



## ***JBA CALIFORNIA FORUM***

# **“A Measured Economic Recovery”**

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**Sr. VP & Founding Economist,**

**The Kyser Center for Economic Research, LAEDC**

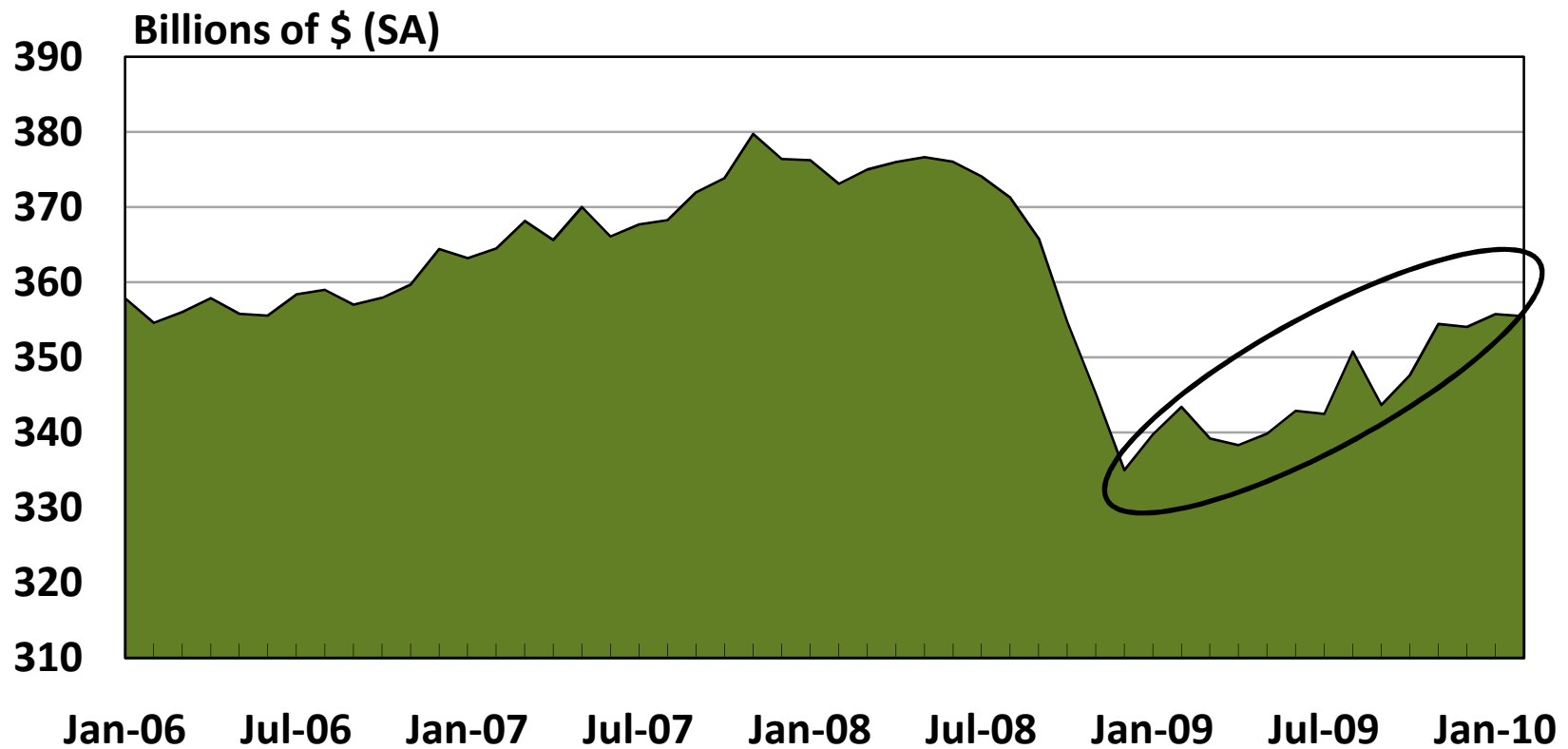
**Wednesday, March 17, 2010**



# Positive Trends



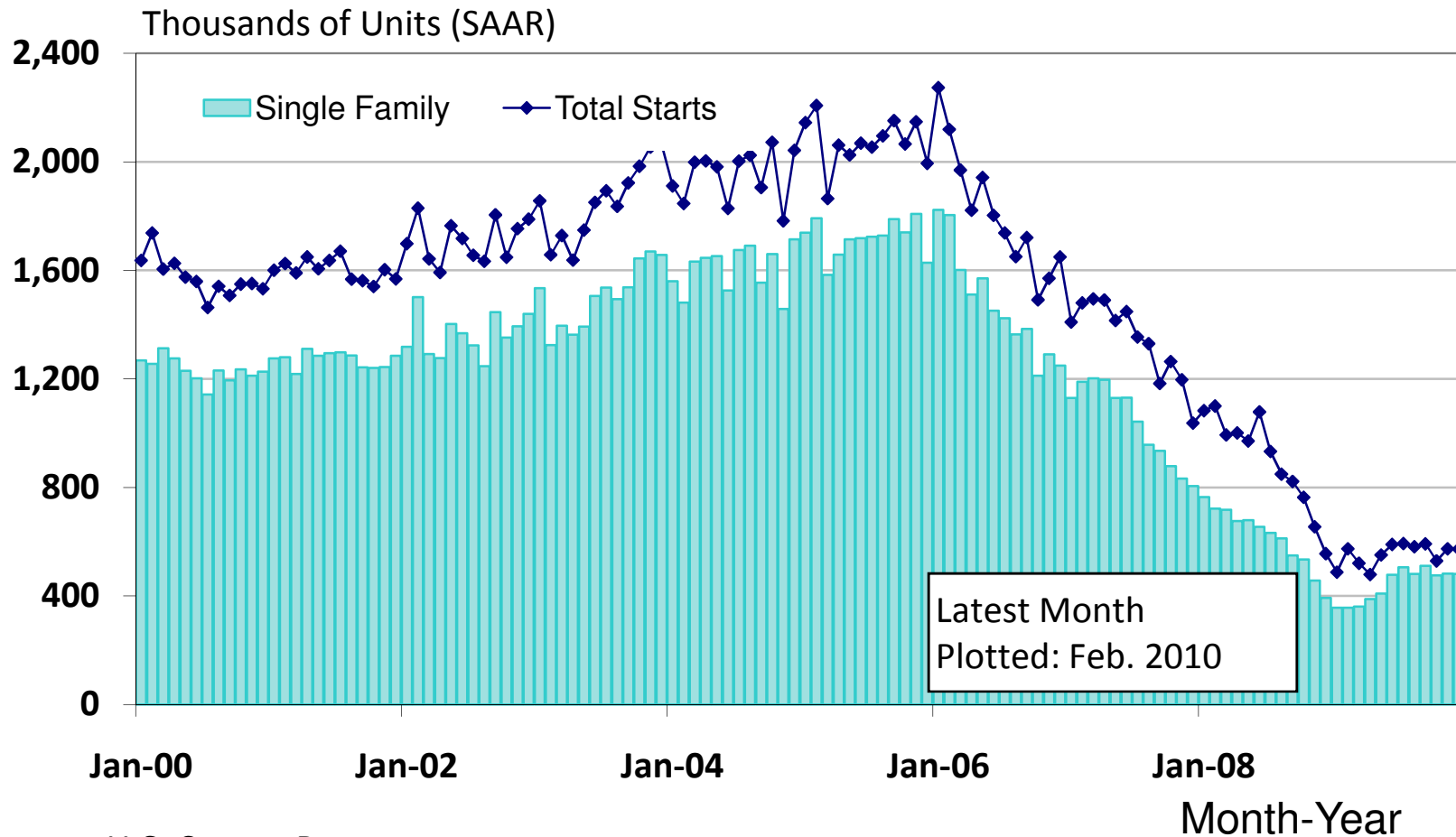
# ***U.S. Retail Sales***



Source: U.S. Census Bureau



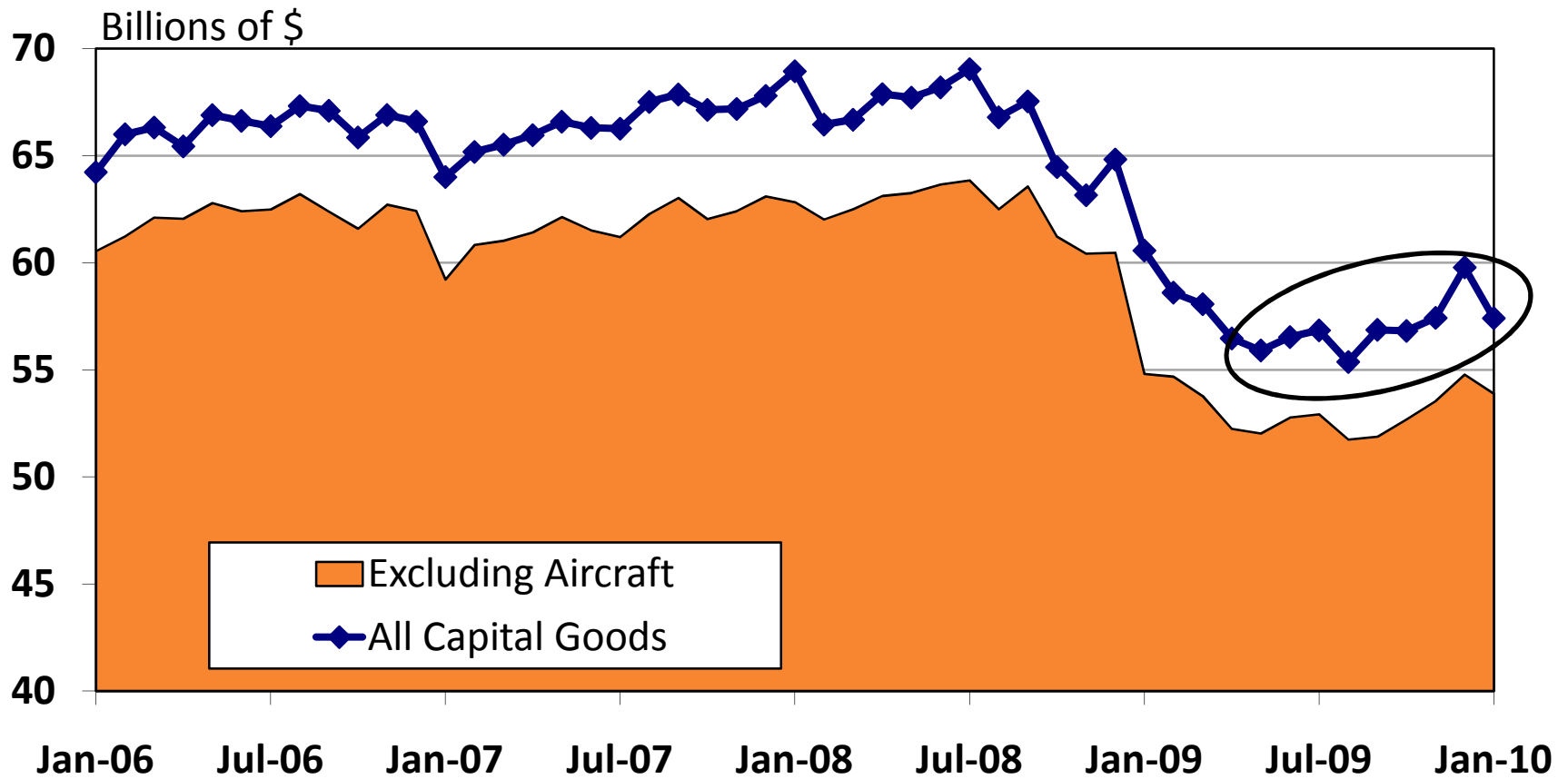
# U.S. HOUSING STARTS



Source: U.S. Census Bureau



# Nondefense Capital Goods Shipments



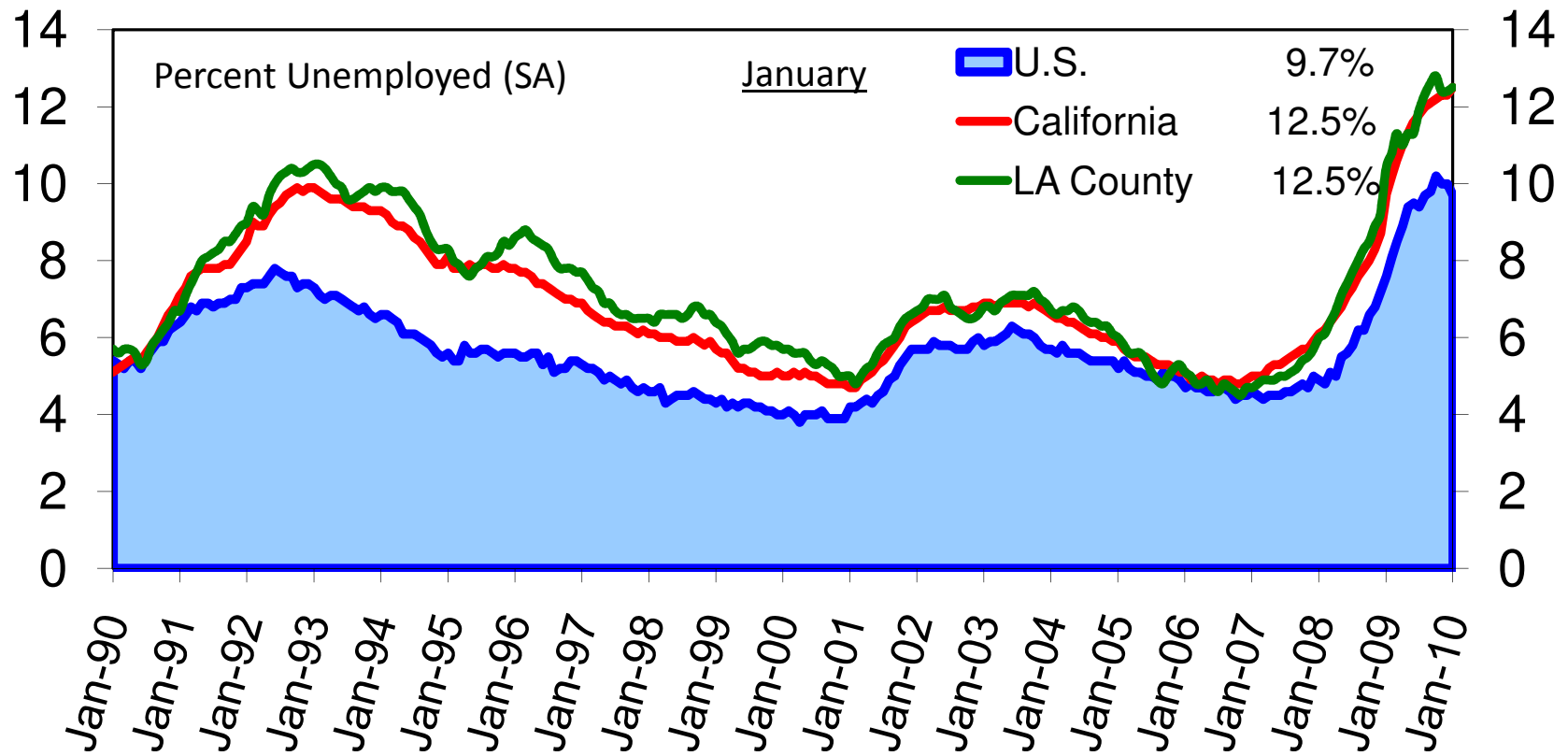
Source: U.S. Census Bureau



**But there are Concerns...**



# JOBLESS RATES AT HIGH LEVELS

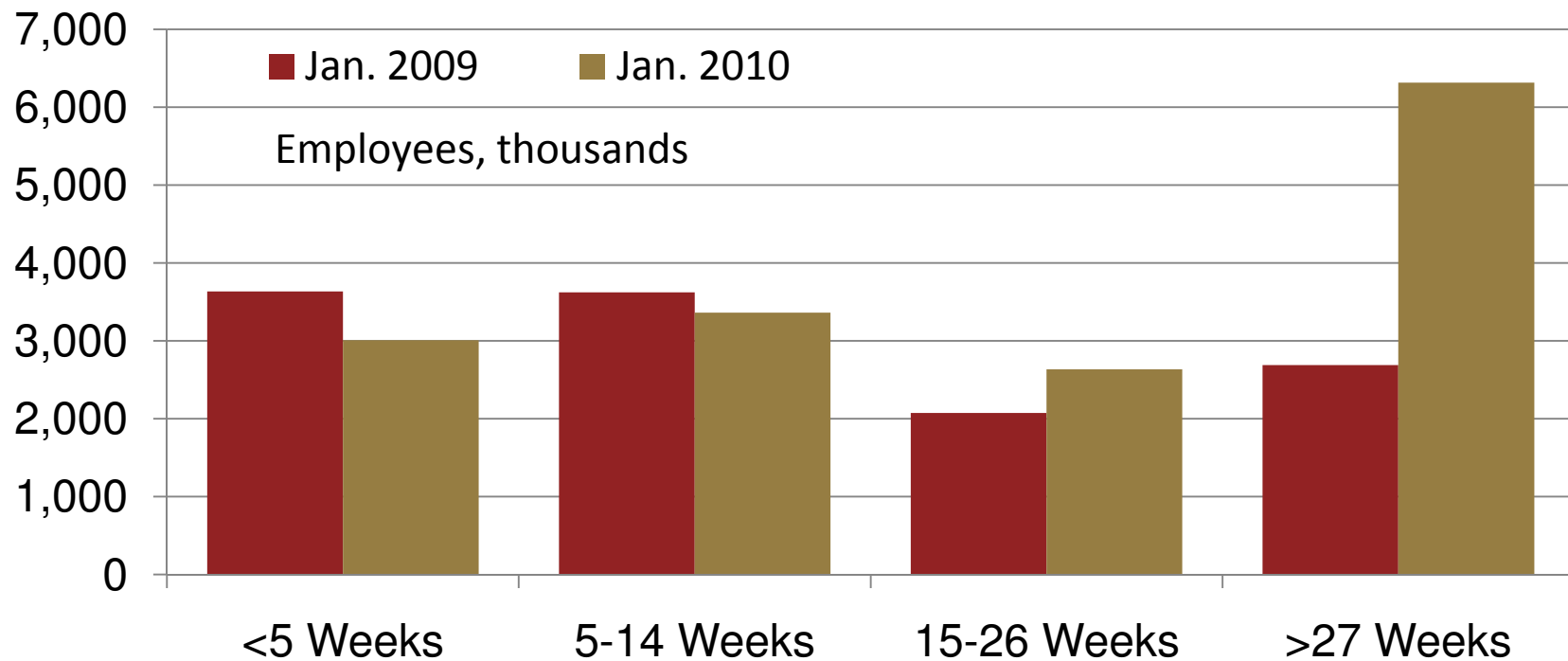


Sources: BLS, CA EDD



# *Characteristics of the Unemployed*

Unemployed persons by duration of unemployment, seasonally adjusted

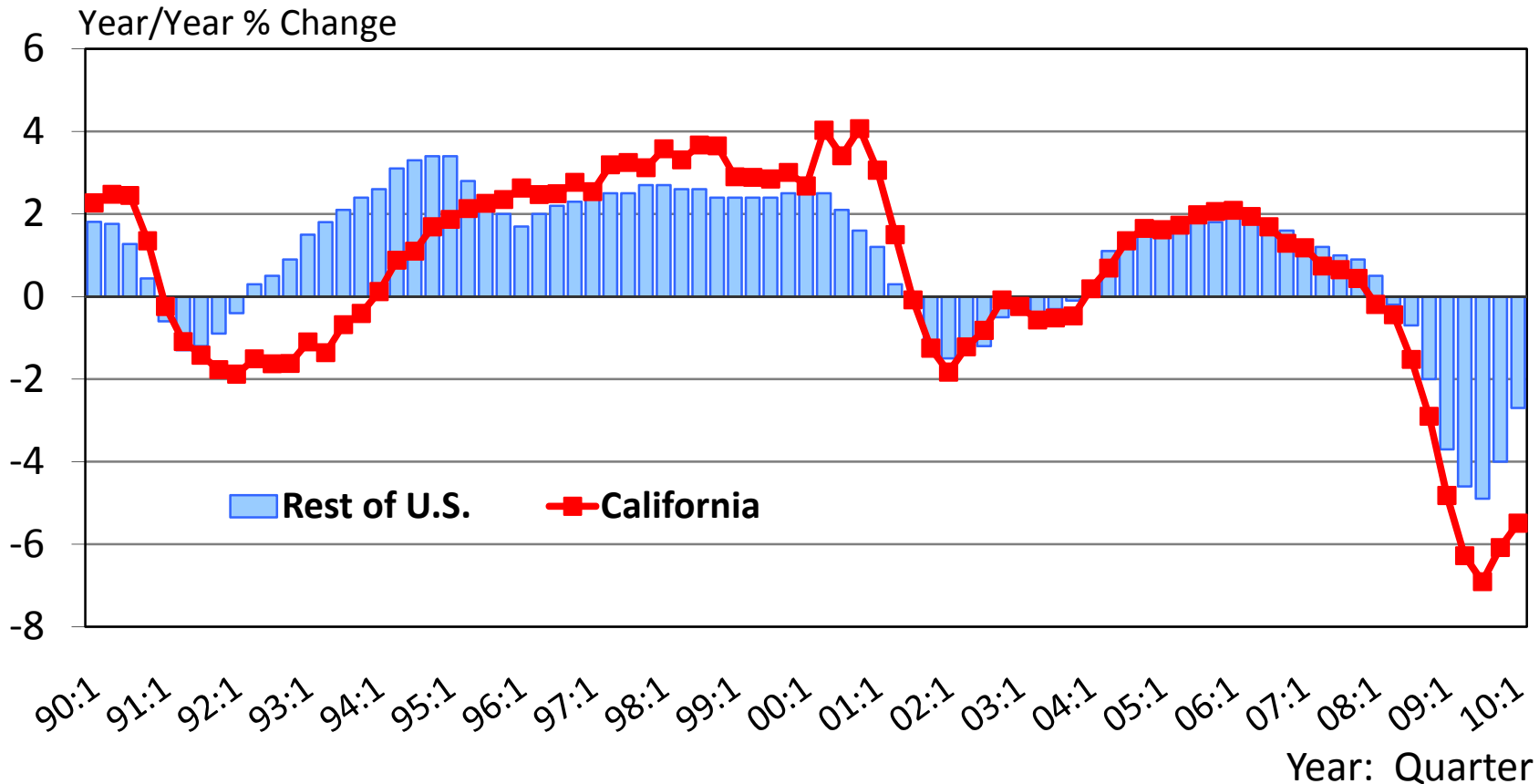


Sources: Bureau of Labor Statistics





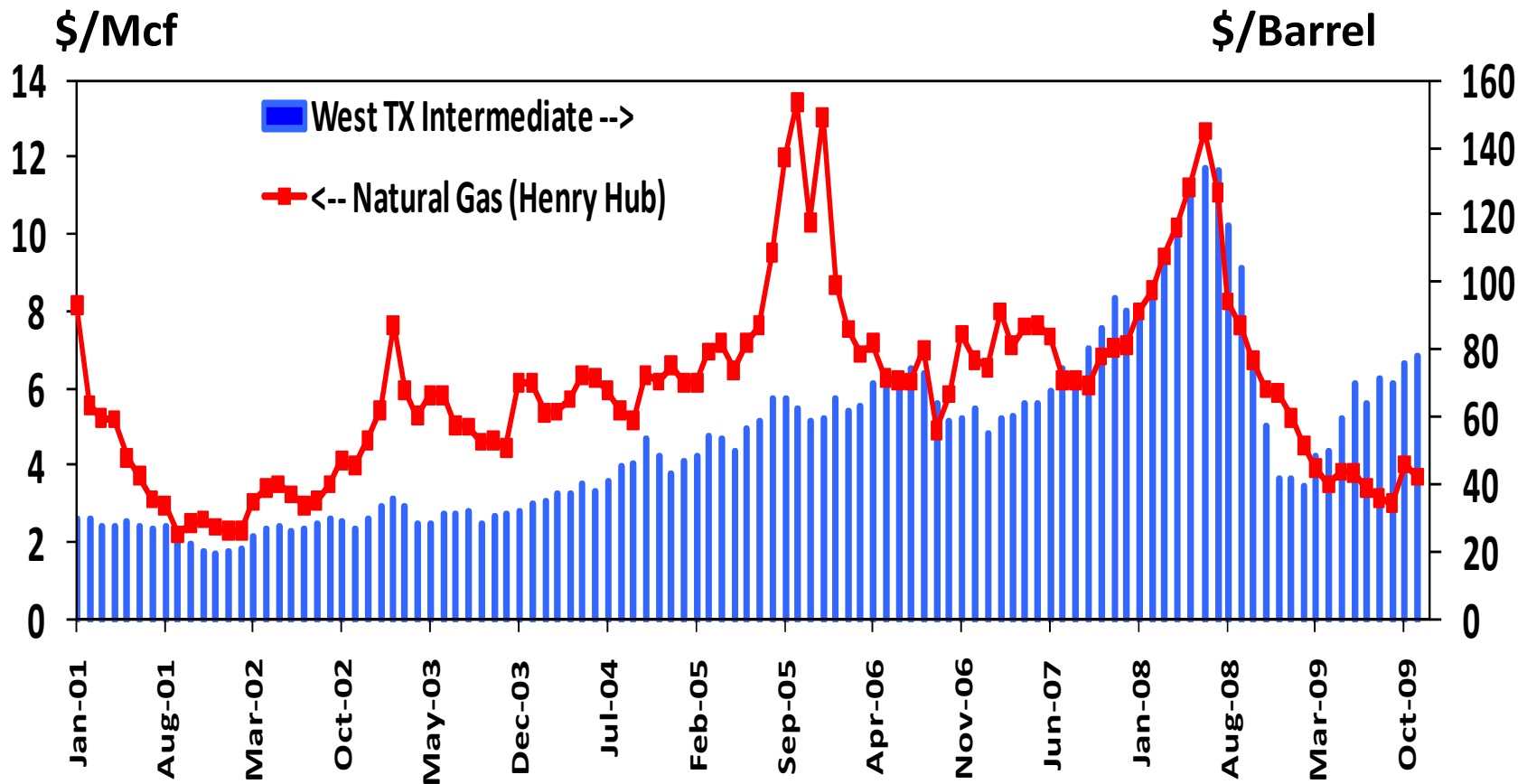
# *Job Counts Still Dropping...but at a More Moderate Amount*



Sources: Bureau of Labor Statistics, CA EDD



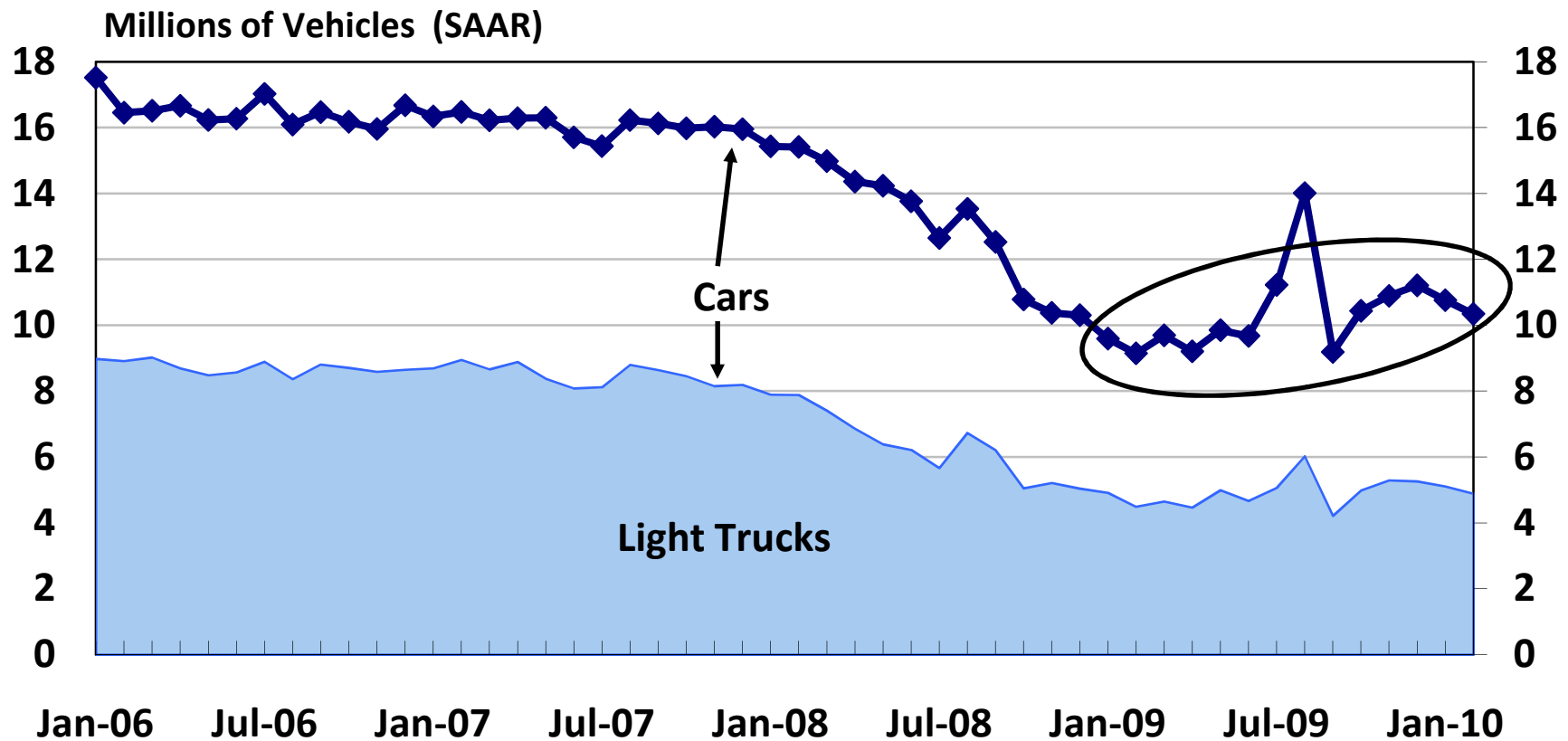
# Spot Energy Prices



Sources: EIA, Federal Reserve (St. Louis)



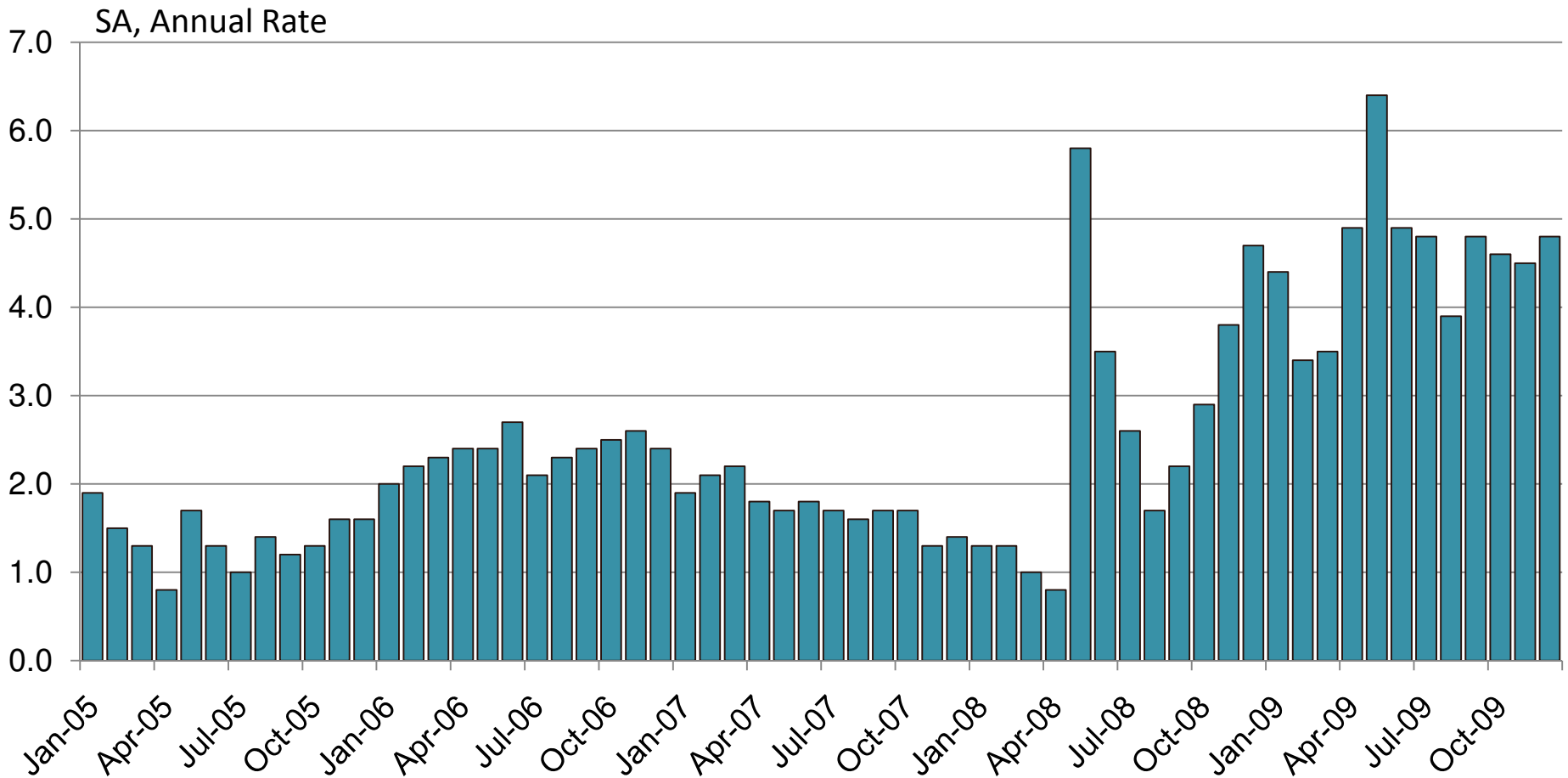
# U.S. Light Vehicle Sales



Source: U.S. Bureau of Economic Analysis



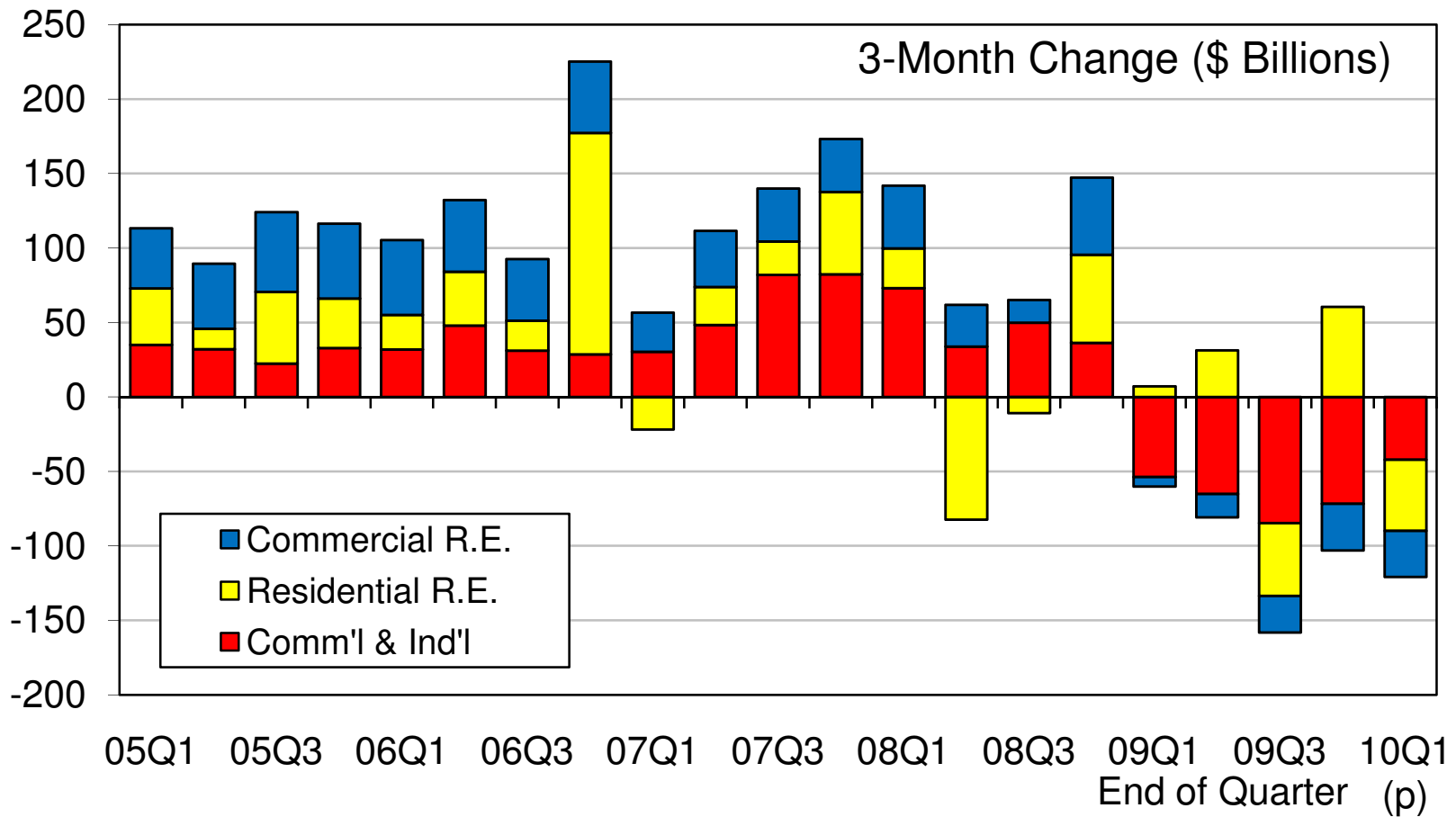
# *U.S. Personal Savings Rate*



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA)



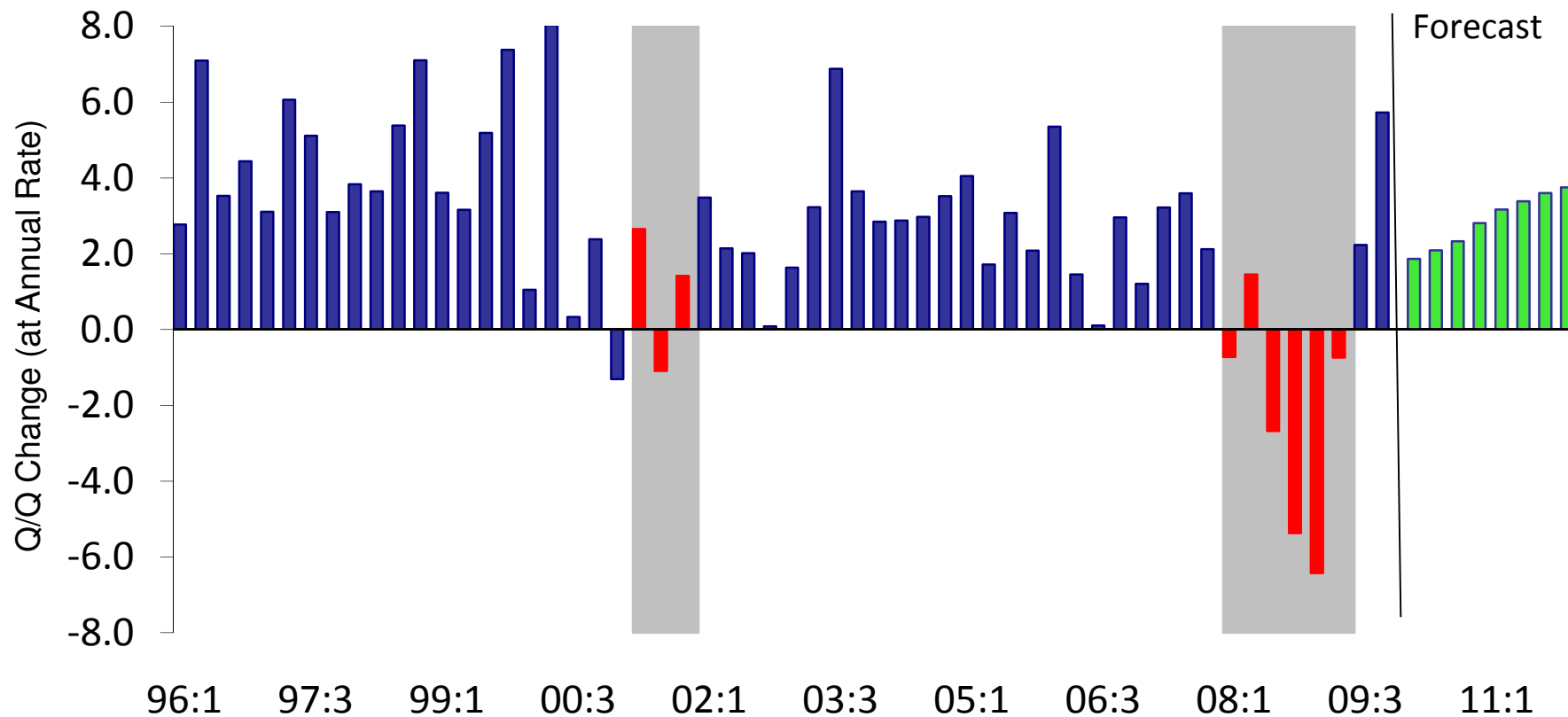
# Commercial Bank Loans



Sources: Federal Reserve



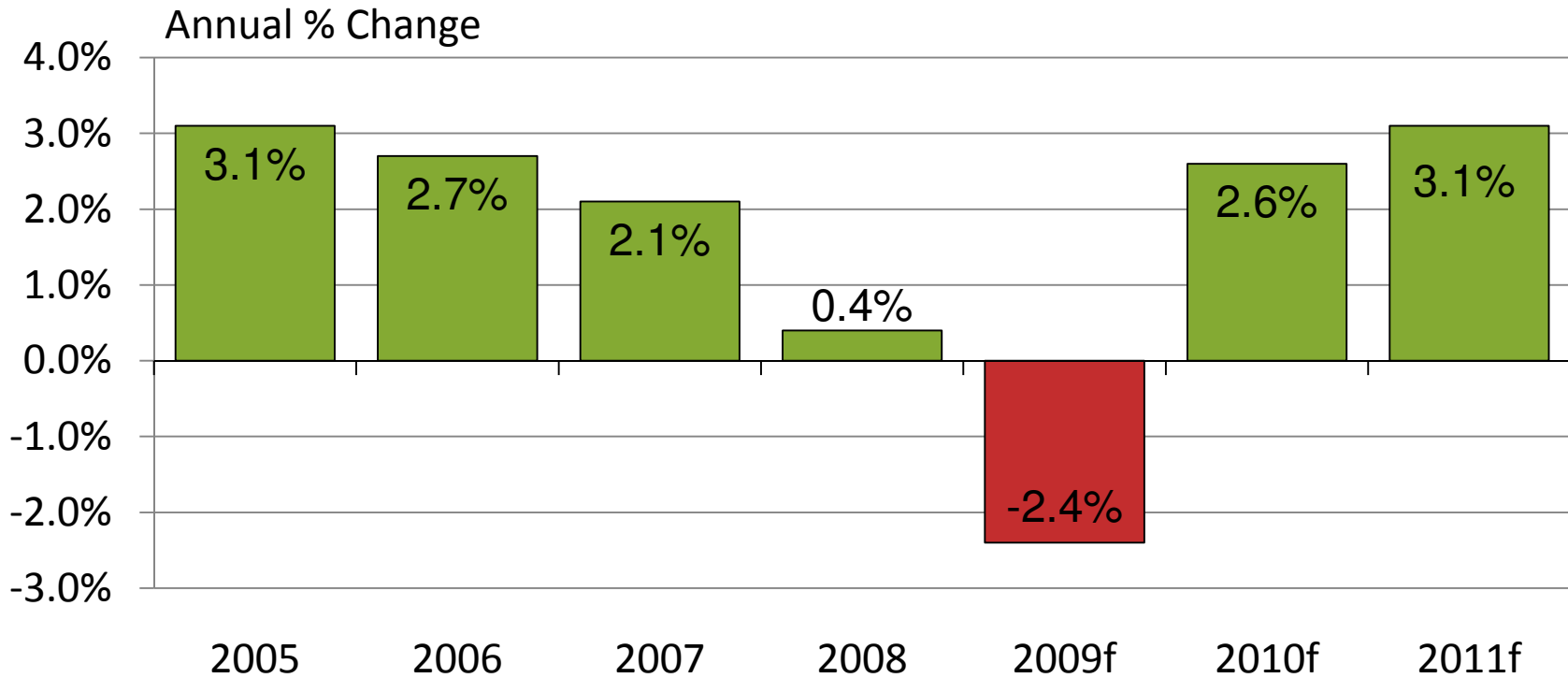
# ***U.S. ECONOMIC GROWTH***



Sources: Bureau of Economic Analysis, forecast by LAEDC



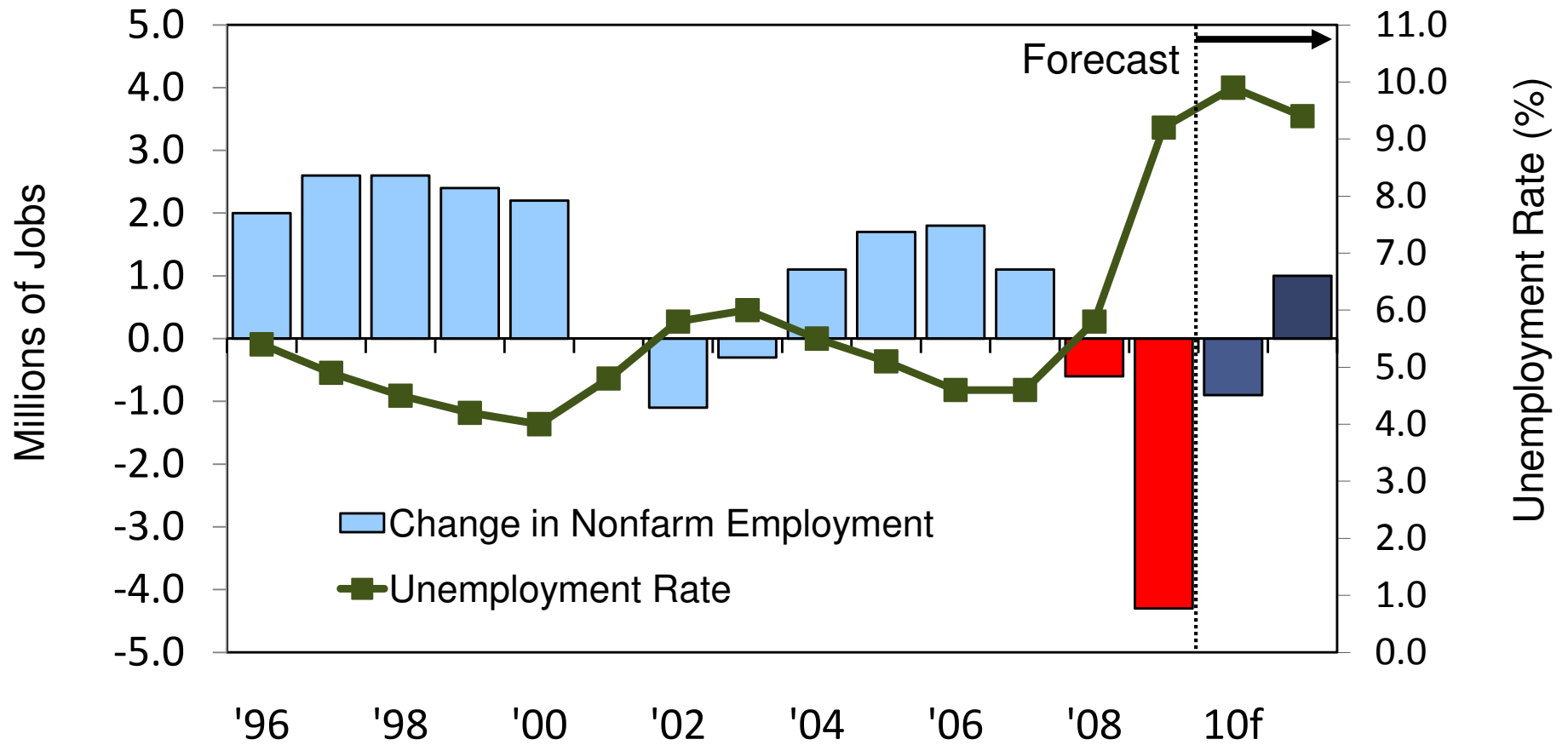
# ***U.S. GDP Annual Growth***



Source: Bureau Economic Analysis, forecasts by LAEDC



# U.S. LABOR MARKET



Sources: Bureau of Labor Statistics, forecasts by LAEDC





## ***Risks for the Economy***

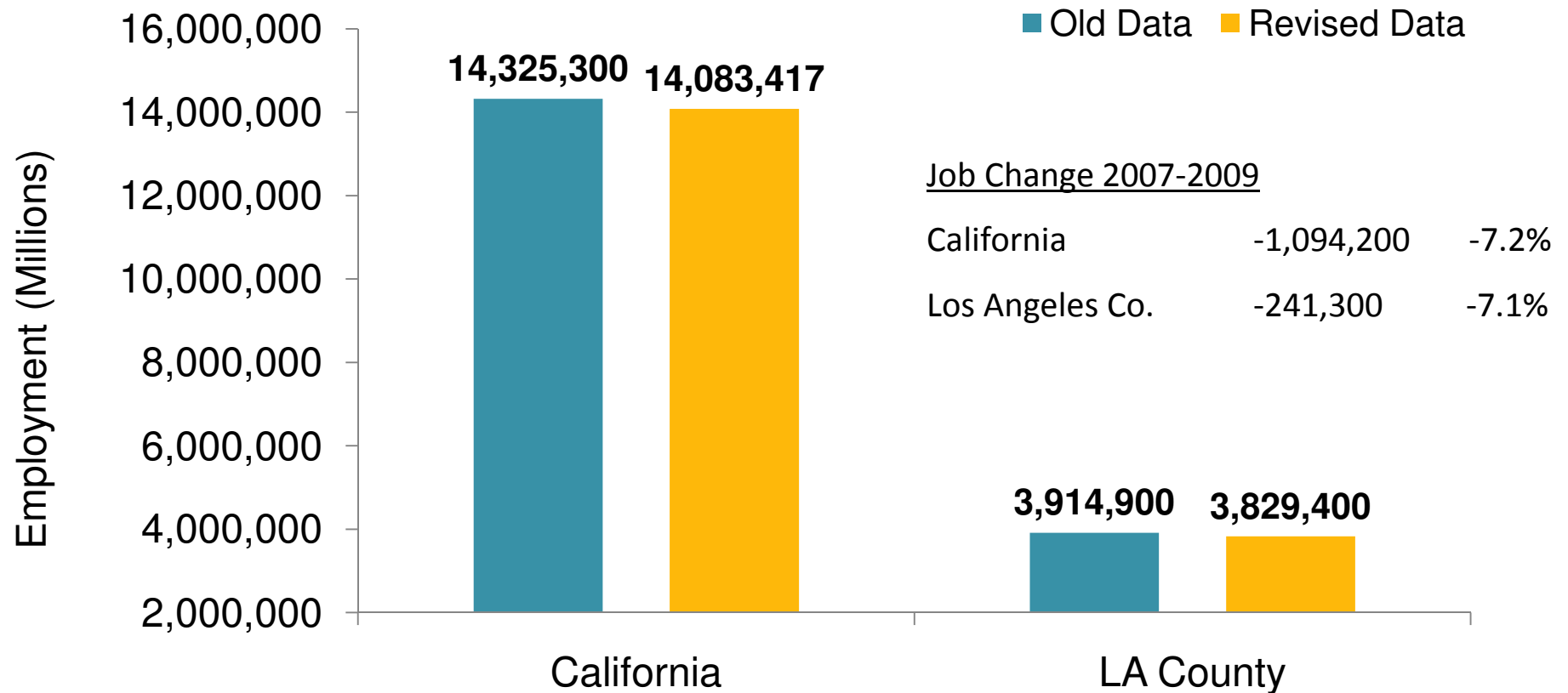
- **Financial Fragility**
- **Credit Crunch**
- **Can the Housing Sector “Fly Solo”?**
- **Consumer/Business Confidence Still Weak**



# A Re-Write of Local History



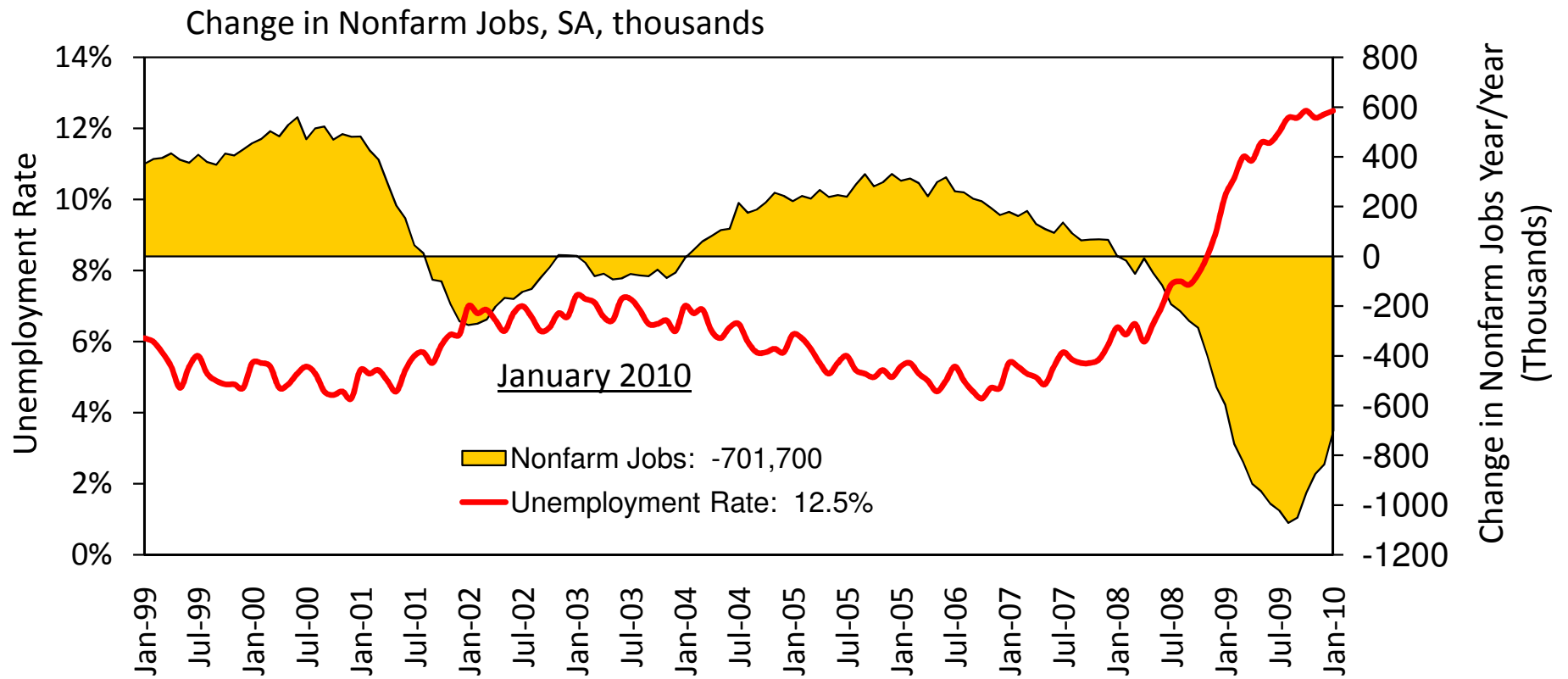
# Revised 2009 Nonfarm Employment Numbers



Source: Employment Development Department



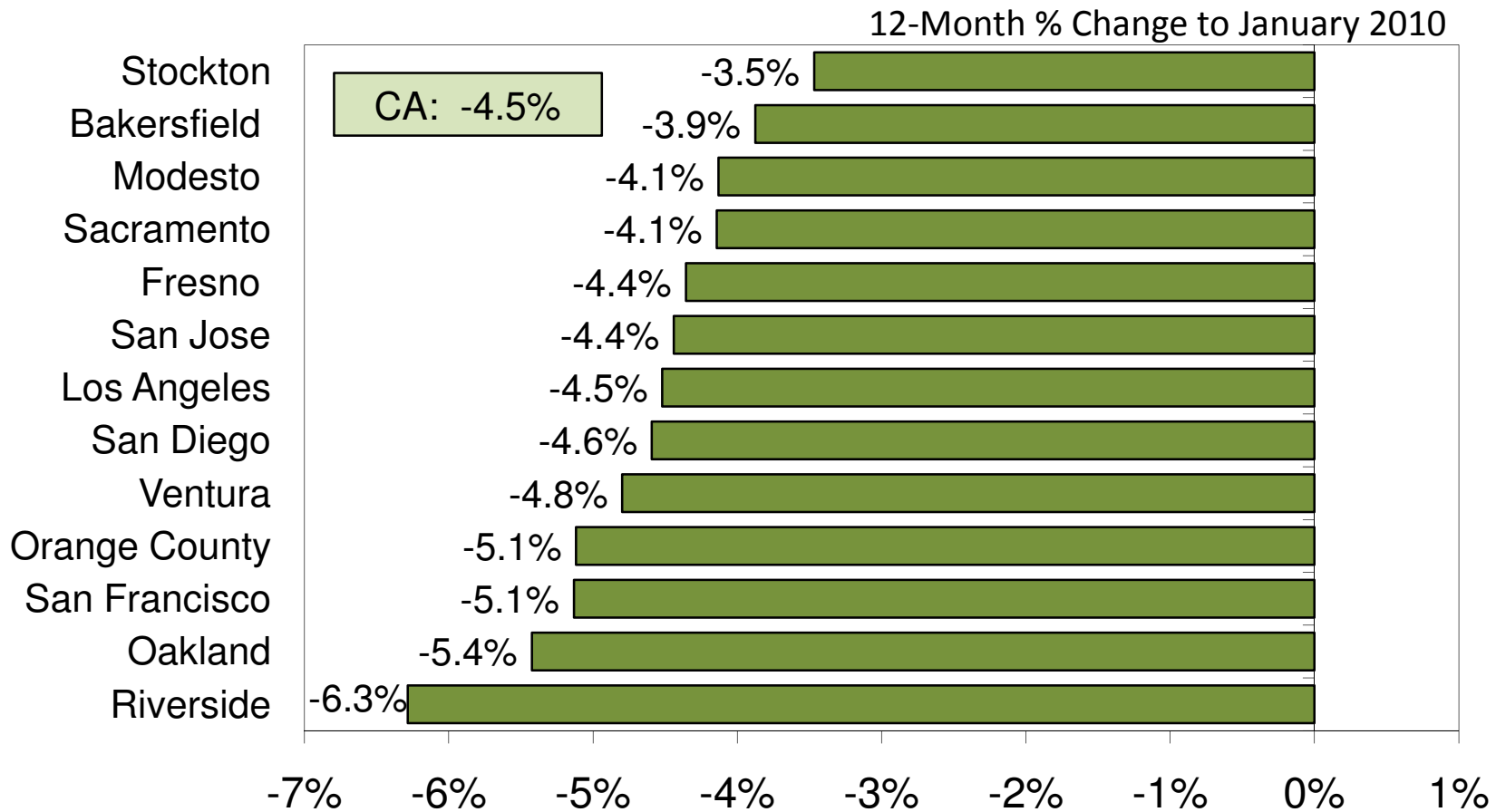
# California Fundamentals



Source: California Employment Development Dept.



# Job Trends by Metro Area

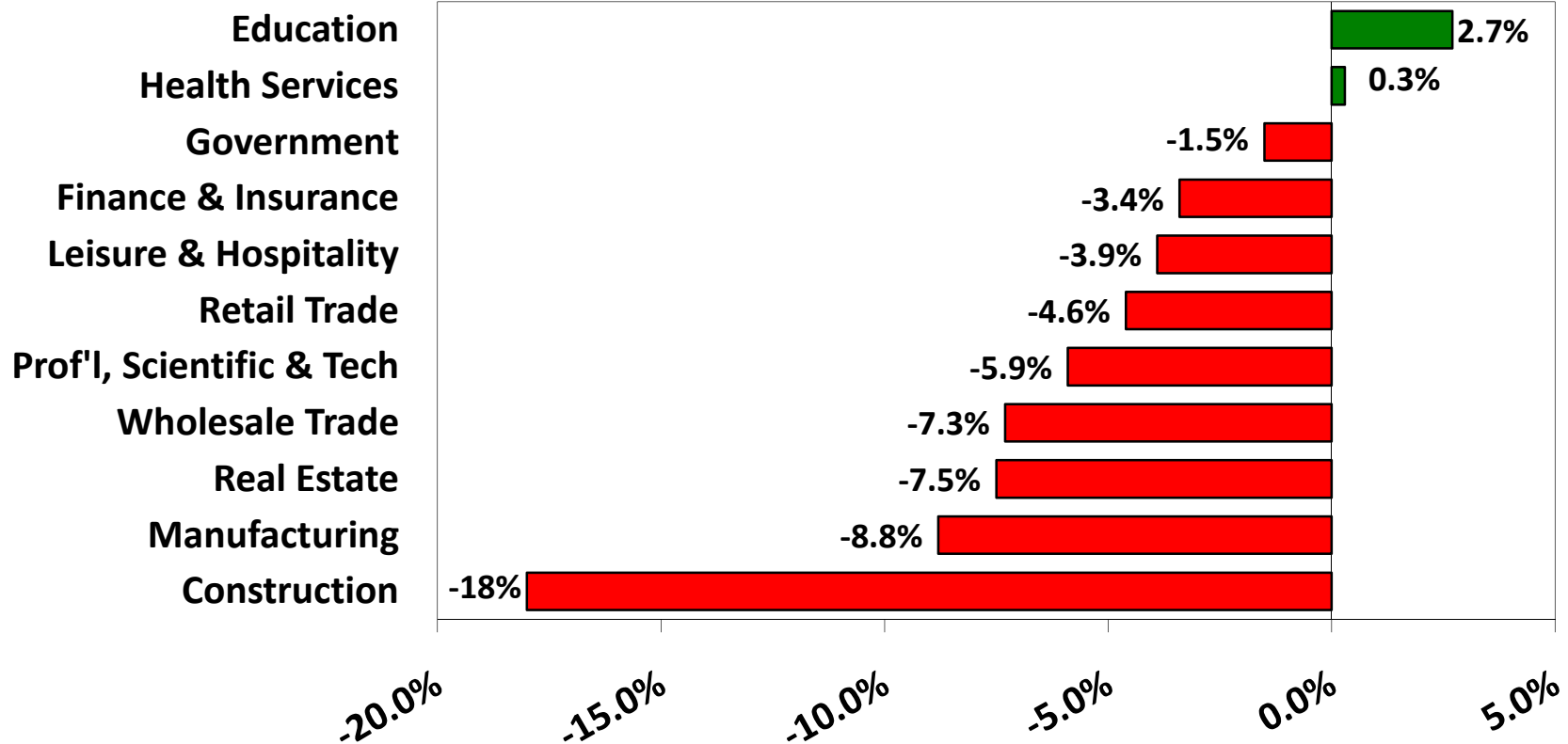


Sources: CA EDD, Labor Market Information Division



# California Industry Winners and Losers

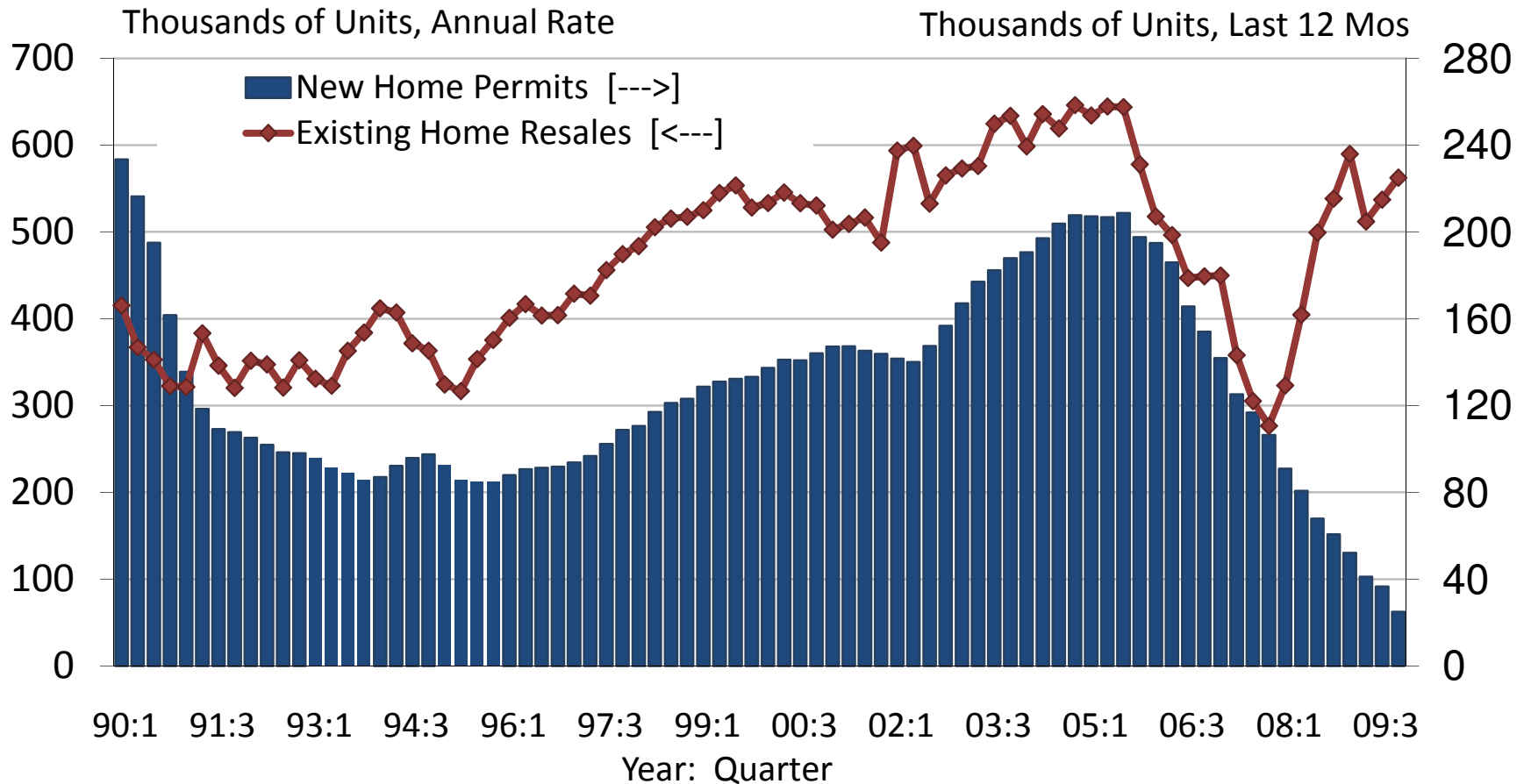
Monthly Jan '09 to Jan '10 % Change in Average Employment (000s)



Source: California Employment Development Dept.



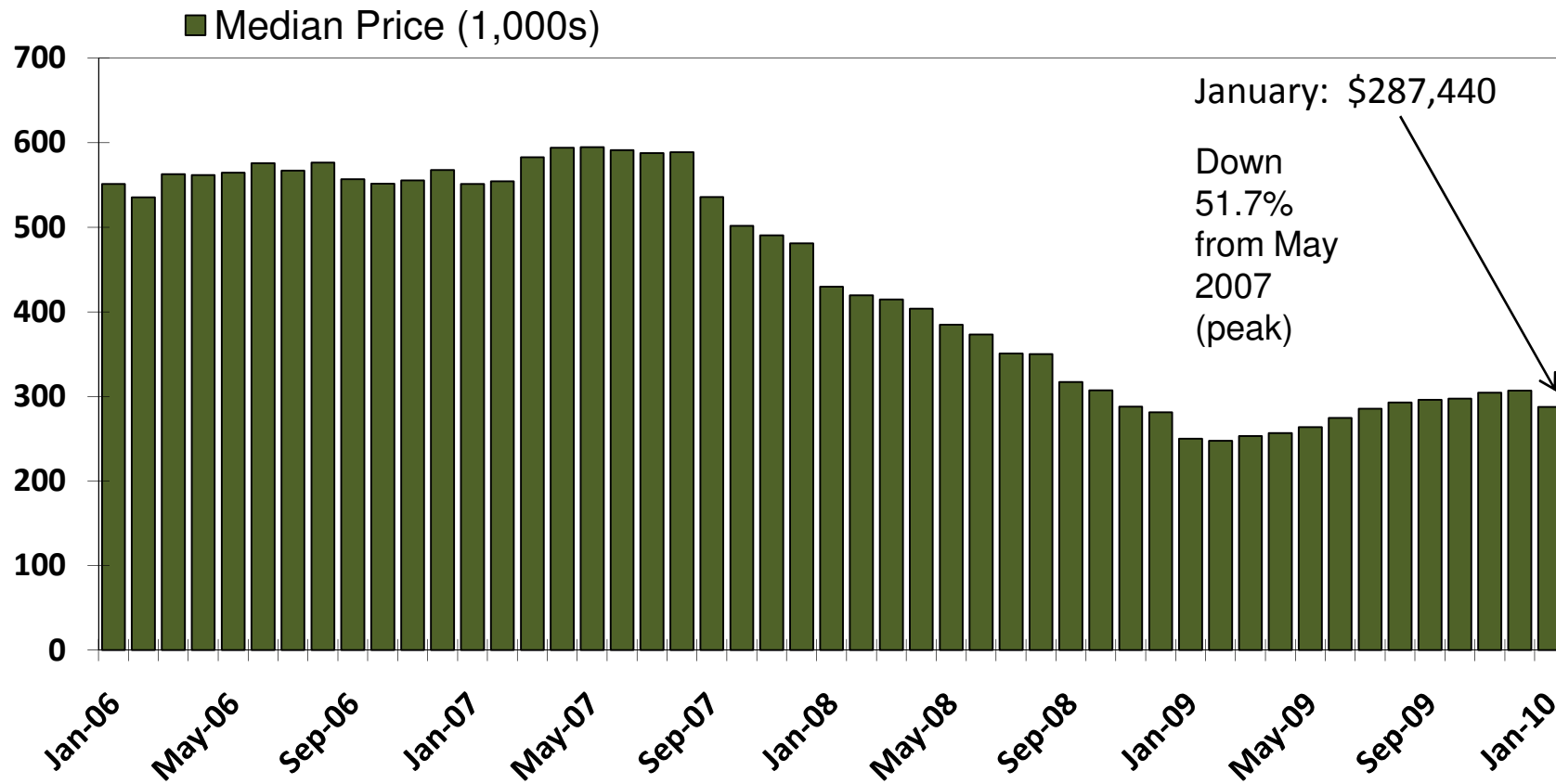
# California Housing Market



Sources: U.S. Census Bureau, California Association of Realtors



# California Median Home Price



Source: California Association of Realtors

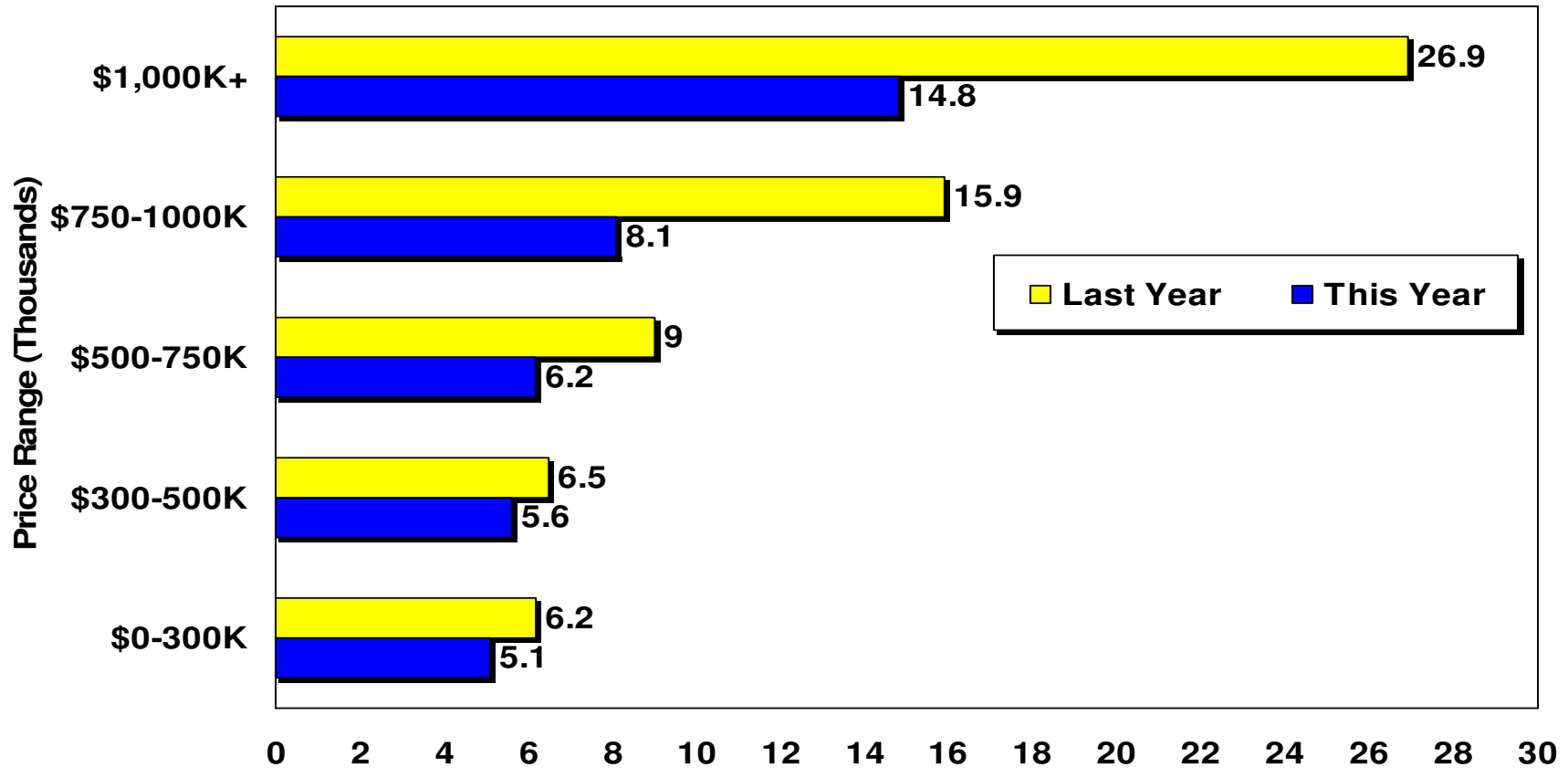




# Unsold Inventory By Price Range

California - Existing Homes January 2010 vs. January 2009

Months Supply



SOURCE: California Association of REALTORS®



## Office Vacancy Rates Around California (4<sup>th</sup> Quarter 2009)

■ Oakland/East Bay	17.0%
■ San Francisco/Peninsula	19.9%
■ San Jose	19.0%
■ Sacramento	20.3%
■ Los Angeles	16.0%
■ Orange County	19.9%
■ Inland Empire	23.6%

Source: Grubb & Ellis

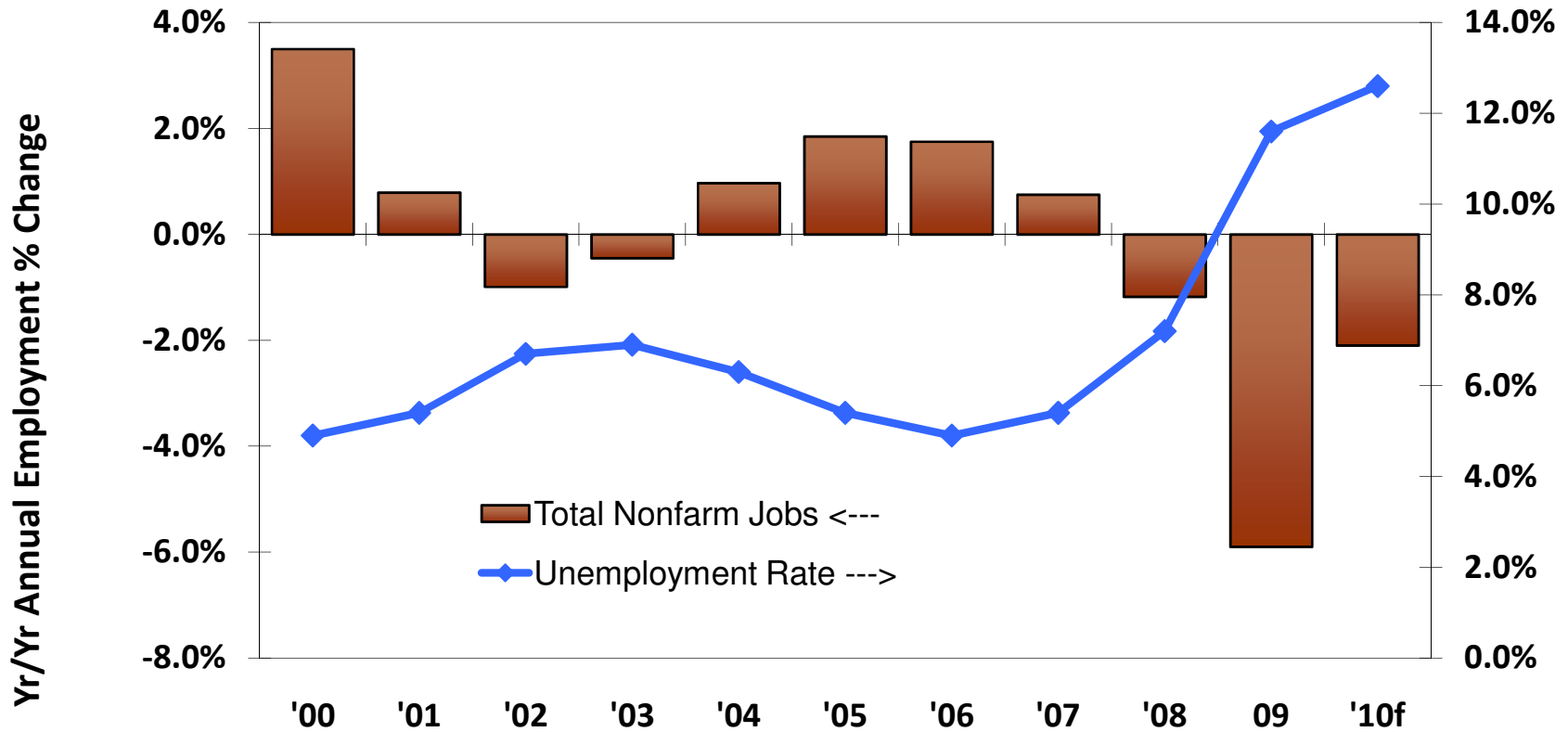


## Industrial Vacancy Rates Around California (4<sup>th</sup> Quarter 2009)

■ Oakland/East Bay	4.6%
■ San Jose	13.8%
■ Sacramento	12.1%
■ Los Angeles	3.3%
■ Orange County	6.7%
■ Inland Empire	12.5%



# California Fundamentals



Source: EDD Labor Market Information Division; forecast by LAEDC

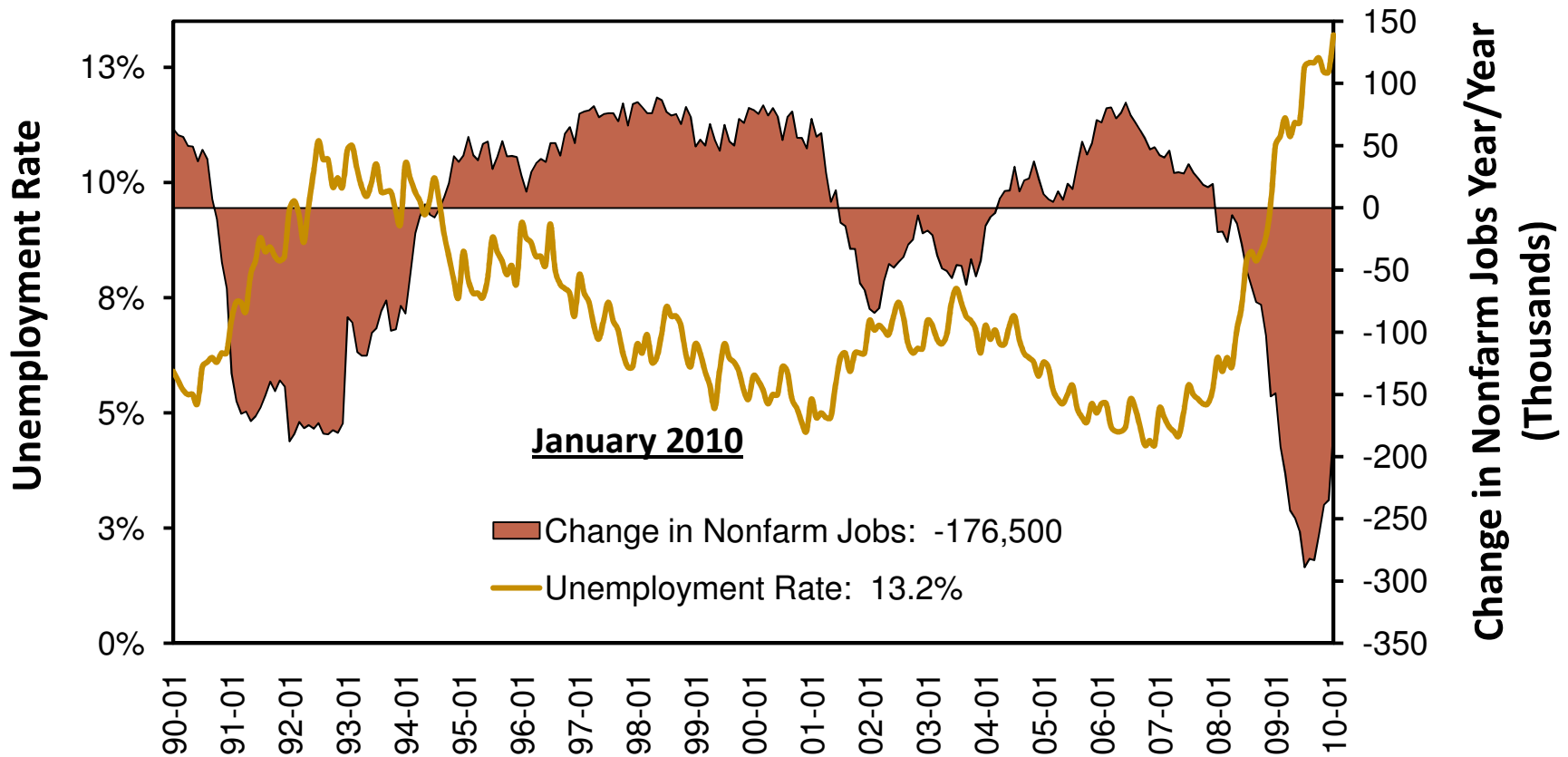


## ***Risks for the California Economy***

- **On-going state budget problems. Impact on local governments & redevelopment agencies**
- **Unfriendly business environment – business recruiters are busy**
- **Water**
- **Transportation**
- **Environmental Regulations**



# Los Angeles County Fundamentals

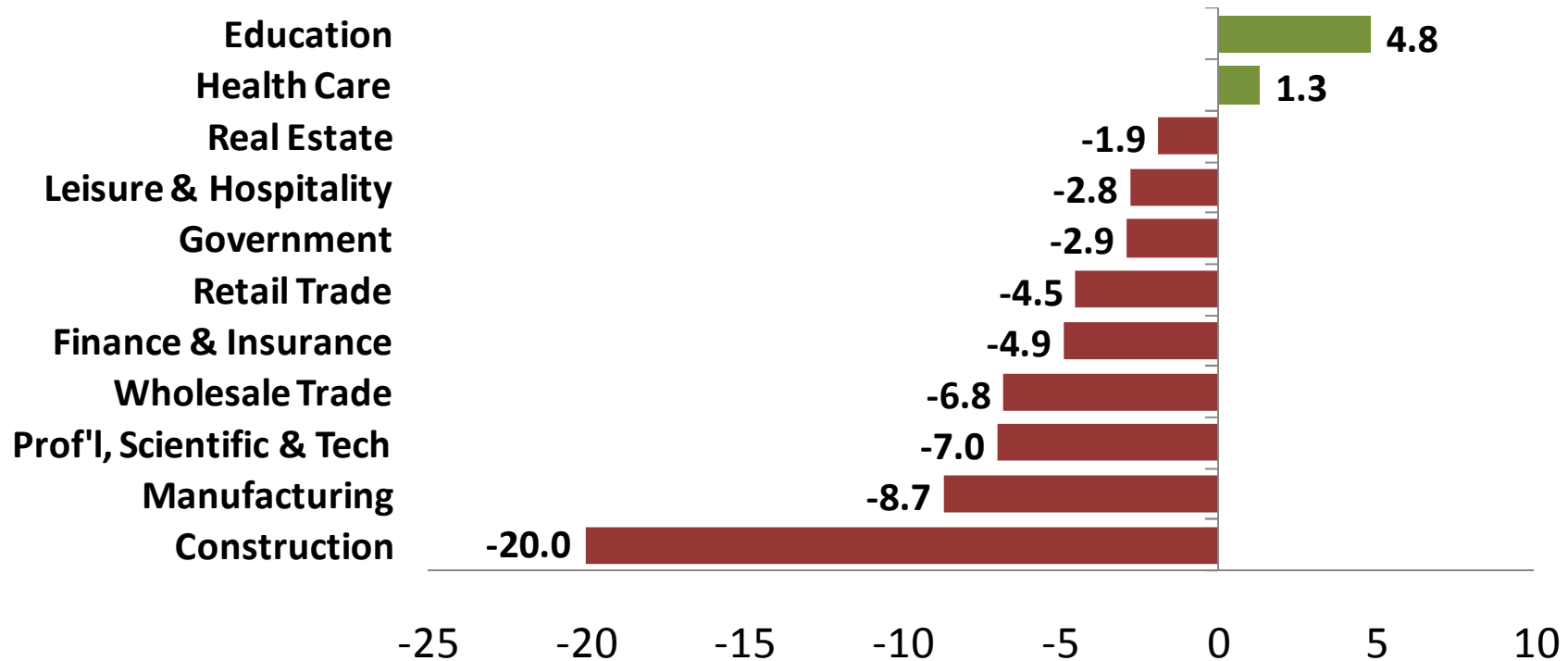


Source: California Employment Development Dept.



# *Industry Winners & Losers in Los Angeles County*

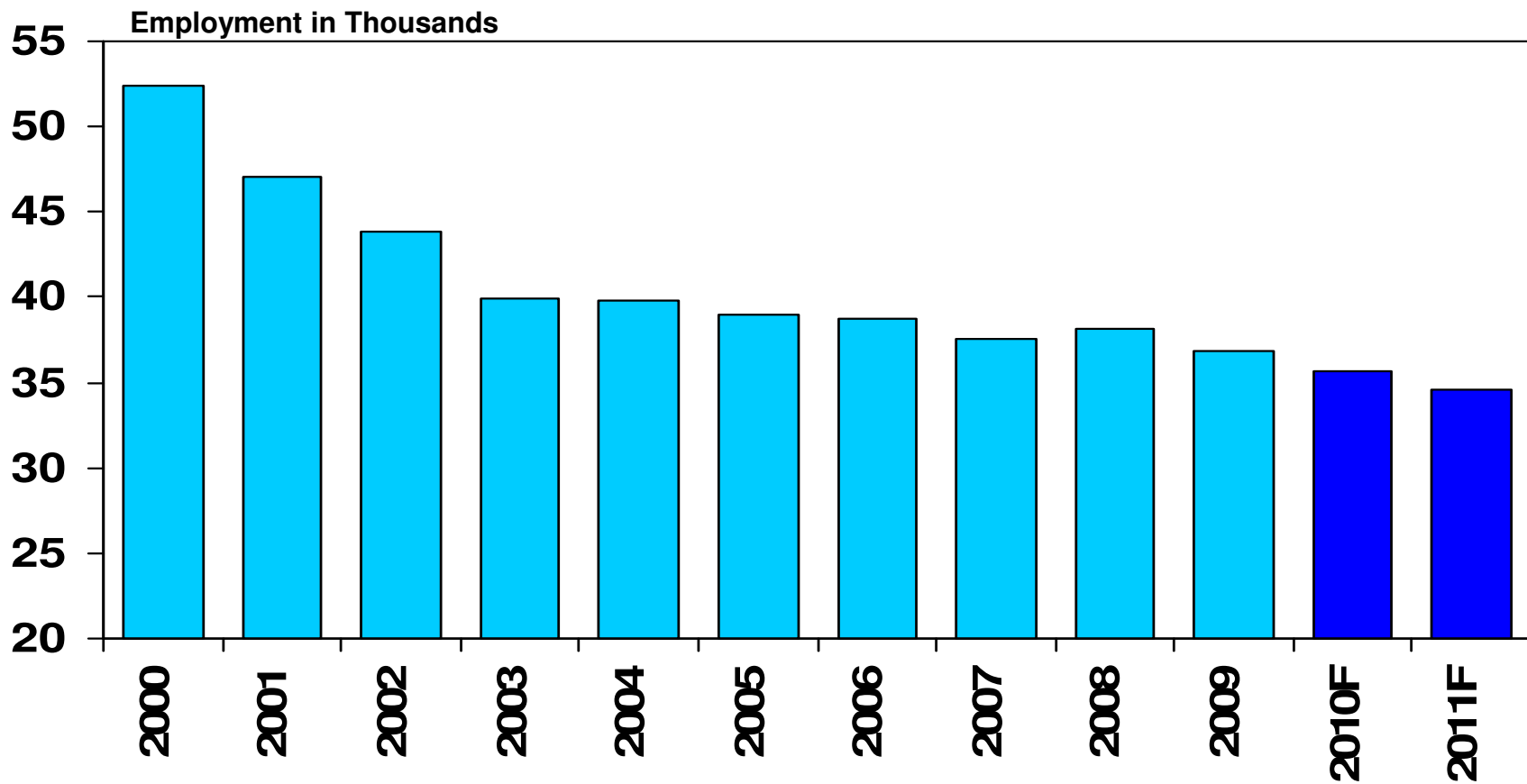
Change in Employment Jan 09 – Jan 10; Jobs Thousands



Source: California Employment Development Department



# LA County Aerospace Industry

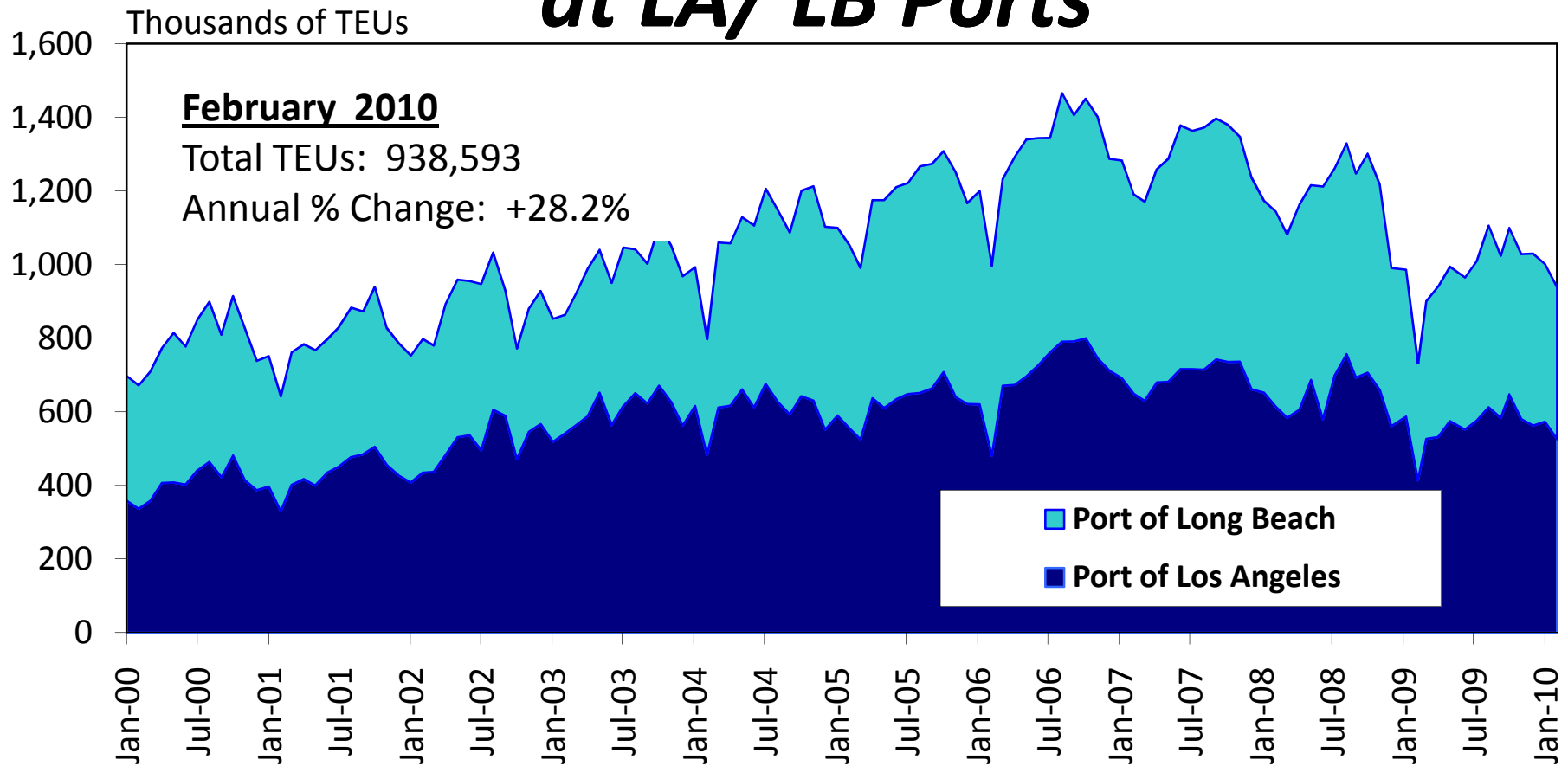


Source: CA EDD, LMID; forecasts by LAEDC





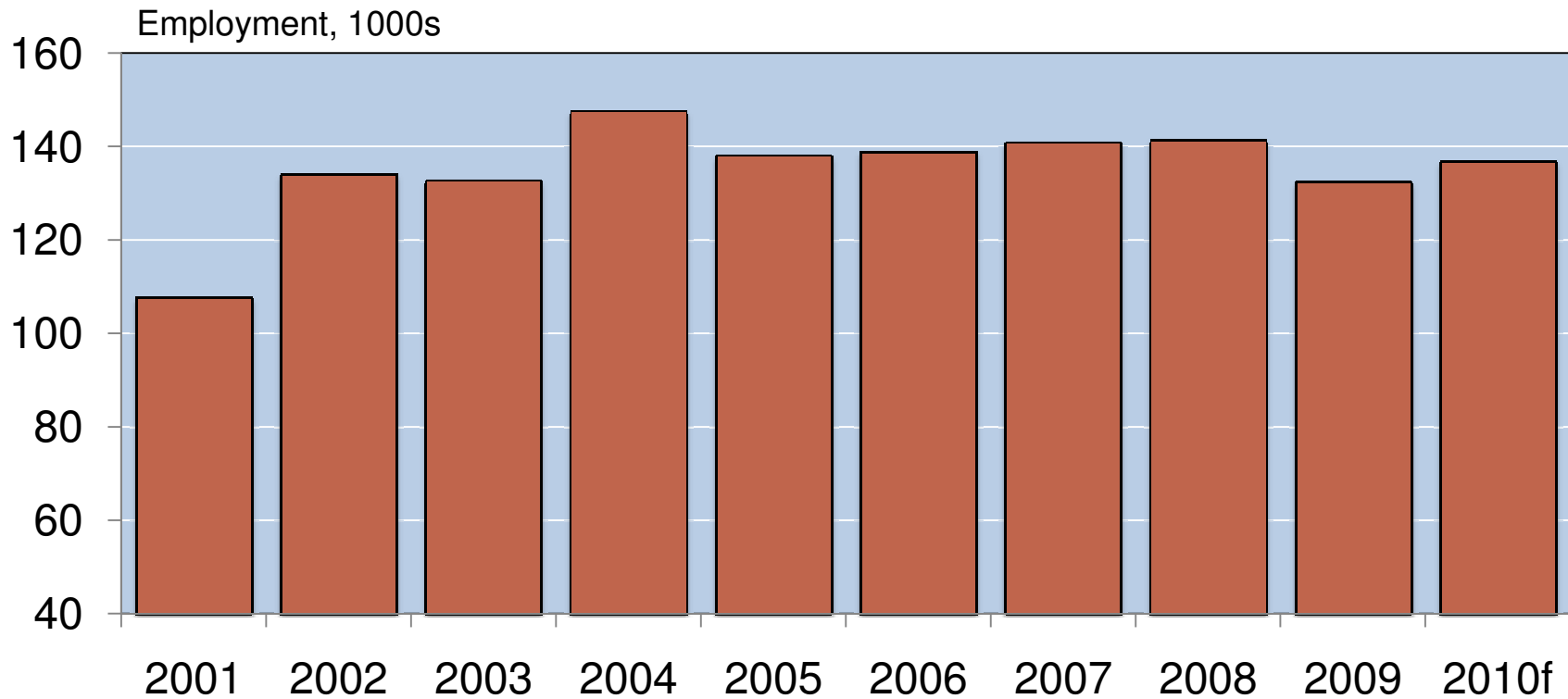
# TOTAL CARGO HANDLED at LA/ LB Ports



Sources: Ports of Los Angeles & Long Beach



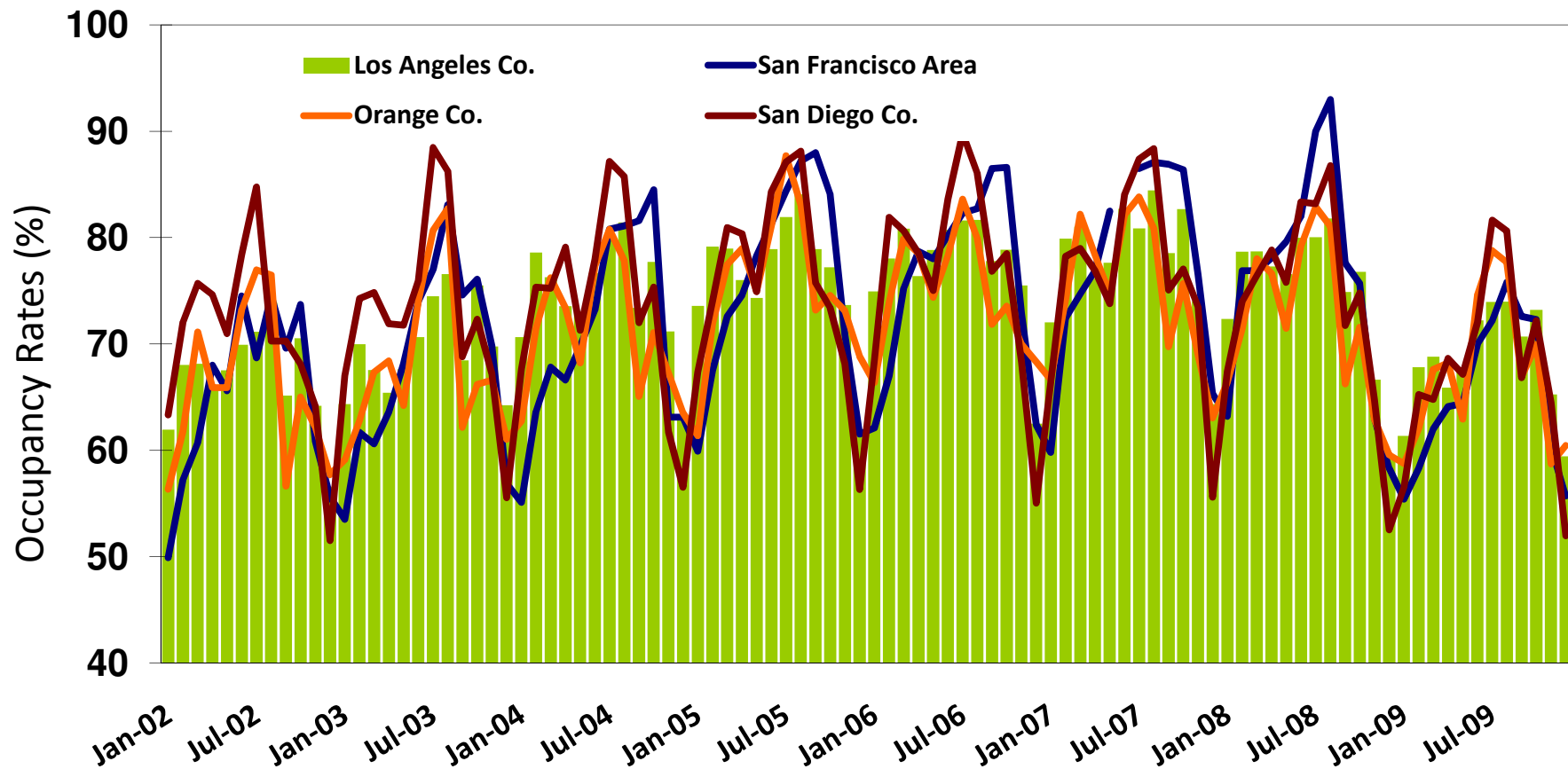
# ***Entertainment Industry Employment in Los Angeles County***



Source: EDD LMID ES202; forecast by LAEDC



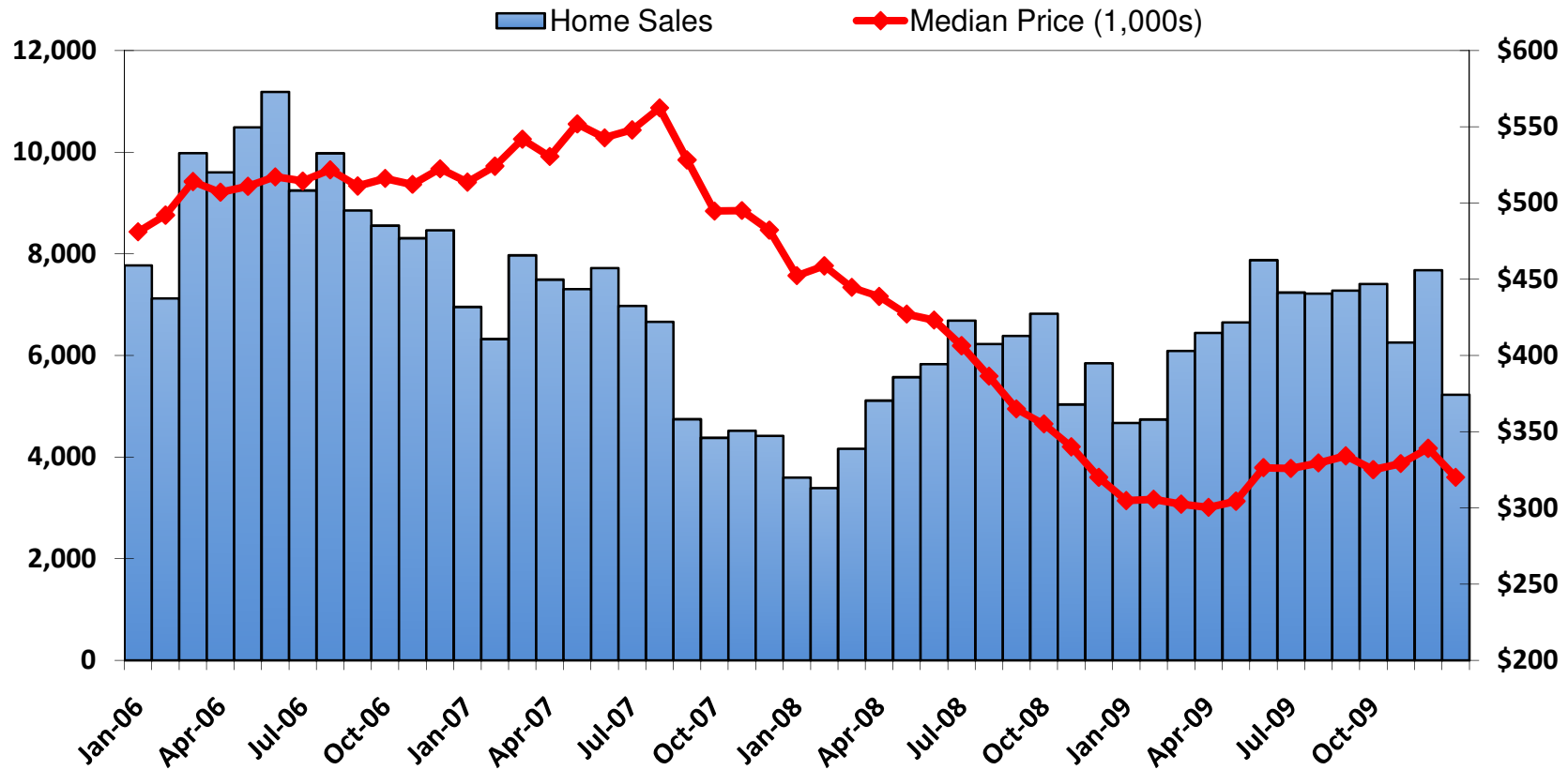
# HOTEL OCCUPANCY RATES



Source: PKF Consulting



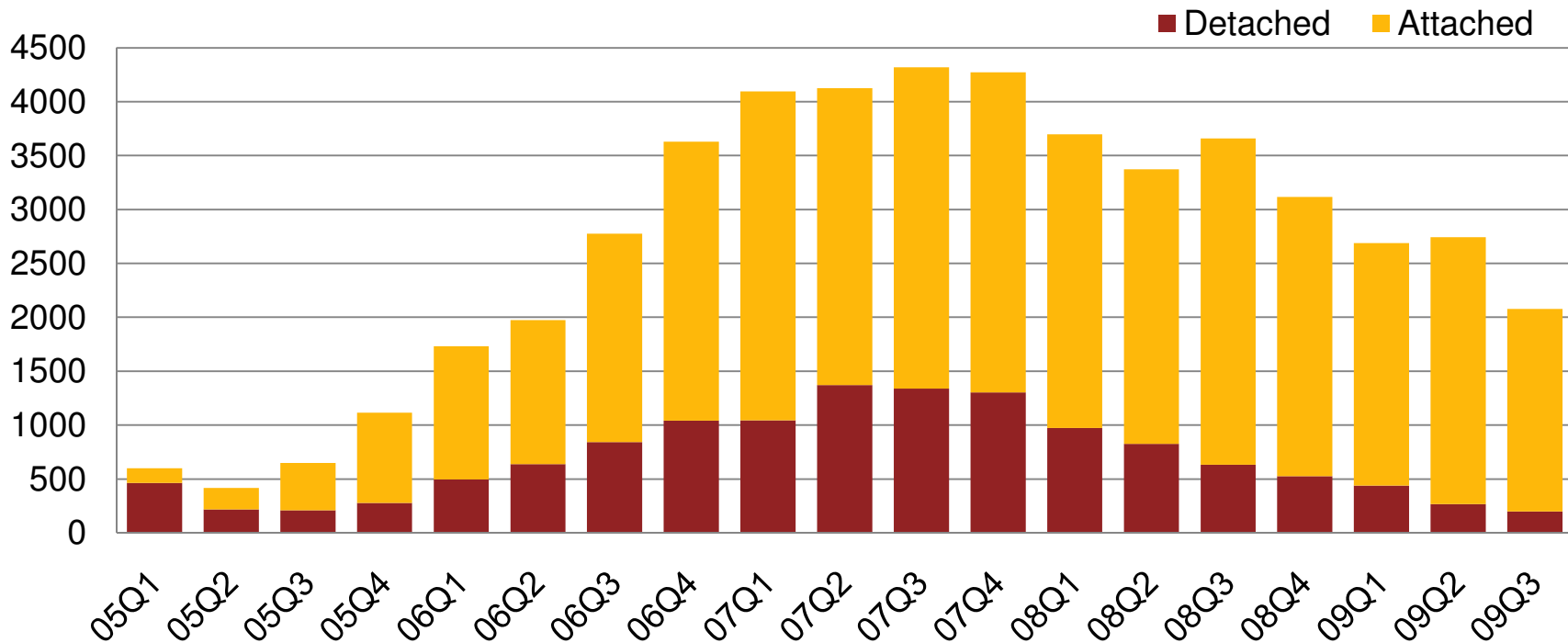
# Existing Home Sales & Median Price Los Angeles County



Source: DataQuick

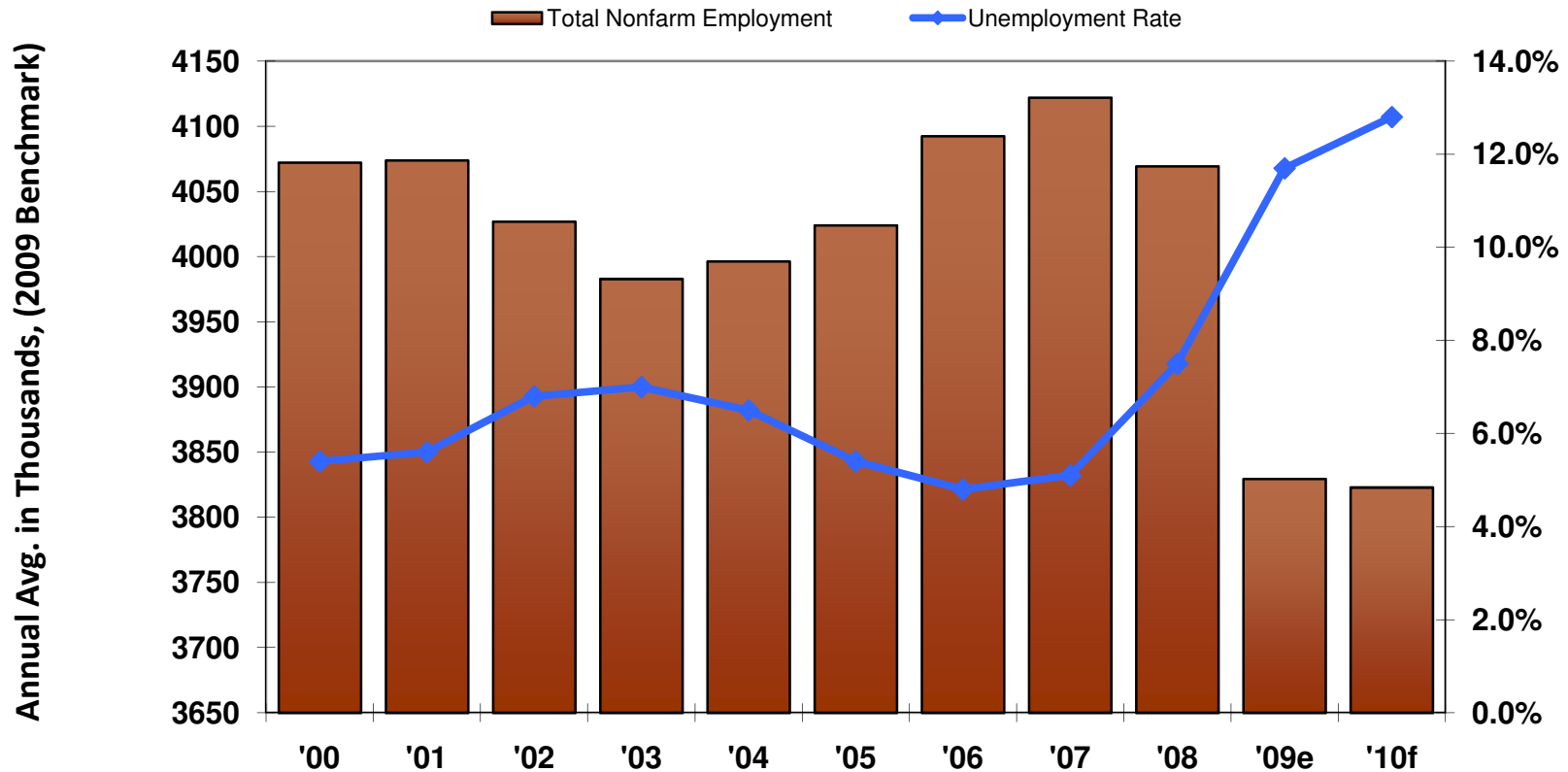


# *Los Angeles County Unsold New Housing*





# Los Angeles County Fundamentals



Source: EDD Labor Market Information Division; forecast by LAEDC



## Summing it up...the **BAD** news

- Residential still soggy
- Commercial real estate all but dead
- More retail closures
- Bank lending remains difficult
- Small-to-medium sized firms still cautious
- Local government finance



## Summing it up...the **GOOD** news

- International trade up modestly
- Motion picture/TV production up
- Tourism gets a bump from new hotel
- More C-17 orders, but...
- Infrastructure work: LAX, 405, Orange & Expo Lines
- Some public construction: LAX, LGB, SNA, SDM
- Population still growing





## 2010 Will Be an Interesting Year

**April** – Census of population....will we get a good count?

**June** – Mid-year congressional elections..will the jobless recovery hurt?

### **November**

- Governor's election
- A bunch of initiatives and some could be dangerous

# THANK YOU and STAY INFORMED

Keep up with economic news and major developments by **subscribing** to **e-EDGE**, our free weekly economic newsletter. Check out the current issue at [www.LAEDC.org](http://www.LAEDC.org)



Los Angeles County Economic Development Corporation  
Jack Kyser Center for Economic Research

## e-EDGE

The Economic Data Global Express

v.12 n.01 January 7, 2008

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[County & State Unemployment Rates Rise in November](#)

[October Hotel Numbers Good](#)

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## November Jobs Report Not Encouraging

The November report from the California Employment Development Department continued to point to a slowing economy. Just 900 jobs were created from October to November (seasonally adjusted). The September-to-October decline was revised down to 13,500 jobs.

>> [full article](#)

## County & State Unemployment Rates Rise in November

The California Employment Development Department (EDD) released November unemployment estimates last week. Seasonally adjusted, the Los Angeles County unemployment rate was 5.3%, up from 5.1% in both October and September, and up from 4.4% a year earlier. November was the sixth consecutive month that the County's unemployment rate increased over the year. >> [full article](#)

## October Hotel Numbers Good

The October data from PKF Consulting revealed a still healthy hotel sector in Southern California. In Los Angeles County, the occupancy rate was 32.7% compared with 23.9% last year. Better yet, the average daily room rate (ADR) rose by 17.7% to \$133.05.

>> [full article](#)