

THE POST-ELECTION ECONOMIC HORIZON

U.S. California & Sonoma



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@UCLAFORECAST



**CA & SONOMA
FORECAST**

**CALIFORNIA:
MIGRATION,
UNEMPLOYMENT,
AND HOUSING**

**U.S. OUTLOOK
BASE CASE**

**POST-ELECTION
SPECULATIONS**

**SONOMA COUNTY
RETROSPECTIVE**



RAPID JOB GROWTH IN 2023 YIELDS AN EMPLOYMENT RECOVERY

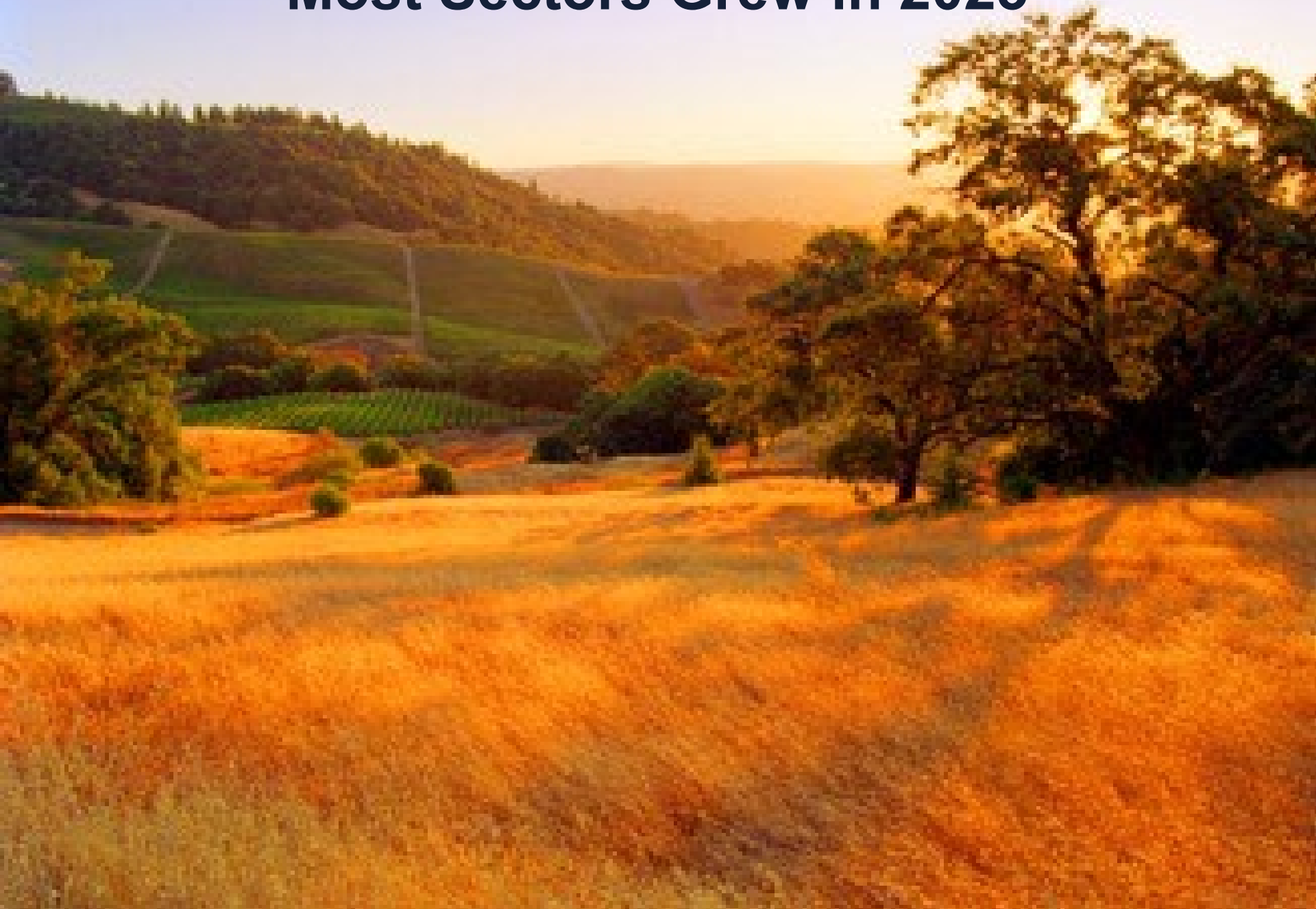


**1.4%
Growth**

WITH A SHRINKING LABOR FORCE

0.0%
2024

Most Sectors Grew in 2023



SONOMA TOURISM RETURNS TO GROWTH

a unique approach. critical answers. **Accurate.**

2025 POLICY & RISKS – POST ELECTION

❖ TARIFFS

- ❖ China only?
- ❖ Estimates of the 2017 tariffs

❖ LABOR FORCE

- ❖ Size of reduction
- ❖ GDP growth rates

❖ TAXES

- ❖ Who gets the tax cut?
- ❖ Spending cuts or higher deficit

❖ REGULATION

- ❖ Financial
- ❖ Environmental

❖ INFLATION

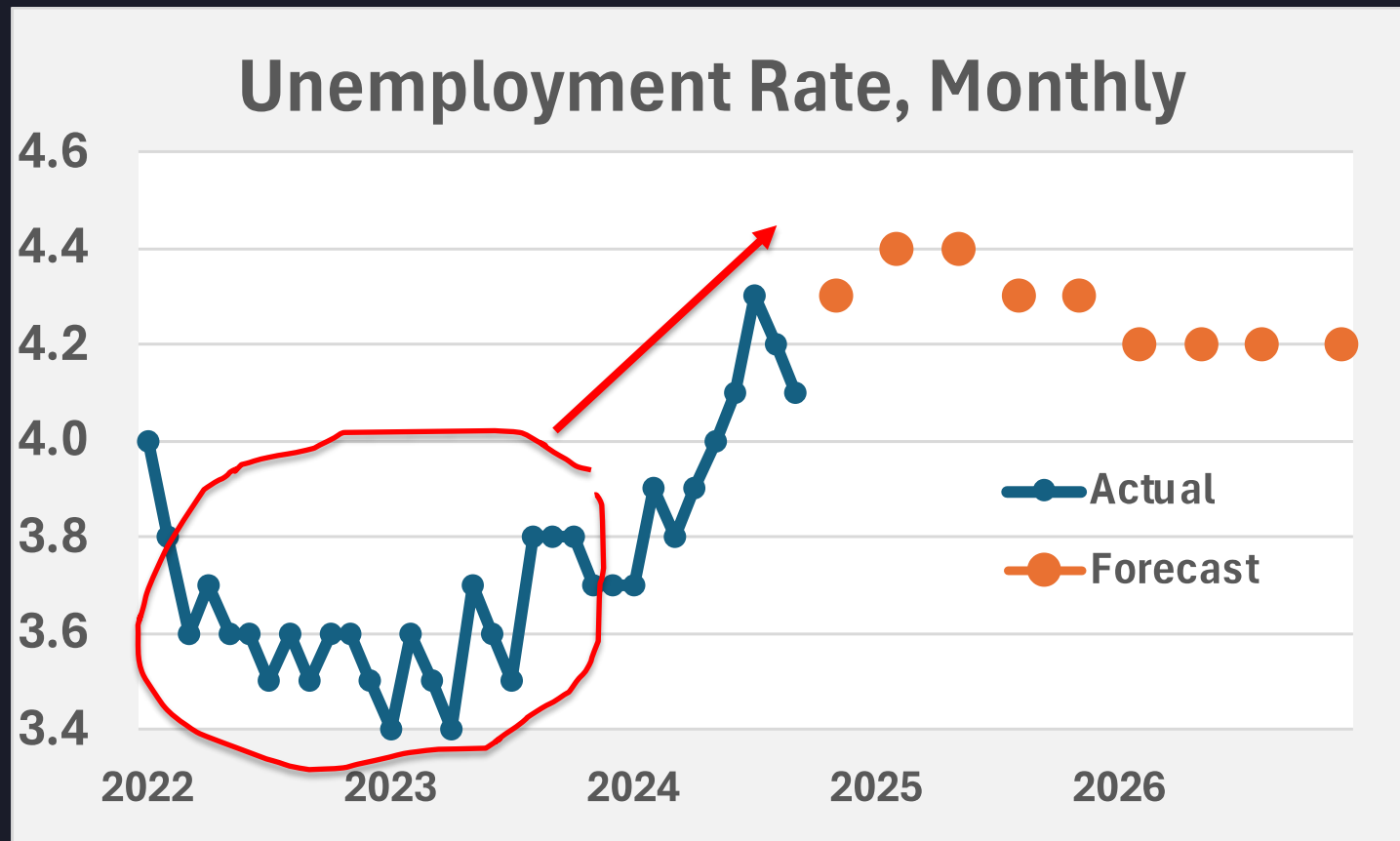
- ❖ Tariffs +
- ❖ Labor force +
- ❖ Interest rates ?
- ❖ Tax reduction +

- https://www.urban.org/sites/default/files/publication/95216/2001633-macroeconomic_analysis_of_the_tax_cuts_and_jobs_act_as_passed_by_the_senate_0.pdf
- <https://muse.jhu.edu/article/707707>
- <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.33.4.187>
- https://www.wsj.com/economy/what-a-trump-win-means-for-the-economy-50de4670?mod=economy_lead_pos1
- <https://www.sciencedirect.com/science/article/abs/pii/S1094202512000713>
- <https://cep.lse.ac.uk/seminarpapers/12-05-10-DI.pdf>

UCLA Anderson Forecast

MACRO OUTLOOK

Unemployment Rate: September = 4.1%

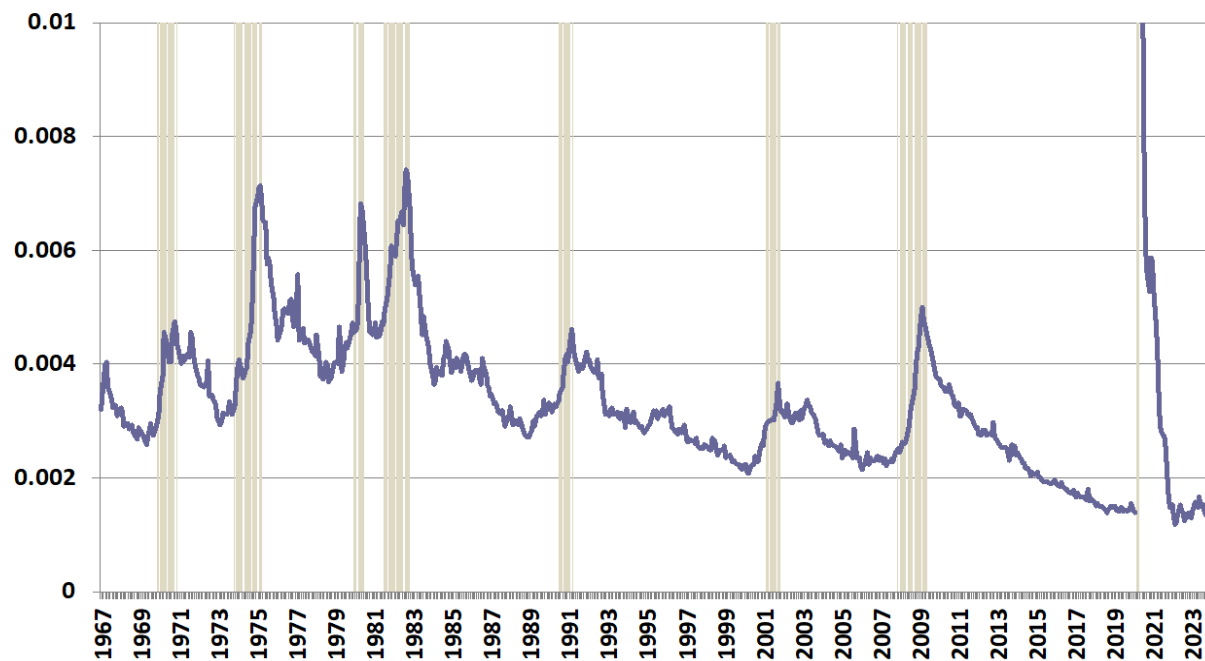


HISTORICAL UNEMPLOYMENT RATES

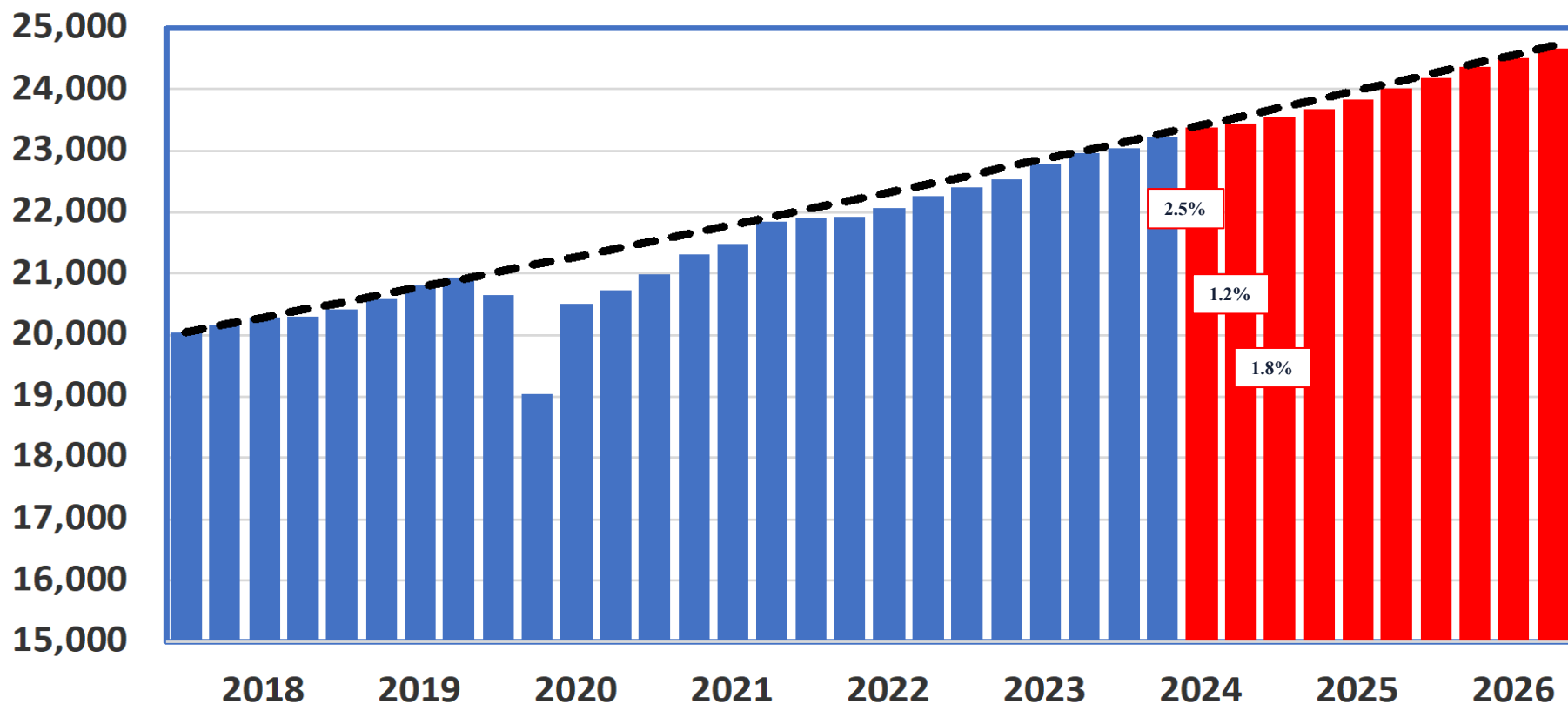


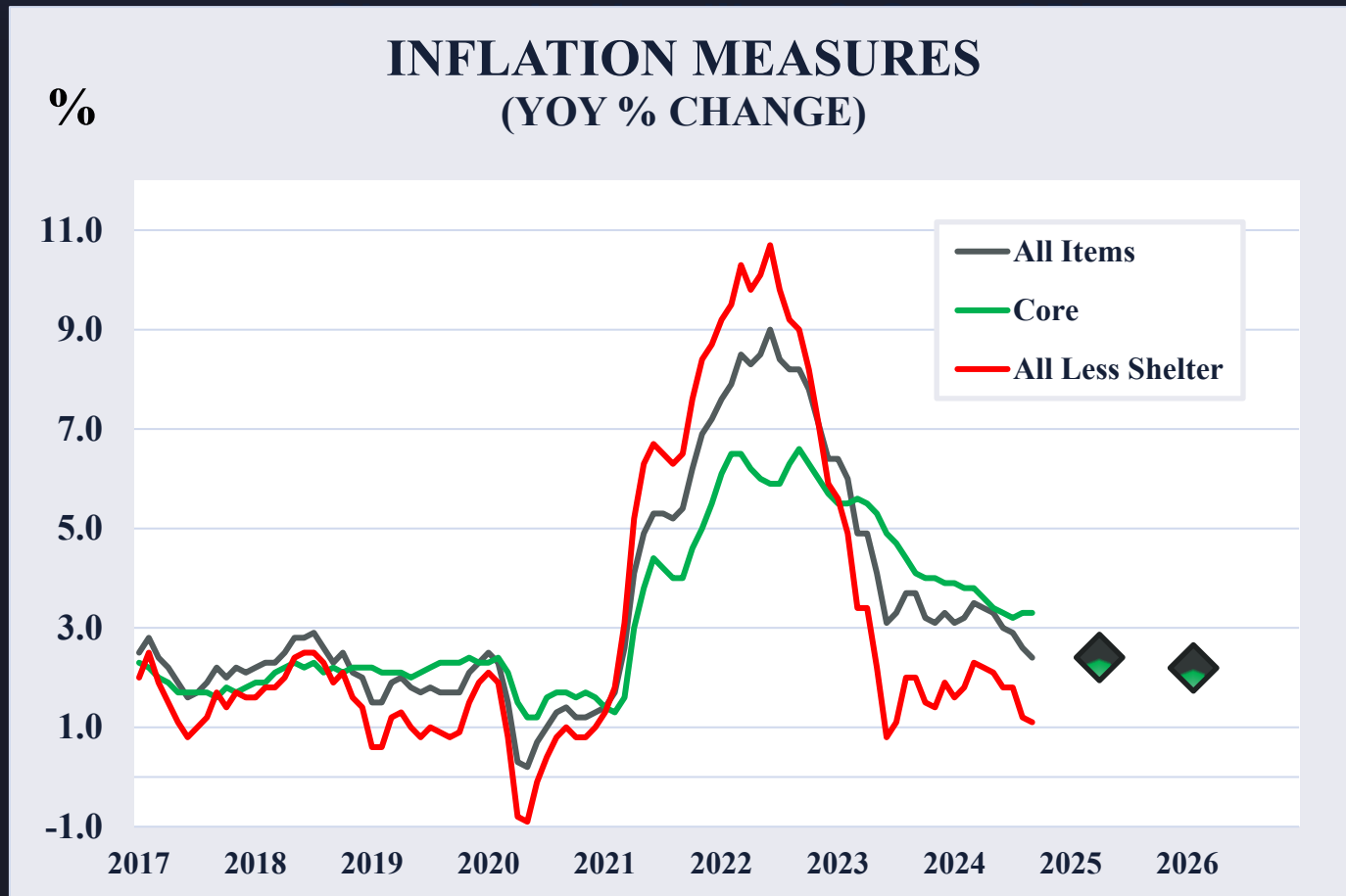
Layoff Rates

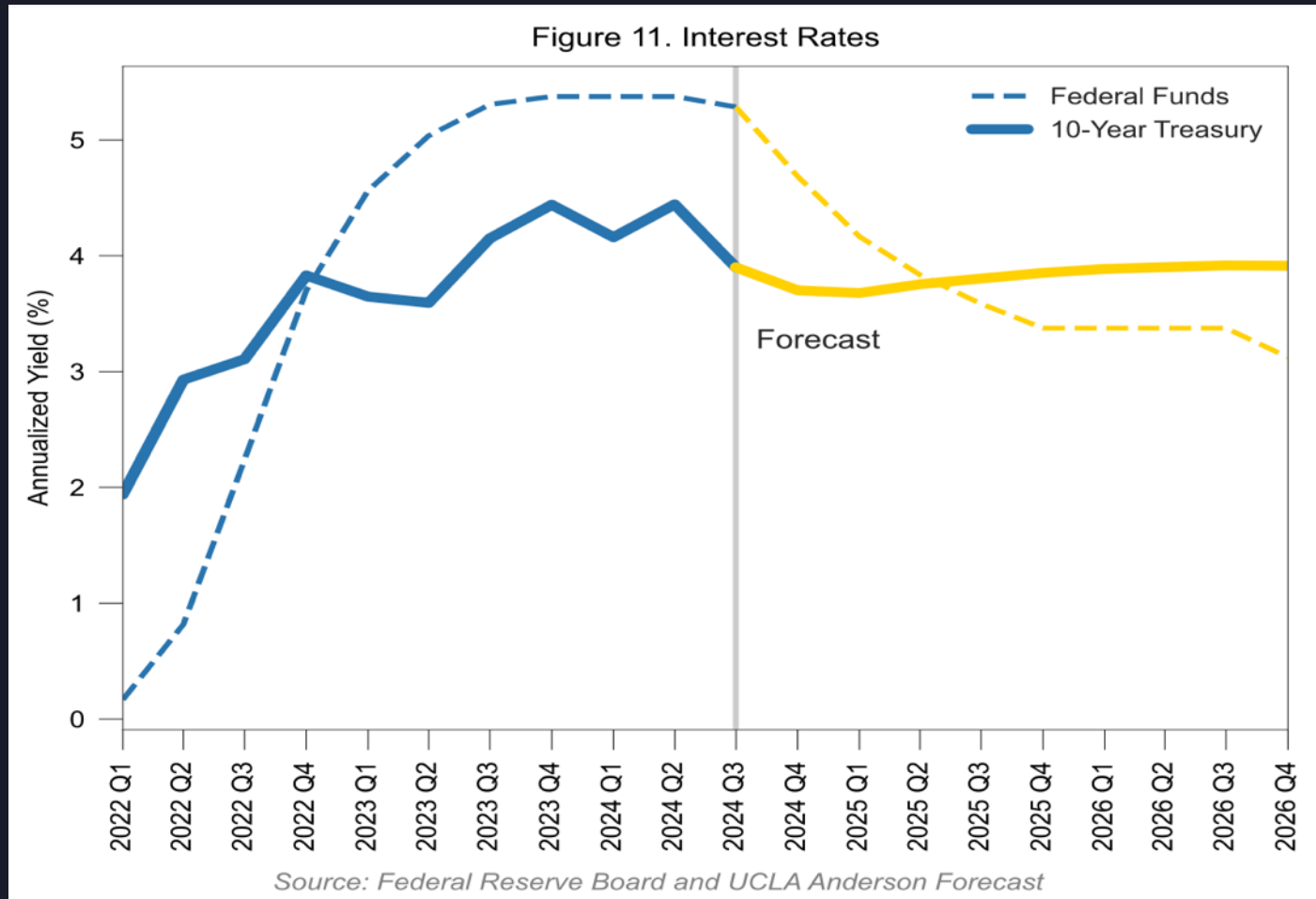
Monthly Initial Claims / Monthly Payroll Employment

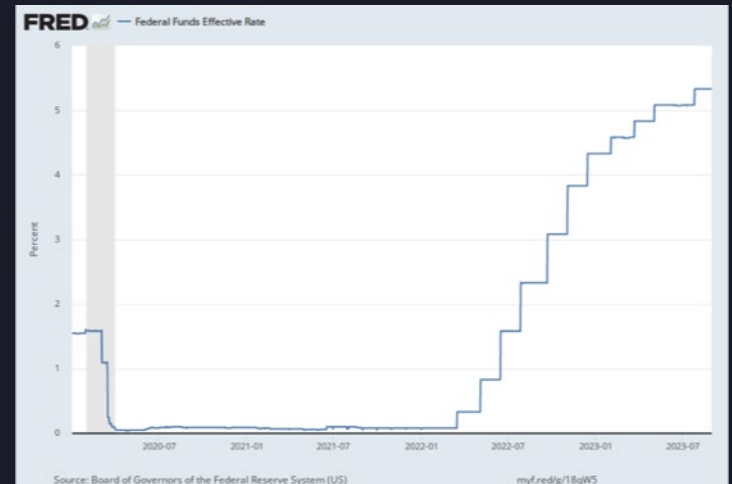


Real GDP (Billions 2017\$, SAAR)

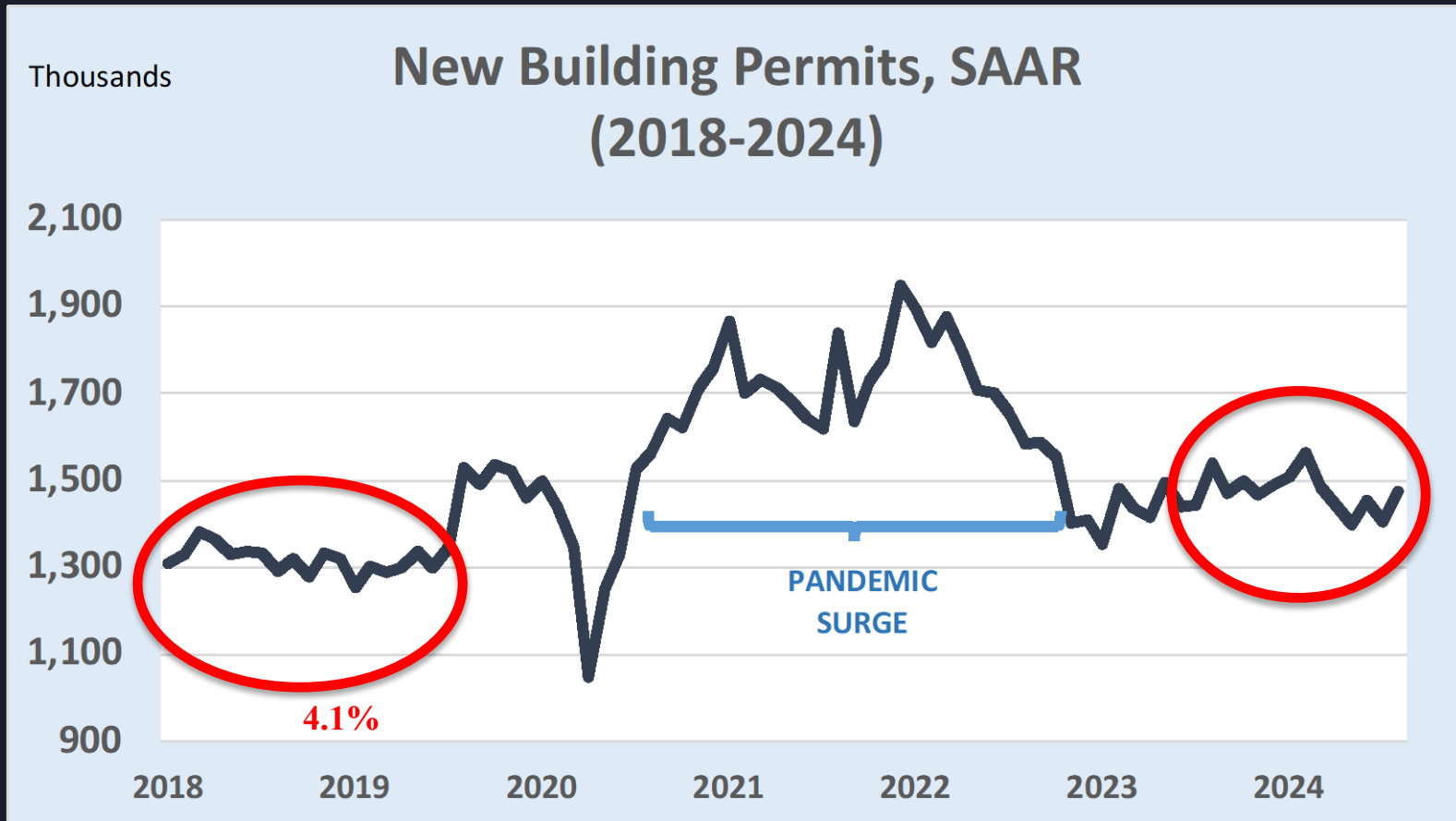








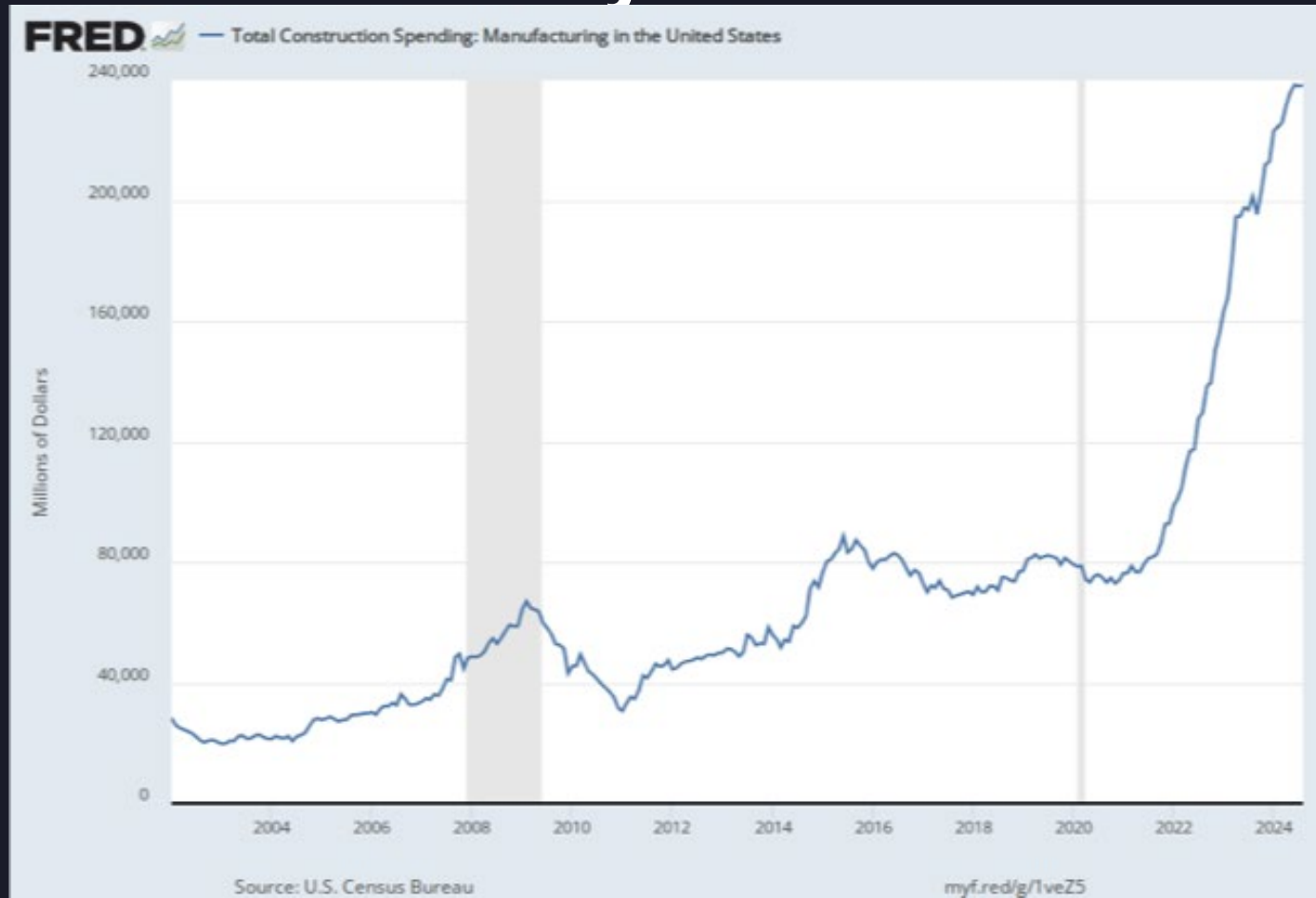
INTEREST SENSITIVE SECTORS



Durable Goods – Non-Defense New Orders



New Factory Construction





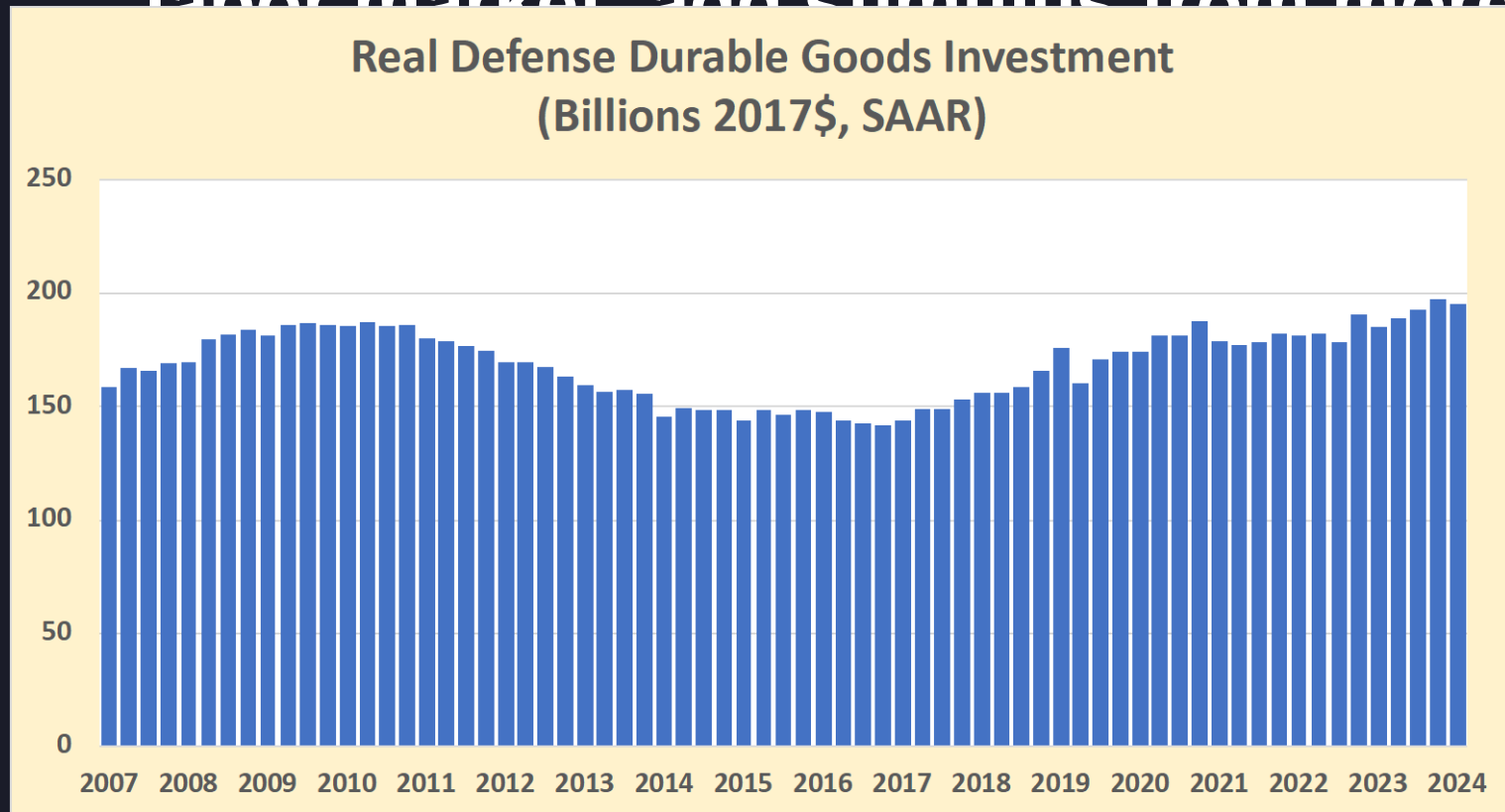
OTHER SECTORS

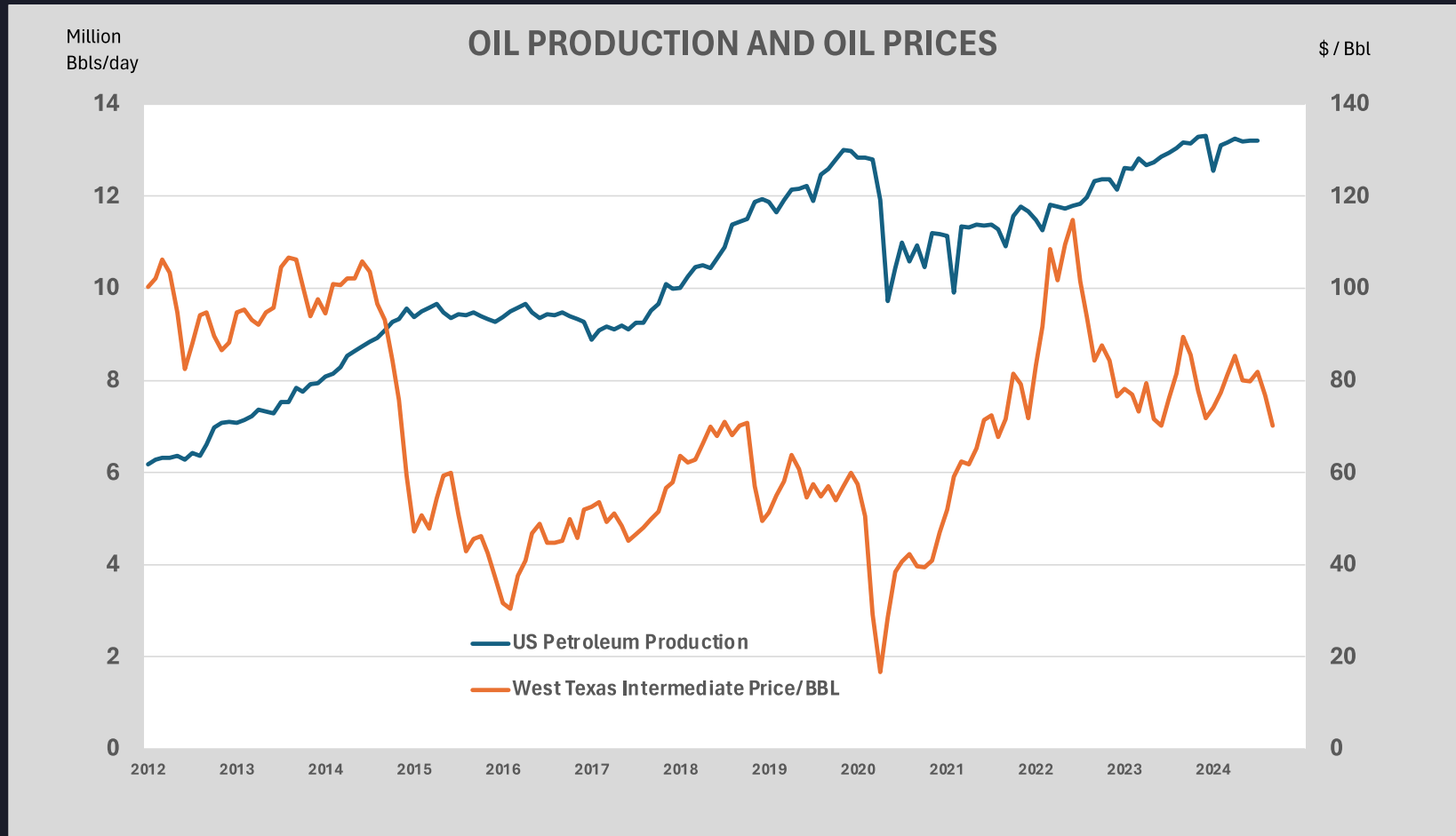


Consumption Remains Strong



Into an already booming economy and tight labor market, add stimulus from more





US Outlook Summary

- Employment & income remain strong
- Investment and consumption continue to drive economic growth
- Interest rate increases over and small decreases coming
- Infrastructure, Industrial Policy and Defense add demand to the economy
- **A Recession is coming—eventually**

GROWTH & ADJUSTMENT

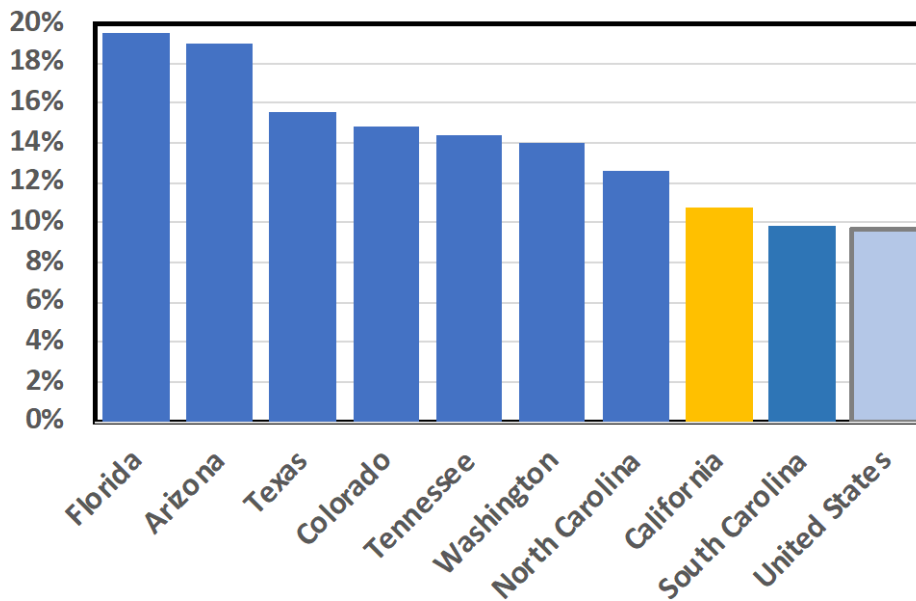
CA Outlook



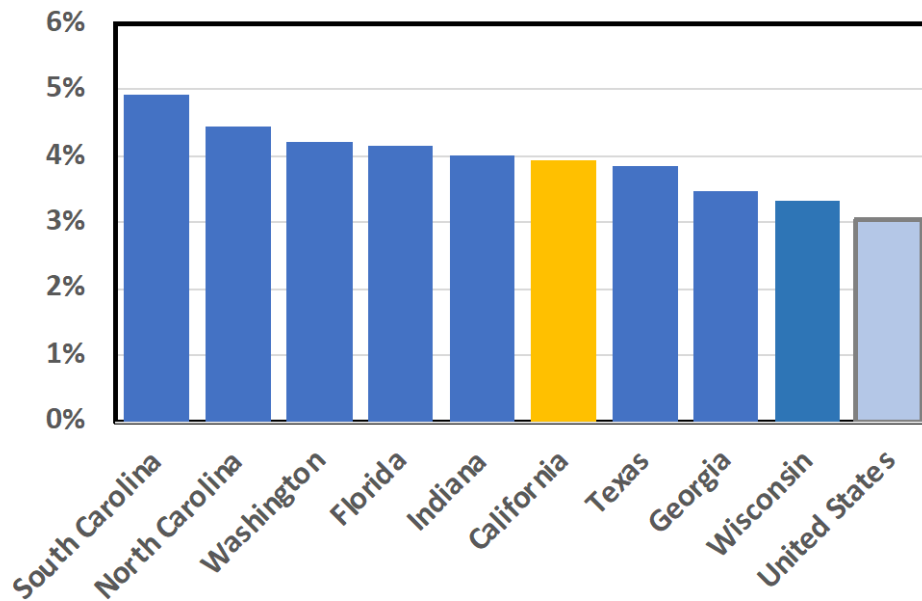
THE CALIFORNIA ECONOMY IS STILL GROWING

FASTER THAN THE U.S.

GDP Growth by State
(2019Q1 to 2023Q1, States > 5Mpop)

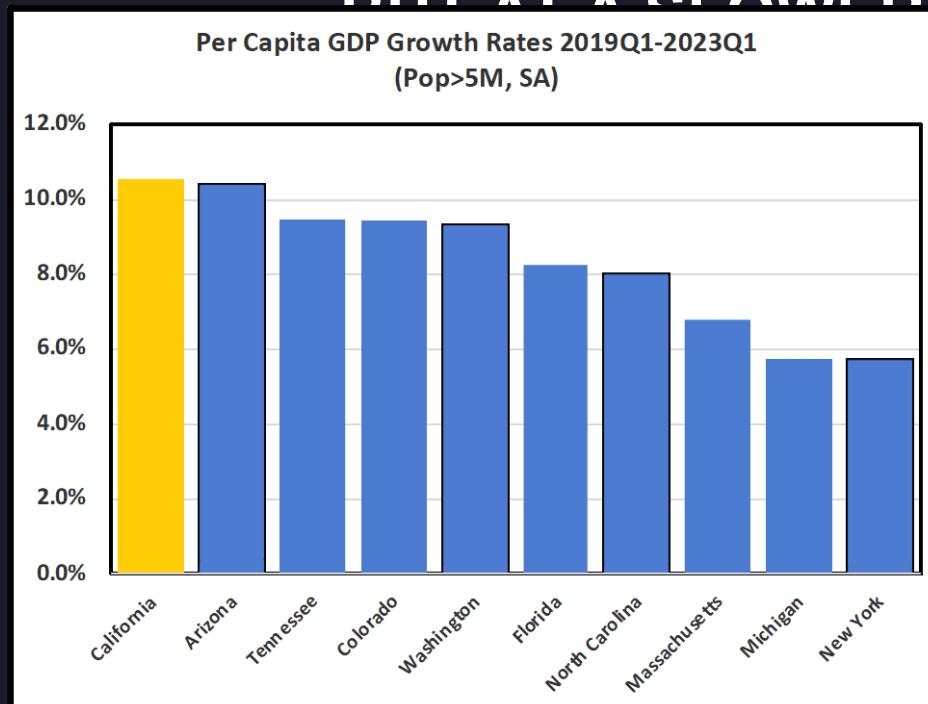


GDP Growth by State
(2023Q2 to 2024Q2, States > 5Mpop)



THE CALIFORNIA ECONOMY IS STILL GROWING

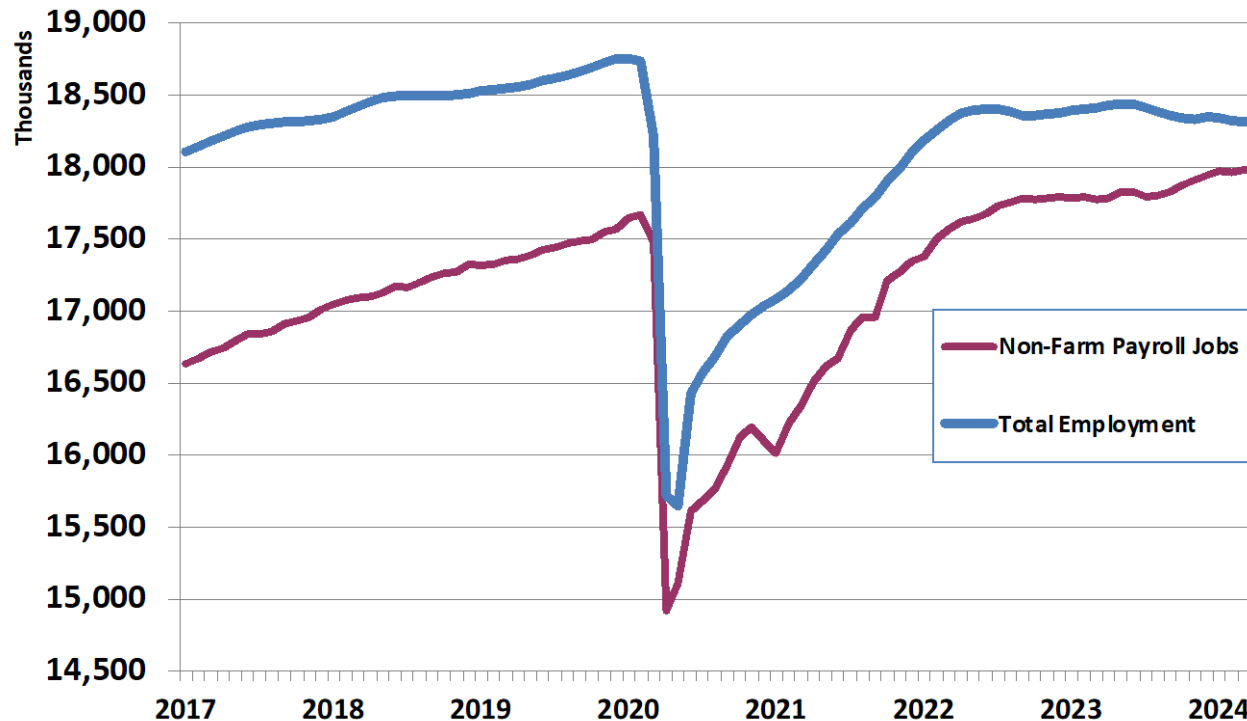
BUT AT A SLOWER RATE



2024 Q2 Real GDP Growth

CA	U.S.
2.8%	3.0%

California Employment and Jobs (2017-2024, SA)



In Payroll
And not in
Total

Remote
Workers
Living Out
Of State

Undocumented
With fake
documents

In Total
And not in
Payroll

Farm Workers

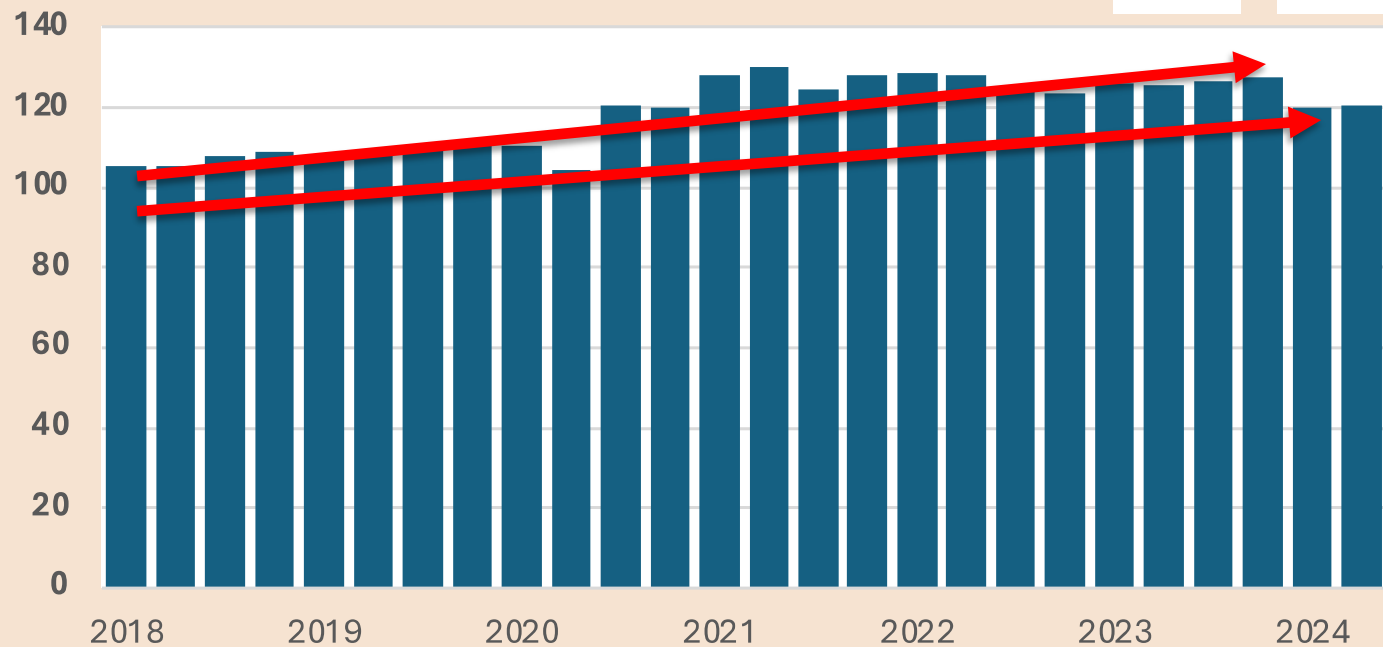
Independent
Contractors

Family business

Gig Workers



Real Durable Goods Manufacturing Output (\$M, 2017\$, 2018-2024)





EverCharge: Hayward
EV charging stations



Bosch: Roseville
semiconductors



Tesla: Lathrop
energy storage



Northrup: Palmdale
aircraft

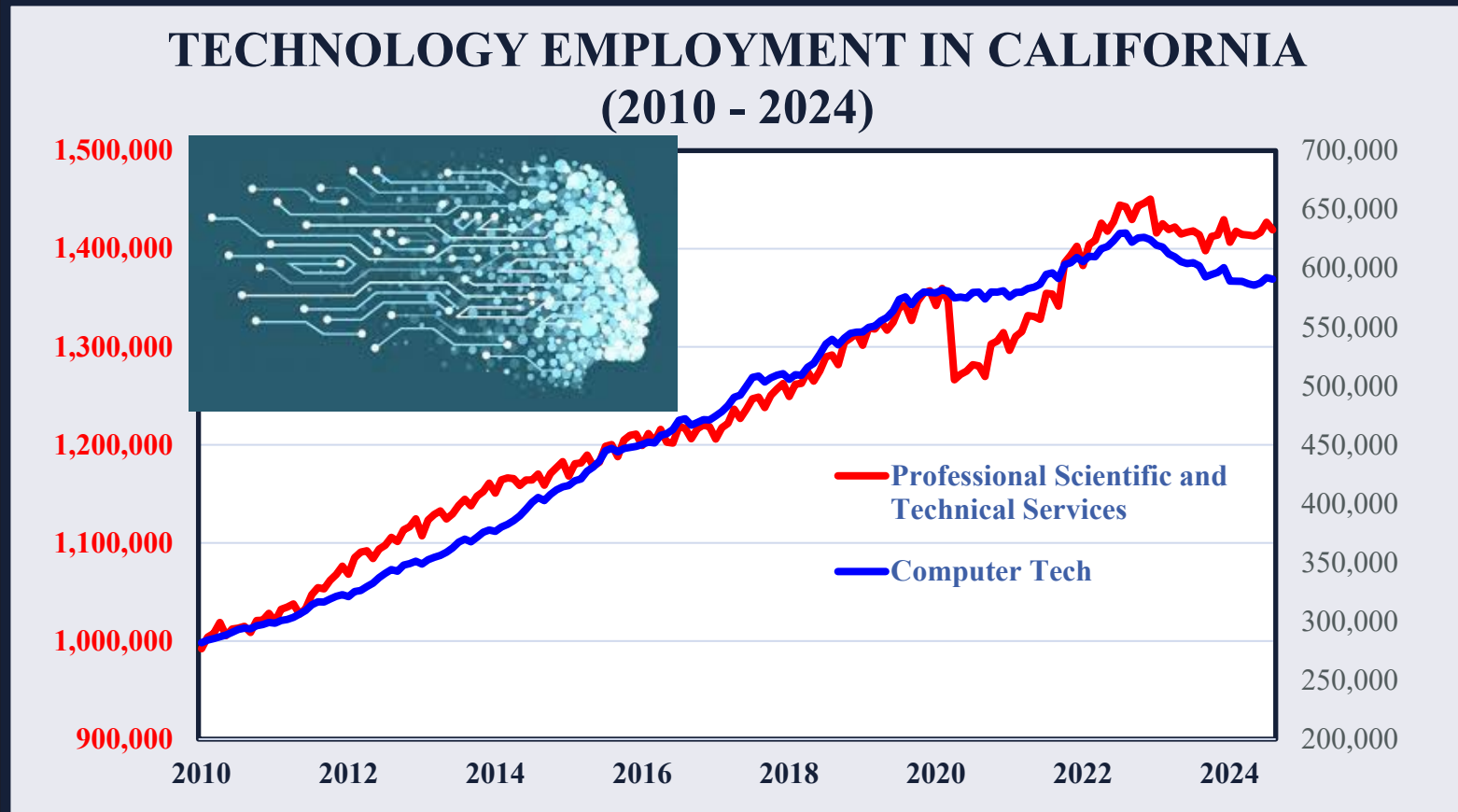


Pacific Steel: Mojave
Steel



Skorpios: Temecula
semiconductors

Tech job growth stalls

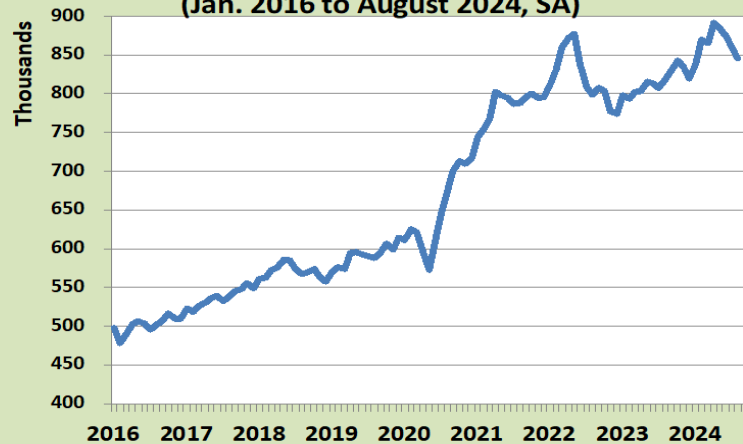


California Housing Markets

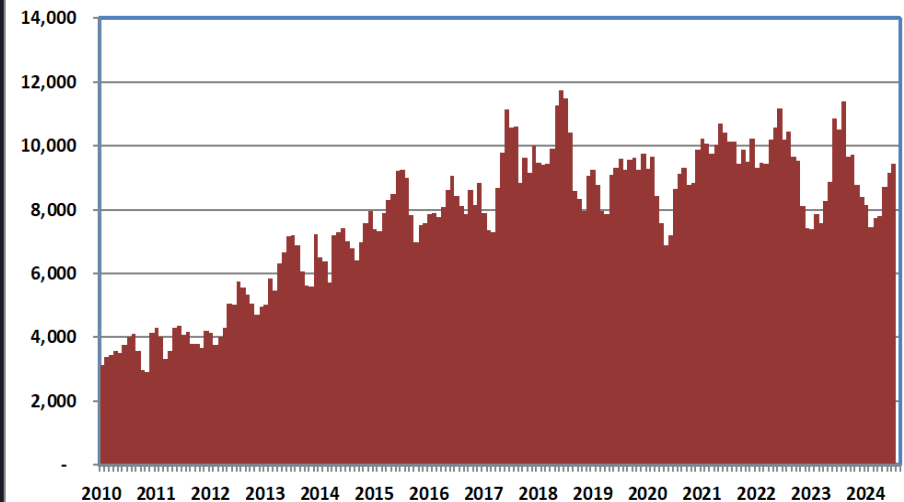
Existing Single Family Home Sales
(000, SA, Jan. 2004 to August 2024)



CALIFORNIA MEDIAN SF HOME PRICE
(Jan. 2016 to August 2024, SA)

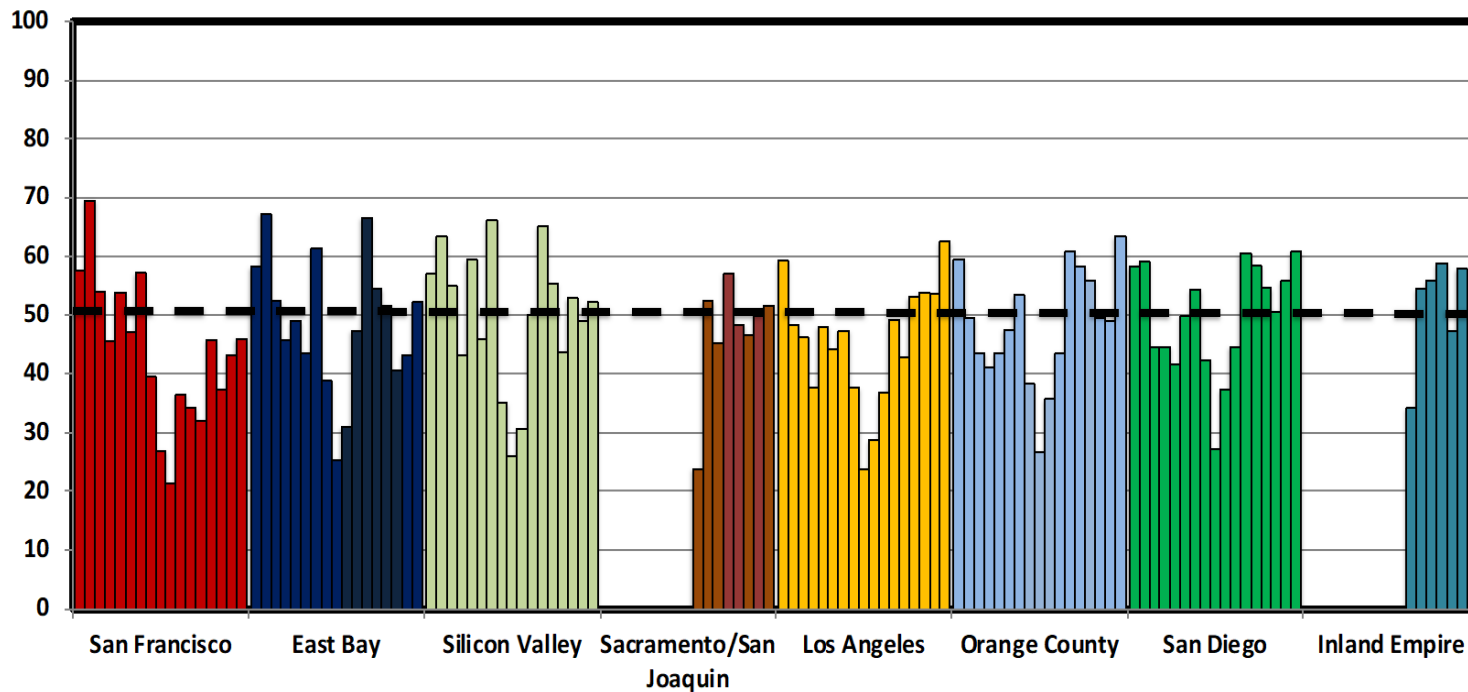


Monthly California New Residential Permits
(3 Mo. Moving Average, No. of Units)



ALLEN MATKINS / UCLA ANDERSON FORECAST CALIFORNIA CRE SURVEY

Retail Space Developer Sentiment
(>50 = optimistic, June '16 to June '24)



Residential Construction Payroll Jobs



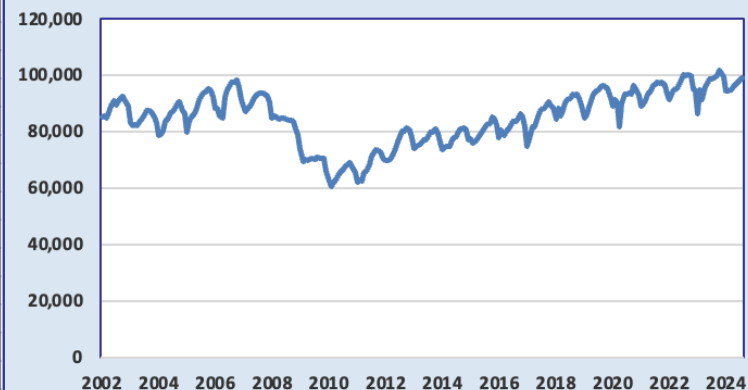
Non-Residential Construction Payroll Jobs



Specialty Trade Construction Payroll Jobs



Heavy & Civil Construction Payroll Jobs



SUMMARY: WEAK GROWTH IN 2024

- Manufacturing & Tech recovering in 2025/2026
- Construction, Real Estate, and Agriculture recover more slowly
- Hollywood, Education, Couriers need to adjust to the new normal
- An atypical 2024 and return to faster than U.S. growth in 2025

RISKS TO THE FORECAST

Housing & Homelessness

Urban Public Safety


Drought & Deluge

Shutdown of China Trade

CALIFORNIA FORECAST



	2019	2024	2025	2026
Payroll Job Growth	1.5%	1.2%	1.4%	1.8%
Unemployment Rate	4.1%	5.2%	4.8%	4.4%
Building Permits	111	105	108	127



Forecast Sonoma County Labor Force Constrained Growth

2025 & 2026

Real Personal Income: 0.0% to 1.5%

Employment growth: 0.5% to 1.0%

THANK YOU!

