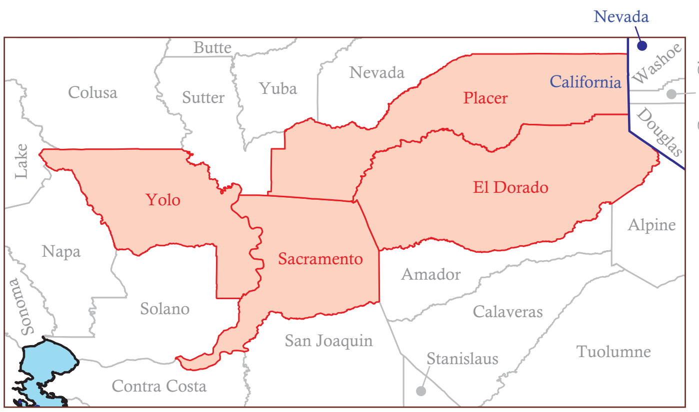
COMPREHENSIVE HOUSING MARKET ANALYSIS

Sacramento--Roseville--Arden-Arcade, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2015



Housing Market Area

The Sacramento--Roseville--Arden-Arcade Housing Market Area (hereafter, the Sacramento HMA), coterminous with the Sacramento--Roseville--Arden-Arcade, CA Metropolitan Statistical Area, encompasses the area from the California Central Valley to the Nevada border. For purposes of this analysis, the HMA is divided into three submarkets: (1) the Sacramento County submarket, which is home to the California state capital; (2) the Yolo County submarket, which includes the University of California, Davis; and (3) the Eastern submarket, which comprises El Dorado and Placer Counties and part of Lake Tahoe.

Summary

Economy

Economic conditions in the Sacramento HMA have continued to strengthen since 2011. Nonfarm payrolls increased by 25,200 jobs, or 2.9 percent, to 896,900 jobs during the 12 months ending March 2015. Recent notable job growth occurred in the education and health services, the professional and business services, the government, and the mining, logging, and construction sectors. Nonfarm payrolls are expected to expand an average of 1.9 percent during the 3-year forecast period, led by growth in industries related to business services, health care, retail trade, and construction.

Sales Market

The sales housing market in the HMA is slightly soft but improving, with an estimated vacancy rate of 1.8 percent, down from 2.4 percent in April 2010. During the next 3 years, demand is estimated for 13,800 new homes, with nearly 65 percent of the demand expected in the Sacramento County submarket (Table 1). The 1,540 homes under construction and a portion of the 46,400 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are slightly soft, with an estimated overall vacancy rate of 5.5 percent, down from 8.0 percent in April 2010. During the next 3 years, demand is expected for 6,925 new rental units (Table 1). The 1,180 units currently under construction will satisfy a portion of the demand.

Market Details

Table 1. Housing Demand in the Sacramento HMA* During the Forecast Period

	Sacramento HMA*		Sacramento County Submarket		Yolo County Submarket		Eastern Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	13,800	6,925	8,875	4,375	950	1,525	3,975	1,025
Under construction	1,540	1,180	620	450	120	270	800	460

** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2015. A portion of the estimated 46,400 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

Economic Conditions

The Sacramento HMA serves as an employment center in the Central Valley for state government, education, and health care. During the 12 months ending March 2015, economic conditions in the HMA strengthened, and nonfarm payrolls increased by 25,200 jobs, or 2.9 percent, to 896,900 jobs, continuing a trend of strong job gains that began in 2012 (Table 2). The education and health services, professional and business services, and government sectors added the most jobs during the 12 months ending March 2015, expanding by 6,300, 5,000, and 4,500 jobs, or 4.9, 4.3, and 2.0 percent, respectively. The information and financial activities sectors were the only two sectors to lose jobs, contracting by 700 and 200 jobs, or 4.9 and 0.4 percent, respectively. Declines in the information sector are, in part, because of continual restructuring efforts that began in the mid-2000s at Hewlett Packard Company. Although the number of layoffs that occurred in the Roseville location, in the Eastern submarket, was not disclosed, the company planned to cut 27,000 jobs worldwide by the end of their fiscal year 2014. Overall, job growth in the HMA contributed to a decline in the average unemployment rate to 6.7 percent during the 12 months ending March 2015, down from 8.3 percent during the previous 12 months, and well below the high of 12.4 percent recorded in 2010. The current unemployment rate is below the 7.1-percent average rate for California but continues to be above the 5.9-percent

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

	12 Months Ending		Absolute Change	Percent Change
	March 2014	March 2015		
Total nonfarm payroll jobs	871,700	896,900	25,200	2.9
Goods-producing sectors	78,500	81,700	3,200	4.1
Mining, logging, & construction	44,400	46,700	2,300	5.2
Manufacturing	34,100	35,100	1,000	2.9
Service-providing sectors	793,200	815,100	21,900	2.8
Wholesale & retail trade	119,100	120,800	1,700	1.4
Transportation & utilities	23,000	23,300	300	1.3
Information	14,400	13,700	– 700	– 4.9
Financial activities	49,200	49,000	– 200	– 0.4
Professional & business services	115,400	120,400	5,000	4.3
Education & health services	129,800	136,100	6,300	4.9
Leisure & hospitality	89,400	92,700	3,300	3.7
Other services	29,200	30,800	1,600	5.5
Government	223,700	228,200	4,500	2.0

** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2014 and March 2015.

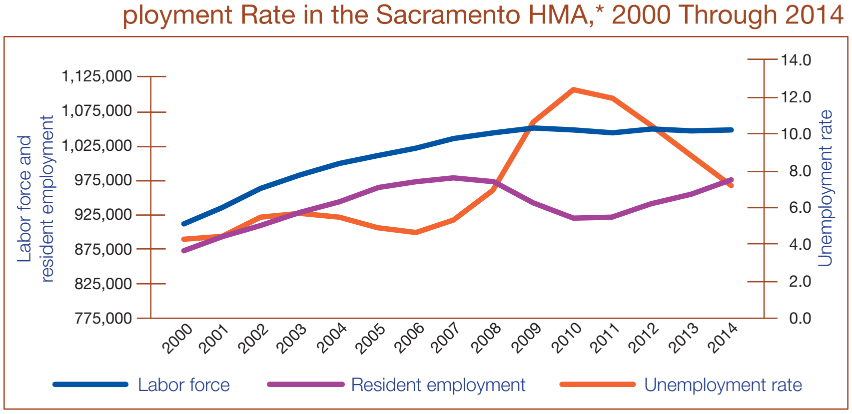
Source: U.S. Bureau of Labor Statistics

average rate for the nation. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate in the HMA from 2000 through 2014.

Nonfarm payrolls in the HMA had increased for 15 consecutive years until 2008. From 2001 through 2007, nonfarm payrolls increased by an average of 16,100 jobs, or 1.9 percent, annually. Nonfarm payroll growth during this period was particularly strong in the education and health services, government, and leisure and hospitality sectors, which accounted for a combined 66 percent of job growth during the period. The sectors expanded by averages of 5,100, 3,400, and 2,300 jobs, or 5.6, 1.5, and 3.0 percent, each year, respectively. The mining, logging, and construction sector also contributed to job growth, adding 1,900 jobs, or 3.3 percent, annually during this period. From 2008 through 2011, nonfarm payrolls declined by an average of 23,400 jobs, or 2.7 percent, annually, to a low of 823,300 jobs because of the national recession and housing market crisis. Job losses in the mining, logging, and construction sector alone accounted for 32 percent of total job losses during the period, declining by 7,600 jobs, or 13.8 percent, while residential construction activity came to a halt. The effect of soft housing market conditions impacted supporting industries, including the financial activities and trade sectors, which decreased by an average of 3,700 jobs each, or 6.7 and 3.0 percent, annually, respectively. In the financial activities sector, Wells Fargo downsized business banking and phone bank operations in the HMA, eliminating approximately 400 jobs in 2010.

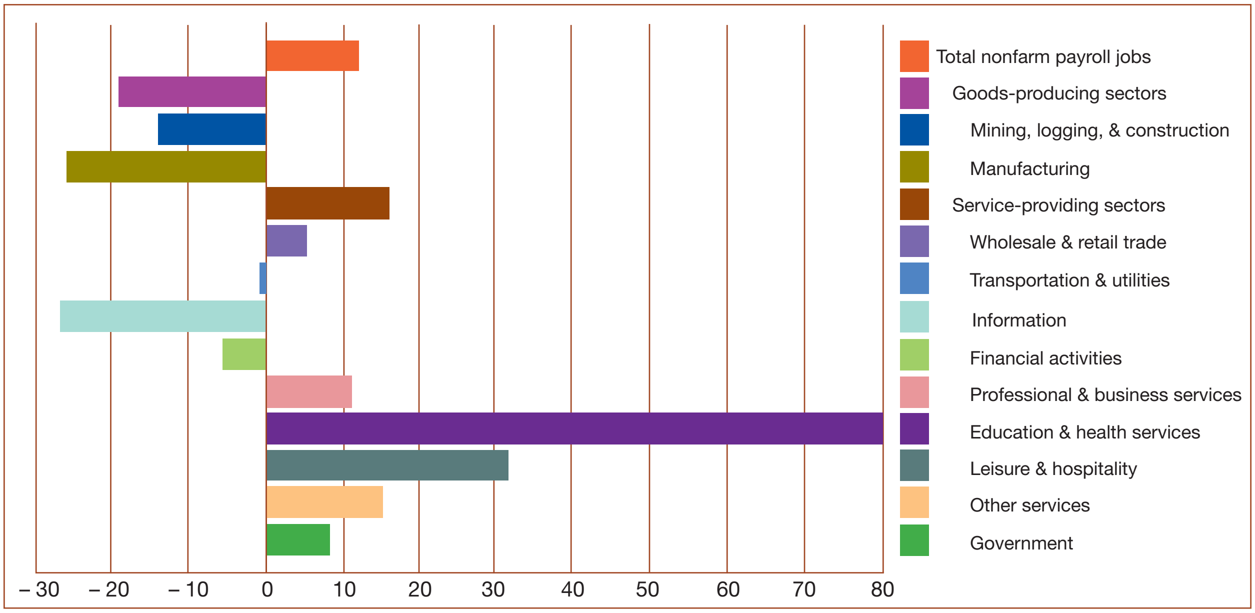
Economic conditions began to rebound in 2012; from 2012 through 2014, nonfarm payrolls expanded by an average of 22,400 jobs, or 2.6 percent, annually, faster than the 1.8 percent rate for California and the 1.3 percent rate for the nation. The education and health services, professional and business services, and mining, logging, and construction sectors accounted for 62 percent of job growth, expanding by averages of 6,000, 4,900 and 2,900 jobs, or 4.9, 4.5 and 7.1 percent, each year, respectively. Despite the gain since 2012, nonfarm jobs remain below the peak of 917,000 jobs in 2007. Recently, strong employment growth in the mining, logging, and construction sector has been partly supported by the $750 million expansion of the Sutter Medical Center, Sacramento, which is expected to be complete by August 2015. As part of the expansion, all major services will be relocated to a single medical campus, including the 242-bed Anderson Lucchetti Women's and Children's Center and the 274-bed Ose Adams Medical Pavilion. No permanent jobs to the education and health services sector will be added as the project is meant to combine services and staff with the Sutter Medical Center's sister hospital into one campus. Figure 2 shows sector growth in the HMA from 2000 to the current date.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Sacramento HMA,* 2000 Through 2014



* *Sacramento--Roseville--Arden-Arcade HMA.*
Source: U.S. Bureau of Labor Statistics

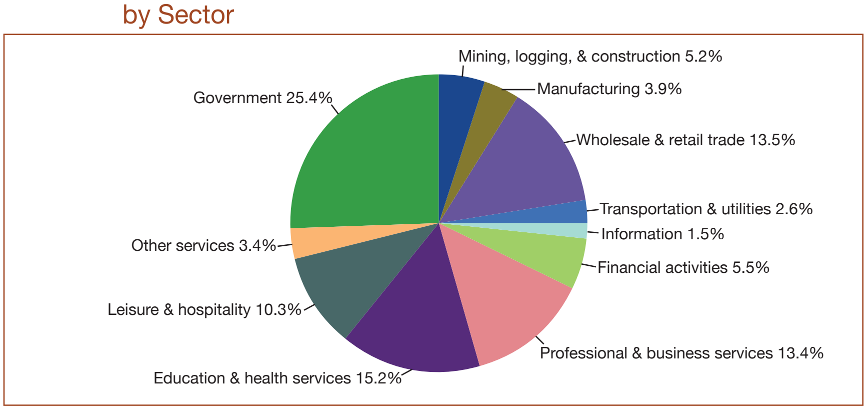
Figure 2. Sector Growth in the Sacramento HMA,* Percentage Change, 2000 to Current



** Sacramento--Roseville--Arden-Arcade HMA.*
Note: Current is based on 12-month averages through March 2015.
Source: U.S. Bureau of Labor Statistics

The economy of the Sacramento HMA depends heavily on the government sector, because the HMA is home to the state capital and two major public universities. During the 12 months ending March 2015, state and local governments together employed approximately 214,700 people and accounted for 94 percent of jobs in the government sector and 24 percent of total nonfarm jobs in the HMA. Figure 3 shows the percentage of nonfarm payroll jobs in each sector in the HMA during the past 12 months. The largest employer in the HMA is the State of California, which employs 76,300 people (Table 3). The second largest employer in the HMA is University of California (UC) Davis, which employs approximately 22,600 faculty and staff. The university enrolled 35,400 students during the fall 2014 term and generates an annual economic impact of $1.2 billion in the greater Sacramento region and $6.9 billion in California (UC Davis). The university has 24 major capital projects recently completed or currently under construction, with an estimated cost of $272 million. The largest project was the $80 million Tercero Area Phase 3, housing 2,400 students when it was completed in September 2014. Tercero Area Phase 4 will add 320 beds, net, when it opens in 2017. California State University (CSU), Sacramento, is the second major university in the HMA, and employs approximately 2,875 faculty and staff and enrolled

Figure 3. Current Nonfarm Payroll Jobs in the Sacramento HMA,* by Sector



** Sacramento--Roseville--Arden-Arcade HMA.*
Note: Based on 12-month averages through March 2015.
Source: U.S. Bureau of Labor Statistics

29,300 students during the fall 2014 term. As the 7th largest school in the 23-campus CSU system, the university generates an estimated economic impact of $816 million in the greater Sacramento region and $1 billion in California (CSU Sacramento).

During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 17,300 jobs, or 1.9 percent. Most additions are expected to occur in industries related to health care, business services, retail trade, and construction. Growth in the construction subsector will be partly supported by the addition of the Sacramento Kings' new basketball arena (Golden 1 Center), which is expected to be complete by fall 2016. Continued residential development and the construction of a few hospital facilities will also support growth in the construction subsector. During the forecast period, Dignity Health is planning a $70 million expansion of the Mercy Hospital in Folsom, which will include a three-story inpatient tower and a new medical office building. Construction is expected to begin in 2018. The number of jobs to be added has not yet been announced. Jobs in industries supporting health care are also expected to contribute to economic growth during the forecast period. A study on the economic impact of the Affordable Care Act on California revealed that the law is expected to result in the addition of 13,500 new healthcare jobs to the HMA from 2010 to 2020 because of increased spending on health care and medical services (Bay Area Council Economic Institute). The HMA is forecast to be the second largest beneficiary of additional healthcare jobs in California, behind the southern California region.

Table 3. Major Employers in the Sacramento HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of California	Government	76,300
University of California, Davis	Government	22,600
Kaiser Permanente	Education & health services	14,000
Sutter Health	Education & health services	13,000
County of Sacramento	Government	10,700
U.S. Government	Government	9,900
Raley's Inc., Bel Air	Wholesale & retail trade	8,300
Mercy Medical Group	Education & health services	7,050
Intel Corporation	Professional & business services	6,500
Hewlett-Packard	Professional & business services	5,425

** Sacramento--Roseville--Arden-Arcade HMA.*

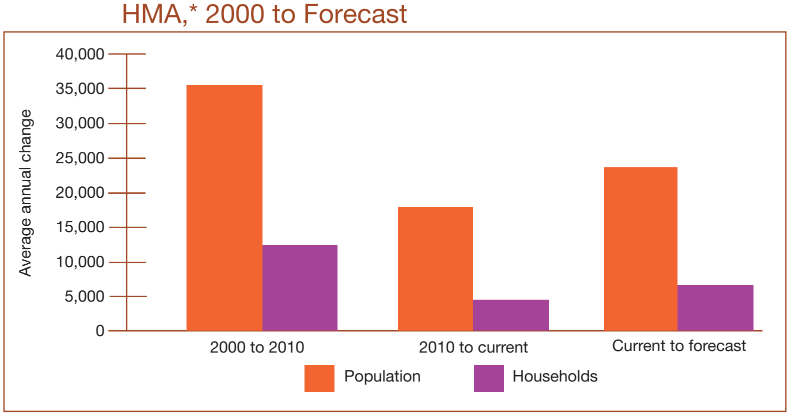
Note: Excludes local school districts.

Sources: Counties of Sacramento, Yolo, El Dorado, and Placer, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013; Sacramento Business Journal, Book of Lists 2014

Population and Households

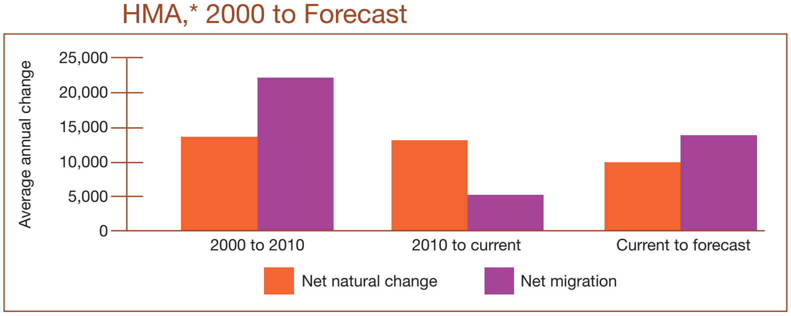
As of April 1, 2015, the estimated population of the Sacramento HMA was more than 2.2 million, reflecting an average annual increase of 17,950, or 0.8 percent, since April 2010. As a result of the national recession, population growth has slowed to an average of 20,300, or 0.9 percent, since 2007, down from an average annual increase of 39,900, or 2.1 percent, from 2000 to 2007. Growth from 2000 to 2007 was strong because of significant net in-migration from residents originating from higher-cost housing areas in the San Francisco Bay Area. Net in-migration averaged 26,000 people a year during the period, accounting for 65 percent of total population growth. Weak economic and sales housing market conditions from 2007 to 2012 slowed net in-migration to an average of 5,000 people a year, and accounted for 25 percent of total population growth, which averaged 20,000 people a year. Recent job growth has attracted residents to the HMA, and net in-migration has averaged 8,425 people a year since 2012, accounting for 44 percent of total population growth. The increase in net in-migration since 2012 was offset by a decline in net natural change (resident births minus resident deaths), however, and population growth remains at the same rate as during the recession, from 2007 to 2012. Figure 4 shows population and household growth in the HMA, and Figure 5 shows the components of population change in the HMA, from 2000 to the forecast date.

Figure 4. Population and Household Growth in the Sacramento HMA,* 2000 to Forecast



* Sacramento--Roseville--Arden-Arcade HMA.
Notes: The current date is April 1, 2015. The forecast date is April 1, 2018.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Sacramento HMA,* 2000 to Forecast



* Sacramento--Roseville--Arden-Arcade HMA.
Notes: The current date is April 1, 2015. The forecast date is April 1, 2018.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

The Sacramento County submarket is the urban core of the HMA and, with nearly 65 percent of all HMA resident employment during the 12 months ending March 2015, has the largest population among the HMA submarkets. The current population of the submarket is estimated at nearly 1.5 million and accounts for two-thirds of the total population in the HMA. Population growth in the submarket has averaged 13,500 people, or 0.9 percent, a year since 2012, up from an average of 9,400 people, or 0.7 percent, a year from 2007 to 2012, when the HMA lost jobs, but significantly lower than the average of 22,500 people, or 1.7 percent, a year from 2000 to 2007, during the local housing boom. Net in-migration has increased since 2012 because of economic growth in the HMA, which has been concentrated in the submarket. Net in-migration averaged 4,075 people a year since 2012, accounting for 30 percent of total population growth and reversing a trend of net out-migration that averaged 1,200 people a year from 2007 to 2012. By comparison, net in-migration averaged 11,800 people a year from 2000 to 2007, accounting for 52 percent of total population growth.

In the Yolo County submarket, which includes the city of Davis and the UC Davis campus, the current population is estimated at 207,900, accounting for 9 percent of the total HMA population and is the least urban submarket in the HMA. Population growth in the submarket has averaged 1,400 people, or 0.7 percent, annually since April 2010, down from an average of 3,225 people, or 1.8 percent, a year from 2000 to 2010. Net in-migration has averaged 100 people a year in the submarket since 2010, accounting for only 7 percent of total population growth in the submarket. By comparison, net in-migration averaged 330 people a year, or 18 percent of total population growth in the submarket, from 2010 to 2012 and 2,025 people a year, or 60 percent of total population growth, from 2000 to 2009.

The Eastern submarket, which includes the cities of Auburn, Rocklin, Roseville, and South Lake Tahoe, currently accounts for 24 percent of the total HMA population. The population of the submarket was estimated at 558,600 as of April 1, 2015, an average increase of 5,825 people, or 1.1 percent, a year since 2010. The submarket was the fastest growing in the HMA from 2000 to 2008, when residential housing construction in the submarket peaked, adding an average of 13,300 people, or 2.9 percent, per year from 2000 to 2008. Seventeen percent of the population growth during this time was concentrated in the cities of Lincoln and Roseville because of large-scale construction of the Sun City active adult communities. Together, the Sun City Roseville and Sun City Lincoln Hills developments have 9,813 single-family homes and 80 villas for residents aged 55 and older. The median age in both El Dorado County and Placer County, of 44.1 and 40.4, respectively, exceeds the median age in the HMA, of 36.2 (2009–2013 American Community Survey [ACS] 5-year data).

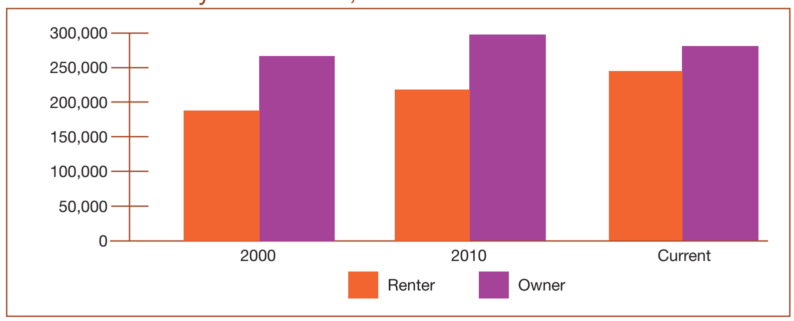
During the next 3 years, population growth in the HMA is expected to average 23,350 people, or 1.0 percent, a year. Population growth in the Sacramento County submarket is expected to increase to 15,650 people, or 1.1 percent, a year, while economic growth continues. Population growth will remain steady over the 3-year forecast period in both the Yolo County and Eastern submarkets, which are expected to average 1,425 and 6,200 or 0.7 and 1.1 percent, per year, respectively; the same percentage growth since 2010.

As of April 1, 2015, the number of households in the HMA was estimated at 809,400, reflecting average annual growth of 4,350, or 0.5 percent, since 2010. By comparison, household growth averaged 12,250, or 1.7 percent from 2000 to 2010. The Sacramento County submarket has added the most households since 2010, expanding by an average of 2,325, or 0.4 percent, annually. Household growth was fastest, however, in both the Eastern submarket, which averaged 1,550, or 0.7 percent and in the Yolo County submarket, where an average of 480 households was added, or 0.7 percent, per year. By comparison, from 2000 through 2010, household growth averaged 6,025, or 1.3 percent, annually in the Sacramento County submarket; 5,050, or 2.9 percent, annually in the Eastern submarket; and 1,150, or 1.8 percent, annually in the Yolo County submarket.

During the 3-year forecast period, the number of households in the HMA is expected to increase by an average of 6,325, or 0.8 percent, annually, faster than the rate since 2010. The number of households in the Sacramento County submarket is expected to increase by an average of 4,075, or 0.8 percent, annually, the greatest change in household growth rates in the HMA because of a greater amount of economic growth expected in the submarket. Household growth in the

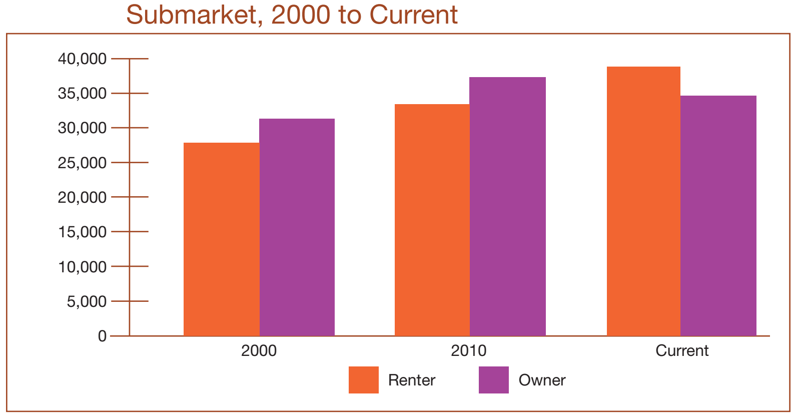
Yolo County and Eastern submarkets is expected to increase modestly, to an average annual rate of 580, or 0.8 percent and 1,675, or 0.8 percent, respectively. Figures 6, 7, and 8 show the number of households by tenure in each submarket from 2000 to the current date. Table DP-1 at the end of the report show additional data.

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



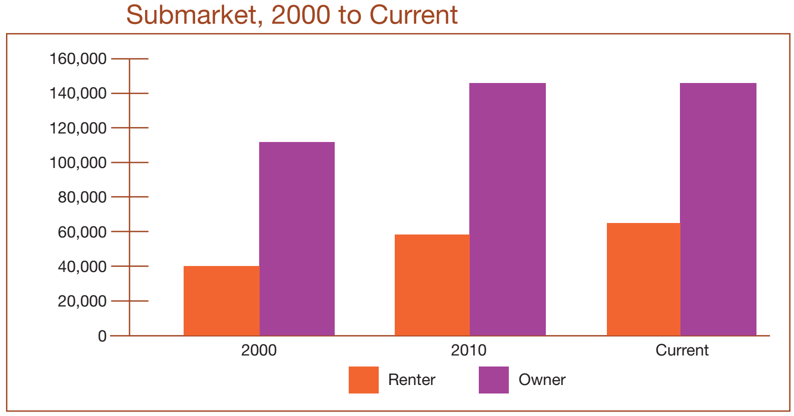
Note: The current date is April 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

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



Note: The current date is April 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Eastern Submarket, 2000 to Current



Note: The current date is April 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Sacramento County Submarket

Sales housing market conditions in the Sacramento County submarket are slightly soft, but improving. The sales vacancy rate has declined to a current estimated rate of 1.8 percent, down from 2.5 percent in April 2010 (Table DP-2 at the end of the report). Approximately 19,000 new and existing homes (including single-family homes, townhomes, and condominiums) sold during the 12 months ending March 2015, a 9-percent decline from the 20,900 homes sold during the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The number of homes sold declined every year from 36,300 in 2005 to 20,400 in 2010, except for a significant increase in 2008 that was because of a fivefold increase of real estate owned (REO) purchases. Home sales increased an average of 5 percent, annually, from the end of 2010 through 2012, due partly to a 1-percent decline in average home sales prices, before declining again an average of 7 percent, annually from the end of 2012 through 2014, when the average sales price increased 20 percent.

Existing home sales in the submarket declined 9 percent to 17,800 homes during the 12 months ending March 2015, while the average sales price of an existing home increased 10 percent to $281,700, primarily as a result of a 22-percent decline in REO purchases. Existing home sales began to decline in 2013 an average rate of 8 percent, annually, as the average sales price increased an average of 20 percent, annually, and the number of REO sales declined. During this period, REO sales accounted for 15 percent of total existing sales. By comparison, existing home sales increased an average of 15 percent annually, from 2008 through the end of 2012, as the average sales price declined 10 percent, annually. REO sales accounted for 55 percent of total existing sales during this period and the average sales price of a REO property was $169,700, 30 percent lower than the average non-REO existing sales price of $240,800. As of March 2015, 2.3 percent of home loans in the submarket were seriously delinquent (90 or more days delinquent or in the foreclosure process) or had transitioned into REO status, the highest rate among the three submarkets in the HMA, down from 2.9 percent in March 2014 and down from 7.0 percent in March 2008. The current rate of seriously delinquent loans in the Sacramento County submarket is higher than the state average of 2.0 percent, but less than the national average of 4.3 percent and (Black Knight Financial Services, Inc.).

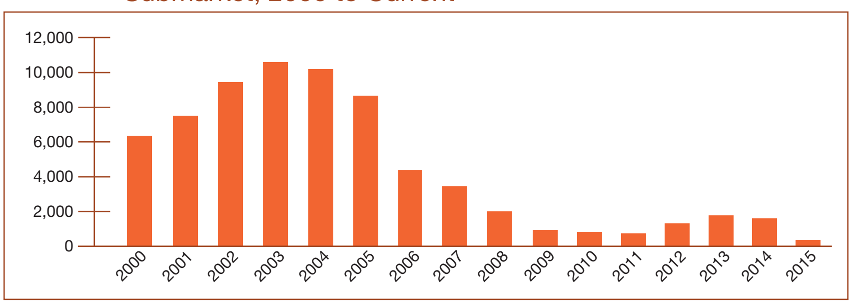
The number of new homes sold in the submarket declined each year from 9,025 in 2005 to 750 in 2011, an average annual rate of decline of 34 percent. From 2012 through 2014, strong economic conditions in the submarket helped increase new home sales to an average of 1,200 homes, or 34 percent, annually. During the 12 months ending March 2015, approximately 1,250 new homes were sold, a 100-home, or 8 percent, decline compared with the previous 12 months. The decline in new home sales is because of an 11-percent increase in the average sales price of a new home, to $387,000. The average sales price of a new home peaked in 2005, at the height of the local housing boom, at $495,600 but declined every year since then, until

2009, to a low of 285,900. The average home sales price of a new home increased 3 percent to $294,800 in 2010, but declined again 5 percent to $280,300 in 2011. From 2012 through 2014, the average sales price of a new home has increased an average of 11 percent, annually.

As a result of improving sales market conditions in the submarket, single-family home construction, as measured by the number of single-family homes permitted, increased in 2012 and 2013, since reaching a low of 740 units in 2011. Despite the recent increase, the level of single-family permitting remains significantly below the peak levels recorded from 2002 through 2005, when an average of 9,700 units were permitted, annually. Before the national recession at the end of 2007, single-family home construction in the submarket slowed and was subsequently impacted by soft housing market conditions. From 2006 through 2011, single-family permitting in the submarket declined an average annual rate of 30 percent to 740 homes in 2011, but increased in 2012 and 2013 as strong job growth and faster household formation spurs new construction activity. During the 12 months ending March 2015, 1,700 single-family units were permitted in the submarket, unchanged from the previous 12-month period (Figure 9). Projects currently under construction include the McKinley Village subdivision, a 336-home infill project that is expected to begin selling its first homes in the fall of 2015. Homes will range in size from 1,300 square feet for three-bedroom, two-and-a-half-bathroom homes to 3,100 square feet for five-bedroom, four-bathroom homes. Sales prices and buildout dates are yet to be determined.

During the 3-year forecast period, demand is expected for 8,875 new homes in the submarket (Table 1). The 620 homes currently under construction and some of the estimated 14,700 other vacant units that might reenter the market will satisfy part of the forecast demand. Prices for new homes currently start at $150,000. Homes at the lower end of the price spectrum generally represent condominium units. During the 12 months ending March 2015, sales of condominium units accounted for 5 percent of total sales in the submarket. Table 4 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the submarket during the 3-year forecast period.

Figure 9. Multifamily Units Permitted in the Sacramento County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	890	10.0
200,000	249,999	2,225	25.0
250,000	299,999	2,225	25.0
300,000	349,999	1,325	15.0
350,000	399,999	890	10.0
400,000	449,999	440	5.0
450,000	and higher	890	10.0

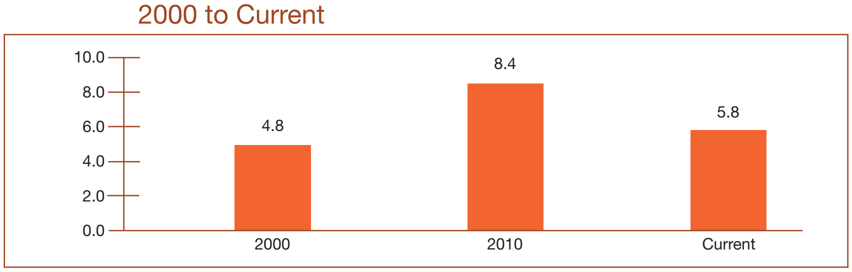
Notes: The 620 homes currently under construction and a portion of the estimated 14,700 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

Rental Market—Sacramento County Submarket

The rental housing market in the Sacramento County submarket is currently slightly soft, but improving, with an estimated overall rental vacancy rate of 5.8 percent, down from 8.4 percent as of April 2010 (Figure 10). Single-family homes for rent represent 45 percent of the overall rental inventory in the submarket (2013 ACS 1-year data). During the first quarter 2015, the apartment market in the Sacramento County submarket was tight with a 2.8 percent vacancy rate, down from 3.9 percent during the first quarter 2014 and down from 5.1 percent during the first quarter 2010 (MPF Research). Of the eight MPF Research-defined market areas (hereafter, market areas) that comprise the Sacramento County submarket, the apartment vacancy rate during the first quarter 2015 was lowest in the Citrus Heights market area at 1.5 percent and highest in the Central Sacramento market area at 3.7 percent. The average market rent in the submarket was $971 during the first quarter of 2015, a 6-percent increase from $920 during the first quarter of 2014 and a 14-percent increase from $850 during the first quarter of 2010. During the first quarter 2015, average rents in the submarket ranged from $920 in the Rancho Cordova/East Sacramento market area to $1,325 in the Central Sacramento market area. Average rent increases occurred in each of the eight market areas in the submarket except for Central Sacramento, where average apartment rents declined 1 percent compared with the first quarter of 2014. Average rent increases ranged from 2 percent in the South Sacramento market area to 8 percent in the Arden-Arcade, Carmichael, and Citrus Heights market areas.

Figure 10. Rental Vacancy Rates in the Sacramento County Submarket, 2000 to Current

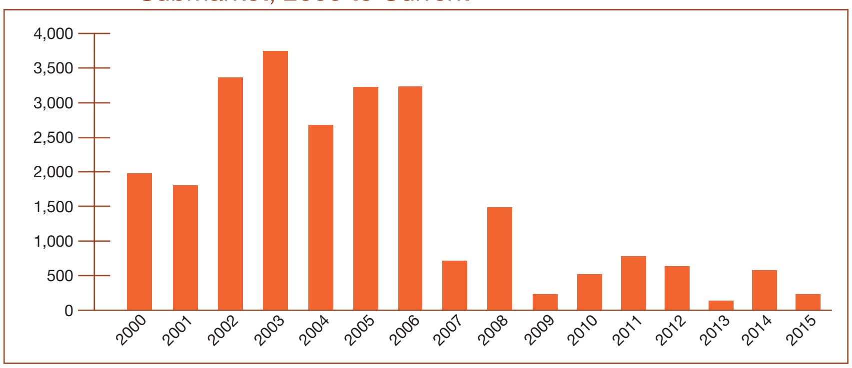


Note: The current date is April 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Students at CSU Sacramento have a significant impact on the rental market in the Sacramento County submarket. As of fall 2014, the university enrolled 29,350 students, with an estimated 6,950 student households (approximately 3 percent of all renter households in the submarket) living in off campus housing. The Central Sacramento market area is the area most affected by student renters and has the highest rents in the submarket. From the first quarter of 2010 to the first quarter of 2015, the apartment vacancy rate in the market area declined from 7.0 percent to 3.7 percent, while the monthly rent increased an average annual rate of 3 percent, during the same period. During the corresponding semesters, enrollment at CSU Sacramento increased 9 percent (from fall 2010 to fall 2014, the latest data available). The Student Housing Phase II project is currently under construction on the CSU Sacramento campus and will add 416 beds (252 beds that will be designated for freshmen and the additional 164 beds will be designated for sophomores), to the university's North Housing Village. Construction on the new residence hall is expected to be complete by May 2017, with the first student occupants in the fall 2017 semester. The addition of the 416 dormitory beds will not have a significant impact on the overall rental market, given that enrollment is expected to increase at a rate that exceeds new dormitory construction.

Multifamily construction, as measured by the number of units permitted, averaged 2,850 units in the submarket each year from 2000 through 2006, but slowed to an average of 1,100 in 2007 and 2008 and slowed further to an average of 480 units from 2009

Figure 11. Multifamily Units Permitted in the Sacramento County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
850 to 1,049	330	1,025 to 1,224	230	1,250 to 1,449	65
1,050 to 1,249	990	1,225 to 1,424	910	1,450 to 1,649	310
1,250 to 1,449	170	1,425 to 1,624	680	1,650 or more	65
1,450 to 1,649	85	1,625 to 1,824	230		
1,650 or more	85	1,825 to 2,024	110		
		2,025 or more	110		
Total	1,650	Total	2,275	Total	440

Notes: Numbers may not add to totals because of rounding. The 450 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2015, to April 1, 2018.
Source: Estimates by analyst

through 2014. Since 2009, condominium units accounted for only 4 percent of all multifamily units permitted. By comparison, from 2001 through 2008, condominium units accounted for 27 percent of all multifamily units permitted. During the 12 months ending March 2015, 250 units were permitted, nearly double the 130 units permitted during the previous 12 month period, as builders responded to tightening apartment market conditions (Figure 11). During the same period, all multifamily units permitted were for apartment units. The 118-unit Eviva Midtown in the city of Sacramento (in the Central Sacramento market area, the highest rent market area in the submarket) is currently under construction with completion expected by the spring of 2016. When completed, the apartment development will offer 78 one-bedroom units ranging in size from 700 to 800 square feet and 40 two-bedroom units ranging from 1,100 to 1,200 square feet. Rents have not yet been determined.

During the 3-year forecast period, demand is expected for 4,375 new market-rate rental units in the submarket (Table 1). The 450 units currently under construction will satisfy some of that demand. Table 5 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Sales Market—Yolo County Submarket

The sales housing market in the Yolo County submarket is currently balanced with an estimated vacancy rate of 1.5 percent, down from 1.9 percent in 2010, when the market was slightly soft (Table DP-3 at the end of this report). During the 12 months ending March 2015, the number of existing home sales declined 10 percent, to 1,775, compared with flat growth during the 12 months ending March 2013 and a 3-percent increase during the 12 months ending March 2012 (Metrostudy, A Hanley Wood

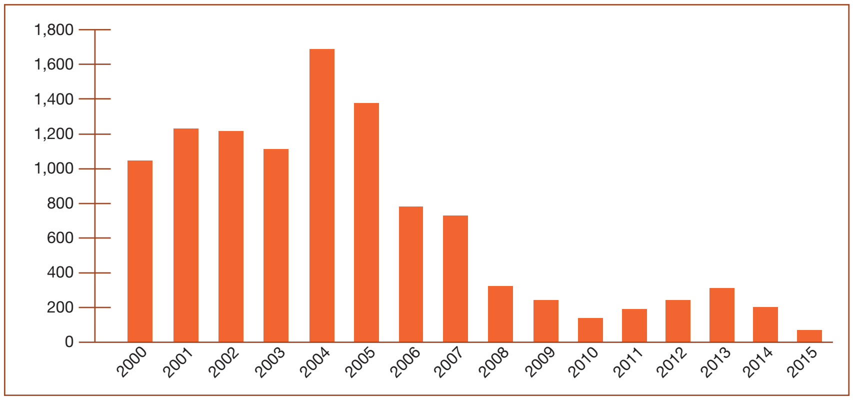
Company, with adjustments by the analyst). By comparison, existing home sales averaged 1,925 from 2008 through 2013, up an average of 2 percent annually. The number of REO sales declined to 160, or 9 percent of all existing home sales, during the 12 months ending March 2015, compared with an average of 880, or 47 percent of all existing home sales from 2008 through 2011. During the 12 months ending March 2015, the average sales price of an existing home was $365,500, a 13-percent increase from $324,400 during the previous 12 months. The average sales price of an existing home peaked in 2005 at $449,800, but declined every year from 2006 through 2011 at an average annual rate of 10 percent, with the exception of a 1-year increase of 2 percent in 2010. Since 2011, the average sales price of an existing home has increased an average of 12 percent, annually, partly due to a 39-percent average decline in the number of REO sales. The average price of an REO sale was $250,500 during the 12 months ending March 2015, 48 percent less than the average of $376,200 for an existing regular resale home. As of March 2015, 1.3 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 2.0 percent in March 2014 (Black Knight Financial Services, Inc.).

During the 12 months ending March 2015, new home sales totaled 200, or 55 fewer homes sold compared with the number sold during the previous 12 month period. As a result of minimal single-family home construction, new home sales only accounted for 10 percent of total sales, down from an average of 47 percent of total home sales in the submarket from 2005 through 2007. As sales market conditions softened, new home sales have accounted for an average of 19 percent of total sales from 2008 through 2014. The average sales price of a new home during the 12 months ending March 2015 was $436,000, a 16-percent increase from the average sales price during the previous 12-month period. The current average sales price remains 23 percent below the peak of $565,400 in 2005. The average sales price for a new home declined every year until 2011, declining an average of 9 percent, to a low of $297,100 in 2011. The average sales price increased 23 percent in 2012, declined slightly 2 percent in 2013, before increasing again 17 percent in 2014 to an average of $422,200.

Single-family homebuilding, as measured by the number of building permits issued, remains at low levels in the least urban submarket in the HMA. During the 12 months ending March 2015, 220 single-family homes were permitted, 40 homes fewer than the 260 homes permitted during the previous 12-month period. During the local housing boom, the number of single-family homes permitted averaged 1,275 per year from 2000 through 2005, slowing to an average of 750 in 2006 and 2007. Single-family permitting activity declined even further, 70 percent to an average of 230 per year from 2008 through 2014, as the sales housing market cooled. No large market-rate, single-family home developments are currently under construction in the submarket. Figure 12 shows the number of single-family homes permitted in the HMA from 2000 to the current date.

During the next 3 years, demand is expected for 950 new homes in the submarket (Table 1). The 120 homes currently under construction and some of the estimated 1,700 other vacant units that might reenter the market will satisfy part of the forecast demand. Prices for new homes currently start at $200,000. Table 6 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the submarket during the 3-year forecast period.

Figure 12. Single-Family Homes Permitted in the Yolo County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	249,999	140	15.0
250,000	299,999	240	25.0
300,000	349,999	290	30.0
350,000	399,999	140	15.0
400,000	and higher	140	15.0

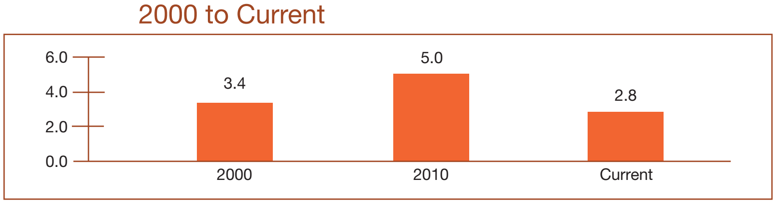
Notes: The 120 homes currently under construction and a portion of the estimated 1,700 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

Rental Market—Yolo County Submarket

The rental housing market in the Yolo County submarket is currently very tight, with an estimated overall vacancy rate of 2.8 percent, down from 5.0 percent in April 2010 (Figure 13). Single-family homes for rent represent 40 percent of the overall rental inventory in the submarket (2013 ACS 1-year data). The apartment vacancy rate is even tighter, partly reflecting a preference for apartment units by student renters. The apartment vacancy rate was 1.4 percent during the first quarter 2015, unchanged from the first quarter 2014, but lower than the 2.6 percent rate during the second quarter of 2010 (earliest data available, MPF Research). During the first quarter 2015, monthly rents in the submarket averaged $1,250, a nearly 5-percent increase from the

Figure 13. Rental Vacancy Rates in the Yolo County Submarket, 2000 to Current



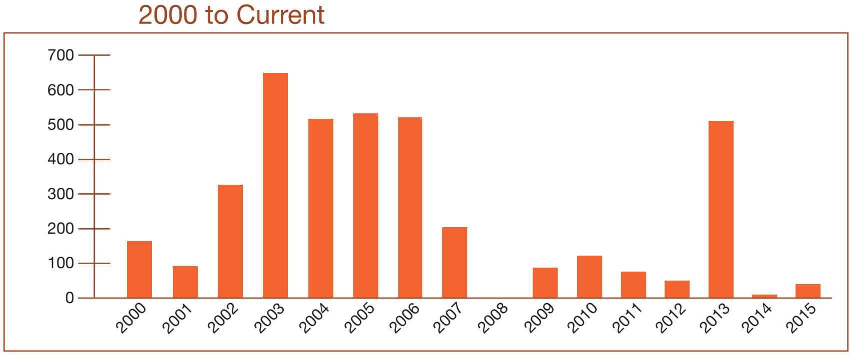
Note: The current date is April 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst first quarter 2014. The Davis/Yolo County MPF-defined market area encompasses the apartment market for the entire Yolo County submarket. Students represent a significant share of the renter households in the submarket. As of the fall 2014 term, 35,400 students were enrolled at UC Davis. An estimated 7,350 student households (approximately 19 percent of all renter households) live off campus, with the greatest concentration of students residing near UC Davis in Davis. A study conducted for the UC Davis Office of Student Housing revealed that the apartment vacancy rate for units surrounding the UC Davis campus was 1.4 percent during 2014, down from 3.5 percent during 2013 (BAE Urban Economics). For units with leases, the monthly rent averaged $1,425, a 7-percent increase from the average of $1,325 during 2013. Enrollment is expected to increase 2.2 percent during the Fall 2015 term (UC Davis).

Despite having the tightest apartment market conditions in the entire HMA and continued increased enrollment at UC Davis every year since 2006, multifamily construction activity, as measured by the number of multifamily units permitted remains low. During the 12 months ending March 2015, only 4 multifamily units were permitted, down from 450 during the previous 12-month period. Multifamily permitting in the submarket peaked from 2003 through 2006, when an average of 550 units were permitted annually, but declined to an average of only 90 units per year from 2009 through 2012. During 2013, multifamily permitting increased to previous peak levels at 510 units permitted, but has since declined (Figure 14). The increase in multifamily permitting was primarily because of the permitting of the Capitol Yards apartment project, which was recently completed in West Sacramento. Rents for the 270 market-rate units start at $1,375 for studio units, $1,575 for one-bedroom units, $2,035 for two-bedroom units, and $2,995 for three-bedroom units. During the 12 months ending March 2015, apartment units accounted for all multifamily units permitted. Condominiums have accounted for an average of 8 percent of multifamily units permitted since 2005. By comparison, condominium units accounted for 22 percent of all multifamily units permitted from 2000 through 2004.

During the 3-year forecast period, demand is expected for 1,525 new market-rate rental units in the submarket (Table 1). The 270 apartment units currently under construction will satisfy only a very small proportion of that demand. Table 7 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Figure 14. Multifamily Units Permitted in the Yolo County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

One Bedroom		Two Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,100 to 1,299	650	1,250 to 1,449	750
1,300 or more	35	1,450 or more	85
Total	680	Total	840

Notes: Numbers may not add to totals because of rounding. The 270 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

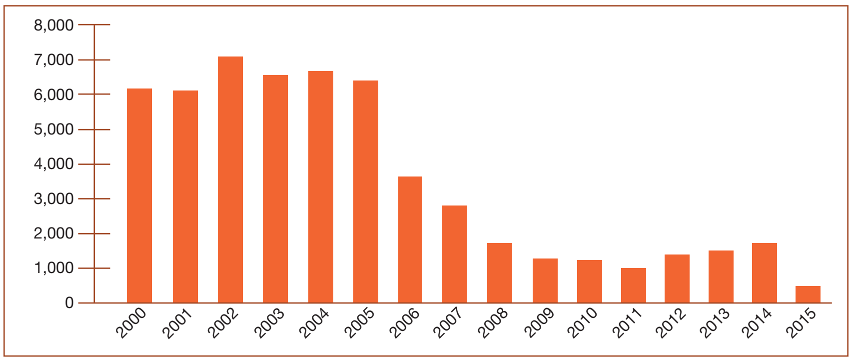
Sales Market—Eastern Submarket

Sales housing market conditions in the Eastern submarket are soft, but improving, with an estimated 2.0-percent sales vacancy rate, down from 2.4 percent in 2010 (Table DP-4 at the end of the report). The number of home sales (including single-family homes, townhomes, and condominiums) began to decline during the past year, following an increase every year from 2010 through 2013, and following significant price increases during the past 24 months. During the 12 months ending March 2015, 12,050 new and existing homes sold, a 5-percent decline from the 12,650 sold during the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). From 2010 through 2013, an average of 11,500 homes sold, annually and sales increased an average of 9 percent per year during this period. By comparison, an average of 12,500 homes sold from 2005 through 2010, while sales declined an average of 15 percent per year.

Because retiree and second-home ownership around the Sierra foothills and the Lake Tahoe vicinity characterize the submarket, average sales prices in the submarket are the highest out of every submarket in the HMA. During the 12 months ending March 2015, the average sales price for new and existing homes was $434,800, 51 percent higher than the average sales price of $288,600 in the Sacramento County submarket and 53 percent higher than the average sales price of $284,700 in the Yolo County submarket. The recent average sales price reflects an increase of 10 percent from the $396,200 average during the 12 months ending March 2014 and follows a 19-percent increase during the 12 months ending March 2013. By comparison, the average sales price declined an average of 8 percent, annually from 2005 through 2011, after peaking at $515,300 in 2005. Since 2012, the average sales price has increased an average of 12 percent, each year. As of March 2015, 1.7 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 2.2 percent in March 2014 (Black Knight Financial Services, Inc.).

Single-family home construction, as measured by the number of single-family homes permitted, increased 26 percent to 1,850 homes permitted during the 12 months ending March 2015. Single-family permitting activity remains significantly below peak levels; from 2000 through 2005, an average of 6,450 homes were permitted every year but declined 51 percent to an average of 3,175 units during 2006 and 2007. As sales market conditions worsened, single-family home construction declined even further to an average of 1,275 units annually from 2009 through 2011. Since 2012, single-family permitting has increased every year at an average annual rate of 7 percent as a result of improving economic and sales market conditions. The Paseo Del Norte subdivision in the city of Roseville is currently under construction with plans for 74 single-family homes starting at $330,000. Construction on the first homes began in early 2015 and an estimated completion date is not available as homes are built as they are sold, however; as of the current date, all homes were either reserved, under contract or sold. Figure 15 shows the number of single-family homes permitted in the submarket from 2000 to the current date.

Figure 15. Single-Family Homes Permitted in the Eastern Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Eastern Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	400	10.0
200,000	249,999	400	10.0
250,000	299,999	800	20.0
300,000	349,999	800	20.0
350,000	399,999	600	15.0
400,000	449,999	400	10.0
450,000	499,999	200	5.0
500,000	and higher	400	10.0

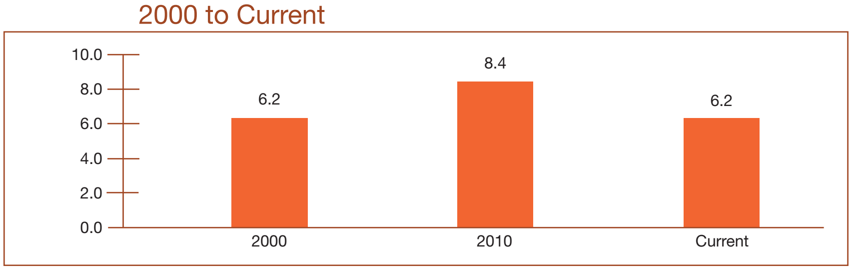
Notes: The 800 homes currently under construction and a portion of the estimated 30,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2015, to April 1, 2018.
Source: Estimates by analyst

During the next 3 years, demand is estimated for an additional 3,975 new homes (Table 1) with prices starting at $150,000 (Table 8). Homes at the lower end of the price spectrum generally represent condominium units. During the 12 months ending March 2015, sales of condominium units accounted for 5 percent of total sales in the submarket. Because the average sales price declined at a slower rate in the Eastern submarket than in the HMA as a whole during the recession, affordability in the submarket is an issue for homebuyers and demand will be greatest in the $250,000 to $350,000 price ranges. Demand at the highest price ranges remains concentrated in the communities surrounding Lake Tahoe. The 800 homes currently under construction and a portion of the 30,000 other vacant units that may reenter the sales market will satisfy part of the forecast demand.

Rental Market—Eastern Submarket

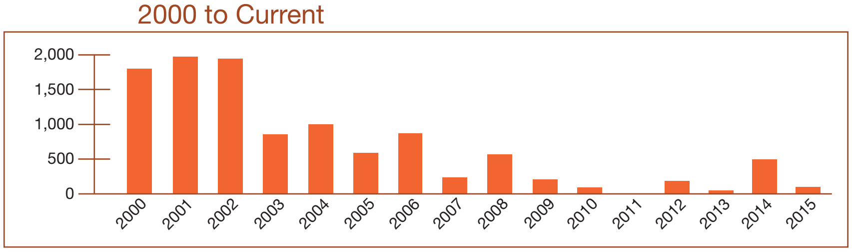
The rental housing market in the Eastern submarket is currently slightly soft, with an overall estimated vacancy rate of 6.2 percent, down from 8.4 percent in April 2010 (Figure 16). Conditions in the apartment market are balanced. The apartment vacancy rate is notably different than the overall vacancy rate because single-family homes comprised 51 percent of all rental units in the submarket (2013 ACS 1-year data). The apartment vacancy rate during the first quarter of 2015 was 4.1 percent, up slightly from the 3.8-percent rate during the first quarter of 2014, but down from the 4.8-percent rate during the first quarter of 2010 (MPF Research). Only two MPF Research-defined market areas comprise the Eastern submarket. During the first quarter of 2015, the apartment vacancy rate was 4.5 percent in the Folsom/Orangevale/Fair Oaks market area, up from 3.8 percent during the first quarter of 2014, and 3.8 percent in the Roseville/Rocklin market area, unchanged from a year ago. The average market rent in the Eastern submarket was $1,200, a 6-percent increase from $1,125 a year ago and up 19 percent from $1,025 during the first quarter of 2010. During the first quarter of 2015, the average rent was $1,225 in the Folsom/Orangevale/Fair Oaks market area and $1,200 in the Roseville/Rocklin market area, representing 6 and 7 percent increases compared with the first quarter 2014, respectively.

Figure 16. Rental Vacancy Rates in the Eastern Submarket, 2000 to Current



Note: The current date is April 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 17. Multifamily Units Permitted in the Eastern Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the 12 months ending March 2015, multifamily construction, as measured by the number of multifamily units permitted (preliminary data), remained relatively unchanged at 185 units permitted compared with the previous 12 months. By comparison, multifamily permitting in the submarket averaged 1,275 units, annually from 2000 through 2006 before declining to an average of 190 units per year from 2007 through 2013 (Figure 17). The Quartz Ridge Apartments, in the city of Auburn, is currently under construction. Preleasing of the 64-unit subsidized housing development began in the spring of 2015, with rents ranging from $351 to $1,010, depending on apartment sizes and income levels. Qualifying family incomes are restricted to 60 percent or less of the Area Median Income for Placer County. During the 12 months ending March 2015, apartment units accounted for all multifamily units permitted. New construction of condominium units since 2007 has been negligible, accounting for an average of 4 percent of total multifamily units permitted. By comparison, condominium units accounted for 15 percent of all multifamily units permitted from 2000 through 2006.

Demand is expected for 1,025 new market-rate rental units during the next 3 years (Table 1). The 460 apartment units currently under construction will satisfy as much as 49 percent of the demand and all demand in the first year of the forecast period. Table 9 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Eastern Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
950 to 1,149	190	1,050 to 1,249	230	1,250 to 1,449	45
1,150 or more	120	1,250 to 1,449	170	1,450 to 1,649	45
		1,450 or more	170	1,650 to 1,849	45
				1,850 or more	15
Total	310	Total	570	Total	150

Notes: Numbers may not add to totals because of rounding. The 460 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2015, to April 1, 2018.

Source: Estimates by analyst

Data Profiles

Table DP-1. Sacramento HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	870,966	918,743	979,600	0.5	1.5
Unemployment rate	4.3%	12.4%	6.7%		
Nonfarm payroll jobs	804,000	825,700	896,900	0.3	2.0
Total population	1,796,857	2,149,127	2,239,000	1.8	0.8
Total households	665,298	787,667	809,400	1.7	0.5
Owner households	407,716	478,512	461,200	1.6	– 0.7
Percent owner	61.3%	60.8%	57.0%		
Renter households	257,582	309,155	348,200	1.8	2.4
Percent renter	38.7%	39.2%	43.0%		
Total housing units	714,981	871,793	884,800	2.0	0.3
Owner vacancy rate	1.3%	2.4%	1.8%		
Rental vacancy rate	4.9%	8.0%	5.5%		
Median Family Income	$53,795	$72,800	$76,100	3.1	1.5

** Sacramento--Roseville--Arden-Arcade HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2015. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2015.

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

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,223,499	1,418,788	1,472,000	1.5	0.7
Total households	453,602	513,945	525,600	1.3	0.4
Owner households	263,819	295,482	281,300	1.1	– 1.0
Percent owner	58.2%	57.5%	53.5%		
Rental households	189,783	218,463	244,300	1.4	2.3
Percent renter	41.8%	42.5%	46.5%		
Total housing units	474,814	555,932	560,500	1.6	0.2
Owner vacancy rate	1.4%	2.5%	1.8%		
Rental vacancy rate	4.8%	8.4%	5.8%		
Median Family Income	$53,795	$72,800	$76,100	3.1	1.5

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2015.

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

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	168,660	200,849	207,900	1.8	0.7
Total households	59,375	70,872	73,250	1.8	0.7
Owner households	31,506	37,416	34,550	1.7	– 1.6
Percent owner	53.1%	52.8%	47.2%		
Rental households	27,869	33,456	38,700	1.8	3.0
Percent renter	46.9%	47.2%	52.8%		
Total housing units	61,587	75,054	76,600	2.0	0.4
Owner vacancy rate	0.9%	1.9%	1.5%		
Rental vacancy rate	3.4%	5.0%	2.8%		
Median Family Income	$51,623	$72,600	$76,900	3.5	1.9

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2015.

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

Table DP-4. Eastern Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	404,698	529,490	558,600	2.7	1.1
Total households	152,321	202,850	210,550	2.9	0.7
Owner households	112,391	145,614	145,400	2.6	0.0
Percent owner	73.8%	71.8%	69.1%		
Rental households	39,930	57,236	65,150	3.7	2.6
Percent renter	26.2%	28.2%	30.9%		
Total housing units	178,580	240,807	247,800	3.0	0.6
Owner vacancy rate	1.2%	2.4%	2.0%		
Rental vacancy rate	6.2%	8.4%	6.2%		
Median Family Income	$53,795	$72,800	$76,100	3.1	1.5

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2015.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2015—Analyst's estimates
Forecast period: 4/1/2015–4/1/2018—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Sacramento--Roseville--Arden-ArcadeCA_15.pdf.

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

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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