

# Weekly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from *first tuesday*  
 March 17, 2014 • Vol. 3 • Issue 11 • **Drop in homeownership boosts rental demand**



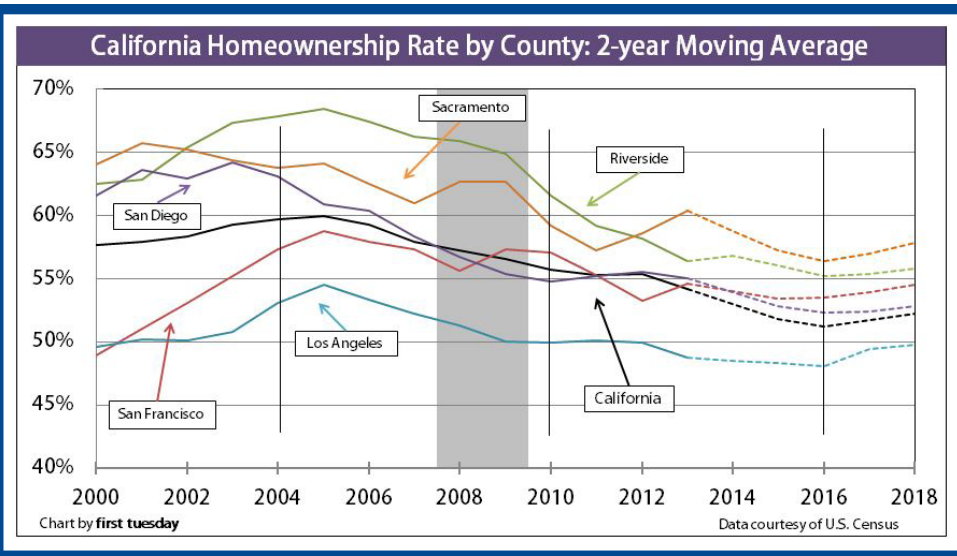
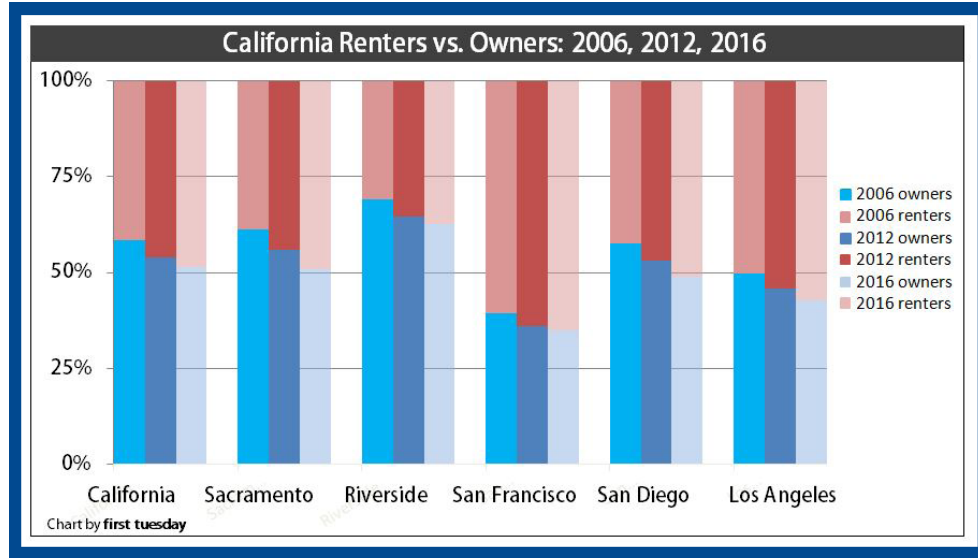
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## Tenants rise and rents shine

This chart tracks the changing percentage of dwellings **occupied by owners** versus **tenants** in California. The sampling also includes our more populous counties.

Statewide, around 54% of all types of dwellings were occupied by their owners at the end of 2012, most likely declining slightly in 2013. This is down from its peak of just over 58% in 2006.

Trends point to an **increase in rental demand** in the upcoming years throughout California. Rental property is essentially leading the real estate recovery. What emerges is a significant recession proof **profit center** for landlords and property managers.



## California's homeownership rate to bottom in 2017

This chart tracks the **homeownership rate** in California and a sampling of its more populous counties.

Statewide, the homeownership rate declined to 54.2% in 2013. This is down from 55.4% a year earlier. Increasingly, Californians are turning to **rental property** for their shelter. This heavy reliance on rentals comes after the historic spike to 60% in homeownership during the **Millennium Boom**.

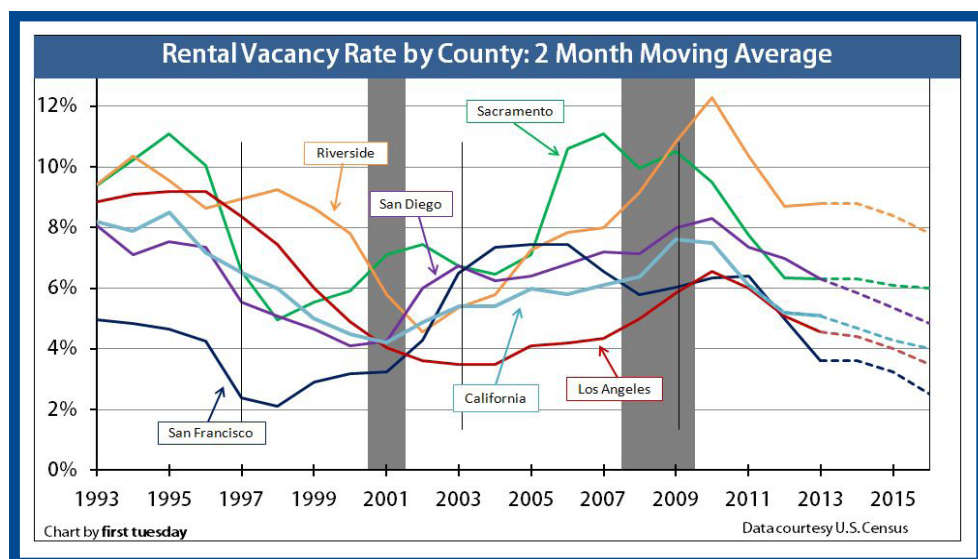
Ownership percentages will likely slip to 53% by 2017. At this point, the homeownership rate will level off as **Generation Y**, those born in the 80s and 90s, become first-time homebuyers.

## Vacancy rates on a downward run

This chart tracks the rate of rental vacancies since 1993 in California and a sampling of its more populous counties.

California's rental vacancy rate declined to 5.1% in 2013, near historic norms. **Rental vacancies** tend to rise in times of increased homeownership and excessive **residential construction**. Conversely, rental vacancies decline when access to home financing is tight, zoning is too restrictive or displaced owners are not willing or able to buy again.

Rental vacancies will hunt for a bottom until **homeownership rates stabilize** and **builders adjust**, around 2017 statewide. As vacancy rates drop below historic norms, rents will rise beyond the rate of inflation. Multi-family construction will then increase as it did in the 1980s, exerting downward pressure on rents.



Click on any chart  
 for more information!