

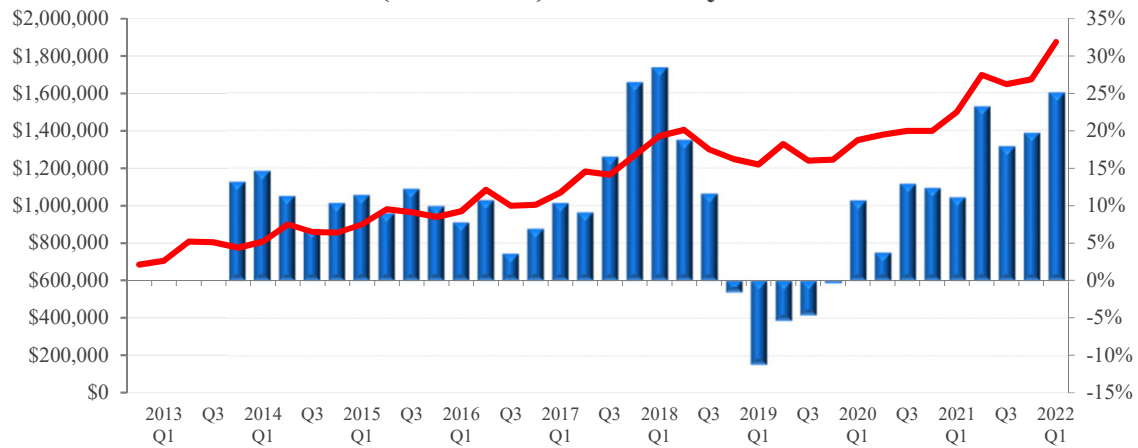
San Jose-Sunnyvale-Santa Clara Area

Local Market Report, First Quarter 2022

reflecting the impact of COVID-19 on the local economy

Today's Market...

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



Local Price Trends			
Price Activity	San Jose	U.S.	Local Trend
Current Median Home Price (2022 Q1)	\$1,875,000	\$365,767	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2022 Q1)	25.0%	15.2%	
3-year (12-quarter) Appreciation (2022 Q1)	53.7%	44.5%	
3-year (12-quarter) Housing Equity Gain*	\$655,000	\$112,700	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$975,000	\$162,367	
9-year (36 quarters) Housing Equity Gain*	\$1,170,000	\$189,833	

*Note: Equity gain reflects price appreciation only

	San Jose	U.S.	
Conforming Loan Limit**	\$970,800	\$765,600	Government-backed financing is limited in this market, hampering home sales
FHA Loan Limit	\$970,800	\$765,600	
Local Median to Conforming Limit Ratio	193%	not comparable	

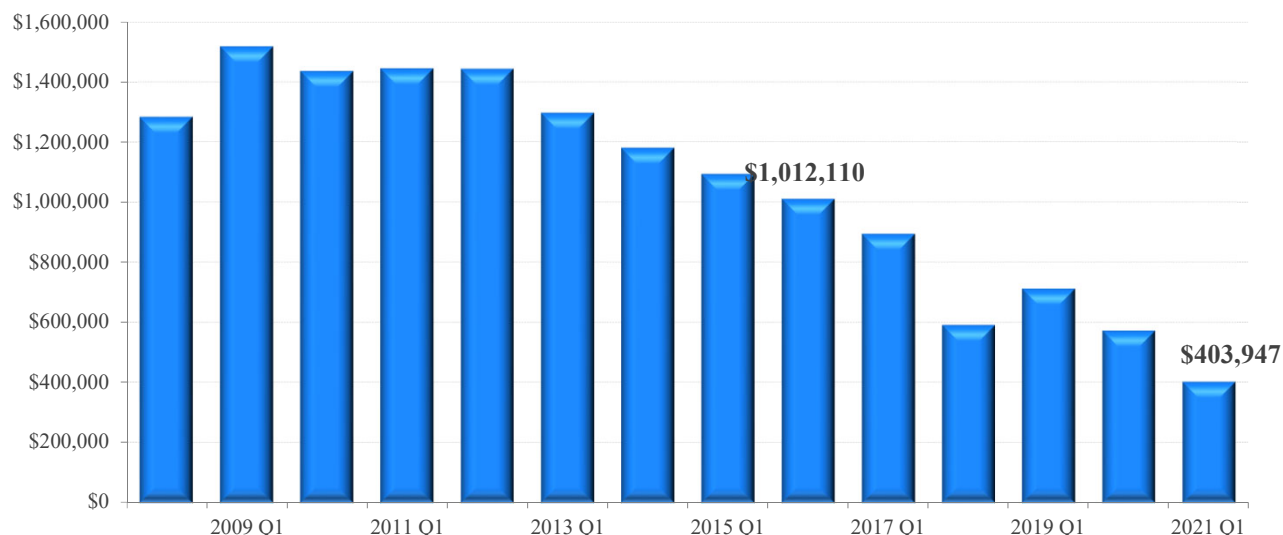
Note: limits are current and include the changes made on January 1st 2022.

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 2022 NAR Regional Vice President representing region 13 is Pat "Ziggy" Zacarelli.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2022 Q1 from quarter in which home was of purchased

Price Activity	SanJose	U.S.	Local Trend
1-year (4-quarter)	\$403,947	\$54,263	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$712,672	\$124,663	
5-year (20-quarter)*	\$895,653	\$154,612	
7-year (28 quarters)*	\$1,093,338	\$189,111	
9-year (36 quarters)*	\$1,297,388	\$221,623	

*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...

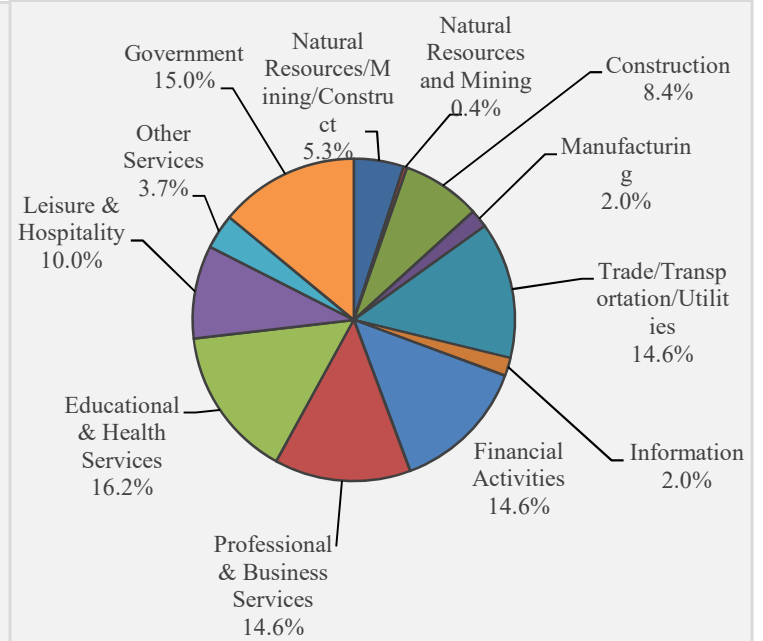
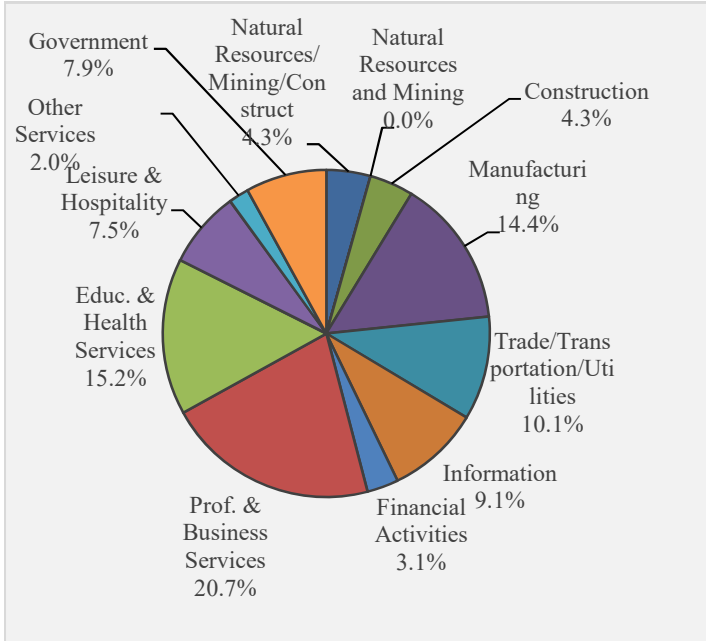


Local Economic Outlook	San Jose	U.S.	
12-month Job Change (Mar)	64,500	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	63,200	Not Comparable	
36-month Job Change (Mar)	600	Not Comparable	Unemployment in San Jose is better than the national average and improving
Current Unemployment Rate (Mar)	1.9%	3.6%	
Year-ago Unemployment Rate	5.8%	6.0%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	6.0%	6.2%	

Share of Total Employment by Industry

San Jose-Sunnyvale-Santa Clara Area

U.S.



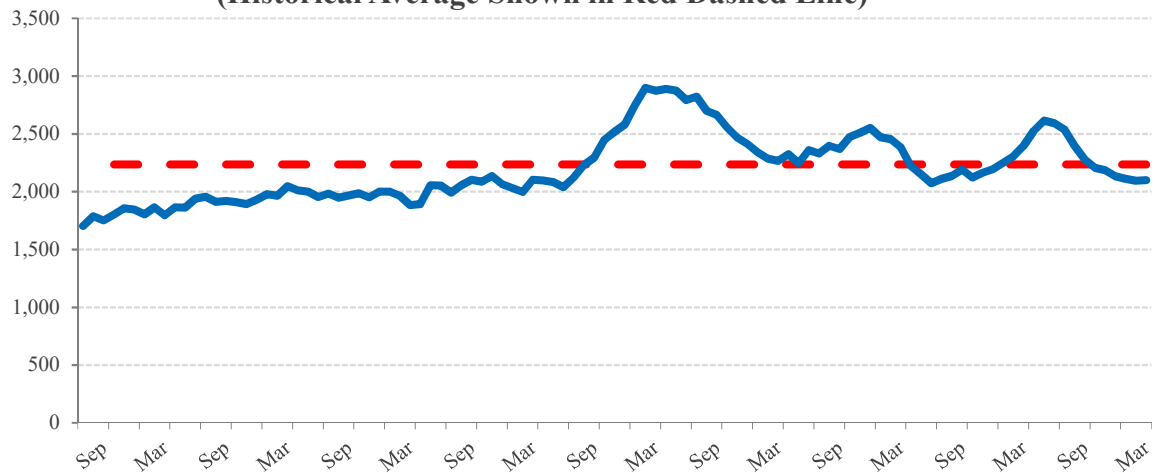
12-month Employment Change by Industry (Mar - 2022)

Goods Producing	NA	Information	4,300
Natural Resources/Mining/Construction	2,800	Financial Activities	-1,200
Natural Resources and Mining	0	Prof. & Business Services	12,700
Construction	2,800	Educ. & Health Services	6,600
Manufacturing	4,800	Leisure & Hospitality	23,500
Service Providing Excluding Government	NA	Other Services	2,300
Trade/Transportation/Utilities	3,300	Government	2,500

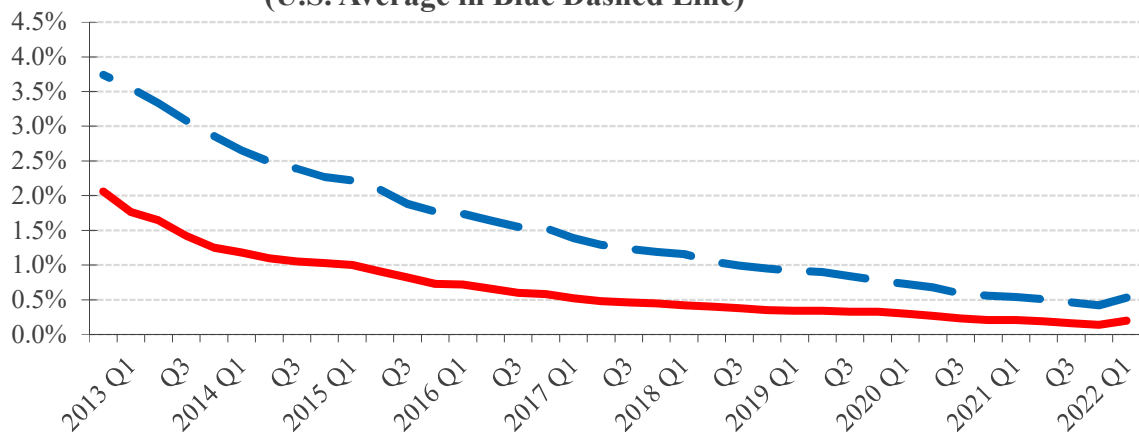
State Economic Activity Index	California	U.S.	
12-month change (2022 - Mar)	11.1%	5.7%	The economy of California has outpaced the rest of the nation and improved modestly from last month's 11.09% change
36-month change (2022 - Mar)	NA	4.4%	

New Housing Construction			
Local Fundamentals	San Jose	U.S.	
12-month Sum of 1-unit Building Permits through Mar	2,101	not comparable	The current level of construction is 6.0% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,236	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-12.3%	7.8%	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)**

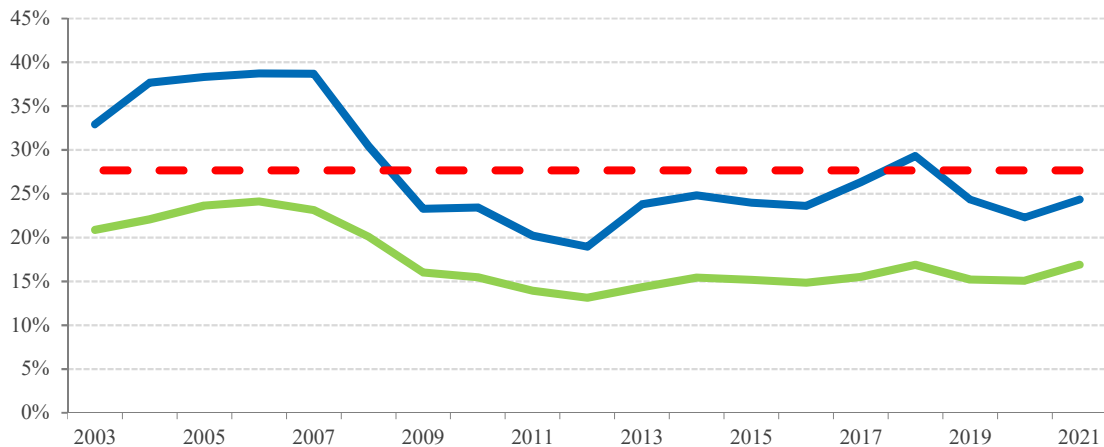


**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



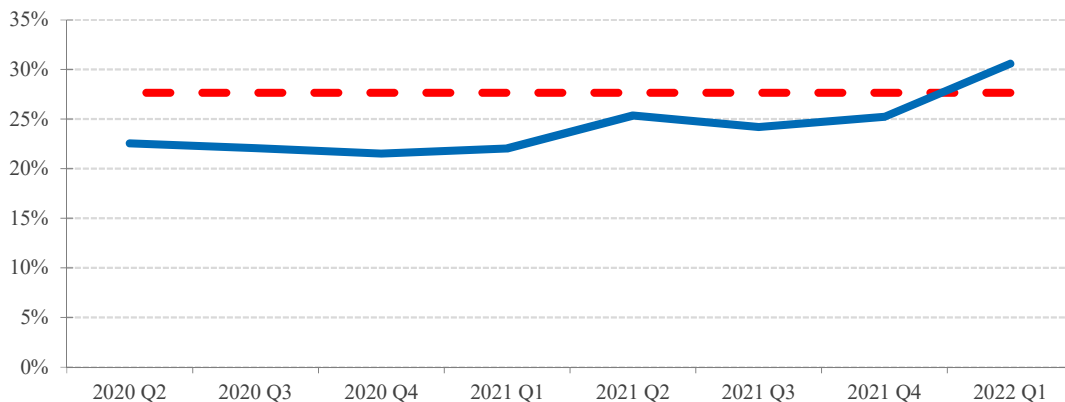
Affordability

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

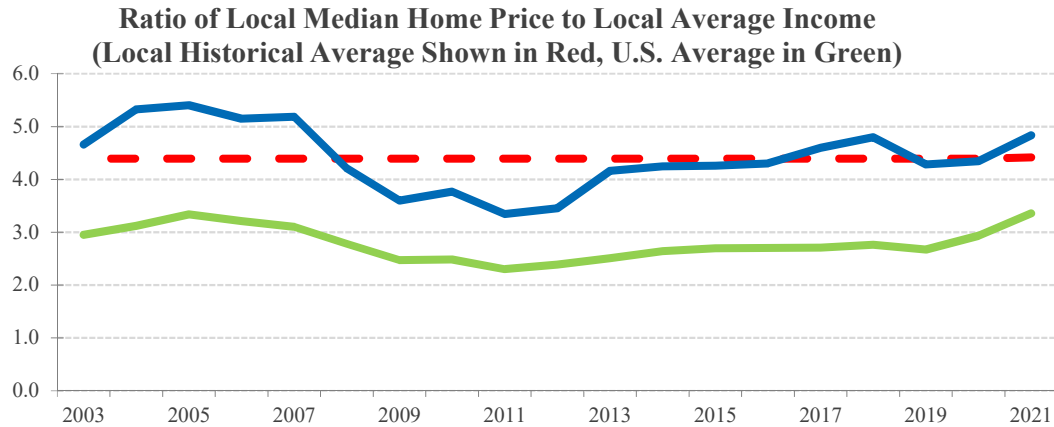


Monthly Mortgage Payment to Income	San Jose	U.S.	
Ratio for 2021	24.3%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q1	30.6%	18.5%	
Historical Average	27.7%	18.1%	Weaker affordability than most markets

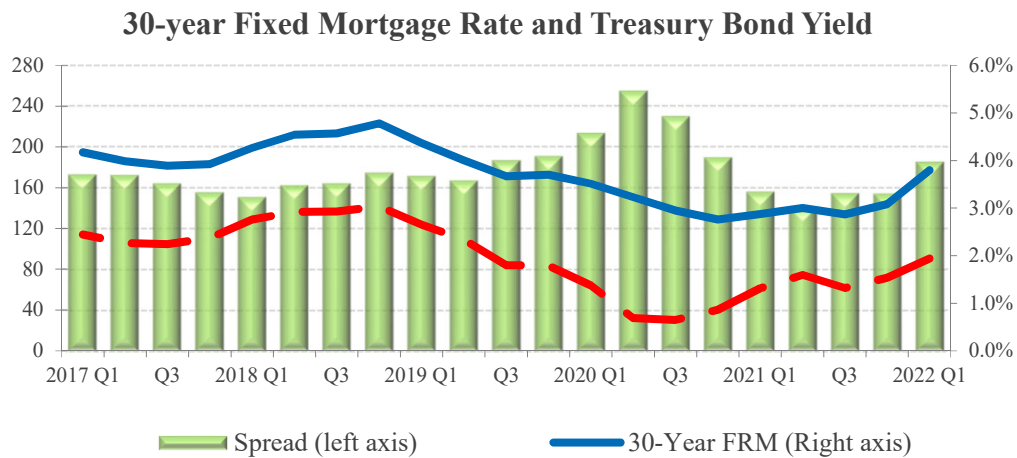
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	San Jose	U.S.	
Ratio for 2021	4.8	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q1	5.5	3.3	
Historical Average	4.4	2.7	Less affordable than most markets



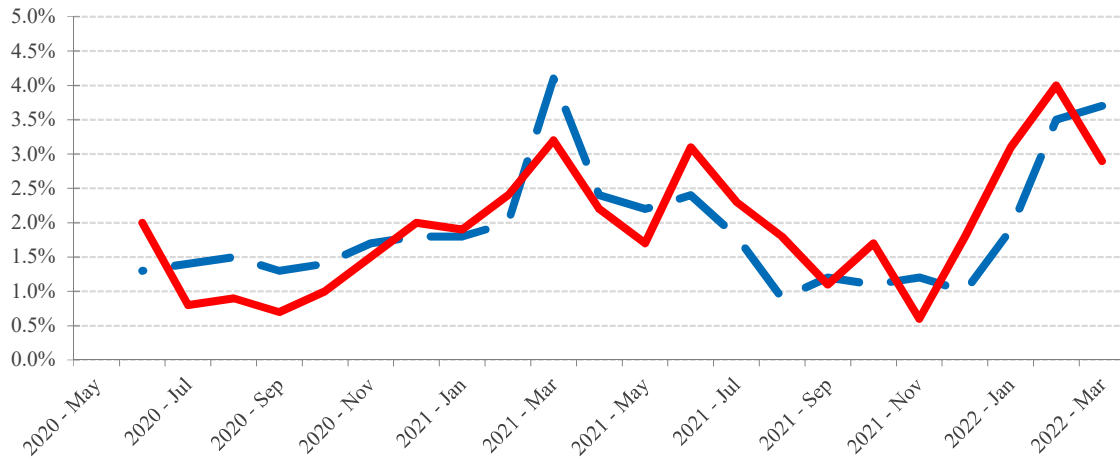
The Mortgage Market



Mortgage rates surged in the first quarter of the year. The war in Ukraine added to upward pressure on inflation. As a result, the Federal Reserve raised its short-term interest rates by 25 basis points in March in its efforts to control elevated inflation. Although the Fed doesn't set up mortgage rates, Fed's actions have a ripple effect. A higher rate for banks tends to make borrowing more expensive for consumers affecting eventually long-term interest rates (such as 10-year Treasury bond). While mortgage rates typically follow the trend of the 10-year Treasury yield, the rate on the conventional 30-year mortgage also tends to rise. Nevertheless, the Fed will continue its tightening policy with additional rate hikes in the following months. Thus, the outlook is for mortgage rates to rise even further. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 3.8 percent in Q1 2022 from 2.9 percent a year earlier. NAR forecasts the 30-year fixed mortgage rate to hover around 5.5 percent in mid-2022.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	California	U.S.	
2022 - Mar	2.1%	3.6%	REALTORS® expect weaker price growth in California than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
Prior 12 months	1.7%	2.2%	

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/