



bae urban economics

CITY OF ALAMEDA RENT STUDY

2017 RENTAL RATE AND  
VACANCY DATA UPDATE

March 14, 2017

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# INTRODUCTION

In June 2015, the City of Alameda engaged BAE Urban Economics to conduct the Alameda Rent Study. The purpose of the study was to inform City efforts to address growing concern among local elected officials, residents, and business owners that Alameda's strong rental housing market recovery after the Great Recession had led to rapidly rising rents that were impacting long-time Alameda residents.

The 2015 study provided data and analysis to describe Alameda's renter households, rental units and the affordability of rental housing for Alameda residents, as well as assess a set of policy options. The study found that Alameda had extremely low vacancy rates and increasingly high rental rates that were unaffordable to many of Alameda's low- and middle-income households.

## **2017 Rent Study Data Update**

In January 2017, the City of Alameda engaged BAE Urban Economics to conduct an update of the rental rate and rental vacancy data from the 2015 study. This data update shows the most current data available for the selected data points, as of the beginning of 2017.

The data provided in this update demonstrate that Alameda has continued to experience rent increases since the publication of the 2015 study, and that rental vacancy rates remain low. While recent rent and vacancy trends in Alameda are generally similar to trends regionwide, Alameda's rent increases during the past year have outpaced increases in neighboring cities, albeit at a slower pace than the rate of increase in the previous time period.

# INTRODUCTION

## Data Sources

As with the original 2015 Rent Study, this report uses the most current data available. Due to changes in the Census Bureau publications, there are some differences in data sources between the two reports. This update uses data from the US decennial Census (for 2000 and 2010), the American Community Survey (ACS) for 2013 and 2015 (one-year samples), ACS for 2009-2013 and 2011-2015 (five-year samples), and real ANSWERS (a private data vendor that tracks rents for 50+ unit rental projects).

As of the writing of the 2015 study, three-year 2011-2013 ACS data were the most recent data available from the Census Bureau to describe vacancy rates among rental units. After the 2015 study, the Census Bureau discontinued the

publication of three-year sample data, making more current three-year sample data unavailable for this update.

To replace the 2011-2013 three-year sample data, this update uses a more direct comparison between the 2009-2013 and the 2011-2015 five-year sample data. As a result, the 2013 ACS vacancy data shown in this study differ from the 2013 ACS vacancy data shown in the 2015 study.

In addition, some of the 2015 data from RealANSWERS that was provided in the 2015 study was for quarters 1 through 3 of 2015 (the most current data available at that time). In this update, these data have been replaced with data that cover all of 2015, and supplemented with data for quarters 1 through 3 of 2016 (the most current available at the start of this study).

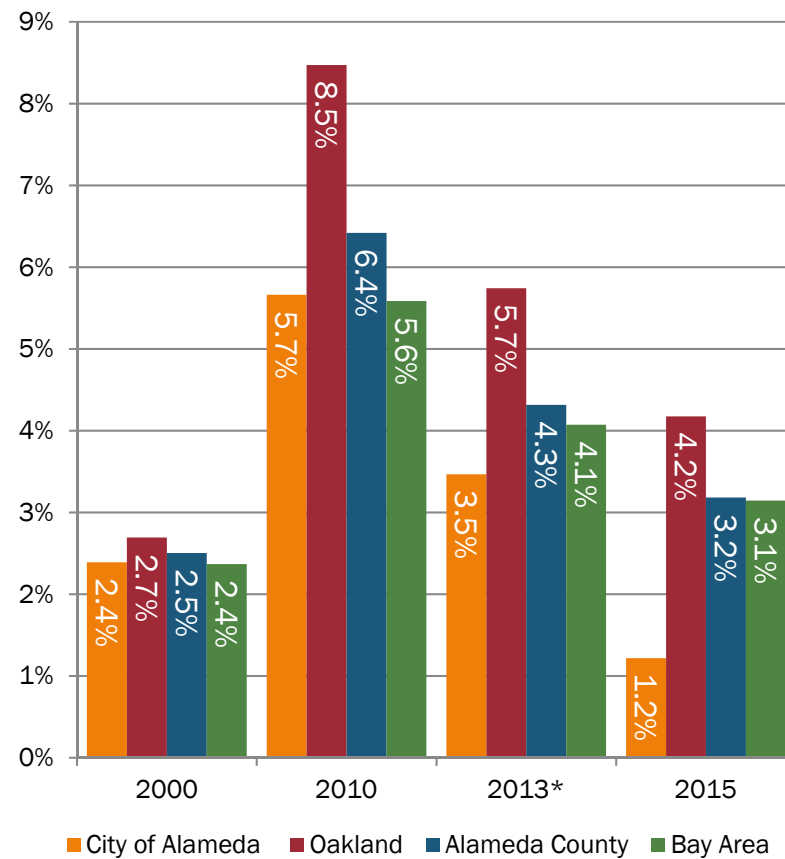
# RENTAL VACANCY TRENDS 2000-2015, ALL RENTAL UNITS

*Alameda has an extremely low vacancy rate, which has continued to decrease through 2015.*

The most current ACS data confirm the finding from the 2015 Rent Study that Alameda has had a consistently lower vacancy rate than the City of Oakland, Alameda County, and the Bay Area. In 2015, Alameda showed an extremely low 1.2% vacancy rate, compared to a County rate of 3.2% and a Bay Area rate of 3.1%. Analysts consider 5.0% a healthy vacancy rate that provides adequate availability of units for renters while maintaining a strong market for property owners.

Similar to the data shown in the 2015 study, the current data demonstrate that vacancy rates in Alameda and the comparison jurisdictions have continued to decrease since the recent recession.

Rental Vacancy Rates, 2000-2015



\* Note: 2013 data cited in the 2015 report were based on sampling conducted between 2011 and 2013, and showed a 1.4% vacancy rate. The 2013 data in this update are based on sampling conducted between 2009 and 2013, and therefore differ from the data in the 2015 study. See introduction for more information on data sources.

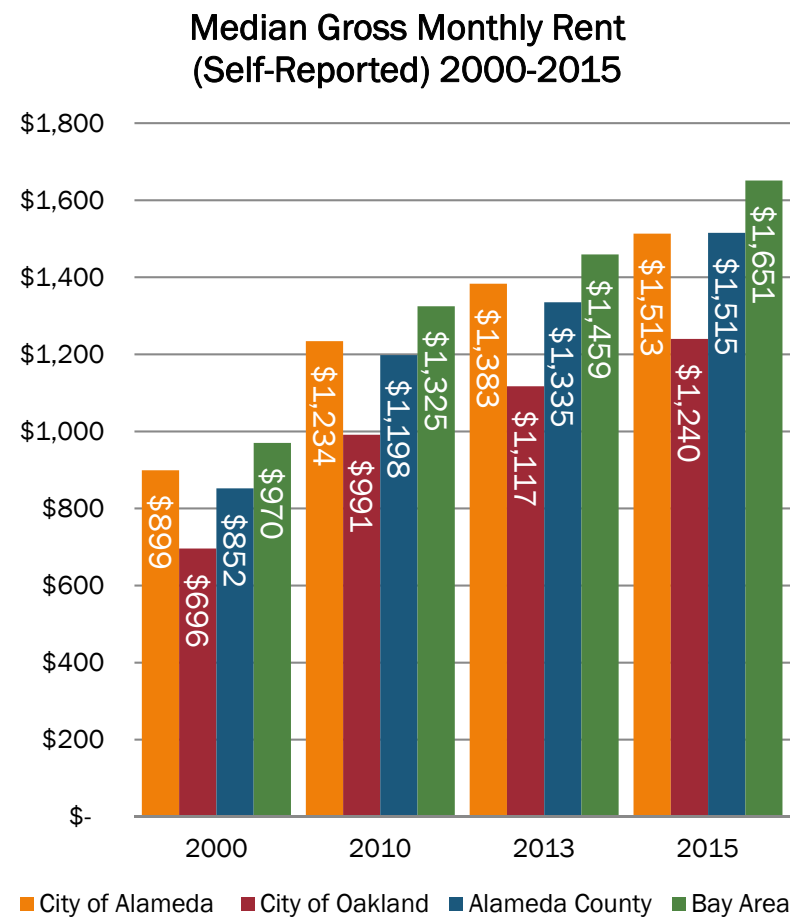
Source: US Census 2000, 2010; ACS, 2009-2013; ACS, 2011-2015; BAE, 2017

# MEDIAN RENTS 2000-2015, ALL RENTAL UNITS

*Alameda has relatively high rents, which continue to increase.*

One measure of rental rates is gross rent (including utilities) collected by the US Census Bureau. These data are self-reported, which may result in underestimating gross rent, and the data include both market-rate and subsidized units.

The most current ACS data show that rents in Alameda and the region have continued to increase over recent years. As reported in the 2015 Rent Study, Alameda's median gross rent increased 54% between 2000 and 2013. As of 2015, the median reported gross rent was \$1,513, a 9% increase from 2013. Alameda's reported rents remain similar to the countywide average, but higher than the average in Oakland and lower than the Bay Area average.



Source: US Census, 2000; ACS, 2010, 2013, and 2015; BAE, 2017

# RECENT MARKET-RATE RENT TRENDS (50+ UNITS), 2007-2016

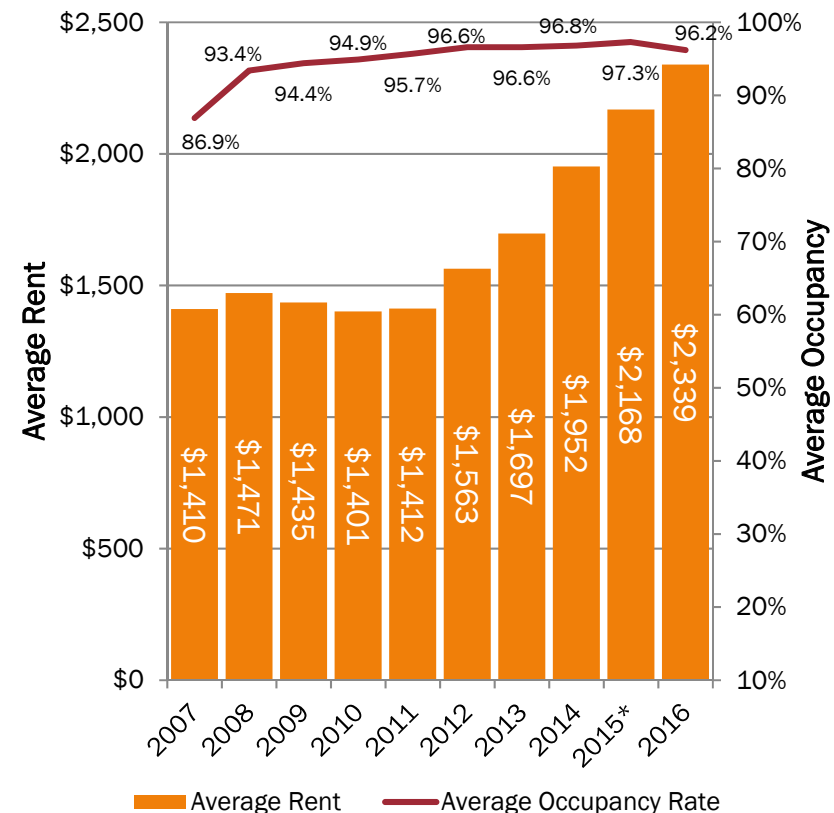
*Rents for Alameda's larger market-rate rental properties have increased 8% since 2015.*

As in the 2015 study, this data update uses realANSWERS, a private data vendor that tracks rent and occupancy data for properties with 50 units or more, for current data on market-rate units in Alameda.

These data show that Alameda's average market-rate rents have continued to increase since publication of the 2015 Rent Study. The average monthly rent for larger properties was \$2,339 in 2016 (through Q3), an increase of 7.9% from the 2015 average. Average rent increases likely reflect a mix of increases for existing tenants and increases as units are vacated and re-tenanted.

The occupancy rate among these properties decreased 1.1 percentage points between 2015 and 2016, but remained high at over 96%.

**Alameda Market-Rate Rent & Occupancy for 50+ Unit Properties 2007-2016**



\* Note: 2015 data used in this chart show the average of Q1 through Q4 of 2015 (whole year), and therefore differ from the data cited in the 2015 study, which reflected the average for Q1 through Q3 of 2015 (the most current then available).

Source: realANSWERS; BAE, 2017

# SUMMARY OF FINDINGS FROM RENTAL MARKET DATA UPDATE

## How has Alameda's rental housing market changed during the past year?

The most current data available demonstrate a continuation of the rental market trends shown in the 2015 Rent Study, with rental rates increasing through 2016. Data for all rental units in Alameda show rent increases through 2015, mirroring trends throughout the Bay Area. More recent data for large properties (50+ units) in Alameda show that rents continued to increase in 2016, though the pace of rent increases slowed somewhat compared to 2015.

Despite the more moderate rent increases since 2015, tenant incomes are unlikely have kept pace with the growth in rental rates, suggesting that the rent affordability challenges identified in the 2015 study may be ongoing. Notably, some of the data in this update were from before Alameda's rent moratorium and subsequent rent stabilization ordinance took effect.

Rental occupancy rates continue to demonstrate a tight rental housing market in Alameda. The vacancy rate for all rental units in Alameda, last assessed in 2015, was very low, at 1.2%. Similarly, the occupancy rate in Alameda County overall remained high and increased in 2015.

Although recent data for large properties indicate a slight decrease in occupancy in Alameda, occupancy rates among the City's rental units remain high, indicating an inadequate availability of rental units. While a continuation of occupancy rate decreases could slow the pace of rental rate growth, rental unit occupancy remains high in most cities in the County, indicating that rent increases are likely to continue in the near term.