



Oakland-Fremont-Hayward, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013

PD&R

Housing Market Area



The Oakland-Fremont-Hayward Housing Market Area (hereafter, Oakland HMA), coterminous with the Oakland-Fremont-Hayward, CA Metropolitan Division, comprises Alameda and Contra Costa Counties. The HMA is home to four Fortune 500 companies and serves as a major transportation hub and trade center for northern California. For purposes of this analysis, the two counties in the HMA are treated as separate submarkets—the Alameda submarket and the Contra Costa submarket.

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Summary

Economy

The economy of the Oakland HMA continued to improve during the past year. During the 12 months ending June 2013, nonfarm payrolls averaged 988,700, up 21,300 jobs, or 2.2 percent, from the previous 12-month period. Nonfarm payrolls are projected to increase an average of 1.7 percent annually during the 3-year forecast period. Tables DP-1 through DP-3 at the end of this report provide economic and population data for the HMA and each submarket.

Sales Market

The sales housing market of the HMA currently is slightly tight, with an estimated sales vacancy rate of 1.4 percent, down from 1.9 percent in 2010. During the forecast period, employment and population gains are expected to support

demand for 15,700 new market-rate sales units (Table 1). The 1,530 homes currently under construction and a portion of the 21,200 other vacant units in the HMA that may reenter the market will satisfy some of the demand.

Rental Market

Rental housing market conditions in the HMA currently are balanced, with an estimated overall rental vacancy rate of 5.5 percent, down from 6.6 percent in 2010. In the second quarter of 2013, the average apartment rent in the HMA was \$1,575, a 7-percent increase from the same quarter in 2012 (MPF Research). During the 3-year forecast period, demand for new rental units is expected to total 9,600 units (Table 1). The 3,650 units currently under construction will meet a portion of this demand.

Table 1. Housing Demand in the Oakland HMA,* 3-Year Forecast, July 1, 2013, to July 1, 2016

	Oakland HMA*		Alameda Submarket		Contra Costa Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	15,700	9,600	7,675	7,325	8,025	2,275
Under construction	1,530	3,650	1,000	2,575	530	1,075

* Oakland-Fremont-Hayward HMA.

Notes: Units under construction as of July 1, 2013. A portion of the estimated 21,200 other vacant units in the HMA will likely satisfy some of the forecast demand. Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period.

Source: Estimates by analyst

Economic Conditions

Economic growth in the Oakland HMA, which began in the spring of 2011, continued during the past year. During the 12 months ending June 2013, nonfarm payrolls increased by 21,300 jobs, or 2.2 percent, to 988,700 jobs (Table 2). By comparison, average nonfarm payrolls increased 1.9 percent, or by 18,300 jobs, during the 12 months ending June 2012. Employment in the region remains at approximately 59,500 jobs fewer than the 1.05 million jobs recorded in January 2008. During the past year, the professional and business services and the leisure and

hospitality sectors accounted for nearly 60 percent of all job growth in the HMA. During the 12 months ending June 2013, the professional and business services sector, the largest employment sector in the HMA (Figure 1), expanded by 7,600 jobs, or 4.7 percent, the greatest gain recorded. The leisure and hospitality sector gained 4,300 jobs, or 4.8 percent, during the past year, with 70 percent of these jobs originating in the food services and drinking places industry.

Strong hiring continued in the construction subsector, which increased by 3,800 jobs, or 7.6 percent, during the 12 months ending June 2013 compared with a gain of 7.3 percent a year earlier. Gains in the subsector are attributed to new residential construction activity, which has increased since 2011, and also to the \$6.4 billion eastern span of the San Francisco-Oakland Bay Bridge, scheduled to open in September 2013. In addition, several major employers currently have expansion projects either in planning or under way. The largest employer in the HMA is the University of California, Berkeley (UC Berkeley), which employed approximately 21,200 full- and part-time workers (Table 3) and enrolled 35,900 students in the fall of 2012. UC Berkeley generates an annual economic impact of \$4.4 billion in the greater San Francisco Bay Area (UC Berkeley data). UC Berkeley currently has \$900 million in capital projects in the development pipeline. The largest project is the \$193 million Lower Sproul Student Community Center, which on completion in June 2015 will provide a mixture of student services and retail shops. In 2012, the Lawrence Berkeley National Laboratory (LBNL) announced plans to locate a new research campus in the city of Richmond. UC Berkeley

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

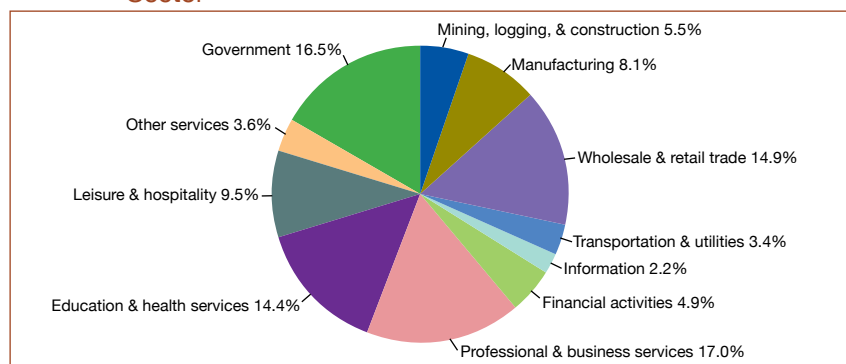
	12 Months Ending June 2012	12 Months Ending June 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	967,400	988,700	21,300	2.2
Goods-producing sectors	131,500	134,700	3,200	2.4
Mining, logging, & construction	51,000	54,800	3,800	7.5
Manufacturing	80,500	79,900	- 600	- 0.7
Service-providing sectors	835,900	854,000	18,100	2.2
Wholesale & retail trade	144,900	147,000	2,100	1.4
Transportation & utilities	32,800	33,300	500	1.5
Information	22,300	21,600	- 700	- 3.1
Financial activities	48,300	48,200	- 100	- 0.2
Professional & business services	160,800	168,400	7,600	4.7
Education & health services	138,700	142,500	3,800	2.7
Leisure & hospitality	89,800	94,100	4,300	4.8
Other services	36,000	35,900	- 100	- 0.3
Government	162,500	162,800	300	0.2

* Oakland-Fremont-Hayward HMA.

Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Current Nonfarm Payroll Jobs in the Oakland HMA,* by Sector



* Oakland-Fremont-Hayward HMA.

Note: Based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Oakland HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of California, Berkeley	Government	21,200
Kaiser Permanente®	Education & health services	9,900
Contra Costa County	Government	9,800
Safeway, Inc.	Wholesale & retail trade	9,000
Alameda County	Government	8,800
Lawrence Livermore National Laboratory	Professional & business services	6,700
Chevron Corporation	Manufacturing	6,000
City of Oakland	Government	5,000
Alta Bates Summit Medical Center	Education & health services	4,900
Lawrence Berkeley National Laboratory	Government	4,200

* Oakland-Fremont-Hayward HMA.

Note: Excludes local school districts.

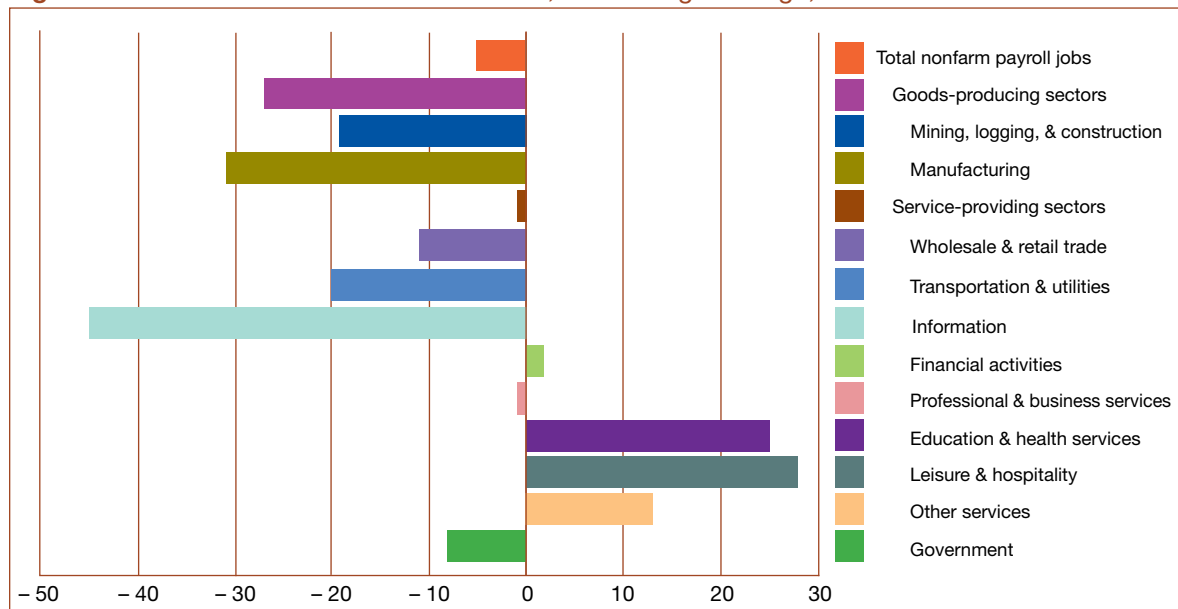
Sources: San Francisco Center for Economic Development; San Francisco Business Times; estimates by analyst

manages the LBNL, and LBNL and UC Berkeley will jointly occupy the new campus. The \$113 million first phase of this 40-year project, which is anticipated to begin construction as early as 2015, is expected to employ a combined 1,700 scientists, staff, and students approximately 2 years after construction commences (LBNL data). Three hospitals currently have a combined \$2 billion in expansion projects under way in the HMA. The largest of these projects is the \$1 billion Kaiser Permanente® flagship Oakland Medical Center, which plans to complete upgrades to the 349-bed hospital by 2014. On completion of the upgrades, hiring in the education and health services sector is expected to remain strong and improve on the 2.7-percent gain, or 3,800 jobs added, during the 12 months ending June 2013.

The wholesale and retail trade sector also recorded significant nonfarm payroll growth during the 12 months ending June 2013, increasing by 2,100 jobs, or 1.4 percent, compared with the number of jobs recorded a year ago. Hiring in the sector was partially attributed to the \$160 million, 130-store Livermore Premium Outlets® mall that opened in November 2012. The

retail trade subsector includes two Fortune 500 companies—Safeway, Inc., and Ross Stores, Inc.—that are headquartered in Pleasanton.

Although the economic recovery in the HMA is encouraging, four sectors in the HMA recorded declines in employment during the past year. During the 12 months ending June 2013, the financial activities, other services, manufacturing, and information sectors declined by 100, 100, 600, and 700 jobs, or 0.2, 0.3, 0.7, and 3.1 percent, respectively, from the same period a year ago. The manufacturing sector has declined 31 percent since 2000 (Figure 2). Although nonfarm payrolls declined in the aforementioned sectors during the past year, overall employment growth contributed to a decrease in the unemployment rate. During the 12 months ending June 2013, the unemployment rate averaged 8.2 percent, down from 9.7 percent a year ago. The unemployment rate averaged 5.2 percent from 2000 through 2008 before rising to average 10.8 percent in 2009 and 2010. Figure 3 illustrates trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2012.

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

* Oakland-Fremont-Hayward HMA.

Note: Current is based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Oakland HMA,* 2000 Through 2012

* Oakland-Fremont-Hayward HMA.

Source: U.S. Bureau of Labor Statistics

During the forecast period, nonfarm payrolls in the HMA are expected to increase 1.7 percent annually, to 1.04 million jobs. Job growth is expected to remain strong during the first year, with an estimated 2.0-percent increase. Payroll increases are expected to moderate to 1.4 percent by the third year. Gains are expected in nearly every nonfarm payroll sector, with the strongest job growth projected to occur in the education and health services, leisure and hospitality, and professional and business services sectors.

Population and Households

The estimated population in the Oakland HMA currently is 2.63 million, up by an average of 23,000, or 0.9 percent, annually since April 2010 (Figure 4). Population growth from April 2000 to April 2010 was slower, averaging 0.7 percent annually

because of net out-migration. From 2001 through 2006, high levels of net out-migration, almost entirely from the Alameda submarket, resulted in annual population growth of 7,775 people, or 0.3 percent, in the HMA. From 2007 through the current date,

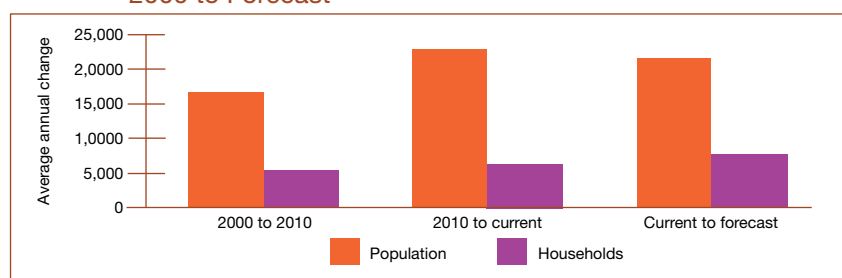
however, the population in the HMA increased at an average annual rate of 0.9 percent, or 22,700, as out-migration decreased because of stabilizing home prices and improving economic conditions. Figure 5 presents components of population change in the HMA from 2000 to the forecast date.

Differences in home prices between the Alameda and Contra Costa submarkets, and between the Oakland HMA and surrounding counties within the greater San Francisco Bay Area, have greatly influenced the migration and population trends within the HMA, especially from 2001 through 2006. The average sales price of all homes was 11 percent more in the Alameda submarket than in the Contra Costa submarket in 2000 (CoreLogic, Inc.). As a result, Alameda submarket residents opted for more affordable homes in the northeastern part of the Contra Costa submarket and in

neighboring San Joaquin and Stanislaus Counties. From 2005 through 2007, the price disparity began to decrease and out-migration from the Alameda submarket eventually ceased. During the same period, in-migration increased from San Francisco, San Mateo, and Santa Clara Counties, all of which have higher average housing costs than in the Oakland HMA. In-migration to the HMA continued from 2008 to 2010, resulting in overall population gains of 21,700 people, or 0.9 percent, during the same period. Approximately 1.56 million residents, or roughly 60 percent of the HMA population, currently reside in the Alameda submarket, reflecting an average annual gain of 13,750, or 0.9 percent, since April 2010. The Contra Costa submarket currently has an estimated population of 1.08 million, which reflects an average annual increase of 8,925, or 0.8 percent, since April 2010. During the forecast period, the populations in the Alameda and Contra Costa submarkets are expected to increase by 13,000 and 8,675, respectively, or 0.8 percent each, annually.

The estimated number of households in the HMA currently is 940,600, representing an average increase of 6,175 households, or 0.7 percent, annually since April 2010. Since 2010, the number of households in the Alameda submarket has increased by an average of 3,925, or 0.7 percent, annually compared with an average annual increase of 2,175 households, or 0.4 percent, during the 2000s. Since 2010, the number of households in the Contra Costa submarket has increased by 2,300 annually, down from 3,125 annually during the 2000s, and the growth rate declined from 0.9 to 0.6 percent as in-migration decreased. The current homeownership rates are

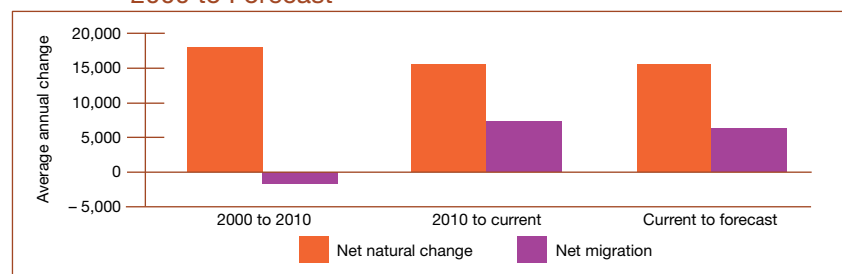
Figure 4. Population and Household Growth in the Oakland HMA,* 2000 to Forecast



* Oakland-Fremont-Hayward HMA.

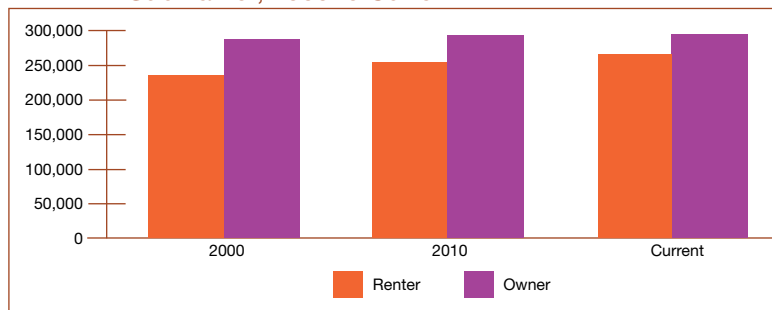
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

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

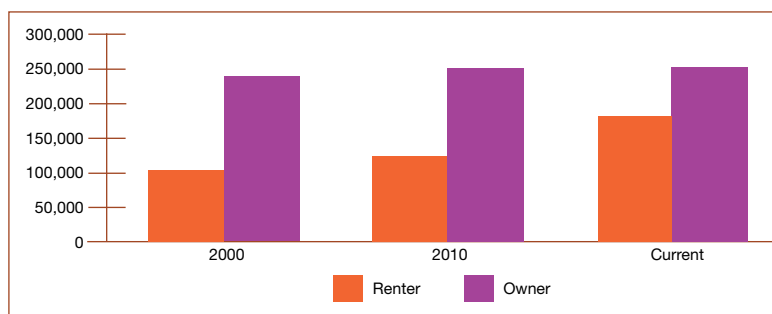


* Oakland-Fremont-Hayward HMA.

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

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

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

Figure 7. Number of Households by Tenure in the Contra Costa Submarket, 2000 to Current

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

estimated to be 52.6 and 66.0 percent for the Alameda and Contra Costa submarkets, down from 53.4 and 67.1, respectively, in 2010. Figures 6 and 7 illustrate the number of households by tenure in each submarket from 2000 to the current date.

During the 3-year forecast period, the number of households is expected to increase by an average of 7,425, or 0.8 percent, annually. For both submarkets, the number of households is expected to increase at an average annual rate of 0.8 percent, with the Alameda submarket adding approximately 4,375 households annually and the Contra Costa submarket increasing by about 3,025 households annually during the next 3 years.

Housing Market Trends

Sales Market—Alameda Submarket

Sales housing market conditions in the Alameda submarket are slightly tight, with an estimated 1.3-percent vacancy rate, down from the 1.8-percent rate recorded in April 2010. The number of homes available for sale currently is very limited; the California Association of REALTORS® recorded only 1.9 months of unsold inventory in June 2013, which was down from 2.1 months of supply in June 2012. During the 12 months ending June 2013, sales of existing homes totaled 17,700, up 3 percent compared with the number sold during the previous 12 months

(CoreLogic, Inc.). Existing home sales averaged 16,550 from 2009 through 2011.

The average sales price of an existing home increased 21 percent, to \$483,300, during the 12 months ending June 2013. Despite the increase, the average sales price of an existing home remains 25 percent less than the peak of \$646,800 recorded in 2007. Most of the decline in the existing home sales price since 2007 was because of the significant increase in the numbers of short sales and Real Estate Owned (REO) homes for sale. REO and short sales accounted

Housing Market Trends

Sales Market—Alameda Submarket *Continued*

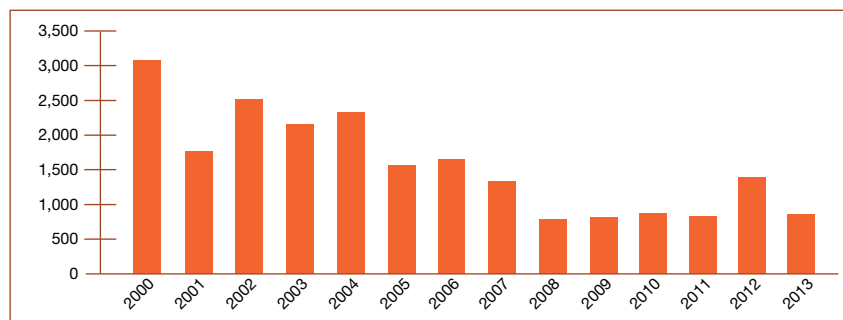
for less than 1 percent of all existing home sales from 2000 through 2006, but their market share peaked in 2009 at 51 percent of total existing home sales. During the 12 months ending June 2013, REO and short sales constituted 26 percent of all existing home sales, down from 43 percent during the preceding 12-month period. In the 12 months ending June 2013, the average sales price was \$327,500 for an REO home and \$315,500 for a short sale, whereas the average sales price was \$540,100 for a nondistressed existing home. As of June 2013, 2.8 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 4.9 percent in June 2012 and down from the peak of 8.7 percent in February 2010 (CoreLogic, Inc.).

After a 4-year period of decline, new home sales in the Alameda submarket began to improve. New home sales declined 56 percent, from 2,425 in 2007 to 1,075 in 2011. During the 12 months ending June 2013, however, 1,700 new homes sold, up 36 percent from the previous 12-month period. During the 12 months ending June 2013, the average sales price of a new home was \$559,700, up 6 percent from the previous 12-month period. By comparison, the sales price of new

homes averaged \$521,900 from 2008 through 2011, down 15 percent from the average of \$614,700 from 2000 through 2007.

In response to the recent improvement in employment and sales market conditions, single-family homebuilding activity, as measured by the number of single-family homes permitted, increased significantly in the submarket during the past year. During the 12 months ending June 2013, the number of single-family homes permitted increased 41 percent, to 1,550 (preliminary data), compared with the number permitted during the previous 12-month period (Figure 8). By comparison, the permitting of single-family homes averaged 820 annually from 2008 through 2011. Current permitting levels are close to the average annual number of 1,500 single-family homes permitted from 2005 through 2007, before the economic downturn. Single-family construction activity was greatest in this submarket from 2000 through 2004, when an average of 2,350 homes were permitted annually. New home development is occurring primarily in the southwestern part of the submarket. Builder KB Home began selling 155 townhomes at Lateralra, in Hayward, in December 2012, with listing prices averaging \$525,000. KB Home also has two subdivisions under construction at Emerald Vista, in Dublin, with townhomes starting at \$620,000. A major development expected to begin in 2015 is Brooklyn Basin, along the Oakland Estuary on San Francisco Bay in the city of Oakland. In April 2013, Signature Development Group and Zarsion Holdings Co., Ltd., announced a \$1.5 billion investment partnership to construct approximately 3,100 residential units, of which 60 to 70 percent would be available for sale.

Figure 8. Single-Family Homes Permitted in the Alameda Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Alameda Submarket *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Alameda Submarket, July 1, 2013, to July 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
250,000	299,999	770	10.0
300,000	349,999	770	10.0
350,000	399,999	1,150	15.0
400,000	499,999	1,925	25.0
500,000	599,999	1,525	20.0
600,000	699,999	770	10.0
700,000	and higher	770	10.0

Note: The 1,000 homes currently under construction and a portion of the estimated 12,700 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

During the next 3 years, demand is estimated for 7,675 new homes in the Alameda submarket (Table 1). The 1,000 new homes currently under construction and a portion of the estimated 12,700 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be strongest for units priced at less than \$500,000. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range.

Rental Market—Alameda Submarket

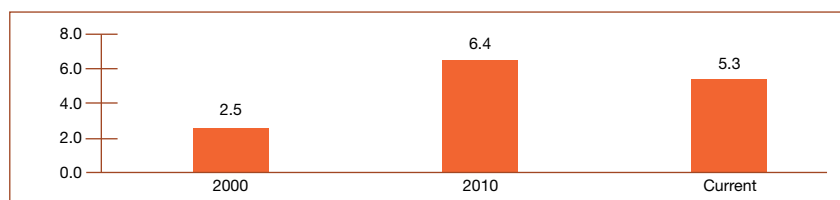
Rental housing market conditions in the Alameda submarket currently are balanced, with an estimated 5.3-percent vacancy rate, down from the 6.4-percent rate recorded in April 2010 (Figure 9). Less apartment construction from 2008 through 2011 mitigated the effect of single-family homes entering the rental market, which began in significant numbers in 2008. Approximately 47 percent of the new renter household formations in the submarket from 2008 through 2011 occupied a single-family house (American Community Survey).

Vacancy rates have been consistently less for the apartment market than for the overall rental market, which also includes single-family homes. Apartment vacancy rates averaged 4.5 percent from 2008 through 2010 despite the continued influx of single-family homes into the rental inventory (MPF Research). Tight apartment market

conditions began to prevail in 2011 because of strengthening employment conditions, which resulted in apartment vacancy rates tightening to an average of 2.8 percent in 2011 and in 2012. The apartment vacancy rate was 2.4 percent in the second quarter of 2013, a modest decline from 2.9 percent in the second quarter of 2012 (MPF Research). Overall apartment rents increased 8 percent annually from the second quarter of 2010 to the second quarter of 2012. The increase continued, as apartment rents averaged \$1,675 during the second quarter of 2013, up 8 percent from the same quarter in 2012. Asking rents averaged approximately \$1,450, \$1,775, and \$1,900 for one-, two-, and three-bedroom units, respectively.

Builders responded to declining apartment vacancy rates during the past year by increasing multifamily production, as measured by the number of units permitted, in the Alameda submarket. During the 12 months ending June 2013, permits were issued for 2,450 units (preliminary data), a 9-percent increase from the number permitted during the previous 12-month period (Figure 10). By comparison,

Figure 9. Rental Vacancy Rates in the Alameda Submarket, 2000 to Current



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

Housing Market Trends

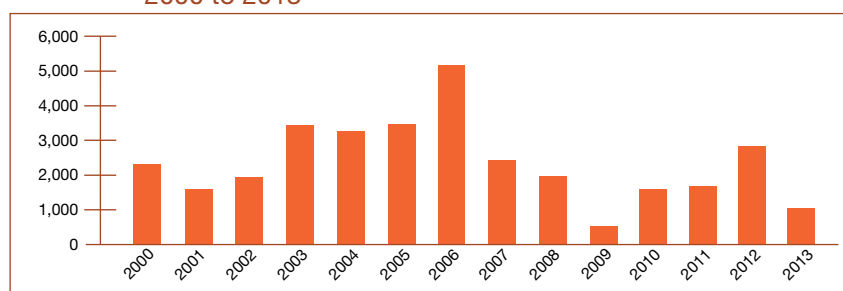
Rental Market—Alameda Submarket *Continued*

multifamily building activity averaged 3,350 units permitted annually from 2003 through 2007, before the economic downturn. Of the 2,575 units currently under construction, the largest development is the 309-unit Connolly Station next to the West Bay Area Rapid Transit station in Dublin. Essex Property Trust

plans for the apartments to be available in 2014. Also under construction is the \$70 million Paragon Apartments, in Fremont, with 301 units expected to be complete in October 2013.

During the next 3 years, demand is estimated for 7,325 new market-rate rental units in the Alameda submarket (Table 1). The 2,575 units currently under construction will satisfy a portion of the demand. Rents for new units are projected to start at \$1,500 for a studio unit, \$1,600 for a one-bedroom unit, \$2,000 for a two-bedroom unit, and \$2,200 for a three-bedroom unit. Table 5 shows the estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 10. Multifamily Units Permitted in the Alameda Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Alameda Submarket, July 1, 2013, to July 1, 2016

Zero Bedrooms		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	Monthly Gross Rent (\$)	Units of Demand
1,500 or more	140	1,600 to 1,799	3,125	2,000 to 2,199	3,350	2,200 or more	370
		1,800 or more	160	2,200 or more	180		
Total	140	Total	3,285	Total	3,525	Total	370

Notes: Numbers may not add to totals because of rounding. The 2,575 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Contra Costa Submarket

Sales housing market conditions in the Contra Costa submarket are slightly tight, with an estimated 1.6-percent vacancy rate, down from the 2.1-percent rate recorded in April 2010. A decline in the inventory of homes available for sale, coupled with an increase in existing home sales prices, resulted in fewer existing home sales during the past year. Existing home sales declined 2 percent, to 16,300, during the 12 months ending June 2013 compared with the number of sales recorded a year ago (CoreLogic, Inc.). Although sales recently decreased slightly, the

current sales volume exceeds the average annual number of 14,100 homes sold from 2006 through 2008 and is slightly less than the average annual number of 16,750 homes sold from 2009 through 2011.

During the 12 months ending June 2013, the average sales price of all existing homes increased 24 percent, to \$441,500, primarily because of the minimal inventory of homes for sale, a decrease in distressed sales, and competition among buyers. Despite the recent increase, the current average sales price remains 32 percent less than

Housing Market Trends

Sales Market—Contra Costa Submarket *Continued*

the peak of \$653,900 recorded in 2007 because of the substantial influx of short sales and REO homes for sale in the Contra Costa submarket. REO and short sales increased from constituting 1 percent of all existing home sales from 2000 through 2006 to a peak share of 64 percent of all existing home sales in 2009. During the 12 months ending June 2013, REO and short sales accounted for 33 percent of all existing home sales, down from 51 percent during the preceding 12-month period. During the current 12-month period, the average sales prices of an REO home and a short sale were \$298,400 and \$281,500, respectively, whereas the average sales price for a nondistressed existing home was \$517,700. As of June 2013, 3.6 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 6.3 percent in June 2012 and down substantially from the peak of 11.2 percent recorded in February 2010 (CoreLogic, Inc.).

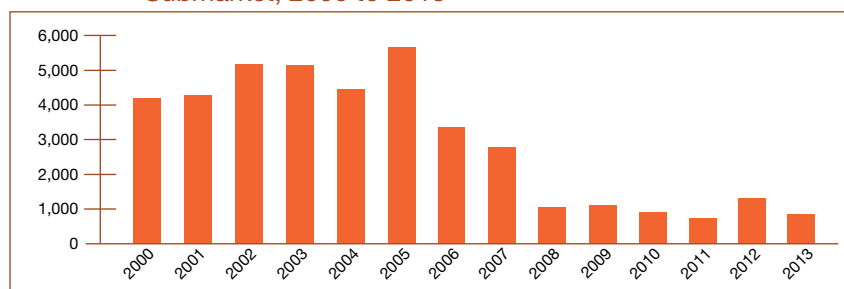
During the 12 months ending June 2013, new home sales totaled 1,350, up 29 percent from the preceding 12-month period. The improvement in new home sales followed a 5-year period of decline. New home sales fell 82 percent from the peak of 4,950 homes sold in 2006 to the low of 890 new homes sold in 2011. During the

12 months ending June 2013, the average sales price of a new home was \$510,600, up 12 percent from the previous 12 months. Although prices improved during the past 12 months, new home prices remained 28 percent less than the peak average sales price of \$707,900 recorded in 2005.

In response to the recent improvement in employment and sales market conditions, single-family homebuilding activity, as measured by the number of single-family homes permitted, increased significantly in the Contra Costa submarket during the past year. During the 12 months ending June 2013, the number of single-family homes permitted increased 43 percent, to 1,425 (preliminary data) compared with the number permitted during the previous 12-month period. Although single-family permitting increased rapidly and exceeded the average of 930 homes permitted annually from 2008 through 2011, it remained much less than the average of 3,050 homes permitted annually from 2006 through 2007 (Figure 11). Single-family permitting activity was greatest in the submarket from 2000 through 2005, when an average of 4,800 single-family homes were permitted annually. New single-family home development is occurring primarily in the far northeastern part of the submarket.

During the next 3 years, demand is estimated for 8,025 new homes in the Contra Costa submarket (Table 1). The 530 new homes currently under construction and a portion of the estimated 8,500 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be strongest for units priced less than \$400,000. Table 6 illustrates the estimated demand for new sales housing in the submarket by price range.

Figure 11. Single-Family Homes Permitted in the Contra Costa Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Contra Costa Submarket *Continued***Table 6.** Estimated Demand for New Market-Rate Sales Housing in the Contra Costa Submarket, July 1, 2013, to July 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
250,000	299,999	800	10.0
300,000	349,999	1,200	15.0
350,000	399,999	2,000	25.0
400,000	499,999	2,400	30.0
500,000	599,999	800	10.0
600,000	699,999	400	5.0
700,000	and higher	400	5.0

Note: The 530 homes currently under construction and a portion of the estimated 8,500 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

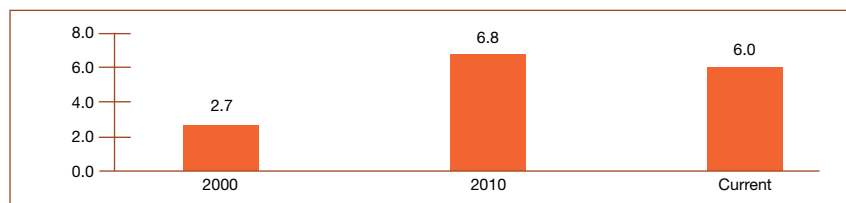
Rental Market—Contra Costa Submarket

Rental housing market conditions in the Contra Costa submarket currently are balanced, with an estimated 6.0-percent vacancy rate, down from the 6.8-percent rate recorded in April 2010 (Figure 12). Less apartment construction from 2009 through 2011 mitigated the effect from the single-family homes that began to enter the rental market in significant numbers starting in 2008. Approximately 80 percent of the new renter household formations in the submarket from 2008 through 2011 occupied a single-family house (American Community Survey).

The apartment market in the submarket currently is tight. Apartment vacancy rates averaged 4.8 percent from 2008 through 2010 (MPF Research). Average rents declined 6 percent in 2009 and 2 percent in 2010 because of competition from the increased inventory of single-family homes for rent. Strengthening employment conditions have

tightened the apartment market since 2010, with apartment vacancy rates averaging 2.9 percent from 2011 through 2012. The apartment market currently is tight, with a 2.4-percent apartment vacancy rate during the second quarter of 2013, down from the 3.1-percent rate recorded in the second quarter of 2012 (MPF Research). Overall apartment rents increased an average of 5 percent annually from the second quarter of 2010 to the second quarter of 2012. Apartment rents averaged \$1,400 in the second quarter of 2013, up 5 percent from the average rent in the same quarter in 2012. During the same period, asking rents averaged approximately \$1,300, \$1,625, and \$1,675 for one-, two-, and three-bedroom units, respectively.

Builders responded to improved apartment market conditions during the past year by increasing multifamily production, as measured by the number of units permitted, in the Contra Costa submarket. During the 12 months ending June 2013, permits were issued for 880 units (preliminary data), a 46-percent increase from the number permitted during the previous 12-month period (Figure 13). By comparison,

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

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

Housing Market Trends

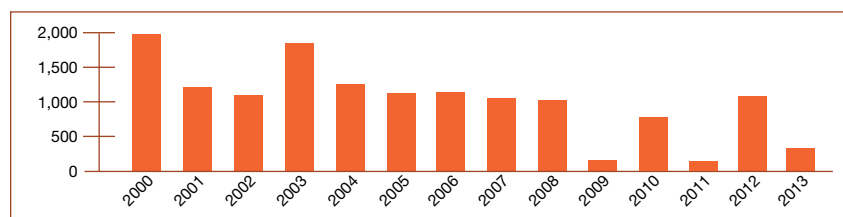
Rental Market—Contra Costa Submarket *Continued*

multifamily building activity averaged 1,275 units annually from 2003 through 2007, before the economic downturn. Of the 1,075 units currently under construction, the largest project is the 300-unit BRIO Apartments in Walnut Creek, which is expected to begin leasing by the summer of 2014.

During the next 3 years, demand is estimated for 2,275 new market-rate

rental units in the Contra Costa submarket (Table 1). The 1,075 units currently under construction will satisfy a portion of the demand. Rents for new units are projected to start at \$1,325 for a studio unit, \$1,400 for a one-bedroom unit, and \$1,650 for a two-bedroom unit. Table 7 shows the estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 13. Multifamily Units Permitted in the Contra Costa Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Contra Costa Submarket, July 1, 2013, to July 1, 2016

Zero Bedrooms		One Bedroom		Two Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,325 or more	80	1,400 to 1,599	950	1,650 to 1,849	1,125
		1,600 or more	55	1,850 or more	65
Total	80	Total	1,000	Total	1,200

Notes: Numbers may not add to totals because of rounding. The 1,075 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	1,224,528	1,141,533	1,210,000	- 0.7	2.4
Unemployment rate	3.6%	11.2%	8.2%		
Nonfarm payroll jobs	1,044,600	948,300	988,700	- 1.0	1.7
Total population	2,392,557	2,559,296	2,634,000	0.7	0.9
Total households	867,495	920,502	940,600	0.6	0.7
Owner households	524,726	543,146	546,300	0.3	0.2
Percent owner	60.5%	59.0%	58.1%		
Renter households	342,769	377,356	394,300	1.0	1.4
Percent renter	39.5%	41.0%	41.9%		
Total housing units	894,760	982,812	992,700	0.9	0.3
Owner vacancy rate	0.7%	1.9%	1.4%		
Rental vacancy rate	2.6%	6.6%	5.5%		
Median Family Income	\$65,700	\$89,300	\$89,200	3.1	0.0

* Oakland-Fremont-Hayward HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2013. Median Family Incomes are for 1999, 2009, and 2013.

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	1,443,741	1,510,271	1,555,000	0.5	0.9
Total households	523,366	545,138	557,900	0.4	0.7
Owner households	286,277	291,242	293,700	0.2	0.3
Percent owner	54.7%	53.4%	52.6%		
Rental households	237,089	253,896	264,200	0.7	1.2
Percent renter	45.3%	46.6%	47.4%		
Total housing units	540,183	582,549	589,100	0.8	0.3
Owner vacancy rate	0.7%	1.8%	1.3%		
Rental vacancy rate	2.5%	6.4%	5.3%		

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

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	948,816	1,049,025	1,078,000	1.0	0.8
Total households	344,129	375,364	382,800	0.9	0.6
Owner households	238,449	251,904	252,600	0.6	0.1
Percent owner	69.3%	67.1%	66.0%		
Rental households	105,680	123,460	130,200	1.6	1.6
Percent renter	30.7%	32.9%	34.0%		
Total housing units	354,577	400,263	403,700	1.2	0.3
Owner vacancy rate	0.8%	2.1%	1.6%		
Rental vacancy rate	2.7%	6.8%	6.0%		

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

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: 7/1/2013—Analyst's estimates
 Forecast period: 7/1/2013–7/1/2016—Analyst's estimates

The metropolitan division definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated June 6, 2003, and does not reflect changes defined by 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 this HMA, go to www.huduser.org/publications/pdf/CMARtables_Oakland-Fremont-HaywardCA_14.pdf.

Contact Information

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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.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.