

California Again Sees Decrease in Housing Production in August, CBIA Announces

CIRB Revises Forecast Downward to 70,000 Units

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Note to editors: A table listing housing starts by type and by metro area is available on the CBIA Web site.

SACRAMENTO – California homebuilders continued to cut back on new-home production in August while trying to sell off existing inventory in a housing market that’s still adjusting, leading analysts to further reduce homebuilding projections, the California Building Industry Association reported today.

According to statistics compiled by the Construction Industry Research Board, 4,484 permits were pulled throughout California, down 61 percent when compared to the same month a year ago and down 21 percent from July. Single-family permits totaled 2,241, down 58 percent from August 2007 and down 28 percent from July, while multifamily permits totaled 2,243, down 63 percent when compared to August 2007 and down 13 percent from the previous month.

During the first eight months of 2008, permits were pulled for 46,874 units, down 45 percent from the same period last year when 85,422 permits had been issued. Single-family permits were down 54 percent while multifamily permits dropped 30 percent.

CBIA Chief Economist Alan Nevin noted the decrease in single-family home production.

“We have been taken aback by the dramatic cutback in single-family home production in California,” Nevin said. “The Riverside/San Bernardino area has produced only 4,485 single-family units in the first eight months of the year, compared to 31,587 units in the

first eight months of 2005. Most metropolitan areas have seen their single-family permit activity decline by half in the past year, with little indication of improvement in the last third of the year.”

Nevin said the decline in multifamily units has been less severe, off 30 percent in the first eight months of the year compared to the first eight months of 2007.

“Virtually every metropolitan area in the state, save San Francisco, experienced declines in the multifamily sector during the first eight months of the year compared to last year,” Nevin said. “In essence, the industry has come to a standstill with minimal indication of improvement during the balance of the year.”

CIRB is now projecting a total of 70,000 units for 2008, down from the 75,000 units projected last month, with only 74,000 units projected for 2009.

Robert Rivinius, CBIA’s President and CEO, said that with the amount of unsold homes on the market, builders are only going to build what they know will sell.

“Builders are finding it increasingly difficult to compete with the number of unsold homes currently on the market,” Rivinius said. “There are those buyers that want the benefit of purchasing a new home and everything that comes with it, but until the inventory of existing homes is largely sold off, builders will have no choice but to continue to cut back on production.”

Rivinius also noted that building only 70,000 units this year and 74,000 units in 2009 could lead to increased prices once the market turns around.

“When the inventory of foreclosed and unsold homes has been absorbed, California could face a shortage of new homes to buy, possibly leading to increased prices due to normal supply and demand,” Rivinius said. “Now is a good time to look at ways to ease regulations, reduce impact fees, and streamline the entitlement process so that builders will be able to build homes faster and we might be able to save some of the affordability gains we’ve seen this past year.”

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The California Building Industry Association is a statewide trade association representing thousands of homebuilders, remodelers, subcontractors, architects, engineers, designers, and other industry professionals. More information is available on the Association's Web site, www.cbia.org.

The Construction Industry Research Board (CIRB) is a nonprofit research center established in 1974 to provide statistical information on the California building and construction industry. More information is available on the CIRB Web site, www.cirbdata.com.

**NEW HOUSING UNITS IN BUILDING PERMITS ISSUED
CALIFORNIA METROPOLITAN AREAS**

Aug-08

Table 1

SINGLE-FAMILY

METROPOLITAN AREAS	Jul '07	Aug '07	Jul '08	Aug '08	% CHANGE 8/08 over 7/08%	% CHANGE 8/08 over 8/07	8 mos 2007	8 mos 2008	%CHANGE 2007-08
BAKERSFIELD	322	387	158	131	-17.1%	-66.1%	2,991	1,274	-57.4%
CHICO	55	57	38	46	21.1%	-19.3%	524	360	-31.3%
EL CENTRO	56	14	9	6	-33.3%	-57.1%	526	172	-67.3%
FRESNO	374	304	138	92	-33.3%	-69.7%	2,982	1,857	-37.7%
HANFORD-CORCORAN	34	62	29	13	-55.2%	-79.0%	392	175	-55.4%
L.A.-LONG BEACH-GLENDALE	641	604	271	252	-7.0%	-58.3%	5,736	2,636	-54.0%
MADERA	57	47	30	12	-60.0%	-74.5%	405	181	-55.3%
MERCED	72	39	6	3	-50.0%	-92.3%	585	211	-63.9%
MODESTO	124	83	37	18	-51.4%	-78.3%	1,024	377	-63.2%
NAPA	12	20	36	14	-61.1%	-30.0%	173	153	-11.6%
OAKLAND-FREMONT-HAYWARD	331	288	216	115	-46.8%	-60.1%	3,028	1,251	-58.7%
OXNARD-1,000 OAKS-VENTURA	59	23	6	22	266.7%	-4.3%	572	248	-56.6%
REDDING	75	46	50	22	-56.0%	-52.2%	439	244	-44.4%
RIVERSIDE-SAN BRNARDINO-ONTARIO	1,203	1,104	670	360	-46.3%	-67.4%	13,330	4,485	-66.4%
SACTO-ARDEN/ARCADE-ROSEVILLE	566	633	364	298	-18.1%	-52.9%	5,441	2,791	-48.7%
SALINAS	71	49	15	6	-60.0%	-87.8%	385	193	-49.9%
SAN DIEGO-CRISFIELD-SAN MARCOS	276	207	198	201	1.5%	-2.9%	2,771	1,804	-34.9%
S.F.-SAN MATEO-REDWOOD CITY	76	91	37	63	70.3%	-30.8%	605	372	-38.5%
SAN JOSE-SUNNYVALE-STA CLARA	193	223	107	92	-14.0%	-58.7%	1,590	980	-38.4%
SAN LUIS OBISPO-PASO ROBLES	59	41	64	28	-56.3%	-31.7%	555	334	-39.8%
SANTA ANA-ANAHEIM-IRVINE	220	116	106	69	-34.9%	-40.5%	1,716	975	-43.2%
STA BARBARA-STA MARIA-GOLETA	52	49	16	15	-6.3%	-69.4%	338	134	-60.4%
SANTA CRUZ-WATSONVILLE	19	34	33	20	-39.4%	-41.2%	164	151	-7.9%
SANTA ROSA-PETALUMA	70	57	73	23	-68.5%	-59.6%	652	394	-39.6%
STOCKTON	176	128	92	45	-51.1%	-64.8%	1,717	576	-66.5%
VALLEJO-FAIRFIELD	139	30	33	31	-6.1%	3.3%	722	247	-65.8%
VISALIA-PORTERVILLE	138	192	108	103	-4.6%	-46.4%	1,696	1,002	-40.9%
YUBA CITY-MARYSVILLE	94	122	19	8	-57.9%	-93.4%	833	134	-83.9%
NON-METRO AREA TOTALS	299	294	145	133	-8.3%	-54.8%	2,128	1,093	-48.6%
STATE TOTALS	5,863	5,344	3,104	2,241	-27.8%	-58.1%	54,020	24,804	-54.1%

**Table 2
MULTI-FAMILY**

METROPOLITAN AREAS	Jul '07	Aug '07	Jul '08	Aug '08	% CHANGE 8/08 over 7/08	% CHANGE 8/08 over 8/07	8 mos 2007	8 mos 2008	%CHANGE 2007-08
BAKERSFIELD	32	194	52	4	-92.3%	-97.9%	794	625	-21.3%
CHICO	9	18	17	0	-100.0%	-100.0%	132	47	-64.4%
EL CENTRO	45	3	0	0	#DIV/0!	-100.0%	186	172	-7.5%
FRESNO	95	146	6	0	-100.0%	-100.0%	818	182	-77.8%
HANFORD-CORCORAN	4	0	0	0	#DIV/0!	#DIV/0!	80	8	-90.0%
L.A.-LONG BEACH-GLENDALE	863	1,220	805	833	3.5%	-31.7%	9,052	6,648	-26.6%
MADERA	0	4	0	0	#DIV/0!	-100.0%	20	0	---
MERCED	2	0	0	0	#DIV/0!	#DIV/0!	8	105	+++
MODESTO	8	42	3	0	-100.0%	-100.0%	314	19	-93.9%
NAPA	0	0	0	0	#DIV/0!	#DIV/0!	2	4	100.0%
OAKLAND-FREMONT-HAYWARD	241	480	123	325	164.2%	-32.3%	1,734	1,325	-23.6%
OXNARD-1,000 OAKS-VENTURA	146	38	14	0	-100.0%	-100.0%	841	438	-47.9%
REDDING	29	10	0	0	#DIV/0!	-100.0%	54	8	-85.2%
RIVERSIDE-SAN BRNARDINO-ONTARIO	451	1,293	157	125	-20.4%	-90.3%	3,565	2,417	-32.2%
SACTO-ARDEN/ARCADE-ROSEVILLE	159	69	54	49	-9.3%	-29.0%	1,106	1,092	-1.3%
SALINAS	4	0	2	65	3150.0%	#DIV/0!	290	156	-46.2%
SAN DIEGO-CRISPBAD-SAN MARCOS	509	244	239	471	97.1%	93.0%	2,789	2,457	-11.9%
S.F.-SAN MATEO-REDWOOD CITY	455	385	521	155	-70.2%	-59.7%	2,202	2,567	16.6%
SAN JOSE-SUNNYVALE-STA CLARA	231	415	71	193	171.8%	-53.5%	2,137	1,199	-43.9%
SAN LUIS OBISPO-PASO ROBLES	10	9	10	5	-50.0%	-44.4%	217	149	-31.3%
SANTA ANA-ANAHEIM-IRVINE	10	1,186	24	5	-79.2%	-99.6%	3,464	1,441	-58.4%
STA BARBARA-STA MARIA-GOLETA	2	11	200	3	-98.5%	-72.7%	201	267	32.8%
SANTA CRUZ-WATSONVILLE	0	44	18	0	-100.0%	-100.0%	130	35	-73.1%
SANTA ROSA-PETALUMA	85	38	10	6	-40.0%	-84.2%	430	33	-92.3%
STOCKTON	30	4	0	0	#DIV/0!	-100.0%	83	54	-34.9%
VALLEJO-FAIRFIELD	4	0	228	0	-100.0%	#DIV/0!	82	232	182.9%
VISALIA-PORTERVILLE	96	34	4	0	-100.0%	-100.0%	293	186	-36.5%
YUBA CITY-MARYSVILLE	24	0	2	0	-100.0%	#DIV/0!	100	62	-38.0%
NON-METRO AREA TOTALS	11	119	2	4	100.0%	-96.6%	278	142	-48.9%
STATE TOTALS	3,555	6,006	2,562	2,243	-12.5%	-62.7%	31,402	22,070	-29.7%

**Table 3
TOTAL**

METROPOLITAN AREAS	Jul '07	Aug '07	Jul '08	Aug '08	% CHANGE 8/08 over 7/08	% CHANGE 8/08 over 8/07	8 mos 2007	8 mos 2008	%CHANGE 2007-08
BAKERSFIELD	354	581	210	135	-35.7%	-76.8%	3,785	1,899	-49.8%
CHICO	64	75	55	46	-16.4%	-38.7%	656	407	-38.0%
EL CENTRO	101	17	9	6	-33.3%	-64.7%	712	344	-51.7%
FRESNO	469	450	144	92	-36.1%	-79.6%	3,800	2,039	-46.3%
HANFORD-CORCORAN	38	62	29	13	-55.2%	-79.0%	472	183	-61.2%
L.A.-LONG BEACH-GLENDALE	1,504	1,824	1,076	1,085	0.8%	-40.5%	14,788	9,284	-37.2%
MADERA	57	51	30	12	-60.0%	-76.5%	425	181	-57.4%
MERCED	74	39	6	3	-50.0%	-92.3%	593	316	-46.7%
MODESTO	132	125	40	18	-55.0%	-85.6%	1,338	396	-70.4%
NAPA	12	20	36	14	-61.1%	-30.0%	175	157	-10.3%
OAKLAND-FREMONT-HAYWARD	572	768	339	440	29.8%	-42.7%	4,762	2,576	-45.9%
OXNARD-1,000 OAKS-VENTURA	205	61	20	22	10.0%	-63.9%	1,413	686	-51.5%
REDDING	104	56	50	22	-56.0%	-60.7%	493	252	-48.9%
RIVERSIDE-SAN BRNARDINO-ONTARIO	1,654	2,397	827	485	-41.4%	-79.8%	16,895	6,902	-59.1%
SACTO-ARDEN/ARCADE-ROSEVILLE	725	702	418	347	-17.0%	-50.6%	6,547	3,883	-40.7%
SALINAS	75	49	17	71	317.6%	44.9%	675	349	-48.3%
SAN DIEGO-CRISFIELD-SAN MARCOS	785	451	437	672	53.8%	49.0%	5,560	4,261	-23.4%
S.F.-SAN MATEO-REDWOOD CITY	531	476	558	218	-60.9%	-54.2%	2,807	2,939	4.7%
SAN JOSE-SUNNYVALE-STA CLARA	424	638	178	285	60.1%	-55.3%	3,727	2,179	-41.5%
SAN LUIS OBISPO-PASO ROBLES	69	50	74	33	-55.4%	-34.0%	772	483	-37.4%
SANTA ANA-ANAHEIM-IRVINE	230	1,302	130	74	-43.1%	-94.3%	5,180	2,416	-53.4%
STA BARBARA-STA MARIA-GOLETA	54	60	216	18	-91.7%	-70.0%	539	401	-25.6%
SANTA CRUZ-WATSONVILLE	19	78	51	20	-60.8%	-74.4%	294	186	-36.7%
SANTA ROSA-PETALUMA	155	95	83	29	-65.1%	-69.5%	1,082	427	-60.5%
STOCKTON	206	132	92	45	-51.1%	-65.9%	1,800	630	-65.0%
VALLEJO-FAIRFIELD	143	30	261	31	-88.1%	3.3%	804	479	-40.4%
VISALIA-PORTERVILLE	234	226	112	103	-8.0%	-54.4%	1,989	1,188	-40.3%
YUBA CITY-MARYSVILLE	118	122	21	8	-61.9%	-93.4%	933	196	-79.0%
NON-METRO AREA TOTALS	310	413	147	137	-6.8%	-66.8%	2,406	1,235	-48.7%
STATE TOTALS	9,418	11,350	5,666	4,484	-20.9%	-60.5%	85,422	46,874	-45.1%

Source: Construction Industry Research Board
Rev. September 2008

Metropolitan Statistical Areas (MSA or PMSA)

Bakersfield
Chico
El Centro
Fresno
Hanford-Corcoran
L.A.-Long Beach-Glendale
Madera
Merced
Modesto
Napa
Oakland-Fremont-Hayward
Oxnard-Thousand Oaks-Ventura
Redding
Riverside-San Bernardino-Ontario
Sacramento-Arden/Arcade-Roseville
Salinas
San Diego-Carlsbad-San Marcos
San Francisco-San Mateo-Redwood City
San Jose-Sunnyvale-Santa Clara
San Luis Obispo-Paso Robles
Santa Ana-Anaheim-Irvine
Santa Barbara-Santa Maria-Goleta
Santa Cruz-Watsonville
Santa Rosa-Petaluma
Stockton
Vallejo-Fairfield
Visalia-Porterville
Yuba City-Marysville

Constituent Counties

Kern
Butte
Imperial
Fresno and Madera
Kings
Los Angeles
Madera
Merced
Stanislaus
Napa
Alameda and Contra Costa
Ventura
Shasta
Riverside and San Bernardino
El Dorado, Placer, Sacramento, and Yolo
Monterey
San Diego
Marin, San Francisco, and San Mateo
Santa Clara and San Benito
San Luis Obispo
Orange
Santa Barbara
Santa Cruz
Sonoma
San Joaquin
Solano
Tulare
Sutter and Yuba