

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **RPI (Realty Publications, Inc.)**

January 2024 • Vol. 14 • Issue 01 • **Agents pivot as the economy teeters on the edge of recession**



Name
DRE #
Phone
Email

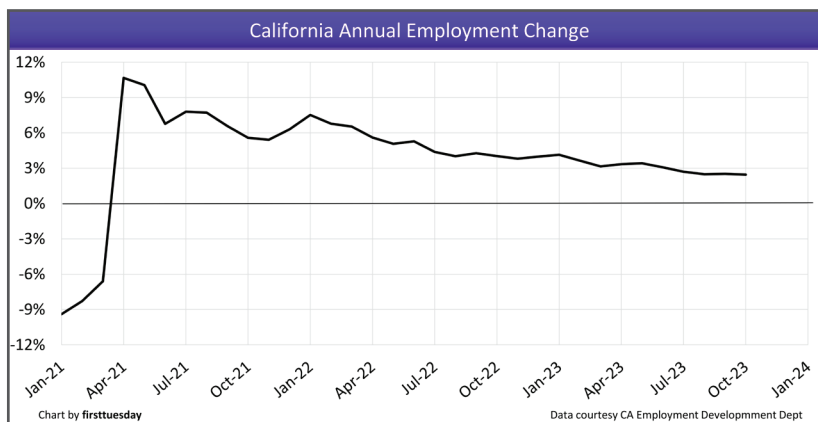
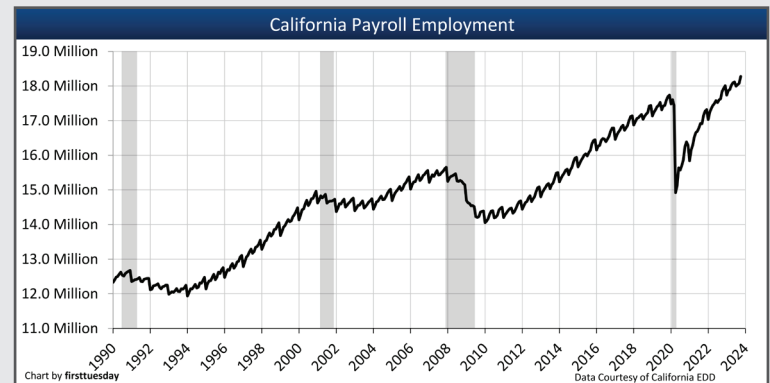
Presented by

California job additions continue

This chart shows the number of nonfarm **jobs** held by California residents.

18.3 million Californians are employed as of October 2023, having surpassed pre-pandemic job levels a year earlier. **Pandemic Economics** distorted the job market by delivering a quick rebound in 2021-2022, with job growth in 2023 running on momentum alone — momentum which is steadily disappearing.

Even as California just reached a full jobs recovery from the 2020 recession in late-2022, another more significant economic recession is tightening its grip on the jobs and housing markets. Watch for **job losses** to begin by mid-2024, with the effects quickly increasing MLS inventory with negative-equity properties for an uptick in sales.



Job growth contracts

This chart shows the annual rate of employment change in California's jobs market.

California's **pace of job additions** continues its two-year deceleration, with the number of jobs held by residents now growing at a rate of just 2.5% over the past 12 months as of October 2023. In contrast, a year earlier, the annual job growth rate was a robust 4.0%.

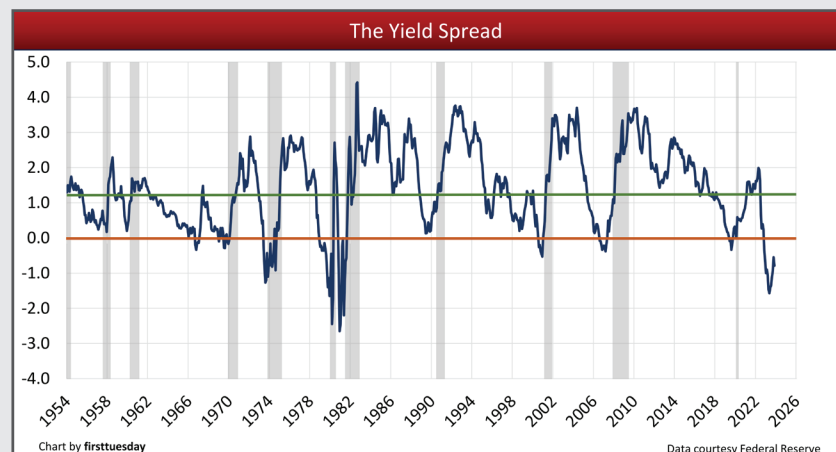
While the rate of job additions has gradually tapered off since peaking in 2021, watch for this growth rate to drop continuously in 2024. Agents who prepare now for unemployed homeowners mired by negative equity to pursue **distressed sales** in 2024-2025 will set themselves up to continue earning fees in the months ahead.

The yield spread forecasts the next recession

This chart displays the **yield spread**, which indicates the likelihood of a recession or recovery one year forward. The gray bars show economic recessions.

The yield spread has remained in negative territory for the past 12 months, averaging -0.79 as of November 2023. Today's yield spread is near its lowest level since 1981, when the Fed was waging its last acute battle against inflation and the economy was tilting into a deep recession.

While an **undeclared recession** has already begun to settle over the economy — weighing especially on the real estate markets, with sales volume and prices beginning a downward spiral in 2022 — the timing of the inversion has the official recession arriving heading into 2024. Real estate agents who plan to weather the downturn will take steps to recession-proof their practice today.



Click on any chart
for more information!

DRE Licensing Courses • DRE Continuing Ed • NMLS Continuing Ed • Forms
firsttuesday.us / firsttuesdayjournal.com / 951.781.7300
Analysis © RPI (Realty Publications, Inc.)