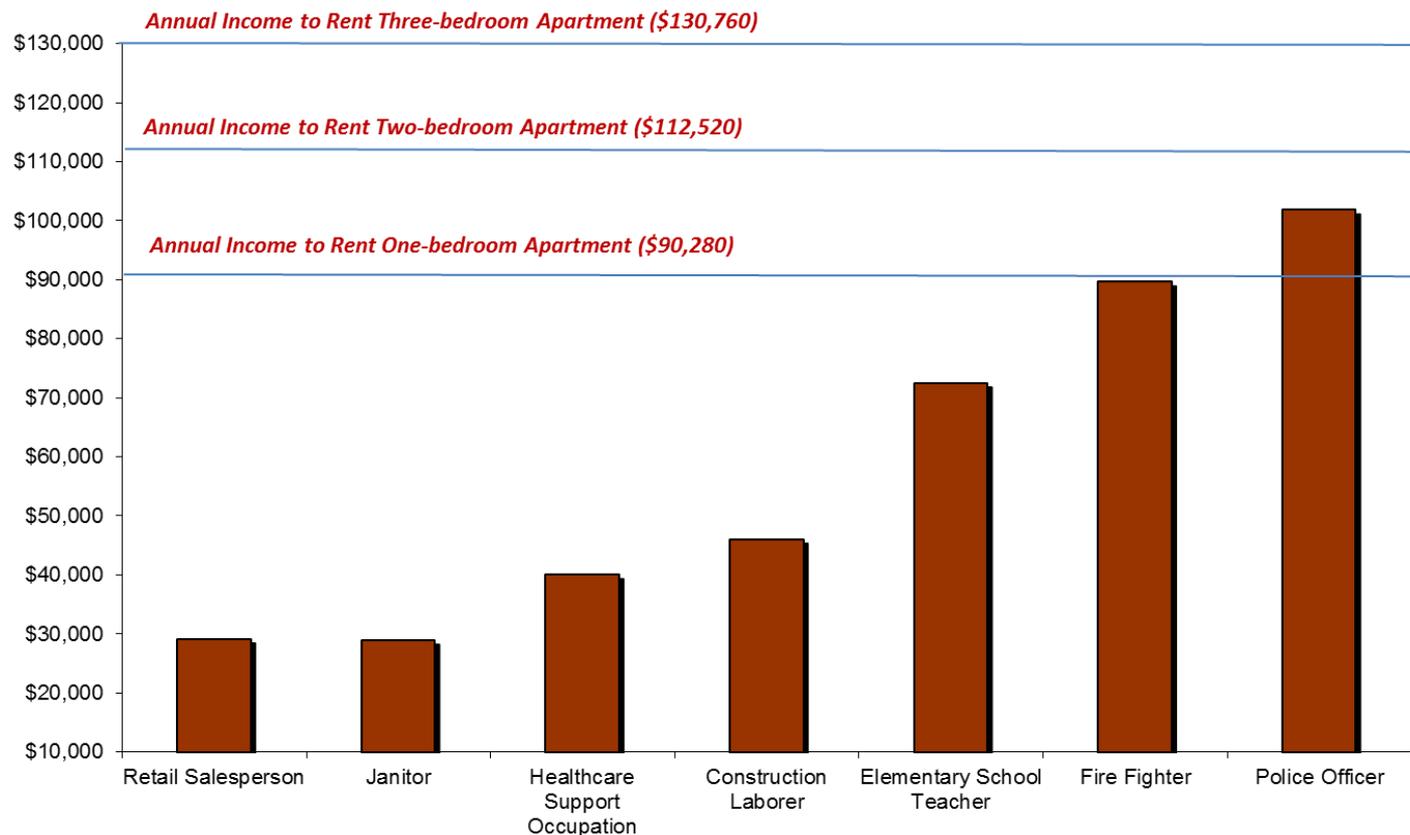
# Rents in Some Areas Trend Higher than Average Citywide Rents

Project	1BR	2BR
<b>Average Citywide Rents (Q3 2015 realAnswers)</b>	<b>\$2,257</b>	<b>\$2,813</b>
Crescent Village (North SJ)	\$2,595 - \$3,275	\$3,010 - \$4,070
North Park (North SJ)	\$2,445 - \$4,060	\$2,890 - \$3,635
One South Market (Downtown SJ)	\$2,600 - \$2,887	\$3,213 - \$8,831
101 San Fernando (Downtown SJ)	\$2,296 - \$2,632	\$3,044 - \$4,291
Ascent Apartments (Edenvale SJ)	\$2,380 - \$2,669	\$2,788 - \$3,813



SOURCE: Zillow.com, Nov 4, 2015

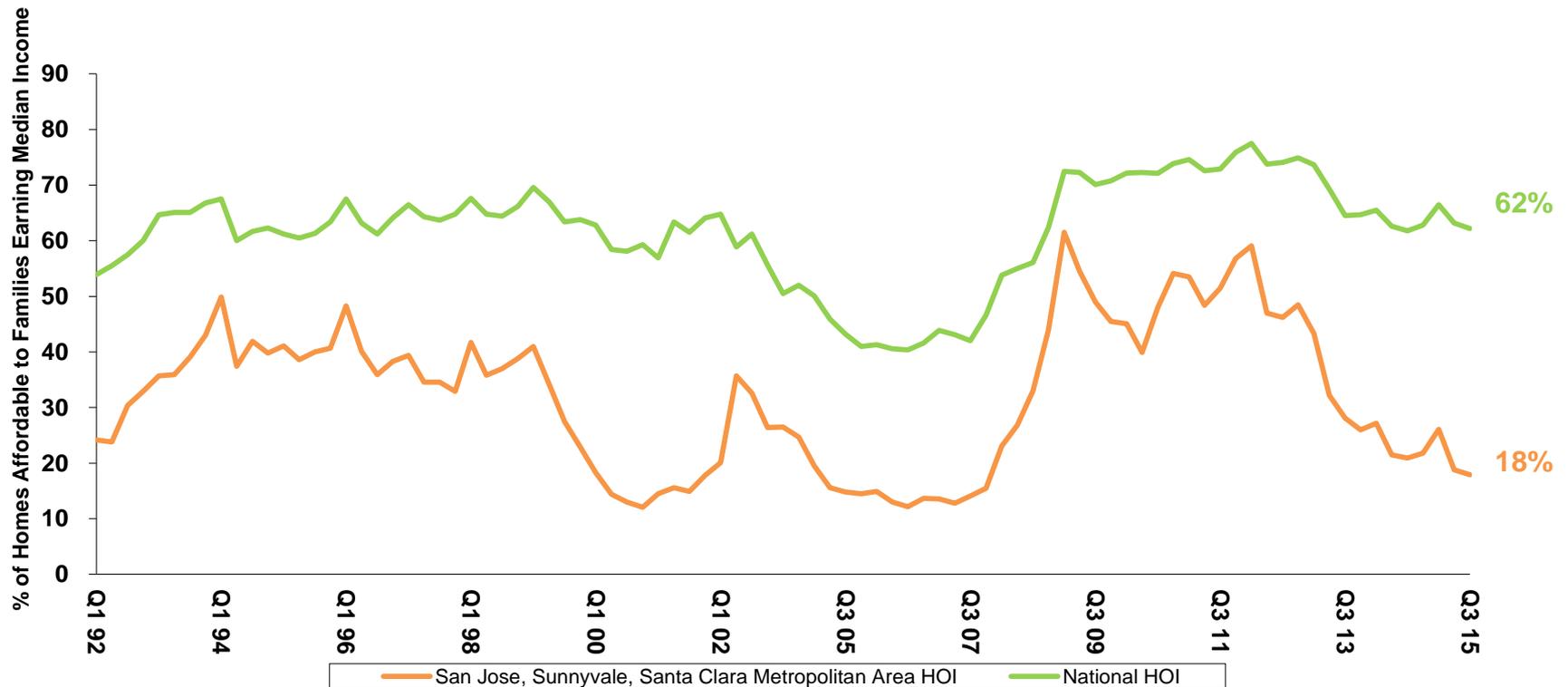
# Market Rents Significantly Out of Reach for Many San José Workers



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

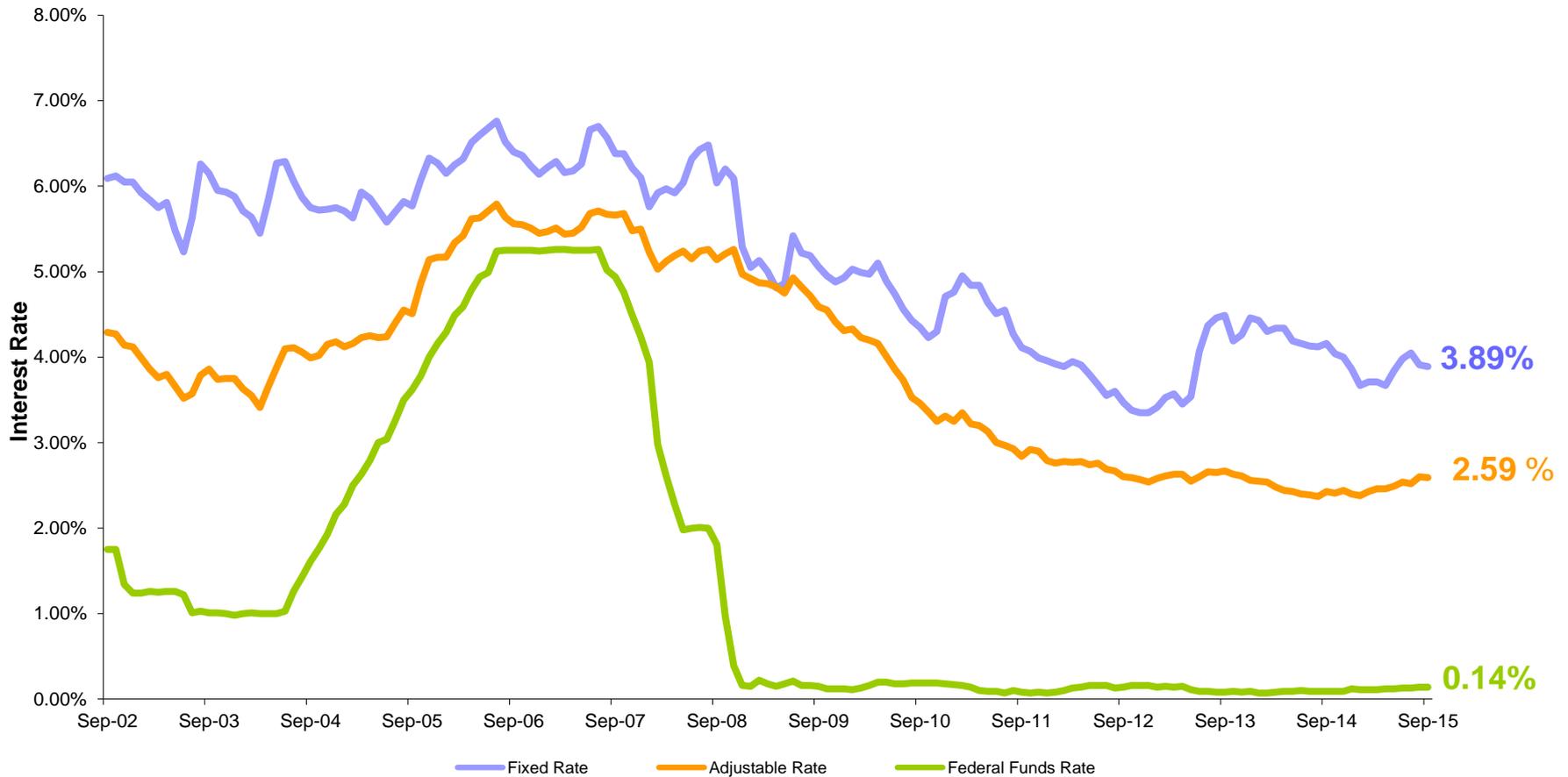
# San José Housing Affordability Remains Low Relative to the Nation (6<sup>th</sup> least affordable)

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



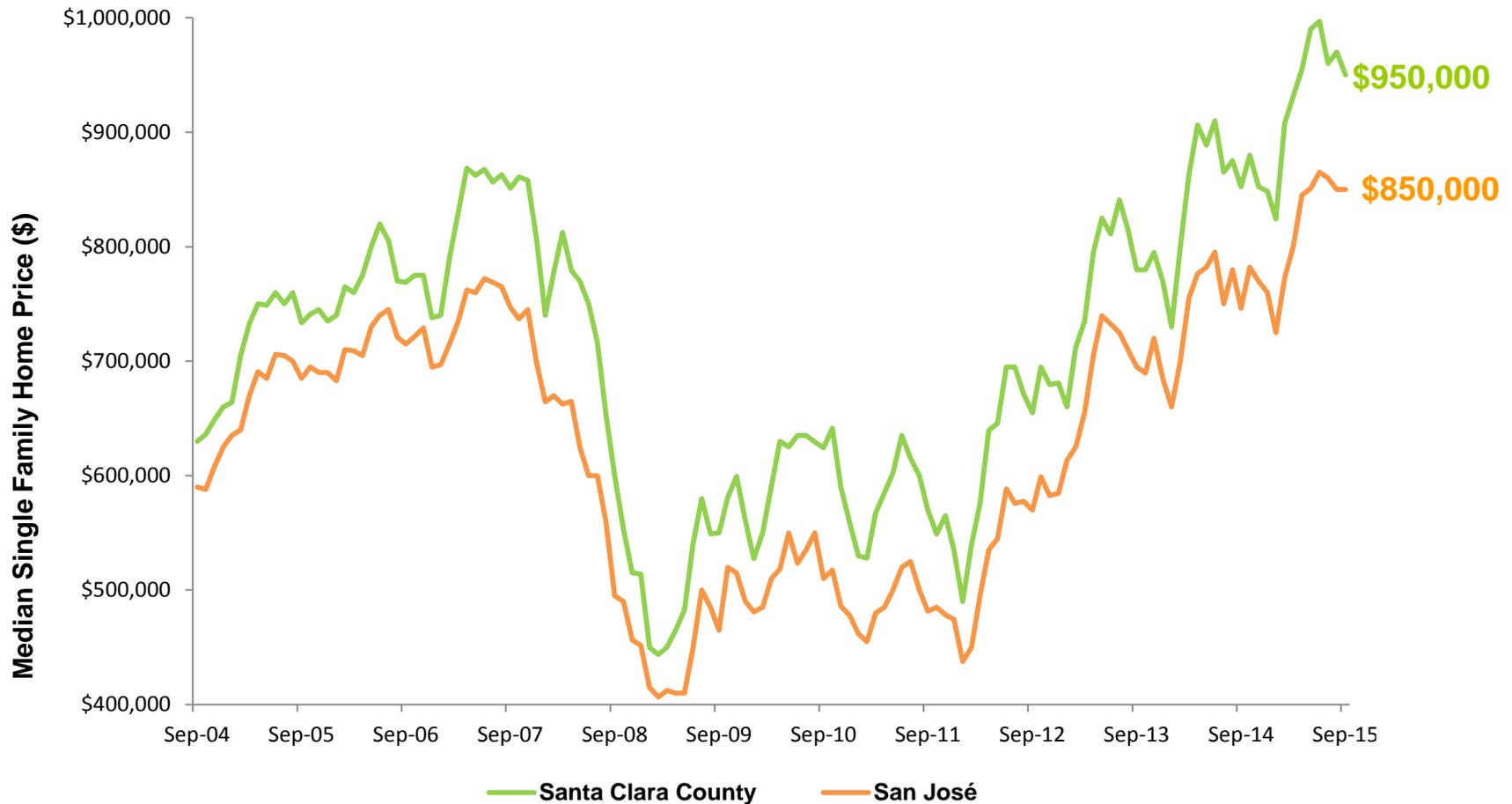
SOURCE: National Association of Home Builders, Housing Opportunity Index Q3 2015

# Interest Rates Remain Low



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

# Single-Family Median Home Prices Fall Slightly from Record Highs of Q2 2015, up 14% YoY



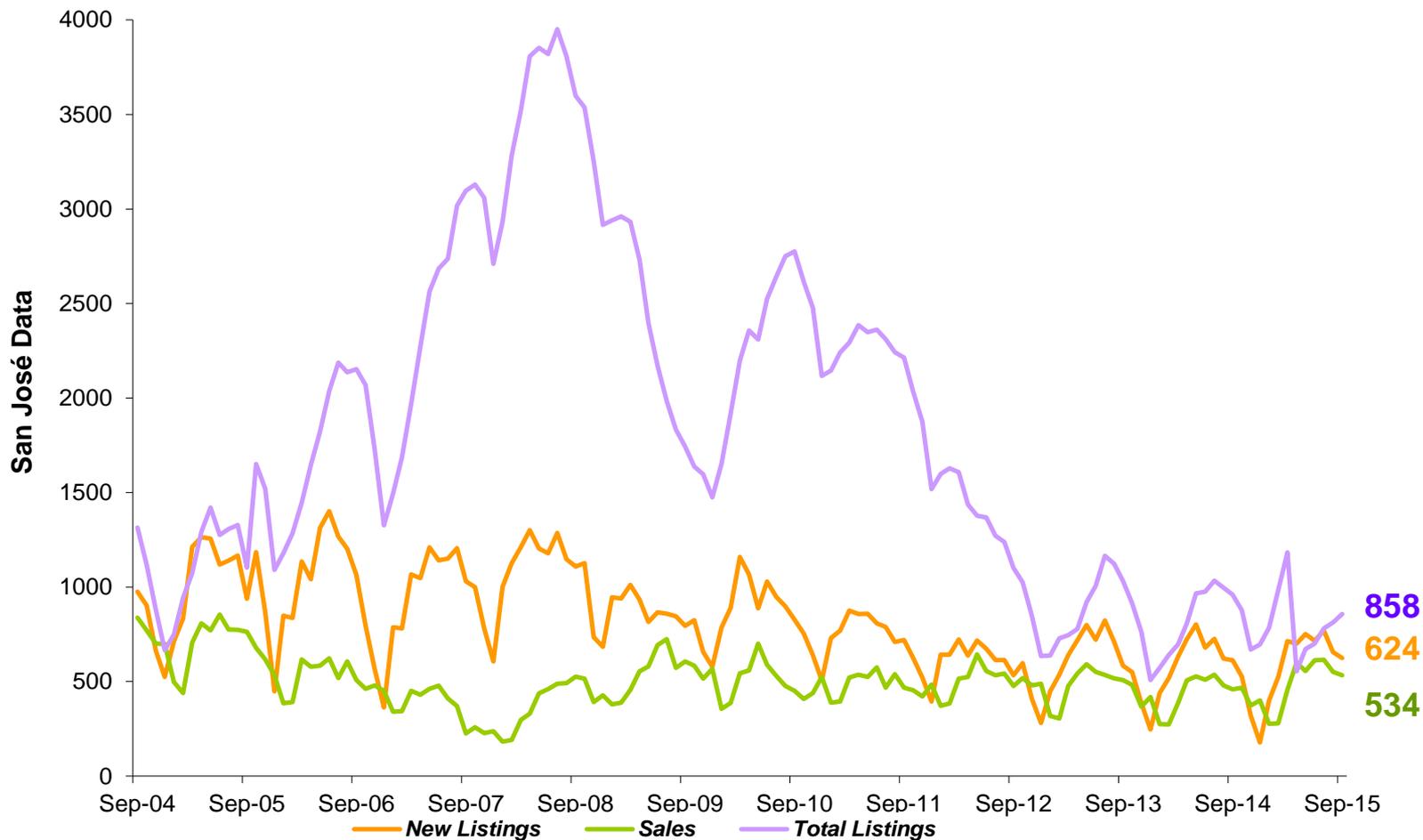
SOURCE: Santa Clara County Association of Realtors, September 2015

# Townhome/Condo Median Prices Drop 5%(SCC) and 17%(SJ) from Q2 2015 Record Highs



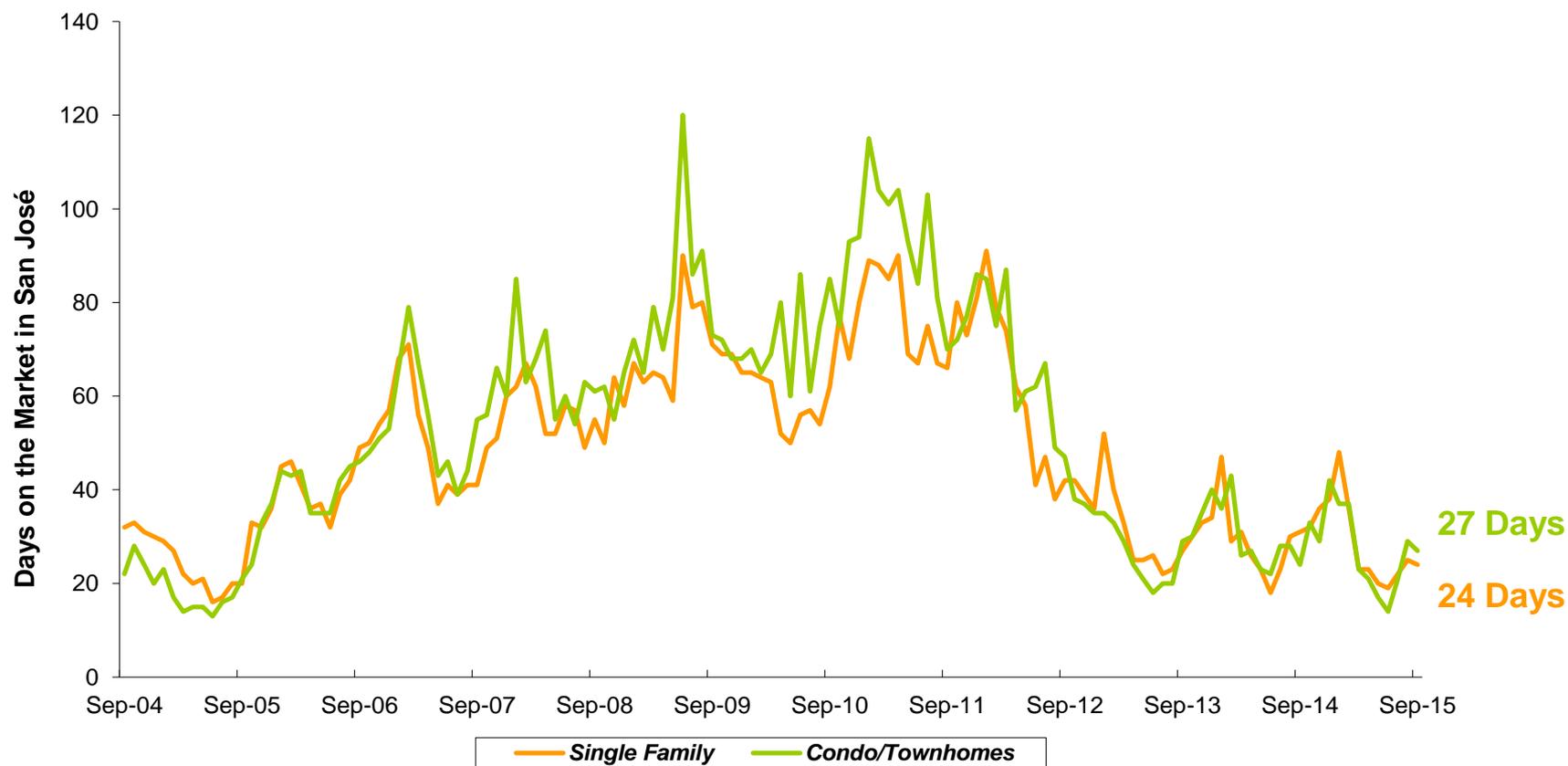
SOURCE: Santa Clara County Association of Realtors , September 2015

# New Listings & Sales Down 12%, Total Listings Up 22% From Q2 2015



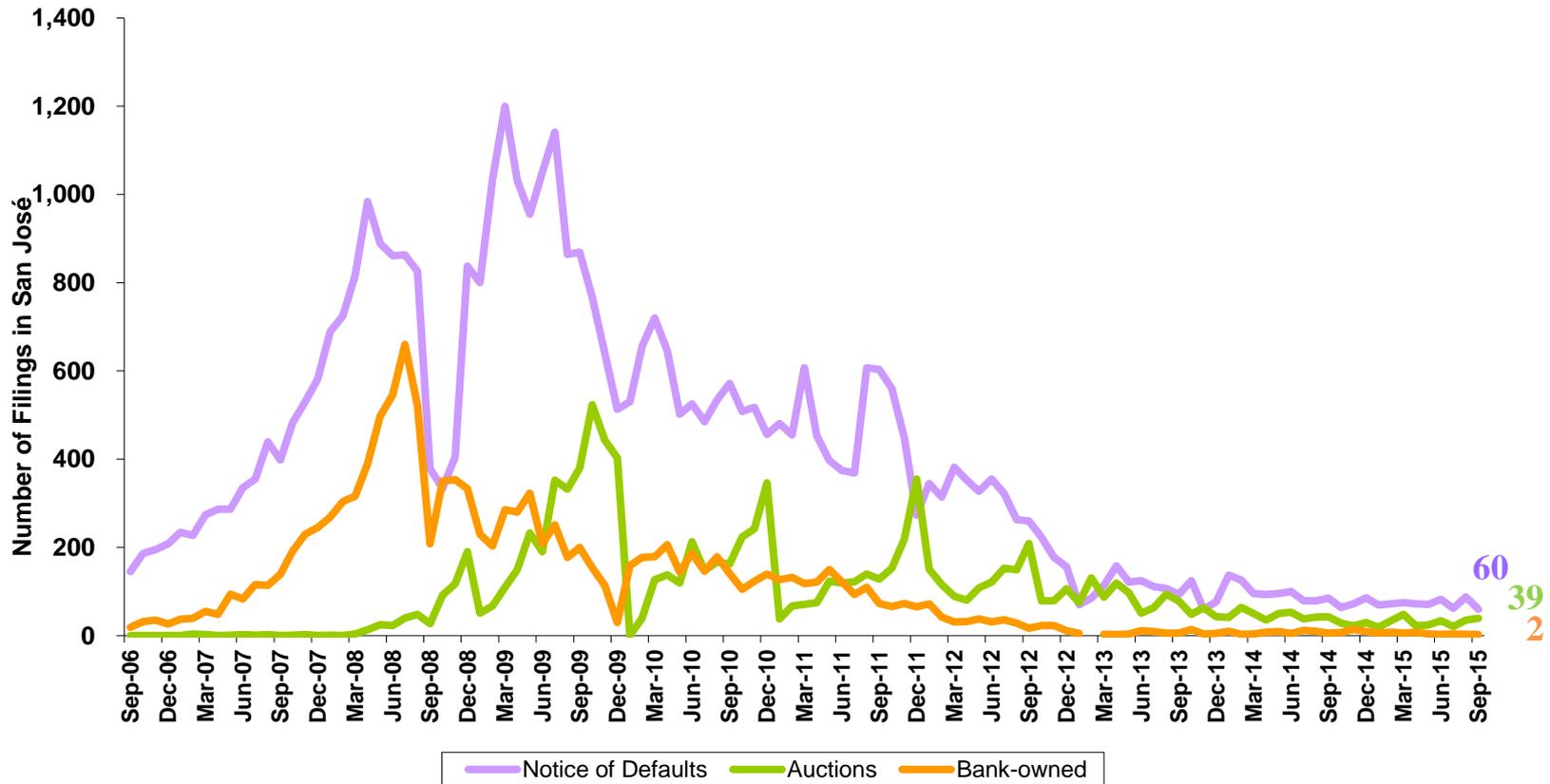
SOURCE: Santa Clara County Association of Realtors, MLS Listings September 2015

# Days on Market Remains Low but Rises From Record Lows of Q2 2015



SOURCE: Santa Clara County Association of Realtors September 2015

# Foreclosure Filings Stay Low, at Pre-Recession Levels



SOURCE: San José – PropertyRadar.com Septmeber 2015