
The California Report: Delta, Migration and Relative Affordability

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Introduction

The Delta Surge of 2021 is waning but a new winter surge, Delta 2.0 is beginning to appear. Though economic activity continues to pick up, Delta 2.0, not assumed in our previous forecast, will have a dampening effect on the rate of growth and time to recovery. As with our forecast for the U.S. the outlook for California is for continued, but slightly slower growth. In and among the discussion of Delta has been a narrative about people fleeing the Golden State. To be sure some have, but the net has been relatively small as evidenced by home prices at record levels and rental rates rapidly pushing upwards. But that is not the entire story of migration. There are also those that might have moved to California but for high housing costs. The 2020 census is in, and those domestic migrants (including some Californians) ended up in Texas, Arizona, Utah, Nevada and elsewhere. In this California report we investigate the impact of this diversion of domestic migration from the state on the relative cost of housing and find that the equilibration process predicted by economic theory is at work. California housing is not becoming more “affordable” but it is becoming relatively more affordable.

The California report begins with a sectoral retrospective as the basis for the forecast for the next two years. This is followed by an analysis of relative affordability of homes in the state and find that over the past four years, relative affordability has in fact improved. We conclude with a section on the California forecast co-authored with my colleague Dr. Leila Bengali.

Sectoral employment retrospective

Job loss in California attributable to the pandemic has been concentrated in sectors where a high degree of human contact is an important part of the production of the services provided. Although most health care restrictions have been eliminated, it is still the case that the job deficit relative to February 2020 remains in three sectors; leisure and hospitality, education and other services (Chart 1). As of October, the reduction in payroll employment in these sectors was equal to 90% of the total net job deficit. The remaining job loss is spread widely over a number of sectors and is offset somewhat by the 70K net new payroll jobs in logistics and professional, scientific and technical services. As was discussed in the section on non-pharmaceutical interventions and economic performance in a recent California report,¹ the opening of the economy does not necessarily mean a return to normalcy. Even when there are few, if any, restrictions on businesses and individuals, elevated risk and a continued fear of infection dampens consumer demand and labor supply. This has been true during the Delta surge and with what now appears to be a new winter wave of infections, ought to dampen the rate of recovery from what we expected in our September 2021 forecast.

While the easing of restrictions did not result in a complete return to pre-pandemic employment, leisure and hospitality and education added by far the greatest number of jobs in the three months ending last October (Chart 2). After these two sectors the largest job gains were in administrative services where temps and consultants live, professional, scientific,

Jerry Nickelsburg, “Non-pharmaceutical interventions and economic performance revisited.” UCLA Anderson Forecast. June 2021.

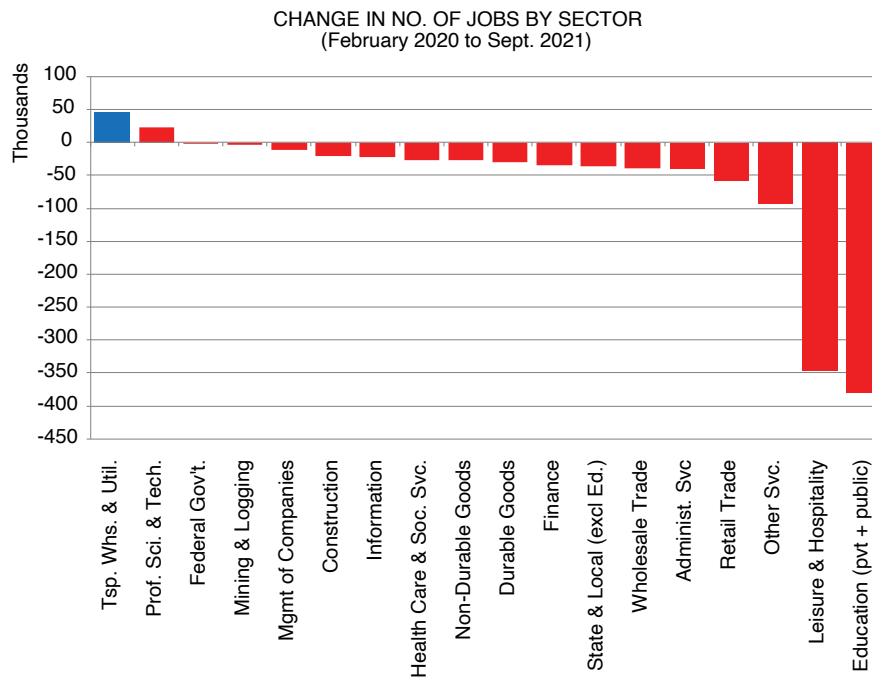
and technical services and information. As the California economy expands it is increasingly clear that tech will once again drive growth.

On a regional basis, payroll employment in most of the state grew faster than the nation for the three months ending October 2021 (Chart 3). Some of this rebound was fueled by strength in the tech, housing, and logistics sectors, but it was also due to the easing of pandemic restrictions and the beginning of a return to the workplace. Many of these counties experienced a greater decline in employment relative to the U.S. in the previous year and they are now playing catch-up (Chart 4). The more lackluster growth in the North Bay and East Bay is a statistical anomaly. In fact, both gained jobs as their economy expanded. However, autumn is a time for increased tourism and the slower return of travel induced by the Delta surge resulted in slower hiring than in previous years. Because past seasonal patterns had a much larger increase in employment than experienced this year,

the seasonally adjusted data result in a decline. The opposite will be true in coming months and the seasonally adjusted numbers will be higher than expected.

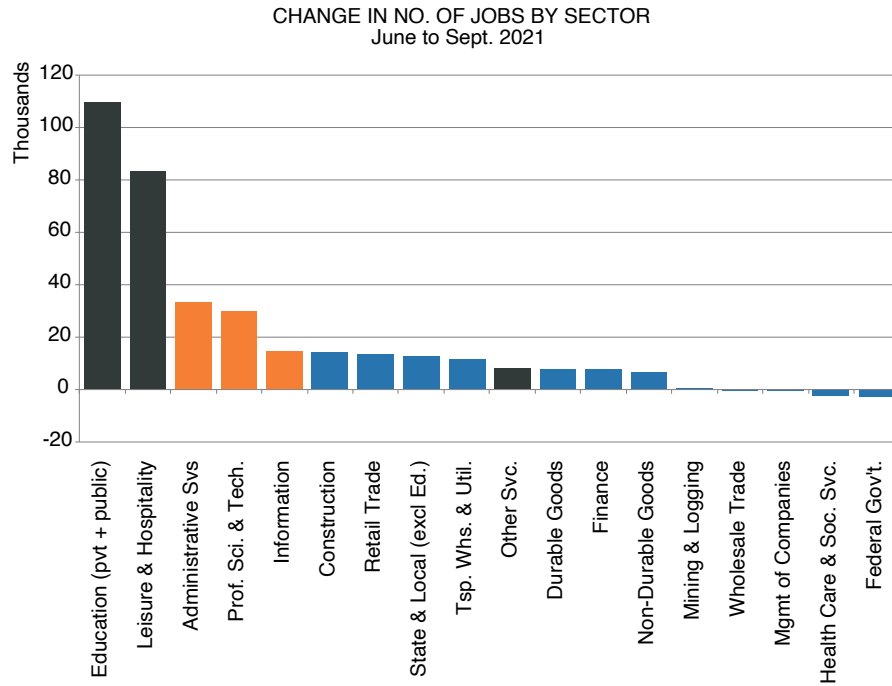
As we move through the balance of the season of Delta, how this plays out remains an open question. As with any economic forecast today, an assumption about the pandemic is required. This is purely an assumption and not a forecast. Ours' is that the current surge will abate through the Fall and a new winter surge, smaller than before, will take its place. This, along with news reports on break throughs and the large number of Californians not vaccinated will likely push a full recovery into the early part of 2023. The implication of this assumption about the pandemic is that leisure and hospitality and retail employment will lag due to a slower return of domestic consumers and international tourists and the failure of a significant number of small businesses in these few sectors.

Chart 1



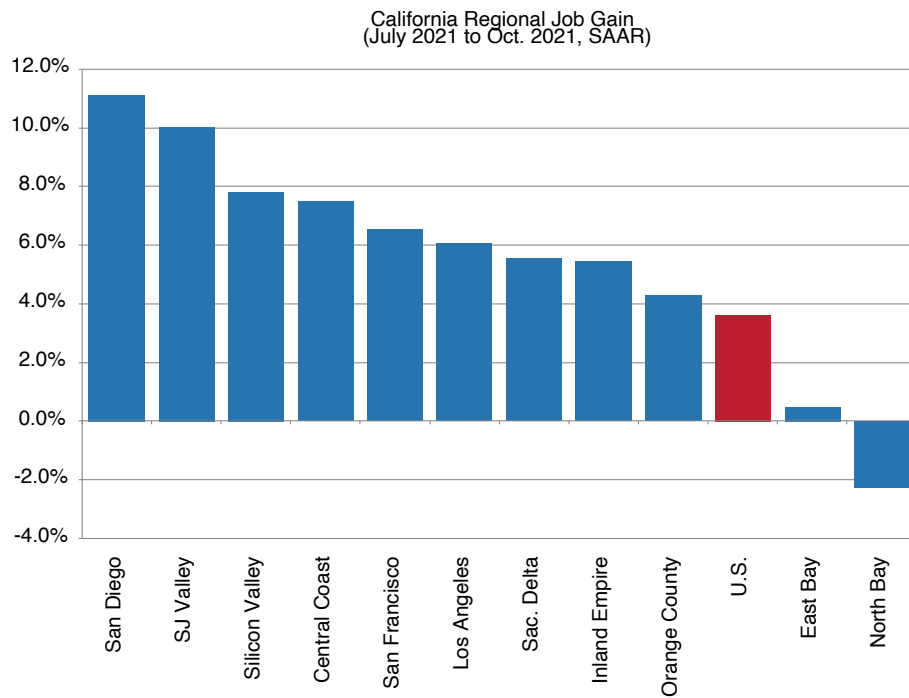
Source: California EDD

Chart 2



Source: EDD.ca.gov

Chart 3



Source: California EDD

Relative Affordability and Migration

California home prices continue to climb, and a lack of affordability has become increasingly important in both the policy sphere and for forecasting the Golden State's economic growth. Over the past two years median home prices as reported by the California Association of Realtors have increased 33.6% to a record high \$800K. The S&P Case Shiller Home Price Index which measures price changes on same-home sales for San Diego, Los Angeles and San Francisco increased by 34.9%, 26.1% and 25.9% over the same period. Soaring home prices and a lack of affordability are often cited as reasons for net domestic migration out of California. The open question for the forecast is whether or not this will accelerate, stabilize or reverse. In this section we examine relative affordability measured through a comparison of California cities and some selected competitive cities outside the state. Recent data indicate increased relative affordability even while California becomes more expensive, but also point to other factors which can reverse those trends such as the boom in the Bay Area tech sector from 2012 to 2017. The implication for the forecast is that net out-migration ought to continue to slow and become less of a drag on aggregate economic growth. However, the data are silent on when net out-migration becomes zero or positive.

Before turning to data to answer these questions, it is useful to consider what we mean by affordability. Standard measures compare the median home price with the median household's income. Typically, cities for which these metrics imply mortgage payments at or below 30% of income are considered "affordable" and higher than that "unaffordable." For households at the median income level in California purchasing a median home with 20% down (\$160K) and a 3.125% 30-year fixed mortgage, the percentage is 44%. But this threshold is an arbitrary artifact of late 19th Century housing markets.

A house is more than just a structure; it is also the land on which that structure sits. Realtors will recite the mantra "location, location, location," when referring to the value of a home because location implies greater or lesser access

to amenities such as beaches, hiking trails, and museums. So, is California's 44% metric bad? It is hard to say. But California's climate and topography is viewed as valuable and therefore identical homes in Los Angeles and Houston ought to be priced differently with the LA homes incorporating a climate and topography premium. When the price differential is exactly the premium according to household tastes and preferences, then we would expect net domestic migration due to home affordability to be zero, all other things equal.

But all other things are not equal. California used to be the manufacturing powerhouse of the U.S. with ample middle-class jobs for high-school graduate factory workers. That is no longer the case. Thus, the changing composition of job offerings has led to migration, but it is that rather than housing that is the proximate cause of the migration. Unravelling whether or not the California house price premium is too high, or whether or not migration is due to the changing composition of the California economy is tricky. The analysis below is suggestive of the home price premium being an important, but not exclusive driver of migration.

To understand the dynamics, consider where Californians are moving. According to local reports the receiving cities are; Austin, Dallas and Houston Texas², Las Vegas Nevada³, Seattle Washington⁴, Phoenix Arizona⁵, Boise Idaho⁶, and Atlanta Georgia⁷. Despite the stream of anecdotes, the numbers are small compared to the 40 million Californians who did not move out of state. However, the dynamics induced by the high cost of housing in California do not require a large number of Californians to move out of state. For example, a household considering Los Angeles or Houston and choosing Houston based on the cost of housing has the same qualitative impact on the relative price of housing in the two cities as the household moving from LA to the Gulf Coast.

Instead of the arbitrary percentage of income, we examine the relative price of housing by city pair beginning in 1990. The year 1990 was chosen because the average net domestic migration between 1985 and 1994 was approximately zero.⁸ For each of the city pairs discussed below, the 1990 median

2. <https://austin.culturemap.com/news/city-life/10-21-21-austin-among-the-top-texas-cities-californians-are-relocating-to-aus/>

3. <https://www.reviewjournal.com/news/news-columns/road-warrior/most-new-nevada-residents-migrating-from-california-data-shows-2332843/>

4. <https://www.seattlepi.com/realestate/article/What-to-know-when-moving-to-Seattle-from-15919477.php>

5. <https://azbigmedia.com/lifestyle/new-yorkers-californians-flee-to-move-to-arizona/>

6. <https://boisedev.com/news/2021/05/06/boise-migration/>

7. <https://www.ajc.com/business/for-fleeing-californias-atlanta-top-destination/uGx08Y3VNiQqshTGcx6AP/>

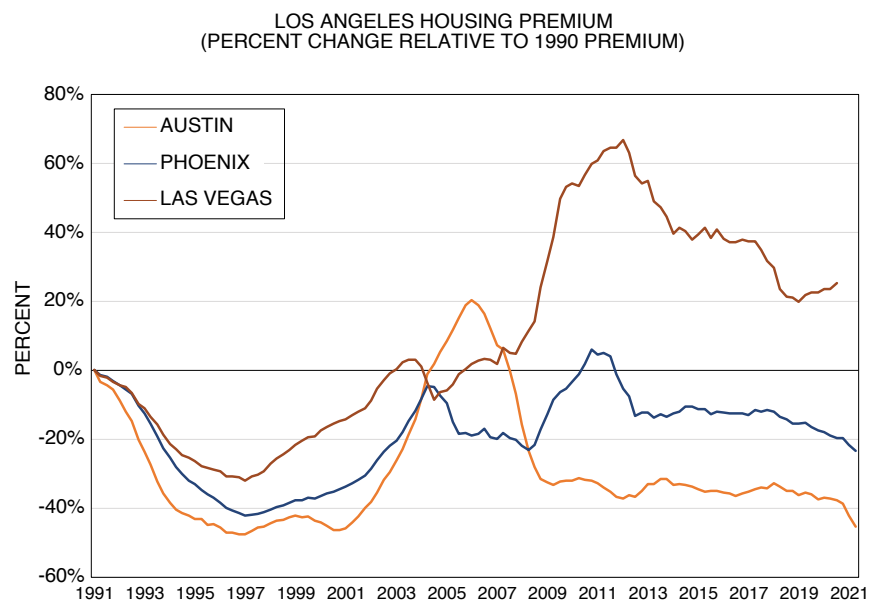
8. https://dof.ca.gov/Reports/Demographic_Reports/documents/DOMMIG.pdf

home price in the California city was divided by the 1990 median home price in the paired city to create measures of the California premium. Home price appreciation over the 31 years between 1990 and 2021 in each city were used to adjust the premia over time. This then allows us to observe the relative cost of housing, and infer demand shifts due to migration. For example, if the median home price in Orange County were 3 times that of the median home price in Miami in 1990, and home prices in the two increased by 10% and 20% respectively, then the home price premium for Orange County would have shrunk with the faster rise in housing costs in Miami.

Chart 4 plots the Los Angeles premium for each of Phoenix, Las Vegas and Austin relative to the 1990 premium. For Austin the premium was inflated during the speculative housing boom of 2004 to 2008, but not for the other two cities.

Texas did not have the same housing bubble as California, Nevada, and Arizona. Subsequent to the 2008/2009 recession, Las Vegas, struggling with an oversupply of housing, experienced a greater decline in home prices and this resulted in a higher L.A. premium. From 2012 forward the premium declined for each of the cities with it falling from 60% above the 1990 premium to 25% for Las Vegas; 4% above to 23 percent below the 1990 premium for Phoenix; and 32% below to 45% below the 1990 premium for Austin. Thus, Los Angeles has become relatively more affordable over the last decade as compared to these three competitive cities. There can be a multitude of explanations for this. Austin could have become more attractive with additional cultural amenities and Los Angeles less so, migration due to high housing costs could have pushed down the premium, and differential job opportunities that were not present in 1990 would be a few of the explanations.

Chart 4



Source: US Census, FHFA, UCLA Anderson Forecast

Chart 5 is a plot of the home price premium between San Francisco, and Seattle, Austin and Boise. As with Los Angeles, the premia fluctuate with the fortunes of the cities. Nevertheless, over the past six years the premium for each of the paired cities has declined to be less than the 1990 premium. The greatest declines were for Austin and Boise. Even though homes are still more affordable there than in the Bay Area, in each the local political establishment and news media are highlighting the city’s new housing affordability crisis.⁹ As with Los Angeles, Bay Area housing is becoming less “affordable” in absolute terms but relatively more affordable.

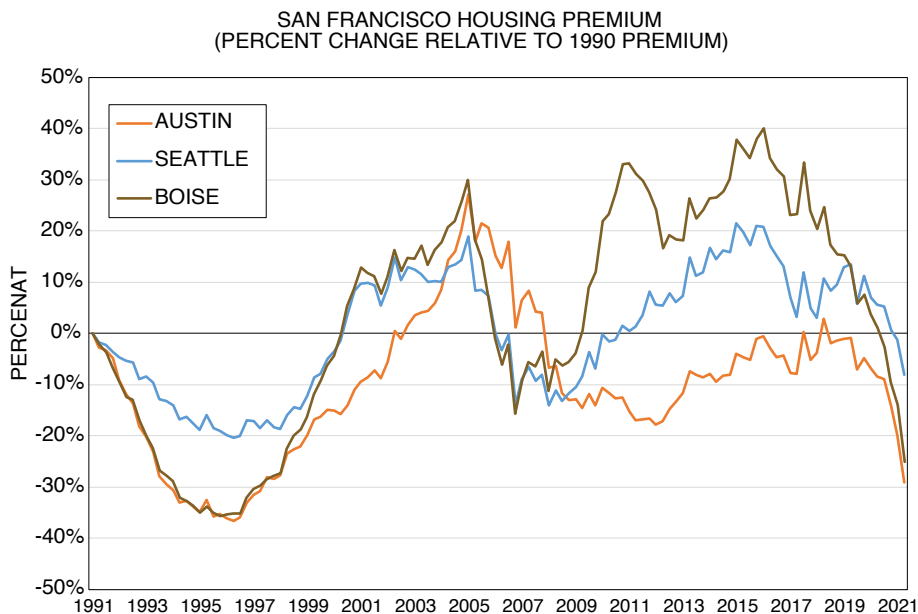
Chart 6 is a plot of the home price premium between Silicon Valley, and Seattle, Austin, Nashville, and Boise. As with Los Angeles and San Francisco, the premia have declined over the past six years and are now less than in 1990. And, even though home prices continue to soar in Santa Clara County, they are not going up as rapidly as in these competitive cities.

These six cities are properly characterized as up-and-coming cities; ones that were relatively small until migration over

the last decade created larger, more mature cities. For example, Austin’s population grew by nearly 30% over the last decade and Phoenix’s population grew by 18%. Charts 7 to 9 show the evolution of California city premia relative to the more mature cities of Houston, Dallas and Atlanta. For Dallas and Atlanta the premium over the last decade has been relatively flat. Though there was an influx of new residents, home prices were neither increasing faster nor slower than in California. Houston, a city more heavily dependent on the vagaries of oil prices on the local economy, is the exception with a premium in 2021 that is higher than that of a decade ago. Though this analysis is on a limited number of cities, it extends to a much greater set of cities. Smaller cities that have become attractors for migration have experienced a more rapid increase in home prices than California cities and are therefore becoming relatively less affordable and larger more mature cities are experiencing similar housing price appreciation to their California counterparts.

The relative premium analysis above is suggestive of the equilibration process predicted by economic theory. Cities that are much more affordable will become relatively less

Chart 5



Source: US Census, FHFA, UCLA Anderson Forecast

9. <https://www.texaspolicy.com/multimedia/article/priced-out-austins-growing-affordability-crisis>
<https://www.ktvb.com/article/news/local/growing-idaho/boise-home-values-go-from-affordable-unattainable-housing-crisis-costs/277-9e81ede2-e567-4371-b240-189927e13433>
<https://www.tennessean.com/story/money/real-estate/2021/06/07/nashville-affordable-housing-task-force-recommendations-costs/7584374002/>
<https://www.seattletimes.com/opinion/the-magnitude-of-our-housing-shortage-requires-more-action/>

Chart 6

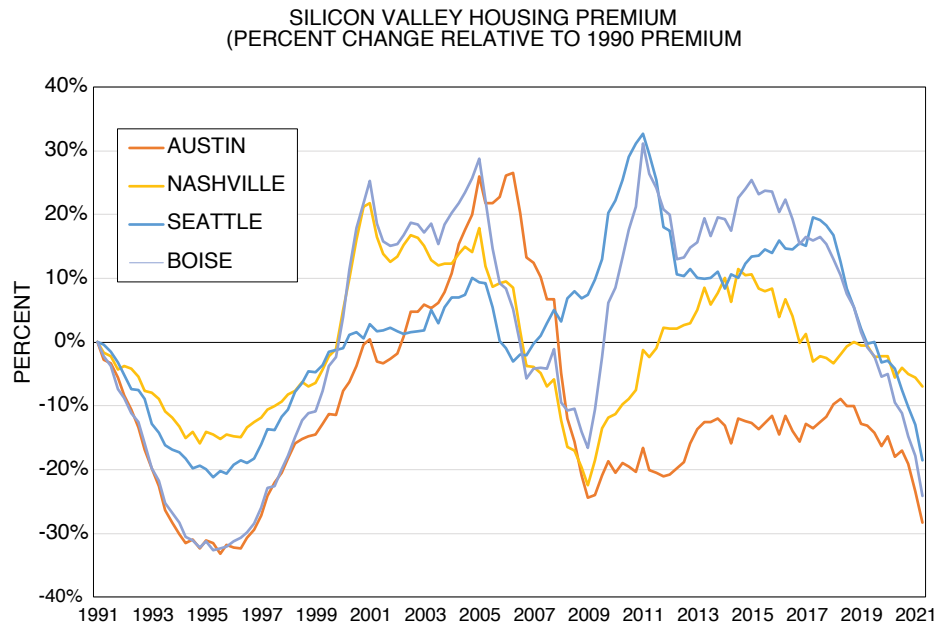


Chart 7

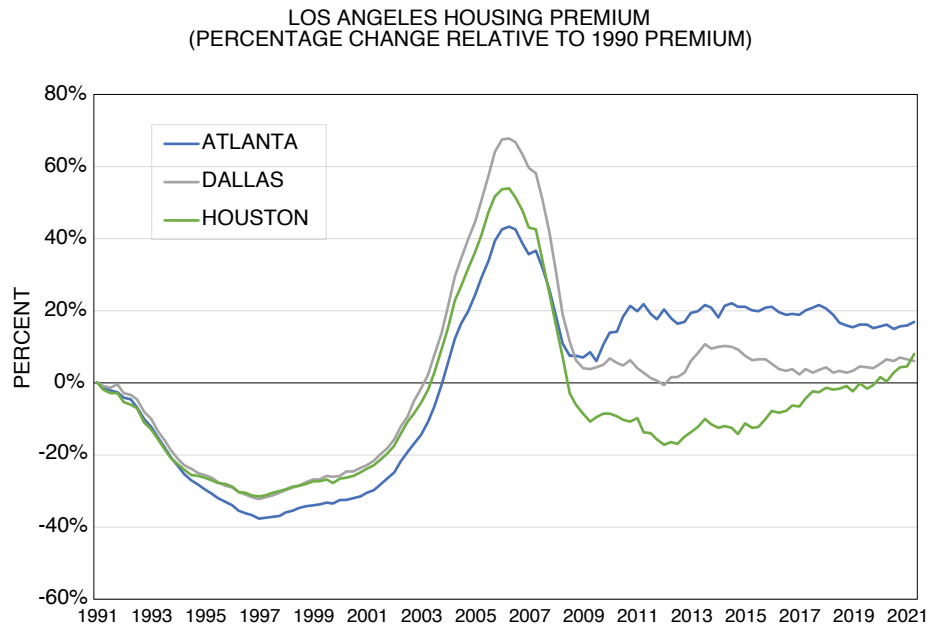
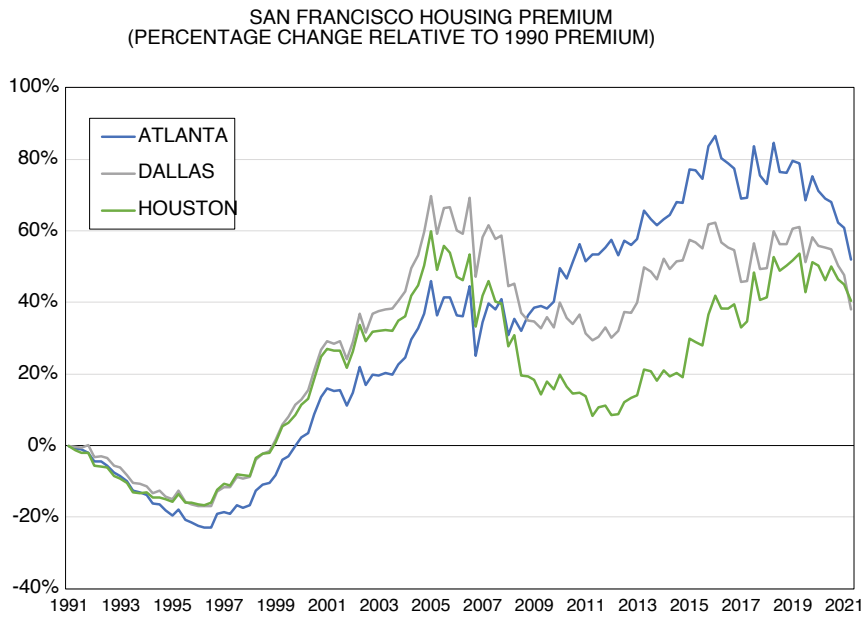
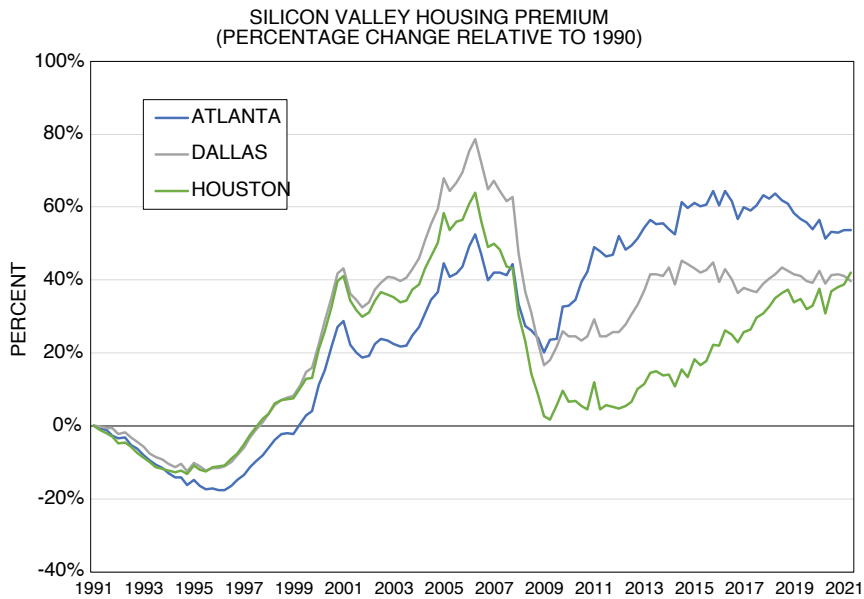


Chart 8



Source: US Census, FHFA, UCLA Anderson Forecast

Chart 9



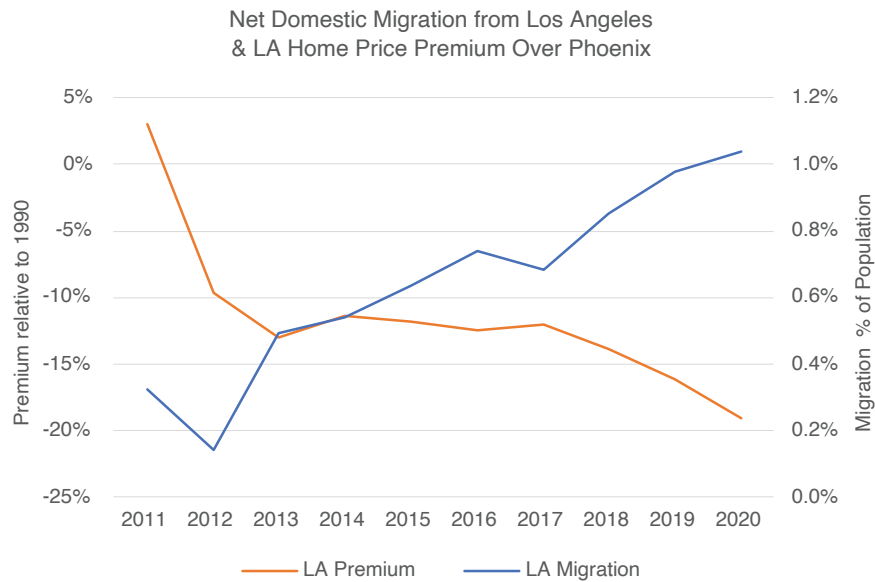
Source: US Census, FHFA, UCLA Anderson Forecast

so up until the point where the differential cost of housing just compensates for the differential lifestyle offered by the competing municipalities. Charts 10 and 11 illustrate this point. Chart 10 is a plot of net domestic migration from Los Angeles to anywhere else in the US and the Los Angeles home price premium over Phoenix. Though the chart does not show the migration to Phoenix, it is striking that out migration from LA and the decline in the premium are cor-

related. Chart 11 is a plot of the same two variables for San Francisco and Seattle. When net domestic migration was inbound to San Francisco, the premium increased. When it was outbound, it decreased.

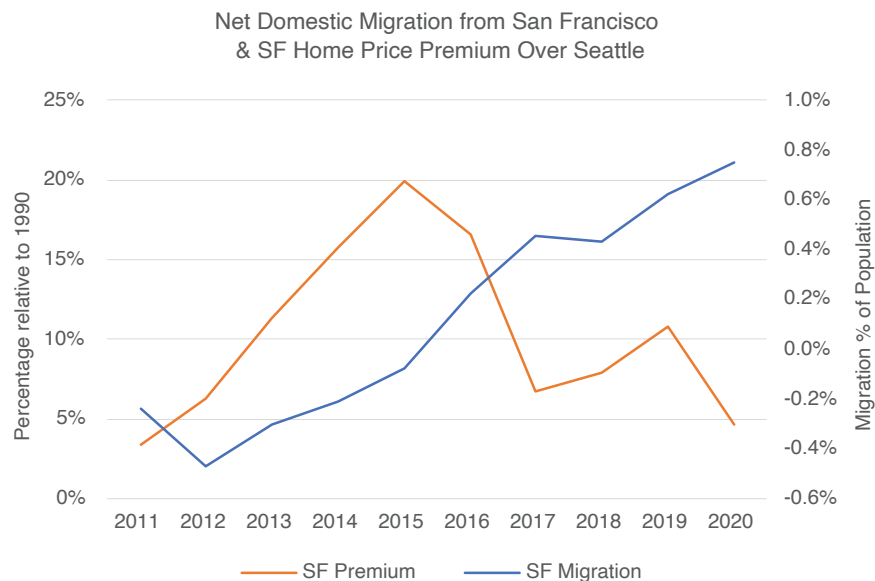
There are two main conclusions from this analysis. First, while California housing may be becoming less affordable, it is becoming relatively more affordable due to a shift in

Chart 10



Source: US Census, FHFA, CA Department of Finance, UCLA Anderson Forecast

Chart 11



Source: US Census, FHFA, CA Department of Finance, UCLA Anderson Forecast

the demand for housing to more affordable competing cities. Second, the dynamics are complicated by the type of opportunities available. When San Francisco was booming and this was an important center of innovation and wealth generation, the premium increased. As Seattle and Austin began to catch up, it decreased. For more mature cities, the premium seems to have stabilized. Since 1990 was a time of zero net migration, but stabilization of the premium has not occurred for many competing cities, we infer that net domestic migration out of California due to the high cost of housing will continue for the next few years, the premia will decline further, and net domestic out-migration is therefore expected to diminish.

The California Forecast

Jerry Nickelsburg, Director, UCLA Anderson Forecast
Leila Bengali, Economist, UCLA Anderson Forecast

Our discussion of the forecast begins with a new assumption (not a prediction) about the timing of the pandemic: that there will be an increase in covid-19 cases this winter in the state but no new measures to restrict people or businesses.

With this assumption, we expect some labor market headwinds in the state for the end of this year and early into next. We expect, based on past patterns, that a rise in cases will curtail economic activity in some sectors due to consumers pulling back from (or being more wary about returning to) in-person activities and travel. Job growth will be slower in sectors with high levels of personal contact and in sectors that cater to tourists, as we expect few tourists from Asian

countries and for European tourists to hold off on travel to the U.S. as cases rise. Another implication of a pullback from in-person activities is a slower decline in goods purchases. This will contribute to the high demand in the logistics industry, and we expect solid growth in this sector as ports continue to work through backlogs. We have already seen high demand for goods: taxable sales in the state were much stronger over the summer than we expected, a trend that we anticipate will continue.

The timing of our forecast for California is slightly different from last time, weaker late this year and early next with the economy picking up in mid-2022. The potential economic effects arising from the emergence of the omicron variant are a downside risk to our forecast. The unemployment rate is expected to reach 7.0% in the fourth quarter of this year, falling to an annual average of 5.6% in 2022 and 4.4% in 2023. We expect nonfarm payroll job growth for 2021, 2022, and 2023 to be 1.9%, 4.7%, and 2.5%. Inflation is expected to be higher than in the past, but largely below inflation in the U.S.: 4.0%, 4.1%, and 2.9% year-over-year in 2021, 2022, and 2023. Inflation will reduce real personal income to some degree, though we expect real personal income to grow faster in California than in the U.S.: 2.6%, -2.2%, and 2.9% in 2021, 2022, and 2023, with the negative number in 2022 a result of government stimulus programs ending. With the high demand for housing signaled by the rise in house prices, we expect more construction as supply rises to meet demand. Permits are expected to be 119.5, 123.7, and 139.7 thousand per year in 2021, 2022, and 2023.

THE UCLA ANDERSON FORECAST FOR CALIFORNIA

DECEMBER 2021 REPORT

Tables

FORECAST TABLES - SUMMARY

Summary of the UCLA Anderson Forecast for California by Calendar Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income and Taxable Sales											
Personal Income (Bil. \$)	1857.2	1980.7	2125.4	2218.5	2318.6	2431.8	2544.2	2763.3	2948.5	3003.9	3179.4
(% Ch.)	1.6	6.7	7.3	4.4	4.5	4.9	4.6	8.6	6.7	1.9	5.8
Real Personal Income (Bil. 2012 \$)	1829.3	1917.1	2028.3	2069.4	2100.7	2124.3	2160.1	2303.9	2364.8	2312.4	2378.7
(% Ch.)	0.1	4.8	5.8	2.0	1.5	1.1	1.7	6.7	2.6	-2.2	2.9
Taxable Sales (Bil. \$)	586.4	615.4	638.1	653.4	678.1	708.2	734.5	708.5	777.9	808.3	835.3
(% Ch.)	5.1	4.9	3.7	2.4	3.8	4.4	3.7	-3.5	9.8	3.9	3.3
Real Taxable Sales (Bil. 2012 \$)	577.6	595.6	608.9	609.6	614.3	618.6	623.5	590.5	623.6	622.2	625.0
(% Ch.)	3.5	3.1	2.2	0.1	0.8	0.7	0.8	-5.3	5.6	-0.2	0.4
Price Inflation (% Change)											
Consumer Prices	1.5	1.8	1.4	2.3	3.0	3.7	2.9	1.8	4.0	4.1	2.9
Employment and Labor Force (Household Survey)											
Employment (% Ch.)	2.1	2.2	2.2	1.8	1.6	1.1	0.6	-8.9	3.4	3.8	2.9
Labor Force (% Ch.)	0.4	0.6	0.8	1.0	0.8	0.5	0.5	-2.8	0.6	1.4	1.6
Unemployment Rate (%)	9.0	7.6	6.2	5.5	4.8	4.3	4.2	10.2	7.7	5.6	4.4
Nonfarm Employment (Payroll Survey, % Change)											
Total Nonfarm	2.6	2.8	3.0	2.7	2.1	2.1	1.5	-7.4	1.9	4.7	2.5
Natural Resources & Min.	-0.1	3.3	-9.6	-15.6	-1.9	2.5	0.2	-11.9	-3.8	3.6	4.0
Construction	8.0	5.8	8.5	5.9	4.5	6.2	2.9	-3.5	3.0	1.9	2.1
Manufacturing	0.2	1.4	1.8	0.5	0.2	0.9	0.2	-4.9	-0.1	2.1	1.3
Nondurable Goods	0.5	1.2	1.3	0.9	-0.6	-1.1	-0.4	-6.9	-0.2	3.0	1.5
Durable Goods	-0.0	1.6	2.1	0.3	0.7	2.0	0.6	-3.9	-0.1	1.7	1.3
Tran., Warehousing & Utility.	3.2	4.1	6.2	6.7	6.3	5.2	5.9	3.4	5.7	2.7	1.5
Trade	1.8	2.1	1.7	0.9	0.5	-0.1	-1.4	-7.8	2.6	0.8	-1.5
Information	3.1	2.9	5.3	7.8	0.7	2.6	3.5	-6.1	2.8	8.2	5.0
Financial Activities	1.2	-0.0	2.5	2.6	1.2	0.7	0.4	-3.0	-0.5	2.2	1.7
Professional & Bus. Servs.	4.4	3.4	2.6	1.6	2.0	3.4	2.0	-4.6	3.5	5.4	3.6
Educational & Health Servs.	3.4	3.0	3.6	3.6	3.9	2.7	3.1	-2.7	1.7	3.3	1.8
Leisure & Hospitality	4.9	4.9	4.1	4.1	2.7	2.0	2.2	-27.5	5.8	16.9	5.4
Other Services	2.4	3.7	1.6	1.8	1.9	1.4	0.8	-18.0	1.6	9.6	8.0
Federal Government	-1.9	-1.3	0.8	1.3	0.2	-0.7	0.8	5.1	-3.0	-0.2	0.6
State and Local Government	0.1	2.0	2.2	2.3	1.7	1.3	0.6	-5.2	-2.2	3.4	3.4
Nonfarm Employment (Payroll Survey, Thousands)											
Total Nonfarm	15151.1	15575.2	16048.8	16479.0	16827.2	17174.4	17432.3	16138.9	16445.1	17210.5	17639.1
Natural Resources & Min.	28.3	29.2	26.4	22.3	21.9	22.4	22.5	19.8	19.0	19.7	20.5
Construction	637.7	674.6	731.8	775.1	810.1	860.6	885.7	854.3	879.8	896.9	915.4
Manufacturing	1262.3	1280.2	1303.3	1310.1	1312.7	1324.1	1326.9	1261.4	1259.7	1286.4	1303.6
Nondurable Goods	470.7	476.2	482.6	487.0	484.2	478.7	476.8	444.0	443.2	456.4	463.1
Durable Goods	791.6	804.0	820.7	823.1	828.5	845.4	850.1	817.3	816.5	830.0	840.5
Tran., Warehousing & Utility	503.7	524.5	557.2	594.4	631.9	664.4	703.9	728.2	769.5	789.9	801.5
Trade	2264.1	2310.6	2350.5	2372.4	2383.7	2381.9	2349.1	2166.6	2222.9	2241.7	2207.4
Information	450.2	463.5	488.2	526.4	530.1	543.9	562.7	528.2	543.1	587.4	616.9
Financial Activities	783.1	782.8	802.4	822.9	832.7	838.2	841.4	815.9	811.4	829.0	842.8
Professional & Bus. Servs.	2348.0	2427.2	2490.4	2531.4	2582.0	2669.5	2722.0	2596.6	2687.8	2833.3	2934.0
Educational & Health Servs.	2308.7	2378.1	2464.4	2552.0	2650.4	2722.6	2808.2	2731.5	2778.8	2869.4	2921.4
Leisure & Hospitality	1675.3	1756.7	1828.6	1902.8	1953.9	1993.5	2036.4	1476.7	1562.7	1827.4	1926.1
Other Services	515.7	534.8	543.4	553.5	563.8	571.9	576.5	473.0	480.4	526.4	568.7
Federal Government	245.6	242.5	244.4	247.5	248.0	246.2	248.1	260.7	252.9	252.5	254.1
State and Local Government	2128.4	2170.4	2217.9	2268.2	2305.9	2335.3	2348.8	2226.1	2177.1	2250.4	2326.7
Construction Activity, Auto Registrations, and Population											
Residential Building Permits (Thous. Units)	85.4	85.2	98.2	98.9	112.8	114.3	111.0	100.4	119.5	123.7	139.7
Nonresidential Construction											
Value (Mil. 2012 \$)	21368.4	21296.7	23982.2	23836.1	24795.7	27921.8	26389.8	18363.6	13978.7	15216.3	17710.6
Value (Mil. \$)	21687.5	22833.9	26240.0	26135.2	27911.6	31940.8	31406.8	22194.2	17535.7	20369.4	24645.8
Auto Registrations (Mil.)	1.7	1.8	2.0	2.0	1.9	1.9	1.8	1.4	1.6	1.5	1.6
Net Immigration (Thous., Past Year)	61.1	59.1	54.0	24.9	15.6	-8.6	-79.8	-128.3	-154.2	-95.6	-12.9
Population (Thous.)	38352.4	38665.4	38966.0	39222.3	39455.5	39641.6	39745.3	39776.7	39765.2	39783.6	39876.7
(% Ch.)	0.8	0.8	0.8	0.7	0.6	0.5	0.3	0.1	-0.0	0.0	0.2

Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

FORECAST TABLES - QUARTERLY SUMMARY

Summary of the UCLA Anderson
Forecast for California by Quarter

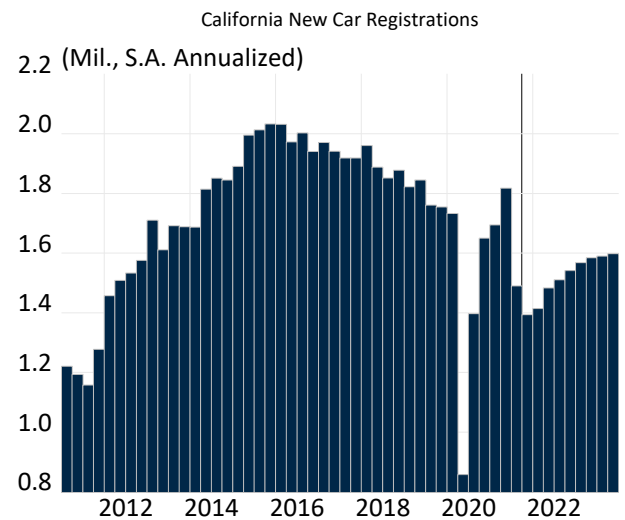
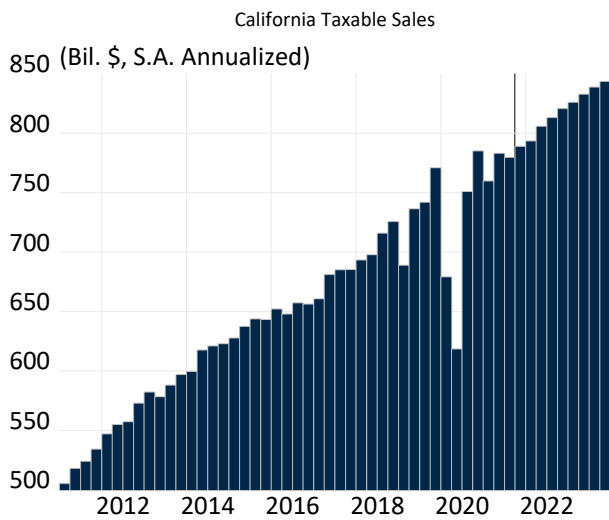
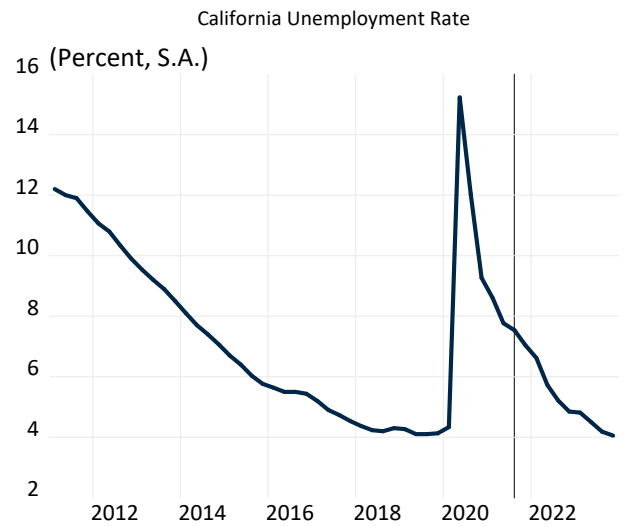
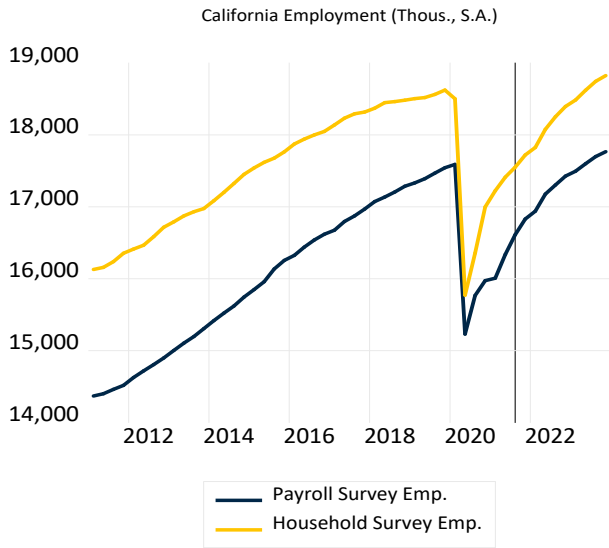
	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4
Personal Income and Taxable Sales										
Personal Income										
(Bil. \$, S.A. Annualized)	2904.0	2917.6	2944.6	2976.9	3022.2	3072.0	3114.7	3157.1	3201.1	3244.5
(% Ch. A. R.)	-2.1	1.9	3.8	4.5	6.2	6.8	5.7	5.6	5.7	5.5
Real Personal Income										
(Bil. 2012 \$, S.A. Annualized)	2306.3	2293.7	2294.3	2300.3	2317.2	2337.8	2353.8	2369.9	2387.2	2404.0
(% Ch. A. R.)	-7.2	-2.2	0.1	1.1	3.0	3.6	2.8	2.8	3.0	2.8
Taxable Sales										
(Bil. \$, S.A. Annualized)	779.7	788.9	793.5	805.8	813.2	820.6	826.0	832.8	838.9	843.6
(% Ch. A. R.)	-1.7	4.8	2.4	6.3	3.8	3.7	2.6	3.4	2.9	2.3
Real Taxable Sales										
(Bil. 2012 \$, S.A. Annualized)	619.2	620.2	618.3	622.7	623.5	624.5	624.2	625.2	625.6	625.1
(% Ch. A. R.)	-6.8	0.6	-1.2	2.9	0.6	0.6	-0.2	0.6	0.3	-0.3
Price Inflation (% Change Annualized Rate)										
Consumer Prices	5.5	4.1	3.7	3.4	3.2	3.1	2.8	2.7	2.6	2.6
Employment and Labor Force (Household Survey)										
Employment (% Ch. A. R.)	3.2	3.9	2.4	5.8	4.0	3.1	2.0	3.0	2.7	1.7
Labor Force (% Ch. A. R.)	2.2	1.7	0.6	1.8	1.7	1.6	1.8	1.6	1.4	1.2
Unemployment Rate (% , S.A.)	7.5	7.0	6.6	5.7	5.2	4.8	4.8	4.5	4.2	4.1
Nonfarm Employment (Payroll Survey, % Change Annualized Rate)										
Total Nonfarm	6.9	5.4	2.6	5.7	3.0	2.9	1.5	2.4	2.3	1.5
Natural Resources & Min.	0.7	17.2	-1.8	3.4	3.6	3.7	4.1	3.9	5.9	1.9
Construction	0.1	-1.6	4.5	2.9	3.5	2.8	0.6	2.2	2.1	1.9
Manufacturing	1.5	4.3	0.9	2.6	1.2	1.0	1.9	1.3	0.9	-0.0
Nondurable Goods	4.6	6.7	1.0	3.0	0.7	2.1	1.6	1.6	1.5	-1.2
Durable Goods	-0.1	3.0	0.9	2.5	1.4	0.4	2.1	1.2	0.6	0.6
Tran., Warehousing & Utility	2.0	6.1	2.2	1.7	-0.3	2.0	0.3	2.6	2.5	2.4
Trade	1.0	2.7	1.0	0.1	-0.2	-2.3	-2.8	-1.3	-0.7	-0.7
Information	12.1	8.7	3.5	11.3	8.8	7.2	2.2	4.2	2.9	3.4
Financial Activities	-1.0	4.7	1.6	3.1	2.3	1.9	1.3	1.7	1.2	0.9
Professional & Bus. Servs.	3.9	10.9	2.0	7.2	2.9	5.2	2.1	3.2	4.5	1.7
Educational & Health Servs.	3.1	2.7	3.4	4.4	1.7	2.6	0.9	2.0	1.2	1.8
Leisure & Hospitality	39.3	14.2	5.7	20.3	8.8	5.7	2.8	4.7	2.5	3.2
Other Services	21.2	4.6	4.0	17.2	3.2	6.0	10.5	8.4	8.1	4.1
Federal Government	-2.3	-0.6	0.8	0.4	0.8	0.6	0.6	0.6	0.6	0.6
State and Local Government	8.7	2.3	2.0	2.7	4.3	3.8	3.5	3.2	3.2	1.4
Nonfarm Employment (Payroll Survey, Thousands, S.A.)										
Total Nonfarm	16609.4	16829.6	16937.9	17175.8	17301.7	17426.7	17493.6	17599.5	17698.0	17765.3
Natural Resources & Min.	18.8	19.6	19.5	19.6	19.8	20.0	20.2	20.4	20.7	20.8
Construction	880.5	876.9	886.7	893.1	900.8	907.1	908.3	913.2	917.9	922.2
Manufacturing	1261.0	1274.5	1277.4	1285.8	1289.5	1292.7	1298.9	1303.2	1306.2	1306.1
Nondurable Goods	444.5	451.8	452.9	456.2	457.1	459.4	461.2	463.0	464.8	463.4
Durable Goods	816.5	822.7	824.6	829.6	832.5	833.2	837.6	840.2	841.5	842.7
Tran., Warehousing & Utility	770.9	782.4	786.8	790.1	789.4	793.3	794.0	799.1	804.1	808.9
Trade	2224.7	2239.3	2245.1	2245.7	2244.4	2231.6	2215.6	2208.5	2204.7	2201.0
Information	550.6	562.2	567.1	582.5	594.8	605.3	608.6	615.0	619.4	624.6
Financial Activities	808.5	817.8	821.0	827.3	832.0	835.8	838.5	842.0	844.5	846.4
Professional & Bus. Servs.	2693.8	2764.4	2777.8	2826.2	2846.4	2882.8	2897.7	2920.3	2952.9	2965.1
Educational & Health Servs.	2793.9	2812.3	2835.6	2866.5	2878.6	2896.8	2903.4	2917.5	2925.9	2938.7
Leisure & Hospitality	1659.9	1715.8	1739.9	1822.2	1860.9	1886.7	1899.9	1921.7	1933.5	1949.0
Other Services	496.5	502.1	507.0	527.5	531.7	539.5	553.2	564.5	575.6	581.5
Federal Government	251.9	251.5	252.0	252.2	252.7	253.1	253.5	253.9	254.3	254.6
State and Local Government	2198.5	2210.9	2222.1	2237.0	2260.7	2282.0	2301.8	2320.2	2338.3	2346.4
Construction Activity, Auto Registrations, and Population										
Residential Building Permits (Thous. Units, S.A. Annualized)	104.1	110.7	118.3	120.1	125.9	130.7	136.3	138.3	141.7	142.3
Nonresidential Construction										
Value (Mil. 2012 \$, S.A. Annualized)	11426.9	14271.9	14177.7	14937.7	15573.7	16176.2	16765.1	17329.5	18044.0	18703.7
Value (Mil. \$, S.A. Annualized)	14630.6	18229.7	18376.4	19819.4	21094.8	22186.9	23129.2	24010.6	25154.6	26288.7
Auto Registrations (Mil., S.A. Annualized)	1.5	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.6
Net Immigration (Thous., Past 4 Qtrs.)	-167.6	-141.8	-132.9	-100.1	-83.2	-66.2	-33.4	-16.5	-3.5	1.5
Population (Thous.)	39761.0	39762.0	39764.6	39774.8	39788.7	39806.2	39831.3	39860.1	39891.6	39923.7
(% Ch. A. R.)	-0.1	0.0	0.0	0.1	0.1	0.2	0.3	0.3	0.3	0.3

Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

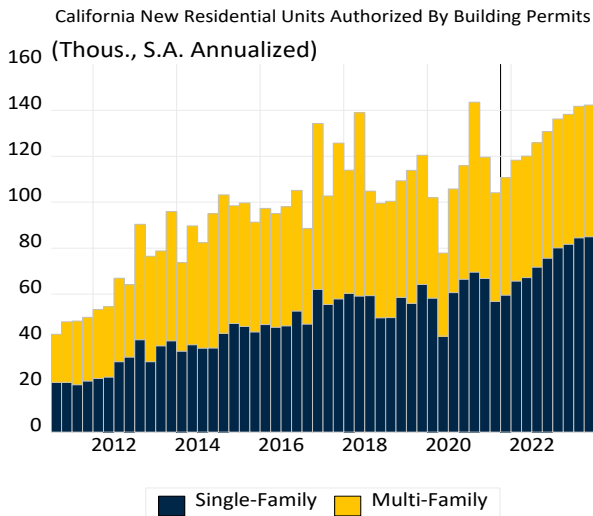
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DECEMBER 2021 REPORT

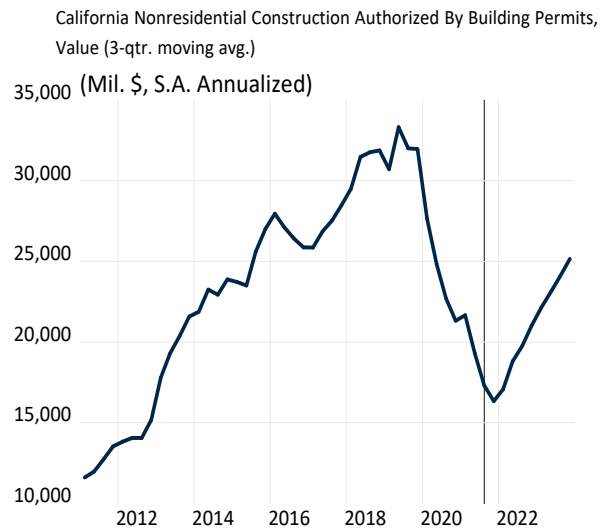
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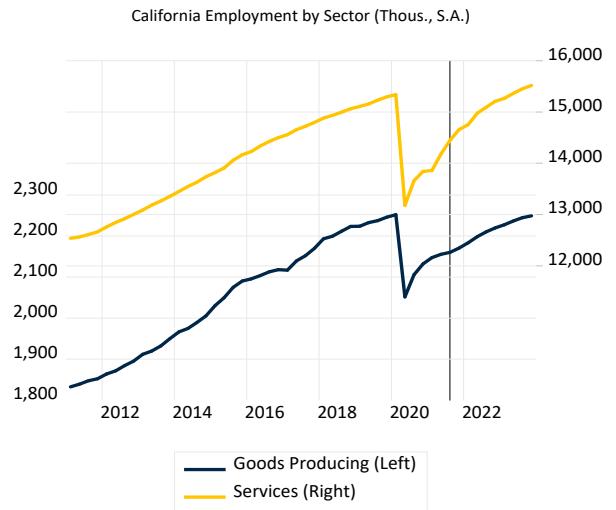
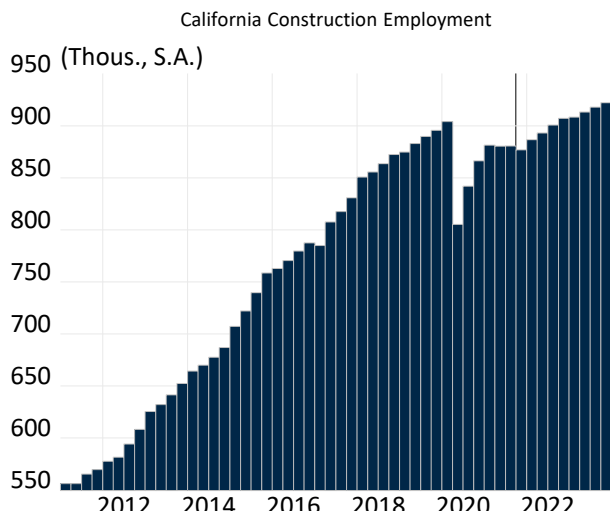
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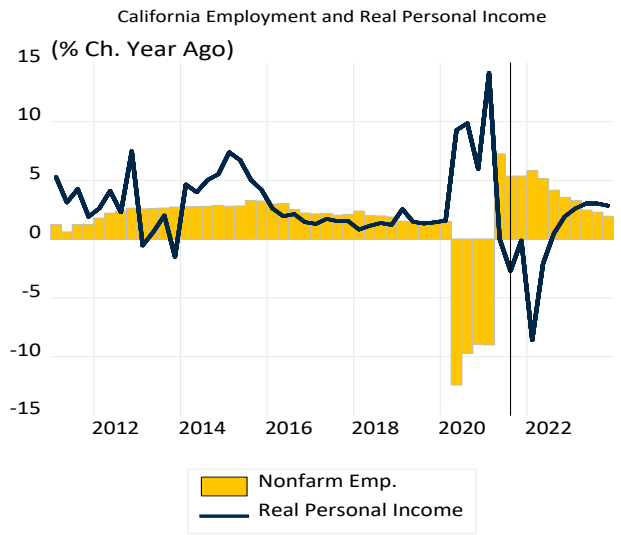
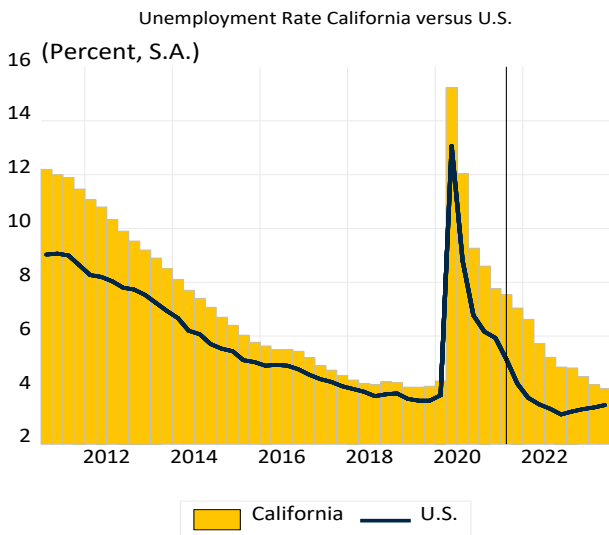
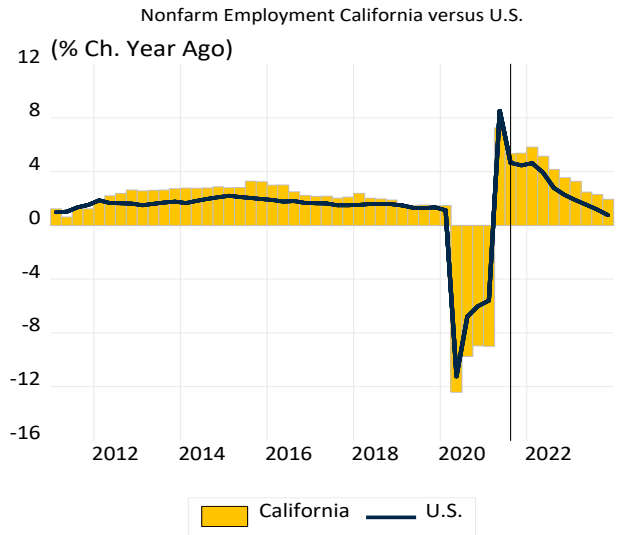
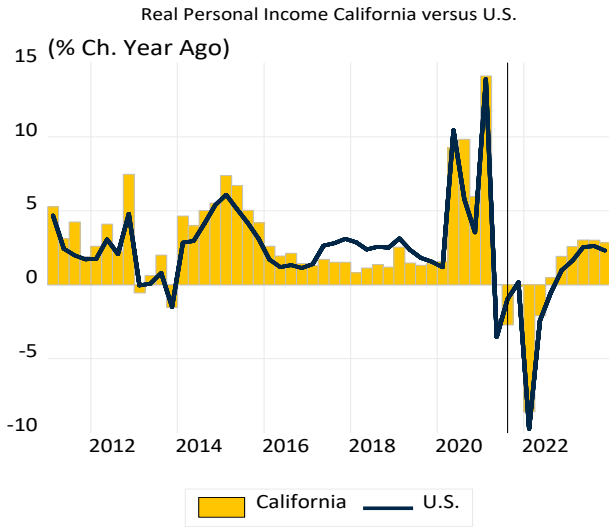


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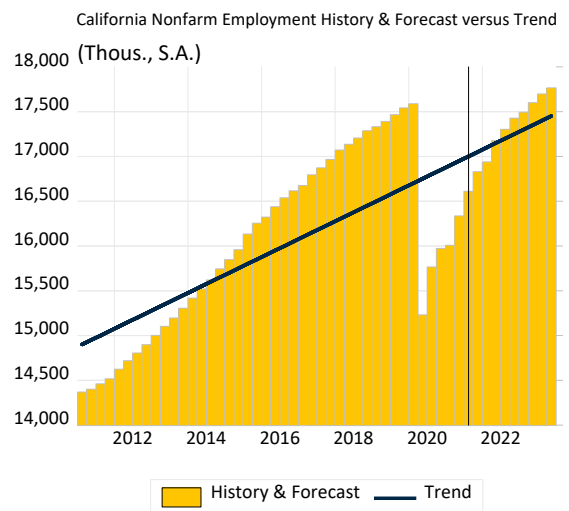
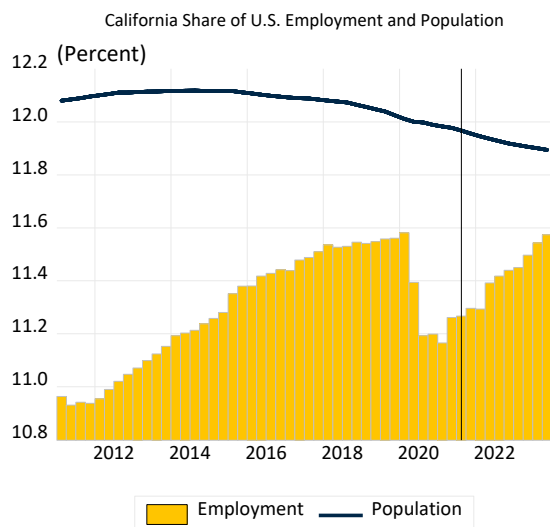
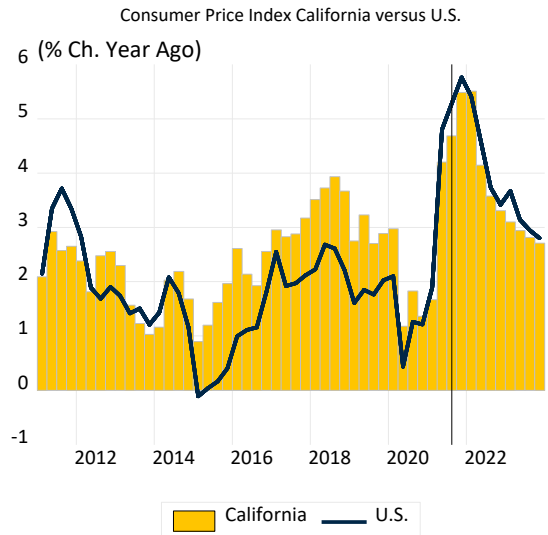
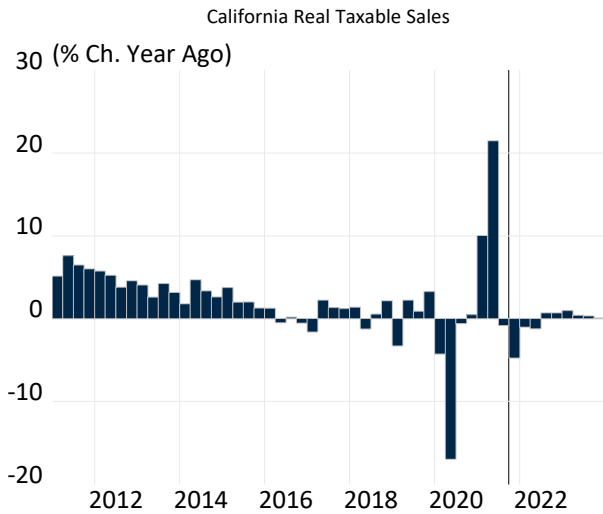


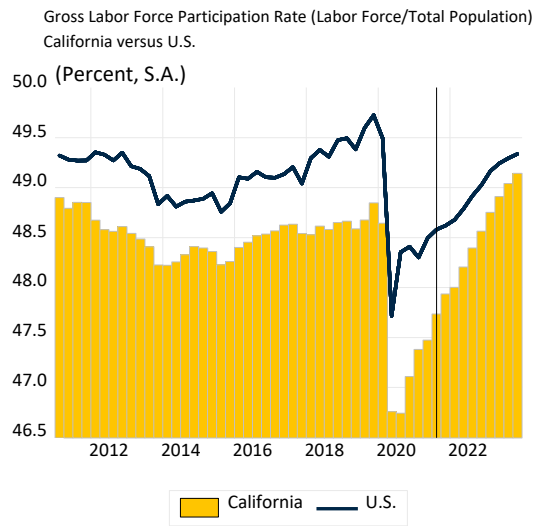
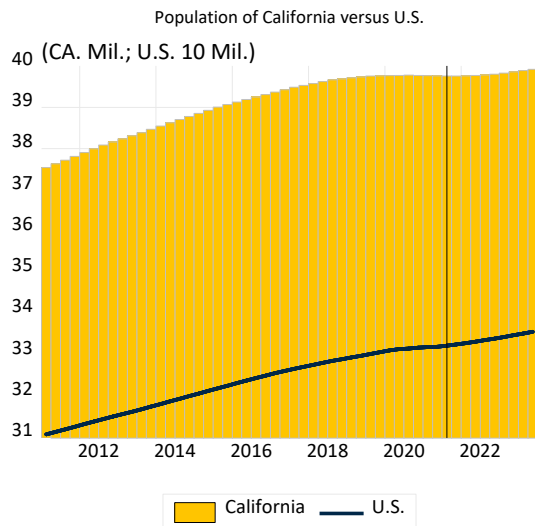
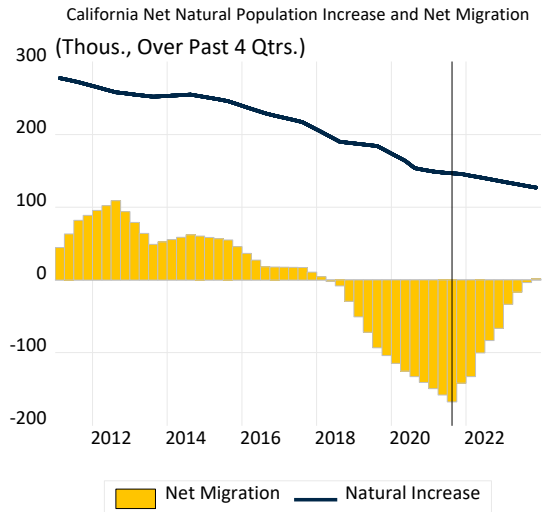
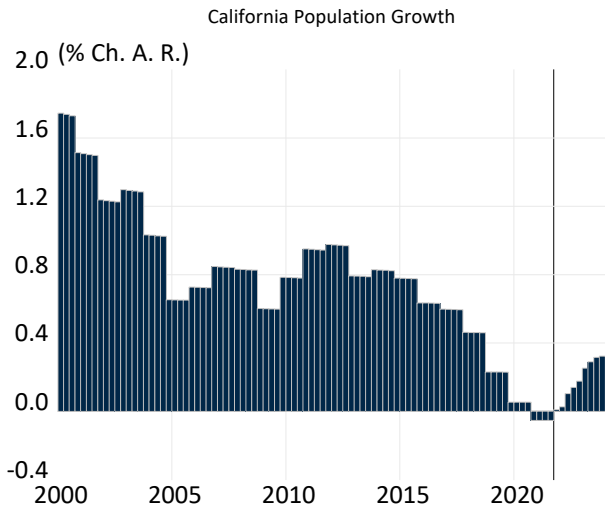
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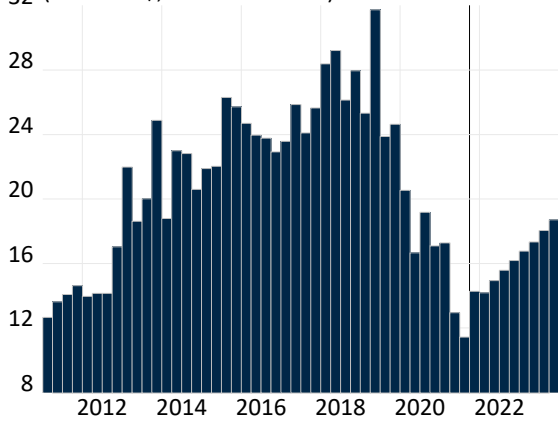
CHARTS - FORECAST





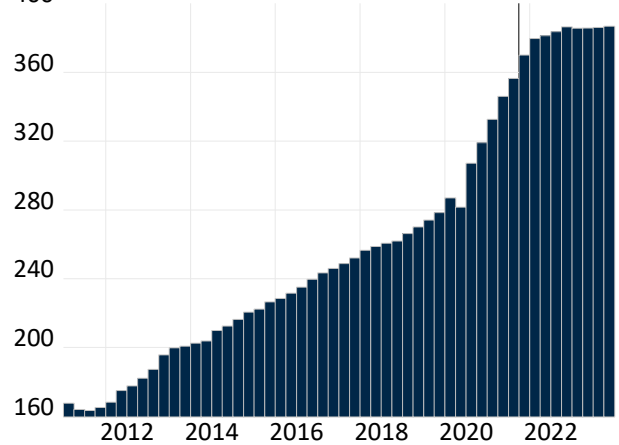
CHARTS – FORECAST

California Nonresidential Construction Authorized By Building Permits, Real Value
32 (Bil. 2012 \$, S.A. Annualized)

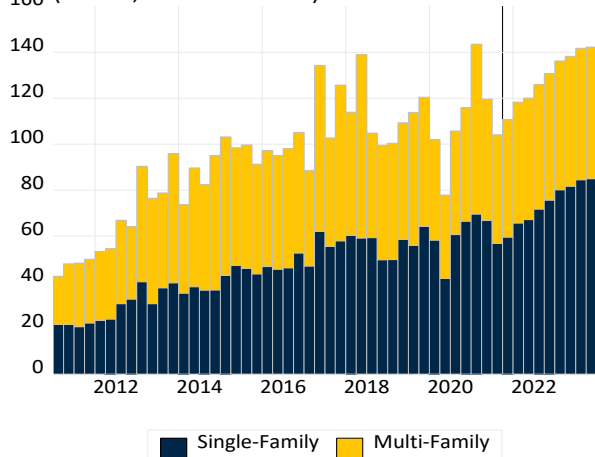


Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

U.S. Median Price of Existing Single-Family Homes
400 (Thous. \$, S.A.)

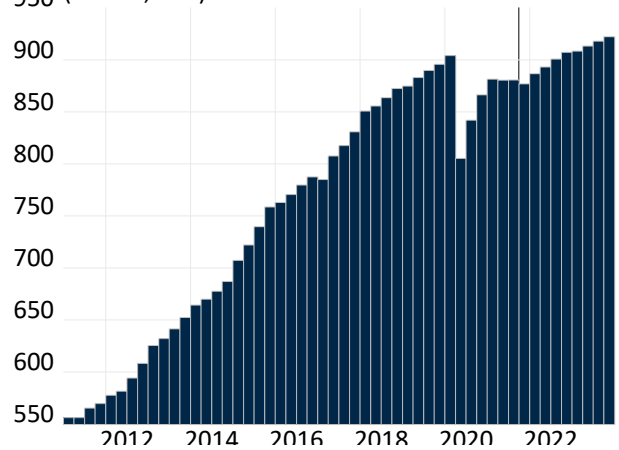


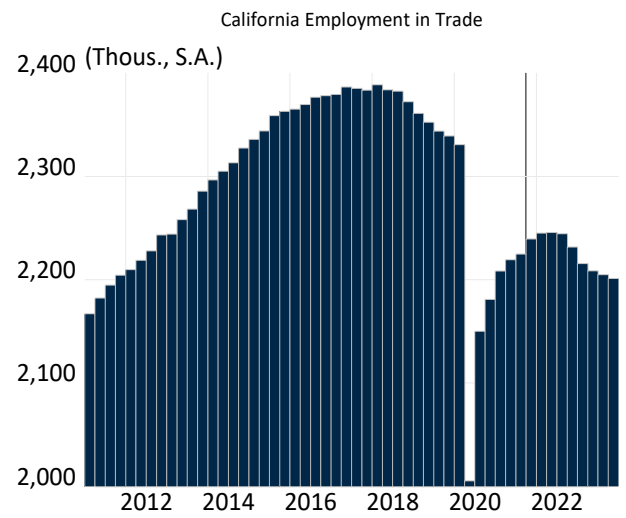
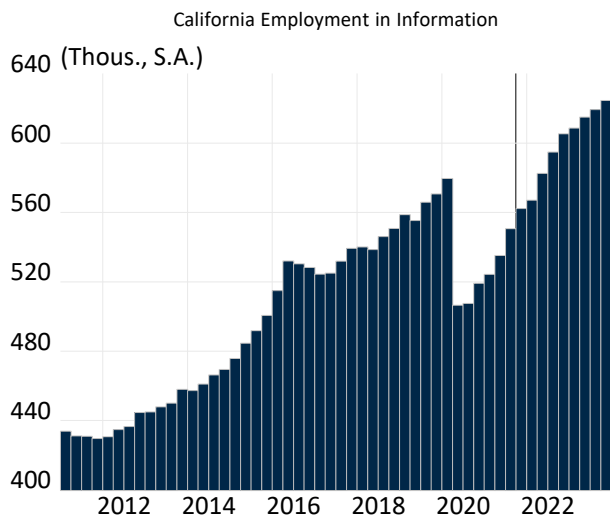
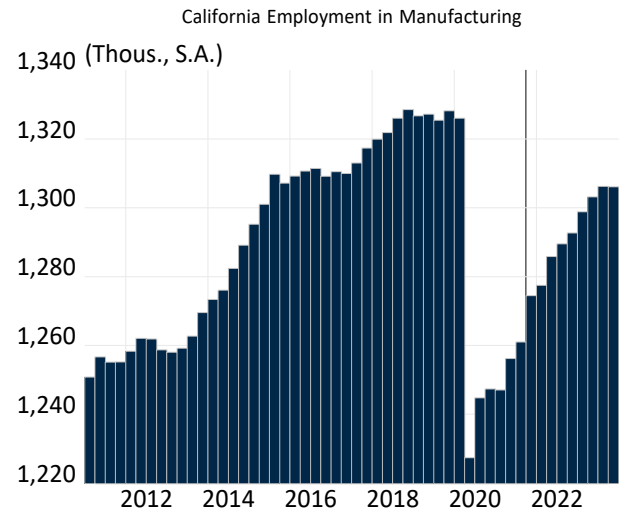
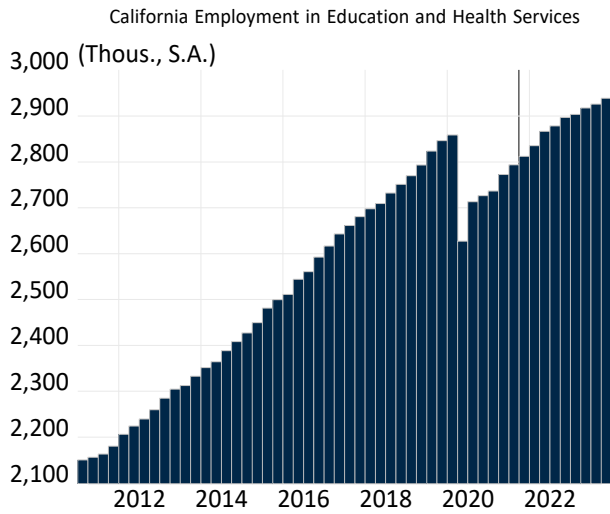
California New Residential Units Authorized By Building Permits
160 (Thous., S.A. Annualized)



Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

California Construction Employment
950 (Thous., S.A.)





CHARTS - FORECAST

