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Analysis of the
**SAN DIEGO, CALIFORNIA
HOUSING MARKET**

as of November 1, 1965

A Report by the
**FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

June 1966

ANALYSIS OF THE
SAN DIEGO, CALIFORNIA, HOUSING MARKET
AS OF NOVEMBER 1, 1965

FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

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ANALYSIS OF THE
SAN DIEGO, CALIFORNIA, HOUSING MARKET
AS OF NOVEMBER 1, 1965

Summary and Conclusions

1. Nonagricultural employment in the San Diego, California, Housing Market Area (HMA) averaged 300,800 during 1964, an increase of 31,700 (12 percent) over the 1958 level. The greatest portion of the increase occurred between 1958 and 1960, however, when non-agricultural employment increased by 27,700 from 269,100 to 296,800. Between 1960 and 1964, nonagricultural employment gains were inhibited by a sharp decline in employment in the aircraft and missile industry and totaled only 4,000. Nonagricultural employment for the first ten months of 1965 averaged 306,950 compared with 300,050 for the same period in 1964. The employment increase of 6,900 was the greatest yearly increase since 1958-1959. During the next three years, employment gains are expected to total 22,500, or 7,500 a year, as employment losses in the aircraft industry are terminated and moderate economic growth resumes. In addition to the nonagricultural civilian employment, there are about 111,000 uniformed military personnel assigned in the HMA at present, including Navy fleet personnel.

Unemployment in the San Diego HMA averaged 25,600 during 1964, equal to 7.5 percent of the work force. Unemployment has been at a high level since 1960 when job cut-backs began in the aircraft industry and the unemployment ratio reached a peak of 7.9 percent in 1962. The lowest unemployment ratio was 3.9 percent in 1959.

2. The current median annual income, after deducting Federal income tax, is \$7,950 for all families and \$6,200 for all renter families. By 1968, median annual after-tax income is expected to approximate \$8,650 for all families and \$6,750 for all renter families.
3. The estimated current population of the San Diego HMA is 1,201,000, a gain of 30,100 yearly since April 1, 1960. Between April 1, 1950 and April 1, 1960, the average annual increment was substantially higher at 47,600. By November 1, 1968, population is expected to total 1,276,000, an anticipated gain of 25,000 a year.
4. At present, there are 360,000 households in the San Diego HMA, representing an average increment of 9,825 annually since April 1, 1960. This compares with the considerably higher average addition of 13,600 households a year during the 1950-1960 decade. The number of households in the HMA is expected to total 385,500 by November 1, 1968, an anticipated annual gain of 8,500 a year.

5. As of November 1, 1965, there are 399,600 housing units in the San Diego HMA, a net addition of 60,150 housing units (10,800 a year) since April 1960. The increase resulted from the construction of about 65,300 new units, about 350 units gained by conversion, and the loss of approximately 5,500 units, primarily through demolition. The number of new dwelling units authorized annually by building permits has shown wide variation since 1950, from a high of 29,900 in 1959 to a low of 9,100 in 1962. Since 1960, however, the annual number of single-family dwelling units authorized has been at a lower rate than during previous years, while the number of multifamily housing units authorized has been greater each succeeding year since 1960.
6. The current net available homeowner vacancy ratio is 3.2 percent, and the net rental vacancy ratio is 12.5 percent. The present homeowner vacancy ratio represents a decline from the 4.0 percent vacancy ratio in April 1960 and the current renter vacancy ratio represents an increase from the 11.5 percent ratio in April 1960. Present vacancy levels indicate a moderate over-supply of sales vacancies and a substantial excess supply of rental vacancies.
7. The volume of privately-owned net additions to the sales housing supply that will meet the requirements of anticipated household growth during the next three years and result in a more acceptable demand-supply balance in the sales housing market is approximately 4,100 new sales units annually, moderately lower than the reduced volume of single-family construction attained in 1965. Demand for new sales houses by sales price ranges is expected to approximate the distribution indicated on page 31.

The current excess of adequate vacant rental units over the number that would represent a balanced supply-demand situation in the rental market, plus rental units currently under construction, are sufficient to satisfy almost all of the quantitative demand for rental units during the next three years. It is not realistic, however, to assume restoration of the rental market to better balance by elimination of all new multifamily housing construction for three years. Nevertheless, unless the production of new multifamily housing is sharply reduced, the sizeable surplus of adequate, vacant rental units will not be absorbed within a reasonable time, and the recent and current economic difficulties experienced by the owners, managers, and mortgagees of rental projects will be prolonged. Under these circumstances, only rental projects designed to satisfy a specific need that clearly is not now being met should be considered for construction. Demand for such projects should be clearly established and their effect on the over-all market should be carefully evaluated before approval.

ANALYSIS OF THE
SAN DIEGO, CALIFORNIA, HOUSING MARKET
AS OF NOVEMBER 1, 1965

Housing Market Area

The San Diego, California, Housing Market Area (HMA) is defined as San Diego County. This area is coextensive with the San Diego Standard Metropolitan Statistical Area, as defined by the U.S. Bureau of the Budget, and the San Diego Labor Market Area, as delineated by the California Department of Employment. As of April 1960, the census reported a population of 1,033,011 persons in the San Diego Standard Metropolitan Statistical Area. San Diego County is a nearly rectangular area containing 4,255 square miles and measuring approximately 60 miles from north to south and 70 miles from east to west. Most of the land area of San Diego County is sparsely populated, however, with the population heavily concentrated along the coastal area, especially the south coastal region surrounding San Diego City.

San Diego City is the focal point of much of the economic, social, cultural, and educational activity in the HMA. There are, however, a number of other incorporated communities in the HMA which are primarily residential in character and are significant in terms of population, namely, Chula Vista, Coronado, El Cajon, Escondido, Imperial Beach, La Mesa, National City, and Oceanside. These communities, except for Escondido and Oceanside, are contiguous to San Diego and all of these incorporated places, including San Diego, have a current population totaling 920,500. Inasmuch as the rural farm population of the San Diego HMA constituted only 0.9 percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.

San Diego, the third largest Standard Metropolitan Statistical Area in California, is located in the extreme southwestern corner of California. On the south, the HMA is contiguous to the Republic of Mexico and the city of Tijuana. To the east lies the desert and the first city of consequence in this direction is Yuma, Arizona, 175 miles away. Approximately 125 miles north of San Diego City is the Los Angeles-Orange County-San Bernardino-Riverside urban complex.

The inconvenient location of San Diego, with respect to the rest of the Nation, has been a substantial handicap to the development of a diversified manufacturing economy. In addition, some of the growth that might otherwise have developed in the San Diego area is likely to have been absorbed by the nearby and rapidly growing Los Angeles-Orange County region. In the absence of a strong, well diversified manufacturing economy, however, the excellent natural harbor and the mild, equable climate have gone far toward compensating for the locational disadvantage of the city.

San Diego is served by a network of Federal and State highways including Interstate Routes 5 and 8, as well as U. S. Routes 101, 395, and 80. Airline service, provided at Lindbergh Field in San Diego, is ample, with flights by United, Delta, American, National, Pacific, and Bonanza Airlines. Passenger bus service and motor freight service are adequate, and the Santa Fe Railroad furnishes the HMA with rail transportation facilities.

San Diego Bay, the most significant topographical feature in the HMA, has played a dominant role in the establishment, growth, and continued economic prosperity of the area. Rolling hills and numerous canyons typify the heavily populated coastal area; while further east, traversing the mid-section of the county from north to south, the Peninsular mountain range, although not exceeding 3,000 feet elevation, offers an effective barrier to access to areas to the east.

Economy of the Area

Character and History

San Diego was founded in 1769 when Father Junipero Serra established a mission at the present site of San Diego. Little growth occurred until about 1885, when the completion of the transcontinental railroad stimulated a land boom in southern California that saw the population of San Diego rise to about 35,000. The boom was short lived, however, and by the turn of the century the population of the area had declined to about 16,000.

The twentieth century has witnessed two developments which have been basic to the growth of the San Diego area to its current size and importance. During and shortly after World War I, Navy and Marine Corps installations were located in the San Diego HMA. These installations have remained and have grown to be vital to the National defense and to the economy of the area. In the 1930's, after the military and commercial potential of aircraft had been fully realized, the aircraft industry in San Diego began to develop, among the first factories being those of Ryan Aircraft Company and Solar Aircraft Company. World War II and the Korean Conflict resulted in rapid population growth in the San Diego area as the military installations and the aircraft industry expanded to meet wartime requirements. The opening of the General Dynamics Astronautics plant in 1958 again resulted in a brief period of rapid growth. A recession, precipitated by substantial cut-backs in the aircraft industry, has plagued the San Diego area since 1960.

The inconvenient location of San Diego with respect to raw materials and the markets offered by major population concentrations has not favored the development of a manufacturing-oriented economy. However, the continued support of the trade and services industries, as well as the military installations has enabled the area economy to develop.

Employment

Current Estimate. The civilian work force in the San Diego HMA, as reported by the California Department of Employment, averaged 339,500 in 1964, a gain of 0.8 percent above the 336,900 average in 1963, but at the same level as in both 1961 and 1962 (see table I). Components of the 1964 work force included 25,600 unemployed persons, 13,100 agricultural workers, and 300,800 nonagricultural workers. The non-agricultural total included 261,200 nonagricultural wage and salary workers.

For the first ten months of 1965, the civilian work force in the San Diego HMA averaged 345,750, or 7,150 (2.1 percent) above the average in the comparable period in 1964. Nonagricultural employment grew by 6,900 (2.3 percent), from 300,050 for the first ten months of 1964 to 306,950 for the same period in 1965.

Past Trend. From 1958 to 1964, nonagricultural employment in the San Diego HMA increased by about 31,700 (11.8 percent). The over-all nonagricultural employment gain during this interval did not consist of steady year-to-year gains, however, but was composed of widely varying annual changes. The annual changes varied from a gain of 26,000 jobs between 1958 and 1959 to losses of 2,150 and 1,250 from 1961 to 1963. The major fluctuations have been the result of employment changes in the aircraft and construction industries. Nonagricultural employment grew by 2,500 jobs in 1964, due to strong gains in trades and services employment.

A comparison of nonagricultural employment for the first ten months of 1965 with the same period in 1964 shows a gain of 6,900 jobs, from 300,050 to 306,950. This is the greatest yearly gain since 1959 and reflects, primarily, a stabilization of employment in the aircraft industry and continued strength in the trades and services categories. The table below shows the irregular pattern of changes in nonagricultural employment.

Trend of Civilian Work Force and Total Nonagricultural Employment
San Diego, California, Housing Market Area
1958-1965

<u>Year</u>	<u>Civilian work force</u>		<u>Nonagricultural employment</u>	
	<u>Number</u>	<u>Change</u>	<u>Number</u>	<u>Change</u>
1958	295,700	-	269,100	-
1959	319,650	23,950	295,100	26,000
1960	330,100	10,450	296,800	1,700
1961	339,500	9,400	301,700	4,900
1962	339,500	0	299,550	-2,150
1963	336,900	-2,600	298,300	-1,250
1964	339,500	2,600	300,800	2,500
Jan.-Oct.				
1964	338,600	-	300,050	-
1965	345,750	7,150	306,950	6,900

Source: California Department of Employment.

Manufacturing employment accounted for about 17 percent of all non-agricultural employment in 1964, a ratio considerably lower than the high of about 26 percent in 1958. From 1958 through 1964, manufacturing employment declined by 16,550 jobs, the result of a loss of 22,050 jobs in the aircraft industry, which only partially was offset by gains totaling 5,500 in all other manufacturing industries. Changes in manufacturing employment during the 1958-1964 interval included a gain of 5,500 jobs from 1958 to 1959 followed by a loss of 4,800 manufacturing jobs in 1960 and a gain of 2,850 in 1961. Since 1961, there have been substantial yearly declines of 8,600, 5,600, and 5,900 in 1962, 1963, and 1964, respectively.

The average of 50,800 manufacturing workers reported for the first ten months of 1965 represents a further decline of 1,650 jobs from the 52,450 workers employed during the same period in 1964. During the past several months, however, employment losses have stopped and indications are that the number of manufacturing jobs has stabilized, if only temporarily, following a period of substantial decline.

Employment in nonmanufacturing industries in the San Diego HMA totaled 248,600 in 1964, an increase of 48,250 (24 percent) over the 200,350 total for 1958. As an indication of the importance of the trade, services, and government industries to the San Diego economy, nearly 91 percent of the total increment to nonmanufacturing employment during the 1958-1964 interval was supplied by these industries. Employment gains in the nonmanufacturing sector have been surprisingly strong considering the magnitude of losses in the manufacturing sector. Increments to nonmanufacturing employment, although more stable than changes in manufacturing employment, have varied considerably. Nonmanufacturing employment increased by 20,500 jobs, from 200,350 in 1958 to 220,850 in 1959, the greatest single-year growth for any year between 1950 and the present. Since 1959, nonmanufacturing employment gains have fluctuated from a low of 2,050 between 1960 and 1961 and a high of 8,400 between 1963 and 1964. Nonmanufacturing employment for the first ten months of 1965 shows an increase of 8,550 over the comparable period in 1964. In part, nonmanufacturing employment gains have been sustained by the presence of the large and relatively stable number of military personnel in the HMA, as well as a generally increasing demand for additional services provided by the trade and service industries as the disposable income of families continues to rise.

Trend of Manufacturing, Nonmanufacturing, and
Total Nonagricultural Employment
San Diego, California, Housing Market Area
1958-1965

<u>Year</u>	<u>Manufacturing</u>		<u>Nonmanufacturing</u>		<u>Total nonagricultural employment</u>	
	<u>Number</u>	<u>Change</u>	<u>Number</u>	<u>Change</u>	<u>Number</u>	<u>Change</u>
1958	68,750	-	200,350	-	269,100	-
1959	74,250	5,500	220,850	20,500	295,100	26,000
1960	69,450	-4,800	227,350	6,500	296,800	1,700
1961	72,300	2,850	229,400	2,050	301,700	4,900
1962	63,700	-8,600	235,850	6,450	299,550	-2,150
1963	58,100	-5,600	240,200	4,350	298,300	-1,250
1964	52,200	-5,900	248,600	8,400	300,800	2,500
<u>Jan.-Oct.</u>						
1964	52,450	-	247,600	-	300,050	-
1965	50,800	-1,650	256,150	8,550	306,950	6,900

Source: California Department of Employment.

Major Industry Groups. A total of 52,200 persons were employed in the manufacturing sector in 1964, representing about 17 percent of all nonagricultural employment in 1964. Of the total, 41,600 (80 percent) were employed in durable goods industries and 10,600 (20 percent) were employed in nondurable goods industries. Aircraft and missile production, collectively identified as the aircraft industry, accounted for 56 percent of all manufacturing employment. Primarily, it is aircraft industry that has been responsible for both the impressive growth of the San Diego HMA during the 1950-1960 decade, and the absence of substantial growth in the area since 1959. Employment in the aircraft industry totaled 51,350 in 1958, and increased to 54,800 in 1959. In 1960, employment in the aircraft industry dropped to 48,200. A slight recovery in 1961 enabled employment in this industry to average 49,900 for that year. Since 1961, employment in the aircraft industry has plummeted from the 1961 level to 29,300 in 1964. During the first ten months of 1965, employment in the industry averaged 25,900, compared with 29,700 for the same period in 1964. The sizeable employment losses which have occurred in this industry since 1959 have resulted from a decision to phase-out the Atlas missile as a strategic weapon for the National defense. A number of small subcontractors also experienced cut-backs due to the Atlas phase-out. Employment in each of the other industries in the manufacturing sector varied between 2,100 and 5,500 persons in 1964.

Although employment in these industries totaled only 22,900 in 1964, with the exception of the food processing industry, they have exhibited increases in employment (see table II).

Employment in the nonmanufacturing sector in 1964 was led by the trade industry with 67,200 workers, followed by the service industry with 64,900 workers, and government with 64,300 employees, including 24,700 Federal civilian employees. In 1964, these categories, combined, accounted for 196,400 jobs, or 65 percent of all nonagricultural workers in the San Diego HMA. Between 1958 and 1964, these three categories had employment growth totaling 43,800 jobs. Next in order of importance, based on 1964 employment, were contract construction (20,000), finance, insurance, and real estate (15,600), transportation, communication, and utilities (14,900), and mining (1,700).

Impact of the Military

Navy and Marine Corps operations account for all of the military activity in the HMA. In 1964, the assigned military strength in the San Diego HMA totaled almost 111,000. Of this total, 58,500 were shore-based, including 31,000 Navy and 27,500 Marine Corps personnel, and 52,500 were Navy personnel home-ported at San Diego. Although home-ported personnel are assigned to a ship and are not in the area all of the time, the base at which Navy personnel are home-ported is the base responsible for providing housing and other necessary services to dependents of personnel aboard ship. In addition, about 18,000 civilians are employed at military installations in the HMA.

It is important to note that military personnel are not included in employment data reported by the California Department of Employment. Civilian employees at military installations are, however, included in the California Department of Employment statistics in the "government" classification.

Navy Installations. Naval operations have been an integral part of the San Diego economy since a destroyer base was first established at San Diego during World War I. There are a number of separate Navy installations in the HMA. Because they are all located in a relatively compact area within a ten-mile radius of San Diego, however, all of the installations usually are referred to collectively as the San Diego Naval Base or Naval Complex. The most significant of the individual Naval installations are: Air Station, Miramar; Radio Station, Imperial Beach; Air Station, North Island; Electronics Laboratory, San Diego; Fleet Anti-Submarine Warfare School, San Diego; Hospital, San Diego; Naval Station, San Diego; Training Center, San Diego; Supply Center, San Diego; Amphibious Base, Coronado; and Air Station, Ream Field.

The large, permanent San Diego Naval Base performs many of the basic logistic, training, and research functions for the Pacific Fleets. Although variations in strength do occur as defense requirements are altered, the over-all Naval strength assigned in the San Diego area has been generally stable for a number of years.

A Navy ship repair facility with about 1,800 civilian employees was closed during 1964, causing a decline in civilian employment from the preceding year; but as of September 30, 1965, the Navy reported about 16,250 civilian workers at the various Naval installations in the San Diego area (see following table). The number of uniformed Navy personnel assigned in the area has increased somewhat since 1960, which is likely due to the increased tension in the Far East and the deepening involvement of the Nation in the Viet Nam conflict.

Based on current information obtained from the Navy, there are no significant changes anticipated in the level of assigned uniformed or civilian personnel in the San Diego area.

Military and Civilian Strength at Naval Installations
San Diego, California, Housing Market Area
December 31, 1956-December 31, 1964

<u>Year</u>	<u>Uniformed Navy</u>		<u>Civilian</u>
	<u>Shore-based</u>	<u>Mobile</u>	
1956	26,158	50,206	18,355
1957	26,433	43,265	17,365
1958	28,222	45,679	15,966
1959	26,689	42,969	16,997
1960	29,833	48,413	16,973
1961	32,054	53,855	17,738
1962	31,151	51,605	17,042
1963	30,733	54,437	16,873
1964	31,014	52,356	15,587

Source: Department of the Navy.

Marine Corps. Marine Corps activity in the San Diego HMA is located at Camp Pendleton in northwestern San Diego County, providing much of the economic support for that section of the HMA. The history of Camp Pendleton dates back to World War II and the base long has been a permanent Marine Corps installation conducting specialized schooling and basic training, and organizing replacement units for overseas duty. Past variations in military and civilian strength at Camp Pendleton have not been great. The recent decline between June 1962 and June 1965 (see following table) is a result of the increasing number of

Marine Corps personnel being sent to Viet Nam. Little or no change is expected in the number of uniformed or civilian personnel at Camp Pendleton during the forecast period covered by this analysis.

Military and Civilian Strength at Camp Pendleton, Marine Corps Base
San Diego, California, Housing Market Area
June 30, 1956-June 30, 1965

<u>Year</u>	<u>Military</u>	<u>Civilian</u>
1956	31,523	2,559
1957	30,506	2,237
1958	31,494	1,942
1959	27,250	1,920
1960	25,110	1,885
1961	26,711	1,895
1962	31,383	1,896
1963	29,780	1,949
1964	28,360	1,947
1965	25,930	1,944

Source: U. S. Marine Corps.

Unemployment

Unemployment in the San Diego HMA averaged 25,600 during 1964, equal to 7.5 percent of the work force (see table I). The 1964 level represents a slight decline since 1962 and 1963 when the unemployment ratios were 7.9 percent and 7.7 percent, respectively. During the 1958-1965 period, the lowest unemployment ratio was the 3.9 percent ratio in 1959. Subsequent to that year, the economic recession in the San Diego HMA resulted in a jump in the unemployment ratio to 6.4 percent in 1960 and 7.5 percent in 1961. An average of unemployment for the first ten months of 1965 indicates an unemployment ratio of 7.4 percent compared with 7.5 percent for the same period in 1964. Although the current level of unemployment in the San Diego HMA is unsatisfactorily high, it is likely that it would be at an even higher level, had not a large number of those layed-off by employers in the aircraft industry been skilled engineers and technicians who left the area in search of employment.

Future Employment

Total nonagricultural employment is expected to increase by about 7,500 jobs annually, or a total of 22,500 during the November 1, 1965 to November 1, 1968 period. The rate of growth forecast represents a considerable improvement after the relatively moderate gains between 1960

and 1964. As indicated by the employment forecast, the San Diego economy is expected to continue the recovery from the recession of the past several years.

The outlook during the forecast period is for the number of manufacturing jobs to remain at about the present level. This, of course, is premised on the belief that the aircraft industry, which dominates manufacturing employment, will remain at about the present level. Predicting the course of this industry, which is heavily dependent upon defense contracts, is most hazardous. However, for the purposes of this analysis, little or no change is expected in the aircraft industry or the manufacturing segment during the three-year forecast period. Developments that would result in significant gains or losses of employment in the manufacturing sector are not currently anticipated, but should such changes occur, they would alter the subsequent findings in this analysis.

Virtually all of the employment gains forecast are expected to occur in the nonmanufacturing sector. Employment growth in the nonmanufacturing sector will be led by additions to the trade, services, and local government categories. Factors that will contribute to non-manufacturing employment growth (especially in the three categories above) are the expansion of educational facilities, growth of research and development institutions, the increasing attraction of tourists and retired persons to the area, and, as incomes rise further, the expected continuation of the general trend toward an increasing demand for services. Although specific cause-and-effect relationships are difficult to isolate when discussing growth in the trade, services, and local government industries, it is not unreasonable to expect that past patterns of growth in these categories will continue.

Based on information supplied by the Navy and Marine Corps, military strength in the San Diego HMA is expected to be maintained at about the 1964 level, allowing for variations either upward or downward of two to three thousand personnel. However, the San Diego Naval Base and Camp Pendleton are both important bases involved with the Viet Nam conflict. Therefore, the element of uncertainty regarding the future strength is great and unanticipated events connected with this war could markedly affect the San Diego HMA.

In summary, there are three major premises on which the forecast of 7,500 new jobs annually is based. They are that losses in the manufacturing sector which have occurred each year since 1961, will not continue, that the trade, services, and local government categories will provide stable, moderate year-to-year growth, and that the military strength assigned in the area will remain at a relatively stable level during the forecast period.

Income

Family Income. The estimated current median income of all families in the San Diego HMA, after the deduction of Federal income tax, is \$7,950 yearly, and the current median after-tax income of all renter families is \$6,200. In 1968 the median after-tax income of all families is expected to approximate \$8,650, and the median income of renter families should increase to about \$6,750.

A detailed distribution of all families and of renter families by annual income is presented in table III. About 17 percent of all families and 26 percent of renter families currently have an after-tax income below \$4,000 annually. At the upper-end of the income distributions, 32 percent of all families and 16 percent of all renter families have an after-tax income of \$10,000 or more annually. Since 1959, the level of income in the San Diego HMA has risen by about 28 percent.

Average Earnings of Production Workers. Hours and earnings data for manufacturing production workers in San Diego, the State of California, and the United States show that earnings in the San Diego HMA are well above earnings in either the State or the United States. Although earnings in the San Diego area may be somewhat higher due to the requirement for highly skilled workers for some industries, the earnings data are believed to represent a valid comparison of the general level of earnings in the three areas.

In 1964, weekly earnings of manufacturing production workers in the San Diego HMA averaged \$127 compared with averages of \$119 for California and \$103 for the United States. During the 1958-1964 interval, the average weekly earnings of manufacturing production workers in the San Diego HMA increased by about 21 percent, compared with a gain of 23 percent for California, and 24 percent for the Nation.

Average Gross Weekly Hours and Earnings
of Manufacturing Production Workers
1958-1964

<u>Year</u>	<u>San Diego</u>		<u>California</u>		<u>United States</u>	
	<u>Earnings</u>	<u>Hours</u>	<u>Earnings</u>	<u>Hours</u>	<u>Earnings</u>	<u>Hours</u>
1958	\$105	41.5	\$ 97	39.9	\$ 83	39.2
1959	106	40.5	102	40.2	88	40.3
1960	111	40.5	104	39.8	90	39.7
1961	114	40.4	109	39.9	92	39.8
1962	118	40.0	112	40.3	97	40.4
1963	122	39.9	116	40.2	100	40.5
1964	127	40.4	119	40.3	103	40.7

Source: U. S. Bureau of Labor Statistics.

Demographic Factors

Population

Current Estimate. As of November 1, 1965, the population of the San Diego, California, HMA is about 1,201,000, representing an average annual gain of about 30,100 since April 1, 1960. Based upon information received from the San Diego City Planning Department, there are about 650,000 persons in San Diego City (see table IV). Since April 1960, annexation activity involving the addition of about 108 square miles of land area to San Diego City has occurred, increasing the land area of the city by about 55 percent to 305 square miles. At the time of the annexation, very little of this extensive area was occupied and much of it still remains in a raw, undeveloped state. However, some of the population growth of San Diego City since April 1, 1960 has occurred in this annexed area, although the exact amount is not known.

Population Changes

San Diego, California, Housing Market Area

April 1, 1950 to November 1, 1968

<u>Date</u>	<u>Total population</u>	<u>Average annual change from preceding date</u>
April 1, 1950	556,808	-
April 1, 1960	1,033,011	47,620
Nov. 1, 1965	1,201,000	30,100
Nov. 1, 1968	1,276,000	25,000

Sources: 1950 and 1960 Censuses of Population.
1965 and 1968 estimated by Housing Market Analyst.

Past Trend. Between April 1, 1950 and April 1, 1960, the total population of the San Diego HMA grew from about 556,800 to 1,033,000, an average annual increment of 47,600. The average annual rate of addition to the total population since 1960 has been only five-eighths the rate of growth between 1950 and 1960.

Although the population gains which have developed since April 1, 1960 have been at an annual rate substantially below the annual level of addition during the 1950-1960 decade, the amount of growth during the April 1, 1960 to November 1, 1965 interval is still greater than could be explained wholly on the basis of nonagricultural employment gains. A number of other factors have served to support population growth during the recent period of recession in the San Diego HMA. Principal among these are a moderate gain in the number of uniformed military personnel, and withdrawal of a number of persons from the work force without leaving San Diego. It is likely, also, that some military personnel, especially Marine Corps personnel formerly stationed in the HMA, but currently on duty in Viet Nam, have families who have remained in the San Diego area. Two additional factors which probably have had a minor effect on population growth since 1960 are the increasing popularity of San Diego for retirement and some increase in the number of persons commuting to jobs in Orange County from the northwestern portion of San Diego County.

Population gains in the principal incorporated communities in the San Diego HMA during the 1950-1960 decade were quite impressive (see table IV). Sizeable portions of the gain in each community, however, resulted from annexation activity, ranging from 22 percent of the decennial gain in Oceanside to 90 percent in El Cajon. About 28 percent of the 1950-1960 increase in San Diego City resulted from annexation and 37 percent of the combined gain in all communities was the result of annexation. Annexation has continued to be significant in most of the principal incorporated places in the San Diego HMA since 1960; however, the quantitative impact upon population growth from annexation during the 1960-1965 period is not determinable.

Estimated Future Population. By November 1, 1968, the population of the San Diego HMA is expected to total 1,276,000. This represents an anticipated annual increment of 25,000 during the November 1, 1965 to November 1, 1968 forecast period. The future rate of population growth is based upon anticipated employment gains approximating 7,500 during each of the next three years, and on the expectation that the military and civilian complement at the military installations in the HMA will not change significantly. The pattern of future population growth in the San Diego HMA is expected to follow past trends and to

occur predominantly in San Diego City, the other incorporated places in southwestern San Diego County, and the suburban territory immediately surrounding these communities.

Net Natural Increase and Migration

Between April 1950 and April 1960, net natural increase (excess of resident live births over deaths) in the San Diego HMA numbered about 150,350. When compared with the total population increase of 476,200 during this period, a net in-migration of about 325,850 is indicated, equal to 68 percent of the total population increase. During the April 1, 1960 to November 1, 1965 period, the population gain of 168,000 resulted from a net natural increase of 112,550 and in-migration of 55,450. In-migration during this period accounted for about 33 percent of the total population gain which, when compared with the 68 percent proportion during the previous decade, demonstrates the impact of the aircraft employment recession on the San Diego HMA.

Components of Population Change
San Diego, California, Housing Market Area
April 1, 1950 to November 1, 1965

<u>Source of change</u>	April 1, 1950 to <u>April 1, 1960</u>	April 1, 1960 to <u>Nov. 1, 1965</u>
Total population change	<u>476,203</u>	<u>168,000</u>
Net natural increase	150,356	112,550
Migration	325,847	55,450

Sources: U. S. Census of Population Report, Series P-23, No. 7.
San Diego County Department of Public Health.
Estimates by Housing Market Analyst.

Households

Current Estimate and Past Trend. Since April 1, 1960, the number of households (occupied housing units) in the San Diego HMA has increased by about 54,800 (18 percent) to a total of 360,000 as of November 1, 1965. The current total represents an average annual gain of about 9,825 households since April 1, 1960. At present, nearly 55 percent of the total households in the HMA reside in San Diego City. Between 1950 and 1960, the number of households in the San Diego HMA increased by about 136,200, an average annual increment of 13,600.^{1/} Over-all household changes in the HMA are shown in the following table.

^{1/} The increase in the number of households between 1950 and 1960 reflects, in part, the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census.

Household Changes
San Diego, California, Housing Market Area
April 1, 1950 to November 1, 1968

<u>Date</u>	<u>Total households</u>	<u>Average annual change from preceding date</u>
April 1, 1950	169,010	-
April 1, 1960	305,201	13,619
Nov. 1, 1965	360,000	9,825
Nov. 1, 1968	385,500	8,500

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Household Size Trends. The present average size of all households in the San Diego HMA is 3.10 persons. This is a slightly smaller average household size than that reported in 1960 and represents a reversal from the pattern of increasing household size in the HMA during the previous decade, when the average household size increased slightly from 2.99 persons to 3.11 persons. The decline in average household size since 1960 reflects a general trend toward smaller households, as supported by the considerable number of new multifamily housing units that have been built since 1960 and typically occupied by smaller households.

Estimated Future Households. Based on the anticipated annual increase in the population during the next three years, and on the assumption that the average household size will decline slightly during the forecast period, there will be 385,500 households in the San Diego HMA by November 1, 1968. This represents an expected addition of 8,500 new households each year during the November 1, 1965 to November 1, 1968 forecast period. Virtually all of the additional households are expected in San Diego City, in the other incorporated communities in southwestern San Diego County, and in the contiguous area surrounding these urban places.

Military Households. Based upon the most recent surveys of family housing conducted by the Navy and the Marine Corps in the San Diego area, there are about 35,000 military households residing in the HMA. Military households currently account for about 10 percent of all households. This total includes about 27,100 Navy and 7,900 Marine Corps households. About 5,800 of the military households in the HMA are quartered in military-controlled housing and the remaining 29,200 are housed in the private housing market. Based on information available at the present time, the number of military households in the San Diego HMA is not expected to change significantly during the November 1, 1965 to November 1, 1968 forecast period.

Housing Market Factors

Housing Supply

Current Estimate. As of November 1, 1965, there are 399,600 housing units in the San Diego HMA, indicating a net gain since April 1, 1960 of about 60,150 (18 percent), or an average annual gain of 10,800 housing units. The net increase resulted from the construction of about 65,300 new units, about 350 units gained by conversion, and the loss of approximately 5,500 units, primarily through demolition. In April 1960, 57 percent of all housing units in the HMA were in San Diego City. Since April 1960, however, only about 47 percent of new units authorized by building permits have been in San Diego City.

Past Trend. During the 1950-1960 decade, the number of housing units in the San Diego HMA increased by 158,000, from 181,450 in 1950 to 339,450 in 1960, or an average gain of about 15,800 yearly. A small portion of the decennial gain is likely the result of a conceptual change from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census. The average annual increment of housing units during the 1950-1960 decade was about 5,000 (46 percent) greater than the average yearly addition between April 1, 1960 and November 1, 1965. Between 1950 and 1960, San Diego City accounted for about 51 percent of all new units authorized by building permits. The city of San Diego has maintained a relatively stable proportion of the growth occurring in the HMA since 1950 by continually extending its boundaries through annexation into newly developing areas of the HMA.

Type of Structure. At present, 76 percent of the housing units in the San Diego HMA are in one-unit structures. This is a reduction in the proportion of one-unit structures in the housing inventory since 1960 when the Census of Housing reported nearly 79 percent of the housing inventory to be in that classification. The substantial addition of units in structures containing three units or more has caused this reduction in the proportion of one-unit structures, while raising the percentage of multifamily units in the inventory from 16 percent in April 1960 to 19 percent in November 1965. The proportion of units in two-family structures declined slightly.

Housing Inventory by Units in Structure
San Diego, California, Housing Market Area
April 1, 1960 and November 1, 1965

<u>Units in structure</u>	<u>April 1, 1960</u>		<u>November 1, 1965</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1 unit ^{a/}	267,342	78.8	305,300	76.4
2 units	16,451	4.8	17,400	4.4
3 or more units	<u>55,559</u>	<u>16.4</u>	<u>76,900</u>	<u>19.2</u>
Total units	339,352 ^{b/}	100.0	399,600	100.0

a/ Includes trailers.

b/ Differs slightly from the count of all housing units (339,442) because the number of units in the structure were enumerated on a sample basis in 1960.

Sources: 1960 Census of Housing.
 1965 estimated by Housing Market Analyst.

Year Built. About 308,100 housing units, or over 77 percent of the current housing inventory, have been constructed since 1940. The remarkable growth since 1940 partially demonstrates the impact which the military and the aircraft industry have had on the San Diego HMA. Included in this total are approximately 173,600 units (nearly 44 percent of the inventory) that were built during the 1950-1960 decade and 65,300 (16 percent) that have been built since April 1960. Housing units constructed prior to 1930 account for about 15 percent of the current housing inventory, and the remaining eight percent were built between 1930 and 1939.

Distribution of the Housing Inventory by Year Built^{a/}
San Diego, California, Housing Market Area
November 1, 1965

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1, 1960 to Nov. 1, 1965	65,300	16
1955 - March 31, 1960	103,500	26
1950 - 1954	70,100	18
1940 - 1949	69,200	17
1930 - 1939	33,000	8
1929 or earlier	<u>58,500</u>	<u>15</u>
Total	399,600	100

^{a/} The basic 1960 data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to census enumerators' questions, as well as errors caused by sampling.

Sources: 1960 Census of Housing.
 San Diego City Planning Department.
 Estimates by Housing Market Analyst.

Condition. Of the 399,600 housing units currently in the San Diego HMA, about 16,000 (four percent) are dilapidated or are lacking one or more plumbing facilities. This very low proportion of substandard housing is considerably less than generally is found in an area as large as San Diego and is indicative of the relative newness of the inventory and of the generally good condition of housing in the HMA. Some improvement in the quality of housing has taken place since April 1960, when about five percent (18,150 units) of the inventory was dilapidated or lacked plumbing facilities; and substantial improvement in the inventory has occurred since April 1950 when about 11 percent of the housing stock was so classified.^{1/} Demolitions, new construction, and a general upgrading of the housing stock through modernization and repair are responsible for the improvement.

Value and Rent. The estimated current median value of owner-occupied houses in the San Diego HMA is \$17,300, while in San Diego City the median value is \$17,700. Both the median for the total HMA and the city are up by about \$1,000 since April 1960.

The estimated median gross monthly rent for renter-occupied units is about \$90 for the HMA and \$91 for San Diego City, representing respective increases over the gross rent levels in April 1960 of \$4 and \$6.

^{1/} Because the 1950 Census of Housing did not identify "deteriorating" units, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" on the basis of 1960 enumeration procedures.

Residential Building Activity

Past Trend. Construction activity in the San Diego HMA, as measured by building permits issued,^{1/} has fluctuated considerably from year to year since 1950. Between 1950 and 1957, the number of new units authorized ranged from a high of nearly 18,000 in 1952 to a low of 10,300 in 1954. During the 1958 and 1959 peak years, the period that the General Dynamics Astronautics plant was established and staffed, yearly totals of 23,700 and 29,900 units, respectively, were authorized. Subsequently, building activity declined to 14,650 in 1960 and to 9,100 in 1962. Following the 1962 low, respective totals of 12,400 and 14,050 units were authorized in 1963 and 1964. Building permits for the first nine months of 1965 totaled about 7,550, suggesting that not more than 10,000 new units will be authorized during calendar year 1965.

Building activity in the HMA has paralleled closely changes in the area economy. The relatively high level of building activity during the early 1950's was the result of the military build-up caused by the Korean Conflict and the lull during the 1954-1957 period came as the war-stimulated demands on the military and aircraft industry slackened. The big jump in new construction activity came in 1958 and 1959 with the establishment of the Astronautics plant of General Dynamics, which was a primary contractor for Atlas missiles. From 1960 to the present, new construction has been down somewhat compared with previous levels, due to the sharp cut-back in production by the aircraft industry.

Dwelling Units Authorized by Building Permits
San Diego, California, Housing Market Area
1950-1965

<u>Year</u>	<u>Units</u> <u>authorized</u>	<u>Year</u>	<u>Units</u> <u>authorized</u>
1950	12,439	1959	29,902
1951	12,202	1960	14,648
1952	17,946	1961	11,108
1953	15,126	1962	9,101
1954	10,329	1963	12,382
1955	11,523	1964	14,059
1956	13,388	<u>Jan.-Sept.</u>	
1957	16,373	1964	11,092
1958	23,724	1965	7,554

Source: San Diego City Planning Department.

^{1/} Building permits are required for construction in all incorporated and unincorporated portions of San Diego County.

The volume of building permit authorizations for single-family houses ranged between 7,500 and 11,350 from 1950 to 1957. Subsequently, single-family authorizations jumped to 16,050 in 1958 and, in the 1959 peak year, 22,150 single-family units were authorized (see table V). A sharp decline in the number of single-family authorizations to 11,650 in 1960 was followed by a further decline to 5,700 in 1962. In 1963 and 1964, authorizations for single-family houses totaled about 7,050 and 6,125, respectively. The 3,750 single-family authorizations during the first nine months of 1965 suggest that about 5,000 single-family units will be authorized for calendar year 1965. This number of single-family authorizations would be the lowest for any year during the past 16 years.

The number of multifamily housing units authorized annually also has shown wide variation since 1950. In general, the trend of yearly multifamily housing unit authorizations has fluctuated depending upon the condition of the San Diego area economy. This pattern has been broken, however, during the period since 1960. Multifamily housing unit authorizations numbered about 7,700 in both 1958 and 1959, a two-year period of remarkably high growth. Because of the substantially slackened economic growth which followed, only 3,000 new multifamily housing units were authorized in 1960. Although the San Diego HMA economy has shown relatively little growth during the period since 1960, the number of multifamily housing units authorized climbed from 3,275 in 1961 to a record high of 7,950 in 1964. The result has been that a great number of new multifamily housing units have come on the market at a time when the market was poorly prepared to absorb them. Data for the first nine months of 1965 suggest that about 5,000 multifamily housing units will be added during the current year (see table V).

The number of new housing units authorized by building permits in incorporated communities in the HMA since 1960 (see table VI) shows that building activity is concentrated in San Diego City and the incorporated communities in the southwestern portion of San Diego County. In addition, most of the units authorized in the unincorporated portion of San Diego County have been in the suburban area contiguous to communities in southwestern San Diego County.

Units Under Construction. Based upon building permit data and the November 1965 postal vacancy survey, there are an estimated 3,550 housing units under construction in the San Diego HMA at the present time. About 1,050 units of this total are single-family units and 2,500 are multifamily units.

A large proportion of the 2,500 multifamily housing units under construction are two-story, walk-up apartments containing 12 to 50 units of the type that has accounted for much of the addition to the rental housing inventory since 1960.

Demolition. Since April 1, 1960, an estimated 5,500 housing units have been removed from the housing inventory. The largest single cause of this loss was the demolition of about 2,950 military-controlled units. In addition, the city of San Diego reported about 1,150 housing units demolished. Much of the remainder was the result of highway construction in the HMA, as well as the usual losses resulting from fire or other catastrophe. Also, during the past few years, an increasing number of houses have been moved from the HMA to Mexico.

Tenure of Occupancy

Current Estimate. As of November 1, 1965, about 59 percent (212,500 units) of the occupied housing stock in the San Diego HMA are owner-occupied and 41 percent (147,500 units) are renter-occupied. The following table shows the trend of tenure change for all occupied housing units.

Trend of Tenure Change
San Diego, California, Housing Market Area
1950, 1960, and 1965

<u>Tenure</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>November 1,</u> <u>1965</u>
Total occupied	169,010	305,201	360,000
Owner-occupied	88,992	179,900	212,500
Percent of total	52.7%	58.9%	59.0%
Renter-occupied	80,018	125,301	147,500

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Past Trend. Since April 1, 1950, there has been an increase in the proportion of owner-occupied housing units. The rate of increase since 1960, however, has been lower than during the 1950-1960 decade and is, in part, a reflection of the increased proportion of multifamily housing units added. The 59 percent owner-occupancy ratio in November 1965, compares with a ratio only slightly less than 59 percent in April 1960 and 53 percent in April 1950. Owner occupancy among minority households also increased, from 44 percent in 1950 to 46 percent in 1960.

Vacancy

April 1960 Census. According to the April 1960 Census of Housing, there were about 23,825 vacant, nondilapidated, nonseasonal housing units available for rent or sale in the San Diego HMA, an available vacancy ratio of 7.3 percent. About 7,500 of the available vacancies were for sale, equivalent to a homeowner vacancy ratio of 4.0 percent, up from 1.3 percent in 1950. The remaining 16,325 vacant units were for rent, representing a rental vacancy ratio of 11.5 percent, up from 5.0 percent in 1950 (see table VII). Available vacancies in 1960 included about 1,425 units that lacked some or all plumbing facilities, of which about 60 were for sale and 1,365 were for rent.

Rental Vacancies by Type of Structure. As reported by the 1960 Census of Housing, nearly 57 percent of renter-occupied housing units were one-unit structures. One-unit structures, however, accounted for only about 36 percent of units available for rent. Units in structures with five or more units constituted about 23 percent of renter-occupied units, but represented about 38 percent of vacant rental units. Largely because of improvement in the sales market, as evidenced by the decline in the homeowner vacancy ratio, and the recent reduction in the number of new single-family units constructed, the proportion of available rental vacancies in one-unit structures has declined since 1960; available vacant rental units in structures containing five or more units, however, currently account for a greater proportion of available rental vacancies.

Renter-Occupied Units and Vacant Units for Rent
By Units in Structure
San Diego, California, Housing Market Area
April 1960

<u>Units in structure</u>	<u>Renter-occupied</u>		<u>Available for rent</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1 unit	70,934	56.6	5,956	36.5
2 to 4 units	25,019	20.0	4,089	25.1
5 to 9 units	13,637	10.9	2,754	16.9
10 or more units	<u>15,705</u>	<u>12.5</u>	<u>3,513</u>	<u>21.5</u>
Total	125,295 ^{a/}	100.0	16,312 ^{a/}	100.0

^{a/} Differs slightly from the count of all renter-occupied units and all vacant units available for rent because units in structure were enumerated on a sample basis.

Source: 1960 Census of Housing.

Postal Vacancy Survey. A postal vacancy survey was conducted in the San Diego HMA in November 1965 by all post offices having city delivery routes. The survey covered a selected sample which included about 53 percent of the possible deliveries at the time. An over-all vacancy ratio of 6.6 percent was indicated by the postal vacancy survey. The survey showed a 4.1 percent vacancy ratio for residences, and a 15.1 percent vacancy ratio for apartments. The survey results for San Diego and each of the other participating post offices are shown in table VIII.

Three other postal vacancy surveys conducted in the HMA in 1960, 1961, and 1963 indicated that vacancies in apartments have risen above the 1960 level, but that the ratio for residences has declined somewhat. The 1961 survey suggests that vacancies for both residences and apartments during that year were below both the 1960 and the current vacancy levels.

Trend of Vacancy Ratios
As Indicated by Postal Vacancy Surveys
San Diego, California, Housing Market Area

<u>Date</u>	<u>Total residences and apartments</u>	<u>Residences</u>	<u>Apartments</u>
Sept. 1960	6.4	4.8	13.9
Sept. 1961	5.5	3.7	11.7
Oct. 1963	6.0	3.9	13.5
Nov. 1965	6.6	4.1	15.1

Source: FHA Postal Vacancy Surveys conducted by San Diego County Post Offices.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include some duplexes, row-type houses, and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.

Other Vacancy Data. Vacancy data maintained by the San Diego Apartment and Rental Owners Association show that the current vacancy ratio in units owned or managed by association members is currently at the highest level since the association began conducting the surveys in 1959. The data demonstrate how the vacancy level jumped in 1960 when the rate of economic growth dropped but was not matched by a corresponding reduction in multifamily housing construction. After a slight recovery in 1961, the vacancy ratio has followed, generally, an upward trend to a peak level in excess of 16 percent in September 1965.

Trend of Vacancy Ratio
For Professionally Managed Rental Units
San Diego, California, Housing Market Area
For September 16, of each year

<u>Year</u>	<u>Number of units in sample</u>	<u>Percent vacant</u>
1959	4,211	7.2
1960	5,734	14.0
1961	5,909	10.7
1962	6,903	13.0
1963	5,885	13.5
1964	8,090	12.1
1965	6,447	16.1

Source: San Diego Apartment and Rental Owners Association.

Current Estimate. Based upon the postal vacancy survey, the surveys conducted by the Apartment and Rental Owners Association, conversation with informed persons in the San Diego area, and personal observation in the HMA, it is estimated that there are 28,100 housing units available for rent or sale in the San Diego area as of November 1, 1965. Of this total, 7,100 are available for sale and 21,000 are available for rent, equal to homeowner and rental vacancy ratios of 3.2 percent and 12.5 percent, respectively. Only a negligible number of the avail-

able vacant sales houses lack one or more plumbing facilities, but about 1,200 of the available rental vacancies lack some or all facilities. In an area like San Diego, where household growth is expected to be moderate during the next three years, both the homeowner and rental vacancy ratios are substantially above the levels which represent a balanced supply-demand relationship.

Sales Market

General Market Conditions. As indicated by the current and 1960 homeowner vacancy ratios of 3.2 percent and 4.0 percent, respectively, the condition of the sales market has improved somewhat since 1960. The current homeowner vacancy ratio, however, is still substantially in excess of a reasonable level. Although the number of new single-family houses authorized annually by building permits has been reduced markedly from the levels of 1960 and earlier, a reasonable homeowner vacancy level has not been achieved because of the reduced rate of employment and household growth in the HMA in recent years.

Most of the new sales housing constructed in the San Diego HMA during the past several years has been built in San Diego City and the other incorporated communities in southwestern San Diego County. Nearly 45 percent of all new single-family construction in the HMA since 1960 has been in San Diego City and roughly one-fourth has been in the other incorporated places in the county. The remainder, slightly over one-fourth of single-family building activity, occurred in the unincorporated areas of San Diego County and, for the most part, in the suburban areas contiguous to the urban places in southwestern San Diego County.

New single-family homes can be constructed in the HMA for about \$12,500, but very little new construction is in this price class. The majority of subdivision activity (about one-half during 1965) is in the \$15,000-\$20,000 price range. Significant amounts of new single-family construction also is distributed in price ranges from \$20,000 to \$35,000.

Speculative Construction. Based upon surveys of new sales housing conducted by the FHA San Diego Insuring Office, which included all subdivisions in the San Diego HMA in which five or more sales houses were constructed during the twelve months preceding the survey, houses constructed speculatively account for a very large proportion of new construction. In 1963, about 83 percent of new single-family construction was started speculatively. For new construction during 1964, the ratio was up to 89 percent and in 1965, 91 percent of new single-family houses were started speculatively. The survey data are only generally indicative of speculative construction, however, since the surveys covered only about 60 percent of all single-family units authorized by building permits in both 1963 and 1964 and only about 40 percent of those authorized during 1965.

Unsold Inventory of New Houses. In December 1965, the San Diego Insuring Office surveyed all subdivisions in the San Diego HMA in which five or more sales houses were completed during the preceding twelve months. The survey covered 146 subdivisions, in which 2,049 houses were reported to have been completed, of which only 194 (nine percent) were sold before construction started, and 1,855 (91 percent) were built speculatively. Of the 1,855 houses built speculatively during the twelve months preceding December 1, 1965, 1,353 were sold and 502 remained unsold as of December 1, 1965. The unsold houses represented about 27 percent of speculative construction (see table IX). Of the 502 unsold houses, 238 (nearly 50 percent) had been on the market one month or less, 119 unsold houses had been on the market two to three months, and 245 had remained unsold for from four to twelve months. In addition, seventy-four sales houses in these subdivisions had been unsold twelve months or longer. An additional 677 new sales houses were unsold longer than twelve months, but were not included in the survey because they were in subdivisions which did not have five or more completions in the twelve months preceding the survey. This supplemental data, which includes subdivisions which are no longer active or subdivisions in which completions numbered less than five, suggest that sales houses completed during 1964 are being absorbed slowly.

The most notable concentrations of unsold houses in the December 1, 1965 survey were in the \$30,000 to \$35,000 price class, in which 100 (46 percent) were unsold out of 216 speculative completions, and in the \$35,000 and over price range in which 56 houses were unsold, more than 50 percent of the 111 speculative completions in that price range. In the \$25,000 to \$30,000 price class, 83 (34 percent) of the 245 speculative completions remained unsold on December 1, 1965. On the survey date, an additional 92 houses were being used as models, 280 were unsold but rented, and 223 were under construction, of which 160 (72 percent) were unsold. A comparison of the December 1, 1965 unsold ratio of 27 percent with the January 1, 1965 and January 1, 1964 surveys shows the current ratio to be below the 34 percent unsold ratio reported in the January 1965 survey, but slightly above the 25 percent ratio shown by the January 1, 1964 survey. The FHA surveys do not, of course, report new houses built in subdivisions with less than five completions, nor do they report those built by individuals, or those custom built on scattered lots. Many of the homes not covered, particularly those custom built, would be in the upper ranges of sales price.

Rental Market

General Market Conditions. The current rental vacancy ratio of 12.5 percent indicates a further increase in the excess supply of vacant rental units since 1960. After the late 1950's, when a sizeable number of multifamily units were added in the HMA, a considerable reduction in the number of multifamily units authorized occurred. The reduction was only temporary however, and the yearly rate of multifamily housing unit authorizations rose steadily to the all time high of 7,950 units in 1964. The number of multifamily housing units added since 1960 has far exceeded the absorptive capacity of the rental market, as the continued rise in the renter vacancy ratio testifies.

Excess vacancies characterize nearly every segment of the rental market. The occupancy experience of rental units does not vary greatly according to age, with vacancies in many new projects as high as vacancies in older units. Many rental properties are doing quite well, but usually they are the best designed, best managed projects in the most desirable locations. Although there are, and will continue to be, many rental projects with satisfactory or good occupancy, the rental market generally is characterized by vacancies at an unprecedented high level.

Building permits for the first nine months of 1965 total about 3,800, indicating that about 5,000 multifamily units will be authorized for the year. This rate of construction, in view of the existing oversupply, is beyond the absorptive capacity of the San Diego HMA at its present rate of economic growth. With a few exceptions, the majority of rental units built in the San Diego HMA in recent years have been in 12- to 50-unit projects, on scattered lots in San Diego City, the other incorporated communities in southwestern San Diego County, and their contiguous suburban areas. This is the type of project which accounts for the majority of the 2,500 rental units currently under construction.

Public Housing and Urban Renewal

At present, there are no public housing units in the San Diego HMA under the jurisdiction of, or receiving assistance from the Public Housing Administration. There are no urban renewal programs planned in the HMA, although San Diego City and some of the other incorporated communities in the HMA maintain certified workable programs.

Military Housing

At the present time, the San Diego Naval Base controls about 3,500 units of family housing. Since 1960, the Navy has demolished nearly 2,400 units that were no longer suitable as family quarters and has added about 1,225 units of new family housing. No additional family housing has been programmed by the Navy for construction during the forecast period covered by this analysis.

The Marine Corps currently controls about 2,300 units of family housing at Camp Pendleton, a number of which are vacant because of a current rehabilitation program designed to bring these units up to acceptable standards. Since 1960, the Marine Corps has phased-out about 600 trailers, classified as unsuitable family housing. Also since 1960, 200 units of family housing have been built and another 140 units are under construction.

Demand for Housing

Quantitative Demand

The demand for additional housing in the San Diego HMA during the next three years is based upon the projected level of household growth, the net number of housing units expected to be lost through demolition, conversion, fire, and other inventory changes, and the need to reduce vacancies to a level that reflects a reasonable demand-supply relationship in the market. Consideration is given also to the current tenure composition of the inventory, to the continuation of the trend from renter occupancy to owner occupancy, and to the transfer of existing single-family houses from the sales inventory to the rental inventory. Giving consideration to the above factors, an annual demand for 4,100 new sales housing units a year is projected during each of the next three years.

The projected annual demand for 4,100 sales houses is a considerable reduction from the average of about 6,700 single-family houses authorized in the 1961-1964 period. The annual rate of about 5,000 houses authorized during the first nine months of 1965 suggests that corrections are taking place in the market. A projected decline in the annual rate of new household formation, a continuing high homeowner vacancy ratio, and the fact that the unsold inventory of new houses has been at a sustained high level during the past three years, indicate the need for a reduced volume of home construction until the market is able to absorb the current excess of sales houses.

Based on the anticipated rate of formation of new renter households in the HMA during the November 1, 1965 to November 1, 1968 forecast period, about 3,500 units a year may be absorbed in meeting the increase in quantitative demand for rental units. The current excess of adequate vacant rental units over the number that would represent a balanced demand-supply situation in the market and rental units now under construction are sufficient to meet almost all of this quantitative rental demand during the next three years. If no new rental units were built during the next three years, other than those now under construction, the current excessively high rental vacancy ratio of 12.5 percent would be reduced to a more acceptable level of about six percent. Realistically, such a correction of market imbalance within three years cannot be anticipated. A construction industry geared to produce at an average annual rate of 5,000 rental units a year during the 1961-1964 period, 7,900 units in 1964, and 3,800 rental units during the first nine months of 1965, can not be expected to stop production completely for three years.

It is apparent, however, that unless production is sharply reduced, the excess of vacant rental units will not be absorbed within a reasonable period of time. Prolongation of the current excess of vacant rental units will mean increasing economic loss to many owners of rental property and to mortgagees. Under these circumstances, only individual rental projects designed to satisfy a specific need not now being met can prudently be approved on their individual merits. The effect on the over-all rental market of each such project should be carefully evaluated.

Qualitative Demand

Sales Housing. The distribution of the annual demand for 4,100 new sales housing units is shown in the following table. The distribution is based on ability to pay, as measured by current family incomes and the ratio between net income and purchase price found to be typical in the San Diego HMA, and on current market conditions. At the present time, adequate sales housing can not be built in the San Diego HMA to sell for much below \$12,000 to \$13,000.

Estimated Annual Demand for New Sales Housing by Price Class
San Diego, California, Housing Market Area
November 1, 1965 to November 1, 1968

<u>Sales price</u>	<u>Total</u>	
	<u>Number</u>	<u>Percent</u>
Under \$14,000	115	3
\$14,000 - 15,999	435	11
16,000 - 17,999	615	15
18,000 - 19,999	590	14
20,000 - 24,999	1,015	25
25,000 - 29,999	595	14
30,000 and over	735	18
Total	4,100	100

The distribution shown above differs from that in table IX, which reflects only selected subdivision experience during the twelve months preceding December 1, 1965. It must be noted that data in that table do not include new construction in subdivisions with less than five completions during the twelve month interval, nor do they reflect individual or contract construction on scattered lots. The demand estimates above do, however, reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

Table I

Civilian Work Force Components
San Diego, California, Housing Market Area, 1958-1965

	Annual averages							First ten months	
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1964</u>	<u>1965</u>
Total Work Force	<u>295,700</u>	<u>319,650</u>	<u>330,100</u>	<u>339,500</u>	<u>339,500</u>	<u>336,900</u>	<u>339,500</u>	<u>338,600</u>	<u>345,750</u>
Unemployment	14,100	12,350	21,100	25,300	26,950	25,800	25,600	25,500	25,450
Percent unemployed	4.8%	3.9%	6.4%	7.5%	7.9%	7.7%	7.5%	7.5%	7.4%
Agricultural employment	12,500	12,200	12,200	12,500	13,000	12,800	13,100	13,050	13,350
Nonagricultural employment	<u>269,100</u>	<u>295,100</u>	<u>296,800</u>	<u>301,700</u>	<u>299,550</u>	<u>298,300</u>	<u>300,800</u>	<u>300,050</u>	<u>306,950</u>
Wage and salary	235,700	259,500	260,100	264,400	261,300	259,700	261,200	260,500	NA
Other	33,400	35,600	36,700	37,300	38,250	38,600	39,600	39,550	NA

Source: California Department of Employment and Department of Industrial Relations.

Table II

Trend of Nonagricultural Employment
San Diego, California, Housing Market Area
1958-1965

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>First ten months</u>	
								<u>1964</u>	<u>1965</u>
Nonagricultural employment	<u>269,100</u>	<u>295,100</u>	<u>296,800</u>	<u>301,700</u>	<u>299,550</u>	<u>298,300</u>	<u>300,800</u>	<u>300,050</u>	<u>306,950</u>
Manufacturing	<u>68,750</u>	<u>74,250</u>	<u>69,450</u>	<u>72,300</u>	<u>63,700</u>	<u>58,100</u>	<u>52,200</u>	<u>52,450</u>	<u>50,800</u>
Durable goods	<u>59,450</u>	<u>64,350</u>	<u>59,100</u>	<u>61,600</u>	<u>52,900</u>	<u>47,400</u>	<u>41,600</u>	<u>41,950</u>	<u>39,850</u>
Electrical machinery	2,400	2,900	3,800	4,550	5,150	5,300	4,700	4,700	5,100
Aircraft	51,350	54,800	48,200	49,900	40,450	34,800	29,300	29,700	25,900
Shipbuilding	1,150	1,550	1,900	2,100	2,200	2,100	2,100	2,000	2,850
Other durable goods	4,550	5,100	5,200	5,050	5,100	5,200	5,500	5,550	6,000
Nondurable goods	<u>9,300</u>	<u>9,900</u>	<u>10,350</u>	<u>10,700</u>	<u>10,800</u>	<u>10,700</u>	<u>10,600</u>	<u>10,550</u>	<u>10,950</u>
Food processing	4,850	4,700	4,600	4,550	4,550	4,400	4,100	4,100	4,050
Textiles and apparel	1,200	1,500	1,650	1,700	1,800	1,900	2,100	2,100	2,200
Printing and publishing	2,550	3,000	3,350	3,400	3,400	3,400	3,300	3,300	3,500
Other nondurable goods	700	700	750	1,050	1,050	1,000	1,100	1,050	1,200
Nonmanufacturing	<u>200,350</u>	<u>220,850</u>	<u>227,350</u>	<u>229,400</u>	<u>235,850</u>	<u>240,200</u>	<u>248,600</u>	<u>247,600</u>	<u>256,150</u>
Mining and fishing	1,700	1,850	1,800	1,800	1,800	1,600	1,700	1,700	1,800
Contract construction	22,150	26,100	23,300	19,950	19,900	18,900	20,000	20,100	18,700
Trans., comm., and utilities	12,750	13,850	14,350	14,300	14,350	14,400	14,900	14,900	15,550
Trade	55,650	60,400	62,050	62,550	63,300	64,500	67,200	66,650	69,100
Wholesale	9,200	9,650	9,750	9,550	9,700	9,900	10,400	10,350	10,950
Retail	46,450	50,750	52,300	53,000	53,600	54,600	56,800	56,300	58,150
Finance, ins., and real estate	11,150	12,400	13,300	13,400	13,800	14,500	15,600	15,550	16,300
Service	46,700	52,550	56,000	58,150	60,900	62,900	64,900	64,800	67,200
Government	50,250	53,700	56,550	59,250	61,800	63,400	64,300	63,900	67,500
Federal	24,800	25,400	25,500	26,000	26,200	25,700	24,700	24,650	25,450
State and local	25,450	28,300	31,050	33,250	35,600	37,700	39,600	39,250	42,050

Source: California Department of Employment.

Table III

Estimated Percentage Distribution of Families by Annual Income
After Deducting Federal Income Tax
San Diego, California, Housing Market Area

<u>Income</u>	<u>1965 annual rate</u>		<u>1968 annual rate</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Under \$3,000	11	17	10	15
\$3,000 - 3,999	6	9	5	9
4,000 - 4,999	7	11	6	10
5,000 - 5,999	9	11	8	10
6,000 - 6,999	8	11	8	9
7,000 - 7,999	9	10	8	10
8,000 - 8,999	10	8	8	8
9,000 - 9,999	8	7	8	7
10,000 - 12,499	15	9	17	12
12,500 - 14,999	7	3	9	4
15,000 - 24,999	8	(4	10	(6
25,000 and over	2	(3	(
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Median	\$7,950	\$6,200	\$8,650	\$6,750

Source: Estimated by Housing Market Analyst.

Table IV

Population Trends
Principal Incorporated Places
San Diego, California, Housing Market Area

Place	April 1, 1950	April 1, 1960	Nov. 1, 1965	1950 to 1960 change	1950-1960 Change in <u>annexed areas</u>	
					Number	Percent
San Diego	334,387	573,224	650,000	238,837	65,843	28
Chula Vista	15,927	42,034	54,500	26,107	8,105	31
Coronado	12,700	18,039	19,500	5,339	1,393	26
El Cajon	5,600	37,618	44,500	32,018	28,751	90
Escondido	6,544	16,377	27,500	9,833	3,753	38
Imperial Beach	a/	17,773	19,500	17,773	-	-
La Mesa	10,946	30,441	35,500	19,495	13,981	72
National City	21,199	32,771	34,000	11,572	3,560	31
Oceanside	<u>12,881</u>	<u>24,971</u>	<u>35,500</u>	<u>12,090</u>	<u>2,637</u>	22
Total	420,184	793,248	920,500	355,291 ^{b/}	128,023	37
Remainder of county	<u>136,624</u>	<u>239,763</u>	<u>280,500</u>	<u>103,139</u>	NA	NA
HMA total	556,808	1,033,011	1,201,000	476,203	NA	NA

a/ Incorporated after April 1, 1950.

b/ Excludes Imperial Beach.

Sources: 1950 and 1960 Censuses of Population.
1965 based on estimates by the Planning Commissions of the
city and county of San Diego.

Table V

Dwelling Units Authorized by Building Permits
San Diego, California, Housing Market Area
1950-1965

<u>Year</u>	<u>San Diego City</u>			<u>Remainder of San Diego County</u>			<u>Total-San Diego County</u>		
	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>
1950	4,960	1,170	6,130	5,744	565	6,309	10,704	1,735	12,439
1951	3,797	2,579	6,376	4,581	1,245	5,826	8,378	3,824	12,202
1952	5,144	4,721	9,865	5,729	2,352	8,081	10,873	7,073	17,946
1953	3,562	4,800	8,362	3,931	2,833	6,764	7,493	7,633	15,126
1954	3,506	2,059	5,565	4,261	503	4,764	7,767	2,562	10,329
1955	5,070	1,059	6,129	4,973	421	5,394	10,043	1,480	11,523
1956	5,180	1,807	6,987	5,609	792	6,401	10,789	2,599	13,388
1957	5,557	3,740	9,297	5,795	1,281	7,076	11,352	5,021	16,373
1958	6,380	4,672	11,052	9,668	3,004	12,672	16,048	7,676	23,724
1959	7,958	5,337	13,295	14,208	2,399	16,607	22,166	7,736	29,902
1960	4,324	1,800	6,124	7,331	1,193	8,524	11,655	2,993	14,648
1961	4,361	2,371	6,732	3,466	910	4,376	7,827	3,281	11,108
1962	2,673	2,032	4,705	3,033	1,363	4,396	5,706	3,395	9,101
1963	3,421	1,660	5,081	3,639	3,662	7,301	7,060	5,322	12,382
1964	2,398	4,334	6,732	3,721	3,606	7,327	6,119	7,940	14,059
<u>Jan.-Sept.</u>									
1964	1,890	3,862	5,752	2,788	2,552	5,340	4,678	6,414	11,092
1965	1,268	1,917	3,185	2,474	1,895	4,369	3,742	3,812	7,554

Source: San Diego City Planning Department.

Table VI

Dwelling Units Authorized by Building Permits
For the Principal Incorporated Places and Remainder of County
San Diego, California, Housing Market Area
1960-1965

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965^{a/}</u>
San Diego	5,934	6,569	4,624	5,294	6,672	3,152
Carlsbad	141	244	218	190	351	285
Chula Vista	583	490	397	1,376	1,238	854
Coronado	33	58	77	76	84	45
El Cajon	708	160	320	873	504	207
Escondido	660	113	223	480	619	343
Imperial Beach	181	92	105	140	134	94
La Mesa	400	167	204	571	477	208
National City	125	464	332	273	102	31
Oceanside	388	553	384	814	1,072	636
Remainder of San Diego County	5,254	2,065	2,208	2,683	2,653	1,865

^{a/} January - September.

Note: Does not reconcile with San Diego Planning Department data, because of differences in processing.

Source: U. S. Department of Commerce, Construction Reports, C-40.

Table VII

Vacancy Trends
San Diego, California, Housing Market Area

	April 1, <u>1950</u>	April 1, <u>1960</u>	Nov. 1, <u>1965</u>
Total housing units	<u>181,440</u>	<u>339,442</u>	<u>399,600</u>
Total vacant	<u>12,430</u>	<u>34,241</u>	<u>39,600</u>
Available vacant	<u>5,405</u>	<u>23,834</u>	<u>28,100</u>
For sale	1,213	7,504	7,100
Homeowner vacancy ratio	1.3%	4.0%	3.2%
For rent	4,192	16,330	21,000
Renter vacancy ratio	5.0%	11.5%	12.5%
Other vacant ^{a/}	7,025	10,407	11,500

^{a/} Includes vacant seasonal units, dilapidated units, units rented or sold and awaiting occupancy, and units held off the market for absentee owners or for other reasons.

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Table VIII

San Diego, California, Area Postal Vacancy Survey
November 19, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	214,973	14,180	6.6	11,925	2,215	2,470	165,865	6,782	4.1	5,816	966	934	49,108	7,398	15.1	6,109	1,249	1,536	10,564	782	7.4
San Diego	100,123	7,033	7.0	6,110	923	1,150	71,392	2,859	4.0	2,505	354	417	28,731	4,174	14.5	3,605	569	733	1,248	14	1.1
Other Cities and Towns	114,850	7,147	6.2	5,815	1,292	1,320	94,473	3,923	4.2	3,311	612	517	20,377	3,224	15.8	2,504	680	803	9,316	768	8.2
Chula Vista	20,086	955	4.8	750	205	80	14,372	399	2.8	284	115	57	5,714	556	9.7	466	90	23	2,298	30	1.3
El Cajon	18,568	1,045	5.6	873	172	170	16,229	641	3.9	563	78	105	2,339	404	17.3	310	94	65	2,108	42	2.0
Imperial Beach	7,027	446	6.3	393	53	11	6,389	260	4.0	225	35	11	638	186	29.2	168	18	-	804	21	2.6
La Jolla	8,896	668	7.5	438	230	202	6,859	275	4.0	244	31	36	2,037	393	19.3	194	199	166	-	-	-
La Mesa	15,473	691	4.5	539	152	170	13,357	403	3.0	306	97	45	2,116	288	13.6	233	55	125	571	6	1.1
Lemon Grove	6,243	231	3.7	185	46	23	5,767	162	2.8	156	6	6	476	69	14.5	29	40	17	316	13	4.1
National City	11,722	582	5.0	572	10	10	8,365	313	3.7	312	1	5	3,357	269	8.0	260	9	5	468	34	7.3
Oceanside	12,111	1,744	14.4	1,481	223	527	8,862	859	9.7	720	139	141	3,249	885	27.2	761	84	386	1,347	482	35.8
Spring Valley	6,514	175	2.7	132	43	78	6,284	133	2.1	102	31	78	230	42	18.3	30	12	-	682	63	9.2
Vista	8,210	610	7.4	452	158	49	7,989	478	6.0	399	79	33	221	132	59.7	53	79	16	712	77	10.8

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

Table IX

Sales Houses Completed December 1, 1964 - November 30, 1965
by Sales Status and Price Class
San Diego, California, Housing Market Area

<u>Sales price</u>	<u>Total completions</u>	<u>Pre-sold</u>	<u>Speculative houses</u>			
			<u>Total</u>	<u>Number sold</u>	<u>Number unsold</u>	<u>Percent unsold</u>
Under \$12,500	2	0	2	2	0	0
\$12,500 - 14,999	83	0	83	70	13	15.7
15,000 - 17,499	486	31	455	361	94	20.7
17,500 - 19,999	470	70	400	311	89	22.3
20,000 - 24,999	372	29	343	276	67	19.5
25,000 - 29,999	270	25	245	162	83	33.9
30,000 - 34,999	224	8	216	116	100	46.3
35,000 and over	<u>142</u>	<u>31</u>	<u>111</u>	<u>55</u>	<u>56</u>	<u>50.1</u>
Total	2,049	194	1,855	1,353	502	27.1

Source: Unsold inventory of new houses conducted by the FHA San Diego Insuring Office.

Unemployment has "been at a high level since 1960 when job cut-backs began in the aircraft industry. . . and reached a peak of 7.9 percent in 1962." Unemployment during 1964 averaged 25,600 or 7.5 percent of the work force.

Family incomes are expected to rise. In November 1965, the median yearly income, after deduction of Federal income tax, was \$7,950 for all families and \$6,200 for all renter families. By 1968, these figures are expected to rise to "\$8,650 for all families and \$7,750 for all renter families."

Gains in population and in number of households are expected to be less than those of the past 15 years. Between 1950 and 1960, average yearly gains were 47,600. They decreased to 30,100 a year between April 1960 and November 1965. By November 1968, the population of the area is expected to total 1,276,000, a gain of 25,000 a year. Yearly gains in number of households were 13,600 during the 1950-1960 decade, and they were 9,825 a year between April 1960 and November 1965. By November 1968, the number of households is expected to total 385,500, a yearly gain of 8,500.

Copies of the analysis can be obtained from Mr. Edward L. Tagwerker, Director, Federal Housing Administration, 1415 Sixth Avenue, San Diego, California 92101.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

NEWS

Washington, D. C. 20411

FHA INFORMATION 382-4693

FOR RELEASE THURSDAY
JUNE 30, 1966

HUD-FHA-MA-66-47
Poston

The Federal Housing Administration today released its analysis of the San Diego, California, housing market, covering all of San Diego County.

The report estimates demand for new sales housing at 4,100 units a year during the three years dating from November 1965, but foresees no demand for new rental units.

The judgment on rental demand is related to two factors. In November 1965, the excess of adequate vacant rentals was "over the number that would represent a balanced supply-demand" market picture. In addition, the rental units then being built were enough "to satisfy almost all of the quantitative demand for rental units during the next three years."

In November 1965, units vacant showed a "moderate over-supply of sales vacancies and a substantial excess supply of rentals." Net vacancy ratios were 3.2 percent for sales units and 12.5 percent for rental units. Although the percentage of vacant sales units was below the 1960 figure of 4.0 percent, the ratio of vacant rental units had risen from 11.5 percent in 1960.

Building volume "has shown wide variation since 1950, from a high of 29,900 in 1959 to a low of 9,100 in 1962." Between April 1960 and November 1965, 65,300 new units were built. Since 1960, "the annual number of single-family dwelling units authorized has been at a lower rate than during previous years, while the number of multifamily units authorized has been greater each succeeding year since 1960."

Employment in the area increased by 27,700 between 1958 and 1960, but gains fell off to 4,000 for the 1960-1964 period. "Nonagricultural employment for the first ten months of 1965 averaged 306,950 compared with 300,050 for the same period in 1964." During the forecast years, gains of 7,500 a year are expected as "employment losses in the aircraft industry are terminated and moderate economic growth resumes."

- more -