

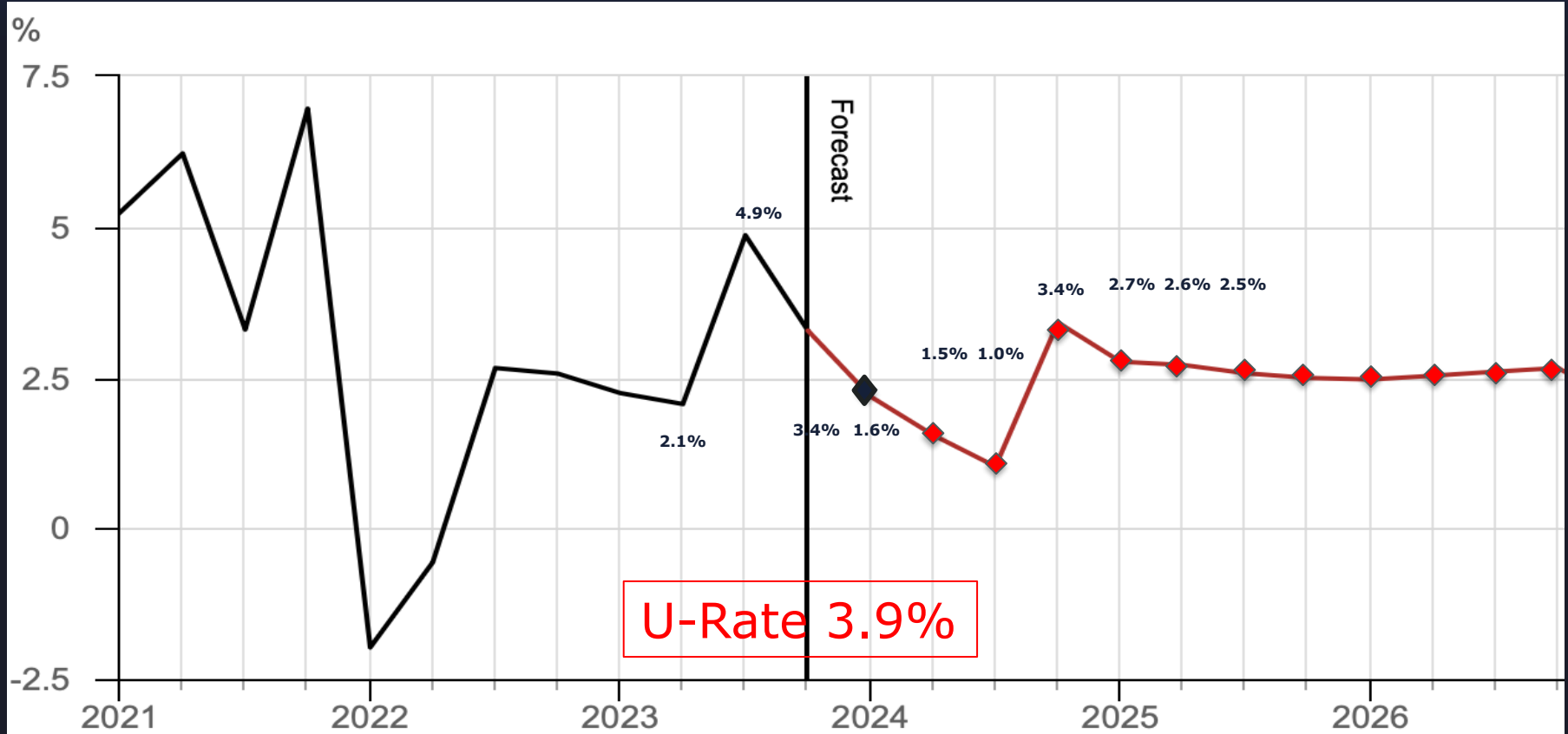
The Economic Outlook and Orange County Taxable Sales

OCTA Briefing, June 12, 2024

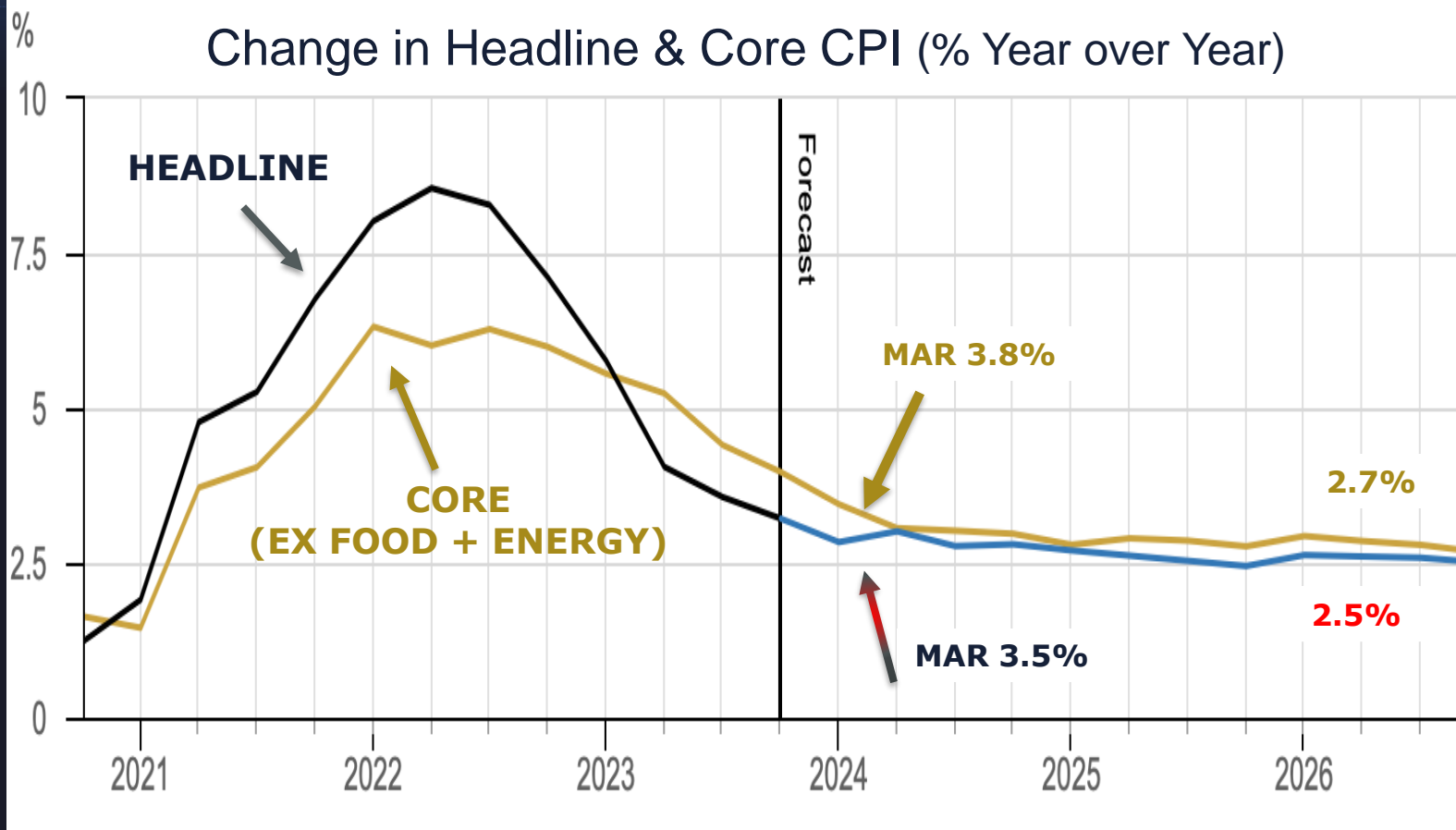
Jerry Nickelsburg, Faculty Director
William Yu, Economist

UCLA Anderson Forecast

GDP GROWTH RATES, SAAR

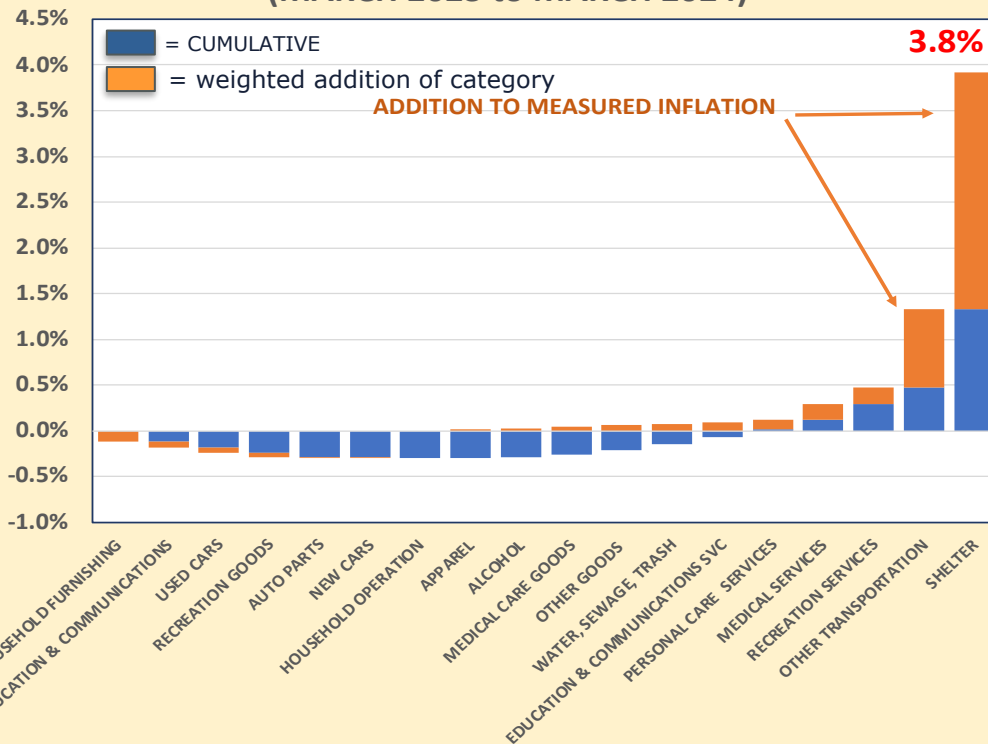


Change in Headline & Core CPI (% Year over Year)

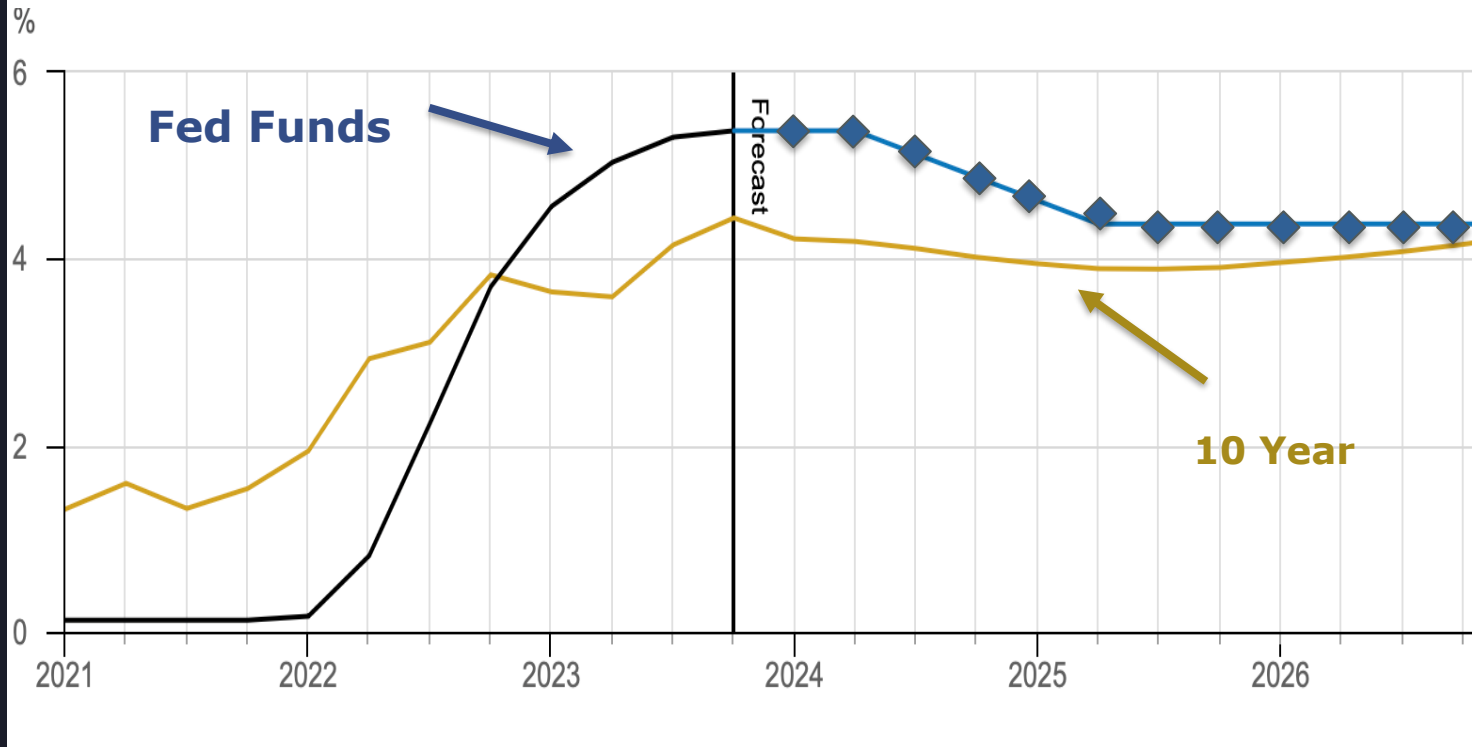


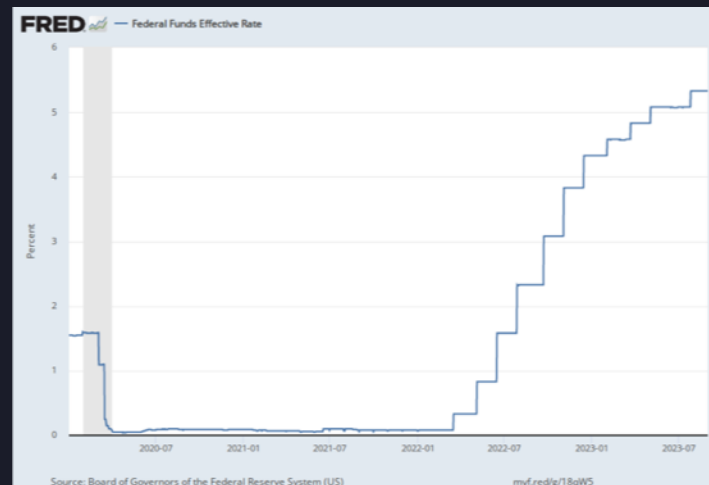
CPI Core inflation decomposition

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

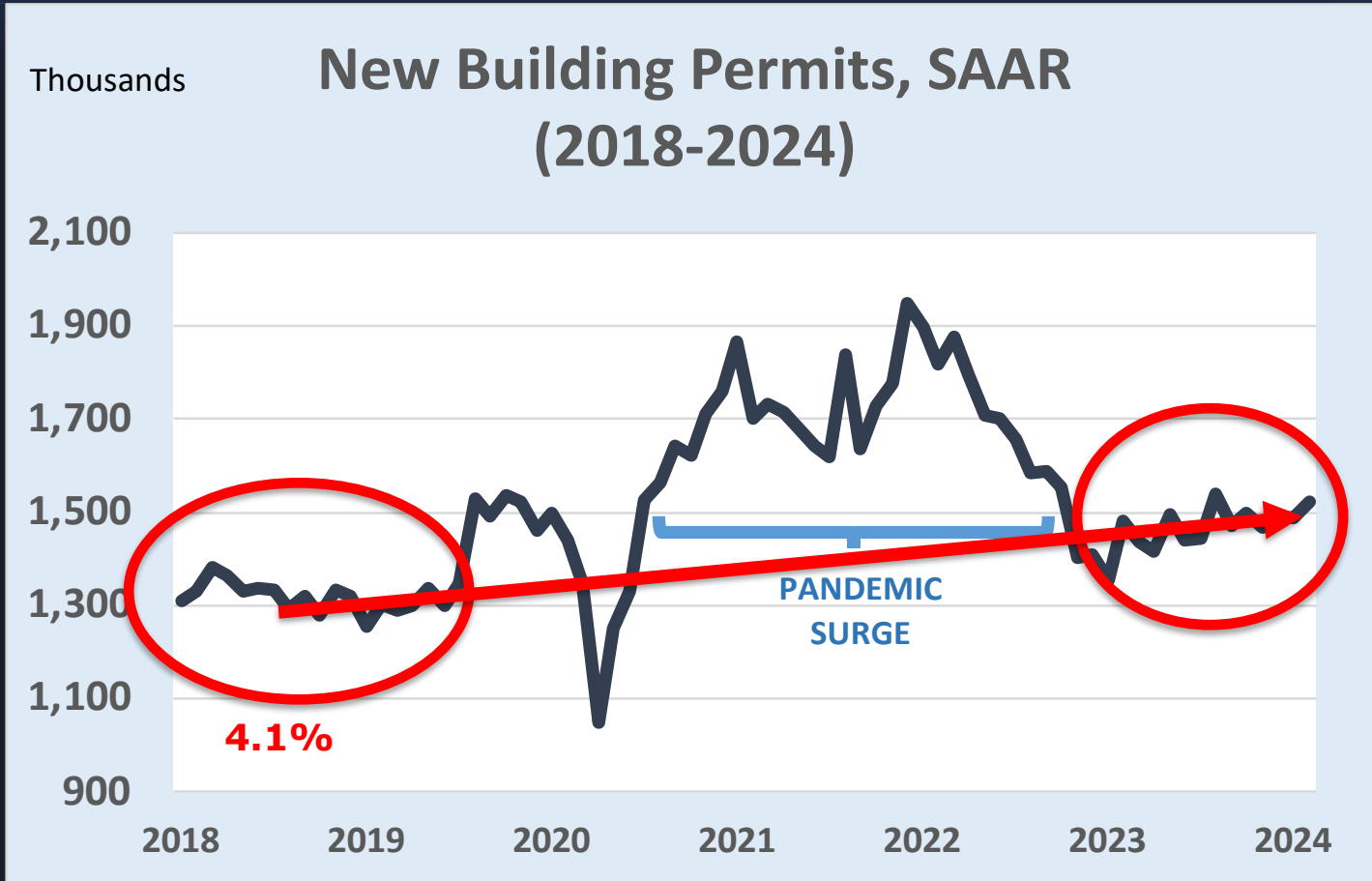


Interest Rates



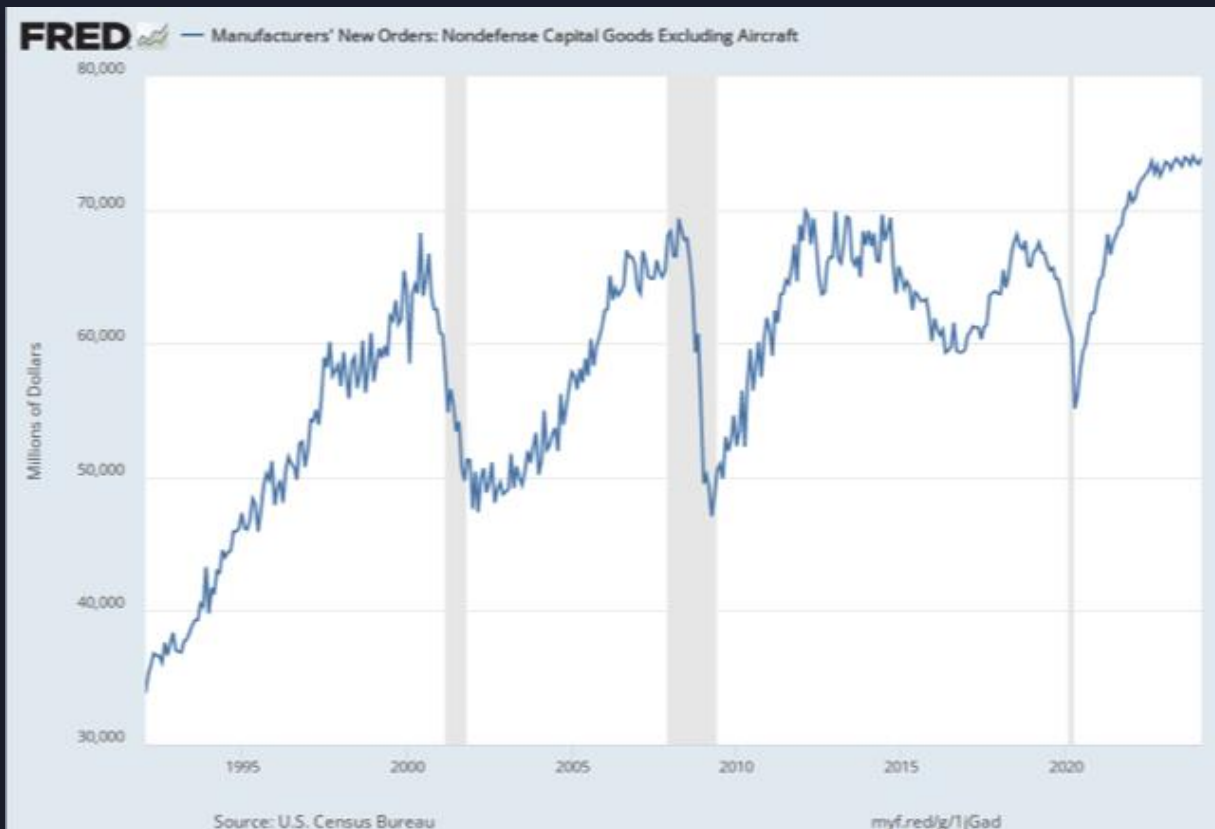


INTEREST SENSITIVE SECTORS





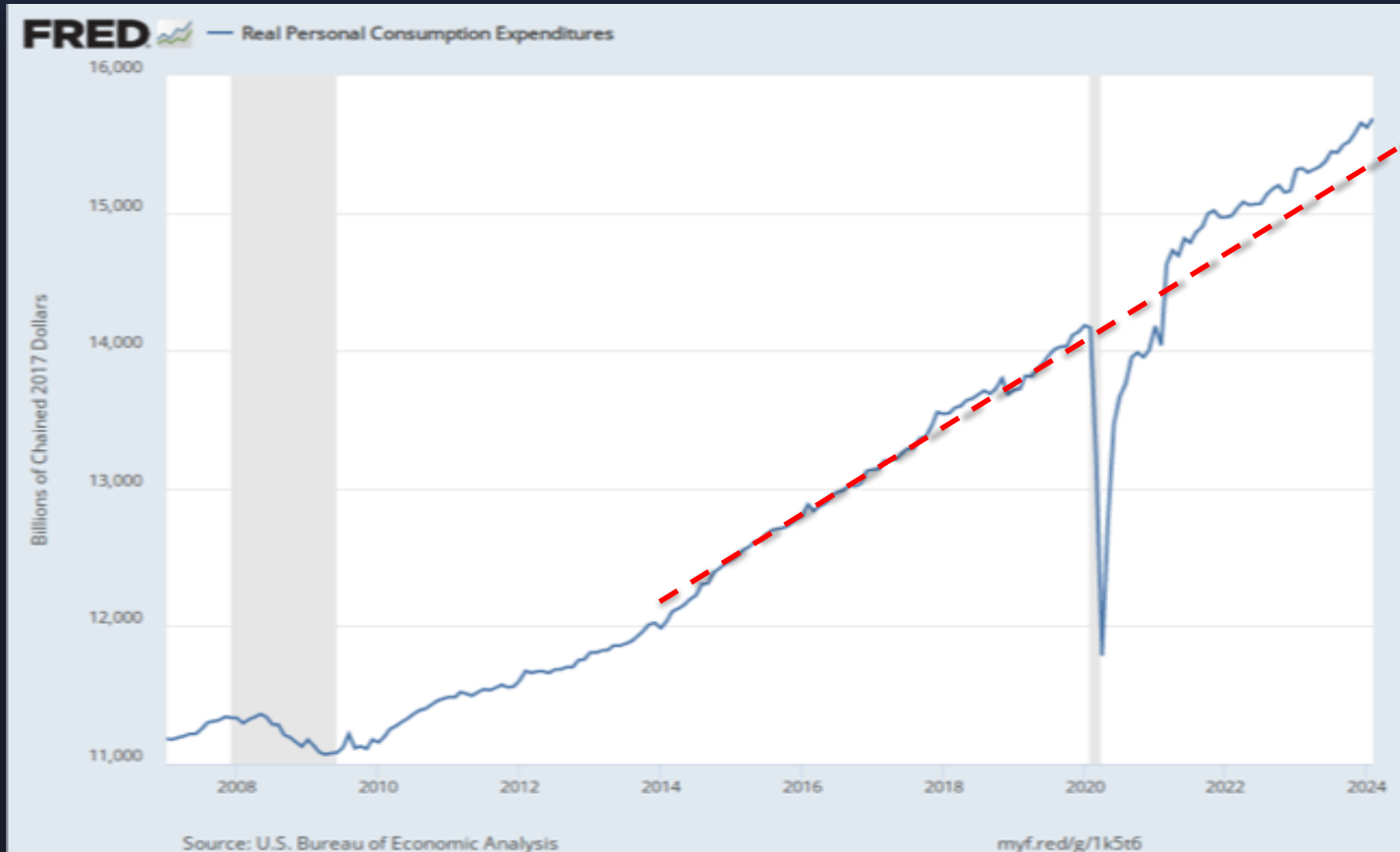
Durable Goods – Non-Defense New Orders



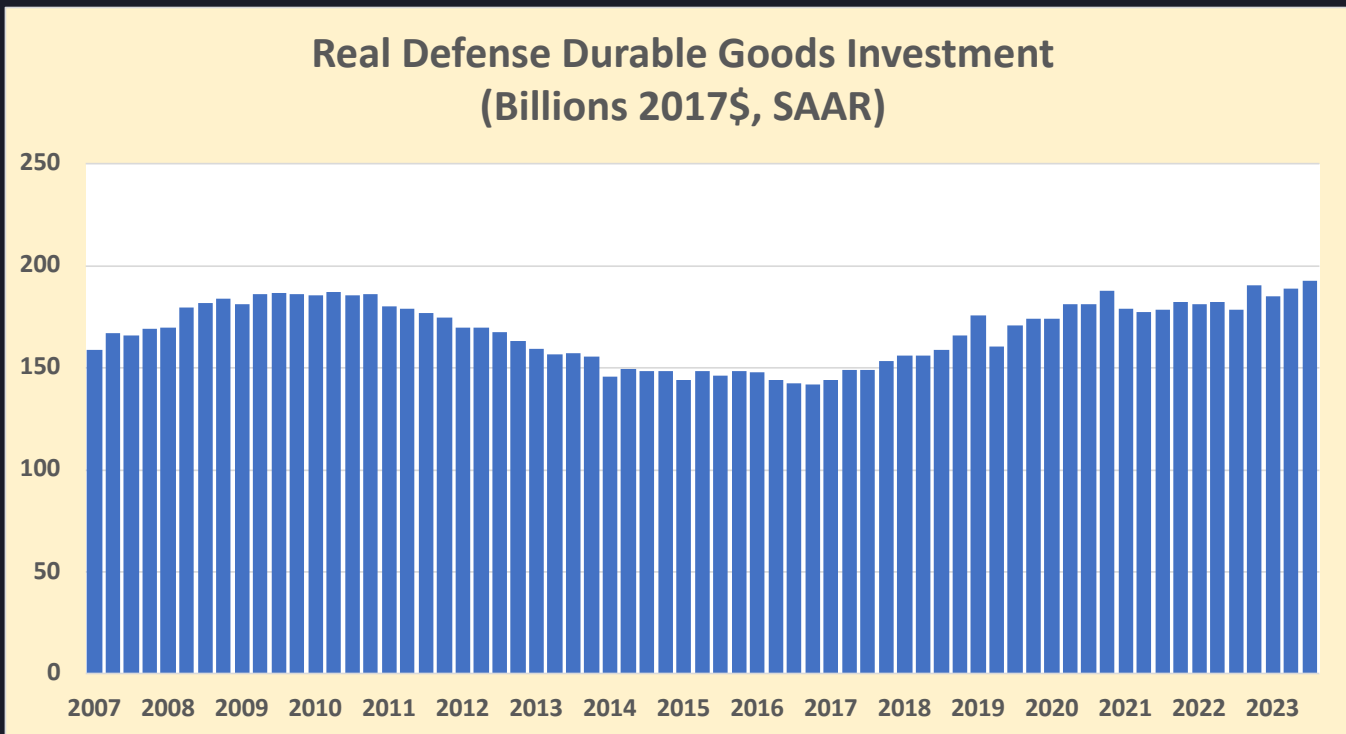


OTHER SECTORS

Consumption Remains Strong



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

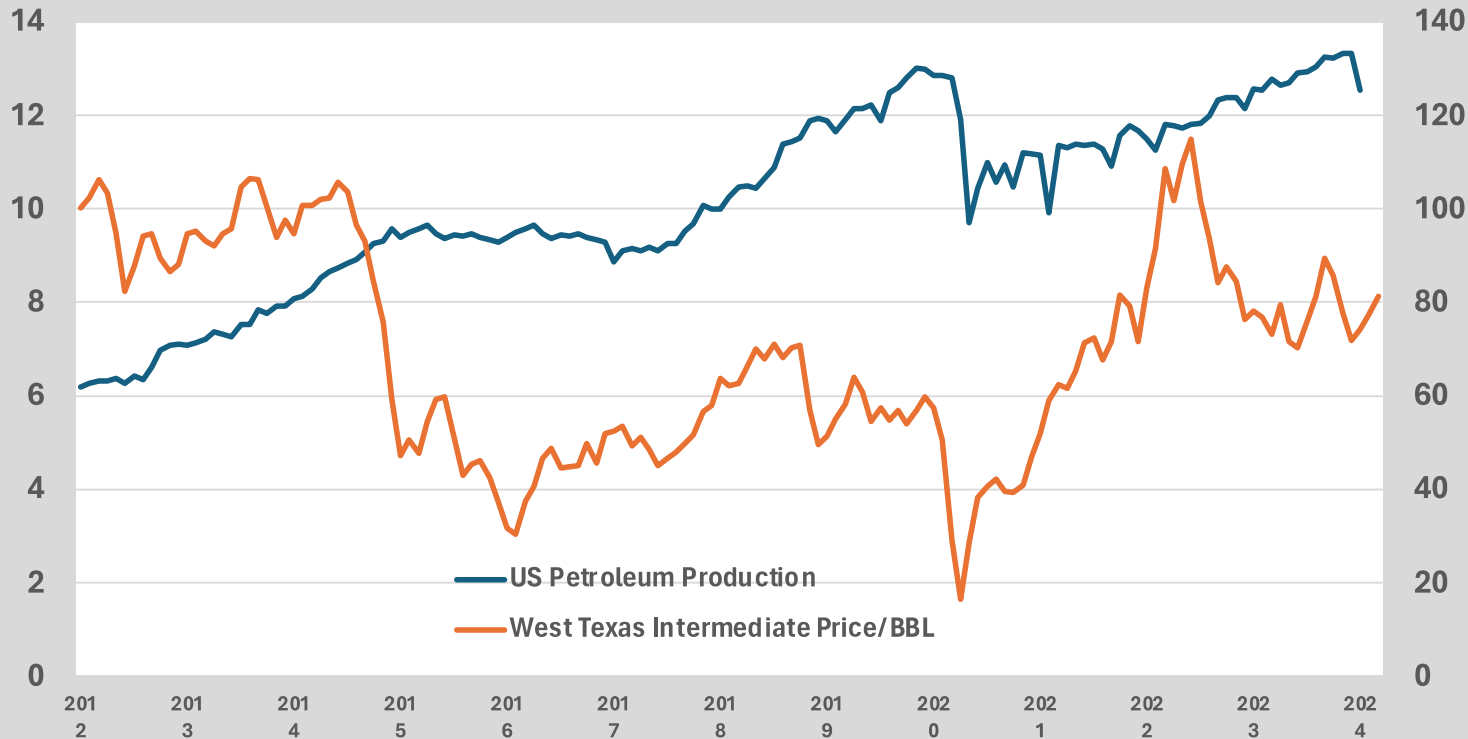


Source: UCLA Anderson Forecast and U.S. Bureau of Economic Analysis. Notes: \$ Billions, chained 2017 prices

Million
Bbls/day

OIL PRODUCTION AND OIL PRICES

\$/ Bbl



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**

April 19, 2021 \$5.99

SPECIAL ISSUE

NATIONAL REVIEW CALIFORNIA

Leaving

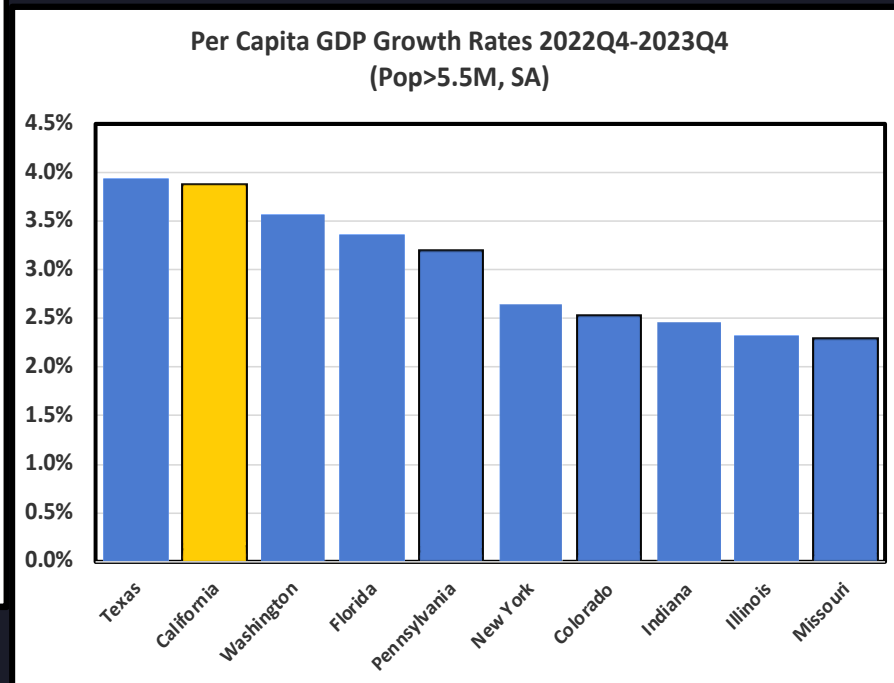
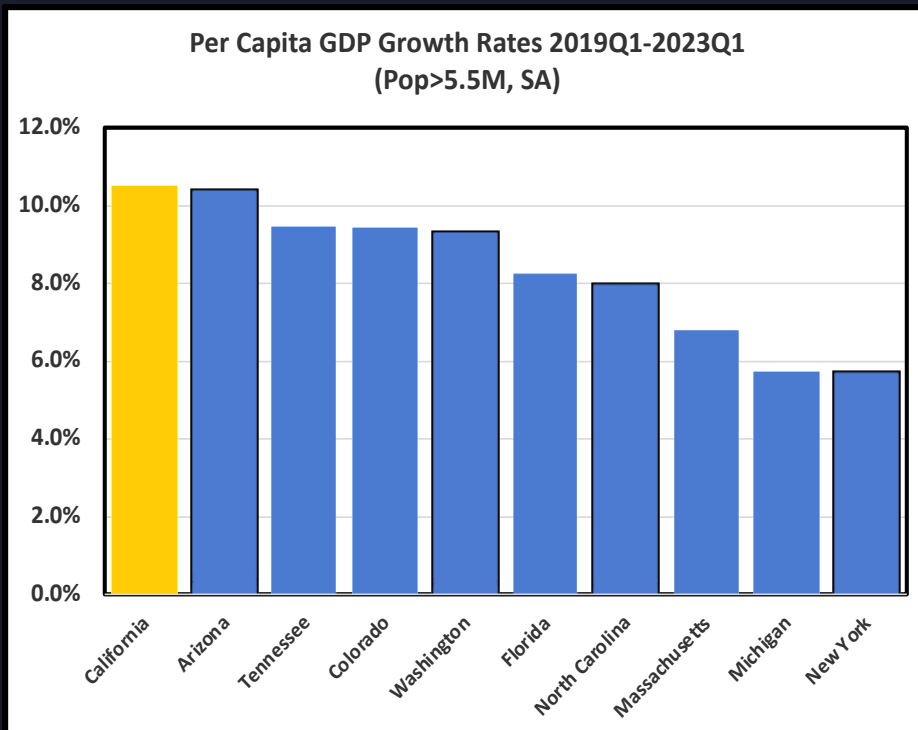
THE GOLDEN STATE
AND ITS SELF-INFLICTED
DISCONTENTS

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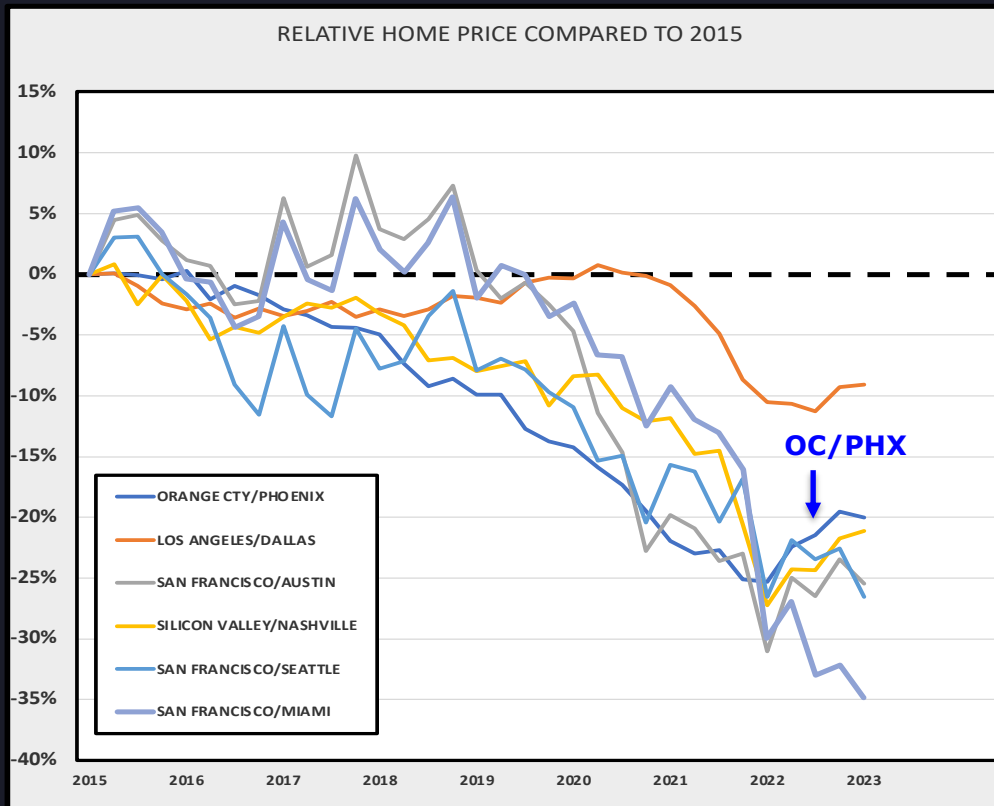
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Per Capita Income Growth

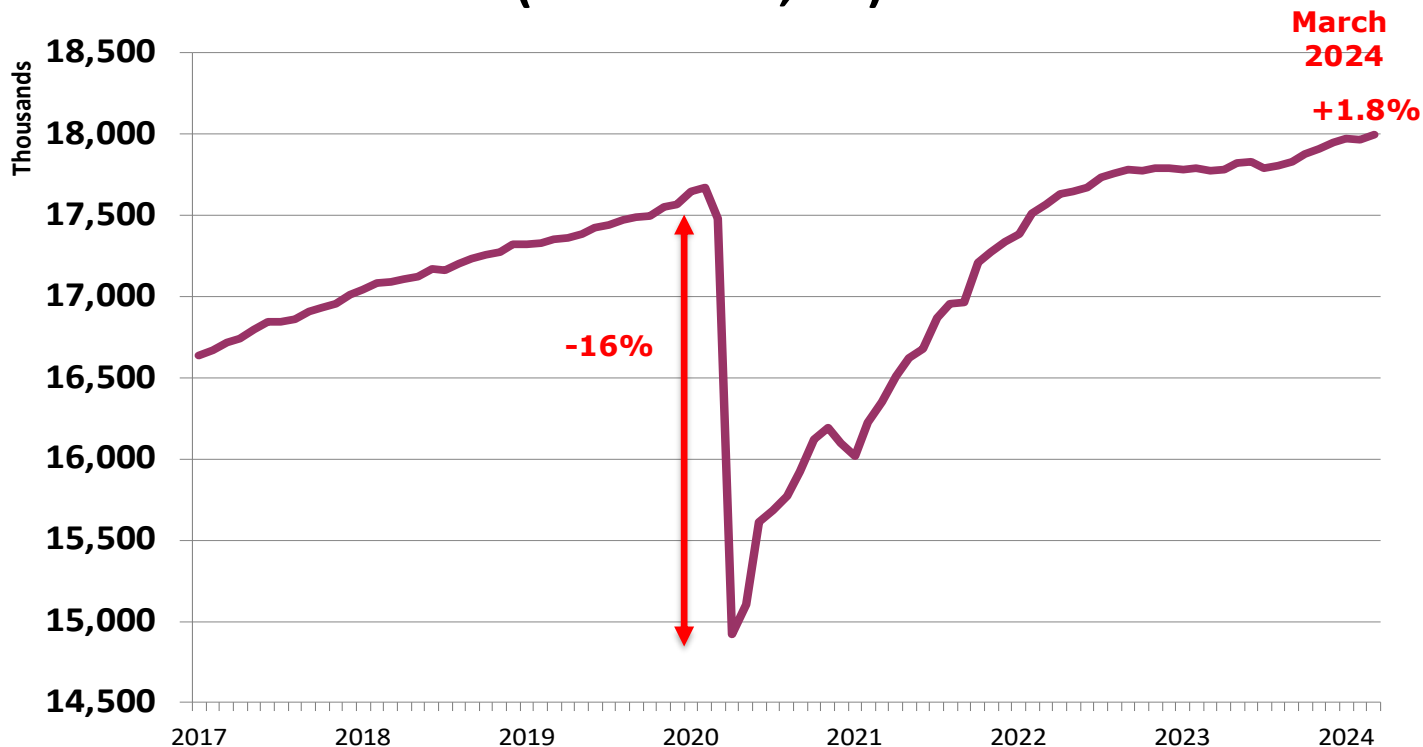


Not affordable, but relatively more affordable

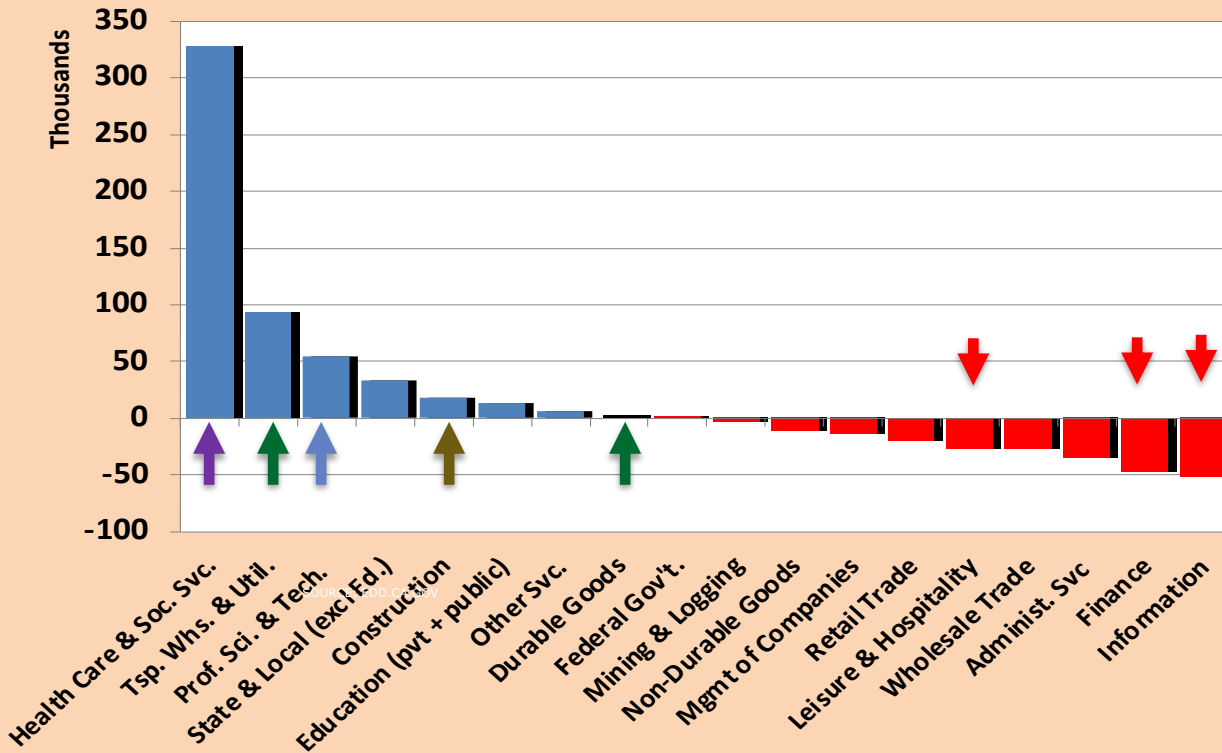


Aggregate jobs and recovery

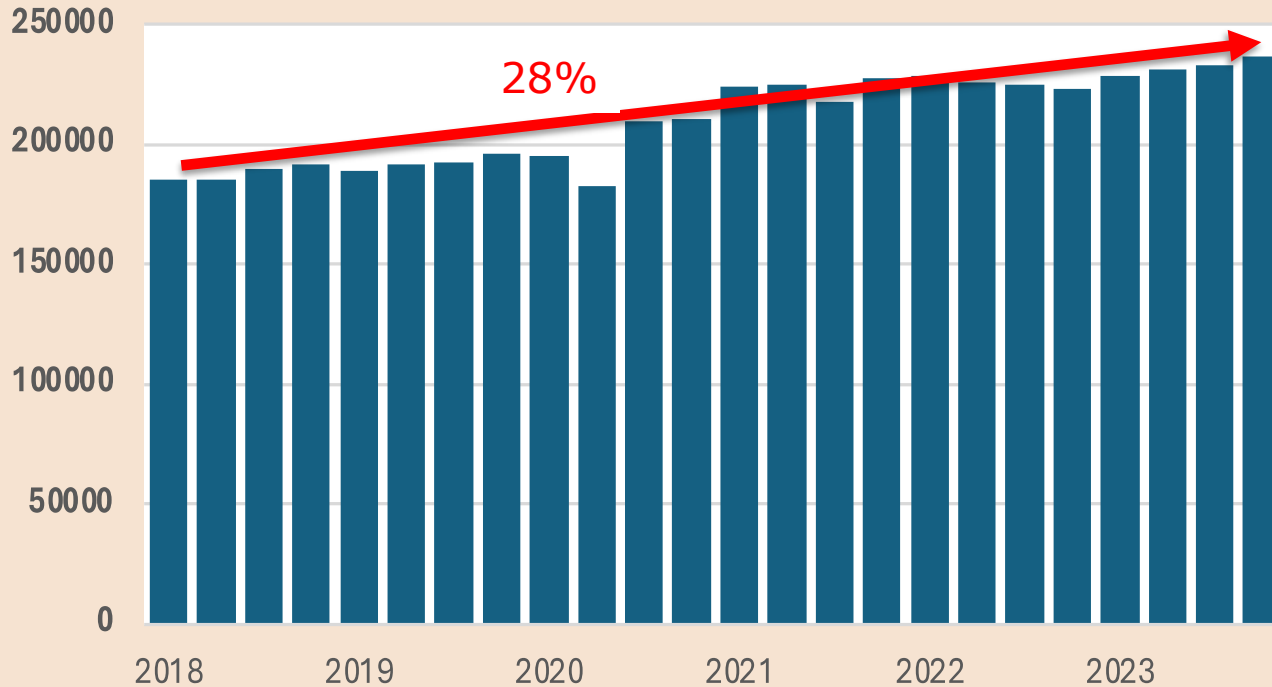
California Non-Farm Payroll Jobs (2017-2024, SA)



CHANGE IN NO. OF JOBS BY SECTOR (Feb. 2020 to March 2024)



Real Durable Goods Manufacturing (\$M, 2017\$, 2018-2023)





● WATCH LIVE

STATE OF FREIGHT

Strikes at East Coast, Gulf ports are a big labor risk this year, and trade diversions have already started

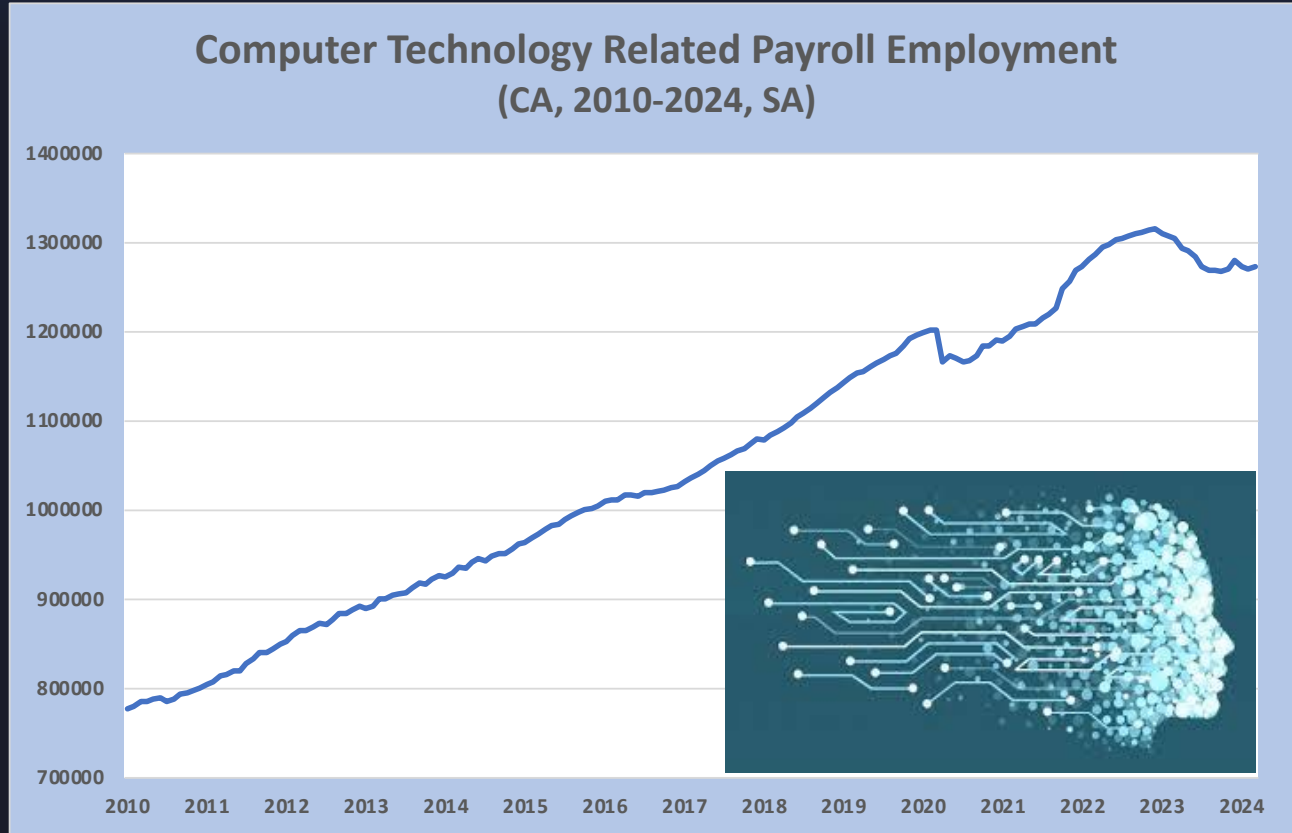
PUBLISHED THU, MAR 7 2024 2:59 PM EST

UPDATED THU, MAR 7 2024 4:04 PM EST

Lori Ann LaRocco[@LORIANNLARocco](#)

WATCH LIVE

Tech job growth stalls, for the moment



Top 10 financings in Q4'23 in Americas



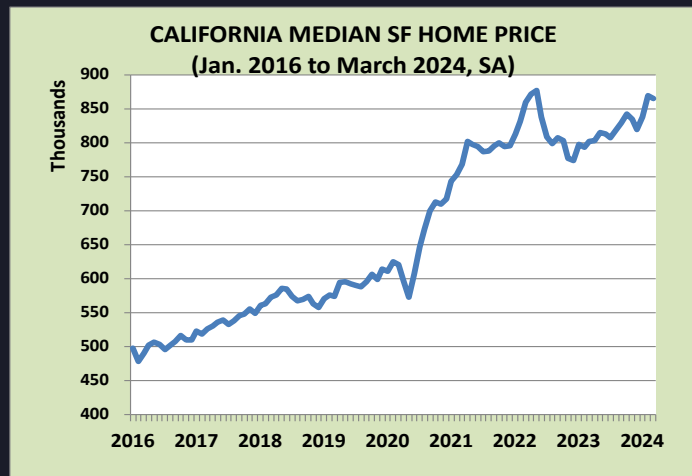
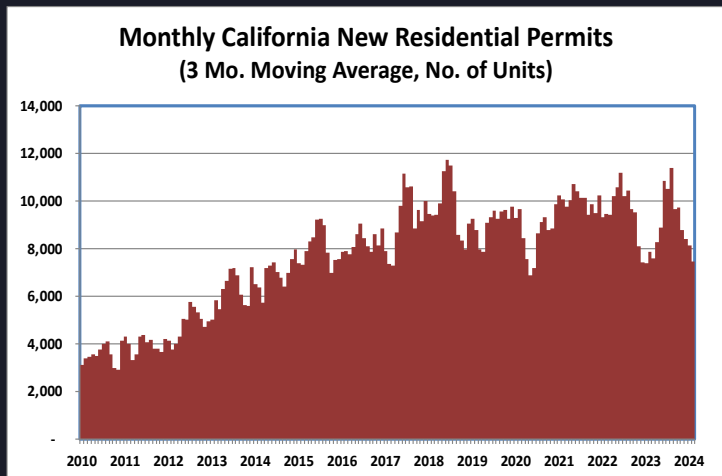
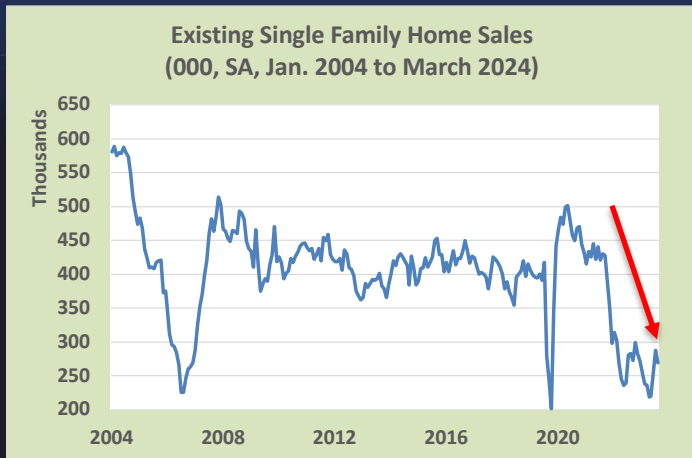
Venture Pulse Q4 2023

Global analysis of venture funding

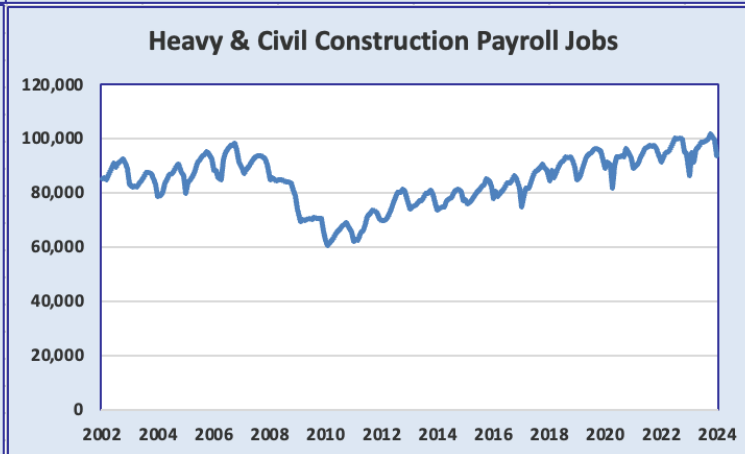
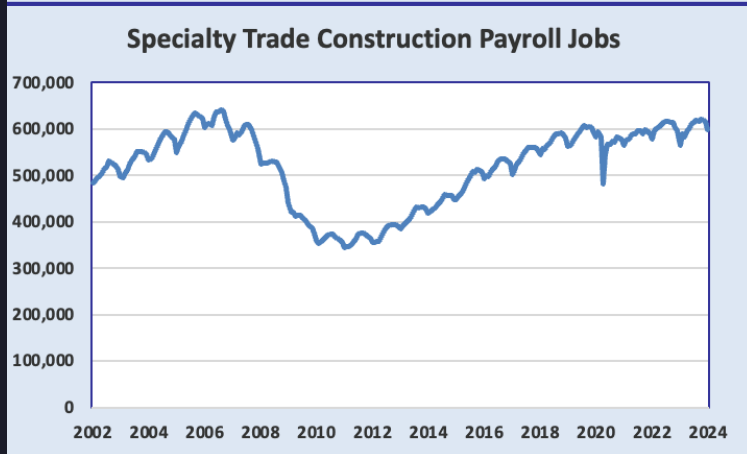
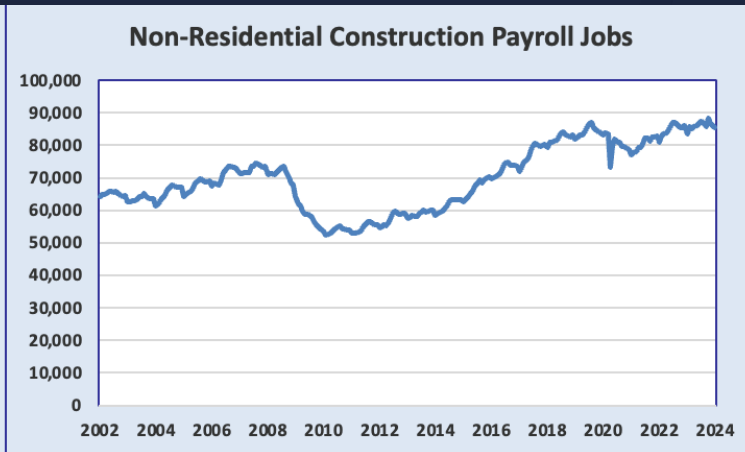
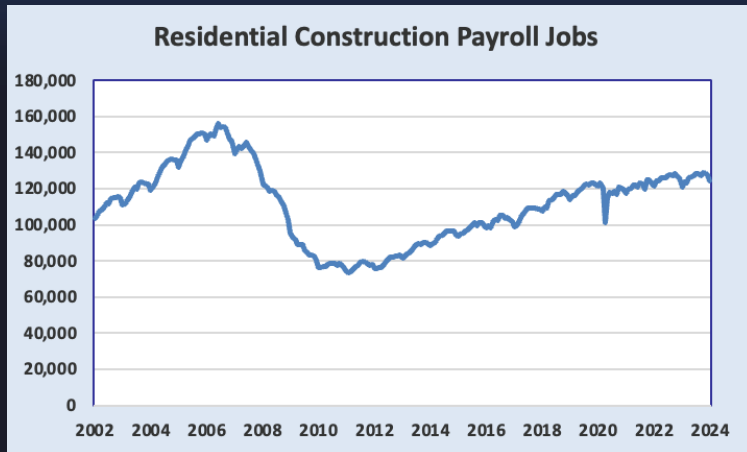
January 17, 2024

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*

California Housing Markets



Construction Employment 2002 - 2024

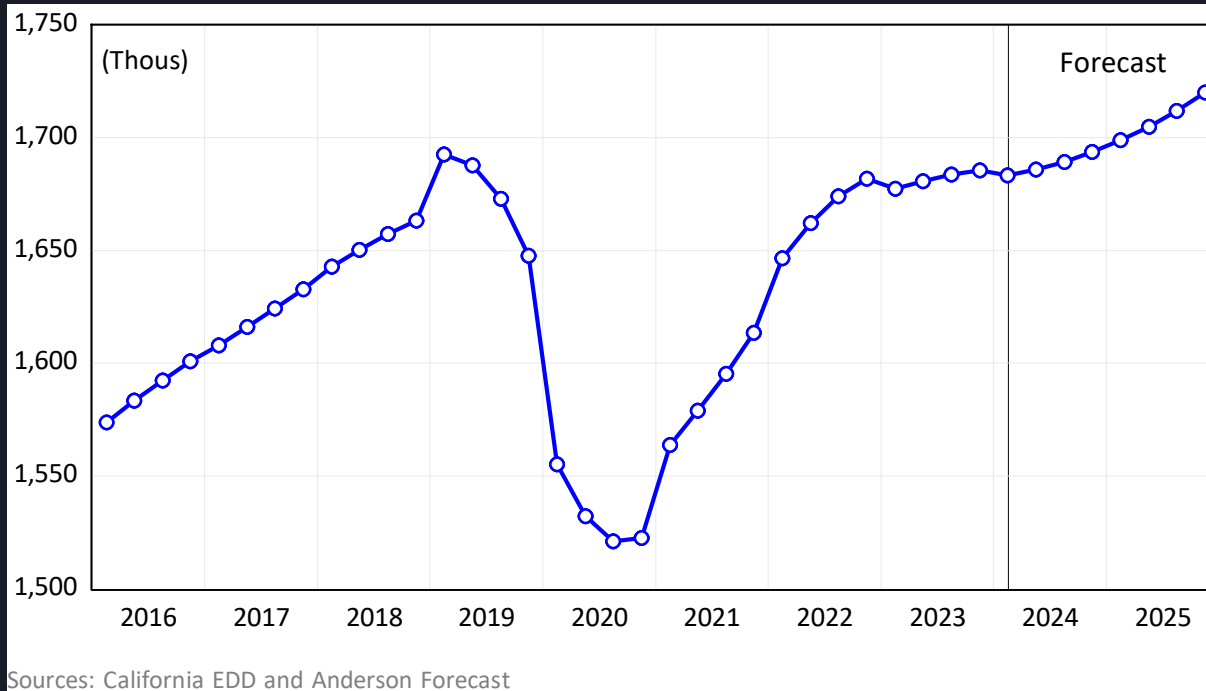


SUMMARY:

WEAK GROWTH IN 2024 RETURN TO SUPERIOR GROWTH IN 2025

- **FASTER GROWTH IN LOGISTICS**
- **MFG: DEFENSE & AEROSPACE WILL RAMP UP IN 2025**
- **TECH: AI THE NEW DARLING OF VC'S**
- **CONSTRUCTION: LABOR CONSTRAINED GROWTH**

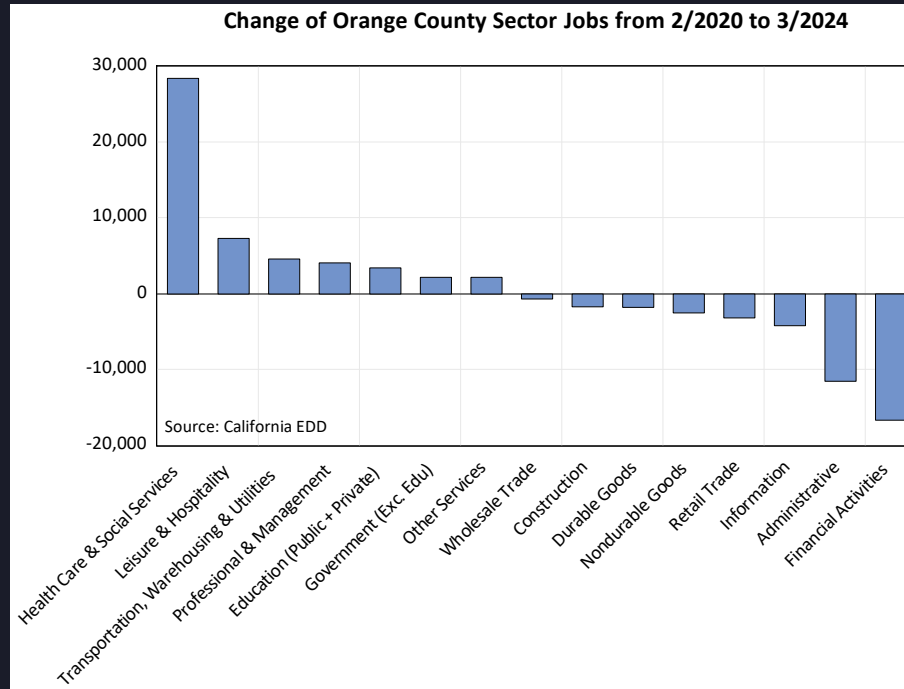
O.C. payroll job growth is forecast to grow steadily in 2024 & 2025



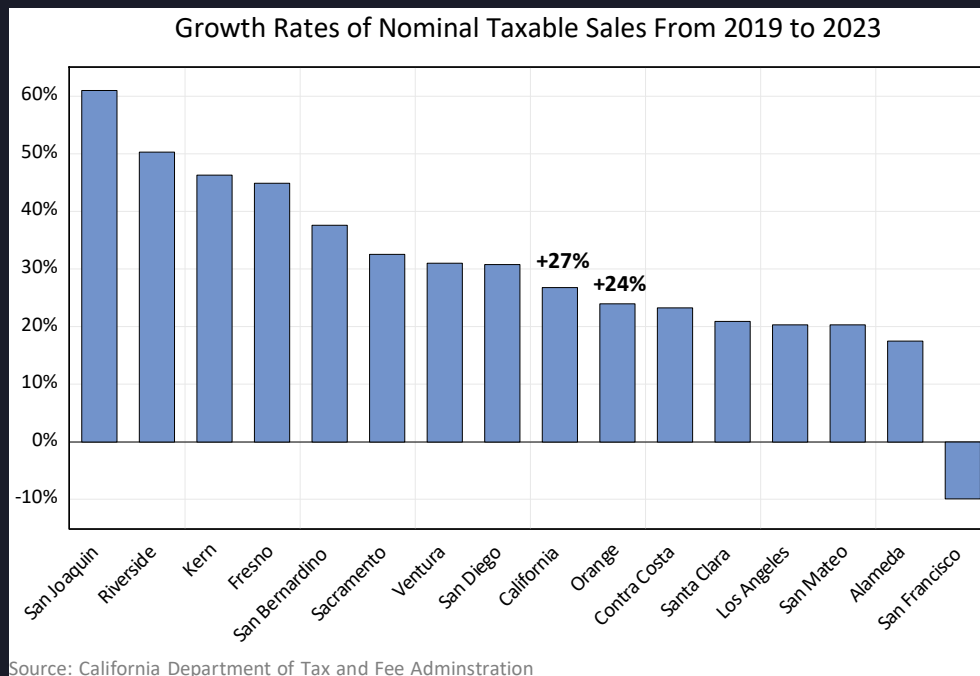
Payroll job growth:
 2022: 4.9%
 2023: 0.9%

Forecast:
 2024: 0.4%
 2025: 1.2%

The job gains: health care, leisure & hospitality, transportation & warehousing, and professional & management services.
 The job losses: administrative services and financial activities

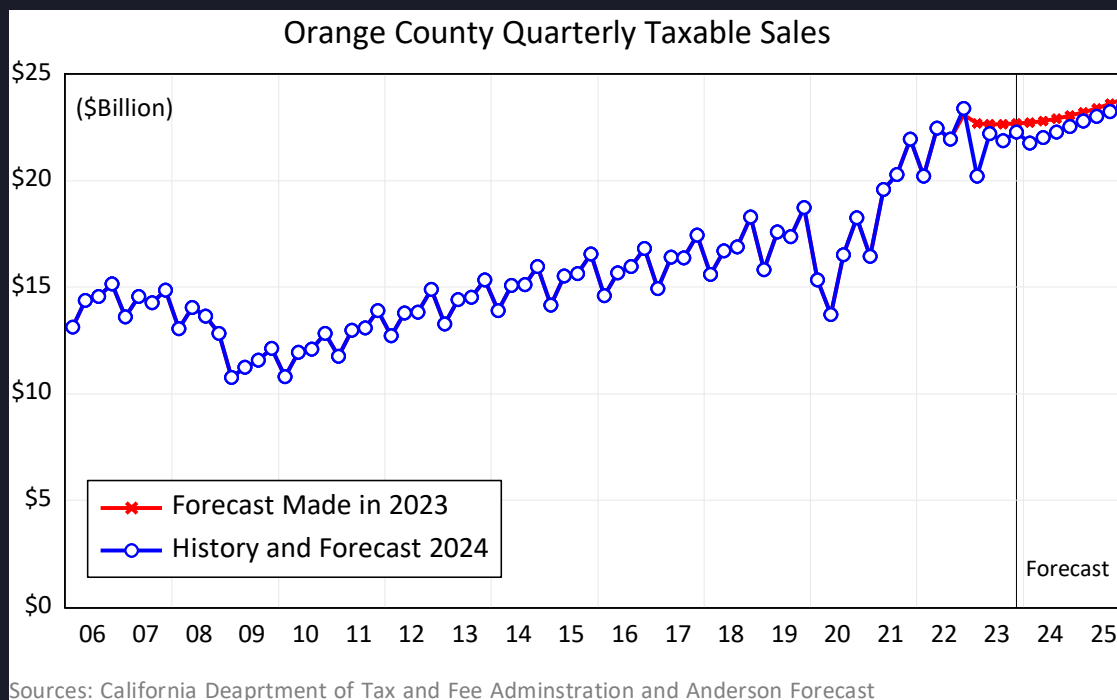


Inland counties had a higher growth of nominal taxable sales due to higher growths of jobs and population

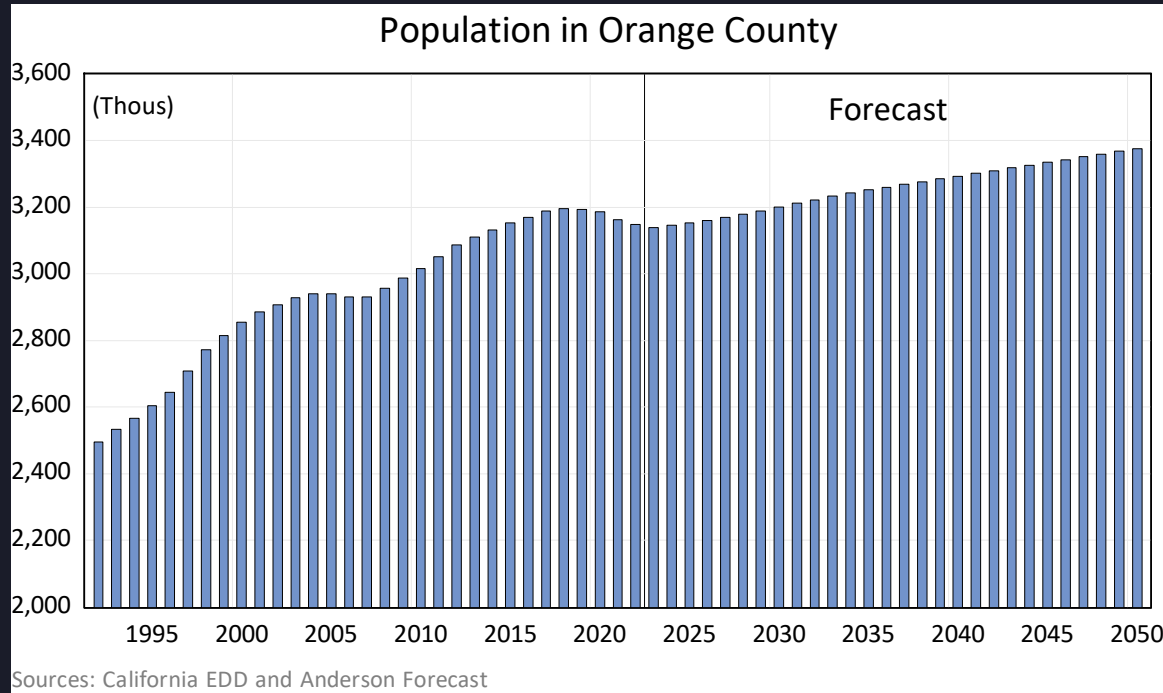


Note: The selected counties are 15 largest counties in CA in terms of taxable sales in 2023

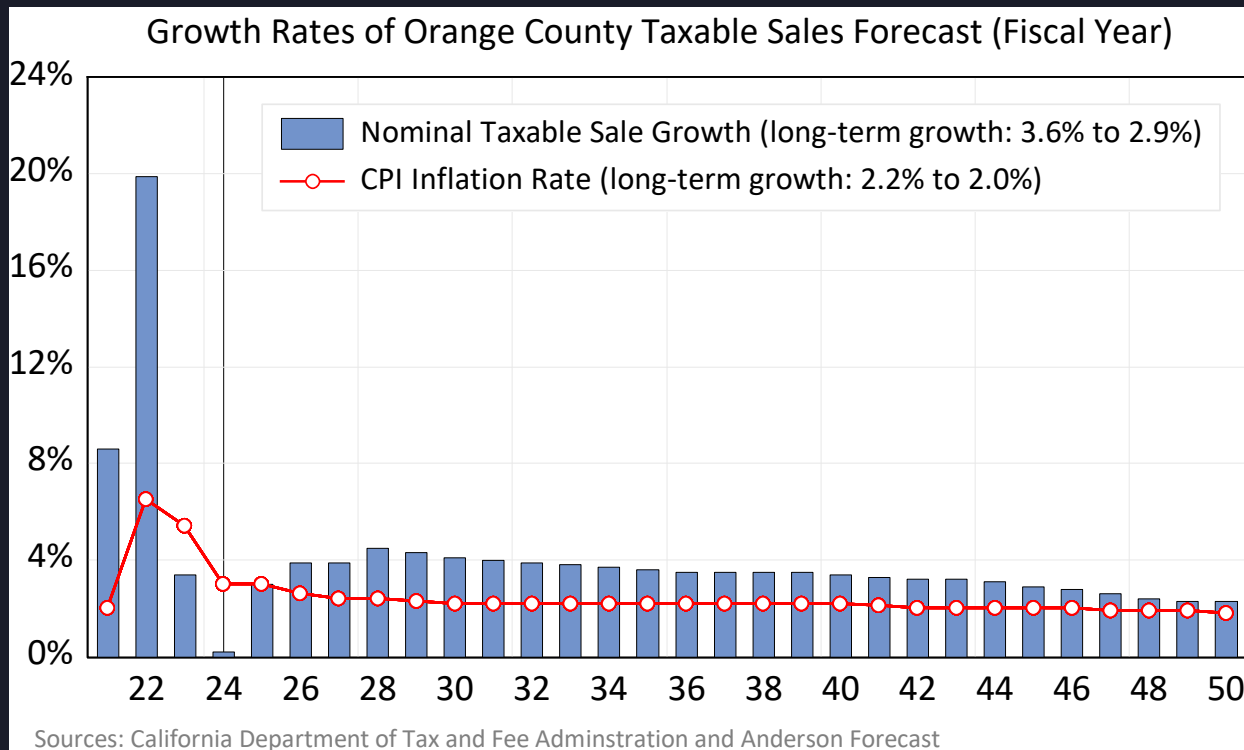
O.C. actual taxable sales in 2023 were lower than our forecast due to lower job growth and more out-migration



Population growth in O.C. is forecast to slow down to 0.2% in the next three decades



The long-term growth of O.C. taxable sales will slow to 3.6% in 2035 and to 2.9% by 2045



Orange County Summary

- Orange County's economy grew at a slightly slower rate than California's due to slower job and population growth.
- We predict Orange County's economic growth to remain steady in 2024 and 2025, mirroring state trends.
- Taxable sales, after surging in 2021 and 2022, have now stabilized in line with lower inflation and normalized consumption.