

HUD PD&R Housing Market Profiles

Sacramento—Arden-Arcade—Roseville, California



Quick Facts About Sacramento— Arden-Arcade—Roseville

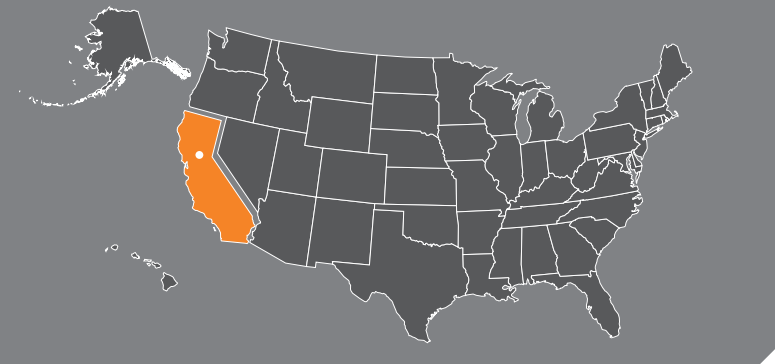
- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **Because of the presence of the University of California, Davis (UC Davis) and because the city of Sacramento is the state capital, the state government subsector accounts for 13 percent of total nonfarm payrolls.**

By Pamela Leong | As of May 1, 2013

Overview

Located in the northern part of California's Central Valley, the Sacramento—Arden-Arcade—Roseville metropolitan area (hereafter, the Sacramento metropolitan area) comprises four counties. Sacramento County is the most populous county in the metropolitan area, with 66 percent of the total population. El Dorado and Placer Counties, which extend to the Nevada border, include part of the mountain resort area of Lake Tahoe. Yolo County includes UC Davis, which, as the largest employer in the metropolitan area, generates an economic impact of nearly \$7 billion.

- The estimated population of the metropolitan area was 2.20 million as of May 1, 2013, reflecting an average annual increase of 16,000, or 0.7 percent, since the 2010 Census.
- Because of the slow economic recovery, which began in the fall of 2011, only 20 percent of the population gain since 2010 was the result of net in-migration, which averaged 3,225 people annually.
- As nonfarm payroll jobs decreased in the middle of the decade, net in-migration declined. Net in-migration averaged 35,200 people annually from 2000 through 2004, 14,200 people annually from 2005 through 2007, and 7,025 people annually from 2008 through 2010. Overall, net in-migration comprised 60 percent of the total population gain from 2000 to 2010.



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Nonfarm payrolls were up 1.4 percent in the Sacramento area.

	3 Months Ending		Year-Over-Year Change	
	April 2012 (thousands)	April 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	815.1	826.5	11.5	1.4
Goods-producing sectors	68.0	69.2	1.2	1.8
Mining, logging, and construction	34.9	34.6	-0.3	-1.0
Manufacturing	33.1	34.7	1.6	4.7
Service-providing sectors	747.1	757.3	10.2	1.4
Wholesale and retail trade	113.9	117.5	3.6	3.2
Transportation and utilities	20.9	22.2	1.3	6.1
Information	15.6	14.7	-1.0	-6.2
Financial activities	47.2	47.6	0.4	0.8
Professional and business services	106.9	112.9	5.9	5.5
Education and health services	105.3	107.5	2.2	2.1
Leisure and hospitality	83.4	84.2	0.7	0.9
Other services	28.3	27.1	-1.2	-4.1
Government	225.4	223.7	-1.8	-0.8
Unemployment rate	10.8%	8.9%		

Notes: Data reported in thousands. Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

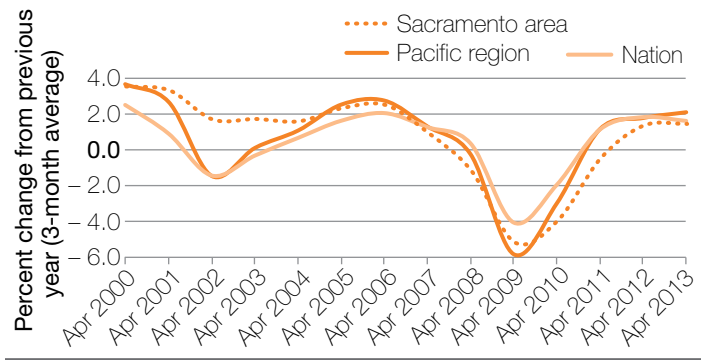
Economic Conditions

Economic conditions in the Sacramento metropolitan area have improved since the third quarter of 2011.

During the 3 months ending April 2013—

- Nonfarm payrolls increased by 11,500 jobs, or 1.4 percent, to average 826,500 jobs compared with the 3 months ending April 2012.
- The professional and business services sector posted the greatest increase, gaining 5,900 jobs, or 5.5 percent, to average 112,900 jobs. The wholesale and retail trade sector posted the second greatest increase, gaining 3,600 jobs, or 3.2 percent, to average 117,500 jobs.
- Several sectors contracted, led by the government sector's decline of 1,800 jobs, or nearly 1.0 percent, to average 223,700 jobs. The state government subsector, however, posted a modest gain of 400 jobs, or 0.4 percent, to average 109,700 jobs during the same period. Additional sectors that reported declining employment included the other services sector, down 1,200 jobs, or 4.1 percent, and the information sector, down 1,000 jobs, or 6.2 percent.
- The average unemployment rate was 8.9 percent, down from 10.8 percent in the same 3-month period in 2012.

Nonfarm payrolls have been increasing in the Sacramento area at a slower rate than the regional and national levels.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Sacramento area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of California, Davis	Government	29,200
UC Davis Medical Center	Education and health services	5,000–9,999
Intel Corporation	Manufacturing	5,000–9,999

Note: Excludes local school districts.
Source: America's Labor Market Information System Employer Database, 2013, 2nd edition

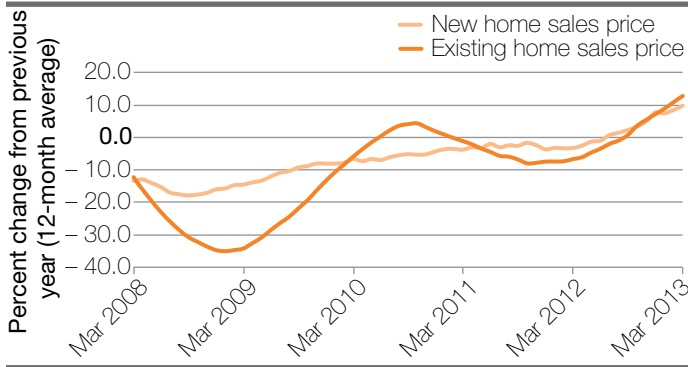
Sales Market Conditions

The sales housing market in the Sacramento metropolitan area remains slightly soft, with an estimated 2.0-percent vacancy rate, an improvement compared with the 2.4-percent vacancy recorded in 2010. Existing home sales (including single-family homes, townhomes, and condominiums) totaled 36,900 homes sold during the 12 months ending March 2013, reflecting a 3-percent increase from the 35,900 homes sold during the same period in 2012 (CoreLogic, Inc.). By comparison, an average of 34,500 existing homes sold annually from 2008 through 2010. Changes in the average sales prices of short sales, REO (Real Estate Owned) sales, and regular

resales varied in the metropolitan area, with the average price for REO sales and regular resales increasing by 16 and 7 percent, to \$189,600 and \$276,000, respectively. The average sales price of a short sale declined 5 percent, to \$205,300, during the same period. Sales activity for new homes in the metropolitan area has been improving since mid-2012. New home sales totaled 2,500 during the 12 months ending March 2013, up 28 percent from the 1,950 homes sold during the same period in 2012. By comparison, an average of 3,175 new homes sold annually from 2008 through 2010. The average sales price of a new home increased 10 percent, to \$316,400, in the 12 months ending March 2013.

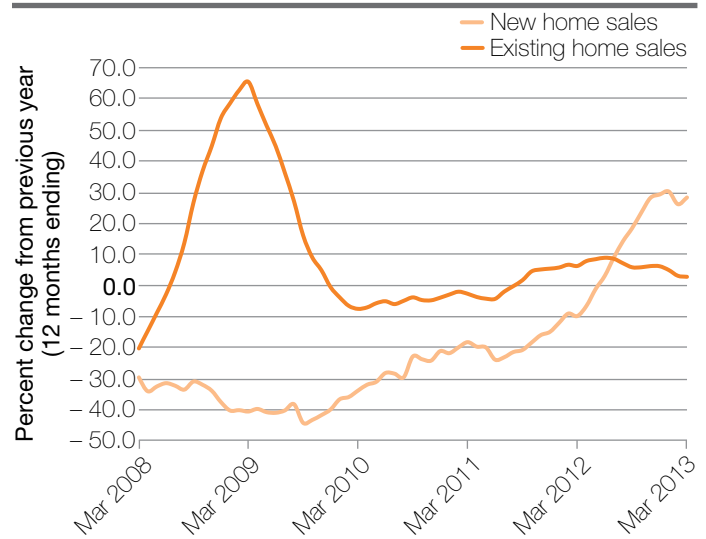
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During the 12 months ending March 2013, new home sales prices increased 10 percent and existing home prices increased 13 percent in the Sacramento area.



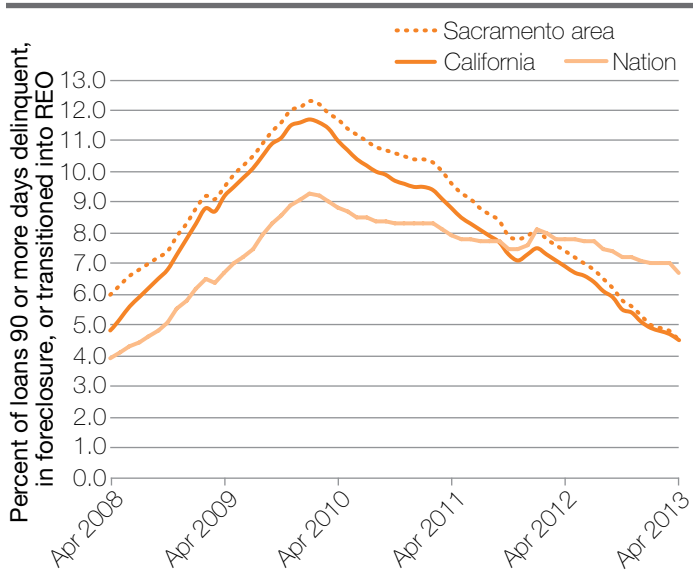
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

Existing home sales have flattened, whereas new home sales have continued to increase in the Sacramento area.



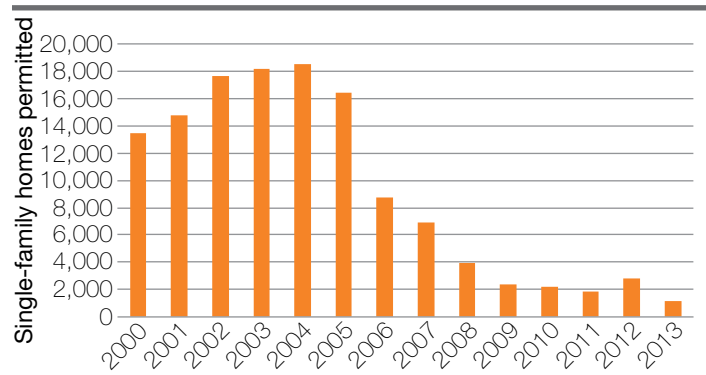
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

Aided by improving economic conditions, foreclosure activity continued to decline in the Sacramento area.



REO = Real Estate Owned. Source: LPS Applied Analytics

The number of single-family homes permitted during the first 4 months of 2013 exceeded the number of homes permitted during the same periods in 2009 through 2012 in the Sacramento area.



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



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During the 12 months ending March 2013—

- Existing home sales increased in all four counties in the metropolitan area, with the greatest change occurring in El Dorado County, where existing home sales increased 14 percent, to 4,075 homes sold.
- Approximately 60 percent of the gain in new home sales originated in Sacramento County, where the sales of new homes increased from 1,025 homes sold during the 12 months ending March 2012 to 1,350 homes sold.
- Short sales and REO sales comprised 43 percent of all existing home sales in the metropolitan area, down from the 58-percent share in the same period in 2012.
- The percentage of total home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO was 4.5 percent in April 2013, down from 7.4 percent in April 2012 and 9.6 percent in April 2011.

In response to the recent improvements in employment conditions and sales activity, builders increased construction of new homes.

- During the 3 months ending April 2013, permits were issued for 870 single-family homes, up nearly 70 percent from the 520 homes permitted in the same 3-month period in 2012 (preliminary data). By comparison, an average of 480 single-family homes were permitted during the corresponding 3-month periods from 2009 through 2011.
- Two builders recently began sales of new phases in existing subdivisions. Standard Pacific Homes is selling 101 homes, with prices starting at \$454,000, at Manzanita in Rocklin, and Elliott Homes is offering 98 homes, with prices starting at \$343,000, at Chelsea in Lincoln.
- No new condominiums have been built since 2010; condominiums comprised approximately 20 percent of all multifamily building activity from 2000 through 2009.

Apartment Market Conditions

The apartment market in the Sacramento metropolitan area is balanced compared with the softer conditions of the overall rental housing market, which has an estimated 7.4-percent vacancy rate, down from the 8.0-percent rate in 2010.

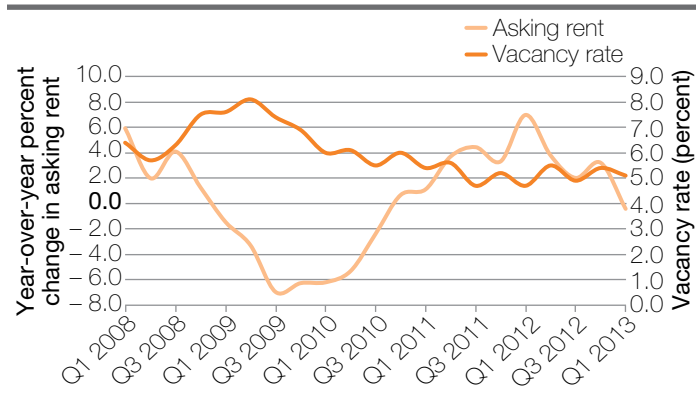
During the first quarter of 2013—

- The apartment rental vacancy rate was 5.1 percent, up from 4.7 percent in the first quarter of 2012 but down from 7.6 percent in the first quarter of 2009 (MPF Research).
- Market-rate rents averaged \$960, unchanged from the first quarter of 2012.

- Average rents by number of bedrooms were \$820 for a one-bedroom unit, \$990 for a two-bedroom unit, and \$1,375 for a three-bedroom unit.
- The tightest submarkets were in Yolo and Placer Counties, where apartment vacancy rates were 2.2 and 4.7 percent, respectively.
- With a student enrollment of 33,300 in the fall of 2012, UC Davis provides a stable source of rental demand in Davis, which has the largest apartment market in Yolo County. The university is currently constructing 1,700 additional units of student housing, with completion anticipated by the fall of 2014.

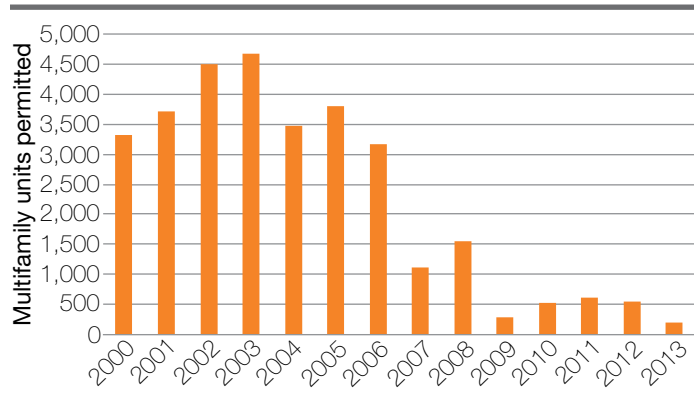
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Apartment rents have averaged \$960 since the first quarter of 2012, and apartment vacancy rates have averaged 5.4 percent since the first quarter of 2010 in the Sacramento area.



Source: MPF Research

Multifamily permitting levels have remained low since 2009 in the Sacramento area.



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

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



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Multifamily development activity, as measured by the number of units permitted, slowed to an average annual level of 1,350 units permitted from 2007 through 2008 after averaging 3,800 units permitted a year from 2000 through 2006. Multifamily development activity has since declined further and averaged 500 units annually from 2009 to 2012. Approximately 70 percent of current construction is concentrated in the city of Sacramento.

- During the 3 months ending April 2013, permits were issued for 190 multifamily units, up 27 percent from the 150 units permitted in the same 3-month period in 2012 (preliminary data).
- By comparison, permits were issued for an average of 190 multifamily units during the corresponding 3-month periods from 2009 through 2011.
- Approximately 780 apartment units are under construction in the Downtown and Midtown districts in the city of Sacramento.
- In the city of Sacramento, the 84-unit East End Gateway Apartments and the 270-unit Tower Bridge Commons are market-rate infill projects expected to be complete by the summer of 2013 and the spring of 2014, respectively.
- Development of the 65-acre Township 9 mixed-use development in the new Sacramento River District commenced with the construction of the 180-unit Cannery Place, which is anticipated to be complete by the spring of 2014.

