

# OVER-VIEW OF CALIFORNIA HOME BUYING TRENDS

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June 13, 2016

USC – SCAG 27<sup>th</sup> Annual Demographic Workshop

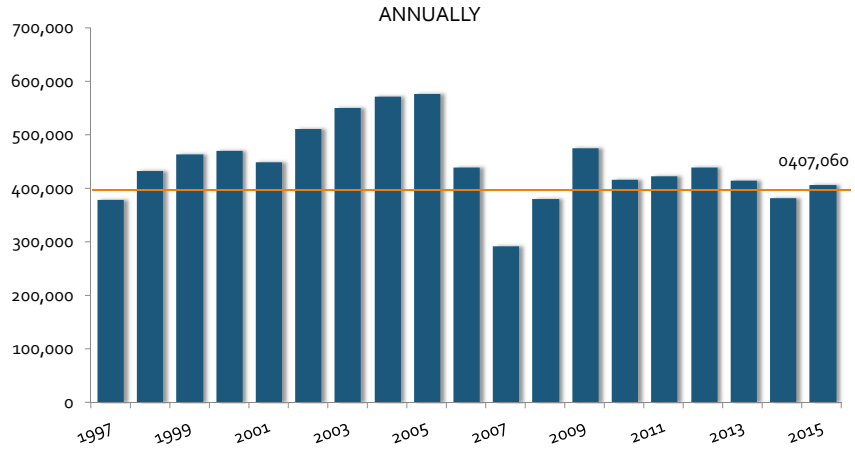
Leslie Appleton-Young, C.A.R. Chief Economist

## 2016 MARKET PRIMER

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## CA SALES STAGNANT SINCE 2010

California 2015 Sales: 407,000 Units, Up 6.4% YTY

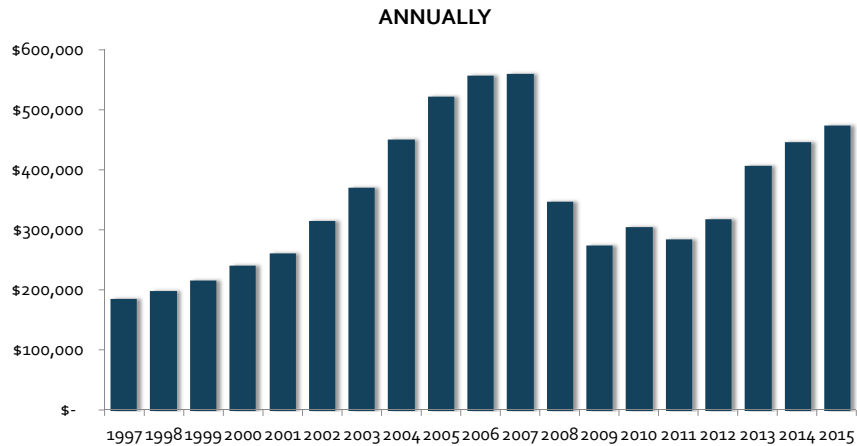


SERIES: Sales of Existing Single Family Homes  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

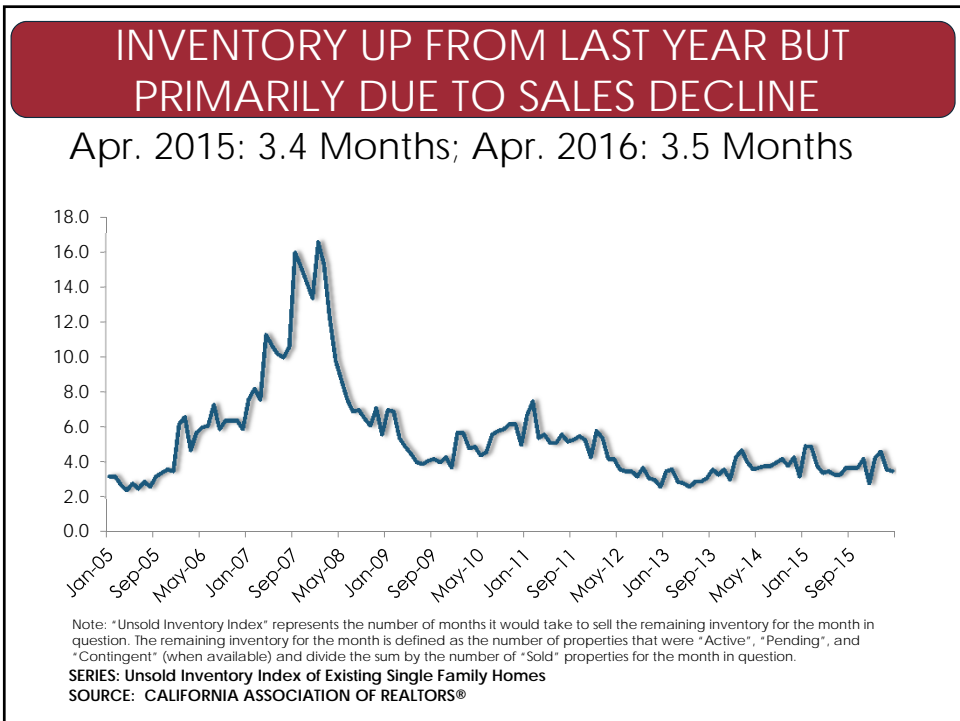
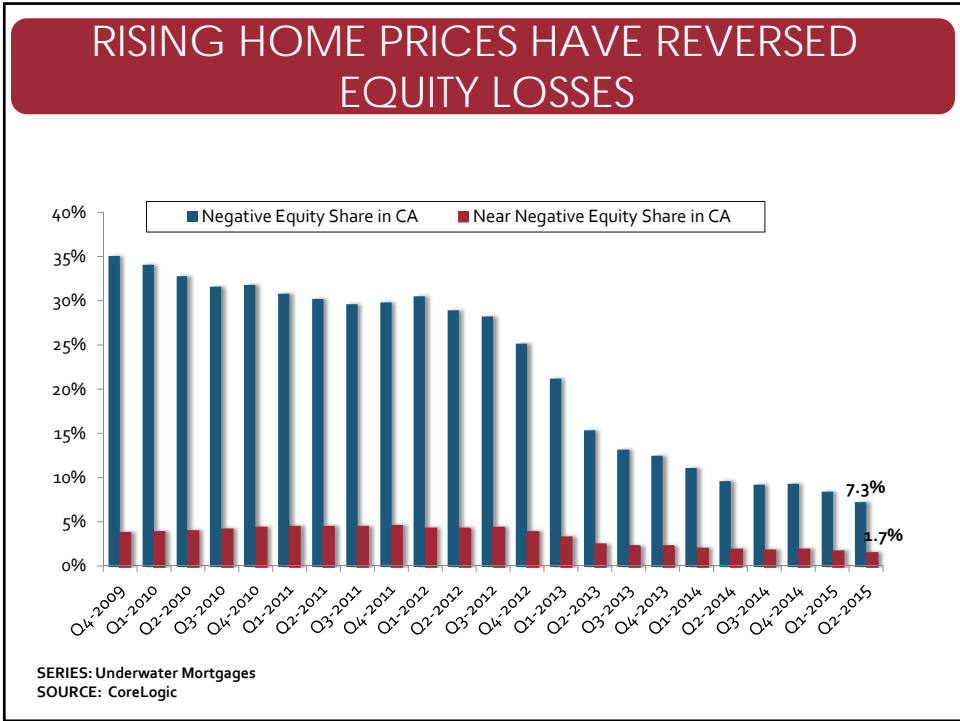
\*Sales are seasonally adjusted and annualized

## PRICE GAINS MODERATING

California, 2015: \$474,420, Up 6.2% YTY



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

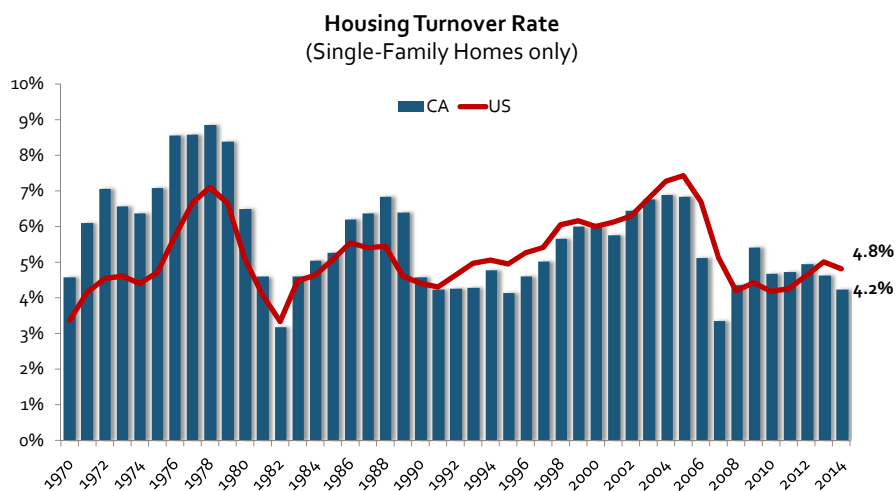


## BOOMERS AREN'T GOING ANYWHERE

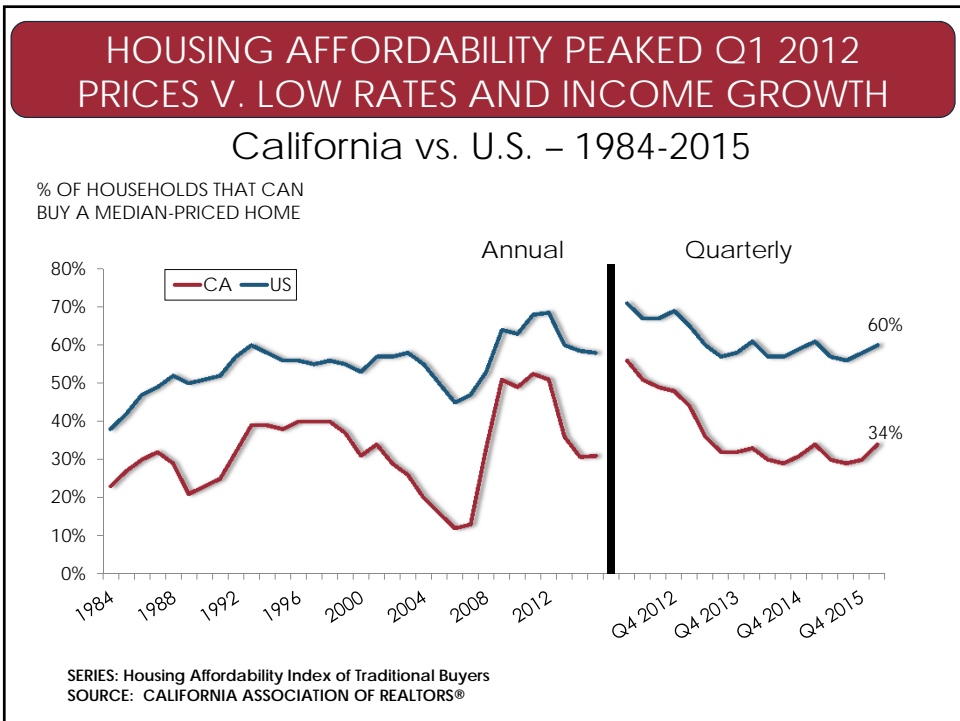
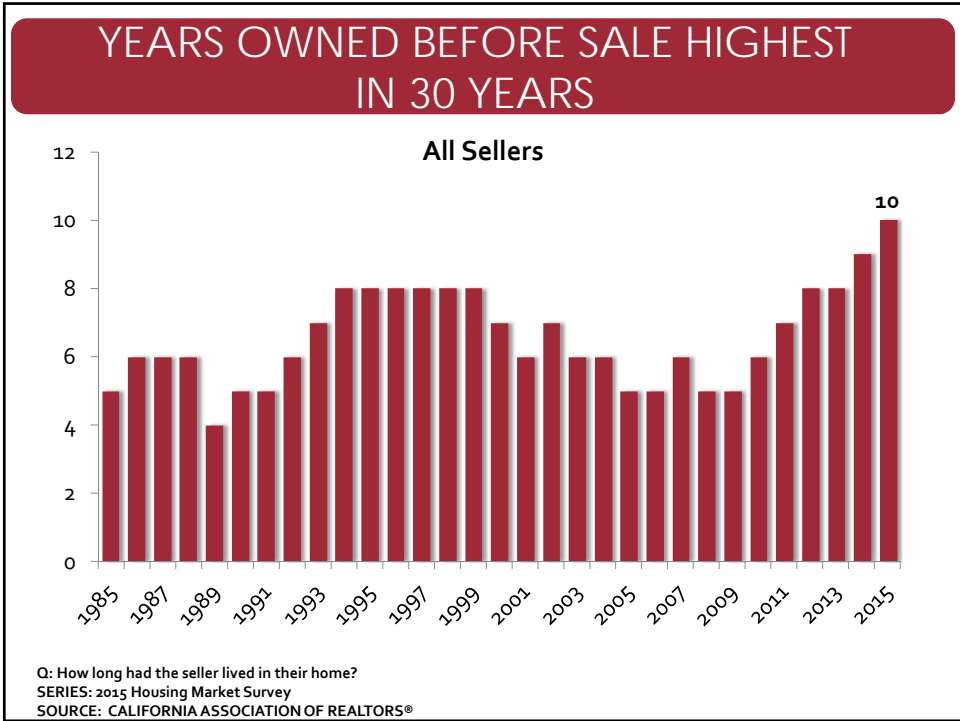
Affordability challenge for repeat buyers

- Low rate on current mortgage
- Low property taxes
- Capital gains hit is viewed as onerous
- Could not qualify for a mortgage today
- Why sell when there is nowhere to go I can afford?

## FEWER HOUSING UNITS BEING TURNED OVER SINCE THE GREAT RECESSION

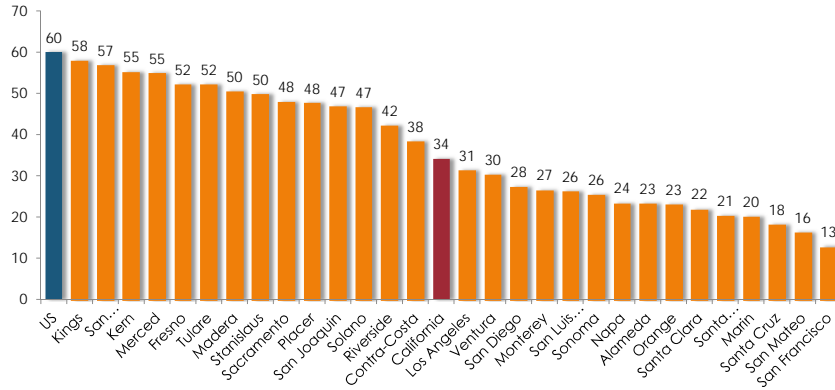


SERIES: Percent of existing single-family homes being sold  
SOURCE: Census Bureau, American Community Survey, Moody's Analytics, C.A.R.



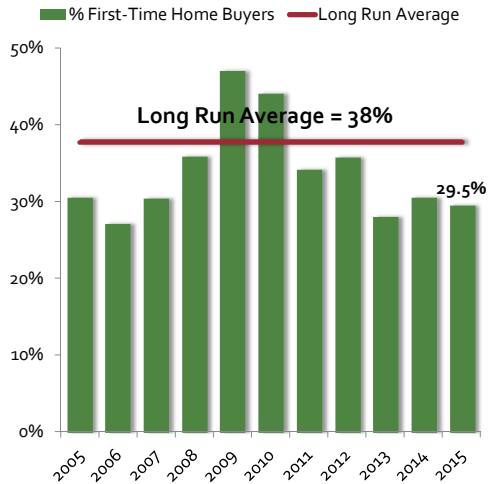
## HOUSING AFFORDABILITY PLUMMETS SINCE 2012

2016-Q1: % able to purchase median-priced home

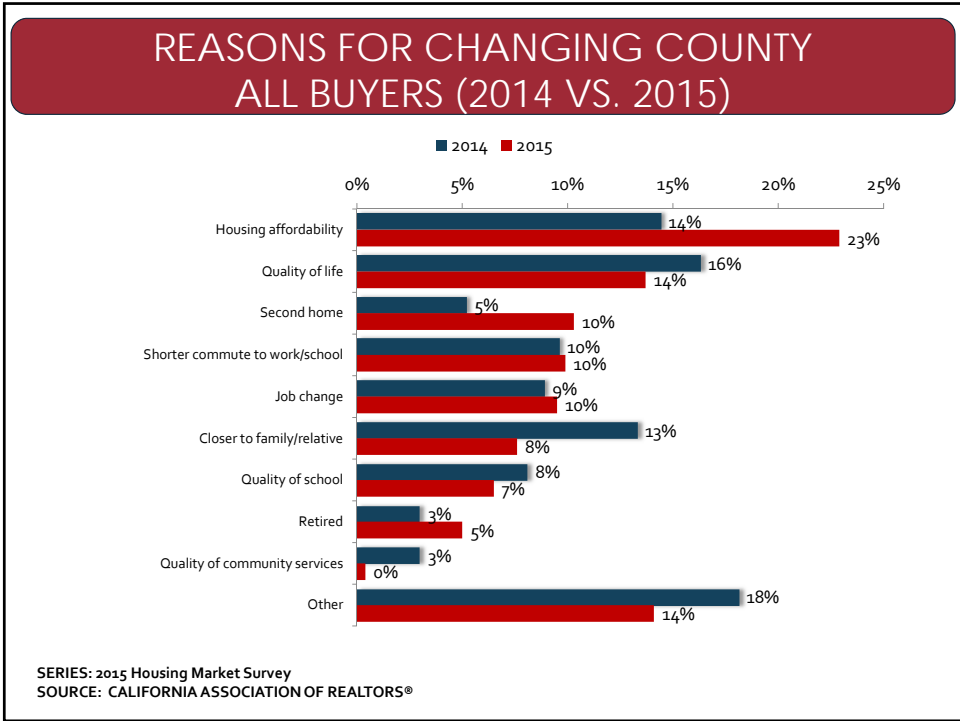


SERIES: Housing Affordability Index  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

## SHARE OF FIRST-TIME BUYERS REMAINS BELOW LONG-RUN AVERAGE



SERIES: 2015 Housing Market Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

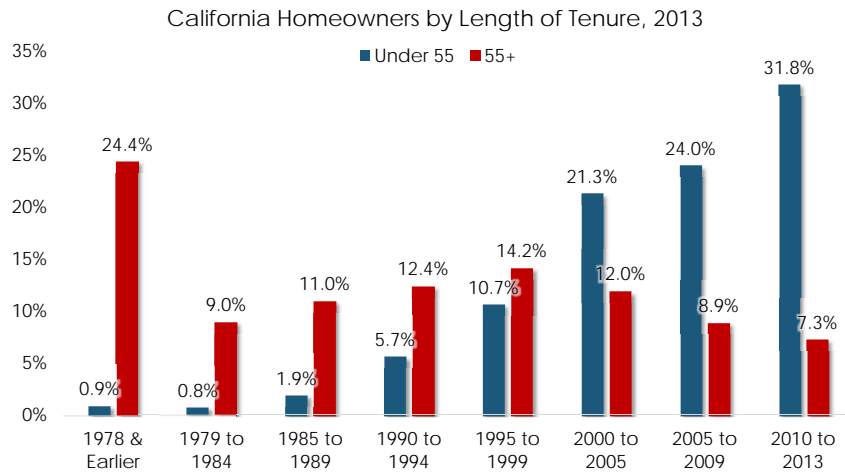


## The Boomers and their Next Move



### OLDER GENERATIONS IN PARTICULAR ARE NOT MOVING AS OFTEN

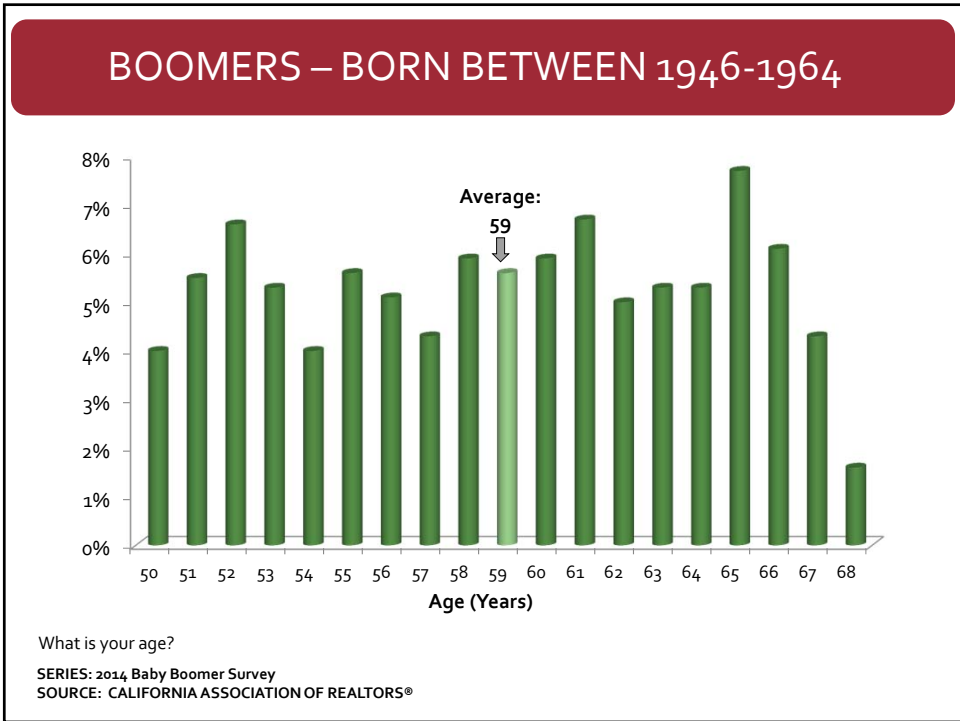
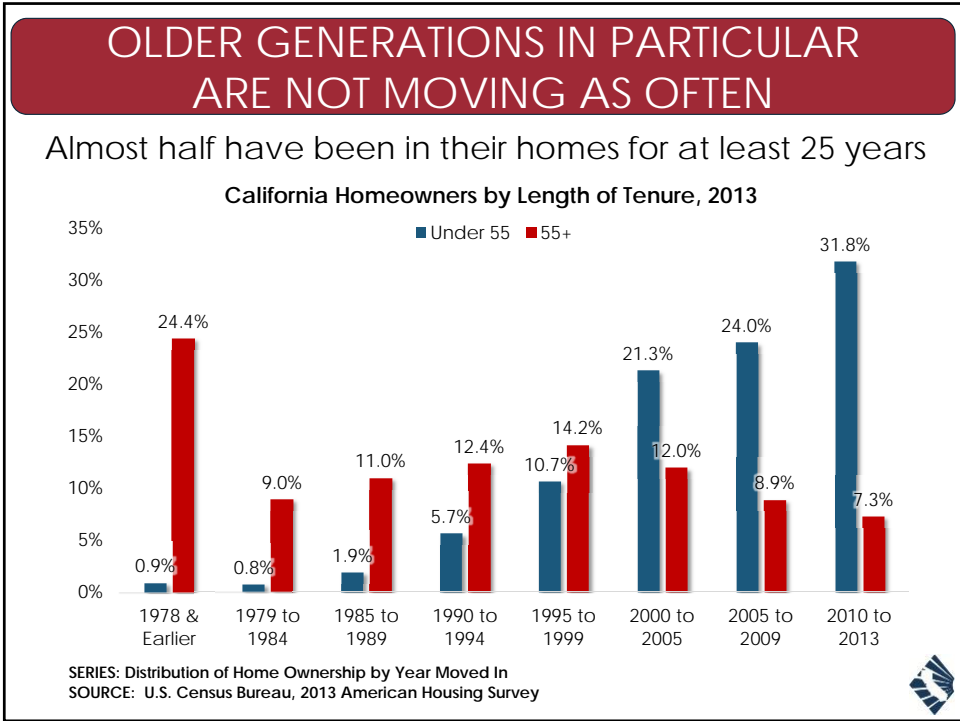
71% of Californian's aged 55+ haven't moved since 1999

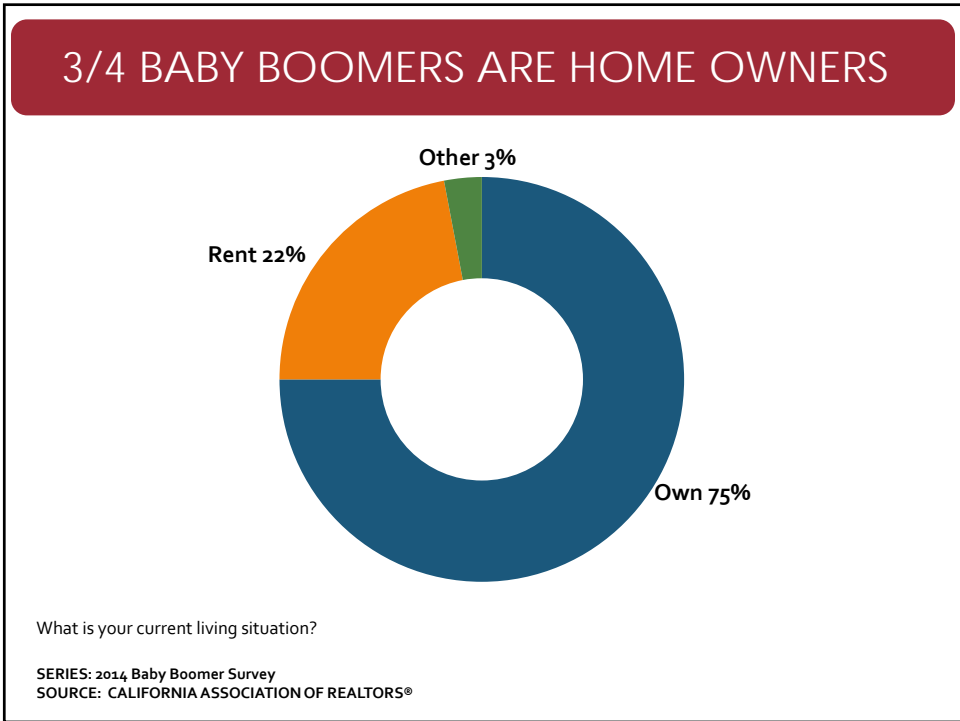
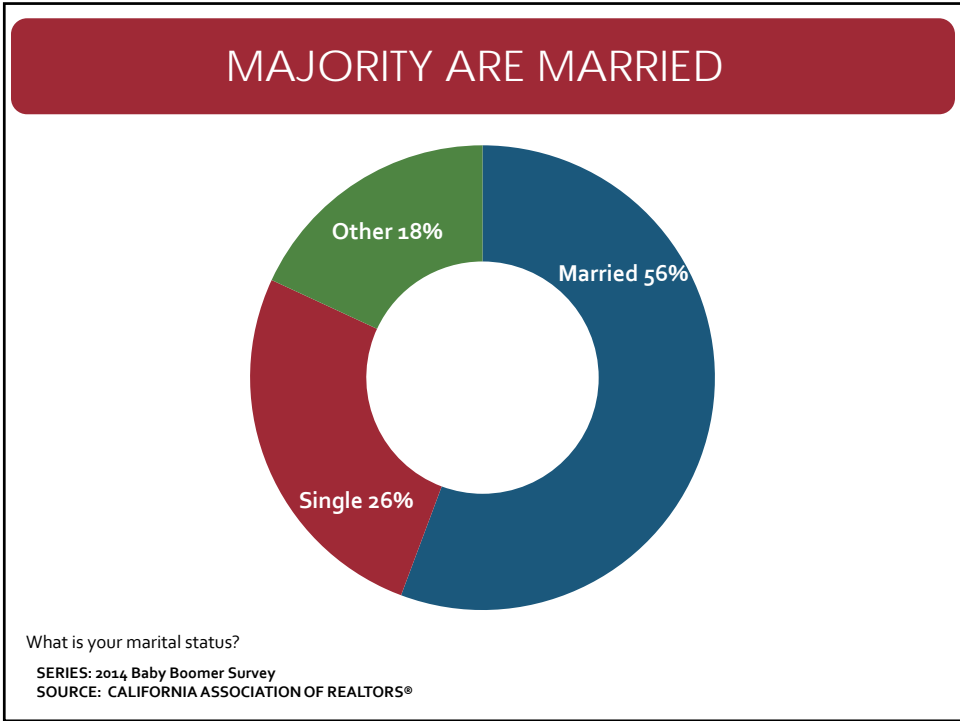


SERIES: Distribution of Home Ownership by Year Moved In  
SOURCE: U.S. Census Bureau, 2013 American Housing Survey

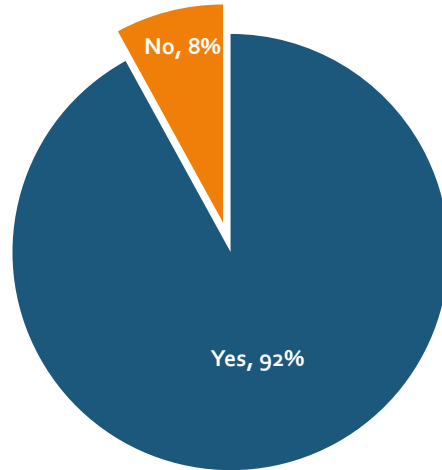








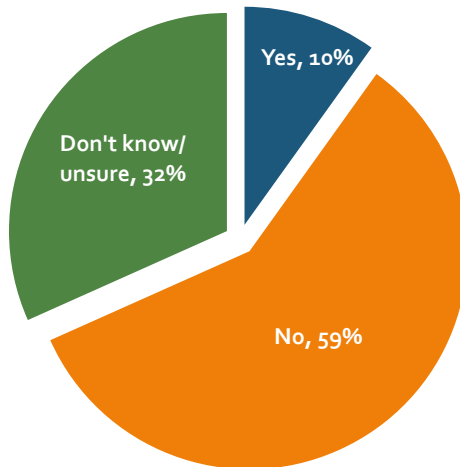
## MOST HAVE EQUITY IN THEIR HOME



Do you have equity in your home?

SERIES: 2014 Baby Boomer Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

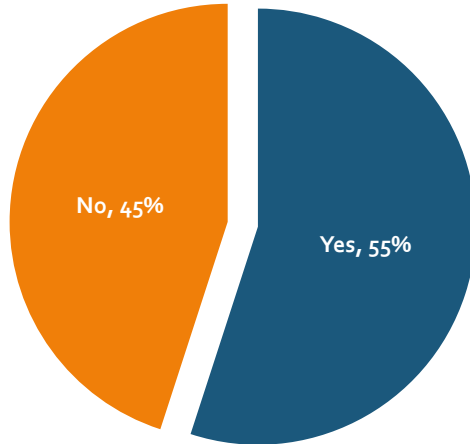
## MAJORITY DO NOT PLAN TO SELL HOME WHEN THEY RETIRE



Do you plan to sell your current home when you retire?

SERIES: 2014 Baby Boomer Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

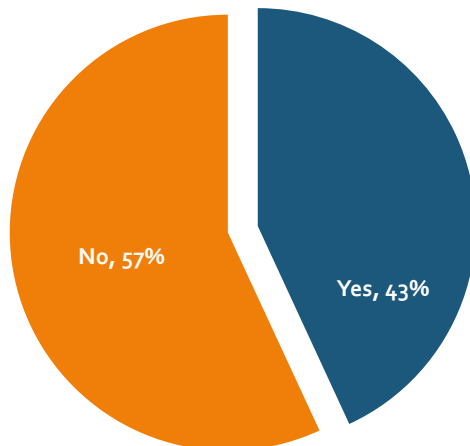
### MAJORITY WORRY ABOUT CHILDRENS' ABILITY TO BECOME HOME OWNERS



Do you worry about your children's ability to become home owners in the future?

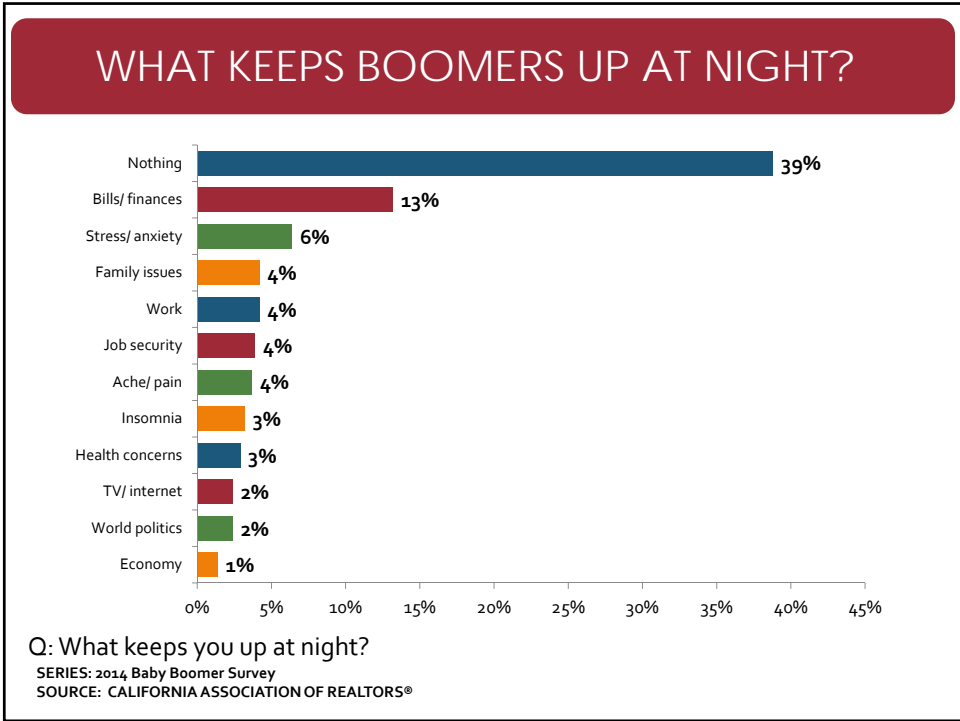
SERIES: 2014 Baby Boomer Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

### TIME TO TALK: 2/5 PLAN TO HELP CHILDREN WITH DOWN PAYMENT



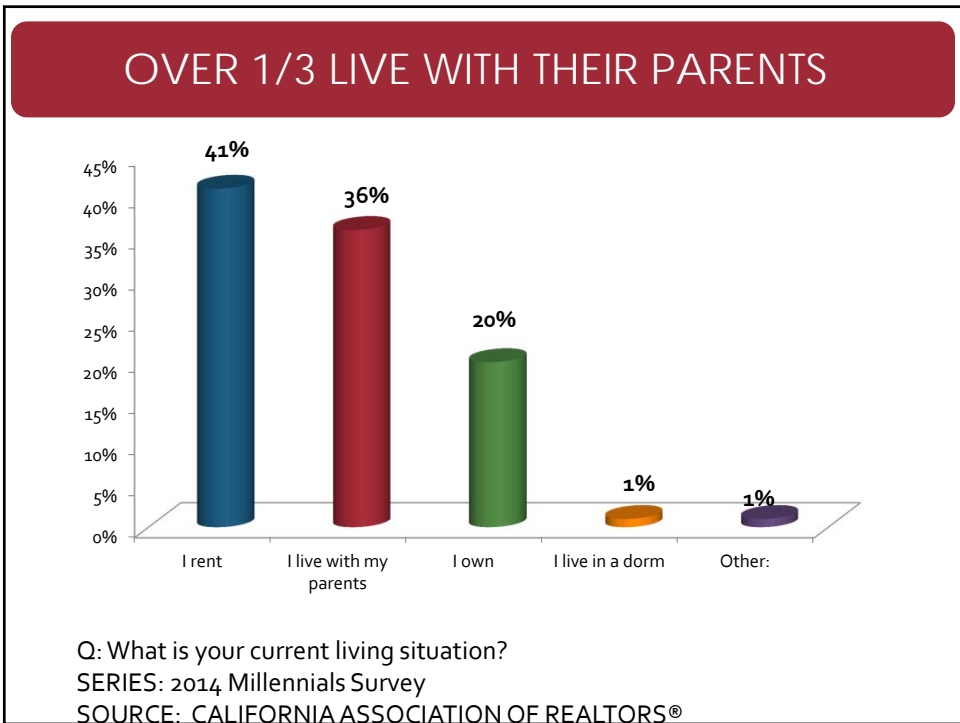
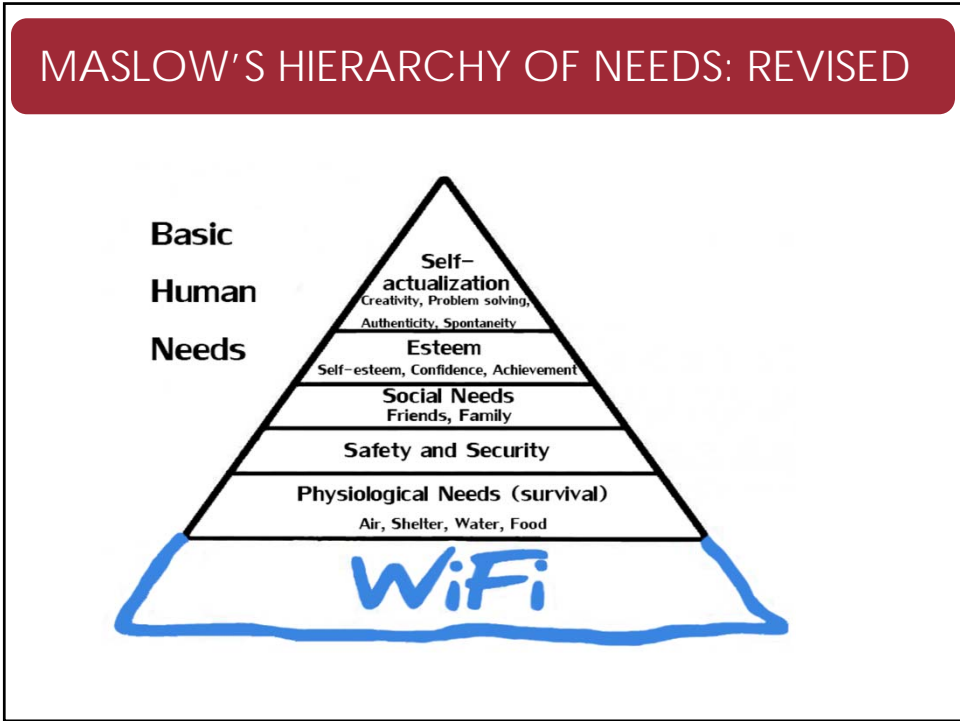
Do you plan to help your children with their down payment to purchase a home?

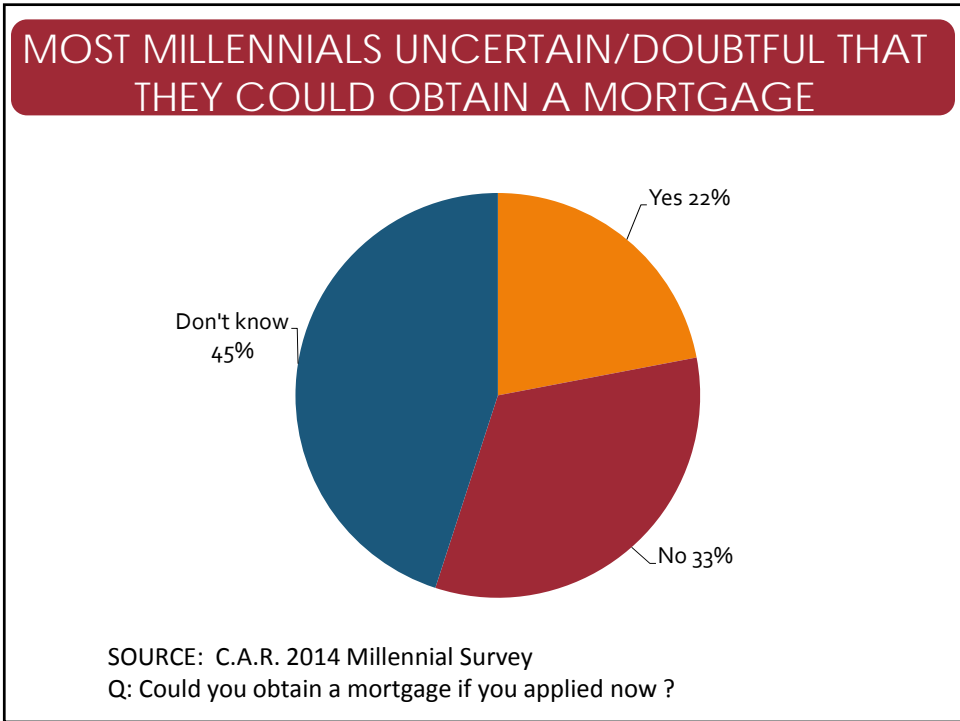
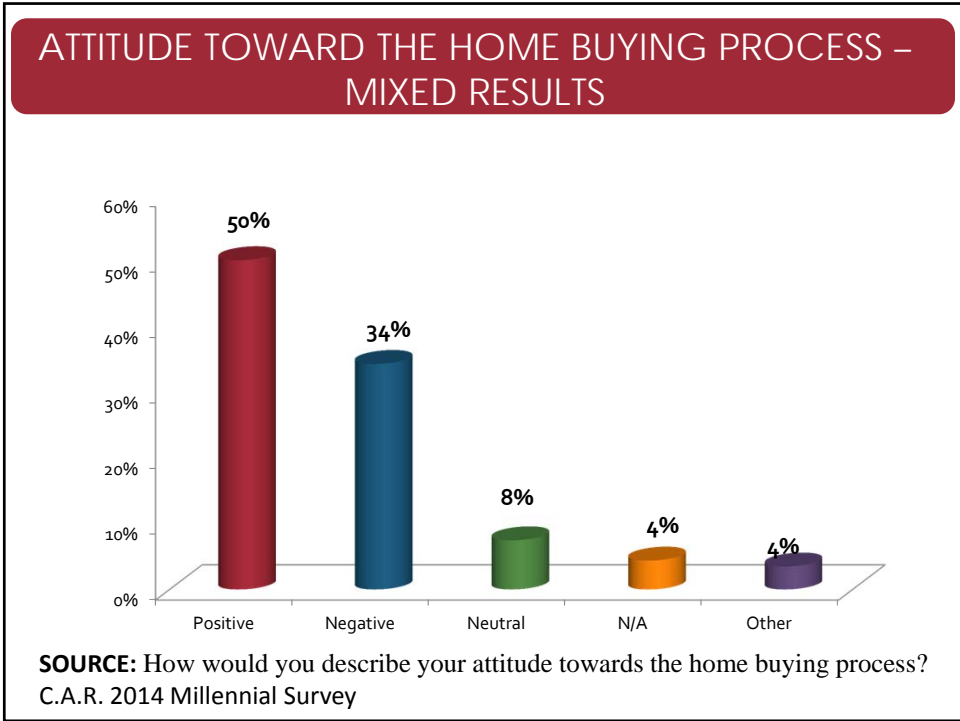
SERIES: 2014 Baby Boomer Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



## MILLENNIALS: TOMORROW'S HOME OWNERS?

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PEOPLE WOULD PREFER THE FOLLOWING OVER GOING THROUGH THE HOME MORTGAGE PROCESS



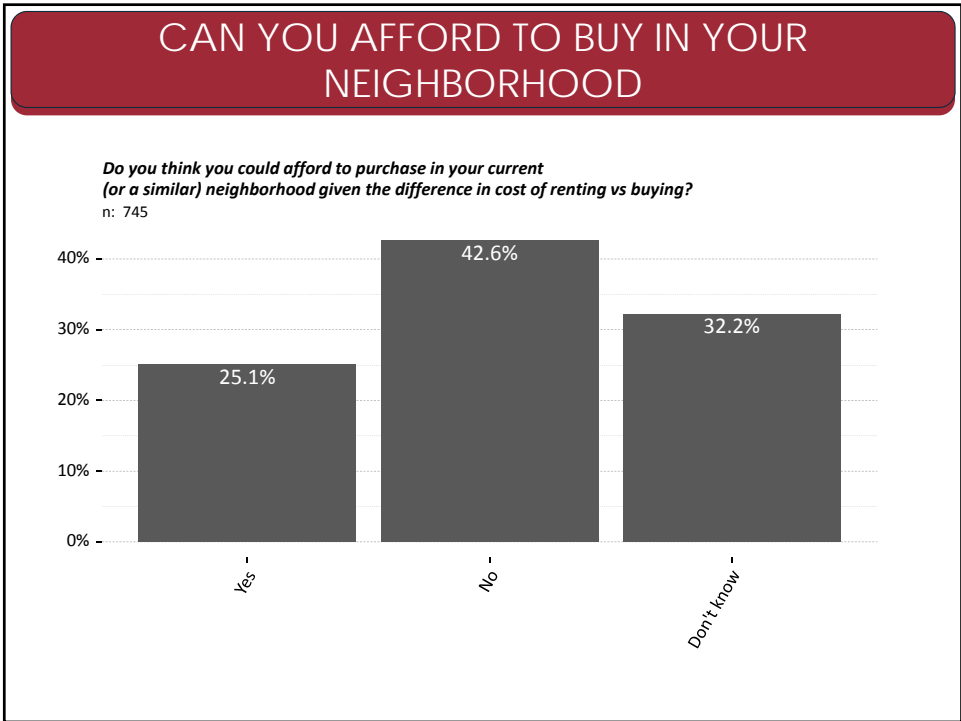
SOURCE: Guaranteed Rate Mortgage Survey of 1,000 adults 25 and older USA Today April 2014

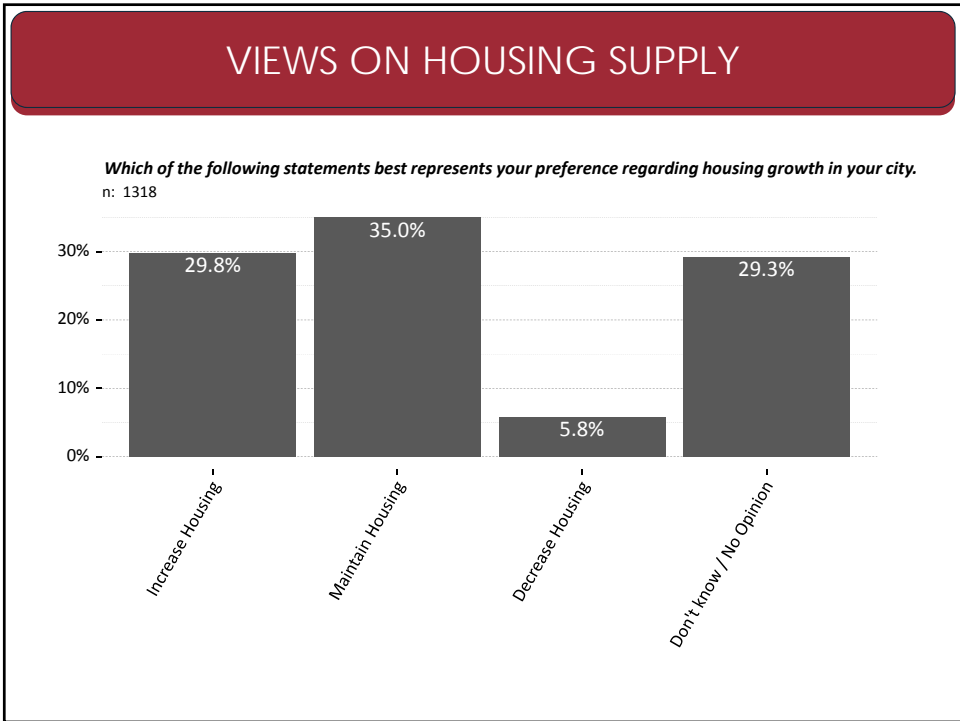
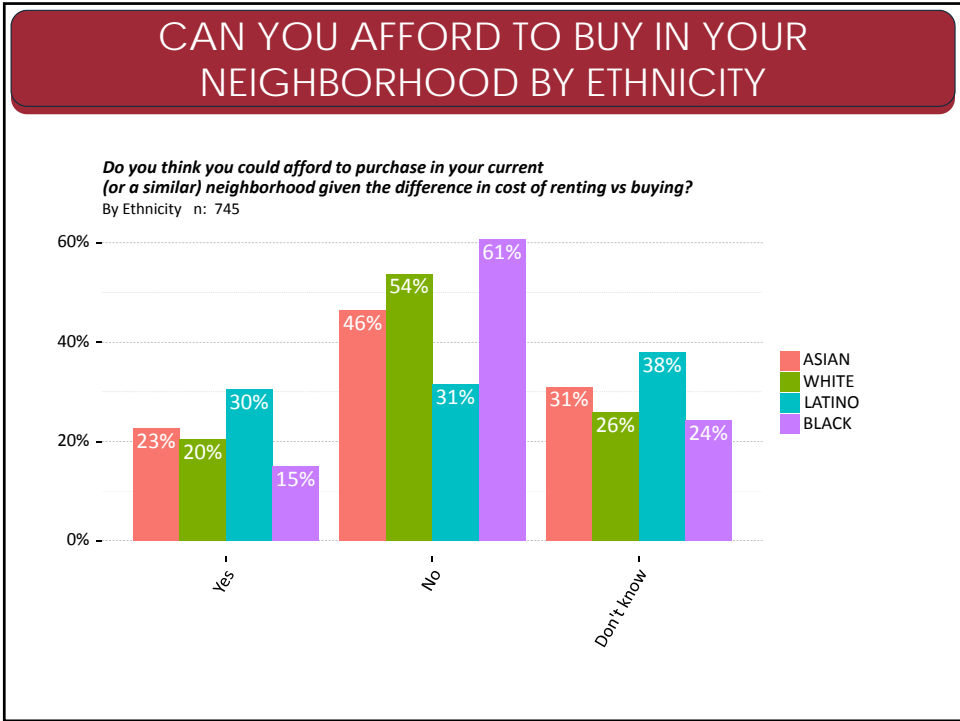
2016 GENERATIONAL SURVEY:  
MILLENNIALS

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# MILLENNIAL VIEWS ON HOUSING

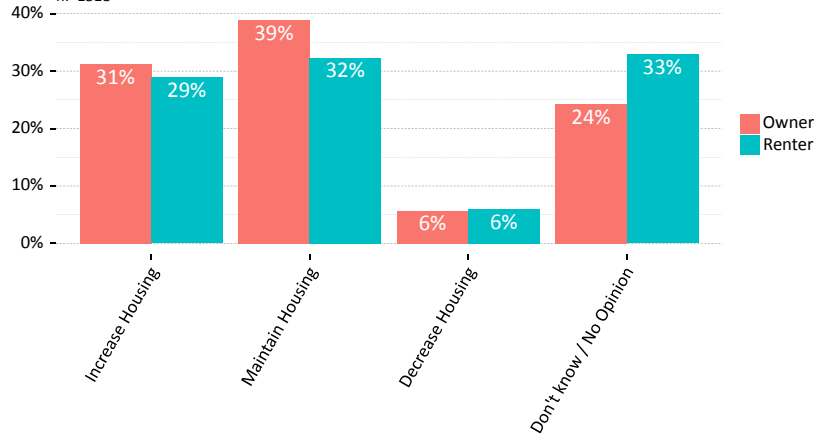




## IEWS ON HOUSING SUPPLY - RENTERS/OWNERS

Which statement best represents your preference regarding housing growth in your city.

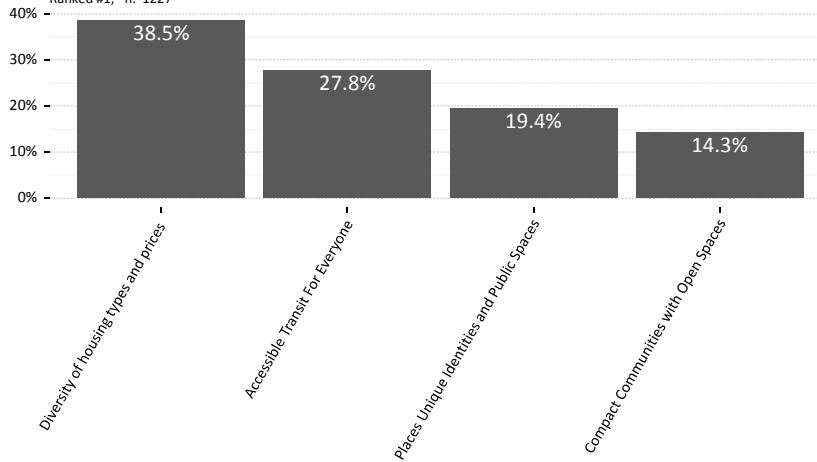
Split by Renter / Owner  
n: 1318



## IEWS ABOUT HOUSING FUTURE

What do think is in greatest need of increased attention in the coming years?

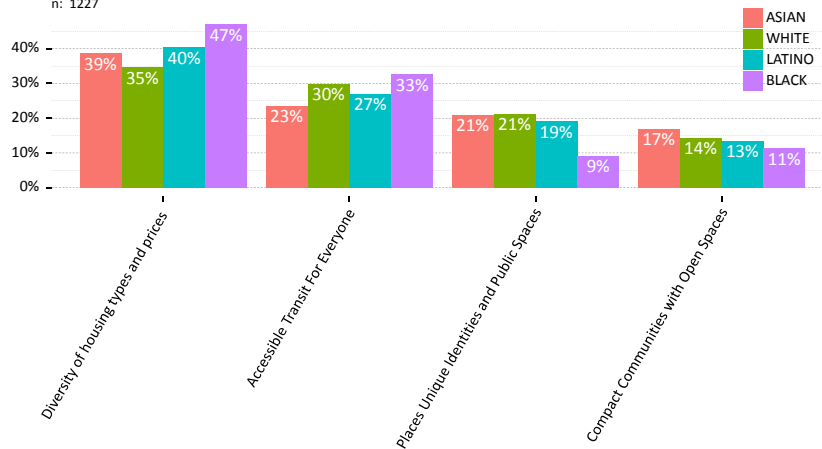
Ranked #1; n: 1227



## IEWS ABOUT HOUSING FUTURE BY ETHNICITY

*What do think is in greatest need of increased attention in the coming years?*

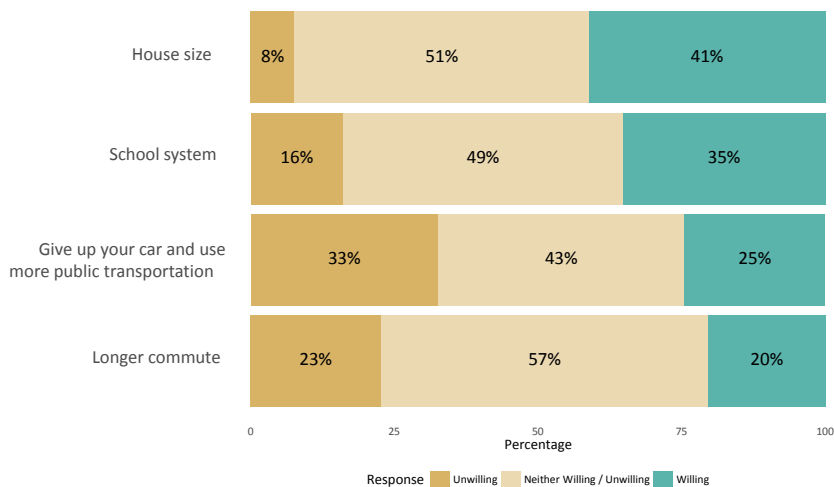
Split by Ethnicity, Ranked #1;  
n: 1227



## WILLINGNESS TO MAKE TRADEOFFS TO BUY

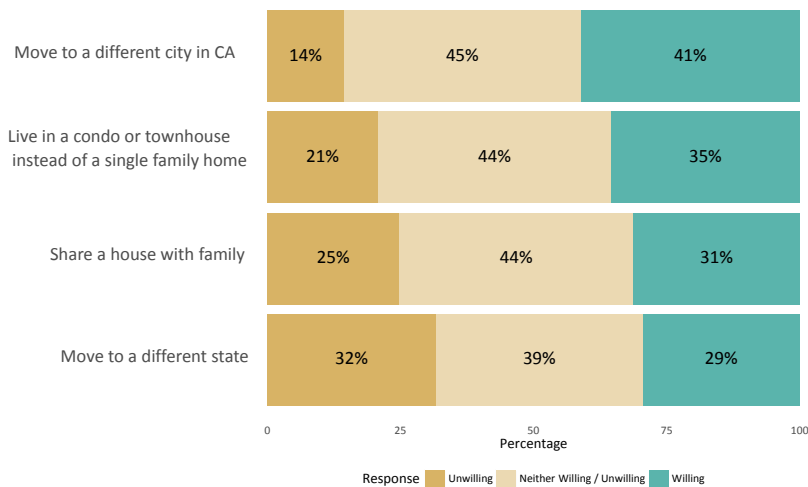
*What tradeoffs are you willing to make to purchase a house within your means, today?*

Rate on a 1-5 where 1 means completely unwilling, and a 5 means completely willing  
n: 1319



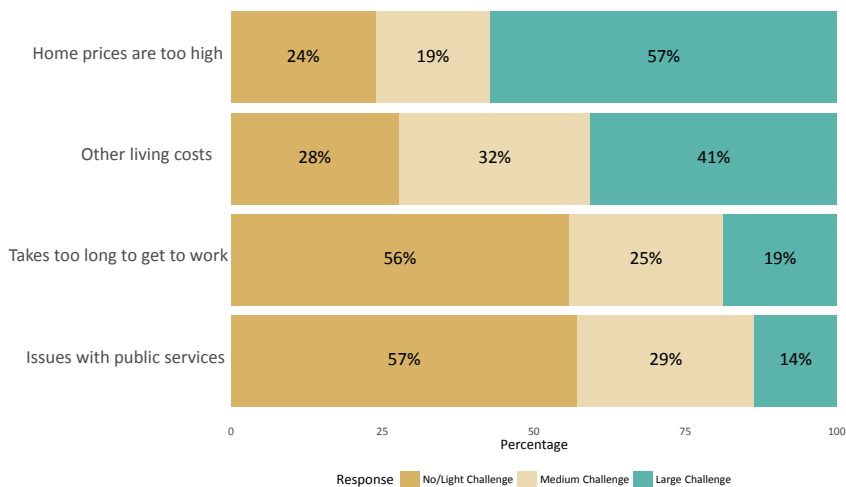
## WILLINGNESS TO MAKE TRADEOFFS TO BUY - 2

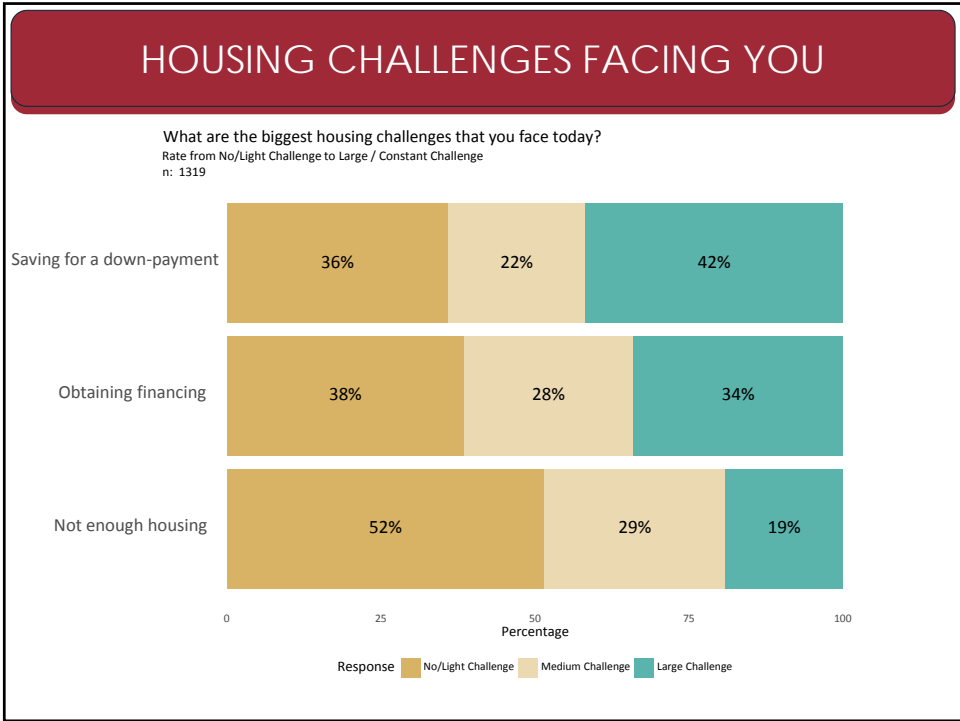
What tradeoffs are you willing to make to purchase a house within your means, today?  
 Rate on a 1-5 where 1 means completely unwilling, and a 5 means completely willing  
 n: 1319



## HOUSING CHALLENGES FACING YOU

What are the biggest housing challenges that you face today?  
 Rate from No/Light Challenge to Large / Constant Challenge  
 n: 1319



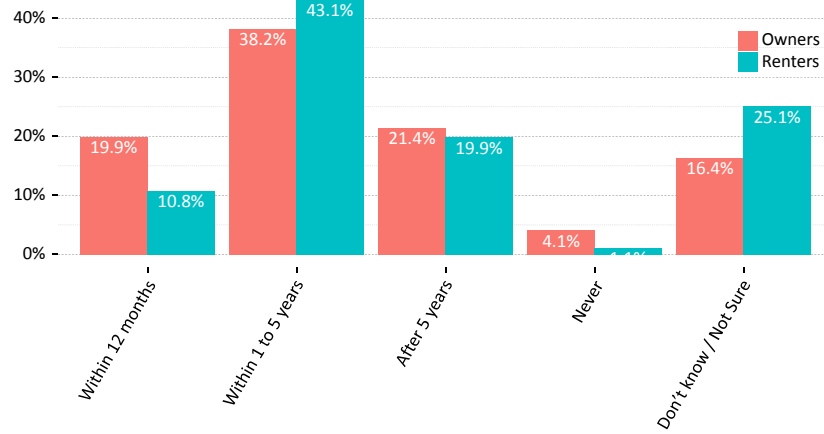


## HOME PURCHASE DECISIONS

## WHEN DO YOU PLAN TO PURCHASE

### When do you plan to purchase your next house

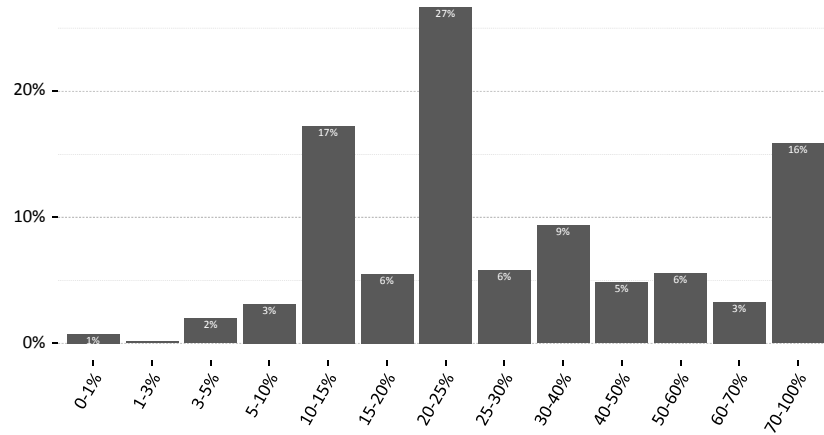
Renters and Owners; (either as a home or as an investment property) n: 1118



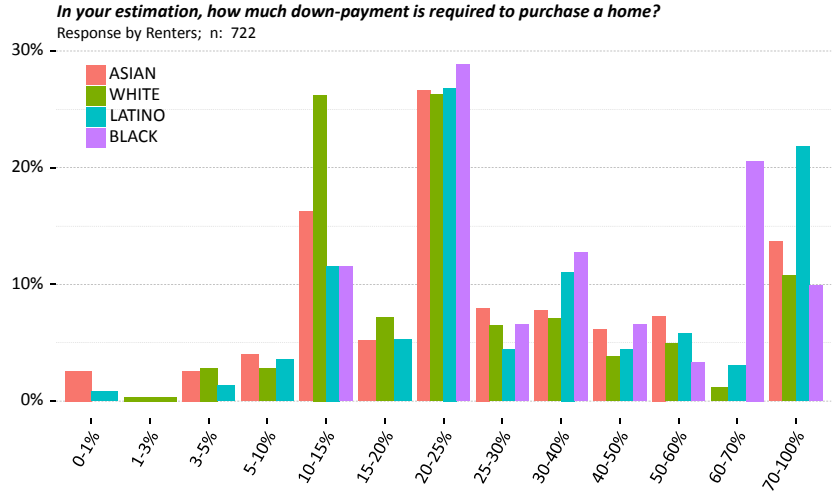
## RENTERS : KNOWLEDGE OF HOUSING PURCHASES

### In your estimation, how much down-payment is required to purchase a home?

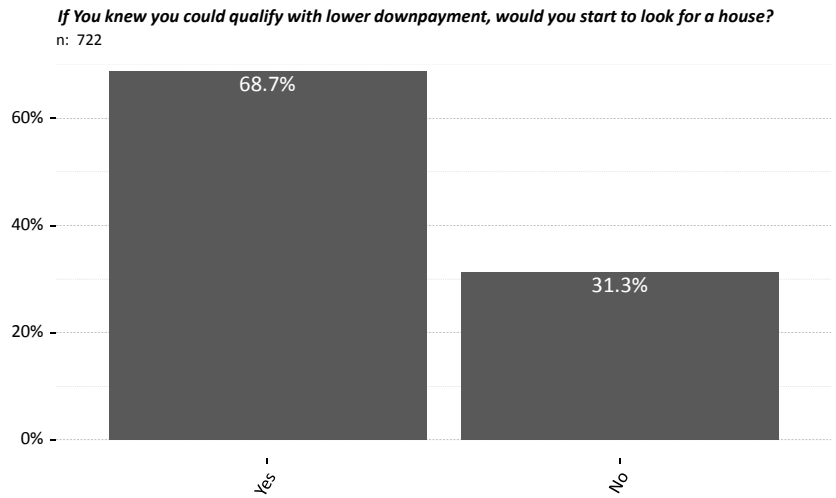
n: 722



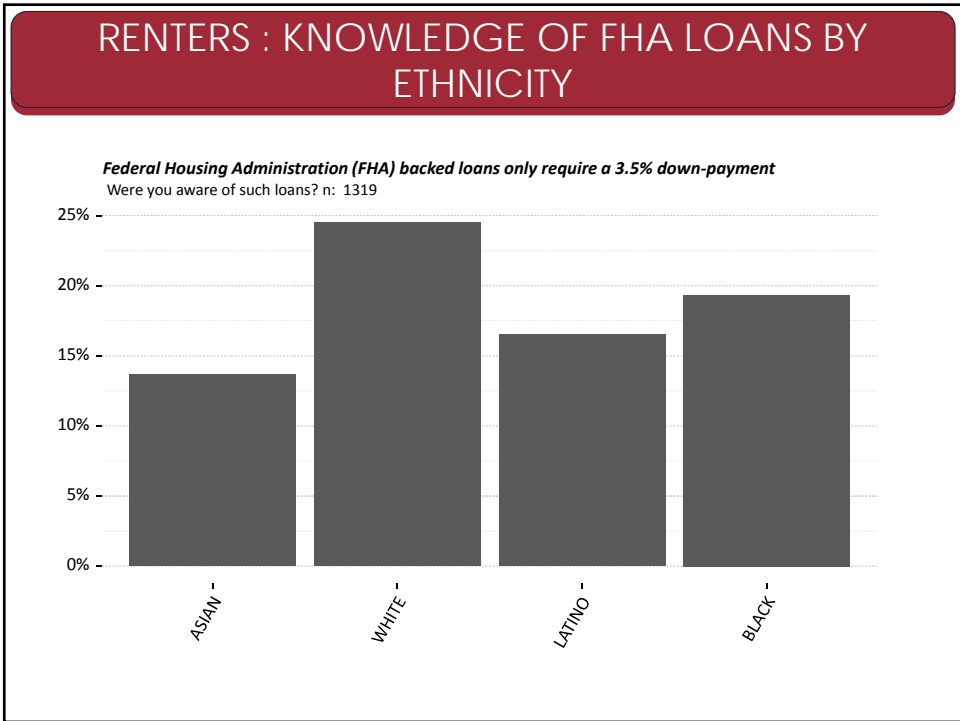
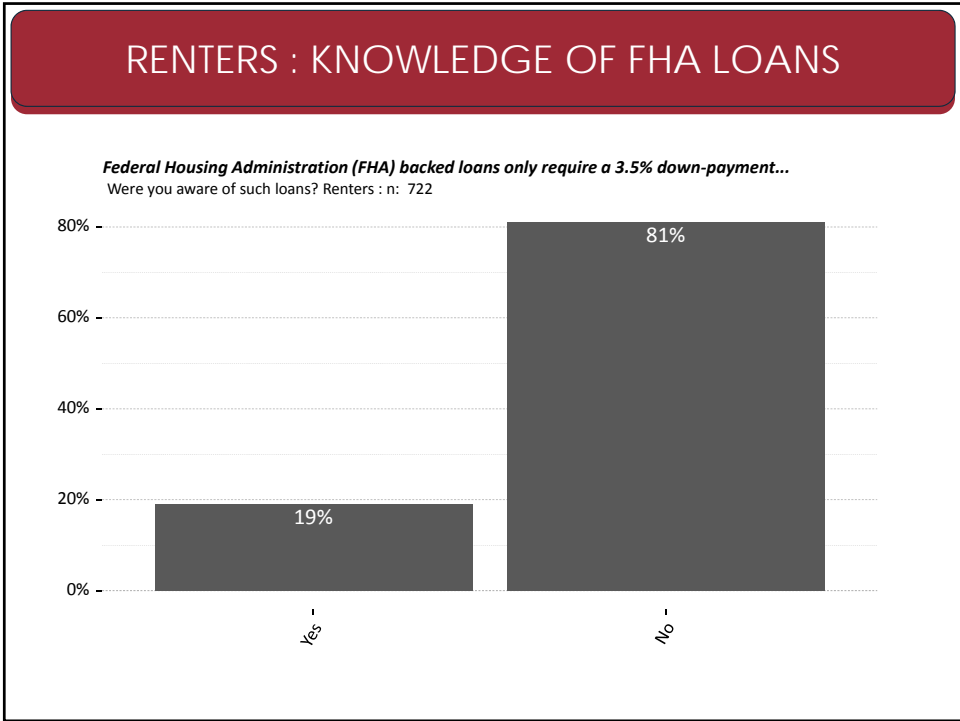
## RENTERS : KNOWLEDGE OF HOUSING PURCHASES BY ETHNICITY

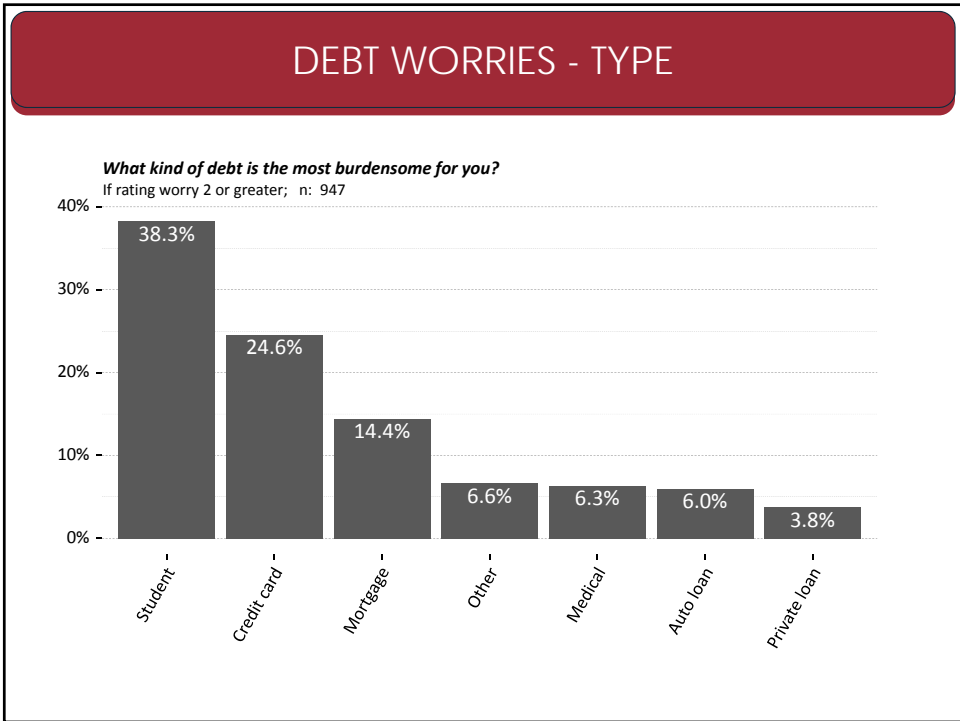
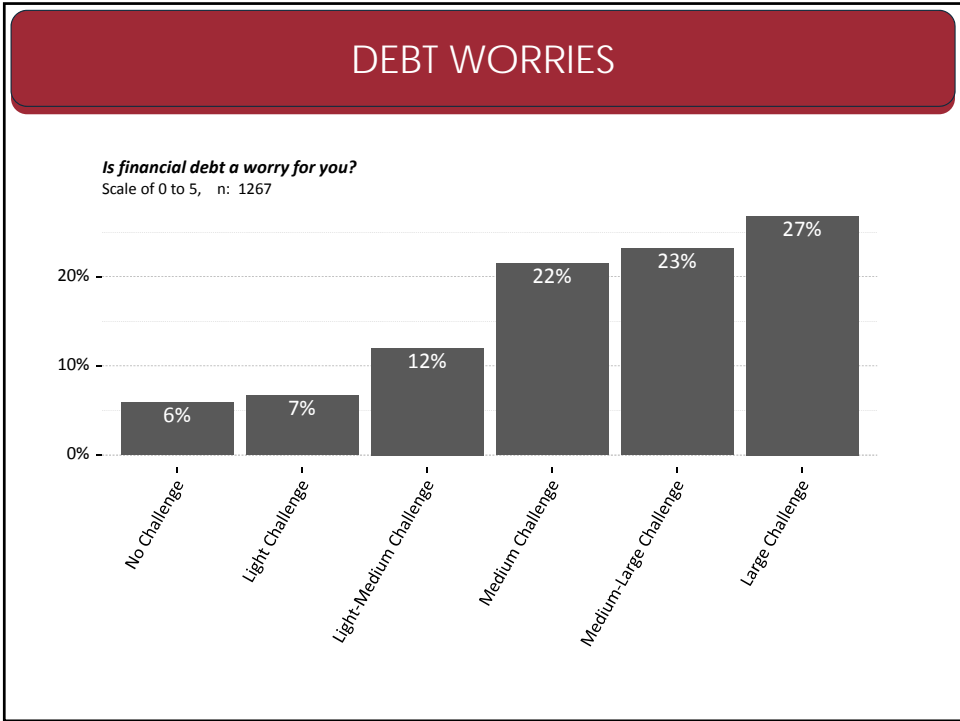


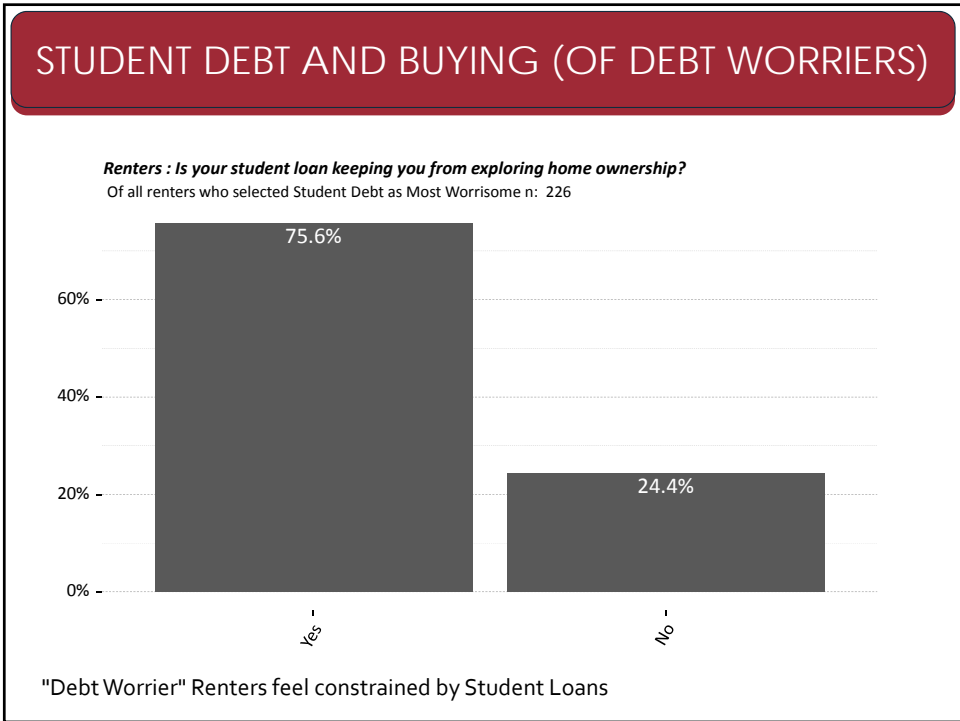
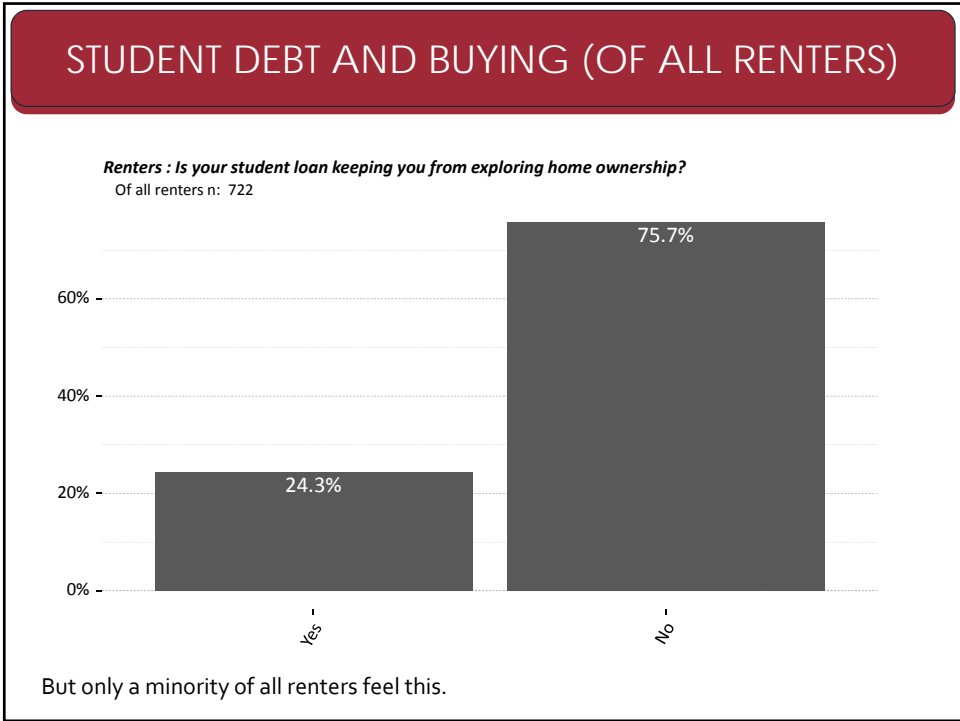
## RENTERS : KNOWLEDGE OF DOWNPAYMENTS

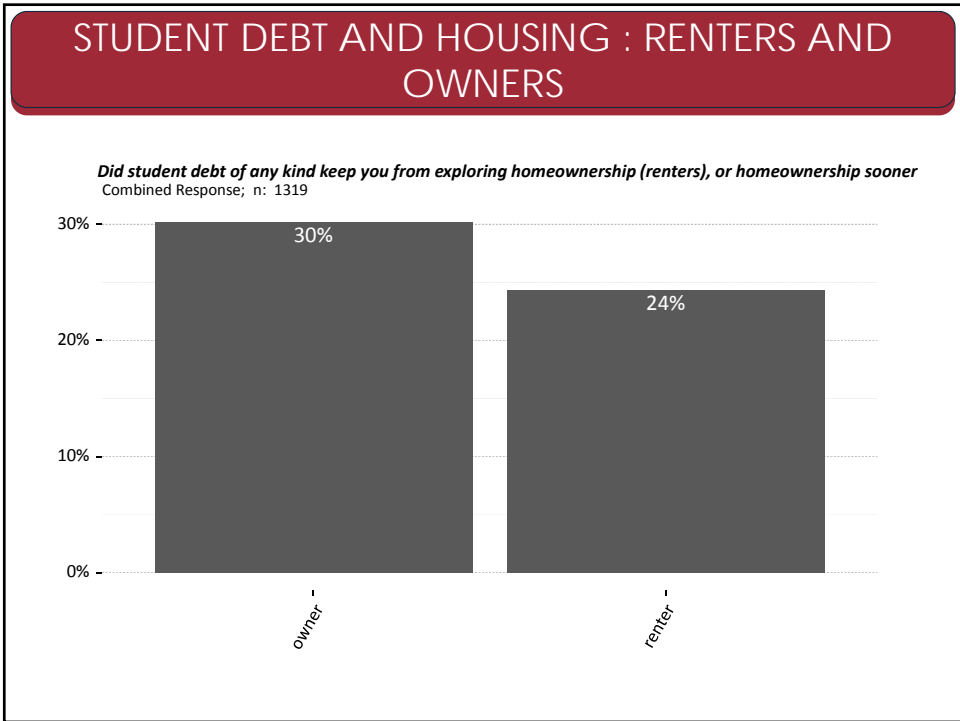
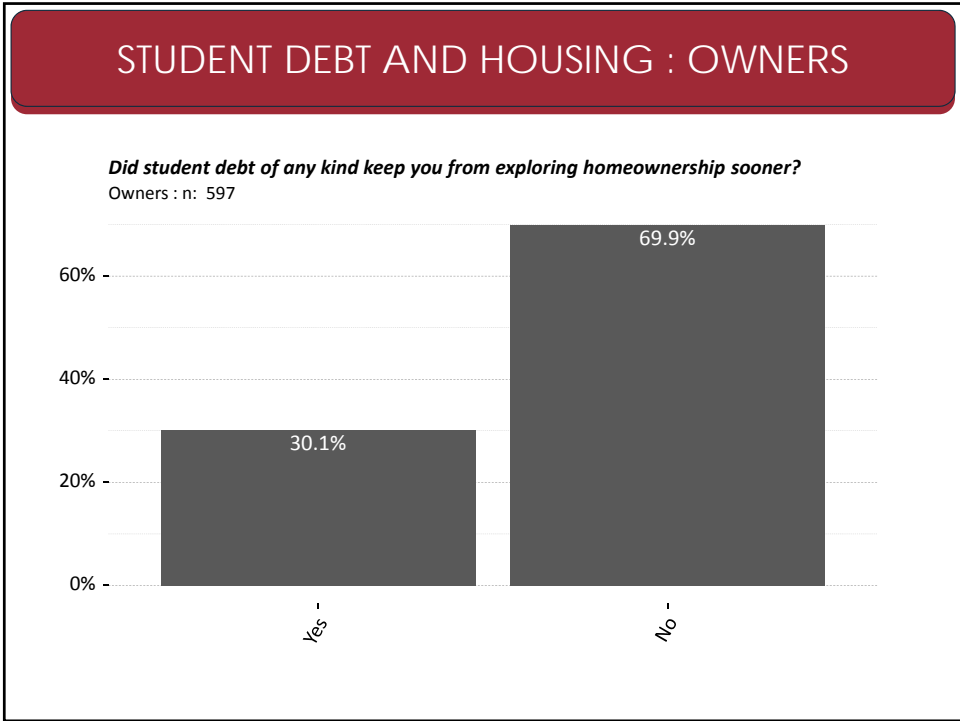













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