

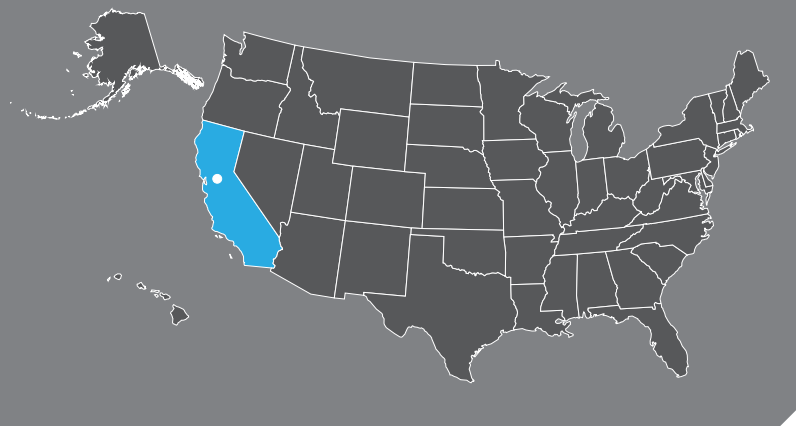
# HUD PD&R Housing Market Profiles

## Stockton, California



### Quick Facts About Stockton

- **Current sales market conditions: tight but easing**
- **Current apartment market conditions: tight**
- **The Stockton metropolitan area benefits significantly from transportation and shipping infrastructure, including the Port of Stockton, Union Pacific Railroad, and Stockton Metropolitan Airport, and it is near highway systems that link several major urban markets.**



By Rhine Islam | As of January 1, 2023

### Overview

The Stockton, CA Metropolitan Statistical Area (hereafter, Stockton metropolitan area) is coterminous with San Joaquin County and is in the Central Valley of Northern California. The metropolitan area has become increasingly known for a rapidly expanding transportation and utilities sector, because it was one of the first places in the country where employment in transportation and warehousing surpassed employment in retail trade, according to a 2019 report (Center for Business and Policy Research; University of the Pacific). Amazon.com, Inc. is the largest employer in the metropolitan area, with 8,700 employees at multiple facilities.

- As of January 1, 2023, the population of the metropolitan area is estimated at 803,700, representing an average annual increase of 8,550, or 1.1 percent, since July 2019. By contrast, the population increased by an average of 11,850, or 1.6 percent, annually from 2015 to 2019 (U.S. Census Bureau population estimates as of July 1). That period of accelerated growth followed one of relatively slow growth from 2012 to 2014, when the population increased by an average of only 6,500, or 0.9 percent.

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- Net in-migration has averaged 5,275 people a year since 2019, down from the average of 7,425 people a year from 2015 to 2019, a period of notably strong growth. However, net migration was up significantly from the average annual net out-migration of 1,500 people from 2012 to 2014.
- Due largely to an increased number of deaths associated with the COVID-19 pandemic, net natural increase (resident births minus resident deaths) has averaged 3,275 people annually in the metropolitan area since 2019, down from

averages of 4,425 people a year from 2015 to 2019 and 5,000 people a year from 2012 to 2014.

- Housing affordability has increased in the metropolitan area since 2018. The median monthly housing cost increased 17 percent from 2018 to 2021, but the average median household income increased at a faster rate of 26 percent during the same period (2018 and 2021 American Community Survey 1-year estimates).

## Economic Conditions

Economic conditions in the Stockton metropolitan area are currently strong. The metropolitan area recovered quickly from the downturn in 2020 that stemmed from efforts to limit the spread of COVID-19 and has since added jobs at a strong rate. By October 2020, the metropolitan area had fully recovered the jobs lost in March and April 2020; by contrast, jobs did not fully recover on the national level until April 2022 (monthly data, not seasonally adjusted). As in most areas, the leisure and hospitality sector was hit the hardest in the metropolitan area. The sector accounts for only 8 percent of total nonfarm payrolls in the metropolitan areas, notably less than the 10-percent share nationally. The transportation and utilities sector is the largest in the metropolitan area and has contributed significantly to the recent trend of strong job growth. The sector was the fastest growing in the metropolitan area during the 3 months ending December 2022, increasing by 4,100 jobs, or 9.6 percent, from the previous year.

During the 3 months ending December 2022 —

- Nonfarm payrolls averaged 270,800 in the metropolitan area, reflecting an increase of 10,300 jobs, or 4.0 percent, compared with the same period a year ago. That number is 6.9 percent higher than the number of jobs during the 3 months ending December 2019, before the COVID-19 pandemic. By comparison, nonfarm payrolls in the metropolitan area grew an average of 3.2 percent annually from 2015 through 2019.
- The education and health services, the government, and the professional and business services sectors added the next highest levels of jobs after the transportation and utilities sector, with increases of 1,700, 1,600, and 1,400 jobs, or 4.3, 3.8, and 6.0 percent, respectively.

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**During the fourth quarter of 2022, jobs in the Stockton metropolitan area increased in 9 of the 11 nonfarm payroll sectors.**

	3 Months Ending		Year-Over-Year Change	
	December 2021 (Thousands)	December 2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	260.5	270.8	10.3	4.0
Goods-Producing Sectors	35.5	36.7	1.2	3.4
Mining, Logging, & Construction	14.2	14.8	0.6	4.2
Manufacturing	21.3	21.9	0.6	2.8
Service-Providing Sectors	225.0	234.2	9.2	4.1
Wholesale & Retail Trade	37.9	38.1	0.2	0.5
Transportation & Utilities	42.6	46.7	4.1	9.6
Information	1.2	1.2	0.0	0.0
Financial Activities	8.1	7.8	-0.3	-3.7
Professional & Business Services	23.3	24.7	1.4	6.0
Education & Health Services	39.6	41.3	1.7	4.3
Leisure & Hospitality	22.6	22.9	0.3	1.3
Other Services	7.3	7.5	0.2	2.7
Government	42.5	44.1	1.6	3.8
<b>Unemployment Rate</b>	6.6%	5.3%		

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

Source: U.S. Bureau of Labor Statistics

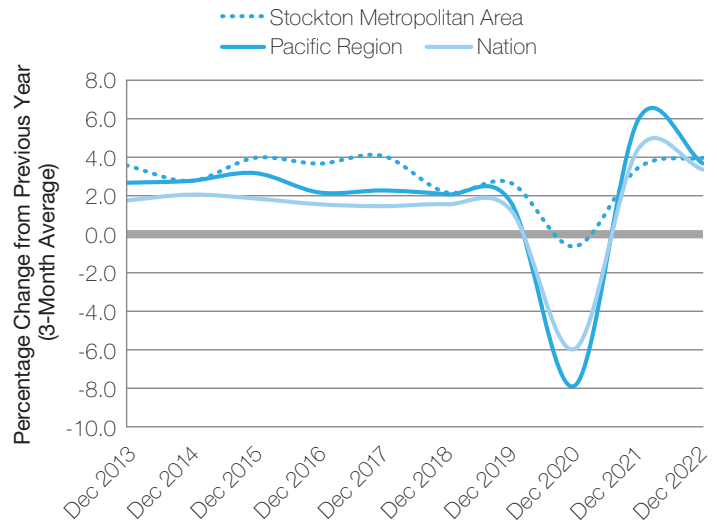


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- Agriculture employment, which is not included in nonfarm payroll job totals, averaged 9,300 jobs, representing a decrease of 2,200 jobs, or 19.1 percent, compared with the same period a year ago (California Employment Development Department [California EDD]).
- The unemployment rate declined significantly to an average of 5.3 percent, down from both the averages of 6.6 percent a year ago and 5.6 percent during the 3 months ending December 2019. By comparison, the national unemployment rate was 3.3 percent, down from 3.9 percent a year ago and equal to the prepandemic rate.

After severe job losses during the Great Recession, the metropolitan area has added jobs at relatively strong rates for much of the period since the mid-2010s, due in large part to expansions by transportation and warehousing companies. A total of 11 Amazon.com, Inc. facilities are in the metropolitan area, and the company has purchased more than 10 million square feet of property in the county since 2013 (San Joaquin Partnership). In 2022, the company opened two new distribution centers in the cities of Stockton and Tracy, encompassing a total of 4.1 million square feet and a combined 2,000 jobs. Many other businesses have also taken advantage of the transportation infrastructure in the area, including the Stockton Metropolitan Airport, which serves as a major logistics hub for cargo transport and a low-cost alternative for commercial and general aviation. Likewise, the Port of Stockton on the Stockton Deepwater Ship Channel offers more than 7.5 million square feet of warehousing and had \$1.6 billion of economic activity in 2019 (San Joaquin Government). The metropolitan area has the second highest concentration of transportation and warehouse jobs out of all the metropolitan areas in the United States (Center for Business and Policy Research at the University of the Pacific).

After growing at a slower rate, the rate of job growth in the Stockton metropolitan area increased from the previous year and was above both the Pacific region and national rates during the 3 months ending December 2022.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Stockton Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Amazon.com, Inc.	Transportation & Utilities	8,700
County of San Joaquin	Government	6,000
State of California	Government	5,300

Note: Excludes local school districts.

Source: CentralCalifornia.org

## Sales Market Conditions

The sales housing market in the Stockton metropolitan area is currently tight, largely because of high demand and limited for-sale inventory. Conditions have begun to ease, however, and the inventory of homes for sale rose during the past year. The current sales vacancy rate is estimated at 1.2 percent, down from 2.8 percent in April 2010. During December 2022, a 2.1-month supply of homes was available for sale, up significantly from a 0.9-month supply in December 2021 (CoreLogic, Inc.). During 2021 and 2022, the average number of days on the market nearly doubled from 40 to 75. High demand for homes is partly due to the affordability of available homes in the metropolitan area relative to nearby counties. During the 12 months ending November 2022, the home sales price in the

metropolitan area averaged \$600,100, 84 percent less than the average of \$1.1 million in the Oakland-Hayward-Berkeley Metropolitan Division, which consists of Alameda and Contra Costa Counties. The difference in price has made migration into the metropolitan area a financially attractive option for many residents. In 2019, Alameda and Contra Costa Counties were the origins for a combined 32 percent of residents entering the metropolitan area (IRS Migration Data). The transportation infrastructure in the metropolitan area also makes commuting an attractive option. In 2019, 38 percent of workers living in the county commuted to neighboring counties; Alameda and Contra Costa Counties combined to account for 43 percent of the commuting destinations (California EDD).

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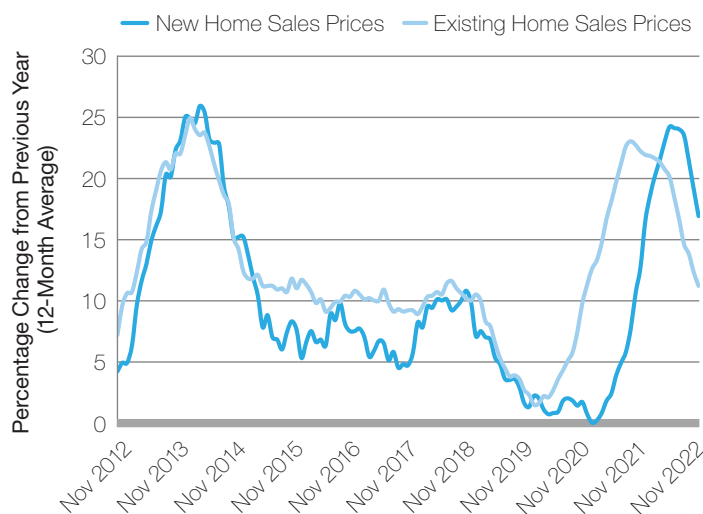
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Tight sales market conditions have kept the rate of mortgage loans that were seriously delinquent or in real estate owned status in the metropolitan area low, and they are currently approaching the average levels before the COVID-19 pandemic. The rate was 0.9 percent in November 2022, down from 1.8 percent in November 2021. The rate has declined every month after reaching a high of 4.6 percent in August 2020. The current rate in the metropolitan area is higher than the 0.7-percent rate for California but less than the 1.2-percent rate for the nation.

During the 12 months ending November 2022—

- Existing home sales in the metropolitan area decreased 22 percent to 8,675 from the 11,100 homes sold during the previous 12-month period (CoreLogic, Inc.). By comparison, existing home sales increased an average of 2 percent annually and averaged 9,625 homes sold from 2015 to 2019, when strong job growth contributed to relatively high levels of in-migration.
- The average sales price for existing homes was \$554,500, up 11 percent from the \$498,600 average sales price a year earlier but a sharp deceleration from the 22-percent increase during the previous year. By comparison, the average sales price for existing homes increased 8 percent annually, on average, from 2015 to 2019.
- New home sales totaled 2,725 homes, representing a decline of 13 percent from the 3,125 new homes sold during the previous 12-month period, but new home sales were 76 percent higher than the average of 1,550 homes sold annually from 2015 to 2019.

**In the Stockton metropolitan area, price growth for new and existing homes sold slowed during the 12 months ending November 2022.**

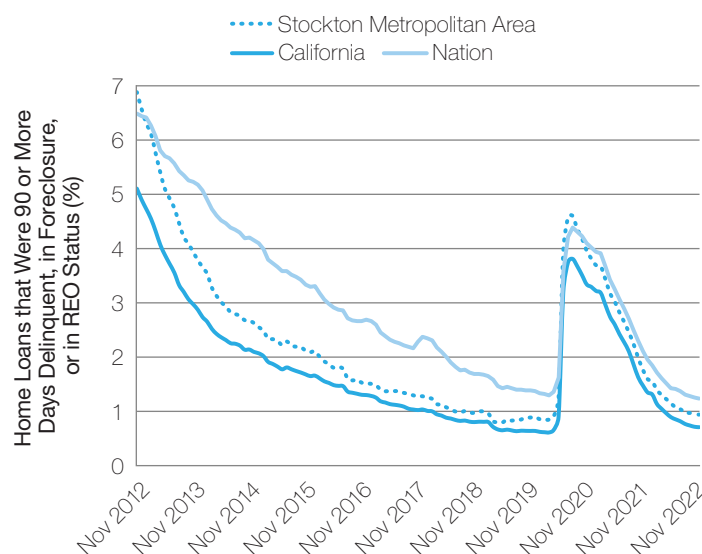


Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

- The average new home sales price was \$745,900, approximately 17 percent above the \$638,000 average sales price during the previous 12-month period. The average new home sales price did not reach the highs prior to the Great Recession until 2018.

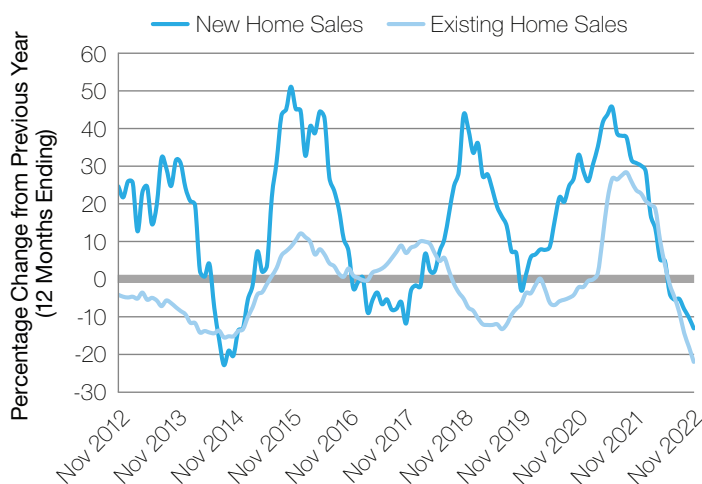
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**The rate of mortgages that are seriously delinquent or have transitioned to REO status in the Stockton metropolitan area were consistently less than the national rate but higher than the rate for California.**



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

**New and existing home sales in the Stockton metropolitan area fell during the 12 months ending November 2022, due at least in part to rising mortgage rates.**



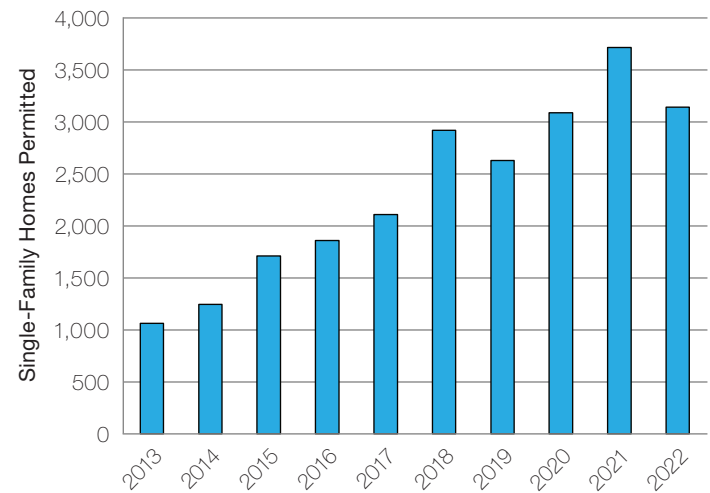
Source: CoreLogic, Inc., with adjustments by the analyst

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As the economy improved and the sales housing market tightened following the recovery from the Great Recession, single-family homebuilding activity accelerated notably in the metropolitan area, beginning in the mid-2010s. The number of single-family homes permitted decreased during the past year but remained relatively high when compared with the early 2010s.

- Approximately 3,150 single-family homes were permitted during 2022, representing a decrease of 580 homes from 2021 (preliminary data, with adjustments by the analyst).
- Single-family permitting averaged 1,100 homes annually from 2012 through 2014 and increased to an average of 2,150 homes permitted from 2015 through 2018.
- Within the metropolitan area, the largest inventories of for-sale housing are generally being built near major transportation and commuting arteries, including Interstates 5 and 205. The cities of Lathrop, Manteca, and Stockton account for a combined 68 percent of the single-family home community developments currently active in the metropolitan area (Zonda).
- One of the most recent new home communities built in the metropolitan area is the Arbor Bend master-planned community in the city of Manteca. The development includes more than 600 homes, with prices ranging from \$550,000 to \$736,000.

The number of single-family homes permitted in the Stockton metropolitan area declined from the previous year during 2022.



Sources: U.S. Census Bureau, Building Permits Survey; 2013–20—final data and estimates by the analyst; 2021–22—preliminary data and estimates by the analyst

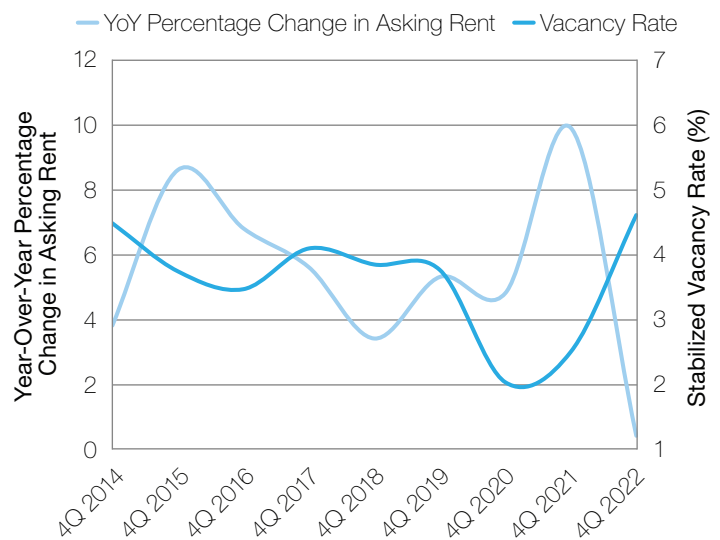
## Apartment Market Conditions

Apartment market conditions in the Stockton metropolitan area are currently tight. Despite an increase in multifamily construction activity since 2015, the apartment market in the metropolitan area has remained tight, partly because of several years of very low multifamily permitting activity in the late 2000s and early 2010s, which allowed for significant absorption of existing inventory.

During the fourth quarter of 2022—

- The apartment vacancy rate for stabilized units in the metropolitan area was 4.6 percent, up from 2.5 percent a year ago but below the average rate of 3.8 percent from 2015 through 2019 (CoStar Group).
- The average apartment rent was \$1,628, relatively unchanged from a year ago but approximately 23 percent above the fourth-quarter average rent of \$1,281 from 2015 through 2019.
- Within the metropolitan area, the CoStar-defined Downtown Stockton market area had the highest vacancy rate at 7.0 percent, and the Tracy market area had the highest rent at \$2,665.

Rent growth sharply slowed, and stabilized vacancy rates increased in the Stockton metropolitan area during the fourth quarter of 2022.



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

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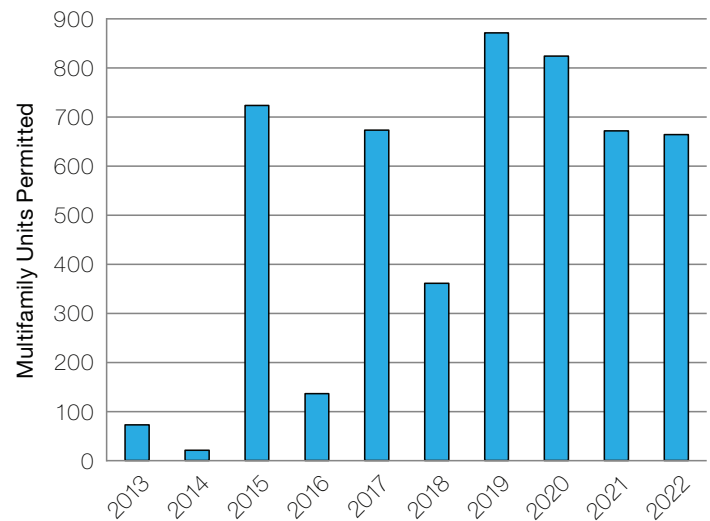
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- The average apartment rent in the metropolitan area was 49 percent lower, and rent growth was 1.0 percentage point less in neighboring Alameda County. Likewise, the average apartment rent in the metropolitan area was 38 percent lower, and rent growth was nearly 1.0 percentage point less in Contra Costa County.

Multifamily construction activity, as measured by the number of multifamily units permitted, has been at high levels since 2015, after years of little to no building during and immediately following the Great Recession. The number of multifamily units permitted declined slightly during 2022 but remained well above the very low levels in the early 2010s. Most of the recent building has occurred in the cities of Manteca and Stockton.

- During 2022, approximately 660 multifamily units were permitted in the metropolitan area, representing a decrease of 10 units from 670 during 2021 (preliminary data, with adjustments by the analyst).
- An average of 470 multifamily units were permitted annually from 2015 through 2018, up significantly from an average of 75 units permitted each year from 2012 through 2014.
- The largest apartment property currently under construction in the metropolitan area is the Manteca Luxury Apartments, which will provide 140 market-rate units in the city of Manteca. Construction is expected to be complete by late 2023.

The number of multifamily units permitted in the Stockton metropolitan area slightly declined from the previous year during 2022.



Sources: U.S. Census Bureau, Building Permits Survey; 2013–20—final data and estimates by the analyst; 2021–22—preliminary data and estimates by the analyst

- Recently completed developments include the 30-unit Liberty Square Apartments in the city of Stockton. Units at that development range from studios to three-bedroom apartments.

## Terminology Definitions and Notes

### A. Definitions

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 resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births minus resident deaths.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized Units	Apartment properties that have been online for 18 months or have reached 95-percent occupancy.

### B. Notes on Geography

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