

COMPREHENSIVE MARKET ANALYSIS REPORTS



Policy Development & Research

Analysis of the Stockton, California Housing Market

As of July 1, 2004



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

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 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 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 on information available on the "as-of" date from 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: from 1990 to 2000, from 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 purposes of this analysis, the forecast period is 36 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 the demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Robert Jolda, the Division's Supervisory Economist in the California State Office, based on fieldwork conducted in April 2004 and periodically updated. Questions regarding the findings and conclusions of the analysis may be addressed to Mr. Jolda at 415-436-6467 and at robert_e._jolda@hud.gov.

Housing Market Area

The Stockton Housing Market Area (HMA) is defined as the Stockton Metropolitan Statistical Area and comprises San Joaquin County, California, with a land area of 1,400 square miles. For purposes of this analysis, the HMA has been divided into two submarkets: the city of Stockton and the remainder of the county, hereafter referred to as the Remainder of the HMA, which includes the cities of Lodi, Tracy, Manteca, Lathrop, Ripon, and Escalon. Located 80 miles east of San Francisco and 50 miles south of Sacramento, and served by several cross-state freeways, Stockton continues to be a strategic transportation center for Northern California agricultural and manufactured products and serves as a regional government, medical, educational, and retail center. Recently, Stockton and its neighboring cities have become a source of relatively affordable homes to rapidly increasing numbers of Bay Area commuters; as a result, the county's population is now among the fastest growing in the state.

Summary

Since 1990, the economy of the Stockton HMA has expanded substantially at a moderate pace, adding more than 45,000 jobs over the past 14 years. After the recession in the early 1990s, the economy grew rapidly in the latter half of the decade. All major employment segments strengthened and families moved to the county, attracted by job growth and more affordable homes than in the nearby Bay Area. Since 2000, the county has registered moderate annual gains of 4,500 payroll jobs, or 2.4 percent a year. HMA employment gains occurred primarily in trucking and transportation, business services, and medical and educational services. These gains offset recent weaknesses in the government and manufacturing sectors. In the 1990s, population growth mirrored the economy, growing slowly in the first half of the decade and accelerating in the last half. Since 2000, substantial in-migration and rising net natural increase (resident births minus resident deaths) resulted in continued rapid population growth of nearly 3 percent annually, one of the highest rates among California counties.

Beginning in the late 1990s, improved economic growth and net in-migration supported continuing home construction activity and a strong sales market in the Stockton HMA. Recent single-family housing production levels are more than double the average levels of the early 1990s, having increased every year since 1996 except for 2001. New and existing home sales reached record levels in 2003 as low mortgage rates prevailed, and home sales of all types are increasing at a pace to set records again this year. Inventories are very low, and prices have increased at an average annual rate of 15.4 percent in the last 5 years, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

The rental market in the HMA was very competitive during the weak economic conditions of the early 1990s and continued to tighten until the economic boom peaked in 2000. Since then, slower job growth and the relative affordability of single-family homes eased conditions a bit. The rental market remains slightly tight as of the Current date; the occupancy rate during the 12 months ending in June 2004 was approximately 95 percent.

The low level of apartment construction has been readily absorbed and has not affected the stability of the market.

During the 3-year forecast period, local economic growth is expected to continue at a moderate rate overall, starting slowly in the first year and then accelerating in the second and third years. The expanding job base and the continued substantial difference in home prices and land availability in the HMA compared with the Bay Area will sustain high levels of in-migration and population and household growth. Based on the expected employment and household growth and the need to replace losses to the housing stock, the demand for new sales housing during the forecast period is estimated at an average of 5,850 homes annually. Demand for new market-rate rental housing during the period is estimated at an average of 500 units each year.

Economy of the Area

The economic growth of the Stockton HMA is based on the city's location east of the San Francisco Bay Area. The Port of Stockton, one of only two inland deepwater ports in the state, continues to serve the rich agricultural and related manufacturing industries in California's Central Valley. Three transcontinental railroads and, recently, a commuter express train also provide transportation for the HMA. Stockton can be accessed by the state's two major north-south freeways, California Highway 99 and Interstate 5 (I-5), the latter an international trade route linking Canada and Mexico. I-580 provides fast commuter access to the adjacent Oakland-East Bay and Santa Clara County's Silicon Valley.

Possessing fertile, flat alluvial soil and links to burgeoning local and international markets, the HMA continues to be a major agricultural area, ranking seventh in the state with \$1.5 billion in 2003 production value. Leading products are milk and dairy products, grapes, almonds, tomatoes, and cherries. Agricultural payrolls accounted directly for 8 percent of total payroll employment in 2003. Transportation, distribution, and food processing and its related inputs in the area capitalize on the central location of and market linkages in the HMA.

The economic base of the Stockton HMA also includes medical, educational, government, real estate, and financial service institutions that provide stability and diversity to the local economy. The largest medical providers are Saint Joseph's Medical Center with 2,800 employees, San Joaquin General Hospital with 2,026 employees, Dameron Hospital with 1,100 employees, and Kaiser Permanente with 800 employees. The medical services sector has expanded in the area in recent years. The University of the Pacific has an enrollment of 4,370 students, a staff of 1,600, and an annual budget of \$120 million. The university recently opened an \$18 million health sciences learning center.

Washington Mutual and Golden 1 Credit Union each have about 1,000 employees. Several state prisons are also located in the area. A.G. Spanos, a leading national apartment developer, is headquartered in Stockton, as is the Grupe Company, a major

real estate developer; each employs approximately 550 people locally. High-technology manufacturing and research is not an important segment of the local economy, although the HMA is home to many commuters from the adjacent Silicon Valley. San Joaquin County was not significantly affected by the technology-Internet boom and bust of recent years.

In the 1990s, total employment increased slowly by an annual average of 2,350 jobs, or 1.1 percent a year. Nonfarm payrolls during that time rose 3,300, or 2.0 percent, annually on average, reaching 185,800 in 2000. From 1990 to 1995, a time of severe retrenchment in the California economy, nonfarm payrolls grew just 1 percent a year. As a result of the statewide recovery and the much greater than previous in-migration to the county, the number of jobs increased 3 percent annually in the late 1990s. This in-migration was driven in part by Bay Area families seeking relatively lower priced single-family homes, resuming a trend first evident in the 1980s. During the 1990s, significant employment gains occurred in several sectors: business services jobs were up 115 percent to 10,100; trucking and warehousing jobs doubled to 8,400 positions; other services experienced a 32-percent increase to 16,700 jobs; local education jobs were up 30 percent to 16,700; and health services rose 28 percent to 13,900 positions.

Employment growth peaked in the Stockton HMA from 1999 to 2000; more recently this growth has continued but at a slower pace. During the current period, total employment rose by 5,100 jobs annually, or 2.1 percent, while nonfarm payrolls increased by 4,500 jobs a year, or 2.4 percent. Despite the statewide slow-growth climate, these growth levels remained higher on average than during the 1990s and were supported by the expansion of jobs in service-providing sectors such as health and education, local government, and residential construction. These gains more than offset the loss of 5,000 manufacturing jobs, most of which were in the food processing industry. State budget deficits have led to decreased funding and declines in state and local employment. In the 12 months ending June 2004, although nonfarm job growth was stagnant, total employment rose a moderate 1.7 percent, buoyed by families continuing to move to the area.

Economic growth in the HMA is expected to continue at a moderate pace during the forecast period, slowly in the first year but accelerating in the second and third years. The state economy bottomed out recently but has started to grow again. Manufacturing employment is beginning to stabilize. The availability of land for subdivisions and the huge price advantage in local home prices will maintain steady housing construction and related employment. The associated in-migration will continue to support the retail trade and service-providing sectors. The nonfarm payroll level during the forecast period is projected to increase by 4,000, or 2.0 percent, annually. Total employment is projected to rise by 6,000 jobs annually, averaging 2.5 percent a year.

A number of major developments will support employment growth in the HMA in the next several years. As national retailers are attracted to the county's population growth and rising income levels, several large shopping centers are under development in Stockton. At the Park West Place "power center" along I-5, with 700,000 square feet at

build out, several anchor stores opened in March 2004. In 2005 and 2006, two additional power centers are expected to open in Stockton at I-5 and French Camp Road and at Highway 99 and Hammer Lane, respectively. Expansions are under way at two of the major hospitals in the HMA, St. Joseph's Medical Center and Kaiser Permanente. Stockton is revitalizing its downtown core with a \$113 million events center and indoor arena and a recently opened multiplex theater. Located next to I-205 at the city's western boundary, Tracy Gateway is a planned 550-acre, campus-style business park that, when built over a 10- to 20-year period, will provide 6 million square feet of Class A office space (the first in the county), 485,000 square feet of retail space, a 200-room hotel, and a nine-hole golf course. A subdivision map has been approved and marketing efforts will determine the timing of the first phase, which will include the development of 200,000 square feet of the office space and a portion of the retail space. The development will offer the county's growing population an alternative to Bay Area commuting.

Household Incomes

According to the 2000 Census, the median family income in the HMA rose by 3.1 percent annually between 1989 and 1999 to \$46,919. HUD's Economic and Market Analysis Division estimated the 2004 median family income to be \$55,100, a 3.4-percent annual increase since 2000. The continued in-migration of families from the San Francisco Bay Area contributed to the more rapid, recent income gain.

Population

As of the Current date, the population of the Stockton HMA was estimated to be 643,700, an average gain of 18,850, or 3.2 percent, each year since the 2000 Census, which is double the average annual gain of about 8,300, or 1.6 percent, during the 1990s. The expanded growth rate was due primarily to the quickened pace of employment growth and in-migration. The population trends from 1990 through the Forecast date for the HMA and its submarkets are presented in Table 3.

In the late 1990s, increased in-migration began to dominate population growth in the county. Although net migration averaged just 2,400 people in the first half of the decade, it accounted for 4,300 people in the second half. Population increase due to net natural increase (resident births minus resident deaths) averaged about 5,165 people annually from 1990 to 2000, and 5,450 people a year subsequently, according to the California Department of Finance. Rapid in-migration from 2000 through July 1, 2004, is responsible for 70 percent of the total population increase since 2000. From 2000 to the Current date, net in-migration has averaged 13,400 people annually.

Based on the economic growth and in-migration anticipated during the 3-year forecast period, population growth in the HMA is expected to continue at a rate similar to recent levels. As of the Forecast date, the population of the Stockton HMA will be an estimated 700,600, consistent with an average annual growth of 18,950 people, or 2.9 percent a year.

Households

Household growth trends in the Stockton area have paralleled the changes in the local population since 1990. In the 1990s, the number of households grew by 2,350, or 1.4 percent, a year on average. Most of this growth occurred after 1995, when in-migration accelerated. As of July 1, 2004, an estimated 204,900 households reside in the Stockton HMA, reflecting an average annual growth of 2.9 percent, or 5,450 households annually. The trends in households from 1990 to the Forecast date for the HMA and its two submarkets are presented in Table 3.

Based on the current characteristics of household size and the rate of anticipated population growth, the number of households in the HMA is expected to increase by an annual average of 6,000, or 2.8 percent, during the 3-year forecast period to a total of 222,900 households as of July 1, 2007.

Housing Inventory

As with population and households, the housing inventory has grown significantly since 1990. Between 1990 and 2000, the HMA inventory recorded an average annual gain of 2,290 units. Most of the increase was in owner-occupied units, which rose an average of 1,860 units annually; renter-occupied units increased an average of 490 a year. As of the Current date, an estimated 212,600 housing units are in the HMA, a 5,500-unit average annual increase since the 2000 Census. Housing inventory counts by various categories for the 1990 and 2000 Censuses and the Current date are presented in Table 4. Trends in building permit activity from 1993 through 2003 for the HMA and its submarkets are presented in Table 5.

From 1990 to 1999, single-family building permit activity averaged 2,600 annually. In the early 1990s, a time of severe recession and weak in-migration to the HMA, permits averaged 2,450 annually. The onset of recovery and much greater inflow of households to the county boosted homebuilding to an average of 2,800 units annually in the last half of the decade. As Bay Area homebuyers came over the Altamont Pass from the East Bay seeking comparatively affordable homes, builders responded with increased subdivision development using the abundant flat land in San Joaquin County. In 1998, home production surged by more than 50 percent from 2,229 units in 1997 and continued to climb each year, with the exception of 2001, the year of the recession. Favorable financial conditions and a continued price difference with the Bay Area offset the impact of a slowing economy, keeping building levels strong. From 2000 to the Current date, production averaged 5,650 units annually, culminating in a recordbreaking 6,935 permits in 2003. With nearly 3,500 units registered in the first half of 2004, builders are close to maintaining that record pace.

Multifamily unit production averaged only 160 units annually in the 1990s; high vacancy rates and low rents prevailed for most of the decade. Multifamily permit activity was relatively steady, averaging 170 units annually in the early 1990s and 150 in the late 1990s. As the market tightened toward the end of the decade, and demand for apartments

with modern amenities grew, the more favorable conditions supported an average of 230 multifamily units annually during the current period. About 40 percent of the recently built units are in the city of Stockton. With single-family housing so relatively affordable, condominium construction in the HMA has currently been negligible.

Manufactured housing, accounting for less than 5 percent of the total housing stock, plays only a minor role in the HMA due to the absence of new park development and the affordability of stick-built housing. In the 1990s, the number of manufactured homes in the HMA declined by 35 units, according to the California Department of Finance. Since 2000, about 60 manufactured homes have been absorbed in the county, primarily on individual rural lots.

Housing Vacancy

In 1990, the sales market was balanced at 1.7 percent, while the rental market was slightly tight with a 4.3-percent vacancy rate. Beginning in 1991 and continuing through the weak economic conditions during the first half of the decade, markets loosened significantly. Vacancies were absorbed in the late 1990s as new households moved to San Joaquin County in greater numbers. By 2000, the sales and rental markets were tight once again at 1.2 and 3.8 percent, respectively.

Since 2000, the very strong demand for homes has exceeded available supply, reducing inventories and further tightening the owner vacancy rate to 1.0 percent. The rental market eased a bit to a 4.3-percent vacancy rate as of the Current date due to the slower economy and the movement of many renters to homeownership.

Sales Market Conditions

The sales market is extremely brisk in the HMA due to expanding employment, low mortgage rates, liberal mortgage qualifying criteria, and the spillover demand from Bay Area buyers seeking lower home prices. According to First American Real Estate Solutions, the number of new home sales averaged 1,850 annually from 1990 to 1994 and 2,034 from 1995 to 1999. The rate of sales more than doubled between 1995 and 2000 as economic growth and in-migration accelerated. According to the Gregory Group, new home subdivision sales rose steadily in recent years, from 2,465 in 2001, to 3,966 in 2002, and to 5,263 in 2003, despite weak economic conditions during much of this time. In the first 6 months of 2004, 2,800 new home sales were closed, a 23-percent gain compared with the same period a year ago. Currently, new home inventories are very low, only 2 weeks worth at current sales rates. In the weak economy and sales market during the first half of the 1990s, the average price of a new home in the county fell nearly 3 percent annually, but prices accelerated an average of 9 percent each year in the second half of the decade to \$226,400 in 2000. By 2003, the average price had reached \$320,800, a 14-percent annual gain.

Existing home sales are also very strong. As with new home sales, the existing home market started the early 1990s on a weak note, averaging 4,700 resales annually. The rate

of sales picked up somewhat to an average of 5,500 sales each year from 1995 to 1999 and has improved steadily since then; the 9,000 resales in 2000 doubled the 1995 rate. After a modest dip in 2001, resales climbed to a record 9,725 in 2003 and averaged 9,050 sales between 2000 and 2003. Average resale prices fell slightly from 1990 to 1995, but climbed 4 percent annually in the late 1990s and 16 percent annually to \$240,900 in 2003. In 2003, Stockton accounted for 50 percent of the total county resales. The city of Stockton's median home price was \$229,000 in 2003, the lowest in the county. The median home sale price in the city of Tracy, closest to the Bay Area, was \$343,750, the highest in the county.

According to OFHEO, Stockton HMA home prices rose 11.2 percent in the 12 months ending March 2004, which ranked 45th in the nation for home price increases. The rate of appreciation has peaked and began to ease in the past quarter. Prices rose 77 percent in the last 5 years, a 15.4-percent rate of appreciation.

Rental Market Conditions

The influence of the major economic and demographic changes in the Stockton HMA is reflected in the area's rental market. In the late 1980s and 1990, the rental market ranged from balanced to tight. The onset of a severe recession in California and the HMA reduced in-migration and rental demand in the early 1990s, resulting in occupancy rates in the high 80-percent range for several years. Economic recovery in the HMA and the technology-driven boom in the adjacent San Francisco Bay Area led to an increased household formation and an inflow of renter households. Prevailing rents in neighboring counties, such as Alameda, Contra Costa, and Santa Clara, were 50 to 100 percent higher than in the Stockton HMA, encouraging spillover demand for rentals. Average rents grew relatively slowly—2.5 percent annually—in the 1990s; not until the latter years of the decade did the rental market strengthen and concessions ease.

Increased demand and limited rental supply led to a very tight market by 1999 and 2000. Subsequent slower job growth and the persistent strength of the single-family home sales market led to a slight easing in the rental market. Currently, conditions are somewhat tight due, in part, to continued strong in-migration and limited rental construction. Overall occupancy has been around 95 percent during the past 12 months, with newer, higher end properties experiencing 94- to 95-percent occupancy rates. Little difference exists in occupancy between the submarkets in the HMA.

Since 2000, rents in the Stockton HMA have increased, on average, about 5 to 6 percent annually, reflecting the stronger rental markets in recent years compared with much of the 1990s as well as the construction of properties with more desirable amenities that have lifted the average rent. Current rents for larger apartments with any number of bedrooms average about \$813 in the county overall and \$786 in the Stockton submarket, according to RealFacts. Rents average an estimated \$893 in the Remainder of the HMA, reflecting a greater proportion of Bay Area commuters in cities such as Tracy and Manteca as well as newer housing stock. Rents for new two-bedroom, two-bath apartments range from \$1,075 to \$1,225 in the HMA.

Tax credit financing is a significant part of the rental housing market in San Joaquin County. The HMA has 2,024 low-income housing tax credit units; 1,929 were built in 1990 or later. About 75 percent were built for families; the remaining units are for seniors, single-room occupancy, or people with special needs. More than three-fourths of the tax-credit properties are located in the city of Stockton. These properties generally have 97 percent or higher occupancy rates.

Forecast Housing Demand

The principal source of demand is the forecast household growth and the need to replace an estimated 1,100 units expected to be lost from the inventory due to demolitions and other causes. Based on anticipated household growth and current market conditions, demand for approximately 19,100 housing units is expected during the 3-year forecast period ending June 30, 2007. Construction of 5,850 units of sales housing and 500 market-rate rental units annually can successfully meet this demand and ensure balanced demand-supply conditions. Single-family detached homes will continue to account for the dominant share of the new home market. Most new homes are expected to be priced between \$350,000 and \$500,000.

The annual forecast volume of rental demand is expected to moderately exceed the production average of the past 3 years because of strong household growth, demand for apartments with more contemporary amenities, higher incomes among newer in-migrants, and the surge in new home prices leading some households to enter the rental market. The distribution of forecast demand is based on the size distribution of rental households, distribution of the rental inventory in the 2000 Census, recent production trends, the current pipeline, and market conditions. During the 3-year forecast period, rental demand is anticipated to be strongest for two-bedroom units, about 40 percent of the total. Annual demand is estimated for 150 one-bedroom rental units, 200 two-bedroom units, and 150 three-bedroom units with monthly rents starting at \$825, \$1,075, and \$1,375, respectively. A summary of qualitative rental demand for the HMA is presented in Table 6.

Table 1
Labor Force and Total Employment
Stockton HMA
1993 to July 1, 2004

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Previous 12 Mos.	Current 12 Mos.
Labor Force	241,200	240,500	239,900	239,100	244,400	246,500	249,500	257,200	262,300	272,400	279,000	276,400	281,000
Employment	207,500	209,900	210,300	212,400	218,400	220,400	227,600	234,400	239,100	245,100	250,800	248,800	252,900
Unemployment	33,700	30,600	29,600	26,700	26,000	26,100	21,900	22,800	23,200	27,300	28,200	27,700	28,100
Rate (%)	14.0	12.7	12.3	11.2	10.6	10.6	8.8	8.9	8.8	10.0	10.1	10.0	10.0

Note: Numbers may not add to totals due to rounding.

Source: State of California Employment Development Department

Table 2
Total Nonfarm Employment by Industry
Stockton HMA
1993 to July 1, 2004

Employment Sector	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Previous 12 Mos.	Current 12 Mos.
Total Nonfarm Employment	156,200	157,300	160,300	163,500	167,400	171,500	178,700	185,800	191,100	194,500	197,600	197,300	197,800
Goods-Producing	29,100	29,000	29,300	30,200	31,000	31,900	34,400	36,500	35,900	34,500	34,500	34,600	34,200
Nat. Res. & Mining	100	100	100	100	100	100	100	200	200	200	200	200	200
Construction	6,100	6,300	6,500	6,800	7,800	8,800	10,500	11,600	13,200	13,500	14,500	14,100	14,700
Manufacturing	23,000	22,600	22,800	23,300	23,100	22,900	23,800	24,700	22,500	20,800	19,800	20,300	19,300
Durable Goods	10,600	10,700	11,500	11,800	11,800	11,900	12,300	13,100	12,500	11,100	10,800	10,900	10,900
Nondurable Goods	12,400	11,900	11,300	11,500	11,300	11,000	11,500	11,600	10,100	9,700	9,000	9,400	8,500
Service-Producing	127,100	128,300	131,000	133,300	136,400	139,600	144,300	149,400	155,100	160,000	163,100	162,700	163,600
Trade, Trans., & Utilities	34,900	36,100	36,600	37,200	38,100	38,700	40,400	41,700	43,600	44,800	46,800	46,100	47,300
Wholesale Trade	6,000	5,900	6,200	6,100	6,100	6,300	6,300	6,400	6,700	7,200	7,900	7,700	8,000
Retail Trade	20,400	20,600	20,600	21,000	21,500	21,800	22,500	23,600	24,600	24,800	25,200	25,100	25,100
Trans., Warehousing, & Utilities	8,600	9,600	9,800	10,200	10,500	10,500	11,600	11,700	12,300	12,700	13,800	13,300	14,200
Information	2,500	2,500	2,500	2,500	2,500	2,500	2,700	3,000	3,300	3,100	2,900	3,000	2,900
Financial Activities	8,800	8,500	8,100	8,100	8,300	8,200	8,400	8,500	8,900	9,400	10,000	9,800	9,900
Prof. & Bus. Services	11,000	11,400	11,800	12,700	13,900	15,000	16,100	16,800	16,900	17,300	17,800	17,700	18,000
Education & Health Services	18,400	18,500	19,600	20,100	20,300	21,200	21,500	22,000	22,300	23,200	23,700	23,500	23,700
Leisure & Hospitality	12,300	12,600	13,300	13,600	13,300	13,700	13,800	14,400	15,300	15,900	16,400	16,200	16,700
Government	34,000	33,700	33,700	33,600	34,300	34,800	35,600	37,000	38,800	40,100	39,400	40,000	39,100
Federal	5,000	4,600	4,400	4,300	4,600	4,300	4,000	3,700	4,000	4,100	3,900	4,000	4,000
State	4,900	4,900	4,800	4,200	4,200	4,200	4,300	4,400	4,500	4,500	4,200	4,400	4,200
Local	24,100	24,200	24,500	25,100	25,500	26,300	27,400	28,900	30,300	31,500	31,300	31,600	30,900

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

Table 3
Population and Household Trends
Stockton HMA
April 1, 1990 to July 1, 2007

	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 (%)
Population										
Stockton HMA	480,628	563,598	643,700	700,600	8,300	1.6	18,850	3.2	18,950	2.9
Stockton Submarket	210,943	243,771	276,600	300,000	3,275	1.5	7,725	3.0	7,800	2.7
Remainder of HMA Submarket	269,685	319,827	367,100	400,600	5,025	1.7	11,100	3.3	11,150	3.0
Households										
Stockton HMA	158,156	181,629	205,000	223,000	2,350	1.4	5,450	2.9	6,000	2.8
Stockton Submarket	68,794	78,556	88,100	95,200	980	1.3	2,246	2.7	2,375	2.6
Remainder of HMA Submarket	89,362	103,073	116,800	127,700	1,375	1.4	3,230	3.0	3,625	3.0

Note: Numbers may not add to totals due to rounding.
Sources: 1990 and 2000: U.S. Census Bureau
Current and Forecast: Estimates by analyst

Table 4
Housing Inventory, Tenure, and Vacancy
Stockton HMA
April 1, 1990 to July 1, 2004

	Stockton HMA			Stockton Submarket			Remainder of HMA Submarket		
	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total Housing Inventory	166,274	189,160	212,800	72,525	82,042	91,650	93,749	107,118	121,150
Occupied Units	158,156	181,629	204,900	68,794	78,556	88,050	89,362	103,073	116,850
Owners	91,068	109,667	130,300	33,353	40,534	48,750	57,715	69,133	81,550
%	57.6	60.4	63.6	48.5	51.6	55.4	64.6	67.1	69.8
Renters	67,088	71,962	74,600	35,441	38,022	39,300	31,647	33,940	35,300
%	42.4	39.6	36.4	51.5	48.4	44.6	35.4	32.9	30.2
Vacant Units	8,118	7,531	7,900	3,731	4,486	3,575	4,387	3,045	4,325
Available Units	4,764	4,222	4,875	2,358	2,276	2,515	2,406	1,946	2,360
For Sale		1,354	1,325	391	575	540	1,236	779	785
Rate (%)		1.2	1.0	1.2	1.4	1.1	2.1	1.1	0.9
For Rent	3,137	1,627	3,550	1,967	1,701	1,975	1,170	1,167	1,575
Rate (%)	4.5	1.8	4.3	5.3	4.3	4.8	3.6	3.3	3.7
Other Vacant	3,354	3,309	3,025	1,373	1,210	1,050	1,981	2,099	1,975

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

Table 5
Residential Building Permit Activity
Stockton HMA
1993 to 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Stockton HMA											
Total	2,655	2,299	2,300	2,337	2,538	3,334	4,203	5,392	4,339	6,143	7,041
Single-family	2,572	2,248	2,178	2,117	2,229	3,275	4,189	5,350	4,005	5,654	6,935
Multifamily	83	51	122	220	309	59	14	42	334	489	106
Stockton Submarket											
Total	1,174	1,114	1,132	1,161	959	1,153	1,354	1,817	1,671	2,876	3,208
Single-family	1,129	1,087	1,052	945	876	1,148	1,354	1,817	1,559	2,486	3,128
Multifamily	45	27	80	216	83	5	0	0	112	390	80
Remainder of the HMA Submarket											
Total	1,481	1,185	1,168	1,176	1,579	2,181	2,849	3,575	2,668	3,267	3,833
Single-family	1,443	1,161	1,126	1,172	1,353	2,127	2,835	3,533	2,446	3,168	3,807
Multifamily	38	24	42	4	226	54	14	42	222	99	26

Note: Numbers may not add to totals due to rounding.

Source: U.S. Census Bureau C40 Construction Reports

Table 6
Estimated Qualitative Annual Demand for New Market-Rate Rental Housing
Stockton HMA
July 1, 2004 to July 1, 2007

One Bedroom		Two Bedrooms		Three Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
825	150	1,075	200	1,325	150
875	130	1,125	170	1,375	120
925	120	1,175	150	1,425	110
975	100	1,225	130	1,475	100
1,025	90	1,275	100	1,525	90
1,075	70	1,325	85	1,575	80
1,125	55	1,375	65	1,625	70
1,225	45	1,475	50	1,725	60
1,325	35	1,575	40	1,825	50
1,425	25	1,675	30	1,925	30
1,525	20	1,775	25	2,025	15
1,625	15	1,875	0	2,125	10
1,725	0	1,975	0	2,225	10
1,825	0	2,075	0	2,325	10

Notes: Distributions above are noncumulative.
Demand of fewer than 10 units is shown as 0.
Source: Estimates by analyst