


Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **RPI (Realty Publications, Inc.)**
January 2020 • Vol. 9 • Issue 1 • *Residential construction strains to meet population growth*

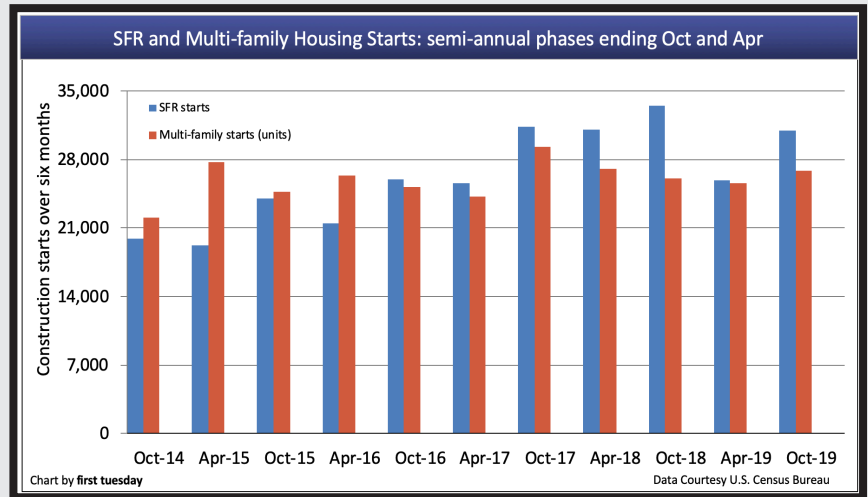
	Name _____	Presented by _____
	DRE # _____	
	Phone _____	
	Email _____	

California construction still insufficient

This chart shows single family residential (SFR) construction starts (the blue bars) and multi-family construction starts (the red bars) over **six-month phases** in California.

In the six-month phase ending October 2019, **SFR starts** were 8% below a year earlier. Multi-family starts were up 3% from a year earlier. SFR starts fell back in 2019 in reaction to 2018's rising interest rates and slowing sales. However, recent legislation to encourage more dense, low-tier housing has given multi-family construction a slight edge.

SFR starts are on track to finish 2019 about 10% lower than the previous year. **Multi-family starts** are heading toward a 3% annual decrease, due to losses in the first half of 2019. Both types of construction amount to just a small amount of what is needed to keep up with rising demand from California's growing population.

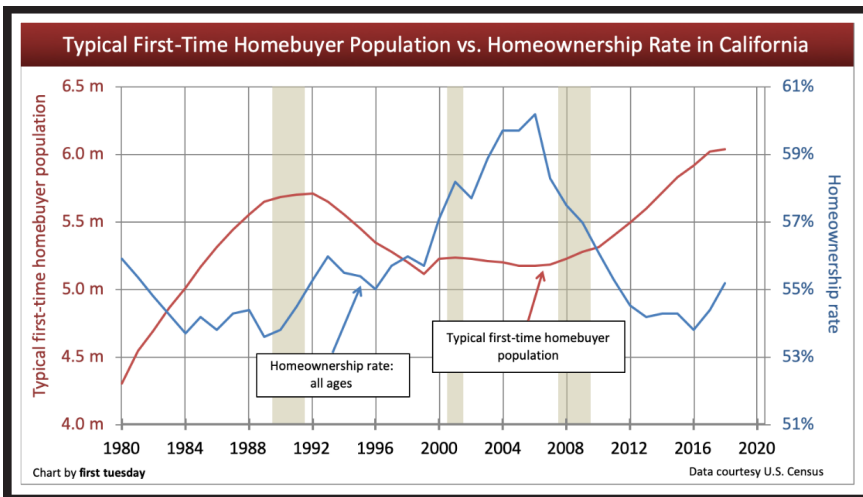


First-time homebuyer population grows, homeownership slows

This chart shows California's average homeownership rate (the blue line) alongside the typical **first-time homebuyer population**, aged 25-34 (the red line).

California's typical first-time homebuyer population continued to grow in 2018, up 17% from before the 2008 recession. Despite the constantly growing population of young adults, the past decade has seen a **sunken homeownership rate**, which rebounded slightly to 55.2% in 2018. Still, this is well below the peak 60.7% homeownership rate in 2006.

Holding back today's young adults from contributing to the state's homeownership rate are rising levels of student debt (a debt-to-income issue), rapidly rising rents (a savings issue) and insufficient **residential construction** (a pricing issue). The resulting low inventory has led to a heavy imbalance between supply and demand, the only remedy being more construction of entry-level homes.

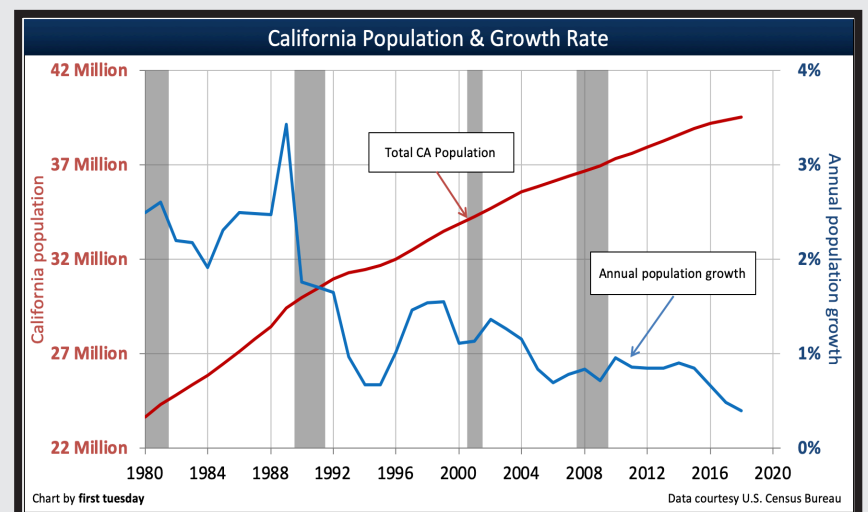


California's population growing at a slowing pace

This chart shows California's total **resident population** (the red line) and the rate of annual population growth (the blue line).

California's population grew at a rate of 0.4% in 2018. While still positive, this is the lowest rate of **population growth** in decades, continuing a long-term declining growth trend. Population growth is essential for a stable housing market, including new household formations and demand for residential rentals and sales.

The state's cultural and economic appeal has long attracted domestic and international migrants, boosting population growth. But shifting political attitudes toward newcomers, coupled with California's increasingly high cost of living, has seen **immigration** of all types decline. More residential construction will help bring housing costs in-line with incomes, necessary for continued growth and turnover.



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.)