

# HUD PD&R Housing Market Profiles

## Oakland-Hayward-Berkeley, California



### Quick Facts About Oakland

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The University of California, Berkeley, is the second highest ranked public university in the nation (*U.S. News & World Report*). During 2021, the university had an economic impact of \$6 billion on the San Francisco Bay region (Beacon Economics).



Oakland, California

By [Adam Tubridy](#) | As of January 1, 2025

### Overview

The Oakland-Hayward-Berkeley, CA metropolitan division (hereafter, Oakland metropolitan division) is located on the east side of the San Francisco Bay and includes Alameda and Contra Costa Counties. The metropolitan division has a diverse economy, supported by a highly educated workforce and well-paying jobs in the education and health services and the professional and business services sectors. Median earnings average approximately 37 percent higher than the national median (2023 American Community Survey 1-year estimate). High relative earnings contribute to elevated housing costs—the average home sales price and apartment rent were 113 and 40 percent higher than the national average during the fourth quarter of 2024, respectively (Zonda; CoStar Group).

- As of January 1, 2025, the population of the metropolitan division was estimated at 2.79 million, representing an average annual decrease of 740, or less than 0.1 percent, since 2022 (California Department of Finance population estimates as of July 1; estimates by the analyst). By comparison, the population decreased by an average

continued on page 2



continued from page 1

of 23,150, or 0.8 percent, on an annual basis from April 2020 to July 2022.

- The population fell sharply during the COVID-19 pandemic because domestic net out-migration averaged 34,050 annually from April 2020 to July 2022.

- Population growth in the metropolitan division slowed before 2020—annual population growth averaged 19,400, or 0.7 percent, from 2016 to 2018 then slowed to 11,750, or 0.4 percent, from 2018 to April 2020.

## Economic Conditions

Economic conditions in the Oakland metropolitan division are improving, but job growth has slowed during the past 2 years. As of the fourth quarter of 2024, nonfarm payrolls increased year over year by 9,600 jobs, or 0.8 percent, to 1.21 million, following growth of 12,900 jobs, or 1.1 percent, as of the fourth quarter of 2023. By comparison, job growth averaged 3.8 percent as of the fourth quarters of 2021 and 2022. Job growth in the metropolitan division lags behind that in the nation, where nonfarm payrolls expanded by an average of 1.6 and 1.2 percent year over year as of the fourth quarters of 2023 and 2024, respectively. The number of jobs in the metropolitan division is now 0.7 percent higher than levels during the fourth quarter of 2019, compared with 4.5 percent nationally.

As of the fourth quarter of 2024—

- The education and health services sector led job growth, adding 8,900 jobs, or 4.0 percent, following growth of 13,100, or 6.2 percent, as of the fourth quarter of 2023. The social assistance subsector, which includes day care centers, shelters, rehabilitation facilities, home health aides,

and social workers, accounted for most of the payroll gains as of the fourth quarter of 2024, growing by 6,200 jobs, or 8.5 percent, year over year.

- The government sector was the second largest source of job gains, increasing by 2,800 jobs, or 1.7 percent, compared with the fourth quarter of 2023, when the sector expanded by 4,300 jobs, or 2.6 percent, year over year. The local government subsector, which accounts for 71 percent of jobs in the sector, was responsible for the most job gains during the past 2 years, rising an average of 2.3 percent annually.
- The manufacturing sector was the largest source of job losses, falling by 2,400 jobs, or 2.2 percent, to 108,000 jobs following a loss of 2,400 jobs, or 2.1 percent, as of the fourth quarter of 2023.
- The unemployment rate increased to 4.7 percent from 4.5 percent a year ago and from 2.8 percent during the fourth quarter of 2019. The unemployment rate is above the national rate of 3.9 percent and has been above the national rate since the onset of the COVID-19 pandemic.

continued on page 3

**As of the fourth quarter of 2024, 6 of the 11 nonfarm payroll sectors in the Oakland metropolitan division added jobs compared with a year earlier.**

	3 Months Ending		Year-Over-Year Change	
	December 2023 (Thousands)	December 2024 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,201.3	1,210.9	9.6	0.8
Goods-Producing Sectors	187.5	184.1	-3.4	-1.8
Mining, Logging, & Construction	77.0	76.2	-0.8	-1.0
Manufacturing	110.4	108.0	-2.4	-2.2
Service-Providing Sectors	1,013.9	1,026.8	12.9	1.3
Wholesale & Retail Trade	148.9	149.9	1.0	0.7
Transportation & Utilities	55.9	55.2	-0.7	-1.3
Information	23.6	22.0	-1.6	-6.8
Financial Activities	50.8	50.2	-0.6	-1.2
Professional & Business Services	190.7	191.2	0.5	0.3
Education & Health Services	222.6	231.5	8.9	4.0
Leisure & Hospitality	112.3	114.6	2.3	2.0
Other Services	41.9	42.3	0.4	1.0
Government	167.2	170.0	2.8	1.7
<b>Unemployment Rate</b>	4.5%	4.7%		

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

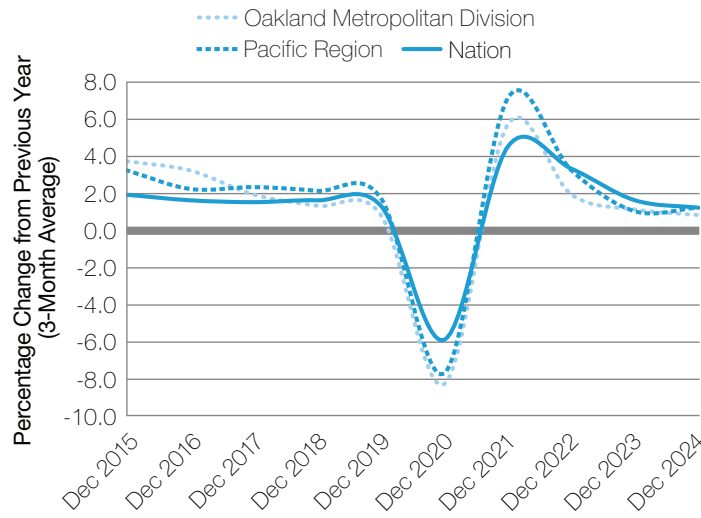
Source: U.S. Bureau of Labor Statistics



continued from page 2

Many people who work in the neighboring San Francisco metropolitan division and San Jose metropolitan area choose to live in the Oakland metropolitan division, primarily drawn

### Job growth in the Oakland metropolitan division has lagged behind the national rate since 2022.



Source: U.S. Bureau of Labor Statistics

by relatively lower home prices. Approximately 417,100 people who live in the Oakland metropolitan division commute to those areas, but only 177,200 people make the opposite commute (U.S. Census Bureau OnTheMap data). As a result, the economy of the metropolitan division depends on the economic conditions in those neighboring areas. Resident employment in the metropolitan area, which measures employment where workers live, not where jobs are located, averaged 1.30 million during the fourth quarter of 2024, 4.4 percent below levels during the fourth quarter of 2019. The decline was mostly caused by job losses in the San Francisco metropolitan division, where nonfarm payrolls fell 3.2 percent during the same period.

### Largest Employers in the Oakland Metropolitan Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaiser Permanente	Education and Health Services	37,000
University of California, Berkeley	Government	24,000
Safeway Inc.	Wholesale and Retail Trade	10,000

Note: Excludes local school districts and governments.

Source: *East Bay Book of Lists*; estimates by the analyst

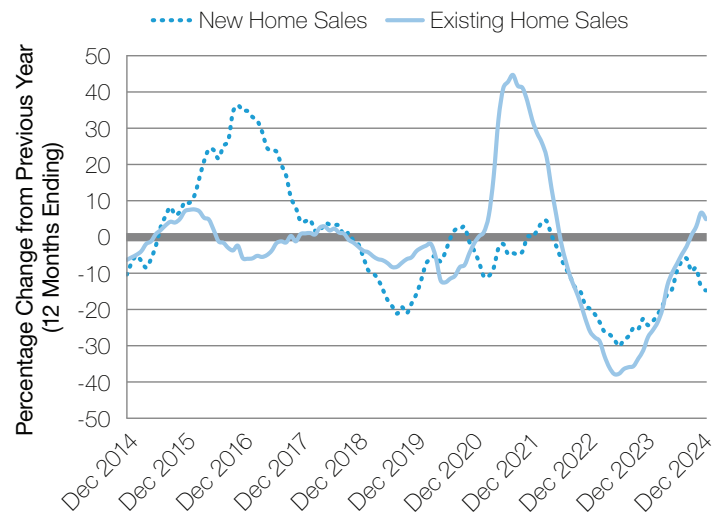
## Sales Market Conditions

The sales market in the Oakland metropolitan division is slightly tight, with an overall sales vacancy rate of 1.0 percent as of January 1, 2025, up from 0.8 percent in April 2020. A relatively low inventory of homes for sale and low construction levels have contributed to slightly tight sales market conditions despite a decreasing population. The metropolitan division had approximately 2,000 single-family homes, townhomes, and condominiums for sale as of December 2024, representing a 1.2-month supply, up from 1,550 homes for sale, or a 1.0-month supply, during December 2023. By comparison, 1,775 homes were for sale, or a 0.8-month supply, during December 2019, before the COVID-19 pandemic (Redfin, a national real estate brokerage).

During 2024—

- The average existing home price was \$1.11 million, up 5 percent from 2023, when existing home prices decreased 5 percent year over year (Zonda). From 2020 through 2022, existing home prices increased an average of 11 percent annually, up from an average of 6 percent annually from 2017 through 2019.
- Approximately 19,350 existing homes were sold in the metropolitan division, up 5 percent from a year ago, when existing home sales declined 28 percent year over year.

### New and existing home sales in the Oakland metropolitan division are down from 2022 levels.



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: Zonda

The volume of existing home sales in the metropolitan area is at the lowest level since the Great Recession because higher mortgage interest rates are constraining both demand and supply.

continued on page 4



continued from page 3

- The number of new homes sold fell 15 percent to 1,800 homes following a 24-percent decrease in 2023. By comparison, an average of 3,250 new homes sold from 2020 through 2022.
- New home prices increased 3 percent to \$1.14 million, following growth of 2 percent a year ago. New home prices were relatively flat from 2020 through 2022.

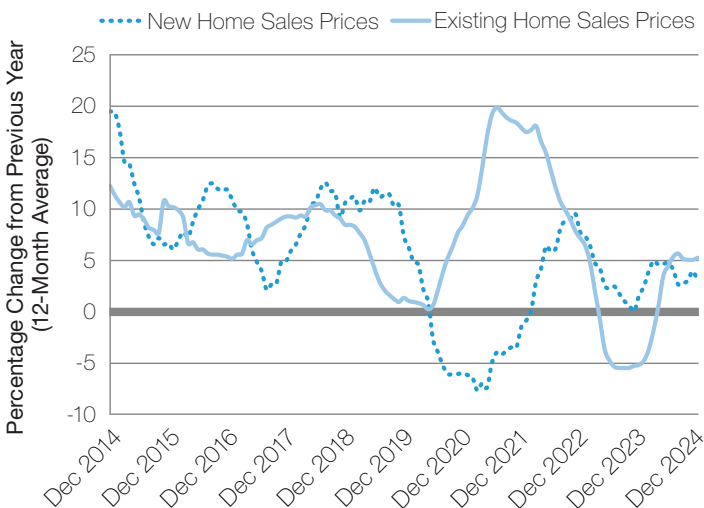
Sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted—decreased during each of the past 3 years.

- During 2024, 2,875 homes intended for owner occupancy were permitted, relatively unchanged from the number of homes permitted during 2023. Approximately 40 and 60

percent of construction for owner occupancy occurred in Alameda and Contra Costa Counties, respectively.

- Sales construction activity averaged 5,800 units permitted annually from 2015 through 2017 then declined to an average of 4,500 units permitted annually from 2018 through 2021, partially because of slowing population growth in the metropolitan division.
- Lennar at Innovation is a master-planned community in the city of Fremont that will have approximately 950 townhome and condominium units when complete. Lumiere, a collection of condominiums at Innovation, has two- and three-bedroom units for sale starting at \$950,000 and \$1.1 million, respectively.

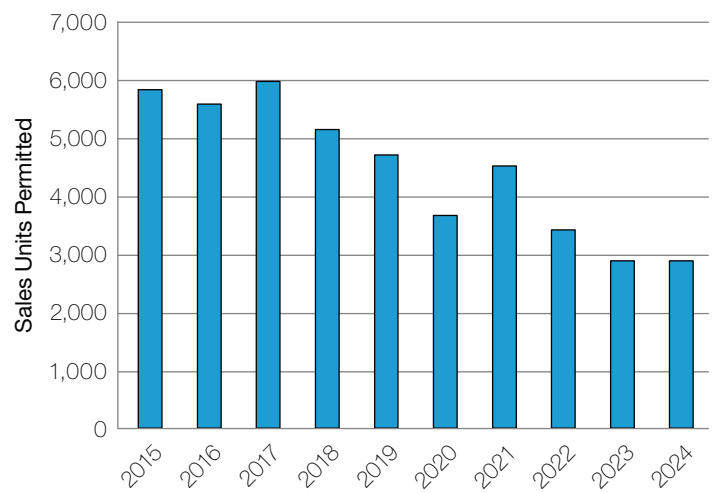
**Existing home prices in the Oakland metropolitan division increased during 2024 after falling during the previous year.**



Note: Data include new and existing single-family homes, townhomes, and condominiums.

Source: Zonda

**The number of sales units permitted in the Oakland metropolitan division has decreased since 2022 in response to rising mortgage interest rates.**



Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

## Apartment Market Conditions

Apartment market conditions are currently balanced in the Oakland metropolitan division, unchanged from conditions during the fourth quarter of 2023 but tighter than the slightly soft conditions as of the fourth quarter of 2022. Since 2020, apartment market conditions have been balanced to slightly soft, compared with persistently tight conditions throughout the 2010s. That shift is largely due to increased apartment deliveries since 2019. From 2020 through 2022, an average of 4,250 apartments were delivered annually, compared with an average of 2,025 units a year from 2016 through 2019 (CoStar Group). During 2023 and 2024, an average of

2,550 units were delivered annually, contributing to market conditions transitioning from slightly soft to balanced.

As of the fourth quarter of 2024—

- The apartment vacancy rate was 6.8 percent, down from 7.3 percent a year earlier. By comparison, the fourth quarter vacancy rate averaged 5.0 percent from 2016 through 2019 and 7.1 percent from 2020 through 2022.
- The average apartment rent increased less than 1 percent year over year to \$2,424, following a 1-percent decrease as of the fourth quarter of 2023. Apartment rents increased

continued on page 5

continued from page 4

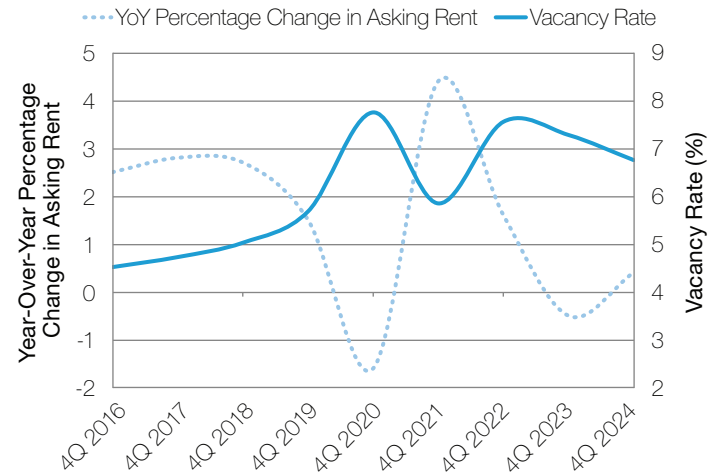
an average of 1 percent annually from 2020 through 2022, slowing from an average annual increase of 2 percent from 2016 through 2019.

- In Alameda County, the apartment vacancy rate fell 0.3 percentage point to 7.2 percent, whereas in Contra Costa County, the apartment vacancy rate fell 1.0 percentage point to 5.5 percent. More than 90 percent of apartments that were completed during 2024 were in Alameda County.
- The highest apartment vacancy rates in the metropolitan division were in the most urbanized areas of Alameda County. The CoStar Group-defined Downtown Oakland, Alameda, and Berkeley submarkets had apartment vacancy rates of 10.9, 8.8, and 8.5 percent, respectively.

Builders responded to easing apartment market conditions and increased financing costs by reducing multifamily home construction, as measured by the number of rental units permitted, during the past 2 years.

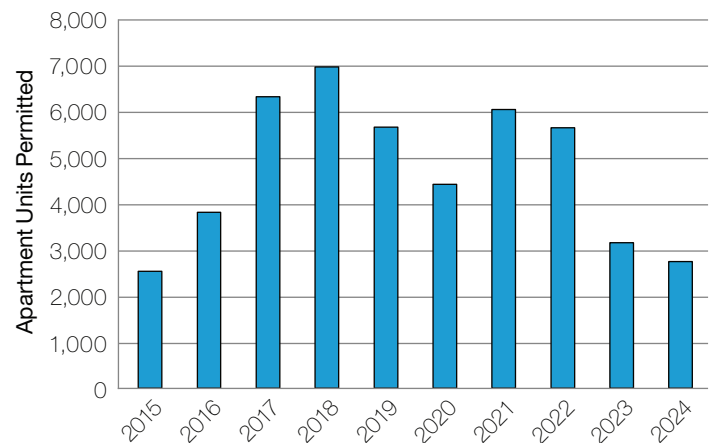
- During 2024, rental construction totaled 2,750 units, down by 410 units, or 13 percent, compared with 2023. The past 24 months represented the lowest levels of rental construction since 2015.
- Multifamily construction was high from 2017 through 2022, averaging 5,800 rental units permitted annually. By comparison, an average of 2,475 rental units were permitted annually from 2012 through 2016.
- Approximately 5,100 apartment units are under construction in the metropolitan division. Approximately 80 percent of those apartments are in Alameda County, with the remaining 20 percent in Contra Costa County.
- Prescott Station Apartments, a 235-unit apartment complex, is under construction in downtown Oakland. When complete in early 2025, studio and one- and two-bedroom units will be available at \$2,100, \$2,250, and \$2,650, respectively, for households making less than 80 percent of the area median income.

**The apartment vacancy rate in the Oakland metropolitan division decreased as of the fourth quarter of 2024.**



4Q = fourth quarter. YoY = year-over-year.  
Source: CoStar Group

**Apartment construction activity in the Oakland metropolitan division slowed to the lowest level since 2015 during 2024.**



Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

<b>Absorption</b>	The net change, positive or negative, in the number of occupied units in a given geographic range.
<b>Apartment Vacancy Rate/Average Monthly Rent</b>	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity. 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.
<b>Existing Home Sales</b>	Includes regular resales and real estate owned sales.
<b>Home Sales/Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Net Natural Change</b>	Resident births minus resident deaths.
<b>Regular Resales</b>	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
<b>San Francisco Bay Region</b>	The San Francisco Bay region, as defined by Beacon Economics, includes the San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA; includes the Oakland metropolitan division), the San Jose-Sunnyvale-Santa Clara MSA, the Napa MSA, the Santa Rosa MSA, and the Santa Cruz-Watsonville MSA.
<b>Stabilized</b>	A property is stabilized once the occupancy rate reaches 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
<b>Rental Market/Rental Vacancy Rate</b>	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.

### B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
----	---