

HUD PD&R Housing Market Profiles

Vallejo-Fairfield, California



Quick Facts About Vallejo-Fairfield

- **Current sales market conditions: slightly soft.**
- **Current rental market conditions: slightly soft.**
- **Current apartment market conditions: tight.**
- **Economic conditions have improved since 2011 after losses from 2005 through 2010. Total nonfarm payrolls increased by 2,700 jobs, or 2.3 percent, during the 3 months ending June 2013 compared with the number of jobs recorded during the 3 months ending June 2012.**



By Elaine Ng | As of July 1, 2013

Overview

The Vallejo-Fairfield metropolitan area, coterminous with Solano County, California, 30 miles northeast of the city of San Francisco, is part of the greater San Francisco Bay Area. The metropolitan area is a bedroom community for people who work in San Francisco because of the relative affordability of housing; approximately 75,000 residents, representing 38 percent of resident employment, work outside the metropolitan area (local sources).

- The estimated population of the Vallejo-Fairfield metropolitan area was 417,600 as of July 1, 2013, reflecting an average annual increase of 1,400, or 0.3 percent, since April 2010; net out-migration has slowed since 2009 because declining home prices enabled more residents to remain in the metropolitan area.
- Population growth averaged only 220 people, or 0.1 percent, annually from 2004 through 2009, because rapid home sales price appreciation in the metropolitan area raised prices closer to those in Contra Costa and Alameda Counties and decreased the incentive to migrate into the metropolitan area.
- Net out-migration has averaged 960 people annually since April 2010, down from an average of 2,400 people annually from 2004 through 2009. For the same periods, net natural increase (resident births minus resident deaths) averaged 2,275 and 3,000 people, respectively.



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Nonfarm job growth in the Vallejo-Fairfield area was led by the education and health services sector and the construction subsector.

	3 Months Ending		Year-Over-Year Change	
	June 2012 (thousands)	June 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	119.1	121.8	2.7	2.3
Goods-producing sectors	17.9	18.7	0.9	4.9
Mining, logging, and construction	7.9	8.7	0.8	10.1
Manufacturing	10.0	10.0	0.1	0.7
Service-providing sectors	101.2	103.1	1.9	1.8
Wholesale and retail trade	20.7	21.1	0.4	1.9
Transportation and utilities	4.6	4.9	0.3	6.5
Information	1.1	1.1	0.0	-2.9
Financial activities	5.0	5.2	0.2	3.3
Professional and business services	8.6	8.7	0.1	1.6
Education and health services	19.1	19.9	0.8	4.0
Leisure and hospitality	13.6	14.0	0.4	2.9
Other services	3.9	4.0	0.1	3.4
Government	24.5	24.1	-0.4	-1.6
	(percent)	(percent)		
Unemployment rate	9.8	7.8		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

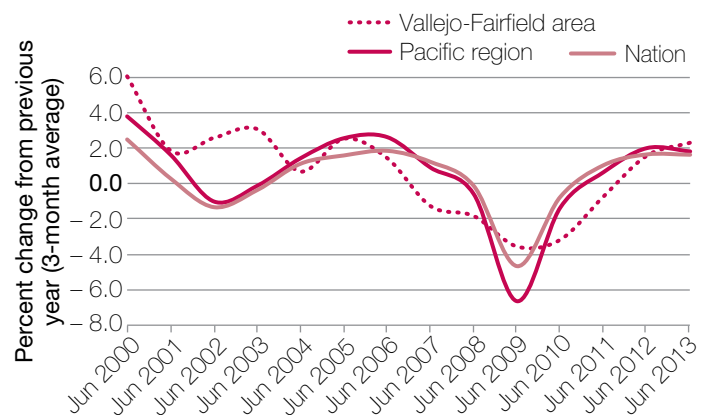
Economic Conditions

Economic conditions began to improve in the Vallejo-Fairfield metropolitan area in 2011 after nonfarm payrolls declined by an average of 2,475 jobs, or 1.9 percent, each year from 2005 through 2010.

During the 3 months ending June 2013—

- Total nonfarm payrolls increased by 2,700 jobs, or 2.3 percent, to 121,800 jobs compared with the number of jobs recorded during the 3 months ending June 2012.
- The education and health services sector and the construction subsector led job growth, adding 800 jobs each, increases of 4.0 and 7.2 percent, respectively.
- The Vallejo Station Parking Garage, which provides 750 parking spaces for commuters to the city of San Francisco, completed the first phase of construction in October 2012, contributing to the addition of 400 construction and wholesale and retail trade sector jobs. The second phase of construction will begin pending funding availability.
- The unemployment rate in the metropolitan area declined to average 7.8 percent from the average of 9.8 percent during the 3 months ending June 2012.

Nonfarm payroll growth during the past 2 years in the Vallejo-Fairfield area was preceded by 5 consecutive years of job losses.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

Largest employers in the Vallejo-Fairfield area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Travis Air Force Base	Government	10,400
Kaiser Permanente®	Education and health services	5,925
County of Solano	Government	2,850

Note: Excludes local school districts.

Source: Solano County Economic Development Corporation

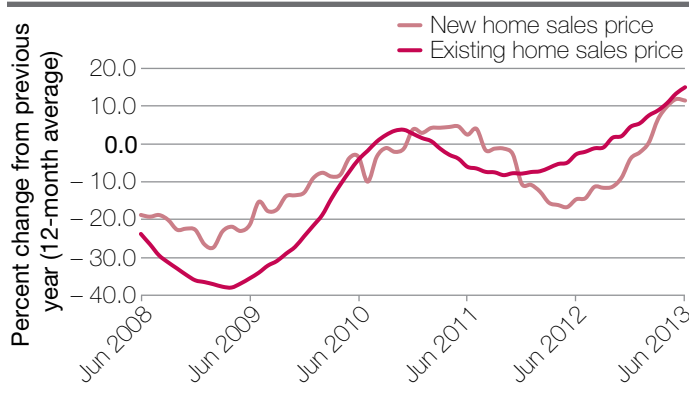
Sales Market Conditions

As of July 1, 2013, the sales housing market in the Vallejo-Fairfield metropolitan area was slightly soft, with an estimated sales vacancy rate of 2.0 percent, down from 2.5 percent in April 2010. During the 12 months ending June 2013, approximately 6,750 new and existing homes sold, down 8 percent from the 7,300 homes sold during the previous 12-month period and down 9 percent from the average of 7,325 homes sold annually from 2009 through 2012 (Core Logic, Inc.). The average home sales price was \$241,900 during the 12 months ending June 2013, a 15-percent increase from the average sales price of \$209,500 during the previous 12-month period but a 14-percent decline from the average sales price of \$276,100 from 2009 through 2012.

- During the 12 months ending June 2013, new home sales increased 9 percent, to 675 homes sold, but existing home sales declined 9 percent, to 6,075 homes sold.
- The decline in existing homes sales is attributable to the decrease in REO (Real Estate Owned) homes sold; during the 12 months ending June 2013, REO sales accounted for 1,075 sales, or 18 percent of all existing sales, down significantly from 2,600 sales, or 39 percent, during the previous 12-month period.
- The average new home sales price increased by \$35,900, or 12 percent, to \$346,900, and the average existing home sales price increased by \$30,200, or 15 percent, to \$230,200.

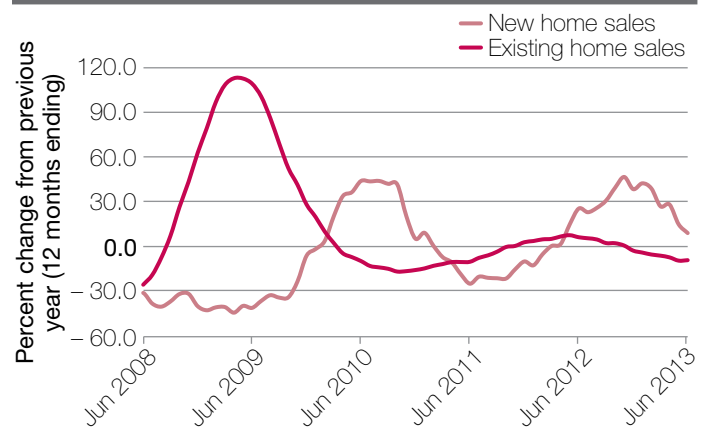
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Average sales prices for new and existing homes increased in the Vallejo-Fairfield area.



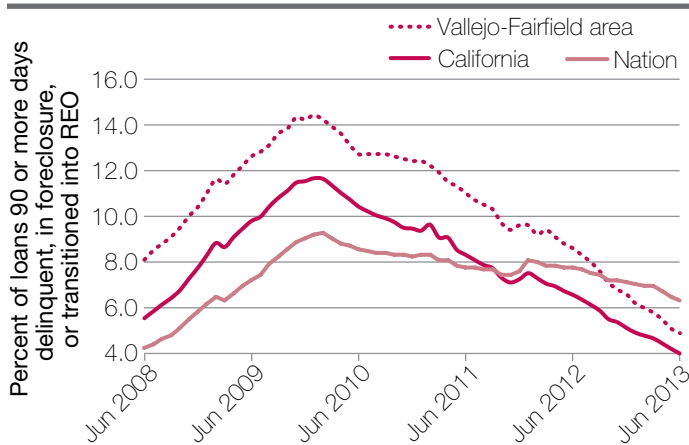
Note: Includes single-family homes, townhomes, and condominiums.
Source: Core Logic, Inc.

New home sales have increased since 2012, but existing home sales have declined slightly since late 2012 in the Vallejo-Fairfield area.



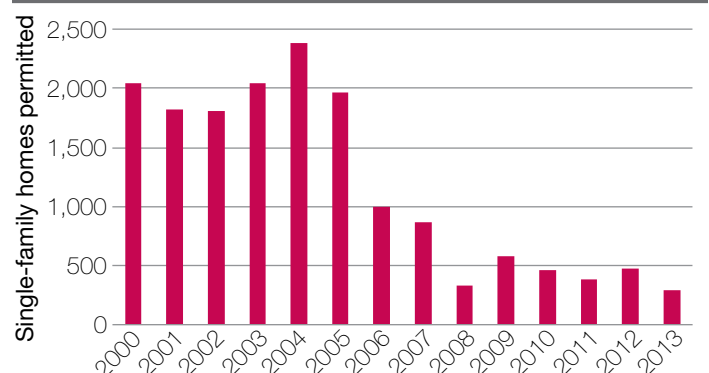
Note: Includes single-family homes, townhomes, and condominiums.
Source: Core Logic, Inc.

Distressed loan rates have declined since early 2010 in the Vallejo-Fairfield area.



REO = Real Estate Owned.
Source: LPS Applied Analytics

Single-family permitting activity in the Vallejo-Fairfield area remained below historical peak levels.



Note: Includes preliminary data from January 2013 through June 2013.
Source: U.S. Census Bureau, Building Permits Survey

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- The metropolitan area is a bedroom community for people who work in San Francisco because of its relative affordability. By comparison, the average sales price in the city of San Francisco during the 12 months ending June 2013 was \$951,700, almost 300 percent higher than the average sales price in the Vallejo-Fairfield metropolitan area during the same period.
- As of June 2013, 4.9 percent of home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 8.6 percent in June 2012 (LPS Applied Analytics).

Single-family homebuilding, as measured by the number of single-family homes permitted, increased only slightly during the 3 months ending June 2013 because of continued soft sales market conditions.

- During the 3 months ending June 2013, 180 single-family homes were permitted in the metropolitan area, up from 140 single-family homes permitted during the same period a year ago (preliminary data).
- An average of 140 homes were permitted annually during the 3-month periods ending in June from 2009 through 2012.
- North Village, a master-planned community of 500 single-family homes currently under construction in the city of Vacaville, is expected to be complete within the next 5 years; approximately one-half of the homes are complete, with prices starting at \$418,500.

Rental Market Conditions

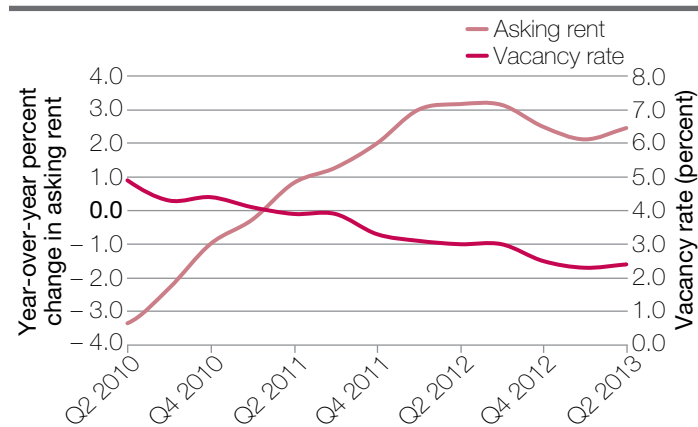
The rental housing market in the Vallejo-Fairfield metropolitan area is slightly soft but improving because low levels of multifamily construction in 2011 and 2012 contributed to declining vacancy rates.

- The estimated overall rental vacancy rate as of July 1, 2013, was 6.5 percent, down from 7.7 percent in April 2010.
- Single-family homes accounted for approximately 25 percent of all rental units in the metropolitan area in 2011, up from 19 percent in 2007 (2011 and 2007 American Community Survey 1-year data).
- The apartment market is tight, with a vacancy rate of approximately 2.5 percent in the second quarter of 2013, down from approximately 3.0 percent in the second quarter of 2012 (analyst estimates).
- The average asking rent was approximately \$1,200 during the second quarter of 2013, up 3 percent from the second quarter of 2012.

Multifamily construction, as measured by the number of units permitted, increased during the 3 months ending June 2013 after 2 years of inactivity.

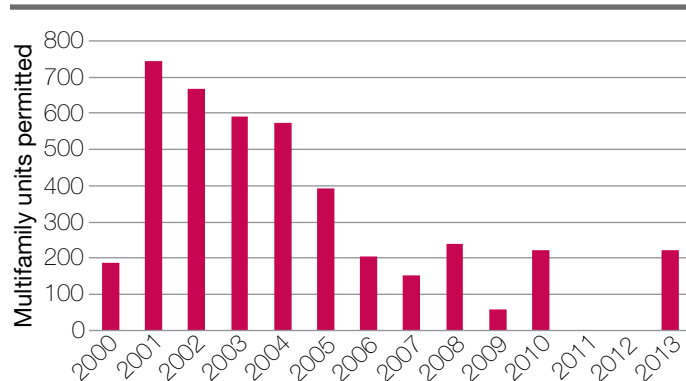
- During the 3 months ending June 2013, approximately 220 units were permitted compared with the zero units permitted during the 3 months ending June 2012 and the 3 months ending June 2011 (preliminary data).
- An average of 170 multifamily units were permitted each year from 2008 through 2010.
- An increasing number of single-family homes have been made available for rent since 2010 because of high foreclosure activity.
- The Quinn Crossing, a 222-unit apartment complex in the city of Vacaville, was recently permitted and is expected to begin construction soon. Information on estimated construction and completion timelines and rents is not yet available.

Apartment market rents increased and vacancies declined in the Vallejo-Fairfield area.



Source: Estimates by analyst

Multifamily construction rebounded after 2 years of inactivity in the Vallejo-Fairfield area.



Note: Includes preliminary data from January 2013 through June 2013.

Source: U.S. Census Bureau, Building Permits Survey