

Economic Outlook

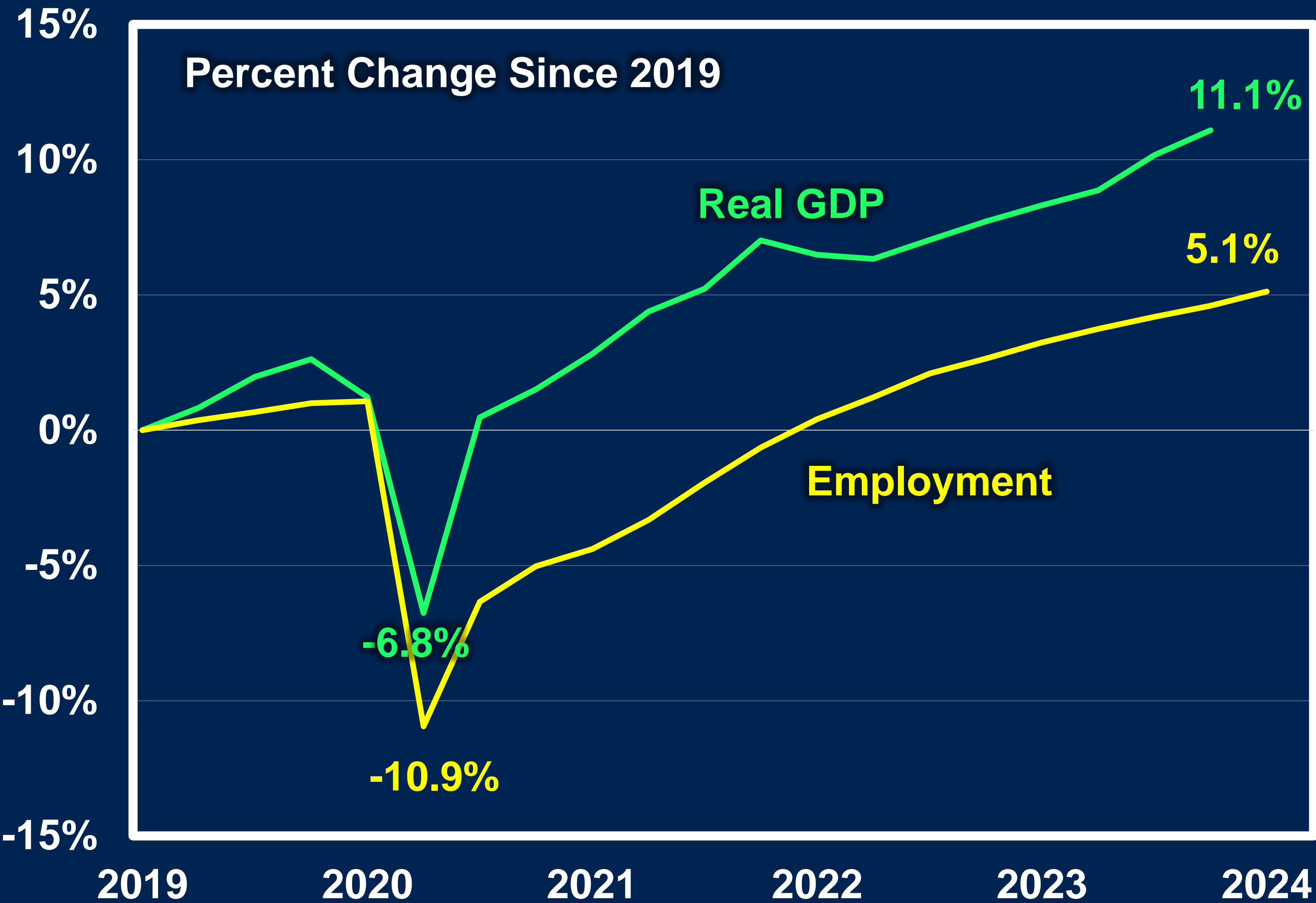
Orange County Transportation Authority

July 2024

Anil Puri, Ph.D.

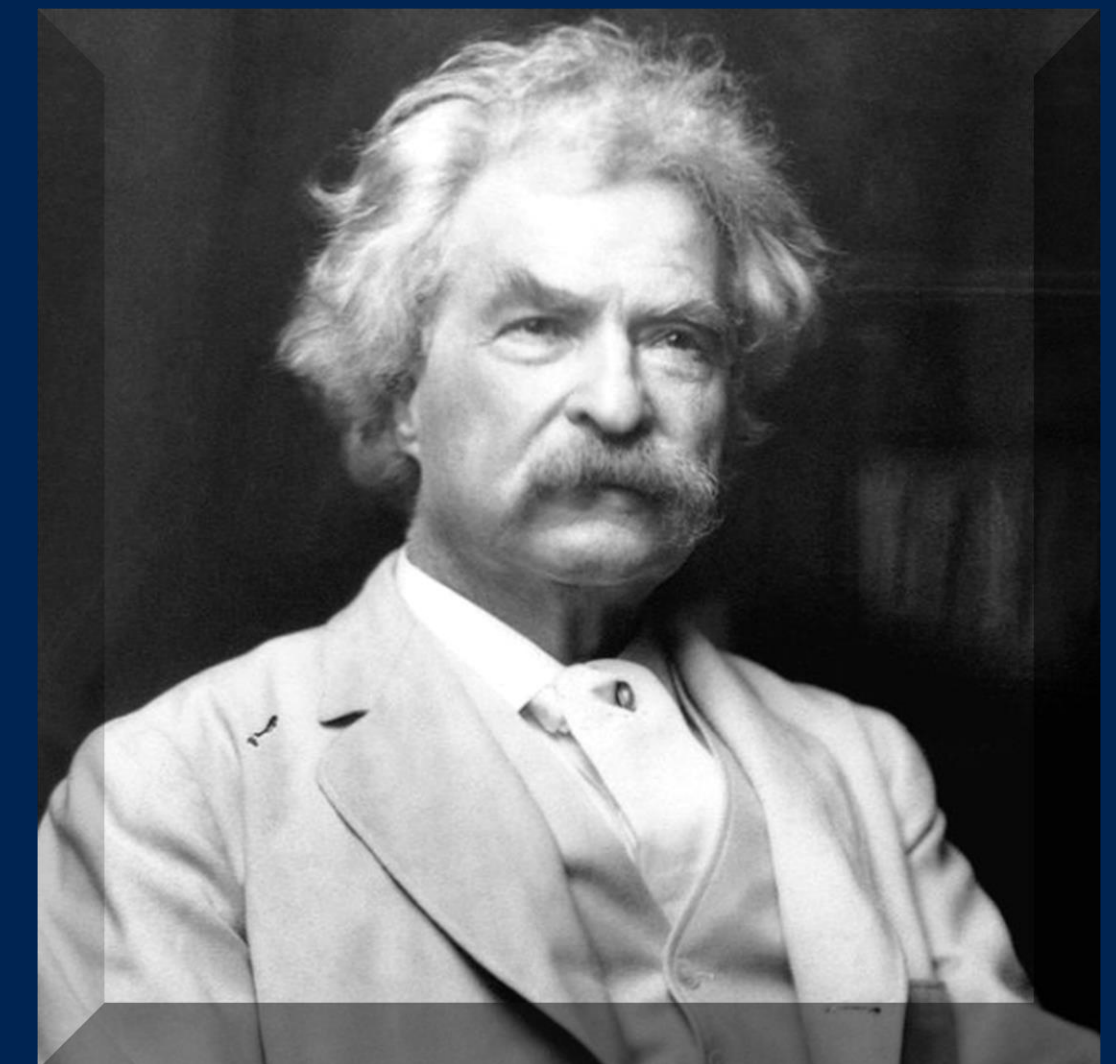
California State University, Fullerton

The Recession that Never Was A Strong and Resilient Economy



Reports of my death have been greatly exaggerated

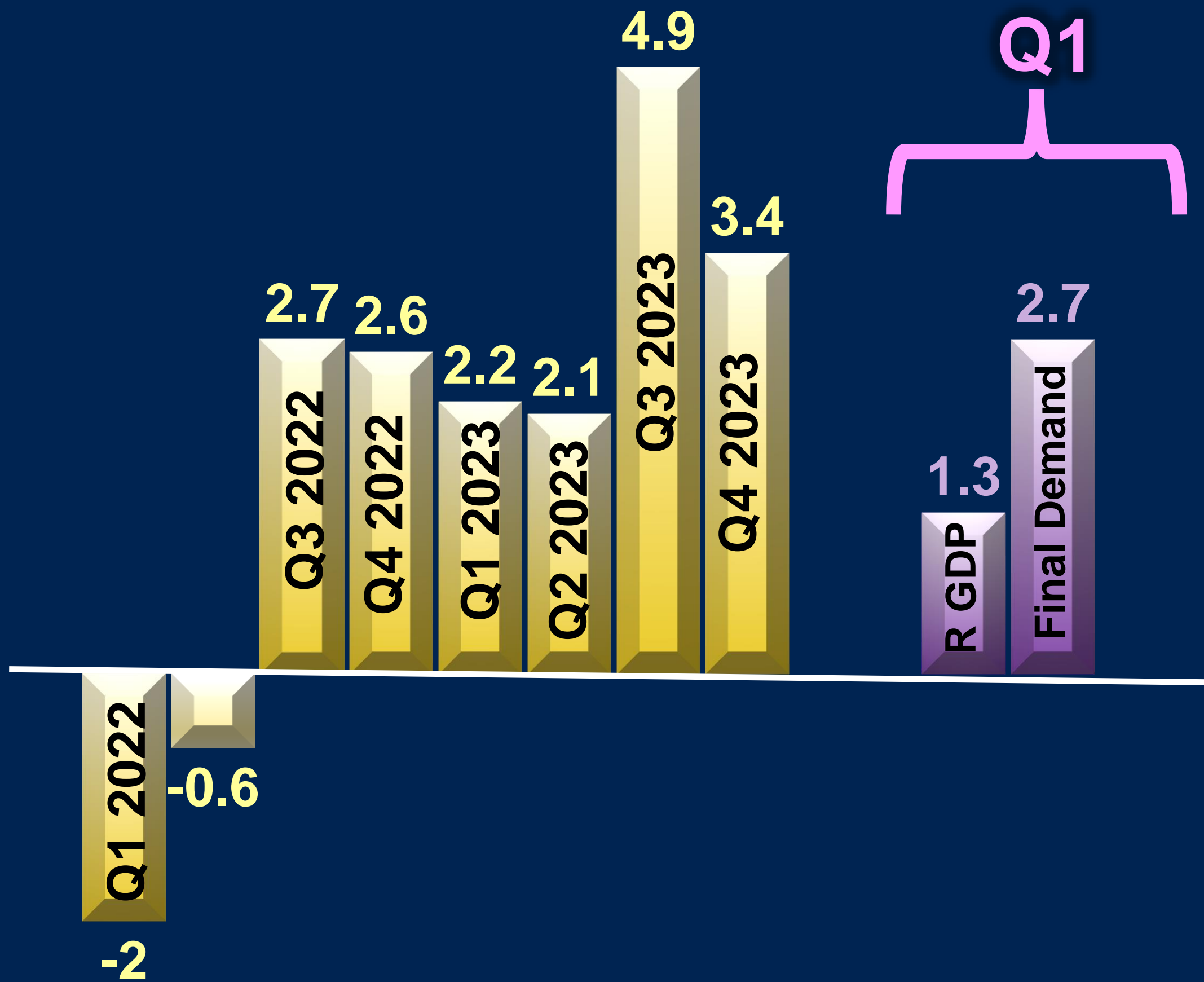
Mark Twain



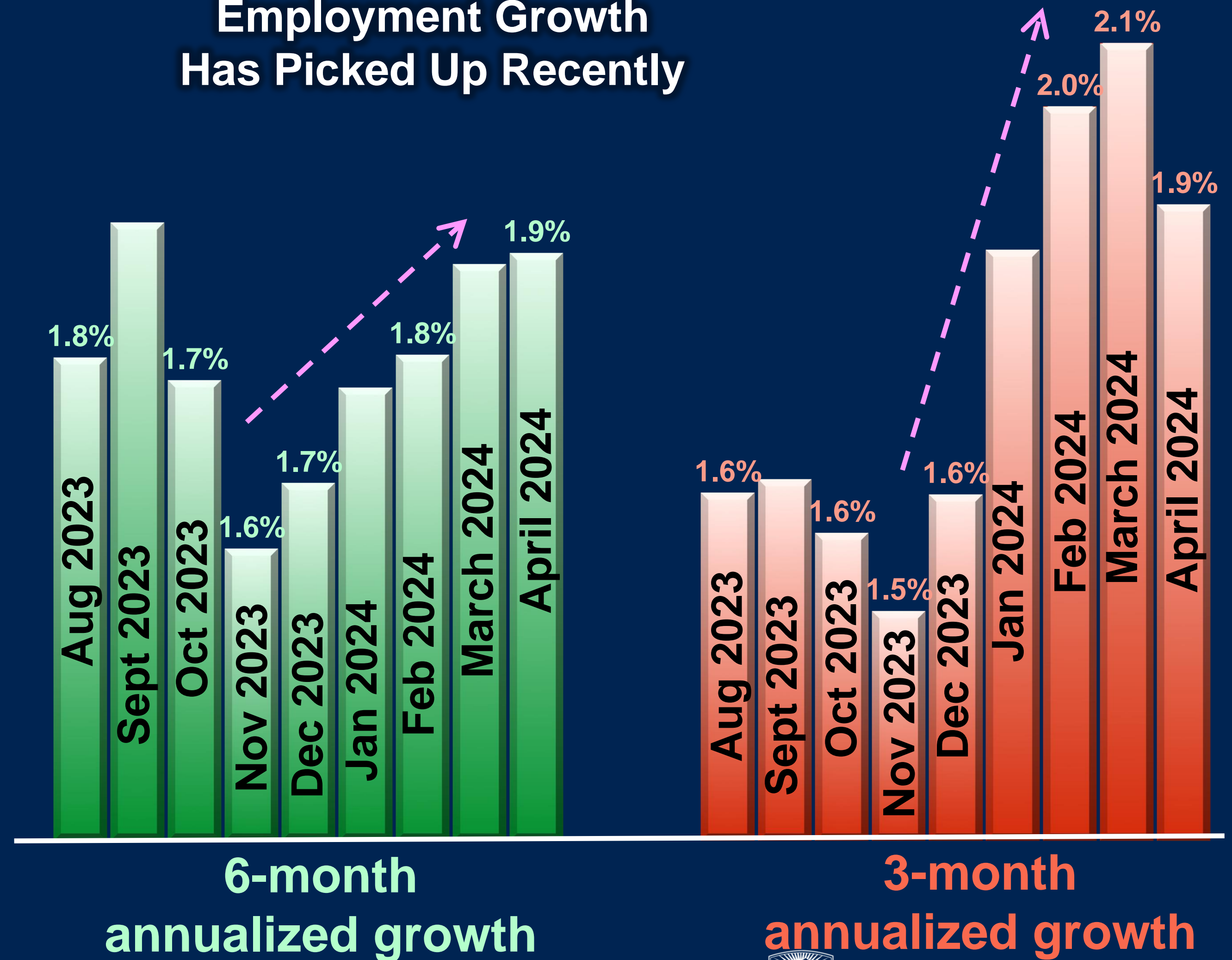
Economy is Steaming Full Speed Ahead

Fueled by the Fed Pivot and Strong Fundamentals

Real GDP Growth
(quarterly annualized rate)

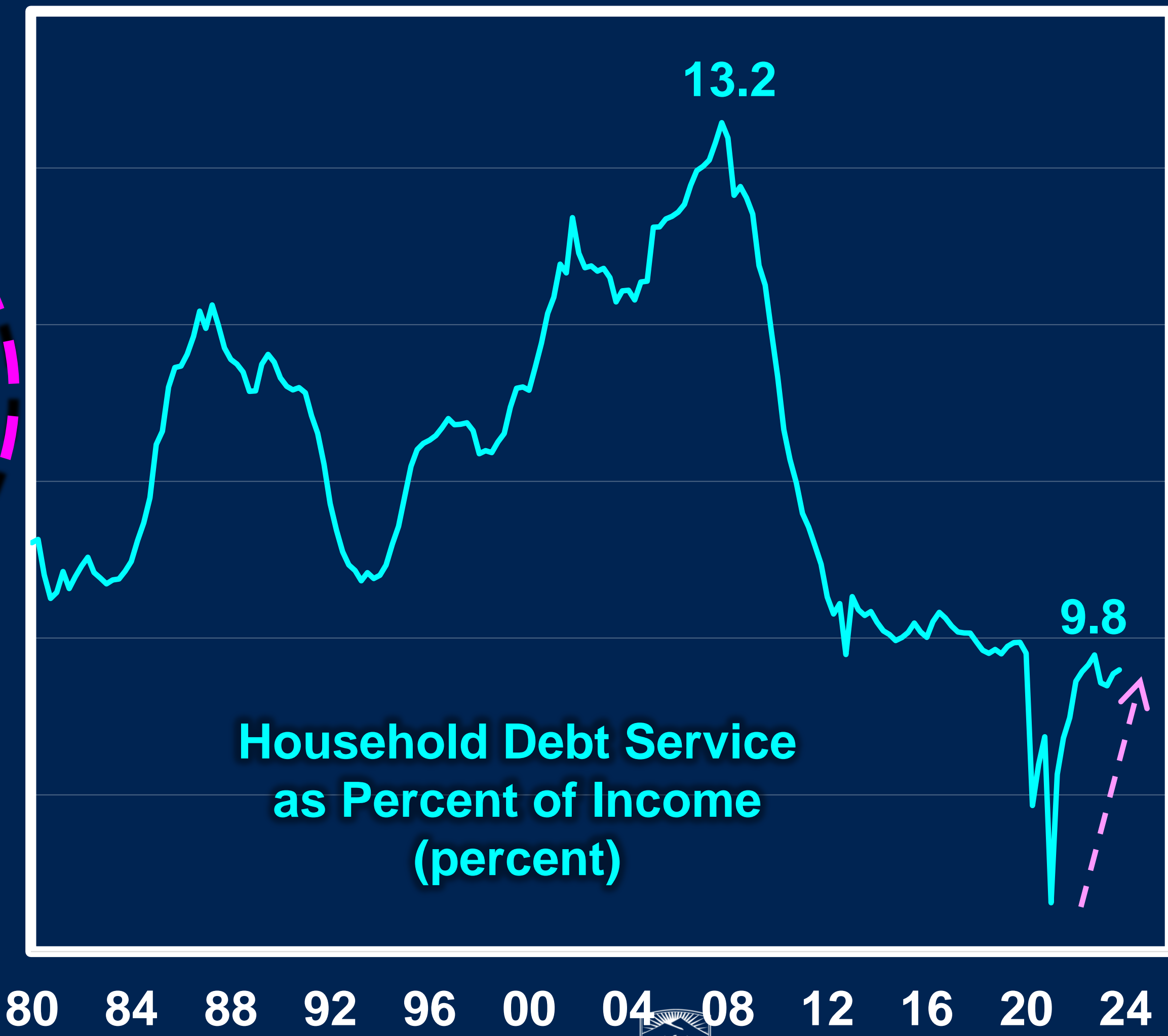
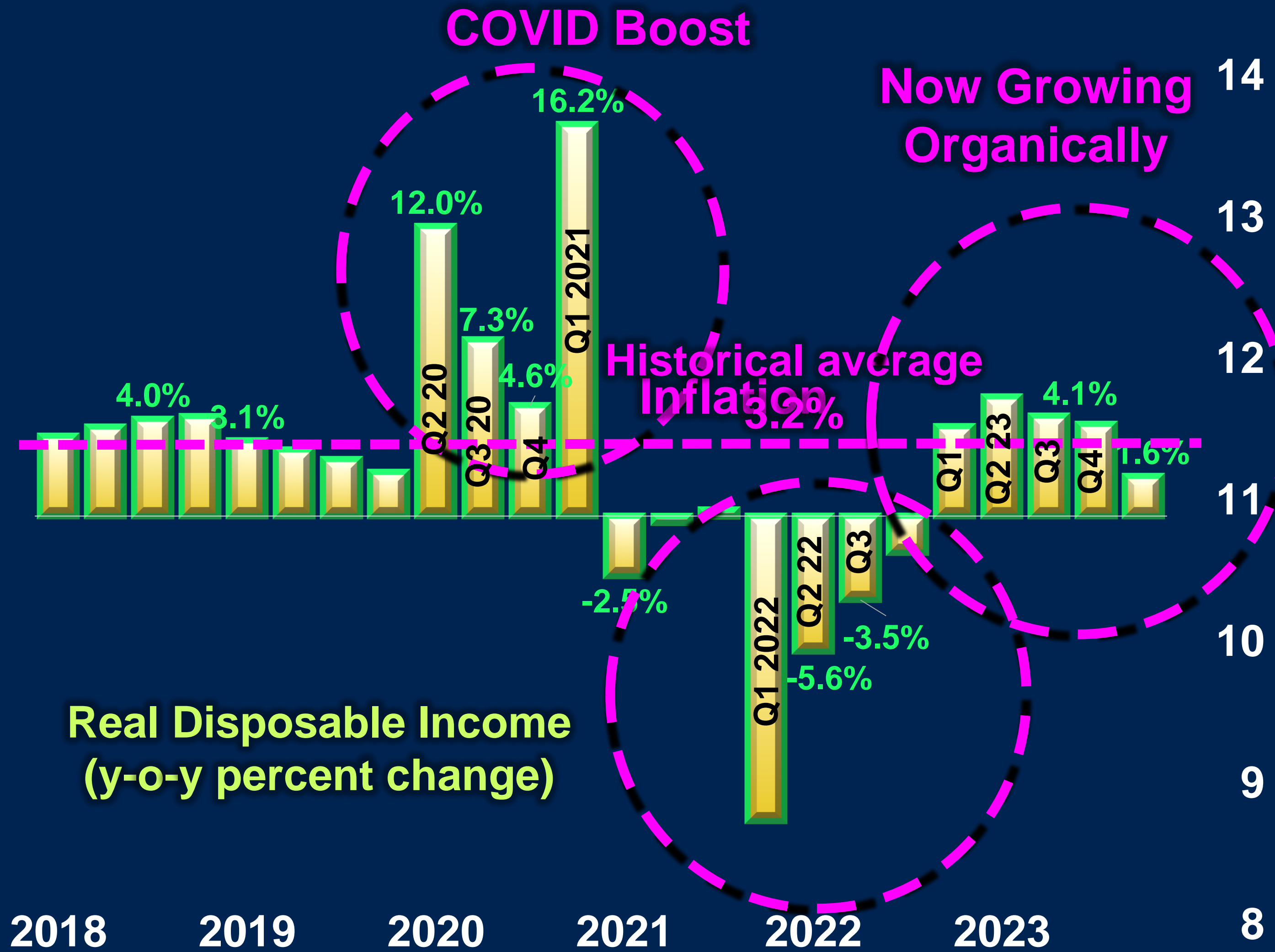


Employment Growth
Has Picked Up Recently



In Aggregate, Consumers are in Decent Shape

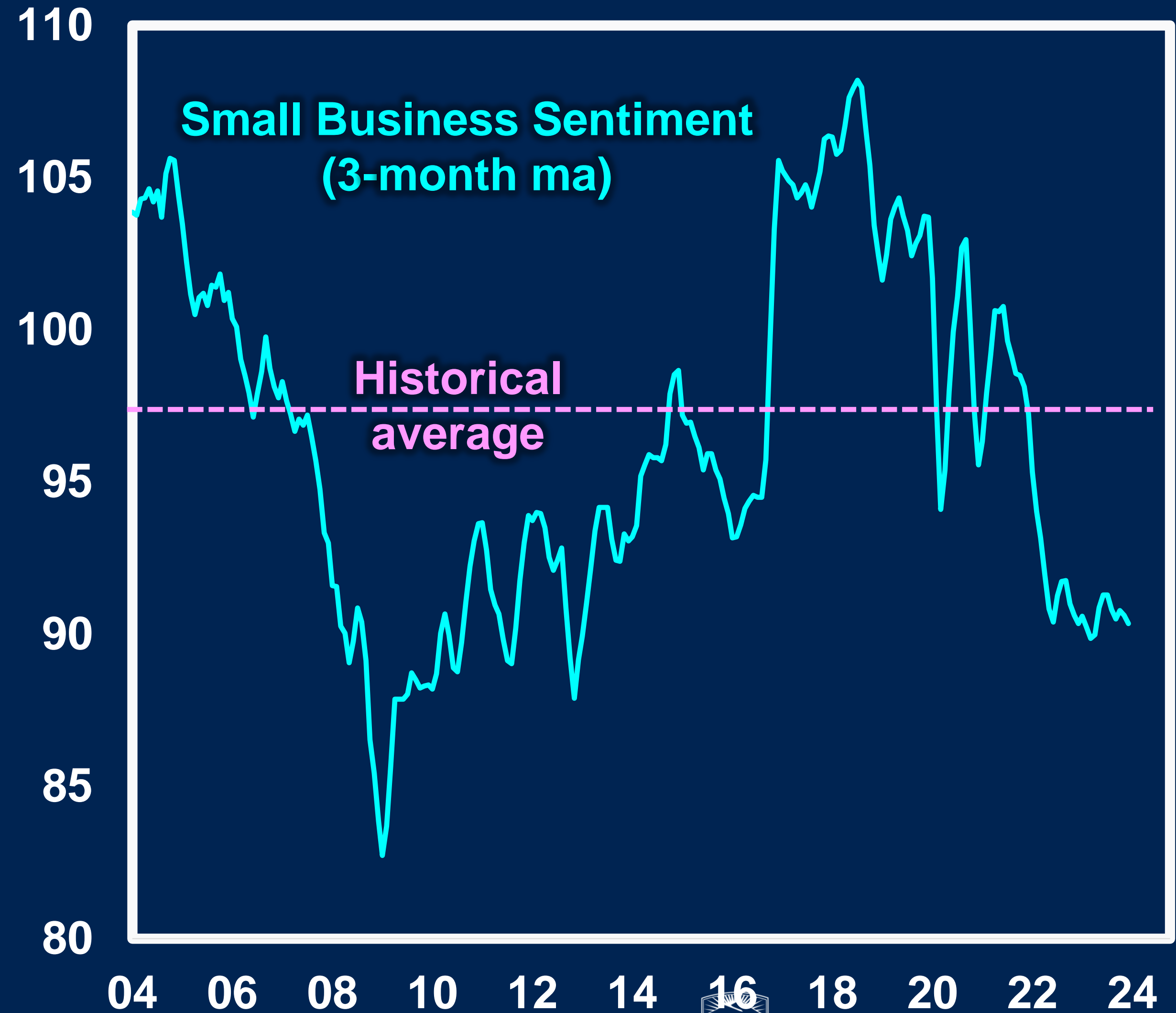
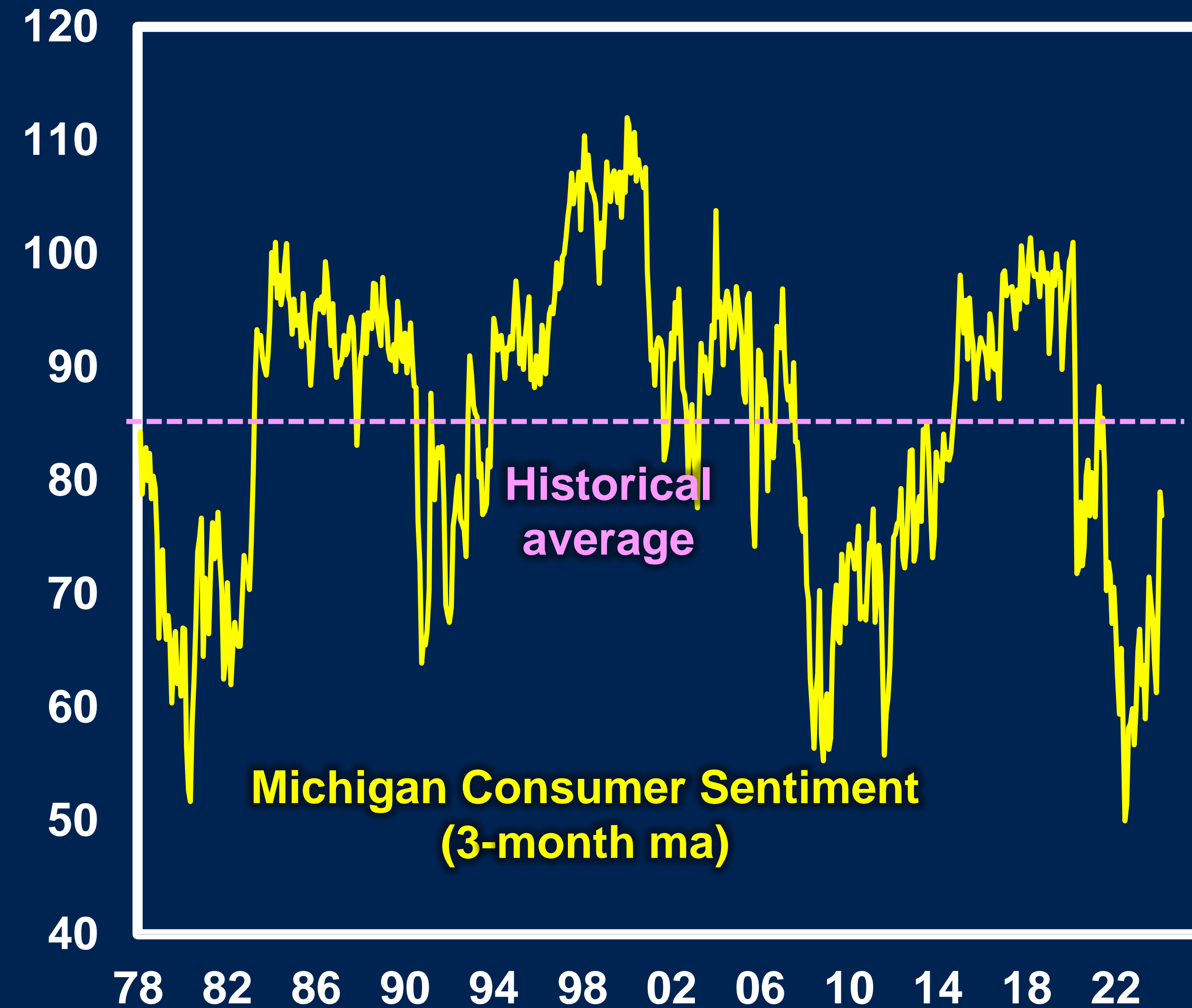
Real Disposable Income Growing; Debt Levels Still Low



Vibecession

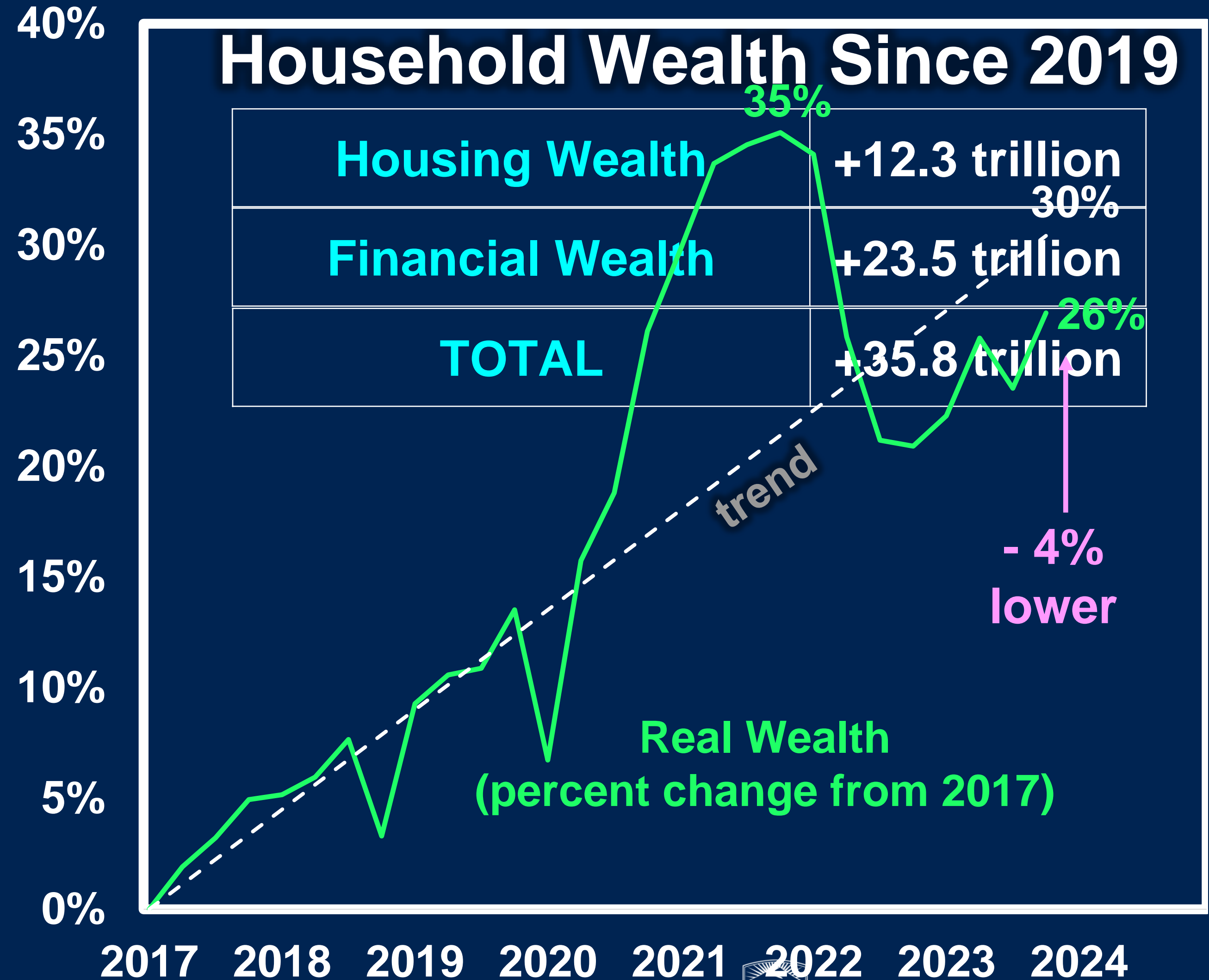
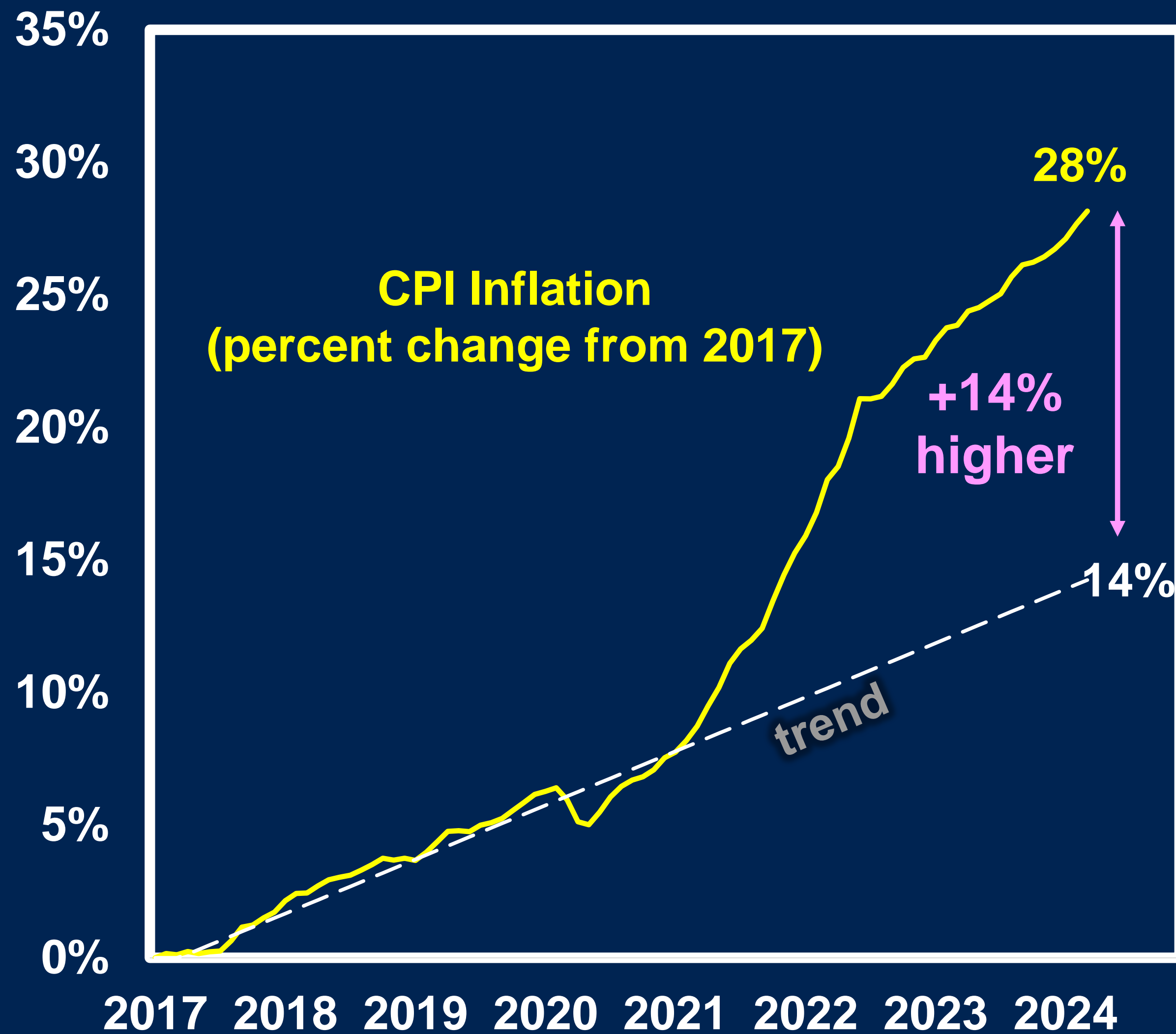
Everything is Great...

and Everyone is Depressed



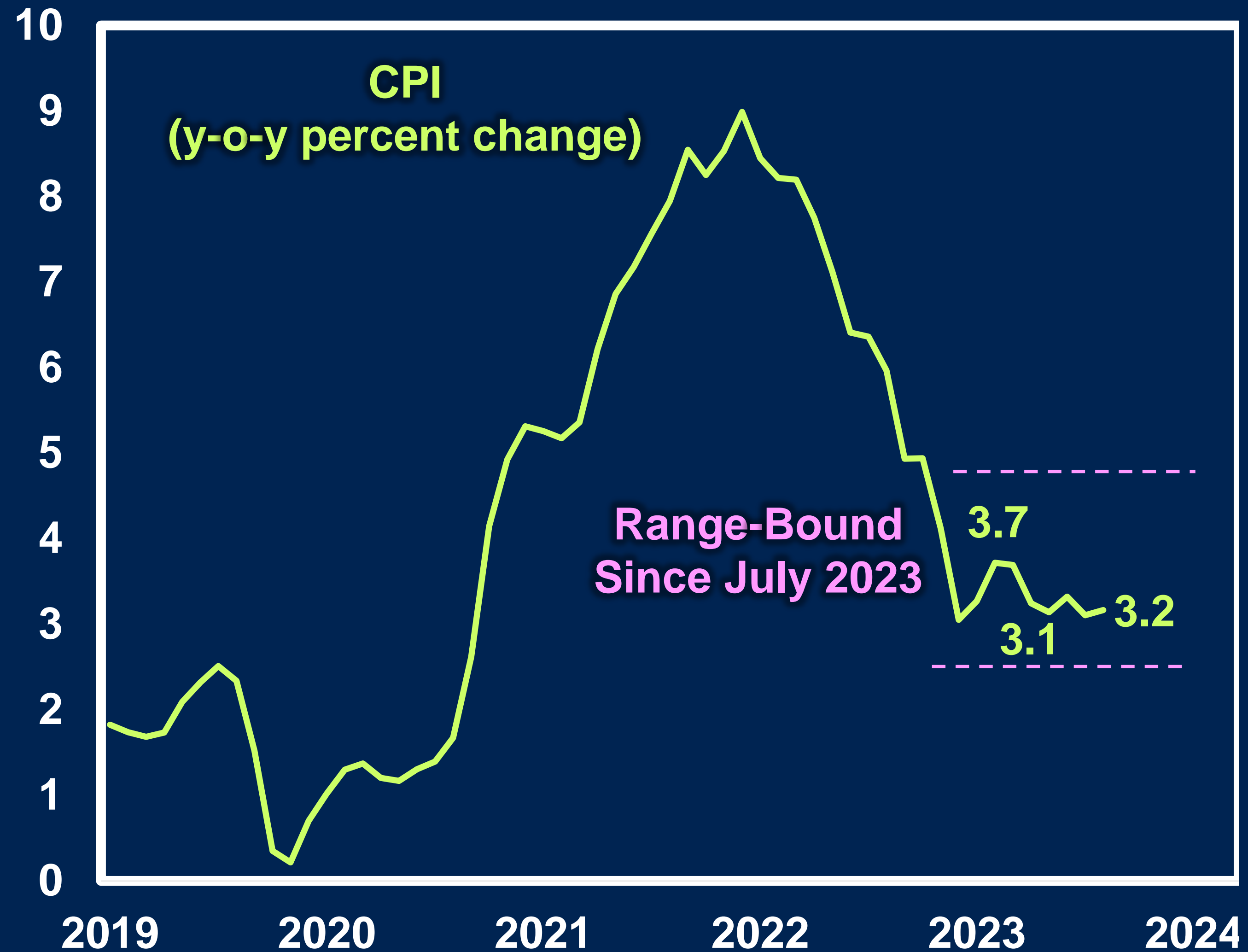
The Root Causes of Discontent

Still...Very Unhappy About Inflation

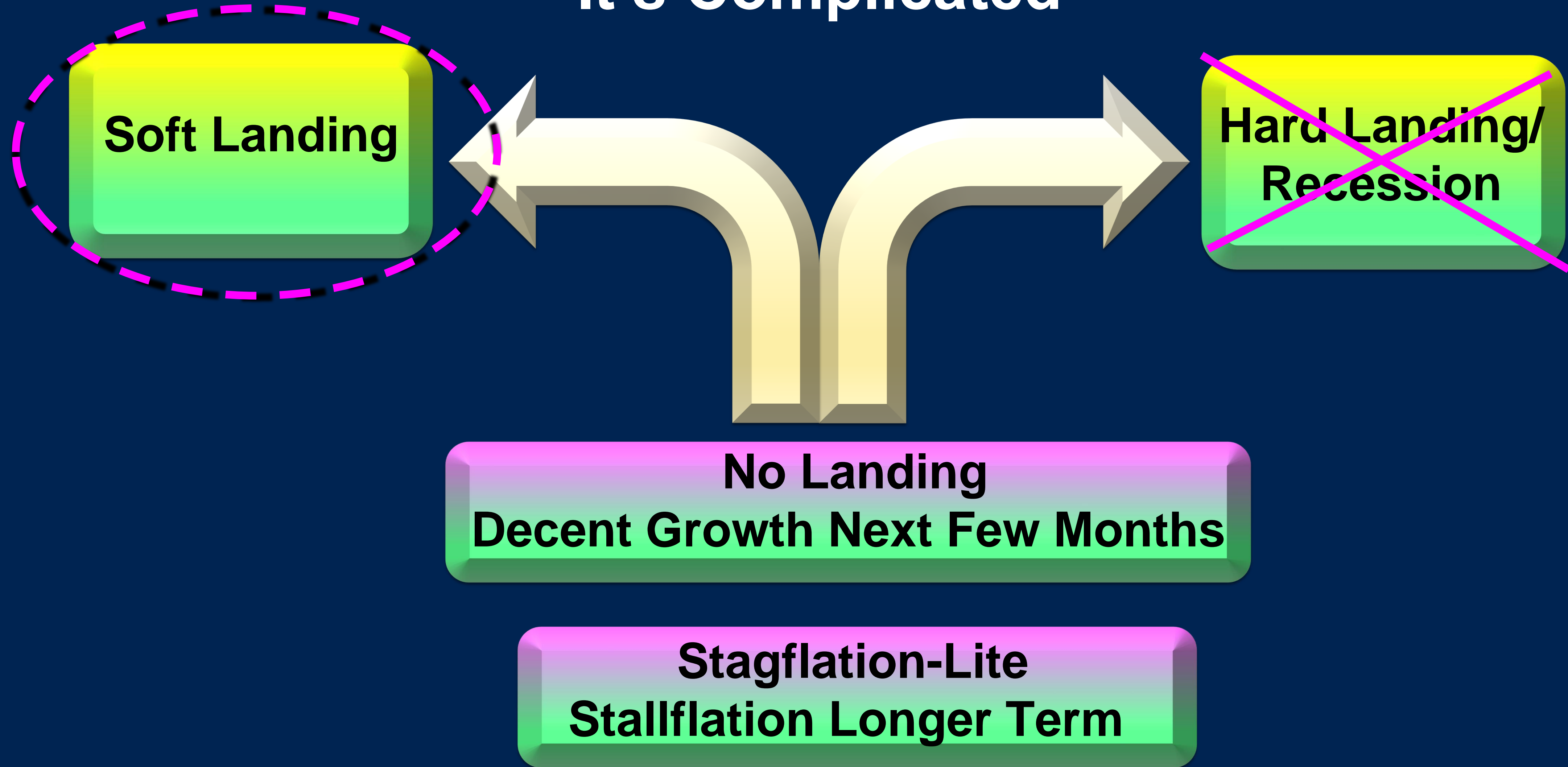


Stubbornly Stuck

Inflation is Proving Hard to Dislodge

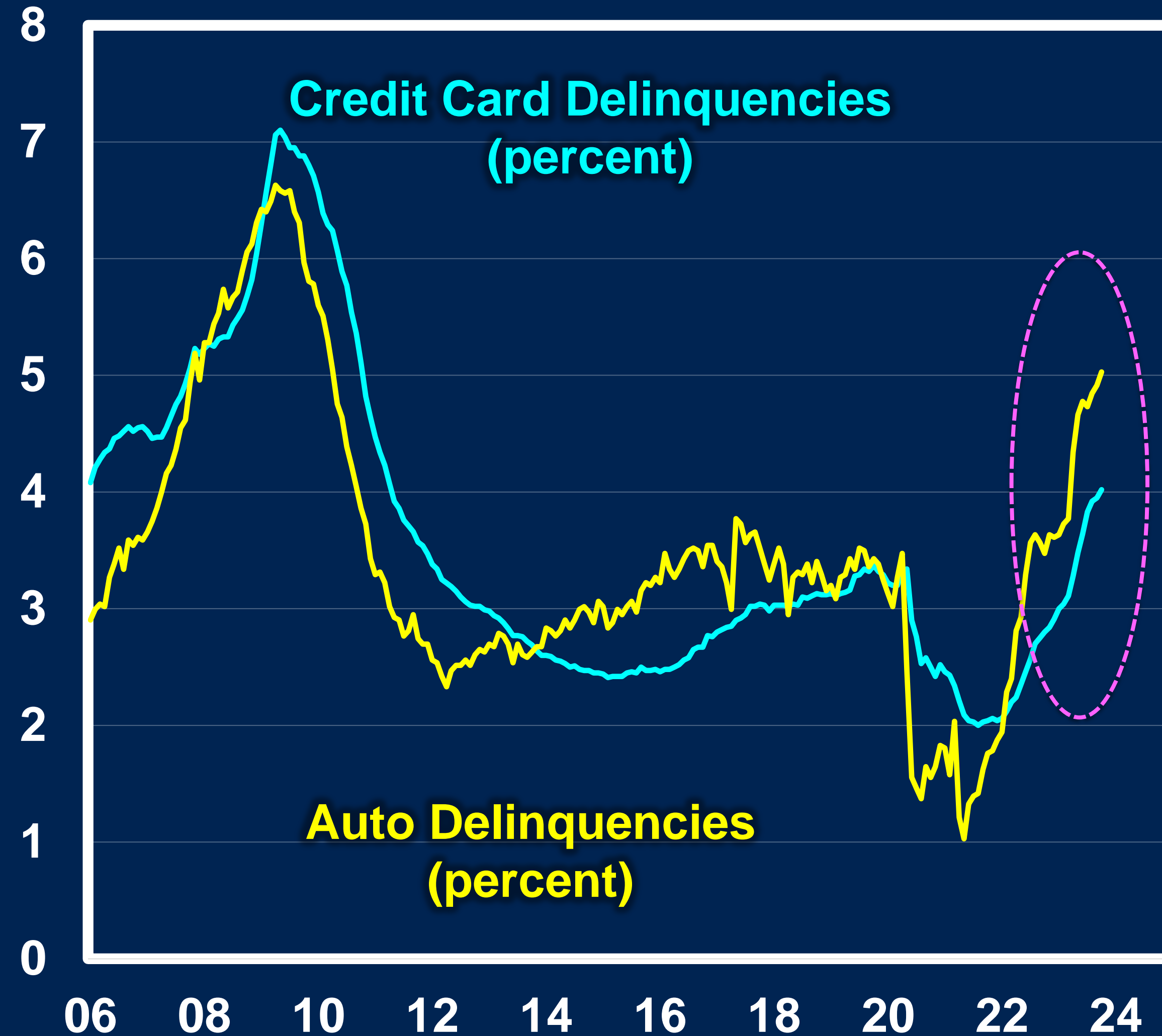
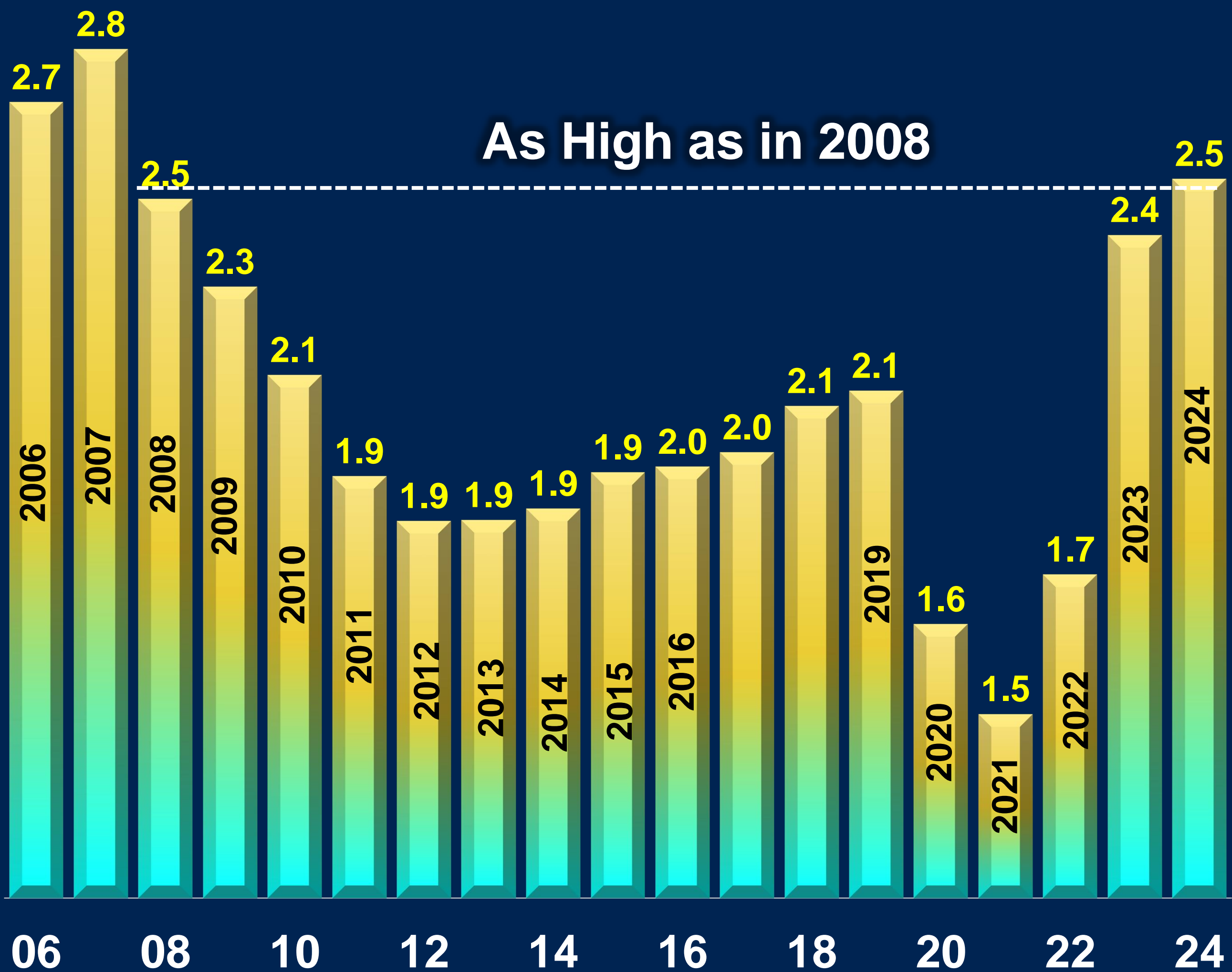


Outlook? It's Complicated



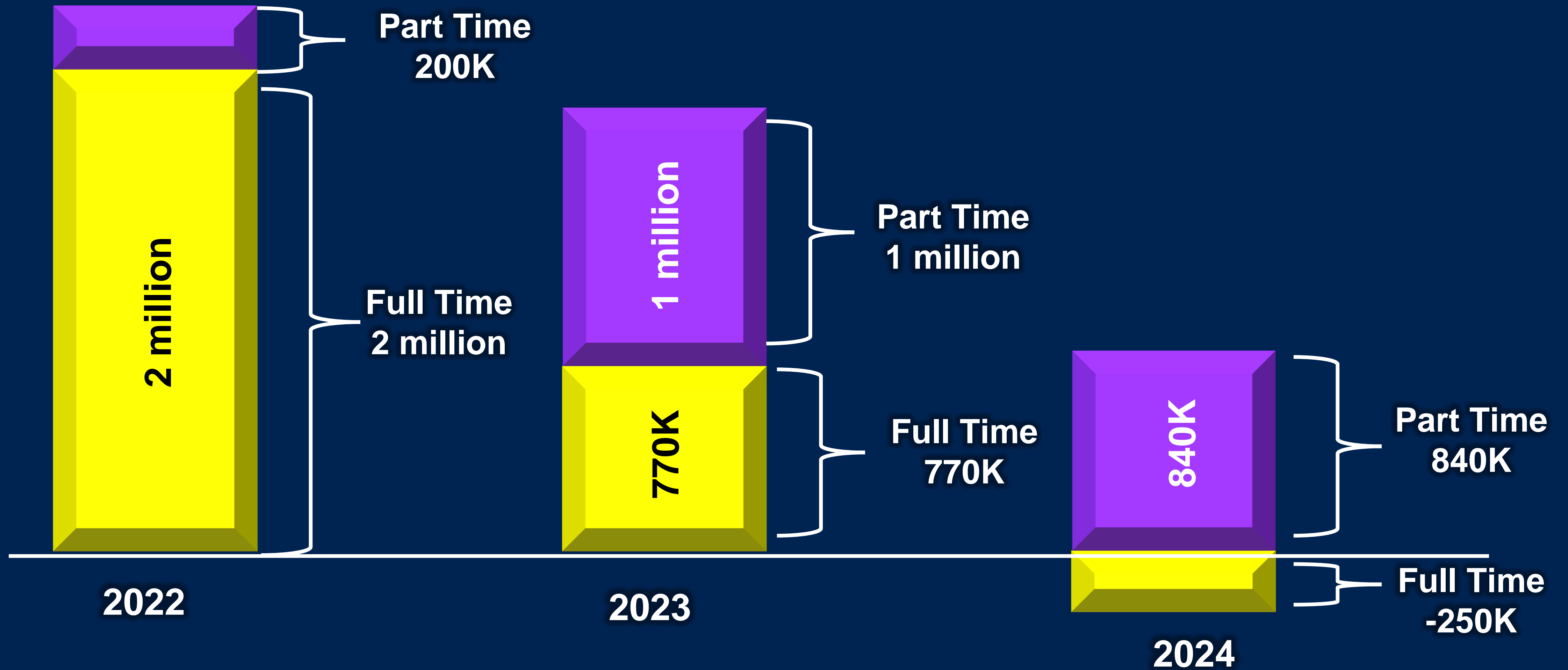
Some Cracks Are Beginning to Appear

Delinquencies and Bankruptcies on an Upswing



That Legendary Labor Market

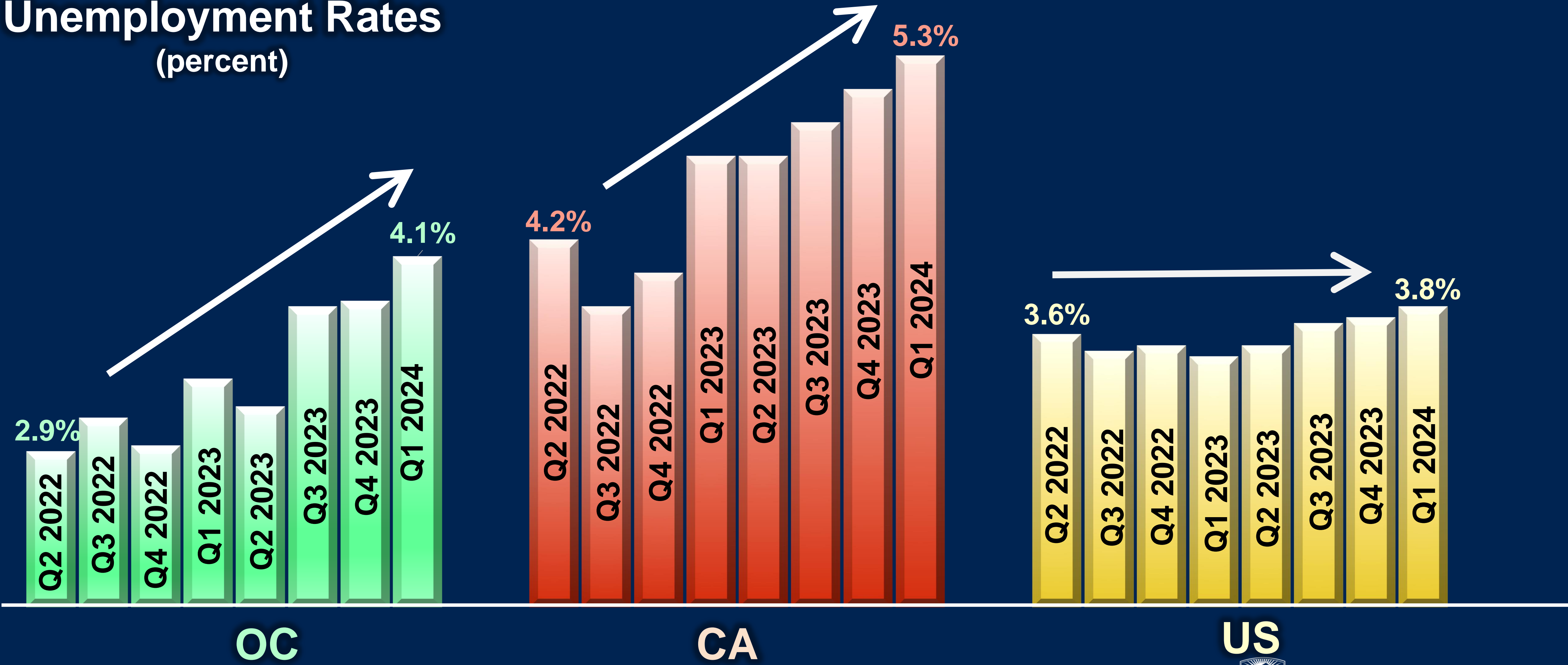
Some Warning Signs Are Popping Up: Most Recent Jobs are Part Time



That Legendary Job Market...

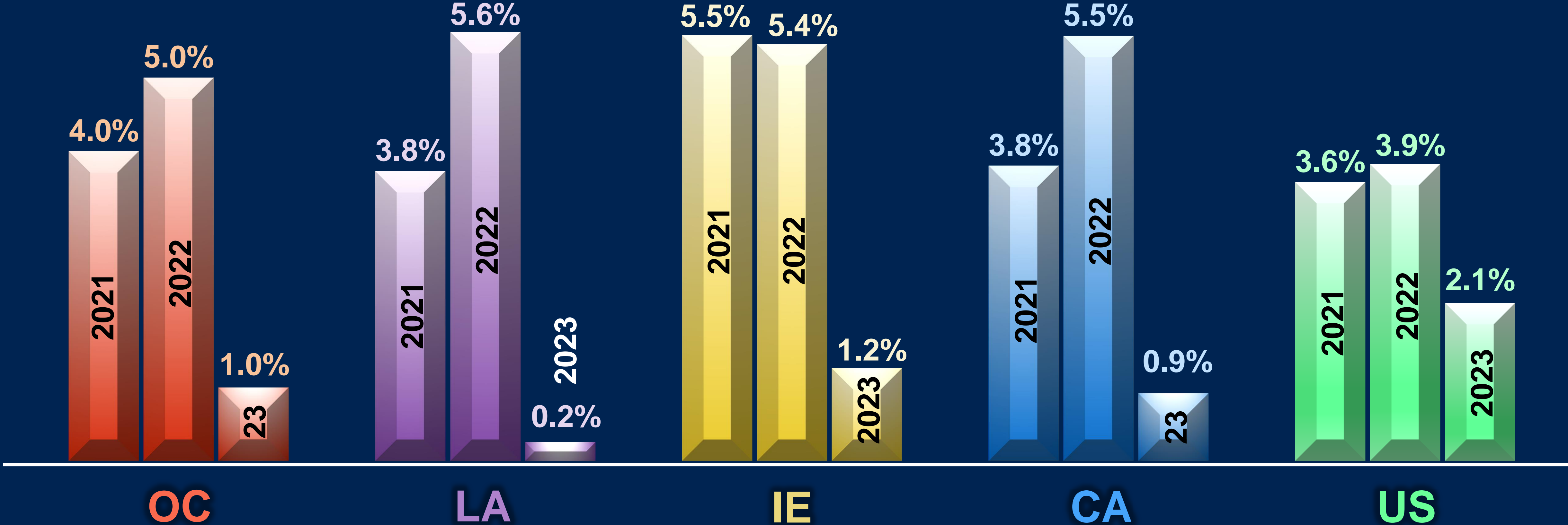
Not So Legendary in CA or OC

Unemployment Rates
(percent)



The Downshift Has Already Come for SoCal

Employment Growth (y-o-y percent change, annual average)

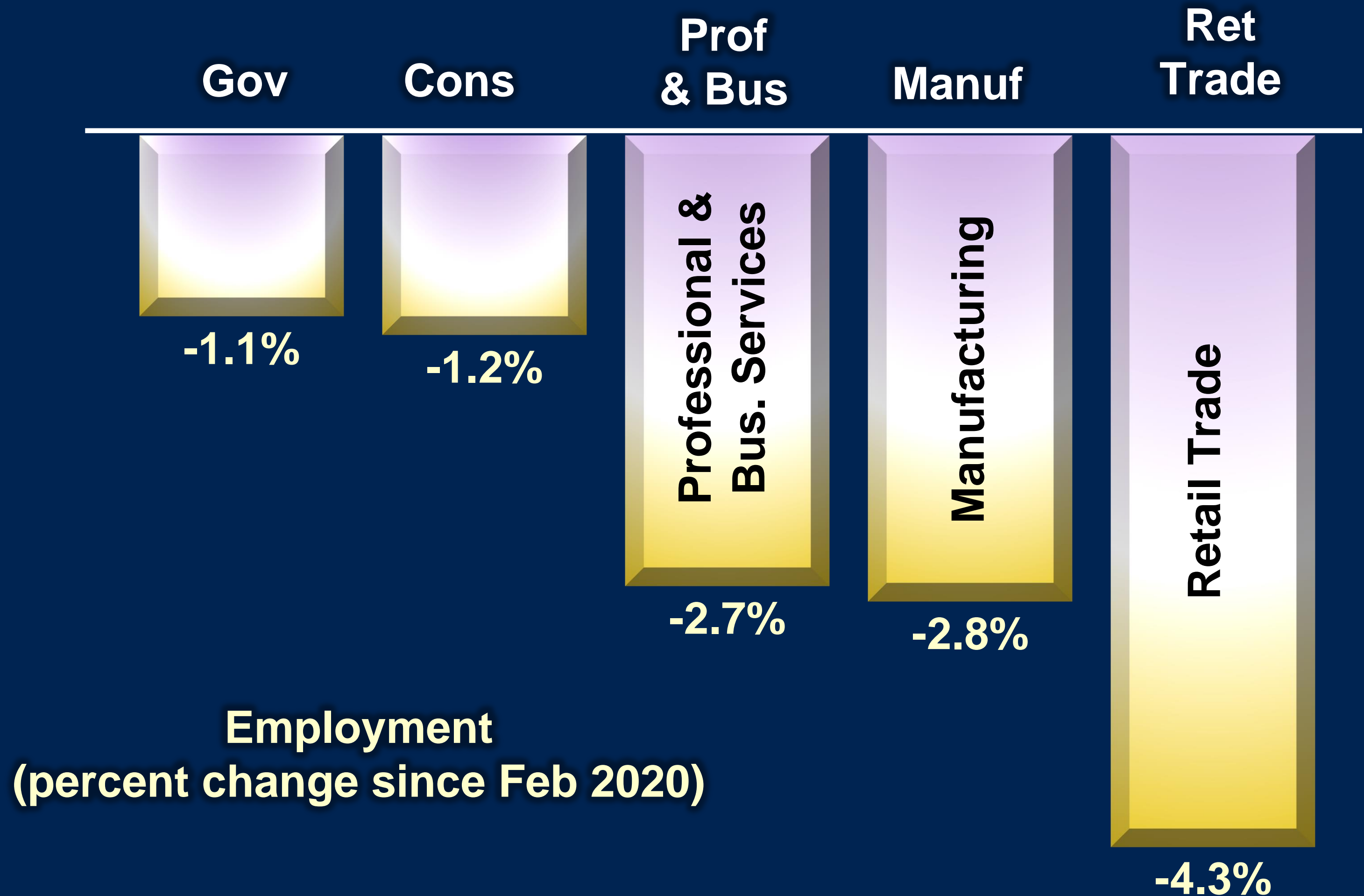


OC: Labor Market Has Recovered...

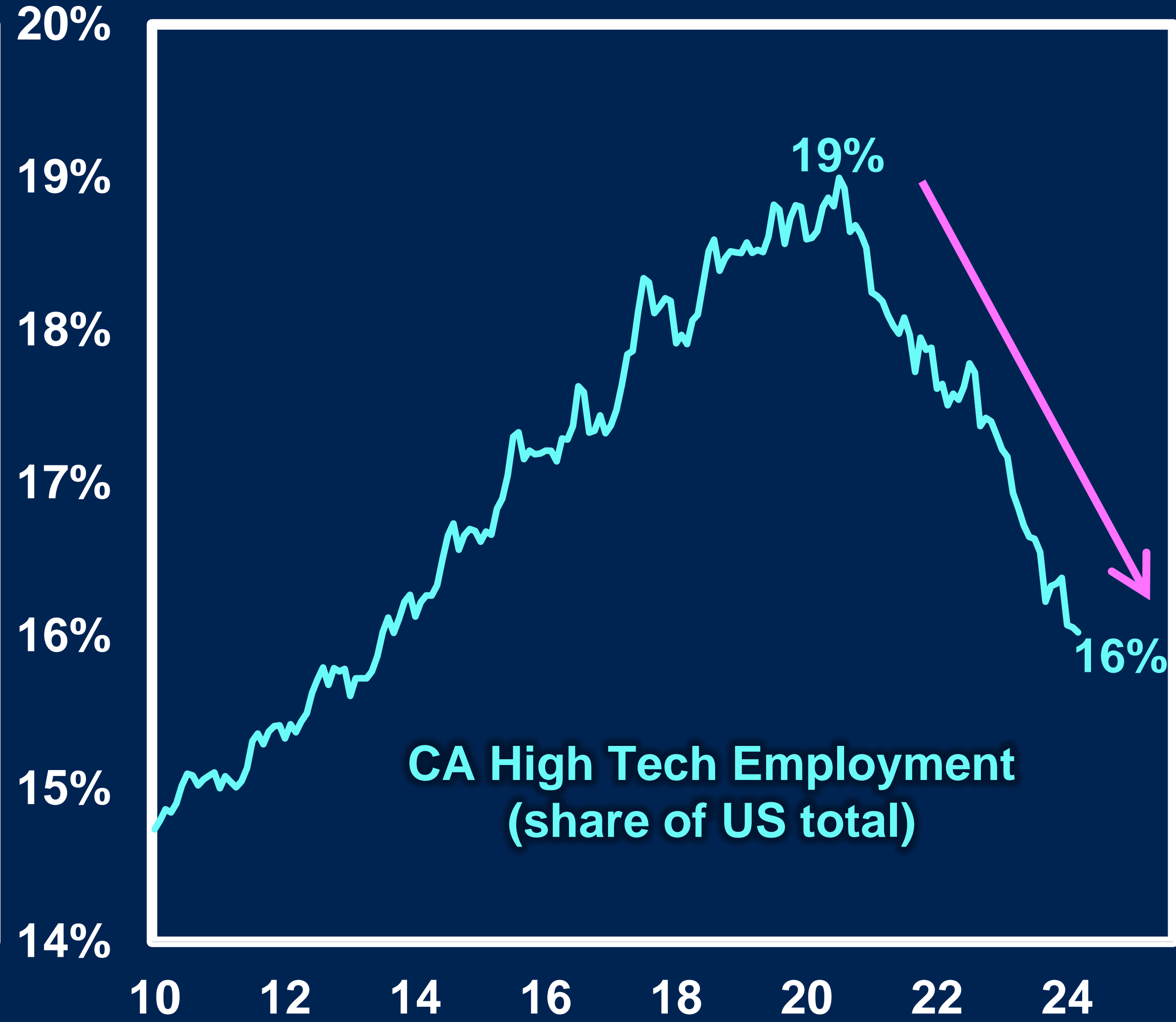
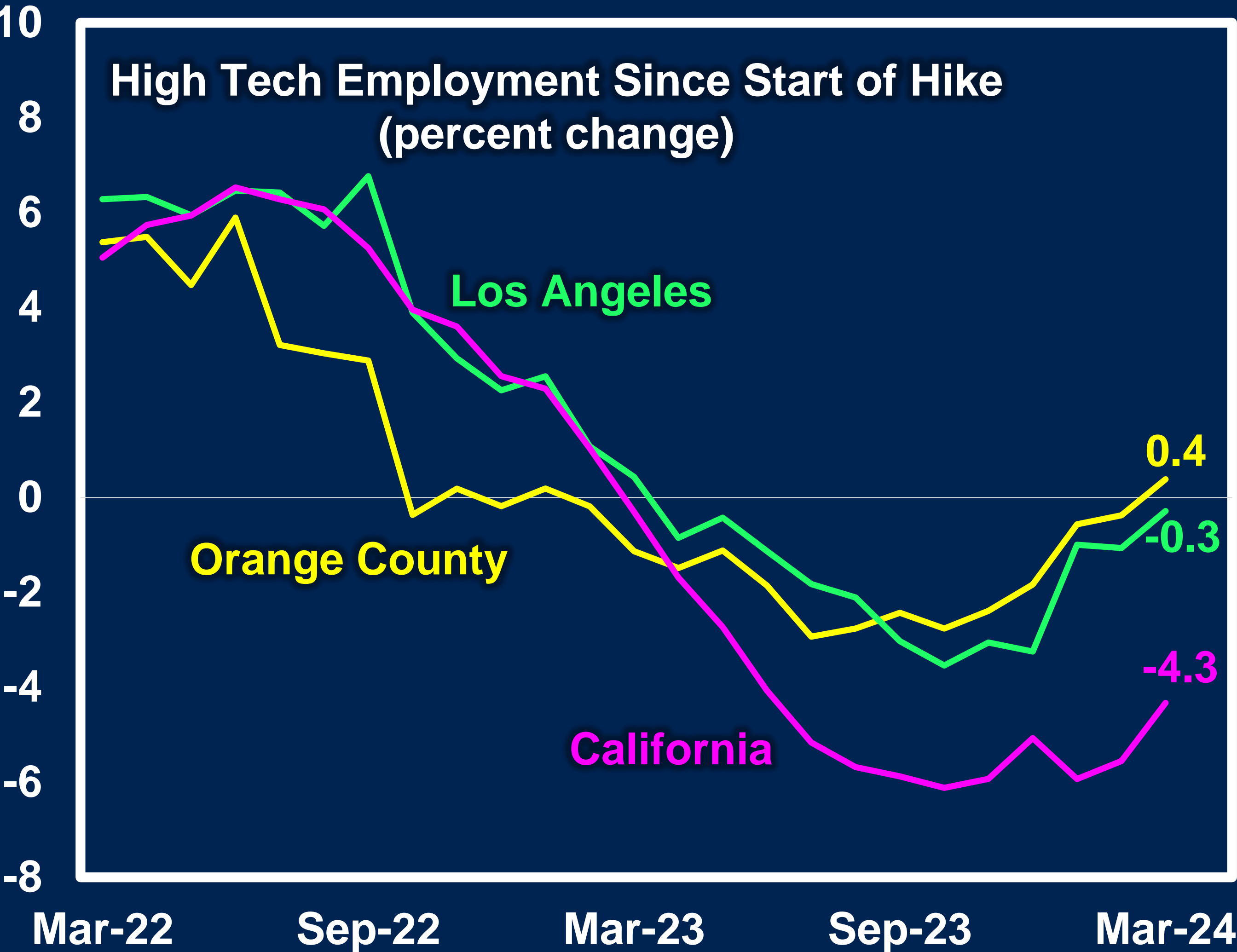
...But Many Sectors are Still Below Pre-Pandemic Levels

Fully Recovered
(percent change since Feb-2020)

Private Education	25.0%
Transportation	13.5%
Health Care	13.3%
Other Services	4.8%
Leisure and Hospitality	1.9%



Tech-session: High Tech Sector Has Underperformed But Issues in CA Go Back to COVID



That \$20 Minimum Wage

Fast Food Chains with 60 or more locations

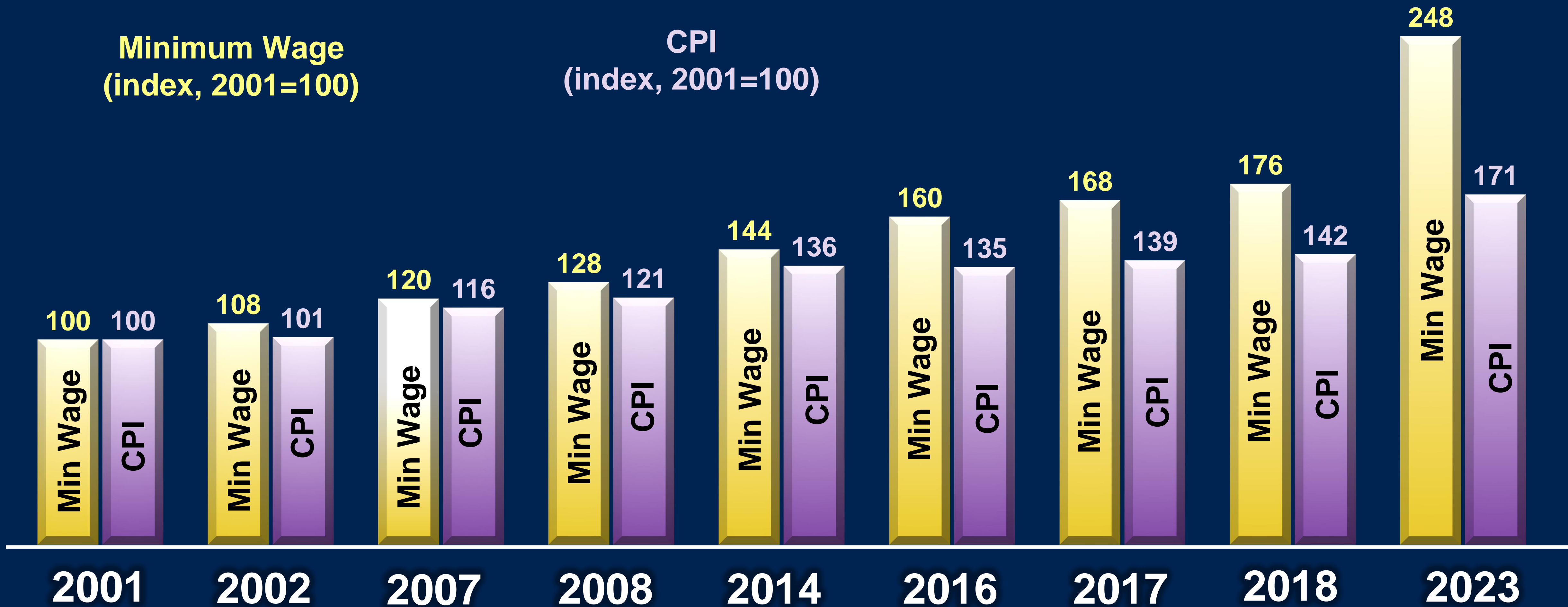
\$20 min wage
≈ 80% of fast-food workforce

California Fast Food Workforce
(thousands of workers)



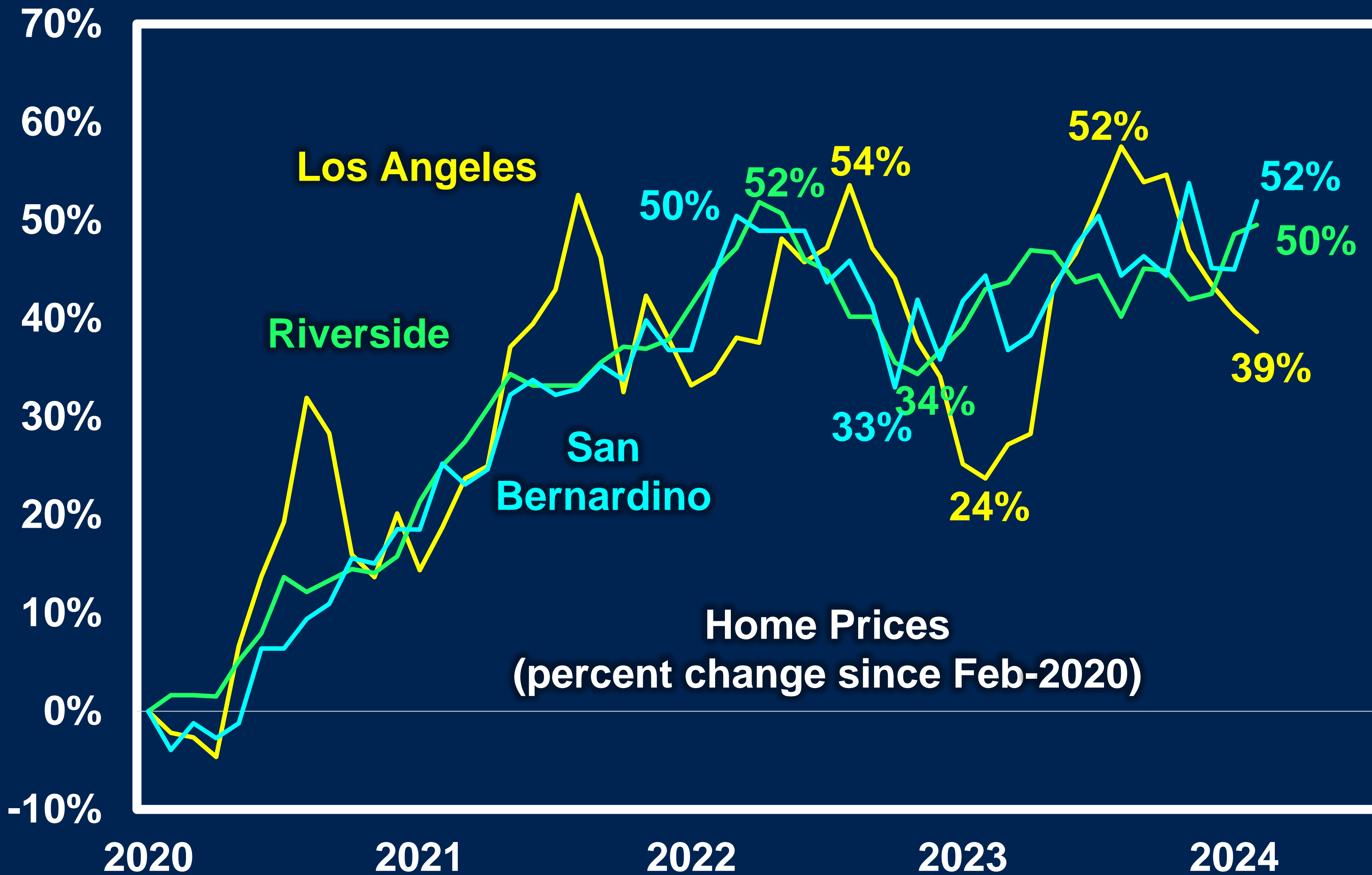
California Exceptionalism

Minimum Wage Hikes Have Surpassed Rate of Inflation Last 20 Years



Home Values Have Held Up Everywhere

Less in LA, but All are Above Pre-Pandemic Levels

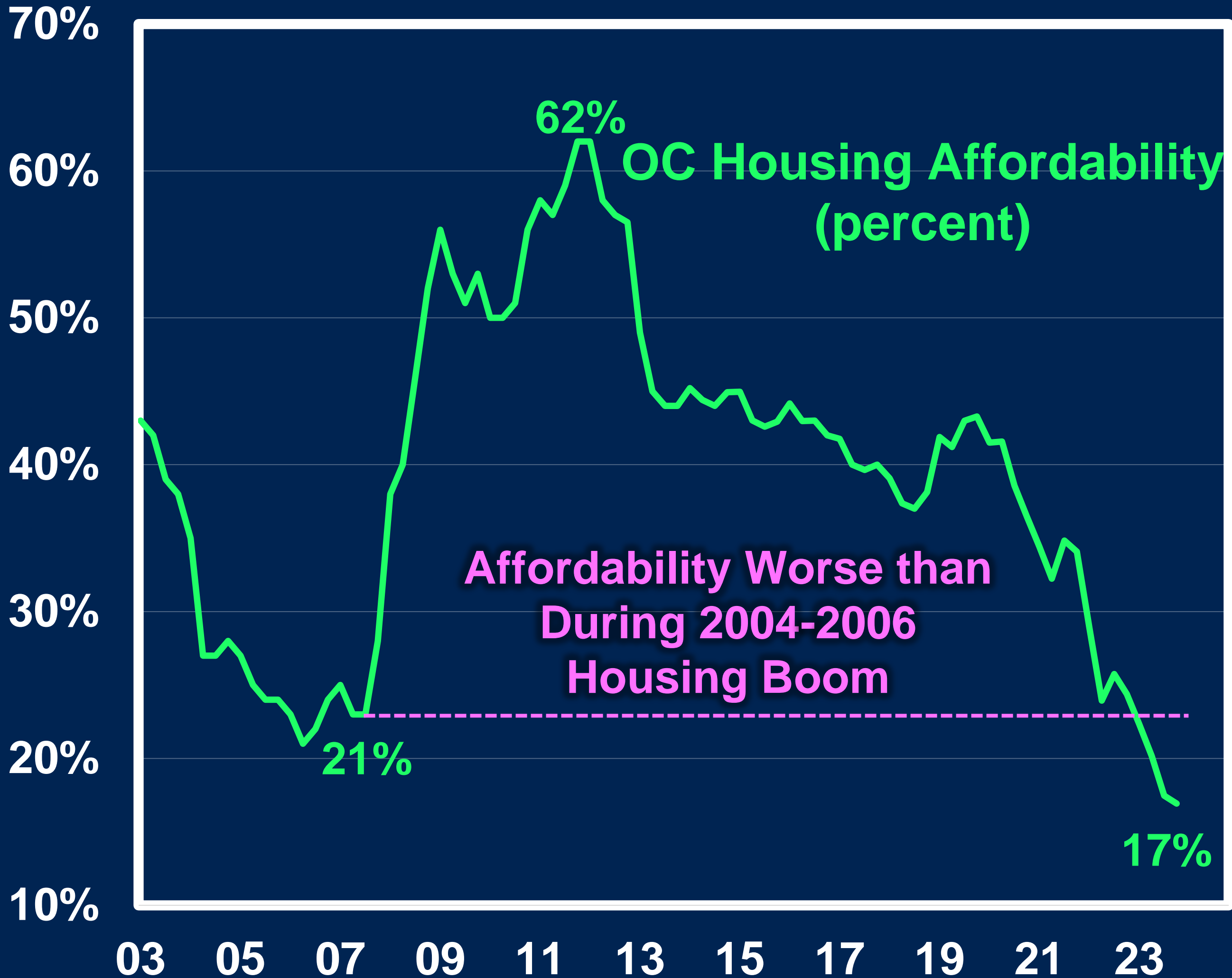


Homeowners Equity Compared to Pre-Pandemic

OC	+ \$520,000
LA	+ \$224,410
RV	+ \$212,000
SB	+ \$170,900

Worse Affordability in History

Orange County is Ranked Last in CA Based on Housing Affordability

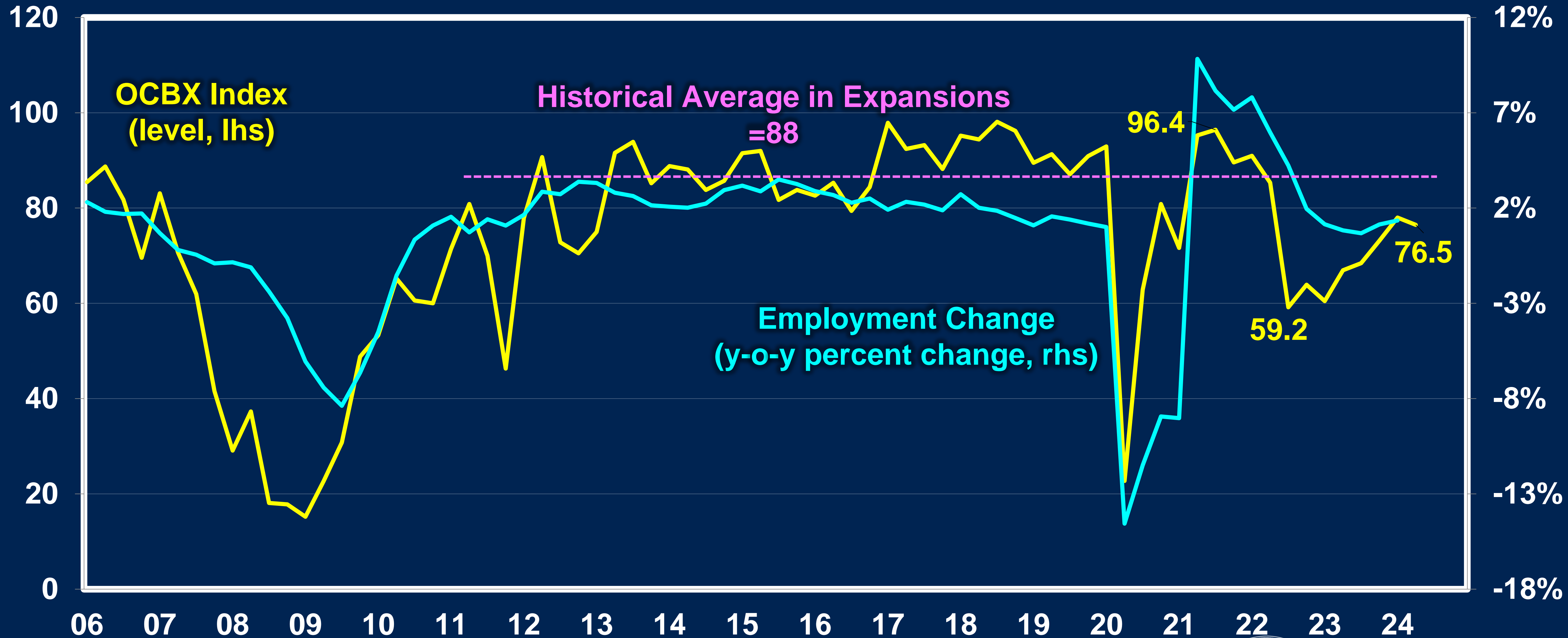


	Qualifying Income	Monthly Payment
OC	\$229,200	\$7,640
LA	\$156,000	\$5,200
IE	\$97,650	\$3,255

OC Business Sentiment: Hanging Tight

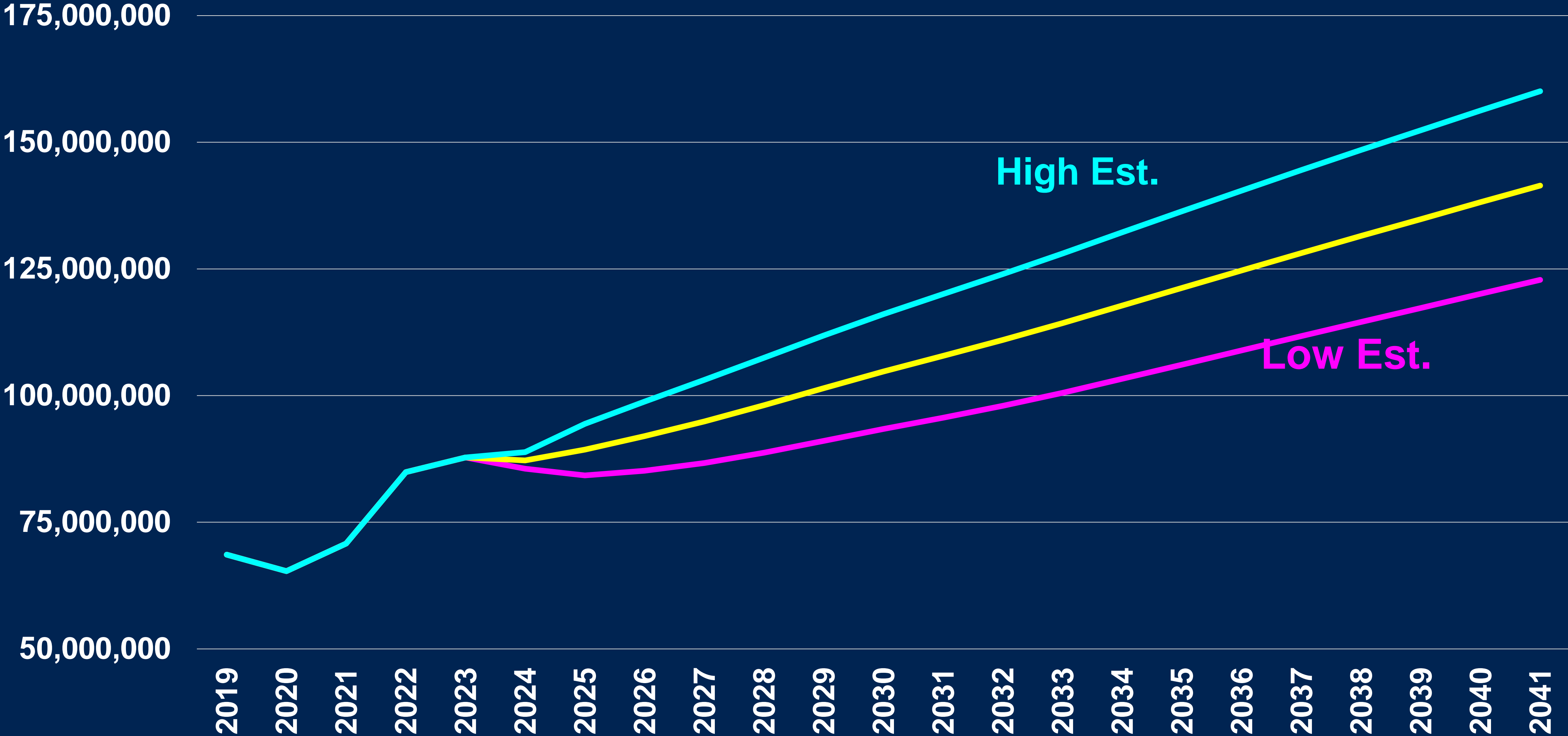
Sentiment Edged Back a Bit in Q2 2024 But Has Improved since 2022

(Woods Center OCBX Index, level)



OC Taxable Sales

Fiscal Years (000 dollars)



High Est.

Low Est.

OC Taxable Sales

Fiscal Years (percent change)

