Looking Up

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UCSB EFP Economic Summit
Granada Theatre
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Unemployment
Rate
Nonfarm
Employment
Labor Force
Participation
Monthly
Job Ads
Real GDP
per capita
Real Household
Income
Retail Sales
Retail Permits
South County
Foreclosures
North County
Foreclosures
Pre-recession Peak
Recession Trough
2012
Latest Data

Labor Market

Housing Market

Output Indicators

ECONOMIC FORECAST PROJECT
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
GDP report yesterday means the Fed waiting game continues...
a global view

- but we live in a global economy

- and the rest of the world...
a global view

- but we live in a global economy

- and the rest of the world...kinda sucks
big international concerns

- Brazil raised rates again...now 13.25%
- Russia cut theirs...now 12.5%
- China restructuring local debt (4/28/2015)
- Japan issuer rating downgraded (4/27/2015: Fitch)
- Europe: a tale of two Europes
Real GDP
Percentage Change from 2008 Q1, Seasonally Adjusted

- United States
- Euro Area (17 Countries)
- Japan
- UK

Source: OECD Main Economic Indicators, GDP Constant Prices
Real GDP
Index, 2010=1, Quarterly, SA

Source: OECD
big international concerns

- China restructuring local debt (4/28/2015)
- Japan issuer rating downgraded (4/27/2015: Fitch)
- Swiss Franc surprise unpegging (1/15/2015)
- Allosphere presentation
back in the USA...

- household net worth near record highs
back in the USA...

* and stocks break records daily!
...and growth in labor markets

- Measures of wealth and income are up

- And positive employment trends
Total Nonfarm Payrolls, Seasonally Adjusted
Index (Dec 2007 = 100)

Notes: December 2007 level in brackets.
www.efp.ucsb.edu
Source: BLS & CA EDD
Total Nonfarm Payrolls, Seasonally Adjusted
Index (Dec 2007 = 100)

Notes: December 2007 level in brackets.
www.efp.ucsb.edu

Source: BLS & CA EDD
Unemployment Rate, Seasonally Adjusted
Percent (%)

Santa Barbara, CA [4.97%]
California [6.35%]
United States [5.51%]

Note: Most recent rate in brackets.
www.efp.ucsb.edu

Source: BLS & CA EDD
Unemployment Rate, Seasonally Adjusted
Percent (%)

Note: Most recent rate in brackets.
www.efp.ucsb.edu

Source: BLS & CA EDD
the labor market
is it really better?

- what metric should we use....
the labor market
is it really better?

• what metric should we use....*quits*? 
and the rewards to this work...

- have not been equally shared
Earnings Have Fallen for Workers With Little Education

In the last generation, the earning power of less-educated American men in their prime working years has fallen.

**Percent change in median real earnings of working-age men, 1990 to 2013**

- No high school diploma: -20%
- High school diploma or some college: -13%
- Bachelor's degree: 7%
- Advanced degree: 13%

Men age 30 to 45 who are employed at the time of census survey and worked 750 or more hours over the previous year.

Source: Hamilton Project analysis of Census data
Mean Hourly Real Wage: Largest Occupation Groups
Index (Year 2003 = 100), Santa Barbara County

Note: Current mean real wage (2009 dollars) and employment share in brackets.

Source: CA EDD, OES

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recession and the labor market: 2007-2010
decreases were widespread
recovery and the labor market: 2010-2015
gains across all major industries
...growth in the labor market

- where will we see new growth?
Occupations by Highest Employment Growth
Santa Barbara County, 2012-2022 Projections

Note: Among all individual occupations with a reported median annual salary.
Source: CA Employment Development Department, Occupational Employment Statistics (OES)
Occupations by Highest Employment Growth
Santa Barbara County, 2012-2022 Projections

Note: Among all individual occupations with a reported median annual salary.
Source: CA Employment Development Department, Occupational Employment Statistics (OES)
Avg. Annual Job Openings by Education & Training Level
Santa Barbara County, 2012-2022 Projections

<table>
<thead>
<tr>
<th>Education &amp; Training Level</th>
<th>Replacement Needs</th>
<th>New Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school or less + minimal training</td>
<td>3,939</td>
<td></td>
</tr>
<tr>
<td>High school or less + moderate training</td>
<td></td>
<td>1,144</td>
</tr>
<tr>
<td>Bachelor's degree + no experience</td>
<td></td>
<td>808</td>
</tr>
<tr>
<td>High school or less + extensive training</td>
<td></td>
<td>493</td>
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<tr>
<td>Bachelor's degree + work experience</td>
<td></td>
<td>333</td>
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<tr>
<td>Postsecondary non-degree award</td>
<td></td>
<td>288</td>
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<tr>
<td>Associate's degree</td>
<td></td>
<td>249</td>
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<tr>
<td>Doctoral or professional degree</td>
<td></td>
<td>103</td>
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<tr>
<td>Master's degree</td>
<td></td>
<td>99</td>
</tr>
<tr>
<td>High school or less + apprenticeship</td>
<td></td>
<td>72</td>
</tr>
</tbody>
</table>

Source: CA Employment Development Department
...new jobs

- where are these new workers coming from?
Population Growth Components
Santa Barbara County

Source: CA Department of Finance
Net Migration Components
Santa Barbara County

Source: CA Department of Finance
and where will they live?

trends in the housing market

- Zillow
- S&P Case-Shiller
- California Association of Realtors (CAR)

- similar trends
Residential Real Estate Prices, Los Angeles MSA
Index (100 = Max Value)

Source: Zillow, CAR and S&P
Residential Real Estate Prices
Santa Barbara County, Index (100 = Max Value)

Source: Zillow and CAR
Zillow Home Value Index (ZHVI)
YoY Growth Rate (%)

Source: Zillow Research Data
Inventories and Homes Price Growth
Santa Barbara County

For−sale Inventories

Annual Home Price Growth Rate

Source: Zillow Research Data

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affordable?

- even with the recent slowdown in growth rates....
and local rents

ok, if you can’t buy, then rent...
Median Rent Price, by City
Annual Growth Rate (%)

Santa Barbara [34.9%]
Goleta [29%]
Santa Maria [8.4%]
Lompoc [5%]
Guadalupe [7.1%]

Note: Current value in brackets.
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Source: Zillow Research Data
help on the way?

- build more stuff!!
New Residential Building Permits
Index (Year 2001 = 100)

Source: CHF/CIRB and Census Bureau

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where from here?

- although most signs are positive
where from here?

- some risks....
- ROW does not recover
- bad GDP report and Fed responses
- oil prices
- drought continues
where from here?

- if the drought continues...
  
  - already stopped washing our cars
  
  - no lawns
where from here?

- if the drought continues...
  - already stopped washing our cars
  - no lawns
  - now, the official EFP meal!
your current breakfast

1,209 gallons
(Commercial U.S. average)

- Beef: 8 ounces, 850.2 gallons
- Milk: 8 ounces, 43.8 gallons
- Wheat bread: 6 ounces, 86.6 gallons
- Mangoes: 8 ounces, 228.0 gallons
EFP endorsed responsible breakfast

134 gallons
(Commercial U.S. average)

- Eggs: 8
  93.8 gallons

- Potatoes: 6
  17.9 gallons

- Beer: 8
  15.7 gallons

- Lettuce: 8
  6.8 gallons
eat well...stay healthy

thank you....