



Oakland, California

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2012



Housing Market Area



The Oakland Housing Market Area (HMA), which is coterminous with the Oakland-Fremont-Hayward metropolitan division, is located along the east side of the San Francisco Bay. The central city of Oakland is 5 miles east of San Francisco. Comprising Alameda and Contra Costa Counties, each a separate submarket, the HMA is headquarters to five Fortune 500 companies, including Chevron Corporation and Safeway, Inc. Table DP-1 at the end of this report provides a statistical profile of the HMA from 2000 through the current date.

Market Details

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Summary

Economy

The economy of the Oakland HMA has remained weak since 2008 but is beginning to stabilize. In the 12 months ending February 2012, nonfarm payrolls averaged 946,800 jobs, relatively unchanged from the previous 12-month period, and the average unemployment rate was 10.3 percent, down from 11.2 percent in the preceding 12-month period. Major employers include the University of California, Berkeley (UC Berkeley), and its affiliated Lawrence Berkeley National Laboratory. Because of its bayside location, the central city of Oakland includes the third busiest container cargo port on the West Coast.

Sales Market

The sales housing market in the HMA is soft, with a current estimated vacancy rate of 1.9 percent. Home sales prices have continued to decline since 2008

when short sales and REO (Real Estate Owned) sales become more prevalent. Demand is estimated for 3,550 new homes through March 1, 2015 (Table 1). Since 2000, the number of other vacant units has increased by 10,100, or 70 percent, to an estimated 24,600 other vacant units, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is balanced overall, with a 4.6-percent vacancy rate, but tight conditions prevail in the Alameda County submarket. According to MPF Research, in the fourth quarter of 2011, the average rent in the HMA was \$1,425, a 9-percent increase from the same quarter in 2010. Demand is estimated for an additional 15,800 new market-rate units through March 1, 2015 (Table 1).

Table 1. Housing Demand in the Oakland HMA, 3-Year Forecast, March 1, 2012 to March 1, 2015

	Oakland HMA		Alameda County Submarket		Contra Costa County Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	3,550	15,800	2,000	11,400	1,550	4,425
Under Construction	640	1,425	450	1,300	190	130

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2012. A portion of the estimated 24,600 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The economy in the Oakland HMA remains weak but is beginning to show tentative signs of stabilization. After the HMA posted average annual increases of 10,900 nonfarm payroll jobs, or 1.1 percent, from 2004 through 2006, the housing bubble burst in 2007, weakening the construction subsector and the financial activities sector. Overall nonfarm payrolls, however, still posted a gain of 2,800 jobs, or 0.3 percent, in 2007. Beginning in 2008, job losses extended to nearly all sectors, and nonfarm payrolls decreased 1.6 percent, or 17,000 jobs, from 2007 to 2008 and 6.0 percent, or 62,300 jobs, from 2008 to 2009. The job loss rate has since receded,

and tentative signs of stabilization are beginning to appear. During the 12 months ending February 2012, nonfarm payrolls decreased to an average of 946,800 jobs, down only 1,200 jobs, or 0.1 percent, compared with payrolls during the previous 12-month period (Table 2). Figure 1 shows current nonfarm payroll jobs by sector.

During the 12 months ending February 2012, the greatest job gains occurred in the professional and business services, leisure and hospitality, and education and health services sectors, which increased by 2,000, 1,450, and 1,400 jobs, or 1.3, 1.7, and 1.0 percent, respectively. The leisure and hospitality, education and health services, and other services sectors are the only sectors in the HMA with more jobs currently than in 2000 (Figure 2). Several major employers currently have expansion projects in planning and under way. Table 3 lists the largest employers in the HMA. The Lawrence Berkeley National Laboratory recently announced plans to locate a new \$113 million research campus, which will employ 800 scientists when complete by the fall of 2016, in the city of Richmond. In response to state mandates to upgrade facilities to new seismic standards in the event of a major earthquake, three hospitals currently have \$2 billion of construction activity under way in the HMA. The largest of these projects is the Kaiser Permanente® \$1 billion flagship Oakland Medical Center, with plans to complete upgrades to the 349-bed hospital in the multifacility complex by 2014.

During the 12 months ending February 2012, job losses continued in the government, the financial activities, and the mining, logging, and construction sectors, which lost 4,600, 900, and

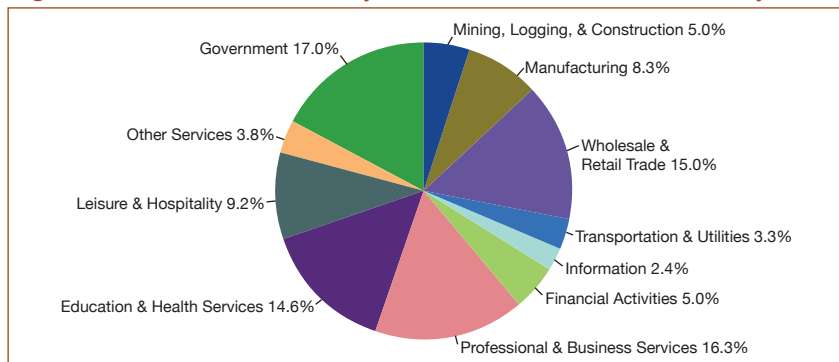
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Oakland HMA, by Sector

	12 Months Ending February 2011	12 Months Ending February 2012	Percent Change
Total Nonfarm Payroll Jobs	948,000	946,800	- 0.1
Goods Producing	128,000	126,500	- 1.2
Mining, Logging, & Construction	48,500	47,650	- 1.7
Manufacturing	79,500	78,850	- 0.8
Service Providing	820,000	820,300	0.0
Wholesale & Retail Trade	142,000	142,500	0.3
Transportation & Utilities	31,400	31,650	0.8
Information	23,450	22,700	- 3.3
Financial Activities	48,100	47,200	- 1.8
Professional & Business Services	152,500	154,500	1.3
Education & Health Services	136,400	137,800	1.0
Leisure & Hospitality	85,950	87,400	1.7
Other Services	35,050	36,050	2.9
Government	165,100	160,500	- 2.8

Notes: Based on 12-month averages through February 2011 and February 2012. Numbers may not add to totals because of rounding.

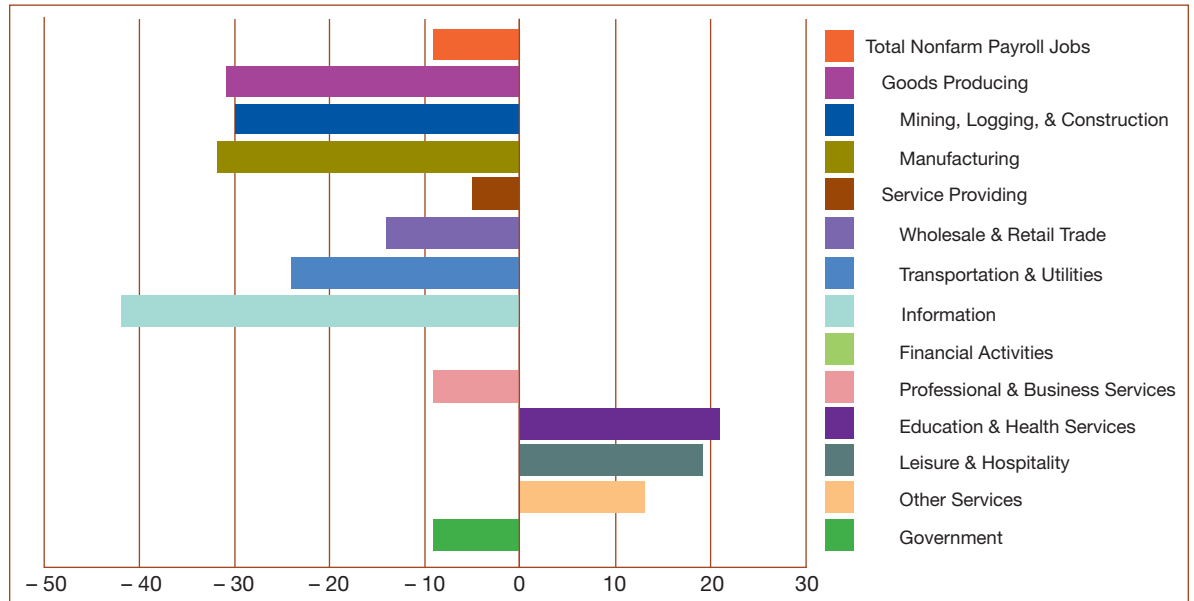
Source: U.S. Bureau of Labor Statistics

Figure 1. Current Nonfarm Payroll Jobs in the Oakland HMA, by Sector



Note: Based on 12-month averages through February 2012.

Source: U.S. Bureau of Labor Statistics

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

Notes: Current is based on 12-month averages through February 2012. During this period, financial activities sector jobs showed no net change.

Source: U.S. Bureau of Labor Statistics

850 jobs, or 2.8, 1.9, and 1.8 percent, respectively. The weak economy has caused reduced tax revenues, leading to losses in the government sector, primarily the local and state government subsectors, since 2008. The leading employer in the HMA is UC Berkeley, which had approximately 21,450 full- and part-time employees and enrolled 35,850 students in the fall 2011 semester. Although the state

has reduced the university's budget by \$150 million, or 30 percent, since 2008, UC Berkeley continues to generate an annual economic impact of at least \$1.5 billion in the greater San Francisco Bay Area, according to the university. UC Berkeley has \$720 million in capital projects currently under construction. The two largest projects are the \$299 million renovation of the 63,000-seat California Memorial Stadium and the new \$133 million Energy Biosciences Building, both with expected completion dates of September 2012. Work on the new \$6.3 billion eastern span of the San Francisco-Oakland Bay Bridge and the aforementioned projects has only partially offset construction subsector job losses because of the weak real estate industry.

The decrease of 650 jobs, or 0.8 percent, in the manufacturing sector during the 12 months ending February 2012 followed declines averaging 4,300 jobs, or 4.7 percent, annually

Table 3. Major Employers in the Oakland HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of California, Berkeley	Government	21,450
Kaiser Permanente®	Education & Health Services	16,700
Safeway, Inc.	Wholesale & Retail Trade	9,125
Chevron Corporation	Manufacturing	7,525
Lawrence Livermore National Laboratory	Professional & Business Services	6,800
John Muir Health	Education & Health Services	6,425
Wells Fargo & Company	Financial Activities	5,875
Alta Bates Summit	Education & Health Services	5,275
Pacific Gas and Electric Corporation	Transportation & Utilities	3,150
Lawrence Berkeley National Laboratory	Government	3,000

Note: Excludes local school districts.

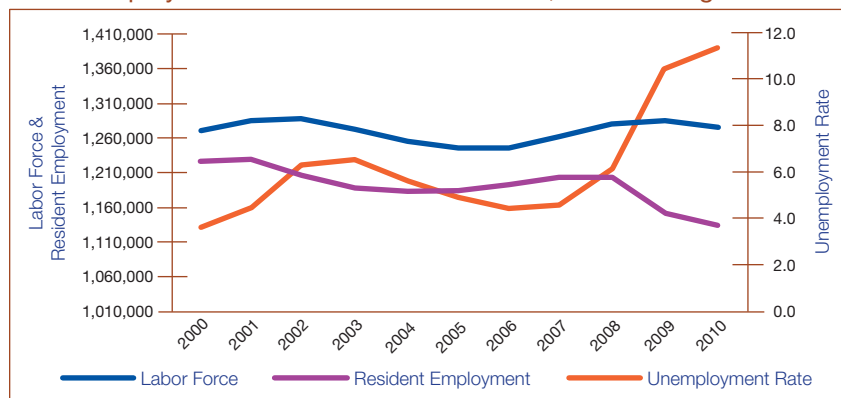
Source: Moody's Analytics

from 2006 through 2010. Electric car-maker Tesla Motors' recent purchase and reopening of the New United Motor Manufacturing, Inc., automotive plant in Fremont, which had closed in March 2010, has added back about 500 manufacturing jobs. Tesla Motors, which will roll out its first car from this plant in June 2012, plans to have 1,850 employees by the end of 2012.

The average unemployment rate for the 12 months ending February 2012 was 10.3 percent, down from the 11.2-percent rate in the previous 12-month period but much greater than the 4.9-percent average from 2004 through 2007. Figure 3 illustrates labor force, resident employment, and unemployment rates from 2000 through 2010.

Nonfarm payrolls are expected to be flat for the next 12 months and then increase by an average of 7,600 jobs during the final 2 years of the forecast period, to increase by an average 5,475 jobs, or 0.6 percent, annually during the next 3 years. The education and health services and the professional and business services sectors are expected to lead the growth. The city of Oakland plans to strengthen operations at the Port of Oakland—the third busiest port on the West Coast and fifth busiest nationwide, transporting 19 million tons of cargo worth \$39 billion annually—by building a new rail terminal and upgrading container-handling systems on land at the decommissioned Oakland Army Base. The Oakland Port Authority currently generates nearly \$300 million in revenues and has a staff of 470 full-time equivalent employees. Phase I of the development, with an estimated cost of nearly \$500 million, is expected to create 2,800 construction jobs and 2,000 port operations jobs and to generate an economic impact of nearly \$320 million in Alameda County alone. For the project to be eligible for \$240 million in state funds, the city must break ground by December 2013.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Oakland HMA, 2000 Through 2010



Source: U.S. Bureau of Labor Statistics

Population and Households

The population in the Oakland HMA is currently estimated at 2.60 million, up by an average of 21,650, or 0.8 percent, annually since April 2010. The population declined

by 1,900, or 0.1 percent, annually from 2002 through 2004, primarily because of net out-migration. Growth resumed at an increasing pace each year from 2005 through 2010, averaging 21,550,

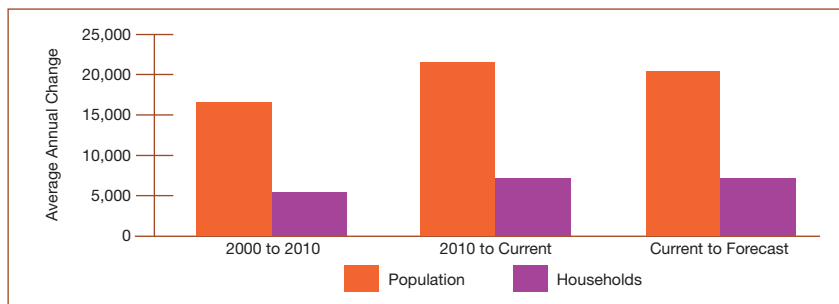
or 0.9 percent, annually because of increased net in-migration. The population in the HMA is expected to increase at an average annual rate of 0.8 percent, or 20,650, through the forecast period as the recovering job market supports greater in-migration into the HMA. The number of households is expected to increase at an average annual rate of 0.8 percent, or 7,200 households, during the forecast period, maintaining an unchanged average growth rate since 2010. Figures 4 and 5 illustrate trends in population and household growth and components of population change, respectively, from 2000 through the forecast period. Figures 6 and 7 depict the number of households by tenure in each submarket.

Population trends differ significantly in the two submarkets because of differences in home prices and household characteristics. The Alameda County submarket, which includes the

central city of Oakland, is home to approximately 1.54 million people, or 60 percent of the residents in the HMA, reflecting an average annual population increase of 12,900, or 0.9 percent, since April 2010. The population declined by 6,975, or 0.5 percent, annually from 2001 through 2005. The pace of population growth then increased each year from 2006 through 2009, averaging 15,950 people, or 1.1 percent, annually. Significant net out-migration averaging 14,200 people annually occurred from 2001 through 2007, because many residents sought more affordable new homes in the Contra Costa County submarket and in adjacent San Joaquin and Stanislaus Counties, outside the HMA. After the housing bubble burst, net in-migration resumed, averaging 9,650 people annually from 2008 through 2009, when homebuyers from the more expensive counties of San Francisco, San Mateo, and Santa Clara moved into the submarket. Net in-migration then slowed because of the weak economy, to average 2,450 people annually from 2010 through the current date.

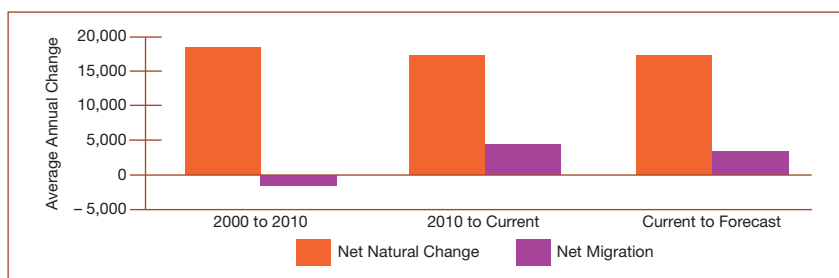
The Contra Costa County submarket has a current estimated population of 1.07 million, reflecting an average annual increase of 0.8 percent, or 8,850, since April 2010, slightly less than the average annual gain of 1.0 percent, or 10,000, from 2000 to 2010. The Contra Costa County submarket differs substantially from the Alameda County submarket in net migration patterns because of the relative values of home prices. In the Contra Costa County submarket, the average existing home sales price from 2001 through 2010 was \$57,000, or 20 percent, less than the average existing home sales price in the Alameda County submarket.

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



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

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

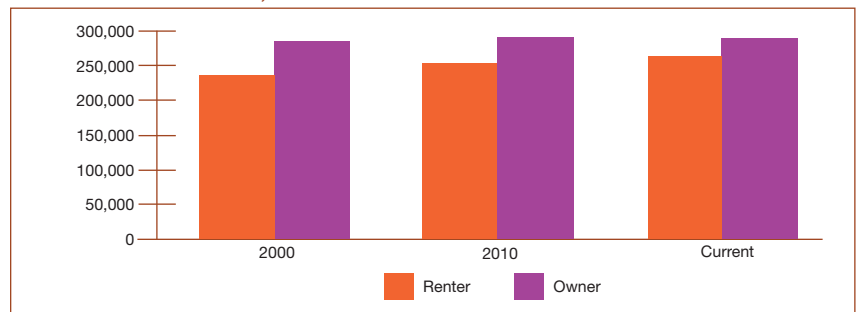


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Contra Costa County had net in-migration, albeit declining, averaging 5,250 people annually from 2000 through 2003. From 2004 through 2006, the migration pattern reversed and net out-migration averaged 1,950 people annually. As in the Alameda

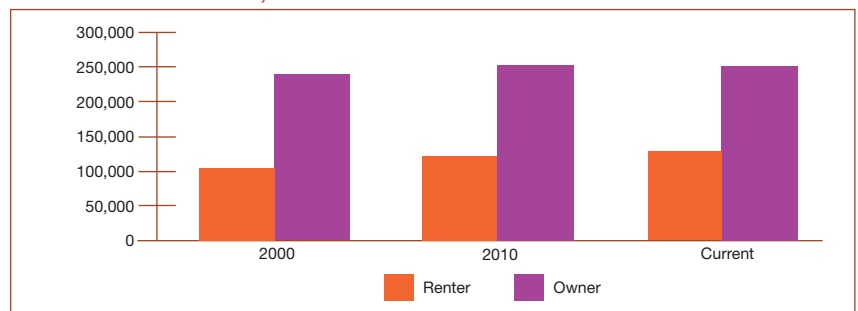
County submarket, net in-migration resumed from 2007 through 2009, averaging 5,750 people annually, but has since declined to average 4,250 people annually from 2010 through the current date.

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



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

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



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

Housing Market Trends

Sales Market—Alameda County Submarket

The sales housing market in the Alameda County submarket is currently soft, with a 1.8-percent estimated vacancy rate, unchanged since the 2010 Census but up from the 0.7-percent vacancy rate in 2000 (Table DP-2 at the end of this report). According to CoreLogic®, existing home sales averaged 23,650 annually from 2000

through 2003, peaked at 27,250 in 2004, then declined sharply each year to a low of 12,700 existing homes sold in 2007. With support from the first-time homebuyer tax credit program, which took effect in April 2008, and from downward pressure on prices from foreclosure sales, the average annual existing home sales volume then

Housing Market Trends

Sales Market—Alameda County Submarket *Continued*

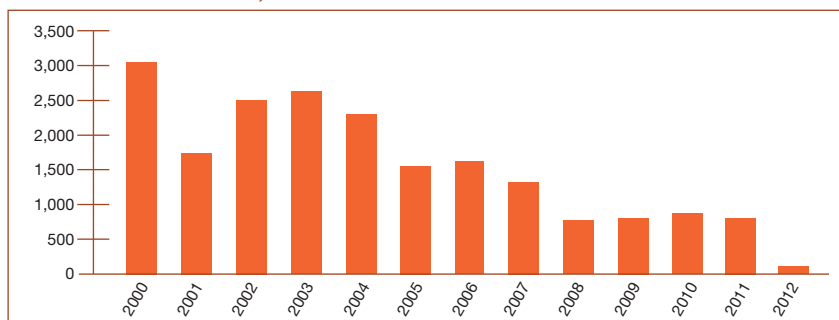
increased each year in 2008 and 2009 to a new peak of 17,050 homes sold in 2009. Sales fell with the expiration of the tax credit program in 2010, when 16,200 existing homes sold. With the continued weakness of the economy, existing home sales totaled 16,150 during the 12 months ending February 2012, unchanged from the previous 12-month period. During the 12-month period ending February 2012, the average existing home sales price was \$480,850, a 4-percent decrease from the preceding 12-month period.

Foreclosure activity began to increase in late 2007. REO and short sales constituted only 7 percent of existing sales in 2007 but 44 percent in the most recent 12-month period. Because of the downward price pressure from the sale of distressed homes, the average existing home sales price fell 28 percent from the \$664,750 peak in early 2008. The average prices of \$258,700 for REO sales and \$332,350 for short sales remained much less than the \$480,800 average price for nondistressed existing home sales in the most recent 12-month period. In part because of competition from REO sales, the portion of total home sales that were new homes fell from 17 percent in 2007 to 6 percent in the most recent 12-month period. New home sales fell to 1,050 in the most recent 12-month

period, down 15 percent from 1,225 in the preceding 12-month period. By comparison, during the most active sales years of 2004 and 2005, 3,100 new homes sold annually. During the 12-month period ending February 2012, the average new home sales price was \$507,700, a 9-percent decrease from the previous 12-month period and a 24-percent decrease compared with the \$670,550 peak in early 2006.

In response to the increased competition from REO sales and the slowdown in total home sales, new home construction, as measured by the number of single-family building permits issued, slowed beginning in 2007 and has remained level since 2008. During the 12 months ending February 2012, permits were issued for 860 single-family homes, the same number as in the preceding 12-month period and just 5 percent more than the average number of homes permitted from 2008 through 2010. No new condominium permits were issued in the most recent 12-month period compared with the 20 units permitted in the preceding 12-month period and an annual average of 200 units permitted from 2008 through 2009. An average of 1,900 single-family homes and 1,200 condominium units were permitted annually from 2002 through 2007 (Figure 8). During this period, supply outpaced demand. The American Community Survey (ACS) reported a 2.6-percent sales vacancy rate in 2008, significantly greater than the 0.7-percent rate reported in the 2000 Census. Since 2000, nearly 40 percent of new single-family home construction has occurred in the Tri-Valley area of Dublin and Livermore. Approximately 36 percent of all new condominium construction, or 3,150 homes, were in the city of

Figure 8. Single-Family Building Permits Issued in the Alameda County Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through February 2012.

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

Housing Market Trends

Sales Market—Alameda County Submarket *Continued*

Oakland. In 1999, to revive the downtown area, Oakland created the 10K Initiative designed to attract 10,000 new residents by offering \$50 million in financial subsidies and tax abatements to developers. At least six

10K Initiative-funded condominium projects in downtown Oakland, with approximately 2,000 total units, converted to rental units by 2010 because of insufficient sales.

During the next 3 years, demand is estimated for 2,000 new, market-rate single-family and condominium homes in the submarket (Table 1) with prices starting at \$175,000. Demand is expected to be stronger in the second and third years of the forecast period and greatest in the \$300,000-to-\$399,999 price range (Table 4). The 450 homes currently under construction and some of the estimated 14,200 other vacant units that may return to the sales market will satisfy a portion of the demand.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Alameda County Submarket, March 1, 2012 to March 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
175,000	249,999	200	10.0
250,000	299,999	200	10.0
300,000	349,999	400	20.0
350,000	399,999	400	20.0
400,000	499,999	200	10.0
500,000	599,999	180	9.0
600,000	699,999	180	9.0
700,000	and higher	240	12.0

Note: The 450 homes currently under construction and a portion of the estimated 14,200 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

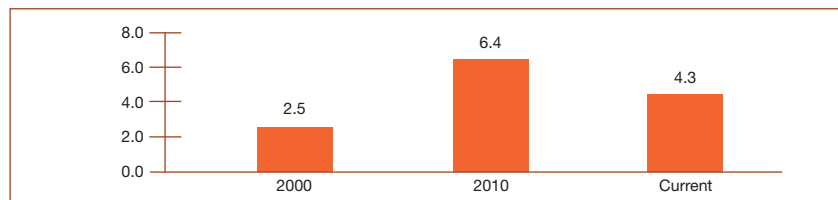
Rental Market—Alameda County Submarket

The rental housing market in the Alameda County submarket is currently tight, with a 4.3-percent vacancy rate, down from the 6.4-percent rate reported in the 2010 Census but not as tight as the 2.5-percent vacancy recorded in the 2000 Census (Figure 9). The apartment market is slightly tighter. According to MPF Research, the apartment vacancy rate decreased from 3.9 percent in the fourth quarter of 2010 to 3.5 percent in the fourth quarter of 2011. During the same period, the average apartment rent increased 12 percent, to \$1,525. The Tri-Valley area has the highest average rents in the submarket: \$1,400 for

a one-bedroom unit, \$1,725 for a two-bedroom unit, and \$2,075 for a three-bedroom unit. By comparison, within the central city of Oakland, the average rents are \$1,350 for a one-bedroom unit, \$1,800 for a two-bedroom unit, and \$1,650 for a three-bedroom unit. The three-bedroom units tend to be in older complexes, in part accounting for the lower average rent when compared with two-bedroom rents.

After 3 years of reduced multifamily construction activity, as measured by the number of units permitted, builder interest has returned because of the tightening apartment market. From 2008 through 2010, an average of 690 apartment units was permitted annually while builders waited for the market to absorb the newly opened condominium projects that converted to rental occupancy. By comparison, nearly 1,300 apartment units were permitted annually from

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



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

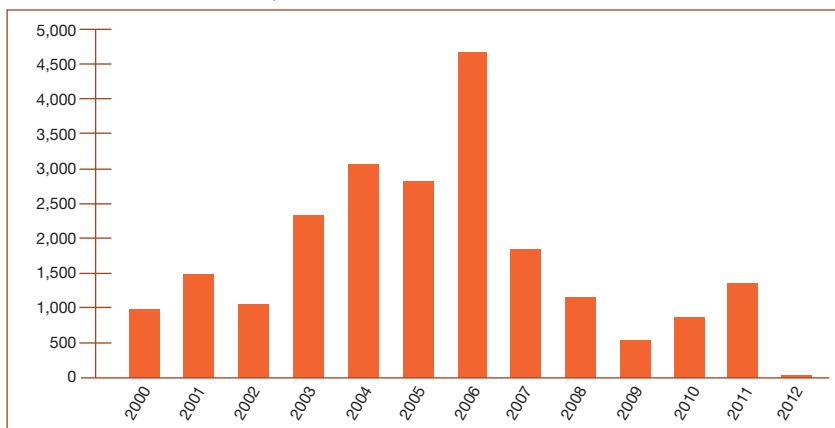
Housing Market Trends

Rental Market—Alameda County Submarket *Continued*

2000 through 2007 (Figure 10). Based on preliminary data, during the 12 months ending February 2012, 1,350 multifamily units were permitted, up 127 percent from the previous 12-month period. Three apartment projects now under construction or rehabilitation in the city of Oakland target specific populations. The

renovated California Hotel on San Pablo Avenue is scheduled to open in the fall of 2013 with 35 percent of its 137 units set aside for people who are homeless and have special needs. Two other projects totaling 117 units will become available to income-qualified households after the new construction is complete during the summer of 2012.

Figure 10. Multifamily Building Permits Issued in the Alameda County Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through February 2012.

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

Demand is estimated for an additional 11,400 new market-rate rental units in the submarket during the 3-year forecast period (Table 1). Market rents for new units are projected to start at \$1,400 for a one-bedroom unit, \$1,700 for a two-bedroom unit, and \$2,000 for a three-bedroom unit. The 1,300 units under construction will meet a portion of the demand. Table 5 provides an estimate of demand for new market-rate rental housing by rent level and number of bedrooms for the period from March 1, 2012, to March 1, 2015.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Alameda County Submarket, March 1, 2012 to March 1, 2015

Zero Bedrooms		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	Monthly Gross Rent (\$)	Units of Demand
1,000 to 1,199	600	1,400 to 1,599	2,400	1,700 to 1,899	3,425	2,000 to 2,199	430
1,200 to 1,399	170	1,600 to 1,799	1,200	1,900 to 2,099	1,425	2,200 to 2,399	260
1,400 or more	85	1,800 or more	400	2,100 or more	860	2,400 to 2,599	85
						2,600 to 2,799	45
						2,800 or more	45
Total	860	Total	4,000	Total	5,700	Total	860

Notes: Numbers may not add to totals because of rounding. The 1,300 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Contra Costa County Submarket

The sales housing market in the Contra Costa County submarket is currently soft, with a 2.1-percent vacancy rate, unchanged since the 2010 Census but greater than the 0.8-percent vacancy rate in 2000 (Table DP-3 at the end of this report). Home sales trends were similar to those in the Alameda County

submarket until 2010. According to CoreLogic®, total existing home sales averaged 20,950 annually from 2000 through 2003, peaked at 24,750 in 2004, then declined sharply each year to a low of 10,550 homes sold in 2007. Although the first-time homebuyer tax credit initially stimulated the sales

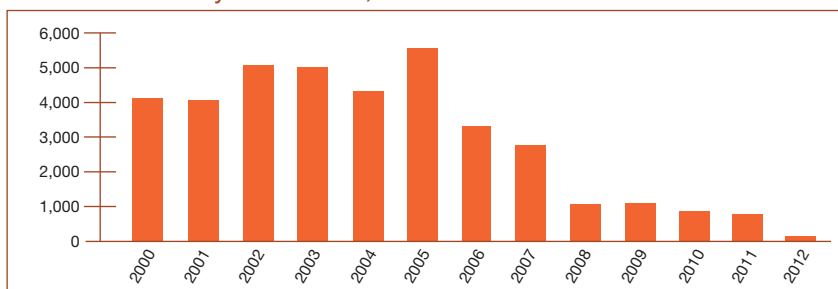
volume to increase for 2 years, to a new peak of 17,850 homes sold in 2009, sales weakened immediately after the credit expired, with a 10-percent decline to 16,050 homes sold in 2010. Still declining but at a slower pace, existing home sales totaled 16,000 during the 12 months ending February 2012, down nearly 1 percent from the level in the previous 12-month period. During the 12-month period ending February 2012, the average existing home sales price was \$447,000, a 6-percent decrease from the preceding 12-month period and a 35-percent decline from the \$686,500 peak in early 2008.

As in the Alameda County submarket, foreclosure activity began to increase in 2007, but the effect was greater in the Contra Costa County submarket. During the most recent 12-month period, REO and short sales constituted 54 percent of total existing sales, relatively unchanged from the level in the preceding 12-month period but much greater than the 10-percent share in 2007. During the most recent 12-month period, the average price of existing homes sold was \$223,700 for REO sales, \$294,100 for short sales, and \$447,000 for nondistressed sales. The portion of total home sales that were new homes fell from 25 percent in 2007 to 6 percent in the most recent 12-month period. New home sales

totaled 930 in the most recent 12-month period, down from 1,125 in the preceding 12-month period and much less than the peak volume of 5,300 sold in 2006. During the 12-month period ending February 2012, the average new home sales price was \$455,600, a 10-percent decline from the previous 12-month period and a 36-percent decline from the peak average sales price of \$713,450 in early 2006.

Home builders began to curtail single-family construction activity, as measured by the number of building permits issued, in 2006, 1 year earlier than in the Alameda County submarket, and continue to reduce their activity. During the 12 months ending February 2012, building permits were issued for 750 single-family homes, 15 percent fewer than in the previous 12-month period and 25 percent fewer than the average annual level of 1,000 from 2008 through 2010. An average of 4,300 single-family homes was permitted annually from 2000 through 2007 (Figure 11). The supply of new homes outpaced demand during that period. The ACS estimated a 2.7-percent sales vacancy rate in 2007, significantly greater than the 0.8-percent rate in the 2000 Census. Since 2000, about one-half of the new single-family homes in the submarket have been built in the northeastern cities of Antioch, Brentwood, Oakley, and Pittsburg. These four cities have the highest concentration of foreclosure activity in the submarket, accounting for 48 percent of all foreclosed homes from 2006 through 2011. Compared with the Alameda County submarket, the Contra Costa County submarket has a more suburban character, with larger households and houses. Condominiums are not a significant component of this submarket; an average of

Figure 11. Single-Family Building Permits Issued in the Contra Costa County Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through February 2012.

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

Housing Market Trends

Sales Market—Contra Costa County Submarket *Continued*

225 condominium units was permitted annually from 2000 through 2009, and no condominium permits were issued from 2010 through February 2012.

During the next 3 years, demand is estimated for 1,550 new market-rate sales units in the submarket (Table 1), with prices starting at \$125,000. Demand is anticipated to be stronger

in the second and third years of the forecast period and greatest in the \$200,000-to-\$299,999 price range (Table 6). The 190 homes currently under construction and some of the estimated 10,400 other vacant units that may potentially return to the sales market will satisfy a portion of the demand.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Contra Costa County Submarket, March 1, 2012 to March 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
125,000	199,999	160	10.0
200,000	249,999	310	20.0
250,000	299,999	310	20.0
300,000	349,999	230	15.0
350,000	399,999	190	12.0
400,000	449,999	140	9.0
450,000	499,999	110	7.0
500,000	and higher	110	7.0

Note: The 190 homes currently under construction and a portion of the estimated 10,400 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

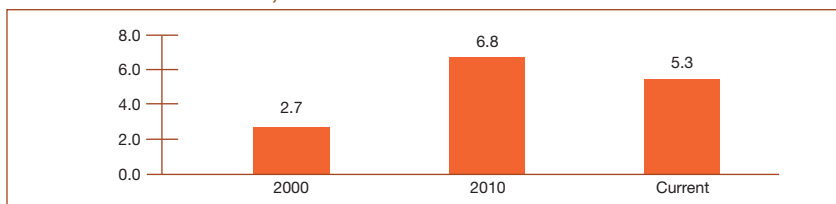
Rental Market—Contra Costa County Submarket

The rental housing market in the Contra Costa County submarket is currently balanced, with a 5.3-percent vacancy rate, less than the 6.8-percent rate recorded in the 2010 Census but greater than the 2.7-percent vacancy rate reported in the 2000 Census (Figure 12). The apartment market is slightly tighter. According to MPF Research, the apartment vacancy rate decreased from 4.9 percent in the

fourth quarter of 2010 to 4.3 percent in the fourth quarter of 2011. During the same period, the average apartment rent increased nearly 8 percent, to \$1,275. The Walnut Creek/Lafayette area in central Contra Costa County has the highest average rents in the submarket: \$1,425 for a one-bedroom unit, \$1,675 for a two-bedroom unit, and \$2,450 for a three-bedroom unit. By comparison, the northern part of the submarket has average rents of \$1,050 for a one-bedroom unit, \$1,325 for a two-bedroom unit, and \$1,450 for a three-bedroom unit.

Multifamily building activity, as measured by the number of units permitted, has been low since 2008 as builders waited for the apartment market to

Figure 12. Rental Vacancy Rates in the Contra Costa County Submarket, 2000 to Current



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

Housing Market Trends

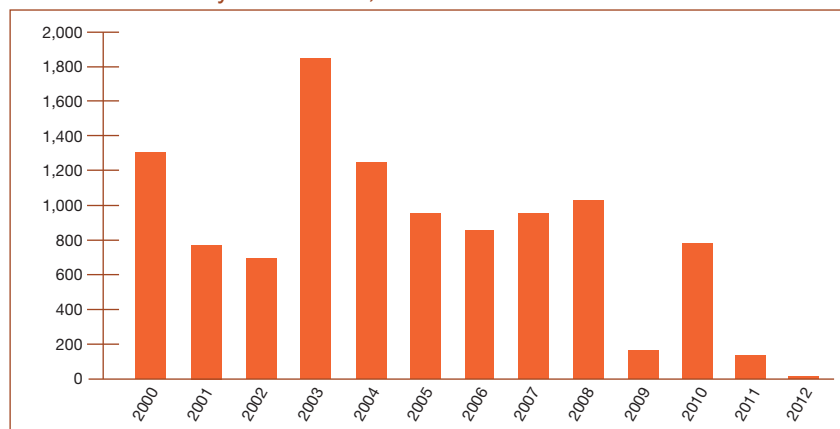
Rental Market—Contra Costa County Submarket *Continued*

improve. Based on preliminary data, during the 12 months ending February 2012, 160 multifamily units were permitted, down from 780 during the previous 12-month period but more than the 100 units permitted in 2009 (Figure 13). The 96-unit, sales-rental Sycamore North is currently under construction in the city of Hercules, with a summer 2012 target completion

date. Sycamore North will set aside 49 rental units for at least 10 years for very low-income households, after which time, these rental units will be sold to moderate-income households. The remainder of the project consists of 26 sales units for income-qualified households and 21 sales units available at market-rate prices.

Demand is estimated for an additional 4,425 new market-rate rental units in the submarket during the 3-year forecast period (Table 1). Market rents for new units are projected to start at \$1,200 for a one-bedroom unit, \$1,400 for a two-bedroom unit, and \$1,600 for a three-bedroom unit. The 130 units under construction will meet a portion of the demand. Table 7 provides an estimate of the demand for new market-rate rental housing, by rent level and number of bedrooms, for the period from March 1, 2012, to March 1, 2015.

Figure 13. Multifamily Building Permits Issued in the Contra Costa County Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through February 2012.

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

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Contra Costa County Submarket, March 1, 2012 to March 1, 2015

Zero Bedrooms		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	Monthly Gross Rent (\$)	Units of Demand
1,000 to 1,199	150	1,200 to 1,399	980	1,400 to 1,599	1,325	1,600 to 1,799	210
1,200 to 1,399	45	1,400 to 1,599	490	1,600 to 1,799	550	1,800 to 1,999	90
1,400 or more	20	1,600 or more	160	1,800 or more	330	2,000 or more	55
Total	220	Total	1,625	Total	2,225	Total	350

Notes: Numbers may not add to totals because of rounding. The 130 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	1,224,528	1,133,696	1,136,000	-0.8	0.2
Unemployment Rate	3.6%	11.3%	10.3%		
Nonfarm Payroll Jobs	1,044,600	948,300	946,800	-1.0	-0.1
Total Population	2,392,557	2,559,296	2,601,000	0.7	0.8
Total Households	867,495	920,502	934,200	0.6	0.8
Owner Households	524,726	543,146	540,300	0.3	-0.3
Percent Owner	60.5%	59.0%	57.8%		
Renter Households	342,769	377,356	393,900	1.0	2.3
Percent Renter	39.5%	41.0%	42.2%		
Total Housing Units	894,760	982,812	988,400	0.9	0.3
Owner Vacancy Rate	0.7%	1.9%	1.9%		
Rental Vacancy Rate	2.6%	6.6%	4.6%		
Median Family Income	\$65,700	\$89,300	\$90,300	3.1	0.4

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through February 2012. Median family incomes are for 1999, 2009, and 2010.

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	1,443,741	1,510,271	1,535,000	0.5	0.9
Total Households	523,366	545,138	554,500	0.4	0.9
Owner Households	286,277	291,242	290,200	0.2	-0.2
Percent Owner	54.7%	53.4%	52.3%		
Rental Households	237,089	253,896	264,300	0.7	2.1
Percent Renter	45.3%	46.6%	47.7%		
Total Housing Units	540,183	582,549	585,700	0.8	0.3
Owner Vacancy Rate	0.7%	1.8%	1.8%		
Rental Vacancy Rate	2.5%	6.4%	4.3%		

Note: Numbers may not add to totals because of rounding.

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	948,816	1,049,025	1,066,000	1.0	0.8
Total Households	344,129	375,364	379,700	0.9	0.6
Owner Households	238,449	251,904	250,100	0.6	-0.4
Percent Owner	69.3%	67.1%	65.9%		
Rental Households	105,680	123,460	129,600	1.6	2.6
Percent Renter	30.7%	32.9%	34.1%		
Total Housing Units	354,577	400,263	402,700	1.2	0.3
Owner Vacancy Rate	0.8%	2.1%	2.1%		
Rental Vacancy Rate	2.7%	6.8%	5.3%		

Note: Numbers may not add to totals because of rounding.

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: 3/1/2012—Analyst’s estimates
Forecast period: 3/1/2012–3/1/2015—Analyst’s estimates

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 www.huduser.org/publications/pdf/CMARtables_OaklandCA_12.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.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.