



Affordability. Migration. Displacement. It's All About Supply.



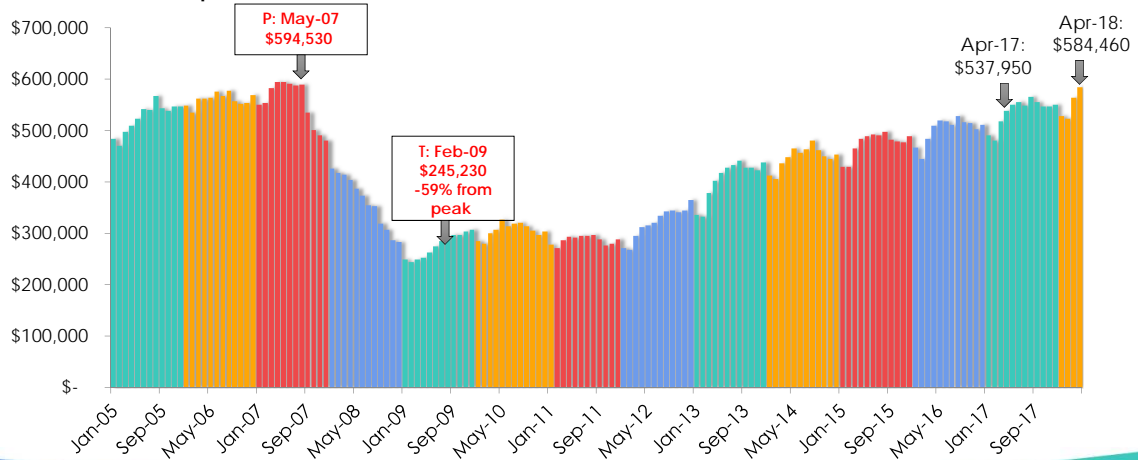
**CALIFORNIA
ASSOCIATION
OF REALTORS®**

Jordan G. Levine
Senior Economist
June 11, 2018



Median price continued fast-pace growth

California, April 2018: \$584,460, +3.5% MTM, +8.6% YTY

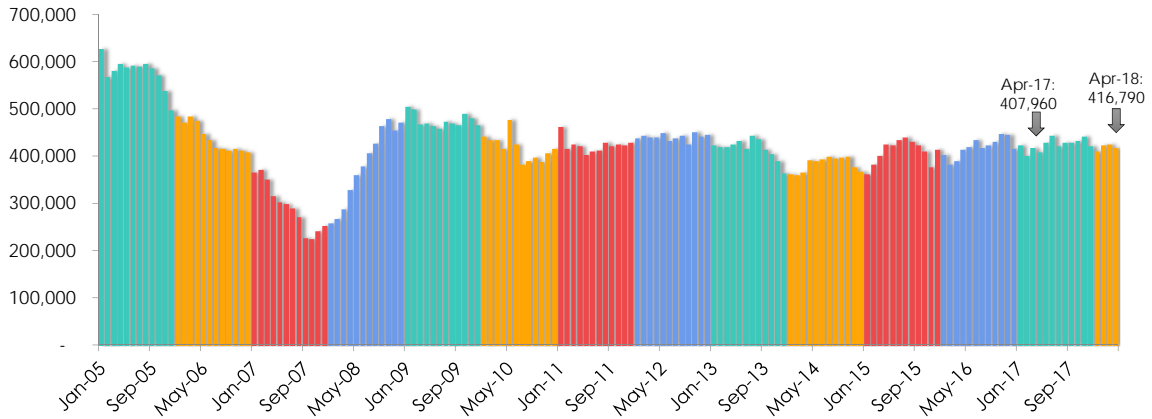


SERIES: Median Price of Existing Single Family Homes
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Sales hanging onto the Q1 gains

California, April 2018 Sales: 416,790 Units, +1.5% YTD, +2.2% YTY



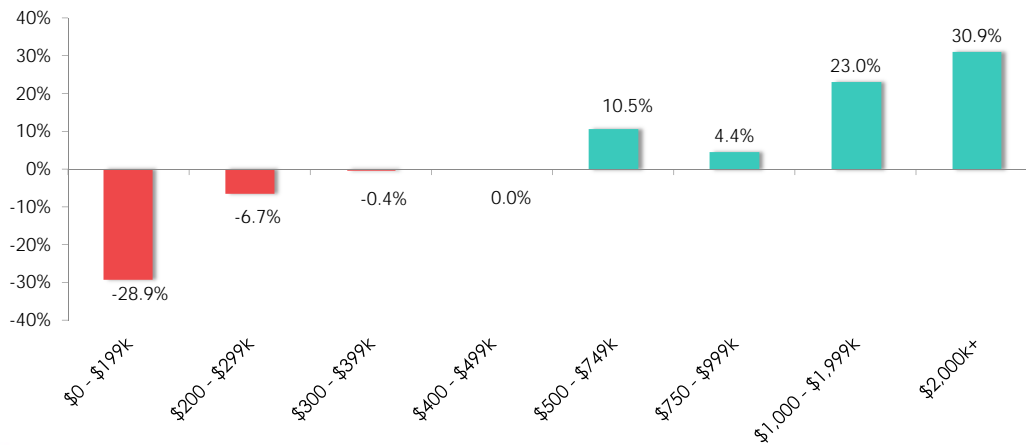
SERIES: Sales of Existing Single Family Homes
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

*Sales are seasonally adjusted and annualized



Sales declined in lower-priced segments

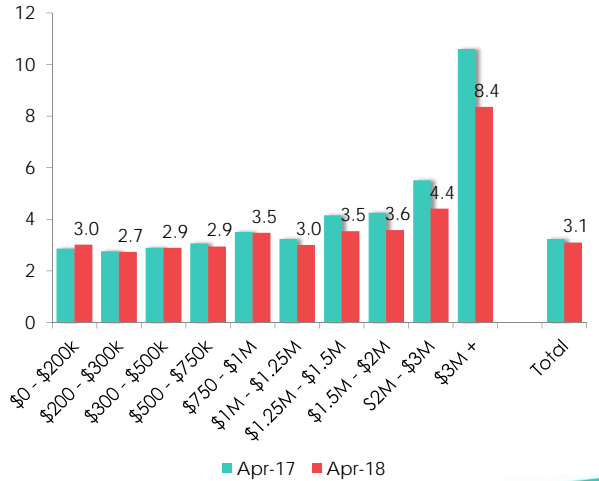
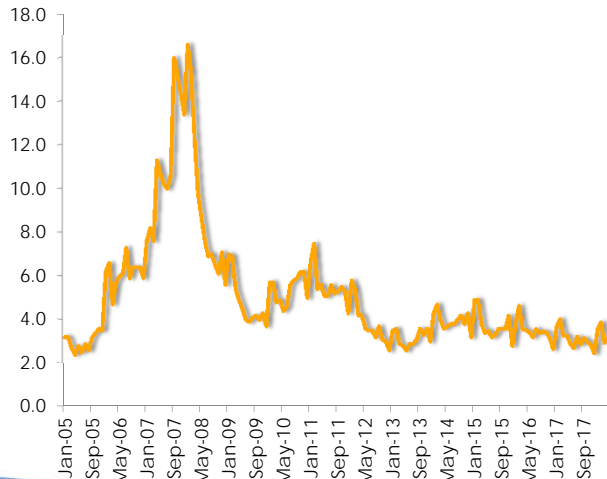
April 2018 (Year-to-Year)



SERIES: Sales of Existing Detached Homes
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Tale of two markets from supply standpoint

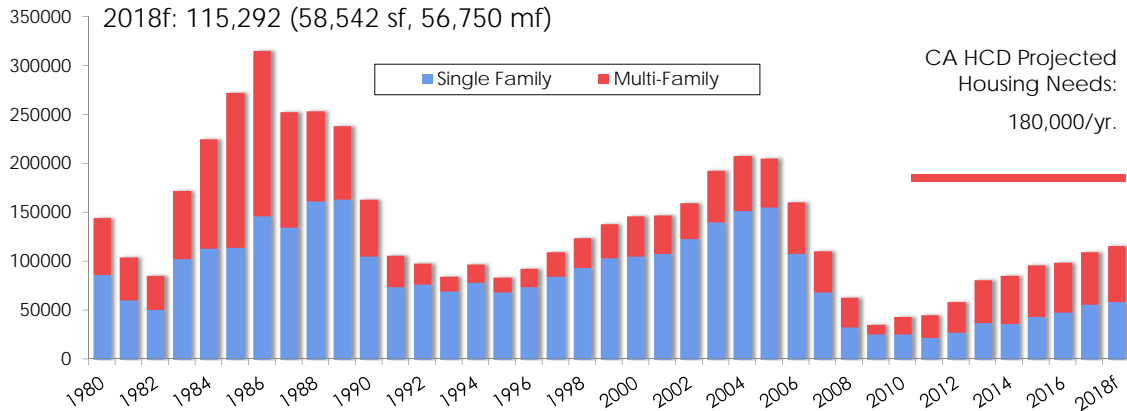


Note: "Unsold Inventory Index" represents the number of months it would take to sell the remaining inventory for the month in question. The remaining inventory for the month is defined as the number of properties that were "Active", "Pending", and "Contingent" (when available) and divide the sum by the number of "Sold" properties for the month in question.
 SERIES: Unsold Inventory Index of Existing Single Family Homes
 SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



"Missing" 72,000 New Units Annually

2016: 98,881 (47,889 sf, 50,992 mf)
 2017p: 107,756 (53,708 sf, 54,048 mf)
 2018f: 115,292 (58,542 sf, 56,750 mf)



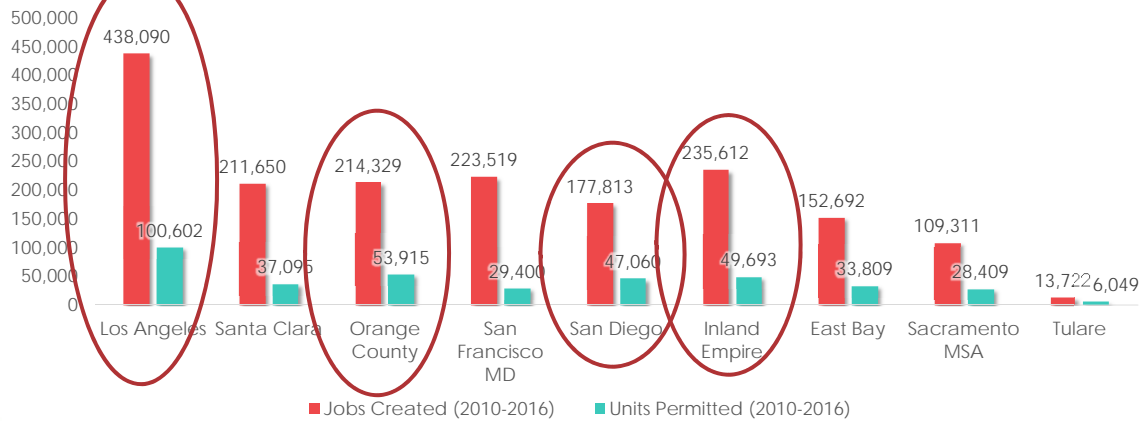
CA HCD Projected
 Housing Needs:
 180,000/yr.

SERIES: California New Housing Permits
 SOURCE: Construction Industry Research Board



Most Underbuilt Counties in California

Jobs Created vs. Units Permitted 2010-2016

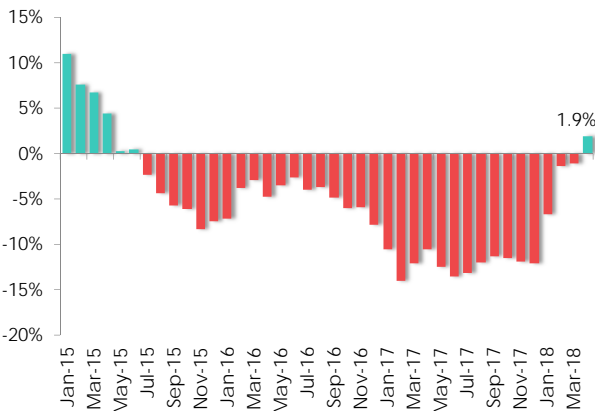


SERIES: Nonfarm Job Growth & New Housing Permits
SOURCE: CA EDD, Construction Industry Research Board

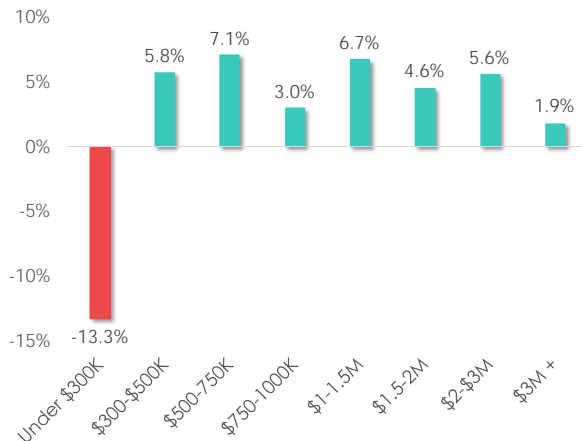


Active listings increased for 1st time in 34 mon.

Active Listings Growth



Active Listings Growth (April 2018)



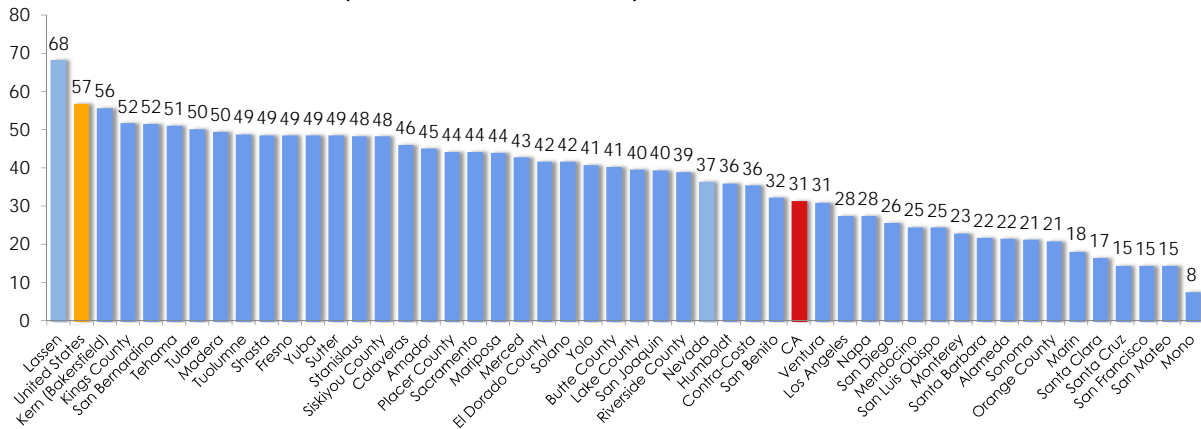
Note: "Unsold Inventory Index" represents the number of months it would take to sell the remaining inventory for the month in question. The remaining inventory for the month is defined as the number of properties that were "Active", "Pending", and "Contingent" (when available) and divide the sum by the number of "Sold" properties for the month in question.

SERIES: Active Listing of Existing Single Family Homes
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Housing affordability is abysmal

2018-Q1: % able to purchase median-priced home

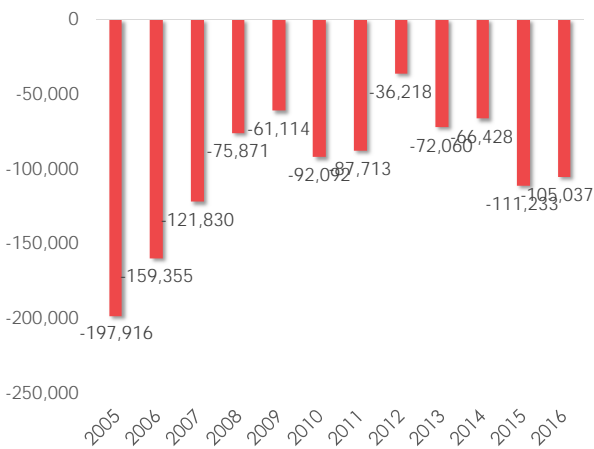


SERIES: Housing Affordability Index of Traditional Buyers
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

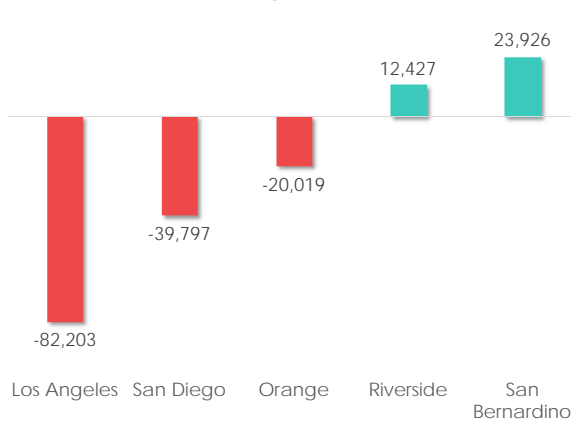


Out-migration from California ramps up

Net Domestic Migration of Adults (16+)



2016 Southern California Net Domestic Migration



SERIES: Net Domestic Migration in California
SOURCE: U.S. Census Bureau, American Community Survey



Big disparities within region: SoCal

Age	Los Angeles	San Diego	Orange	Riverside	San Bernardino
Millennial	-30,016	-19,367	-12,463	-292	6,376
Gen X	-25,900	-13,845	-3,901	3,320	8,867
Boomers	-21,487	-6,589	-4,668	7,824	5,982
Greatest	-4,800	4	1,013	1,575	2,701



Conclusions

- **Housing is becoming a central issue**
 - Economy is growing
 - Unemployment is low
 - Incomes are rising
 - So are prices
- **But, housing supply has a long way to go**
 - Inventories are low
 - New construction isn't enough
 - We need housing across the spectrum
- **We need to do a better job of connecting the dots**
 - Affordability, displacement
 - Low levels of homeownership
 - High rents and home prices
 - All symptoms of the bigger picture

**BUILD
BABY
BUILD**

