

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [first tuesday](#)
 September 2017 • Vol. 6 • Issue 9 • *Shifting demographics generate real estate fees*



Presented by

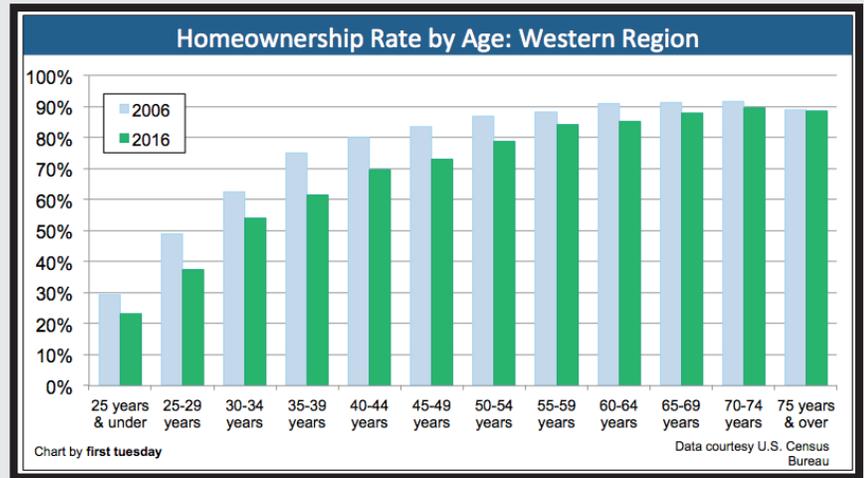
Name _____
 CalBRE # _____
 Phone _____
 Email _____

Young adults forsake homeownership

This chart compares the **homeownership rate** by age group in the Western Region of the U.S. in 2006 with the rate in 2016.

Across all age groups, homeownership today is lower than in 2006, just before the housing crash. The downward trend is especially sharp in younger age groups. For instance, among potential **first-time buying families** aged 25-34, approximately 46% own a home in 2016, down from 56% at the height of the Millennium Boom.

Looking ahead, the coming years will be marked by retiring **Baby Boomers** downsizing and relocating. Most of this demographic will remain homeowners in retirement, and their large suburban homes will be snatched up by eager first-time homebuyers waiting in the wings. This **Great Confluence** is expected around 2019-2021.



Home sales volume flattens

This chart shows year-to-date **home sales volume** in California.

224,000 homes have sold in California as of June 2017. This number is **slightly higher** than the 221,200 homes that sold year-to-date at the same time last year, amounting to a modest 1% increase.

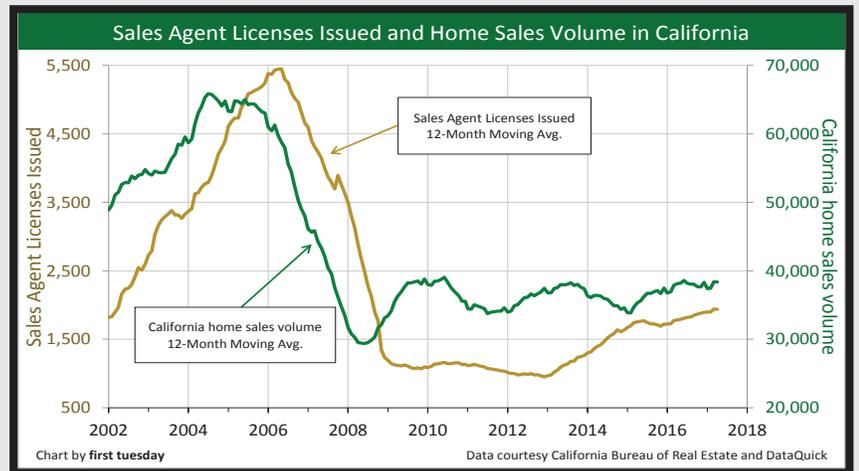
While 2017's sales volume performance is better than negative, it's nothing to write home about. The **sales volume recovery** has stalled, due to a number of factors, including low inventory, homebuyers unable to keep up with ever-higher home prices and a dearth of single family residence (SFR) starts. The slowdown in sales volume is the result of resistance to price increases — and thus fewer transaction fees to go around for sales agents.

More new sales agents crowd out fees

This chart shows the number of **sales agent licenses** issued each month in California (the gold line), alongside home sales volume (the green line).

The chart displays the strong relationship between sales volume and agent licensing. Agent licensing peaked about two years after sales volume peaked in 2004, before falling dramatically. It takes 9-12 months for the effects of changes in **sales volume** to ripple through the market and be reflected in **home price changes**, followed axiomatically by a move in licensing a few months later.

About 1,900 new agents were licensed every month in fiscal 2016-2017, up from about 1,800 newly licensed agents in 2015-2016. However, due to today's faltering sales volume, expect licensing to reverse its upward trend in 2018. This dip will be brief, as the coming **demographic storm** of retiring Baby Boomers and first-time homebuyers — and SFR starts — will propel the market to its next boom around 2020.



Click on any chart
for more information!