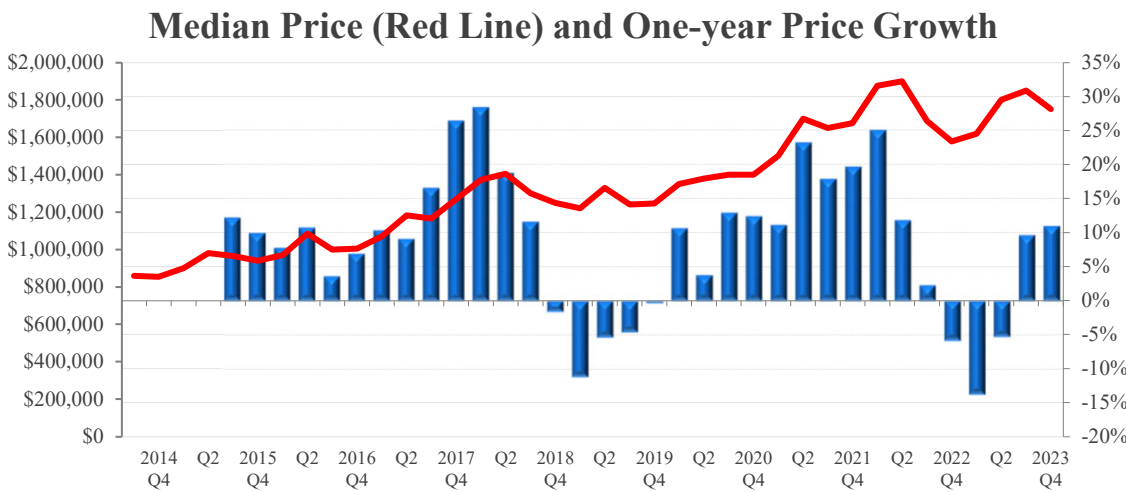


# San Jose-Sunnyvale-Santa Clara Area

## Local Market Report, Fourth Quarter 2023

### Today's Market...



Local Price Trends			
Price Activity	San Jose	U.S.	Local Trend
Current Median Home Price (2023 Q4)	\$1,750,300	\$387,300	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2023 Q4)	11.0%	3.9%	
3-year (12-quarter) Appreciation (2023 Q4)	25.0%	24.5%	
3-year (12-quarter) Housing Equity Gain*	\$350,300	\$76,300	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$745,300	\$153,367	
9-year (36 quarters) Housing Equity Gain*	\$895,300	\$179,667	
*Note: Equity gain reflects price appreciation only			

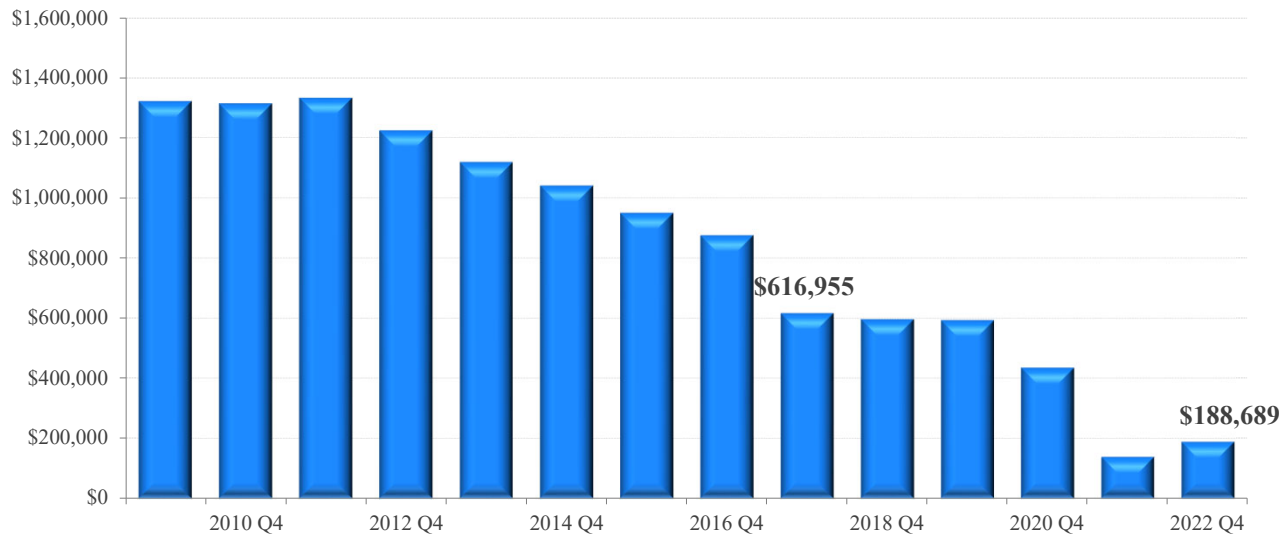
	San Jose	U.S.	
Conforming Loan Limit**	\$1,149,825	\$1,149,825	Government-backed financing is limited in this market, hampering home sales
FHA Loan Limit	\$1,149,825	\$1,149,825	
Local Median to Conforming Limit Ratio	152%	not comparable	
Note: limits are current and include the changes made on January 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 2023 Q4 from quarter in which home was of purchased**

Price Activity	SanJose	U.S.	Local Trend
1-year (4-quarter)	\$188,689	\$18,387	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$435,191	\$95,158	
5-year (20-quarter)*	\$597,030	\$151,356	
7-year (28 quarters)*	\$875,959	\$183,780	
9-year (36 quarters)*	\$1,041,110	\$215,076	

\*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

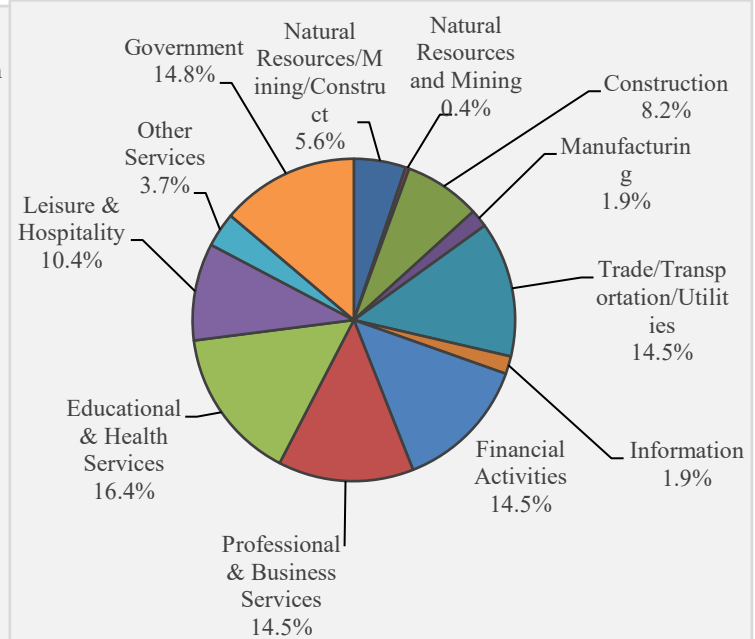
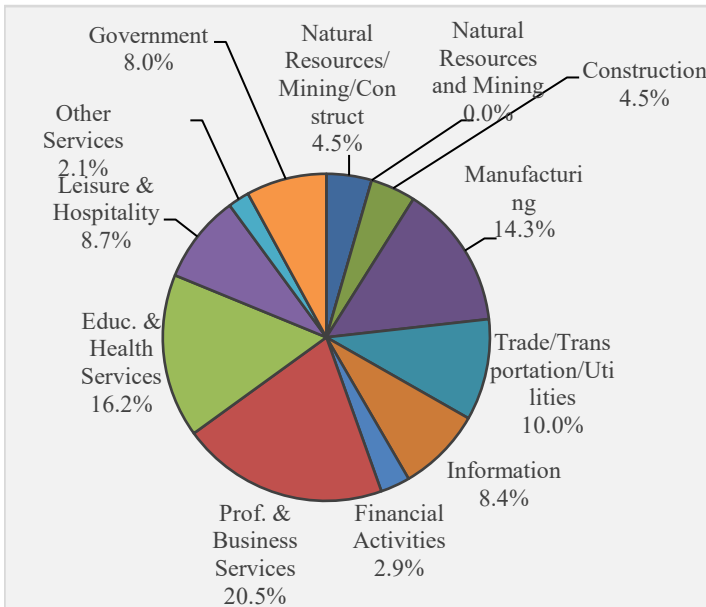
# Drivers of Local Supply and Demand...

Local Economic Outlook	San Jose	U.S.	
12-month Job Change (Dec)	10,500	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Nov)	10,000	Not Comparable	
36-month Job Change (Dec)	124,700	Not Comparable	San Jose's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Dec)	4.0%	3.7%	
Year-ago Unemployment Rate	2.4%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.9%	2.3%	

## Share of Total Employment by Industry

San Jose-Sunnyvale-Santa Clara Area

U.S.



### 12-month Employment Change by Industry (Dec - 2023)

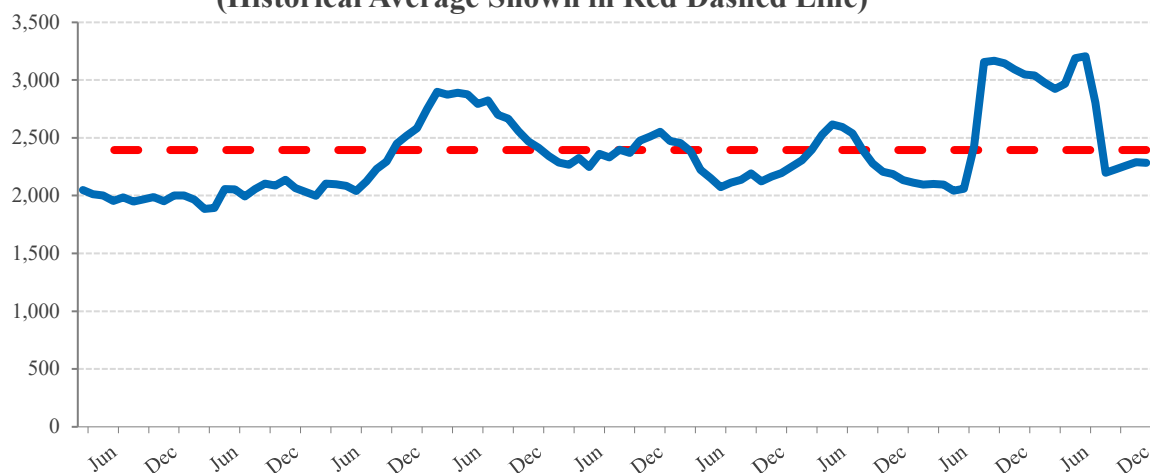
Goods Producing	NA	Information	-700
Natural Resources/Mining/Construction	-200	Financial Activities	-1,700
Natural Resources and Mining	0	Prof. & Business Services	-3,700
Construction	-200	Educ. & Health Services	10,500
Manufacturing	-3,800	Leisure & Hospitality	7,300
Service Providing Excluding Government	NA	Other Services	1,500
Trade/Transportation/Utilities	500	Government	300

State Economic Activity Index	California	U.S.	
12-month change (2023 - Dec)	1.4%	3.0%	California's economy is growing, but decelerated from last month's 1.63% change and lags the rest of the nation
36-month change (2023 - Dec)	19.2%	14.3%	

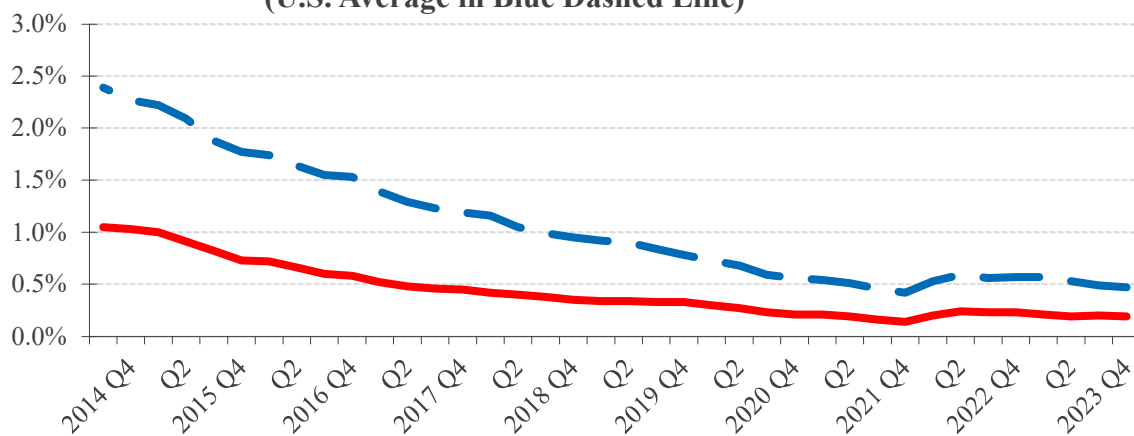
## New Housing Construction

Local Fundamentals	San Jose	U.S.	
12-month Sum of 1-unit Building Permits through Dec	2,283	not comparable	The current level of construction is 4.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,396	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec) 12-month sum vs. a year ago	-25.1%	-6.1%	Construction is down from last year, but appears to have bottomed.

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

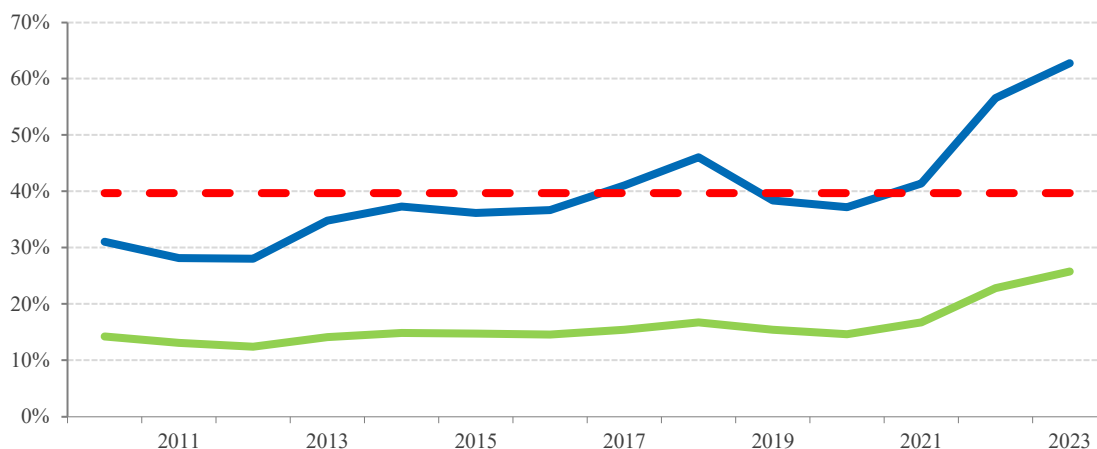


**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



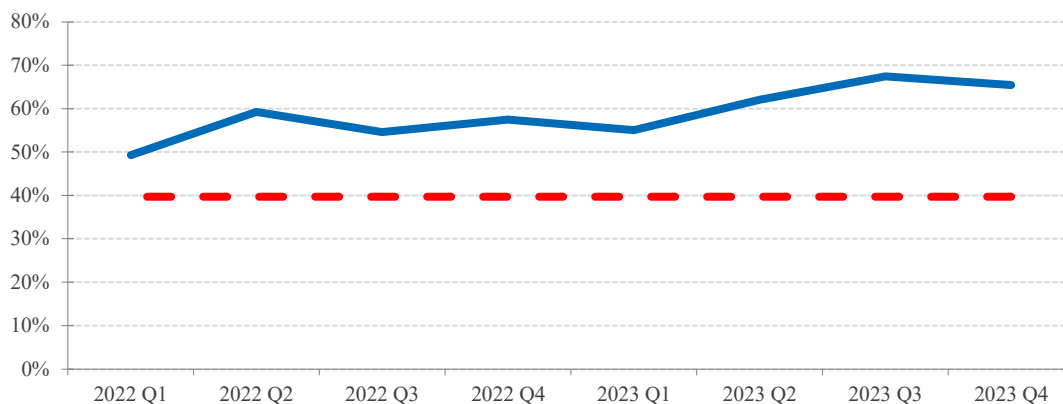
# Affordability

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

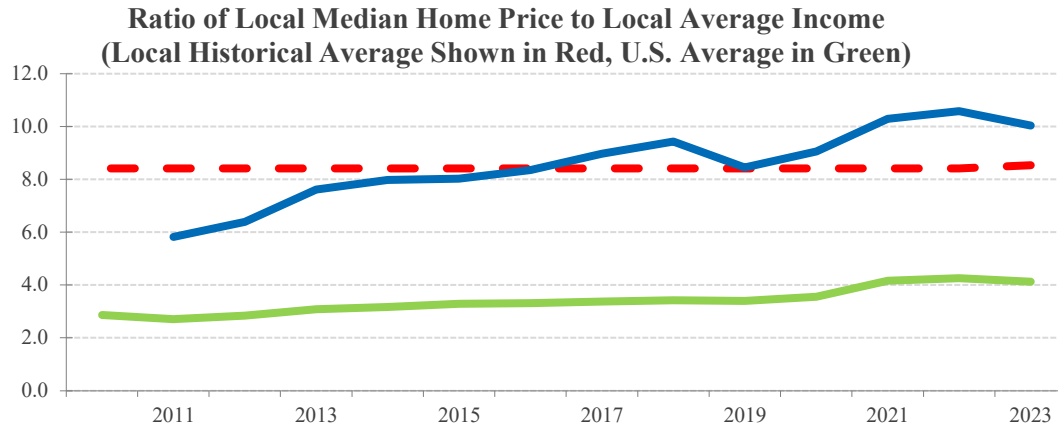


Monthly Mortgage Payment to Income	San Jose	U.S.	
Ratio for 2023	62.8%	25.8%	Weak by local standards and could weigh on demand
Ratio for 2023 Q4	65.4%	25.5%	
Historical Average	39.7%	17.0%	Weaker affordability than most markets

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



Median Home Price to Income	San Jose	U.S.	
Ratio for 2023	10.0	4.1	The price-to-income ratio eased, but could be better
Ratio for 2023 Q4	10.0	3.9	
Historical Average	8.5	3.4	Less affordable than most markets



## The Mortgage Market



Throughout much of the final quarter of the year, mortgage rates remained elevated near 7.5 percent. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.3 percent in the fourth quarter of 2023 from 6.7 percent the previous year. Nevertheless, rates fell below 7 percent at the end of year as the Federal Reserve continued to halt its interest rates hikes. With lower interest rates on the horizon, mortgage rates are expected to continue their downward trend in 2024, thereby enhancing affordability for potential homebuyers.

NAR forecasts the 30-year fixed mortgage rate to average 6.8 percent in the first quarter of 2024, with a further decline expected to bring them below 6.6% by the end of the first half.

## 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/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

