

# Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [firsttuesday](https://firsttuesday.com)

August 2018 • Vol. 7 • Issue 8 • **Rising Baby Boomer and young adult populations look for home**



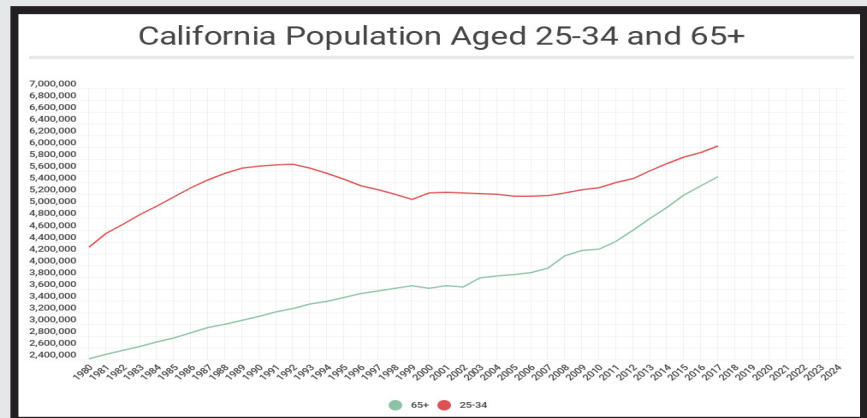
Presented by  
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## California's growing population in search of housing

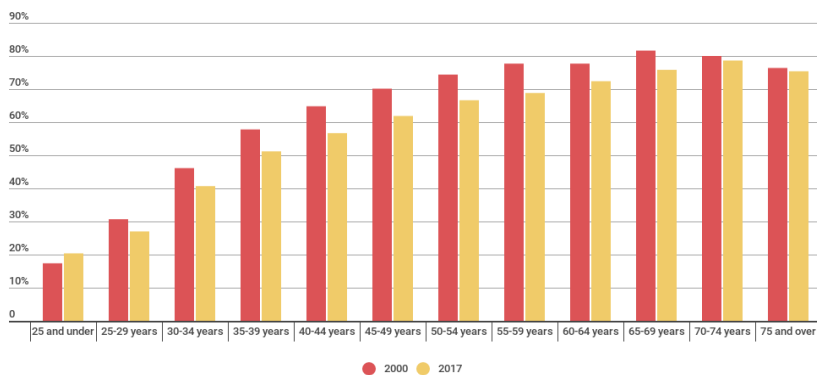
This chart shows California's population of adults aged 65 and older, mostly made up of the **Baby Boomer** generation, alongside those aged 25-34, the age group typically buying their first home.

Older Californians made up 15% of the state's population in 2017. Most older adults are homeowners and will remain so in retirement. The **first-time homebuyer** segment is growing fast, and as they look for homes they find very few coming on the market as the older generation holds onto their homes for the time being.

The primary solution is more **residential construction** in California's coastal cities, where well-paying jobs are most plentiful. Expect construction to pick up in 2019 and the years following in response to rising demand and state-level incentives for more construction.



## Homeownership by Age: Western Region U.S.



## Homeownership strongest among older generation

This chart shows California's **homeownership rate** among age groups in 2000 and 2017.

Homeownership is most common in the older age groups, their life-long experience. Among potential first-time homebuyers — aged 25-34 years — homeownership averages 34%, down from 38% in 2000. Even as the population of **young adults** continues to rise each year, the share of this population ready to buy homes remains low.

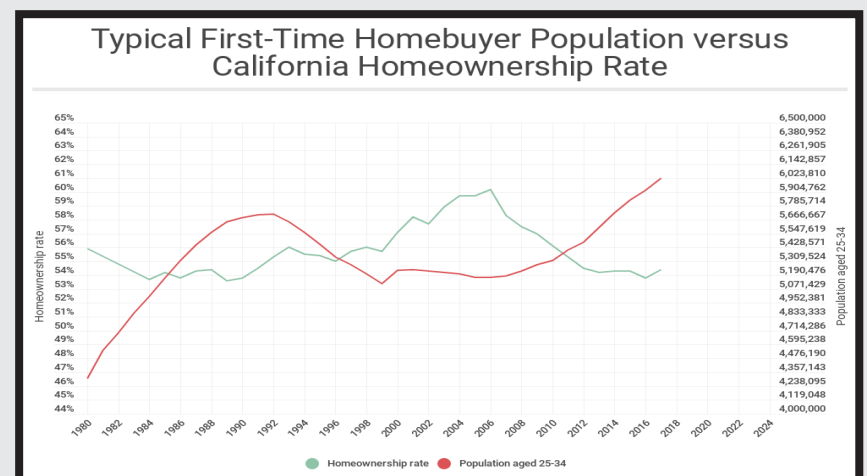
Most **Baby Boomers** will remain homeowners in retirement, transitioning from their outsized suburban homes into smaller, more accessible homes closer to amenities. Pair this mass relocation with the reservoir of backed-up first-time homebuyers and you see the next housing boom, likely commencing in 2021-2022.

## First-time homebuyer population rises, homeownership remains down

This chart shows the total population of **young adults** in California aged 25-34 alongside the state's homeownership rate.

The average **homeownership rate** has rested around 54% since 2012, down from the Millennium Boom peak of about 61% in 2006. Meanwhile, the number of young adults who typically make up the first-time homebuyer population has continued to increase each year, cresting to 6 million in 2017.

**First-time homebuyers** wanting to buy in 2018 face obstacles from low inventory, rising prices and mortgage rates. Once residential construction picks up in 2019 and the years following, these young adults will be more than ready to buy, bolstering California's sales volume and homeownership rate.



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