

HUD PD&R Housing Market Profiles

Santa Maria-Santa Barbara, California



Quick Facts About Santa Maria-Santa Barbara

- Current sales market conditions: tight
- Current rental market conditions: tight
- Vandenberg Space Force Base, the largest employer in the metropolitan area, had an estimated economic impact of \$4.33 billion on Santa Barbara County as of 2020 (Economic Impact of Vandenberg Air Force Base on Santa Barbara and San Luis Obispo Counties, California Polytechnic State University).



Santa Barbara, California

By Alexander Flowers | As of January 1, 2025

Overview

The Santa Maria-Santa Barbara, CA Metropolitan Statistical Area (hereafter, Santa Barbara metropolitan area) is located in southern California, north of the Los Angeles-Long Beach-Anaheim metropolitan area and along the coast of the Pacific Ocean. The Santa Barbara metropolitan area is coterminous with Santa Barbara County and contains the municipalities of Santa Maria, Santa Barbara, Buellton, Goleta, Lompoc, and Solvang. The metropolitan area is also home to the Santa Ynez Indian Reservation. The University of California, Santa Barbara (UCSB) attracts many students to the South Coast area of the metropolitan area, with an enrollment of 26,100 students as of the fall of 2024 (UC Santa Barbara Office of Budget and Planning). Major employers in the metropolitan area include Vandenberg Space Force Base, UCSB, and Santa Barbara County, employing approximately 16,000, 10,950, and 6,300 people, respectively.

- As of January 1, 2025, the population of the metropolitan area is estimated at 445,000, nearly unchanged since 2022. Average net natural change of 2,150 people annually was offset by average net out-migration of 2,275 people

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annually during the same period (U.S. Census Bureau population estimates as of July 1).

- From 2020 to 2022, the population in the metropolitan area declined by an average of 1,300, or 0.3 percent, annually (U.S. Census Bureau 2020 decennial census count as of April 1). Net out-migration averaged 3,150 people annually, as students and young professionals taking advantage of remote work and online learning opportunities moved out of the area. By comparison, the population increased by an average of 980, or 0.2 percent, annually from 2015

through 2020, with net natural change averaging 2,250 people and more than offsetting net out-migration, which averaged 1,275 people annually.

- Housing affordability has significantly declined in the metropolitan area since 2019. The average home sales price increased 12 percent annually from 2019 through 2023, whereas the median household income in the metropolitan area only increased an average of 5 percent annually during the same period (Zonda; 2019 and 2023 American Community Survey [ACS] 1-year data).

Economic Conditions

Economic conditions in the Santa Barbara metropolitan area are currently stable, but job growth moderated during the past year. By June 2023, the metropolitan area recovered the number of jobs lost in March and April 2020 due to the COVID-19 pandemic (monthly data, not seasonally adjusted). Nonfarm payrolls averaged 193,800 jobs as of the fourth quarter of 2024, an increase of 1,300 jobs, or 0.7 percent, from a year earlier, when they increased by 2,200 jobs, or 1.1 percent. The education and health services sector has led the recovery, surpassing the fourth quarter of 2019 payroll levels by the fourth quarter of 2021. The sector increased from 15 percent of total nonfarm payrolls in the fourth quarter of 2019 to 17 percent as of the fourth quarter of 2024. That growth is partly due to increases in social assistance programs and nursing and

residential care facilities—the healthcare and social assistance industry accounted for 95 percent of total sector growth.

As of the fourth quarter of 2024—

- The education and health services sector increased by 1,300 jobs, or 4.1 percent, from a year earlier to 32,800. Sector growth is partly due to an increase in the share of residents aged 62 and older, from 19 percent in 2019 to 21 percent in 2023, creating greater demand for health care.
- The education and health services, the professional and business services, the leisure and hospitality, and the wholesale and retail trade sectors contributed to payroll growth in the metropolitan area, whereas five sectors lost jobs, and two were unchanged. The manufacturing sector

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As of the fourth quarter of 2024, only 4 of the 11 nonfarm payroll sectors contributed to year-over-year job growth in the Santa Barbara metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	December 2023 (Thousands)	December 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	192.5	193.8	1.3	0.7
Goods-Producing Sectors	23.3	22.5	-0.8	-3.4
Mining, Logging, & Construction	10.7	10.5	-0.2	-1.9
Manufacturing	12.6	12.0	-0.6	-4.8
Service-Providing Sectors	169.2	171.3	2.1	1.2
Wholesale & Retail Trade	23.7	23.9	0.2	0.8
Transportation & Utilities	3.5	3.5	0.0	0.0
Information	4.4	4.2	-0.2	-4.5
Financial Activities	7.1	7.0	-0.1	-1.4
Professional & Business Services	27.9	28.4	0.5	1.8
Education & Health Services	31.5	32.8	1.3	4.1
Leisure & Hospitality	28.4	28.9	0.5	1.8
Other Services	6.7	6.7	0.0	0.0
Government	36.0	35.9	-0.1	-0.3
Unemployment Rate	4.3%	4.4%		

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

Source: U.S. Bureau of Labor Statistics

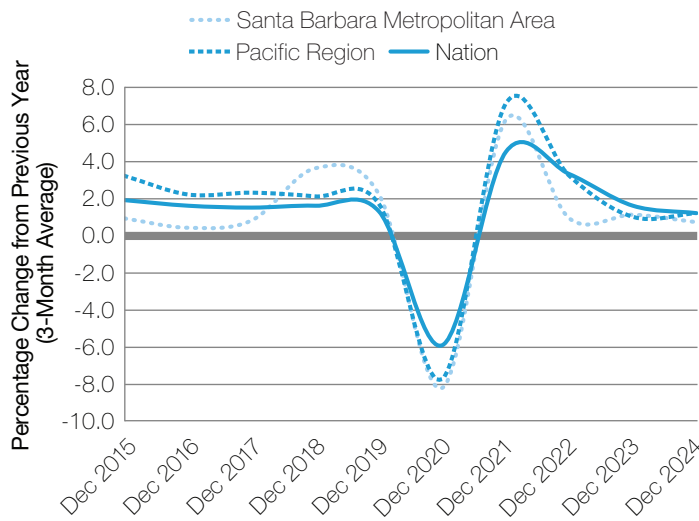


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led job losses, falling by 600 jobs, or 4.8 percent, from a year earlier and accounting for one-half of all job losses.

- The government sector—the largest nonfarm payroll sector in the metropolitan area—declined by 100 jobs, or 0.3 percent, largely because of declines in the state government subsector, which fell by 500 jobs, or 5.7 percent.
- The unemployment rate in the metropolitan area rose to 4.4 percent, up from 4.3 percent a year earlier and above

Job growth in the Santa Barbara metropolitan area has been below the national average since 2022.



Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Home sales market conditions in the Santa Barbara metropolitan area are currently tight, with an estimated 1.6-percent vacancy rate, up from 1.0 percent in April 2020, when conditions were very tight. Though home sales have declined from their recent peak in 2021, home prices have continued to increase year over year (Zonda). Existing home sales made up more than 97 percent of total sales in 2024. A significant portion of new home sales occur in the city of Santa Maria or unincorporated areas, where land availability is greater and average home prices are lower compared with the municipalities of Santa Barbara and Montecito. As a result, the average existing home price has been consistently above the average new home price since at least 2013. As of 2024, the average home price in the city of Santa Maria was 74 percent lower than the average home price in the city of Santa Barbara. High mortgage interest rates have discouraged some prospective sellers from putting their homes on the market if a subsequent purchase would require financing at a higher rate, which has limited growth in the for-sale inventory. During 2024, the available inventory averaged 570 homes, up

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the national unemployment rate of 3.9 percent, with resident employment declining 0.4 percent and the labor force declining 0.3 percent.

Several expansion projects are expected in Santa Barbara County. In the city of Santa Maria, Adient Aerospace is planning an expansion at an existing manufacturing plant, anticipated to add several hundred manufacturing jobs, and the Santa Maria Airport Business Park, which will accommodate bulk storage and host retail businesses, is anticipated to start construction in 2025. UCSB plans to break ground on the first phase of its San Benito Student Housing project in 2025, adding more than 2,200 new beds when complete in 2027. The Sable Offshore Corp. is seeking regulatory approval to restart the Santa Ynez pipeline systems and resume offshore drilling beginning in the second quarter of 2025, potentially boosting job growth in the mining, logging, and construction sector.

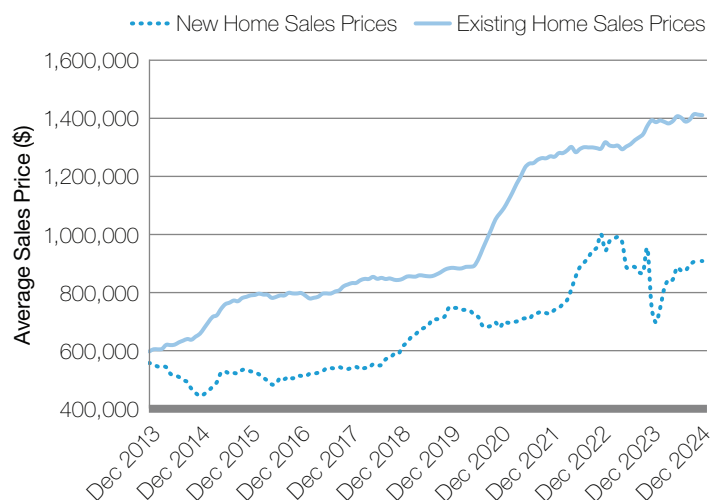
Major Employers in the Santa Barbara Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Vandenberg Space Force Base	Government	16,000
University of California, Santa Barbara	Government	10,950
Santa Barbara County	Government	6,300

Notes: Military personnel are not included in nonfarm payroll counts. Excludes local school districts.

Source: Santa Barbara County Annual Comprehensive Financial Report

Existing home sales prices have consistently been above new home sales prices in the Santa Barbara metropolitan area.



Note: Includes single-family homes, townhomes, and condominiums.

Source: Zonda

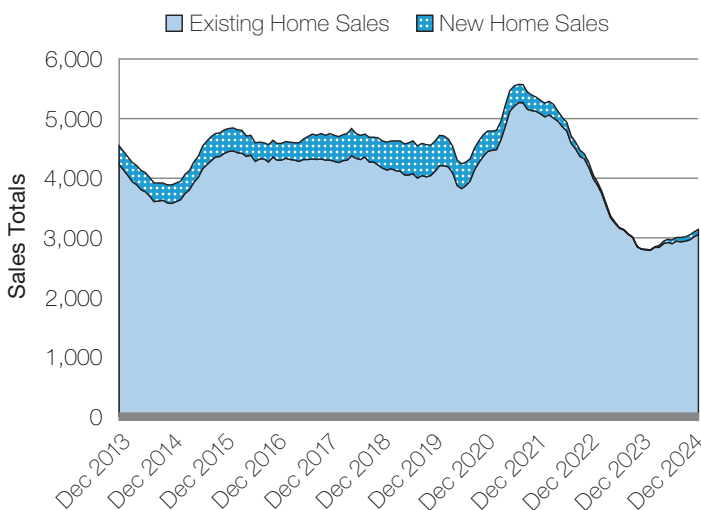
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from 450 homes a year earlier but below any year prior to 2018 (CoreLogic, Inc.). The percentage of home loans that were seriously delinquent or that had transitioned into real estate owned status rose to a peak of 3.6 percent in August 2020, during the COVID-19 pandemic. The rate has since declined to 0.4 percent as of December 2024, below both the national rate of 1.1 percent and the statewide rate of 0.6 percent.

During 2024—

- New home sales in the metropolitan area totaled 85, increasing sharply from only 5 homes sold during 2023, when new home sales declined by 60 homes, or 95 percent (Zonda). New home sales activity is volatile because of the small number of new homes constructed each year in the metropolitan area.
- The average new home price increased by \$220,500, or 32 percent, from a year earlier to \$917,800. Because of the limited number of new home sales, including homes of differing sizes, the average new home price fluctuates significantly—in 2023, the average new home price declined by \$247,500, or 26 percent.
- Existing home sales in the metropolitan area increased by 250, or 9 percent, from a year earlier to 3,050 homes sold. By comparison, existing home sales declined by 1,175 homes, or 30 percent, in 2023 because of increased mortgage interest rates.
- The average price of an existing home was \$1.41 million as of 2024, up by \$27,800, or 2 percent, from a year earlier. Existing home price growth decelerated compared with 2023, when the average price increased by \$69,150, or 5 percent.

Both existing and new home sales in the Santa Barbara metropolitan area increased in 2024 after falling steeply in 2022 and 2023.

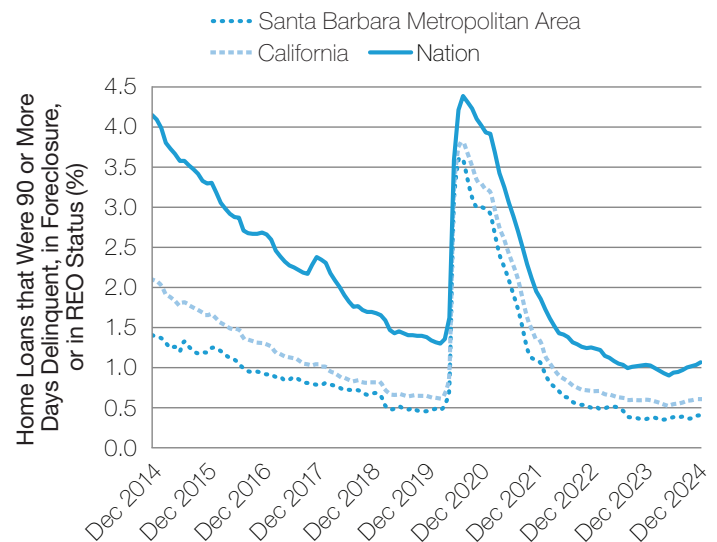


Note: Includes single-family homes, townhomes, and condominiums.
Source: Zonda

Construction of sales housing in the metropolitan area, as measured by the number of single-family homes, townhomes, and condominiums permitted, increased in 2024 following 4 years of generally trending downward. The increase was largely due to stronger demand for new homes and the recent home price growth.

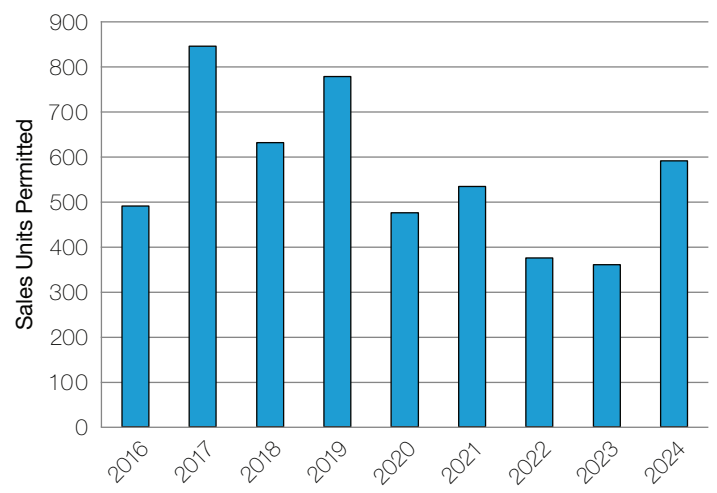
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The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Santa Barbara metropolitan area has consistently been below both the state and national rates since at least 2014.



REO = real estate owned.
Source: CoreLogic, Inc.

The number of sales units permitted in the Santa Barbara metropolitan area increased in 2024 after several years of lower activity.



Sources: U.S. Census Bureau, Building Permits Survey; 2016–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst



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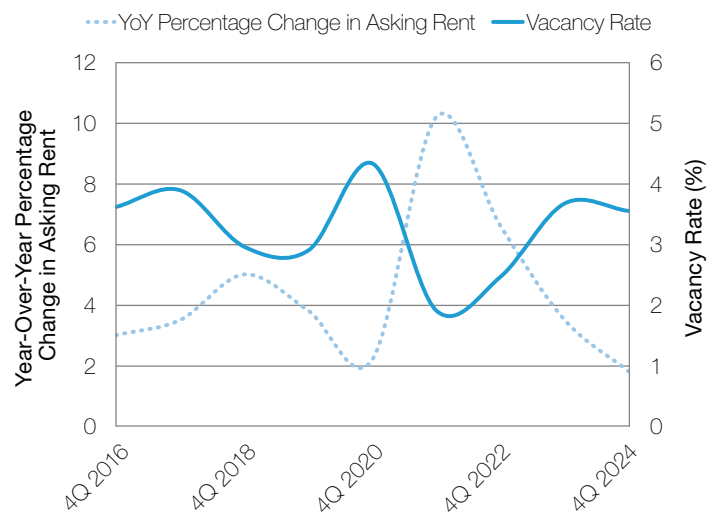
- The number of sales units permitted in the metropolitan area during 2024 increased by 230, or 64 percent, from a year earlier to 590 homes. By comparison, sales permitting during 2023 decreased by 20 homes, or 4 percent, from a year earlier.
- Sales permitting activity in the metropolitan area was elevated from 2017 through 2019, averaging 750 homes annually, but subsequently declined to an average of 460 units permitted annually from 2020 through 2022.
- Valley View Estates at Rice Ranch, a subdivision of 184 single-family homes, is currently under construction in the unincorporated community of Orcutt, south of Santa Maria. Three-, four-, and five-bedroom homes will be offered, ranging between 2,406 and 3,977 square feet and starting between \$1.2 and \$1.7 million.

Rental Market Conditions

Rental market conditions in the Santa Barbara metropolitan area are currently tight but have eased slightly since 2020, when the market was very tight. The current rental vacancy rate, which includes renter-occupied single-family homes, townhomes, apartments, and mobile homes, is estimated at 3.9 percent, up from 3.3 percent in April 2020. Despite a surge of net out-migration following the COVID-19 pandemic and elevated multifamily construction activity from 2020 through 2022, rental market conditions eased only slightly from persistently tight conditions, partly because of a prolonged period of limited rental unit permitting and increased net in-migration during the early 2010s. In 2023, approximately 41 percent of renter households in the metropolitan area lived in multifamily buildings with five or more units, such as apartments, down from 47 percent in 2019, and 39 percent lived in single-family attached or detached homes, up slightly from 38 percent in 2019 (2019 and 2023 ACS 1-year estimates).

- The overall apartment market is currently tight, with a vacancy rate of 3.5 percent as of the fourth quarter of 2024, down slightly from 3.7 percent a year earlier, partly because the Elements Apartments in the city of Santa Maria opened in late 2023 and finished leasing up. Apartment vacancies reached a recent low of 1.9 percent as of the fourth quarter of 2021 (CoStar Group).
- The average apartment rent in the metropolitan area reached \$2,516 as of the fourth quarter of 2024, an increase of 2 percent from a year earlier, when rents increased 4 percent. Absorption during 2024 totaled 90 units, compared with negative absorption of 90 units a year earlier.
- The apartment vacancy rate in the CoStar Group-defined University of California-Santa Barbara market area was 3.4 percent as of the fourth quarter of 2024, up slightly from 3.3 percent a year earlier. Though the market tightened in 2021 as students returned to on-campus learning, the vacancy rate was above the previous low of 2.5 percent as of the fourth quarter of 2018.

Following a surge in rent growth in 2021, rent growth has decelerated during the fourth quarter of 2024 in the Santa Barbara metropolitan area, and apartment vacancy rates declined slightly.



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

- The average apartment rent in the University of California-Santa Barbara market area increased by \$66, or 2 percent, as of the fourth quarter of 2024 from a year earlier to \$3,192. The largest increase in rents was for three-bedroom units, up by \$148, or 3 percent, to \$4,774. The average apartment rent increases were strongest as of the fourth quarter of 2021, rising by \$322, or 13 percent, from a year earlier.

Rental construction activity in the metropolitan area, as measured by the number of units permitted, has risen slightly in response to tight apartment market conditions; the number of rental units permitted in the metropolitan area was well below the recent peak of 720 units in 2022.

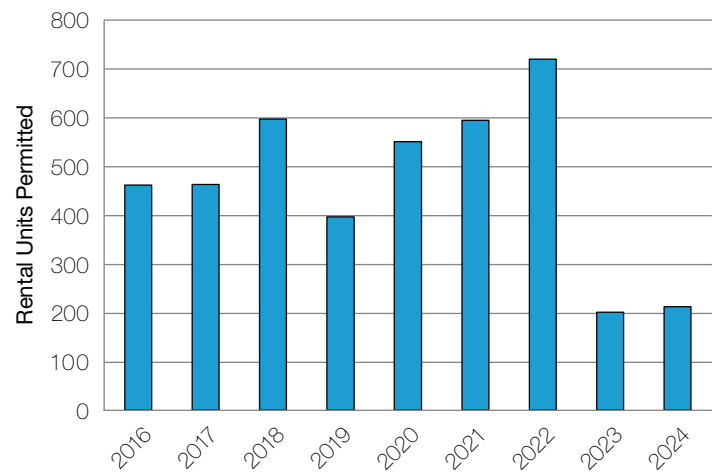
- During 2024, 210 rental units were permitted in the metropolitan area, an increase of 5 percent compared with the previous year.

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- Rental permitting activity increased an average of 14 percent annually in 2021 and 2022 as builders responded to very tight rental market conditions. The delivery of those units, combined with a surge in net out-migration in 2021, has contributed to the recent easing of the rental market.
- Among municipalities, Santa Maria accounted for 68 percent of multifamily permitting activity in the metropolitan area since 2020, followed by Santa Barbara with 11 percent. Unincorporated areas accounted for 11 percent of multifamily units permitted.
- Two multifamily apartment developments are currently under construction in the city of Buellton. The Village Senior Apartments is a 50-unit, age-restricted project anticipated to be complete by late 2025. The Buellton Garden Apartments is an 89-unit affordable housing project anticipated to be complete by mid-2025. The project is restricted to households with incomes at or below 50 and 80 percent of the area median income—\$81,300 and \$130,350, respectively, for a family of four as of 2024.

Rental permitting activity in the Santa Barbara metropolitan area has been low since 2023 after peaking in 2022.



Sources: U.S. Census Bureau, Building Permits Survey; 2016–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	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. 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.
Building Permits	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.
Existing Home Sales	Includes regular resales and real estate owned sales. Regular resales 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.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
South Coast	The southern part of Santa Barbara County bordering the Pacific Ocean, stretching from Goleta to Carpinteria.

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.
2.	The HUD Pacific region includes Arizona, California, Hawaii, Nevada, American Samoa, Guam, and the Northern Mariana Islands.