Monthly Real Estate Statistical Update

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

March 2017 • Vol. 6 • Issue 3 • ***California homeownership rate awaits population shifts***

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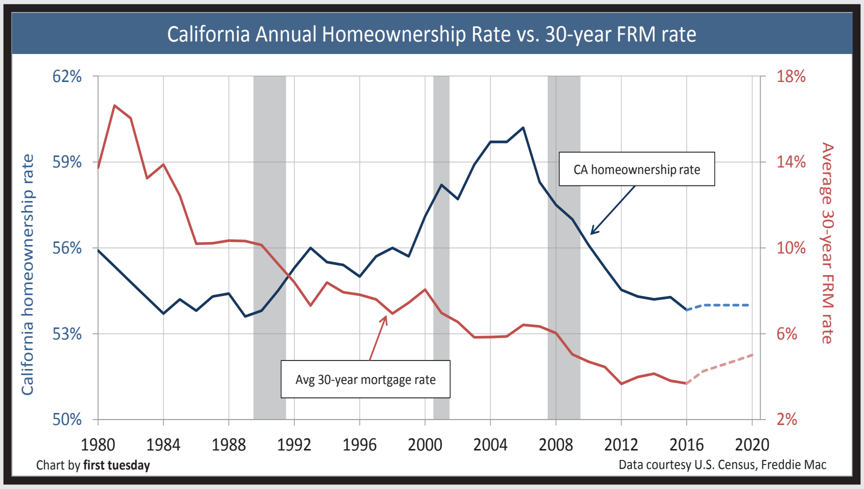
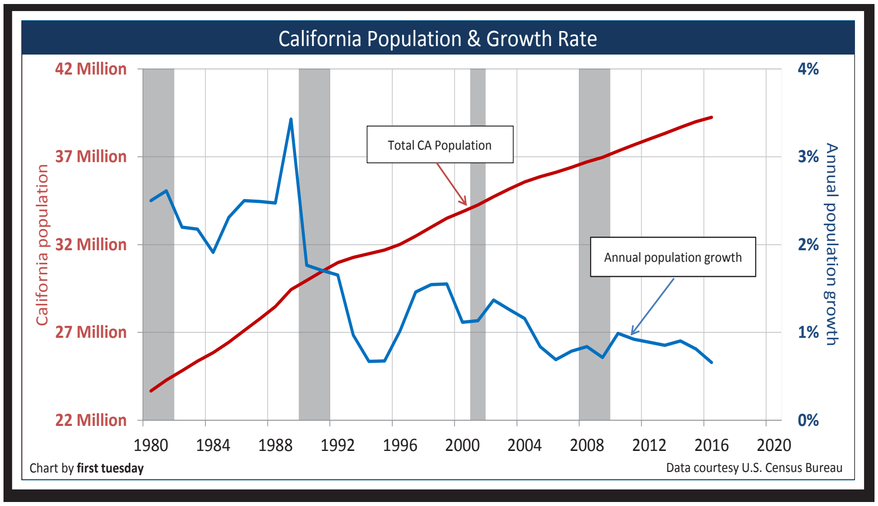
California's homeownership rate languishes

This chart shows California's average **homeownership rate** each year since 1980, contrasted with the average **30-year fixed rate mortgage (FRM) rate**.

California's homeownership rate continues to decline from its pre-recession pinnacle. At its height, homeownership peaked at just below 61% in 2006. Since then, the average homeownership rate has consistently descended, ending 2016 at 53.8%. The same 30 years also saw a decrease in fixed rate mortgage (FRM) **interest rates**, a trend which has recently reversed.

Homeownership will likely languish below our historical average of 55% for years to come. This is due to several factors, including **downward pressure** from rising mortgage rates and a decreased homebuyer population.





Slowing population growth pushes back homeownership recovery

This chart displays **California's total population** and its annual **rate of growth**.

While many trends influence population growth, the most important influence by far is **economic**. California's population grew at a rate of 0.7% in 2016. While still positive, this continues a downward trend from the prior year.

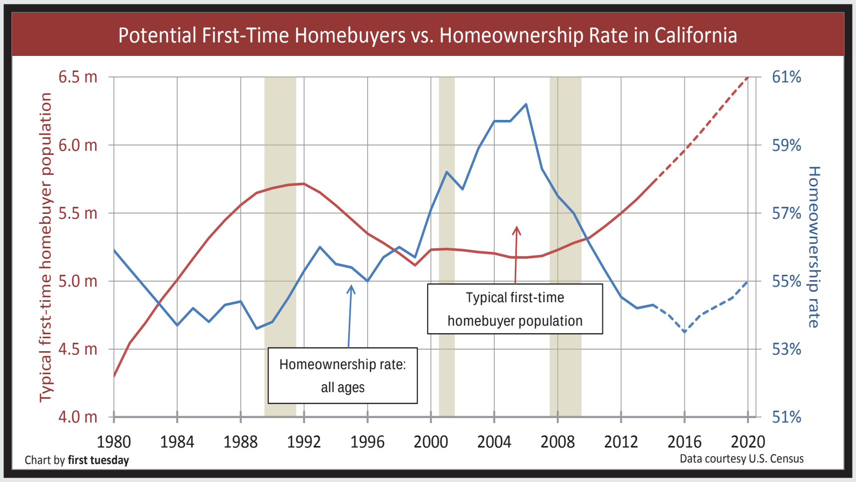
Steady population growth is essential for a long-term, **stable housing market** and homeownership rate. Anticipate an uptick in population growth once the economy heats up near the end of this decade, attracting workers from across the nation to come benefit from California's successful industries.

First-time homebuyers to boost California's homeownership rate

This chart displays Californians aged 25-34 — the typical **first-time homebuyer population** — alongside California's homeownership rate.

The number of 25-34 year-olds living in California has grown 10% since before the 2008 recession. One might naturally expect this increase to have a positive impact on our **homeownership rate**. But even as this population has grown, homeownership has dipped. Why? The recession and the corresponding protracted jobless recovery have stunted this population's incomes, triggering a delay in homeownership for most.

The homeownership rate will continue to lag until the next wave of first-time homebuyers enters the market near the end of this decade. At this point, it will gradually return to the **historical average level of 55%**.



Click on any chart for more information!

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