



San Francisco-Redwood City-South San Francisco, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2018



Housing Market Area



The San Francisco-Redwood City-South San Francisco Housing Market Area (hereafter, the San Francisco HMA) is coterminous with the metropolitan division of the same name and consists of San Francisco and San Mateo Counties in northern California. The HMA is a regional hub for the high-tech industry. For the purposes of this analysis, the HMA is divided into two submarkets: the San Francisco County submarket, which is coterminous with the city and county of San Francisco and the San Mateo County submarket.

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Summary

Economy

The economy of the San Francisco HMA continued to expand during the past 12 months but has slowed from the robust job growth following the end of the past recession as high housing costs constrain labor force growth. Nonfarm payrolls increased 1.8 percent during the 12 months ending October 2018, compared with a year earlier, to 1.13 million jobs. Job growth had been increasing an average of 3.8 percent a year during 2011 through 2017. During the 3-year forecast period, job gains are expected to continue, but at a slower rate, averaging 1.5 percent a year.

Sales Market

The sales housing market in the HMA is currently tight as home construction activity has been limited. As of November 1, 2018, the sales vacancy rate is estimated at 1.1 percent, down from 1.8 percent during April 2010

(Table DP-1 at the end of this report). During the 3-year forecast period, demand is expected for 4,100 new homes (Table 1). The 610 homes currently under construction will satisfy some of the forecast demand.

Rental Market

The overall rental market in the HMA is currently slightly tight, with an estimated vacancy rate of 3.8 percent, down from 5.2 percent during April 2010 (Table DP-1 at the end of this report). Strong growth in renter households has outpaced construction of rental units since 2010. During the forecast period, demand is expected for 14,300 new rental units; the approximately 5,600 rental units currently under construction and an estimated 1,800 units expected to start construction in the next 3 years will meet a portion of that demand (Table 1).

Table 1. Housing Demand in the San Francisco-Redwood City-South San Francisco HMA During the Forecast Period

	San Francisco-Redwood City-South San Francisco HMA		San Francisco County Submarket		San Mateo Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	4,100	14,300	2,250	9,825	1,850	4,475
Under Construction	610	5,600	400	4,075	210	1,525

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2018. The forecast period is November 1, 2018, to November 1, 2021.

Source: Estimates by analyst

Economic Conditions

The economy of the San Francisco HMA went through two periods of substantial job losses during the 2000s, but payrolls have expanded at a rate more than twice the national average since 2010. Nonfarm payrolls in the HMA declined by an average of 34,000 jobs, or 3.6 percent, from 2001 through 2004 in the aftermath of the dot-com bubble. The economy of the HMA relies heavily on investment in high-tech industries. The amount of venture capital (funding provided to startup companies in exchange for equity) invested in Silicon Valley (which comprises the HMA and adjacent San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area [MSA]) decreased from \$33.4 billion in 2000 to \$8.0 billion in 2004, a 76-percent decline (National Venture Capital Association). Thousands of internet-related businesses closed during this period, including Webvan, which laid off 2,000 employees in 2001. The greatest job loss occurred in the professional and business services sector, which includes the computer design and related services industry; the sector declined by an average of 12,100 jobs annually, or 6.4 percent, from 2001 through 2004. At the same time, the information sector lost an average of 5,700 jobs, or 10.6 percent, a year.

During the following 4 years, the HMA recovered from the economic downturn of the early 2000s with venture capital investments in Silicon Valley increasing 43 percent from 2005 through 2008. During this same period, nonfarm payrolls increased by an average of 15,300 jobs, or 1.8 percent, annually. The professional and business services

sector led job gains, expanding by an average of 8,200 jobs, or 4.8 percent, annually, and accounted for 54 percent of nonfarm payroll growth. Within the sector, the computer systems design and related services industry expanded by an average of 2,400 jobs, or 9.9 percent, a year, as technology companies such as Twitter, Inc. and Zynga Inc. were founded. During this period, job growth was also significant in the education and health services sector, which added an average of 3,400 jobs, an increase of 3.3 percent, annually. The leisure and hospitality sector expanded by an average of 2,800 jobs, or 2.6 percent, annually, with visitor spending in the HMA increasing from \$9.9 billion in 2005 to \$11.5 billion in 2007 (Visit California).

The second downturn to affect job growth in the HMA was the Great Recession, when nonfarm payrolls in the HMA declined by an average of 25,300 jobs, or 2.8 percent, annually during 2009 and 2010. By comparison, nonfarm payrolls fell by an average of 1.7 percent nationwide during this period. Job losses in the HMA were greatest in the mining, logging, and construction, professional and business services, financial activities, and wholesale and retail trade sectors, with average annual declines of 5,200, 5,000, 4,600, and 4,300 jobs, or 15.0, 2.6, 6.2, and 4.3 percent, respectively. During this period, an 18-percent decline in venture capital investment slowed the creation and expansion of startup companies. Despite the decline, annual average job losses during this second contraction were a fraction of the losses that occurred during the dot-com bust. Because the high-tech industry was not

directly responsible for the declines, this recessionary period was significantly shorter, as the local economy recovered quickly.

Since 2011, the HMA has had a strong economic recovery due primarily to growth in the high-tech industry, although growth has started to slow in recent years. Nonfarm payrolls expanded by an average of 36,900 jobs, or 3.8 percent, more than double the national rate of 1.7 percent from 2011 through 2017. The professional and business services and information sectors, which expanded by an average of 13,400 and 5,600 jobs, or 6.1 and 11.0 percent, a year, respectively, led job growth. The computer systems design and related services industry accounted for 38 percent of job gains in the professional and business services sector during the period, as venture capital investment in Silicon Valley increased by an average of 22 percent annually from 2011 through 2017, to \$25.2 billion, representing one-third of all venture capital investment nationwide (National Venture Capital Association). The increase in venture capital funding and tax incentives for companies locating to certain rehabilitated areas offered by the City of San Francisco created significant

employment opportunities in the high-tech industry. The 15 largest high-tech employers in the city of San Francisco hired more than 7,100 new employees during 2017, led by corporate headquarters hiring by Salesforce.com, Inc., Uber Technologies, Inc., and Airbnb, Inc., with the addition of 1,400, 1,350, and 800 employees, respectively (San Francisco Business Times). Table 2 lists the major employers in the HMA. In addition, new startup companies commenced operations in the HMA, and several technology-oriented employers expanded or relocated their operations to the HMA, including Twitter, Inc., which added approximately 500 jobs in 2012, and Salesforce.com, Inc., which added 1,100 jobs in 2014. During the 7-year period, approximately 3,275 start-up companies were founded in the Greater San Francisco Bay Area, with \$48.7 billion in funding (Crunchbase). Job gains during the 2011 through 2017 period were also significant in the leisure and hospitality sector, which increased by an average of 4,300 jobs, or 3.5 percent, annually, and travel related spending in the HMA was \$17 billion in 2017, a 31-percent increase from \$13 billion in 2010 (Visit California).

Table 2. Major Employers in the San Francisco-Redwood City-South San Francisco HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of California, San Francisco	Government	25,522
Genentech, Inc.	Manufacturing	8,800
Wells Fargo	Financial Activities	7,838
Oracle Corporation	Professional & Business Services	7,000
Salesforce.com, Inc.	Professional & Business Services	7,000
Sutter Health	Education & Health Services	6,447
California Pacific Medical Center	Education & Health Services	6,000
Dignity Health	Education & Health Services	5,393
Uber Technologies, Inc.	Professional & Business Services	5,000
Kaiser Permanente	Education & Health Services	4,517

Note: Excludes local school districts.

Source: Moody's Analytics, Inc.

Job growth continued during the 12 months ending October 2018, but at a slower pace, as nonfarm payrolls expanded by 20,400 jobs, or 1.8 percent, with growth occurring in all but four sectors (Table 3). By comparison, the HMA added 26,400 nonfarm payroll jobs, or 2.4 percent, during the previous 12-month period. The professional and business services sector, the largest employment sector in the HMA (Figure 1),

added the most jobs, increasing by 10,200 jobs, or 3.7 percent, during the most recent 12 months. Investment in high-tech industries also generated the growth of 5,100 jobs, a 6.8-percent increase, in the information sector. As a result of a tight labor market and declining net in-migration, caused in part by the increasingly high cost of living in the HMA, the other services, the wholesale and retail trade, and the mining, logging, and

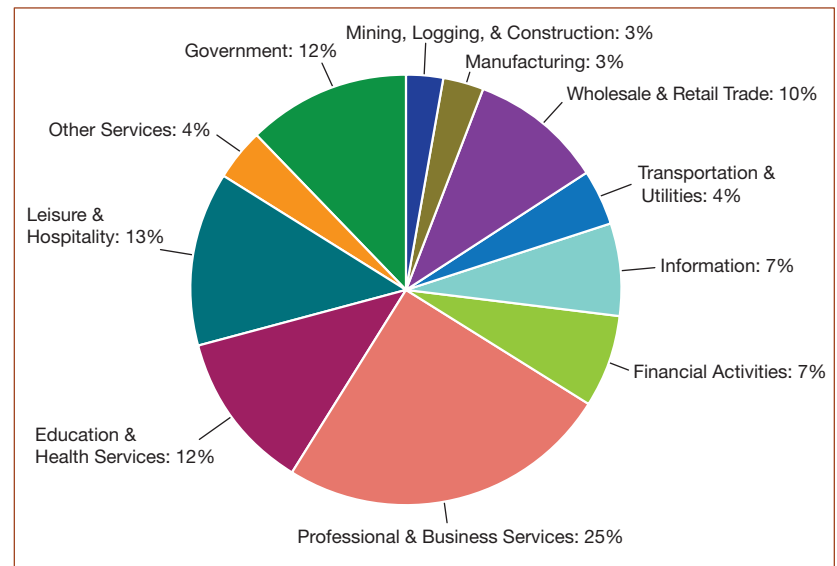
Table 3. 12-Month Average Nonfarm Payroll Jobs in the San Francisco-Redwood City-South San Francisco HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2017	October 2018		
Total Nonfarm Payroll Jobs	1,113,300	1,133,700	20,400	1.8
Goods-Producing Sectors	78,800	78,500	-300	-0.4
Mining, Logging, & Construction	39,600	39,300	-300	-0.8
Manufacturing	39,200	39,200	0	0.0
Service-Providing Sectors	1,034,500	1,055,200	20,700	2.0
Wholesale & Retail Trade	109,700	109,100	-600	-0.5
Transportation & Utilities	49,700	50,100	400	0.8
Information	75,300	80,400	5,100	6.8
Financial Activities	78,700	80,100	1,400	1.8
Professional & Business Services	274,300	284,500	10,200	3.7
Education & Health Services	135,900	139,100	3,200	2.4
Leisure & Hospitality	140,500	141,900	1,400	1.0
Other Services	41,000	39,400	-1,600	-3.9
Government	129,400	130,700	1,300	1.0

Notes: Based on 12-month averages through October 2017 and October 2018. Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Current Nonfarm Payroll Jobs in the San Francisco-Redwood City-South San Francisco HMA, by Sector



Note: Based on 12-month averages through October 2018.

Source: U.S. Bureau of Labor Statistics

construction sectors lost 1,600, 600, and 300 jobs, or 3.9, 0.5, and 0.8 percent, respectively, and growth in the manufacturing sector remained flat. The unemployment rate in the HMA averaged 2.3 percent during the 12 months ending October 2018, down from 2.9 percent during the prior 12 months and down from a peak of 8.6 percent in 2010 (Figure 2). By comparison, the statewide unemployment rate averaged 4.2 percent during the 12 months ending October 2018.

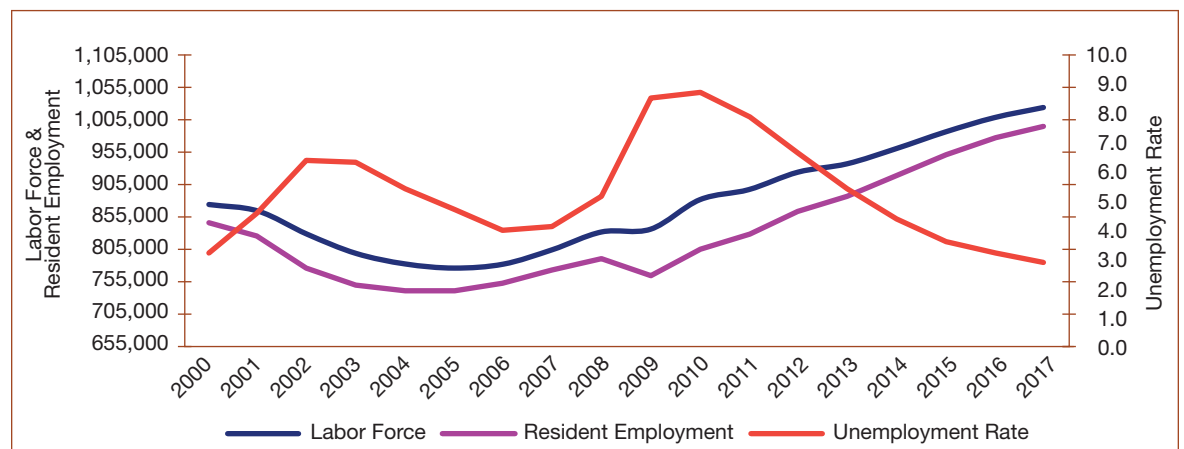
The professional and business services and the education and health services sectors are projected to continue to lead job gains during the 3-year forecast period. Expansions of high-tech firms have continued to occur in the past year, and several large office leases in the city of San Francisco have been signed.

The new leases are generally for consolidated campuses and will not add the same magnitude of new employees as has occurred in previous years, however.

Facebook, Inc. (headquartered in San Mateo County) recently signed a historically large office lease deal in the city of San Francisco for a property that is currently under construction—the

755,900-square-foot Park Tower, with an expected completion date of December 2018. Park Tower has capacity for up to 8,000 Facebook employees (including employees at Instagram, which is owned by Facebook, Inc.). Across the street from Park Tower is the newly completed Salesforce Tower, where 7,500 employees currently work. Salesforce.com, Inc., plans to add an additional 2,500 employees, topping off its San Francisco workforce at 10,000 employees during the next several years. Prior to the Facebook Park Tower lease, the 736,000-square-foot lease of 1800 Owens Street in the Mission Bay neighborhood by Dropbox, Inc., a file hosting service company, was the largest office lease signed in recent years. Dropbox, Inc. will move its 1,500 employees into the newly completed building in late 2018. Dropbox, Inc. has more than 100 current job openings but does not have an estimate for the total number of employees it expects to add to the Mission Bay office. Also located in Mission Bay, will be the new consolidated corporate headquarters campus of Uber Technologies, Inc., with room for up to 7,000 employees when the project is completed in 2020.

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the San Francisco-Redwood City-South San Francisco HMA, 2000 Through 2017



Source: U.S. Bureau of Labor Statistics

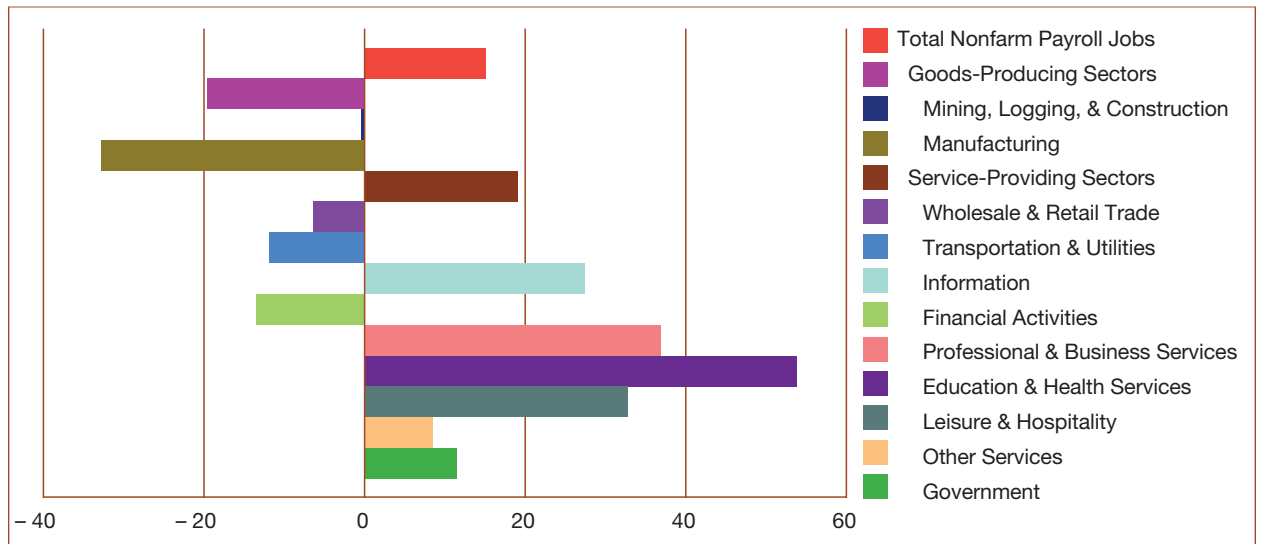
Job growth is also forecast to continue in the education and health services sector, the fastest growing sector in the HMA, in percentage terms, since 2000 (Figure 3), and the construction subsector. The development of three new California Pacific Medical Center (CPMC) facilities—the 274-bed Van Ness and Geary Campus Hospital, the 120-bed Sutter Health’s CPMC St. Luke’s Campus Hospital, and a 19-story medical office building—is expected to add as many as 1,500 construction jobs during the 2013 through 2019 period. The facilities are expected to add 650 full-time positions by completion in early 2019.

Despite a tight sales market and a preference by commuters to live in the San Francisco County submarket, rising housing costs since 2010 have increased the number of people commuting into the submarket by car, public transportation, or private shuttle services offered for employees of local technology and biotechnology companies (including Google and

Genentech). Of the approximately 642,400 jobs in the submarket during 2015, 387,100, or 60.3 percent, were held by workers who live outside the submarket and 308,700, or 48.1 percent, were held by workers who live outside the HMA (Census Bureau, 2015, “OnTheMap” Application, Longitudinal Employer-Household Dynamics program). Approximately 23.5 percent of the workers live in the Oakland-Hayward-Berkeley metropolitan division, and 4.8 percent in the San Jose-Sunnyvale-Santa Clara MSA. From 2010 to 2015, the number of workers employed in the submarket but who live outside the submarket increased by an average of 16,200 people, or 4.8 percent, a year, and the number of workers who live outside the HMA but work in the submarket increased by an average of 14,200 people, or 5.4 percent, a year.

While growth in nonfarm payrolls in the HMA is expected to be positive during the 3-year forecast period, the recent trend of slowing growth is expected to continue. Nonfarm payrolls are

Figure 3. Sector Growth in the San Francisco-Redwood City-South San Francisco HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through October 2018.

Source: U.S. Bureau of Labor Statistics

estimated to expand by an average of 1.5 percent annually during the forecast period, significantly slower than the peak average growth of 4.8 percent in 2015 and 2016. Constraints to growth include tight labor markets that are partially caused by slower population growth from declining net in-migration due to high housing costs, which is expected to limit growth particularly during the second and third years of the forecast period. Along with housing affordability and quality-of-life concerns for employees, high office rents have led some firms to relocate or expand operations outside of the HMA. During the fourth quarter of 2018, office rents averaged \$81 per square-foot in the city of San Francisco and were among the

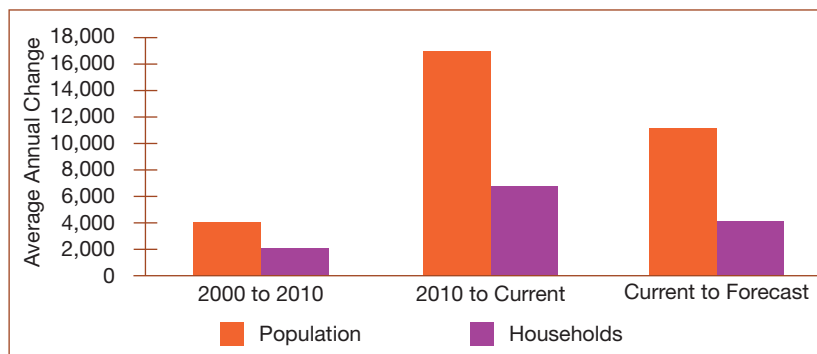
highest in the nation, with very limited leasing opportunities after the major leasing deals recently signed by large high-tech firms (CBRE Group, Inc.). Since 2016, nine firms have relocated and another 11 have expanded headquarters operations to lower cost cities. In 2016, Lyft, the ridesharing company, expanded customer service operations and added 380 new jobs in Nashville, Tennessee, citing lower business costs and a growing talent pool in their decision. Similarly, Varo Money, Inc., a mobile banking company, and Xero, an accounting software company, relocated their headquarters operations and 300 jobs to Salt Lake City, Utah, and 330 jobs to Denver, Colorado, respectively.

Population and Households

As of November 1, 2018, the estimated population of the San Francisco HMA is 1.67 million, reflecting an average annual gain of 16,950, or 1.1 percent, since April 1, 2010, significantly higher than the average annual gain of 3,975, or 0.3 percent, from 2000 to 2010 (Figure 4). Since 2010, growth in the high-tech industry

has fueled net in-migration of 8,825 people annually, accounting for 52 percent of population growth, although that trend has slowed recently. From 2000 to 2006, job declines as a result of the dot-com bust resulted in stagnant population growth and the HMA lost an average of 250 people a year because of net out-migration that averaged 7,975 people annually (State of California, Department of Finance). During this period, approximately 65 percent of residents who migrated out of the HMA primarily moved to other areas in California such as San Diego, Riverside-San Bernardino, and Fresno, where housing costs were lower and commutes to job centers were reasonable (Internal Revenue Service). Population growth resumed from 2006 to 2008, averaging 13,850 people, or 0.9

Figure 4. Population and Household Growth in the San Francisco-Redwood City-South San Francisco HMA, 2000 to Forecast



Notes: The current date is November 1, 2018. The forecast date is November 1, 2021.

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

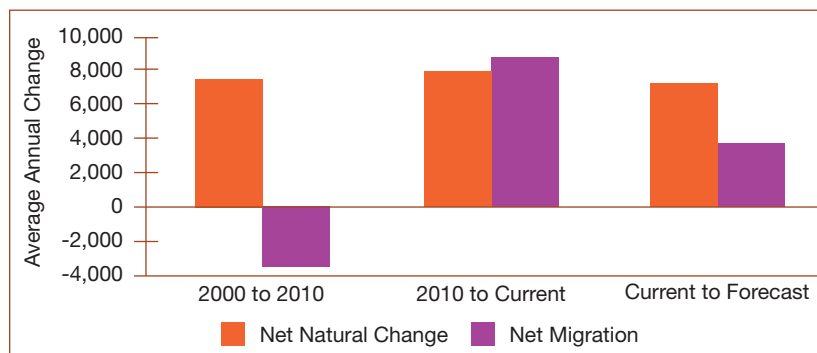
percent, annually but slowed from 2008 to 2009, to 8,025 people, or 0.5 percent, as net out-migration totaled 680 people because of the effects of the Great Recession. Since 2010, strong economic conditions have led to increasing population growth through net in-migration, particularly of skilled workers from abroad. From 2010 to 2017, net foreign in-migration to the HMA has accounted for all of the net in-migration—75,400 incoming international residents more than offset the net out-migration of 6,650 domestic residents (State of California, Department of Finance). In the greater Silicon Valley area, 57 percent of the workers in science, technology, engineering, and mathematics (STEM) professions in 2015 were foreign born; the highest percentage among U.S. innovation regions with a concentration of high-tech industries, such as Boston and Denver (Silicon Valley Competitiveness and Innovation Project, 2017 study). Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

The San Francisco County submarket is the more populous and faster growing of the two submarkets in the HMA, with a current estimated population of

890,000, reflecting an average increase of 9,875 people, or 1.2 percent, annually since 2010. Similar to trends in the HMA, population growth in the submarket was essentially flat from 2000 to 2006 after the dot-com bust, with an average increase of 990 people, or 0.1 percent, annually. From 2006 to 2010, population growth increased to an average of 5,950 people, or 0.8 percent, annually when the local economy began to recover and lower housing costs continued to encourage migration to the submarket. Since 2010, job growth in the high-tech industry has fueled further economic growth throughout all sectors of the local economy, and population growth has increased primarily as a result of net in-migration. The trend began to slow in 2015 when net in-migration declined significantly due to high housing costs and competitive housing markets. From 2010 through 2014, the submarket added an average of 11,550 people, or 1.4 percent, and net in-migration averaged 7,875 people a year, contributing to 68 percent of growth. Since 2015, population growth slowed to an average of 7,575 people, or 0.9 percent, because net in-migration was almost halved from the 2010 to 2014 period, averaging 4,325 people a year. The decline in net in-migration, particularly from the working-age population, began to slow economic growth in the following year as companies facing a tight labor market had fewer applicants per open position.

The San Mateo County submarket has a current estimated population of 778,700, reflecting a gain of 7,025, or 0.9 percent, annually since 2010. The effects of the dot-com bust were particularly pronounced in this submarket because it has a concentration of high-tech jobs and serves as a

Figure 5. Components of Population Change in the San Francisco-Redwood City-South San Francisco HMA, 2000 to Forecast



Notes: The current date is November 1, 2018. The forecast date is November 1, 2021.

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

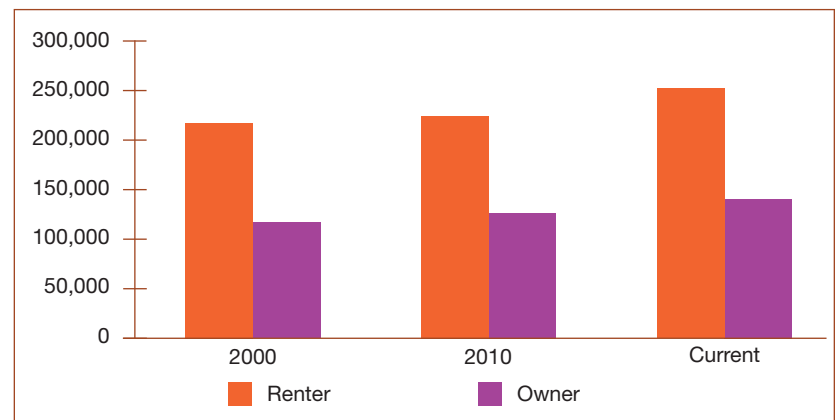
bedroom community for the high-tech job centers in San Francisco and San Jose. Population growth in the submarket since 2010 has been primarily a result of net in-migration and has generally followed the economic cycles in the HMA. From 2000 to 2006, during the end of the dot-com boom and subsequent bust, the population declined by an average of 1,250, or 0.2 percent, because net out-migration averaged 6,675 people annually, representing 84 percent of total net out-migration from the HMA. The trend of net out-migration reversed from 2006 to 2008 and net in-migration to the submarket averaged 650 people annually as job growth rebounded. During this period, population growth averaged 6,000 people, or 0.9 percent, per year. Population growth slowed from 2008 to 2010, to an average of 4,050 people, or 0.6 percent, annually, when net in-migration averaged 400 people annually due to the lingering effects of the Great Recession. From 2010 to 2014, population growth in the submarket accelerated as job growth expanded from the tech boom, adding an average of 9,050 people, or 1.2 percent, a year. Average net in-migration of 4,000 people a year accounted for 44 percent of total population growth during this period; however, extremely high housing costs restricted net in-migration beginning in 2015. Since 2015, average annual population growth in the submarket has been nearly one-half of what it was during the 2010 to 2014 period, with the average addition of only 4,200 people, or 0.5 percent, annually; net natural change (resident births minus deaths) accounted for all the population growth while net migration was near zero.

The number of households in the San Francisco HMA has grown much faster since 2010 than in the previous decade due to significant population growth during the period. Since 2010, the number of households in the HMA increased by 6,600, or 1.1 percent, a year compared with an average increase of 1,975 households, or 0.3 percent, a year from 2000 to 2010. Household growth was faster in the San Francisco County submarket because of the prevalence of young professionals in smaller households; as of 2017, the median age in the submarket was 38 and the average household size was 2.4 persons, compared with the median age of 40 and average household size of 2.9 persons in the San Mateo County submarket (2017 ACS 1-year data). Larger family households tend to live in the San Mateo County submarket or other parts of the Bay Area because of the greater availability of larger homes. In the San Francisco County submarket, household growth was more than three times greater in the 2010-to-current period, at an average addition of 5,275 households, or a 1.4-percent increase, annually, compared with average annual growth of 1,600 households, or 0.5 percent, during 2000 to 2010. In the San Mateo County submarket, the number of households increased by an average of 1,350, or 0.5 percent, annually since 2010, an almost fourfold increase compared with an average increase of 370 households, or 0.1 percent, annually during the previous decade. An estimated 660,400 households currently reside in the HMA, with 391,000 households in the San Francisco County submarket, and 269,400 households in the San Mateo County submarket.

During the 3-year forecast period, both population and household growth in the HMA and in each of the submarkets are expected to continue to slow, compared with growth since 2010, mainly due to high housing costs. Population growth in the HMA is forecast to average 11,000 people, or 0.7 percent, annually during the next 3 years. The San Francisco County submarket is forecast to add an average of 6,600 people, a 0.7-percent increase, annually, while population growth in the San Mateo County submarket is expected to average 4,400

people, or 0.6 percent, annually. Meanwhile, household growth is expected to average 4,025 households, or 0.6 percent, in the HMA during the 3-year forecast period. In the San Francisco County submarket, an average addition of 2,975 households, or 0.8 percent, annually is expected and 1,025 households, or 0.4 percent, in the San Mateo County submarket. Figures 6 and 7 illustrate the number of households by tenure in each submarket from 2000 to the current date.

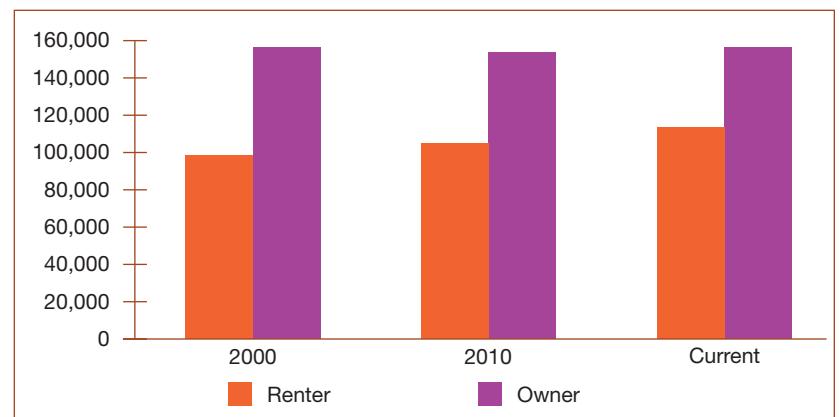
Figure 6. Number of Households by Tenure in the San Francisco County Submarket, 2000 to Current



Note: The current date is November 1, 2018.

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

Figure 7. Number of Households by Tenure in the San Mateo County Submarket, 2000 to Current



Note: The current date is November 1, 2018.

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

Housing Market Trends

Sales Market—San Francisco County Submarket

The sales housing market in the San Francisco County submarket is slightly tight, with an estimated 1.3-percent sales vacancy rate, down from 2.4 percent in 2010 (Table DP-2 at the end of this report). Total new and existing home sales (including single-family homes, townhomes, and condominiums) increased slightly to 6,150 homes sold during the 12 months ending August 2018, up 1 percent compared with the number sold during the previous 12 months and 13 percent higher than the low reached during the housing crisis in 2009 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Recent slow sales growth is reflective of both low inventory and lower demand because of high and increasing sales prices. During October 2018, the unsold inventory index was 1.9 months in the submarket compared with 1.4 months during October 2017 and with 3.6 months statewide (California Association of Realtors®). Despite strong economic conditions in the submarket and HMA in recent years, home construction has not maintained pace with demand; for every 4.5 jobs created in the Greater Bay Area since 2010, only one new home has entered the pipeline (Building Industry Association of the Bay Area). This is well in excess of the healthy ratio of 1.5 jobs per housing unit, according to the Building Industry Association of the Bay Area.

The limited inventory of existing homes for sale led to increased new home sales from 2014 through 2017, mainly new condominiums, which have constituted 90 percent of new homes for sale. That trend has slowed recently as high average sales prices have kept homeownership out of reach for many potential new homebuyers. During the 12 months ending August 2018, total new home sales declined 13 percent to 920 homes, with condominiums

accounting for almost all the decline in new home sales. By comparison, from 2014 through 2017, new home sales increased by an average of 150 homes, or 38 percent, a year. Condominium sales are a significant share of total home sales because of the limited amount of developable land in the submarket. Since 2005 (the earliest data available), an average of 92 percent of all new home sales have been condominiums. During the 12 months ending August 2018, the average sales price of a new home was \$1.28 million, relatively unchanged from the previous 12-month period, but 74 percent higher than the low of \$733,800 during 2007. Because condominiums constitute a significant portion of new home sales, the recent average sales price for condominium units alone was similar to that of all new homes (single-family, townhome, and condominiums combined).

The general increase in the average sales prices for new homes since 2007 has been fueled by strong growth in the technology industry and growth in high-income jobs. Historically, new home sales have been more responsive to new home average sales price changes in the submarket, increasing as sales prices decline. As the primary job center for the nine-county Bay Area, a significant number of commuters would prefer to live in the San Francisco County submarket. As new home sales prices in the submarket declined in 2006 and 2007, the price differential between housing in the outlying areas of the Bay Area and the job center of San Francisco lessened, increasing home sales in the San Francisco County submarket. In the San Francisco-Oakland-Hayward, CA MSA, which includes the HMA and Alameda, Contra Costa, and Marin Counties, the average new home sales price of \$682,700 was 10 percent lower than in the San

Housing Market Trends

Sales Market—San Francisco County Submarket *Continued*

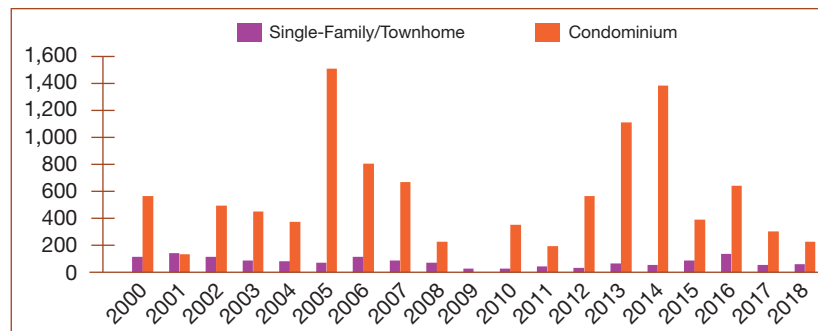
San Francisco County submarket. As new home sales prices increased in the submarket from 2009 through 2013, the average new home sales price in the MSA was about 29 percent lower than in the submarket. New home sales increased in 2006 and 2007, by an average of 28 percent annually, as the average new sales price declined by an average of almost 3 percent, annually. In contrast, the average new home sales price increased by an average of 7 percent per year from 2009 to 2013, when the average sales price reached nearly \$1.06 million. During this period, new home sales declined by an average of 34 percent. The only break in trend during this period was in 2012, when the average sales price for new homes was relatively unchanged and the number of new home sales doubled.

Existing home sales declined every year by an average of 13 percent annually from 2006 through 2009, when economic conditions began to weaken, but increased an average of 16 percent a year from 2010 through 2012, a period when job growth accelerated. Despite recent gains in employment, existing home sales have declined an average of 5 percent every year since 2013 as a result of inventory shortages. From 2013 through 2017, the active inventory declined an average of 9 percent every year. Lower inventory levels, particularly of distressed properties offered at a discount, including real estate owned (REO) properties, have led

to the overall decline in existing sales. REO sales decreased an average of 30 percent a year from 2013 through 2017, representing 9 percent of all existing sales at the end of 2012, but only 2 percent of all existing sales by 2017. As of September 2018, 0.3 percent of all mortgage loans in the submarket were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, below the 0.4-percent rate in September 2017 and well below the statewide average of 0.8 percent (CoreLogic, Inc.). During the 12 months ending August 2018, the average sales price for an existing home in the submarket was \$1.52 million, up 7 percent from the previous 12-month period. The average sales price of an REO sale was \$1.27 million during the 12 months ending August 2018, almost 17 percent lower than the average sales price of a regular resale of \$1.52 million. Average existing home prices have risen every year since 2012.

Single-family home construction is low in the San Francisco County submarket because of the limited amount of developable land. Single-family and townhome construction, as measured by building permits, averaged approximately 100 homes annually from 2000 through 2008. Single-family and townhome permitting activity declined to an average of 30 homes permitted from 2009 through 2012 (Figure 8) because of weak economic and housing market conditions. Despite job growth, single-family and townhome construction in the submarket has remained low, averaging only 70 homes each year from 2012 through 2018. The only break in the trend occurred in 2016, when roughly 140 single-family and townhomes were permitted. During the 12 months ending October 2018, 40 single-family and townhomes were permitted (preliminary data and estimates by the analyst), down from the 115 units permitted during the prior year.

Figure 8. Sales Permitting Activity in the San Francisco County Submarket, 2000 to Current



Note: Current includes data through October 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and estimates by analyst; 2017–2018 preliminary data and estimates by analyst

Housing Market Trends

Sales Market—San Francisco County Submarket *Continued*

Job growth and increased demand in 2013 and 2014 resulted in increased condominium development, but developers have recently scaled back the construction of new condominium units. From 2015 through 2017, an average of 450 condominium units were permitted, annually, compared with an average of 1,275 units in 2013 and 2014, a record high since 2000. New condominium construction in the submarket declined by an average of 8 percent, annually, from 2001 through 2004, as a result of the dot-com bust. From 2005 through 2007, improved economic conditions resulted in increased condominium development, with an average of 1,025 units permitted each year. Condominium development declined sharply, to an average of 200 units permitted, from 2008 through 2011 because of job losses and weakening demand for sales housing.

Recently completed condominium developments in the submarket include the 200-unit One Mission Bay located in the Mission Bay neighborhood, where major redevelopment projects are under way, including the new corporate offices for companies such as Uber Technologies, Inc. and DropBox, Inc. The development was completed in August 2017 and, as of the current date, approximately 90 percent of all units have been sold. Prices for studio, one-bedroom, two-bedroom, and three-bedroom homes range between \$920,000 and \$1,695,000. The construction of several other large condominium projects is also currently under way in the submarket, including the 200-unit One Stuart Lane condominiums, an “ultra-luxury” development in the South of Market neighborhood. Prices for the one-, two-, and three-bedroom units have not yet been determined but are expected to be at least \$2.5 million per unit or double the price of other luxury condominiums

in the submarket, in order to deliver upgraded amenities such as valet, concierge, and higher level of finishes. One Stuart Lane is expected to be completed in late 2019. Another ultra-luxury condominium development currently under way includes 706 Mission Street, which will include 190 units when completed in early 2019. The development will be located adjacent to the historic Aronson Building and house the four-story Mexican Museum, which is concurrently under way. Sales prices have not yet been determined but would need to average \$3.5 million per unit in order to meet development costs.

Housing affordability declined in the HMA as sales market conditions tightened. The National Association of Home Builders/Wells Fargo Housing Opportunity Index for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 6.4 during the third quarter of 2018, down from 11.1 during the third quarter of 2017. During the most recent quarter, the San Francisco HMA was the least affordable sales market out of 239 ranked metropolitan areas in the nation.

Homeownership in the San Francisco County submarket is very low compared to other parts of the Bay Area, at a current rate of 35.7 percent, slightly lower than the 35.8-percent rate during 2010 despite strong economic conditions and growing wages. Homeownership for heads of households aged 35 to 44 years has declined at a significantly faster rate as affordability concerns limit the ability of this group to purchase a house; from 2010 to 2017, the homeownership rate in this age group declined 2.4 percentage points. By comparison, from 2000 to 2010, homeownership for this age group rose 2.2 percentage points, as the decline in average sales

Housing Market Trends

Sales Market—San Francisco County Submarket *Continued*

prices from a greater number of distressed properties in the market made sales housing more

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
650,000	799,999	560	25.0
800,000	999,999	340	15.0
1,000,000	1,499,999	670	30.0
1,500,000	1,999,999	450	20.0
2,000,000	and Higher	220	10.0

Notes: Numbers may not add to totals due to rounding. The 400 homes currently under construction in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2018, to November 1, 2021.

Source: Estimates by analyst

affordable to potential, prime age, first-time homeowners.

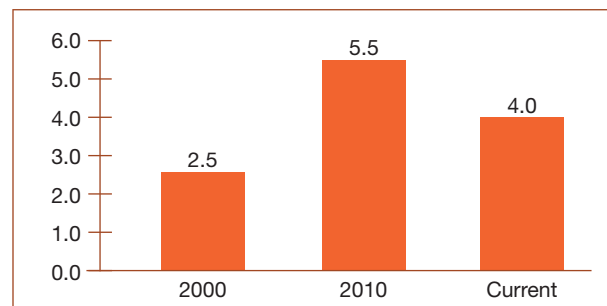
During the 3-year forecast period, demand is expected for 2,250 new homes in the submarket (Table 1). The 400 homes currently under construction will satisfy a portion of this demand. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range. Demand is expected to be greatest in the first year of the forecast period and to moderate during the second and third years, when job growth and net in-migration are expected to slow.

Rental Market—San Francisco County Submarket

Rental housing market conditions in the San Francisco County submarket are currently slightly tight, with an estimated vacancy rate of 4.0 percent, down from 5.5 percent in April 2010 (Figure 9). Strong economic growth and net in-migration to the submarket since 2010 have increased demand for rental housing. Rental market conditions are moving towards balanced after being tight since 2011, however, as net in-migration slowed. The apartment vacancy rate for all stabilized properties in the submarket was 3.5 percent during the third quarter of 2018, down from the 3.8-percent rate during the third quarter of 2017

(RealPage, Inc.). Apartment vacancy rates in neighborhoods with the greatest amount of newly constructed units have been much higher, however, reflecting a large number of units in lease up. The apartment vacancy rate was highest in the Haight Ashbury/Western Addition and South of Market Reis-defined market areas (hereafter, market areas), at 7.7 and 7.6 percent, respectively, where all new development has been located in the past 12 months (Reis, Inc.). During the same period, the average market rent in the submarket increased almost 4 percent, to \$3,600, from the same quarter a year ago, and up 69 percent from \$2,125 during the third quarter of 2010 (RealPage, Inc.). Average rents increased 1 and 7 percent in the South of Market and Downtown San Francisco market areas, to \$3,500 and \$3,800, respectively, and declined slightly in the West San Francisco market area, by 1 percent, to \$3,000. Rent growth was highest in the areas that were concentrated with recent development. Since the recent increase in apartment development began in 2011, roughly 80 percent

Figure 9. Rental Vacancy Rates in the San Francisco County Submarket, 2000 to Current



Note: The current date is November 1, 2018.

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

Housing Market Trends

Rental Market—San Francisco County Submarket *Continued*

of all newly constructed rental units have been located in either the South of Market or Haight Ashbury/Western Addition market areas.

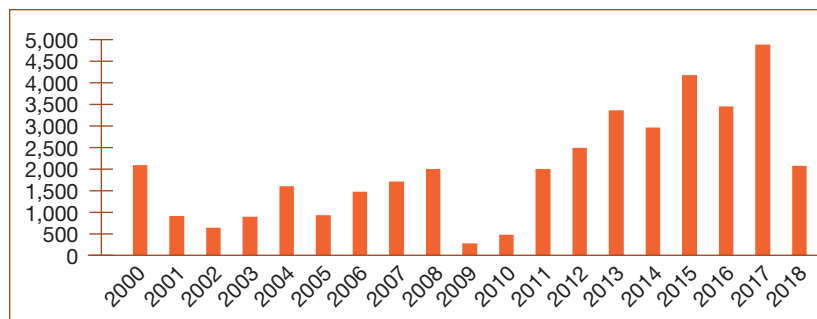
Since 2011, approximately 84 percent of all multifamily units permitted in the submarket have been apartments, compared with an average of 67 percent in 2009 and 2010 and an average of 69 percent during the 2000s. During 2009 and 2010, apartment construction slowed to an average of 370 units permitted annually because of job losses and reduced rental demand, compared with an average of 1,525 units permitted annually from 2004 through 2008 during the prior peak of apartment construction (Figure 10). As rental market conditions tightened, apartment construction has increased by an average of 40 percent annually from 2011 through 2017. Apartment construction during the 12 months ending October 2018 declined 7 percent, to 3,275 units, as developers scaled back production (preliminary data and estimates by the analyst). The largest residential project currently under construction is Trinity Place, located in the South of Market area, which is in its fourth phase of construction. The project will eventually include four apartment towers with 1,900 studio and one-bedroom units, 60,000 square feet of commercial space, a

42,000-square-foot open plaza, and 1,450 off-street parking spaces. The second and third phases of construction, completed in 2013 and 2017, respectively, added about 1,400 units to the project. Construction of the remaining 500 units of the project is currently under way and expected to be completed by mid-2021 with a mix of one-, two-, and three-bedroom units in a 17-story tower with 275 parking spaces and over 60,000 square feet of retail space. Rents for the existing units start at \$2,314 for studio units and \$2,574 for one-bedroom units.

The completion of the new Transbay Terminal, a multi-transit terminal to connect other Bay Area cities to San Francisco, and the concentration of high-tech companies, most notably Salesforce, has increased housing demand in the South of Market area. Of the apartments currently under construction in the San Francisco County submarket, 44 percent are in the South of Market area. The area has had significantly increased levels of construction recently and has accounted for 6,125 new market-rate apartment units, or 63 percent of newly constructed rental units in the submarket since 2011. Recently completed projects in the South of Market area include 33 Tehama, a 403-unit apartment complex with 700 square feet of ground-floor retail space. Monthly rents range from \$3,675 to \$4,750 for one-bedroom units and \$5,500 to \$6,425 for two-bedroom units, which excludes the average monthly rent of \$15,000 for two-bedroom penthouse units.

Although construction of market-rate rental units has been significant in the submarket since 2011, newly added units have not been able to slow rapid rent growth because many of the newly constructed rental units are luxury with rents at the top of the market. As of October 2018,

Figure 10. Rental Permitting Activity in the San Francisco County Submarket, 2000 to Current



Note: Current includes data through October 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and estimates by analyst; 2017–2018 preliminary data and estimates by analyst

Housing Market Trends

Rental Market—San Francisco County Submarket *Continued*

of all cities in the nation, median one- and two-bedroom rents were highest in the city of San Francisco (coterminous with the San Francisco County submarket), surpassing rents in the cities of New York and San Jose (Zumper). With median rents for one- and two-bedroom units at \$3,650 and \$4,800, respectively, rental affordability in the submarket is among the lowest in the nation. During the 2011 through 2015 period, an estimated 19.7 percent of all renter households in the HMA were cost-burdened, spending between 30 and 49 percent of income on rent, while 20.1 percent were severely cost-burdened, spending more than 50 percent of income towards rent (HUD CHAS data). Cost-burdens are particularly notable for lower-income renter households. For renter households with incomes less than 50 percent of the Area Median Family Income, a slightly higher proportion, 25.5 percent, were paying between 30 and 49 percent of their incomes toward rent but a significant proportion of households at these income levels, or 44.6 percent, were severely cost burdened, spending more than 50 percent of their income towards rent.

Efforts to add affordable housing in the San Francisco County submarket have been ongoing, and a significant portion of low-income rental units developed in the submarket have been financed through the federal Low-Income Housing Tax Credit Program

and the State of California Tax Credit Allocation Committee (CTCAC). From 2010 to 2015, an average of 660 low-income rental units were completed annually in the submarket; however, this is down from the 850 units developed each year from 2000 through 2009 (CTCAC). In addition, a consortium of Bay Area organizations, including foundations for the largest high-tech employers such as Facebook and Genentech, aims to raise \$500 million for an investment fund to preserve and produce affordable housing and provide grants to promote policies that encourage greater housing production. The investment fund would provide low-interest loans for purchasing land for low-income housing development or financing acquisitions of existing low-cost apartment buildings. Estimates indicate the fund would preserve or build 8,000 units of low-income housing in the next decade (Partnership for the Bay's Future).

During the 3-year forecast period, demand is expected for 9,825 rental units (Table 1). Demand is expected to decline during the second and third years of the forecast period as economic and population growth moderate. The 4,075 apartment units currently under construction will meet more than 40 percent of the forecast demand. Table 5 shows the estimated demand by rent level and number of bedrooms for new rental housing in the submarket during the forecast period.

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

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
2,450 to 2,649	200	2,950 to 3,149	440	4,000 to 4,199	290	4,200 to 4,399	75
2,650 to 2,849	1,575	3,150 to 3,349	3,100	4,200 to 4,399	2,050	4,400 to 4,599	390
2,850 or More	200	3,350 or More	880	4,400 or More	590	4,600 or More	25
Total	1,975	Total	4,425	Total	2,950	Total	490

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals due to rounding. The 4,075 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2018, to November 1, 2021.

Source: Estimates by analyst

Sales Market—San Mateo County Submarket

The sales housing market in the San Mateo County submarket is very tight, with a current estimated vacancy rate of 0.9 percent, down from 1.3 percent in 2010 (Table DP-3 at the end of this report). During the 12 months ending August 2018, total home sales (including single-family homes, townhomes, and condominiums) were relatively unchanged from the previous year, at 6,700 home sales, but the average sales price increased 14 percent, to \$1.6 million (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). New home sales increased significantly during the most recent 12 months, by 28 percent to 330 homes, but flat growth in existing home sales, which constitute the bulk of total sales, resulted in the flat growth in sales overall. Condominium sales accounted for 20 percent of all sales during the most recent 12 months, a percentage that has remained relatively steady since 2005, the earliest year of data available. As in the San Francisco County submarket, the recent decline in sales is partially driven by low inventory and lower demand at currently high asking sales prices. During October 2018, the unsold inventory index was 1.9 months in the San Mateo County submarket, unchanged from October 2017 (California Association of Realtors®). Strong job and wage growth along with a shortage of housing units for sale has increased competition for sales units on the market since 2014, leading to rising sales prices and declining home sales. Total home sales have fallen steadily, with an average decline of 3 percent per year from 2014 to 2017, while the average sales price increased by an

average of \$111,600 or nearly 9 percent per year.

Total home sales increased every year from 2010 through 2012 during the beginning of the economic and housing market recovery, by an average of 450 homes, or 7 percent, annually, while the unsold inventory index averaged 2.3 months. Sales price appreciation fluctuated during this period, primarily because of changes in REO sales. In 2009, when sales market conditions were weaker, the average sales price reached a decade low of \$762,900, an 18-percent decline in the average sales price compared with the price in 2008, because of a 36-percent increase in REO sales, which were approximately one-half the price of regular resales. After an average decline of 8 percent in REO sales from 2010 through 2012, the average sales price increased to \$869,600 in 2012, reflecting a greater proportion of regular resales as the market improved. During 2005 and 2006, before the housing market downturn, REO sales accounted for less than 1 percent of all home sales in the submarket; the share increased to 3 percent during 2007 and peaked at 23 percent during 2009. Since then, REO sales have declined and were down to 1 percent during the 12 months ending August 2018. During the most recent 12-month period, the tight sales market conditions have narrowed the gap between the average sales price of an REO home at \$1.56 million and the \$1.61 million average sales price of a regular resale, representing a 3-percent difference. As of September 2018, 0.3 percent of all mortgage loans in the

Housing Market Trends

Sales Market—San Mateo County Submarket *Continued*

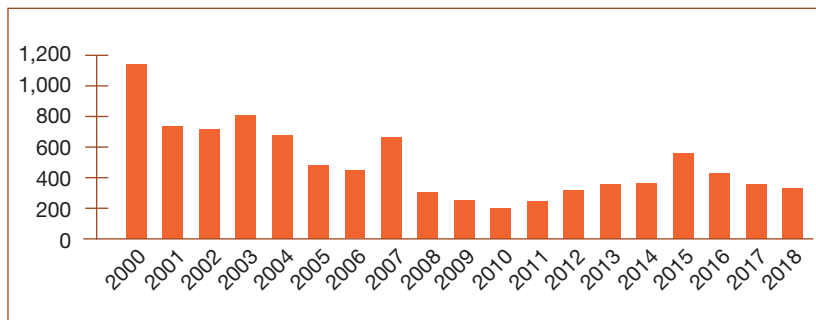
submarket were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, down from the 0.4-percent rate in September 2017 (CoreLogic, Inc.).

Since 2011, job growth and net in-migration in the San Mateo County submarket has resulted in increased single-family homebuilding activity, as measured by the number of single-family homes permitted, but building activity remains below historic averages. During the 12 months ending October 2018, about 330 homes were permitted, a 20-percent decline from the 410 homes permitted during 2014 (preliminary data). From 2000 through 2007, an average of 710 homes were permitted annually, but the number of permits declined each year from 2008 through 2010 (Figure 11), to an average of 260 homes a year, as

a result of job losses throughout the San Francisco HMA. From 2011 through 2017, single-family permitting increased to an average of 380 homes permitted annually. Condominium units accounted for approximately 7 percent of all multifamily units permitted during the same period, lower than the 15-percent share during the 2000 through 2010 period. Despite the smaller share of condominiums, much of the larger for-sale developments currently under construction are condominiums and townhomes, given developable land constraints in the submarket. Wheeler Plaza, a 109-unit condominium development is currently under construction in the city of San Carlos and is expected to be complete by the end of 2019. Sales prices have not yet been determined.

During the next 3 years, demand is expected for 1,850 new homes in the submarket (Table 1). The 210 homes currently under construction will satisfy part of the forecast demand. Prices for new homes currently start at \$650,000. Homes on the lower end of the price spectrum are condominiums and smaller townhome units. Table 6 presents detailed information on the estimated demand for new sales housing, by price range, in the submarket during the 3-year forecast period.

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



Notes: Includes townhomes. Current date includes data through October 2018.

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

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
650,000	899,999	370	20.0
900,000	999,999	190	10.0
1,000,000	1,249,999	560	30.0
1,250,000	1,499,999	370	20.0
1,500,000	1,999,999	190	10.0
2,000,000	and Higher	190	10.0

Notes: Numbers may not add to totals due to rounding. The 210 homes currently under construction in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2018, to November 1, 2021.

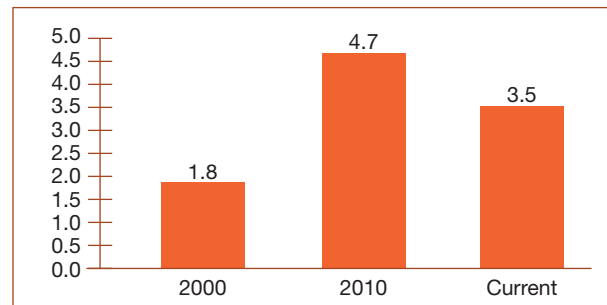
Source: Estimates by analyst

Rental Market—San Mateo County Submarket

As a result of increased population growth since 2010, the rental housing market in the San Mateo County submarket remains tight, with an estimated overall rental vacancy rate of 3.5 percent, down from 4.7 percent in April 2010 (Figure 12). The apartment vacancy rate during the third quarter of 2018 was 4.3 percent, up from 3.8 percent during the third quarter of 2017 (RealPage, Inc.). The average market-rate apartment rent in the submarket was approximately \$3,200 during the third quarter of 2018, up 5 percent from \$3,050 during the third quarter of 2017 and up 88 percent from \$1,700 during the same quarter in 2010. While apartment market conditions remain tight, apartment vacancies have risen in two of the three RealPage-defined areas of the

submarket as net in-migration to the submarket slowed. During the third quarter of 2018, the apartment vacancy rate rose to 5.5 percent in the North San Mateo County area, the highest rate in the three market areas, up from 3.6 percent during the third quarter of 2017. The spike in apartment vacancies occurred along with a 2-percent decline in the average apartment rent to \$2,773, the lowest rental rate in the three market areas. The apartment vacancy rate rose to 4.2 percent in the Central San Mateo County area, from 3.7 percent during the prior year while the average rent increased 8 percent to \$3,335. The apartment vacancy rate declined only in the South San Mateo County area, from 4.0 to 3.4 percent during the third quarter of 2018 and the average rent increased 10 percent to \$3,462, the highest rental rate of the three market areas.

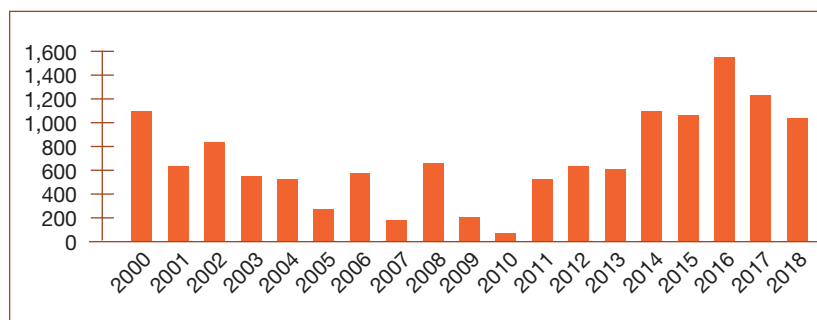
Figure 12. Rental Vacancy Rates in the San Mateo County Submarket, 2000 to Current



Note: The current date is November 1, 2018.

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

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



Notes: Excludes townhomes. Current date includes data through October 2018.

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

Multifamily construction activity, as measured by the number of multifamily units permitted, has increased significantly since 2014 (Figure 13). From 2014 through 2017, an average of 1,225 multifamily units were permitted annually, more than double the average of 570 units permitted from 2011 through 2013.

Multifamily permitting reached a low of only 120 units averaged in 2009 and 2010, when the HMA lost jobs and the submarket experienced net out-migration. Despite the upward trend, multifamily construction activity has slowed recently. During the 12 months ending October 2018, 1,125 units were permitted, a 17-percent decline from the 1,350 units permitted during the previous 12-month period. One of the largest apartment developments currently under

Housing Market Trends

Rental Market—San Mateo County Submarket *Continued*

way in the submarket is the 492-unit mixed use Station Park Green in the city of San Mateo. The development will include three residential apartment buildings and a combined 35,000 square feet of office and retail space. The first phase of construction with 121 apartment units was completed recently; rents start at \$3,575 for one-bedroom units and \$4,450 for two-bedroom units. The second and third phases of construction will add 371 apartment units in two buildings and are expected to be completed by the end of 2019.

Demand is expected for 4,475 new rental units during the next 3 years. Demand is expected to be strongest during the first and second years of the 3-year forecast period. Economic growth is expected to moderate during the forecast period and rental demand is anticipated to decline as well. The 1,525 units currently under construction will meet a third of the forecast demand (Table 1). Table 7 highlights the estimated demand for new rental housing, by rent level, during the forecast period.

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

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
2,000 to 2,199	90	2,600 to 2,799	200	3,200 to 3,399	540	4,000 to 4,199	45
2,200 or More	360	2,800 to 2,999	1,425	3,400 or More	1,250	4,200 or More	180
		3,000 or More	400				
Total	450	Total	2,025	Total	1,800	Total	220

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals due to rounding. The 1,525 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2018, to November 1, 2021.

Source: Estimates by analyst

Table DP-1. San Francisco-Redwood City-South San Francisco HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	844,025	802,857	1,001,000	-0.5	2.9
Unemployment Rate (%)	3.2	8.7	2.3		
Total Nonfarm Payroll Jobs	984,500	859,300	1,134,000	-1.4	3.6
Total Population	1,483,894	1,523,686	1,669,000	0.3	1.1
Total Households	583,803	603,648	660,400	0.3	1.1
Owner Households	271,524	276,756	295,200	0.2	0.8
Percent Owner (%)	46.5	45.8	44.7		
Renter Households	312,279	326,892	365,200	0.5	1.3
Percent Renter (%)	53.5	54.2	55.3		
Total Housing Units	607,103	647,973	693,000	0.7	0.8
Sales Vacancy Rate (%)	0.6	1.8	1.1		
Rental Vacancy Rate (%)	2.3	5.2	3.8		
Median Family Income	\$72,400	\$70,770	\$115,300	-0.2	6.3

Notes: Median Family Incomes are for 1999, 2009, and 2017. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2018. Numbers may not add to totals due to rounding.

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

Table DP-2. San Francisco County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	776,733	805,235	890,000	0.4	1.2
Total Households	329,700	345,811	391,000	0.5	1.4
Owner Households	115,391	123,646	139,400	0.7	1.4
Percent Owner (%)	35.0	35.8	35.7		
Renter Households	214,309	222,165	251,600	0.4	1.5
Percent Renter (%)	65.0	64.2	64.3		
Total Housing Units	346,527	376,942	412,800	0.8	1.1
Sales Vacancy Rate (%)	0.8	2.4	1.3		
Rental Vacancy Rate (%)	2.5	5.5	4.0		

Notes: Numbers may not add to totals due to rounding. The current date is November 1, 2018.

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	707,161	718,451	778,700	0.2	0.9
Total Households	254,103	257,837	269,400	0.1	0.5
Owner Households	156,133	153,110	155,800	-0.2	0.2
Percent Owner (%)	61.4	59.4	57.8		
Renter Households	97,970	104,727	113,600	0.7	1.0
Percent Renter (%)	38.6	40.6	42.2		
Total Housing Units	260,576	271,031	280,100	0.4	0.4
Sales Vacancy Rate (%)	0.5	1.3	0.9		
Rental Vacancy Rate (%)	1.8	4.7	3.5		

Notes: Numbers may not add to totals due to rounding. The current date is November 1, 2018.

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

Terminology Definitions and Notes

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 11/1/2018—Estimates by the analyst

Forecast period: 11/1/2018–11/1/2021—Estimates by the analyst

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.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In 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 Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As

a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_SanFranciscoCA_18.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by 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.

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