HOUSING DEMAND

Description of Indicator

The Housing Demand Indicator measures how much new housing is being constructed (housing starts, permits) relative to new jobs being provided by the economy in Orange County.

Why is it Important?

A balance must exist between the number of jobs in an economy and the number of housing units. Provisions for housing workers should not fall behind Orange County's ability to create jobs. When an economy is growing, new housing must be created to handle the additional workers employed. The inability to meet housing demand has the potential to make housing unaffordable to workers by:

- driving up housing prices and apartment rents, already at record levels
- making it more difficult for employers to attract and retain workers
- forcing more employees to make longer commutes

How is Orange County Doing?

Demand for housing in Orange County was more than twice the national average, with more than four new jobs created for every housing permit issued. Ranked 5th among metro areas in the U.S., Orange County trails only Los Angeles, New York, San Francisco, and Bergen/Passaic, New Jersey. Most similar regions have much lower Housing Demand Indexes.

New Housing Starts vs. Job Gains

	98-99 Job Growth	98-99 Housing Pemits	Demand Index	Rank among 110 largest Metro Areas
Orange County	48,100	10,901	4.41	5
Santa Clara County	3,000	6,986	0.43	101
San Francisco	28,800	5,371	5.36	3
San Diego	33,200	13,176	2.52	24
Los Angeles	77,300	12,224	6.32	1
Boston	30,200	7,725	3.91	9
Minneapolis	56,800	21,716	2.62	21
Seattle	27,100	21,737	1.25	80
Austin	25,500	17,636	1.45	67
Atlanta	66,400	58,809	1.13	85
Phoenix	55,500	49,765	1.12	86
Research Triangle	37,200	19,815	1.88	46
Inland Empire	40,000	18,744	2.13	32
California	398,800	129,360	3.08	3rd among 50 states
U.S.	2,801,400	1,648,141	1.7	

Source: The Meyers Group