

# Rental Housing Trends in Berkeley

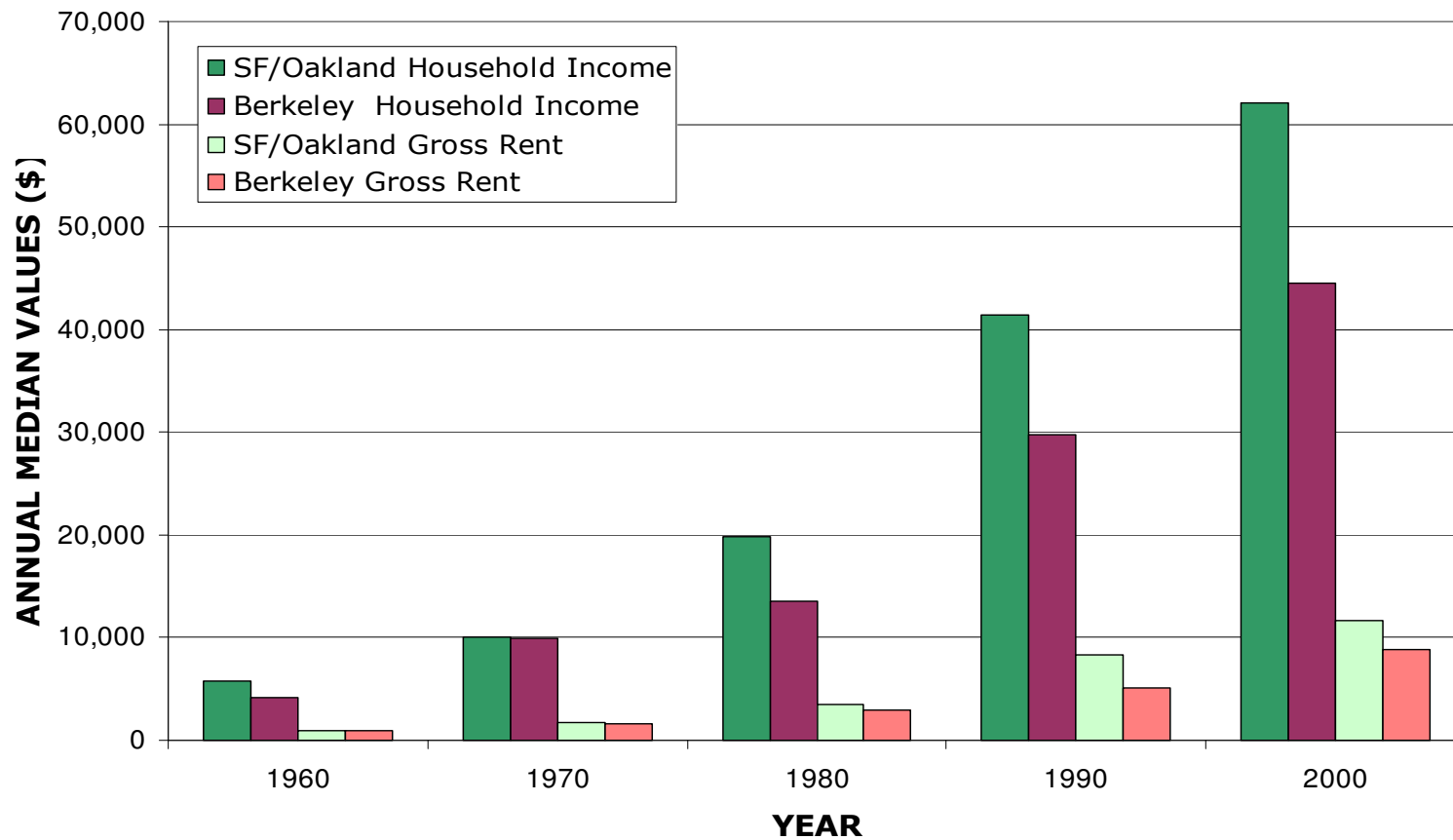
Presented to the Berkeley Chamber of Commerce  
January 9, 2006

# How has the cost of housing in Berkeley changed over the last 4 decades?

- We looked at US Census data from 1960-2000 for Berkeley and San Francisco / Oakland to determine the relationship between income and both rental and ownership housing.
- We looked at Berkeley Rent Board and Cal Rental data to determine trends in the period between 1999 and 2005.

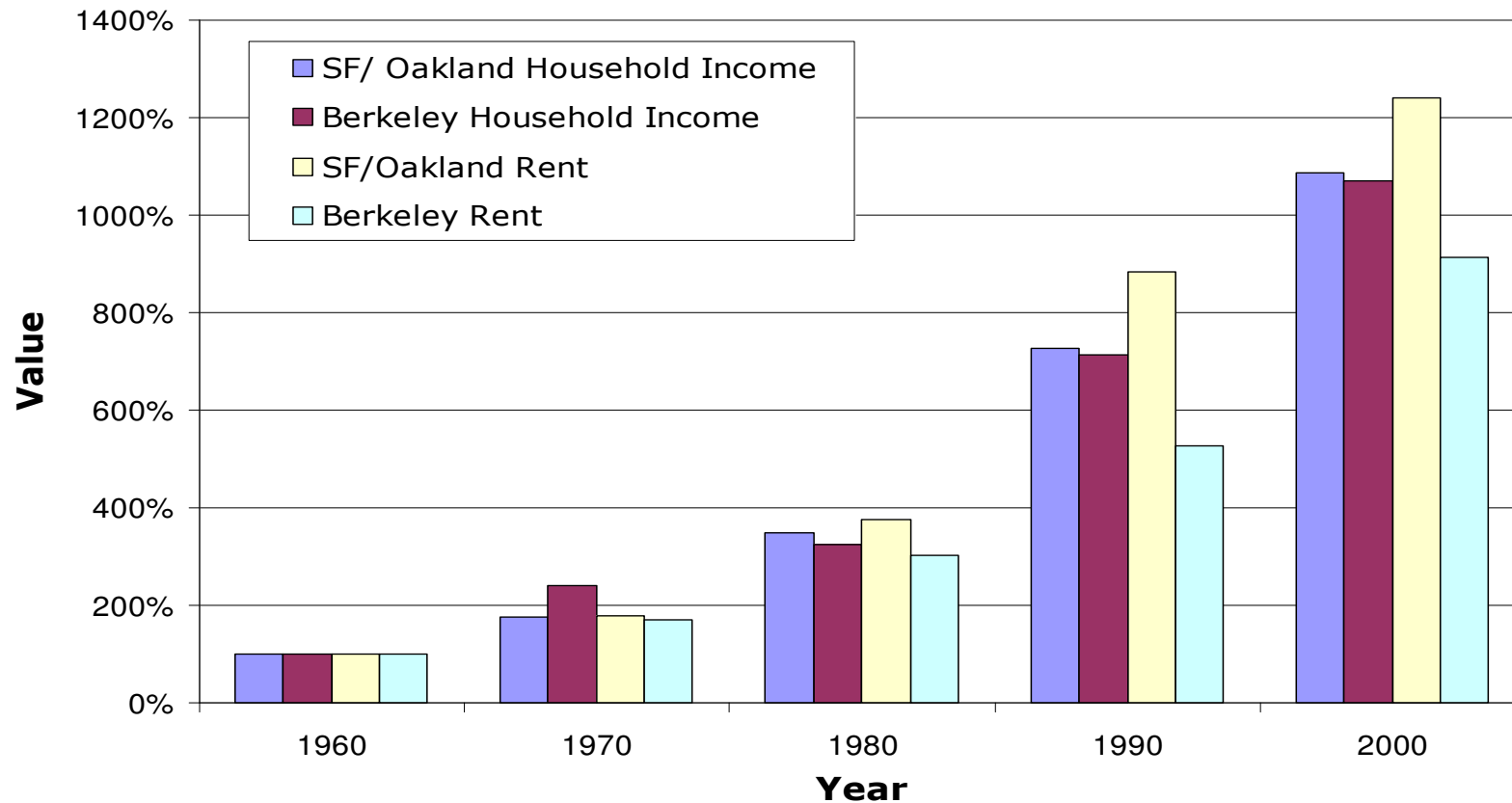
# Rent and Income Comparison for Berkeley and SF/Oakland

Data Source: US Census 1960-2000 (unadjusted)



# Gross Rents and Household Income: Normalized to 1960

**Data Source: US Census 1960-2000 (unadjusted)**

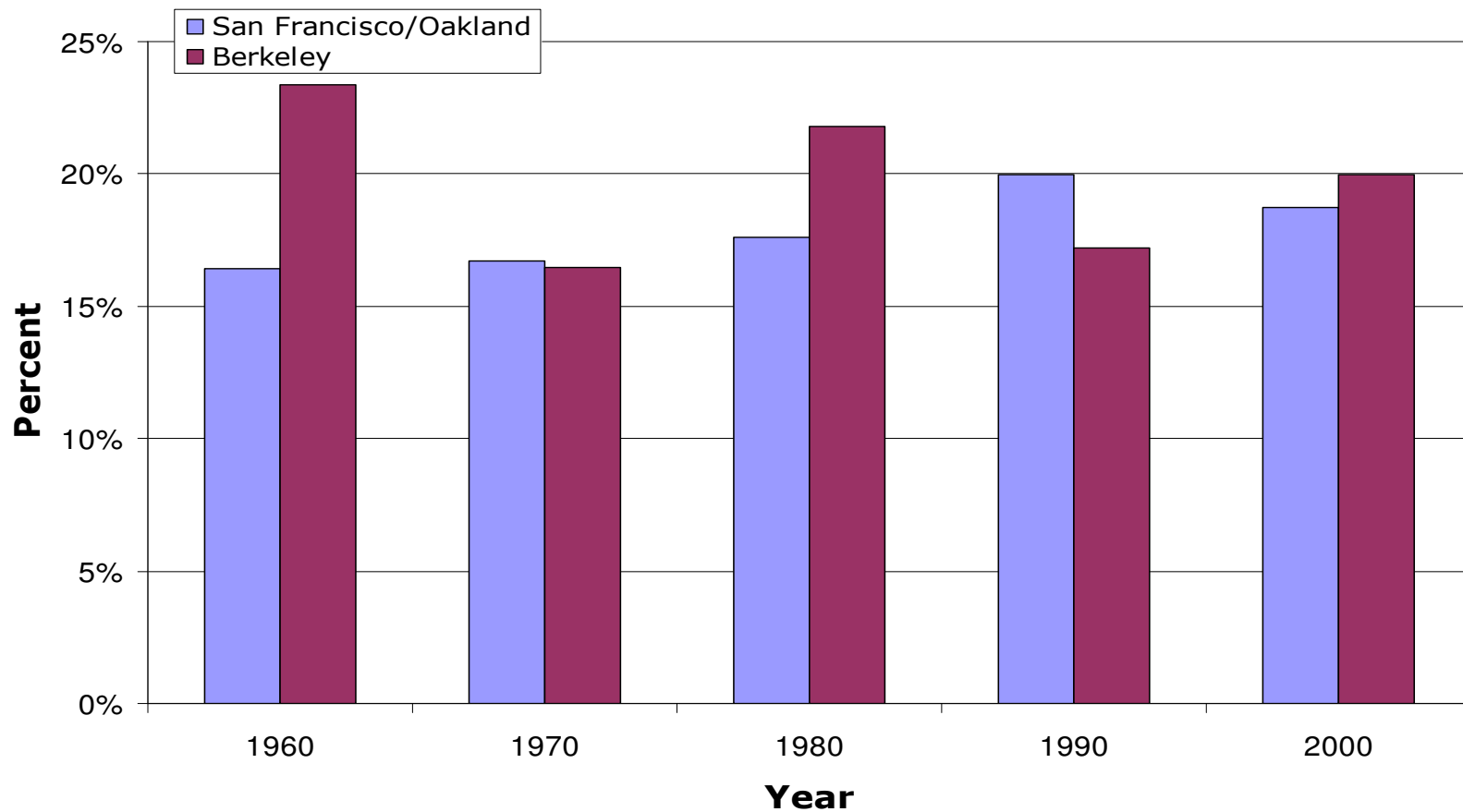


# Summary of Trends in Rental Housing Costs

- Although both the median income and median rents have increased dramatically over the past 4 decades, the median renter has been paying about the same fraction of their income to rent over this period. San Francisco / Oakland renters have consistently paid 16-20% and Berkeley 16-23% of their income toward rent.

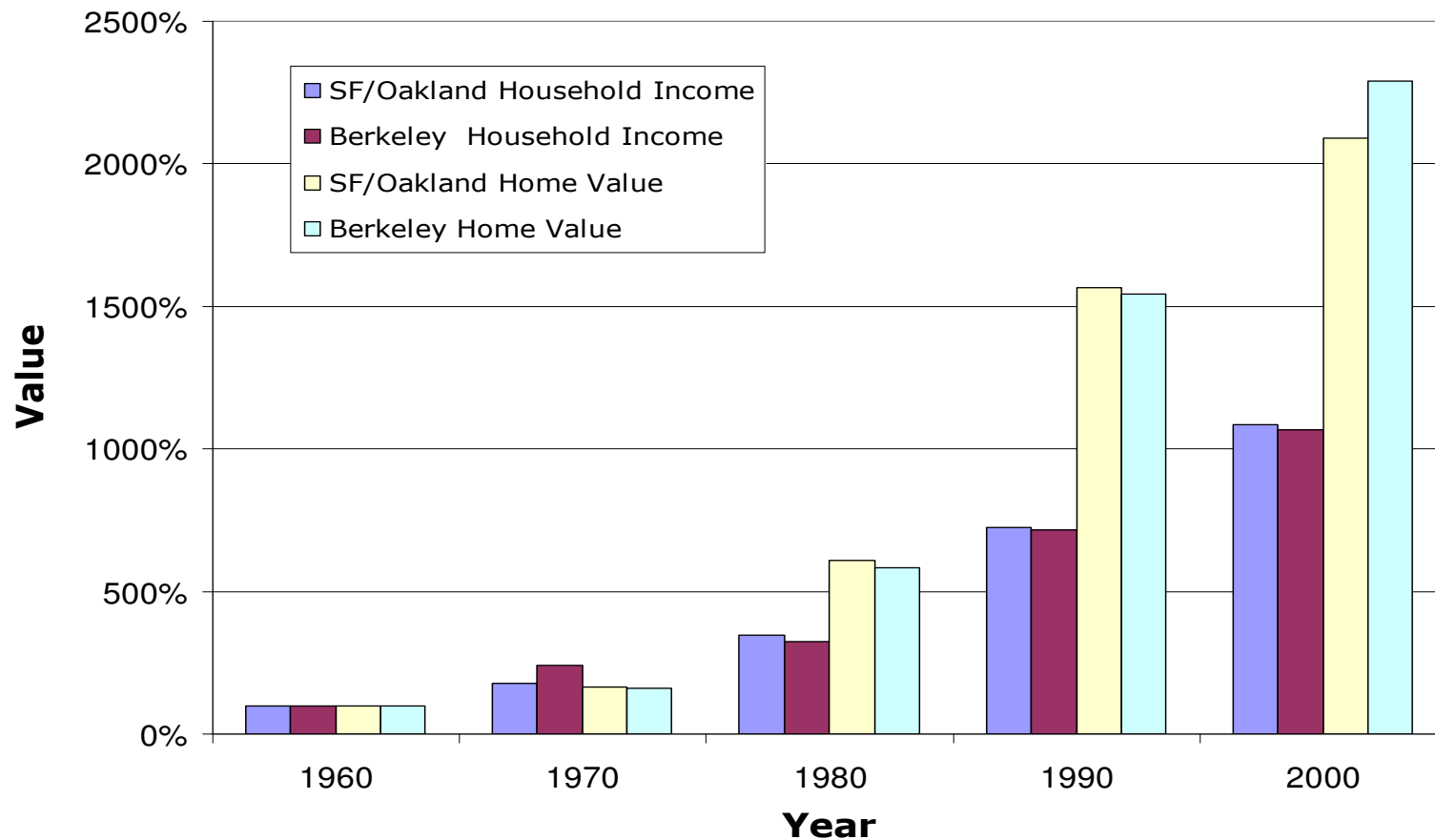
# Median Rent as Percent of Median Income: 1960-2000

**Data Source: US Census 1960-2000 (unadjusted)**



# Home Value and Household Income Comparison: Normalized to 1960

**Data Source: US Census 1960-2000 (unadjusted)**

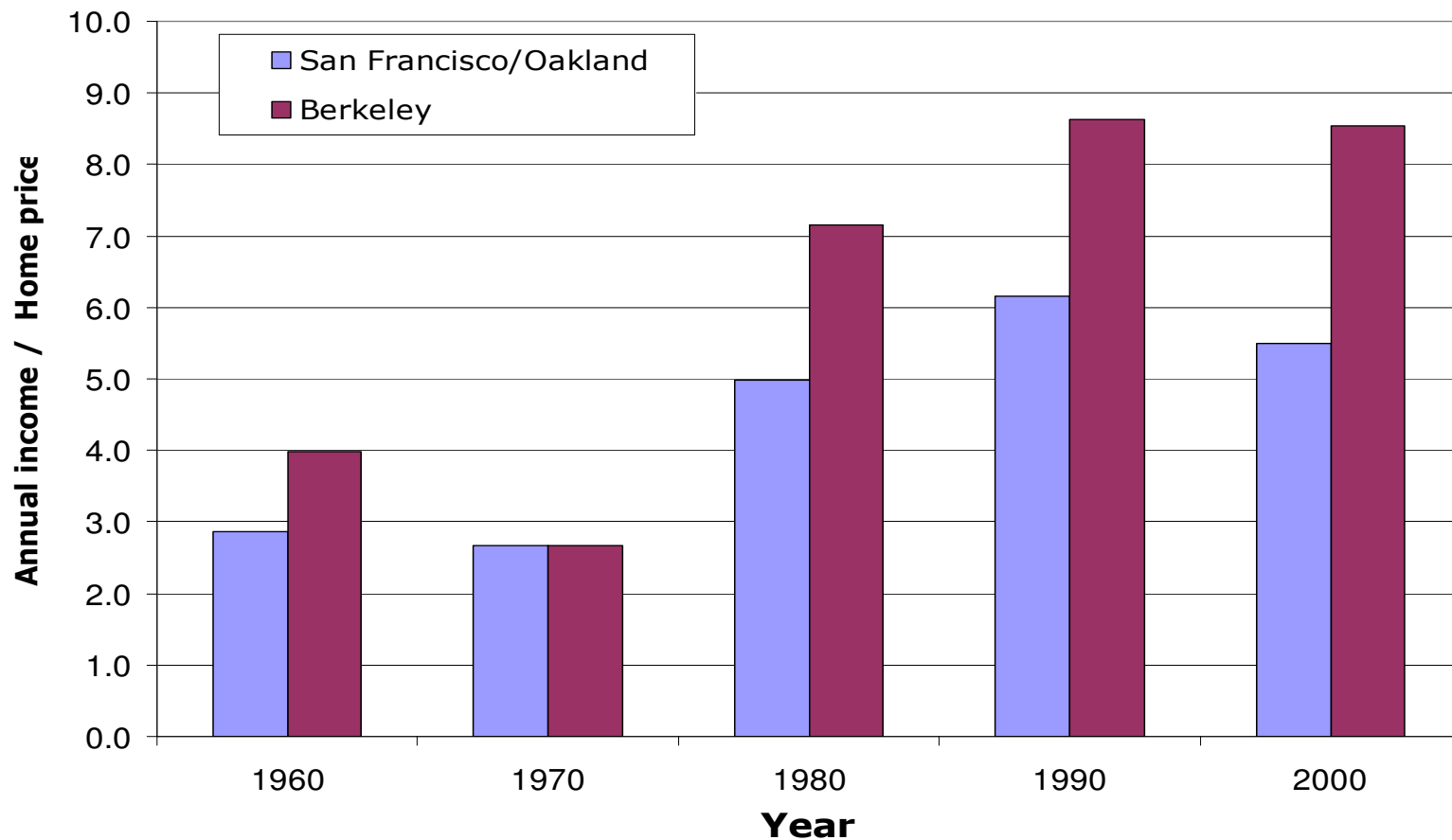


# Summary of Trends in Home Ownership Costs

- The price of home ownership has increased faster than the median income in Berkeley and San Francisco. In the 1960s and 1970s housing prices in Berkeley were 3 – 4 times the median annual income, whereas, in 2000 housing prices were 8.5 times the annual income.

# Median House Prices as Ratio of Median Annual Income

**Data Source: US Census 1960-2000 (unadjusted)**

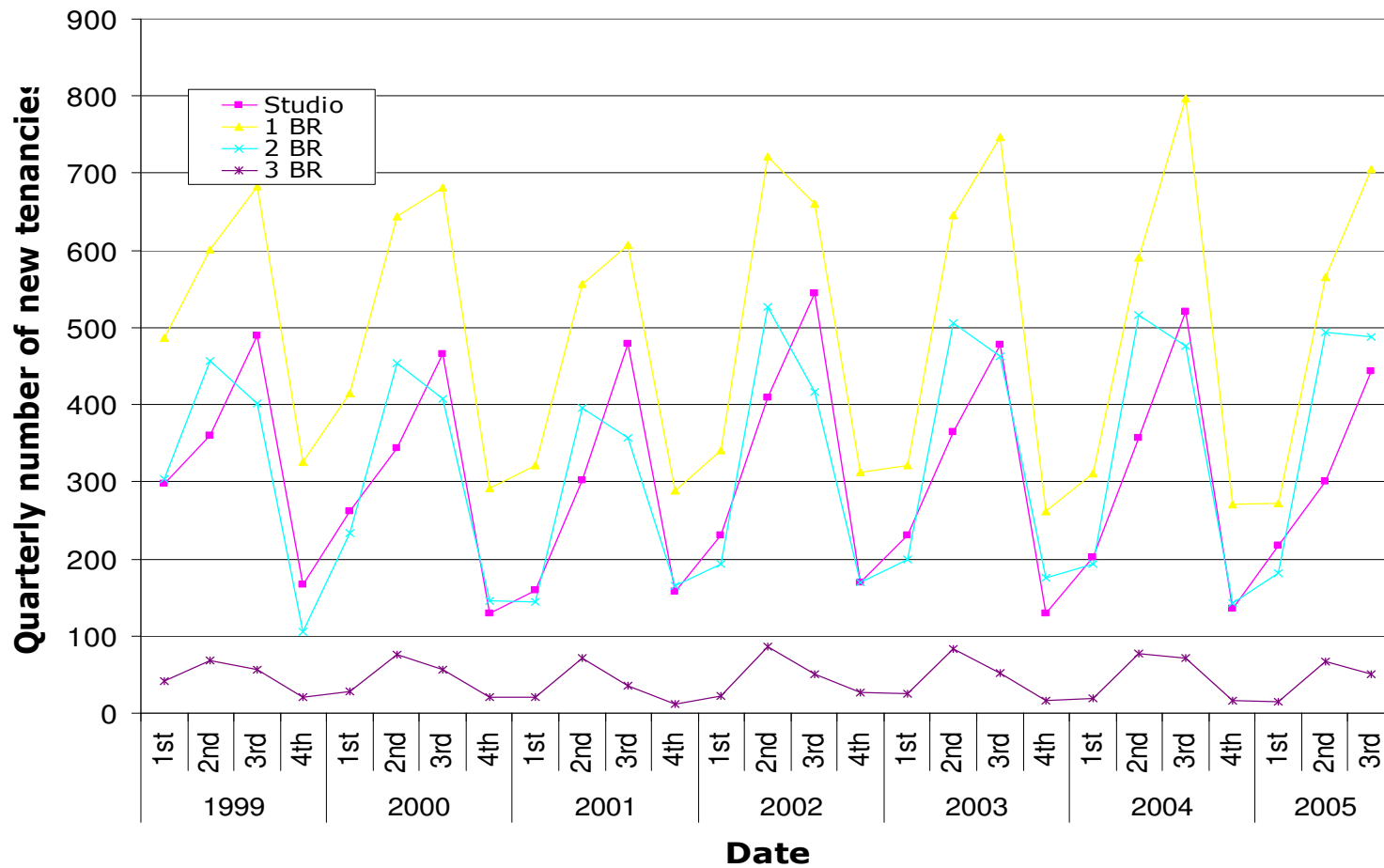


# What's Happened in Rental Housing Since 2000?

- We looked at trends in Rent Board Data from 1999-2005.
- There is strong seasonal dependence in the number of units rented which corresponds to the beginning of the academic year.
- The largest number of units are rented in the beginning of the academic year and drops off substantially during the academic year.

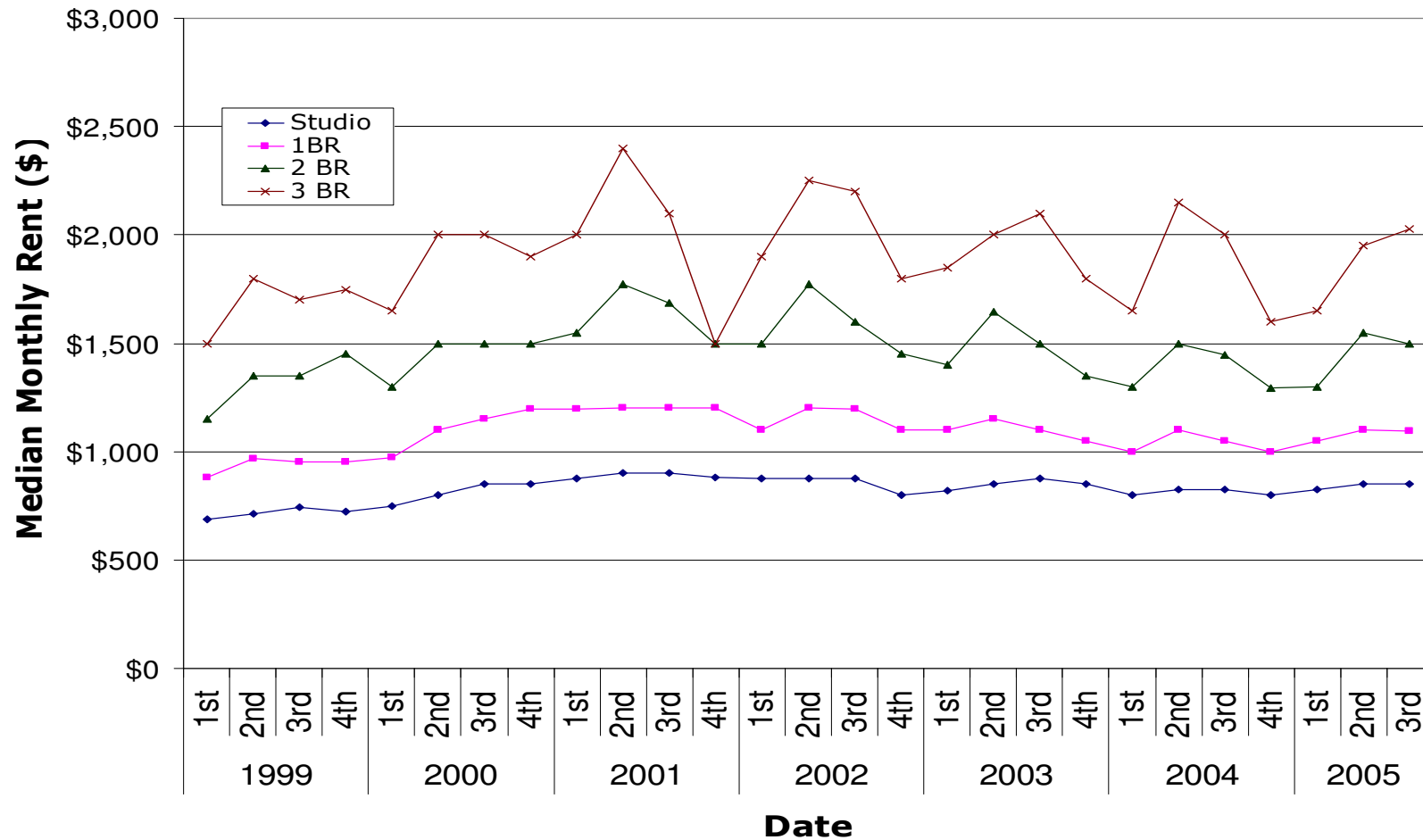
# Rent Board - New Tenancies

Data Source: Berkeley Rent Board



# Rent Board - Median Prices for New Tenancies

Data Source: Berkeley Rent Board

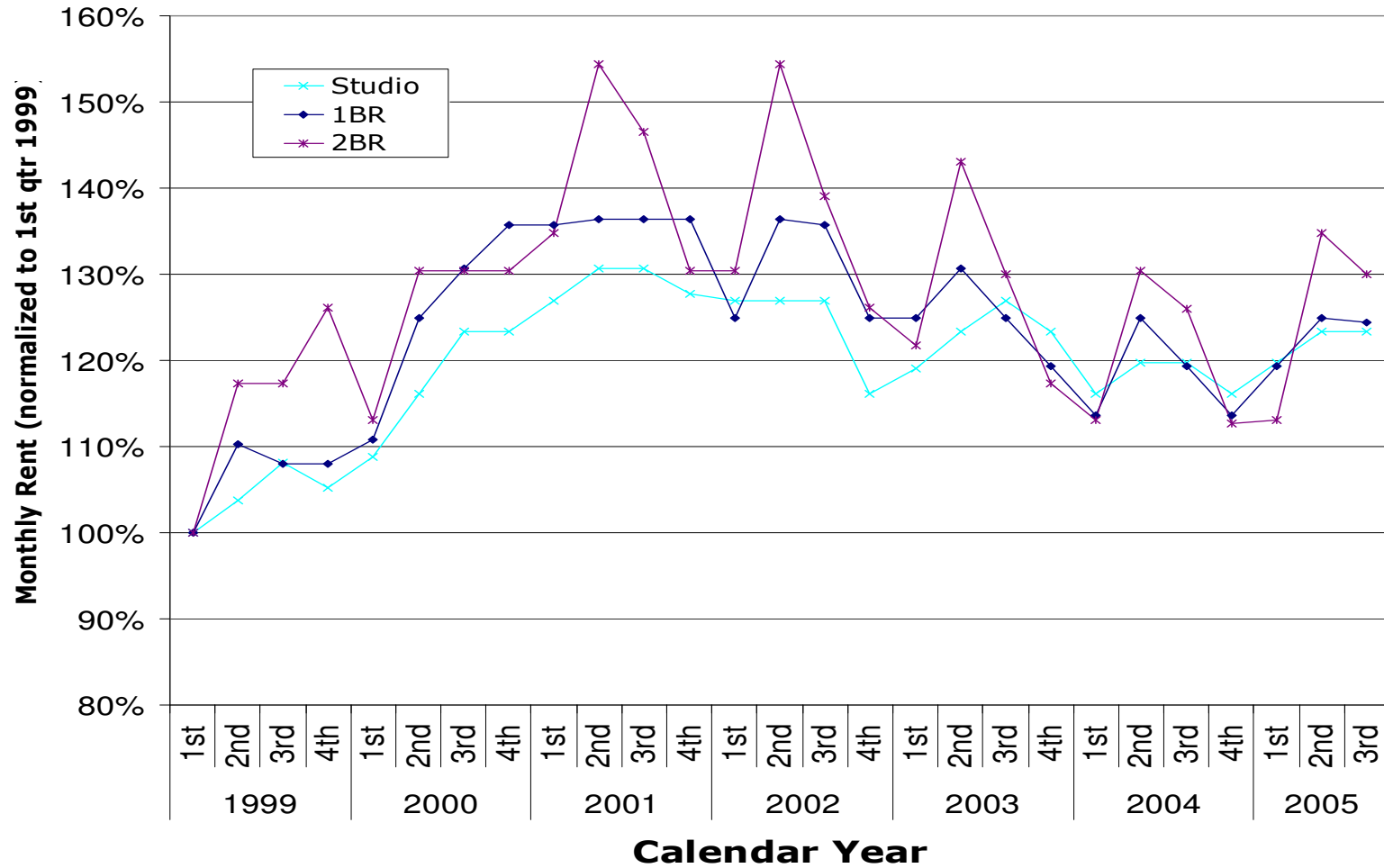


# Rental Price Data

- There is a strong increase in rents in 1999 and 2000 due to vacancy decontrol and a strong economy.
- After peaking in 2001, rents have decreased somewhat and show signs of leveling off in 2005.
- The price data show a modest seasonal dependence. For example, rents for two bedrooms are highest at the beginning of the academic year and slowly decrease during the year.

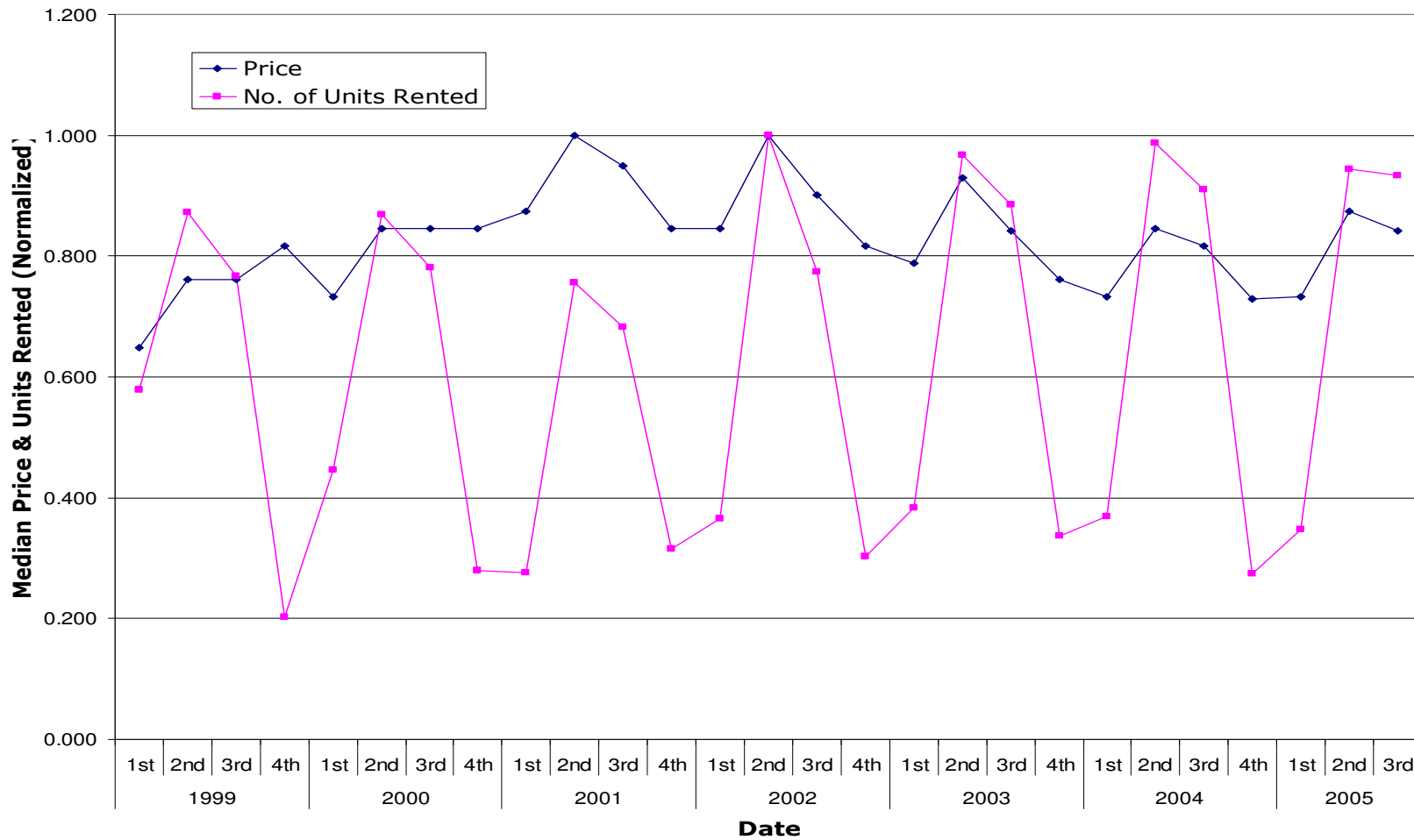
# New Tenancies - Rent Board

Data Source: Rent Board



# 2Br - Rent Board (New Rentals)

Data Source: Berkeley Rent Board

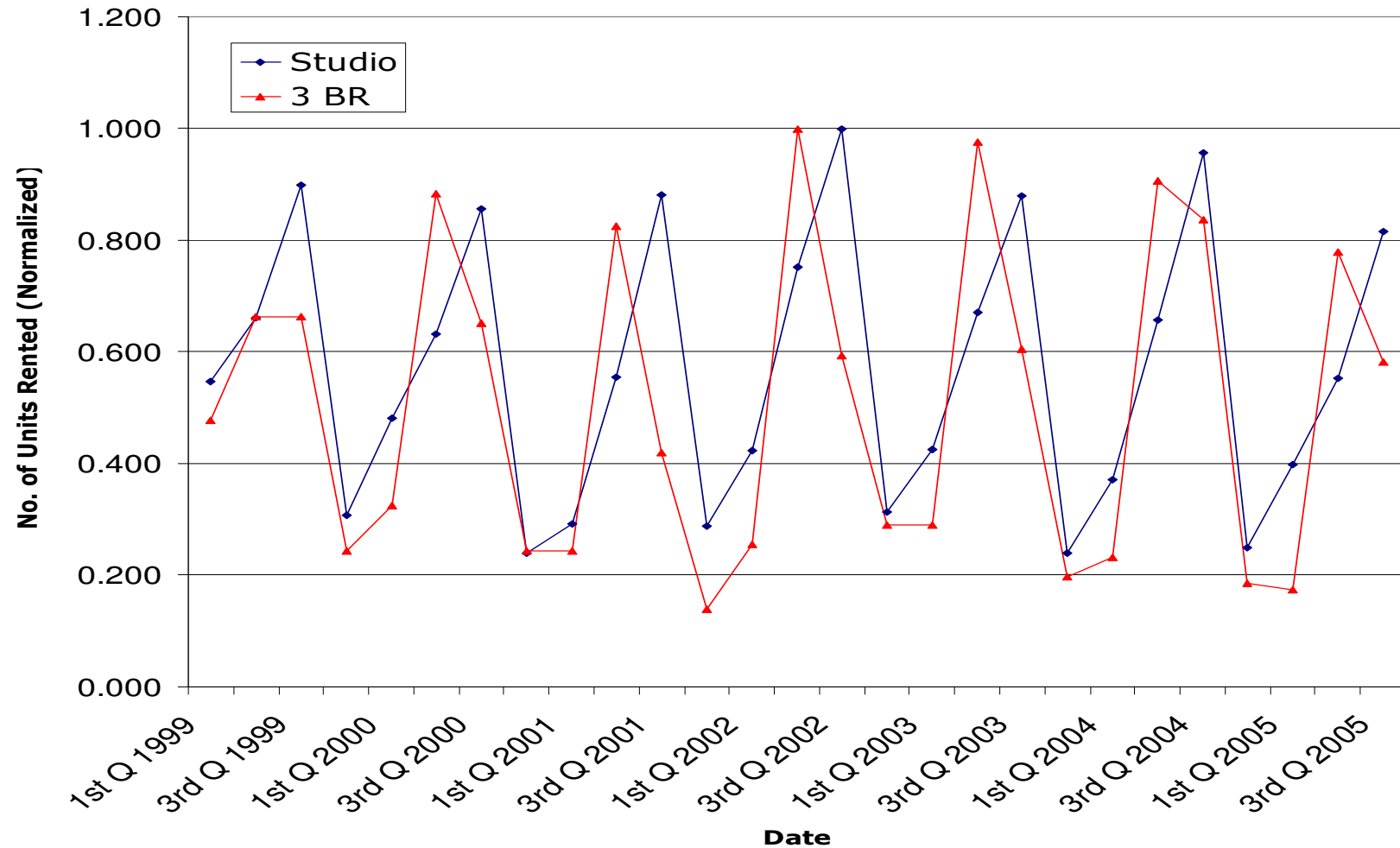


# Normalized Price and Demand Data

- The price for rental units peaks when there is the greatest demand.
- The larger units (2-3 bedrooms) tend to rent 3 months earlier than the smaller units (studios).

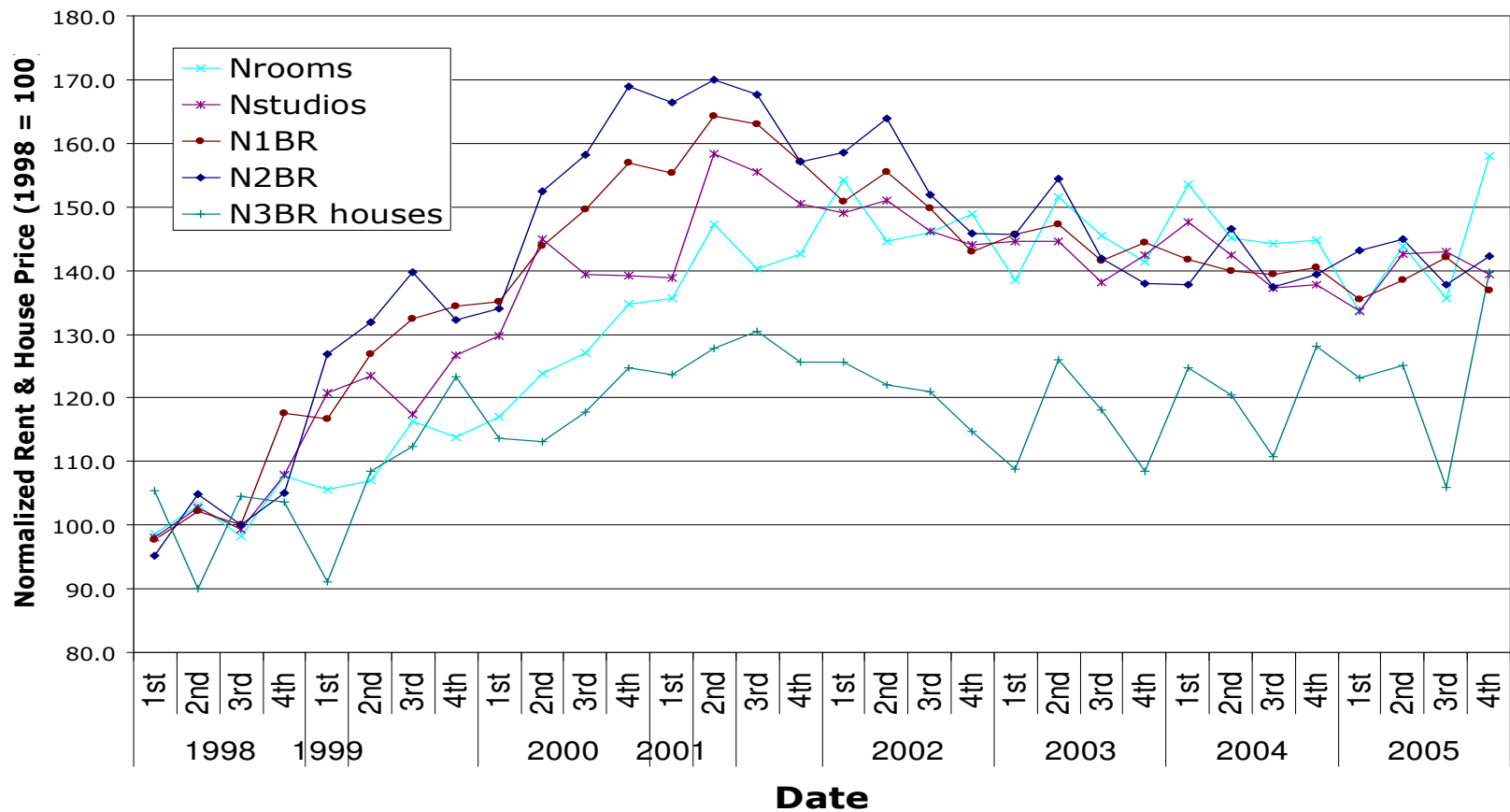
# Studios & 3BR - Rent Board - New Listings

Data Source: Berkeley Rent Board



# Quarterly Cal Rentals + Houses

Data Source: CAL Rentals



- Similar to the Rent Board data, the Cal Rental data show rent rising strongly in 1998-2001, followed by a modest decline and a leveling off in the last 3 years.
- In contrast, housing prices continue to rise monotonically.

# Comparison of Berkeley Rental & Housing Markets

**Data Source: Berkeley Realtors and Berkeley Rent Board**

