# California Construction and Housing Update

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## Recent Policy Reforms:

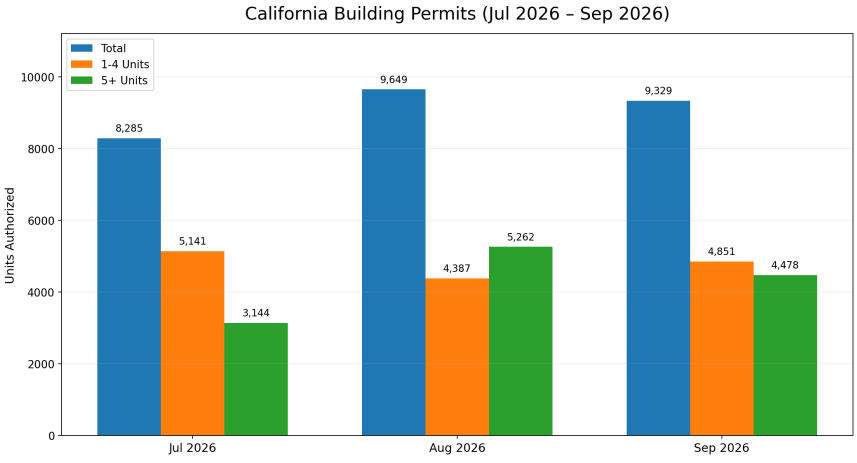
- **California expands housing permitting reforms.** In September, Governor Newsom signed AB 1621 and AB 1751, limiting repeated permit reviews and streamlining townhome approvals to reduce construction delays and costs.
- **Factory-built housing receives additional support.** AB 1815, AB 2058, and AB 2185 introduce regulatory and financing reforms intended to reduce duplicative requirements and encourage modular housing construction.
- **Transit-oriented housing advances, while condominium reforms stall.** AB 2074 was signed in September to facilitate housing near major transit hubs, while AB 1903, addressing construction-defect litigation for condominiums and townhomes, remained unenacted.
- **Proposition 1 reaches the November ballot.** The $11.25 billion housing bond would provide $10 billion for affordable housing programs and $1.25 billion for CalVet home loans, with its outcome determined by the November 3 election.

### California — Housing Statistics Overview for July–September 2026

California residential permitting activity recovered in August 2026 following July's slowdown, before moderating slightly in September. Total privately owned units authorized increased from 8,285 in July to 9,649 in August, a 16.5% month-over-month increase, before declining 3.3% to 9,329 units in September. Despite September's pullback, total permitting remained 12.6% above July levels, indicating a partial recovery in construction activity entering the fall.

The recovery was driven primarily by multifamily construction. Authorizations for 5+ unit structures increased from 3,144 in July to 5,262 in August, a 67.4% gain, before declining 14.9% to 4,478 in September. In contrast, 1–4-unit permits fell from 5,141 in July to 4,387 in August before recovering to 4,851 in September.

Despite the monthly fluctuations, cumulative permitting continued to expand through September. Year-to-date authorizations increased from 64,673 units through July to 74,505 through August and 83,850 through September, approximately 8.8% above the September 2025 total. Of the September year-to-date total, 47,235 units were in 1–4 unit structures and 36,615 were in 5+ unit structures, representing approximately 56% and 44% of authorizations, respectively. Overall, construction recovered partially from July's slowdown, although permitting momentum remained uneven.



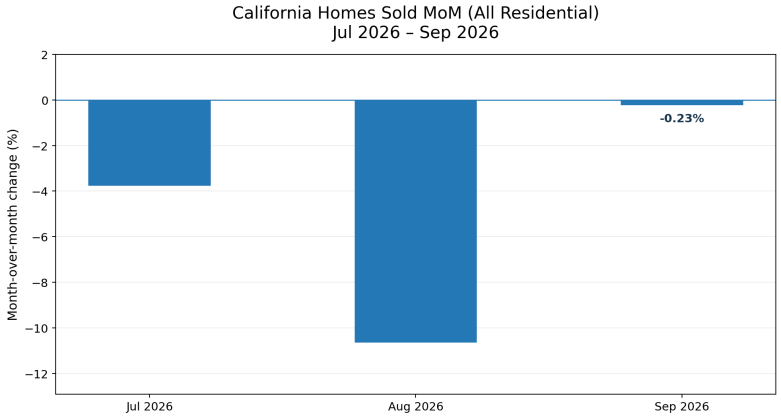

*Source: U.S. Census Bureau Building Permits Survey.*

## Rental Market and Home Prices

In terms of affordability, California rental rates began increasing again in October after several months of stability, according to Zillow's California Rental Market data. Average rents remained at approximately $2,700 per month from July

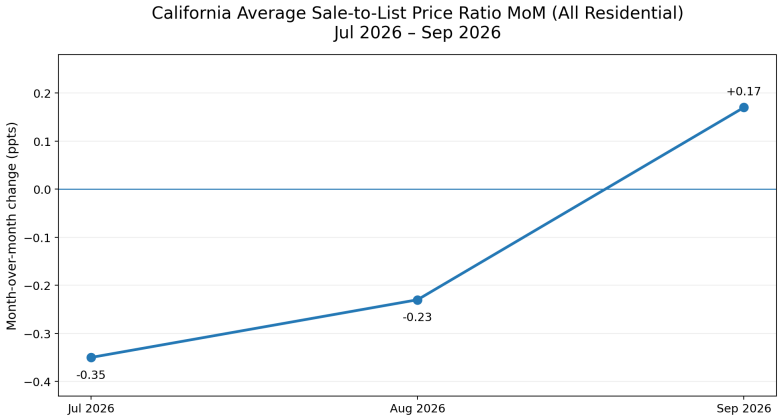
through September before rising to $2,730 in October, a 1.1% month-over-month increase. Meanwhile, median residential sale prices showed continued volatility, declining 2.58% in July and 0.66% in August before recovering 0.38% in September to $752,837, according to Redfin. Together, these trends suggest that the earlier improvement in housing affordability may be moderating, as rental costs began rising again while home prices showed signs of stabilization following the summer slowdown.

## Home Sales and Market Pricing Conditions




Recent sales-market indicators weakened through September, following a slowdown in July. Homes sold declined 3.77% month-over-month in July and a further 10.65% in August, before falling a marginal 0.23% in September.

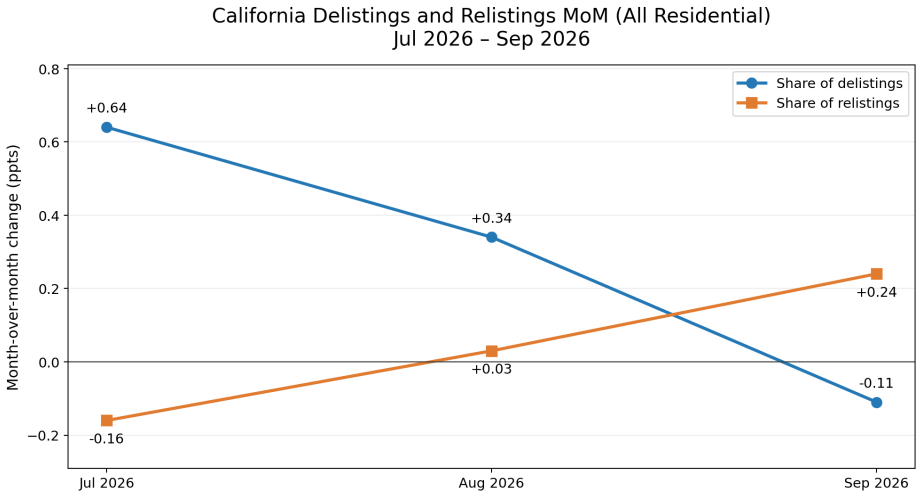
Meanwhile, the average sale-to-list ratio declined by 0.35 percentage points in July and 0.23 points in August, before recovering 0.17 points in September. Together, these movements suggest that housing demand softened considerably during the summer, although September's stabilization in sales and modest improvement in the sale-to-list ratio indicate some easing in downward market pressure.




*Source: Redfin, California Housing Market Data (All Residential), updated October 7, 2026. Monthly changes calculated from data.*

## Delisting and Relisting Activity

Delisting and relisting activity showed some signs of adjustment through September. The share of active listings delisted increased by 0.64 percentage points in July and 0.34 points in August, before declining 0.11 points in September. Meanwhile, the share of properties relisted fell 0.16 points in July before rising 0.03 points in August and 0.24 points in September. These movements suggest that seller withdrawals moderated in September while more properties returned to the market, although the fluctuations do not yet establish a sustained change in listing behavior.




*Source: Redfin, California Housing Market Data (All Residential), updated October 7, 2026.*

## California Outlook Summary

- **Construction activity recovered modestly, driven by multifamily permitting:** Total building permits rebounded from 8,285 units in July to 9,649 in August before moderating to 9,329 in September. Multifamily construction drove much of the recovery, while year-to-date authorizations reached 83,850 units through September, up 8.8% from the same period in 2025.
- **Rental affordability weakened slightly as home sales slowed, though pricing stabilized:** Average rents increased 1.1% to $2,730 in October after remaining stable through September. Home sales declined 10.65% in August before nearly stabilizing in September (−0.23%), while median sale prices recovered 0.38% and the sale-to-list ratio improved 0.17 percentage points. Delistings declined and relistings increased in September, although broader market momentum remained subdued.

*Note: Monthly permitting figures and cumulative totals may differ because cumulative series can incorporate revisions to prior months. Median sale prices refer to All Residential properties, not single-family price per square foot.*