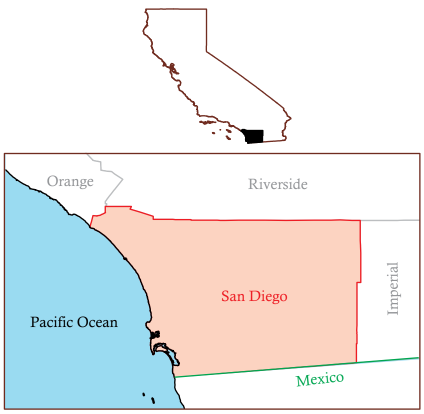
COMPREHENSIVE HOUSING MARKET ANALYSIS

San Diego, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2014

Housing Market Area



The San Diego Housing Market Area (HMA), comprising San Diego County in southern California, is coterminous with the San Diego-Carlsbad, CA Metropolitan Statistical Area. For purposes of this analysis, the HMA is divided into two submarkets: the North San Diego submarket, encompassing relatively new cities such as San Marcos, and the South San Diego submarket, encompassing the city of San Diego. Scientific research, health care, trade, tourism, and the military provide a strong economic base for the HMA and the southern California region, a 10-county area that stretches north from the border between the United States and Mexico.

Market Details

Summary

Economy

Economic conditions have strengthened in the San Diego HMA since 2010. Nonfarm payrolls increased by 28,700 jobs, or 2.2 percent, to nearly 1.33 million jobs during the 12 months ending July 2014, with the most significant growth occurring in the professional and business services, education and health services, and leisure and hospitality sectors. Nonfarm payrolls are expected to grow an average of 1.8 percent a year during the 3-year forecast period, led by expansions in industries related to scientific research, health care, and tourism.

Sales Market

Sales housing market conditions in the HMA are balanced, with an estimated 1.2-percent vacancy rate, down from 1.9 percent in 2010. During the next 3 years, demand is expected for 14,050 new homes, with slightly less than two-thirds of the demand expected in the South San Diego submarket (Table 1). The 1,600 homes under construction in the HMA and a portion of the 34,000 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are currently slightly tight, with an estimated 4.8-percent vacancy rate. Growth in the number of renter households since 2010 has outpaced the construction of rental units and the conversion of single-family homes, townhomes, and condominiums to rental units. During the 3-year forecast period, demand in the HMA is expected for 10,750 new market-rate rental units; approximately 5,325 rental units currently under construction will meet a portion of that demand (Table 1).

Table 1. Housing Demand in the San Diego HMA During the Forecast Period

	San Diego HMA		North San Diego Submarket		South San Diego Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	14,050	10,750	4,975	2,350	9,075	8,400
Under construction	1,600	5,325	420	1,200	1,180	4,125

Notes: Numbers may not add to totals because of rounding. Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2014. A portion of the estimated 34,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2014, to August 1, 2017.

Source: Estimates by analyst

Economic Conditions

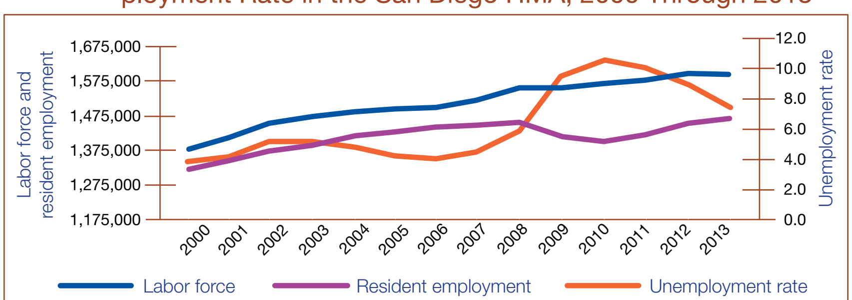
The San Diego HMA serves as a major employment center in the nation for defense and, in the southern California region, for scientific research, health care, education, trade, and tourism. During the 12 months ending July 2014, employment conditions in the HMA strengthened as nonfarm payrolls increased by 28,700 jobs, or 2.2 percent, from the previous 12 months, to nearly 1.33 million jobs (Table 2). During the 12 months ending July 2014, notable expansions occurred in the professional and business services, education and health services, leisure and hospitality, and mining, logging, and construction sectors, which, when combined, increased by 21,100 jobs, or 3.4 percent, and accounted for more than two-thirds of the total net gain in jobs. Nonfarm payroll growth during the 12 months ending July 2014 was partly offset by declines in the transportation and utilities and the information sectors, the only sectors with job losses, down by 200 jobs each, or 0.7 and 0.8 percent, respectively.

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

	12 Months Ending		Absolute Change	Percent Change
	July 2013	July 2014		
Total nonfarm payroll jobs	1,301,000	1,329,700	28,700	2.2
Goods-producing sectors	154,400	160,200	5,800	3.8
Mining, logging, & construction	59,200	64,100	4,900	8.3
Manufacturing	94,900	95,400	500	0.5
Service-providing sectors	1,146,600	1,169,500	22,900	2.0
Wholesale & retail trade	183,400	187,200	3,800	2.1
Transportation & utilities	27,400	27,200	– 200	– 0.7
Information	24,300	24,100	– 200	– 0.8
Financial activities	71,200	71,200	0	0.0
Professional & business services	220,600	226,200	5,600	2.5
Education & health services	176,600	182,000	5,400	3.1
Leisure & hospitality	165,500	170,700	5,200	3.1
Other services	49,000	50,100	1,100	2.2
Government	228,600	230,900	2,300	1.0

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through July 2013 and July 2014.
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the San Diego HMA, 2000 Through 2013

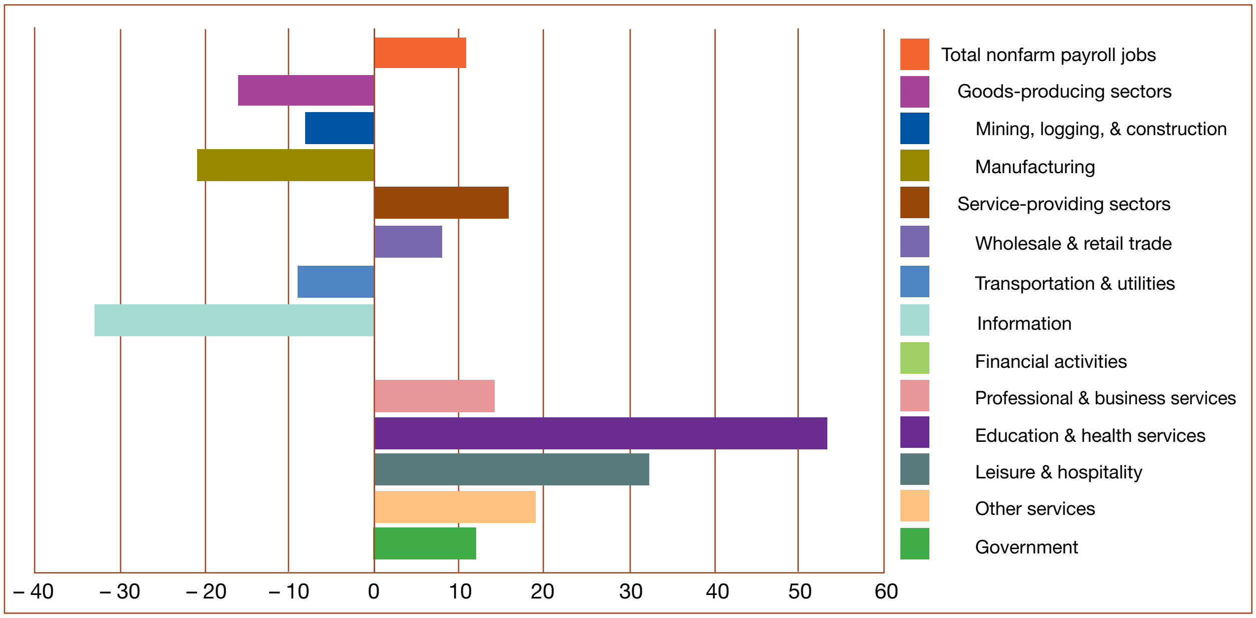


Source: U.S. Bureau of Labor Statistics

During the 12 months ending July 2014 when economic conditions improved, the average unemployment rate declined to an average of 6.8 percent, down from 8.1 percent during the previous 12 months. The current unemployment rate is less than the 8.1-percent average rate for California and slightly more than the 6.7-percent rate for the nation. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate in the HMA since 2000.

Since 2000, the economy in the HMA experienced only one contraction, during the 2008-through-2010 period, when 83,200 jobs were lost as a result of the collapse of the housing and financial markets, declining to a low of 1.24 million jobs. During the 2008-through-2010 period, 84 percent of the losses were concentrated in four sectors: professional and business services; manufacturing; logging, mining, and construction; and wholesale and retail trade. Since 2010, the HMA has supported the economic recovery and expansion in the Southern California region, accounting for 15 percent of the region's payroll growth compared with 9 percent during the 2000s. Nonfarm payroll growth in the HMA has averaged 26,000 jobs, or 2.0 percent, annually from the end of 2010 to the current date, more than during the period from 2000 through 2007, when nonfarm payrolls increased by an average of 17,400 jobs, or 1.4 percent, annually. Figure 2 shows nonfarm payroll growth by sector since 2000.

Figure 2. Sector Growth in the San Diego HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through July 2014. During this period, jobs in the financial activities sector showed no net change.
Source: U.S. Bureau of Labor Statistics

For more than half a century, the military has played an important role in the San Diego HMA economy. The military presence in the HMA supports 302,000 direct and indirect jobs and $20.9 billion in wages, and it has an overall economic impact on the HMA of $32.4 billion (*2013 Military Economic Impact Study*, the latest data available). The Marine Corps Base Camp Pendleton, located in the North San Diego submarket, and the Naval Base San Diego, located in the South San Diego submarket, are the two largest employers in the HMA, with 8,075 civilian and 72,500 military employees combined. The University of California, San Diego (UC San Diego), is located in the South San Diego submarket, and is the third largest employer in the HMA with 27,850 faculty and staff (Table 3). According to the most recent study, the impact of spending on the HMA by UC San Diego was $917.3 million in 2007 (CBRE Consulting, Inc.). All three of these employers are in the government sector. The Naval Air Station North Island, also in the South San Diego submarket on the Naval Base Coronado, is the largest aerospace employer in the HMA and was the birthplace of naval aviation; it currently employs nearly 15,600 military and 5,000 civilian personnel, accounting for nearly 80 percent of all jobs on the Naval Base Coronado. After the Naval Base San Diego and the Naval Base Coronado, the third largest naval base in

Table 3. Major Employers in the San Diego HMA

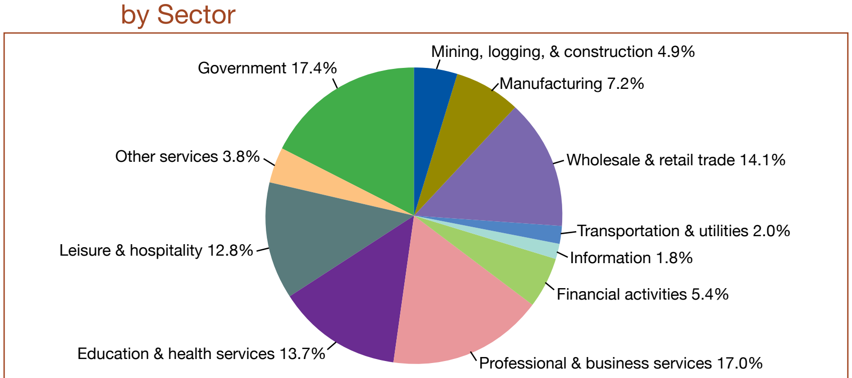
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Marine Corps Base Camp Pendleton	Government	45,500
Naval Base San Diego	Government	35,000
University of California, San Diego	Government	27,850
Naval Base Coronado	Government	25,900
Sharp HealthCare	Education & health services	15,950
Scripps Health	Education & health services	14,400
Qualcomm, Inc.	Manufacturing	13,400
Naval Base Point Loma	Government	13,200
Kaiser Permanente®	Education & health services	7,800
General Atomics	Manufacturing	7,675

Notes: Excludes local school districts. Military base employee totals include civilian and military personnel.
Sources: San Diego Business Journal*; 2014 and* 2013 Military Economic Impact Study

the HMA is the Naval Base Point Loma, with 9,200 civilian and 4,000 military employees. Approximately 65 percent of all military personnel, or 68,600 of the105,500 employees, are employed in the South San Diego submarket, with the remainder working in the North San Diego submarket. In the North San Diego submarket, the Marine Corps Base Camp Pendleton employs 42,750 military and 2,825 civilian personnel. The U.S. Department of Defense (DoD) also has affected employment by providing $9.8 billion in contracts to private employers since 2012, approximately $6.4 billion during 2012 and an additional $3.4 billion during 2013. The decline in contract spending was the result of fiscal constraints from the Budget Control Act of 2011 (also known as Sequestration). General Atomics is San Diego's largest defense contractor and second largest manufacturer in the HMA, with approximately 7,675 employees. Other private employers with DoD contracts include Northrop Grumman Corporation, Pacific Ship Repair & Fabrication, Inc., and Lockheed Martin Corporation.

From 2000 to the current date, growth in the government sector has varied from year to year, but, overall, jobs have increased by 1,800 jobs, or 0.8 percent annually, accounting for 18 percent of the total growth in nonfarm payrolls since 2000. More than 17 percent of all civilian employees in the HMA are employed in the government sector, making it the largest sector in the HMA (Figure 3). During the 12 months ending July 2014, nonfarm payrolls in the government sector increased by 2,300 jobs, or 1.0 percent. All the increase is attributed to growth in the local government subsector, which was up 3,500 jobs, or 2.5 percent. Approximately 60 percent of the increase resulted from gains in the local government educational services industry. The federal and state government subsectors partly offset the growth, declining by 700 and 600 jobs, or 1.5 and 1.4 percent, respectively. Approximately 70 percent of the decline in the federal government subsector is attributed to a decline in civilian jobs in DoD, resulting partly from increased fiscal pressures on executive branch agencies subsequent to the Sequestration. Since the end of 2011, payrolls in the federal government subsector have declined by an average of 230 jobs, or 0.5 percent, a year. By contrast, from 2002 through 2010, jobs in the federal government subsector increased by an average of 860 jobs, or 2.0 percent, annually, with nearly 20 percent of the net increase attributable to expansion in the Department of Defense, resulting partly from the effect of the 2005 Defense Base Closure and Realignment Commission (BRAC), which led to a net gain in troops in the HMA. Despite the recent budgetary cutbacks, defense contractors General Atomics and Northrop Grumman Corporation announced, as of June 2014, plans to hire approximately 470 employees

Figure 3. Current Nonfarm Payroll Jobs in the San Diego HMA, by Sector



Note: Based on 12-month averages through July 2014.
Source: U.S. Bureau of Labor Statistics

during the next year; this number represents 30 more employees from the number of new hires planned as of June 2013 (California Employment Development Department). Major projects that were recently completed include the $445 million Naval Hospital at the Marine Corps Base Camp Pendleton in the North San Diego submarket, which was completed during the fall of 2013 and employs 1,100 medical and support staff.

The 70 miles of coastline that border the HMA to the west have not only supported the presence of three major naval bases, but they have helped expand tourism in the region. In 2012 and 2013, the HMA received an average of 31.5 million visitors, who spent an average of $8 billion annually, making the HMA one of the most visited tourist destinations in the nation (*U.S. News and World Report*). In addition to having the coast to attract tourists, the HMA has attractions such as the San Diego Zoo; SeaWorld Parks & Entertainment, Inc.; Petco Park; Qualcomm Stadium; and the San Diego Convention Center. Since 2000, nearly one-third of total annual nonfarm payroll gains in the HMA have been in the leisure and hospitality sector. Apart from the decline in the sector that averaged 4,800 jobs, or 2.9 percent, annually from the end of 2008 through 2010, payroll growth was steady during most of the 2000s, averaging 3,000 jobs, or 2.0 percent, annually. During the 12 months ending July 2014, employment in the leisure and hospitality sector increased by 5,200 jobs, or 3.1 percent, compared with an increase of 6,900 jobs, or 4.3 percent, during the previous 12-month period. Approximately 70 percent of the growth during the 12 months ending July 2014 was in the accommodation and food services industries. Hotel occupancy during 2013 increased to 73 percent, up from 66.8 percent during the previous year, and reached prerecession levels. Recently completed projects include the $160 million expansion at Harrah's Resort Southern California, which added a highrise tower with 1,065 rooms, making it the fourth largest hotel in the HMA. The resort expansion was completed in April 2014, adding approximately 80 jobs. Additional developments are in downtown San Diego and include the $70 million joint CROWNE PLAZA San Diego and Staybridge Suites hotels with a combined total of 332 rooms to be competed in 2017; expected employment gains have yet to be determined. During the next year, employment growth in the sector is expected to continue. Wyndham Hotels and Resorts, LLC, announced in June 2014 it will hire for 260 positions (California Employment Development Department).

The professional and business services sector added the most jobs during the past year and is the second largest sector in the HMA. The existence of both the military and education, particularly at the University of San Diego and UC San Diego, in the HMA has supported job growth in the sector through the innovation of high technology, predominantly in the fields of wireless telecommunications and biotechnology. During the 12 months ending July 2014, employment in the professional and business services sector increased by 5,600 jobs, or 2.5 percent, slower than the 7,800-job, or 3.6-percent, increase during the previous 12-month period. Nonfarm payroll growth in the sector was a significant improvement from the average annual loss of 8,200 jobs, or 3.7 percent, from the end of 2007 through 2009. Employment growth in the past year was partly the result of expansions in the professional, scientific, and technical services industry, which increased by 5,100 jobs, or 4.2 percent. Since the 1980s, growth in these industries has helped transform the HMA into a center for the production of high technology. Companies involved in high technology are concentrated in the South San Diego submarket in the cities of Kearny Mesa, La Jolla, and Mira Mesa and in downtown San Diego. In the North San Diego submarket, high-technology companies operate in the cities of Carlsbad, Oceanside, and Vista. The presence of new, smaller companies has more than doubled the number of biotechnology companies in the HMA, from 290 in 2004 to nearly 600 currently. Approximately 400 jobs were added in the biotechnology industry during the past year. The J. Craig Venter™ Institute research building in La Jolla was completed in February 2014, adding 125 researchers and staff that will focus on genomic research. Payroll increases in the professional and business services sector are expected to continue during the next year. Employment announcements for jobs in the sector totaled approximately 5,550 during July 2014, 2 percent more than the 5,450 jobs announced a year ago (California Employment Development Department).

San Diego County is the second most populated county in California, following Los Angeles County, and the concentration of people in the HMA has helped support growth in the education and health services sector. Since 2000, employment in the education and health services sector increased by an average of 4,600 jobs, or 3.2 percent, annually and accounted for 48 percent of the total net increase in nonfarm payrolls. During the 12 months ending July 2014, the sector added the second most number of jobs, increasing by 5,400 jobs, or 3.1 percent, compared with an increase of 10,400 jobs, or 6.3 percent, during the previous 12 months. Approximately 89 percent of the growth in the education and health services sector during the 12 months ending July 2014 was in the healthcare and social assistance industry, in which additional growth is expected during the next 3 years. The healthcare and social assistance industry employs approximately 11 percent of the HMA workforce, which includes 7,000 physicians. The largest private employers in the education and health services sector include Sharp HealthCare, with 15,950 employees; Scripps Health, with 14,400 employees; Kaiser Permanente®, with 7,800 employees; and UC San Diego Health System, with 6,125 employees. Developments currently under way and to be completed in 2016 include the $700 million UC San Diego Jacobs Medical Center and Scripps Health's $175 million medical office building in La Jolla. The Scripps Health medical office building is part of a larger $2 billion renovation of the Scripps Memorial La Jolla campus, which will include two additional hospitals to be completed by 2025. Anticipated job gains at both projects are still unknown. Additional developments under way include the $900 million Kaiser Permanente® hospital in Kearny Mesa, which is expected to add 1,000 permanent positions when completed in 2018. In addition, employment announcements at Sharp HealthCare and for registered nurses throughout the HMA totaled approximately 1,250 positions as of July 2014; however, this number of announcements is 17 percent less than the 1,500 jobs announced a year ago (California Employment Development Department).

The mining, logging, and construction sector added a significant number of jobs during the 12 months ending July 2014, up by 4,900 jobs, or 8.3 percent, compared with the 3,200 jobs, or 5.7 percent, added during the previous 12-month period. Despite the recent growth, employment in the mining, logging, and construction sector has not fully recovered from the Great Recession. From the end of 2006 through 2011, jobs in the sector declined by an average of 7,500 jobs, or 9.8 percent, a year, and approximately 95 percent or more of the decline was attributed to job losses in the construction subsector. A decline in home construction during the period contributed to the reduction in jobs the construction subsector. Since 2000, the construction subsector has accounted for 95 percent or more of the change in employment in the mining, logging, and construction sector. The expansion of the Lindbergh Field's Green Build at the San Diego International Airport that was completed in August 2013, added approximately 3,400 construction jobs during the past 2 years and supported the recent gains in the sector. Growth in employment in the construction subsector is expected to be strong during the next 3 years. The Kaiser Permanente® hospital in Kearny Mesa is expected to add 700 construction jobs through 2017, and the $300 million conversion of the Plaza Camino Real from an indoor mall into an outdoor shopping center in Carlsbad is expected to add 1,200 construction jobs through 2016.

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase an average of 1.8 percent, or 23,300 jobs, annually, with the largest additions expected to occur in the health care, tourism, and high technology industries and in the construction subsector. Approximately two-thirds of nonfarm payroll growth is expected to occur in the city of San Diego in the South San Diego submarket. Nonfarm payroll growth in the North San Diego submarket is expected to be concentrated in the cities of Carlsbad, Escondido, and Oceanside.

Population and Households

The San Diego HMA accounts for nearly 15 percent of the total population in the Southern California region. The city of San Diego is the county seat and, with 42 percent of the HMA population, is the largest city. Other large population centers include Chula Vista in the South San Diego submarket and the cities of Carlsbad, Escondido, and Oceanside in the North San Diego submarket.

The population of the HMA was estimated at nearly 3.21 million as of August 1, 2014. In the North and South San Diego submarkets, the current population is estimated at

849,900 and 2.36 million, respectively. Population growth in the HMA since 2000 was strongest from 2000 to 2003 (Intercensal based on California Department of Finance estimates as of July 1, 2014). During this period, the population increased by an average of 38,550, or 1.3 percent, with 67 percent of that growth occurring in the South San Diego submarket, where the population increased by an average of 25,650, or 1.2 percent. In the North San Diego submarket, the population increased by an average of 12,900, or 1.7 percent, annually. Approximately 60 percent of the growth in the HMA was attributed to net natural change (resident births minus resident deaths).

From 2003 to 2006, several military deployments lowered population growth in both submarkets and lenient lending standards provided households with an incentive to move away from the HMA, purchasing homes in neighboring Riverside County, where home prices were approximately $220,000 less than those in the HMA. During this period, the North and South San Diego submarkets recorded an average net out-migration of 2,250 and 10,800 people a year, respectively, or a combined 13,050 people a year for the HMA as a whole. The out-migration caused the population growth to slow to an average of 5,600 and 7,250 people annually, or 0.7 and 0.3 percent, for the North and South San Diego submarkets, respectively. Before the impact of the Great Recession on the HMA, population growth from 2006 to 2008 strengthened as a result of an increase in the number of people moving to the HMA from international countries; international in-migration accounted for 75 percent or more of net in-migration compared with net in-migration from 2000 to 2006, when the proportion varied yearly and averaged 16 percent of net in-migration (Internal Revenue Service). In the North San Diego submarket, population growth averaged 9,450 people, or 1.2 percent, annually, with net in-migration averaging 1,025 people a year and net natural change averaging 8,425 people a year. In the South San Diego submarket, population growth averaged 24,800 people, or 1.1 percent, a year with net in-migration and net natural change averaging 5,100 and 19,700 people a year, respectively.

Since 2008, population growth in both submarkets has been relatively steady, increasing by an average of 7,050 and 19,200 people annually in the North and South San Diego submarkets, respectively, or 0.8 percent each. Steady population growth since 2008 resulted from modest levels of net in-migration. Fewer people were migrating to the HMA from foreign countries, accounting for 25 percent of net in-migration, and stringent lending standards caused fewer households to migrate out of the HMA. In addition, during the period since 2008, the BRAC effect has led to a net gain of approximately 970 military and civilian positions in both submarkets. In the North and South San Diego submarkets, net in-migration averaged a modest 350 and 800 people a year and net natural change averaged 6,700 and 18,400 people a year, respectively, or a total population increase of 26,250 annually in the HMA.

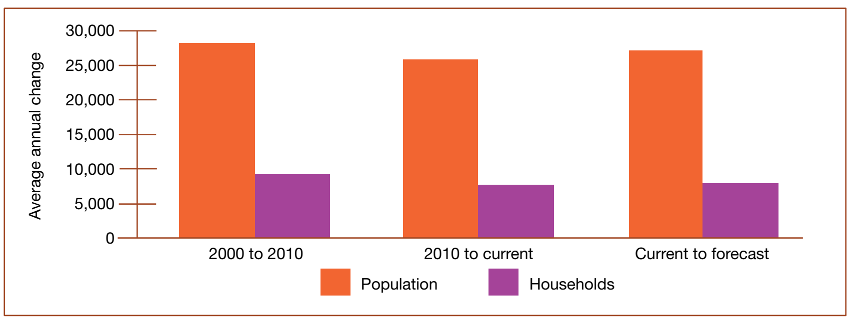
During the next 3 years, the population is expected to grow by an average of 8,400, or 1.0 percent, a year for the North San Diego submarket and

18,650, or 0.8 percent, a year for the South San Diego submarket. In the HMA as a whole, the population is expected to increase by an average of 27,000, or 0.8 percent, a year during the 3-year forecast period. The population of the HMA is expected to reach nearly 3.29 million by the end of the forecast period. Figure 4 shows population and household growth in the HMA, and Figure 5 shows the components of population change in the HMA, from 2000 to the forecast date.

The number of households in the San Diego HMA has increased by 7,425, or 0.7 percent, annually since 2010, down from the average increase of 9,225, or 0.9 percent, annually during the 2000s. Household growth in the North and South San Diego submarkets during the 2000s was relatively stronger than during the period since 2010. During the 2000s, both the effect of BRAC and an influx of people from international countries supported a higher overall level of household growth. In the North and South San Diego submarkets, household growth averaged 3,025 and 6,200, or 1.2 and 0.8 percent, respectively, a year from 2000 to 2010. The slower growth rate since 2010 is attributed to moderate levels of net in-migration to both submarkets, affecting household growth, and the number of households in the North and South San Diego submarkets increased by an average annual of 2,100 and 5,325, or 0.7 and 0.6 percent, respectively.

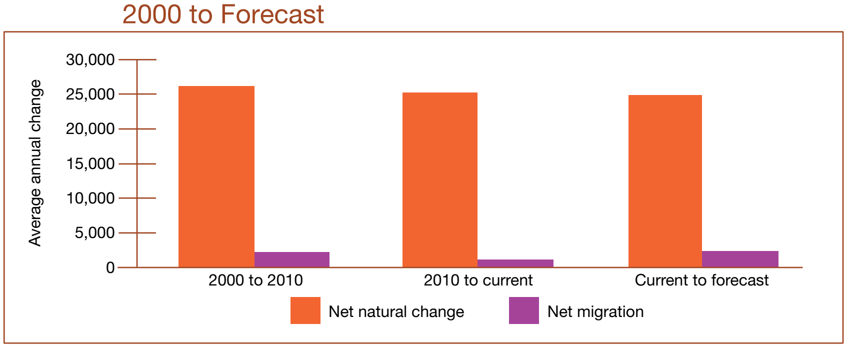
During the 3-year forecast period, the number of households in the North San Diego submarket is expected to increase by an average of 2,350, or 0.8 percent, annually, slightly more than the average annual increase during the 2010-to-current period, because net in-migration is expected to increase slightly during the forecast period. In the South San Diego submarket, the number of households is expected to increase by an average of 5,325, or 0.6 percent, annually, reflecting stable net in-migration during the forecast period. Combined household growth in the two submarkets is expected to result in 1.14 million households in the HMA by the end of the forecast period. See Tables DP-1, DP-2, and DP-3 at the end of this report for more detail about household growth by tenure in the HMA and in each submarket from 2000 through the current date.

Figure 4. Population and Household Growth in the San Diego HMA, 2000 to Forecast



Notes: The current date is August 1, 2014. The forecast date is August 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the San Diego HMA, 2000 to Forecast



Notes: The current date is August 1, 2014. The forecast date is August 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Sales Market—North San Diego Submarket

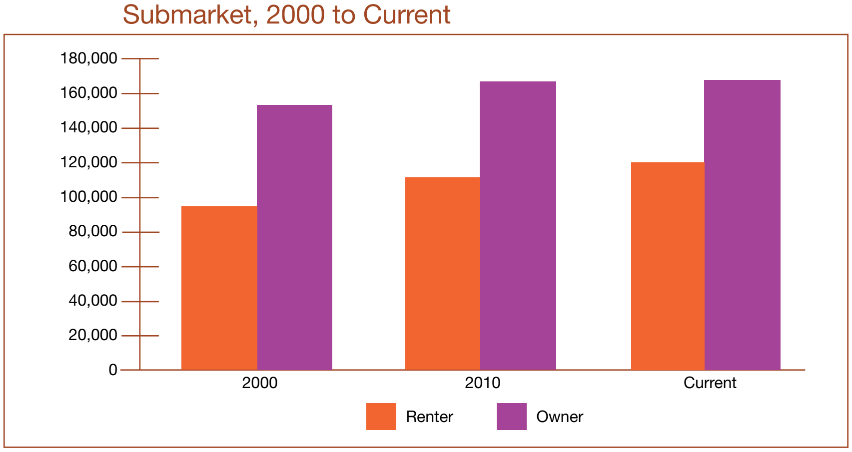
The North San Diego submarket is home to the Marine Base Camp Pendleton and the cities of Carlsbad, Escondido Oceanside, and San Marcos. Relative to the South San Diego submarket, the North San Diego submarket has more readily developable and relatively lower cost land, which has supported the growth of master-planned communities such as San Elijo Hills in San Marcos.

The sales housing market in the submarket is balanced, having improved from the soft conditions that began during 2008 and lasted through 2011 in response to stringent lending standards and economic decline after the financial crisis. The current estimated sales vacancy rate is 1.3 percent, down from 1.9 percent during 2010. The decline in the vacancy rate since 2010 has resulted from two factors: (1) improved economic conditions that enabled households to purchase homes and (2) a decrease in the number of single-family homes and condominiums being constructed compared with the number built from the early 2000s to the mid-2000s. Since April 2010, the sales inventory has declined by 200 homes a year and the number of owner households in the submarket has increased by 35 a year, to 166,300 (Table DP-2 at the end of the report). Figure 6 shows the number of households by tenure in the North San Diego submarket since 2000.

An average of 10,200 new and existing single-family homes, townhomes, and condominiums sold from the beginning of 2008 through 2011, down 23 percent, or 3,000, from the average of 13,200 homes sold from 2005 through 2007 (Metrostudy, A Hanley Wood Company, with adjustments made by the analyst). At the peak of the sales market during 2005, the North San Diego submarket accounted for nearly 32 percent of all sales in the HMA, with approximately 60 percent of the submarket sales occurring in the cities of Carlsbad, Oceanside, and San Marcos. The submarket currently accounts for 30 percent of all home sales, down from previous years because some households sought to be closer to a greater number of employment opportunities in the South San Diego submarket.

During the 12 months ending June 2014 (the most representative data available), home sales totaled 11,700, down 9 percent, or 1,150 homes, compared with the number of homes sold during the previous 12-month period. Approximately 70 percent of this decline resulted from a reduction in existing sales or, more specifically, in distressed sales. An increase of more than 1 percent, or 140 homes, in regular resales was offset by a decline of 51 percent, or 910 homes, in REO (Real Estate Owned) home sales. Despite the decline, the number of existing home sales is 16 percent more than the average of 9,350 homes sold

Figure 6. Number of Households by Tenure in the North San Diego Submarket, 2000 to Current



Note: The current date is August 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

annually from 2008 through 2011 and is 5 percent more than the average of 10,350 homes sold each year from 2005 through 2007.

As market conditions improved, the percentage of existing home sales that were REO sales was reduced to 8 percent during the 12 months ending July 2014 from 15 percent during the previous 12-month period. The REO share of the market, however, remains greater than the average annual rate of 2 percent of existing sales from 2005 through 2007. Approximately 29 percent of all REO sales in the HMA during the 12 months ending June 2014 were spread throughout the North San Diego submarket.

During the 12 months ending June 2014, the average new and existing home sales price in the submarket increased 12 percent, to $527,200, from $469,500 in the previous year, and is up 20 percent from the average annual price of $438,300 from 2008 through 2011. The recent average home sales price was 14 percent less than the average annual price of $614,200 from 2005 through 2007, however. In Carlsbad, the average sales price was $675,900 during the 12 months ending June 2014, up 7 percent from $630,000 during the previous 12-month period and up 5 percent from the average price of $645,100 from 2008 through 2011. In Oceanside and San Marcos, the average sales price was $411,000 and $505,200 during the 12 months ending June 2014, up 19 and 20 percent from $346,100 and $422,500 a year earlier and up 25 percent each from $328,300 and $405,300, respectively, during 2008 through 2011.

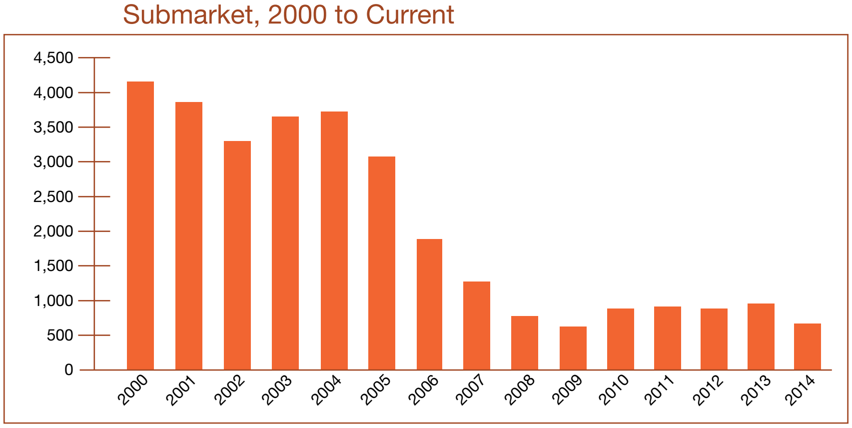
The increase in the average price during the 12 months ending June 2014 resulted from an increase in the average price of both existing and new homes, which increased 13 and 12 percent, to $528,900 and $603,100, respectively, from a year ago. The average price of an existing home is 6 percent more than the average price of $500,000 from 2008 through 2011 but remains 12 percent less than the average price of 601,600 from 2005 through 2007. For new homes, the average price during 2005 through 2007 was $675,900, before declining 16 percent to an average of $581,500 from 2008 through 2011. The increase in the price of new homes during the 12 months ending June 2014 and in interest rates has contributed to a reduction of 31 percent, or 370 homes, in the number of new home sales from a year ago, to 820 homes. During the previous year, a 3-percent decline in the average price of a new home, to $538,900, brought new home prices to the lowest recorded level since 2005, and new home sales increased 72 percent, to 1,200 homes. At the peak of the market, from 2005 through 2007, new homes sales averaged 2,850 a year.

Condominium sales have represented approximately 20 percent of all home sales in the North San Diego submarket since the mid-2000s (Metrostudy, A Hanley Wood Company). During the 12 months ending June 2014, condominium sales totaled 2,100 homes, unchanged from the previous 12 months, but the average price of a condominium increased 15 percent, to $368,900, from $321,500. Condominium sales are 18 percent less than the average annual 2,850 condominiums sold from 2005 through 2007, when sales market conditions were stronger. From 2000 through 2008, condominium construction accounted for approximately 20 percent of all multifamily units permitted in the submarket, or approximately 250 units a year. Since 2008, less than 5 percent of all multifamily units permitted, or approximately 10 units a year, have been condominiums. Recently completed developments include the Voscana in Carlsbad, a 68-unit condominium complex that was completed in early 2014; prices start at $526,500 for a three-bedroom home.

The level of distressed home loans in the HMA is low compared with levels in other parts of California. As of June 2014, 2.1 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 3.5 percent in June 2013 (Black Knight Financial Services, Inc.). The current rate for the HMA is less than the 2.4-percent rate for California and the 4.9-percent rate for the nation. The number of distressed loans was 6,800 in June 2014, a decrease of 6,050, or 47 percent, compared with the number in June 2013. Approximately 25 percent of distressed loans in the HMA are in the North San Diego submarket (Metrostudy, A Hanley Wood Company).

Despite improved sales market conditions, homebuilding activity, as measured by the number of single-family homes permitted, remains at low levels compared with levels earlier in the past decade. From 2000 through 2004, an average of 3,725 homes were permitted each year before declining 59 percent to an average of 1,525 units a year from 2005 through 2009. Since 2010, the number of single-family homes has remained relatively stable. From 2010 through 2013, an average of 910 homes were permitted a year. During the 12 months ending July 2014, the 1,075 homes permitted were more than the 960 homes permitted during the same period a year earlier (preliminary data and analyst's estimates). Figure 7 shows the number of single-family homes permitted in the submarket from 2000 to the current date.

Figure 7. Single-Family Homes Permitted in the North San Diego Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Notable single-family developments under construction are in San Elijo Hills, a master-planned community in San Marcos that began in 2000 and includes a mix of 33 residential neighborhoods. At San Elijo Hills, 3,400 homes are planned. The community is currently approximately 75 percent completed. The remaining 900 homes will be finished in phases and according to the level of demand. Developments under way include Bella Vista and Sanctuary, with a total of approximately 160 homes at buildout. At Bella Vista, where 81 homes have sold, prices for a three-bedroom home start at $801,000 and, at Sanctuary, they start at $804,000.

During the next 3 years, demand is estimated for 4,975 new homes in the North San Diego submarket (Table 1). Demand is expected to increase from 1,250 homes during the first year of the 3-year forecast period to 2,050 homes during the third year of the forecast period. The 420 homes currently under

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

Price Range ($)		Units of Demand	Percent of Total
From	To		
315,000	444,999	500	10.0
445,000	574,999	500	10.0
575,000	704,999	1,000	20.0
705,000	834,999	1,500	30.0
835,000	964,999	500	10.0
965,000	and higher	1,000	20.0

Notes: The 420 homes currently under construction and a portion of the estimated 9,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is August 1, 2014, to August 1, 2017.

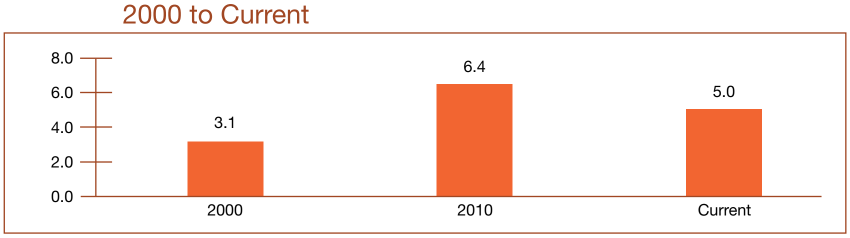
Source: Estimates by analyst

construction will meet a portion of demand during the first year. In addition, some of the estimated 9,000 other vacant units in the submarket may return to the sales market and satisfy a portion of the demand. Demand is expected to be greatest for homes priced in the $575,000-to-$834,999 range (Table 4).

Rental Market—North San Diego Submarket

The rental housing market in the North San Diego submarket is balanced. The overall rental vacancy rate is currently estimated at 5.0 percent, down from 6.4 percent in 2010 (Figure 8), because renter household growth exceeded the development of rental properties and the conversion of sales units. The apartment market is tight throughout the submarket. During the second quarter of 2014, the apartment vacancy rate averaged 3.1 percent compared with 3.5 percent during the second quarter of 2013, and market rents increased 4 percent, from $1,400 to $1,450 (MPF Research). Apartment market conditions are tightest in the MPF Research-defined areas of Oceanside, Escondido, and the Vista-San Marcos, with vacancy rates of 2.5, 2.4, and 3.6 percent, respectively. The average market rent for apartments in Oceanside and Escondido has increased 3 percent each to $1,375 and $1,150, respectively, from a year earlier. In the Vista-San Marcos area, average market rents increased 7 percent to $1,400. Approximately 19 percent of single-family homes in the submarket were rentals during 2000 compared with 22 percent during the 5-year period ending in December 2012 (Census Bureau).

Figure 8. Rental Vacancy Rates in the North San Diego Submarket, 2000 to Current



Note: The current date is August 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

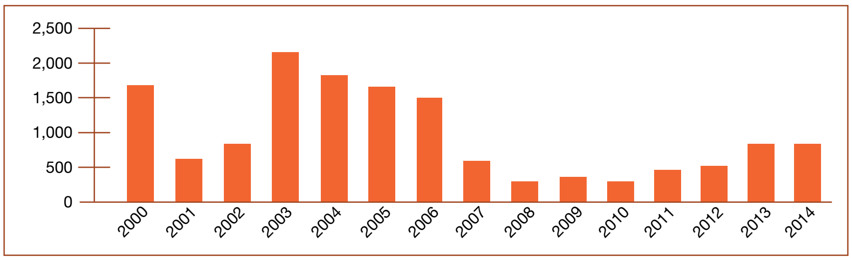
Approximately 80 percent of all apartment developments in the submarket are in the cities of Carlsbad, Oceanside, and San Marcos. Since 2008, nearly all the multifamily units constructed in the North San Diego submarket have been apartments compared with approximately 80 percent of units built from 2000 through 2007. Multifamily construction activity began to slow considerably during 2007 because of tighter lending standards. From 2007 through 2012, an average of 410 multifamily units were permitted annually compared with an average of 1,775 multifamily units permitted annually from 2003 through 2006 (Figure 9). Multifamily development, as measured by the number of units permitted, increased by 480 units, or 72 percent, from the previous

12 months, to 1,150 units during the 12 months ending July 2014 (CB Richard Ellis; Census Bureau; local planning offices; U.S. Department of Housing and Urban Development).

La Costa Bluffs, a 24-unit luxury apartment complex in Carlsbad, was completed in 2013 and is among the newest rental properties; rents start at $2,395 for a three-bedroom unit. Developments under construction include the 370-unit Palomar Station in San Marcos, to be complete in October 2014, and the 407-unit North Melrose in Vista, to be complete in 2015. For the submarket as a whole, apartment rents for newly constructed market-rate one-, two-, and three-bedroom units start at $1,600, $1,875, and $2,300, respectively.

During the 3-year forecast period, demand is estimated for 2,350 new market-rate rental units in the North San Diego submarket (Table 1). The 1,200 units currently under construction will satisfy all the rental housing demand during the first year of the forecast period and a portion of the demand during the second year. Demand is expected to be stronger during the second and third years of the forecast period, averaging 900 units a year, because of increased net in-migration. Table 5 shows estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 9. Multifamily Units Permitted in the North San Diego Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

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

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
1,600 to 1,799	210	1,875 to 2,074	350	2,300 to 2,499	140
1,800 to 1,999	280	2,075 to 2,274	470	2,500 to 2,699	190
2,000 to 2,199	140	2,275 to 2,474	240	2,700 to 2,899	95
2,200 or more	70	2,475 or more	120	2,900 or more	45
Total	710	Total	1,175	Total	470

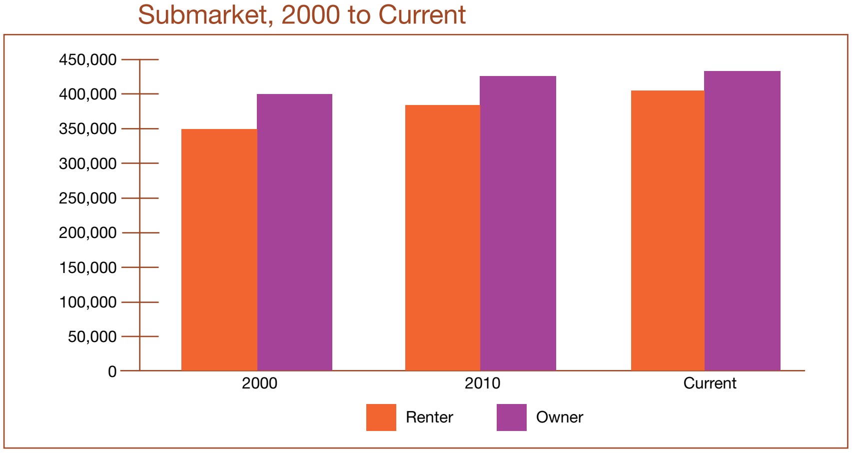
Notes: Numbers may not add to totals because of rounding. The 1,200 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2014, to August 1, 2017.
Source: Estimates by analyst

Sales Market—South San Diego Submarket

The South San Diego submarket is the employment center of the HMA and home to the city of San Diego, the second most populated city in California behind Los Angeles. Chula Vista and El Cajon are the second and third largest cities in the submarket. Downtown San Diego has undergone significant redevelopment since 2000, including the opening of Petco Park in 2004, which has supported both tourism and high-density residential development. Developable land in the city of San Diego is mainly infill, with room for larger housing communities to be placed on former quarries.

The sales housing market in the South San Diego submarket is balanced, with a current estimated vacancy rate of 1.2 percent, down from 2.0 percent in April 2010. The vacancy rate declined because of increased demand for homes in the existing sales market as the economy strengthened. Since April 2010, the sales inventory has increased by an estimated 480 units annually and the number of owner households has increased by 1,225 a year, to 430,200 (Figure 10 and Table DP-3 at the end of the report). Like the North San Diego submarket, the South San Diego submarket recorded improved sales market conditions from the weakness that occurred from 2008 through 2011. An average of 24,100 new and existing single-family homes, townhomes, and condominiums sold from 2008 through 2011, down 22 percent, or 6,975, from the average of 31,025 homes sold from 2005 through 2007 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). At the peak of the sales market during 2005, the submarket accounted for 68 percent of all sales in the San Diego HMA. The South San Diego submarket currently accounts for 70 percent of all home sales. The strong employment base in the submarket helped attract homeowners, slightly increasing the proportion of sales in the submarket. During the 12 months ending June 2014, home sales decreased 6 percent, to 27,300 homes, compared with the 29,000 homes sold during the previous 12-month period. The entire decline resulted from a loss of 51 percent, or 2,200 homes, in REO sales and a decrease of 15 percent in new home sales that offset an increase of 3 percent, or 2,000 homes, in regular resales. During the 12 months ending June 2014, the percentage of existing home sales that were REO sales was reduced to 8 from 16 percent during the previous 12-month period, but the percentage remains significantly more than the average annual rate of 3 percent of existing sales from 2005 through 2007. The South San Diego submarket accounted for 71 percent of all REO sales, or 2,125, in the HMA during the 12 months ending June 2014.

Figure 10. Number of Households by Tenure in the South San Diego Submarket, 2000 to Current



Note: The current date is August 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Despite the decline in existing sales that resulted from a reduction in REO sales, existing sales during the 12 months ending June 2014 are 18 percent more than the average of 21,950 homes sold from 2008 through 2011 and are 12 percent more than the average of 23,250 sold from 2005 through 2007. New home sales, however, remain at the lowest levels since 2005. During the 12 months ending June 2014, 1,375 new homes sold, which represents a decrease of 35 percent from 2008 through 2011 when an average of 2,100 new homes sold. From 2005 through 2007, an average of 7,800 new homes sold at the peak of the market.

The average home sales price increased 15 percent, to $538,900, during the 12 months ending June 2014 from $471,300 during the previous year and was up 22 percent from the average of $439,200 a year from 2008 through 2011. The average sales price, however, was 9 percent less than the average annual price of $593,700 from 2005 through 2007.

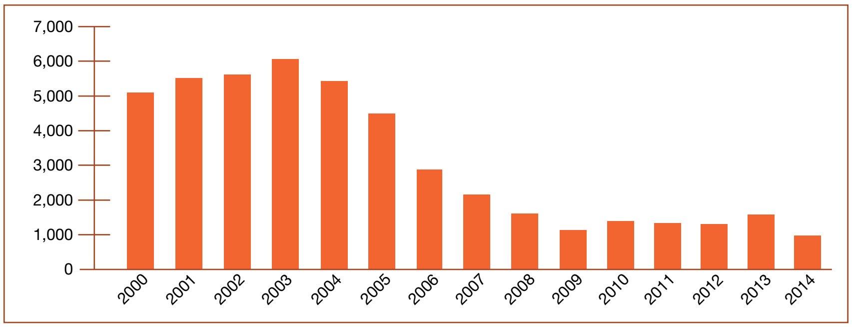
The increase in the average home sales price since 2008 resulted from an increase in both existing and new home prices. The average existing home sales price increased 14 percent, to $529,600, during the 12 months ending June 2014 and was 22 percent more than the average annual price of $432,800 that prevailed from 2008 through 2011. The existing home sales price remains 14 percent less than the average of $624,700 a year from 2005 through 2007. For new homes, the average price increased 26 percent, to $713,400, during the 12 months ending June 2014 and was 33 percent more than the average annual price of $534,400 from 2008 through 2011. The average new home price is also 36 percent more than the average of $523,400 a year from 2005 through 2007.

Condominiums have represented approximately 35 percent of all home sales in the South San Diego submarket since 2010, down from 40 percent from 2005 through 2009 (Metrostudy, A Hanley Wood Company). During the 12 months ending June 2014, condominium sales increased less than 1 percent, to 9,450 homes, from 9,400 homes during the previous 12 months, and the sales price of condominiums increased 14 percent, to $371,500, from $324,800. The number of condominium units sold was 29 percent less than the average annual level of 13,400 homes sold from 2005 through 2007. Condominium construction has accounted for 4 percent of all multifamily units permitted since 2008, or approximately 110 units a year, which is a decline from 30 percent, or approximately 1,500 units a year, from 2000 through 2007. The number of condominiums constructed does not reflect the apartments that were converted into condominiums from the early 2000s to the mid-2000s. Approximately 90 percent of condominium conversions from 2000 through 2004 in the Southern California region occurred in the San Diego HMA (San Diego Association of Governments). It is expected that new construction of condominiums will be the primary source of higher density homes for sale rather than a conversion of rental units because of a lack of available rental inventory. Recently completed condominiums include 200 homes at Origen in Sierra Mesa, with prices starting in the low $500,000s, which were completed in late 2013. Ocean Park Villas is currently under construction in the city of San Diego, with 11 units expected to be complete by late 2014. The 13-unit Atrium at The Spectrum opened in July 2014, with prices starting at $365,000. One-half of the homes at the Atrium currently have been sold.

Despite improved sales market conditions, homebuilding activity, as measured by the number of single-family homes permitted, remains at low levels. From 2000 through 2003, an average of 5,575 homes were permitted a year before declining 47 percent to an average of 2,950 homes permitted a year from 2004 through 2009. Single-family homebuilding activity has been relatively steady since 2009, averaging 1,400 homes permitted a year from 2010 through 2013 (Figure 11). During the 12 months ending July 2014, 1,925 homes were permitted, up from the 1,850 homes permitted during the previous 12-month period (preliminary data and analyst's estimates). Developments under way include the $24 million, 33-rowhome project in the Golden Hill neighborhood in the city of San Diego. The first phase includes 20 homes that are expected to be complete by the fall of 2014; the remaining 13 homes are expected to be complete by the spring of 2015. Prices have yet to be determined. Additional developments under way include Sorrento Heights in the northern part of the city of San Diego, with 22 single-family homes and prices starting at $723,000 for a three-bedroom home. Toll Brothers at Stonebridge is in the master-planned community of Stonebridge Estates, also in the northern part of the city of San Diego, in close proximity to companies involved in research and high technology. Of the planned 104 homes, 94 homes have sold and 8 sites are ready to build; prices start at $1.2 million for a four-bedroom home.

Demand is estimated for 9,075 new homes in the submarket during the next 3 years (Table 1). The 1,180 homes currently under construction will meet a portion of this demand. In addition, some of the estimated 25,000 other vacant units in the submarket may return to the sales market and satisfy a portion of the forecast demand. Demand is expected to be stronger during the second and third years of the 3-year forecast period. The diversity of the population in the submarket causes demand for new homes to be clustered into both a lower price range and a higher price range, with prices at the lower end representing condominiums. Table 6 illustrates estimated demand for new sales housing in the submarket by price range.

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



Notes: Includes townhomes. Current includes data through July 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

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

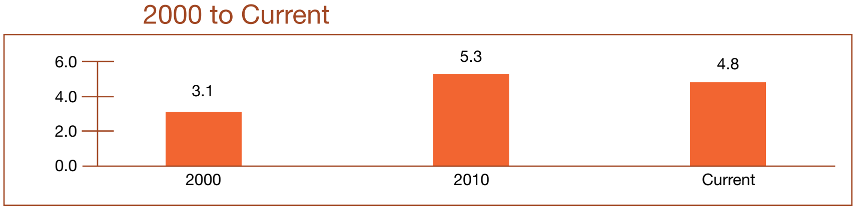
Price Range ($)		Units of Demand	Percent of Total
From	To		
365,000	494,999	1,825	20.0
495,000	624,999	1,825	20.0
625,000	754,999	1,350	15.0
755,000	884,999	910	10.0
885,000	1,014,999	910	10.0
1,015,000	and higher	2,275	25.0

Notes: The 1,180 homes currently under construction and a portion of the estimated 25,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is August 1, 2014, to August 1, 2017.
Source: Estimates by analyst

Rental Market—South San Diego Submarket

Rental housing market conditions in the South San Diego submarket are currently slightly tight. The estimated 4.8-percent vacancy rate is down from the 5.3-percent rate in 2010 (Figure 12).

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



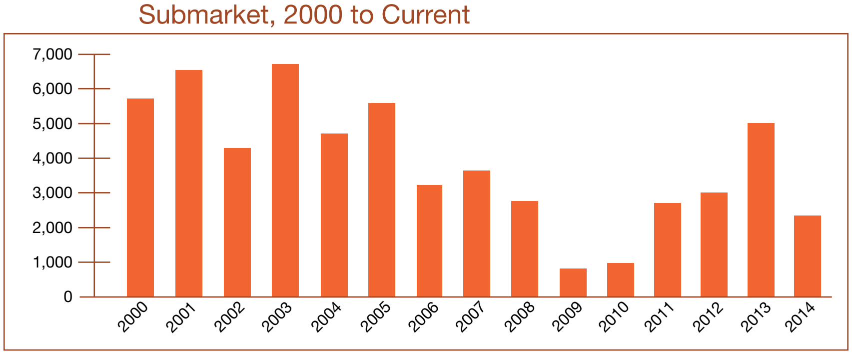
Note: The current date is August 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

The tightening of rental market conditions resulted from a decline in the number of available vacant renter housing units by an average of 310 annually compared with an increase in renter households by an average of 4,075 annually since April 2010. The market for apartments is tighter than the overall rental market in the submarket. Approximately 27 percent of single-family homes were rentals during 2000 compared with 28 percent during the 5-year period ending in December 2012 (Census Bureau). During the second quarter of 2014, the apartment vacancy rate averaged 3.2 percent compared with 3.3 percent during the second quarter of 2013 and 4.6 percent during the second quarter of 2010 (MPF Research). The average apartment rent increased by $35, or 3 percent, to $1,525 during the second quarter of 2014, and is $20, or 1 percent, more than the current average rents for the San Diego HMA as a whole. Although the apartment market is tight throughout the South San Diego submarket, the tightest segment was in the MPF Research-defined El Cajon/Santee/Lakeside area, with a vacancy rate of 2.3 percent as of the second quarter of 2014. The average effective apartment rent in the El Cajon/Santee/Lakeside area was $1,200 during the second quarter of 2014, an increase of $50, or 5 percent, from the previous year.

As rental market conditions have tightened since 2010, multifamily construction activity, as measured by the number of units permitted, has increased. The number of multifamily units permitted averaged 3,200 a year from 2006 through 2008 before declining to an average of 890 a year during 2009 and 2010 (Figure 13). The number of multifamily units permitted increased to an average of 2,825 units a year during 2011 and 2012. Approximately 4,125 multifamily units were permitted during the 12 months ending July 2014 compared with the 3,775 units permitted during the previous 12-month period (CB Richard Ellis; U.S. Census Bureau; local planning offices). Since 2008, 95 percent or more of multifamily building development each year has been for apartments compared with 70 percent from 2000 through 2007. Nearly all the market-rate apartment developments under construction are in the city of San Diego. Notable developments currently under way and expected to be complete by late 2014 include the $40 million Arvia Apartments, with 253 units. Additional developments include the $87 million Civita Apartments, with 612 units, and the $85 million Blue Sky apartments, with 480 units. Both Civita and Blue Sky will be complete during 2015. In the South San Diego submarket, rents for newly completed studio, one-bedroom, two-bedroom, and three-bedroom apartments start at $1,400, $1,600, $2,000, and $2,500, respectively.

In addition to market-rate apartments under way in the city of San Diego, the first phase of the Plaza Linda Verde, a major redevelopment project by San Diego State University, is expected to begin construction during 2015, adding 600 student dormitory beds by August 2016. Additional phases currently in planning will include student housing for up to an additional 1,000 students, or 200 and 800 beds in the second and third phases, respectively. The completion dates for both planned phases have yet to be determined, but both phases are likely to be delivered after the forecast date.

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



Notes: Excludes townhomes. Current includes data through July 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

During the 3-year forecast period, demand is estimated for 8,400 new market-rate rental units in the South San Diego submarket (Table 1). The 4,125 units currently under construction will meet a portion of this demand. Demand is expected to be stronger during the second and third years of the forecast period, increasing from 2,750 during the first year to 2,850 during the third year of the forecast period. Table 7 shows estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the South San Diego 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
1,400 to 1,599	340	1,600 to 1,799	1,500	2,000 to 2,199	1,350	2,500 to 2,699	170
1,600 to 1,799	250	1,800 to 1,999	1,125	2,200 to 2,399	1,000	2,700 to 2,899	130
1,800 to 1,999	170	2,000 to 2,199	760	2,400 to 2,599	670	2,900 to 3,099	85
2,000 or more	85	2,200 or more	380	2,600 or more	340	3,100 or more	40
Total	840	Total	3,775	Total	3,350	Total	420

Notes: Numbers may not add to totals because of rounding. The 4,125 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2014, to August 1, 2017.

Source: Estimates by analyst

Data Profiles

Table DP-1. San Diego HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	1,322,244	1,401,878	1,482,000	0.6	1.6
Unemployment rate	3.9%	10.6%	6.8%		
Nonfarm payroll jobs	1,197,600	1,236,500	1,330,000	0.3	2.1
Total population	2,813,833	3,095,313	3,207,000	1.0	0.8
Total households	994,677	1,086,865	1,119,000	0.9	0.7
Owner households	551,461	591,025	596,500	0.7	0.2
Percent owner	55.4%	54.4%	53.3%		
Renter households	443,216	495,840	522,500	1.1	1.2
Percent renter	44.6%	45.6%	46.7%		
Total housing units	1,040,149	1,165,878	1,187,000	1.1	0.4
Owner vacancy rate	1.0%	1.9%	1.2%		
Rental vacancy rate	3.1%	5.6%	4.8%		
Median Family Income	$52,500	$74,900	$75,900	3.6	0.4

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2014. Median Family Incomes are for 1999, 2009, and 2012. The current date is August 1, 2014.

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

Table DP-2. North San Diego Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	724,853	817,637	849,900	1.2	0.9
Total households	246,670	276,863	285,900	1.2	0.7
Owner households	152,195	166,152	166,300	0.9	0.0
Percent owner	61.7%	60.0%	58.2%		
Rental households	94,475	110,711	119,600	1.6	1.8
Percent renter	38.3%	40.0%	41.8%		
Total housing units	258,488	297,639	303,400	1.4	0.4
Owner vacancy rate	1.3%	1.9%	1.3%		
Rental vacancy rate	3.1%	6.4%	5.0%		

Notes: Numbers may not add to totals because of rounding. The current date is August 1, 2014.

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

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	2,088,980	2,277,676	2,357,000	0.9	0.8
Total households	748,007	810,002	833,000	0.8	0.6
Owner households	399,266	424,873	430,200	0.6	0.3
Percent owner	53.4%	52.5%	51.6%		
Rental households	348,741	385,129	402,800	1.0	1.0
Percent renter	46.6%	47.5%	48.4%		
Total housing units	781,661	868,239	883,500	1.1	0.4
Owner vacancy rate	0.9%	2.0%	1.2%		
Rental vacancy rate	3.1%	5.3%	4.8%		

Notes: Numbers may not add to totals because of rounding. The current date is August 1, 2014.

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: 8/1/2014—Analyst's estimates
Forecast period: 8/1/2014–8/1/2017—Analyst's estimates

The metropolitan statistical area definition in this report is based on 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 http://www.huduser.org/publications/pdf/CMARtables_SanDiegoCA_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.org/portal/ushmc/chma_archive.html.