

COMPREHENSIVE HOUSING MARKET ANALYSIS

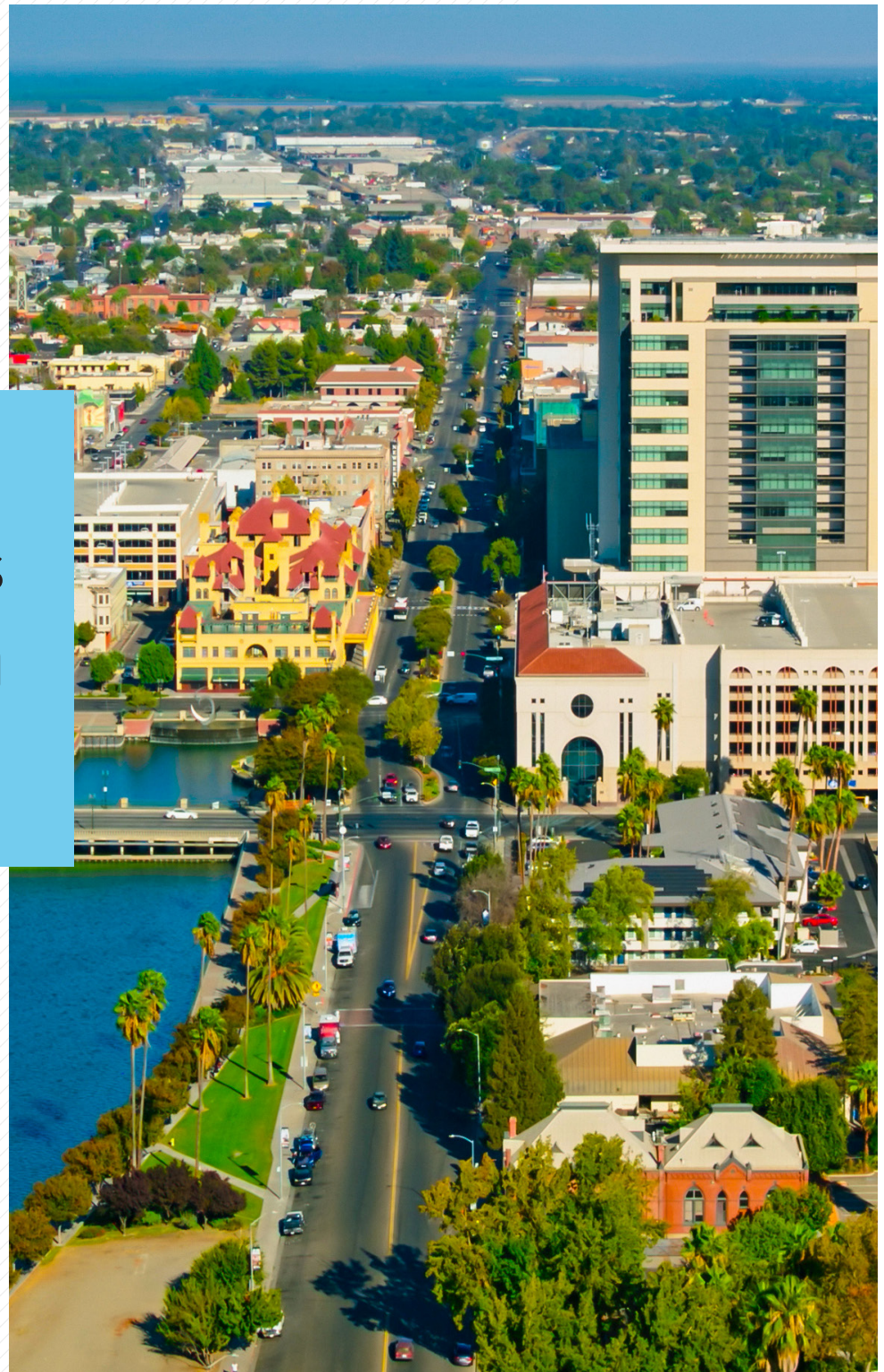
Stockton-Lodi, California

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

As of August 1, 2024



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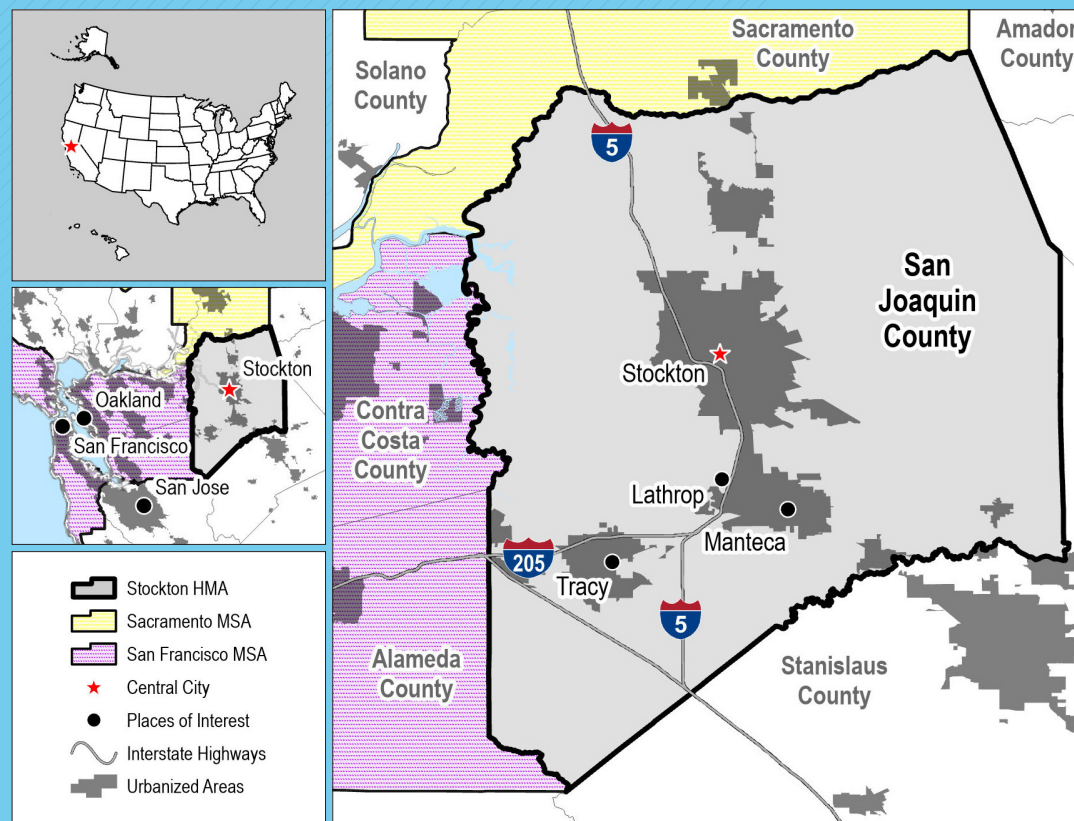
Executive Summary

Housing Market Area Description

The Stockton-Lodi Housing Market Area (hereafter, Stockton HMA) is coterminous with the Stockton-Lodi, CA Metropolitan Statistical Area and is defined as San Joaquin County. The central city of Stockton, approximately 40 miles south of Sacramento and 70 miles east of San Francisco, is in the northern part of California's Central Valley.

The current population of the HMA is estimated at 807,900.

The HMA has the second highest concentration of transportation and warehouse industry jobs out of all metropolitan areas in the United States as of 2020 (Bureau of Economic Analysis). The HMA has extensive transportation infrastructure that is used both for commercial purposes and by residents to commute to neighboring metropolitan areas.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: Relatively strong job growth in the Stockton HMA during the past 3 years boosted payrolls during the 12 months ending July 2024 to 14.6 percent above the level during the corresponding period before the COVID-19 pandemic, compared with 5.0 percent nationally.

During the 12 months ending July 2024, total nonfarm payrolls averaged 280,000 jobs, up by 6,900, or 2.5 percent, from the 12 months ending July 2023. During the past 12 months, 7 of the 11 nonfarm payroll sectors contributed to job growth, led by a gain of 3,500 jobs, or 8.6 percent, in the education and health services sector. The unemployment rate during the 12 months ending July 2024 averaged 6.6 percent, up from 5.7 percent a year earlier. During the next 3 years, job growth is expected to moderate to 2.0 percent annually.

Sales Market



Slightly Tight but Easing: The HMA had a 3.1-month supply of homes for sale during July 2024, up from a 1.7-month supply during July 2023, when market conditions were tight (CoreLogic, Inc.).

The sales vacancy rate in the HMA is estimated at 1.2 percent as of August 1, 2024, up slightly from 1.1 percent in April 2020. New and existing home sales prices increased 3 percent to an average of \$600,400 during the 12 months ending July 2024, following a 1-percent decrease during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). Partially because of high home prices, the number of home sales fell 5 percent to 8,275 homes sold during the 12 months ending July 2024 after falling 33 percent the previous 12 months because of high interest rates. During the next 3 years, demand is expected for 10,100 new homes. The 1,225 homes under construction are expected to meet a portion of that demand during the first year of the 3-year forecast period.

Rental Market



Balanced: Apartment rents increased 2 percent as of the second quarter of 2024, up from less than 1-percent growth a year earlier, when market conditions were softer.

The overall rental market in the HMA has an estimated vacancy rate of 4.1 percent, up from 3.6 percent in April 2020. The apartment market is also balanced, with an apartment vacancy rate of 4.9 percent during the second quarter of 2024, relatively unchanged from the previous year (CoStar Group). Apartment rent growth was rapid from 2020 through 2022, averaging 7 percent annually before slowing in 2023 and 2024. During the forecast period, demand is estimated for 1,575 new apartment units. Currently, only 5 units are under construction.

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3-Year Housing Demand Forecast			
Stockton HMA		Sales Units	Rental Units
	Total Demand	10,100	1,575
	Under Construction	1,225	5

Notes: 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, 2024. The forecast period is August 1, 2024, to August 1, 2027.
Source: Estimates by the analyst



Economic Conditions

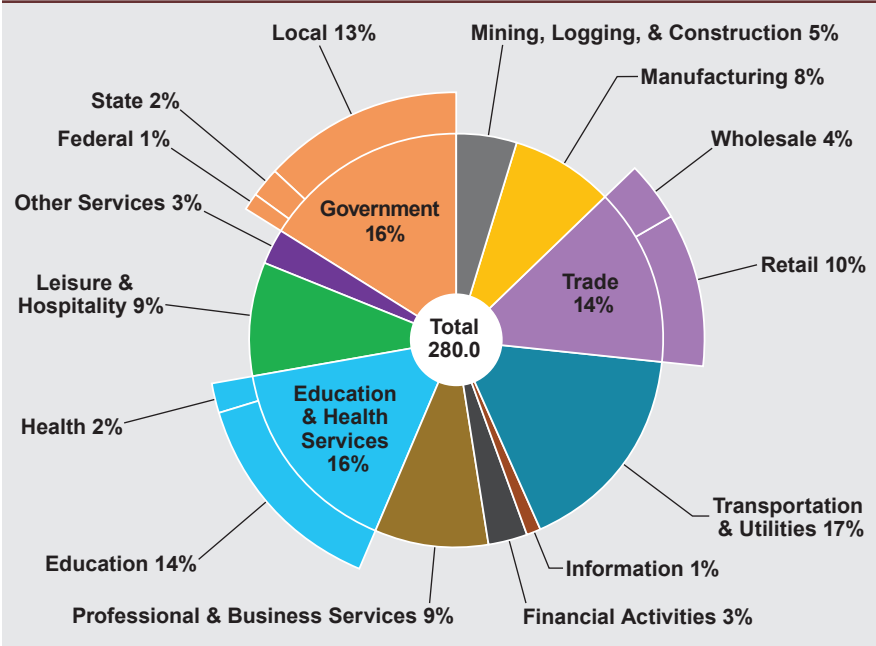
Largest Sector: Transportation and Utilities

The transportation and utilities sector in the Stockton HMA added the most jobs of any nonfarm payroll sector from 2011 through 2019, increasing by an average of 1,900 jobs, or 9.5 percent, annually.

Primary Local Factors

The transportation and utilities sector is the largest employment sector in the HMA, accounting for 17 percent of total nonfarm payrolls compared with 4 percent nationally (Figure 1). The HMA has a well-developed transportation infrastructure system, including major interstate highways, airports, deep water

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



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

ports far inland, and transcontinental rail, providing connections to large population centers in the Bay Area and the city of Sacramento. The relatively low costs for labor and land in the HMA supported extensive warehouse and distribution facility construction during the mid-2010s for the e-commerce market, allowing major retailers to meet rising demand for online orders. The proximity to large population centers and lower transport and storage costs contributed to the high share of jobs in this sector. The sector has been the fastest growing employment sector since 2020, with an average annual increase of 3,300 jobs, or 8.9 percent. Amazon.com, Inc. (hereafter, Amazon) is the largest employer in the HMA, with more than 13,000 employees at 11 distribution facilities, representing a \$9 billion investment in the HMA since 2013 (Table 1). Other transportation and logistics businesses with a major presence in the HMA include FedEx Corporation, United Parcel Service, Inc., and medical supply company Medline Industries, LP.

The HMA is also at the northern end of the San Joaquin Valley, one of the most productive agricultural regions in the United States (San Joaquin County). The HMA is home to nearly 3,000 farms and had an average of 17,225 jobs related to agriculture during the 3 months ending July 2024, accounting for 6 percent of all jobs in the HMA (California Employment Development Department). During 2023, total agricultural output in the HMA was approximately \$3.2 billion, down

Table 1. Major Employers in the Stockton HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Amazon.com, Inc.	Transportation & Utilities	13,600
San Joaquin County	Government	6,000
State of California	Government	5,710
St. Joseph's Medical Center	Education & Health Services	3,200
City of Stockton	Government	2,125
San Joaquin General Hospital	Education & Health Services	1,775
Safeway, Inc.	Wholesale & Retail Trade	1,650
Pacific Gas & Electric Company	Transportation & Utilities	1,550
United Parcel Service, Inc.	Transportation & Utilities	1,550
University of the Pacific	Education & Health Services	1,325

Note: Excludes local school districts. Source: CentralCalifornia.org



nearly 1 percent from the previous year (2023 *San Joaquin County Crop Report*). Milk accounted for the greatest revenue, with production valued at \$621.4 million. Although agriculture is a significant part of the local economy, covered employment in the farm sector has declined since 2015, and jobs in the service-providing sectors account for most of the payroll growth in the HMA.

Current Conditions— Nonfarm Payrolls

The economy of the HMA is currently strong after recovering quickly following the COVID-19 pandemic-related recession of 2020. Total nonfarm payrolls in the HMA averaged 280,000 jobs during the 12 months ending July 2024, up by 6,900, or 2.5 percent, from the preceding 12-month period (Table 2), when payrolls increased by 5,600 jobs, or 2.1 percent. Nonfarm payrolls are currently 14.6 percent higher than during the corresponding period in 2019 (Figure 2). By comparison, national nonfarm payrolls increased only 1.5 percent during the 12 months ending July 2024 and are 5.0 percent higher than during the 12 months ending July 2019.

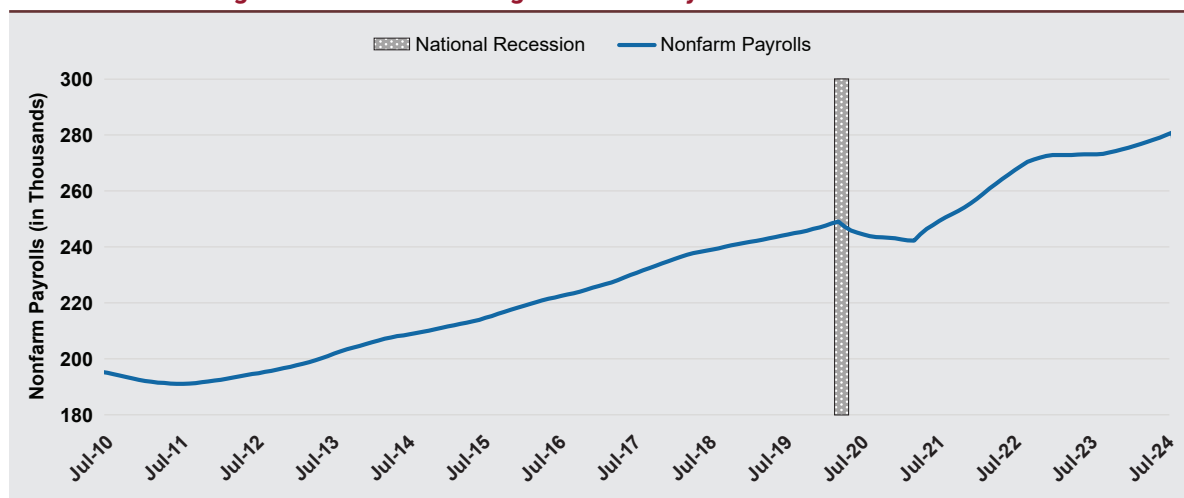
During the past 12 months, 7 of the 11 nonfarm payroll sectors contributed to job growth, led by a gain of 3,500 jobs, or 8.6 percent, in the education and health services sector. The HMA has been classified as a Medically Underserved Area for nearly 3 decades (Health Resources and Services Administration), particularly because

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

	12 Months Ending July 2023	12 Months Ending July 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	273.1	280.0	6.9	2.5
Goods-Producing Sectors	37.4	37.7	0.3	0.8
Mining, Logging, & Construction	14.1	14.0	-0.1	-0.7
Manufacturing	23.3	23.7	0.4	1.7
Service-Providing Sectors	235.6	242.3	6.7	2.8
Wholesale & Retail Trade	39.1	39.6	0.5	1.3
Transportation & Utilities	47.4	46.3	-1.1	-2.3
Information	1.2	1.0	-0.2	-16.7
Financial Activities	8.1	7.9	-0.2	-2.5
Professional & Business Services	23.7	24.1	0.4	1.7
Education & Health Services	40.8	44.3	3.5	8.6
Leisure & Hospitality	24.3	25.1	0.8	3.3
Other Services	8.0	8.3	0.3	3.8
Government	42.9	45.6	2.7	6.3

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

Figure 2. 12-Month Average Nonfarm Payrolls in the Stockton HMA



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

of doctor shortages and a fast-growing elderly population creating greater demand for services. Multiple policy initiatives sought to provide residents with more access to health care, leading to hospital expansions. The recent expansion at St. Joseph's Medical Center included a new 70-unit emergency department, the addition of more than 140 hospital beds, and multiple mobile medical offices.

Significant job gains were also in the government and the leisure and hospitality sectors, which rose by 2,700 and 800 jobs, or 6.3 and 3.3 percent, respectively. Almost the entire gain in the government sector was in the local government subsector, primarily because of staff additions in local public school districts. School districts in the HMA expanded by 850 employees, or 4.3 percent, during the 2023–24 school year compared with the previous year (San Joaquin County of Education). In addition, San Joaquin County increased payrolls by 110 employees, or 1.1 percent, during the past year. The leisure and hospitality sector lost 18 percent of jobs during 2020, more than any other sector. However, the sector strongly recovered as of the 12 months ending July 2024, with payroll levels 11 percent higher than levels during the corresponding period in 2019. The food services and drinking places industry was the main source of sector-level growth, accounting for 90 percent.

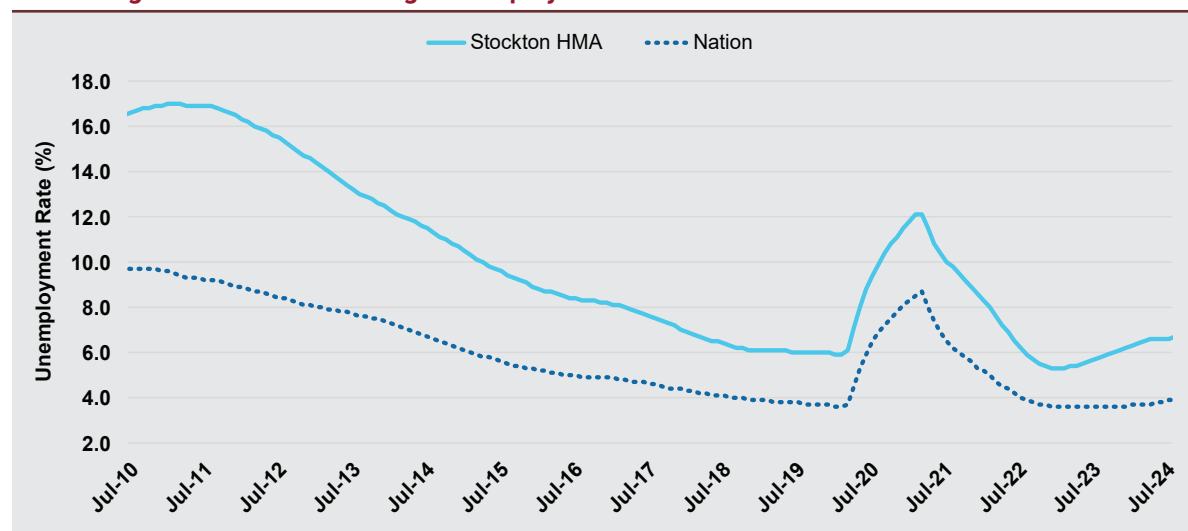
Losses in the transportation and utilities sector partially offset nonfarm payroll gains, with the sector declining by 1,100 jobs, or 2.3 percent,

during the 12 months ending July 2024. After significantly expanding during the pandemic because of elevated demand for online purchases, transportation and warehousing employment subsequently fell because logistics companies reduced their workforce levels in response to a decline in online purchasing. Amazon has reduced its workforce by 390 employees, and shipping company Yellow Corporation has ceased all operations and laid off 260 employees in the HMA. However, despite the recent reversals, payrolls in the sector are still at a higher level than every year before 2022.

Current Conditions—Unemployment

The unemployment rate in the HMA averaged 6.6 percent during the 12 months ending July 2024, up from an average of 5.7 percent during the previous 12 months, because labor force growth of 1.9 percent outpaced the 0.9-percent growth in resident employment. For context, the average annual unemployment rate in the HMA reached a recent high of 11.5 percent in 2020 after ranging from 6.0 to 8.9 percent during 2015 through 2019. The average unemployment rate in the HMA has been consistently higher than the national average rate (Figure 3), partly because of the large share of workers employed in seasonal farmwork, which often includes frequent periods of unemployment. Part of the decline in the unemployment rate since 2010 has been due to employment in the HMA shifting away from agriculture toward service-providing sectors.

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



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

Periods of Significance

2012—Economic Recovery

Following a decline from 2008 through 2011 resulting from the Great Recession, the HMA economy began to recover in 2012. During 2012, nonfarm payrolls rose by 4,900 jobs, or 2.5 percent, annually. The transportation and utilities and the wholesale and retail trade sectors were among the largest sources of growth, expanding by 1,300 and 1,200 jobs, or 8.8 and 3.5 percent, respectively. Losses in the government sector partly offset these gains, declining by 400 jobs, or 1.1 percent. The losses were most severe in the local government subsector, which made up one-half of the sector losses. The city of Stockton filed for bankruptcy in 2012 and had been reducing staff since 2009.

2013 Through 2019—Economic Expansion

Investments from Amazon and other logistics businesses in warehouses and distribution centers contributed to much of the job growth in the rest of the 2010s. From 2013 through 2019, nonfarm payrolls rose by an average of 7,100 jobs, or 3.3 percent, annually. Among the 11 payroll sectors, the transportation and utilities and the mining, logging, and construction sectors had the fastest job growth in percentage terms, growing by 2,200 and 800 jobs, or 10.1 and 8.0 percent, respectively. Amazon opened its first distribution facility in the city of Tracy in 2013, creating 1,000 jobs in the HMA. Within a year, Amazon opened two more facilities that each hired an average of 1,500 employees. The resulting significant local job growth contributed to increased net in-migration and greater demand for housing. Jobs in the government sector recovered during this period, partly because of increased local tax revenue. The local government subsector accounted for 70 percent of the growth in the sector, rising by an average of 900 jobs, or 2.9 percent, annually, largely because the city of Stockton exited bankruptcy status in 2016 (San Joaquin County).

2020 Through 2022—COVID-19 Effects and Aftermath

The HMA economy contracted during 2020 because of public health measures to limit the spread of COVID-19. Nonfarm payrolls decreased by 3,900 jobs, or 1.6 percent, during 2020, with losses in all sectors except the transportation and utilities and the professional and business services sectors. The leisure and hospitality sector lost the most jobs, decreasing by 4,100 jobs, or 18.1 percent. Like most areas in the nation, pandemic-related restrictions severely affected the sector. The wholesale and retail trade and the government sectors had the next largest job losses, with declines of 2,700 and 1,900 jobs, or 7.1 and 4.2 percent, respectively. Losses in the government sector were entirely in the local government subsector, with many governments, including San Joaquin County, forced to cut staff. Public health restrictions and social distancing caused many retail establishments to close.

In contrast, the transportation and utilities sector had the highest single-year payroll gain ever, with an increase of 7,500 jobs, or 24 percent. During the pandemic, people quarantined in their homes created higher demand for deliveries, and companies such as Amazon expanded during this period.

The HMA economy quickly recovered by 2021 and began to expand. From 2021 through 2022, nonfarm payrolls increased by an average of 14,700 jobs, or 5.9 percent, annually. The government sector was the only nonfarm payroll sector to contract, with an average annual decrease of 200 jobs, or 0.5 percent. Job growth was highest in the transportation and utilities and the leisure and hospitality sectors, with increases of 4,700 and 2,900 jobs, or 11.3 and 14.6 percent, respectively. Amazon opened a new distribution center in the city of Stockton in 2021, creating 2,000 jobs.

Forecast

During the 3-year forecast period, nonfarm payroll growth is expected to moderate to an average annual rate of 2.0 percent, slowing from the strong pace of job growth during the recent periods of economic recovery and expansion. The transportation and utilities sector will continue to be a

source of job growth in the HMA but is expected to slow. Walmart announced plans to open a fulfillment center in 2026 that is expected to employ at least 1,000 people. In addition, an expansion of the San Joaquin General Hospital includes a new campus under construction that will create jobs in the education and health services sector.



Population and Households

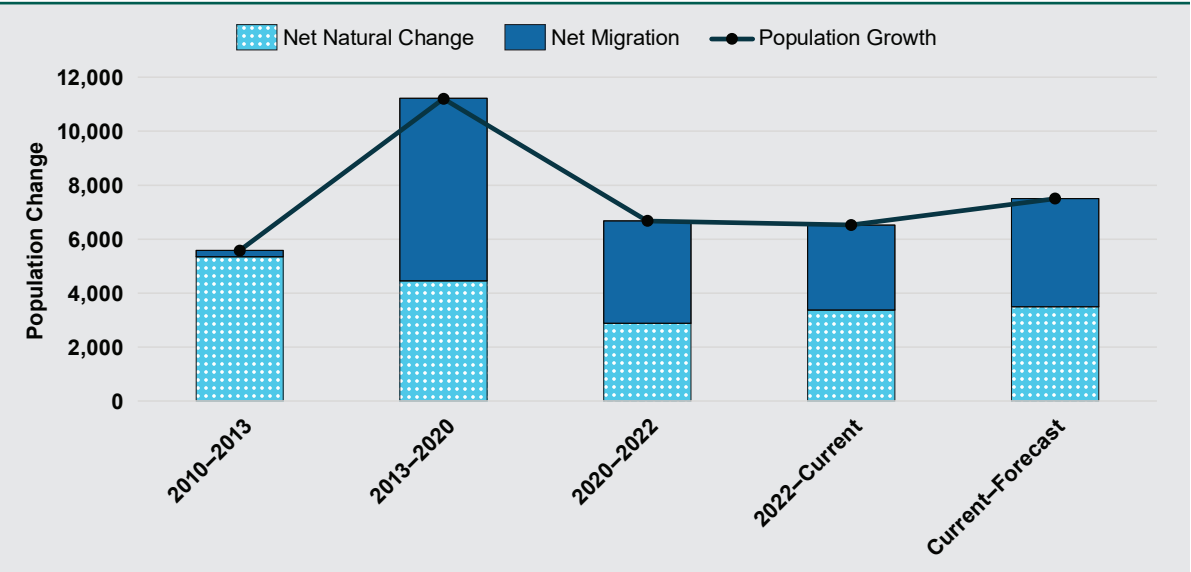
Current Population: 807,900

Population growth since 2020 in the Stockton HMA has slowed compared with the previous decade because of an aging population and a slowdown of net in-migration.

Population Trends

Strengthening economic conditions in the Stockton HMA contributed to high levels of net in-migration during much of the decade from 2010 to 2020 (Figure 4). As of August 1, 2024, the population of the HMA is estimated at 807,900, reflecting an average annual increase of 6,625, or 0.8 percent, since 2020 (Table 3). During this period, net natural increase and net in-migration averaged 3,375 and 3,150 people each year, respectively. Net in-migration was slower in the early 2010s, when the economy of the HMA was weak and only began recovering from the impact of the Great Recession in 2012. Population growth averaged 5,575 people, or 0.8 percent, a year from 2010 to 2013, with net in-migration and net natural increase averaging 230 and 5,350 people each year, respectively. By comparison, population growth was notably stronger from 2013 to 2020, averaging 11,250 people, or 1.5 percent, annually. Rapid job growth during most of the period contributed to average net in-migration of nearly

Figure 4. Components of Population Change in the Stockton HMA, 2010 Through the Forecast Period



Notes: Data displayed are average annual totals. The forecast period is the current date (August 1, 2024) to August 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Table 3. Stockton HMA Population and Household Quick Facts

Population Quick Facts	2020			Current	Forecast
	Population			779,233	807,900
	Average Annual Change			9,400	6,625
	Percentage Change			1.3	0.8
Household Quick Facts	2020			Current	Forecast
	Households			241,119	256,100
	Average Annual Change			2,600	3,450
	Percentage Change			1.2	1.4

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (August 1, 2024) to August 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

6,800 people a year. Net natural increase slowed to an average of 4,450 people annually. Population growth averaged 6,700 people, or 0.9 percent, annually from 2020 to 2022. While an elevated numbers of deaths associated with COVID-19 contributed to a further slowdown in net natural change, net in-migration



continued, especially from neighboring metropolitan areas, due in part to the availability of relatively affordable sales housing in the HMA. Net in-migration averaged 3,825 people and net natural increase averaged 2,875 people each year.

Migration Trends

Net in-migration from the Bay Area and the Sacramento metropolitan area into the HMA has occurred for several decades because households seeking homeownership are priced out of more expensive housing markets. From 2016 to 2020, the San Francisco-Oakland-Berkeley, CA (hereafter, San Francisco), the Sacramento-Roseville-Folsom, CA (hereafter, Sacramento), and the San Jose-Sunnyvale-Santa Clara, CA metropolitan areas were the largest sources of net in-migration, representing one-half of all domestic migration into the HMA (2016–2020 American Community Survey [ACS] 5-year data; Table 4). This inflow accelerated after the start of the pandemic, leading to tighter sales housing market conditions in the HMA. In 2022, net in-migration began to slow, partly because of weaker home sales demand due to rising interest rates. Rapid price growth led to home sales prices surpassing their highs from before the Great Recession, making the HMA relatively less affordable than before the pandemic. The median household income grew 27 percent from 2019 to 2023, and monthly owner costs for homes increased 23 percent during the same period (2019 and 2023 ACS 1-year data).

Age Cohorts

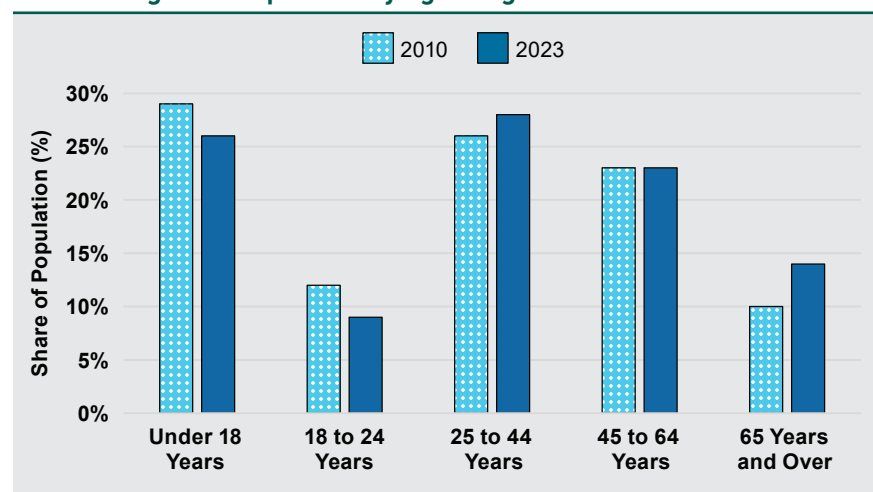
The cohort of residents aged 65 and older grew at an average rate of 3.4 percent annually from 2010 to 2023 compared with average annual overall population growth of 0.8 percent. As a result, the cohort of residents aged 65 and older increased from 10 to 14 percent of the HMA population (Figure 5). The HMA has a relatively high percentage of children, with 26 percent of the population younger than 18 compared with 22 percent nationally (2023 ACS 1-year data). Nevertheless, the median age in the HMA has been trending upward. The median age increased by more than 3 years from 2010 to 2023 compared with a 2-year increase on the national

Table 4. Metro-to-Metro Migration Flows in the Stockton HMA, 2016–20

Into the HMA	
San Francisco-Oakland-Berkeley, CA Metro Area	10,450
Sacramento-Roseville-Folsom, CA Metro Area	3,100
San Jose-Sunnyvale-Santa Clara, CA Metro Area	3,000
Modesto, CA Metro Area	2,275
Los Angeles-Long Beach-Anaheim, CA Metro Area	1,500
Out of the HMA	
Modesto, CA Metro Area	4,125
Sacramento-Roseville-Folsom, CA Metro Area	4,025
San Francisco-Oakland-Berkeley, CA Metro Area	3,775
San Jose-Sunnyvale-Santa Clara, CA Metro Area	1,350
San Luis Obispo-Paso Robles, CA Metro Area	1,175

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Figure 5. Population by Age Range in the Stockton HMA



Source: 2010 and 2023 American Community Survey 1-year data

level. The largest decrease among age cohorts was in the group aged 18 to 24, which fell 3 percentage points. The rising median age of the population contributed to the declining rate of net natural change from 2010 to 2022, which rebounded slightly after the end of the pandemic.

Population Trends by Geography

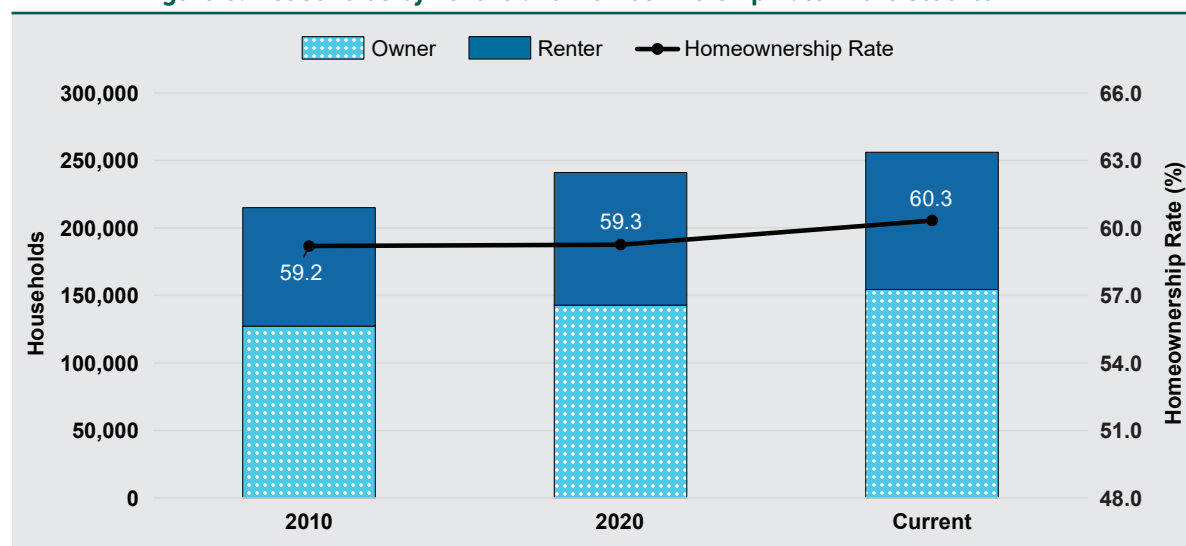
A large share of residents in the HMA, 39 percent, commute to other metropolitan areas for work (U.S. Census Bureau Migration Flows). Because of this, population growth occurs near the economic centers inside the HMA and transportation networks connected to economic centers outside the HMA. The city of Stockton is the largest city in the HMA, accounting for nearly 18 percent of jobs in the HMA (2016–2020 ACS 5-year data). The population of Stockton grew an average of 4.8 percent a year from 2010 through 2020 before the trend reversed. The population has been decreasing since 2020, falling by an average of 820, or 0.3 percent, a year (California Department of Finance). Stockton is the only major city in the HMA with a population decline since 2020. Population growth since 2020 in the cities of Lathrop, Manteca, and Tracy averaged 2,225, 1,975, and 970 people, or 7.1, 2.3, and 1.0 percent, respectively. Most home construction since 2020 has been concentrated in those three cities, where more land is available to build large single-family home communities. Although job growth from warehouse facilities built near those cities led to increased levels of net immigration, their proximity to major interstate highways—including I-5 and I-205 that provide access to major employment centers in the cities of San Francisco, Oakland, and Sacramento—also attracts new migrants.

Household and Tenure Trends

As of August 1, 2024, the number of households in the HMA is estimated at 256,100, an average increase of 3,450 households, or 1.4 percent, annually since 2020. By comparison, household growth averaged 2,600 households, or 1.2 percent, from 2010 to 2020. Household growth has outpaced population growth, which has averaged 0.8 percent annually since 2020, partly because of a decline in the average household size due to an aging population and strong economic conditions since 2021, leading to a faster rate of household formation. These smaller households tend to include either retirees or young people who were in shared living arrangements but dispersed to form separate households. These trends have contributed to the high demand for housing since 2020. Studio and one- and two-bedroom units have made up 85 percent of all new apartments constructed since 2020 compared with 53 percent during the 2010s (CoStar Group).

The homeownership rate in the HMA is currently estimated at 60.3 percent, up from 59.3 and 59.2 percent in 2020 and 2010, respectively (Figure 6). The homeownership rate increased from 2020 to the current date despite higher mortgage rates.

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



Note: The current date is August 1, 2024.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Forecast

During the next 3 years, the population of the HMA is expected to increase by an average of 7,500, or 0.9 percent, a year—slightly faster than the growth from 2022 to the current date. Net in-migration is expected to account for most of the growth. The number of households is expected to reach

266,200 by the end of the 3-year forecast period, with average growth of 1.3 percent annually, slightly slower than the rate of growth since 2020. Most of the additional households are expected to be homeowners; however, the homeownership rate will be the same at the end of the forecast period.



Home Sales Market

Market Conditions: Slightly Tight but Easing

Sales market conditions eased during the 12 months ending July 2024 when home sales activity declined, home sales price growth slowed, and the for-sale inventory rose.

Current Conditions

The sales housing market in the Stockton HMA is currently slightly tight but easing, with the number of home sales declining. The sales vacancy rate in the HMA is estimated at 1.2 percent as of August 1, 2024, up slightly from 1.1 percent in April 2020 (Table 5). Rising mortgage interest rates contributed to easing market conditions during the past year, with a 6.9-percent average rate for a 30-year fixed-rate mortgage as of July 2024, up by 4.0 percentage points compared with July 2021 (Freddie Mac). Until recently, the rise in rates deterred potential sellers from listing their homes if a subsequent purchase would require financing at a higher rate, restricting the supply of housing available for sale. The supply increased when mortgage rates fell slightly during 2024, which made it easier for potential sellers to relocate. During July 2024, the

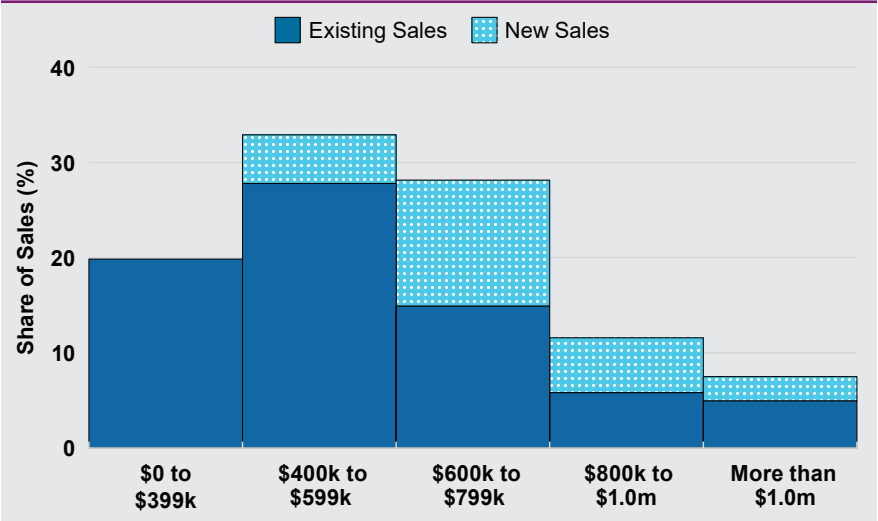
Table 5. Home Sales Quick Facts in the Stockton HMA

Home Sales Quick Facts	Stockton HMA		Nation
	Vacancy Rate	1.2%	NA
	Months of Inventory	3.1	3.5
	Total Home Sales	8,275	5,001,000
	1-Year Change	-5%	-9%
	New Home Sales Price	\$715,400	\$491,700
	1-Year Change	1%	0%
	Existing Home Sales Price	\$567,800	\$407,000
	1-Year Change	6%	6%
	Mortgage Delinquency Rate	0.8%	0.9%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending July 2024; and months of inventory and mortgage delinquency data are as of July 2024. The current date is August 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

HMA had an inventory of 1,250 existing single-family homes, condominiums, and townhomes for sale, representing a 3.1-month supply, significantly up from the 790 homes for sale, or a 1.8-month supply, during July 2023 (CoreLogic, Inc.). By comparison, 1,725 homes, or a 2.9-month supply, were available for sale in July 2019, the most recent corresponding month before the COVID-19 pandemic. Home sales fell 5 percent during the 12 months ending July 2024, following a sharp decline of 33 percent during the 12 months ending July 2023, when the supply of for-sale housing was much lower. The supply of homes available for sale in the HMA has been limited for many years, supporting home price growth. From 2016 through early 2024, the HMA had less than 3 months of supply of inventory available for sale, indicating a tight sales market. Although market conditions eased in the HMA during the 12 months ending July 2024, the average home price increased 3 percent to \$600,400 compared with the previous 12 months, when home prices fell 1 percent (CoreLogic, Inc., with adjustments by the analyst). Figure 7 shows the share of overall sales by price range during the 12 months ending July 2024.

Figure 7. Share of Overall Sales by Price Range During the 12 Months Ending July 2024 in the Stockton HMA



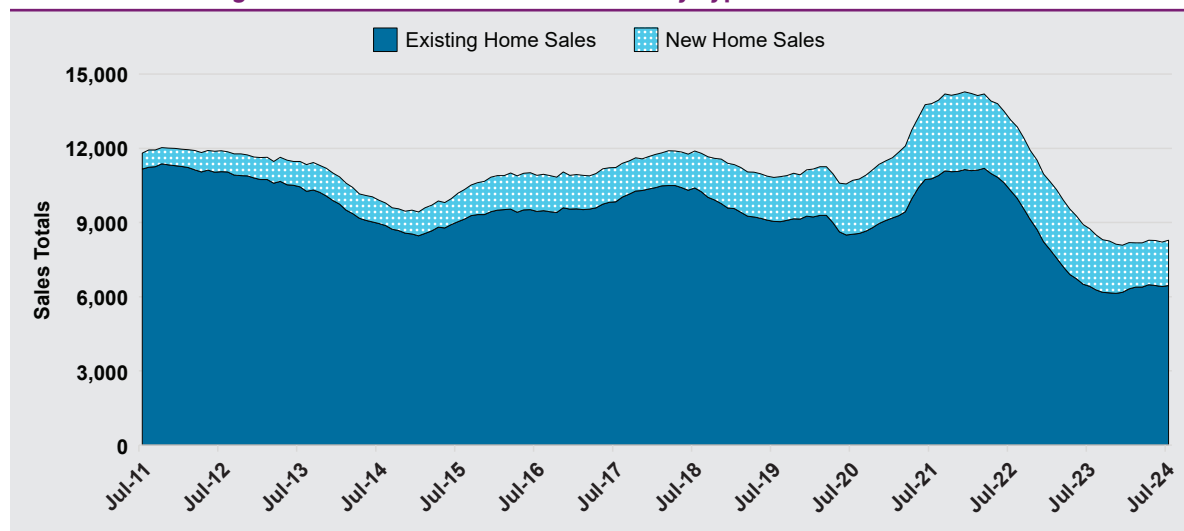
Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Current Sales and Price Trends—2020 to Current

Recent home sales trends in the HMA reflect high mortgage interest rates. Existing home sales totaled 6,450 homes sold in the HMA during the 12 months ending July 2024, accounting for more than three-fourths of total home sales and up less than 1 percent from the 6,425 existing home sales during the previous 12 months. Current existing home sales are down 43 percent from the peak of 11,200 during the 12 months ending March 2022, before mortgage rates began to rise quickly (CoreLogic, Inc., with adjustments by the analyst; Figure 8). New home sales totaled 1,825 during the 12 months ending July 2024, down 21 percent from the 2,325 new homes sold during the previous 12 months.

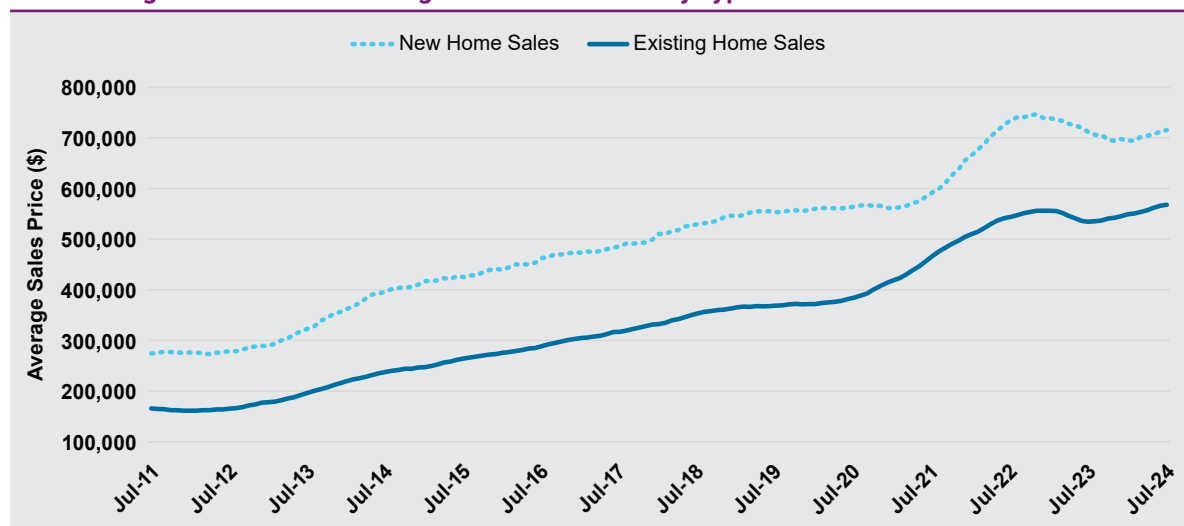
During the past 2 years, new and existing home price growth in the HMA slowed considerably after strong growth from 2020 through 2022 (Figure 9). During the 12 months ending July 2024, the average price of an existing home was \$567,800, up 6 percent from the 12 months ending July 2023, when the average price decreased 2 percent. By comparison, the price of an existing home increased by an average of \$66,250, or 14 percent, annually from 2020 through 2022, surpassing the previous high of \$415,800 in 2006 during the housing boom. The average new home price during the 12 months ending July 2024 increased 1 percent from a year earlier to \$715,400 compared with

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



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

Figure 9. 12-Month Average Home Sales Price by Type of Sale in the Stockton HMA



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

a 3-percent decrease during the 12 months ending July 2023. Previously, new home price gains averaged \$60,600, or 10 percent, annually from 2020 through 2022.

Historical Sales and Price Trends—2010 to 2019

During the early 2010s, existing home sales declined, and prices were relatively low, partly because excess inventory of real estate owned (REO) properties entered the market following the housing crash. The 5,250 REO sales in 2010 accounted for 45 percent of all existing home sales before declining to 1,300 REO sales in 2013, or 13 percent of existing home sales. Approximately 11,700 existing homes sold in 2010, decreasing at an average annual rate of 4 percent during 2011 and 2012, largely because of relatively weak sales demand. However, because of a decrease in REO sales, existing home prices increased an average of 1 percent annually. Existing home sales continued to decline from 2013 through 2019, largely because of decreases in REO and short sales, which fell by respective annual rates of 32 and 45 percent. From 2013 through 2019, existing sales decreased by an average of 220 homes, or 2 percent, annually, accounting for 74 percent of total home sales. Price growth for existing sales averaged 11 percent a year.

Early in the past decade, new home sales were also subdued, with 770 new home sales in 2010. During 2011 and 2012, new home sales increased at an average annual rate of 5 percent, and the average price of a new home increased at an average annual rate of 3 percent. New home sales and prices rose each year from 2013 through 2019, reflecting stronger new home demand because of improving economic conditions, increased net in-migration to the HMA, and relatively low mortgage interest rates. New home sales increased at an average annual rate of 12 percent, reaching 1,875 sales in 2019. From 2013 through 2019, the average price of a new home rose at an average annual rate of 10 percent, surpassing the pre-Great Recession high of \$533,200 in 2018.

REO Sales and Delinquent Mortgages

The effect of the foreclosure crisis was severe in the HMA. The rate of seriously delinquent mortgages and REO properties reached an all-time high of 17.9 percent during January 2010, more than double the 8.6-percent high for the nation, which occurred during February 2010. The rate in the HMA declined throughout the remainder of the 2010s to a low of 0.8 percent in May 2019. However, the pandemic-related recession led to a rise in delinquent loans, with many homeowners relying on mortgage forbearance because of job or income losses. The rate rose to a recent high of 4.6 percent in August of 2020 compared with a national high of 4.4 percent during the same month. The rate has declined every month since, and the rate of seriously delinquent mortgages and REO properties in the HMA as of July 2024 was 0.8 percent, down from 0.9 percent a year ago and below the national rate of 1.0 percent.

Housing Trends Relative to the Bay Area and Sacramento

Migration from the Bay Area and the Sacramento metropolitan area has been strong for decades because of the relatively affordable homes in the HMA, which is still within reasonable commuting distance to jobs in these areas. From 2015 through 2019, the average home price in the HMA was approximately 60 and 20 percent less expensive than prices in the San Francisco and Sacramento metropolitan areas, respectively (CoreLogic, Inc.). During the pandemic, home prices in the HMA increased at slightly faster rates than in the neighboring metropolitan areas, partly because of an influx of homebuyers seeking larger residences at relatively lower costs. Since 2020, the average price of a home in the HMA has been approximately 56 percent less than in the Bay Area.

Sales Construction

Home construction activity—as measured by the number of single-family homes, townhomes, and condominiums authorized by building permits—

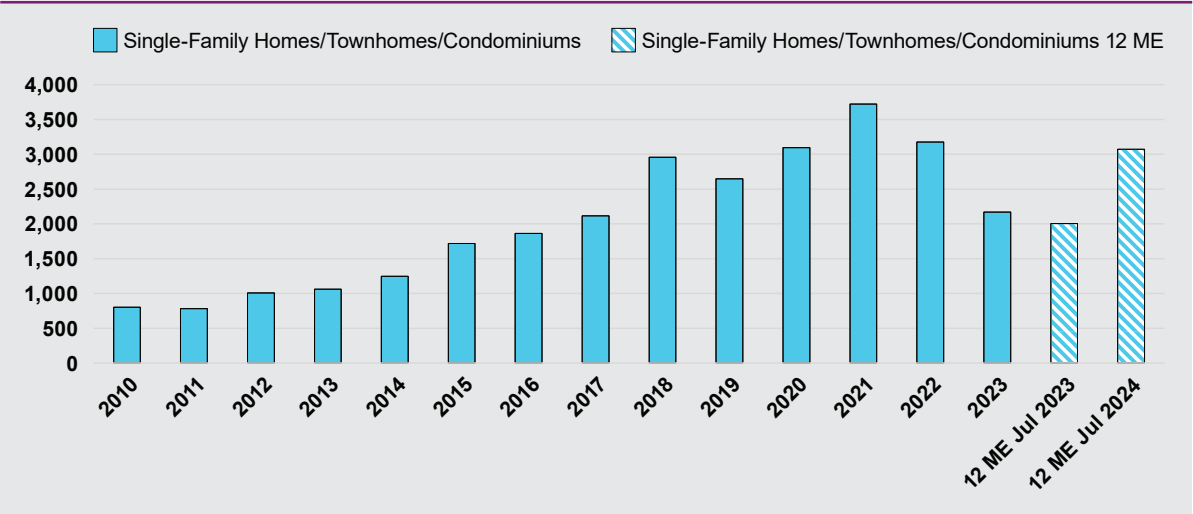


increased during the past year following 2 years of decline (Figure 10). An average of 790 homes were permitted annually during 2010 and 2011, and new home construction increased from 2012 through 2017 at an average annual rate of 18 percent to approximately 2,100 homes permitted in 2017. Home construction from 2018 through 2020 increased to an average of 2,900 homes permitted each year. Sales market conditions tightened with the onset of the pandemic and stronger housing demand, and home builders responded by increasing new home construction to an average of 3,450 homes permitted annually during 2021 and 2022. Home sales demand fell considerably when mortgage rates rose, resulting in a 32-percent annual decline in home construction in 2023, with only 2,175 homes permitted. However, new home construction increased significantly during the 12 months ending July 2024, with 3,075 homes permitted (preliminary data, with adjustments by the analyst).

Forecast

Based on anticipated economic and population growth and the current slightly tight sales market conditions in the HMA, demand is estimated for 10,100 new homes during the next 3 years (Table 6). The 1,225 homes under construction are expected to meet a portion of that demand during the first year of the 3-year forecast period. Demand for sales housing is expected to be steady throughout the forecast period.

Figure 10. Annual Sales Permitting Activity in the Stockton HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Table 6. Demand for New Sales Units in the Stockton HMA During the Forecast Period

Sales Units	
Demand	10,100 Units
Under Construction	1,225 Units

Note: The forecast period is August 1, 2024, to August 1, 2027.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Apartment vacancy rates are nearly unchanged, whereas rent growth slightly increased in the Stockton HMA during 2024.

Current Conditions and Recent Trends

The overall rental market in the HMA—including apartments, single-family homes, and other housing units available for rent—is balanced. The estimated 4.1-percent vacancy rate is up from 3.6 percent in April 2020 (Table 7). Single-family homes accounted for 55 percent of all rental units in 2023, down from 58 percent in 2010 (2023 and 2010 ACS 1-year data). During recent years, the number of single-family homes for rent has decreased, partly because of rapid sales price growth, leading investors to sell their rental properties. Among professionally managed units, which account for a small share of single-family home rentals, the vacancy rate fell from 1.9 percent in July 2019 before the COVID-19 pandemic to 1.7 percent in July 2024 (CoreLogic, Inc.).

Table 7. Rental and Apartment Market Quick Facts in the Stockton HMA

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	3.6	4.1
		2010 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	58	55
Apartment Market Quick Facts	Multifamily (2–4 Units)	13	12
	Multifamily (5+ Units)	26	30
	Other (Including Mobile Homes)	3	3
		2Q 2024	YoY Change
	Apartment Vacancy Rate	4.9	0.1
Apartment Market Quick Facts	Average Rent	\$1,651	2%
	Studio	\$1,070	0%
	One-Bedroom	\$1,427	2%
	Two-Bedroom	\$1,811	2%
	Three-Bedroom	\$2,196	3%

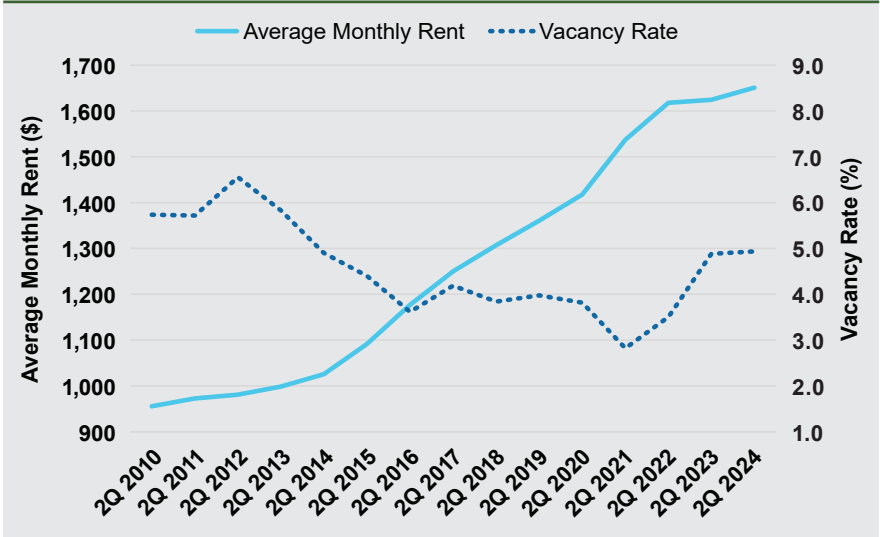
2Q = second quarter. YoY = year-over-year.
Notes: The current date is August 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

However, the overall rental market is balanced because of the high number of multifamily rental units completed since 2021. Rental units in structures with five or more units, typically apartments, made up 30 percent of all rental units in 2023, up from 26 percent in 2010 (2010 and 2023 ACS 1-year data).

Current Conditions and Historical Trends—Apartment Market

The apartment market is also balanced, partly because 1,850 new units have been completed since 2021 (CoStar Group). Annual apartment absorption averaged 200 units during 2023 and 2024 compared with an average of only 30 units from 2021 through 2022. The large number of new apartments entering the market has contributed to vacancy rates rising from the recent low in 2021. As of the second quarter of 2024, the average apartment vacancy rate in the HMA was 4.9 percent, nearly unchanged from the second quarter of 2023 and up from 2.8 percent as of the second quarter of 2021, when conditions were tight (CoStar Group; Figure 11). The average asking rent for

Figure 11. Apartment Rents and Vacancy Rates in the Stockton HMA



2Q = second quarter.
Source: CoStar Group



apartments in the HMA rose 2 percent to \$1,651 as of the second quarter of 2024, following rent growth of less than 1 percent a year ago. By comparison, the average asking rent for the nation rose 1 percent to \$1,743 as of the second quarter of 2024.

From 2010 through 2012, the apartment vacancy rate in the HMA trended upward from 5.7 percent in the second quarter of 2010 to a peak of 6.6 percent in the second quarter of 2012. The average asking rent rose an average of 1 percent each year to \$981. As the local economy recovered from the Great Recession and net in-migration to the HMA accelerated, the vacancy rate steadily decreased, and multifamily construction eventually increased. During the mid-2010s, vacancy rates trended downward, rent growth accelerated—partly because of stronger net in-migration to the HMA—and multifamily construction increased. The vacancy rate declined for 4 consecutive years, from 6.6 percent during the second quarter of 2012 to a low of 3.6 percent during the second quarter of 2016. From 2016 through 2020, the vacancy rate generally ranged from 3 to 4 percent. From 2013 through 2020, rent growth averaged 5 percent a year to an average rent of \$1,418. The rental market tightened considerably after the onset of the pandemic. As of the second quarter of 2021, the vacancy rate fell to 2.8 percent, and the average rent rose 8 percent year over year, the lowest average vacancy rate and the largest rent increase, respectively, in the past decade. The elevated rent growth and low vacancy rate reflected high rates of new household formation and the rising price of sales housing, which priced many prospective homebuyers out of the market, contributing to increased demand for rental units. The vacancy rate has increased steadily since 2021, and rent growth slowed as market conditions eased.

Market Conditions by Geography

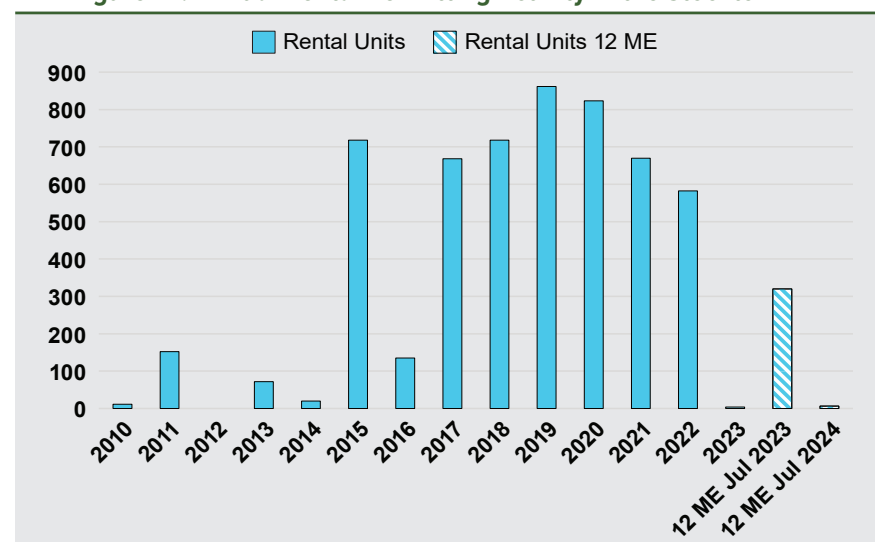
Vacancy rates and rents vary throughout the HMA. Many areas with the highest vacancy rates are in and around the city of Stockton, which has 47 percent of the apartment inventory in the HMA. The apartment vacancy rate in the CoStar Group-defined Downtown Stockton market area was 7.8 percent as of the second quarter of 2024, the highest of the 11 market areas in the

HMA. Meanwhile, the lowest apartment vacancy rate was 3.3 percent in the Park District market area, also in the city of Stockton. The highest rents in the HMA are generally in more suburban areas, including those with access to job centers, particularly along the I-205 corridor, which connects the HMA to the Bay Area. Partly because of this access, the cities of Tracy, Manteca, and Lathrop have strong rental demand and the highest average rents as a result. As of the second quarter of 2024, average asking rents in the HMA ranged from a low of \$767 in the Seaport market area in the city of Stockton to a high of \$2,273 in the Tracy market area.

Rental Construction

Rental construction, as measured by the number of rental units permitted, has declined each year since its recent peak in 2019 (Figure 12). Little rental permitting has occurred in the HMA during the past year, partly because of relatively low rent growth and higher apartment vacancy rates since 2022.

Figure 12. Annual Rental Permitting Activity in the Stockton HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Fewer than 10 units were permitted during the 12 months ending July 2024. Prior to the recent decline, an average of 690 units were permitted each year from 2020 through 2022. By comparison, an average of 620 units were permitted each year from 2015 through 2019, up from an average of 50 units permitted each year from 2010 through 2014.

Rental Construction by Geography

Recent apartment development has been mainly concentrated in and around the cities of Tracy, Manteca, and Lathrop, which have a large share of the renters working outside the HMA. The three areas combined have accounted for approximately 73 percent of all new apartment units completed in the HMA since the start of 2023. New apartment developments near Tracy include Aviara at Mountain House, a 300-unit, market-rate property completed in 2024. Rents start at \$2,250 for one-bedroom units, \$2,793 for two-bedroom units, and \$3,685 for three-bedroom units.

Forecast

During the 3-year forecast period, demand is estimated for 1,575 rental units in the HMA (Table 8). Demand for new rental units is expected to be relatively stable during the forecast period. Currently, only 5 units are under construction in the HMA.

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

Rental Units	
Demand	1,575 Units
Under Construction	5 Units

Note: The forecast period is August 1, 2024, to August 1, 2027.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Bay Area	The nine counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, Sonoma, and San Francisco.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Forecast Period	8/1/2024–8/1/2027—Estimates by the analyst.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.



Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.



D. Photo/Map Credits

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