

# Weekly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from *first tuesday*

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## The yield spread indicates 2013 will remain slow

The yield spread is an indicator of a recession or recovery one year forward. The yield spread is the difference between the 10-Year Treasury Note rate and the 3-Month Treasury Bill rate.

When the yield spread dips below zero (the orange line), this presages a business recession in one year, indicated by the vertical gray bars.

Today, the yield spread indicates the economy will remain weak throughout 2013. The yield spread is slightly stronger in January 2013, following a bumpy but positive upward trend since July 2012, its weakest point since the recession.

## California construction starts increase, remain low

This chart presents Single family residential (SFR) and apartment/condo construction starts in California.

2012 ended with 27,000 SFR starts, a 25% increase over 2011. Apartment/condo starts in 2012 increased 16% to 30,000 starts. For 2013, expect a modest increase in SFR starts and a strong rise in apartment/condo starts.

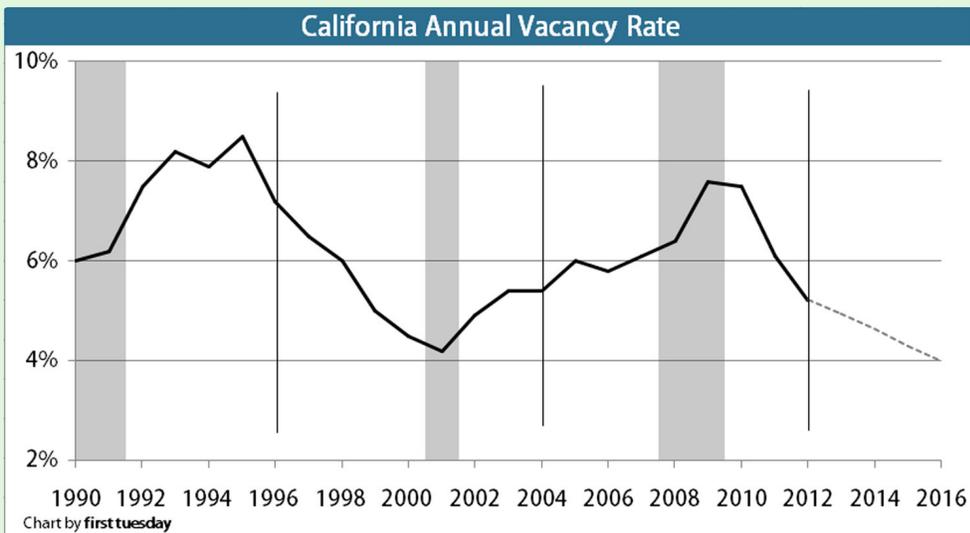
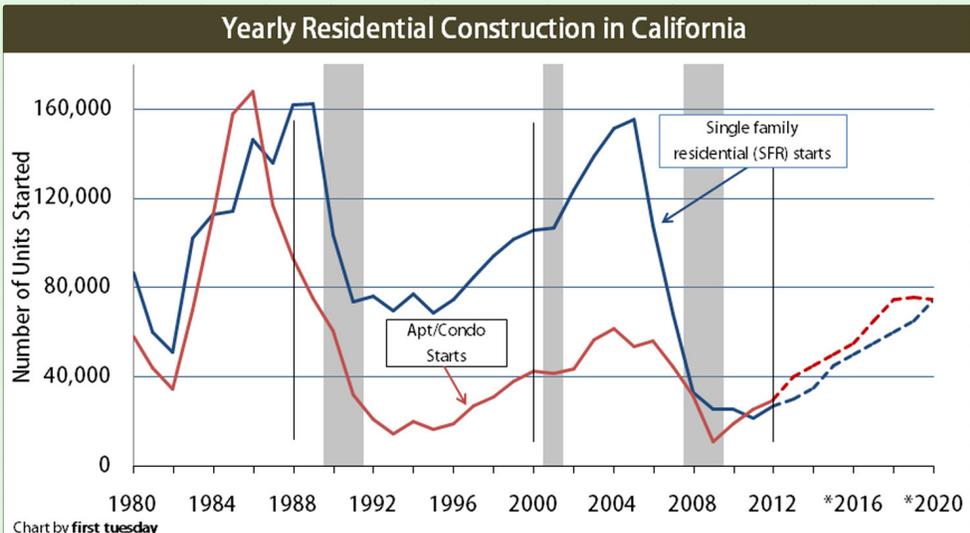
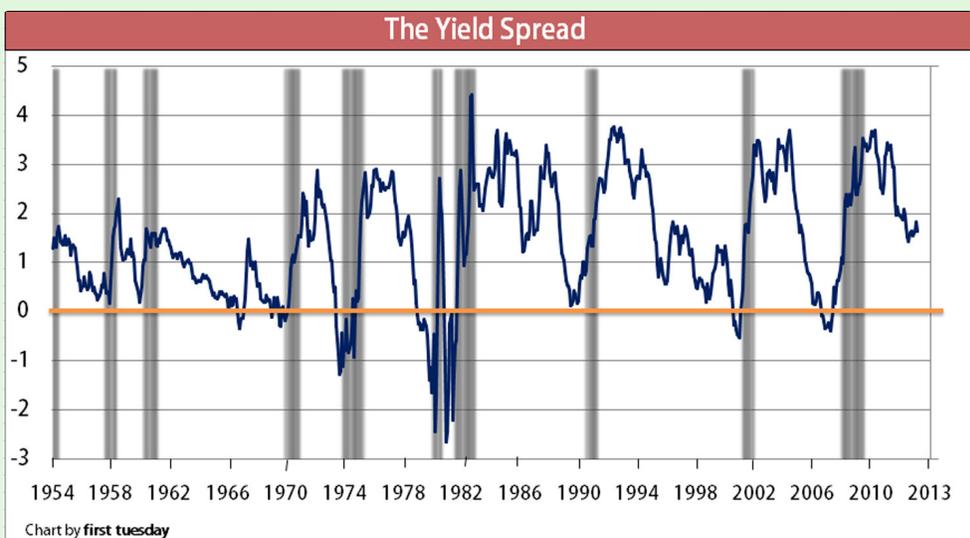
The next peak in SFR and apartment/condo starts will be modest and likely to occur during 2018-2020.

## California annual vacancy rate continues to slide

This chart shows the annual residential vacancy rate in California.

Our statewide rental vacancy rate fell to 5.4% in 4Q 2012, down from 5.9% a year earlier.

Residential rental vacancies will continue to fall until housing starts double and homeownership rates stabilize, around 2016.



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