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California is such a complex economy that regional forecasts make more sense than a statewide forecast. Statewide, things will look pretty good, with growth in jobs and economic activity. That growth will be slower than we saw in California's golden age, and it will be slower than California's potential, but it will be strong enough that Joel Kotkin's clerisy will declare success.

Of course, just like we never get average rainfall, nobody lives in Average California.

A few select counties, such Santa Clara, San Mateo, and San Francisco are living through yet another a boom. If the stock market doesn't turn into a bear market, a possible but unforecastable event, these counties will continue to enjoy their boom. Increasingly, the prosperity will be shared by nearby Bay Area counties and communities along the I80 corridor, some of which still are recovering from the excesses of the housing boom.

Orange County and coastal San Diego County will also continue to see relatively vibrant economies.

Most of the rest of Coastal California is a new type of economy. There have always been ritzy places for the rich and famous to enjoy their wealth, but today's world is a fabulously wealthy place compared to anything mankind has seen before. There are lots more people with lots more money than we've ever seen, and many of them want to live in Coastal California. The result is what I call consumption communities. The fact that consumption communities can be so large is more evidence of 21st century wealth.

These places, such as Santa Barbara, Monterey, and Marin County, have economies that are all about making life for their wealthy residents good. They have abundant amenities. They have large service sectors, with wonderful restaurants, high-end shopping, world-class hotels, and the like. They have high housing prices. They have small industrial sectors and small middle classes. Don't expect to see much economic growth here, but house prices will probably increase.

We expect residential real estate markets to be strong (in the sense that prices will be rising) in all of the counties we've mentioned so far. These counties limit housing supply, and demand is global. So, residential markets are relatively independent of local economic activity. Don't expect to see increasing housing affordability here.

Then, there is Los Angeles, by itself one of the world's larger economies. It's economically diversified. Its population is diverse. It has one of America's busiest ports. It has pretty slow job growth. In fact it still has fewer jobs than it had pre-recession.

If we consider Los Angeles County along with its neighbors to the east, San Bernardino County and Riverside County, we have a very large, economically and geographically, underperforming economy, one with some of the highest rates of urban poverty in the United States. This economy is a victim of San Francisco.

San Francisco all but controls Sacramento. They dominate leadership positions there, and while they did suffer economic setbacks after the dot.com collapse, they have not seen anywhere near the economic pain that most of California has suffered.

While most of California suffered an extraordinary recession in the 1990s, the bay area, with its booming tech sector, didn't know there was a recession. So it has been in the current business cycle. The bay area was by far the most vibrant California economy, providing all of the state's job growth quarter after quarter.

So, they enact policies and laws that minimally impact their unique economies but have terrible impacts on other, more traditional, economies. The result is that the Los Angeles-San Bernardino-Riverside economy has achieved peak jobs prior to the recession. The region may see some very slow economic growth, but don't expect them to reach pre-recession jobs anytime soon.

Finally, there is everywhere else. Most of the rest of California felt like a recession when times were good. Unemployment rates were persistently high, and residential real estate prices were relatively low. Outside of a few bright spots, Bakersfield and Fresno predominately, this area will continue to see very weak economic and job growth. If it doesn't rain this Winter, they could have their own recession, as agriculture, a prime regional economic engine, cuts back acreage under cultivation and converts to less water-intensive crops.

There you have it. The forecast:

Bay Area and surrounding communities:	**Great and getting better**
San Diego & Orange counties:	**Sunny and getting better**
Coastal California (excludes L.A. and the far northern counties)	**Great, if you can afford it**
Los Angeles, San Bernardino, and Riverside	**Slow growth, little upside**
Everywhere Else	**Persistently weak**