

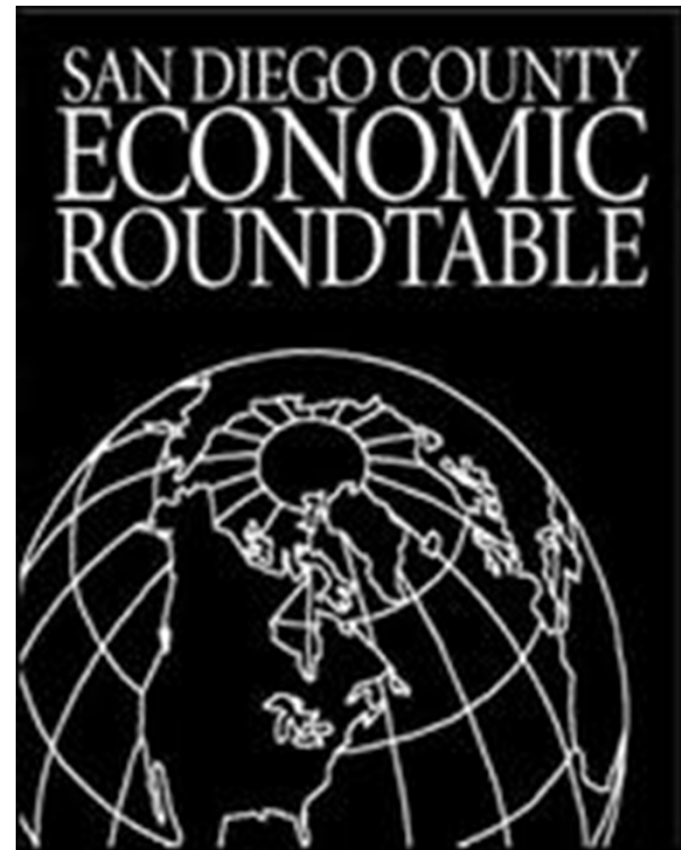
Economic Outlook 2014

Focus on San Diego

30th Annual San Diego
Economic Roundtable

January 17, 2014

Marney Cox, Chief Economist
San Diego Association of Governments



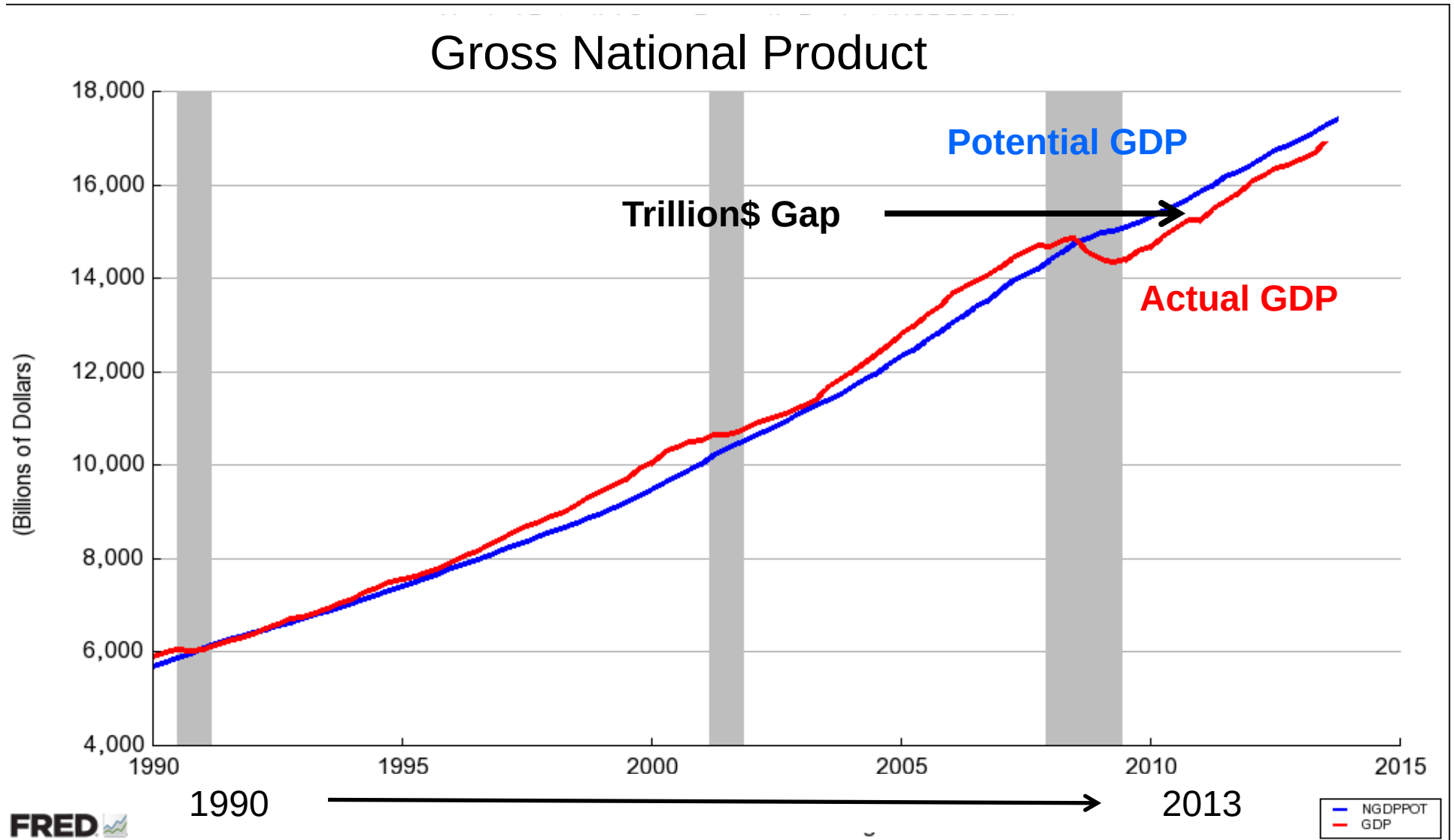
2013...What Happened?

- Expected
 - More of the same-below past peaks
 - Fed Tapering
 - Rising Interest Rates
- Unexpected Surprises
 - GDP Growth Acceleration
 - Low Inflation
 - Stock Market
- Emerging Trends-2014
 - Unwind Stimulus
 - Income Inequality
 - Labor Force Participation



US Economy...The Problem...

Slow Economic Growth

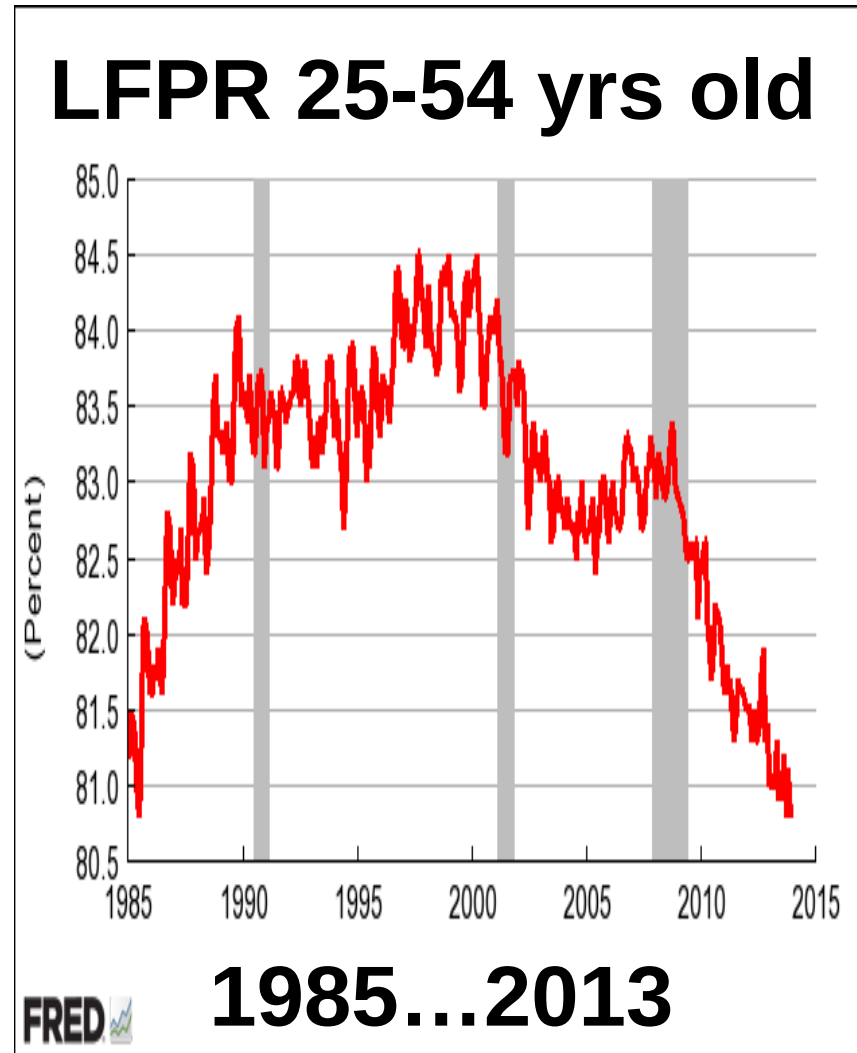
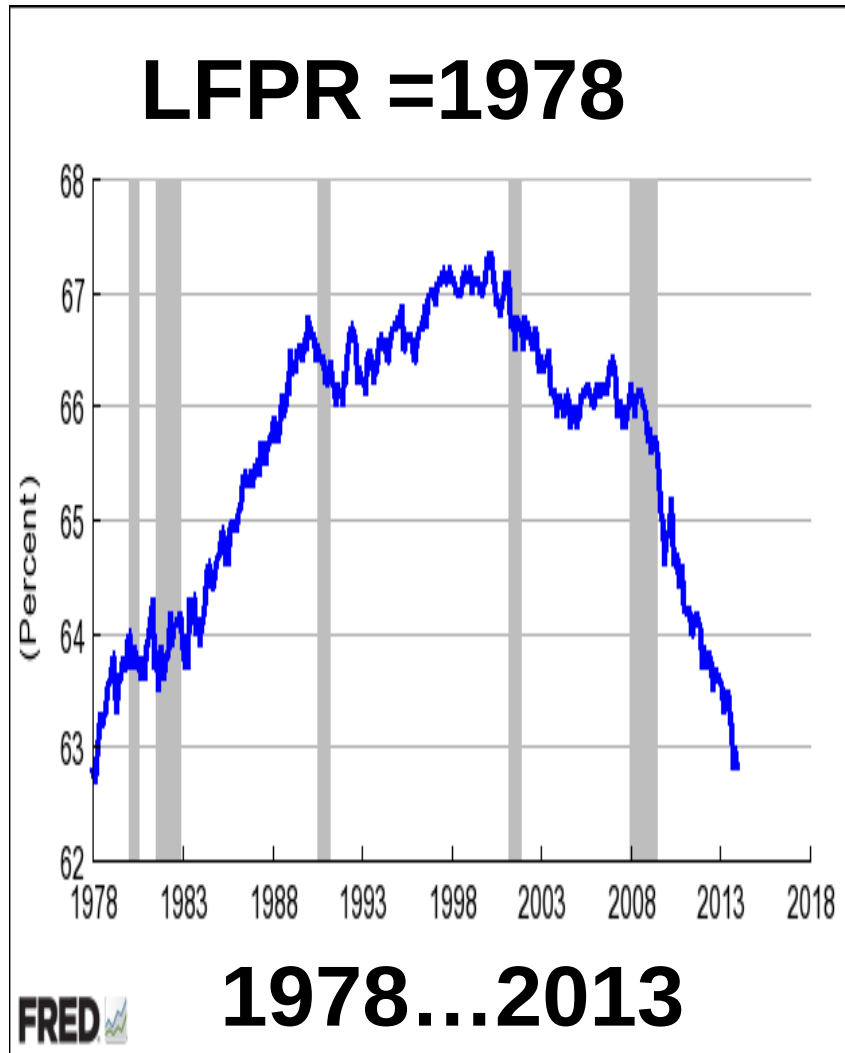


Why growth is below trend?

- Under utilized resources in economy
 - Smaller Labor Force
 - High Unemployment Rate
 - Idle Capital
- Consumer Consumption Curtailed
 - Slow growth in wages & hours worked
 - Paying down debt
 - Rise in savings

US Falling Labor Force Participation

41 % age 16+ not in Labor Force

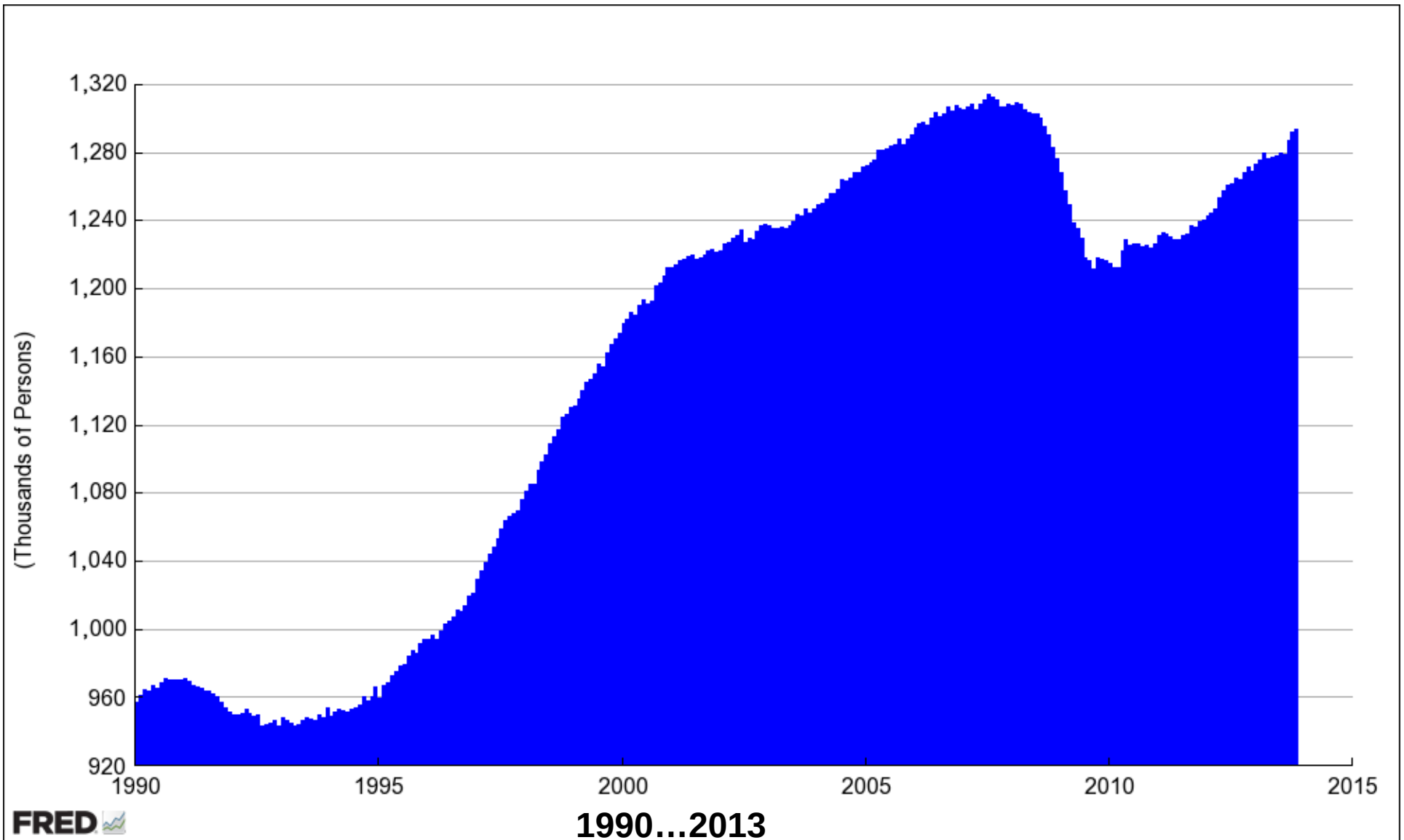


What's happened to the LF

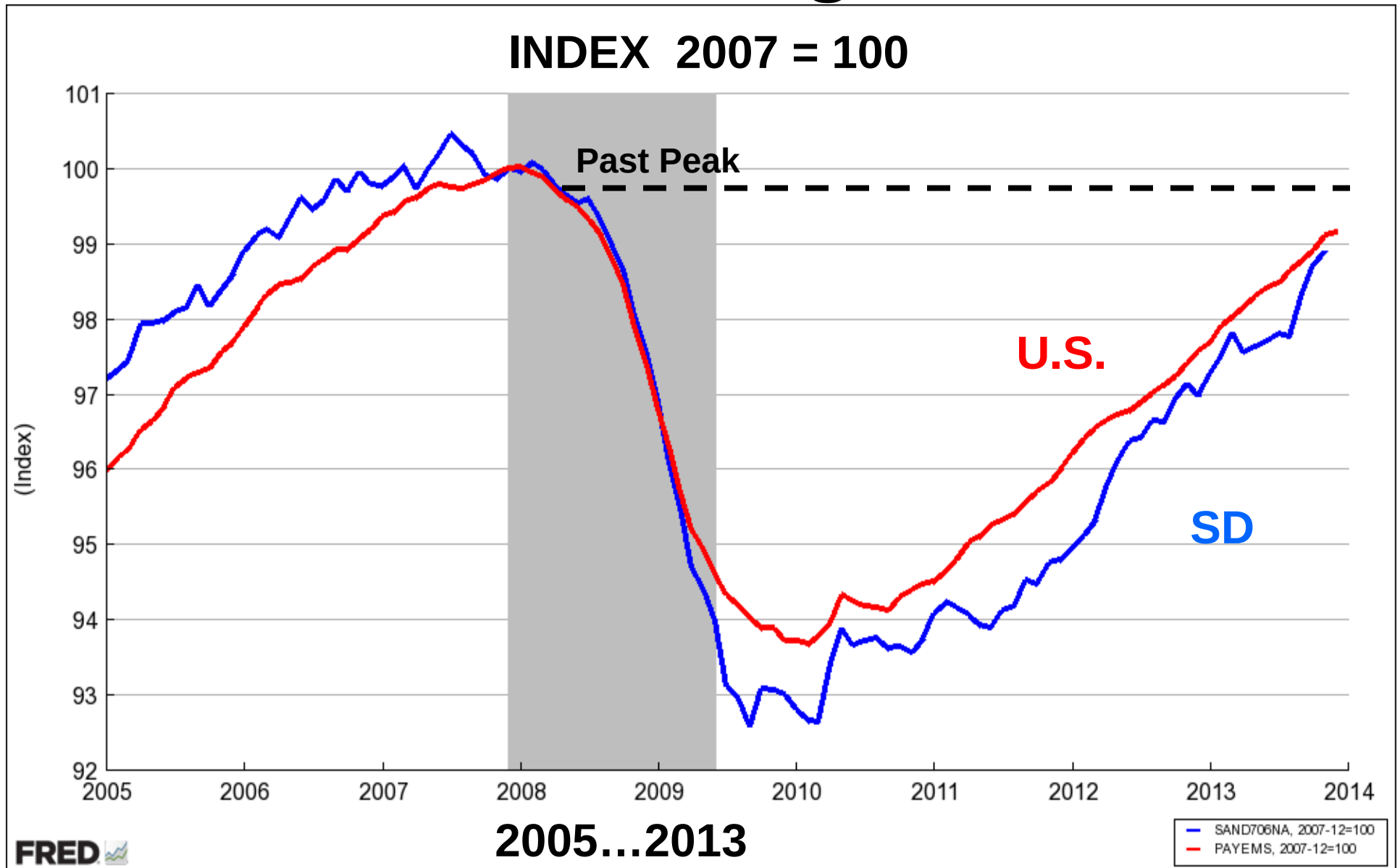
- **Workers are Retiring**
- **Structural Unemployment**
 - Example construction industry
 - Part Time Job Growth
- **Dis-Incentives to Works**
 - U Insurance 99wks from 26 wks
 - SNAP-enrollment up 80% per capita benefits up 40%
 - Pay 65% of health insurance
 - Eligible for mortgage subsidies
 - Benefits worth \$50,000 yr/ job
 - Disability Enrollment

2014 Outlook for San Diego

SD Total Payroll Jobs (monthly, 000)

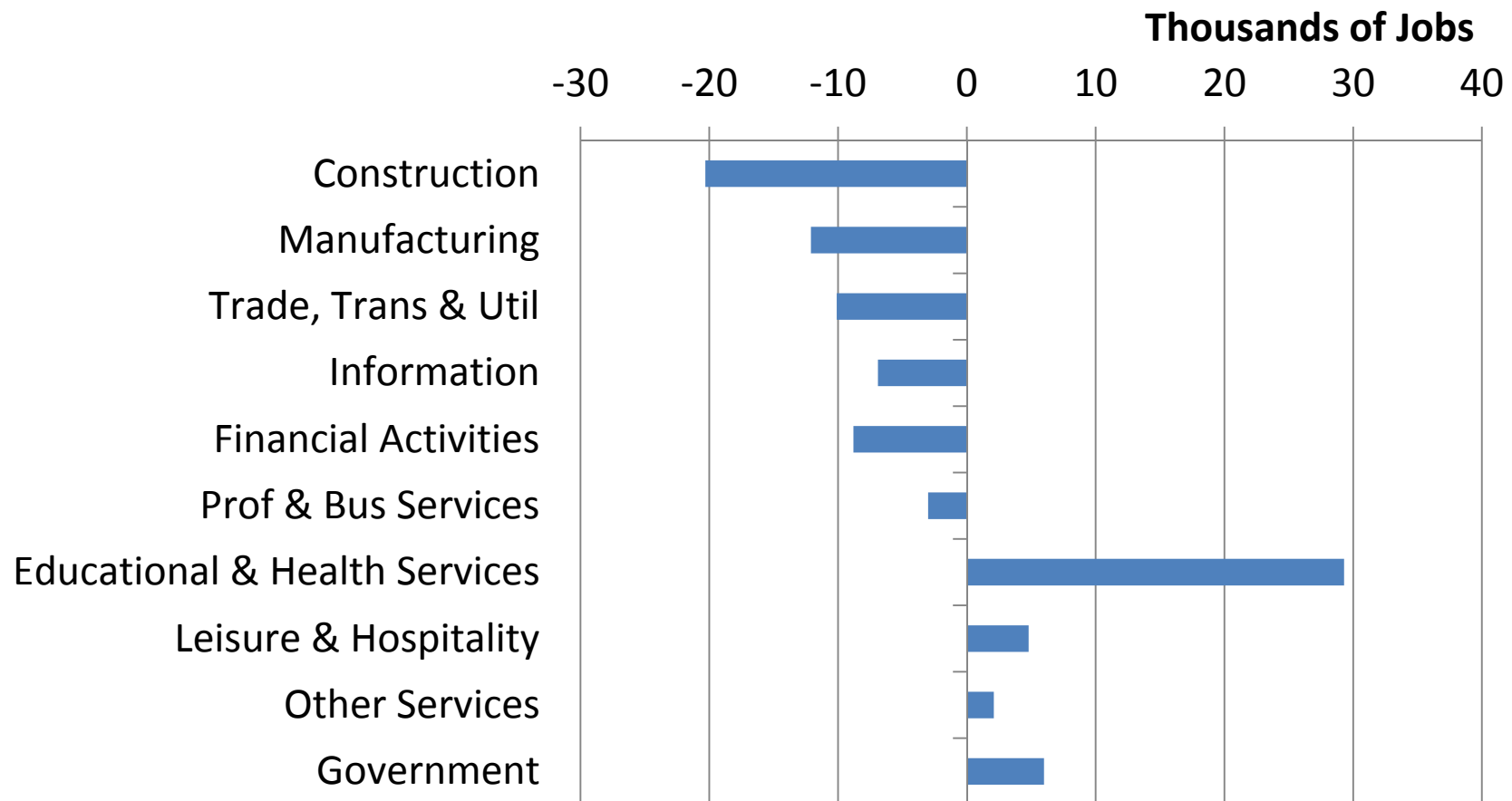


SD Job Growth Trailing US



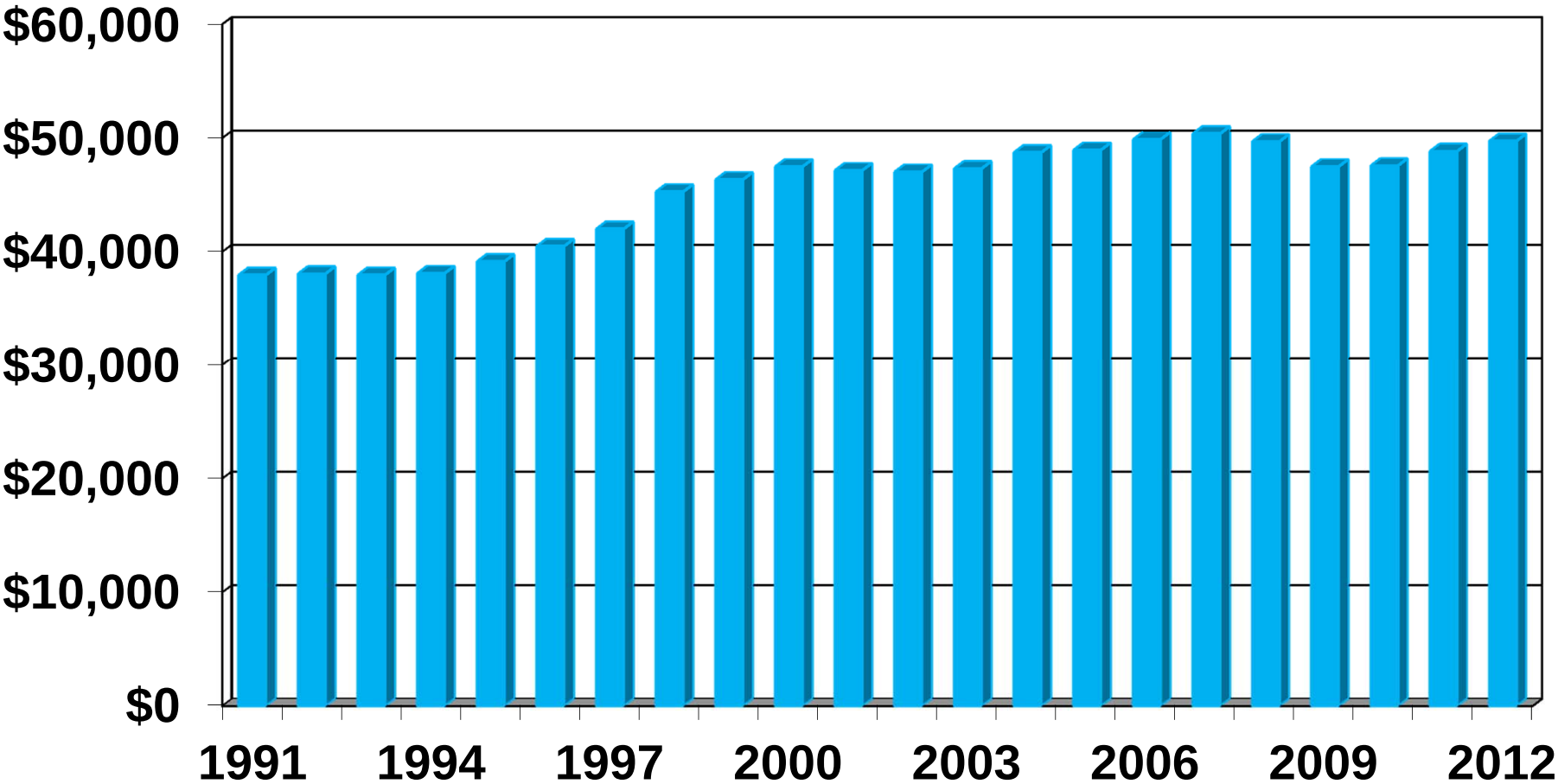
SD Not All Industries Have Recovered

Job Change Dec 07-Nov 13

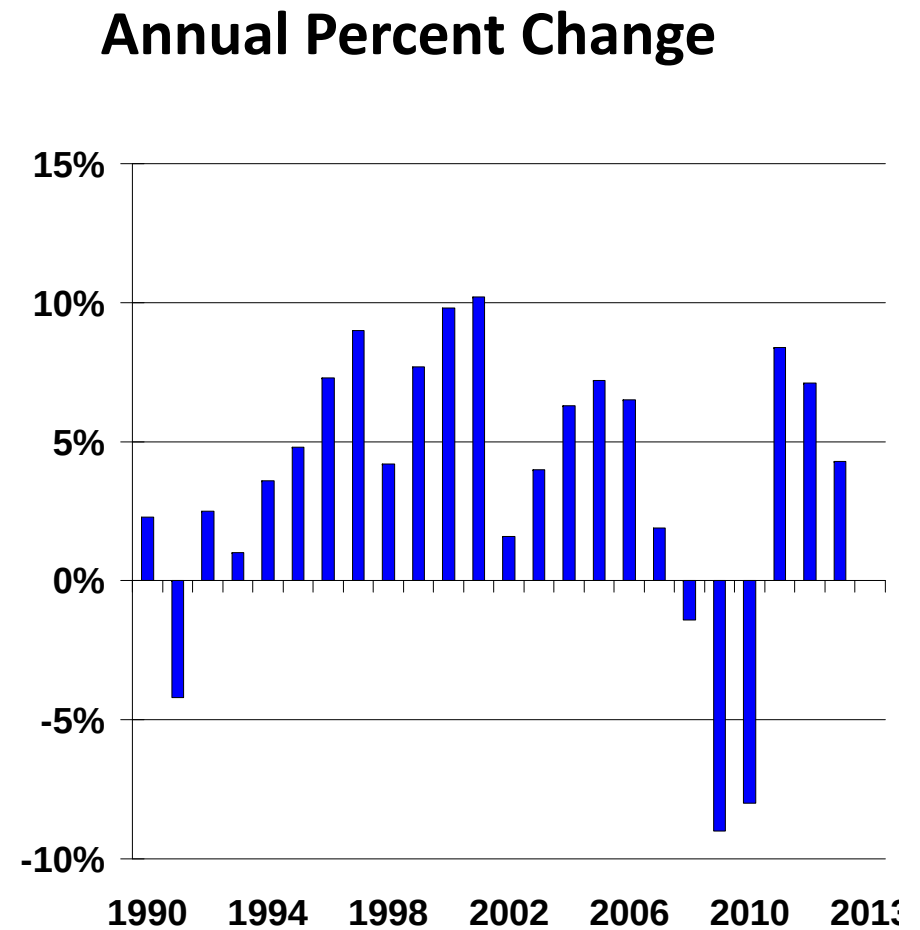
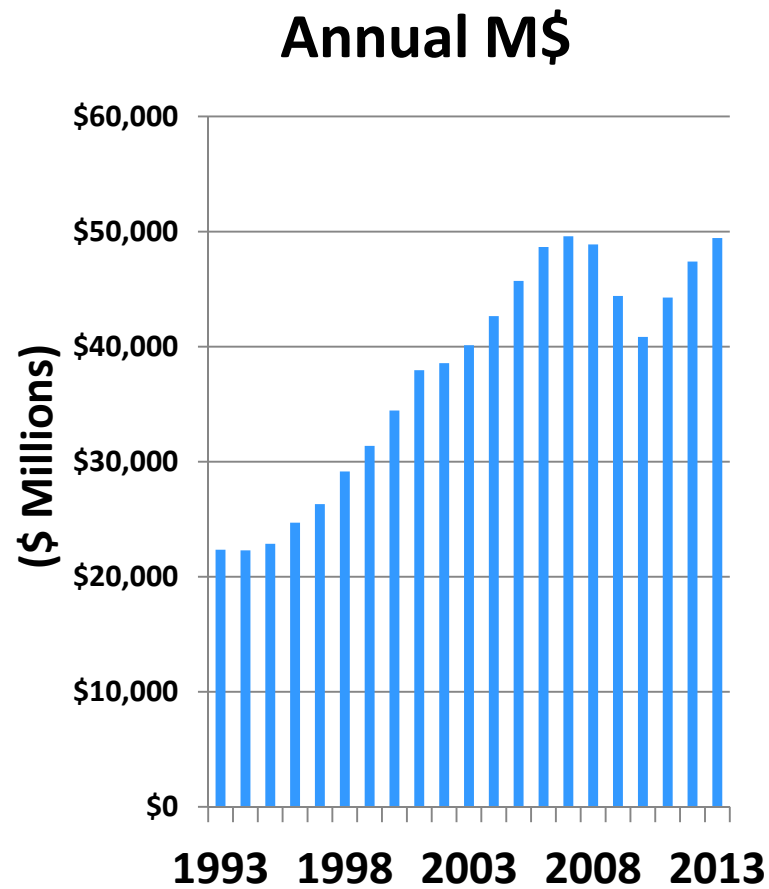


SD Per Capita Income

Real 2012\$, 1991 – 2012

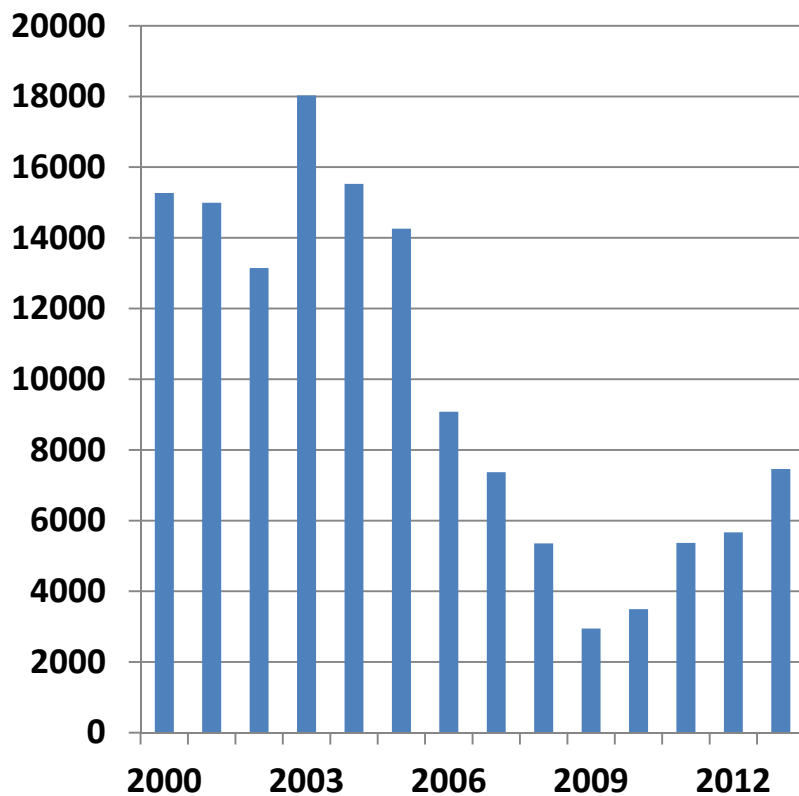


SD Taxable Sales

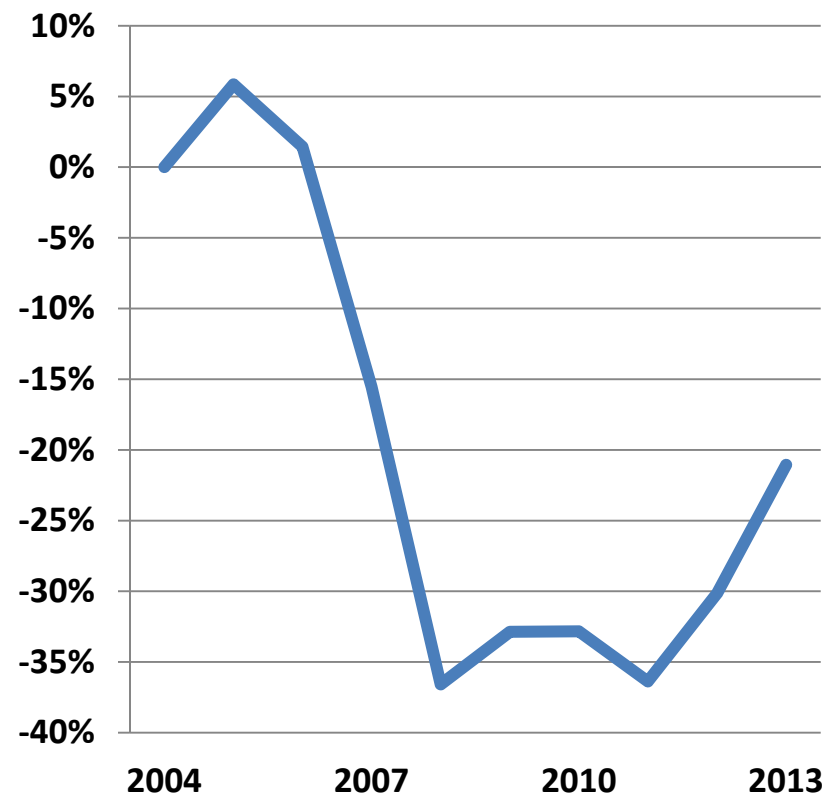


SD Housing Permits & Prices

Housing Permits



Cumulative Change Home Prices (2004=100)

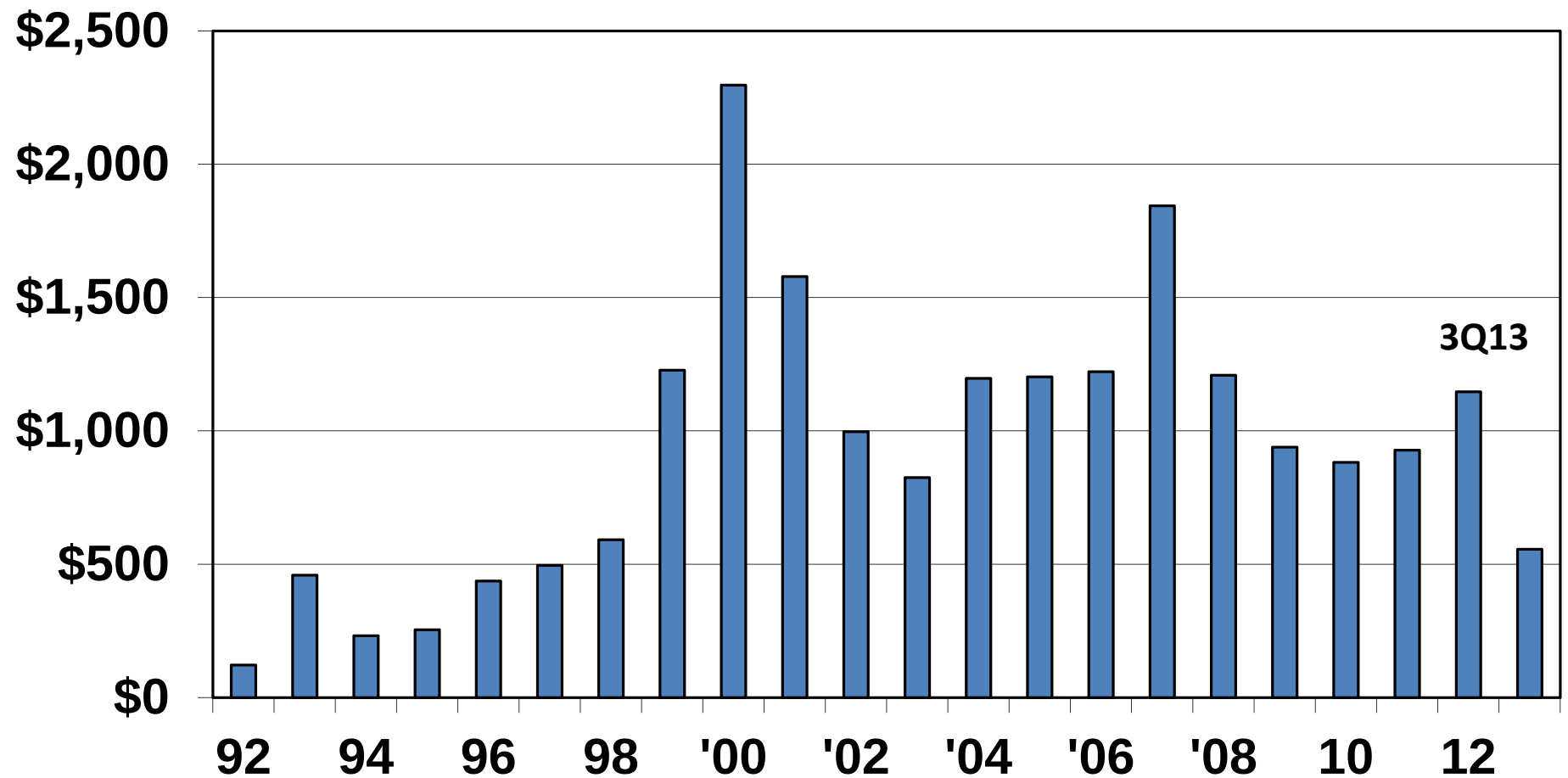


Housing Market Changes & Trends

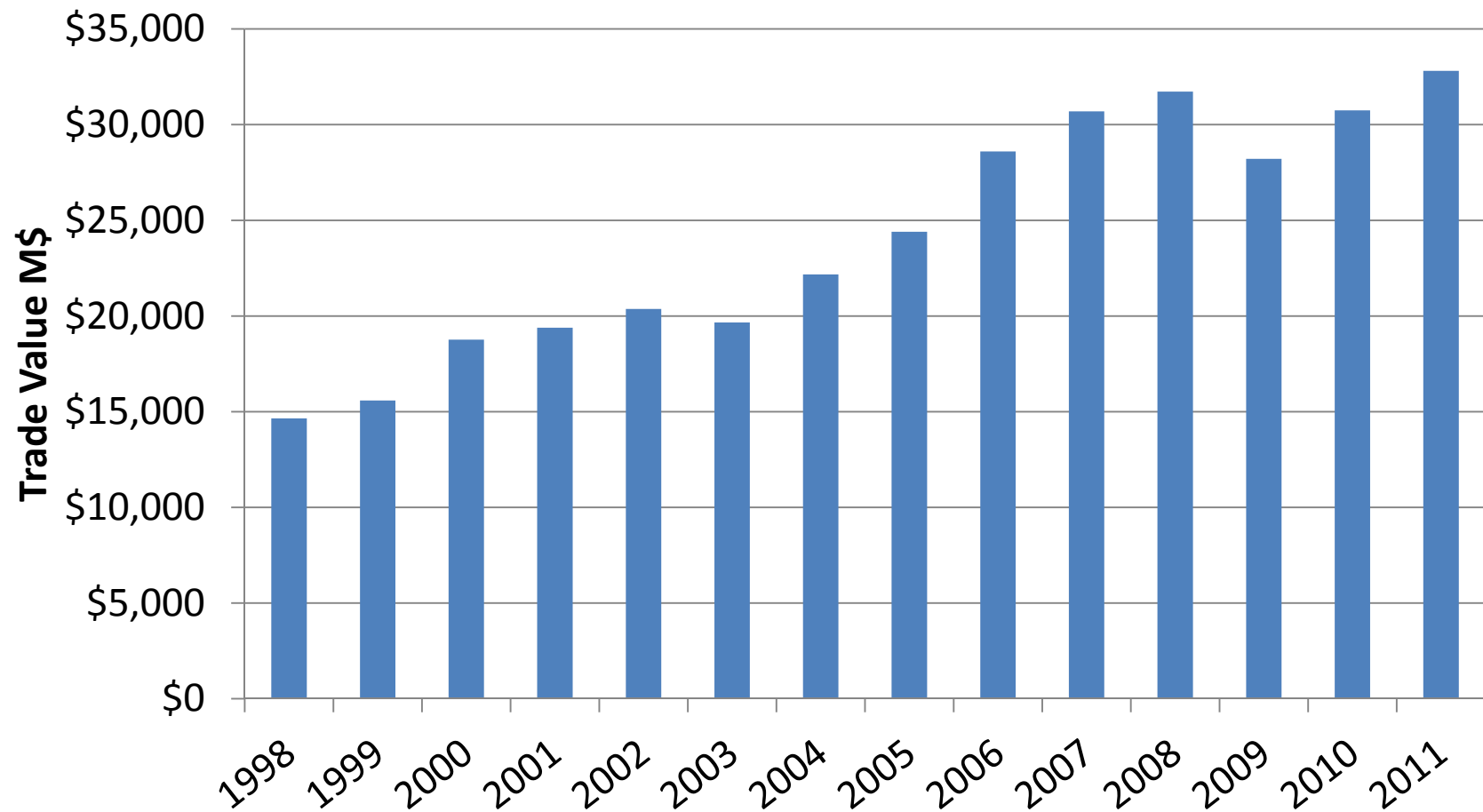
- Low inventory - rise in prices
- 50% of housing sales is cash or distressed
- Cash and distressed will fade with price rise
- 2005-10 \$9b in SF units converted to rentals
- 52% of all rentals are SF/ house 27%
- SF rentals grew 21% all units 4%

SD Venture Capital Funds

Resources for High Tech Jobs, M\$ per Year

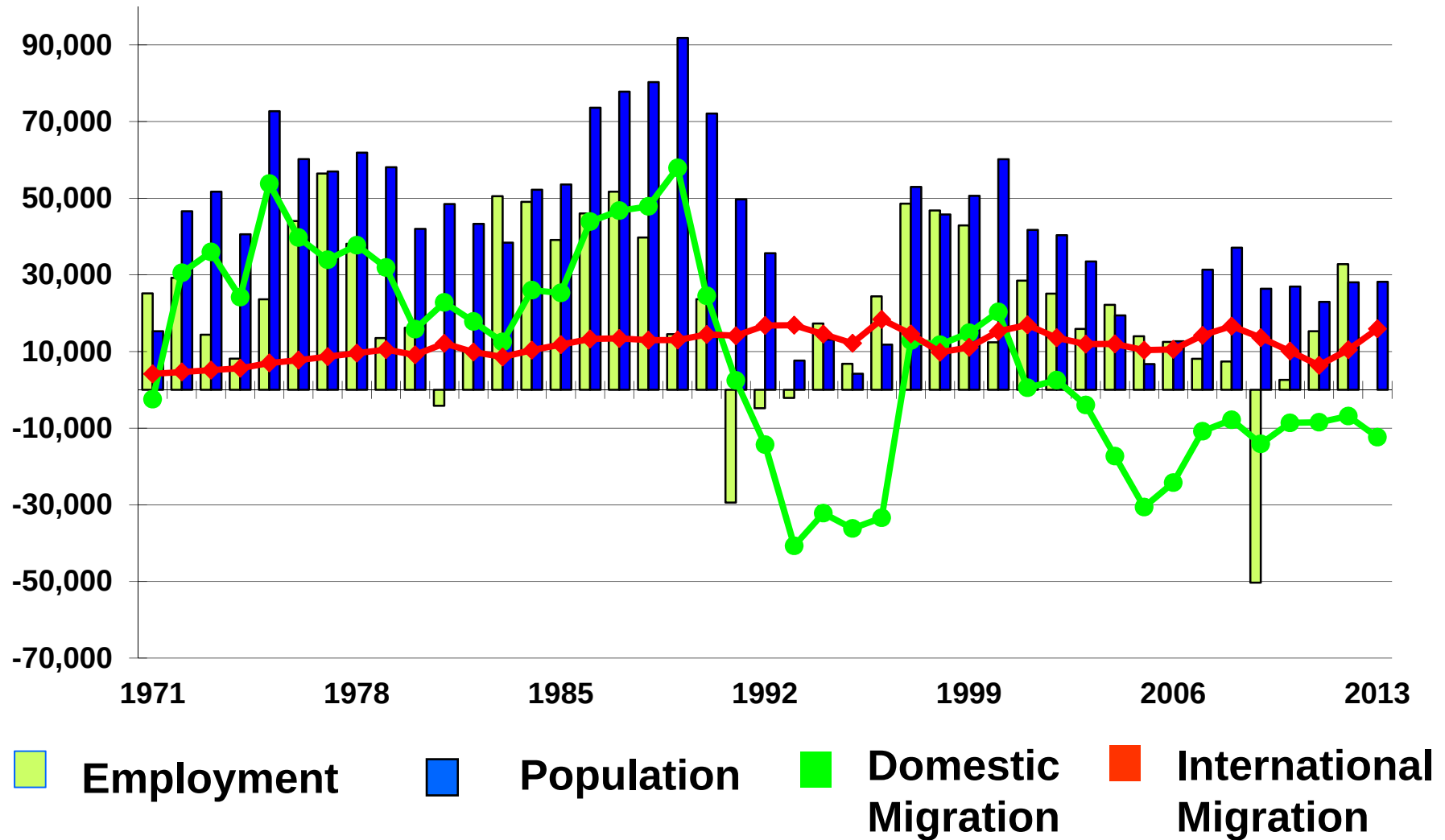


Trade with Mexico thru Otay Mesa



SD Population Growth-Slow & Changing

Annual Change Population, Dom & Intl Migration, Employment 1971-2011



SD Forecast 2013-2014

<u>Indicator</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Population	3,115,810	3,128,734	3,150,178	3,172,500
Growth (%)	0.7	0.4	0.7	0.7
Unemployment Rate(Dec. %)	9.2	8.2	6.5	5.9
Payroll Employment	1,233,400	1,258,800	1,276,000	1,300,000
Growth (%)	0.9	2.1	1.4	1.9
Median Home Price	\$315,000	\$366,000	\$415,000	\$440,000
Growth (%)	-5.4	16.2	13.4	5.0
Residential Permits	5,367	5,666	7,500	8,500
Growth (%)	53.6	5.6	32.4	13.3
Single Family Permits	2,245	2,197	2,700	2,500
Growth (%)	-1.1	-2.1	22.9	-7.4
Multi-Family Permits	3,122	3,469	4,800	6,000
Growth (%)	155.1	11.1	38.4	25.0
Taxable Sales (\$ Millions)	\$44,260	\$47,389	\$49,444	\$51,916
Growth (%)	8.3	7.1	4.3	5.0

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