

San Jose-Sunnyvale-Santa Clara Area

Local Market Report, Second Quarter 2024

Today's Market...

Median Price (Green Line) and One-year Price Growth



Local Price Trends			
Price Activity	San Jose	U.S.	Local Trend
Current Median Home Price (2024 Q2)	\$2,008,000	\$416,900	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2024 Q2)	11.6%	4.9%	
3-year (12-quarter) Appreciation (2024 Q2)	18.2%	17.1%	
3-year (12-quarter) Housing Equity Gain*	\$308,500	\$60,967	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$824,600	\$163,300	
9-year (36 quarters) Housing Equity Gain*	\$1,028,000	\$188,933	

*Note: Equity gain reflects price appreciation only

	San Jose	U.S.	
Conforming Loan Limit**	\$1,149,825	\$1,149,825	Government-backed financing is limited in this market, hampering home sales
FHA Loan Limit	\$1,149,825	\$1,149,825	
Local Median to Conforming Limit Ratio	175%	not comparable	

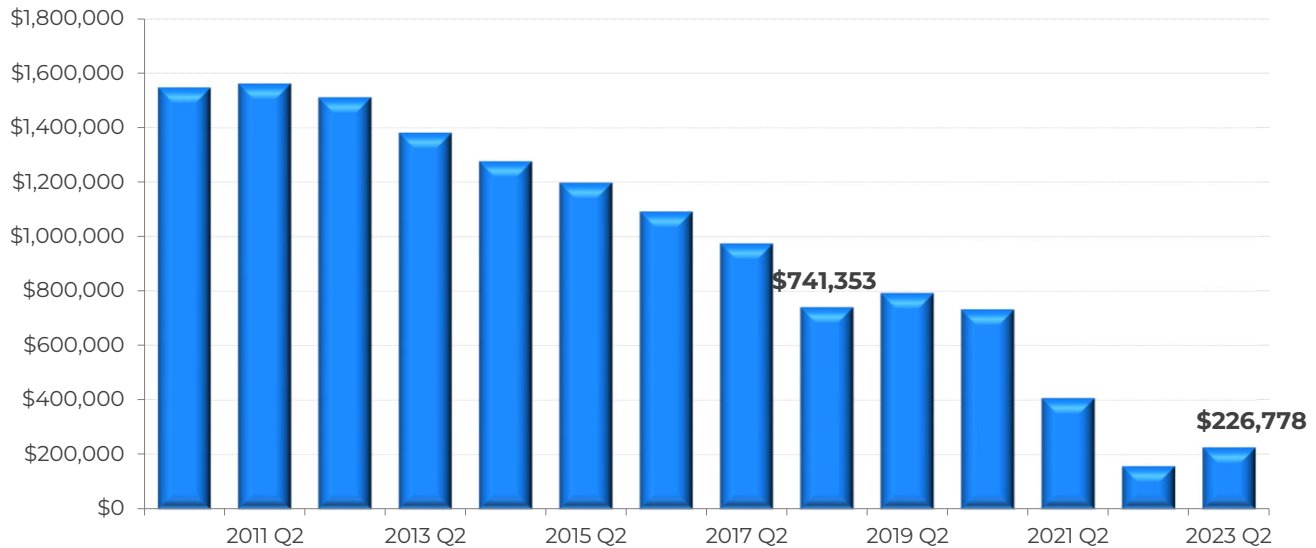
Note: limits are current and include the changes made on January 1st 2024.

Local NAR Leadership

The San Jose-Sunnyvale-Santa Clara market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2024 NAR Regional Vice President representing region 13 is Jennifer Branchini.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2024 Q2 from quarter in which home was of purchased**

Price Activity	SanJose	U.S.	Local Trend
1-year (4-quarter)	\$226,778	\$23,580	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$407,872	\$81,779	
5-year (20-quarter)*	\$793,542	\$164,086	
7-year (28 quarters)*	\$974,863	\$195,501	
9-year (36 quarters)*	\$1,198,021	\$228,483	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

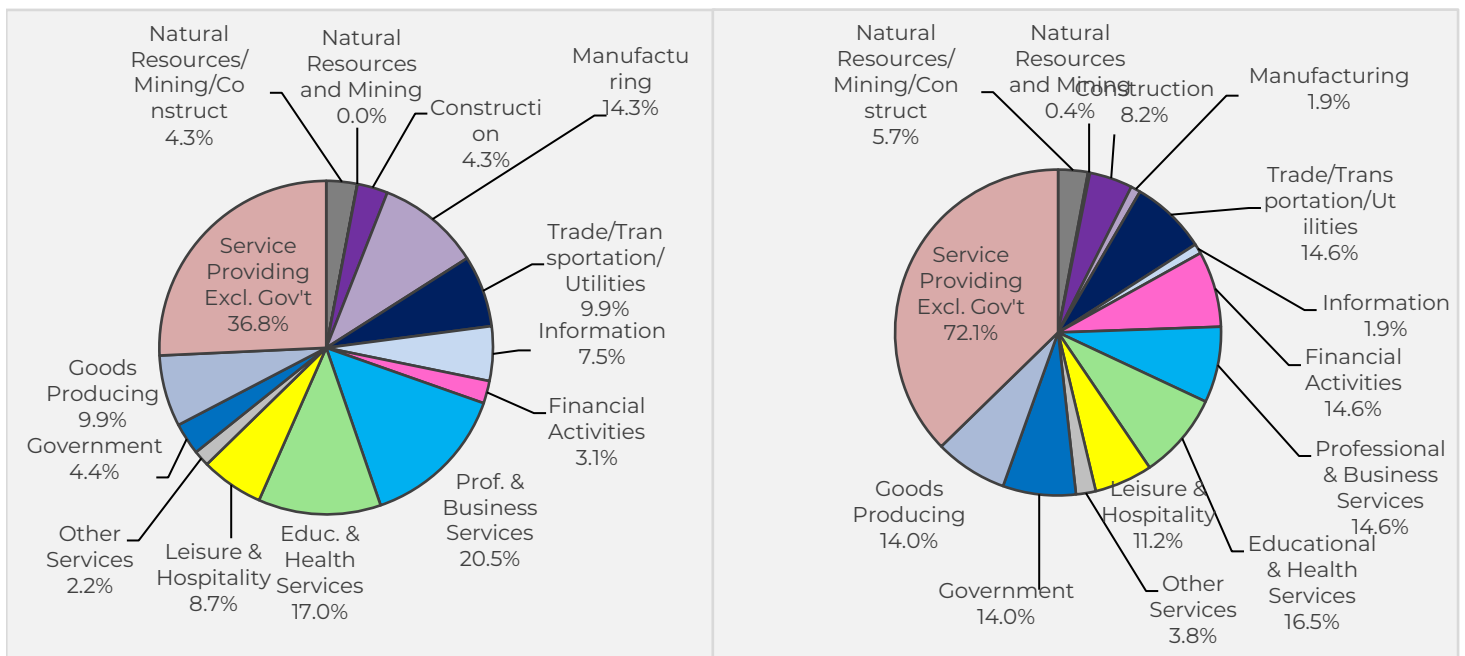
Drivers of Local Supply and Demand...

Local Economic Outlook	San Jose	U.S.	
12-month Job Change (Jul)	6,600	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Jun)	3,200	Not Comparable	
36-month Job Change (Jul)	54,200	Not Comparable	San Jose's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Jul)	4.5%	4.3%	
Year-ago Unemployment Rate	3.7%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.6%	1.8%	

Share of Total Employment by Industry

San Jose-Sunnyvale-Santa Clara Area

U.S.



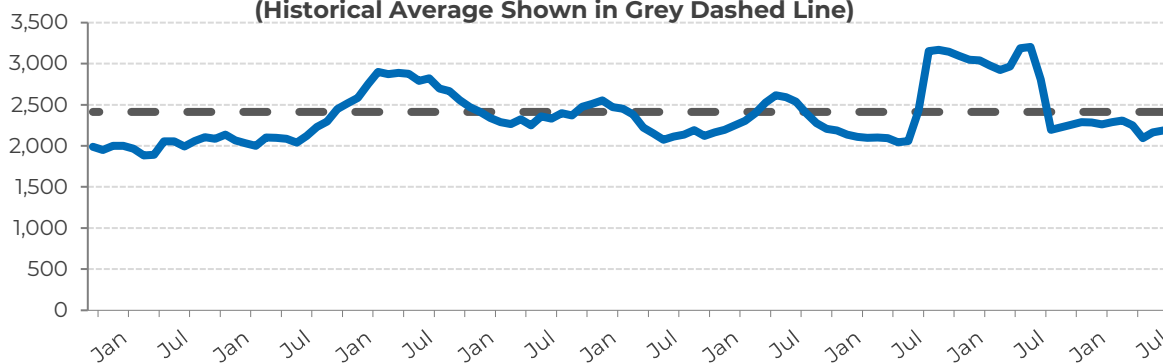
12-month Employment Change by Industry (Jul - 2024)

Goods Producing	-8,800	Information	-7,100
Natural Resources/Mining/Construction	-2,300	Financial Activities	-300
Natural Resources and Mining	0	Prof. & Business Services	5,000
Construction	-2,300	Educ. & Health Services	10,400
Manufacturing	-6,500	Leisure & Hospitality	2,500
Service Providing Excluding Government	12,000	Other Services	600
Trade/Transportation/Utilities	-300	Government	1,200

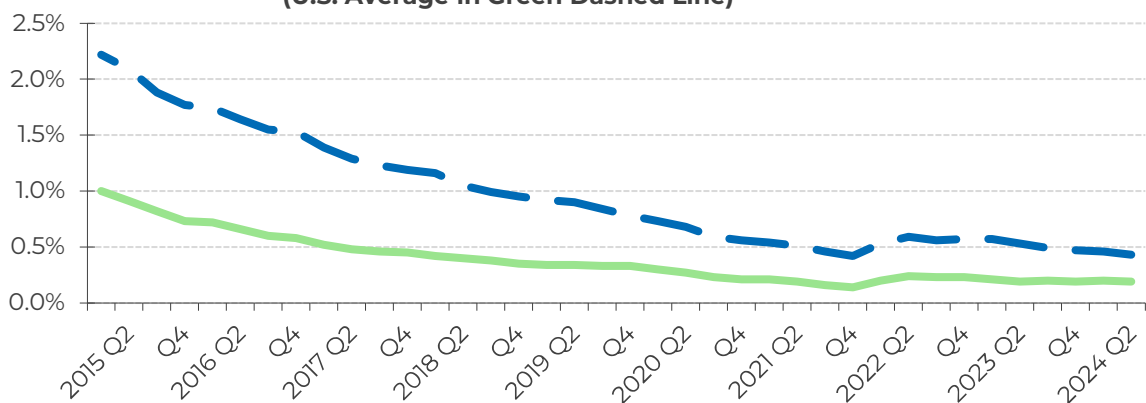
State Economic Activity Index	California	U.S.	
12-month change (2024 - Jul)	2.0%	2.4%	The economy of California is growing more slowly than the rest of the nation, but improved modestly from last month's 1.78% change
36-month change (2024 - Jul)	15.4%	11.3%	

New Housing Construction			
Local Fundamentals	San Jose	U.S.	
12-month Sum of 1-unit Building Permits through Jul	2,189	not comparable	The current level of construction is 9.3% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,414	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Jul) 12-month sum vs. a year ago	-22.0%	15.3%	Construction is down from last year, but appears to have bottomed.

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Grey Dashed Line)



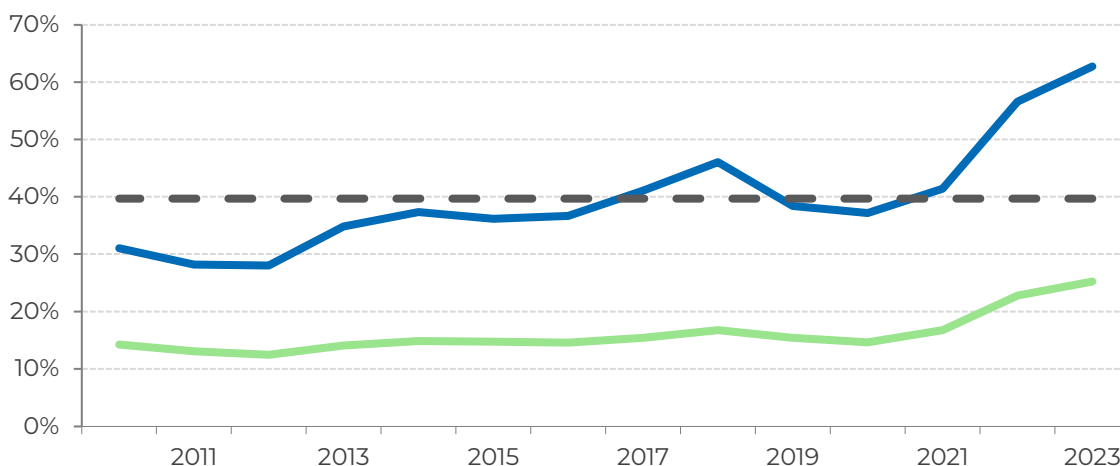
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Green Dashed Line)



Affordability



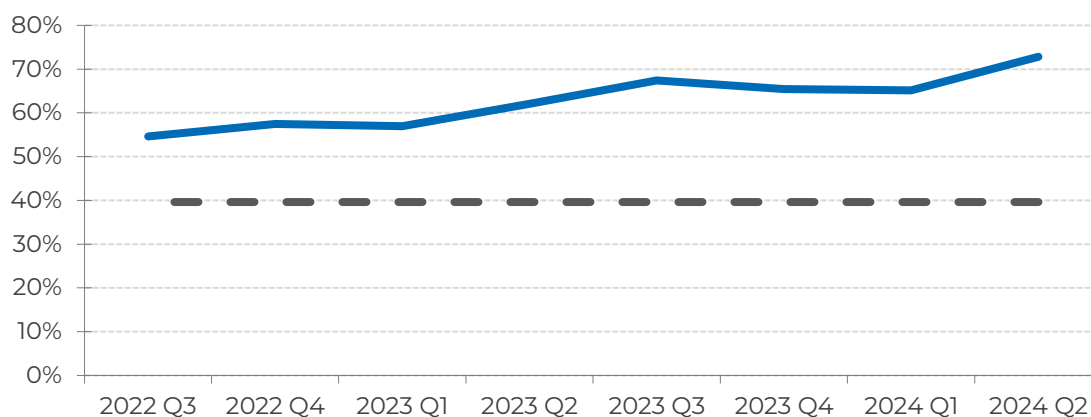
Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Grey, U.S. Average in Green)



Monthly Mortgage Payment to Income*	San Jose	U.S.	
Ratio for 2023	62.8%	25.2%	Weak by local standards and could weigh on demand
Ratio for 2024 Q2	72.8%	26.3%	
Historical Average	39.7%	17.0%	Weaker affordability than most markets

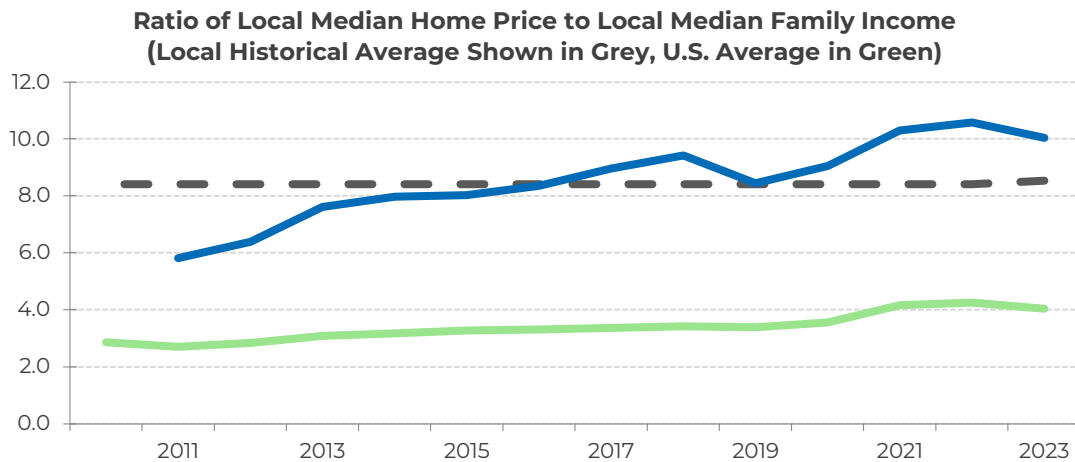
*The median family Income was included for the calculation of the mortgage payment to income ratio

Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Grey Dashed Line)

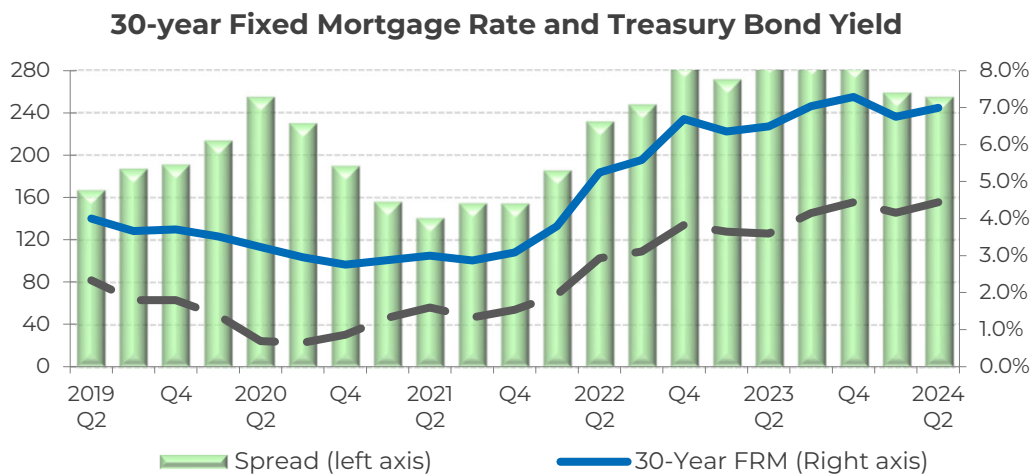


Median Home Price to Income*	San Jose	U.S.	
Ratio for 2023	10.0	4.0	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2024 Q2	11.4	4.1	
Historical Average	8.5	3.4	Less affordable than most markets

*The median family Income was included for the calculation of the median home price to income ratio



The Mortgage Market



In the second quarter of the year, housing affordability declined as mortgage rates once again surpassed the 7% mark, and home prices exceeded \$420,000. This pushed the typical family out of the market, as their income fell short of covering monthly mortgage payments on a median-priced home. As a result, homebuying activity slowed down, defying typical seasonal trends. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 6.99% in the second quarter from 6.49% a year earlier. However, with lower interest rates on the horizon, mortgage rates are also expected to ease later this year, thereby enhancing affordability for potential homebuyers. NAR forecasts that the 30-year fixed mortgage rate could fall to 6% by year's end.

Geographic Coverage for this Report

The San Jose area referred to in this report covers the geographic area of the San Jose-Sunnyvale-Santa Clara metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

San Benito County and Santa Clara County

More information on the OMB's geographic definitions can be found at
https://obamawhitehouse.archives.gov/omb/bulletins_default/