

2024 Ventura County Economic Forecast

February 28, 2024

California Lutheran University

CENTER FOR ECONOMIC RESEARCH
& FORECASTING

THE WALL STREET JOURNAL.

Economic Forecasting Survey

Economist Q&A

Forecast Edition: November 2019

Recession Expectations

When do you expect the next recession to start?

Fed's Recent Easing

How would you characterize the Fed's steps to cut interest rates three times since July?

Path of Interest Rates

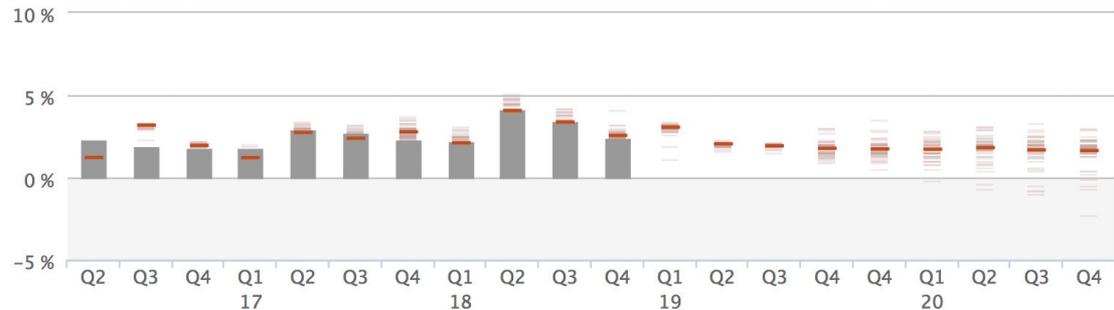
When will the Fed lower the fed-funds rate to a range between 1.25% and 1.50%?

Economic Indicators

GDP (quarterly)

GDP (quarterly)

Actual Estimates 7 yr. **5 yr.** 3 yr.



GDP (quarterly)

Actual (Q4 2018)

2.4%

Projected: Q1 2019

3.0% ▲

Projected: Q2 2019

2.0%

Projected: Q3 2019

1.9%

2019, 2020 & 2021 Crystal Ball Award Winner



Zillow Home Price Expectations Survey™

Every quarter, Pulsenomics surveys a distinguished panel of over 100 economists, investment strategists, and housing market analysts regarding their 5-year expectations for future home prices in the United States.



Brian Moynihan

CEO, Bank of America

"Bank of America uses the average forecasts of economists surveyed to help create its internal housing projection."



Hard-Working.
Self-Sufficient.
Optimistic.

2023
U.S. Latino GDP Report

Dan Hamilton, Ph.D. and Matthew Fienup, Ph.D.
California Lutheran University

David Hayes-Bautista, Ph.D. and Paul Hsu, Ph.D.
UCLA David Geffen School of Medicine

www.LatinoGDP.us

California Lutheran University

UCLA Health
Center for the Study of Latino Health and Culture



www.LatinoGDP.us

California Lutheran University

CENTER FOR ECONOMIC RESEARCH
& FORECASTING

United States Economy

At the 2023 VC Economic Forecast Event, CERF predicted:

⇒ **No recession**

⇒ **Stagflation** (anemic growth & inflation well above 2% target)

⇒ At the time, 51 WSJ Forecast Survey participants were predicting *recession* in 2023. Only 17 were predicting *no-recession*.

Shortly thereafter...

March 10, 2023

THE WALL STREET JOURNAL.
English Edition | Print Edition | Video | Audio | Latest Headlines | More

Home World U.S. Politics **Economy** Business Tech Markets Opinion Books & Arts Real Estate Life & Work Search

SHARE

The Silicon Valley Bank Bailout

March 12, 2023 8:00 pm ET



The image shows a close-up of shattered glass, likely a window or a sign, with the words "Silicon Valley Bank" visible through the cracks. The glass is broken into many small, sharp pieces, and the text is partially obscured by the debris. The background is a light, neutral color.

May 1, 2023

☰ Menu 🔍 Search

Bloomberg

Quick Links: [Commodities](#) [Stocks](#) [Rates & Bonds](#) [Currencies](#) [Futures](#) [Economics](#) [Fixed Income](#) [ETFs](#) [Sectors](#) [Watchlist](#) [Wealth](#)

First Republic Becomes Second-Largest Ever US Bank Failure

- Three of largest FDIC failures this century occurred in weeks



And then something really crazy happened

Menu Search

Bloomberg

Quick Links: Commodities Stocks Rates & Bonds Currencies Futures Economics Fixed Income ETFs Sectors Watchlist Wealth

First Republic Becomes Second-Largest Ever US Bank Failure

- Three of largest FDIC failures this century occur



THE WALL STREET JOURNAL.

Home World U.S. Politics Economy Business Tech Markets Opinion Books & Arts Real Estate Life & Work WSJ Magazine Sports

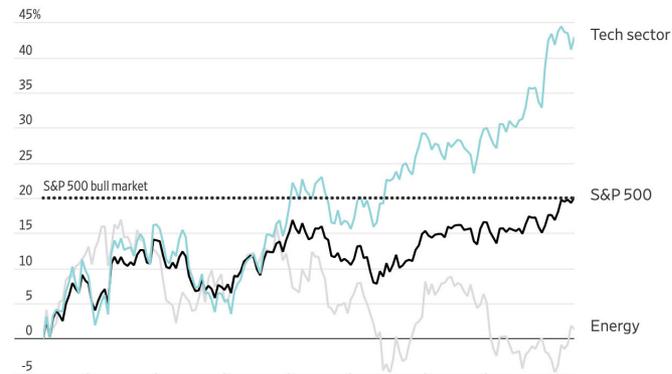
MARKETS | U.S. MARKETS

S&P 500 Starts a New Bull Market as Big Tech Lifts Stocks

SHARE



S&P 500 change since bear-market low



Actually, there is something familiar here

THE WALL STREET JOURNAL
English Edition | Print Edition | Video | Podcasts

Home World U.S. Politics Economy Business

DJIA 33937.88 -1.43% S&P 500 3994.60 -1.89% Nasdaq 11214.89 -2.15%

LIVE MARKETS UPDATES

Dow Falls 500 Points on Solid Economic Data

Stocks dropped after readings on service sector activity and factory output suggested the economy remains resilient even as the Fed raises rates. Oil prices wavered as the price cap on Russia's oil exports took effect. Follow for the latest.

- Wall Street Is Really, Really Bearish

WSJ INTERVIEW: **Where Do Sam Bankman-Fried and FTX Only Guess**

12:51 DJIA 2.25% ▲ U.S. 10 Yr 3.556% ▲ Euro 1.18% ▲

WSJ

LIVE COVERAGE

Stock Market Today: Dow Climbs More Than 700 Points, Treasury Yields Slip After Jobs Data

The Wall Street Journal's full markets coverage.

Jan 6, 2023 at 3:45 pm ET SHARE

U.S. stocks are rallying, with the Dow up more than 700 points after fresh data showed a **slowdown in wage growth**, an upbeat sign for the Federal Reserve's battle against inflation

wsj.com

Prices are disconnected from fundamentals

Just the other day...

7:01

WSJ

Hiring Accelerated With 353,000 Jobs Added Last Month

The report also showed that wages outpaced expectations, and that job growth was far stronger in December than previously thought.

Nonfarm payrolls, change from a month earlier

1.0 million

0.8

0.6

0.4

0.2

0

2022 '23 '24

January: +353,000

Note: Seasonally adjusted
Source: Labor Department

LIVE MARKETS >

Dow Slips After Jobs Data

14m The Jobs Report Includes a Big Revision to December Growth

7:58

EXPLORE OUR BRANDS

WSJ

DJIA -1.07% S&P 500 -0.72% Nasdaq -0.83%

EVAN GERSHKOVICH About Evan > His Family Refl
10 Months Detained

LIVE MARKETS

Stocks Fall After Powell's Remarks on Rate-Cut Caution

The Dow fell more than 400 points and bond yields continued to climb after Federal Reserve Chair Jerome Powell indicated that officials aren't in a rush to lower interest rates.

FEBRUARY 5 1 min read

Fed Chair Says Agency Has New Focus

The Fed's fingerprints...

- **What caused the wholly unexpected failure of large banks in early 2023?**
- **What has caused the obvious disconnect between prices and underlying economic fundamentals?**
- **On the whole, what does this mean for the outlook? How do you forecast *anything* when price signals are broken?**

2008: the Fed undertook previously *unimaginable* interventions

- Zero Interest Rate Policy
- Quantitative Easing (QE)
- Interest on Reserves

“You don’t watch the house burn down if you are a fire fighter... even if you are the arsonist who set the house on fire.”

- Monetary Economist, Jim Grant

“A dizzying policy experiment...unprecedented, poorly understood, and not recommended by theory...impossible to unwind.”

- CERF

The extraordinary interventions undertaken by the Fed have far-reaching consequences

- The Fed deliberately subsidized the risk taking and inflated the duration bubble which benefitted SVB and its clients
- The Fed has separated traditional indicators of risk and liquidity from underlying economic fundamentals
- Because of dislocations in the financial system, the broader U.S. economy is extremely *fragile*

The extraordinary interventions undertaken by the Fed have far-reaching consequences

Thomas Hoenig – Kansas City Fed President

“An entire economic ecosystem developed around a zero rate. It’s massive...Now think of the adjustment process to a new equilibrium at a higher rate. Do you think it’s costless? Do you think that no one will suffer? No way.

You have taken your economic system, and you’ve moved it to an artificially low zero rate. You’ve had people making investments on that basis, people not making investments on that basis, people speculating in new activities, people speculating on derivatives around that, and now you’re going to adjust it back? Well, good luck. It isn’t going to be costless”

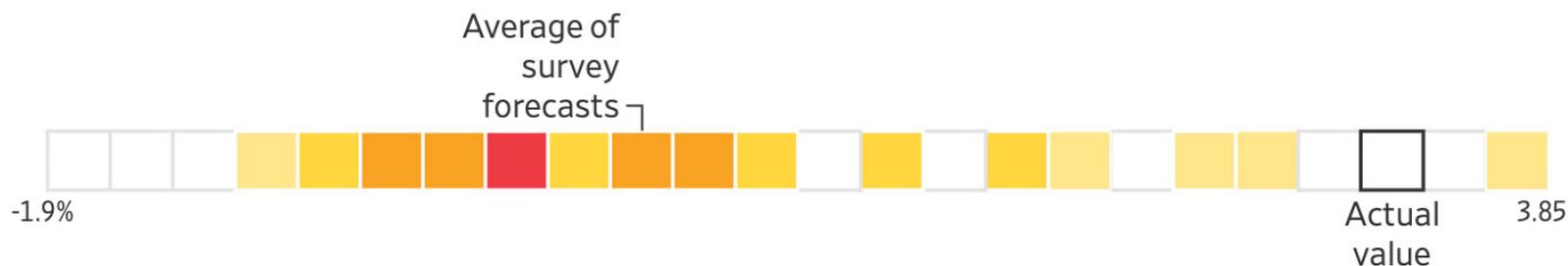
Sooo...how do you forecast *anything* when price signals are broken?

A difficult year for economic forecasters

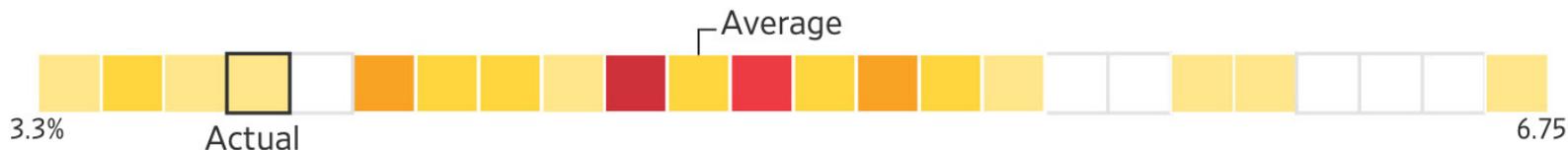
Distribution of forecasts made January 2023

- 1 to 2
- 3 to 5
- 6 to 9
- 10 to 12
- More than 12

4Q GDP, change from a year earlier



Unemployment rate



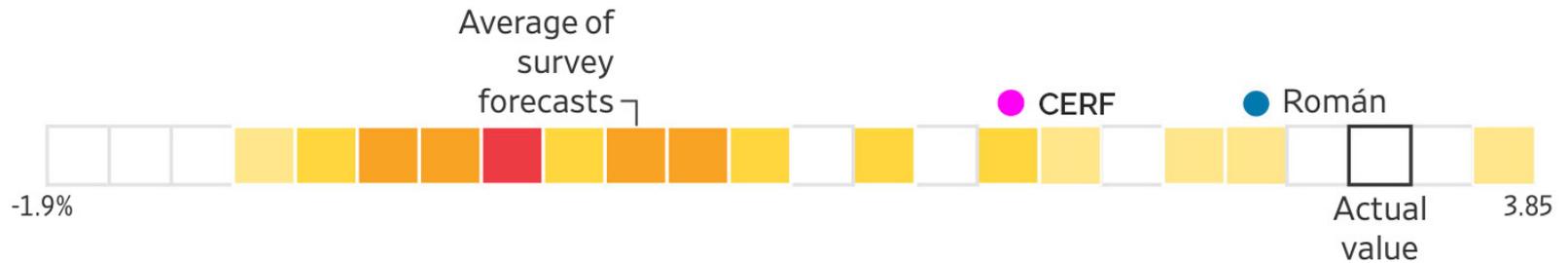
Recall that 51 forecast houses were calling for recession. Only 17 were not.

A difficult year for economic forecasters

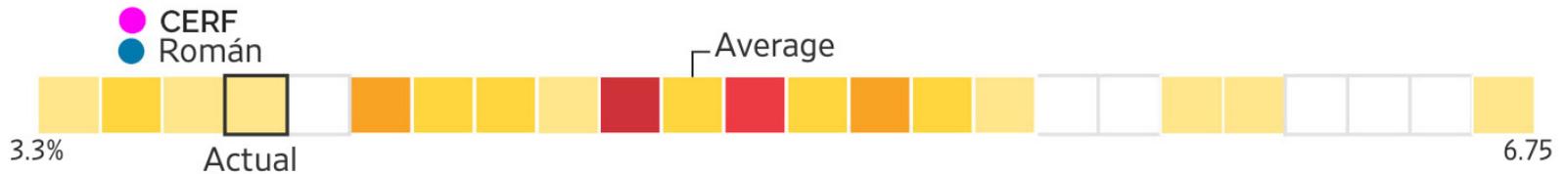
Distribution of forecasts made January 2023

- 1 to 2
- 3 to 5
- 6 to 9
- 10 to 12
- More than 12

4Q GDP, change from a year earlier



Unemployment rate

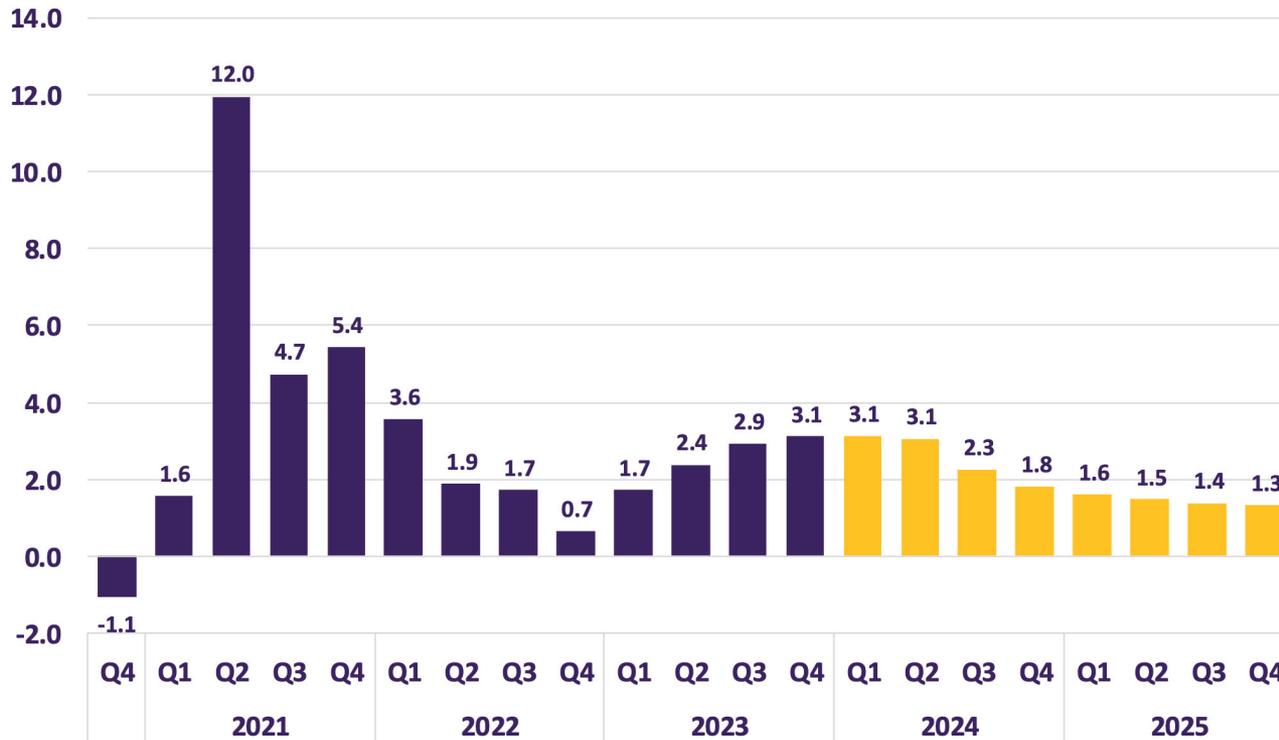


CERF's February 2024 forecast:

⇒ **No recession**

⇒ ***Stagflation*** (anemic growth & inflation well above 2% target)

Real Gross Domestic Product

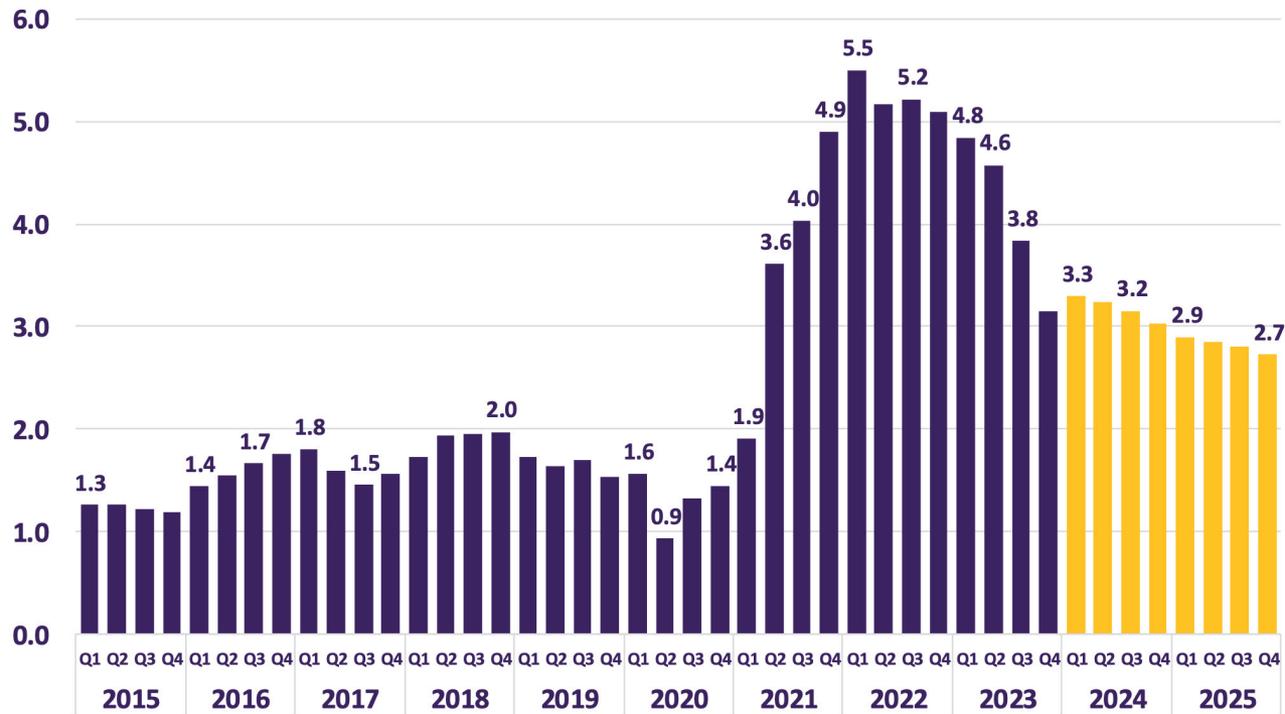


Center for Economic Research & Forecasting
United States - (Year-on-year percent change)

Center For Economic Research & Forecasting
Source: U.S. Bureau of Economic Analysis

California Lutheran
UNIVERSITY

Inflation: Core PCE

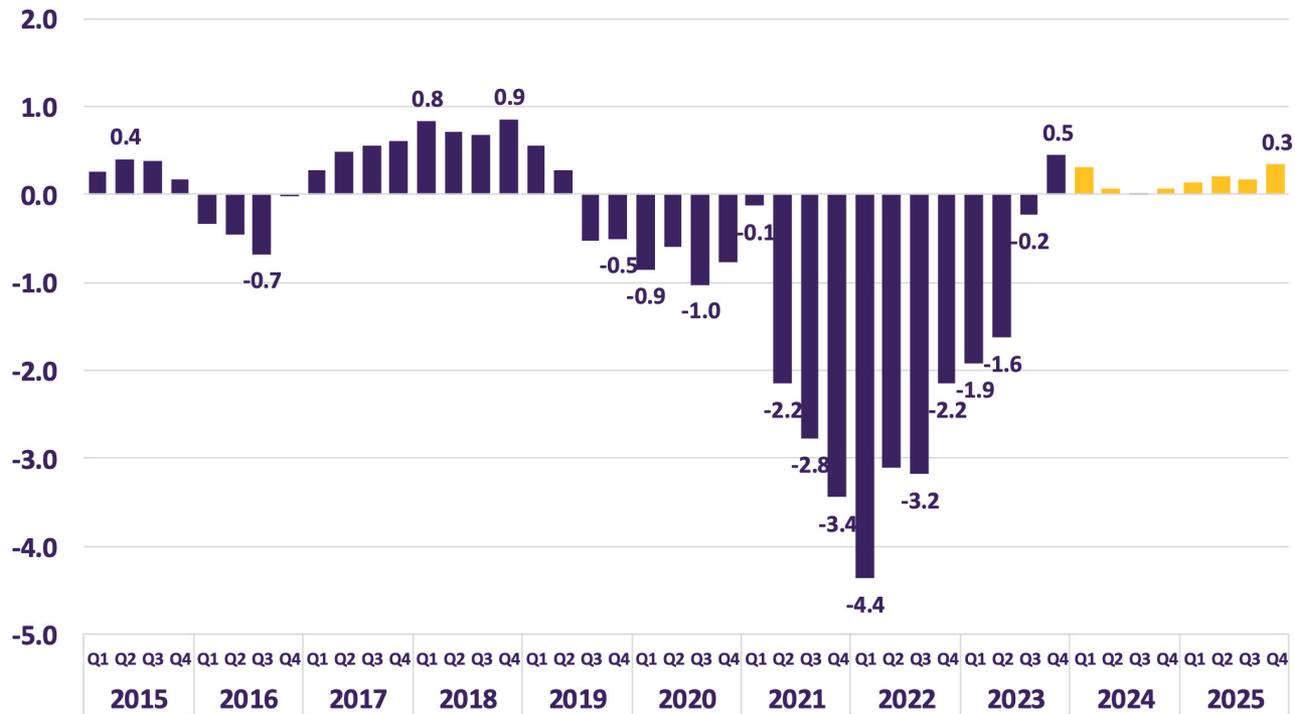


Center for Economic Research & Forecasting
United States - (Year on year Percent change)

Center For Economic Research & Forecasting
Source: U.S. Bureau of Economic Analysis

California Lutheran
UNIVERSITY

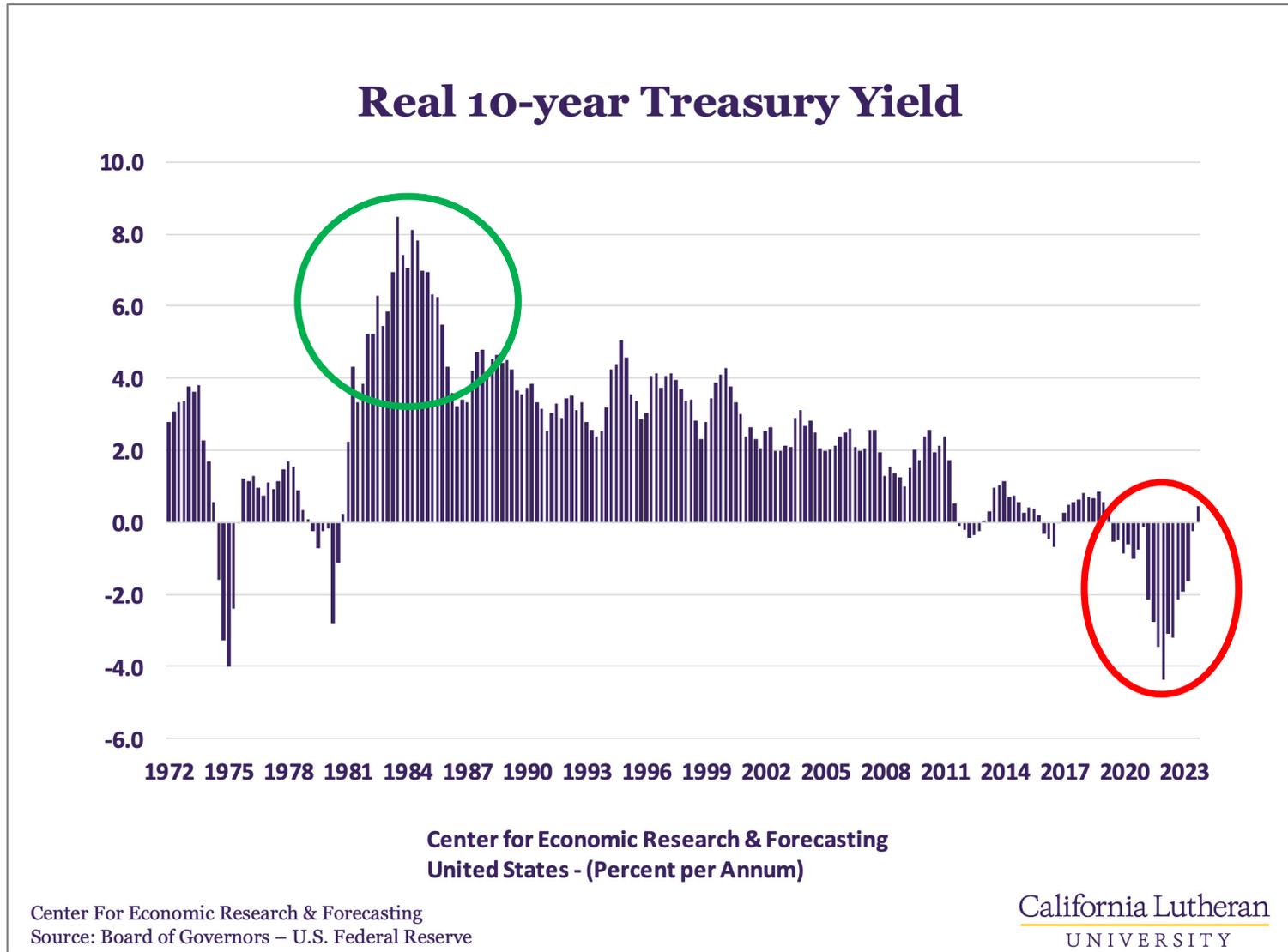
Real 10-year Treasury Yield



Center for Economic Research & Forecasting
United States - (Percent per Annum)

Center For Economic Research & Forecasting
Source: Board of Governors – U.S. Federal Reserve

California Lutheran
UNIVERSITY



GDP

- 1947 – 2007 3.5%
- 2009 – 2017 1.9%
- 2018 2.9%
- 2019 2.3%

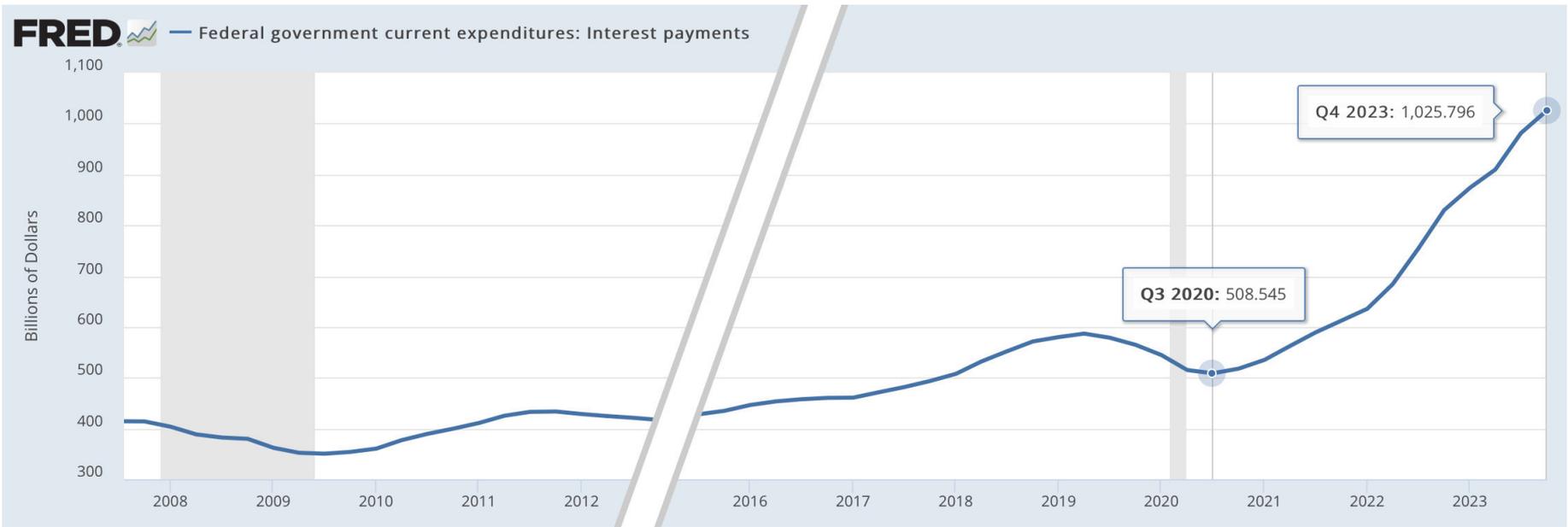
COVID-19 Pandemic

- Long-run Forecast 1.3%

What keeps CERF up at night



What keeps CERF up at night



CBO's Budget and Economic Outlook (Feb. 7, 2024)

\$2.6 trillion annual deficits by 2034

Assumptions

- ⇒ all 2017 tax cuts and ACA expansion expire on schedule
(extending these would create a \$5T fiscal cliff in 2025)**
- ⇒ Congress cuts discretionary spending to lowest level since 1930s**
- ⇒ Treasury Dept. continues to roll over \$10 trillion in debt a 3.5%**

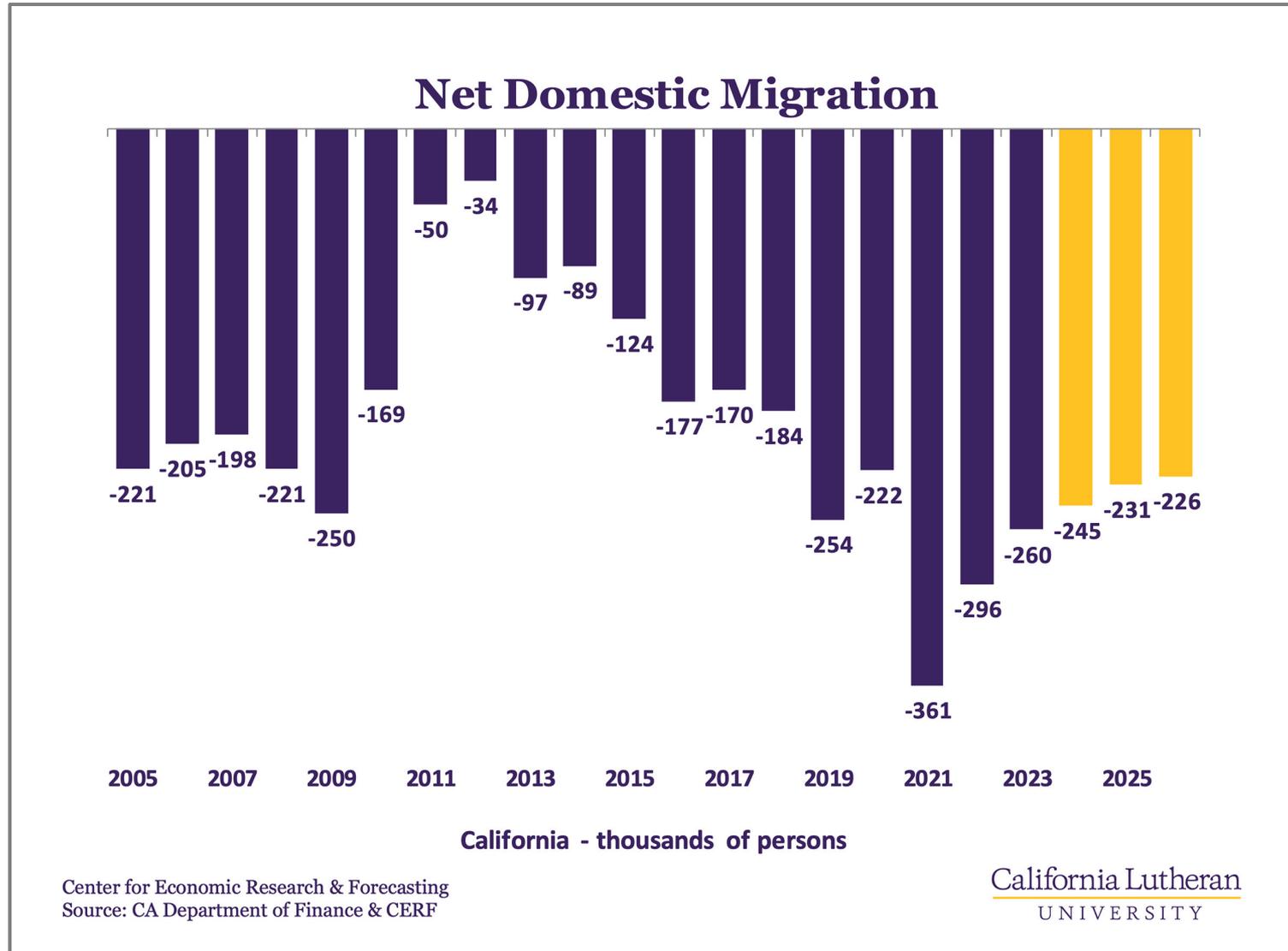
What keeps CERF up at night



California Lutheran University

CENTER FOR ECONOMIC RESEARCH
& FORECASTING

California Economy





California Lutheran University

CENTER FOR ECONOMIC RESEARCH
& FORECASTING

Ventura County Economy

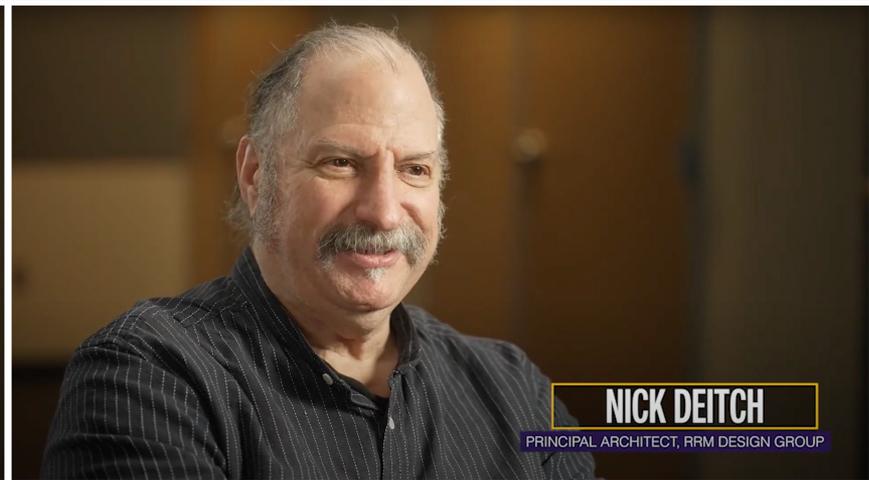
Peak Ventura County

	<u>Peak Year</u>	<u>Peak Value</u>	<u>Current Value</u>	<u>Chg. from Peak</u>
Population	2016	850,227	825,937	-2.9%
Civilian Labor Force	2012	433,700	416,625	-3.9%
Real GDP (2022 dollars)	2007	71,112	62,329	-12.4%

Sources: CA Department of Finance, CA Employment Development Department, US Bureau of Economic Analysis

- **Pre-Pandemic:** prolonged period of economic weakness
- **Pandemic:** exceptional policy making
- **Post-Pandemic:** anemic recovery due to underlying (pre-pandemic) weakness

Celebrating COVID success



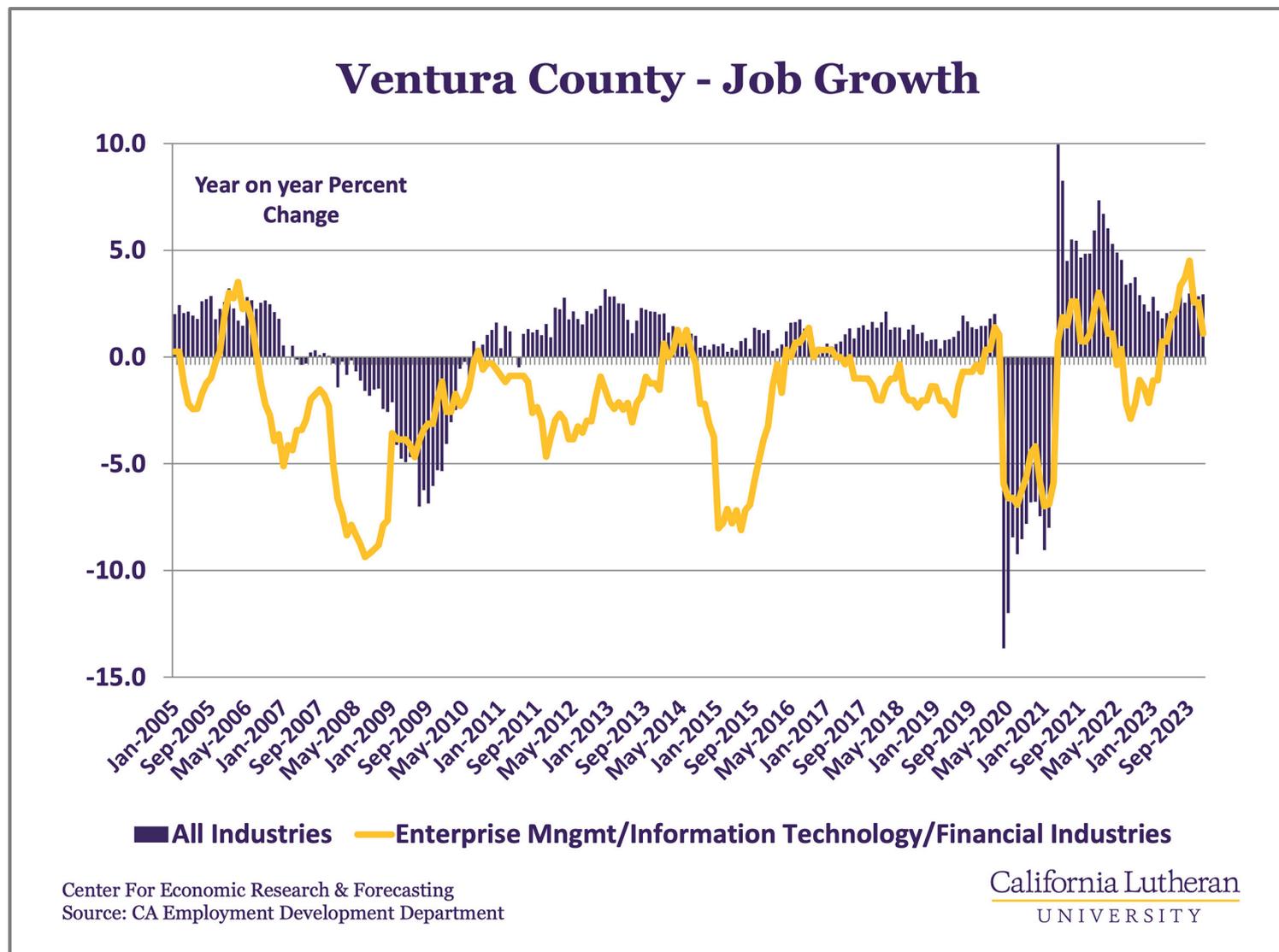
Economic Growth Estimates (Dec 2023)

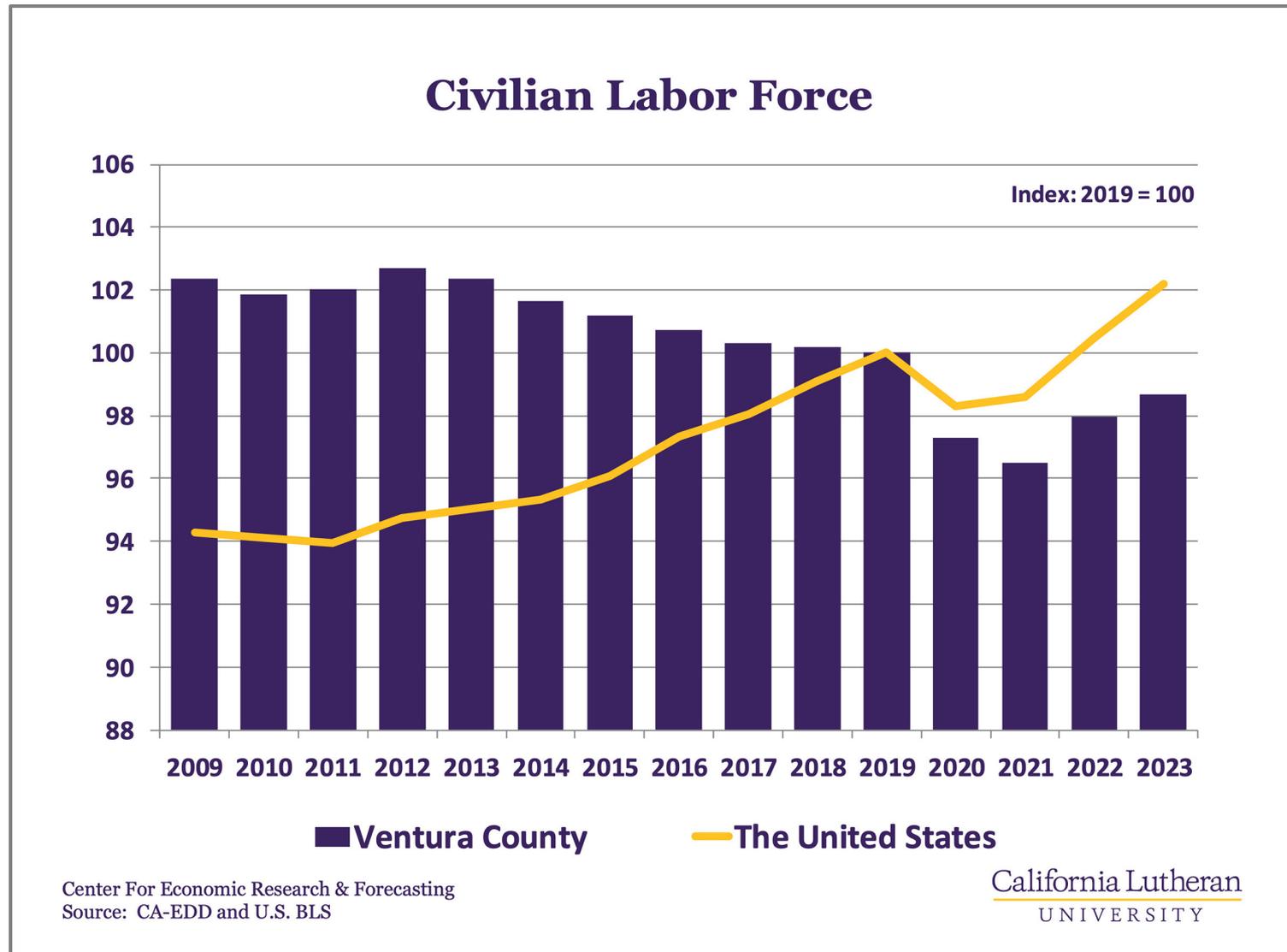
	<u>VC</u>	<u>LA</u>	<u>OR</u>	<u>RI</u>	<u>SD</u>
2022	-0.4	2.1	0.9	0.8	2.9
2021	3.4	6.2	6.2	6.2	7.5
2020	-1.0	-5.0	-2.1	-1.9	-1.5
Average (2016-19)	0.8	2.8	2.8	3.2	2.4

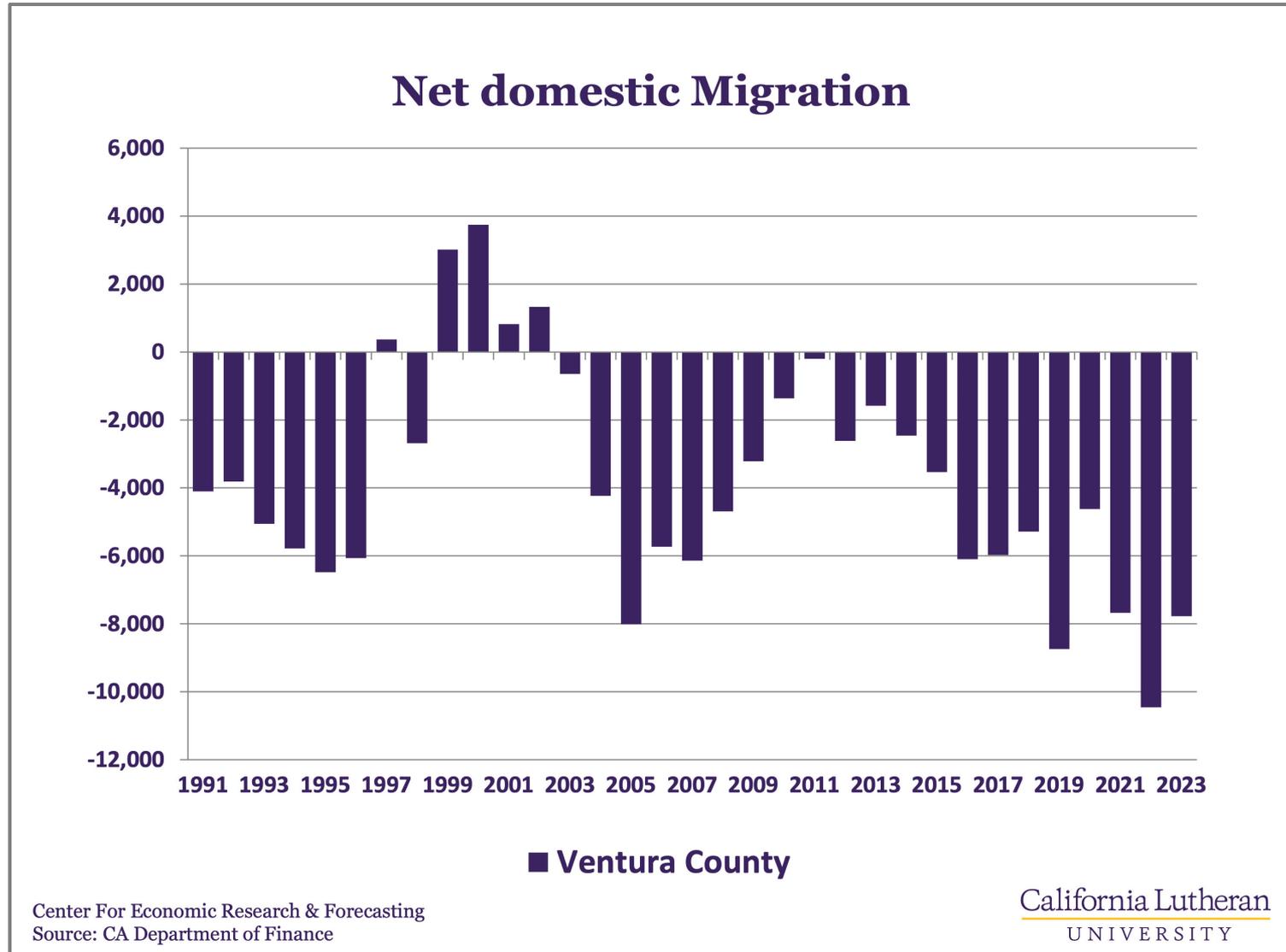
The Ventura County Economy

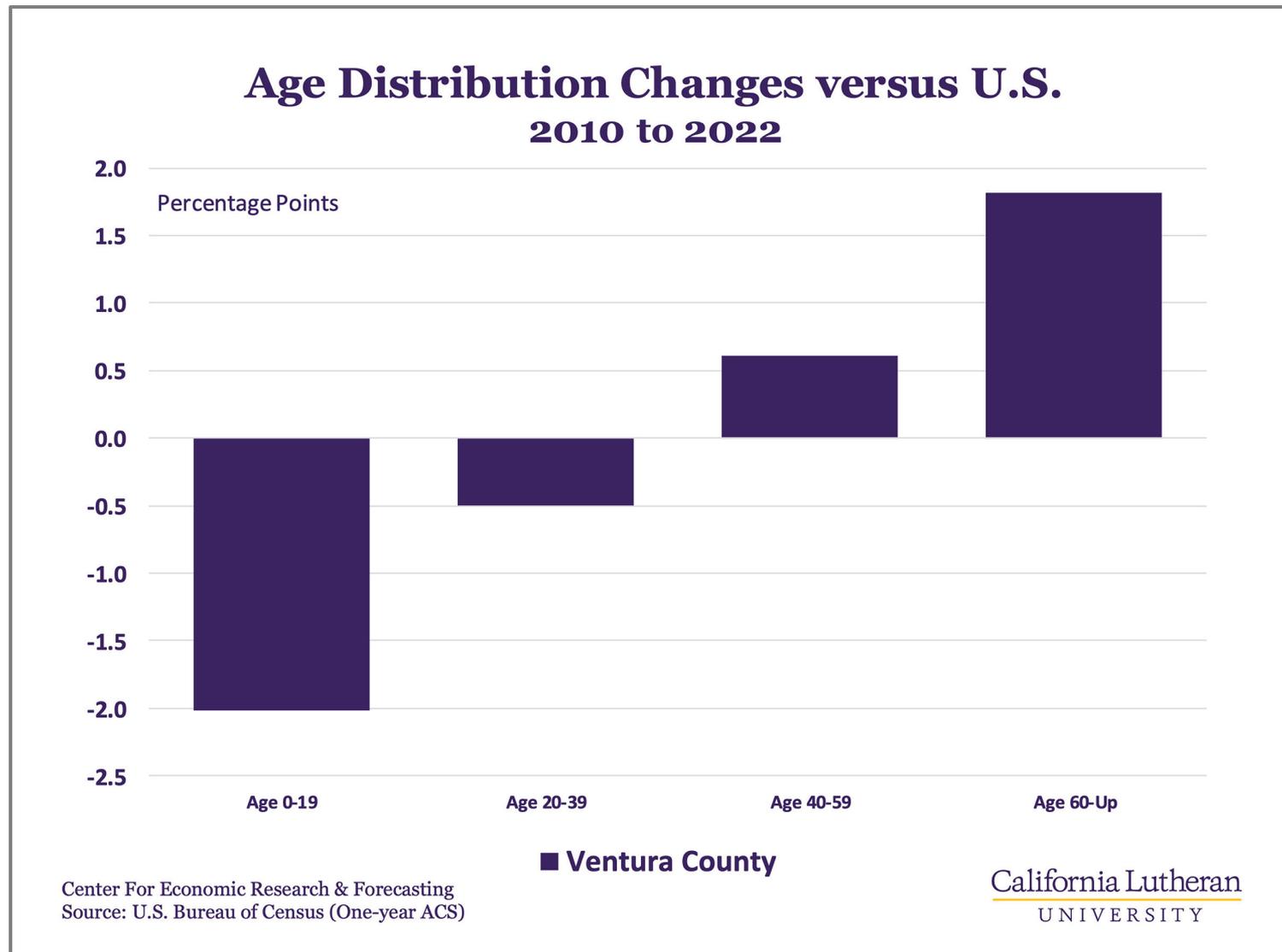
Gross Domestic Product	<i>Most Recent</i>	<i>Pre-Pandemic Peak to Now</i>		<i>Pre-Great Recession Peak to Now</i>	
	<u>2022</u>	<u>2019 - 2022</u>		<u>2007 - 2022</u>	
<i>millions of 2022 dollars</i>	<i>billions</i>	<i>Change-millions</i>	<i>Percent change</i>	<i>Change-millions</i>	<i>Percent change</i>
<i>Sectors</i>					
Agricultural/Ag Production Services	1,201	-752	-28.9	252	15.7
Natural Resources and Mining	291	-289	-34.4	-116	-17.4
Construction	1,775	-238	-9.3	-559	-19.3
Durable Goods Manufacturing	4,440	418	9.7	2,218	88.2
Non-Durables Mfg & Professional Serv.	10,952	326	2.9	-16,162	-57.9
Wholesale Trade	3,807	-246	-4.6	1,025	24.9
Retail Trade	3,497	-415	-8.0	488	11.3
Transportation, Warehousing, & Utilities	924	185	17.2	14	1.2
Information & Technology	1,780	69	4.4	650	64.7
Financial Activities	10,912	1,332	11.7	817	6.9
Education and Health Services	3,886	232	5.7	1,543	55.3
Leisure and Hospitality	2,241	434	18.8	703	34.4
Personal, Repair, & Maintenance Services	947	-152	-11.3	-432	-26.7
Government	6,272	41	0.6	230	3.3
Total All Industries	52,689	1,242	2.0	-8,783	-12.4

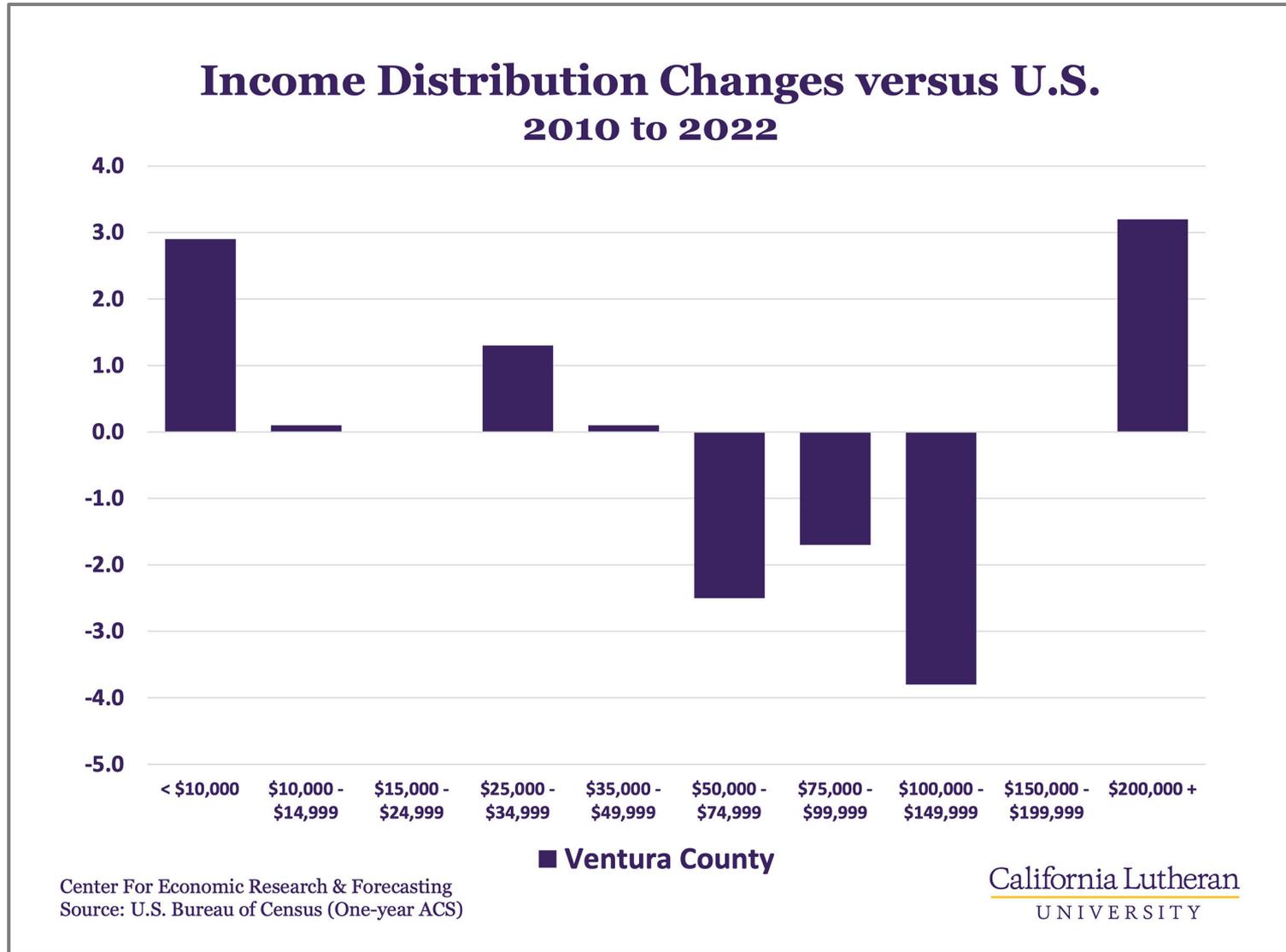
Source: U.S. Bureau of Economic Analysis











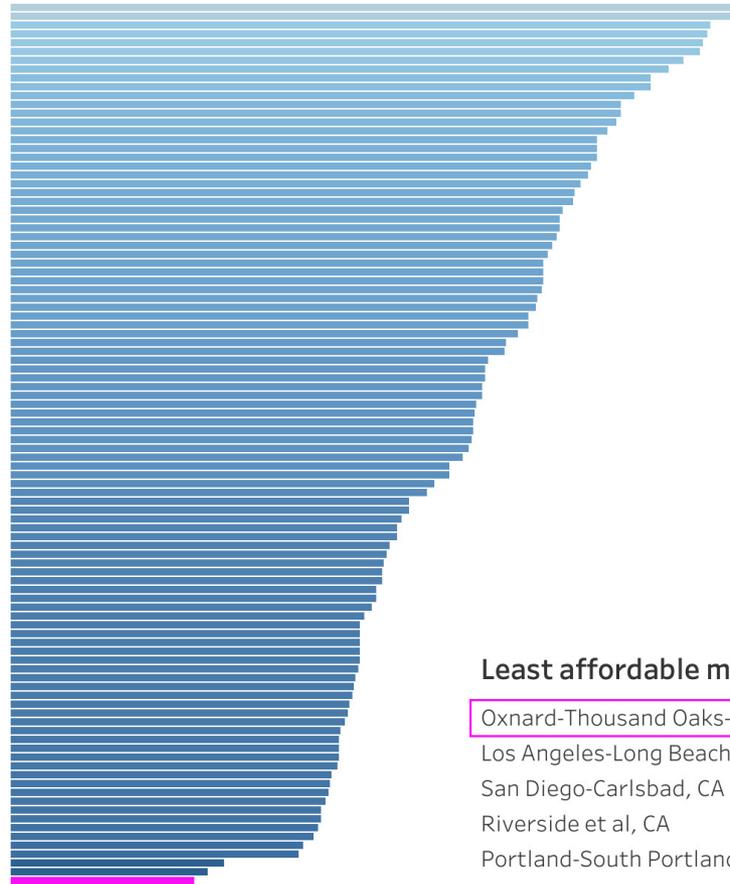
Who is leaving California?

2020			
<hr/>			
		<u>Persons</u>	<u>State's share</u>
<u>RANK</u>			
1	Texas	2,219	13.7
2	Arizona	1,644	10.2
3	Nevada	1,325	8.2
4	Washington	1,256	7.8
5	Massachusetts	704	4.4
Total flows to States		16,151	

REALTORS® Affordability Distribution Curve & Score

Most affordable metro areas

- Youngstown-Warren et al, OH-PA
- St. Louis, MO-IL
- Pittsburgh, PA
- Toledo, OH
- Detroit-Warren-Dearborn, MI



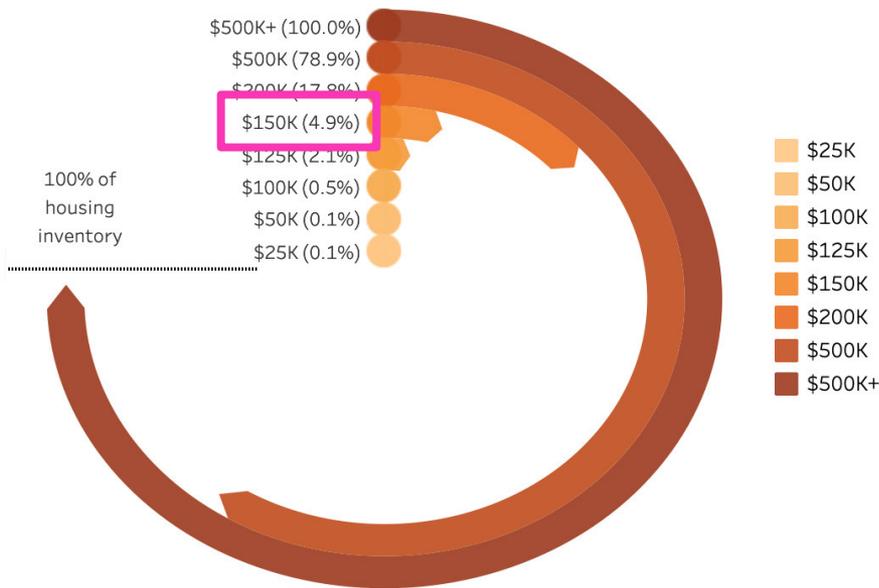
Least affordable metro areas

- Oxnard-Thousand Oaks-Ventura, CA
- Los Angeles-Long Beach et al, CA
- San Diego-Carlsbad, CA
- Riverside et al, CA
- Portland-South Portland, ME

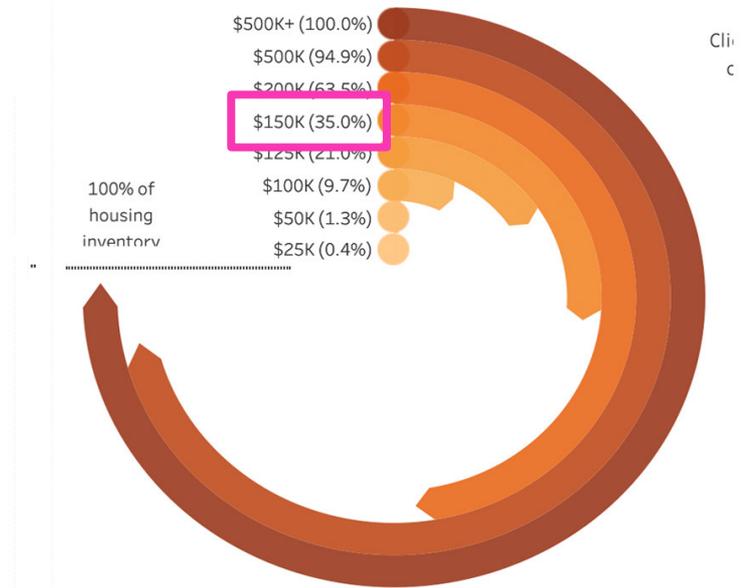


Drivers of Weakness – Housing Affordability

Oxnard-Thousand Oaks-Ventura, CA
(Score: 0.2)



Riverside et al, CA (Score: 0.4)

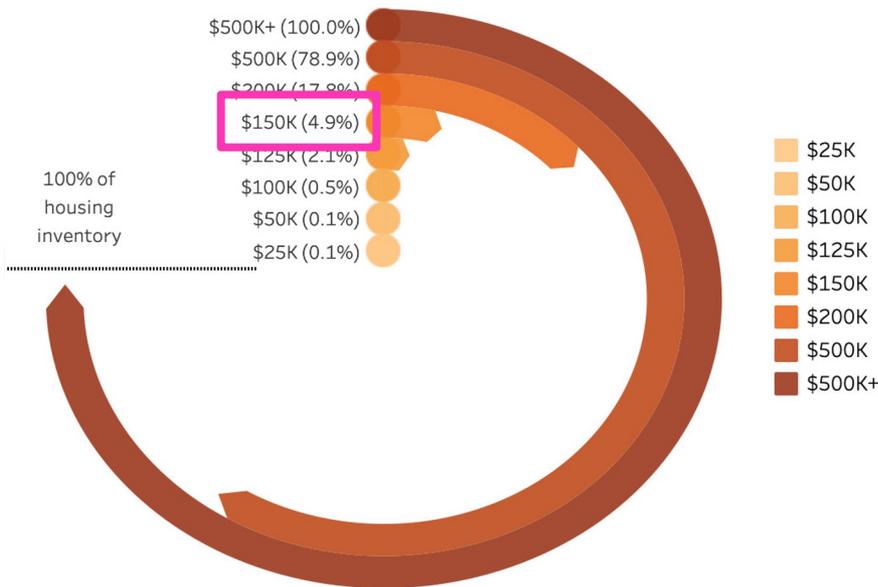


Number of listings that households can afford to buy by income level

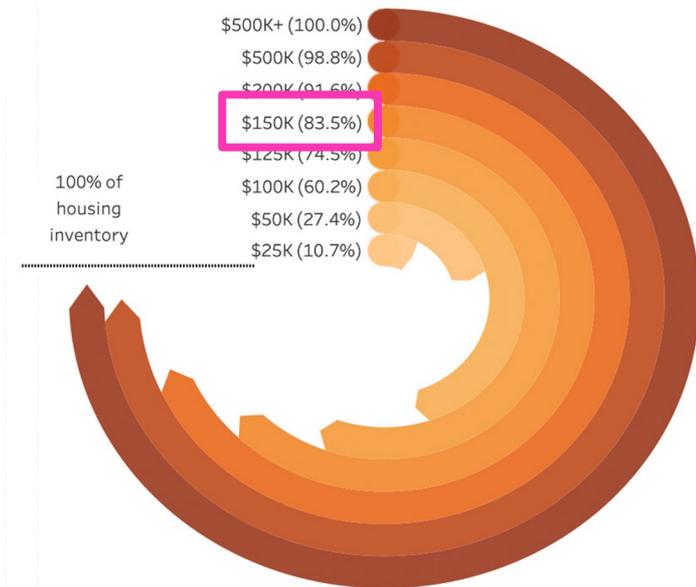


Drivers of Weakness – Housing Affordability

Oxnard-Thousand Oaks-Ventura, CA
(Score: 0.2)

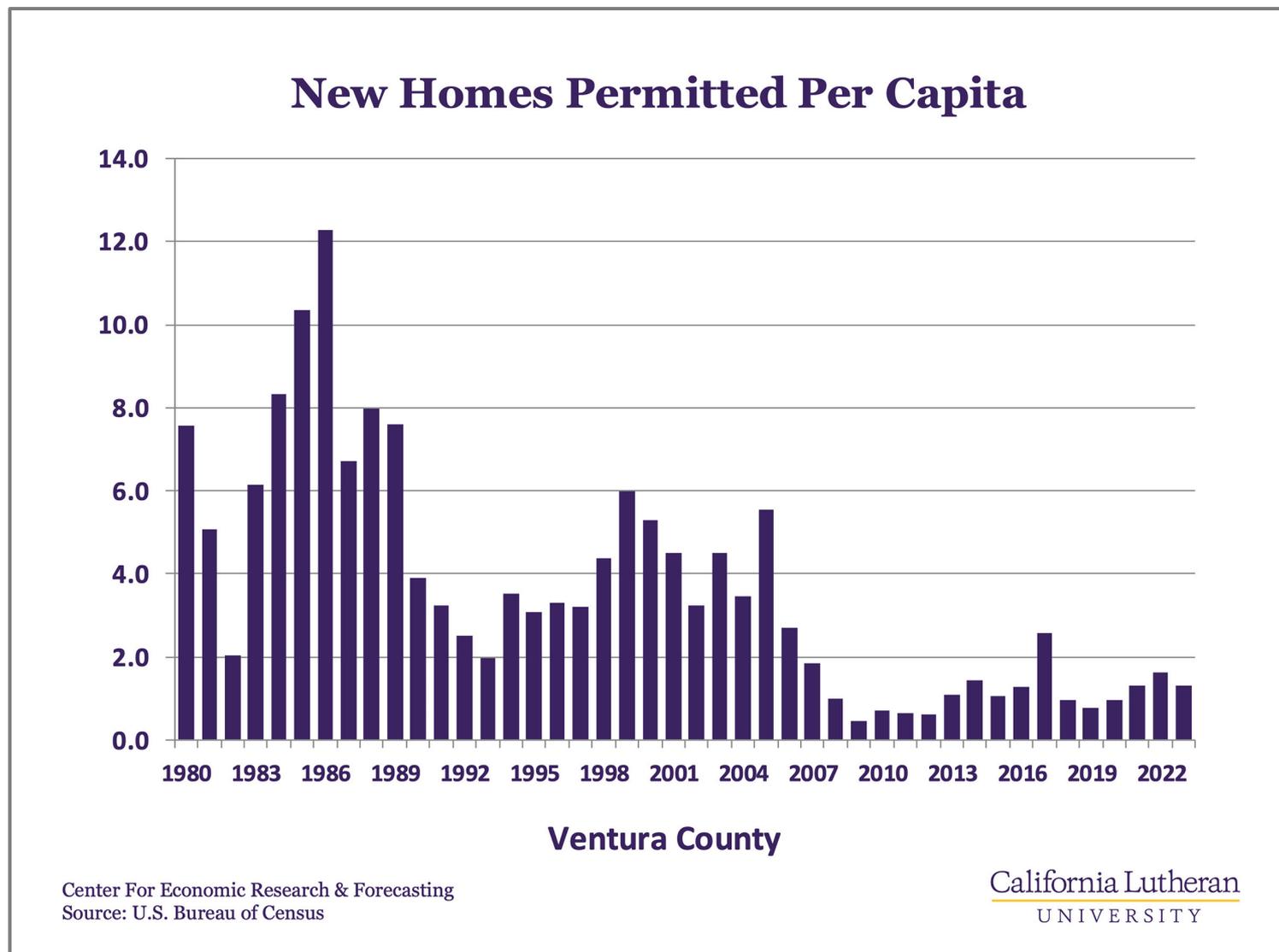


St. Louis, MO-IL (Score: 0.9)

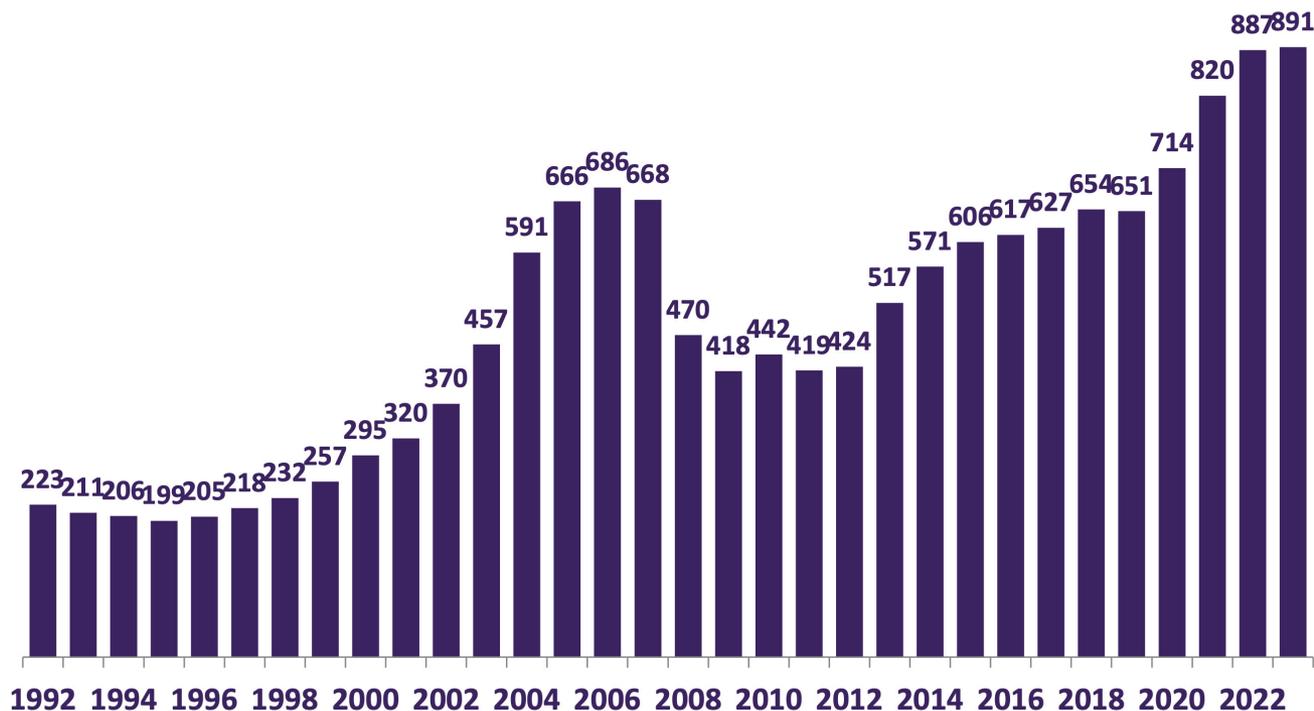


Number of listings that households can afford to buy by income level





Median Existing Single-family Home Price



■ Center for Economic Research and Forecasting
Ventura County - (Thousands of dollars)

Center For Economic Research & Forecasting
Source: California Association of Realtors

California Lutheran
UNIVERSITY

Ventura County Population by City

City	Population	Percent Change (Annual Average)	
	2023	15-23	22-23
Camarillo	69,309	0.31	-0.88
Fillmore	16,899	1.14	2.70
Moorpark	35,151	-0.23	-0.65
Ojai	7,493	-0.10	-0.99
Oxnard	197,477	-0.49	-1.18
Port Hueneme	21,356	-0.95	-0.91
San Buenaventura	107,341	-0.23	-0.15
Santa Paula	31,423	0.22	0.89
Simi Valley	124,174	-0.22	-0.13
Thousand Oaks	122,967	-0.65	-1.18
Unincorporated Area	92,063	-0.70	-1.42
Total	825,653	-0.34	-0.71

Source: CA Department of Finance (Number of persons as of January 1)

The image shows the top portion of a news article on the Ventura County Star website. The header features the newspaper's logo, a search bar, and a navigation menu. The main headline is 'Editorial: Amgen job move should be wake-up call', with a sub-headline 'Ventura' and a timestamp '3:04 p.m. PT April 8, 2017'. Social media sharing options for Facebook and Twitter are visible on the left, and a close button is on the right.

VENTURA COUNTY
STAR
PART OF THE USA TODAY NETWORK

SEARCH

HOME NEWS SPORTS BUSINESS OPINION ENTERTAINMENT LIFESTYLE OBITUARIES insider

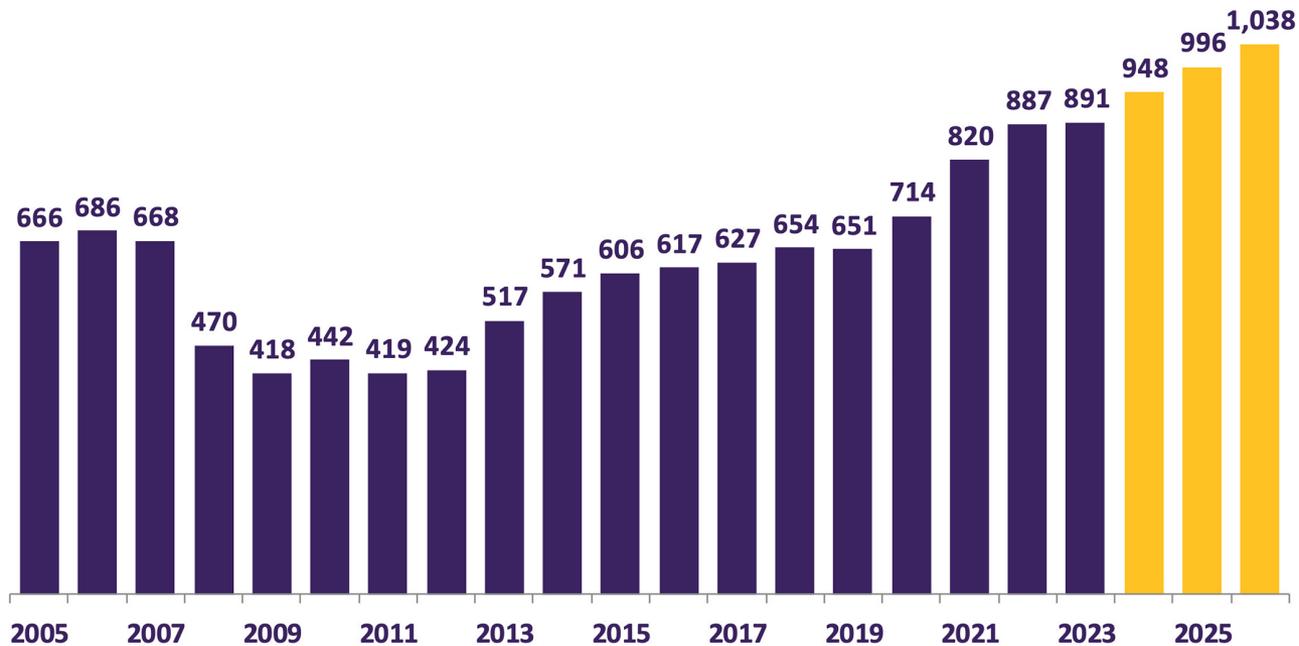
Editorial: Amgen job move should be wake-up call

Ventura 3:04 p.m. PT April 8, 2017

Facebook 840 Twitter

Close

Median Price: Existing Single Family Homes

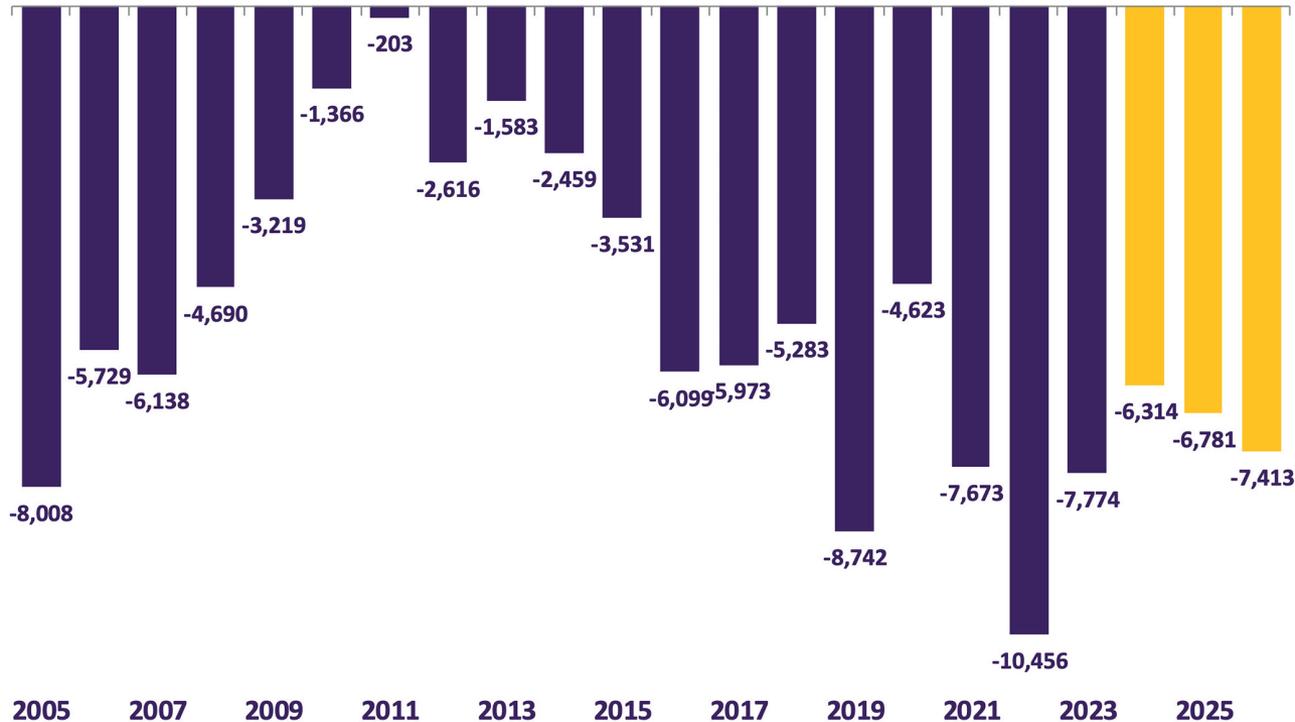


■ Ventura County

Center for Economic Research & Forecasting
Sources: California Association of Realtors & CERF

California Lutheran
UNIVERSITY

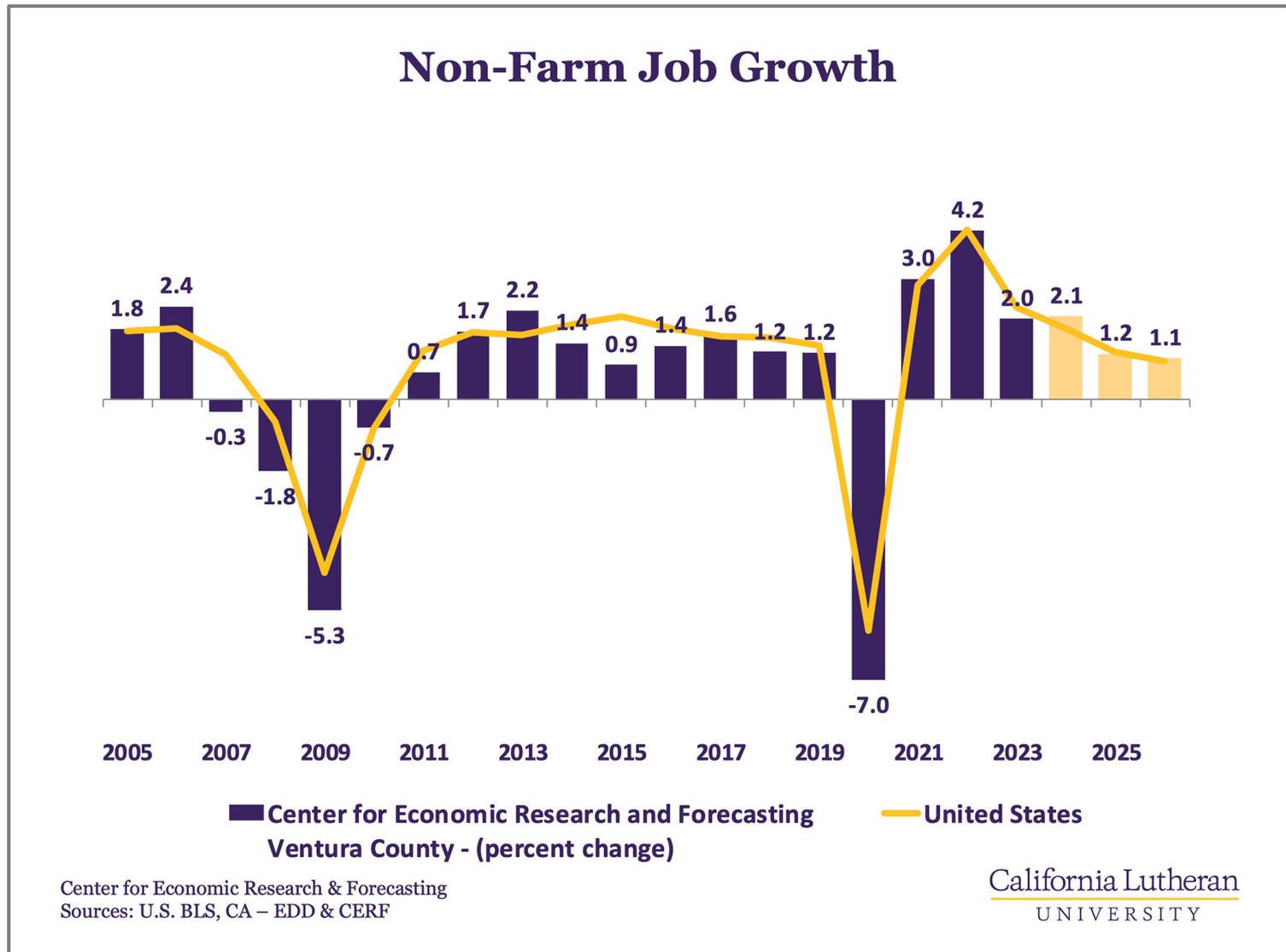
Net Domestic Migration

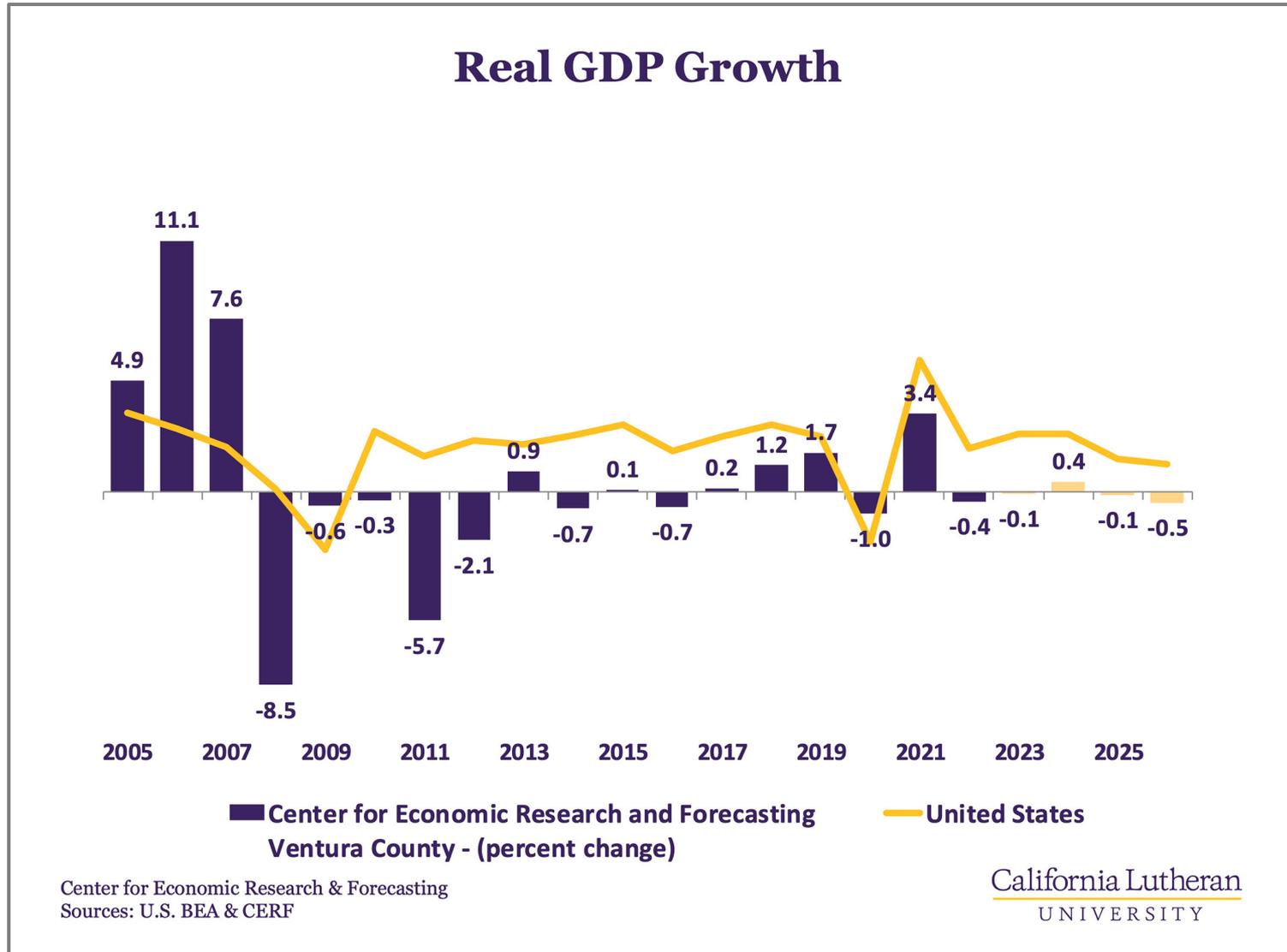


Ventura County - thousands of persons

Center for Economic Research & Forecasting
Source: CA Department of Finance & CERF

California Lutheran
UNIVERSITY





CLU-CERF
on YouTube



Amie Krause
SVP & Chief People Officer
at Atara Biotherapeutics



Drew Powers
Thousand Oaks City Manager



Brian Gabler
Simi Valley City Manager

- **Acknowledge that housing and jobs are essential components of *Quality of Life***
- **Cultivate pro-growth *attitude***
- **Aggressively court incumbent businesses**
- **Welcome *new opportunities***

California Lutheran University

CENTER FOR ECONOMIC RESEARCH
& FORECASTING

