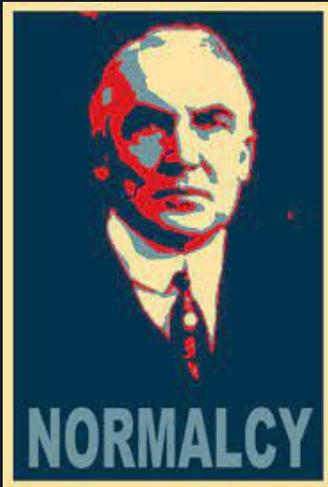


2024 RETURN TO NORMALCY

U.S. & CA Outlook



Jerry Nickelsburg
Director

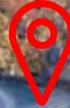
UCLA Anderson Forecast
Adjunct Professor of Economics
UCLA Anderson School of
Management

MARCH 19, 2024





**THE CALIFORNIA
OUTLOOK**



**INTEREST SENSITIVE &
OTHER SECTORS**

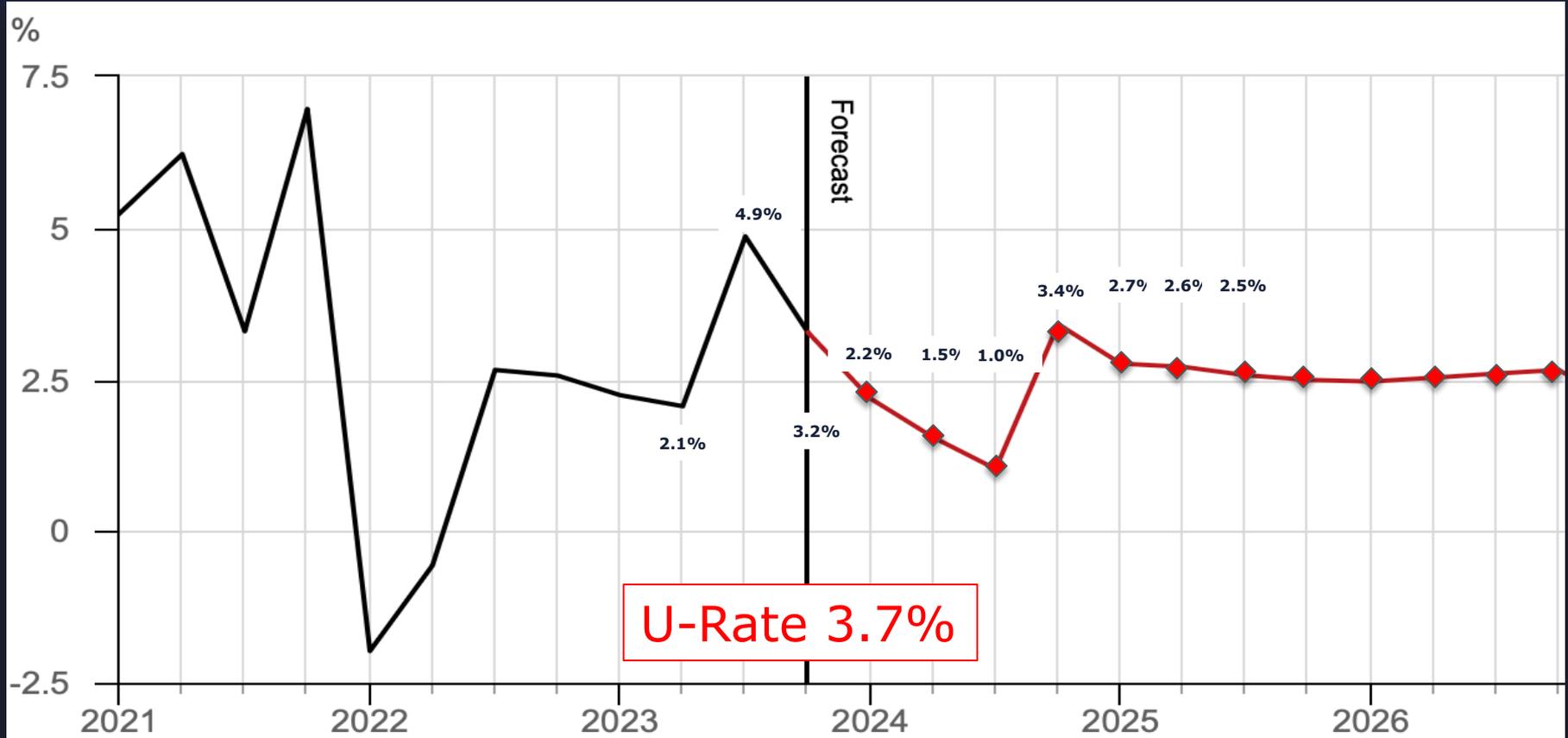
**THE MACRO
OUTLOOK**



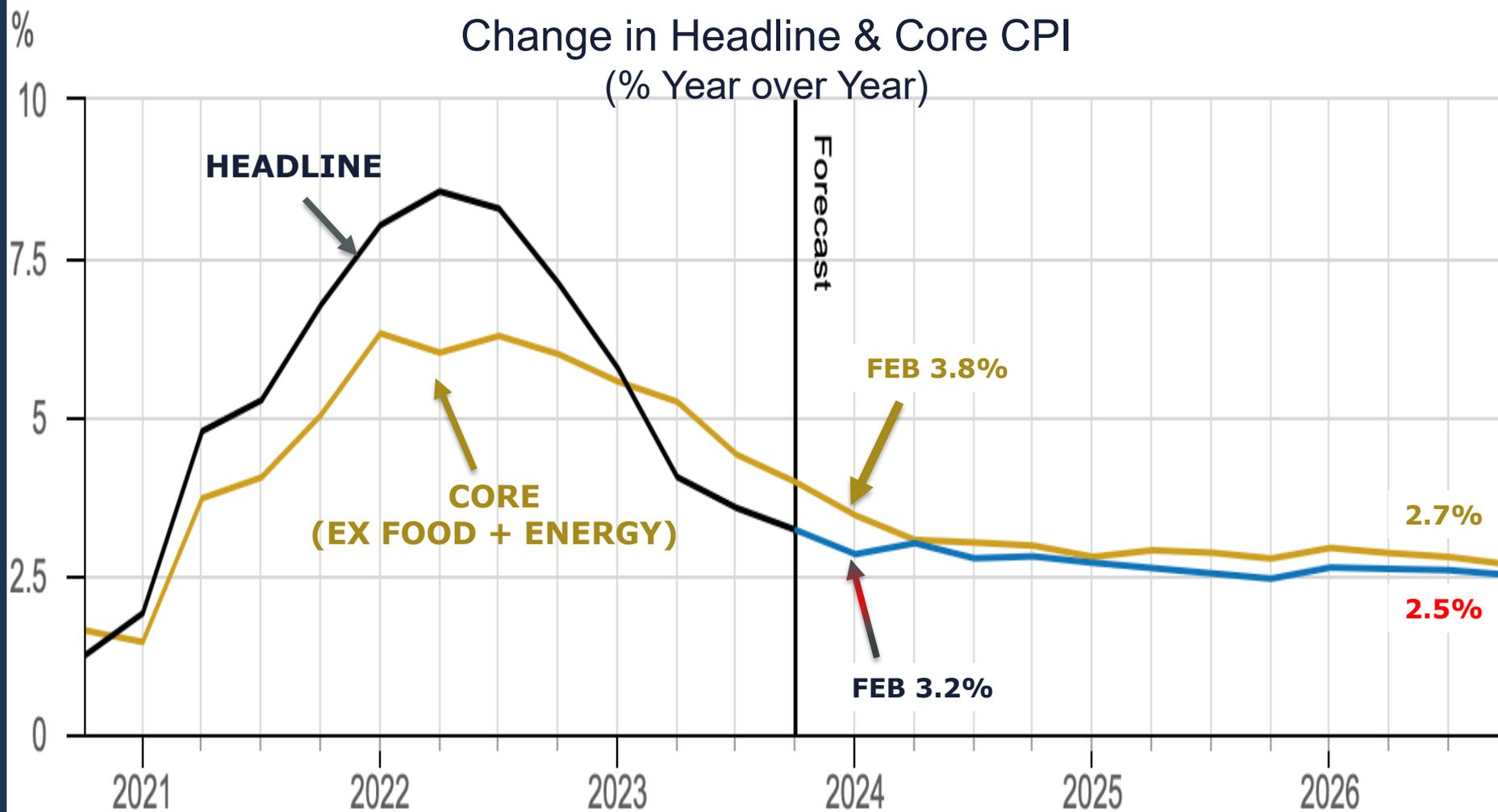
UCLA Anderson Forecast

MACRO OUTLOOK

GDP GROWTH RATES, SAAR

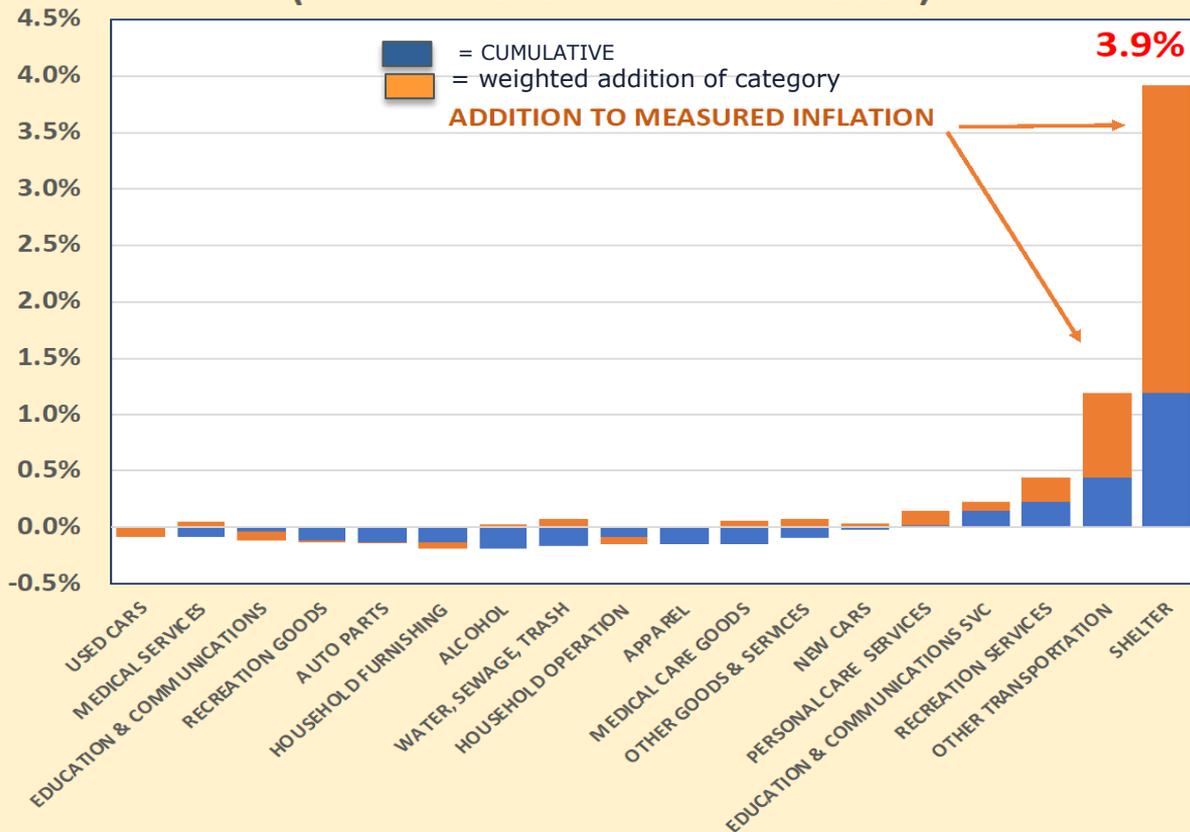


Change in Headline & Core CPI (% Year over Year)

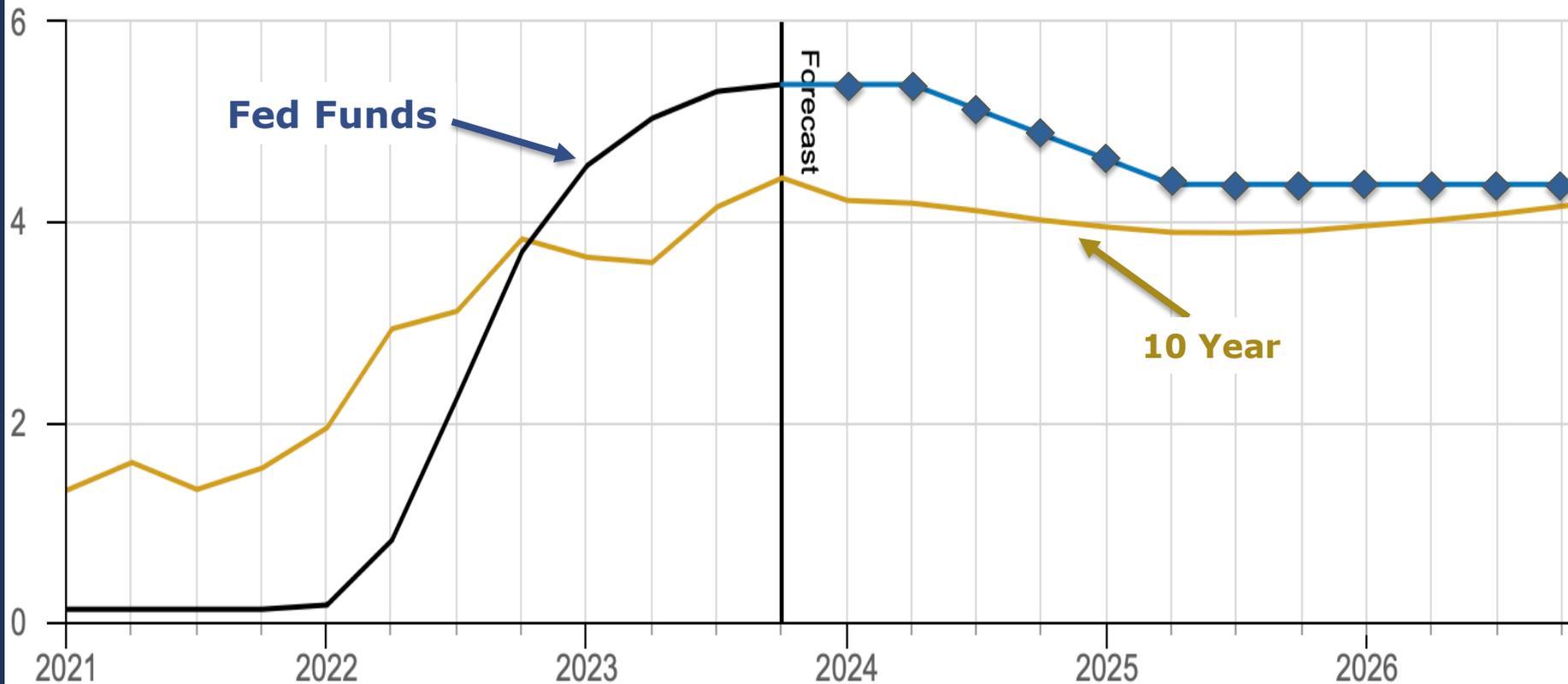


CPI Core inflation decomposition

CUMULATIVE CONTRIBUTION TO CORE INFLATION (JANUARY 2023 to JANUARY 2024)



Interest Rates

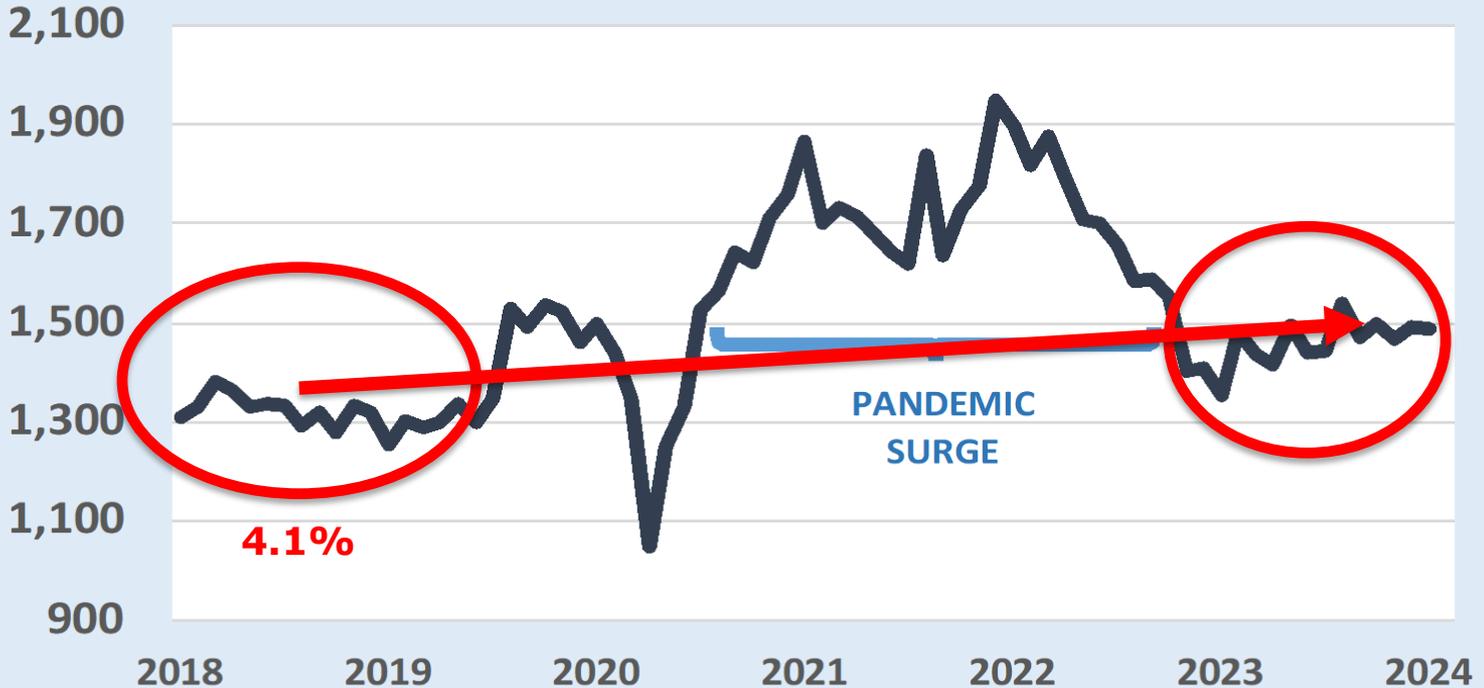




INTEREST SENSITIVE SECTORS

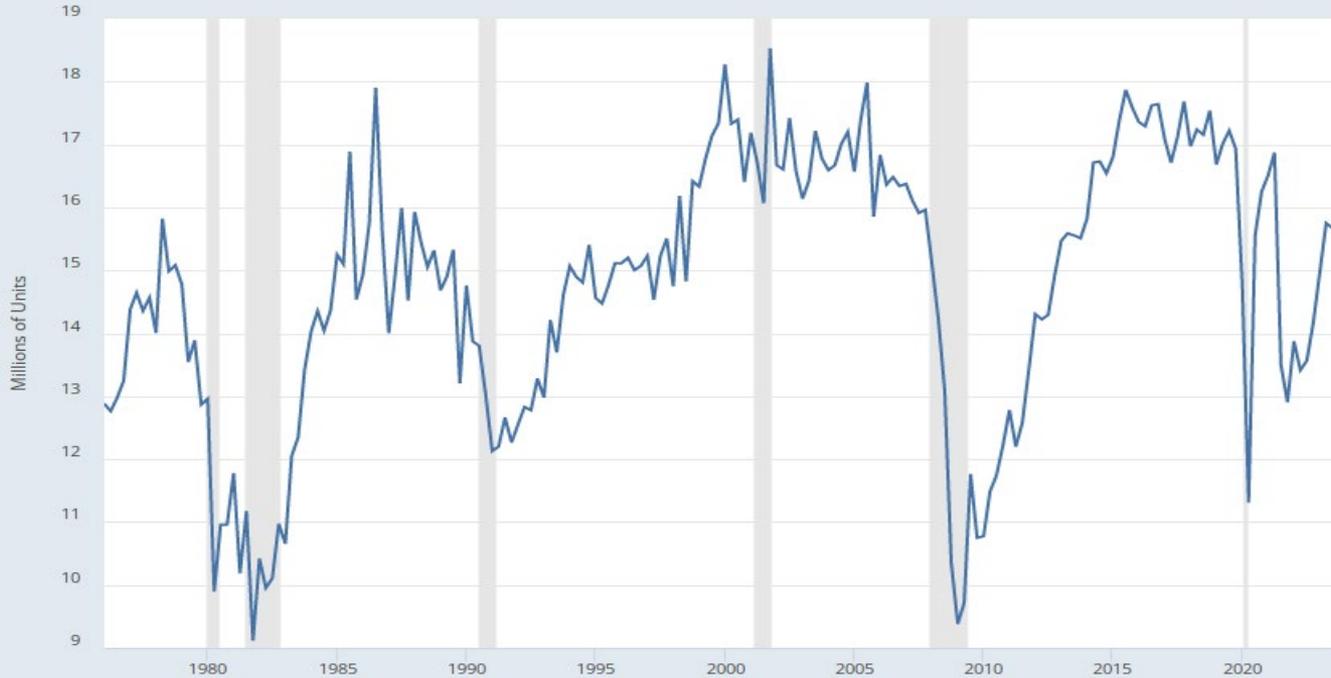
Thousands

New Building Permits, SAAR (2018-2024)





FRED — Light Weight Vehicle Sales: Autos and Light Trucks



Source: U.S. Bureau of Economic Analysis

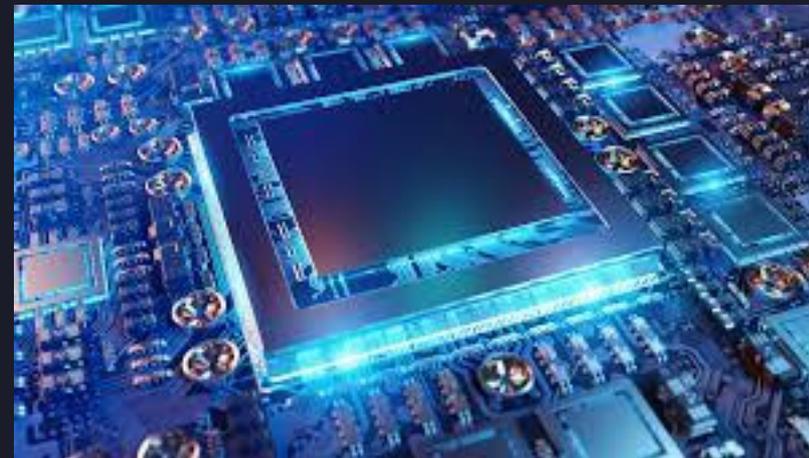
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Durable Goods – Non-Defense New Orders

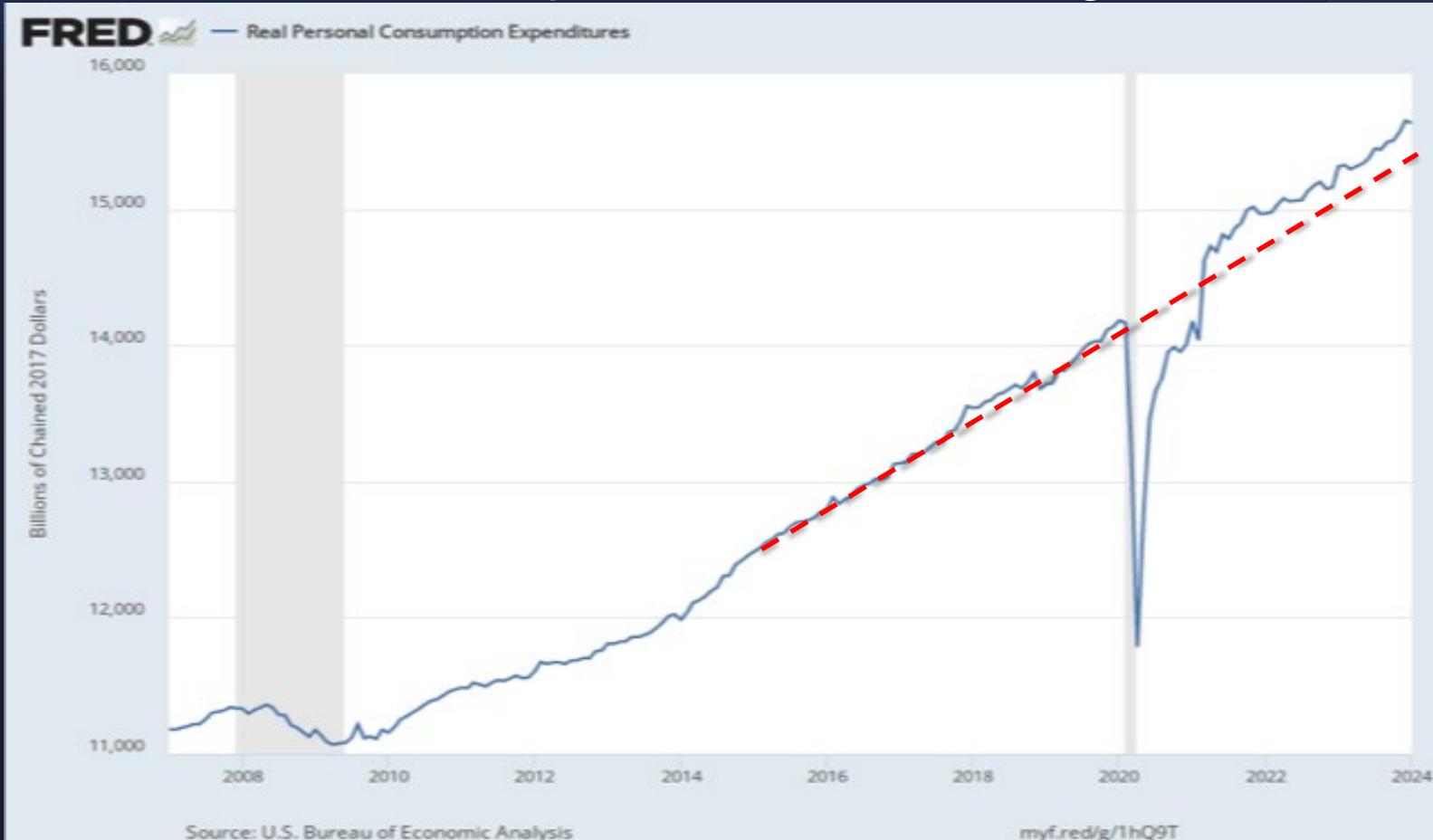




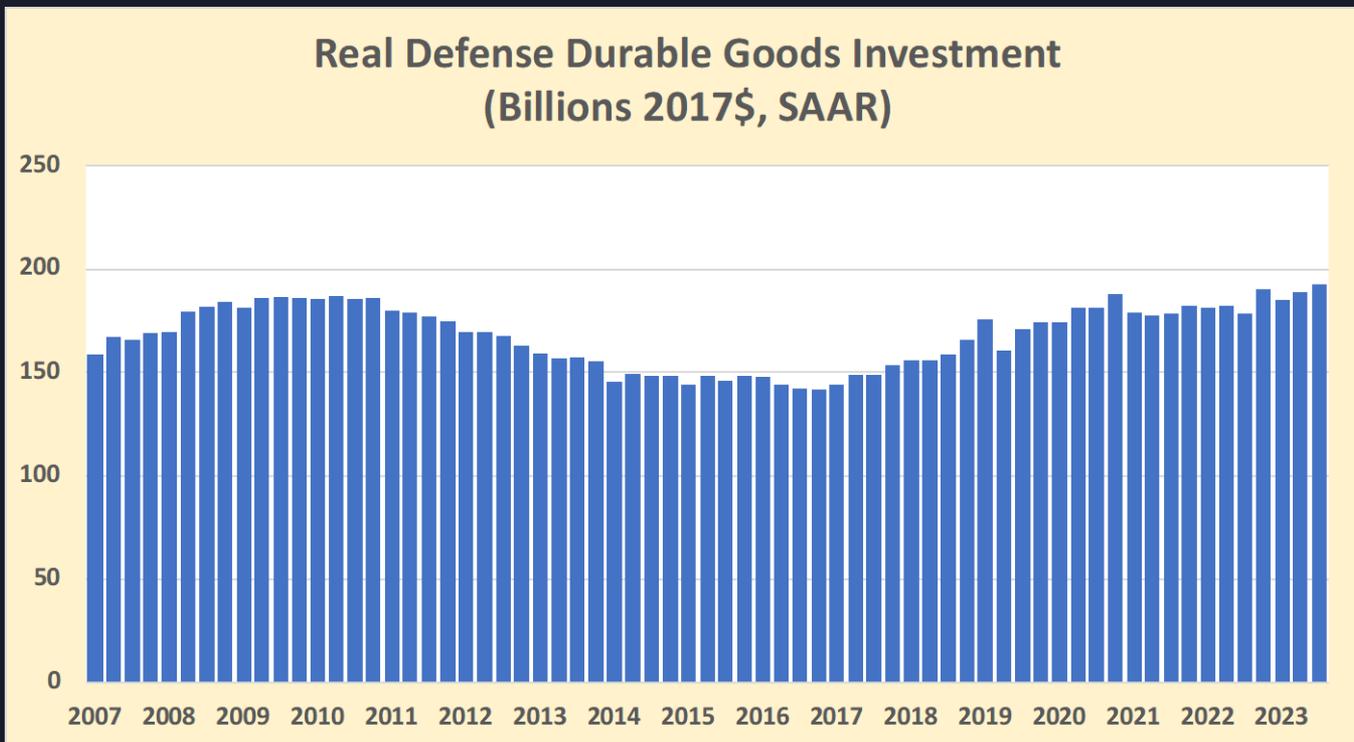
OTHER SECTORS



Consumption Remains Strong



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



Source: UCLA Anderson Forecast and U.S. Bureau of Economic Analysis. Notes: \$ Billions, chained 2017 prices

Tech continues to grow

Tech Payroll Employment 2013-2024 (subsectors of Information and Prof. Sci. & Tech Services)

Thousands



**January
2023 to 2024
+2.9%**

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**



ABC 10NEWS | SAN DIEGO

GOV. NEWSOM'S \$291 BILLION STATE SPENDING PLAN

- Estimated \$37.9 billion deficit
- Previous deficit estimate was \$68 billion
- Draw from state's reserves
- Cuts to climate and housing programs



4:04
61°
abc 10

WATHE FETTER HEADLINES CITY BOARD OF SUPERVISORS UNANIMOUSLY APPROVED SARAH AGHASSI AS THE COUN

BUDGET DEFICIT CA LEGISLATIVE ANALYST'S OFFICE

- CUT PROJECT SPENDING
- TAP INTO SAVINGS ACCT.
- CORE SERVICES INTACT



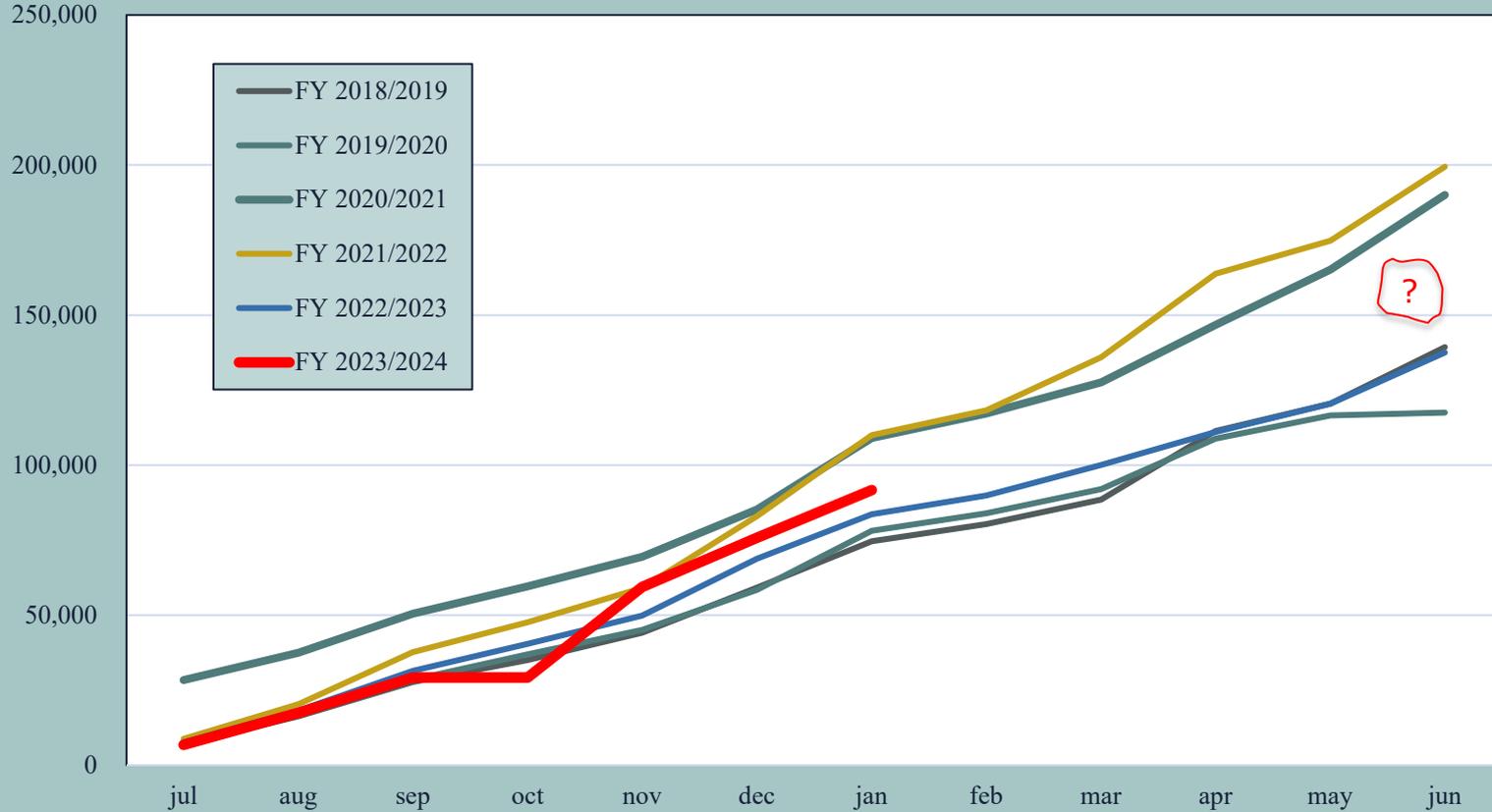
ACTION NEWS NOW

RED BLUFF 44 6:05

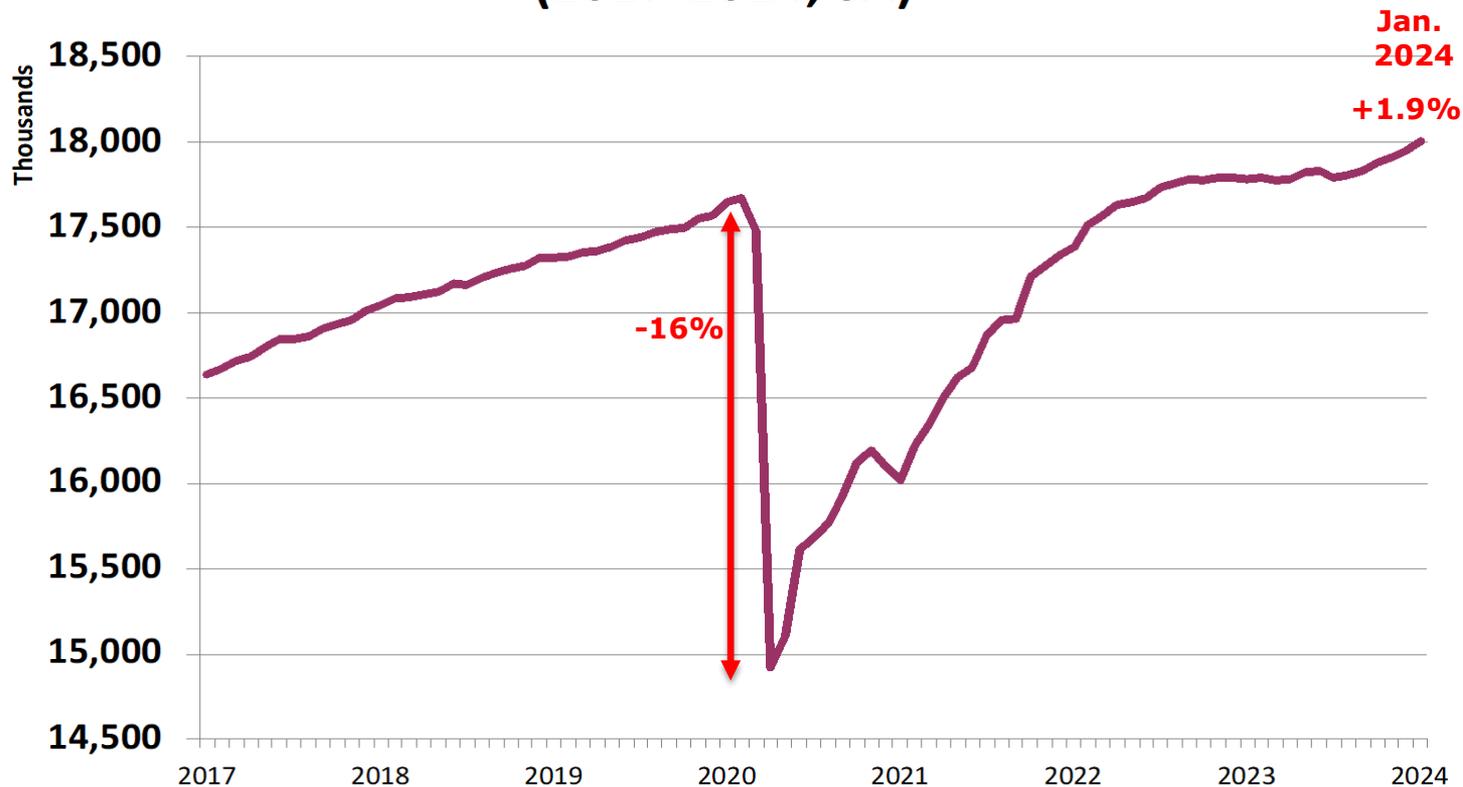
CALIFORNIA OUTLOOK BUDGET DEFICITS IN A GROWING ECONOMY

CALIFORNIA CUMULATIVE GENERAL FUND REVENUES (Constant \$, \$2017:12)

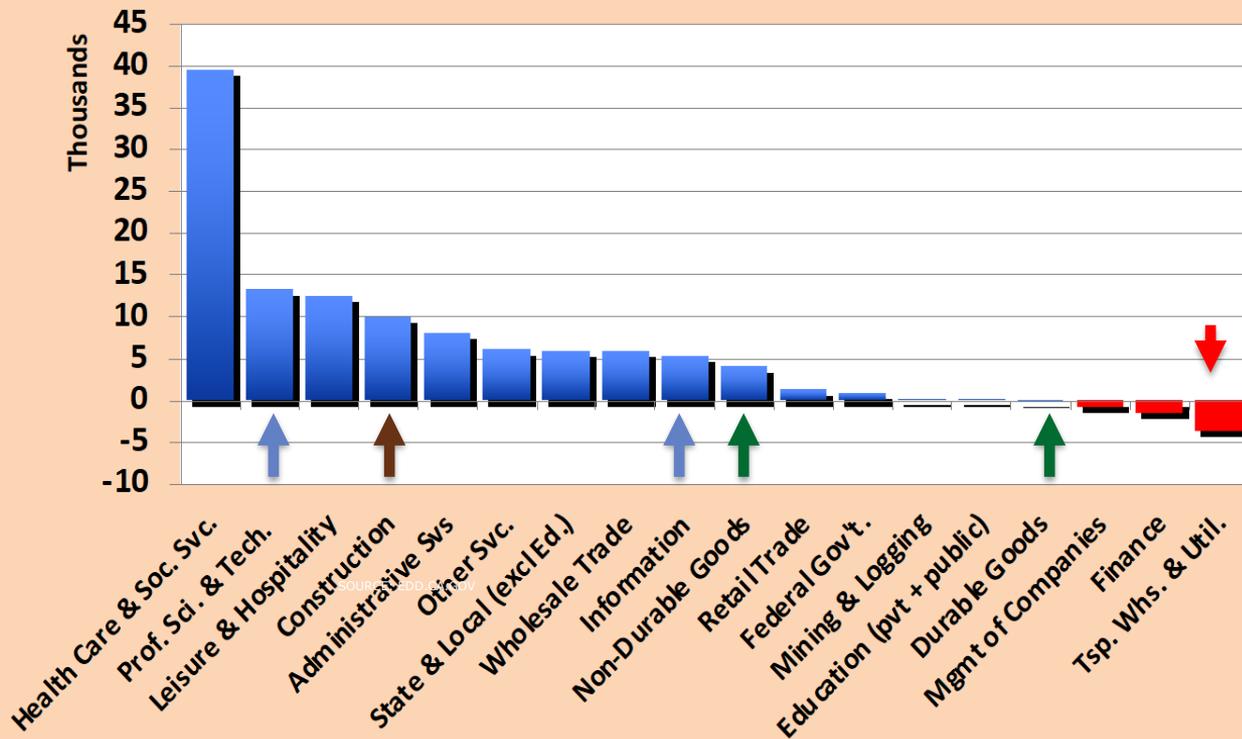
B\$
250,000



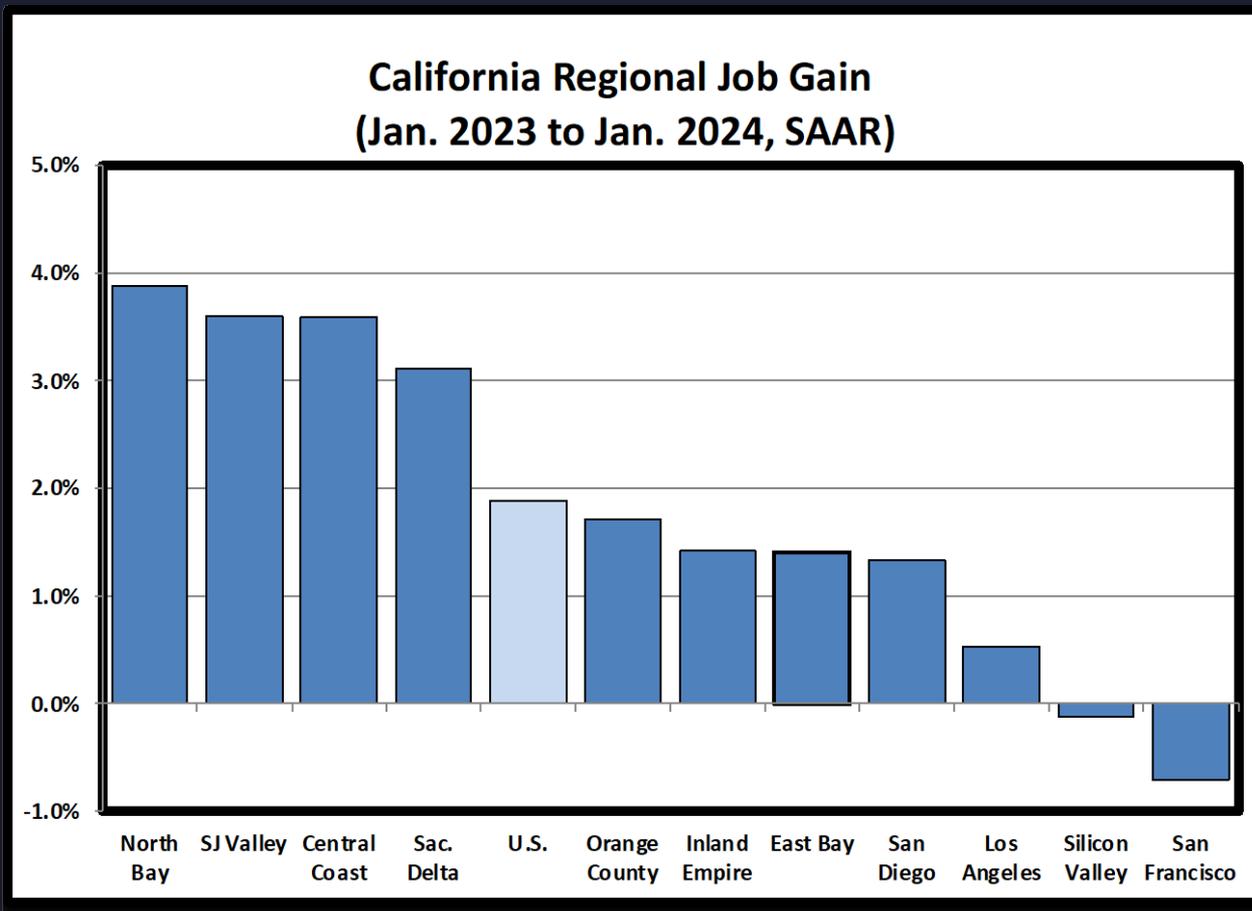
California Non-Farm Payroll Jobs (2017-2024, SA)



CHANGE IN NO. OF JOBS BY SECTOR October 2023 to January 2024, SA

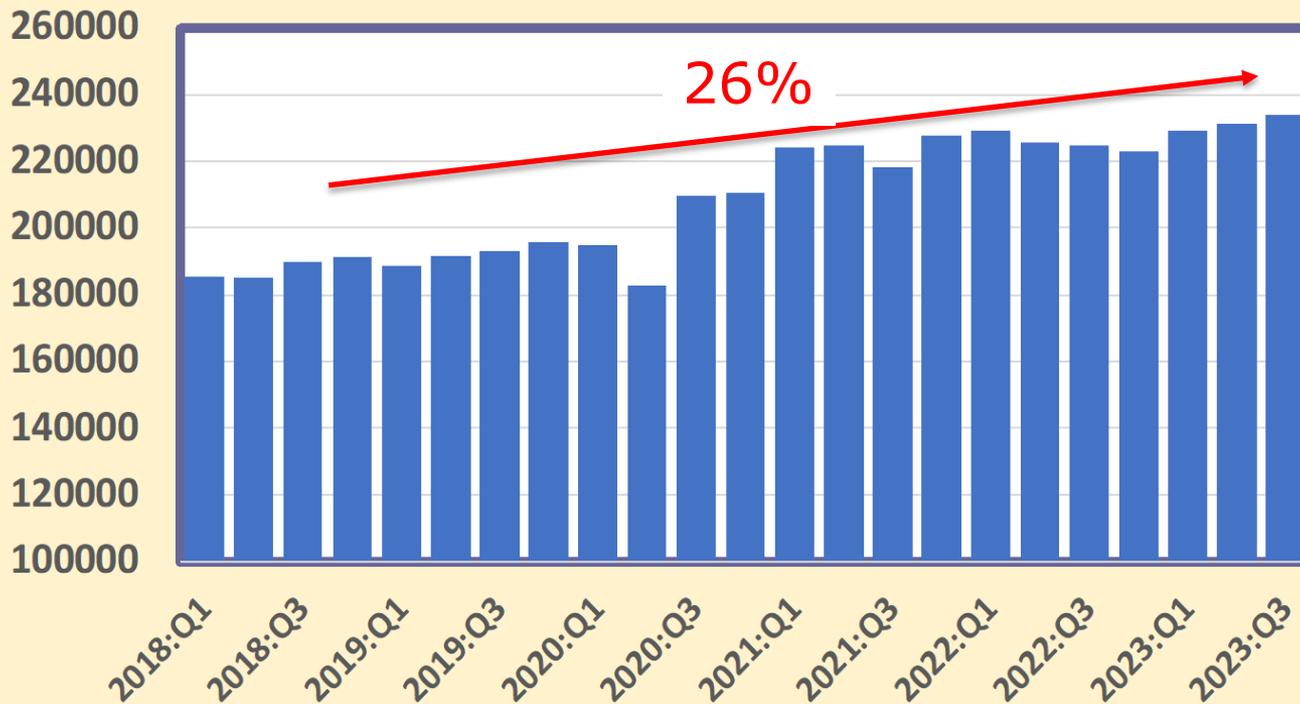


This last year: Job Growth Slowing In California



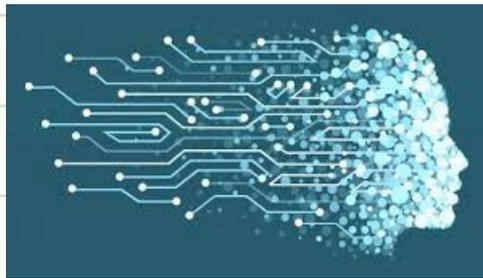
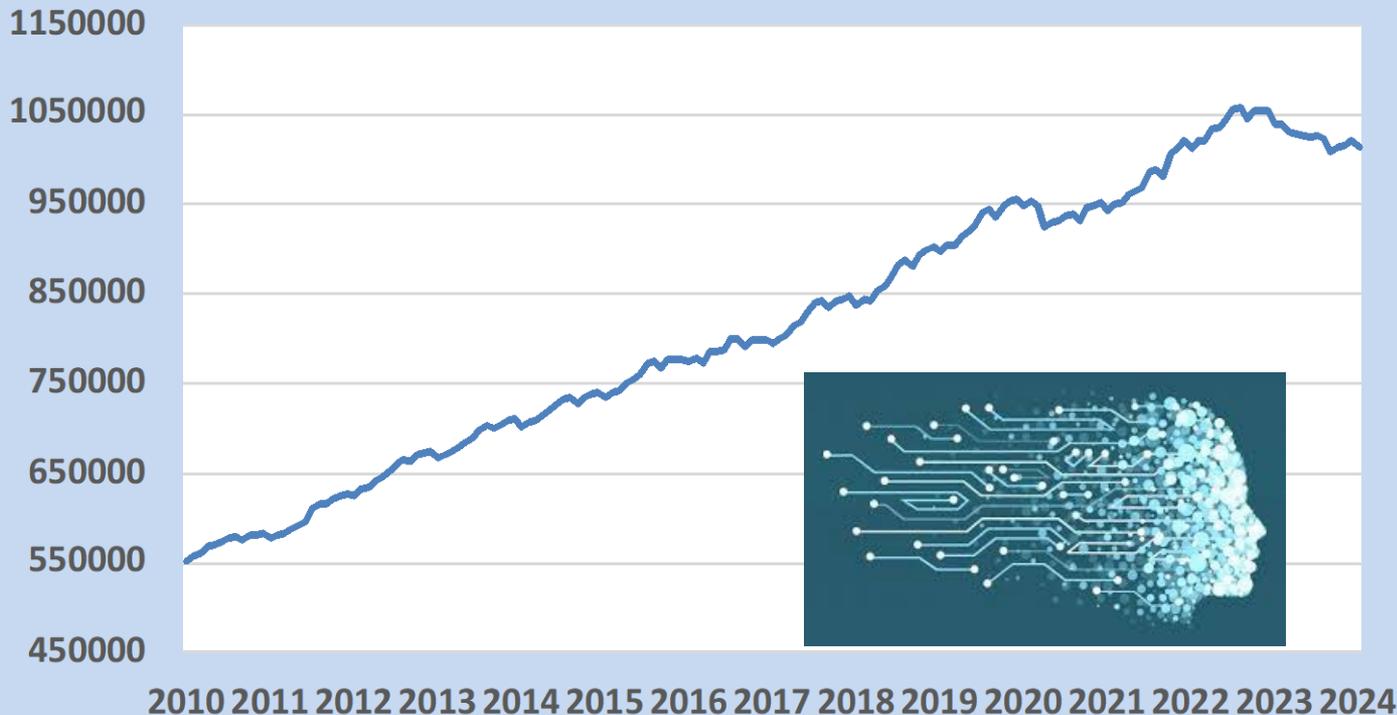
Durable Goods Manufacturing

Real Manufacturing Output (2017\$, Millions \$, Quarterly)



Tech job growth stalls

Tech Sector Payroll Employment Payroll Employment (Jan. 2010 to January 2024, NSA)



Top 10 financings in Q4'23 in Americas



Private Enterprise

Venture Pulse Q4 2023

Global analysis of venture funding

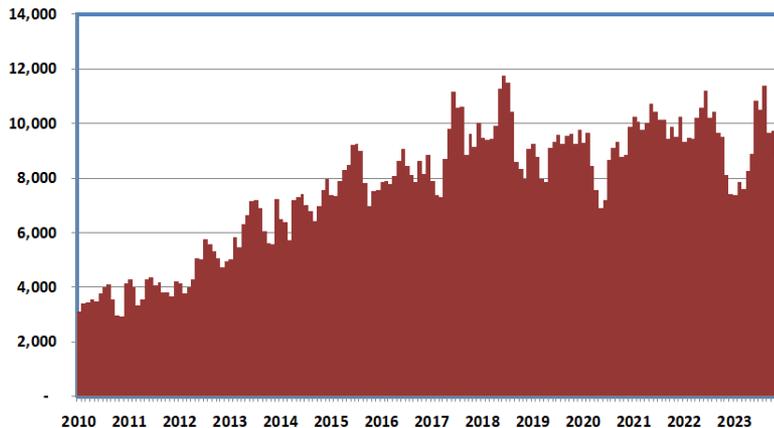
January 17, 2024

1. **Anthropic** — \$2B, San Francisco, US — AI & ML — *Late-stage VC*
2. **Metropolis** — \$1.7B, Los Angeles, US — AI & ML — *Series C*
3. **Commure** — \$1.3B, San Francisco, US — Healthtech — *Late-stage VC*
4. **JUUL** — \$1.3B, Washington D.C., US — Consumer — *Late-stage VC*
5. **Generate** — \$1.06B, San Francisco, US — Fintech — *Late-stage VC*
6. **Relativity** — \$1.05B, Long Beach, US — Aerospace & defense — *Series F*
7. **Databricks** — \$684.6M, San Francisco, US — Business software — *Series I*
8. **Shield AI** — \$500M, San Diego, US — AI & ML — *Series F*
9. **Hinge Health** — \$400M, San Francisco, US — Healthtech — *Late-stage VC*
10. **Ramp** — \$339M, New York, US — Fintech — *Series E*

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

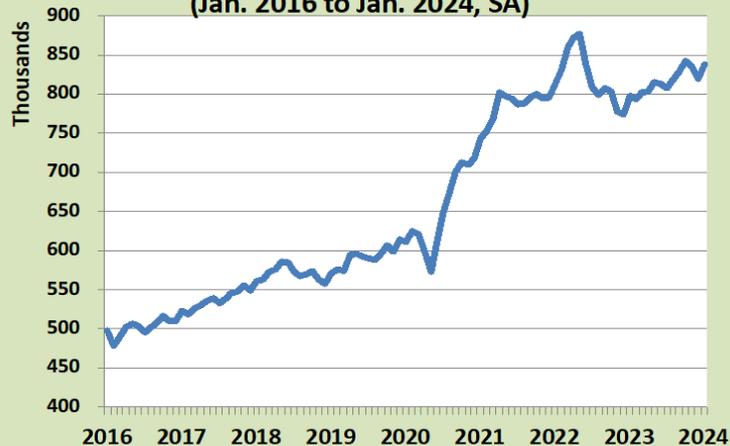


Monthly California New Residential Permits
(3 Mo. Moving Average, No. of Units)



California Housing Markets

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



Construction Employment 2002 - 2024

Residential Construction Payroll Jobs



Non-Residential Construction Payroll Jobs



Specialty Trade Construction Payroll Jobs



Heavy & Civil Construction Payroll Jobs



- HOLLYWOOD IS COMING BACK, SLOWLY
- FASTER GROWTH IN LOGISTICS
- MFG: DEFENSE & AEROSPACE WILL RAMP UP IN 2025
- TECH: AI THE NEW DARLING OF VC'S
- CONSTRUCTION: LABOR CONSTRAINED GROWTH

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%	1.4%	1.7%	1.2%
Unemployment Rate	4.1%	4.6%	3.8%	3.9%
Building Permits	111	123	149	160

THANK YOU

