

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [first tuesday](#)
 February 2017 • Vol. 6 • Issue 2 • *Economic expansion hindered by slow wage growth*

Presented by

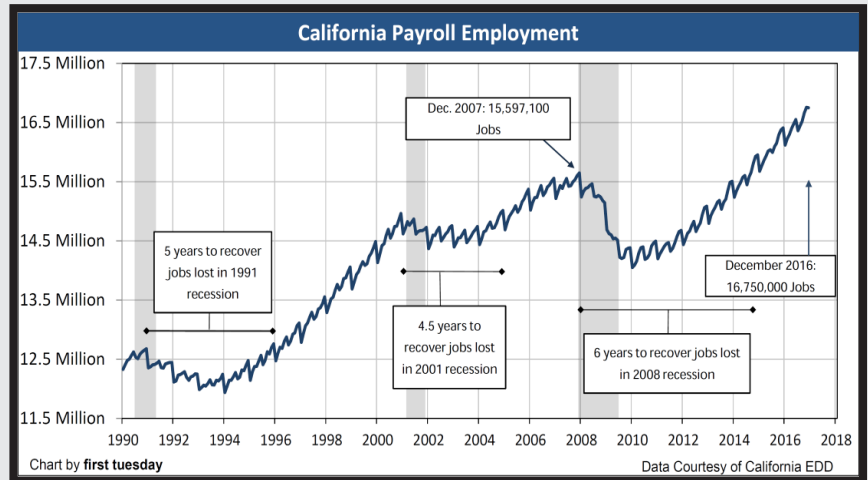
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Employment is strong — wages are weak

This chart displays the number of residents **employed** in California.

California employment has surpassed the number of jobs held prior to the Great Recession — 15.6 million — reaching over **16.7 million jobs** as of December 2016. In terms of employment, we are continuing a strong period of **economic expansion**.

However, while the number of jobs has finally caught up and continues to rise steadily, **wages** have not increased at the same pace. Today's improved demand for employees will result in higher wages, though increased **labor force participation** is likely to soon outpace job growth and temporarily offset wage increases. Thus, employment in California will likely reach a full recovery around 2018 or 2019.

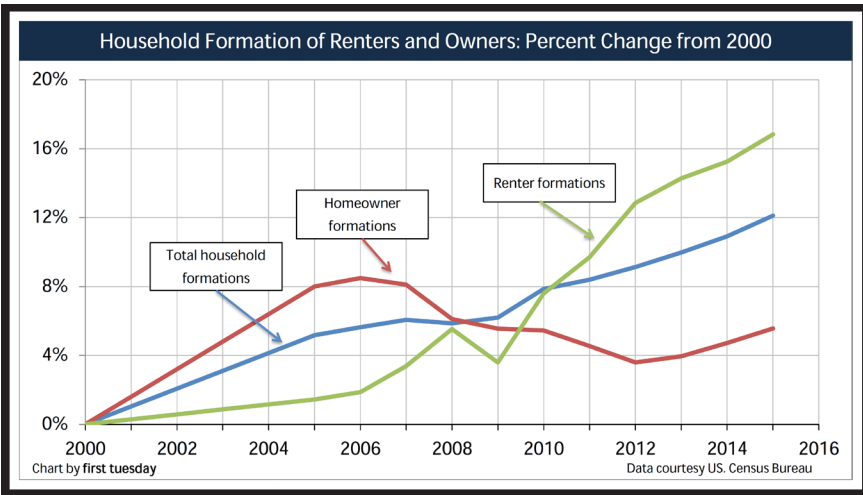


Broader economic factors delay household formations

This chart plots the percent change in renter, owner and total household formations since 2000.

There are 12% more occupied households in California today than in 2000. However, that increase has not been a steady upward march of owners and renters alike. 17% more households rent in California today than in 2000. In contrast, homeowners have grown in number by only 6%.

Prior to the 2008 recession, owner household formations outpaced new renter households significantly. During and after the recession, that pattern reversed. This remains true today as most potential new homeowners are held at bay by broader economic factors. Those factors are primarily **slow wage growth**, over-inflated home prices, and family foreclosure experiences which inhibit entry into homeownership.

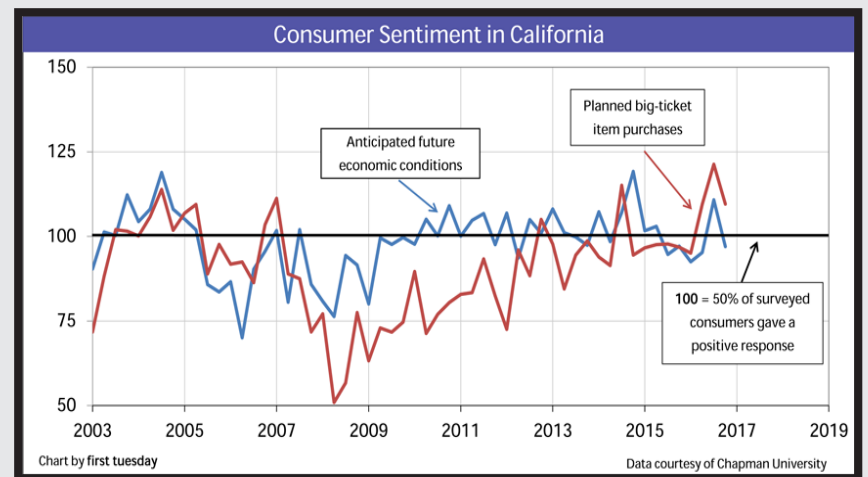


Rising consumer sentiment trend sputters

This chart shows **consumer sentiment** in California. The blue line represents anticipated future economic conditions and the red line displays California residents' plans for future big-ticket item purchases, such as a car or a home. The middle line on the chart, at 100, indicates half of respondents answered positively.

Consumer sentiment about future economic conditions in California fell in the fourth quarter (Q4) of 2016. However, last quarter's decrease follows a mostly **rising trend** in consumer sentiment experienced throughout this extended recovery from the 2008 recession.

Expect consumer sentiment to rise alongside California's strong **job growth** and **rising home prices**, hindered somewhat by tepid wage growth. However, with continued high prices and the interest rate increase which began at the end of 2016, many consumers will likely put off home purchases until around 2018.



Click on any chart for more information!