


Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **first tuesday**
 January 2016 • Vol. 5 • Issue 1 • **Demographics impact home sales, construction**

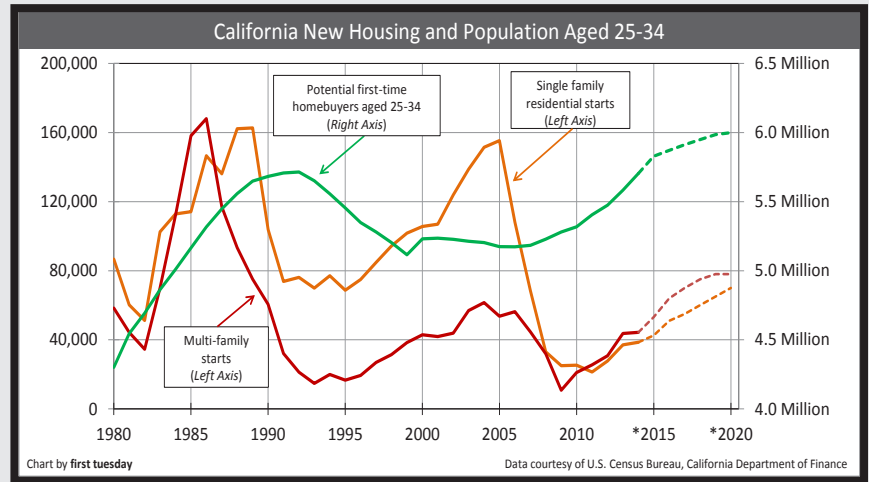

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Young adults influence construction

This chart shows the number of 25-34 year-olds (the typical age of **first-time homebuyers**) with the number of **residential constructions starts** in California.

The number of 25-34 year-olds in California increased 2.2% in 2014. During the 1980s when the **Baby Boomers** came of age, the demographic swell pushed residential construction to a peak. However, today's **Generation Y (Gen Y)** first-time homebuyer population has delayed household formations.

Currently, an average of 35% of Gen Y owns a home in California, down from 41% a decade ago at the height of the Millennium Boom.

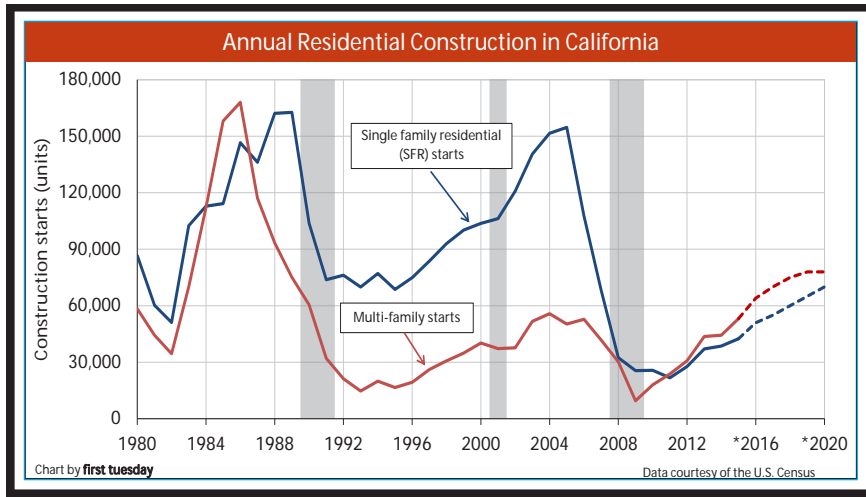


Construction recovery continues—gradually

This chart shows the annual number of **new residential construction starts** in California.

California single family residential (SFR) and multi-family construction is gradually rising to meet the **housing demands** of young adults finally able to strike out on their own as job openings return. The present slow pace of SFR starts reflects Generation Y's (Gen Y's) inability and unwillingness to become homeowners.

Expect construction of new SFRs to end 2015 about 10% higher than 2014. You will see a similar rise in 2016. Likewise, multi-family starts are expected to end 2015 20% higher than 2014 and continue into 2016 due to the high demand for rentals. As jobs are continually created for today's population of Gen Y buyers, their appetite for shelter will accelerate going into 2019-2021, and **shift from rentals to ownership**.

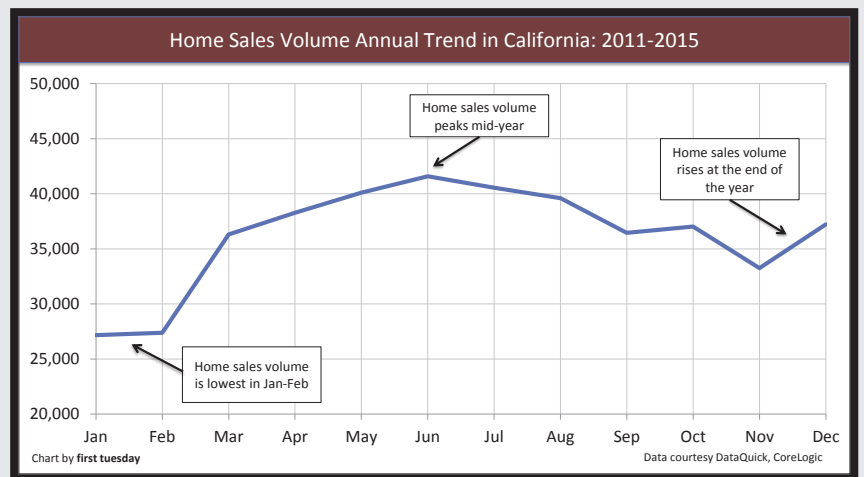


Seasonal sales volume shifts

This chart shows monthly **home sales volume** as an average from 2011-2015. As depicted, June has the highest number of homes regularly closed each year. December's rise wraps up transactions for the year.

As real estate professionals, you are not to worry when you hear of falling sales volume in the latter half of the year. This is your normal annual cycle. What to compare is **year-over-year sales**, not month-to-month sales. Compare a single month this year, or another period such as year-to-date, with the same time in the previous year.

Home sales volume year-to-date is nearly 9% higher than 2014, a return to 2013 levels. The same **employment gains** that will fuel the next construction boom will also give rise to the **next boom in sales volume**, arriving around 2020.



Click on any chart
for more information!