

# THE POST-ELECTION ECONOMIC HORIZON

## U.S. California & Sonoma

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Anderson School of Management  
Director and Senior Economist  
UCLA Anderson Forecast

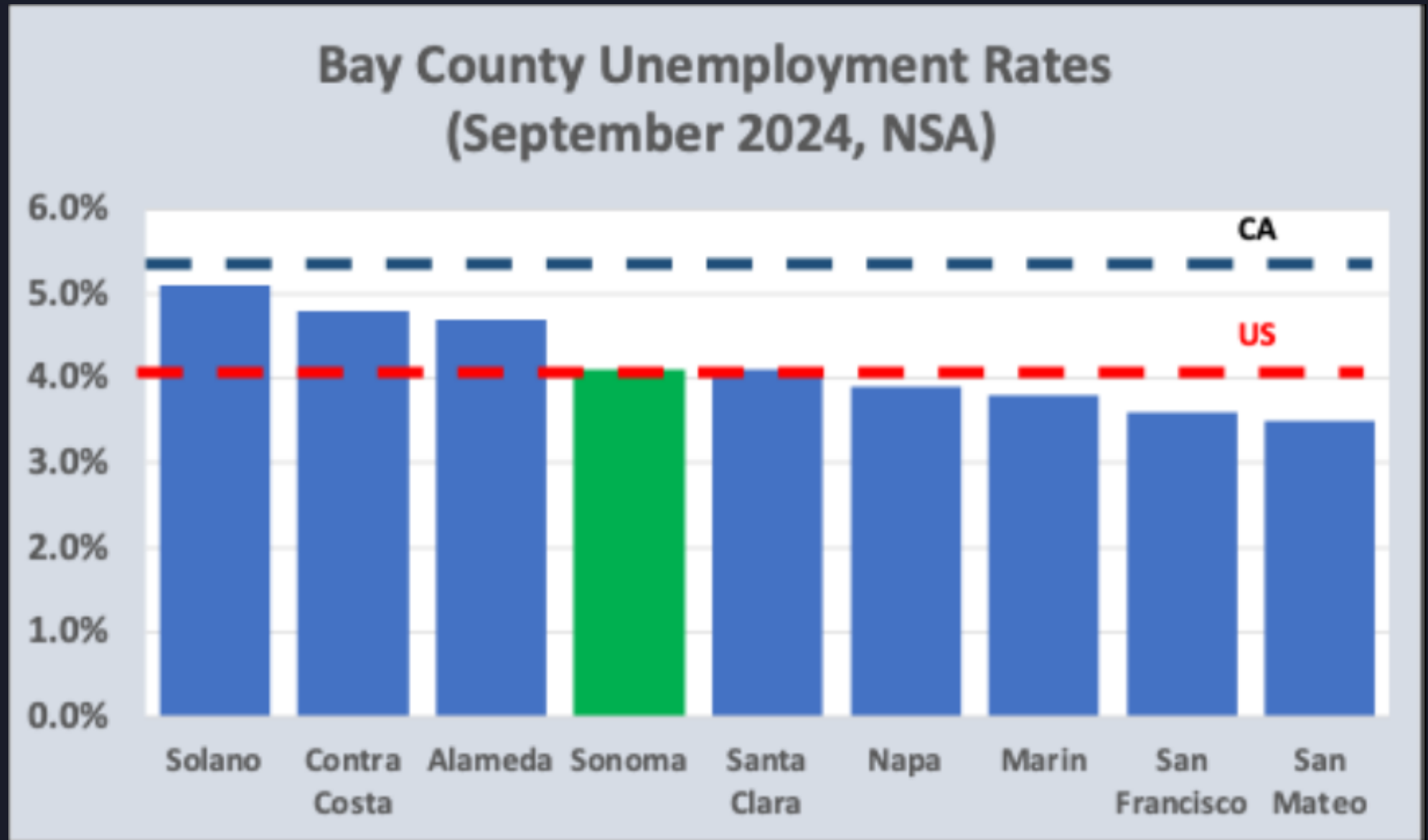


@UCLAFORECAST

# Presentation Contents

CA & Sonoma Forecast  
U.S. Outlook  
California Migration, Unemployment, and  
Housing  
Post Election Speculations  
Sonoma County Retrospective

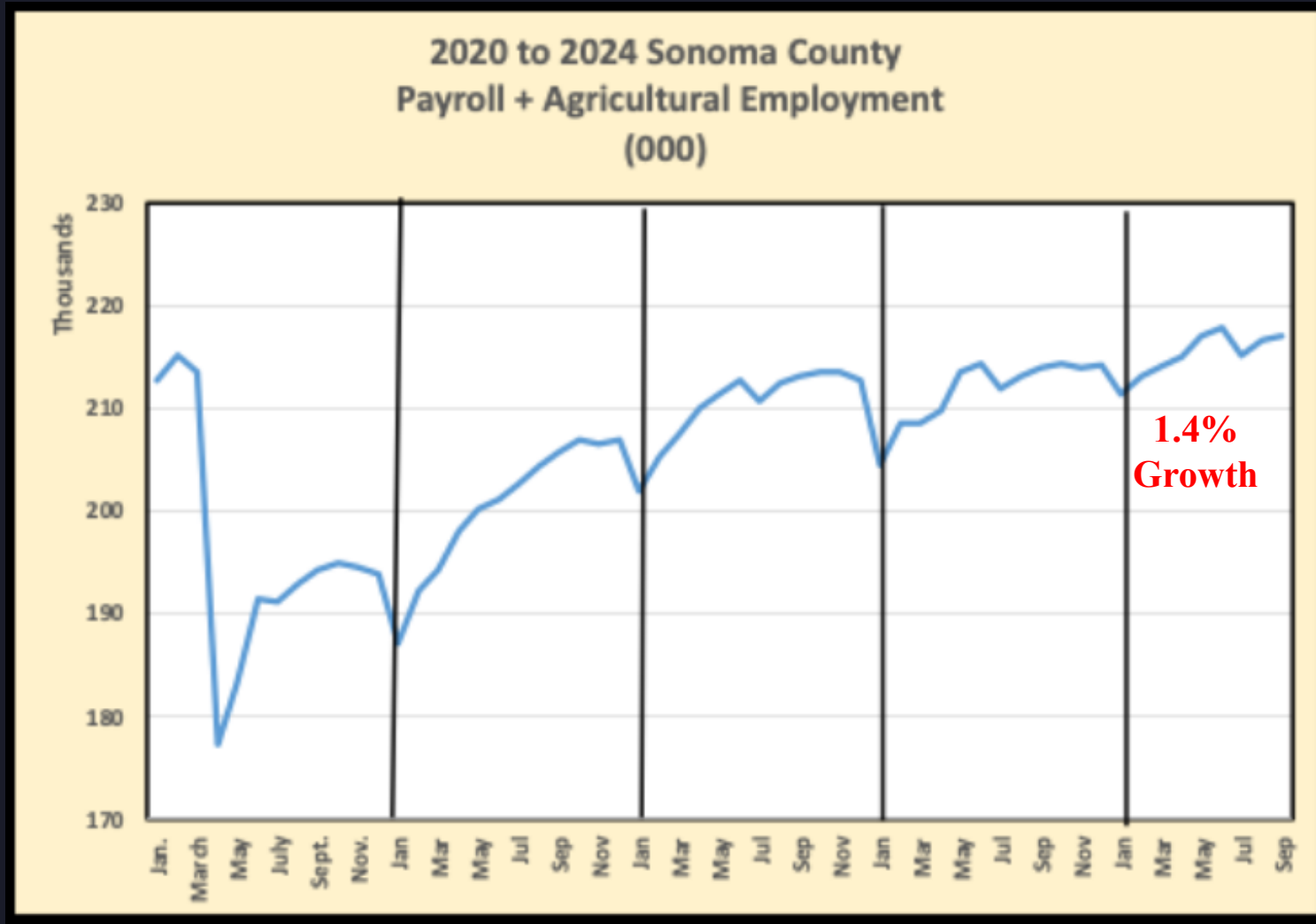
# Unemployment Rates



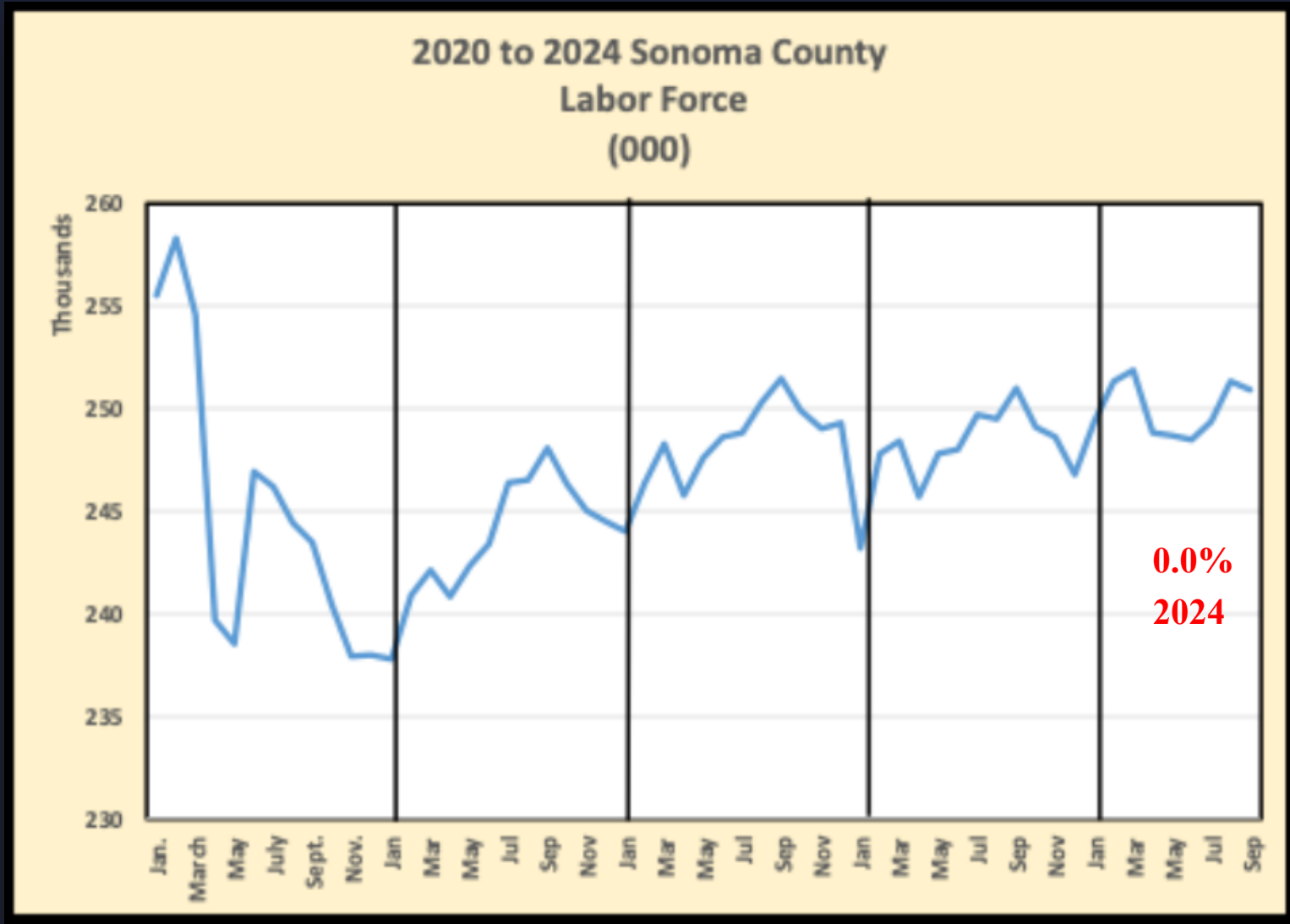
# JOB GROWTH IN 2024

a unique approach. critical answers. *Accurate.*

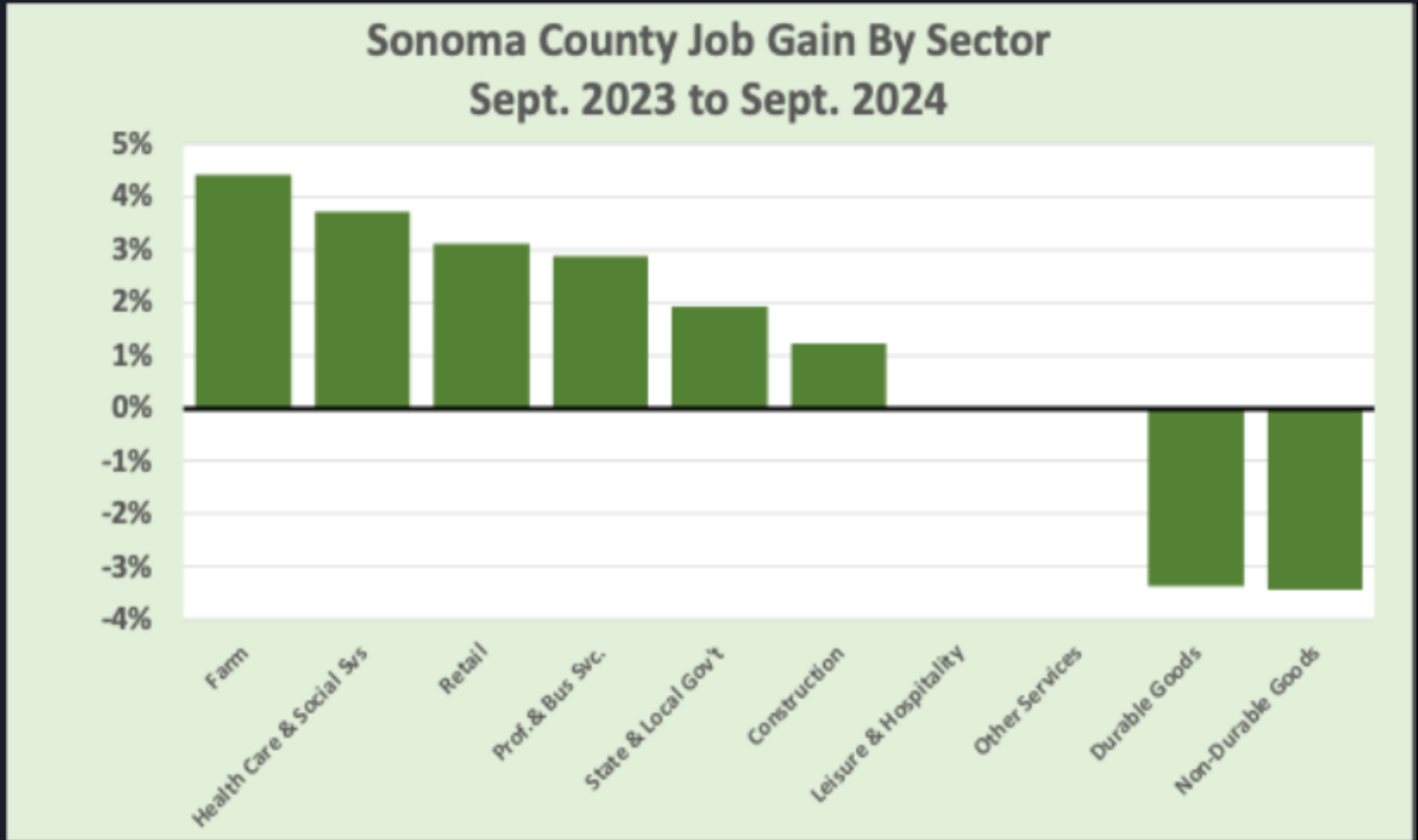
# YIELDS AN EMPLOYMENT RECOVERY



# Labor Force

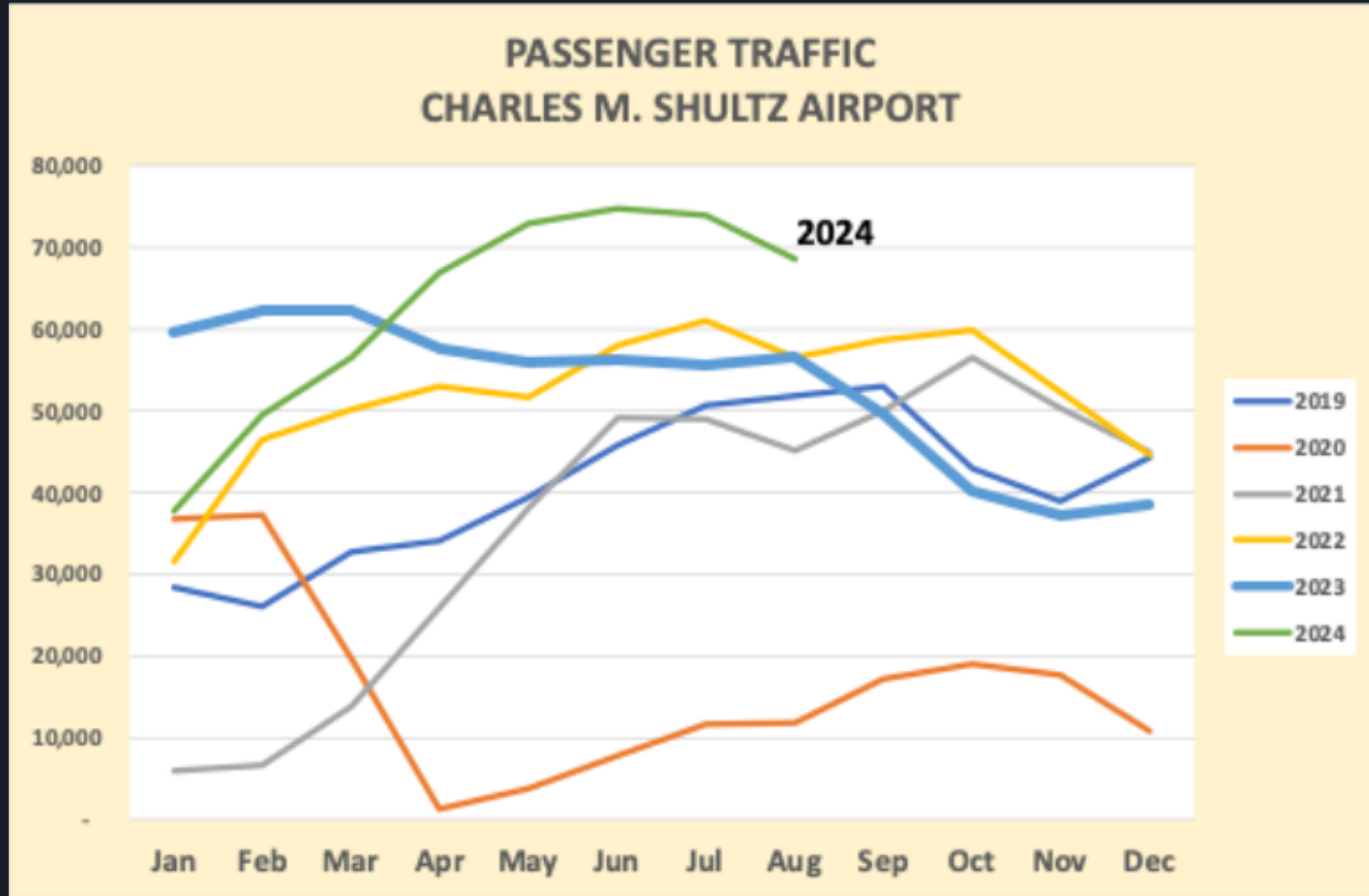


# Sectoral Growth in 2024



# SONOMA AIRPORT 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 +



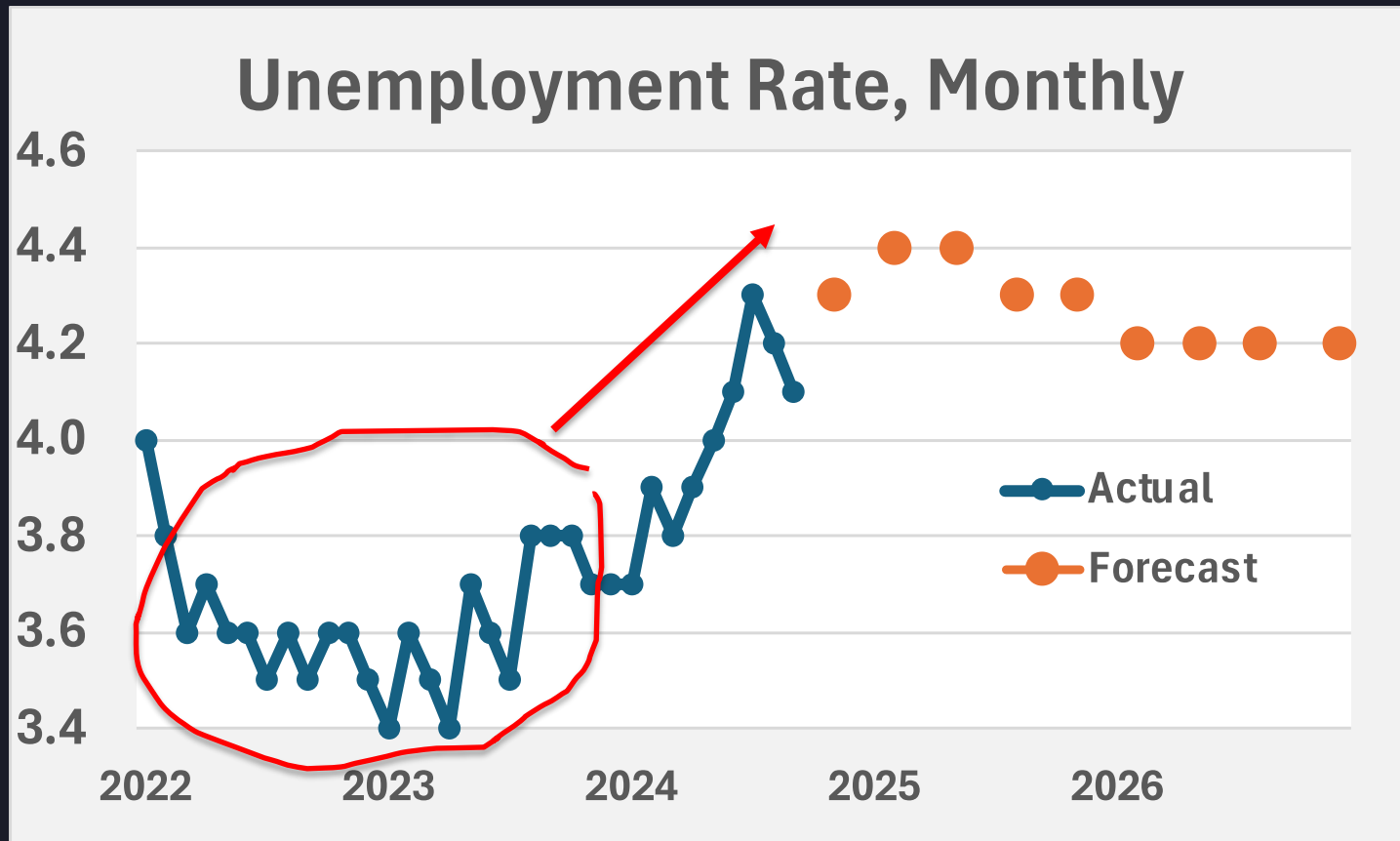
# References

- [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://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.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>

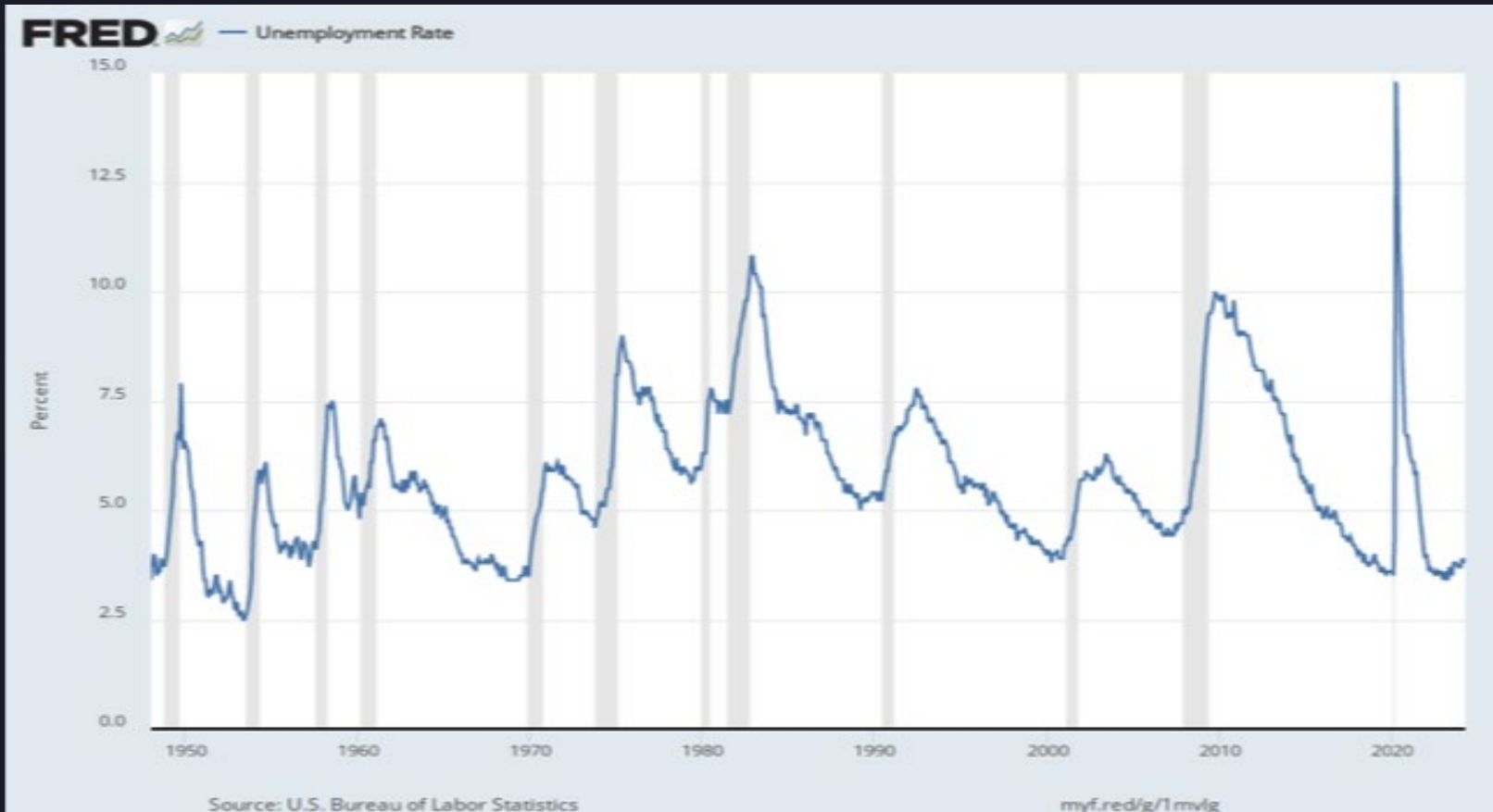
UCLA Anderson Forecast

# MACRO OUTLOOK

# Unemployment Rate: September = 4.1%



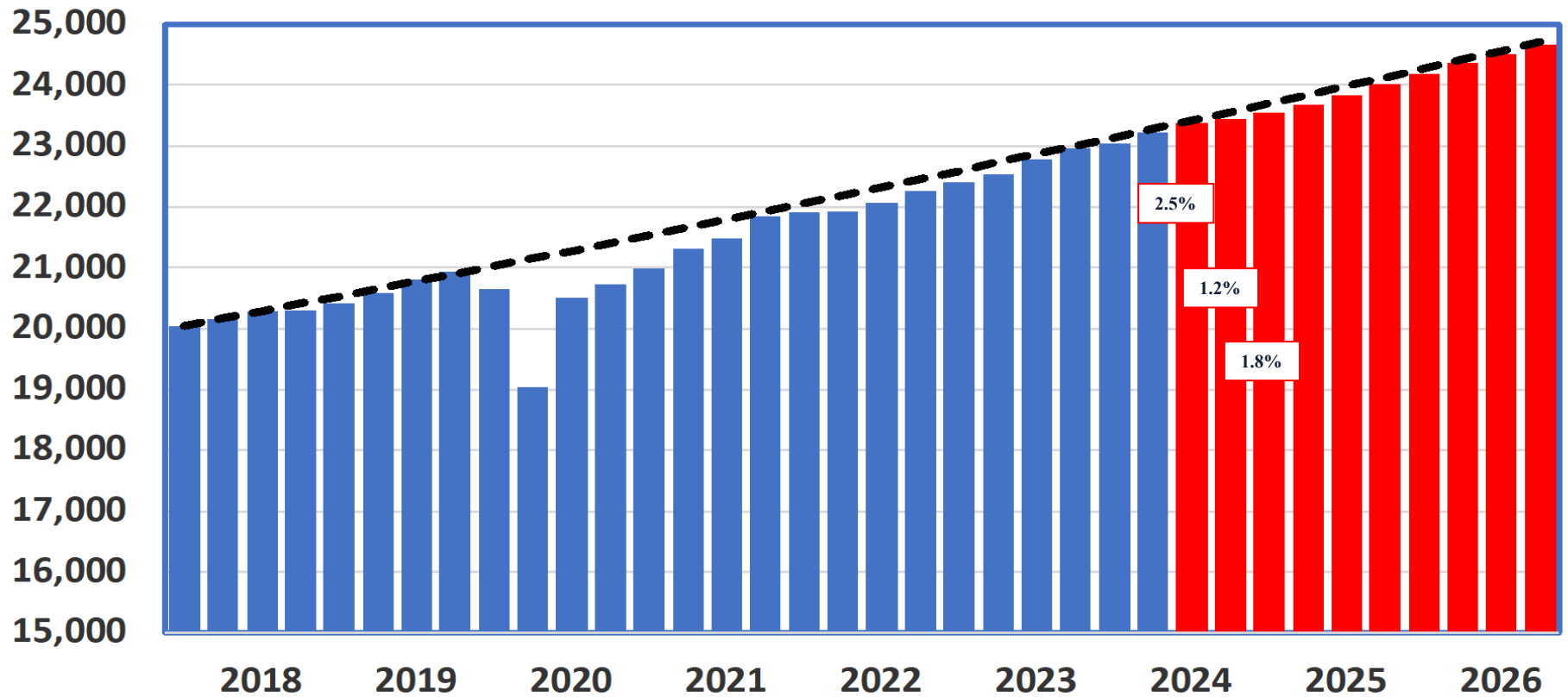
# HISTORICAL UNEMPLOYMENT RATES



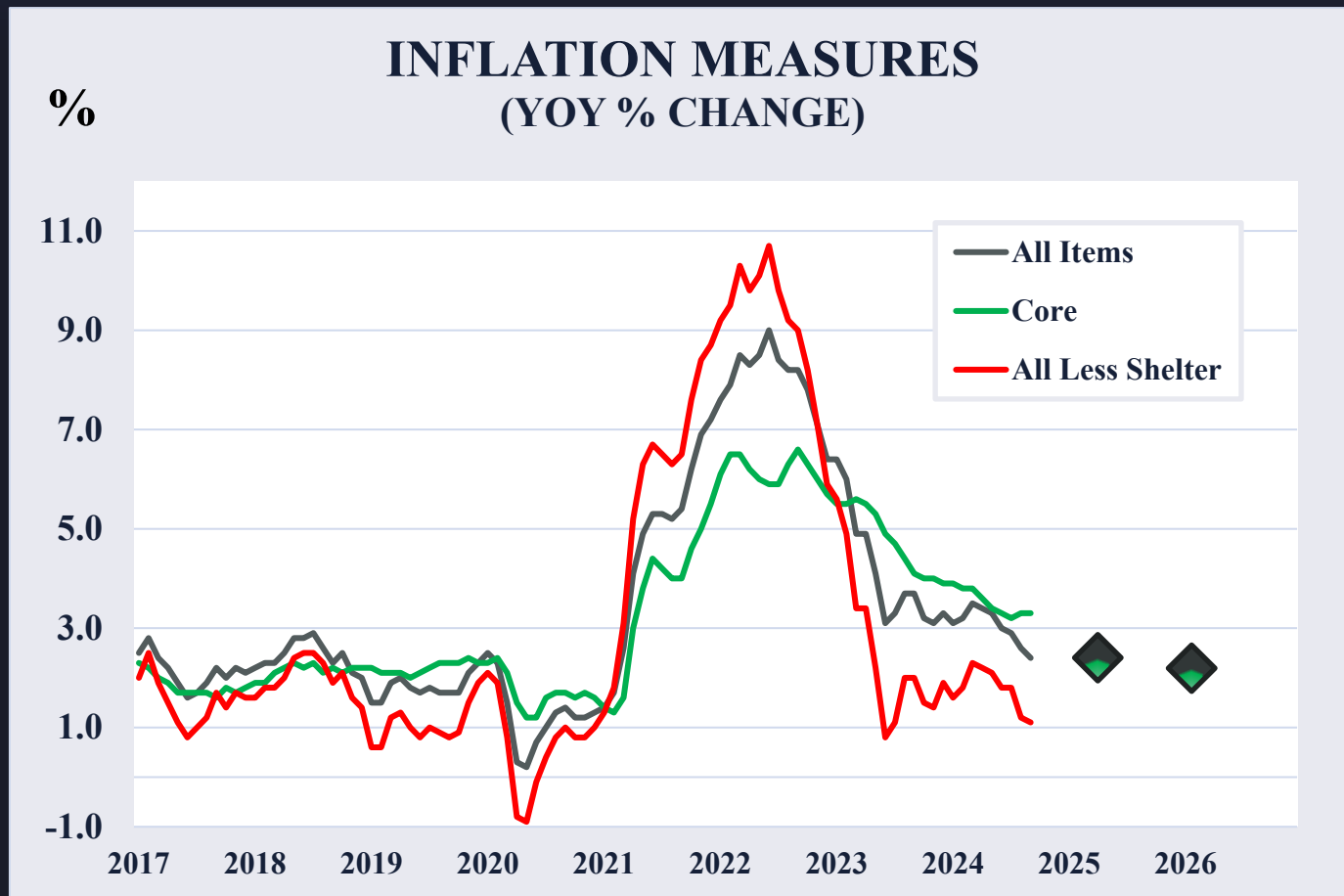
# GDP

## Real GDP (Billions 2017\$, SAAR)

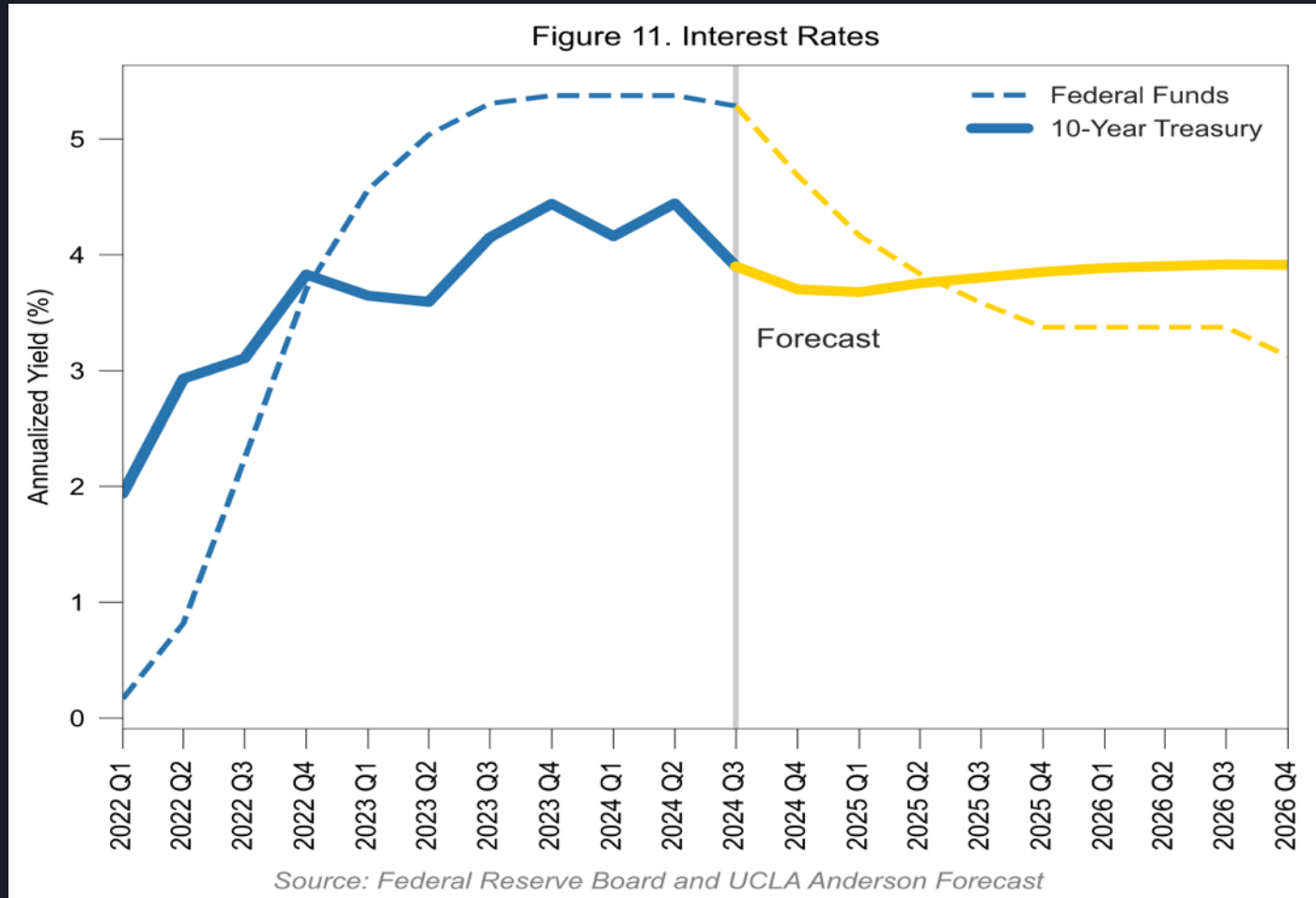
2026 2.8%

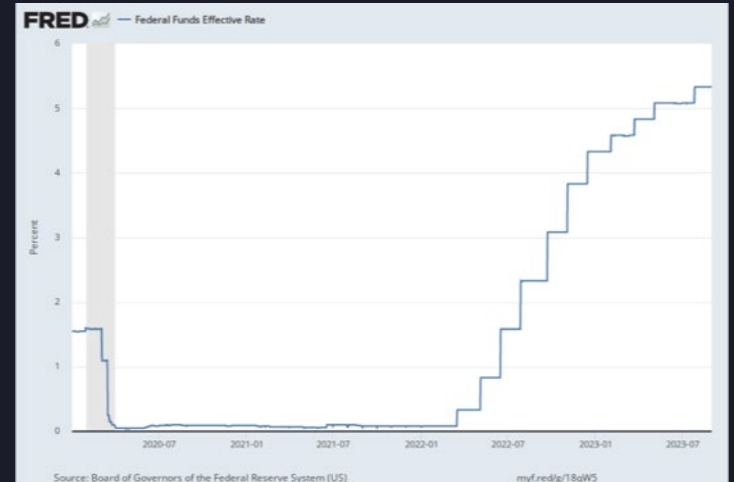


# Change in Headline & Core CPI (% Year over Year)



# Interest Rates

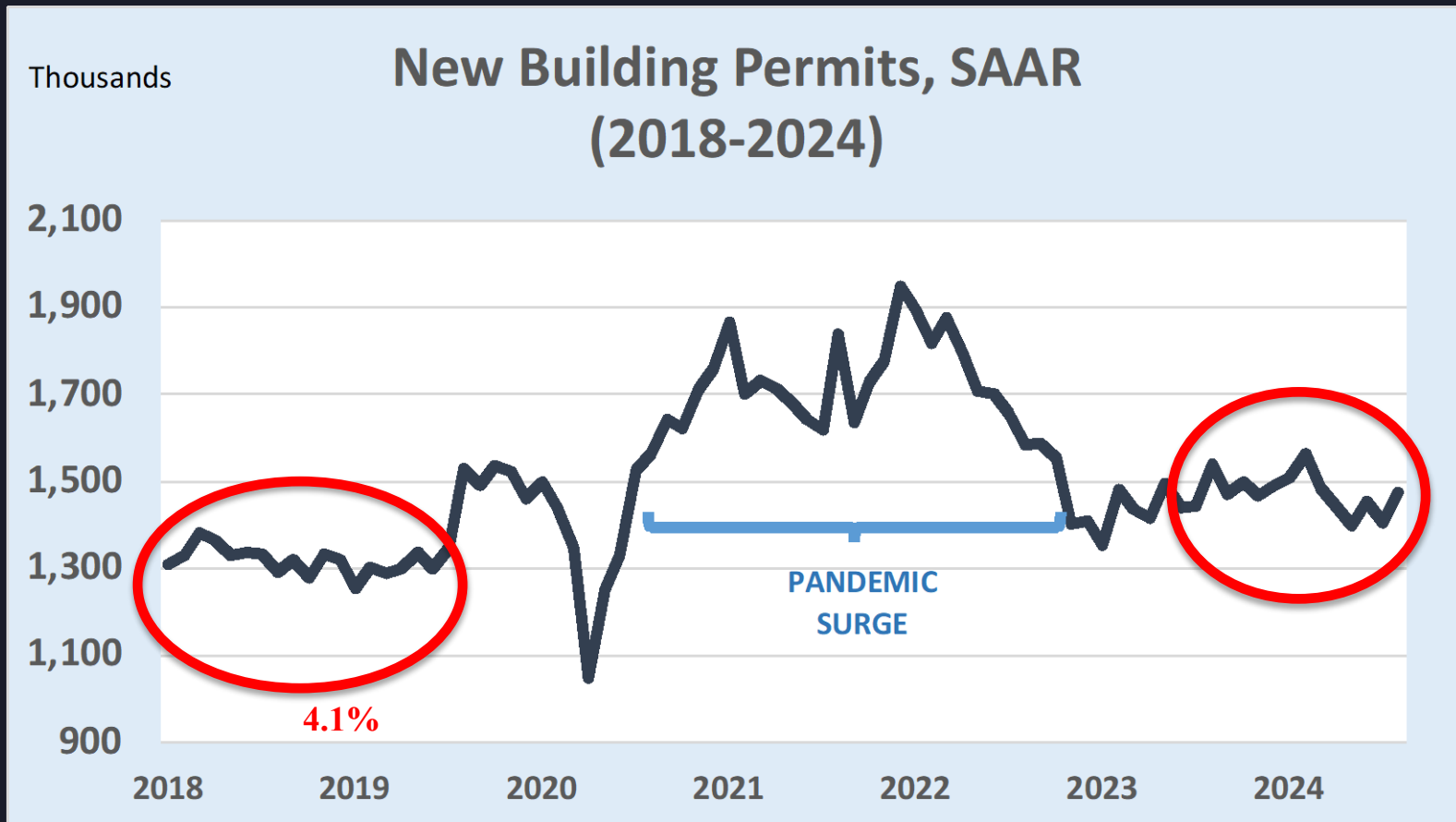




# INTEREST SENSITIVE SECTORS



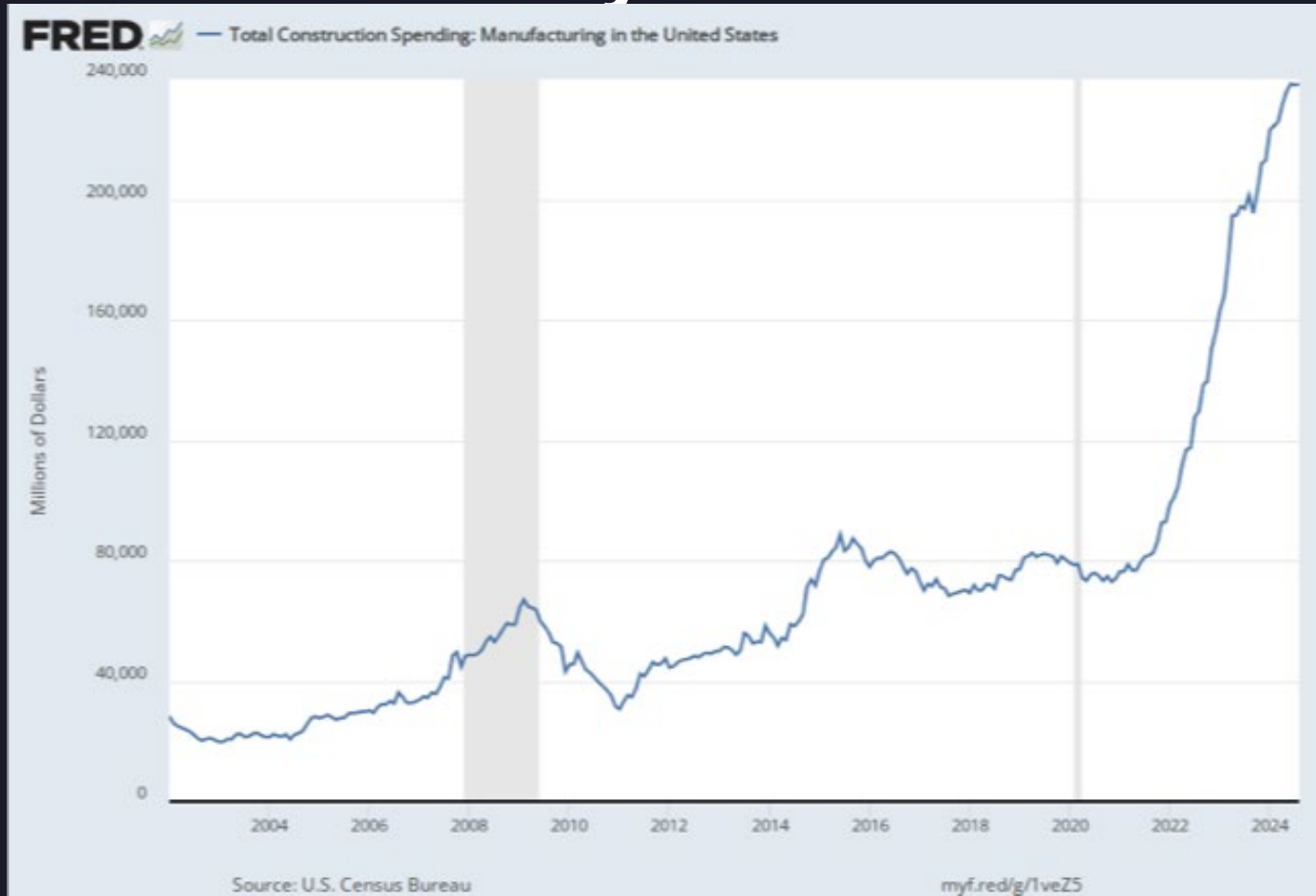
# Building Permits



# Durable Goods – Non-Defense New Orders



# New Factory Construction

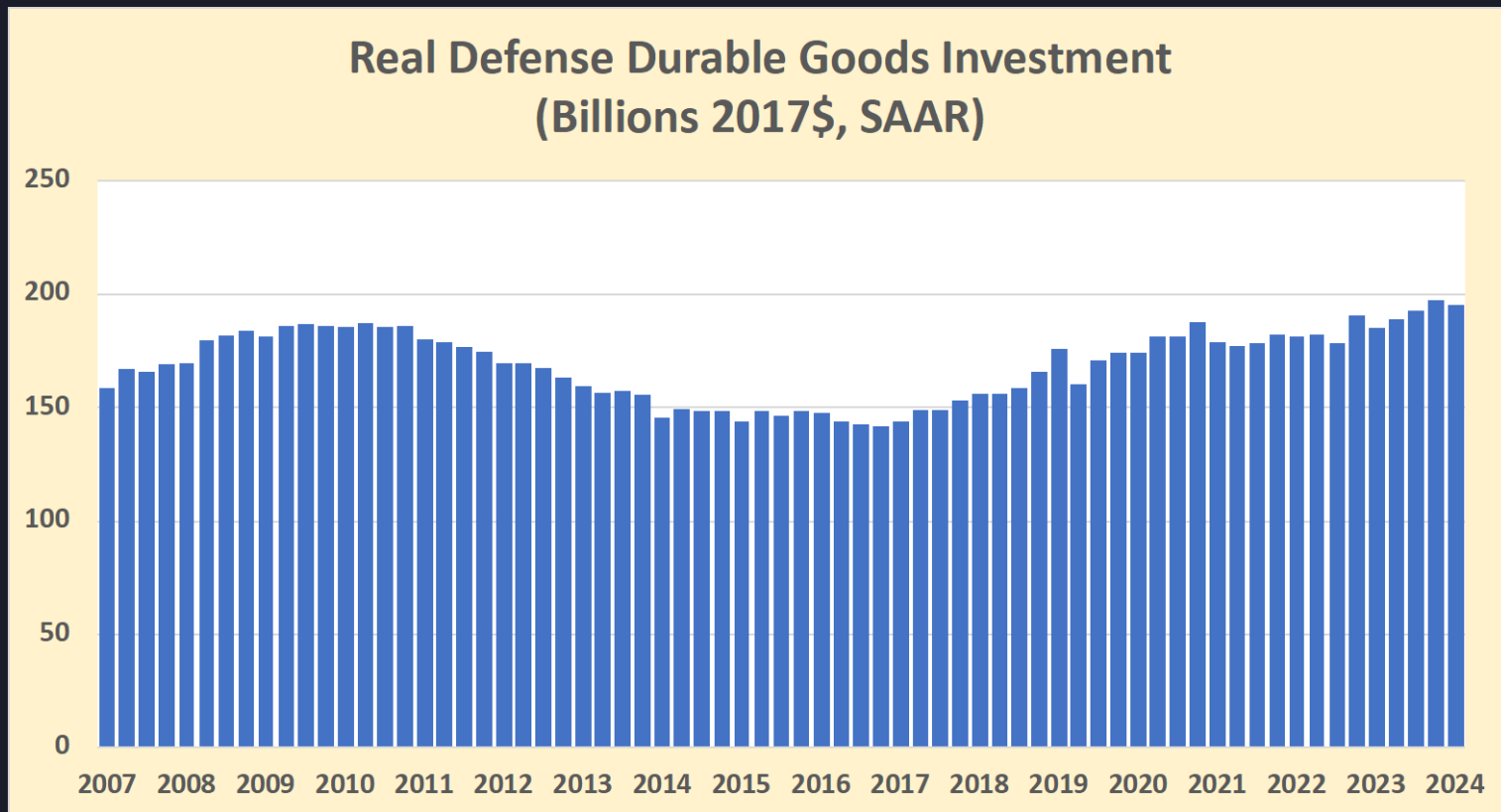


# OTHER SECTORS

# Consumption Remains Strong

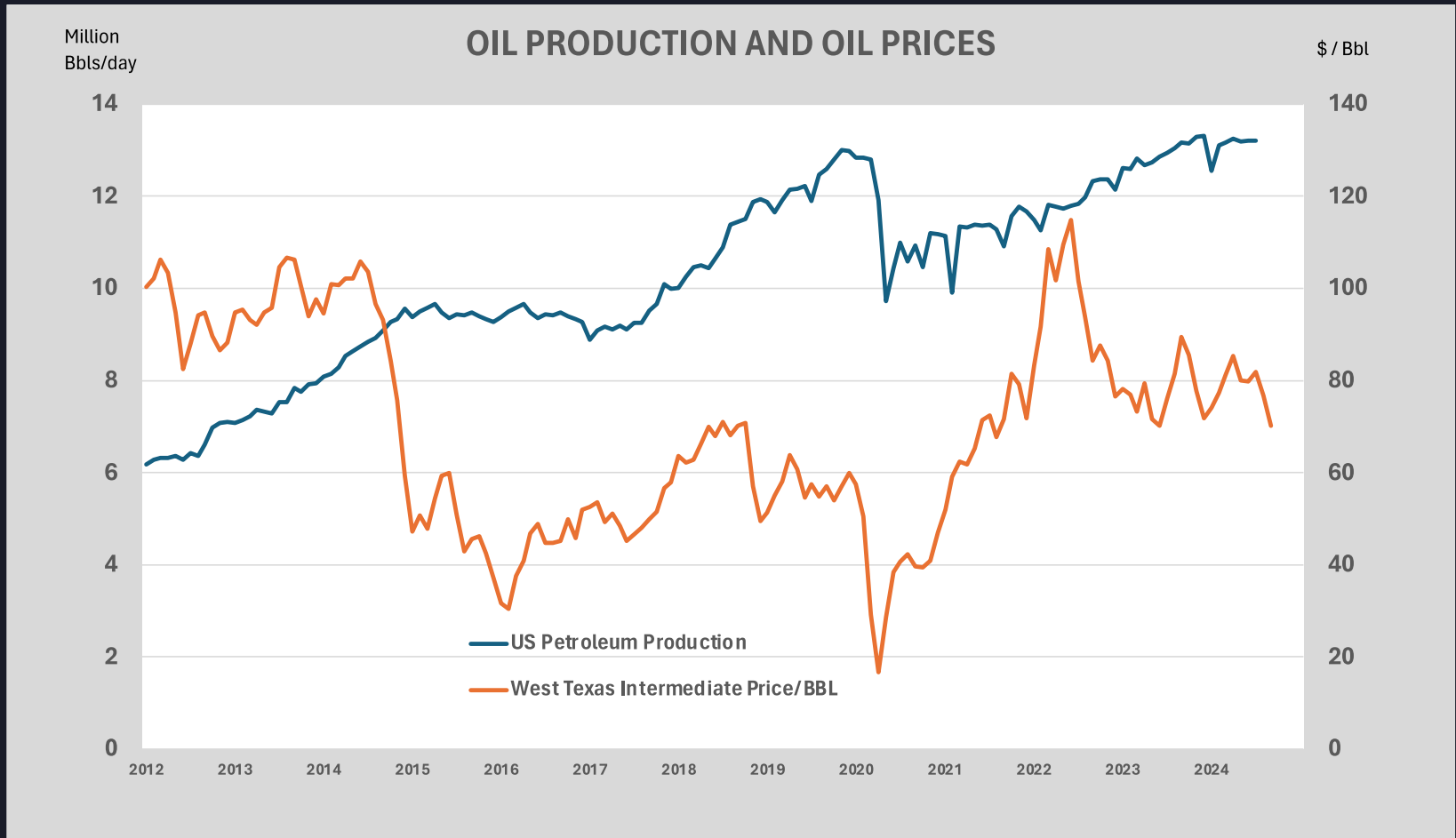


# Into an already booming economy and tight labor market, add stimulus from more



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

# Oil Production and Prices



# 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**

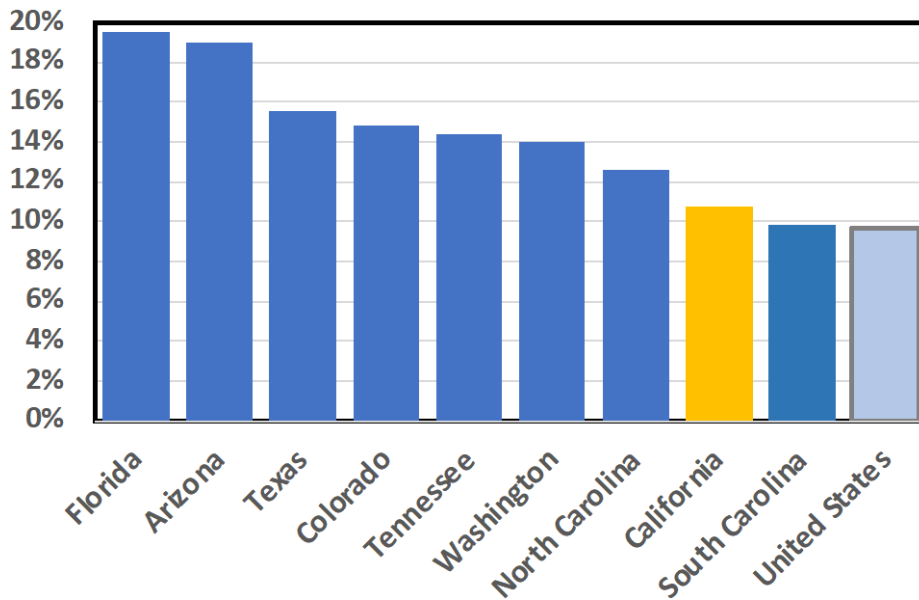


# GROWTH & ADJUSTMENT

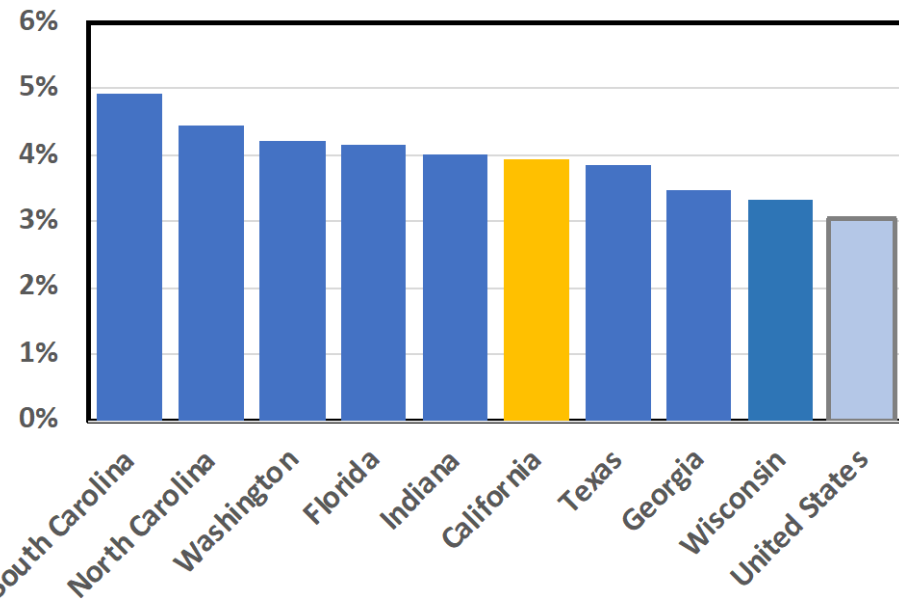
## CA Outlook

# THE CALIFORNIA ECONOMY IS STILL GROWING FASTER THAN THE U.S.

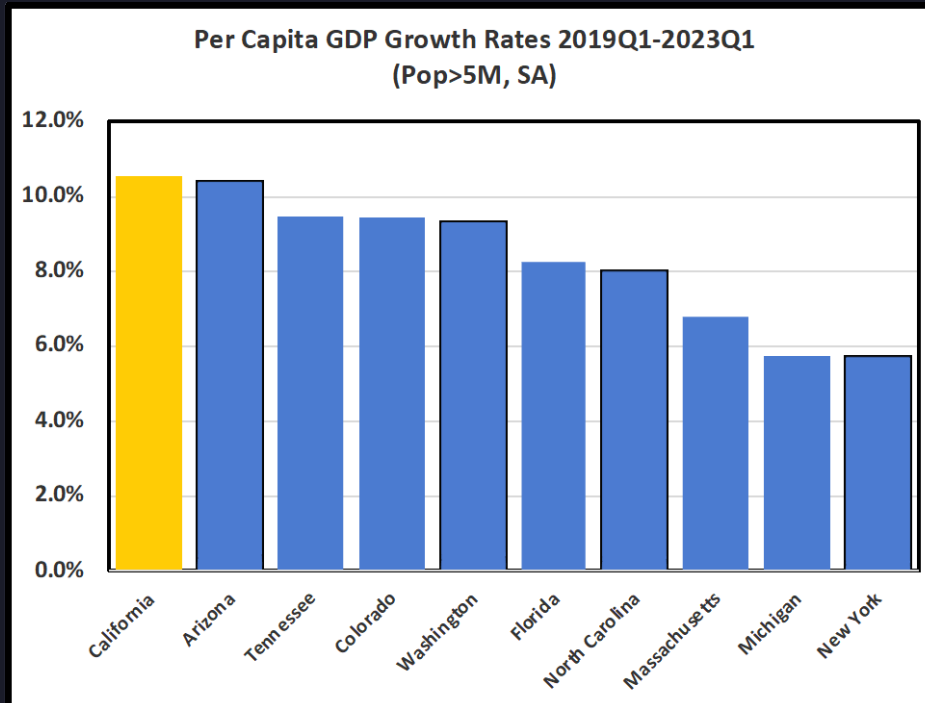
GDP Growth by State  
(2019Q1 to 2023Q1, States > 5Mpop)



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



# THE CALIFORNIA ECONOMY IS STILL GROWING BUT AT A SLOWER RATE

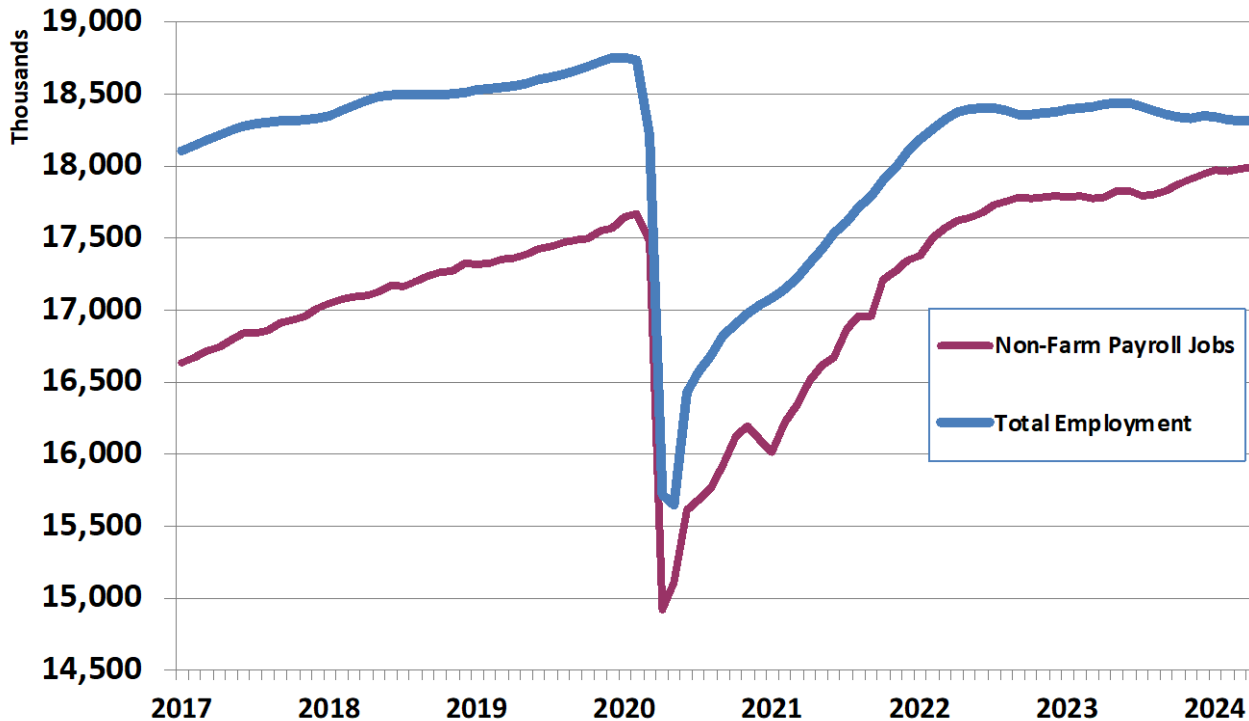


2024 Q2 Real GDP Growth

CA	U.S.
2.8%	3.0%

# CA Employment and Jobs

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

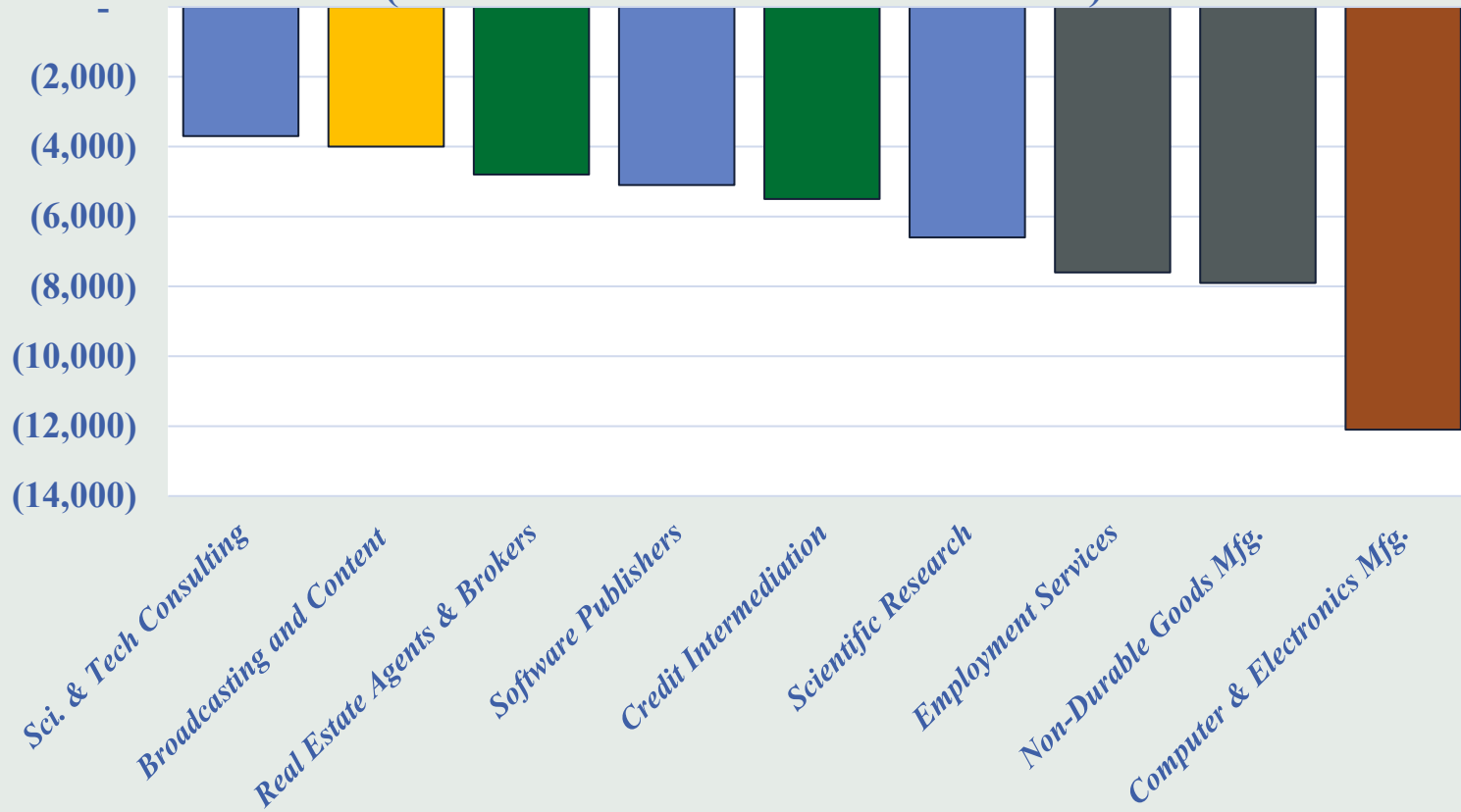
Independent  
Contractors

Family business

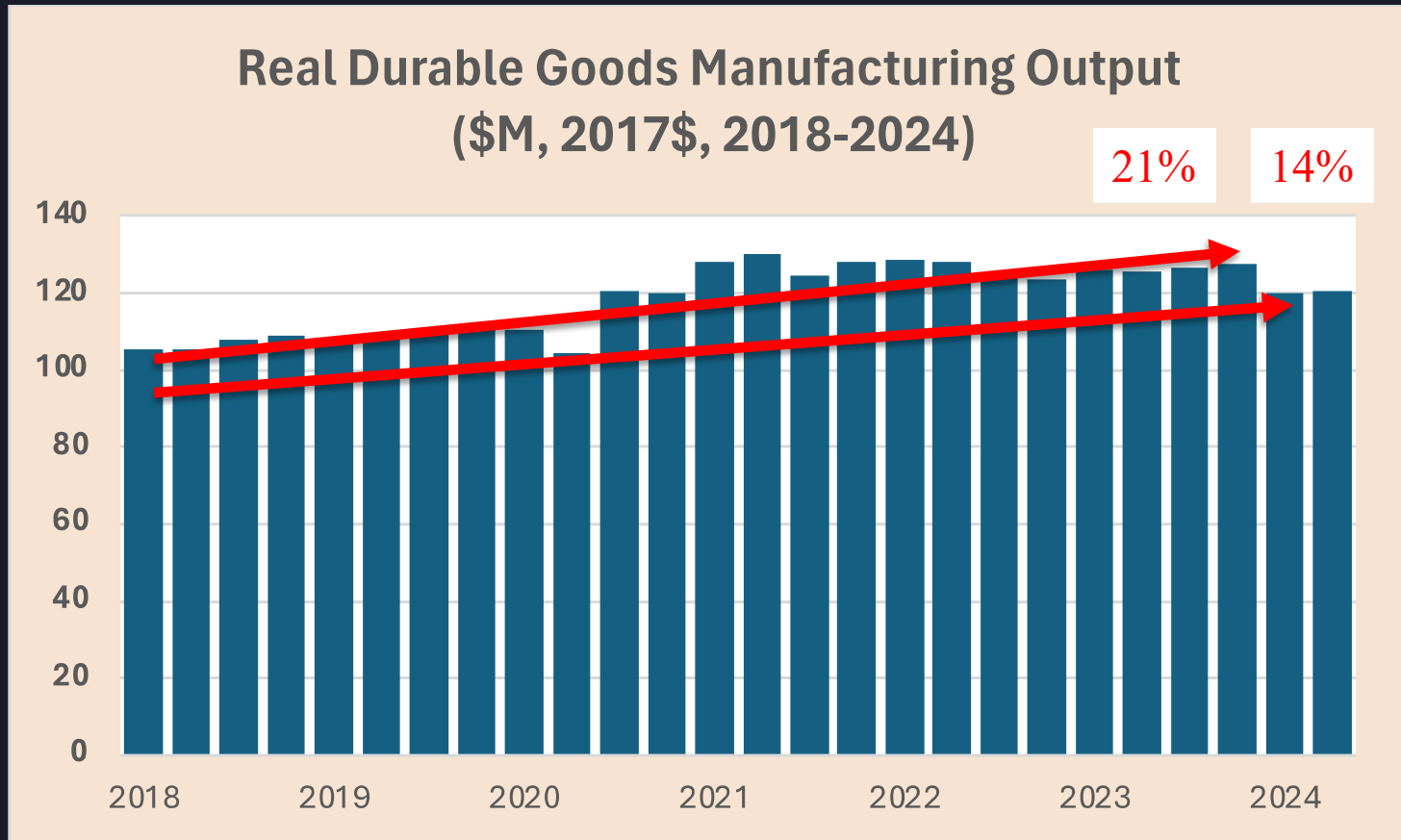
Gig Workers

# Job Loss by Sector

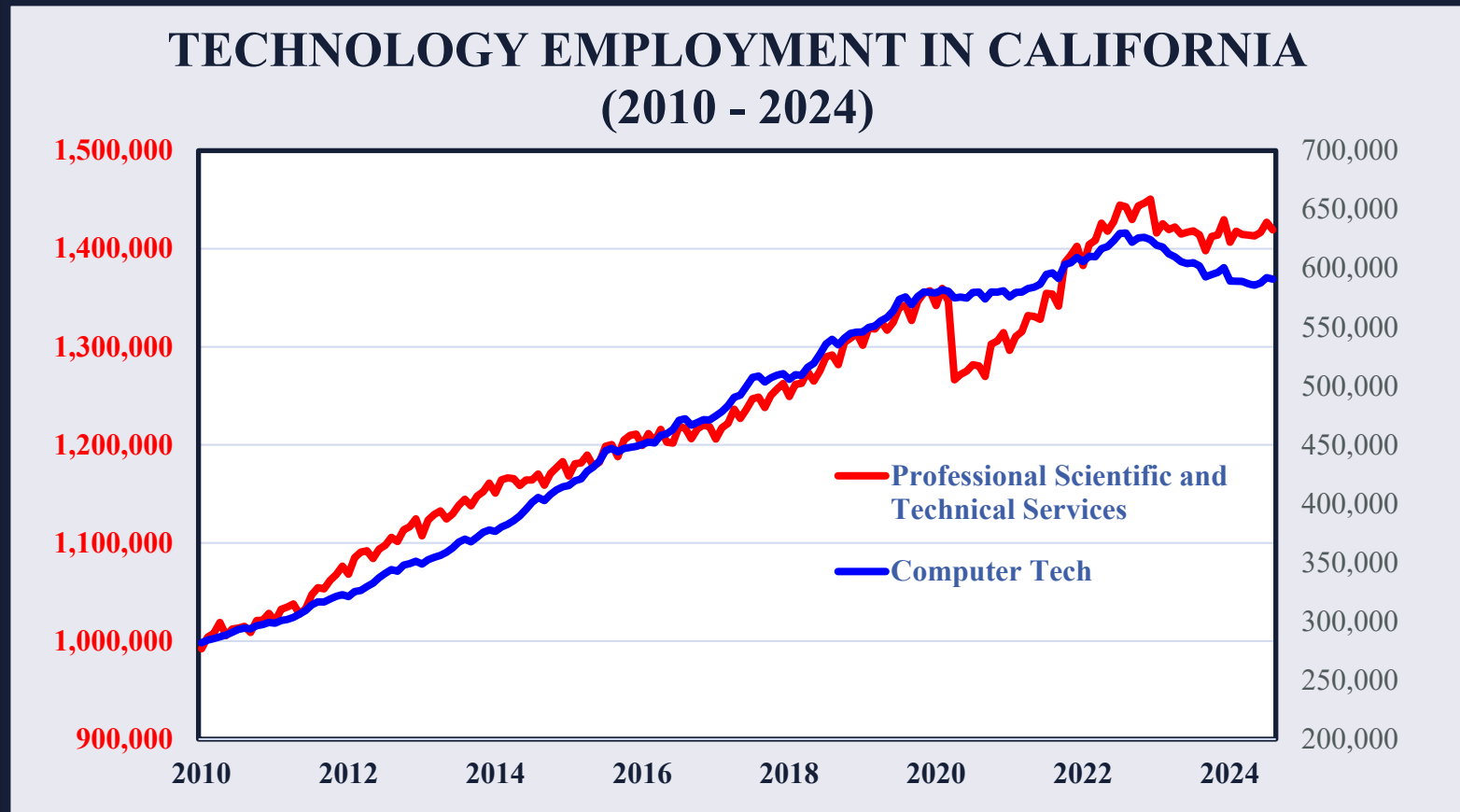
**JOB LOSS BY SECTOR  
(AUGUST 2023 TO AUGUST 2024)**



# Real Durable Goods Manufacturing Output



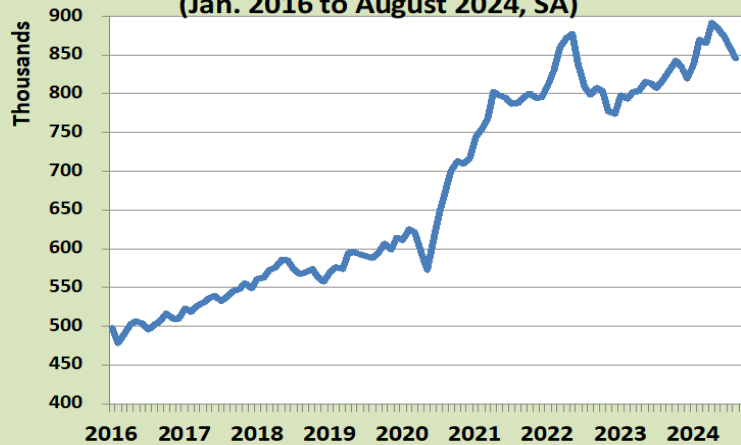
# Tech job growth stalls



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

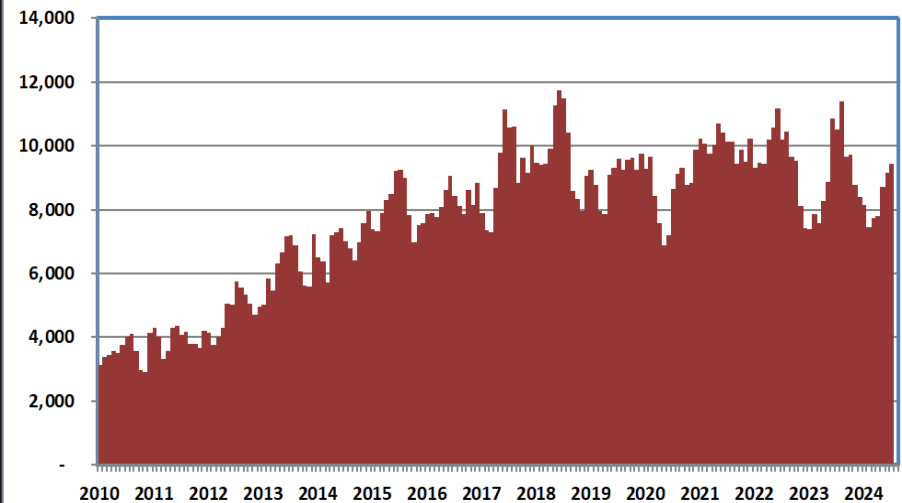


CALIFORNIA MEDIAN SF HOME PRICE  
(Jan. 2016 to August 2024, SA)



# California Housing Markets

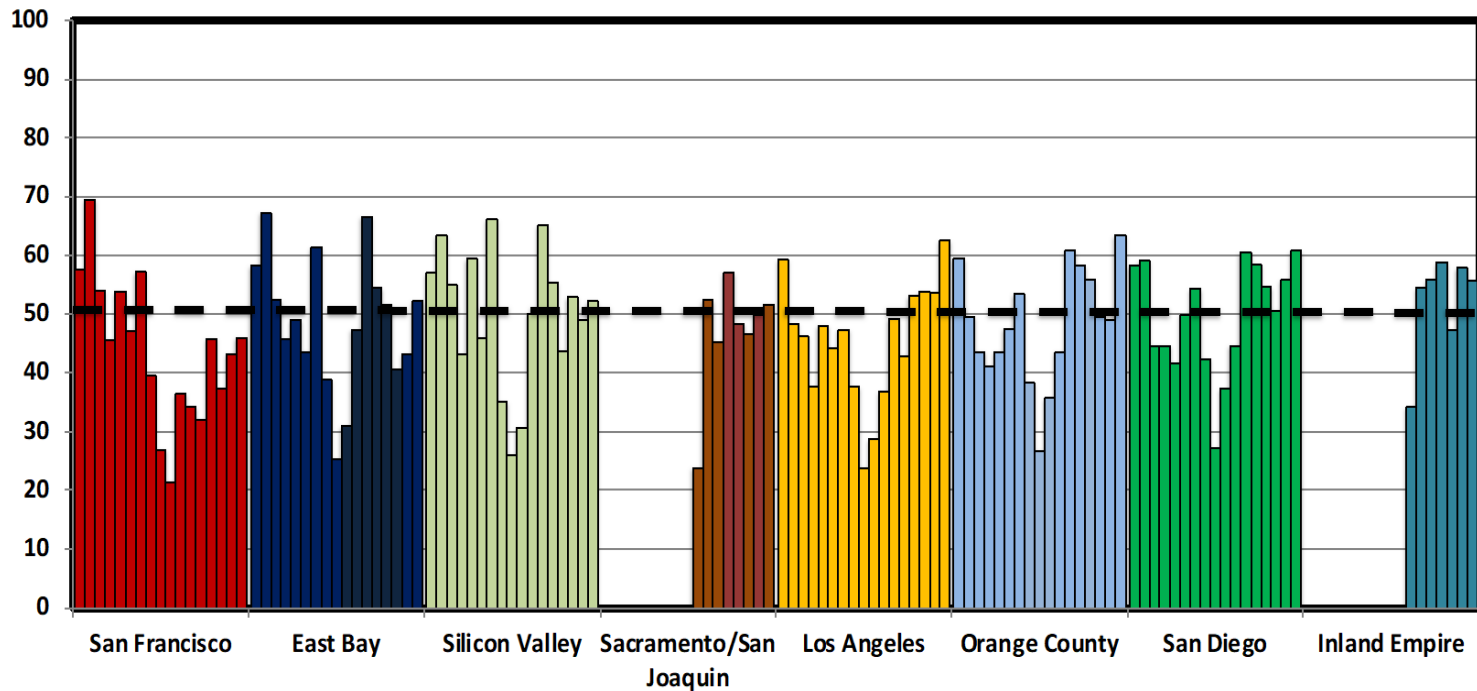
Monthly California New Residential Permits  
(3 Mo. Moving Average, No. of Units)



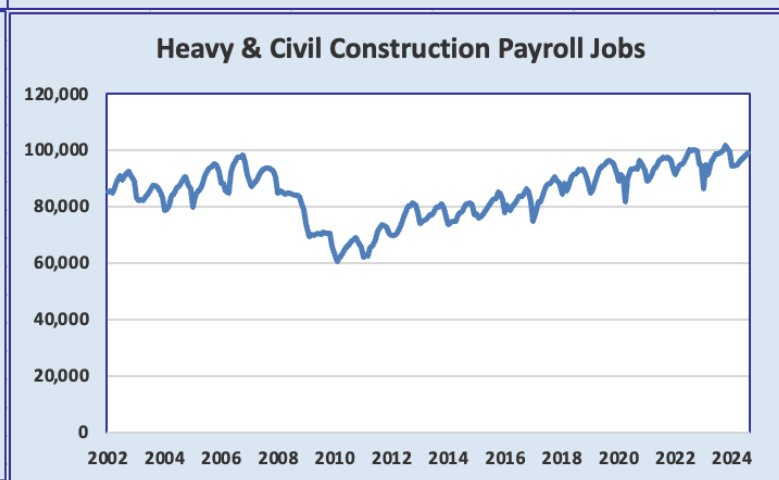
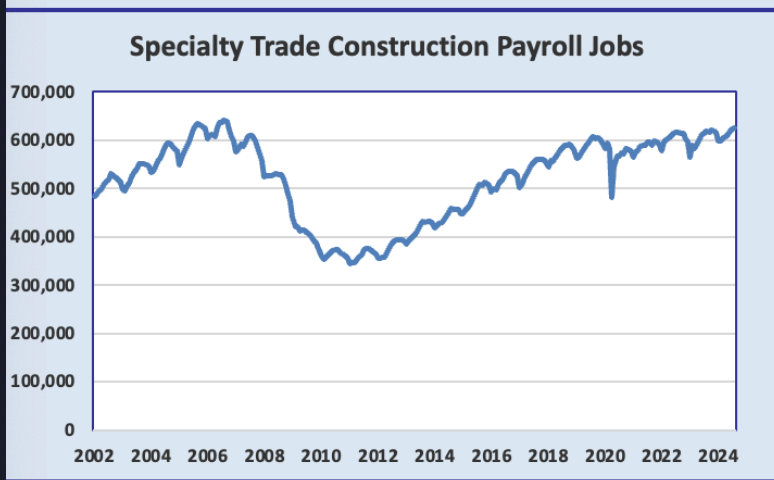
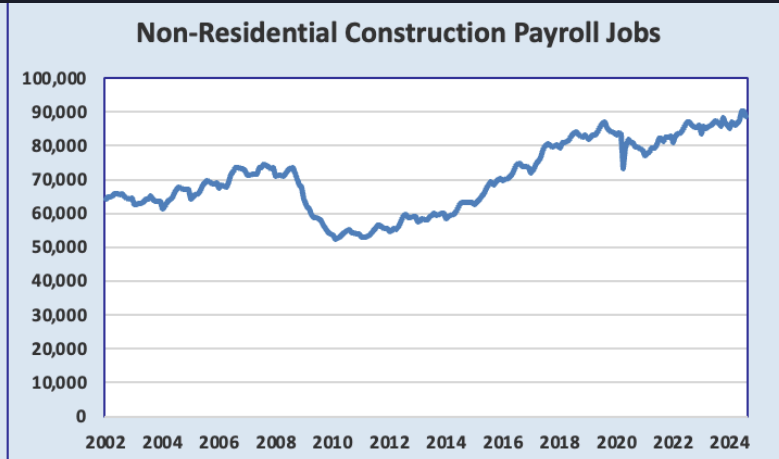
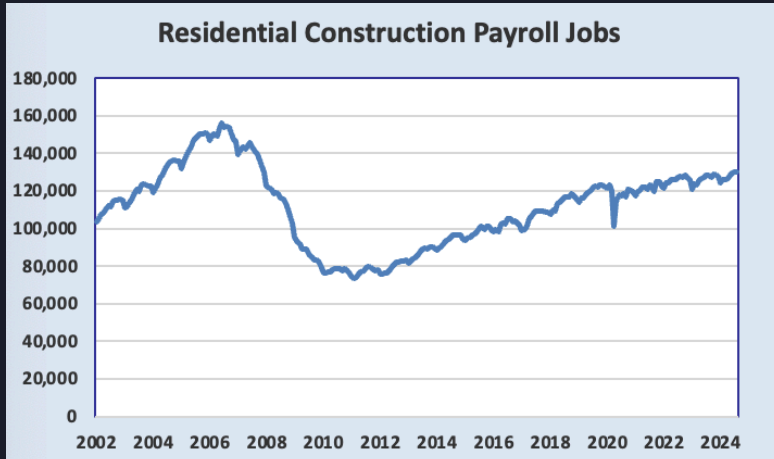


## ALLEN MATKINS / UCLA ANDERSON FORECAST CALIFORNIA CRE SURVEY

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



# 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!