Monthly Real Estate Statistical Update

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

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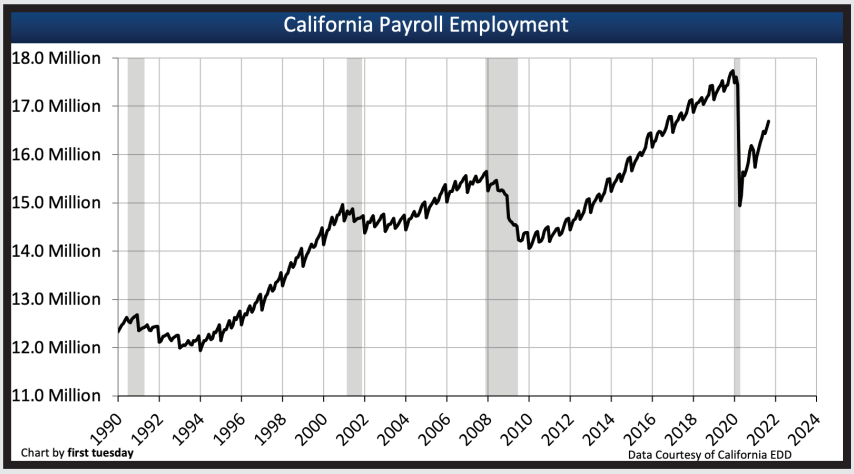
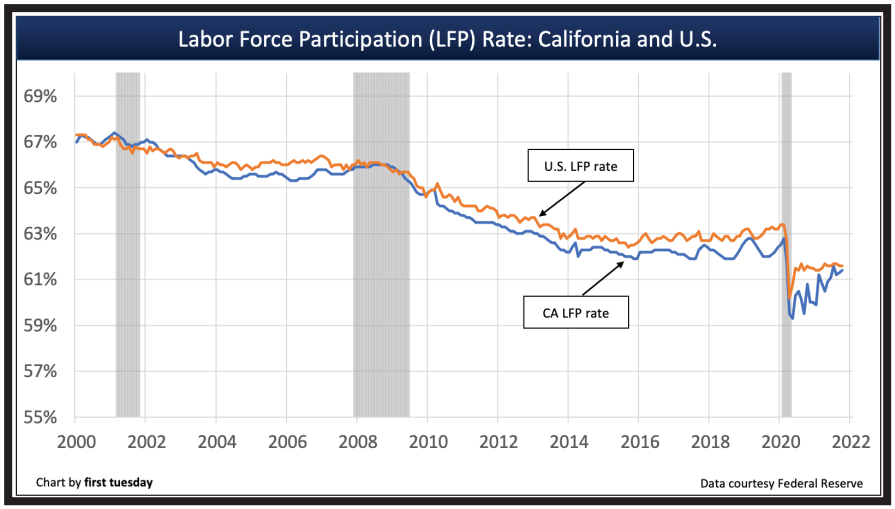
The faltering recovery progress for jobs

This chart shows the number of people **employed in California**. The gray bars indicate economic recessions.

Nearly 16.7 million Californians held jobs as of September 2021. This is just over one million fewer jobs than the pre-recession peak. The state has recovered just over half the jobs lost in the **2020 recession**.

Jobless residents remained in their homes throughout the pandemic and recession, enabled by the foreclosure and eviction **moratoriums**. But the recent expiration of the moratoriums ends these protections. Expect to see the built-up effect of these job losses hit the market going into 2022. Forced housing turnover will add inventory, putting downward pressure on prices and rents.





Low labor force participation continues

This chart shows the U.S. and California **labor force participation (LFP)** rates. The LFP rate is the portion of the population either employed or unemployed and actively seeking employment.

California's LFP rate declined after peaking in 2000 at 67%. This decrease tracks with our **aging population** and reduced immigration, though the pandemic accelerated the recent drop in the LFP rate.

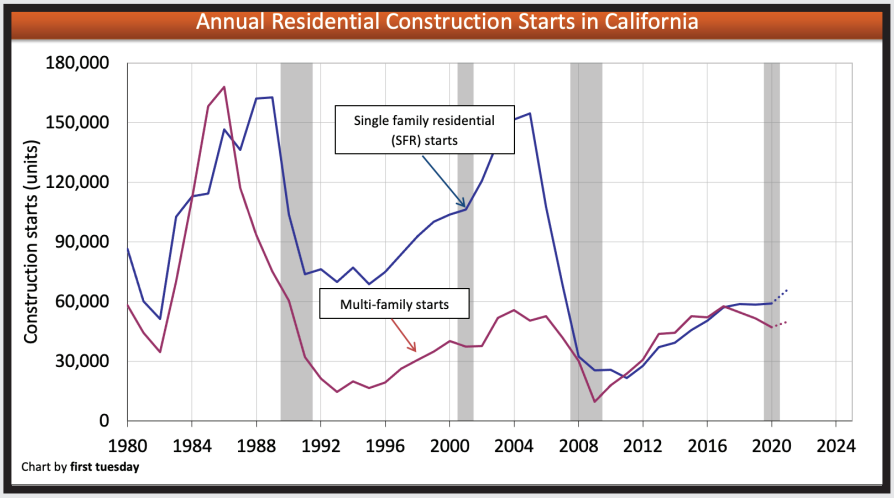
61.4% of California's population remains in the labor force as of October 2021, down from a low 62.8% at the outset of the 2020 recession. Today's low LFP rate means the recently improved unemployment rate is **misleading**. For real estate licensees, it is more useful to watch trends in the LFP rate and total jobs to determine future real estate conditions. Expect the employment market to return to pre-recession levels around 2025.

Construction recovery hampered

This chart shows the annual number of residential construction starts. The gray bars indicate periods of recession and the dotted lines show **ft**'s projection for 2021.

Construction in 2020 was disappointing, with single family residential (SFR) starts remaining level and multi-family starts declining 9% from 2019. For 2021, high demand for housing has encouraged starts, though builders remain cautious due to volatile prices.

Our projection for SFR starts in 2021 is a 12% annual increase for a total of 66,000 new SFR starts. For multi-family starts, we project only a 6% annual increase for a total of 50,000 new units in 2021. These starts meet only a fraction of **housing demand**. Watch for a jobs and migration recovery and an implementation of local zoning mandates to herald the next peak in construction starts, likely to come together by 2025.



Click on any chart for more information!

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