

Senate Transportation & Housing Committee Hearing

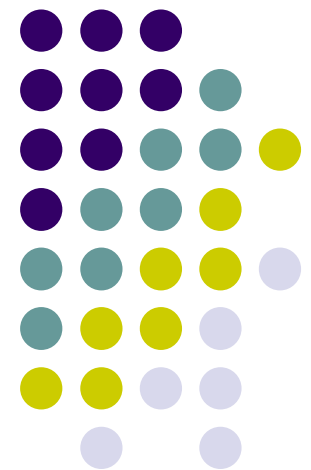
The State of California's Housing Market 2012

March 7, 2012

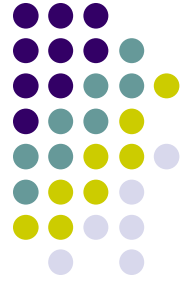
Meea Kang

Domus Development

California Infill Builders Association



Housing Market Growth Areas



Bottom Line

Bright Spots in a Down Market:

- Infill housing
- Multi-family, higher density, transit oriented rental developments



The Market Lofts: Los Angeles, California. LA's first supermarket in 50 years. Developed by CIM



Housing Trends

Demand For Housing Near Transit ↑

Supply of new housing ↔

Prices in strong markets ↑

Rental market ↑

Home ownership rate ↓ (peak in 2007)

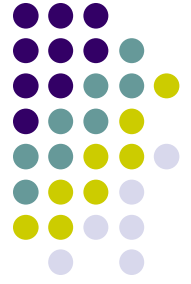
“2 million more households renting” (Kenneth Rosen,
Haas School of Business, UC Berkeley).

San Francisco Bay and Silicon Valley Highest Rent Growth in the Nation



County	2007 Occupancy	2011 Occupancy	2007 Rent	2011 Rent	2011 Rent Growth
San Francisco	94.9%	96.1%	\$2,175	\$2,472	15.6%
San Mateo	96.1%	96.5%	\$1,668	\$1,803	13.1%
Santa Clara	96.7%	96.4%	\$1,594	\$1,747	12.1%

Source: Real facts via Gantz, Sarah. "Bay Area leads nation in rental price increases.", The Examiner, Jan 18, 2012



Rental Housing Stories

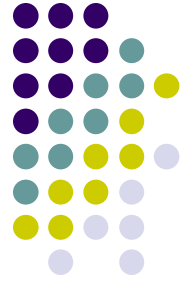
San Francisco Bay Area: Developers, lenders, equity investors busy

More projects started, steady supply increase next three years

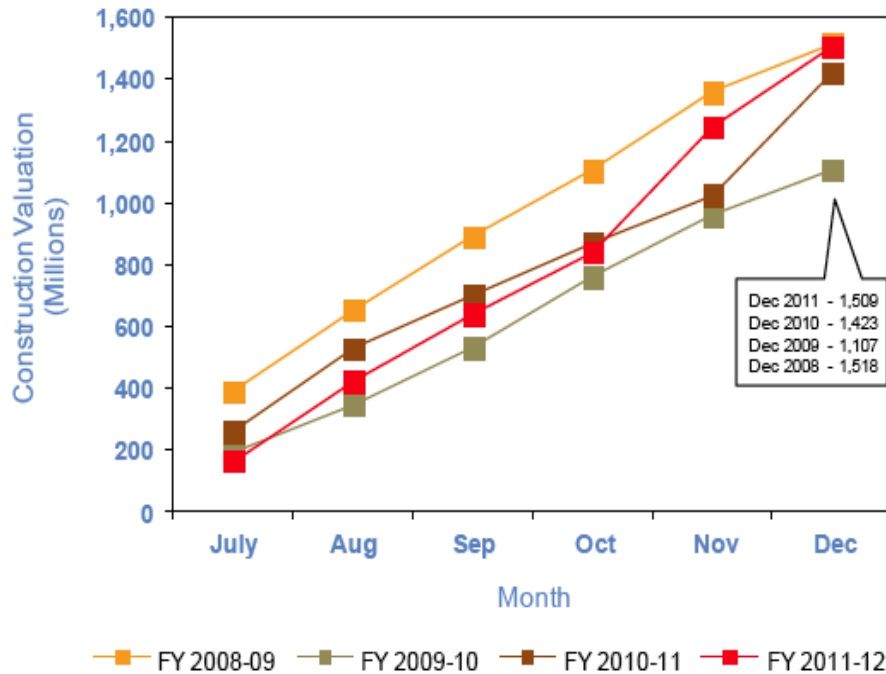
Demand > supply = lower vacancy across virtually all markets (Marcus and Millichap 2011 Report)

Trinity Properties: best rental market in 60-year history
Building more than 2,500 units in mid-market area.

City of Los Angeles 2010 & 2011 Building Trends



Cumulative Fiscal Year Construction Valuation
Comparison FY
2008-09; 2009-10; 2010-11; 2011-12



- Housing starts are up 44%
- Approximately 3,699 units are underway
- Residential construction leading economic recovery
- According to Bud Ovrom, GM of LABDS, ***“Rental apartment construction is still the leader.”***
- Contrast: housing starts in new growth communities continue to fall sharply

Source: Build LA, Volume 11, Issue 7

Affordable, infill housing in high demand across state

DOMUS PROJECTS OPENING IN 2012



SIENNA COURT
 Pittsburg, California
 Applicants: 650 Households
 Available Units: 111



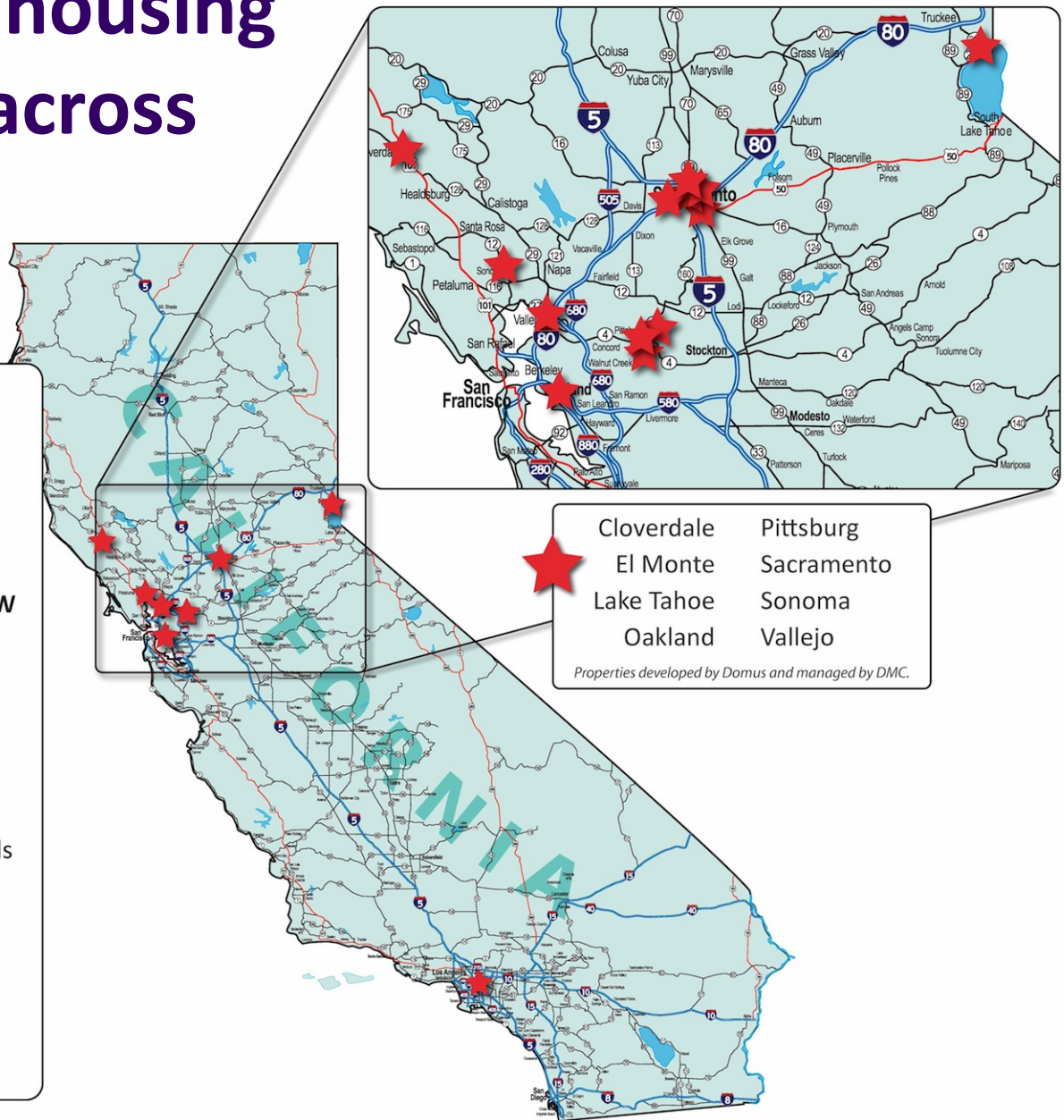
KINGS BEACH HOUSING NOW
 Kings Beach, California
 Applicants: 325 Households
 Available Units: 77



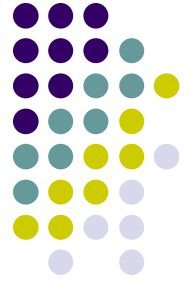
GARVEY COURT
 El Monte, California
 Applicants: 1,250 Households
 Available Units: 63



LA VALENTINA
 Sacramento, California
 Applicants: 775 Households
 Available Units: 81



Make the Bright Spots Brighter



Without investment and redevelopment funds:

- Affordable housing is at risk (support SB 654 and AB 1585)
- Permanent Source subsidy for affordable housing (support SB 1220)
- Keep current projects afloat
- New sources of infrastructure investment needed
- Reduce non-market barriers: CEQA and Parking

Thank you!

Meea Kang

meea@domusd.com

415-856-0010 x 8801

