

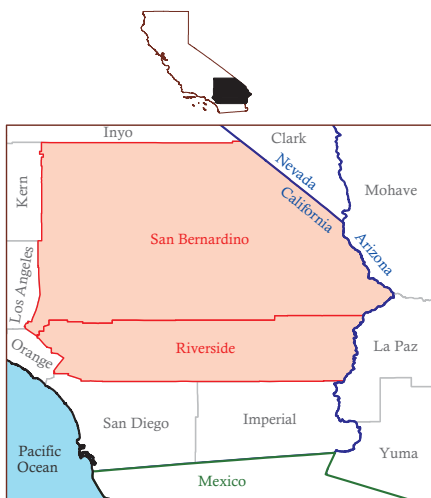
Riverside-San Bernardino-Ontario, California



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of May 1, 2015



Housing Market Area



The Riverside-San Bernardino-Ontario Housing Market Area (hereafter, the Riverside HMA) consists of Riverside and San Bernardino Counties in southern California, east of Los Angeles and Orange Counties. The HMA is coterminous with the Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area (MSA), which is known as the “Inland Empire” and is the largest MSA in the nation in terms of land area, encompassing 27,400 square miles. For purposes of this analysis, the HMA is divided into two submarkets: the Riverside submarket, which comprises Riverside County, and the San Bernardino submarket, which comprises San Bernardino County.

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Summary

Economy

Economic conditions in the Riverside HMA have improved significantly since the end of 2010. During the 12 months ending April 2015, nonfarm payrolls increased 4.2 percent, to 1.30 million jobs, after an increase of 4.5 percent, or 53,750 jobs, during the previous 12-month period. After marginal job growth in 2011, the HMA added an average of 45,700 jobs, or 3.8 percent, annually from 2012 through 2014. The unemployment rate declined to 7.5 percent during the 12 months ending April 2015, down from 9.3 percent during the 12 months ending April 2014.

Sales Market

The sales housing market in the HMA is currently soft but improving, with an estimated owner vacancy rate of 2.3 percent, down from 3.5 percent in April 2010. During the forecast period,

demand is expected for 42,900 new homes (Table 1). The 3,500 homes currently under construction and a portion of the estimated 129,300 other vacant units in the HMA that may re-enter the sales market will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently balanced overall, with an estimated rental vacancy rate of 5.4 percent, down from 9.1 percent in April 2010 (Table DP-1 at the end of this report). The apartment market is tighter, however, with a vacancy rate of 4.2 percent during the first quarter of 2015, down from 4.4 percent a year earlier (MPF Research). During the forecast period, demand is expected for 16,950 new rental units (Table 1). The 3,425 units currently under construction will satisfy some of the forecast demand.

Table 1. Housing Demand in the Riverside HMA* During the Forecast Period

| | Riverside HMA* | | Riverside Submarket | | San Bernardino Submarket | |
|--------------------|----------------|--------------|---------------------|--------------|--------------------------|--------------|
| | Sales Units | Rental Units | Sales Units | Rental Units | Sales Units | Rental Units |
| Total demand | 42,900 | 16,950 | 30,100 | 9,000 | 12,800 | 7,950 |
| Under construction | 3,500 | 3,425 | 2,175 | 1,725 | 1,325 | 1,700 |

* Riverside-San Bernardino-Ontario HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2015. A portion of the estimated 129,300 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 450 mobile homes. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

Economic Conditions

The Riverside HMA is currently in the midst of an economic recovery that began in 2011, after 3 years of job losses in the late 2000s. During the 12 months ending April 2015, nonfarm payrolls averaged 1.30 million jobs, an increase of 53,100 jobs, or 4.2 percent, from the previous 12 months after an increase of 53,750 jobs, or 4.5 percent, during the 12 months

ending April 2014. The current number of jobs is 0.7 percent greater than the 1.29 million during the 12 months ending April 2007, the previous high for a 12-month period ending with April.

The transportation and utilities sector led jobs gains during the 12 months ending April 2015 and expanded by 9,200 jobs, or 11.3 percent (Table 2). The average of 90,600 jobs represents a new high for the sector, which has been the fastest growing sector in the HMA since 2000 (Figure 1). Amazon.com Inc. has created approximately 2,500 jobs in the sector since the end of 2010 with the opening of distribution centers in the city of San Bernardino in 2011 and in the cities of Moreno Valley and Redlands in 2014. The lower cost of storage in the HMA represents a significant advantage relative to adjacent Los Angeles County. The sector has also benefitted from increased activity at the ports of Los Angeles and Long Beach, where the number of containers shipped totaled

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Riverside HMA,* by Sector

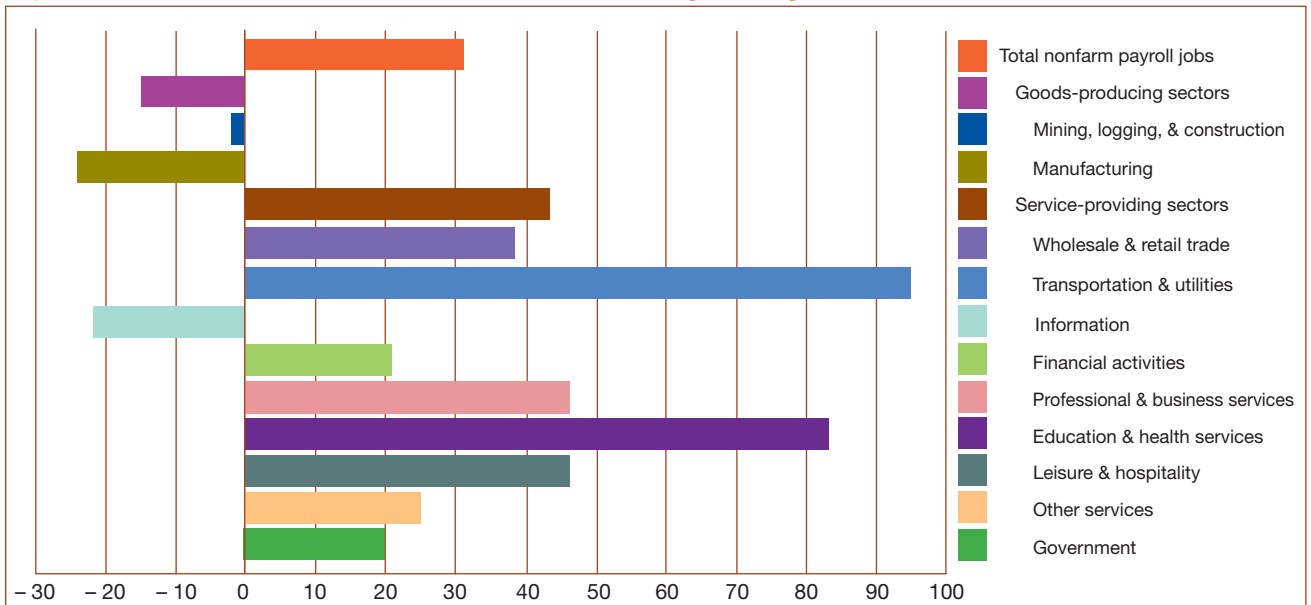
| | 12 Months Ending | | Absolute Change | Percent Change |
|----------------------------------|------------------|------------|-----------------|----------------|
| | April 2014 | April 2015 | | |
| Total nonfarm payroll jobs | 1,250,000 | 1,303,100 | 53,100 | 4.2 |
| Goods-producing sectors | 162,200 | 170,400 | 8,200 | 5.1 |
| Mining, logging, & construction | 73,800 | 79,500 | 5,700 | 7.7 |
| Manufacturing | 88,400 | 90,900 | 2,500 | 2.8 |
| Service-providing sectors | 1,087,800 | 1,132,600 | 44,800 | 4.1 |
| Wholesale & retail trade | 223,700 | 229,100 | 5,400 | 2.4 |
| Transportation & utilities | 81,400 | 90,600 | 9,200 | 11.3 |
| Information | 11,500 | 11,200 | -300 | -2.6 |
| Financial activities | 42,400 | 43,300 | 900 | 2.1 |
| Professional & business services | 133,800 | 142,200 | 8,400 | 6.3 |
| Education & health services | 188,200 | 195,800 | 7,600 | 4.0 |
| Leisure & hospitality | 138,800 | 147,100 | 8,300 | 6.0 |
| Other services | 41,900 | 43,600 | 1,700 | 4.1 |
| Government | 226,000 | 229,900 | 3,900 | 1.7 |

* Riverside-San Bernardino-Ontario HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through April 2014 and April 2015.

Source: U.S. Bureau of Labor Statistics

Figure 1. Sector Growth in the Riverside HMA,* Percentage Change, 2000 to Current



* Riverside-San Bernardino-Ontario HMA.

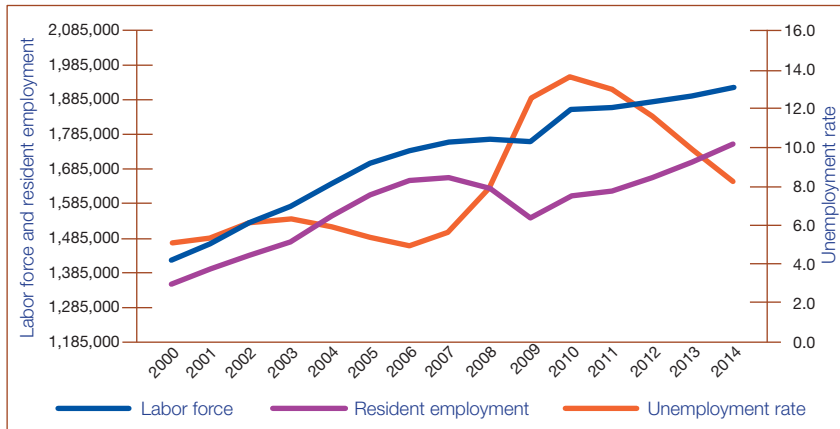
Note: Current is based on 12-month averages through April 2015.

Source: U.S. Bureau of Labor Statistics

more than 15.12 million 20-foot equivalent units in 2014, up 8 percent from slightly more than 14.06 million in 2010 (Port of Los Angeles, Port of Long Beach). The unemployment rate in the HMA averaged 7.5 percent during the 12 months ending April 2015, down from 9.3 percent during the previous 12 months and well below a high of the 13.2 percent during the 12 months ending April 2010. The unemployment rate remains above the average of 5.6 percent from 2000 through 2007, however. Figure 2 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2014.

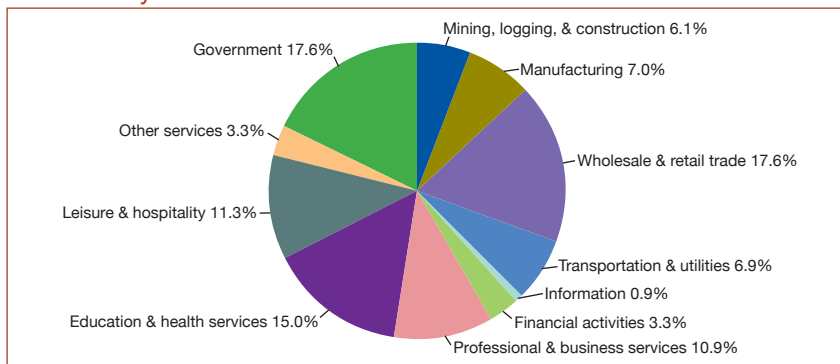
The government sector is the largest in the HMA, although the economic significance of the sector has declined since the late 2000s because budget cutbacks after the most recent recession caused job growth to lag behind other sectors. During the 12 months ending April 2015, the sector averaged 229,900 jobs, an increase of 3,900 jobs, or 1.7 percent, from the previous 12-month period. The sector accounted for 17.6 percent of total nonfarm payrolls during the 12 months ending April 2015 (Figure 3). By comparison, the sector accounted for 20.2 percent of total nonfarm payrolls in 2009, primarily because local governments managed to resist layoffs until relatively late in the period of contraction for the HMA. The sector lost an average of 3,525 jobs, or 1.5 percent, annually from 2010 through 2012 as the layoffs took place. During the period, the local government subsector lost an average of 3,025 jobs, or 1.7 percent, a year and accounted for 86 percent of the jobs lost in the sector. Improving economic conditions in the HMA have allowed local governments—including the County of Riverside and the County of San Bernardino, the largest employers in the HMA at 17,700 and 17,400 jobs, respectively—to add jobs since 2013. The sector added an average of 2,100 jobs, or 0.9 percent, a year from the end of 2012 through 2014. During the period, the local government subsector added an average of 2,300 jobs, or 1.3 percent, annually. The local government subsector currently accounts for approximately 79 percent of all government sector jobs, although federal and state government employers continue to have significant economic impacts in some parts of the HMA. The Marine Corps Air Ground Combat Center, which is near the city of Twentynine Palms, and Fort Irwin

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Riverside HMA,* 2000 Through 2014



* Riverside-San Bernardino-Ontario HMA.
Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Riverside HMA,* by Sector



* Riverside-San Bernardino-Ontario HMA.
Note: Based on 12-month averages through April 2015.
Source: U.S. Bureau of Labor Statistics

National Training Center, which is 40 miles north of the city of Barstow, account for approximately 7,400 civilian jobs, in addition to a combined 16,300 active-duty personnel. Few active-duty personnel are currently stationed at March Air Reserve Base, near the city of Moreno Valley, although the facility accounts for 9,000 jobs for civilians and reservists. In the state government subsector, the University of California, Riverside employs 5,800 in the city of Riverside and the California Department of Corrections and Rehabilitation accounts for a combined 5,450 jobs at facilities in the cities of Blythe, Chino, Corona, and Norco.

After an economic boom in the early-to-mid 2000s, the HMA was more heavily impacted by the most recent recession than the nation as a whole but also recovered at a faster rate. From 2001 through 2007, nonfarm payrolls in the HMA increased by an average of 41,600 jobs, or 3.7 percent, annually, more than six times the national rate of 0.6 percent. Population growth led to significant job gains in the service sectors, particularly industries catering to workers who commuted to jobs in the more expensive housing markets of Los Angeles and Orange Counties, where home sales prices averaged 49 and 78 percent more than prices in the HMA, respectively, during the period (CoreLogic, Inc., with adjustments by the analyst). The wholesale and retail trade sector led job gains, and expanded by an average of 9,550 jobs, or 5.0 percent, annually. The retail trade subsector accounted for 73 percent of job growth in the sector as taxable sales in the HMA increased from \$35.87 million in 2000 to \$59.47 million in 2007, an average annual increase of 7 percent (California State Board of Equalization).

An abundance of speculative residential construction left the HMA particularly susceptible to the national recession of the late 2000s, however. Nonfarm payrolls declined by an average of 47,200 jobs, or 3.8 percent, a year from 2008 through 2010, double the 1.9-percent rate of decline for the nation. The mining, logging, and construction sector, which peaked a year before total nonfarm payrolls in the HMA and declined by 15,100 jobs, or 11.7 percent, in 2007, accounted for more than one-third of the jobs lost in HMA from 2008 through 2010. During the period, the number of jobs in the sector declined by an average of 17,700, or 18.9 percent, a year. The construction subsector accounted for nearly all the jobs lost in the sector as the number of residential building permits (single-family plus multifamily) decreased at an average annual rate of 32 percent. In total, the number of jobs in the mining, logging, and construction sector declined 53 percent as a result of the housing crisis, from a high of 128,900 jobs in 2006 to a low of 60,100 jobs in 2011. By comparison, the nation lost 26 percent of all jobs in the mining, logging, and construction sector from a high in 2006 to a low in 2010.

Development and expansion of medical facilities has contributed significantly to a strong economic recovery in the HMA since 2011. Nonfarm payrolls increased by an average of 45,700 jobs, or 3.8 percent, a year from 2011 through 2014, well above the average of 1.6 percent, annually, for the nation. The education and health services sector added the most jobs during the period, and expanded by an average of 9,875 jobs, or 5.9 percent, a year. Loma Linda University Health, which is the largest private employer in the

HMA with 14,750 employees (Table 3), opened a 106-bed facility in the city of Murrieta in 2011. Kaiser Permanente® created a combined 650 jobs with the completion of the 224-bed Vineyard Medical Center in the city of Ontario in 2011 and the replacement of an existing medical center in the city of Fontana in 2013. Desert Valley Hospital, in the city of Victorville, completed a 53-bed expansion in 2012, and the completion of Temecula Valley Hospital in the city of Temecula created 500 jobs in 2013.

During the 3-year forecast period, non-farm payroll growth is expected to moderate but remain strong at an average of 42,550 jobs, or 3.3 percent, annually. The transportation and utilities and the education and health services sectors are expected to lead job gains. Amazon recently announced that it will add a combined 1,000 jobs at its distribution centers within the HMA before the end of 2015, and Goodman Birtcher is currently nearing completion of a new logistics center in the city of Rancho Cucamonga. The 1.59 million-square-foot facility is expected to be completed in mid-2015 and create between 2,000 and 4,000 jobs. Kaiser Permanente® recently purchased 37 acres of land in the city of Murrieta for the purposes of building a new medical center, the first phase of which is an 80,000-square-foot medical office building that is projected to be complete as early as 2016. Riverside Community Hospital is currently undergoing a \$363 million expansion, which is expected to be complete in 2018.

Table 3. Major Employers in the Riverside HMA*

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|-----------------------------|---------------------|
| County of Riverside | Government | 17,700 |
| County of San Bernardino | Government | 17,400 |
| Marine Corps Air Ground Combat Center | Government | 14,900 |
| Loma Linda University Health | Education & health services | 14,750 |
| Wal-Mart Stores, Inc. | Wholesale & retail trade | 10,000 |
| March Air Reserve Base | Government | 9,000 |
| Fort Irwin National Training Center | Government | 8,875 |
| Stater Bros. Markets | Wholesale & retail trade | 7,700 |
| University of California, Riverside | Government | 5,800 |
| California Department of Corrections and Rehabilitation | Government | 5,450 |

* *Riverside-San Bernardino-Ontario HMA.*

Notes: Excludes local school districts. Data for Marine Corps Air Ground Combat Center and Fort Irwin National Training Center include civilian and uniformed military personnel, who are generally not included in nonfarm payroll survey data.

Sources: Riverside County Economic Development Agency; San Bernardino County Economic Development Agency; U.S. Department of Defense; California Department of Corrections and Rehabilitation; Loma Linda University Health Annual Report 2013

Population and Households

As of May 1, 2015, the estimated population of the Riverside HMA was 4.43 million, reflecting an average annual increase of 40,550, or 0.9 percent, since 2010, well below the average of 97,000, or 2.6 percent, a year during the previous decade. Population growth in the HMA has become highly linked to in-migration from the more expensive housing

markets of Los Angeles and Orange Counties, with approximately 21 percent of the employed residents of the HMA commuting to jobs in a different metropolitan area, the highest rate in the nation for metropolitan areas with more than 500,000 residents (2013 American Community Survey [ACS] 1-year data). As a result, the largest cities in the HMA, including Riverside,

San Bernardino, Ontario, and Corona, are concentrated near the western border in an area roughly bounded by the San Bernardino Mountains to the north and the San Jacinto Mountains to the east and south. International in-migration, primarily from Latin America and Asia, has also been a significant contributor to population growth in the HMA. The percentage of residents in the HMA born in Latin America and Asia increased from 13.7 and 3.1 percent, respectively, in the 2000 Census to 15.9 and 4.4 percent, respectively, in the 2010 Census.

From 2000 to 2010, only four metropolitan areas in the nation added more residents than the HMA. Population growth during the decade was divided into two distinct periods, however. From 2000 to 2007, the HMA expanded by an average of 112,100 people, or 3.1 percent, annually (2000 Census data, Census Bureau population estimates as-of July 1, 2007). During the period, net in-migration averaged 76,950 a year, and accounted for 66 percent of total population growth as strong economic conditions combined with relatively affordable housing attracted new residents, particularly from Los Angeles and Orange Counties, and from Latin America and Asia. Population growth slowed to an average of 57,300, or 1.4 percent, from 2007 to 2010 as job losses and the larger impact of the most recent national recession slowed net in-migration, which averaged only 17,200 a year and accounted for 30 percent of total population growth. Net in-migration has averaged only 6,850 a year and accounted for 17 percent of total population growth since 2010. Despite strong job growth, relatively high unemployment in the

HMA, and lower-than-usual housing prices in Los Angeles and Orange Counties limited the attractiveness of the HMA to potential new residents for much of the period.

Population growth has varied substantially within the HMA, with the Riverside submarket expanding at a faster rate than the San Bernardino submarket each year since 2000, and the population of the former exceeding that of the latter since 2006. The differences in population growth between the submarkets are almost entirely because of net in-migration. The Riverside submarket, where a particularly large supply of developable land near the western border allows for more new construction, has experienced net in-migration each year since 2000. The Riverside submarket added an average of 73,100 residents, or 4.1 percent, a year from 2000 to 2007 and an average of 41,600 people, or 2.0 percent, a year from 2007 to 2010. The population of the Riverside submarket is currently estimated at 2.32 million, an average annual increase of 26,450, or 1.2 percent, since 2010.

The San Bernardino submarket experienced net in-migration for much of the 2000s. The relatively old housing inventory in the submarket, where the median age for housing units is 7 years older than in the Riverside submarket (2013 ACS 1-year data), put it at a disadvantage after the recession, and the submarket has experienced net out-migration for most of the period since 2007. Population growth in the San Bernardino submarket averaged 39,000 people, or 2.1 percent, annually from 2000 to 2007 but only 15,650, or 0.8 percent, annually, from 2007 to 2010. The

population of the San Bernardino submarket is currently estimated at 2.11 million, an average annual increase of 14,100, or 0.7 percent, since 2010.

Household growth has generally mirrored population growth in the HMA and has slowed significantly since the late 2000s. As of May 1, 2015, the number of households in the HMA is estimated at 1.35 million, an average annual increase of 10,900, or 0.8 percent, since 2010. By comparison, household growth averaged 26,300, or 2.3 percent, annually from 2000 to 2010. The number of households in the Riverside submarket is currently estimated at 724,000, an increase of

7,425 per year, or 1.1 percent since 2010, well below the average of 18,000, or 3.1 percent, annually from 2000 to 2010. In the San Bernardino submarket, the number of households is currently estimated at 629,300, an increase of 3,475 a year, or 0.6 percent, since 2010, down from an average of 8,300, or 1.5 percent, each year from 2000 to 2010.

The HMA experienced some of the highest foreclosure rates in the nation in the late 2000s, and the homeownership rate in the HMA is currently estimated at 60.6 percent, down from 65.2 percent in 2010. The homeownership rates in the Riverside and San Bernardino submarkets are currently estimated at 62.6 and 58.4 percent, respectively, down from 67.4 percent and 62.7 percent in 2010, respectively. Figures 4 and 5 show the number of households by tenure in each submarket from 2000 to the current date. Tables DP-2 and DP-3 at the end of the report show additional data.

Continued job growth and sharply rising housing prices in the nearby coastal counties are expected to contribute to increased net in-migration and accelerating population growth in the HMA during the 3-year forecast period. The population of the HMA is expected to expand by an average of 68,650, or 1.5 percent, and reach 4.64 million by May 1, 2018. The Riverside submarket is expected to increase an average of 43,650 residents, or 1.8 percent, a year, continuing to outpace the San Bernardino submarket, which is expected to increase an average of 25,000 residents annually, or 1.2 percent. Household growth in the HMA is expected to average 18,250, or 1.3 percent, each year, with the Riverside submarket expanding by an average of 12,050, or 1.6 percent,

Figure 4. Number of Households by Tenure in the Riverside Submarket, 2000 to Current



Note: The current date is May 1, 2015.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 5. Number of Households by Tenure in the San Bernardino Submarket, 2000 to Current

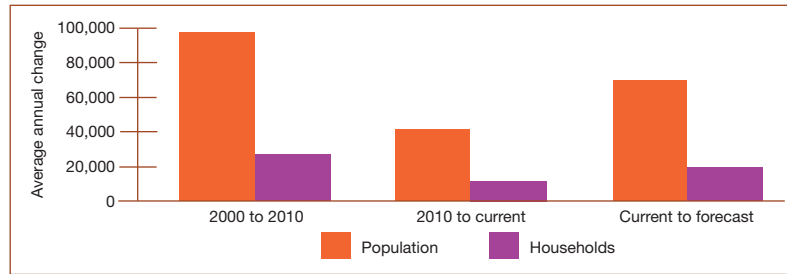


Note: The current date is May 1, 2015.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Population and Households *Continued*

Figure 6. Population and Household Growth in the Riverside HMA,* 2000 to Forecast

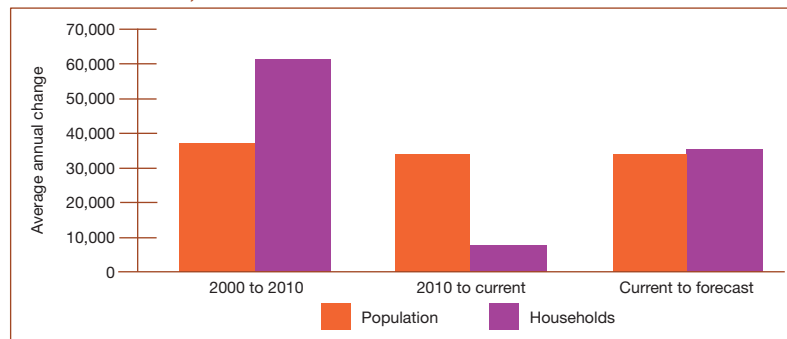


* Riverside-San Bernardino-Ontario HMA.

Notes: The current date is May 1, 2015. The forecast date is May 1, 2018.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 7. Components of Population Change in the Riverside HMA,* 2000 to Forecast



* Riverside-San Bernardino-Ontario HMA.

Notes: The current date is May 1, 2015. The forecast date is May 1, 2018.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

a year, and the San Bernardino submarket expanding by an average of 6,125, or 1.0 percent a year. The homeownership rate is expected to continue to decline throughout the HMA, but at a considerably slower rate than from 2010 to the current date. Figure 6 shows population and household growth in the HMA, and Figure 7 shows the components of population change in the HMA, from 2000 to the forecast date.

Housing Market Trends

Sales Market—Riverside Submarket

The sales housing market in the Riverside submarket is currently soft but improving as a significant reduction in new home construction has allowed for the absorption of excess inventory and increasing home prices since the late 2000s. As of May 2015, the sales vacancy rate is estimated at 2.3 percent, down from 3.8 percent in April 2010.

The number of new homes sold in the submarket has stabilized and the

average sales price has trended upward since bottoming out after the national recession of the late 2000s. New home sales and average sale prices for new homes remain well below the peak levels in the mid-2000s, however. The number of new homes sold in the submarket decreased to 3,900 during the 12 months ending April 2015, down 8 percent from 4,225 during the previous 12 months. The average sales price of a new home increased 4 percent, to \$407,600, up from \$391,200,

Housing Market Trends

Sales Market—Riverside Submarket *Continued*

however (CoreLogic, Inc., with adjustments by the analyst). The number of new homes sold increased at an average annual rate of 30 percent, from 7,750 in 2000 to 28,550 in 2005, before declining an average of 31 percent annually to a low of 3,075 in 2011. An average of 4,075 new homes sold each year from 2012 through 2014. The average sales price of a new home increased an average of 10 percent annually, from \$266,400 in 2000 to a high of \$481,600 in 2006, but then declined an average of 14 percent annually to \$307,100 in 2009. From 2010 through 2014, the average price of a new home increased to \$405,900, an average annual increase of 6 percent.

Existing home sales in the submarket have decreased since the end of 2011. Rapidly declining numbers of real estate owned (REO) sales have accounted for much of the decline, and the average sales price of an existing home has increased each year during the period. The number of existing homes sold in the submarket totaled 35,250 during the 12 months ending April 2015, down 7 percent from 37,850 during the previous 12 months, as the number of REO sales declined 23 percent, from 3,325 to 2,575. The average sales price of an existing home in the submarket increased to \$308,600 during the 12 months ending April 2015, a 5-percent increase from \$295,300 during the 12 months ending April 2014. An average of 38,500 existing homes sold each year from 2012 through 2014, down from an average of 43,050 each year from 2009 through 2011. The number of REO sales averaged 5,450 a year from 2012 through 2014, down from 19,750 a year from 2009 through 2011.

The number of existing homes sold averaged 49,000 a year from 2000

through 2005 before declining to an average of 34,200 each year from 2006 through 2008, when the housing bubble burst. The number of REO sales increased from an average of 960 a year from 2000 through 2005 to an average of 9,925 a year from 2006 through 2008. When compared with the national trend, the average sales price of an existing home in the submarket increased more during the housing bubble and the following decline was much steeper. The average sales price of an existing home in the submarket peaked at \$427,200 in 2006, an average annual increase of 16 percent from 2000 compared with an average annual increase of 8 percent for the nation. After the housing bubble burst, the average sales price of an existing home in the submarket declined at an average annual rate of 21 percent to a low of \$211,600 in 2009, but the annual decline for the nation was only 7 percent from 2007 through 2009. From 2010 through 2014, the average price of an existing home in the submarket increased to \$306,600, an average annual increase of 8 percent compared with an average increase of 4 percent a year for the nation.

Few areas in the nation were impacted more severely by the housing crisis than the Riverside submarket, although the HMA's strong economic recovery has made the submarket a particularly attractive area for real estate investors, who have contributed to relatively rapid absorption of distressed properties. The percentage of home loans in the submarket that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was among the 25 highest counties in the nation from August 2008 through April 2010, reaching a high of 13th in the nation

during September 2009 (Black Knight Financial Services, Inc.). The rate in the submarket has been below the national rate since February 2013, however. As of April 2015, the rate in the submarket was 3.0 percent, down from 3.7 percent during April 2014 and well below the high of 19.1 percent in January 2010. By comparison, the national rate was 4.2 percent as of April 2015, down from 5.0 percent as of April 2014 and down from a high of 9.3 percent in January 2010. The percentage of home purchases made by absentee owners rose each year, from 19 percent of all home sales in 2008 to a high of 34 percent in 2012, partially because of investment in distressed properties. The percentage of purchases made by absentee owners declined to 33 percent in 2013 and again to 27 percent in 2014 as home price growth began to accelerate, reducing the attractiveness of the submarket to investors (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The percentage of home purchases made by absentee owners nationally increased each year, from 23 percent in 2008 to a high of 31 percent in both 2012 and 2013, before decreasing to 29 percent in 2014.

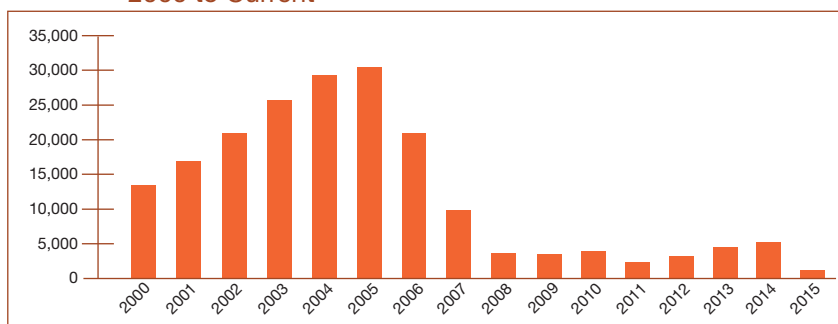
Single-family home construction, as measured by the number of homes permitted, has generally trended

upward in the submarket since the end of 2011, but remains below the historically high levels reached during the housing boom in the mid-2000s. During the 12 months ending April 2015, 4,850 single-family homes were permitted, a 9-percent increase from 4,450 homes during the previous 12 months (preliminary data). An average of 4,200 single-family homes were permitted each year from 2012 through 2014, up from an average of 3,375 homes each year from 2008 through 2011 but below the average of 25,350 homes each year from 2002 through 2006 (Figure 8). Recent construction has been concentrated in the western part of the submarket, including at several developments that stalled during the late 2000s.

Preliminary construction at Spring Mountain Ranch, a 785-acre master-planned community in the city of Riverside, was halted in 2008 but restarted in late 2014. KB Homes is currently developing the first phase of the 1,400-home community, which includes the Mission Gate and Presidio Point neighborhoods. In the Mission Gate neighborhood, prices start at \$351,000 for new homes ranging in size from 1,700 to 2,925 square feet. New homes in the Presidio Point neighborhood range in size from 2,425 to 3,375 square feet, with prices currently starting at \$400,000.

During the 3-year forecast period, demand is expected for 30,100 new homes (Table 1). The 2,175 homes currently under construction will meet part of the demand. Demand is estimated to increase each year during the forecast period and be greatest for single-family homes priced from \$250,000 to \$399,999 (Table 4). Significant demand is also expected for

Figure 8. Single-Family Homes Permitted in the Riverside Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through April 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Housing Market Trends

Sales Market—Riverside Submarket *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Riverside Submarket During the Forecast Period

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 250,000 | 399,999 | 11,900 | 40.0 |
| 400,000 | 549,999 | 8,925 | 30.0 |
| 550,000 | 699,999 | 4,475 | 15.0 |
| 700,000 | 849,999 | 2,975 | 10.0 |
| 850,000 | and higher | 1,500 | 5.0 |

Notes: The 2,175 homes currently under construction and a portion of the estimated 71,100 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes an estimated demand for 300 mobile homes. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

single-family homes priced from \$400,000 to \$549,999. An estimated 71,100 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

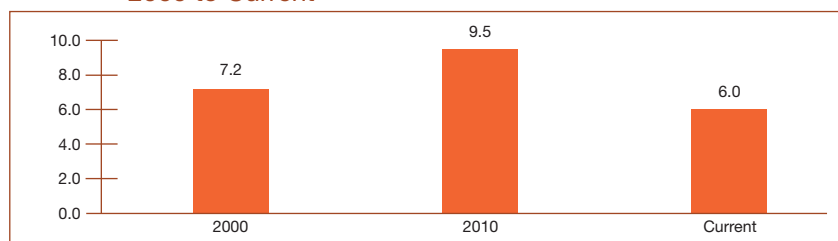
Rental Market—Riverside Submarket

Rental housing market conditions in the Riverside submarket are currently balanced as relatively slow multifamily construction has contributed to declining vacancy rates since 2010. The overall rental vacancy rate is currently estimated at 6.0 percent, down from 9.5 percent in April 2010 (Figure 9). Single-family homes comprise approximately 51 percent of the rental market in the submarket (2013 ACS 1-year data), but the vacancy rate for apartments is notably lower than the overall rate. The apartment market is also balanced, with a vacancy rate of 4.5 percent during the first quarter of 2015, up from 4.3 percent during same period in 2014 but down from the 7.0-percent rate during the first quarter of 2010 (MPF Research). During the first quarter of 2015, apartment vacancy rates in the submarket ranged from

3.7 percent in the MPF Research-defined Coachella Valley market area to 6.3 percent in the Hemet-Perris-Lake Elsinore market area. The average rent in the submarket was \$1,165 during the first quarter of 2015, a 7-percent increase from \$1,091 during the first quarter of 2014. Average rents in the submarket are highly correlated with commuting time to Los Angeles and Orange Counties. During the first quarter of 2015, the highest average rent in the submarket was \$1,367 in the Corona market area, which sits directly on highway 91 near the border with Orange County, and the Coachella Valley market area, which is to the east of the San Jacinto Mountains and approximately 60 miles from the Orange County border, had the lowest average rent at \$954.

The rental market in the city of Riverside, which is home to the University of California, Riverside; California Baptist University; and La Sierra University, is notably impacted by the presence of students. As of the fall of 2014, the three schools had a total enrollment of 29,000 full-time students, with only 9,425 students living on campus. The remaining students

Figure 9. Rental Vacancy Rates in the Riverside Submarket, 2000 to Current



Note: The current date is May 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

account for approximately 5 percent of the total population of the city of Riverside in an estimated 7,000 renter households in the areas surrounding their respective schools. As of the first quarter of 2015, the Riverside market area, which includes the city of Riverside, had an apartment vacancy rate of 3.9 percent, the second lowest in the submarket. The average rent in the area increased 8 percent, to \$1,192, the largest year-over-year rent growth of any area in the submarket. The impact of students on the rental market is likely to increase slightly during the forecast period as none of the schools currently have notable expansions of on-campus housing planned and total enrollment is projected to increase at a rate comparable to overall population growth in the area.

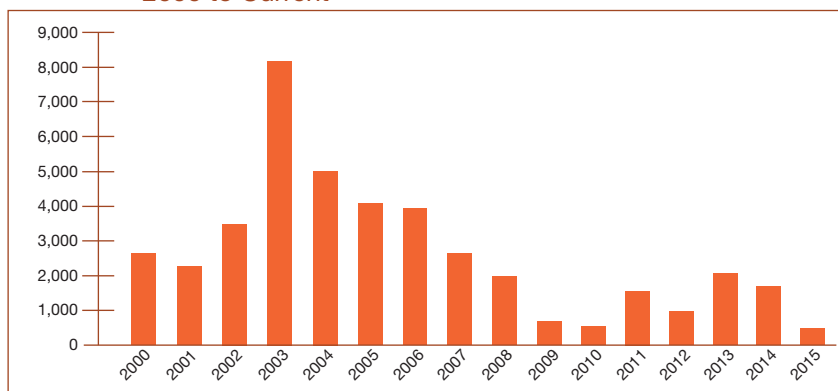
Multifamily construction, as measured by the number of multifamily units permitted, has generally trended upward since the end of 2011 but remains well below the levels of the mid-2000s (Figure 10). During the 12 months ending April 2015, 1,725 multifamily units were permitted, up from 1,050 units during the 12 months ending April 2014 (preliminary data). An

average of 1,550 units were permitted each year from 2011 through 2014, up from an average of 1,450 units permitted each year from 2007 through 2010 but below the average of 4,900 units each year from 2002 through 2006. Nearly all the recent multifamily construction has consisted of apartments, and approximately 80 percent of all multifamily units permitted in the submarket from 2011 through 2014 were within 40 miles of the submarket's border with Orange County.

Viano at Riverwalk, a 264-unit apartment project in the city of Riverside, opened in late 2014 with rents starting at \$1,400 for one-bedroom units, \$1,575 for two-bedroom units, and \$1,950 for three-bedroom units. In the city of Temecula, the 288-unit Vineyards at Paseo Del Sol was completed in August 2014 with rents starting at \$1,500 for one-bedroom units, \$1,700 for two-bedroom units, and \$2,500 for three-bedroom townhome units. Main Street Metro, a mixed-use project in the city of Corona, was designed to target renters who commute to and from the North Main Corona Metro-link station. Construction of the project, which includes 464 apartment units, is ongoing and is expected to be complete in 2016, with rents yet to be determined.

During the 3-year forecast period, demand is expected for 9,000 new rental units in the Riverside submarket (Table 1). Demand is expected to increase each year during the period and be strongest for two-bedroom units, with monthly rents ranging from \$1,525 to \$1,724 (Table 5). The 1,725 rental units currently under construction will likely satisfy part of the demand.

Figure 10. Multifamily Units Permitted in the Riverside Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through April 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Riverside Submarket During the Forecast Period

| Zero Bedrooms | | One Bedroom | | Two Bedrooms | | Three or More Bedrooms | |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 990 to 1,189 | 270 | 1,350 to 1,549 | 1,575 | 1,525 to 1,724 | 2,250 | 1,850 to 2,049 | 400 |
| 1,190 to 1,389 | 130 | 1,550 to 1,749 | 790 | 1,725 to 1,924 | 1,125 | 2,050 to 2,249 | 220 |
| 1,390 or more | 45 | 1,750 to 1,949 | 630 | 1,925 to 2,124 | 900 | 2,250 to 2,449 | 180 |
| | | 1,950 or more | 160 | 2,125 or more | 220 | 2,450 or more | 90 |
| Total | 450 | Total | 3,150 | Total | 4,500 | Total | 900 |

Notes: Numbers may not add to totals because of rounding. The 1,725 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

Sales Market—San Bernardino Submarket

The sales housing market in the San Bernardino submarket is currently soft but improving. The submarket generally experienced less speculative construction than the Riverside submarket during the housing boom, which resulted in lower levels of excess inventory and quicker absorption after the housing crisis. The submarket was affected significantly harder than most areas in the nation, however. As of March 2015, the sales vacancy rate in the submarket is estimated at 2.2 percent, down from 3.1 percent in April 2010.

The number of new homes sold has stabilized since bottoming out in 2011 but remains well below the peak levels in the mid-2000s. During the 12 months ending April 2015, the number of new homes sold in the submarket decreased to 1,725, down 1 percent from 1,750 during the previous 12 months. The average sales price of a new home increased 8 percent to \$424,500, up from \$392,400 (CoreLogic, Inc., with adjustments by the analyst). An average of 1,725 new homes sold annually from 2012 through 2014, up from an average of 1,575 homes from 2009 through 2011 but well below the average of 7,150 sold each year from 2000 through 2005. The average sales price

of a new home increased at an average annual rate of 12 percent, from \$222,300 in 2000 to a peak of \$445,700 in 2006, but declined at an average annual rate of 8 percent to a low of \$292,300 in 2011. From 2012 through 2014, the average price of a new home rose to \$413,500, an average annual increase of 12 percent.

The number of existing homes sold in the San Bernardino submarket has declined each year since the end of 2009. A sharp decline in the number of REO sales has accounted for most of the decline, and the average sales price of existing homes has consistently increased during the period. The number of existing homes sold in the submarket decreased to 26,300 during the 12 months ending April 2015, down 7 percent from the 28,150 homes sold during the previous 12 months. A 30-percent decline in the number of REO sales accounted for most of the decline, and the average sales price of an existing home increased 10 percent, to \$268,700, up from \$244,700 during the previous 12-month period. The number of existing homes sold in the submarket averaged 46,200 from 2000 through 2005 but declined to an average of 28,200 from 2006 through 2008 before increasing to an average

Housing Market Trends

Sales Market—San Bernardino Submarket *Continued*

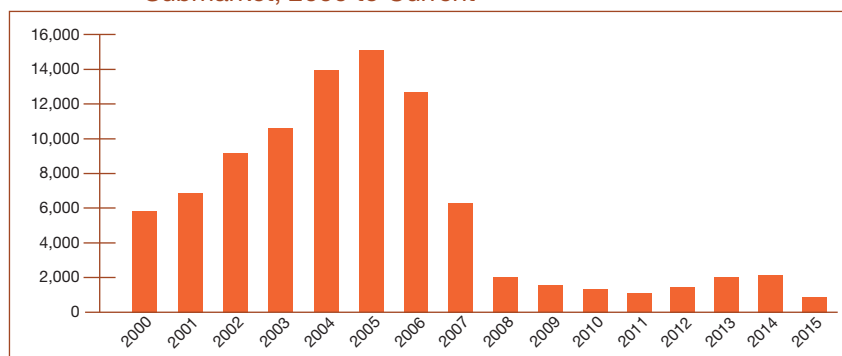
of 32,650 from 2009 through 2011. The number of REO sales in the submarket increased from an average of 2,125 a year from 2000 through 2005 to an average of 6,075 a year from 2006 through 2008 and again to an average of 16,750 from 2009 through 2011. Existing home sales decreased to an average of 28,350 a year from 2012 through 2014, almost entirely because of rapidly declining numbers of REO sales, which decreased to an average of 5,000 a year during the period. Existing home prices have also been highly linked to the number of REO sales. The average sales price of an existing home peaked at \$349,700 in 2006, an average annual increase of 18 percent from 2000, but declined an average of 21 percent annually to a low of \$175,300 in 2009. As the number of REO sales declined from 2011 through 2014, the average price of an existing home increased by at an average annual rate of 14 percent, to \$261,100.

Foreclosures impacted the San Bernardino submarket notably harder than the nation as a whole during the housing crisis, although, as in the Riverside submarket, substantial investment activity contributed to rapid absorption of distressed properties. The percentage

of home loans in the submarket that were seriously delinquent or had transitioned into REO status was 3.0 percent as of April 2015, down from 3.7 percent during April 2014 and well below the high of 18.1 percent in January 2010 (Black Knight Financial Services, Inc.). The rate in the submarket was more than double the national rate from May 2008 through November 2009 but has been below the national rate since January 2013. The percentage of home purchases made by absentee owners rose each year, from 16 percent of all home sales in 2008 to a high of 31 percent in 2012, in large part because of investment in distressed properties. The percentage of purchases made by absentee owners declined to 29 percent in 2013 and again to 23 percent in 2014 as home price growth began to accelerate, reducing the attractiveness of the submarket to investors (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

Single-family homebuilding, as measured by the number of homes permitted, has increased in the submarket each year since the end of 2011 (Figure 11). During the 12 months ending April 2015, 2,500 single-family homes were permitted, a 33-percent increase from 1,875 during the previous 12 months (preliminary data). An average of 1,850 single-family homes were permitted each year from 2012 through 2014, up from an average of 1,450 homes each year from 2008 through 2011 but well below the average of 12,300 homes each year from 2002 through 2006. Recent permitting activity has been concentrated in the southwest corner of the submarket and includes several projects that had been dormant since the housing crisis.

Figure 11. Single-Family Homes Permitted in the San Bernardino Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through April 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Housing Market Trends

Sales Market—San Bernardino Submarket *Continued*

After being halted during the late 2000s, construction has resumed at New Model Colony, a 13 square-mile master-planned development in the city of Ontario. Park Place, the first community to break ground within the development since the end of the recession, is expected to consist of three phases totaling 1,200 homes.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the San Bernardino Submarket During the Forecast Period

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 225,000 | 374,999 | 5,075 | 40.0 |
| 375,000 | 524,999 | 3,800 | 30.0 |
| 525,000 | 674,999 | 1,900 | 15.0 |
| 675,000 | 824,999 | 1,275 | 10.0 |
| 825,000 | and higher | 630 | 5.0 |

Notes: The 1,325 homes currently under construction and a portion of the estimated 58,200 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes an estimated demand for 150 mobile homes. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

The 432-home first phase is currently under construction, with homes ranging from 1,600 square feet to 4,000 square feet and prices starting in the low \$400,000s.

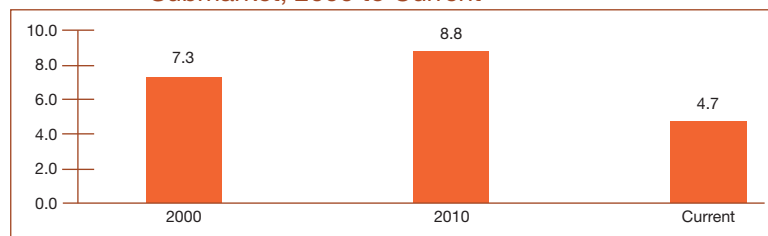
Demand is expected for 12,800 new homes during the 3-year forecast period (Table 1). The 1,325 homes currently under construction will meet part of the demand. Demand is estimated to be highest during the third year of the forecast period and greatest for single-family homes priced from \$225,000 to \$374,999 (Table 6). Significant demand is also expected for single-family homes priced from \$375,000 to \$524,999, however. An estimated 58,200 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Rental Market—San Bernardino Submarket

Rental housing market conditions in the San Bernardino submarket are currently balanced, with an overall rental vacancy rate currently estimated at 4.7 percent, down from 8.8 percent in April 2010 (Figure 12). Slow multi-family construction in the late 2000s allowed for much of the available apartment inventory to be absorbed and conditions in most parts of the submarket are tight, however. During the first quarter of 2015, the apartment vacancy rate in the submarket

was 3.9 percent, down from 4.5 percent during same period in 2014 (MPF Research). Rates ranged from 2.9 percent in the MPF Research-defined Redlands market area to 5.0 percent in the San Bernardino market area. The average rent in the submarket was \$1,192 during the first quarter of 2015, a 4-percent increase from \$1,139 during the first quarter of 2014. Rents vary substantially throughout the submarket and are generally correlated with commuting distance to Los Angeles County. The Rancho Cucamonga-Upland and Ontario-Chino market areas, which are near the Los Angeles County border in the southwest corner of the submarket, had the highest rents during the first quarter of 2015, at \$1,451 and \$1,403, respectively. The average rent in the Victorville-Outer San Bernardino market area, which is to the north of the San Bernardino

Figure 12. Rental Vacancy Rates in the San Bernardino Submarket, 2000 to Current



Note: The current date is May 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market—San Bernardino Submarket *Continued*

Mountains, approximately 60 miles from the Los Angeles County border, was \$813, the lowest in the submarket.

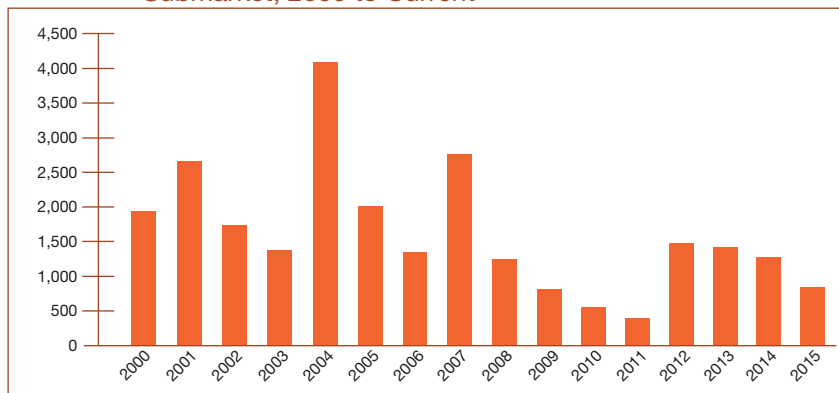
Builders have responded to tightening apartment market conditions with increased multifamily construction, as measured by the number of multifamily units permitted, since the end of 2011 (Figure 13). During the 12 months ending April 2015, 1,700 multifamily units were permitted, up from 1,225 units during the 12 months ending April 2014 (preliminary data). An average of 1,350 units was permitted from 2012 through 2014 more than double the average of 720 units from 2008 through 2011, but below the average of 2,225 units permitted each year from 2000 through 2007. Recent multifamily construction has been highly concentrated in the southwest part of the submarket, with approximately 86 percent of the multifamily units permitted from 2012 through 2014 within 40 miles of the border

with Los Angeles County. Nearly all the recent multifamily construction consists of apartments.

Recent developments in the submarket include the 335-unit Homecoming at The Preserve, which was completed in late 2014 in the city of Chino. Rents start at \$1,550 for one-bedroom units, \$2,025 for two-bedroom units, \$2,300 for three-bedroom units, and \$2,575 for four-bedroom units. The Paseos at Montclair North, which consists of 385 units in the city of Montclair, was also completed in late 2014 and offers studio units with rents starting at \$1,400, one-bedroom units with rents starting at \$1,500, two-bedroom units with rents starting at \$1,700, and three-bedroom units with rents starting at \$2,350. Construction at Circa 2020, a 306-unit apartment complex in the city of Redlands, is expected to be complete in October 2015, with rents ranging from \$1,300 to \$1,725 for one-bedroom units and from \$1,750 to \$1,900 for two-bedroom units. Rents for three-bedroom units are expected to start at \$2,000.

Demand is expected for 7,950 new rental units in the San Bernardino submarket during the 3-year forecast period (Table 1). Demand is expected to increase during each year of the period and be strongest for two-bedroom units, with monthly rents ranging from \$1,500 to \$1,699 (Table 7). The 1,700 rental units currently under construction will likely satisfy some of the demand.

Figure 13. Multifamily Units Permitted in the San Bernardino Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through April 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market—San Bernardino Submarket *Continued*

Table 7. Estimated Demand for New Market-Rate Rental Housing in the San Bernardino Submarket During the Forecast Period

| Zero Bedrooms | | One Bedroom | | Two Bedrooms | | Three or More Bedrooms | |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 970 to 1,169 | 240 | 1,325 to 1,524 | 1,400 | 1,500 to 1,699 | 2,000 | 1,825 to 2,024 | 360 |
| 1,170 to 1,369 | 120 | 1,525 to 1,724 | 700 | 1,700 to 1,899 | 990 | 2,025 to 2,224 | 200 |
| 1,370 or more | 40 | 1,725 to 1,924 | 560 | 1,900 to 2,099 | 800 | 2,225 to 2,424 | 160 |
| | | 1,925 or more | 140 | 2,100 or more | 200 | 2,425 or more | 80 |
| Total | 400 | Total | 2,775 | Total | 3,975 | Total | 800 |

Notes: Numbers may not add to totals because of rounding. The 1,700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2015, to May 1, 2018.

Source: Estimates by analyst

Data Profiles

Table DP-1. Riverside HMA,* Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|---------------------------|-----------|-----------|-----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total resident employment | 1,349,142 | 1,610,242 | 1,783,000 | 1.8 | 2.4 |
| Unemployment rate | 5.1% | 13.7% | 7.5% | | |
| Nonfarm payroll jobs | 995,100 | 1,144,700 | 1,303,000 | 1.4 | 3.0 |
| Total population | 3,254,821 | 4,224,851 | 4,431,000 | 2.6 | 0.9 |
| Total households | 1,034,812 | 1,297,878 | 1,353,300 | 2.3 | 0.8 |
| Owner households | 689,465 | 845,785 | 820,300 | 2.1 | -0.6 |
| Percent owner | 66.6% | 65.2% | 60.6% | | |
| Renter households | 345,347 | 452,093 | 533,000 | 2.7 | 3.3 |
| Percent renter | 33.4% | 34.8% | 39.4% | | |
| Total housing units | 1,186,043 | 1,500,344 | 1,532,000 | 2.4 | 0.4 |
| Owner vacancy rate | 2.8% | 3.5% | 2.3% | | |
| Rental vacancy rate | 7.3% | 9.1% | 5.4% | | |
| Median Family Income | NA | \$59,446 | \$59,837 | NA | 0.2 |

* Riverside-San Bernardino-Ontario HMA.

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through April 2015. Median Family Incomes are for 2009 and 2013. The current date is May 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Riverside Submarket Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|----------------------|-----------|-----------|-----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total population | 1,545,387 | 2,189,641 | 2,324,000 | 3.5 | 1.2 |
| Total households | 506,218 | 686,260 | 724,000 | 3.1 | 1.1 |
| Owner households | 348,532 | 462,212 | 453,000 | 2.9 | - 0.4 |
| Percent owner | 68.9% | 67.4% | 62.6% | | |
| Rental households | 157,686 | 224,048 | 271,000 | 3.6 | 3.8 |
| Percent renter | 31.1% | 32.6% | 37.4% | | |
| Total housing units | 584,674 | 800,707 | 823,100 | 3.2 | 0.5 |
| Owner vacancy rate | 2.5% | 3.8% | 2.3% | | |
| Rental vacancy rate | 7.2% | 9.5% | 6.0% | | |
| Median Family Income | \$48,409 | \$61,761 | \$60,830 | 2.5 | - 0.4 |

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 1999, 2009, and 2013. The current date is May 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. San Bernardino Submarket Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|----------------------|-----------|-----------|-----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total population | 1,709,434 | 2,035,210 | 2,107,000 | 1.8 | 0.7 |
| Total households | 528,594 | 611,618 | 629,300 | 1.5 | 0.6 |
| Owner households | 340,933 | 383,573 | 367,300 | 1.2 | - 0.8 |
| Percent owner | 64.5% | 62.7% | 58.4% | | |
| Rental households | 187,661 | 228,045 | 262,000 | 2.0 | 2.8 |
| Percent renter | 35.5% | 37.3% | 41.6% | | |
| Total housing units | 601,369 | 699,637 | 708,700 | 1.5 | 0.3 |
| Owner vacancy rate | 3.1% | 3.1% | 2.2% | | |
| Rental vacancy rate | 7.3% | 8.8% | 4.7% | | |
| Median Family Income | \$46,574 | \$57,046 | \$58,204 | 2.0 | 0.5 |

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 1999, 2009, and 2013. The current date is May 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 5/1/2015—Analyst’s estimates
 Forecast period: 5/1/2015–5/1/2018—Analyst’s estimates

The metropolitan statistical area definition in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, 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 Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Riverside-San_Bernardino-Ontario_CA_15.pdf.

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, 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.

For additional reports on other market areas, please go to www.huduser.gov/portal/ushmc/chma_archive.html.