

As the economy slows does CA escape the worst?

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Road Map for Today

CA 138 (Crestline)

Forecast Scenarios

Housing & Construction

Manufacturing, L&H, and Tech

Employment



Los Angeles Times

Column: If people are really leaving L.A. in droves, why is the traffic still so terrible?

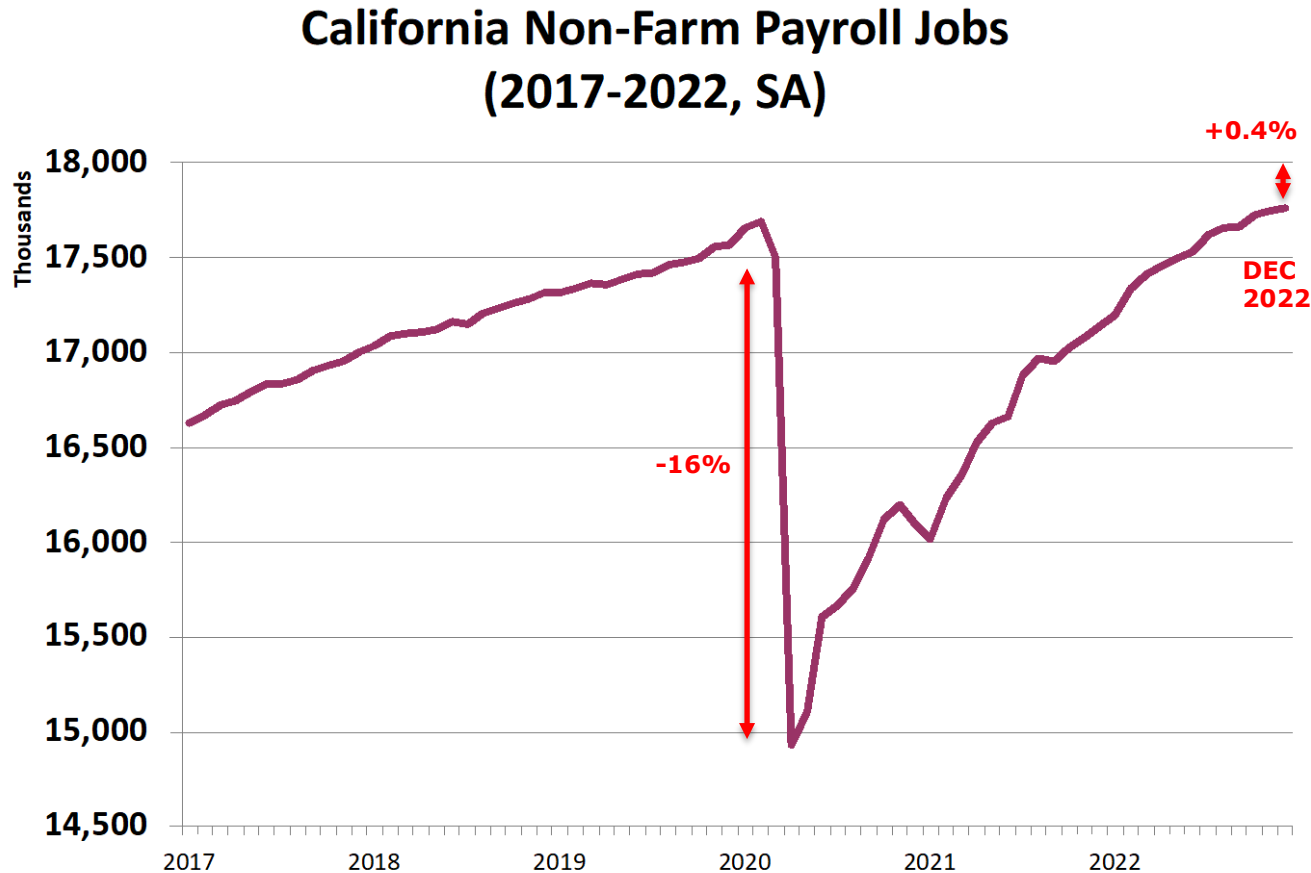


Some things never change in L.A., no matter how many people leave. It's worth looking behind the recent numbers to find out why. (Al Seib / Los Angeles Times)

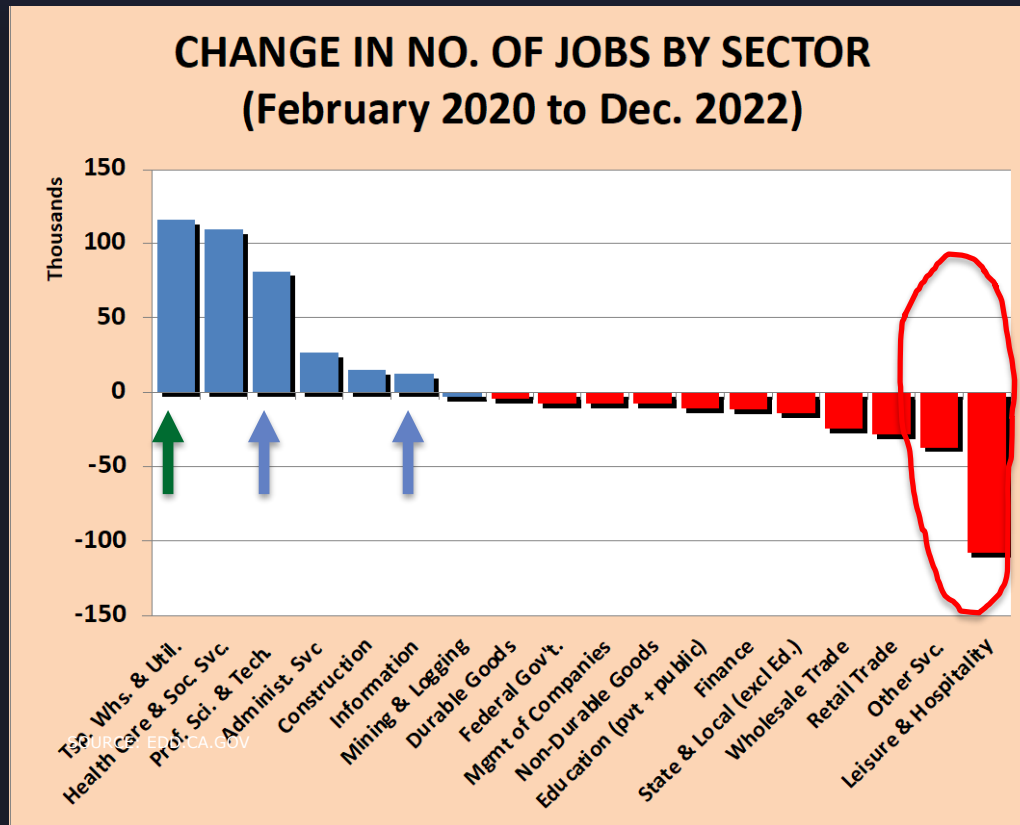
BY MARY MCNAMARA | CULTURE COLUMNIST AND CRITIC

FEB. 20, 2023 6 AM PT

Aggregate jobs and recovery



CA Non-Farm Payroll Job Change By Sector



Leisure & Hospitality Hope for 2023

NEWS

As China Reopens, Tourists Expected To Flock Back To LA

By [Josie Huang](#)

Published Jan 16, 2023 12:19 PM



Chinese tourism to L.A. plummeted during the pandemic but is expected to top half a million in 2023.

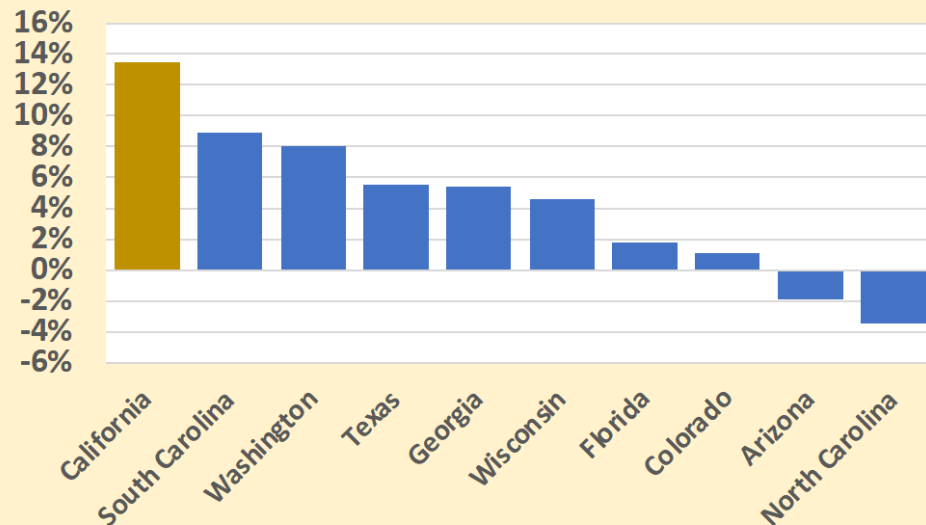
(Mark Ralston / AFP via Getty Images)

PAYROLL EMPLOYMENT: DURABLE GOODS

-0.5%



WITH SUPERIOR
PRODUCTIVITY
GROWTH

MFG EMPLOYMENT
RECOVEREDDURABLE GOODS MANUFACTURING
CHANGE IN PRODUCTIVITY 2019-2022

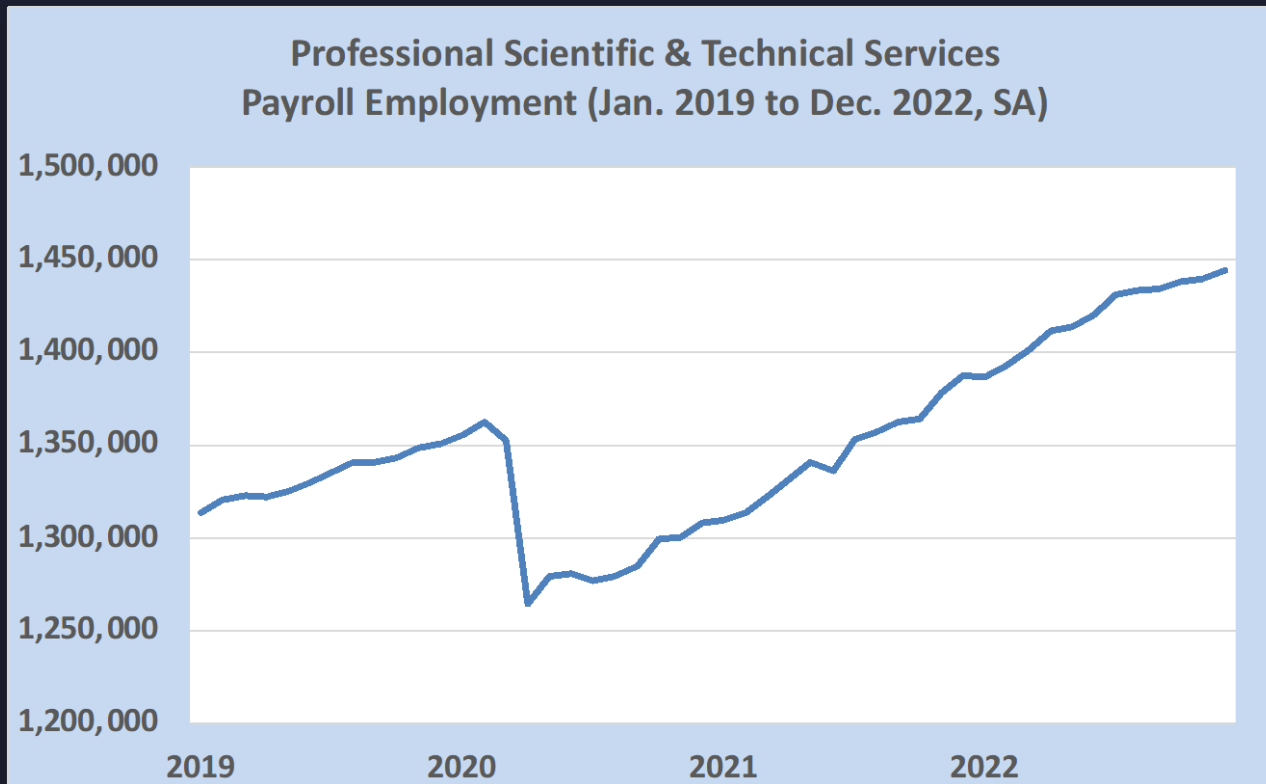


What About ?

TECH LAYOFFS NUMBER OF EMPLOYEES LET GO

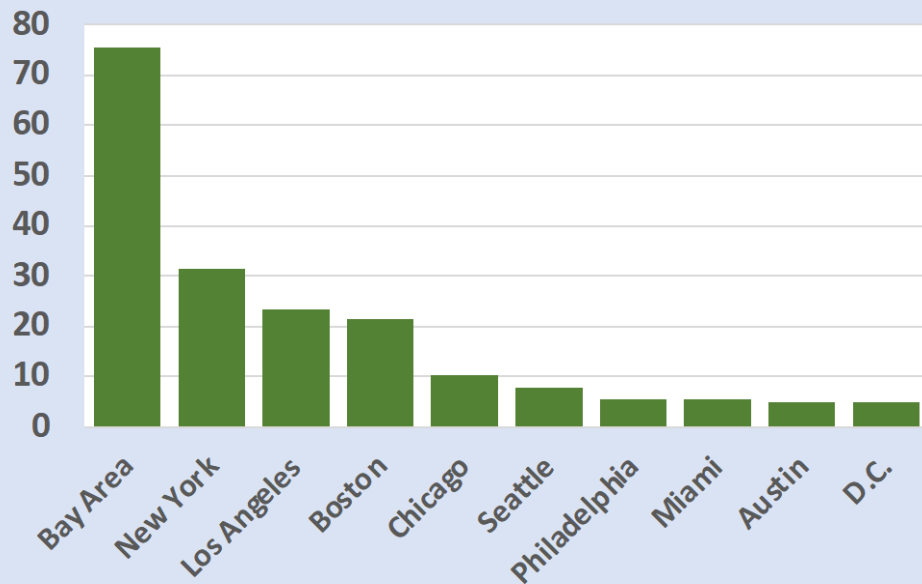
**TECH****BALLOONING TECH LAYOFFS
NOT THE CANARY IN THE COAL MINE**

Tech employment in CA is growing



2022 A GOOD YEAR FOR VC IN CA BUT THE DATA SHOW A SLOWING INTO 2023

VENTURE CAPITAL INVESTMENT 2022



SOURCE: PITCHBOOK-NVCA VENTURE MONITOR

2022 ON TREND BUT LOWER THAN
BANNER 2021
Q1 AND Q2 CARRIED THE YEAR

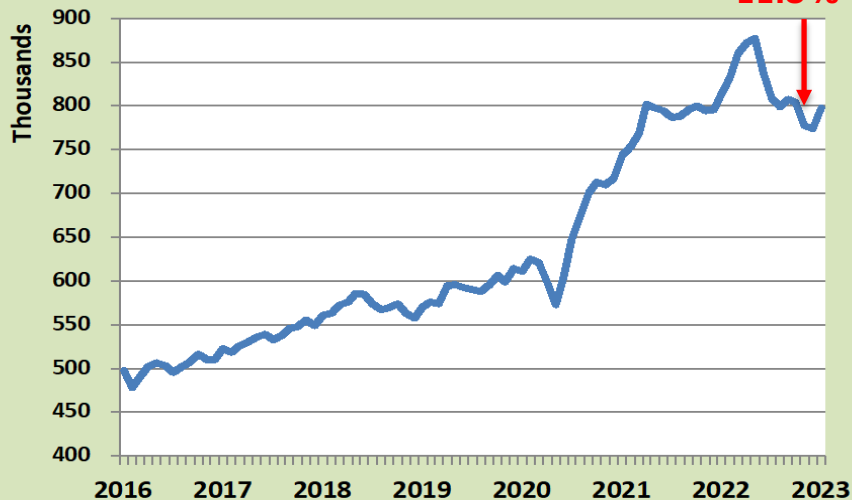
Q4 2022

EARLY-STAGE FUNDING HOLDS UP
LATE-STAGE FUNDING AT 4 YEAR LOW

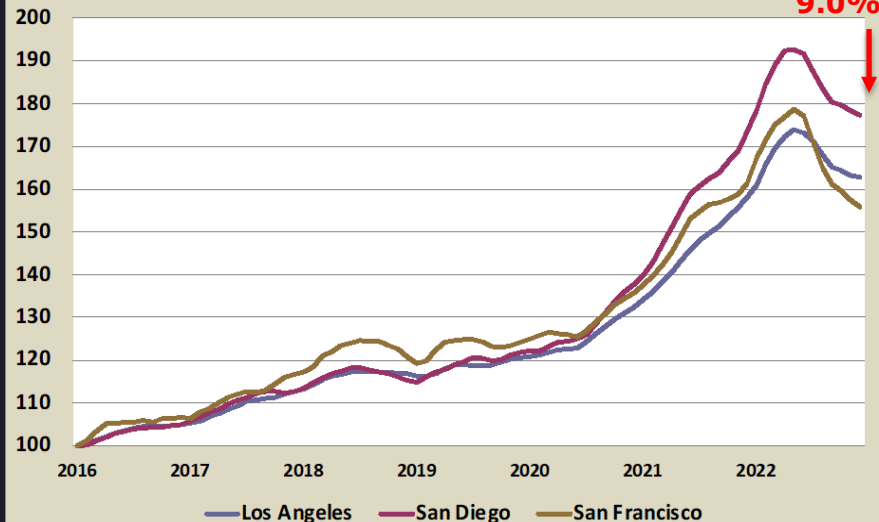


California Outlook – Housing Markets (Jan. 2016 TO Dec. 2022)

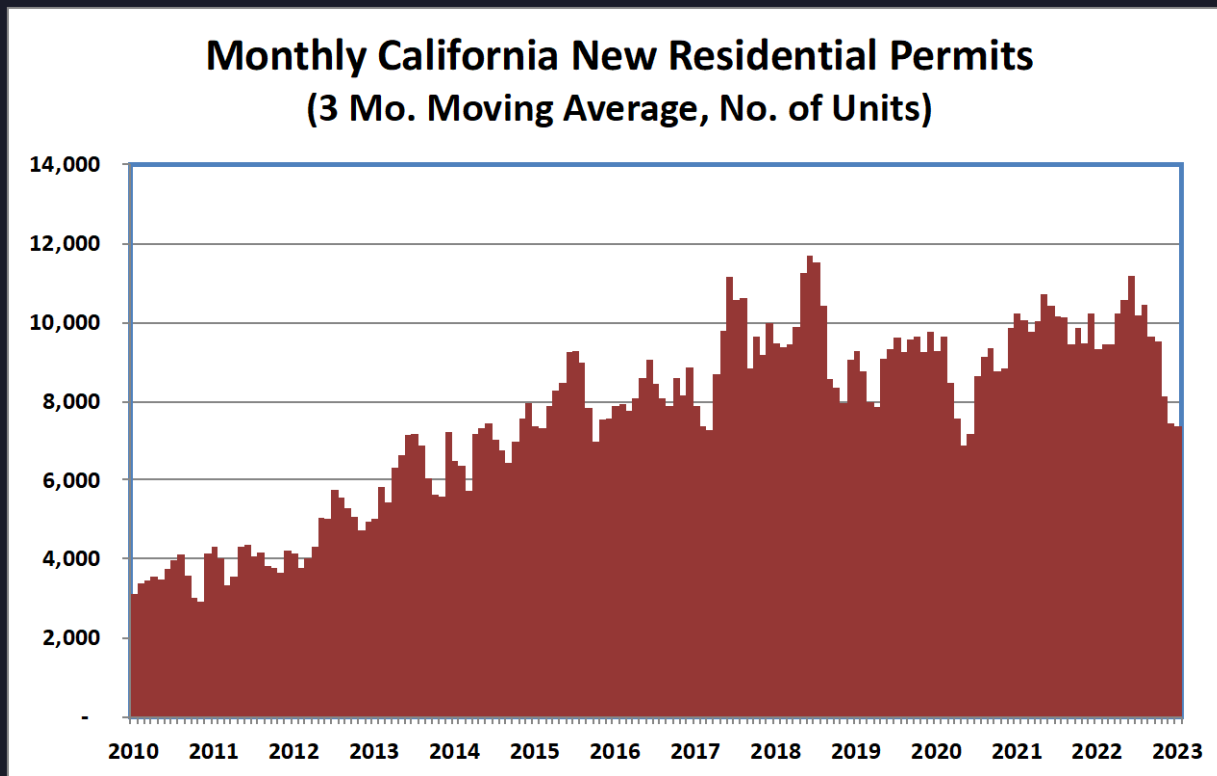
CALIFORNIA MEDIAN SF HOME PRICE, SA

11.8%

S&P Case Shiller Home Price Indexes

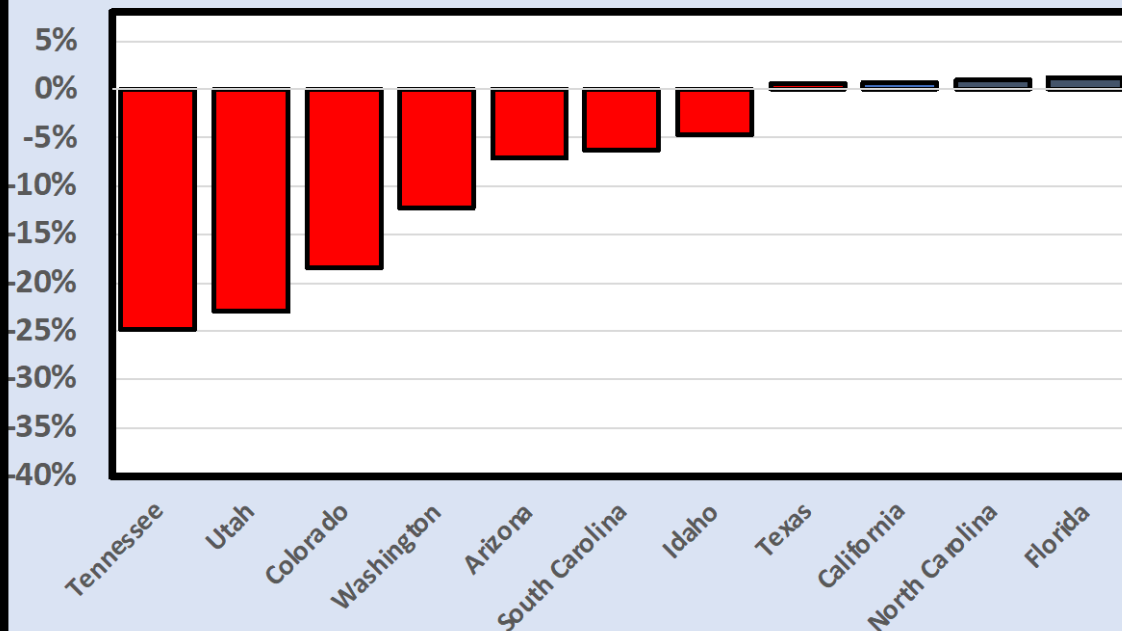
9.0%

Home construction is slowing (new permits, 2010-2023, NSA)



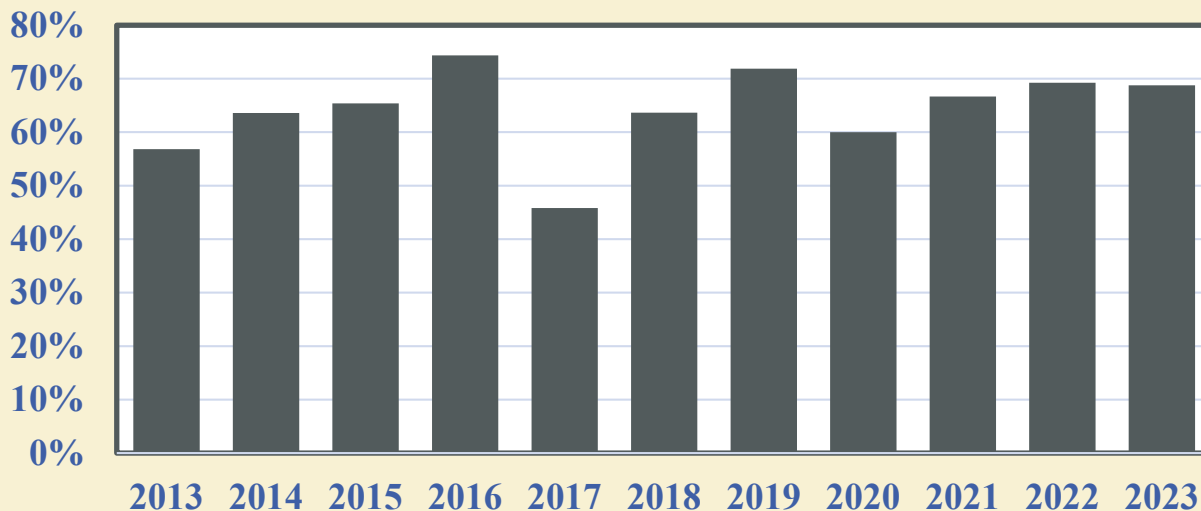
Home construction is slowing

Building Permit Growth
(2021 to 2022, No. of Units)



Allen Matkins /UCLA Anderson Forecast CRE Survey

**Percent of Panelists Planning
New Multifamily Development
(Next 12 months, SoCal, Winter Survey)**



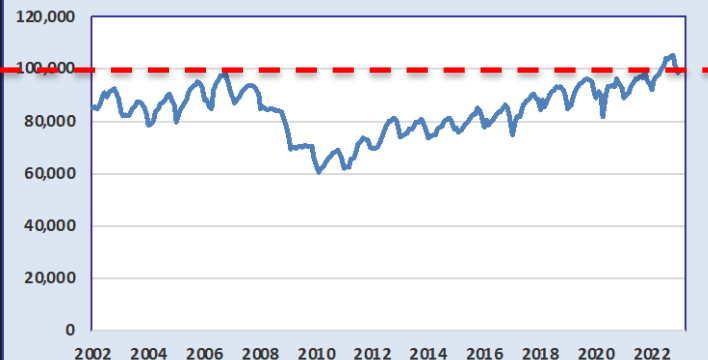
**Southern California: 68% next 12 months
61% last 12 months**

Construction Employment Holds UP

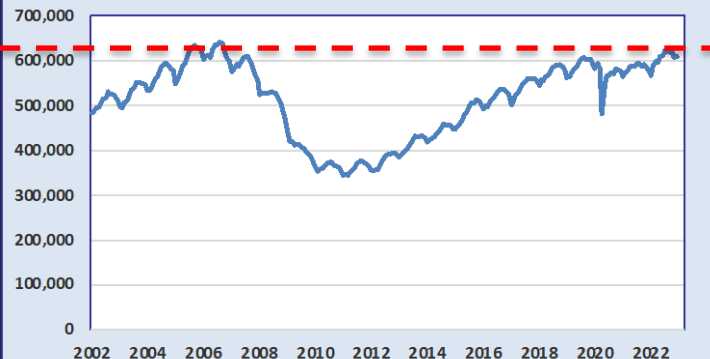
Non-Residential Construction Payroll Jobs



Heavy & Civil Construction Payroll Jobs



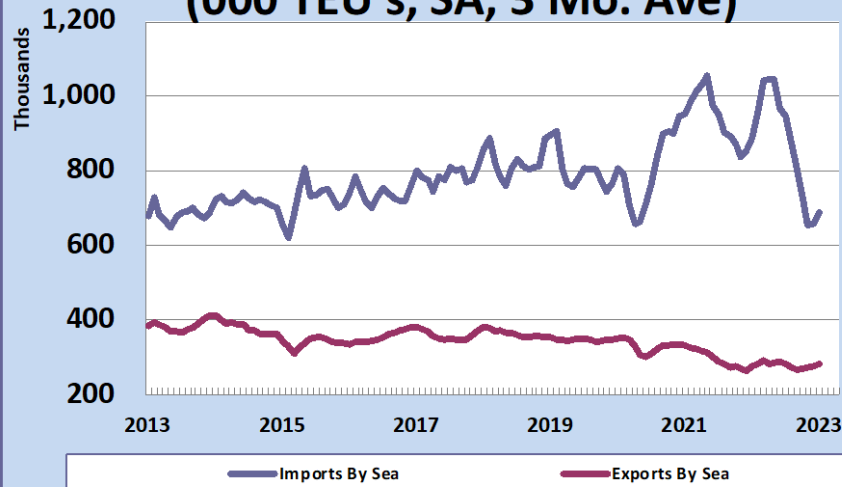
Specialty Trade Construction Payroll Jobs



Residential Construction Payroll Jobs



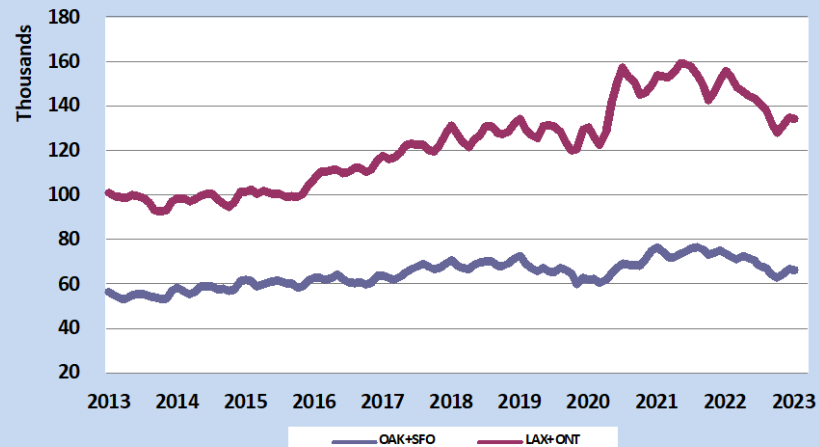
California Seaport Traffic (000 TEU's, SA, 3 Mo. Ave)



**POTENTIAL LABOR ACTIONS SLOW
SEAPORT TRAFFIC**

DOMESTIC AIR BACK TO PRE-PANDEMIC

California Airport Traffic (000 TONS, SA, 3 Mo. Ave)



SUMMARY: WHAT MAKES THE CA FORECAST DIFFERENT

- L&H: AWAITING THE CHINESE
- MFG: HIGH TECH & DEFENSE & AEROSPACE
- TECH: OK FOR NOW BUT..
- CONSTRUCTION: NEW HOUSING LAWS & INDUSTRIAL
- LOGISTICS: RETURN AFTER STRIKE
- GOV'T: BIG RAINY DAY FUND



CALIFORNIA FORECAST SCENARIOS



			2023	2024	2025
Employment Growth	--	R	1.1%	-1.2%	0.9%
Employment Growth	--	No R	2.3%	1.2%	1.4%
Unemployment Rate	--	R	4.3%	4.8%	3.7%
Unemployment Rate	--	No R	4.0%	3.9%	3.6%

Scenarios

Which One?



Recession in Q3 2023 -- 53%

**No Recession Q3 2023, but
perhaps later -- 47%**

& LOTS OF UNCERTAINTY

