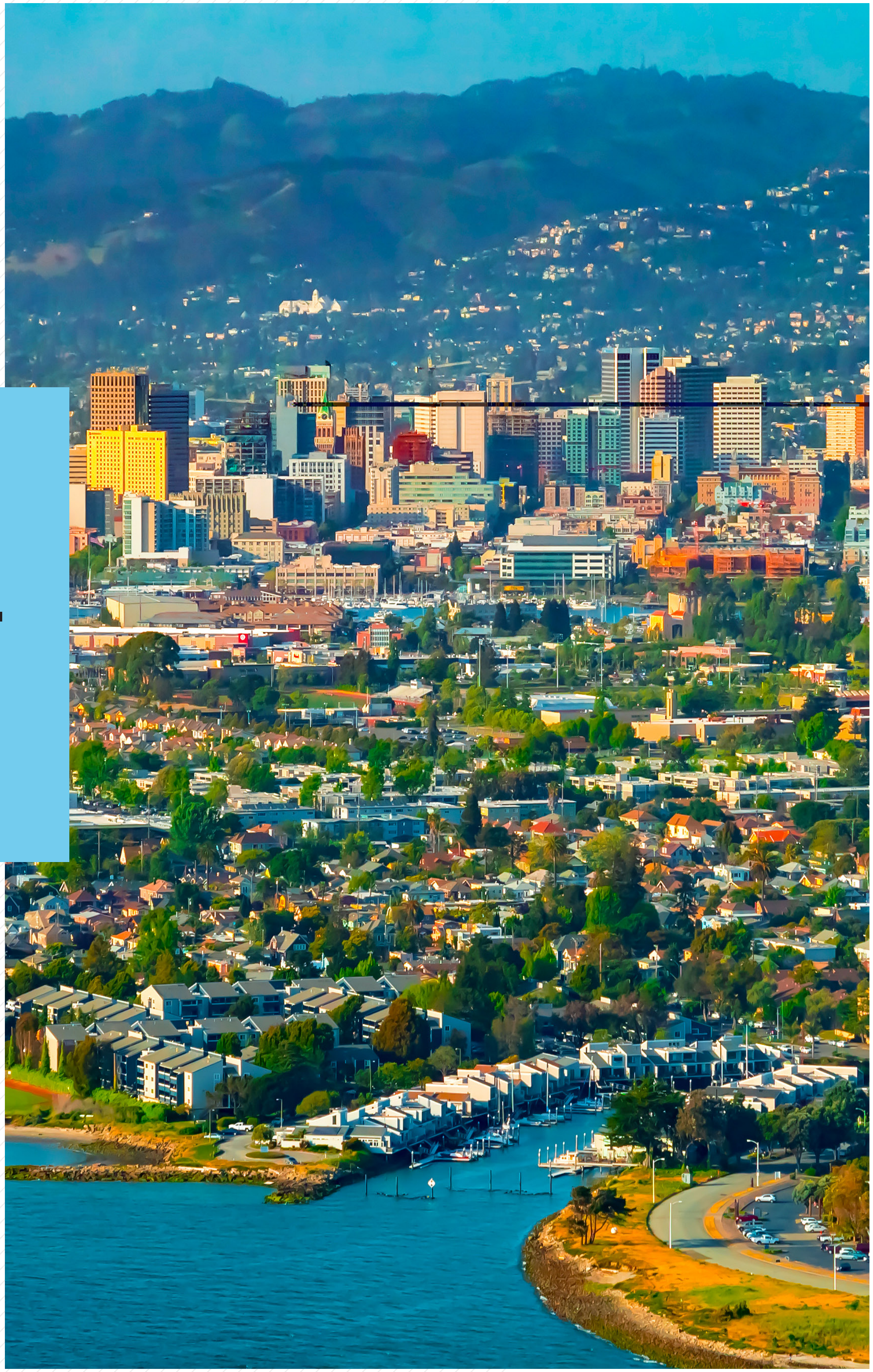
COMPREHENSIVE HOUSING MARKET ANALYSIS

Oakland-Hayward-Berkeley, California

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2025



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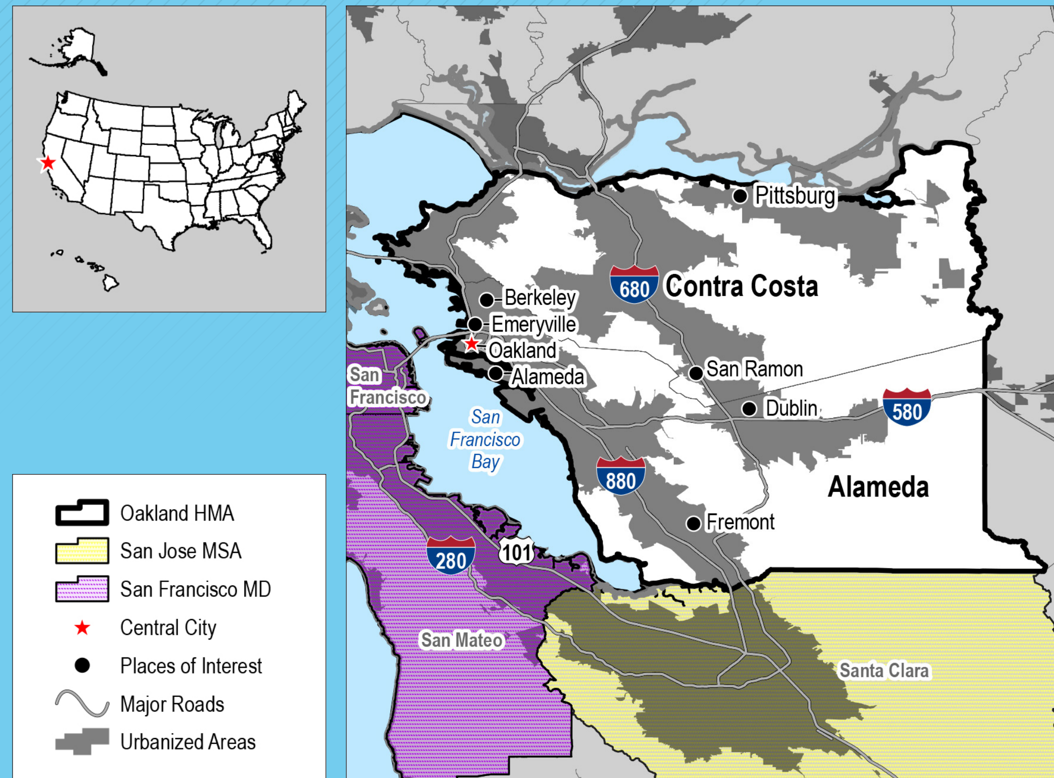
Executive Summary

Housing Market Area Description

The Oakland-Hayward-Berkeley Housing Market Area (hereafter, Oakland HMA) is coterminous with the metropolitan division of the same name and includes Alameda and Contra Costa Counties. The HMA is one of three metropolitan divisions in the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area. The HMA is located on the east side of San Francisco Bay and is commonly referred to as the East Bay.

The current population of the HMA is estimated at 2.79 million.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: During 2024, nonfarm payrolls in the Oakland HMA surpassed the level of payrolls during 2019, recovering from the downturn caused by the COVID-19 pandemic.

Nonfarm payrolls increased by 11,400, or 1.0 percent, annually to 1.20 million jobs during 2024 compared with a 0.9-percent increase a year earlier. Five of the 11 nonfarm payroll sectors added jobs during 2024, led by the education and health services sector, which added 11,400 jobs, or 5.3 percent. The average unemployment rate increased from 4.1 percent during 2023 to 4.8 percent during 2024. Nonfarm payrolls are expected to increase during the 3-year forecast period at an average rate of 1.2 percent annually.

Sales Market

Slightly Tight: The inventory of homes available for sale has been below a 2.0-month supply since 2013.

The sales vacancy rate in the HMA is estimated at 1.0 percent, up from 0.8 percent as of April 2020, when market conditions were also slightly tight. The HMA had a 1.2-month supply of homes for sale as of December 2024, up from a 1.0-month supply as of December 2023 (Redfin, a national real estate brokerage, with adjustments by the analyst). During 2024, new and existing home sales increased 3 percent, and home sales prices increased 5 percent year over year (Zonda). During the next 3 years, demand is expected for 10,350 additional homes. The 1,775 homes under construction are expected to meet a portion of that demand during the first year of the forecast period.

Rental Market

Balanced: The rental vacancy rate is estimated at 5.4 percent, an increase from 4.6 percent in April 2020, when conditions were also balanced.

The apartment vacancy rate decreased during the past 2 years because fewer new apartments entered the market. As of the fourth quarter of 2024, the apartment vacancy rate decreased to 6.8 percent from 7.2 percent a year earlier and from 7.5 percent as of the fourth quarter of 2022 (CoStar Group). As of the fourth quarter of 2024, the average apartment rent was essentially unchanged from a year earlier at $2,424. Demand is expected for an additional 11,600 rental units during the forecast period. The 5,375 units under construction will meet most of the demand during the first 2 years of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Oakland HMA	Total Demand	10,350	11,600
	Under Construction	1,775	5,375

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2025. The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Education and Health Services

The education and health services sector has accounted for 35 percent of job growth in the HMA since 2021.

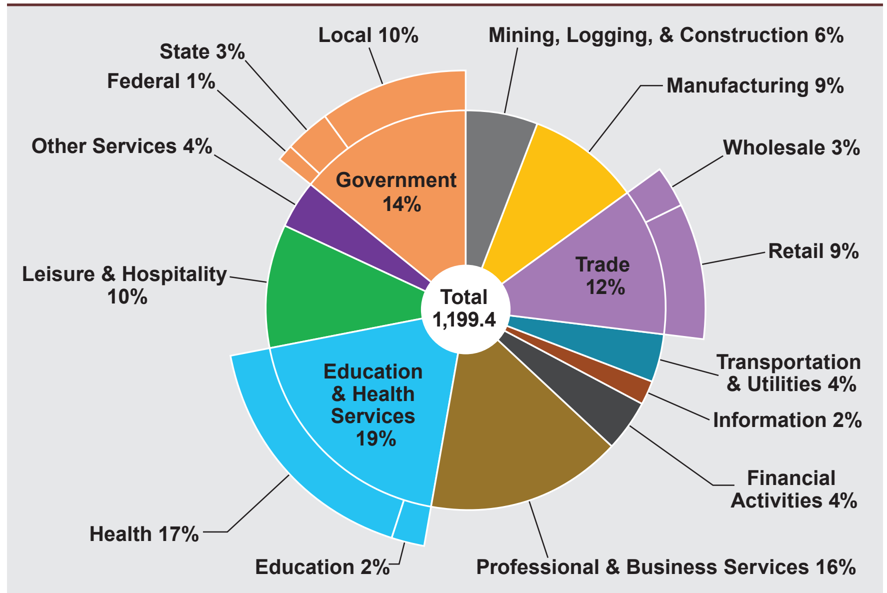
Primary Local Economic Factors

The Oakland HMA has a diversified economy supported by a highly educated workforce. Approximately one-half of the population older than 25 years has at least a bachelor's degree, compared with 36 percent nationally (2023 American Community Survey [ACS] 1-year estimate). The University of California, Berkeley (UC Berkeley), the second highest ranked public university in the nation (*U.S. News & World Report*), has 45,900 undergraduate and graduate students in the HMA, contributing to the high level of educational attainment. During 2021, the university had an estimated economic impact of $6 billion on the San Francisco Bay region (Beacon Economics). The presence of an elite educational institution and a highly skilled workforce supports advanced industries that create a large number of well-paying jobs in the service-providing sectors. The education and health services and the professional and business services sectors are the two largest in the HMA (Figure 1), accounting for 19 and 16 percent of nonfarm payrolls, respectively—shares 2 percentage points higher than the national averages for each sector. Together, the two sectors have accounted for nearly 50 percent of the job growth since 2010 and include 4 of the top 10 employers in the HMA (Table 1). Because of the many well-paying jobs in these sectors, median earnings in the HMA are approximately 37 percent higher than the national median (2023 ACS 1-year estimate). High relative earnings also contribute to elevated housing costs: The average home price and apartment rent were 125 and 40 percent higher, respectively, than the national averages during 2024 (Zonda and CoStar Group).

Current Conditions—Nonfarm Payrolls

Job growth has slowed during the past 2 years. Total nonfarm payrolls in the HMA averaged 1.20 million jobs during 2024, up by 11,400, or 1.0 percent, from 2023, when payrolls increased by 10,800, or 0.9 percent, from a year

Figure 1. Share of Nonfarm Payroll Jobs in the Oakland HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2024.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Oakland HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaiser Permanente	Education & Health Services	34,650
University of California, Berkeley	Government	24,000
Tesla, Inc.	Manufacturing	13,000
Safeway, Inc.	Wholesale & Retail Trade	9,700
Sutter Health	Education & Health Services	9,400
John Muir Health	Education & Health Services	6,300
Pacific Gas & Electric Company	Transportation & Utilities	5,100
Workday, Inc.	Information	5,100
Chevron Corporation	Professional & Business Services	4,700
Wells Fargo & Company	Financial Activities	4,350

Note: Excludes local school districts.
Sources: *East Bay Book of Lists 2022*; estimates by the analyst

earlier (Table 2). By comparison, annual nonfarm payroll growth averaged 3.6 percent during 2021 and 2022, when the HMA was recovering from the pandemic-induced recession. The number of jobs in the HMA is only 0.8 percent higher than 2019 levels, before the pandemic, whereas payrolls in the nation recovered in 2022 and are 4.8 percent higher than 2019 levels. The slower growth in the HMA is partly due to job losses in some sectors (Figure 2). During the past year, payroll growth in the HMA was supported by job gains in 5 of the 11 payroll sectors, all of which are service-providing sectors.

The education and health services sector led job growth during 2024, expanding by 11,400 jobs, or 5.3 percent, to 227,900 jobs, following growth of 10,700 jobs, or 5.2 percent, during 2023. Job growth was concentrated in the social assistance industry, which includes daycare centers, shelters, rehabilitation facilities, home health aides, and social workers. The social assistance industry grew by 8,000 jobs, or 11.6 percent, during 2024, following growth of 5,200 jobs, or 8.1 percent, during 2023.

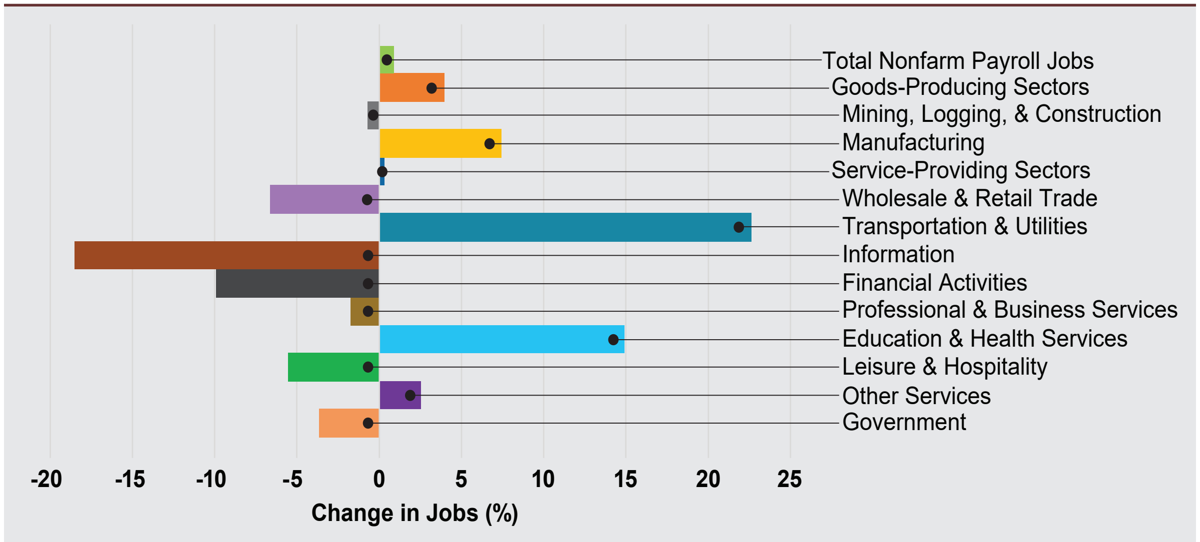
The second largest job gain during 2024 occurred in the government sector, which increased by 3,500 jobs, or 2.1 percent, to 168,400, following growth of 3,500 jobs, or 2.2 percent, during the previous year. Although job growth in this sector was strong during the past 2 years, payrolls are still 3.7 percent below 2019 levels because of job losses from 2020 through 2022. The local government subsector, which accounts for

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Oakland HMA, by Sector

	12 Months Ending Dec 2023	12 Months Ending Dec 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**1,188.0**	**1,199.4**	**11.4**	**1.0**
Goods-Producing Sectors	187.3	183.8	-3.5	-1.9
Mining, Logging, & Construction	75.4	75.3	-0.1	-0.1
Manufacturing	111.9	108.5	-3.4	-3.0
Service-Providing Sectors	1,000.7	1,015.6	14.9	1.5
Wholesale & Retail Trade	147.0	147.0	0.0	0.0
Transportation & Utilities	54.4	53.6	-0.8	-1.5
Information	24.2	22.5	-1.7	-7.0
Financial Activities	50.7	49.8	-0.9	-1.8
Professional & Business Services	189.5	189.8	0.3	0.2
Education & Health Services	216.5	227.9	11.4	5.3
Leisure & Hospitality	112.1	114.3	2.2	2.0
Other Services	41.3	42.2	0.9	2.2
Government	164.9	168.4	3.5	2.1

Notes: Based on 12-month averages through December 2023 and December 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Oakland HMA, 2020 to Current



Note: Current data are based on the 12-month averages ending December 2024.
Source: U.S. Bureau of Labor Statistics

71 percent of jobs in the sector, had the most job gains during the past 2 years. During 2024, the local government subsector expanded by 2,900 jobs, or 2.5 percent, compared with 2023, when payrolls grew by 2,800 jobs, or 2.4 percent.

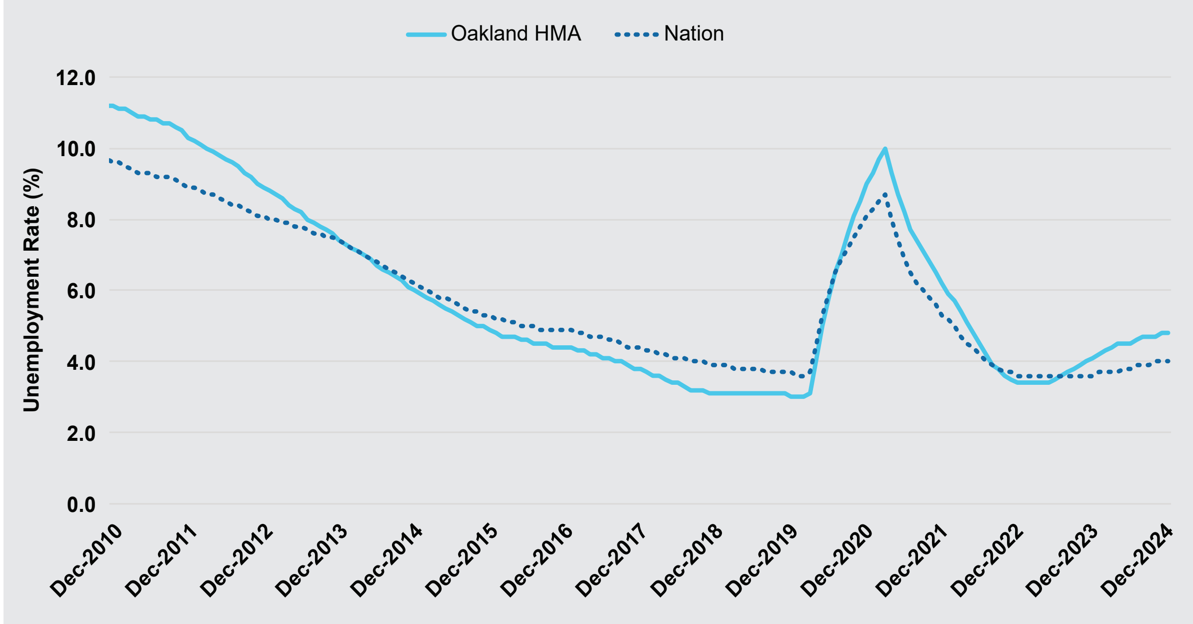
The information sector contracted the most in percentage terms during the past 2 years, falling by 1,700 jobs, or 7.0 percent, during 2024 after decreasing by 800 jobs, or 3.2 percent, during 2023. Job losses in the information sector in the HMA reflected widespread layoffs in the tech industry; statewide, jobs in the information sector fell an average of 8 percent annually during 2023 and 2024. The manufacturing sector had the largest numerical job loss in the HMA during 2024, falling by 3,400 jobs, or 3.0 percent, to 108,500 jobs, following a loss of 400 jobs, or 0.4 percent, during 2023.

Current Conditions—Unemployment

The unemployment rate in the HMA averaged 4.8 percent during 2024, up from 4.1 percent during 2023 and above the national average of 4.0 percent (Figure 3). Resident employment decreased 0.9 percent during 2024, more than offsetting the labor force decline of 0.2 percent. The unemployment rate reached a recent annual high of 9.0 percent during 2020 because of the COVID-19-related economic downturn and then fell to 3.4 percent in 2022. Since 2020, resident employment in the HMA has recovered at a slower rate than nonfarm payrolls: Resident employment is 3.7 percent below 2019 levels, whereas nonfarm payrolls are 0.8 percent above 2019 levels. This divergence is mostly caused by the large share of residents who commute for work to the neighboring San Francisco-Redwood City-South San Francisco (hereafter, San Francisco) metropolitan division, where nonfarm payrolls are 3.2 percent below 2019 levels. These workers are included in the residential employment totals, but their jobs are not included in the HMA nonfarm payrolls.

Before the 2020 economic downturn, the unemployment rate in the HMA had declined throughout the 2010s because of strong job growth. The unemployment rate was 11.2 percent in 2010 because of job losses incurred during the Great Recession, but it decreased every year from 2011 through 2019 to 3.0 percent during 2019. The unemployment rate of the HMA was below the national level from 2014 through 2019.

Figure 3. 12-Month Average Unemployment Rate in the Oakland HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

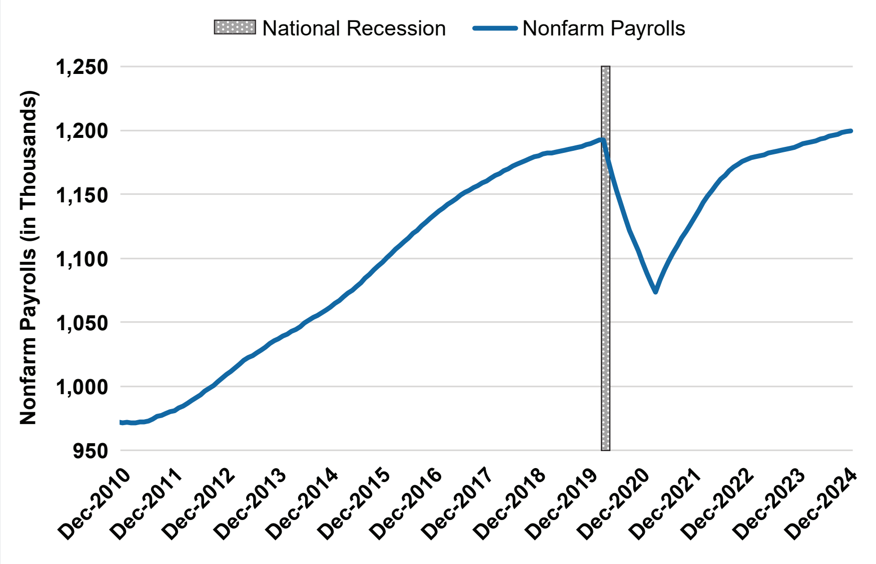
2011 Through 2019—Economic Recovery and Expansion

The economy of the HMA expanded throughout the 2010s, supported by broad-based growth in most sectors. From 2011 through 2017, nonfarm payrolls increased by an average of 27,000 jobs, or 2.6 percent, annually (Figure 4). By comparison, national payroll growth averaged 1.7 percent annually during the period. Every private payroll sector in the HMA grew at a rate exceeding the rate of national job growth from 2011 through 2017. The education and health services sector had the largest numerical job gain, adding an average of 4,700 jobs, or 2.7 percent, annually. The mining, logging, and construction sector grew the fastest in percentage terms, expanding by an average of 3,300 jobs, or 5.8 percent, annually, supported by rising residential and commercial construction. Job growth slowed to an average annual increase of 14,400 jobs, or 1.2 percent, in 2018 and 2019 because low unemployment rates and slowing population growth resulted in a tight labor market. Nonfarm payroll growth in the HMA fell below the national rate of growth, which averaged 1.5 percent annually during 2018 and 2019. The professional and business services sector led job growth in the HMA during the period, increasing by 4,300 jobs, or 2.3 percent, annually.

2020 Through 2022—Job Losses During the COVID-19 Pandemic and a Partial Recovery

During 2020, nonfarm payrolls in the HMA fell 7.8 percent, or by 92,300 jobs, with 10 of the 11 payroll sectors contracting because of public health measures to limit the spread of COVID-19. The rate of job losses was more severe in the HMA than in the nation, where nonfarm payrolls decreased 5.8 percent. The leisure and hospitality sector lost the most jobs in the HMA, declining by 36,300 jobs, or 30.0 percent, primarily because restaurants were forced to limit services or temporarily close. The food services and drinking places industry accounted for approximately 70 percent of job losses in the sector. The wholesale and retail trade sector had the second highest number of job losses, contracting by 13,800 jobs, or 8.8 percent, because net out-migration from the HMA and increased use of e-commerce resulted in reduced shopping at brick-and-mortar stores.

Figure 4. 12-Month Average Nonfarm Payrolls in the Oakland HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

The economy of the HMA began to recover in 2021, adding 34,600 jobs, or 3.2 percent, on an annual basis. The leisure and hospitality sector led job growth, increasing by 7,800 jobs, or 9.2 percent, followed by the manufacturing and the education and health service sectors, which grew by 7,300 and 7,200 jobs, or 7.4 and 3.8 percent, respectively. Job growth accelerated in 2022, with payrolls rising by 45,600 jobs, or 4.0 percent. The leisure and hospitality sector continued to lead job gains, growing by 15,800 jobs, or 17.1 percent.

Commuting Patterns

The HMA is economically integrated into the greater San Francisco Bay Area, which includes the San Francisco metropolitan division and the San Jose-Sunnyvale-Santa Clara (hereafter, San Jose) metropolitan area, and many workers commute across its borders. During 2022, the most recent data available, approximately 1.19 million people worked in the HMA, whereas 1.33 million employed residents lived in the HMA (U.S. Census Bureau OnTheMap data). Many people who work in the San Francisco metropolitan division and the San Jose metropolitan area choose to live in the HMA, drawn by relatively lower home prices. Approximately 260,900 people who live in the HMA commute to the San Francisco metropolitan division for work, but only 84,800 San Francisco metropolitan division residents commute in the opposite direction. Likewise, approximately 156,200 HMA residents commute to the San Jose metropolitan area, but only 92,400 people commute from the San Jose metropolitan area to the HMA. The Stockton-Lodi (hereafter, Stockton) and Vallejo-Fairfield (hereafter, Vallejo) metropolitan areas, east and north of the HMA, respectively, are the largest sources of commuting into the HMA. In the Stockton metropolitan area, 53,200 workers commuted to the HMA compared with 19,350 residents commuting from the HMA, and in the Vallejo metropolitan area, 44,550 workers commuted to the HMA compared with 16,750 residents commuting from the HMA.

Forecast

During the 3-year forecast period, the economic expansion in the HMA is expected to continue, with nonfarm payroll jobs increasing an average of 1.2 percent annually. Job growth is expected to be relatively slow during the first year of the forecast period but accelerate during the second and third years. The education and health services sector is expected to continue to be a leading source of job growth as the population of the HMA continues to age, creating demand for more healthcare services.

Population and Households

Current Population: 2.79 million

> After growing throughout the 2010s, the population of the HMA fell sharply during the COVID-19 pandemic.

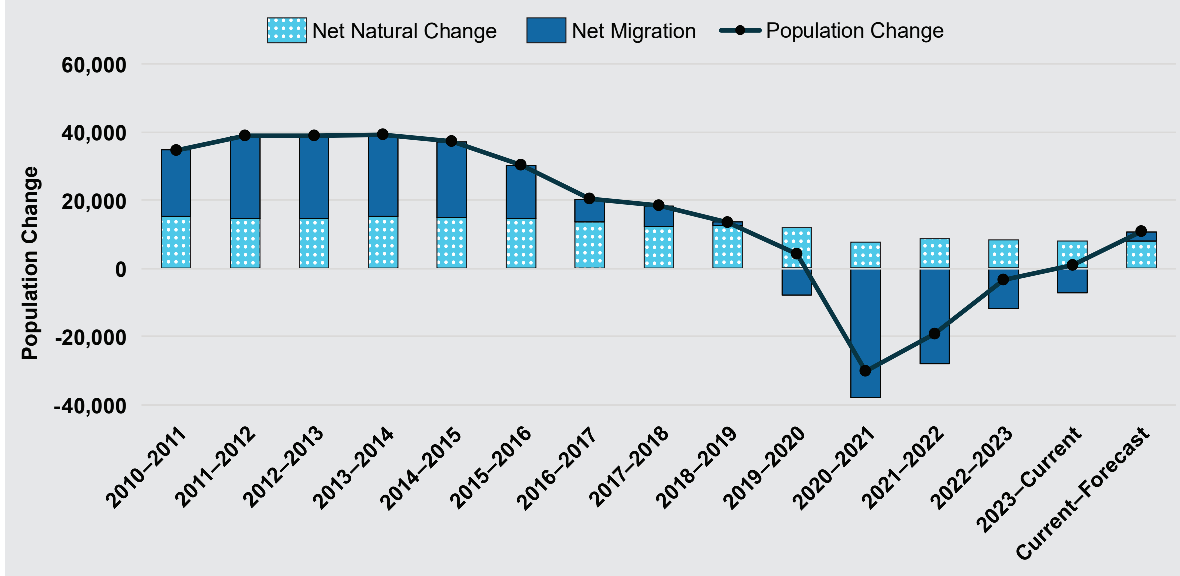
Population Trends

The population of the Oakland HMA declined during the 2020-to-2023 period—when the economic recovery in the HMA was slower than in the nation—because of the COVID-19 pandemic, and increased use of remote work allowed many residents to relocate to areas with lower housing costs. During the period, limited net in-migration from the San Francisco metropolitan division partially offset the overall net out-migration from the HMA. The population of the HMA has stabilized since 2023, but net out-migration from the HMA continues, and the population is well below 2020 levels.

2010 to 2020

Population growth peaked in the early 2010s, supported by rapid job growth that drew new residents to the HMA. From 2010 to 2016, population growth averaged 36,750 people, or 1.4 percent, annually (U.S. Census Bureau decennial census counts and California Department of Finance population estimates as of July 1; Figure 5), including average annual

Figure 5. Components of Population Change in the Oakland HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (January 1, 2025) to January 1, 2028.
Sources: U.S. Census Bureau decennial census counts and California Department of Finance population estimates as of July 1; current to forecast—estimates by the analyst

net in-migration of 21,800 people and average net natural increase of 14,950 people. Most net in-migration to the HMA during the period was international, averaging 12,050 people annually, whereas domestic net in-migration averaged 9,750 people annually. Population growth slowed to an average of 19,400, or 0.7 percent, annually from 2016 to 2018. During this period, net in-migration slowed to an average of 6,300 people annually because of domestic net out-migration, which averaged 6,850 people, whereas international net in-migration increased moderately to an average of 13,150 people annually. Net natural increase slowed to an average of 13,100 people annually because an aging population in the HMA led to declining birth rates and higher death rates. From 2018 to 2020, population growth continued to slow in the HMA, averaging an increase of 11,750, or 0.4 percent annually. More people moved away from the HMA than moved to it, and net out-migration averaged 950 people a year. Domestic net out-migration averaged 10,450 people a year, more than offsetting international net in-migration of 9,500 people annually. Net natural increase slowed to an average of 12,700 people annually. Population growth trends were very similar in the two counties of the HMA throughout the 2010s.

2020 to Current

The population of the HMA fell from 2020 to 2022 by an annual average of 23,150, or 0.8 percent. Excess deaths due to the COVID-19 pandemic caused net natural increase to slow to an annual average of 8,475 people. Net out-migration averaged 31,650 people annually, with domestic net out-migration averaging 34,100 people annually and average annual international net in-migration falling to 2,450 people. Since 2022, net out-migration from the HMA has slowed, and the population has stabilized, falling by an average of 750 people, or less than 0.1 percent, annually to 2.79 million as of January 1, 2025. Net natural increase has been stable since 2022, averaging 8,225 people annually, because declining births have offset decreasing death rates. Net out-migration has decreased, averaging a net outflow of 8,975 people annually, because of increased international net in-migration as well as slower rates of domestic net out-migration. Like the previous decade, trends in population growth were similar in both counties of the HMA.

COVID-19 Migration Trends

During 2021, the year with the highest rate of net out-migration from the HMA, approximately 70 percent of all domestic net out-migration was to other areas in California (U.S. Internal Revenue Service County-to-County Migration Flows, with adjustments by the analyst). Among areas within California, nearly 70 percent of net out-migration was to the Modesto, Stockton, Vallejo, and Sacramento metropolitan areas, all with lower housing costs compared with the HMA. Conversely, the HMA gained approximately 1,925 net residents from the San Francisco metropolitan division. The average adjusted gross income of people leaving the HMA was more than $10,000 higher than for people moving to the HMA.

Household Trends

As of January 1, 2025, the number of households in the HMA is estimated at 1.03 million, representing an average increase of 6,750 households, or 0.7 percent, annually since 2020 despite population decline during the same time (Table 3). By comparison, the number of households in the HMA increased by an average of 7,825, or 0.8 percent, annually from 2010 to 2020, lagging behind the 1.1-percent annual population growth during the period. Household growth has been comparatively strong since 2020 because of an increase in the number of small households, including those with elderly members, who tend to have relatively smaller households; households with no children; and families having fewer children. Between 2019 and 2023, the share of households with members aged 60 and older increased from 40 to 41 percent, and the percentage of households with children younger than 18 fell from 33 to 31 percent (2019 and 2023 ACS 1-year data). During the same period, the average number of children among families with children fell from 1.82 to 1.77. The homeownership rate in the HMA has declined since 2010 and is currently 56.5 percent, down from 57.4 percent as of April 2020 (Figure 6).

Table 3. Oakland HMA Population and Household Quick Facts

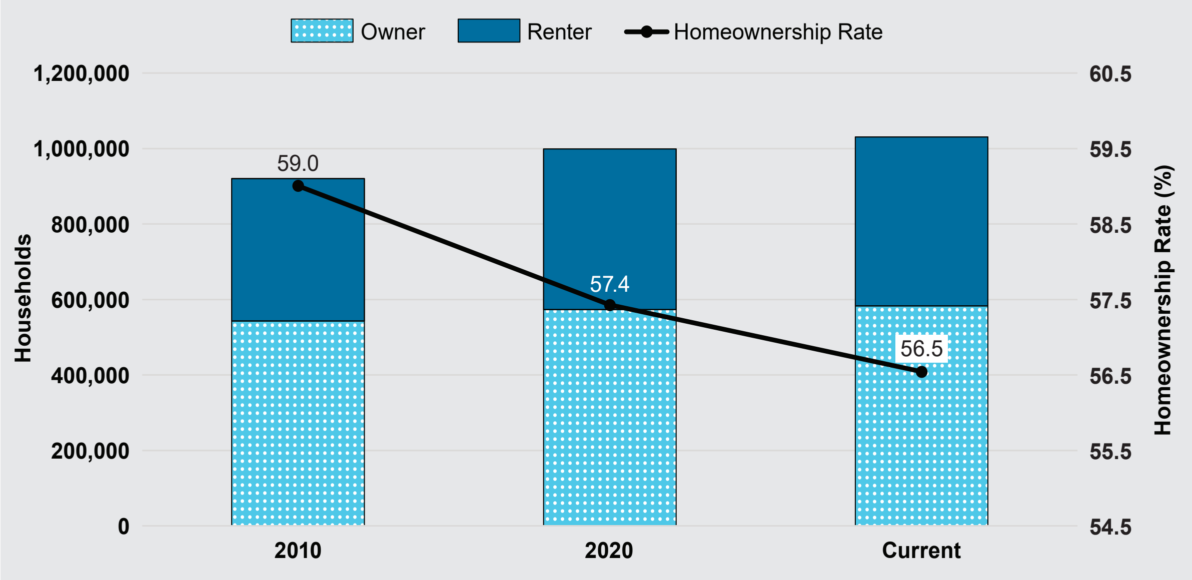
		2020	Current	Forecast
Population Quick Facts	**Population**	2,848,280	2,794,000	2,827,000
	Average Annual Change	28,900	-11,350	10,750
	Percentage Change	1.1	-0.4	0.4
		2020	**Current**	**Forecast**
Household Quick Facts	**Households**	998,665	1,030,700	1,047,000
	Average Annual Change	7,825	6,750	5,425
	Percentage Change	0.8	0.7	0.5

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (January 1, 2025) to January 1, 2028.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Forecast

During the next 3 years, the population of the HMA is expected to increase by an average of 10,750, or 0.4 percent, a year. This slight acceleration of population growth is expected to be supported by modest levels of net in-migration, the first time since before the COVID-19 pandemic. Net in-migration is expected to be supported by moderate job growth and the decline of hybrid and remote work, inducing people to move closer to their places of work. Household growth during the next 3 years is expected to average 5,425 households, or 0.5 percent, annually—slightly slower than recent trends but still faster than the forecast population growth. The factors that contributed to faster growth in households compared with the population since 2020 are expected to continue into the forecast period.

Figure 6. Households by Tenure and Homeownership Rate in the Oakland HMA



Note: The current date is January 1, 2025.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Slightly Tight

The number of home sales increased during 2024 after falling during the preceding 2 years.

Current Conditions

The home sales market in the Oakland HMA is slightly tight, with an overall sales vacancy rate of 1.0 percent as of January 1, 2025 (Table 4), up from 0.8 percent in 2020, when conditions were also slightly tight. The number of new and existing home sales increased 3 percent during 2024 to 21,150, after falling sharply during 2022 and 2023. Average home prices increased as well, rising 5 percent during 2024 to $1.11 million after decreasing 4 percent during 2023. Higher mortgage interest rates since early 2022 have reduced demand and contributed to lower home sales during the past 3 years compared with the pre-2022 period.

Slowing home sales contributed to a slightly greater supply of homes for sale. The available inventory in the HMA totaled approximately 2,000 single-family homes, condominiums, and townhomes for sale during December 2024, representing a 1.2-month supply at the current sales rate, up from 1,550 homes for sale, or a 1.0-month supply, during December 2023 (Redfin, a national real estate brokerage, with adjustments by the analyst). By comparison, the HMA had 1,050 homes for sale, or a 0.4-month supply, during December 2021, when conditions were very tight. Although market conditions have eased since 2022, the inventory of available homes has been below a 2.0-month supply since 2013, contributing to generally tight market conditions in the HMA.

Table 4. Home Sales Quick Facts in the Oakland HMA

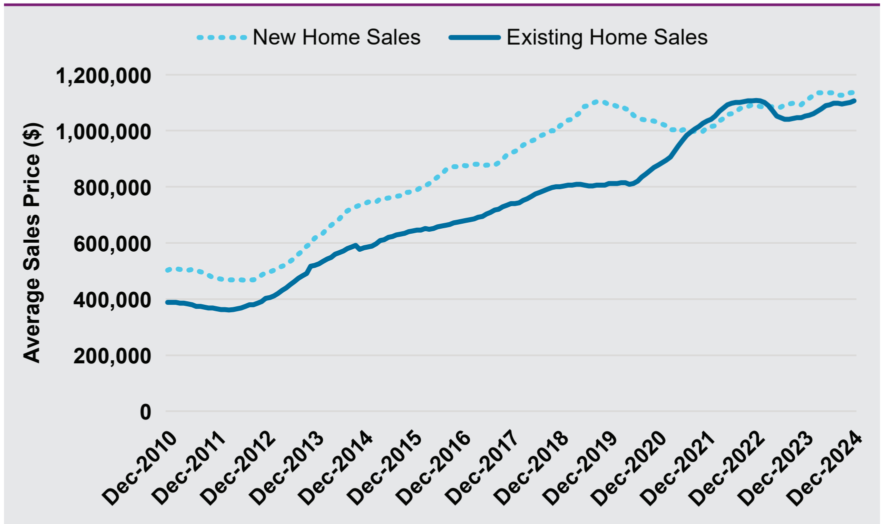
		Oakland HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.0%	NA
	Months of Inventory	1.2	3.1
	Total Home Sales	21,150	4,085,000
	1-Year Change	3%	-4%
	New Home Sales Price	$1,138,000	$512,800
	1-Year Change	3%	0%
	Existing Home Sales Price	$1,106,000	$489,400
	1-Year Change	5%	8%
	Mortgage Delinquency Rate	0.4%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2024; and months of inventory and mortgage delinquency data are as of December 2024. The current date is January 1, 2025.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—Cotality (formerly CoreLogic, Inc.); home sales and prices—Zonda

Home Sales and Price Trends

New and existing home prices in the HMA increased throughout the 2010s, supported by strong economic and population growth and limited new construction. In 2011, in the aftermath of the Great Recession, the average home price decreased 7 percent year over year before increasing an average of 15 percent annually from 2012 through 2015 (Figure 7). By comparison, home prices nationally increased an average of 6 percent annually from 2012 through 2015 (Zonda). Home price growth slowed in the HMA from 2016 through 2019,

Figure 7. 12-Month Average Home Sales Price by Type of Sale in the Oakland HMA

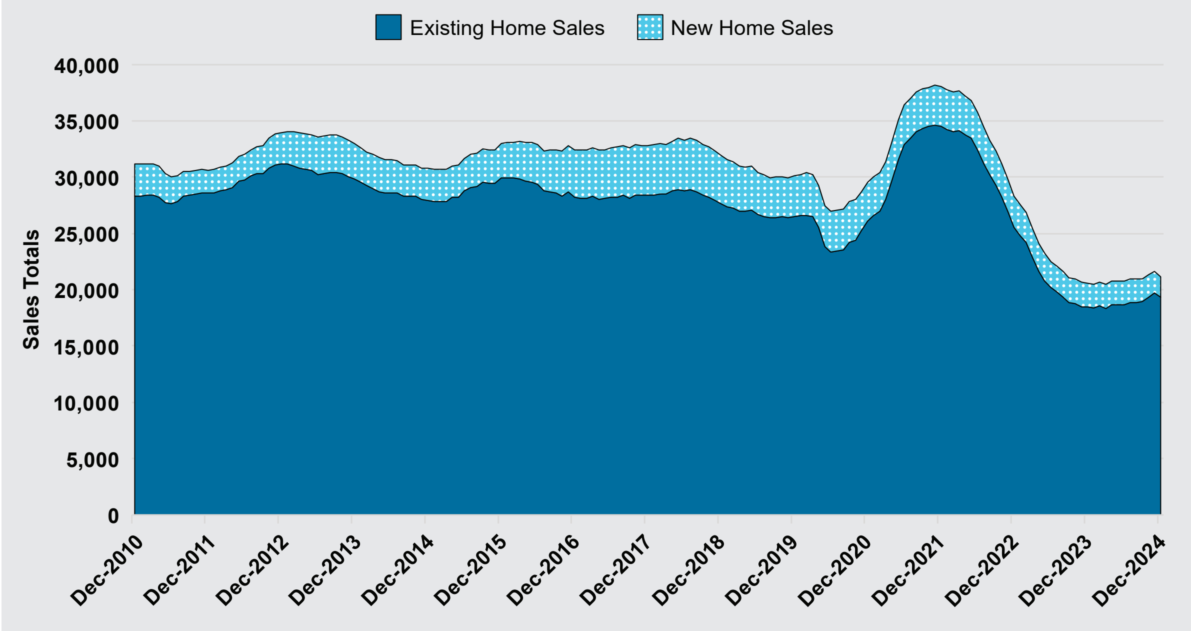


Source: Zonda

averaging 7 percent annually, but outpaced national price growth, which averaged 3 percent annually. Total home sales were generally stable throughout the period from 2010 through 2019. Home sales rose from 31,150 sales in 2010 to a high for the decade of 33,950 sales in 2012, when the HMA recovered from the housing crisis. Sales then declined an average of 2 percent annually from 2013 through 2019, when a limited supply of homes for sale and rapidly rising home prices constrained home sales (Figure 8).

The home sales market in the HMA was relatively stable overall during 2020. Sales declined during the early months of the COVID-19 pandemic but nearly recovered to prepandemic levels by year end, with home sales during 2020 falling 2 percent and home prices increasing 6 percent year over year. In 2021, home sales surged 29 percent year over year to an annual peak of 37,950, and home price growth accelerated to 15 percent annually. During this period, low mortgage interest rates made homebuying more attainable for many households. In addition, the proliferation of remote work contributed to a shift in demand to larger units as remote workers sought more space, which included a shift away from rental units, such as apartments, which are typically smaller, to sales housing. During 2022, the number of home sales in the HMA fell 26 percent in response to rising interest rates, and home price growth slowed to 7 percent.

Figure 8. 12-Month Home Sales Totals by Type of Home in the Oakland HMA



Source: Zonda

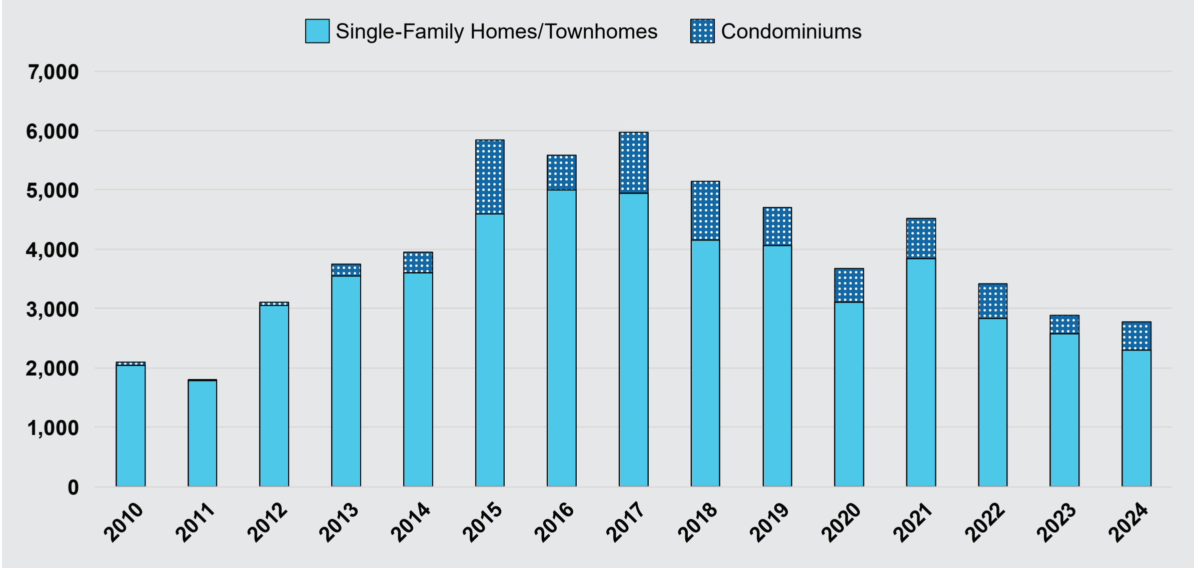
The trend of declining sales demand continued in 2023, with home sales and prices decreasing 27 and 4 percent, respectively, year over year.

New home sales represented 9 percent of total home sales from 2011 through 2015, then increased to 12 percent from 2015 through 2019, supported by stronger economic conditions and high home price growth. During these periods, the average price of a new home increased quickly, rising an average of 13 percent annually from 2012 through 2015 and 9 percent from 2016 through 2019. Since 2020, both the new home share of total sales and the rate of price growth for new homes have declined, with new homes representing 10 percent of all home sales from 2020 through 2024. During the past 2 years, higher mortgage rates, weaker economic growth, and population declines have contributed to slower new home sales. New home price growth decelerated to a rate slower than overall home price increases during this period—the average price of a new home increased 1 percent annually, compared with overall home price growth of 6 percent annually. An increase in the construction of townhomes and condominiums, which are typically smaller and less expensive than single-family homes, has contributed to slower new home price growth since 2020. Townhomes and condominiums represented 41 percent of new home sales from 2020 through 2024, up from 31 percent of new home sales from 2012 through 2019.

Sales Construction

Construction of sales housing in the HMA, as measured by the number of single-family homes, townhomes, and condominiums permitted, increased throughout the early 2010s, supported by rising demand due to improving economic conditions and consistent population growth. From 2010 through 2015, the number of sales units permitted increased by an average of 750 units, or 23 percent, annually. Homebuilding in the HMA peaked from 2015 through 2017, averaging 5,800 units permitted annually (Figure 9). Slowing population growth contributed to a decrease in homebuilding activity, declining by an average of 630 units, or 11 percent, annually from 2018 through 2019. During the 2010s, growth in the supply of sales housing lagged behind the growth in demand, and the supply grew at a slower rate in the HMA than in the nation. From 2010 through 2019, the owner-occupied housing stock in the HMA expanded approximately 7.7 percent through new construction compared with 11.0 percent nationally. The population and number of jobs in the HMA increased 11 and 22 percent, respectively, during the same period, contributing to home price growth in the HMA.

Figure 9. Annual Sales Permitting Activity in the Oakland HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

Homebuilding has generally trended downward since 2019. In the early months after the onset of the COVID-19 pandemic, public health countermeasures and supply chain constraints hampered homebuilding, causing the number of sales units permitted to fall by 1,050, or 22 percent, during 2020. Rapid growth in home sales demand and rising prices led homebuilders to increase production in 2021, with the number of sales units permitted rising by 850, or 23 percent, year over year. Increased interest rates, which raised financing costs and decreased the demand for new homes, contributed to decreasing levels of home construction, falling an average of 20 percent during 2022 and 2023. This trend continued in 2024, with the number of sales units decreasing by 110 units, or 4 percent, to 2,775 units permitted. Innovation by Lennar, a master-planned community in the city of Fremont, is one of the most active new home developments in the HMA and will have approximately 950 townhome and condominium units when complete. Within the community, Lumiere, a collection of condominiums, has two- and three-bedroom units for sale starting at $950,000 and $1.1 million, respectively.

Housing Affordability: Sales

Home prices in the HMA are very high, with approximately 10 percent of all homes selling for more than $2.0 million (Zonda; Figure 10). Although the median household income in the HMA is high relative to the nation, high home prices keep housing affordability in the HMA low. The HUD Homebuyer Affordability Index, a ratio of the HUD median family income in the HMA to the income required to purchase the median-priced home while spending no more than 30 percent of income on housing costs, has been below 1.0 since 2013 (Figure 11). A value of less than 1.0 indicates that a family earning the median income is unable to afford a median-priced home. Homeownership in the HMA has become even less affordable since 2021, primarily because of increased mortgage interest rates.

Forecast

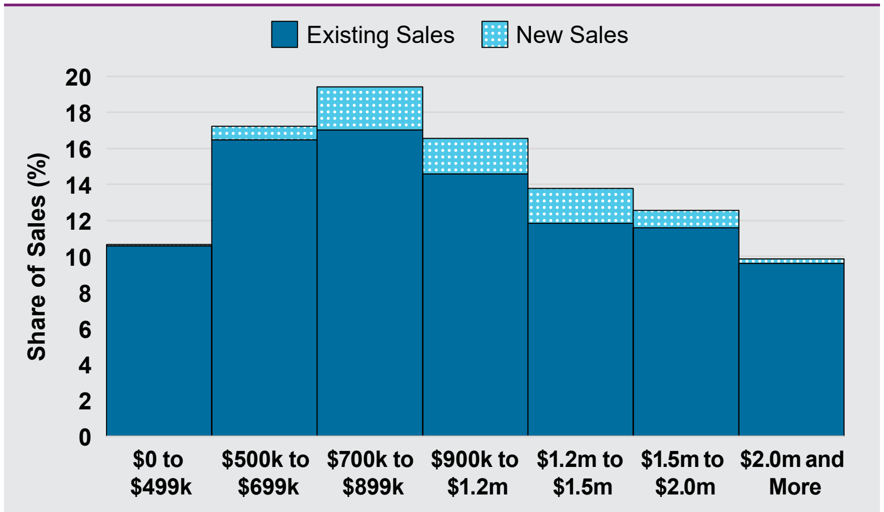
During the next 3 years, demand is expected for 10,350 new homes in the HMA, supported by expected population growth (Table 5). The limited inventory of available resale homes will also contribute to the demand for new homes among buyers. Demand is expected to increase modestly from recent construction levels because of faster population growth and the pent-up demand reflected in the persistently tight sales market. The 1,775 homes under construction will meet a portion of the demand in the first year of the 3-year forecast period.

Table 5. Demand for New Sales Units in the Oakland HMA During the Forecast Period

Sales Units	
Demand	10,350 Units
Under Construction	1,775 Units

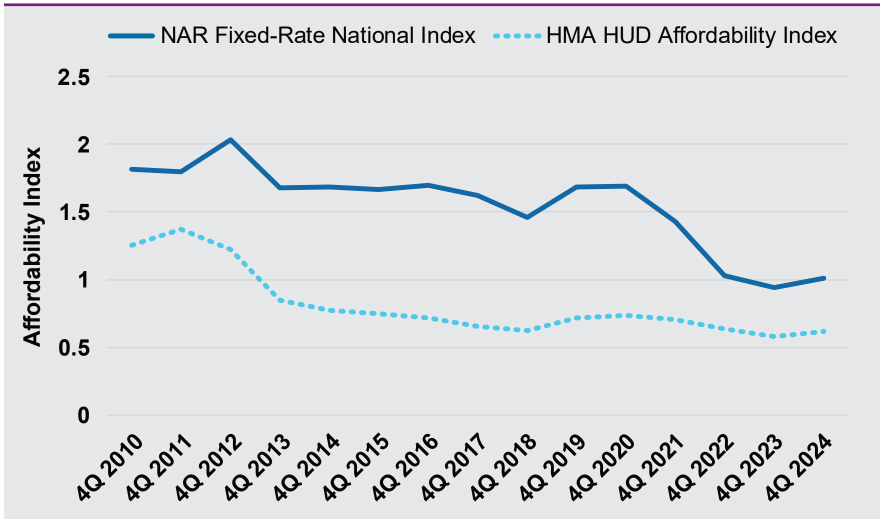
Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst

Figure 10. Share of Overall Home Sales by Price Range in the Oakland HMA During 2024



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 11. Oakland HMA HUD Homebuyer Affordability Index



NAR = National Association of REALTORS®. 4Q = fourth quarter.
Sources: HUD Median Family Income data; Freddie Mac; National Association of REALTORS®

Rental Market

Market Conditions: Balanced

Rental market conditions were slightly soft in late 2022 when apartment completions surged, but conditions have tightened during the past 2 years because fewer new apartments have been completed.

Current Conditions and Recent Trends

The overall rental market in the Oakland HMA is balanced. The estimated 5.4-percent rental vacancy rate is up from 4.6 percent in April 2020, when rental conditions were slightly tight (Table 6). Compared with the generally tighter market during the period from 2010 to 2020, rental market conditions have eased because a large number of apartments have been completed, and many are still in lease up. However, fewer apartments have been completed during the past 2 years, allowing the excess supply to be absorbed and contributing to a decrease in the apartment vacancy rate.

Apartment Market Conditions

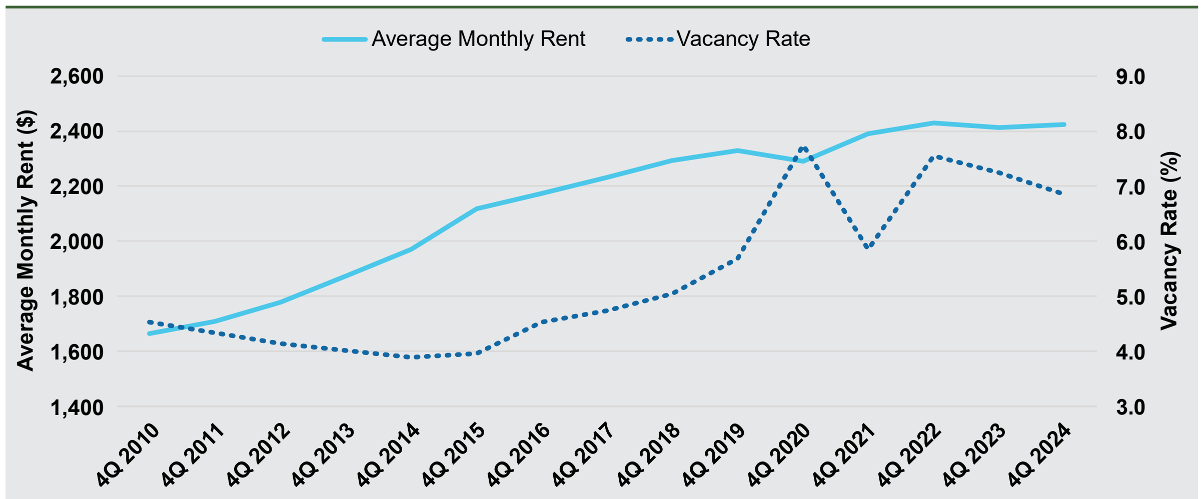
The apartment market is slightly soft. As of the fourth quarter of 2024, the average apartment vacancy rate in the HMA was 6.8 percent, down from 7.2 percent as of the fourth quarter of 2023 (CoStar Group; Figure 12). Apartment vacancy rates are lowest at older apartments in the HMA and highest at newer, Class A apartment properties. Since 2020, apartment

Table 6. Rental and Apartment Market Quick Facts in the Oakland HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	4.6	5.4
		2021 (%)	**2023 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	35	33
	Multifamily (2–4 Units)	16	16
	Multifamily (5+ Units)	49	50
	Other (Including Mobile Homes)	1	1
		4Q 2024	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	6.8%	-0.4
	Average Rent	$2,424	0%
	Studio	$1,874	0%
	One-Bedroom	$2,187	0%
	Two-Bedroom	$2,664	1%
	Three-Bedroom	$3,407	0%

4Q = fourth quarter. YoY = year-over-year.
Notes: The current date is January 1, 2025. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Figure 12. Apartment Rents and Vacancy Rates in the Oakland HMA



4Q = fourth quarter.
Source: CoStar Group

market conditions have ranged from balanced to slightly soft, compared with conditions ranging from balanced to tight throughout the 2010s.

Apartment vacancies decreased moderately during the early 2010s, but the number of apartment completions increased after 2015, outpacing absorption and causing the apartment vacancy rate to increase. From 2011 through 2015, an average of 740 units were completed annually, whereas absorption averaged 900 units annually, contributing to the apartment vacancy rate falling from 4.5 percent in 2010 to 3.9 percent in 2015. Completions increased to an average of 2,025 units annually from 2016 through 2019. Absorption also increased, but to a lesser extent, averaging 1,200 units annually from 2016 through 2019. As a result, the apartment vacancy rate increased from 4.0 percent as of the fourth quarter of 2015 to 5.7 percent as of the fourth quarter of 2019. Rising competition from property managers leasing up new units constrained increases in rents—average asking rent growth averaged 6 percent annually from 2012 through 2015 but slowed to 2 percent annually from 2016 through 2019.

Growth in the apartment inventory has accelerated since 2020, contributing to easing apartment market conditions. An average of 4,200 apartments were completed annually from 2020 through 2022, more than double the annual average during the previous 4 years, whereas an average of 2,800 apartments were absorbed annually, causing the apartment market vacancy rate to increase to 7.5 percent as of the fourth quarter of 2022. Rent growth slowed during this period to 1 percent a year. The number of apartment completions decreased during 2023 and 2024, averaging 2,400 units annually, contributing to tightening apartment market conditions. Continued economic growth contributed to increased apartment absorption, which averaged 2,900 units annually during 2023 and 2024. As a result, the apartment vacancy rate fell to 6.8 percent as of the fourth quarter of 2024 compared with 7.2 percent a year earlier, and average asking rents were nearly unchanged at $2,424, compared with the fourth quarter of 2023, when rents decreased 1 percent year over year.

Market Conditions by Geography

Approximately 75 and 25 percent of apartment units in the HMA are in Alameda and Contra Costa Counties, respectively. In Alameda County, the apartment vacancy rate fell 0.3 percentage point year over year to 7.2 percent as of the fourth quarter of 2024, whereas in Contra Costa County, the apartment vacancy rate fell 1.0 percentage point to 5.5 percent. More than 90 percent of the new apartments completed during 2024 were in Alameda County, contributing to the relatively higher apartment vacancy rate.

Among the CoStar Group-defined market areas in the HMA, the highest apartment vacancy rates were in the most urbanized areas of Alameda County. As of the fourth quarter of 2024, the Downtown Oakland market area had an apartment vacancy rate of 10.9 percent, the highest in the HMA and up from 9.0 percent a year earlier. A large share of recent apartment construction in the HMA was concentrated in this market area, contributing to a relatively soft market; since 2020, approximately 34 percent of new apartment completions in the HMA have been in this market area, whereas only 9 percent of apartment stock of the HMA were in the market area in 2019. The average asking rent in the Downtown Oakland market area was $2,394 as of the fourth quarter of 2024, down 2 percent from a year earlier and 11 percent lower than rents as of the fourth quarter of 2019. By comparison, rents in the HMA are 4 percent higher than the average as of the fourth quarter of 2019. The excess supply of apartments in downtown Oakland has contributed to soft market conditions in nearby areas. The CoStar Group-defined Alameda, East Oakland, Emeryville, and Oakland Hills market areas, all of which border the Downtown Oakland market area, had apartment vacancy rates higher than the HMA as of the fourth quarter of 2024, at 8.8, 7.2, 7.5, and 7.5 percent, respectively. These four market areas have trailed the HMA in rent growth since 2020. As of the fourth quarter of 2024, asking rents in the Alameda market area are 2 percent higher than as of the fourth quarter of 2019, and average respective rents in the East Oakland, Emeryville, and Oakland Hills market areas are 1, 1, and 5 percent lower than as of the fourth quarter of 2019.

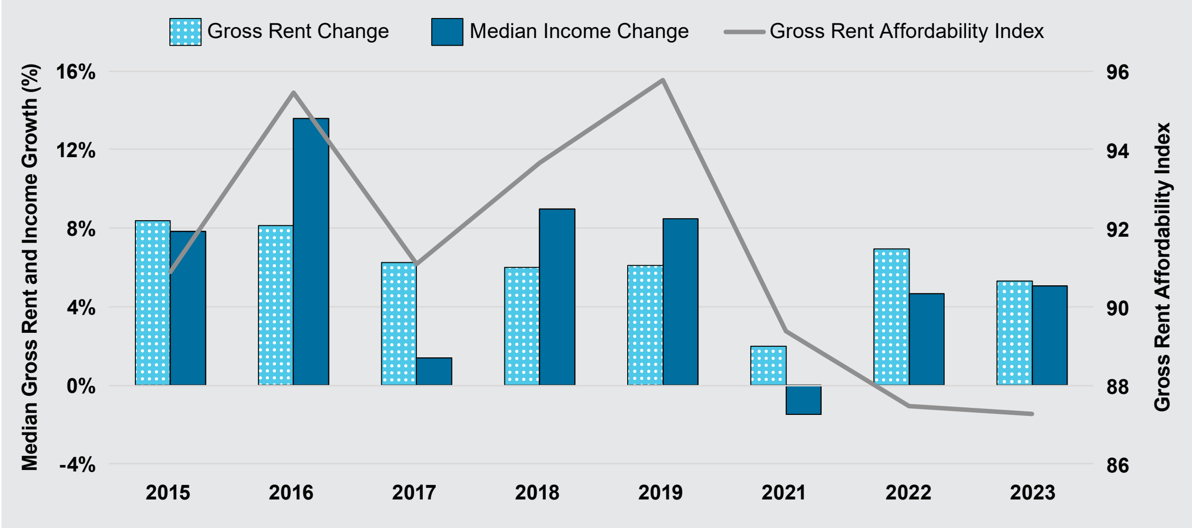
Market Conditions by Class

Apartment market conditions are softest in Class A apartment properties, which tend to be newer and have more amenities than Class B and C apartments. The stabilized vacancy rate at Class A apartments in the HMA was 7.6 percent as of the fourth quarter of 2024, unchanged from a year earlier. Vacancy rates at stabilized Class A properties have been high, averaging more than 6.5 percent since the fourth quarter of 2020. By comparison, the stabilized vacancy rate for all apartment properties was 6.1 percent as of the fourth quarter of 2024 and has been below 6.5 percent since 2020. In contrast to the rent growth at Class B and C properties, Class A rents have declined; average asking rents at Class A properties have fallen 1 percent year over year to $3,010 as of the fourth quarter of 2024 and are 5 percent lower than levels as of the fourth quarter of 2019. The stabilized vacancy rate at Class B apartment properties was 6.1 percent as of the fourth quarter of 2024, unchanged from a year earlier, and Class B rents increased 1 percent year over year to $2,609, 7 percent higher than rents as of the fourth quarter of 2019. The tightest market conditions are at Class C apartments, which are generally older properties. The stabilized vacancy rate at these apartment communities was 5.8 percent as of the fourth quarter of 2024, compared with 6.0 percent as of the fourth quarter of 2023. Class C average asking rents increased 1 percent year over year to $2,106 and are now 8 percent higher than rents as of the fourth quarter of 2019. The high housing costs throughout the HMA contribute to the lower vacancies and faster rent growth at the relatively affordable Class C apartment properties.

Affordability

Rent growth has exceeded income growth in the HMA since 2020, causing rental housing to become less affordable. From 2015 to 2019, the median gross rent increased an average of 7 percent annually, whereas the median income of renter households increased an average of 8 percent annually (ACS 1-year data). Those factors caused the HUD Gross Rent Affordability Index—a measure of median renter household income relative to qualifying income for the median-priced rental unit—to increase from 90.9 in 2015 to 95.8 in 2019, signifying that the rental market was becoming more affordable (Figure 13). Since the outbreak of the COVID-19 pandemic, however, income growth has not kept pace with rent increases. Between 2019 and 2023, the average rent in the HMA increased an average of 3 percent annually, whereas the median income of rental households increased an average of 1 percent annually, causing the HUD Gross Rent Affordability Index to fall to 87.0. Among households with incomes below 50 percent of the Area Median Family Income, approximately 55.5 percent are severely cost burdened, spending

Figure 13. Oakland HMA Gross Rent Affordability Index



Notes: The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

more than 50 percent of their income on rental housing costs, compared with an average 47.9 percent nationally (Table 7).

The state of California has taken measures to encourage the construction of mixed-income and affordable housing, including enacting SB–423 in 2018. The law allows housing developments that meet local zoning standards and have at least 50 percent of their units at rents below the market rate to bypass local government discretionary design and environmental reviews. In addition, several jurisdictions in the HMA have rent control ordinances that limit the ability of landlords to raise rents. In Oakland, the largest city in the HMA, rent increases at multifamily buildings built before 1983 are limited to 3 percent, or 60 percent of the annual increase in the consumer price index, whichever is lower.

Student Housing

Student households account for an estimated 3 percent of all renter households in the HMA. UC Berkeley has a large effect on rental market conditions near the campus. The university had 33,000 undergraduate students enrolled as of the fall of 2024, with approximately 9,000 students residing in on-campus dormitories. Most of the remaining 13,950 students reside in rental housing near campus, and many student apartments have been built to serve the demand. Approximately 2,175 of these units, with a total of 4,500 beds, are within a mile of UC Berkeley. The average vacancy rate of student apartments was 15.7 percent during the fourth quarter of 2024, up from 13.3 percent during the fourth quarter of 2023 and above the HMA average (CoStar Group). Since 2020, approximately 2,100 new beds in student apartments have come online, contributing to relatively soft market conditions.

Rental Construction

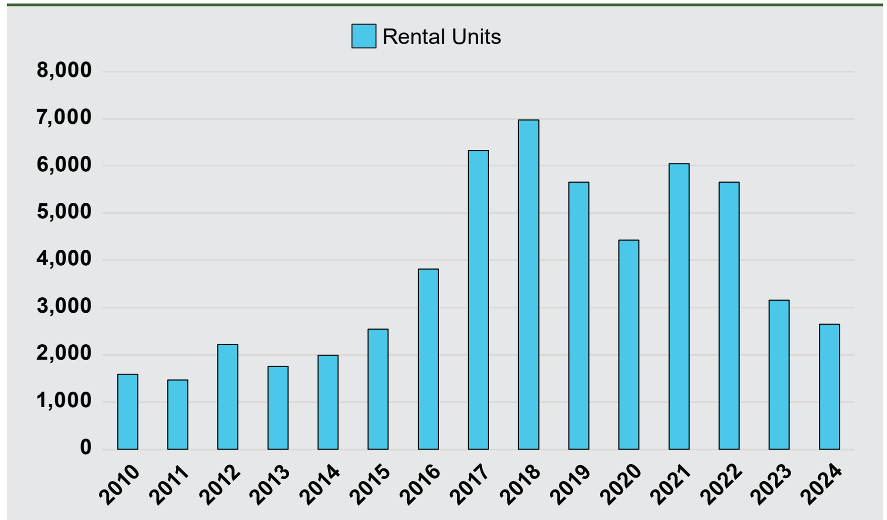
Rental construction was low in the early 2010s but sharply increased during the second one-half of the decade. An average of 1,800 rental units were permitted annually from 2010 through 2014 (Figure 14), but as economic conditions improved and demand grew, rental permitting increased an average of 47 percent annually from 2015 through 2017. Rental construction activity was elevated from 2017 through 2019, with an average of 6,325 units permitted annually. Rental construction dipped to 4,425 units during 2020 as the COVID-19 pandemic disrupted supply chains and made construction more

Table 7. Percentage of Cost-Burdened Renter Households by Income in the Oakland HMA, 2017–2021

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Oakland HMA	Nation	Oakland HMA	Nation
Renter Households with Income <50% HAMFI	24.3	27.1	55.5	47.9
Total Renter Households	22.9	21.6	23.1	22.0

HAMFI = HUD Area Median Family Income.
Sources: Consolidated Planning/CHAS Data; American Community Survey 5-year estimates

Figure 14. Annual Rental Permitting Activity in the Oakland HMA



Note: Includes apartments and other units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

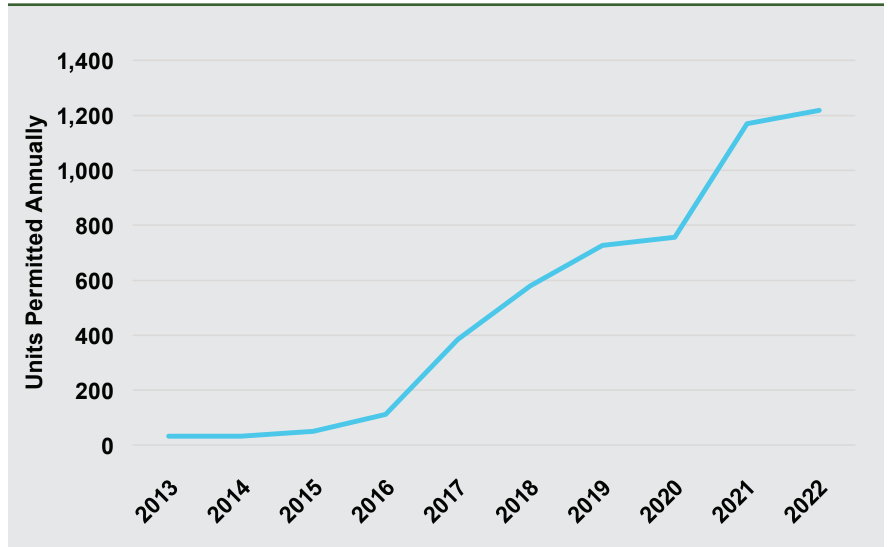
difficult. However, construction increased in 2021, supported by low interest rates that reduced financing costs, and an average of 5,850 rental units were permitted annually in 2021 and 2022. Softer rental market conditions and rising interest rates contributed to rental construction falling to 3,150 units in 2023 and 2,650 units in 2024.

An estimated 5,375 rental units are under construction in the HMA. Approximately 80 percent of these units are in Alameda County, and the remaining 20 percent are in Contra Costa County. Current construction patterns are similar to those of the past 10 years, with construction concentrated in central Oakland and nearby areas. Prescott Station, a 235-unit income-restricted apartment complex, is under construction in downtown Oakland. When complete in early 2025, studio and one- and two-bedroom apartments will be available for rents of $2,100, $2,250, and $2,650, respectively, for households earning less than 80 percent of the Area Median Income. The Tolman, a 240-unit market-rate apartment property in the city of Fremont, is under construction and expected to open in the spring of 2025. Rents are expected to start at $3,200 and $4,600 for one- and two-bedroom apartments, respectively.

Accessory Dwelling Units

Accessory dwelling units (ADUs), generally smaller residential units attached to or on the lot of a single-family home, present added housing in low-density neighborhoods without the need for demolitions or large investments in new construction projects. Most of the occupied ADUs are rented. In 2017, the State of California set statewide standards for ADU permitting, leading to a large increase in the number of ADUs built in the HMA. An average of 55 ADUs were permitted in the HMA annually from 2013 through 2016, then rapidly increased, rising an average of 60 percent annually to an average of 1,200 ADUs permitted during 2021 and 2022, the most recent years of data availability (Figure 15). A portion of this increase likely consisted of retroactive registration of ADUs that were built in earlier years without permits.

Figure 15. Accessory Dwelling Units Permitted Annually in the Oakland HMA



Source: accessorydwellings.org

Forecast

During the 3-year forecast period, demand is expected for an additional 11,600 rental units (Table 8). Demand is expected to be relatively steady throughout the forecast period, with job and population growth supporting the demand for rental units. The 5,375 rental units under construction are expected to meet most of the demand during the first 2 years of the forecast period.

Table 8. Demand for New Rental Units in the Oakland HMA During the Forecast Period

	Rental Units
Demand	11,600 Units
Under Construction	5,375 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: 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.
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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Existing Home Sales	Includes regular resales and real estate owned (REO) sales.
Forecast Period	1/1/2025–1/1/2028—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes both new and existing single-family home, townhome, and condominium sales.
HUD Homebuyer Affordability Index	The HUD Homebuyer Affordability Index is calculated as the ratio of the HUD Median Family Income in the HMA to the income required to purchase a median-priced home while spending no more than 30 percent of income for housing costs, including mortgage, insurance, and taxes. An index greater than 1 indicates that a family earning the median income is able to afford a median-priced home.

Net Natural Increase	Resident births are greater than resident deaths.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the U.S. Census Bureau.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
San Francisco Bay Area	Includes Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.
Stabilized	A property is stabilized once it has reached an occupancy rate of 90 percent or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.
Student Apartments	Privately owned apartments targeted to college students that are typically leased by the bedroom for multibedroom units.

B. Notes on Geography

1.	The metropolitan division 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.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2020 Census.

C. Additional Notes	
1.	This analysis has been prepared for the assistance and guidance of 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 mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits	
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