



Policy Development & Research

**Analysis of the  
Orange County,  
California  
Housing Market**

**As of January 1, 2004**



ECONOMIC RESEARCH

## **Foreword**

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

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

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: 1990 to 2000, 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 Census, 2000 Census, Current date, and Forecast date. For the purposes of this analysis the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationships given the market's condition on the as-of date of the analysis. This analysis was prepared by Ikuo Nakano, the Division's Field Economist in the Los Angeles Field Office, based on fieldwork conducted in December 2003. Questions regarding the findings and conclusions of the analysis may be addressed to Mr. Nakano at 213-894-8010 and at [ikuo\\_j.\\_nakano@hud.gov](mailto:ikuo_j._nakano@hud.gov).

## **Housing Market Area**

The Orange County Housing Market Area (HMA) is coterminous with the Orange County, California metropolitan area. Los Angeles County borders the HMA to the north, Riverside and San Bernardino Counties to the east, San Diego County to the south, and the Pacific Ocean to the west. Anaheim, Santa Ana, and Garden Grove are the central cities in the HMA. Santa Ana is the largest city in the HMA. Anaheim, the second largest city in the HMA, is the home of the Disney Company, the leading private employer in the HMA. Two distinct submarkets are in the HMA: North Orange County contains the older central cities, such as Anaheim and Santa Ana, and South Orange County the newer cities, such as Irvine.

## **Summary**

The Orange County HMA economy contracted during the early 1990s but then grew at a fairly consistent and moderate pace between 1996 and 2001. Since 2001, the HMA economy has grown at a slow but increasing pace. The diversified economy of the HMA has kept the area's unemployment rates well below the rates for California and the United States as a whole. Population growth in the HMA has been moderate since 1990. In the early 1990s, strong net natural increase and in-migration were often offset by domestic out-migration.

Since the second half of the 1990s, economic and population gains from net migration created strong demand for housing in the Orange County HMA. Nonagricultural employment grew at a very slow average annual rate of 0.1 percent from 1990 to 1996 because of the recession and job losses. From 1997 to the Current date, as the economy improved in the HMA, nonagricultural employment grew at a moderate 2.2 percent. As a result of the job losses, net in-migration averaged only 3,490 persons a year between 1991 and 1996. From 1997 to the Current date, as employment opportunities improved, average annual net in-migration increased to 20,860.

The current demand-supply conditions in the Orange County HMA sales and rental markets are tight. The strong demand for new and existing sales housing reflects the low mortgage rates and increased investor ownership. Since 2000, as a result of the strong sales market, the rental market has become more competitive in certain rent ranges. New luxury units take longer to reach full occupancy because many enable potential tenants are choosing to become homeowners instead.

Over the next 2 years, conditions in the sales and rental housing markets are expected to become even more constricted as demand from growth in employment, population, and households continues to exceed the rate of construction. During the 2-year forecast period ending January 1, 2006, the number of households will increase by 11,480 per year. To satisfy anticipated household growth and create reasonably balanced demand-supply conditions, the annual housing production volume needed during this forecast period is estimated to be 9,700 units of sales housing and 4,150 units of rental housing.

## **Economy of the Area**

The economy in the HMA remains one of the strongest in the nation. In 2003, the resident unemployment rate of 3.8 percent was one of the lowest in California and the nation. Six times during the past 10 years, the resident unemployment rate has been 3 percent or less.

Employment fluctuated considerably during the 1990s in the Orange County HMA. Nonagricultural employment grew at a very slow average annual rate of 0.1 percent from 1990 to 1996 because of job losses incurred from 1991 to 1994 in primarily the construction and manufacturing sectors. In 1996, total nonagricultural employment was only 1 percent above the 1990 level.

Beginning in 1997, economic conditions in the HMA started to improve significantly. The local economy continued to improve until the second half of 2001. By 2003, nonagricultural employment in the Orange County metropolitan area was 1,403,325, essentially unchanged from 2002.

Service-providing employment accounts for more than 81 percent of nonagricultural jobs. The largest service-providing sector is professional and business services, with 18 percent of all nonagricultural jobs. Employment in the professional and business services sector rose by an average of 5.1 percent annually during the 1990s, or a total of nearly 83,700 jobs. Wholesale and retail employment rose by an estimated 40,200 jobs over the same period.

Tourism and conventions are major factors in the economic base of the HMA. Orange County is home to three of the busiest amusement parks in the world. The Disney Company, with 21,000 employees, is the leading employer in the HMA. The Anaheim Convention Center is the largest exhibit facility on the West Coast. After declines in 2001 and 2002, tourism improved in 2003. Boeing is the second largest private employer in the HMA, with 10,840 workers in the space and communications sectors.

Orange County, with more than 17,700 employees, is the largest government employer in the HMA. The University of California at Irvine (UCI), with 15,800 employees, is the county's second largest government employer and its largest university, with more than 21,000 undergraduate and graduate students. In addition to UCI, 17 other colleges and universities are employers in the HMA. The portion of the resident labor force working outside the HMA decreased from 18 percent in 1990 to 17 percent in 2000. Most of these out-commuters work in Los Angeles County. Tables 1 and 2 present employment trends from 1993 through the Current date.

The North Orange County submarket's commercial-industrial employment areas range from planned industrial parks to older, mixed-use areas that need redevelopment. Anaheim, the largest city in the submarket, is redeveloping a 7-acre portion of its downtown area while also promoting the 2,645-acre Canyon Center for Advanced Technology on its outer ring. The Canyon Center currently contains 2,600 businesses that employ more than 55,000 people. One of the country's largest retail malls, the South

Coast Plaza, is located in this submarket. South Coast Plaza contains 3 million square feet of retail space and has sales exceeding \$1 billion annually.

In South Orange County, business and industrial areas are mainly characterized by planned developments. The largest such business park in this submarket is the Irvine Spectrum. Because of the planned community nature of this submarket, almost all the retail space has been designed to blend in with the total community environment. The availability of vacant land in this submarket creates a development environment in which the cities and developers do not have to rely on redevelopment to make a project feasible.

Based on the anticipated improvements in the local, state, and national economies, total nonagricultural employment is expected to register a moderate increase of approximately 13,100 jobs annually through the Forecast date. This represents an increase of 0.9 percent compared with the 0.3-percent annual gain between 2000 and 2003, with most of the new jobs expected to continue to be in professional and business services and wholesale and retail employment.

## **Household Incomes**

According to HUD's Economic and Market Analysis Division, the median family income in the Orange County HMA was estimated to be \$70,000 in 2003. This represented a 2.1-percent average annual increase since the 2000 Census. The current rate of change is lower than the 2.6-percent average annual rate of increase between the 1990 and 2000 Censuses. The lower rate results from the loss of high-paying jobs during 2001 and 2002.

## **Population**

As of January 1, 2004, the population of the Orange County HMA was estimated to be 3,028,540, an average annual gain of 1.7 percent since the 2000 Census. The annual average gain was also 1.7 percent between 1990 and 2000. Table 3 presents the population trends from 1990 through the Forecast date for the HMA and its two submarkets.

Based on annual data from the State of California Center of Health Statistics and the Department of Finance, the increase in population in the HMA from 1991 to 1996 resulted primarily from net natural increase (resident births minus resident deaths). Between 1991 and 1996, net natural increase averaged 35,670 and accounted for 91 percent of the total population change. Because domestic out-migration averaged 19,580 persons per year during that period, net migration averaged only 3,490 persons per year between 1991 and 1996. The domestic out-migration was caused by the recession and the loss of nonagricultural employment. From 1997 to the Current date, net natural increase declined to an annual average of 29,510 and accounted for about 41 percent of the total population change. During the same period, as employment opportunities improved, average annual net migration increased to 20,860.

The major population centers of the HMA are in the North Orange County submarket. This submarket has five cities with populations exceeding 100,000 and two cities with more than 300,000 population. Anaheim and Santa Ana, with 2003 populations of 337,400 and 347,237 respectively, are the largest cities in the submarket. Irvine is the only city in the South Orange County submarket with a population of more than 100,000.

The forecasted annual population growth is expected to be about the same as that since the 2000 Census, approximately 48,950. As of the Forecast date, the population of the Orange County HMA will be 3,126,440 persons, an average annual gain of 1.6 percent. South Orange County will grow at a faster rate than North Orange County; however, the largest absolute gain will be in North Orange County.

## **Households**

The changes in household growth in the Orange County HMA have been slower than the changes in the population. Between 1990 and 2000, annual household growth in the HMA averaged 10,820 households, or an annual increase of 1.2 percent. As with population growth, household growth was slower during the first half of the 1990s because of out-migration. An estimated 970,100 households were in the Orange County HMA as of the Current date, reflecting an average annual increase of 9,280 households, or an increase of 1 percent, since 2000. Table 3 presents the trends in households from 1990 through the Forecast date for the HMA and its two submarkets.

Based on the rate of population growth expected as a result of employment increases and continued net migration, estimates indicate that the households are forecast to increase at a faster rate than previously. During the 2-year forecast period, the number of households in the HMA will increase by 12,420 annually, or 1.3 percent a year, to 994,940 households as of January 1, 2006. The fastest rate of household formation during the forecast period is expected to occur in the South Orange County submarket.

## **Housing Inventory**

The total housing inventory in the HMA grew moderately between the 1990 and 2000, averaging annual gains of approximately 9,440 units a year. Households, however, grew faster than the total housing inventory. During the same period, the number of owner-occupied units increased an average of 7,760 units annually, and renter-occupied units increased an average of 3,060 units per year. Even with only moderate growth in households, builders could not keep up with the demand. As a result, the number of vacant housing units declined by approximately 14,900 during the period. The housing inventory in the HMA has grown by approximately 10,470 units annually since the 2000 Census to an estimated 1,008,770 housing units as of the Current date. Table 4 presents the housing inventory and occupancy and vacancy by tenure numbers for the 1990 and 2000 Censuses and the Current date for the HMA and its submarkets.

The housing inventory in the South Orange County submarket increased at a faster rate than the North Orange County submarket during the 1990-to-2000 period and from 2000

to the Current date. The more rapid rate of increase resulted from the availability of large tracts of vacant land for development in the South Orange County submarket.

Single-family building permit activity in the HMA has varied considerably from year to year, following the cycle of the local economy. From 1990 through 1993, single-family building permit activity averaged 4,000 units annually. This low level of activity in the early 1990s reflects the recession and a drop in demand for homes. Builders dropped out of the market as new and existing home prices fell in the early 1990s. From 1994 to 1999, annual average single-family permits increased to 7,300. The improving local economy and rising home prices encouraged builders to re-enter the market. Slow growth in the local economy and problems in the high technology, aerospace, and tourism employment sectors that started in 2000 have not had a significant impact on single-family development. The market has remained strong, and single-family permit activity has averaged 6,300 homes annually since 2000.

Multifamily building permit activity has also followed the economy. During the last half of the 1980s, multifamily permits averaged more than 12,500 units per year. From 1990 to 1994, multifamily permit activity dropped to an average of 3,900 units a year and declined further to an average of 2,980 units a year from 1995 through 1998. Multifamily developers regained confidence in the market during the late 1990s with improvements in employment and population growth. In 1999, multifamily permit activity rebounded to 4,560 units and reached 5,700 units in 2000. In 2001, however, the economic downturn in the HMA and rising vacancy rates in luxury rental units caused many developers to delay new development in the permit and planning process. In 2001, the number of multifamily unit permits dropped to 2,600. Multifamily permit activity increased to 5,000 units in 2002, mainly the result of the strong market for condominiums. During 2003, multifamily permit activity totaled approximately 3,150 units.

In South Orange County, multifamily permit activity averaged 3,030 units a year from 2000 to 2003, or approximately 74 percent of the total multifamily activity in the HMA during the period. Multifamily developers are attracted to the South Orange County submarket because of the availability of vacant land. Developers in North Orange County have to rely on infill parcels, brownfields, and land made available through redevelopment.

Multifamily condominiums are an important part of the market for sales housing in the HMA. In 1990, 138,660 condominium units were in the HMA, or 28 percent of the total owner occupied units. By 2000, condominium units constituted 31 percent of this total. The increasing proportion of condominiums reflects the rapid increase in single-family detached home prices and the relative affordability of condominiums. Currently, approximately 70 percent of the condominiums in the HMA are owner occupied. Condominiums are also an important source of rental units in the HMA, with such units composing approximately 15 percent of the total rental inventory as of 2002. Table 5 presents residential building permit activity for the Orange County HMA and its two submarkets from 1993 to the current period.

Manufactured housing continues to be only a very small component of the housing market in the HMA. In 1990 and 2000, manufactured housing represented less than 4 percent of the total housing stock. Between 1990 and 2000, the total number of manufactured homes increased by only 600 units. The number of manufactured homes is estimated to have increased by 1,000 units between 2000 and the Current date. The increase in manufactured homes resulted from households being priced out of other homeownership markets and, to some extent, the rental market.

## **Housing Vacancy**

The trend in vacancy rates in the HMA reflects strong housing market conditions since the mid-1990s. The 1990 Census reported an owner vacancy rate of 1.8 percent. This rate increased in the early 1990s with the weak economy, as owners put their homes on the market and foreclosures increased. The weak sales market of the early 1990s had disappeared by the mid-1990s. As the economic base improved, so did home values and market conditions. By 2000, the owner vacancy rate was a low 1.0 percent. As of the Current date, the owner vacancy rate is estimated to be an even lower 0.8 percent.

In 1990, the renter vacancy rate was 6.6 percent, which reflected the large number of units entering the market in the late 1980s. The improved job market and increased household growth from the mid-1990s resulted in a low 3.1-percent renter vacancy rate in 2000. The current rental market is slightly tight at 4.5 percent, a figure composed of vacancy rates of approximately 4 percent for lower-to-middle rent range units to about 9 percent for luxury units. The high vacancy rate for luxury units is the result of the economic slowdown and renters taking advantage of the low mortgage interest rates to become owners. Table 4 presents the housing inventory, occupancy, and vacancy characteristics for the HMA and its two submarkets from 1990 to the Current date.

## **Sales Market Conditions**

As of the Current date, 62 percent of all households in the HMA are owner occupied. The most significant factor in the increasing homeownership rate is the historically low mortgage interest rates during the past 3 years. Conditions are currently strong throughout all price ranges of the sales market in the Orange County HMA. During the late 1980s, the economy was booming, homes sales averaged more than 50,000 annually, and prices increased each year at double-digit rates. As the economy began declining in 1990, sales declined dramatically. Between 1990 and 1996, new and existing home sales averaged 33,200 annually. Demand increased in the second half of the 1990s because of the general overall improvement in the economy and in the high-technology sector in particular. The annual number of sales increased to approximately 49,900 in 1999. Despite the downturn in the economy from 2000 through 2002, the market has remained quite strong, with annual sales averaging approximately 47,000. Sales in the HMA reached 53,900 in 2003. Real estate agents indicate that sales could have been higher in 2003 but were limited by the available inventory.

The median sales price for existing homes, including single-family and condominiums, was \$231,680 in 1996. By 2000, the median sales price had increased 6.5 percent annually to \$297,770. Between 2000 and 2003, the median existing sales price in the HMA increased by 12.7 percent annually to \$426,430. The rapid increase in prices was the result of increased demand for homes fueled by low mortgage interest rates and strong buyer demand meeting a limited supply of available new and existing homes. With new and existing homes in desirable areas selling for higher than the listing prices and within a few days of being listed, many potential move-up buyers could not find a better home in an area they could afford. As a result, an increasing number of potential move-up buyers chose to add on to their existing homes instead of moving.

Condominiums continue to be an important factor in the Orange County HMA sales market. From 2001 to 2003, condominiums constituted 31 percent of total home sales in the HMA. In 2003, condominiums made up 42 percent of the total home sales in South Orange County and 22 percent in North Orange County. Condominiums have become an increasingly popular affordable alternative to single-family detached homes. The median price of existing single-family detached units in the county was \$450,000 in 2003, compared with \$295,000 for an existing condominium.

Manufactured homes represent less than 3.4 percent of total housing units in the HMA. Between 1990 and 2000, the total number of mobile homes in the area increased by only 600. Most of the current mobile home parks are fully occupied, and only a limited number of new spaces have been added since 1990. The supply of spaces is not expected to increase during the forecast period.

The lack of available vacant land limits the supply of new homes and apartments in the North Orange County submarket. Much of the submarket is built out, and developers have to build smaller developments on infill lots or tear down existing units. One large site, however, is still available for development. The 1,600-acre former Tustin Marine Base will be redeveloped over the next 30 years into a planned community called Tustin Legacy. The community will comprise more than 4,000 residential units; 9.2 million square feet of commercial/office space; facilities for the homeless; sites for two community colleges; a regional park; and educational facilities for the Tustin, Irvine, and Santa Ana Unified School Districts. The exact mix between owner and renter units has not yet been determined. The first residential phase will contain 376 owner units. The first preview day for these homes, even without models or finished homes, drew 2,500 potential homebuyers.

The South Orange County submarket has large tracts of vacant land; however, as demand for homes has increased and the supply of approved developable land has declined, prices for lots have increased. In areas close to the ocean, such as Dana Point Headlands and Bolsa Chica, development proposals sometimes take as long as 30 years to make it through the planning and permit process. The largest tract of vacant land in South Orange County not currently owned by private development companies is the 4,700-acre former El Toro Marine Corps Air Station. The reuse of this property is not yet determined. Orange County voters turned down the original reuse plan for a commercial airport.

Current potential reuses range from a large park to business and residential developments. Residential reuse could add thousands of housing units to the city of Irvine.

## **Rental Market Conditions**

Currently, the overall rental market in the Orange County HMA is slightly constricted. With the increase in apartment production since 2000, the rental vacancy rate has increased to 4.5 percent. Conditions are somewhat softer and more competitive for certain segments of the market, particularly newer Class A developments in the upper rent ranges. Many of these luxury apartment developments are marketed toward young professionals. While many in this target group may be part of the first wave to be laid off during economic slowdowns, they also are part of the group that can afford to become homeowners and have taken advantage of the low interest rates to do so. Conditions are more limited in the lower and middle rent ranges where the current vacancy rate is estimated to be approximately 4 percent.

The large number of units produced during the last half of the 1980s resulted in the 1990 Census renter vacancy rate of 6.6 percent. The economic and demographic changes in the HMA varied significantly during the 1990s, directly affecting the rental market. The falling housing prices in the early 1990s made it possible for renters to become owners. Even as prices began to increase during the last half of the 1990s, the low mortgage interest rates and more liberal qualifying standards enabled renters to become homeowners. The slowdown in apartment production during the 1990s resulted in the rental vacancy rate dropping to 3.1 percent by the 2000 Census. The rental vacancy rate would be much lower and market conditions even tighter if a large number of renters had not shifted to homeownership.

Conditions are slightly tighter in North Orange County, where a wider range of rents is available compared with the newer stock in South Orange County. About 75 percent of the rental units in the North Orange County submarket were built before 1980, compared with about 41 percent in the South Orange County submarket. The current vacancy rate in North Orange County is 4 percent, compared with 6 percent in South Orange County.

The annual increase in rents since the 2000 Census has averaged less than 3 percent, about the same as the national trend. In the HMA, the average rent for a two-bedroom/two-bath unit in a newly completed Class A development is approximately \$1,250.

The supply for assisted rental housing targeted to low- and very-low-income renters is extremely limited in the Orange County HMA. Occupancy rates of 100 percent and waiting lists of several years at subsidized projects are typical. The inventory of project-based rental assistance through HUD programs totals 3,530 units and consists of 1,270 units for families and 2,260 units for seniors and people with disabilities. The North Orange County submarket contains 78 percent of the project-based assisted units. Only 39 project-based rental assisted units for the elderly are in the pipeline. In addition to

managing project-based units, four local housing authorities administer more than 20,747 Section 8 rental vouchers assisting renters in the HMA. No conventional public housing units operate in the HMA.

Tax credit financing plays an important role in rental housing production for low-income households in the HMA. An estimated 10,000 rental units in the HMA were financed using Low Income Housing Tax Credits (LIHTCs); about 1,600 of these units are for seniors. Most tax credit units were constructed after 1990. The North Orange County submarket contains 84 percent of the current units. The vacancy rate for tax credit units is less than 3 percent. Of the 224 LIHTC units in the pipeline, approximately 200 will be built in the North Orange County submarket. These units should be available by the end of the forecast period.

## **Forecast Housing Demand**

The principal factor of demand for additional housing is forecast household growth. In addition, a need will emerge to replace the estimated 1,400 units expected to leave the inventory because of demolition and other causes. Based on anticipated household growth and current market conditions, estimates indicate a demand for approximately 27,700 new housing units will arise during the 2-year forecast period ending January 1, 2006. This demand could be met successfully by the annual construction of an estimated 9,700 units of sales housing and 4,150 market-rate rental units. This level of construction would enable the HMA to maintain a balanced demand-supply condition.

Based on current trends, however, estimates indicate that the annual level of construction during the forecast period will be only 5,400 sales housing units and 3,000 market-rate rental units. This estimate that production will be lower than forecast demand is based primarily on the availability of buildable sites in the two submarkets. Large tracts for single-family and multifamily units in the South Orange County submarket are expected to be more difficult and expensive to obtain during the forecast period. The potential reuse of large tracts of land in the North Orange County submarket may occur more slowly than usual because of environmental cleanup efforts. Because of this gap, conditions are forecast to become even tighter than they are at present. The price for a new detached home will continue to exceed \$400,000, and rents for new two-bedroom units will remain higher than \$1,250.

Table 6 presents a tabular summary of total rental qualitative demand for the HMA. The distribution of forecast demand for market-rate rental units by bedroom size was based on the distribution of renter households by size, the distribution of the rental inventory as of the 2000 Census, trends in housing production since the 2000 Census, current pipeline activity, and market conditions.

**Table 1**  
**Labor Force and Total Employment**  
**Orange County HMA**  
**1993 to 2003**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Previous 12 Mos.	Current 12 Mos.
Labor Force	1,332,400	1,347,800	1,331,000	1,340,200	1,385,100	1,435,100	1,471,700	1,502,100	1,540,500	1,559,700	1,580,550	1,559,700	1,580,550
Employment	1,242,700	1,271,300	1,263,300	1,285,200	1,339,900	1,393,700	1,432,700	1,463,900	1,493,600	1,495,100	1,520,325	1,495,100	1,520,325
Unemployment	89,700	76,500	67,700	55,000	45,200	41,400	39,000	38,200	46,900	64,600	60,250	64,600	60,250
Rate (%)	6.7	5.7	5.1	4.1	3.3	2.9	2.6	2.5	3.0	4.1	3.8	4.1	3.8

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

Source: California Employment Development Department

**Table 2**  
**Nonfarm Employment by Industry**  
**Orange County HMA**  
**1993 to 2003**

<b>Employment Sector</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Total Nonagricultural	1,115,400	1,126,800	1,151,700	1,184,300	1,233,800	1,299,100	1,345,200	1,388,900	1,413,700	1,403,000	1,403,325
Goods-Producing	238,200	238,800	243,100	255,600	268,700	280,700	286,300	294,300	289,800	269,800	262,692
Nat. Res'rces & Mining	900	800	700	700	800	1,000	800	600	600	500	558
Construction	47,000	48,900	51,600	54,500	59,200	65,300	72,200	77,000	80,700	79,200	79,500
Manufacturing	190,300	189,100	190,700	200,400	208,700	214,500	213,300	216,700	208,500	190,000	182,633
Durable Goods	132,400	130,600	131,600	140,100	147,200	153,400	151,300	153,400	147,800	133,000	127,067
Nondurable Goods	57,900	58,500	59,200	60,300	61,500	61,100	62,000	63,300	60,700	57,000	555,667
Service-Providing	877,300	888,100	908,600	928,700	965,100	1,018,400	1,058,900	1,094,500	1,123,900	1,133,300	1,140,633
Transportation & Utilities	27,400	30,000	30,400	29,200	28,900	27,700	28,600	30,400	30,400	28,500	27,375
Wholesale & Retail	186,900	189,400	196,900	202,400	208,700	218,400	225,100	228,600	234,000	233,700	234,267
Wholesale Trade	62,000	63,200	66,400	71,700	75,800	78,800	81,400	80,800	83,900	81,300	797,167
Retail Trade	124,900	126,200	130,500	130,700	132,900	139,600	143,700	147,800	150,100	152,400	154,550
Prof. & Bus. Services	165,400	170,100	182,200	186,400	196,500	220,300	235,700	248,800	248,400	249,200	254,783
Government	127,800	129,200	128,200	129,700	132,700	136,400	141,100	146,600	150,900	155,100	153,942
Federal	15,600	15,800	15,400	14,500	13,500	13,200	12,700	13,000	12,000	11,700	11,742
State	20,900	20,900	21,000	20,600	20,800	21,700	23,100	24,400	25,500	26,400	26,792
Local	91,200	92,600	91,700	94,600	98,400	101,500	105,300	109,200	113,300	117,000	115,408
Other Services	369,900	369,400	370,900	381,100	398,300	415,700	428,300	440,000	460,200	466,700	470,267
Leisure & Hospitality	118,400	118,200	120,500	124,400	127,600	131,900	137,900	140,700	154,300	156,400	157,800
Miscellaneous Services	251,500	251,200	250,400	256,700	270,700	283,800	290,400	299,300	305,900	310,300	312,467

Note: Numbers may not add to totals because of rounding.  
Source: California Employment Development Department

**Table 3**  
**Population and Household Trends**  
**Orange County HMA**  
**April 1, 1990 to January 1, 2006**

	April 1, 1990	April 1, 2000	Current Date	Forecast Date	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
<b>Population</b>										
Orange County HMA	2,410,556	2,846,289	3,028,540	3,126,440	43,573	1.7	48,600	1.7	48,950	1.6
South Orange County Submarket	520,317	715,963	791,610	832,010	19,565	3.2	20,173	2.7	20,200	2.5
North Orange County Submarket	1,890,239	2,130,326	2,236,930	2,294,430	24,009	1.2	28,428	1.3	28,750	1.3
<b>Households</b>										
Orange County HMA	827,066	935,287	970,100	994,940	10,822	1.2	9,283	1.0	12,420	1.3
South Orange County Submarket	198,253	268,186	294,000	307,110	6,993	3.1	6,884	2.5	6,555	2.2
North Orange County Submarket	628,813	667,101	676,100	687,830	3,829	0.6	2,400	0.4	5,865	0.9

Note Annual average numbers may not add to totals because of rounding.  
Sources: U.S. Census Bureau, 1990 and 2000 Censuses  
Current and Forecast: Estimates by analyst

**Table 4**  
**Housing Inventory Tenure and Vacancy**  
**Orange County HMA**  
**1990 to January 1, 2004**

	Orange County HMA			South Orange County Submarket			North Orange County Submarket		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
<b>Total Housing Inventory</b>	875,072	969,484	1,008,770	214,433	280,962	308,640	660,639	688,522	700,130
Occupied Units	827,066	935,287	970,100	198,253	268,186	294,000	628,813	667,101	676,100
Owners	496,824	574,456	600,760	138,785	190,534	206,670	383,922	383,922	394,090
%	60.1	61.4	61.9	70.0	71.0	70.3	61.1	57.6	58.3
Renters	330,242	360,831	369,330	59,468	77,652	87,300	270,774	283,179	282,030
%	39.9	38.6	38.1	30.0	29.0	29.7	43.1	42.4	41.7
Vacant Units	48,006	34,197	38,670	16,180	12,776	14,640	31,826	21,421	24,030
Available Units	32,555	17,639	22,130	10,000	5,296	7,200	22,555	12,343	14,930
For Sale	9,310	5,975	4,850	4,600	1,952	1,670	4,710	4,023	3,180
Rate (%)	1.8	1.0	0.8	3.2	1.0	0.8	1.2	1.0	0.8
For Rent	23,245	11,664	17,280	5,400	3,344	5,530	17,845	8,320	11,750
Rate (%)	6.6	3.1	4.5	8.3	4.1	6.0	6.2	2.9	4.0
Other Vacant	15,451	16,558	16,540	6,180	7,480	7,440	9,271	9,078	9,100

Note     Numbers may not add to totals because of rounding.  
Sources: U.S. Census Bureau, 1990 and 2000 Censuses  
          Current: Estimates by analyst

**Table 5**  
**Residential Building Permit Activity**  
**Orange County HMA**  
**1993 to 2003**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Orange County HMA</b>											
Total	6,344	12,640	8,193	10,173	12,261	9,704	12,239	12,520	8,611	11,796	8,985
Single-family	4,441	7,758	5,948	6,976	8,206	7,285	7,679	6,814	6,010	6,794	5,830
Multifamily	1,903	4,882	2,245	3,197	4,055	2,419	4,560	5,706	2,601	5,002	3,154
<b>South Orange County Submarket</b>											
Total	3,859	8,143	4,347	5,613	7,224	5,350	6,636	8,716	5,483	6,837	5,069
Single-family	2,658	4,727	3,344	3,927	4,501	3,848	4,128	4,298	3,499	3,480	3,206
Multifamily	1,201	3,416	1,003	1,686	2,723	1,502	2,507	4,418	1,984	3,357	1,862
<b>North Orange County Submarket</b>											
Total	2,485	4,497	3,846	4,560	5,037	4,354	5,603	3,804	3,128	4,959	3,916
Single-family	1,783	3,031	2,604	3,049	3,705	3,437	3,551	2,516	2,511	3,314	2,624
Multifamily	702	1,466	1,242	1,511	1,332	917	2,053	1,288	617	1,645	1,292

Note: Multifamily is defined as two or more units per structure.

Source: U.S. Census Bureau, C-40 Construction Series

**Table 6**  
**Estimated Qualitative Annual Demand for New Market-Rate Rental Housing**  
**Orange County HMA**  
**January 1, 2004 to January 1, 2006**

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900	680	1,300	1,830	1,600	810
950	580	1,350	1,520	1,650	660
1,000	530	1,400	1,360	1,700	610
1,050	470	1,450	1,160	1,750	540
1,100	400	1,500	960	1,800	480
1,150	320	1,550	770	1,850	420
1,200	250	1,600	600	1,900	370
1,300	200	1,700	470	2,000	320
1,400	150	1,800	370	2,100	270
1,500	110	1,900	290	2,200	160
1,600	80	2,000	220	2,300	80
1,700	60	2,100	50	2,400	70
1,800	40	2,200	20	2,500	60
1,900 or more	10	2,300 or more	10	2,600 or more	50

Note: Distribution above is noncumulative.  
Source: Estimates by analyst