Housing Intelligence Report for Hemet

Homeownership, housing supply, and cost of living

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About Inland Empire Dynamic Insights

The Inland Empire is a rapidly growing metro area of over four million people and a labor force of about 2.2 million. Inland Empire Dynamic Insights (IEDI) is the source for community trends and analysis in this critical region. At IEDI, we focus on how things have changed, and what that means for your community or business. From housing and demographics to employment and commuting, we highlight recent developments in Inland Empire communities and what they mean for the broader economy. We are also experts on other quantitative data relevant to Inland Empire businesses. For pricing on data products (see end of report for sample titles), email the founder, Daniel MacDonald, PhD (daniel.p.macdonald85@gmail.com). Also, consider subscribing to our weekly newsletter at dpmacdonald.substack.com. The newsletter provides additional analysis and insights of the data presented in this and other reports from IEDI; it also provides updates on local real estate markets and other economic news for the region.

About the author

Daniel MacDonald, PhD is an economist, professor, and consultant with over a decade of experience in academic and applied research. He earned his A.B. in 2007 from Seton Hall University in South Orange, New Jersey, where he double majored in Mathematics and Economics. He earned his PhD in Economics from the University of Massachusetts in 2013. He has lived in Redlands, California since 2013. He is Associate Professor and Chair of the Economics Department at California State University San Bernardino. He teaches courses in econometrics, mathematical modeling, economic history, and the political economy of Southern California. He has published academic research in a variety of fields, including U.S. economic history, labor economics, and law and economics. In 2017, he and a coauthor authored a report on the social impacts of homeownership in California.

Note: this report is based on 1-year American Community Survey (ACS) samples from 2018, 2022, and 2023. The report does not include margins of error, which exist for all ACS estimates reported. For more recent data, or for more specific needs for your area, contact Daniel MacDonald at daniel.p.macdonald85@gmail.com.

Executive Summary

Highlights of the report are provided below.

- In 2023, 64% of housing units in Hemet were owned, which is slightly below the County average of 69.1%.
- Hemet's homeownership rate increased 3.5 percentage points in the last 5 years; this compares to just a 0.9 percentage point increase in Riverside County overall, over the same period.
- Median owner costs and rental costs in 2023 were both below average and ranked as the lowest among major cities in the County.
- Homeownership in Hemet has high returns: median home value in Hemet increased 88.2% between 2018 and 2023 (57.9% in the County overall)
- While Hemet was slow to build new housing in the 2010-2019 decade (it ranks 11 out of 12 for housing units built during that time), it is building at a faster rate in the current decade (ranks 7 out of 12 for houses built since 2020)
- Overcrowding is a sore spot in Hemet's housing market: about 10.3% of housing units have more than 1 occupant per room (excluding bathrooms), which is the 5th highest rate among major cities in the County.
- While overcrowding rates have increased, extreme overcrowding rates (units with more than 1.5 occupants per room) are low, at just 2.8% of occupied units (6th highest in the County)

Overall IEDI assessment: Hemet is an affordable Southern Riverside County city with a growing population and economy. As it absorbs this growth and seeks to attract more of it, the housing stock should increase accordingly. This will ensure adequate options for newcomers, stabilize rental costs, and continue building on progress with its homeownership rate. A healthy mix of rental and owned units is preferred, and within owned units, a healthy mix of higher-density (preferably near downtown or transit corridors) and single-family housing is preferred.

Homeownership and Housing in Hemet

Between 2018 and 2023, Hemet's housing stock increased by 18.0%. Over that same period, Hemet's homeownership rate increased by 3.5 percentage points and the median home value increased by about 88.2%.

Hemet Housing Quick Stats, 2018-2023

	2018	2023	Change
Homeownership rate	60.5%	64.0%	3.5 p.p.
Median home value	$196,700	$370,200	88.2%
Median owner costs	$1,323	$2,113	58.7%
Median rental costs	$1,138	$1,617	42.1%
Overcrowding rate	3.0%	10.3%	7.3 p.p.
Total housing units	28,544	33,674	18.0%

More housing units and homeownership are strongly correlated. The 18% increase in Hemet's housing stock has helped the city's home values increase while also putting a greater percentage of its population in owned homes; the total increase in housing units over the same period in Riverside County was about 8%. AS a result, Hemet's increase in homeownership has been higher than the County's overall – see the chart in the Appendix.

New housing stock is important. According to statistics not reported here, 4.0% of housing units in Hemet were built between 2010-2019; 1.6% were built since 2020. These statistics are both lower than Riverside County overall (8.7% and 2.7% respectively), so Hemet could be building even more new units.

The increase in owner and rental costs shown above (58.7% and 42.1% respectively) are not a major concern at the moment. Hemet is one of the most affordable of Riverside County's major cities (see next section). The increase in these costs is mostly due to higher demand. And since homeownership rates have continued to increase, the higher costs are not necessarily affecting affordability. That said, higher owner and rental costs may push price-sensitive residents out as they search for more affordable, or more stable, housing.

What is of major concern is the overcrowding rate, which has jumped 7.3 percentage points to 10.3% as of 2023. Research has shown that overcrowding is detrimental to children's educational success, as it reduces the availability of quiet space for them to complete homework, limits privacy, and can even affect sleep. Overcrowding is often an early sign of inadequate housing supply in a community.

How We Compare

How does Hemet compare with other major Riverside County cities? We took the statistics above and compared them across twelve major cities[1] to see where Hemet stands. We then calculated the change or percentage change in each statistic over the last 5 years and did another round of comparisons based on those calculations. The results are reported in the table below.

Hemet's Housing Rankings

	2023 Rank	2018-2023 Change Rank
Homeownership rate	4th lowest	4th highest increase
Median home value	Lowest	2nd highest increase
Median owner costs	Lowest	2nd highest increase
Median rental costs	2nd lowest	5th highest increase
Overcrowding rate	5th highest	Highest increase
Total housing units		4th highest increase

The main takeaways from this table are:

- Hemet has a lower-than-average homeownership rate in 2023, but it had the 4th fastest-growing homeownership rate between 2018 and 2023.
- Median home values are the lowest among major County cities but increased the 2nd fastest between 2018 and 2023.
- Owner and rental costs remain low but are increasing faster than average.
- The overcrowding rate is high, and it is increasing.
- The city had the 4th-highest percentage increase total housing units between 2018 and 2023.

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[1] Corona, Eastvale, Hemet, Indio, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Perris, Riverside (City), Temecula.

Conclusion

Hemet is an affordable and growing city. While it has experienced higher-than-average increases in owner and rental costs, and overcrowding, it is doing the right things to stay on track. Its total housing stock increased 18% in 5 years and homeownership rates have increased. Housing supply needs to continue to expand to avoid "pricing out" longer-term residents who tend to be more invested in the community, and to avoid increasing its overcrowding rate even further.

For more information

We hope this report was useful to you. The goal of Inland Empire Dynamic Insights is to give policymakers and other stakeholders the information they need to be successful, and we would love to hear from anyone about how our work can better help our clients.

Questions or concerns about this report, along with any requests, can be directed to Daniel MacDonald, PhD, at daniel.p.macdonald85@gmail.com.

Products offered include, but are not limited to:

- Demographic snapshots and trends (age, race/ethnicity)
- Commuting patterns/behavior, including work-from-home
- Trends in workforce education and the state of higher education
- Workforce trends (industry and occupation), including self-owned business/entrepreneurs
- Real estate snapshots and trends by zip code
- General business analytics queries

Fill out a survey based on this report to tell us what we did right and what we can improve on:

https://forms.gle/x1yHeZbJhisGwfdP6

Appendix

For additional charts or specific visualization requests, contact the author.

Homeownership Rates, Hemet vs. Riverside County

Chart showing homeownership rates for Hemet and Riverside County in 2018 and 2023. Y-axis: % of occupied units owned (50–75).

- 2018: Hemet 60.5, Riverside County 68.2
- 2023: Hemet 64, Riverside County 69.1

Legend: Hemet (green), Riverside County (black)

Median Home Value Growth

Bar chart showing % Change, 2018-2023 by city:

- Eastvale: 169.3
- Hemet: 88.2
- Indio: 67.4
- Menifee: 62.1
- Moreno Valley: 61.5
- Perris: 60.5
- Riverside County: 57.9
- Jurupa Valley: 55.9
- Riverside City: 55.1
- Lake Elsinore: 54.3
- Temecula: 49.7
- Murrieta: 44.2
- Corona: 39.6

Total Housing Unit Growth