



#HousingTheBay

Plan
Bay Area
2040

CALLING THE BAY AREA HOME

Tackling the Housing Affordability and Displacement Challenge
February 20, 2016

Calling the Bay Area Home: Tackling the Affordable Housing and Displacement Challenge

February 16, 2016

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What do these 4 issues have in common?

- Economic Growth
- Economic Opportunity
- Income Inequality
- Middle Class Wealth Creation

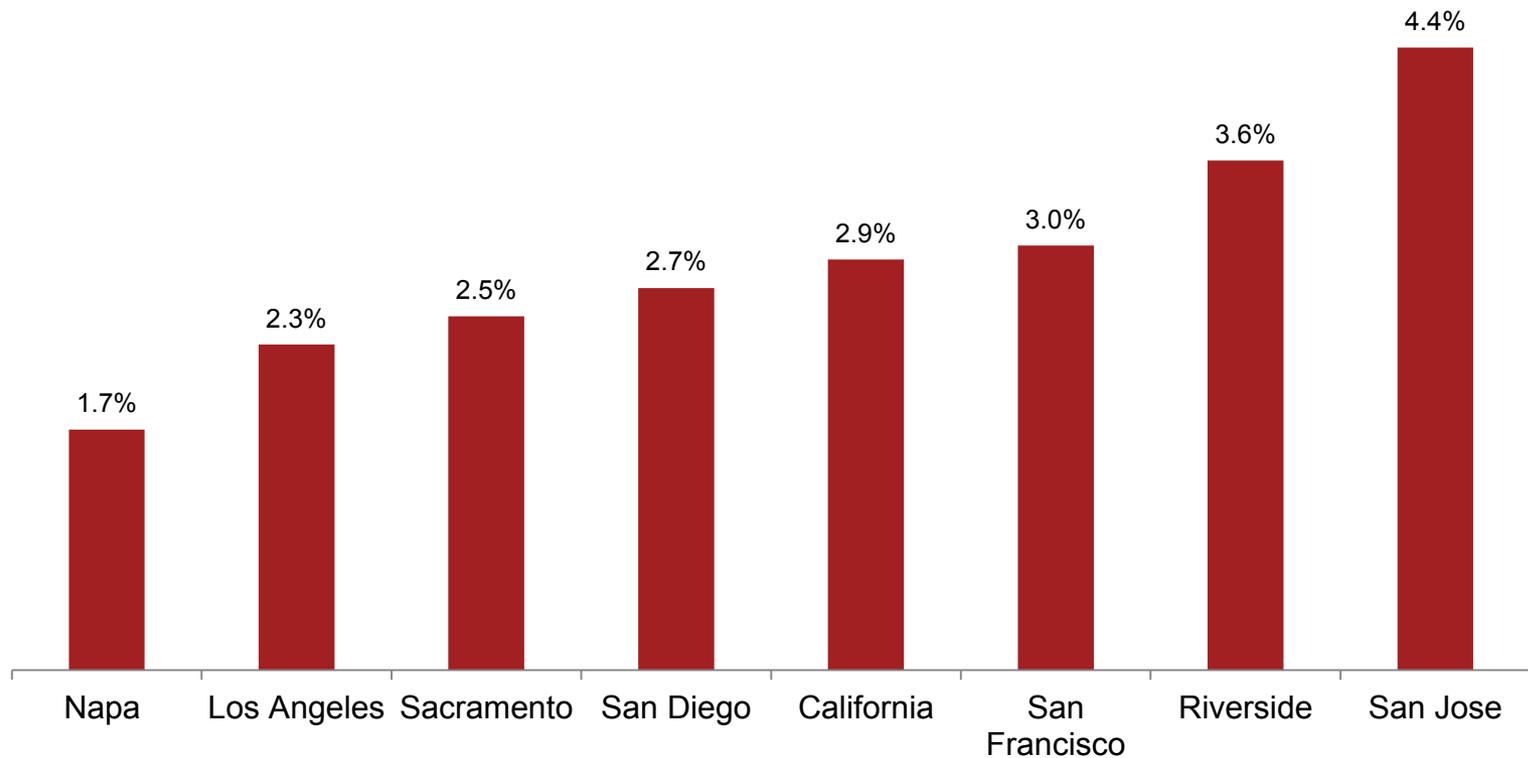
They all rely on affordable housing and access to high paying jobs

Five key research findings

1. The housing market is chronically undersupplied (and the rent is too darn high!)
2. Economic mobility depends on geography
3. Economically integrated neighborhoods are rare
4. Land use regulation effects economic inequality
5. Zoning threatens US productivity and economic growth

First the good news....

2015 Job Growth
Year-Over-Year Change



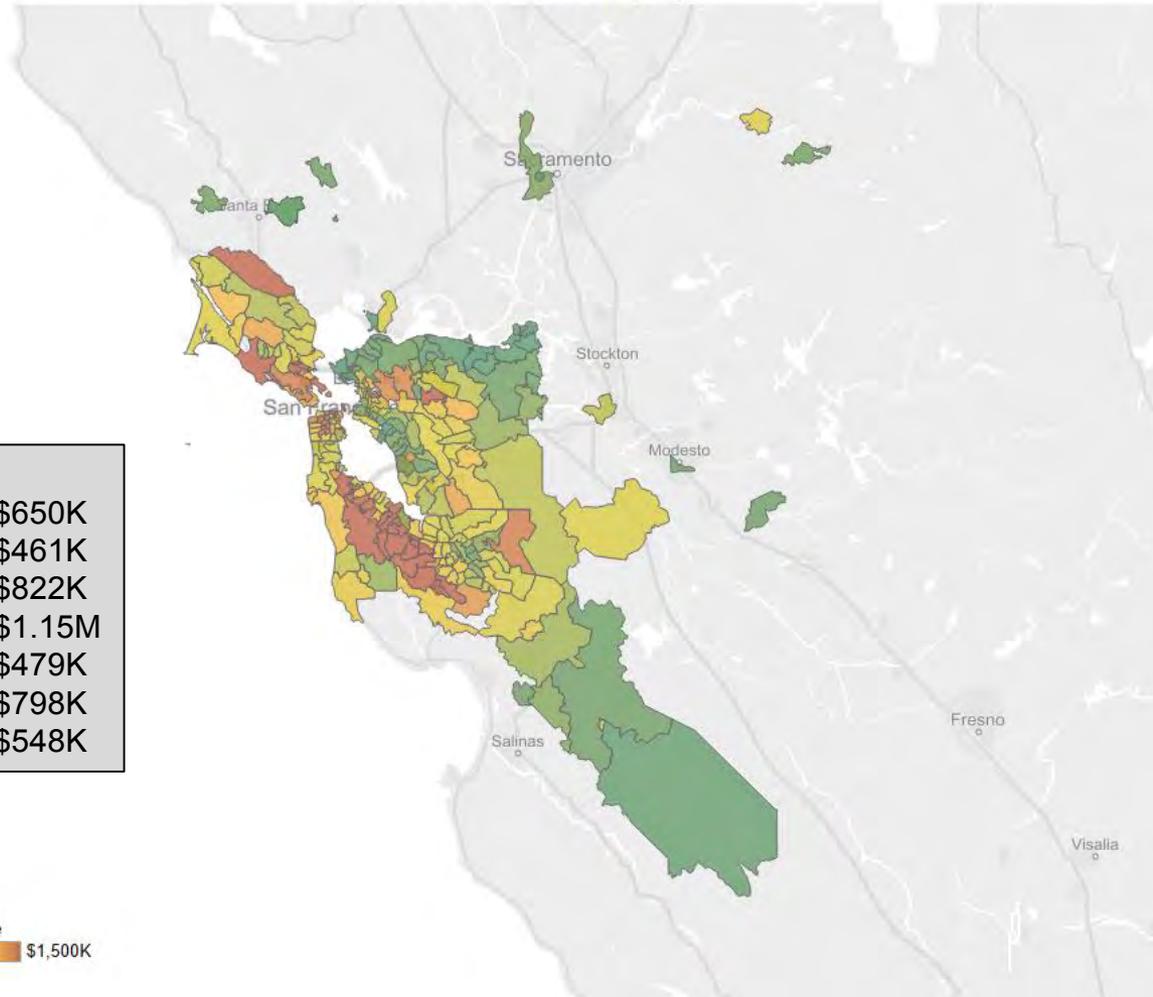
Bay Area Median Sales Prices

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Bay Area Home Prices by Zip

Bay Area	
Alameda	\$650K
Contra Costa	\$461K
Marin	\$822K
San Francisco	\$1.15M
San Benito	\$479K
Santa Clara	\$798K
Napa	\$548K

Median Sale Price
\$200K  \$1,500K



Bay Area prices surged after the housing downturn

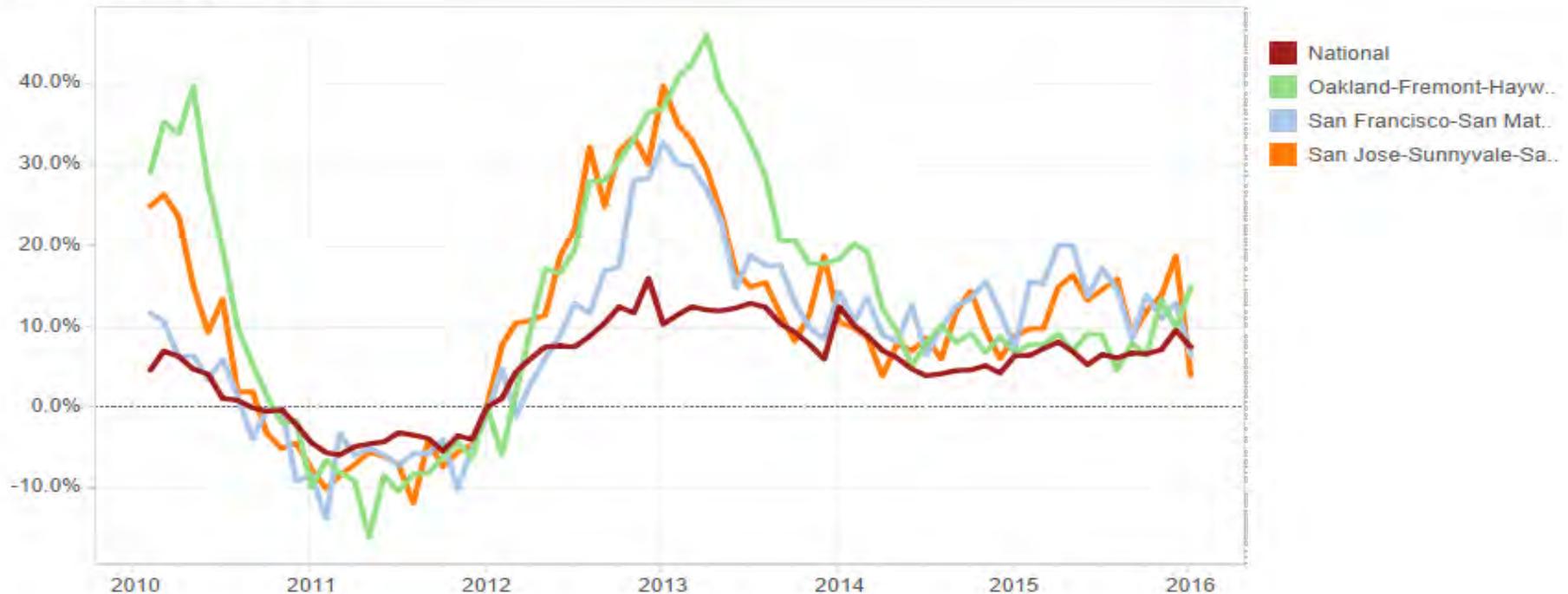
Redfin Metro
Multiple values

Property Type
All Residential

Show Values As
Year-Over-Year Change

Period
January 2010 to January 2016

Median Sale Price

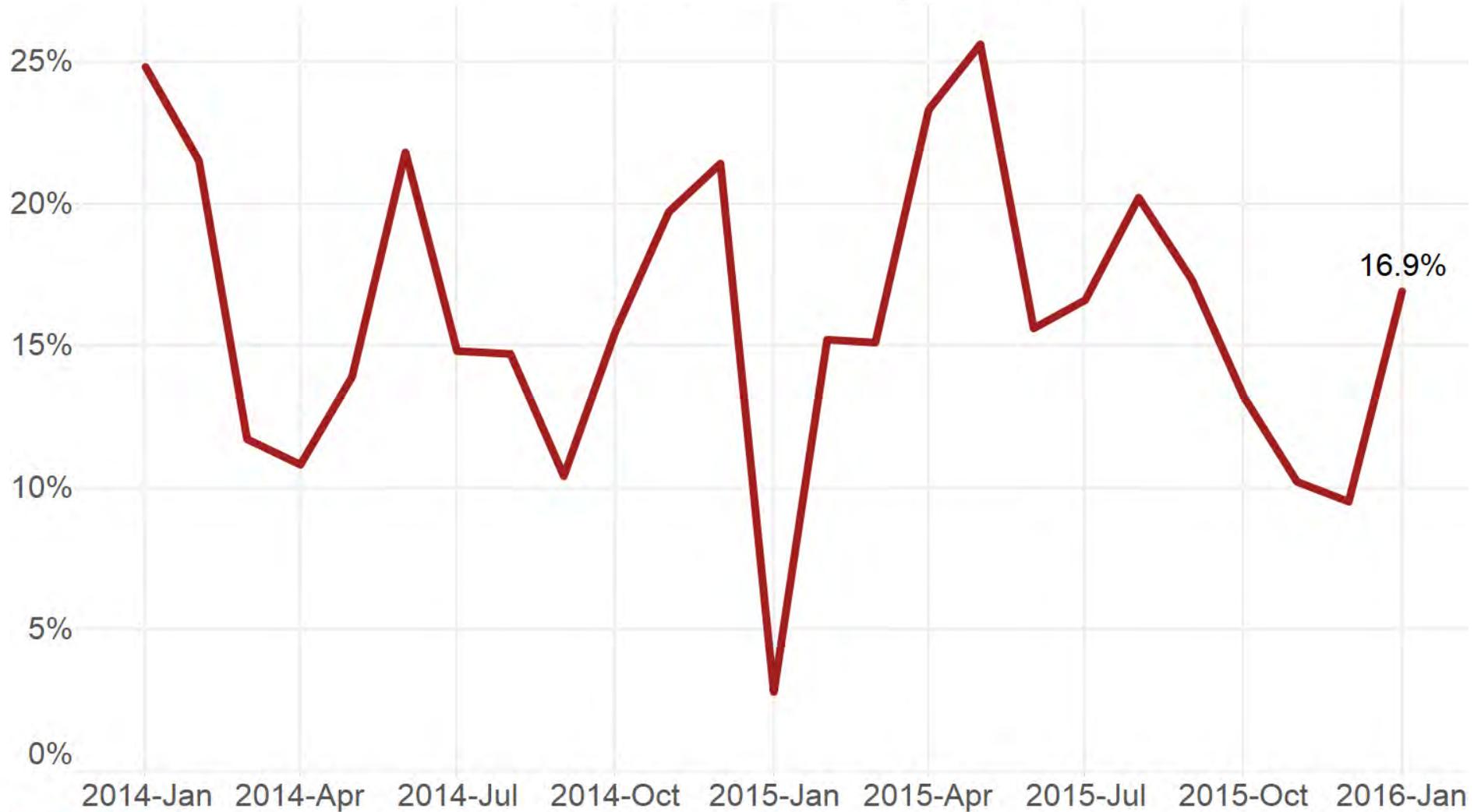


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Median Sale Price, San Francisco, CA

Year-Over-Year Change

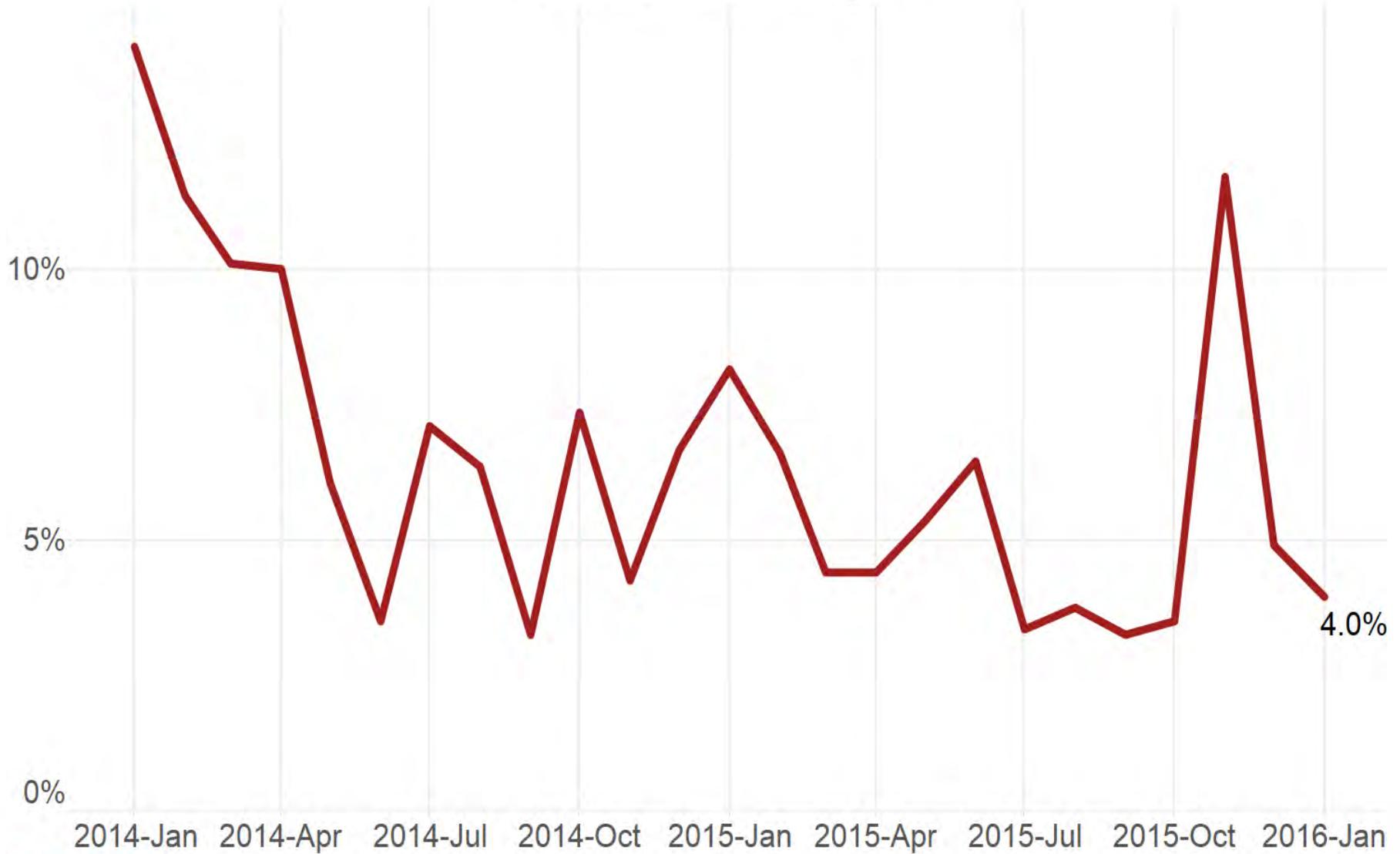


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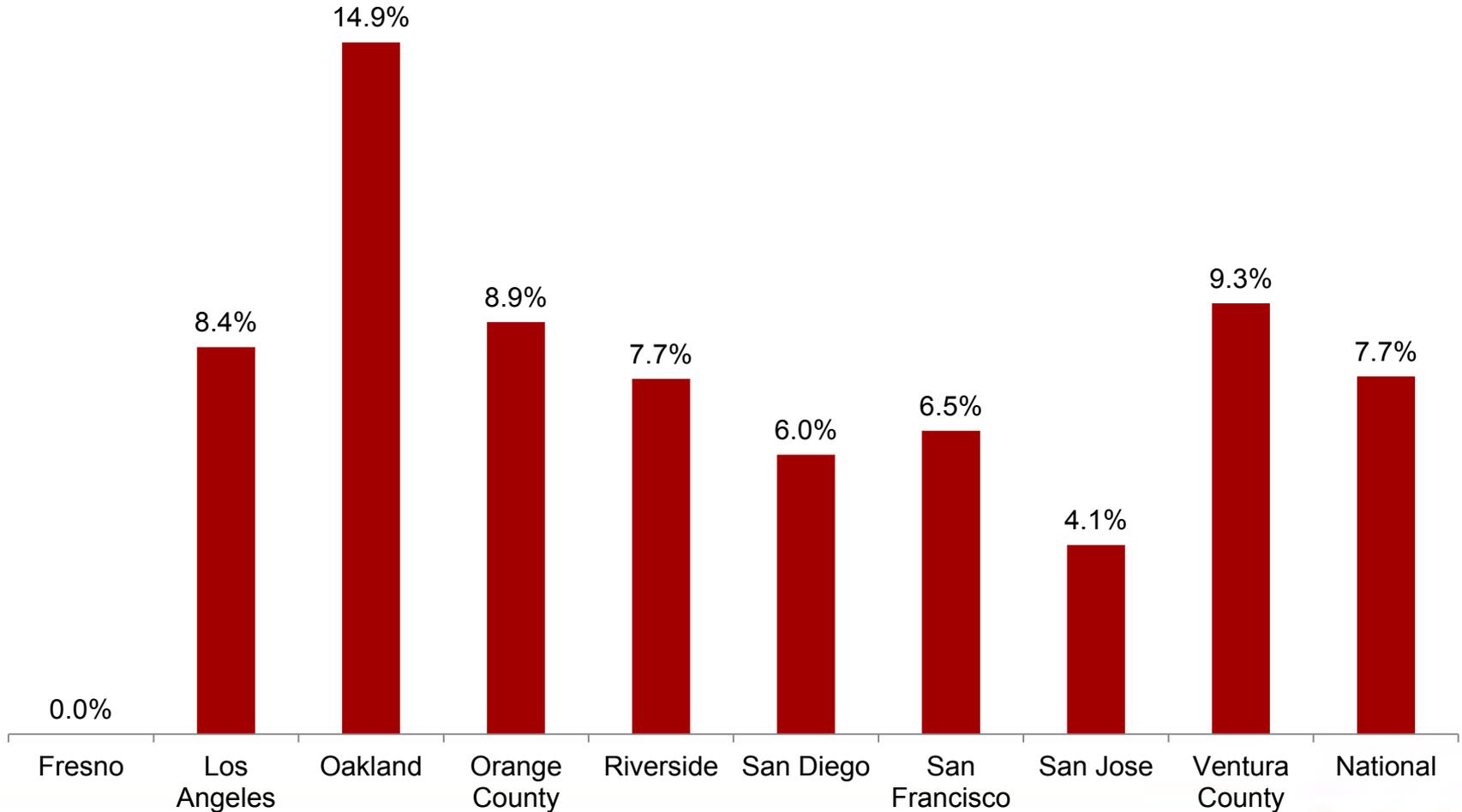
Median Sale Price, Los Angeles, CA

Year-Over-Year Change

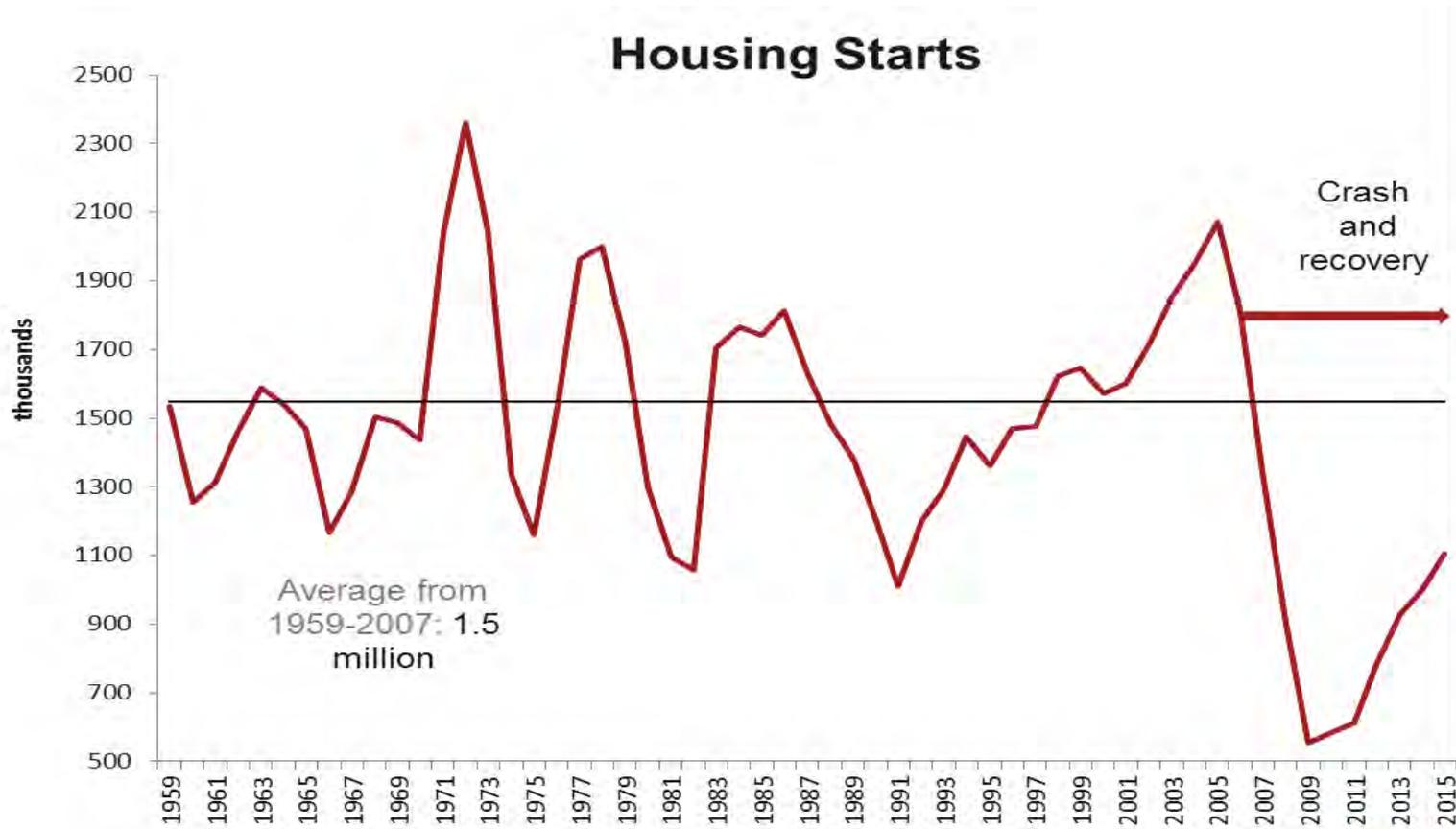


Prices are still rising, adding to affordability woes

Median sale price
Year-Over-Year Change



New construction hasn't kept up with population increases

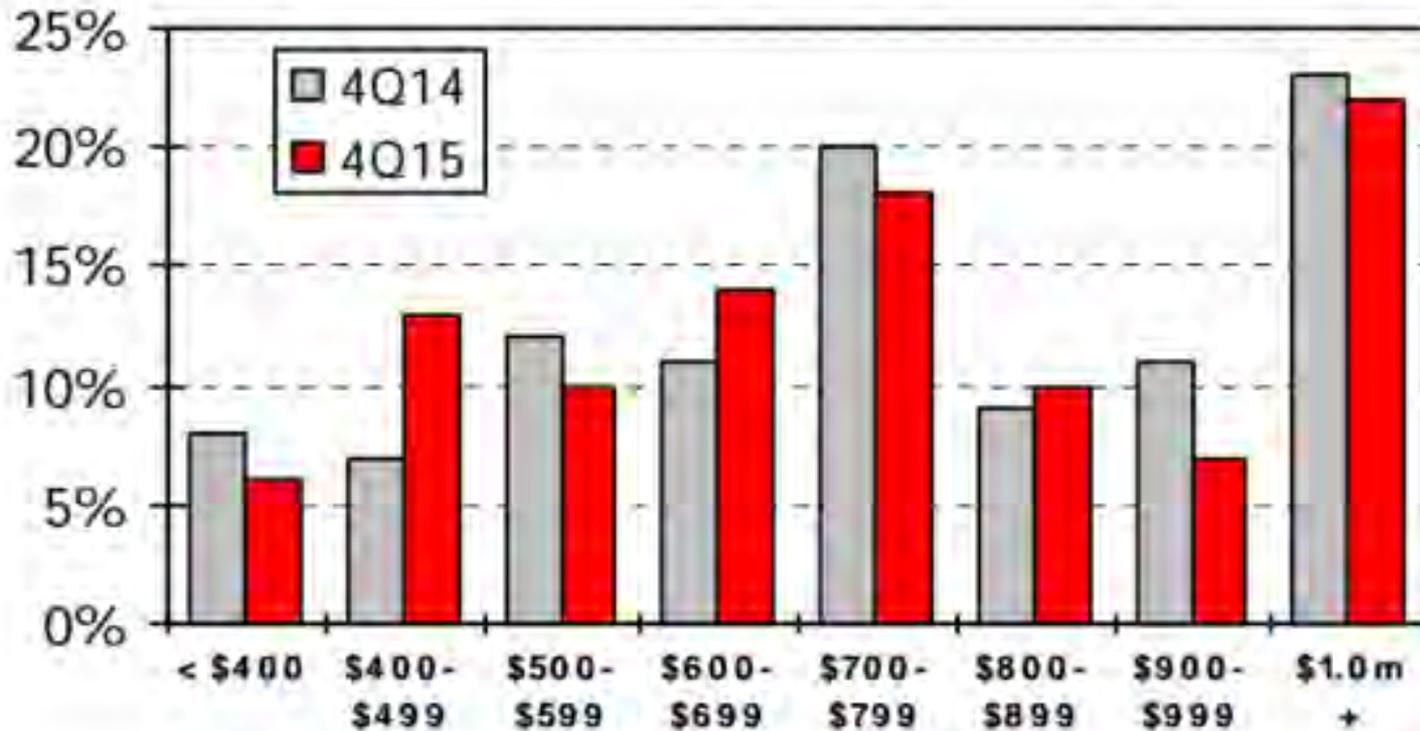


Source: US Census

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New construction is skewed toward high-priced homes

Figure 5: Price shift in Housing Starts

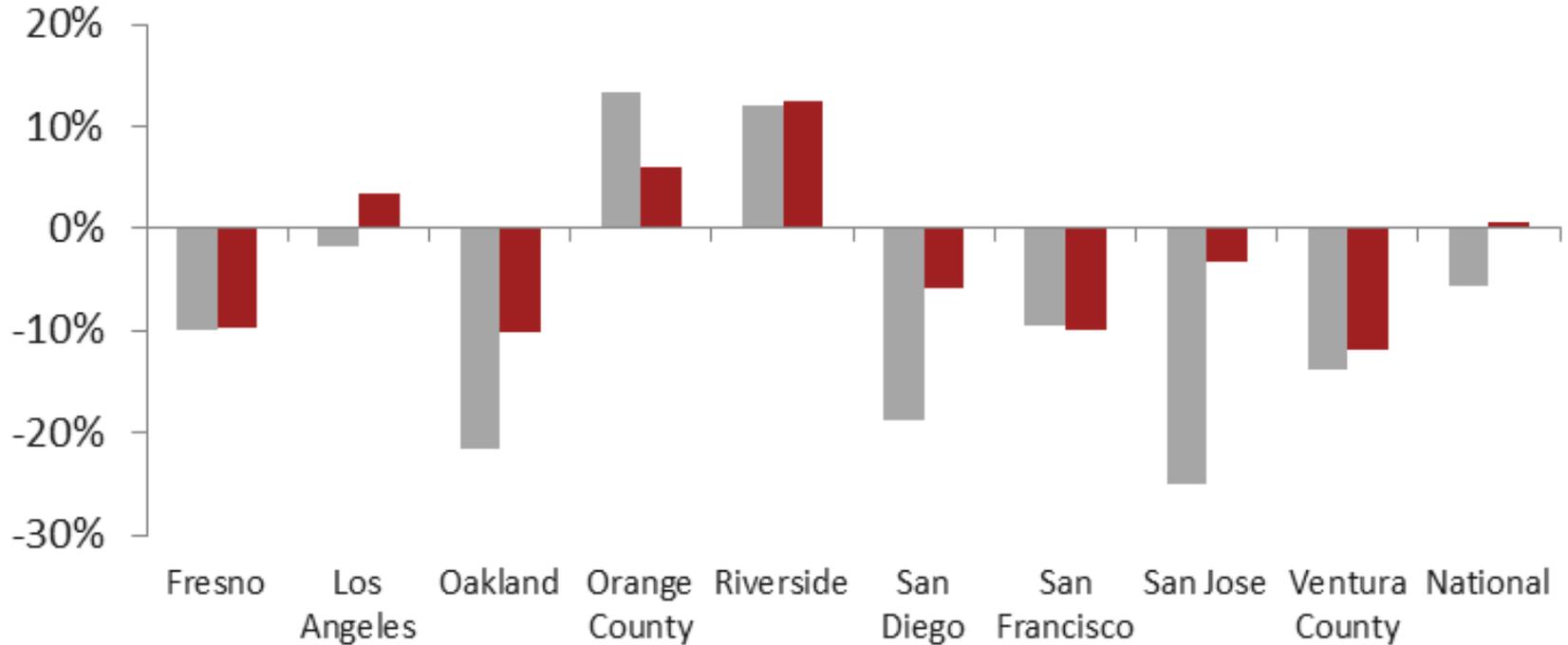


Source: Metrostudy

Supply isn't keeping up with demand

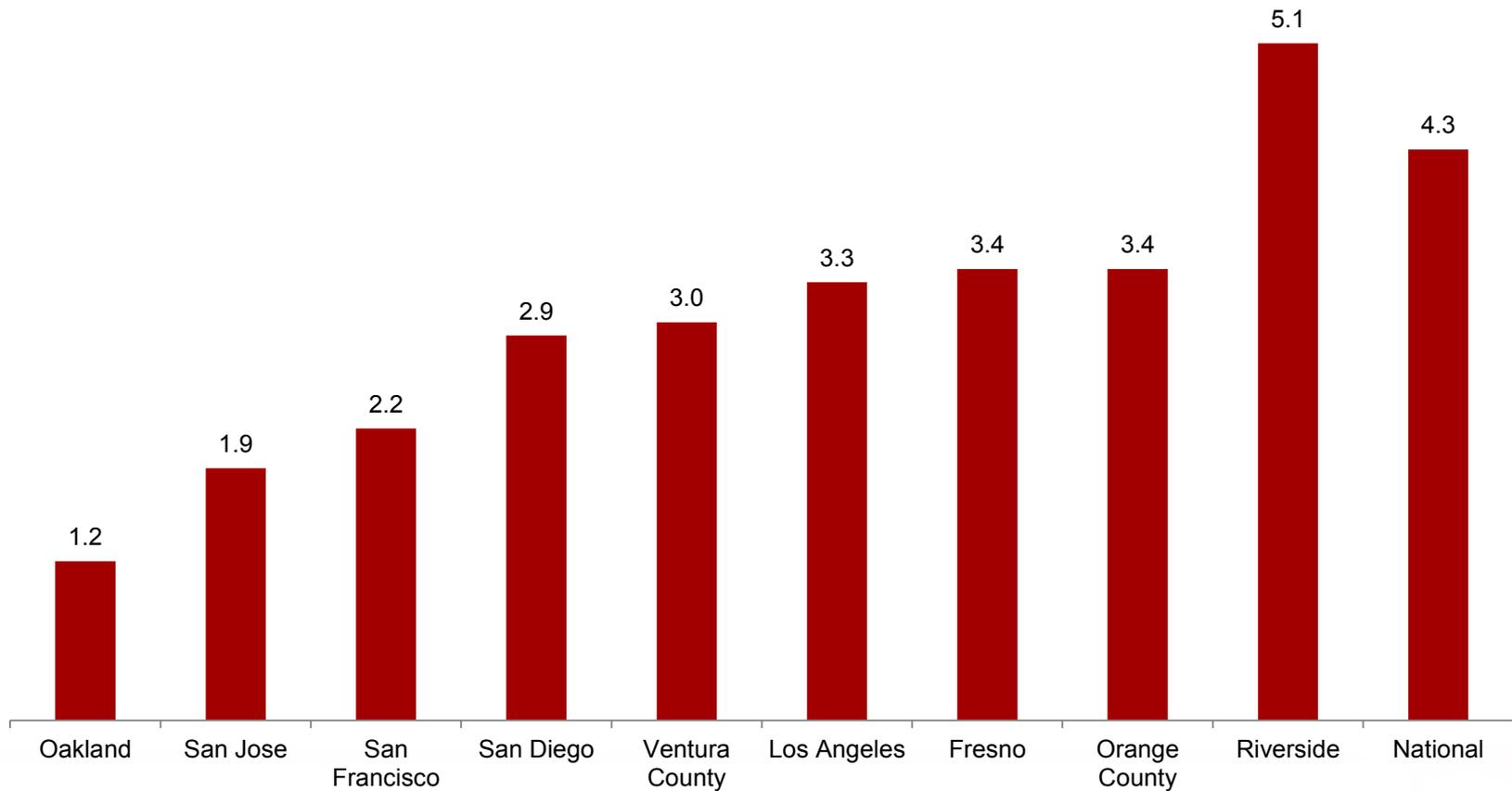
January Supply Year-Over-Year Change

■ Inventory ■ New Listings



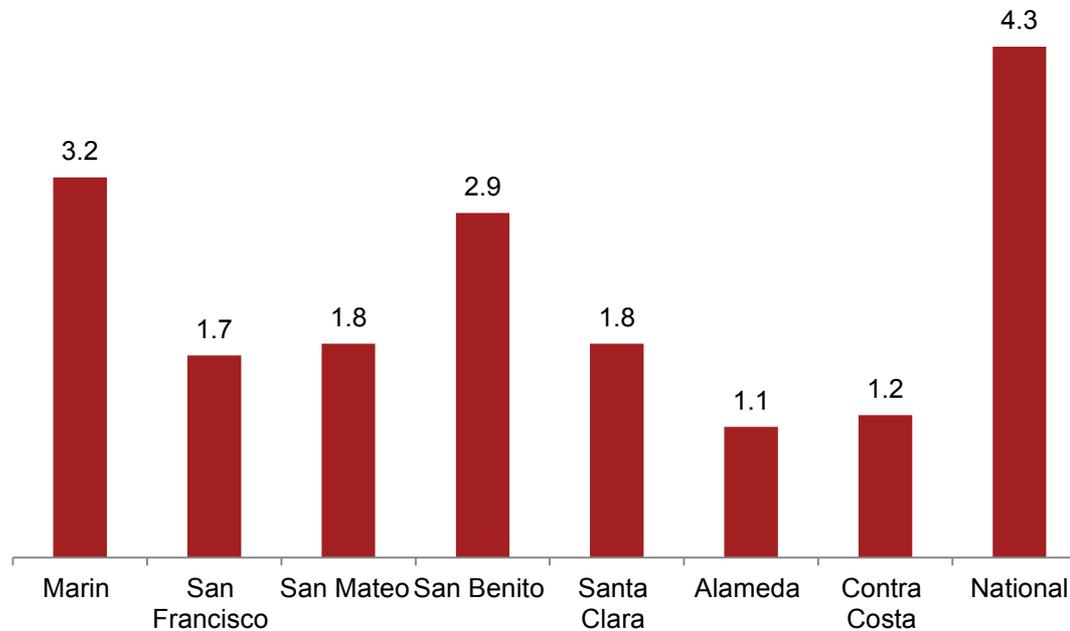
It's a seller's market in most of California

Months of Supply



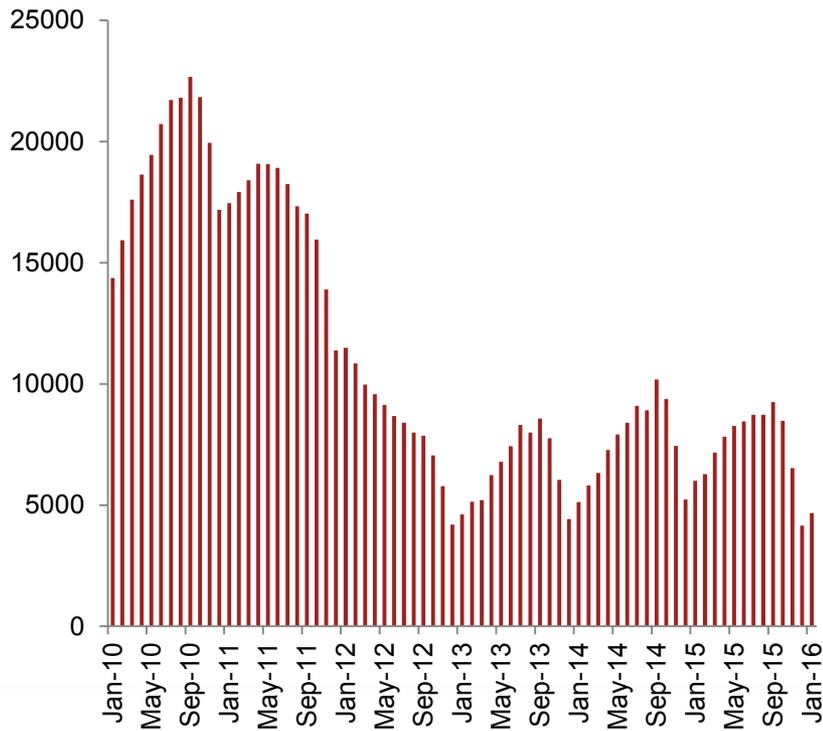
Northern California is a strong seller's market

Months of Supply

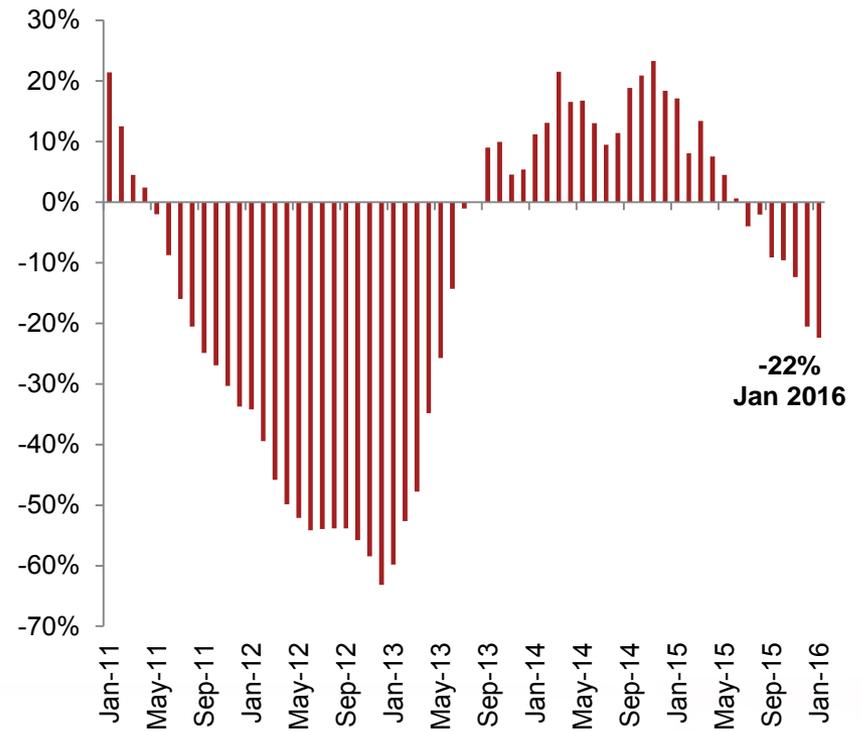


The number of Bay Area homes for sale is declining

Homes for sale

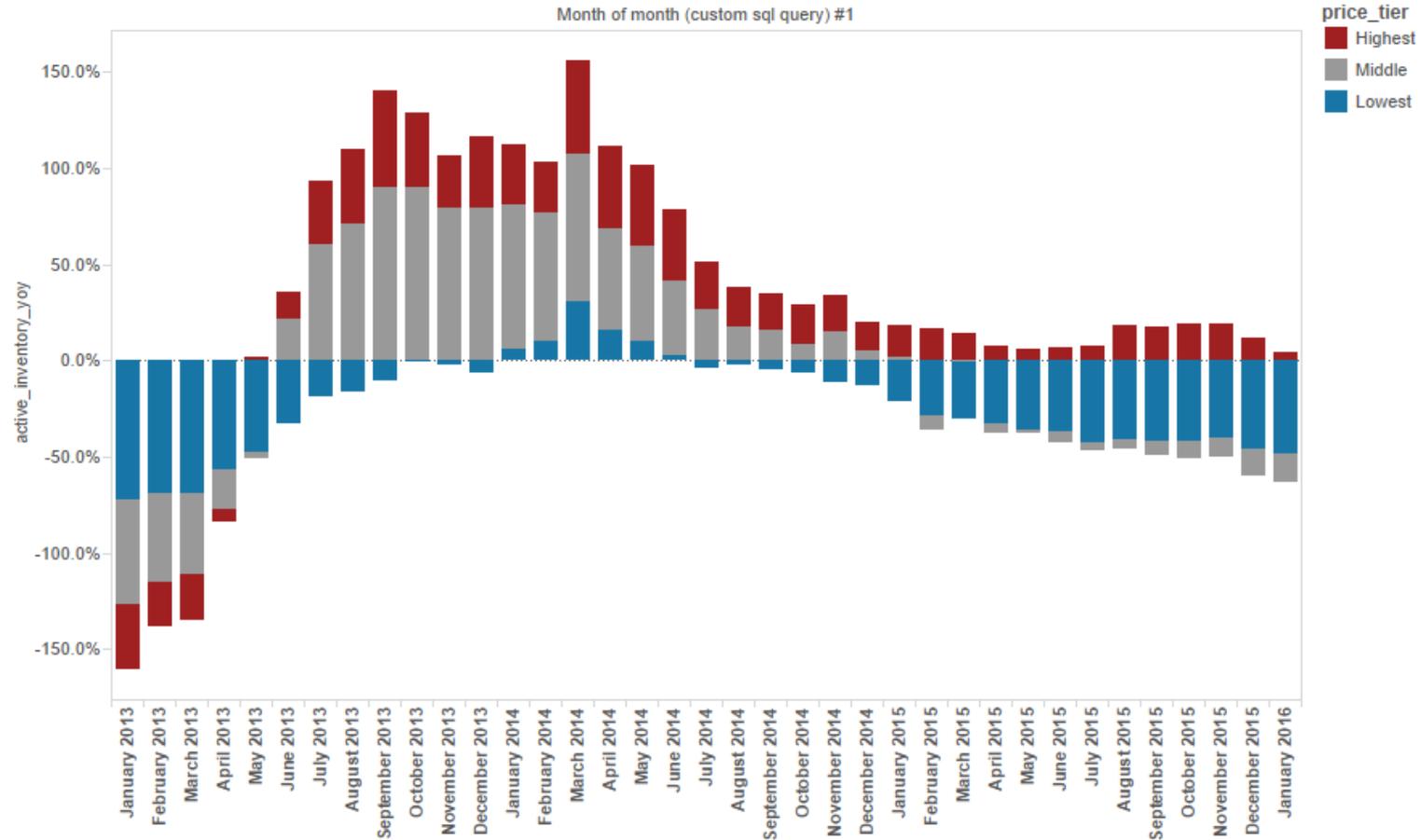


Year-Over-Year Change



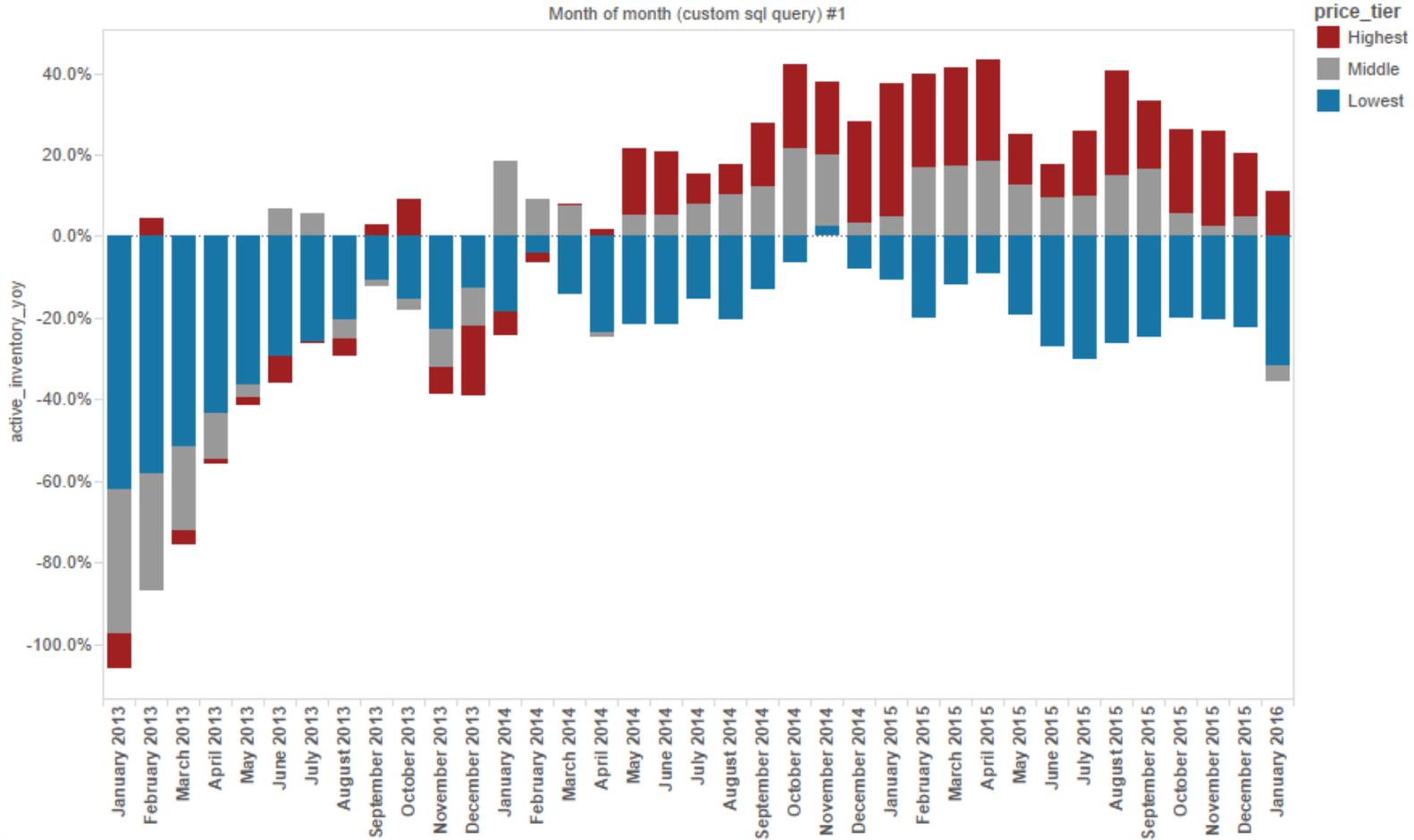
Oakland MSA

inventory_change_since_2914



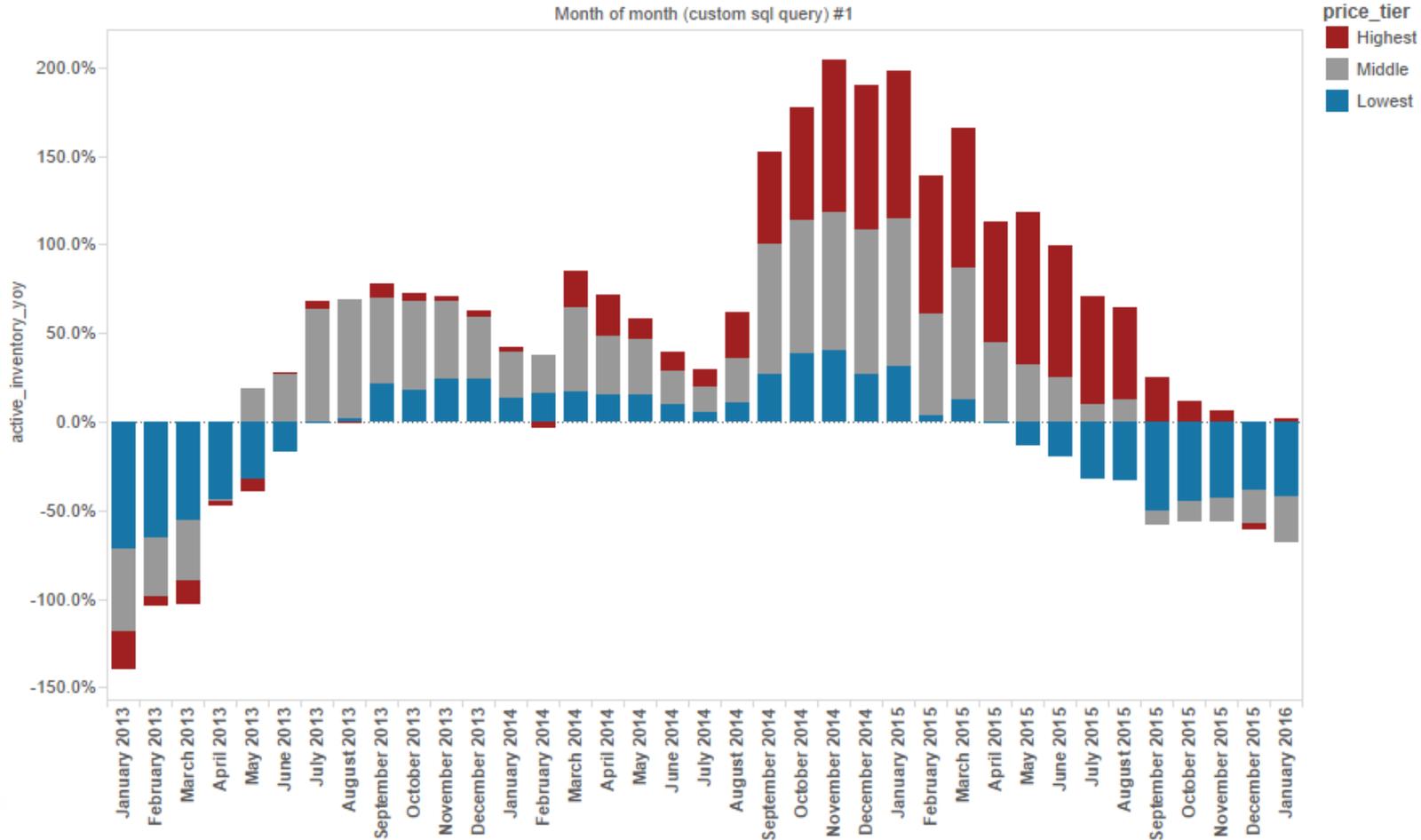
San Francisco

inventory_change_since_2014



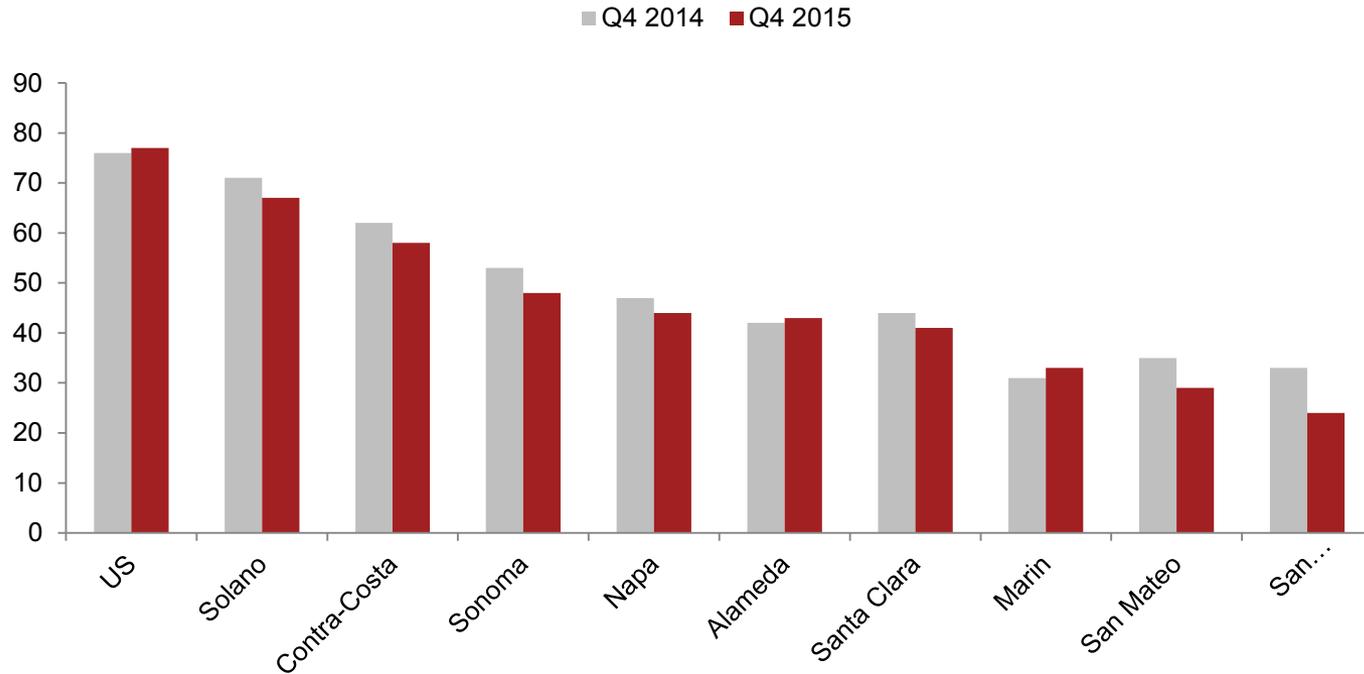
San Jose

inventory_change_since_2914



The Bay Area is becoming less affordable

First-Time Buyer Housing Affordability Index

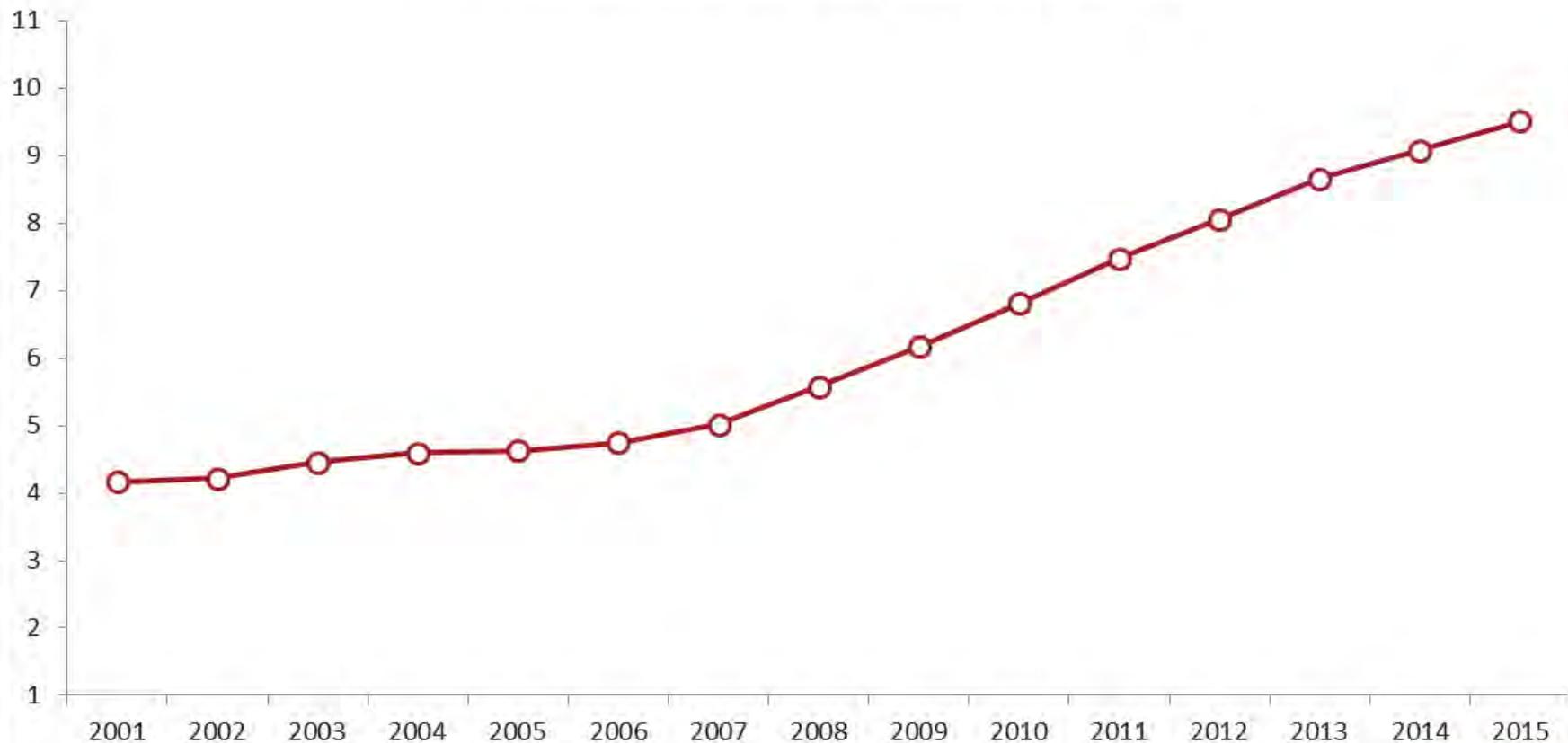


Source: California Association of Realtors

US households are less willing (and able) to move

Years Spent in Home

Homeowners' Median Length of Occupancy



Source: Core Logic, Redfin

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Buyers are searching but having less success

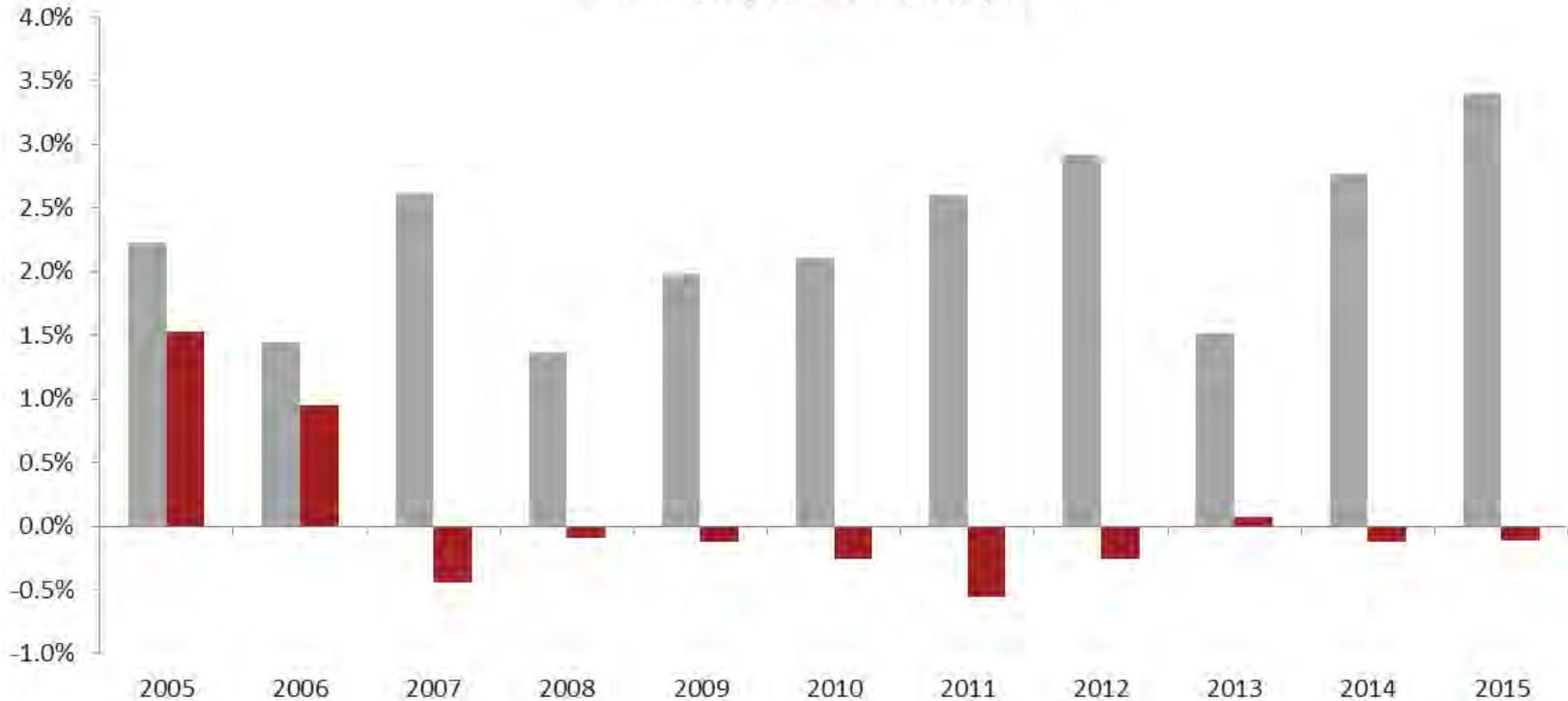
Home Tour and Offer Activity



Homeownership continues to decline

Housing Units
Year-Over-Year Change

■ Renter Occupied ■ Owner Occupied



Source: US Census

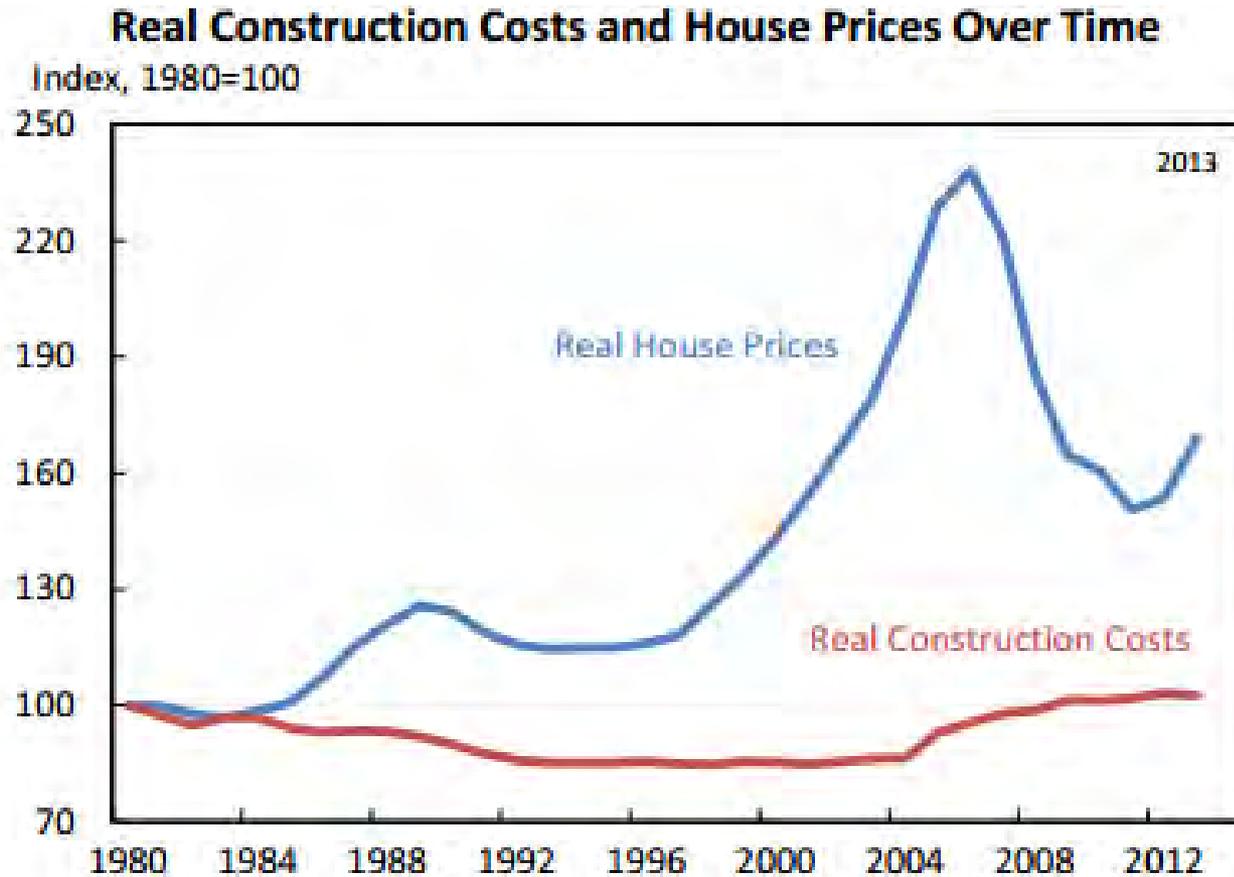
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One in four Bay Area residents are searching outside Silicon Valley

City	% of Total Views from the Bay Area
Seattle	12.5%
Sacramento	10.4%
Los-Angeles	9.6%
Portland	8.6%
San Diego	4.3%

Land use regulation has made housing more expensive

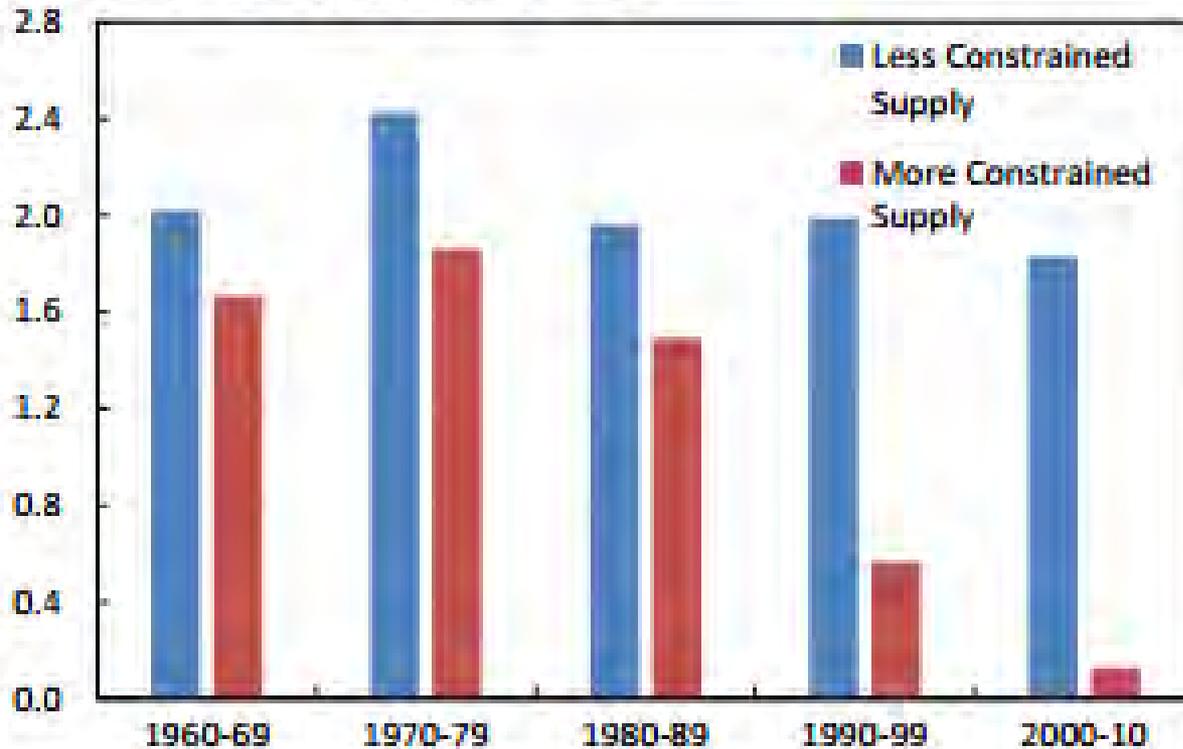


Source: White House Council of Economic Advisors

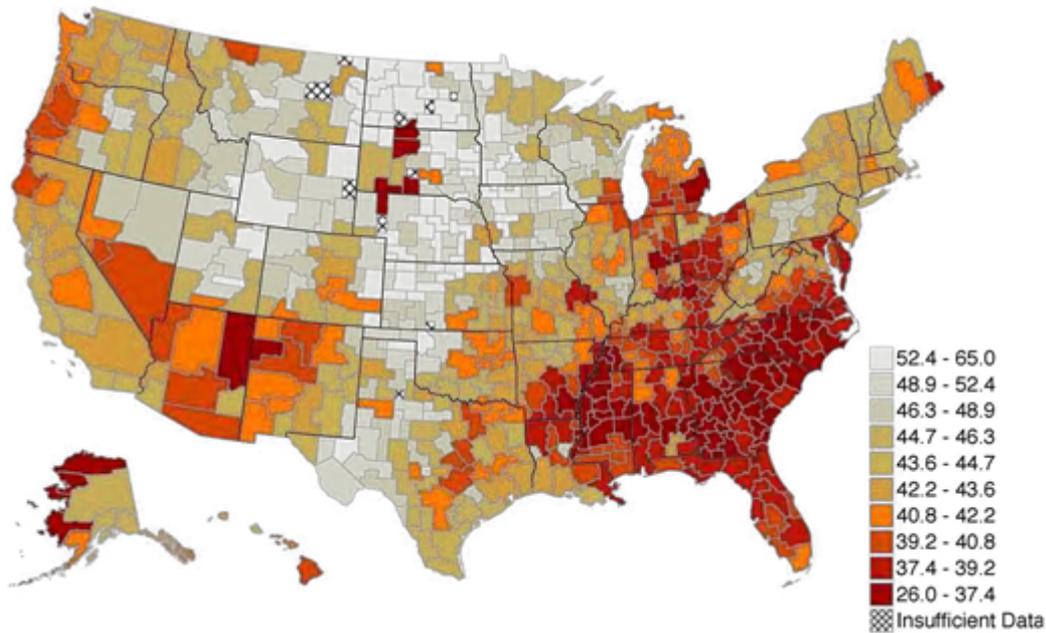
Lack of housing supply increases income inequality

Speed of Income Convergence Across States by Housing Supply

Percent of Income Gap Closed Each Year



Economic mobility is based on where you live



Source: <http://www.voxeu.org/article/where-land-opportunity-intergenerational-mobility-us>

Integrated Cities are Rare

City	Balanced Mix Area	High-end Area	Affordable Area
Boston	51%	35%	15%
Seattle	31%	10%	59%
Washington, DC	30%	25%	45%
San Jose	24%	53%	24%
Denver	24%	7%	69%
San Diego	20%	40%	40%
Los Angeles	19%	74%	7%
Chicago	17%	5%	79%
Austin	16%	11%	73%
Phoenix	13%	11%	76%
Houston	12%	16%	72%
Philadelphia	11%	6%	82%
Baltimore	11%	3%	86%
San Francisco	10%	88%	2%
San Antonio	8%	5%	88%
Memphis	8%	4%	88%
Jacksonville	7%	3%	90%
Detroit	7%	1%	92%
Indianapolis	6%	2%	92%
Columbus	4%	1%	95%

Solutions?

- The private sector can help – more construction
- Smart Zoning
- Accessible Transit

Transit requires density

Rank	City	Transit Score
1	<u>New York, NY</u>	84.1
2	<u>San Francisco, CA</u>	80.4
3	<u>Boston, MA</u>	74.4
4	<u>Washington, DC</u>	70.6
5	<u>Philadelphia, PA</u>	66.8
6	<u>Chicago, IL</u>	64.7
7	<u>Miami, FL</u>	59.4
8	<u>Baltimore, MD</u>	57.8
9	<u>Minneapolis, MN</u>	57.5
10	<u>Seattle, WA</u>	57.0

Thank you!

Redfin Research

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