C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

Anaheim-Santa Ana-Irvine, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2014

Housing Market Area

The Anaheim-Santa Ana-Irvine Housing Market Area (hereafter, the Anaheim HMA) is coterminous with the Anaheim-Santa Ana-Irvine, CA Metropolitan Division, which comprises Orange County, California, and is part of the greater Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area. For purposes of this analysis, the HMA is divided into the North submarket, encompassing the cities of Anaheim and Santa Ana, and the South submarket, encompassing relatively newer cities such as Irvine. The Anaheim HMA is a center for tourism, health care, and the production of medical technology in southern California, a 10-county region that stretches along the coast from San Luis Obispo to the Mexico border.

Market Details

Summary

Economy

Economic conditions have improved in the Anaheim HMA since 2010. Nonfarm payrolls increased by 27,700 jobs, or 1.9 percent, to nearly 1.48 million jobs during the 12 months ending October 2014, with the most significant growth occurring in the mining, logging, and construction, the professional and business services, the education and health services, and the leisure and hospitality sectors. Nonfarm payrolls are expected to grow an average of 1.8 percent a year during the 3-year forecast period, led by expansions in industries related to health care, tourism, business services, and construction.

Sales Market

Sales housing market conditions in the HMA are balanced, with an estimated 1.1-percent vacancy rate, down from 1.4 percent in 2010. During the next 3 years, demand is estimated for 12,150 new homes, with nearly 60 percent of the demand expected in the South submarket (Table 1). The 1,050 homes under construction in the HMA and a portion of the 21,100 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are currently slightly tight, and the vacancy rate is estimated at 4.5 percent. Since 2010, the increase in renter households has outpaced the construction of rental units and the conversion of single-family homes, townhomes, and condominiums to rental units. During the forecast period, demand in the HMA is expected for 11,425 new market-rate rental units; the approximately 4,800 rental units currently under construction will meet a portion of that demand (Table 1).

Table 1. Housing Demand in the Anaheim HMA* During the Forecast Period

	Anaheim HMA*		North Submarket		South Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	12,150	11,425	4,975	4,475	7,175	6,950
Under construction	1,050	4,800	270	1,600	780	3,200

**Anaheim-Santa Ana-Irvine HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2014. A portion of the estimated 21,100 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2014, to November 1, 2017.

Source: Estimates by analyst

Economic Conditions

The Anaheim HMA serves as an employment center in southern California for tourism, health care, and the production of medical technology. During the 12 months ending October 2014, economic conditions in the HMA strengthened and nonfarm payrolls increased by 27,700 jobs, or 1.9 percent, from the previous 12 months, to nearly 1.48 million jobs (Table 2). Notable expansions occurred in the mining, logging, and construction, the professional and business services, the education and health services, and the leisure and hospitality sectors, which increased by a combined 24,600 jobs, or 3.5 percent, and accounted for 89 percent of the total net gain in jobs. The overall nonfarm payroll gain was partly offset by declines in the financial activities and manufacturing sectors, the only sectors with job losses, down by 2,800 and 500 jobs, or 2.5 and 0.3 percent, respectively. The overall decline in the manufacturing sector was led by 450 layoffs at The Boeing Company in Huntington Beach, in the North submarket. Despite the decline, Boeing remains one of the largest employers in the HMA, with 6,900 employees (Table 3). In the financial activities sector, an improvement in the economy during the past year bolstered the sales housing market and reduced the number of jobs needed to service delinquent mortgages, causing an overall reduction in jobs in the sector. Wells Fargo & Company, JPMorgan Chase, and Pacific Mercantile Bank reduced employment in the HMA by a combined 600 jobs during the past year.

As economic conditions improved, the average unemployment rate declined to 5.5 percent during the 12 months ending October 2014, down from 6.5 percent during the previous 12 months. The current unemployment rate is below the 7.8-percent average rate for California and the 6.4-percent rate for the nation. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate in the HMA since 2000.

Since 2000, the Anaheim HMA economy has contracted twice. The first contraction occurred during 2002, after the national collapse in the technology industry, when nonfarm payrolls declined by 9,300 jobs, or 0.7 percent. Nearly 60 percent of

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Anaheim HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2013	October 2014		
Total nonfarm payroll jobs	1,450,000	1,477,700	27,700	1.9
Goods-producing sectors	234,500	241,100	6,600	2.8
Mining, logging, & construction	76,700	83,700	7,000	9.1
Manufacturing	157,900	157,400	– 500	– 0.3
Service-providing sectors	1,215,400	1,236,600	21,200	1.7
Wholesale & retail trade	224,300	227,000	2,700	1.2
Transportation & utilities	27,900	28,100	200	0.7
Information	25,200	25,900	700	2.8
Financial activities	112,400	109,600	– 2,800	– 2.5
Professional & business services	264,400	271,000	6,600	2.5
Education & health services	181,000	187,200	6,200	3.4
Leisure & hospitality	186,800	191,600	4,800	2.6
Other services	45,300	47,000	1,700	3.8
Government	148,200	149,200	1,000	0.7

*Anaheim-Santa Ana-Irvine HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through October 2013 and October 2014.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Anaheim HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The Walt Disney Company	Leisure & hospitality	26,000
University of California, Irvine	Government	22,250
St. Joseph Health	Education & health services	12,050
The Boeing Company	Manufacturing	6,900
Kaiser Permanente®	Education & health services	6,050
Bank of America Corporation	Financial activities	6,000
Wal-Mart Stores, Inc.	Wholesale & retail trade	6,000
MemorialCare Health System	Education & health services	5,625
California State University, Fullerton	Government	4,950
Cedar Fair, L.P.	Leisure & hospitality	4,800

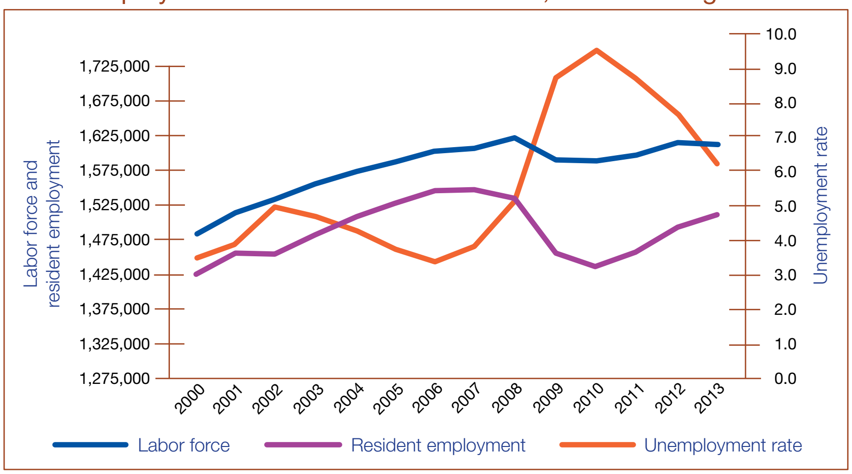
*Anaheim-Santa Ana-Irvine HMA.

Note: Excludes local school districts.

Source: 2014 Orange County Business Journal the net decline in nonfarm payrolls in the HMA resulted from layoffs at companies involved in the production of high technology. The computer and electronic product manufacturing industry declined by 5,300 jobs, or 10.7 percent. The second contraction occurred from the end of 2006 through 2010, when the economy lost an average of 39,600 jobs a year as a result of the collapse of the housing and financial markets, and nonfarm payrolls reached a decade-low 1.37 million jobs in 2010. During this time, 86 percent of the losses were concentrated in the mining, logging, and construction, the financial activities, the manufacturing, and the professional and business services sectors.

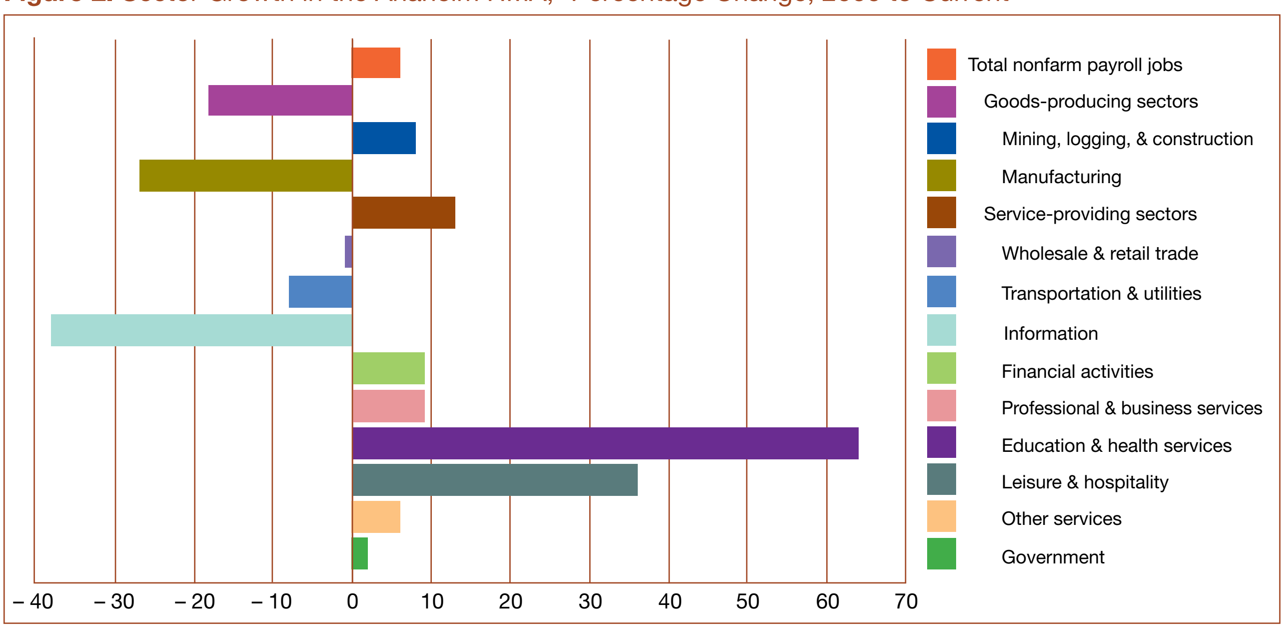
Since the most recent economic contraction, nonfarm payroll growth in the HMA has accounted for a greater share of the overall payroll growth in southern California. The HMA has accounted for 17 percent of the region's payroll growth since 2010 compared with 10 percent during the 2000s. Nonfarm payroll growth in the HMA has averaged 29,100 jobs, or 2.1 percent, annually since the end of 2010, more than during the period from 2000 through 2006, when nonfarm payrolls increased by an average of 22,400 jobs, or 1.5 percent, annually. Figure 2 shows nonfarm payroll growth by sector since 2000.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Anaheim HMA,* 2000 Through 2013



**Anaheim-Santa Ana-Irvine HMA.*
Source: U.S. Bureau of Labor Statistics

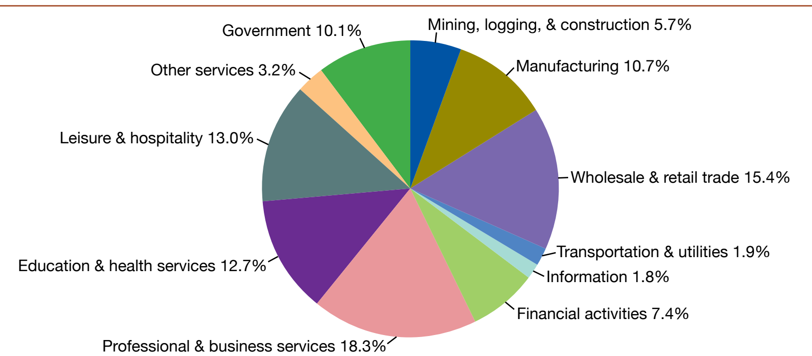
Figure 2. Sector Growth in the Anaheim HMA,* Percentage Change, 2000 to Current



**Anaheim-Santa Ana-Irvine HMA.*
Note: Current is based on 12-month averages through October 2014.
Source: U.S. Bureau of Labor Statistics

The HMA is one of the most popular tourist destinations in the nation. It is home to 42 miles of beaches; the largest exhibition facility on the West Coast, the 1.6 million-square-foot Anaheim Convention Center; and two of the busiest amusement parks in the world, Disneyland and Disney California Adventure Park. In 2013, the HMA received 45 million visitors who spent approximately $9.6 billion, up from 44 million visitors who spent $8.7 billion in 2012 (Anaheim/Orange County Visitor & Convention Bureau). In 2013, the total number of visitors returned to prerecession levels and spending was higher than in any year since 2000. The leisure and hospitality sector is currently the third largest sector in the HMA economy, supporting 157,000 jobs in the tourism industry and accounting for 13 percent of all nonfarm payrolls (Figure 3). The Walt Disney Company and Cedar Fair, L.P., owner of the Knott's Berry Farm amusement park, are among the largest employers in the sector, with 26,000 and 4,800 employees, respectively. Since 2000, approximately 58 percent of total nonfarm payroll gains in the HMA have occurred in the leisure and hospitality sector. Apart from an average decline of 3,900 jobs, or 2.2 percent, annually during 2009 and 2010, payrolls in the sector grew steadily during most of the 2000s, increasing by an average annual rate of 4,500 jobs, or 2.9 percent. During the 12 months ending October 2014, payrolls in the leisure and hospitality sector increased by 4,800 jobs, or 2.6 percent, compared with the increase of 7,200 jobs, or 4.0 percent, during the previous 12-month period. An increase in employment at The Walt Disney Company by 1,000 jobs, or 4.0 percent, during the past year contributed to the overall gain in the sector. Apart from growth at The Walt Disney Company, more than 50 percent of the increase in the sector during the 12 months ending October 2014 was in the accommodation and food services industry. An increase in hotel occupancy during the past year from 74 to 77 percent spurred hotel construction activity in the HMA. Projects under way include the $250 million Great Wolf Lodge in the North submarket, consisting of a 603-room hotel and a water park expected to be complete in early 2016, adding 600 jobs. In addition, the construction of the first of two luxury hotels in the Anaheim GardenWalk, near Disneyland, is expected to start in 2015, with completion anticipated in 2016. The second hotel, with 350 rooms, is expected to start construction in November 2019. Both hotels are expected to add 1,300 jobs in the leisure and hospitality sector when completed.

Figure 3. Current Nonfarm Payroll Jobs in the Anaheim HMA,* by Sector



**Anaheim-Santa Ana-Irvine HMA.*
Note: Based on 12-month averages through October 2014.
Source: U.S. Bureau of Labor Statistics

The professional and business services sector is the largest sector in the Anaheim HMA. The significance of technology, medicine, and education, particularly at the University of California, Irvine, supports growth in the sector through the innovation of high technology, predominantly in the fields of biotechnology and electronic and integrated circuit chips. During the 12 months ending October 2014, payrolls in the professional and business services sector increased by 6,600 jobs, or 2.5 percent, down from the 7,300-job, or 2.9-percent, increase during the previous 12-month period. Nonfarm payroll growth in the sector was a significant improvement from the average annual loss of 11,200 jobs, or 4.1 percent, from the end of 2007 through 2009. Employment growth in the past year was partly the result of expansions in the professional, scientific, and technical services industry, which increased by 4,500 jobs, or 3.9 percent. Companies that are involved in high technology include those in the development of electronic and integrated circuit chips and biotechnology, and they are concentrated in the South submarket, in Aliso Viejo and Irvine. The electronic and integrated circuit chip industry added approximately 250 jobs during the past year. Employers in the industry include Broadcom Corporation and Tower Semiconductor Ltd., with 2,400 and 730 employees, respectively. Payroll increases in the professional and business services sector are expected to continue during the next 3 years. Alta Resources is planning to hire 700 workers in Brea, in the North submarket, during the next year; Avanir Pharmaceuticals Inc., with 290 employees, plans to more than double the size of its headquarters in Aliso Viejo by 2016. Employment announcements for jobs in the high-technology industry totaled approximately 3,000 during October 2014, 3 percent more than the 2,900 jobs announced a year ago (California Employment Development Department).

Orange County is the third most populated county in California, after Los Angeles and San Diego Counties. The concentration of people in the HMA supported growth in the education and health services sector. Since 2000, payrolls in the education and health services sector have increased by an average of 5,300 jobs, or 3.6 percent, annually and accounted for 83 percent of the total net increase in nonfarm payrolls. During the 12 months ending October 2014, the sector added 6,200 jobs, a 3.4-percent increase compared with an increase of 8,800 jobs, or 5.1 percent, during the previous 12 months. Approximately two-thirds of the growth in the education and health services sector during the 12 months ending October 2014 was in the health care and social assistance industry, in which additional growth is expected during the next 3 years. The health care and social assistance industry employs approximately 11 percent of the HMA workforce. The largest private employers include St. Joseph Health, Kaiser Permanente®, and MemorialCare Health System, with 12,050, 6,050, and 5,625 employees, respectively. Recently completed developments include the $185 million Neuroscience & Spine Institute at Mission Hospital that opened in September 2014, hiring 120 employees. UnitedHealth Group Inc. and St. Joseph announced 1,090 combined job openings as of October 2014. In addition, employment announcements for registered nurses throughout the Anaheim HMA totaled approximately 1,750 as of October 2014, 32 percent more than the 1,325 jobs announced a year ago (California Employment Development Department).

The mining, logging, and construction sector added the most jobs, 7,000, during the 12 months ending October 2014, up 9.1 percent compared with the increase of 5,500 jobs, or 7.7 percent, during the previous 12-month period. Despite the recent growth, payrolls in the mining, logging, and construction sector have not fully recovered from the Great Recession. From the end of 2007 through 2010, jobs in the sector declined by an average of 9,700, or 9.8 percent, a year, and approximately 95 percent of the decline was in the construction subsector. The reduction in jobs in the construction subsector partly resulted from a decline in home construction during the period. Since 2000, the construction subsector has accounted for 95 percent or more of the change in employment in the mining, logging, and construction sector. Payroll growth in the construction subsector is expected to continue during the next 3 years. The $50 million expansion of the Hoag Memorial Hospital Presbyterian medical office complex, hotel construction near Disneyland, and hotel construction near the Anaheim Convention Center are expected to add approximately 1,700 construction jobs during the next year.

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.8 percent, or by 27,100 jobs, annually, with the most additions expected to occur in industries related to health care, tourism, business services, and construction. Approximately 60 percent of nonfarm payroll growth is expected to occur in the North submarket, predominately in the cities of Anaheim, Orange, and Santa Ana. Nonfarm payroll growth in the South submarket is expected to be concentrated in the city of Irvine.

Population and Households

The Anaheim HMA accounts for 13 percent of the total population in southern California. The city of Santa Ana is the county seat of Orange County and the second largest city in the HMA, with 332,000 residents, after the city of Anaheim, with 348,300 residents as of January 2014 (California Department of Finance). Other large population centers include Irvine and Mission Viejo in the South submarket and Fullerton, Huntington Beach, and Orange in the North submarket.

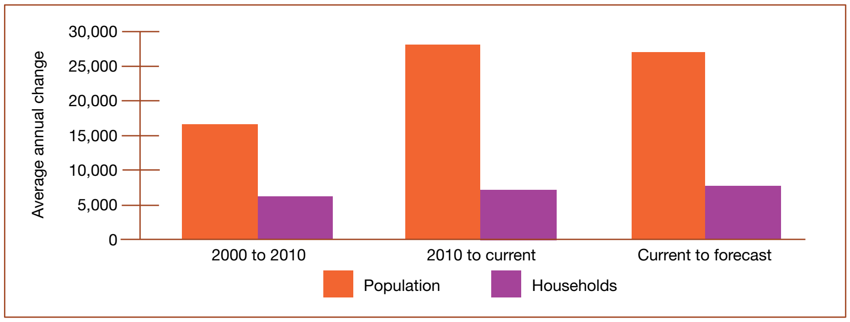
The population of the Anaheim HMA is estimated at nearly 3.14 million as of November 1, 2014. In the North and South submarkets, the current populations are estimated at 2.07 and 1.07 million, respectively. Population growth in the HMA was relatively strong from 2000 to 2003, when population increased by an average of 28,600, or 1.0 percent. The North and South submarket populations increased by nearly the same average annual amount, 14,400 and 14,200, respectively, from 2000 to 2003, but the rates of increase differed: 0.7 and 1.6 percent, respectively. The higher rate of growth in the South submarket reflects net in-migration that averaged 5,825 people a year because of more readily developable land for housing compared with the North submarket, which is built out, limiting growth and housing choices. The North submarket had a net out-migration that averaged 4,450 people a year. All the growth in the North submarket and 59 percent of growth in the South submarket from 2000 to 2003 was attributed to net natural change (resident births minus resident deaths).

From 2003 to 2007, lenient mortgage lending standards provided households, particularly in the North submarket, with an incentive to move outside of the HMA, and many purchased homes in neighboring Riverside and San Bernardino Counties, where average home prices were approximately $350,000 lower than in the HMA. During this period, net out-migration from the North submarket reached a decade-high average of 28,250 people a year. The availability of financing also enabled households from neighboring Los Angeles and San Diego Counties to purchase homes in the newest neighborhoods in the South submarket. Net in-migration to the South submarket peaked at an average of 10,950 people a year. Overall, however, population growth in the HMA slowed to an average of 6,525 people a year from 2003 to 2007 because of net out-migration from the North submarket. Population growth averaged 17,150 people, or 0.6 percent, a year from 2007 to 2010 as economic conditions declined. During this period, fewer people moved out of the HMA overall, but net out-migration did occur in both the North and the South submarkets. In the North submarket, population growth averaged 10,750 people, or 0.5 percent, annually, with net out-migration averaging 7,450 people a year and net natural change averaging 18,200 people a year. In the South submarket, population growth averaged 6,400 people, or 0.7 percent, a year, with net out-migration and net natural change averaging 850 and 7,250 people a year, respectively.

Since 2010, growth in the population has improved from previous years in both submarkets, increasing by averages of 12,350 and 15,500 people, or 0.6 and 1.5 percent, annually, in the North and South submarkets, respectively. Fewer people migrated out of the North submarket as employment conditions strengthened, and the number of people migrating to the South submarket increased. Part of the increase in net in-migration resulted from growth in international in-migration, from 5,925 people in 2010 to 15,600 by 2013 (California Department of Finance). Since 2010, net in-migration in the South submarket has averaged 9,850 people a year and net natural change has averaged 5,650 people a year. In the North submarket, net out-migration continued, averaging 2,250 people a year, and net natural change averaged 14,600 a year. Overall, population growth in the Anaheim HMA has averaged 27,900 people, or 0.9 percent, a year since 2010.

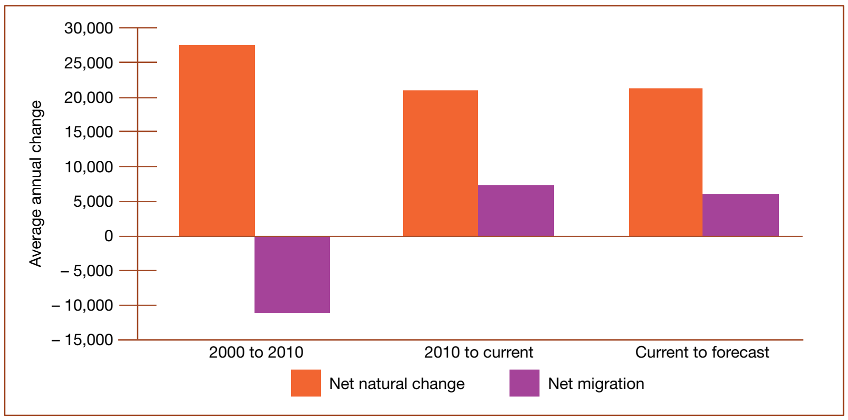
During the next 3 years, population growth in the North submarket is expected to slow slightly to an average of 11,000 people, or 0.5 percent, a year and in the South submarket is expected to accelerate to an average of 15,650 people, or 1.4 percent, a year. In the HMA as a whole, the population is expected to increase by an average of 26,650, or 0.8 percent, a year during the 3-year forecast period because of a slight slowing of growth in the North submarket. The population of the HMA is expected to reach nearly 3.22 million by the end of the forecast period. Figure 4 shows population and household growth in HMA, and Figure 5 shows the components of population change in the HMA, from 2000 to the forecast date.

Figure 4. Population and Household Growth in the Anaheim HMA,* 2000 to Forecast



*Anaheim-Santa Ana-Irvine HMA.
Notes: The current date is November 1, 2014. The forecast date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Anaheim HMA,* 2000 to Forecast



*Anaheim-Santa Ana-Irvine HMA.
Notes: The current date is November 1, 2014. The forecast date is November 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

The number of households in the HMA has increased by 7,025, or 0.7 percent, annually since 2010, up from the average increase of 5,750, or 0.6 percent, annually during the 2000s. Higher levels of household growth in the HMA than during the 2000s resulted from greater household growth in the North submarket and a reduction in the number of households migrating from the HMA. The number of households in the North and South submarkets has increased by averages of 2,725 and 4,300, or 0.4 and 1.1 percent, respectively, a year since 2010. By comparison, from 2000 to 2010, household growth in the North and South submarkets averaged 1,100 and 4,650, or 0.2 and 1.3 percent, respectively, a year.

During the forecast period, the number of households in the North submarket is expected to increase by an average of 2,725, or 0.4 percent, annually, the same rate as during the 2010-to-current period. In the South submarket, the number of households is expected to increase by an average of 4,525, or 1.1 percent, annually, reflecting slightly greater net in-migration in the submarket during the forecast period. Combined household growth in the two submarkets is expected to result in nearly 1.05 million households in the HMA by the end of the forecast period. See Tables DP-1, DP-2, and DP-3 at the end of this report for household growth by tenure in the HMA and in each submarket from 2000 through the current date.

Housing Market Trends

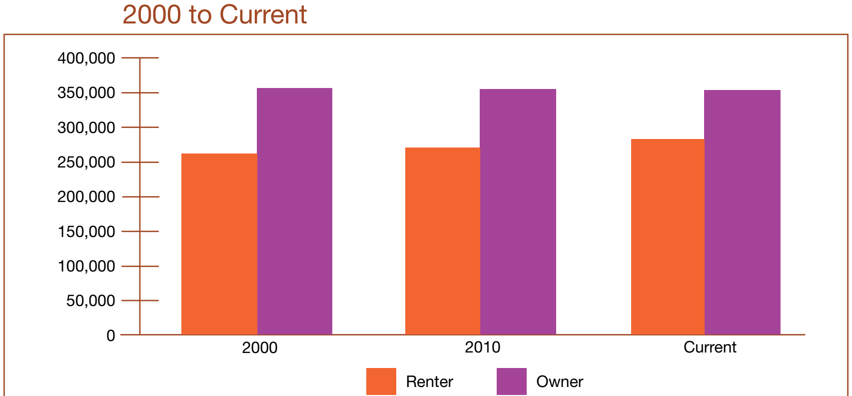
Sales Market—North Submarket

The North submarket includes the cities of Anaheim, Huntington Beach, Orange, and Santa Ana. Much of the submarket has been built out since the 1980s, and new home developments are typically on infill parcels, former oil fields, or redeveloped land. Approximately one-half of new and existing home sales in the Anaheim HMA occurred in this submarket during the 12 months ending October 2014 (Metrostudy, A Hanley Wood Company).

The sales housing market in the North submarket is balanced, improving from the soft conditions that began during 2007 and lasted through 2011 in response to stringent lending standards and economic decline after the financial crisis. The current estimated sales vacancy rate is 1.0 percent, down from 1.3 percent in 2010. The decline in the vacancy rate since 2010 has resulted from improved economic conditions that enabled households to purchase homes and a decrease in home construction from the early 2000s to the mid-2000s. Since April 2010, the sales inventory has declined by approximately 300 homes a year and the number of owner households in the submarket has declined by 50 a year, to 351,300. Figure 6 shows the number of households by tenure in the North submarket since 2000.

An average of 16,000 new and existing single-family homes, townhomes, and condominiums sold from the beginning of 2007 through 2011, down 36 percent, or 8,900 homes, from the average of 24,900 homes sold during 2005 and 2006 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). At the peak of the sales market during 2005, the North submarket accounted for nearly 54 percent of all sales in the Anaheim HMA, with approximately 50 percent of sales in the submarket occurring in the cities of Anaheim, Huntington Beach, and Santa Ana. The submarket currently accounts for 51 percent of all home sales, as some households sought to be closer to employment opportunities in the city of Irvine, in the South submarket.

Figure 6. Number of Households by Tenure in the North Submarket, 2000 to Current



Note: The current date is November 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

During the 12 months ending October 2014, new and existing home sales totaled 16,950, down 10 percent, or 1,400 homes, compared with the number of homes sold during the previous 12-month period. The entire decline resulted from a reduction in existing home sales, both regular resales and REO (Real Estate Owned) sales, because the available existing inventory decreased. Regular resale and REO home sales declined 7 and 4 percent, or by 1,100 and 90 homes, respectively. Existing home sales surged an average of 13 percent, or by 1,900 homes sold, a year during 2012 and 2013 and reduced available inventory. A 35-percent increase in new home sales, of 310 homes sold, during the 12 months ending October 2014 after a 58-percent increase, of 320 homes, during the previous year partly offset the decline in existing home sales. New home sales are 3 percent more than the average of 1,150 homes sold a year from 2007 through 2011 but 22 percent less than the average of 1,500 homes sold a year during 2005 and 2006. The cities of Anaheim, Brea, and Huntington Beach accounted for one-half of total new home sales in the North submarket during the 12 months ending October 2014. Despite the overall decline in sales during the 12 months ending October 2014, total sales were 6 percent more than the average of 16,000 homes sold annually from 2007 through 2011 but were 32 percent less than the average of 24,900 homes sold a year during 2005 and 2006, when sales levels were unsustainably high.

As market conditions improved during the 12 months ending October 2014, the percentage of existing home sales that were REO sales declined to 7 percent from 12 percent during the previous 12-month period. The REO share of the market, however, remains higher than the average annual rate of less than 1 percent of existing sales during 2005 and 2006.

The average new and existing home sales price increased 13 percent during the 12 months ending October 2014, to $587,800, from $518,500 in the previous year and increased 16 percent from the average annual price of $507,600 from 2007 through 2011. The average home sales price was 8 percent less than the average annual price of $638,500 during 2005 and 2006, however. The increase in the average price during the 12 months ending October 2014 resulted from increases in the average price of both existing and new homes of 11 and 25 percent, to $567,900 and $851,000, respectively, from a year ago. The average price of an existing home was 10 percent higher than the average price of $519,100 from 2007 through 2011 but remained 9 percent below the average price of $629,500 during 2005 and 2006. For new homes, the average price was $783,600 during 2005 and 2006 before declining 26 percent to an average of $580,100 from 2007 through 2011. The increased average sales price of new homes reflects an increase in demand for new luxury homes in the North submarket, particularly in the coastal area of Huntington Beach and the inland area near Chino Hills in Brea. In Huntington Beach and Brea, the average sales prices of a new home were $1,447,500 and $946,500 during the 12 months ending October 2014, up 56 and 25 percent from $929,600 and $759,100, respectively, a year earlier. The average sales prices for new homes in Huntington Beach and Brea were also 45 and 67 percent higher than the average prices of $1,001,000 and $566,000, respectively, from 2007 through 2011. New home sales in Huntington Beach increased 52 percent, to 140 homes sold, during the 12 months ending October 2014, up from the average of 50 homes sold from 2007 through 2011. In Brea, new home sales increased 44 percent, to 290 homes sold, during the 12 months ending October 2014, up from the 20 homes sold from 2007 through 2011.

Condominium sales have represented approximately 20 percent of all home sales in the North submarket since the mid-2000s (Metrostudy, A Hanley Wood Company). During the 12 months ending October 2014, condominium sales totaled 3,450 homes, down 7 percent from the 3,700 sold during the previous 12 months; the average price of condominiums increased 13 percent, from $320,400 to $360,300. Condominium sales are 42 percent less than the average of 5,975 sold annually during 2005 and 2006. From 2000 through 2007, condominium construction accounted for approximately 25 percent of all multifamily units permitted in the submarket, or approximately 370 units a year. Since 2008, less than 5 percent of all multifamily units permitted, or approximately 40 units a year, have been condominiums. Recently completed developments include The Domain in Anaheim, the largest condominium development in the North submarket since 2008, consisting of 100 condominiums that were completed in the summer of 2014 with prices starting at $344,000.

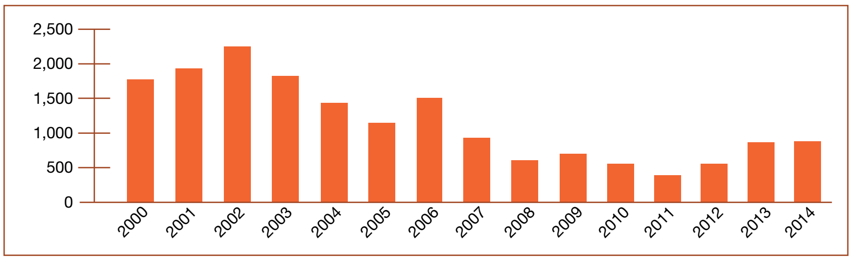
The level of distressed home loans in the Anaheim HMA is low compared with the levels in other parts of California. As of October 2014, 1.5 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 2.2 percent in October 2013 (Black Knight Financial Services, Inc.). The current rate for the HMA is lower than the 2.3-percent rate for California and the 4.7-percent rate for the nation. The number of distressed loans and REO properties was 4,450 in October 2014, a decrease of 2,900, or 39 percent, compared with the number in October 2013. Since 2007, approximately 60 percent of REO sales in the HMA have been in the North submarket (Metrostudy, A Hanley Wood Company).

Despite improved sales market conditions, homebuilding activity, as measured by the number of single-family homes permitted, remains at low levels compared with levels in the early 2000s. From 2000 through 2002, an average of nearly 2,000 homes were permitted a year before permitting declined 26 percent, to an average of 1,475 units a year, from 2003 through 2006. Sales market conditions were relatively strong during that period in the decade, but the level of net out-migration suppressed housing development. By 2007, economic and sales market conditions had weakened considerably and an average of 640 homes were permitted a year from 2007 through 2011. Since 2012, the number of single-family homes permitted has increased slightly because of an improvement in the sales market. During 2012 and 2013, homebuilding activity increased to an average of 710 homes permitted a year. During the 12 months ending October 2014, permits were issued for 1,025 homes, more than the 810 homes permitted during the same period a year earlier (preliminary data; analyst estimates). Figure 7 shows the number of single-family homes permitted in the submarket from 2000 to the current date.

The notable single-family developments under construction in the submarket are in Brea and Huntington Beach. Blackstone, a 795-home, master-planned community in Brea, has completed 300 single-family homes since breaking ground in 2011, and prices currently start at $969,900 for homes for the Emerald Heights neighborhood of Blackstone. Full completion of the Blackstone community is expected during 2017. In Huntington Beach, The Villas at Pacific Shores consists of 78 townhomes expected to be complete in 2015, with prices that start at $1.1 million. Additional single-family developments that are in a lower price range include Palisades at Vista Del Verde in Yorba Linda and Jacaranda in Stanton. Palisades at Vista Del Verde has plans for 14 townhomes, with 9 already complete, and prices that start at $648,700. Jacaranda consists of 45 single-family homes that are expected to be complete during 2015, with prices that start at $529,000.

During the next 3 years, demand is estimated for 4,975 new homes in the North submarket (Table 1). Demand is expected to increase slightly from 1,475 homes during the first year of the 3-year forecast period to 1,525 homes during the third year of the forecast period. The 270 homes currently under construction will meet a portion of demand during the first year. In addition, some of the estimated 6,900 other vacant units in the submarket may return to the sales market and satisfy a portion of the demand. Table 4 shows estimated demand by price range.

Figure 7. Single-Family Homes Permitted in the North Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the North Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
344,000	543,999	1,000	20.0
544,000	743,999	1,500	30.0
744,000	943,999	1,000	20.0
944,000	1,143,999	500	10.0
1,144,000	1,343,999	250	5.0
1,344,000	1,543,999	250	5.0
1,544,000	and higher	500	10.0

Notes: The 270 homes currently under construction and a portion of the estimated 6,900 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2014, to November 1, 2017.
Source: Estimates by analyst

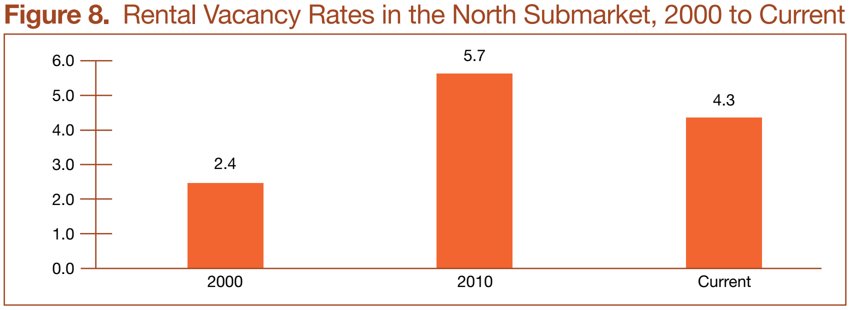
Rental Market—North Submarket

The rental housing market in the North submarket is tight. The overall rental vacancy rate is currently estimated at 4.3 percent, down from 5.7 percent in 2010 (Figure 8), because renter household growth exceeded the development of rental units and the conversion of sales units to the rental market. The apartment market is tight throughout the submarket. The apartment vacancy rate was 3.0 percent during the third quarter of 2014 compared with 3.9 percent during the third quarter of 2013, and market rents increased 4 percent, from $1,473 to $1,538 (MPF Research). Apartment market conditions are tightest in the city of Santa Ana and in the MPF Research-defined Garden Grove-Westminster and Buena Park-Cypress market areas, which all had a vacancy rate of 2.5 percent. The average market rent for apartments in the city of Santa Ana and in the Buena Park-Cypress area increased 2 percent each, to $1,578 and $1,424, respectively, from a year earlier. In the Garden Grove-Westminster area, average market rents increased 4 percent, to $1,400. Approximately 28 percent of single-family homes in the submarket were rentals during the 5-year period ending in December 2013, up slightly from 26 percent in 2000 (U.S. Census Bureau). The greater percentage of single-family homes for rent in recent years partly resulted from an increase in investor purchases of distressed homes for sale with the intention of renting these homes. The presence of single family-homes for rent led to a slightly higher overall vacancy rate compared with the vacancy rate for apartments (U.S. Census Bureau).

Nearly 60 percent of all apartment construction activity in the submarket since 2000 has occurred in the cities of Anaheim, Huntington Beach, and Orange. Since 2008, 95 percent or more of the multifamily units constructed in the North submarket have been apartments compared with approximately 75 percent of units built from 2000 through 2007. Multifamily permitting averaged 1,050 units a year from 2000 through 2005 before increasing to an average of 2,700 units a year during 2006 and 2007 (Figure 9). Condominium construction reached a peak in 2006, accounting for 36 percent of multifamily development. Multifamily construction activity began to slow considerably during 2008 because of tighter lending standards. The number of multifamily units permitted averaged 610 from 2008 through 2011 before increasing to an average of 1,725 during 2012 and 2013. Multifamily development, as measured by the number of units permitted, during the 12 months ending October 2014 slowed to 1,575 units permitted compared with 1,750 units permitted during the previous year (CB Richard Ellis; U.S. Census Bureau; local planning offices; U.S. Department of Housing and Urban Development).

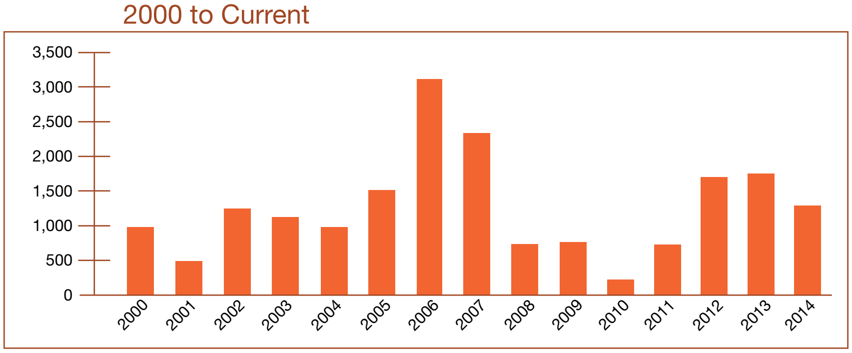
The Platinum Triangle neighborhood in the city of Anaheim is among the largest redevelopment areas undergoing multifamily construction in the North submarket. The neighborhood was approved for 9,050 units as of 2008. Approximately 2,650 units have been built, including Park Viridian, with 320 units, and 2100 at Platinum Triangle, with 251 units. Developments under construction in the Platinum Triangle include the 395-unit second phase of Platinum Gateway, which will be complete by the winter of 2015. Additional apartment developments are under way in Huntington Beach, including Boardwalk by Windsor,

Figure 8. Rental Vacancy Rates in the North Submarket, 2000 to Current



Note: The current date is November 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 9. Multifamily Units Permitted in the North Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

with 487 units that are expected to be complete by August 2015. For the submarket as a whole, apartment rents for newly constructed, market-rate one-, two-, and three-bedroom units start at $1,700, $2,000, and $2,475, respectively.

During the 3-year forecast period, demand is estimated for 4,475 new rental units in the North submarket (Table 1). The 1,600 units currently under construction will satisfy all the rental housing demand during the first year and a portion of demand during the second year of the forecast period. Demand is expected to average approximately 1,500 units a year. Table 5 shows estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the North Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,700 to 1,899	1,250	2,000 to 2,199	1,600	2,475 to 2,674	720
1,900 to 2,099	160	2,200 to 2,399	200	2,675 to 2,874	90
2,100 or more	160	2,400 or more	200	2,875 or more	90
Total	1,575	Total	2,025	Total	900

Notes: Numbers may not add to totals because of rounding. The 1,600 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2014, to November 1, 2017.

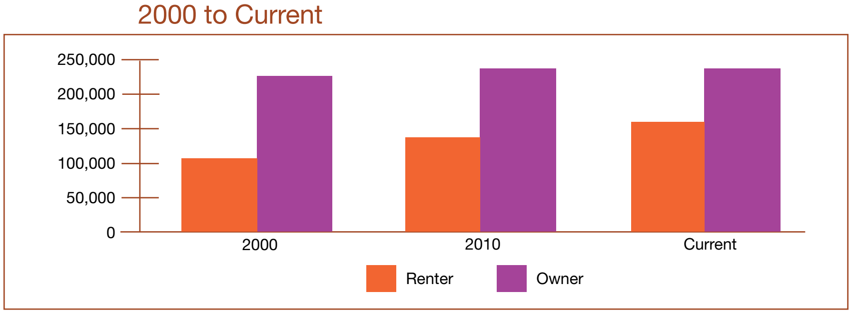
Source: Estimates by analyst

Sales Market—South Submarket

The South submarket includes the cities of Mission Viejo, Newport Beach, and Irvine, the largest city in the submarket. Homes in the South submarket are relatively newer than in the North submarket, with most having been built since 1980. Relative to the North submarket, the South submarket has more readily developable and relatively lower cost land, which has supported the expansion of a number of master-planned communities, including the Villages of Irvine.

The sales housing market in the South submarket is balanced, with a current estimated vacancy rate of 1.1 percent, down from 1.6 percent in April 2010. The vacancy rate declined because of increased demand for existing homes as the economy strengthened. Since April 2010, the inventory of homes for sale has decreased by an estimated 150 units annually, and the number of owner households has increased by 70 a year, to 237,100 (Figure 10). Sales market conditions in the submarket improved from soft conditions that prevailed from 2007 through 2010. An average of 12,000 new and existing single-family homes, townhomes, and condominiums sold from 2007 through

Figure 10. Number of Households by Tenure in the South Submarket, 2000 to Current



Note: The current date is November 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

2010, down 44 percent, or 9,500, from the average of 21,500 homes sold during 2005 and 2006 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). At the peak of the sales market during 2005 and 2006, the submarket accounted for 45 percent of all sales in the Anaheim HMA. The South submarket currently accounts for 49 percent of all home sales. The strong employment base in the submarket and greater housing development, particularly in Irvine, helped to attract homeowners, slightly increasing the proportion of sales in the submarket.

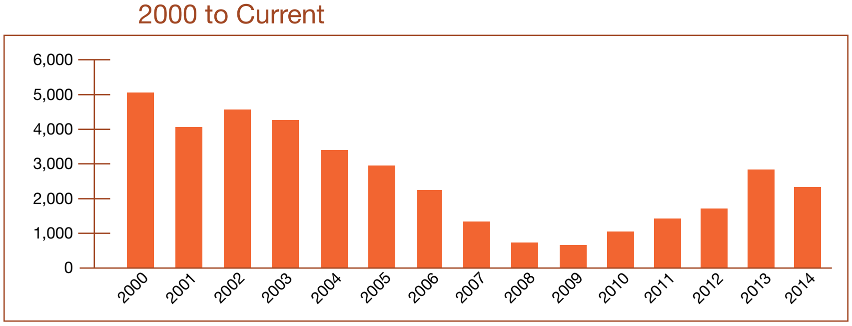
Since 2011, sales market conditions in the South submarket have improved and a surge in sales has led to limited available existing inventory. During the 12 months ending October 2014, home sales decreased 9 percent, to 16,150 homes, compared with the 17,750 homes sold during the previous 12-month period. The entire decline resulted from a 15-percent, or 2,375-home, reduction in existing home sales that offset a 37-percent, or 790-home, increase in new home sales. Regular resale and REO home sales declined 13 and 45 percent, or by 1,825 and 550 homes, respectively. Before this decline, existing home sales increased an average of 16 percent, or by 1,925 homes sold, a year during 2012 and 2013, which had reduced available existing inventory. Despite the recent decline, existing sales during the 12 months ending October 2014 were 25 percent more than the average of 10,550 homes sold a year from 2007 through 2010, but they were 23 percent less than the average of 17,250 sold during 2005 and 2006. During the 12 months ending October 2014, the percentage of existing home sales that were REO sales was reduced to 5 percent from 8 percent during the previous 12-month period, and the percentage was significantly lower than the average annual rate of 18 percent of existing sales from 2007 through 2010.

The reduction in the number of existing homes for sale supported an increase in the sale of new homes in the submarket. During the 12 months ending October 2014, 2,950 new homes sold, a 100-percent increase from the average of 1,475 sold a year from 2007 through 2010. At the peak of the market, during 2005 and 2006, an average of 4,225 new homes sold a year. In the city of Irvine, new home sales increased 30 percent, to 2,000 homes sold, during the 12 months ending October 2014 compared with 1,550 homes sold a year ago, and the city accounted for 75 percent of all new home sales in the HMA. New home sales levels in Irvine are also significantly higher than the average of 580 homes sold annually from 2007 through 2010 and are 6 percent higher than the average of 1,900 homes sold during 2005 and 2006.

The average new and existing home sales price in the submarket increased 8 percent during the 12 months ending October 2014, to $872,600, from $807,000 in the previous year. The average home sales price was also up 15 percent from the average annual price of $757,200 from 2007 through 2010 and up 4 percent from the average price of $839,700 during 2005 and 2006. The increase in the average price during the 12 months ending October 2014 resulted from increases in the average price of both existing and new homes of 8 and 11 percent, to $873,600 and $866,300, respectively, from a year ago. The average price of an existing home was 18 percent higher than the average price of $740,600 from 2007 through 2010 and 6 percent higher than the average price of \$827,800 during 2005 and 2006. For new homes, the average price is nearly unchanged from the average price that prevailed from 2007 through 2010 but is 2 percent lower than the average price of \$882,900 during 2005 and 2006. In the city of Irvine, where most new home sales occurred, the average price during the 12 months ending October 2014 was \$918,000, up 21 percent from a year ago. The average price of a new home in Irvine is 11 percent higher than the average price of \$826,300 from 2007 through 2010 and 10 percent more than the average price of \$836,900 during 2005 and 2006. The average sales price of new homes in Irvine reflects an increase in demand for the new luxury homes that are being constructed throughout the city.

Condominiums have represented approximately 35 percent of all home sales in the South submarket since 2013, down from 40 percent from 2005 through 2012 (Metrostudy, A Hanley Wood Company). During the 12 months ending October 2014, condominium sales declined 19 percent, to 5,300 homes, from 6,525 homes during the previous 12 months, and the sales price of condominiums increased 13 percent, from \$441,700 to \$500,300. Condominium sales are 45 percent below the average annual level of 9,550 homes sold during 2005 and 2006. Condominium construction has accounted for 1 percent or less of all multifamily units permitted since 2008, or an average of 30 units a year, which is a decline from 20 percent, or approximately 620 units a year, from 2000 through 2007. Recently completed condominiums include 10 homes at San Carlos Court at Portola Springs and 10 homes at Casero at Portola Springs, which are both in the Villages of Irvine master-planned community, with prices starting in the mid-\$500,000s. Both condominium developments were completed in 2013. Meridian is currently under construction in the city of Newport Beach, with 79 condominiums expected to be complete by December 2014.

Figure 11. Single-Family Homes Permitted in the South Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Single-family home construction activity, as measured by the number of single-family homes permitted, improved in the submarket as sales market conditions strengthened, but permitting levels remained significantly lower than during the early 2000s. The number of homes permitted averaged 4,475 a year from 2000 through 2003 before declining steadily by an average of 610 homes a year from 2004 through 2009, to 650 homes permitted in 2009 (Figure 11). Single-family construction was at the lowest levels in the decade during 2008 and 2009, a period when both the sales market and economy were weak. Since 2010, single-family construction activity has increased steadily. From 2010 through 2013, an average of 1,750 homes were permitted. During the 12 months ending October 2014, the number of single-family homes permitted increased to 2,800, up 7 percent from the 2,625 homes permitted during the same period a year earlier (preliminary data). Approximately 60 percent of single-family construction activity has occurred in city of Irvine since 2010 compared with 30 percent from 2000 through 2009.

Single-family development since 2010 has been concentrated in master-planned communities. Many of these communities began construction during the mid-2000s before the decline in the sales market. During the past year, a significant amount of development took place in the Villages of Irvine, which has 9,000 single-family detached homes and townhomes planned at buildout. The Villages of Irvine comprises the neighborhoods of Cypress Village, Hidden Canyon, Orchard Hills, Portola Springs, and Stonegate. Approximately 1,000 homes are under way throughout the Villages of Irvine, and 1,000 have already been completed. Homes at Messina, Strada, and Vicenza—all in Orchard Hills—have prices starting in the high $900,000s for a four-bedroom home. Entrata and Vista Scena, also in Orchard Hills, will consist of 318 townhomes when complete within the next 2 years; 30 townhomes are currently under construction, and prices start in the mid-$600,000s for a two-bedroom townhome. Additional development is occurring in the master-planned community of Rancho Mission Viejo, where 500 of the planned 940 homes are built. Prices for townhomes at Rancho Mission Viejo start in the high $300,000s for a one-bedroom home.

Demand is estimated for 7,175 new homes in the submarket during the next 3 years (Table 1). The 780 homes currently under construction will meet a portion of this demand. In addition, some of the estimated 14,200 other vacant units in the submarket may return to the sales market and satisfy a portion of the forecast demand. Demand is expected to be stronger during the second and third years of the 3-year forecast period. The diversity of the population in the submarket causes demand for new homes to cluster at the lower and higher price ranges, with prices at the lower end representing condominiums. Table 6 illustrates estimated demand for new sales housing in the submarket by price range.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the South Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
373,000	572,999	720	10.0
573,000	772,999	1,800	25.0
773,000	972,999	2,150	30.0
973,000	1,172,999	1,075	15.0
1,173,000	1,372,999	360	5.0
1,373,000	1,572,999	360	5.0
1,573,000	and higher	720	10.0

Notes: The 780 homes currently under construction and a portion of the estimated 14,200 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2014, to November 1, 2017.

Source: Estimates by analyst

Rental Market—South Submarket

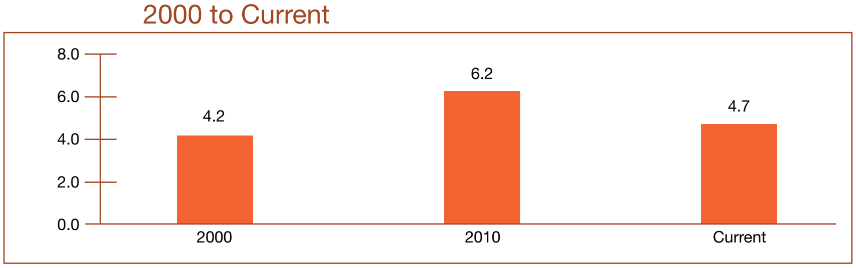
Rental housing market conditions in the South submarket are currently tight. The estimated 4.7-percent vacancy rate is down from the 6.2-percent rate in 2010 (Figure 12). The tightening of rental market conditions resulted because the increase in renter households, by an average of 4,075 a year, outpaced the average annual increase in available rental units, of 3,800 a year, since April 2010. The market for apartments is tighter than the overall rental market in the submarket. Approximately 28 percent of single-family homes were rentals during the 5-year period ending in December 2013, resulting in a slightly higher overall rental vacancy rate (U.S. Census Bureau).

During the third quarter of 2014, the apartment vacancy rate averaged 3.0 percent compared with 4.4 percent during the third quarter of 2013 and 5.2 percent during the third quarter of 2010 (MPF Research). The average apartment rent increased by $47, or 3 percent, to $1,878 during the third quarter of 2014 and was $179, or 11 percent, higher than the current average rents for the Anaheim HMA as a whole. The apartment market is tight throughout the South submarket, and the tightest segment was in the MPF Research-defined West Irvine market area, with a vacancy rate of 1.9 percent as of the third quarter of 2014. The average effective apartment rent in the West Irvine area was $1,973 during the third quarter of 2014, a $50, or 3-percent, increase from the previous year.

As rental market conditions have tightened since 2010, multifamily construction activity, as measured by the number of units permitted, increased to the most units permitted in the submarket since 2000 in 2013 (Figure 13). Before 2010, the number of multifamily units permitted was volatile, averaging 2,950 units a year from 2000 through 2007 before declining to an average of 680 units a year during 2008 and 2009. Multifamily building activity averaged 1,825 units a year from 2010 through 2012 before reaching 4,975 units permitted during 2013. During the 12 months ending October 2014, approximately 3,200 multifamily units were permitted compared with the 4,500 units permitted during the previous 12-month period (CB Richard Ellis; U.S. Census Bureau; local planning offices). Approximately 70 percent of apartment developments in the submarket under construction are in the city of Irvine. Notable developments currently under way and expected to be complete by mid- to late 2015 include the 104-unit Alegre, the 156-unit Avalon Irvine, and the 326-unit 2801 Kelvin, which are all in Irvine. Additional developments include the $125 million Apartments at Irvine Great Park, with 381 units that will be complete in early 2017. In the South submarket, rents for newly completed studio, one-bedroom, and two-bedroom apartments start at $1,600, $1,750, and $2,025, respectively.

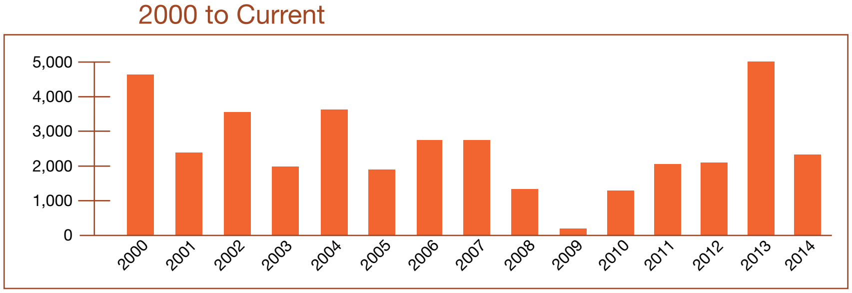
During the 3-year forecast period, demand is estimated for 6,950 new rental units in the South submarket (Table 1). The 3,200 units currently under construction will meet a portion of this demand. Demand is expected to be fairly constant during the forecast period, averaging approximately 2,325 units a year. Table 7 shows estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 12. Rental Vacancy Rates in the South Submarket, 2000 to Current



Note: The current date is November 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 13. Multifamily Units Permitted in the South Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 7. Estimated Demand for New Market-Rate Rental Housing in the South Submarket During the Forecast Period

Zero Bedroom		One Bedroom		Two Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,600 to 1,799	830	1,750 to 1,949	2,775	2,025 to 2,224	1,950
1,800 to 1,999	100	1,950 to 2,149	350	2,225 to 2,424	240
2,000 or more	100	2,150 or more	350	2,425 or more	240
Total	1,050	Total	3,475	Total	2,425

Notes: Numbers may not add to totals because of rounding. The 3,200 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2014, to November 1, 2017.

Source: Estimates by analyst

Data Profiles

Table DP-1. Anaheim HMA* Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total resident employment	1,429,109	1,435,977	1,524,000	0.0	1.6
Unemployment rate	3.5%	9.5%	5.5%		
Nonfarm payroll jobs	1,390,200	1,366,000	1,478,000	– 0.2	2.1
Total population	2,846,289	3,010,232	3,138,000	0.6	0.9
Total households	935,287	992,781	1,025,000	0.6	0.7
Owner households	574,456	588,313	588,400	0.2	0.0
Percent owner	61.4%	59.3%	57.4%		
Renter households	360,831	404,468	436,600	1.1	1.7
Percent renter	38.6%	40.7%	42.6%		
Total housing units	969,484	1,048,907	1,073,000	0.8	0.5
Owner vacancy rate	0.9%	1.4%	1.1%		
Rental vacancy rate	3.0%	5.9%	4.5%		
Median Family Income	$64,611	$86,100	$84,100	2.9	– 0.6

**Anaheim-Santa Ana-Irvine HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2014. Median Family Incomes are for 1999, 2009, and 2013. The current date is November 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. North Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,985,411	2,016,363	2,073,000	0.2	0.6
Total households	609,395	619,593	632,800	0.2	0.5
Owner households	351,132	351,526	351,300	0.0	0.0
Percent owner	57.6%	56.7%	55.5%		
Rental households	258,263	268,067	281,500	0.4	1.1
Percent renter	42.4%	43.3%	44.5%		
Total housing units	624,972	649,874	656,100	0.4	0.2
Owner vacancy rate	0.8%	1.3%	1.0%		
Rental vacancy rate	2.4%	5.7%	4.3%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. South Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	860,878	993,869	1,065,000	1.4	1.5
Total households	325,892	373,188	392,200	1.4	1.1
Owner households	223,324	236,787	237,100	0.6	0.0
Percent owner	68.5%	63.4%	60.5%		
Rental households	102,568	136,401	155,100	2.9	2.8
Percent renter	31.5%	36.6%	39.5%		
Total housing units	344,512	399,033	416,900	1.5	1.0
Owner vacancy rate	1.0%	1.6%	1.1%		
Rental vacancy rate	4.2%	6.2%	4.7%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 11/1/2014—Analyst's estimates
Forecast period: 11/1/2014–11/1/2017—Analyst's estimates

The metropolitan division and metropolitan statistical area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for the Anaheim HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Anaheim-SantaAna-IrvineCA_15.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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