California’s economy continued to expand. The unemployment rate dropped from over 12% seven years ago to just above the national average, with 1.2 million more nonfarm jobs compared to the pre-recession high. Home price growth was solid, recently ranking tenth in the nation, yet average prices remained below the pre-crisis peak and affordability deteriorated in key metro areas. While volumes of multifamily permits were high, on par with pre-crisis levels, single family housing permit volumes in 2016 remained approximately one third of pre-crisis levels.

California’s banks continued to perform well. Average loan growth and asset quality metrics were among the strongest in the nation. CRE concentrations remained relatively high, on average, at 259% of capital, although the typically more risky construction and land development portion averaged only 26% of capital. Average California bank capital ratios were well above pre-crisis levels, however, risk-based capital ratios have trended down to levels somewhat below the nation, reflecting in part above-average CRE loan concentrations.

Key Economic Metrics (ranking #1 = highest in the nation)

**Year-over-Year Job Growth: 2.3%**
- Rank: #9

**Unemployment: 5.2%**
- Rank: #10

**Year-over-Year Home Price Growth: 8.4%**
- Rank: #10

**Housing Permit Volume: 49,442**
- Rank: #41

Establishment Survey, nonfarm payrolls, quarterly average, seasonally adjusted
Source: Bureau of Labor Statistics

Household Employment Survey, end of period, seasonally adjusted
Source: Bureau of Labor Statistics

Housing Price Index, year-over-year change of average home prices
Source: Federal Housing Finance Agency

Single family permits, trailing four quarter total; ranking based on number of new permit volumes / estimated total households by state
Source: Census Bureau
Banks at a Glance: California

Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

**Year-to-Date Return On Assets: 0.92%**
Rank: #12

**Year-over-Year Net Loan Growth: 13.5%**
Rank: #2

**Nonperforming Assets / Total Assets: 0.34%**
Rank: #47

**Total Risk-Based Capital: 15.3%**
Rank: #36

**CRE Concentration: 259%**
Rank: #3

**Net Noncore Funding Dependence: 9.6%**
Rank: #30

Source: Call Report data for commercial banks based upon headquarters location. Averages are calculated on a “trimmed” basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets and net noncore funding dependence which display the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude “De Novo” banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were 164 for the state and 5,082 for the nation.

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