Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **RPI (Realty Publications, Inc.)**
September 2019 • Vol. 8 • Issue 9 • ***Homeownership demographics struggle***

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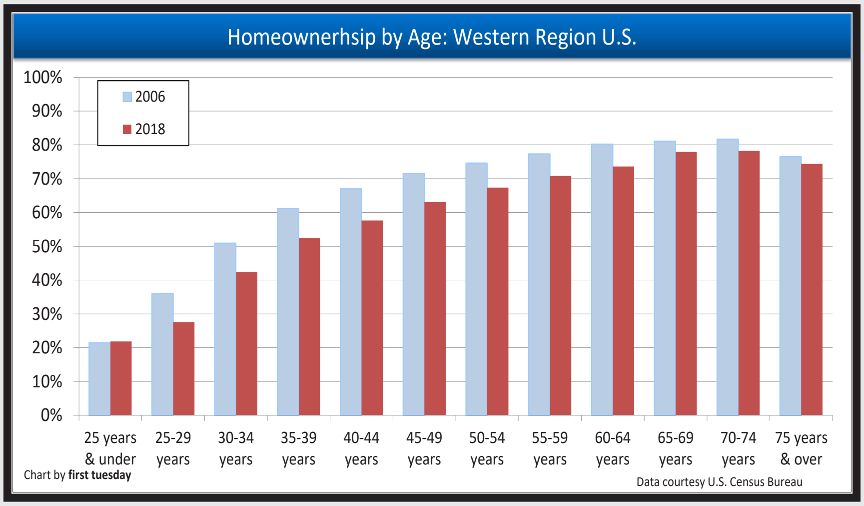
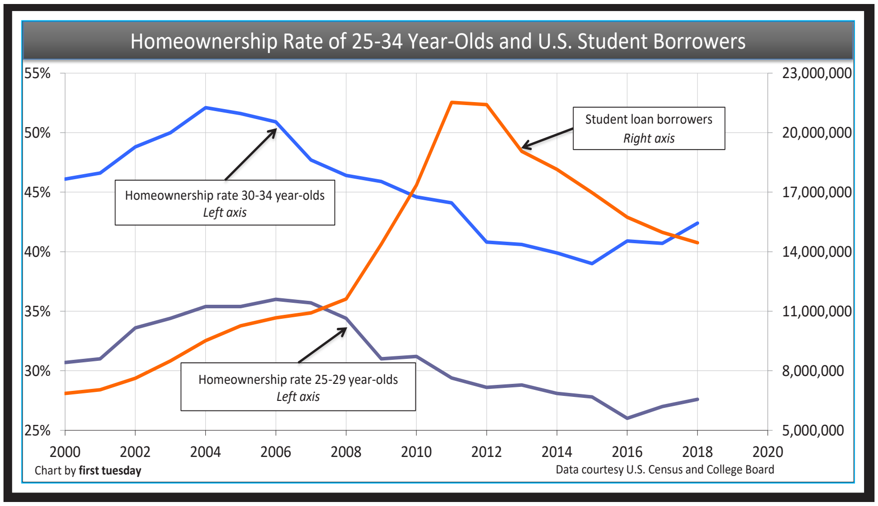
The homeownership decline hits young homeowners hardest

This chart shows the **homeownership rate** among age groups in the Western Region of the U.S. The blue bars represent homeownership at its peak in 2006, alongside the red bars, which show homeownership in 2018.

Roughly 78% of Baby Boomers are homeowners in 2018, down from 82% in 2006. A steeper decline has occurred among potential **first-time homebuyers** aged 25-34. In 2018, approximately 35% own a home, down from 43% in 2006.

Baby Boomers who own homes today will continue to do so in retirement. Most will sell and **downsize**, purchasing a replacement home of equal or lesser value. But expect young adult homeownership to continue to remain low through at least 2021 as they slowly muster savings for down payments in a slowing economy headed into a recession, anticipated to arrive in 2020.





Student loan debt holds back homeownership for the young

This chart shows the number of U.S. **student loan borrowers** alongside the homeownership rate in the U.S Western Region of the typical first-time homebuyer population of young adults.

Student loan debt is incompatible with mortgage financing – it adversely affects a homebuyer's **debt-to-income ratio (DTI)**. Yet, 70% of college graduates have student loans, with 10-20 year amortization schedules. This recent prevalence of student loan debt has reversed homeownership rates among young adults.

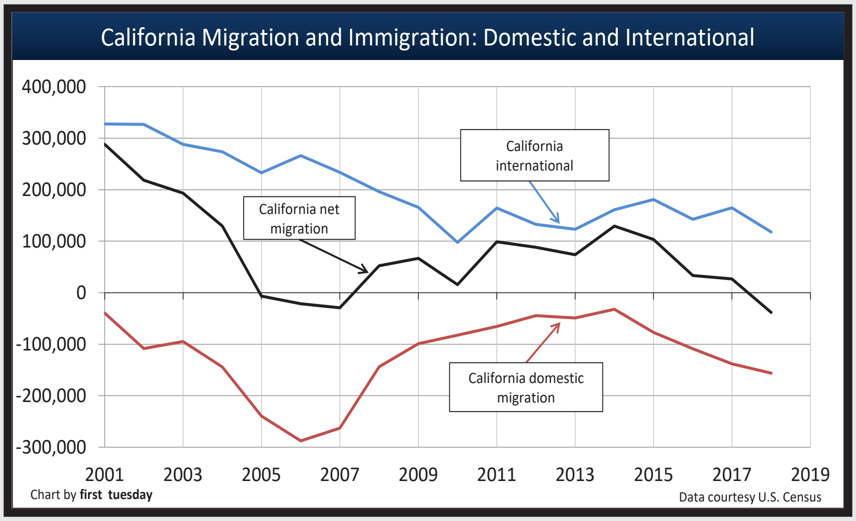
The good news: the decline in the young adult **homeownership rate** bottomed in 2015-2016. It has since increased marginally each year as the number of student loan borrowers has decreased, evidence a rebound is underway.

Negative immigration to continue chipping away at home sales

This chart shows the net number of **migrants** into California each year. While individuals relocating to California from other countries (international migrants) has flattened, a greater number of residents left California for other states (domestic migrants), producing a net migration loss.

Domestic migration has been negative for the last two decades, bottoming out in 2006 at the height of the Millennium Boom. On the other hand, **international migration** continues a long positive trend, but insufficient to offset the deepening decline in domestic migration in 2018: bad news for home sales.

Many residents leave for other states due to the cost of California's huge breadth of services and geography – reflected in high home prices and rents. International migrants are also on the decline, as U.S. border controls stifle the only positive flow of residents into the state. Expect our net migration to remain negative until the U.S. economy stabilizes, following a recession anticipated in 2020.



Click on any chart for more information!

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