

# Kern County

Below are excerpts from our commercial appraisal reports. Our typical analysis, although not presented, includes relevant commercial and residential construction activities for the market area. This is supplemented with market reports for the specific property type, verified localized data within the competitive trade area, as well as market participant surveys.

## Population/Demographic Characteristics

As of 2008, Kern County population totaled 821,771, increasing annually by 20,016 persons or 3.03% per year since 2000. The population of Kern County is expected to grow to nearly 939,910 residents by 2013, representing an increase of 14.38% over the 2008 figure according to ERSI. Kern County has 251,091 households with an average household size of 3.13 persons per dwelling. The County's average per capita income is \$18,865 with a median household income of \$44,568; its socio-economic characteristics are notably less affluent than the State of California as 55.4% of the households have income levels below \$50,000 and a small percentage of 4.5% of the households with income levels in excess of \$150,000. Income distribution is presented in the following table:

<b>HOUSEHOLD INCOME DISTRIBUTION</b>		
Income Level	California	Kern County
Less than \$25,000	18.5%	27.9%
\$25,000-50,000	22.2%	27.5%
\$50,000-100,000	33.3%	31.8%
\$100,000-150,000	13.8%	8.3%
Above \$150,000	12.3%	4.5%
Total	100%	100%

Source: ERSI Business Information Systems

## Housing

According to the California Department of Finance, there were a total of 276,602 housing units in Kern County as of January 1, 2008, up 45,035 units since 2000 which is an annual increase of 2.43%. Single-family residences represent the bulk of the housing stock with 71.65% of all units, with annual increases of 1.80% or 4,179 units since 2000. The multi-family dwellings total 48,165 units, with an annual increase of 1.90%, while mobile homes total 26,191 units, with annual changes of 1.355%. Over the same time frame, occupancy has increased 3.14% to 3.13 persons per household.

## Construction Activities

Building permit valuation in Kern County for the residential sector, which includes both single-family homes and multiple-family dwellings, began its upward trend in the mid-1990s, peaking in 2005 at \$1.27 billion with 9,450 residential units. Residential construction activity in Kern County from 2000 to 2007 totaled \$6.09 billion with single family representing 94.41% of the total permit valuation, followed by multi-family dwellings representing 5.59%. Over the same time frame, 46,894 units were added to the residential inventory with 41,364 single family dwellings and the remainder of 14,120 units developed as multi-family dwellings. In 2007, relative to the prior year, the county's residential building permit valuation declined by -43.41%, with single family dwellings declining by 42.29% with multi-family dwellings declining by 29.56%.

Non-residential construction activities in Kern County from 2000 to 2007 totaled \$1.63 billion. Most of the construction activity was related to new retail stores with 20.63% of the total permit valuation, followed by office buildings representing 15.69%. The least actives were the service station and hotel/motel sectors with 0.64% and 2.97% of the county permit valuation. In 2007, relative to the prior year, non-residential building permit valuation increased by 2.70%. Within the commercial sectors, the following changes were noted: hotel/motel sector increased by 5.73%; service station sector increased by 0.75%; office building sector increased by 22.47%; new retail store sector increased by 23.61%; industrial sector increased by 5.94%; Historical construction activities for the various commercial sectors (retail, office, industrial, hotel/motel, and service stations) are presented in the following chart.

