



Policy Development & Research

Analysis of the Sacramento, California Housing Market

As of January 1, 2004



ECONOMIC RESEARCH

Foreword

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions also may 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 particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis follows the guidelines 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 both local and national sources. As such, any findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: from 1990 to 2000, from 2000 to the as-of date of the analysis (Current date), and from the Current date to a Forecast date. The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 Census, 2000 Census, Current date, and Forecast date. For the purposes of this analysis, the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationships given the market's condition on the as-of date of the analysis. This analysis was prepared by Lall B. Ramrattan, the Division's Field Economist in the California State Office, based on fieldwork conducted in December 2003. Questions regarding the findings and conclusions of the analysis may be addressed to Mr. Ramrattan at 415-436-6571 and at Lall_B._Ramrattan@hud.gov.

Housing Market Area

For the purpose of this study, the Sacramento, California Housing Market Area (HMA) is defined as the Sacramento Consolidated Metropolitan Statistical Area and includes three submarkets: Sacramento County, Placer County, and Yolo and El Dorado Counties, referred to as the Remainder in this report.

Summary

The HMA will continue to grow rapidly in the short term, as it did from 2000 to the Current date. New job creation is expected to continue as the local economy recovers from a recession that has hurt employment considerably in the service sector. Government jobs that have had a stabilizing influence may decline as the new state budget becomes more stringent, but this loss will be more than compensated for by the expected new jobs in the service sector. The transportation and utility sectors are making strong but steady progress, and the high-technology manufacturing industry is returning. The construction sector will continue to be healthy, assuming continuing low interest rates and gradual recovery.

In-migration, accompanied by stable natural increases of birth over death, will continue to yield strong population growth. Employment in the construction, education, and healthcare sectors will lead to short-term growth. A \$13 billion school construction bond will continue to support major building activity. After slow growth in the first year of the forecast period, high-technology should begin to regain dominance over office construction and commercial business activities later in the period.

Universities in the HMA will show stable growth in the short term. The \$95 million Genome Center at the University of California-Davis (UCD) will open in 2004. Enrollment, however, should hold stable for the forecast period as the state revises its educational budget policies, which will emphasize the community college system. Finally, the government employment sector usually increased local government employment during cuts in federal employment. Now local government also has experienced cuts and may decline further in the forecast period. Growth is expected in the nongovernment service sector, which has already shown some recovery.

The overall housing market conditions of the HMA remain balanced. Because of low interest rates and the supply of relatively affordable housing compared to the San Francisco Bay Area, the strong demand for new homes and apartments has supported increased construction employment and offset some of the losses in the high-technology manufacturing sector. Supported by continuing employment growth, the rates of population and household growth are expected to be strong during the 2-year forecast period.

The market conditions for both sales and rental housing will remain balanced in the next 2 years as construction will continue to meet increasing demand from the growth in new jobs, population, and households. Future demand will be greatest in the lower and middle

sales price and rent segments of the market. In the more affluent areas such as Placer County, somewhat higher vacancy rates and longer marketing times for both homes and rental units will prevail.

Economy of the Area

With the state capital located in Sacramento, the area's economic base depends heavily on government employment, which accounts for approximately 28 percent of nonfarm employment in the HMA. The HMA also provides diverse jobs in other sectors. Transportation and utilities account for 17 percent of jobs, trade for 14 percent, goods production for 13 percent, and information and finance for 9 percent. The important tourism and recreation sector centers on the world-class Lake Tahoe skiing and gaming resorts in El Dorado County, Gold Rush history along Highway 49, and water sports on the American and Sacramento rivers during the summer months. Yolo County's deepwater port supports global shipping, thus sustaining the extensive agricultural base of the HMA. Yolo County is also home to the University of California-Davis, one of the largest universities in the state. The Thunder Valley Casino in Placer County is one of the state's largest gaming facilities and has a significant impact on the local economy.

Except for 1992 nonfarm jobs, employment in the HMA grew at an average of 8,850 jobs annually from 1990 to 1995. That rate more than tripled to approximately 26,850 jobs annually from 1996 to 2000. The 2001 recession, however, ushered in a slower growth period, with job gains of 11,500 new jobs annually from 2000 to the Current date. The service and government sectors added approximately 7,200 and 1,350 jobs annually between 1990 to 1995, but gained 20,900 and 3,900, respectively, from 1996 to 2000.

Since 1990, the transportation and utilities, information, finance, and manufacturing sectors showed unstable year-to-year job gains. Energy-intensive industries have been periodically affected by relatively high oil and gas prices. The manufacturing sector added jobs during the 1990s, but lost approximately 2,850 jobs annually from 2000 to the Current date. The finance sector gained approximately 1,800 jobs annually between 1995 and 2003.

Government plays a major role in the economy of the HMA. From 2000 to the Current date, employment in the government sector expanded rapidly, adding approximately 7,200 jobs annually. The gains were exclusively in state and local government agencies. The federal government sector lost jobs every year between 1990 and 2002; the state and local government sectors, however, offset those losses. In 2003, the reverse occurred. The federal government gained approximately 200 new jobs, while state government employment declined by approximately 1,500 jobs due to budget cuts.

The HMA has a nationally important high-technology sector, ranked seventh in the nation in employment as of 1996, and growing by 56 percent between 1990 and 1996. Since 2001, however, the growth in this sector has slowed to approximately 1 percent annually. As of the Current date, the merger of Hewlett-Packard with Compaq Computer Corporation has resulted in a cut of 1,500 jobs in the Roseville area. Many of the dot-com

companies also continue to eliminate jobs. Intel Corporation, with approximately 7,000 employees in the HMA, has announced plans to add an as-yet-undetermined number of employees in the Folsom area as demand for computers increases.

Many high-technology industries are clustered along the Highway 50 corridor from Davis in Yolo County through North Sacramento. In the southern part of the HMA, the UCD biotechnology department anchors a growing biotechnology sector specializing in agriculture, food, medicine, and environmental sciences. The opening of the \$95 million Genome Center in 2004 will continue UCD's influence in that area.

The leading growth industries in recent years have been the military contracting, construction, and healthcare sectors. The former McClellan Air Force Base, now a business park specializing in defense microelectronics, has acquired high-technology jobs servicing "smart" U.S. military weapons. In 2002, total defense expenditures were \$1.3 billion in Sacramento and \$781 million in Rancho Cordova. The Milken Institute labeled the area the 15th "best-performing" among approximately 300 metropolitan areas based on job growth, population, and other factors.

The number of military and military-connected personnel has declined since Mather Air Force Base, the Sacramento Army Depot, and McClellan Air Force Base closed in the mid-1990s. As of September 2002, only 31 military personnel and 572 civilian Department of Defense employees remained at the McClellan Business Park, down from approximately 10,500 in 2002.

Major educational institutions such as UCD and California State University-Sacramento (CSUS) have a stable influence on the local economy. As of fall 2003, UCD enrollment totaled 30,229 students (graduate and undergraduate), approximately one-third of which is within the School of Letters and Sciences. Spanning 5,300 acres and employing 26,489 in 2003, UCD is physically the largest University of California campus, with much room for growth. The fall 2003 enrollment at CSUS nearly equaled UCD's, with 28,375 students, representing the sixth largest enrollment in the 23-campus CSU system. The short-term future enrollment growth in the university system appears flat because of the future of the state budget for higher education. The short-term forecast period will reflect benefits from bonds previously floated for expansion. The trends in the annual average civilian labor force, total employment, and nonfarm wage and salary employment by industry sector from 1992 to the Current date are presented in Tables 1 and 2, respectively.

Government employment has a stabilizing effect on the unemployment rate in the HMA, which stands at approximately 5.4 percent as of the Current date. Census data indicate that total employment expanded steadily between 1990 and 2000, from 697,277 to 815,041, adding 11,800 jobs annually, or an annual rate of 1.6 percent. Nonfarm wage and salary employment expanded at an annual rate of 17,850 jobs between 1990 and 2000, a 2.6-percent annual compound rate. The largest sector, services, added approximately 14,050 jobs annually between 1990 and 2000.

Based on recent employment trends, the recovery of the service sector from the 2001 recession, a strong healthcare sector, relatively stable government employment, and a stronger national economy, the forecast for total employment shows an increase during the next 2 years at the rate of the past 24 months, adding approximately 22,350 jobs annually, a 2.4-percent annual growth rate. Approximately 90 percent of the forecasted employment growth will occur in the Sacramento submarket.

Household Incomes

According to HUD's Economic and Market Analysis Division, the median family income in January 2004 in the Sacramento submarket was \$64,100, and \$60,200 in the Yolo submarket. Those medians represent annual rates of increase of approximately 4.2 and 3.7 percent, respectively, from the 2000 Census.

Population

The population of the HMA totaled 2,010,500 persons as of the Current date, an average annual gain of 3 percent since the 2000 Census, compared with a 2-percent annual gain between 1990 and 2000. Placer County has nearly double the growth rate of other areas in the HMA since the 2000 Census due to the availability of land for development. Census data show that Placer County is one of the fastest-growing large areas in the country, particularly in the Lincoln, Folsom, West Sacramento, Rocklin, and Roseville areas. Table 3 presents the trends in population from 1990 through the Forecast date for the HMA and the three submarkets.

Population changes resulting from net natural increase (resident births minus resident deaths) averaged approximately 13,600 persons annually from 1990 to 2000. Data from the State Department of Vital Statistics indicate a relatively stable rate of increase of 13,050 annually from 2000 to the Current date. On that basis, the net natural increase is expected to be 13,150 annually during the forecast period. Net migration has escalated as the HMA has become more attractive to residents of surrounding areas, especially the higher cost Bay Area. The increase due to net migration averaged 17,950 persons annually during the 1990 to 2000 Census, but increased 245 percent to 43,950 annually from 2000 to the Current date.

During the forecast period, the population of the HMA is expected to increase by an average of 52,450 persons annually to 2,115,450. The pattern of growth since 2000 will continue in the forecast period.

Households

The number of households in the Sacramento HMA has been growing to reflect the increases in population since 1990. The number of households grew at an annual rate of 10,900 between 1990 and 2000. Approximately 58 percent of the increase occurred within the past 5 years of the decade as in-migration and residential construction rose. As of the Current date, the number of households reached 733,850, an average annual

increase of 18,300 since 2000. Table 3 displays the trends of households from 1990 through the Forecast date for the HMA and the submarkets.

As of the Current date, CSUS houses approximately 1,100 students on campus, and UCD houses 4,500 students in its residence halls. An estimated 48,000 students at the two institutions reside in housing in the private market sector. At both institutions, most students who live in the private sector rental market are within walking or bicycling distance of the universities. UCD added a new apartment complex in the Segundo area in the fall of 2003, and plans to build one for the Tercero area in 2004.

Based on the rate of population growth expected as a result of employment increases and increased in-migration, it is expected that the number of households in the HMA will increase by 17,900 annually during the 2-year forecast period to total 769,700 households as of January 2006.

Housing Inventory

Population and household expansion in the HMA have led to a significant increase in the housing inventory since 1990. The inventory of owner-occupied units increased by 8,000 units annually from 1990 to 2000, and the number of renter-occupied units increased an average of 2,900 units during that period as shown in Table 4. As of the Current date an estimated 784,700 housing units are in the HMA, reflecting an annual average change of 18,600 since the 2000 Census. Table 4 presents the counts of housing inventory and occupancy and vacancy by tenure for the 1990 and 2000 Censuses and the Current date.

New single-family activity has increased significantly since the early 1990s when the HMA suffered from a deep recession and military base closures in 1991 and 1993. A gradual economic recovery began in the mid-1990s, accompanied by increased in-migration. From 2000 to 2001, approximately 14,100 building permits were issued; from 2002 to 2003, 17,800 were issued. Table 5 shows that approximately 53 percent of the single-family expansion occurred in Sacramento County, mainly in the Natomas area of Rancho Cordova and the Laguna area of Rancho Murieta. Placer County accounts for approximately 30 percent of the single-family building activity, which is occurring mainly in the Roseville and Rocklin areas. El Dorado County accounts for approximately 10 percent and Yolo County for about 7 percent of the single-family expansion. The share of townhouses was approximately 5 percent of the HMA inventory from 1990 to 2000, and remained the same between 2000 and the Current date.

Multifamily building permit activity in the first 2 years of the 1990s averaged approximately 2,400 units annually. Beginning in 1992, activity declined significantly to an average of 900 units annually until 1998. From 1998 through 2001, activity remained at a relatively steady but very strong level, averaging 3,540 units annually. During the 24 months before the Current date, activity again increased substantially, averaging 4,500 units annually. During the recession of the early 1990s and the slow recovery through 1997, rental demand was down substantially below that of the late 1980s. As the economy of the HMA recovered and surplus units were absorbed, rents began to increase

after 1997, making construction feasible. As a result, permit activity increased from 1998 to 2001 and further increased from 2002 to 2003. Sacramento County accounts for approximately 53 percent of the activity in the HMA and Placer County accounts for approximately 34 percent.

In 1990 condominiums accounted for 4 percent of the housing stock and have been declining as a share of the market due to the consumer preference for single-family homes. Some legal issues in the state during the past 15 years regarding builder liability for condominium construction defects increased developers' insurance costs and made insurance coverage more difficult to obtain, prolonging planning approvals for construction. A recent law for condominiums sold after January 1, 2003 allows builders to fix defects before condominium owners can sue. This law has rekindled interest in condominium construction. In 2003, several new developments started construction in the Roseville and Folsom areas. Condominium development in these areas reflects the rapid increase in sales prices of single-family detached homes compared with other areas in the HMA and a demand for affordable alternatives. During the forecast period, approximately 1,700 condominium units are likely to start construction in the HMA, which will increase the share of condominiums relative to new homes from a traditional 1-percent share to approximately 10 percent annually.

The manufactured housing component of the HMA housing inventory has not done as well. Its share fell from approximately 4.7 percent of the housing inventory in 1990 to 3.6 percent in 2000, and since has stabilized to a current share of 3.7 percent. Manufactured housing is still attractive in areas such as Auburn and Colfax in Placer County, but the bulk of it is distributed in the rural areas of the HMA. Several older mobile parks in Sacramento County have lost units as they are renovated. Although still being permitted in rural areas of the county, manufactured homes are becoming a less important source of housing in the HMA.

Housing Vacancy

The rental vacancy rate in the HMA fell from from 6.4 to 4.9 percent from 1990 to 2000, and to 4.3 percent on the Current date. The vacancy rate fell during the 1990s as a result of the low level of apartment construction activity and growing demand. The owner vacancy rate since 1990 reflects the historically balanced market conditions of the HMA. The rate declined from from 1.5 percent in 1990 to 1.3 percent in 2000, and subsequently increased to 1.8 percent. This long-term trend in the owner vacancy rate reflects the stable economic base dominated by government and service activities, as well as the ability of homebuilders to produce at levels meeting the growing demand. The strong demand for new and existing homes, and the movement of homeowners from existing to new homes, resulted in the increased vacancy rate.

Sales Market Conditions

Despite recent rapid price increases, the HMA remains a sellers market. Builders can hardly build homes fast enough to catch up with demand in the HMA, which is fueled by

low interest rates, expanding employment, and increased in-migration from the Bay Area due to affordability relative to higher priced coastal areas. As of the Current date, DataQuick reported that approximately 50,000 new and existing homes were sold in the HMA in 2003. The median price ranged from \$254,000 in Sacramento County, where approximately 70 percent of the units in the market area sold, to a high of \$329,000 in Placer County, where 10 percent of HMA sales occurred.

According to The Gregory Group, new home sales increased steadily from 12,216 in 2000 to 15,285 homes in 2003. Data from First American Real Estate Solutions indicated that new home sales in Sacramento County alone averaged 4,900 annually from 1990 to 1994 and 3,600 from 1995 to 1999. New home sales increased to 4,750 annually during the period from 2000 to Current date, or a 6-percent annual increase. The corresponding annual average new home sales for Placer County, the next largest submarket in the HMA, were 1,200, 2,125, and 3,600 for the same respective periods.

Existing home sales in Sacramento County averaged 19,100 from 2000 to the Current date, reflecting a 1-percent annual average decline for that period. For the first and second halves of the 1990s, existing sales averaged 12,900 and 13,800 units annually in Sacramento County, and 3,575 and 4,450 units annually in Placer County. Declining sales throughout the HMA reflected the recessions of the early 1990s and 2001.

The current median price for new homes is approximately \$393,400. The unsold inventory of new homes is relatively low, and buildable lots are comparatively scarce, which has created upward pressure on prices, with the median price for new homes increasing by approximately 11 percent in 2003 over the previous year. Approximately 60 percent of the new home construction in the HMA was below \$300,000 in 2002. In recent years the HMA has become a destination market for retirees, attracting seniors in large numbers from throughout the western United States. One of the largest retirement communities in the HMA is located in Lincoln Hills in Placer County. The Sun City community by Del Webb has built approximately half of its 6,800 planned units.

Existing condominiums and townhouses make up a very small segment of the sales market according to California Association of Realtors® data. Most of the condominium and townhouse sales took place in Sacramento County and averaged approximately 75 units annually from 1995 through 2003. As demand in the overall sales market strengthened, particularly since the 2000, planned condominium units for the forecast period will be approximately 10 percent of new home sales in Sacramento and Placer Counties. New condominium activity will represent an increasingly important affordable alternative to the rapidly appreciating single-family sales prices in the area.

Because of the recovering economy, significant growth in population, and subsequent increased demand for new homes in the HMA, the current supply of approved lots has declined dramatically over the past 3 years. The diminishing supply of lots has led to substantial increases in prices—as much as 15 to 30 percent annually. The cost of land now accounts for 33 percent or more of the total sales price for many new homes. In the the Lincoln area, the number of planned lots went from 7,800 in 2000 to approximately 2,735 lots as of the Current date. The areas with the next largest numbers of planned lots

are Natomas and Laguna Creek, where lots declined from 5,585 and 5,362 units to 2,132 and 1,943, respectively.

The growing demand for new single-family detached homes will continue in the forecast period. The bulk of the demand will be for relatively affordable homes priced below \$300,000. A slight slowdown is expected from the approximately 17,000 average annual single-family permits registered since 2000. The rate of slowing should be more pronounced in the Placer County area, where prices are higher and the owner vacancy rate is rising more quickly.

Rental Market Conditions

Conditions in the rental market are somewhat tight with some segments reporting balanced but competitive conditions. While the rental vacancy rate has increased in Placer County to 7.5 percent, the overall rental vacancy rate for the HMA is estimated to be just over 4.0 percent. Conditions in the rental market have remained strong through the Current date because of increased in-migration. According to local apartment survey data, rent increases averaged just 1.5 percent in 2003 over 2002, reflecting the balanced but more competitive conditions. Balanced to tight conditions are most evident in the Class B and C units. Conditions are more competitive and softer in the newer, higher end developments in areas such as Placer County, which have been affected by the weaker economy in the the high-technology sector and the movement of renters to homeownership, resulting in a higher vacancy rate in the cities of Rocklin and Roseville.

The expectation of future job growth and low interest rates will support more rental construction as higher single-family prices make rentals a more attractive alternative. The Sacramento County area already accounts for approximately 50 percent of the surge in permits, averaging 2,100 annually from 2000 to the Current date, and will receive a larger share of the new construction to target its diverse market. Placer County, where permits averaged 1,350 annually since 2000, should attract the next larger share of new construction. Developers' optimism has pushed the price of multifamily lots in the 24-plus unit category from an average of \$67,000 in 2002 to \$73,500 in 2003, or approximately 10 percent. The overall median price increase for multifamily lots will reach 17 percent in 2004.

Forecast Housing Demand

The demand for new housing will continue to increase over the 2-year forecast period ending January 1, 2006. It is estimated that demand will exist for 30,050 new units for owners and 8,050 new rental units. Based on available housing and demographic data, the share of the total new demand for Sacramento County should be approximately 50 percent of the total and the share for Placer County should be approximately 34 percent.

Table 6 presents a qualitative distribution of annual demand for new rental units by bedroom sizes and rent level. The annual volume of rental demand is approximately at the level of annual building permit volume during the 3 years ending as of the Current

date, reflecting the continued strength of the rental market. The distribution by bedroom sizes and rents is based on a combination of data from the Census Bureau relating to the distribution of renter households by size, the distribution of the rental inventory and production, and current trends in market conditions.

The estimated annual demand is for 2,400 two-bedroom units with minimum gross rents of \$970. The remaining estimated annual demand is for 40 studios, 810 one-bedroom units, and 810 units with at least three bedrooms. The small demand for efficiency apartments would serve a range of tenants from service workers in the state capital to visiting researchers at the large universities in the HMA. The distribution of Table 6 also reflects the recent in-migration of households into the HMA. The distribution of new rental demand is largest in the two-bedroom category (2,400 units). The demand tapers off in the one- and three-bedroom categories (810 units). Many in-migrants demand a comparatively smaller share of one-bedroom units because some have relatively larger family sizes, while the rental of the largest bedroom sizes is constrained by affordability.

Table 1
Labor Force and Total Employment
Sacramento HMA
1992 to 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Labor Force	774,400	775,900	780,400	796,500	800,900	828,100	847,400	878,400	898,700	926,000	959,000	975,300
Employment	710,200	711,200	717,400	740,300	674,300	151,500	805,800	842,800	862,100	888,000	908,900	922,300
Unemployment	64,200	64,000	63,000	56,200	53,700	44,800	41,600	35,600	36,600	38,000	50,100	53,100
Rate (%)	8.3	8.2	8.1	7.1	6.7	5.4	4.9	4.1	4.1	4.1	5.2	5.4

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

Source: California State Employment Department

Table 2
Nonfarm Employment by Industry
Sacramento HMA
1992 to 2003

Employment Sector	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Nonfarm Employment	623,200	626,000	643,800	662,800	681,600	702,000	731,400	770,500	797,100	818,800	831,400	831,508
Goods Producing	72,100	69,400	72,000	75,500	81,200	86,100	91,600	100,500	105,400	110,200	107,600	106,575
Construction, Resources, & Mining	31,600	29,200	30,900	31,600	33,700	36,900	41,500	48,700	53,700	60,400	61,800	63,375
Manufacturing	40,500	40,300	41,100	44,000	47,600	49,100	50,300	51,800	51,600	49,800	45,900	43,033
Durable Goods	20,400	51,500	23,100	26,500	29,800	31,600	32,800	34,600	35,600	35,400	32,100	29,617
Nondurable Goods	20,100	18,800	18,000	17,400	17,800	17,600	17,500	17,200	16,100	14,400	13,800	13,467
Service Providing	551,000	556,500	571,900	587,200	600,300	615,800	639,800	670,000	691,700	708,700	723,700	724,242
Transportation and Utilities	112,000	109,900	112,900	115,700	117,700	122,700	126,700	133,900	138,200	140,600	141,100	141,367
Wholesale and Retail Trade	94,500	92,300	94,400	106,100	97,900	102,200	105,700	111,300	114,700	117,300	118,200	119,200
Wholesale Trade	21,400	20,700	20,900	31,300	22,000	22,800	23,200	24,500	25,100	25,800	25,700	25,233
Retail Trade	73,100	71,600	73,500	74,800	75,900	79,400	82,500	86,800	89,600	91,500	92,500	93,967
Professional & Business Services	60,100	62,200	68,100	75,000	78,900	83,300	91,700	99,200	105,400	99,300	96,600	96,117
Government	183,900	184,700	188,700	191,100	192,000	194,400	198,000	206,100	210,700	218,100	227,400	232,350
Federal	25,800	25,200	23,800	22,700	21,500	20,800	19,300	17,200	15,500	12,800	12,800	13,000
State	158,200	159,600	164,900	168,400	170,500	173,700	178,800	188,900	195,100	205,400	214,700	106,867
Local	72,900	73,000	74,800	76,000	77,700	80,700	84,600	90,600	94,000	99,100	106,300	107,483
Other Services	48,400	50,500	50,000	48,500	49,900	52,500	58,000	59,600	58,200	62,600	65,400	78,225
Information	16,300	17,300	17,500	17,800	17,600	17,300	17,600	18,600	18,500	22,400	23,000	21,017
Financial Activities	32,100	33,200	32,500	30,700	32,300	35,200	40,400	41,000	39,700	40,200	42,400	57,208

Note: Numbers may not add to totals due to rounding.
Source: California State Employment Department

Table 3
Population and Household Trends
Sacramento HMA
April 1, 1990 to Forecast Date

	April 1, 1990	April 1, 2000	Current Date	Forecast Date	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
Population										
Sacramento HMA	1,481,102	1,796,857	2,010,500	2,115,400	31,600	2.0	57,000	3.0	52,450	2.6
Sacramento County	1,041,219	1,223,499	1,349,700	1,417,000	18,250	1.6	33,650	2.7	33,650	2.5
Placer County	172,796	248,399	30,300	332,400	7,550	3.7	14,550	5.4	14,750	4.8
Remainder of HMA	267,087	324,959	3,57,900	375,400	5,800	2.0	8,800	2.6	8,800	2.4
Households										
Sacramento HMA	556,448	665,301	733,900	769,700	10,900	1.8	18,300	2.7	17,900	2.4
Sacramento County	394,530	453,602	488,200	513,100	5,900	1.4	9,250	2.0	8,850	1.8
Placer County	64,101	93,382	115,500	122,000	2,950	3.8	5,900	5.8	6,100	5.1
Remainder of HMA	97,817	118,315	129,800	135,900	2,050	1.9	3,050	2.5	3,100	2.4

Sources: U.S. Census Bureau, 1990 and 2000 Censuses
 Current and Forecast: Estimates by analyst

Table 4
Housing Inventory Tenure and Vacancy
Sacramento HMA
1990 to Current Date

	Sacramento HMA			Sacramento County			Placer County			Remainder of HMA		
	1990	2000	Current	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total housing inventory	609,904	714,981	784,700	417,574	474,814	509,500	77,879	107,302	131,250	114,451	132,865	144,000
Occupied Units	556,448	665,301	733,900	394,530	453,602	488,200	64,101	93,382	115,550	97,817	118,317	129,800
Owners	328,106	407,719	462,200	223,360	263,819	292,800	45,319	68,372	85,550	59,427	75,528	85,400
%	59.0	61.3	63.0	56.6	58.2	60.0	70.7	73.2	74.0	60.1	63.8	65.8
Renters	228,342	257,582	271,700	171,170	189,783	195,400	18,782	25,010	30,000	38,390	42,789	44,400
%	41.0	38.7	37.0	43.4	41.8	40.0	29.3	26.8	26.0	39.2	36.2	34.2
Vacant Units	53,456	49,683	50,900	23,044	21,212	21,300	13,778	13,920	15,750	16,634	14,551	14,150
Available Units	20,613	18,715	20,550	15,758	13,409	13,900	2,240	2,586	4,200	2,615	2,720	2,700
For Sale	5,010	5,549	8,350	3,357	3,875	4,150	718	846	1,750	935	828	850
Rate (%)	1.5	1.3	1.8	1.5	1.5	1.4	1.6	1.2	2.0	1.6	1.1	1.0
For Rent	15,603	13,166	12,200	12,401	9,534	9,750	1,522	1,740	2,450	1,680	1,892	1,850
Rate (%)	6.4	4.9	4.3	6.8	4.8	4.8	7.5	6.5	7.5	4.2	4.2	4.0
Other Vacant	32,843	30,968	30,350	7,286	7,803	7,400	11,538	11,334	11,550	14,019	11,831	11,450

Sources: U.S. Census Bureau, 1990 and 2000 Censuses
 Current and Forecast: Estimates by analyst

Table 5
Residential Building Permit Activity
Sacramento HMA
1992 to 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sacramento HMA												
Total	9,023	8,635	9,343	8,043	8,974	9,804	14,336	14,475	16,793	18,434	22,099	22,513
Single-family	7,854	7,921	8,630	7,455	8,096	8,564	10,733	10,964	13,468	14,719	17,614	18,025
Multifamily	1,169	714	713	588	878	1,240	3,603	3,511	3,325	3,715	4,485	4,488
El Dorado County												
Total	1,041	759	974	877	1,464	1,033	906	1,372	1,476	2,048	1,825	1,850
Single-family	1,019	734	917	869	1,082	1,033	851	1,149	1,389	1,346	1,637	1,820
Multifamily	22	25	57	8	382	0	55	223	87	702	188	30
Placer County												
Total	1,614	2,107	2,856	2,574	2,838	3,807	5,184	4,899	6,443	5,979	7,137	5,308
Single-family	1,608	2,011	2,610	2,441	2,747	3,011	3,856	3,881	4,745	4,722	5,402	4,602
Multifamily	6	96	246	133	91	796	1,328	1,018	1,698	1,257	1,735	706
Sacramento County												
Total	5,728	4,881	4,858	3,876	3,872	4,241	6,634	6,748	7,672	9,107	11,728	13,605
Single-family	4,830	4,445	4,586	3,550	3,590	3,803	5,164	5,245	6,293	7,423	9,368	10,498
Multifamily	898	436	272	326	282	438	1,470	1,503	1,379	1,684	2,360	3,107
Yolo County												
Total	640	888	655	716	800	723	1,612	1,456	1,202	1,300	1,409	1,750
Single-family	397	731	517	595	677	717	862	689	1,041	1,228	1,207	1,105
Multifamily	243	157	138	121	123	6	750	767	161	72	202	645

Source: U.S. Census Bureau, C-40 Construction Series

Table 6
Estimated Qualitative Annual Demand for New Market-Rate Rental Housing
Sacramento HMA
January 2004 to January 2006

Zero Bedrooms		One Bedroom		Two Bedrooms		Three 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
700	40	800	810	975	2,400	1,175	810
750	35	850	690	1,025	2,000	1,225	660
800	30	900	640	1,075	1,750	1,275	602
850	25	950	560	1,125	1,500	1,325	540
900	20	1,000	470	1,175	1,250	1,375	480
950	20	1,050	380	1,225	1,000	1,425	420
1,000	15	1,100	300	1,275	800	1,475	360
1,100	10	1,200	230	1,375	790	1,575	310
1,200	0	1,300	180	1,475	620	1,675	270
1,300	0	1,400	130	1,575	480	1,775	160
1,400	0	1,500	100	1,675	370	1,875	80
1,500	0	1,600	70	1,775	280	1,975	70
1,600	0	1,700	50	1,875	20	2,075	60
1,700 or more	0	1,800 or more	15	1,975 or more	20	2,175 or more	50

Notes: Distribution above is noncumulative.
Demand of fewer than 10 units is shown as 0.
Numbers have been rounded for comparison.

Source: Estimates by analyst