Data recently compiled by the Federal Reserve Bank of San Francisco on building permits issued in 114 California cities clearly illustrate the trend toward small homes which has been particularly pronounced during the past two and one-half years. Cities included in the analysis have been limited to those having a population of less than 50,000 persons and which for the most part tend to be "typed" as industrial, agricultural, low- or high-cost suburban communities, etc. Because of this, analysis of the volume of building in these cities reflects the type of construction in which there is the greatest activity.

In its analysis of the figures, the Federal Reserve Bank divided the 114 cities into five groups based upon the percentage increase in residential building volume during the past two years. The result shows consistent evidence of the trend toward small home construction, i.e., the lower the average permit value, the greater the increase in activity. This is shown in the accompanying chart in which the group of cities showing the greatest and the one having the least percentage change are charted along with the average for all 114 cities. The other three groups, which as just mentioned show a consistent pattern, have been omitted for sake of simplicity.

A majority of the communities experiencing large increases in building volume are in the southern part of the State. Included in the group of 38 cities showing the greatest expansion in activity are Bell, Burbank, Compton, Culver City, Lynwood, San Gabriel, and South Gate. The average permit valuation per family unit for this group during 1938-1939 is $2,910. At the other extreme is a group of 26 cities including Beverly Hills, Claremont, Coronado, Palo Alto, Piedmont, Salinas, San Marino, and Santa Barbara. The average permit value in this case is $4,040.