



COMPREHENSIVE HOUSING MARKET ANALYSIS

Los Angeles Metropolitan Division Series Focus On: San Fernando Valley, California

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

As of March 1, 2019



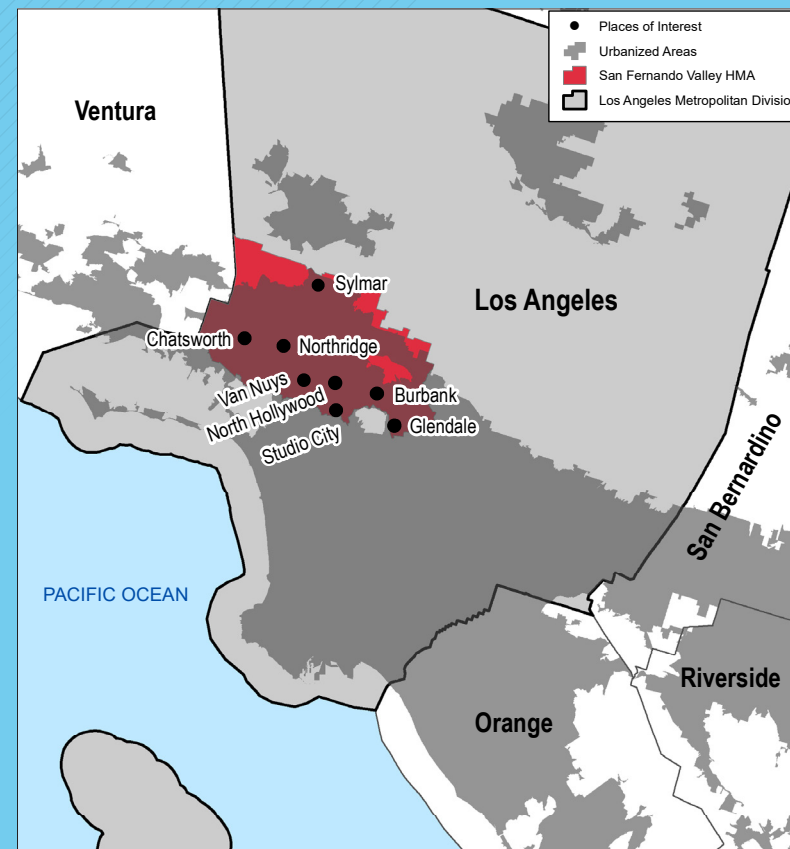
Executive Summary

Housing Market Area Description

The San Fernando Valley Housing Market Area (HMA) is part of Los Angeles County, which is coterminous with the Los Angeles-Long Beach-Glendale, CA Metropolitan Division (hereafter, Los Angeles division).

The current population is estimated at 1,861,000.

The San Fernando Valley HMA is approximately 13 miles from the Pacific Ocean in the Valley of the Transverse Ranges in southern California. Known as the “Valley of the Stars,” the HMA is a center for motion-picture production. DreamWorks Animation LLC, NBCUniversal Media, LLC, Walt Disney Studios, and Warner Bros. Studios are all in the HMA.



Tools and Resources

Find interim updates for the Los Angeles division, and select geographies nationally, at PD&R's Market-at-a-Glance [tool](#).

Additional data for the HMA and Los Angeles division can be found in this report's [supplemental tables](#). For information on HUD-supported activity in this area, see the Community Assessment Reporting [Tool](#).

Market Qualifiers

Economy



Stable: The San Fernando Valley HMA accounts for an estimated 19 percent of nonfarm payroll jobs in the Los Angeles division, where 53,000 jobs were added during the 12 months ending February 2019.

The Los Angeles division economy has expanded for more than 8 consecutive years since the Great Recession. Nonfarm payrolls in the division increased by 53,000 jobs, or 1.2 percent, to nearly 4.52 million jobs during the 12 months ending February 2019. During the 3-year forecast period, nonfarm payroll growth in the division is expected to moderate to an average of 0.8 percent a year.

Sales Market



Balanced: The average home sales price in the HMA rose 7 percent to \$778,100 during the 12 months ending February 2019.

The sales housing market in the San Fernando Valley HMA is balanced, with an estimated 1.1-percent vacancy rate, down from 1.7 percent in 2010. During the next 3 years, demand is estimated for 2,825 new units, accounting for nearly 17 percent of the total estimated demand in the Los Angeles division. Demand is expected to increase slightly in the second and third years of the forecast period because of greater net in-migration. The 450 units under construction in the HMA will satisfy some of the forecast demand.

Rental Market



Slightly Tight: Household growth in the San Fernando Valley HMA since 2010 was entirely attributed to an increase in the number of renter households, contributing to the tightening of rental market conditions.

Rental housing market conditions in the HMA are slightly tight, and the vacancy rate is estimated at 4.5 percent, down from 6.1 percent in 2010 when conditions were soft. An increase in renter households since 2010 contributed to the absorption of excess vacant rental units. During the forecast period, demand in the HMA is expected for 8,425 rental units, accounting for 41 percent of demand in the Los Angeles division. The 6,900 rental units currently under construction will meet most of the demand during the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
San Fernando Valley HMA	Total Demand	2,825	8,425
	Under Construction	450	6,900
Los Angeles Division	Total Demand	16,750	20,400
	Under Construction	10,100	27,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2019. The forecast period is March 1, 2019, to March 1, 2022.

Source: Estimates by the analyst



Economic Conditions

Largest Share of Los Angeles Division Jobs in the HMA: Information Sector

For more than a century, the entertainment industry has been an important economic component of the San Fernando Valley HMA and the greater Los Angeles division, contributing \$158.3 billion in annual economic impact on the southern California region (Beacon Economics).

Economic Factors in the HMA

Since the 1920s, the San Fernando Valley HMA has been a center for the entertainment industry, including motion picture and television production, sound recording, and performing arts, with jobs predominantly in the information and leisure and hospitality sectors. Nearly two-thirds of entertainment-industry jobs throughout the Los Angeles division are in motion-picture production (Beacon Economics), with most of the major studios—DreamWorks Animation LLC, NBCUniversal Media, LLC, Walt Disney Studios, and Warner Bros. Studios—located in the HMA. Walt Disney Studios, in the city of Burbank, is the largest studio in the Los Angeles division by revenue and has a total of 3,900 employees in the HMA. The studio is part of The Walt Disney Company, which is among the largest employers in the division (Table 1). Warner Bros. Studios and NBCUniversal Media, LLC, with 5,000 and 1,000 employees, respectively, are the second and third largest studios by revenue in the division. Combined, these three studios have accounted for nearly \$6.81 billion in annual revenue in 2018 (*Los Angeles Business Journal*), 8 percent of total motion-picture jobs throughout the division, and more than 4 percent of motion-picture jobs in the nation. Employment in motion pictures is part of the information sector, tied for the seventh largest sector in the division (Figure 1). Nearly 27 percent of all information sector jobs in the division are in the HMA (Table 2), a proportion

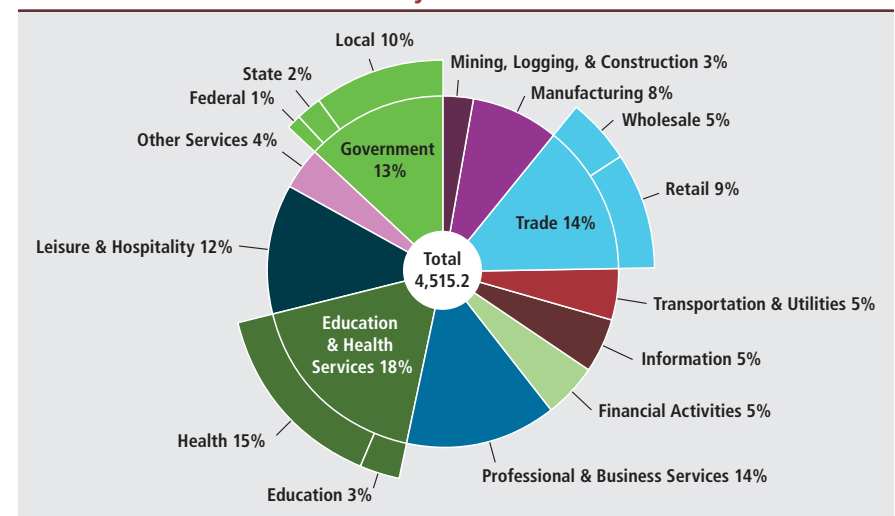
Table 1. Major Employers in the Los Angeles Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
City of Los Angeles	Government	47,000
University of California, Los Angeles	Government	46,250
Kaiser Permanente®	Education & Health Services	36,450
University of Southern California	Education & Health Services	20,150
Northrop Grumman Corporation	Manufacturing	16,600
Providence Health Systems	Education & Health Services	15,250
Target Brands Inc.	Wholesale & Retail Trade	15,000
The Kroger Company	Wholesale & Retail Trade	14,950
The Boeing Company	Manufacturing	13,300
The Walt Disney Company	Information	13,000

Note: Excludes local school districts.

Sources: *Los Angeles Business Journal Book of Lists*, 2017–2018; Los Angeles City Controller, 2018; Moody's Analytics, 2019; State of California Employment Development Department

Figure 1. Current Nonfarm Payroll Jobs in the Los Angeles Division, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics

Table 2. Current Estimated Share of Los Angeles Division Jobs in the San Fernando Valley HMA, by Sector

Information	26.8%
Financial Activities	22.3%
Mining, Logging, & Construction	21.8%
Other Services	21.2%
Professional & Business Services	20.8%
Education and Health Services	19.4%
Total Nonfarm Payrolls	19.2%
Leisure & Hospitality	18.8%
Wholesale & Retail Trade	17.9%
Manufacturing	15.6%
Government	15.3%
Transportation & Utilities	13.8%

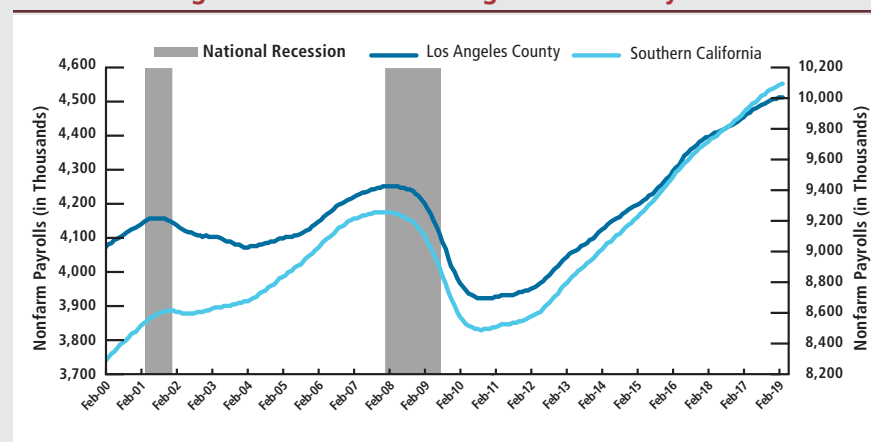
Sources: U.S. Bureau of Labor Statistics, U.S. Census Bureau; estimates by the analyst

that has been essentially unchanged since 2000. In addition to the information sector, entertainment-industry jobs are also part of the leisure and hospitality sector, including audio-visual consultants and freelance artists, writers, and performers. Collectively, these jobs account for 10 percent of division employment in the leisure and hospitality sector. Currently, the leisure and hospitality sector is the fourth largest sector in the division, with the HMA accounting for nearly 19 percent of these jobs. Overall, total nonfarm payrolls in the HMA account for an estimated 19 percent of jobs in the division, up slightly from 18 percent in 2000. Approximately 19 percent of the labor force and resident workers in the division currently live in the HMA, which is also up from 18 percent each in 2000. Generally, economic trends in the San Fernando Valley HMA have been influenced by growth in the greater Los Angeles division, for which annual data are readily available.

Economic Periods of Significance in the Los Angeles Division

A General Period of Expansion: 2001 through 2007

Nonfarm payroll growth in the Los Angeles division averaged 17,000 jobs, or 0.4 percent, a year from 2001 through 2007 (Figure 2). Overall job growth during the period was limited by one contraction, from 2002 through 2003, when nonfarm payrolls declined by an average of 35,300 jobs, or 0.9 percent, a year to 4.07 million, in response to the national downturn in the technology industry. Approximately 40 percent of the net decline in payrolls resulted from layoffs at companies involved in high-tech production, in which industries lost a combined 13,500 jobs, or 7.5 percent, a year. By 2004, the economy began to strengthen, and payroll growth was up by an average of 45,000 jobs, or 1.1 percent, annually from 2004 through 2007. Approximately 89 percent of the entire net gain occurred in the education and health services, the professional

Figure 2. 12-Month Average Nonfarm Payrolls

Note: 12-month moving average.

Source: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

and business services, and the wholesale and retail trade sectors, up respectively by 19,600, 9,800, and 10,600 jobs, or 3.4, 1.7, and 1.7 percent, annually. The mining, logging, and construction sector had the largest percentage gain, up an average of 3.9 percent, or by 5,700 jobs, annually, entirely because of gains in the construction subsector. Greater residential building activity from strong sales housing market conditions during most of the period partly contributed to the gain in the subsector. Overall, job growth in the division was below the rate of growth in the southern California region and the nation, which expanded at averages of 1.1 and 0.6 percent, respectively, a year from 2001 through 2007.

The Great Recession and the Los Angeles Division: 2008 through 2010

By the end of 2007, the Great Recession began, and payrolls in the division declined by an average of 109,700 jobs, or 2.6 percent, a year from 2008 through 2010 to nearly 3.93 million. Overall, the rate of job loss in the division was slightly below the southern California region, which declined an average of 2.7 percent a year but was much more severe than in the nation, which was down an average of 1.9 percent a year. Approximately 82 percent of the net losses occurred in the manufacturing; the mining, logging, and construction; the professional and business services; and the wholesale and retail trade

sectors. A 15,500-job reduction in apparel manufacturing caused by company relocations accounted for 62 percent of the decline in the manufacturing sector. Three-fourths of the loss in the mining, logging, and construction sector resulted from reductions in the construction subsector in response to reduced housing development.

Economic Recovery and Expansion: 2011 through 2017

Following the economic contraction, nonfarm payrolls in the division expanded by an average of 74,800 jobs, or 1.8 percent, annually from 2011 through 2017 to nearly 4.45 million, which was faster than growth during the previous decade. This pace led to nonfarm payrolls in the division surpassing prerecessionary levels by the end of 2015. The rate of job growth from 2011 through 2017 in the Los Angeles division was faster than the 1.7-percent rate for the nation but was below the pace of growth in the southern California region, which was 2.3 percent a year. The education and health services, the leisure and hospitality, and the professional and business services sectors, combined, accounted for more than two-thirds of the total job gain in the division during the period. The \$500 million expansion of the Universal Studios Hollywood theme park in the HMA in 2016 added 2,000 jobs, a portion of which were in the leisure and hospitality sector, contributing to overall gains.

Current Nonfarm Payroll Trends

Since 2017, nonfarm payrolls in the division have expanded but at a slower pace compared with the 2011-through-2017 period. Payrolls were up by 53,000 jobs, or 1.2 percent, to nearly 4.52 million jobs during the 12 months ending February 2019 compared with the previous 12-month period (Table 3). Overall, growth in the division was faster than the rate of growth of the Southern California region at 1.0 percent but slower than the nation at 1.7 percent. Continued losses in the manufacturing sector and a contraction in the retail trade subsector contributed

the most to the slowdown in the division. Further contractions in the apparel manufacturing industry, down by 3,700 jobs, or 11.9 percent, led declines in manufacturing payrolls of 4,800 jobs, or 1.4 percent, during the past 12 months. The closure of Levy's led to 272 layoffs and contributed to the decrease in the industry. The retail trade subsector was down by 2,200 jobs, or 0.5 percent, resulting from the closure of several Kmart and Sears, Roebuck and Company stores, which led to more than 700 combined layoffs. Offsetting the declines were

notable gains in the education and health services, the leisure and hospitality, and the professional and business services sectors, which were up by 21,200, 7,700, and 11,100 jobs, or 2.6, 1.5, and 1.8 percent, respectively. Part of the growth in the education and health services sector was attributed to the opening of the \$700 million USC Village in the fall of 2017, where the expected 8,000 permanent jobs across a variety of industries and subsectors, also including retail trade and food services, are still being filled.

Table 3. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Los Angeles Division, by Sector

	12 Months Ending February 2018	12 Months Ending February 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	4,462.2	4,515.2	53.0	1.2%
Goods-Producing Sectors	490.4	491.9	1.5	0.3%
Mining, Logging, & Construction	142.1	148.4	6.3	4.4%
Manufacturing	348.3	343.5	-4.8	-1.4%
Service-Providing Sectors	3,971.8	4,023.3	51.4	1.3%
Wholesale & Retail Trade	648.3	647.2	-1.0	-0.2%
Transportation & Utilities	199.2	204.3	5.1	2.6%
Information	215.4	215.4	0.0	0.0%
Financial Activities	222.0	222.5	0.5	0.2%
Professional & Business Services	610.8	621.9	11.1	1.8%
Education & Health Services	805.3	826.5	21.2	2.6%
Leisure & Hospitality	527.5	535.2	7.7	1.5%
Other Services	156.5	160.3	3.8	2.4%
Government	587.0	590.0	3.0	0.5%

Notes: Based on 12-month averages through February 2018 and February 2019. Numbers may not add to totals due to rounding. Total number is in thousands.

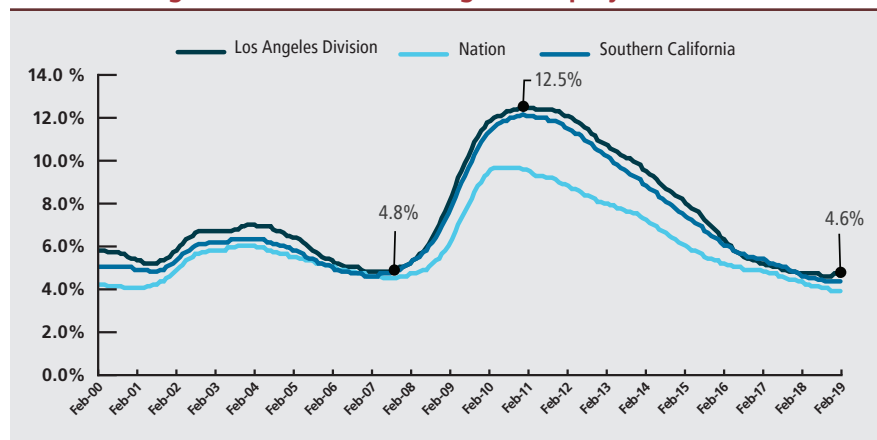
Source: U.S. Bureau of Labor Statistics

In the leisure and hospitality sector, growth was mainly supported by the accommodation and food services industry, which was up by 6,800 jobs, or 1.6 percent. A total of 12 hotels at a cost of nearly \$224 million have opened in the division since March 2018, accounting for nearly one-fourth of all hotel openings in California and adding more than 400 jobs. Two of these hotels, with a total of 160 rooms, opened in the HMA. Hotel construction had been supported by an increase in the number of visitors to the division, which peaked at 50 million visitors in 2018, while visitor spending was \$22.0 billion (Los Angeles Tourism & Convention Board). These gains in the leisure and hospitality sector were offset by an 800-job decline, or 7.2 percent, in the independent artists, writers, and performers industry. The closure of Super Deluxe, LLC and Madhouse Entertainment, LLC led to a combined 108 layoffs, contributing to the decrease in the industry.

In the professional and business services sector, the addition of 3,400 jobs, or 1.3 percent, in the administrative and support services industry accounted for 30 percent of the job gain in the sector. Professional staffing agencies, including Robert Half International Inc., have added nearly 1,500 jobs throughout the division since mid-2018 in response to greater demand for professional services (State of California Employment Development Department).

Unemployment Trends

As the economy of the Los Angeles division expanded during the 12 months ending February 2019, the average unemployment rate decreased to 4.6 percent, down from 4.7 percent a year earlier and has fallen each year since reaching a high of 12.5 percent during 2010 (Figure 3). The unemployment rate in the division decreased from a year ago because of higher growth in resident employment relative to the labor force. Despite the decline, the unemployment rate in the division is currently above the 4.3-percent rate for the southern California region and the 3.9-percent rate for the nation.

Figure 3. 12-Month Average Unemployment Rate

Source: U.S. Bureau of Labor Statistics

Employment Forecast

During the 3-year forecast period, nonfarm payrolls in the division are expected to increase by an average of 37,600 jobs, or 0.8 percent, annually. Payroll gains in the education and health services and the leisure and hospitality sectors in addition to the entertainment industry are expected to contribute to overall job

growth. The University of Southern California (USC) is expected to add 1,350 of the 8,000 jobs planned in total at USC Village during the forecast period. In the leisure and hospitality sector, the completion of 16 hotels at a cost of nearly \$2.4 billion is expected to add nearly 1,000 jobs when complete by the end of the forecast. Of these hotels, one of them will be in the HMA, which will add approximately 30 jobs. Current hotel construction has resulted from anticipated growth in tourism, partly supported by the upcoming 2020 Major League Baseball All-Star Game and the 2022 Super Bowl. In the entertainment industry, Warner Bros. Entertainment Inc. is expected to acquire a neighboring studio complex and will construct two office towers in the HMA. Construction is expected to begin in the fall of 2019, with completion of the first phase expected by 2022; the number of jobs that are expected to be added is currently unknown. Offsetting some of these gains, however, are anticipated layoffs following a \$71.3 billion acquisition of 20th Century Fox by The Walt Disney Company because of job duplication. Although the total number of planned layoffs are currently unknown, the layoffs are expected to occur during the first year of the forecast. Overall, the entertainment industry in the Los Angeles division is expected to add approximately 1,750 motion-picture-related jobs a year through 2020 (Beacon Economics).

Population and Households

Current population: 1,861,000

Population growth has improved since 2012, as economic conditions supported net in-migration to the HMA for the first time since 2002.

The population of the San Fernando Valley HMA is estimated at 1.86 million as of March 1, 2019 (Table 4). Overall, the HMA accounts for approximately 18 percent of the population in the Los Angeles division, which has a current population estimated at 10.29 million. Approximately two-thirds of the city of Los Angeles is in the HMA, which is the largest city in the Los Angeles division, with 4.04 million residents as of January 2019 (California Department of Finance). The city includes the HMA neighborhoods of North Hollywood, Studio City, and Universal City. Other large cities in the HMA include Burbank and Glendale, each with more than 100,000 residents.

Table 4. San Fernando Valley HMA Population and Households Quick Facts

Population Quick Facts		2010	Current	Forecast
	Population	1,768,331	1,861,000	1,890,000
	Average Annual Change	7,025	10,350	9,800
	Percentage Change	0.4%	0.6%	0.5%
Household Quick Facts		2010	Current	Forecast
	Households	600,878	632,300	642,300
	Average Annual Change	1,500	3,525	3,325
	Percentage Change	0.3%	0.6%	0.5%

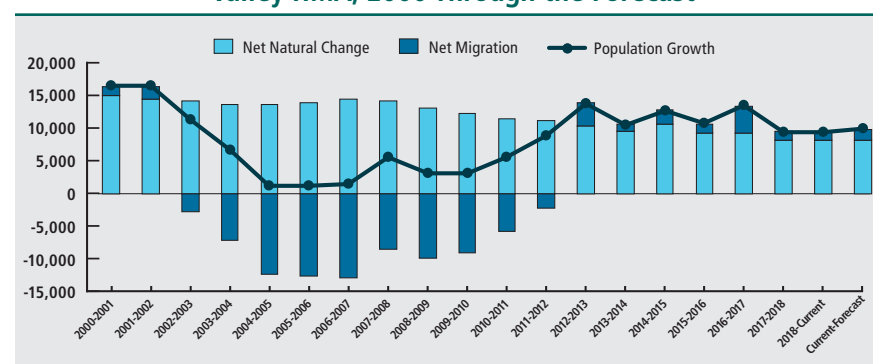
Note: Average annual changes and percentages changes are based on averages from 2000–2010, 2010 to current, and current to forecast.

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

Population and Demographic Trends

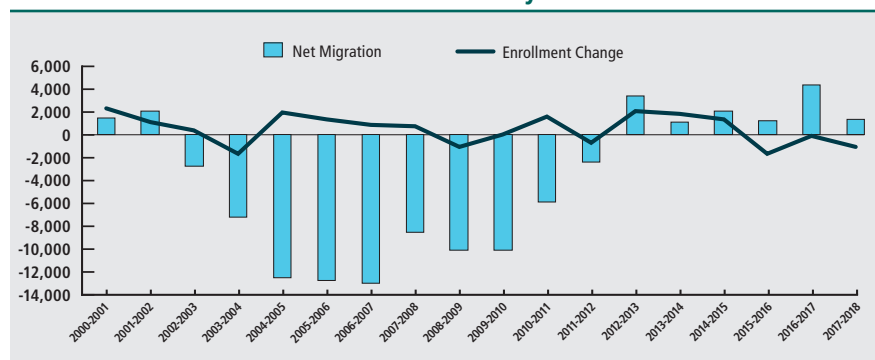
Overall population growth and trends in migration in both the San Fernando Valley HMA and the greater Los Angeles division during most of the period since 2000 have been influenced by economic conditions, mortgage lending standards, and housing prices. During the 2000s, population growth in the HMA and the division was generally supported by net natural increase because of net out-migration during most of the period, a trend that has changed in the HMA since the early 2010s because of net in-migration (Figure 4). Enrollment changes at the nine colleges and universities in the HMA, including California State University, Northridge (CSUN), only slightly affect migration (Figure 5) because students attending these schools predominately come from commuting distances within and slightly outside the HMA. Nearly all the nine schools in the HMA are commuter schools except for the largest, CSUN. Overall, approximately 18 percent of students attending CSUN since 2010 have come from outside of California; the number of students is up from an average of 16 percent during the 2000s (CSUN data). During the 2000s, an average of 5,250 students came from outside

Figure 4. Components of Population Change in the San Fernando Valley HMA, 2000 Through the Forecast



Note: Net natural change and net migration totals are average annual totals over the time period.
Sources: U.S. Census Bureau; California Department of Finance; current to forecast—estimates by the analyst

Figure 5. Student Enrollment and Net Migration Trends in the San Fernando Valley HMA



Sources: U.S. Census Bureau; California State University, Northridge

of California each year to attend CSUN, a number that has increased 32 percent to an average of 6,950 students annually since 2010 despite an overall decline in enrollment in recent years.

From 2000 to 2002, a period prior to the 2002-through-2003 economic contraction in the division, population growth in the HMA averaged 17,000 people, or 1.0 percent, a year. This was the only period during the 2000s where there was net in-migration to the HMA, which averaged 2,250 people a year. As the economy contracted, net out-migration began in the HMA, averaging 5,025 people a year from 2002 to 2004, and population growth slowed to 8,925 people, or 0.5 percent, annually. By the end of 2004, lenient mortgage-lending standards and strong economic conditions contributed to increased homebuying and a surge in residents moving away from the HMA. Residents of the HMA generally moved to northern Los Angeles County or to Riverside and San Bernardino Counties (Internal Revenue Service migration data), where new homes and neighborhoods were being developed at prices that averaged at least \$163,000 less than in the HMA. From 2004 to 2007, net out-migration surged

to an average of 12,800 people a year, leading to the average annual population growth slowing to 1,175, or 0.1 percent, the lowest rate of growth since 2000. By the end of 2007, the draw of residents away from the HMA to purchase homes elsewhere slowed slightly as housing markets in parts of the southern California region began to weaken. Net out-migration slowed from 2007 to 2010 to an average of 9,425 people annually, and population growth averaged 3,825 people, or 0.2 percent, a year.

As economic conditions began to improve by the end of 2010 and housing prices in the HMA were reduced from previously high levels, net out-migration slowed further. From 2010 to 2012, net out-migration averaged 4,475 people a year, and population growth averaged 6,875 people or 0.4 percent. Population growth would increase further since 2012, as economic conditions and the correction in home prices during the housing market collapse supported net in-migration for the first time since 2002. Net in-migration to the HMA averaged 2,200 people a year since 2012, while population growth increased to an average of 11,550 people, or 0.6 percent.

Household Trends

Net in-migration to the HMA since 2012 has contributed to greater household growth compared with the 2000s. The number of households in the HMA is currently estimated at 632,300, up an average of 3,525, or 0.6 percent, annually since 2010 compared with an average increase of 1,500, or 0.3 percent, annually, during the 2000s. The HMA currently accounts for nearly 19 percent of total households in the Los Angeles division, unchanged from 2000. The proportion of renter households in the HMA rose from 50.8 percent in 2010 to 53.5 percent currently, partly because tighter lending requirements have made homeownership more difficult. The number of renter households has increased by an average of 3,725 a year since 2010, compared with an average of 1,175 a year during the 2000s. Despite a greater number of students attending CSUN from outside of California since 2010, overall student household growth has

slowed slightly. CSUN student households have increased by an estimated 50 renter households a year since 2010, down from an average of 70 households a year during the 2000s. Student households currently account for approximately 2 percent of total renter households in the HMA, nearly unchanged from 2000.

Forecast

During the next 3 years, the population of the HMA is expected to increase by an average of 9,800, or 0.5 percent, a year, reflecting continued net in-migration, although at a slightly slower pace than in recent years. The overall slowing of growth is anticipated to mainly occur in the first year of the forecast in response to a moderation of economic growth. Net in-migration to the HMA is expected to increase during the second and third years as the economy expands at a slightly faster pace compared with the first year. The population of the HMA is estimated to reach 1.89 million by the end of the 3-year forecast period and continue to account for 18 percent of the total population of the Los Angeles division.

The number of households in the HMA is expected to grow during the forecast by an average of 3,325, or 0.5 percent, annually to 642,300, accounting for 19 percent of the total households in the Los Angeles division. Renter households are expected to increase to 53.9 percent of the total households in the HMA by the end of the forecast period and to account for nearly 19 percent of all renter households in the Los Angeles division, unchanged from the current period. The proportion of student renter households is expected to account for less than 2 percent of total renter households in the HMA during the next 3 years. The proportion is lower than since 2010 because CSUN enrollment is anticipated to slow during the next 3 years, contributing to reduced student-rental housing demand during the forecast.



Home Sales Market Conditions

Market Conditions: Balanced

Employment growth and net in-migration each year since 2012 contributed to improved sales housing market conditions compared with 2010.

Current Sales Market Conditions

The San Fernando Valley HMA sales housing market is balanced, improving every year since the sales market contraction that occurred from the end of 2007 through 2011. The estimated sales vacancy rate is currently 1.1 percent, down from 1.7 percent in 2010 (Table 5). A 63-percent reduction in the inventory of homes for sale, from a peak of 12,500 during 2008, when the market was weakest, to 4,675 during the 12 months ending February 2019 (CoreLogic, Inc.), contributed to the decline in the vacancy rate. Growth in both the number of owner households and investor purchases of homes for sale more than offset the generally lower development levels since 2010, resulting in lower inventory

Table 5. Home Sales Quick Facts in the San Fernando Valley HMA

	San Fernando Valley HMA	Los Angeles Division
Vacancy Rate	1.1%	1.1%
Months of Inventory	1.4	2.6
Total Home Sales	15,500	78,400
1-Year Change	-11.5%	-12.6%
Existing Home Sales Price	\$772,000	\$778,200
1-Year Change	6%	4%
New Home Sales Price	\$1,011,000	\$852,800
1-Year Change	18%	7%
Mortgage Delinquency Rate	0.8%	0.9%

Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending February 2019; and months of inventory and mortgage delinquency data are as of February 2019.

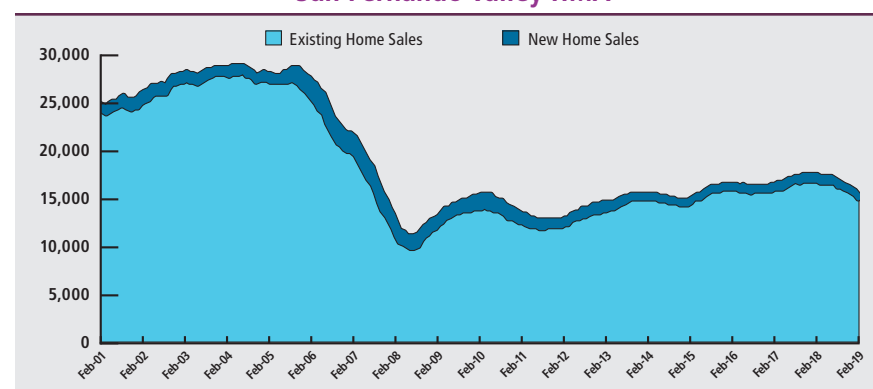
Sources: Vacancy rates—estimates by the analyst; all other data—CoreLogic, Inc.

levels. As sales market conditions improved, the months of inventory has declined to 1.4 months during February 2019, compared with a high of 2.7 months during 2008.

New and Existing Home Sales

New and existing home sales in the HMA averaged 13,700 annually during the sales market contraction from 2007 through 2011 (Figure 6). The number of homes sold was down 48 percent from an average of 26,450 homes sold annually from 2000 through 2006, which was the highest average in nearly two decades despite greater levels of net out-migration during most of the period. Lenient mortgage lending standards that allowed a larger proportion of households to purchase homes during the early to mid-2000s contributed to the higher sales levels. As lending standards tightened and the economy contracted by the end of the 2000s, home sales from 2007 through 2011 declined, and regular resales were reduced by 11,600, or 58 percent. New home sales declined from a peak of 1,850 in 2006 to 590 by the end of 2011, or 68 percent. This

Figure 6. 12-Month Sales Totals by Type in the San Fernando Valley HMA



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

reduction was offset by growth in real estate owned (REO) home sales, which rose from an average of 200 sold annually from 2000 through 2006 to an average of 4,050 sold annually from 2007 through 2011. Part of the gain in REO sales was attributed to an increasing share of investor purchases, which rose from 7 percent in 2000 to 16 percent by the end of 2011.

The sales market began to improve by 2012, partly from net in-migration and nearly 2 years of stronger economic growth. From 2012 through 2017, new and existing home sales rose to an average of 15,900. The increase was entirely supported by an average annual gain of 1,375 regular resales, or 12 percent, that offset an average annual reduction in REO sales of 590, or 35 percent, while new home sales remained relatively unchanged. Since 2017, home sales have contracted, however, as inventory levels reached a low and, during the 12 months ending February 2019, 15,500 homes were sold, down 12 percent from the previous 12 months. Regular resales accounted for 83 percent of the overall decrease, which was down by 1,675 homes, or 10 percent. Overall, since the mid-2000s, single-family homes and townhomes have accounted for nearly two-thirds of total home sales in the HMA, with condominiums accounting for the remaining one-fourth.

Delinquent Mortgages and REO Properties

The overall improvement in sales housing market conditions in the HMA since 2012 has led to a reduction in the rate of seriously delinquent mortgages and REO properties. As of February 2019, 0.8 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 1.0 percent in February 2018 and a peak of 12.0 percent in February 2010 (CoreLogic, Inc.). The current rate is below the 0.9-percent rate for the Los Angeles division and the 1.6-percent rate for the nation.

New and Existing Home Sale Prices

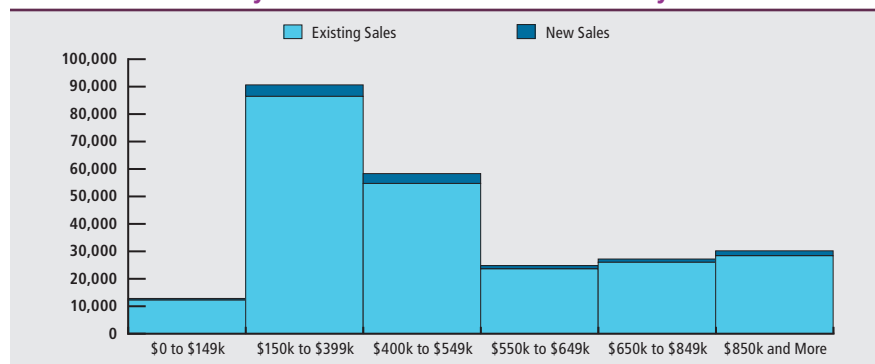
Despite the decline in home sales, home prices in the HMA continue to rise due to low inventory levels. During the 12 months ending February 2019, prices for new and existing homes rose 7 percent to \$778,100, following 6 consecutive years of price growth that averaged 13 percent annually. New home prices rose 18 percent to \$1,011,200 compared with the previous 12 months, whereas existing home prices rose 6 percent to \$772,000 during the period (Figure 7). During the housing market downturn, new home prices averaged \$470,500 from 2007 through 2011, whereas existing home prices averaged \$487,200, before increasing each year since then to surpass pre-recessionary peaks. Overall, home prices in the HMA are comparable with the Los Angeles division, which had an average sales price of \$780,500 during the 12 months ending February 2019. Homes priced from \$150,000 to \$549,000 accounted for the greatest share of total home sales in the HMA during the most recent 12-month period (Figure 8).

Figure 7. 12-Month Average Sales Price by Type of Sale in the San Fernando Valley HMA



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

Figure 8. Sales by Price Range During the 12 Months Ending February 2019 in the San Fernando Valley HMA



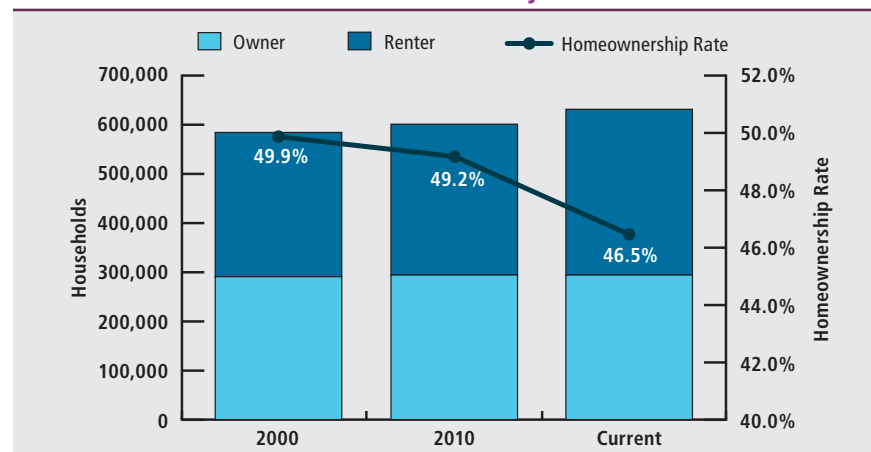
Source: Metrostudy, A Hanley Wood Company

Housing Affordability in the HMA and Los Angeles Division: Owner

The rapid increase in sales prices for more than 6 consecutive years has become a barrier to homeownership in the HMA. From 2000 to 2010, the homeownership rate in the HMA declined 0.7 percentage point (Figure 9) as a result of the national recession. Despite improved economic conditions, the homeownership rate has continued to decline 2.7 percentage points from 2010 to 2017. The decline in the HMA was much steeper than the Los Angeles division, where the homeownership rate was down 1.4 percentage points from 2010 to 2017 and 0.2 percentage point during the 2000s. Nationwide, homeownership declined 1.2 percentage points during the 2010-to-2017 period, following a 1.1-percentage-point decrease from 2000 to 2010.

The decline in the homeownership rate was partly due to reduced affordability. Overall, the affordability of buying a home in the HMA and Los Angeles division has declined since 2010, when a large number of distressed home sales entered

Figure 9. Households by Tenure and Homeownership Rate in the San Fernando Valley HMA



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

the market during the housing market downturn. The excess inventory of homes for sale has since been absorbed and low inventory levels have placed upward pressure on home sales prices. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the Los Angeles division, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 7.7 during the fourth quarter of 2018, down from 9.6 during the fourth quarter of 2017 (Figure 10). The Los Angeles division was the second least affordable area in the nation, following the San Francisco-Redwood City-South San Francisco division, which had an HOI of 6.0 during the fourth quarter of 2018. The most affordable period in the Los Angeles division was during the first quarter of 2012 when the HOI reached a high of 49.5. Since then, the index has declined each year, representing a reduction in affordability in the home sales market.

Figure 10. Los Angeles Division Housing Opportunity Index



NAHB = National Association of Home Builders.

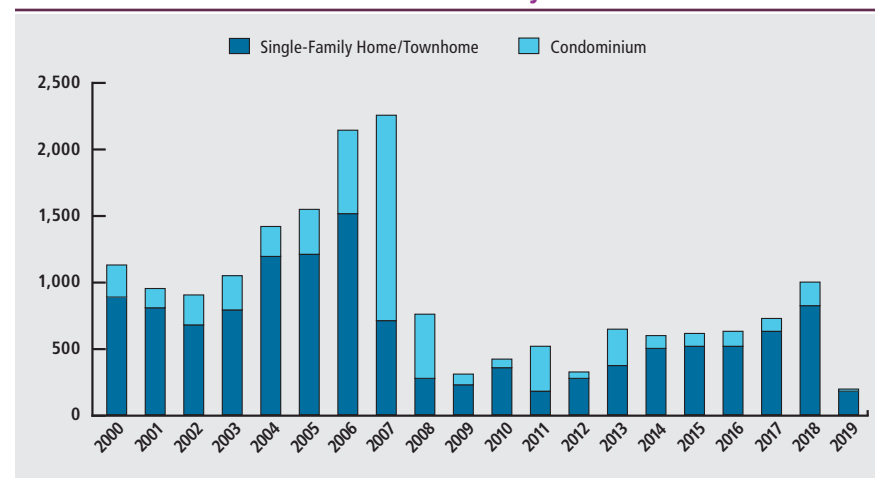
Note: A decline in the index is an indicator of reduced affordability.

Source: NAHB/Wells Fargo

Sales Construction Activity

Since 2000, home sales construction in the HMA has been concentrated in the city of Los Angeles neighborhoods, including Chatsworth, North Hollywood, Northridge, Studio City, Sylmar, and Van Nuys. Overall, home sales building activity, as measured by the number of single-family homes, townhomes, and condominium units permitted, in the HMA has accounted for only 11 percent of all home sales construction in the Los Angeles division since 2000, partly because of limitations on the amount of available land needed for lower-density construction. Approximately 70 percent of sales construction activity in the HMA since 2000 have been lower-density single-family homes or townhomes. During the early 2000s, an average of 1,000 sales units was permitted annually from 2000 through 2003 (Figure 11) before increasing each year, by a total of 1,675 units, to reach 2,250 units by 2007. The share of condominiums rose to 69 percent of all sales development in 2007, compared with an average of 22 percent from 2000 through 2006. Sales construction activity slowed notably by 2008, to 770 units, and averaged only 510 units permitted annually from 2009

Figure 11. Average Annual Sales Construction Activity in the San Fernando Valley HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data are through February 2019.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and estimates by the analyst; 2018–2019 preliminary data and estimates by the analyst

through 2016. Recently, homebuilding activity has increased, but levels are less than the peak years during the mid-2000s. During the 12 months ending February 2019, 1,050 homes were permitted, an increase of 270 homes, or 35 percent, from the 780 homes permitted during the same period a year earlier (preliminary data; estimates by the analyst).

Notable home sales developments currently under construction are concentrated in locations that have available land or convenient access to the commuter rail lines that facilitate access to jobs throughout the HMA and Los Angeles division. Canyon Oaks and Brezza in Chatsworth are planned for a combined 137 single-family homes at buildout, with 29 homes completed and 8 homes

under construction. Prices for homes in Brezza start in the low \$600,000s for three-bedroom homes, and homes at Canyon Oaks start at \$1.3 million for four-bedroom homes. Brighton in Van Nuys will have 58 single-family homes at buildout, with 7 homes completed and 12 homes under construction. Prices start in the mid-\$600,000s for a three-bedroom home. Additional developments underway include The District in Northridge, with 166 townhomes at buildout, and the second phase of Tovar West in Sylmar, among the most affordable areas in the HMA, with 125 townhomes at buildout. Prices for two-bedroom homes at The District start in the low \$500,000s, whereas prices at Tovar West will start in the low \$400,000s. Recently completed sales units include two condominium developments in Studio City. Laurel Canyon, with 32 units, and Guerin, with 16 luxury units, were both completed in late 2018. Prices for Laurel Canyon start in the mid-\$800,000s for a three-bedroom unit, whereas prices for Guerin start at \$1.0 million.

Forecast

During the next 3 years, demand is estimated for 2,825 new homes in the HMA (Table 6), accounting for 17 percent of total demand in the Los Angeles division. Demand is expected to increase slightly in the second and third years of the 3-year forecast period in response to slightly greater net in-migration. The 450 homes currently under construction will meet a portion of the demand during the first year.

Table 6. Demand for New Sales Units in the San Fernando Valley HMA

Sales Units	
Demand	2,825 Units
Under Construction	450 Units

Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Slightly tight

Rental market conditions tightened since 2010 despite a significant increase in the supply of new rental units since 2015.

Current Conditions

The rental housing market in the San Fernando Valley HMA is slightly tight. The overall rental vacancy rate currently is estimated at 4.5 percent, down from 6.1 percent in 2010 when conditions were soft (Table 7). Despite significant levels of apartment completions in recent years, the vacancy rate declined because renter household growth exceeded growth in the rental inventory, leading to the absorption of excess rental units. Some of the growth in rental inventory was attributed to an increase in single-family homes available for rent.

Table 7. Rental Market Quick Facts in the San Fernando Valley HMA

Rental Market Quick Facts		2010	Current
	Rental Vacancy Rate	6.1%	4.5%
	Occupied Rental Units by Structure		
	Single-family Attached & Detached	21%	22%
	Multifamily (2–4 Units)	8%	7%
	Multifamily (5+ Units)	71%	71%
	Other (Including Mobile Homes)	0%	1%

Notes: The current date is March 1, 2019. Totals may not add to 100 percent due to rounding.
Source: American Community Survey, 1-year data

Single-Family Home Rentals

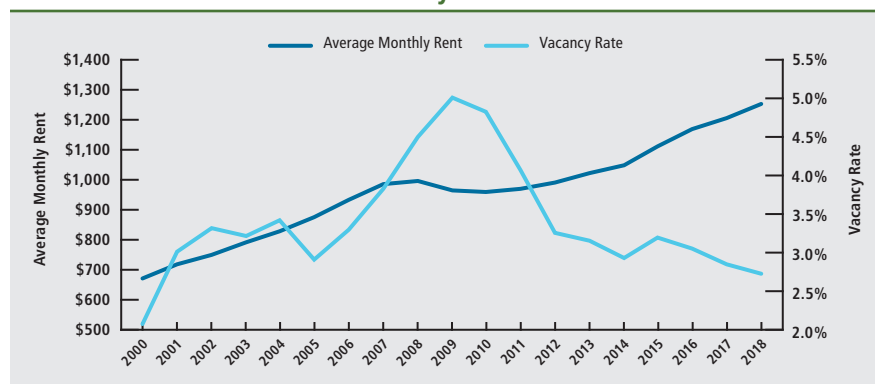
An estimated 22 percent of occupied single-family homes in the HMA were rentals in 2017, up from 21 percent in 2010, representing an increase of 7,200 rental homes during the period. Despite the increase, the rental market for

single-family homes is currently tight. Vacancy rates for professionally managed single-family rental homes during February 2019 ranged from 1.5 percent for a four-bedroom home to 1.6 percent for a one-bedroom home (CoreLogic, Inc.). Vacancy rates for one- and three-bedroom homes increased 0.1 percentage point from a year earlier, whereas all others remained unchanged. Average rents for one-bedroom homes increased the most, up 8 percent to \$2,200, whereas rents for two-, three-, and four-bedroom homes rose between 2 and 6 percent, compared with rents a year ago. The average monthly rent for two-, three-, and four-bedroom homes was \$2,800, \$3,175, and \$4,075, respectively.

Apartment Market Trends

Approximately 78 percent of all rental housing in the HMA are apartments. As of February 2019, the apartment vacancy rate for properties with 20 or more units was 2.6 percent, down from 2.9 percent a year ago and from 4.8 percent in 2010 (Reis, Inc.). Renter household growth has generally outpaced the number of apartment completions since 2010, partly in response to reduced affordability in the sales housing market, causing the apartment vacancy rate to trend downward and contributing to rising rents (Figure 12). The average apartment rent rose 3 percent in February 2019 to \$1,255, from \$1,219 a year earlier, and was up an average of 3 percent a year from 2010 through 2018. Rent growth in the HMA was highest in the Reis-defined Glendale market area, with an average rent of \$1,875, up 10 percent from a year earlier. The increase in rent was partly due to the completion of 144 luxury units and overall greater demand in the area, as indicated by reduced apartment vacancies. The vacancy rate in the Glendale market area declined the most among all areas in the HMA, from 5.1 to 3.4 percent. The Studio City market area had the second highest increase in rents, up 7 percent to \$1,982, while vacancies rose slightly from 3.0 to 3.2 percent. The Studio City market area was the only area in the HMA that had an increase in vacancy rates; however, market conditions in the area remain tight. The tightest

Figure 12. Apartment Rents and Vacancy Rates in the San Fernando Valley HMA



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

segment of the HMA was the San Fernando/Pacoima market area, which also includes the neighborhood of Sylmar. The area had a vacancy rate of 1.1 percent during February 2019, down from 1.6 percent a year earlier. The San Fernando/Pacoima market area remains the most affordable in the HMA despite the average rent increasing 4 percent to \$1,395, from \$1,341 a year ago. The second tightest market in the HMA was the Van Nuys/North Hollywood market area, with a vacancy rate of 1.7 percent, down from 2.3 percent a year ago. The area is among the tightest markets in the HMA because of proximity to jobs and the metro commuter line that connects directly with downtown Los Angeles. Rents increased 5 percent in the area, from \$1,436 to \$1,507. In the Northridge market area, where CSUN is located, the vacancy rate declined to 2.3 percent from 2.5 percent a year earlier, while the average rent was up 3 percent to \$1,669.

Student Housing

Approximately 18 percent of the 38,700 CSUN students come from outside of the state of California and require student housing (CSUN). Currently, the 3,260 student beds in residence halls, suites, and university apartments meet only a

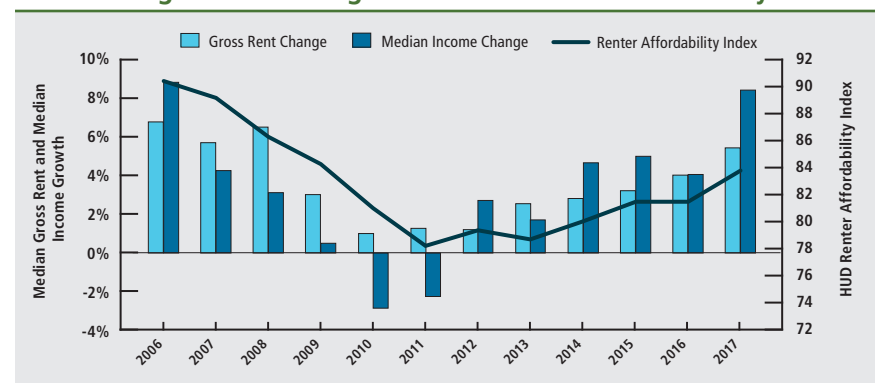
portion of student housing needs. The most recent addition to student housing inventory was 396 dormitory beds that were added in 2013. Currently, there are no plans to add new beds at CSUN; however, a 146-unit apartment complex that is adjacent to the campus is currently underway. The complex is expected to open by mid-2020 with rents that are currently undetermined.

Housing Affordability: Rental

Overall Affordability Issues

Rental housing in parts of the HMA and in the Los Angeles division is expensive, although overall affordability in the division has been moderately improving as the economy recovered from the Great Recession, with growth in median incomes greater than the increase in median gross rents. From the available data for the Los Angeles division, the median renter household income increased 29 percent, from a low of \$36,332 in 2011 to \$47,008 by 2017, whereas the median gross monthly rent rose 21 percent from \$1,161 to \$1,402 (Figure 13). As a result, the HUD Rental Affordability Index, a measure of median renter

Figure 13. Los Angeles Division Rental Affordability



Note: Median gross rent includes single-family homes, condominiums, apartments, and mobile homes for rent.

Source: American Community Survey, 1-year data

household income relative to qualifying income for the median-priced rental unit, has increased. The index was 83.8 during 2017, up from 81.5 in 2016 and 78.2 in 2011. The index, however, remained below the 90.4 reached in 2006, prior to the housing market decline and subsequent recession.

Renter Cost Burdens

Despite the overall improvement in rental affordability in the Los Angeles division, an estimated 24.6 percent of all renter households in parts of the HMA—including the cities of Agoura Hills, Burbank, Glendale, Hidden Hills, San Fernando Valley, and Westlake Village—were cost-burdened during the 2011-through-2015 period, slightly below the rate for the Los Angeles division (Table 8). These households were spending between 30 and 49 percent of their income on rent, whereas a greater proportion, 34.0 percent, in the HMA were severely cost-burdened, spending more than 50 percent of income toward rent. The proportion of severely cost-burdened renter households in the HMA was higher than 30.1 percent in the Los Angeles division. Nationwide, a lower proportion of renter households were cost-burdened and severely cost-burdened compared with parts of the HMA and the Los Angeles division, at 22.0 and 23.8 percent, respectively. Severe cost burdens were a greater proportion for lower-income renter households, or those with incomes less than 50 percent of the Area Median Family Income (AMFI). Approximately 69.3 percent of renter households in parts of the HMA with incomes less than 50 percent of the AMFI were paying more than 50 percent of their incomes toward rent, compared with 57.4 percent in the Los Angeles division and 50.2 percent nationwide.

Homelessness

Approximately 14 percent of the nearly 52,800 homeless people throughout the Los Angeles division in 2018 were residing in the HMA (Point-in-Time Count, Los Angeles Homeless Services Authority). Of the number of people that were homeless in the division, nearly three-fourths were unsheltered, a higher proportion compared with approximately 69 percent in California and 35 percent throughout the nation, Puerto Rico, and the United States territories.

Table 8. Percentage of Cost-Burdened Renter Households by Income, 2011–2015

Cost Burdened: 30–49 Percent of Income Towards Rent		Portion of the HMA	Los Angeles Division	Nation
	Renter Households with Income <50% AMFI	24.0	25.6	25.7
	Total Renter Households	24.6	24.8	22.0

Severely Cost Burdened: More than 50 Percent of Income Towards Rent		Portion of the HMA	Los Angeles Division	Nation
	Renter Households with Income <50% AMFI	69.3	57.4	50.2
	Total Renter Households	34.0	30.1	23.8

AMFI = Area Median Family Income.

Note: Includes available data for the cities of Agoura Hills, Burbank, Glendale, Hidden Hills, San Fernando Valley, and Westlake Village.

Source: Consolidated Planning/CHAS Data, 2011–2015; American Community Survey, 5-year estimates (huduser.gov)

Policy Initiatives

Several local and statewide policy initiatives are underway to address the affordability issues and homelessness in the HMA, and cities within the HMA have pledged to add housing to address these issues. In late 2018, the city of Glendale adopted an inclusionary housing zoning ordinance, which will require 15 percent of rental developments with five or more units to be reserved for low- to moderate-income households or pay an in-lieu-of fee that will go toward the future development of affordable housing. The city intends to facilitate the production of affordable housing serving a range of income groups through the investment of federal HOME and Low Moderate Income Housing Asset funds that are directly available to the city, and other leveraged and competitive funding sources. It is anticipated that approximately \$1.4 million a year will be available from these sources. Additionally, the city of Burbank plans to create 2,684 new affordable housing units through 2021 by using sources of affordable housing funding, encouraging the development of affordable units, and identifying surplus land for affordable housing. In the city of Los Angeles, a portion of which is in the HMA, more than \$800 million in public funds under

Proposition HHH, a \$1.2 billion bond measure approved in late 2016, was allocated to the development of housing to combat homelessness. Currently, there are five developments that are using \$61.1 million of these funds that will add a combined total of 460 units in the Central Los Angeles area of the division, located outside of the HMA. Completion of the five developments is expected between 2020 and 2021. Statewide, a 15-bill comprehensive housing package that includes funding sources, tools, and regulatory measures to increase statewide production of housing units, was signed into law in September 2017. Some of the measures include reaffirming inclusionary zoning practices to require a certain percentage of new construction be targeted toward lower-income households and streamlining zoning guidelines to allow developments to move forward in a timely manner.

Current Affordable Housing Options: LIHTC, PBRA, HVC

Low-Income Housing Tax Credit (LIHTC) is the primary source of funding for new affordable rental housing in the nation. Since 2010, 2,600 LIHTC units, or an average of approximately 290 units annually, have been placed in service in the HMA, accounting for 19 percent of all units placed in the Los Angeles division. From 2000 through 2009, nearly 3,300 LIHTC units were placed in service in the HMA, or an average of approximately 330 units annually, accounting for only 11 percent of all units placed in the Los Angeles division. More than one-half of all LIHTC units placed in service in the HMA since 2010 have been in the city of Glendale and neighborhoods of North Hollywood and Van Nuys. Recently completed developments include the 24-unit Sequoia Apartments, which was placed in service in 2014.

In addition to LIHTC, income-eligible residents may qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCVs) through the local public housing authority (PHA). The PHAs in the HMA administered more than 11,752 HCVs in 2018 (Table 9). The waitlist for HCVs in the city of Los Angeles is closed indefinitely, with a waiting time of up to 4 years for those on the list.

In the cities of Burbank and Glendale, the waiting lists for HCVs are also closed, with 3,300 people waiting an average of 6 to 10 years. There are nearly 21,450 units subsidized through project-based rental assistance and other programs in the HMA (Table 9). The number of households that have an HCV in the HMA has increased 37 percent, or an average of 4.6 percent annually, since 2010. The increase in assisted households occurred as an inflation-adjusted rent subsidy from HUD increased 22.1 percent since 2010; during the same time, the inflation-adjusted increase in tenant contribution for HCVs went up 7.1 percent. By comparison, the total number of voucher households in the Los Angeles division and the nation expanded a total of 0.1 and 11.6 percent, respectively, since 2010, whereas the inflation-adjusted HUD subsidy declined 6.5 and 1.4 percent, respectively. The inflation-adjusted tenant contribution declined 4.3 percent in the division, but it had increased 1.2 percent in the nation.

Table 9. Picture of Subsidized Households, 2018

	San Fernando Valley HMA	HMA Change Since 2010	Los Angeles Division	Division Change Since 2010	National Total	National Change Since 2010
Total Assisted Households (2018)	19,620	NA	135,191	0.3%	4,628,247	4.5%
Total Housing Voucher Households (2018)	11,752	37.0%	83,497	0.1%	2,276,722	11.6%
Average HCV Tenant Monthly Contribution	\$498	7.1%	\$452	-4.3%	\$379	1.2%
Average Monthly HUD Subsidy	\$1,241	22.1%	\$1,038	-6.5%	\$793	-1.4%

NA = data not available.

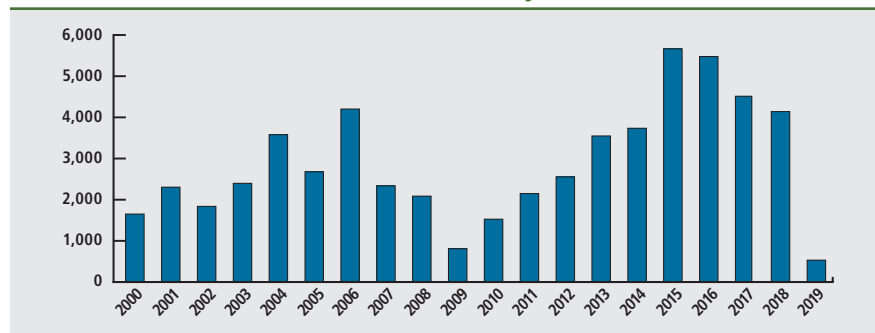
Notes: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers (CPI-U). Data for total assisted households in 2010 at the census tract level to obtain totals for the HMA are not available.

Source: Assisted Housing: National and Local (huduser.gov)

Rental Construction Activity

Since 2000, the HMA has accounted for approximately 29 percent of all rental construction activity, as measured by the number of rental units permitted, in the Los Angeles division. Rental permitting activity has recently surpassed higher levels of development that prevailed during most of the 2000s (Figure 14). From 2001 through 2006, permitting increased by an average of 420 units, or 17 percent, a year to reach a peak of 4,200 units by 2006 before declining an average of 1,125 units, or 42 percent, a year from 2007 through 2009. As economic conditions began to improve along with greater renter household growth, the number of rental units permitted began to increase by 2010. Rental permits were up by an average of 810 units, or 38 percent, a year from 2010 through 2015, reaching a peak of 5,675 units by 2015. Permitting began to slow in 2016 despite a tightening of apartment market conditions. A total of 5,475 units were permitted in 2016 before slowing further by 970 units, or 18 percent, to 4,500 units in 2017. Although less than 2015, construction levels during 2016 and 2017 were generally higher than during most of the 2000s. During the 12 months ending February 2019, nearly 4,000 units were permitted in the HMA, compared with 4,450 units permitted during the previous year (U.S. Census Bureau and estimates by the analyst).

Figure 14. Average Annual Rental Construction Activity in the San Fernando Valley HMA



Notes: Includes apartments. Data are through February 2019.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and estimates by the analyst; 2018–2019 preliminary data and estimates by the analyst

Market-rate apartments that were completed since March 2018 or are currently under construction in the HMA total nearly 8,100 units and are concentrated in North Hollywood and Glendale, which account for a combined total of nearly 3,025 units. The city of Burbank and neighborhoods of Chatsworth, Studio City, and Northridge account for another 2,325 units. Recently completed developments include the 144-unit Next on Lex in Glendale that opened in mid-2018. Rents for studio and one-bedroom units start at \$2,100 and \$2,225, respectively. NoHo 5000, with 84 units in North Hollywood, also opened in mid-2018, with rents for studio, one-, and two-bedroom units starting at \$1,850, \$2,350, and \$3,075, respectively. Developments under construction include NoHo West, with 742 units in North Hollywood, 24 in Chatsworth, with 392 units, and the second phase of Avalon in Studio City, with 276 units, which are all expected to be completed later in 2019. Rents at these properties have yet to be announced. Overall, rents for newly completed market-rate units in the HMA start at \$1,600, \$2,050, \$2,400, and \$3,400 for studio, one-, two-, and three-bedroom units, respectively.

Forecast

During the forecast period, demand is estimated for 8,425 new rental units in the HMA (Table 10), accounting for 41 percent of demand in the Los Angeles division. Demand is expected to increase slightly in the second and the third year of the forecast, from increased net in-migration. The 6,900 units currently under construction in the HMA represents 26 percent of all rental units underway in the division. The number of units under construction will satisfy all the demand through the second year and a portion of demand during the third year of the forecast period.

Table 10. Demand for New Rental Units in the San Fernando Valley HMA During the Forecast Period

Rental Units	
Demand	8,425 Units
Under Construction	6,900 Units

Note: The forecast period is March 1, 2019, to March 1, 2022.

Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Cost Burdened	Spending more than 30 percent of household income on housing costs.
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.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Forecast Period	3/1/2019–3/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Increase	This increase is growth resulting from net natural change, resident births minus resident deaths, when the number of births is greater than the number of deaths.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term, therefore, includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the U.S. Census Bureau.
Regular Resales	These are existing home sales that exclude distressed home sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family homes, multifamily homes, and mobile homes.
Residential Building Permits	Residential building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some residential units may be constructed with a different type of building permit. For example, some units might be classified as commercial structures and would not be reflected in the residential building permits. The building permits in this report includes an estimate of this additional construction activity.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.
Southern California Region	A 10-county area that stretches from San Luis Obispo to the Mexican border and includes: Imperial; Kern; Los Angeles; Orange; Riverside; San Bernardino; San Diego; San Luis Obispo; Santa Barbara; and Ventura Counties.

B. Notes on Geography

1.	The metropolitan division definition noted 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.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.
Cover Photo	iStock Photography



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