California: Housing Bellwether or Not?

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Outline

- Economic Comparisons:
  - California – Georgia
  - Los Angeles - Atlanta
- Housing Market Conditions
  - Atlanta, L.A., San Francisco, San Jose
- Conclusion: California’s Leading Role?
Georgia & California
Population - State and Metro

Source: Census Bureau, 2013 Figures
Gross Product - State and Metro

Billions of 2009 Dollars

- California: 2,051
- Georgia: 425
- LA-LB-Anaheim (MSA): 776
- ATL-Sandy Springs-Roswell (MSA): 288

Source: Census Bureau
Gross State Product – GA & CA follow US

Source: BEA
Nonfarm Jobs – GA outpaced CA

Source: BLS
California, Georgia U-Rates Above US

Source: US BLS, CA EDD

Source: US BLS, CA EDD
CA Adding Jobs Faster than U.S.

Source: US BLS, CA EDD
Comparing Atlanta and Los Angeles
Los Angeles County - Gateway to America’s Largest Consumer Market

Los Angeles Metropolitan Area
- Los Angeles County*
- Orange County
- Riverside County
- San Bernardino County
- Ventura County

Population: 18.5 Million

Southern California
- Los Angeles Metro Area
  - San Diego County

Population: 21.2 Million

* If LA County were a state, it would be larger than 43 other states in US.

California
Population: 38.3 Million

Source: CA Department of Finance, Demographic Research Unit
Population

Source: Census
Compare Industries: Atlanta & L.A.

Source: BLS, Sept 2014
Job Trends by Industry – L.A.

Year-to-Year Percentage Change in Nonfarm Jobs, Sept. 2013 to Sept 2014

- Construction: 8.8%
- Mining and Logging: 7.7%
- Professional and Business Services: 4.5%
- Information: 4.1%
- Education and Health Services: 2.5%
- Retail Trade: 2.3%
- Transportation and Warehousing: 2.1%
- Leisure and Hospitality: 2.1%
- Other Services: 1.7%
- Government: 0.4%
- Financial Activities: -0.6%
- Wholesale Trade: -0.7%
- Durable Goods: -1.3%
- Nondurable Goods: -6.2%

Source: BLS
Job Trends by Industry – Atlanta

Year-to-Year Percentage Change in Nonfarm Jobs, Sept. 2013 to Sept 2014

Construction: 4.1%
Transportation and Warehousing: 3.5%
Leisure and Hospitality: 3.5%
Nondurable Goods: 3.4%
Wholesale Trade: 3.4%
Professional and Business Services: 3.0%
Durable Goods: 2.7%
Financial Activities: 2.2%
Retail Trade: 2.1%
Information: 1.5%
Education and Health Services: 0.9%
Government: 0.6%
Mining and Logging: 0.0%
Other Services: -2.5%
Housing Market Analysis
Home Sales & Median Prices

California

Existing, single-family homes

Source: California Association of Realtors
## Median Prices

### Existing Single-Family Homes

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>2014.Q3</th>
<th>YTY % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaheim/Orange Cnty, CA</td>
<td>$697,000</td>
<td>3.9%</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>$167,500</td>
<td>10.0%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$481,900</td>
<td>7.3%</td>
</tr>
<tr>
<td>Riverside-San Bern., CA</td>
<td>$275,700</td>
<td>10.7%</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>$517,800</td>
<td>6.8%</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>$744,400</td>
<td>7.0%</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>$860,000</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Source: National Association of REALTORS

Kyser Center for Economic Research
# Affordability

## Existing Single-Family Homes

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>2014.Q3</th>
<th>Qualifying Income*</th>
<th>Affordability Index*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaheim/Orange Cnty, CA</td>
<td>$697,000</td>
<td>$130,555</td>
<td>67.8</td>
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<tr>
<td>Atlanta, GA</td>
<td>$167,500</td>
<td>$31,374</td>
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<tr>
<td>Los Angeles</td>
<td>$481,900</td>
<td>$90,265</td>
<td>79.9</td>
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<tr>
<td>Riverside-San Bern., CA</td>
<td>$275,700</td>
<td>$51,641</td>
<td>128.8</td>
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<tr>
<td>San Diego, CA</td>
<td>$517,800</td>
<td>$96,989</td>
<td>80.9</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>$744,400</td>
<td>$139,433</td>
<td>72.6</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>$860,000</td>
<td>$161,086</td>
<td>70.1</td>
</tr>
</tbody>
</table>

Source: National Association of REALTORS  *annual 2013
Household Income by County

HH Income 2008-2012

Los Angeles, CA: $56,241
Orange, CA: $75,566
San Diego: $63,373
San Francisco, CA: $73,802
Santa Clara (San Jose), CA: $90,747
Fulton, GA: $57,664

Source: Census
California’s Leading Role?
Home Prices 1995-2014

Source: FHFB
Nonfarm Jobs – Atlanta vs SD, San Jose

Source: BLS
Building Permits

Source: Census
Building Permits

- GA Single Family: +9.3%
- CA Single Family: 5.5%
- GA Multi Family: -6.5%
- CA Multi Family: +5.0%
- GA Total: +4.7%
- CA Total: +5.3%

Source: Census Bureau
Conclusion

- Housing volatile: new over existing, coastal over inland
- Home prices highly correlated with income…
- …as well as: demographics, employment growth, density, scarcity of land, land use regulations, entitlement/permitting costs
- National trend with LOCAL variation
California: Housing Bellwether or Not?

Thank You!