

# 2026 California Economic & Housing Market Forecast

Jordan G. Levine  
SVP & Chief Economist  
California Association of REALTORS®



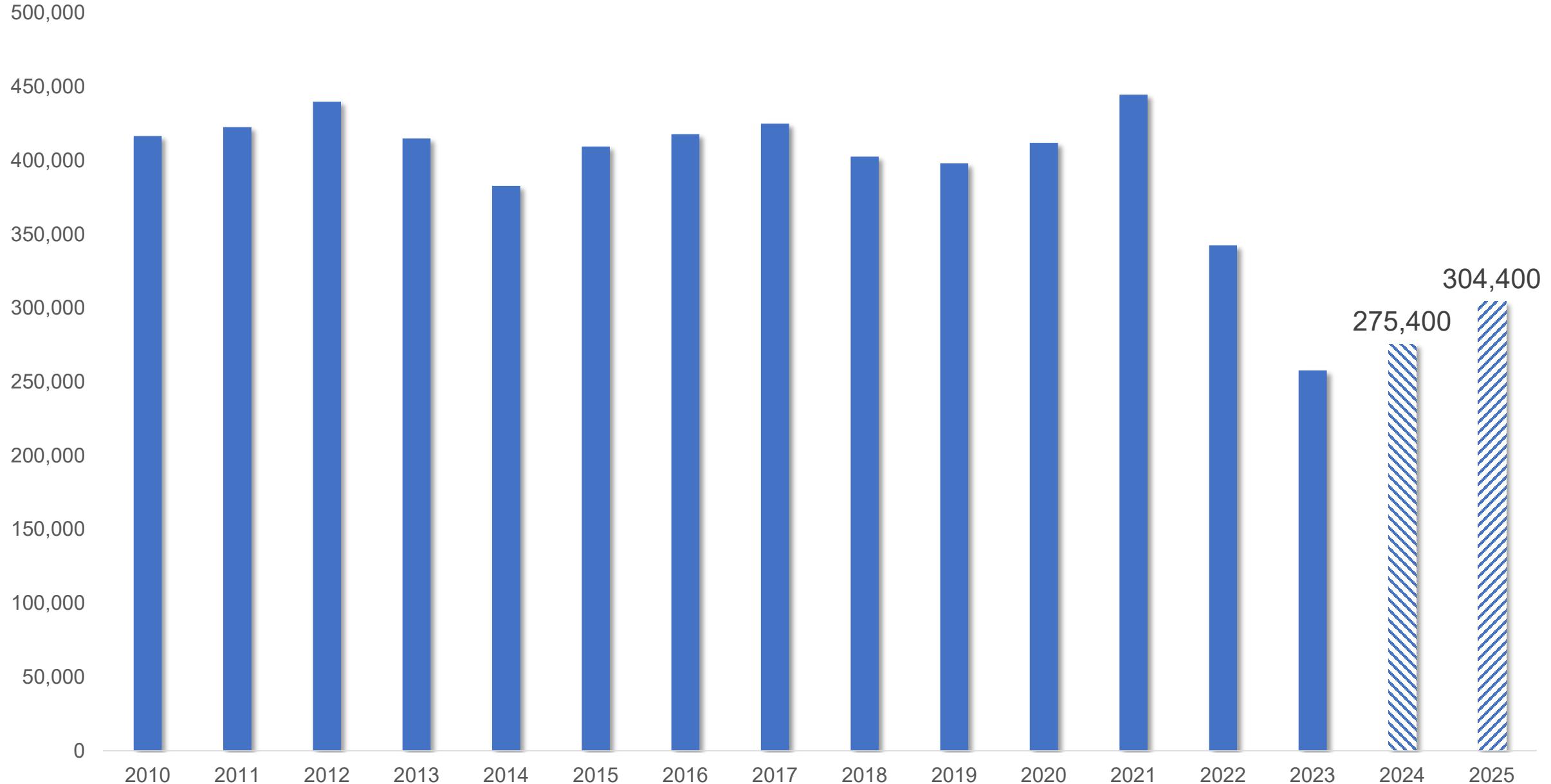
# U.S. economic outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024p	2025f
US GDP	1.8%	2.5%	3.0%	2.5%	-2.2%	5.8%	1.9%	2.5%	1.9%	1.1%
Nonfarm Job Growth	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.2%	1.2%	0.5%
Unemployment	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.6%	4.1%	4.4%
CPI	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%	2.0%
Real Disposable Income, % Change	1.9%	3.1%	3.6%	3.1%	6.4%	3.1%	-5.9%	4.2%	2.0%	2.5%

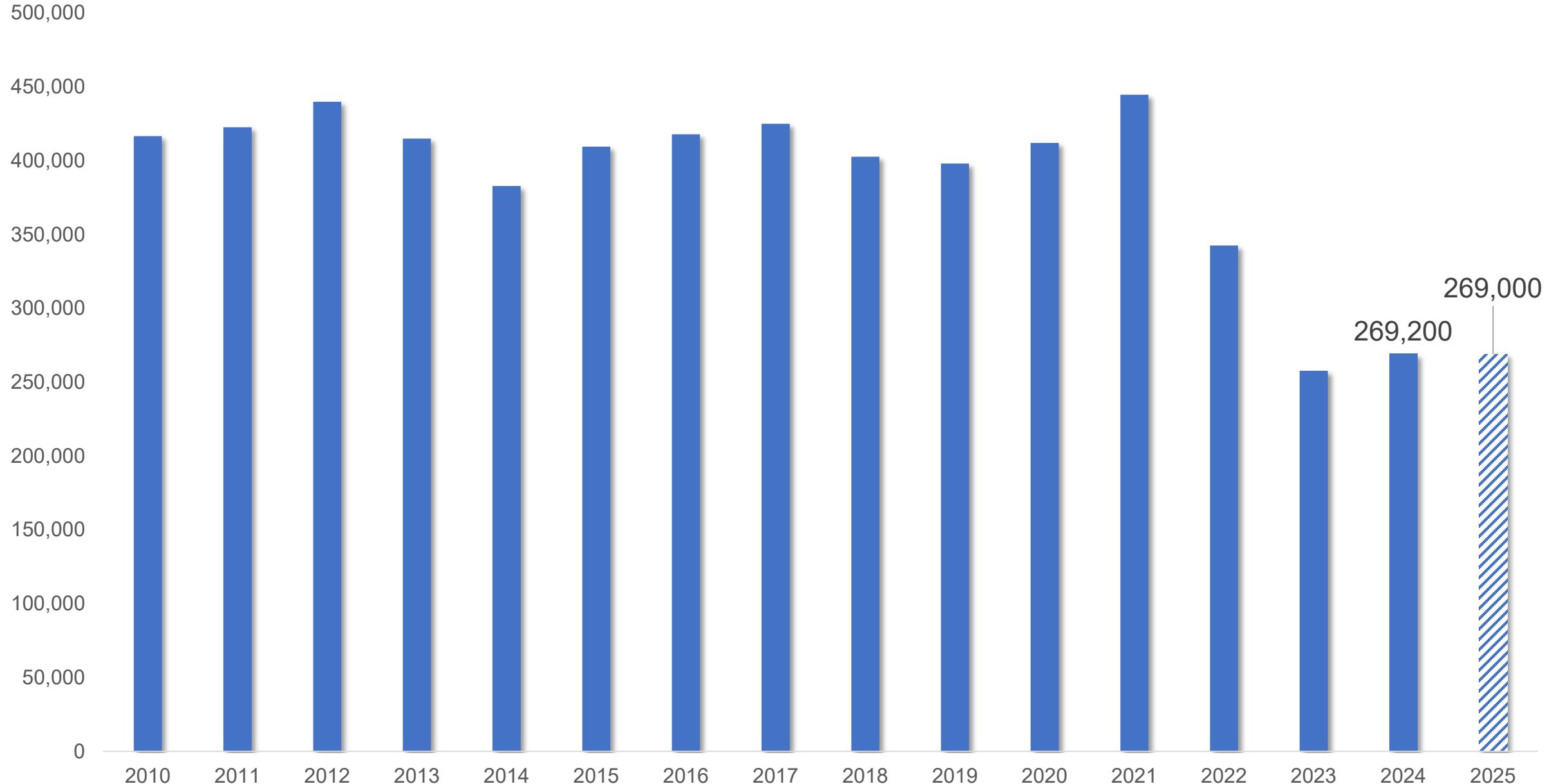
# U.S. economic outlook

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US GDP	1.8%	2.5%	3.0%	2.5%	-2.2%	5.8%	1.9%	2.9%	2.8%	1.3%	<b>1.0%</b>
Nonfarm Job Growth	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.2%	1.2%	0.9%	<b>0.3%</b>
Unemployment	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.6%	4.0%	4.3%	<b>4.6%</b>
CPI	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	3.0%	2.8%	<b>3.0%</b>
Real Disp. Income, % Change	1.9%	3.1%	3.6%	3.1%	6.4%	3.1%	-5.9%	5.1%	2.9%	1.6%	<b>1.7%</b>

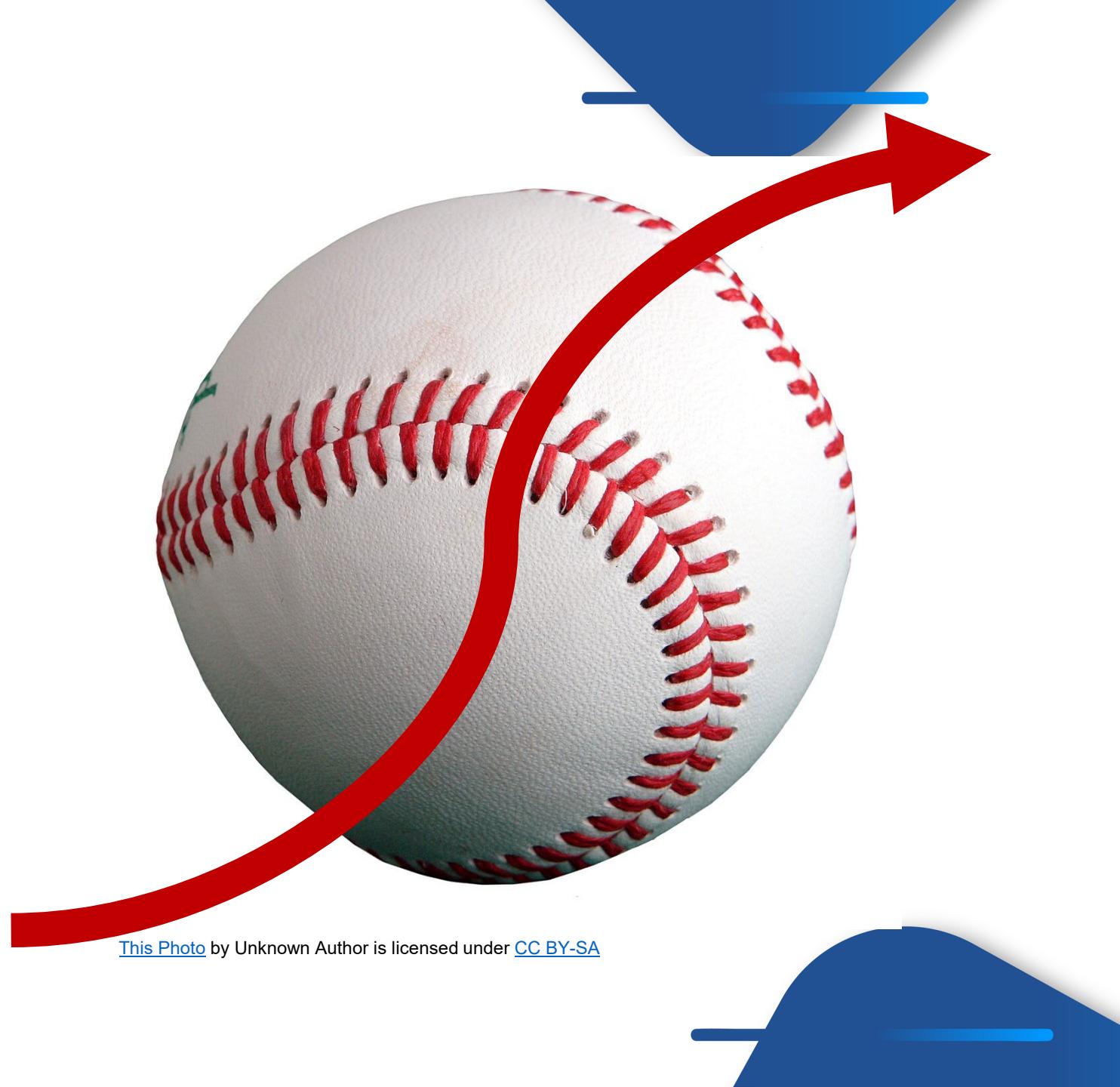
## California Existing SFR Home Sales



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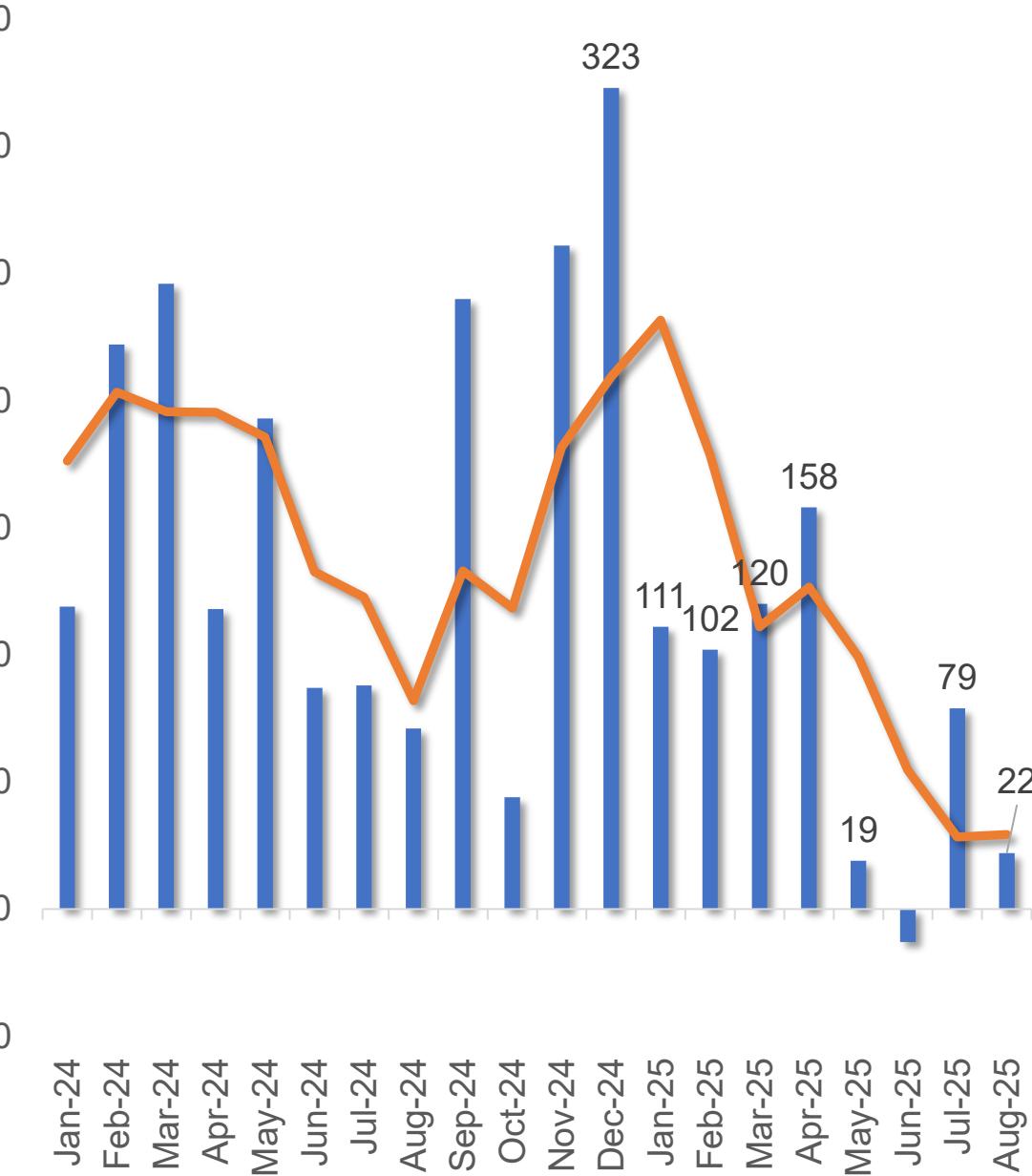


- L.A. Wildfires
- New Administration
- Trade War
- Stock Market
- Negative GDP
- Fed/Interest Rates
- Persistent Inflation
- AI & ChatGPT
- Price Gouging Laws
- Ongoing Insurance Issues
- HOA + MF Commercial RE Challenges

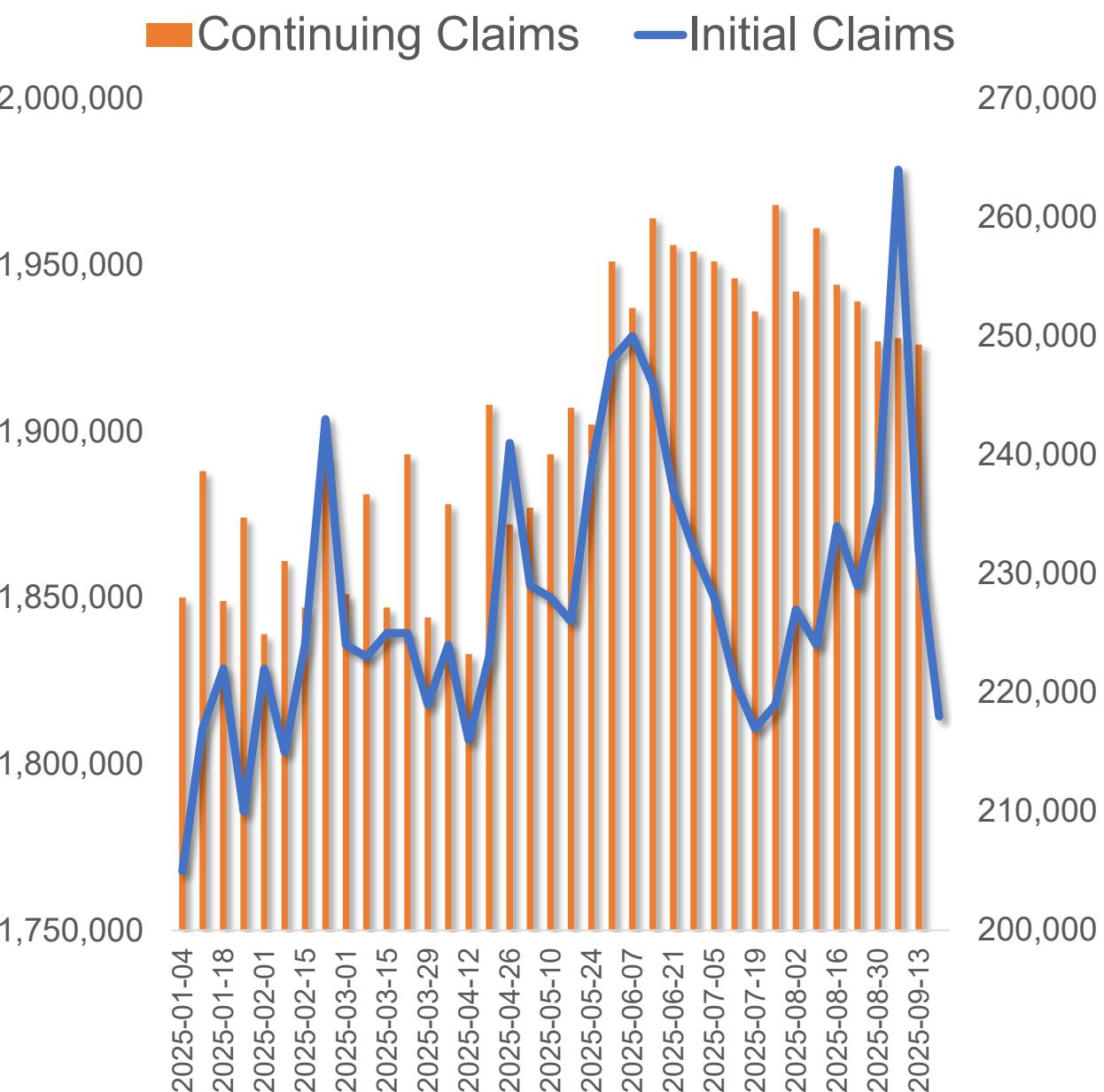


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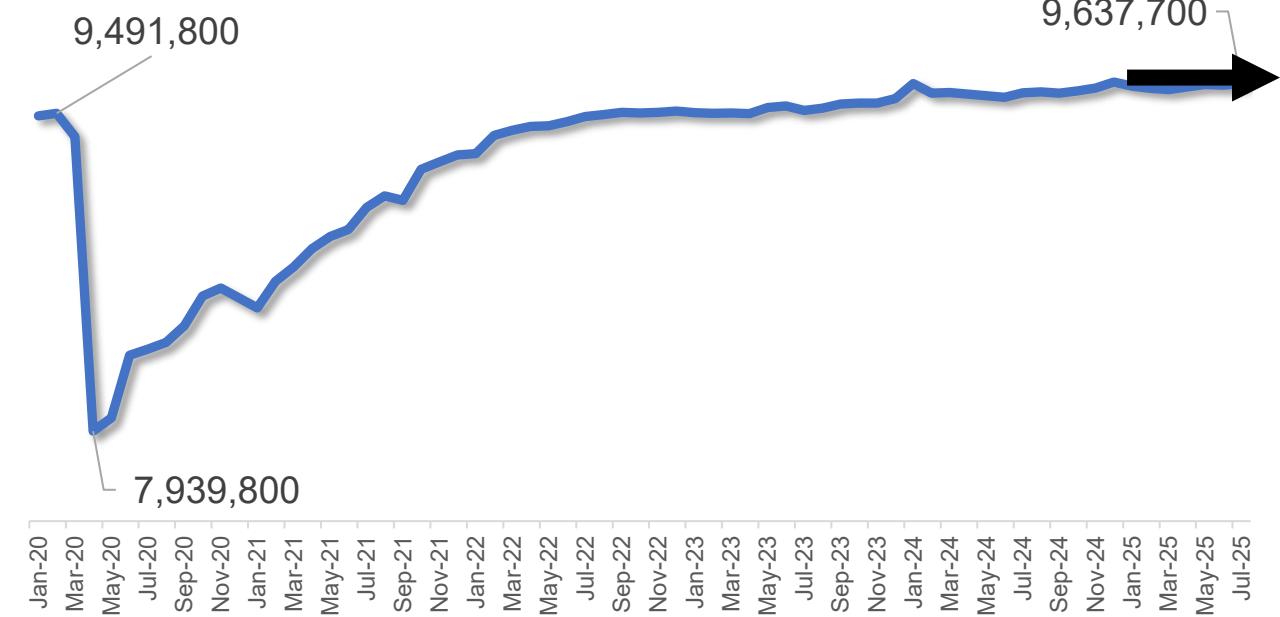
## U.S. Nonfarm Job Growth



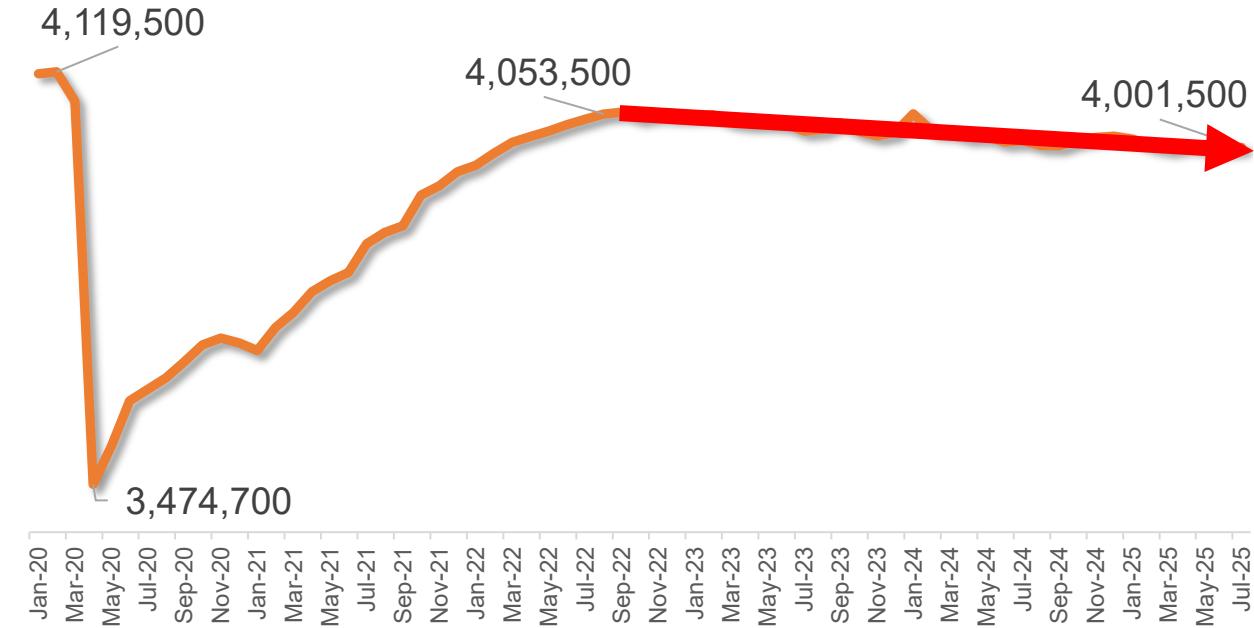
## U.S. Unemployment Insurance



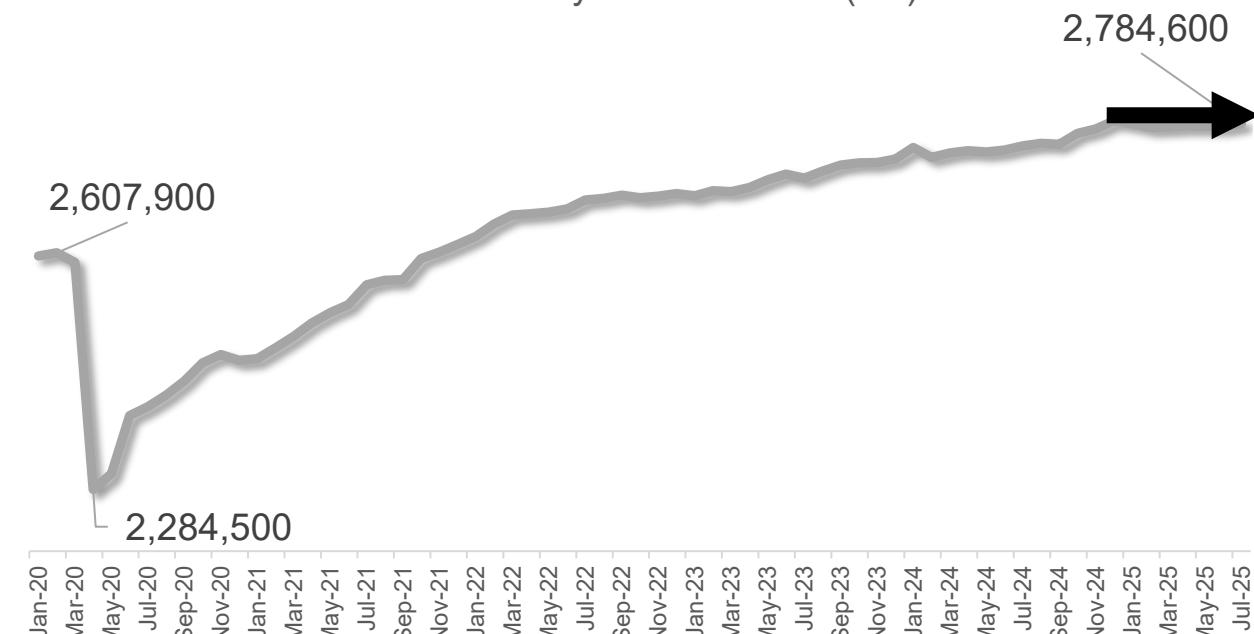
### SoCal Nonfarm Jobs (SA)



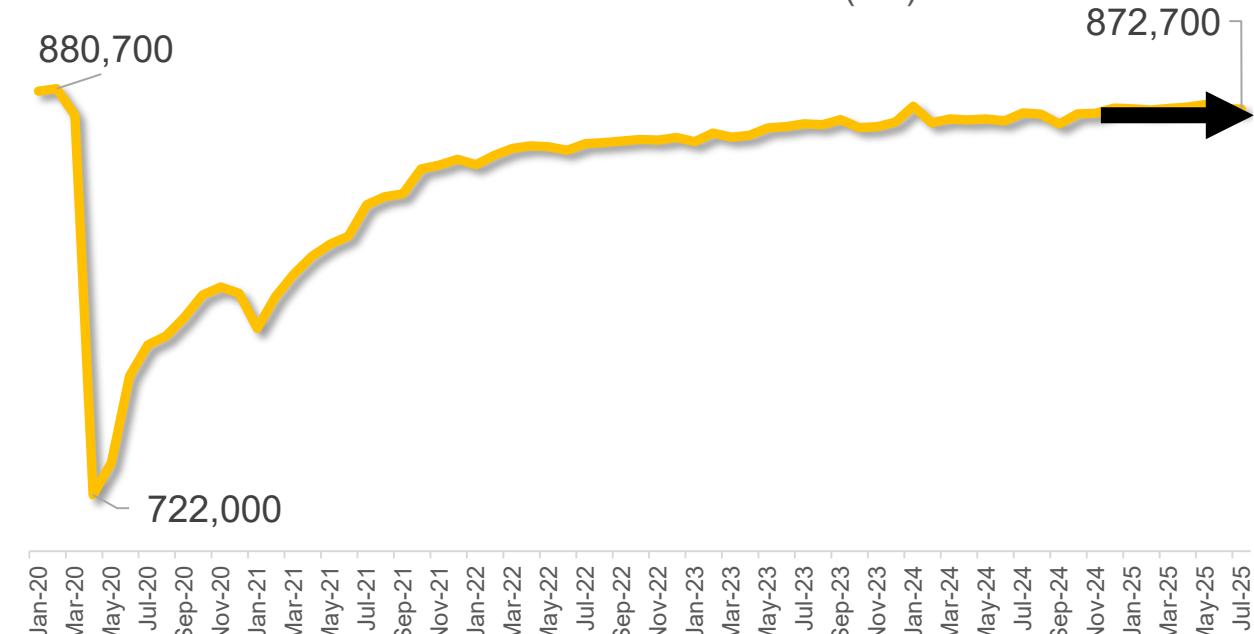
### Bay Area Nonfarm Jobs (SA)



### Central Valley Nonfarm Jobs (SA)



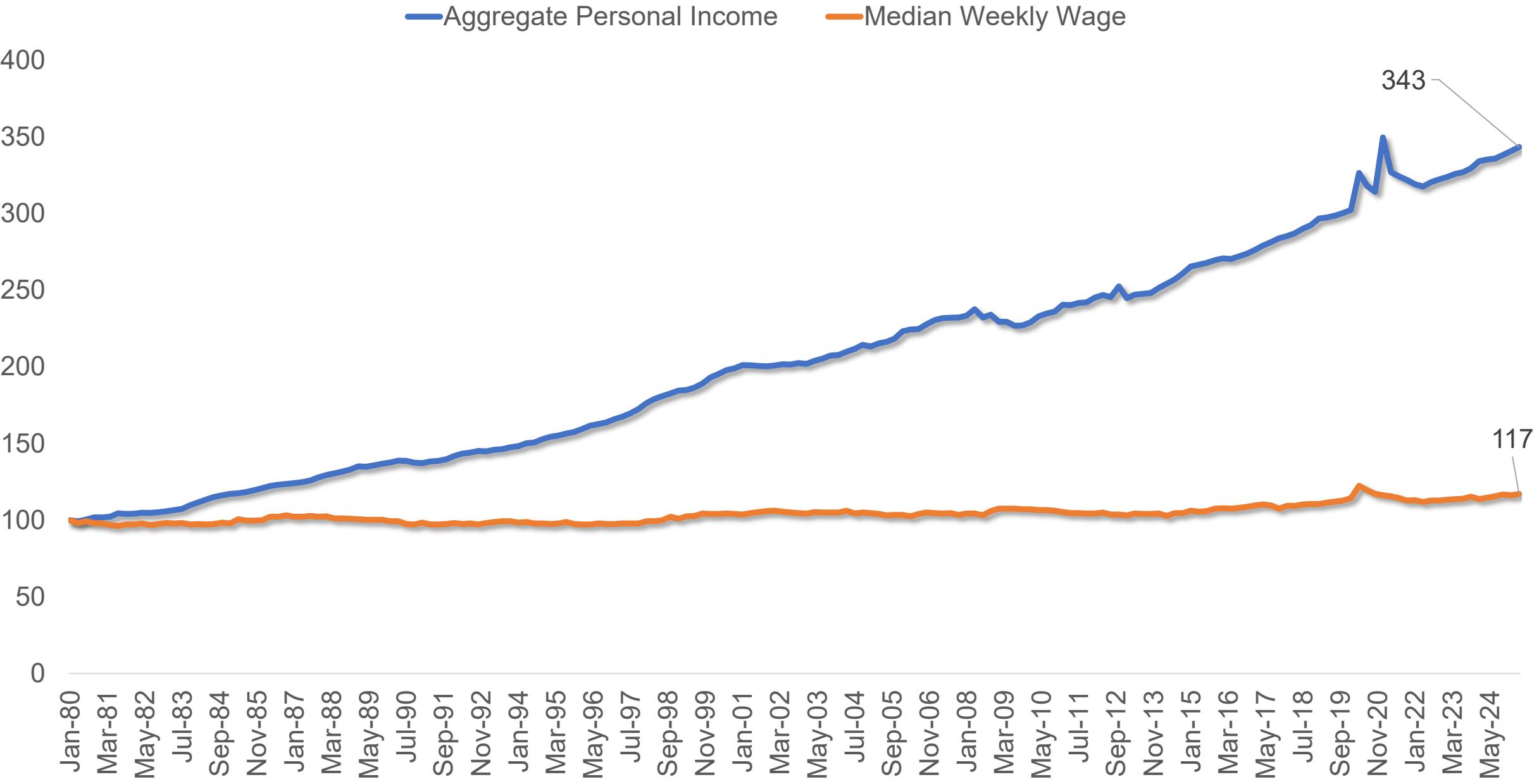
### Central Coast Nonfarm Jobs (SA)



# Major Structural Changes Since ‘70s

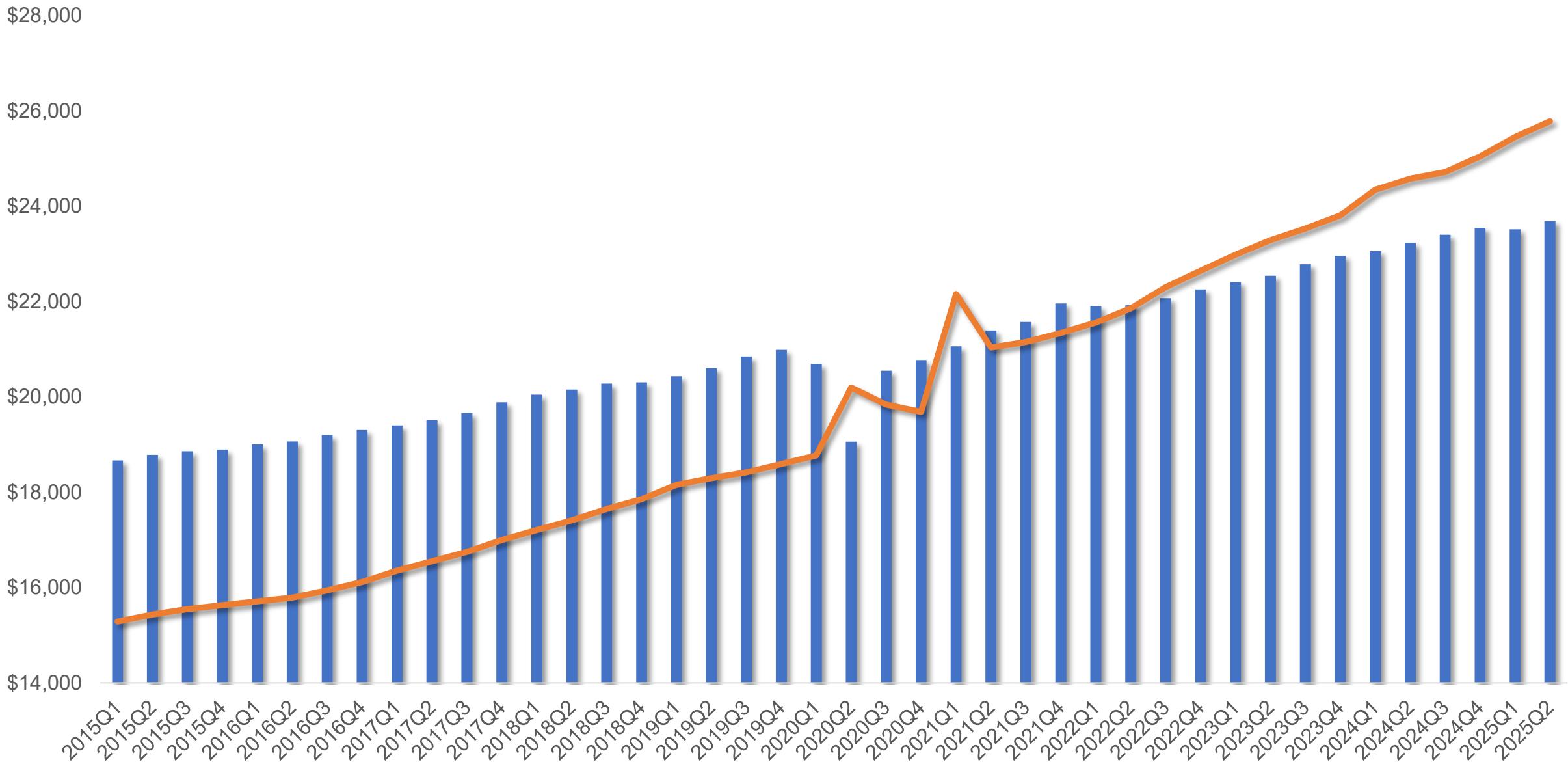
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## U.S. Inflation Adjusted Income & Wages

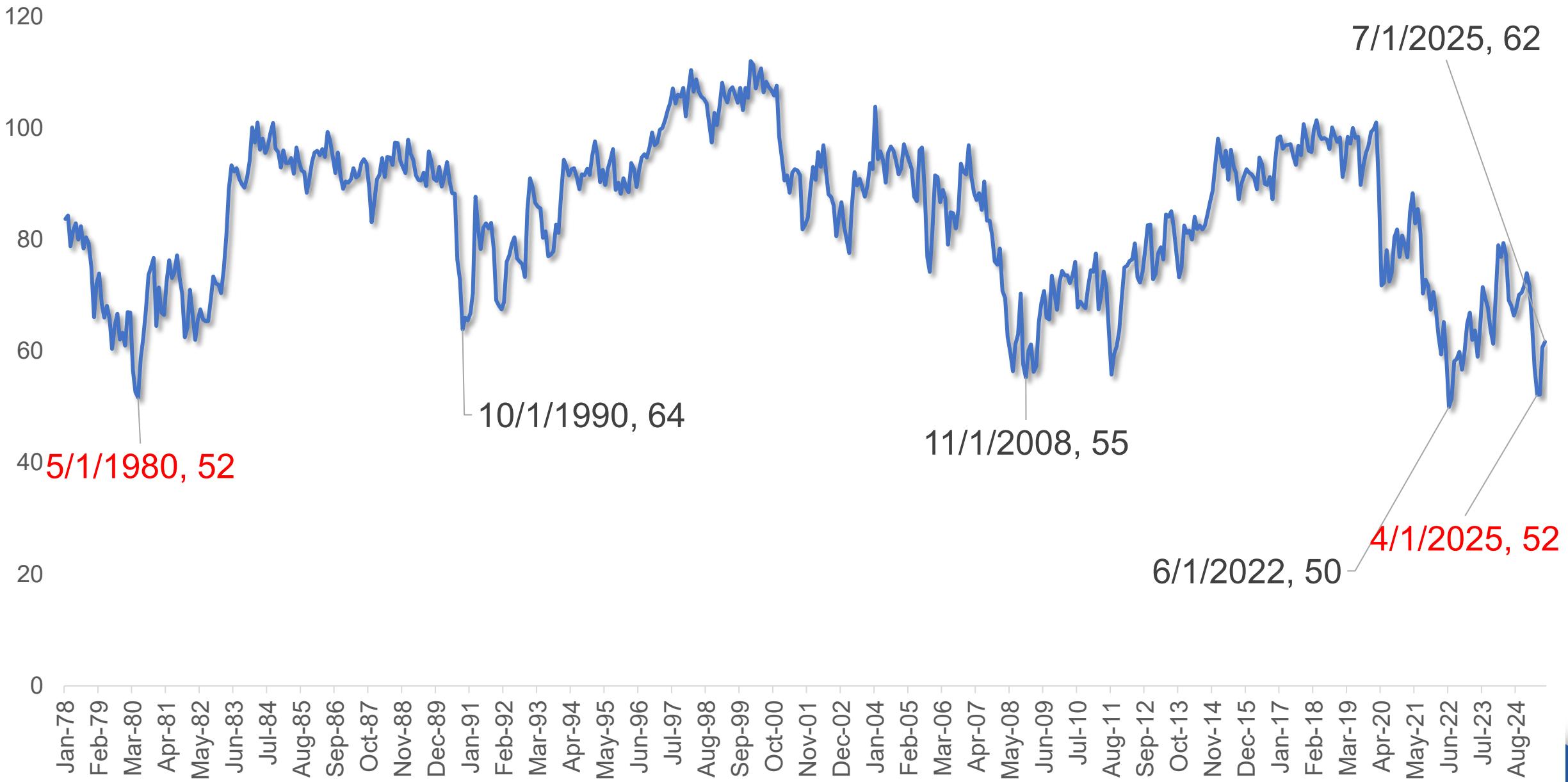


# U.S. GDP & Personal Income

GDP — Pers. Inc.



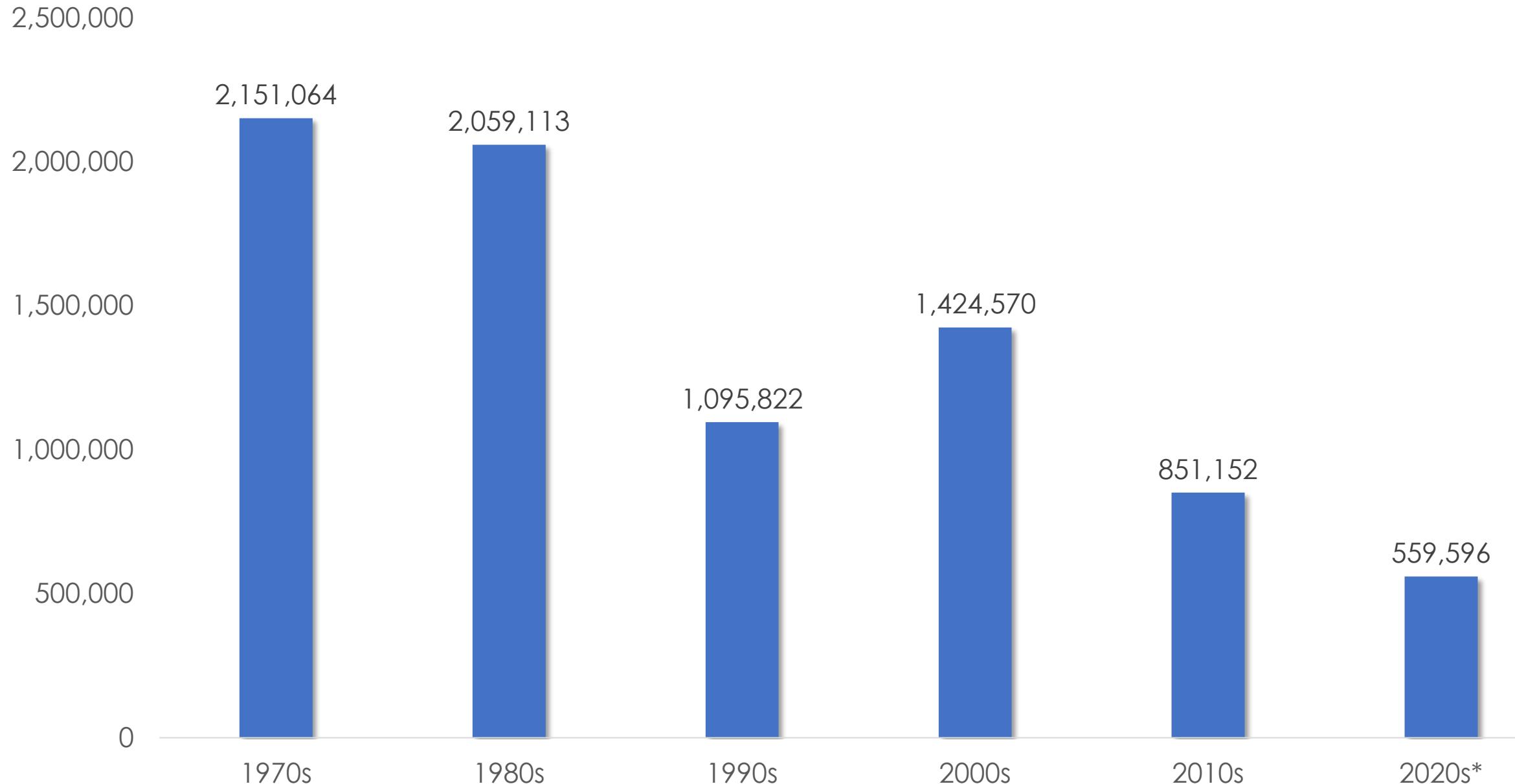
# Consumer Sentiment



# California Piled On w/Housing Policy

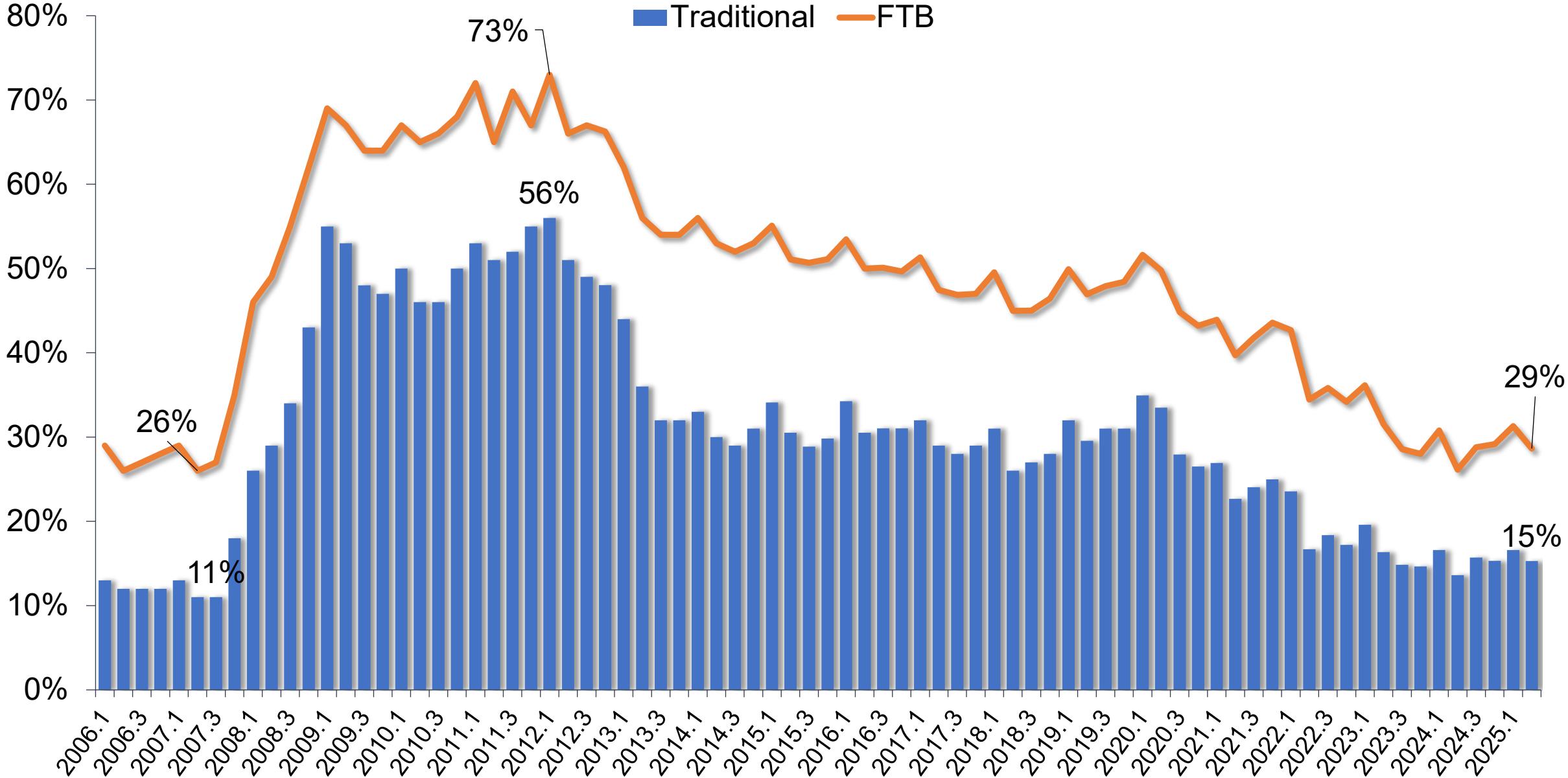
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## California Residential Building Permits

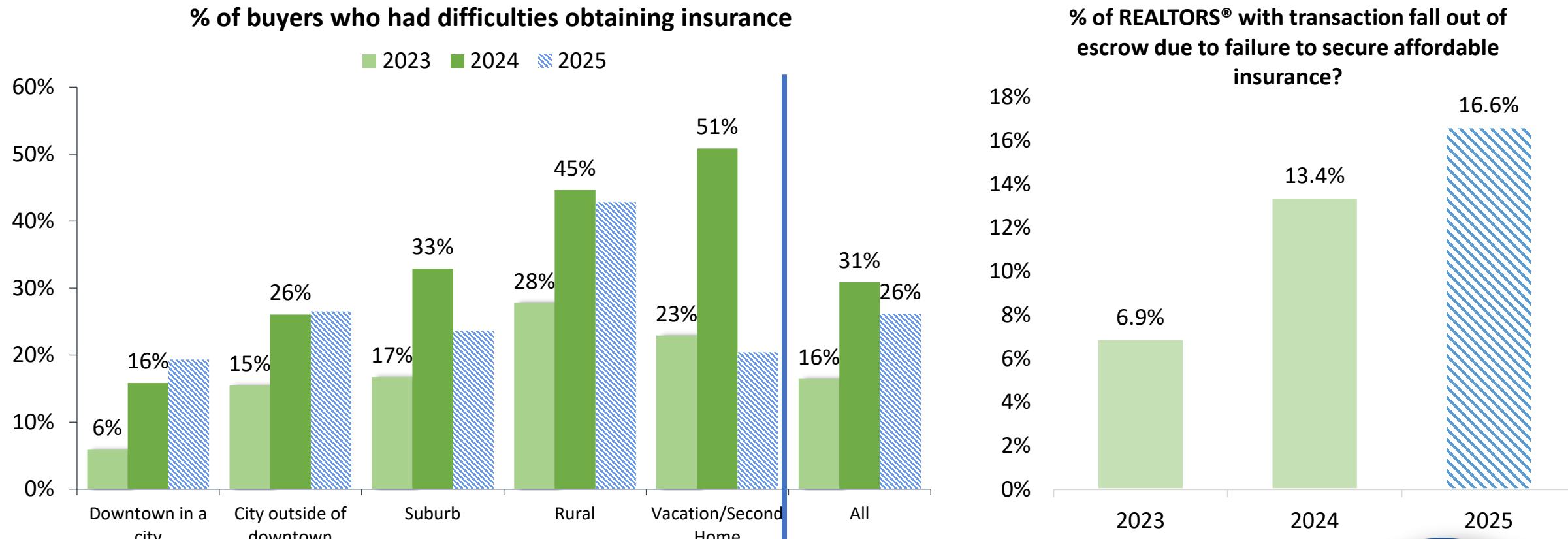


State	2020-2024 Residential Permits	2024 Population	May 2025 Median Price
Texas	1,217,594	31,290,831	\$353,700
Florida	954,643	23,372,215	\$436,600
<b>California</b>	<b>559,596</b>	<b>39,431,263</b>	<b>\$906,500</b>
North Carolina	463,482	11,046,024	\$403,700
Georgia	332,580	11,180,878	\$398,400
Arizona	305,256	7,582,384	\$466,500
Tennessee	252,166	7,227,750	\$412,600
South Carolina	228,604	5,478,831	\$410,100
New York	226,181	19,867,248	\$586,400
Washington	224,727	7,958,180	\$690,100

## California Housing Affordability Index



# Insurance is impacting the housing market

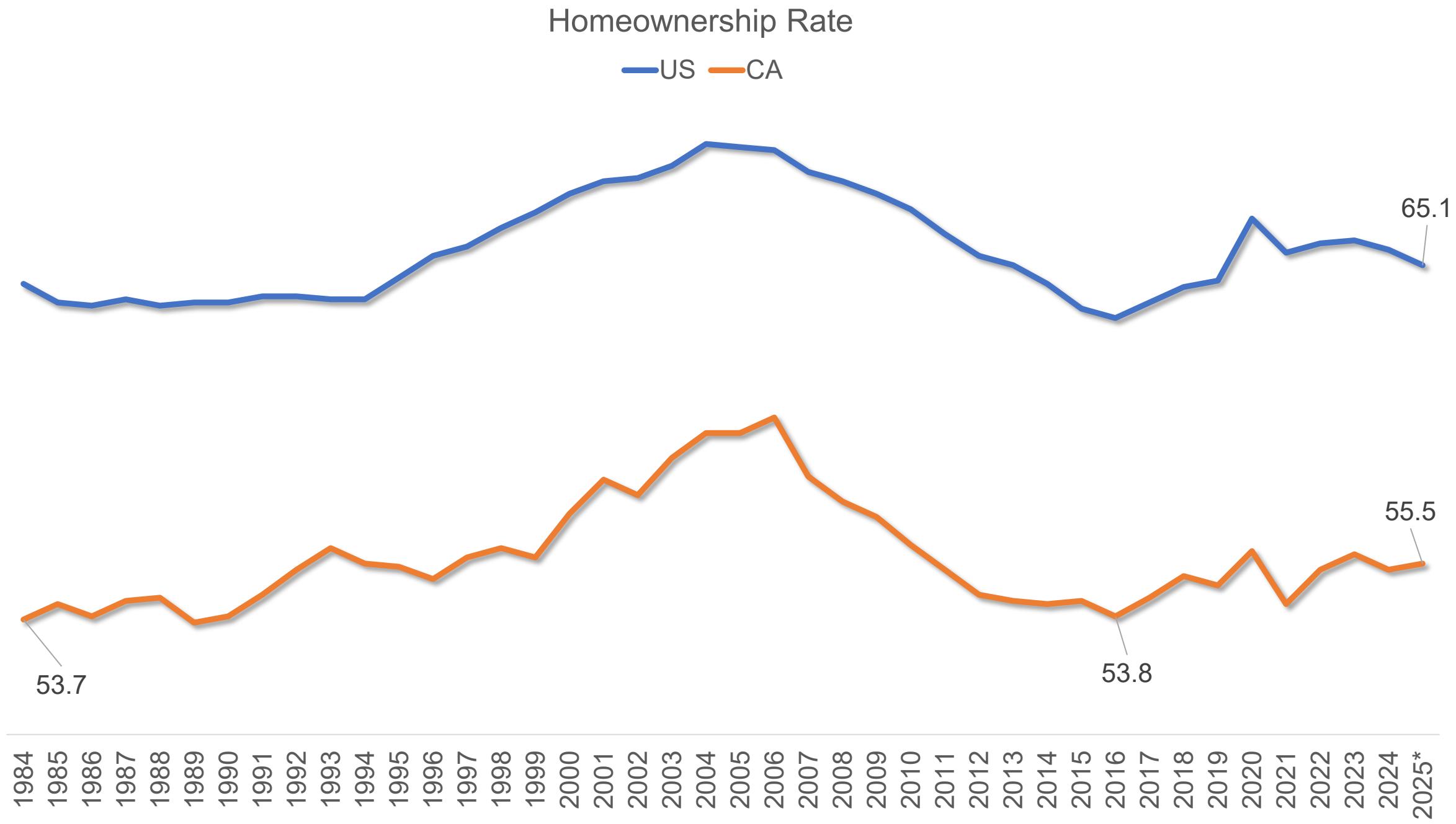


SERIES: 2025 Housing Market Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Q. Did the buyer have difficulties obtaining fire/homeowners insurance?  
\*2024 and 2025 results based on buyer agents and dual agents' responses only

# Which Brings Us to Consequences

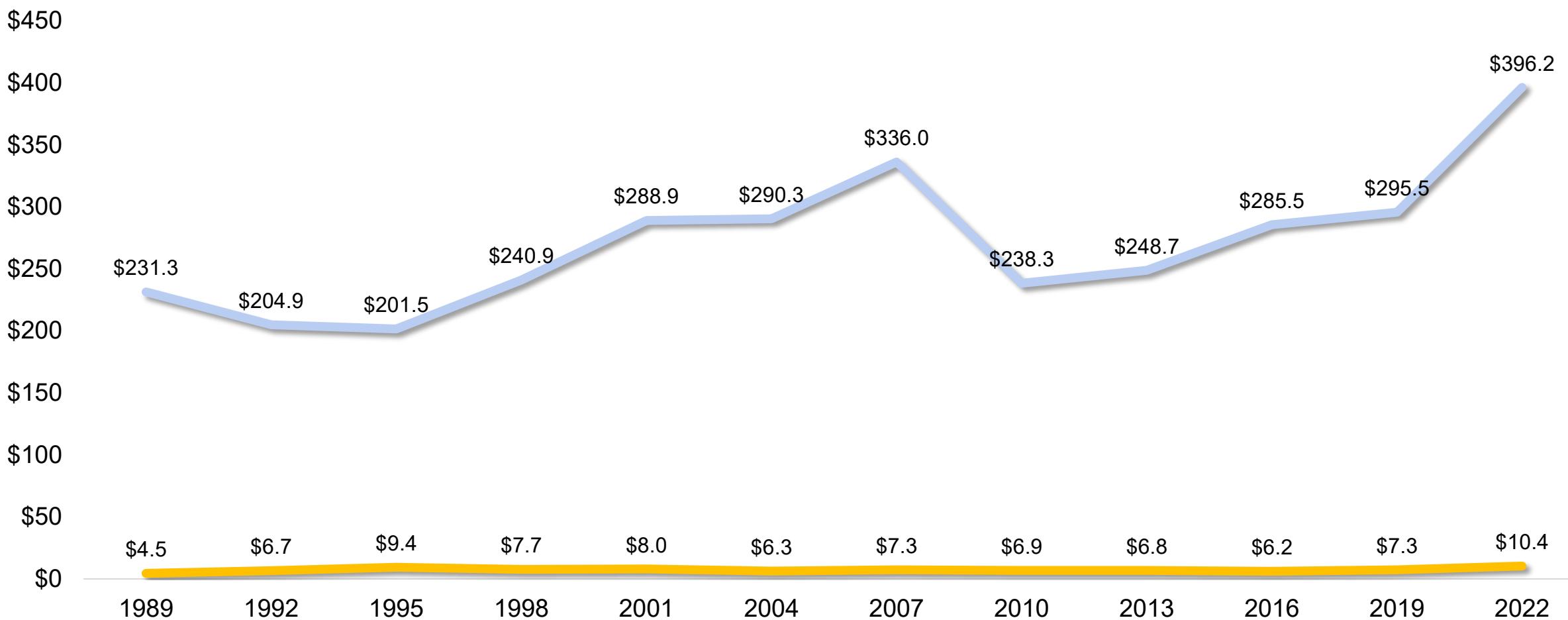




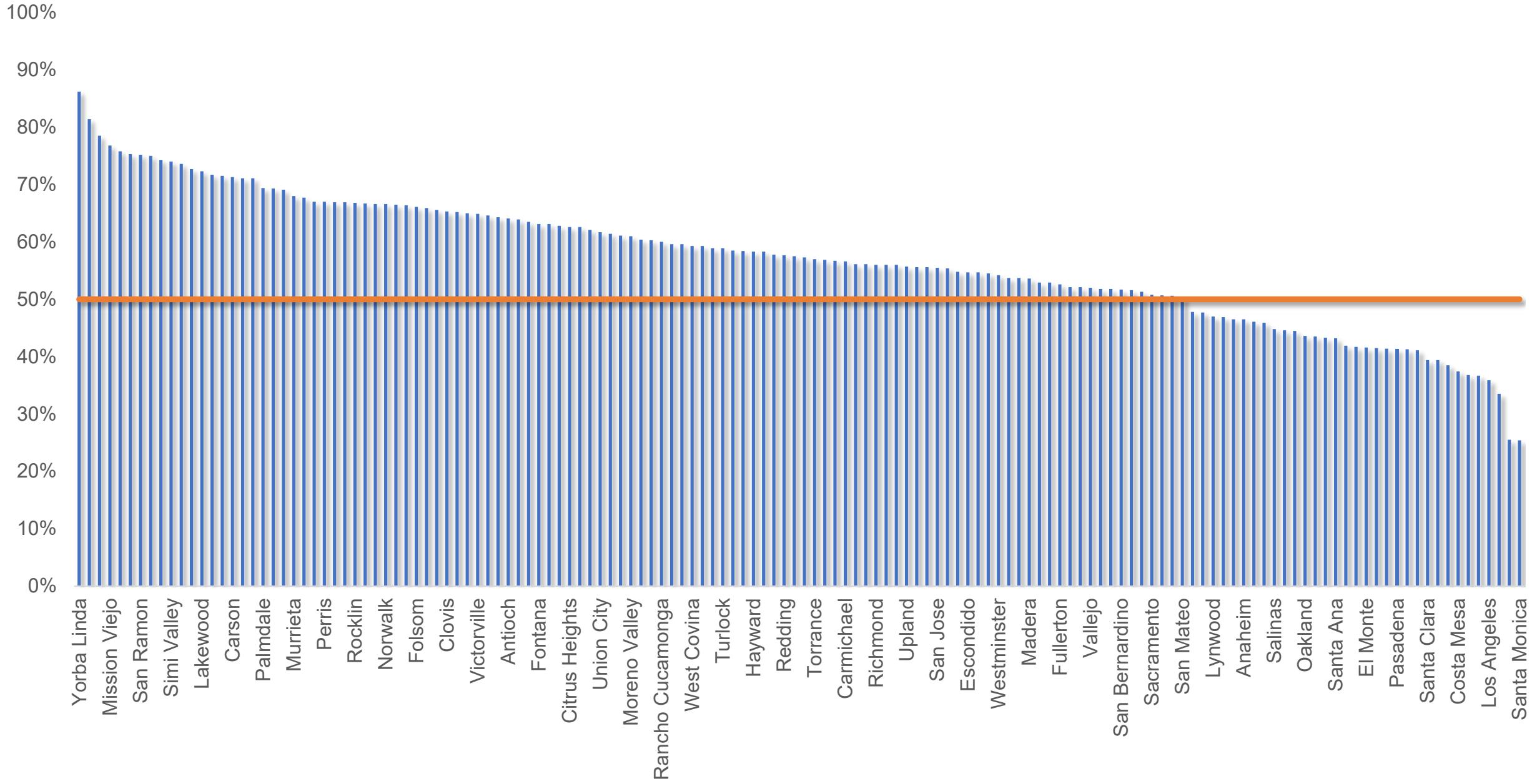
# The benefits of homeownership are well documented

## Real Household Net Worth Per Capita

— Owner — Renter/Other

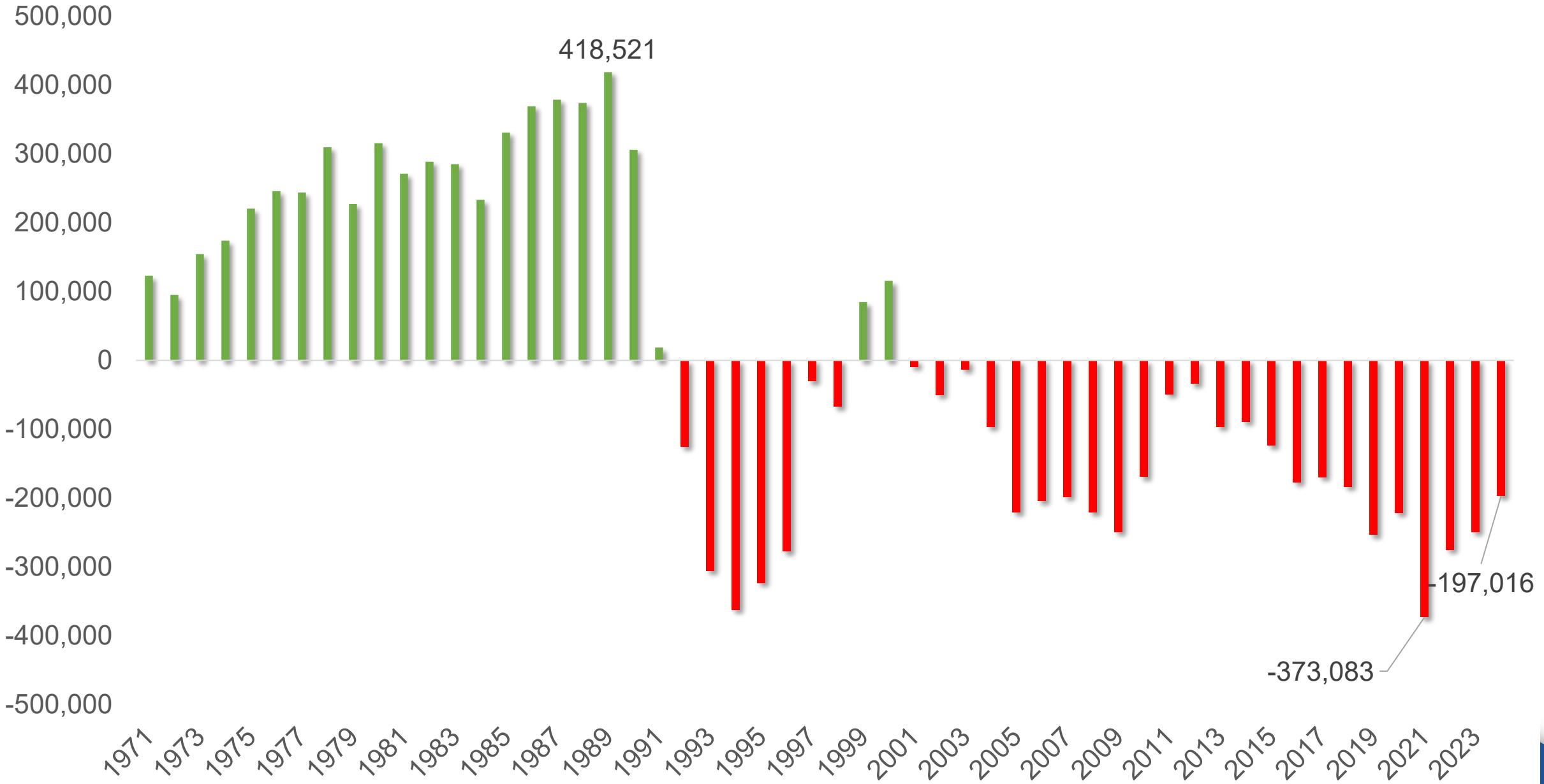


## 2024 Homeownership Rate by City



Outcome	2024 ACS Ranking	United States	California	Diff.
Homeowner Vacancy	35th	1.0%	0.8%	0.8X
Rental Vacancy	36th	5.7%	4.3%	0.8X
<b>Overcrowding</b>	<b>50th</b>	<b>3.6%</b>	<b>8.2%</b>	<b>2.3X</b>
<b>Mortgage Burdened</b>	<b>50th</b>	<b>22.6%</b>	<b>31.1%</b>	<b>1.4X</b>
<b>Rent Burdened</b>	<b>49th</b>	<b>42.3%</b>	<b>46.5%</b>	<b>1.1X</b>
<b>Cash Assistance</b>	<b>44th</b>	<b>2.5%</b>	<b>3.7%</b>	<b>1.5X</b>
<b>Food Stamps</b>	<b>41st</b>	<b>11.8%</b>	<b>13.5%</b>	<b>1.1X</b>
<b>Poverty</b>	<b>34th</b>	<b>8.5%</b>	<b>8.5%</b>	<b>1.0X</b>
<b>Supplemental Poverty</b>	<b>51st</b>	<b>12.7%</b>	<b>17.7%</b>	<b>1.4X</b>

## California Net Domestic Migration



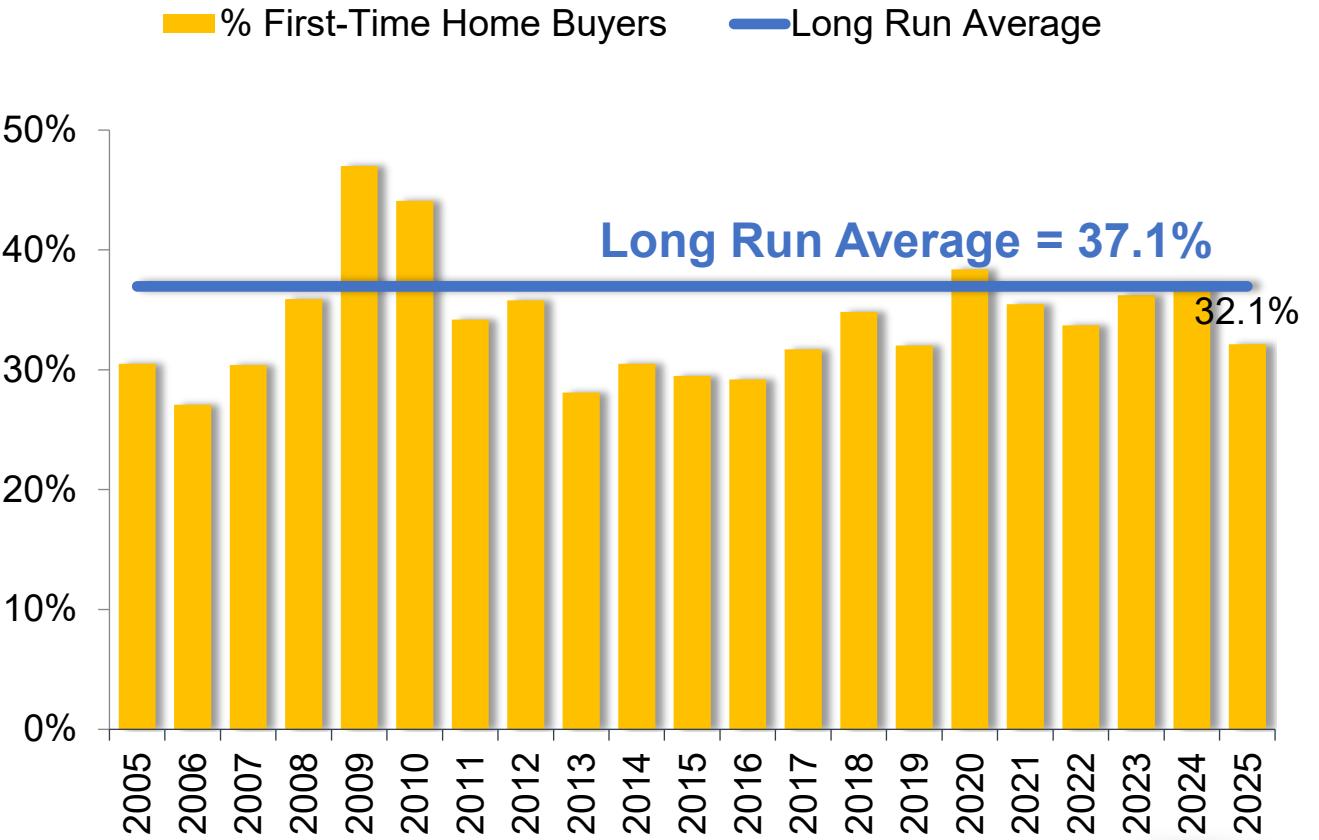
## 2023 California Out-Migration per 1,000 Population



# Punchline: Market has Narrowed



# First-Time Buyers: lowest level in 6 years



SERIES: 2024 Housing Market Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

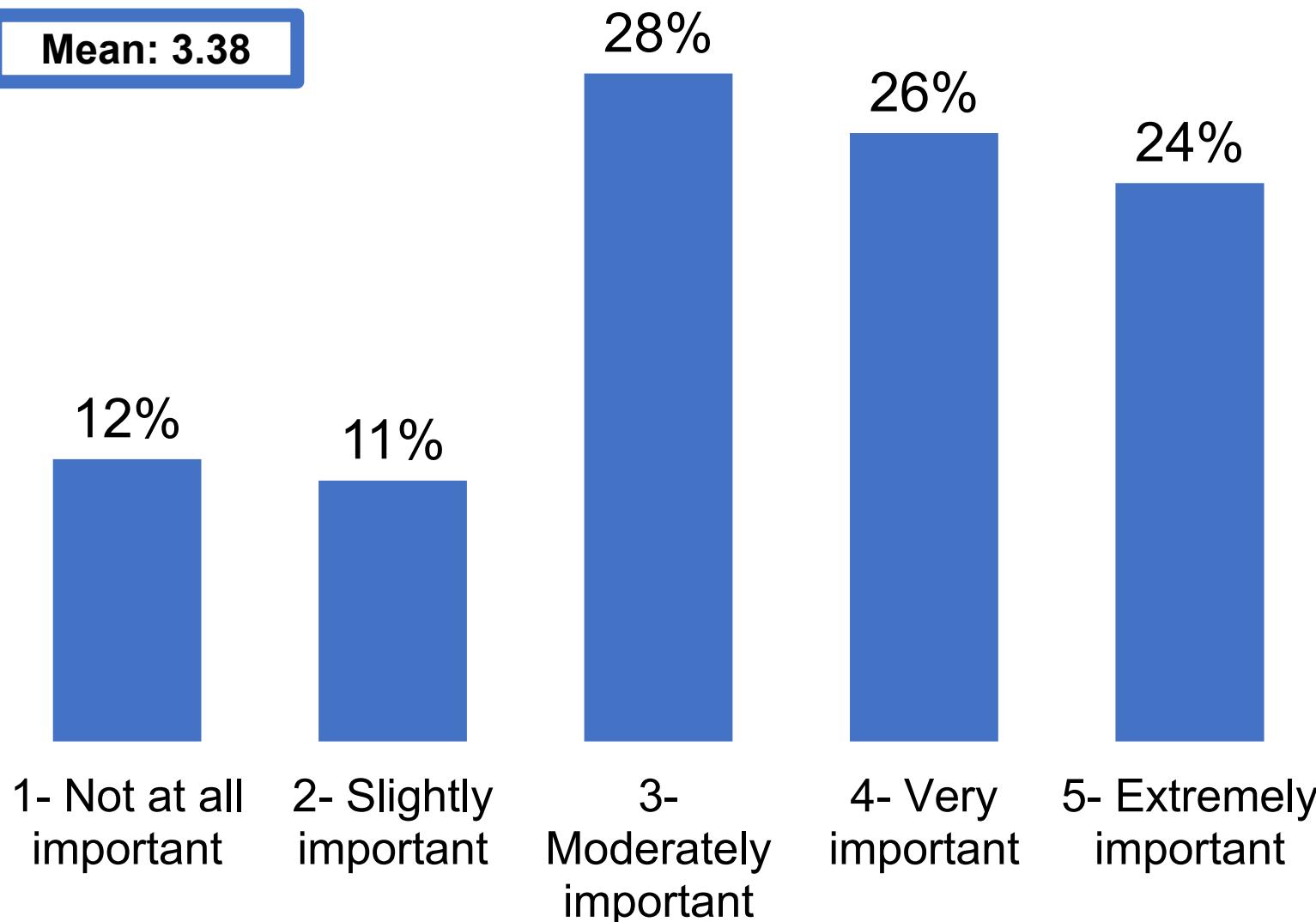
# How Can We Help Buyers?

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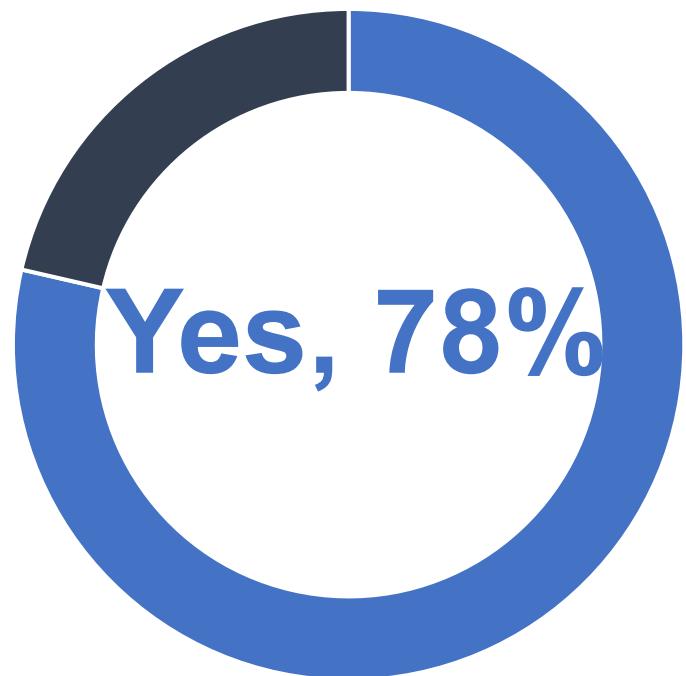


## How important is homeownership to you? (n=1,001)

Mean: 3.38



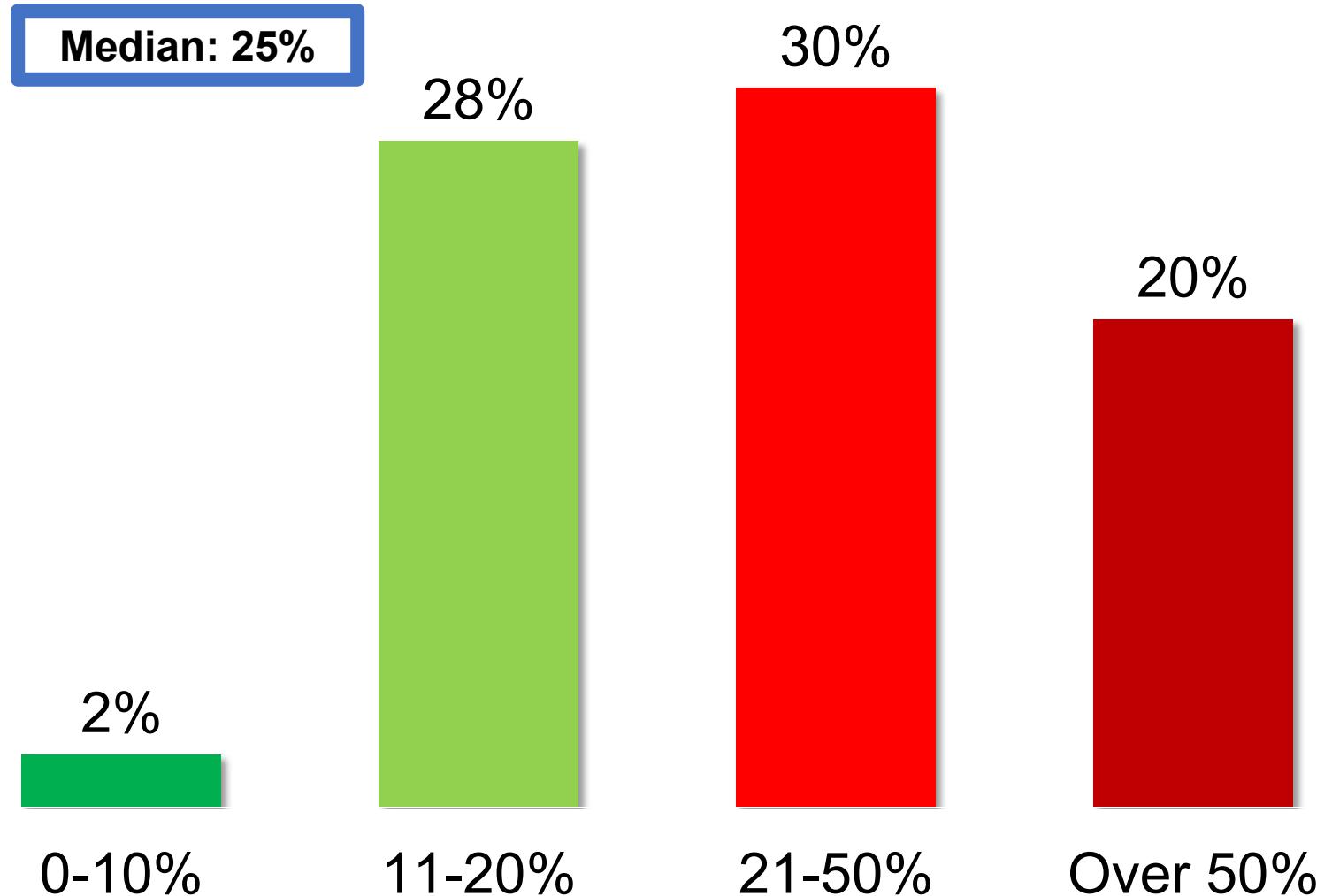
Do you want to own at  
some point in the future?  
(n=1,005)



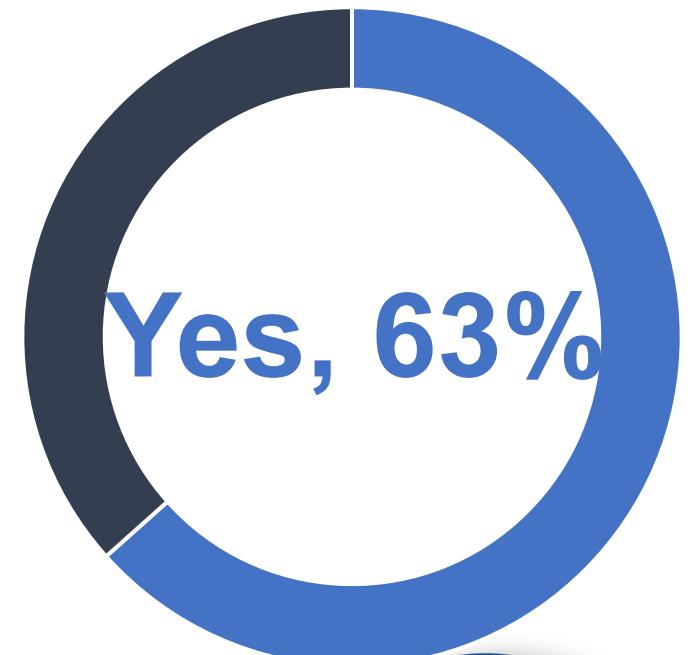
SERIES: 2025 Consumer Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



In your estimation, how much down payment  
is required to purchase a home?  
(n=1,005)



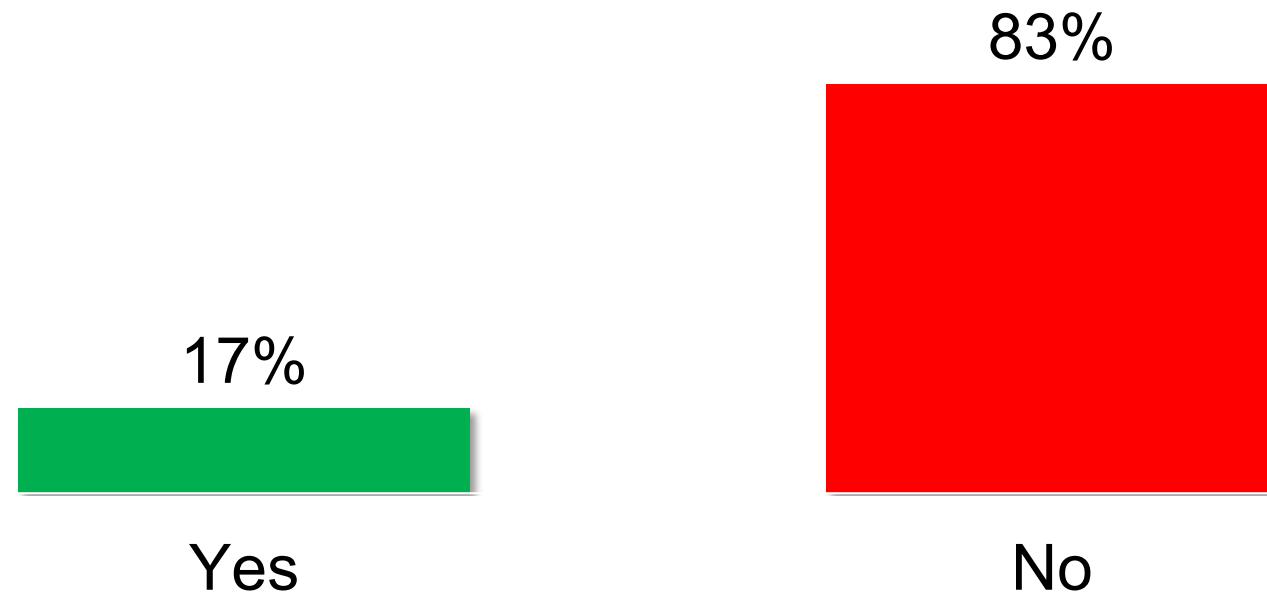
If you knew you could qualify for  
a mortgage with a much lower  
down payment would you start  
to look for a house?  
(n=1,005)





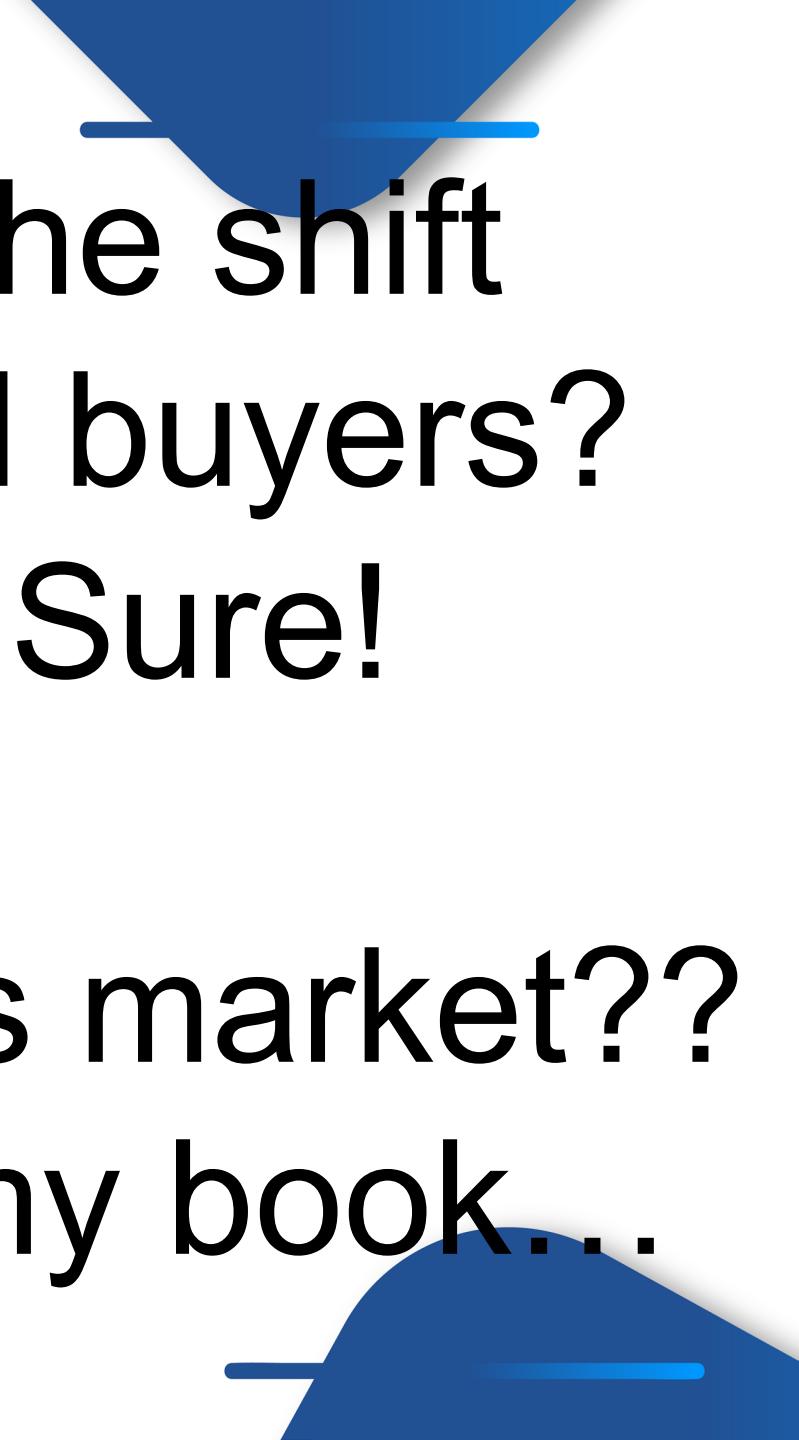
# They are also unaware of possible assistance...

Are you aware of any first-time buyer or down payment assistance programs in your area?  
(n=1,005)



# Keep Them Grounded in Reality

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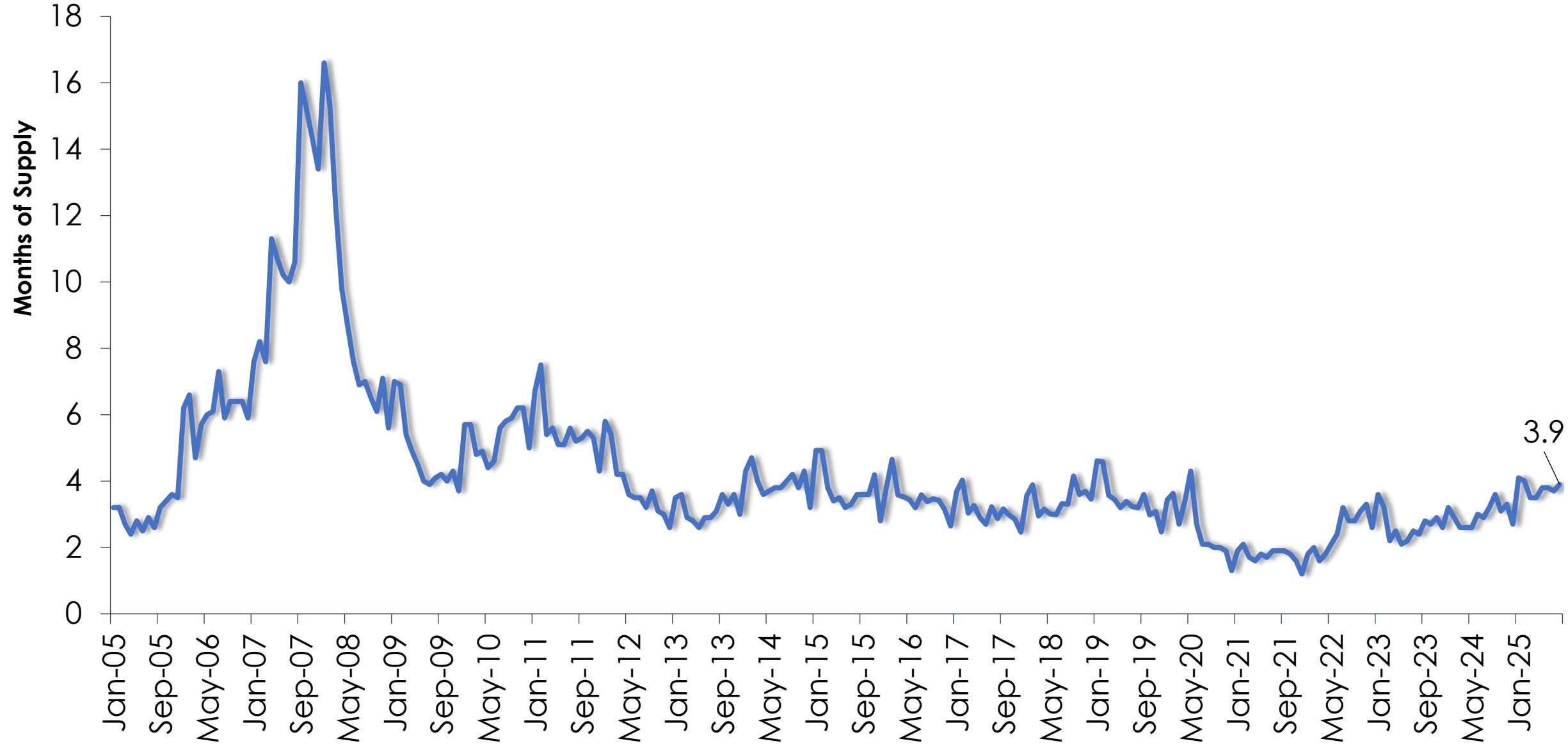
Has the shift  
favored buyers?  
For Sure!



A buyer's market??  
Not in my book....

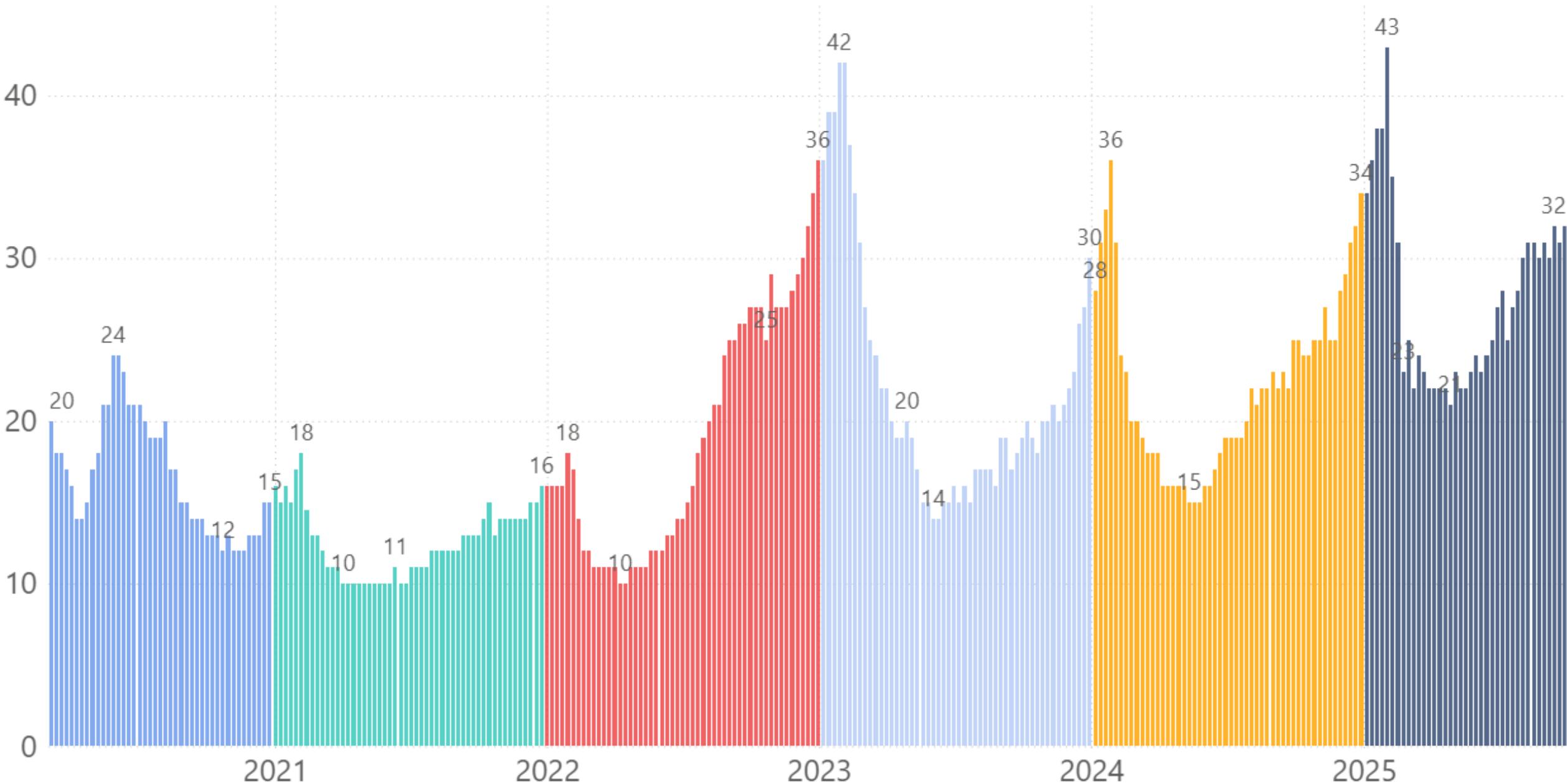
# California Unsold Inventory Index

August 2024: 3.2 Months; August 2025: 3.9 Months



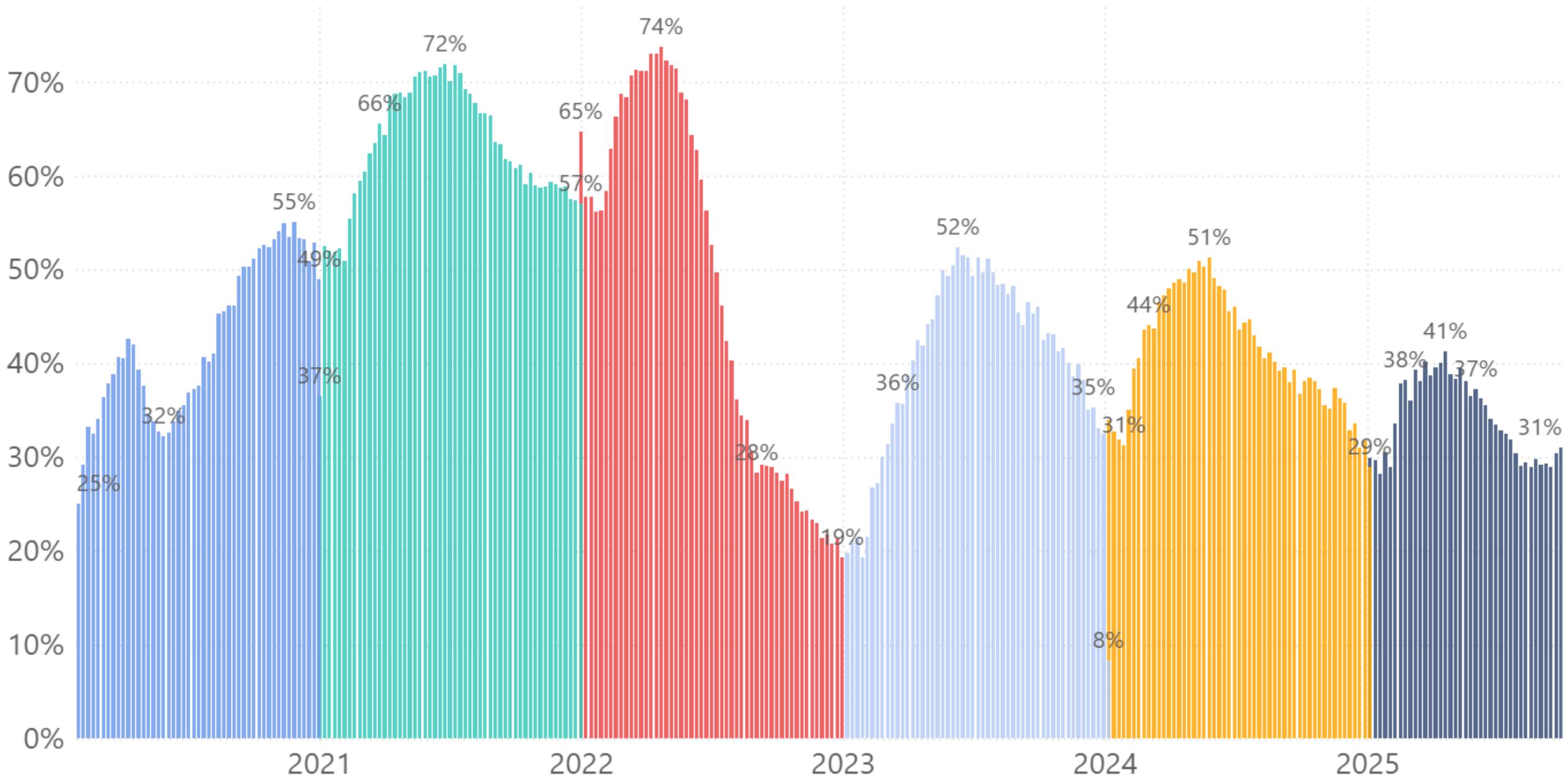
# Median Days on Market for Closed Sales (Month-to-Date for Current Month)

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



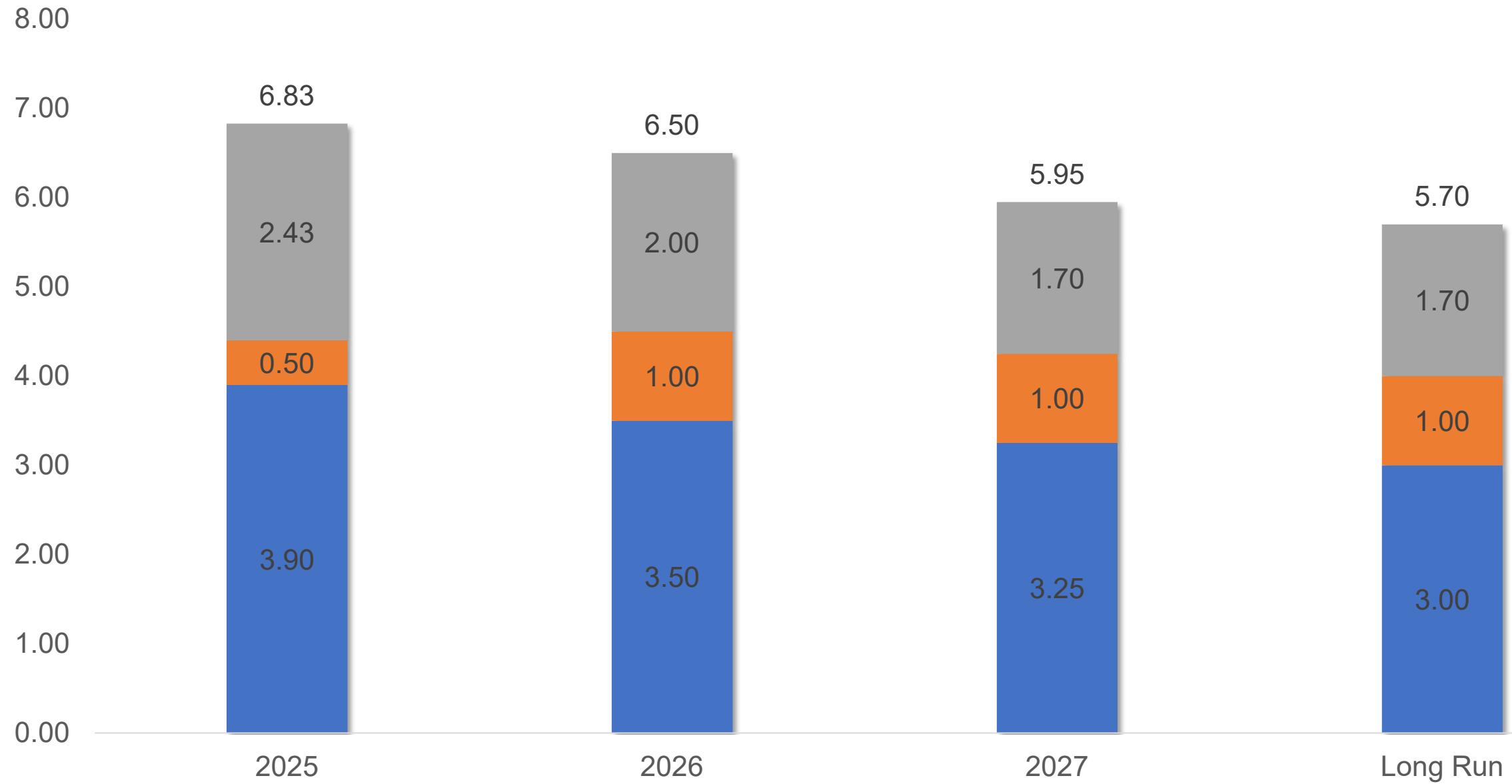
# % of Homes Closed Above List Price

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



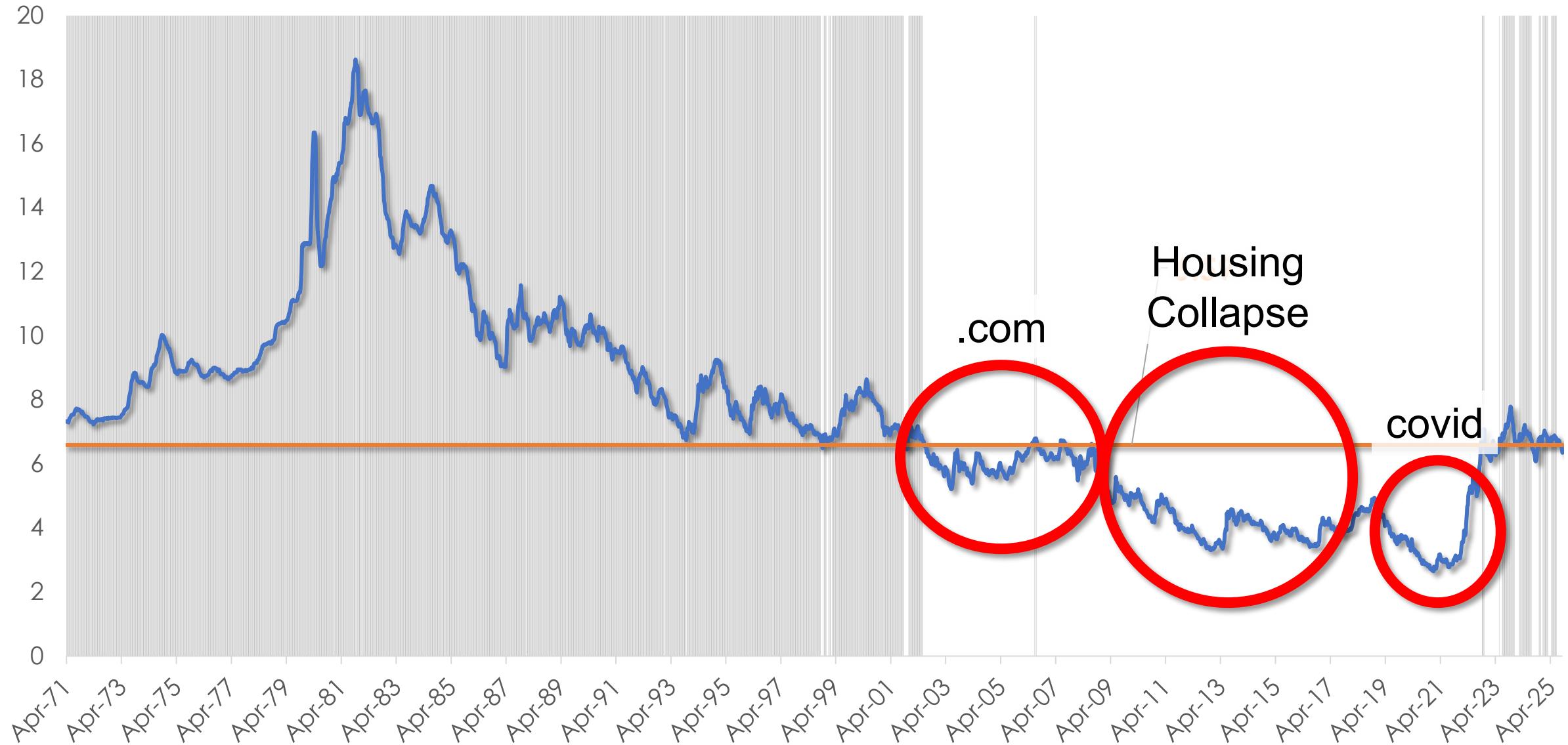
## Translating Fed Fends Rate Into Mortgage Rates

■ FFR ■ Yield Curve ■ Spread



## 30-Yr Fixed-Rate Mortgage Rates

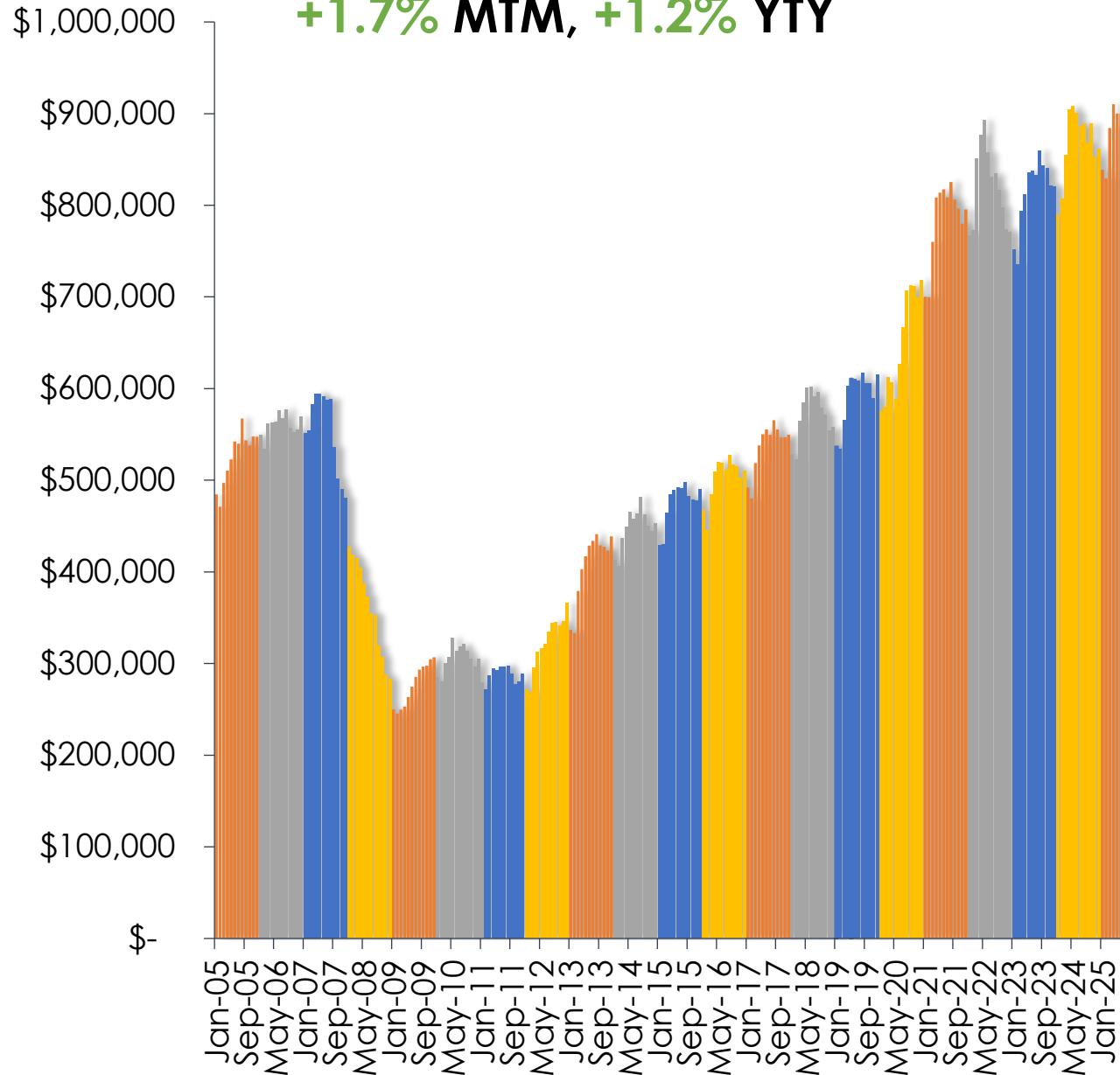
— 30-Yr FRM — Avg.



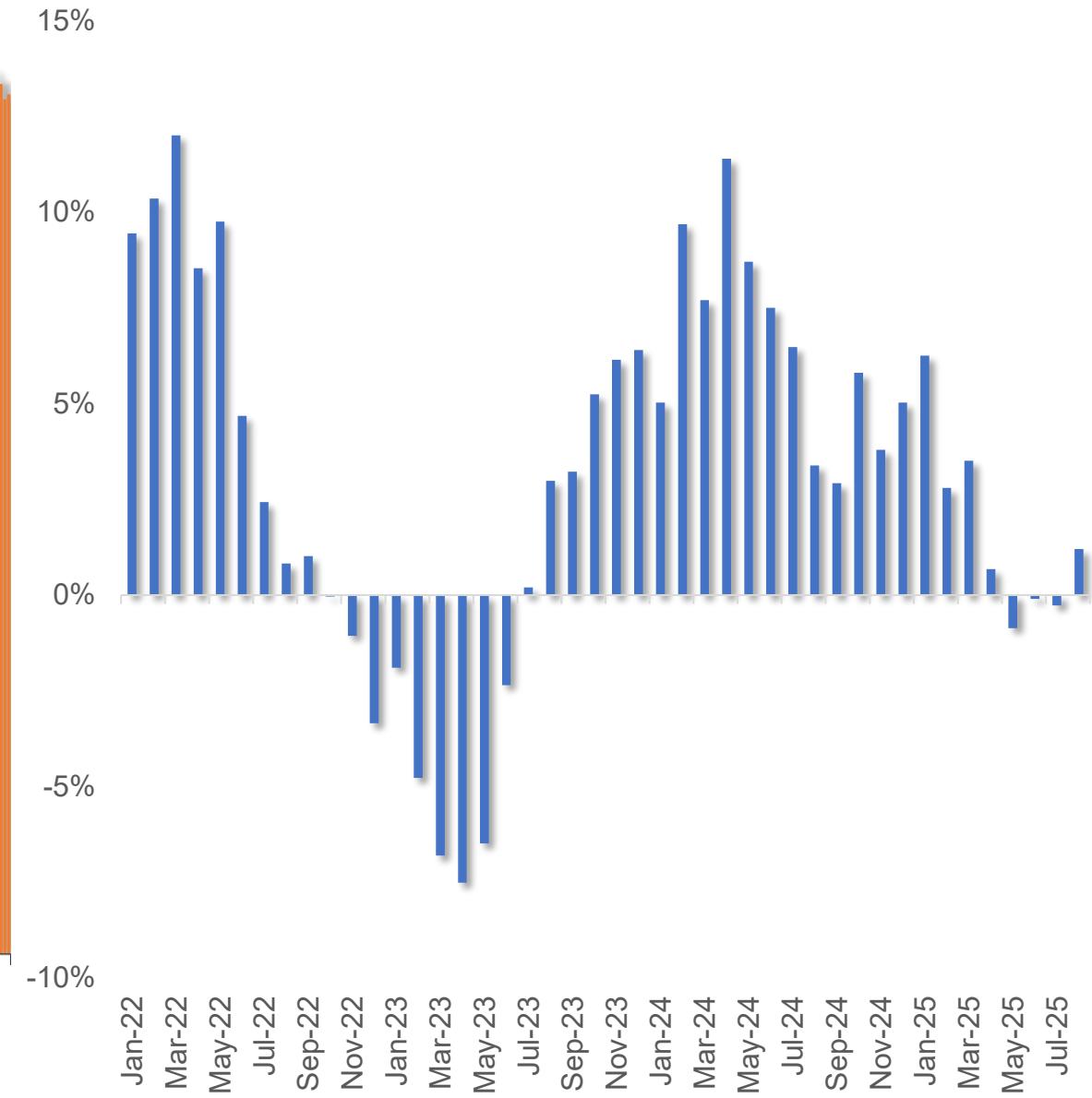
## 30-Yr Fixed-Rate Mortgage Rates



**California, August 2025: \$889,140,  
+1.7% MTM, +1.2% YTY**

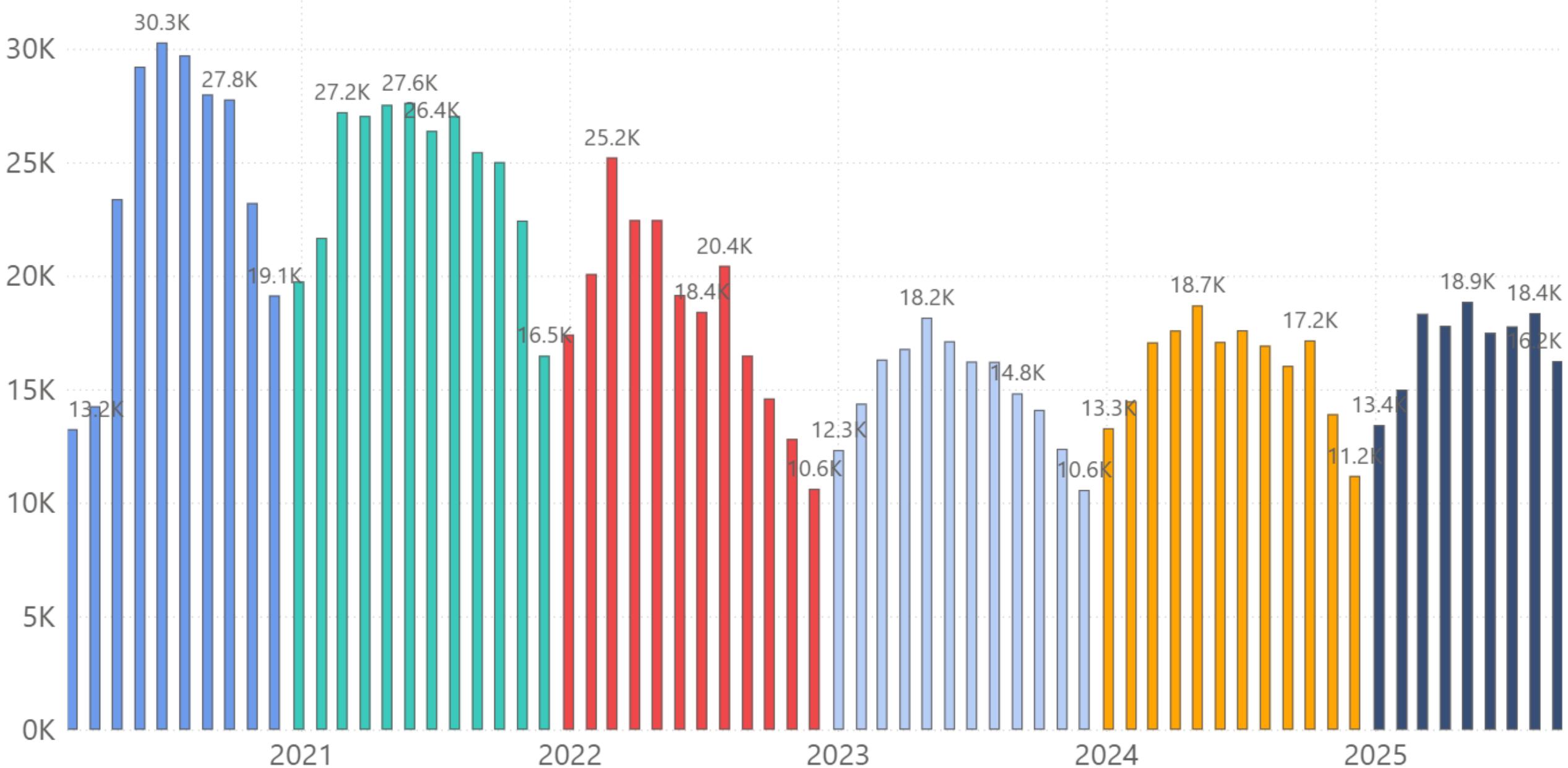


## California Existing SFR Median Sales Price Growth

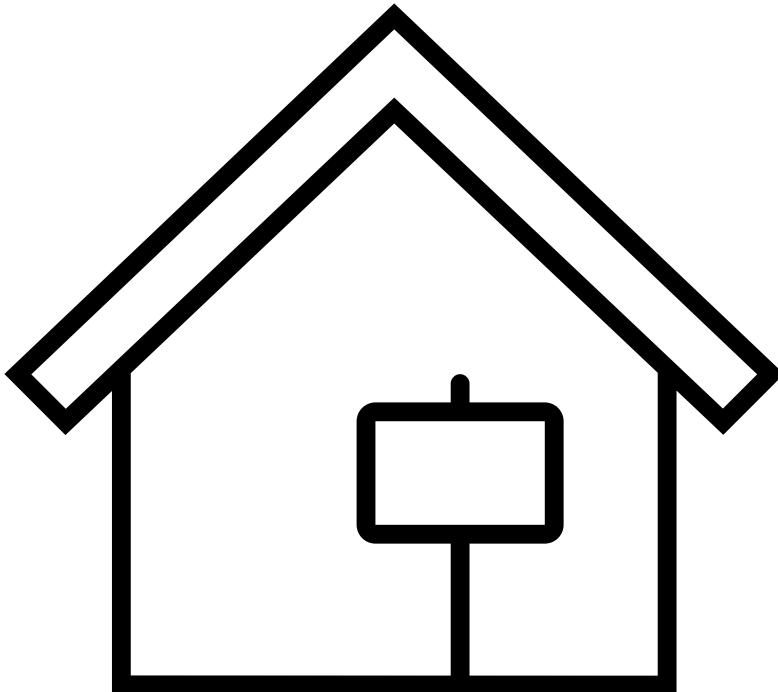


# Existing SFR Pending Sales (Month-To-Date for Current Month)

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



# And sellers?

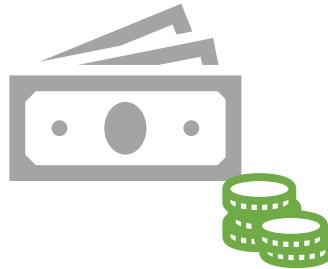


- Manage expectations
- Get creative to compete
- Price it right!!
- Do the pre-listing work
- Market it like crazy
- Set boundaries
- Have a downstairs en suite!
- Help them transfer their base!
- Be strategic, not desperate

# Opportunity in High-Income Segment

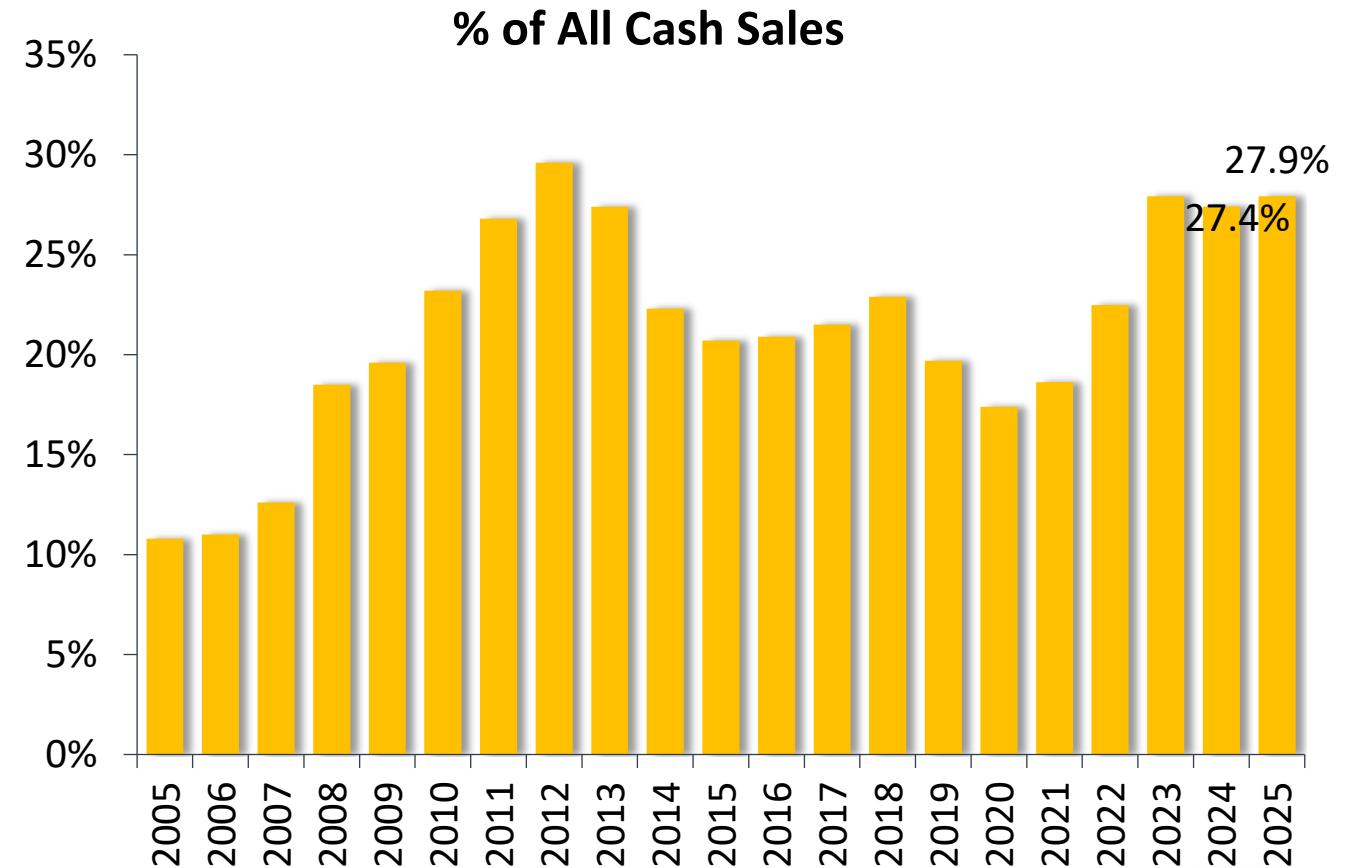
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# All cash at highest level in 13 years

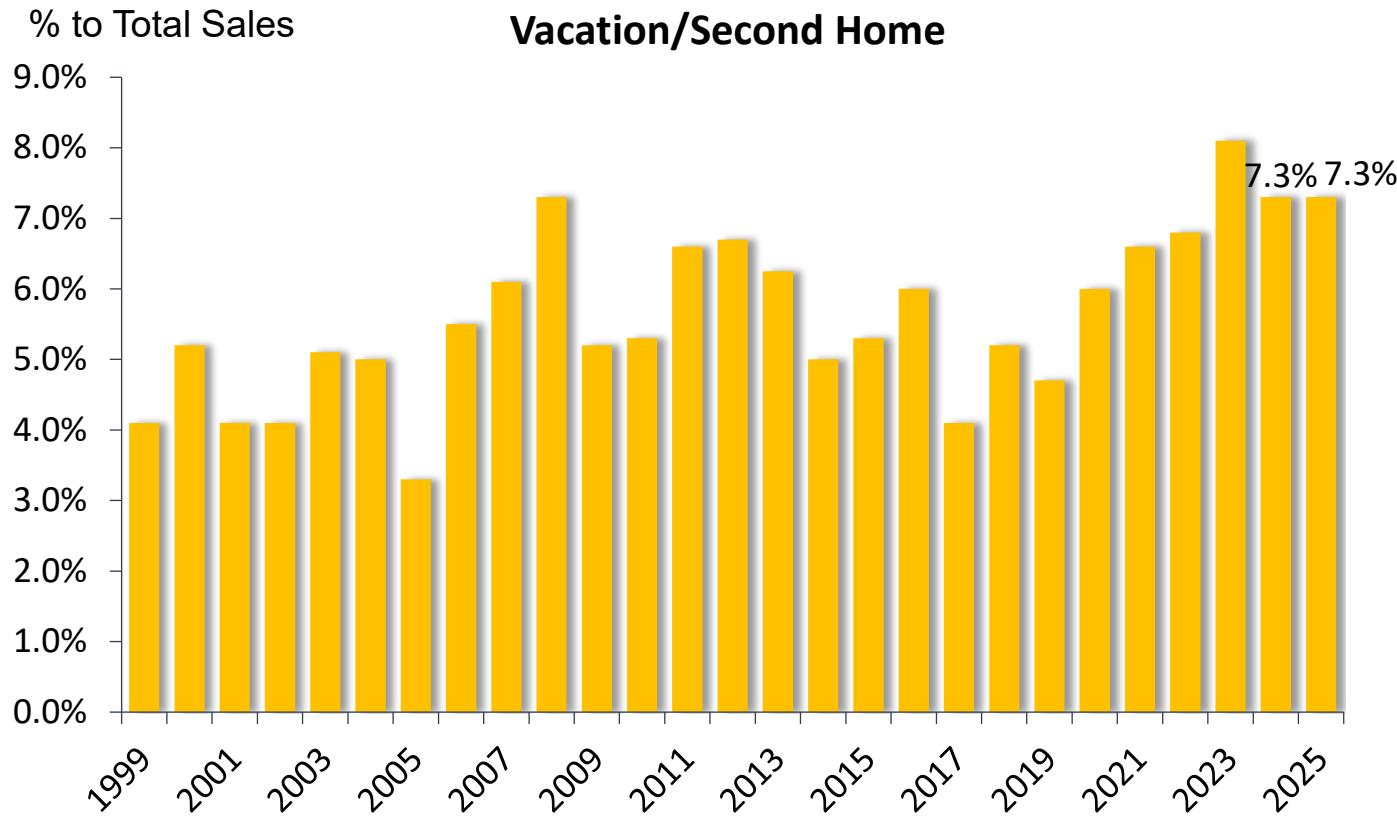


- Over a quarter of buyers paid with all cash
- Higher interest rates pushed up the share of all cash buyers

SERIES: 2025 Housing Market Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Second home market remains elevated

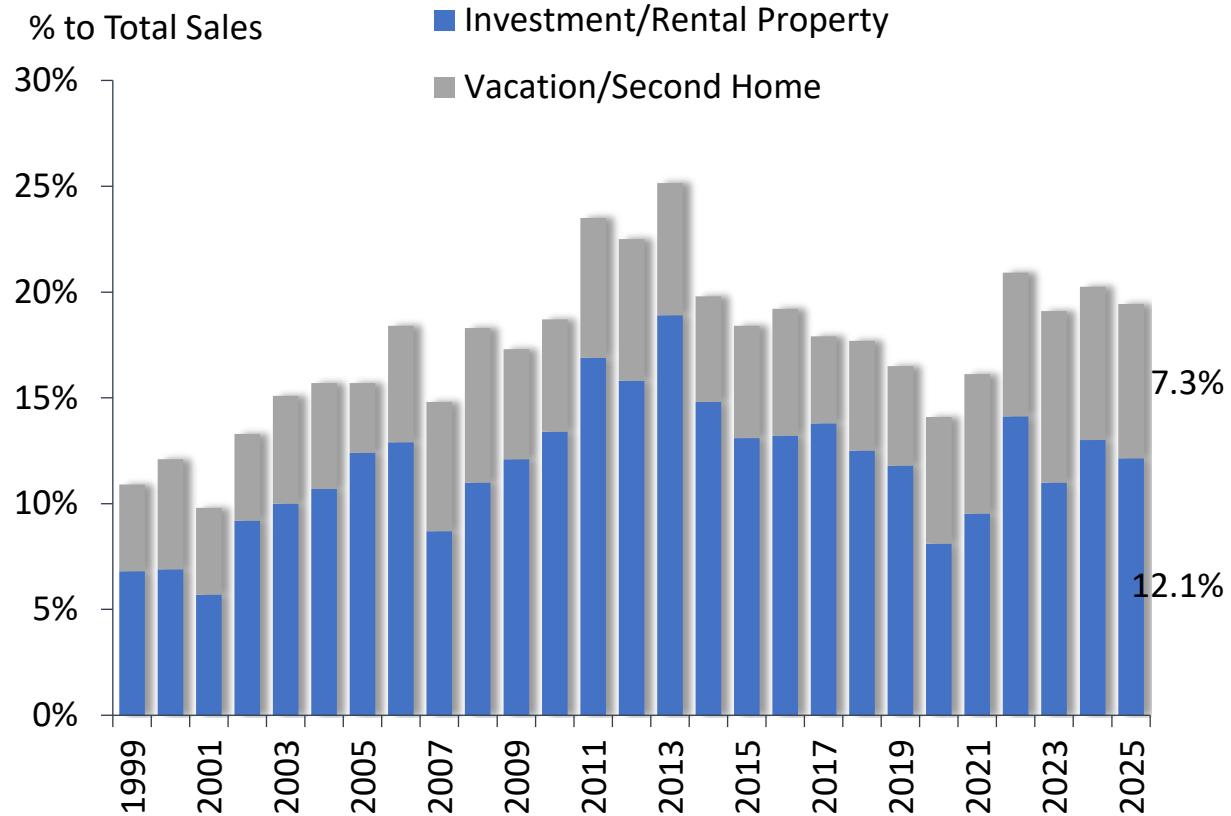


SERIES: 2025 Housing Market Survey

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Investors moderate, but remain elevated



SERIES: 2025 Housing Market Survey  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

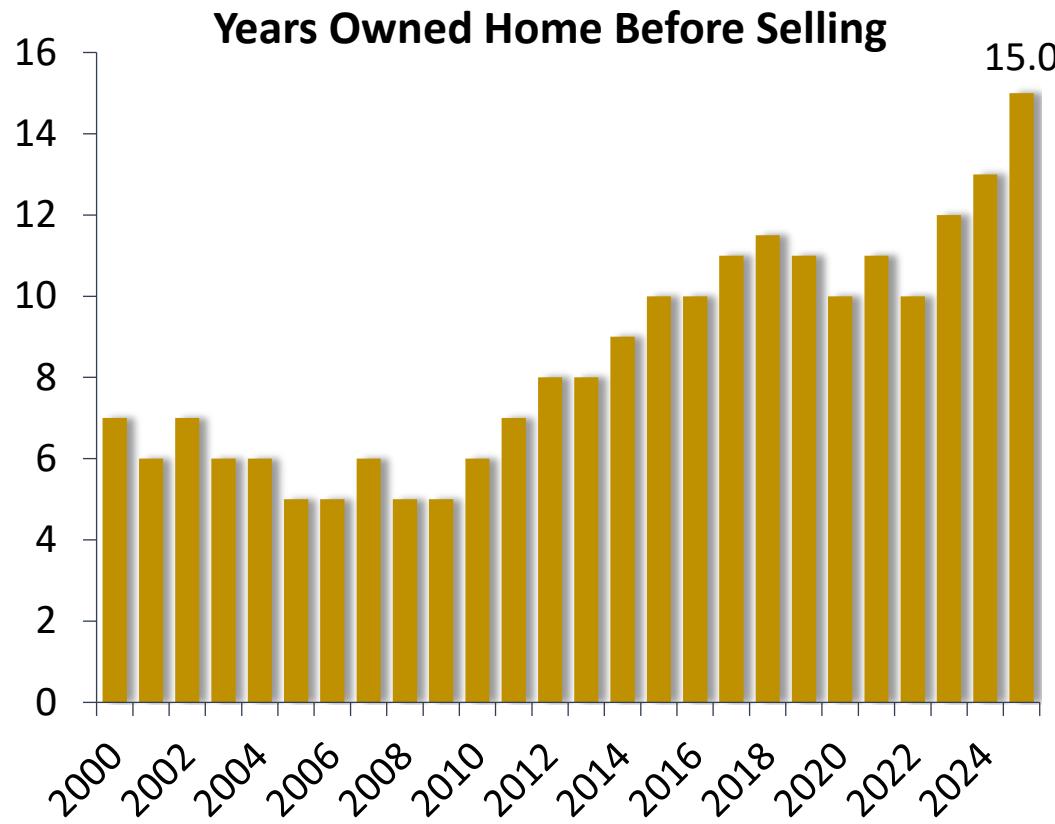
Flip

Vs.

Rent

2014: 30%	2014: 70%
2015: 26%	2015: 74%
2016: 20%	2016: 80%
2017: 24%	2017: 76%
2018: 26%	2018: 74%
2019: 18%	2019: 82%
2020: 27%	2020: 73%
2021: 29%	2021: 71%
2022: 18%	2022: 82%
2023: 34%	2023: 66%
2024: 29%	2024: 71%
2025: 32%	2025: 68%

# Sellers' housing tenure all-time high



Homeowners holding onto their properties longer before selling because:

- Low rate on current mortgage
- Low property taxes
- Capital gains hit
- Where can I afford to go?
- Remodel and stay

SERIES: 2025 Housing Market Survey

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# California housing market outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025f	2026f
SFH Resales (000s)	417.7	424.9	402.6	398.0	411.9	444.5	343.0	257.9	269.2	269.0	274.4
% Change	2.0%	1.7%	-5.2%	-1.2%	3.5%	7.9%	-22.8%	-24.8%	4.4%	-0.1%	2.0%
Median Price (\$000s)	\$502.3	\$537.9	\$569.5	\$592.4	\$659.4	\$784.8	\$819.4	\$814.3	\$865.4	\$873.9	\$905.0
% Change	5.4%	7.1%	5.9%	4.0%	11.3%	19.0%	4.4%	-0.6%	6.3%	1.0%	3.6%
Housing Affordability Index	31%	29%	28%	31%	32%	26%	19%	17%	16%	17%	18%
30-Yr FRM	3.6%	4.0%	4.5%	3.9%	3.1%	3.0%	5.3%	6.8%	6.7%	6.6%	6.0%

# Thank you!!

