

## As housing market recovers, roadblocks remain

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Despite median home prices and sales of homes in the Central Valley increasing since the recession, industry experts warn that many obstacles still remain for homebuyers. Despite median home prices and sales of homes in the Central Valley increasing since the recession, industry experts warn that many obstacles still remain for homebuyers.

Concerns over job security and market stability are some of the main reasons we are becoming a nation of renters, said Selma Happ, senior economist with the California Association of Realtors. Happ was the keynote speaker during the 2014 Fresno Housing Market Symposium at Fresno State last week.

“Those under 40 are the least likely to have recovered from the recession,” Happ said.

The market was once driven by this younger generation but not anymore, and more individuals are postponing buying a home.

This trend has helped to put the breaks on the growth of the housing market that had seen record growth until last summer. And while the Fresno market has seen new interest because of the high-speed rail project, Fresno's younger generation is still unlikely to stop renting anytime soon.

“We have found that in California, 50 percent of [18-24-year-olds] are still living with their parents,” she said.

Those who aren't living at home are renting and Happ reported that 80 percent of investors surveyed say they would rather rent than flip properties.

Further confounding the issue, the unemployment rate in Fresno is still very high — 9.5 percent in September — compared to the 6.9 percent average in the rest of the state and California only recovered the number of jobs lost during the recession this past July.

“This doesn’t account for all the new people looking for jobs in the state who weren’t old enough or lived here before,” Happ said.

On the other side of the home-buying process, Happ said that fewer young people are interested in becoming real estate agents. The California Association of realtors has found that fewer college students are interested in careers in real estate or appraising, leaving a void in the market once the current workforce ages out.

Jared Martin, executive committee member of the Fresno Association of Realtors, said this is because the housing market still scares most people. College students grew up when the recession was at its worst, and that event left a mark on them when they began thinking about what types of careers they wanted, he said.

“Even after I became a realtor, I kept my bar-tending job,” he said. “I would encourage young people looking to become realtors to still hang on to that nighttime job for a while.”

While the housing market has since stabilized, young people on either side of the market are still skittish about fully committing.

Happ said she thinks this hesitation will be highlighted as market begins to feel the fallout from the drought. Less food and job security will keep individuals from making such a large purchase and buying a home.

John Shore, executive director of Community Housing Council of Fresno, agreed and said that while many individuals may be interested in buying a home, few understand the process. Their lack of knowledge makes them feel vulnerable and they are easily scared away, he said.

While his organization offers a free course for first-time home-buyers, very few people in the community know or take advantage of it, he said.

Despite the negative trends, John Bonadelle, CEO of Bonadelle Neighborhoods, said there is still great demand for new homes in the Fresno market, it’s just a matter of finding a balance between what buyers want and what’s possible under the current market constraints.

Most local homebuyers have larger families and are looking for homes with a greater number of bedrooms. To meet this demand, Bonadelle said his company is increasing the home size while decreasing yards.

Smaller lots are also a key trend, he said as the land supply in cities like Fresno and Clovis is dwindling. Developers are now looking toward smaller towns like Sanger and Tulare that are willing to increase their sphere of influence.

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