

The Bay Area's housing affordability crisis

May 29, 2024

Eric McGhee

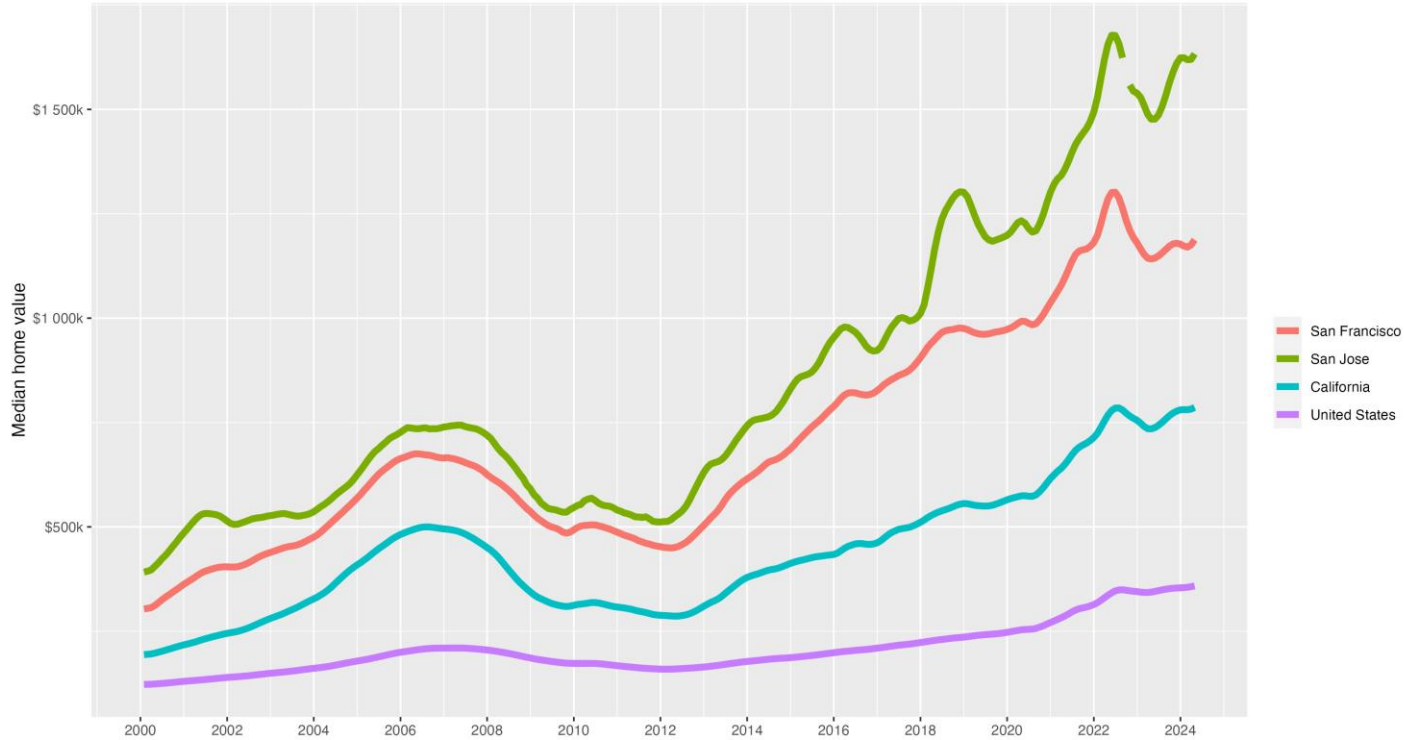


PPIC

PUBLIC POLICY
INSTITUTE OF CALIFORNIA

Bay Area home prices have exploded

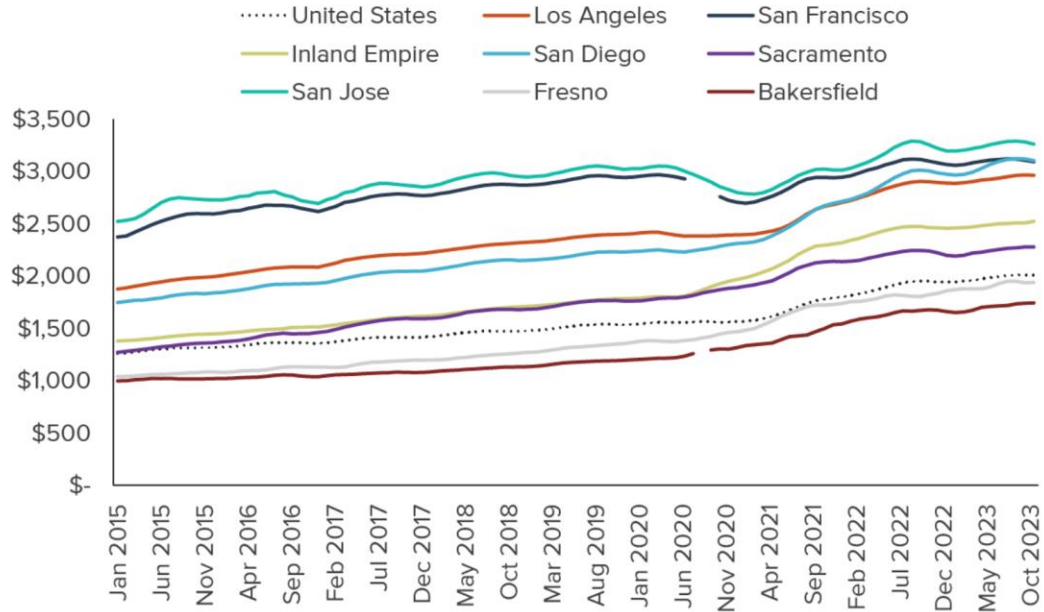
Bay Area prices vs. California and the nation



Source: Zillow housing data, <https://www.zillow.com/research/data/>

Rents continue to increase across the state

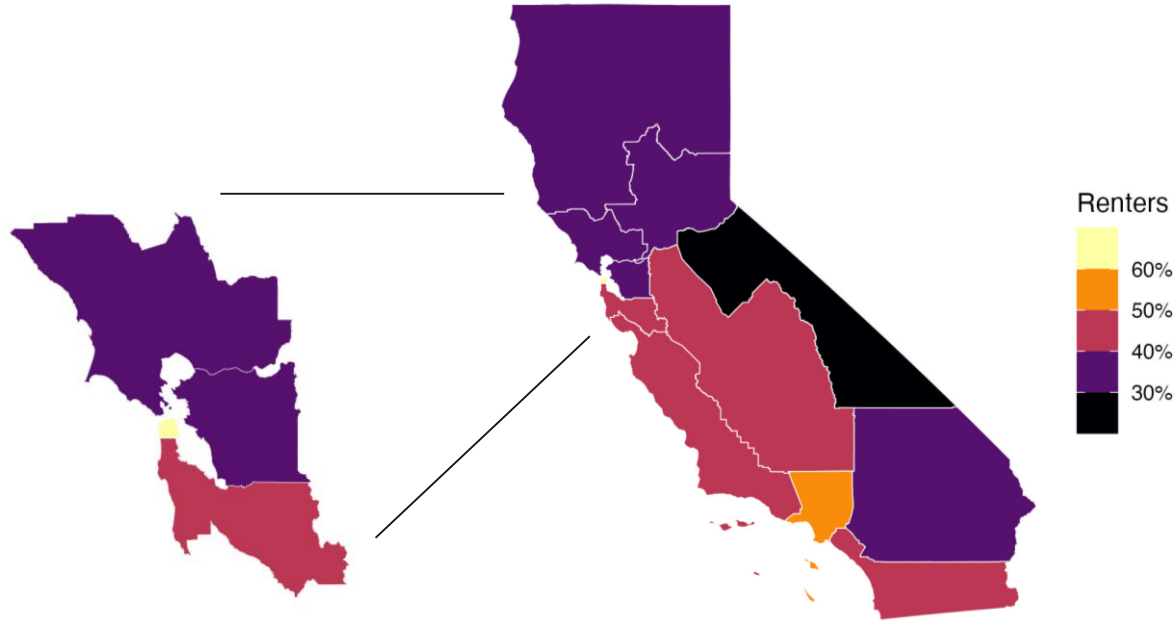
Median rents in California's largest metropolitan areas, (nominal dollars)



SOURCE: PPIC based on Zillow's estimates for average market rent in large metropolitan areas.
FROM: PPIC Blog, December 2023.

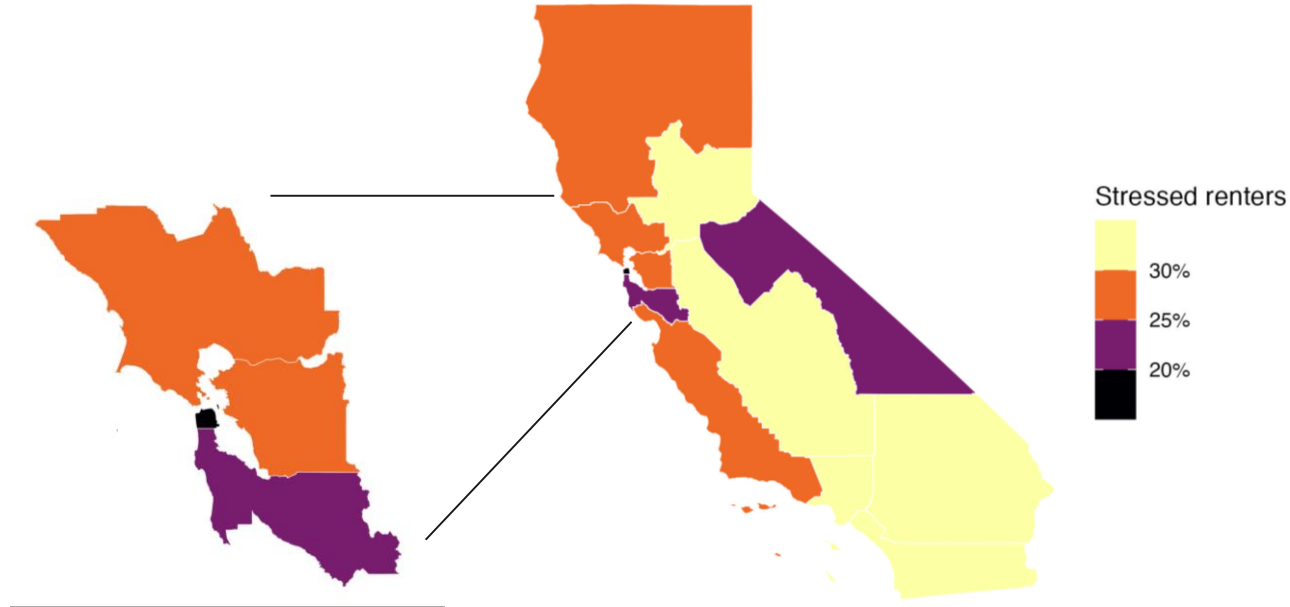
San Francisco and LA have the most renters

Renters as a share of all households

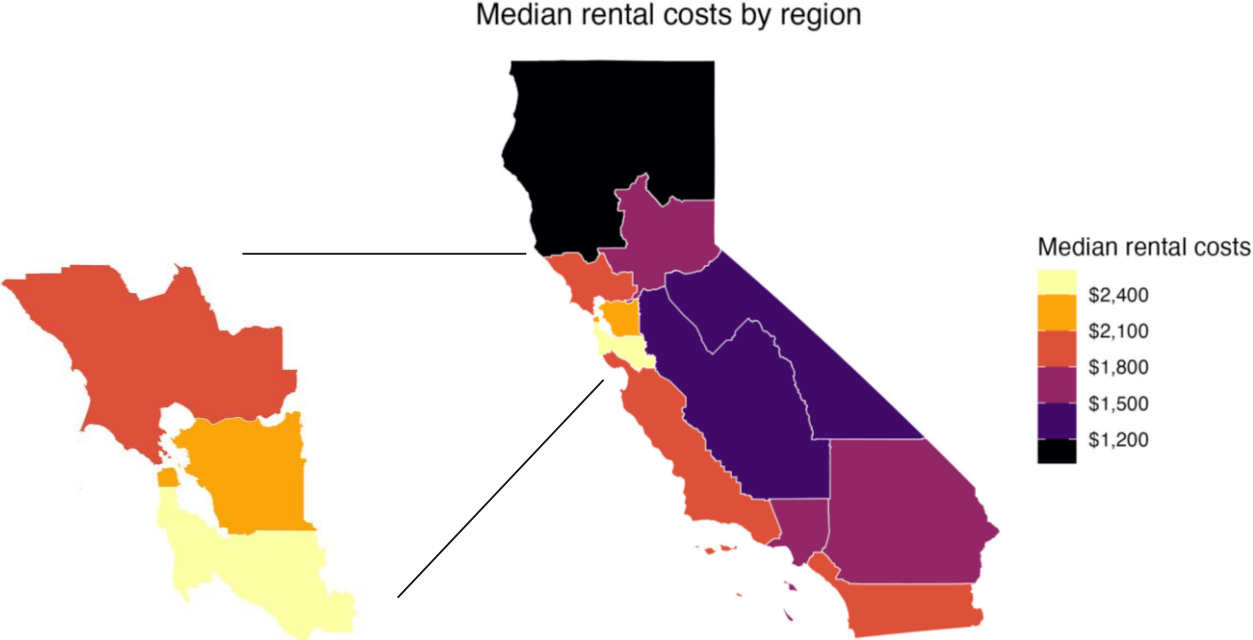


Bay Area has the lowest rates of renter stress

Renters spending more than half their income on rent

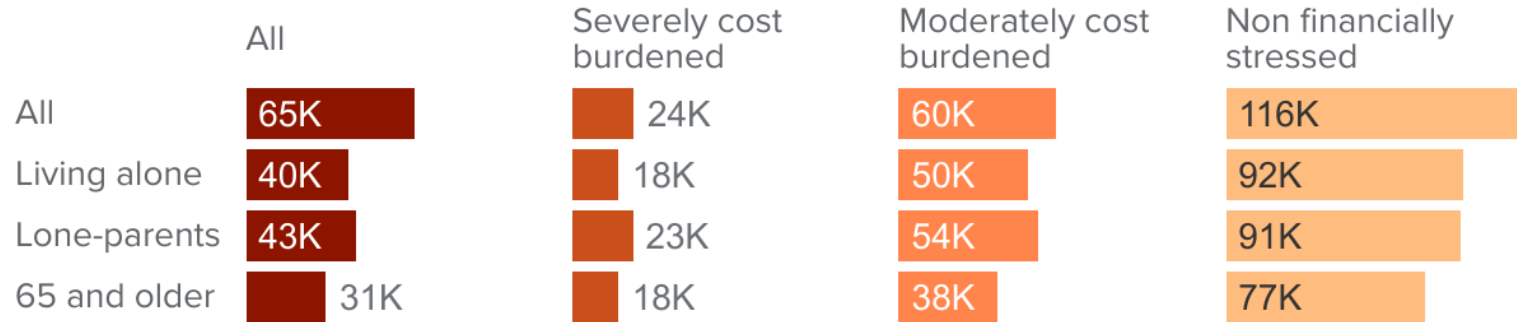


Renter stress often higher where rents are lower



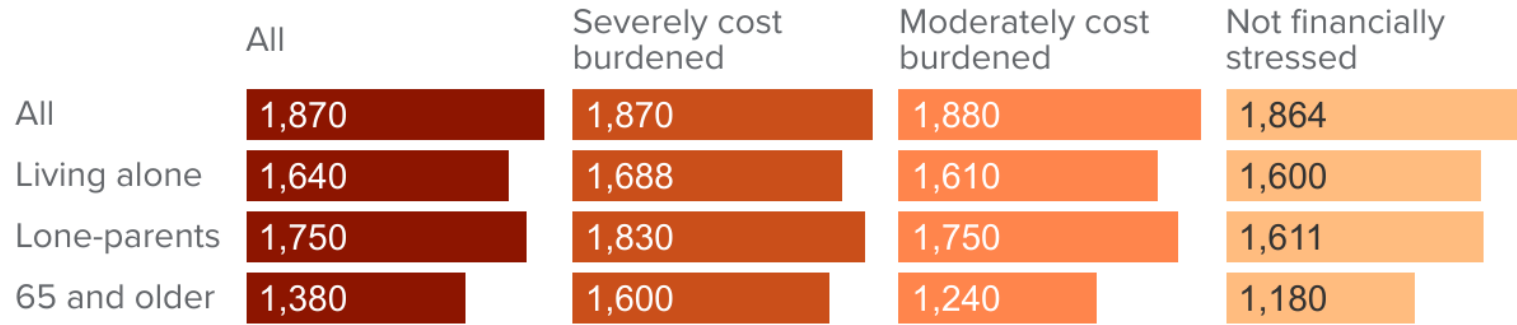
Renter stress is more about income...

Median household income of renters, \$



...than about rents

Median monthly gross rent, \$



Housing stress is about *options*

- How to address stress?
 - Cheaper place in same community
 - Share costs with others
 - Cheaper place in different community
- Higher-income stressed have all three options
- Lower-income stressed have only the second two options, if any

People are leaving the Bay Area...

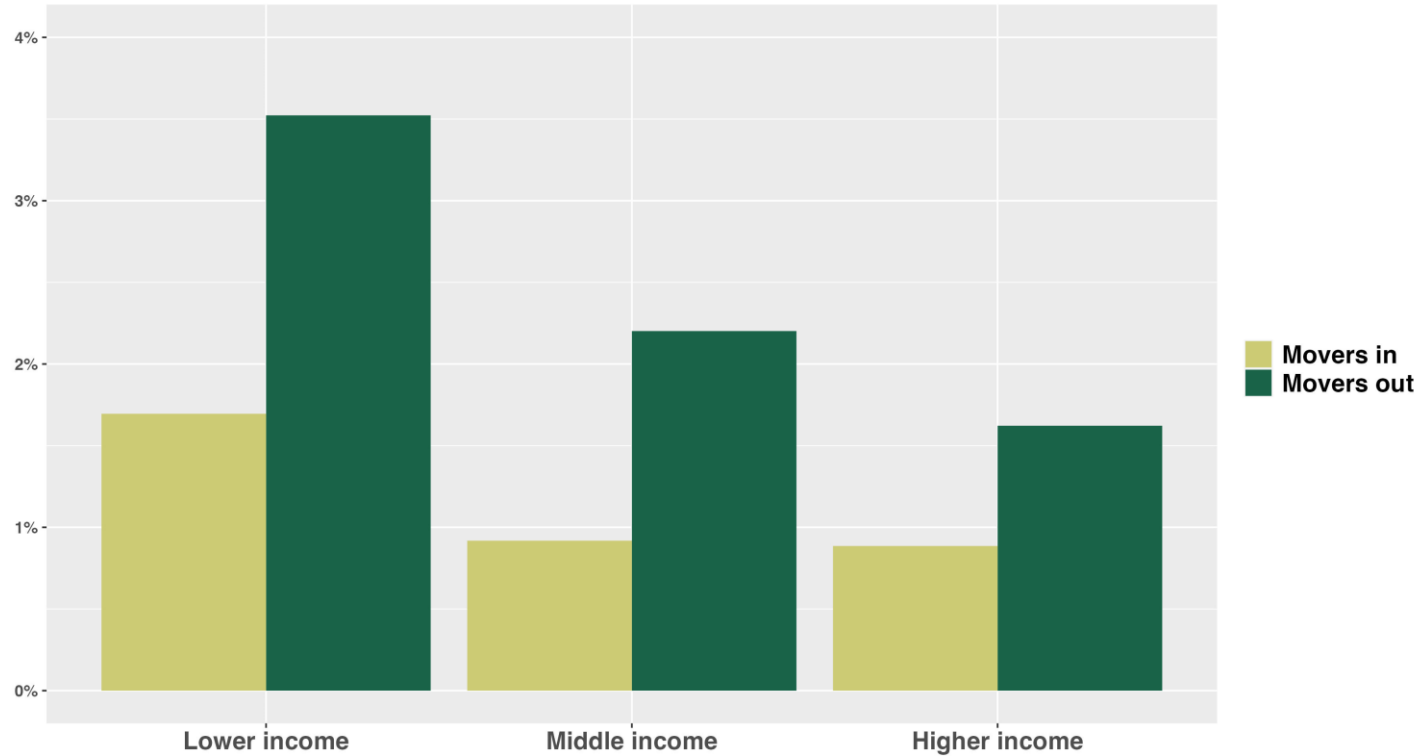
Bay Area migration flows, 2021-2022



Source: IPUMS USA, University of Minnesota, www.ipums.org

...especially at lower income levels

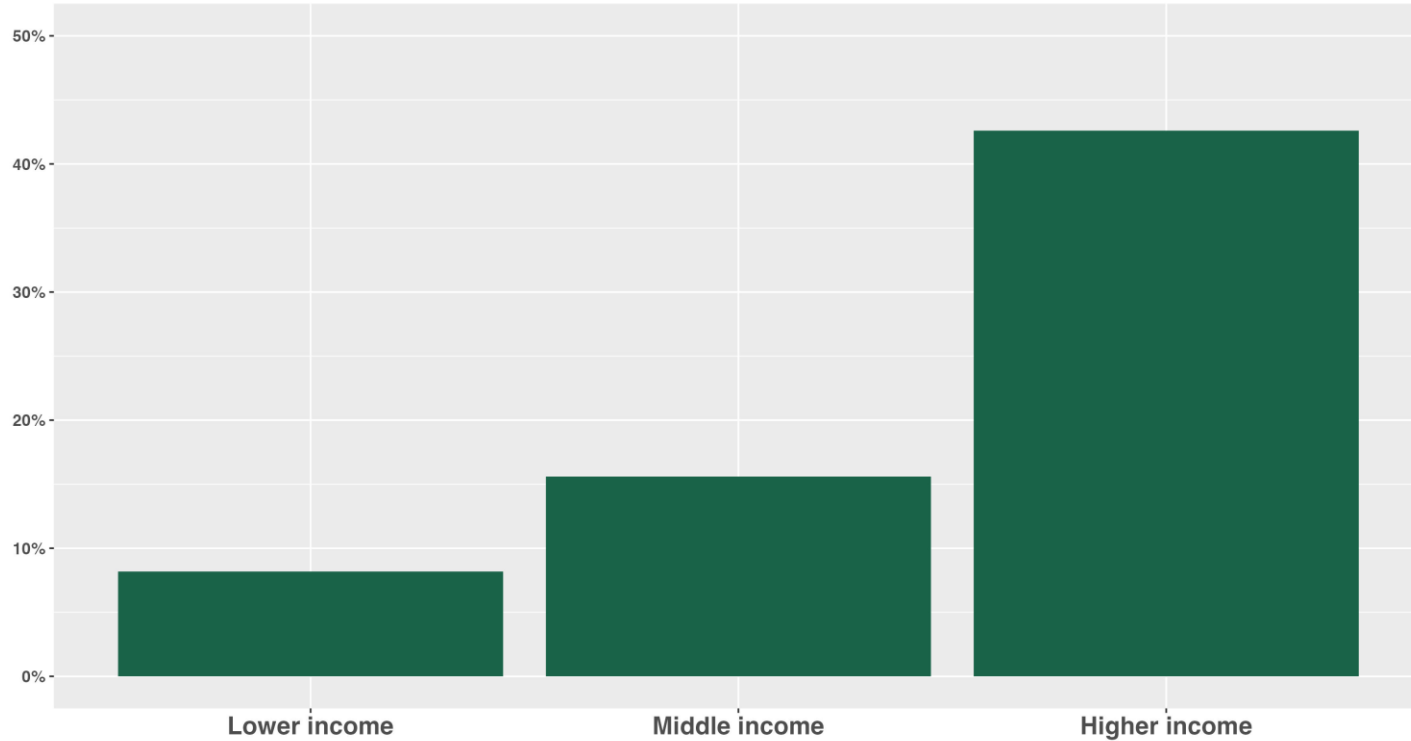
Bay Area migration rates by income, 2021-2022



Source: IPUMS USA, University of Minnesota, www.ipums.org

Higher-income leavers often work remotely...

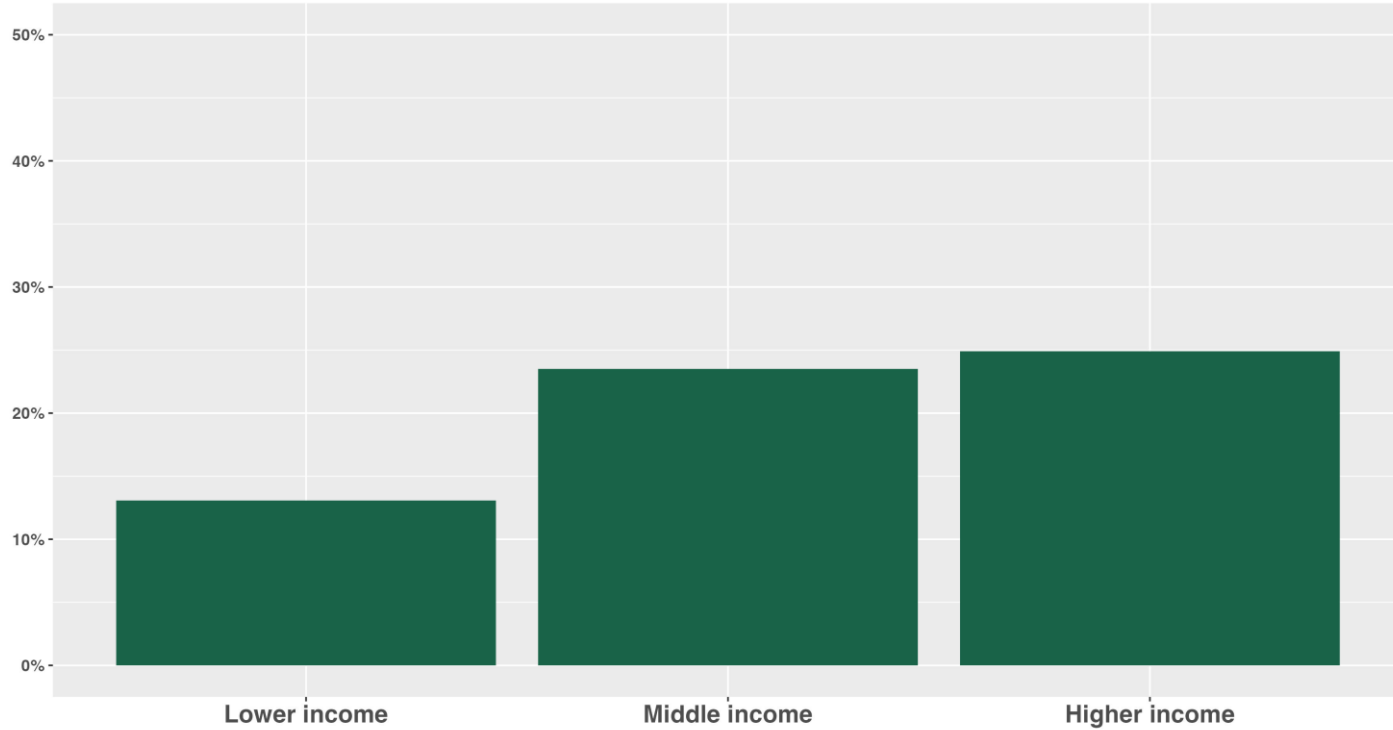
Share of recent Bay Area departures who work from home, 2021-2022



Source: IPUMS USA, University of Minnesota, www.ipums.org
Note: Analysis limited to those ages 18-65.

...or commute back to the Bay Area

Share of recent Bay Area departures who commute back, 2021-2022



Source: IPUMS USA, University of Minnesota, www.ipums.org
Note: Analysis limited to those ages 18-65 working outside the home in the last week.

The Bay Area exodus

- Bay Area housing is extraordinarily expensive
- The costs *exclude* as much as they *pressure*
 - Many suffer through the cost
 - Many others leave permanently, or leave and come back for work

Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

Eric McGhee (mcghee@ppic.org)

Thank you for your interest in this work.