

# 2021 Market Forecast



EXPO/Reimagine Conference & EXPO

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# How did we do?



# 2020 C.A.R. Forecast Report Card:

	2019 Actual	2020 Forecast	2020 Projected
SFH Resales (000s)	398.0	393.5	380.1
% Change	-1.2%	0.8%	-4.5%
Median Price (\$000s)	\$592.4	\$607.9	\$640.3
% Change	4.0%	2.5%	8.1%
30-Yr FRM	3.9%	3.7%	3.2%
Housing Affordability Index	31%	32%	32%
U.S. Gross Domestic Product	2.2%	1.6%	-5.0%



# The Economy

**RECAP**

**AVOID GATHERINGS  
REDUCE CROWDING  
WASH YOUR HANDS**

NON-HOV  
MUST USE  
LOWER BODY  
SEAT BELT

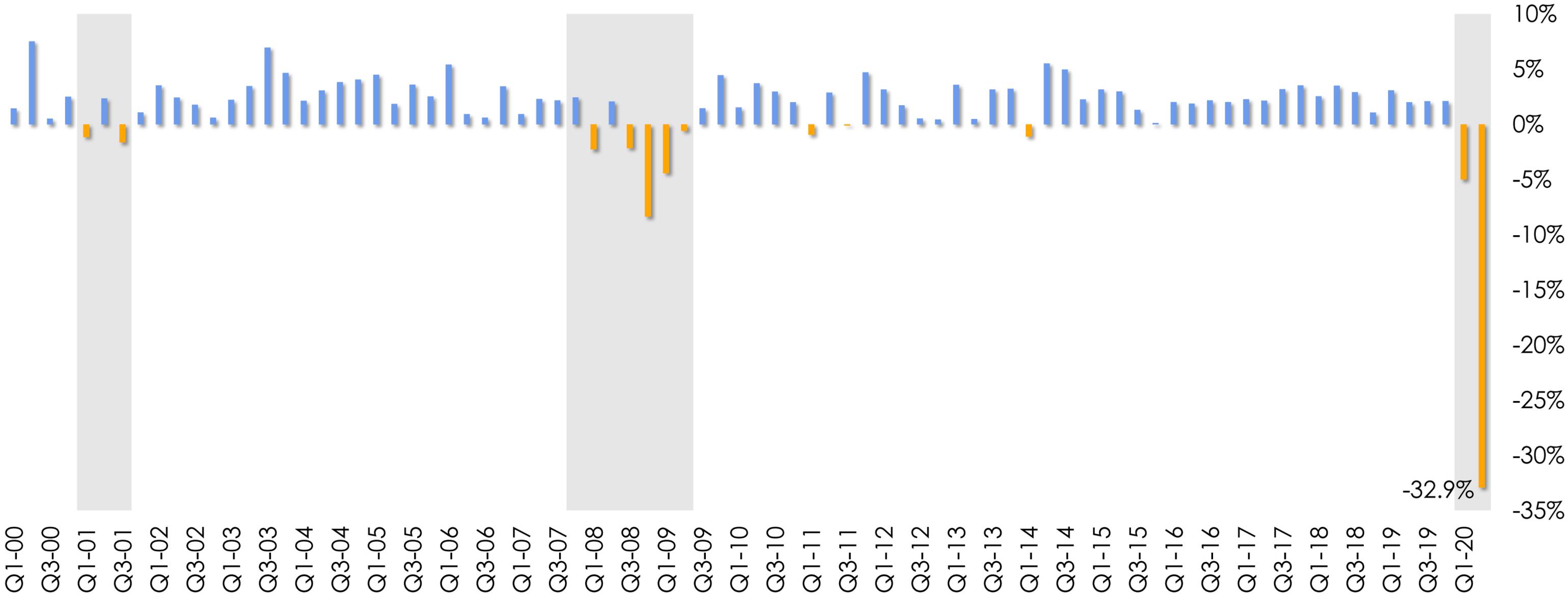
**Manhattan Bridge**  
Holland Tunnel | Chrystie St  
Canal St W | Canal St E  
Bowery  
2 LEFT LANES | RIGHT LANE

**ROAD  
WORK  
AHEAD  
20  
FEET**

**Manhattan Bridge**  
Holland Tunnel | Chrystie St  
Canal St W | Canal St E  
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2 LEFT LANES | RIGHT LANE

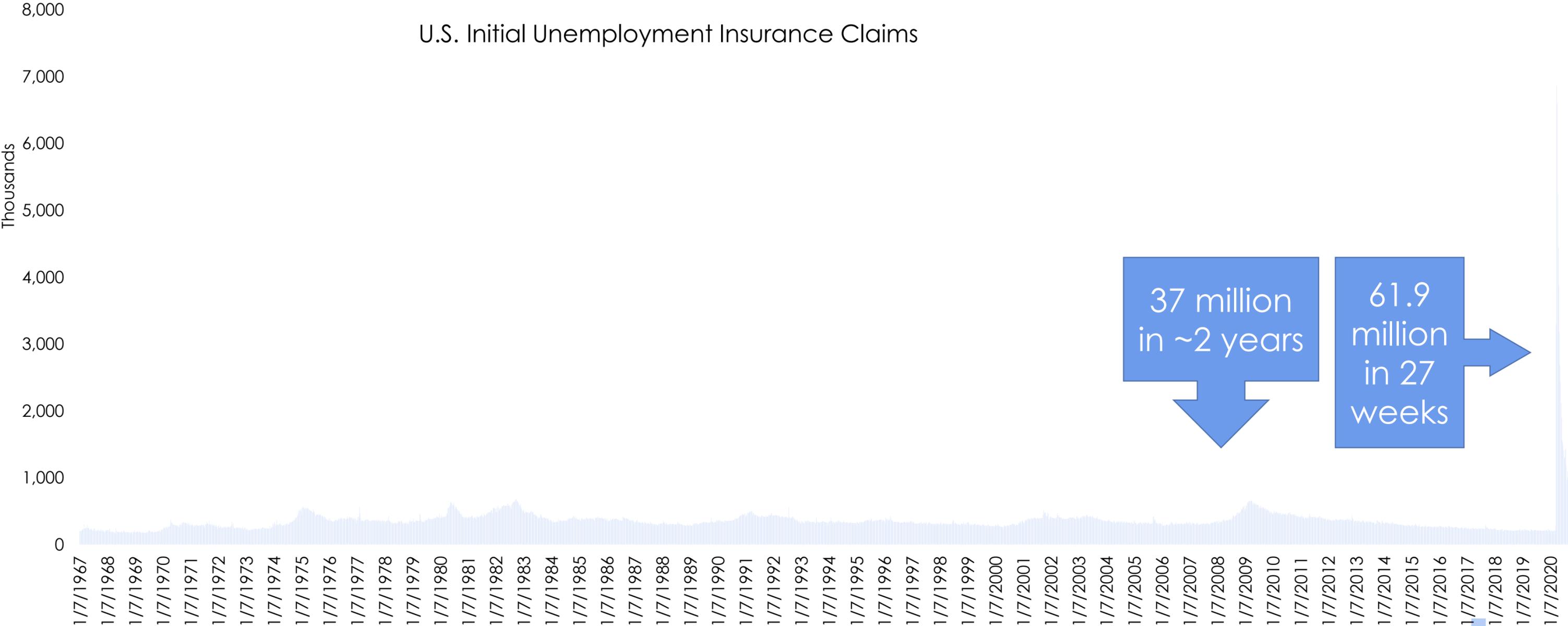
# U.S. economy contracted at the sharpest rate on record

Real GDP Growth



■ Recession ■ Real GDP Growth

# SPEED: Over the past 6 months, nearly 62 million Americans have filed for unemployment insurance



# Uncertain path of recovery: bounce back in H2, modest growth in 2021

## 2020-2021 GDP Forecasts

	Q120	Q220	Q320	Q420	2020	2021
Bank of the West	-5.0%	-31.7%	29.2%	3.1%	-3.7%	3.6%
Fannie Mae	-5.0%	-31.7%	30.4%	6.2%	-2.6%	3.4%
Mortgage Bankers Association	-5.0%	-31.7%	18.3%	5.4%	-5.6%	4.1%
NAR	-5.0%	-31.7%	20.0%	8.0%	-6.0%	4.0%
UCLA	-5.0%	-31.7%	28.3%	1.2%	-4.2%	3.5%
Wells Fargo	-5.0%	-31.7%	25.4%	7.2%	-4.2%	4.6%

\* Latest updates as of 09/29/2020





# Fiscal Policy: Quick Action + Bottlenecks

- Coronavirus Preparedness & Response Supplemental Appropriations Act (3/6)
- Families First Coronavirus Response Act (3/18)
- Coronavirus Aid, Relief, and Economic Security Act (\$2.2T CARES Act) (3/27)
- Paycheck Protection Program & Health Care Enhancement Act (4/24)

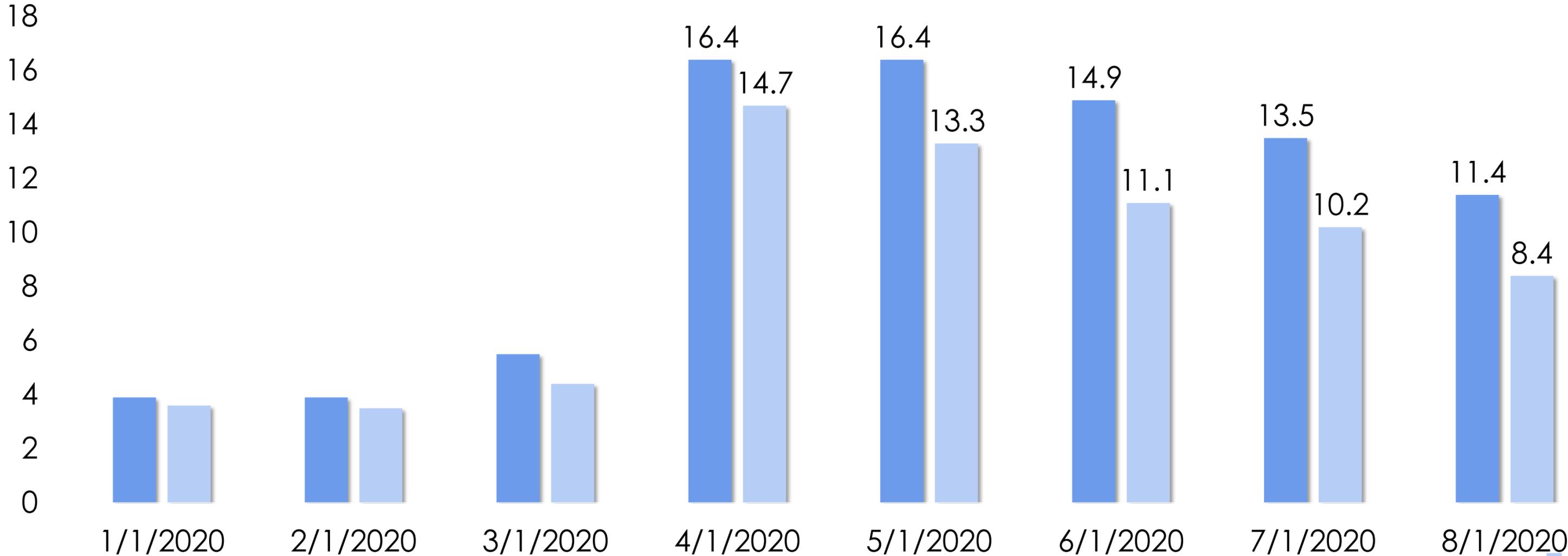
# Monetary Policy: Fed takes unprecedented action

- Cut fed funds rate: 0% - 0.25%
- Forward guidance: “rates will remain low”
- Lowered discount window rate to 0.25%
- Open-ended Securities purchases (QE)- Treasuries, MBS's
- Direct lending to banks, major corporate employers
- Temporary relaxation of regulatory requirements
- Expanded repo operations

# Unemployment rate peaked in April & May coming down: 8.4% in August

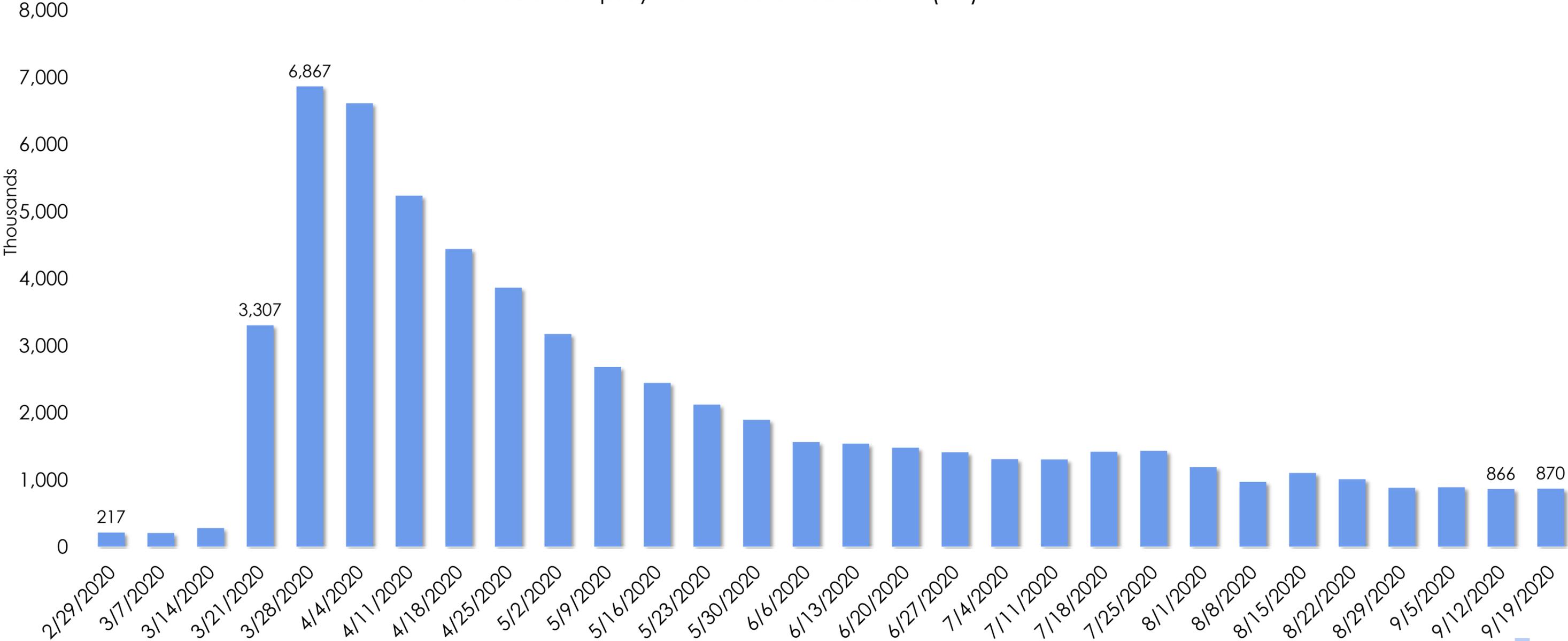
Unemployment Rates

■ CA ■ US



# Jobless claims inched up from prior week

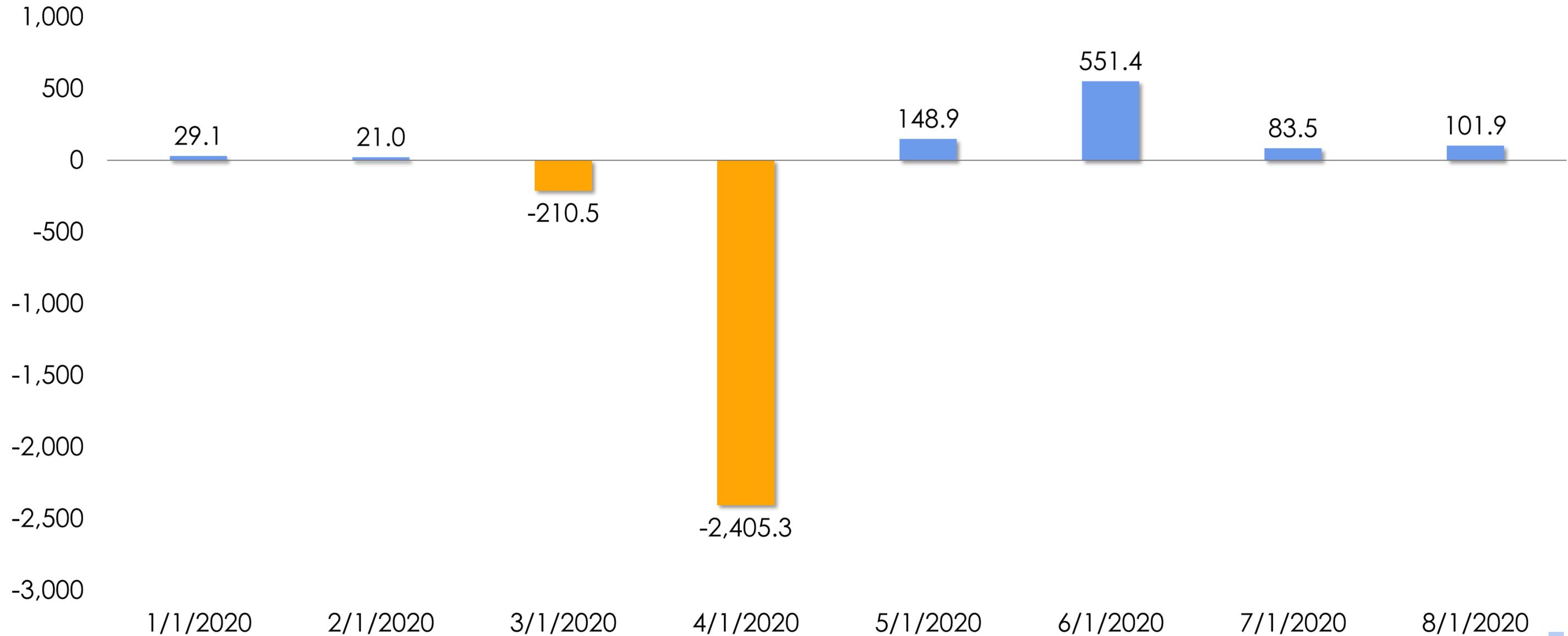
U.S. Initial Unemployment Insurance Claims (SA)



# Job losses in March & April

## Gains have moderated since June

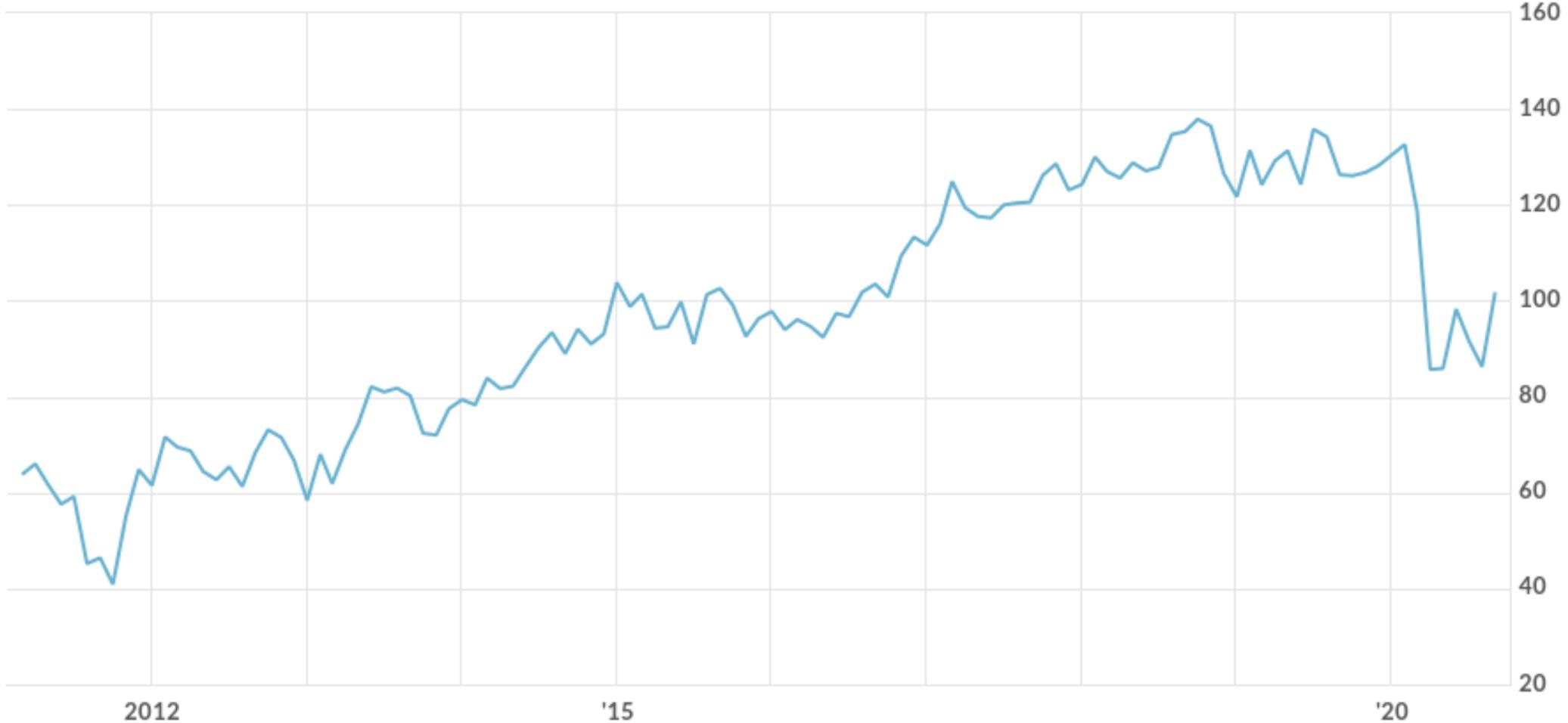
California Nonfarm Job Growth



# Consumer Confidence Building Back 101.8 in September

## Consumer confidence surges in September

Index of consumer confidence rises to highest level since pandemic began

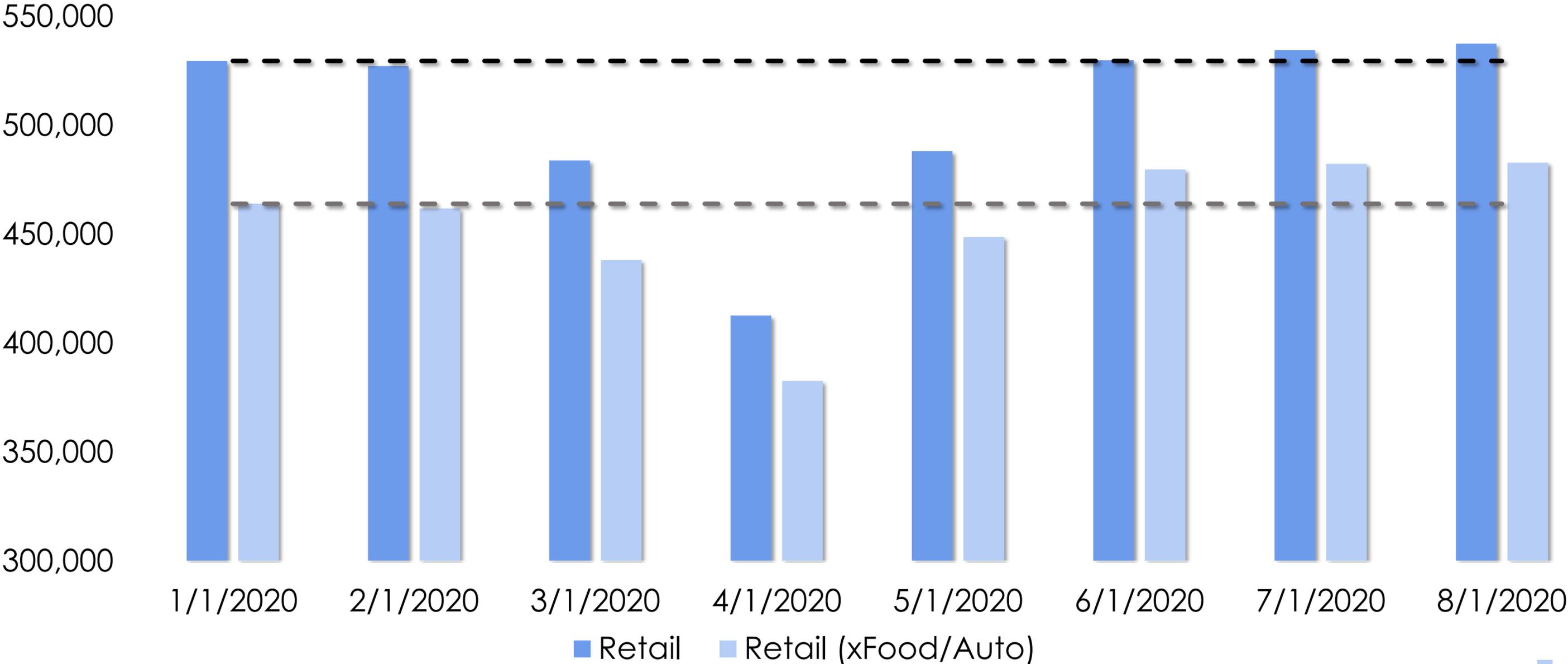


Source: Conference Board

SERIES: Consumer Confidence – Composite Index  
SOURCE: The Conference Board

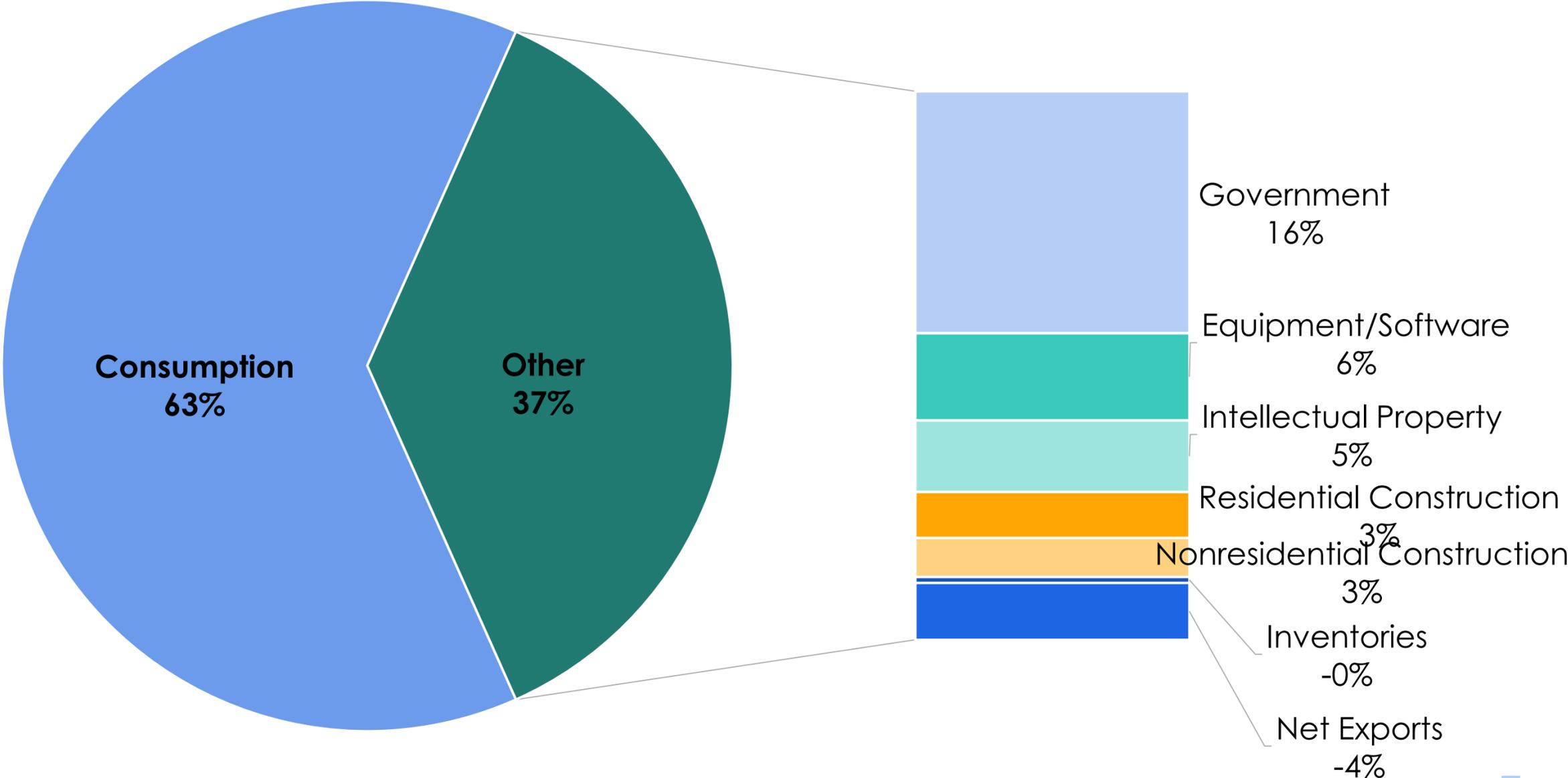
# Consumers spending hits all-time highs in August

U.S. Retail Sales



# Why consumer spending matters so much

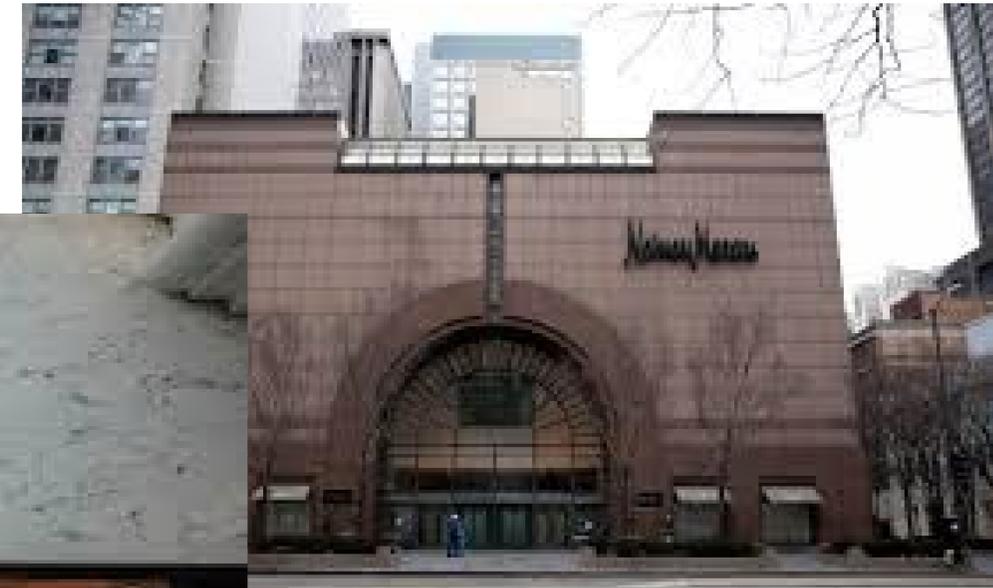
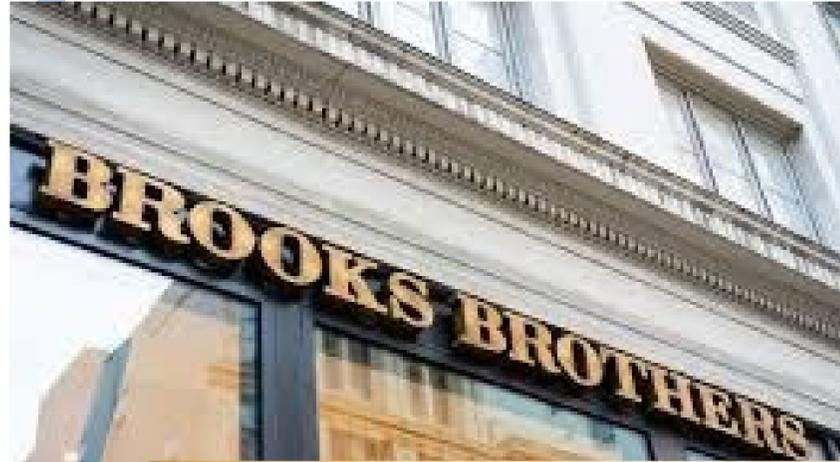
U.S. Real GDP by Component



# Pandemic Winners



# Retail Apocalypse



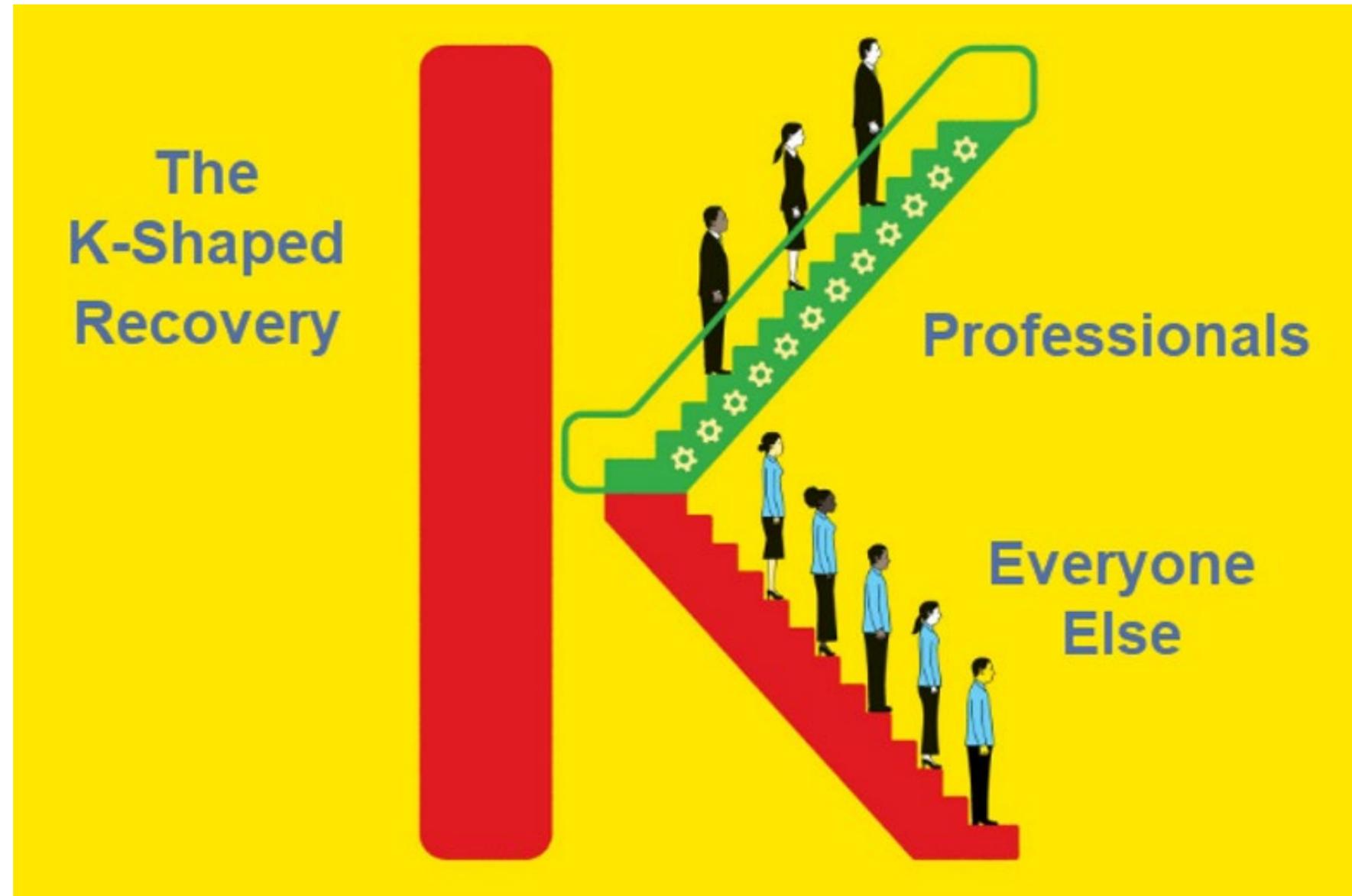
# Commercial Office Space



# Multifamily

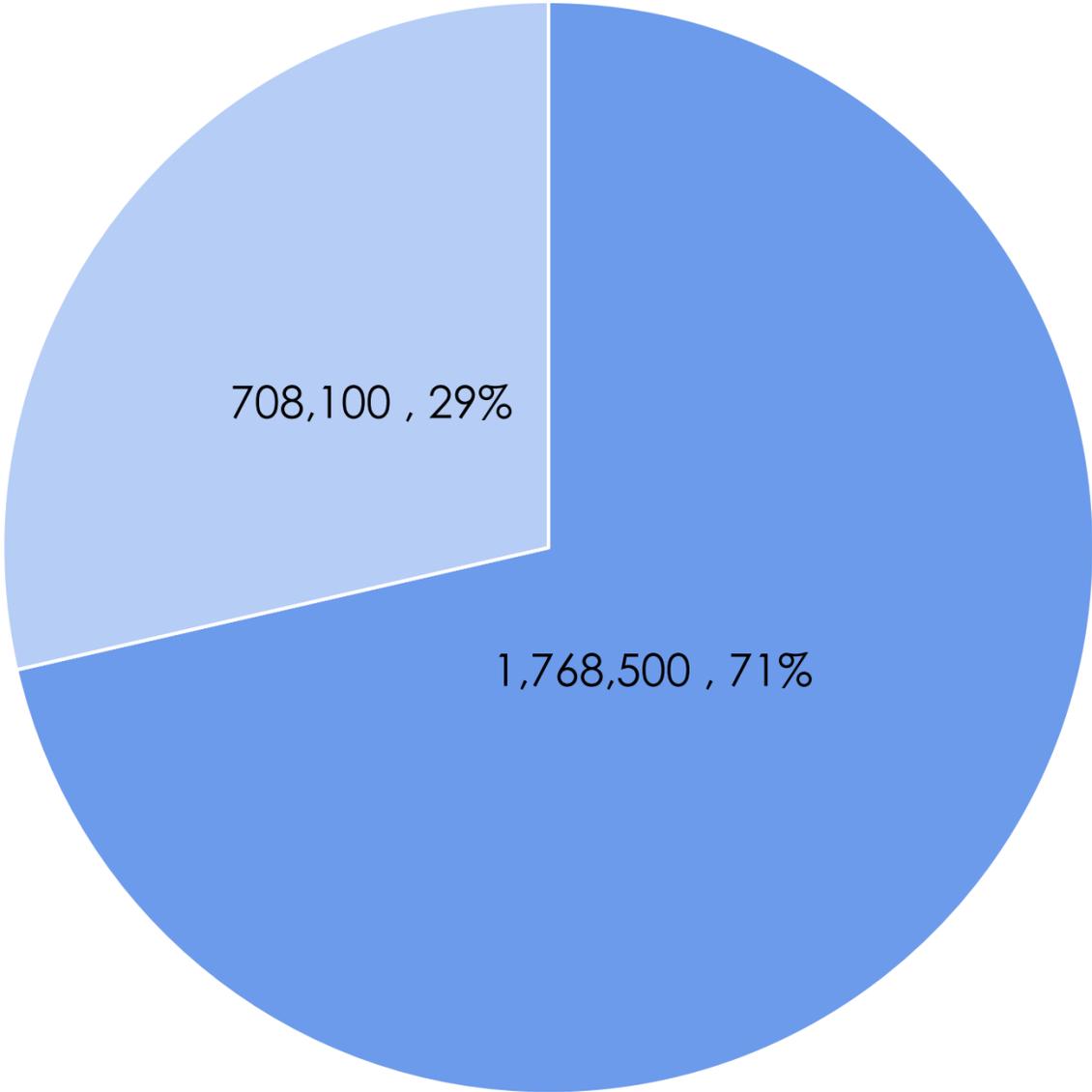


# The K-Shaped Recovery



# Job losses concentrated in lower-wage industries

California Job Losses by Wage Category

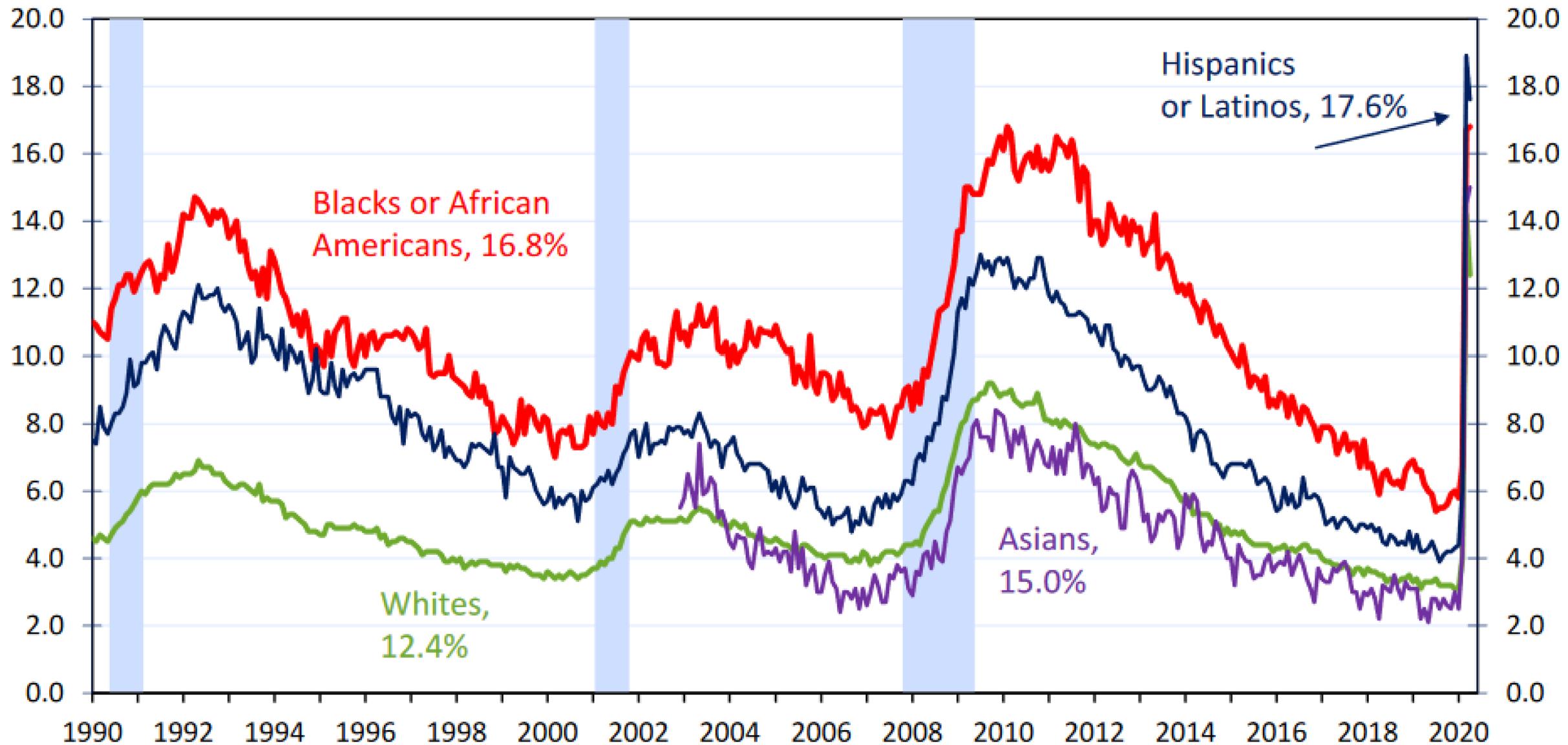


■ Under \$1,100/week   ■ Over \$1,100/week

Industry	Avg. Weekly Wage	Jobs Lost (Feb.-Apr.)
<b>Total Nonfarm</b>	<b>\$ 1,368</b>	<b>2,625,500</b>
Accom./Food Svcs.	\$ 513	825,700
Health Care	\$ 1,030	285,700
Retail	\$ 733	279,400
Other Svcs.	\$ 813	172,700
Admin. Support	\$ 924	161,800
Arts/Entertainment	\$ 1,190	156,700
Construction	\$ 1,410	150,000
Manufacturing	\$ 1,889	133,800
Prof./Sci./Tech. Svcs.	\$ 2,459	84,400
Information	\$ 3,678	78,700
Wholesale	\$ 1,557	66,200
Education	\$ 1,082	42,200
Real Estate	\$ 1,403	23,400
Management	\$ 2,604	13,400
Finance/Insurance	\$ 2,599	1,500
NR/Mining	\$ 774	1,000

# Disparate Impact: Unemployment rates by ethnicity (U.S.)

Percent



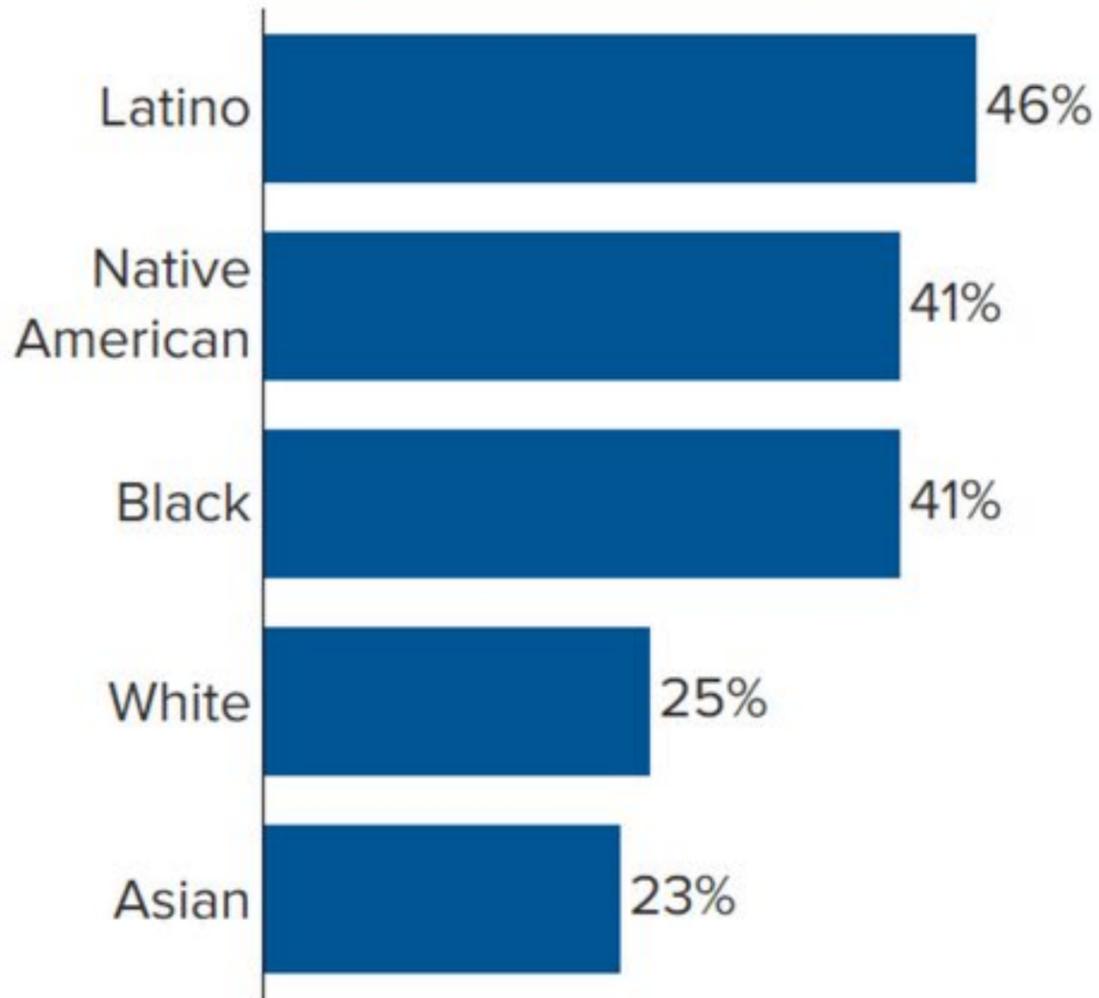
Updated with May 2020 data

SERIES: Unemployment rates by race and Hispanic or Latino ethnicity (seasonally adjusted 1990-2020)

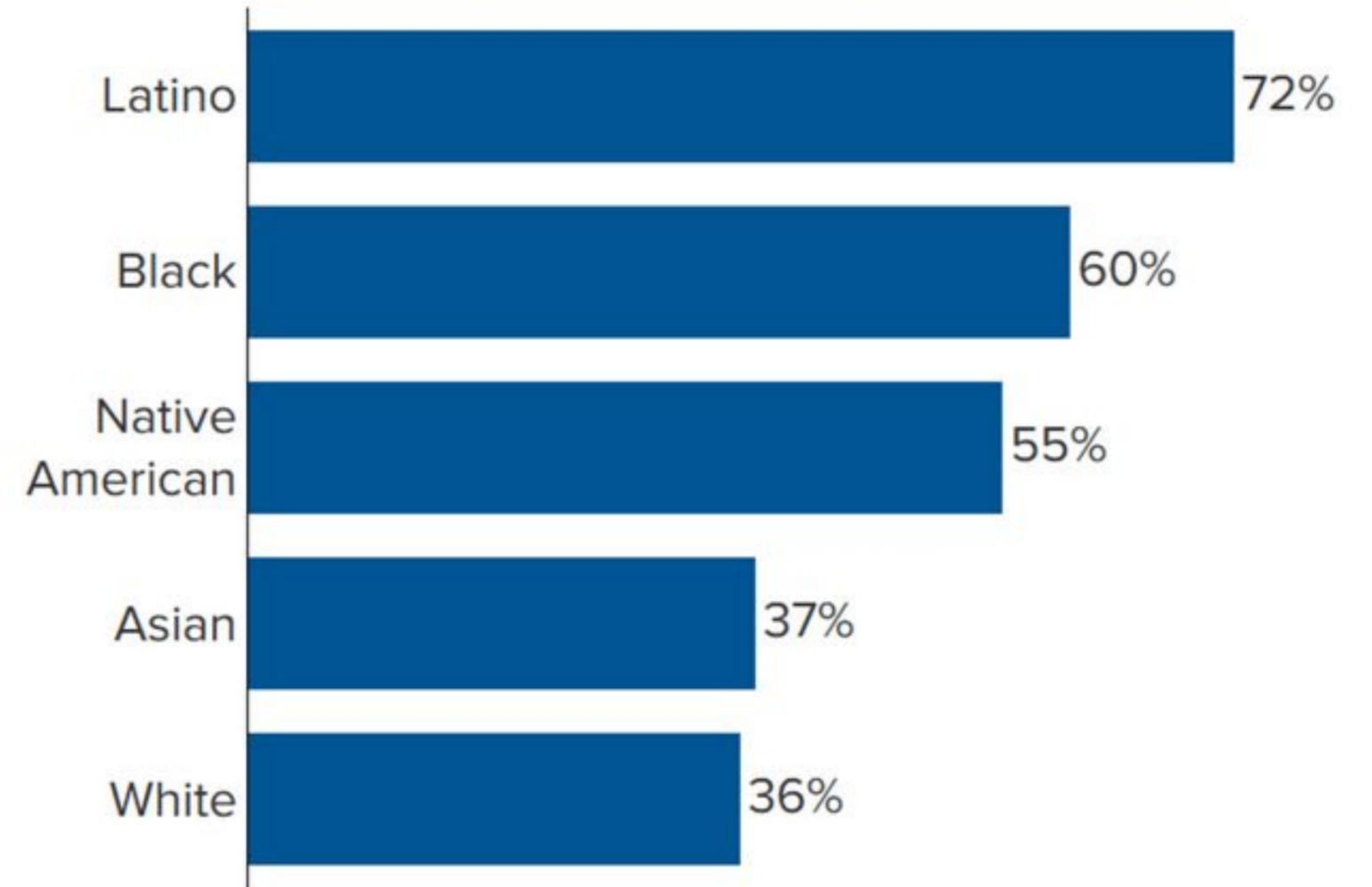
SOURCE: U.S. Bureau of Labor Statistics/Current Population Survey

# Financial Hardship Greatest for Latinos, Blacks, Native Americans

Share of individuals/household members who have used up all or most of their savings since the start of the pandemic.



Share of people who have experienced serious financial problems since the start of the coronavirus outbreak.



Survey of 3,454 U.S. adults between July 1 and August 3



**PRESIDENTIAL**

**2020**

**ELECTION**

